



# Leaving your retirement system early

Your eligibility for retirement through the South Carolina Retirement System or the South Carolina Police Officers' Retirement System depends on how many years of service you recorded in your system, or earned service, combined with your age and/or total years of service credit, which can be purchased as well as earned. If you meet your plan's requirements, you may be eligible to receive a service retirement benefit. But career paths can change, so what happens if you leave covered employment before you reach retirement eligibility?

If you leave employment, you still have options for the money you have contributed to your retirement account. You can register for Member Access at [online.retirement.sc.gov](https://online.retirement.sc.gov) so you can see your account balance at any time.

Before making any decisions, however, you should consider the issues involved, including whether you might return to covered employment in the future and the possible tax penalties of receiving a refund of your contributions plus interest.



## Leaving your contributions in your retirement account

- Your retirement account will continue to earn 4 percent interest annually until your account becomes inactive, which occurs after no contributions are posted to your account for one fiscal year.
- Your contributions will remain in your account until either:
  - You request a refund of your account; or,
  - If you had the earned service necessary for a retirement benefit when you left employment, you apply for a deferred annuity upon reaching retirement eligibility.
- If your funds remain on account and you return to covered employment before retirement, you will resume making contributions to and earning service credit in the system.
- If you wait until you are at least age 59 ½ to request a refund, your refund will not be subject to an IRS tax penalty.

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## Requesting a refund

- If you receive a refund, you give up your right to any future service or disability retirement annuity.
- You can generally roll over the taxable portion of your funds into an eligible retirement savings account, including an individual retirement account (IRA), 401(k), and some 457 plans, which defers taxes until you begin receiving the money.
- If you do not roll over your refund, then the taxable portion of your refund will be subject to taxes and may be subject to an additional tax penalty if you are not at least 59 ½ years old. Consult with a tax advisor for more information on the tax implications of your refund.
- If you receive a refund and return to covered employment, you may reestablish the service credit associated with your withdrawn funds by repaying your refunded contributions as well as the interest which would have accumulated on your account since the refund.

## More information

More information about your contributions and benefits is available at [www.peba.sc.gov/retirement.html](http://www.peba.sc.gov/retirement.html).