

SOUTH CAROLINA'S STATE PENSION BOARD

How the South Carolina Retirement System Investment Commission puts retirees and taxpayers at risk



Curtis M. Loftis, Jr., State Treasurer

June 2015



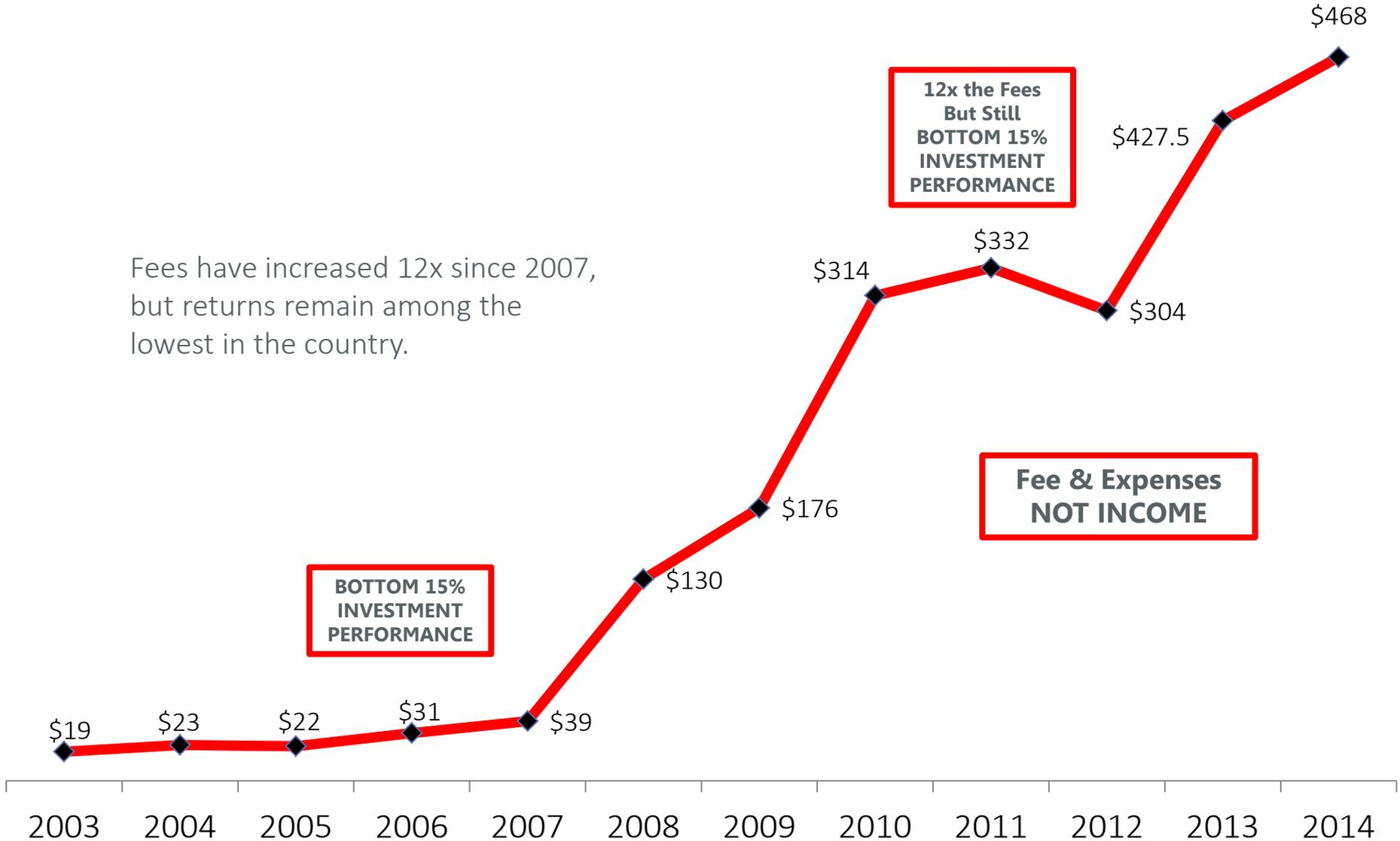
The South Carolina Retirement System Investment Commission:

- 1.** We pay too much.
- 2.** We earn too little.
- 3.** Our portfolio is overly expensive and complex.
- 4.** Puts retirees and taxpayers at risk.



SC PENSION FEES & EXPENSES

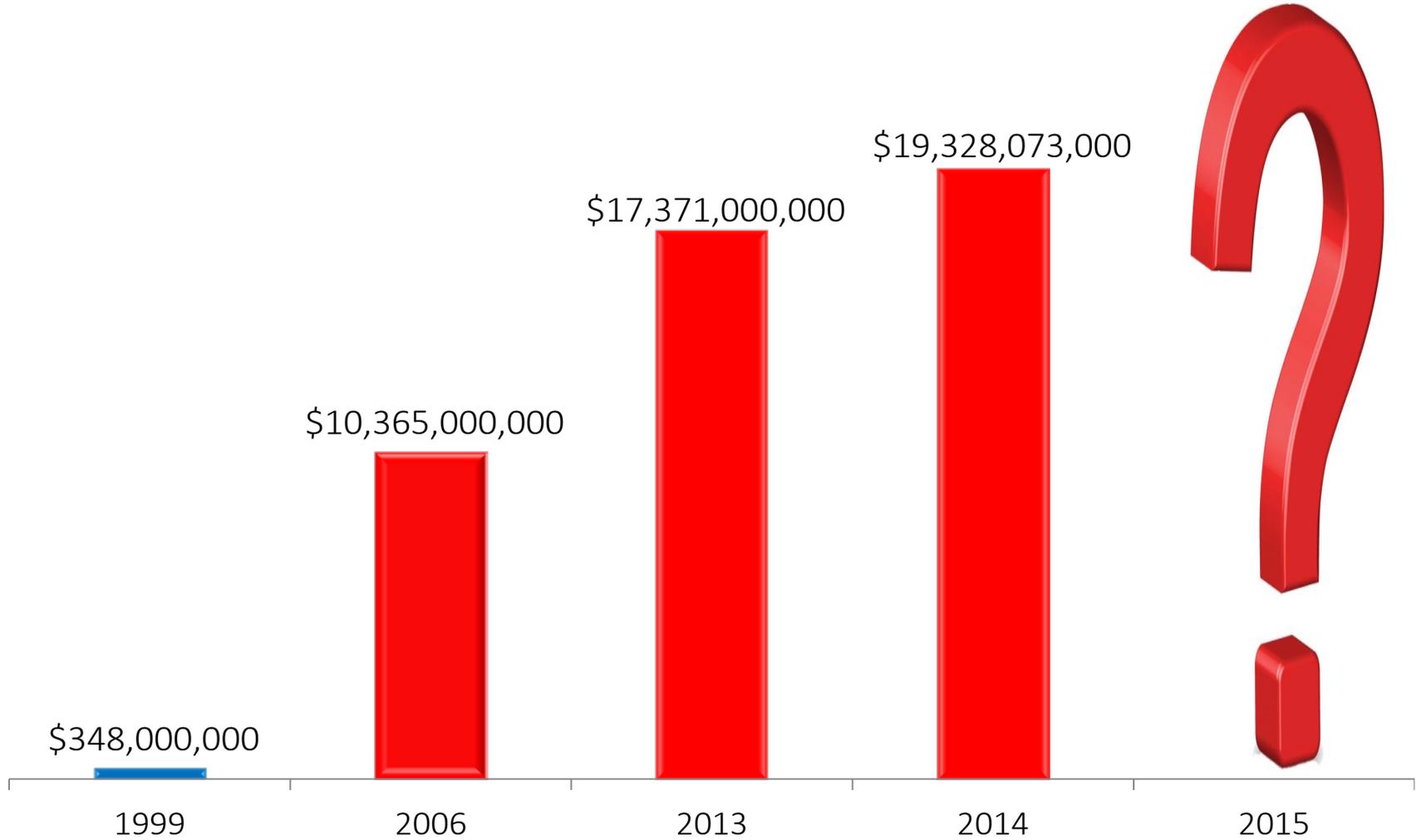
Fees have increased 12x since 2007, but returns remain among the lowest in the country.





UNFUNDED ACTUARIAL LIABILITY

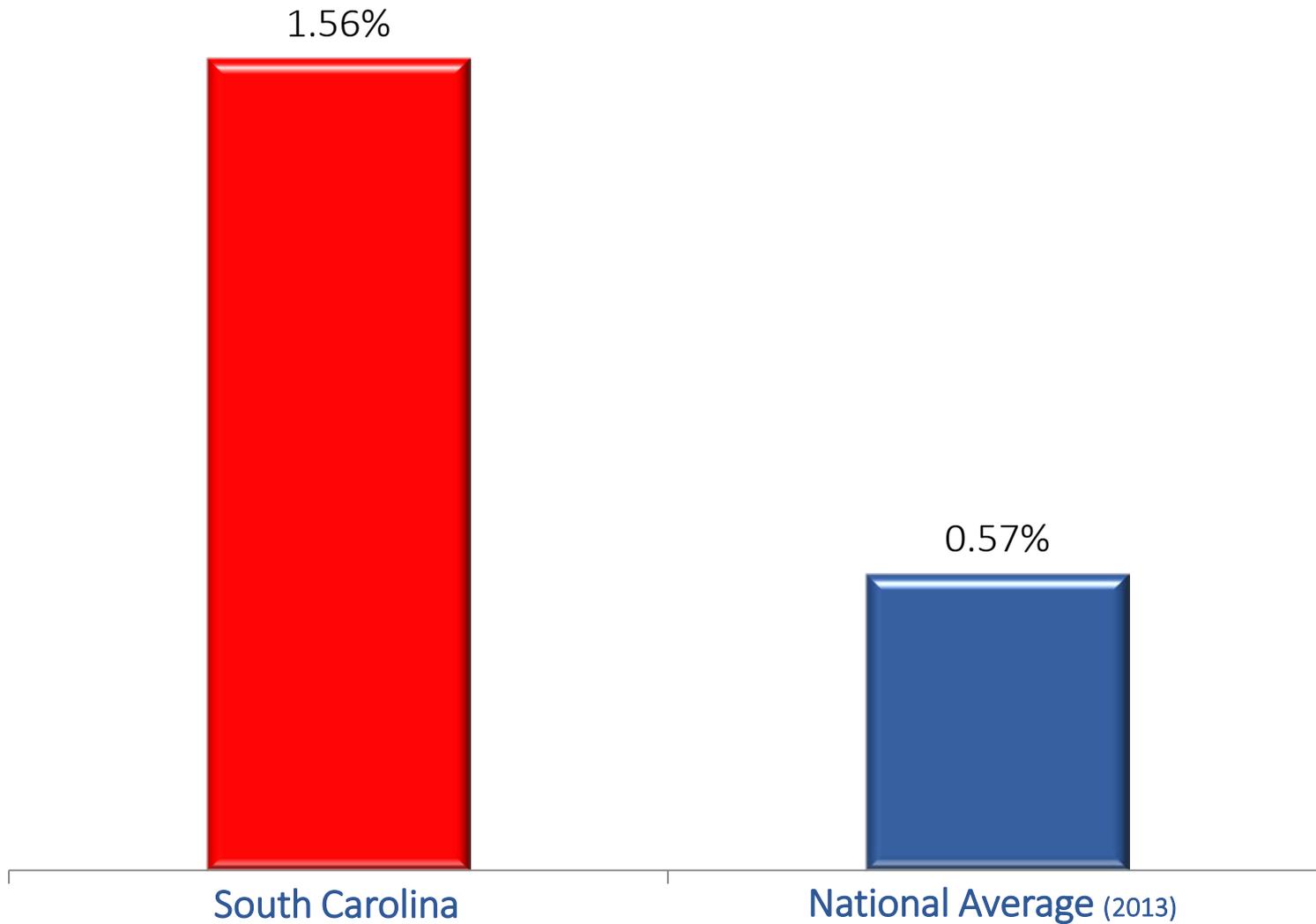
Debt Accrued 1999 to 2015





2014 FEES & EXPENSES

(% of Ending Assets)

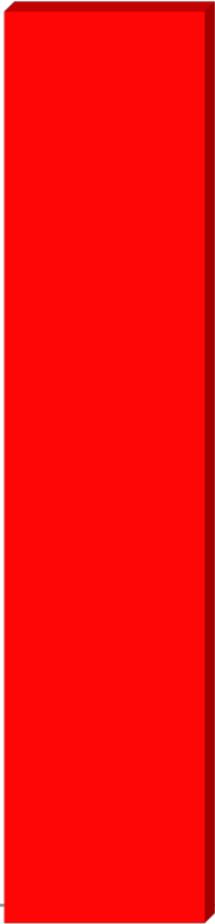




TRANSFER OF WEALTH

SC's WORKING CLASS TO WEALTHY MONEY MANAGERS

\$468



Actual SC Fees for
FY2014

\$171



SC Fees at the
National Average

\$468 million paid in 2014
minus

\$171 million had we paid
national average of .57%

equals

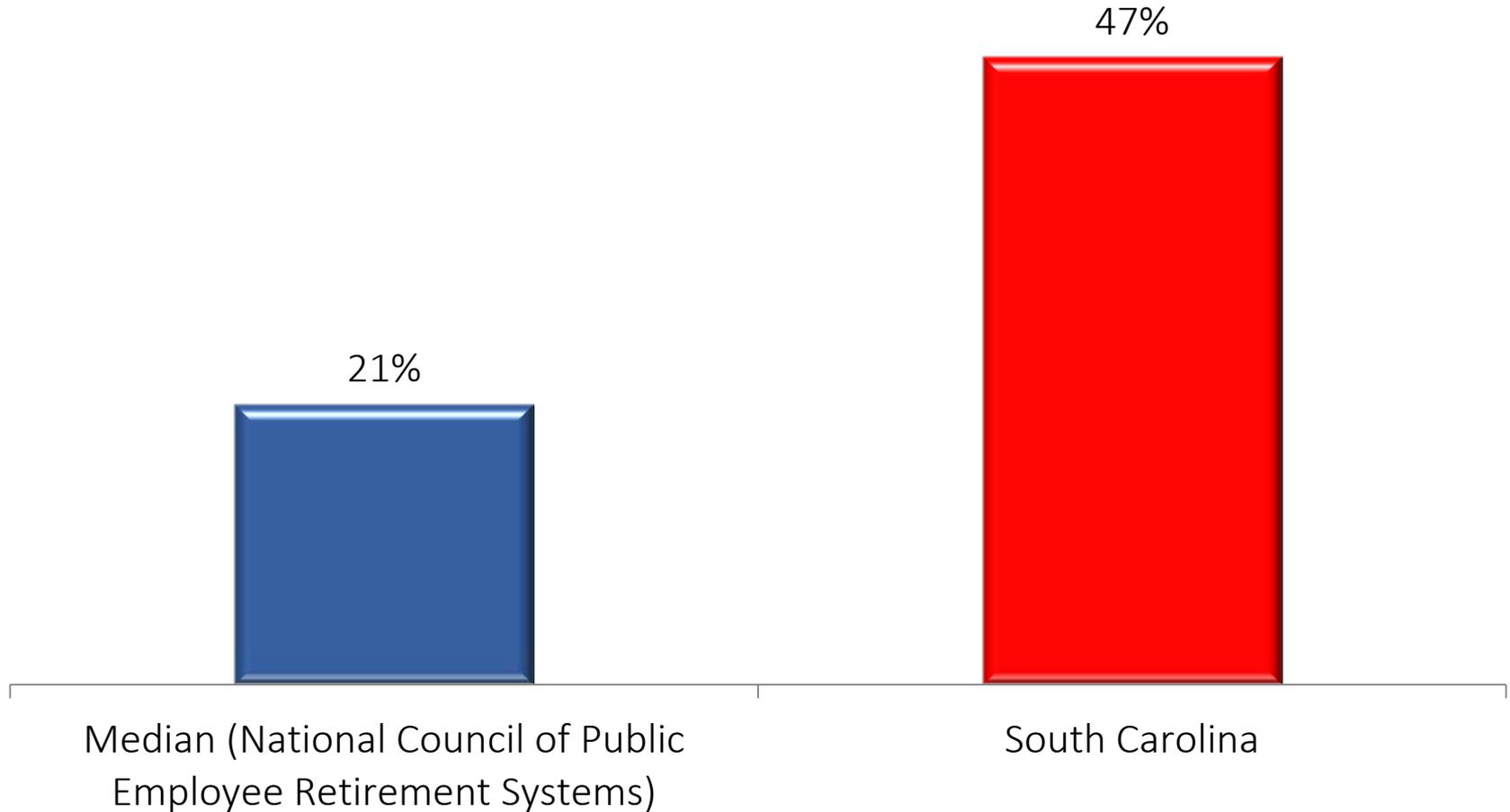
\$297,000,000

TRANSFER OF WEALTH
TO WALL STREET
MONEY MANAGERS

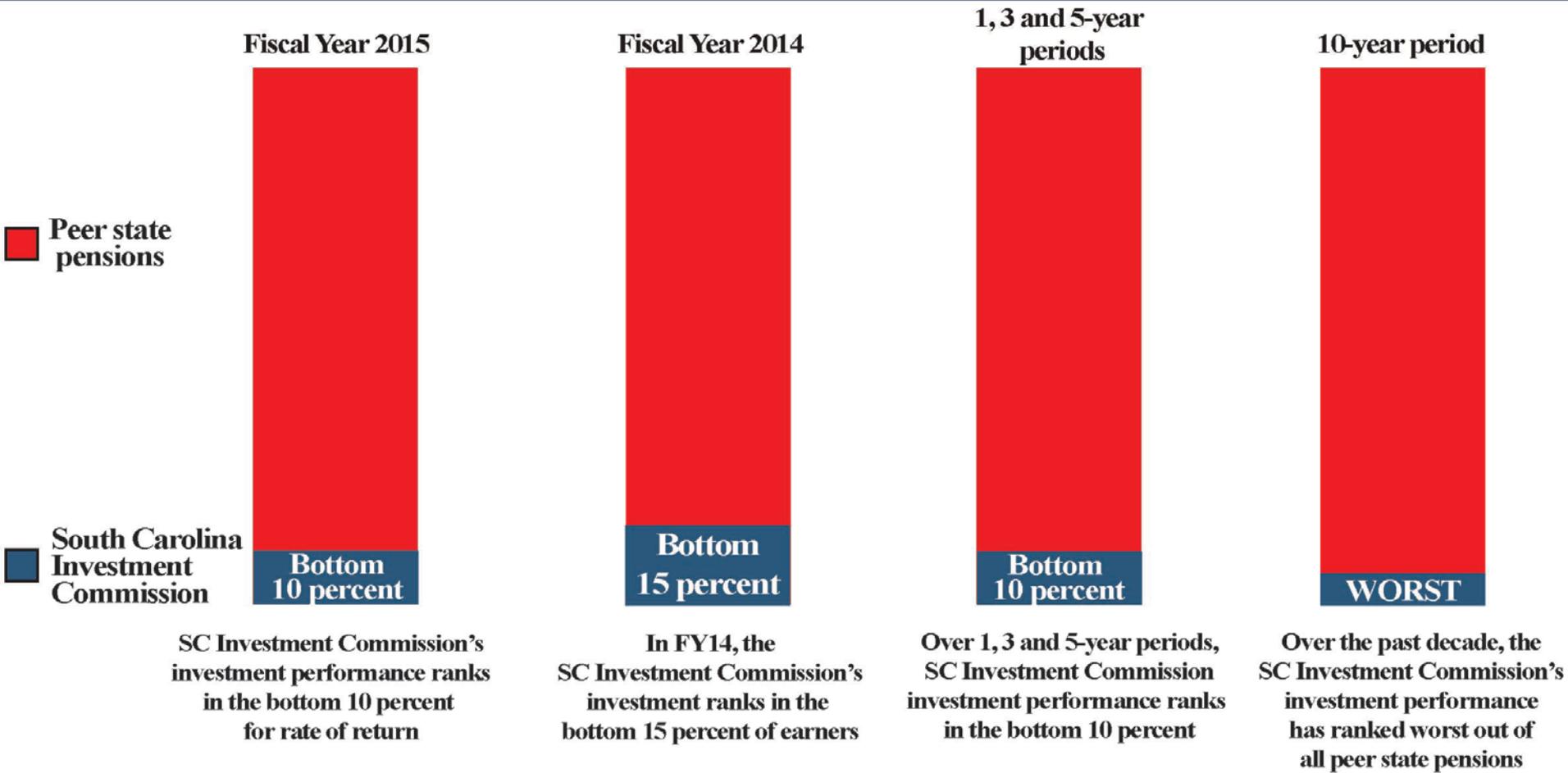


SC'S RETIREMENT FUND ALTERNATIVE INVESTMENTS

Share of Alternative Investments to Total Assets versus the National Median



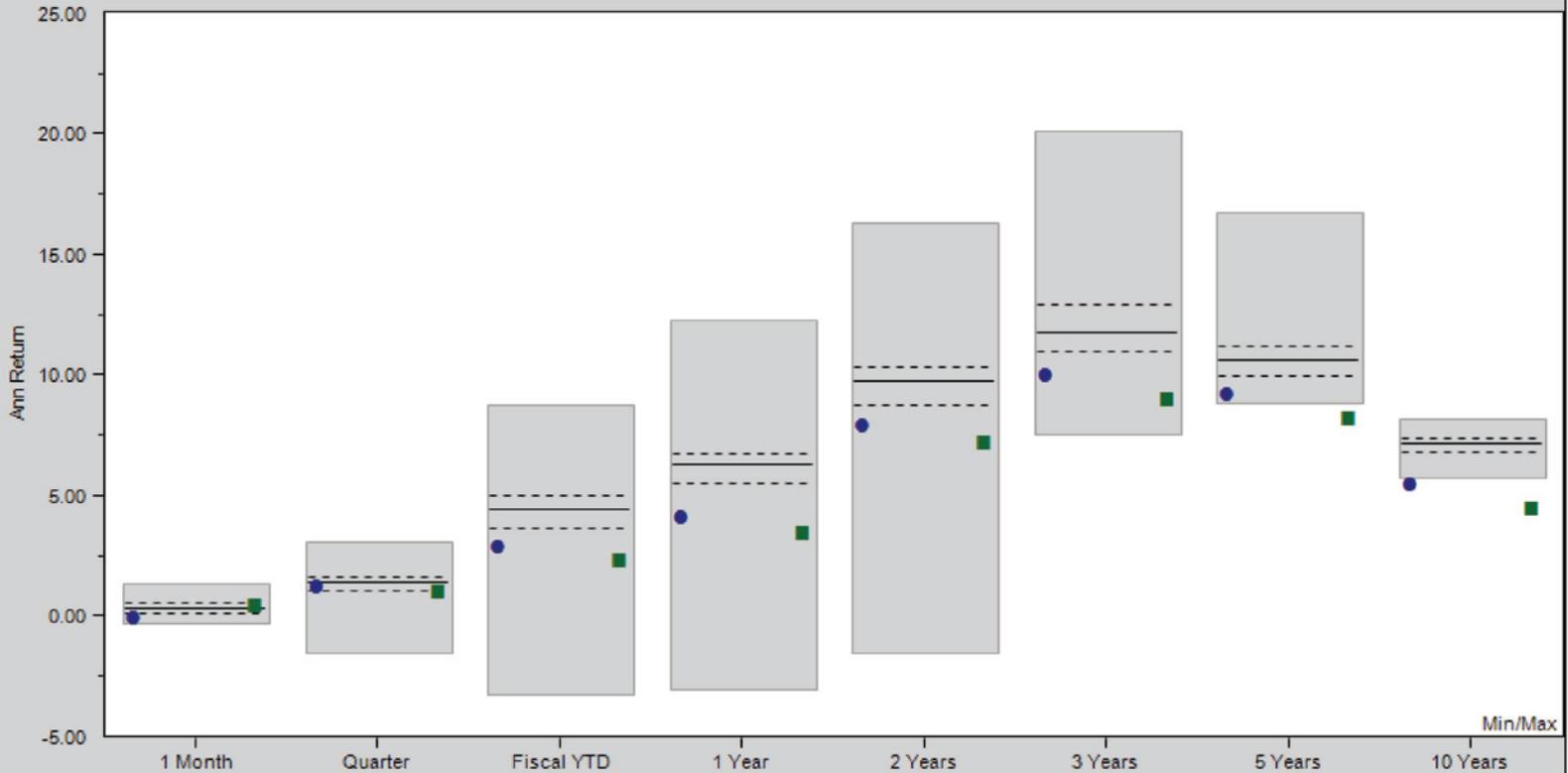
What kind of performance should South Carolinians expect for \$468,145,232?



State employees and retirees paid over \$468 million in management fees last year for some of the worst investment performance in the country.
South Carolina deserves better.

Peer Group Comparison: Public Pension Funds Over \$5 Billion

Public > \$5 Billion - Total Funds (USD) - Monthly
As of May 31, 2015
Quartile



	Value	%Tile														
Maximum	1.36		3.08		8.78		12.24		16.32		20.08		16.75		8.17	
25th Percentile	0.51		1.01		5.01		6.76		10.32		12.89		11.18		7.35	
Median Percentile	0.34		0.51		4.41		6.27		9.71		11.76		10.62		7.15	
75th Percentile	0.07		1.01		3.66		5.53		8.76		10.97		9.98		6.81	
Minimum	-0.33		-0.55		-3.31		-3.09		-1.58		7.48		8.82		5.71	
# of Portfolios	34		34		34		33		32		31		31		27	
• Total SC with Overlay	-0.08	87	1.18	58	2.82	92	4.08	93	7.86	91	9.99	93	9.15	92	5.40	100
■ SC Policy Benchmark	0.07	48	1.00	58	2.25	94	3.42	95	7.18	94	8.95	95	8.17	100	4.46	100

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final, Calculated
SCRS assets are held both "in and out of bank" "Out of bank" assets are not in the custody of BNY Mellon or the STO. Consolidating is an accommodation by BNY Mellon and the STO and thus cannot be relied upon as representations of BNY Mellon or the STO.

1 is the best, 100 is the worst

SC investment return is in the bottom 15% for periods of 1 year or longer. The "goal" is always in the bottom 10%. SC Policy benchmark = "goal" of plan

Total plan with overlay = total returns