

### **SB 42: Optional Lump-Sum Payments for Cement Plant Employees**

**The state owned and operated cement plant was sold to a private entity in 2001 and the Cement Plant Retirement Fund (CPRF) for the employees was frozen at that time. A frozen retirement plan means that no new contributions are being made to the plan, but the benefit structure must be maintained for the eligible members of the plan. After the sale of the plant, the South Dakota Cement Plant Commission continued administration of the CPRF until the Legislature transferred the administration to SDRS in 2010.**

**Because the CPRF is a frozen plan, benefit payments are going out to cement plant annuitants, but no contributions are coming in. Over the last several years, the Legislature has appropriated funds to the CPRF to bring assets more in line with liabilities. SDRS, in its administrative capacity over the CPRF, was requested to examine the Cement Plant Retirement Plan to devise options for shortening the benefit stream for this frozen plan.**

**Many members of the Cement Plant Retirement Plan have accounts that are quite small and would yield a small monthly retirement benefit. Senate Bill 42 would offer vested members of the Cement Plant Retirement Plan who are not currently receiving monthly benefits the option to elect a lump-sum payment in lieu of monthly retirement benefits. Those members who choose the lump-sum payment option must roll the funds over into another eligible retirement plan; cash payments directly to the member would not be allowed. By offering the lump-sum payment, many of the Cement Plant Retirement Plan members may opt for this option rather than waiting a number of years for a small monthly benefit, thus relieving the administration of the CPRF and potentially shortening the benefit stream.**

**There is no actuarial impact on the South Dakota Retirement System related to this bill.**

## **SB 152: Governor Dugaard's Proposed Consolidation of the Cement Plant Retirement Plan into SDRS**

**During the Governor's Budget Address on December 3, 2013, Governor Dugaard brought forth a plan to fully fund the Cement Plant Retirement Plan and then consolidate it into SDRS. The SDRS Board of Trustees voted at its December 4, 2013, meeting to support legislation proposed by Governor Dugaard regarding consolidation of a fully-funded Cement Plant Retirement Plan into SDRS.**

**The Cement Plant Retirement Plan had a total membership of 337 members as of June 30, 2013. These members would remain under the existing benefit structures of the Cement Plant Retirement Plan, which are different than SDRS' benefit structure.**

**This proposal, if passed, would not bear any material actuarial impact to SDRS because the Cement Plant Retirement Fund would be fully funded prior to consolidation.**