



Take the Initiative to Save More For Your Retirement

It takes an entire career to adequately prepare for retirement. Whether you are near retirement or far from it, you know it takes planning and money. Due to increasing life expectancies and inflation, people are living longer and spending more during their retirement years. The South Dakota Retirement System (SDRS) provides lifetime pension benefits, as does Social Security, but chances are you will need additional income to have a financially secure retirement.

Saving for Your Future

Life happens and your hard-earned dollar needs to stretch to great lengths. While you may be repaying college loans, buying a house, raising a family, or paying for other important expenses, it may never seem like an opportune time to save for retirement. However, your retirement future depends on you and you need to be prepared. Even a small amount saved can go a long way, especially if you start saving early. Consider the following examples.

An early saver invests \$25 per month (or \$300 per year) beginning at age 25 and continues making monthly contributions until age 65. The early saver has contributed a total of \$12,000. Assuming an annual investment return of six percent, the early saver would accumulate \$35,821 in earnings. A later saver also invests \$25 per month, but waits until age 45 to start. At age 65, the later saver has made contributions totaling \$6,000. Assuming the same investment return, the later saver would accumulate \$5,367 in earnings.

As you work through your career and receive pay raises, you should also consider giving

your retirement savings a raise. Consider the previous examples. If each saver were to boost their \$25 monthly contributions by \$10 per month each year they contribute, their ending balances would be dramatically different. The early saver would have contributed a total of \$105,600 and earned \$178,631, whereas the later saver would have contributed \$28,800 and earned \$17,145. As the illustration shows, compound earnings and an annual increase in contributions give an advantage to both savers.

The SDRS-SRP Can Help You Save

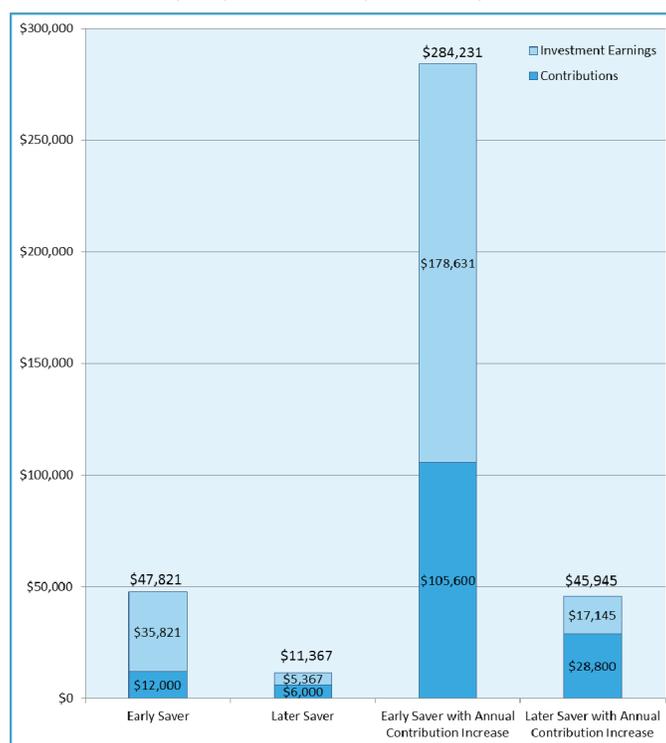
The SDRS Supplemental Retirement Plan (SRP) is a great way to boost your retirement savings for added financial security in retirement. With as little as \$25 per month (\$12.50 semi-monthly), you can be on your way to saving more for your retirement. Soon all SDRS-SRP participants will be able to set annual automatic increases as well.

The SDRS-SRP allows contributions to be made on either a pre-tax or an after-tax (Roth) basis so you can decide when you want your contributions, earnings, and retirement

income taxed. There are many different investment funds and payout options to fit your retirement goals. A low annual asset fee of 0.21 percent (\$0.21 per \$100) means more funds are available to grow over time. In addition, SDRS-SRP Retirement Specialists are available to help you every step of the way.

It's Up to You!

Your retirement is approaching. It is up to you to take action to save for your future. Call the SDRS-SRP office in Pierre at 605-224-2230 to get started today.



New Laws Effective July 1, 2015

New laws enacted during the 2014 Legislative Session pertaining to early surviving spouse, disability, and survivor benefits became effective July 1, 2015.

Please note that this brief synopsis of these new laws does not encompass all situations. The March 2015 issue of *Outlook*, which can be found in the "Archived Newsletters" section of the SDRS website, www.sdrs.sd.gov, discusses these new laws in greater detail. Additionally, members are encouraged to contact the SDRS office any time they have questions regarding the benefits available to them and their families.

Early Surviving Spouse Benefits

Beginning July 1, 2015, a member's surviving spouse who is eligible to receive a surviving spouse benefit may elect to receive a reduced benefit prior to age 65 and as early as age 55. If an election to begin receiving early surviving spouse benefits is made, the benefit will be reduced by five percent for each year, and prorated for any partial year, the benefit is taken prior to the surviving spouse attaining age 65. The surviving spouse benefit is a lifetime benefit with cost-of-living adjustments.

It is important to note that if a member dies after normal retirement age or after beginning retirement benefits, the member's eligible surviving spouse will receive a benefit equal to 60 percent of the member's benefit immediately, regardless of the surviving spouse's age.

Disability Benefits For Applications Received After June 30, 2015

For members who filed their disability application prior to July 1, 2015, the benefit structure in place at the time of application, including any family and surviving spouse benefits payable upon their subsequent death, will apply. All disability applications received in the SDRS office after June 30, 2015, will be considered under a revised benefit structure.

The disability benefit amount under the new structure is the greater of 25 percent of the member's final average compensation at the time of disability or the unreduced accrued retirement benefit at the time of disability. The disability benefit under this structure is payable for the member's lifetime with cost-of-living adjustments.

Survivor Benefits Including Family and Surviving Spouse Benefits

Survivor benefits for most member deaths occurring on and after July 1, 2015, are also revised. Under the new disability benefit structure described above, the family benefit

immediately available upon the death of a member drawing a disability benefit will be equal to the disability benefit the member was receiving at the time of the member's death. For vested members who die while actively employed or active members who die while performing usual job duties regardless of service length, the family benefit immediately available will be the greater of 25 percent of the member's final average compensation at the time of death or the member's unreduced accrued retirement benefit at the time of death. As each child reaches age 19, the family benefit is reallocated to the member's remaining eligible children. The family benefit ceases once all children reach age 19.

The amount of the surviving spouse benefit under this structure is dependent on whether a family benefit was paid. If a family benefit was paid, the spouse's benefit will be 60 percent of the family benefit paid at the time the family benefit ended, increased by the annual cost-of-living adjustment.

If no family benefit was paid, the amount of the surviving spouse benefit will be 60 percent of the deceased member's disability benefit under the new structure paid at the time of the member's death, increased by the annual cost-of-living adjustment. If no disability benefit was paid, the spouse's benefit will be the greater of 25 percent of the member's final average compensation at the time of the member's death, increased by the annual cost-of-living adjustment, or the member's unreduced accrued retirement benefit at the time of the member's death, increased by the annual cost-of-living adjustment.

The surviving spouse benefit is payable when the spouse reaches age 65; however, the spouse may elect to receive a reduced benefit as early as age 55 under the new early surviving spouse benefit provision.

SDRS-SRP Automatic Contribution Increases

Enacted during the 2015 Legislative Session, this law allows for automatic contribution increases for automatic enrollees of the SDRS Supplemental Retirement Plan (SRP). This new feature is available to all SDRS-participating employers. If an employer adopts the SDRS-SRP automatic increase feature, auto-enrolled participants of that employer will have the option to automatically increase SDRS-SRP contributions on an annual basis. The amount of increase is established at an additional \$10 contribution per month; however, an auto-enrolled participant may opt-out of the increase or elect a greater or lesser amount. Details are currently being discussed to offer a voluntary automatic increase feature to all SDRS-SRP participants. Questions regarding the SDRS-SRP and its features can be directed to the SDRS-SRP office in Pierre at 1-605-224-2230.

SDRS on the Road: Scheduled Events for July ~ September 2015

A complete schedule of SDRS events is available on the SDRS website, www.sdrs.sd.gov.

INDIVIDUAL RETIREMENT COUNSELING SCHEDULE

| DATE | LOCATION | ADDRESS | 30-MINUTE SESSION TIMES AVAILABLE |
|----------------|--|--------------------|-----------------------------------|
| 21 Jul 2015 | Mitchell, Highland Conference Center | 2000 Highland Way | 10:00 AM—8:00 PM |
| 29-30 Jul 2015 | Sioux Falls Schools, Holiday Inn City Centre | 100 W 8th Street | 2:00—8:00 PM/8:00 AM—8:00 PM |
| 04 Aug 2015 | Huron, Crossroads | 100 4th Street | 10:00 AM—8:00 PM |
| 11-12 Aug 2015 | Watertown, Event Center | 1901 9th Avenue SW | 2:00—8:00 PM/8:00 AM—8:00 PM |
| 26 Aug 2015 | Redfield, Senior Center | 728 Main Street | 2:00—8:00 PM |
| 01 Sep 2015 | Parker, Community Building | 299 N Main | 2:00—8:00 PM |
| 15-16 Sep 2015 | Brookings, Swiftel Center | 824 32nd Avenue | 2:00—8:00 PM/8:00 AM—8:00 PM |
| 22-23 Sep 2015 | Vermillion, Holiday Inn Express | 1200 N Dakota | 2:00—8:00 PM/8:00 AM—8:00 PM |

Planning for your retirement is important. If you are nearing retirement, call the SDRS office toll-free at 1-888-605-SDRS (7377) to schedule an appointment when retirement planners will be in your area. If you are unable to attend an individual counseling session when SDRS retirement planners will be near you, please call the SDRS office at your convenience to discuss your retirement plans via telephone.

PRE-RETIREMENT PLANNING WORKSHOPS & RETIREE FORUMS

| DATE | LOCATION | ADDRESS | TIME |
|-------------|------------------------|--------------|---|
| 18 Aug 2015 | Spearfish, Holiday Inn | I-90 Exit 14 | At Each Location Retiree Forums: 3:00—4:00 PM Pre-Retirement Workshops: 5:30—8:00 PM |

EARLY & MID-CAREER WORKSHOPS

| DATE | LOCATION | ADDRESS | TIME |
|-------------|---------------------------|-------------------|-------------------------|
| 09 Sep 2015 | Yankton, Kelly Inn | 1607 E Highway 50 | At Each Location |
| 29 Sep 2015 | Brookings, Swiftel Center | 824 32nd Avenue | 6:00—8:00 PM |

To register for a workshop or forum, visit www.sdrs.sd.gov or call 1-888-605-SDRS (7377).

SDRS Annual Cost-of-Living Adjustment Effective July 1, 2015: 3.1%

Eligible member benefit payments* will receive a 3.1 percent cost-of-living adjustment (COLA) effective with the July 2015 benefit payment. Benefit recipients will receive a letter from SDRS after July 15, 2015, that provides their new benefit payment amount.

* To be eligible for the COLA, a member cannot have been in covered employment during the previous fiscal year and the member must have received full benefit payments during the entire previous fiscal year period.

The information presented in Outlook is neither a legal reference nor a complete statement of South Dakota laws or administrative rules. In any conflict between this information and South Dakota laws or administrative rules, the laws and administrative rules shall prevail.

Outlook is produced to communicate the plan provisions, changes in law, and issues of interest to members of the South Dakota Retirement System. It is published with funds provided through the contributions of teachers, school boards, state government, state employees, county commissions, county employees, municipal governments, municipal employees, and other local units and employees. 48,700 copies of this document were printed on recycled paper by SDRS at a cost of \$0.082 per document.



South Dakota Retirement System

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Protecting Your Personal Information

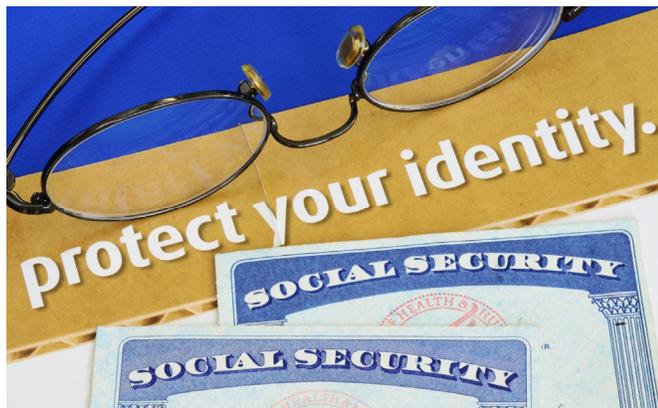
In this day and age, it is extremely important to safeguard your personal information, especially your Social Security number. The South Dakota Retirement System (SDRS) is diligent in protecting the personal information with which it has been entrusted. Your records are kept confidential and can only be released to you, with your authorization, or by court order. The security and protection of SDRS member information is extremely important and a high priority for SDRS.

It is important to note that SDRS requires certain personal information for proper administration of the system, including payment of SDRS benefits and federal income tax reporting of those payments. As such, it is necessary for SDRS to collect this information at your enrollment, at your retirement, and any time you experience a marital status or beneficiary change. Having your record complete with all the necessary personal information ensures prompt payment of SDRS benefits to you, as well

as your spouse or beneficiaries in the event of your death.

To assist in protecting personal information, SDRS assigns each member record a unique identifier, also called an SDRS ID, when the member is enrolled in the system. All SDRS IDs begin with the letter R and are followed with a six digit number (for example: R123456). You may use your SDRS ID in place of your Social Security number in your communications with SDRS, whether it be calling or emailing the office, completing forms, registering for SDRS events, or any other contacts with SDRS.

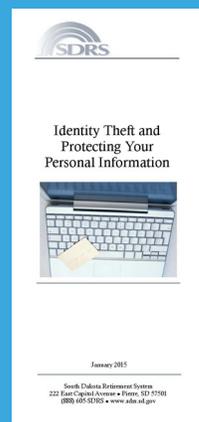
You may obtain your SDRS ID by referring to your annual Personal Benefits Statement, registering to use the secure MySDRS section of the SDRS website, www.sdrs.sd.gov, or calling the SDRS office toll-free at 1-888-605-SDRS (7377).



Tips to Reduce Your Risk of Identity Theft

There are many websites that provide valuable information to help you in your efforts to protect your personal information.

*In addition, SDRS has prepared a brochure with many tips and resources on this topic, available on the SDRS website—
www.sdrs.sd.gov.*



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