

From: James Wingo <JWingo@ic.sc.gov>
To: Danny Varat <DannyVarat@scstatehouse.gov>
Date: 2/16/2017 9:44:56 AM
Subject: RE: Analysis

I can create an estimate for whatever scenario you want...

But, I can be a *lot* more accurate if I can assume that whatever element of Act 278 happened, happened exactly like it actually did, only the timing changed...

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From: Danny Varat [mailto: DannyVarat@scstatehouse.gov]
Sent: Thursday, February 16, 2017 9:41 AM
To: James Wingo
Subject: RE: Analysis

Thanks. This sounds great. I think that you're saying that you'd leave in place the COLAs, and that's fine. He wants to be able to talk about the UAAL only in the context of TERI/28 and say that if we'd eliminated that and even then delivered the COLAs, here's what the difference would be. Now, the Rule of 90 component never was contemplated in those early years, and I see that you intend to keep it, so my question is if it would be too complicated to unwind that too. Just let me know what you think. Thank a lot

DV

From: James Wingo [mailto: JWingo@ic.sc.gov]
Sent: Thursday, February 16, 2017 9:31 AM
To: Danny Varat < DannyVarat@scstatehouse.gov>
Subject: RE: Analysis

Hi Danny-
I am well, thanks; I hope you are well also.

I may be able to do that analysis with the data I already have but it is a bit complex...

Based on the information in your email, I would seek to model the following scenario:

- The elements of Act 278 that changed the TERI/28-related provisions were of the same structure, only were done earlier (FYE '05, '07, '09, and '11); this includes:
 - o Unreduced retirement eligibility changed from 28 yrs credited service to "rule of 90" for new entrants... keep in mind that this provision actually went further even than what was in place before TERI/28 (which allowed unreduced retirement benefits at 30 yrs credited service)
 - o End TERI program immediately rather than sunset it in 2018
 - o Leave all other elements of Act 278 unchanged (COLAs/contribution rates/assumptions/etc) and assume they took effect when they actually did
 - § Just FYI the COLA provisions were actually the biggest impact from Act 278 because they

changed the then-current 2% automatic annual COLAs to the lesser of 1% or \$500 annually

This will be a bit complex and I may have to make some simplifying assumptions (and I may not be able to accurately model an abrupt end to TERI as opposed to the 5-year runoff that actually happened) but I believe that I can produce a good estimate. Let me know what other scenarios you might like to see as well.

Best,
James


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From: Danny Varat [<mailto:DannyVarat@scstatehouse.gov>]
Sent: Thursday, February 16, 2017 8:55 AM
To: James Wingo <JWingo@ic.sc.gov>
Subject: Analysis

James, I hope that all is well. I spoke to Mike, and he said to send my request to you for an analysis of the UAAL on the hypothetical that TERI/28 had been ended in 2005 or '07 or '09 or '11. Bills were filed in each of those years, but it took until '12, as you know. I'd like to see the figures as if TERI had ended immediately and not over a 5-year runway. I know that this only is one variable, and my thought would be to keep others constant, but please let me know how this would best be presented. Thanks, I appreciate your help.

DV