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January 9, 2023

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 2023 Legislative Session – House Bill 1008**

Dear Travis:

House Bill 1008 revises provisions relating to actuarial terminology used by the South Dakota Retirement System.

Sections 2 and 4 will have no material impact on the liabilities or assets of SDRS.

Section 1 will apply only if a non-participating public employer elects to join SDRS and deposit funds, so their employees receive SDRS credit for prior employment. The changes will align the deposit with the SDRS liabilities and prevent a net shortfall in SDRS funding.

In certain possible future economic and demographic conditions, the changes in Section 3 of House Bill 1008 may permit a cost-of-living adjustment (COLA) that is slightly greater than it would be absent this legislation. The COLA would remain limited to the percentage SDRS can afford while remaining fully funded. Any increase in SDRS liabilities resulting from increased COLAs would be temporary and would not result in any unfunded liabilities.

House Bill 1008 will have no material long-term impact on the liabilities or assets of SDRS.

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

Future actuarial results may differ significantly due to plan experience different than assumed or other unanticipated changes. An actuarial model was used for this analysis that in my professional judgement, is sufficient for assessing the impact of this legislation. The signee meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.