**State Retirees Association of South Carolina**

**P.O. Box 3601, Irmo, S.C. 29063**

December 28, 2015

The Honorable James H. Lucas, Speaker

South Carolina House of Representatives

506 Blatt Building

Columbia, South Carolina 29201

I read the Legislative Audit Council report on the State Retirement Systems that was released this week with great interest. As should be expected, there were portions with which I agreed and portions that I questioned.

In particular, I question the recommendation to shorten the amortization period to 20 years, not because I disagree with the concept of paying off financial obligations sooner than later, but because to do so arbitrarily simply to satisfy a recommended change in accounting standards will require drastic increases in contributions by employers and employees, or further reductions in retiree benefits.

I was very pleased there were no indications or findings of corruption, fraud, or malfeasance and of course we didn’t expect any. Over the past three years the Investment Commission has been investigated by the Inspector General and the Investment Commission and PEBA have had legally required fiduciary audits. The fiduciary audits found both organizations to be acting competently and in the sole best interest of the members of the system though recommendations for improvement were made. To the best of my knowledge, all corrective actions that are the responsibility of the agencies have been accomplished or are currently being implemented. We commend both agencies for their prompt attention to the audits and for keeping stakeholders apprised of their progress.

In conclusion, I read in the newspaper that you will ask the House to make retirement reform a priority in the upcoming legislative session. As retirees we support reasonable efforts that will further strengthen and build upon the reforms of 2012. We encourage the creation of a select panel that will consider not just the recommendations of the LAC but also the Funston recommendations that were included in Senate Bill 675. To be candid, we are disappointed Senate Bill 675 never received a hearing in the House particularly since the fiduciary audit that formed the basis for that bill was paid for out of our Trust Fund. In our opinion, Senate Bill-675 along with the LAC report should provide for meaningful and long term strengthening of the Retirement System.

Thank you for considering my thoughts and opinions.

Wayne Bell, President

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