

From: Peggy G. Boykin <PBoykin@peba.sc.gov>
To: Danny VaratDannyVarat@scstatehouse.gov
Date: 8/31/2017 12:19:07 PM
Subject: RE: ORP

His 9% contribution and the employer 5% goes to the vendor, gets deposited into his account and allocated to the underlying funds he has selected. I think his question is about the 8.56% (13.56% total employer contribution rate minus the 5% that goes to the participant's ORP account) employer contribution that goes to the DB plan to pay the UAAL.

Peggy G. Boykin, CPA
Executive Director

(o) 803.734.8117 | PBoykin@peba.sc.gov
202 Arbor Lake Dr., Columbia, SC 29223
www.peba.sc.gov



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From: Danny Varat [mailto: DannyVarat@scstatehouse.gov]
Sent: Thursday, August 31, 2017 12:04 PM
To: Peggy G. Boykin
Subject: Re: ORP

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I do recall that, but I may not be fully seeing this. Is the constituent saying that the 5% is going to the vendor and not the specifically chosen funds?

From: Peggy G. Boykin <PBoykin@peba.sc.gov>
Sent: Thursday, August 31, 2017 11:49 AM
To: Danny Varat
Cc: Ashley M. Brindle; Travis J. Turner
Subject: RE: ORP

Danny,

As of July 1, 2017, an ORP participant contributes 9% of pay into his account and the state contributes an additional 5% so a total of 14% is going into the participant's ORP account. In accordance with statute, the

remainder of the employer contribution is used to pay down the UAAL. You may recall that the total employer contribution rate, currently 13.56%, is scheduled to increase by 1% each year until it ultimately reaches 18.56% in order to meet the funding objectives outlined in the pension reform legislation adopted earlier this year. The employer has the obligation to pay the UAAL regardless of which plan the employee chooses. State statute also requires that we select 4 OPR vendors which is accomplished through a competitive bid process. I'll have Ashley and Travis send you the details on the record keeping fee for each of the vendors.

Thanks!

Peggy

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From: Danny Varat [<mailto:DannyVarat@scstatehouse.gov>]

Sent: Thursday, August 31, 2017 11:14 AM

To: Peggy G. Boykin <PBoykin@peba.sc.gov>

Subject: ORP

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Hi Peggy, I received this constituent question from a senator, and I think I know that answer to how the funds are chosen, but I can't figure the first part of the question. Can you please help me?

Thanks

DV

However, in reading the retirement handbook and other related information I find that currently the State matches a little over 13% of his salary into the fund but 5% of that match the State pays directly to the fund family that he chose which leaves him a little more than 8% of the State match going into his chosen funds. In other words the State is giving over 38% of his match to the fund family. My question is why?? Why is the State using the current four fund families and has not sought out the Vanguards, the T Rowe Prices, the others, that I am sure would not have the 5% load !! In looking at the statement in addition to the 5% auto payment to the fund family, they are also charging .02% for record keeping which is taken from his balance.