



PEBASM
SC Retirement Systems
and State Health Plan

South Carolina Public Employee Benefit Authority
Serving those who serve South Carolina

Meeting Agenda

**| Health Care Policy Committee | Finance, Administration, Audit and Compliance Committee
| Retirement Policy Committee | Board of Directors**

Thursday, December 4, 2025 | 202 Arbor Lake Drive., Columbia, SC 29223 | 1st Floor Conference Room

Board of Directors | 1:00 p.m.

- I. Call to order
- II. Approval of meeting minutes- October 22, 2025
- III. Presentation of the 2025 Actuarial Valuations by the external actuary
- IV. Financial Statements Audit review by the external auditor
- V. 2026 Board meeting schedule review and approval
- VI. Committee reports
 - i. Health Care Policy Committee
 - ii. Finance, Administration, Audit and Compliance Committee
 - iii. Retirement Policy Committee
- VII. Old business
 - i. Director's report
 - ii. RoundTable discussion
- VIII. Adjournment

Notice of public meeting

This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: December 4, 2025

1. Subject: Presentation of the 2025 Actuarial Valuations

2. Summary: PEBA's actuaries from Gabriel Roeder Smith & Company (GRS) will present the results of the annual actuarial valuations of the South Carolina Retirement System (SCRS), the South Carolina Police Officers' Retirement System (PORS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), and the South Carolina National Guard Retirement System (SCNG) as of July 1, 2025.

3. What is the Board asked to do? (1) Receive as information the actuarial valuations of SCRS, PORS, JSRS, GARS, and SCNG as of July 1, 2025, and adopt the employer contributions for JSRS, GARS, and SCNG as recommended therein, to be effective July 1, 2026.

4. Supporting Documents:

(a) List those attached:

1. GRS Presentation for the 2025 Actuarial Valuations
2. SCRS Actuarial Valuation Report as of July 1, 2025
3. PORS Actuarial Valuation Report as of July 1, 2025
4. JSRS Actuarial Valuation Report as of July 1, 2025
5. GARS Actuarial Valuation Report as of July 1, 2025
6. SCNG Actuarial Valuation Report as of July 1, 2025

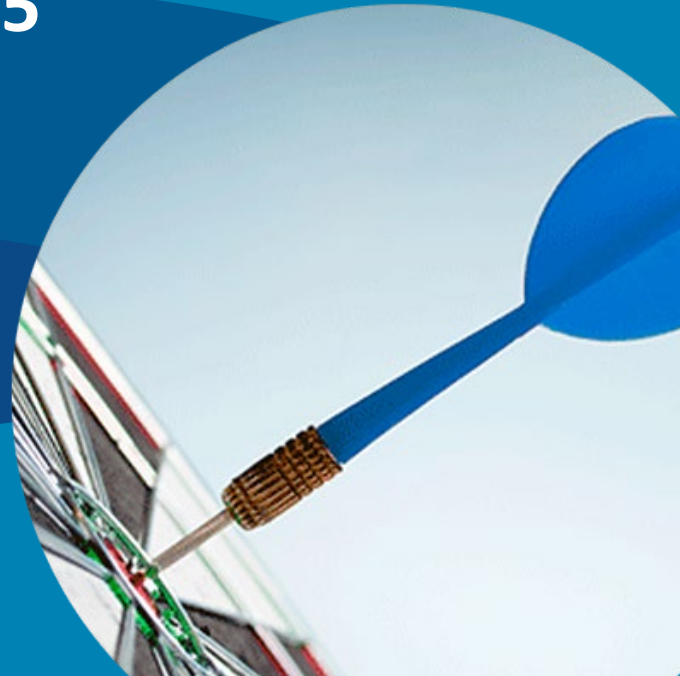


South Carolina Public Employee Benefit Authority

Actuarial Valuation as of July 1, 2025

Danny White, FSA, EA, MAAA

December 4, 2025

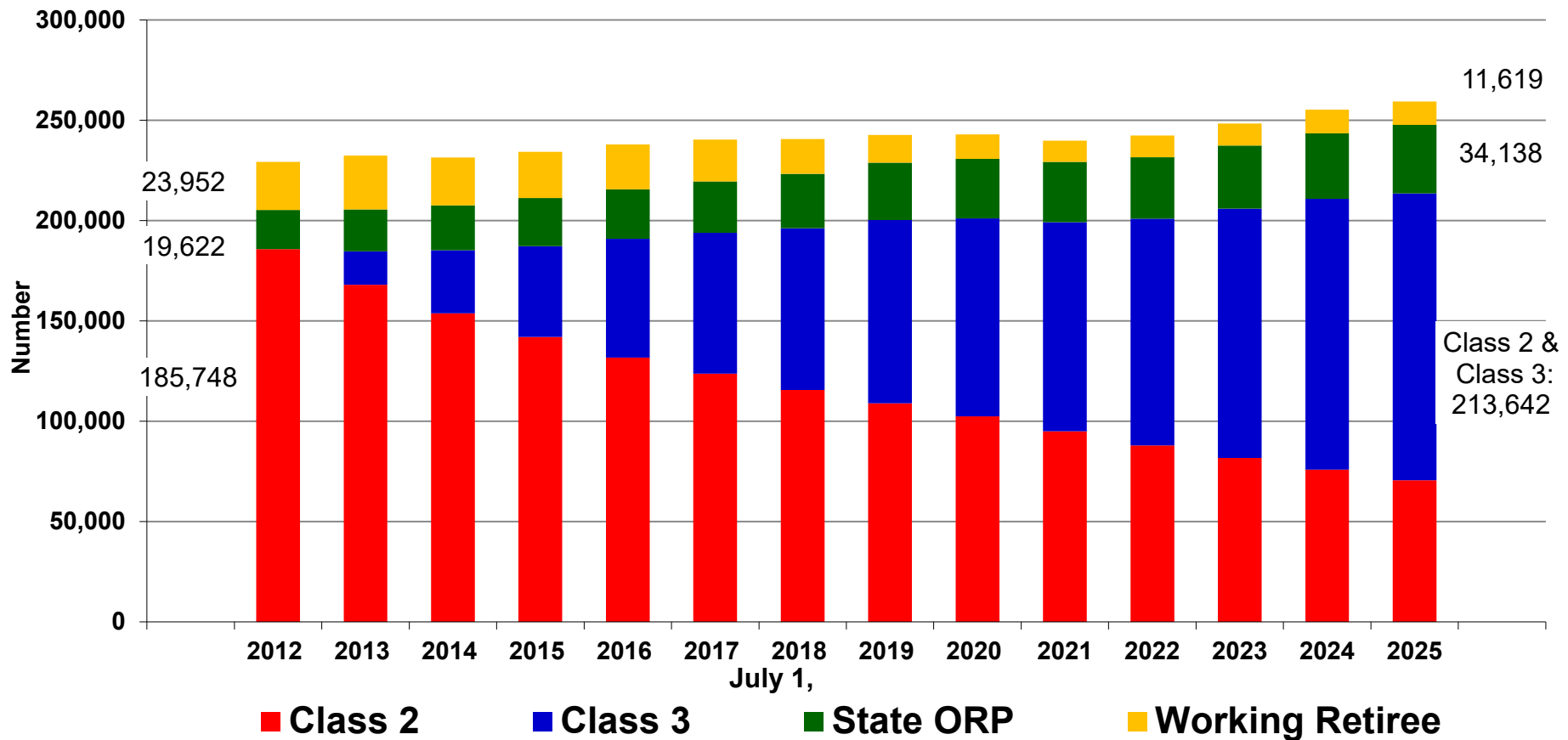


Agenda

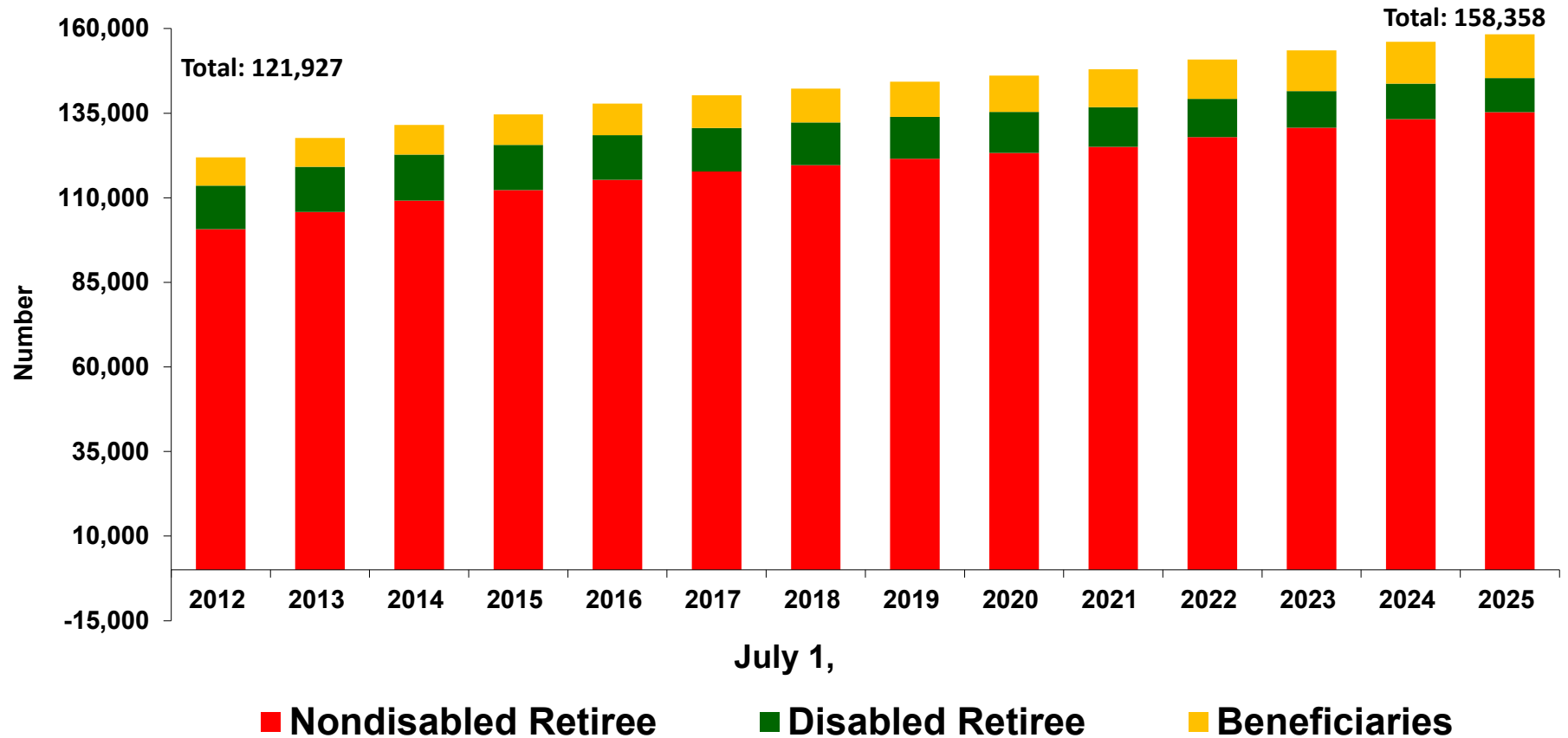
- Summary of Historical Demographics
- 2025 Valuation Results
- Projection Information for SCRS and PORS

Contributing Membership - SCRS

Currently 67% of Active Members in SCRS are Class 3



Members Collecting a Benefit- SCRS



2025 Valuation Results



Summary of Changes Since the Prior Valuation

- 11.34% market investment return for FY 2025
 - \$1.599 billion more than expected for SCRS
 - \$0.297 billion more than expected for PORS
- Notable experience
 - *The unfunded actuarial accrued liability decreased for SCRS and PORS*
 - The unfunded liability also decreased for the other three systems maintained by PEBA
 - Active membership in SCRS increased 1.3% and the covered payroll increased 6.6% over the prior year
 - Active membership in PORS increased 0.4% and the covered payroll increased 6.5% over the prior year

Summary of July 1, 2025 Valuation Results – SCRS and PORS (\$ in millions)

Item	SCRS		PORS	
	2025	2024	2025	2024
(1)	(2)	(3)	(4)	(5)
Actuarial accrued liability	\$64,615	\$62,139	\$10,985	\$10,387
Actuarial (smoothed) value assets	<u>40,960</u>	<u>37,016</u>	<u>7,832</u>	<u>7,010</u>
Unfunded liability (UAAL)	\$23,655	\$25,123	\$3,153	\$3,377
Funded ratio	63%	60%	71%	68%
Member contribution rate	9.00%	9.00%	9.75%	9.75%
Employer contribution rate next FY	<u>18.56%</u>	<u>18.56%</u>	<u>21.24%</u>	<u>21.24%</u>
Total contribution rate	27.56%	27.56%	30.99%	30.99%
Calculated funding period (based on FY 2026 contribution rate)	12 Years	14 Years	11 Years	13 Years
Expected contributions (actual for prior year)				
Member	\$1,223	\$1,188	\$210	\$206
Employer	2,802	2,733	458	450

Summary of July 1, 2025 Valuation Results – Other Systems (\$ in Millions)

Item	JSRS		GARS		SCNG	
	2025	2024	2025	2024	2025	2024
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Actuarial accrued liability	\$498	\$488	\$65	\$67	\$69	\$69
Actuarial (smoothed) value assets	<u>260</u>	<u>238</u>	<u>54</u>	<u>49</u>	<u>52</u>	<u>47</u>
Unfunded liability (UAAL)	\$238	\$250	\$11	\$18	\$17	\$22
Funded ratio	52%	49%	84%	74%	76%	68%
Member contribution rate	10.00%	10.00%	11.0%	11.0%	\$0.0	\$0.0
Employer contribution rate	62.49%	62.49%	\$6.2	\$6.2	\$2.9	\$3.4
Amortization period	17 Years	19 Years	5 Years ¹	5 Years ¹	11 Years	12 Years
Expected contributions (actual for prior year)						
Member	\$3.7	\$3.6	\$0.1	\$0.1	\$0.0	\$0.0
Employer	26.1 ²	25.6 ²	5.7	6.2	5.3	5.3

¹ New gains/losses occurring after 2023 are amortized over separate, closed, 5-year bases.

² Includes \$2.9 million non-payroll based appropriation.

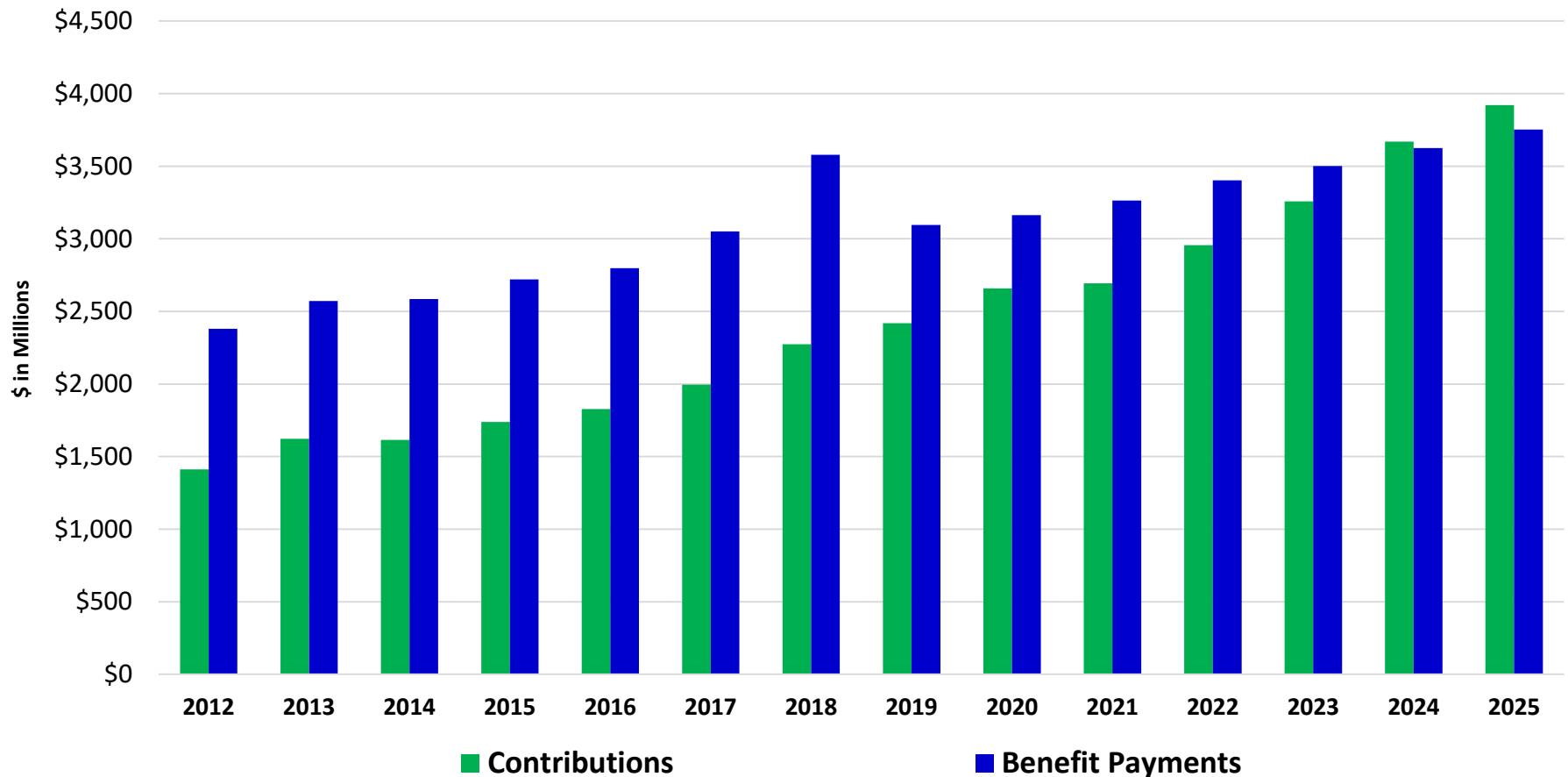


Projection Information SCRS

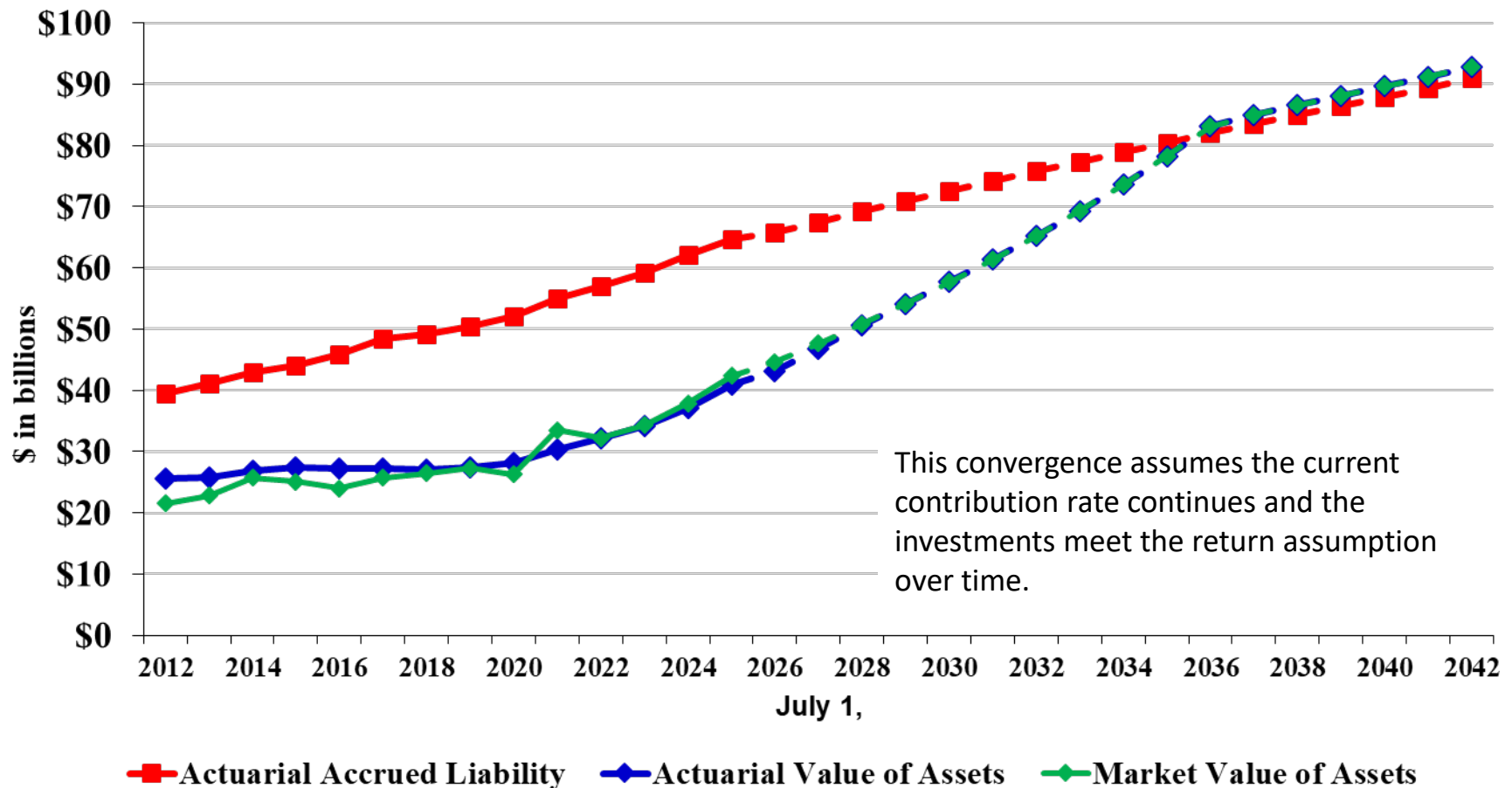


Contributions and Benefit Payments - SCRS

Total Contributions Versus Benefit Payments



Historical and Projected Liability and Assets - SCRS

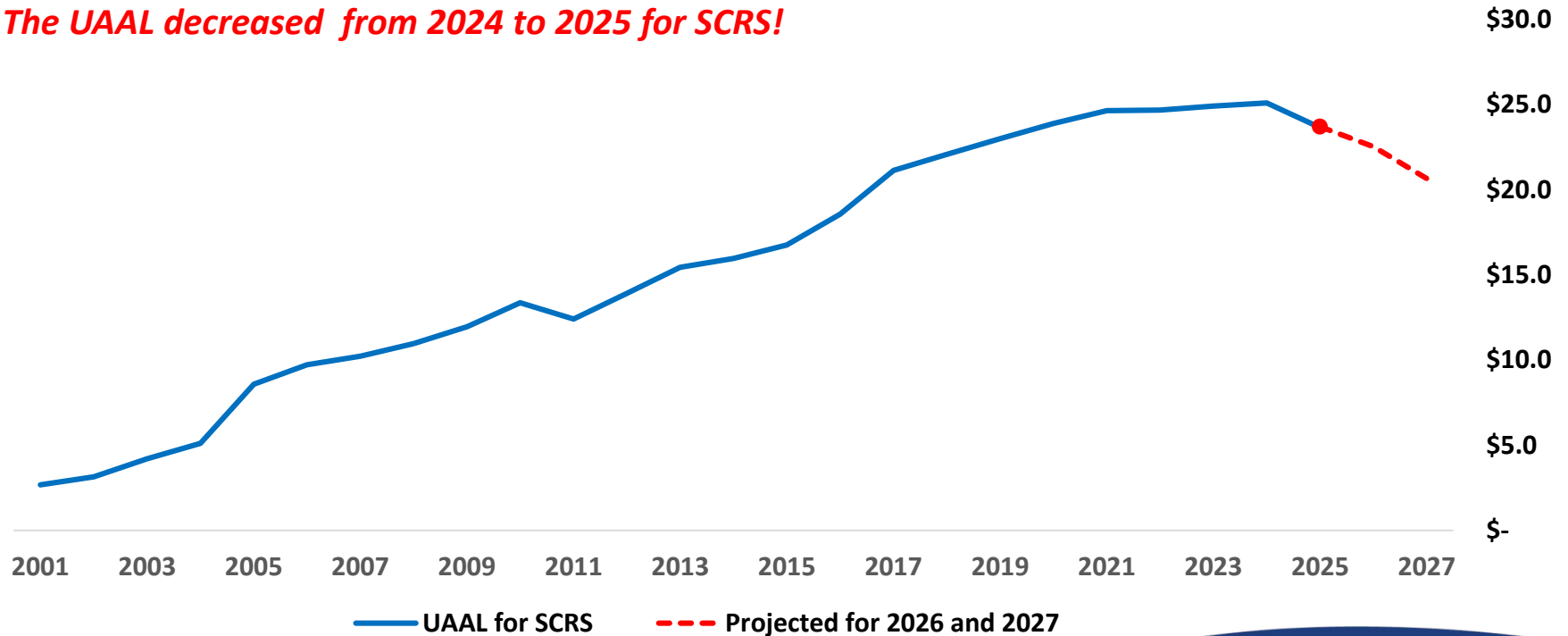


History of UAAL for SCRS

The UAAL was expected to begin declining since 2022, but the UAAL has slightly increased each of the last three years due to larger than expected salary increases for active members and assumption changes in 2024.

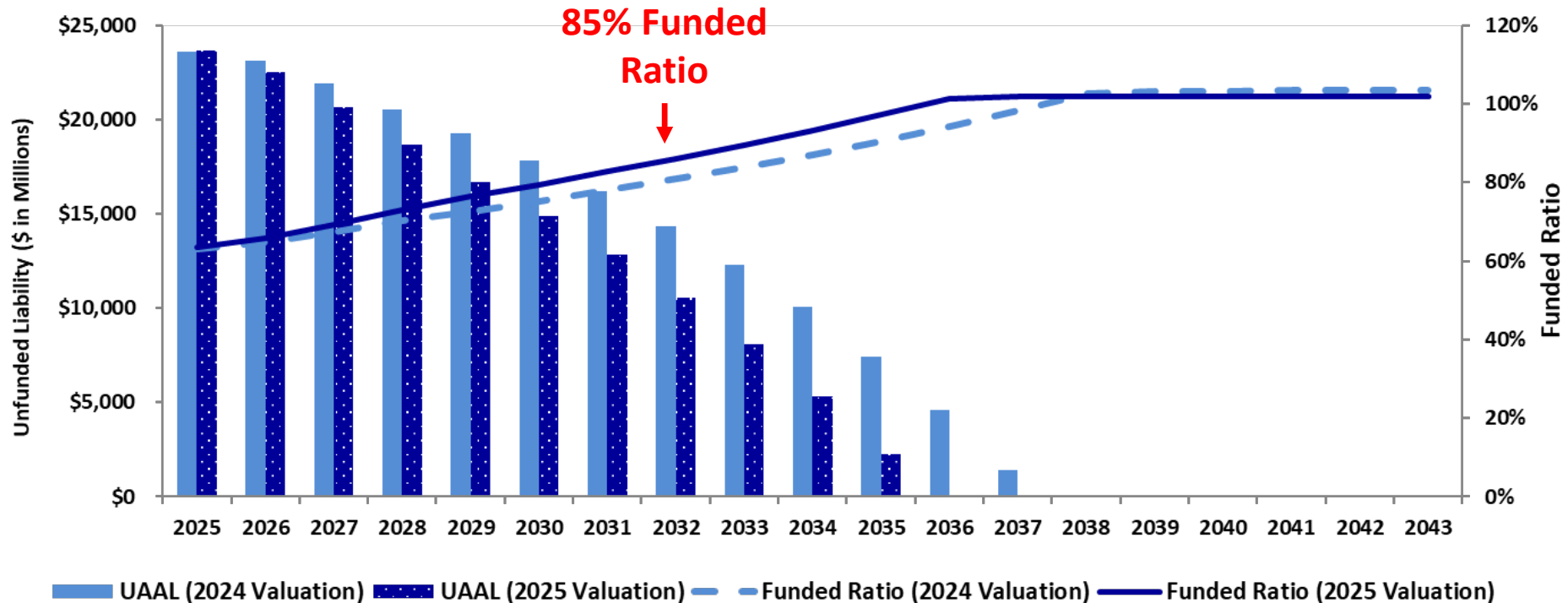
\$ in billions

The UAAL decreased from 2024 to 2025 for SCRS!



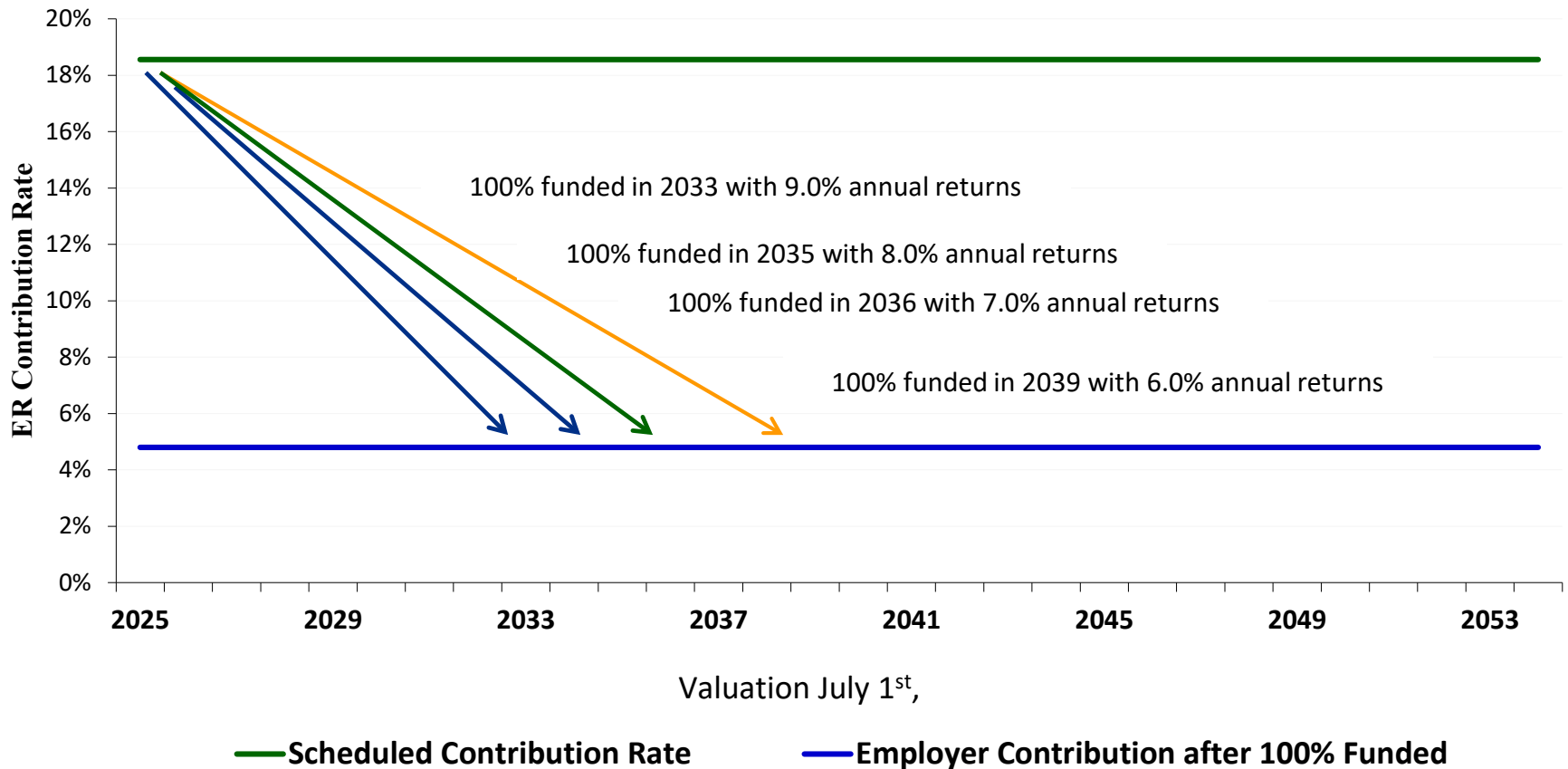
Projected Unfunded Liability – SCRS

2025 Valuation Versus 2024 Valuation



The projection for 2024 and 2025 assumes the current contribution rate remains in effect future years and actuarial assumptions are met (including a 7.00% return on market assets from the valuation date).

Test comparing multiple outcomes over different time horizons



Projected Probabilities of Outcomes

	2025 Valuation	2024 Valuation	2023 Valuation
Probability greater than 85% funded ratio in 2035	67%	55%	51%
Probability greater than 90% funded ratio in 2040	81%	57%	59%
Probability UAAL smaller than current in 5 Years	84%	70%	63%
Probability UAAL smaller than current in 10 Years	86%	73%	74%
Probability contributions required to exceed 18.56% at some point (funding period exceeds 20 years)	9%	11%	8%

Current Funded Ratio is 63%

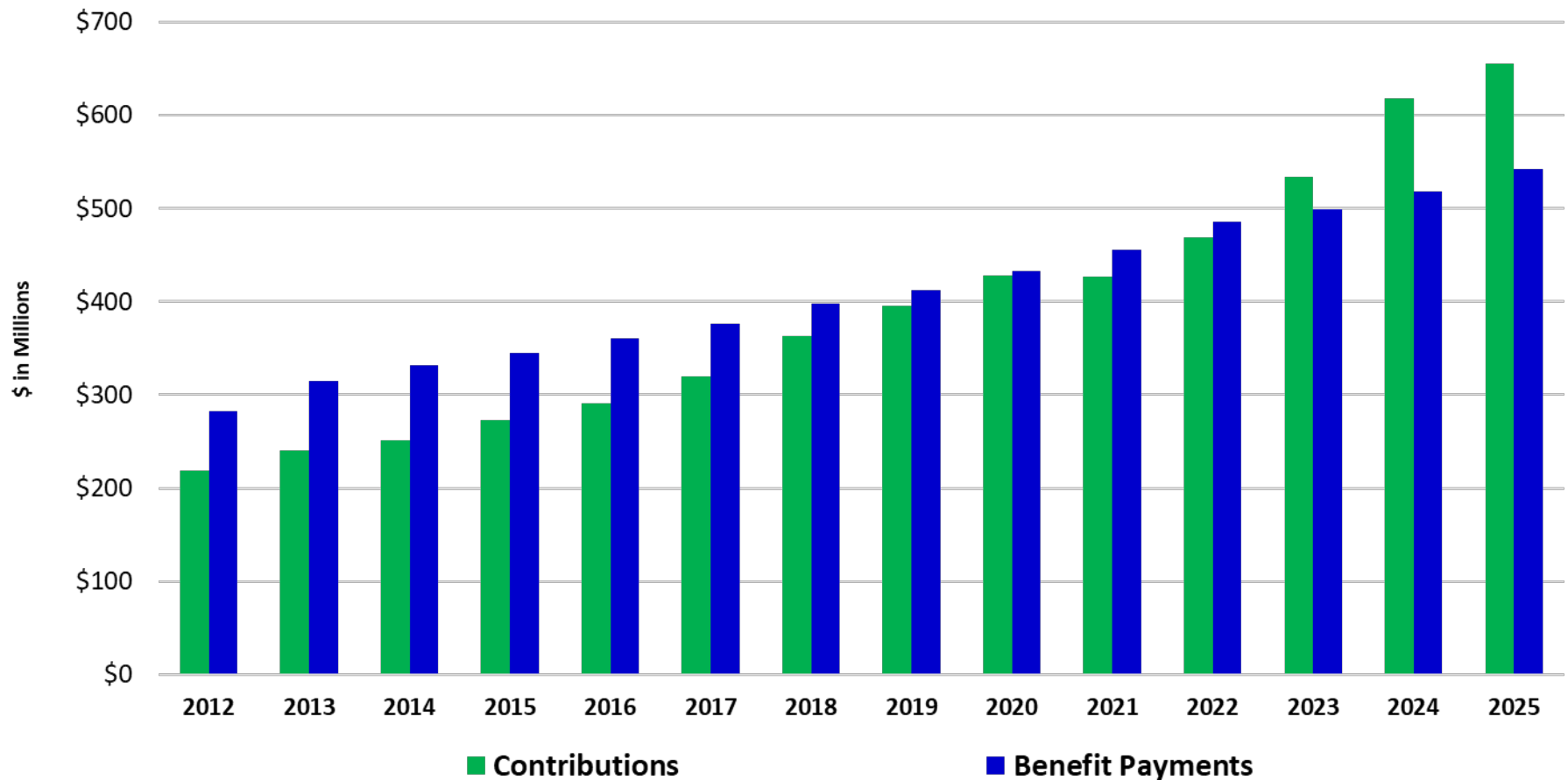
Simulations from both years use 7% expected geometric return with a 14.8% annual standard deviation

Projection Information PORS

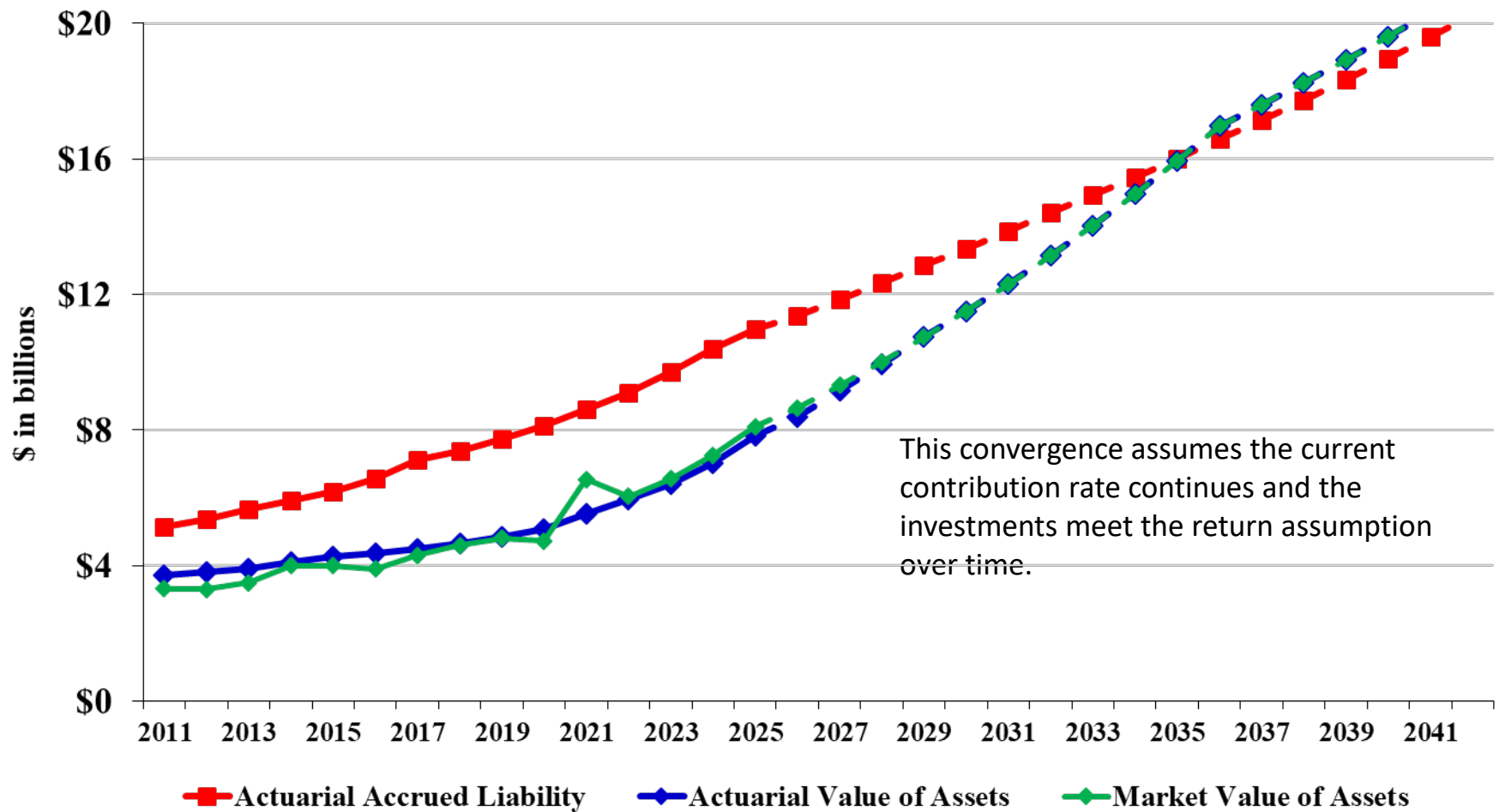


Contributions and Benefit Payments - PORS

Total Contributions Versus Benefit Payments



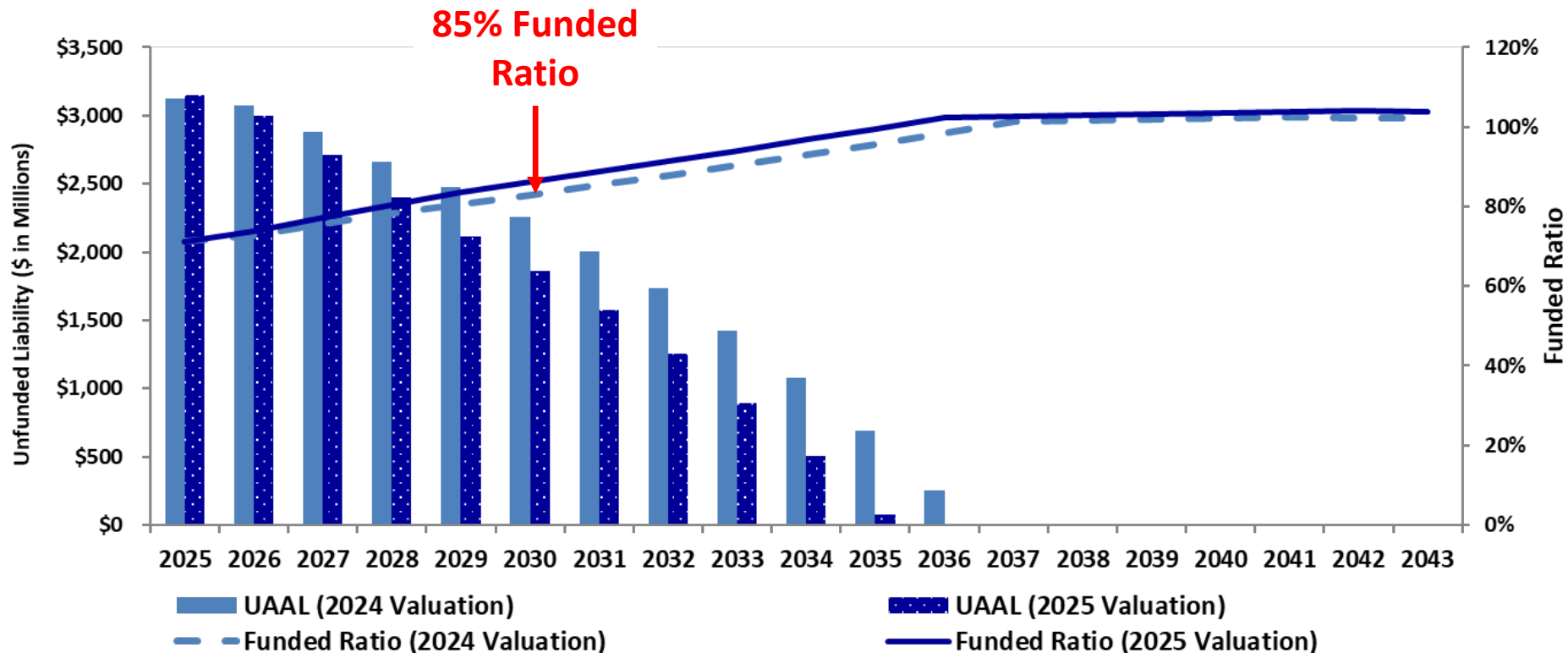
Historical and Projected Liability and Assets - PORS



Projected information based on the 2025 actuarial valuation.

Projected Unfunded Liability – PORS

2025 Valuation



The projection for 2024 and 2025 assumes the current contribution rate is remains effect in future years and the current actuarial assumptions are met (including a 7.00% return on market assets from the valuation date).

Valuation Comment Summary

- The UAAL dollar amount decreased for all five Systems maintained by PEBA
- The current employer contribution rates for SCRS and PORS are expected will satisfy the 20 year maximum amortization period in Statute
- Recommend staying the course and give the current funding policy time to achieve its objectives
 - We will develop and provide PEBA approaches to orderly reduce current contribution rates as permitted in Statute

Disclaimers

- This presentation is intended to be used in conjunction with the actuarial valuations as of July 1, 2025. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.

**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: December 4, 2025

1. Subject: Health and Retirement Financial Statements Audit and Deferred Compensation
Financial Statements Audit

2. Summary: Mr. Kevin Smith, Audit Partner from Crowe, will present the Financial Statements for the South Carolina Retirement Systems, Insurance Benefits and OPEB Trust Funds, and for the South Carolina Deferred Compensation Program.

3. What is the Committee asked to do? Receive as Information

4. Supporting Documents:

(a) Attached: Presentation of 2025 audit results



South Carolina Public Employee Benefit Authority

Presentation of 2025 Audit Results

December 4, 2025

Agenda

- Audit and Internal Control Results
- Required Communication to Those Charged With Governance
- Questions and Discussion

- The accompanying information should be read in conjunction with the audited financial statements and is intended solely for the information and use of the Audit Committee, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.
- The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global © 2023 Crowe LLP.

Crowe Presenter



Kevin W. Smith, CPA
Audit Partner



Audit and Internal Control Results

State of South Carolina Deferred Compensation
Program (“Deferred Comp”)

South Carolina Retirement Systems (“Retirement
Systems”)

South Carolina Public Employee Benefit Authority
Insurance Benefits and Post Employment Benefits
Trust Funds (“Insurance Benefits and OPEB Trusts”)

Audit Results – Deferred Comp

- Independent Auditor's Report on the State of South Carolina Deferred Compensation Program Annual Financial Report for the year ended December 31, 2024

Opinion

We have audited the combined financial statements of fiduciary net position and changes in fiduciary net position of the State of South Carolina Deferred Compensation Program (the "Program"), as of and for the year ended December 31, 2024, and the related notes to the combined financial statements, which collectively comprise the Program's basic combined financial statements as listed in the table of contents.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Program, as of December 31, 2024, and the changes in fiduciary position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit Results – Retirement Systems

- Independent Auditor's Report on the South Carolina Retirement Systems Annual Financial Report for the year ended June 30, 2025

Opinion

We have audited the financial statements of the South Carolina Retirement Systems (the Systems) as administered by the South Carolina Public Employee Benefit Authority, included as fiduciary funds of the State of South Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Systems, as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Audit Results – Insurance Benefits and OPEB Trusts

- Independent Auditor's Report on the South Carolina Public Employee Benefit Authority Insurance Benefits and Post Employment Benefits Trust Funds Annual Financial Report for the year ended June 30, 2025

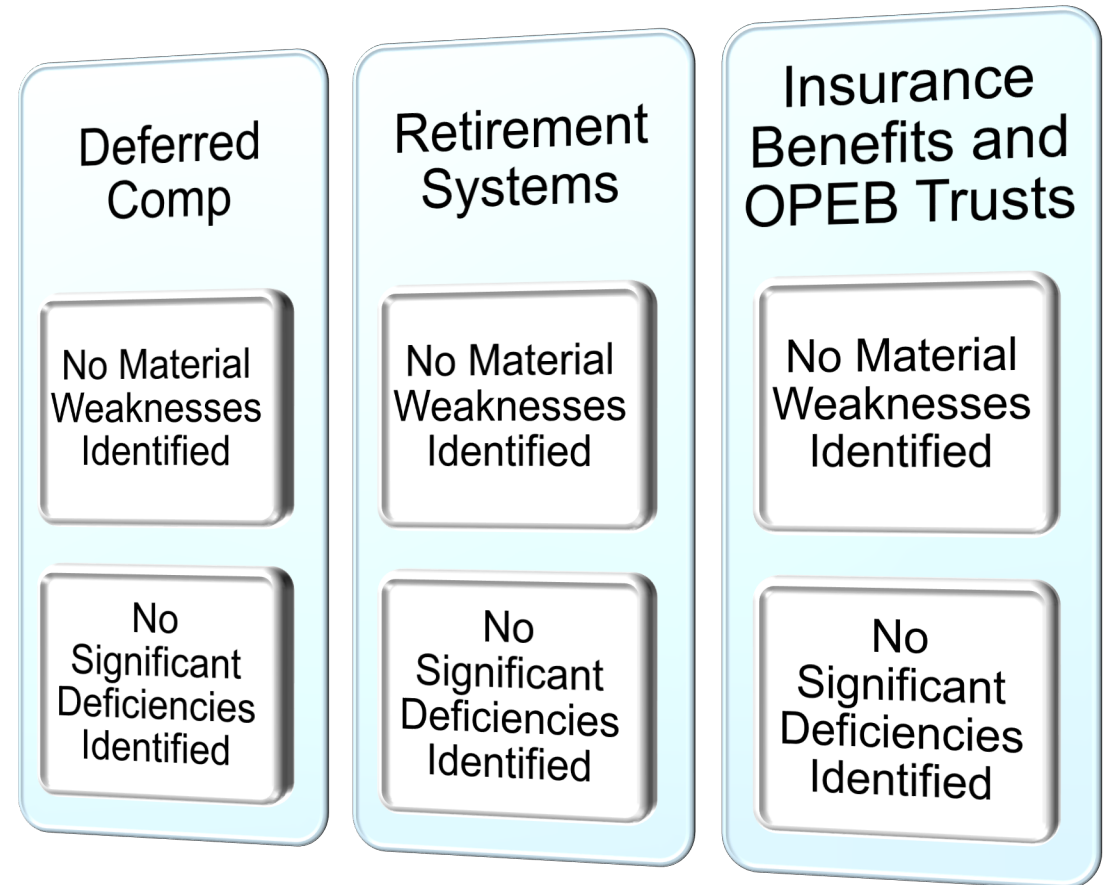
Opinions

We have audited the financial statements of South Carolina Public Employee Benefit Authority Insurance Benefits (PEBA), an internal service fund of the State of South Carolina, the South Carolina Retiree Health Insurance Trust Fund, a fiduciary fund of the State of South Carolina, and the South Carolina Long-Term Disability Insurance Trust Fund, a fiduciary fund of the State of South Carolina, collectively referred to as "PEBA Insurance Benefits," as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the PEBA Insurance Benefits' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of PEBA Insurance Benefits as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control Results

- Internal Control and Compliance Report
 - We obtain sufficient understanding of the entity and its environment, including internal controls, in order to plan the audit, but not to express an opinion on internal controls.
 - Therefore, our consideration of internal control is for a limited purpose and is not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.





Required Communications to Those Charged with Governance

State of South Carolina Deferred Compensation
Program (“Deferred Comp”)

South Carolina Retirement Systems (“Retirement
Systems”)

South Carolina Public Employee Benefit Authority
Insurance Benefits and Post Employment Benefits
Trust Funds (“Insurance Benefits and OPEB Trusts”)

Required Communications to Those Charged with Governance

- Auditor's Responsibility Under Auditing Standards Generally Accepted In The United States Of America and *Government Auditing Standards*
- Key Considerations
 - Existence and valuation of investments and derivative instruments
 - Actuarial assumptions: Total Pension Liability
 - Actuarial assumptions: Total OPEB Liability
- Significant Accounting Policies And Management Judgments and Accounting Estimates
- Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices
- Corrected and Uncorrected Misstatements

Required Communications to Those Charged with Governance

- Other Communications
 - Other Information in Documents Containing Audited Financial Statements
 - Significant Difficulties Encountered During The Audit
 - Disagreements With Management
 - Consultations With Other Accountants
 - Representations The Auditor Is Requesting From Management
 - Significant Issues Discussed, Or Subject To Correspondence, With Management
 - Significant Related Party Findings and issues
 - Other Finding or Issues We Find Relevant or Significant

Questions & Discussion





Thank you

Kevin W. Smith, CPA
Partner

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**PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD MEETING**

Meeting Date: December 4, 2025

1. Subject: 2026 Board and Committee meeting dates

2. Summary: 2026 Proposed Board and Committee meeting schedule

3. What is the Board asked to do? Approve the 2026 Quarterly Board and Committee Meeting Dates Schedule as presented. During the month of October, the Board meeting will be held the 3rd Wednesday of the month and will be virtual. The Board Retreat is scheduled for November 5-6, 2026.

4. Supporting Documents:

- (a) Attached:
 - 1. 2026 PEBA Board and Committee Meeting Dates

2026 PEBA Board and Committee Meeting Dates

Health Care Policy Committee 9:30 AM	FAAC Committee 11:30 AM
03/04/26	03/04/26
06/03/26	06/03/26
08/05/26	08/05/26

Retirement Policy Committee 1:00 PM	Board Meetings 3:00 PM
03/04/26	03/04/26
06/03/26	06/03/26
08/05/26	08/05/26
	10/21/26 (virtual)
	11/5/26-11/6/26 (Board retreat)

**** Please note that during the month of October the Board meeting will be held the 3rd Wednesday of the month and will be virtual. The Board Retreat is scheduled for November 5-6, 2026.**