

# **South Dakota Retirement System**

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## Supplemental Retirement Plan Analysis

Prepared by the South Dakota Investment Council Staff

August 26, 2025

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# Executive Summary

The South Dakota Supplemental Retirement Plan (SRP) offers members of the South Dakota Retirement System the opportunity to save additional dollars for retirement on either a pre-tax or after-tax (Roth) basis.

The goal is to offer an array of diversified investment options to allow participants to increase the value of their investment assets in a manner consistent with varying levels of risk tolerance and investment decision-making acumen. The Plan offers a guaranteed interest account, a series of target date retirement funds, a core group of index funds and a selection of actively managed mutual funds. The actively managed mutual funds are chosen from a group of respected and successful managers that the Investment Council Staff regularly monitors. See the next page for a listing of investment options grouped by type.

The included quarterly report prepared by Nationwide Retirement Solutions as of June 30, 2025, provides information on the number of participants and amount of plan assets in the SRP. Two additional pages show plan participation statistics, new enrollments and final withdrawals for the year. Additionally, the separate Investment Review provides information on each of the investment options offered by the plan, including investment strategy, performance and fund composition.

Plan investment options and potential alternatives are evaluated on at least an annual basis. The evaluation includes performance, fit with the overall fund choices, adherence to the stated investment style, manager stability and other criteria. In fiscal year 2025, the available investment options performed in-line with expectations given their style allocations. The funds with heavier growth and large-cap tilts outperformed their benchmarks, while geographic weightings were less of a differentiator than in recent years.

The Growth Fund of America was discussed last year as one that had not kept pace with the Russell 1000 Growth Index, largely due to its relative overweight of international stocks and underweight of the technology sector. This year, however, the fund outperformed the Russell 1000 Growth Index as its returns benefitted from individual stock selection while its international overweight was neutral to performance. The fund has also significantly outperformed the S&P 500 since its inception, which bolsters confidence in its soundness as an option.

The State Investment Officer and Staff are recommending no changes to the investment options of the Plan at this time.

The South Dakota Supplemental Retirement Plan (SRP) is covered under section 457 of the Internal Revenue Code – Deferred compensation plans of state and local governments and tax-exempt organizations. SDCL 3-13-49 through 3-13-55.1 states “...The state investment officer shall be held to the standard of conduct of a fiduciary and shall carry out all functions solely in the interests of the participants and benefit recipients and for the exclusive purpose of providing benefits...”

# SDRS Supplemental Retirement Plan

## Investment Options as of June 30, 2025

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### Guaranteed Interest Account

**Guaranteed Interest Account** – a stable value insurance product designed to provide safety of principal, liquidity and a stable rate of return.

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### Vanguard Target Retirement Funds

<u>Fund Option</u>	<u>Yrs. to Retirement</u>	<u>Stocks %</u>	<u>Bonds %</u>
Target Retirement Income Fund	0	30	70
Target Retirement Fund 2020	0	40	60
Target Retirement Fund 2025	0-5	50	50
Target Retirement Fund 2030	About 5	60	40
Target Retirement Fund 2035	About 10	70	30
Target Retirement Fund 2040	About 15	75	25
Target Retirement Fund 2045	About 20	85	15
Target Retirement Fund 2050	About 25	90	10
Target Retirement Fund 2055	About 30	90	10
Target Retirement Fund 2060	About 35	90	10
Target Retirement Fund 2065	About 40	90	10

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### Index Funds

**Vanguard Extended Market Index Fund** – tracks the return of the S&P Completion Index that measures the return of small- and mid-capitalization US stocks.

**Vanguard Federal Money Market Fund** – seeks to provide current income while maintaining liquidity by investing primarily in short-term securities issued by the U.S. Treasury and agencies of the U.S. government, and repurchase agreements collateralized by such securities.

**Vanguard Institutional Index Fund** – seeks to track the performance of the S&P 500 Index which measures the return of large-capitalization stocks.

**Vanguard Small Cap Index Fund** – seeks to replicate the CRSP U.S. Small Cap Index by holding all the stocks in the same capitalization weight as the index.

**Vanguard Total Bond Market Index Fund** – tracks the Bloomberg U.S. Aggregate Bond Index and seeks to provide current income by investing in a mix of bonds – corporate, government, and mortgage-backed – that represent the total universe of public investment-grade bonds in the U.S. with maturities over one year.

**Vanguard Total International Stock Index Fund** – tracks the returns of the FTSE Global All Cap ex U.S. Index. The fund holds a sampling of stocks that matches certain characteristics of its target index such as country weightings, market capitalization, and industry sector diversification.

**Vanguard Growth Index Fund** – tracks the performance of the CRSP US Large Cap Growth Index, an index primarily made up of growth stocks of large U.S. companies.

**Vanguard Value Index Fund** – tracks the performance of the CRSP US Large Cap Value Index, an index primarily made up of value stocks of large U.S. companies.

**Vanguard Real Estate Index Fund** – tracks the performance of MSCI US Investable Market Real Estate 25/50 Index, an index primarily made up of large, mid-size, and small US companies within the real estate sector.

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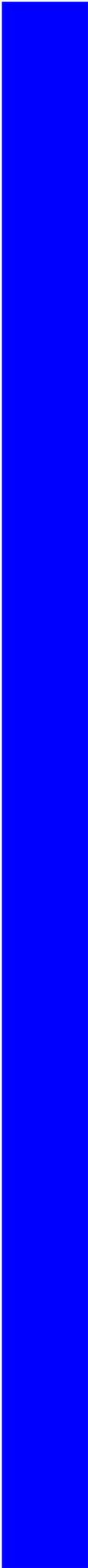
### Specialty Investment Options

**Balanced Income Fund** – Vanguard Wellesley Income Fund

**International/Global Equity Funds** – American Funds Capital World Growth & Income Fund, Dodge & Cox International Stock Fund, Dodge & Cox Global Stock Fund, T. Rowe Price Real Assets Fund

**Large Cap Equity Funds** – American Funds Growth Fund of America, Vanguard Windsor II Fund

**Mid/Small Cap Equity Fund** – Vanguard Strategic Equity Fund



Quarterly Report  
Prepared for the SDRS  
Supplemental Retirement Plan

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2nd Quarter 2025

Administered for the SDRS by:  
**Nationwide Retirement Solutions**

SDRS Supplemental Retirement Plan(Qtrly)

Plan Status Report - June 2025

Part I: Statistics By Investment Option as of June 30, 2025

Total Program

Report Date: Jul 01, 2025

Fund	Date Added to Plan	Participants		Plan Assets		
		Active*	Total**	Contributions Current Month	Investment Performance	Balance as of 06/30/2025
Capital World Growth and Income Fund(SM) - Class R5	Aug, 2007	366	809	\$152,795	\$1,332,293	\$11,599,907
Dodge & Cox Global Stock Fund - Class I	Dec, 2012	159	343	\$38,017	\$260,565	\$3,540,929
Dodge & Cox International Stock Fund - Class I	Aug, 2007	553	938	\$98,448	\$568,375	\$5,535,872
Prudential Guaranteed Investment Contract	Feb, 2008	668	6,019	\$4,689,689	\$973,334	\$132,939,021
T. Rowe Price Real Assets Fund	Mar, 2022	24	43	\$4,162	\$2,919	\$99,921
The Growth Fund of America(R) - Class R5	Aug, 2007	1,068	1,879	\$509,192	\$5,913,794	\$38,784,665
Vanguard Federal Money Market Fund - Investor Class	Dec, 2015	1,872	3,385	\$885,622	\$435,954	\$42,410,082
Vanguard Real Estate Index Fund - Admiral Shares	Mar, 2022	459	634	\$36,649	-\$5,674	\$942,597
Vanguard Target Retirement 2020 Fund - Investor Shares	Aug, 2007	428	1,464	\$224,773	\$1,717,423	\$34,997,667
Vanguard Target Retirement 2025 Fund - Investor Shares	Aug, 2007	1,249	2,428	\$927,481	\$3,407,064	\$54,440,673
Vanguard Target Retirement 2030 Fund - Investor Shares	Aug, 2007	1,631	2,924	\$1,115,951	\$4,328,794	\$61,534,686
Vanguard Target Retirement 2035 Fund - Investor Shares	Aug, 2007	1,789	3,157	\$1,019,753	\$3,364,119	\$43,581,590
Vanguard Target Retirement 2040 Fund - Investor Shares	Aug, 2007	1,988	3,627	\$1,069,494	\$3,119,346	\$37,691,215
Vanguard Target Retirement 2045 Fund - Investor Shares	Aug, 2007	2,185	4,163	\$1,064,997	\$3,504,328	\$39,771,719
Vanguard Target Retirement 2050 Fund - Investor Shares	Aug, 2007	2,343	5,134	\$927,167	\$3,717,869	\$39,080,829
Vanguard Target Retirement 2055 Fund - Investor Shares	Feb, 2012	2,352	5,258	\$710,863	\$2,292,761	\$24,138,672
Vanguard Target Retirement 2060 Fund - Investor Shares	Dec, 2012	1,696	3,720	\$425,298	\$985,428	\$10,399,200
Vanguard Target Retirement 2065 Fund - Investor Shares	Feb, 2022	873	1,135	\$200,671	\$261,355	\$2,813,539
Vanguard Total International Stock Index Fund - Institutional Shares	Apr, 2011	723	1,418	\$339,471	\$1,773,812	\$16,585,720
Vanguard Value Index Fund -Admiral Shares	Dec, 2018	584	917	\$145,926	\$182,693	\$6,401,973
Vanguard(R) Extended Market Index Fund - Institutional Shares	Nov, 2007	927	1,743	\$307,932	\$2,591,463	\$24,091,713
Vanguard(R) Growth Index Fund - Institutional Shares	Oct, 2021	876	1,376	\$629,567	\$4,015,876	\$25,879,603
Vanguard(R) Institutional Index Fund - Institutional Shares	Apr, 2000	1,204	2,639	\$952,819	\$11,347,837	\$114,404,213
Vanguard(R) Small-Cap Index Fund - Institutional Shares	Oct, 2021	913	1,493	\$198,528	\$754,120	\$11,137,005
Vanguard(R) Strategic Equity Fund - Investor Shares	Aug, 2007	797	1,393	\$205,524	\$1,112,979	\$12,495,687
Vanguard(R) Target Retirement Income Fund	Aug, 2007	146	897	\$252,794	\$1,127,589	\$25,585,668
Vanguard(R) Total Bond Market Index Fund - Institutional Shares	Dec, 2005	741	1,545	\$314,825	\$290,504	\$22,705,702
Vanguard(R) Wellesley(R) Income Fund - Admiral(TM) Shares	Dec, 2012	186	521	\$90,553	\$379,313	\$14,618,677
Vanguard(R) Windsor(TM) II Fund - Admiral(TM) Shares	Oct, 2001	722	1,569	\$280,417	\$3,120,453	\$48,860,613
<b>Total</b>		<b>19,751</b>	<b>41,636</b>	<b>\$17,819,380</b>	<b>\$62,876,684</b>	<b>\$907,069,357</b>

\* This column represents the number of participants who have deferred to this option during the period

\*\* This column represents the number of participants who have balance at the end of the period

Neither column will add to the totals at the bottom because participants could have multiple investment options

SDRS Supplemental Retirement Plan(Qtrly)

Plan Status Report - June 2025

Part I: Statistics By Investment Option as of June 30, 2025

Plan 457

Report Date: Jul 01, 2025

Fund	Date Added to Plan	Participants		Plan Assets		
		Active*	Total**	Contributions Current Month	Investment Performance	Balance as of 06/30/2025
Capital World Growth and Income Fund(SM) - Class R5	Aug, 2007	366	802	\$152,795	\$1,325,695	\$11,545,409
Dodge & Cox Global Stock Fund - Class I	Dec, 2012	159	336	\$38,017	\$246,344	\$3,349,520
Dodge & Cox International Stock Fund - Class I	Aug, 2007	553	924	\$98,448	\$560,165	\$5,468,085
Prudential Guaranteed Investment Contract	Feb, 2008	397	1,869	\$577,607	\$485,789	\$65,556,193
T. Rowe Price Real Assets Fund	Mar, 2022	24	42	\$4,162	\$2,566	\$88,864
The Growth Fund of America(R) - Class R5	Aug, 2007	1,068	1,833	\$509,192	\$5,722,636	\$37,537,179
Vanguard Federal Money Market Fund - Investor Class	Dec, 2015	1,870	3,315	\$861,924	\$406,049	\$39,370,763
Vanguard Real Estate Index Fund - Admiral Shares	Mar, 2022	459	623	\$36,649	-\$5,521	\$921,072
Vanguard Target Retirement 2020 Fund - Investor Shares	Aug, 2007	428	1,455	\$224,773	\$1,693,011	\$34,494,058
Vanguard Target Retirement 2025 Fund - Investor Shares	Aug, 2007	1,249	2,420	\$927,481	\$3,385,329	\$54,099,417
Vanguard Target Retirement 2030 Fund - Investor Shares	Aug, 2007	1,631	2,911	\$1,115,951	\$4,286,309	\$60,898,037
Vanguard Target Retirement 2035 Fund - Investor Shares	Aug, 2007	1,789	3,149	\$1,019,753	\$3,346,310	\$43,351,325
Vanguard Target Retirement 2040 Fund - Investor Shares	Aug, 2007	1,988	3,619	\$1,069,494	\$3,104,715	\$37,504,786
Vanguard Target Retirement 2045 Fund - Investor Shares	Aug, 2007	2,185	4,158	\$1,064,997	\$3,494,029	\$39,655,927
Vanguard Target Retirement 2050 Fund - Investor Shares	Aug, 2007	2,343	5,131	\$927,167	\$3,709,775	\$38,999,986
Vanguard Target Retirement 2055 Fund - Investor Shares	Feb, 2012	2,352	5,254	\$710,863	\$2,283,174	\$24,038,916
Vanguard Target Retirement 2060 Fund - Investor Shares	Dec, 2012	1,696	3,717	\$425,298	\$977,069	\$10,311,685
Vanguard Target Retirement 2065 Fund - Investor Shares	Feb, 2022	873	1,134	\$200,671	\$259,002	\$2,788,841
Vanguard Total International Stock Index Fund - Institutional Shares	Apr, 2011	723	1,397	\$339,471	\$1,741,632	\$16,284,891
Vanguard Value Index Fund -Admiral Shares	Dec, 2018	584	891	\$145,926	\$178,331	\$6,253,285
Vanguard(R) Extended Market Index Fund - Institutional Shares	Nov, 2007	927	1,713	\$307,932	\$2,504,573	\$23,297,047
Vanguard(R) Growth Index Fund - Institutional Shares	Oct, 2021	876	1,328	\$629,567	\$3,750,452	\$24,176,183
Vanguard(R) Institutional Index Fund - Institutional Shares	Apr, 2000	1,204	2,582	\$952,819	\$11,105,060	\$111,937,204
Vanguard(R) Small-Cap Index Fund - Institutional Shares	Oct, 2021	913	1,470	\$198,528	\$734,550	\$10,879,837
Vanguard(R) Strategic Equity Fund - Investor Shares	Aug, 2007	797	1,359	\$205,524	\$1,078,092	\$12,112,505
Vanguard(R) Target Retirement Income Fund	Aug, 2007	145	879	\$228,230	\$1,094,544	\$24,834,780
Vanguard(R) Total Bond Market Index Fund - Institutional Shares	Dec, 2005	741	1,517	\$314,825	\$282,086	\$22,060,404
Vanguard(R) Wellesley(R) Income Fund - Admiral(TM) Shares	Dec, 2012	186	489	\$72,506	\$362,626	\$13,983,114
Vanguard(R) Windsor(TM) II Fund - Admiral(TM) Shares	Oct, 2001	722	1,544	\$280,417	\$3,084,251	\$48,293,620
<b>Total</b>		<b>19,625</b>	<b>38,642</b>	<b>\$13,640,989</b>	<b>\$61,198,642</b>	<b>\$824,092,931</b>

\* This column represents the number of participants who have deferred to this option during the period  
\*\* This column represents the number of participants who have balance at the end of the period  
Neither column will add to the totals at the bottom because participants could have multiple investment options

SDRS Supplemental Retirement Plan(Qtrly)

Plan Status Report - June 2025

Part I: Statistics By Investment Option as of June 30, 2025

Plan 401A

Report Date: Jul 01, 2025

Fund	Date Added to Plan	Participants		Plan Assets		
		Active*	Total**	Contributions Current Month	Investment Performance	Balance as of 06/30/2025
Capital World Growth and Income Fund(SM) - Class R5	Aug, 2007	0	9	\$0	\$6,598	\$54,499
Dodge & Cox Global Stock Fund - Class I	Dec, 2012	0	10	\$0	\$14,221	\$191,409
Dodge & Cox International Stock Fund - Class I	Aug, 2007	0	24	\$0	\$8,209	\$67,787
Prudential Guaranteed Investment Contract	Feb, 2008	279	4,563	\$4,112,082	\$487,546	\$67,382,828
T. Rowe Price Real Assets Fund	Mar, 2022	0	1	\$0	\$353	\$11,057
The Growth Fund of America(R) - Class R5	Aug, 2007	0	65	\$0	\$191,158	\$1,247,486
Vanguard Federal Money Market Fund - Investor Class	Dec, 2015	2	112	\$23,698	\$29,905	\$3,039,318
Vanguard Real Estate Index Fund - Admiral Shares	Mar, 2022	0	18	\$0	-\$153	\$21,525
Vanguard Target Retirement 2020 Fund - Investor Shares	Aug, 2007	0	16	\$0	\$24,412	\$503,609
Vanguard Target Retirement 2025 Fund - Investor Shares	Aug, 2007	0	16	\$0	\$21,735	\$341,257
Vanguard Target Retirement 2030 Fund - Investor Shares	Aug, 2007	0	27	\$0	\$42,485	\$636,649
Vanguard Target Retirement 2035 Fund - Investor Shares	Aug, 2007	0	11	\$0	\$17,809	\$230,266
Vanguard Target Retirement 2040 Fund - Investor Shares	Aug, 2007	0	10	\$0	\$14,630	\$186,429
Vanguard Target Retirement 2045 Fund - Investor Shares	Aug, 2007	0	6	\$0	\$10,299	\$115,792
Vanguard Target Retirement 2050 Fund - Investor Shares	Aug, 2007	0	5	\$0	\$8,094	\$80,843
Vanguard Target Retirement 2055 Fund - Investor Shares	Feb, 2012	0	5	\$0	\$9,587	\$99,756
Vanguard Target Retirement 2060 Fund - Investor Shares	Dec, 2012	0	4	\$0	\$8,359	\$87,516
Vanguard Target Retirement 2065 Fund - Investor Shares	Feb, 2022	0	2	\$0	\$2,353	\$24,698
Vanguard Total International Stock Index Fund - Institutional Shares	Apr, 2011	0	35	\$0	\$32,180	\$300,829
Vanguard Value Index Fund -Admiral Shares	Dec, 2018	0	38	\$0	\$4,362	\$148,688
Vanguard(R) Extended Market Index Fund - Institutional Shares	Nov, 2007	0	43	\$0	\$86,890	\$794,666
Vanguard(R) Growth Index Fund - Institutional Shares	Oct, 2021	0	73	\$0	\$265,424	\$1,703,420
Vanguard(R) Institutional Index Fund - Institutional Shares	Jul, 2004	0	87	\$0	\$242,777	\$2,467,009
Vanguard(R) Small-Cap Index Fund - Institutional Shares	Oct, 2021	0	36	\$0	\$19,570	\$257,168
Vanguard(R) Strategic Equity Fund - Investor Shares	Aug, 2007	0	49	\$0	\$34,888	\$383,182
Vanguard(R) Target Retirement Income Fund	Aug, 2007	1	32	\$24,564	\$33,045	\$750,888
Vanguard(R) Total Bond Market Index Fund - Institutional Shares	Dec, 2005	0	49	\$0	\$8,418	\$645,297
Vanguard(R) Wellesley(R) Income Fund - Admiral(TM) Shares	Dec, 2012	1	41	\$18,047	\$16,688	\$635,563
Vanguard(R) Windsor(TM) II Fund - Admiral(TM) Shares	Jul, 2004	0	43	\$0	\$36,202	\$566,993
<b>Total</b>		<b>283</b>	<b>4,904</b>	<b>\$4,178,391</b>	<b>\$1,678,042</b>	<b>\$82,976,426</b>

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**SDRS Supplemental Retirement Plan(Qtrly)**

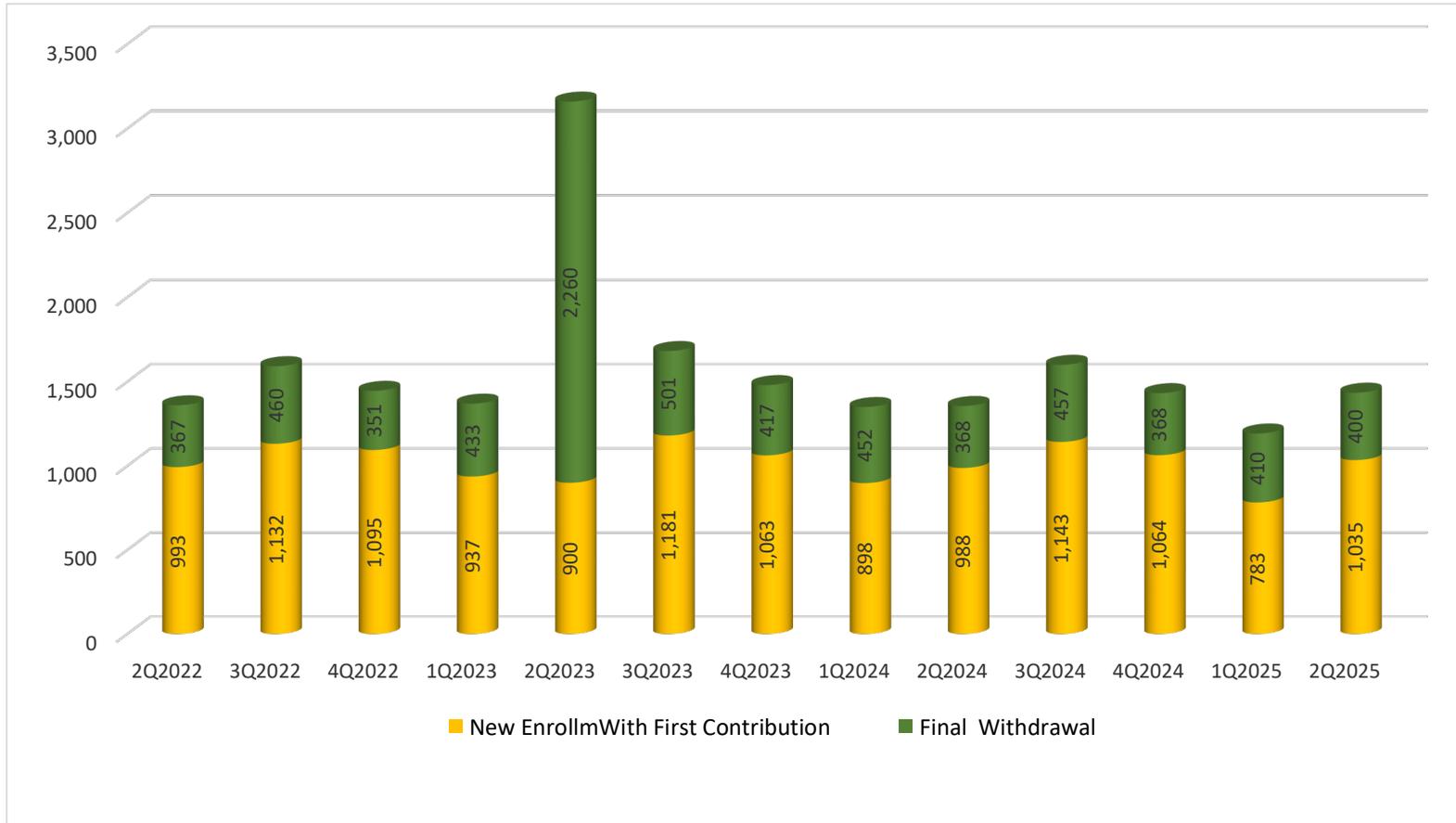
**Plan Status Report - June 2025**

**SDRS-Plan Participation Statistics**

**Report Date: Jul 01, 2025**

	<b>State Employees</b>	<b>Regent Employees</b>	<b>Local Employees</b>	<b>Total Program</b>
Total Participants Prior Quarter	16699	7679	16200	40578
Plus New Enrollees/Contributions Received This Quarter	459	190	386	1035
Lump Sum (Full)	98	43	84	225
Lump Sum (Partial)	42	13	63	118
Annuity	195	75	260	530
Hardship	3	2	1	6
Transfers Out	45	25	64	134
De Minimis	1	0	1	2
Less Final Withdrawals	158	75	167	400
Total Participant this Quarter	16885	7775	16381	41041
<b>Transactions Processed This Quarter</b>				
Active Participant During this Qtr				19426
Average Monthly Contribution				180
Number of Increases/Decreases to Contribution Amounts				1427
Number of Exchanges				694
Number of Investment Option Election Changes				1175
<b>Employer Activity</b>				
Number of New Employers Added during Qtr				0
Total Employers				379

Supplemental Retirement Plan  
 New Enrollments/ Final Withdrawals  
 2nd Quarter 2025



## Guaranteed Interest Account

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The Guaranteed Interest Account (GIA) is a stable value insurance product designed to provide safety of principal, liquidity and a stable rate of return. The current interest-crediting rate is 3% which is also the minimum rate. The safety of principal contributed, and accumulated interest is backed by the Prudential Insurance Company of America (PICA) as well as reinsured and administered by Empower Annuity Insurance Company of America (EAICA). The interest rate is guaranteed for at least one quarter and can never be less than the minimum rate.

Contributions are deposited in the EAICA general account. Part of the assets within EAICA are managed to support both its guarantees and its liabilities. The bulk of the EAICA general account is invested in short- to intermediate-term fixed income securities with investments in private placement bonds, mortgage loans, public corporate bonds, and asset-backed securities.

The acquisition of Prudential's full-service retirement business by Empower Retirement (a subsidiary of Great-West Lifeco) closed in 2022. The migration of the former Prudential Guaranteed Interest Account to the Empower Platform was officially completed in 2023. There have been no changes to the account since the migration.

<b>Portfolio Data</b>	<b>06/30/2025</b>
Net Book Value of Assets	\$47.1B
Book Value of Liabilities	\$42.7B
Financial Strength (S&P/Moody's/Fitch/AM Best)	AA/Aa3/AA/A+
<b>Portfolio Asset Allocation</b>	
Public Corporate Bonds	28%
Private Securities	20%
Mortgage Loans	12%
Policy Loans	9%
MBS	9%
Cash and Short-Term	4%
ABS	3%
Other	15%