



Service purchase: payments

Retirement Benefits Training
Fiscal year 2025



Serving those who serve South Carolina

1

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). |
|--|--|--|

South Carolina Public Employee Benefit Authority

2

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 2025 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.

South Carolina Public Employee Benefit Authority

3

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.

South Carolina Public Employee Benefit Authority 4

4

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.

South Carolina Public Employee Benefit Authority 5

5

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
 - 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.

South Carolina Public Employee Benefit Authority 6

6

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.

South Carolina Public Employee Benefit Authority

7

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.

South Carolina Public Employee Benefit Authority

8

Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

South Carolina Public Employee Benefit Authority

9
