

From: James Wingo <JWingo@ic.sc.gov>
To: Danny VaratDannyVarat@scstatehouse.gov
Date: 3/3/2017 11:02:15 AM
Subject: FW: TERI/28 Impact (a bit more context)

Just FYI... since you asked about the impact of TERI/28 reform, I thought I'd share this data, in which I used information from the past 40+ years in SCRS to illustrate the impact.

James Wingo, CFA, CAIA | Senior Investment Officer
S.C. Retirement System Investment Commission
p 803.737.4269 | f 803.737.7070 | JWingo@ic.sc.gov
1201 Main Street | Suite 1510 | Columbia SC 29201

From: James Wingo
Sent: Friday, March 03, 2017 11:00 AM
To: Geoffrey Berg (gberg@ic.sc.gov)
Cc: Robert Feinstein (RFeinstein@ic.sc.gov) ; Michael Hitchcock
Subject: TERI/28 Impact (a bit more context)

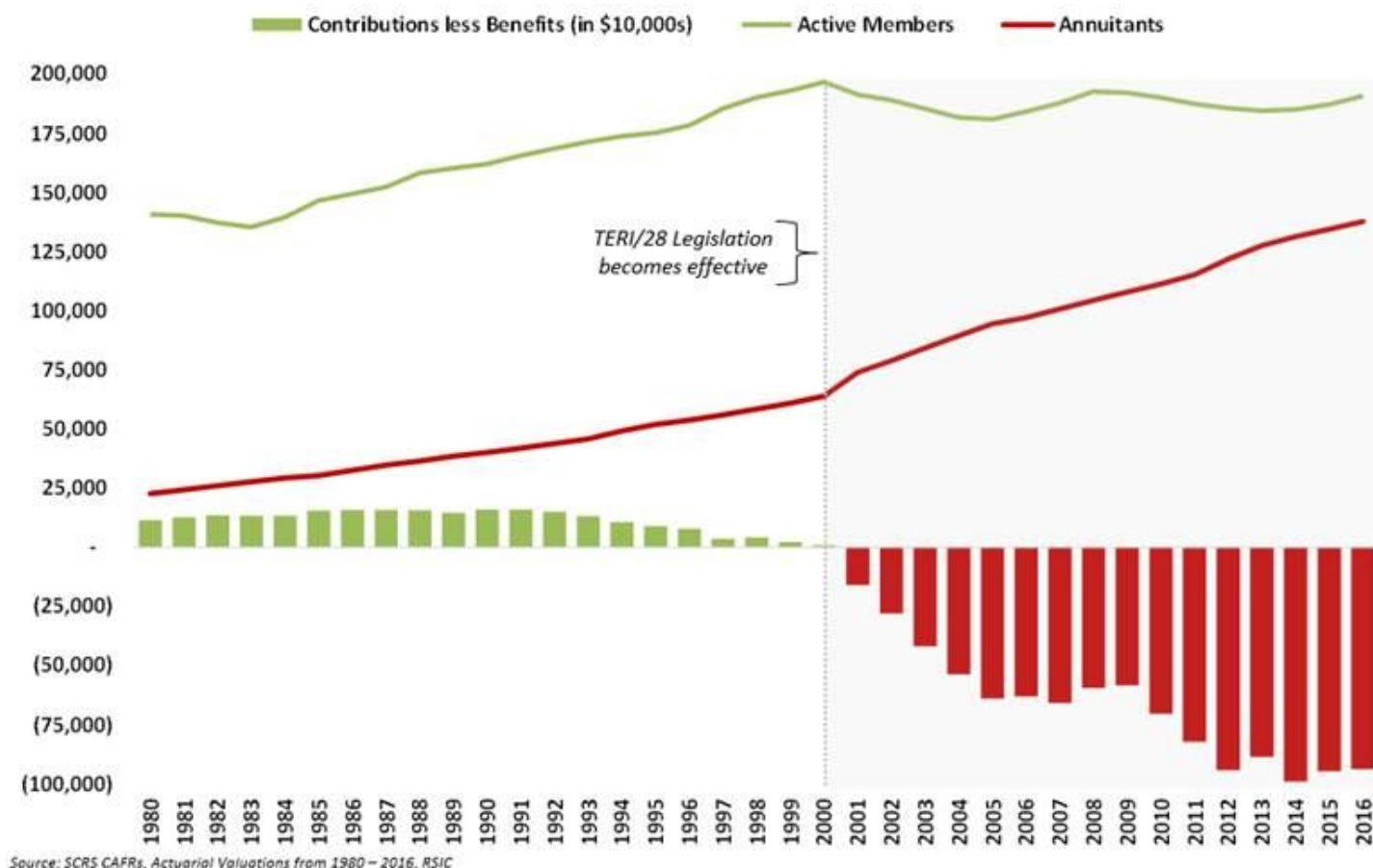
Thought you'd like to see this... I was able to go back all the way to 1980 for this data, which allows the magnitude of the TERI/28 legislation's impact to come into much clearer historical context. This makes it clear why it is laughable for someone to suggest that the change in cash flows in 2000 could be coincidental.

The more I've learned about the system, the more I've come to realize the magnitude of the impact this legislation had on the Plan. Much of this impact is actually not measured in dollar terms, because the legislation didn't just erode the financial health of the system... it *permanently* eroded the Plan's ability to recover financial health through future reforms.

Much, much more could be said on this (and I think that this legislation should become the subject of a future case study) but the fact that a fundamental, permanent demographic and cash flow shift happened in 2000 is crystal clear via the chart below:

TERI/28: Impact on SCRS

37 Years of Historical Data Illustrates a Clear Inflection Point



Using only Plan net cash flows, I am able to go back 41 years to 1976, which gives even a bit more context:

