



January 11, 2022

Mr. Travis W. Almond
Executive Director
South Dakota Retirement System
P.O. Box 1098
222 East Capitol Ave., Suite 8
Pierre, South Dakota 57501-1098

Re: South Dakota 2022 Legislative Session – Senate Bill 57

Dear Travis:

Senate Bill 57 adds gaming enforcement agents to Class B SDRS membership for future service accruals only. Future contributions and future benefit accruals will increase for reclassified members. Because the change is prospective only, Senate 57 will have no material impact on the current assets or liabilities of SDRS.

However, the relationship between contribution rates and the cost of ongoing benefit accruals is different for Class A and Class B SDRS members and the difference varies based on the maximum SDRS COLA payable each year.

Based on a current analysis, Class B contributions do not cover the full cost of Class B benefit accruals, and reclassifying members as Class B may result in slightly lower future COLAs for all SDRS members. The potential impact is relatively small and highly dependent on future investment returns, demographic experience, and the affordable SDRS COLA. Additionally, because there are only four gaming enforcement agents participating in SDRS, the impact of Senate Bill 57 on future SDRS COLAs will be negligible.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas J. Fiddler", written in a cursive style.

Douglas J. Fiddler, A.S.A., E.A., M.A.A.A., F.C.A.
Senior Actuary

c: Ms. Jacquelyn Storm, SDRS
Ms. Michelle Mikkelsen, SDRS