


Serving those who serve South Carolina

Retirement Benefits Training


Leaving covered employment

Topics

- Leaving funds on deposit.
- Requesting a refund.



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Leaving funds on deposit

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Applying for retirement later



- Inform member he can apply for retirement upon eligibility if:
 - Class Two member and has five years earned service; or
 - Class Three member and has eight years earned service.
- Member has responsibility to begin retirement application once eligible.

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Interest on account funds



- Inform member that funds accrue interest until account becomes inactive.
- Account becomes inactive as of July 1 when:
 - No contributions made in preceding fiscal year; and
 - No other active, correlated system or State ORP account exists.
- Account status updates on fiscal year basis.


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How long can funds stay on deposit?




- IRS requires onset of annual minimum distributions by later of two dates:
 - April 1 of the year after year in which member turns age 70 ½, or;
 - Year in which member retires.
- Penalties may apply if this requirement not met.

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Member information 


- Inform member he should maintain current address through Member Access.
- Inform member he should update beneficiary information:
 - Active Member Beneficiary Form (Form 1102);
 - Beneficiary/Trustee Designation Form (Form 1103); or
 - State ORP Incidental Death Benefit Beneficiary Form (Form 1106).

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Requesting a refund

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Requesting a SCRS, PORS refund 

- Member must terminate employment from all covered employers and correlated systems.
- Minimum 90-day waiting period from termination date before refund issued.
- Employer contributions not refunded.
- Returning to covered employment before refund payment cancels refund.
- Loans or hardship withdrawals not allowed.

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Impact of receiving refund



- Member forfeits rights to future service retirement or disability benefits.
- Cancels all service credit in the account.

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How to request refund



- Request through Member Access; or
- Complete and submit notarized Refund Request (Form 4101).
- Must submit copy of member's driver's license or state-issued ID.
- If denied for disability retirement and requesting refund, member must send signed statement to PEBA refusing right to appeal disability retirement denial.


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Refund payment options




- Single-sum payment;
- Direct rollover; or
- Partial rollover.

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Single-sum payment 


- Must complete Direct Deposit Authorization (Form 7204).¹
- Pretax portion subject to 20 percent federal tax withholding.
 - Additional penalties if under age 59 ½ at time of distribution.
- Taxable portion subject to S.C. income taxes during year in which refund is received.
- Encourage members to consult a personal tax advisor for assistance.

1 Payment generally not issued by paper check. 13

Rollovers 

- Roll over funds into IRA, 401(k) plan, 401(a) eligible plan, 403(a) plan, 403(b) plan or some 457 plans.
 - S.C. Deferred Compensation Program's 457 plan does not accept rollovers.
- Direct rollover:
 - Choose pretax amount only or total balance.
- Partial rollover:
 - Remaining balance paid in single-sum payment, and subject to applicable rules.

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Employer actions 

- Once member applies for refund:
 - Complete Active Member Refund in EES; or
 - Complete Inactive Member Refund in EES.

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