

Pursuant to Act 153 (S.618) of 2005, the SCRS employer and employee contribution increases 0.50%, effective July 1, 2006. The SCRS employer contribution will increase another 0.50%, effective July 1, 2007.

### Comparison of Current Statute and S618 as Ratified

Current Statute	S618 as Ratified
<p><b>Contributions</b></p> <ul style="list-style-type: none"> <li>• Retired SCRS or PORS member (including TERI participants) does not pay active employee contribution</li> <li>• Current SCRS employer contribution is 7.55%</li> <li>• SCRS employee contribution is 6%</li> </ul> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• State TERI participant gets annual leave payout at retirement and at end of TERI period</li> <li>• TERI participant's AFC is calculated at retirement (onset of TERI period) and is not recalculated at end of TERI period</li> <li>• Requires 60-day break-in-service for SCRS retirees who return to covered employment (\$50K/year earnings limitation applies)</li> <li>• State TERI participants working for covered employer have grievance rights</li> <li>• No similar provision</li> <li>• COLA granted only if actuary determines system can afford and B&amp;CB approves</li> <li>• No similar provision</li> <li>• Medical Board reviews SCDVR disability recommendations</li> <li>• Retired members do not contribute and are eligible for Group Life Insurance benefit of \$2,000, \$4,000, or \$6,000</li> </ul> <p><b>Investments</b></p> <ul style="list-style-type: none"> <li>• No similar provision</li> <li>• Equity investment cap is 40%</li> <li>• No similar provision</li> <li>• State Retirement Systems Investment Panel advises B&amp;CB on equity investment portion of portfolio; State Treasurer manages fixed income investments</li> <li>• No similar provision</li> </ul>	<p><b>Contributions</b></p> <ul style="list-style-type: none"> <li>• Retired SCRS or PORS member (including TERI participants) working for a covered employer pays active employee contribution</li> <li>• Increases SCRS employer contribution by 1% over 2 years: 7/1/06 = 8.05%, 7/1/07 = 8.55%</li> <li>• Increases SCRS employee contribution by .5% over 2 years: 7/1/06 = 6.25%, 7/1/07 = 6.5%</li> </ul> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• Eliminates unused annual leave payout for state TERI participant at retirement (new TERI participants after 6/30/05)</li> <li>• Requires AFC recalculation at end of TERI period to include unused leave paid at termination (new TERI participants after 6/30/05)</li> <li>• Removes service earnings limitation for SCRS retirees with 15-day break-in-service</li> <li>• State employees who become TERI participants after June 6, 2005, serve in an at-will/no grievance status</li> <li>• Any retired employee who has returned to work for a state agency serves in an at-will/no grievance status</li> <li>• Guarantees 1% COLA for SCRS and allows B&amp;CB to grant a COLA in excess of 1% if UAAL amortization period does not exceed 30 years</li> <li>• Eliminates second unused annual leave payout for rehired state retirees</li> <li>• Eliminates Medical Board</li> <li>• Retired contributing members of SCRS and PORS eligible for one-year salary Group Life Insurance benefit in lieu of retiree \$2,000, \$4,000 or \$6,000</li> </ul> <p><b>Investments</b></p> <ul style="list-style-type: none"> <li>• Sets up six-member investment commission made up of financial experts, the State Treasurer and a nonvoting retired member, and moves fiduciary responsibility for investments to Commission</li> <li>• Sets investment target allocation: Equity investments cannot exceed 70% of portfolio</li> <li>• Creates the position of Chief Investment Officer with defined authority and annual investment plan adoption</li> <li>• Retains Investment Panel in advisory role to CIO regarding Annual Investment Plan</li> <li>• Commission shall strive to assure that minorities and minority-owned business are represented</li> </ul>

NOTE: Both the Senate Finance Committee and the House Ways and Means Committee have passed separate joint resolutions to allow a referendum to amend the constitution to allow international investments.