Retiree Insurance Eligibility, Funding

For State Optional Retirement Program participants

Being eligible to receive State ORP distributions does not mean you are eligible for retiree group insurance. Retiree group insurance operates under different eligibility rules. Determining retiree insurance eligibility is complicated, and only PEBA can make that determination. It is extremely important to contact PEBA about your retiree insurance eligibility before you make final arrangements to leave covered employment.

For the purposes of determining if a State ORP participant is eligible for retiree insurance coverage, the participant is considered retired only if they would have met the eligibility requirements to retire from the South Carolina Retirement System had they been a member of SCRS, rather than participating in State ORP, during their employment. Learn more about SCRS retirement eligibility at peba.sc.gov.

In making the determination of retirement eligibility, one year of employment with an insurance-participating employer while participating in State ORP is treated like one year of earned service credit in SCRS. A State ORP participant can combine time in SCRS and State ORP to reach retiree insurance eligibility. However, withdrawn SCRS service is considered canceled and cannot be used to reach retiree insurance eligibility for a State ORP participant, even if their SCRS refund is rolled over to State ORP. Further, because service purchases are not available in State ORP, a State ORP participant cannot purchase withdrawn SCRS service or other service credit into State ORP to reach retiree insurance eligibility.

At a minimum, to be eligible for retiree insurance coverage, your last five years of employment must have been served consecutively in a full-time, insurance-eligible permanent position with an employer that participates in the State Health Plan. If you do not meet these threshold statutory requirements, then you are ineligible for retiree insurance coverage.

With regard to funding, as an active employee, your employer pays part of the cost of your health and dental insurance. For retiree insurance, several factors determine if you pay all or part of your insurance premiums. These factors include your years of service with an employer participating in State Health Plan, the type of employer from which you retire and the date you were hired into an insurance-eligible position.

When reviewing the charts on Page 2, keep these things in mind:

- Earned service credit is time earned and established in one of the defined benefit pension plans PEBA administers. One year of full-time, paid employment while participating in State ORP and making regular contributions to a State ORP account equates to one year of earned service in SCRS. Earned service credit does not include any purchased service credit not considered earned service in the retirement plans (e.g., non-qualified service).
- Changing jobs could affect your eligibility for funding. The funding information on Page 2 applies only if your last employer prior to retirement is a state agency, public higher education institution, public school district or other employer that participates in the state's Retiree Health Insurance Trust Fund. A non-participating employer can elect to pay none, all or a portion of the total premium for retiree insurance coverage. Contact your employer if you are unsure whether it participates in the Retiree Health Insurance Trust Fund.
- To receive state funding toward your premiums, your last five years of employment must have been in service with a state agency, public higher education institution, public school district or other employer that participates in the state's Retiree Health Insurance Trust Fund.

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The charts below illustrate eligibility and funding guidelines for retiree group insurance. Refer to the *Plan of Benefits* for more detailed information on these and other eligibility and funding rules.

Employees hired into an insurance-eligible position before May 2, 2008

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying premiums
Left employment after reaching SCRS retirement eligibility requirements	Five years, but less than 10 years	You pay the full premium (employee and employer share).
	10 years or more	You pay only the employee share of the premium.
Left employment before reaching SCRS retirement eligibility requirements	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 years or more	You are eligible for coverage upon reaching SCRS retirement eligibility requirements. You pay only the employee share of the premium.

Employees hired into an insurance-eligible position on or after May 2, 2008

Retirement status	Earned service credit with an employer participating in the State Health Plan	Responsibility for paying premiums
Left employment after reaching SCRS retirement eligibility requirements	Five years, but less than 15 years	You pay the full premium (employee and employer share).
	15 years, but less than 25 years	You pay the employee share of the premium and 50% of the employer share of the premium.
	25 years or more	You pay only the employee share of the premium.
Left employment before reaching SCRS retirement eligibility requirements	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 years, but less than 25 years	You are eligible for coverage upon reaching SCRS retirement eligibility requirements. You pay the employee share of the premium and 50% of the employer share of the premium.
	25 years or more	You are eligible for coverage upon reaching SCRS retirement eligibility requirements. You pay only the employee share of the premium.