

About SDRS

The South Dakota Retirement System (SDRS) is a cost sharing, multiple employer, public employee retirement system that provides retirement, disability, and survivor benefits for employees of the state of South Dakota and its political subdivisions. SDRS includes two classes of members: Class A general members and Class B public safety and judicial members. SDRS benefits are funded through member and employer contributions and investment income. Members and their employers make matching contributions, which are defined in statute at 6% of salary for Class A members, 8% of salary for Class B public safety members, and 9% of salary for Class B judicial members.

Entitlement to retirement benefits vests after three years of contributory service. SDRS benefits are based on the member's final average compensation, years of credited service, and a benefit multiplier. SDRS retirement benefits are lifetime benefits with a 60% spouse benefit payable to an eligible surviving spouse. All eligible benefits receive an annual cost-of-living adjustment between 2.1% and 3.1%, depending on the SDRS funded status and the Consumer Price Index.

Normal retirement age for Class A and Class B-judicial members is age 65 (age 55 for Class B-public safety members). The special early retirement option provides an unreduced benefit when specific combinations of age and credited service are met (Class A: Rule of 85, Class B-judicial: Rule of 80, Class B-public safety: Rule of 75). All benefits that do not meet these criteria may be payable at a reduced level.



Information for Elected Officials



This brochure is designed to provide a brief overview of SDRS. A more detailed description of the System and its benefits can be found in the SDRS Class handbooks available from the SDRS office or on the SDRS website at: www.sdrs.sd.gov.



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Information for Elected Officials

Eligibility: As an elected official in South Dakota, you have the option of becoming a member of SDRS, if you are eligible. You are eligible to participate in SDRS if:

- You work at least 20 hours per week and 6 months per year, and
- Your employer identifies your position as permanent and full-time

Enrollment: If you choose to become a member of SDRS as an elected official, the following enrollment procedures should be followed:

- Complete SDRS Form E-4, “Election to Participate in SDRS by Elected Official.”
- Complete SDRS Form E-1, “Application for SDRS Enrollment.”
- Complete SDRS Form E-5, “Beneficiary Designation Form.”
- Submit all completed SDRS forms to your authorized agent. Your employer selects an employee, typically a person in the human resources department or payroll unit to act as an authorized agent for SDRS.
- The authorized agent will submit the completed forms to SDRS and the payroll unit will begin making contributions to SDRS.

Note: You may enroll at any time during your term; however, you will receive credited service only for the time you have made contributions to SDRS.

Vesting: A member is entitled to a retirement benefit after 3 years of contributory service have been achieved. Therefore, if you choose to join SDRS and only serve one four-year

term in office, you would be vested and entitled to a lifetime retirement benefit payable to you at retirement age.

Tax Efficiency: A member’s contributions to SDRS are deducted from pay before federal income taxes are applied. Taxes are not paid until the member initiates payments from SDRS.

Partial Inflation Protection: Eligible SDRS benefit payments are increased by an annual cost-of-living adjustment (COLA). The COLA is indexed to the consumer price index (CPI) and the SDRS market value funded status of the prior fiscal year, but cannot exceed 3.1% or be less than 2.1% in any year. The COLA is also applied annually from the time a vested member leaves employment until retirement benefits are initiated.

Retirement Benefits: Vested members with Class A service can begin drawing lifetime retirement benefits at retirement age. The benefit amount will be based on a multiplier, final average compensation, and years of credited service.

Unreduced retirement benefits are payable at normal retirement age (age 65) or earlier, if special early retirement requirements are met (Rule of 85). A member who does not meet the Rule of 85 may choose to receive permanently reduced retirement benefits as early as age 55.

Other Benefits: SDRS also provides disability benefits if an illness or accident prevents a member from working as well as survivor benefits for a member’s spouse and family if the member dies.

Refund: A member who terminates employment may choose to receive a lump-sum refund payment of all member contributions and a portion of employer contributions, plus credited interest.

A non-vested member (less than three years of credited service) would receive 100% of the member contributions and 50% of the employer contributions, plus credited interest.

A vested member (more than three years of credited service) would receive 100% of the member contributions and 85% of the employer contributions, plus credited interest. By taking a refund, a vested member makes an irrevocable decision to forfeit a lifetime retirement benefit, forfeit the spouse’s lifetime survivor benefit, and forfeit the right to share in future benefit improvements.

Purchasing Service: Active members can purchase other public service for which they are not entitled to retirement benefits. Eligible public service for purchase includes active-duty military service, out-of-state public employment, prior credited service under SDRS forfeited as a result of refunding contributions, service as a full-time elected official while a non-SDRS member. Note: Service must be verified, and if part-time, hours worked must be proven.

Members who have 5 years of contributory service may also purchase up to 5 years of non-qualified permissive service (“air time”).

The cost to purchase service depends on your age at the time of purchase and is an actuarially determined percentage of your current salary or final average compensation, whichever is higher.