

COASTAL CAROLINA UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

Employees participating in the SCRS are required to contribute 6.0 percent of all compensation. Effective July 1, 2003, the employer contribution rate became 10.85 percent, which included a 3.30 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2004, 2003, and 2002, were \$1,546,955, \$1,448,596, and \$1,319,320, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for each year. Also, Coastal Carolina University paid employer group-life insurance contributions of \$30,726 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees who are policemen and firemen are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS are required to contribute 6.5 percent of all compensation. Effective July 1, 2003, the employer contribution rate became 13.60 percent, which, as for the SCRS, included the 3.30 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2004, 2003, and 2002 were \$37,639, \$36,943, and \$33,269, respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of \$731 and accidental death insurance contributions of \$731 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts, which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first fifteen days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 7.55 percent plus the retiree surcharge of 3.30 percent from the employer in fiscal year 2004.

Certain of the Coastal Carolina University's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were \$649,925 (excluding the surcharge) from the University as employer and \$516,497 from its employees as plan members. 6.00 percent of all contributions was remitted to the Retirement Division of the State Budget and Control Board and 11.00 percent of all contributions was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.