


peba academy 

Leaving covered employment: requesting a refund

Retirement Benefits Training
Fiscal year 2023

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Requesting SCRS, PORS refund

- Member must terminate employment from all covered employers and correlated systems.
- Minimum 90-day waiting period from termination date before refund issued.
- Employer contributions are not refunded.
- Returning to covered employment before refund payment cancels refund.
- Loans or hardship withdrawals are not allowed.
- Provide the Leaving employment before retirement eligibility life event checklist.

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Impact of receiving refund

- Member forfeits rights to future service retirement or disability benefits.
- Cancels all service credit in the account.
- Withdrawn service does not count toward retiree health insurance eligibility under the State Health Plan.

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How to request refund

- Member can request refund by completing a notarized Refund Request (Form 4101).
- Copy of member's driver's license or state-issued ID is required.
- If denied for disability retirement and requesting refund, member must send signed statement to PEBA refusing right to appeal disability retirement denial.



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Refund payment options

- As part of the refund application, member must select a payment option:
 - Single-sum payment;
 - Direct rollover; or
 - Partial rollover.



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Single-sum payment

- Pretax portion subject to 20% federal tax withholding.
 - May be additional penalties if younger than age 59½ at time of distribution.
- Taxable portion subject to South Carolina income taxes during year in which refund is received.
- Encourage members to consult a personal tax advisor for assistance.



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Rollovers

- Members may roll over funds into IRA, 401(k) plan, 401(a) eligible plan, 403(a) plan, 403(b) plan or 457 plans.
- Direct rollover:
 - Members choose pretax amount only or total balance.
- Partial rollover:
 - Remaining balance paid in single-sum payment and subject to applicable rules.



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Employer actions

- You will receive an EES Task List notification once PEBA receives a refund application for one of your employees:
 - *Active Member Refund* task; or
 - *Inactive Member Refund* task.
- Do not estimate or project final payroll information.
- PEBA will refund employee contributions based on the information you provide.
- Employer is responsible for any overpayment of benefits resulting from overstated contributions.



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Active member refund task

- Enter last day of earned compensation, date of termination and date of final paycheck.
 - Enter any leave payout information (Class 2 members only).
 - Enter final quarter payroll information.
 - Enter any furlough payout information.
- If the employee is still employed (cancels refund) or you are unable to locate any employment records, mark the appropriate box in Step 1.
- Review entered information and submit completed task.
- Do not mail any information to PEBA.



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Inactive member refund task

- Check the appropriate box:
 - Employee is no longer employed. Add termination date. Confirm the final quarter information;
 - Employee is still employed. The refund request will be canceled; or
 - You are unable to locate any employment records about the employee.
- Review entered information and submit task.
- Do not mail any information to PEBA.

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