


**Introduction:  
defined benefit plans**

Retirement Benefits Training  
Fiscal year 2025



Serving those who serve South Carolina

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**Who can participate?**

- South Carolina Retirement System (SCRS).
  - Available to employees of:
    - State agencies;
    - Public school districts;
    - Public higher education institutions;
    - Participating charter schools; and
    - Participating optional employers, such as local subdivisions of government.
- Probate judges may choose SCRS or PORS.
- Police Officers Retirement System (PORS).
  - Available to employees of participating employers who serve as:
    - Police officers and peace officers;
    - Firefighters;
    - Coroners and deputy coroners; and
    - Magistrates.
  - Must meet eligibility requirements.

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**SCRS, PORS membership classes**

<b>Class Two</b>	<b>Class Three</b>
Earned service began prior to July 1, 2012	Earned service began on or after July 1, 2012

Membership class affects:

- Service retirement eligibility;
- Average final compensation calculation; and
- Credit for unused leave at retirement.

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### Defined benefit plan features and limitations

<p><b>Features</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Lifetime monthly benefit.</li> <li><input checked="" type="checkbox"/> Disability protection and incidental death benefit.</li> <li><input checked="" type="checkbox"/> Benefit adjustments (under current law). Each July 1, eligible retirees receive a 1% benefit adjustment, up to a \$500 annual maximum.</li> <li><input checked="" type="checkbox"/> Survivor benefit options available.</li> </ul>	<p><b>Limitations</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Refunds do not include employer contributions.</li> <li><input checked="" type="checkbox"/> No member control of investment decisions.</li> <li><input checked="" type="checkbox"/> Benefit permanently reduced for early retirement.</li> <li><input checked="" type="checkbox"/> Benefit adjustments not connected to inflation or investment performance.</li> </ul>
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### Defined benefit plan funding

Employers contribute a percentage of total payroll for each employee.	Employees contribute a pretax percentage of their salary.	Investment returns critical to funding.  S.C. Retirement System Investment Commission pools trust funds and invests them ( <a href="http://www.rsic.sc.gov">www.rsic.sc.gov</a> ).	No provisions for hardship or to borrow against account while actively employed.
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### Fiscal year 2025 employer contribution rates

*Effective for all wages paid on and after July 1, 2024.*

Retirement plan	Employer contribution	Incidental death benefit contribution <sup>1</sup>	Accidental death contribution <sup>1</sup>	Total employer rate	Insurance surcharge <sup>1</sup>
SCRS	18.41%	0.15%	N/A	18.56%	6.35%
State ORP <sup>2</sup>	18.41%	0.15%	N/A	18.56%	6.35%
PORS	20.84%	0.20%	0.20%	21.24%	6.35%

<sup>1</sup>Notes are applicable only to employees covered under these programs.  
<sup>2</sup>For State ORP participants, 5% of the employer contribution is remitted directly to the participant's State ORP service provider.

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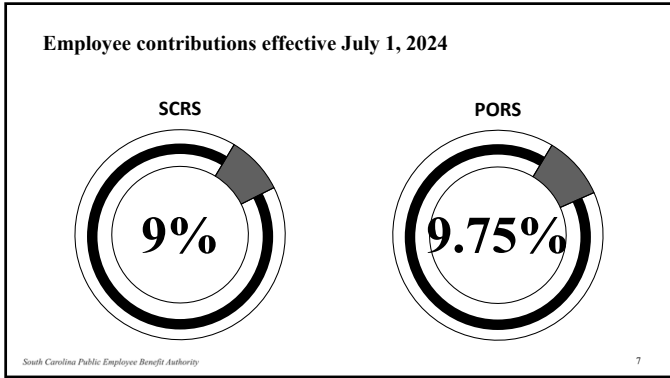
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**Setting contribution rates**

- Actuary studies issues, including:
  - Economic assumptions, such as investment return;
  - Demographic assumptions, such as member longevity; and
  - Actuarial methods and policies.
- S.C. General Assembly sets retirement system rules, including contribution rates.
- PEBA required to hire actuary, who:
  - Conducts annual actuarial valuations;
  - Completes experience study every four years; and
  - Develops fiscal impact statements.

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**Funding period and contribution rates**

- Funding period indicates amount of time needed to pay unfunded liability.
- Act 13 of 2017:
  - Gradually reduces the maximum funding period from 30 years to 20 years by July 1, 2027;
  - Set a schedule of employer contribution rate increases; and
  - Increased and capped employee contribution rates.

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**Past pension reform legislation**

- In recent years, the S.C. General Assembly passed two sets of pension legislation:
  - Benefit reform, also known as Act 278, in 2012.
  - Funding reform, also known as the Retirement System Funding and Administration Act of 2017.
- View the [Past Pension Reform Legislation](#) flyer.

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