

**Retirement Road**

EES electronic payments, ending TERI,  
Class Three membership, returning to work,  
State ORP and the South Carolina Deferred  
Compensation Program

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***Covered Employer  
Procedures Manual***



- PEBA produces this manual to help employers administer retirement benefits. It covers:
  - Introduction;
  - Membership and enrollment;
  - Reporting processes;
  - Service purchase;
  - Death claims;
  - Leaving covered employment; and
  - Retirement annuities
- Find the manual at [www.peba.sc.gov/employers.html](http://www.peba.sc.gov/employers.html).

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**Electronic  
Employer Services  
(EES)**  
Electronic payments

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## EES electronic payments



- New secure submission feature:
  - Allows electronic submission of monthly and quarterly deposit forms and payments together.
  - Eliminates paper deposit forms and checks.
  - Allows employers to create, edit and submit deposit forms and payments through EES.
- Ability to set up and maintain bank accounts for payment processing.

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## Who can use EES electronic payments?



- Authorized EES users in agencies that do not report through the Comptroller General's payroll system, including:
  - Higher education;
  - Public schools; and
  - Local subdivisions.



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## How to sign up



- Complete *Employer Authorization Agreement* (Form 1286):
  - Each agency must complete this form.
  - PEBA will mail a confirmation letter once the form is complete.

Thumbnail of the Employer Authorization Agreement (Form 1286) form. The form includes fields for Agency Name, Employer Name, and Agency Address. It also contains several paragraphs of text regarding the terms of the EES electronic payments system and the responsibilities of the employer.

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## How to sign up

- Each user must complete *Electronic Employer Services (EES) Designated Agent Confidentiality Agreement (Form 6505)*.
- Every user who will submit electronic payments must complete an updated form.

The image shows a portion of the 'EES DESIGNATED AGENT CONFIDENTIALITY AGREEMENT' form. It includes fields for 'EMPLOYER INFORMATION' (Name, Address, City/State/Zip, Phone, Fax, Email) and 'DESIGNATED AGENT INFORMATION' (Name, Address, City/State/Zip, Phone, Fax, Email). There are also checkboxes for 'I am the Designated Agent' and 'I am not the Designated Agent'. A signature line and date field are at the bottom.

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## How to sign up

Check this box for the electronic payments feature.

The image shows a section of a form titled 'Authorization for access to the following systems is requested for this Designated Agent: (authorizing employees in each area gives them access to all functions, unless otherwise specified)'. It lists various system categories with checkboxes: Member Inquiry, Member Profile, READI (Benefit Estimates), Member Maintenance, Enrolment, Employer Reporting, Name and Address, Deposits, Quarterly Upload, Electronic Payments (non-CO employees only), Transaction Errors, Final Payroll Certification, Claims Financial Transactions, and Claims HR Transactions. A red arrow points to the 'Electronic Payments' checkbox.

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## How does it work?

- Payment scheduling allows for flexible date selection.
- Use multiple bank accounts if desired.
- Select open invoices for payment or credit on the quarterly deposit form.
- View status of submitted deposits and scheduled payments.
- Editing and deleting features are available.

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## Creating a payment method

- Payment methods created by authorized users:
  - Account name/nickname;
  - Bank account number; and
  - Bank routing number.

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## Scheduling a payment

- Once you enter figures for the monthly and/or quarterly deposit, you can schedule a payment.

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## Scheduling a payment

- Select a payment date up to 60 days in advance.
- Same day processing available if scheduled before 5 p.m. Monday to Friday.
- Full amount is required.
- Multiple bank accounts can be used.

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## Electronic payment benefits



- Secure, convenient, efficient and simple to use.
- Eliminates the requirement to mail paper deposit forms and checks, reducing delays.
- Allows flexible date selection for scheduling payments, ensuring timely remittance to PEBA.
- Allows user to view status of submitted deposits and scheduled payments.

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## PEBA's goals



- 100 percent participation, including all employers submitting payments electronically for monthly and quarterly deposits.
- Service Accounting will provide sign-up assistance.
- Provide timely and efficient processing of employer deposit information.

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## Questions



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## Ending the TERI program

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## Contributions and service credit during TERI



- During the TERI period, participants make tax-deferred contributions into their SCRS account. As of July 1, 2017, this is 9 percent of gross pay.
- TERI participants do not earn additional service credit or interest on their account.



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## TERI exclusions



- TERI participants are not eligible for SCRS disability retirement benefits.
- TERI participants cannot purchase service credit.
- Annual leave payments paid before ending TERI participation cannot be used in the benefit calculations.
- TERI participation may not continue after June 30, 2018.

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## Ending TERI participation



- TERI end packet.
- Requirement for employment termination.
- TERI account balance.
- Payments for unused annual leave.
- Returning to covered employment after TERI.
- Retiree group insurance.



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## Ending TERI participation



- TERI end date:
  - The end date occurs five years after the date of retirement, which is the start of TERI participation. It can be no later than June 30, 2018.
  - PEBA will mail a TERI end packet 90 days before the expected end date.
- Ending TERI early:
  - Participants may also choose to end TERI before their original end date.
  - They should notify their employer and contact PEBA.
  - Once notified, PEBA will mail a TERI end packet.

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## TERI end packet



- The packet includes the amount of the monthly SCRS benefit before taxes. It also gives the estimated TERI account balance.
- The monthly SCRS benefit is subject to change.
- The packet includes necessary forms.

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## TERI end packet



- TERI Payout Election Form (Form 7500):
  - Designate how to receive the TERI balance.
- Withholding Certificate for Monthly Annuity Benefit Payments (Form 7202):
  - Update tax withholdings for future monthly benefits, if needed.
  - This can be updated through Member Access.
- Direct Deposit Authorization (Form 7204):
  - Update direct deposit information for future monthly benefits, if needed.
  - Make updates through Member Access if desired.

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## Ending employment



- At the end of the TERI period, participants must end employment.
- Employers must certify the termination date to PEBA on the *TERI Termination Certification* in EES.
- When PEBA receives the employer certification, participants can begin receiving monthly benefit payments. They also receive their TERI account balances.

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## TERI account balance



- State law requires participants to receive their TERI account balances. Options include:
  - Single-sum payment;
  - Direct rollover; or
  - Partial rollover.
- Tax implications exist for these options.
- For financial advice or information on early withdrawal penalties, participants should check with a tax advisor, accountant, the IRS or the South Carolina Department of Revenue.

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### TERI account balance



- Single-sum payment:
  - Receive the entire balance of TERI account through direct deposit.
- Direct rollover:
  - Transfer the full taxable portion of TERI account into a qualified plan.
- Partial rollover:
  - Transfer any portion of tax-deferred amount of TERI account into a qualified plan.
  - The remaining balance is paid directly to the participant.

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### TERI rollovers to the Deferred Compensation Program



- Employees must have a 401(k) plan account before rolling funds into the Program.
  - Enrollment form is available at [www.southcarolinadcp.com](http://www.southcarolinadcp.com). Fax the completed form to 803.754.7661.
  - For assistance with completing the form, call 803.754.7997.
- The amount rolled in does not count towards the annual maximum contribution limit.
- Funds can be rolled into pretax option only.
- Funds are invested based on current investment elections unless otherwise requested by members. They can make a request through KeyTalk (877.457.6263) or online at [www.southcarolinadcp.com](http://www.southcarolinadcp.com).

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### Payments for unused annual leave



- Unused annual leave payments are not included in calculating a benefit during TERI.
- At the end of TERI, employers certify unused annual leave payments at termination to PEBA. This can include up to 45 days of unused annual leave.
- The monthly benefit is then recalculated.

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## Returning to covered employment after TERI



- Employment is not guaranteed.
- Retirees are subject to the rules governing return-to-work retired employees.
  - May be subject to a \$10,000 annual earnings limitation.
  - TERI participation for 30 days will meet the 30-day break in service requirement.
- Return-to-work retirees continue to contribute a tax-deferred percentage of gross pay. This is 9 percent as of July 1, 2017.

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## Retiree group insurance



- If a TERI participant is enrolled in the State Health Plan, he stays on active employee insurance.
- Participants eligible for retiree insurance must enroll within 31 days of ending TERI.
- Enroll with the Retiree Notice of Election form and Employment Verification Record.
- For more information, see Pages 162-166 of the 2017 Insurance Benefits Guide.

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## Important reminders



- Participants must complete the TERI Payout Election Form. (Form 7500).
- Participants must terminate employment at the end of TERI period.
- Employers must certify member termination date to PEBA. This must happen before members can receive monthly benefit payments and TERI distribution.
- State law requires participants to take TERI account.
- If eligible, members must enroll in retiree group insurance.

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## Class Three membership

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## Class Three membership

- Date of membership is July 1, 2012 or after.
- Eight years of earned service is required for a monthly benefit payment.



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## Class Three SCRS retirement eligibility

- Normal retirement (unreduced benefit):
  - Age 65 with at least eight years of earned service; or
  - Rule of 90 (age and years of service must add up to 90) with eight years of earned service.
  - Rule of 90 example: 56 year old member with at least 34 years of service would be eligible for retirement (56 + 34 = 90).
- Early retirement (reduced benefit):
  - Age 60 or older on the date of retirement with eight years of earned service.
  - A 5 percent reduction occurs for each year member retires before age 65.

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### Class Three PORS retirement eligibility



- At least 8 years of earned service; and
- Either 27 years of credited service or age 55.

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### Class Three average final compensation



- 20 highest consecutive quarters (5 years) of earnable compensation divided by 5.
- Earnable compensation does not include pay for overtime not mandated by the employer for SCRS.

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### Class Three unused leave



- Unused sick leave is not included in service credit.
- Annual leave payouts are not included in the AFC.
- Retirement contributions should not be withheld from annual leave payouts.

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### Class Three service purchase

- A Class Three member will revert to Class Two membership if he purchases:
  - Any withdrawn service rendered before July 1, 2012; or
  - Any State ORP participation from before July 1, 2012.

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### Retiree return-to-work rules

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### Working retirees

- Retirees may return to covered employment with no effect on their monthly benefit if:
  - They have been retired for at least 30 consecutive calendar days before returning to covered employment; and
  - They earn no more than \$10,000 a year in their covered employment.
- Employers must withhold and remit employee and employer contributions on wages for these employees.
- These employees do not receive additional service credit or interest.

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## Return-to-work hire dates



- Submit accurate return-to-work dates immediately when hiring a retired member.
  - Use the Employed Retirees – Return to Work Entry in EES.
  - Include the date of hire and estimated monthly salary.
- PEBA proactively monitors the required 30-day break in service requirement and the earnings limit.
- Delinquent return-to-work dates can result in overpayments of retiree benefits.

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## Return-to-work information entry



### Return to Work Entry

**Entering Return to Work Dates**  
Key the working retiree's Social Security Number and the first four letters of the last name (omit hyphens and apostrophes). Click "Continue"

SSN:

Last Name:

**DISCLAIMER:**  
This EES function is to notify the Retirement System of a retired member returning to covered employment. The individual must be retired from SERS, which includes participants in the TERP program, or PORS. A retired member that returns to work with a covered employer must make the same member contributions as an active member. The employer must also make the same employer contributions for a retiree that returns to employment as they make for an active employee. By pressing the continue button, I certify that the information I am providing is true and correct to the best of my knowledge and belief.

Or Click to return to Main Menu

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## Return-to-work information entry



### Return to Work Entry

**Entering Return to Work Dates**  
Members who have retired from covered employment, satisfied the 30 day break in service requirement and have subsequently been re-employed by a covered employer, must submit a return to work date. If after the most recent return to work date a retiree has one or more quarters without reported contributions, then a new date will be required indicating the retiree's most current date of re-employment. Employees entering dates here will clear errors from their error transaction list.

**Retirees who have ended TERP and returned to work**  
A new Return to Work date must be entered when a TERP participant ends TERP and returns to work for a covered employer. The new date must be after the TERP end date.

**RETIREE NAME** SSN: XXX-XX-1234

Address: **123 MAIN ST  
COLUMBIA SC 29201**

Return to Work Date:  (mm-dd-yyyy)

Employer:

System:

Monthly Salary:

Elective Officer? Yes  No

Appointed Position? Yes  No

Or Click to return to Main Menu

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### 30-day break in service requirement



- For retirees who return to work sooner than 30 days after their date of retirement:
  - Benefits become suspended;
  - PEBA notifies the retiree by phone that benefits are suspended;
  - PEBA notifies the retiree in writing; and
  - PEBA works with the retiree and employer to ensure the employee meets the break in service requirement.
- Exemptions:
  - TERI participation counts toward the 30 days of retirement.
  - Elected officials are exempt.

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### \$10,000 earnings limit



- Retirees may earn more than \$10,000 in a calendar year in covered employment. If they do so, retirement benefits will be suspended for the remainder of calendar year.
- Once suspended, benefits will be reinstated if PEBA is notified of termination.

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### \$10,000 earnings limit



- Monthly salary estimates from employers allow PEBA to project when a retiree may exceed the limit.
- PEBA notifies employers in writing that benefits will become suspended. The letter requests correction if an error exists.
- PEBA then notifies the retiree in writing that benefits will become suspended. The letter asks the retiree to contact his employer if an error exists.

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### Exemptions to the \$10,000 earnings limit



- Those who retired before January 2, 2013.
- Those age 62 at date of retirement (SCRS).
- Those age 57 at date of retirement (PORS).
- Earnings from employment during TERI participation.
- Appointment by the Governor and confirmed by Senate.
- Appointment or election by the General Assembly.
- Elected by the qualified electors of the applicable jurisdiction.
- Teaching in a critical academic need area or geographical need area. The State Department of Education designates such areas.

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### Critical need area exemption (S.C. Code Ann 9-1-1795)



- The Department of Education must review and approve, from the documentation provided by the school district, that:
  - No qualified, non-retired member is available for employment in the position; and
  - The certified teacher is teaching in a critical academic need area or a geographic need area as defined by the State Board of Education; or
  - The retired certified school teacher or certified employee is employed in a school or school district that has received a "below average" or "unsatisfactory" academic performance rating pursuant to the Education Accountability Act.
- After the State Department of Education gives approval, school districts must notify PEBA of the exemption using the *Assurance Form for Meeting the Requirements to Employ Retired Individuals*.

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### Critical need area exemption (S.C. Code Ann 9-1-1795)



- Find the *Assurance Form* at [www.ed.sc.gov](http://www.ed.sc.gov).
  - Select Finance.
  - Select Financial Services.
  - Select appropriate school year under Information, Memos and Forms.

<p style="text-align: center;"><b>ASSURANCE FORM</b></p> <p style="text-align: center;">for Meeting the Requirements to Employ Retired Individuals Pursuant to S.C. Code Ann. § 9-1-1795 (Supp. 2012)</p> <p><b>(Applies only to individuals that retired after 01/01/2013 or did not reach the age of 62 at retirement)</b></p> <p style="text-align: center;">SCHOOL YEAR: <u>2017-2018</u></p>	<p style="text-align: center;"><b>RETURN THE COMPLETED FORM TO</b></p> <p style="text-align: center;">Nancy W. Williams, CFO State Department of Education 1429 Senate Street, Room 308-B Columbia, South Carolina 29201 Or Email: <a href="mailto:nwilliams@ed.sc.gov">nwilliams@ed.sc.gov</a></p>
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**State Optional Retirement Program**  
(State ORP)

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**State ORP enrollment feed**

- This information is effective for enrollments received on or after July 1, 2017. Details from electronic enrollment (or Form 1100) are sent to service providers, including:
  - Name and address;
  - Social Security number;
  - Gender;
  - Date of birth and hire date;
  - Email address; and
  - Annual salary.
- You no longer need to provide Form 1100 to service providers. If you complete enrollment in EES, or you are a state agency on the Comptroller General's payroll, you do not need to send Form 1100 to PEBA either.

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**New State ORP enrollment process**

- Employer begins enrollment in EES. State agencies on the Comptroller General's payroll do not have this option.
- Employee selects State ORP and chooses service provider.
- Employer completes enrollment in EES.
- Enrollment details sent by PEBA to selected service provider.
- Service provider contacts employee to complete enrollment process. This includes beneficiary designation for State ORP account and investment elections.

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## New State ORP enrollment process



- If incidental death benefit coverage is provided:
  - Employee must complete Form 1106 (*State ORP Active Incidental Death Benefit Beneficiary*).
- Form 1106 should then be forwarded to PEBA.

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## Distribution rules reminder



- Distributable events, according to the *Plan Document* include:
  - Separation from covered employment;
  - Attainment of age 59½; and
  - Death.
- Participants may not take a distribution if they are actively participating in SCRS. An exception exists if they roll funds over for purchase of service credits.
- Participants are allowed to take a distribution if over age 59½ while still actively employed.
- Loans and hardship distributions are not available.

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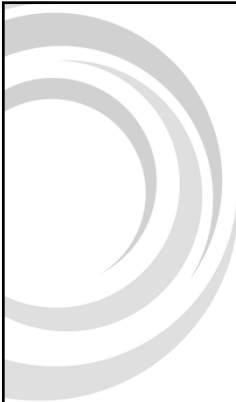
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## S.C. Deferred Compensation Program



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## Exit packet now available

- Contains:
  - Stick with the Program flyer;
  - Investing together flyer;
  - Distribution options flyer; and
  - Annual leave payout form.
- Packet is available at [www.southcarolinadcp.com](http://www.southcarolinadcp.com) on the Employer page.



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## Employer reference guide

- Updated in August 2017.
- Available at [www.southcarolinadcp.com](http://www.southcarolinadcp.com) on the Employer page.



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## New Program website for participants and employers

- Enhanced participant experience includes:
  - Mobile app access;
  - Financial wellness tools;
  - Peer comparisons;
  - One click adjustments;
  - Online enrollment; and
  - Online distribution options.
- New site will launch late October 2017.



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## Retirement Road summary



- EES electronic payments.
- Ending the TERI program.
- Class Three membership.
- Returning to work.
- State ORP.
- South Carolina Deferred Compensation.

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## Disclaimer



This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

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