



Serving those who serve South Carolina

Retirement Benefits Training

Retirement processes

Topics

- Disability retirement processes.
- Service retirement processes.
- Taking State ORP distributions.
- Making changes after retirement.
- Returning to covered employment.

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Disability retirement eligibility

SCRS, PORS

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SCRS, PORS disability retirement eligibility



- Must be in service with participating employer, meaning:
 - He is currently employed, including in unpaid leave; or else has been terminated for no more than one year; and
 - Is not retired (or, for SCRS, has not been retired for more than one year).
- Unless injury is job-related, member must have:
 - Five years earned service if Class Two.
 - Eight years earned service if Class Three.

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SCRS disability retirement eligibility



- Must be approved for disability benefits by the Social Security Administration.
- Do not wait to file SCRS application until after Social Security approval.
- Generally requires incapacity to perform any gainful occupation.

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SCRS disability before age 65



- Must provide documentation each year of continued Social Security disability.
- Requirement ends at age 65.

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PORS disability retirement eligibility 

- No Social Security Administration approval required.
- Generally must be permanently incapacitated for job duties.

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PORS disability before age 55 

- Reexamination may be required:
 - Annually for first five years; and
 - Once every three years thereafter.

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Determining disability retirement benefits
SCRS, PORS

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SCRS, PORS disability retirement monthly benefit

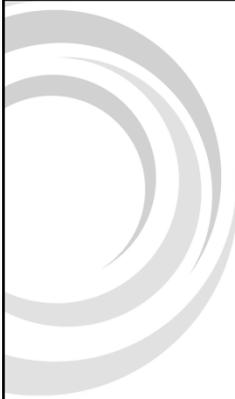


- SCRS: benefit based on AFC and service credit at retirement.
- PORS: benefit based on AFC and service credit projection to age 55 or 25 years of service credit, whichever is less.

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Applying for disability retirement

SCRS, PORS



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Applying for disability retirement



- PEBA must receive application within one year of employment termination.
 - For SCRS disability applicants, do not wait for Social Security approval before applying.
- Employer may submit application on behalf of member.
 - Cannot select payment plan option.
 - Cannot designate beneficiaries.

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Disability application urgent cases



- Fax application to PEBA at 803.740.1354.
- Must still submit signed application to:
 - Select payment plan option; and
 - Designate beneficiaries.

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Applying for service and disability retirement



- Member may apply for both service and disability retirement, when eligible.
- Member will receive disability benefit amount if approved for disability.
- Member will receive service benefit amount if not approved for disability.

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How to apply



- SCRS Application for Disability Retirement (Form 6151S).
- PORS Application for Disability Retirement (Form 6151P).

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Member forms 

- Withholding Certificate for Monthly Benefit Payments (Form 7202).
- Direct Deposit Authorization (Form 7204).
- Page 1 of Retiring Member's Disability Application Checklist (Form 6352).
- PORS only:
 - Member's Disability Report (Form 6251).
 - Authorization for Release of Information (Form 6255).

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Employer forms 

- Employer's Disability Employment Status Report (Form 6253).
- Page 2 of Retiring Member's Disability Application Checklist (Form 6352).
- PORS only: Employer's Description of Disability Applicant's Job (Form 6254).
- Complete Retirement Date Certification on EES Task List.

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SCRS disability effective date 

- Once approved, becomes effective the later of two dates:
 - Social Security disability onset date; or
 - Day after covered employment termination.
- Retroactive benefits paid back to effective date.
- Social Security disability onset date can be no later than one year after employment termination.

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PORS disability effective date

- Once approved, becomes effective the later of two dates:
 - 30th day after PEBA receives application; or
 - The day after member's last day on his employer's payroll.

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Service retirement eligibility
SCRS, PORS

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SCRS Class Two retirement eligibility

- Five years earned service required.
- Unreduced monthly retirement benefit:
 - 28 years of service; or
 - Age 65 or older.
- Reduced monthly retirement benefit:
 - Age 60; or
 - Age 55 with 25 years of service.

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SCRS Class Three retirement eligibility



- Eight years earned service required.
- Unreduced monthly retirement benefit:
 - Rule of 90 (age and years of service add up to 90); or
 - Age 65 or older.
- Reduced monthly retirement benefit:
 - Age 60.

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PORS Class Two retirement eligibility



- Five years earned service required.
- Monthly retirement benefit:
 - 25 years of service; or
 - Age 55 or older.

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PORS Class Three retirement eligibility



- Eight years earned service required.
- Monthly retirement benefit:
 - 27 years of service; or
 - Age 55 or older.

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Determining service retirement benefits

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SCRS, PORS service retirement monthly benefit



- Benefit based on formula which includes:
 - Average final compensation (AFC);
 - Service credit; and
 - A benefit multiplier.
- AFC based on highest consecutive quarters of earnable income.

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AFC calculation



- SCRS and PORS Class Two AFC includes:
 - 12 quarters, divided by 3; and,
 - Payment for up to 45 days annual leave at termination.
- SCRS and PORS Class Two also receive service credit for up to 90 days unused sick leave.
- SCRS and PORS Class Three AFC includes 20 quarters, divided by 5.
 - SCRS and PORS Class Three AFC does not include unused annual leave payment and Class Three members do not receive service credit for unused sick leave.

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SCRS benefit calculation example



- Class Two member with 28 years of service credit and an AFC of \$30,000; maximum, unreduced benefit calculation.
- There are reductions from the maximum benefit calculation if a member takes an early retirement or selects a joint retiree/survivor payment plan.

Step 1	\$30,000	Step 2	\$546	Step 3	\$15,288
	$\times 1.82\%$		$\times 28 \text{ years}$		$\div 12$
	\$546		\$15,288		\$1,274

PORS benefit calculation example



- Class Two member with 25 years of service credit and an AFC of \$30,000; maximum, unreduced benefit calculation.
- Reduction applies when choosing joint retiree/survivor payment plan.

Step 1	\$30,000	Step 2	\$642	Step 3	\$16,050
	$\times 2.14\%$		$\times 25 \text{ years}$		$\div 12$
	\$642		\$16,050		\$1,337.50

SCRS, PORS benefit estimates in Member Access



- Members can create a benefit estimate in Member Access using:
 - Retirement account data;
 - Potential AFC; and
 - A selected retirement date.

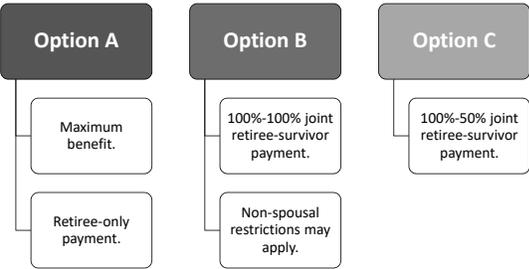
SCRS, PORS benefit estimates in EES



- Estimate tool can:
 - Calculate AFC;
 - Project benefit estimate; and
 - Calculate taxes for benefit payments.
- Requires member's Social Security number.

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SCRS, PORS monthly payment plan options



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Option B beneficiary age restrictions



- Member cannot designate a single Option B beneficiary if:
 - Beneficiary is not member's spouse; and
 - Beneficiary is more than 10 years younger than member, as determined by IRS rules.
- Age restriction for naming beneficiaries under Option B does not apply to disability retirees.

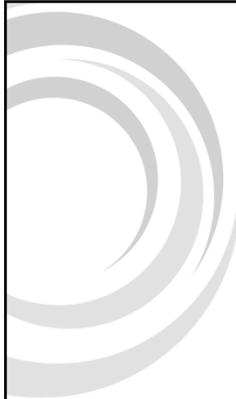
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Qualified Domestic Relations Order (QDRO)



- Court order giving former spouse right to portion of member's retirement benefits.
- Outlines disbursement of money if member retires, takes refund or dies.
- Divorce decree is not a QDRO.
- Model QDRO and guidelines available at www.peba.sc.gov/rresources.html.

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Applying for service retirement

SCRS, PORS

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When to apply



- May apply up to six months prior to retirement date.
- Must apply no later than 90 days after retirement date.
- Application required; process not automatic.
- Service purchases must be paid in full before retiring.

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How to apply



- Apply online through Member Access; or
- Complete and submit applicable paper forms:
 - SCRS Application for Service Retirement Benefits (Form 6101S).
 - PORS Application for Service Retirement Benefits (Form 6101P).
 - Withholding Certificate for Monthly Benefit Payments (Form 7202).
 - Direct Deposit Authorization (Form 7204).

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Required documentation



- Upload documents if applying online.
- Mail copies with paper application.
- Required documentation:
 - Copy of driver's license or state-issued ID card;
 - Copy of member's birth certificate; and
 - Copy of beneficiary's birth certificate, if choosing survivor option.

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Naming beneficiaries on retirement application



- In Section II, member names beneficiary for:
 - Monthly retirement benefit; or
 - Refund of contributions.
- To name trustee as beneficiary:
 - Check box in Section II.
 - Must submit *Certification of Trust* (Form 1113) with application.
- In Section III, member names beneficiary for incidental death benefit, if covered.

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Employer actions

- Once member applies for retirement:
 - Complete Retirement Date Certification in EES; and
 - Complete Final Payroll Certification in EES.



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Taking State ORP distributions

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State ORP distribution options

- Lump sum or periodic withdrawals; may purchase an annuity product with account balance.
- Eligible after:
 - Ending all covered employment; or
 - Reaching age 59 ½.
- Distribution taken before age 59 ½:
 - Penalty tax may occur; or
 - Roll over funds into eligible plan or IRA.

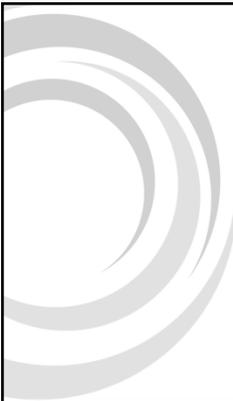


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Leaving State ORP balance on deposit

- Can leave balance on deposit until choosing to take withdrawals.
- Balance accumulates tax-deferred earnings while on deposit.
- IRS requires annual minimum distributions beginning at age 70 ½.

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Making changes after retirement

SCRS, PORS

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Changing payment option after retirement

- If all beneficiaries die before member:
 - Benefit reverts to Option A.
 - Change is effective the month after the date last beneficiary dies.
 - Member must notify PEBA of death.
- Change in marital status:
 - Member may select new payment option within five years of change.
 - Can only change payment option twice, no matter how many qualifying events occur.

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Changing beneficiaries after retirement



- Option A retiree: update retirement beneficiaries any time.
- Reversion to Option A: can choose new beneficiaries.
- Incidental death benefit (if covered): update beneficiaries any time.
- Use Retired Member Change of Beneficiary Form (Form 7201).

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Returning to covered employment
SCRS, PORS

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Returning to covered employment



- Member must have bona fide termination from covered employment to receive retirement benefit.
- Member SCRS, PORS benefit will be suspended if member returns to covered employment sooner than 30 consecutive calendar days after retirement date.
- Member contributes same percentage of earnable compensation as active members.

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Service retiree earnings limitation



- Once an SCRS or PORS member earns more than \$10,000 in a calendar year from covered employment, member's retirement benefit stops for remainder of year.
- Member's retirement benefit will be reinstated the next January.

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Service retiree earnings limitation exceptions



- Earnings limitation does not apply to:
 - Members who retired before January 2, 2013, regardless of age at retirement;
 - Members who retired on or after January 2, 2013, but were at least age 62 (SCRS) or age 57 (PORS) on date of retirement; and
 - Teachers who meet a critical needs exception as determined by the S.C. Department of Education.

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Disability retiree earnings limitation



- Subject to individual calendar-year earnings limitation for public and private employment up to age 65 for SCRS and age 55 for PORS.
 - Before age 65 (age 55 for PORS), disability retiree receives letter each February indicating earnings limit amount.
 - If annual earnings from covered employment are equal to or greater than adjusted AFC:
 - Disability benefit ends; and
 - Retiree returns to active membership.
- Subject to same earnings limitation as service retirees after age 65 (age 55 for PORS).

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SCRS return-to-work disability retiree



- Must annually establish continued approval for Social Security disability.
- Employment that causes loss of Social Security disability also causes loss of SCRS disability.

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Employer responsibilities



- Must notify PEBA when hiring a retiree.
- Submit return-to-work date in EES as soon as possible (Employed Retirees – Return to Work Date Entry).
- Error message appears if return-to-work date does not satisfy 30-day requirement.
- Earnings limitation monitored through Employed Retirees – Return to Work Date Entry.
- Employer may be required to repay any benefits wrongly paid to a member if the employer fails to timely notify PEBA of the engagement of retired member.

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Returning to active membership



- Return-to-work retiree can choose to return to active membership if he:
 - Works 48 consecutive months for covered employer; and
 - Earns 75 percent of average final compensation.
- Returning to active membership means retirement benefits end.

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