




Service purchase: payments

Retirement Benefits Training
Fiscal year 2023

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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 may request installment service purchase cost estimate.
- May make payments through payroll deduction, either pretax or post-tax.
- Fiscal year 2023 interest rate: 6%.
- Minimum installment period: six months.
- Maximum installment period: twice the length of the service being purchased.

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Pretax installment payments

- 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.



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Post-tax installment payments

- 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 employers who report payroll through Comptroller General's payroll system, 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.



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Reporting installment payments

- 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) via 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
 - Submitting 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 employers who report their payrolls through the Comptroller General's payroll system.



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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 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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