

SCSEA NEWS AIKEN SCSEA CHAPTER DELIVERS...



The third public hearing this month sponsored by the Senate Finance Committee Special Retirement Subcommittee was held on last evening in Aiken, SC. The Aiken SCSEA Chapter delivered an impressive representation of SCSEA members. In all, there were 25 speakers and approximately 125 state employees and retirees to attend the proceeding.

The following members of the South Carolina Senate were present: Senator Greg Ryberg [R] District 24 – Aiken County; Senator Thomas Alexander [R] District 1 – Oconee and Pickens Counties; Senator Shane Massey [R] District 25 - Aiken, Edgefield, McCormick & Saluda Counties; and Senator Danny Verdin [R] District 9 - Greenville & Laurens Counties.

Chapter President, Sandra Shealy, delivered a precise accounting of the sacrifices state employees and retirees have continued to make over the past several years. The local reporter was able to capture the essence of her comments in the article below. Additional news coverage will be posted on our website, www.scsea.com, as it becomes available.

Aiken SCSEA Chapter Officers, Sara Sealy, Nell Tyler and James McCall rounded out the public comment period providing personal accounts of the increasing importance of benefits to employees and their families. Testimony described the necessity of a part-time job, if not a second full-time job, as commonplace for most state employees. In some instances with part-time pay equal to the state's full-time salary.

You might also notice as several members have pointed out, the additional comments published in the article below were offered by non-state employees. This is somewhat apparent based on their so-called "sweeping" recommendation to switch to a defined contribution plan. The state retirement system already affords employees the option of selecting between either a traditional defined benefit plan or an alternative defined contribution plan in which the employee controls and directs investments.

Many Thanks to the South Carolina Education Association, SCEA, for organizing participation by several current and retired teachers who made substantial and compelling arguments to protect the defined benefit plan, 28 year retirement, and COLAs for retirees. The SCEA has been a close ally throughout this deliberation process. Common interests in this regard have increased the combined strength of our members.

The last public hearing in this series will be held next Wednesday, October 26, 2011 in Florence, SC. The Florence SCSEA Chapter will be the driving force behind organizing



attendance and member's comments during this final session. Please remember in order to make comments you will need to contact Whitney Moon in advance at (803) 212-6640 or whitneymoon@scsenate.gov.

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Pension woes main focus of Senate hearing

By [ROB NOVIT](#) - Senior writer

More than a dozen South Carolina state retirees and those nearing retirement expressed concern about the status of their benefits at a special S.C. Senate Finance subcommittee hearing in Aiken Wednesday.

S.C. Sen. Greg Ryberg, R-Aiken, is a member of the subcommittee, which is looking at the fiscally struggling system. Another Aiken County senator, Shane Massey, was invited to sit with the subcommittee in the meeting at Aiken Technical College.

According to a S.C. Retirement System actuary, the system has more than \$19 billion in anticipated debt, for which there are no existing plans to address. Twelve years ago, the liabilities in the system were effectively zero. Investment losses, an increase in retirees combined with fewer state employees in the system, the failure of the S.C. General Assembly to include cost-of-living adjustments in the retirement plan - those are just some of the cited reasons for the huge debt.

Sandra Shealy, an Aiken-Barnwell Mental Health Center staffer, said possible changes in the system could affect her. She chose to work for the state "and didn't think I'd be rich, but wanted a job that was secure and would have a stable retirement."

State workers have gotten no pay increases since 2007 and no merit raises since 2001, Shealy said.

Their insurance premium costs continue to go up, and now they're worried about the future of their cost-of-living increases.

"We're asked to do more with less," she said. "It's troubling to me that many workers would qualify for Medicaid and food stamps if they applied for them. This is a perfect storm, and good employees would leave because there is no incentive to stay."

Some proposed ways to alleviate the liabilities include reducing the rate of return expectations, ending the TERI retirement package and the ability to retire after 28 years of service.

However, speakers Jane Page Thompson and David Kjellquist urged the subcommittee members to consider a more sweeping change. They would replace the existing "defined benefits" plan - a formal pension - with a defined contributions plan. The funds received in that structure would depend on how well a state employee did in investing his or her own retirement funds.

"Each individual makes his own retirement decisions," said Kjellquist. "He could move funds around early in (his career) and become more conservative later... The consequences of unsustainable

commitment would be far worse."

The state of Idaho made that change, Thompson said, and reduced its unfunded liabilities by 92.8 percent in just four budget cycles.

"This must be a legislative imperative," said Thompson. "Something is better than nothing."

Massey said he hasn't heard of any proposals that would affect current retirees or those already in the system for many years.

"We're talking now about newer and future employees and a new system," he said. "A contributions program through a 401(k) would be more than adequate. It's a different day and time for younger people."

Although he's just one vote on the subcommittee, Ryberg said he doesn't think the defined contributions plan would become a significant part of the discussion.

"We have to have a viable system to make sure the retirement is there for the people who are here tonight and are concerned about that," Ryberg said.

When his mother was a teacher decades ago, there was no retirement program, said Tom Walton, also a retired educator. Through the years, legislators eventually were convinced to provide a decent pension plan, he said.

"It's supposed to be there," Walton told the senators. "It's your job to live up to your commitments. Think about us, and don't betray us. You have a tough, tough job, but we deserve everything that was promised to us."