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## South Dakota Retirement System

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### FOR IMMEDIATE RELEASE

#### **SDRS RESPONSE TO COVID-19**

Recently Governor Noem issued Executive Order 2020-05, closing state offices in an effort to control the spread of COVID-19. In accordance with that order and in concern for the health and safety of our members and employees, SDRS has taken steps to protect our members, staff, and the public while continuing to meet the needs of our members. In addition, SDRS is mindful of the unfolding economic impact of COVID-19 and continues to monitor the long-term sustainability of SDRS.

#### **SDRS Operations**

SDRS benefit payments to members will not be disrupted.

SDRS members will experience temporary changes in SDRS operations. However, we will continue to provide high-quality customer service and respond to your needs in a timely manner. The temporary changes to our office operations include the following:

- SDRS offices are currently closed and will remain closed until at least March 20, 2020.
- SDRS staff will be answering phone calls and responding to emails during our regular office hours of 8:00 AM to 5:00 PM (CT) Monday through Friday. Members can contact SDRS staff via phone: 1-888-605-SDRS (7377) or email: [sdrsweblink@state.sd.us](mailto:sdrsweblink@state.sd.us).
- SDRS is suspending walk-in customer service through March 31, 2020.
- All SDRS scheduled events through March 31, 2020 are postponed.
- SDRS staff is working remotely and SDRS operations continue as normal with the exceptions noted above.

#### **SDRS Sustainability**

SDRS remains focused on its long-term sustainability and the delivery of adequate benefits to our members. Like all other investors, SDRS has been watching the recent decline and volatility in the stock markets with great concern.

SDRS went into this fiscal year fully funded, which is better than nearly every statewide plan in the nation. This is attributable in no small part to the team at the South Dakota Investment Council (SDIC) and their long history of superior performance. The SDIC follows a disciplined, analytical approach to determine whether markets are fairly valued and whether to adjust the SDRS asset allocation as a result. For example, prior to the recent market downturn, the allocation of SDRS to riskier assets, such as common stocks traded on the stock markets, was significantly reduced from benchmark levels in normal conditions because SDIC viewed these assets as very expensive compared to fair value. As markets have declined, the allocation to riskier assets has been increased to allow SDRS to benefit from the eventual, and we believe inevitable, return to fairly valued assets. We continue to support this disciplined approach and believe it will lead to the superior long-term performance the SDIC has historically produced.

As for the short-term, our next analysis of the funded condition of SDRS is June 30, 2020. Because SDRS benefits are funded by fixed, statutory member and employer contributions, minimum funding thresholds in South Dakota statutes are necessary to ensure the system remains on the path to long-term sustainability. If markets do not recover sufficiently to reach the minimum funding thresholds by June 30, the SDRS Board will recommend legislation to ensure SDRS benefits will remain sustainable for all of our 90,000 members as is required by statute. Any recommendations will reflect the long-term nature of SDRS and the outlook for recovery of the markets. Benefit adjustments, if needed, may be temporary in nature and will not reduce member benefits already earned.

In the meantime, we urge all of our members to take the necessary steps to remain healthy and safe. We also want to thank the SDRS members who are public safety officers, health officials, and others who instead of staying safely at home, are in the midst of the fight against COVID-19, protecting the health of all South Dakotans. We recognize and appreciate your sacrifice.

We will continue to closely monitor the economic impact of COVID-19 on SDRS and our operations and keep you informed.