



February 10, 2022

Mr. Travis W. Almond  
Executive Director  
South Dakota Retirement System  
P.O. Box 1098  
222 East Capitol Ave., Suite 8  
Pierre, South Dakota 57501-1098

**Re: South Dakota 2022 Legislative Session – House Bill 1291**

Dear Travis:

House Bill 1291 adds full-time county 911 telecommunicators to Class B SDRS membership for future service accruals only and only for counties that elect to treat them as Class B. We are aware of an amendment that may expand the impact to all full-time 911 telecommunicators whose governing bodies so elect. Future contributions and future benefit accruals will increase for reclassified members with substantially earlier retirement eligibility provisions and larger early retirement benefits applicable to those future benefit accruals. Because the change is prospective only, HB 1291 will have no material impact on the current assets or liabilities of SDRS.

However, the relationship between contribution rates and the cost of ongoing benefit accruals is different for Class A and Class B SDRS members and the difference varies based on the maximum SDRS COLA payable each year.

Based on a current analysis, Class B contributions do not cover the full cost of Class B benefit accruals, and reclassifying members as Class B will result in a slight cost increase to SDRS that may result in slight negative pressure on future COLAs for all SDRS members. The potential impact is relatively small and highly dependent on the number of 911 telecommunicators that would be included as Class B, future investment returns, demographic experience, and the affordable SDRS COLA. We cannot determine how many full-time 911 telecommunicators are currently employed and have no way to determine which counties or governing bodies would elect to participate.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas J. Fiddler", written in a cursive style.

Douglas J. Fiddler, A.S.A., E.A., M.A.A.A., F.C.A.  
Senior Actuary

c: Ms. Jacquelyn Storm, SDRS  
Ms. Michelle Mikkelsen, SDRS