

South Dakota Retirement System
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South Dakota Retirement System

January 14, 2020

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 2020 Legislative Session – Senate Bill 34

Dear Travis:

Senate Bill 34 establishes a Qualified Benefit Preservation Arrangement (QBPA) for eligible members of the South Dakota Retirement System. The QBPA will pay a portion of the statutory SDRS benefits that would otherwise be restricted by Internal Revenue Code (IRC) limit.

Senate Bill 34 will have a small, non-material impact on the liabilities and costs of SDRS. SDRS liabilities are currently approximately \$23 million less than they would be because of the IRC limit. The QBPA would reduce that savings by approximately \$3 million or 0.03 percent of SDRS liabilities. Similarly, Senate Bill 34 will have a small, non-material impact on the annual cost of SDRS, which remain less than the statutory, fixed contributions.

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. Jane Beer, SDRS