

 **PEBA Academy**

**Service purchase:
payments**

Retirement Benefits Training
Fiscal year 2026

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

Serving those who serve South Carolina

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Acceptable payment methods

Lump-sum: personal check or money order.

Tax-deferred rollover(s) from S.C. Deferred Compensation Program or other qualified retirement plans, like a 401(k), 401(a), 403(b), 457 or IRA.


Installment Service Purchase Program (pretax or post-tax).

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**Installment Service
Purchase Program**

- Member can request installment service purchase cost estimate.
- May make payments through payroll deduction, either pretax or post-tax.
- Fiscal year 2026 interest rate: 10.50% 
- The minimum installment service purchase: \$500.
- Minimum installment period: six months.
- Maximum installment period: twice the length of the service being purchased.

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Slide 3

JMO 04.03.2025 Sent Tiffany Johnson an email re: the interest rate for the new fiscal year. The slide will need to be updated, and so will the script once she knows.

Jessica Moak, 2025-04-03T18:32:13.083

Installment payments

Pretax

- Pretax agreements are irrevocable unless member:
 - Retires;
 - Terminates employment; or
 - Provides evidence of unforeseeable emergency as defined by Internal Revenue Code Section 457.
- Additional principal payments not allowed.
- Member cannot increase or decrease the payment amount for remaining term.
- If a hardship occurs, member must submit written explanation of hardship circumstances to PEBA for review.

Post-tax

- Less restrictive than pretax plan.
- Additional principal payments accepted.
- Member can increase payment amount.
- Member can pay off at any time.
- Member can terminate installment at any time.

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Reporting installment payments

For state agencies that report their payroll through the Office of the Comptroller General and SCEIS

- Required to offer pretax installments.
- Complete Employer Resolution on Tax Deferred Payroll Deductions for Installment Service Purchase (Form 3228).
- PEBA sends file to SCEIS to initiate and terminate payroll deductions.

For all other employers

- Responsible for withholding payroll deductions.
- Complete Employer Resolution on Tax Deferred Payroll Deductions for Installment Service Purchase (Form 3228) to participate in pretax installments.
- Do not include installment payments with monthly or quarterly payroll deposits.

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Reporting installment payments¹

- Create *Installment Service Purchase Remittance* (Form 3229) through the *Installment Accounting* option in EES.
 - Enter actual payday and select Next.
 - Review information, make any necessary updates and select Calculate.
 - Select Create PDF.
 - Or manually complete *Installment Service Purchase Remittance* (Form 3229).
- Form and payment due to PEBA within five calendar days after each payday.
- Send payments by:
 - Wire/ACH transfer;
 - ACH debit; or
 - Submit check in PEBA-provided tan envelope.
- Send remittance form via:
 - Email to ServiceAccounting@peba.sc.gov for wire/ACH transfer and ACH debit.
 - Mail if paying by check.

¹Not applicable to state agencies that report their payroll through the Office of the Comptroller General.

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When installment purchase nears maturity

- Highlighted in yellow on *Installment Service Purchase Remittance* in EES.
- Form 3313 sent to notify you of final installment payment and due date.
- Form 3315 sent to you and member after final payment is received.
- Do not send additional payments after receiving Form 3315.

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Refunding excess installment payments

- If you deduct payment from member after installment purchase is paid in full:
 - PEBA refunds you for pretax installments.
 - PEBA refunds member for post-tax installments.

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Disclaimer

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