

# Get Set for Retirement: Retirement

Fiscal year 2021  
Preretirement

---

---

---

---

---

---

---

---

1

### Critical decision-making time

- When can I retire?
- When should I retire?
- Do I plan to work after retirement?
- When will I begin drawing Social Security?
- How will healthcare costs impact my retirement?
- Am I mentally and financially ready?

*Be Aware and Prepare* 2

---

---

---

---

---

---

---

---

2

### Today's topics

- In-service death benefits.
- Disability retirement eligibility.
- Leaving before retirement eligibility.
- Service retirement.
- Payment options.
- Purchasing service.
- Applying for retirement.
- Post-retirement information.
- State ORP.
- State Health Plan retiree insurance.
- Retirement resources.
- Emotionally preparing for retirement.

*Be Aware and Prepare* 3

---

---

---

---

---

---

---

---

3

## Retirement plans

- Defined benefit plans:
  - South Carolina Retirement System (SCRS).
  - Police Officers Retirement System (PORS).
  - Offer lifetime retirement benefit, disability and death benefits.
- Defined contribution plan:
  - State Optional Retirement Program (State ORP).
  - Benefit is balance in participant's account.
  - Offers some death benefits.
- Voluntary, supplemental retirement savings plans through the South Carolina Deferred Compensation Program.

4

---

---

---

---

---

---

---

---

---

---

## SCRS, PORS membership classes

- Class Two: earned service began prior to July 1, 2012.
- Class Three: earned service began on or after July 1, 2012.
- Membership class affects:
  - Service retirement eligibility;
  - Average final compensation calculation; and
  - Credit for unused leave at retirement.

5

---

---

---

---

---

---

---

---

---

---

## In-service death benefits

6

---

---

---

---

---

---

---

---

---

---

**Active member incidental death benefit**

- For SCRS, PORS and State ORP:
  - State agencies, public higher education institutions and public school districts are required to offer this coverage.
  - Optional employers must elect to offer this coverage.
  - Must have at least one year of earned service unless death results from job-related injury.
  - A payment equal to your current annual earnable compensation will be paid to your beneficiary if you die in service.
  - Also applies to return-to-work retirees.

7

---

---

---

---

---

---

---

---

---

---

**SCRS and PORS | Refund of contributions or monthly benefit**

- If you die in service as an active member, your beneficiary may be entitled to receive:
  - A refund of your contributions plus the interest earned on your account; or
  - A monthly benefit if:
    - You are a Class Two member with at least five years of earned service credit or a Class Three member with at least eight years of earned service credit, and you have either 15 years of total service credit or are at least age 60 (SCRS) or age 55 (PORS) at time of death.

8

---

---

---

---

---

---

---

---

---

---

**PORS Accidental Death Program**

- State agencies, public higher education institutions and public school districts are required to offer this coverage.
- Optional employers must elect to offer this coverage.
- Provides a survivor benefit if employer is covered and your death is result of a job-related injury.
- Paid monthly to surviving spouse, children or parents.

9

---

---

---

---

---

---

---

---

---

---

**State ORP in-service death benefit**

- If you die in service as an active State ORP participant, the beneficiary you designated with your selected service provider may be entitled to receive the cash value of your account from your service provider through:
  - Periodic withdrawals;
  - Lump-sum distributions; or
  - Purchase of an annuity with the account balance.
- Your beneficiary must file a claim with your provider.

10

---

---

---

---

---

---

---

---

**Disability retirement**

SCRS, PORS only

11

---

---

---

---

---

---

---

---

**Disability retirement eligibility**

- Must be in service with covered employer, meaning you:
  - Are not yet retired (or for SCRS, have not been retired for more than one year); and
  - Were on payroll less than one year ago.
- Unless injury is job-related, you must have:
  - Five years earned service if Class Two.
  - Eight years earned service if Class Three.

12

---

---

---

---

---

---

---

---

### Disability retirement eligibility

- Must apply within one year of date of termination from covered employer.
- For SCRS, must be approved for a disability benefit by the Social Security Administration.
  - Do not wait for approval from the Social Security Administration to apply.
- For PORS, must be found permanently disabled from performing your job duties by the PORS medical board composed of three physicians.

13

---

---

---

---

---

---

---

---

### Leaving before retirement eligibility

Requesting a refund or leaving funds on deposit

14

---

---

---

---

---

---

---

---

### Requesting a refund from your SCRS, PORS account

- Give up your right to any future service or disability retirement benefit.
- Can generally roll over taxable portion into eligible retirement plan.
- If you do not roll over refund, taxable portion may be:
  - Subject to taxes; and
  - Subject to additional tax penalty if younger than age 59½.
- Consult with tax advisor for more information.

15

---

---

---

---

---

---

---

---

**Leaving funds in your SCRS, PORS retirement account**

- Account earns 4 percent interest annually until account becomes inactive.
- Can request refund later.
- If leaving employment with enough earned service, can apply for retirement benefit once age requirement is met.
- If returning to covered employment later, can resume making contributions and earning service credit.
- IRS requires annual minimum distributions beginning at age 72.

16

---

---

---

---

---

---

---

---

**Leaving funds in your State ORP account**

- Can leave your funds in your State ORP account until choosing to take withdrawals.
  - If under age 59½, must separate from all covered employment before taking a withdrawal.
- Your account balance may:
  - Increase from investment earnings; or
  - Decline from investment losses.
- Can generally roll over into eligible retirement savings account.
- IRS requires annual minimum distributions beginning at age 72.

17

---

---

---

---

---

---

---

---

**Service retirement**

SCRS, PORS only

18

---

---

---

---

---

---

---

---

### SCRS Class Two retirement eligibility

- Must have five years of earned service.
- For an unreduced monthly retirement benefit, you:
  - Must have at least 28 years of service; or
  - Be age 65 or older.
- For a reduced monthly retirement benefit, you:
  - Must be age 60 (permanent 5 percent reduction for each year before age 65); or
  - Must be age 55 with 25 years of service (permanent 4 percent reduction for each year of service less than 28).

19

---

---

---

---

---

---

---

---

---

---

### PORS Class Two retirement eligibility

- Must have five years of earned service.
- For a monthly retirement benefit, you must:
  - Have at least 25 years of service; or
  - Be age 55 or older.

20

---

---

---

---

---

---

---

---

---

---

### SCRS Class Three retirement eligibility

- Must have eight years of earned service.
- For an unreduced monthly retirement benefit, you must:
  - Meet the Rule of 90 (age and years of service add up to at least 90); or
  - Be age 65 or older.
- For a reduced monthly retirement benefit, you must be age 60 (permanently reduced 5 percent for each year of age less than 65).
- Rule of 90 example: 56-year-old member with at least 34 years of service would be eligible for retirement ( $56 + 34 = 90$ ).

21

---

---

---

---

---

---

---

---

---

---

### PORS Class Three retirement eligibility

- Must have eight years of earned service.
- For a monthly retirement benefit, you must:
  - Have at least 27 years of service; or
  - Be age 55 or older.

22

---

---

---

---

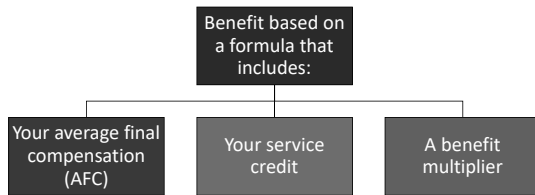
---

---

---

---

### SCRS, PORS service retirement monthly benefit



23

---

---

---

---

---

---

---

---

### SCRS, PORS Class Two AFC calculation

- AFC includes your 12 highest consecutive quarters of earnable compensation and termination payment for up to 45 days of unused annual leave divided by 3.
- Up to 90 days unused sick leave at retirement added to service credit.

24

---

---

---

---

---

---

---

---



### SCRS, PORS Class Three AFC calculation

- AFC includes 20 highest consecutive quarters of earnable compensation divided by 5.
- AFC does not include unused annual leave payouts.
- No unused sick leave added to service credit.

25

---

---

---

---

---

---

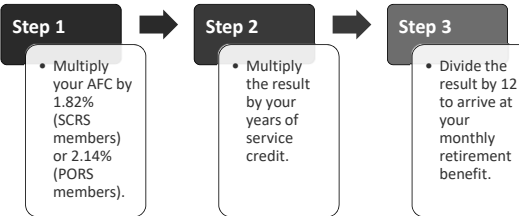
---

---

---

---

### Monthly benefit calculation<sup>1</sup>



<sup>1</sup>Early retirement reductions will apply for SCRS members who retire before reaching eligibility for an unreduced monthly retirement benefit. Reduction applies when choosing joint retiree/survivor payment plan.

26

---

---

---

---

---

---

---

---

---

---

### Class Two SCRS, PORS Option A example

	AFC = \$30,000	
<b>SCRS</b>	$\$30,000 \times 1.82\% =$	\$546.00
	$\$546 \times 28 \text{ years} =$	\$15,288.00
	$\$15,288 \div 12 =$	<b>\$1,274.00</b>
<b>PORS</b>	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 25 \text{ years} =$	\$16,050.00
	$\$16,050 \div 12 =$	<b>\$1,337.50</b>

- Early retirement reductions will apply to SCRS members who retire before reaching eligibility for an unreduced benefit.
- Reduction factors will apply to members who select a joint retiree/survivor payment option.

27

---

---

---

---

---

---

---

---

---

---

### Class Three SCRS, PORS Option A example

	AFC = \$30,000	
SCRS	$\$30,000 \times 1.82\% =$	\$546.00
	$\$546 \times 30 \text{ years} =$	\$16,380.00
	$\$16,380 \div 12 =$	<b>\$1,365.00</b>
PORS	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 27 \text{ years} =$	\$17,334.00
	$\$17,334 \div 12 =$	<b>\$1,444.50</b>

- Early retirement reductions will apply to SCRS members who retire before reaching eligibility for an unreduced benefit.
- Reduction factors will apply to members who select a joint retiree/survivor payment option.

28

---

---

---

---

---

---

---

---

### SCRS, PORS benefit estimates

- Create a benefit estimate in Member Access using:
  - Your retirement account data;
  - Your potential AFC; and
  - A selected retirement date.
- Request one from your employer.
- Request one from PEBA by phone, email or in person.

29

---

---

---

---

---

---

---

---

### Using your benefit estimate

- Determine whether you want to buy service credit.
- Help choose your retirement date.
- Decide whether you want to provide a survivor benefit.

30

---

---

---

---

---

---

---

---

**Purchasing service**

SCRS, PORS

*Be Aware and Prepare* 31

---

---

---

---

---

---

---

---

31

**Purchasing service credit**

- Active members may establish additional service credit by:
  - Purchasing qualified service;
  - Restoring previously withdrawn service or transferring eligible SCRS service to PORS service; and
  - Buying up to five years of non-qualified service.
- May establish each type of service credit once within a fiscal year.
- Must meet eligibility requirements for each type.
- Cost is actuarially-neutral cost based on your age, service credit, and current or career highest fiscal year salary.
  - Three payment options available.
- All service purchases must be completed before leaving employment.
- Submit a request online through [Member Access](#).

*Be Aware and Prepare* 32

---

---

---

---

---

---

---

---

32

**Service types**

- Public service.
- Educational service (K-12).
- Military service.
- Employer-approved leave of absence.
- State ORP service.
- Previously withdrawn service.
- Transfer from SCRS to PORS.
- Workers' compensation.
- Non-qualified service (up to five years).

*Be Aware and Prepare* 33

---

---

---

---

---

---

---

---

33

**Applying for retirement**

SCRS, PORS

Be Aware and Prepare 34

---

---

---

---

---

---

---

---

34

**When to apply**

- Application is required; process is not automatic.
- May apply up to six months prior to retirement date.
- Must apply no later than 90 days after retirement date.

Be Aware and Prepare 35

---

---

---

---

---

---

---

---

35

**How to apply**

- Apply online and upload required documents through Member Access.
  - Paper forms are available, if needed.
  - Allow additional time for receipt of and processing paper forms.
- Refer to Retiring Member's Service Application Checklist (Form 6302).
- Do not terminate employment until PEBA provides official notice of your retirement eligibility.

Be Aware and Prepare 36

---

---

---

---

---

---

---

---

36

**Required documentation**

- Required documentation:
  - Copy of your birth certificate;
  - Copy of your driver's license or state-issued ID card; and
  - Copy of your beneficiaries' birth certificates, if choosing survivor option.
- Upload documents in Member Access.

*Be Aware and Prepare* 37

---

---

---

---

---

---

---

---

37

**Payment options**

SCRS, PORS

*Be Aware and Prepare* 38

---

---

---

---

---

---

---

---

38

**SCRS, PORS monthly payment plan options**

<p><b>Option A</b></p> <ul style="list-style-type: none"> <li>• Maximum benefit.</li> <li>• Retiree-only payment.</li> </ul>	<p><b>Option B</b></p> <ul style="list-style-type: none"> <li>• 100%-100% joint retiree-survivor payment.</li> <li>• Non-spousal restrictions may apply.</li> </ul>	<p><b>Option C</b></p> <ul style="list-style-type: none"> <li>• 100%-50% joint retiree-survivor payment.</li> </ul>
--	---	---

*Be Aware and Prepare* 39

---

---

---

---

---

---

---

---

39

### Changing your payment option after retirement

- If you have a change in marital status, you may select a new payment option or change your beneficiary for a survivorship payment option within five years of the change.
- You can change your form of payment only twice, regardless of how many qualifying events occur.
- If you choose Options B or C and all of your beneficiaries die before you:
  - Your benefit reverts to Option A.
  - The change is effective the month after the date last beneficiary dies.
  - You must notify PEBA of your beneficiary's death.

40

---

---

---

---

---

---

---

---

### Post-retirement information

41

---

---

---

---

---

---

---

---

### SCRS, PORS benefit adjustments

- Each July 1, current law provides for a one percent benefit adjustment up to an annual maximum of \$500.
- Adjustment becomes effective on the second July 1 after retirement date.

42

---

---

---

---

---

---

---

---

### Retiree incidental death benefit

Benefit	SCRS service credit	PORS service credit
\$2,000	10-19 years	10-19 years
\$4,000	20-27 years	Class Two: 20-24 years Class Three: 20-26 years
\$6,000	28 or more years	Class Two: 25 or more years Class Three: 27 or more years

43

---

---

---

---

---

---

---

---

---

---

### Returning to covered employment

- You must have a complete, bona fide severance or termination from covered employment to retire under SCRS or PORS.
- Your SCRS or PORS retirement benefit will be suspended if you return to covered employment sooner than 30 consecutive calendar days after your retirement date.
- You will contribute the same percentage of earnable compensation as active members.
- Return-to-work state employees are at-will.

44

---

---

---

---

---

---

---

---

---

---

### SCRS, PORS service retirement earnings limitation

- Once you earn more than \$10,000 in a calendar year from covered employment, your retirement benefit stops for the remainder of the year.
- Your retirement benefit will be reinstated the next January.

45

---

---

---

---

---

---

---

---

---

---

**SCRS, PORS service retirement earnings limitation exceptions**

- Earnings limitation does not apply to:
  - Members who retired after age 62 (SCRS) or age 57 (PORS);
  - Members who retired before January 2, 2013;
  - Teachers who meet critical needs exemption as determined by the S.C. Department of Education;
  - Certain appointed or elected officials; and
  - Certain PORS retirees who return to work as critical needs school resource officers.

46

---

---

---

---

---

---

---

---

**State ORP**

47

---

---

---

---

---

---

---

---

**State ORP**

- State ORP does not have retirement eligibility requirements like SCRS or PORS.
  - You can request a distribution of your account balance either at termination of covered employment or after age 59½.
  - You may leave your funds in your State ORP account until you elect to receive them.
- IRS requires annual minimum distributions beginning at age 72.

48

---

---

---

---

---

---

---

---



### State ORP participants

- Your benefit is based on your account balance at retirement.
  - Any fees, distributions, and investment gains or losses will affect this balance.
  - Potential federal tax penalties for distribution prior to age 59½.
- If you continue to or return to work for a covered employer, you will continue to contribute to your account as an active participant in State ORP.

49

---

---

---

---

---

---

---

---

### State Health Plan retiree insurance

50

---

---

---

---

---

---

---

---

### State Health Plan retiree insurance coverage

- Eligibility for retiree insurance is different than eligibility for a retirement benefit.
- Must meet certain eligibility requirements to continue insurance coverage in retirement.
- Changing jobs could affect your eligibility for funding.
- Rules differ based on whether you were in an insurance-eligible position before May 2, 2008.
- Insurance is a major retirement cost.
- Former employer may fund portion of premiums.
- Refer to the [\*Insurance Benefits Guide\*](#) for more information.

51

---

---

---

---

---

---

---

---

### Verifying your retiree insurance eligibility

- Only PEBA can verify your eligibility for retiree insurance.
  - Do not terminate employment until you have official notice of your insurance eligibility.
- Submit an Employment Verification Record.
- Check out the retiree insurance eligibility flyers:
  - For members who work for a state agency, state institution of higher education or public school district.
  - For members who work for optional employers, such as county government and municipalities.

52

---

---

---

---

---

---

---

---

### Retirement resources

53

---

---

---

---

---

---

---

---

### PEBA website

- peba.sc.gov:
  - Be Aware and Prepare: Presentations and videos for retirement awareness and planning basics.
  - Retirement plan member handbooks: Details about your plan and its benefits.
  - Navigating Your Benefits: Simple explanations of insurance and retirement benefits.
  - PEBA TV: YouTube channel with even more videos available.

54

---

---

---

---

---

---

---

---

## Member Access

- To register for and use Member Access, you will need:
  - Last name;
  - Social Security number;
  - Date of birth; and
  - A valid email address.
- If you're retired, you'll also need the net or gross amount of one of your most recent monthly retirement benefit payments.



55

---

---

---

---

---

---

---

---

---

---

## Member Access features for SCRS, PORS members

- View your account and service credit statement.
- Review and update your beneficiary designations.
- Estimate your benefit amount.
- Update your address and contact information.
- Calculate service purchase cost estimate and submit service purchase request.
- Apply for retirement or refund.
- Update your direct deposit account or add an additional account.
- View monthly benefit payment history and obtain IRS Form 1099-R.
- View and change tax withholdings.
- Manage your Retirement Account with Member Access flyer.

56

---

---

---

---

---

---

---

---

---

---

## Member Access features for State ORP participants

- Link to your State ORP service provider's website.
- Review and update your PEBA incidental death beneficiaries.
- Update your address and contact information with PEBA.
  - Must update this information separately with your service provider.
- Receive messages regarding State ORP open enrollment (January 1 to March 1).
  - Change your State ORP service provider.
  - Make an irrevocable election to switch to SCRS, if eligible.

57

---

---

---

---

---

---

---

---

---

---

**Emotionally preparing for retirement**

Retirement is a major life event

*Be Aware and Prepare* 58

---

---

---

---

---

---

---

---

58

**Emotional preparedness**

- Most major life-changing events, such as marriage or divorce, involve an ongoing process of emotional adjustment.
- Retirement is no exception.
- The emotional and psychological aspects of retirement have remained largely unexplored until recently.

*Be Aware and Prepare* 59

---

---

---

---

---

---

---

---

59

**Six stages of retirement process<sup>1</sup>**

```
graph TD; A[Preretirement: Planning] --> B[The big day: Smiles, handshakes and farewells]; B --> C[Honeymoon phase: I'm free!]; C --> D[Disenchantment: So this is it?]; D --> E[Reorientation: Building a new identity]; E --> F[Routine: Moving on]; F --> A;
```

<sup>1</sup> <https://www.investopedia.com/articles/retirement/07/sixstages.asp>

*Be Aware and Prepare* 60

---

---

---

---

---

---

---

---

60

**Get in touch with PEBA**

- Contact us:
  - [peba.sc.gov/contact](http://peba.sc.gov/contact).
  - 803.737.6800 or 888.260.9430.
- Visit us:
  - 202 Arbor Lake Drive  
Columbia, SC 29223

*Be Aware and Prepare* 61

---

---

---

---

---



---



---


---

61

**Get social with PEBA**

 [SCPEBA](#)     
  [s.c.peba](#)

 [SCPEBA](#)     
  [PEBA TV](#)

 [South Carolina Public Employee Benefit Authority](#)

*Be Aware and Prepare* 62

---

---

---

---

---

---

---

---

62

**Financial disclaimer**

Personal finance, as the name implies, is a highly individualized and personal matter. The information provided in these presentations is general educational information provided to illustrate certain financial ideas and concepts. This information does not take into account your personal situation and should not be considered personal financial or investment advice. In reviewing this video, you should consider whether the information presented is appropriate for your particular needs and, where appropriate, you may wish to seek advice from a financial professional to determine what is best for your individual financial circumstances. PEBA does not make any guarantee or other promise as to any results that may be obtained from using the content of this presentation.

*Be Aware and Prepare* 63

---

---

---

---

---

---

---

---

63

**Disclaimer**

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. 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.

---

---

---

---

---

---

---

---