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MEMO NO. 2018-06B

TO: MEMBERS OF THE BOARD OF TRUSTEES

FROM: ROBERT A. WYLIE, EXECUTIVE DIRECTOR 

SUBJECT: SDRS RECEIVES AWARD FROM THE SOCIETY OF ACTUARIES
RETIREMENT 20/20 CALL FOR MODELS FOR PUBLIC PENSION PLANS

DATE: JUNE 4, 2018

The Society of Actuaries (SOA), the education and research organization for actuaries, has sponsored the Retirement 20/20 initiative for several years. The initiative is designed to explore new retirement systems that meet stakeholder's needs better than existing defined benefit (DB) or defined contribution plan (DC) models. They describe the existing plan choices as either chocolate or vanilla; either employer sponsored DB or DC plans. The Retirement 20/20 initiative seeks to explore other solutions that may be more fiscally viable for the next century.

The SOA issued a call for models in 2009 as part of the Retirement 20/20 initiative and most submissions were more applicable to private sector plans. In 2017, they issued a second call for models focused on real world solutions in the public plan environment.

SDRS submitted a paper detailing the SDRS Generational Benefit Structure and was awarded one of four \$10,000 prizes as a winning submission. The SOA judged the papers based on specific criteria including how the designs handle risk, governance, and administration and whether the design is understandable to all stakeholders. The papers are published on the SOA website and we expect more opportunities to tell our story as the result of the award. We understand that the SDRS submission was the only winning paper that presented a structure that is currently in operation.

The SDRS submission detailed the recent design changes developed by the Board of Trustees and enacted by the Legislature. However, the Generational structure was built upon the fiscally responsible principles that have governed SDRS since consolidation in 1974. The award is also a recognition of the excellent financial condition of SDRS, which has been achieved through the superior investment performance of the South Dakota Investment Council.

Doug Fiddler, SDRS Senior Actuary did most of the writing for the submission with help from Paul Schrader, actuary and long-time designer of the SDRS model, as well as Matt Clark and Tammy Otten from the South Dakota Investment Council on the investment section and assistance from the rest of SDRS senior staff.