

State Retirees Association of South Carolina

Presentation to the Joint Committee on Pension System Review

August 29, 2017

Lady and gentlemen, thank you for giving me this opportunity to share with you our Association's thoughts and observations about the future of the South Carolina Retirement System. Honestly, it seems that ever since I retired over a decade ago I have been observing, meeting with, or speaking to legislative committees about the future of our pension plan. I have learned far more about this subject than I ever wanted to know. For example, I have learned that a pension system is incredibly complex with many different but interrelated parts and if any one of those parts fails to perform as predicted, it will affect the balance of the plan.

Some have suggested that this complexity alone is ample reason to change the existing retirement system for new employees to something simpler, such as a defined contribution plan and cite as justification, the private sector does it. Personally, I think that will be a big mistake unless the State adjusts salaries to be competitive with the private sector. But that is a fight for my stakeholder colleagues in this room.

Our Association's primary concern is the financial health and integrity of the system that pays our benefits, the defined benefit plan. We are concerned that if a plan is adopted that reduces employer contributions to the existing retirement system in order to fund a new one; it will negatively impact the financial health of the existing system.

In conclusion, one of your colleagues spoke to our Association earlier this year and gave us a pocket history of retirement reform in South Carolina. “In 2012 retiree and employee benefits were reduced. In 2016 funding was increased. Together these two actions should make the system whole, ensuring benefits will be there for current and future retirees.”

We agree with this assessment and therefore encourage this Committee to proceed cautiously and do nothing that will undo the progress you have already made. Thanks.

Wayne Bell, President
State Retirees Association of South Carolina