
 **PEBA Academy**

**Introduction:
defined benefit plans**

Retirement Benefits Training
Fiscal year 2026

**PEBA**
SC Retirement System
and State Health Plan

Serving those who serve South Carolina

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Who can participate?

- South Carolina Retirement System (SCRS).
 - Available to employees of:
 - State agencies;
 - Public school districts;
 - Public higher education institutions;
 - Participating charter schools; and
 - Participating optional employers, such as local subdivisions of government.
- Probate judges may choose SCRS or PORS.
- Police Officers Retirement System (PORS).
 - Available to employees of participating employers who serve as:
 - Police officers and peace officers;
 - Firefighters;
 - Coroners and deputy coroners; and
 - Magistrates.
 - Must meet eligibility requirements.

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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.

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Defined benefit plan features and limitations

Features

☒ Lifetime monthly benefit.

☒ Disability protection and incidental death benefit.

☒ Benefit adjustments (under current law).
Each July 1, eligible retirees receive a 1% benefit adjustment, up to a \$500 annual maximum.

☒ Survivor benefit options available.

Limitations

☒ Refunds do not include employer contributions.

☒ No member control of investment decisions.

☒ Benefit permanently reduced for early retirement.

☒ Benefit adjustments not connected to inflation or investment performance.

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Defined benefit plan funding

Employers contribute a percentage of total payroll for each employee.

Employees contribute a pretax percentage of their salary.

Investment returns critical to funding.

S.C. Retirement System Investment Commission pools trust funds and invests them (www.rsic.sc.gov).

No provisions for hardship or to borrow against account while actively employed.

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Fiscal year 2026 employer contribution rates

Effective for all wages paid on and after July 1, 2025.

Retirement plan	Employer contribution	Incidental death benefit contribution ¹	Accidental death contribution ¹	Total employer rate	Insurance surcharge ¹
SCRS	18.41%	0.15%	N/A	18.56%	6.35%
State ORP ²	18.41%	0.15%	N/A	18.56%	6.35%
PORS	20.84%	0.20%	0.20%	21.24%	6.35%

¹Rates are applicable only to employers covered under these programs.

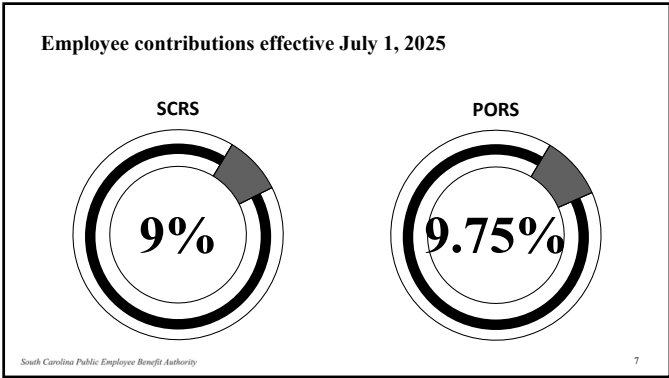
²For State ORP participants, 5% of the employer contribution is remitted directly to the participant's State ORP service provider.

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Setting contribution rates

- Actuary studies issues, including:
 - Economic assumptions, such as investment return;
 - Demographic assumptions, such as member longevity; and
 - Actuarial methods and policies.
- S.C. General Assembly sets retirement system rules, including contribution rates.
- PEBA required to hire actuary, who:
 - Conducts annual actuarial valuations;
 - Completes experience study every four years; and
 - Develops fiscal impact statements.

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Funding period and contribution rates

- Funding period indicates amount of time needed to pay unfunded liability.
- Act 13 of 2017:
 - Gradually reduces the maximum funding period from 30 years to 20 years by July 1, 2027;
 - Set a schedule of employer contribution rate increases; and
 - Increased and capped employee contribution rates.

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Past pension reform legislation

- The S.C. General Assembly passed two sets of pension legislation:
 - Benefit reform, also known as Act 278, in 2012.
 - Funding reform, also known as the Retirement System Funding and Administration Act of 2017.
- View the *Past Pension Reform Legislation* flyer.

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