PEBA
SC Retirement Systems and State Health Plan

South Carolina Public Employee Benefit Authority
Serving those who serve South Carolina

Meeting agenda

Board of Directors Retreat
Thursday, November 5, 2026
Wampee Conference Center | 2213 Pinopolis Road, Pinopolis, SC 29469

Board of Directors | 10 a.m.

I. Call to order

II. Approval of meeting minutes - October 21, 2026

III. Financial statements audit review by the external auditor
Mr. Kevin Smith, Audit Partner, CPA, Crowe

IV. Actuarial topics update
Mr. Thomas Lyle, Gabriel, Roeder, Smith & Company
Mr. Joe Newton, Gabriel, Roeder, Smith & Company
Mr. Danny White, Gabriel, Roeder, Smith & Company

Lunch

V. PEBA operations review
Mr. Travis Turner, Deputy Director and Chief Financial Officer
Ms. Heather Young, Director of External Affairs

VI. 2027 Board meeting schedule review and approval
Ms. Peggy Boykin, Executive Director

VII. Executive session for the purpose of discussing personnel matters, discussing proposed contractual matters, and receiving legal advice pursuant to S.C. Code of Laws §30-4-70(a)(1),(2).

VIII. Potential action resulting from executive session

Recede until 9:30 a.m. on Friday, November 6, 2026

Notice of public meeting
This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD RETREAT

Meeting Date: November 5, 2026

---

1. Subject: Health and Retirement Financial Statements Audit and Deferred Compensation Financial Statements Audit

---

2. Summary: Mr. Kevin Smith, Audit Partner from Crowe, will present the Financial Statements for the South Carolina Retirement Systems, Insurance Benefits and OPEB Trust Funds, and for the South Carolina Deferred Compensation Program.

3. What is the Board asked to do? Receive as Information

---

4. Supporting Documents:

(a) Attached: Presentation of 2026 audit results



South Carolina Public Employee Benefit Authority

Presentation of 2026 Audit Results

November 5, 2026

Agenda

- Audit and Internal Control Results
- Required Communication to Those Charged With Governance
- Questions and Discussion

- The accompanying information should be read in conjunction with the audited financial statements and is intended solely for the information and use of the Audit Committee, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.
- The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global © 2023 Crowe LLP.

© 2023 Crowe LLP

Crowe Presenters



Kevin W. Smith, CPA
Audit Partner



Danielle Shriver, CPA
Audit Senior Manager

© 2023 Crowe LLP

Audit and Internal Control Results

State of South Carolina Deferred Compensation Program (“Deferred Comp”)

South Carolina Retirement Systems (“Retirement Systems”)

South Carolina Public Employee Benefit Authority Insurance Benefits and Post Employment Benefits Trust Funds (“Insurance Benefits and OPEB Trusts”)

© 2023 Crowe LLP

Audit Results – Deferred Comp

- Independent Auditor's Report on the State of South Carolina Deferred Compensation Program Annual Financial Report for the year ended December 31, 2025

Opinion

We have audited the combined financial statements of fiduciary net position and changes in fiduciary net position of the State of South Carolina Deferred Compensation Program (the "Program"), as of and for the year ended December 31, 2025, and the related notes to the combined financial statements, which collectively comprise the Program's basic combined financial statements as listed in the table of contents.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Program, as of December 31, 2025, and the changes in fiduciary position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

© 2023 Crowe LLP

Audit Results – Retirement Systems

- Independent Auditor's Report on the South Carolina Retirement Systems Annual Financial Report for the year ended June 30, 2026

Opinion

We have audited the financial statements of the South Carolina Retirement Systems (the Systems) as administered by the South Carolina Public Employee Benefit Authority, included as fiduciary funds of the State of South Carolina, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Systems, as of June 30, 2026, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

© 2023 Crowe LLP

Audit Results – Insurance Benefits and OPEB Trusts

- Independent Auditor's Report on the South Carolina Public Employee Benefit Authority Insurance Benefits and Post Employment Benefits Trust Funds Annual Financial Report for the year ended June 30, 2026

Opinions

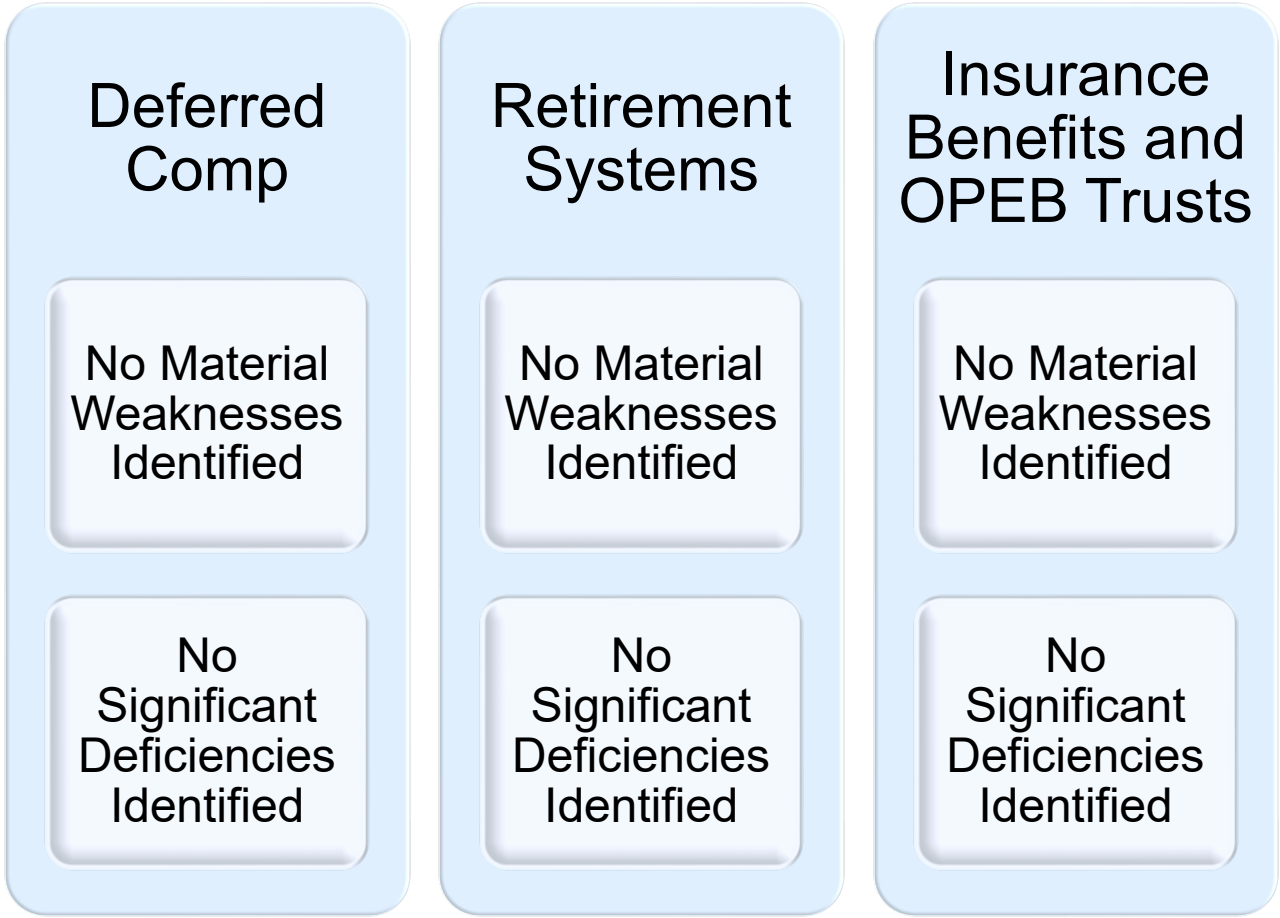
We have audited the financial statements of South Carolina Public Employee Benefit Authority Insurance Benefits (PEBA), an internal service fund of the State of South Carolina, the South Carolina Retiree Health Insurance Trust Fund, a fiduciary fund of the State of South Carolina, and the South Carolina Long-Term Disability Insurance Trust Fund, a fiduciary fund of the State of South Carolina, collectively referred to as "PEBA Insurance Benefits," as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the PEBA Insurance Benefits' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of PEBA Insurance Benefits as of June 30, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

© 2023 Crowe LLP

Internal Control Results

- Internal Control and Compliance Report
  - We obtain sufficient understanding of the entity and its environment, including internal controls, in order to plan the audit, but not to express an opinion on internal controls.
  - Therefore, our consideration of internal control is for a limited purpose and is not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.



© 2023 Crowe LLP

Required Communications to Those Charged with Governance

State of South Carolina Deferred Compensation Program (“Deferred Comp”)

South Carolina Retirement Systems (“Retirement Systems”)

South Carolina Public Employee Benefit Authority Insurance Benefits and Post Employment Benefits Trust Funds (“Insurance Benefits and OPEB Trusts”)

© 2023 Crowe LLP

Required Communications to Those Charged with Governance

- Auditor's Responsibility Under Auditing Standards Generally Accepted In The United States Of America and *Government Auditing Standards*
- Key Considerations
  - Existence and valuation of investments and derivative instruments
  - Actuarial assumptions: Total Pension Liability
  - Actuarial assumptions: Total OPEB Liability
- Significant Accounting Policies And Management Judgments and Accounting Estimates
- Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices
- Corrected and Uncorrected Misstatements

© 2023 Crowe LLP

Required Communications to Those Charged with Governance

- Other Communications
  - Other Information in Documents Containing Audited Financial Statements
  - Significant Difficulties Encountered During The Audit
  - Disagreements With Management
  - Consultations With Other Accountants
  - Representations The Auditor Is Requesting From Management
  - Significant Issues Discussed, Or Subject To Correspondence, With Management
  - Significant Related Party Findings and issues
  - Other Finding or Issues We Find Relevant or Significant

© 2023 Crowe LLP

Questions & Discussion



Thank you

Kevin W. Smith, CPA

Partner

“Crowe” is the brand name under which the member firms of Crowe Global operate and provide professional services, and those firms together form the Crowe Global network of independent audit, tax, and consulting firms. Crowe may be used to refer to individual firms, to several such firms, or to all firms within the Crowe Global network. The Crowe Horwath Global Risk Consulting entities, Crowe Healthcare Risk Consulting LLC, and our affiliate in Grand Cayman are subsidiaries of Crowe LLP. Crowe LLP is an Indiana limited liability partnership and the U.S member firm of Crowe Global. Services to clients are provided by the individual member firms of Crowe Global, but Crowe Global itself is a Swiss entity that does not provide services to clients. Each member firm is a separate legal entity responsible only for its own acts and omissions and not those of any other Crowe Global network firm or other party. Visit www.crowe.com/disclosure for more information about Crowe LLP, its subsidiaries, and Crowe Global.

The information in this document is not – and is not intended to be – audit, tax, accounting, advisory, risk, performance, consulting, business, financial, investment, legal, or other professional advice. Some firm services may not be available to attest clients. The information is general in nature, based on existing authorities, and is subject to change. The information is not a substitute for professional advice or services, and you should consult a qualified professional adviser before taking any action based on the information. Crowe is not responsible for any loss incurred by any person who relies on the information discussed in this document. © 2022 Crowe LLP.

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD RETREAT

Meeting Date: November 5, 2026

---

1. Subject: Actuarial Topics Update

---

2. Summary: Mr. Danny White and Mr. Joe Newton from PEBA's actuary Gabriel Roeder Smith & Company (GRS), will present an overview of actuarial topics including a current projected financial condition, things to be mindful of as funding improves, and possible methods for orderly reduction in contribution effort.

---

3. What is Board asked to do? Receive as information

---

4. Supporting Documents: South Carolina PEBA Board Retreat

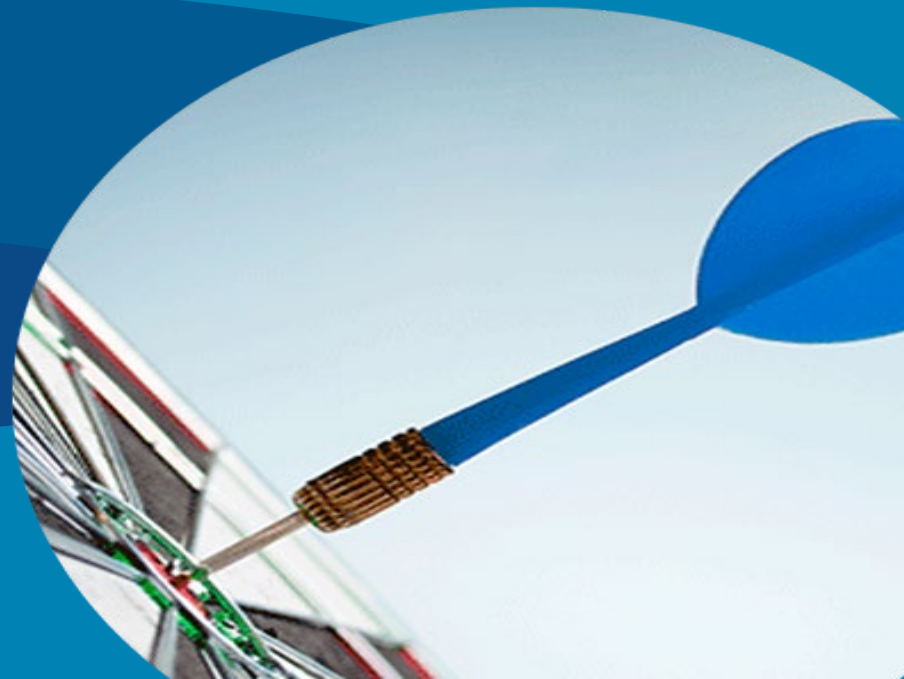
Attached:

A. South Carolina PEBA Board Retreat

South Carolina PEBA Board Retreat

Thomas Lyle, FSA EA MAAA
Joe Newton, FSA EA MAAA
Danny White, FSA EA MAAA

November 5, 2026



Copyright © 2026 GRS – All rights reserved.

Agenda

- Current Projected Financial Condition
  - SCRS
  - PORS
- Overview of Rules Pertaining SCRS and PORS Contribution Effort
- Things to be Mindful of as Funding Improves
- Possible Methods for Orderly Reduction in Contribution Effort

Preliminary July 1, 2026 Valuation Results – SCRS and PORS ($ in millions)

Item	SCRS		PORS	
	2026	2025	2026	2025
(1)	(2)	(3)	(4)	(5)
Actuarial accrued liability	$66,788	$64,615	$11,544	$10,985
Actuarial (smoothed) value assets	44,746	40,960	8,632	7,832
Unfunded liability (UAAL)	$22,042	$23,655	$2,912	$3,153
Funded ratio	67%	63%	75%	71%
Member contribution rate	9.00%	9.00%	9.75%	9.75%
Employer contribution rate next FY	18.56%	18.56%	21.24%	21.24%
Total contribution rate	27.56%	27.56%	30.99%	30.99%
Calculated funding period (based on FY 2027 contribution rate)	11 Years	12 Years	10 Years	11 Years

Funding Policy Overview for SCRS

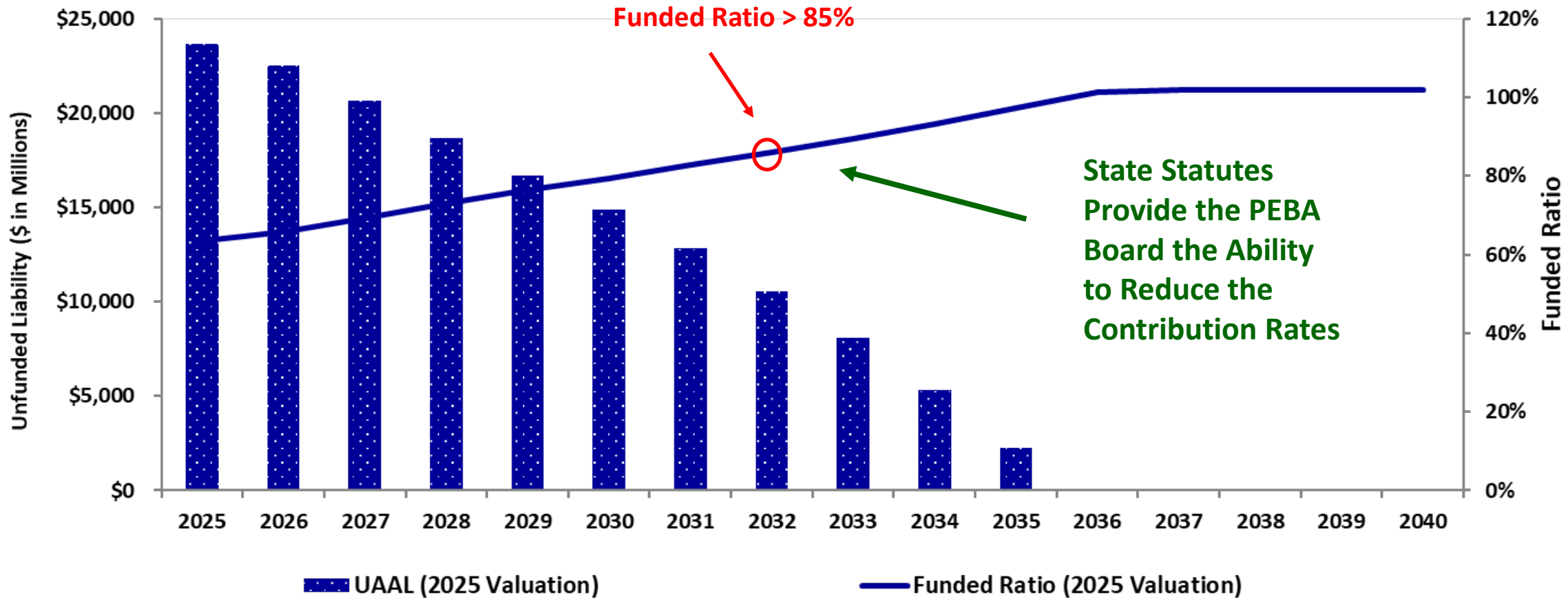
- Act 135 of 2017 placed a maximum on the member contribution rate and established a schedule for the employer contribution rate with a maximum funding period
  - Member rate is set to 9.00%
  - Employer rate is 13.56% for FY 2018 and increased to 18.56% by FY 2024
  - Established a maximum funding period of 30 years for FY 2018 decreasing to a maximum 20 year period by FY 2028
  - **Established provisions for the PEBA Board to permissibly decrease the contribution rates after attaining 85% funded ratio**

What's Next as the Financial Condition of the Systems Improve

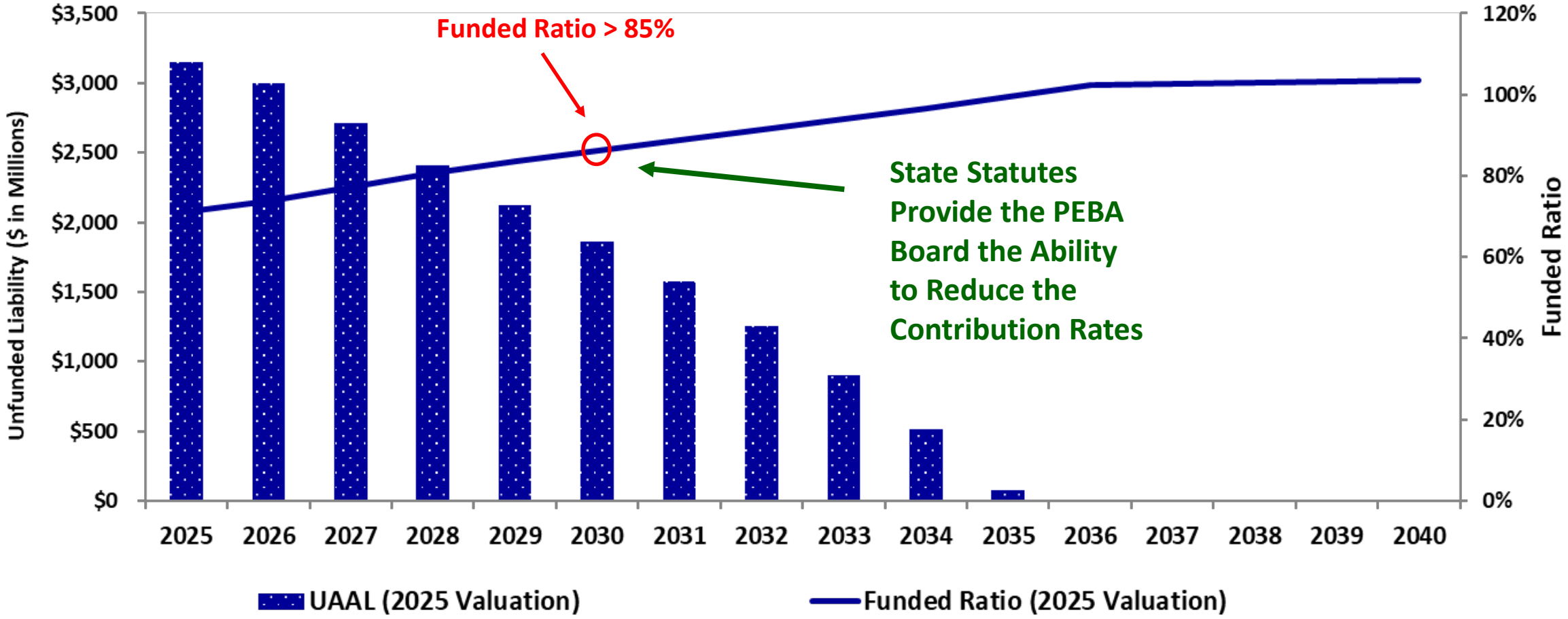
- SECTION 9-1-1085. Employer and employee contribution rates
  - (D)(1) After June 30, 2027, if the most recent annual actuarial valuation of the system shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current employer and employee contribution rates in equal amounts upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. However, the employee contribution rate may not be less than one-half of the normal cost for the system and any contribution reduction allowed by this item after the employee contribution rate equals one-half of the normal cost must be a reduction in the employer contribution rate.

Note: The applicable provisions for PORS are identical and located in Section 9-11-225

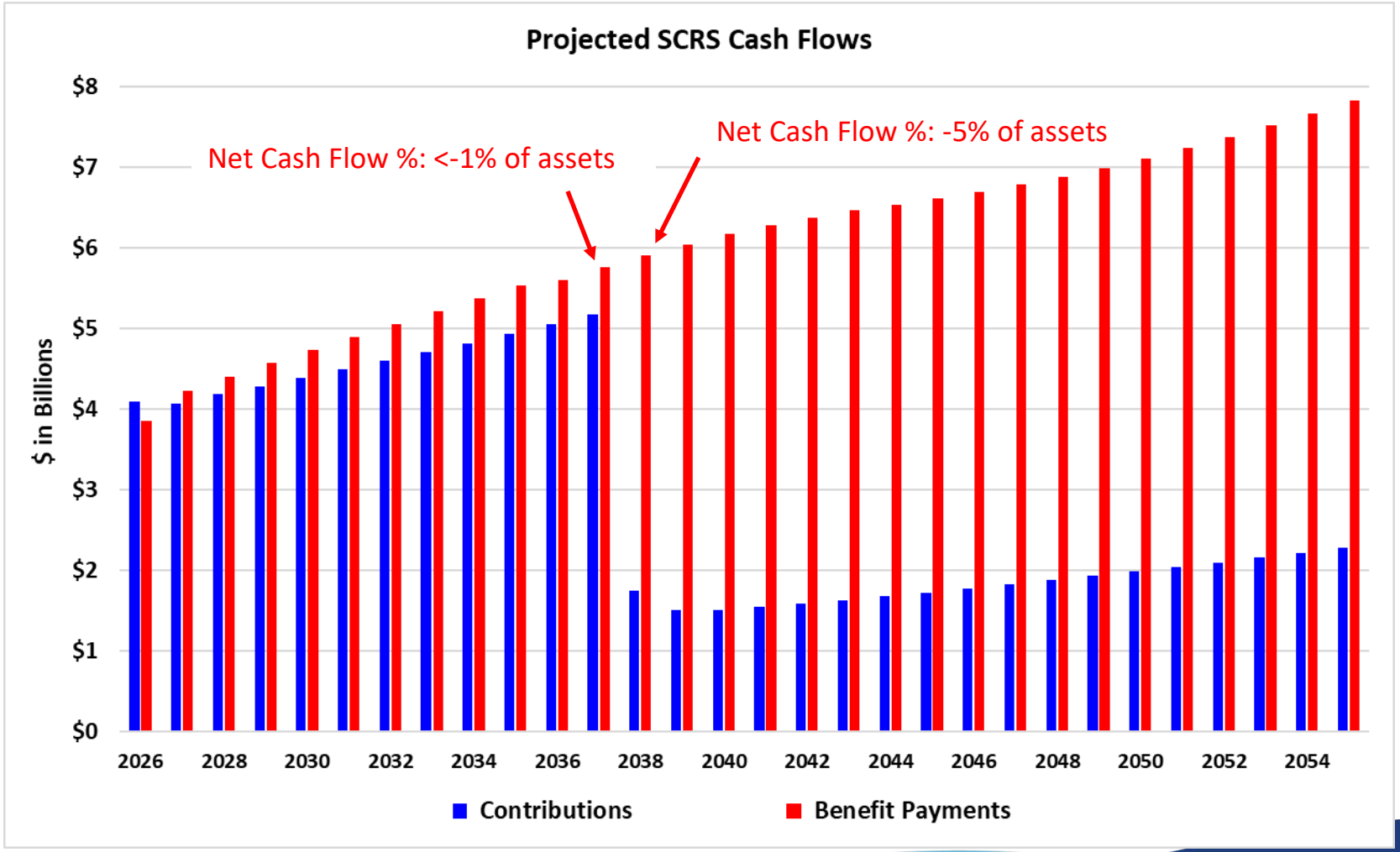
Projected Unfunded Liability - SCRS



Projected Unfunded Liability - PORS



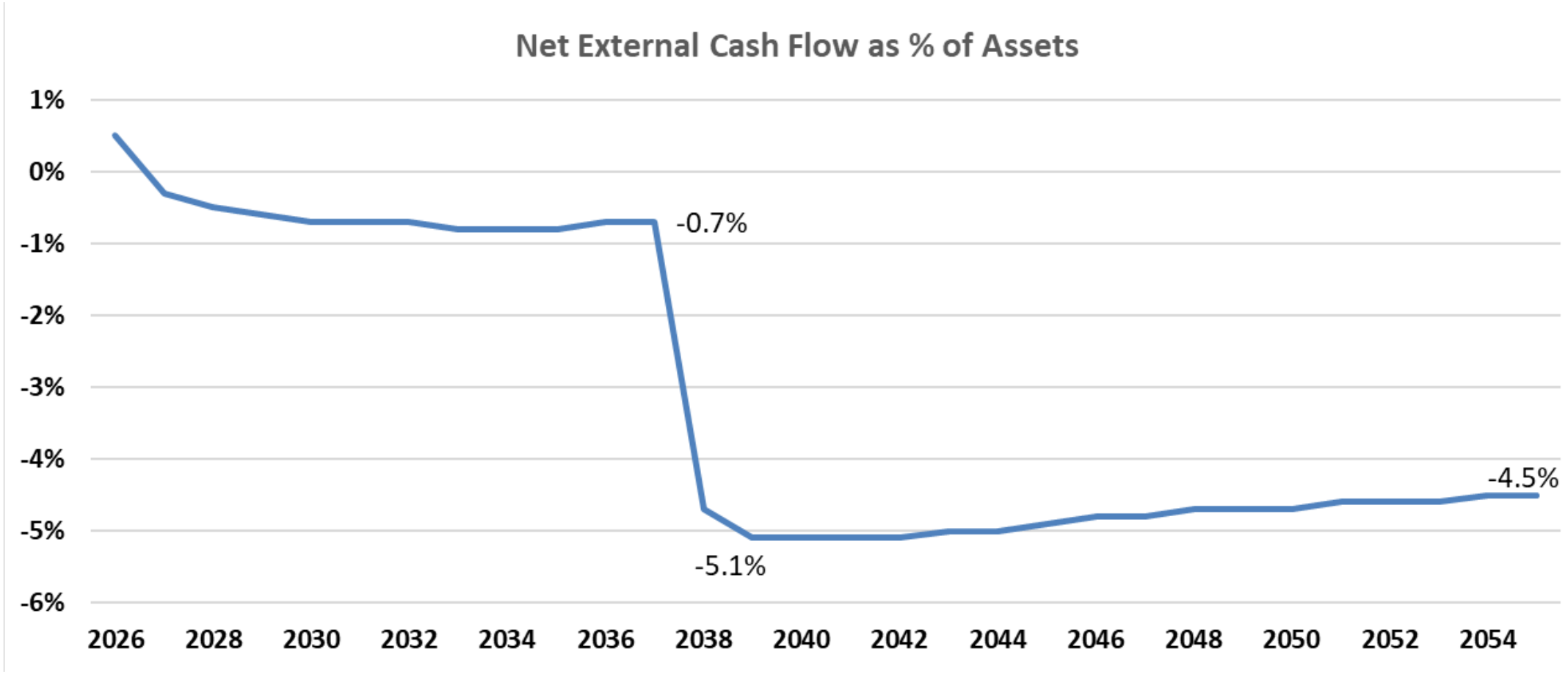
Projection assumes contribution rate is maintained until a 100% funded ratio is attained, then decreases to Normal Cost



This would be more than a $4B a year change to net cash outflows essentially overnight

Could happen as early as 2035 depending on future experience

The net cash flow spikes to over 5% in 2039, and then gradually improves back to 4.5%



Time Frame PEBA Can Reasonably Expect

- Years from 85% funded to 100% funded could happen quickly if contributions are maintained
  - Could be four (4) years for SCRS based on current assumptions
  - Opportunity to reduce the contribution rates in a controlled manner
  - Trade-offs in the pace of the reduction in the contribution rates

Element	More Rapid	Less Rapid
Employers and Members	Lower Cost / Less Predictable	Higher Cost / More Predictable
Contribution Volatility	Less Margin / Possible Required Increase in Contribution Rate	More Predictable / Greater Probability of Exceeding 100% Funded Ratio
Net Cash Flow	Big, unpredictable change Likely to impact portfolio construction	Change can be managed

Objectives

- ***Have a clear, steady policy that avoids large, unpredictable drops in contribution rates and cashflows***

- ***Minimize the risk of further contribution rate increases once contribution rate decreases have begun***

- ***Establish a plan about the timing and nature of future changes in the interest rate assumption and/or benefit improvements as funding ratios improve***

PEBA has a Range of Possible Strategies

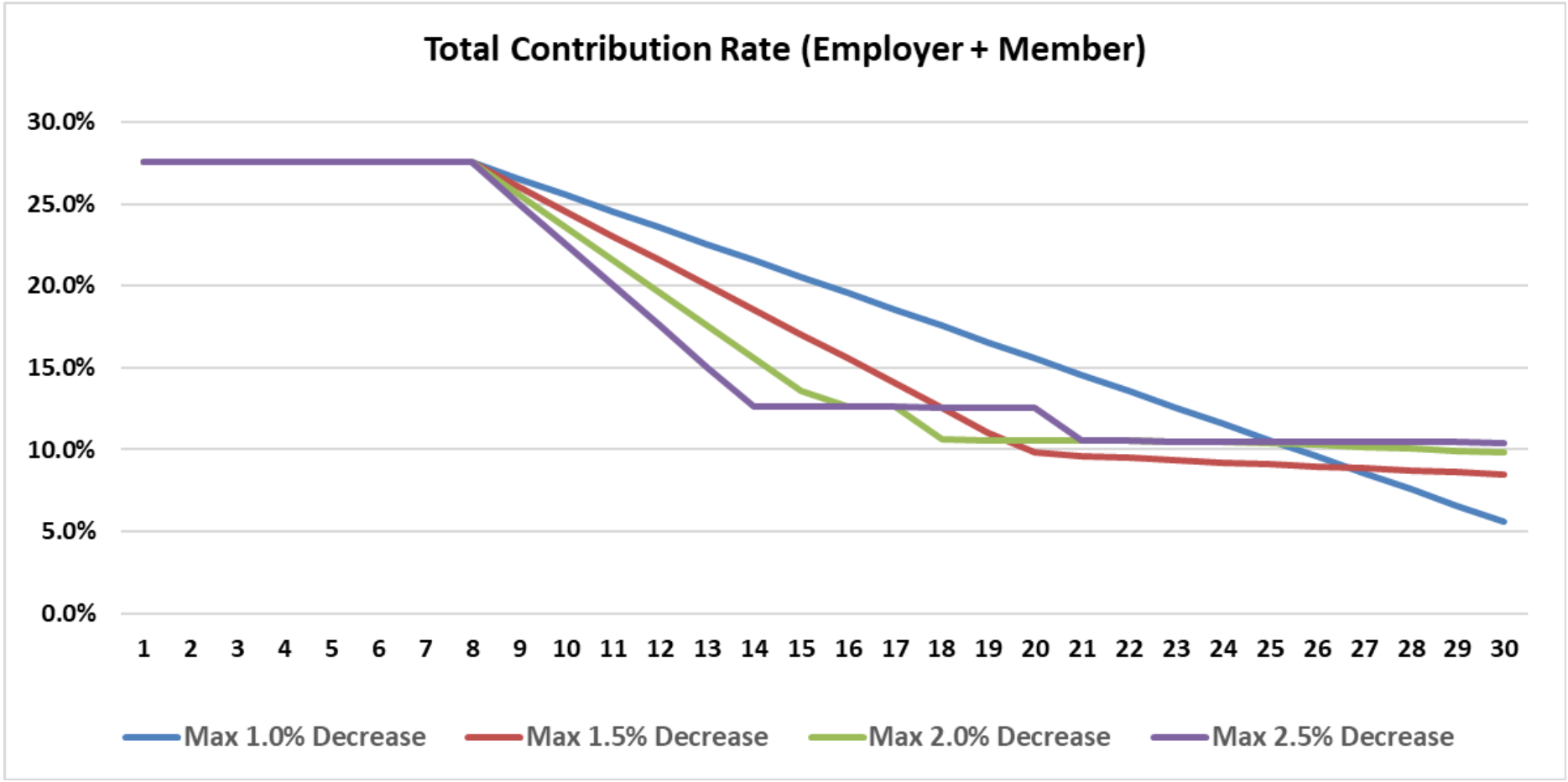
- Identify a long term target a funded ratio
  - Examples 100%, 105%, 110%
- Control the pace of decrease in the contribution rate for employers and members
  - What level of overfunding does the contribution rate provide a credit
- Possible decrease assumed rate of return for funding risk mitigation and portfolio construction
  - Possible anticipation of target asset allocation due to anticipated decrease in future contributions

Illustrative Scenarios for SCRS

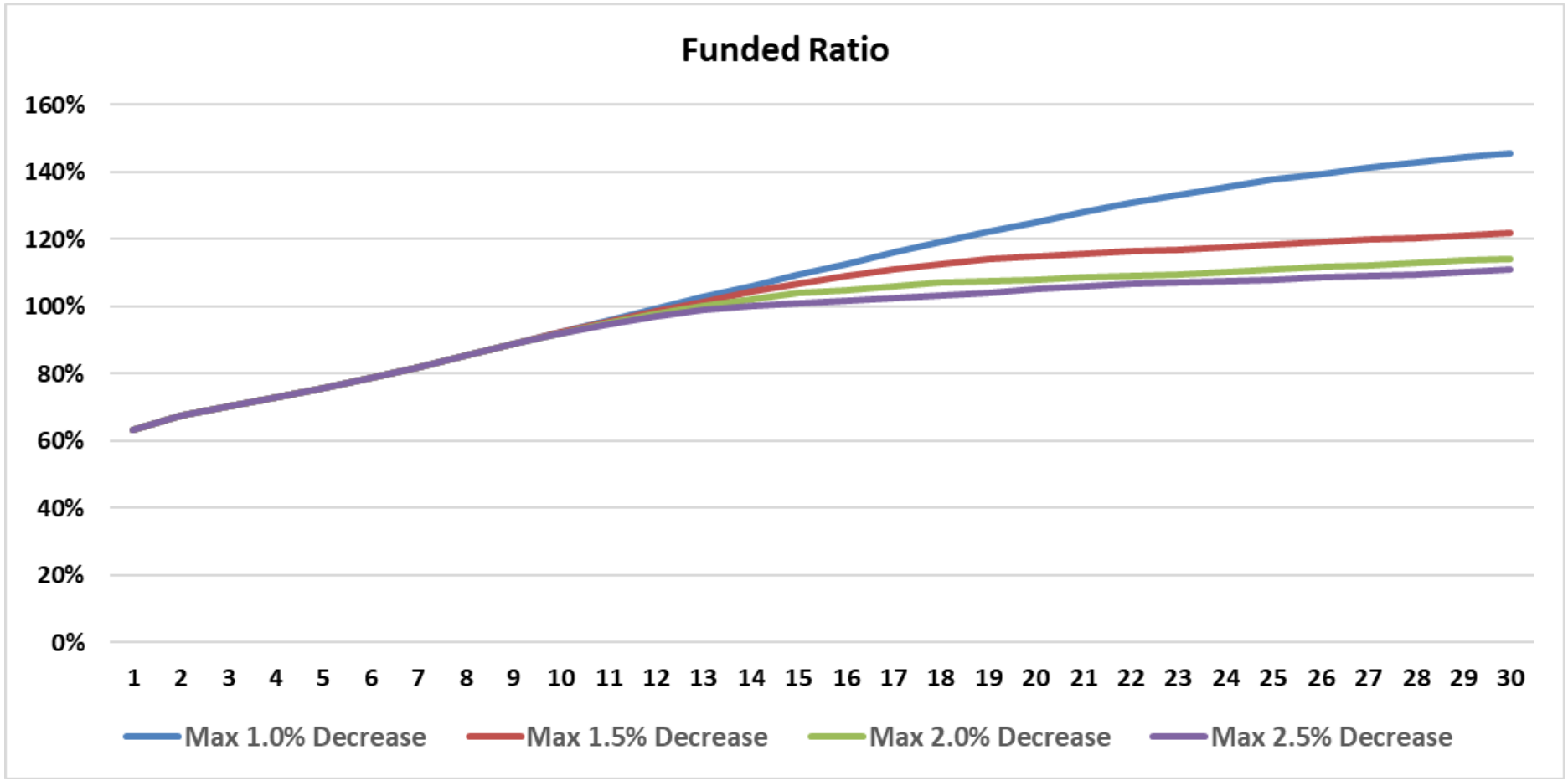
Outline of Concept

- Always must at least contribute the 20-year ADEC (current law)
- Once 85% funded ratio achieved, can decrease total contribution rate up to maximum amount, as long as 20-year ADEC is lower than the new rate
  - Example: if maximum amount is 2%, current rate is 27.56%, 20 year ADEC is 18%, can decrease to 25.56%.
- Minimum contribution of 2% above normal cost (12.6%) until 105% funded ratio
- Minimum contribution of normal cost until 110% (10.6%) funded ratio
- After 110%, can take a credit equal to 4% of surplus above 110%

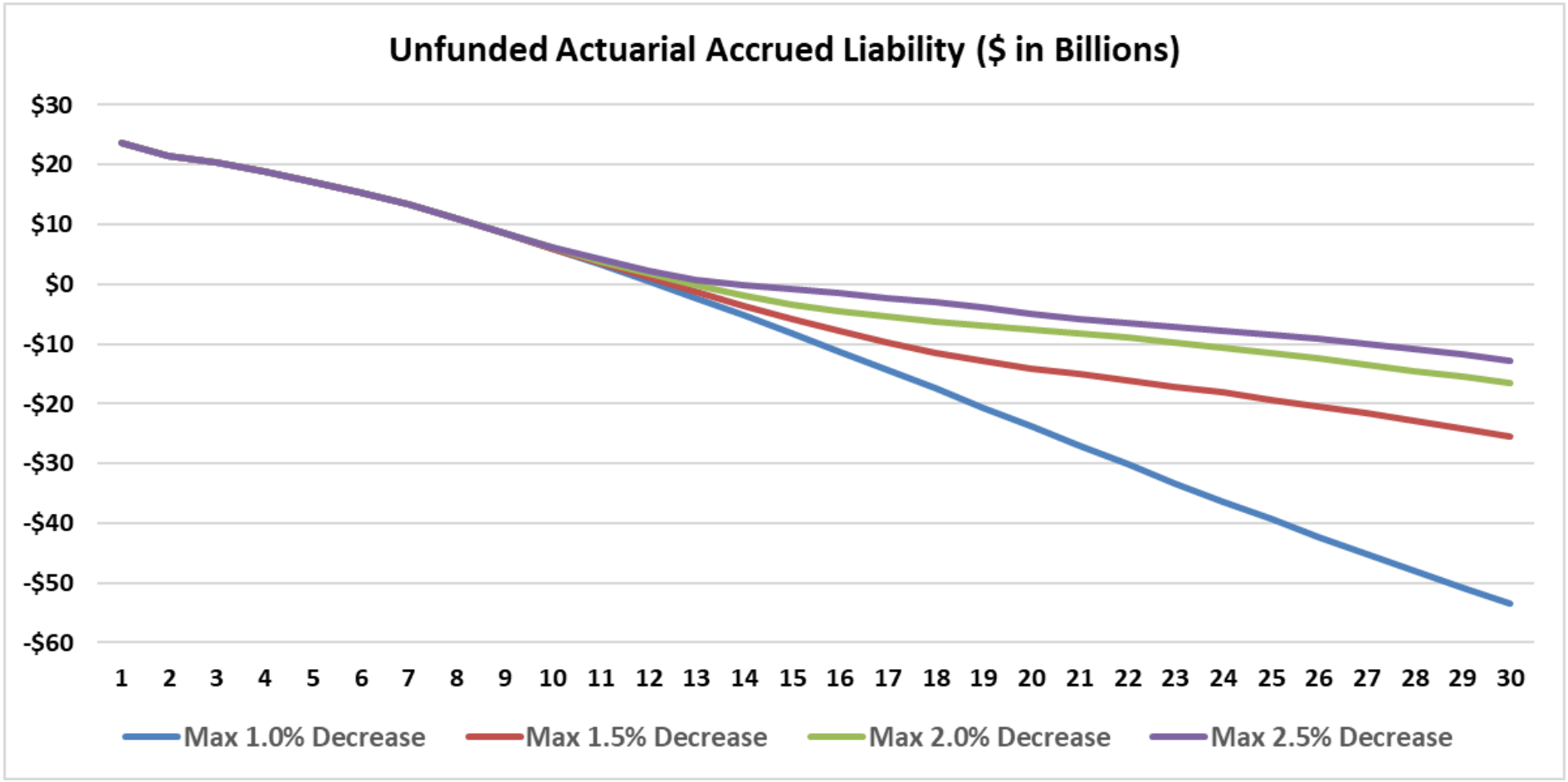
Projected Contribution Rate



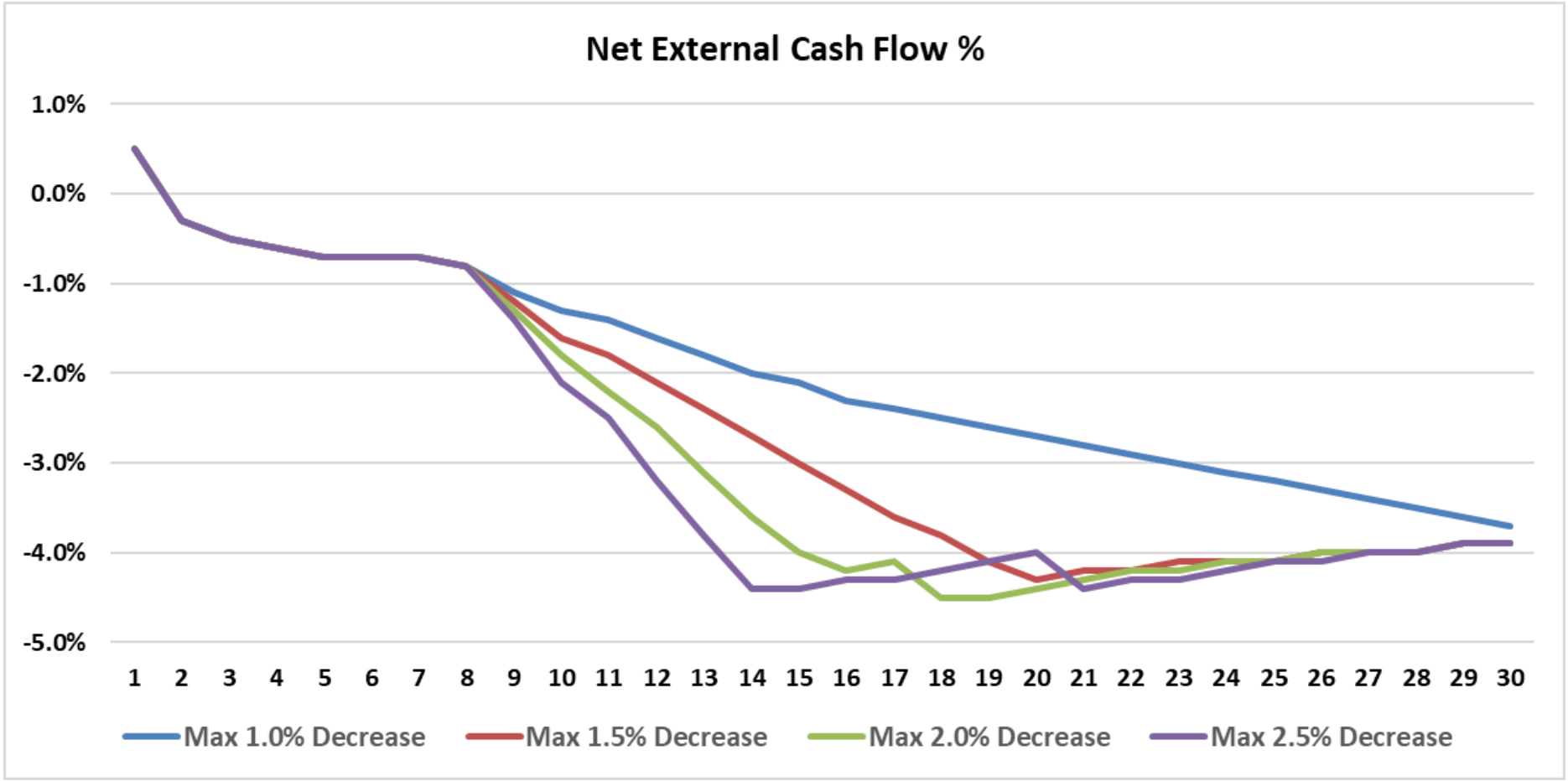
Projected Funded Ratio



Projected Unfunded Actuarial Accrued Liability



Projected Net External Cash Flow as % of Assets



Alternative SCRS Scenario Illustrate Possible Impact of Changing the Discount Rate

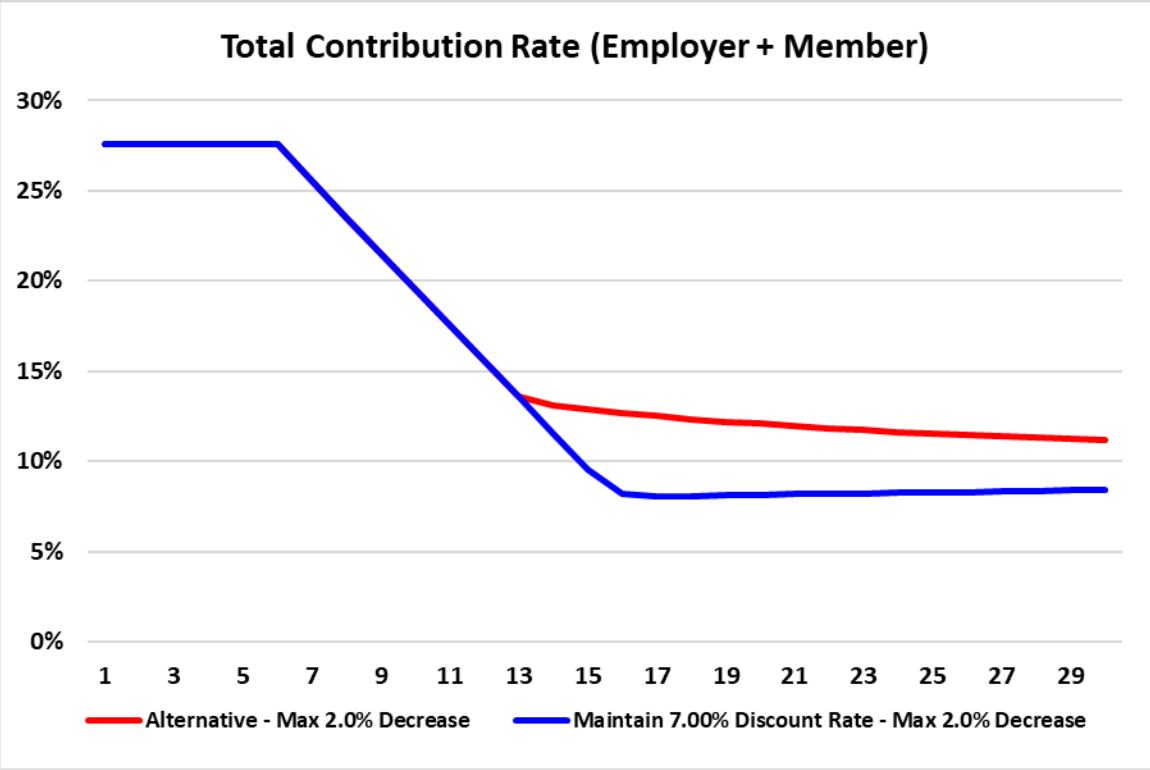
Outline of Concept

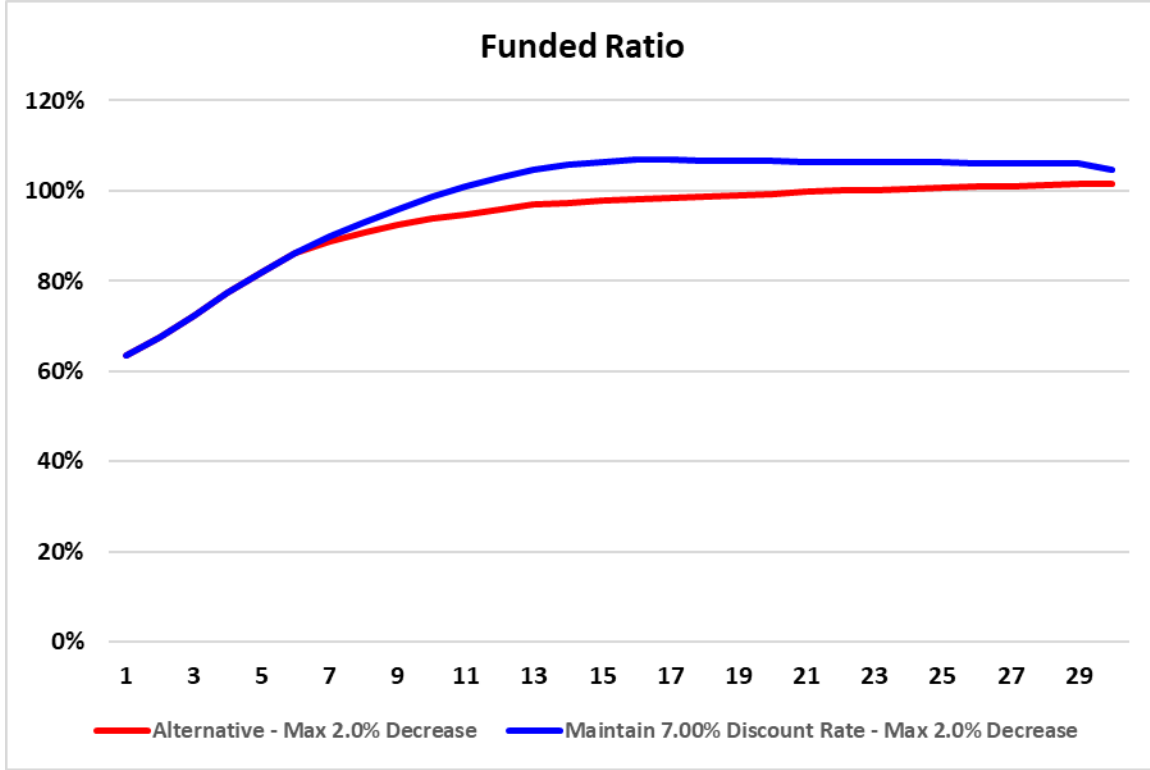
- Same structure as before, but once reach 85% funded ratio, PEBA would be given authority from the legislature to decrease the investment return assumption by up to 0.1% per year, no lower than 6.5%, as long as positive momentum is continuing

Projected Contribution Rate and Funded Ratio

Baseline: Decrease the Total Contribution Rate by 2.00% and Maintain 7.00% Discount Rate

Alternative: 2.00% Decrease in the Contribution Rate and Begin Phase to 6.5% Discount Rate by 0.1% per year once achieve 85%

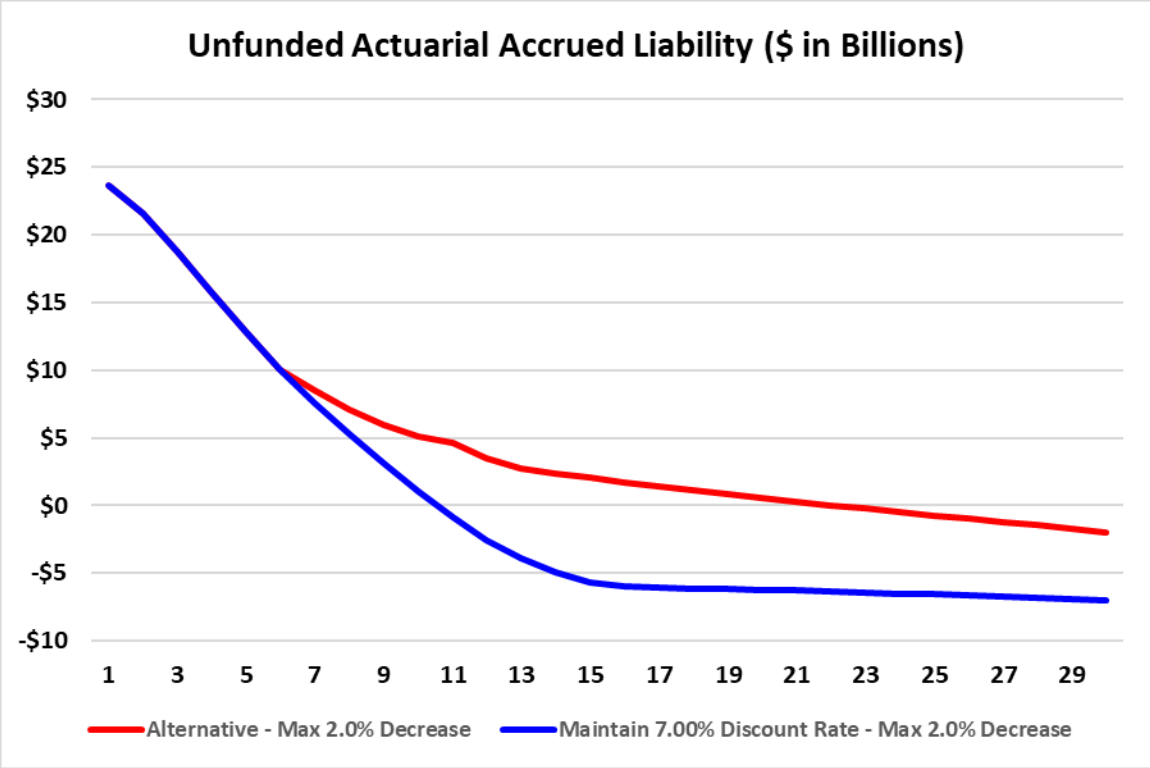


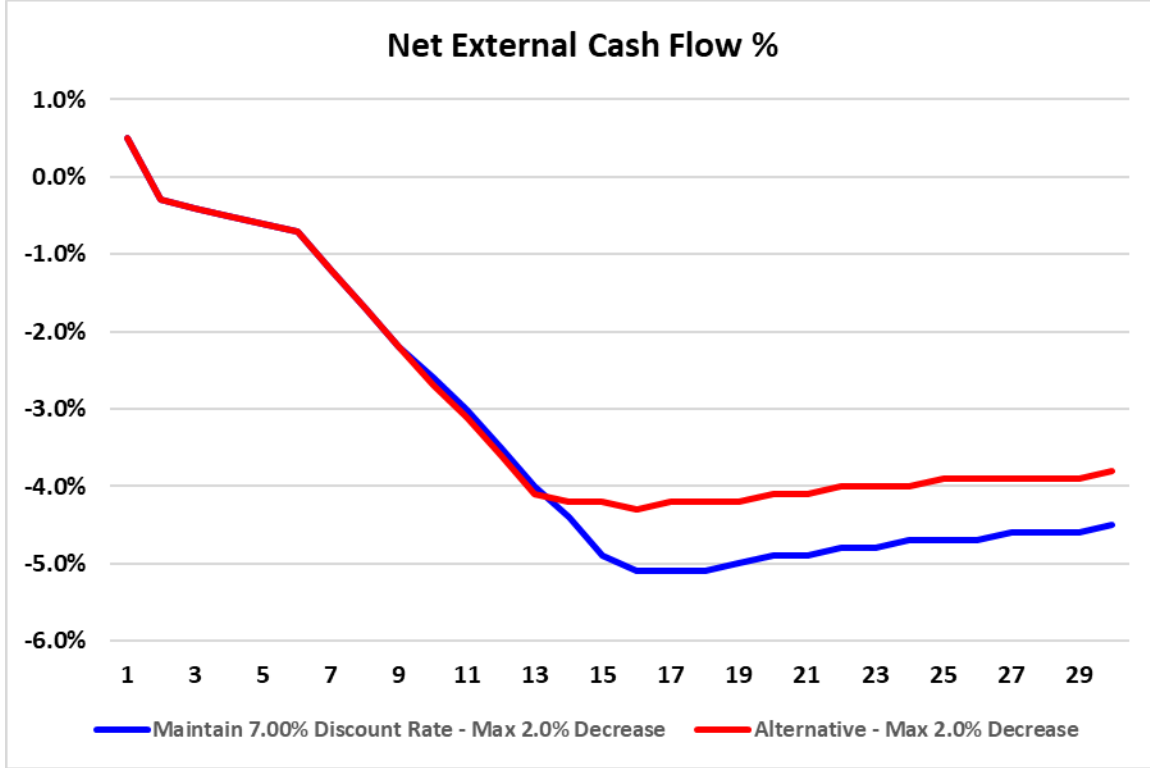


Projected Unfunded Liability and External Cash Flow

Baseline: Decrease the Total Contribution Rate by 2.00% and Maintain 7.00% Discount Rate

Alternative: 2.00% Decrease in the Contribution Rate and Begin Phase to 6.5% Discount Rate by 0.1% per year once achieve 85%





Other Items PEBA May Encounter

- It is Possible the General Assembly will Study Improved Benefits
  - Studies impacting active members could include:
    - Provide Class Two benefits to Class Three Members
    - Relax or eliminate working after retirement provisions
  - Studies impacting retirees could include increased COLA benefits
    - Increased benefit adjustment (currently 1.0% or $500 maximum annually)

Closing Remarks

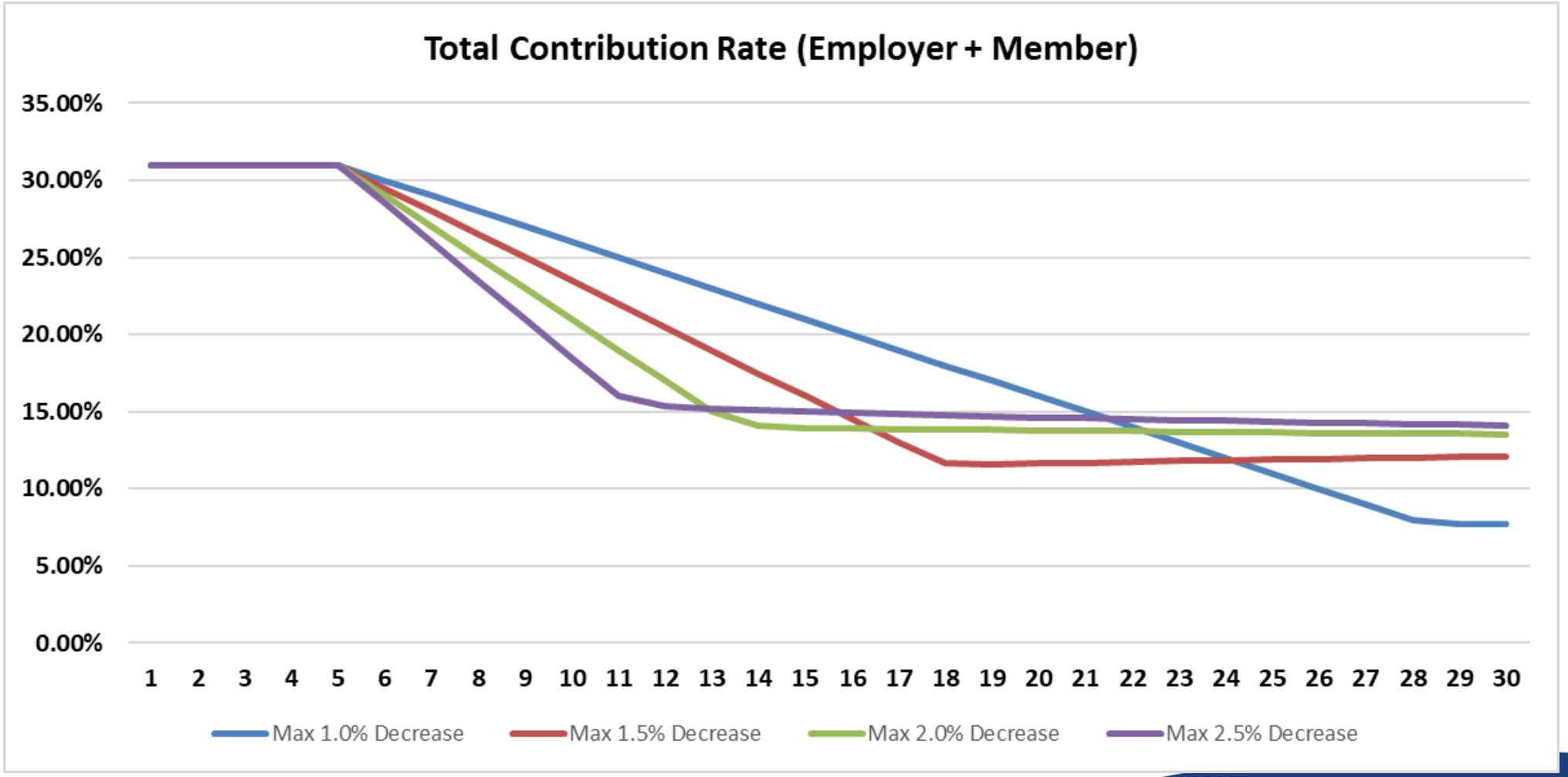
- Similar, if not the same, policy can work for PORS
- Should decide on a plan sooner than later to communicate with stakeholders and SCIC
- Suggest communicate the process starting with identifying funding goals
- GRS suggest a simpler plan with less parameters than a complex plan
  - More transparent and easier for stakeholders to understand

Disclaimers

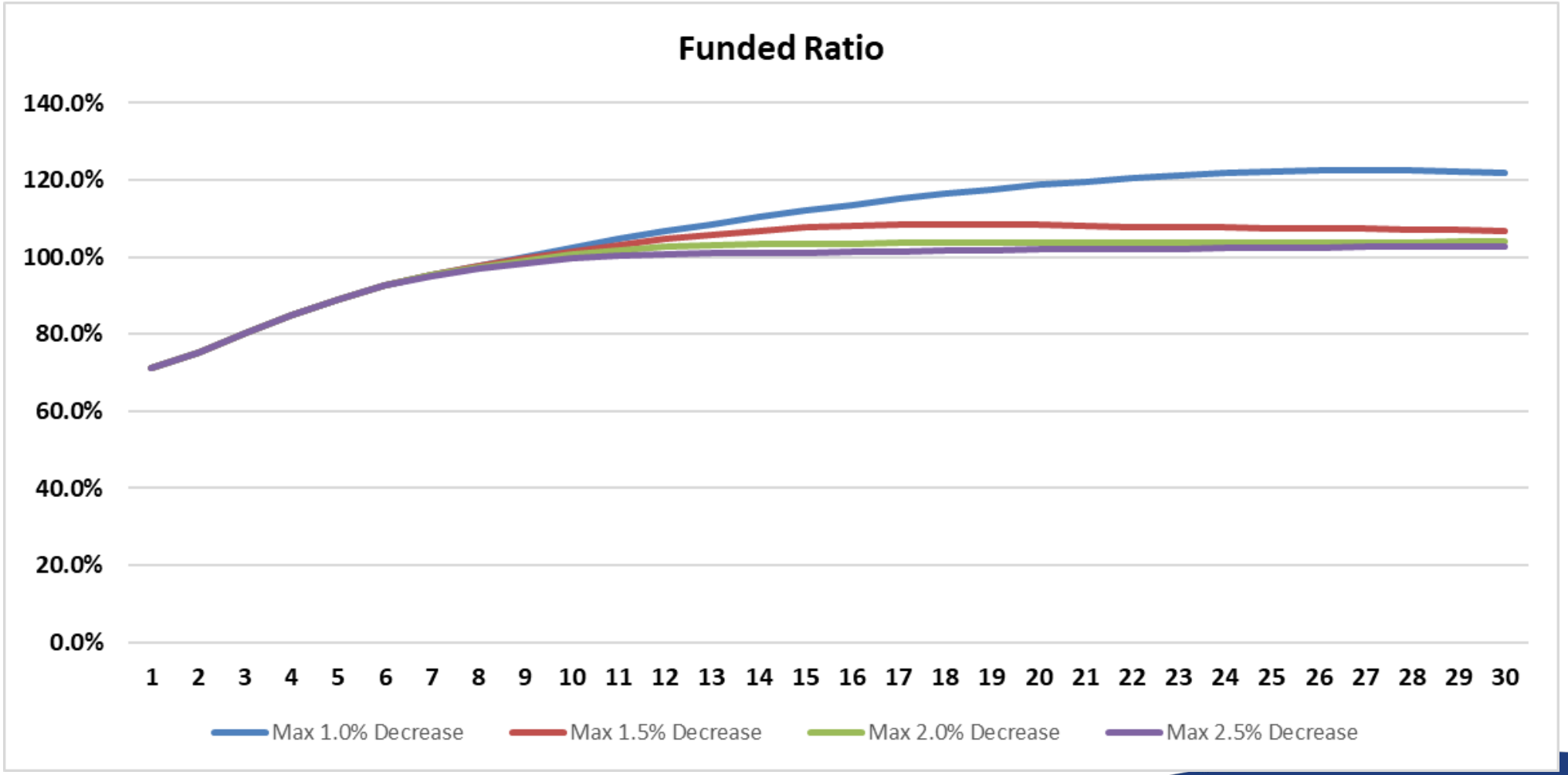
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials (i.e. the 2025 actuarial valuation) and to consult with subject matter experts before making decisions related to the subject matter of this presentation.
- This presentation expresses the views of the presenters and does not necessarily express the views of Gabriel, Roeder, Smith & Company.

Illustrative Scenarios for PORS

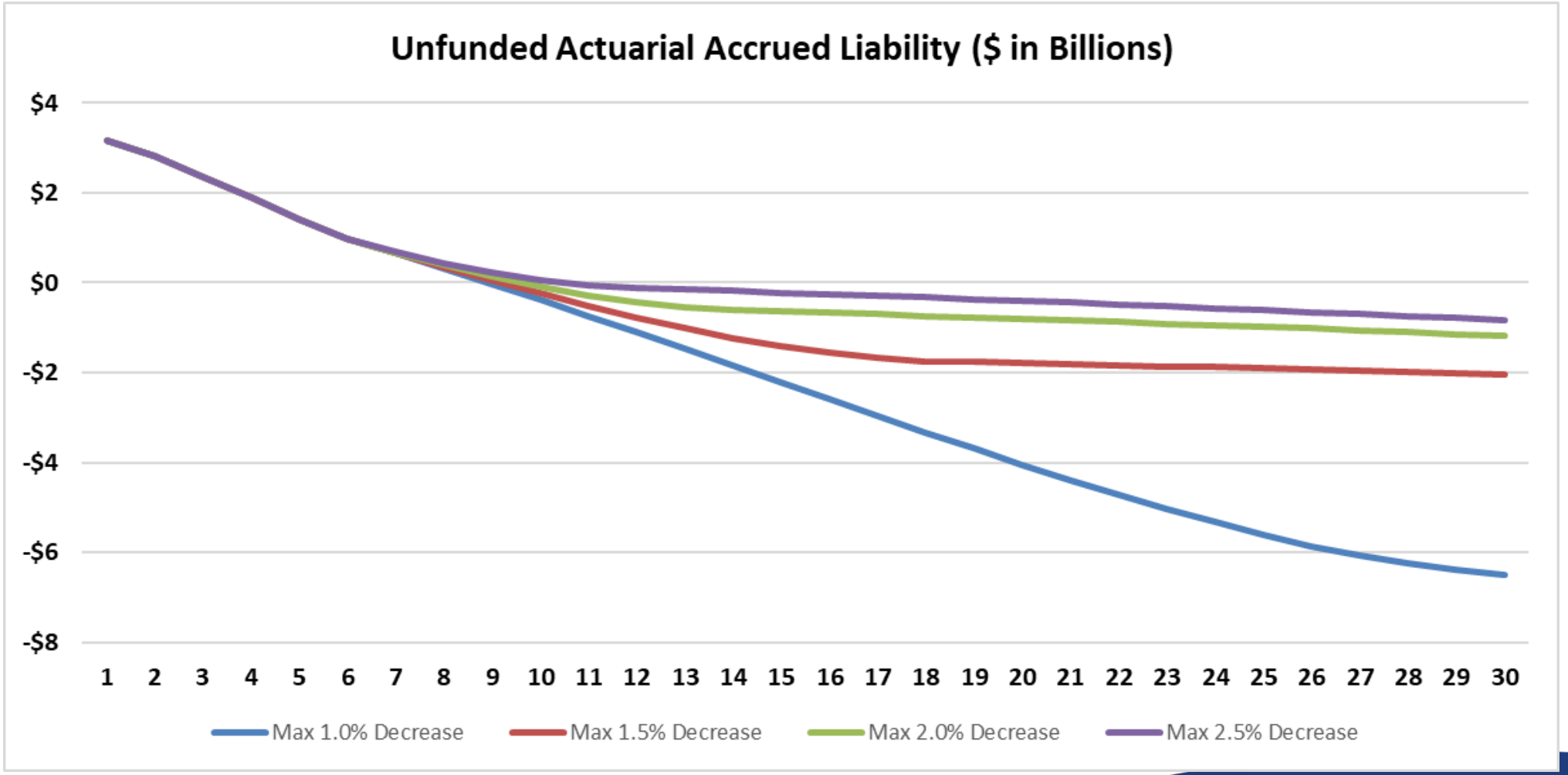
Projected Contribution Rate



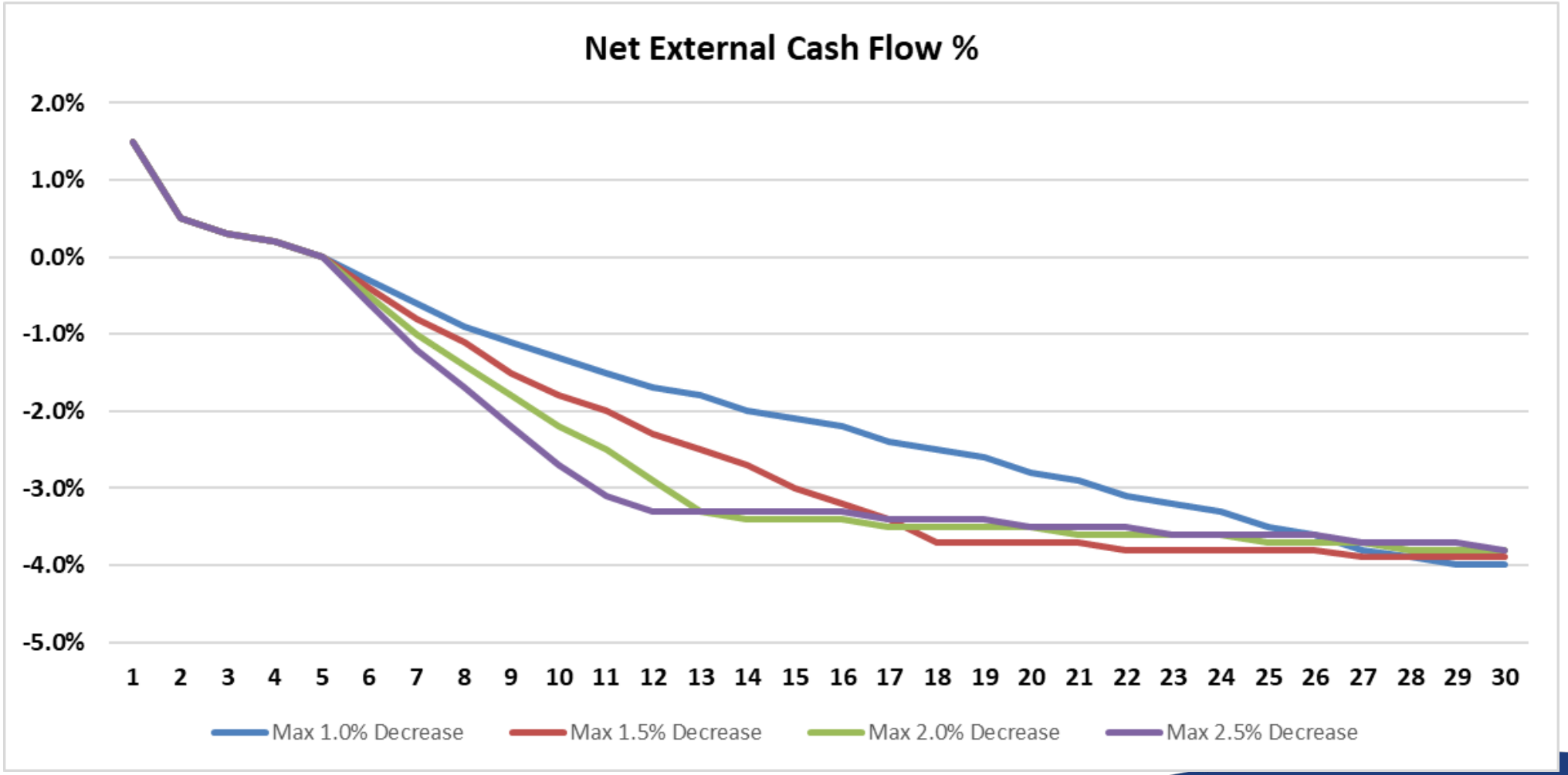
Projected Funded Ratio



Projected Unfunded Actuarial Accrued Liability



Projected Net External Cash Flow as % of Assets



PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD RETREAT

Meeting Date: November 5, 2026

---

1. Subject: PEBA Operations Review

---

2. Summary: Mr. Travis Turner, Deputy Director and Chief Financial Officer, will provide a review of the various stages of Retirement Operations, and Ms. Heather Young, Director of External Affairs, will provide a strategic plan update.

---

3. What is Board asked to do? Receive as information

---

4. Supporting Documents:

(a) PEBA Retirement Operations Review
(b) Strategic Plan Update

PEBA℠
SC Retirement Systems and State Health Plan

Retirement operations review

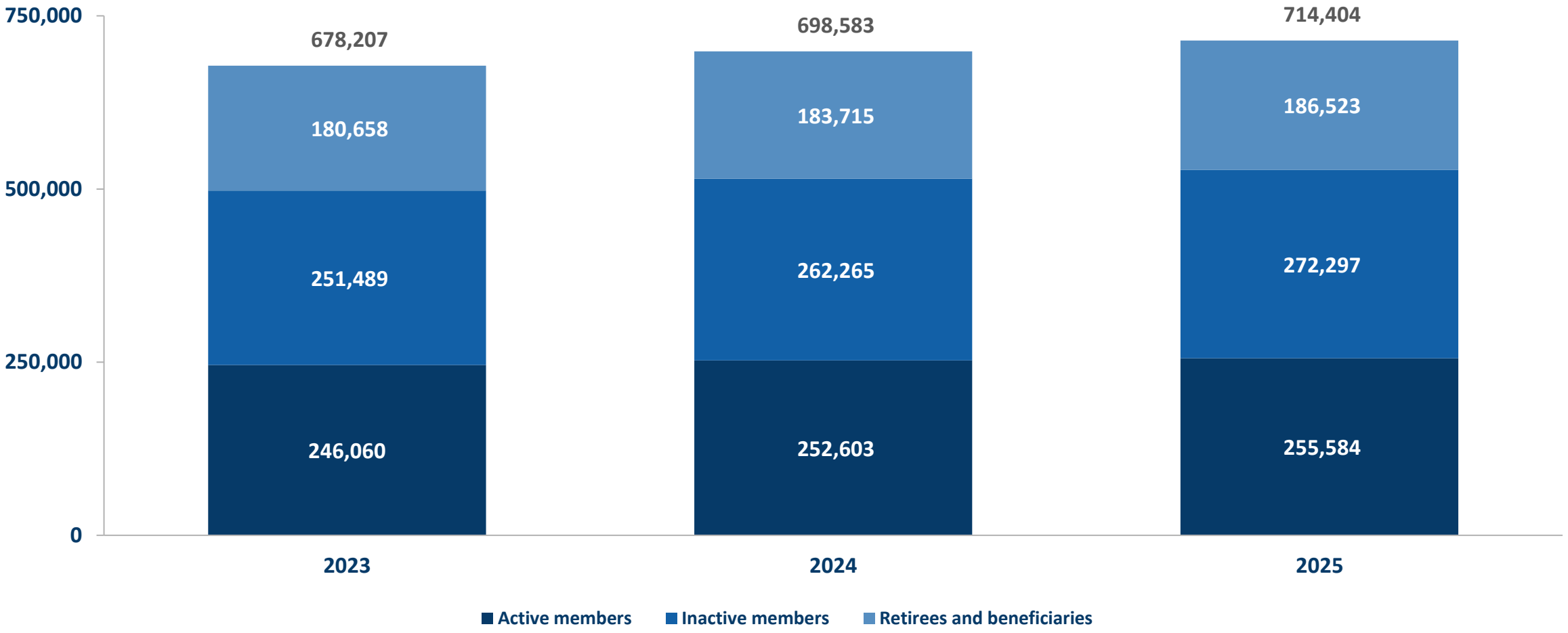
Board of Directors

November 5, 2026

Serving those who serve South Carolina

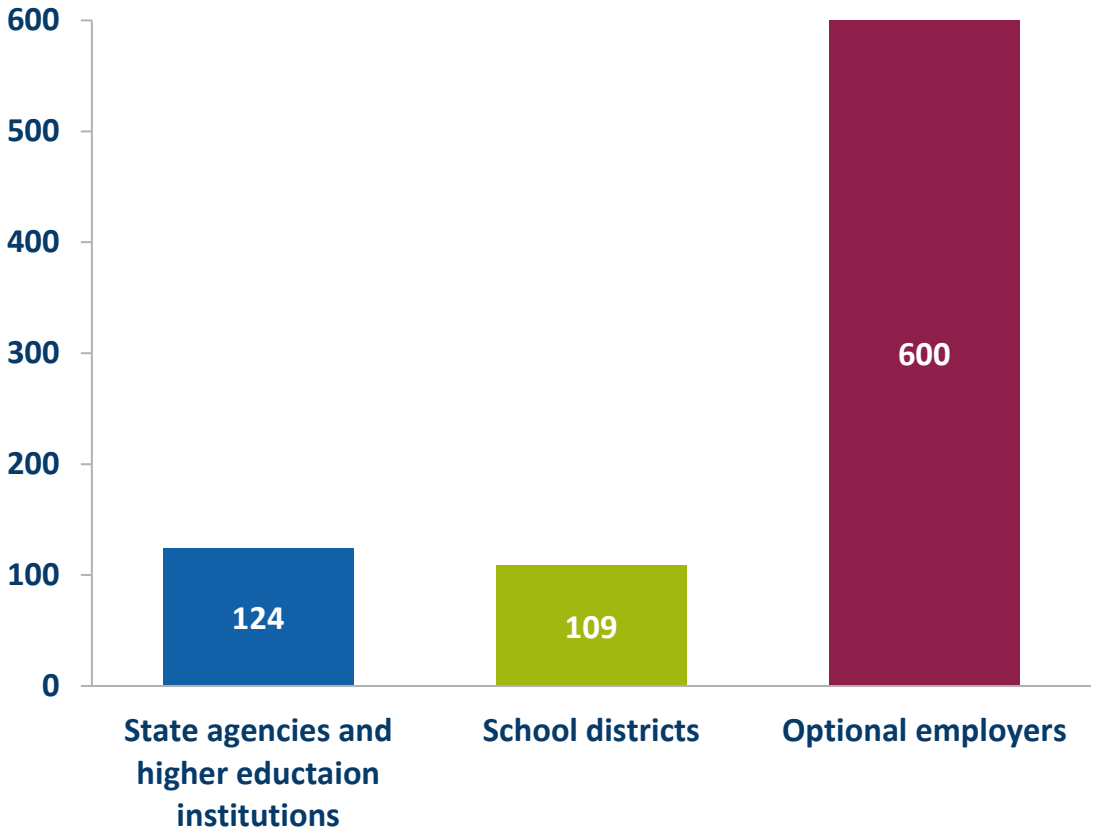
Membership as of July 1

Includes SCRS, PORS, GARS, JSRS and SCNG



SCRS participating employers and active members by type as of June 30, 2025

Employers



Active members



33%

State agencies and higher education institutions
86,895

44%

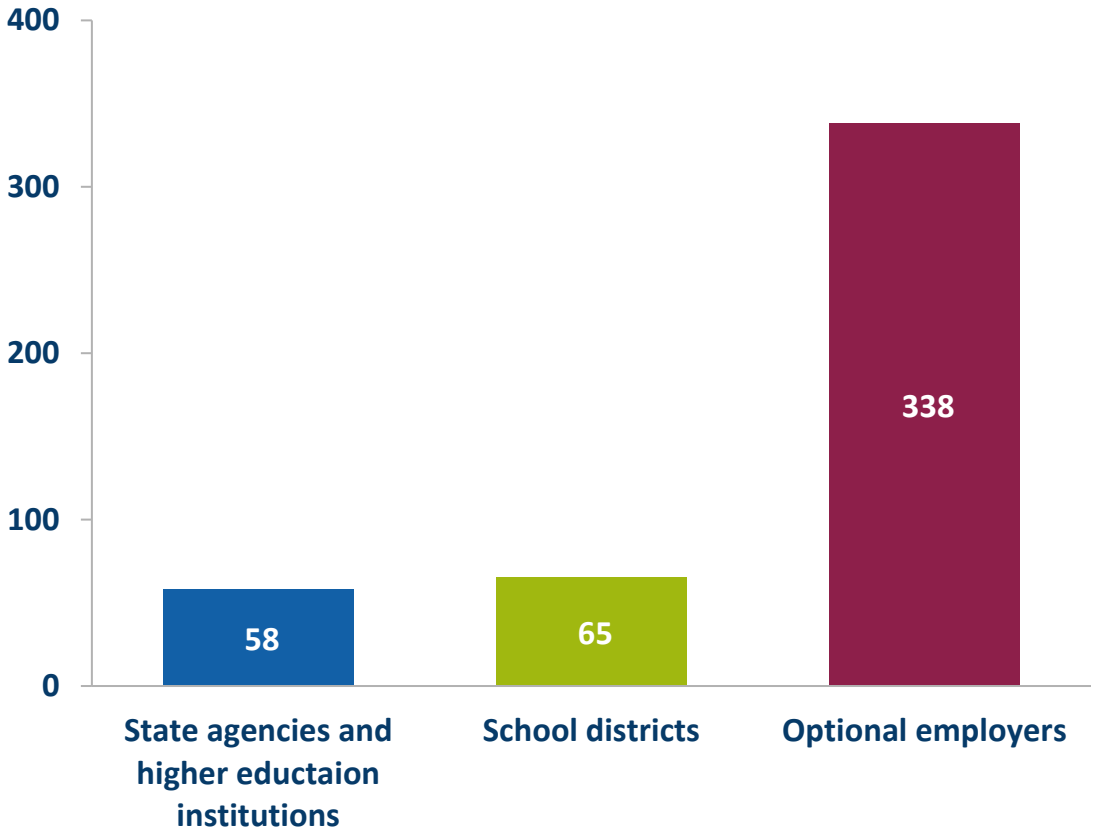
School districts
112,937

23%

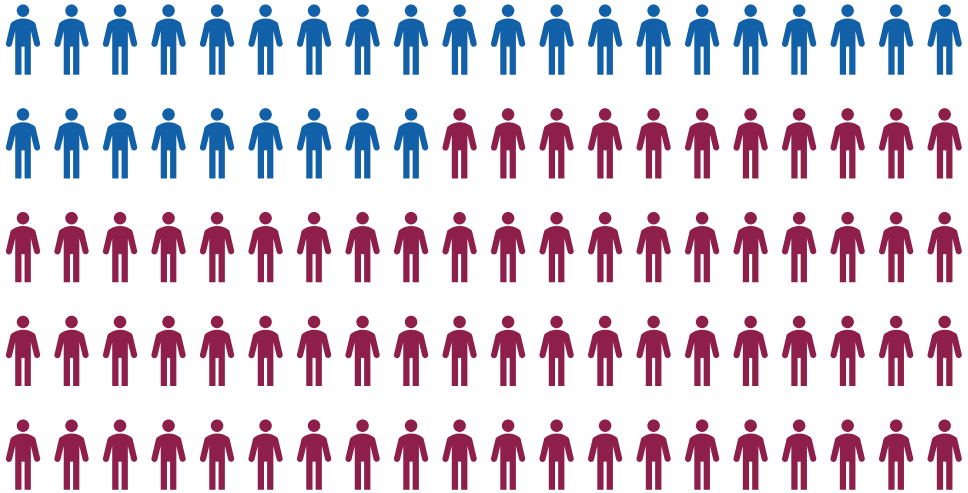
Optional employers
59,567

PORS participating employers and active members by type as of June 30, 2025

Employers



Active members



29%

State agencies and higher education institutions
9,030

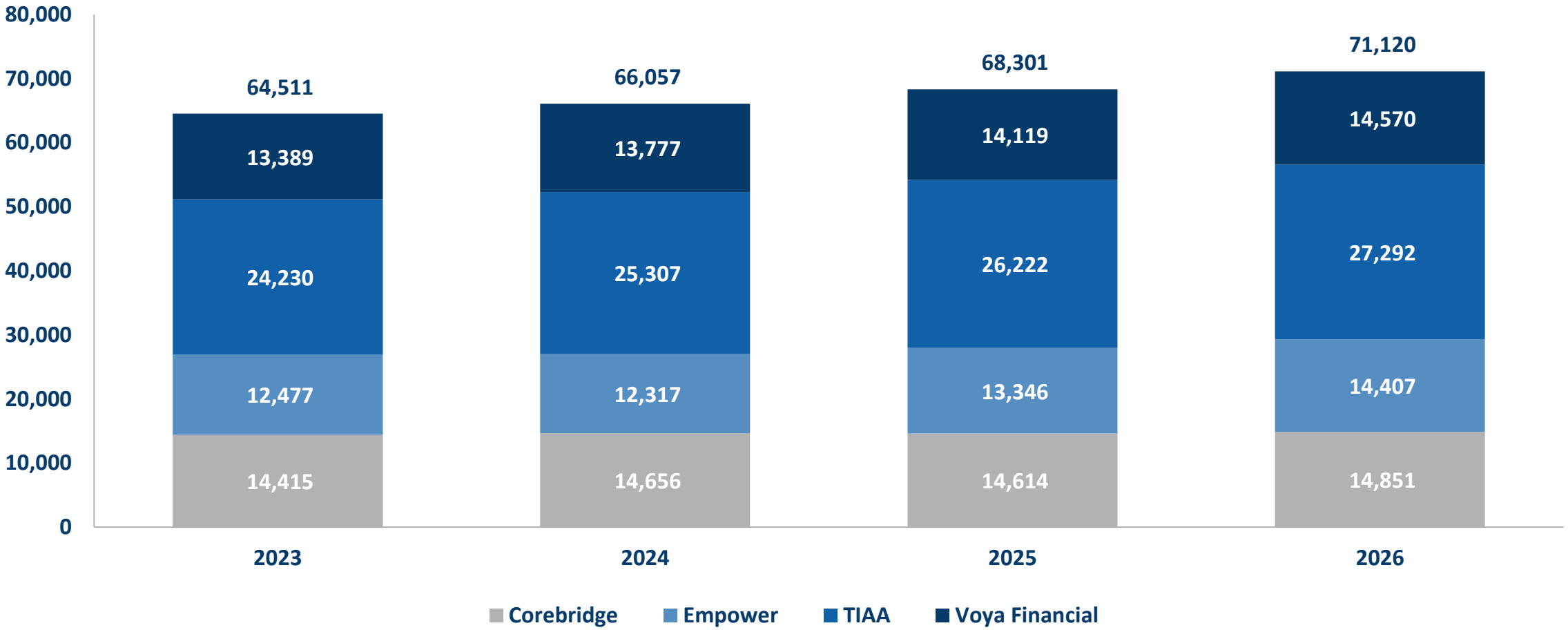
0%

School districts
13

71%

Optional employers
22,264

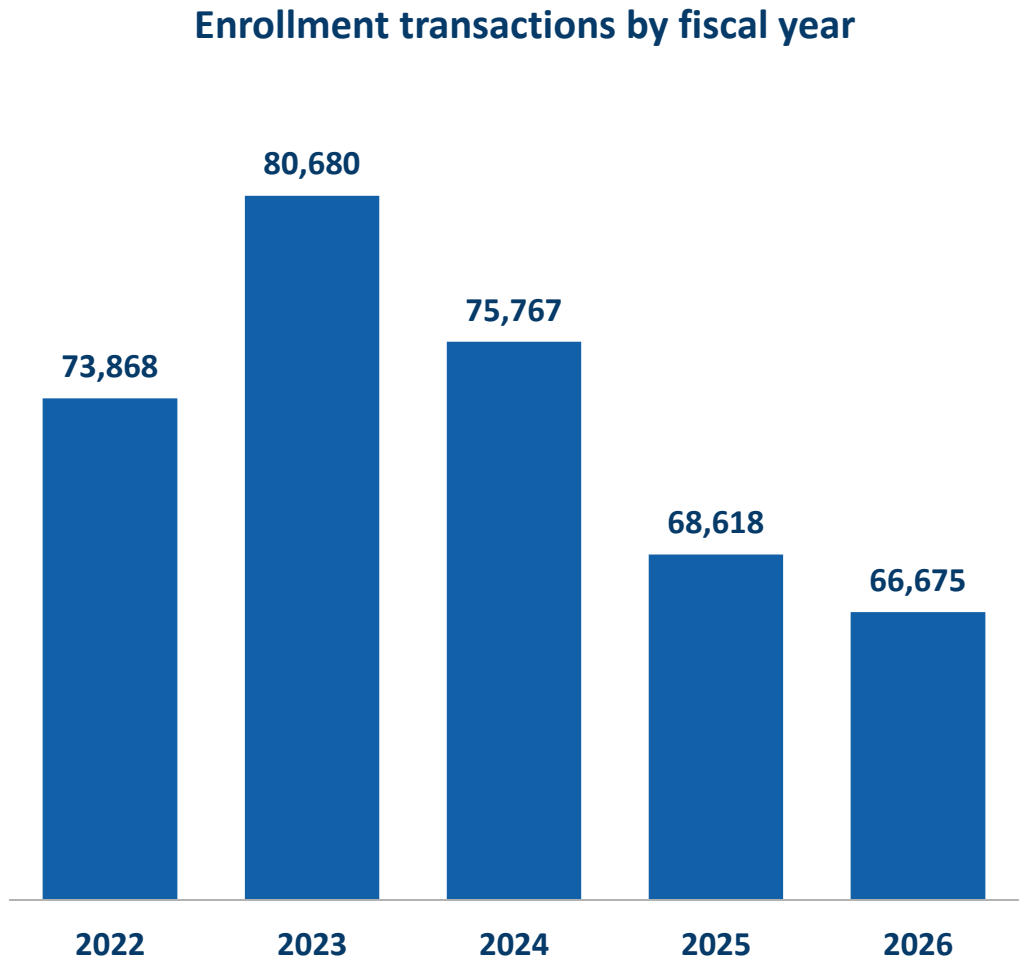
State ORP accounts by service provider as of June 30[1]



[1]Accounts include active, contributing employees and inactive, non-contributing participants.

Enrollment process

- Majority of new hire retirement enrollments are submitted electronically.
  - Paper enrollments must be keyed and imaged in the member's file.
- Electronic enrollments might require manual review (e.g., ensure information is correct, the position is eligible for PORS, the member is eligible to elect to not participate, etc.).



Member contributions

- After enrollment, an employer must withhold contributions from an employee's paycheck to remit to PEBA with the corresponding employer contribution.
- All employers except state agencies remit contributions monthly and send a detail file each quarter that shows how to post funds to members' accounts.
- While this process is highly automated, it requires a significant amount of work by PEBA staff to resolve errors in the reporting from employers.
- Count of employers who report contributions:
  - SCRS - 833 employers
  - PORS - 461 employers

Employer and member contributions

- Participating employers and members must contribute to SCRS, PORS or State ORP, depending on the plan in which a member enrolls.
- Contribution rates for employers are subject to change each July 1.
- Currently, member contributions are fixed by statute and not scheduled to change.
- Employer contributions are not placed in member accounts.

- Employers remit contributions based on compensation for:
  - Contributing SCRS and PORS members.
  - State ORP participants.
  - Return-to-work SCRS and PORS retired members.
  - Incidental death benefit coverage, if covered.
  - Accidental Death Program coverage, if covered (PORS only).
- State agencies, public higher education institutions, public school districts and charter schools are required to pay insurance surcharge to share the cost of retiree insurance.

Fiscal year 2027 employer contribution rates

Effective for all wages paid on and after July 1, 2026.

Retirement plan	Employer contribution	Incidental death benefit contribution[1]	Accidental death contribution[1]	Total employer rate	Insurance surcharge[1]
SCRS	18.41%	0.15%	N/A	18.56%	6.10%
State ORP[2]	18.41%	0.15%	N/A	18.56%	6.10%
PORS	20.84%	0.20%	0.20%	21.24%	6.10%

[1]Rates are applicable only to employers covered under these programs.

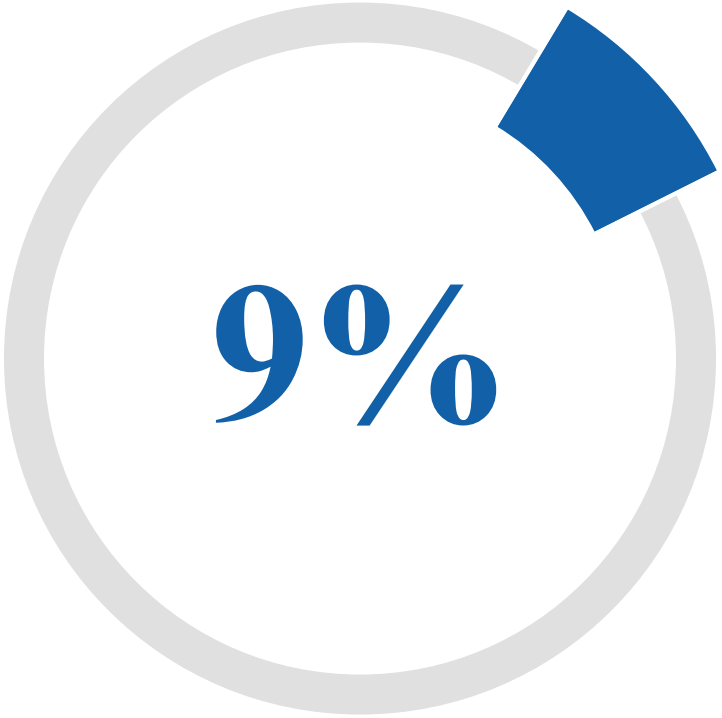
[2]For State ORP participants, 5% of the employer contribution is remitted directly to the participant's State ORP service provider.

Employee contributions

- Contributions are tax-deferred.
- Member contributions credited to member's account.
- Active accounts earn 4% interest compounded annually or until account becomes inactive.
- In retirement, monthly benefit payments continue even when member's account is exhausted.
- Refund of unexhausted contributions payable only if there is no survivor benefit due.
  - If monthly survivor benefit is payable, there is no refund of contributions.

Employee contributions effective July 1, 2026

SCRS and State ORP



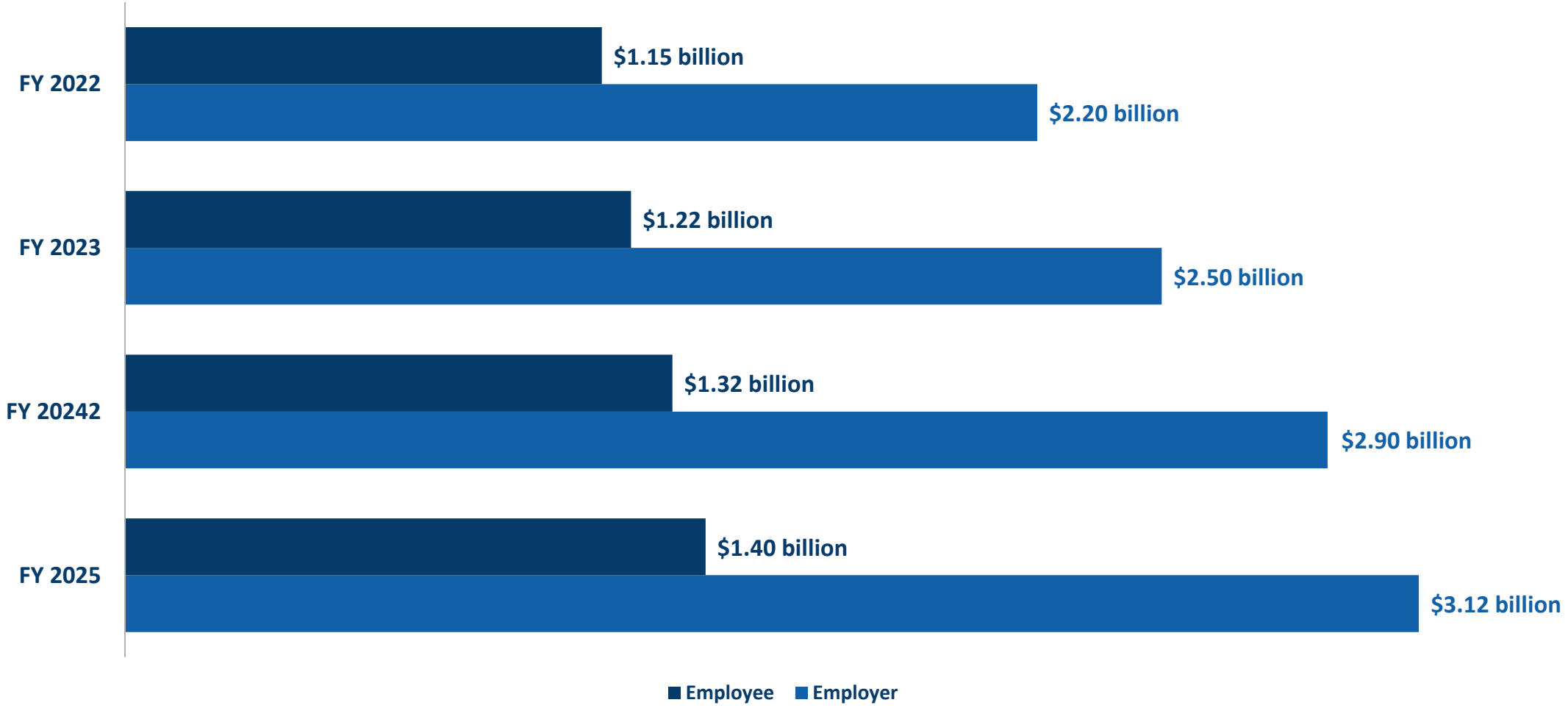
PORS



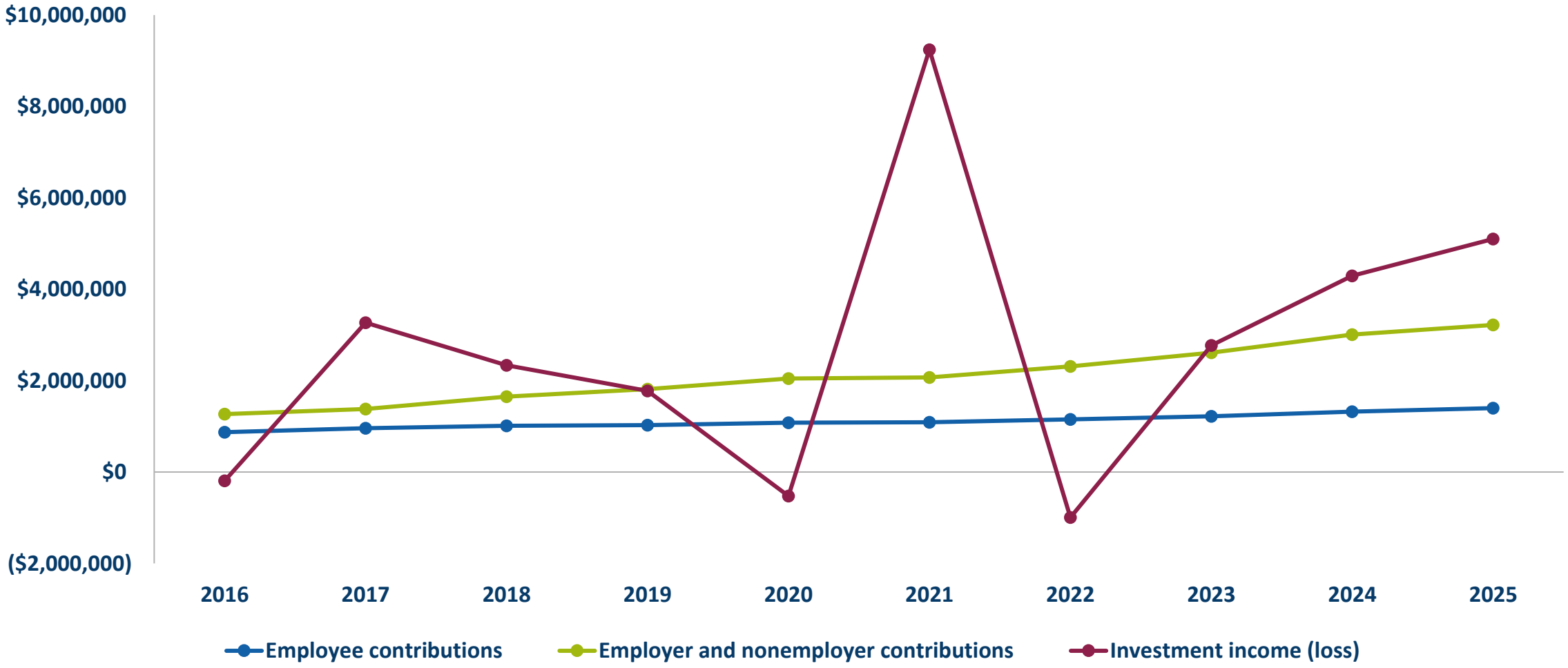
Return-to-work retired member contributions

- Retired member contributes same rate as active member.
- Retired member does not accrue additional service credit.
- Contributions must be made to system from which the member retired.
- Retired member receiving both SCRS and PORS benefit:
  - Contributions based on rate for any other active member in the same position.

Contributions to pension trust funds



Pension trust fund additions by source each fiscal year



What happens next?

- Each quarter, PEBA updates an active member's account with the monetary contributions and service credit earned.
- An active member might:
  - Work until they become eligible for a benefit;
  - Purchase additional service credit; and
  - Terminate employment and request a refund.
- Each of these events requires PEBA staff to assist the member and employer with these transactions.
  - Transactions then become the basis for the financial and actuarial information.

Purchasing service

- A member can choose to increase their service credit to be able to retire earlier or receive a larger benefit upon retirement.
- Pension reform in 2012 required most service purchase transactions be actuarially neutral to the plan.

Types of service

- Public service.
- Educational service (K-12).
- Military service.
- Leave of absence.
- Workers' compensation.
- Previously withdrawn service.
- Non-qualified service.
- State ORP service.
- Transfer between systems.

Paying for purchased service

- Members can establish service credit through a lump-sum payment or an installment service purchase.
- Installment accounts allow members to pay for service through payroll deduction over time. This requires the employer remit a separate file to PEBA to process these transactions each time a member is paid. For fiscal year 2026, there were 689 active installment accounts.

FY 2026 service purchases

Payment type	Total years of service purchased	Number of transactions	Total cost
Lump sum	1,824.89	962	$27.69 M
Installment	410.48	214	$3.61 M

Refunds

- When a member terminates covered employment, they can choose to leave their funds on deposit or request a refund.
- If the member leaves their funds on deposit, their account will not earn interest after no contributions are received for one fiscal year.
- If the member requests a refund, state statute requires PEBA pays the refund within six months of the request but no sooner than 90 days after terminating covered employment.
  - There are no partial refunds for defined benefits plans.
  - All funds and service credit are withdrawn.

Fiscal year	Refund requests	Refunds paid
FY 2022	13,874	$193 M
FY 2023	10,864	$171 M
FY 2024	11,355	$179 M
FY 2025	11,905	$193 M
FY 2026	12,539	$204 M

Disability

- The defined benefit plans, except for SCNG, provide a retirement benefit if a member becomes disabled.
- Previously, SCRS and PORS provided a benefit based on the inability of a member to perform duties of their specific occupation.
- Act 278 of 2012 requires that SCRS members qualify for Social Security disability benefits to receive SCRS disability benefits, unless disability is job related.
- Disability claims require extensive processing and review by PEBA staff and external agencies.

Fiscal year	Disability retirement applications received
FY 2022	359
FY 2023	305
FY 2024	265
FY 2025	246
FY 2026	264

Death benefits

- When an active member passes away, their beneficiary might be entitled to receive:
  - A refund of contributions plus the interest earned on the account; or
  - A monthly benefit if the member was a Class Two member with at least five years of earned service credit or a Class Three member with at least eight years of earned service credit and had either 15 years of total service credit or are at least age 60 (SCRS) or age 55 (PORS) at time of death.
- A retired member can select a payment option that allows for a beneficiary to receive a benefit upon the member's death. If the member did not select that option, the beneficiary can receive any contributions and interest from the account not already paid.

- Both active and retired members' beneficiaries can receive an incidental death benefit if the members' employer offered it.

Fiscal year	Death claims
FY 2022	6,853
FY 2023	6,376
FY 2024	6,302
FY 2025	6,665
FY 2026	6,897

Retirement

- Members who reach retirement eligibility based on age and/or years of service can apply for a service retirement benefit.
- The retirement claim process requires a member to apply and submit documentation, then the employer must submit termination date and last quarter's earnings.
- For each application, PEBA processes the information submitted and calculates the member's average final compensation (AFC) to determine the final benefit amount.

Fiscal year	Service retirement applications received
FY 2022	8,357
FY 2023	7,467
FY 2024	7,123
FY 2025	7,268
FY 2026	7,529

FY 2026 retirement statistics

	SCRS	PORS	GARS	JSRS	SCNG
Average current age of service retirees	72	66	76	73	73
Average years of service at retirement (all retirees)	22	19	21	26	26
Average AFC at retirement (all retirees)	$50,095	$52,497	$22,646	$148,974	N/A
Average current annual benefit (all retirees)	$23,093	$24,050	$18,396	$131,046	$908

Quality assurance

Before issuing a benefit payment, the Quality Assurance team reviews the transaction to ensure information used to process the claim is accurate and complete.

Fiscal year	Events reviewed
FY 2022	77,989
FY 2023	73,017
FY 2024	71,992
FY 2025	74,056
FY 2026	84,441

Post-retirement changes

- Direct deposit updates.
- Tax withholding and other deduction changes.
- Beneficiary designations.
- Payment option changes following qualified events.
- Earnings limitations.
- Annual benefit adjustments (COLAs).

Annual projects

- Confirm validity of benefit recipients who are ages 100 or older or who live outside of the United States.
- Tax reporting (Form 1099 and W-2s).

Earnings limitation

- The earnings limit was put into place to entice members to delay the start of their retirement benefit if they chose to continue covered employment.
- However, there are many exemptions to this limit that require staff to monitor and educate members.

SCRS, PORS service retirement earnings limitation exemptions

Exemptions provided by state statute

Members who retired before January 2, 2013, regardless of age at retirement.

SCRS members who were age 62 or older on their date of retirement.

PORS members who were age 57 or older on their date of retirement.

Teachers who meet critical needs exemption as determined by the S.C. Department of Education.

Certain appointed or elected officials.

SCRS, PORS service retirement earnings limitation exemptions

Exemptions[1] in the fiscal year 2027 budget

Certain PORS retirees who return to work as critical needs school resource officers.

SCRS and PORS retirees who had a period of at least 12 consecutive months after retirement during which the member did not work for any covered employer in any capacity.

SCRS and PORS retirees who are hired by a public school district as a school bus driver.

PORS retirees who have been retired for at least 90 consecutive calendar days can return to covered employment under PORS with an increased $80,000 earnings limitation.[2]

[1]Exemptions are contingent on continued approval in each year's budget.
[2]If a law enforcement officer held a supervisory rank at the time of retirement, they are not eligible for the increased limitation if they return to a supervisory position.

48-month rule

- Retirees who have satisfied certain legal requirements can terminate their retirement benefit and return to active status under the 48-month rule.
- These transactions were once minimal, but the volume has increased substantially.
- Each transaction is extremely manual and involves almost all areas of retirement operations.

Statistics

- 72 48-month rule transactions in FY 2026.
- 20 years ago, there were 2 transactions.

Member Access features

SCRS and PORS members

- View account and service credit statement.
- Review and update beneficiary designations.
- Estimate benefit amount.[1]
- Update address and contact information.
- Calculate service purchase cost estimate and submit service purchase request.
- Apply for service retirement.

State ORP participants

- Link to State ORP service provider's website.
- View and update PEBA active member incidental death beneficiaries.
- Update address and contact information with PEBA.
  - Must update separately with service provider.
- Receive messages regarding annual State ORP open enrollment (January 1–March 1).
  - Change State ORP service provider or make an irrevocable election to switch to SCRS, if eligible.

[1]Estimates are not a guarantee of monthly benefits.

Customer service

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total calls	279,938	263,112	257,834	221,582	224,520
Total visitors	12,863	13,039	17,749	18,911	20,931
Member Access total logins	752,444	738,290	762,838	802,354	862,409
EES total logins	234,873	236,736	242,093	248,467	248,770

Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. 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.

PEBA℠
SC Retirement Systems and State Health Plan

Strategic Plan: FY 2026 update

Board of Directors

November 5, 2026

Serving those who serve South Carolina

Background

PEBA Board approved a five-year Strategic Plan (2026-2030) in August 2025.

Vision	Mission	Core values
Serving those who serve South Carolina	To provide competitive retirement and insurance benefit programs for South Carolina public employers, employees and retirees	Solutions oriented Communication Credibility Collaboration Responsive Emotional intelligence Ethical behavior

1 Promote financially sound PEBA programs

Retirement Systems

- Funding reform in 2017 has continued to prove to be successful.
- The General Assembly suspended the statutory employer contribution rate increase for fiscal year 2021, but rate increases resumed in fiscal year 2022 and the final scheduled rate increase went into effect July 1, 2023.
- The additional contributions required by the legislation have reduced the funding period to pay off the unfunded liability.
  - SCRS: 12 years
  - PORS: 11 years

State Health Plan

- The Plan's five-year average net expenditure growth was 5.7% compared to the benchmark of 8.2%, which is derived from annual healthcare cost surveys produced by national consulting firms.
- Actual inflation is a small factor influencing trend. More substantial considerations are:
  - Utilization;
  - Acuity (more intensive mix of services, such as inpatient/outpatient hospital services); and
  - Demographics (aging of the population, increases in prevalence of conditions).
- Specialty pharmacy, which was the leading Plan cost driver last year, is essentially level with that in 2023. PEBA's action to limit the specialty supply to 30 days per fill is thought to play a significant role in this trend.
- Through July 2024, 80% of the Plan's increased spend is attributed to medical sources. [2]
  - Outpatient hospital spend is up 9.2%; and
  - Professional office spend is up 11.1%.

[2]Through September 2024, outpatient hospital spend is up 9.1% and professional office spend is up 9.2%.

State Health Plan

- Implemented a new prior authorization process for and limited supply to 30-day fills for GLP-1s for Commercial Plan members in November 2024, which led to a reduction in post-rebate spend for GLP-1s.
- In partnership with Caremark, PEBA is implementing a 30-day fill limit for its Medicare-primary members effective January 1, 2027.
- No changes for plan year 2027 employer contributions and employee/retiree premiums.
- The General Assembly fully funded the annualization needed to fund the remaining six months of the 2026 employer contribution increase and funds attributable to retiree growth.
- Plan year 2027 will mark the 15th consecutive year without an employee premium increase.

State Health Plan network

- Continued to leverage direct hospital and physician contracts to promote the Plan's efforts at cost containment.
- Operating our own networks has given the Plan a critical tool in managing its expenditure over the years.
- Near universal provider participation in the networks is an essential component of the Plan's value—all general hospitals and more than 99% of the physicians represented by claim dollars are in network.
- It's important to maintain these networks in a manner that promotes participation while aligning with the Plan's and state's fiscal realities.

Contracts and actuarial valuations

- Successfully resolicited and awarded several contracts during the fiscal year:
  - Pharmacy Benefits Manager contract:
  - Basic Dental and Dental Plus contract;
  - State Optional Retirement Program contracts; and
  - Evidence-based Medicine contract.
- PEBA's external actuary also conducted annual actuarial valuations for the five defined benefit retirement systems.

2 Enhance the customer service experience for members and employers

Customer Service

- Provided in-depth retirement and insurance benefits consultations to its members through in-person visits, as well as scheduled phone consultations and video consultations.
- Continually monitored and adjusted, as needed, our processes and staffing levels for in-person and scheduled services to meet customer needs and ensure the best allocation of resources.

	Count	Satisfaction
Calls	244,520	98.7%
Emails	48,379	
Visitors	20,931	99%
Total interactions	**313,830**	

Employer Services

- Provides employers with training and support in administering insurance and retirement benefits.
- Insurance and retirement training webpages give employers easy access to presentations, manuals and other helpful resources.
- The virtual Employer Advisory Group and training sessions hosted each month also provide support and engagement opportunities.

- Hosted 53 employer webinars with more than 4,200 employer representatives attending, for an average of 80 attendees per session.
- Received 4,045 employer emails and conducted 124 individual employer trainings.
- Twenty-five new employer groups joined either the insurance programs or retirement during the fiscal year, and another 13 existing employers added optional retirement coverage.
    - Provides training to each new employer (requirements for participation, employer responsibilities, benefits and resources, and employer portals).

Communications

- Continued to improve member and employer education:
  - Life event checklists;
  - Flyers;
  - Publications;
  - Member presentations;
  - Employer training and resources;
  - Public website; and
  - Social media.
- Distribute *PEBA Update*, the weekly e-newsletter, to all employer contacts.
- Promoted value-based benefits available at no to low cost to State Health Plan primary members throughout the year, including preventive screenings and well child benefits.
- Developed numerous marketing toolkits to promote benefits in collaboration with insurance vendors.
- Reviewed and approved communications materials—flyers, letters and emails, and presentations—developed by insurance vendors, State ORP service providers and Deferred Comp.

Retirement and Insurance operations

Retirement

- PEBA received:
  - 7,529 service retirement applications;
  - 264 disability applications;
  - 12,539 refund requests; and
  - 6,897 death claims.

Insurance

- PEBA processed:
  - 51,593 electronic enrollments;
  - 39,443 paper enrollments; and
  - 29,163 eligibility determinations for retirees, COBRA subscribers and survivors.
- PEBA received 4,542 requests for review.

3 Responsibly manage risk to the organization

Risk Management and Compliance

- Through enterprise risk management, we plan, organize, lead and control the activities of our organization to minimize the effects of risk.
- Established fraud responsibilities within the Enterprise Risk and Compliance Department to standardize our internal control, detection and reporting procedures.
- Established an *Acceptable Use of Artificial Intelligence Technologies Policy* to set clear boundaries for automated decision-making.
- Strengthened vendor compliance framework by integrating an AI review into the third-party risk management programs to ensure a thorough evaluation of vendor artificial intelligence practices and security protocols.
- Continued to manage vendor risk, which is an increasing risk to the agency.

Information Technology

- Deployed a major operating system update to the agency's enterprise operating system.
- Completed a successful disaster recovery test in 2025, meeting recovery time and recovery point objectives.
- Added immutable storage to backup systems, which protects against ransomware and unauthorized file modification.
- Upgraded our facilities with new and additional security cameras.
- Conducted a security assessment against our web portals and external networks.

Operational Research and Development

- Implemented multifactor authentication in Member Access.
- Modified MyBenefits password reset feature to enhance security.
- Designed and implemented a Visitor Management System for in-person consultations.
- ADA compliance in coordination with Communications and IT:
  - Documented and coordinated changes for member and employer portals.
  - Completed compliance in Member Access and MyBenefits and Member Access.
  - Wrote requirements, test plans and conducted testing in EBS (scheduled for completion in Fall 2026).
  - Wrote requirements for EES (scheduled for completion in Fall 2026).
- Communications documented and updated public website for ADA compliance.

4 Maintain a workforce and work environment conducive to achievement of agency goals and objectives

Human Resources

- Updated the *Telecommuting Policy* to align with the state's revised *Telecommuting and Remote Work Policies and Procedures*.
- Developed and submitted an updated *Telecommuting Plan*, which was approved by the Department of Administration.
- Provided all staff mandatory annual privacy, safety and security training.
- Safety team members participated in adult first aid/CPR/AED certification training.
- Hired 46 employees and conducted extensive new employee onboarding training.
- Strengthened the Customer Contact Center career path to provide clearer advancement opportunities while supporting recruitment and retention efforts.
- The Customer Service Quality Assurance and Training team completed 10 career path classes and supplemental training during fiscal year 2026.

5 Improve internal efficiencies through system enhancements

Information Technology and ORD

- PEBA:Connect continues to be one of the largest initiatives the agency has ever tackled and requires intensive capital and human resources.
- Continue to conduct and maintain initiatives to generate system and operational changes that enhance internal efficiencies.
- Successfully maintaining production support within the aging IT systems through retention of critically skilled employees and collaboration with business areas.
- Continued to work collaboratively with business users on data cleansing and data mapping in preparation for data conversion.
- Researched code/database modernization, conducted an analysis and developed a *Request for Proposal* for code conversion.
-

Information Technology and ORD

- Partnered with Amazon Web Services in August 2024 to implement a state-of-the-art contact center solution that uses updated technology, top notch security features, a modern online portal and industry-leading telephony prompts.
- Improved email efficiency for Customer Service by adding designated categories to external emails, which allows staff to prioritize urgent issues, track trending inquiries and efficiently monitor responses for consistency.
- Implemented a Visitor Management System using the AWS contact center solution to streamline the previous manual process resulting in lower wait times and a more even distribution of labor.
  - Phase two was implemented in August 2026 and provides a virtual consultation option to our members that does not require an appointment.

Information Technology and ORD

- Coordinated and provided full regression testing for technical framework upgrades for Member Access, EES and CRIS.
- Migrated our VOIP service to Microsoft Teams Voice for all employees, which improved service while lowering cost.
- Migrated the agency's centralized logging solution to a distributed system, improving system performance and efficiency.
- Created a suite of test scripts for retirement applications to enable full regression testing and completed major upgrades to the Java framework on our retirement web portals to support modernization efforts.
- Reached major milestones in the framework rewrite of the insurance accounting system.
- Completed an assessment of our imaging system and initiated a project to update the system.

Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. 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.

PUBLIC EMPLOYEE BENEFIT AUTHORITY AGENDA ITEM
BOARD RETREAT

Meeting Date: November 5, 2026

---

1. Subject: 2027 Board and Committee meeting dates

---

2. Summary: 2027 Proposed Board and Committee meeting schedule

3. What is the Board asked to do? Approve the 2027 Quarterly Board and Committee Meeting Dates Schedule as presented. The Board Retreat is scheduled for October 26-27, 2027.

---

4. Supporting Documents:

(a) Attached:
1. 2027 PEBA Board and Committee Meeting Dates

2027 PEBA Board and Committee Meeting Dates

Health Care Policy Committee 9:30 AM	FAAC Committee 11:30 AM
01/06/27	01/06/27
04/07/27	04/07/27
07/07/27	07/07/27

Retirement Policy Committee 1:00 PM	Board Meetings 3:00 PM
01/06/27	01/06/27
04/07/27	04/07/27
07/07/27	07/07/27
	10/26/27-10/27/27 (**Board Retreat**)

Please note the Board Retreat is scheduled for October 26-27, 2027.