State ORP at a Glance

Refer to the Select Your Retirement Plan Guide for detailed information and when making retirement plan decisions.

Benefits

• Your retirement benefit consists of your account balance at retirement, made up of contributions made by you and your employer throughout your years of employment, as well as any investment gains or losses on those contributions. It is not based on a set formula, and you assume all investment and longevity risk.

• You select one of four service providers, contracted by PEBA, to administer your State Optional Retirement Program (State ORP) account. You choose the provider that best suits your needs.

• You have immediate rights to your entire account balance when you separate from all covered employment or reach age 59½.

• Unlike with the South Carolina Retirement System (SCRS), which serves as an alternative to State ORP, there is no disability protection.

• An active member incidental death benefit is available through PEBA.

Eligibility and enrollment

• Active membership requires you to be employed by and receiving compensation from an employer that participates in State ORP.

• You must complete initial enrollment, including service provider selection within 30 days of your initial hire date.

• PEBA will provide your selected service provider basic enrollment information; however, you will need to provide direction on how you want your contributions invested and designate a beneficiary for your State ORP account balance. The current providers are Corebridge Financial, Empower, TIAA and Voya Financial. Learn more and find contact information at peba.sc.gov/state-orp.

Contributions

By law, the employee contribution rate and the total employer contribution rate are equal to the rates for SCRS. You contribute a tax-deferred 9%, while your employer contributes 5% to your chosen service provider. Your employer remits the contributions directly to your selected service provider.

Annual open enrollment

During State ORP annual open enrollment, which occurs from January 1 to March 1, you can choose to change service providers. You may also elect to irrevocably switch to SCRS during annual open enrollment if it has been at least one year, but not more than five years, since your initial enrollment in State ORP.

Rollovers

You may roll over pretax contributions from eligible retirement plans into your State ORP account. The Plan does not accept rollovers of after-tax contributions. Contact your chosen service provider for more information about its process for incoming rollovers.
Cost of participation

- Service providers charge an administrative fee to cover the cost of administering State ORP accounts. The fee differs among service providers.
- Administrative fees are charged directly to your State ORP account on a quarterly basis.
- Investment options have annual fees, often called expense ratios, that go toward the operating costs of the fund. The expense ratio directly reduces the fund’s investment return, which impacts the value of your investment. Investment expense ratios are disclosed in the fund’s prospectus.

Incidental death benefit

- If you die in service after one year of participation, your incidental death beneficiary is eligible for a payment equal to one year’s gross salary. The one-year requirement is waived if the death is a result of a job-related injury.
- To designate your incidental death benefit beneficiary with PEBA, log in to your Member Access account once you are enrolled in State ORP. You may also complete and return Form 1106 to PEBA.
- No incidental death benefit is payable if you die after you are no longer in service.

Retiree insurance eligibility

- For State ORP participants, insurance eligibility is determined as if you were a member of SCRS.
- Only PEBA can make retiree insurance eligibility determinations. Contact PEBA before making final arrangements for retirement.
- The amount you pay in retiree insurance premiums is based on several factors, including your years of service, when you were hired and the type of employer from which you retire.
- Please refer to the Retiree Insurance Eligibility, Funding flyers for your employer type for more information.

Distribution options

- You have multiple payment options, including lump sum and periodic withdrawals. You may also use a portion or all of your account balance to purchase an annuity, which could provide guaranteed income for life.
- Although you are eligible to take a distribution when you leave covered employment before age 59½, you may be subject to a penalty tax unless you roll over the funds into an eligible retirement plan. Consult a tax professional for more information.
- You can access the funds in your account—employee and employer contributions—at age 59½. You can do this even if you are actively working and contributing to the plan. Although the distribution will not be subject to the penalty tax, it will be a taxable distribution unless the funds are rolled over into an eligible retirement plan.
- You may leave your balance in your account until you choose to take withdrawals or the IRS requires you to take annual minimum distributions. Keep in mind that while you are actively employed by an employer participating in the plan, you are not obligated to take a required minimum distribution.
- To request a distribution from your State ORP account, contact your service provider or log in to your account with your service provider.
- If you return to work for a covered employer after you terminate or turn age 59½ and receive a distribution, you must contribute a 9% tax-deferred employee contribution rate.

Learn more

For more information, contact your human resources office, visit peba.sc.gov or call PEBA’s Customer Service at 803.737.6800 or 888.260.9430. You can also schedule an appointment at peba.sc.gov/visit-us.