



SOUTH DAKOTA RETIREMENT SYSTEM

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February 3, 2026

Mr. Travis W. Almond
Executive Director
South Dakota Retirement System
222 East Capitol Avenue
Pierre, South Dakota 57501-1098

Re: South Dakota 2026 Legislative Session – House Bill 1174

Dear Travis:

House Bill 1174 adds 911 telecommunicators to Class B Public Safety membership of the South Dakota Retirement System if their employer adopts an ordinance designating them as Class B. This change will be prospective. That is, any service earned by 911 telecommunicators prior to July 1, 2026 will retain the Class A benefit multiplier and retirement eligibility provisions. An impacted 911 telecommunicator will have a retirement benefit that is the sum of the Class A benefit for service through June 30, 2026, and the Class B Public Safety benefit for service after that date.

Based on data available to SDRS, approximately 333 Class A SDRS members are currently employed as 911 telecommunicators at political subdivisions of the state. One-third of those are Foundation members who entered SDRS prior to July 1, 2017, and the remainder are Generational members.

Foundation members have a Normal Retirement Age (NRA) of 65 for Class A benefits and 55 for Class B Public Safety benefits. The benefits of Foundation members are available without any reduction for early retirement if Class A members reach the Rule of 85 or Class B Public Safety members reach the Rule of 75. Generational members have an NRA of 67 for Class A benefits and 57 for Class B Public Safety benefits. Generational early retirement benefits are reduced by 5% per year before NRA.

Member and employer contribution rates are each 6% for Class A members and 8% for Class B Public Safety members. In addition to the fiscal impact on SDRS, each employer of 911 telecommunicators that move to Class B Public Safety would be required to increase contributions to SDRS.

HB 1174 classifies 911 telecommunicators as Class B Public Safety only if they are employed by a political subdivision that has adopted an ordinance designating them as Class B. **The fiscal impact noted in this letter assumes all political subdivisions employing 911 telecommunicators adopt such an ordinance.** If some political

subdivisions elect not to move 911 telecommunicators to Class B, the fiscal impact will be less significant.

Moving all 911 telecommunicators to Class B Public Safety would have a net impact of approximately \$5.2 million to \$6.4 million on SDRS's liabilities and assets. Because the SDRS Cost-of-Living Adjustment (COLA) varies with both inflation and affordability, the ultimate impact would be a drag on future SDRS COLAs.

The maximum affordable COLA is determined each year as the highest percentage that results in a Fair Value Funded Ratio of SDRS that is at least 100% and is rounded to the nearest 0.01%. As of the June 30, 2025 Actuarial Valuation, each 0.01% change in the SDRS COLA required approximately a \$15 million change in assets or liabilities. If HB 1174 becomes law and all political subdivisions that employ 911 telecommunicators adopt such an ordinance, the SDRS COLA would be expected to be 0.01% lower approximately once every three years. If some employers of 911 telecommunicators elect not to designate them as Class B Public Safety, the fiscal impact will be lower. Any such change would reduce future COLAs for all SDRS benefit recipients.

House Bill 1174 would increase future benefits and contributions for 911 telecommunicators, slightly reducing future SDRS COLAs for all. If some employers of 911 telecommunicators elect not to designate them as Class B Public Safety, the fiscal impact will be lower.

Sincerely,



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

c: Mr. John Richter, SDRS
Ms. Michelle Mikkelsen, SDRS

This analysis is based on the results of the June 30, 2025 Actuarial Valuation of SDRS. Future actuarial results may differ significantly due to plan experience different from that assumed or other unanticipated changes. An actuarial model was used for this analysis, which, 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.