



South Dakota Retirement System

Member Demographics and Related Workforce Issues

December 2, 2021



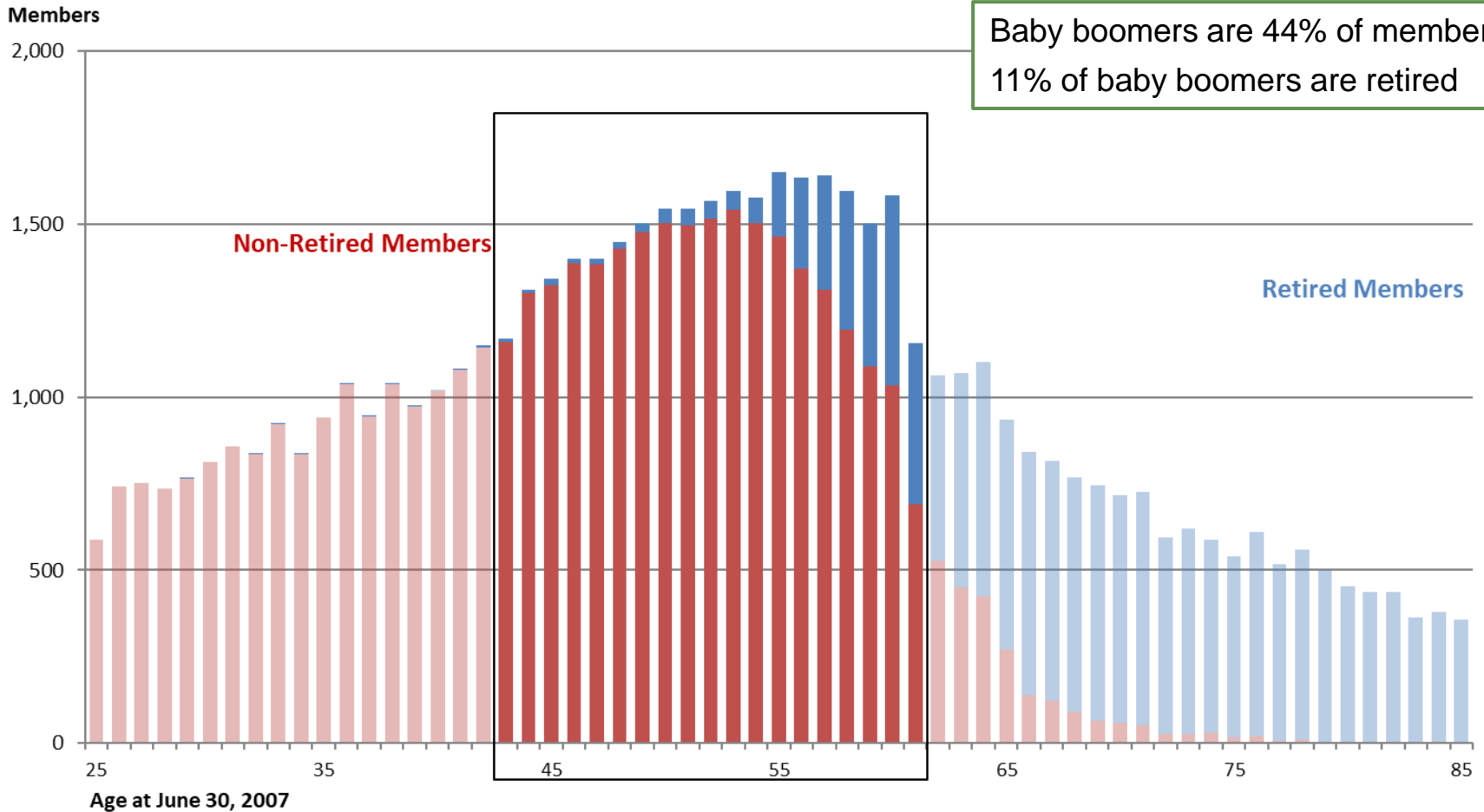
Executive Summary

- Baby boom generation continues to impact SDRS demographics:
 - Number and percentage of members now or soon eligible for unreduced benefits beginning to decline and those eligible over the next 10 years has declined sharply
- Nevertheless, all South Dakota public employers will face challenges replacing retiring employees in near future
- Median age at retirement continues to increase
 - Health care cost concerns are cited by many employees
 - Eligibility for Medicare and increasing Social Security Normal Retirement Age are also factors

Note: Retirement age and service statistics include only those retiring from active status. While the trends are the same, some averages have changed due to excluding benefit commencements of terminated vested members.



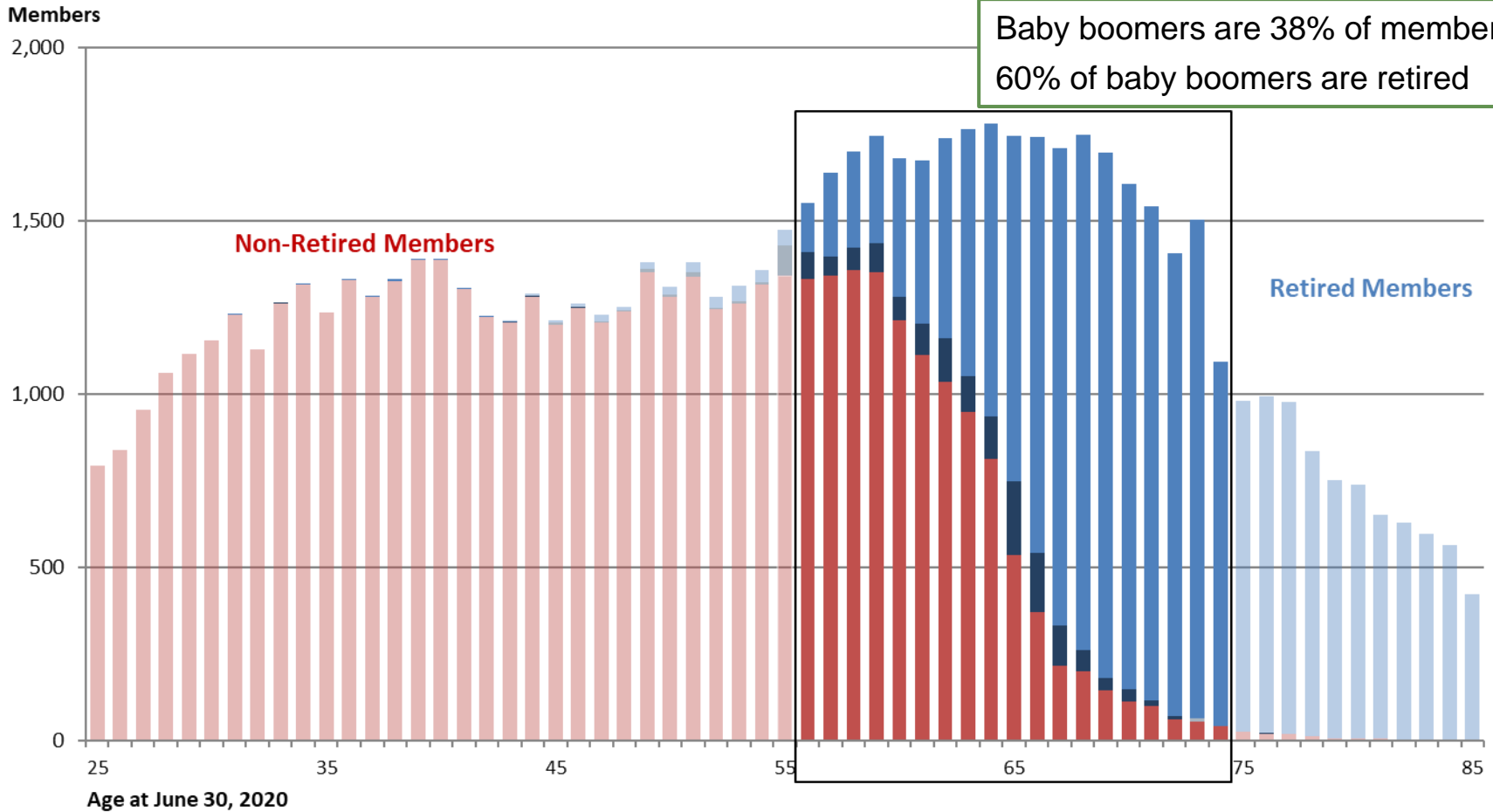
Distribution of Active, Terminated Vested and Benefit Recipients by Age as of June 30, 2007



Baby boomers are 44% of membership
11% of baby boomers are retired



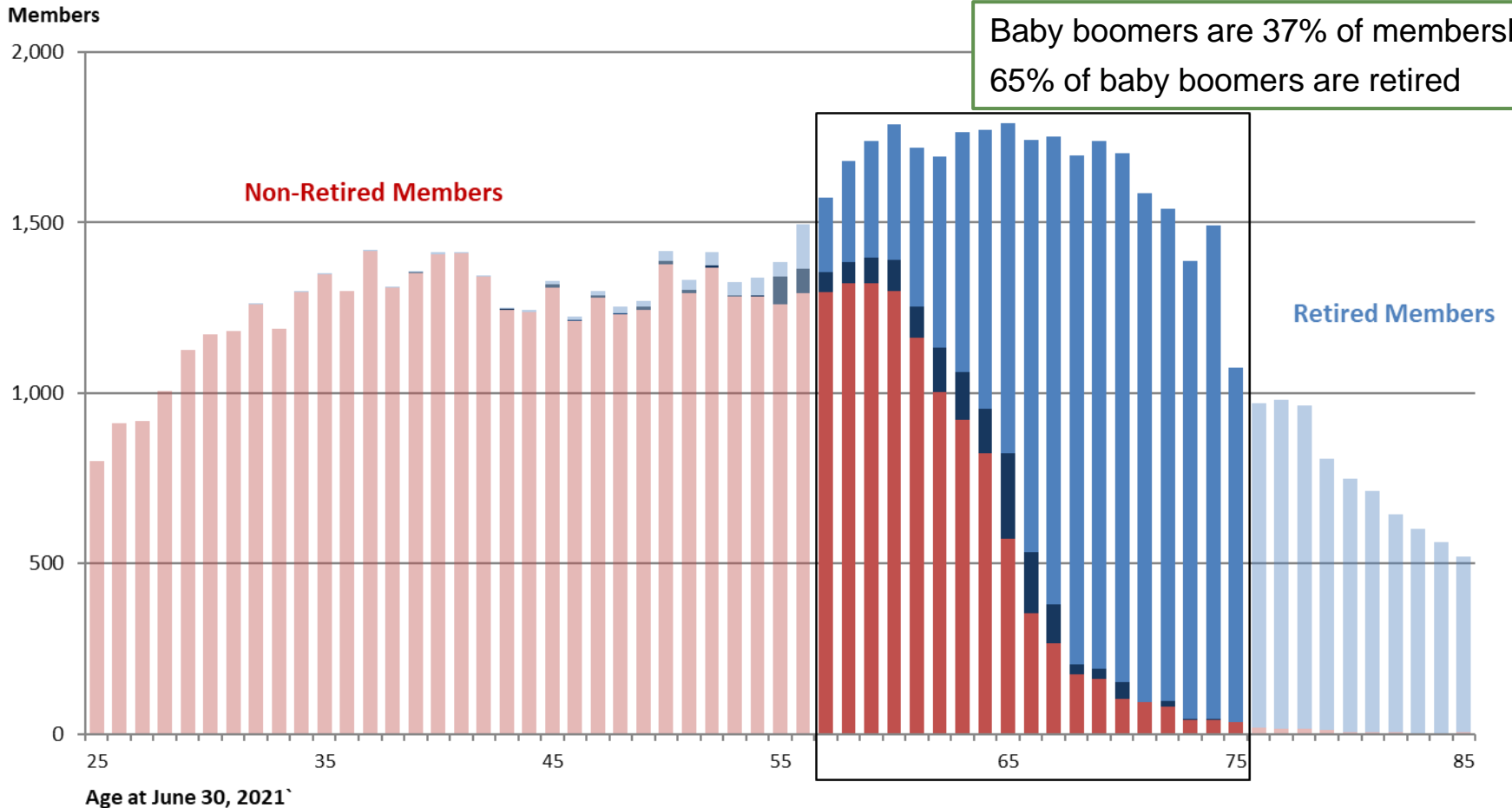
Distribution of Active, Terminated Vested and Benefit Recipients by Age as of June 30, 2020



Dark blue shaded portions represent members beginning benefits in FY 2020.



Distribution of Active, Terminated Vested and Benefit Recipients by Age as of June 30, 2021



Dark blue shaded portions represent members beginning benefits in FY 2021.



Trends in Members Nearing Retirement

Member Counts

Eligible for Unreduced Benefits within 10 Years



Eligible for Unreduced Benefits within 5 Years



Currently Eligible for Unreduced Benefits



2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021



Trends in Members Nearing Retirement

Percentage of Active Members

Eligible for Unreduced Benefits within 10 Years



Eligible for Unreduced Benefits within 5 Years



Currently Eligible for Unreduced Benefits

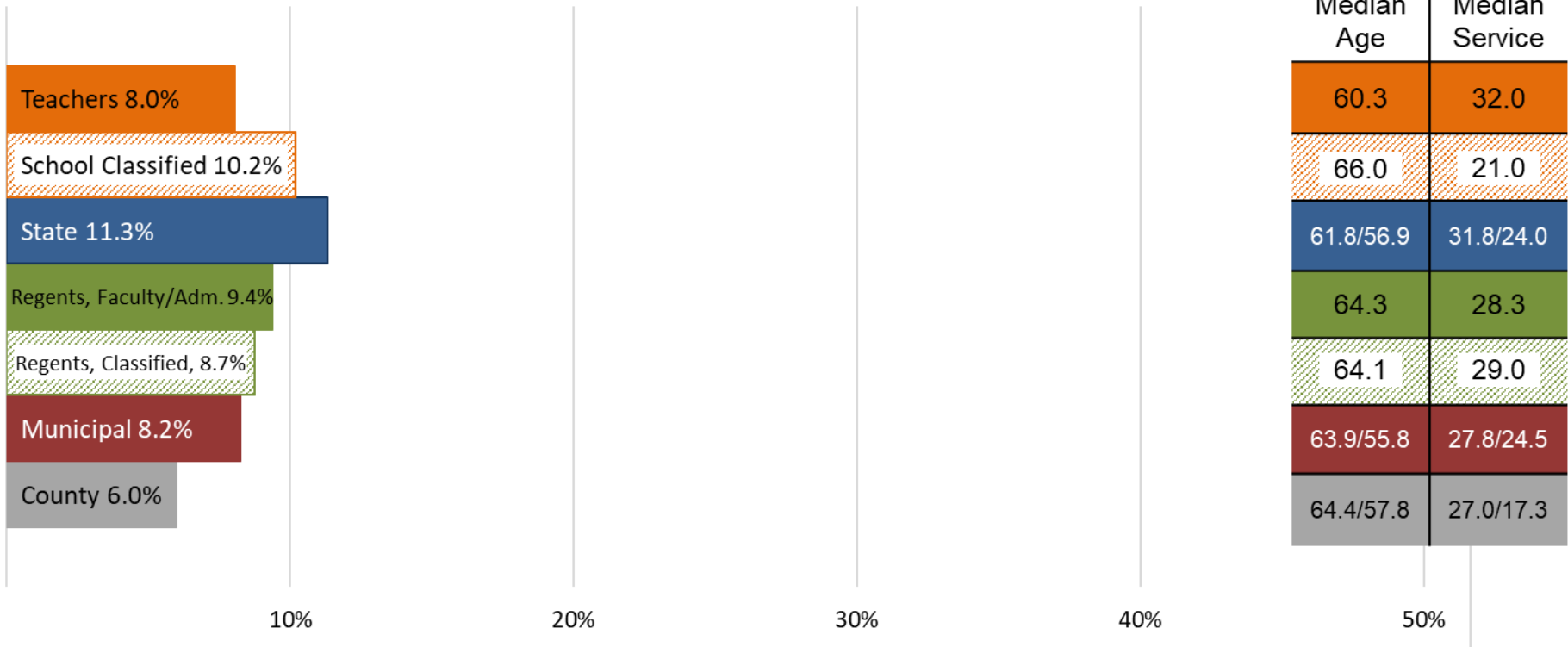


2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021



Members Nearing Retirement by Group

Members Immediately Eligible for Unreduced Benefits

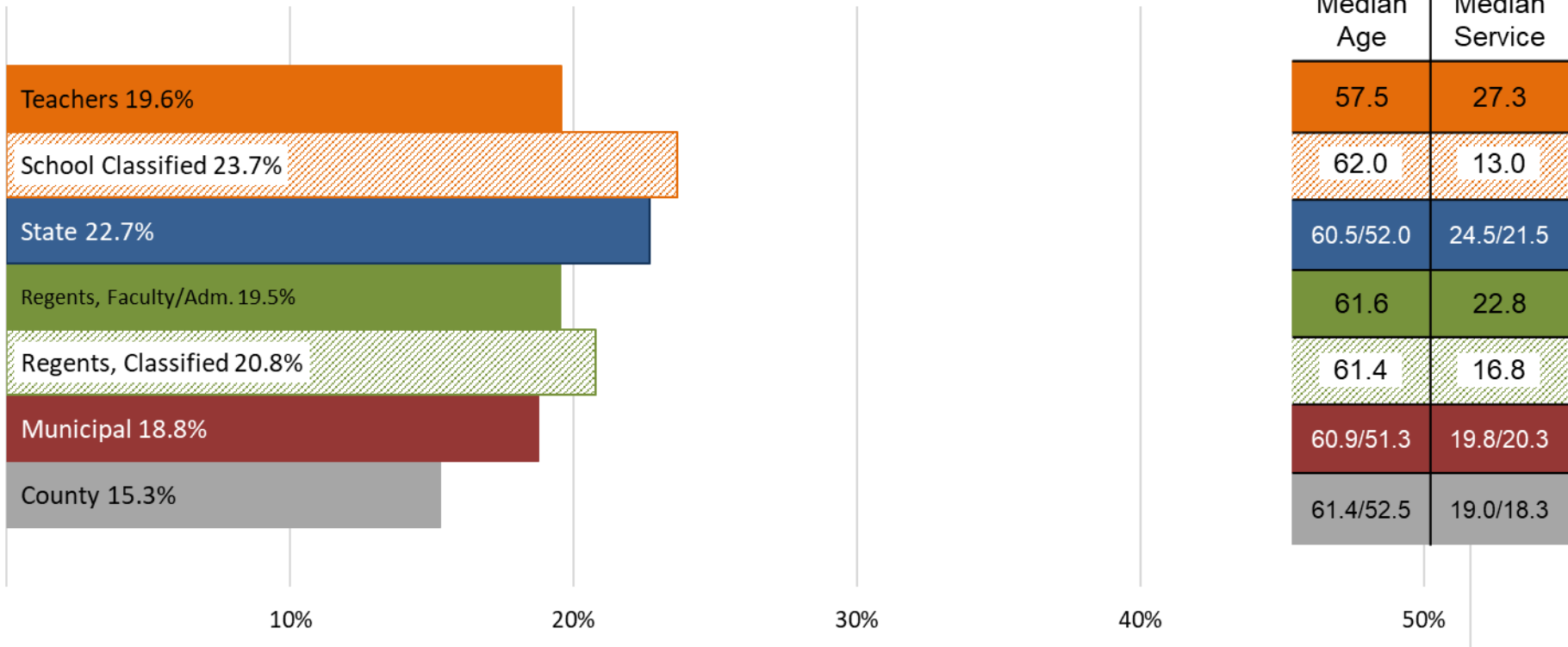


Age and service shown are medians as of June 30, 2021 for those immediately eligible as of June 30, 2021. Public Safety median age shown separately where applicable.



Members Nearing Retirement by Group

Members Eligible for Unreduced Benefits in Next Five Years

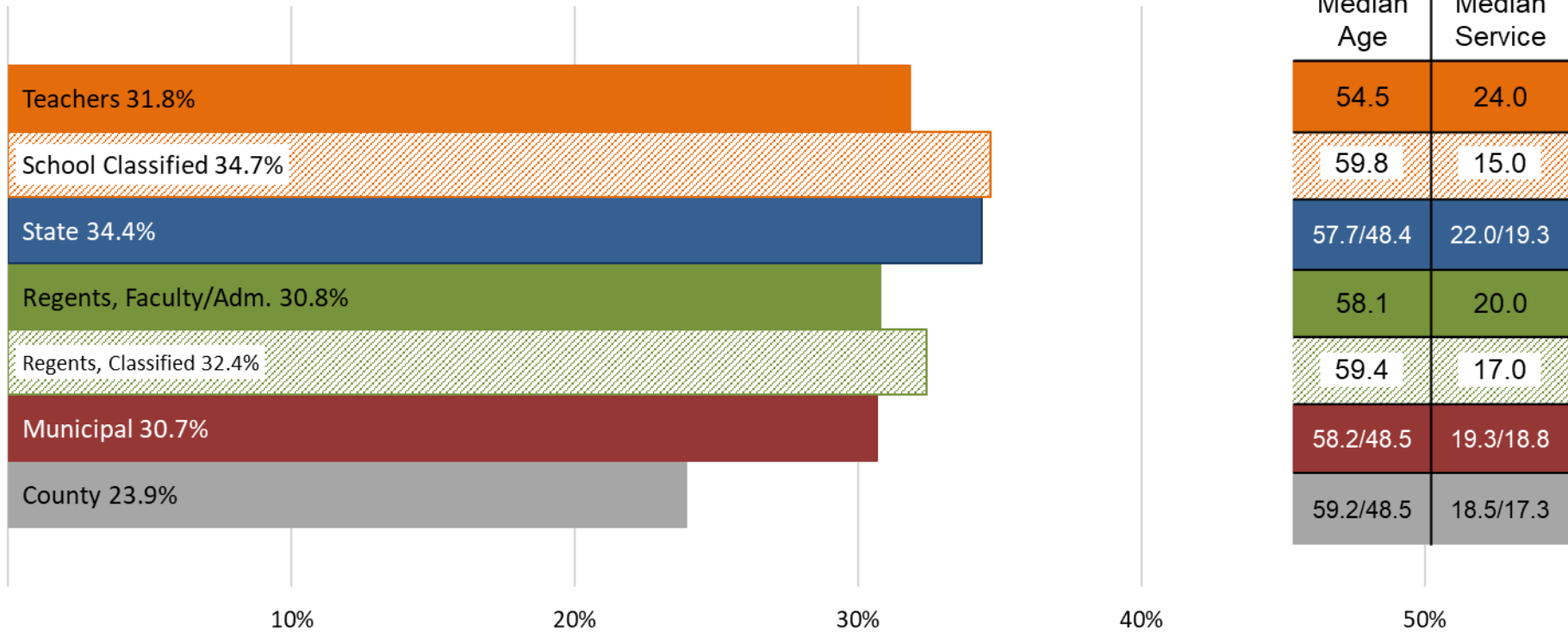


Members eligible in next five years includes those currently eligible. Age and service shown are medians as for June 30, 2021 of those immediately eligible within five years of June 30, 2021. Public Safety median age shown separately where applicable.



Members Nearing Retirement by Group

Members Eligible for Unreduced Benefits in Next Ten Years

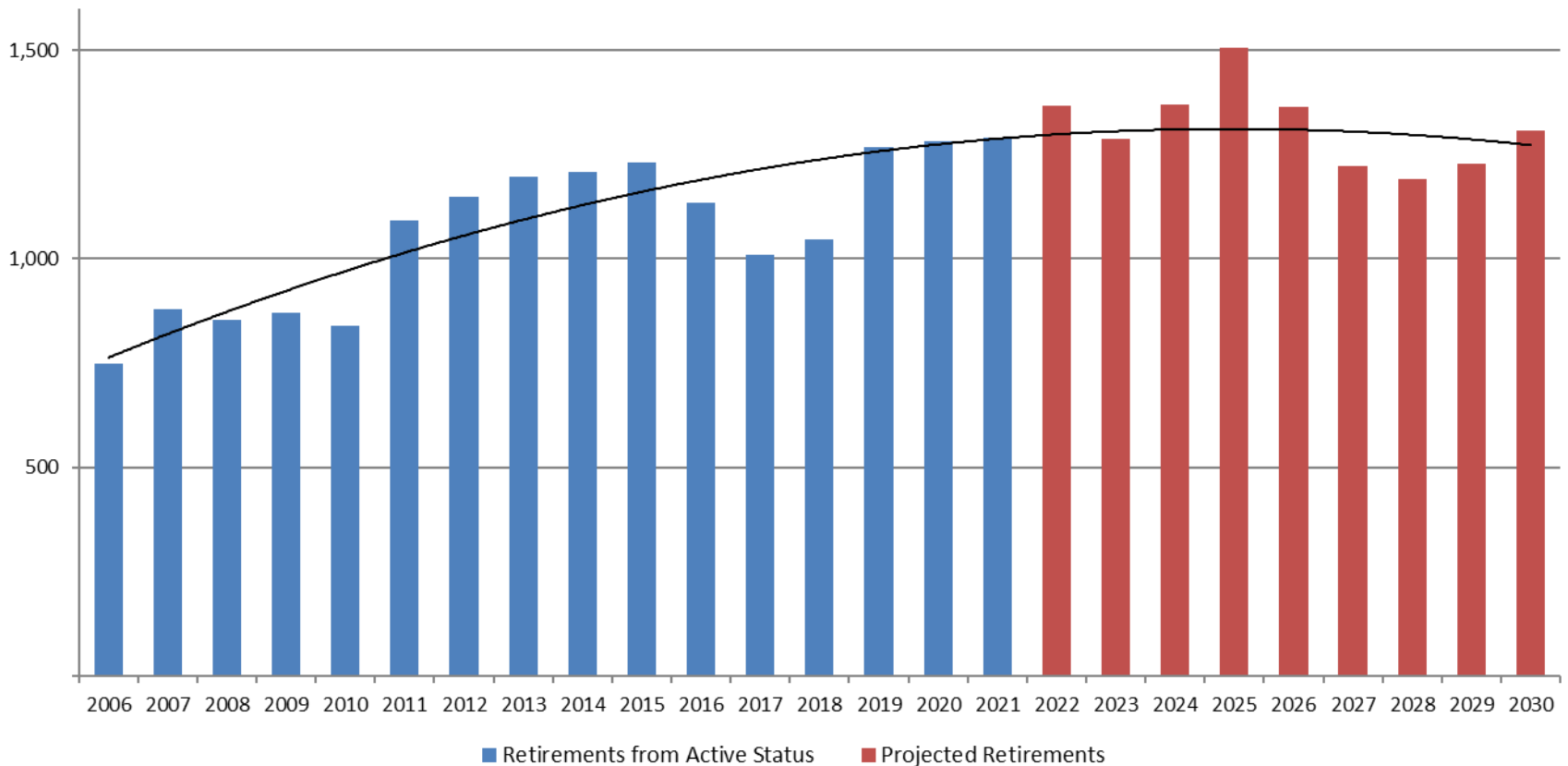


Members eligible in next ten years includes those eligible immediately or in five years. Age shown is median age as of June 30, 2021 of those eligible within ten years of June 30, 2021. Public Safety median age shown separately where applicable.



Historical and Projected Retirements

Retirement Counts by Fiscal Year

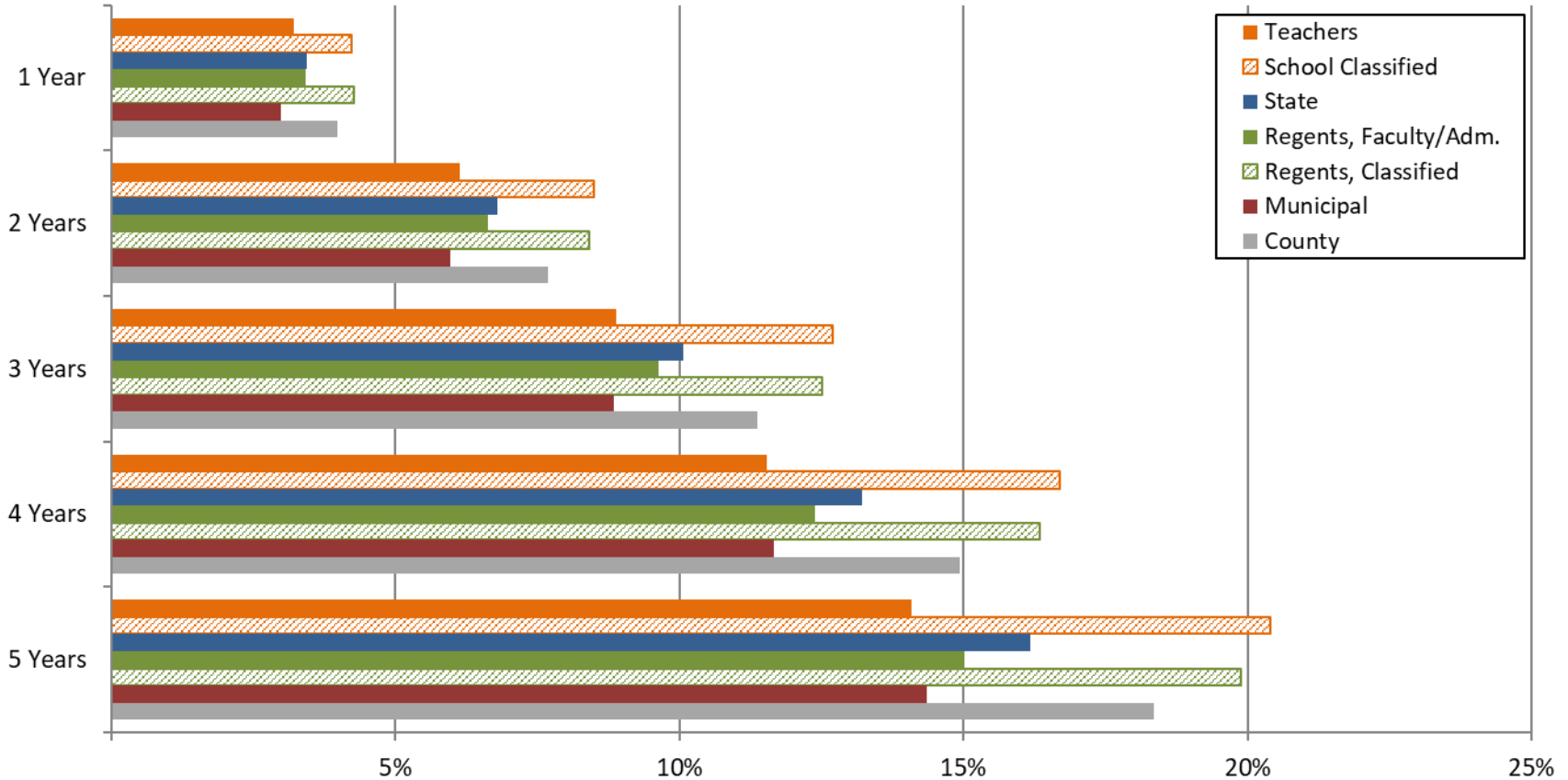


Excludes disabilities and terminated vested benefit commencements. Projected retirements are based on June 30, 2021 data, plan terms and actuarial assumptions. Active population size assumed constant (no growth).



Expected Retirements in Near Future

Percentage of Members Expected to Retire in Next Few Years

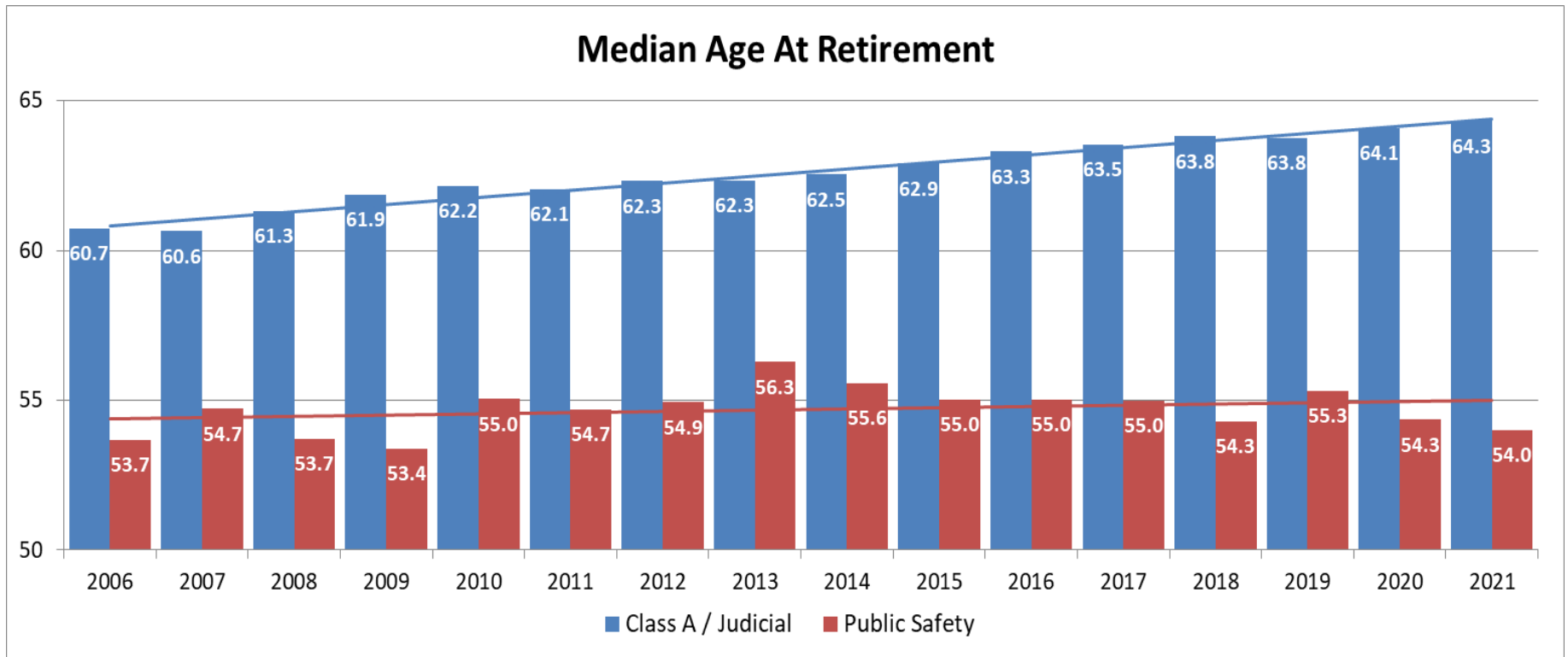


Includes unreduced and reduced (early) retirements. Based on June 30, 2021 member data and actuarial assumptions, excluding pre-retirement exits.



Retirement Statistics: Retirement Age

Our membership is retiring later. The median age at retirement for Class A and Judicial members has increased from 60.7 to 64.3 since 2006

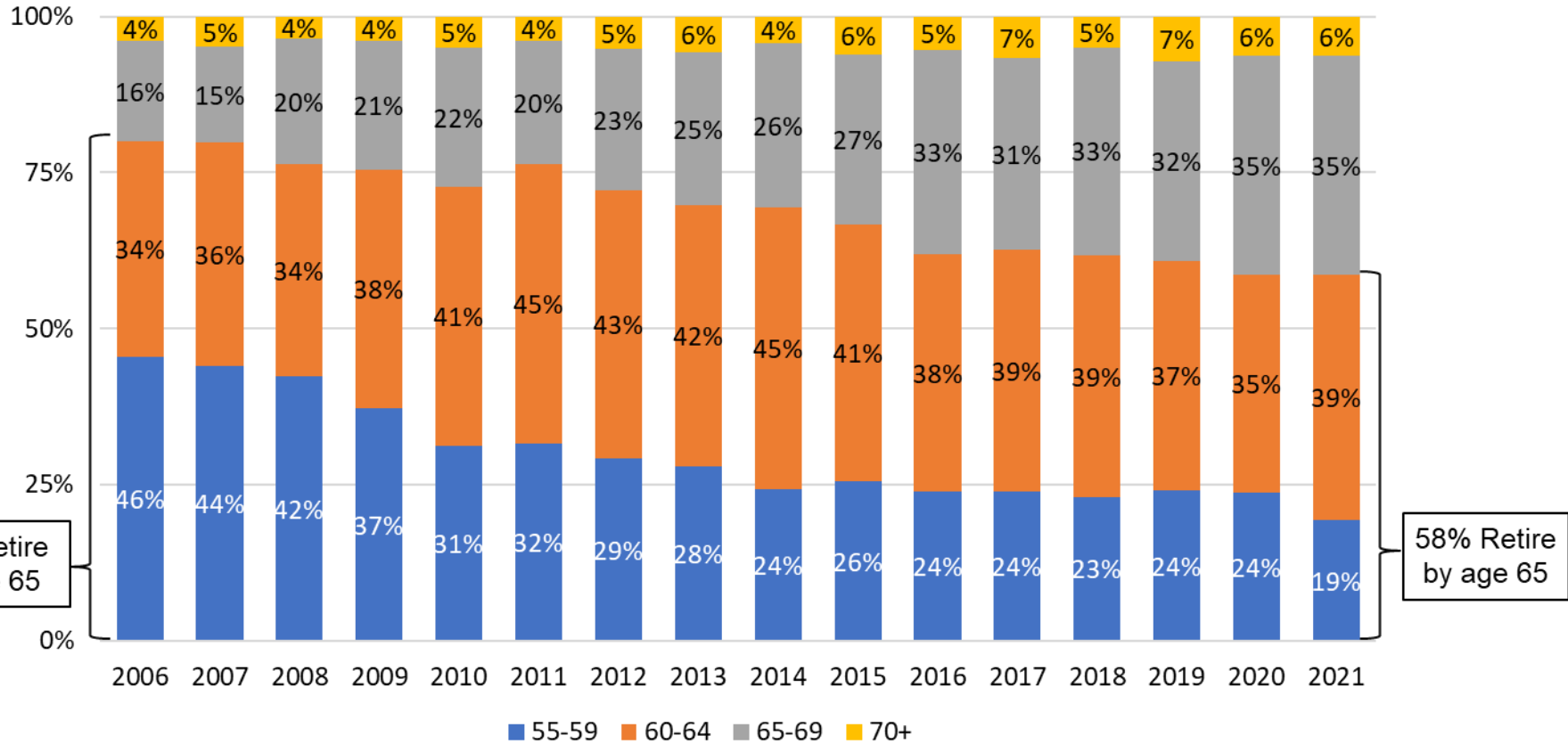




Changing Retirement Patterns

The percentage of members retiring at earlier ages has decreased significantly.

Class A and Judicial Retirements - Percentage of Retirements by Age

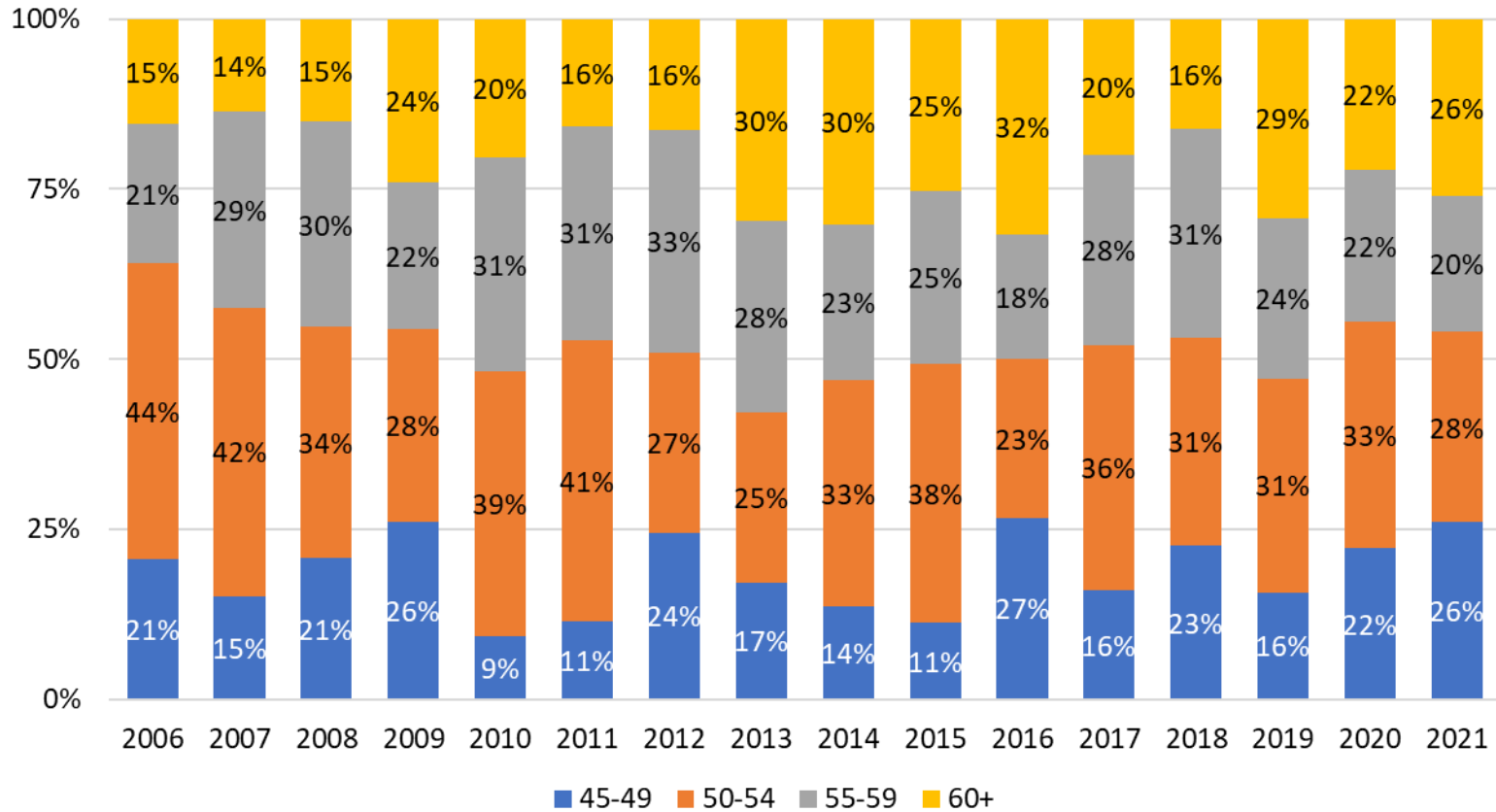




Changing Retirement Patterns

Fewer Public Safety retirements result in less consistent patterns.

Public Safety Retirements - Percentage of Retirements by Age

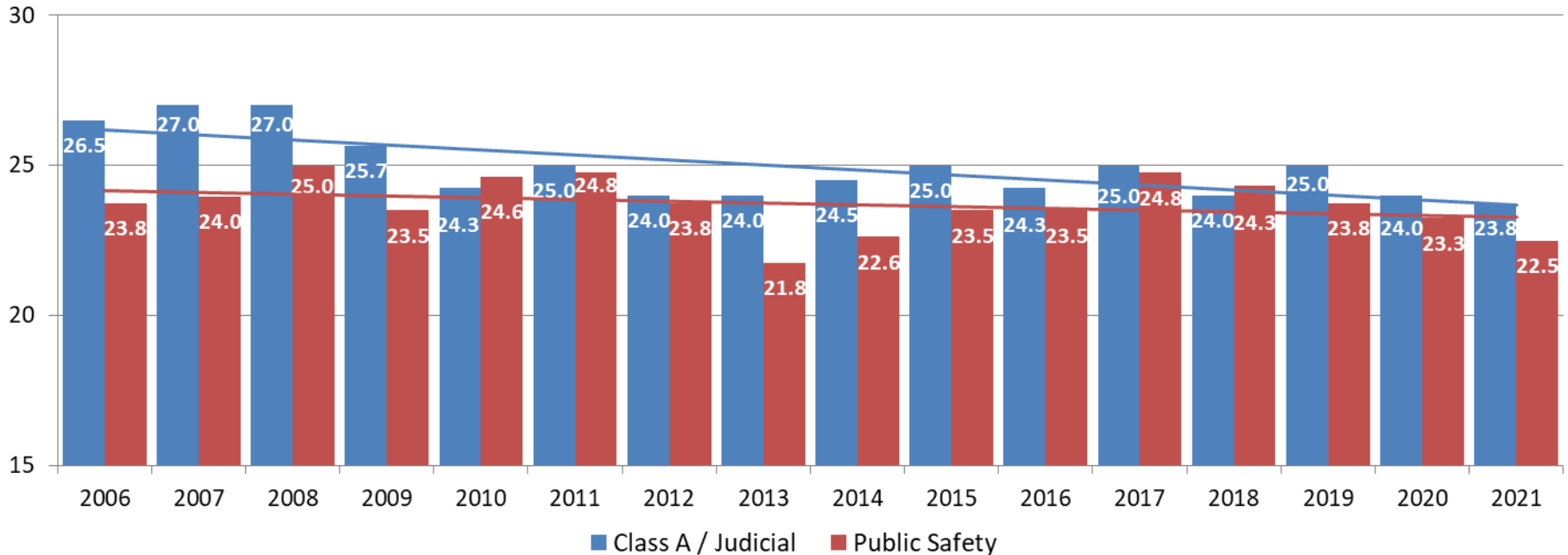




Retirement Statistics: Service at Retirement

Service at retirement has dropped considerably. Considering all classes, median years of service at retirement has decreased from 26.4 to 23.7 since 2006

Median Service At Retirement

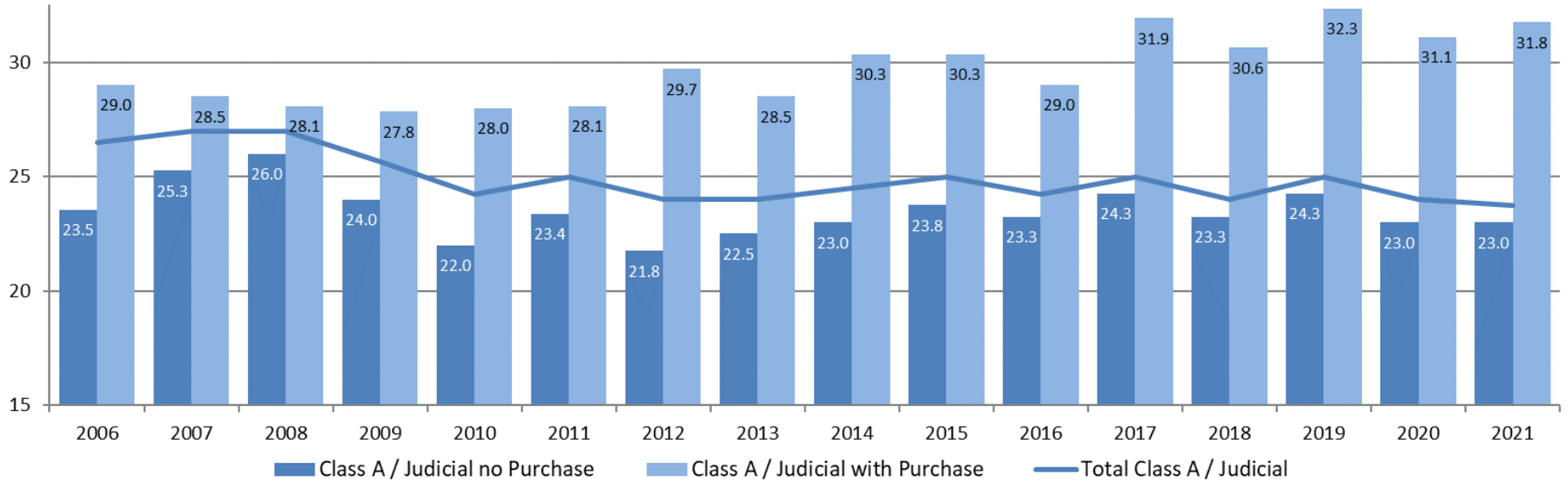




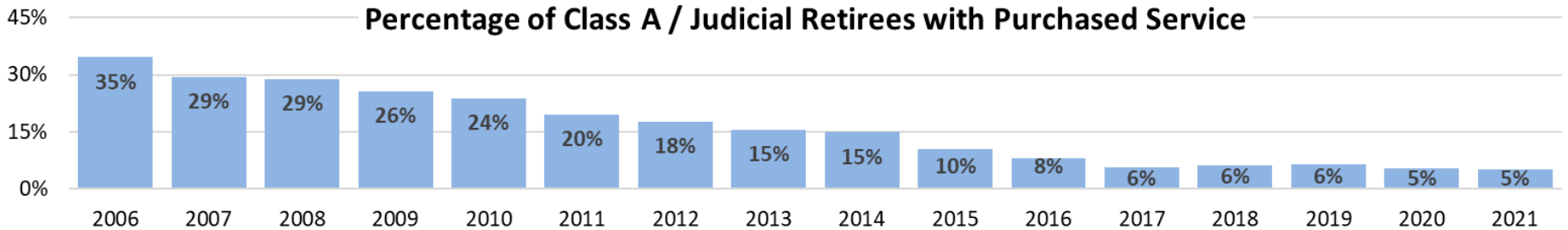
Retirement Statistics: Service at Retirement

A significantly lower percentage of Class A or Judicial retirees in recent years have purchased service. Much of this reduction in median years of service at retirement is due to fewer service purchases.

Median Service At Retirement - Class A / Judicial



Percentage of Class A / Judicial Retirees with Purchased Service

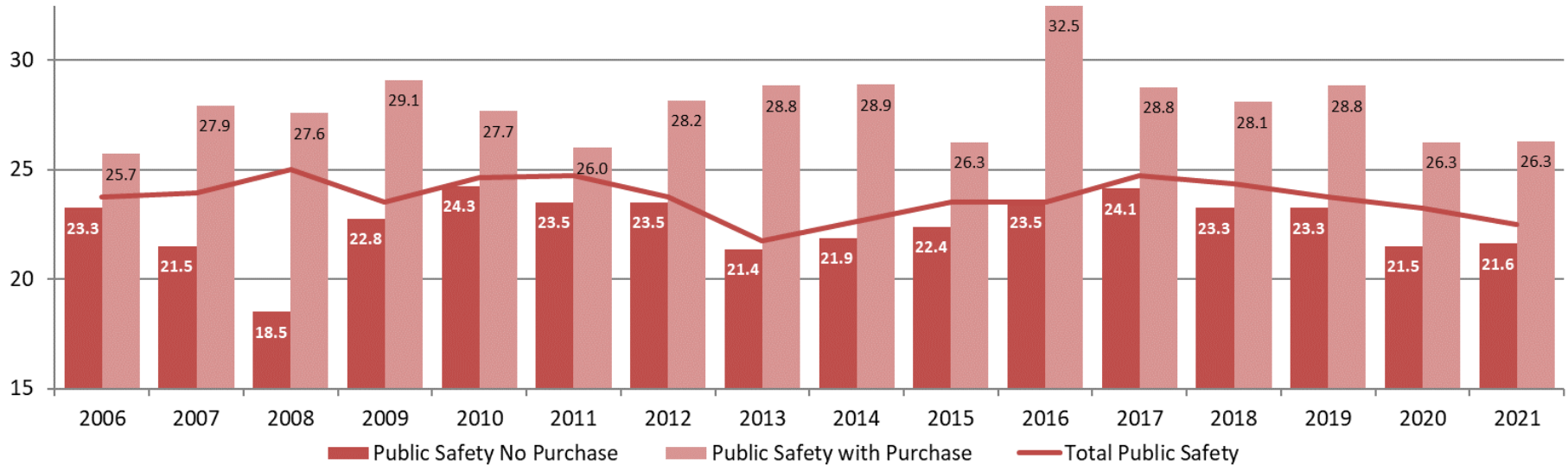




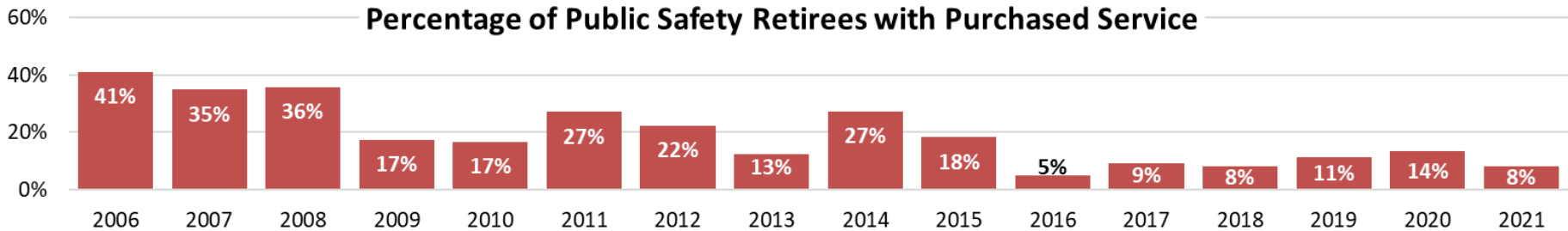
Retirement Statistics: Service at Retirement

A similar effect can be seen for Public Safety retirees, but with fewer retirees, the median years of service at retirement patterns are less consistent.

Median Service At Retirement - Public Safety



Percentage of Public Safety Retirees with Purchased Service

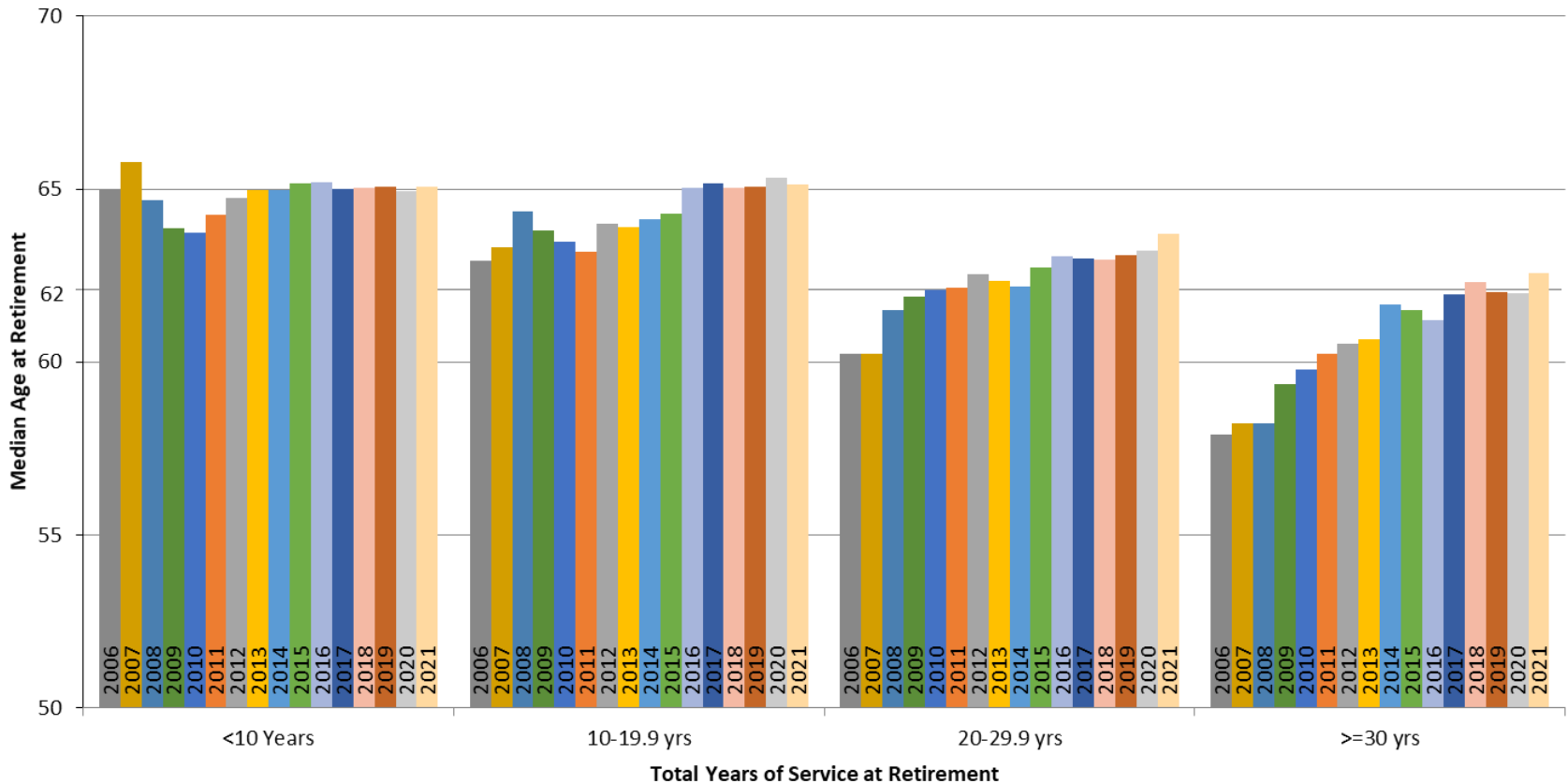




Age at Retirement History Class A and Judicial Members

Clearer trends are visible when members are grouped by service. The median retirement age has been steadily increasing for all members and is now over age 62 for long service employees compared to 58 in 2006-2008.

Median Age at Retirement Grouped by Years of Service

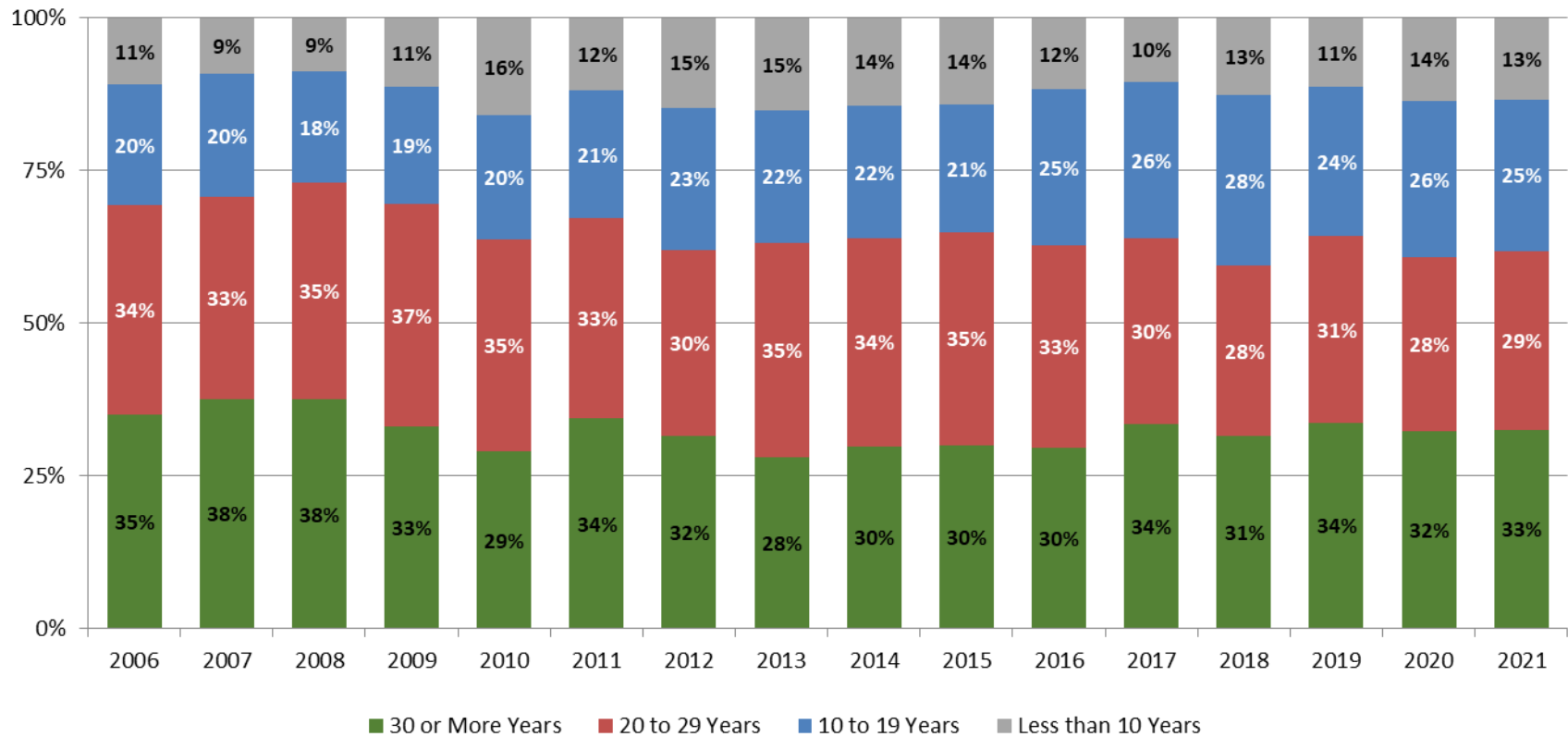




Service at Retirement History Class A and Judicial Members

The percentage of retirees with less than 20 years of service has increased from 31% to 38% since 2006 while the percentage of retirees with at least 20 years of service has decreased from 69% to 62%.

Retirements by Service





Summary

- Staff expect elevated number of retirements to continue for next 4-5 years as baby boomers retire
- Members are retiring at later ages, likely due to health care cost concerns
- Median service at retirement is decreasing, primarily indicating fewer members are purchasing service
- All SDRS employers will need to replace a significant portion of employees in the next five years