


peba academy 

Retirement Benefits Training

Retirement processes
Fiscal year 2021

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Topics

- Assisting members.
- Disability retirement.
- Service retirement.
- State ORP distributions.
- Changes after retirement.
- Returning to covered employment.

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Assisting members

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Publications, presentations

- Refer members to the following helpful publications:
 - SCRS Member Handbook and PORS Member Handbook.
 - Applying for disability retirement and Applying for service retirement member checklists.
 - Manage your Retirement Account with Member Access flyer.
- Encourage members to attend Get Set for Retirement preretirement presentations.
 - Regional one-day seminars in the fall; or
 - Host presentation at your location.

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Applying for retirement

- Disability retirement: Retiring Member's Disability Application Checklist (Form 6352).
 - Page 2 instructions for employers.
- Service retirement: Retiring Member's Service Application Checklist (Form 6302).
- Encourage members to apply for service retirement online with Member Access.

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SCRS, PORS benefit estimates

- Members can create a benefit estimate in Member Access using:
 - Retirement account data;
 - Potential average final compensation (AFC); and
 - A selected retirement date.
- Use Benefit Estimate option in EES to:
 - Calculate average final compensation (AFC);
 - Project benefit estimate; and
 - Calculate taxes for benefit payments.
- Estimates are only an estimated calculation and are not a guarantee of member monthly benefits.

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Designating beneficiaries

- Active SCRS and PORS members designate beneficiary in Member Access for:
 - Monthly retirement benefit; or
 - Refund of contributions.
- To designate existing trust as beneficiary, use paper application.
 - Member must submit *Certification of Trust* (Form 1113) with application.
- Members designate beneficiary for incidental death benefit, if covered.
- State ORP members designate beneficiary with chosen service provider.

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Disability retirement

SCRS, PORS only

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SCRS, PORS disability retirement eligibility

- Member must be in service with covered employer, meaning:
 - He is not yet retired (or for SCRS, has not been retired for more than one year); and
 - He is actively employed (including unpaid leave) or on payroll less than one year ago.
- Unless injury is job-related, member must have:
 - Five years earned service if Class Two.
 - Eight years earned service if Class Three.

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SCRS disability retirement eligibility

- Member must be approved for disability benefit by the Social Security Administration.
- Generally requires incapacity of member to perform any gainful occupation.

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SCRS disability before age 65

- Member must provide documentation each year of continued Social Security disability.
- Requirement ends at age 65.

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PORS disability retirement eligibility

- Member must be found permanently disabled from performing job duties by the PORS medical board composed of three physicians.
 - Social Security Administration approval is not required.
- Generally, member must be permanently incapacitated for job duties.

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PORS disability before age 55

- Reexamination may be required for member:
 - Annually for first five years; and
 - Once every three years thereafter.
- Requirement ends at age 55.

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SCRS, PORS disability retirement monthly benefit

- SCRS disability benefit based on average final compensation and service credit at retirement.
- PORS disability benefit based on average final compensation and service credit projection to age 55 or 25 years of service credit, whichever is less.

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SCRS disability effective date

- Once approved, becomes effective the later of two dates:
 - Social Security disability onset date; or
 - Day after covered employment termination.
- Retroactive benefits paid back to effective date.
- Social Security disability onset date can be no later than one year after employment termination.

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PORS disability effective date

- Once approved, becomes effective the later of two dates:
 - 30th day after PEBA receives application; or
 - The day after member's last day on employer's payroll.

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Applying for disability retirement

- PEBA must receive application within one year of date of termination from covered employment.
 - For SCRS disability applicants, member should not wait for Social Security approval before applying.
- You may submit application on behalf of member.
 - Member must select payment plan option.
 - Member must designate beneficiaries.

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Disability application urgent cases

- Fax application to PEBA at 803.740.1354.
- Member must still submit signed application to:
 - Select payment plan option; and
 - Designate beneficiaries.

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Applying for service and disability retirement

- Member may apply for both service and disability retirement, when eligible.
- Member will receive disability benefit amount if approved for disability.
- Member can receive service benefit amount if not approved for disability.

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Member forms

- SCRS Application for Disability Retirement (Form 6151S).
- PORS Application for Disability Retirement (Form 6151P).
- Withholding Certificate for Monthly Benefit Payments (Form 7202).
- Direct Deposit Authorization (Form 7204).
- PORS only:
 - Member's Disability Report (Form 6251).
 - Authorization for Release of Information (Form 6255).

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Employer forms

- Employer's Disability Employment Status Report (Form 6253).
- PORS only: Employer's Description of Disability Applicant's Job (Form 6254).

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Employer actions

- You will receive an EES Task List notification once PEBA receives an application for one of your employees:
 - *Retirement Date Certification.*
 - *Final Payroll Certification.*
- Termination and separation from employment is required.
- Do not estimate or project final payroll information.
- Final payroll certification task cannot be completed prior to the retirement date.
 - Prevents erroneous payroll data and benefit calculations.
- Refer to the Disability retirement employer checklist.

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SCRS, PORS monthly payment plan options

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

- Member cannot designate a single Option B beneficiary if:
 - Beneficiary is not member's spouse; and
 - Beneficiary is more than 10 years younger than member, as determined by IRS rules.
- Age restriction for naming beneficiaries under Option B does not apply to disability retirees.

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Service retirement

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SCRS Class Two retirement eligibility

- Must have five years of earned service.
- For an unreduced monthly retirement benefit, member:
 - Must have at least 28 years of service; or
 - Be age 65 or older.
- For a reduced monthly retirement benefit, member:
 - 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).

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SCRS Class Three retirement eligibility

- Must have eight years of earned service.
- For an unreduced monthly retirement benefit, member 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, member must be age 60 (permanently reduced 5 percent for each year of age less than 65).

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PORS Class Two retirement eligibility

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

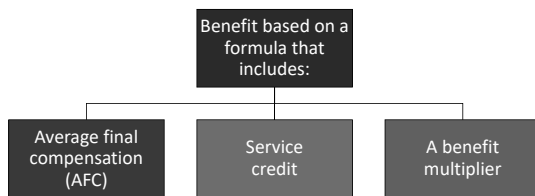
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PORS Class Three retirement eligibility

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

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SCRS, PORS service retirement monthly benefit



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SCRS, PORS Class Two AFC calculation

- AFC includes 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.

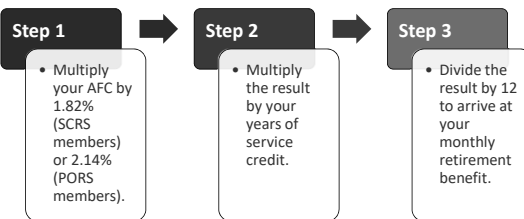
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SCRS, PORS Class Three AFC calculation

- 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.

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Monthly benefit calculation¹



¹ 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.

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Class Two SCRS, PORS Option A example

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

- 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.

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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
	$\$16,380 \div 12 =$	\$1,365.00
PORS	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 27 \text{ years} =$	\$17,334.00
	$\$17,334 \div 12 =$	\$1,444.50

- 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.

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Applying for service retirement

- Application required; process not automatic.
- Members may apply up to six months prior to retirement date.
- Members must apply no later than 90 days after retirement date.
- Service purchases must be paid in full before retiring.
- Members should not terminate employment until PEBA confirms eligibility.

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Applying for service retirement

- Encourage members to apply through Member Access.
 - Members can also complete applicable paper forms:
 - [SCRS Application for Service Retirement Benefits](#) (Form 6101S).
 - [PORS Application for Service Retirement Benefits](#) (Form 6101P).
 - [Withholding Certificate for Monthly Benefit Payments](#) (Form 7202).
 - [Direct Deposit Authorization](#) (Form 7204).
- Members should allow additional time for processing paper forms.
 - Errors or incomplete forms will result in rejected applications.

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Required documentation

- Required documentation:
 - Copy of member's birth certificate;
 - Copy of member's driver's license or state-issued ID card; and
 - Copy of member's beneficiaries' birth certificates, if choosing survivor option.
- Members can upload documents in Member Access.
- Members must send copies with paper application.

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Employer actions

- You will receive an EES Task List notification once PEBA receives an application for one of your employees:
 - [Retirement Date Certification](#).
 - [Final Payroll Certification](#).
- Termination and separation from employment is required.
- Do not estimate or project final payroll information.
- Final payroll certification task cannot be completed prior to the retirement date.
 - Prevents erroneous payroll data and benefit calculations.
- Refer to the [Service retirement](#) employer checklist.

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SCRS, PORS monthly payment plan options

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

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Option B beneficiary age restrictions

- Member cannot designate a single Option B beneficiary if:
 - Beneficiary is not member's spouse; and
 - Beneficiary is more than 10 years younger than member, as determined by IRS rules.
- Age restriction for naming beneficiaries under Option B does not apply to disability retirees.

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Qualified Domestic Relations Order (QDRO)

- Court order giving former spouse right to portion of member's retirement benefits.
- Outlines disbursement of money if member retires, takes refund or dies.
- Divorce decree is not a QDRO.
- Model QDRO and guidelines available at peba.sc.gov/publications.

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State ORP distributions

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State ORP distribution options

- Lump sum or periodic withdrawals.
 - May purchase an annuity product with account balance.
- Participant eligible after:
 - Termination of all covered employment; or
 - After reaching age 59½.
- Distribution taken before age 59½:
 - Roll over funds into eligible plan or IRA; or
 - Tax penalty may occur.

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Leaving State ORP balance on deposit

- Participant can leave balance on deposit until choosing to take withdrawals.
- Balance accumulates tax-deferred earnings while on deposit.
 - Balance may fluctuate because of changes in value of your selected investment options.
- IRS requires annual minimum distributions beginning at age 72.

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Changes after retirement

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Changing payment plan option

- If all beneficiaries die before retired member:
 - Benefit reverts to Option A.
 - Change is effective the month after the date last beneficiary dies.
 - Retired member must notify PEBA of death.
- Change in marital status:
 - Retired member may select new payment option within five years of change.
 - Can change payment option only twice, no matter how many qualifying events occur.

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Changing beneficiaries

- Option A retirees can update retirement beneficiaries any time.
- If payment plan option reverts to Option A, retiree can choose new beneficiaries.
- Retiree can update incidental death benefit beneficiaries, if covered, any time.
- Use Retired Member Change of Beneficiary Form (Form 7201).

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State ORP changes

- State ORP members must make changes to State ORP account through selected service provider, including:
 - Distribution frequency, if receiving installments;
 - Beneficiaries; and
 - Address and contact information.

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Returning to covered employment

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Returning to covered employment

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

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Service retiree earnings limitation

- Once an SCRS or PORS retiree earns more than \$10,000 in a calendar year from covered employment, his retirement benefit stops for remainder of year.
- The retirement benefit will be reinstated the next January or when retired member terminates all covered employment.

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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.

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Disability retiree earnings limitation

- Subject to individual calendar-year earnings limitation for public and private employment up to age 65 for SCRS, and age 55 for PORS.
 - Before age 65 for SCRS, or age 55 for PORS, disability retiree receives letter each February indicating earnings limit amount.
 - If annual earnings from covered employment are equal to or greater than adjusted AFC:
 - Disability benefit ends; and
 - Retiree returns to active membership.
- Subject to same earnings limitation as service retirees after age 65 for SCRS, or age 55 for PORS.

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SCRS return-to-work disability retiree

- Retired member must annually establish continued approval for Social Security disability.
- Employment that causes loss of Social Security disability also causes loss of SCRS disability.

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Employer responsibilities

- You must notify PEBA when hiring a retired member.
- Submit return-to-work date in EES immediately.
 - Via *Employed Retirees – Return to Work Date Entry* option.
- Error message appears if return-to-work date does not satisfy 30-day requirement.
- Earnings limitation monitored through return-to-work data.
- Employer is required to repay any benefits wrongly paid to a retired member if the employer fails to notify PEBA of the engagement of retired member in a timely manner.

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Returning to active membership

- Return-to-work retired member can choose to return to active membership if he:
 - Works 48 consecutive months for covered employer; and
 - Earns 75 percent of average final compensation.
- Returning to active membership means retirement benefits end.
- Retired member should contact PEBA for more information about this option.

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Disclaimer

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