

# South Carolina Retirement Systems

A Division of the South Carolina State Budget and Control Board

## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2003

Pension Trust Funds of the State of South Carolina



*National Association of Government Defined  
Contribution Administrators, Inc.*



*2003 LEADERSHIP RECOGNITION AWARD  
FOR OUTSTANDING ACHIEVEMENT  
IN THE FIELD OF GOVERNMENT DEFINED  
CONTRIBUTION ADMINISTRATION*

*State of South Carolina*

The South Carolina Retirement Systems received the 2003 Leadership Recognition Award in the Communications category from the National Association of Government Defined Contribution Administrators (NAGDCA) in August. The Retirement Systems' State Optional Retirement Program and Investment Education project garnered the award.



**South Carolina Retirement Systems**  
*A Division of the South Carolina State Budget and Control Board*

# **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2003**

**Pension Trust Funds of the State of South Carolina**

**Fontaine Business Center  
202 Arbor Lake Drive  
Columbia, South Carolina 29223**

**Peggy G. Boykin, C.P.A.  
Director**

**Prepared through the joint efforts of the Retirement Systems' staff.**

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# Administration

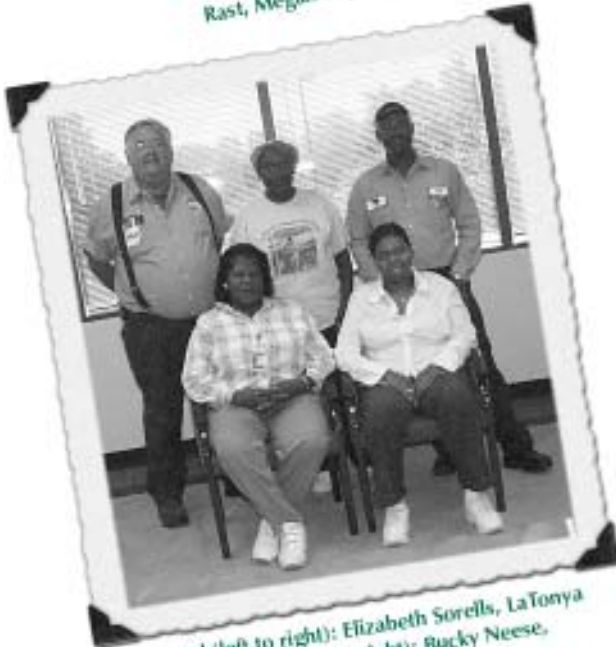
## Introductory Section



Seated (left to right): Melissa Carter, Dianne Poston, Heather Muller. Standing (left to right): Robin Elliott-Jones, Sharon Hammond, Kathy Rast, Megan Reynolds.



Seated (left to right): Peggy Boykin, Gwen Bynoe. Standing (left to right): Ray Sharpe, Alan Pollack, Travis Turner, Tona Quinton.



Seated (left to right): Elizabeth Sorells, LaTonya Scott. Standing (left to right): Bucky Neese, Peggy Bostic, Jimmie Williams.



Seated (left to right): Robert Williams, Brenda Williams. Standing (left to right): Jerome Smith, Sally Major, Stephen Van Camp, Robin Benson.

Not present for photographs: Dorothy Wilson, Ed Haynsworth, Nancy Shealy

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## Introductory Section

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Mark Sanford, Chairman  
Governor  
Grady L. Patterson, Jr.  
State Treasurer  
Richard Eckstrom  
Comptroller General

### State Budget and Control Board South Carolina Retirement Systems



Peggy G. Boykin, CPA  
Director

1-803-737-6800

1-800-868-9002

Hugh K. Leatherman, Sr.  
Chairman,  
Senate Finance Committee  
Robert W. Harrell, Jr.  
Chairman,  
Ways and Means Committee  
Frank W. Fusco  
Executive Director

#### LETTER OF TRANSMITTAL

November 3, 2003

Honorable Mark Sanford, Governor  
and  
State Budget and Control Board  
State of South Carolina

Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the South Carolina Retirement Systems for the fiscal year ended June 30, 2003. The South Carolina Retirement Systems is required by section 9-1-300 of the South Carolina Code of Laws to publish annually a report of the fiscal transactions of the system and this CAFR fulfills that statutory requirement. Responsibility for both the accuracy of the data, and the completeness and reliability of the presentation, including all disclosures, rests with the management of the Systems. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of the Systems.

The CAFR was prepared to conform to the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board (GASB). Transactions of the Systems are reported on the accrual basis of accounting. Sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements and supporting schedules. The financial statements presented in this CAFR have been independently audited by Rogers & Laban, PA, Certified Public Accountants, under the direction of the State Auditors Office. Rogers & Laban issued an unqualified opinion, which means that based upon the audit, they concluded that the financial statements were fairly presented in all material aspects and free from material misstatement. Although independent auditors cannot guarantee the accuracy of the statements, they do have a reasonable basis for the opinion they render. The independent auditor's report is presented as the first component of the financial section of this report.

The Systems are a part of the primary government of the State of South Carolina and are included in the comprehensive annual financial report of the State. The 2003 CAFR is presented in five sections. The **Introductory Section** contains the letter of transmittal, identification of the Systems' administrative organization, and descriptions of administrative responsibilities. The **Financial Section** contains the opinion of our independent auditors, Management's Discussion and Analysis (MD&A), basic financial statements and required supplementary information and schedules. The **Investment Section** contains schedules of investments and investment growth, a report from the State Treasurer, and a report from our investment consultant. The **Actuarial Section** contains our independent consulting actuary's certification letter, the results of the annual actuarial valuation, a summary of plan provisions for each System, and other actuarial related information. The **Statistical Section** contains various tables and schedules of significant data pertaining to the Systems.

## Introductory Section

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### Profile of the Government

The South Carolina Retirement Systems are defined benefit pension plans, which provide lifetime retirement annuities, disability benefits and death benefits to eligible members. The plans' terms specify the amount of pension benefits to be provided at a future date or after a certain period of time. The amount specified is a function of a formula based on years of service, compensation and age. Our administrative and reporting structure is outlined in the introductory section of this report.

This report contains information on the following defined benefit pension trust funds:

- The South Carolina Retirement System (**SCRS**) was established July 1, 1945, to provide retirement and other benefits for teachers and employees of the State and its political subdivisions.
- The Police Officers Retirement System (**PORS**) was established July 1, 1962 to provide retirement and other benefits to police officers and firefighters.
- The Retirement System for Members of the General Assembly of the State of South Carolina (**GARS**) was established January 1, 1966, to provide retirement and other benefits to members of the General Assembly.
- The Retirement System for Judges and Solicitors of the State of South Carolina (**JSRS**) was established July 1, 1979, to provide retirement and other benefits to State Judges and Solicitors.

### Summary of Financial Condition

The funding objective of the pension trust funds is to meet future benefit obligations of retirees and beneficiaries through contributions and investment earnings. Our external consulting actuaries determine the actuarial accrued liability of the Systems. In our most recent valuation dated July 1, 2002, our actuarial consultants concluded that the Systems are operating on an actuarially sound basis. Governmental accounting standards require that the maximum acceptable amortization period for the total unfunded actuarial liability is 30 years and all four systems are considered adequately funded within GASB standards. The funded ratio for the SCRS, which represents the largest membership of the four plans, decreased from 87.4 percent to 86 percent, primarily due to a 1.3 percent cost-of-living adjustment effective as of July 1, 2002 and the low investment return for fiscal year 2002. As a result of these and other factors, the amortization period for the System's unfunded actuarial accrued liability increased from 18 to 21 years. The current funded ratios of the four plans range from 60.0 percent to 93.0 percent. More detailed information regarding the financial condition of the pension trust funds can be found in the financial and actuarial sections of this report.

For the year ended June 30, 2003, the combined Systems investment portfolio produced a total return, net of expenses of 8.9 percent. At the end of the fiscal year, equity investments comprised approximately 35 percent of our total investment portfolio. Asset allocation of our equity investments, including interest and dividend accruals and categories classified as cash equivalents, are summarized in the table below (amounts in millions):

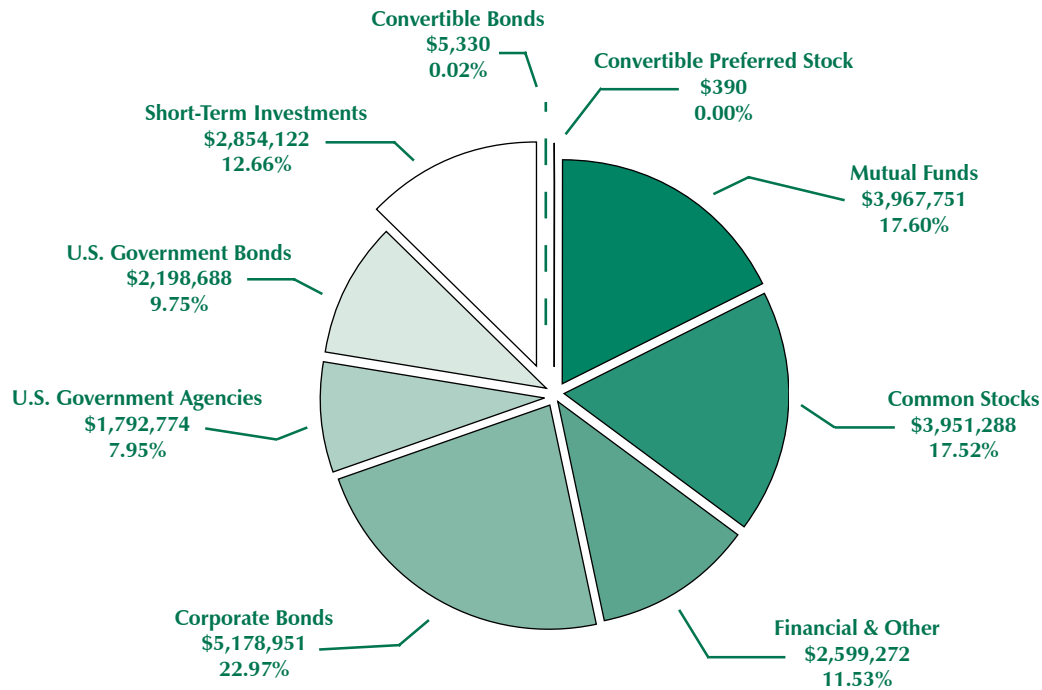
	<u>Growth</u>	<u>Core</u>	<u>Value</u>	<u>Total Active</u>	<u>Passive</u>	<u>Total</u>
Large Cap	\$ 1,091.5	\$ 480.3	\$ 1,269.8	\$ 2,841.6	\$ 3,903.4	\$ 6,745.0
Small/Mid Cap	401.6	389.0	418.8	1,209.4	64.4	1,273.8
Total	<u>\$ 1,493.1</u>	<u>\$ 869.3</u>	<u>\$ 1,688.6</u>	<u>\$ 4,051.0</u>	<u>\$ 3,967.8</u>	<u>\$ 8,018.8</u>

## Introductory Section

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We have a diversified investment portfolio that is designed to provide long-term returns. The custodian of our assets, the State Treasurer, and the Investment Panel work diligently to ensure our investment strategy is pragmatic and conservative, while providing competitive returns. The total asset allocation of investments is presented in the following graph:

### South Carolina Retirement Systems Schedule of Asset Allocation Market Value as of June 30, 2003 (Dollar amounts in thousands)



Investment performance is a significant factor in our actuarial valuations. Our actuarial consultants use an actuarial asset valuation method that recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return of 7.25 percent. The amount recognized each year is 20 percent of the difference between market and expected actuarial value. The actuarial value of assets is limited to a range between 80 percent and 120 percent of market value. This actuarial asset valuation method smoothes the effect of volatility in the market and helps provide a consistent estimate of the value of assets. Detailed investment results for fiscal year 2003 can be found within both the financial and investment sections of this report.

## Introductory Section

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### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Carolina Retirement Systems for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

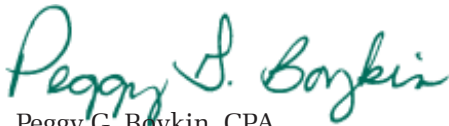
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which meet or exceed program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid only for a period of one year. The Systems received a Certificate of Achievement for each of the last sixteen consecutive years (fiscal years ended 1987-2002). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for consideration again this year.

### Acknowledgments

The compilation of this report reflects the combined efforts of the staff of the South Carolina Retirement Systems functioning under your leadership. The report is intended to provide comprehensive and reliable information about the Systems, to demonstrate compliance with legal provisions, and to allow for the evaluation of responsible stewardship of the funds of the Systems.

We express our gratitude to the members of the Board, the staff, the consultants, and the many people who have worked so diligently to assure the continued successful operation of the Systems.

Respectfully submitted,

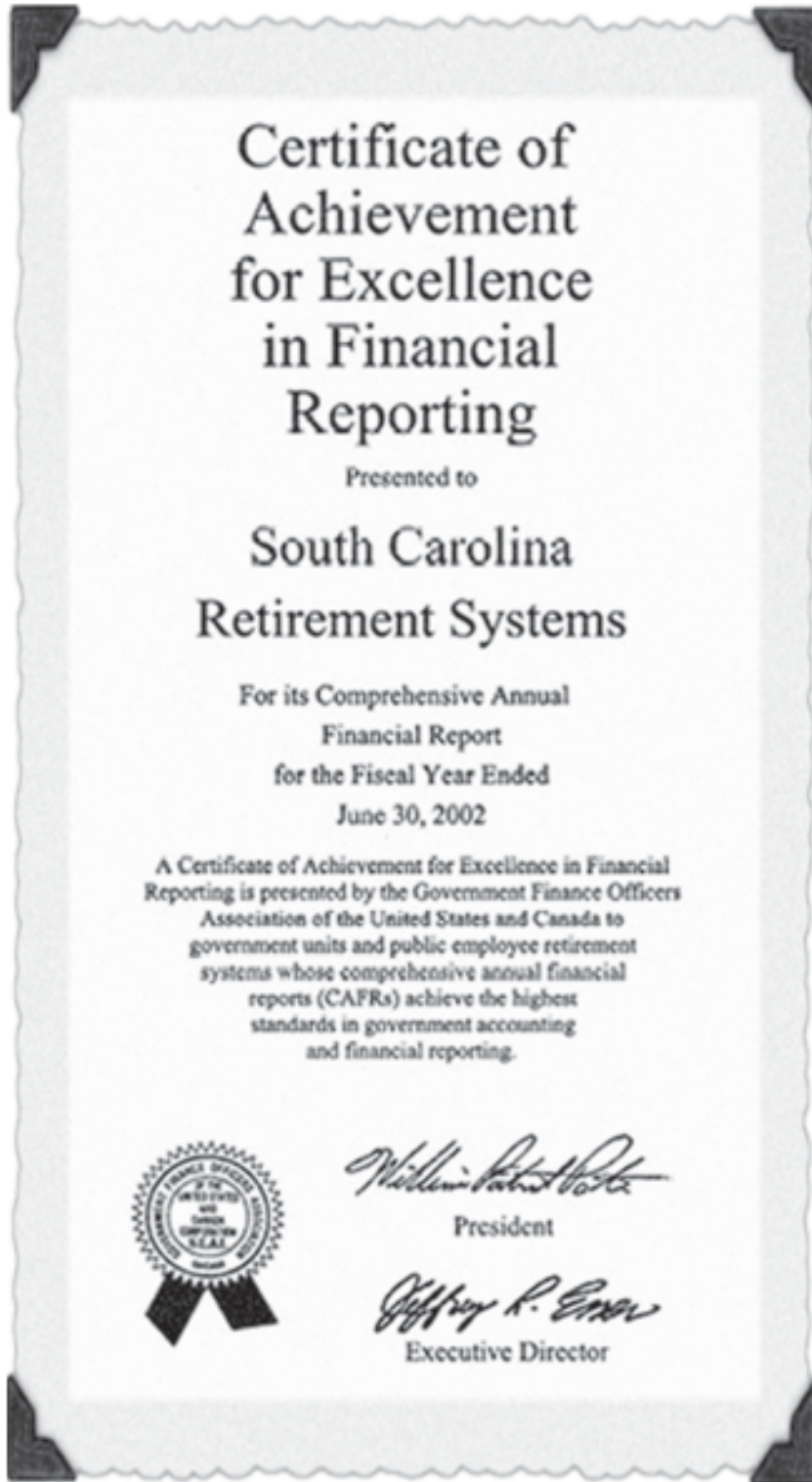


Peggy G. Boykin, CPA  
Division Director



Tammy B. Davis, CPA  
Assistant Director, Financial Services





## Introductory Section

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### Governing Board and Administration

#### Governing Board - SC State Budget and Control Board

Mark Sanford, Chairman	Governor
Grady L. Patterson, Jr.	State Treasurer
Richard Eckstrom	Comptroller General
Hugh K. Leatherman, Sr.	Chairman, Senate Finance Committee
Robert W. Harrell, Jr.	Chairman, House Ways and Means Committee
Frank W. Fusco	Executive Director

#### Equity Investment Panel\*

Mr. Edwin S. Pearlstine, Jr.	Chairman
Mr. Arthur M. Bjontegard, Jr.	
Mr. Blaine Ewing, III	
Ms. Mary M. Kennemur	
Mr. S. Hunter Howard	

#### Equity Investment Consultant

Mercer Investment Consulting, Inc.

#### Consulting Actuary

Gabriel, Roeder, Smith & Company

#### Retirement Systems Staff

Peggy G. Boykin, CPA	Director
Stephen R. Van Camp	General Counsel – Retirement Systems
Nancy E. Shealy	General Counsel – Equity Investment Panel
Travis Turner, CPA	Internal Auditor

#### Administration

Dianne T. Poston	Assistant Director
------------------	--------------------

#### Customer Services

Alice R. Copeland, CRA, CRC	Assistant Director
Lauren Chandler	Manager – Customer Annuity Claims
Chris Pastelak	Manager – Customer Refund Claims
Jeff Argondizzo	Manager – Customer Death Claims
Marian Tucker	Manager – Customer Call Center
Jamella R. Williams	Manager – Customer Call Center
Marilyn Abrams	Manager – Customer Call Center
Joe Stone	Manager – Customer Intake
Donnie Fulmer	Manager – Customer Visitors' Center
Shawn Holman	Manager – Customer Field Education

#### Financial Services

Tammy B. Davis, CPA	Assistant Director
Sarah Niegsch, CPA	Manager – Accounting
Sharon Graham, CPA	Manager – Payroll
Maggie Hendry	Manager – Average Final Compensation

#### Information Services

Michael E. Nivens	Assistant Director
Lisa M. Phipps	Information Technology Manager
Randy Byars	Information Resource Consultant

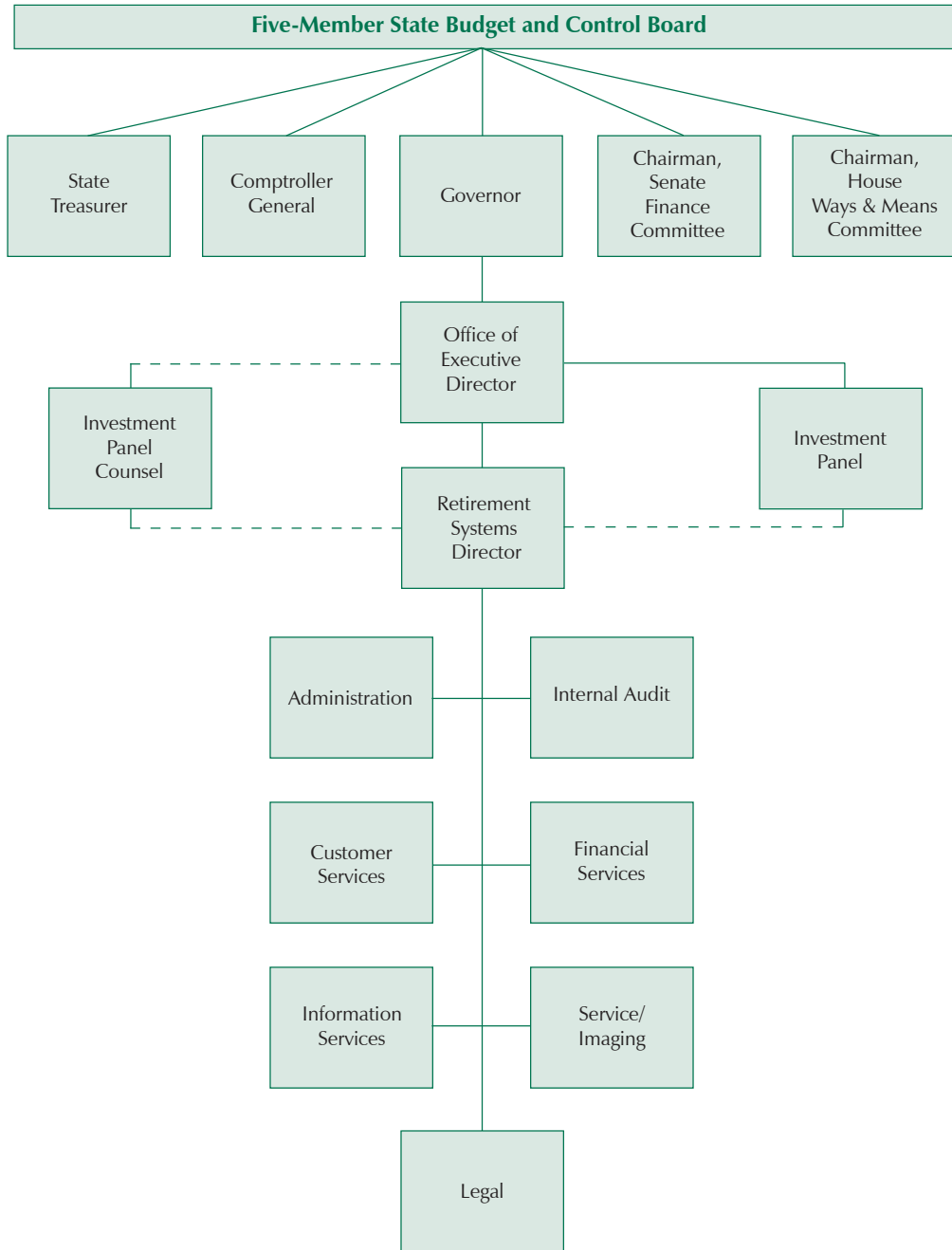
#### Service Credit

Amanda J. Green	Assistant Director
Lee Trimble	Manager – Service/Imaging
Sharon Pigage	Manager – Service Audit

\* Refer to page 66 for a complete list of equity managers.

# Introductory Section

## Organizational Chart



### Organizational Description

The structural organization of the Systems is depicted in the organizational chart on page 13. A brief description of the primary functions performed by each department follows:

#### Internal Audit

Responsible for providing an independent appraisal function to examine and evaluate processes and policies, and for providing assurance to management regarding the internal control structure of the division.

#### Legal

Responsible for representing the South Carolina Retirement Systems in matters before circuit and appellate courts and administrative bodies, and for providing program support to the management of the South Carolina Retirement Systems.

#### Administration

Responsible for managerial, budgetary, and administrative oversight of all division operations; physical plant issues, operations, and maintenance; procurement; human resources activities; communications and public information; accounts payable; and postal center operations and courier services.

#### Customer Services

Responsible for member consultations (in person, by telephone, on-line via the Internet, or by videoconferencing) in all phases of retirement operations; the processing of customer claims relating to annuities, refunds, or death claims; training employers in all aspects of the Retirement Systems' member benefits, reporting procedures, and the Internet accessed employer information system; briefing governing bodies of prospective new employers on member benefits and new employer liability regarding potential costs associated with joining the Retirement Systems; meeting with employees as requested to present benefit overviews and preretirement education programs; and coordinating and conducting retirement seminars designed to better prepare members whose retirement is imminent.

#### Financial Services

Responsible for all financial reporting and accounting including the preparation of the Comprehensive Annual Financial Report; disbursing monthly payments to annuitants, refunds to terminated members and death benefit payments to eligible members; determining the average final compensation to be used in calculating a member's annuity benefit at retirement; collecting and allocating member and employer contributions; and maintaining membership enrollment and beneficiary information.

#### Information Services

Responsible for the design, implementation and control of all automated applications within the Systems.

#### Service Credit and Imaging Services

Responsible for the computation of the cost for purchases of prior service for all members of the Retirement Systems; the auditing of service credit for our membership; and the maintenance of complete historical records of each member.



# Financial Services

## Financial Section



Seated (left to right): Jan Plowden, Jayne Edge.  
Standing (left to right): Audrey Clark, Bernard Barnes, Tammy Johnson, Geneva McIntosh.



Seated (left to right): Ashley Nichols, Rosemary Tien.  
Standing (left to right): Faith Wright, Arlene Sohrabnia, Tammy Davis, Sarah Niensch.



Seated (left to right): Lynn Johnson, Sharon Graham.  
Standing (left to right): Rob Heilig, Theresa Albergottie, Debra Jones, Bonnie Voious.



Seated (left to right): Jennifer Dolder, Crystal Trapp.  
Standing (left to right): Judy Scott, Sheila Pinckney, Robert Sutherland, Maureen Carter.

Not present for photographs: Phillip Parker, Allison Lawler, Len Cone, Dana Herron, Andrea Kinard

# Financial Services



Seated (left to right): Kim Lovell, Lisa Reupke. Standing (left to right): Linda Jacques, Phyllis Bradley, Cheryl Rabon, Linda Sigtler.



Seated (left to right): Maggie Hendry, Miriam Jacobs. Standing (left to right): Donna Ashford, Marcia McLin, David McEachern, Katharine Fore.



Seated (left to right): Glenda Suber, Steve Miller, Elisa Avagnina. Standing (left to right): Lori Black, Edward Holmes, Brenda Prudé, Danielle Quattibaum, Marc Kimpson.

Not present for photographs: Normie Walkcott

## Financial Section



# ROGERS & LABAN, PA

CERTIFIED PUBLIC ACCOUNTANTS AND FINANCIAL CONSULTANTS

### Independent Auditor's Report

The Honorable Mark Sanford, Governor,  
Members of the State Budget and Control Board and  
Mr. Thomas L. Wagner, Jr., CPA, State Auditor  
State of South Carolina  
Columbia, South Carolina

We have audited the financial statements of the South Carolina Retirement Systems (the "Systems") as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the South Carolina Retirement Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I to the financial statements, the Systems' financial statements are intended to present the financial position and results of operations and cash flows of only that portion of the financial reporting entity of the State of South Carolina that is attributable to the transactions of the University. They do not purport to and do not present the financial position of the State of South Carolina as of June 30, 2003, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America, and do not include other agencies, divisions, or component units of the State of South Carolina.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the South Carolina Retirement Systems, as of June 30, 2003, and the changes in plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note VIII to the financial statements, the Systems is a party to a legal action claiming substantial amounts as a result of the computation of retirement benefits for certain retired members and the collection of excess contributions. The ultimate outcome of the litigation cannot be presently determined. Accordingly, no provision for any liability has been made in the accompanying financial statements.

Management's Discussion and Analysis on pages 18 to 21 and the required supplementary information on pages 39 and 40 are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of changes in plan net assets – by system, schedule of administrative expenses, schedule of professional consultant fees, and schedule of investment expenses on pages 41 to 46 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The information presented in the Introductory, Investment, Actuarial, and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Rogers + Laban, PA*

September 29, 2003

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Dallas, TX 75206 • 800-959-8440



### Management's Discussion and Analysis

The following discussion and analysis provides a narrative introduction to the basic financial statements and an analytical overview of the South Carolina Retirement Systems' financial activities for the fiscal year ended June 30, 2003.

#### Financial Highlights

- Our combined investment return net of expenses for the four pension trust funds administered by the South Carolina Retirement Systems for fiscal year 2003 was 8.9 percent, compared to a combined return of .92 percent for fiscal year 2002. Our investment return exceeded our assumed actuarial investment return of 7.25 percent, which will have a positive effect on the next actuarial valuation of the systems.
- In both fiscal year 2002 and fiscal year 2003, the South Carolina Retirement Systems was recognized by *Pensions & Investments*, The International Newspaper of Money Management, for having the highest one-year investment return of surveyed public pension funds.
- Plan net assets of the four pension trust funds administered by the South Carolina Retirement Systems increased by \$1.42 billion during fiscal year 2003, compared to a decrease of \$111.1 million in fiscal year 2002. This increase was due primarily to the strong performance of our fixed income investments, which contributed to our combined investment return of 8.9 percent for the four pension plans.
- State legislation effective July 1, 2002, expanded eligibility for participation in the State Optional Retirement Program (ORP), which is administered by the South Carolina Retirement System. State ORP is a defined contribution plan that serves as an alternative to membership in the traditional South Carolina Retirement System, which is a defined benefit plan. Expanded State ORP eligibility includes employees hired into full-time permanent positions with state agencies, institutions of higher education, and public school districts. As a result of this legislation, participation in State ORP increased during fiscal year 2003 when compared with the previous fiscal year.
- The deferred retirement option program, also known as the Teacher and Employee Retention Incentive (TERI) program, which was initiated January 1, 2001, continued to experience great popularity among our membership during fiscal year 2003. The amount of assets held in trust for future payments of accrued benefit expense, increased by 85.07 percent during the fiscal year. This increase is a result of both a growth of approximately 2,700 new participants in the program during the fiscal year and the continued accumulation of benefits deferred on a monthly basis for all participants. During fiscal year 2003, a legislative bill was proposed in the SC General Assembly to repeal the TERI program. Although no action was taken on the bill, its introduction contributed to the large number of new participants taking advantage of TERI.
- The number of active members in the South Carolina Retirement Systems decreased in fiscal year 2003 when compared with fiscal year 2002. The change resulted from increased State ORP participation, increased number of retirees returning to work (due in part to TERI participation), and as a result of continued state budget cuts enacted during the fiscal year which resulted in reductions in the number of active employees and teachers.
- The amount of retirement benefits paid as annuities to retired members and beneficiaries (not including TERI expenses) increased 7.34 percent during the current fiscal year. The increase is attributable to continued effects of 28-year retirement, an increase in the number of members electing to retire as a result of retirement incentives and state budget issues and a 1.3 percent cost of living adjustment granted to eligible annuitants effective July 1, 2002.



### Overview of the Financial Statements

The Retirement Systems are a part of the primary government of the State of South Carolina and are included in the comprehensive annual financial report of the state. The Retirement Systems' financial statements provide information about the activities of the four defined benefit pension plans administered, in addition to comparative summary information about the activities of the Retirement Systems as a whole. The Plan's financial statements include the following components:

- Statement of Plan Net Assets
- Statement of Changes in Plan Net Assets
- Notes to the Financial Statements
- Required Supplementary Information

The *Statement of Plan Net Assets* presents the Plan's assets and liabilities and the resulting net assets, which are held in trust for pension benefits. This statement reflects a year-end snapshot of the Plan's investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

The *Statement of Changes in Plan Net Assets* presents information showing how the Plan's net assets held in trust for pension benefits changed during the year. This statement includes additions for contributions by members and employers and investment earnings and deductions for annuity payments, refunded contributions, group life insurance payments and administrative expenses.

*Notes to the Financial Statements* provide additional information and detail and are necessary in order to gain a full understanding of the financial statements.

*Required Supplementary Information* presents information concerning the Retirement Systems' funding progress and its obligations to provide pension benefits to members. A schedule of required employer contributions and a summary of actuarial assumptions and methods are also presented.

### Condensed Financial Information

In order to ensure the Retirement Systems' ability to properly fund the payments of retirement benefits to members in future years, it is necessary to accumulate funds on a regular and systematic basis. The four defined benefit funds provide benefits to eligible employees of State, public school, local government and municipal, state legislative and judicial employers.

The principal sources from which the Systems derive revenues are employee contributions, employer contributions and earnings on investments. Expenses of the Systems consist primarily of payments of monthly annuities to retired members and their beneficiaries and refunds of member contributions paid upon termination. Other programs administered by the Systems include a group life insurance plan for both active and retired members and an accidental death plan for police officers.

Condensed financial statements are presented on the following page.

## Financial Section

### Plan Net Assets

June 30

(Amounts in thousands)

Assets	2003	2002	% Increase/ Decrease
Cash and Cash Equivalents, Receivables and Prepaid Expenses	\$ 3,173,518	\$ 3,027,811	4.81%
Total Investments, at fair value	19,694,444	18,219,578	8.09%
Securities lending cash collateral invested	3,912,893	3,174,643	23.25%
Property, net of accumulated depreciation	4,052	4,171	(2.85%)
<b>Total Assets</b>	<b>26,784,907</b>	<b>24,426,203</b>	<b>9.66%</b>
<b>Liabilities</b>			
Deferred retirement benefits	424,906	229,590	85.07%
Obligations under securities lending	3,912,893	3,174,643	23.25%
Other accounts payable	67,738	70,414	(3.80%)
<b>Total Liabilities</b>	<b>4,405,537</b>	<b>3,474,647</b>	<b>26.79%</b>
<b>Total Net Assets</b>	<b>\$ 22,379,370</b>	<b>\$ 20,951,556</b>	<b>6.81%</b>

### Changes in Plan Net Assets

Year Ended June 30

(Amounts in thousands)

Additions	2003	2002	% Increase/ Decrease
Employee Contributions	\$ 465,709	\$ 472,490	(1.44%)
Employer Contributions	607,499	606,272	0.20%
Investment Income	1,859,758	190,007	878.78%
Other Income	4,350	5,455	(20.26%)
<b>Total Additions</b>	<b>2,937,316</b>	<b>1,274,224</b>	<b>130.52%</b>
<b>Deductions</b>			
Total Annuities	1,405,309	1,278,304	9.94%
Refunds	71,657	75,303	(4.84%)
Group Life	16,366	15,119	8.25%
Administrative & other expenses	16,170	16,643	(2.84%)
<b>Total Deductions</b>	<b>1,509,502</b>	<b>1,385,369</b>	<b>8.96%</b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,427,814</b>	<b>(111,145)</b>	<b>1384.64%</b>
Beginning Net Assets	20,951,556	21,062,701	(0.53%)
<b>Ending Net Assets</b>	<b>\$ 22,379,370</b>	<b>\$ 20,951,556</b>	<b>6.81%</b>

### Analysis of Plan's Financial Position and Results of Operations

On a combined basis, plan net assets were \$22.38 billion at June 30, 2003, representing a 6.81 percent increase in net assets from the previous year-end. Because investment income is a major revenue source, the increase in plan net assets is in large part due to our positive investment performance in fiscal year 2003. Our investment rate of return exceeded our assumed actuarial investment return by 1.65 percent, which will have a positive actuarial impact on the systems. In contrast, fiscal year 2002 produced a combined investment return of .92 percent during a time when world equity markets experienced a significant downturn.

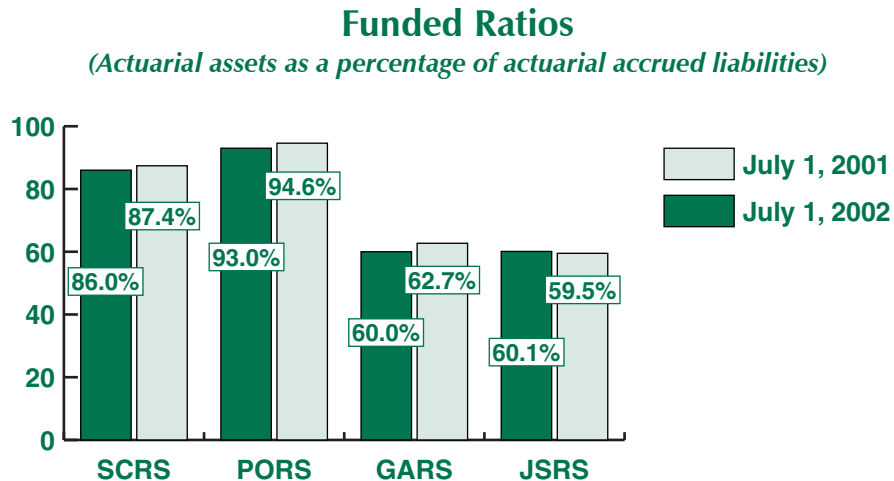
## Financial Section

Fiscal year 2003 witnessed an improving economic environment with historically low interest rates, which contributed to greater returns for our portfolios.

During fiscal year 2003, the total amount of retirement annuities increased by 9.94 percent when compared with the previous fiscal year. This was due primarily to the continued popularity of our deferred retirement option plan, which is also known as the Teacher and Employee Retention Incentive (TERI) program. The TERI program allows a member to accumulate a tax-deferred monthly retirement benefit while continuing to earn a salary from full-time employment. The SCRS holds the accumulated TERI retirement benefits in trust for the member, thus creating a liability for the SCRS. Total annuity expense also increased as a result of a 1.3 percent cost of living adjustment granted to SCRS and PORS annuitants. The continued effects of 28-year retirement in the SCRS system and the impact of retirement incentives offered through covered employers due to budget constraints in fiscal year 2003 also contributed to the increase in expenses.

### Funding Status

An overall objective in the funding of any defined benefit retirement system is to accumulate sufficient funds to pay benefits to participants when due. The greater the level of funding, the larger the ratio of actuarial assets to actuarial accrued liability. The most recent actuarial valuation, reported as of July 1, 2002, indicates that the funded ratio of three of the plans, SCRS, PORS and GARS, declined slightly from the previous valuation completed July 1, 2001. The funded ratio in JSRS increased slightly from the previous valuation. Funding levels of all the plans are such that annual contributions are sufficient for the valuation to find the plans in good actuarial condition as of July 1, 2002. The changes in the levels of funding do not affect the availability of fund resources for future use. The funded ratios of the four plans are presented in the following graph.



### Requests for Information

This financial report is designed to provide a general overview of the Retirement Systems' finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed as follows:

Financial Services  
South Carolina Retirement Systems  
PO Box 11960  
Columbia, SC 29211-1960  
803-737-6800  
[www.retirement.sc.gov](http://www.retirement.sc.gov)

## Financial Section

### South Carolina Retirement Systems Statement of Plan Net Assets June 30, 2003 With comparative totals for June 30, 2002 (Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL 2002
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,422,406	\$ 427,306	\$ 3,043	\$ 12,386	\$ 2,865,141	\$ 2,595,589
Receivables						
Due from other Systems	49	546	4		599	675
Employee and employer contributions	110,434	12,982	52	324	123,792	134,510
Employer contributions long-term	1,550	17			1,567	2,108
Accrued investment income	144,152	16,171	385	905	161,613	189,118
Unsettled investment sales	18,013	2,055	44	98	20,210	105,660
Total receivables	<u>274,198</u>	<u>31,771</u>	<u>485</u>	<u>1,327</u>	<u>307,781</u>	<u>432,071</u>
Investments, at fair value						
Short-term securities						331,702
United States Government securities	1,994,697	196,796	4,016	3,179	2,198,688	2,269,991
United States Government agencies and government-insured	1,580,521	196,529	3,768	11,956	1,792,774	2,127,008
Corporate bonds	4,611,780	525,793	11,908	29,470	5,178,951	5,345,833
Convertible bonds	4,720	575	10	25	5,330	
Financial and other	2,331,371	254,065	4,215	9,621	2,599,272	2,586,988
Mutual Funds	3,525,479	416,050	8,145	18,077	3,967,751	2,655,788
Common Stock	3,508,284	417,076	7,984	17,944	3,951,288	2,902,268
Convertible Preferred Stock	345	42	1	2	390	
Total investments	<u>17,557,197</u>	<u>2,006,926</u>	<u>40,047</u>	<u>90,274</u>	<u>19,694,444</u>	<u>18,219,578</u>
Prepaid administrative expenses	528	64	1	3	596	151
Securities lending cash collateral invested	3,535,984	352,687	8,633	15,589	3,912,893	3,174,643
Capital assets, net of accumulated depreciation	3,651	373	11	17	4,052	4,171
Total assets	<u>23,793,964</u>	<u>2,819,127</u>	<u>52,220</u>	<u>119,596</u>	<u>26,784,907</u>	<u>24,426,203</u>
<b>LIABILITIES</b>						
Due to other Systems	548	18	11	22	599	675
Accounts payable - unsettled investment purchases	27,600	3,268	62	140	31,070	42,143
Investment fees payable	3,717	453	8	20	4,198	3,509
Obligations under securities lending	3,535,984	352,687	8,633	15,589	3,912,893	3,174,643
Deferred retirement benefits	424,906				424,906	229,590
Due to Employee Insurance Program	27,276	888			28,164	21,178
Benefits Payable	2,242	391			2,633	1,619
Other Accrued Liabilities	866	200	8		1,074	1,290
Total liabilities	<u>4,023,139</u>	<u>357,905</u>	<u>8,722</u>	<u>15,771</u>	<u>4,405,537</u>	<u>3,474,647</u>
Net assets held in trust for Pension Benefits (a schedule of funding progress for each plan is presented on Page 39)	<u>\$19,770,825</u>	<u>\$2,461,222</u>	<u>\$ 43,498</u>	<u>\$ 103,825</u>	<u>\$22,379,370</u>	<u>\$20,951,556</u>

The accompanying notes are an integral part of these financial statements.

## Financial Section

### South Carolina Retirement Systems Statement of Changes in Plan Net Assets Year Ended June 30, 2003 With comparative totals for the year ended June 30, 2002 (Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL 2002
<b>Additions</b>						
Contributions						
Employee	\$ 408,325	\$ 55,641	\$ 612	\$ 1,131	\$ 465,709	\$ 472,490
Employer	512,345	86,563	2,577	6,014	607,499	606,272
Total contributions	<u>920,670</u>	<u>142,204</u>	<u>3,189</u>	<u>7,145</u>	<u>1,073,208</u>	<u>1,078,762</u>
Investment Income						
Net appreciation (depreciation) in fair value of investments	926,804	96,804	2,115	4,531	1,030,254	(691,295)
Interest and dividend income	735,974	87,546	1,891	4,290	829,701	886,936
Investment expense	(16,776)	(1,988)	(37)	(80)	(18,881)	(14,559)
Net income from investing activities	<u>1,646,002</u>	<u>182,362</u>	<u>3,969</u>	<u>8,741</u>	<u>1,841,074</u>	<u>181,082</u>
From securities lending activities:						
Securities lending income	58,898	6,733	165	241	66,037	57,538
Securities lending expense	(42,119)	(4,918)	(129)	(187)	(47,353)	(48,613)
Net income from securities lending activities	<u>16,779</u>	<u>1,815</u>	<u>36</u>	<u>54</u>	<u>18,684</u>	<u>8,925</u>
Total net investment income	<u>1,662,781</u>	<u>184,177</u>	<u>4,005</u>	<u>8,795</u>	<u>1,859,758</u>	<u>190,007</u>
Supplemental retirement benefits funded by the State	2,688	82			2,770	3,233
Transfers of contributions from other Systems	34	1,461	7	78	1,580	2,222
Total additions	<u>2,586,173</u>	<u>327,924</u>	<u>7,201</u>	<u>16,018</u>	<u>2,937,316</u>	<u>1,274,224</u>
<b>Deductions</b>						
Refunds of contributions to members	60,133	11,452	72		71,657	75,303
Transfers of contributions to other Systems	1,525		55		1,580	2,222
Regular retirement benefits	1,022,993	124,634	5,073	8,217	1,160,917	1,080,930
Deferred retirement benefits	240,667				240,667	193,283
Supplemental retirement benefits	2,688	82			2,770	3,233
Group life insurance claims	14,759	1,594	5	8	16,366	15,119
Accidental death benefits		955			955	858
Depreciation	107	11		1	119	118
Administrative charges	12,815	1,561	29	66	14,471	14,303
Total deductions	<u>1,355,687</u>	<u>140,289</u>	<u>5,234</u>	<u>8,292</u>	<u>1,509,502</u>	<u>1,385,369</u>
Net increase (decrease)	1,230,486	187,635	1,967	7,726	1,427,814	(111,145)
Net assets held in trust for Pension Benefits						
Beginning of year	18,540,339	2,273,587	41,531	96,099	20,951,556	21,062,701
End of year	<u>\$19,770,825</u>	<u>\$ 2,461,222</u>	<u>\$ 43,498</u>	<u>\$ 103,825</u>	<u>\$22,379,370</u>	<u>\$20,951,556</u>

The accompanying notes are an integral part of these financial statements.



### South Carolina Retirement Systems Notes to Financial Statements

#### I. Basis of Presentation and Summary of Significant Accounting Policies

##### Description of the Entity

The financial statements of the South Carolina Retirement Systems (Systems) presented herein contain the following funds:

##### Pension Trust Funds

- South Carolina Retirement System (SCRS)
- South Carolina Police Officers Retirement System (PORS)
- Retirement System for Members of the General Assembly of the State of South Carolina (GARS)
- Retirement System for Judges and Solicitors of the State of South Carolina (JSRS)

Each pension trust fund operates on an autonomous basis; funds may not be utilized for any purpose other than for the benefit of each plan's participants.

The Retirement Systems are part of the State of South Carolina's primary government and are included in the *Comprehensive Annual Financial Report of the State of South Carolina*. In making this determination, factors of financial accountability, governance and fiduciary responsibility of the State were considered.

##### Plan Descriptions

The South Carolina Retirement System, a cost-sharing multiple-employer defined-benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for teachers and employees of the State and political subdivisions thereof.

The South Carolina Police Officers Retirement System, a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

The Retirement System for Members of the General Assembly of the State of South Carolina, a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and other benefits for members of the General Assembly.

The Retirement System for Judges and Solicitors of the State of South Carolina, a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges and solicitors of the state.

## Financial Section

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A summary of information related to participating employers and members as of June 30, 2003, follows (dollars in thousands):

	State*	School	Other	Total
<b>SCRS</b>				
Number of Employers	110	96	545	751
Annual Covered Payroll	\$ 2,022,054	\$ 2,648,661	\$ 1,368,703	\$ 6,039,418
Average Number of Contributing Members	60,248	84,356	49,420	194,024
<b>PORS</b>				
Number of Employers	46	3	261	310
Annual Covered Payroll	\$ 309,625	\$ 142	\$ 469,336	\$ 779,103
Average Number of Contributing Members	10,410	8	14,266	24,684
<b>GARS</b>				
Number of Employers	2			2
Annual Covered Payroll	\$ 3,262			\$ 3,262
Average Number of Contributing Members	170			170
<b>JSRS</b>				
Number of Employers	2			2
Annual Covered Payroll	\$ 14,241			\$ 14,241
Average Number of Contributing Members	128			128

\*Note: Each state agency is considered a separate employer for reporting purposes. Institutions of Higher Education are reported in this category.

Based upon the most recent, complete actuarial valuation (July 1, 2002), membership in the Systems was as follows:

	SCRS	PORS	GARS	JSRS
Retirees and beneficiaries currently receiving benefits	79,064	7,706	266	126
Terminated members entitled to but not yet receiving benefits	141,313	8,675	68	7
Total active members	189,166	23,963	200	128
Total	409,543	40,344	534	261

## Financial Section

A brief summary of benefit provisions and eligibility criteria is presented.

### Membership

#### SCRS

Generally, all employees of covered employers are required to participate in and contribute to the System as a condition of employment. This plan covers general employees and teachers.

#### State ORP

As an alternative to membership in SCRS, certain state, public school, and higher education employees have the option to participate in the State Optional Retirement Program (State ORP). State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The SCRS assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them. For this reason, State ORP programs are not considered part of the SCRS for financial statement purposes.

Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the investment providers for the employee contribution (6 percent) and a portion of the employer contribution (5 percent). Also, a direct remittance is required to SCRS for a portion of the employer contribution (2.55 percent), which must be retained by SCRS. The activity for the State ORP is as follows:

**State ORP Activity**  
**Year Ended June 30, 2003**  
*(Amounts expressed in millions)*

Covered Payroll	\$ 324.9
Amount Retained by SCRS	8.8
Employee Contributions to Investment Providers	19.5
Employer Contributions to Investment Providers	16.2

#### PORS

All police officers with principle job duties of preserving public order, protecting life and property, and detecting crimes in the state; firefighters with principle job duties of preventing or controlling property destruction by fire; magistrates; probate judges; or coroners in full-time, permanent positions; or a peace officer employed by the SC Department of Corrections or the SC Department of Juvenile Justice are eligible for membership in PORS. PORS members must earn at least \$2,000 and devote at least 1,600 hours per fiscal year to this work.

#### GARS

All persons are required to participate in and contribute to the System upon taking office as a member of the General Assembly.

#### JSRS

All solicitors, judges of a Circuit or Family Court and justices of the Court of Appeals and Supreme Court are

required to participate in and contribute to the System upon taking office.

### Pension Benefits

#### SCRS

A monthly pension is payable at age 65 or with 28 years credited service regardless of age. Reduced pension benefits are payable at age 55 with 25 years of service credit. A member is eligible to receive a deferred annuity at age 60 with five years earned service. A group life insurance benefit is also provided to members with at least one year of service.

#### PORS

A monthly pension is payable at age 55 with a minimum of five years earned service or with 25 years of service regardless of age. A member is eligible to receive a deferred annuity at age 55 with five years earned service. A group life insurance benefit is also provided to members with at least one year of service. An additional accidental death benefit is provided to officers killed in the line of duty.

SCRS and PORS retirees may receive ad hoc cost-of-living adjustments of up to 4 percent annually based on increases in the Consumer Price Index. The State Budget and Control Board grants increases in accordance with its funding policies and state statute.

#### GARS

A member is eligible for a monthly pension at age 60 or with 30 years credited service. Effective January 1, 2003, a member who has attained the age of 70 years or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. A group life insurance benefit is also provided to members with at least one year of service.

#### JSRS

A pension benefit is payable at age 70 with 15 years service, age 65 with 20 years service, age 65 with four years in a JSRS position and 25 years other service with the state, 25 years service regardless of age for a judge or 24 years of service for a solicitor regardless of age. A member is eligible to receive a deferred annuity with 12 years service. A group life insurance benefit is also provided to members with at least one year of service.

GARS and JSRS retirees receive increases in benefits based upon increases in current salary of the respective active positions.

Membership, benefits and employee and employer contribution requirements are prescribed in Title 9 of the South Carolina Code of Laws.

### Summary of Significant Accounting Policies

#### Fund Structure

The Systems' accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate pension trust funds (fiduciary fund type) are used to account for the activities of the four public employee retirement systems administered by the Systems.

#### Basis of Accounting

All funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

#### Administrative Expenses

The State Budget and Control Board's Office of Internal Operations maintains an internal service fund to account for the administrative costs of operating the Systems. This fund assesses administrative charges to each of the pension trust funds based on its respective portion of total assets in order to pay for actual expenses incurred during the year.

#### Cash and Cash Equivalents

The Systems classify cash on deposit in financial institutions and cash on deposit in the State's internal cash management pool as cash and cash equivalents. The Systems also classify certain short-term highly liquid securities with an original maturity of three months or less as cash equivalents.

#### Contributions

Employee and employer contributions are reported in the period in which the contributions are due. Substantially all contributions receivable are collected within 30 days of year-end. Under certain conditions new employers entering the System are allowed up to 10 years to remit matching employer contributions resulting from their employee's purchase of prior service credits. Interest is assessed annually on the unpaid balance of these accounts.

#### Investments

Investments are reported at fair value. Short term securities categorized as cash or cash equivalents are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest

income earned, dividend income earned, less investments expense, plus income from securities lending activities, less deductions for security lending expenses. Securities and securities transactions are reflected in the financial statements on a trade-date basis.

#### Capital Assets

Capital assets are capitalized at cost and depreciated on a straight-line basis over an estimated useful life of forty years.

### II. Contributions and Reserves

Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws.

Plan members are required to contribute at the following statutorily established rates:

<b>SCRS</b>	<b>6% of earnable compensation</b>
<b>PORS</b>	<b>6.5% of earnable compensation</b>
<b>GARS</b>	<b>10% of earnable compensation</b>
<b>JSRS</b>	<b>7% of earnable compensation</b>

Employer contributions are established by the State Budget and Control Board at the actuarially determined rates recommended by the Systems' actuary.

In accordance with provisions of the 2002-2003 State Appropriations Act, an additional employer contribution surcharge of 3.15 percent of covered payroll was added to the contribution rate applicable to State and local governments, and Public School entities covered by the Employee Insurance Program. This assessment is for the purpose of providing retiree health and dental insurance coverage and is not a part of the actuarially established contribution rates. Functioning as a collecting agent, SCRS and PORS collected (in thousands) \$171,360 and \$9,948 respectively in retiree insurance surcharges (\$10,366 of which was applicable to the State ORP) and remitted these funds to the Employee Insurance Program.

Net Assets of each plan are required to be reserved in the following accounts:

The Employee Fund is credited with all contributions made by active members of the Systems. Interest is added to each member's individual account at an annual rate of 6 percent. Upon termination of employment prior to retirement, employee contributions and accumulated interest may be refunded from this fund to the employee. Upon retirement, members' accumulated contributions and interest are transferred to the Employer Fund for subsequent payment of benefits.

The Employer Fund is the fund to which all employer retirement contributions and investment earnings of the Employee and Employer Funds are credited.

## Financial Section

Interest earnings allocated to individual member accounts in the Employee Fund are transferred from the Employer Fund. At retirement, accumulated employee contributions and interest are transferred from the Employee Fund to the Employer Fund. All annuities of the Systems are paid from the Employer Fund. Administrative expenses are paid from this fund.

The Group Life Insurance Fund (SCRS and PORS only) is the fund to which participating employers contribute for the purpose of providing a life insurance benefit to active and retired members of the Systems. Employer contributions and earnings are credited to this fund. Group life insurance benefit payments are charged to

this fund. Administrative expenses are paid from this fund.

The Accidental Death Fund (PORS only) is the fund to which participating employers contribute for the purpose of providing annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. This fund and its benefits are independent of any other retirement benefit available to the beneficiary. Employer contributions and investment earnings are credited to this fund. Monthly annuities are disbursed from this fund. Administrative expenses are paid from this fund.

Balances (amounts expressed in thousands) in the respective reserves at June 30, 2003, were as follows:

	SCRS	PORS	GARS	JSRS
Employee Fund	\$ 4,627,360	\$ 516,313	\$ 8,324	\$ 16,545
Employer Fund	15,038,211	1,904,156	35,174	87,280
Group Life Insurance Fund	105,254	18,896		
Accidental Death Fund		21,857		
	\$19,770,825	\$ 2,461,222	\$ 43,498	\$ 103,825

### III. Deposits and Investments

#### Deposits

As prescribed by statute, the State Treasurer is the custodian and investment manager of all deposits and investments of the Systems. All deposits are required to be insured or collateralized with securities held by the State or its agent in the State Treasurer's name as custodian. Category 1 deposits are those covered by Federal depository insurance or by collateral held by the Systems or by its agent in the Systems' name. Category 2 deposits are collateralized with securities held by the pledging financial institution's trust department or agent in the Systems' name. Category 3 deposits are uncollateralized. At June 30, 2003, all of the deposits of the Systems were fully insured or collateralized by securities recorded in the Systems' name and held by the Systems' agent.

The carrying amount of the System's deposits at June 30, 2003, was as follows (amounts expressed in thousands):

<b>SCRS</b>	\$	10,168
<b>PORS</b>		836
<b>GARS</b>		12
<b>JSRS</b>		3
<b>Totals</b>	\$	11,019

#### Investments

The Systems may invest in a variety of instruments including obligations of the United States and its agencies and securities fully guaranteed by the United States, certain corporate obligations, certain shares of Federal savings and loan associations and State Chartered savings and loan associations, collateralized repurchase agreements, and equity securities. Governmental accounting standards require that the investments reported as of the balance sheet date be categorized according to the level of credit risk associated with the Systems' custodial arrangements at that time. The level of credit risk is defined as follows: Category 1 – insured and registered, or securities held by the Systems or in the Systems' name; Category 2 – uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Systems' name; and Category 3 – uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Systems' name.

The tables on pages 29-32 present the credit risk and fair value of investments (amounts expressed in thousands) by system and type at June 30, 2003. For purposes of classification in these tables, a security is a transferable financial instrument that evidences ownership or creditorship. Investments included in the "Equities – S&P 500 Index" and "Equities – Russell 2000 Index" are mutual funds and are not considered securities for purposes of credit risk classification.



## Financial Section

### South Carolina Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2003</u>	<u>June 30, 2002</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
<b>Investments - categorized:</b>					
Short term securities		None	None	\$ -	\$ 314,303
U.S. Government securities:					
Unloaned securities	\$ 1,207,220			1,207,220	1,186,567
On securities loan-noncash collateral	32,908			32,908	2,143
U.S. Government agencies:					
Unloaned securities	251,362			251,362	827,089
Corporate bonds:					
Unloaned securities	4,431,183			4,431,183	4,601,481
Financial & other	2,331,371			2,331,371	2,314,936
Convertible bonds:					
Unloaned securities	2,628			2,628	
Common stock:					
Unloaned securities	2,359,930			2,359,930	1,886,469
Convertible Preferred stock	345			345	
<b>Total - categorized</b>	<u>\$ 10,616,947</u>			<u>10,616,947</u>	<u>11,132,988</u>
<b>Investments - not categorized:</b>					
Mutual funds - S&P 500 Index Fund				3,467,855	2,302,354
Mutual funds - Russell 2000 Index Fund				57,624	59,776
<b>Investments held by broker-dealers under securities loans with cash collateral:</b>					
U.S. Government securities				754,569	865,431
U.S. Government agencies				1,329,159	1,029,831
Corporate bonds				180,597	140,693
Convertible bonds				2,092	
Common stock				1,148,354	695,278
<b>Total - not categorized</b>				<u>6,940,250</u>	<u>5,093,363</u>
<b>Total investments</b>				17,557,197	16,226,351
<b>Securities lending cash collateral invested</b>			\$ 3,535,984	<u>3,535,984</u>	<u>2,824,390</u>
<b>Total</b>			<u>\$ 3,535,984</u>	<u>\$ 21,093,181</u>	<u>\$ 19,050,741</u>

## Financial Section

### Police Officers Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2003</u>	<u>June 30, 2002</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
<b>Investments - categorized:</b>					
Short term securities		None	None		\$ 17,399
U.S. Government securities:					
Unloaned securities	\$ 103,580			\$ 103,580	88,820
On securities loan-noncash collateral	433			433	3,418
U.S. Government agencies:					
Unloaned securities	115,456			115,456	127,054
Corporate bonds:					562,439
Unloaned securities	500,915			500,915	
Financial & other	254,065			254,065	259,144
Convertible bonds:					
Unloaned securities	320			320	
Common stock:					
Unloaned securities	277,138			277,138	217,972
Convertible Preferred stock	42			42	
<b>Total - categorized</b>	<u>\$ 1,251,949</u>			<u>1,251,949</u>	<u>1,276,246</u>
<b>Investments - not categorized:</b>					
Mutual funds - S&P 500 Index Fund				409,717	269,081
Mutual funds - Russell 2000 Index Fund				6,333	7,027
<b>Investments held by broker-dealers under securities loans with cash collateral:</b>					
U.S. Government securities				92,783	113,300
U.S. Government agencies				81,073	127,724
Corporate bonds				24,878	
Convertible bonds				255	
Common stock				139,938	83,625
<b>Total - not categorized</b>				<u>754,977</u>	<u>600,757</u>
<b>Total investments</b>				2,006,926	1,877,003
<b>Securities lending cash collateral invested</b>			\$ 352,687	<u>352,687</u>	<u>334,614</u>
<b>Total</b>			<u>\$ 352,687</u>	<u>\$ 2,359,613</u>	<u>\$ 2,211,617</u>

## Financial Section

### General Assembly Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2003</u>	<u>June 30, 2002</u>
	1	2	3	<u>Fair Value</u>	<u>Fair Value</u>
<b>Investments - categorized:</b>					
U.S. Government securities:		None	None		
Unloaned securities	\$ 1,202			\$ 1,202	\$ 1,977
On securities loan-noncash collateral					361
U.S. Government agencies:					
Unloaned securities	2,331			2,331	3,699
Corporate bonds:					
Unloaned securities	10,449			10,449	12,195
Financial & other	4,215			4,215	3,891
Convertible bonds:					
Unloaned securities	5			5	
Common stock:					
Unloaned securities	5,411			5,411	4,374
Convertible Preferred stock	1			1	
<b>Total - categorized</b>	<u>\$ 23,614</u>			<u>\$ 23,614</u>	<u>26,497</u>
<b>Investments - not categorized:</b>					
Mutual funds - S&P 500 Index Fund				7,991	5,378
Mutual funds - Russell 2000 Index Fund				154	143
<b>Investments held by broker-dealers under securities loans with cash collateral:</b>					
U.S. Government securities				2,814	4,196
U.S. Government agencies				1,437	551
Corporate bonds				1,459	
Convertible bonds				5	
Common stock				2,573	1,611
<b>Total - not categorized</b>				<u>16,433</u>	<u>11,879</u>
<b>Total investments</b>				40,047	38,376
<b>Securities lending cash collateral invested</b>			\$ 8,633	<u>8,633</u>	<u>6,644</u>
<b>Total</b>			<u>\$ 8,633</u>	<u>\$ 48,680</u>	<u>\$ 45,020</u>

## Financial Section

### Judges and Solicitors Retirement System

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2003</u> <u>Fair Value</u>	<u>June 30, 2002</u> <u>Fair Value</u>
	1	2	3		
<b>Investments - categorized:</b>					
U.S. Government securities:		None	None		
Unloaned securities	\$ 1,169			\$ 1,169	\$ 1,552
U.S. Government agencies:					
Unloaned securities	6,265			6,265	8,868
Corporate bonds:					
Unloaned securities	28,381			28,381	28,525
Financial & other	9,621			9,621	9,017
Convertible bonds:					
Unloaned securities	14			14	
Common stock:					
Unloaned securities	11,867			11,867	9,263
Convertible Preferred stock	2			2	
<b>Total - categorized</b>	<u>\$ 57,319</u>			<u>\$ 57,319</u>	<u>\$ 57,225</u>
<b>Investments - not categorized:</b>					
Mutual funds - S&P 500 Index Fund				17,809	11,722
Mutual funds - Russell 2000 Index Fund				268	307
<b>Investments held by broker-dealers under securities loans with cash collateral:</b>					
U.S. Government securities				2,010	2,226
U.S. Government agencies				5,691	2,192
Corporate bonds				1,089	500
Convertible bonds				11	
Common stock				6,077	3,676
<b>Total - not categorized</b>				<u>32,955</u>	<u>20,623</u>
<b>Total investments</b>				90,274	77,848
<b>Securities lending cash collateral invested</b>			<u>\$ 15,589</u>	<u>15,589</u>	<u>8,995</u>
<b>Total</b>			<u>\$ 15,589</u>	<u>\$ 105,863</u>	<u>\$ 86,843</u>

## Financial Section

### Summary for South Carolina Retirement Systems

<u>INVESTMENTS</u>	<u>INVESTMENT RISK CATEGORY</u>			<u>June 30, 2003</u> <u>Fair Value</u>	<u>June 30, 2002</u> <u>Fair Value</u>
	1	2	3		
<b>Investments - categorized:</b>					
Short term securities		None	None	\$ -	\$ 331,702
U.S. Government securities:					
Unloaned securities	\$ 1,313,171			1,313,171	1,278,916
On securities loan-noncash collateral	33,341			33,341	5,922
U.S. Government agencies:					
Unloaned securities	375,414			375,414	966,710
Corporate bonds:					574,634
Unloaned securities	4,970,928			4,970,928	4,630,006
Financial & other	2,599,272			2,599,272	2,586,988
Convertible bonds:					
Unloaned securities	2,967			2,967	
Common stock:					
Unloaned securities	2,654,346			2,654,346	2,118,078
Convertible Preferred stock	390			390	
<b>Total - categorized</b>	<u>\$ 11,949,829</u>			<u>\$ 11,949,829</u>	<u>12,492,956</u>
<b>Investments - not categorized:</b>					
Mutual funds - S&P 500 Index Fund				3,903,372	2,588,535
Mutual funds - Russell 2000 Index Fund				64,379	67,253
<b>Investments held by broker-dealers under securities loans with cash collateral:</b>					
U.S. Government securities				852,176	985,153
U.S. Government agencies				1,417,360	1,160,298
Corporate bonds				208,023	141,193
Convertible bonds				2,363	
Common stock				1,296,942	784,190
<b>Total - not categorized</b>				<u>7,744,615</u>	<u>5,726,622</u>
<b>Total investments</b>				19,694,444	18,219,578
<b>Securities lending cash collateral invested</b>			\$ 3,912,893	<u>3,912,893</u>	<u>3,174,643</u>
<b>Total</b>			<u>\$ 3,912,893</u>	<u>\$ 23,607,337</u>	<u>\$ 21,394,221</u>



## Financial Section

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Certain short-term, highly liquid securities, which were insured or registered by the Systems or in the Systems' name (investment credit risk category 1), with an original maturity of three months or less are considered cash equivalents in accordance with Governmental Accounting Standards Board Statement 9. These investments (in thousands) at June 30, 2003, were composed of the following:

### Cash Equivalents

	<b>Repurchase Agreements</b>	<b>Commercial Paper</b>	<b>Total</b>	<b>Total 2002</b>
<b>SCRS</b>	\$ 2,225,902	\$ 186,336	\$ 2,412,238	\$ 2,213,976
<b>PORS</b>	406,485	19,985	426,470	355,964
<b>GARS</b>	3,031		3,031	2,614
<b>JSRS</b>	12,383		12,383	16,591
<b>Totals</b>	\$ 2,647,801	\$ 206,321	\$ 2,854,122	\$ 2,589,145

The Systems maintains a portfolio of short-term securities in order to actively manage all funds waiting to be placed in a more permanent investment. These short-term securities held during fiscal year 2003 included U.S. Treasury obligations, commercial paper, and repurchase agreements; however, as of June 30, 2003, all short-term securities had an original maturity of three months or less and were therefore classified as cash equivalents.

Effective May 26, 1998, legislation was passed implementing the 1996 public vote amending the State Constitution to allow the Retirement Systems to invest in equity securities. This legislation established a five-member investment panel responsible for defining and developing the investment objectives and the types of investments to be purchased. The Act also specified that a maximum of 10 percent of the assets for each system may be invested in equities annually until a maximum of 40 percent of assets are invested in equities. As of June 30, 2003, the Retirement Systems' assets were invested in equities as follows (in thousands):

### Equity Investments

	<b>Mutual Fund S&amp;P 500 Index Fund</b>	<b>Mutual Fund Russell 2000 Index Fund</b>	<b>Common Stock</b>	<b>Convertible Preferred Stock</b>	<b>Total Equities</b>	<b>Total 2002</b>
<b>SCRS</b>	\$ 3,467,855	\$ 57,624	\$ 3,508,284	\$ 345	\$ 7,034,108	\$ 4,943,877
<b>PORS</b>	409,717	6,333	417,076	42	833,168	577,705
<b>GARS</b>	7,991	154	7,984	1	16,130	11,506
<b>JSRS</b>	17,809	268	17,944	2	36,023	24,968
<b>Totals</b>	\$ 3,903,372	\$ 64,379	\$ 3,951,288	\$ 390	\$ 7,919,429	\$ 5,558,056

The Systems retains a consultant to provide investment consulting services necessary to fulfill the duties for investing in equity securities. As of June 30, 2003, 14 individual agreements were in place between the Systems and equity investment managers.

## Financial Section

On June 30, 2003, the Systems held collateralized mortgage obligations (CMOs) in its portfolios. The CMOs in these portfolios consist of the planned amortizations class-1 (PAC-1) tranche of these issues. The PAC-1 tranche CMO structure securities were entered into for several reasons: (1) to protect the Retirement Systems' portfolios from principal prepayment risk during an environment of declining interest rates, (2) to provide incremental yield above that available on corporate securities with similar terms, (3) to provide diversification in the portfolios, (4) to maintain the high quality of government-sponsored credits in the portfolios, and (5) to utilize the estimated future term cash flows provided by these securities to match the term of the liabilities of the Retirement Systems. These securities are all rated AAA by the major rating agencies and the PAC-1 structure is a highly marketable security.

The Systems held the following CMOs included in the financial and other category (in thousands):

### Collateral Mortgage Obligations (CMOs)

	June 30, 2003	June 30, 2002
	<u>Fair Value</u>	<u>Fair Value</u>
<b>SCRS</b>	\$ 428,718	\$ 551,841
<b>PORS</b>	15,219	18,728
<b>GARS</b>	511	964
<b>JSRS</b>	404	762
<b>Totals</b>	<u>\$ 444,852</u>	<u>\$ 572,295</u>

On June 30, 2003, the Systems also held asset-backed securities in its portfolios. These securities had an average life of one to three years with a legal final maturity of two to five years. These securities represent an undivided ownership interest in a trust consisting of auto loan receivables. These securities are rated AAA by the major rating agencies. In addition, under the asset-backed securities category, the Systems held bonds issued by the South Carolina Tobacco Settlement Revenue Management Authority. These securities are rated Baa2/BBB and have an average life of 4.12 years with a legal maturity of 2016.

The Systems held the following asset-backed securities included in the financial and other investments category (in thousands):

### Asset Backed Securities

	June 30, 2003	June 30, 2002
	<u>Fair Value</u>	<u>Fair Value</u>
<b>SCRS</b>	\$ 153,144	\$ 167,772
<b>PORS</b>	22,596	32,321
<b>GARS</b>	250	-
<b>JSRS</b>	1,609	1,274
<b>Totals</b>	<u>\$ 177,599</u>	<u>\$ 201,367</u>

In addition to CMOs and asset-backed securities, the financial and other investments category primarily consisted of corporate financial paper as follows (in thousands):

### Corporate Financial Paper

	June 30, 2003	June 30, 2002
	<u>Fair Value</u>	<u>Fair Value</u>
<b>SCRS</b>	\$ 1,749,509	\$ 1,595,323
<b>PORS</b>	216,250	208,095
<b>GARS</b>	3,454	2,927
<b>JSRS</b>	7,608	6,981
<b>Totals</b>	<u>\$ 1,976,821</u>	<u>\$ 1,813,326</u>

## Financial Section

### Securities Lending

Through a custodial agent, SCRS, PORS, GARS, and JSRS participate in a securities lending program whereby securities are loaned for the purpose of generating additional income to the Systems. The Systems lends securities from its investment portfolios on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must initially meet or exceed 102 percent of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral, and requires additional collateral if the collateral value falls below 100 percent. There are no restrictions on the amount of securities that may be loaned. The types of securities available for loan during the year ended June 30, 2003, included U.S. Government securities, U.S. Government agencies, corporate bonds, convertible bonds, and equities. The contractual agreement with the Systems' custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan. Cash and U.S. Government securities were received as collateral for these loans. The Systems cannot pledge or sell collateral securities without a borrower default. The Systems invest cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding ranged from 1 to 131 days. The average weighted maturity of investments made with cash collateral ranged from 28 to 46 days. At June 30, 2003, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2003.

	June 30, 2003					June 30, 2002
	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL
Securities lent for cash collateral:						
U.S. Government securities	\$ 754,569	\$ 92,783	\$ 2,814	\$ 2,010	\$ 852,176	\$ 985,153
U.S. Government agencies	1,329,159	81,073	1,437	5,691	1,417,360	1,160,298
Corporate bonds	180,597	24,878	1,459	1,089	208,023	141,193
Convertible bonds	2,092	255	5	11	2,363	
Common Stock	1,148,354	139,938	2,573	6,077	1,296,942	784,190
Total securities lent for cash collateral	3,414,771	338,927	8,288	14,878	3,776,864	3,070,834
Securities lent for noncash collateral:						
U.S. Government securities	32,908	433	-	-	33,341	5,922
Total for securities lent	\$ 3,447,679	\$ 339,360	\$ 8,288	\$ 14,878	\$ 3,810,205	\$ 3,076,756
Cash collateral invested as follows:						
Repurchase agreements	\$ 570,257	\$ 81,509	\$ 1,887	\$ 2,826	\$ 656,479	\$ 93,095
Corporate bonds	2,917,908	268,481	6,697	12,646	3,205,732	3,081,548
Commercial Paper	47,819	2,697	49	117	50,682	
Total for cash collateral invested	3,535,984	352,687	8,633	15,589	3,912,893	3,174,643
Securities received as collateral:						
U.S. Government securities	34,759	454			35,213	6,095
Total for securities collateral invested	\$ 3,570,743	\$ 353,141	\$ 8,633	\$ 15,589	\$ 3,948,106	\$ 3,180,738

## Financial Section

### IV. Capital Assets

Capital assets at June 30, 2003, consist of the following amounts (in thousands). There were no additions or dispositions of capital assets during the year.

	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>TOTAL</u>	<u>TOTAL 2002</u>
Land	\$ 524	\$ 54	\$ 1	\$ 3	\$ 582	\$ 582
Building	4,279	437	13	20	4,749	4,749
Total capital assets	4,803	491	14	23	5,331	5,331
Less: accumulated depreciation	1,152	118	3	6	1,279	1,160
Net capital assets	<u>\$ 3,651</u>	<u>\$ 373</u>	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ 4,052</u>	<u>\$ 4,171</u>

### V. Transfers Between Systems

Transfers between systems are statutorily authorized transfers of contributions and service credit from one retirement system to another retirement system that result from members voluntarily initiating the transfer when certain conditions are met.

Transfers made during the fiscal year ended June 30, 2003, were as follows (amounts expressed in thousands):

	<u>Transfers to</u>				
	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>Totals</u>
<u>Transfers from</u>					
SCRS	\$ -	\$ 1,461	\$ 7	\$ 57	\$ 1,525
PORS					
GARS	34			21	55
JSRS					
Total	<u>\$ 34</u>	<u>\$ 1,461</u>	<u>\$ 7</u>	<u>\$ 78</u>	<u>\$ 1,580</u>

The following schedule reflects amounts due to or from other systems as of June 30, 2003 as a result of transfers between systems (amounts expressed in thousands):

	<u>Due to</u>				
	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>Totals</u>
<u>Due from</u>					
SCRS	\$ -	\$ 544	\$ 4	\$ -	\$ 548
PORS	18				18
GARS	11				11
JSRS	20	2			22
Total	<u>\$ 49</u>	<u>\$ 546</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 599</u>

### VI. Related Party Transactions

The pension plans provide pension and other fringe benefits to employees of all State agencies. Revenues attributed to these agencies are recorded in the financial statements as employee and employer contributions and constitute approximately 37 percent of combined contribution revenues. In addition, the Systems receives custodial, investment and related services from the State Treasurer.

At June 30, 2003, liabilities of approximately \$28.2 million were due to other State departments and agencies and contributions receivable of approximately \$25.3 million were due from other State departments and agencies.

### VII. Teacher and Employee Retention Incentive Program

The Teacher and Employee Retention Incentive (TERI) program, implemented effective January 1, 2001, is a deferred retirement option plan available to active SCRS members eligible for service retirement on or after January 1, 2001. When a member enters TERI, the member's status changes from an active member to a retiree even though the employee continues to work at his regular job and earn his regular salary for a period of up to five years. The member no longer contributes to SCRS and no additional service credit is earned. A TERI participant is ineligible for active group life insurance benefits and disability retirement benefits. During the TERI participation period, the retiree's monthly benefits are accrued and accumulate in our trust account. Upon the termination of employment or at the end of the TERI period (whichever is earlier), the retiree may elect to roll over his funds into a qualified, tax-sheltered, retirement plan or to receive a single-sum distribution (or a combination thereof). No interest is paid on the funds accumulated in the TERI account.

A total of 10,946 members were participating in the TERI program at June 30, 2003. The activity for this program is reflected in the following schedule:

#### Schedule of TERI Activity Year Ended June 30, 2003 (Amounts in thousands)

Beginning Liability Balance	\$ 229,590
Additions	240,667
TERI Distributions	(45,351)
Ending Liability Balance	<u>\$ 424,906</u>

### VIII. Litigation

*Richard Wehle, Jerry Miller, and the Town of Wellford, on behalf of themselves and all others similarly situated v. South Carolina Retirement Systems and South Carolina Budget and Control Board, CA No. 01CP15648.*

On September 21, 2001, two employees and an employer filed a putative class action lawsuit against the South Carolina Retirement Systems and the South Carolina Budget and Control Board alleging that the Retirement Systems wrongfully denied benefits to members of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) due to alleged misinterpretation of the definition of average final compensation. The plaintiffs further allege that the Retirement Systems are overfunded and have collected excess contributions. The plaintiffs allege that SCRS and PORS collected over \$2 billion and \$500 million respectively, in excess contributions. Plaintiffs seek a declaratory judgment that a benefit was wrongfully denied and/or that excess contributions were collected and request that contributions be reduced in the future. Plaintiffs further seek a refund of over \$2 billion to members and employers. Finally, plaintiffs seek to impose a constructive trust on monies overpaid by plaintiffs and/or wrongfully withheld by the Systems. The Retirement Systems believes that the Systems are providing retirement benefits to members and collecting contributions from employers and members in accordance with current State laws. The case is pending under the original jurisdiction of the Supreme Court of South Carolina. The Supreme Court appointed the Honorable John Kittredge to serve as special referee to find facts and make recommendations to the Court. A trial was held before Judge Kittredge in March 2003 and the parties are submitting post-trial briefs to the Court. The Systems believes its position is meritorious and will vigorously defend it.

*Glenn E. Kennedy v. The South Carolina Retirement System and the South Carolina Budget and Control Board, C.A. No.: 02-CP-36-459.*

On October 23, 2002, four members of the Retirement Systems filed an action in the Court of Common Pleas in Newberry County against the South Carolina Retirement Systems and the State Budget and Control Board alleging fraud on the court in an earlier case in which the Supreme Court of South Carolina ruled against these plaintiffs. In the earlier litigation, the plaintiffs argued that the defendants had misinterpreted the definition of average final compensation. In the newly filed case, the plaintiffs ask the Court to set aside the earlier judgment against them as well as for unspecified special and punitive damages. If the

plaintiffs successfully re-open the earlier litigation against the Retirement Systems, plaintiffs will seek to certify a class and will seek damages of approximately \$2 billion. Generally, the \$2 billion sought by the *Kennedy* plaintiffs is based on the same facts under which the plaintiffs in *Wehle* seek \$2 billion and the classes, if certified in these cases, would roughly encompass the same individuals. Accordingly, should the plaintiffs in either *Kennedy* or *Wehle* prevail, the Retirement System would not be liable for an additional \$2 billion in the other case. The Retirement Systems believes its position in *Kennedy* is meritorious and will vigorously defend it.

*Victor Evans, on behalf of himself and others similarly situated v. the State of South Carolina, and the South Carolina Retirement System et al, C.A. No. 03CP403250.*

On June 27, 2003, the plaintiff, Victor Evans, filed a putative class action in the Court of Common Pleas in Richland County against the State of South Carolina, the South Carolina Retirement System, the Police Officers Retirement System, the Retirement System for Members of the General Assembly, the Retirement System for Judges and Solicitors, and the Director of the South Carolina Retirement Systems. The plaintiff asserts that Act No. 189 of 1989, which removed the tax exemption for benefits from State retirement systems, violates the equal protection clause of the United States and South Carolina Constitutions and results in a taking of property without just compensation. Plaintiff seeks an injunction from enforcement of Act No. 189, and an unspecified amount of damages to plaintiff and all others similarly situated. The State defendants have filed a motion to dismiss the complaint. Although the State has not conducted a potential damages study, it appears that if a class is certified and plaintiffs prevail, they will be entitled to a recovery in the hundreds of millions of dollars. The Retirement Systems, however, believes its position is meritorious and will vigorously defend it.



## Financial Section

### South Carolina Retirement Systems Required Supplementary Information

#### Schedule of Funding Progress (Amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
<b>SCRS</b>						
7/01/02	\$ 19,298,174	\$ 22,446,574	\$ 3,148,400	86.0%	\$ 6,147,712	51.2%
7/01/01	18,486,773	21,162,147	2,675,374	87.4%	6,017,537	44.5%
7/01/00	17,286,108	19,414,972	2,128,864	89.0%	5,881,847	36.2%
7/01/99	16,120,513	16,298,438	177,925	98.9%	5,473,759	3.3%
7/01/98	14,946,070	15,952,345	1,006,275	93.7%	5,191,048	19.4%
7/01/97	13,621,362	14,977,179	1,355,817	90.9%	4,927,124	27.5%
<b>PORS</b>						
7/01/02	2,351,100	2,527,876	176,776	93.0%	757,393	23.3%
7/01/01	2,197,982	2,324,257	126,275	94.6%	757,335	16.7%
7/01/00	2,008,554	2,095,991	87,437	95.8%	716,749	12.2%
7/01/99	1,844,517	1,898,237	53,720	97.2%	638,086	8.4%
7/01/98	1,684,641	1,733,578	48,937	97.2%	606,426	8.1%
7/01/97	1,512,390	1,570,816	58,426	96.3%	562,553	10.4%
<b>GARS</b>						
7/01/02	43,841	73,046	29,205	60.0%	4,515	646.9%
7/01/01	42,788	68,291	25,503	62.7%	4,761	535.6%
7/01/00	40,730	64,616	23,886	63.0%	4,858	491.7%
7/01/99	38,685	63,501	24,816	60.9%	4,979	498.4%
7/01/98	36,260	60,330	24,070	60.1%	4,810	500.4%
7/01/97	33,627	60,052	26,425	56.0%	4,721	559.7%
<b>JSRS</b>						
7/01/02	100,074	166,440	66,366	60.1%	14,211	467.0%
7/01/01	94,795	159,246	64,451	59.5%	14,109	456.8%
7/01/00	87,536	144,631	57,095	60.5%	13,214	432.1%
7/01/99	81,780	134,272	52,492	60.9%	12,748	411.8%
7/01/98	75,699	124,756	49,057	60.7%	11,564	424.2%
7/01/97	68,980	112,185	43,205	61.5%	11,221	385.0%

#### Schedule of Employer Contributions (Amounts expressed in thousands)

Year Ended June 30,	SCRS		PORS		GARS		JSRS	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	\$ 512,345	100%	\$ 86,563	100%	\$ 2,577	100%	\$ 6,014	100%
2002	509,044	100%	88,608	100%	2,627	100%	5,993	100%
2001	491,329	100%	93,584	100%	2,510	100%	5,875	100%
2000	455,914	100%	76,267	100%	2,636	100%	5,659	100%
1999	419,918	100%	69,541	100%	2,768	100%	5,485	100%
1998	398,845	100%	65,538	100%	2,796	100%	4,991	100%

## Financial Section

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### South Carolina Retirement Systems Required Supplementary Information (continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

#### Actuarial Assumptions and Methods

	SCRS	PORS	GARS	JSRS
Valuation date	07/01/02	07/01/02	07/01/02	07/01/02
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization period	Level percent open	Level percent open	Level percent closed	Level percent open
Remaining amortization period	21 years	15 years	25 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial assumptions:				
Investment rate of return	7.25%	7.25%	7.25%	7.25%
Projected salary increases	4.00% - 9.00%	5.25% - 9.00%	2.00%	5.25%
Includes inflation at	3.75%	3.75%	4.25%	4.25%
Cost-of-living adjustments	None	None	2.00%	4.25%

## Financial Section

### South Carolina Retirement Systems Schedule of Changes in Plan Net Assets *SCRS Pension Trust Fund* Year Ended June 30, 2003 With comparative totals for the year ended June 30, 2002 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	GROUP LIFE FUND	TOTAL	TOTAL 2002
Additions					
Employee contributions					
State department employees	\$ 141,548			\$ 141,548	\$ 145,900
Public school employees	179,177			179,177	182,842
Other political subdivision employees	87,600			87,600	85,108
Employer contributions					
State department employees		\$ 181,973	\$ 3,774	185,747	190,306
Public school employees		224,900	4,515	229,415	225,964
Other political subdivision employees		95,338	1,845	97,183	92,774
Total contributions	<u>408,325</u>	<u>502,211</u>	<u>10,134</u>	<u>920,670</u>	<u>922,894</u>
Investment Income					
Net appreciation (depreciation) in fair value of investments		921,760	5,044	926,804	(610,461)
Interest and dividend income		731,977	3,997	735,974	785,536
Investment expense		(16,685)	(91)	(16,776)	(12,986)
Net income from investing activities		<u>1,637,052</u>	<u>8,950</u>	<u>1,646,002</u>	<u>162,089</u>
From securities lending activities:					
Securities lending income		58,578	320	58,898	51,503
Securities lending expense		(41,890)	(229)	(42,119)	(43,308)
Net income from securities lending activities		<u>16,688</u>	<u>91</u>	<u>16,779</u>	<u>8,195</u>
Total net investment income		<u>1,653,740</u>	<u>9,041</u>	<u>1,662,781</u>	<u>170,284</u>
Supplemental retirement benefits funded by the State		2,688		2,688	3,141
Transfers of contributions from other Systems	34			34	55
Total additions	<u>408,359</u>	<u>2,158,639</u>	<u>19,175</u>	<u>2,586,173</u>	<u>1,096,374</u>
Deductions					
Refunds of contributions to members	60,133			60,133	63,936
Transfers of contributions to other Systems	1,004	521		1,525	2,104
Regular retirement benefits		1,022,993		1,022,993	957,114
Deferred retirement benefits		240,667		240,667	193,283
Supplemental retirement benefits		2,688		2,688	3,141
Group life insurance claims			14,759	14,759	13,492
Depreciation		107		107	107
Administrative expense		12,745	70	12,815	12,699
Total deductions	<u>61,137</u>	<u>1,279,721</u>	<u>14,829</u>	<u>1,355,687</u>	<u>1,245,876</u>
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(482,664)	482,664			
Interest credited to members' accounts	250,400	(250,400)			
Net interfund transfers	<u>(232,264)</u>	<u>232,264</u>			
Net increase (decrease)	114,958	1,111,182	4,346	1,230,486	(149,502)
Net assets held in trust for Pension Benefits					
Beginning of year	4,512,402	13,927,029	100,908	18,540,339	18,689,841
End of year	<u>\$ 4,627,360</u>	<u>\$ 15,038,211</u>	<u>\$ 105,254</u>	<u>\$ 19,770,825</u>	<u>\$ 18,540,339</u>

## Financial Section

### South Carolina Retirement Systems Schedule of Changes in Plan Net Assets *PORS Pension Trust Fund* Year Ended June 30, 2003 With comparative totals for the year ended June 30, 2002 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	GROUP LIFE FUND	ACCIDENTAL DEATH FUND	TOTAL	TOTAL 2002
<b>Additions</b>						
Employee contributions						
State department employees	\$ 22,245				\$ 22,245	\$ 24,141
Public school employees	52				52	12
Other political subdivision employees	33,344				33,344	32,409
Employer contributions						
State department employees		\$ 33,332	\$ 632	\$ 632	34,596	39,520
Public school employees		21	1	1	23	25
Other political subdivision employees		50,131	936	877	51,944	49,063
Total contributions	55,641	83,484	1,569	1,510	142,204	145,170
Investment Income						
Net appreciation (depreciation) in fair value of investments		95,219	746	839	96,804	(75,666)
Interest and dividend income		86,117	672	757	87,546	95,125
Investment expense		(1,956)	(15)	(17)	(1,988)	(1,481)
Net income from investing activities		179,380	1,403	1,579	182,362	17,978
From securities lending activities:						
Securities lending income		6,623	52	58	6,733	5,670
Securities lending expense		(4,838)	(38)	(42)	(4,918)	(4,978)
Net income from securities lending activities		1,785	14	16	1,815	692
Total net investment income		181,165	1,417	1,595	184,177	18,670
Supplemental retirement benefits funded by the State		82			82	92
Transfers of contributions from other Systems	940	521			1,461	1,974
Total additions	56,581	265,252	2,986	3,105	327,924	165,906
<b>Deductions</b>						
Refunds of contributions to members	11,452				11,452	11,214
Transfers of contributions to other Systems						
Regular retirement benefits		124,634			124,634	111,216
Supplemental retirement benefits		82			82	92
Group life insurance claims			1,594		1,594	1,608
Accidental death benefits				955	955	858
Depreciation		11			11	11
Administrative expense		1,535	12	14	1,561	1,509
Total deductions	11,452	126,262	1,606	969	140,289	126,508
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(48,313)	48,313				
Interest credited to members' accounts	27,319	(27,319)				
Net interfund transfers	(20,994)	20,994				
Net increase (decrease)	24,135	159,984	1,380	2,136	187,635	39,398
<b>Net assets held in trust for Pension Benefits</b>						
Beginning of year	492,178	1,744,172	17,516	19,721	2,273,587	2,234,189
End of year	\$ 516,313	\$ 1,904,156	\$ 18,896	\$ 21,857	\$ 2,461,222	\$ 2,273,587

## Financial Section

### South Carolina Retirement Systems Schedule of Changes in Plan Net Assets *GARS Pension Trust Fund* Year Ended June 30, 2003 With comparative totals for the year ended June 30, 2002 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2002
Additions				
Contributions				
Employee contributions - State departments	\$ 612		\$ 612	\$ 641
Employer contributions - State departments		\$ 2,577	2,577	2,627
Total contributions	612	2,577	3,189	3,268
Investment Income				
Net appreciation (depreciation) in fair value of investments		2,115	2,115	(1,935)
Interest and dividend income		1,891	1,891	1,973
Investment expense		(37)	(37)	(31)
Net income from investing activities		3,969	3,969	7
From securities lending activities:				
Securities lending income		165	165	202
Securities lending expense		(129)	(129)	(181)
Net income from securities lending activities		36	36	21
Total net investment income		4,005	4,005	28
Transfers of contributions from other Systems	7		7	2
Total additions	619	6,582	7,201	3,298
Deductions				
Refunds of contributions to members	72		72	23
Transfers of contributions to other Systems	55		55	118
Regular retirement benefits		5,073	5,073	4,537
Group life insurance claims		5	5	12
Administrative expense		29	29	30
Total deductions	127	5,107	5,234	4,720
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(2,128)	2,128		
Interest credited to members' accounts	490	(490)		
Net interfund transfers	(1,638)	1,638		
Net increase (decrease)	(1,146)	3,113	1,967	(1,422)
Net assets held in trust for Pension Benefits				
Beginning of year	9,470	32,061	41,531	42,953
End of year	\$ 8,324	\$ 35,174	\$ 43,498	\$ 41,531

## Financial Section

### South Carolina Retirement Systems Schedule of Changes in Plan Net Assets *JSRS Pension Trust Fund* Year Ended June 30, 2003 With comparative totals for the year ended June 30, 2002 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2002
Additions				
Contributions				
Employee contributions - State departments	\$ 1,131		\$ 1,131	\$ 1,437
Employer contributions - State departments		\$ 6,014	6,014	5,993
Total contributions	<u>1,131</u>	<u>6,014</u>	<u>7,145</u>	<u>7,430</u>
Investment Income				
Net appreciation (depreciation) in fair value of investments		4,531	4,531	(3,233)
Interest and dividend income		4,290	4,290	4,302
Investment expense		(80)	(80)	(61)
Net income from investing activities		<u>8,741</u>	<u>8,741</u>	<u>1,008</u>
From securities lending activities:				
Securities lending income		241	241	163
Securities lending expense		(187)	(187)	(146)
Net income from securities lending activities		<u>54</u>	<u>54</u>	<u>17</u>
Total net investment income		<u>8,795</u>	<u>8,795</u>	<u>1,025</u>
Transfers of contributions from other Systems	78		78	191
Total additions	<u>1,209</u>	<u>14,809</u>	<u>16,018</u>	<u>8,646</u>
Deductions				
Refunds of contributions to members				130
Regular retirement benefits		8,217	8,217	8,063
Group life insurance claims		8	8	7
Depreciation		1	1	
Administrative expense		66	66	65
Total deductions		<u>8,292</u>	<u>8,292</u>	<u>8,265</u>
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(1,734)	1,734		
Interest credited to members' accounts	908	(908)		
Net interfund transfers	<u>(826)</u>	<u>826</u>		
Net increase (decrease)	383	7,343	7,726	381
Net assets held in trust for Pension Benefits				
Beginning of year	<u>16,162</u>	<u>79,937</u>	<u>96,099</u>	<u>95,718</u>
End of year	<u>\$ 16,545</u>	<u>\$ 87,280</u>	<u>\$ 103,825</u>	<u>\$ 96,099</u>



## Financial Section

### Schedule of Administrative Expenses For the Year Ended June 30, 2003 (Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL
<b>Personal Services</b>					
Salaries and Wages	\$ 6,095	\$ 742	\$ 14	\$ 32	\$ 6,883
Employer Contributions	1,645	201	4	8	1,858
<b>Contractual Services</b>					
Data Processing Services	1,240	151	3	6	1,400
Medical & Health Services	554	68	1	3	626
Audit Fees	25	3			28
Actuarial Consultants	250	30	1	1	282
Other Professional Services	91	11		1	103
Attorney Fees	209	26		1	236
<b>Operating Expenses</b>					
Facilities Management	348	42	1	2	393
Intergovernmental Services	723	88	2	4	817
Telephone	167	20		1	188
Insurance	172	21		1	194
Postage	312	38	1	1	352
Supplies	197	24		1	222
<b>Other Miscellaneous Expenses</b>					
	787	96	2	4	889
<b>Total Administrative Expenses</b>	<u>\$ 12,815</u>	<u>\$ 1,561</u>	<u>\$ 29</u>	<u>\$ 66</u>	<u>\$ 14,471</u>

### Schedule of Professional Consultant Fees For the Year Ended June 30, 2003 (Amounts expressed in thousands)

	Professional/Consultant	Nature of Service	Amount Paid
Medical & Health Services	Dr. Jack Shelburg	Medical Board	\$ 6
	Dr. William E. Gause	Medical Board – Chairman	7
	Dr. James England	Medical Board	6
	SC Vocational Rehabilitation	Disability Applications	607
Auditing and Accounting	Rogers & Laban, PA	Financial audit	28
Management Consulting	Gabriel, Roder, Smith & Company	Actuarial services	257
	Buck Consultants	Actuarial services	25
Other Professional Services	Cost Effectiveness Measurements	Benchmarking services	25
	Summit Strategies	Optional Retirement Plan consultants	50
	Psychological & Training Services	Case Evaluations	11
	Joel Leonard/Leonard & Associates	Case Evaluations	14
	University Specialty Clinic	Case Evaluations	3
Attorney Fees	Nexsen Pruet Jacobs & Pollard	Attorney services	68
	Gergel Nickles & Solomon	Attorney services	168
			<u>\$ 1,275</u>

Information on investment management and consulting fees can be found in the *Schedule of Investment Expenses* on page 46.

## Financial Section

### South Carolina Retirement Systems Schedule of Investment Expenses Year Ended June 30, 2003 (Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL
<b>Equity Investment Managers' Fees:</b>					
State Street Global Advisors S&P500 Index Fund	\$ 87	\$ 11		\$ 1	\$ 99
Institutional Capital Corporation	1,348	164	\$ 3	7	1,522
Alliance Capital Management, LP	685	83	2	3	773
Flippin, Bruce & Porter, Inc.	724	88	2	4	818
Alliance Capital Management, LP	1,078	131	2	6	1,217
Montag & Caldwell, Inc.	711	86	2	4	803
Peachtree Asset Management <sup>1</sup>	205	25		1	231
J.P. Morgan Investment Management, Inc. <sup>2</sup>	771	94	1	4	870
Wellington Management Company, LLP	1,684	204	4	9	1,901
State Street Global Advisors Russell 2000 Index Fund	28	3			31
The Boston Company Asset Management, LLC	850	103	2	4	959
J.L. Kaplan Associates, LLC	1,022	125	2	5	1,154
Benson Associates, LLC <sup>3</sup>	525	64	1	3	593
MFS Institutional Advisors, Inc. <sup>4</sup>	25	3			28
Suffolk Capital Management, Inc.	789	96	2	4	891
TimesSquare Capital Management, Inc. <sup>3</sup>	885	108	2	5	1,000
Fidelity Management Trust Company	928	113	2	5	1,048
Total	12,345	1,501	27	65	13,938
<b>Investment Service Fees:</b>					
Bank Fees	3,843	416	9	12	4,280
<b>Consultant Fees:</b>					
Investment Consultant Fees	588	71	1	3	663
Total Investment Management Fees	\$ 16,776	\$ 1,988	\$ 37	\$ 80	\$ 18,881
<b>Securities Lending Expenses:</b>					
Borrower Rebates	\$ 42,119	\$ 4,918	\$ 129	\$ 187	\$ 47,353
Total Securities Lending Expenses	\$ 42,119	\$ 4,918	\$ 129	\$ 187	\$ 47,353

<sup>1</sup>The contract with Peachtree Asset management was terminated December 2002.

<sup>2</sup>The contract with J.P. Morgan Investment Management was terminated May 2003.

<sup>3</sup>Benson Associates and TimesSquare Capital Management, Inc., were funded on October 1, 2002.

<sup>4</sup>The contract with MFS Institutional Advisors was terminated July 2002.

# Customer Services

## Investment Section



Seated (left to right): Mary Benson, Teresa Sutton, Standing (left to right): Karen McAdoo-Long, Paul Graham, Sylvester Peoples.



Seated (left to right): Evelyn Chavis, Brenda Smith, Jenifer Reeves, Jamella Williams. Standing (left to right): Carol Funk, Alice Copeland, Rebecca Wallace, Ronald Davis, Donnie Fulmer, Joe Stone.



Seated (left to right): Cheryl Sanders, Amy Price. Standing (left to right): Burl Sims, Wayne Jowers, Sandy Coley, Jeff Argondizzo.



Seated (left to right): Lynn Boles, Shawn Holman. Standing (left to right): George Hazin, Glenn King, Bob Martin.

Not present for photographs: Lillian Jacob, Cindy Sharpe, Barbara Scott, Shiann Owens, Beverly Abdalla

# Customer Services



Seated (left to right): Dianne Smith, Marcia Kresslein, Rita Young-Shermell Lee. Standing (left to right): Sandra Goodwin, Mary Savage-Prince, Terri Watts, Sue Aull, Earnestine Coles, Lauren Chandler.



Seated (left to right): Jan Robertson, Susan Vincent. Standing (left to right): Dixie Dale, Marian Tucker, Glasgow Pleasants, Margaret Webb.



Seated (left to right): Paulette Lomas, Mary Jeffcoat. Standing (left to right): Betty Wilson, Rosalyn Keller, Kathy Fallaw, Chris Pastelak.



Seated (left to right): Pat White, Lucy Parker. Standing (left to right): Anna Rushing, Maria Cole, Marilyn Abrams, John Lipscomb.

Not present for photographs: Sharon Williams, Cheryl Jackson, Judy Newman, Phil Osbourne



## Investment Section

STATE OF SOUTH CAROLINA

# OFFICE OF STATE TREASURER

GRADY L. PATTERSON, JR.  
STATE TREASURER



P.O. DRAWER 11778  
COLUMBIA, SC 29211  
TEL. (803) 734-2101

118 WADE HAMPTON OFFICE BUILDING  
COLUMBIA, SC 29201

October 1, 2003

The Honorable Mark Sanford  
Governor, State of South Carolina  
Members of the General Assembly of South Carolina

Dear Governor and Members:

As Custodian of funds for the South Carolina Retirement Systems (SCRS) I am pleased to submit information on the SCRS investments for Fiscal Year ended June 30, 2003. Thanks to our time tested investment approach, our funds have performed better than the market as a whole and for the second year in a row, the SCRS portfolio had the highest return of any state pension fund as reported by *Pensions & Investments*. The aggregate return for the combined fixed income and equity portfolio was 8.9% for the year.

We continued to invest the legislatively mandated 40% of SCRS portfolios in equity investments this year and appear to be close to making our final transfer to meet this objective. As of fiscal year end we had 35% in equity investments and of that, 45% was invested in a passively managed account and 55% in actively managed accounts. After what has been a particularly challenging three years, this year has been a significantly improved year for the equity markets. This year we faced many challenges including the war in Iraq, a slowly improving economy and continued instances of corporate malfeasance. The State Budget and Control Board, trustee and fiduciary agent for the SCRS, continues to work with the Investment Panel in these challenging times to direct and guide our allocation to the equity markets.

The State Treasurer's Office with the assistance of an investment advisor, seeks the best market opportunities for fixed income investments. This relationship continues to perform exceptionally well, besting the market indices and their private sector peers, at a fraction of the cost. The return for this past fiscal year was 11.7%, while the Lehman Aggregate Index returned 10.4%. Authorized investments include the highest quality US Governments and Agencies, investment grade corporate securities and repurchase agreements. These investments hold an average rating of AA.

In summary, Fiscal Year 2003 SCRS investments exceeded benchmarks and for the second consecutive year had the highest return of any state pension fund.

Our prudent, conservative investments, as mandated by statute, have produced positive results for the members of our Retirement Systems.

As Custodian of funds, it gives me great pleasure to provide this information.

Sincerely,

Grady L. Patterson, Jr.  
State Treasurer

# MERCER

Investment Consulting

3475 Piedmont Road, NE, Suite 800  
 Atlanta, GA 30305-2954  
 404 442 3100 Fax 404 442 3300  
[www.mercerIC.com](http://www.mercerIC.com)

30 September 2003

The Honorable Mark Sanford, Governor  
 Members of the State Budget and Control Board  
 State of South Carolina  
 Columbia, South Carolina 29211

Gentlemen:

The fiscal year concluded on June 30, 2003 represented the fourth full year of investment in the equity markets for the four pension systems: the South Carolina Retirement System, Retirement System for Members of the General Assembly, Retirement System for Judges and Solicitors, and the Police Officers Retirement System (collectively referred to as "Systems"). Mercer Investment Consulting, Inc. ("Mercer") serves as the consultant to the two groups responsible for the oversight and implementation of the equity program, the Budget and Control Board, and the Board's designated State Retirement Systems Investment Panel.

The program remains on the long-term funding schedule set forth in 1999 and continues to be invested according to the Statement of Investment Objectives and Policies (SIP), which includes the general guidelines and goals for investment of the Systems' assets. The equity investment program is implemented through an Annual Investment Plan (AIP) which details the funding of the equity managers, asset allocations, and permissible investments. Both of these documents were prepared by the Investment Panel, the Panel's staff, and Mercer Investment Consulting and were approved by the Budget and Control Board.

The equity portfolio market value (including accruals) grew to \$8.0 billion and continues to be well-diversified among twelve active managers and two passive allocations. These managers are diversified among various styles of active management and capitalization ranges as shown in the table below:

	Growth	Core	Value	Passive	Total
Large Cap	\$ 1,091,515,095	\$480,284,499	\$1,269,785,171	\$3,903,372,067	\$ 6,744,956,832
Small-Mid Cap	\$401,622,930	\$389,020,033	\$418,814,122	\$64,378,783	\$1,273,835,868
<b>Total</b>	<b>\$ 1,493,138,025</b>	<b>\$869,304,532</b>	<b>\$1,688,599,293</b>	<b>\$ 3,967,750,851</b>	<b>\$ 8,018,792,700</b>



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30 September 2003

State of South Carolina

The equity market environment during Fiscal Year 2003 could be described as a roller coaster, a continuation of several years of high volatility. The first fiscal quarter, in particular, was quite negative, followed by a brief rally in the fall, and then a long, slow decline before the commencement of hostilities with Iraq in mid-March. From that point forward, the equity market produced sizeable gains, but left the return for the twelve months essentially zero.

In such volatile times lies opportunity—the opportunity to remain disciplined and focused on the long-term and to reap the benefits of adding significant new investments at depressed market levels. The Panel’s recommendation, and the Board’s decision to continue funding the equity portfolio at the early March point was difficult, but one which has been significantly rewarded, as the equity portfolio produced gains of \$1.1 billion from that time through the end of the fiscal year.

Within the SCRS equity portfolio, 45% remains the target for the S&P 500 index allocation, with 55% allocated to a lineup of 12 active managers, plus a modest allocation to a small-cap index fund (*note: the Panel recently recommended to the Board that the Systems engage a second active core equity manager to replace one terminated earlier in the year, bringing the active manager lineup back to 13. Funding the new manager will re-align the equity portfolio with its active/passive targets*).

The total equity portfolio declined -0.4% for the year, modestly trailing both the large-cap S&P 500 index (up 0.3%), as well as the broader Russell 3000 (up 0.8%). For the trailing three years, however, representing the period during which the Systems have maintained an active equity portfolio, and representing a difficult and volatile market environment, the equity portfolio has produced much stronger results, outperforming the both the S&P 500 and Russell 3000 by significant margins, as shown in the table below:

	3 Years ended 6/30/2003
SCRS Total	-8.8%
SCRS Active	-7.0%
S&P 500	-11.2%
Russell 3000	-10.5%

*Note: all returns annualized*

### MERCER

Investment Consulting

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State of South Carolina

The Investment Panel continues to devote significant time and effort to monitoring the current program as well as evaluating the overall equity strategy and making recommendations to the Board on enhancements and adjustments as necessary. For example, the recently enhanced diversification within the small cap portfolio (through the hiring of additional small cap equity managers) was significantly beneficial to the results of the equity portfolio, as increased market and manager volatility was largely mitigated by the Panel's focus on overall portfolio structure. Additionally, the Panel continues to monitor the manager lineup and recommend changes as necessary, including replacing one of the core equity managers during fiscal 2003.

Mercer Investment Consulting, Inc., as the Systems' consultant, is responsible for providing quarterly investment performance reports (prepared in accordance with the performance presentation standards promulgated by the Association of Investment Management & Research, or AIMR) to the Investment Panel, the Board, staff and other interested parties, which evaluate the performance of the Systems' equity portfolio and managers. Performance is compared to market benchmarks and to other similar managers over various periods of time, and progress toward long-term goals and asset allocation is also monitored. These reports are prepared using data provided by the Systems' custodian and investment managers.

Mercer Investment Consulting, Inc. is registered with the SEC as an investment advisor and has been providing investment consulting services to plan sponsors since 1972. Mercer was selected as the consultant for the Systems through a Request for Proposal ("RFP") process and has served in that capacity since December 1998.

Today Mercer serves over 500 plan sponsors and trustees, including several other state retirement systems. We look forward to continuing to assist the Budget and Control Board, the Investment Panel, and the State of South Carolina in further developing and monitoring its equity investment program and in maintaining the long-term focus set forth in the SIP and AIP.

Sincerely,  
  
Drew Carrington, CFA  
Principal  
Mercer Investment Consulting, Inc.

## Investment Section

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### South Carolina Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Carrying Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments*</u>	<u>% Increase for Year</u>
2003	\$ 19,969,435	8.29%	\$ 1,662,781	876.48%
2002	18,440,327	-0.20%	170,284	-86.84%
2001	18,477,867	7.35%	1,293,997	63.33%
2000	17,212,697	4.31%	792,282	101.16%
1999	16,502,052	2.33%	393,856	-79.32%
1998	16,126,828	13.22%	1,904,740	57.12%
1997	14,244,260	9.04%	1,212,272	92.86%
1996	13,063,201	4.50%	628,562	-61.78%
1995	12,500,986	19.06%	1,644,707	95.49%
1994	10,499,754	11.80%	841,332	1.30%

### Police Officers Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Carrying Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments*</u>	<u>% Increase for Year</u>
2003	\$ 2,433,396	8.98%	\$ 184,177	886.48%
2002	2,232,967	1.44%	18,670	-87.52%
2001	2,201,277	9.49%	149,574	60.10%
2000	2,010,545	6.49%	93,425	75.27%
1999	1,887,931	4.54%	53,304	-74.37%
1998	1,805,884	15.13%	207,998	57.77%
1997	1,568,593	10.30%	131,834	90.02%
1996	1,422,163	6.50%	69,379	-58.41%
1995	1,335,391	19.35%	166,836	85.19%
1994	1,118,922	11.80%	90,088	5.70%

\*Carrying Value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded. Investments and net income from investments for fiscal years 1995-2003 are based on market value accounting. Net income from investments for years prior to 1995 reflect amortized cost of investments.

## Investment Section

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### General Assembly Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Carrying Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments*</u>	<u>% Increase for Year</u>
2003	\$ 43,078	5.09%	\$ 4,005	14,203.57%
2002	40,990	-3.51%	28	-99.07%
2001	42,482	5.16%	3,022	65.41%
2000	40,397	2.44%	1,827	54.83%
1999	39,435	1.79%	1,180	-72.79%
1998	38,742	10.94%	4,337	48.43%
1997	34,922	6.32%	2,922	79.70%
1996	32,846	1.00%	1,626	-60.91%
1995	32,554	10.33%	4,160	77.32%
1994	29,506	12.80%	2,346	5.00%

### Judges and Solicitors Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

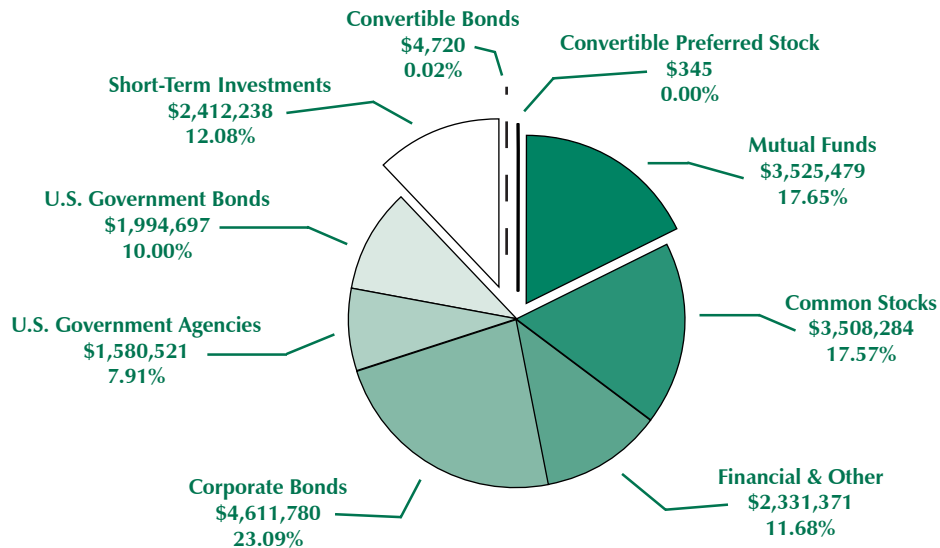
<u>Year Ended June 30,</u>	<u>Carrying Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments*</u>	<u>% Increase for Year</u>
2003	\$ 102,657	8.70%	\$ 8,795	758.05%
2002	94,439	0.01%	1,025	-85.62%
2001	94,426	8.99%	7,128	88.02%
2000	86,637	4.13%	3,791	61.18%
1999	83,198	2.87%	2,352	-75.29%
1998	80,878	13.47%	9,520	60.03%
1997	71,276	9.53%	5,949	86.78%
1996	65,073	1.64%	3,185	-61.02%
1995	64,024	18.13%	8,170	78.54%
1994	54,197	16.60%	4,576	12.40%

\*Carrying Value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded. Investments and net income from investments for fiscal years 1995-2003 are based on market value accounting. Net income from investments for years prior to 1995 reflect amortized cost of investments.

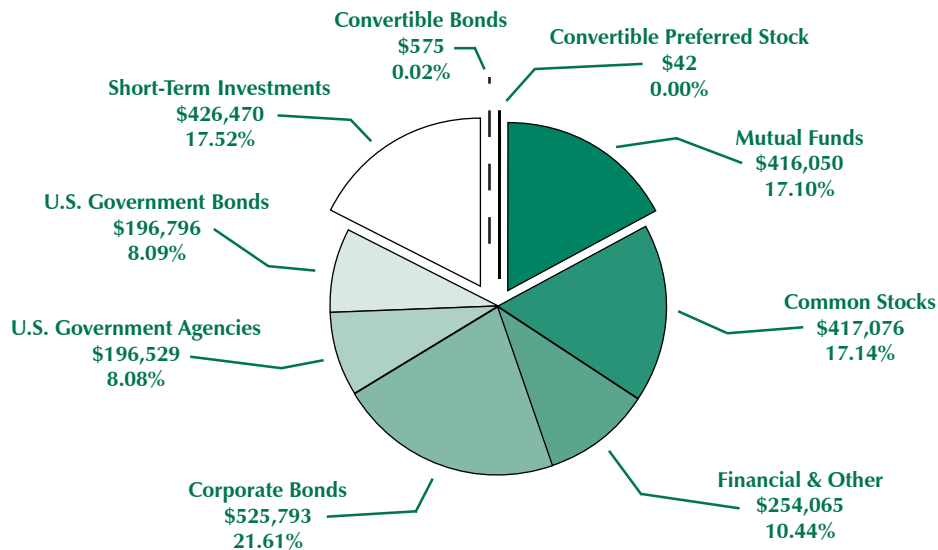
## Investment Section

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### South Carolina Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2003*



### Police Officers Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2003*

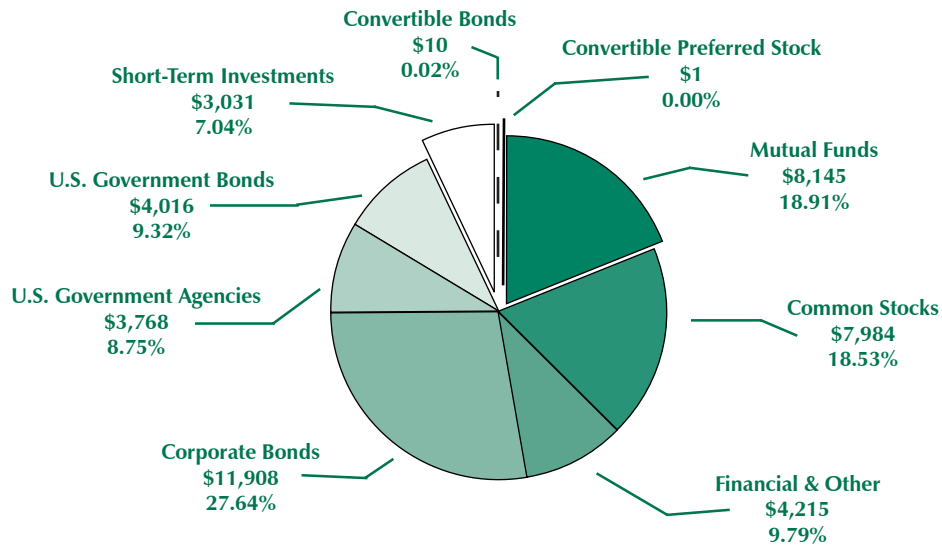


Note: Dollar amounts in thousands. Short-Term Investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes.

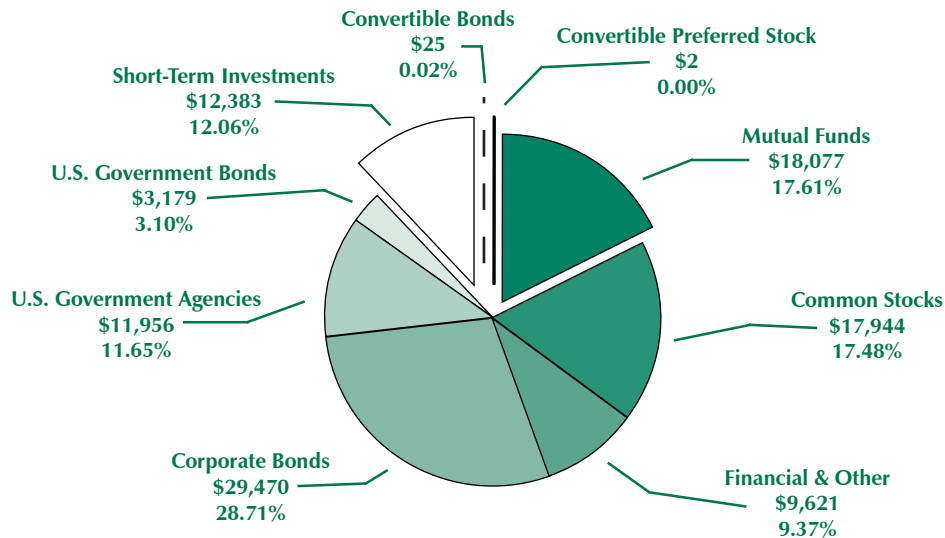
## Investment Section

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### General Assembly Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2003*



### Judges and Solicitors Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2003*



Note: Dollar amounts in thousands. Short-Term Investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes.



## Investment Section

### Summary of Market Value of Investments

(Amounts expressed in thousands)

	South Carolina Retirement System			Police Officers Retirement System		
	Market Value		% of	Market Value		% of
	06/30/2002	06/30/2003	at 06/30/03	06/30/2002	06/30/2003	at 06/30/03
Short-Term Investments:						
Repurchase Agreements	\$ 1,130,074	\$ 2,225,902	11.15%	\$ 226,079	\$ 406,485	16.70%
Commercial Paper	713,124	186,336	0.93%	47,391	19,985	0.82%
Federal Agencies	685,081	-	-	99,893	-	-
	<u>2,528,279</u>	<u>2,412,238</u>	<u>12.08%</u>	<u>373,363</u>	<u>426,470</u>	<u>17.52%</u>
U.S. Government Agencies & Government Insured:						
Treasury Bonds	872,406	800,275	4.02%	94,311	87,592	3.60%
Treasury Bonds (Zero Coupons)	1,181,735	1,194,422	5.98%	111,227	109,204	4.49%
U.S. Government Agencies	1,827,946	1,550,402	7.76%	249,852	191,684	7.88%
Insured Marine Bonds	28,974	30,119	0.15%	4,926	4,845	0.20%
	<u>3,911,061</u>	<u>3,575,218</u>	<u>17.91%</u>	<u>460,316</u>	<u>393,325</u>	<u>16.17%</u>
Corporate Bonds:						
Industrials	2,304,510	2,262,548	11.33%	204,371	188,060	7.73%
Utilities	2,437,664	2,349,232	11.76%	358,068	337,733	13.88%
Financial & Other	2,314,936	2,331,371	11.68%	259,144	254,065	10.44%
	<u>7,057,110</u>	<u>6,943,151</u>	<u>34.77%</u>	<u>821,583</u>	<u>779,858</u>	<u>32.05%</u>
Convertible Bonds	-	4,720	0.02%	-	575	0.02%
	<u>-</u>	<u>4,720</u>	<u>0.02%</u>	<u>-</u>	<u>575</u>	<u>0.02%</u>
Common Stock	2,581,747	3,508,284	17.57%	301,597	417,076	17.14%
	<u>2,581,747</u>	<u>3,508,284</u>	<u>17.57%</u>	<u>301,597</u>	<u>417,076</u>	<u>17.14%</u>
Convertible Preferred Stock	-	345	0.00%	-	42	0.00%
	<u>-</u>	<u>345</u>	<u>0.00%</u>	<u>-</u>	<u>42</u>	<u>0.00%</u>
Mutual Funds	2,362,130	3,525,479	17.65%	276,108	416,050	17.10%
	<u>2,362,130</u>	<u>3,525,479</u>	<u>17.65%</u>	<u>276,108</u>	<u>416,050</u>	<u>17.10%</u>
Total Investments	<u>\$ 18,440,327</u>	<u>\$ 19,969,435</u>	<u>100.00%</u>	<u>\$ 2,232,967</u>	<u>\$ 2,433,396</u>	<u>100.00%</u>

Note: Market Value excludes securities lending assets.

## Investment Section

### Summary of Market Value of Investments

*(Amounts expressed in thousands)*

	General Assembly Retirement System			Judges and Solicitors Retirement System		
	<u>Market Value</u>		<u>% of</u>	<u>Market Value</u>		<u>% of</u>
	<u>06/30/2002</u>	<u>06/30/2003</u>	<u>at 06/30/03</u>	<u>06/30/2002</u>	<u>06/30/2003</u>	<u>at 06/30/03</u>
Short-Term Investments:						
Repurchase Agreements	\$ 2,614	\$ 3,031	7.04%	\$ 16,591	\$ 12,383	12.06%
Commercial Paper	-	-	-	-	-	-
Federal Agencies	-	-	-	-	-	-
	<u>2,614</u>	<u>3,031</u>	<u>7.04%</u>	<u>16,591</u>	<u>12,383</u>	<u>12.06%</u>
U.S. Government Agencies & Government Insured:						
Treasury Bonds	4,063	4,016	9.32%	3,778	3,179	3.10%
Treasury Bonds (Zero Coupons)	2,471	-	-	-	-	-
U.S. Government Agencies	4,250	3,768	8.75%	11,060	11,956	11.65%
Insured Marine Bonds	-	-	-	-	-	-
	<u>10,784</u>	<u>7,784</u>	<u>18.07%</u>	<u>14,838</u>	<u>15,135</u>	<u>14.75%</u>
Corporate Bonds:						
Industrials	5,801	5,635	13.08%	14,943	14,158	13.79%
Utilities	6,394	6,273	14.56%	14,082	15,312	14.92%
Financial & Other	3,891	4,215	9.79%	9,017	9,621	9.37%
	<u>16,086</u>	<u>16,123</u>	<u>37.43%</u>	<u>38,042</u>	<u>39,091</u>	<u>38.08%</u>
Convertible Bonds	-	10	0.02%	-	25	0.02%
	<u>-</u>	<u>10</u>	<u>0.02%</u>	<u>-</u>	<u>25</u>	<u>0.02%</u>
Common Stock	5,985	7,984	18.53%	12,939	17,944	17.48%
	<u>5,985</u>	<u>7,984</u>	<u>18.53%</u>	<u>12,939</u>	<u>17,944</u>	<u>17.48%</u>
Convertible Preferred Stock	-	1	0.00%	-	2	0.00%
	<u>-</u>	<u>1</u>	<u>0.00%</u>	<u>-</u>	<u>2</u>	<u>0.00%</u>
Mutual Funds	5,521	8,145	18.91%	12,029	18,077	17.61%
	<u>5,521</u>	<u>8,145</u>	<u>18.91%</u>	<u>12,029</u>	<u>18,077</u>	<u>17.61%</u>
Total Investments	<u>\$ 40,990</u>	<u>\$ 43,078</u>	<u>100.00%</u>	<u>\$ 94,439</u>	<u>\$ 102,657</u>	<u>100.00%</u>

Note: Market Value excludes securities lending assets.

## Investment Section

### South Carolina Retirement System List of Largest Assets Held

As of June 30, 2003, SCRS held units in the following index funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
20,041,931	State Street Global Advisors (S&P 500 index fund)	\$ 3,467,855,284
		<b>\$ 3,467,855,284</b>
2,246,711	State Street Global Advisors (Russell 2000 index fund)	\$ 57,623,648
		<b>\$ 57,623,648</b>

Top ten Equity holdings in actively managed accounts at June 30, 2003:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
2,937,686	Pfizer Inc.	\$ 100,321,973
2,190,208	Citigroup Inc.	93,740,895
1,131,464	American International Group	62,434,193
2,430,422	Microsoft Corp	62,316,019
1,767,280	General Electric	50,685,602
813,181	Johnson & Johnson	42,041,439
437,403	Proctor & Gamble	39,007,631
487,519	Bank America Corp	38,528,610
778,206	Medtronic Inc.	37,330,546
2,242,179	Nokia Corp	36,839,003
	<b>Total</b>	<b>\$ 563,245,911</b>

Top ten Fixed Income holdings at June 30, 2003:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 286,800,000	BECCS (Treasury 12.75% due 11/15/10-05)	\$ 275,445,588
291,350,000	BECCS (Treasury 14% due 11/15/11-06)	270,897,230
253,700,000	U.S. Treasury Bond, 11.125% due 08/15/03	256,871,250
230,200,000	BECCS (Treasury 13.875% due 05/15/11-06)	217,658,704
144,071,000	AT&T Broadband Corp 9.455% due 11/15/22	196,363,010
194,000,000	BECCS (Treasury 10.375% due 11/15/09-04)	190,166,560
107,000,000	BECCS (Treasury 8.75% due 11/15/08-03)	106,488,540
82,749,490	GNMA #570491 6% due 12/15/31	86,783,527
79,935,000	Southern New England Tel 7.25% due 12/15/33	85,070,024
73,000,000	U.S. Treasury Bond 11.625% due 11/15/04	83,379,687
	<b>Total</b>	<b>\$1,769,124,120</b>

Note: A complete list of portfolio holdings is available upon request.

## Investment Section

### Police Officers Retirement System List of Largest Assets Held

#### As of June 30, 2003, PORS held units in the following index funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
2,367,895	State Street Global Advisors (S&P 500 index fund)	\$ 409,716,930
		<b>\$ 409,716,930</b>
246,899	State Street Global Advisors (Russell 2000 index fund)	\$ 6,332,474
		<b>\$ 6,332,474</b>

#### Top ten Equity holdings in actively managed accounts at June 30, 2003:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
357,986	Pfizer Inc.	\$ 12,225,205
266,898	Citigroup Inc.	11,423,237
137,880	American International Group	7,608,212
296,170	Microsoft Corp	7,593,811
215,360	General Electric	6,176,532
99,094	Johnson & Johnson	5,123,157
53,302	Proctor & Gamble	4,753,458
59,409	Bank America Corp	4,695,085
94,832	Medtronic Inc.	4,549,089
273,231	Nokia Corp	4,489,190
	<b>Total</b>	<b>\$ 68,636,976</b>

#### Top ten Fixed Income holdings at June 30, 2003:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 48,900,000	BECCS (Treasury 14% due 11/15/11-06)	\$ 45,467,220
33,000,000	BECCS (Treasury 12.75% due 11/15/10-05)	31,693,530
24,100,000	U.S. Treasury Bond, 11.125% due 08/15/03	24,401,250
15,225,750	Tobacco Settlement 7.666% due 05/15/16	15,138,201
10,626,000	AT&T Broadband Corp 9.455% due 11/15/22	14,482,812
13,850,000	Dayton Power & Light, 7.875% due 02/15/24	14,443,888
14,000,000	U.S. Treasury Principal Strips due 08/15/04	13,838,020
12,500,000	New York Tel 7.25% due 2/15/24	13,131,250
12,000,000	New York Life Insurance 7.50% due 12/15/23	12,705,720
12,000,000	GTE Florida 7.41% due 12/15/23	12,675,960
	<b>Total</b>	<b>\$ 197,977,851</b>

Note: A complete list of portfolio holdings is available upon request.

## Investment Section

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### General Assembly Retirement System List of Largest Assets Held

As of June 30, 2003, GARS held units in the following index funds:

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<u>Units</u>	<u>Description</u>	<u>Market Value</u>
46,185	State Street Global Advisors (S&P 500 index fund)	\$ 7,991,411
		<u>\$ 7,991,411</u>
6,011	State Street Global Advisors (Russell 2000 index fund)	\$ 154,178
		<u>\$ 154,178</u>

Top ten Equity holdings in actively managed accounts at June 30, 2003:

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<u>Units</u>	<u>Description</u>	<u>Market Value</u>
6,582	Pfizer Inc.	\$ 224,774
4,907	Citigroup Inc.	210,029
2,535	American International Group	139,885
5,445	Microsoft Corp	139,620
3,960	General Electric	113,562
1,822	Johnson & Johnson	94,195
980	Proctor & Gamble	87,397
1,092	Bank America Corp	86,324
1,744	Medtronic Inc.	83,640
5,024	Nokia Corp	82,539
	<b>Total</b>	<u>\$ 1,261,965</u>

Top ten Fixed Income holdings at June 30, 2003:

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<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 1,398,021	GNMA Pool #419409, 7.625% due 10/15/21	\$ 1,528,302
700,000	AT&T Broadband Corp 9.455% due 11/15/22	954,072
500,000	U.S. Treasury Bond, 9.125% due 05/15/18	775,468
700,000	U.S. Treasury Bond, 9.125% due 05/15/09	748,125
700,000	Southern New England Tel, 7.25% due 12/15/33	744,968
500,000	Federal Farm Credit Bank, 9.80% due 07/20/09	686,390
500,000	Coca Cola 8% due 9/15/22	652,700
500,000	Sherwin Williams 7.375% due 2/1/27	628,745
500,000	Mass Mutual Life 7.625% due 11/15/23	624,165
500,000	Travelers Property Casualty 7.75% due 4/15/26	620,135
	<b>Total</b>	<u>\$ 7,963,070</u>

Note: A complete list of portfolio holdings is available upon request.

## Investment Section

### Judges and Solicitors Retirement System List of Largest Assets Held

As of June 30, 2003, JSRS held units in the following index funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
102,921	State Street Global Advisors (S&P 500 index fund)	\$ 17,808,441
		<b>\$ 17,808,441</b>
10,468	State Street Global Advisors (Russell 2000 index fund)	\$ 268,483
		<b>\$ 268,483</b>

Top ten Equity holdings in actively managed accounts at June 30, 2003:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
15,547	Pfizer Inc.	\$ 530,918
11,591	Citigroup Inc.	496,090
5,988	American International Group	330,411
12,862	Microsoft Corp	329,785
9,353	General Electric	268,235
4,303	Johnson & Johnson	222,489
2,315	Proctor & Gamble	206,434
2,580	Bank America Corp	203,899
4,118	Medtronic Inc.	197,558
11,866	Nokia Corp	194,957
	<b>Total</b>	<b>\$ 2,980,777</b>

Top ten Fixed Income holdings at June 30, 2003:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 2,935,747	GNMA Pool #419411, 7.625% due 10/15/21	\$ 3,209,329
1,500,000	U.S. Treasury Bond, 11.125% due 08/15/03	1,518,750
1,000,000	Federal Farm Credit Bank, 9.80% due 07/20/09	1,372,780
1,000,000	AT&T Broadband Corp 9.455% due 11/15/22	1,362,960
1,000,000	Citigroup 7.875% due 05/15/25	1,326,620
1,000,000	Mass Mutual Life 7.625% due 11/15/23	1,248,330
1,179,457	GNMA Pool #574466, 6.50% due 03/15/32	1,238,465
1,000,000	McKesson Corp 7.65% due 3/1/27	1,201,220
1,000,000	Pedernales Electric 5.952% due 11/15/22	1,162,187
1,000,000	Tampa Electric 6.875% due 6/15/12	1,157,390
	<b>Total</b>	<b>\$ 14,798,031</b>

Note: A complete list of portfolio holdings is available upon request.



## Investment Section

### South Carolina Retirement Systems Schedule of Investment Results

Fiscal Years ended June 30,	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Annualized</u> <u>3-year</u>	<u>5-year</u>
<b>South Carolina Retirement System</b>							
Total Portfolio	2.44%	4.81%	7.52%	0.93%	8.98%	5.75%	4.89%
CPI	1.96%	3.66%	3.31%	1.10%	2.10%	2.10%	2.40%
Actuarial Assumed Rate of Return	7.25%	7.25%	7.25%	7.25%	7.25%		
Fixed Income Segment	2.38%	4.24%	11.19%	8.41%	11.82%	10.46%	7.54%
Lehman Aggregate	3.13%	4.56%	11.23%	8.63%	10.40%	10.09%	7.54%
Salomon Brothers Broad Investment Grade Index	3.12%	4.50%	11.29%	8.52%	10.53%	10.10%	7.54%
Equity Segment	5.44%	10.10%	-7.50%	-17.59%	-0.50%	-8.80%	
S&P 500 Equity Index	5.47%	7.30%	-14.83%	-17.99%	0.30%	-11.20%	-1.60%
<b>Police Officers Retirement System</b>							
Total Portfolio	2.93%	4.91%	7.36%	0.85%	8.32%	5.46%	4.84%
CPI	1.96%	3.66%	3.31%	1.10%	2.10%	2.10%	2.40%
Actuarial Assumed Rate of Return	7.25%	7.25%	7.25%	7.25%	7.25%		
Fixed Income Segment	2.88%	4.35%	10.88%	8.11%	10.45%	9.81%	7.29%
Lehman Aggregate	3.13%	4.56%	11.23%	8.63%	10.40%	10.09%	7.54%
Salomon Brothers Broad Investment Grade Index	3.12%	4.50%	11.29%	8.52%	10.53%	10.10%	7.54%
Equity Segment	5.44%	10.10%	-7.50%	-17.59%	-0.50%	-8.80%	
S&P 500 Equity Index	5.47%	7.30%	-14.83%	-17.99%	0.30%	-11.20%	-1.60%
<b>General Assembly Retirement System</b>							
Total Portfolio	3.07%	4.68%	7.57%	0.07%	10.49%	5.95%	5.11%
CPI	1.96%	3.66%	3.31%	1.10%	2.10%	2.10%	2.40%
Actuarial Assumed Rate of Return	7.25%	7.25%	7.25%	7.25%	7.25%		
Fixed Income Segment	3.02%	4.08%	11.27%	7.53%	13.85%	10.85%	7.87%
Lehman Aggregate	3.13%	4.56%	11.23%	8.63%	10.40%	10.09%	7.54%
Salomon Brothers Broad Investment Grade Index	3.12%	4.50%	11.29%	8.52%	10.53%	10.10%	7.54%
Equity Segment	5.44%	10.10%	-7.50%	-17.59%	-0.50%	-8.80%	
S&P 500 Equity Index	5.47%	7.30%	-14.83%	-17.99%	0.30%	-11.20%	-1.60%
<b>Judges and Solicitors Retirement System</b>							
Total Portfolio	2.91%	4.56%	8.20%	1.09%	9.42%	6.17%	5.19%
CPI	1.96%	3.66%	3.31%	1.10%	2.10%	2.10%	2.40%
Actuarial Assumed Rate of Return	7.25%	7.25%	7.25%	7.25%	7.25%		
Fixed Income Segment	2.86%	3.96%	11.92%	8.71%	12.07%	10.89%	7.83%
Lehman Aggregate	3.13%	4.56%	11.23%	8.63%	10.40%	10.09%	7.54%
Salomon Brothers Broad Investment Grade Index	3.12%	4.50%	11.29%	8.52%	10.53%	10.10%	7.54%
Equity Segment	5.45%	10.10%	-7.50%	-17.59%	-0.50%	-8.80%	
S&P 500 Equity Index	5.47%	7.30%	-14.83%	-17.99%	0.30%	-11.20%	-1.60%

Note: Calculations were prepared using a time weighted rate of return based on the market rate of return in accordance with the Performance Presentation Standards of the Association for Investment Management and Research (AIMR).

## Investment Section

### South Carolina Retirement Systems Equity Performance Summary For the Periods Ended June 30, 2003

	<u>Quarter Return</u>	<u>One Year Return</u>	<u>Three Years Return</u>	<u>Five Years Return</u>
<b>Total Equity Portfolio</b>	16.3%	-0.5%	-8.8%	-
Rank vs. US Equity Billion Dollar Segment - Public				
US Equity Billion Dollar Segment - Public Median	16.9%	0.8%	-9.1%	0.2%
Total Equity Index	16.6%	0.4%	-9.5%	-
S&P 500 Index - Total Return Index (S&P Calc)	15.4%	0.3%	-11.2%	-1.6%
<b>Passive Equity</b>				
State Street Global Advisors - S&P 500 Index Fund	15.5%	0.3%	-11.2%	-
Rank vs. Mercer US Equity Large Cap Core Universe				
Mercer US Equity Large Cap Core Universe Median	15.0%	0.1%	-9.1%	0.5%
S&P 500 Index - Total Return Index (S&P Calc)	15.4%	0.3%	-11.2%	-1.6%
State Street Global Advisors - Russell 2000 Index Fund	23.5%	-2.29%	-	-
Rank vs. Mercer US Equity Small Cap Core Universe				
Mercer US Equity Small Cap Core Universe Median	21.3%	-1.0%	1.3%	5.7%
Russell 2000 Index	23.4%	-1.6%	-3.3%	1.0%
<b>Total Active Equity</b>	16.9%	-1.2%	-7.0%	-
Russell 3000 Index	16.2%	0.8%	-10.5%	-1.1%
S&P 500 Index - Total Return Index (S&P Calc)	15.4%	0.3%	-11.2%	-1.6%
Total Active Equity Index	17.7%	0.5%	-8.2%	-
<b>Total Active Large Cap Equity</b>	14.4%	-1.8%	-7.4%	-
Rank vs. Mercer US Equity Large Cap Equity Universe				
Mercer US Equity Large Cap Equity Universe Median	15.4%	-0.4%	-8.4%	0.6%
Active Large Cap Equity Index	15.8%	0.7%	-10.4%	-
<b>Large Cap Core Equity</b>	17.4%	3.4%	-9.5%	-
Rank vs. Mercer US Equity Large Cap Core Universe				
Mercer US Equity Large Cap Core Universe Median	15.0%	0.1%	-9.1%	0.5%
S&P 500 Index - Total Return Index (S&P Calc)	15.4%	0.3%	-11.2%	-1.6%
<b>Large Cap Growth Equity</b>	10.7%	-5.4%	-15.3%	-
Rank vs. Mercer US Equity Large Cap Growth Universe				
Mercer US Equity Large Cap Growth Universe Median	13.8%	0.2%	-17.3%	-1.1%
Russell 1000 Growth Index	14.3%	2.9%	-21.5%	-5.0%
<b>Large Cap Value Equity</b>	15.8%	-1.9%	0.7%	-
Rank vs. Mercer US Equity Large Cap Universe				
Mercer US Equity Large Cap Value Universe Median	17.3%	-1.5%	0.8%	2.2%
Russell 1000 Value Index	17.3%	-1.0%	-0.2%	1.1%
<b>Total Smaller Cap Equity</b>	23.9%	1.0%	-5.7%	-
<b>Total Smaller Cap Active Equity</b>	24.0%	0.4%	-6.1%	-
Rank vs. Mercer US Equity Small Cap Universe				
Mercer US Equity Smaller Cap Universe Median	21.8%	-0.8%	3.0%	6.0%
Russell 2500 Index	21.9%	1.4%	-1.4%	3.7%
Smaller Cap Equity Index	22.8%	-0.4%	-2.5%	-
<b>Mid Cap Equity</b>	32.2%	15.0%	-7.4%	-
Rank vs. Mercer US Equity Mid Cap Universe				
Mercer US Equity Mid Cap Universe Median	17.7%	1.4%	-0.1%	5.8%
Russell 2500 Index	21.9%	1.4%	-1.4%	3.7%
<b>Total Small Cap Active Equity</b>	22.4%	-1.8%	-3.2%	-
Rank vs. Mercer US Equity Small Cap Universe				
Mercer US Equity Small Cap Universe Median	21.8%	-0.8%	3.0%	6.0%
Russell 2000 Index	23.4%	-1.6%	-3.3%	1.0%

Data provided by Mercer Investment Consulting, Inc.

## Investment Section

### South Carolina Retirement Systems Schedule of Investment Fees and Commissions For the Year Ended June 30, 2003

	<b>Market Value of Assets under Management at June 30, 2003*</b>	<b>Fees</b>
Investment Managers' Fees: Equity Managers' Fees (in thousands)	\$ 8,026,304	\$ 13,938
Other Investment Service Fees: Bank Fees (in thousands)		4,280
Consultant Fees: Investment Consultant Fees (in thousands)		663
		\$ 18,881

<b>Brokerage Firm</b>	<b>Number of Shares Traded</b>	<b>Commissions</b>	<b>Average Commissions per Share</b>
Citigroup Global Markets Inc.	17,539,385	\$ 783,775.75	0.0447
Merrill Lynch Pierce Fenner & Smith	16,449,187	771,512.26	0.0469
Morgan Stanley	14,890,061	543,623.70	0.0365
Wachovia Securities Capital Markets	12,953,347	542,745.25	0.0419
Goldman Sachs & Co.	11,186,953	497,661.19	0.0445
Lehman Brothers Inc. USA	9,894,087	483,095.71	0.0488
UBS Securities LLC	8,486,629	365,014.45	0.0430
Credit Suisse First Boston	7,294,460	341,694.05	0.0468
Bernstein, Sanford C. & Co.	7,108,263	310,024.15	0.0436
Abel Noser Corporation	17,829,009	303,112.97	0.0170
Bear Stearns & Co., Inc.	6,104,445	254,996.65	0.0418
Cantor, Fitzgerald & Co., Inc.	6,507,296	247,642.98	0.0381
Jefferies & Co., Inc.	6,894,596	245,515.68	0.0356
Instinet Corp.	11,534,708	233,854.48	0.0203
JP Morgan Investment Mgmt NY	4,585,980	230,121.25	0.0502
Pacific Growth Equities	6,147,052	224,556.52	0.0365
RBC/Dain Rauscher Inc. Bk NYC	5,600,531	222,740.11	0.0398
Banc of America Securities LLC	4,820,676	217,978.60	0.0452
Deutsche Banc/Alex Brown	4,839,007	208,811.75	0.0432
Bear Stearns Securities Corp.	4,346,135	194,625.84	0.0448
US Bancorp Piper Jaffray	4,400,418	184,372.81	0.0419
Southwest Securities Inc.	9,001,251	168,677.59	0.0187
CIBC World Markets Corp.	3,131,330	136,187.62	0.0435
SG Cowen Securities Corp.	2,858,175	133,846.25	0.0468
UBS Financial Services Inc.	2,315,400	116,463.00	0.0503
Wachovia Securities LLC	2,500,971	113,294.00	0.0453
Investment Technology Group	5,550,675	102,329.20	0.0184
Wachovia Securities LLC	1,863,028	95,945.95	0.0515
Legg Mason Wood Walker, Inc.	2,079,404	92,989.46	0.0447
Thomas Weisel Partners LLC	2,080,647	89,165.74	0.0429
Morgan Keegan & Co., Inc.	1,837,539	87,163.71	0.0474
Soundview Technology Group	2,026,000	81,444.00	0.0402
Blair, William & Co. LLC	1,830,252	80,372.60	0.0439
Baird, Robert W. & Co. Inc.	1,582,400	74,916.00	0.0473
BNY Brokerage Inc.	1,424,764	69,386.00	0.0487
C.E. Unterberg, Towbin	1,853,856	69,084.88	0.0373
SunTrust Capital Markets Inc.	1,359,100	61,681.00	0.0454
Adams, Harkness & Hill Inc.	1,295,217	58,476.51	0.0451
Needham & Co.	1,218,437	47,159.31	0.0387
BNY Brokerage Inc.	997,383	46,877.00	0.0470
Weeden & Co.	1,035,256	40,392.30	0.0390
Pershing & Co.	891,394	39,983.10	0.0449
Merrill Lynch Professional	912,034	38,224.14	0.0419
Dean Witter Reynolds Inc.	1,150,000	36,796.00	0.0320
Wachovia Securities LLC	769,343	36,466.85	0.0474
Lazard Freres & Co.	866,755	36,047.75	0.0416
Scott & Stringfellow, Inc.	726,900	35,869.00	0.0493
Buckingham Research Group Inc.	829,758	35,613.40	0.0429
Friedman, Billings & Ramsey	839,900	34,833.00	0.0415
Charles Schwab & Co., Inc.	923,899	34,102.45	0.0369
A.G. Edwards & Sons Inc.	795,830	33,497.50	0.0421
McDonald Investments	710,600	32,857.00	0.0462
Fox-Pitt Kelton Inc.	656,325	32,200.25	0.0491
U.S. Clearing Institutional Trading	666,900	31,789.00	0.0477
National Financial Services Corp.	1,591,525	31,052.27	0.0195
Midwest Research Securities	579,800	30,062.70	0.0519
Jones & Associates	851,400	29,753.60	0.0349
Keefe Bruyette & Woods Inc.	554,950	28,024.50	0.0505
Wachovia Securities LLC	668,084	27,191.00	0.0407
All others <sup>1</sup>	20,822,081	764,983.58	0.0367
Data provided by the Bank of New York.	273,060,788	\$10,542,675.36	0.0386

\* Assets under management include categories classified as cash equivalents for financial statement purposes.

<sup>1</sup> Other brokers include 128 additional brokers each receiving less than \$25,000 in total commissions.

## Investment Section

### South Carolina Retirement Systems Schedule of Investment Managers and Fees for Equities For the Year Ended June 30, 2003 (Amounts expressed in thousands)

<u>Investment Manager</u>	<u>Style</u>	<u>Initial Funding Date</u>	<u>Market Value of Assets under Management at June 30, 2003*</u>	<u>Fees</u>
State Street Global Advisors Boston, MA	Large Cap Passive S&P 500 Index Fund	June 16, 1999	\$ 3,903,372	\$ 99
Institutional Capital Corp. Chicago, IL	Large Cap Value	March 15, 2000	532,331	1,521
Alliance Capital Management L.P. New York, NY	Large Cap Value	May 3, 2000	410,554	774
Flippin, Bruce & Porter, Inc. Lynchburg, VA	Large Cap Value	March 2, 2000	325,796	818
Alliance Capital Management L.P. New York, NY	Large Cap Growth	July 2, 2001	608,868	1,217
Montag & Caldwell, Inc. Atlanta, GA	Large Cap Growth	May 8, 2000	484,409	803
Peachtree Asset Management <sup>1</sup> Atlanta, GA	Large Cap Growth	May 17, 2000	-	231
J.P. Morgan Investment Management, Inc. <sup>2</sup> New York, NY	Large Cap Core	May 23, 2000	(138)	870
Wellington Management Company, LLP Boston, MA	Large Cap Core	March 15, 2000	480,203	1,901
State Street Global Advisors Boston, MA	Small/Mid Cap Passive Russell 2000 Index Fund	October 1, 2001	64,379	31
J.L. Kaplan Associates, LLC Boston, MA	Small Cap Value	October 29, 1999	252,403	1,154
Benson Associates, LLC <sup>3,5</sup> Portland, OR	Small Cap Value	October 1, 2002	174,548	593
MFS Institutional Advisors, Inc. <sup>4</sup> Boston, MA	Small Cap Growth	November 18, 1999	-	28
Suffolk Capital Management, Inc. New York, NY	Small Cap Growth	October 29, 1999	145,117	891
TimesSquare Capital Management <sup>3</sup> New York, NY	Small Cap Growth	October 1, 2002	256,580	1,000
Fidelity Management Trust Company Boston, MA	Small Cap Core	May 23, 2000	186,137	1,048
The Boston Company Asset Management, LLC Boston, MA	Small Cap Core	November 17, 1999	201,745	959
			<u>\$ 8,026,304</u>	<u>\$ 13,938</u>

\*Assets under management include categories classified as cash equivalents for financial statement purposes.

<sup>1</sup>The contract with Peachtree Asset Management was terminated December 2002.

<sup>2</sup>The contract with J.P. Morgan Investment Management, Inc., was terminated May 2003.

<sup>3</sup>Benson Associates, LLC and TimesSquare Capital Management were funded on October 1, 2002.

<sup>4</sup>The contract with MFS Institutional Advisors, Inc., was terminated July 2002.

<sup>5</sup>Benson Associates, LLC assets include convertible corporate bonds and convertible preferred stock.

# Service/Imaging



Seated (left to right): Larissa Huff, Mandy Bailey. Standing (left to right): Dana Dale, Charlene Counts, Amanda Green.



Seated (left to right): Valerie Williamson, Gardenia Logan. Standing (left to right): Cindy Polyak, Sharon Pigage, Gene Redmond.



Seated (left to right): Irene Mattox, Henrietta Taylor, Pam Seals, Kim Corley, Elaine Julian. Standing (left to right): Edna Tucker, Sallie Barkhoff, Nakia Brown, Beth Gunter, Mia Johnson, Fain Cravens.

Not present for photographs: Jenny Jacob, Lee Trimble, Gail Jones, Dellia Whitaker

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**GABRIEL, ROEDER, SMITH & COMPANY**

Consultants & Actuaries

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October 21, 2003

State Budget and Control Board  
South Carolina Retirement Systems  
Columbia, South Carolina 29211

Gentlemen:

The laws governing the operation of the various Retirement Systems provide that actuarial valuations of the assets and liabilities of the Systems shall be made annually for the South Carolina Retirement System and the Police Officers Retirement System and no less frequently than biennially for the General Assembly Retirement System and the Judges and Solicitors Retirement System. We have submitted the results of the actuarial valuations prepared as of July 1, 2002. In preparing the valuations the actuary relied on data provided by the Systems. While not verifying the data at source, the actuary performed tests for consistency and reasonableness. Our firm, as actuary, is responsible for the actuarial trend data in the financial section of the report and the supporting schedules in the actuarial section, beginning with the information as of July 1, 2002. Information for previous years was supplied by other actuarial firms employed by the systems at the time.

The financing objective of the Systems is that contribution rates will remain relatively level over time as a percentage of payroll. Contribution rates are developed using the entry age normal cost method. The normal contribution rate to cover current cost has been determined as a level percentage of payroll. A market-related value of plan assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liabilities that are being amortized by regular annual contributions as a level percent of payroll within a 30-year period, assuming 4% annual payroll growth for the South Carolina Retirement System, 2% annual payroll growth for the General Assembly Retirement System and 5¼% annual payroll growth for the Police Officers Retirement System and the Judges and Solicitors Retirement System.

The assumptions recommended by the actuary are in the aggregate reasonably related to the experience under the Systems and to reasonable expectations of anticipated experience under the systems. The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Government Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The following schedules present summaries of the principal results of the valuations prepared as of July 1, 2002 and the actuarial methods and assumptions used to prepare the valuations.

## Actuarial Section

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State Budget and Control Board  
October 13, 2003  
Page 2

In our opinion the Systems are operating on an actuarially sound basis. Assuming that contributions to the Systems are made by the employers from year to year in the future at the rates recommended on the basis of the successive actuarial valuations, the continued sufficiency of the retirement funds to provide the benefits called for under the Systems may be safely anticipated.

Sincerely,

Gabriel, Roeder, Smith & Company



W. Michael Carter, F.S.A.  
Senior Consultant

klb

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## Actuarial Section

### South Carolina Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2002 *(All dollar amounts are in thousands)*

#### ASSETS

Current assets:		
Employee Annuity Savings Fund	\$	4,512,402
Employer Annuity Accumulation Fund		<u>14,785,772</u>
Total current assets		19,298,174
Future member contributions to Employee Annuity Savings Fund		3,077,754
Prospective contributions to Employer Annuity Accumulation Fund:		
Normal contributions		2,668,097
Accrued liability contributions		<u>3,148,400</u>
Total prospective employer contributions		<u>5,816,497</u>
Total Assets	\$	<u><u>28,192,425</u></u>

#### LIABILITIES

Employee Annuity Savings Fund:		
Past member contributions	\$	4,512,402
Future member contributions		<u>3,077,754</u>
Total contributions to Employee Annuity Savings Fund		7,590,156
Employer Annuity Accumulation Fund:		
Benefits currently in payment		11,600,395
Benefits to be paid to current active members		<u>9,001,874</u>
Total benefits payable from Employer Annuity Accumulation Fund		<u>20,602,269</u>
Total Liabilities	\$	<u><u>28,192,425</u></u>

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## Actuarial Section

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### Police Officers Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2002 *(All dollar amounts are in thousands)*

#### ASSETS

Current assets:		
Employee Annuity Savings Fund	\$	492,178
Employer Annuity Accumulation Fund		<u>1,858,922</u>
Total current assets		2,351,100
Future member contributions to Employee Annuity Savings Fund		445,031
Prospective contributions to Employer Annuity Accumulation Fund:		
Normal contributions		577,170
Accrued liability contributions		<u>176,776</u>
Total prospective employer contributions		<u>753,946</u>
Total Assets	\$	<u><u>3,550,077</u></u>

#### LIABILITIES

Employee Annuity Savings Fund:		
Past member contributions	\$	492,178
Future member contributions		<u>445,031</u>
Total contributions to Employee Annuity Savings Fund		937,209
Employer Annuity Accumulation Fund:		
Benefits currently in payment		1,136,998
Benefits to be paid to current active members		<u>1,475,870</u>
Total benefits payable from Employer Annuity Accumulation Fund		<u>2,612,868</u>
Total Liabilities	\$	<u><u>3,550,077</u></u>

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## Actuarial Section

### General Assembly Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2002

#### ASSETS

Current assets:	
Employee Annuity Savings Fund	\$ 9,470,000
Employer Annuity Accumulation Fund	<u>34,371,000</u>
Total current assets	43,841,000
Future member contributions to Employee Annuity Savings Fund	3,123,599
Prospective contributions to Employer Annuity Accumulation Fund:	
Normal contributions	5,214,218
Accrued liability contributions	<u>29,204,840</u>
Total prospective employer contributions	<u>34,419,058</u>
Total Assets	<u><u>\$ 81,383,657</u></u>

#### LIABILITIES

Employee Annuity Savings Fund:	
Past member contributions	\$ 9,470,000
Future member contributions	<u>3,123,599</u>
Total contributions to Employee Annuity Savings Fund	12,593,599
Employer Annuity Accumulation Fund:	
Benefits currently in payment	47,485,237
Benefits to be paid to current active members	<u>21,304,821</u>
Total benefits payable from Employer Annuity Accumulation Fund	<u>68,790,058</u>
Total Liabilities	<u><u>\$ 81,383,657</u></u>

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## Actuarial Section

### Judges and Solicitors Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2002

#### ASSETS

Current assets:	
Employee Annuity Savings Fund	\$ 16,162,000
Employer Annuity Accumulation Fund	<u>83,912,000</u>
Total current assets	100,074,000
Future member contributions to Employee Annuity Savings Fund	10,536,806
Prospective contributions to Employer Annuity Accumulation Fund:	
Normal contributions	31,851,259
Accrued liability contributions	<u>66,366,004</u>
Total prospective employer contributions	<u>98,217,263</u>
Total Assets	<u>\$ 208,828,069</u>

#### LIABILITIES

Employee Annuity Savings Fund:	
Past member contributions	\$ 16,162,000
Future member contributions	<u>10,536,806</u>
Total contributions to Employee Annuity Savings Fund	26,698,806
Employer Annuity Accumulation Fund:	
Benefits currently in payment	101,715,510
Benefits to be paid to current active members	<u>80,413,753</u>
Total benefits payable from Employer Annuity Accumulation Fund	<u>182,129,263</u>
Total Liabilities	<u>\$ 208,828,069</u>



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## Actuarial Section

### South Carolina Retirement System Results of the Valuation as of July 1, 2002 *(All dollar amounts are in thousands)*

(1) Actuarial liabilities		
Present value of prospective benefits payable in respect of:		
(a) Present retired members and beneficiaries	\$	11,600,395
(b) Present active and inactive members		<u>16,592,030</u>
(c) Total actuarial liabilities		28,192,425
(2) Present value of future normal contributions		
(a) Employee at 6.00%		3,077,754
(b) Employer at 4.61%		<u>2,668,097</u>
(c) Total future normal contributions		5,745,851
(3) Actuarial accrued liability = (1)(c) - (2)(c)		22,446,574
(4) Current Assets		19,298,174
(5) Present value of unfunded actuarial accrued liability contributions = (3) - (4)	\$	3,148,400
(6) Unfunded accrued liability rates		
(a) State		2.94%
(b) Others		2.09%
(7) Unfunded accrued liability liquidation period		21 years
(8) Group life insurance benefit contribution rate		0.15%

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## Actuarial Section

### Police Officers Retirement System Results of the Valuation as of July 1, 2002 *(All dollar amounts are in thousands)*

(1) Actuarial liabilities	
Present value of prospective benefits payable in respect of:	
(a) Present retired members and beneficiaries	\$ 1,136,998
(b) Present active and inactive members	<u>2,413,079</u>
(c) Total actuarial liabilities	3,550,077
(2) Present value of future normal contributions	
(a) Employee at 6.50%	445,031
(b) Employer at 8.43%	<u>577,170</u>
(c) Total future normal contributions	1,022,201
(3) Actuarial accrued liability = (1)(c) - (2)(c)	2,527,876
(4) Current Assets	2,351,100
(5) Present value of unfunded actuarial accrued liability contributions = (3) - (4)	\$ 176,776
(6) Unfunded accrued liability rate	1.87%
(7) Unfunded accrued liability liquidation period	15 years
(8) Group life insurance benefit contribution rate	0.20%
(9) Accidental death benefit contribution rate	0.20%

## Actuarial Section

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### General Assembly Retirement System Results of the Valuation as of July 1, 2002

(1) Actuarial liabilities	
Present value of prospective benefits payable in respect of:	
(a) Present retired members and beneficiaries	\$ 47,485,237
(b) Present active and inactive members	<u>33,898,420</u>
(c) Total actuarial liabilities	81,383,657
(2) Present value of future normal contributions	
(a) Employee at 10.00%	3,123,599
(b) Employer at 14.22%	<u>5,214,218</u>
(c) Total future normal contributions	8,337,817
(3) Actuarial accrued liability = (1)(c) - (2)(c)	73,045,840
(4) Current Assets	43,841,000
(5) Present value of unfunded actuarial accrued liability contributions = (3) - (4)	\$ 29,204,840
(6) Unfunded accrued liability liquidation period	25 years

## Actuarial Section

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### Judges and Solicitors Retirement System Results of the Valuation as of July 1, 2002

(1) Actuarial liabilities	
Present value of prospective benefits payable in respect of:	
(a) Present retired members and beneficiaries	\$ 101,715,510
(b) Present active and inactive members	<u>107,112,559</u>
(c) Total actuarial liabilities	208,828,069
(2) Present value of future normal contributions	
(a) Employee at 7.00%	10,536,806
(b) Employer at 21.16%	<u>31,851,259</u>
(c) Total future normal contributions	42,388,065
(3) Actuarial accrued liability = (1)(c) - (2)(c)	166,440,004
(4) Current Assets	100,074,000
(5) Present value of unfunded actuarial accrued liability contributions = (3) - (4)	\$ 66,366,004
(6) Unfunded accrued liability liquidation period	30 years

## Actuarial Section

### South Carolina Retirement System Summary of Actuarial Assumptions and Methods

**1. Interest to be Earned by Fund**

7.25% per annum, compounded annually, composed of an assumed 3.75% inflation rate and a 3.50% real rate of return.

**2. Salary Increases**

Salary increases are assumed in accordance with the following representative rates:

<u>Age</u>	<u>Annual Increases</u>	<u>Age</u>	<u>Annual Increases</u>
25	9.00%	45	4.50%
30	7.50%	50	4.25%
35	6.00%	55	4.00%
40	5.25%	60	4.00%

**3. Decrement Rates**

a. Service Retirement

<u>Age</u>	<u>Annual Rates of</u>					
	<u>Reduced Service Retirement</u>	<u>Unreduced Service Retirement*</u>	<u>Reduced Service Retirement</u>	<u>Unreduced Service Retirement*</u>	<u>Reduced Service Retirement</u>	<u>Unreduced Service Retirement*</u>
	<u>Male Teachers</u>		<u>Female Teachers</u>		<u>Male &amp; Female Employees</u>	
50		10.0%		15.0%		12.0%
55	10.0%	15.0%	10.0%	20.0%	7.5%	15.0%
60	10.0%	15.0%	12.0%	20.0%	7.5%	15.0%
61	15.0%	20.0%	15.0%	25.0%	10.0%	20.0%
62	20.0%	30.0%	20.0%	45.0%	25.0%	30.0%
63	15.0%	30.0%	20.0%	30.0%	15.0%	25.0%
64	15.0%	30.0%	20.0%	30.0%	15.0%	30.0%
65		30.0%		30.0%		30.0%
66		20.0%		20.0%		20.0%
67		10.0%		20.0%		15.0%
68		10.0%		20.0%		15.0%
69		10.0%		20.0%		15.0%
70		100.0%		100.0%		100.0%

\*Plus 25% in year when first become eligible for unreduced service retirement before age 65.

## Actuarial Section

b. In-service Mortality, Disability and Withdrawal

<u>MALE TEACHERS</u>	<u>Annual Rates of</u>					
	<u>Age</u>	<u>Mortality</u>	<u>Disability</u>	<u>Withdrawal</u>		
				<u>Years of Service</u>		
			<u>0 - 4</u>	<u>5 - 9</u>	<u>10 +</u>	
	25	0.06%	0.04%	12.65%	8.25%	
	30	0.07%	0.06%	10.95%	4.95%	2.80%
	35	0.07%	0.08%	11.25%	5.55%	2.10%
	40	0.10%	0.15%	8.85%	5.35%	1.50%
	45	0.18%	0.25%	10.15%	4.75%	1.50%
	50	0.30%	0.40%	8.45%	4.75%	1.90%
	55	0.46%	0.65%	8.45%	4.35%	2.90%
	60	0.65%	1.00%			
	64	0.90%	1.25%			
<u>FEMALE TEACHERS</u>						
	25	0.03%	0.05%	9.55%	6.85%	
	30	0.04%	0.07%	10.05%	4.95%	3.15%
	35	0.04%	0.07%	8.95%	4.75%	2.45%
	40	0.05%	0.12%	7.45%	4.05%	2.15%
	45	0.08%	0.25%	7.05%	3.65%	1.95%
	50	0.13%	0.40%	7.05%	3.75%	1.95%
	55	0.21%	0.65%	7.35%	3.55%	2.35%
	60	0.33%	1.00%			
	64	0.49%	1.25%			
<u>MALE EMPLOYEES</u>						
	25	0.06%	0.05%	15.85%	9.45%	
	30	0.07%	0.10%	13.25%	7.15%	4.35%
	35	0.07%	0.15%	12.25%	6.65%	3.65%
	40	0.10%	0.25%	11.35%	6.25%	3.05%
	45	0.18%	0.35%	9.95%	5.35%	2.75%
	50	0.30%	0.50%	8.65%	5.35%	2.45%
	55	0.46%	0.80%	8.45%	4.75%	2.85%
	60	0.65%	1.00%			
	64	0.90%	1.25%			
<u>FEMALE EMPLOYEES</u>						
	25	0.03%	0.05%	14.15%	8.65%	
	30	0.04%	0.07%	12.75%	7.45%	4.75%
	35	0.04%	0.14%	11.85%	6.15%	3.45%
	40	0.05%	0.18%	10.65%	5.65%	3.15%
	45	0.08%	0.26%	9.25%	5.35%	2.55%
	50	0.13%	0.44%	8.95%	4.75%	2.85%
	55	0.21%	0.70%	7.55%	4.65%	2.75%
	60	0.33%	1.07%			
	64	0.49%	1.49%			



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## Actuarial Section

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### 4. Mortality After Retirement

For healthy retirees and beneficiaries, the 1983 Group Annuity Mortality Table rates. A separate table of mortality rates is used for disabled retirees. The following are sample rates for the healthy retirees and beneficiaries.

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.39%	0.18%	70	2.75%	1.41%
55	0.61%	0.28%	75	4.46%	2.72%
60	0.92%	0.47%	80	7.41%	4.77%
65	1.56%	0.78%	85	11.48%	7.66%

### 5. Marriage Assumption

100% of all active members are assumed to be married, with female spouses being 3 years younger.

### 6. Asset Valuation Method

Actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return. The amount recognized each year is 20% of the difference between market and expected actuarial value. The actuarial value of assets is limited to a range between 80% and 120% of market value.

### 7. Cost Methods

#### a. Normal Retirement, Termination, Death and Disability Benefits

Projected benefit with level percentage entry age normal cost and open-end unfunded actuarial accrued liability. The gross normal cost rate is based upon the new entrant cohort as of July 1, 2000. The gross normal cost rate will reflect any future changes in benefit provisions, assumptions and significant demographic trends. The gross normal derived in this manner will be updated as part of each future experience study. Gains and losses are reflected in the period remaining to liquidate the unfunded actuarial accrued liability.

#### b. Group Life Insurance Benefit

One-year term cost method.

### 8. Unused Annual Leave

To account for the effect of unused annual leave on Average Final Compensation, liabilities for active members are increased 2.50%.

### 9. Cost-of-Living Increases

None assumed.

### 10. Administrative and Investment Expenses

The investment return assumption represents the expected return net of all administrative and investment expenses.

### 11. Payroll Growth Rate

4.00% per annum.

## Actuarial Section

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### 12. Valuation of Teachers and Employees Retention Incentive (TERI)

In conjunction with the change to the Cost Method, we have made additional assumptions in the course of developing plan liabilities in consideration of the TERI. We have assumed all members elect TERI coverage when they are first eligible for an unreduced retirement benefit. We assume members in the TERI are exposed to the current retirement rates during TERI coverage and we assume 100% terminate employment at the end of the TERI period (5 years).

### 13. Adoption Date

The current actuarial assumptions were adopted by the State Budget and Control Board on March 9, 1999.

### Development of Actuarial Value of Assets

*(All dollar amounts are in thousands)*

(1) Actuarial Value of Assets on July 1, 2001	\$ 18,486,773
(2) 2001/2002 Net Cash Flow	
a. Contributions	916,472
b. Disbursements	1,219,685
c. Net Cash Flow	
(2)a - (2)b	(303,213)
(3) Expected Investment Return	
[(1) x .0725] + [(2)c x .03625]	1,329,300
(4) Expected Actuarial Value of Assets on July 1, 2002	
(1) + (2)c + (3)	19,512,860
(5) Market Value of Assets on July 1, 2002	18,439,431
(6) Excess of Market Value over Expected Actuarial Value	
(5) - (4)	(1,073,429)
(7) 20% Adjustment towards Market	
.20 x (6)	(214,686)
(8) Actuarial Value of Assets on July 1, 2002	
(4) + (7)	\$ 19,298,174

## Actuarial Section

### Police Officers Retirement System Summary of Actuarial Assumptions and Methods

**1. Interest to be Earned by Fund**

7.25% per annum, compounded annually, composed of an assumed 3.75% inflation rate and a 3.50% real rate of return.

**2. Salary Increases**

<u>Age</u>	<u>Annual Increases</u>	<u>Age</u>	<u>Annual Increases</u>
20	9.00%	45	5.25%
25	8.00%	50	5.25%
30	6.85%	55	5.25%
35	6.10%	60 & Up	5.25%
40	5.75%		

**3. Decrement Rates**

The following are representative values of the assumed annual rates of withdrawal, inservice mortality, disability, and service retirement

<u>Age</u>	<u>Annual Rate of</u>				
	<u>Service Retirement*</u>	<u>Mortality</u>	<u>Disability</u>	<u>Withdrawal Years of Service</u>	
				<u>0 - 4</u>	<u>5 or more</u>
20		0.05%	0.10%	13.00%	7.00%
25		0.07%	0.12%	12.00%	7.00%
30		0.08%	0.16%	11.00%	4.25%
35		0.10%	0.30%	10.00%	4.00%
40		0.14%	0.40%	9.50%	2.90%
45	10.00%	0.20%	0.60%	9.00%	2.80%
50	10.00%	0.32%	0.75%	8.00%	2.00%
55	10.00%	0.50%			
60	15.00%	0.71%			
64	25.00%	1.02%			

\*Plus an additional 15% in year when first eligible for unretduced service retirement.

In addition, 25% of disabilities are assumed to be duty related, and 5% of pre-retirement deaths are assumed to be accidental.

**4. Mortality After Retirement**

For healthy retirees and beneficiaries, the 1983 Group Annuity Mortality Table rates set forward two years. A separate table of mortality rates is used for disabled retirees. The following are sample rates for the retirees and beneficiaries:

<u>Age</u>	<u>Healthy</u>		<u>Disabled</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
50	0.48%	0.19%	2.46%	2.46%
55	0.71%	0.31%	2.80%	2.80%
60	1.11%	0.52%	3.32%	3.32%
65	1.98%	0.87%	4.17%	4.17%
70	3.34%	1.62%	5.48%	5.48%
75	5.48%	3.07%	7.52%	7.52%
80	8.93%	5.27%	10.65%	10.65%
85	13.39%	8.39%	15.36%	15.36%

## Actuarial Section

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5. **Marriage Assumption**

100% of all active members are assumed to be married, with female spouses being 4 years younger.

6. **Asset Valuation Method**

Actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return. The amount recognized each year is 20% of the difference between market and expected actuarial value. The actuarial value of assets is limited to a range between 80% and 120% of market value.

7. **Cost Methods**

a. **Normal Retirement, Termination, Death and Disability Benefits**

Projected benefit method with level percentage entry age normal cost. Gains and losses are reflected in the period remaining to liquidate the unfunded actuarial accrued liability.

b. **Group Life Insurance Benefit and Accidental Death Benefits**

One-year term cost method

8. **Unused Annual Leave**

To account for the effect of unused annual leave on Average Final Compensation, liabilities for active members are increased 4.00%

9. **Cost-of-Living Increases**

None assumed.

10. **Administrative and Investment Expenses**

The investment return assumption represents the expected return net of all administrative and investment expenses.

11. **Payroll Growth Rate**

5.25% per annum.

12. **Adoption Date**

The current actuarial assumptions were adopted by the State Budget and Control Board on March 9, 1999.

13. **Change from Prior Valuation**

None.

## Actuarial Section

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### Development of Actuarial Value of Assets *(All dollar amounts are in thousands)*

(1) Actuarial Value of Assets on July 1, 2001	\$ 2,197,982
(2) 2001/2002 Net Cash Flow	
a. Contributions	144,200
b. Disbursements	(122,533)
c. Net Cash Flow	
(2)a - (2)b	21,667
(3) Expected Investment Return	
[(1) x .0725] + [(2)c x .03625]	160,139
(4) Expected Actuarial Value of Assets on July 1, 2002	
(1) + (2)c + (3)	2,379,788
(5) Market Value of Assets on July 1, 2002	2,236,350
(6) Excess of Market Value over Expected Actuarial Value	
(5) - (4)	(143,438)
(7) 20% Adjustment towards Market	
.20 x (6)	(28,688)
(8) Actuarial Value of Assets on July 1, 2002	
(4) + (7)	\$ 2,351,100

## Actuarial Section

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### General Assembly Retirement System Summary of Actuarial Assumptions and Methods

**1. Interest to be Earned by Fund**

7.25% per annum, compounded annually.

**2. Salary Increases**

2.00% per annum, compounded annually.

**3. Disability and Pre-retirement Mortality Rates**

The following are representative values of the assumed annual rates of withdrawal, inservice mortality, disability, and service retirement.

Annual Rate of					
Age	Mortality		Disability		Service Retirement
	Male	Female	Male	Female	
20	0.04%	0.03%	0.01%	0.02%	
25	0.05%	0.03%	0.01%	0.03%	
30	0.08%	0.04%	0.02%	0.04%	
35	0.12%	0.06%	0.03%	0.04%	
40	0.18%	0.08%	0.06%	0.07%	
45	0.25%	0.13%	0.11%	0.12%	
50	0.35%	0.20%	0.20%	0.20%	
55	0.50%	0.29%	0.34%	0.35%	
60					40%
65					10%
70					100%

However, 100% of members who have 30 or more years of service or who have reached age 70 are assumed to retire immediately.

**4. Mortality After Retirement**

For retirees and beneficiaries, the 1983 Group Annuity Mortality Table rates. The following are sample rates:

Age	Male	Female	Age	Male	Female
50	0.39%	0.16%	70	2.75%	1.24%
55	0.61%	0.25%	75	4.46%	2.40%
60	0.92%	0.42%	80	7.41%	4.29%
65	1.56%	0.71%	85	11.48%	6.99%

**5. Marriage Assumption**

100% of all active and special contributor members are assumed to be married, with female spouses being 4 years younger.

**6. Asset Valuation Method**

Actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return. The amount recognized each year is 20% of the difference between market and expected actuarial value. The actuarial value of assets is limited to a range between 80% and 120% of market value.



## Actuarial Section

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7. **Cost Methods**

a. **Normal Retirement, Termination, Death and Disability Benefits**

Projected benefit method with level percentage entry age normal cost and close-end unfunded actuarial accrued liability. Gains and losses are amortized over the closed period.

b. **Group Life Insurance Benefit**

One-year term cost method.

8. **Cost-of-Living Increases**

2.00% per annum.

9. **Payroll Growth Rate**

2.00% per annum.

10. **Administrative and Investment Expenses**

The investment return assumption represents the expected return net of all administrative and investment expenses.

11. **Changes from Prior Valuation**

The funding period amortization schedule increased from 23 years to 26 years to compensate for the legislation allowing active members to receive their benefits while remaining in service, once they have 30 or more years of service or have reached age 70 during the year. The retirement rates were modified so that we now assume 100% of members who have reached age 70 or who have credit for 30 or more years of service will begin receiving their benefits immediately, whether or not remaining in service.

12. **Adoption Date**

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on April 23, 1996, and were modified effective July 1, 2002, to reflect legislation adoption in 2002 to allow certain members to receive their benefits while continuing to serve in the General Assembly.

## Actuarial Section

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### Development of Actuarial Value of Assets

*(All dollar amounts are in thousands)*

(1) Actuarial Value of Assets on July 1, 2001	\$ 42,788
(2) 2001/2002 Net Cash Flow	
a. Contributions	3,270
b. Disbursements	(4,690)
c. Net Cash Flow	
(2)a - (2)b	(1,420)
(3) Expected Investment Return	
[(1) x .0725] + [(2)c x .03625]	3,051
(4) Expected Actuarial Value of Assets on July 1, 2002	
(1) + (2)c + (3)	44,419
(5) Market Value of Assets on July 1, 2002	41,531
(6) Excess of Market Value over Expected Actuarial Value	
(5) - (4)	(2,888)
(7) 20% Adjustment towards Market	
.20 x (6)	(578)
(8) Actuarial Value of Assets on July 1, 2002	
(4) + (7)	\$ 43,841

## Actuarial Section

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### Judges and Solicitors Retirement System Summary of Actuarial Assumptions and Methods

**1. Interest to be Earned by Fund**

7.25% per annum, compounded annually.

**2. Salary Increases**

5.25% per annum, compounded annually.

**3. Disability and Pre-retirement Mortality Rates**

The following are representative values of the assumed annual rates of disability and pre-retirement death.

<u>Age</u>	<u>Annual Rate of</u>		
	<u>Disability</u>	<u>Pre-retirement Death</u>	
		<u>Male</u>	<u>Female</u>
25	0.05%	0.09%	0.05%
30	0.06%	0.11%	0.05%
35	0.07%	0.14%	0.09%
40	0.10%	0.18%	0.11%
45	0.15%	0.28%	0.17%
50	0.25%	0.46%	0.25%
55	0.44%	0.75%	0.36%
60	0.82%	1.44%	0.53%
65	2.10%	3.30%	0.83%
69	5.20%	4.50%	1.28%

No in-service withdrawals are assumed.

**4. Mortality After Retirement**

For healthy retirees and beneficiaries, the 1983 Group Annuity Mortality Table rates. A separate table of mortality rates is used for disability retirees. The following are sample rates for the healthy retirees and beneficiaries:

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
60	0.92%	0.42%	75	4.46%	2.40%
65	1.56%	0.71%	80	7.41%	4.29%
70	2.75%	1.24%	85	11.48%	6.99%

**5. Normal Retirement Assumption**

Upon meeting the retirement eligibility requirement, participants are assumed to retire in the following manner:

<u>Age</u>	<u>Portion Retiring</u>
Under 70	10%
70 & over	100%

**6. Marriage Assumption**

95% of all active members are assumed to be married with female spouses being 4 years younger.

## Actuarial Section

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**7. Asset Valuation Method**

Actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return. The amount recognized each year is 20% of the difference between market and expected actuarial value. The actuarial value of assets is limited to a range between 80% and 120% of market value.

**8. Cost Methods**

a. Normal Retirement, Termination, Death and Disability Benefits

Projected benefit method with level percentage entry age normal cost. Gains and losses are reflected in the period remaining to liquidate the unfunded actuarial accrued liability.

b. Group Life Insurance Benefit

One-year term cost method.

**9. Cost-of-Living Increases**

4.25% per annum.

**10. Payroll Growth Rate**

5.25% per annum.

**11. Changes from Prior Valuation**

None.

**12. Adoption Date**

The current actuarial assumptions were adopted by the State Budget and Control Board on April 23, 1996.

### Development of Actuarial Value of Assets *(All dollar amounts are in thousands)*

(1) Actuarial Value of Assets on July 1, 2001	\$ 94,795
(2) 2001/2002 Net Cash Flow	
a. Contributions	7,621
b. Disbursements	(8,200)
c. Net Cash Flow	
(2)a - (2)b	(579)
(3) Expected Investment Return	
[(1) x .0725] + [(2)c x .03625]	6,852
(4) Expected Actuarial Value of Assets on July 1, 2002	
(1) + (2)c + (3)	101,068
(5) Market Value of Assets on July 1, 2002	96,099
(6) Excess of Market Value over Expected Actuarial Value	
(5) - (4)	(4,969)
(7) 20% Adjustment towards Market	
.20 x (6)	(994)
(8) Actuarial Value of Assets on July 1, 2002	
(4) + (7)	\$ 100,074

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## Actuarial Section

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### South Carolina Retirement System Schedule of Active Member Valuation Data As of July 1, 2002

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-02	746	189,166	\$ 6,147,712	\$ 32,499	3.42%
7-01-01	739	191,494	6,017,537	31,424	5.15%
7-01-00	729	196,825	5,881,847	29,884	5.49%
7-01-99	726	193,213	5,473,759	28,330	3.83%
7-01-98	720	190,259	5,191,048	27,284	2.78%
7-01-97	725	185,597	4,927,124	26,547	4.40%
7-01-96	713	178,540	4,540,100	25,429	3.28%
7-01-95	718	175,410	4,318,800	24,621	4.80%
7-01-94	707	173,973	4,087,078	23,493	1.01%
7-01-93	755	171,546	3,989,960	23,259	3.46%

### Police Officers Retirement System Schedule of Active Member Valuation Data As of July 1, 2002

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-02	302	23,963	\$ 757,393	\$ 31,607	3.59%
7-01-01	296	24,821	757,335	30,512	5.50%
7-01-00	297	24,782	716,749	28,922	4.82%
7-01-99	307	23,127	638,086	27,591	4.11%
7-01-98	301	22,883	606,426	26,501	2.83%
7-01-97	297	21,829	562,553	25,771	4.31%
7-01-96	291	20,461	505,516	24,706	2.20%
7-01-95	280	19,657	475,176	24,173	5.11%
7-01-94	267	18,665	429,264	22,998	1.29%
7-01-93	276	17,760	403,249	22,705	1.63%

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## Actuarial Section

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### General Assembly Retirement System Schedule of Active Member Valuation Data As of July 1, 2002

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-02	2	200	\$ 4,515	\$ 22,573	(0.91%)
7-01-01	2	209	4,761	22,781	(0.12%)
7-01-00	2	213	4,858	22,808	0.31%
7-01-99	2	219	4,979	22,737	(0.26%)
7-01-98	2	211	4,810	22,797	0.00%
7-01-97	2	207	4,721	22,800	1.79%
7-01-96	2	213	4,772	22,400	0.00%
7-01-95	2	210	4,704	22,400	0.00%
7-01-94	2	212	4,749	22,400	60.0%
7-01-93	2	211	2,954	14,000	0.00%

### Judges and Solicitors Retirement System Schedule of Active Member Valuation Data As of July 1, 2002

<u>Valuation Date</u>	<u>Number of Employers</u>	<u>Number of Active Members</u>	<u>Annual Payroll (in thousands)</u>	<u>Annual Average Pay</u>	<u>Percentage Increase In Average Pay</u>
7-01-02	2	128	\$ 14,211	\$ 111,026	0.73%
7-01-01	2	128	14,109	110,223	4.26%
7-01-00	2	125	13,214	105,715	4.49%
7-01-99	2	126	12,748	101,174	4.99%
7-01-98	2	120	11,564	96,363	3.05%
7-01-97	2	120	11,221	93,508	6.38%
7-01-96	2	115	10,109	87,904	0.81%
7-01-95	2	108	9,417	87,194	5.13%
7-01-94	2	109	9,040	82,936	-0.55%
7-01-93	2	106	8,840	83,396	3.41%

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## Actuarial Section

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### South Carolina Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2002 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
State Employees	58,908	\$ 2,060,141
Teachers	83,694	2,772,237
Other	<u>46,564</u>	<u>1,315,334</u>
Total	<u><u>189,166</u></u>	<u><u>\$ 6,147,712</u></u>

Note: In addition, there are 141,313 inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account.

### Police Officers Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2002 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	17,914	\$ 583,944
Women	<u>6,049</u>	<u>173,449</u>
Total	<u><u>23,963</u></u>	<u><u>\$ 757,393</u></u>

Note: In addition, there are 8,675 inactive members contributions still in the System. The results of the valuation were adjusted to take these members into account.



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## Actuarial Section

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### General Assembly Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2002 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	175	\$ 3,955
Women	25	560
Total	200	\$ 4,515

Note: There are 68 inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account.

### Judges and Solicitors Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2002 *(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
Men	107	\$ 11,958
Women	21	2,253
Total	128	\$ 14,211

Note: There are seven inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account.

## Actuarial Section

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### South Carolina Retirement System The Number and Annual Retirement Allowances of Retired Members and Beneficiaries

As of July 1, 2002

*(All dollar amounts are in thousands)*

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
<b>Service Retirements</b>		
Employees:		
Men	15,898	\$ 309,784
Women	16,302	215,309
Teachers:		
Men	6,488	141,638
Women	25,210	384,614
Total	63,989	1,051,345
<b>Disability Retirements</b>		
Employees:		
Men	2,592	27,592
Women	2,875	28,290
Teachers:		
Men	724	9,014
Women	2,796	30,157
Total	8,987	95,053
<b>Beneficiaries of Deceased Retired Members and Active Members</b>		
Men	1,558	9,827
Women	4,621	44,955
Total	6,179	54,782
Grand Total	79,064	\$ 1,201,180

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## Actuarial Section

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### Police Officers Retirement System The Number and Annual Retirement Allowances of Retired Members and Beneficiaries

As of July 1, 2002

*(All dollar amounts are in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
<b>Service Retirements</b>		
Men	4,919	\$ 83,114
Women	689	7,410
Total	5,608	90,524
<b>Disability Retirements</b>		
Men	986	15,874
Women	217	2,493
Total	1,203	18,367
<b>Beneficiaries of Deceased Members</b>		
Men	24	186
Women	871	8,057
Total	895	8,243
Grand Total	7,706	\$ 117,134

## Actuarial Section

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### General Assembly Retirement System The Number and Annual Retirement Allowances of Beneficiaries and Contingent Beneficiaries

As of July 1, 2002

*(All dollar amounts are in thousands)*

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
<b>Service Retirements</b>		
Men	183	\$ 3,376
Women	15	287
Total	198	3,663
<b>Disability Retirements</b>		
Men	1	15
Women	0	0
Total	1	15
<b>Beneficiaries of Deceased Members</b>		
Men	0	0
Women	67	995
Total	67	995
Grand Total	266	\$ 4,674

### Judges and Solicitors Retirement System The Number and Annual Retirement Allowances of Beneficiaries and Contingent Beneficiaries

As of July 1, 2002

*(All dollar amounts are in thousands)*

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
<b>Service Retirements</b>		
Men	83	\$ 6,802
Women	0	0
Total	83	6,802
<b>Disability Retirements</b>		
Men	1	81
Women	0	0
Total	1	81
<b>Beneficiaries of Deceased Members</b>		
Men	9	239
Women	33	930
Total	42	1,169
Grand Total	126	\$ 8,052

## Actuarial Section

### South Carolina Retirement System Schedule of Retirants Added to and Removed from Rolls *(Dollar amounts except average allowance in thousands)*

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of the Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
7-01-02	7,344	\$ 140,077	2,334	\$ 24,531	79,064	\$1,201,180	10.6%	\$ 15,193
7-01-01	12,523	284,739	2,474	23,735	74,054	1,085,634	31.7%	14,660
7-01-00	4,772	93,459	1,830	17,139	64,005	824,630	10.2%	12,884
7-01-99	4,961	68,522	2,436	12,175	61,063	748,310	8.1%	12,255
7-01-98	4,580	61,751	2,169	13,592	58,538	691,963	7.5%	11,321
7-01-97	4,601	78,201	2,346	10,928	56,127	643,804	11.7%	11,470
7-01-96	3,368	49,605	1,572	11,383	53,872	576,531	7.1%	10,702
7-01-95	4,153	58,435	1,399	9,970	52,076	538,289	9.9%	10,337
7-01-94	4,650	61,741	1,283	9,486	49,322	489,824	11.9%	9,931
7-01-93	3,169	50,738	1,246	7,900	45,955	437,569	10.9%	9,522

### Police Officers Retirement System Schedule of Retirants Added to and Removed from Rolls *(Dollar amounts except average allowance in thousands)*

Year Ended	Added to Rolls		Removed from Rolls		Rolls End of the Year		% Increase in Annual Allowances	Average Annual Allowances
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
7-01-02	956	\$ 17,378	220	\$ 2,639	7,706	\$ 117,134	14.4%	\$ 15,200
7-01-01	989	17,235	341	3,986	6,970	102,395	14.9%	14,691
7-01-00	549	9,979	152	1,581	6,322	89,146	10.4%	14,101
7-01-99	606	8,490	238	1,731	5,925	80,748	9.1%	13,628
7-01-98	492	6,924	154	1,085	5,557	73,989	8.6%	13,315
7-01-97	533	9,024	176	759	5,219	68,150	13.8%	13,058
7-01-96	415	5,866	100	791	4,862	59,885	9.3%	12,317
7-01-95	504	9,404	90	768	4,547	54,810	18.7%	12,054
7-01-94	523	6,025	81	594	4,133	46,174	13.3%	11,172
7-01-93	357	6,153	101	635	3,691	40,743	15.7%	11,038

## Actuarial Section

### General Assembly Retirement System Schedule of Retirants Added to and Removed from Rolls *(Dollar amounts except average allowance in thousands)*

<u>Year Ended</u>	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
7-01-02	24	\$ 453	9	\$ 160	266	\$ 4,674	6.7%	\$ 17,571
7-01-01	27	609	11	204	251	4,381	10.2%	17,454
7-01-00	8	118	7	110	235	3,976	0.2%	16,919
7-01-99	16	257	6	62	234	3,968	5.2%	16,957
7-01-98	9	125	6	159	224	3,773	(0.9%)	16,844
7-01-97	18	233	4	92	221	3,807	3.8%	17,226
7-01-96	6	159	4	43	207	3,666	3.3%	17,710
7-01-95	24	1,567	2	27	205	3,550	76.6%	17,317
7-01-94	8	61	1	7	183	2,010	2.8%	10,984
7-01-93	22	295	2	13	176	1,956	16.8%	11,114

### Judges and Solicitors Retirement System Schedule of Retirants Added to and Removed from Rolls *(Dollar amounts except average allowance in thousands)*

<u>Year Ended</u>	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls End of the Year</u>		<u>% Increase in Annual Allowances</u>	<u>Average Annual Allowances</u>
	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>	<u>Number</u>	<u>Annual Allowances</u>		
7-01-02	13	\$ 706	5	\$ 248	126	\$ 8,052	6.0%	\$ 63,905
7-01-01	9	685	6	442	118	7,594	3.3%	64,356
7-01-00	7	772	4	276	115	7,351	7.2%	63,926
7-01-99	9	598	3	209	112	6,855	6.0%	61,205
7-01-98	8	812	3	198	106	6,466	10.5%	60,996
7-01-97	4	746	4	187	101	5,852	10.6%	57,941
7-01-96	7	1,014	0	0	101	5,293	11.9%	52,406
7-01-95	8	802	1	63	94	4,729	18.5%	50,309
7-01-94	5	185	0	0	87	3,990	4.9%	45,862
7-01-93	8	521	1	70	82	3,805	13.4%	46,402

## Actuarial Section

### Summary of Accrued and Unfunded Accrued Liabilities (Amounts expressed in thousands)

	Valuation Date	Valuation Assets	Aggregate Accrued Liabilities	Actuarial Assets as a % of Actuarial Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Active Member Payroll
<b>SCRS</b>	7-01-02	\$19,298,174	\$22,446,574	86.0%	\$ 3,148,400	\$ 6,147,712	51.2%
	7-01-01	18,486,773	21,162,147	87.4%	2,675,374	6,017,537	44.5%
	7-01-00	17,286,108	19,414,972	89.0%	2,128,864	5,881,847	36.2%
	7-01-99	16,120,513	16,298,438	98.9%	177,925	5,473,759	3.3%
	7-01-98	14,946,070	15,952,345	93.7%	1,006,275	5,191,048	19.4%
	7-01-97	13,621,362	14,977,179	90.9%	1,355,817	4,927,124	27.5%
	7-01-96	12,499,235	14,062,092	88.9%	1,562,857	4,540,100	34.4%
	7-01-95	11,453,462	12,980,497	88.2%	1,527,035	4,318,827	35.4%
	7-01-94	10,308,386	12,776,483	80.7%	2,468,097	4,087,078	60.4%
	7-01-93	9,392,497	11,752,769	79.9%	2,360,272	3,989,960	59.2%
<b>PORS</b>	7-01-02	\$ 2,351,100	\$ 2,527,876	93.0%	\$ 176,776	\$ 757,393	23.3%
	7-01-01	2,197,982	2,324,257	94.6%	126,275	757,335	16.7%
	7-01-00	2,008,554	2,095,991	95.8%	87,437	716,749	12.2%
	7-01-99	1,844,517	1,898,237	97.2%	53,720	638,086	8.4%
	7-01-98	1,684,641	1,733,578	97.2%	48,937	606,426	8.1%
	7-01-97	1,512,390	1,570,816	96.3%	58,426	562,553	10.4%
	7-01-96	1,367,549	1,427,785	95.8%	60,236	505,516	11.9%
	7-01-95	1,236,610	1,299,119	95.2%	62,509	475,176	13.2%
	7-01-94	1,096,530	1,201,090	91.3%	104,560	429,264	24.4%
	7-01-93	981,524	1,063,874	92.3%	82,350	403,249	20.4%

Note: Effective 7-1-95, actuarial assumptions were changed as a result of a 5 year experience study, the interest assumption was changed from 8% to 7.25%, an assumption of future COLA adjustments was removed (SCRS and PORS) and the method of valuing assets was changed from book value to a smoothed market value.

Effective 7-1-99, actuarial assumptions were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, disability incidence assumptions and withdrawal rate assumption were revised for both SCRS and PORS. In addition, the assumed mortality rates for retired SCRS members were revised, along with the assumed mortality rates of active and disabled members for PORS.

Effective for the 7-1-2000 valuation, eligibility for an unreduced annuity under SCRS was reduced from 30 years service to 28 years. The SCRS also adopted a deferred retirement option plan.

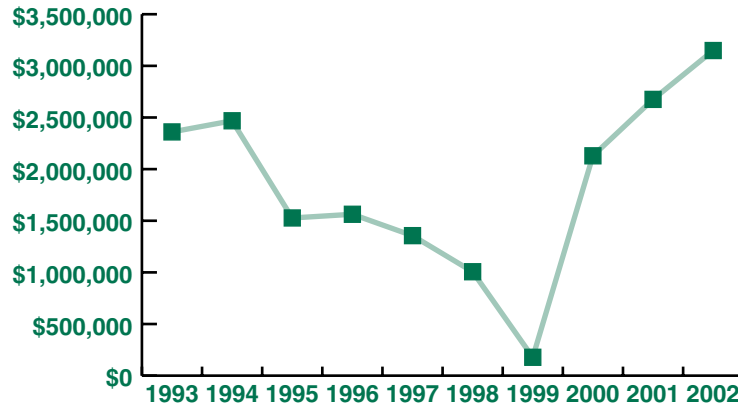


## Actuarial Section

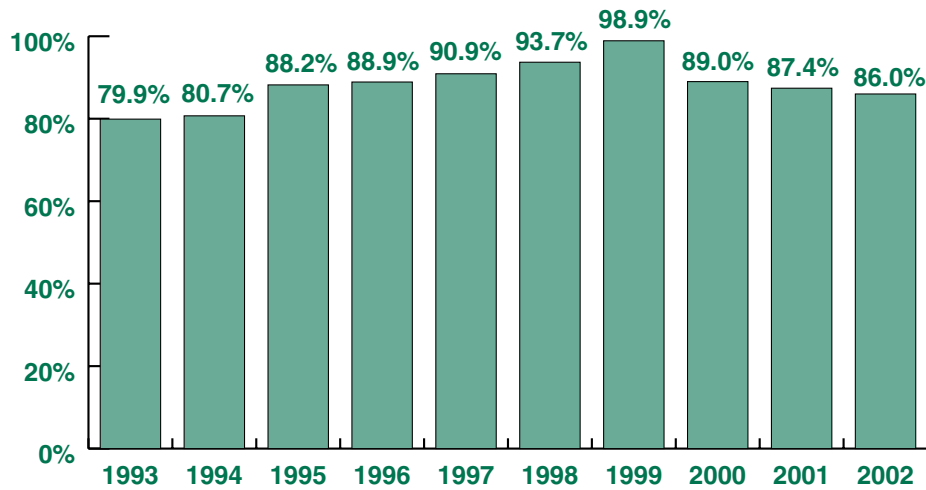
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### South Carolina Retirement System Funding Progress with Funded Ratios

**Unfunded Accrued Liabilities**  
(Amounts expressed in thousands)



**Funded Ratios**  
(Actuarial assets as a percentage of actuarial accrued liabilities)

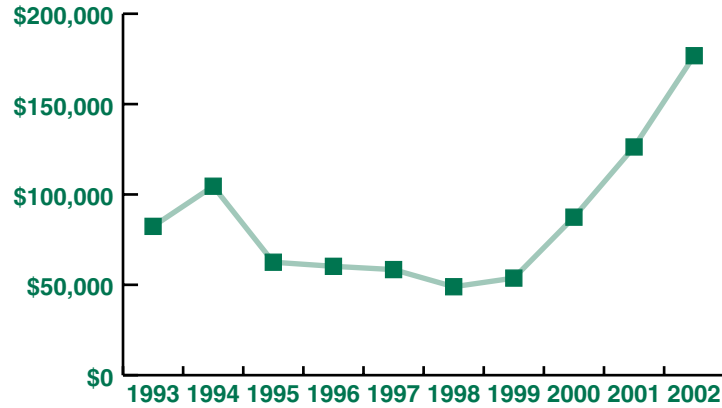


## Actuarial Section

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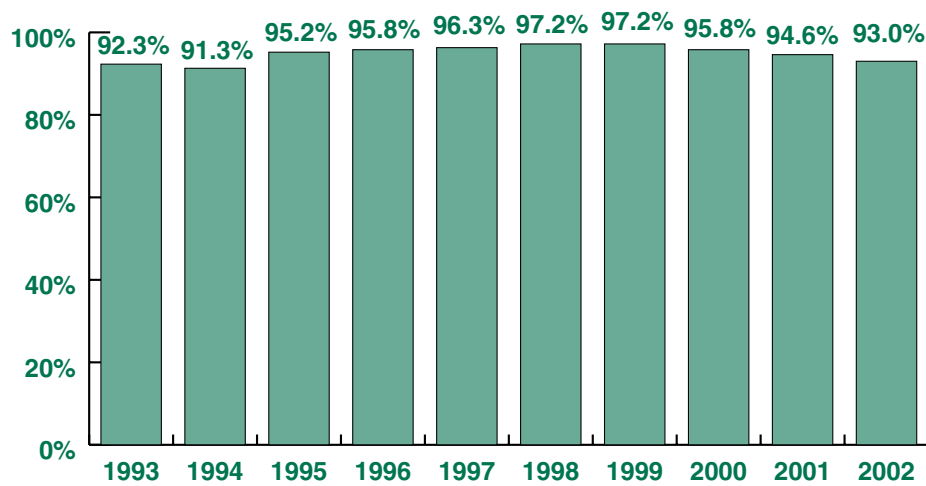
### Police Officers Retirement System Funding Progress with Funded Ratios

**Unfunded Accrued Liabilities**  
(Amounts expressed in thousands)



### Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



## Actuarial Section

### Summary of Accrued and Unfunded Accrued Liabilities (Amounts expressed in thousands)

GARS	Valuation Date	Valuation Assets	Aggregate Accrued Liabilities	Actuarial Assets as a % of Actuarial Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Active Member Payroll
	7-01-02	\$ 43,841	\$ 73,046	60.0%	\$ 29,205	\$ 4,515	646.9%
	7-01-01	42,788	68,291	62.7%	25,503	4,761	535.6%
	7-01-00	40,730	63,947	63.7%	23,217	4,858	477.9%
	7-01-99	38,685	63,501	60.9%	24,816	4,979	498.4%
	7-01-98	36,260	60,330	60.1%	24,070	4,810	500.4%
	7-01-97	33,627	60,052	56.0%	26,425	4,721	559.7%
	7-01-96	31,702	59,914	52.9%	28,213	4,771	591.3%
	7-01-95	30,528	58,577	52.1%	28,049	4,704	596.3%
	7-01-94	28,662	47,839	59.9%	19,177	4,749	403.8%
	7-01-93	26,790	30,408	88.1%	3,618	2,954	122.5%

JSRS	Valuation Date	Valuation Assets	Aggregate Accrued Liabilities	Actuarial Assets as a % of Actuarial Accrued Liabilities	Unfunded Accrued Liabilities	Annual Active Member Payroll	UAL as a % of Active Member Payroll
	7-01-02	\$ 100,074	\$ 166,440	60.1%	\$ 66,366	\$ 14,211	467.0%
	7-01-01	94,795	159,246	59.5%	64,451	14,109	456.8%
	7-01-00	87,536	144,631	60.5%	57,095	13,214	432.1%
	7-01-99	81,780	134,272	60.9%	52,492	12,748	411.8%
	7-01-98	75,699	124,756	60.7%	49,057	11,564	424.2%
	7-01-97	68,980	112,185	61.5%	43,205	11,221	385.0%
	7-01-96	62,850	101,020	62.2%	38,170	10,109	377.6%
	7-01-95	57,917	94,420	61.3%	36,503	9,417	387.6%
	7-01-94	52,040	83,322	62.5%	31,282	9,040	346.0%
	7-01-93	46,600	77,708	60.0%	31,108	8,840	351.9%

Note: Effective 7-1-95, the interest assumption was changed from 8% to 7.25% and the method of valuing assets was changed from book value to a smoothed market value.

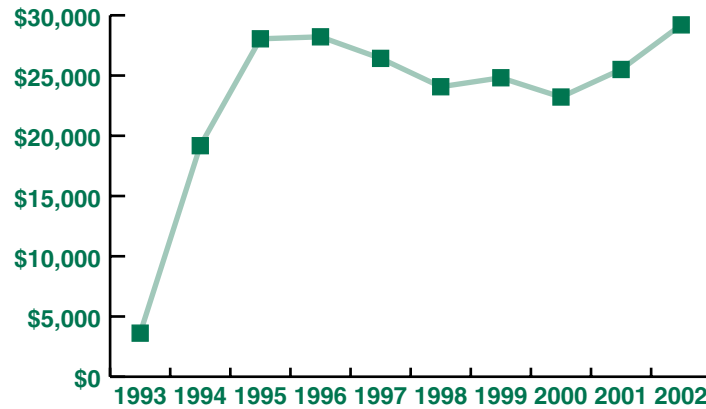
The July 1, 2002 GARS valuation reflected the change in legislation effective January 1, 2003, which allows a member who has attained the age of 70 or has 30 years of service to retire and draw an annuity while continuing to serve in the General Assembly.

## Actuarial Section

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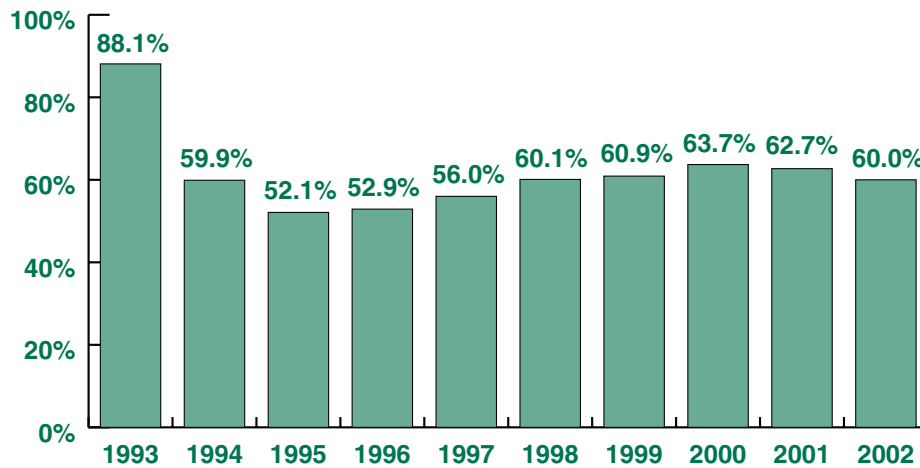
### General Assembly Retirement System Funding Progress with Funded Ratios

**Unfunded Accrued Liabilities**  
(Amounts expressed in thousands)



### Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)

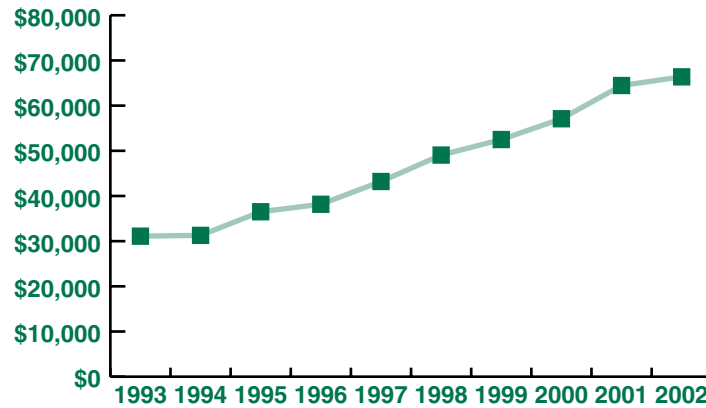


## Actuarial Section

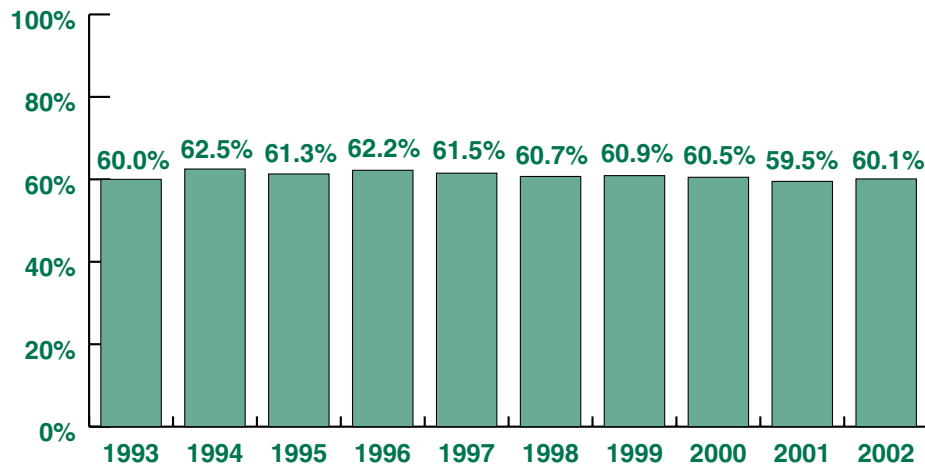
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### Judges and Solicitors Retirement System Funding Progress with Funded Ratios

**Unfunded Accrued Liabilities**  
*(Amounts expressed in thousands)*



**Funded Ratios**  
*(Actuarial assets as a percentage of actuarial accrued liabilities)*



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## Actuarial Section

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### South Carolina Retirement System Analysis of the Increase in the Unfunded Accrued Liability As of July 1, 2002 (Amounts expressed in millions)

Item:	Amount of Increase (Decrease)
Required amortization payment	\$ (6)
Experience:	
Valuation asset growth	215
Salary increases greater than expected	166
Other experience (1.3% COLA)	(51)
Plan changes	<u>149</u>
Total	<u>\$ 473</u>

### Police Officers Retirement System Analysis of the Increase in the Unfunded Accrued Liability As of July 1, 2002 (Amounts expressed in millions)

Item:	Amount of Increase (Decrease)
Required amortization payment	\$ (5.0)
Experience:	
Valuation asset growth	28.7
Salary increases greater than expected	(3.7)
Other experience (1.3% COLA)	17.8
Plan changes	<u>12.7</u>
Total	<u>\$ 50.5</u>

Note: This analysis was not performed for the General Assembly Retirement System and the Judges and Solicitors Retirement System.

## Actuarial Section

### Solvency Test (Amounts expressed in thousands)

	Valuation Date	(1)	(2)	(3)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Members (Employer Funded Portion)		(1)	(2)	(3)
<b>SCRS</b>	7-01-02	\$ 4,512,402	\$11,600,395	\$ 6,333,777	\$19,298,174	100%	100%	50.3%
	7-01-01	4,339,747	10,367,913	6,454,487	18,486,773	100%	100%	58.6%
	7-01-00	4,563,513	7,484,050	7,367,149	17,286,108	100%	100%	71.1%
	7-01-99	4,278,861	6,944,021	5,075,556	16,120,513	100%	100%	96.5%
	7-01-98	3,972,263	6,305,903	5,674,179	14,946,070	100%	100%	82.3%
	7-01-97	3,657,217	5,866,156	5,453,806	13,621,362	100%	100%	75.1%
	7-01-96	3,399,816	5,349,968	5,312,308	12,499,235	100%	100%	70.6%
	7-01-95	3,085,531	4,950,378	4,944,588	11,453,462	100%	100%	69.1%
	7-01-94	2,838,478	5,561,280	4,376,725	10,308,386	100%	100%	43.6%
	7-01-93	2,558,019	4,920,436	4,274,314	9,392,497	100%	100%	44.8%
<b>PORS</b>	7-01-02	\$ 492,178	\$ 1,136,998	\$ 898,700	\$ 2,351,100	100%	100%	80.3%
	7-01-01	464,217	977,769	882,271	2,197,982	100%	100%	85.7%
	7-01-00	427,449	844,631	823,911	2,008,554	100%	100%	89.4%
	7-01-99	389,456	783,042	725,739	1,844,517	100%	100%	92.6%
	7-01-98	352,424	702,155	678,999	1,684,641	100%	100%	92.8%
	7-01-97	314,217	645,356	611,243	1,512,390	100%	100%	90.4%
	7-01-96	284,655	565,405	577,726	1,367,549	100%	100%	89.6%
	7-01-95	251,255	519,795	528,069	1,236,610	100%	100%	88.2%
	7-01-94	226,608	547,189	427,293	1,096,530	100%	100%	75.5%
	7-01-93	199,005	459,268	405,601	981,524	100%	100%	79.7%

Note: Effective 7-1-95, actuarial assumptions were changed as a result of a 5 year experience study, the interest assumption was changed from 8% to 7.25%, an assumption of future COLA adjustments was removed (SCRS and PORS) and the method of valuing assets was changed from book value to a smoothed market value.

Effective 7-1-99, actuarial assumptions were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, disability incidence assumptions and withdrawal rate assumption were revised for both SCRS and PORS. In addition, the assumed mortality rates for retired SCRS members were revised, along with the assumed mortality rates of active and disabled members for PORS.

Effective for the 7-1-2000 valuation, eligibility for an unreduced annuity under SCRS was reduced from 30 years service to 28 years. The SCRS also adopted a deferred retirement option plan.



## Actuarial Section

### Solvency Test (Amounts expressed in thousands)

	Valuation Date	(1)	(2)	(3)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Members (Employer Funded Portion)		(1)	(2)	(3)
<b>GARS</b>	7-01-02	\$ 9,470	\$ 47,485	\$ 16,091	\$ 43,841	100%	72.4%	0.0%
	7-01-01	9,329	45,013	13,949	42,788	100%	74.3%	0.0%
	7-01-00	9,220	39,409	15,318	40,730	100%	80.0%	0.0%
	7-01-99	8,459	40,298	14,744	38,685	100%	75.0%	0.0%
	7-01-98	7,898	38,282	14,150	36,260	100%	74.1%	0.0%
	7-01-97	7,224	39,214	13,614	33,627	100%	67.3%	0.0%
	7-01-96	6,811	37,876	15,228	31,702	100%	65.7%	0.0%
	7-01-95	6,160	37,387	15,030	30,528	100%	65.2%	0.0%
	7-01-94	5,609	26,786	15,404	28,622	100%	85.9%	0.0%
	7-01-93	5,271	16,516	8,621	26,790	100%	100.0%	58.0%
<b>JSRS</b>	7-01-02	\$ 16,162	\$ 101,716	\$ 48,562	\$ 100,074	100%	82.5%	0.0%
	7-01-01	15,254	97,512	46,480	94,795	100%	81.6%	0.0%
	7-01-00	12,979	94,633	37,019	87,536	100%	78.8%	0.0%
	7-01-99	12,286	87,464	34,522	81,780	100%	79.5%	0.0%
	7-01-98	11,424	81,193	32,139	75,699	100%	79.2%	0.0%
	7-01-97	10,819	70,724	30,642	68,980	100%	82.2%	0.0%
	7-01-96	9,633	65,238	26,149	62,850	100%	81.6%	0.0%
	7-01-95	9,566	58,586	26,268	57,917	100%	82.5%	0.0%
	7-01-94	8,992	43,752	30,578	52,040	100%	98.4%	0.0%
	7-01-93	7,948	42,000	27,760	46,600	100%	92.0%	0.0%

Note: Effective 7-1-95, the interest assumption was changed from 8% to 7.25% and the method of valuing assets was changed from book value to a smoothed market value.

The July 1, 2002 GARS valuation reflected the change in legislation effective January 1, 2003, which allows a member who has attained the age of 70 or has 30 years of service to retire and draw an annuity while continuing to serve in the General Assembly.

# Actuarial Section

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## Summary of Basic Provisions

SCRS	PORS	GARS	JSRS
<b>1. Membership</b>			
All permanent, full-time and part-time employees of covered employers must join unless specifically exempted by statute or are eligible and elect to participate in the State ORP.	All police officers with principal job duties of preserving public order, protecting life and property, and detecting crimes in the state; firefighters with principal job duties of preventing or controlling property destruction by fire; magistrates; probate judges; coroners in full-time, permanent positions; or a peace officer employed by the SC Department of Corrections or the SC Department of Juvenile Justice. PORS members must earn at least \$2,000 and devote at least 1,600 hours per fiscal year to this work, unless exempted by statute.	Generally, all persons are required to participate upon taking office as member of the General Assembly unless exempted by statute.	All solicitors, judges of a Circuit or Family Court, and justices of the Court of Appeals and Supreme Court are required to participate upon taking office unless exempted by statute.
<b>2. Employee Contributions</b>			
<b>Class I</b> 5% of earnable compensation	<b>Class I</b> \$21 per month		
<b>Class II</b> 6% of earnable compensation	<b>Class II</b> 6.5% of earnable compensation	10% of earnable compensation	7% of earnable compensation
<b>3. Employer Contributions</b>			
<b>Class I</b> 4.25% of earnable compensation	<b>Class I</b> 7.8% of earnable compensation		
<b>Class II</b> 7.55% of earnable compensation for State Agencies and Public Schools	<b>Class II</b> 10.3% of earnable compensation	Annual lump-sum appropriation	41.66% of earnable compensation
6.7% of earnable compensation for all other participating employers			
<b>Group Life Insurance</b> 0.15% of earnable compensation	<b>Group Life Insurance</b> 0.2% of earnable compensation	<b>Group Life Insurance</b> Included within annual lump-sum appropriation	<b>Group Life Insurance</b> 0.75% of earnable compensation
<b>Accidental Death Program</b> N/A	<b>Accidental Death Program</b> 0.2% of earnable compensation	<b>Accidental Death Program</b> N/A	<b>Accidental Death Program</b> N/A
<b>4. Vesting Requirements</b>			
5 years earned service	5 years earned service	8 years	12 years in position
The member is entitled to a deferred annuity at age 60.	The member is entitled to a deferred annuity at age 55.	The member is entitled to a deferred annuity at age 60.	The member is entitled to a deferred annuity at age 55 with 12 years in the position.

# Actuarial Section

## SCRS

## PORS

## GARS

## JSRS

### 5. Normal Retirement Age

Age 65

Age 55

Age 60

Varies depending on service

### 6. Requirements for Full Service Retirement

Age 65 or 28 years of credited service

Age 55 with 5 years of service or 25 years of credited service

Age 60 or 30 years of service

Age 70 with 15 years of service

The member must have a minimum of five years of earned service to qualify for retirement.

The member must have a minimum of five years of earned service to qualify for retirement.

Age 70 or 30 years of service while continuing to serve in the General Assembly

Age 65 with 20 years of service

Age 65 with 4 years in position and at least 25 years other service with the state

#### Judges

25 years of service regardless of age

#### Solicitors

24 years of service regardless of age

### 7. Early Retirement

Age 60 with 5% reduction for each year of age under age 65

Age 55 with five years of service credit

Age 60 with 8 years of service credit

Age 55 with 12 years of service in the position of a judge or a solicitor

Age 55 with 25 years service, reduced 4% for each year of service under 28

The member must have a minimum of five years of earned service to qualify for early retirement.

The member must have a minimum of five years of earned service to qualify for early retirement.

### 8. Formula for Normal Service Retirement

#### Class I

1.45% of Average Final Compensation times years of credited service

#### Class I

\$10.97 per month

4.82% of earnable compensation times years of credited service

Annual allowance of 71.3% of the current active salary of the member's position

#### Class II

1.82% of Average Final Compensation times years of credited service

#### Class II

2.14% of Average Final Compensation times years of credited service

Benefit formula increases by 2.67% for each year of active service over 25 years for judges or over 24 years for solicitors. The retirement allowance may not exceed 90% of the current active salary for the member's position.

### 9. Requirements for Disability Retirement

5 years of earned service unless injury is job related

5 years of earned service unless injury is job related

5 years of credited service

5 years of credited service

### 10. Formula for Disability Retirement

The disability retirement benefit based on a projection of service credit to age 65 with an actuarial reduction.

The disability retirement benefit is based on a projection of service credit to age 55.

The disability retirement benefit is based on the greater of the following options:

- a. Service benefit based upon actual credited service or
- b. 50% of service benefit based on projection of service to earlier of age 60 or 35 years service.

The disability retirement benefit is based on the service retirement formula.

## Actuarial Section

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### SCRS

### PORS

### GARS

### JSRS

#### 11. Benefit Options

##### **Option A**

##### **(Maximum/Retiree Only)**

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

##### **Option B**

##### **(100% - 100% Joint Retiree/Survivor)**

Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary.

##### **Option C**

##### **(100% - 50% Joint Retiree/Survivor)**

Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.

Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.

##### **Option A**

##### **(Maximum/Retiree Only)**

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

##### **Option B**

##### **(100% - 100% Joint Retiree/Survivor)**

Provides a reduced (from Option A) lifetime benefit that upon retiree's death continues to retiree's beneficiary.

##### **Option C**

##### **(100% - 50% Joint Retiree/Survivor)**

Provides a reduced (from Option A) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity.

Note: If a retiree selects Option B or Option C and all of the retiree's beneficiaries predecease the retiree, the retiree's benefit will revert to Option A.

##### **Maximum Benefit**

##### **(Retiree Only)**

Formula benefit as calculated in item 8. Non-recovered contributions paid upon death.

##### **Option 1**

Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death continues to retiree's beneficiary. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.

##### **Option 2**

Provides a reduced (from the Maximum Benefit) lifetime benefit that upon retiree's death will continue to retiree's beneficiary at 50% of the retiree's annuity. Benefit will not revert to Maximum if all of the retiree's beneficiaries predecease the retiree.

##### **Revert to Maximum (1A or 2A)**

This feature will allow benefits to be changed to the Maximum Benefit if the retiree selects Option 1 or Option 2 and all of the retiree's beneficiaries predecease the retiree.

##### **Maximum Benefit**

##### **Retiree/One-Third Spouse)**

Formula as calculated in item 8. Continued annuity of one-third of member's benefit to a spouse beneficiary upon death of retiree or return of contributions to a designated non-spouse beneficiary.

##### **Optional Allowance**

Provides a reduced (from the Maximum Benefit) lifetime annuity that upon the retiree's death will continue at one-third of the retiree's annuity to a non-spouse beneficiary (or in equal shares to multiple beneficiaries).

#### 12. Teacher and Employee Retention Incentive (TERI) Program

Upon meeting retirement eligibility, a member can elect to retire and continue working under the TERI program for a maximum of five years, after which employment will cease. During TERI participation, the retirement annuity will not be paid to the TERI retirees, but will be accumulated in TERI accounts and will be distributed to the members upon termination of employment. The annuity amount credited to the TERI account is the same monthly annuity that would have been paid directly to the retiree had he or she not deferred the receipt of his or her annuity while continuing to work as a TERI participant. No interest is credited to the TERI account. Member contributions cease, but employer contributions continue during TERI participation.

N/A

N/A

N/A

## Actuarial Section

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### SCRS

### PORS

### GARS

### JSRS

#### 13. Post Retirement Increase

Increase in Consumer Price Index, up to 4%. (Increases are not guaranteed and must be approved annually subject to compliance with statute.)

Increase in Consumer Price Index, up to 4%. (Increases are not guaranteed and must be approved annually subject to compliance with statute.)

Retired member receives benefit based on current salary for member's position.

Retired member receives benefit based on current salary for member's position.

#### 14. Accidental Death Program

N/A

Provides 50% of earnable compensation at time of accidental death in the line of duty as an annuity to either the surviving spouse, children, or parents.

N/A

N/A

#### 15. Group Life Insurance Benefits

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon years of service at retirement.

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirements for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$6,000 based upon year of service at retirement.

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.

- Lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service.
- No service requirement for death resulting from an injury arising out of the actual performance of duties for an active member.
- Lump-sum payment to retiree's beneficiary of up to \$3,000 based upon years of service at retirement.

#### 16. Withdrawal of Employee Contributions

Accumulated contributions, plus interest, payable 90 days after termination of all covered employment.

Accumulated contributions, plus interest, payable 90 days after termination of all covered employment.

Accumulated contributions, plus interest, paid as promptly as feasible after request after termination of all covered employment.

Accumulated contributions, plus interest, paid as promptly as feasible after request after termination of all covered employment.

# Information Services



Seated (left to right): Diane Brown, Linda Talbert, Lisa Phipps. Standing (left to right): Mike Allinger, Lisa Stewart, Bryan Amodio, Randy Byars.



Seated (left to right): Julie Coles, Kathy Dupuy, Sherron Ellison. Standing (left to right): Brad Douglass, Tony Garner, Mickey Eller, Mike Brunner.



Seated (left to right): Steve Johnson, Cherrie Longshore, Nick Leventis. Standing (left to right): Larry Madern, Marcus McCollum, Nick Linenberger, Darryl Twiggs, Barry McDaniel.



Seated (left to right): Norma Lever, Trish Moorner, Sherrie McDaniel. Standing (left to right): Wayne Sams, Don Sears, Mary Milling, Randy Nollf, Eddie Sykes.

Statistical Section

Not present for photographs: Mike Nivens, Sara Brooks, Eileen Tate

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## Statistical Section

### South Carolina Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Supplemental Benefit Revenue	% of Total Revenue	Total Revenue
2003	\$ 408,359	15.8%	\$ 512,345	19.8%	\$ 1,662,781	64.3%	\$ 2,688	0.1%	\$ 2,586,173
2002	413,905	37.8%	509,044	46.4%	170,284	15.5%	3,141	0.3%	1,096,374
2001	435,075	19.6%	491,329	22.1%	1,293,997	58.2%	3,518	0.1%	2,223,919
2000	379,491	23.3%	455,914	27.9%	792,282	48.6%	3,873	0.2%	1,631,560
1999	353,119	30.1%	419,918	35.9%	393,856	33.6%	4,356	0.4%	1,171,249
1998	335,849	12.7%	398,845	15.1%	1,904,740	72.0%	4,880	0.2%	2,644,314
1997	306,678	16.2%	374,452	19.7%	1,212,272	63.8%	5,305	0.3%	1,898,707
1996	298,198	23.1%	359,268	27.8%	628,562	48.7%	5,813	0.4%	1,291,841
1995	288,997	12.7%	340,843	14.9%	1,644,707	72.1%	6,293	0.3%	2,280,840
1994	275,223	19.0%	323,180	22.3%	841,332	58.2%	6,848	0.5%	1,446,583

### Police Officers Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Supplemental Benefit Revenue	% of Total Revenue	Total Revenue
2003	\$ 56,581	17.2%	\$ 87,084	26.6%	\$ 184,177	56.2%	\$ 82	0.0%	\$ 327,924
2002	57,778	34.8%	89,366	53.9%	18,670	11.2%	92	0.1%	165,906
2001	56,952	18.9%	94,312	31.3%	149,574	49.7%	104	0.1%	300,942
2000	50,438	22.9%	76,267	34.6%	93,425	42.4%	113	0.1%	220,243
1999	46,211	27.2%	70,197	41.3%	53,304	31.4%	124	0.1%	169,836
1998	44,590	14.0%	66,619	20.8%	207,998	65.1%	132	0.1%	319,339
1997	38,931	16.7%	62,038	26.6%	131,834	56.6%	137	0.1%	232,940
1996	37,237	22.9%	55,956	34.4%	69,379	42.6%	142	0.1%	162,714
1995	34,762	13.7%	52,350	20.6%	166,836	65.6%	150	0.1%	254,098
1994	31,487	18.6%	47,866	28.2%	90,088	53.1%	158	0.1%	169,599

\* Investment income for fiscal years ended June 30, 1995, and after include unrealized gains and losses in accordance with GASB Statement 25.

## Statistical Section

### General Assembly Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Total Revenue
2003							
2002	\$ 619	8.6%	\$ 2,577	35.8%	\$ 4,005	55.6%	\$ 7,201
2001	643	19.5%	2,627	79.7%	28	0.8%	3,298
2000	904	14.0%	2,510	39.0%	3,022	47.0%	6,436
1999	638	12.5%	2,636	51.7%	1,827	35.8%	5,101
1998	783	16.6%	2,768	58.5%	1,180	24.9%	4,731
1997	686	8.8%	2,796	35.7%	4,337	55.5%	7,819
1996	566	9.5%	2,492	41.7%	2,922	48.9%	5,980
1995	586	15.1%	1,679	43.1%	1,626	41.8%	3,891
1994	603	10.1%	1,225	20.4%	4,160	69.5%	5,988
	339	8.8%	1,163	30.2%	2,346	61.0%	3,848

### Judges and Solicitors Retirement System Revenue by Source *(Amounts expressed in thousands)*

Year Ended June 30,	Employee Contributions and Transfers	% of Total Revenue	Total Employer Contributions and Transfers	% of Total Revenue	Investment Income*	% of Total Revenue	Total Revenue
2003							
2002	\$ 1,209	7.5%	\$ 6,014	37.6%	\$ 8,795	54.9%	\$ 16,018
2001	1,628	18.8%	5,993	69.3%	1,025	11.9%	8,646
2000	2,216	14.6%	5,875	38.6%	7,128	46.8%	15,219
1999	1,194	11.2%	5,659	53.2%	3,791	35.6%	10,644
1998	1,364	14.8%	5,485	59.6%	2,352	25.6%	9,201
1997	1,246	7.9%	4,991	31.7%	9,520	60.4%	15,757
1996	1,321	11.0%	4,771	39.6%	5,949	49.4%	12,041
1995	970	11.6%	4,244	50.5%	3,185	37.9%	8,399
1994	833	6.4%	4,080	31.2%	8,170	62.4%	13,083
	938	9.9%	3,930	41.6%	4,576	48.5%	9,444

\* Investment income for fiscal years ended June 30, 1995, and after include unrealized gains and losses in accordance with GASB Statement 25.

## Statistical Section

### South Carolina Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		TERI Expenses		Group Life Expenses		Annuity Supplements		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2003	\$60,133	-5.9%	\$1,022,993	6.9%	\$240,667	24.5%	\$14,759	9.4%	\$2,688	-14.4%	\$14,447	-3.1%	\$1,355,687
2002	63,936	-7.2%	957,114	10.7%	193,283	242.2%	13,492	5.0%	3,141	-10.7%	14,910	-3.0%	1,245,876
2001	68,894	-4.9%	864,235	10.9%	56,487		12,850	28.2%	3,518	-9.2%	15,374	1.3%	1,021,358
2000	72,452	-14.3%	779,297	8.9%			10,026	27.3%	3,873	-11.1%	15,175	11.1%	880,823
1999	84,536	37.2%	715,878	8.0%			7,873	-15.1%	4,356	-10.7%	13,659	6.5%	826,302
1998	61,629	17.2%	662,825	9.9%			9,277	16.6%	4,880	-8.0%	12,822	17.6%	751,433
1997	52,568	1.4%	602,922	7.7%			7,957	-15.6%	5,305	-8.7%	10,899	3.5%	679,651
1996	51,833	14.3%	559,991	6.8%			9,429	19.6%	5,813	-7.6%	10,526	15.4%	637,592
1995	45,358	15.4%	524,311	12.2%			7,881	8.8%	6,293	-8.1%	9,124	59.8%	592,967
1994	39,291	8.0%	467,185	9.6%			7,241	-8.0%	6,848	-6.6%	5,711	-12.7%	526,276

### Police Officers Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		Accidental Death Expenses		Group Life Expenses		Annuity Supplements		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2003	\$11,452	2.1%	\$124,634	12.1%	\$ 955	11.3%	\$ 1,594	-0.9%	\$ 82	-10.9%	\$ 1,572	3.4%	\$140,289
2002	11,214	-2.5%	111,216	17.8%	858	7.7%	1,608	14.9%	92	-11.5%	1,520	-2.0%	126,508
2001	11,498	8.0%	94,439	11.9%	797	8.3%	1,399	-0.4%	104	-8.0%	1,551	1.7%	109,788
2000	10,643	-2.7%	84,386	8.7%	736	5.3%	1,404	118.0%	113	-8.9%	1,525	14.5%	98,807
1999	10,940	29.0%	77,654	9.1%	699	9.6%	644	-53.1%	124	-6.1%	1,332	19.9%	91,393
1998	8,482	14.7%	71,161	11.3%	638	3.2%	1,373	49.4%	132	-3.6%	1,111	2.5%	82,897
1997	7,392	5.7%	63,958	9.8%	618	6.6%	919	-16.5%	137	-3.5%	1,084	-5.3%	74,108
1996	6,991	4.9%	58,257	8.6%	580	2.8%	1,101	13.6%	142	-5.3%	1,145	17.0%	68,216
1995	6,665	19.5%	53,653	18.8%	564	-1.9%	969	22.8%	150	-5.1%	979	64.8%	62,980
1994	5,577	9.6%	45,145	14.2%	575	7.9%	789	-20.7%	158	-5.4%	594	-12.5%	52,838

## Statistical Section

### General Assembly Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		Group Life Expenses		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2003	\$ 72	213.0%	\$ 5,073	11.8%	\$ 5	-58.3%	\$ 84	-43.2%	\$ 5,234
2002	23	-39.5%	4,537	8.1%	12	-71.4%	148	108.5%	4,720
2001	38	137.5%	4,197	5.0%	42	16.7%	71	6.0%	4,348
2000	16	-67.3%	3,998	1.4%	36	300.0%	67	3.1%	4,117
1999	49	-22.2%	3,941	4.5%	9	0.0%	65	-65.4%	4,064
1998	63	152.0%	3,771	0.5%	9	-88.3%	188	652.0%	4,031
1997	25	-40.5%	3,751	4.8%	77	97.4%	25	-7.4%	3,878
1996	42	223.1%	3,579	23.2%	39	290.0%	27	8.0%	3,687
1995	13	-55.2%	2,905	47.5%	10	400.0%	25	56.3%	2,953
1994	29	-25.6%	1,969	6.8%	2	-75.0%	16	-15.8%	2,016

### Judges and Solicitors Retirement System Summary of Expenses by Type (Amounts expressed in thousands)

Year Ended June 30,	Member Refunds		Annuity Expenses		Group Life Expenses		Administrative Charges and Other Expenses		Total Expenses
	Amount	% Increase	Amount	% Increase	Amount	% Increase	Amount	% Increase	
2003	\$ -	-100.0%	\$ 8,217	1.9%	\$ 8	14.3%	\$ 67	3.1%	\$ 8,292
2002	130		8,063	8.6%	7	16.7%	65	-3.0%	8,265
2001		-100.0%	7,426	6.4%	6	-60.0%	67	0.0%	7,499
2000	71	39.2%	6,979	2.4%	15	150.0%	67	11.7%	7,132
1999	51		6,813	11.7%	6	500.0%	60	20.0%	6,930
1998			6,100	12.1%	1	-80.0%	50	0.0%	6,151
1997			5,443	3.1%	5	66.7%	50	-5.7%	5,498
1996		-100.0%	5,278	15.1%	3	200.0%	53	15.2%	5,334
1995	2		4,584	18.0%	1	-98.9%	46	64.3%	4,633
1994			3,884	2.5%	92	2966.7%	28	-9.7%	4,004

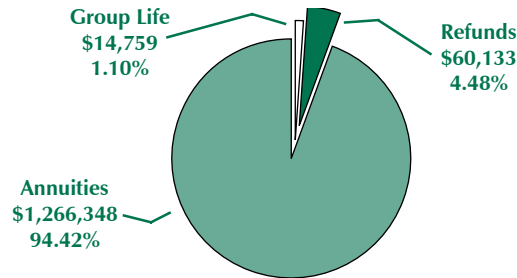
## Statistical Section

### Summary of Benefit Expenses by Type (Amounts expressed in thousands)

#### South Carolina Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/ Other	Total Refunds	Member	Survivor/ Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2003	\$ 56,377	\$ 3,756	\$ 60,133	\$1,209,621	\$ 56,727	\$1,266,348	\$ 7,341	\$ 7,418	\$ 14,759	\$ 1,341,240
2002	60,122	3,814	63,936	1,099,953	53,585	1,153,538	6,898	6,594	13,492	1,230,966
2001	65,767	3,127	68,894	875,053	49,187	924,240	6,947	5,903	12,850	1,005,984
2000	69,468	2,984	72,452	738,149	45,021	783,170	6,979	3,047	10,026	865,648
1999	82,589	1,947	84,536	678,403	41,831	720,234	4,802	3,071	7,873	812,643
1998	58,886	2,743	61,629	628,804	38,901	667,705	6,344	2,933	9,277	738,611

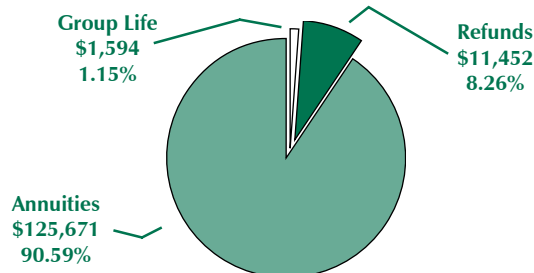
#### Schedule of Benefit Expenses For the Year Ended June 30, 2003



#### Police Officers Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/ Other	Total Refunds	Member	Survivor/ Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2003	\$ 11,155	\$ 297	\$ 11,452	\$ 116,180	\$ 9,491	\$ 125,671	\$ 978	\$ 616	\$ 1,594	\$ 138,717
2002	10,829	385	11,214	103,286	8,880	112,166	1,056	552	1,608	124,988
2001	10,983	515	11,498	87,208	8,132	95,340	878	521	1,399	108,237
2000	10,382	261	10,643	77,143	7,356	84,499	1,082	322	1,404	96,546
1999	10,649	291	10,940	71,546	6,931	78,477	286	358	644	90,061
1998	8,238	244	8,482	65,379	6,552	71,931	1,077	296	1,373	81,786

#### Schedule of Benefit Expenses For the Year Ended June 30, 2003



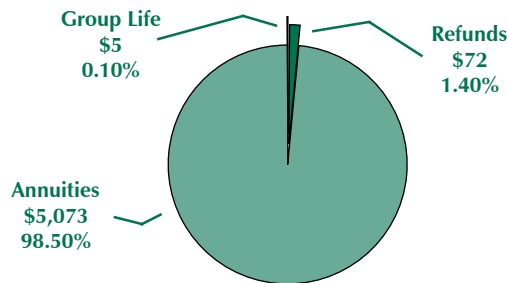
## Statistical Section

### Summary of Benefit Expenses by Type (Amounts expressed in thousands)

#### General Assembly Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/ Other	Total Refunds	Member	Survivor/ Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2003	\$ 70	\$ 2	\$ 72	\$ 4,045	\$ 1,028	\$ 5,073		\$ 5	\$ 5	\$ 5,150
2002	21	2	23	3,542	995	4,537	-	12	12	4,572
2001	38		38	3,308	889	4,197		16	42	4,277
2000	3	13	16	3,178	820	3,998	26	13	36	4,050
1999	49		49	3,108	833	3,941	23	9	9	3,999
1998		63	63	3,019	752	3,771		9	9	3,843

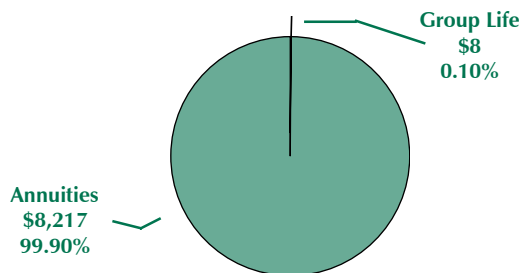
#### Schedule of Benefit Expenses For the Year Ended June 30, 2003



#### Judges and Solicitors Retirement System

Year Ended June 30,	Refunds			Annuity Expenses			Group Life Expenses			Total Benefit Expenses
	Member	Survivor/ Other	Total Refunds	Member	Survivor/ Other	Total Annuities	Active Member	Retired Member	Total Group Life	
2003	\$ -	\$ -	\$ -	\$ 7,047	\$ 1,170	\$ 8,217	\$ -	\$ 8	\$ 8	\$ 8,225
2002	130		130	6,949	1,114	8,063		7	7	8,200
2001				6,380	1,046	7,426		6	6	7,432
2000	71		71	6,043	936	6,979		15	15	7,065
1999	51		51	6,022	791	6,813		6	6	6,870
1998				5,368	732	6,100		1	1	6,101

#### Schedule of Benefit Expenses For the Year Ended June 30, 2003



Note: Total benefit expenses above reflect benefit expenses only and do not include administrative expenses.

## Statistical Section

### South Carolina Retirement System Distribution of Retiree Population and Average Benefit

	Service Retirees		Disability Retirees		Beneficiaries		Total	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
June 2003								
State Agency	25,728	\$ 1,532.45	3,973	\$ 875.79	2,978	\$ 871.86	32,679	\$ 1,392.42
Public Schools	33,634	1,410.62	3,681	925.99	1,938	700.20	39,253	1,330.10
Other	8,940	943.85	1,739	766.25	1,441	537.06	12,120	870.01
Total	68,302	1,395.42	9,393	875.18	6,357	743.63	84,052	1,287.98
June 2002								
State Agency	23,848	1,486.42	3,826	864.63	2,880	857.17	30,554	1,349.24
Public Schools	31,489	1,361.54	3,465	915.54	1,890	686.01	36,844	1,284.94
Other	8,298	901.50	1,639	743.91	1,346	520.23	11,283	833.13
Total	63,635	1,348.35	8,930	862.23	6,116	730.12	78,681	1,245.12
June 2001								
State Agency	21,646	1,388.37	3,653	830.03	2,779	811.71	28,078	1,258.66
Public Schools	29,242	1,276.86	3,256	880.87	1,823	658.52	34,321	1,206.45
Other	7,702	834.45	1,545	710.55	1,284	500.51	10,531	775.56
Total	58,590	1,259.90	8,454	827.77	5,886	696.38	72,930	1,164.33
June 2000								
State Agency	17,553	1,240.34	3,490	788.86	2,653	782.66	23,696	1,122.61
Public Schools	25,474	1,142.96	3,075	844.35	1,733	628.09	30,282	1,083.17
Other	6,996	764.91	1,443	674.51	1,219	481.44	9,658	715.63
Total	50,023	1,124.26	8,008	789.56	5,605	669.36	63,636	1,042.07
June 1999								
State Agency	16,682	1,193.21	3,340	759.07	2,521	760.82	22,543	1,080.54
Public Schools	24,322	1,096.22	2,873	813.55	1,644	622.62	28,839	1,041.06
Other	6,699	728.98	1,327	651.54	1,142	476.62	9,168	686.34
Total	47,703	1,078.57	7,540	760.90	5,307	656.85	60,550	1,002.05
June 1998								
State Agency	15,869	1,148.03	3,141	738.99	2,410	740.41	21,420	1,042.18
Public Schools	23,279	1,059.01	2,705	793.29	1,572	606.62	27,556	1,007.12
Other	6,326	704.14	1,202	632.96	1,102	457.13	8,630	662.69
Total	45,474	1,040.71	7,048	741.75	5,084	637.64	57,606	968.56
June 1997								
State Agency	15,270	1,090.97	2,909	706.19	2,299	707.12	20,478	993.22
Public Schools	22,603	1,007.84	2,537	766.04	1,483	573.91	26,623	960.63
Other	6,077	671.78	1,085	604.33	1,045	428.10	8,207	631.83
Total	43,950	990.25	6,531	712.52	4,827	605.79	55,308	923.90
June 1996								
State Agency	14,662	1,056.94	2,702	689.47	2,212	718.52	19,576	967.98
Public Schools	22,121	966.43	2,365	753.98	1,447	628.85	25,933	928.22
Other	5,630	650.57	948	611.46	942	429.20	7,520	617.91
Total	42,413	955.79	6,015	702.54	4,601	631.08	53,029	898.89
June 1995								
State Agency	14,344	1,027.00	2,591	680.76	2,111	679.30	19,046	941.36
Public Schools	21,415	932.09	2,195	727.64	1,365	581.81	24,975	894.98
Other	5,449	624.82	885	582.23	905	460.00	7,239	599.01
Total	41,208	924.50	5,671	683.53	4,381	603.62	51,260	870.42
June 1994								
State Agency	13,358	978.80	2,437	653.45	2,016	694.36	17,811	902.09
Public Schools	21,020	890.92	2,106	712.10	1,352	673.59	24,478	863.53
Other	5,239	595.98	824	569.61	867	408.57	6,930	569.40
Total	39,617	881.55	5,367	663.59	4,235	629.22	49,219	836.07



## Statistical Section

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### Police Officers Retirement System Distribution of Retiree Population and Average Benefit

	Service Retirees		Disability Retirees		Beneficiaries		Total	
	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit	Number	Average Monthly Benefit
June 2003	6,259	\$1,355.17	1,164	\$1,286.76	921	\$ 772.01	8,344	\$1,281.26
June 2002	5,612	1,315.28	1,094	1,258.15	879	761.69	7,585	1,242.89
June 2001	4,988	1,244.38	1,021	1,193.53	843	726.00	6,852	1,173.03
June 2000	4,518	1,212.72	931	1,153.23	788	700.55	6,237	1,139.14
June 1999	4,193	1,194.00	879	1,111.40	767	677.55	5,839	1,113.73
June 1998	3,921	1,174.01	840	1,077.90	732	672.39	5,493	1,092.47
June 1997	3,693	1,142.39	761	1,015.09	691	654.81	5,145	1,058.08
June 1996	3,474	1,110.57	666	984.61	664	663.50	4,804	1,031.31
June 1995	3,252	1,093.29	614	967.12	610	652.71	4,476	1,015.94
June 1994	2,927	1,051.19	561	936.23	545	602.30	4,033	974.54

Note: Due to the small population size of the GARS and JSRS, presentations for these Systems are not shown. Statistics were generated from initial processing of data and may vary slightly from final information submitted to the Actuary.

## Statistical Section

### Participating Employers

	<u>SCRS</u>	<u>PORS</u>
<b>Participating Employers Covered By Statute</b>		
State Agencies & Institutions of Higher Education .....	110	46
Public School Districts .....	96	3
<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
<b>Participating Employers Covered By Separate Agreement .....</b>		
	<b>545</b>	<b>261</b>
Abbeville County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Abbeville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Due West .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Donalds-Due West Water & Sewer Authority .....	<input checked="" type="checkbox"/>	
Town of Calhoun Falls .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of North Augusta .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Aiken County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Aiken-Bamberg-Barnwell-Edgefield Regional Library Board .....	<input checked="" type="checkbox"/>	
City of New Ellenton .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Beech Island Rural Community Water District .....	<input checked="" type="checkbox"/>	
Town of Wagener .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Housing Authority of the City of Aiken .....	<input checked="" type="checkbox"/>	
Three Rivers Solid Waste Authority .....	<input checked="" type="checkbox"/>	
Town of Jackson .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Monetta .....	<input checked="" type="checkbox"/>	
Lower Savannah Council of Government .....	<input checked="" type="checkbox"/>	
Commission of Public Works, New Ellenton .....	<input checked="" type="checkbox"/>	
Valley Public Service Authority .....	<input checked="" type="checkbox"/>	
Aiken County Commission on Alcohol and Drug Abuse .....	<input checked="" type="checkbox"/>	
Town of Burnetown .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Salley .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Allendale County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Allendale-Hampton Jasper Regional Library .....	<input checked="" type="checkbox"/>	
Town of Allendale .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Allendale County Office on Aging .....	<input checked="" type="checkbox"/>	
Town of Fairfax .....	<input checked="" type="checkbox"/>	
Town of Sycamore .....	<input checked="" type="checkbox"/>	
Town of Honea Path .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Anderson County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Anderson County Library Board .....	<input checked="" type="checkbox"/>	
Town of Williamston .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Anderson County Commission on Alcohol and Drug Abuse .....	<input checked="" type="checkbox"/>	
Town of Iva .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Pendleton .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Belton-Honea Path Water Authority .....	<input checked="" type="checkbox"/>	
Homeland Park Water District .....	<input checked="" type="checkbox"/>	
Town of West Pelzer .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Broadway Water and Sewer District .....	<input checked="" type="checkbox"/>	
Starr-Iva Water Company .....	<input checked="" type="checkbox"/>	
Town of Pelzer .....	<input checked="" type="checkbox"/>	
Anderson County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Sandy Springs Water Company .....	☑	
Pendleton District Historical and Recreation Commission .....	☑	
City of Belton .....	☑	☑
Bamberg County .....	☑	☑
City of Bamberg .....	☑	☑
Bamberg County Office on Aging .....	☑	
City of Denmark .....	☑	☑
Town of Olar .....	☑	☑
Bamberg County Disabilities & Special Needs Board .....	☑	
Town of Ehrhardt .....	☑	☑
Bamberg Board of Public Works .....	☑	
Town of Williston .....	☑	
Barnwell County .....	☑	☑
City of Barnwell .....	☑	
Axis I Center of Barnwell .....	☑	
Town of Elko .....	☑	
Generations Unlimited .....	☑	
Allendale-Barnwell County Disabilities & Special Needs Board .....	☑	
Town of Blackville .....	☑	
Town of Snelling .....	☑	
Beaufort County .....	☑	☑
City of Beaufort .....	☑	☑
Beaufort-Jasper County Water Authority .....	☑	
Beaufort Memorial Hospital .....	☑	
South Island Public Service District .....	☑	
Lowcountry Regional Transportation Authority .....	☑	
Bluffton Township Fire District .....	☑	☑
Town of Port Royal .....	☑	
Fripp Island Public Service District .....	☑	
Beaufort Soil & Water Conservation District .....	☑	
Berkeley County .....	☑	☑
City of Hanahan .....	☑	☑
Berkeley County Water and Sewer Authority .....	☑	
Town of St. Stephen .....	☑	☑
Moncks Corner Water Works Commission .....	☑	
Town of Moncks Corner .....	☑	☑
Town of Jamestown .....	☑	☑
The Ernest E. Kennedy Center .....	☑	
Berkeley Charleston Dorchester RTMA .....	☑	
Calhoun County .....	☑	☑
Town of St. Matthews .....	☑	☑
Town of Cameron .....	☑	☑
Calhoun County Disabilities & Special Needs Board .....	☑	
Calhoun County Council on Aging .....	☑	
Charleston County .....	☑	☑
Charleston Commissioners of Public Works .....	☑	
Charleston County Library .....	☑	
City of Charleston .....	☑	☑
Town of Mt. Pleasant .....	☑	☑
Mt. Pleasant Water and Sewer Commission .....	☑	
Town of Sullivans Island .....	☑	☑

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
St. Andrews Public Service District Commission .....	☑	
James Island Public Service District Commission .....	☑	
Charleston County Park and Recreation Commission .....	☑	
City of North Charleston .....	☑	☑
Charleston County Airport District .....	☑	☑
North Charleston Sewer District .....	☑	
Housing Authority of the City of North Charleston .....	☑	
City of Isle of Palms .....	☑	☑
St. Andrews Parish Parks and Playgrounds .....	☑	
Town of Ravenel .....	☑	
Town of Lincolnville .....	☑	☑
Town of McClellanville .....	☑	
Isle of Palms Water and Sewer Commission .....	☑	
Charleston County Housing and Redevelopment Authority .....	☑	
Town of Hollywood .....	☑	
St. Paul's Fire District .....	☑	☑
Charleston Naval Complex Redevelopment .....	☑	
Town of Seabrook Island .....	☑	
Town of Kiawah Island .....	☑	
Charleston Area Transportation Authority .....	☑	
Lowcountry Regional EMS Council .....	☑	
Gaffney Board of Public Works .....	☑	
Cherokee County .....	☑	☑
City of Gaffney .....	☑	☑
Cherokee County Public Library .....	☑	
Cherokee County Recreation District .....	☑	
Cherokee County Commission on Alcohol and Drug Abuse .....	☑	
Town of Blacksburg .....	☑	☑
Defender Corporation of Cherokee County .....	☑	
Cherokee County Disabilities & Special Needs Board .....	☑	
Cherokee LTC .....	☑	
Cherokee County Development Board .....	☑	
Housing Authority City of Gaffney .....	☑	
Groucher Water Company, Inc. ....	☑	
City of Chester .....	☑	☑
Chester County .....	☑	☑
Chester County Library .....	☑	
Chester Metro District .....	☑	
Chester Sewer District .....	☑	
Hazel Pittman Center .....	☑	
Housing Authority of the City of Chester .....	☑	
Town of Great Falls .....	☑	
Town of Fort Lawn .....	☑	☑
Chester County Hospital and Nursing Center .....	☑	
Town of Cheraw .....	☑	☑
Town of Pageland .....	☑	☑
Chesterfield County .....	☑	☑
Town of Patrick .....	☑	
Town of Chesterfield .....	☑	☑
Town of McBee .....	☑	☑
Chesterfield County Disability & Special Needs Board .....	☑	

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Chesterfield Soil & Water Conservation District .....	<input checked="" type="checkbox"/>	
Town of Jefferson .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Chesterfield County Rural Water Company, Inc. ....	<input checked="" type="checkbox"/>	
Town of Ruby .....	<input checked="" type="checkbox"/>	
Mt. Croghan .....	<input checked="" type="checkbox"/>	
Clarendon County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Manning .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Harvin Clarendon County Library .....	<input checked="" type="checkbox"/>	
Town of Summerton .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Turbeville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Clarendon County Commission on Alcohol & Drug Abuse .....	<input checked="" type="checkbox"/>	
Clarendon County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Colleton County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Walterboro .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Colleton County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Town of Edisto Beach .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Darlington County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Darlington County Library .....	<input checked="" type="checkbox"/>	
Darlington County Community Action Agency .....	<input checked="" type="checkbox"/>	
City of Hartsville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Rubicon .....	<input checked="" type="checkbox"/>	
City of Darlington .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Hartsville Community Center Building Commission .....	<input checked="" type="checkbox"/>	
Darlington County Water and Sewer Commission .....	<input checked="" type="checkbox"/>	
Darlington County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Housing Authority of Darlington .....	<input checked="" type="checkbox"/>	
Darlington County Soil & Water Conservation District .....	<input checked="" type="checkbox"/>	
Darlington County Council on Aging .....	<input checked="" type="checkbox"/>	
Town of Society Hill .....	<input checked="" type="checkbox"/>	
Dillon County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Dillon .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dillon County Employment and Training Programs .....	<input checked="" type="checkbox"/>	
Town of Latta .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Lake View .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of St. George .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dorchester County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
St. George Water and Sewer Department .....	<input checked="" type="checkbox"/>	
Dorchester County Library .....	<input checked="" type="checkbox"/>	
Summerville Commission of Public Works .....	<input checked="" type="checkbox"/>	
Town of Summerville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Dorchester County Commission on Alcohol and Drug Abuse .....	<input checked="" type="checkbox"/>	
Dorchester County Board of Disabilities & Special Needs .....	<input checked="" type="checkbox"/>	
Town of Ridgeville .....	<input checked="" type="checkbox"/>	
Dorchester Human Development Board .....	<input checked="" type="checkbox"/>	
Defender Corporation for Dorchester County .....	<input checked="" type="checkbox"/>	
Town of Harleyville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Edgefield County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Trenton .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Edgefield .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Johnston .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Edgefield County Water & Sewer Authority .....	<input checked="" type="checkbox"/>	

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Town of Winnsboro .....	☑	☑
Fairfield County .....	☑	☑
Fairfield County Library .....	☑	
Fairfield County Memorial Hospital .....	☑	
Fairfield County Substance Abuse Commission .....	☑	
Fairfield County Disabilities and Special Needs Board .....	☑	
Fairfield County Council on Aging .....	☑	
Town of Ridgeway .....	☑	☑
City of Florence .....	☑	☑
Florence County .....	☑	☑
Building Commission of the City and County of Florence .....	☑	
Town of Pamplico .....	☑	☑
Town of Olanta .....	☑	☑
Pee Dee Regional Transportation Authority .....	☑	
Town of Scranton .....	☑	☑
Florence County Commission on Alcohol and Drug Abuse .....	☑	
Town of Coward .....	☑	☑
The Pee Dee Tourism Commission .....	☑	
Florence County Disabilities and Special Needs Board .....	☑	
Pee Dee Regional Council of Governments .....	☑	
Town of Timmons ville .....	☑	☑
City of Lake City .....	☑	☑
Johnsonville Rural Fire District .....		☑
Lake City Development Corporation .....	☑	
City of Johnsonville .....	☑	☑
Florence Regional Airport .....	☑	
Housing Authority of Florence .....	☑	
Pee Dee Regional EMS, Inc. ....	☑	
Town of Quinby .....	☑	☑
City of Georgetown .....	☑	☑
Georgetown County .....	☑	☑
Rural Community Water District of Georgetown County .....	☑	
Georgetown County Water and Sewer District .....	☑	
Georgetown County Disabilities & Special Needs Board .....	☑	
Georgetown County Alcohol and Drug Abuse Commission .....	☑	
Waccamaw Regional Council of Governments .....	☑	
Georgetown County Council on Aging, Inc. ....	☑	
Greenville Commission of Public Works .....	☑	
City of Greenville .....	☑	☑
Greer Commission of Public Works .....	☑	
Greenville County Library .....	☑	
Greenville County .....	☑	☑
Western Carolina Regional Sewer Authority .....	☑	
Parker Sewer and Fire Subdistrict .....	☑	
City of Greer .....	☑	☑
Greenville-Spartanburg Airport District .....	☑	
Donaldson Development Commission Donaldson Center .....	☑	
Greater Greenville Sanitation Commission .....	☑	
Defender Corporation of Greenville County .....	☑	
Greenville County Disabilities & Special Needs Board .....	☑	
Berea Public Service District Commission .....	☑	

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
City of Mauldin .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Gantt Fire Sewer and Police District .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Greenville County Recreation District .....	<input checked="" type="checkbox"/>	
Greenville County Commission on Alcohol-Drug Abuse .....	<input checked="" type="checkbox"/>	
Belmont Fire and Sanitation District Commission .....		<input checked="" type="checkbox"/>
Wade Hampton Fire and Sewer District .....	<input checked="" type="checkbox"/>	
Greenville Airport Commission .....	<input checked="" type="checkbox"/>	
Greenville County Museum Commission .....	<input checked="" type="checkbox"/>	
City of Fountain Inn .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Travelers Rest .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Metropolitan Sewer Sub-District .....	<input checked="" type="checkbox"/>	
Donaldson Fire Service Area .....	<input checked="" type="checkbox"/>	
South Greenville Area Fire District .....	<input checked="" type="checkbox"/>	
Greenville Redevelopment Authority .....	<input checked="" type="checkbox"/>	
Duncan Chapel Fire District .....	<input checked="" type="checkbox"/>	
SC Appalachian Council of Governments .....	<input checked="" type="checkbox"/>	
Lake Cunningham Fire District .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Simpsonville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Taylor's Fire and Sewer District .....	<input checked="" type="checkbox"/>	
North Greenville Fire District .....	<input checked="" type="checkbox"/>	
Greenville Area Development Corporation .....	<input checked="" type="checkbox"/>	
Glassy Mountain Fire & Safety District .....	<input checked="" type="checkbox"/>	
Greenwood Commissioners of Public Works .....	<input checked="" type="checkbox"/>	
City of Greenwood .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Greenwood County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Abbeville-Greenwood Regional Library Board .....	<input checked="" type="checkbox"/>	
Greenwood Metropolitan District Commission .....	<input checked="" type="checkbox"/>	
Housing Authority of the City of Greenwood .....	<input checked="" type="checkbox"/>	
Emerald Multi-County Board for Disabilities & Special Needs .....	<input checked="" type="checkbox"/>	
Old Ninety Six Tourism Commission .....	<input checked="" type="checkbox"/>	
Town of Ware Shoals .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Upper Savannah Council of Governments .....	<input checked="" type="checkbox"/>	
Commission of Public Works Municipal Utilities .....	<input checked="" type="checkbox"/>	
Glens Human Resources Commission .....	<input checked="" type="checkbox"/>	
Hampton County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Varnville .....	<input checked="" type="checkbox"/>	
Town of Brunson .....	<input checked="" type="checkbox"/>	
Hampton County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Lowcountry Council of Governments .....	<input checked="" type="checkbox"/>	
Defender Corporation of Allendale, Hampton and Jasper .....	<input checked="" type="checkbox"/>	
Town of Estill .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Yemassee .....	<input checked="" type="checkbox"/>	
Horry County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Conway .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Myrtle Beach .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Surfside Beach .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Loris .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Public Defender Corporation of Horry County .....	<input checked="" type="checkbox"/>	
Grand Strand Water and Sewer Authority .....	<input checked="" type="checkbox"/>	
Housing Authority of the City of Conway .....	<input checked="" type="checkbox"/>	
Horry County Commission on Alcohol and Drug Abuse .....	<input checked="" type="checkbox"/>	

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Horry Soil Conservation District .....	<input checked="" type="checkbox"/>	
Town of Atlantic Beach .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Aynor .....	<input checked="" type="checkbox"/>	
Waccamaw Economic Opportunity Council .....	<input checked="" type="checkbox"/>	
Horry County Solid Waste Authority, Inc. ....	<input checked="" type="checkbox"/>	
Horry County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Town of Briarcliffe Acres .....	<input checked="" type="checkbox"/>	
Jasper County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Ridgeland .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Jasper County Development Board .....	<input checked="" type="checkbox"/>	
Jasper County Board of Disabilities & Special Needs .....	<input checked="" type="checkbox"/>	
City of Hardeeville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Camden & Municipal Utilities .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kershaw County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lugoff Water District of Kershaw County .....	<input checked="" type="checkbox"/>	
Town of Elgin .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Bethune .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kershaw County Board of Disabilities and Special Needs .....	<input checked="" type="checkbox"/>	
Kershaw County Commission on Alcohol & Drug Abuse .....	<input checked="" type="checkbox"/>	
Lancaster County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Lancaster .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lancaster County Library .....	<input checked="" type="checkbox"/>	
Town of Heath Springs .....	<input checked="" type="checkbox"/>	
Lancaster County Water and Sewer District .....	<input checked="" type="checkbox"/>	
Lancaster County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Town of Kershaw .....	<input checked="" type="checkbox"/>	
Lancaster County Commission on Alcohol & Drug Abuse .....	<input checked="" type="checkbox"/>	
Lancaster County Natural Gas Authority .....	<input checked="" type="checkbox"/>	
Lancaster County Council on Aging .....	<input checked="" type="checkbox"/>	
City of Clinton .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Laurens County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Laurens Commissioners of Public Works .....	<input checked="" type="checkbox"/>	
Gateway Counseling Center .....	<input checked="" type="checkbox"/>	
Town of Gray Court .....	<input checked="" type="checkbox"/>	
Laurens County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Laurens Soil & Water Conservation District .....	<input checked="" type="checkbox"/>	
Laurens County Water and Sewer Commission .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lee County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Bishopville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lee County Disabilities & Special Needs Board .....	<input checked="" type="checkbox"/>	
Lexington County .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of Cayce .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
City of West Columbia .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Lexington Medical Center .....	<input checked="" type="checkbox"/>	
Town of Lexington .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Batesburg-Leesville .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Recreation District Lexington County .....	<input checked="" type="checkbox"/>	
Irmo-Chapin Recreation District .....	<input checked="" type="checkbox"/>	
Town of Springdale .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Gaston .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Pelion .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Town of Swansea .....	☑	☑
Town of Chapin .....	☑	☑
Town of Irmo .....	☑	☑
South Carolina Midlands Emergency Medical Service Management Association .....	☑	
Gaston Rural Community Water District .....	☑	
Lexington County Defender Agency, Inc. ....	☑	
Lexington County Joint Municipal W&S Commission .....	☑	
Town of Pine Ridge .....	☑	☑
Lexington-Richland Alcohol & Drug Abuse Council .....	☑	
Irmo Fire District .....		☑
Town of South Congaree .....	☑	☑
Marion County .....	☑	☑
Town of Gilbert .....	☑	
Gilbert-Summit Rural Water District .....	☑	
City of Marion .....	☑	☑
City of Mullins .....	☑	☑
Marion County Library .....	☑	
Marion County Commission on Alcohol and Drug Abuse .....	☑	
Marlboro-Dillon County Disabilities & Special Needs Board .....	☑	
Town of Nichols .....	☑	☑
Marlboro County .....	☑	☑
City of Bennettsville .....	☑	☑
Marlboro County Commission on Alcohol and Drug Abuse .....	☑	
Defender Corporation of Marlboro County .....	☑	
Marlboro County Disabilities & Special Needs Board .....	☑	
Town of McColl .....	☑	☑
Town of Clio .....	☑	☑
Town of McCormick .....	☑	☑
McCormick County .....	☑	☑
McCormick Commission of Public Works .....	☑	
McCormick County Water and Sewer Authority .....	☑	
McCormick Health Care Center .....	☑	
City of Newberry .....	☑	☑
Newberry County .....	☑	☑
Newberry County Library .....	☑	
Clinton Newberry Natural Gas Authority .....	☑	
Newberry County Nursing Home Commission .....	☑	
Housing Authority of City of Newberry .....	☑	
Town of Prosperity .....	☑	☑
Town of Little Mountain .....	☑	
Town of Whitmire .....	☑	☑
Whitmire Commission of Public Works .....	☑	
Newberry County Water and Sewer Authority .....	☑	
Town of Pomaria .....	☑	
Newberry Disabilities & Special Needs Board .....	☑	
Westview Behavioral Health Services .....	☑	
Westminster Commissioners of Public Works .....	☑	
Oconee County .....	☑	☑
City of Seneca .....	☑	☑
Seneca Light and Water Plant .....	☑	
City of Walhalla .....	☑	☑

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Town of Westminster .....	☑	☑
Oconee County Sewer Commission .....	☑	
Town of West Union .....	☑	☑
Pioneer Rural Water District .....	☑	
City of Orangeburg .....	☑	☑
Orangeburg Department of Public Utilities .....	☑	
Orangeburg County .....	☑	☑
Town of Branchville .....	☑	☑
Town of Elloree .....	☑	☑
Town of North .....	☑	☑
Town of Livingston .....	☑	
Town of Norway .....	☑	☑
Town of Springfield .....	☑	☑
Town of Bowman .....	☑	
Town of Santee .....	☑	
Town of Vance .....	☑	
Orangeburg County Disabilities & Special Needs Board .....	☑	
Town of Cordova .....	☑	
Santee Cooper Counties Promotion Commission .....	☑	
City of Easley .....	☑	☑
City of Liberty .....	☑	☑
Pickens County .....	☑	☑
Combined Utility System of Easley .....	☑	
City of Pickens .....	☑	☑
Town of Central .....	☑	☑
Pickens County Commission on Alcohol and Drug Abuse .....	☑	
Housing Authority of the City of Easley .....	☑	
City of Clemson .....	☑	☑
Town of Six Mile .....	☑	
Town of Norris .....	☑	
Easley Central Water District .....	☑	
Pickens County Disabilities & Special Needs Board .....	☑	
Southside Rural Community Water District .....	☑	
BDST Services, Inc. ....	☑	
Defender Coporation of Pickens County .....	☑	
Richland Memorial Hospital .....	☑	
Richland County Public Library .....	☑	
Richland County .....	☑	☑
City of Columbia .....	☑	☑
East Richland County Public Service District .....	☑	
Recreation District and Recreation Commission of Richland County .....	☑	
Richland-Lexington Airport District .....	☑	☑
City of Forest Acres .....	☑	☑
Columbia Museum of Art .....	☑	
Town of Eastover .....	☑	
Richland/Lexington Disabilities & Special Needs Board .....	☑	
Riverbanks Park Commission .....	☑	
Defender Corporation of Richland County .....	☑	
Town of Blythewood .....	☑	
Town of Saluda .....	☑	☑
Saluda County .....	☑	☑

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Saluda Commission of Public Works .....	☑	
Saluda County Commission on Alcohol and Drug Abuse .....	☑	
Town of Ridge Spring .....	☑	☑
Town of Ward .....	☑	
Old Town Fire and Rescue Department .....	☑	
Saluda County Water & Sewer Authority .....	☑	
Spartanburg Commissioners of Public Works .....	☑	
Spartanburg Sanitary Sewer District .....	☑	
Spartanburg County .....	☑	☑
Spartanburg Regional Medical Center .....	☑	
Spartanburg Public Library .....	☑	
Liberty-Chesnee-Fingerville Water District .....	☑	
Town of Woodruff .....	☑	☑
Woodruff Roebuck Water District .....	☑	
Startex-Jackson-Wellford-Duncan Water District .....	☑	
Town of Lyman .....	☑	☑
Town of Wellford .....	☑	☑
Town of Chesnee .....	☑	☑
Inman-Campobello Water District .....	☑	
Town of Cowpens .....	☑	☑
Town of Landrum .....	☑	☑
Town of Pacolet .....	☑	☑
Town of Campobello .....	☑	☑
City of Inman .....	☑	☑
Housing Authority of Town of Woodruff .....	☑	
North Spartanburg Area Fire & Rescue District .....	☑	
Town of Duncan .....	☑	☑
City of Spartanburg .....	☑	☑
Glendale Fire District .....	☑	
Metropolitan Subdistrict Water & Sewer .....	☑	
Hilltop Fire District .....	☑	☑
Cherokee Springs Fire District .....		☑
Inman Community Fire Department .....		☑
Westview Fairforest Fire Department .....	☑	☑
City of Sumter .....	☑	☑
Sumter County .....	☑	☑
Sumter County Library .....	☑	
Housing Authority of City of Sumter .....	☑	
Santee-Lynches Council for Governments .....	☑	
Sumter County Commission on Alcohol and Drug Abuse .....	☑	
Town of Mayesville .....	☑	
Town of Pinewood .....	☑	☑
Santee-Wateree Regional Transportation Authority .....	☑	
Sumter County Disabilities & Special Needs Board .....	☑	
Sumter Conservation District .....	☑	
Union County .....	☑	☑
City of Union .....	☑	☑
Union Carnegie Library .....	☑	
Town of Jonesville .....	☑	☑
Union County Disabilities & Special Needs Board .....	☑	
Housing Authority of City of Union .....	☑	

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Union County Development Board .....	☑	
Town of Carlisle .....	☑	
Union County Council on Aging .....	☑	
Williamsburg County .....	☑	☑
Town of Kingstree .....	☑	☑
Williamsburg County Library .....	☑	
Williamsburg County Disabilities & Special Needs Board .....	☑	
Town of Hemingway .....	☑	☑
Town of Lane .....	☑	☑
City of Rock Hill .....	☑	☑
York County .....	☑	☑
Town of Fort Mill .....	☑	☑
York County Library .....	☑	
Town of Clover .....	☑	☑
City of York .....	☑	☑
Housing Authority of Fort Mill .....	☑	
Cultural & Heritage Commission of York County .....	☑	
York County Disabilities & Special Needs Board .....	☑	
City of Tega Cay .....	☑	☑
Catawba Regional Planning Council .....	☑	
Town of Smyrna .....	☑	
York County Convention and Visitors Bureau .....	☑	
Catawba Area Agency on Aging .....	☑	
York County Council on Aging .....	☑	
York Soil & Water Conservation District .....	☑	
Municipal Association of South Carolina .....	☑	
South Carolina Education Association .....	☑	
South Carolina Employees' Association .....	☑	
South Carolina High School League .....	☑	
South Carolina Association of School Boards .....	☑	
Central Midlands Regional Planning Council .....	☑	
South Carolina State Credit Union .....	☑	
South Carolina State Firemens Association .....	☑	
South Carolina Law Enforcement Officers Association .....	☑	
SC Athletic Coaches Association .....	☑	
Palmetto State Teachers Association .....	☑	
South Carolina Association of Counties .....	☑	
South Carolina Sheriff's Association .....	☑	☑
South Carolina Association of School Administrators .....	☑	
City of Aiken .....		☑
City of Anderson .....		☑
Anderson County Fire Protection Commission .....	☑	☑
Sheldon Fire District .....	☑	
Town of Hilton Head Island .....		☑
City of Folly Beach .....	☑	☑
Town of Bluffton .....	☑	☑
St. Johns Fire District Commission .....	☑	☑
Town of Andrews .....	☑	☑
Piedmont Park Fire District .....	☑	☑
Poplar Springs Fire Department .....		☑
Boiling Springs Fire Department .....		☑

## Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Burton Fire District .....		<input checked="" type="checkbox"/>
Ladys Island - St. Helena Fire District .....		<input checked="" type="checkbox"/>
Sheldon Township Fire Agency .....		<input checked="" type="checkbox"/>
Daufuskie Island Fire District .....		<input checked="" type="checkbox"/>
City of Goose Creek .....		<input checked="" type="checkbox"/>
Pine Ridge Fire Department .....		<input checked="" type="checkbox"/>
Whitesville Rural Volunteer Fire Department .....		<input checked="" type="checkbox"/>
Town of Bonneau .....		<input checked="" type="checkbox"/>
Town of Cottageville .....		<input checked="" type="checkbox"/>
Town of Lamar .....		<input checked="" type="checkbox"/>
Town of Society Hill .....		<input checked="" type="checkbox"/>
Old Fort Fire Control Board .....		<input checked="" type="checkbox"/>
Ashley River Fire District .....		<input checked="" type="checkbox"/>
South Lynches Fire Department .....		<input checked="" type="checkbox"/>
Murrells Inlet-Garden City Fire District .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Piedmont Public Service District .....		<input checked="" type="checkbox"/>
Slater-Marietta Fire Department .....		<input checked="" type="checkbox"/>
Town of Ninety Six .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Hampton .....		<input checked="" type="checkbox"/>
City of North Myrtle Beach .....		<input checked="" type="checkbox"/>
Town of Briarcliffe Acres .....		<input checked="" type="checkbox"/>
Lugoff Fire District .....		<input checked="" type="checkbox"/>
City of Laurens .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Town of Holly Hill .....	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Croft Fire District .....		<input checked="" type="checkbox"/>
Pelham-Batesville Fire District .....		<input checked="" type="checkbox"/>
Roebuck Fire Department .....		<input checked="" type="checkbox"/>
Reidville Fire District .....		<input checked="" type="checkbox"/>
Una Fire Department .....		<input checked="" type="checkbox"/>
Tyger River Fire District .....		<input checked="" type="checkbox"/>
Converse Fire District .....		<input checked="" type="checkbox"/>
Jonesville Fire District .....		<input checked="" type="checkbox"/>
Town of Greeleyville .....		<input checked="" type="checkbox"/>

## **South Carolina Retirement Systems' Mission Statement**

**The Mission of the South Carolina Retirement Systems is to administer a comprehensive program of retirement benefits responsive to the needs of public employees and to perform fiduciary duties as stewards of the contributions and disbursements of the pension trust funds.**

## **South Carolina Retirement Systems' Vision Statement**

**To empower our employees to provide comprehensive service in a professional manner for our members, employers, and retirees through timely and accurate processing of payments, claims, inquiries, and other account information using effective and appropriate leading edge technology.**

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