

Serving those who serve South Carolina

# Retirement Benefits Training

Introduction

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## About this series



- Designed for:
  - Benefits administrators;
  - Payroll personnel; and
  - Human resources staff.
- Have your *Covered Employer Procedures Manual* handy.

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## Topics



- PEBA-administered retirement plans;
- Electronic Employer Services (EES) system; and
- Resources for employers and employees.

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## PEBA's 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 plan:**
  - South Carolina Deferred Compensation Program.

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## Defined benefit plans

South Carolina Retirement System  
Police Officers Retirement System

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## Who can participate?



- **South Carolina Retirement System (SCRS).**
  - Available to employees of participating:
    - State agencies;
    - Public and charter schools;
    - Public higher education institutions; and
    - Other local subdivisions of government.
- **Police Officers Retirement System (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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## SCRS, PORS Class Two and Class Three



- 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; and
  - Average final compensation calculation.

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## Defined benefit plan features



- Lifetime monthly benefit.
- Disability protection and incidental death benefit.
- Benefit adjustments (under current law):
  - Each July 1, those eligible receive 1 percent benefit adjustment, up to a \$500 annual maximum.
- Survivor benefit options available.

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## Defined benefit plan limitations



- Refunds do not include employer contributions.
- No member control of investment decisions.
- Benefit reduced for early retirement.
- Benefit adjustments not connected to:
  - Inflation; or
  - Investment performance.

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## Defined benefit plan funding



- Employers contribute a percentage of total payroll for each employee.
- Employees contribute a pretax percentage of their salary.
- Investment returns:
  - Critical to funding.
  - S.C. Retirement System Investment Commission pools trust funds and invests them.

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## Fiscal year 2019 employer contribution rates



- Effective July 1, 2018

Retirement plan	Employer contribution	Incidental death benefit contribution <sup>1</sup>	Accidental death contribution <sup>1</sup>	Total employer rate	Insurance surcharge <sup>1</sup>
SCRS	14.41%	0.15%	N/A	14.56%	6.05%
PORS	16.84%	0.20%	0.20%	17.24%	6.05%

<sup>1</sup> Rates are applicable only to employers covered under these programs.

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## Fiscal year 2019 employee contribution rates



- SCRS: 9 percent of earnable compensation.
- PORS: 9.75 percent of earnable compensation.

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## How contribution rates are set



- S.C. General Assembly sets retirement system rules, including contribution rates.
- PEBA required to hire actuary, who:
  - Conducts annual actuarial valuations;
  - Completes experience study every four years; and
  - Develops fiscal impact statements.
- Actuary studies issues including:
  - Economic assumptions, such as investment return;
  - Demographic assumptions, such as member longevity; and
  - Actuarial methods and policies.

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## Funding period and contribution rates



- Funding period indicates amount of time needed to pay unfunded liability.
- Act 13 of 2017:
  - Gradually reduces the maximum funding period from 30 years to 20 years by July 1, 2027;
  - Set a schedule of employer contribution rate increases; and
  - Increased and capped employee contribution rates.

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## Scheduled employer contribution rates<sup>1</sup>



Effective date	SCRS	PORS
July 1, 2019	15.56%	18.24%
July 1, 2020	16.56%	19.24%
July 1, 2021	17.56%	20.24%
July 1, 2022	18.56%	21.24%

<sup>1</sup> Includes contributions for incidental death benefits and Accidental Death Program.

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## Defined contribution plan

State Optional Retirement Program

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## Who can participate?



- State Optional Retirement Program (State ORP).
  - Available to employees of:
    - State agencies;
    - Public and charter schools; and
    - Public higher education institutions.

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## Defined contribution plan features



- Participant self-directs investments and benefit is balance in his account.
- Contributions allocated directly to member account with chosen service provider:
  - Employee contributes rate equal to SCRS employee contribution; and
  - Employer contributes at same rate as SCRS employer rate.
    - 5 percent of gross pay contributed directly to employee's account.
    - Remaining employer contribution remitted to SCRS.
- Immediate rights to account balance at:
  - Termination; or
  - Age 59 ½.
- Account is portable.
- Can choose how funds distributed.
- Incidental death benefit for active employees.

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### Defined contribution plan limitations

- Participant pays administrative, investment management fees.
- Participant assumes investment risk.
- Participant assumes longevity risk.
- No disability protection.
- No benefit adjustments.

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### Voluntary, supplemental retirement savings plan

South Carolina Deferred Compensation Program

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### South Carolina Deferred Compensation Program

- 401(k) or 457(b) plans with Roth options.
- Comparatively low fees.
- Managed Account services available.

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### Program contributions

- Minimum contribution to each plan per pay period: \$10.
- 2018 annual contributions limit: \$18,500.
- Additional catch-up amounts available for participants age 50 and older.

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### Electronic Employer Services (EES)

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### How to use EES

- All employers:
  - Find employee retirement data.
  - Certify final payroll information for employees.
  - Update employer contact information.

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## How to use EES



- Employers who do not report payroll through South Carolina Enterprise Information System (SCEIS):
  - Enroll employees in retirement plans.
  - Submit retiree return-to-work dates.
  - Upload payroll data.
  - Prepare monthly, quarterly contribution reports for PEBA.
  - Set up, maintain bank accounts for payment processing.
  - Submit payments.

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## How to set up employer access



- Keep forms on file and current:
  - Electronic Employer Services (EES) Employer Confidentiality Agreement (Form 6503); and
  - Electronic Employer Services (EES) Authorizing Contact Designation/Agreement (Form 6504).

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## How to set up users



- All EES users:
  - Submit EES Designated Agent Confidentiality Agreement (Form 6505).
- Users who submit electronic payments:<sup>1</sup>
  - Submit Authorization Agreement for Participation in EES Retirement Electronic Payments (Form 1286).
- Users who need to access member data in data downloads:
  - Submit written request on employer's letterhead.

1. Not available for employers who report their payroll through SCEIS.

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## User credentials

- Each user receives:
  - User ID; and
  - Personal identification number (PIN).
- For assistance with access, email [EESSupport@peba.sc.gov](mailto:EESSupport@peba.sc.gov).



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## PEBA resources

[www.peba.sc.gov](http://www.peba.sc.gov)

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## Employer resources

- [www.peba.sc.gov/remployers.html](http://www.peba.sc.gov/remployers.html):
  - Forms.
  - Employer training and *Covered Employer Procedures Manual*.
  - Turnkey toolkits.
  - Quick links.
- PEBA TV ([www.youtube.com/c/pebatv](http://www.youtube.com/c/pebatv)).
- *pebapodcast* ([www.scpeba.podbean.com](http://www.scpeba.podbean.com)):
  - Focuses on employer and employee topics.



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## Employee resources



- [www.peba.sc.gov](http://www.peba.sc.gov):
  - Retirement plan publications.
  - Member Access.
  - Online calculators.
  - *Navigating Your Benefits* series.
  - PEBA TV (YouTube channel).
- PEBA TV ([www.youtube.com/c/pebatv](http://www.youtube.com/c/pebatv)).
- *pebapodcast* ([www.scpeba.podbean.com](http://www.scpeba.podbean.com)):
  - Focuses on employer and employee topics.

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## Member Access



- <https://online.retirement.sc.gov>:
  - Log in or create an account.
  - View SCRS or PORS account and service credit statement.
  - Estimate benefit amount.
  - Update address and contact information.
  - Calculate service purchase cost estimate.
  - Submit service purchase request.
  - Review beneficiary designations.
  - Get State ORP open enrollment reminders.
  - Find State ORP service provider contact information.
  - Apply for SCRS or PORS retirement.
  - Apply for SCRS or PORS refund.
- See [Member Access flyer](#) for more information.

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## Member Access registration



- To register, member must provide:
  - Last name;
  - Social Security number;
  - Date of birth; and
  - A valid email address.
- [Member Access instructions flyer](#) shows how to register.

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### Get social with PEBA



-  [www.facebook.com/scpeba](http://www.facebook.com/scpeba)
-  [www.twitter.com/scpeba](http://www.twitter.com/scpeba)
-  [www.youtube.com/c/pebatv](http://www.youtube.com/c/pebatv)
-  [www.scpeba.podbean.com](http://www.scpeba.podbean.com)

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### Disclaimer



This presentation does not constitute a comprehensive or binding representation regarding the employee benefits offered by the South Carolina Public Employee Benefit Authority (PEBA). The terms and conditions of the retirement and insurance benefit plans offered by PEBA are set out in the applicable statutes and plan documents and are subject to change. 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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