



Serving those who serve South Carolina

Be aware and prepare On the Road to Retirement

For early- and mid-career employees

A sure way to an unsure future is to put off planning for retirement.

Disclaimer



Before we get started, I'd like to take a minute to remind you that personal finance, as the name implies, is a highly individualized and personal matter. The information provided in this presentation, and in the other presentations in this series, 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 presentation, 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.



On the road to retirement

Where are you?

Where are you in your career?



- Retirement comes sooner than you think
- Our goal is to help you prepare so you're ready
- Be aware and prepare so you can make sound decisions as you begin and move through your career
- A sure way to an unsure future is to put off planning for retirement

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Start thinking about your retirement now



- First step is to actively think about your retirement
- Do you know what you want to do and where you want to be in retirement?
- Do you have any idea how you're going to get there?
- Start asking and answering these questions now

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Start thinking about your retirement now



- Identify steps you can take to secure your financial future
- Create a personal financial plan
- *Planning for Your Future* presentations
- *Saving for Your Future* presentation
- Start saving now

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How will you get to retirement from here?



- Start thinking about the things you hope to do in retirement
- 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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How will you get to retirement from here?



The "what-if" questions

- What if you have health issues?
- What if you have assisted living costs?
- What if the kids don't leave?
- What if the kids come home in crisis?
- What if inflation rises?
- What if you have unpaid debts?

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Identifying your income sources

Which ones will you have?

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Possible income sources



PEBA	SSA	Other employer	SCDCP	Other savings
Monthly benefit from defined benefit plan, or distributions from defined contribution plan	Monthly benefit from Social Security	Benefit from another employer retirement plan (e.g., military pension)	Distributions from your voluntary, supplemental retirement savings account	Distributions from other personal savings or investments

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Possible income sources



Defined benefit plans

SCRS or PORS monthly benefit

- Expect to receive about 50 percent of your pre-retirement income after a full career of service
- Work longer to increase your years of service credit and reap a slightly bigger benefit
- Purchase service credit

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Possible income sources



Defined contribution plan

State ORP distribution

- Retirement income based on your account balance at retirement
- Any fees and expenses, distributions, and investment gains or losses will affect this balance
- Eligible for distribution at termination or age 59 ½

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Possible income sources



Social Security benefits

- Monthly benefit based on your indexed lifetime earnings, your age, and other variables
- Visit the Social Security Administration's website and create your Social Security account to check your statement, estimate your benefit, and access other helpful information

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Possible income sources



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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Possible income sources



S.C. Deferred Compensation Program

- A voluntary, supplemental defined contribution program to help employees save additional money for retirement
- Consists of a 401(k) plan, 457(b) plan, and Roth options
- Administered by Empower Retirement
- SDCP has multiple online retirement planning tools
www.southcarolinadcp.com/resourcecenter

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Possible income sources



Other personal savings and investments

- Begin setting aside additional funds now through options offered by your local bank or credit union
- Review PEBA's "Saving for Your Future" presentation

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Possible income sources



PEBA	SSA	Other employer	SCDCP	Other savings
Monthly benefit from defined benefit plan, or distributions from defined contribution plan	Monthly benefit from Social Security	Benefit from another employer retirement plan (e.g., military pension)	Distributions from your voluntary, supplemental retirement savings account	Distributions from other personal savings or investments

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Understanding your retirement plan

What benefits does PEBA offer?

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Retirement plans



- South Carolina Retirement System (SCRS)
- Police Officers Retirement System (PORS)
- State Optional Retirement Program (State ORP)
- Judges and Solicitors Retirement System (JSRS)
- General Assembly Retirement System (GARS)
- South Carolina National Guard Retirement System Supplemental Benefits Plan (SCNG Plan)

www.peba.sc.gov

Employee contributions



State ORP

- 8.66 percent effective July 1, 2016

SCRS

- 8.66 percent effective July 1, 2016

PORS

- 9.24 percent effective July 1, 2016

Employee contribution rates may increase beyond the scheduled amounts if it is necessary to maintain appropriate funding levels for the systems.

State ORP



- A 401(a) defined contribution plan
- Employer contributes 5 percent
- Alternative to the defined benefit plan
- Retirement benefit is accumulated account balance
- Any fees, distributions, and investment gains or losses will affect this balance
- Eligible for distribution at termination or age 59 ½

SCRS and PORS



- Defined benefit plans
- Plans bear the investment risk
- Provide a monthly service retirement annuity based on a statutory formula
- Must meet eligibility requirements to receive retirement benefits

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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
- Class Two and Class Three membership

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Average final compensation



SCRS and PORS Class Two members

- Three highest consecutive years of earnable compensation

SCRS and PORS Class Three members

- Five highest consecutive years of earnable compensation

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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Maximum payment plan Option A example



Step 1

- For Class Two, total 12 highest consecutive quarters of earnable compensation and divide by three to determine your average final compensation. Use 20 highest consecutive quarters and divide by five for Class Three.

Step 2

- SCRS members multiply the result of Step 1 by 1.82 percent.
- PORS members multiply the result of Step 1 by 2.14 percent.

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Maximum payment plan Option A example



Step 3

- Multiply result of Step 2 by years, months, and days of creditable service.

Step 4

- Divide result of Step 3 by 12 for your gross monthly Option A annuity amount.

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Maximum payment plan Option A example



AFC = \$30,000		
SCRS	$\$30,000 \times 1.82\% =$	\$546
	$\$546 \times 28 \text{ years} =$	\$15,288
	$\$15,288 \div 12 =$	\$1,274.00
PORS	$\$30,000 \times 2.14\% =$	\$642
	$\$642 \times 25 \text{ years} =$	\$16,050
	$\$16,050 \div 12 =$	\$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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Payment plan options



- **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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SCRS and PORS disability 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



- SCRS member must be approved for Social Security disability benefits
- Submit approval letter from Social Security Administration to complete claim for SCRS disability retirement benefits
- Benefit based on actual age and service credit (no projection of service credit)

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PORS disability retirement



- Must be permanently incapacitated from performing job duties
- PORS disability benefits are not tied to approval for benefits from the Social Security Administration
- Disability retirement benefit based upon projection of service credit to reach age 55 or 25 years of service credit, whichever is less

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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 5 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 8 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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Stay connected

How do you stay connected throughout your career?

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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 Member Access, you will need the following:

- 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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Other ways to stay connected



- www.peba.sc.gov
- Contact us at 803.737.6800, 888.260.9430, or cs@peba.sc.gov
- Visit us at 202 Arbor Lake Drive, Columbia, S.C. 29223
- Social Media – [Facebook](#), [Twitter](#), [YouTube](#)
- Pre-retirement seminar
 - For those approaching retirement or ready to retire

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Are you on track?

Where are you on the road to retirement?



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Are you on track?



- Create a personal financial plan
- Create (and stick to) a budget
- Set financial goals
- Build a financial safety net
- Grow your savings
- Research investment options, such as the South Carolina Deferred Compensation Program

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Are you on track?



- Retirement income needs and sources
- Understand your PEBA-administered retirement plan
- Consider the emotional aspects of retirement
- Stay connected with PEBA
- Do not assume everything will work out on its own
- Get started

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Disclaimer



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