

**South Dakota Department of Labor  
Employees' Retirement Board  
Meeting Minutes  
February 20, 2013**

The South Dakota Department of Labor Employees' Retirement board (ERB) met on February 20, 2013, with DDN locations in Aberdeen, Rapid City, Sioux Falls, and Custer.

**Members Present:** Bob Riter, Jason Dilges (CC), Pam Roberts, Mike O'Brien, Jim Fansler (DDN)

**Members Absent:** None

**Others Present:** Lyle Harter, Michael de Leon, Amber Mulder, Monica Harding, Derek Gustafson, Jenny Johnson, Jim Reeves

Chairman Riter called the meeting to order, and roll call was taken by Monica Harding. Bob Riter MOVED to approve the minutes from the November 6, 2012, ERB meeting as modified and was SECONDED by Mike O'Brien. MOTION CARRIED.

**Business: Public Hearing on Amendment No. 3**

*If Amendment 3 is approved:*

According to Lyle Harter, if Amendment 3 is passed, Amendment 1 & 2 will be null and voided and Amendment 3 will be incorporated as part of the plan. Principle will rewrite and reissue the Retirement Plan with no amendments.

Michael de Leon, Senior Manager, Deloitte Consulting explained the language of Amendment 3 so the board members and planned participants had a full understanding of the language of the amendment and the changes that would be implemented if the amendment was approved.

*Amendment 3 as explained by Michael de Leon*

Increases are granted if the plan is fully funded on the determination date (April 15) using annuity based assumptions. The amount of the COLA increases granted to retirees and beneficiaries are determined on the amount the plan can afford, up to a maximum of 3.5%.

The calculation of the COLA will be established by comparing data provided by the Actuary to the average assets for the Month of April. This comparison will provide the amount of the COLA to be awarded, if approved by the Board.

*Existing plan verses new plan:*

Under the current plan the COLA is set up to provide lesser of 4.5% or the annual percent change in CPI-W, but not less than 3.1%. However, there will be no increase in the amount of monthly retirement benefit payments if the total Plan's assets are less than the Plan's actuarial accrued liability for such year. Based on current assets it is

expected the Plan COLA would be 0% for the next several years. If Amendment 3 is passed as written with the most recent measurements, the COLA would be set at 1.3%, effective July 1, 2013. (The final measurement will not be official until after the average assets of April are calculated.)

Mike O'Brien MOVED to implement Amendment 3 to the South Dakota Department of Labor and Regulation Retirement Plan. SECONDED by Jim Fansler. MOTION CARRIED.

**New Business**

All information in regards to this hearing will be posted online as soon as available. Retiree members who are not yet registered for e-Alert, may do so by contacting Kathie Volk at 605.626.7652 ext. 4401.

In early May the board will meet again to take action on possible cost of living adjustments for July 1, 2013.

Pam Roberts MOVED to adjourn. SECONDED by Mike O'Brien. Motion Carried.