


 south carolina
peba
state health plan | retirement systems

Serving those who serve South Carolina

Get set for retirement

For employees within a few years of retirement
2017




Get set for retirement

Are you ready?


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Get set for retirement




- Important retirement decisions in front of you.
- Our goal is to help you get set for retirement.
- PEBA-administered retirement plans:
 - Defined contribution plan
 - State Optional Retirement Program (State ORP)
 - Defined benefit plans
 - South Carolina Retirement System (SCRS)
 - Police Officers Retirement System (PORS)

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Are you set for retirement? 


- Learn about purchasing additional service credit.
- Understand the active member death benefits.
- Learn the PEBA-administered retirement plan eligibility rules.
- Disability retirement for defined benefit plans.
- Estimate your PEBA benefit.
- Understand the payment plan options.

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Are you set for retirement? 


- Know the application requirements.
- Ending your TERI participation.
- Understand the return-to-work rules for retirees.
- Learn about the retiree incidental death benefit.
- Consider the emotional aspects of retirement.
- Stay connected with PEBA.

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Before you retire
Purchasing service and active member death benefits

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Types of service purchase 


- Public service
- Educational service
- State ORP service
- Military service
- Employer approved leave of absence
- Non-qualified service
- Workers' compensation
- Previously withdrawn service
- Transfer from SCRS to PORS

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Service purchase requirements 

- Must be an active contributing member.
- No duplication of benefits in another defined benefit plan (excludes military) or overlapping service credit.
- Must have five years of earned service to purchase non-qualified time.
- All service purchases must be completed prior to your date of retirement.
- Cost estimates and purchase requests may be made through [Member Access](#).

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Service purchase cost 

- Actuarially neutral cost based on member's age, service credit, and current or career highest fiscal year salary.
- Cost will not be less than 35 percent per year for nonqualified service.
- Cost will not be less than 16 percent per year for most other types of service.
- Actuarially neutral payment requirement does not apply to re-establishment of withdrawn service, transfers or supplementals.

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Service purchase payment options



- Personal check or money order.
- Roll money over from your 401(k), 401(a), 403(b), 457, or IRA.
- Service Purchase Installment Program:
 - Tax-deferred or after-tax.
 - 6 percent interest rate for any installment purchase activated during FY18 (July 1, 2017 – June 30, 2018).
 - Payments may be spread out for twice the amount of years/months purchased.
 - Purchase must be completed before your date of retirement.

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SCRS in-service death 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 annuity.
 - If Class Two with at least five years of earned service credit and either have at least 15 years of total service credit or are at least age 60 at time of death.
 - If Class Three with at least eight years of earned service credit and either have at least 15 years of total service credit or are at least age 60 at time of death.

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PORS in-service death 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 annuity.
 - If Class Two with at least five years of earned service credit and either have at least 15 years of total service credit or are at least age 55 at time of death
 - If Class Three with at least eight years of earned service credit and either have at least 15 years of total service credit or are at least age 55 at time of death

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State ORP in-service death benefit



- If you die in service as an active State ORP participant, your beneficiary may be entitled to receive:
 - The cash value of your account through annuities, lump-sum distributions, or periodic withdrawals.

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Active member incidental death benefit



- 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 designated beneficiary.
- Payments to beneficiaries are subject to state and federal taxes.

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PORS Accidental Death Program



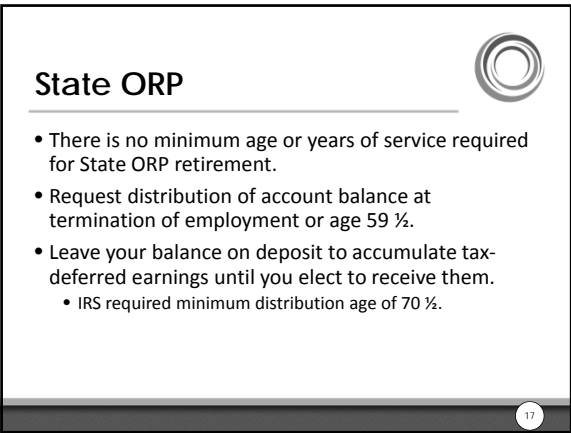
- Provides a survivor annuity if employer is covered and your death is result of a job-related injury.
- Paid monthly to surviving beneficiary.
- Payments are subject to state and federal taxes.

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Retirement eligibility
PEBA-administered retirement plans

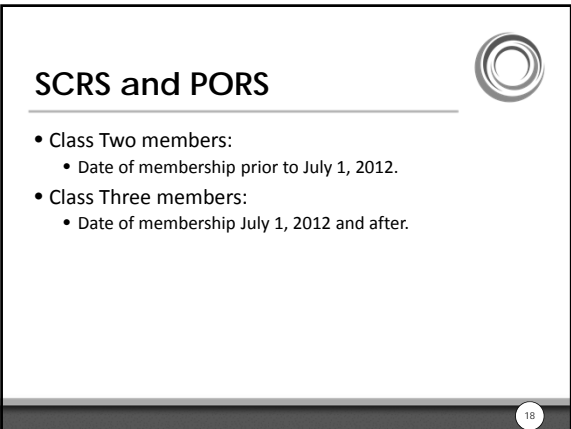
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State ORP

- There is no minimum age or years of service required for State ORP retirement.
- Request distribution of account balance at termination of employment or age 59 ½.
- Leave your balance on deposit to accumulate tax-deferred earnings until you elect to receive them.
 - IRS required minimum distribution age of 70 ½.

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SCRS and PORS

- Class Two members:
 - Date of membership prior to July 1, 2012.
- Class Three members:
 - Date of membership July 1, 2012 and after.

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SCRS Class Two



- Normal retirement - (unreduced benefit):
 - 28 years of service credit with at least five years of earned service, or
 - Age 65 on date of retirement with at least five years of earned service.

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SCRS Class Two



- Early retirement - (reduced benefit):
 - Age 60 or older on the date of retirement with five years of earned service.
 - 5 percent reduction for each year member retires before age 65
 - Age 55 on date of retirement and at least 25 years of service credit, including at least five years of earned service.
 - Benefit permanently reduced 4 percent for each year of service less than 28 years.

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SCRS Class Three



- Normal retirement - (unreduced benefit)
 - Age 65 with at least eight years of earned service, or
 - Rule of 90 (age and years of service must add up to 90) with eight years of earned service
 - Example: 56-year-old member with at least 34 years of service, would be eligible for retirement ($56 + 34 = 90$)

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SCRS Class Three



- Early retirement - (reduced benefit):
 - Age 60 or older on the date of retirement with eight years of earned service.
 - 5 percent reduction for each year member retires before age 65

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PORS Class Two



- At least five years of earned service; and
- At least 25 years of credited service or at least age 55.

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PORS Class Three



- At least eight years of earned service; and
- At least 27 years of credited service or at least age 55.

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Disability retirement

Defined benefit plans only
(SCRS and PORS)

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Eligibility



- Must be in service with a participating employer.
- Class Two members must have at least five years of earned service unless job-related injury.
- Class Three members must have eight years of earned service unless job-related injury.

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SCRS disability retirement



- Must apply within 90 days of date of termination from covered employer.
- Must be approved for Social Security disability benefits to be approved for SCRS disability retirement benefits.
- Submit approval letter from Social Security Administration (SSA) .
 - Do not wait to file SCRS application until after SSA approval.
- Benefit based on average final compensation and service credit at time of retirement (no projection of service credit).

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SCRS disability retirement

- Under continuing review until age 65:
 - Must provide evidence of continued receipt of Social Security disability benefits to PEBA each year.
 - Also subject to disability retiree earnings limitation.

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PORS disability retirement

- Must be permanently incapacitated from the further performance of your job duties.
- Initial claim reviewed by Medical Board of three physicians.
- Disability benefit calculated with a projection of service credit to age 55 or 25 years of service credit, whichever is less.

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PORS disability retirement

- Under continuing review until age 55:
 - May be scheduled for continuing disability reviews.
 - Subject to disability retiree earnings limitation.

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PEBA benefit

Estimate your PEBA benefit and possible adjustments

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State ORP



- Retirement benefit is accumulated account balance.
 - Any fees, distributions, and investment gains or losses will affect this balance.
 - Early withdrawal penalties for distribution prior to age 59 ½.

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SCRS and PORS



- Benefit based on a formula that includes:
 - Your average final compensation (AFC)
 - Your service credit, and
 - A benefit multiplier.

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Average final compensation (AFC)



- 12 highest consecutive quarters of earnable compensation for Class Two members divided by 3.
- 20 highest consecutive quarters of earnable compensation for Class Three members divided by 5.

Earnable compensation does not include pay for overtime not mandated by the employer for SCRS Class Two and Three members. This does not apply to PORS members.

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Calculate your AFC



1. Multiply your AFC by 1.82 percent (SCRS members) or by 2.14 percent (PORS members).
2. Multiply your result by the number of years of your service credit.
3. Divide your result by 12 to arrive at your monthly annuity.

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Maximum payment plan Option A example



| AFC = \$30,000 | | |
|----------------|--------------------|------------|
| SCRS | \$30,000 x 1.82% = | \$546 |
| | \$546 x 28 years = | \$15,288 |
| | \$15,288 / 12 = | \$1,274.00 |
| PORS | \$30,000 x 2.14% = | \$642 |
| | \$642 x 25 years = | \$16,050 |
| | \$16,050 / 12 = | \$1,337.50 |


- Early retirement penalties and/or reductions may apply.
- Reduction factors will apply to members who select a joint retiree/survivor payment plan.

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Unused leave at retirement 


- Class Two members:
 - Up to 45 days' pay for unused annual leave from your last termination payment included in AFC.
 - May receive service credit for up to 90 days of unused sick leave from last employer.

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Unused leave at retirement 

- Class Three members:
 - Unused sick leave not included in service credit.
 - Annual leave payouts not included in AFC.


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SCRS and PORS benefit estimates 

- You can get a benefit estimate from your employer or by contacting PEBA by phone or e-mail.
- You may also use the benefit calculators on the PEBA website.
- Use your benefit estimate to help select your retirement date and decide if you want to provide a survivor benefit to your beneficiary.


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Benefit adjustments



- For SCRS and PORS Members:
 - Each July 1, current law provides for a 1 percent benefit adjustment up to an annual maximum of \$500.

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Payment options

Understanding the defined benefit plan payment options


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SCRS and PORS




- Option A – Maximum retiree-only monthly benefit .
- Option B – 100%-100% joint retiree-survivor monthly benefit (non-spousal restrictions may apply).
- Option C – 100%-50% joint retiree-survivor monthly benefit.

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Post-retirement payment option changes 

- If you choose Options B or C and all of your beneficiaries predecease you, your benefit will revert to Option A effective the month following the date the last beneficiary died.
- You must notify PEBA of the death of your beneficiary.

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Post-retirement payment option changes 

- If you have a change in marital status, you may change your payment option within five years of the qualifying event.
- You can only change your payment option twice regardless of the number of qualifying events that may occur.

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Applying for retirement
Understanding the process for the defined benefit plans

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Ready to start the process? 


- How to apply for SCRS and PORS benefits:
 - Call or email Customer Contact Center for an application package;
 - Visit our office and meet with a benefits counselor;
 - Submit a service retirement application online; or,
 - Download the forms from our website.
- Apply within six months before your date of retirement.
- *Retiring Member's Service Application Checklist* (Form 6302)

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What to include with your application 

- Copy of your birth certificate;
- Copy of your driver's license or state-issued identification card; and
- Copy of birth certificate for each beneficiary, if you are selecting a survivor option.

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Important deadlines 

- Apply as early as six months prior to your date of retirement.
- Apply no later than 90 days after your date of retirement.
- Contact PEBA if you do not receive notification of receipt of your application within 10 days after submission.
- Do not terminate employment until you receive official notice of your retirement eligibility.

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Ending TERI participation
All participation ends
June 30, 2018

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Ending TERI participation


- **TERI end date**
 - The end date occurs five years after your date of retirement (start of TERI participation) and no later than June 30, 2018.
 - PEBA will send you a TERI end packet 90 days before your expected end date.
- **Ending TERI early**
 - You may also choose to end TERI before your original end date.
 - Notify your employer and contact PEBA.
 - Once notified, PEBA will send a TERI end packet.

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TERI end packet


- Includes the amount of your monthly SCRS benefit before taxes and your estimated TERI account balance.
 - Monthly SCRS benefit is subject to change.
- Packet includes:
 - TERI Payout Election Form (Form 7500);
 - Withholding Certificate for Monthly Annuity Benefit Payments (Form 7202); and
 - Direct Deposit Authorization (Form 7204).

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TERI end packet 


- **TERI Payout Election Form**
 - Designate how to receive your TERI balance.
- **Withholding Certificate for Monthly Annuity Payments**
 - Update tax withholdings for future monthly benefits, if needed.
 - This can be updated through Member Access on PEBA's website, www.peba.sc.gov.
- **Direct Deposit Authorization**
 - Update direct deposit information for future monthly benefits, if needed.
 - This can also be updated through Member Access.

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Ending employment 


- At the end of your TERI period, you are required to terminate your employment.
- Your employer must also certify your TERI termination date to PEBA.
- When PEBA receives the employer certification, you can begin receiving your monthly benefit payments and receive the balance in your TERI account, either paid in a lump sum or rolled over in whole or in part into a plan of your choosing.

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TERI account balance 


- State law requires you to receive the balance in your TERI account, with or without a direct rollover.
- Your options include:
 - Single-sum payment;
 - Direct rollover; or
 - Partial rollover.
- Keep in mind the tax impact of these options.
- For financial advice or information on early withdrawal penalties, check with a tax advisor, accountant, the IRS or the South Carolina Department of Revenue.

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TERI account balance 


- **Single-sum payment**
 - Receive the entire balance of your TERI account through direct deposit.
- **Direct rollover**
 - Transfer the full taxable portion of your TERI account into a qualified plan.
- **Partial rollover**
 - Transfer any portion of tax-deferred amount of your TERI account into a qualified plan.
 - The remaining balance is paid directly to you.

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Payments for unused annual leave 


- Payments for unused annual leave are not included in calculating a member's TERI benefit during the TERI period.
- At the end of TERI, employer certification of payments for unused annual leave at termination are reported to PEBA. This can include up to 45 days of unused annual leave.
- The monthly benefit is then recalculated.

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Return-to-work
Understanding return-to-work rules for retirees

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Returning to covered employment after retirement 


- A complete, bona fide severance or termination of employment is required.
- After thirty days of retirement, you may be hired by a participating employer (TERI exclusion).
- Contribute the same percentage of earnable compensation as active members.
- Employment status.

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SCRS and PORS members 

- \$10,000 per year earnings limitation.
- Earnings limitation does not apply to:
 - members who retire after age 62 (SCRS) or age 57 (PORS);
 - members who retired prior to January 2, 2013;
 - members in elected and certain appointed positions; or
 - participants in the TERI program during the period they participate.

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Incidental Death Benefit
Learn about the retiree incidental death benefit

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TERI participants and working retirees



- If your employer provides incidental death benefit coverage and you die in service, a payment equal to your current annual earnable compensation will be paid to your designated beneficiary

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Non-working retired members



| SCRS Service Credit | Benefit | PORS Service Credit |
|---------------------|---------|--|
| 10-19 years | \$2,000 | 10-19 years |
| 20-27 years | \$4,000 | 20-24 years Class Two 20-26 years Class Three |
| 28 or more years | \$6,000 | 25 or more years Class Two 27 or more years Class Three |

Your employer immediately prior to retirement must offer the incidental death benefit for your beneficiary to receive this benefit.


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Emotional preparedness


Are you emotionally ready?

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Emotional preparedness 


- Most major life-changing events, such as marriage or divorce, involve an ongoing process of emotional adjustment.
- Retirement is no exception.
- Emotional and psychological frontier of retirement has remained virtually unexplored until recently.

<http://www.investopedia.com/articles/retirement/07/sixstages.asp> 64

Six stages of retirement 

- Pre-retirement – planning.
- The Big Day - smiles, handshakes, farewells.
- Honeymoon Phase - I'm free!
- Disenchantment - so this is it?
- Reorientation - building a new identity.
- Routine - moving on.
- Life planning is an important key to successful retirement.


<http://www.investopedia.com/articles/retirement/07/sixstages.asp> 65

Six identities of retirees 

1. Continuers - keep using existing skills and interests.
2. Adventurers - start entirely new endeavors.
3. Searchers - explore new options through trial and error.
4. Easy gliders - enjoy unscheduled time; let the day unfold.
5. Involved spectators - care deeply about the world but engage in less-active ways.
6. Retreaters - take time out or disengage from life.

Different motivations and interests, but we all need to know that we matter.

Schlössberg, N. K. (2009). *Revitalizing retirement: Reshaping your identity, relationships, and purpose*. Washington, DC: American Psychological Association. 66




Stay connected

Are you enrolled in Member Access?

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Member Access



- SCRS and PORS active members:
 - Access your retirement account.
 - Print a member statement.
 - Update your address.
 - View your beneficiaries and service credit.
 - Apply for service retirement.
 - View the status of your service retirement application.
- Inactive members can also view and print a member statement and update their address.

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Member Access




- State ORP active members:
 - Link to your State ORP vendor information.
 - View your PEBA incidental death beneficiaries.
 - Update your address with PEBA.
 - Receive messages regarding State ORP open enrollment (January 1 to March 1).
 - Change your State ORP vendor.
 - Irrevocable election to SCRS (if eligible).

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Member Access

- Retired members:
 - Print a 1099-R form.
 - Update your tax withholding.
 - Update your address.
 - Print an annuity verification letter.
 - View your current payment method.
 - Modify an existing direct deposit account or add an additional direct deposit account.





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Member Access

To register for and use Member Access, you will need:


- Last name.
- Social Security number.
- Date of birth.
- A valid email address.
- If retired – the net or gross amount of one of your most recent monthly annuity payments.

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Stay connected

- www.peba.sc.gov
- Contact PEBA at 803.737.6800, 888.260.9430, or cs@peba.sc.gov
- Visit us at 202 Arbor Lake Drive, Columbia, SC 29223



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