

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

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2005
Pension Trust Funds of the State of South Carolina

The background of the page is a light blue overlay on a pattern of US dollar bills, including \$100 and \$50 bills, which are slightly faded and oriented in various directions.

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.

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

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

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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Introductory Section

Introductory Section

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

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Hugh K. Leatherman, Sr.
Chairman,
Senate Finance Committee

Daniel T. Cooper
Chairman,
Ways and Means Committee

Frank W. Fusco
Executive Director

LETTER OF TRANSMITTAL

November 1, 2005

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, 2005. 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. Since the Retirement Systems is a part of the primary government of the state of South Carolina, the Systems' financial information is also included in the comprehensive annual financial report of the State. 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 Auditor's 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 2005 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.

Introductory Section

- 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.

Profile of the Systems

The South Carolina Retirement Systems administers four defined benefit pension plans that 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.

Fiscal Year 2005 Highlights

Fiscal year 2005 was both an active and challenging year for the South Carolina Retirement Systems. While the Retirement Systems experienced a higher workload trend for the fourth consecutive year, the South Carolina General Assembly formed two ad hoc retirement committees to study the funding status of SCRS and draft legislation to secure its fiscal integrity and protect cost-of-living adjustments (COLAs) for SCRS retirees.

Judges and Solicitors Retirement System Changes Enacted

Other major activity for the fiscal year included legislation enacted effective July 1, 2004, to improve the solvency of the Retirement System for Judges and Solicitors (JSRS). The significant changes to JSRS included the incremental increase (for three consecutive years) of the rate at which employees contribute to the system, the imposition of certain restrictions on service purchases and increase of such costs to coincide with the employee contribution rate, and the lengthening of vesting periods and eligibility for deferred annuities.

Identify Theft Prevention Measures Undertaken

Several projects were initiated to strengthen identity theft controls. Information was disseminated to all annuitant payees receiving monthly checks to encourage them to convert to electronic deposit. This initiative resulted in an increase in the percentage of payees receiving benefits via direct deposit from 79 percent to 85 percent. In addition, another division-wide identity theft project was completed to mask social security numbers on correspondence to our membership.

Expanded Employer Reporting Requirements

For fiscal year 2005, the Retirement Systems implemented expanded employer reporting requirements for the State Optional Retirement Program (State ORP) and began capturing detailed quarterly earnable compensation data for individual participants. State ORP is a defined contribution plan that is administered by the South Carolina Retirement Systems that serves as an alternative to SCRS, the traditional defined benefit plan.

Introductory Section

Employees hired into positions with state agencies, institutions of higher education, and public school districts may elect within 30 days of their date of hire to participate in State ORP.

Pre-Tax Installment Service Purchase Program Implemented

The Retirement Systems' program through which members are allowed to purchase various types of service credit via an installment service purchase was expanded effective January 1, 2005, to allow tax deferred installments. Current participants were given a one-time opportunity to convert the remaining balances of existing after-tax accounts to a tax deferred account. This expanded feature provided an opportunity for our membership to achieve a substantial income tax savings.

Press Seminar Conducted

In early January 2005 in anticipation of an active legislative session, the Retirement Systems sponsored a seminar for members of the print media who report on retirement issues. The seminar familiarized the reporters with the basics of public pension fund administration, and provided a primer on unfunded actuarial accrued liability (UAAL) and other fundamentals of actuarial science.

State Retirement System Preservation and Investment Reform Act

Retirement Systems staff coordinated the preparation and dissemination of voluminous actuarial and other information for the two ad hoc retirement committees formed by the South Carolina General Assembly during its 2005 session.

The South Carolina House of Representatives and the South Carolina Senate introduced separate legislation with different approaches to securing the funding of SCRS and protecting retired member COLAs. Following action by a conference committee appointed to reach an agreement, the General Assembly passed Act 153, the State Retirement System Preservation and Investment Reform Act, effective July 1, 2005.

This sweeping legislation required retired members of SCRS and PORS who either participate in the Teacher and Employee Retention Incentive program or return to covered employment to make employee contributions to the system. Active TERI participants and working retirees who retired and returned to work prior to July 1, 2005, have challenged the requirement that they pay member contributions. For further details, see Note VIII on page 43.

Act 153 also increased the SCRS employee contribution from 6 percent to 6.25 percent effective July 1, 2005. The SCRS member contribution will increase to 6.5 percent as of July 1, 2006. Employer contributions will increase as well from 7.55 percent to 8.05 percent effective July 1, 2006, and to 8.55 percent as of July 1, 2007.

Furthermore, the legislation guaranteed and pre-funded a COLA for eligible SCRS retirees. If the Consumer Price Index (CPI) increases no more than 1 percent, the COLA is equal to the percentage increase in the index. If the CPI increases by more than 1 percent, the South Carolina Budget and Control Board is authorized to approve an additional COLA beyond the 1 percent up to the lesser of the CPI or 4 percent. Legislation also requires that funding requirements have been met including all unrealized investment gains and losses.

In addition, Act 153 established a six-member investment commission made up of financial experts, the State Treasurer and a nonvoting retired member, and moves fiduciary responsibility for all investments to the commission; provided that equity investments cannot exceed 70 percent of the total investment portfolio (formerly 40 percent); and created the position of chief investment officer. This part of Act 153 was effective October 1, 2005.

Local Government Employer Contribution Rate Increase

An increase in the rate at which local governmental entities contribute as an employer to SCRS was approved. The employer contribution will increase from 6.5 percent to 7.55 percent effective July 1, 2005.

Introductory Section

Teacher and Employee Retention Incentive Program Remained Popular

The deferred retirement option program, Teacher and Employee Retention Incentive (TERI), which was initiated January 1, 2001, continued to experience great popularity among our membership during fiscal year 2005. The amount of assets held in trust for future payments of accrued benefit expense increased from \$649 million to \$884.5 million during the fiscal year. This increase is a result of both a growth in new participants in the program during the fiscal year and the continued accumulation of benefits deferred on a monthly basis for all participants.

For the past three fiscal years, legislation has been proposed in the South Carolina General Assembly to repeal the TERI program; however, no action was taken on the bills. TERI continues to be a very controversial issue and threat of possible repeal again contributed to the large number of new participants taking advantage of TERI. Act 153, referred to earlier, did exempt all TERI participants from state grievance rights and required them to make employee contributions to the system.

Active Membership Decreased

Although the number of active members contributing to the South Carolina Retirement Systems decreased for the past two fiscal years, the actual workforce of covered employers throughout the state grew slightly. This resulted from increased State ORP participation and an increased number of working retirees who are either participating in the TERI program or who have terminated employment and returned to work under the earnings limitation.

During fiscal year 2005, a retired member of SCRS who has been retired for at least 60 days could return to employment covered under the system and earn up to \$50,000 a fiscal year without affecting the monthly retirement benefit. Under PORS, a member who has been retired for at least 15 consecutive calendar days may be hired and return to covered employment without affecting the monthly retirement benefit. Act 153 made changes to the earnings limitation for working SCRS retirees to be consistent with PORS retirement provisions.

Number of Annuitants on Payroll Exceeds 100,000

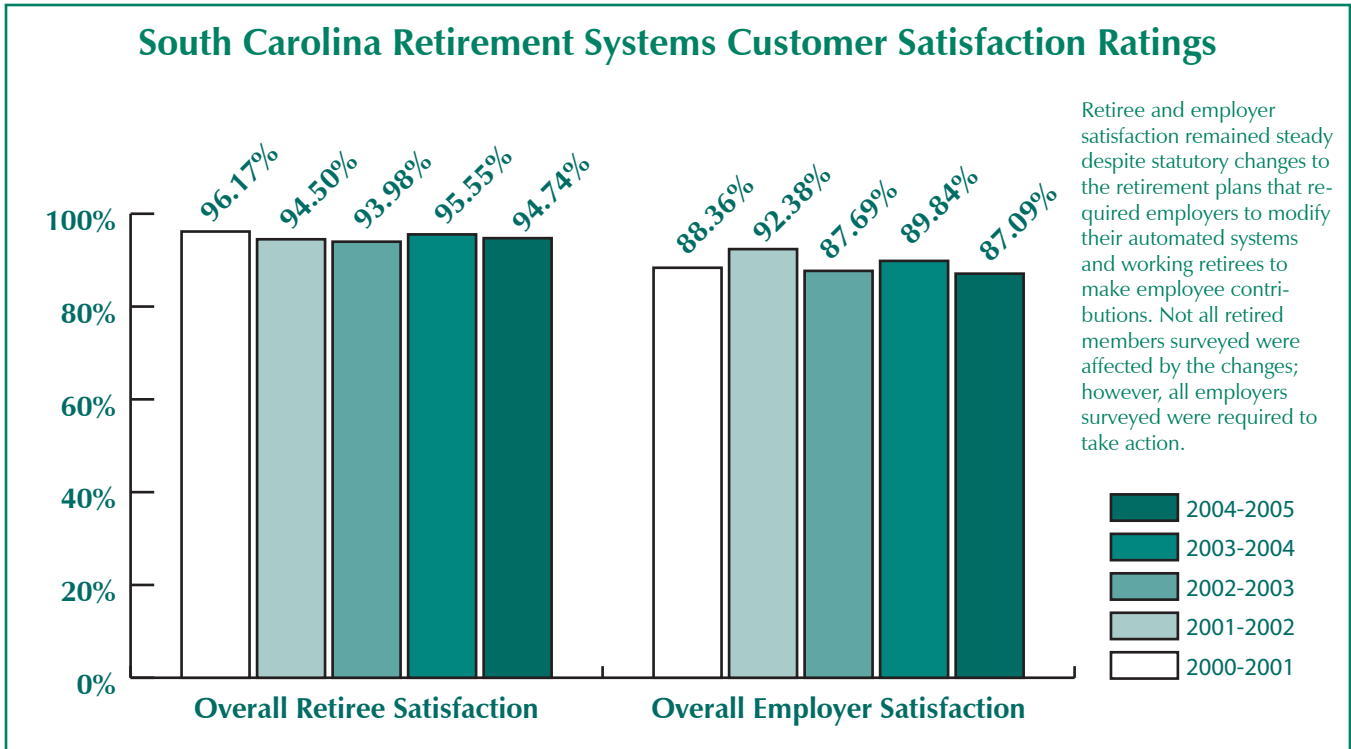
The number of retired members and beneficiaries receiving monthly benefits under the Retirement System plans exceeded 100,000 annuitants during the year.

Rankings Among Peer Pension Plans

The South Carolina Retirement Systems is one of the public pension plans that participates in an annual benchmarking analysis conducted by Cost Effectiveness Management, Inc., (CEM). Fifty-four public pension plans participated in the 2004 CEM survey.

Although the Retirement Systems is a customer centric organization, we are also a division of South Carolina state government and as such, must adhere to stringent budgetary guidelines. According to the CEM report, the South Carolina Retirement Systems' total adjusted administrative cost per member was \$46 in comparison to a peer median cost of \$67, the fifth lowest cost among all 54 participants.

Our low administrative cost is achieved through the efficient and proactive deployment of automated systems and appropriately allocated human resources, not by providing fewer or lower quality services. The CEM report is evidentiary of this claim. Our total service score was 75 in comparison to averages of 73 for our peer systems and for all participants. Our 2004 service score of 75 was up from 66 in 2003 and 69 in 2002. In addition, our own annual satisfaction surveys continue to show that our customers are pleased with the services we provide (see chart at top of Page 11).



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 valuations dated July 1, 2004, 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 82.8 percent to 80.3 percent, primarily due to a 1.6 percent cost-of-living adjustment effective as of July 1, 2004, and other experience losses. As a result of these and other factors, the amortization period for the System's unfunded actuarial accrued liability increased from 25 to 27 years. The current funded ratios of the four plans range from 60.5 percent to 87.7 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.

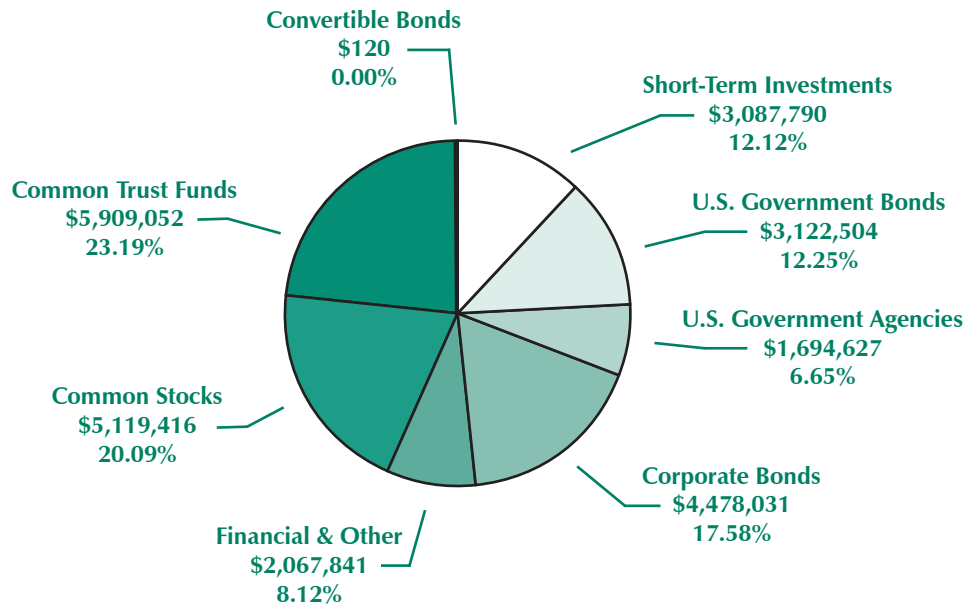
For the year ended June 30, 2005, the combined Systems investment portfolio produced a total aggregate investment return of 7.02 percent. Asset allocation of our equity investments, including interest and dividend accruals and categories classified as cash and cash equivalents, are summarized in the table below (dollar amounts expressed in millions):

	<u>Growth</u>	<u>Core</u>	<u>Value</u>	<u>Total Active</u>	<u>Passive</u>	<u>Total</u>
Large Cap	\$ 1,425.0	\$ 989.5	\$ 969.3	\$ 3,383.8	\$ 5,512.7	\$ 8,896.5
Small/Mid Cap	792.1	622.0	838.4	2,252.5	-	2,252.5
Total	<u>\$ 2,217.1</u>	<u>\$ 1,611.5</u>	<u>\$ 1,807.7</u>	<u>\$ 5,636.3</u>	<u>\$ 5,512.7</u>	<u>\$ 11,149.0</u>

Introductory Section

An optimally diversified investment portfolio is designed to provide long-term returns. While our investment performance has been limited by our state constitution and state statute, 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, 2005 (Dollar amounts expressed 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 actual market value of assets and the expected actuarial value of assets, based on the assumed investment rate of return of 7.25 percent. This method recognizes 20 percent of the difference between market and expected actuarial value each year and guarantees that any gain or loss is recognized over a five-year period. The actuarial value of assets is limited to a range between 80 percent and 120 percent of market value. This actuarial asset valuation method dampens year-to-year fluctuations, 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 2005 can be found within both the financial and investment sections of this report.

For additional financial information, please refer to the management's discussion and analysis, financial statements and schedules included in the financial section of this report.

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, 2004. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports.

Introductory Section

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 has received a Certificate of Achievement for each of the last 18 consecutive years (fiscal years ended 1987-2004). 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.

Public Pension Standards Award

The South Carolina Retirement Systems also received the Public Pension Coordinating Council's Public Pension Standards 2005 Award. It is the second consecutive year during which the Retirement Systems applied for and received the Council's award in recognition of meeting professional plan design and administration standards. The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

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
Director



Tammy B. Davis, CPA
Assistant Director, Financial Services





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
Daniel T. Cooper	Chairman, House Ways and Means Committee
Frank W. Fusco	Executive Director

Equity Investment Panel¹

Peter Bristow	Chairman
Arthur M. Bjontegard, Jr.	
Blaine Ewing, III	
Mary M. Kennemur	
S. Hunter Howard	

Retirement System Investment Commission²

Reynolds Williams	Chairman
Grady L. Patterson, Jr.	State Treasurer
Blaine Ewing, III	
James R. Powers	
Allen R. Gillespie, CFA	
Nancy E. Shealy	Administrative Director and General Counsel

Equity Investment Consultant

Mercer Investment Consulting, Inc.

Consulting Actuary

Milliman Consultants and Actuaries

Retirement Systems Executive Management

Peggy G. Boykin, CPA	Director
Dianne T. Poston	Assistant Director – Administration
Alice R. Copeland	Assistant Director – Customer Services
Tammy B. Davis, CPA	Assistant Director – Financial Services
Lisa Phipps	Assistant Director – Information Technology
Amanda J. Green	Assistant Director – Service/Imaging
Stephen R. Van Camp	General Counsel – Retirement Systems
Nancy E. Shealy	General Counsel – Investment Panel
Sarah N. Corbett, CPA	Internal Auditor

Retirement Systems Staff Responsible for Compilation of CAFR

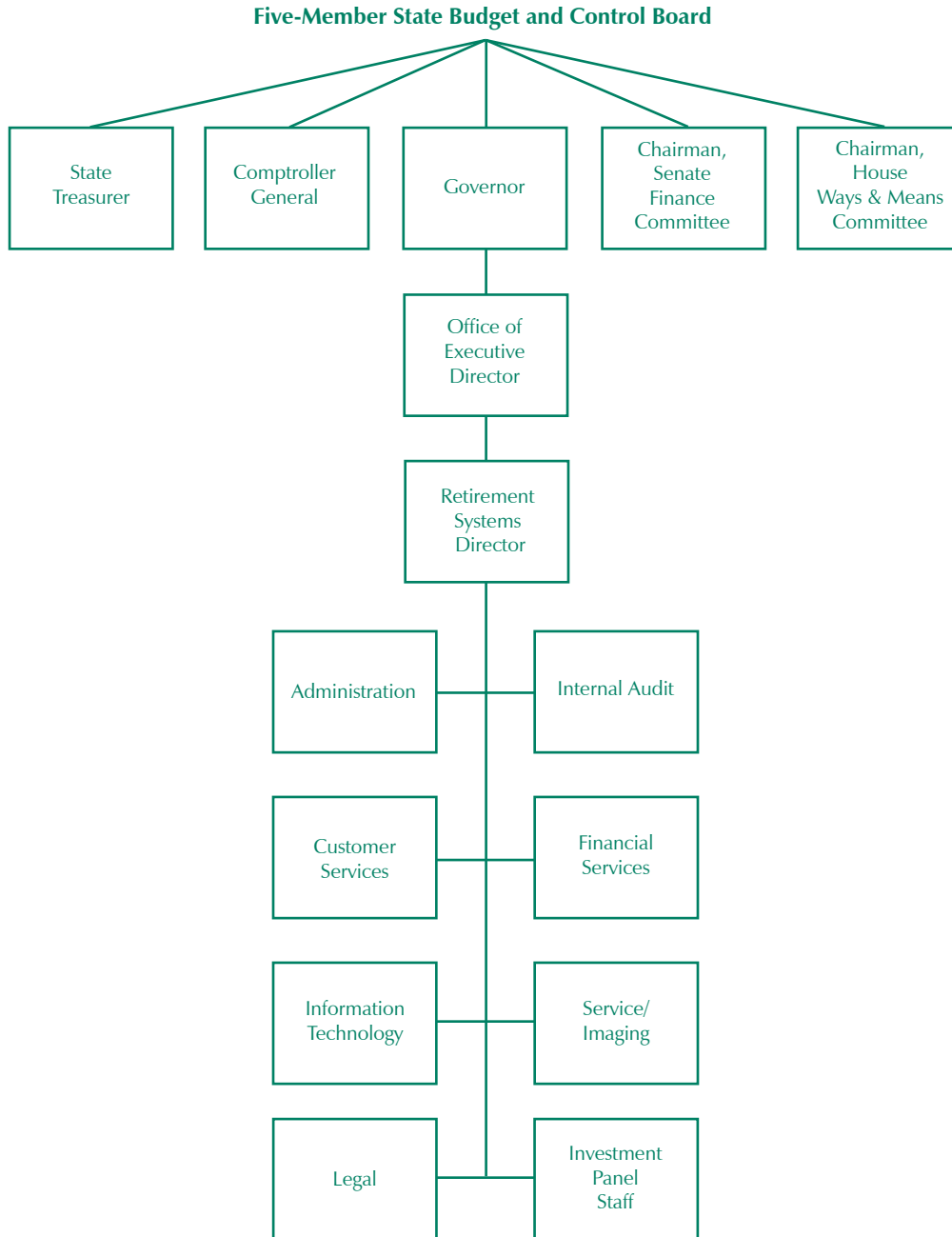
Travis Turner, CPA	Financial Services
Ashley Nichols, CPA	Financial Services
Faith Wright	Financial Services
Megan Reynolds	Public Information Officer

¹Refer to page 73 for a complete list of equity managers.

²Created by law effective October 1, 2005. See page 9 for more information.

Introductory Section

Organizational Chart



Introductory Section

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; postal center operations and courier services; and the State Optional Retirement Program.

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 Technology

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.

Investment Panel Staff

Responsible for providing legal, research, and administrative support to the State Retirement Systems Investment Panel, and to the South Carolina Retirement Systems and the State Budget and Control Board on issues relating to the Retirement Systems' equity investments.



Financial Section



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, 2005, 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 System. They do not purport to and do not present the financial position of the State of South Carolina as of June 30, 2005, 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, 2005, 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.



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*Securities Offered Through 1st Global
Capital Corp Member NASD, SIPC*

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1st Global Insurance Services, Inc.*

Financial Section

Management's Discussion and Analysis on pages 23 to 26 and the required supplementary information on pages 44 and 45 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 46 to 51 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.

Rogers + Laban, PA

October 6, 2005

Management's Discussion and Analysis

Management offers the following discussion and analysis to provide 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, 2005. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

Overview of the Financial Statements

The Retirement Systems are a part of the primary government of the state of South Carolina and the financial statements of such 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 are an integral part of the financial statements and provide additional information that is necessary in order to gain a comprehensive understanding of data reported in 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 and are useful in evaluating the condition of the plans.

Financial Highlights

- For the four pension trust funds administered by the South Carolina Retirement Systems, our combined investment portfolios generated a 7.02 percent aggregate return for fiscal year 2005. This return can be compared to a combined return of 8.76 percent for the prior fiscal year. Our actuarial assumed rate of return for investment purposes is 7.25 percent.
- Net assets are held in trust to meet future benefit payments. Total plan net assets of the four pension trust funds administered by the South Carolina Retirement Systems increased from \$23.8 billion to \$24.8 billion during fiscal year 2005, primarily as a result of positive investment returns.
- Deferred retirement benefits accumulated under the Teacher and Employee Retention Incentive (TERI) program continued to experience growth from our membership. The amount of assets held in trust for future payments of accrued benefit expense increased 36 percent to \$885 million during fiscal year 2005. This increase is a result of both the growth of over 1,400 new participants in the program and the continued accumulation of benefits deferred on a monthly basis for all participants.
- The number of retired members and beneficiaries receiving monthly benefits under the Retirement Systems' plans exceeded 100,000 annuitants during the year. As a result, benefit payments increased 7.7 percent over the prior year from \$1.6 billion to \$1.7 billion.

Financial Section

Condensed Financial Information

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

Summary comparative financial statements of the pension trust funds are presented as follows:

Plan Net Assets June 30 (Amounts expressed in thousands)

Assets	2005	2004	% Increase/ (Decrease)
Cash and Cash Equivalents, Receivables and Prepaid Expenses	\$ 3,137,913	\$ 3,087,343	1.64%
Total Investments, at fair value	22,652,248	21,427,345	5.72%
Securities lending cash collateral invested	4,110,377	3,698,749	11.13%
Property, net of accumulated depreciation	3,814	3,933	(3.03%)
Total Assets	29,904,352	28,217,370	5.98%
Liabilities			
Deferred retirement benefits	884,776	649,385	36.25%
Obligations under securities lending	4,110,377	3,698,749	11.13%
Other liabilities	100,752	86,497	16.48%
Total Liabilities	5,095,905	4,434,631	14.91%
Total Net Assets	\$ 24,808,447	\$ 23,782,739	4.31%

Changes in Plan Net Assets Year Ended June 30 (Amounts expressed in thousands)

Additions	2005	2004	% Increase/ (Decrease)
Employee Contributions	\$ 495,012	\$ 473,688	4.50%
Employer Contributions	638,487	612,727	4.20%
Investment Income	1,684,122	1,985,109	(15.16%)
Other Income	4,188	5,232	(19.95%)
Total Additions	2,821,809	3,076,756	(8.29%)
Deductions			
Total Annuities	1,681,582	1,561,371	7.70%
Refunds	80,906	78,423	3.17%
Group Life	15,195	15,202	(0.05%)
Administrative & other expenses	18,418	18,391	0.15%
Total Deductions	1,796,101	1,673,387	7.33%
Increase (Decrease) in Net Assets	1,025,708	1,403,369	(26.91%)
Beginning Net Assets	23,782,739	22,379,370	6.27%
Ending Net Assets	\$ 24,808,447	\$ 23,782,739	4.31%

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

On a combined basis, plan net assets were \$24.8 billion at June 30, 2005, representing a 4.3 percent increase in net assets from the previous year-end. Investment income is a major revenue source; therefore, the increase in plan net assets is primarily due to our positive investment performance during fiscal year 2005. Our combined investment return for fiscal year 2005 was 7.02 percent, which lagged behind our assumed actuarial investment return of 7.25 percent. During the prior fiscal year 2004, the Systems achieved five full years of investment in the US equity market and completed the process of investing up to the 40 percent equity funding target. During the current fiscal year 2005, the Systems maintained the maximum allowable 40 percent equity funding target, producing a 7.24 percent return on the equity segment of the portfolio, and a return of 6.87 percent on the fixed income segment of our investment portfolio. In comparison, the prior fiscal year 2004 produced a combined total investment return of 8.76 percent, with 20.88 percent and 1.49 percent returns for the equity and fixed income segments respectively. Effective July 1, 2004, the State Treasurer, as custodian, segregated into a liquidity pool of short duration investments, a 2 percent (approximately) portion of the aggregate fixed income portfolio. The intent of this pool is to more efficiently manage the cash flows into and out of the fund. This segment of the investment portfolio earned a return of 2.30 percent for the fiscal year.

While the fluctuations in returns between market segments exemplify the need for an optimally diversified investment portfolio, the Retirement Systems' investment performance has been limited in the past by our state constitution and state statute. The General Assembly enacted legislation effective July 1, 2005, which establishes the Retirement System Investment Commission and sets an investment target allocation under which future equity investments cannot exceed 70 percent of the portfolio. For an extensive discussion of our investments, please refer to the investment section of the Comprehensive Annual Financial Report.

During fiscal year 2005, the total dollar amount of retirement annuities paid increased by 7.70 percent when compared with the previous fiscal year. This was primarily due to the continued growth of the deferred retirement option (also known as TERI – Teacher and Employee Retention Incentive). The TERI program allows a member to accumulate monthly retirement benefits on a tax-deferred basis, while continuing to earn a salary from full-time employment. The SCRS retains the accumulated TERI retirement benefits in trust for the member, thus creating a liability for benefits to be disbursed by SCRS upon the member's termination from employment.

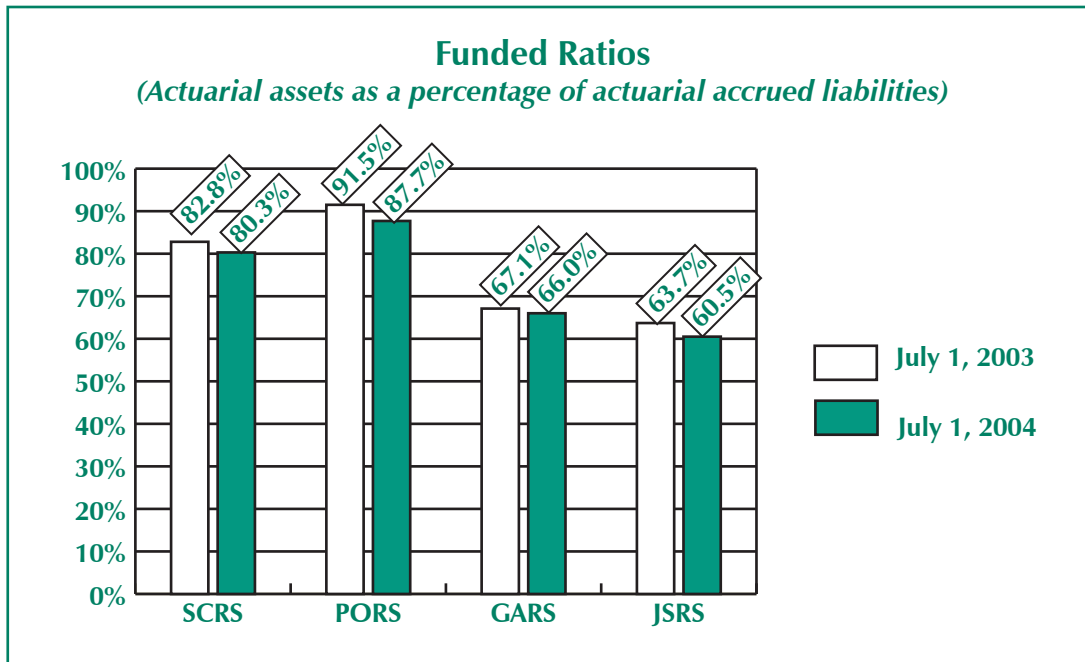
The continued effects of 28-year retirement in the SCRS and the impact of the number of eligible employees electing retirement contributed to the increase in expenses. A 1.60 percent cost-of-living adjustment (COLA) granted to SCRS and PORS annuitants effective July 1, 2004, also contributed to the increase in the total annuity expense. The annual COLA is a very important benefit to our retirees and is critical to ensuring that retiree income is not eroded by inflation. The General Assembly enacted legislation effective July 1, 2005 which guarantees a 1 percent COLA and further allows for additional COLA's that are conditional. Ad hoc COLA's have historically been granted and funded with either unanticipated actuarial gains or an extension of the system's unfunded actuarial accrued liability (UAAL) amortization period. As of the most recent actuarial valuation dated July 1, 2004, the UAAL amortization period for SCRS was 27 years; thus, the system's ability to fund additional ad hoc COLA's without additional contributions or increased investment returns is uncertain.

In addition to establishing the Investment Commission and guaranteeing a 1 percent COLA as stated above, the State Retirement System Preservation and Investment Reform Act passed by the General Assembly also made other changes to SCRS. The legislation requires retired members who either participate in TERI or who work for a covered employer to make employee contributions to the system. The Act also increased the SCRS employee contribution from 6 percent to 6.25 percent effective July 1, 2005 and to 6.50 percent as of July 1, 2006. Employer contributions will increase as well from 7.55 percent to 8.05 percent effective July 1, 2006 and to 8.55 percent as of July 1, 2007. In summary, this legislation secured funding of SCRS and provided funding for retiree COLA's to help ensure that retiree income is not eroded by inflation.

Funding Status

An overall objective in the funding of a defined benefit retirement system is to accumulate sufficient funds to meet long-term obligations to pay benefits to participants when due. The primary sources of assets to fund benefits include investment income, member contributions and employer contributions. A five-year smoothing method is used in actuarially valuing assets to mitigate the impact of market volatility and allow changes in market conditions to be recognized (smoothed) over several years.

The ratio of actuarial assets to actuarial liabilities provides an indication as to whether sufficient assets are accumulated to pay benefits when due. The greater the level of funding, the larger the ratio of actuarial assets to actuarial accrued liabilities. The most recent actuarial valuations prepared as of July 1, 2004, and adopted by the Budget and Control Board, indicate that the funded ratios of each of the four individual plans declined slightly from the previous valuation, which was completed as of July 1, 2003. The funded ratios decreased as a result of the recognition of losses in market value of investments that occurred in fiscal years 2000 through 2002 and a change in the actuarial valuation method; however, as of July 1, 2004 funding levels of all the plans are such that annual contributions are sufficient for the valuation to find the plans in good actuarial condition. The changes in the levels of funding do not affect the availability of fund resources for future use and actuarial projections indicate that unfunded liabilities will be amortized and funded within acceptable funding guidelines. The funded ratios of the four plans are presented in the graph below.



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

Financial Section

South Carolina Retirement Systems Statement of Plan Net Assets June 30, 2005

With comparative totals for June 30, 2004
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL 2004
ASSETS						
Cash and cash equivalents	\$ 2,532,141	\$ 280,238	\$ 8,035	\$ 13,774	\$ 2,834,188	\$ 2,789,406
Receivables						
Due from other Systems	320	1,300	74	42	1,736	698
Employee and employer contributions	120,426	14,814	123	682	136,045	123,524
Employer contributions long-term	1,755	30			1,785	2,017
Accrued investment income	102,115	11,670	216	543	114,544	122,213
Unsettled investment sales	43,894	5,234	97	225	49,450	48,874
Total receivables	268,510	33,048	510	1,492	303,560	297,326
Investments, at fair value						
Short-term securities	230,054	65,518			295,572	680,084
United States Government securities	2,718,706	385,895	1,707	16,196	3,122,504	1,711,502
United States Government agencies and government-insured	1,454,693	225,216	4,247	10,471	1,694,627	2,006,362
Corporate bonds	3,979,140	432,351	9,305	22,320	4,443,116	4,441,928
Convertible bonds	105	13	1	1	120	3,227
Financial and other	1,821,262	238,882	2,558	5,139	2,067,841	2,322,343
Common trust funds	5,246,165	624,901	10,948	27,038	5,909,052	5,293,944
Common stock	4,542,619	543,924	9,505	23,368	5,119,416	4,967,547
Convertible preferred stock						408
Total investments	19,992,744	2,516,700	38,271	104,533	22,652,248	21,427,345
Prepaid administrative expenses	145	19		1	165	611
Securities lending cash collateral invested	3,530,026	547,147	5,900	27,304	4,110,377	3,698,749
Capital assets, net of accumulated depreciation	3,437	351	10	16	3,814	3,933
Total assets	26,327,003	3,377,503	52,726	147,120	29,904,352	28,217,370
LIABILITIES						
Due to other Systems	1,346	263	15	112	1,736	698
Accounts payable - unsettled investment purchases	55,156	6,634	121	285	62,196	50,203
Investment fees payable	5,026	598	11	26	5,661	5,002
Obligations under securities lending	3,530,026	547,147	5,900	27,304	4,110,377	3,698,749
Deferred retirement benefits	884,776				884,776	649,385
Due to Employee Insurance Program	27,126	494			27,620	26,245
Benefits payable	1,743	294			2,037	2,089
Other accrued liabilities	1,321	181			1,502	2,260
Total liabilities	4,506,520	555,611	6,047	27,727	5,095,905	4,434,631
Net assets held in trust for Pension Benefits (a schedule of funding progress for each plan is presented on Page 44)	\$21,820,483	\$2,821,892	\$ 46,679	\$ 119,393	\$24,808,447	\$23,782,739

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, 2005

With comparative totals for the year ended June 30, 2004
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL 2004
Additions						
Contributions						
Employee	\$ 433,252	\$ 58,802	\$ 924	\$ 2,034	\$ 495,012	\$ 473,688
Employer	538,809	90,528	2,890	6,260	638,487	612,727
Total contributions	<u>972,061</u>	<u>149,330</u>	<u>3,814</u>	<u>8,294</u>	<u>1,133,499</u>	<u>1,086,415</u>
Investment Income						
Net appreciation (depreciation) in fair value of investments	915,907	105,259	1,819	4,736	1,027,721	1,283,558
Interest and dividend income	592,013	71,885	1,446	3,474	668,818	708,119
Investment expense	(19,878)	(2,386)	(41)	(101)	(22,406)	(23,199)
Net income from investing activities	<u>1,488,042</u>	<u>174,758</u>	<u>3,224</u>	<u>8,109</u>	<u>1,674,133</u>	<u>1,968,478</u>
From securities lending activities:						
Securities lending income	75,142	10,315	121	428	86,006	57,141
Securities lending expense	(66,297)	(9,224)	(107)	(389)	(76,017)	(40,510)
Net income from securities lending activities	<u>8,845</u>	<u>1,091</u>	<u>14</u>	<u>39</u>	<u>9,989</u>	<u>16,631</u>
Total net investment income	<u>1,496,887</u>	<u>175,849</u>	<u>3,238</u>	<u>8,148</u>	<u>1,684,122</u>	<u>1,985,109</u>
Supplemental retirement benefits funded by the State	1,982	64			2,046	2,400
Transfers of contributions from other Systems	<u>2</u>	<u>2,071</u>	<u>11</u>	<u>58</u>	<u>2,142</u>	<u>2,832</u>
Total additions	<u>2,470,932</u>	<u>327,314</u>	<u>7,063</u>	<u>16,500</u>	<u>2,821,809</u>	<u>3,076,756</u>
Deductions						
Refunds of contributions to members	67,434	13,441	31		80,906	78,423
Transfers of contributions to other Systems	2,136	4	2		2,142	2,832
Regular retirement benefits	1,173,459	151,477	5,560	9,215	1,339,711	1,257,605
Deferred retirement benefits	338,778				338,778	300,294
Supplemental retirement benefits	1,982	64			2,046	2,400
Group life insurance claims	13,710	1,468	16	1	15,195	15,202
Accidental death benefits		1,047			1,047	1,072
Depreciation	107	11		1	119	119
Administrative charges	<u>14,242</u>	<u>1,808</u>	<u>31</u>	<u>76</u>	<u>16,157</u>	<u>15,440</u>
Total deductions	<u>1,611,848</u>	<u>169,320</u>	<u>5,640</u>	<u>9,293</u>	<u>1,796,101</u>	<u>1,673,387</u>
Net increase (decrease)	859,084	157,994	1,423	7,207	1,025,708	1,403,369
Net assets held in trust for Pension Benefits						
Beginning of year	<u>20,961,399</u>	<u>2,663,898</u>	<u>45,256</u>	<u>112,186</u>	<u>23,782,739</u>	<u>22,379,370</u>
End of year	<u>\$21,820,483</u>	<u>\$ 2,821,892</u>	<u>\$ 46,679</u>	<u>\$ 119,393</u>	<u>\$24,808,447</u>	<u>\$23,782,739</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

A summary of information related to participating employers and active members as of June 30, 2005, follows (dollar amounts expressed in thousands):

	State*	School	Other	Total
SCRS				
Number of Employers	109	99	560	768
Annual Covered Payroll	\$ 1,958,766	\$ 2,760,033	\$ 1,497,701	\$ 6,216,500
Average Number of Contributing Members	55,815	84,533	50,515	190,863
PORS				
Number of Employers	49	4	263	316
Annual Covered Payroll	\$ 294,899	\$ 150	\$ 508,021	\$ 803,070
Average Number of Contributing Members	9,812	6	14,619	24,437
GARS				
Number of Employers	2			2
Annual Covered Payroll	\$ 3,084			\$ 3,084
Number of Elected Positions	170			170
JSRS				
Number of Employers	2			2
Annual Covered Payroll	\$ 14,643			\$ 14,643
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, 2004), membership in the Systems was as follows:

	SCRS	PORS	GARS	JSRS
Retirees and beneficiaries currently receiving benefits	89,607	9,056	297	139
Terminated members entitled to but not yet receiving benefits	146,718	9,597	59	3
Total active, elected positions, and other special contributing members	181,827	23,734	209	128
Total	418,152	42,387	565	270

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). A direct remittance is also required to the SCRS for a portion of the employer contribution (2.55 percent) and a group life contribution (.15 percent), which is retained by the SCRS. The activity for the State ORP is as follows:

State ORP Activity
Year Ended June 30, 2005
(Dollar amounts expressed in thousands)

Covered Payroll	\$ 477,166
Employer Contributions Retained by SCRS	12,168
Group Life Contributions Retained by SCRS	716
Employee Contributions to Investment Providers	28,630
Employer Contributions to Investment Providers	23,858
Average Number of Contributing Participants	11,069

PORS

To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect member-

ship in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute.

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 judge is vested in the system after attaining 10 years of earned service in the position of judge, and a solicitor is vested in the system after attaining eight years of earned service as a solicitor. 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. All accounting and corresponding disclosures related to administrative expense, which include employee salaries and associated employee benefits, are the responsibility of the internal service fund administered by the Board. 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 they are due, pursuant to formal commitments as well as statutory requirements. Substantially all contributions receivable are collected within 30 days of year-end.

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 statutorily established rates. The rates applicable for fiscal year 2005 follow:

SCRS	6% of earnable compensation
PORS	6.5% of earnable compensation
GARS	10% of earnable compensation
JSRS	8% of earnable compensation

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

Financial Section

In accordance with provisions of the 2004-2005 State Appropriations Act, an additional employer contribution surcharge of 3.25 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 (amounts expressed in thousands) \$187,653 and \$9,927 respectively in retiree insurance surcharges (\$15,454 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 Employer Fund is credited with all employer retirement contributions and investment earnings of the Employee and Employer Funds. It is also the fund from which all annuities and administrative expenses of the Systems are paid.

The Employee Fund is credited with all contributions made by active members of the Systems. Interest is cred-

ited to each member's individual account at an annual rate of 6 percent by transferring funds from the Employer Fund to the Employee Fund. At termination of employment prior to retirement, employee contributions and accumulated interest may be refunded from this fund to the member. At retirement, employee contributions and interest are transferred from the Employee Fund to the Employer Fund for subsequent payment of benefits.

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 and 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 survivor annuities and administrative expenses are paid from this fund.

Balances in the respective reserves at June 30, 2005, were as follows (amounts expressed in thousands):

	SCRS	PORS	GARS	JSRS
Employee Fund	\$ 4,915,423	\$ 585,701	\$ 8,024	\$ 20,005
Employer Fund	16,788,710	2,187,814	38,655	99,388
Group Life Insurance Fund	116,350	22,079		
Accidental Death Fund		26,298		
	\$ 21,820,483	\$ 2,821,892	\$ 46,679	\$ 119,393

III. Deposits and Investments

Deposit and Investment Risk Disclosures

The tables presented on Pages 35-37 include disclosures of credit and interest rate risk in accordance with Governmental Accounting Standards Board Statement 40 and are designed to inform financial statement users about investment risks which could affect the Systems' ability to meet its obligations. These tables classify investments by risk type, while the financial statements disclose investments by asset class. The table amounts were provided by the custodian bank and may vary from the Statement of Plan Net Assets primarily because the amounts reported include accrued interest receivable.

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Systems' deposits may not be recovered. As prescribed by statute, the State Treasurer is the custodian of all deposits and is responsible for securing all deposits held by banks or savings and loan associations. These deposits must be secured by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the state against loss in the event of insolvency or liquidation of the institution or for any other cause. All deposits are required to be insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 or collateralized with securities held by the state or its agent in the State Treasurer's name as custodian.

The carrying amount of the Systems' deposits at June 30, 2005, was as follows (amounts expressed in thousands):

SCRS	\$	6,975
PORS		66
GARS		6
JSRS		8
Total	\$	<u>7,055</u>

At June 30, 2005, approximately \$685 thousand of the above total was exposed to custodial credit risk as uninsured and uncollateralized with the exception of amounts covered by FDIC.

Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Systems is governed by the South Carolina Code of Laws Title 11 Chapter 9 Section 11-9-660 and states that investments may be made 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, collateralized repurchase agreements, and equity securities.

Corporate obligations must bear an investment grade rating by at least two nationally recognized rating services. Collateral held for certificates of deposit or repurchase agreements must be obligations of the United States or investment grade corporate obligations and held by a third party as escrow agent or custodian and of a market value not less than the amount of either the certificate of deposit so secured, including interest, or the amount of the repurchase agreement so collateralized, including interest. At June 30, 2005, all of the Systems' investments were insured and registered.

Financial Section

The following table presents the fair value of investments as of June 30, 2005:

Statement of Invested Assets June 30, 2005 (Amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>
<u>Fixed Income Investments</u>	
U.S. Government:	
U.S. Government Treasury Notes and Bonds	\$ 3,138,994
U.S. Government Agencies	905,059
Other U.S. Government	4,517
Mortgage Backed:	
Government Pass-Through	918,084
Collateralized Mortgage Obligations:	
Government CMOs	308,181
Corporate:	
Corporate Bonds	4,497,556
Corporate Asset Backed	551,098
Private Placements	1,153,580
Municipals	44,364
Dollar Denominated Fixed Income - Developed Corporate Markets	85,298
Total Fixed Income Investments	11,606,731
<u>Short Term Investments</u>	
Commercial Paper	138,625
Repurchase Agreements	2,608,547
U.S. Government Agencies	209,590
Total Short Term Investments	2,956,762
<u>Equity</u>	
Domestic	10,839,618
American Depository Receipts	193,037
Total Equity Investments	11,032,655
Derivatives*	149
Total Invested Assets	\$ 25,596,297

*Derivatives acquired as part of a corporate action.

Financial Section

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolio using effective duration. Effective duration is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 50 basis point change in interest rates. It takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. The Systems' investment policy requires that the weighted average maturity and weighted average duration of the actively managed fixed income portfolio should not exceed 175% of the benchmark index averages.

South Carolina Retirement Systems Interest Rate Sensitivity - Effective Duration June 30, 2005 (Amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
<u>Fixed Income Investments</u>		
U.S. Government:		
U.S. Government Treasury Notes and Bonds	\$ 3,138,994	0.88
U.S. Government Agencies	905,059	0.74
Other U.S. Government	4,517	6.29
Total U.S. Government	4,048,570	0.85
Mortgage Backed:		
Government Pass-Through	918,084	2.73
Collateralized Mortgage Obligations:		
Government CMOs	308,181	3.12
Corporate:		
Corporate Bonds	4,497,556	6.49
Corporate Asset Backed	551,098	0.37
Private Placements	1,153,580	9.58
Total Corporate	6,202,234	6.53
Municipals	44,364	3.50
Dollar Denominated Fixed Income - Developed Corporate Markets	85,298	3.24
Total Fixed Income Investments	11,606,731	4.12
<u>Short Term Investments</u>		
Commercial Paper	138,625	0.05
Repurchase Agreements	2,608,547	0.00
U.S. Government Agencies	209,590	0.27
Total Short Term Investments	2,956,762	0.02
Total Invested Assets	\$ 14,563,493	3.28

Financial Section

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Systems. The investment policy for credit quality of debt securities states that securities must bear an investment grade rating from at least two of the national rating agencies. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and disclosure is not required. Credit quality of cash reserves must carry a rating of A1/P1/F1 or D1 from at least two nationally recognized rating services. In the event that the rating of a security falls below investment grade, that security may continue to be held contingent upon an evaluation of the longer term investment merits of the security. As of June 30, 2005, the Systems' rated debt investments were rated by Standard & Poor's and are presented below:

South Carolina Retirement Systems Credit Risk - S&P Quality Ratings June 30, 2005 (Amounts expressed in thousands)

Investment Type and Fair Value	AAA	AA	A	BBB	BB	B	CCC & Below	A-1	NR
Fixed Income Investments									
U.S. Government:									
U.S. Government Agencies	\$ 730,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other U.S. Government	4,517								
Mortgage Backed:									
Government Pass-Through	25,357								
Corporate:									
Corporate Bonds	185,309	185,128	2,122,821	1,634,259	292,556	49,310	120		28,053
Corporate Asset Backed	551,098								
Private Placements	145,918	249,153	427,623	282,800					48,086
Municipals				44,364					
Dollar Denominated Fixed Income - Developed Corporate Markets			85,298						
Short Term Investments									
Commercial Paper								138,625	
Repurchase Agreements								2,608,547	
	<u>\$ 1,642,965</u>	<u>\$ 434,281</u>	<u>\$ 2,635,742</u>	<u>\$ 1,961,423</u>	<u>\$ 292,556</u>	<u>\$ 49,310</u>	<u>\$ 120</u>	<u>\$ 2,747,172</u>	<u>\$ 76,139</u>

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Systems' policy for reducing this risk is to comply with the statute which states that "Except for United States Treasury and Agency obligations, the fixed income portfolio shall contain no more than 5 percent exposure to any single issuer." At June 30, 2005, the Systems had no investment, fixed income or equity, in any single organization which represented 5 percent or more of the Systems' assets.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. At June 30, 2005, the Systems do not have any deposits or investments denominated in foreign currencies so this risk does not apply.

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, 2005, 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.

With regard to custodial credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. 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 31 days. The average weighted maturity of investments made with cash collateral ranged from 7 to 31 days. At June 30, 2005, 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.

Financial Section

The following table presents the fair value (amounts expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2005.

	June 30, 2005					June 30, 2004
	SCRS	PORS	GARS	JSRS	TOTAL	TOTAL
Securities lent for cash collateral:						
U.S. Government securities	\$ 1,927,395	\$ 292,047	\$ 1,706	\$ 16,196	\$ 2,237,344	\$ 537,252
U.S. Government agencies	508,165	127,743	1,749	5,130	642,787	1,536,276
Corporate bonds	105,078	12,858	282	564	118,782	129,187
Common Stock	897,921	109,217	1,977	4,669	1,013,784	1,406,870
Total securities lent for cash collateral	<u>3,438,559</u>	<u>541,865</u>	<u>5,714</u>	<u>26,559</u>	<u>4,012,697</u>	<u>3,609,585</u>
Securities lent for noncash collateral:						
Equities	456	56	1	2	515	10
U.S. Government securities	18,462	11,282		76	29,820	107,055
Total for securities lent	<u>\$ 3,457,477</u>	<u>\$ 553,203</u>	<u>\$ 5,715</u>	<u>\$ 26,637</u>	<u>\$ 4,043,032</u>	<u>\$ 3,716,650</u>
Cash collateral invested as follows:						
Repurchase agreements	\$ 692,214	\$ 195,719	\$ 3,251	\$ 13,449	\$ 904,633	\$ 320,615
Corporate bonds	2,137,522	283,627	1,968	11,397	2,434,514	2,637,119
Funding Agreements						49,999
Asset Backed Securities	444,314	43,398	292	1,763	489,767	107,836
Bank Notes	255,976	24,403	389	695	281,463	583,180
Total for cash collateral invested	<u>3,530,026</u>	<u>547,147</u>	<u>5,900</u>	<u>27,304</u>	<u>4,110,377</u>	<u>3,698,749</u>
Securities received as collateral:						
U.S. Government securities	20,177	11,911		83	32,171	127,029
Total for securities collateral invested	<u>\$ 3,550,203</u>	<u>\$ 559,058</u>	<u>\$ 5,900</u>	<u>\$ 27,387</u>	<u>\$ 4,142,548</u>	<u>\$ 3,825,778</u>

Certain short-term, highly liquid securities, which were insured or registered by the Systems or in the Systems' name with an original maturity of three months or less are considered cash equivalents in accordance with Governmental Accounting Standards Board Statement 9. These investments at June 30, 2005, were composed of the following (amounts expressed in thousands):

Cash Equivalents

	Repurchase Agreements	Commercial Paper	Discount Notes	Federal Agencies	Corporates	Total 2005	Total 2004
SCRS	\$ 2,325,557	\$ 133,626	\$ 39,804	\$ -	\$ 26,179	\$ 2,525,166	\$ 2,399,878
PORS	261,462	4,999	4,975		8,736	280,172	238,913
GARS	8,029					8,029	4,425
JSRS	13,265			501		13,766	15,980
Totals	<u>\$ 2,608,313</u>	<u>\$ 138,625</u>	<u>\$ 44,779</u>	<u>\$ 501</u>	<u>\$ 34,915</u>	<u>\$ 2,827,133</u>	<u>\$ 2,659,196</u>

Financial Section

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. As of June 30, 2005, the Systems held the following short-term investments with maturities of less than one year (amounts expressed in thousands):

Short-term Securities

	U.S. Government Agency Discount Notes	Total 2005	Total 2004
SCRS	\$ 230,054	\$ 230,054	\$ 569,987
PORS	65,518	65,518	110,097
Totals	\$ 295,572	\$ 295,572	\$ 680,084

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 40 percent of assets may be invested in equities. As of June 30, 2005, the Retirement Systems' assets were invested in equities as follows (amounts expressed in thousands):

Equity Investments

	Common Trust Funds				Total 2005	Total 2004
	S&P 500 Index Fund	Russell 2000 Index Fund	Barclays Global Investors	Common Stock		
SCRS	\$ 4,894,227	\$ -	\$ 351,938	\$ 4,542,619	\$ 9,788,784	\$ 9,109,714
PORS	583,053		41,848	543,924	1,168,825	1,084,315
GARS	10,214		734	9,505	20,453	20,997
JSRS	25,228		1,810	23,368	50,406	46,873
Totals	\$ 5,512,722	\$ -	\$ 396,330	\$ 5,119,416	\$ 11,028,468	\$ 10,261,899

The Systems retains a consultant to provide investment consulting services necessary to fulfill the duties for investing in equity securities. As of June 30, 2005, 18 individual agreements were in place between the Systems and equity investment managers.

Financial Section

On June 30, 2005, the Systems held collateralized mortgage obligations (CMOs) in its portfolios. The CMOs in these portfolios consist of the planned amortizations class-1 (PAC-1) and the very accurately defined maturity (VADM) tranches of these issues. The PAC-1 and VADM 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. The PAC-1 and VADM structures are highly marketable securities.

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

Collateral Mortgage Obligations (CMOs)

	June 30, 2005	June 30, 2004
	<u>Fair Value</u>	<u>Fair Value</u>
SCRS	\$ 292,359	\$ 361,563
PORS	13,782	14,857
GARS	183	281
JSRS	145	222
Totals	<u>\$ 306,469</u>	<u>\$ 376,923</u>

On June 30, 2005, 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. During fiscal year 2005, additional holdings were added to this category as an alternative to cash investments with an average life of one year. 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 (amounts expressed in thousands):

Asset Backed Securities

	June 30, 2005	June 30, 2004
	<u>Fair Value</u>	<u>Fair Value</u>
SCRS	\$ 561,790	\$ 617,100
PORS	123,544	119,316
GARS	958	1,531
JSRS	2,682	4,161
Totals	<u>\$ 688,974</u>	<u>\$ 742,108</u>

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

Corporate Financial Paper

	June 30, 2005	June 30, 2004
	<u>Fair Value</u>	<u>Fair Value</u>
SCRS	\$ 967,113	\$ 1,067,419
PORS	101,556	129,073
GARS	1,417	2,053
JSRS	2,312	4,767
Totals	<u>\$ 1,072,398</u>	<u>\$ 1,203,312</u>

Financial Section

IV. Capital Assets

Capital assets at June 30, 2005, consist of the following amounts (expressed 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 2004</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	1,366	140	4	7	1,517	1,398
Net Capital Assets	\$ 3,437	\$ 351	\$ 10	\$ 16	\$ 3,814	\$ 3,933

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, 2005, were as follows (amounts expressed in thousands):

	<u>Transfers to</u>				
<u>Transfers from</u>	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>Totals</u>
SCRS	\$ -	\$ 2,071	\$ 11	\$ 54	\$ 2,136
PORS				4	4
GARS	2				2
JSRS					-
Total	\$ 2	\$ 2,071	\$ 11	\$ 58	\$ 2,142

The following schedule reflects amounts due to or from other systems as of June 30, 2005, as a result of transfers between systems (amounts expressed in thousands):

	<u>Due to</u>				
<u>Due from</u>	<u>SCRS</u>	<u>PORS</u>	<u>GARS</u>	<u>JSRS</u>	<u>Totals</u>
SCRS	\$ -	\$ 1,300	\$ 6	\$ 40	\$ 1,346
PORS	199		62	2	263
GARS	15				15
JSRS	106		6		112
Total	\$ 320	\$ 1,300	\$ 74	\$ 42	\$ 1,736

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 35 percent of combined contribution revenues. In addition, the Systems receives custodial, investment and related services from the State Treasurer.

At June 30, 2005, liabilities of approximately \$27.6 million were due to other State departments and agencies and contributions receivable of approximately \$24.8 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. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. During the TERI participation period, the retiree's monthly benefits are accrued and accumulate in the 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 participant funds accumulated in the TERI account.

Financial Section

A total of 14,016 members were actively participating in the TERI program at June 30, 2005. The activity for this program is reflected in the following schedule:

Schedule of TERI Activity Year Ended June 30, 2005 (Amounts expressed in thousands)

Beginning Liability Balance	\$ 649,385
Additions	338,778
TERI Distributions	(103,387)
Ending Liability Balance	<u>\$ 884,776</u>

VIII. Subsequent Events

Nancy Layman et al. v. South Carolina Retirement System and the State of South Carolina, Case Number 200532860.

Effective July 1, 2005, the General Assembly enacted a statute requiring retirees, including participants in the Teacher and Employee Retention Incentive program (TERI), to remit employee contributions to the Retirement Systems. Despite a Retirement Systems Claims Procedures Act that prohibits class action lawsuits against the Retirement Systems and provides an exclusive remedy for claims against the Retirement Systems, on June 13, 2005, four state employees filed a putative class action in the court of common pleas seeking a declaratory judgment, injunctive relief and damages. Plaintiffs allege that requiring contributions would, among other things, constitute a breach of contract, an impairment of contractual rights, an unlawful taking of property and is precluded by promissory estoppel. The plaintiffs filed a motion for the case to be heard by the Supreme Court of South Carolina in its original jurisdiction. On August 11, 2005, the Supreme Court took the case in its original jurisdiction. On August 26, 2005, the Supreme Court certified a class in the case comprised of all TERI participants and working retirees of the South Carolina Retirement System (SCRS) who returned to work prior to July 1, 2005.

Furthermore, the Court ordered the Retirement Systems to maintain an escrow account for employee contributions remitted by members of the class. The Court then set a briefing schedule on the issue of whether the statutes governing TERI participants and working retirees create contractual rights and whether there has been an impairment or breach of such contract rights,

an unlawful taking or whether promissory estoppel would apply. If the Court determines that the statutes do not create contractual rights, then the Court would decide whether individual contracts were created with class members when they elected to participate in TERI or become working retirees. If the plaintiffs were to prevail in the case, the Retirement Systems estimates its potential loss as \$55.4 million for fiscal year 2006. If the Supreme Court were to issue an adverse decision prior to July 1, 2006, the estimate would be prorated from July 1, 2005, until the date of the decision. The Retirement Systems and the state believe their defense is meritorious and will vigorously contest the case.

Arnold et al. v. the South Carolina Police Officers Retirement System, the South Carolina Retirement System and the State of South Carolina, Civil Action Number 2005-CP-22-756.

This is a putative class action case filed on August 9, 2005, alleging that provisions in Act 153 requiring working retirees in the Police Officers Retirement System (PORS) and the South Carolina Retirement System (SCRS) to make employee contributions are unconstitutional and illegal. Specifically, the plaintiffs allege that the provisions of Act 153 requiring working retirees to make contributions impairs contractual rights, constitutes an unlawful taking of property, and violates due process. Plaintiffs seek a declaration that provisions in Act 153 affecting members who retired prior to July 1, 2005, are unconstitutional, an injunction enjoining the defendants from collecting employee contributions from plaintiffs, and a refund of all contributions paid by working retirees under Act 153, including attorney's fees.

If the plaintiffs were to prevail, the South Carolina Police Officers Retirement System estimates its potential loss to be \$2.15 million for fiscal year 2006. If the plaintiffs were to prevail, the South Carolina Retirement System estimates its potential loss at \$55.4 million for fiscal year 2006. With respect to the South Carolina Retirement System, the class for Arnold and the class for Layman is the same, and the cases are based on similar causes of actions and facts. Thus, should plaintiffs in either Arnold or Layman prevail, the defendants would not be liable for another \$55.4 million in the other case. The defendants believe their defense is meritorious and will vigorously contest the case.

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)
SCRS						
7/01/04	\$ 20,862,659	\$ 25,977,852	\$ 5,115,193	80.3%	\$ 6,180,599	82.8%
7/01/03	20,197,936	24,398,931	4,200,995	82.8%	6,240,768	67.3%
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%
PORS						
7/01/04	2,616,835	2,984,584	367,749	87.7%	822,448	44.7%
7/01/03	2,511,369	2,744,849	233,480	91.5%	800,394	29.2%
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%
GARS						
7/01/04	45,087	68,332	23,245	66.0%	3,839	605.5%
7/01/03	44,682	66,619	21,937	67.1%	3,844	570.8%
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%
JSRS						
7/01/04	112,016	185,052	73,036	60.5%	14,870	491.2%
7/01/03	106,114	166,655	60,541	63.7%	14,437	419.3%
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%

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
2005	\$ 538,809	100%	\$ 90,528	100%	\$ 2,890	100%	\$ 6,260	100%
2004	515,996	100%	87,922	100%	2,731	100%	6,078	100%
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%

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	07/01/04	07/01/04	07/01/04	07/01/04
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	27 years	16 years	23 years	28 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% - 8.00%	4.50% - 11.50%	None	3.25%
Includes inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	None	None	None	3.25%

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets SCRS Pension Trust Fund Year Ended June 30, 2005 With comparative totals for the year ended June 30, 2004 (Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	GROUP LIFE FUND	TOTAL	TOTAL 2004
Additions					
Employee contributions					
State department employees	\$ 151,980			\$ 151,980	\$ 140,377
Public school employees	183,427			183,427	181,066
Other political subdivision employees	97,845			97,845	93,455
Employer contributions					
State department employees		\$ 183,397	\$ 3,968	187,365	182,110
Public school employees		238,669	4,873	243,542	231,142
Other political subdivision employees		105,854	2,048	107,902	102,744
Total contributions	<u>433,252</u>	<u>527,920</u>	<u>10,889</u>	<u>972,061</u>	<u>930,894</u>
Investment Income					
Net appreciation (depreciation) in fair value of investments		911,045	4,862	915,907	1,137,034
Interest and dividend income		588,840	3,173	592,013	628,290
Investment expense		(19,773)	(105)	(19,878)	(20,620)
Net income from investing activities		<u>1,480,112</u>	<u>7,930</u>	<u>1,488,042</u>	<u>1,744,704</u>
From securities lending activities:					
Securities lending income		74,743	399	75,142	50,989
Securities lending expense		(65,945)	(352)	(66,297)	(36,007)
Net income from securities lending activities		<u>8,798</u>	<u>47</u>	<u>8,845</u>	<u>14,982</u>
Total net investment income		<u>1,488,910</u>	<u>7,977</u>	<u>1,496,887</u>	<u>1,759,686</u>
Supplemental retirement benefits funded by the State		1,982		1,982	2,328
Transfers of contributions from other Systems	2			2	69
Total additions	<u>433,254</u>	<u>2,018,812</u>	<u>18,866</u>	<u>2,470,932</u>	<u>2,692,977</u>
Deductions					
Refunds of contributions to members	67,434			67,434	66,505
Transfers of contributions to other Systems	1,373	763		2,136	2,677
Regular retirement benefits		1,173,459		1,173,459	1,103,336
Deferred retirement benefits		338,778		338,778	300,294
Supplemental retirement benefits		1,982		1,982	2,328
Group life insurance claims			13,710	13,710	13,515
Depreciation		107		107	107
Administrative expense		14,166	76	14,242	13,641
Total deductions	<u>68,807</u>	<u>1,529,255</u>	<u>13,786</u>	<u>1,611,848</u>	<u>1,502,403</u>
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(465,434)	465,434			
Interest credited to members' accounts	266,333	(266,333)			
Net interfund transfers	<u>(199,101)</u>	<u>199,101</u>			
Net increase (decrease)	<u>165,346</u>	<u>688,658</u>	<u>5,080</u>	<u>859,084</u>	<u>1,190,574</u>
Net assets held in trust for Pension Benefits					
Beginning of year	4,750,077	16,100,052	111,270	20,961,399	19,770,825
End of year	<u>\$ 4,915,423</u>	<u>\$ 16,788,710</u>	<u>\$ 116,350</u>	<u>\$ 21,820,483</u>	<u>\$ 20,961,399</u>

Financial Section

South Carolina Retirement Systems

Schedule of Changes in Plan Net Assets

PORS Pension Trust Fund

Year Ended June 30, 2005

With comparative totals for the year ended June 30, 2004
(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	GROUP LIFE FUND	ACCIDENTAL DEATH FUND	TOTAL	TOTAL 2004
Additions						
Employee contributions						
State department employees	\$ 22,320				\$ 22,320	\$ 22,434
Public school employees	27				27	33
Other political subdivision employees	36,455				36,455	34,135
Employer contributions						
State department employees		\$ 31,642	\$ 611	\$ 611	32,864	33,260
Public school employees		16			16	16
Other political subdivision employees		55,625	1,044	979	57,648	54,646
Total contributions	58,802	87,283	1,655	1,590	149,330	144,524
Investment Income						
Net appreciation (depreciation) in fair value of investments		103,492	812	955	105,259	138,628
Interest and dividend income		70,682	553	650	71,885	74,450
Investment expense		(2,346)	(18)	(22)	(2,386)	(2,428)
Net income from investing activities		171,828	1,347	1,583	174,758	210,650
From securities lending activities:						
Securities lending income		10,141	80	94	10,315	5,818
Securities lending expense		(9,069)	(71)	(84)	(9,224)	(4,267)
Net income from securities lending activities		1,072	9	10	1,091	1,551
Total net investment income		172,900	1,356	1,593	175,849	212,201
Supplemental retirement benefits funded by the State		64			64	72
Transfers of contributions from other Systems	1,308	763			2,071	2,545
Total additions	60,110	261,010	3,011	3,183	327,314	359,342
Deductions						
Refunds of contributions to members	13,441				13,441	11,918
Transfers of contributions to other Systems	4				4	24
Regular retirement benefits		151,477			151,477	140,317
Supplemental retirement benefits		64			64	72
Group life insurance claims			1,468		1,468	1,555
Accidental death benefits				1,047	1,047	1,072
Depreciation		11			11	11
Administrative expense		1,777	14	17	1,808	1,697
Total deductions	13,445	153,329	1,482	1,064	169,320	156,666
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(40,884)	40,884				
Interest credited to members' accounts	31,221	(31,221)				
Net interfund transfers	(9,663)	9,663				
Net increase (decrease)	37,002	117,344	1,529	2,119	157,994	202,676
Net assets held in trust for Pension Benefits						
Beginning of year	548,699	2,070,470	20,550	24,179	2,663,898	2,461,222
End of year	\$ 585,701	\$ 2,187,814	\$ 22,079	\$ 26,298	\$ 2,821,892	\$ 2,663,898

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets

GARS Pension Trust Fund

Year Ended June 30, 2005

With comparative totals for the year ended June 30, 2004

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2004
Additions				
Contributions				
Employee contributions - State departments	\$ 924		\$ 924	\$ 513
Employer contributions - State departments		\$ 2,890	2,890	2,731
Total contributions	924	2,890	3,814	3,244
Investment Income				
Net appreciation (depreciation) in fair value of investments		1,819	1,819	2,401
Interest and dividend income		1,446	1,446	1,643
Investment expense		(41)	(41)	(47)
Net income from investing activities		3,224	3,224	3,997
From securities lending activities:				
Securities lending income		121	121	110
Securities lending expense		(107)	(107)	(76)
Net income from securities lending activities		14	14	34
Total net investment income		3,238	3,238	4,031
Transfers of contributions from other Systems	11		11	
Total additions	935	6,128	7,063	7,275
Deductions				
Refunds of contributions to members	31		31	
Transfers of contributions to other Systems	2		2	131
Regular retirement benefits		5,560	5,560	5,347
Group life insurance claims		16	16	8
Depreciation				1
Administrative expense		31	31	30
Total deductions	33	5,607	5,640	5,517
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(1,817)	1,817		
Interest credited to members' accounts	454	(454)		
Net interfund transfers	(1,363)	1,363		
Net increase (decrease)	(461)	1,884	1,423	1,758
Net assets held in trust for Pension Benefits				
Beginning of year	8,485	36,771	45,256	43,498
End of year	\$ 8,024	\$ 38,655	\$ 46,679	\$ 45,256

Financial Section

South Carolina Retirement Systems Schedule of Changes in Plan Net Assets

JSRS Pension Trust Fund

Year Ended June 30, 2005

With comparative totals for the year ended June 30, 2004

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	TOTAL	TOTAL 2004
Additions				
Contributions				
Employee contributions - State departments	\$ 2,034		\$ 2,034	\$ 1,675
Employer contributions - State departments		\$ 6,260	6,260	6,078
Total contributions	2,034	6,260	8,294	7,753
Investment Income				
Net appreciation (depreciation) in fair value of investments		4,736	4,736	5,495
Interest and dividend income		3,474	3,474	3,736
Investment expense		(101)	(101)	(104)
Net income from investing activities		8,109	8,109	9,127
From securities lending activities:				
Securities lending income		428	428	224
Securities lending expense		(389)	(389)	(160)
Net income from securities lending activities		39	39	64
Total net investment income		8,148	8,148	9,191
Transfers of contributions from other Systems	58		58	218
Total additions	2,092	14,408	16,500	17,162
Deductions				
Refunds of contributions to members				
Regular retirement benefits		9,215	9,215	8,605
Group life insurance claims		1	1	124
Depreciation		1	1	
Administrative expense		76	76	72
Total deductions		9,293	9,293	8,801
Interfund transfers according to statutory requirements				
Contributions by members at retirement	(791)	791		
Interest credited to members' accounts	1,064	(1,064)		
Net interfund transfers	273	(273)		
Net increase (decrease)	2,365	4,842	7,207	8,361
Net assets held in trust for Pension Benefits				
Beginning of year	17,640	94,546	112,186	103,825
End of year	\$ 20,005	\$ 99,388	\$ 119,393	\$ 112,186

Financial Section

Schedule of Administrative Expenses For the Year Ended June 30, 2005 *(Amounts expressed in thousands)*

	SCRS	PORS	GARS	JSRS	TOTAL
Personal Services					
Salaries and Wages	\$ 6,689	\$ 849	\$ 14	\$ 36	\$ 7,588
Employee Benefits	1,768	225	4	9	2,006
Contractual Services					
Data Processing Services	1,401	178	3	7	1,589
Medical & Health Services	673	85	1	4	763
Financial Audit	24	3			27
Actuarial Services	333	42	1	2	378
Other Professional Services	173	22		1	196
Legal Services	51	7			58
Operating Expenses					
Facilities Management	280	36	1	1	318
Building Repair & Maintenance	326	41	1	2	370
Intergovernmental Services	909	115	2	5	1,031
Telephone	108	14		1	123
Insurance	349	44	1	2	396
Postage	351	45	1	2	399
Supplies	224	28	1	1	254
Other Miscellaneous Expenses					
	583	74	1	3	661
Total Administrative Expenses	<u>\$ 14,242</u>	<u>\$ 1,808</u>	<u>\$ 31</u>	<u>\$ 76</u>	<u>\$ 16,157</u>

Schedule of Professional Consultant Fees For the Year Ended June 30, 2005 *(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	5
	Dr. James England	Medical Board	7
	SC Vocational Rehabilitation	Disability Applications	745
Auditing and Accounting	Rogers & Laban, PA	Financial audit	27
Management Consulting	Gabriel, Roder, Smith & Company	Actuarial services	56
	Ice Miller Donadio & Ryan	Actuarial services	5
	Stanley Holcombe & Associates Inc.	Actuarial services	13
	Milliman USA	Actuarial services	301
	Mellon Consultants	Actuarial services	3
Other Professional Services	Cost Effectiveness Measurements	Benchmarking services	30
	Summit Strategies	Optional Retirement Plan consultants	105
	Psychological & Training Services	Case Evaluations	30
	Leonard & Associates	Case Evaluations	30
	Hollenbeck & Associates	Case Evaluations	1
Legal Services	Nexsen Pruet Adams Kleemeir	Legal services	1
	McCutchen Blanton Johnson & Barnette	Legal services	3
	Sowell Gray Stepp & Laffitte	Legal services	16
	Gergel Nickles & Solomon	Legal services	38
			<u>\$ 1,422</u>

Information on investment management and consulting fees can be found in the *Schedule of Investment Expenses* on page 51.

Financial Section

South Carolina Retirement Systems Schedule of Investment Expenses Year Ended June 30, 2005 *(Amounts expressed in thousands)*

	SCRS	PORS	GARS	JSRS	TOTAL
Equity Investment Managers Fees:					
Alliance Capital Management LP (Bernstein)	\$ 870	\$ 102	\$ 2	\$ 4	\$ 978
Alliance Capital Management LP	1,105	133	2	6	1,246
Barclays Global Investors, NA	898	107	2	4	1,011
Batterymarch Financial Management, Inc. ¹	266	31	1	1	299
Wells Capital Management, Inc. (Benson Associates, LLC)	1,422	173	3	8	1,606
Fidelity Management Trust Company	1,467	174	3	7	1,651
Flippin, Bruce & Porter, Inc.	1,080	129	2	5	1,216
Institutional Capital Corporation ²	966	115	2	5	1,088
Integrity Asset Management, Inc. ³	202	23	1	1	227
J.L. Kaplan Associates, LLC	1,453	170	3	7	1,633
Montag & Caldwell, Inc.	1,038	131	2	6	1,177
Nicholas-Applegate Capital Management, Inc. ⁴	510	60	1	3	574
State Street Global Advisors Russell 2000 Index Fund	54	6			60
State Street Global Advisors S&P 500 Index Fund	137	16		1	154
The Boston Company Asset Management, LLC	1,494	176	3	8	1,681
TimesSquare Capital Management, Inc.	1,919	234	4	10	2,167
Thompson, Siegel & Walmsley, Inc. ⁵	282	33	1	1	317
Turner Investment Partners, Inc. ⁶	307	35	1	2	345
Wellington Management Company, LLP	2,092	250	4	11	2,357
Total	17,562	2,098	37	90	19,787
Investment Service Fees:					
Bank Fees	1,691	209	3	7	1,910
Consultant Fees:					
Investment Consultant Fees	625	79	1	4	709
Total Investment Management Fees	\$ 19,878	\$ 2,386	\$ 41	\$ 101	\$ 22,406
Securities Lending Expenses:					
Borrower Rebates	\$ 66,297	\$ 9,224	\$ 107	\$ 389	\$ 76,017
Total Securities Lending Expenses	\$ 66,297	\$ 9,224	\$ 107	\$ 389	\$ 76,017

¹Batterymarch Financial Management, Inc., was funded March 15, 2005.

²The contract with Institutional Capital Corporation was terminated February 2005.

³Integrity Asset Management, Inc., was funded March 15, 2005.

⁴Nicholas-Applegate Capital Management, Inc., was funded December 31, 2004.

⁵Thompson, Siegel & Walmsley, Inc., was funded March 15, 2005.

⁶Turner Investment Partners, Inc., was funded March 15, 2005.

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Investment Section

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, 2005

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, 2005. The results attained for this year in the aggregate fixed income and equity portfolio were 7.02 percent and were 8.22 percent for the three year time period, 6.51 percent for the five year period and 6.86 percent for the ten year period.

As of fiscal year end, the equity portion of the portfolio had grown to 44 percent with half of this invested in a passively managed account and the remainder in actively managed accounts. The equity allocation returned 7.24 percent for the fiscal year ending June 30, 2005, besting the S&P 500 Index which returned 6.32 percent but lagging the Russell 3000 Index, which returned 8.06 percent. The equity portfolio return was 8.89 percent for the three year time period and a negative 0.29 percent for the five year period.

The State Treasurer's Office, with the assistance of a fixed income investment consultant, seeks the best market opportunities. This relationship continues to perform exceptionally well, besting the market indices and our private sector peers, at a fraction of the cost. This year was another challenging year for the bond market as we saw the Federal Reserve continue to raise interest rates 200 basis points during the fiscal year. While it appears as though the majority of the interest rate increases are behind us, it is anticipated that Chairman Greenspan and the Federal Reserve Board will continue to raise rates into fiscal year 2006 as the Federal Reserve Board attempts to stem the resurgence of inflation. The return for this past fiscal year was 6.87 percent, exceeding our benchmark, the Lehman Aggregate Index, which returned 6.80 percent. The return for the fixed income portfolio was 6.59 percent for the three year time period, 7.76 percent for the five year period and 7.42 percent for the ten year period.

Given our economy's ability to weather the challenging storms of the past few years, we are cautiously optimistic about the prospects for the future. We expect the SCRS funds to continue to perform at better than market levels this upcoming year. That expectation is soundly based on our history of prudent, conservative investments.

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

Sincerely,

A handwritten signature in black ink that reads "Grady L. Patterson, Jr." with a stylized flourish at the end.

Grady L. Patterson, Jr.
State Treasurer

MERCER

Investment Consulting

3475 Piedmont Road, NE, Suite 800
Atlanta, GA 30305-2886
404 442 3100 Fax 404 442 3300
www.mercerIC.com

November 9, 2005

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 ended June 30, 2005 represented the sixth year of equity investment 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"). At the start of the fiscal year, the Systems were at their target allocation of 40% (as a percent of the total portfolio) for equities. Mercer Investment Consulting, Inc. ("Mercer") has been honored to serve as the consultant to the Systems, and 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 Statement of Investment Objectives and Policies (SIP) covers the general guidelines and goals for the investment of the Systems' assets. The equity investment program is implemented through an Annual Investment Plan (AIP) which details the asset allocation between active management and passive management, between large-cap equity and small-cap equity, between styles of equity management (growth, value, and core) and between individual managers. Additionally, the AIP sets forth rebalancing procedures, permissible investments and benchmarks for performance evaluation. Each fiscal year, the goals, objectives and policies of the equity investment program are reviewed and updated to ensure that the equity portfolio is managed to achieve the goals of the Systems with appropriate fiduciary oversight. The SIP and AIP are updated to be consistent with any changes in the management or structure of the equity portfolio.

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Investment Consulting

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The equity portfolio market value (including accruals) grew to \$11.15 billion (up from \$10.4 billion at June 30, 2004) and is well diversified within the US equity market, utilizing sixteen active managers and two passive allocations. These managers are diversified by style and capitalization, as shown below:

	Growth	Core	Value	Passive	Total
Large Cap	\$1,425,034,863	\$989,512,858	\$969,278,758	\$5,512,721,143	\$8,896,547,622
Small-Mid Cap	\$792,083,596	\$622,004,009	\$838,428,172	\$0	\$2,252,515,776
Total	\$ 2,217,118,459	\$1,611,516,867	\$1,807,706,930	\$ 5,512,721,143	\$ 11,149,063,398

The equity market environment for the Fiscal Year 2005 was solid with the portfolio producing a 7.2% return and generating \$754 million in total gains for the year. This return was ahead of the “headline” index, the S&P 500, which had a return of 6.3%. The South Carolina Retirement Systems’ portfolio overweight to small-and mid-cap stocks helped the performance versus the large-cap S&P 500. The portfolio remains well ahead of the S&P 500 for longer-term periods, with the six-year return since inception of the equity program a full 2.2% ahead of the benchmark with a positive total return of 1.3% per year (the S&P 500 declined 0.9% per year for the six years ended June 30, 2005).

The equity portfolio remained close to its overall targets at June 30, as set forth in the AIP. During the year, the portfolio’s allocation to small cap equity was increased from 15% to 20% of the total equity portfolio. Additionally, the Board balanced the allocations between large cap growth managers and value managers and added new managers to the small cap lineup in both the growth and value disciplines. At the end of the fiscal year, the Board was completing a review of the active large cap portfolio that would add new investment managers and improve the risk profile of the large cap portfolio. These changes are part of the Investment Panel and Budget & Control Board’s ongoing monitoring and evaluation of the SCRS Equity Program.

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

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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, and was re-appointed during the fiscal year.

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,



Jeffery J. Schutes
World Wide Partner
Mercer Investment Consulting, Inc.

Investment Section

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

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments</u>	<u>% Increase for Year</u>
2005	\$ 22,517,910	5.69%	\$ 1,496,887	-14.93%
2004	21,305,463	6.69%	1,759,686	5.83%
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%

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

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments</u>	<u>% Increase for Year</u>
2005	\$ 2,796,872	6.52%	\$ 175,849	-17.13%
2004	2,625,710	7.90%	212,201	15.22%
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%

*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

Investment Section

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

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments</u>	<u>% Increase for Year</u>
2005	\$ 46,300	3.42%	\$ 3,238	-19.67%
2004	44,771	3.93%	4,031	0.65%
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%

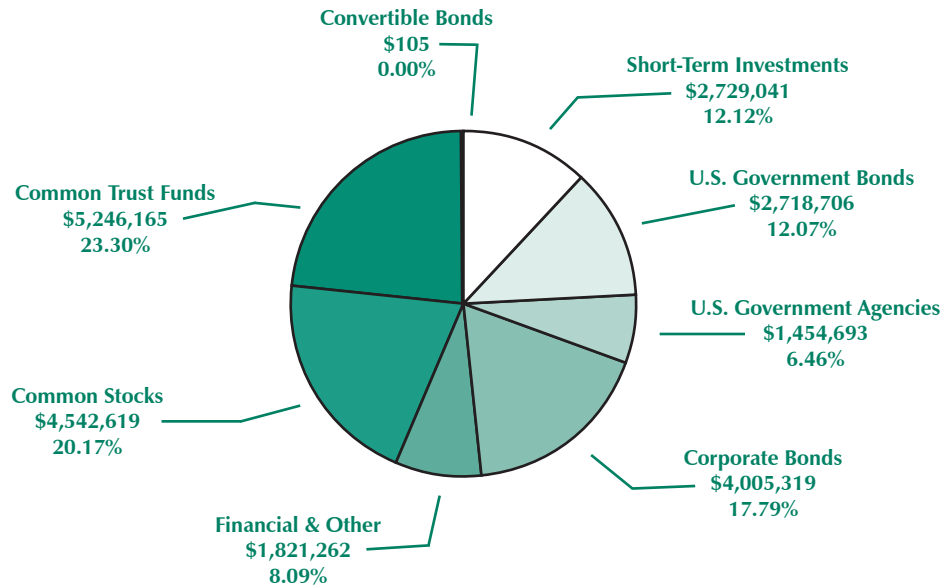
Judges and Solicitors Retirement System Summary of Investment Growth *(Amounts expressed in thousands)*

<u>Year Ended June 30,</u>	<u>Market Value of Investments*</u>	<u>% Increase for Year</u>	<u>Net Income from Investments</u>	<u>% Increase for Year</u>
2005	\$ 118,299	6.96%	\$ 8,148	-11.35%
2004	110,597	7.73%	9,191	4.50%
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%

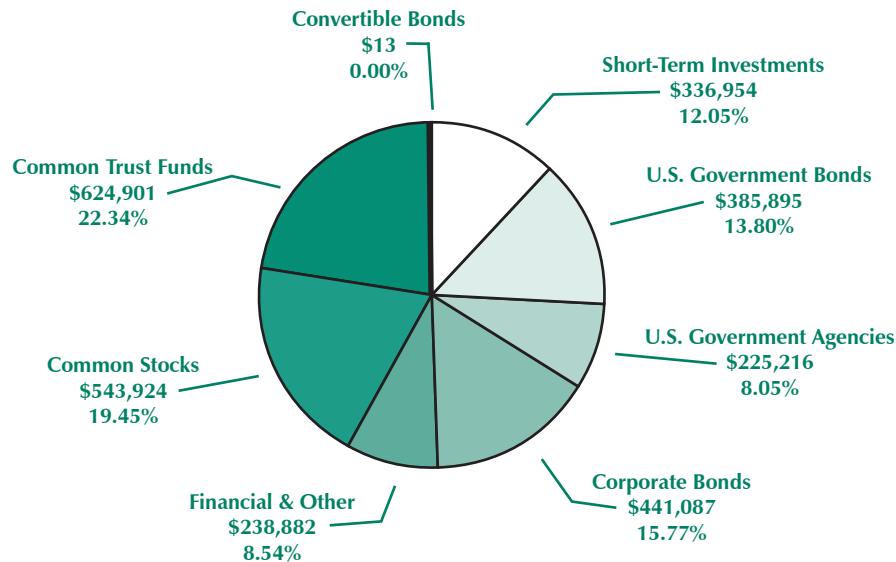
*Market value includes investment categories classified as cash equivalents for financial statement purposes. Securities lending assets are excluded.

Investment Section

South Carolina Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2005*



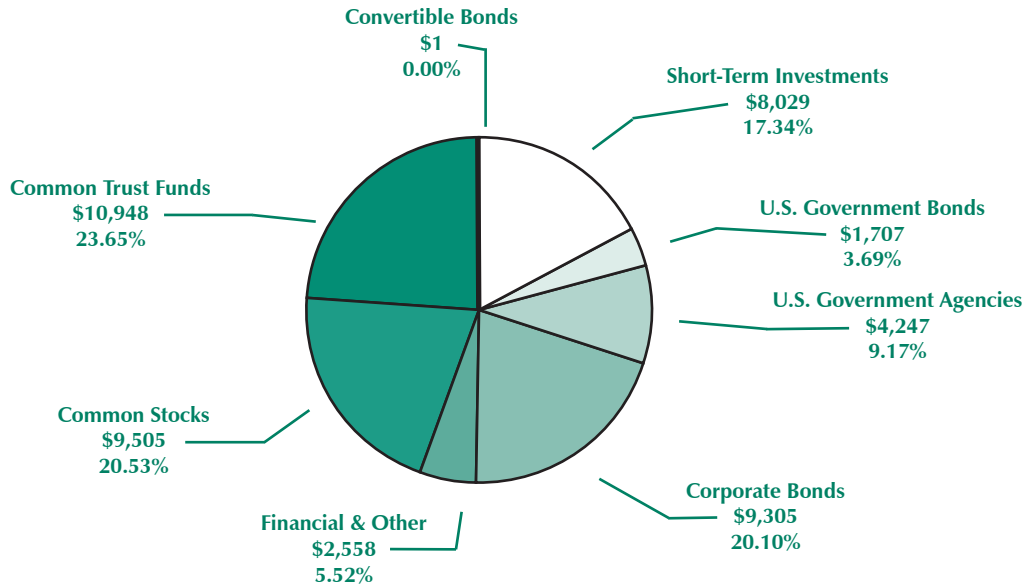
Police Officers Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2005*



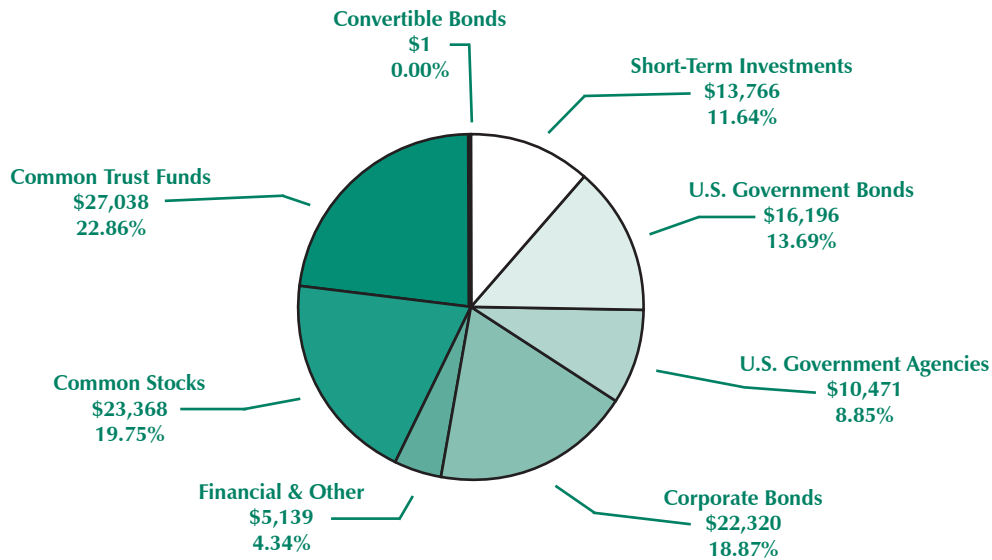
Note: Dollar amounts expressed in thousands. Short-term investments with an original maturity of three months or less were classified as cash equivalents for financial statement purposes.

Investment Section

General Assembly Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2005*



Judges and Solicitors Retirement System Schedule of Asset Allocation *Market Value as of June 30, 2005*



Note: Dollar amounts expressed 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
	06/30/2004	06/30/2005	Market Value at 06/30/05	06/30/2004	06/30/2005	Market Value at 06/30/05
Short-Term Investments:						
Repurchase Agreements	\$ 2,139,800	\$ 2,325,557	10.33%	\$ 174,380	\$ 261,462	9.35%
Commercial Paper	304,989	133,626	0.59%	69,279	4,999	0.18%
Federal Agencies	525,076	269,858	1.20%	105,351	70,493	2.52%
	<u>2,969,865</u>	<u>2,729,041</u>	<u>12.12%</u>	<u>349,010</u>	<u>336,954</u>	<u>12.05%</u>
U.S. Government Agencies & Government Insured:						
Treasury Notes	119,345	1,624,521	7.21%	13,941	269,297	9.63%
Treasury Bonds	414,936	310,441	1.38%	48,118	31,841	1.14%
Treasury Bonds (Zero Coupons)	1,008,939	783,744	3.48%	102,775	84,757	3.03%
U.S. Government Agencies	1,665,523	1,426,938	6.34%	294,321	220,636	7.89%
Insured Marine Bonds	26,642	27,755	0.12%	4,717	4,580	0.16%
	<u>3,235,385</u>	<u>4,173,399</u>	<u>18.53%</u>	<u>463,872</u>	<u>611,111</u>	<u>21.85%</u>
Corporate Bonds:						
Industrials	2,006,601	2,047,270	9.09%	190,359	177,000	6.33%
Utilities	1,934,958	1,958,049	8.70%	274,560	264,087	9.44%
Financial & Other	2,046,082	1,821,262	8.09%	263,246	238,882	8.54%
	<u>5,987,641</u>	<u>5,826,581</u>	<u>25.88%</u>	<u>728,165</u>	<u>679,969</u>	<u>24.31%</u>
Convertible Bonds	2,858	105	0.00%	348	13	0.00%
	<u>2,858</u>	<u>105</u>	<u>0.00%</u>	<u>348</u>	<u>13</u>	<u>0.00%</u>
Common Stock	4,406,512	4,542,619	20.17%	528,133	543,924	19.45%
	<u>4,406,512</u>	<u>4,542,619</u>	<u>20.17%</u>	<u>528,133</u>	<u>543,924</u>	<u>19.45%</u>
Convertible Preferred Stock	361	-	0.00%	44	-	0.00%
	<u>361</u>	<u>-</u>	<u>0.00%</u>	<u>44</u>	<u>-</u>	<u>0.00%</u>
Common Trust Funds	4,702,841	5,246,165	23.30%	556,138	624,901	22.34%
	<u>4,702,841</u>	<u>5,246,165</u>	<u>23.30%</u>	<u>556,138</u>	<u>624,901</u>	<u>22.34%</u>
Total Investments	<u>\$ 21,305,463</u>	<u>\$ 22,517,910</u>	<u>100.00%</u>	<u>\$ 2,625,710</u>	<u>\$ 2,796,872</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>		% of	<u>Market Value</u>		% of
	06/30/2004	06/30/2005	Market Value at 06/30/05	06/30/2004	06/30/2005	Market Value at 06/30/05
Short-Term Investments:						
Repurchase Agreements	\$ 4,425	\$ 8,029	17.34%	\$ 15,980	\$ 13,264	11.21%
Commercial Paper	-	-	-	-	-	-
Federal Agencies	-	-	-	-	502	0.43%
	<u>4,425</u>	<u>8,029</u>	<u>17.34%</u>	<u>15,980</u>	<u>13,766</u>	<u>11.64%</u>
U.S. Government Agencies & Government Insured:						
Treasury Notes	-	499	1.08%	500	15,448	13.06%
Treasury Bonds	1,928	1,208	2.61%	1,020	748	0.63%
Treasury Bonds (Zero Coupons)	-	-	-	-	-	-
U.S. Government Agencies	3,747	4,247	9.17%	11,412	10,471	8.85%
Insured Marine Bonds	-	-	-	-	-	-
	<u>5,675</u>	<u>5,954</u>	<u>12.86%</u>	<u>12,932</u>	<u>26,667</u>	<u>22.54%</u>
Corporate Bonds:						
Industrials	4,873	4,272	9.23%	12,117	9,414	7.96%
Utilities	4,930	5,033	10.87%	13,530	12,906	10.91%
Financial & Other	3,865	2,558	5.52%	9,150	5,139	4.34%
	<u>13,668</u>	<u>11,863</u>	<u>25.62%</u>	<u>34,797</u>	<u>27,459</u>	<u>23.21%</u>
Convertible Bonds	<u>6</u>	<u>1</u>	<u>0.00%</u>	<u>15</u>	<u>1</u>	<u>0.00%</u>
	6	1	0.00%	15	1	0.00%
Common Stock	<u>10,164</u>	<u>9,505</u>	<u>20.53%</u>	<u>22,738</u>	<u>23,368</u>	<u>19.75%</u>
	10,164	9,505	20.53%	22,738	23,368	19.75%
Convertible Preferred Stock	<u>1</u>	<u>-</u>	<u>0.00%</u>	<u>2</u>	<u>-</u>	<u>0.00%</u>
	1	-	0.00%	2	-	0.00%
Common Trust Funds	<u>10,832</u>	<u>10,948</u>	<u>23.65%</u>	<u>24,133</u>	<u>27,038</u>	<u>22.86%</u>
	10,832	10,948	23.65%	24,133	27,038	22.86%
Total Investments	<u>\$ 44,771</u>	<u>\$ 46,300</u>	<u>100.00%</u>	<u>\$ 110,597</u>	<u>\$ 118,299</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, 2005, SCRS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
22,327,473	State Street Global Advisors (S&P 500 equity index fund)	\$ 4,894,226,807
2,792,373	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	351,938,403
		\$ 5,246,165,210

Top ten equity holdings in actively managed separate accounts at June 30, 2005:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
2,209,477	General Electric Co	\$ 76,558,370
1,293,442	Citigroup Inc	59,795,826
1,050,352	Bank of America Corp	47,906,540
574,324	Genentech Inc	46,106,704
909,079	Halliburton Co	43,472,178
754,666	Exxon Mobil Corp	43,370,629
1,671,914	Microsoft Corp	41,530,346
138,964	Google Inc	40,876,141
701,566	American International Group Inc	40,761,006
610,108	Johnson & Johnson	39,657,013
	Total	\$ 480,034,753

Top ten fixed income holdings at June 30, 2005:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 470,000,000	U.S. Treasury Notes 1.625% due 10/31/05	\$ 467,466,700
400,000,000	U.S. Treasury Notes 1.625% due 02/28/06	395,264,000
286,800,000	BECCS (Treasury 12.75% due 11/15/10-05)	283,017,108
291,350,000	BECCS (Treasury 14% due 11/15/11-06)	276,348,389
250,000,000	U.S. Treasury Notes 1.50% due 07/31/05	249,657,500
230,200,000	BECCS (Treasury 13.875% due 05/15/11-06)	222,916,472
215,000,000	U.S. Treasury Notes 1.875% due 01/31/06	213,101,550
200,000,000	Federal Home Loan Bank 4% due 06/13/07	200,125,000
150,000,000	GNMA #604046 5.50% due 02/15/33	153,354,000
150,000,000	U.S. Treasury Notes 2% due 08/31/05	149,701,500
	Total	\$ 2,610,952,219

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, 2005, PORS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
2,659,888	State Street Global Advisors (S&P 500 equity index fund)	\$ 583,052,938
332,035	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	41,848,263
		\$ 624,901,201

Top ten equity holdings in actively managed separate accounts at June 30, 2005:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
262,714	General Electric Co	\$ 9,103,026
153,794	Citigroup Inc	7,109,908
124,890	Bank of America Corp	5,696,235
68,289	Genentech Inc	5,482,229
108,092	Halliburton Co	5,168,976
89,732	Exxon Mobil Corp	5,156,901
198,796	Microsoft Corp	4,938,086
16,523	Google Inc	4,860,299
83,418	American International Group Inc	4,846,609
72,544	Johnson & Johnson	4,715,341
	Total	\$ 57,077,610

Top ten fixed income holdings at June 30, 2005:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 99,000,000	U.S. Treasury Notes 1.625% due 10/31/05	\$ 98,466,390
67,000,000	U.S. Treasury Notes 1.50% due 07/31/05	66,903,210
55,000,000	U.S. Treasury Notes 1.875% due 01/31/06	54,514,350
50,000,000	U.S. Treasury Notes 1.625% due 02/28/06	49,408,000
48,900,000	BECCS (Treasury 14% due 11/15/11-06)	46,382,139
33,000,000	BECCS (Treasury 12.75% due 11/15/10-05)	32,564,730
25,000,000	Federal Home Loan Bank 4% due 06/13/07	25,015,625
14,826,124	GNMA #605267 5.50% due 06/15/34	15,155,561
15,000,000	Federal Home Loan Bank 3.50% due 04/13/07	15,061,650
13,024,684	GNMA #605385 5.50% due 04/15/34	13,314,092
	Total	\$ 416,785,747

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

Investment Section

General Assembly Retirement System List of Largest Assets Held

As of June 30, 2005, GARS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
46,595	State Street Global Advisors (S&P 500 equity index fund)	\$ 10,213,833
5,821	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	733,683
		<u>\$ 10,947,516</u>

Top ten equity holdings in actively managed separate accounts at June 30, 2005:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
4,773	General Electric Co	\$ 165,389
2,794	Citigroup Inc	129,177
2,269	Bank of America Corp	103,493
1,241	Genentech Inc	99,604
1,964	Halliburton Co	93,913
1,630	Exxon Mobil Corp	93,694
3,612	Microsoft Corp	89,718
300	Google Inc	88,305
1,516	American International Group Inc	88,056
1,318	Johnson & Johnson	85,671
	Total	<u>\$ 1,037,020</u>

Top ten fixed income holdings at June 30, 2005:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 1,324,144	GNMA #419409 7.625% due 10/15/21	\$ 1,359,817
1,000,000	Federal Home Loan Bank 3.35% due 02/22/07	998,340
500,000	U.S. Treasury Bonds 9.125% due 05/15/18	747,990
700,000	Southern New England Tel Co 7.25% due 12/15/33	730,163
500,000	AT&T Broadband Corp 9.455% due 11/15/22	707,315
500,000	Coca Cola 8% due 9/15/22	659,830
500,000	Massachusetts Mutual Life Insurance Co 7.625% due 11/15/23	641,563
500,000	Sherwin Williams Co 7.375% due 2/1/27	630,430
500,000	Federal Farm Credit Bank 9.80% due 07/20/09	608,445
500,000	Waste Management 8.75% due 05/01/18	550,770
	Total	<u>\$ 7,634,663</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, 2005, JSRS held units in the following common trust funds:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
115,088	State Street Global Advisors (S&P 500 equity index fund)	\$ 25,227,563
14,360	Barclays Global Investors Alpha Tilts Fund (large cap active core equity fund)	1,809,974
		<u>\$ 27,037,537</u>

Top ten equity holdings in actively managed separate accounts at June 30, 2005:

<u>Units</u>	<u>Description</u>	<u>Market Value</u>
11,337	General Electric Co	\$ 392,811
6,636	Citigroup Inc	306,804
5,389	Bank of America Corp	245,802
2,947	Genentech Inc	236,567
4,664	Halliburton Co	223,050
3,872	Exxon Mobil Corp	222,529
8,578	Microsoft Corp	213,087
713	Google Inc	209,730
3,600	American International Group Inc	209,139
3,130	Johnson & Johnson	203,475
	Total	<u>\$ 2,462,994</u>

Top ten fixed income holdings at June 30, 2005:

<u>Par Value</u>	<u>Description</u>	<u>Market Value</u>
\$ 7,750,000	U.S. Treasury Notes 1.50% due 07/31/05	\$ 7,739,383
7,750,000	U.S. Treasury Notes 1.625% due 10/31/05	7,708,228
2,780,611	GNMA #419411 7.625% due 10/15/21	2,855,521
2,000,000	Federal Home Loan Bank 3.35% due 02/22/07	1,996,680
1,000,000	Pedernales Electric 8.55% due 11/15/20	1,337,070
1,000,000	Massachusetts Mutual Life Insurance Co 7.625% due 11/15/23	1,283,125
1,000,000	McKesson Corp 7.65% due 03/01/27	1,252,310
1,000,000	Federal Farm Credit Bank 9.80% due 07/20/09	1,216,890
1,000,000	Archer Daniels Midland 6.625% due 05/1/29	1,196,350
1,000,000	Tampa Electric 6.875% due 06/15/12	1,131,060
	Total	<u>\$ 27,716,617</u>

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,	91 Day Treasury Bill Index	Cash Segment Returns ¹	Lehman Aggregate (Fixed Benchmark)	Fixed Income Segment Returns	S&P 500 Equity Index (Equity Benchmark)	Equity Segment Returns ²	Consumer Price Index (CPI) ³	Actuarial Assumed Rate of Return	Total Portfolio Returns
SCRS	2005	2.15%	2.30%	6.80%	6.94%	6.32%	7.24%	2.53%	7.25%	7.03%
	2004	-	-	0.33%	1.47%	19.10%	20.88%	3.27%	7.25%	8.79%
	2003	-	-	10.40%	11.82%	0.25%	-0.40%	2.11%	7.25%	8.98%
	2002	-	-	8.63%	8.24%	-17.99%	-17.32%	1.07%	7.25%	0.91%
	2001	-	-	11.23%	10.90%	-14.83%	-7.75%	3.25%	7.25%	7.14%
	2000	-	-	4.56%	4.24%	7.25%	10.23%	3.73%	7.25%	4.77%
	1999	-	-	3.13%	2.30%	-	5.44%	1.96%	7.25%	2.42%
	1998	-	-	10.54%	15.06%	-	-	1.68%	7.25%	15.06%
	1997	-	-	8.16%	8.99%	-	-	2.30%	7.25%	8.99%
	1996	-	-	5.01%	5.29%	-	-	2.75%	7.25%	5.29%
	3-Year Annualized	1.55%	-	5.76%	6.66%	8.27%	8.89%	2.64%		8.28%
5-Year Annualized	2.62%	-	7.41%	7.80%	-2.38%	-0.29%	2.44%		6.53%	
10-Year Annualized	3.97%	-	6.83%	7.44%	9.93%	-	2.46%		6.88%	
PORS	2005	2.15%	2.34%	6.80%	6.26%	6.32%	7.24%	2.53%	7.25%	6.63%
	2004	-	-	0.33%	1.60%	19.10%	20.88%	3.27%	7.25%	8.64%
	2003	-	-	10.40%	10.45%	0.25%	-0.40%	2.11%	7.25%	8.32%
	2002	-	-	8.63%	8.15%	-17.99%	-17.32%	1.07%	7.25%	1.02%
	2001	-	-	11.23%	10.72%	-14.83%	-7.75%	3.25%	7.25%	7.09%
	2000	-	-	4.56%	4.40%	7.25%	10.23%	3.73%	7.25%	4.93%
	1999	-	-	3.13%	2.62%	-	5.44%	1.96%	7.25%	2.74%
	1998	-	-	10.54%	14.24%	-	-	1.68%	7.25%	14.24%
	1997	-	-	8.16%	8.77%	-	-	2.30%	7.25%	8.77%
	1996	-	-	5.01%	5.20%	-	-	2.75%	7.25%	5.20%
	3-Year Annualized	1.55%	-	5.76%	6.04%	8.27%	8.89%	2.64%		7.82%
5-Year Annualized	2.62%	-	7.41%	7.39%	-2.38%	-0.29%	2.44%		6.28%	
10-Year Annualized	3.97%	-	6.83%	7.18%	9.93%	-	2.46%		6.69%	

¹Effective July 1, 2004, a 2 percent (approximately) portion of the aggregate fixed income portfolio was segmented into a liquidity pool of short duration investments to more efficiently manage cash flows.

²Equity segment funded June 1999.

³Measure of the Consumer Price Index (CPI) - All Urban Consumers (all items) represents the year-over-year changes in prices of all goods and services purchased for consumption by urban households and includes expenditures by urban wage earners and clerical workers, professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. This represents about 80 percent of the total U.S. population and is the broadest, most comprehensive measure of changes in prices of goods and services.

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 Schedule of Investment Results

	Fiscal Years ended June 30,	91 Day Treasury Bill Index	Cash Segment Returns ¹	Lehman Aggregate (Fixed Benchmark)	Fixed Income Segment Returns	S&P 500 Equity Index (Equity Benchmark)	Equity Segment Returns ²	Consumer Price Index (CPI) ³	Actuarial Assumed Rate of Return	Total Portfolio Returns
GARS	2005	2.15%	1.99%	6.80%	7.83%	6.32%	7.24%	2.53%	7.25%	7.43%
	2004	-	-	0.33%	1.57%	19.10%	20.88%	3.27%	7.25%	9.41%
	2003	-	-	10.40%	13.85%	0.25%	-0.40%	2.11%	7.25%	10.49%
	2002	-	-	8.63%	7.51%	-17.99%	-17.32%	1.07%	7.25%	0.38%
	2001	-	-	11.23%	11.29%	-14.83%	-7.75%	3.25%	7.25%	7.28%
	2000	-	-	4.56%	4.29%	7.25%	10.23%	3.73%	7.25%	3.92%
	1999	-	-	3.13%	2.76%	-	5.44%	1.96%	7.25%	2.88%
	1998	-	-	10.54%	12.68%	-	-	1.68%	7.25%	12.68%
	1997	-	-	8.16%	8.49%	-	-	2.30%	7.25%	8.49%
	1996	-	-	5.01%	5.13%	-	-	2.75%	7.25%	5.13%
	3-Year Annualized	1.55%	-	5.76%	7.63%	8.27%	8.89%	2.64%		9.02%
5-Year Annualized	2.62%	-	7.41%	8.32%	-2.38%	-0.29%	2.44%		6.90%	
10-Year Annualized	3.97%	-	6.83%	7.46%	9.93%	-	2.46%		6.89%	
JSRS	2005	2.15%	1.90%	6.80%	7.43%	6.32%	7.24%	2.53%	7.25%	7.30%
	2004	-	-	0.33%	1.79%	19.10%	20.88%	3.27%	7.25%	9.02%
	2003	-	-	10.40%	12.07%	0.25%	-0.40%	2.11%	7.25%	9.42%
	2002	-	-	8.63%	8.38%	-17.99%	-17.32%	1.07%	7.25%	1.50%
	2001	-	-	11.23%	11.46%	-14.83%	-7.75%	3.25%	7.25%	7.66%
	2000	-	-	4.56%	3.08%	7.25%	10.23%	3.73%	7.25%	3.65%
	1999	-	-	3.13%	2.52%	-	5.44%	1.96%	7.25%	2.64%
	1998	-	-	10.54%	13.06%	-	-	1.68%	7.25%	13.06%
	1997	-	-	8.16%	8.70%	-	-	2.30%	7.25%	8.70%
	1996	-	-	5.01%	5.04%	-	-	2.75%	7.25%	5.04%
	3-Year Annualized	1.55%	-	5.76%	7.01%	8.27%	8.89%	2.64%		8.55%
5-Year Annualized	2.62%	-	7.41%	8.16%	-2.38%	-0.29%	2.44%		6.93%	
10-Year Annualized	3.97%	-	6.83%	7.39%	9.93%	-	2.46%		6.85%	

¹Effective July 1, 2004, a 2 percent (approximately) portion of the aggregate fixed income portfolio was segmented into a liquidity pool of short duration investments to more efficiently manage cash flows.

²Equity segment funded June 1999.

³Measure of the Consumer Price Index (CPI) - All Urban Consumers (all items) represents the year-over-year changes in prices of all goods and services purchased for consumption by urban households and includes expenditures by urban wage earners and clerical workers, professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, retirees and others not in the labor force. This represents about 80 percent of the total U.S. population and is the broadest, most comprehensive measure of changes in prices of goods and services.

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, 2005

	<u>Quarter Return</u>	<u>One Year Return</u>	<u>Three Years Return</u>	<u>Five Years Return</u>
Total Equity Portfolio	2.41%	7.24%	8.89%	-0.29%
Total Equity Index	2.2%	7.6%	9.4%	-0.7%
Russell 3000 Index	2.2%	8.1%	9.5%	-1.4%
S&P 500 Index - Total Return Index (S&P Calc)	1.4%	6.3%	8.3%	-2.4%
Passive Equity				
State Street Global Advisors - S&P 500 Index Fund	1.4%	6.3%	8.3%	-2.3%
Rank vs. Mercer US Equity Large Cap Core Universe				
Mercer US Equity Large Cap Core Universe Median	1.7%	8.3%	9.0%	-0.6%
S&P 500 Index - Total Return Index (S&P Calc)	1.4%	6.3%	8.3%	-2.4%
Total Active Equity	3.5%	8.0%	9.3%	1.2%
Russell 3000 Index	2.2%	8.1%	9.5%	-1.4%
S&P 500 Index - Total Return Index (S&P Calc)	1.4%	6.3%	8.3%	-2.4%
Total Active Equity Index	2.9%	8.9%	10.5%	0.7%
Total Active Large Cap Equity	3.4%	6.1%	7.3%	0.0%
Rank vs. Mercer US Equity Large Cap Equity Universe				
Mercer US Equity Large Cap Equity Universe Median	1.9%	8.2%	9.2%	0.7%
Active Large Cap Equity Index	1.9%	7.6%	9.0%	-1.6%
Large Cap Core Equity	3.0%	8.8%	9.9%	-1.0%
Rank vs. Mercer US Equity Large Cap Core Universe				
Mercer US Equity Large Cap Core Universe Median	1.7%	8.3%	9.0%	-0.6%
S&P 500 Index - Total Return Index (S&P Calc)	1.4%	6.3%	8.3%	-2.4%
Large Cap Growth Equity	4.4%	2.6%	4.0%	-6.3%
Rank vs. Mercer US Equity Large Cap Growth Universe				
Mercer US Equity Large Cap Growth Universe Median	2.6%	4.2%	7.5%	-5.7%
Russell 1000 Growth Index	2.5%	1.7%	7.3%	-10.4%
Large Cap Value Equity	2.3%	7.5%	8.6%	5.9%
Rank vs. Mercer US Equity Large Cap Universe				
Mercer US Equity Large Cap Value Universe Median	1.8%	11.6%	10.9%	7.4%
Russell 1000 Value Index	1.7%	14.1%	11.0%	6.6%
Total Active Smaller Cap Equity	3.6%	12.4%	14.1%	4.1%
Rank vs. Mercer US Equity Small Cap Universe				
Mercer US Equity Smaller Cap Universe Median	4.0%	11.6%	14.5%	11.4%
Russell 2000 Index	4.3%	9.4%	12.8%	5.7%
Smaller Cap Equity Index	4.4%	10.8%	13.7%	6.4%
Smaller Cap Core Equity	5.6%	16.5%	14.9%	7.2%
Rank vs. Mercer US Equity Small Cap Universe				
Mercer US Equity Small Cap Universe Median	4.0%	11.6%	14.5%	11.4%
Russell 2000 Index	4.3%	9.4%	12.8%	5.7%
Smaller Cap Growth Equity	4.1%	8.1%	6.1%	-10.1%
Rank vs. Mercer US Equity Small Cap Growth Universe				
Mercer US Equity Small Cap Growth Universe Median	4.1%	6.6%	12.8%	-1.1%
Russell 2000 Growth Index	3.5%	4.3%	11.4%	-4.5%
Smaller Cap Value Equity	2.7%	13.0%	18.1%	13.6%
Rank vs. Mercer US Equity Small Cap Value Universe				
Mercer US Equity Small Cap Value Universe Median	3.8%	14.7%	15.7%	17.7%
Russell 2000 Value Index	5.1%	14.4%	14.2%	16.1%

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, 2005

	Market Value of Assets under Management at June 30, 2005¹	Fees
Investment Managers' Fees:		
Equity Managers' Fees (amounts expressed in thousands)	\$ 11,157,283	\$ 19,787
Other Investment Service Fees:		
Bank Fees (amounts expressed in thousands)		1,910
Consultant Fees:		
Investment Consultant Fees (amounts expressed in thousands)		709
		\$ 22,406

Brokerage Firm	Number of Shares Traded	Commissions	Average Commissions per Share
Merrill Lynch Pierce Fenner & Smith	12,796,985	\$ 568,424	0.0444
Credit Suisse First Boston	14,186,287	526,655	0.0371
Goldman Sachs & Co.	11,851,130	495,792	0.0418
Lehman Brothers Inc. USA	12,081,193	481,929	0.0399
UBS Securities, LLC	10,396,008	439,515	0.0423
Citigroup Global Markets, Inc.	11,508,598	383,469	0.0333
Morgan Stanley & Co., Inc.	9,313,580	348,853	0.0375
Bear Stearns & Co., Inc.	7,879,847	340,241	0.0432
Wachovia Securities Capital Markets	6,295,210	302,638	0.0481
Banc of America Securities LLC	4,933,952	221,846	0.0450
JP Morgan Securities Inc.	4,913,186	204,600	0.0416
Sanford C. Bernstein & Co. LLC	4,408,105	176,241	0.0400
CIBC World Markets Corp.	3,701,435	168,362	0.0455
Deutsche Banc/Alex Brown Inc.	3,788,117	164,145	0.0433
First Clearing, LLC	3,691,775	159,284	0.0431
Jefferies & Co., Inc.	4,906,417	158,454	0.0323
Cantor, Fitzgerald & Co., Inc.	3,879,560	138,285	0.0356
Thomas Weisel Partners LLC	3,119,596	131,476	0.0421
Prudential Equity Group	2,751,490	123,534	0.0449
Baird, Robert W. & Co. Inc.	2,387,847	114,051	0.0478
Abel Noser Corporation	7,385,838	111,070	0.0150
Liquidnet Inc.	4,707,418	108,874	0.0231
Legg Mason Wood Walker, Inc.	2,274,956	105,810	0.0465
US Bancorp Piper Jaffray Inc.	2,204,660	97,844	0.0444
Pershing & Company	2,135,531	97,770	0.0458
Adams, Harkness & Hill Inc.	2,080,997	97,587	0.0469
National Financial Services Corp.	3,644,309	94,071	0.0258
S.G. Cowen & Co., LLC	1,951,615	88,620	0.0454
Bear Stearns Securities Corp.	2,983,725	88,385	0.0296
B-Trade Services, LLC	4,178,657	77,814	0.0186
Pacific Crest Securities	1,685,750	76,912	0.0456
UBS Financial Services, Inc.	1,522,900	76,145	0.0500
Weeden & Company	2,282,610	72,854	0.0319
McDonald Investments, Inc.	1,474,716	70,685	0.0479
Morgan Keegan & Co., Inc.	1,355,920	67,006	0.0494
RBC Dominion Securities Corp.	1,343,420	61,424	0.0457
Friedman, Billings & Ramsey	1,228,687	58,514	0.0476
Midwest Research Securities	1,223,303	56,154	0.0459
SunTrust Capital Markets Inc.	1,210,600	53,716	0.0444
Instinet Corporation	2,073,937	52,620	0.0254
All others ²	38,929,467	1,461,437	0.0375
	226,669,334	\$ 8,723,106	0.0385

Data provided by the Bank of New York.

¹Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

²Other brokers include 165 additional brokers each receiving less than \$50,000 in total commissions.

Investment Section

South Carolina Retirement Systems Schedule of Investment Managers and Fees for Equities For the Year Ended June 30, 2005 (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, 2005¹</u>	<u>Fees</u>
State Street Global Advisors Boston, MA	Large Cap Passive S&P 500 Index Fund	June 16, 1999	\$ 5,512,722	\$ 154
Flippin, Bruce & Porter, Inc. Lynchburg, VA	Large Cap Value	March 2, 2000	482,796	1,216
Institutional Capital Corporation ² Chicago, IL	Large Cap Value	March 15, 2000	-	1,088
Alliance Capital Management L.P. New York, NY	Large Cap Value	May 3, 2000	485,938	978
Montag & Caldwell, Inc. Atlanta, GA	Large Cap Growth	May 8, 2000	633,590	1,177
Alliance Capital Management L.P. New York, NY	Large Cap Growth	July 2, 2001	799,436	1,246
Wellington Management Company, LLP Boston, MA	Large Cap Core	March 15, 2000	592,424	2,357
Barclays Global Investors, NA San Francisco, CA	Large Cap Core	April 16, 2004	396,330	1,011
State Street Global Advisors Boston, MA	Small/Mid Cap Passive Russell 2000 Index Fund	October 1, 2001	-	60
J.L. Kaplan Associates, LLC Boston, MA	Small Cap Value	October 29, 1999	283,730	1,633
Wells Capital Management, Inc. (Benson Associates, LLC) Portland, OR	Small Cap Value	October 1, 2002	282,713	1,606
Integrity Asset Management, Inc. ³ Louisville, KY	Small Cap Value	March 15, 2005	108,434	227
Thompson, Siegel & Walmsley, Inc. ⁴ Richmond, VA	Small Cap Value	March 15, 2005	165,231	317
TimesSquare Capital Management New York, NY	Small Cap Growth	October 1, 2002	257,817	2,167
Nicholas-Applegate Capital Management, Inc. ⁵ San Diego, CA	Small Cap Growth	December 31, 2004	219,019	574
Batterymarch Financial Management, Inc. ⁶ Boston, MA	Small Cap Growth	March 15, 2005	151,340	299
Turner Investment Partners, Inc. ⁷ Berwyn, PA	Small Cap Growth	March 15, 2005	165,017	345
The Boston Company Asset Management, LLC Boston, MA	Small Cap Core	November 17, 1999	327,481	1,681
Fidelity Management Trust Company Boston, MA	Small Cap Core	May 23, 2000	293,265	1,651
			<u>\$ 11,157,283</u>	<u>\$ 19,787</u>

¹Assets under management include categories classified as cash and cash equivalents for financial statement purposes.

²The contract with Institutional Capital Corporation was terminated February 2005.

³Integrity Asset Management, Inc., was funded March 15, 2005.

⁴Thompson, Siegel & Walmsley, Inc., was funded March 15, 2005.

⁵Nicholas-Applegate Capital Management, Inc., was funded December 31, 2004.

⁶Batterymarch Financial Management, Inc., was funded March 15, 2005.

⁷Turner Investment Partners, Inc., was funded March 15, 2005.

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Actuarial Section



A MILLIMAN GLOBAL FIRM

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November 10, 2005

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

Re: Certification and Statement Regarding Actuarial Valuations as of July 1, 2004

Dear Members of the Board:

Applicable Laws

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. At your request, we have conducted an annual actuarial valuation of each of the four separate South Carolina Retirement Systems as of July 1, 2004.

Funding Objective

A funding objective of the Systems is that contribution rates will remain relatively level over time as a percentage of payroll. As these contribution rates are set by the Board, the valuation is used to determine the sufficiency of the contributions to maintain or improve the measures of the Systems' funding progress (i.e. *funded ratio*, *funding period*) and provide for the complete funding of all actuarial liabilities within 30 years.

Funding Methodology

The entry age normal actuarial cost method determines each system's normal cost, the cost of the current year's benefit accrual, as a level percentage of the active member's payroll. Additionally, the method determines the actuarial liability, the value of benefits already earned by active and retired members due to past service. A smoothing technique is utilized to produce a market-related actuarial value of assets with the goal of dampening the impact of investment return volatility. The *funded ratio* is the actuarial value of assets as a percentage of the actuarial liability.

An unfunded actuarial liability exists to the extent a System's actuarial liability exceeds its actuarial value of assets. The contribution amount in excess of a system's normal cost is the level percentage of payroll available to amortize an unfunded actuarial liability. The System's *funding period* is the resulting number of years necessary to fully amortize an unfunded actuarial liability with the available contributions.

Assumptions

Actuarial assumptions are necessary to estimate the future economic and demographic experience of the Systems. The actuarial assumptions were recommended by the prior actuary and adopted by the State Budget and Control Board based on a review of the System's experience completed during Fiscal Year 2004. We have reviewed these assumptions and believe they are reasonable.

The current actuarial assumptions for each System are in accordance with the applicable Actuarial Standards of Practice, as well as the parameters set forth in the Governmental



State Budget and Control Board
South Carolina Retirement Systems
November 10, 2005
Page 2

Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

The results and conclusions of this report are only valid for the July 1, 2004 plan year and should not be interpreted as applying in future years. Differences between our projections and actual amounts depend on the extent to which future experience conforms exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Data Reliance

In preparing the valuations, we, as the actuary, relied on data provided by the Systems. In fulfillment of the scope of our assignment, we performed a limited review of the data for consistency and reasonableness and did not find material defects in the census data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Supporting Schedules

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 for the July 1, 2003 to June 30, 2004 period. Information for previous years was supplied by other actuarial firms employed by the Systems at that time.

Certification

Based on the results of the four July 1, 2004 valuations, we believe that the valuations are appropriately reflecting the plan's long term obligations and the current contribution levels are sufficient to fund the liabilities of each plan over a reasonable time frame, and based on these criteria may be deemed actuarially sound.

I, Robert Dezube, am a consulting actuary for Milliman. I am also a member of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. On the basis of the foregoing, I certify that, to the best of my knowledge this report is complete and accurate and has been prepared in accordance with South Carolina's statutes and generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

Respectfully submitted,

Milliman, Inc.

Robert S. Dezube, FSA, MAAA
Principal and Consulting Actuary

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OFFICES IN PRINCIPAL CITIES WORLDWIDE

Actuarial Section

South Carolina Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2004 (Amounts expressed in thousands)

	<u>July 1, 2004</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 4,750,077
ii) Employer Annuity Accumulation Fund	16,112,582
iii) Total Current Assets	<u>\$ 20,862,659</u>
b. <u>Present Value of Future Member Contributions</u>	\$ 2,743,400
c. <u>Present Value of Future Employer Contributions</u>	
i) Normal Contributions	\$ 2,142,726
ii) Accrued Liability Contributions	5,115,193
iii) Total Future Employer Contributions	<u>\$ 7,257,919</u>
d. <u>Total Assets</u>	<u>\$ 30,863,978</u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 4,750,077
ii) Present Value of Future Member Contributions	2,743,400
iii) Total Contributions to Employee Annuity Savings Fund	<u>\$ 7,493,477</u>
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 14,184,765
ii) Benefits to be Paid to Current Active Members	9,185,736
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	<u>\$ 23,370,501</u>
c. <u>Total Liabilities</u>	<u>\$ 30,863,978</u>

Actuarial Section

Police Officers Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2004 (Amounts expressed in thousands)

	<u>July 1, 2004</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 548,699
ii) Employer Annuity Accumulation Fund	2,068,136
iii) Total Current Assets	<u>\$ 2,616,835</u>
b. <u>Present Value of Future Member Contributions</u>	\$ 425,174
c. <u>Present Value of Future Employer Contributions</u>	
i) Normal Contributions	\$ 453,461
ii) Accrued Liability Contributions	367,749
iii) Total Future Employer Contributions	<u>\$ 821,210</u>
d. <u>Total Assets</u>	<u><u>\$ 3,863,219</u></u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 548,699
ii) Present Value of Future Member Contributions	425,174
iii) Total Contributions to Employee Annuity Savings Fund	<u>\$ 973,873</u>
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 1,415,627
ii) Benefits to be Paid to Current Active Members	1,473,719
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	<u>\$ 2,889,346</u>
c. <u>Total Liabilities</u>	<u><u>\$ 3,863,219</u></u>

Actuarial Section

General Assembly Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2004

	<u>July 1, 2004</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 8,485,000
ii) Employer Annuity Accumulation Fund	<u>36,602,000</u>
iii) Total Current Assets	\$ 45,087,000
b. <u>Present Value of Future Member Contributions</u>	\$ 2,469,007
c. <u>Present Value of Future Employer Contributions</u>	
i) Normal Contributions	\$ 1,962,830
ii) Accrued Liability Contributions	<u>23,245,001</u>
iii) Total Future Employer Contributions	\$ 25,207,831
d. <u>Total Assets</u>	<u><u>\$ 72,763,838</u></u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 8,485,000
ii) Present Value of Future Member Contributions*	<u>2,469,007</u>
iii) Total Contributions to Employee Annuity Savings Fund	\$ 10,954,007
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 48,125,747
ii) Benefits to be Paid to Current Active Members	<u>13,684,084</u>
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$ 61,809,831
c. <u>Total Liabilities</u>	<u><u>\$ 72,763,838</u></u>

*Includes future special contributors

Actuarial Section

Judges and Solicitors Retirement System Valuation Balance Sheet As of Actuarial Valuation at July 1, 2004

	<u>July 1, 2004</u>
1. <u>Assets</u>	
a. <u>Current Assets (Actuarial Value)</u>	
i) Employee Annuity Savings Fund	\$ 17,640,000
ii) Employer Annuity Accumulation Fund	<u>94,376,000</u>
iii) Total Current Assets	\$ 112,016,000
b. <u>Present Value of Future Member Contributions</u>	\$ 10,997,679
c. <u>Present Value of Future Employer Contributions</u>	
i) Normal Contributions	\$ 15,757,738
ii) Accrued Liability Contributions	<u>73,035,872</u>
iii) Total Prospective Employer Contributions	\$ 88,793,610
d. <u>Total Assets</u>	<u><u>\$ 211,807,289</u></u>
2. <u>Liabilities</u>	
a. <u>Employee Annuity Savings Fund</u>	
i) Past Member Contributions	\$ 17,640,000
ii) Present Value of Future Member Contributions	<u>10,997,679</u>
iii) Total Contributions to Employee Annuity Savings Fund	\$ 28,637,679
b. <u>Employer Annuity Accumulation Fund</u>	
i) Benefits Currently in Payment	\$ 106,158,806
ii) Benefits to be Paid to Current Active Members	<u>77,010,804</u>
iii) Total Benefits Payable from Employer Annuity Accumulation Fund	\$ 183,169,610
c. <u>Total Liabilities</u>	<u><u>\$ 211,807,289</u></u>

Actuarial Section

South Carolina Retirement System Results of the Valuation as of July 1, 2004 (Dollar amounts expressed in thousands)

	<u>July 1, 2004</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 14,184,765
b. Present Active and Inactive Members	<u>16,679,213</u>
c. Total Actuarial Present Value	\$ 30,863,978
2. <u>Present Value of Future Normal Contributions</u>	
a. Employee at 6.00%	\$ 2,743,400
b. Employer at 3.80%	<u>2,142,726</u>
c. Total Future Normal Contributions	\$ 4,886,126
3. <u>Actuarial Liability</u>	\$ 25,977,852
4. <u>Current Actuarial Value of Assets</u>	\$ 20,862,659
5. <u>Unfunded Actuarial Liability</u>	\$ 5,115,193
6. <u>Unfunded Actuarial Liability Rates</u>	
a. Active Members	3.75%
b. TERI Members	3.75%
c. ORP Members	2.55%
d. Reemployed Members	7.55%
7. <u>Unfunded Actuarial Liability Liquidation Period</u>	27 years

Actuarial Section

Police Officers Retirement System Results of the Valuation as of July 1, 2004 (Dollar amounts expressed in thousands)

	<u>July 1, 2004</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 1,415,627
b. Present Active and Inactive Members	<u>2,447,592</u>
c. Total Actuarial Present Value	\$ 3,863,219
2. <u>Present Value of Future Normal Contributions</u>	
a. Employees	\$ 425,174
b. Employer	<u>453,461</u>
c. Total Future Normal Contributions	\$ 878,635
3. <u>Actuarial Liability</u>	\$ 2,984,584
4. <u>Current Actuarial Value of Assets</u>	\$ 2,616,835
5. <u>Unfunded Actuarial Liability</u>	\$ 367,749
6. <u>Unfunded Actuarial Liability Rates</u>	3.11%
7. <u>Unfunded Actuarial Liability Liquidation Period</u>	16 years

Actuarial Section

General Assembly Retirement System Results of the Valuation as of July 1, 2004

	<u>July 1, 2004</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 48,125,747
b. Present Active and Inactive Members	<u>24,638,091</u>
c. Total Actuarial Present Value	\$ 72,763,838
2. <u>Present Value of Future Normal Contributions</u>	
a. Employees	\$ 2,108,649
b. Special Contributors	360,358
c. Employer	<u>1,962,830</u>
d. Total Future Normal Contributions	\$ 4,431,837
3. <u>Actuarial Liability</u>	\$ 68,332,001
4. <u>Current Actuarial Value of Assets</u>	\$ 45,087,000
5. <u>Unfunded Actuarial Liability</u>	\$ 23,245,001
6. <u>Unfunded Actuarial Liability Liquidation Period</u>	23 years

Actuarial Section

Judges and Solicitors Retirement System Results of the Valuation as of July 1, 2004

	<u>July 1, 2004</u>
1. <u>Actuarial Present Value of Future Benefits</u>	
a. Present Retired Members and Beneficiaries	\$ 106,158,806
b. Present Active and Inactive Members	<u>105,648,483</u>
c. Total Actuarial Present Value	\$ 211,807,289
2. <u>Present Value of Future Normal Contributions</u>	
a. Employees	\$ 10,997,679
b. Employer	<u>15,757,738</u>
c. Total Future Normal Contributions	\$ 26,755,417
3. <u>Actuarial Liability</u>	\$ 185,051,872
4. <u>Current Actuarial Value of Assets</u>	\$ 112,016,000
5. <u>Unfunded Actuarial Liability</u>	\$ 73,035,872
6. <u>Unfunded Actuarial Liability Rates</u>	27.40%
7. <u>Unfunded Actuarial Liability Liquidation Period</u>	28 years

Actuarial Section

South Carolina Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

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

Annual Increase			Annual Increase		
Years of Service	General Employees	Teachers	Years of Service	General Employees	Teachers
0	8.00%	8.00%	8	4.50%	4.75%
1	5.75%	8.00%	9	4.50%	4.75%
2	5.00%	5.50%	10	4.25%	4.75%
3	4.75%	5.25%	11	4.25%	4.50%
4	4.50%	5.00%	12	4.25%	4.40%
5	4.50%	5.00%	13	4.25%	4.40%
6	4.50%	5.00%	14	4.25%	4.40%
7	4.50%	4.75%	15+	4.00%	4.00%

3. Decrement Rates

a. Service Retirement

		Annual Rates of			
		Unreduced Service Retirement*		Reduced Service Retirement	
		Male	Female	Male	Female
	Age				
Employees	50	12%	14%		
	55	15%	18%	5%	10%
	60	20%	20%	5%	11%
	61	20%	20%	15%	15%
	62	30%	35%	27%	28%
	63	30%	30%	16%	20%
	64	30%	35%	22%	20%
	65	40%	40%		
	66	20%	25%		
	67	20%	25%		
	68	20%	25%		
Teachers	50	14%	15%		
	55	18%	25%	6%	9%
	60	25%	25%	14%	15%
	61	30%	40%	18%	20%
	62	20%	35%	25%	25%
	63	20%	25%	28%	20%
	64	35%	30%	28%	30%
	65	45%	40%		
	66	23%	23%		
	67	23%	23%		
	68	23%	23%		
69	23%	23%			
70	100%	100%			

Actuarial Section

*Plus the following percentage in the year when first become eligible for unreduced service retirement before age 65.

	<u>General Employees</u>	<u>Teachers</u>
Male	30%	40%
Female	45%	40%

b. In-Service Mortality and Disability

Annual Rates of								
Mortality					Disability			
Age	<u>Employees</u>		<u>Teachers</u>		<u>Employees</u>		<u>Teachers</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
25	0.04%	0.01%	0.03%	0.01%	0.06%	0.05%	0.04%	0.05%
30	0.04%	0.02%	0.03%	0.01%	0.12%	0.07%	0.06%	0.07%
35	0.08%	0.03%	0.06%	0.03%	0.17%	0.15%	0.08%	0.07%
40	0.11%	0.05%	0.08%	0.04%	0.29%	0.19%	0.16%	0.13%
45	0.15%	0.07%	0.11%	0.06%	0.40%	0.27%	0.26%	0.26%
50	0.21%	0.11%	0.16%	0.09%	0.58%	0.46%	0.42%	0.42%
55	0.30%	0.16%	0.23%	0.14%	0.92%	0.74%	0.68%	0.68%
60	0.49%	0.26%	0.37%	0.22%	1.15%	1.12%	1.05%	1.05%
64	0.70%	0.35%	0.53%	0.30%	1.44%	1.56%	1.31%	1.31%

c. Withdrawal rates

Probability of Decrement Due to Withdrawal											
Years of Service - Male Teachers											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2964	0.2029	0.1384	0.0973	0.0721	0.0578	0.0513	0.0508	0.0518	0.0538	0.0560
30	0.2721	0.1922	0.1356	0.0990	0.0776	0.0662	0.0607	0.0577	0.0538	0.0477	0.0387
35	0.2531	0.1823	0.1316	0.0990	0.0805	0.0708	0.0657	0.0611	0.0540	0.0429	0.0273
40	0.2371	0.1730	0.1271	0.0979	0.0817	0.0730	0.0679	0.0619	0.0529	0.0390	0.0199
45	0.2239	0.1649	0.1228	0.0960	0.0811	0.0726	0.0669	0.0600	0.0503	0.0359	0.0167
50	0.2135	0.1587	0.1192	0.0936	0.0787	0.0698	0.0628	0.0553	0.0460	0.0335	0.0174
55	0.2063	0.1549	0.1168	0.0908	0.0742	0.0645	0.0557	0.0479	0.0401	0.0317	0.0222
60	0.1996	0.1518	0.1143	0.0865	0.0669	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Probability of Decrement Due to Withdrawal											
Years of Service - Female Teachers											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2299	0.1608	0.1209	0.1006	0.0892	0.0841	0.0827	0.0802	0.0731	0.0660	0.0601
30	0.2269	0.1664	0.1260	0.1015	0.0878	0.0802	0.0751	0.0696	0.0618	0.0527	0.0426
35	0.2171	0.1597	0.1208	0.0966	0.0830	0.0748	0.0682	0.0615	0.0536	0.0434	0.0303
40	0.2045	0.1477	0.1106	0.0885	0.0759	0.0683	0.0616	0.0551	0.0475	0.0368	0.0215
45	0.1930	0.1361	0.1001	0.0798	0.0685	0.0619	0.0561	0.0504	0.0435	0.0329	0.0163
50	0.1866	0.1296	0.0937	0.0738	0.0633	0.0570	0.0523	0.0478	0.0417	0.0317	0.0154
55	0.1879	0.1308	0.0935	0.0727	0.0626	0.0543	0.0509	0.0474	0.0420	0.0331	0.0190
60	0.1948	0.1379	0.0986	0.0758	0.0660	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Actuarial Section

Probability of Decrement Due to Withdrawal

Years of Service - Male Employees											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.3288	0.2466	0.1902	0.1554	0.1345	0.1166	0.0963	0.0783	0.0650	0.0595	0.0662
30	0.2939	0.2211	0.1726	0.1425	0.1236	0.1089	0.0951	0.0821	0.0704	0.0603	0.0530
35	0.2678	0.1997	0.1553	0.1285	0.1122	0.1010	0.0916	0.0822	0.0716	0.0586	0.0424
40	0.2456	0.1804	0.1384	0.1140	0.1002	0.0922	0.0861	0.0791	0.0695	0.0549	0.0335
45	0.2257	0.1636	0.1233	0.1003	0.0882	0.0825	0.0781	0.0727	0.0639	0.0493	0.0266
50	0.2082	0.1501	0.1115	0.0891	0.0774	0.0717	0.0675	0.0626	0.0547	0.0419	0.0224
55	0.1942	0.1410	0.1041	0.0814	0.0691	0.0600	0.0543	0.0488	0.0419	0.0328	0.0212
60	0.1827	0.1351	0.1002	0.0770	0.0632	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Probability of Decrement Due to Withdrawal

Years of Service - Female Employees											
Age	0	1	2	3	4	5	6	7	8	9	10+
25	0.2981	0.2459	0.2060	0.1772	0.1560	0.1385	0.1248	0.1159	0.1094	0.1030	0.0940
30	0.2710	0.2236	0.1864	0.1591	0.1395	0.1253	0.1145	0.1059	0.0970	0.0853	0.0688
35	0.2506	0.2015	0.1657	0.1410	0.1244	0.1130	0.1042	0.0958	0.0857	0.0712	0.0505
40	0.2329	0.1803	0.1451	0.1233	0.1101	0.1010	0.0935	0.0854	0.0748	0.0592	0.0367
45	0.2172	0.1622	0.1275	0.1080	0.0972	0.0894	0.0825	0.0746	0.0644	0.0493	0.0276
50	0.2041	0.1493	0.1151	0.0966	0.0864	0.0787	0.0715	0.0637	0.0543	0.0414	0.0234
55	0.1946	0.1429	0.1091	0.0895	0.0778	0.0688	0.0605	0.0526	0.0445	0.0353	0.0240
60	0.1873	0.1412	0.1079	0.0855	0.0701	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Note: No probability of withdrawal is applied to members eligible to retire.

4. Mortality After Retirement

For healthy retirees and beneficiaries, the UP-94 Mortality Table rates is used, with the female rates set back one year. A separate table of mortality rates is used for disabled retirees. The following are sample rates:

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	0.28%	0.14%	3.06%	2.31%
55	0.48%	0.22%	3.86%	2.66%
60	0.86%	0.42%	4.82%	2.98%
65	1.56%	0.82%	5.42%	3.33%
70	2.55%	1.37%	5.91%	3.70%
75	4.00%	2.19%	6.74%	4.43%
80	6.67%	3.80%	9.02%	6.71%
85	10.46%	6.56%	13.45%	10.15%

5. Marriage Assumption

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

6. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

7. Cost Methods

a. Normal Retirement, Termination, Death and Disability Benefits

The contribution rate is set by statute for employees and by the South Carolina Budget and Control Board for the employers. The funding period is determined, as described below, using the Entry Age Normal actuarial cost method.

The Entry Age Normal actuarial cost method assigns the plan's total unfunded liabilities (the actuarial present value of future benefits less the actuarial value of assets) to various periods. The unfunded actuarial liability is assigned to years prior to the valuation, and the normal cost is assigned to the year following the valuation. The remaining costs are the normal costs for future years. Then each year's contribution is composed of (i) that year's normal cost, plus (ii) a payment used to reduce the unfunded actuarial liability.

The normal cost is the level (as a percentage of pay) contribution required to fund the benefits for all current members. Part of the normal cost is paid from the employees' own contributions. The employers pay the balance from their contributions. The method used for this valuation sets the present value of future normal costs that are to be paid by the employees as 6% of their present value of future earnings.

The actuarial liability is the difference between the total present value of future benefits and the actuarial present value of future normal costs. The unfunded actuarial liability is the excess of the actuarial liability over the actuarial value of assets.

The balance of the employers' contributions – the remainder after paying their share of the normal cost – is used to reduce the unfunded actuarial liability. The funding period is the length of time required for the unfunded actuarial liability to be completely amortized, assuming that the portion used to reduce the unfunded liability remains level as a percentage of total payroll, which is assumed to grow 4.00% per year.

The calculation of the funding period reflects additional contributions the System receives with respect to both ORP participants and return to work retirees. These contributions are assumed to grow at the same payroll growth rate as for active SCRS employees.

It is assumed that amortization payments are made monthly at the end of the month.

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. Unused Sick Leave

To account for the effect of unused sick leave on members' final credited service, the service of active members who retire is increased 3 months.

10. Future Cost-of-Living Increases

None assumed.

11. Administrative and Investment Expenses

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

Actuarial Section

12. Payroll Growth Rate

4.00% per annum.

13. Valuation of Teachers and Employees Retention Incentive (TERI)

We have assumed 80% of all members elect TERI coverage when they are first eligible for an unreduced retirement benefit before age 65. We assume members in the TERI are exposed to adjusted retirement rates during TERI coverage and we assume 100% terminate employment at the end of the TERI period (5 years). The retirement rate is adjusted by the following schedule based on number of years since entering TERI:

<u>Years Since Entering TERI Program</u>	<u>Multiple of Unreduced Retirement Table</u>
0.00 - 0.99	50%
1.00 - 1.99	65%
2.00 - 2.99	80%
3.00 - 3.99	90%
4.00 - 4.99	100%
5.00	All members assumed to retire immediately

14. Changes from Prior Valuation

In the prior valuation, the normal cost was determined as the level (as a percentage of pay) contribution required to fund the benefits for a **new member**. This was determined based upon a hypothetical group of new entrants. This group was based on the age-pay-sex distribution of new members joining SCRS during the six-year period ending July 1, 2003.

15. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on April 20, 2004.

Actuarial Section

South Carolina Retirement System Development of Actuarial Value of Assets *(Amounts expressed in thousands)*

Item	Valuation as of July 1, 2004
1. Excess (Shortfall) of Investment Income for Current Year and Previous Three Years:	
a. Current Year	\$ 330,912
b. Current Year - 1	319,064
c. Current Year - 2	(1,179,755)
d. Current Year - 3	16,019
2. Deferral of Excess (Shortfall) of Investment Income for:	
a. Current Year (80% Deferral)	\$ 264,730
b. Current Year - 1 (60% Deferral)	191,438
c. Current Year - 2 (40% Deferral)	(471,902)
d. Current Year - 3 (20% Deferral)	3,204
e. Total Deferred for Year	\$ (12,530)
3. Market Value of Plan Assets, End of Year	\$ 20,850,129
4. Preliminary Actuarial Value of Plan Assets, End of Year (Item 3 - Item 2.e.)	\$ 20,862,659
5. Actuarial Value of Assets Corridor	
a. 80% of Market Value of Assets, End of Year	\$ 16,680,103
b. 120% of Market Value of Assets, End of Year	\$ 25,020,155
6. Final Actuarial Value of Plan Assets, End of Year (Item 4., But Not Less Than Item 5.a., or Greater Than Item 5.b.)	\$ 20,862,659

Actuarial Section

Police Officers Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

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

<u>Years of Service</u>	<u>Annual Increase</u>	<u>Years of Service</u>	<u>Annual Increase</u>
0	11.50%	8	4.75%
1	6.75%	9	4.75%
2	5.75%	10	4.75%
3	5.50%	11	4.75%
4	5.25%	12	4.50%
5	5.00%	13	4.50%
6	4.75%	14	4.50%
7	4.75%	15+	4.50%

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 Rates of</u>		
	<u>Service Retirement*</u>	<u>Mortality</u>	<u>Disability</u>
20		0.03%	0.12%
25		0.03%	0.14%
30		0.04%	0.18%
35		0.07%	0.35%
40		0.10%	0.46%
45	20.00%	0.14%	0.69%
50	20.00%	0.19%	0.86%
55	14.00%	0.27%	
60	15.00%	0.44%	
64	25.00%	0.63%	

*Plus an additional 22% for participants under age 55 in year when first eligible for unreduced service retirement.

All employees are assumed to retire at age 65. In addition, 25% of disabilities are assumed to be duty related, and 5% of pre-retirement deaths are assumed to be accidental (duty-related).

Actuarial Section

Probability of Decrement Due to Withdrawal

Age	Years of Service										
	0	1	2	3	4	5	6	7	8	9	10+
25	0.2494	0.1816	0.1342	0.1047	0.0885	0.0780	0.0715	0.0640	0.0545	0.0524	0.0618
30	0.2478	0.1822	0.1376	0.1107	0.0959	0.0876	0.0810	0.0732	0.0633	0.0545	0.0481
35	0.2450	0.1795	0.1359	0.1104	0.0967	0.0899	0.0837	0.0763	0.0665	0.0539	0.0381
40	0.2398	0.1739	0.1304	0.1055	0.0927	0.0868	0.0814	0.0747	0.0653	0.0510	0.0305
45	0.2312	0.1649	0.1212	0.0964	0.0845	0.0783	0.0738	0.0681	0.0595	0.0458	0.0256
50	0.2193	0.1532	0.1090	0.0839	0.0730	0.0646	0.0610	0.0564	0.0490	0.0382	0.0236
55	0.2050	0.1393	0.0944	0.0684	0.0587						
60	0.1871	0.1228	0.0773	0.0503	0.0419						

Note: No probability of withdrawal is applied to members eligible to retire.

4. Mortality After Retirement

For healthy retirees and beneficiaries, the UP-94 Mortality Table rates is used, with female rates set back one year and male rates set forward three years. A separate table of mortality rates is used for disabled retirees. The following are sample rates for the retirees and beneficiaries:

Age	Healthy		Disabled
	Male	Female	All
50	0.39%	0.14%	2.30%
55	0.68%	0.22%	2.89%
60	1.23%	0.42%	3.62%
65	2.14%	0.82%	4.07%
70	3.35%	1.37%	4.43%
75	5.40%	2.19%	5.05%
80	8.87%	3.80%	6.77%
85	13.65%	6.56%	10.09%

5. Marriage Assumption

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

6. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

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 liability. We completed a separate valuation of the accidental (duty-related) death benefit.

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 3.75%.

9. Unused Sick Leave

To account for the effect of unused sick leave on members' final credited service, the service of active members who retire is increased 3 months.

Actuarial Section

10. Future Cost-of-Living Increases

None assumed.

11. Administrative and Investment Expenses

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

12. Payroll Growth Rate

4.00% per annum.

13. Change from Prior Valuation

There was a change in the application of the actuarial calculation methods as a result of the change in actuaries. The change is discussed in the parallel valuation prepared as of July 1, 2003.

14. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on April 20, 2004.

Police Officers Retirement System Development of Actuarial Value of Assets *(Amounts expressed in thousands)*

Item (1)	Valuation as of July 1, 2004 (2)
1. Excess (Shortfall) of Investment Income for Current Year and Previous Three Years:	
a. Current Year	\$ 31,828
b. Current Year - 1	57,490
c. Current Year - 2	(143,238)
d. Current Year - 3	(1,635)
2. Deferral of Excess (Shortfall) of Investment Income for:	
a. Current Year (80% Deferral)	\$ 25,462
b. Current Year - 1 (60% Deferral)	34,494
c. Current Year - 2 (40% Deferral)	(57,295)
d. Current Year - 3 (20% Deferral)	(327)
e. Total Deferred for Year	\$ 2,334
3. Market Value of Plan Assets, End of Year	\$ 2,619,169
4. Preliminary Actuarial Value of Plan aAssets, End of Year (Item 3 - Item 2.e.)	\$ 2,616,835
5. Actuarial Value of Assets Corridor	
a. 80% of Market Value of Assets, End of Year	\$ 2,095,335
b. 120% of Market Value of Assets, End of Year	\$ 3,143,003
6. Final Actuarial Value of Plan Assets, End of Year (Item 4., But Not Less Than Item 5.a., or Greater Than Item 5.b.)	\$ 2,616,835

Actuarial Section

General Assembly Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

None assumed.

3. Decrement Rates

The following are representative values of the assumed annual rates of in-service mortality, disability, and service retirement. No withdrawals are assumed. All members who are not re-elected are assumed to continue paying the member rate as a special contributor.

a. Unreduced Service Retirement

<u>Age</u>	<u>Rates of Retirement</u>
60 & under	40%
61	7%
62	7%
63	7%
64	7%
65	15%
66	15%
67	15%
68	15%
69	15%
70 & older	100%

In addition, members with 30 years of service are assumed to commence benefit payments immediately even if they do not terminate employment.

b. In-service Mortality and Disability

<u>Age</u>	<u>Annual Rates of</u>			
	<u>Mortality</u>		<u>Disability</u>	
	<u>Employees</u>		<u>Employees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	0.04%	0.01%	0.06%	0.05%
30	0.04%	0.02%	0.12%	0.07%
35	0.08%	0.03%	0.17%	0.15%
40	0.11%	0.05%	0.29%	0.19%
45	0.15%	0.07%	0.40%	0.27%
50	0.21%	0.11%	0.58%	0.46%
55	0.30%	0.16%	0.92%	0.74%
60	0.49%	0.26%	1.15%	1.12%
64	0.70%	0.35%	1.44%	1.56%

Actuarial Section

4. Mortality After Retirement

For healthy retirees and beneficiaries, the UP-94 Mortality Table rates, with the female rates set back one year. A separate table of mortality rates is used for disabled retirees. The following are sample rates:

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	0.28%	0.14%	3.06%	2.31%
55	0.48%	0.22%	3.86%	2.66%
60	0.86%	0.42%	4.82%	2.98%
65	1.56%	0.82%	5.42%	3.33%
70	2.55%	1.37%	5.91%	3.70%
75	4.00%	2.19%	6.74%	4.43%
80	6.67%	3.80%	9.02%	6.71%
85	10.46%	6.56%	13.45%	10.15%

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

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

7. Cost Method

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.

8. Cost-of-Living Increases

None assumed.

9. Payroll Growth Rate

None assumed.

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

There was a change in the application of the actuarial calculation methods as a result of the change in actuaries. The change is discussed in the parallel valuation prepared as of July 1, 2003. In addition, we used the entry age normal cost method to value the group life insurance benefit. A one year term cost method was used in the prior valuation.

12. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on May 4, 2004.

Actuarial Section

General Assembly Retirement System Development of Actuarial Value of Assets *(Amounts expressed in thousands)*

Item (1)	Valuation as of July 1, 2004 (2)
1. Excess (Shortfall) of Investment Income for Current Year and Previous Three Years:	
a. Current Year	\$ 927
b. Current Year - 1	1,068
c. Current Year - 2	(3,065)
d. Current Year - 3	61
2. Deferral of Excess (Shortfall) of Investment Income for:	
a. Current Year (80% Deferral)	\$ 742
b. Current Year - 1 (60% Deferral)	641
c. Current Year - 2 (40% Deferral)	(1,226)
d. Current Year - 3 (20% Deferral)	12
e. Total Deferred for Year	\$ 169
3. Market Value of Plan Assets, End of Year	\$ 45,256
4. Preliminary Actuarial Value of Plan Assets, End of Year (Item 3 - Item 2.e.)	\$ 45,087
5. Actuarial Value of Assets Corridor	
a. 80% of Market Value of Assets, End of Year	\$ 36,205
b. 120% of Market Value of Assets, End of Year	\$ 54,307
6. Final Actuarial Value of Plan Assets, End of Year (Item 4., But Not Less Than Item 5.a., or Greater Than Item 5.b.)	\$ 45,087

Actuarial Section

Judges and Solicitors Retirement System Summary of Actuarial Assumptions and Methods

1. Investment Return to be Earned by Fund

7.25% per annum, compounded annually, composed of an assumed 3.00% inflation rate and a 4.25% real rate of return, net of investment and administrative expenses.

2. Salary Increases

3.25% 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 Rates of</u>			
	<u>Mortality</u>		<u>Disability</u>	
	<u>Employees</u>		<u>Employees</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	0.06%	0.03%	0.04%	0.05%
30	0.07%	0.04%	0.06%	0.07%
35	0.07%	0.04%	0.08%	0.07%
40	0.10%	0.05%	0.15%	0.12%
45	0.18%	0.08%	0.25%	0.25%
50	0.30%	0.13%	0.40%	0.40%
55	0.46%	0.21%	0.65%	0.65%
60	0.65%	0.33%	1.00%	1.00%
64	0.99%	0.54%	1.25%	1.25%

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 disabled retirees. The following are sample rates for the healthy retirees and beneficiaries:

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

5. Normal Retirement Assumption

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

Before age 65,

<u>Year Eligible</u>	<u>Retirement Rate</u>
1st	40%
2nd	25%
3rd and after	12%

Actuarial Section

After age 65,

<u>Age</u>	<u>Portion Retiring</u>
Under 72	12%
72 & over	100%

6. Marriage Assumption

95% of all active members are assumed to be married with female spouses being 3 years younger.

7. Asset Valuation Method

The actuarial value of assets is equal to the market value of assets less a five-year phase in of the excess (shortfall) between expected investment return and actual net income (both based on market value) with the resulting value not being less than 80% or more than 120% of the market value of assets.

8. Cost Methods

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.

9. Cost-of-Living Increases

3.25% per annum.

10. Administrative and Investment Expenses

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

11. Payroll Growth Rate

3.25% per annum.

12. Changes from Prior Valuation

There was a change in the application of the actuarial calculation methods as a result of the change in actuaries. The change is discussed in the parallel valuation prepared as of July 1, 2003. In addition, we used the entry age normal cost method to value the group life insurance benefit. A one year term cost method was used in the prior valuation.

13. Adoption Date

The current actuarial assumptions and methods were adopted by the State Budget and Control Board on April 20, 2004.

Actuarial Section

Judges and Solicitors Retirement System Development of Actuarial Value of Assets *(Amounts expressed in thousands)*

Item	Valuation as of July 1, 2004
1. Excess (Shortfall) of Investment Income for Current Year and Previous Three Years:	
a. Current Year	\$ 1,619
b. Current Year - 1	1,878
c. Current Year - 2	(5,959)
d. Current Year - 3	658
2. Deferral of Excess (Shortfall) of Investment Income for:	
a. Current Year (80% Deferral)	\$ 1,295
b. Current Year - 1 (60% Deferral)	1,127
c. Current Year - 2 (40% Deferral)	(2,384)
d. Current Year - 3 (20% Deferral)	132
e. Total Deferred for Year	\$ 170
3. Market Value of Plan Assets, End of Year	\$ 112,186
4. Preliminary Actuarial Value of Plan Assets, End of Year (Item 3 - Item 2.e.)	\$ 112,016
5. Actuarial Value of Assets Corridor	
a. 80% of Market Value of Assets, End of Year	\$ 89,749
b. 120% of Market Value of Assets, End of Year	\$ 134,623
6. Final Actuarial Value of Plan Assets, End of Year (Item 4., But Not Less Than Item 5.a., or Greater Than Item 5.b.)	\$ 112,016

Actuarial Section

South Carolina Retirement System Schedule of Active Member Valuation Data* As of July 1, 2004

Valuation Date	Number of Employers	Number of Active Members	Annual Payroll (in thousands)	Annual Average Pay	Percentage Increase In Average Pay
7-01-04	763	181,827	\$ 6,180,599	\$ 33,992	1.06%
7-01-03	763	185,538	6,240,768	33,636	3.50%
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%

*Does not include Teacher and Employee Retention Incentive (TERI) participants.

Police Officers Retirement System Schedule of Active Member Valuation Data As of July 1, 2004

Valuation Date	Number of Employers	Number of Active Members	Annual Payroll (in thousands)	Annual Average Pay	Percentage Increase In Average Pay
7-01-04	314	23,734	\$ 822,448	\$ 34,653	3.35%
7-01-03	314	23,871	800,394	33,530	6.08%
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%

Actuarial Section

General Assembly Retirement System Schedule of Active Member Valuation Data* As of July 1, 2004

<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>
7-01-04	2	170	\$ 3,839	\$ 22,582	(0.13%)
7-01-03	2	170	3,844	22,612	0.17%
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%

*Beginning July 1, 2003, does not include special contributors.

Judges and Solicitors Retirement System Schedule of Active Member Valuation Data As of July 1, 2004

<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>
7-01-04	2	128	\$ 14,870	\$ 116,172	3.00%
7-01-03	2	128	14,437	112,789	1.59%
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%

Actuarial Section

South Carolina Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2004 *(Dollar amounts expressed in thousands)*

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
State Employees	54,367	\$ 1,990,543
Teachers	79,665	2,681,269
Other	47,795	1,508,787
Total	<u>181,827</u>	<u>\$ 6,180,599</u>

Note: In addition, there are 146,718 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, 2004 *(Dollar amounts expressed in thousands)*

<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
23,734	\$ 822,448

Note: In addition, there are 9,597 inactive members contributions still in the System. The results of the valuation were adjusted to take these members into account.

Actuarial Section

General Assembly Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2004 *(Dollar amounts expressed in thousands)*

<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
170	\$ 3,839

Note: There are 57 inactive members with contributions still in the System, and there are 39 special contributors. The results of the valuation were adjusted to take these members into account. Numbers shown above do not include open seats or members receiving retirement benefits while continuing in office.

Judges and Solicitors Retirement System The Number and Earnable Compensation of Active Members As of July 1, 2004 *(Dollar amounts expressed in thousands)*

<u>NUMBER</u>	<u>ANNUAL COMPENSATION</u>
128	\$ 14,870

Note: There are three inactive members with contributions still in the System. The results of the valuation were adjusted to take these members into account. Numbers above were not adjusted for open seats.

Actuarial Section

South Carolina Retirement System
The Number and Annual Retirement Allowances of
Retired Members and Beneficiaries*
As of July 1, 2004
(Dollar amounts expressed in thousands)

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements:		
Employees:		
Men	17,772	\$ 369,994
Women	19,290	277,026
Total	37,062	647,020
Teachers:		
Men	7,251	165,845
Women	28,936	483,400
Total	36,187	649,245
Disability Retirements:		
Employees:		
Men	2,730	30,861
Women	3,187	32,987
Total	5,917	63,848
Teachers:		
Men	788	10,005
Women	3,114	34,911
Total	3,902	44,916
Beneficiaries of Deceased Retired Members and Active Members:		
Men	1,718	11,239
Women	4,821	49,938
Total	6,539	61,177
Grand Total	89,607	\$ 1,466,206

*Includes Teacher and Employee Retention Incentive (TERI) participants.

Actuarial Section

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

As of July 1, 2004

(Dollar amounts expressed in thousands)

<u>GROUP</u>	<u>NUMBER</u>	<u>ANNUAL RETIREMENT ALLOWANCES</u>
Service Retirements:		
Men	5,823	\$ 104,560
Women	948	10,771
Total	6,771	115,331
Disability Retirements:		
Men	1,083	18,520
Women	273	3,283
Total	1,356	21,803
Beneficiaries:		
Men	29	236
Women	900	8,977
Total	929	9,213
Grand Total	9,056	\$ 146,347

Actuarial Section

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

As of July 1, 2004

(Dollar amounts expressed in thousands)

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements:		
Men	209	\$ 3,886
Women	21	409
Total	230	4,295
Disability Retirements:		
Men	1	15
Women	0	0
Total	1	15
Beneficiaries:		
Men	0	0
Women	66	1,043
Total	66	1,043
Grand Total	297	\$ 5,353

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

As of July 1, 2004

(Dollar amounts expressed in thousands)

GROUP	NUMBER	ANNUAL RETIREMENT ALLOWANCES
Service Retirements:		
Men	94	\$ 7,716
Women	1	81
Total	95	7,797
Disability Retirements:		
Men	1	83
Women	0	0
Total	1	83
Beneficiaries of Deceased Members:		
Men	12	272
Women	31	909
Total	43	1,181
Grand Total	139	\$ 9,061

Actuarial Section

South Carolina Retirement System Schedule of Retirants Added to and Removed from Rolls* (Dollar amounts except average allowance expressed 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		
7-01-04	7,319	\$ 151,477	2,132	\$ 22,656	89,607	\$ 1,466,206	9.6%	\$ 16,363
7-01-03	7,866	163,867	2,510	27,662	84,420	1,337,385	11.3%	15,842
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

*Includes Teacher and Employee Retention Incentive (TERI) participants.

Police Officers Retirement System Schedule of Retirants Added to and Removed from Rolls (Dollar amounts except average allowance expressed 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		
7-01-04	894	\$ 16,256	265	\$ 2,923	9,056	\$ 146,348	10.8%	\$ 16,114
7-01-03	947	18,614	226	2,733	8,427	133,015	13.6%	15,784
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

Actuarial Section

General Assembly Retirement System
Schedule of Retirants Added to and Removed from Rolls
(Dollar amounts except average allowance expressed 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>		
7-01-04	12	\$ 185	9	\$ 119	297	\$ 5,353	1.2%	\$ 18,023
7-01-03	40	839	12	226	294	5,287	13.1%	17,983
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

Judges and Solicitors Retirement System
Schedule of Retirants Added to and Removed from Rolls
(Dollar amounts except average allowance expressed 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>		
7-01-04	11	\$ 925	2	\$ 139	139	\$ 9,061	9.5%	\$ 65,190
7-01-03	11	716	7	493	130	8,275	2.8%	63,654
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

Actuarial Section

Summary of Accrued and Unfunded Accrued Liabilities (Dollar 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
SCRS	7-01-04	\$20,862,659	\$25,977,852	80.3%	\$ 5,115,193	\$ 6,180,599	82.8%
	7-01-03	20,197,936	24,398,931	82.8%	4,200,995	6,240,768	67.3%
	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%
PORS	7-01-04	\$ 2,616,835	\$ 2,984,584	87.7%	\$ 367,749	\$ 822,448	44.7%
	7-01-03	2,511,369	2,744,849	91.5%	233,480	800,394	29.2%
	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%

Note: Effective 7-1-1995, actuarial assumptions were changed as a result of a 5 year experience study, the investment return 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.

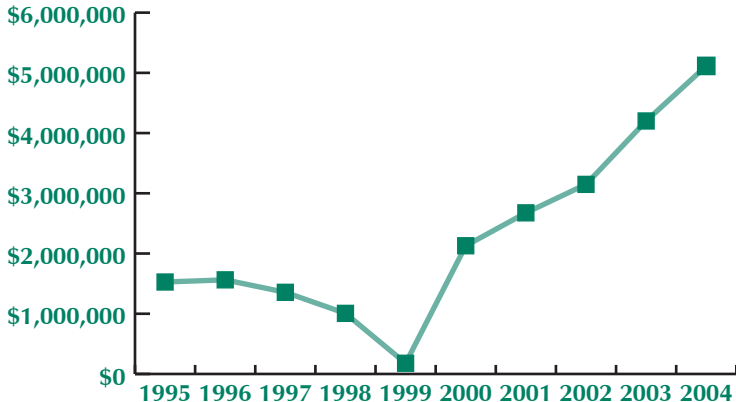
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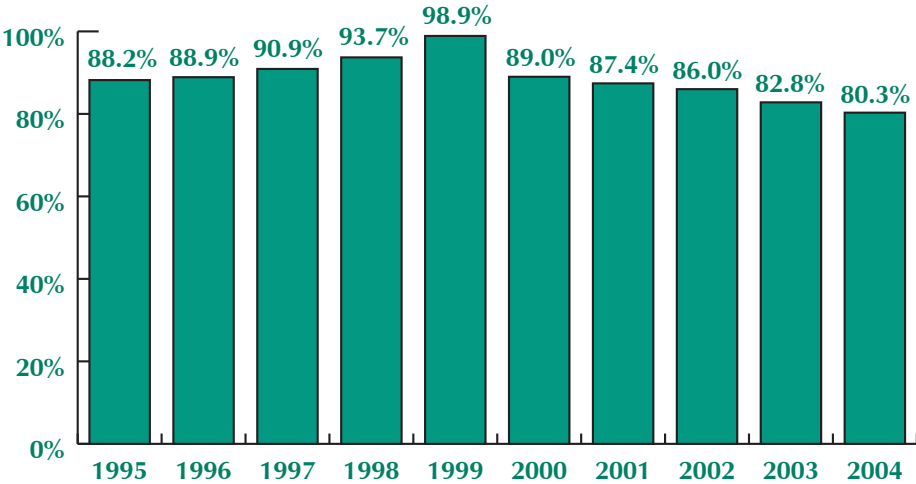
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South Carolina Retirement System
Funding Progress with Funded Ratios

Unfunded Accrued Liabilities
(Amounts expressed in thousands)



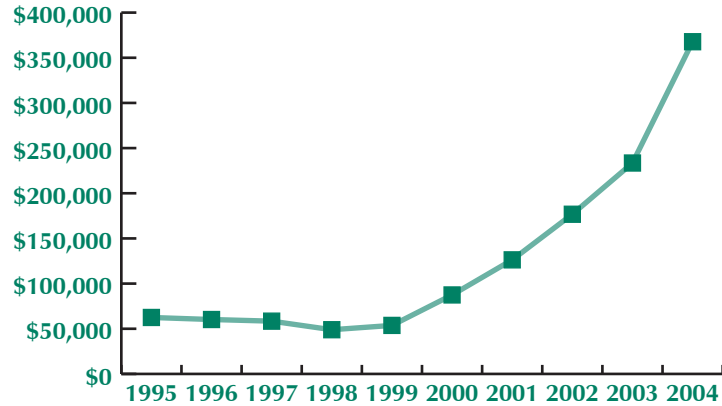
Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)



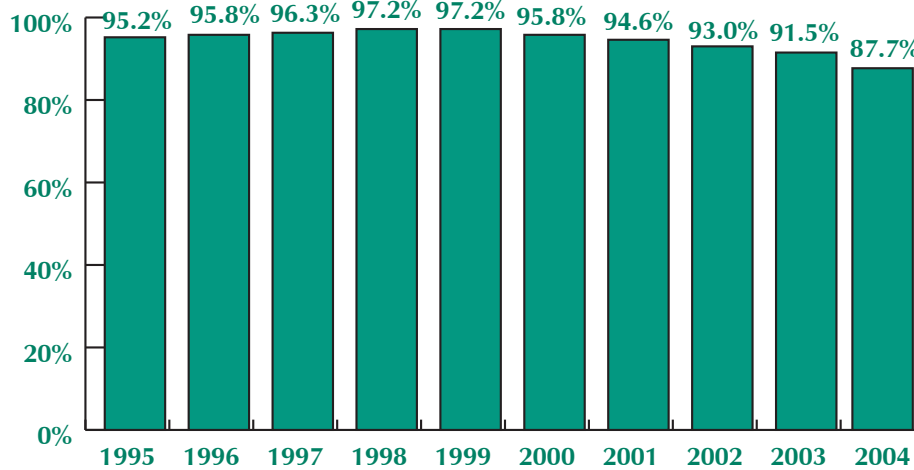
Actuarial Section

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 (Dollar 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
	7-01-04	\$ 45,087	\$ 68,332	66.0%	\$ 23,245	\$ 3,839	605.5%
	7-01-03	44,682	66,619	67.1%	21,937	3,844	570.8%
	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%

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
	7-01-04	\$ 112,016	\$ 185,052	60.5%	\$ 73,036	\$ 14,870	491.2%
	7-01-03	106,114	166,655	63.7%	60,541	14,437	419.3%
	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%

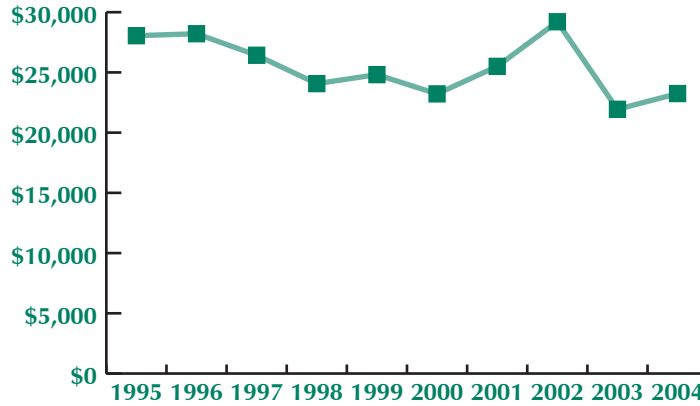
Note: Effective 7-1-1995, the investment return assumption was changed from 8% to 7.25% and the method of valuing assets was changed from book value to a smoothed market value.

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.

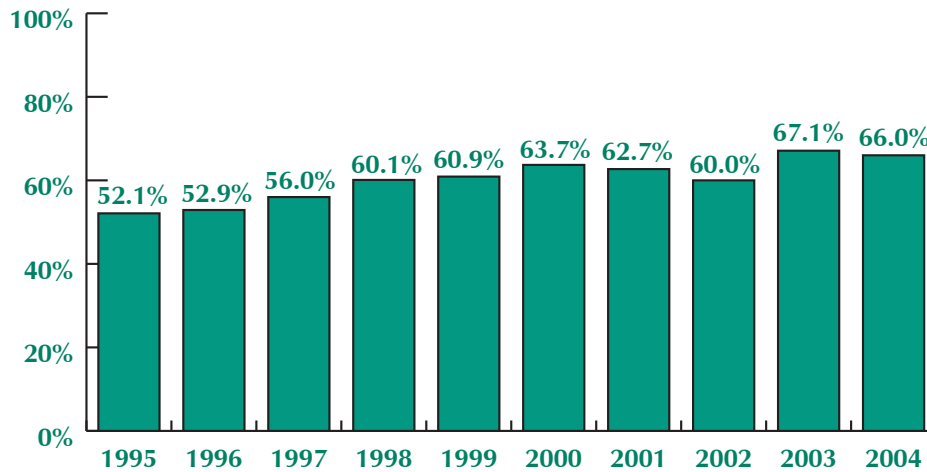
Effective 7-1-2003, actuarial assumptions for GARS and JSRS were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, and disability incidence assumptions were revised.

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

Unfunded Accrued Liabilities
(Amounts expressed in thousands)

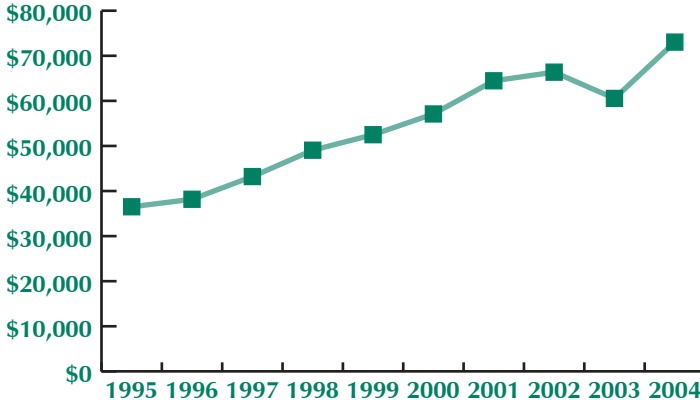


Funded Ratios
(Actuarial assets as a percentage of actuarial accrued liabilities)

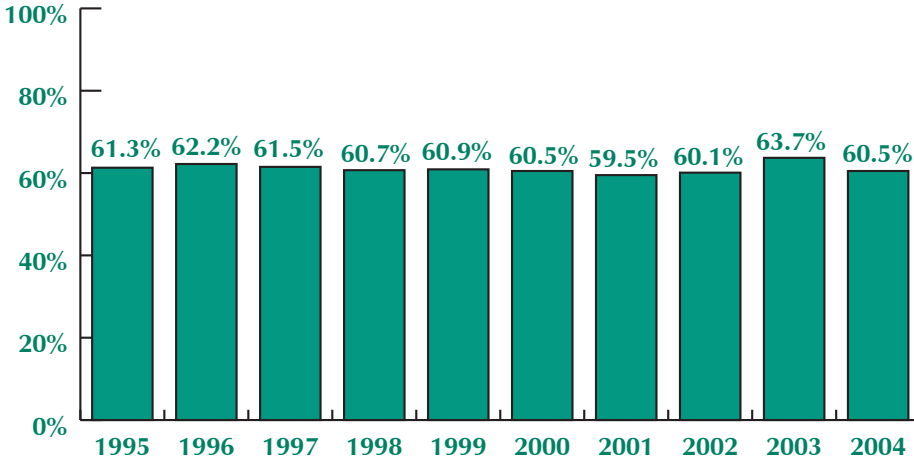


Judges and Solicitors Retirement System
Funding Progress with Funded Ratios

Unfunded Accrued Liabilities
(Amounts expressed in thousands)



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



Actuarial Section

South Carolina Retirement System Analysis of the Increase in the Unfunded Accrued Liability As of July 1, 2004 (Amounts expressed in millions)

<u>Item:</u>	<u>Amount of Increase (Decrease)</u>
Beginning of Year Unfunded Actuarial Liability	\$ 4,201
Interest on Unfunded Actuarial Liability	305
Amortization Payment	(244)
Asset Experience	228
Salary Experience	(150)
Other Liability Experience	(124)
COLA	209
Benefit Changes	0
Assumption/Method Changes	690
Total Increase/(Decrease)	<u>\$ 914</u>
End of Year Unfunded Actuarial Liability	<u>\$ 5,115</u>

Police Officers Retirement System Analysis of the Increase in the Unfunded Accrued Liability As of July 1, 2004 (Amounts expressed in millions)

<u>Item:</u>	<u>Amount of Increase (Decrease)</u>
Beginning of Year Unfunded Actuarial Liability	\$ 233.5
Interest on Unfunded Actuarial Liability	16.9
Amortization Payment	(28.4)
Asset Experience	68.0
Salary Experience	(19.0)
Other Liability Experience	50.9
COLA	20.2
Benefit Changes	0.0
Assumption/Method Changes	25.6
Total Increase/(Decrease)	<u>\$ 134.2</u>
End of Year Unfunded Actuarial Liability	<u>\$ 367.7</u>

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

Actuarial Section

Solvency Test (Dollar amounts expressed in thousands)

	Valuation Date	(1)		(2)		(3)		Portion of Aggregate Accrued Liabilities Covered by Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Members (Employer Funded Portion)	Valuation Assets	(1)	(2)	(3)		
SCRS	7-01-04	\$ 4,750,077	\$ 14,184,765	\$ 7,043,010	\$ 20,862,659	100%	100%	27.4%		
	7-01-03	4,627,360	13,240,368	6,531,203	20,197,936	100%	100%	35.7%		
	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%		
PORS	7-01-04	\$ 548,699	\$ 1,415,627	\$ 1,020,258	\$ 2,616,835	100%	100%	64.0%		
	7-01-03	516,313	1,265,173	963,363	2,511,369	100%	100%	75.8%		
	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%		

Note: Effective 7-1-1995, actuarial assumptions were changed as a result of a 5 year experience study, the investment return 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 7-1-1999, actuarial assumptions were changed as a result of a 5 year experience study.

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

Effective 7-1-2003, 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 assumptions 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.

Actuarial Section

Solvency Test (Dollar amounts expressed in thousands)

	Valuation Date	(1)		(2)		(3)		Portion of Aggregate Accrued Liabilities Covered by Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Members (Employer Funded Portion)	Valuation Assets	(1)	(2)	(3)		
GARS	7-01-04	\$ 8,485	\$ 48,126	\$ 11,721	\$ 45,087	100%	76.1%	0.0%		
	7-01-03	8,324	46,781	11,515	44,682	100%	77.7%	0.0%		
	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%		
JSRS	7-01-04	\$ 17,640	\$ 106,159	\$ 61,253	\$ 112,016	100%	88.9%	0.0%		
	7-01-03	16,545	96,409	53,701	106,114	100%	92.9%	0.0%		
	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%		

Note: Effective 7-1-1995, the investment return 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.

Effective 7-1-2003, actuarial assumptions for GARS and JSRS were changed as a result of a 5 year experience study. The rates of salary increase assumption, the assumed retirement rates, and disability incidence assumptions were revised.

Actuarial Section

Summary of Basic Provisions

SCRS	PORS	GARS	JSRS
1. Membership			
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.	To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner or deputy coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per 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.
2. Employee Contributions			
Class I 5% of earnable compensation	Class I \$21 per month		
Class II 6% of earnable compensation	Class II 6.5% of earnable compensation	10% of earnable compensation	8% of earnable compensation
3. Employer Contributions			
Class I 4.25% of earnable compensation	Class I 7.8% of earnable compensation		
Class II 7.55% of earnable compensation for State Agencies and Public Schools	Class II 10.3% of earnable compensation	Annual lump-sum appropriation	41.65% of earnable compensation
6.7% of earnable compensation for all other participating employers			
Group Life Insurance 0.15% of earnable compensation	Group Life Insurance 0.2% of earnable compensation	Group Life Insurance Included within annual lump-sum appropriation	Group Life Insurance 0.45% of earnable compensation
Accidental Death Program N/A	Accidental Death Program 0.2% of earnable compensation	Accidental Death Program N/A	Accidental Death Program N/A

Actuarial Section

SCRS

PORS

GARS

JSRS

4. Vesting Requirements

5 years earned service

The member is entitled to a deferred annuity at age 60.

5 years earned service

The member is entitled to a deferred annuity at age 55.

8 years service

The member is entitled to a deferred annuity at age 60.

10 years earned service in position of judge; 8 years earned service in position of solicitor.

For members who joined prior to 7/1/2004, member is eligible for a deferred annuity at age 55 with 12 years in position. For members who joined after 6/30/2004, member is eligible for a deferred annuity at age 65.

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

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

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

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

Age 60 or 30 years of service

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

Age 70 with 15 years of service

Age 65 with 20 years of service

25 years of service as a judge regardless of age

24 years of service as a solicitor regardless of age

Age 65 with 4 years earned service as judge or solicitor and at least 25 years other service with the state if a member as of 6/30/2004.

7. Early Retirement

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

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.

Age 55 with five years of service credit

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

Age 60 with 8 years of service credit

Age 55 with 10 years of service in the position of a judge or 8 years of service in the position of a solicitor for members who joined the system prior to 7/1/2004. For members who joined after 6/30/2004, the age requirement is 65.

8. Formula for Normal Service Retirement

Class I

1.45% of Average Final Compensation times years of credited service

Class II

1.82% of Average Final Compensation times years of credited service

Class I

\$10.97 per month for each year of service

Class II

2.14% of Average Final Compensation times years of credited service

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.

Benefit formula increases by 2.67% for each year of active service over 25 years for judges or over 24 years for solicitors. The monthly retirement allowance may not exceed 90% of

Actuarial Section

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8. Formula for Normal Service Retirement (continued)

the current active salary for the member's position. A member retiring after 2003 will receive an additional benefit equal to employee contributions remitted plus accumulated interest after reaching the maximum 90% benefit.

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.

11. Benefit Options

Option A (Maximum/Retiree Only)

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

Option A (Maximum/Retiree Only)

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

Maximum Benefit (Retiree Only)

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

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.

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 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 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.

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).

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.

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.

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.

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.

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.

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.

Actuarial Section

SCRS

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JSRS

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

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.

Actuarial Section

SCRS

PORS

GARS

JSRS

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.



Statistical Section

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
2005	\$ 433,254	17.5%	\$ 538,809	21.8%	\$ 1,496,887	60.6%	\$ 1,982	0.1%	\$ 2,470,932
2004	414,967	15.4%	515,996	19.2%	1,759,686	65.3%	2,328	0.1%	2,692,977
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

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
2005	\$ 60,110	18.4%	\$ 91,291	27.9%	\$ 175,849	53.7%	\$ 64	0.0%	\$ 327,314
2004	58,202	16.2%	88,867	24.7%	212,201	59.1%	72	0.0%	359,342
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

* Investment income includes 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
2005	\$ 935	13.2%	\$ 2,890	40.9%	\$ 3,238	45.9%	\$ 7,063
2004	513	7.1%	2,731	37.5%	4,031	55.4%	7,275
2003	619	8.6%	2,577	35.8%	4,005	55.6%	7,201
2002	643	19.5%	2,627	79.7%	28	0.8%	3,298
2001	904	14.0%	2,510	39.0%	3,022	47.0%	6,436
2000	638	12.5%	2,636	51.7%	1,827	35.8%	5,101
1999	783	16.6%	2,768	58.5%	1,180	24.9%	4,731
1998	686	8.8%	2,796	35.7%	4,337	55.5%	7,819
1997	566	9.5%	2,492	41.7%	2,922	48.9%	5,980
1996	586	15.1%	1,679	43.1%	1,626	41.8%	3,891

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
2005	\$ 2,092	12.7%	\$ 6,260	37.9%	\$ 8,148	49.4%	\$ 16,500
2004	1,893	11.0%	6,078	35.4%	9,191	53.6%	17,162
2003	1,209	7.5%	6,014	37.6%	8,795	54.9%	16,018
2002	1,628	18.8%	5,993	69.3%	1,025	11.9%	8,646
2001	2,216	14.6%	5,875	38.6%	7,128	46.8%	15,219
2000	1,194	11.2%	5,659	53.2%	3,791	35.6%	10,644
1999	1,364	14.8%	5,485	59.6%	2,352	25.6%	9,201
1998	1,246	7.9%	4,991	31.7%	9,520	60.4%	15,757
1997	1,321	11.0%	4,771	39.6%	5,949	49.4%	12,041
1996	970	11.6%	4,244	50.5%	3,185	37.9%	8,399

* Investment income includes 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	
2005	\$ 67,434	1.4%	\$1,173,459	6.4%	\$ 338,778	12.8%	\$ 13,710	1.4%	\$ 1,982	-14.9%	\$ 16,485	0.4%	\$ 1,611,848
2004	66,505	10.6%	1,103,336	7.9%	300,294	24.8%	13,515	-8.4%	2,328	-13.4%	16,425	13.7%	1,502,403
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

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	
2005	\$ 13,441	12.8%	\$ 151,477	8.0%	\$ 1,047	-2.3%	\$ 1,468	-5.6%	\$ 64	-11.1%	\$ 1,823	5.3%	\$ 169,320
2004	11,918	4.1%	140,317	12.6%	1,072	12.3%	1,555	-2.4%	72	-12.2%	1,732	10.2%	156,666
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

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	
2005	\$ 31	100.0%	\$ 5,560	4.0%	\$ 16	100.0%	\$ 33	-79.6%	\$ 5,640
2004	-	-100.0%	5,347	5.4%	8	60.0%	162	92.9%	5,517
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

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	
2005	\$ -		\$ 9,215	7.1%	\$ 1	-99.2%	\$ 77	6.9%	\$ 9,293
2004	-		8,605	4.7%	124	1450.0%	72	7.5%	8,801
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

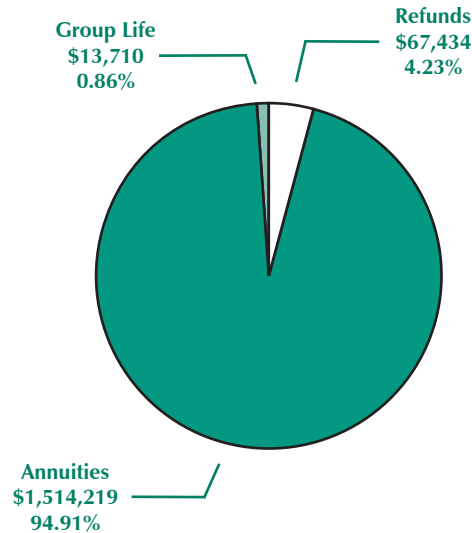
Statistical Section

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	
2005	\$ 63,417	\$ 4,017	\$ 67,434	\$ 1,450,883	\$ 63,336	\$ 1,514,219	\$ 6,534	\$ 7,176	\$ 13,710	\$ 1,595,363
2004	62,124	4,381	66,505	1,345,837	60,121	1,405,958	6,203	7,312	13,515	1,485,978
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
1997	50,239	2,329	52,568	573,137	35,090	608,227	5,158	2,799	7,957	668,752

Schedule of Benefit Expenses For the Year Ended June 30, 2005



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

Prior years are not available.

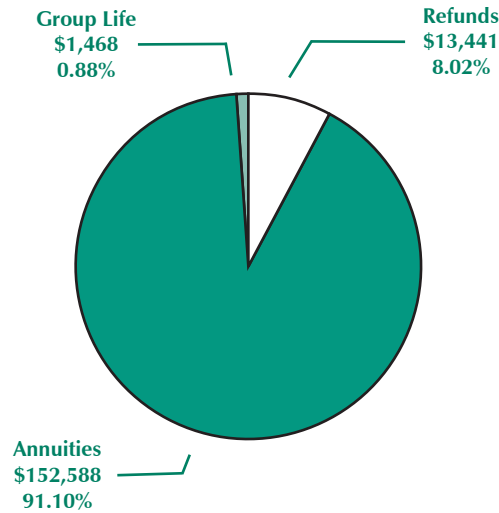
Statistical Section

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

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	
2005	\$ 13,017	\$ 424	\$ 13,441	\$ 141,493	\$ 11,095	\$ 152,588	\$ 859	\$ 609	\$ 1,468	\$ 167,497
2004	11,525	393	11,918	131,104	10,357	141,461	976	579	1,555	154,934
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
1997	7,233	159	7,392	58,650	6,063	64,713	602	317	919	73,024

Schedule of Benefit Expenses For the Year Ended June 30, 2005



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

Prior years are not available.

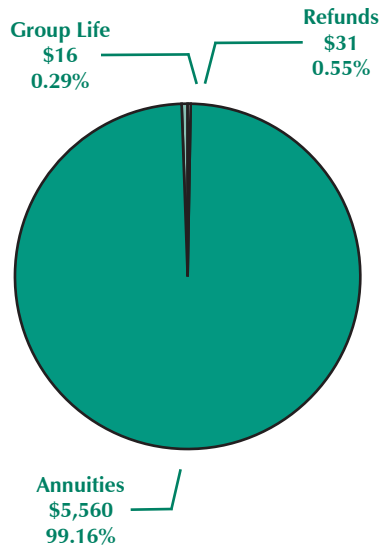
Statistical Section

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	
2005	\$ 31	\$ -	\$ 31	\$ 4,493	\$ 1,067	\$ 5,560	\$ -	\$ 16	\$ 16	\$ 5,607
2004				4,303	1,044	5,347		8	8	5,355
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	26	16	42	4,277
2000	3	13	16	3,178	820	3,998	23	13	36	4,050
1999	49		49	3,108	833	3,941		9	9	3,999
1998		63	63	3,019	752	3,771		9	9	3,843
1997		25	25	3,001	750	3,751	70	7	77	3,853

Schedule of Benefit Expenses For the Year Ended June 30, 2005



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

Prior years are not available.

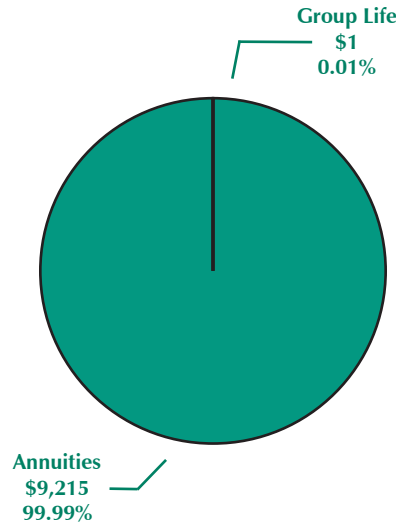
Statistical Section

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

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	
2005	\$ -	\$ -	\$ -	\$ 7,957	\$ 1,258	\$ 9,215	\$ -	\$ 1	\$ 1	\$ 9,216
2004				7,382	1,223	8,605	117	7	124	8,729
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
1997				4,687	756	5,443		5	5	5,448

Schedule of Benefit Expenses For the Year Ended June 30, 2005



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

Prior years are not available.

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 2005								
State Agency	28,871	\$ 1,598.21	4,183	\$ 926.10	3,126	\$ 914.75	36,180	\$ 1,461.45
Public Schools	37,864	1,495.63	3,991	971.08	2,083	736.77	43,938	1,412.01
Other	10,357	1,017.12	1,943	819.36	1,555	568.39	13,855	939.03
Total	77,092	1,469.76	10,117	923.34	6,764	780.31	93,973	1,361.31
June 2004								
State Agency	27,384	1,581.22	4,082	907.15	3,041	898.50	34,507	1,441.32
Public Schools	35,922	1,460.19	3,863	943.10	2,004	721.52	41,789	1,376.97
Other	9,620	991.88	1,850	793.52	1,491	557.90	12,961	913.64
Total	72,926	1,443.86	9,795	899.87	6,536	766.54	89,257	1,334.57
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

Statistical Section

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 2005	7,266	\$ 1,404.03	1,295	\$ 1,359.12	1,016	\$ 824.76	9,577	\$ 1,336.50
June 2004	6,795	1,395.64	1,236	1,319.84	965	804.91	8,996	1,321.86
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

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>
Participating Employers Covered By Statute		
State Agencies & Institutions of Higher Education	109	49
Public School Districts	99	4
<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Participating Employers Covered By Separate Agreement.....		
	560	263
Abbeville County	✓	✓
Abbeville-Greenwood Regional Library Board.....	✓	
Aiken County	✓	✓
Aiken County Commission on Alcohol and Drug Abuse	✓	
Aiken-Bamberg-Barnwell-Edgefield Regional Library Board.....	✓	
Allendale County	✓	✓
Allendale County Office on Aging.....	✓	
Allendale-Barnwell County Disabilities and Special Needs Board	✓	
Allendale-Hampton-Jasper Regional Library.....	✓	
Anderson County	✓	✓
Anderson County Commission on Alcohol and Drug Abuse	✓	
Anderson County Disabilities and Special Needs Board	✓	
Anderson County Fire Protection Commission.....	✓	✓
Anderson County Library Board.....	✓	
Ashley River Fire District.....		✓
Axis I Center of Barnwell.....	✓	
Bamberg Board of Public Works.....	✓	
Bamberg County	✓	✓
Bamberg County Disabilities and Special Needs Board.....	✓	
Bamberg County Office on Aging	✓	
Barnwell County	✓	✓
BDST Services, Inc.....	✓	
Beaufort County	✓	✓
Beaufort Memorial Hospital	✓	
Beaufort Soil and Water Conservation District.....	✓	
Beaufort-Jasper County Water Authority.....	✓	
Beech Island Rural Community Water District	✓	
Belmont Fire and Sanitation District Commission.....		✓
Belton-Honea Path Water Authority.....	✓	
Berea Public Service District Commission	✓	
Berkeley County	✓	✓
Berkeley County Public Defender, Inc.	✓	
Berkeley County Water and Sewer Authority.....	✓	
Berkeley-Charleston-Dorchester RTMA	✓	
Big Creek Water and Sewer District.....	✓	
Bluffton Township Fire District	✓	✓
Boiling Springs Fire Department		✓
Broadway Water and Sewer District	✓	
Building Commission of the City and County of Florence	✓	
Burton Fire District.....		✓
Calhoun County	✓	✓

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Calhoun County Council on Aging.....	√	
Calhoun County Disabilities and Special Needs Board.....	√	
Caromi Village Volunteer Fire Department.....		√
Catawba Area Agency on Aging.....	√	
Catawba Regional Planning Council.....	√	
Central Midlands Council of Governments.....	√	
Central Midlands Regional Transit Authority.....	√	
Charleston Area Transportation Authority.....	√	
Charleston Commission of Public Works.....	√	
Charleston County.....	√	√
Charleston County Airport District.....	√	√
Charleston County Housing and Redevelopment Authority.....	√	
Charleston County Library.....	√	
Charleston County Park and Recreation Commission.....	√	
Charleston Naval Complex Redevelopment.....	√	
Cherokee County.....	√	√
Cherokee County Commission on Alcohol and Drug Abuse.....	√	
Cherokee County Development Board.....	√	
Cherokee County Disabilities and Special Needs Board.....	√	
Cherokee County Public Library.....	√	
Cherokee County Recreation District.....	√	
Cherokee Springs Fire District.....		√
Chester County.....	√	√
Chester County Hospital and Nursing Center.....	√	
Chester County Library.....	√	
Chester Metro District.....	√	
Chester Sewer District.....	√	
Chester/Lancaster County Disabilities and Special Needs Board.....	√	
Chesterfield County.....	√	√
Chesterfield County Disabilities and Special Needs Board.....	√	
Chesterfield County Rural Water Company, Inc.....	√	
Chesterfield Soil and Water Conservation District.....	√	
City of Abbeville.....	√	√
City of Aiken.....		√
City of Anderson.....		√
City of Bamberg.....	√	√
City of Barnwell.....	√	
City of Beaufort.....	√	√
City of Belton.....	√	√
City of Bennettsville.....	√	√
City of Camden and Municipal Utilities.....	√	√
City of Cayce.....	√	√
City of Charleston.....	√	√
City of Chester.....	√	√
City of Clemson.....	√	√
City of Clinton.....	√	√
City of Columbia.....	√	√
City of Conway.....	√	√
City of Darlington.....	√	√
City of Denmark.....	√	√
City of Dillon.....	√	√

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
City of Easley	√	√
City of Florence	√	√
City of Folly Beach.....	√	√
City of Forest Acres.....	√	√
City of Fountain Inn	√	√
City of Gaffney.....	√	√
City of Georgetown.....	√	√
City of Goose Creek	√	√
City of Greenville.....	√	√
City of Greenwood.....	√	√
City of Greer.....	√	√
City of Hanahan.....	√	√
City of Hardeeville.....	√	√
City of Hartsville	√	√
City of Inman	√	√
City of Isle of Palms	√	√
City of Johnsonville.....	√	√
City of Lake City	√	√
City of Lancaster.....	√	√
City of Laurens	√	√
City of Liberty.....	√	√
City of Loris	√	√
City of Manning.....	√	√
City of Marion.....	√	√
City of Mauldin	√	√
City of Mullins.....	√	√
City of Myrtle Beach.....	√	√
City of New Ellenton	√	√
City of Newberry	√	√
City of North Augusta.....	√	√
City of North Charleston	√	√
City of North Myrtle Beach	√	√
City of Orangeburg	√	√
City of Pickens.....	√	√
City of Rock Hill	√	√
City of Seneca	√	√
City of Simpsonville.....	√	√
City of Spartanburg	√	√
City of Sumter.....	√	√
City of Tega Cay	√	√
City of Travelers Rest.....	√	√
City of Union	√	√
City of Walhalla	√	√
City of Walterboro.....	√	√
City of West Columbia.....	√	√
City of Woodruff	√	√
City of York.....	√	√
Clarendon County	√	√
Clarendon County Commission on Alcohol and Drug Abuse	√	
Clarendon County Disabilities and Special Needs Board.....	√	
Clinton Newberry Natural Gas Authority.....	√	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Colleton County	√	√
Colleton County Disabilities and Special Needs Board	√	
Columbia Museum of Art.....	√	
Combined Utility System of Easley	√	
Commission of Public Works Municipal Utilities	√	
Converse Fire District.....		√
Croft Fire District.....		√
Cultural and Heritage Commission of York County	√	
Darlington County	√	√
Darlington County Community Action Agency	√	
Darlington County Council on Aging	√	
Darlington County Disabilities and Special Needs Board	√	
Darlington County Library	√	
Darlington County Soil and Water Conservation District.....	√	
Darlington County Water and Sewer Commission.....	√	
Daufuskie Island Fire District		√
Defender Corporation of Aiken County	√	
Defender Corporation of Allendale, Hampton and Jasper Counties.....	√	
Defender Corporation of Cherokee County	√	
Defender Corporation of Dorchester County	√	
Defender Corporation of Greenville County.....	√	
Defender Corporation of Marlboro County	√	
Defender Corporation of Pickens County	√	
Defender Corporation of Richland County.....	√	
Dillon County	√	√
Dillon County Employment and Training Programs	√	
Donalds-Due West Water and Sewer Authority.....	√	
Donaldson Development Commission Donaldson Center	√	
Donaldson Fire Service Area.....	√	
Dorchester County	√	√
Dorchester County Board of Disabilities and Special Needs	√	
Dorchester County Commission on Alcohol and Drug Abuse	√	
Dorchester County Library.....	√	
Dorchester Human Development Board.....	√	
Duncan Chapel Fire District.....	√	
Easley Central Water District	√	
East Richland County Public Service District	√	
Edgefield County	√	√
Edgefield County Water and Sewer Authority	√	
Emerald Center Multi-County Board for Disab. and Special Needs.....	√	
Fairfield County	√	√
Fairfield County Council on Aging	√	
Fairfield County Disabilities and Special Needs Board	√	
Fairfield County Library	√	
Fairfield County Substance Abuse Commission	√	
Fairfield Memorial Hospital	√	
Florence County	√	√
Florence County Commission on Alcohol and Drug Abuse	√	
Florence County Disabilities and Special Needs Board.....	√	
Florence Regional Airport	√	
Fripp Island Public Service District	√	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Gaffney Board of Public Works	√	
Gantt Fire, Sewer and Police District	√	√
Gaston Rural Community Water District	√	
Gateway Counseling Center	√	
Generations Unlimited	√	
Georgetown County	√	√
Georgetown County Alcohol and Drug Abuse Commission	√	
Georgetown County Council on Aging, Inc.	√	
Georgetown County Disabilities and Special Needs Board	√	
Georgetown County Water and Sewer District	√	
Gilbert-Summit Rural Water District	√	
Glassy Mountain Fire Service Area	√	
Gleamns Human Resources Commission	√	
Glendale Fire District	√	
Goucher Water Company, Inc.	√	
Grand Strand Water and Sewer Authority	√	
Greater Greenville Sanitation Commission	√	
Greenville Airport Commission	√	
Greenville Area Development Corporation	√	
Greenville Commission of Public Works	√	
Greenville County	√	√
Greenville County Commission on Alcohol and Drug Abuse	√	
Greenville County Disabilities and Special Needs Board	√	
Greenville County Library	√	
Greenville County Museum Commission	√	
Greenville County Recreation District	√	
Greenville Redevelopment Authority	√	
Greenville-Spartanburg Airport District	√	
Greenwood Commission of Public Works	√	
Greenwood County	√	√
Greenwood Metropolitan District Commission	√	
Greer Commission of Public Works	√	
Hampton County	√	√
Hampton County Disabilities and Special Needs Board	√	
Hartsville Community Center Building Commission	√	
Harvin Clarendon County Library	√	
Hazel Pittman Center	√	
Hilltop Fire District	√	√
Hilton Head Number 1 Public Service District	√	
Homeland Park Water District	√	
Horry County	√	√
Horry County Disabilities and Special Needs Board	√	
Horry County Solid Waste Authority, Inc.	√	
Horry Soil Conservation District	√	
Housing Authority of Darlington	√	
Housing Authority of Florence	√	
Housing Authority of Fort Mill	√	
Housing Authority of Lancaster	√	
Housing Authority of the City of Aiken	√	
Housing Authority of the City of Charleston	√	
Housing Authority of the City of Chester	√	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Housing Authority of the City of Conway	√	
Housing Authority of the City of Easley	√	
Housing Authority of the City of Gaffney.....	√	
Housing Authority of the City of Greenwood.....	√	
Housing Authority of the City of Newberry	√	
Housing Authority of the City of North Charleston	√	
Housing Authority of the City of Sumter	√	
Housing Authority of the City of Union	√	
Housing Authority of the Town of Woodruff.....	√	
Inman Community Fire Department.....		√
Inman-Campobello Water District	√	
Irmo Fire District		√
Irmo-Chapin Recreation District.....	√	
Isle of Palms Water and Sewer Commission.....	√	
James Island Public Service District Commission.....	√	
Jasper County	√	√
Jasper County Board of Disabilities and Special Needs.....	√	
Jasper County Development Board.....	√	
Johnsonville Rural Fire District		√
Jonesville Fire District		√
Keowee Fire Tax District.....		√
Kershaw County	√	√
Kershaw County Board of Disabilities and Special Needs.....	√	
Kershaw County Commission on Alcohol and Drug Abuse	√	
Lady's Island-St. Helena Fire District		√
Lake City Development Corporation	√	
Lake Cunningham Fire District.....	√	√
Lancaster County	√	√
Lancaster County Commission on Alcohol and Drug Abuse	√	
Lancaster County Council on Aging.....	√	
Lancaster County Library.....	√	
Lancaster County Natural Gas Authority	√	
Lancaster County Water and Sewer District.....	√	
Laurens Commission of Public Works	√	
Laurens County	√	√
Laurens County Disabilities and Special Needs Board.....	√	
Laurens County Water and Sewer Commission	√	
Laurens Soil and Water Conservation District	√	
Lee County	√	√
Lee County Disabilities and Special Needs Board	√	
Lexington County	√	√
Lexington County Defender Agency, Inc.....	√	
Lexington County Joint Municipal Water and Sewer Commission	√	
Lexington Medical Center	√	
Lexington-Richland Alcohol and Drug Abuse Council	√	
Liberty-Chesnee-Fingerville Water District	√	
Lowcountry Council of Governments.....	√	
Lowcountry Regional EMS Council.....	√	
Lowcountry Regional Transportation Authority	√	
Lower Savannah Council of Governments	√	
Lugoff Fire District.....		√

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Lugoff Water District of Kershaw County	✓	
Marion County	✓	✓
Marion County Commission on Alcohol and Drug Abuse	✓	
Marion County Library	✓	
Marion-Dillon County Disabilities and Special Needs Board.....	✓	
Marlboro County	✓	✓
Marlboro County Disabilities and Special Needs Board.....	✓	
Marlboro Water Company	✓	
McCormick Commission of Public Works	✓	
McCormick County	✓	✓
McCormick County Water and Sewer Authority.....	✓	
McCormick Health Care Center	✓	
Metropolitan Sewer Sub-District	✓	
Metropolitan Sub-District Water and Sewer	✓	
Moncks Corner Water Works Commission	✓	
Mt. Pleasant Water and Sewer Commission.....	✓	
Municipal Association of South Carolina	✓	
Murrells Inlet-Garden City Fire District	✓	✓
New Ellenton Commission of Public Works.....	✓	
Newberry County	✓	✓
Newberry County Disabilities and Special Needs Board.....	✓	
Newberry County Library	✓	
Newberry County Nursing Home Commission.....	✓	
Newberry County Water and Sewer Authority.....	✓	
North Charleston Sewer District.....	✓	
North Greenville Fire District	✓	
North Spartanburg Area Fire and Rescue District.....	✓	
Oconee County	✓	✓
Oconee County Sewer Commission	✓	
Oconee Disabilities and Special Needs Board.....	✓	
Old Fort Fire Control Board.....		✓
Old Ninety Six Tourism Commission.....	✓	
Old Town Fire and Rescue Department	✓	
Orangeburg County	✓	✓
Orangeburg County Disabilities and Special Needs Board.....	✓	
Orangeburg Department of Public Utilities	✓	
Palmetto State Teachers Association.....	✓	
Parker Sewer and Fire Sub-District.....	✓	
Peachtree Center D/B/A-Cherokee LTC.....	✓	
Pee Dee Regional Council of Governments	✓	
Pee Dee Regional EMS, Inc.....	✓	
Pee Dee Regional Transportation Authority	✓	
Pelham-Batesville Fire District.....		✓
Pendleton District Historical and Recreation Commission.....	✓	
Pickens County	✓	✓
Pickens County Commission on Alcohol and Drug Abuse.....	✓	
Pickens County Disabilities and Special Needs Board	✓	
Piedmont Park Fire District	✓	✓
Piedmont Public Service District		✓
Pine Ridge Fire Department		✓
Pioneer Rural Water District	✓	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Poplar Springs Fire Department.....		√
Public Defender Corporation of Horry County.....	√	
Recreation District & Recreation Commission of Richland County	√	
Recreation District of Lexington County	√	
Reidville Fire District		√
Richland County	√	√
Richland County Public Library	√	
Richland Memorial Hospital	√	
Richland-Lexington Airport District.....	√	√
Richland-Lexington Disabilities and Special Needs Board	√	
Riverbanks Park Commission	√	
Roebuck Fire Department.....		√
Rubicon.....	√	
Rural Community Water District of Georgetown County.....	√	
Saluda Commission of Public Works	√	
Saluda County	√	√
Saluda County Commission on Alcohol and Drug Abuse.....	√	
Saluda County Water and Sewer Authority	√	
Sandy Springs Water Company	√	
Santee Cooper Counties Promotion Commission	√	
Santee-Lynches Council for Governments	√	
Santee-Wateree Regional Transportation Authority	√	
Seneca Light and Water Plant	√	
Sheldon Fire District	√	√
Shoreline Behavioral Health Services	√	
Six Mile Rural Water District	√	
Slater-Marietta Fire Department		√
South Carolina Appalachian Council of Governments.....	√	
South Carolina Association of Counties.....	√	
South Carolina Association of School Administrators	√	
South Carolina Association of School Boards.....	√	
South Carolina Athletic Coaches Association.....	√	
South Carolina Education Association.....	√	
South Carolina High School League.....	√	
South Carolina Law Enforcement Officers Association.....	√	
South Carolina Midlands EMS Management Association	√	
South Carolina Sheriffs Association.....	√	√
South Carolina State Credit Union	√	
South Carolina State Employees Association	√	
South Carolina State Firemen’s Association.....	√	
South Greenville Area Fire District	√	
South Island Public Service District.....	√	
South Lynches Fire Department		√
Southside Rural Community Water District.....	√	
Spartanburg Commission of Public Works	√	
Spartanburg County	√	√
Spartanburg Public Library.....	√	
Spartanburg Regional Medical Center	√	
Spartanburg Sanitary Sewer District	√	
St. Andrews Parish Parks and Playgrounds.....	√	
St. Andrews Public Service District Commission	√	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
St. George Water and Sewer Department.....	✓	
St. John's Fire District.....	✓	✓
St. Paul's Fire District.....	✓	✓
Starr-Iva Water Company.....	✓	
Startex-Jackson-Wellford-Duncan Water District.....	✓	
Summerville Commission of Public Works.....	✓	
Sumter Conservation District.....	✓	
Sumter County.....	✓	✓
Sumter County Commission on Alcohol and Drug Abuse.....	✓	
Sumter County Disabilities and Special Needs Board.....	✓	
Sumter County Library.....	✓	
Taylors Fire and Sewer District.....	✓	
The Ernest E. Kennedy Center.....	✓	
The Pee Dee Tourism Commission.....	✓	
Three Rivers Solid Waste Authority.....	✓	
Town of Allendale.....	✓	✓
Town of Andrews.....	✓	✓
Town of Atlantic Beach.....	✓	✓
Town of Aynor.....	✓	
Town of Batesburg-Leesville.....	✓	✓
Town of Bethune.....	✓	✓
Town of Bishopville.....	✓	✓
Town of Blacksburg.....	✓	✓
Town of Blackville.....	✓	
Town of Bluffton.....	✓	✓
Town of Blythewood.....	✓	
Town of Bonneau.....		✓
Town of Bowman.....	✓	✓
Town of Branchville.....	✓	✓
Town of Briarcliffe Acres.....	✓	✓
Town of Brunson.....	✓	
Town of Burnetown.....	✓	✓
Town of Calhoun Falls.....	✓	✓
Town of Cameron.....	✓	✓
Town of Campobello.....	✓	✓
Town of Carlisle.....	✓	
Town of Central.....	✓	✓
Town of Chapin.....	✓	✓
Town of Cheraw.....	✓	✓
Town of Chesnee.....	✓	✓
Town of Chesterfield.....	✓	✓
Town of Clio.....	✓	✓
Town of Clover.....	✓	✓
Town of Cordova.....	✓	
Town of Cottageville.....		✓
Town of Coward.....	✓	✓
Town of Cowpens.....	✓	✓
Town of Due West.....	✓	✓
Town of Duncan.....	✓	✓
Town of Eastover.....	✓	✓
Town of Edgefield.....	✓	✓

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Town of Edisto Beach	√	√
Town of Ehrhardt.....	√	√
Town of Elgin.....	√	√
Town of Elko	√	
Town of Elloree.....	√	√
Town of Estill.....	√	√
Town of Fairfax	√	
Town of Fort Lawn.....	√	√
Town of Fort Mill	√	√
Town of Gaston.....	√	√
Town of Gilbert.....	√	
Town of Gray Court	√	
Town of Great Falls	√	√
Town of Greeleyville.....		√
Town of Hampton.....		√
Town of Harleyville	√	√
Town of Heath Springs.....	√	
Town of Hemingway.....	√	√
Town of Hilton Head Island		√
Town of Holly Hill	√	√
Town of Hollywood	√	
Town of Honea Path.....	√	√
Town of Irmo	√	√
Town of Iva	√	√
Town of Jackson.....	√	√
Town of Jamestown	√	√
Town of Jefferson.....	√	
Town of Johnston.....	√	√
Town of Jonesville	√	√
Town of Kershaw	√	
Town of Kiawah Island.....	√	
Town of Kingstree.....	√	√
Town of Lake View	√	√
Town of Lamar		√
Town of Landrum	√	√
Town of Lane	√	√
Town of Latta	√	√
Town of Lexington.....	√	√
Town of Lincolnville	√	√
Town of Little Mountain	√	
Town of Livingston.....	√	
Town of Lyman	√	√
Town of Mayesville	√	
Town of McBee	√	√
Town of McClellanville	√	
Town of McColl	√	√
Town of McCormick	√	√
Town of Meggett	√	
Town of Moncks Corner	√	√
Town of Monetta.....	√	
Town of Mt. Croghan.....	√	

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Town of Mt. Pleasant.....	√	√
Town of Nichols.....	√	√
Town of Ninety-Six.....	√	√
Town of Norris.....	√	
Town of North.....	√	√
Town of Norway.....	√	√
Town of Olanta.....	√	√
Town of Olar.....	√	√
Town of Pacolet.....	√	√
Town of Pageland.....	√	√
Town of Pamplico.....	√	√
Town of Patrick.....	√	
Town of Pelion.....	√	√
Town of Pelzer.....	√	
Town of Pendleton.....	√	√
Town of Pine Ridge.....	√	√
Town of Pinewood.....	√	
Town of Pomaria.....	√	
Town of Port Royal.....	√	
Town of Prosperity.....	√	√
Town of Quinby.....	√	√
Town of Ravenel.....	√	
Town of Ridge Spring.....	√	√
Town of Ridgeland.....	√	√
Town of Ridgeville.....	√	
Town of Ridgeway.....	√	√
Town of Ruby.....	√	
Town of Salley.....	√	√
Town of Saluda.....	√	√
Town of Santee.....	√	
Town of Scranton.....	√	√
Town of Seabrook Island.....	√	
Town of Sellers.....	√	
Town of Six Mile.....	√	
Town of Smyrna.....	√	
Town of Snelling.....	√	
Town of Society Hill.....	√	√
Town of South Congaree.....	√	√
Town of Springdale.....	√	√
Town of Springfield.....	√	√
Town of St. George.....	√	√
Town of St. Matthews.....	√	√
Town of St. Stephen.....	√	√
Town of Sullivan's Island.....	√	√
Town of Summerton.....	√	√
Town of Summerville.....	√	√
Town of Surfside Beach.....	√	√
Town of Swansea.....	√	√
Town of Sycamore.....	√	
Town of Timmonsville.....	√	√
Town of Trenton.....	√	√

Statistical Section

<u>NAME</u>	<u>SCRS</u>	<u>PORS</u>
Town of Turbeville.....	✓	✓
Town of Vance	✓	✓
Town of Varnville	✓	
Town of Wagener	✓	✓
Town of Ward.....	✓	
Town of Ware Shoals	✓	✓
Town of Wellford	✓	✓
Town of West Pelzer	✓	✓
Town of West Union	✓	✓
Town of Westminster	✓	✓
Town of Whitmire.....	✓	✓
Town of Williamston	✓	✓
Town of Williston	✓	
Town of Winnsboro	✓	✓
Town of Yemassee.....	✓	
Tyger River Fire District		✓
Una Fire Department		✓
Union Carnegie Library	✓	
Union County	✓	✓
Union County Council of Aging	✓	
Union County Development Board.....	✓	
Union County Disabilities and Special Needs Board.....	✓	
Upper Savannah Council of Governments	✓	
Valley Public Service Authority	✓	
Waccamaw Economic Opportunity Council	✓	
Waccamaw Regional Council of Governments.....	✓	
Wade Hampton Fire and Sewer District	✓	
Western Carolina Regional Sewer Authority	✓	
Westminster Commission of Public Works.....	✓	
Westview Behavioral Health Services	✓	
Westview-Fairforest Fire Department.....	✓	✓
Whitesville Rural Volunteer Fire Department		✓
Whitmire Commission of Public Works	✓	
Williamsburg County	✓	✓
Williamsburg County Disabilities and Special Needs Board	✓	
Williamsburg County Library.....	✓	
Woodruff Roebuck Water District	✓	
York County	✓	✓
York County Convention and Visitors Bureau	✓	
York County Council on Aging	✓	
York County Disabilities and Special Needs Board	✓	
York County Library	✓	
York Soil and Water Conservation District	✓	



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