

South Carolina Retirement System Investment Commission

*FY 2025-2026 Ways and Means Budget Hearing
January 22, 2025*

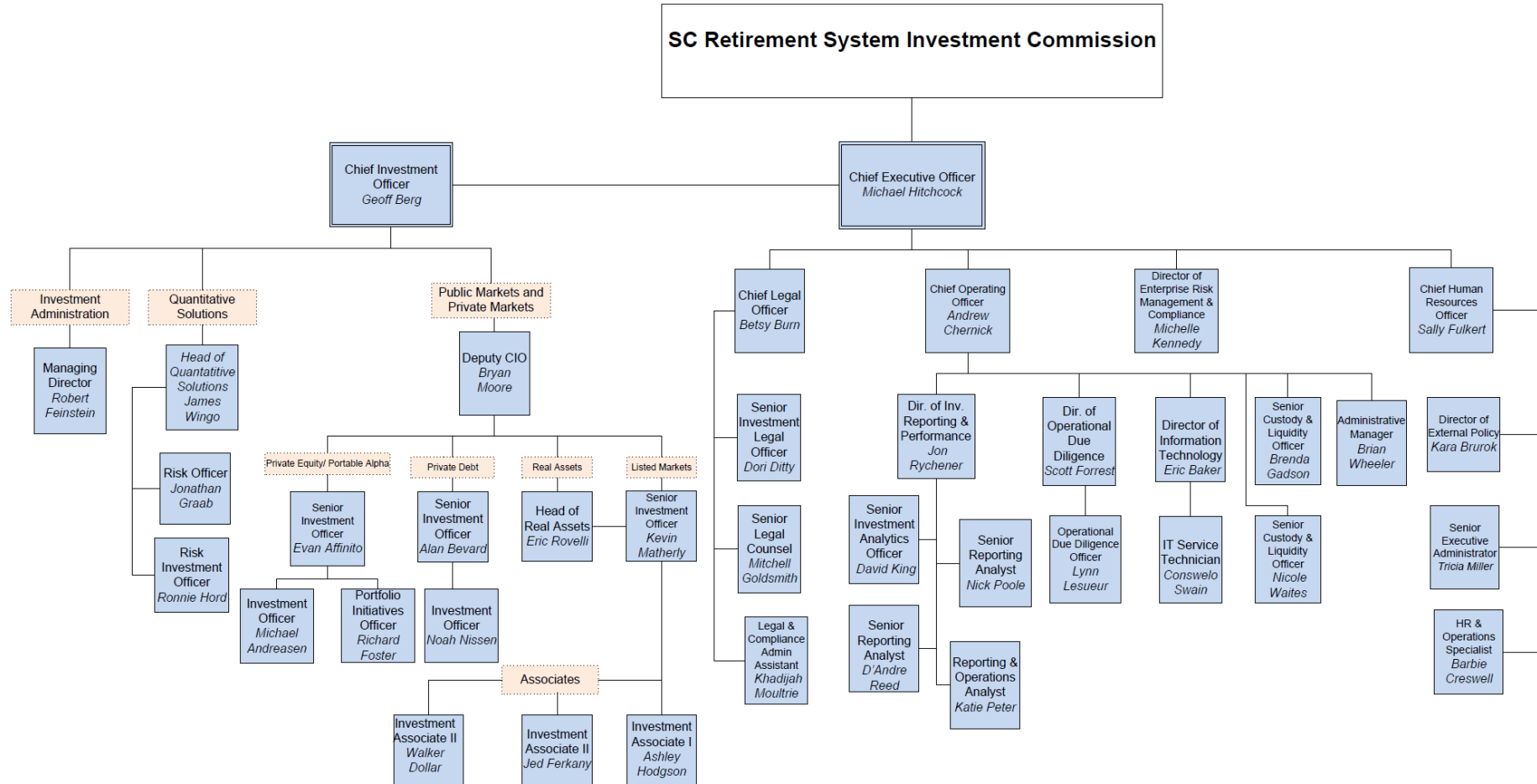
Michael Hitchcock, CEO



Agency Attendees

- **Michael R. Hitchcock, Chief Executive Officer**
 - 803.737.7698
 - mhitchcock@rsic.sc.gov
- **Andrew Chernick, Chief Operating Officer**
 - 803.737.6083
 - achernick@rsic.sc.gov
- **Kara Brurok, Director of External Policy**
 - 803.737.6814
 - kbrurok@rsic.sc.gov

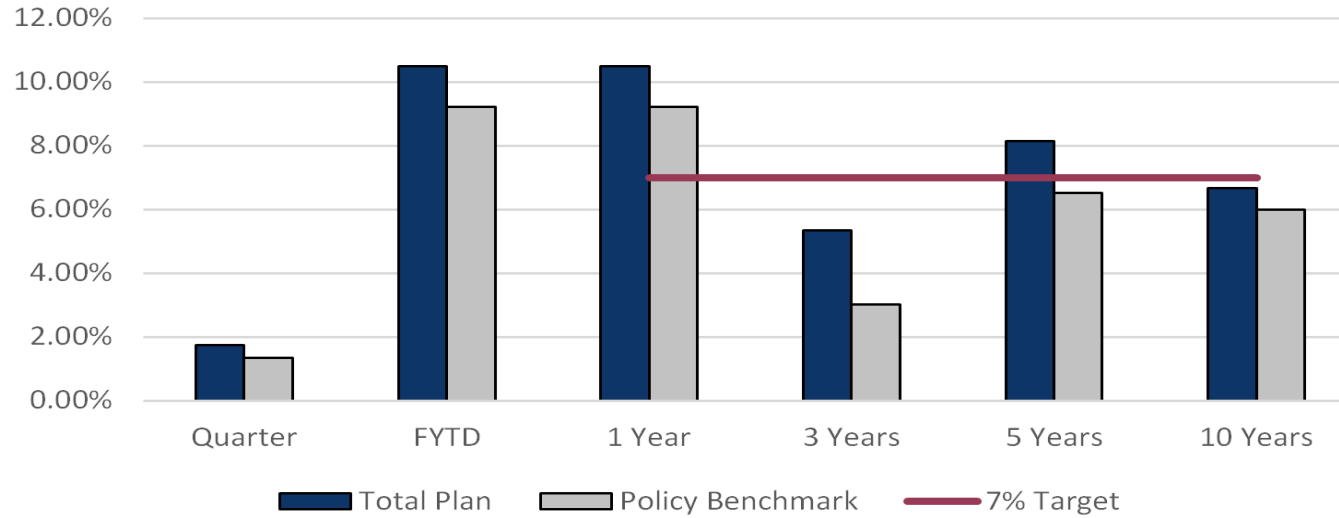
Organizational Chart



- **RSIC's Purpose - Invest and manage the assets of the State's five defined benefit plans:**
 - South Carolina Retirement System (\$39,248 M)
 - Police Officer's Retirement System (\$7,461 M)
 - Judge's and Solicitor's Retirement System (\$272 M)
 - General Assembly Retirement System (\$57 M)
 - National Guard Retirement System (\$54 M)
- **Assets Under Management - \$47.1 billion (as of 9/30/24)**
- **Policy Portfolio**
 - Public Equity: 46%
 - Private Equity: 9%
 - Bonds: 26%
 - Private Debt: 7%
 - Real Assets: 12%

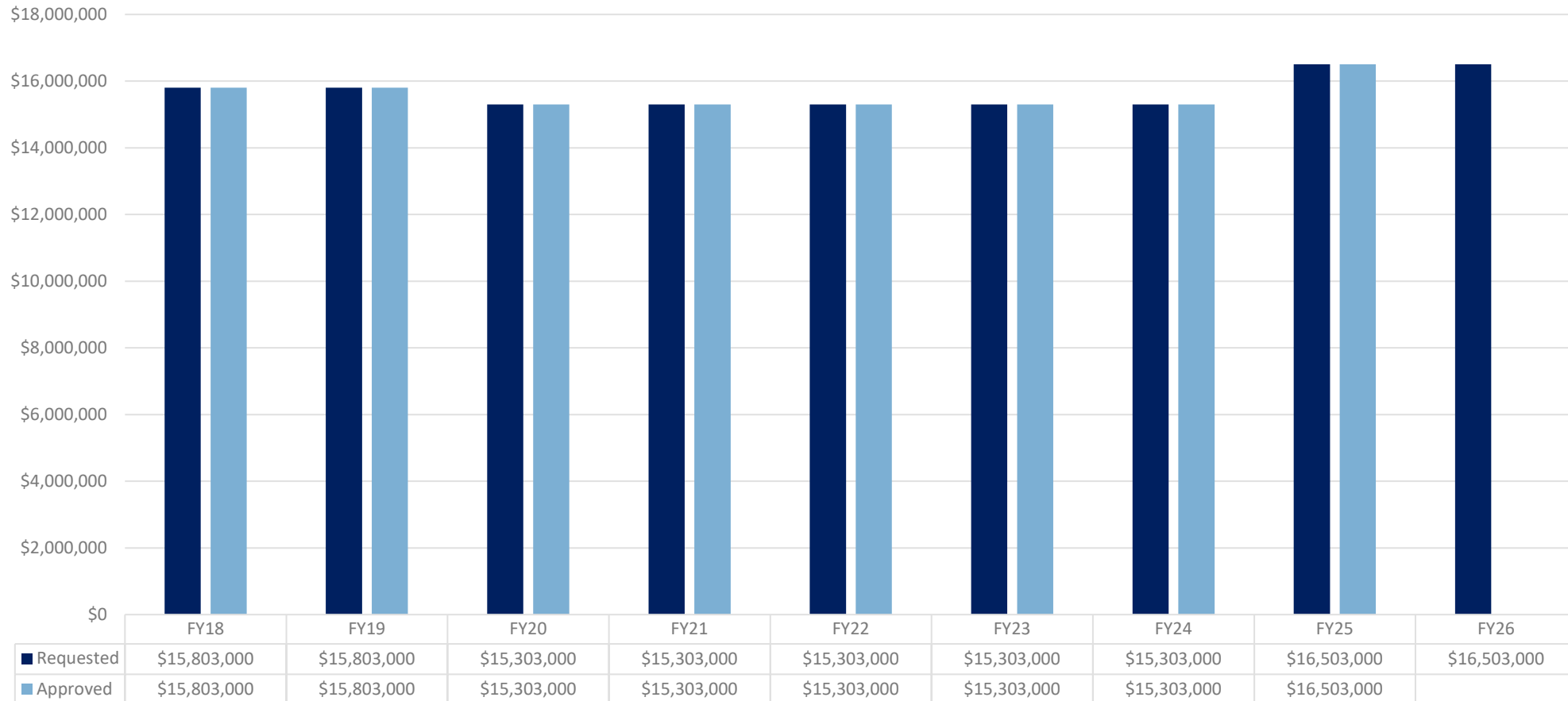
FYE Performance – Plan & Policy Benchmark FYE June 30, 2024

Net of Fee Returns by Time Period



Rolling period performance as of June 30, 2024					Annualized		
Executive Summary	Market Value (millions)	Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
Total Plan	\$44,875	1.73%	10.49%	10.49%	5.34%	8.14%	6.66%
Policy Benchmark		1.35%	9.21%	9.21%	3.01%	6.51%	5.98%
Excess Return (%)		0.38%	1.28%	1.28%	2.33%	1.63%	0.68%
Excess Return (\$)		\$167	\$482	\$482	\$2,906	\$3,274	\$2,756
Net Benefit Payments (millions)		\$78	\$33	\$33	-\$748	-\$1,859	-\$7,334

Recent Appropriations History



The Commission is solely supported by other funds and does not receive general funds. RSIC is not requesting an increase or decrease in other fund authorization.

- Prior appropriation requests reflect the effort of the agency to remain fiscally responsible with the Trust Fund dollars.
 - FY 18-19: No change
 - FY 19-20: (\$500,000)
 - FY 20-21: No change
 - FY 21-22: No change
 - FY 22-23: No change
 - FY 23-24: No change
 - FY 24-25: \$1,200,000
 - FY 25-26: No change

Total Budget (Other Funds)

\$16,503,000

Personal Services	\$8,500,000
Other Operating Expenses	\$5,503,000
Employer Contributions	\$2,500,000

Carry Forward FY 23-24

- RSIC is solely supported by other funds. Any cash on hand at the end of the fiscal year is used to offset future draw downs.
- FY 23-24 total authorization: \$15,303,000

Appropriation	\$15,303,000	FY23 Cash on Hand start of FY24	\$1,768,158	FY24 Approp	\$15,303,000
Draw 1	\$3,825,750				
Draw 2	\$3,825,750				
Draw 3	\$ 3,825,750				
Draw 4	\$3,825,750				
Total Draw	\$15,303,000	Total Draw Revenue	\$15,303,000		
Undrawn	-	Interest Revenue	\$71,935		
		Sale of Surplus Property	\$70		
		Refund of Expenditures	\$ -		
		Cash	\$17,143,164		
		Cash	\$17,143,164		
		FY24 Expenditures	\$(13,138,865)	FY24 Expenditures	\$(13,138,865)
		Adjusted Cash	\$4,004,299	FY24 Lapsed (unspent) Approp.	\$2,164,135
		Adjusted Cash	\$4,004,299		
		FY24 End of Year Cash on Hand	\$4,004,299		

Agency can only spend its total approved appropriation in a given year no matter what cash was on hand at the end of the Prior FY.

Full Time Employee Status

- Authorized: 51
- Filled: 39
- Vacant: 12
 - 3 Investment Officers
 - 4 Investment Associates
 - 5 Additional Vacancies
- The Commission is not requesting any additional FTEs for FY 2025-2026 and has plans to fill vacant FTEs necessary to best serve the needs of the agency.

Proviso Requests

The Commission is requesting the following for the current provisos:

- **99.1 (RSIC: Fiduciary Audit)** *For Fiscal Year ~~2024-25~~ 2025-26, Section 9-16-380, relating to the solicitation and the bid for a fiduciary audit, is suspended. **MAINTAIN: Update fiscal year reference.***
- **99.2. (RSIC: Unfunded Liability Study)** *The Retirement System Investment Commission will study and provide recommendations on viable alternative means of addressing the retirement system's unfunded liability that do not involve an increase in employer or employee contributions including, but not limited to, methods to refinance, restructure, securitize, or capitalize the system's obligations. RSIC shall submit a report to the Chairman of the House Ways and Means Committee and the Chairman of the Senate Finance Committee by December 31st that provides a summary of any alternative method including the risks, benefits, and impact to the retirement system and RSIC's investment program, as well as the extent to which the method has been employed in other states and the realized impact of the particular method. RSIC may employ any expert, consultant, actuary, or other resource reasonably necessary to assist with this study and other state agencies will provide RSIC with any reasonable assistance and information needed to fulfill the requirements of this provision. **DELETE: Study has been completed and submitted on December 19, 2024.***
- **117.116 (GP: Retirement System Assets and Custodial Banking Relationship Transfer)** *In order to facilitate the transfer of custodianship of the assets of the Retirement System to the Public Employee Benefit Authority and governance of the custodial banking relationship to the Retirement System Investment Commission, all portions of contracts, agreements, and exemptions from the Consolidated Procurement Code providing for and relating to custodial banking, general banking, accounting, or any other ancillary services are transferred to, and devolved upon, the Public Employee Benefit Authority and the Retirement System Investment Commission in accordance with the authority transferred to the respective agency. **MAINTAIN***