





Teacher Pension Policy in South Dakota

For more information about South Dakota and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see www.nctq.org/statepolicy

South Dakota's pension system ratings

| | | |
|-----------------------|--|---|
| Sustainability | Pension system is stable and well funded. |  |
| Flexibility | Pension system is flexible and fair to all teachers. |  |
| Neutrality | Benefits accrue uniformly with each year of work. |  |
| Transparency | Teachers and the public have a clear depiction of the system's standing and future health. |  |

 fully meets goal  nearly meets goal  meets goal in part  meets a small part of goal  does not meet goal

Snapshot of South Dakota's pension system

| | |
|--|-----|
| Teacher pension system is well funded (at least 90%). | YES |
| Teachers have the option of a fully portable primary pension plan. | YES |
| Teachers vest in three years or less. | YES |
| Teachers leaving early can take at least a partial employer contribution with them. | YES |
| Teacher and employer contribution rates are reasonable. | YES |
| Retirement eligibility is based on age only. | NO |
| Pension benefits accrue in a way that treats each year of work uniformly. | YES |
| Future contributions required to fully amortize total pension debt are projected and reported. | N/A |
| Contributions required to fully amortize pension debt under different discount rates are reported. | N/A |
| The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible. | YES |
| The amount of retirement contributions that are normal costs and amortization are reported. | N/A |
| Individual teachers are provided with information that breaks out employee and employer contributions. | YES |
| Individual teachers are provided with information about how their benefits accrue over time. | NO |

South Dakota pension system characteristics

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|---|---|
| Type of plan | Defined benefit (DB) |
| Unfunded liabilities (percent of system funded)* | \$0 (100%) |
| Vesting period | 3 years |
| Teacher contribution rate (percent of salary) | 6% |
| Employer contribution rate (percent of salary) | 6% |
| Basis for retirement eligibility | Age and years of service |
| Cost-of-living adjustments | Linked to Consumer Price Index and system funding |
| Participation in Social Security | Yes |
| Contributions teachers may withdraw from plans if they leave after five years | Own plus 85% of employers plus interest |
| Policy for purchasing time for prior teaching or approved leave | Unlimited |

* For states in which teachers are part of a larger public employee system, the liabilities were adjusted to reflect an estimate of the percentage of teachers in the system

For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.