




## Retirement Starts Now

Fiscal year 2021  
Mid-career

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### Today's topics

- Think about retirement now.
- Identify your income sources.
- Understand your retirement plan.
- In-service death benefits.
- Disability retirement.
- Leaving before retirement eligibility.
- Service retirement.
- Purchasing service.
- State ORP.
- State Health Plan retiree insurance.
- Resources.
- Are you on track?

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### Will you be financially comfortable when you retire?

- Are you saving enough for retirement?
  - 41 percent of U.S. workers say they will not have enough money in their retirement.<sup>1</sup>
- A sure way to an unsure future is to put off planning for retirement.

<https://news.gallup.com/poll/258320/nonretired-americans-expect-comfortable-retirement.aspx>

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**Think about your retirement now.**

- Do you know what you want to do and where you want to be in retirement?
- Do you have an idea how you're going to get there?
- Start asking yourself these questions and identify steps you can take to secure your financial future.

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**How will you get to retirement from here?**

- Know your possible sources of retirement income.
- Understand your PEBA-administered retirement plan.
- Consider the effects of the other benefits and programs PEBA offers.
- Stay connected with PEBA.

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**Identify your income sources**

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### Possible income sources

PEBA-administered retirement plans	Other monthly benefits	Personal savings and investments
<ul style="list-style-type: none"><li>• Lifetime monthly benefit from defined benefit plan; or</li><li>• Distributions from defined contribution plan.</li></ul>	<ul style="list-style-type: none"><li>• Social Security.</li><li>• Military pension.</li><li>• Other pensions.</li></ul>	<ul style="list-style-type: none"><li>• South Carolina Deferred Compensation Program;</li><li>• Personal savings accounts;</li><li>• Certificates of deposit (CDs);</li><li>• Money market accounts; and</li><li>• Individual Retirement Accounts (IRAs).</li></ul>

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### PEBA's defined benefit plans

- The South Carolina Retirement System (SCRS) and Police Officers Retirement System (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 provides a defined contribution retirement plan alternative to SCRS for certain eligible employees.
- Benefit is based on your account balance.
- Any fees and expenses, distributions, and investment gains or losses will affect your balance.
- Eligible for distribution at termination or age 59½.

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### Social Security benefits

- Monthly benefit based on your indexed lifetime earnings, your age and other variables.
- Visit the Social Security Administration's website, [www.ssa.gov](http://www.ssa.gov), to create your Social Security account.
  - Check your statement;
  - Estimate your benefit; and
  - Access other helpful information.

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### Other employer retirement plans

- Remember to take into account any additional benefits from past employment.
- Military pensions.
- Review your work history.
- Contact past employers.

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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.
- 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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### Other personal savings and investments

- Begin to set aside additional funds now through other savings options. These might include:
  - Personal savings accounts;
  - Certificates of deposit (CDs);
  - Money market accounts; and
  - Individual Retirement Accounts (IRAs).

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### Understand your retirement plan

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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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### SCRS, PORS membership classes

- Class Two: earned service began prior to July 1, 2012.
- Class Three: earned service began on or after July 1, 2012.
- Membership class affects:
  - Service retirement eligibility;
  - Average final compensation calculation; and
  - Credit for unused leave at retirement.

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### State ORP

- 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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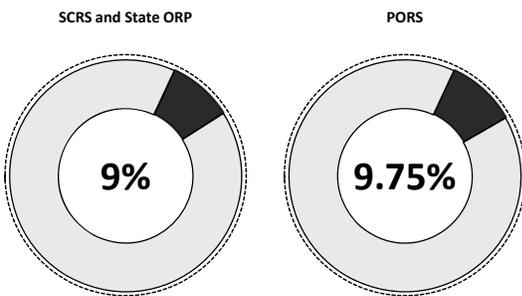
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### Employee contributions effective July 1, 2020



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**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 Two member with at least five years of earned service credit or 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:
  - Five years earned service if Class Two.
  - Eight years earned service if Class Three.

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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.
- For PORS, must be found permanently disabled from performing your job duties by the PORS medical board composed 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 younger than age 59½.
- Consult with tax advisor 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 Two retirement eligibility**

- Must have five years of earned service.
- For an unreduced monthly retirement benefit, you:
  - Must have at least 28 years of service; or
  - Be age 65 or older.
- For a reduced monthly retirement benefit, you:
  - 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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**PORS Class Two retirement eligibility**

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

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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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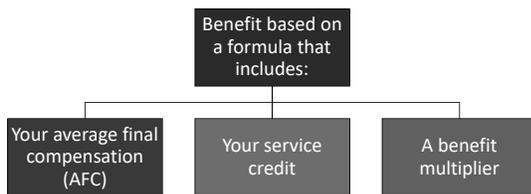
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### SCRS, PORS service retirement monthly benefit



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### SCRS, PORS Class Two AFC calculation

- AFC includes your 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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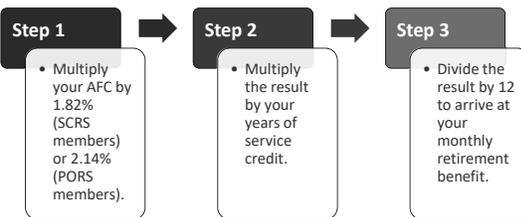
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### Monthly benefit calculation<sup>1</sup>



<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 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
	$\$15,288 \div 12 =$	<b>\$1,274.00</b>
PORS	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 25 \text{ years} =$	\$16,050.00
	$\$16,050 \div 12 =$	<b>\$1,337.50</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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### 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
	$\$16,380 \div 12 =$	<b>\$1,365.00</b>
PORS	$\$30,000 \times 2.14\% =$	\$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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### SCRS, PORS benefit estimates

- Create a benefit estimate in [Member Access](#) using:
  - Your retirement account data;
  - Your potential AFC; and
  - A selected retirement date.
- Request one from your employer.
- Request one from PEBA by phone, email or in person.

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### Using your benefit estimate

- Determine whether you want to buy service credit.
- Help choose your retirement date.
- Decide whether you want to provide a survivor benefit.

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### Purchasing service

SCRS, PORS

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### Purchasing service credit

- Active members may establish additional service credit by:
  - Purchasing qualified service;
  - Restoring previously withdrawn service or transferring eligible SCRS service to PORS service; and
  - Buying up to five years of non-qualified service.
- May establish each type of service credit once within a fiscal year.
- Must meet eligibility requirements for each type.
- Cost is actuarially-neutral cost based on your age, service credit, and current or career highest fiscal year salary.
  - Three payment options available.

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### Service types

- Public service.
- Educational service (K-12).
- Military service.
- Employer-approved leave of absence.
- State ORP service.
- Previously withdrawn service.
- Transfer from SCRS to PORS.
- Workers' compensation.
- Non-qualified service (up to five years).

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### State ORP

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### State ORP

- 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 ORP participants

- Your benefit is based on your account balance at retirement.
  - Any fees, distributions, and investment gains or losses will affect this balance.
  - Potential federal tax penalties for distribution prior to age 59½.
- If you continue to or return to work for a covered employer, you will continue to contribute to your account as an active participant in the State ORP.

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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.
- Submit an Employment Verification Record.
- 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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### PEBA website

- peba.sc.gov:
  - Be Aware and Prepare: Presentations and videos for retirement awareness and planning basics.
  - Retirement plan member handbooks: Details about your plan and its benefits.
  - Navigating Your Benefits: Simple explanations of insurance and retirement benefits.
  - PEBA TV: YouTube channel with even more videos available.

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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.
- If you're retired, you'll also need the net or gross amount of one of your most recent monthly retirement benefit payments.



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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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### Get social with PEBA

-  [SCPEBA](#)
-  [s.c.peba](#)
-  [SCPEBA](#)
-  [PEBA TV](#)
-  [South Carolina Public Employee Benefit Authority](#)

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### Are you on track?

- Review your retirement income needs and sources.
- Understand your PEBA-administered retirement plan.
- Stay connected with PEBA.
- Do not assume everything will work out on its own.
- Get started now.

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**Financial disclaimer**

Personal finance, as the name implies, is a highly individualized and personal matter. The information provided in these presentations is general educational information provided to illustrate certain financial ideas and concepts. This information does not take into account your personal situation and should not be considered personal financial or investment advice. In reviewing this video, you should consider whether the information presented is appropriate for your particular needs and, where appropriate, you may wish to seek advice from a financial professional to determine what is best for your individual financial circumstances. PEBA does not make any guarantee or other promise as to any results that may be obtained from using the content of this presentation.

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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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