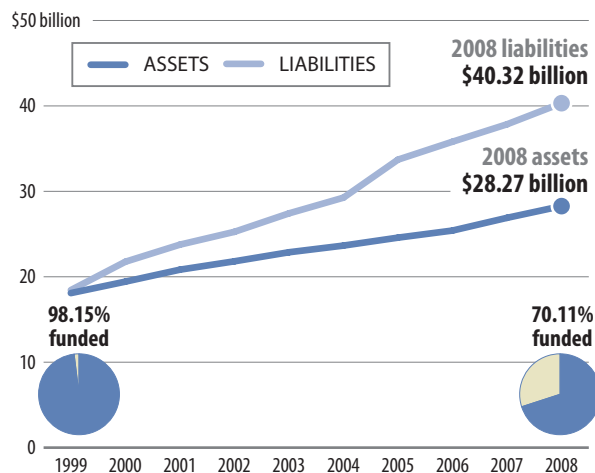


SOUTH CAROLINA'S management of its long-term pension liability is cause for serious concern and the state needs to improve how it handles its retiree health care and other benefit obligations. It has funded only 70 percent of its pension bill—below the 80 percent benchmark that the U.S. Government Accountability Office says is preferred by experts—and is facing an unfunded pension liability of \$12.1 billion. The state's funding level has been declining since 1999, when 98 percent of the bill was covered. In 2005, the state took steps to improve the governance of its pension investments by creating the South Carolina Retirement System Investment Commission. Meanwhile, South Carolina has set aside less than 2 percent of the long-term bill coming due for retiree health care and other benefits. The state passed legislation to establish the Long-Term Disability Trust Fund in 2008 and provide funding for the State Retiree Health Insurance Trust Fund by raising employer contribution rates.

PENSIONS, 1999 – 2008

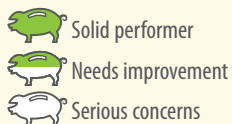
South Carolina's pension liabilities grew 119 percent between 1999 and 2008, outpacing assets, which grew only 56 percent.



Total Bill Coming Due:	\$40,318,436
Portion Unfunded:	\$12,052,684
Annual Required Contribution (ARC):	\$902,340
Percentage ARC Funded:	100.00%

Note: In thousands

 PENSIONS: SERIOUS CONCERNS

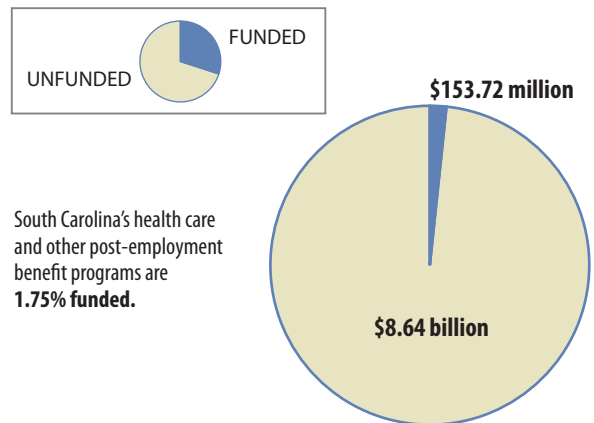


Our grades assess states on how well they manage their retirement obligations. Each state can earn up to four points for its pension plans: two points for a funding ratio of at least 80 percent; one for an unfunded liability below covered payroll; and one for paying an average of at least 90 percent of the ARC during the past five years. Solid Performer = 4 points. Needs Improvement = 2–3 points. Serious Concerns = 0–1 points. Grading for health care and other benefits is simpler because most states have only recently begun to fund and collect data on these liabilities. States are solid performers if they have set aside assets equal to at least 7.1 percent of their liabilities (the 50-state average), or they need improvement if they have contributed less.

For more details, read the full report at www.pewcenteronthestates.org/TrillionDollarGap.

HEALTH CARE & OTHER BENEFITS, 2007

Retiree health care and other benefits are 18 percent of South Carolina's total retirement bill but are 42 percent of the state's retirement funding shortfall.



South Carolina's health care and other post-employment benefit programs are **1.75% funded**.

Total Bill Coming Due:	\$8,791,792
Portion Unfunded:	\$8,638,076
Annual Required Contribution (ARC):	\$762,340
Percentage ARC Funded:	31.66%

Note: In thousands

 HEALTH CARE & OTHER BENEFITS: NEEDS IMPROVEMENT