



Serving those who serve South Carolina

# Retirement Orientation and Education

Fiscal year 2021

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### Intended audience

- This presentation is focused on the eligibility requirements and plan provisions for Class Three members. Class Three members are those whose earned service began on or after July 1, 2012.
- Class Two members, those whose earned service began before July 1, 2012, are encouraged to review our retirement publications at [peba.sc.gov](http://peba.sc.gov) for more information.

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### Today's topics

- Retirement plan details.
- Enrollment.
- Beneficiaries.
- In-service death benefits.
- Disability retirement eligibility.
- Leaving before retirement eligibility.
- Service retirement.
- Resources.

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**Retirement plan details**

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**Retirement plans**

- **Defined benefit plans:**
  - South Carolina Retirement System (SCRS).
  - Police Officers Retirement System (PORS).
  - Offer lifetime retirement benefit, disability and death benefits.
- **Defined contribution plan:**
  - State Optional Retirement Program (State ORP).
  - Benefit is balance in participant's account.
  - Offers some death benefits.
- Voluntary, supplemental retirement savings plans through the South Carolina Deferred Compensation Program.

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**PEBA's defined benefit plans**

- SCRS and PORS are the two largest defined benefit plans administered by PEBA.
- Plans bear the investment risk.
- Provides a monthly service retirement benefit based on a formula; must meet eligibility requirements to receive retirement benefits.
- Expect to receive about 50 percent of your preretirement income after reaching full service retirement eligibility.
- Work longer to increase your years of service credit.
- Purchase service credit.

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### PEBA's defined contribution plan

- State ORP is a 401(a) defined contribution plan.
- Alternative to SCRS for some employees.
- Employer contributes 5 percent to your account with your selected service provider.
- Benefit is based on accumulated account balance.
  - Any fees, distributions, and investment gains or losses will affect this balance.
- Eligible for distribution at termination from all covered employment or after age 59½.
- Employee assumes investment and longevity risk.

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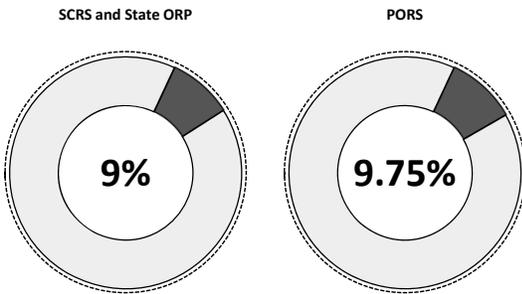
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### Employee contributions effective July 1, 2020



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### Enrollment

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**Who can participate in SCRS?**

- Available to employees of participating:
  - State agencies;
  - Public and charter schools;
  - Public higher education institutions; and
  - Optional employers (local subdivisions of government).

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**Who can participate in PORS?**

- Available to employees of participating employers who serve as:
  - Police officers and peace officers;
  - Firefighters; and
  - Coroners and deputy coroners.
- Must meet eligibility requirements.
- Magistrates and probate judges also participate in PORS.

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**Who can participate in State ORP?**

- Available to employees of participating:
  - State agencies;
  - Public and charter schools; and
  - Public higher education institutions.
- Eligible employees may elect participation in State ORP instead of becoming members of SCRS.

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### Who can choose not to participate?

- Some employees may be eligible to decline membership in SCRS or State ORP as provided by law.
  - Employer will let you know if you are eligible to decline membership.
- Decision not to become a member of one of the retirement systems PEBA administers is an irrevocable one.
- PORS membership is generally mandatory.

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### New hire enrollment

- Must provide valid email address to employer.
- Employer will submit new hire information to PEBA.
- You will receive email from PEBA to select retirement plan or non-membership, if eligible.

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### Retirement plan election

- Eligible employees must complete retirement election within 30 days of hire date.
- For SCRS-covered positions, employees default into SCRS if no election is made within 30 days.
- Learn more in the [Select Your Retirement Plan](#) guide.

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### If you select State ORP

- If you select State ORP, you must choose from one of four service providers.
- Learn about service providers at [peba.sc.gov/state-orp](http://peba.sc.gov/state-orp).
- PEBA provides enrollment details to the service provider you select.
- You must also complete investment elections and beneficiary designation with your chosen service provider.
  - You will automatically be invested into the plan's default investment options if you do not make an election.
  - Your beneficiary will default to your estate if you do not make a designation.

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### S.C. Deferred Compensation Program

- A voluntary, supplemental defined contribution program to help employees save additional money for retirement.
- Offers 401(k) and 457(b) plans.
- Elect to contribute before-tax or choose the Roth option to make after-tax contributions.
- Comparatively low fees.
- Minimum contribution to each plan per pay period is \$10.
- Currently administered by Empower Retirement.
- Access to local plan advisors.
- Many retirement planning tools available at [www.southcarolinadcp.com](http://www.southcarolinadcp.com).

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### Beneficiaries

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### Types of beneficiaries for SCRS, PORS benefits

- Upon your death, primary beneficiary may receive either:
  - Refund of contributions plus interest; or
  - Lifetime monthly benefit payments (if eligible).
- Contingent beneficiaries<sup>1</sup> receive survivor benefits if:
  - You and primary beneficiary die at the same time; or
  - Primary beneficiary dies before you, and you do not name another primary beneficiary before death.
  - All primary beneficiaries must be deceased at the time of your death for a contingent beneficiary to receive a benefit.
- Incidental death benefit beneficiary may receive a payment equal to your current annual earnable compensation if you die in service.

<sup>1</sup>Contingent beneficiary cannot be the same as primary.

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### Beneficiaries for State ORP

- You must name primary and contingent beneficiaries for your retirement account directly with your selected service provider.
  - Upon your death, your beneficiary may be entitled to receive the cash value of your account but must file a claim with your provider.
- You also need to name a beneficiary with PEBA, because you may qualify for the active member incidental death benefit.

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### How to name your beneficiary

- Easiest way to name beneficiaries with PEBA is online using Member Access.
  - Cannot designate a trust as your beneficiary online; you must complete the form.
- You can also complete the appropriate form:
  - Active Member Beneficiary Form (Form 1102).
  - Beneficiary/Trustee Designation Form (Form 1103), trust must already exist.
  - State ORP Active Incidental Death Benefit Beneficiary Designation (Form 1106).
  - Forms require notary signature and additional processing time.
- You can name multiple beneficiaries.
- Benefits are split equally if multiple beneficiaries are named.

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### When beneficiary defaults to estate

- Occurs when:
  - PEBA and/or your State ORP service provider do not receive a beneficiary designation online or via a beneficiary form;
  - A section of beneficiary form is left blank or is not completed properly; or
  - All named beneficiaries predecease employee.
- Ensure you receive a confirmation letter from PEBA listing your beneficiaries.

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### In-service death benefits

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### SCRS and PORS | Refund of contributions or monthly benefit

- If you die in service as an active member, your beneficiary may be entitled to receive:
  - A refund of your contributions plus the interest earned on your account; or
  - A monthly benefit if you are a Class Three member with at least eight years of earned service credit, and you have either 15 years of total service credit or are at least age 60 (SCRS) or age 55 (PORS) at time of death.

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**Active member incidental death benefit**

- For SCRS, PORS and State ORP:
  - State agencies, public higher education institutions and public school districts are required to offer this coverage.
  - Optional employers must elect to offer this coverage.
  - Must have at least one year of earned service unless death results from job-related injury.
  - A payment equal to your current annual earnable compensation will be paid to your incidental death benefit beneficiary if you die in service.
  - Also applies to return-to-work retirees.

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**PORS Accidental Death Program**

- State agencies, public higher education institutions and public school districts are required to offer this coverage.
- Optional employers must elect to offer this coverage.
- Provides a survivor benefit if employer is covered and your death is result of a job-related injury.
- Paid monthly to surviving spouse, children or parents.

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**State ORP in-service death benefit**

- If you die in service as an active State ORP participant, the beneficiary you designated with your selected service provider may be entitled to receive the cash value of your account from your service provider through:
  - Periodic withdrawals;
  - Lump-sum distributions; or
  - Purchase of an annuity with the account balance.
- Your beneficiary must file a claim with your provider.

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**Disability retirement**

SCRS, PORS only

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**Disability retirement**

- Must be in service with covered employer, meaning you:
  - Are not yet retired (or for SCRS, have not been retired for more than one year); and
  - Were on payroll less than one year ago.
- Unless injury is job-related, you must have eight years of earned service.

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**Disability retirement**

- Must apply within one year of date of termination from covered employer.
- For SCRS, must be approved for a disability benefit by the Social Security Administration.
  - Do not wait for approval from the Social Security Administration to apply.
- For PORS, must be found permanently disabled from performing your job duties by the PORS medical board comprised of three physicians.

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**Leaving before retirement eligibility**

Requesting a refund or leaving funds on deposit

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**Requesting a refund from your SCRS, PORS account**

- Give up your right to any future service or disability retirement benefit.
- Can generally roll over taxable portion into eligible retirement plan.
- If you do not roll over refund, taxable portion may be:
  - Subject to taxes; and
  - Subject to additional tax penalty if you are younger than 59½.
- Consult with tax adviser for more information.

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**Leaving funds in your SCRS, PORS retirement account**

- Account earns 4 percent interest annually until account becomes inactive.
- Can request refund later.
- If leaving employment with enough earned service, can apply for retirement benefit once age requirement is met.
- If returning to covered employment later, can resume making contributions and earning service credit.
- IRS requires distributions beginning at age 72.

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### Leaving funds in your State ORP account

- Can leave your funds in your State ORP account until choosing to take withdrawals.
  - If under age 59½, must separate from all covered employment before taking a withdrawal.
- Your account balance may:
  - Increase from investment earnings; or
  - Decline from investment losses.
- Can generally roll over into eligible retirement savings account.
- IRS requires annual minimum distributions beginning at age 72.

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### Service retirement

SCRS, PORS only

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### SCRS Class Three retirement eligibility

- Must have eight years of earned service.
- For an unreduced monthly retirement benefit, you 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, you must be age 60 (permanently reduced 5 percent for each year of age less than 65).
- Rule of 90 example: 56-year-old member with at least 34 years of service would be eligible for retirement (56 + 34 = 90).

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**PORS Class Three retirement eligibility**

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

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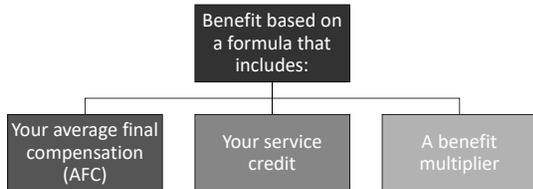
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**SCRS, PORS service retirement monthly benefit**



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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 calculation<sup>1</sup>

**Step 1**

- Multiply your AFC by 1.82% (SCRS members) or 2.14% (PORS members).

**Step 2**

- Multiply the result by your years of service credit.

**Step 3**

- Divide the result by 12 to arrive at your monthly retirement benefit.

<sup>1</sup>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 Three SCRS, PORS Option A example

	AFC = \$30,000	
<b>SCRS</b>	$\$30,000 \times 1.82\% =$	\$546.00
	$\$546 \times 30 \text{ years} =$	\$16,380.00
	$\$16,380 \div 12 =$	<b>\$1,365.00</b>
<b>PORS</b>	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 27 \text{ years} =$	\$17,334.00
	$\$17,334 \div 12 =$	<b>\$1,444.50</b>

- 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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### State ORP benefit

- State ORP does not have retirement eligibility requirements like SCRS or PORS.
  - You can request a distribution of your account balance either at termination of covered employment or after age 59½.
  - You may leave your funds in your State ORP account until you elect to receive them.
- IRS requires annual minimum distributions beginning at age 72.

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**State Health Plan retiree insurance**

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**State Health Plan retiree insurance coverage**

- Eligibility for retiree insurance is different than eligibility for a retirement benefit.
- Must meet certain eligibility requirements to continue insurance coverage in retirement.
- Changing jobs could affect your eligibility for funding.
- Rules differ based on whether you were in an insurance-eligible position before May 2, 2008.
- Insurance is a major retirement cost.
- Former employer may fund portion of premiums.
- Refer to the [Insurance Benefits Guide](#) for more information.

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**Verifying your retiree insurance eligibility**

- Only PEBA can verify your eligibility for retiree insurance.
  - Do not terminate employment until you have official notice of your insurance eligibility.
- Check out the retiree insurance eligibility flyers:
  - [For members who work for a state agency, state institution of higher education or public school district.](#)
  - [For members who work for optional employers, such as county government and municipalities.](#)

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# Resources

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## Find more information

- This presentation is not a comprehensive description of the retirement benefits PEBA offers.
- For more information, and before you make enrollment decisions, review these materials:
  - [Select Your Retirement Plan](#) guide;
  - [South Carolina Retirement System at a Glance - Class Three](#) flyer;
  - [South Carolina Retirement System Member Handbook](#);
  - [Police Officers Retirement System at a Glance - Class Three](#) flyer;
  - [Police Officers Retirement System Member Handbook](#); and
  - [State Optional Retirement Program at a Glance](#) flyer.
- [Navigating Your Benefits](#) series.
  - [peba.sc.gov/nyb](http://peba.sc.gov/nyb).
  - Plain-language explanations of insurance and retirement benefits.

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## Member Access

- To register for and use **Member Access**, you will need:
  - Last name;
  - Social Security number;
  - Date of birth; and
  - A valid email address.



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**Member Access features for SCRS, PORS members**

- View your account and service credit statement.
- Review and update your beneficiary designations.
- Estimate your benefit amount.
- Update your address and contact information.
- Calculate service purchase cost estimate and submit service purchase request.
- Apply for retirement or refund.

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**Member Access features for State ORP participants**

- Link to your State ORP service provider’s website.
- Review and update your PEBA incidental death beneficiaries.
- Update your address and contact information with PEBA.
  - Must update this information separately with your service provider.
- Receive messages regarding State ORP open enrollment (January 1 to March 1).
  - Change your State ORP service provider.
  - Make an irrevocable election to switch to SCRS, if eligible.

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**Get in touch with PEBA**

- Contact us:
  - [peba.sc.gov/contact](http://peba.sc.gov/contact).
  - 803.737.6800 or 888.260.9430.
- Visit us:
  - 202 Arbor Lake Drive  
Columbia, SC 29223

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**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.

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