

# It's News to Me

Vol. 23, No. 1

Summer 2002

## From the Director *Making Something Good Better*

Following in the footsteps of a public servant as dedicated and talented as Bob Toomey, former South Carolina Retirement Systems Director, is a challenge I take on humbly and hopefully. I have confidence in the employees of the Retirement Systems and look forward to working with them, and on your behalf, to continue to improve the services we provide.

Customer service was always at the forefront during Bob's tenure, and it shall remain so with mine. As I take my first steps as director, I hope to further enhance the services we provide. Sometimes, improvement efforts involve communication with and coordination between organizations. We have already formed a Customer Focus Committee that is working closely with the Employee Insurance Program to identify common customers and areas of operations in which we may facilitate service delivery to our respective and common customers. As a result of these efforts, Retirement Systems and Employee Insurance Program staff will be cross-trained within the next few months so that you can be better informed about your benefits regardless of which office you contact.

As we identify areas in which we can enhance service delivery, I assure you that we will do our best to implement changes to effect such improvements. We hope to keep you better informed as well. Look for periodic updates on our progress in the "From the Director" feature on our website at [www.scrs.state.sc.us](http://www.scrs.state.sc.us).



## *Boykin Named Director*

Peggy G. Boykin was named director of the South Carolina Retirement Systems effective March 1, 2002. Boykin took over for Robert Toomey, who announced his retirement in December 2001.

Boykin, a certified public accountant, has worked for the South Carolina Retirement Systems since 1991 and previously served as assistant director and executive manager for Benefits Payroll.



Peggy G. Boykin, CPA

A native of Wagener, South Carolina, Boykin earned a bachelor's degree in business administration from the College of Charleston in 1981, and received her Certified Retirement Administrator designation in 1999.

**Customer Services' email address has changed to [cs@scrs.state.sc.us](mailto:cs@scrs.state.sc.us).**

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# Jessica Fletcher Would Be Proud

Your sleuthing abilities are legendary! Thanks to you, we located 21 of the 25 inactive members listed in the Spring 2001 *Systems Update* newsletter. In each issue, we publish the names of former state employees who are eligible for lifetime benefits for whom we do not have a correct address. Listed below are 25 such individuals, along with their last known employer. If you can help us locate any of these members, please contact Customer Services toll free at 1-800-868-9002 (available within SC only), at 803-737-6800, or at [cs@scrs.state.sc.us](mailto:cs@scrs.state.sc.us).

**Barlow, Mellie** - Disabilities and Special Needs  
**Bowen, William M.** - Beaufort County Council  
**Brooks, Mildred W.** - Charleston County School District  
**Brown, Thelma** - Medical University of South Carolina  
**Brunson, Willie E., Jr.** - Town of St. Matthews  
**Bryant, Della A.** - Horry County School District  
**Burnett, Jacob** - Liberty-Chesnee-Fingerville Water District  
**Busching, Beverly** - University of South Carolina  
**Campbell, Annette J.** - Winthrop College  
**Castles, Fred** - Chester County Board of Directors  
**Collins, Wilmer** - Barnwell County Council  
**Cook, Joan W.** - Town of Gray Court  
**Culbertson, Reginald** - Greenwood Commission of Public Works  
**Dendy, Willie E.** - Department of Corrections  
**Edney, Martha J.** - Oconee School District  
**Eleazor, Patricia R.** - Lexington County School District #5  
**Finley, Mary J.** - Pickens County School District  
**Gaston, Libby A.** - Chester County School District  
**Gause, Joan M.** - Hampton County School District #1  
**Gillespie, Jean C.** - Pickens County School District  
**Goldman, Betty F.** - Orangeburg County School District #5  
**Grantham, Priscilla W.** - Florence County School District #1  
**Hopkins, Barbara A.** - Greenville County School District  
**McDonald, Lucretia A.** - Orangeburg County School District #5  
**Watkins, Thomas J.** - Kershaw County Department of Education

## Cost-of-Living Adjustment

At its June 18<sup>th</sup> meeting, the State Budget and Control Board approved a 1.3 percent cost-of-living adjustment (COLA) that takes effect July 1, 2002, for members of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) whose retirement was in effect the previous July 1<sup>st</sup>.

The COLA is based on a 1.3 percent increase in the Consumer Price Index (CPI) as of December 31, 2001.

SCRS members who retired early are not eligible for COLAs until the second July 1<sup>st</sup> after they reach age 60 or the second July 1<sup>st</sup> after the date they would have attained 28 years of service credit had they not retired.

## Newsletter Changes

*Systems Update* has a new name and a new look! We hope you'll find the information in *It's News to Me* more meaningful. We've sharpened the overall focus of the newsletter in an effort to give you information that you can use.

**The South Carolina Deferred Compensation Program will be switching Program recordkeepers in January 2003 from Great West to CitiStreet. Stay tuned — in November, Program participants will receive details about all of the exciting program changes.**

*It's News to Me* is your retirement benefits newsletter: we want it to speak to the retirement issues that concern you. Let us know if we are, or aren't, meeting that goal.

# Your Pension Is Not Only Safe, It's Guaranteed

You read it in the newspapers and watch it unfold on television day after day: the continued volatility of the stock markets. Reports of trouble within publicly traded corporations abound. The unpredictability of events on Wall Street has become fodder for top news stories almost every day of the week.

You may, or may not, know that the South Carolina Retirement Systems has about 27 percent of its holdings invested in equities. As a member of the Retirement Systems, you may have concerns about the effect of declining equity investment performance on your pension.

The South Carolina Retirement Systems is a defined benefit plan, which means the retirement benefits it provides, not the contributions into the plan, are specified. **Your pension, which is also guaranteed by state law, is based on your years of service, salary, and a benefit multiplier, not on investment performance.** Not only does the law guarantee your pension, but the Retirement Systems is also in strong financial condition.

As a member of the Retirement Systems, we believe you should know what is going on with your pension funds. The news is not great, but it isn't that bad, either.

Since July 1999, the Retirement Systems has invested about \$6.82 billion in the stock market. As of June 30, 2002, that investment was valued at \$5.69 billion, a decline of \$1.13 billion. This figure, however, represents only a "paper" decline in our

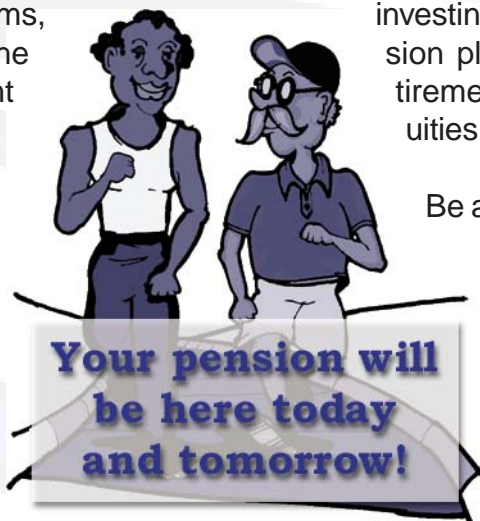
stocks, not an actual "loss," since we have not sold off all of our stocks for less than we paid.

And, we are not going to do that. The Retirement Systems is investing for the long run – decades in fact. With more than \$21 billion in holdings, we have ample funds to pay current retirees without having to touch our stock portfolio. While these have been very bumpy times on Wall Street, history has shown that the best course is to ride out market declines. Over the long term, stock investing is an essential tool for any pension plan. That's why every public retirement system in America owns equities.

Be assured that the Retirement Systems knows that the pension fund is **your** money. That is why we are conservative investors. State law dictates that no more than 40 percent of the Retirement Systems' holdings can be invested in stocks. The rest remains in bonds and other fixed investments. The

Retirement Systems has been slowly moving towards the 40 percent ceiling, adding money gradually just like an individual might invest through an automatic purchase plan.

This means that most of the money we have put into the stock market was invested after the market's initial decline. In fact, we are buying shares at lower prices and, unlike an individual who is close to retirement and needs his or her money soon, the Retirement Systems can ride out the ups and downs of the stock market. The money we have in the stock market today will not be needed to pay benefits for decades.



Continued on page 2b

## Your Pension

Continued from page 2a

Lawmakers, regulators, and the courts are now moving to improve the accountability of corporations to prevent a repeat of the problems like those seen at Enron and WorldCom. It is important that wrongdoers are punished and that new rules are put into place to protect individual investors and pension plans. The South Carolina Retirement Systems

will be a part of any class action lawsuits brought against firms in which we owned shares that are charged with irregularities that hurt their stock value.

Despite the unpredictable nature of the market, history has shown that prudently investing in stocks is the best way over the long haul to increase wealth. That's because a diversified stock portfo-

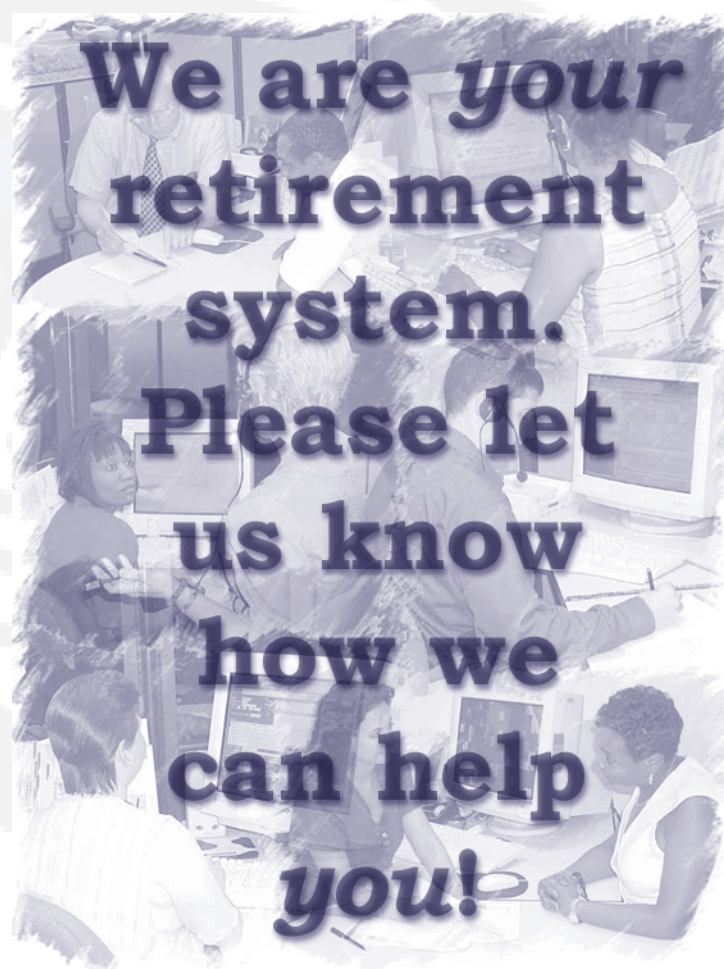
lio reflects the American economy – the strongest and most vibrant economy the world has ever known. The South Carolina Retirement Systems will continue to make equities a part of our diversified portfolio. But, as the financial steward of your pension funds, we will do so pragmatically and conservatively.

## Frequently Asked Question

### Why is my retirement benefit less than I expected?

When you receive your first benefit check, it is based on information received up to that point. We refer to this as estimated status. After we receive information from your employer, such as unused sick leave or payment for your unused annual leave, we adjust your benefit accordingly. We refer to this as finalized status.

As a result of the information received from your employer, your finalized benefit may be less than, or more than, your estimated benefit. Releasing your benefit in estimated status ensures that you begin receiving a benefit as soon as possible.



## Legislative Update for Fiscal Year 2003

### **PORS Retiree Earnings Limitation Removed**

Effective July 1, 2002, Police Officers Retirement System (PORS) members who have been retired for at least 15 consecutive calendar days may return to work for an employer covered by the Retirement Systems with no earnings limitation. If a retired PORS member returns to covered employment sooner than 15 consecutive calendar days after retirement, the member's retirement annuity will be suspended while the member remains employed by a covered employer.

### **PORS Retirees Not Eligible for Second Unused Leave Payment**

Effective July 1, 2002, retired PORS members who return to work for the state or its agencies, a higher education institution, board, or commission, or a public school, are not eligible to receive a lump-sum payment of their unused leave upon termination of employment.

### **Medicaid Sponsored Care May Affect Annuitant's Cost-of-Living Adjustment Increases**

Effective July 1, 2002, retirees and beneficiaries of the South Carolina Retirement Systems receiving Medicaid (Title XIX) sponsored nursing home care as of June 30<sup>th</sup> of the prior fiscal year will not receive a cost-of-living adjustment (COLA) in their retirement benefits during the current fiscal year. A retiree or beneficiary in this situation may receive the COLA if the retiree or beneficiary is discharged from the nursing home and does not require admission to a hospital or nursing home within six months of discharge.

COLAs are not guaranteed for any annuitant. The Retirement Systems' actuary must first determine whether funding requirements have been met, then the State Budget and Control Board must approve the COLA.

### **SCRS Retiree Earnings Limitation Remains \$50,000 per Fiscal Year**

Effective July 1, 2001, the earnings limitation for a South Carolina Retirement System (SCRS) service retiree who returns to work for an employer covered by the Retirement Systems increased from \$25,000 to \$50,000 per fiscal year (July 1 - June 30). This earnings limitation does not apply to SCRS service retirees who return to work for an employer not covered by the Retirement Systems, such as a private sector employer.

There is an SCRS service retiree earnings limitation exemption for retired certified teachers who return to work in a geographic or academic critical needs area. The South Carolina Department of Education is responsible for determining if a position meets the critical needs criteria.

### **SCRS Retirees Still Subject to 60-Day Break-in-Service**

Effective July 1, 2001, if you are a retired South Carolina Retirement System (SCRS) member and you return to covered employment sooner than 60 days after your date of retirement, your retirement benefit will be suspended while you remain employed by a covered employer.

This 60-day break-in-service requirement applies to retired SCRS members who return to covered employment on or after July 1, 2001. The 60 days are measured from your date of retirement. If you are a participant in the Teacher and Employee Retention Incentive (TERI) program, the date of retirement is the starting date of your TERI period.

**In Our Winter 2002 Issue: Disability Retiree Earnings Limitation Information**

## ***Investment Panel Update***

You may already know that the Retirement Systems has about 27 percent of its total holdings invested in stocks. The funds are currently invested by 15 experienced investment managers who are closely monitored by the State Retirement Systems Investment Panel.

One of these managers held shares of Enron stock, and as a result of the collapse of Enron, lost \$4.2 million. This particular investment manager, however, gained

\$37 million during the same quarter. The Retirement Systems' loss on Enron equals a fraction of a single percentage point of its total holdings and in no way impacts the Systems' financial health.

You can rest assured that your benefits will be here today and tomorrow. Your pensions are guaranteed by law and the Retirement Systems has more than \$21 billion to pay current and future claims.

**If you would like to receive an electronic copy of *It's News to Me* via email rather than a paper copy, please email your request to [cs@scrs.state.sc](mailto:cs@scrs.state.sc) and we'll send your next issue electronically!**



### **South Carolina State Budget and Control Board**

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**Grady L. Patterson, Jr.**  
*State Treasurer*

**James A. Lander**  
*Comptroller General*

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

**Robert W. Harrell, Jr.**  
*Chairman, House Ways and Means  
Committee*

**Frank Fusco**  
*Executive Director*

### **South Carolina Retirement Systems**

**Peggy G. Boykin, CPA**  
*Director*

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