

## **Benefits Department -Retirement FAQs**

**Q: When I look in "My Records", it says that MUSC contributes 21.81% to my ORP plan. I thought it was 5%?**

MUSC contributes 21.81%, however 5% of that goes directly to the employee's ORP account. The remaining contribution goes to the SC Retirement System for fees (ORP plan, admin fees, etc.), the retiree insurance surcharge and to pay for the group life benefit (equal to one times the employee's annual salary).

**Q: What is the employee contribution for SCRS retirement system?**

Members of SCRS contribute 9 percent of their gross pay, tax-deferred, into their SCRS retirement accounts. Employer contribution rates to the system are set by a statutory schedule, subject to additional increases to meet certain funding requirements.

**Q: What is the employee contribution for PORS retirement system?**

Members of PORS retirement system contribute a tax deferred 9.75 percent of gross pay. PORS account earns 4 percent interest compounded annually until you retire or your account becomes inactive.

**Q: How can I view my PORS or SCRS retirement account?**

You can log into [Member Access Retirement Benefits](#).

**Q: How do State ORP participants access information on their account balance?**

State Optional Retirement Program (State ORP) investment providers deliver quarterly statements to participants, which contain the account balance and other details. You can also get this information by logging in to your account on your investment provider's State ORP website or by calling your investment provider's toll-free State ORP participant customer service number.

**Q: How does one become a member of PORS retirement?**

To be a member of PORS, you must be employed as a police officer, firefighter or peace officer for an employer that participates in PORS. Magistrates and probate judges are also eligible to participate in PORS. Unless your position is exempted by state law, you must earn at least \$2,000 per year and devote at least 1,600 hours per year to this work.

**Q: May I borrow money from my PEBA-administered retirement account (ORP, PORS or SCRS)?**

No. The state laws that govern the retirement plans PEBA administers do not include provisions to allow a member to borrow funds from their retirement account. Loans and hardship withdrawals are not allowed.

**Q: Can I make changes to my retirement plan?**

SCRS participants may not change their retirement plan. The enrollment period for State Optional Retirement Program (ORP) participants is January 1 through March 1 of each year. During the enrollment period, ORP participants may change investment providers or, if eligible, irrevocably elect to join the South Carolina Retirement System (SCRS). ORP participants who have a minimum of 12 months of participation, but no more than 60 months are eligible to switch from State ORP to SCRS during the retirement enrollment period. ORP participants may change investment providers regardless of participation time.

**Q: How do I change my 401k, 457, and/or 403b contribution amount?**

To change your 401k and/or 457 contribution amount, individuals will need either call the SC Deferred Compensation Program at (877)457-6263 or making their change online at <https://southcarolinadcp.gwrs.com/login.do>. To change your 403b contribution amount, individuals will need to make this change online using the [Retirement Manager](#) website.

**Retirement Eligibility**

**Q: What is Class Two and Class Three membership of PORS and SCRS retirement systems?**

Currently, there are two classes of membership: Class Two and Class Three. Class Two members are generally employees who currently have earned service credit in PORS, SCRS or a correlated retirement system for a period of service prior to July 1, 2012. Class Three members are those members who do not currently have earned service in PORS, SCRS or a correlated retirement system for a period of service prior to July 1, 2012.

**Q: When can I retire under the SCRS Retirement System?**

You may retire one of the following ways:

**1. Normal retirement (unreduced benefit)**

**Class Two members:**

- 28 years of service credit on the date of retirement, five years of which must be earned service credit; or
- Age 65 or older on the date of retirement with five years of earned service credit.

**Class Three members:**

- Meet the Rule of 90 requirement with at least eight years of earned service credit. This means that your age and years of service credit must add up to 90. For example, a member who is 56 years old and has at least 34 years of service credit, eight years of which must be earned service credit, would be eligible for normal retirement ( $56 + 34 = 90$ ).
- Age 65 or older on the date of retirement with eight years of earned service credit.

**2. Early retirement (reduced benefit)**

**Class Two members:**

- Age 60 with at least five years of earned service credit. Your benefit is permanently reduced 5 percent for each year of age less than 65; or
- Age 55 or older with 25 years of service credit, five years of which must be earned service credit. Your benefit is permanently reduced 4 percent for each year of service credit less than 28. Benefit adjustment restrictions apply.

**Class Three members:**

- Age 60 with at least eight years of earned service credit. Your benefit is permanently reduced 5 percent for each year of age less than 65.

**Q: When can I retire under PORS, the Police Officer Retirement System?**

**A: PORS Class Two retirement eligibility**

- Must have five years of earned service.
- For a monthly retirement benefit, you must:
  - Have 25 years of service; or
  - Be age 55 or older.

**A: PORS Class Three retirement eligibility**

- Must have eight years of earned service.
- For a monthly retirement benefit, you must:
  - Have 27 years of service; or
  - Be age 55 or older.

**Q: When can I retire from the State ORP Program?**

You have immediate rights to your entire account State Optional Retirement Program (State ORP) balance, including employee and employer contributions, when you terminate employment or reach age 59 ½. Your State ORP assets remain in the investment options you select unless you request that they be transferred to another eligible retirement plan, or unless



an investment option is no longer offered. Eligibility to establish State ORP service with another retirement plan depends on the other plan's provisions. Contact your State ORP investment provider for more information, including any fees or charges that may apply to transferring out of any investment option.

**Q: PORS and SCRS Class Two members only: How is my retirement benefits calculated?**

At retirement, a member's monthly benefit is calculated based on very specific and individual parameters such as compensation records, credited service time, days of unused annual and sick leave and the benefit multiplier for the retirement system (SCRS or PORS) in which the member is enrolled.

**Q: SCRS and PORS members: How is my average final compensation (AFC) calculated and how is unused annual leave pay factored into my monthly benefit?**

MUSC University reports your earnable compensation information to PEBA on a quarterly basis. If you are a Class Two member, your average final compensation is calculated by adding your 12 highest consecutive quarters of earnable compensation and dividing by three. An amount up to and including 45 days' termination pay (360 hours) for unused annual leave at retirement may be included in your average final compensation calculation. The unused annual leave can be paid out or rolled over into eligible 401 K or 403b.

If you are a Class Three member, your average final compensation is calculated by adding your 20 highest consecutive quarters of earnable compensation and dividing by five. Unlike Class Two members, you will not receive service credit for unused sick leave at retirement, nor will payment at retirement for your unused annual leave be included in the calculation of your AFC.

**Q: What happens to my unused sick leave?**

At retirement, a Class Two member may receive service credit for up to 90 days of unused sick leave (720 hours) from the member's last employer at no cost to the member (see Step 3 of the benefit formula). This service credit cannot be used to establish retirement eligibility. Sick leave is reported by a Class Two member's employer after retirement. One month of service credit is granted for each 20 days of sick leave. Class Three members are not eligible for sick leave to be added to their service credit with the state.

**Q: Do I pay taxes on my monthly retirement benefit?**

Yes. Your monthly retirement benefit is subject to federal tax. And, if you live in South Carolina, state tax also applies. When you retire, you decide what your state and federal tax



withholdings will be. At your retirement appointment with your benefits counsellor, you will complete a paper withholding certificate for monthly benefits payments form.

**Q: When are retirement checks issued?**

Retirement checks are paid on the last working day of the month. The first check or two may be mailed to me and future checks will be deposited into the bank account you have elected.

**Q: Do I get paid the incidental death benefit after I retire from SCRS retirement system?**

Yes. PORS and SCRS retirees are eligible for an incidental death benefit based on their total years of service credit. There is no cost to the retiree.

- SCRS: 10-19 yrs = \$2,000 / 20-27 yrs = \$4,000 / 28+ yrs = \$6,000
- PORS: 10-19 yrs = \$2,000 / Class II 20-24 yrs or Class III 20-26 yrs = \$4,000 / Class II 25+ yrs or Class III 27+ yrs = \$6,000

**Q: Is there an incidental death benefit when I retire with the State ORP Program?**

There is no incidental death benefit payable if you die after you are no longer in service, although your beneficiary would be eligible to receive the balance of your State ORP account.

**Q: I would like to meet with a benefit consultant to get a retirement estimate. What do I need to bring?**

We recommend scheduling an appointment. If you are planning to complete your retirement paperwork when you come to the benefit office, please be sure to have your driver's license, your birth certificate and the birth certificate for your beneficiary(s) if you are selecting a survivor payment option. A bank account voided check or a statement from your banking institution on their official letterhead verifying your account information will be helpful for completing your direct deposit authorization form.

**Q: When will PEBA retirement finalize my retirement benefit?**

You will receive an "estimate" of your retirement benefit once PEBA Retirement receives your application for PORS and SCRS. The initial estimate will not include any annual or sick leave that you have. MUSC will report the leave to PEBA Retirement upon the processing of your last paycheck and annual leave payout, which will prompt PEBA Retirement to generate a "finalized estimate" of your retirement.

It generally takes six to nine months following the date of your retirement for your account to be finalized; however, it is PEBA's goal to ensure that you begin receiving an estimated retirement benefit immediately. Your benefit payments will be calculated as an estimated amount. After your employer submits all required information, your retirement benefit will be finalized. The final amount may be less than, or more than, your estimated benefit. You will be

notified in writing upon finalization of your benefit. Any difference (positive or negative) between your estimated benefit and final benefit will be retroactively applied to your date of retirement.

**Q: How early can I submit a retirement application to PEBA retirement?**

6 months prior to the date of retirement

**Q: As a recipient of a monthly benefit (PORS or SCRS only), when am I eligible to receive a benefit adjustment/Cost of living adjustment?**

Based on current law, you may be eligible for a benefit adjustment if your retirement was in effect the previous July 1. If you retired early as a Class Two member of PORS or SCRS, you are not eligible for a benefit adjustment until the second July 1 after you reach age 60 or the second July 1 after the date you would have attained 28 years of service credit had you not retired. Eligible retirees should receive a benefit adjustment of 1 percent of their annual annuity up to a maximum of \$500 effective each July 1, based on current state legislation.

**Disability Retirement**

**Q: How is disability retirement determined in SCRS?**

A member of SCRS may receive disability retirement benefits from SCRS only if the member has been approved for disability benefits from the federal Social Security Administration, which generally requires an incapacity to perform any gainful occupation.

You must file your application while you are in service with a covered SCRS employer even if you have not yet been approved for Social Security disability benefits. Because of the length of time the Social Security disability application can take, do not wait to apply for SCRS disability retirement benefits until your Social Security disability claim has been approved.

Becoming disabled does not automatically qualify you for a disability retirement benefit; you must file an application and go through the review process.

You must be in service with an employer covered by SCRS in order to file an application for disability retirement benefits. A member is considered to be in service on the date the application is received by PEBA if:

1. The last day the member was employed by a covered employer was no more than one year before the date PEBA received the application; and
2. The member had not been retired on a service retirement allowance for more than one year at the time PEBA received the application.

If PEBA does not receive your application while you are in service, you will not be eligible to receive any disability retirement benefits from SCRS. Retired members who work for a covered employer are not eligible to apply for a disability retirement benefit. In addition to being in service, you must also meet certain earned service requirements to apply for disability retirement benefits. If you are a Class Two member, you must have at least five years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties. If you are a Class Three member, you must have at least eight years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties.

Once you have provided a copy of the Social Security award letter to PEBA, your SCRS disability benefit will be effective the later of the disability onset date established by the Social Security Administration or the day after your termination from employment. Retroactive benefits will be paid back to the later of these two dates. The disability retirement benefit will be based upon your years of credited service at retirement, average final compensation at retirement and the current benefit multiplier for service retirement benefits. However, the annual benefit may not be less than 15 percent of your average final compensation.

#### **Q: How is disability retirement determined in PORS?**

Becoming disabled does not automatically qualify you for a disability retirement benefit; you must file an application and go through the review process. You must be in service with a covered employer in order to file an application for disability retirement benefits. You are considered in service if you have not yet retired from PORS and it has not been more than one year since you were last on the payroll of a covered employer. If PEBA does not receive your application while you are in service, you will not be eligible to receive any disability retirement benefits from PORS. Retired members who work for a covered employer are not eligible to apply for a disability retirement benefit.

In addition to being in service, you must also meet certain earned service requirements to apply for disability retirement benefits. If you are a Class Two member, you must have at least five years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties. If you are a Class Three member, you must have at least eight years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties.

**Q: How is disability retirement application processed for PORS?**

Your medical records will be obtained from your health care providers by our disability determination provider and evaluated to determine the severity and limiting effects of your physical or mental impairment. The determination to approve or deny your disability retirement claim is made after review by a medical board of three physicians. Please allow a minimum of three months after all required documentation has been received from you, your employer and your health care providers for your disability application to be processed. If you do not receive notification of PEBA's decision within three months, please contact the Customer Contact Center at 803.737.6800 or 888.260.9430. If your claim is denied, you will have an opportunity to appeal the denial. You have one year from the date of the denial to file an administrative appeal.

**Returning to Work after Retirement**

**Q: What happens if I return to work after retiring?**

If you began receiving a service retirement benefit before January 2, 2013, you may return to work for an employer covered by PEBA with no earnings limitation; however, you will be subject to the same contribution rate as active employees. These contributions will be posted to your retirement account, but as a retiree, you will not earn additional service credit or receive interest on your account. Effective January 2, 2013, if you retire before you reach age 62 (SCRS) or 57 (PORS) and return to covered employment, you will be subject to a \$10,000 per year earnings limitation. This earnings limitation applies regardless of your age when you return to work.

**Q: If I decide to return to MUSC University after retiring, what will be my employment status?**

Per HR Policy 51 all Post Retirement employees returning to work will be employed in a temporary position. Temporary employees are typically\* not eligible for benefits, annual leave, sick leave or holidays. You are required to continue participating to the SCRS or PORS plan if I return to work in any position. Temporary employees are required by State guidelines to take a 15-calendar day break after one year of temporary employment, however, temporary returned retirees at MUSC are exempt per MUSC Legal Counsel. (\*temporary employees could be eligible for insurance benefits under the ACA if they have worked enough hours- see Benefits Office).

**Q: What steps do I need to complete if I plan to return to work after retirement?**

If you will be rehired in your department as a Retiree, a Statement of Understanding must be signed by you, the employee. The form will be provided to you by your Business Manager. A returned retiree is also required to complete all steps required for new hires, including



background check, health screening and all required paperwork. You will be asked to complete new hire paperwork and submit a driver's license and social security card.

**Q: Will I be eligible for insurance benefits if I return to work?**

The Affordable Care Act requires employers to offer coverage to all employees who work an average of 30 hours a week. Because of this federal law, if you return to work at MUSC as a retiree employed in a temporary position, and you average 30 hours, you could be eligible to keep benefits through MUSC.

**Q: Is there a waiting period to returning to covered employment?**

Yes, 30 calendar days. To retire, you must first have a complete, bona fide severance or termination of employment. After 30 days of retirement, you may be hired or rehired by an employer covered by one of the retirement systems administered by PEBA. For Class Two members, participation in the TERI Program counts toward the required 30 days of retirement. If you return to covered employment sooner than 30 consecutive calendar days after retirement, your monthly benefit will be suspended while you remain employed by a covered employer.

**Q: If I return to work after 30 days waiting period, do I contribute to the retirement system again?**

If you return to MUSC University after you retire, you will contribute the same tax-deferred percentage of your gross pay into your SCRS retirement account as an active member. The member contribution rate is 9 percent. As a working retiree, you will not earn additional service credit or receive interest on your account.

**Retiree Group insurance**

**Q: Are you eligible for retiree group insurance?**

Eligibility for retiree group insurance is not the same as eligibility for retirement. Determining retiree insurance eligibility is complicated and only PEBA can make that determination. It is very important to contact Benefits Administrator/PEBA before making final arrangements for retirement. Your eligibility for retiree group insurance coverage and funding depends upon a number of factors, including the employee's eligibility for a retirement benefit, the employee's retirement service credit earned while working for an employer that participates in the State Health Plan and the nature of the employee's last five years of active employment with an employer that participates in the State Health Plan.



Earned service credit is time an employee is participating in one of the defined benefit retirement plans PEBA administers; time worked while participating in the State Optional Retirement Program (State ORP); or time worked for an employer that participates in the State Health Plan, but not the retirement plans PEBA administers. Earned service credit does not include any purchased service credit not considered earned service in the retirement plans (e.g., non-qualified service) or service accrued with an employer that does not participate in the State Health Plan.

If you are a member of one of the defined benefit retirement plans PEBA administers, your eligibility for retiree group insurance will depend on whether you have met the minimum statutory requirements for retirement eligibility established for the plan in which you are a member when you leave employment.

PEBA's defined benefit plans include the South Carolina Retirement System (SCRS), the Police Officers Retirement System (PORS), the General Assembly Retirement System (GARS), and the Judges and Solicitors Retirement System (JSRS).

PEBA also administers a defined contribution plan, the State Optional Retirement Program (State ORP). For State ORP participants and employees whose employer does not participate in a PEBA-administered retirement plan, eligibility is determined as if the participant were a member of the South Carolina Retirement System.

**Q: Will MUSC pay part of your retiree insurance premiums?**

As an active employee, your employer pays part of the cost of your health and dental insurance. When you retire, several factors determine if you pay all or part of your insurance premiums. These factors include your years of earned service credit, the type of employer from which you retire and the date you were hired into an insurance-eligible position.

**Q: How is funding for retiree insurance determined for members of state agency or state higher level institutions?**

For any retiree 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. The following guidelines should be kept in mind when determining eligibility for retiree insurance.

Changing jobs could affect your eligibility for funding. To receive state-funding toward your premiums, your last five years of employment must have been in service with a state agency, state institution of higher education, public school district or other employer that participates in the state's Retiree Health Insurance Trust Fund. Earned service credit is time earned and



established in one of the defined benefit retirement plans PEBA administers; time worked while participating in the State Optional Retirement Program (State ORP).

**Q: Who will be my benefits administrator be once I retire?**

PEBA insurance will be your benefits administrator once you retire from MUSC University.

**Q: Will I be able to make changes to my insurance after I retire?**

Yes. Retirees are eligible for enrollment changes to health, dental and/or vision. PEBA will send communications regarding enrollment options. Open enrollment is held from October 1 to October 31 every year.

**Q: If I am Medicare eligible when I retire, what should I do?**

Meet with your benefits administrator who will provide a request for employment information form to take to the social security office. You will begin the process of enrolling in Medicare Part B within 90 days of your retirement with the social security office.

**Q: If I am Medicare eligible when I retire and am currently under the Tricare plan, what should I do?**

If an active employee, survivor or retiree becomes eligible for Medicare Part A, they must purchase Medicare Part B to remain eligible for Tricare. The Tricare health benefit changes to Tricare for Life, which is a Medicare supplement, and the Tricare Supplement coverage ends. They can continue the supplement plan coverage for their eligible dependents by making premium payments directly to Selman & Company.

This information can be found In PEBA's Medicare handbook on page 23.

[https://www.peba.sc.gov/sites/default/files/medicare\\_handbook.pdf](https://www.peba.sc.gov/sites/default/files/medicare_handbook.pdf)

**Purchasing Service Credit**

**Q: How much service credit can I purchase?**

There is no limit on the number of years you may purchase for most service types; in particular, those based on prior periods of qualified service. However, you may only purchase six years of military service and five years of non-qualified service. Active members may establish additional service credit for various types of previous employment and leaves of absence, and up to five years of non-qualified service, which is a type of service credit not associated with any specific employment.

**Q: What service types can one purchase?**

**Public service-** As an active member, you may establish SCRS service credit for any period of paid public service as an employee of the government of the United States, a state or political subdivision of the United States, by making an actuarially neutral payment to PEBA.

**Educational Service (K-12)-** As an active member, you may establish service credit for any period of paid classroom teaching consisting of grades kindergarten through 12 in a public, private or sectarian school by making an actuarially neutral payment to PEBA.

**Workers' compensation-** As an active member, you may establish service credit for a period while on a leave of absence and receiving workers' compensation benefits. The cost is based on contributions plus interest using your earnable compensation at the time of injury. You may also arrange in advance with MUSC to continue contributing to your account while you are receiving workers' compensation benefits.

**Previously withdrawn SCRS service-** If you left employment and received a refund of your contributions plus interest from SCRS, you may re-establish this service upon returning to active membership. You must repay the amount you withdrew plus interest to the date your request is received. Previously withdrawn earned service that is re-established in SCRS is considered earned service for the determination of the SCRS minimum service requirement for benefit eligibility.

**Non-qualified service-** Active Class Two and Class Three members who have five or more years of earned service credit may establish up to five years of non-qualified service by making an actuarially neutral payment to PEBA. The cost calculation is based in part on your current age and service credit, as well as your career highest fiscal year earnable compensation at the time PEBA receives your service purchase request. The cost, which is determined by PEBA's independent actuary, will not be less than 35 percent of your career highest fiscal year earnable compensation for each year purchased.

**State ORP service-** Active members may purchase service credit for their years of participation in the State ORP by making an actuarially neutral payment to PEBA. The cost calculation is based in part on your current age and service credit, as well as your career highest fiscal year earnable compensation at the time PEBA receives your service purchase request. The cost, which is determined by PEBA's independent actuary, will not be less than 16 percent of your career highest fiscal year compensation for each year purchased.

**Q: How much does it cost to purchase additional service credit?**

The cost for most types of service purchases must at least equal the true actuarial cost. The actuarial cost involves a complex calculation that takes into account your age, service credit,



salary, average final compensation, and the length of service you want to purchase. By law, there is a minimum cost of 16 percent (qualified service) or 35 percent (non-qualified service) of your career highest fiscal year salary for each year purchased.

**Q: Can I obtain a cost estimate for any service type?**

The Service Purchase Cost Estimate Calculator provides an unofficial cost estimate to purchase certain types of service based on an actuarially neutral cost. If you are a member of one of the defined benefit plans PEBA administers, you can access the calculator through Member Access.

The calculator does not provide cost estimates for withdrawn service, workers' compensation or transfers of service from SCRS to PORS. You may request a cost estimate for purchasing these types of service by reaching out to our PEBA retirement customer service center at 888-260-9430 or 803-737-6800.

**Q: How do you purchase service time?**

Please contact PEBA retirement at 888-260-9430. The request can be made over the phone with a PEBA retirement customer service representative or online through [Member Access](#). The information will be sent to HR payroll to verify employment and salary information.