

# Leaving Your Retirement System Early



Career paths can change, and you might leave your retirement system before you're eligible to retire. The money in your account is always yours. If you're a member of the South Carolina Retirement System (SCRS) or Police Officers Retirement System (PORS), you have two options for what to do with your money.

## Leave your contributions in your retirement account

Your account will continue to earn 4 percent interest until it becomes inactive. This occurs after no contributions are posted for one fiscal year.

Your contributions will remain in your account until either:

- You request a refund; or
- You apply for a deferred annuity upon reaching retirement eligibility. You can do this if you had the earned service necessary for a retirement benefit when you left employment.

If 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 59½ to request a refund, your refund will not be subject to an IRS tax penalty.

## Request a refund

When you receive a refund, you give up your right to any future service or disability retirement benefit. You can generally roll over the taxable portion into an eligible retirement savings account, which defers taxes until you begin receiving the money. Eligible accounts include:

- Individual retirement accounts (IRAs);
- 401(k) plans; and
- Some 457 plans.

If you don't roll over your refund, the taxable portion will be subject to taxes and may be subject to an additional tax penalty unless you're at least 59½. Consult with a tax advisor for more information on tax implications.

If you return to covered employment, you can reestablish your service credit by repaying the refunded contributions and the interest you would have earned since your refund.

## More information

- [peba.sc.gov](http://peba.sc.gov)
- PEBA's Customer Service: 803.737.6800 or 888.260.9430