



**Be Aware
+ Prepare**

Get Set for Retirement: Retirement

Fiscal year 2020



Critical decision-making time

- When should I retire?
- Which benefit option should I choose?
- Should I purchase service credit?
- Do I plan to work after retirement?
- When will I begin drawing Social Security?
- What will my health care costs be in retirement?
- Am I mentally, physically and financially ready?

Today's topics



- In-service death benefits.
- Disability retirement eligibility.
- Leaving before retirement eligibility.
- Service retirement.
- Payment options.
- Purchasing service.
- Applying for retirement.
- Post-retirement information.
- State Health Plan retiree insurance.
- Retirement resources.

Retirement plans



- Defined benefit plans:
 - Police Officers Retirement System (PORS).
 - Offer lifetime retirement benefit, disability and death benefits.
- Voluntary, supplemental retirement savings plans through the South Carolina Deferred Compensation Program.

PORS membership classes



- Class Two: earned service began prior to July 1, 2012.
- Class Three: 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.

PORS Contribution Rate



- Members contribute 9.75% of their gross pay, tax-deferred.
- PEBA determines the contribution amount. This amount is pretax and cannot be changed by the employee.



In-service death benefits

Active member incidental death benefit



- PORS:
 - Available only if employer elects to offer this coverage.
 - Must have at least one year of earned service unless death results from job-related injury.
 - A payment equal to your current annual earnable compensation will be paid to your beneficiary if you die in service.
 - Also applies to return-to-work retirees.

Refund of contributions or monthly benefit – PORS



- If you die in service as an active member, your beneficiary may be entitled to receive:
 - A refund of your contributions plus the interest earned on your account; or
 - A monthly benefit if:
 - You are a Class Two member with at least five years of earned service credit or a Class Three member with at least eight years of earned service credit, and you have either 15 years of total service credit or are at least age 55 (PORS) at time of death.

PORS Accidental Death Program



- Provides a survivor monthly benefit if employer is covered and your death is result of a job-related injury.
- Paid monthly to surviving spouse, children or parents.



Disability retirement eligibility

PORS disability retirement eligibility



- Must be in service with covered employer, meaning you:
 - Are not yet retired; and
 - Were on payroll less than one year ago.
- Unless injury is job-related, you must have:
 - Five years earned service if Class Two.
 - Eight years earned service if Class Three.

PORS disability retirement eligibility



- Must apply within one year of date of termination from covered employer.
- For PORS, must be found permanently disabled from performing your job duties by the PORS medical board composed of three physicians.



Leaving before retirement eligibility

Requesting a refund or leaving funds on deposit

Requesting a refund from your PORS account



- Give up your right to any future service or disability retirement benefit.
- Can generally roll over taxable portion into eligible retirement plan.
- If you do not roll over refund, taxable portion may be:
 - Subject to taxes; and
 - Subject to additional tax penalty if younger than age 59½.
- Consult with tax advisor for more information.

Leaving funds in your PORS retirement account



- Account earns 4 percent interest annually until account becomes inactive.
- Can request refund later.
- If leaving employment with enough earned service, can apply for retirement benefit once age requirement is met.
- If returning to covered employment later, can resume making contributions and earning service credit.
- IRS requires distributions beginning at age 70½.



Service retirement

PORS

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.

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.

PORS service retirement monthly benefit



Benefit based on
a formula that
includes:

Your average final
compensation
(AFC)

Your service
credit

A benefit
multiplier

PORS Class Two AFC calculation, unused leave



- AFC includes your 12 highest consecutive quarters of earnable compensation and termination payment for up to 45 days of unused annual leave divided by 3.
- Up to 90 days unused sick leave at retirement added to service credit.

PORS Class Three AFC calculation



- AFC includes 20 highest consecutive quarters of earnable compensation, divided by 5.
- AFC does not include unused annual leave payouts.
- No unused sick leave added to service credit.

Monthly benefit calculation¹



Step 1

- Multiply your AFC by 2.14% PORS members.

Step 2

- Multiply the result by your years of service credit.

Step 3

- Divide the result by 12 to arrive at your monthly retirement benefit.

¹ Early retirement reductions will apply for SCRS members who retire before reaching eligibility for an unreduced monthly retirement benefit. Reduction applies when choosing joint retiree/survivor payment plan.



Class Two PORs Option A example



AFC = \$30,000		
PORS	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 25 \text{ years} =$	\$16,050.00
	$\$16,050 \div 12 =$	\$1,337.50

- Reduction factors will apply to members who select a joint retiree/survivor payment option.

Class Three PORs Option A example



AFC = \$30,000		
PORS	$\$30,000 \times 2.14\% =$	\$642.00
	$\$642 \times 27 \text{ years} =$	\$17,334.00
	$\$17,334 \div 12 =$	\$1,444.50

- Reduction factors will apply to members who select a joint retiree/survivor payment option.



Payment options

PORS

PORS monthly payment plan options



Option A

Maximum benefit.

Retiree-only payment.

Option B

100%-100% joint retiree-survivor payment.

Non-spousal restrictions may apply.

Option C

100%-50% joint retiree-survivor payment.

Changing your form of payment after retirement



- If you have a change in marital status, you may select a new payment option or change your beneficiary for a survivorship payment option within five years of the change.
- You can change your form of payment only twice, regardless of how many qualifying events occur.
- If you choose Options B or C and all of your beneficiaries die before you:
 - Your benefit reverts to Option A.
 - The change is effective the month after the date last beneficiary dies.
 - You must notify PEBA of your beneficiary's death.



PORS benefit estimates

- Create a benefit estimate in [Member Access](#) using:
 - Your retirement account data;
 - Your potential AFC; and
 - A selected retirement date.
- Request one from your employer.
- Request one from PEBA by phone, email or in person.

Using your benefit estimate



- Determine whether you want to buy service credit.
- Help choose your retirement date.
- Decide whether you want to provide a survivor benefit.



Purchasing service

PORS

Purchasing service credit



- Active members may establish additional service credit by:
 - Purchasing qualified service;
 - Restoring previously withdrawn service or transferring eligible SCRS service to PORS service; and
 - Buying up to five years of non-qualified service.
- May establish each type of service credit once within a fiscal year.
- Must meet eligibility requirements for each type.
- Cost is actuarially-neutral cost based on your age, service credit, and current or career highest fiscal year salary.
 - Three payment options available.



Service types

- Public service.
- Educational service (K-12).
- Military service.
- Employer-approved leave of absence.
- State ORP service.
- Previously withdrawn service.
- Transfer from SCRS to PORS.
- Workers' compensation.
- Non-qualified service: up to five years.



Applying for retirement

PORS



When to apply

- Application is required; process is not automatic.
- May apply up to six months prior to retirement date.
- Must apply no later than 90 days after retirement date.



How to apply

- Apply online through [Member Access](#).
 - Paper forms are available, if needed.
- Refer to [Retiring Member's Service Application Checklist \(Form 6302\)](#).
- Do not terminate employment until PEBA provides official notice of your retirement eligibility.

Required documentation



- Required documentation:
 - Copy of your birth certificate;
 - Copy of your driver's license or state-issued ID card; and
 - Copy of your beneficiaries' birth certificates, if choosing survivor option.
- Upload documents in [Member Access](#).



Post-retirement information



PORS benefit adjustments

- Each July 1, current law provides for a one percent benefit adjustment up to an annual maximum of \$500.
- Must be retired for at least one year before receiving a benefit adjustment.

Retiree incidental death benefit



Benefit	PORS service credit
\$2,000	10-19 years
\$4,000	Class Two: 20-24 years Class Three: 20-26 years
\$6,000	Class Two: 25 or more years Class Three: 27 or more years

Returning to covered employment



- You must have a complete, bona fide severance or termination from covered employment to retire under PORS.
- Your PORS retirement benefit will be suspended if you return to covered employment sooner than 30 consecutive calendar days after your retirement date.
- You will contribute the same percentage of earnable compensation as active members.
- Return-to-work state employees are at-will.

PORS service retirement earnings limitation



- Once you earn more than \$10,000 in a calendar year from covered employment, your retirement benefit stops for the remainder of the year.
- Your retirement benefit will be reinstated the next January.

PORS service retirement earnings limitation exceptions



- Earnings limitation does not apply to:
 - Members who retired after age 57 (PORS);
 - Members who retired before January 2, 2013;
 - Teachers who meet critical needs exemption as determined by the S.C. Department of Education;
 - Certain appointed or elected officials; and
 - Certain PORS retirees who return to work as critical needs school resource officers.



State Health Plan retiree insurance

State Health Plan retiree insurance coverage



- Eligibility for retiree insurance is different than eligibility for a retirement benefit.
- Rules differ based on whether you were in an insurance-eligible position before May 2, 2008.
- Insurance is a major retirement cost.
- Former employer may fund portion of premiums.
- Learn more in the [Insurance Benefits Guide](#).

Verifying your retiree insurance eligibility



- Only PEBA can verify your eligibility for retiree insurance.
 - Do not terminate employment until you have official notice of your insurance eligibility.
- Submit an [*Employment Verification Record*](#).
- Check out the retiree insurance eligibility flyers:
 - [Retiree insurance eligibility, funding – state agencies and school districts.](#)
 - [Retiree insurance eligibility, funding – optional employers.](#)

Medicare Supplement Plan



Plan ¹⁸	Medicare Supplemental Plan
	In-network
Availability	Same as Medicare and available to retirees and covered dependents/survivors who are eligible for Medicare.
Annual deductible	Plan pays Medicare Part A and Part B deductibles.
Coinsurance	Plan pays Part B coinsurance with no maximum.
Physician's office visits	Plan pays Part B coinsurance of 20%.
Inpatient hospitalization/ nursing facility care	<p>Inpatient hospital stays Plan pays Medicare deductible, coinsurance for days 61-150 (Medicare benefits may end sooner if the member has previously used any of his 60 lifetime reserve days); Plan pays 100% beyond 150 days (Medi-Call approval required).</p> <p>Skilled nursing facility care Plan pays coinsurance for days 21-100; Plan pays 100% of approved days beyond 100 days, up to 60 days per year.</p>
Prescription drugs¹⁹ 30-day supply/90-day supply at Smart90 pharmacy	<ul style="list-style-type: none"> • Tier 1 (generic): \$9/\$22 • Tier 2 (preferred brand): \$42/\$105 • Tier 3 (non-preferred brand): \$70/\$175 <p>You pay up to \$3,000 in prescription drug copayments.</p>

Medicare Enrollment While Eligible for Insurance



- Eligible for Medicare Parts A & B at age 65
- Medicare is secondary if employed and eligible for a group health plan (GHP)
- Employee can retain Part A and defer enrollment in Part B until GHP ends; no penalty premium applied
- When GHP ends, employee should enroll in Medicare Part B. Contact HR for assistance to enroll in the Medicare Supplement with PEBA.



Retirement resources

PEBA website



- www.peba.sc.gov:
 - [Retirement awareness page](#): Presentations and videos for retirement planning basics.
 - [Retirement plan member handbooks](#): Details about your plan and its benefits.
 - [Navigating Your Benefits series](#): Simple explanations of insurance and retirement benefits.
 - [PEBA TV](#): Our YouTube channel with even more videos available.

Member Access



- To register for and use [Member Access](#), you will need:

- Last name;
- Social Security number;
- Date of birth; and
- A valid email address.
- If you're retired, you'll also need the net or gross amount of one of your most recent monthly retirement benefit payments.

The screenshot shows the PEBA Member Access website. The header includes the PEBA logo (south carolina peba state health plan | retirement systems) and the tagline "Serving those who serve South Carolina". The page title is "Member Access RETIREMENT BENEFITS".

There are two main sections:

- New to Member Access?** This section includes a green "Register Now" button, the text "Simple, Secure, & Convenient Access", a paragraph explaining that Member Access is an online resource for personal information, and a "Begin by clicking the Register Now button." instruction. A "Disclaimer" link is also present.
- Already a user?** This section includes a "Sign In" button and a "Trouble Signing In?" link. It features input fields for "USER NAME:" and "PASSWORD:".

At the bottom of the page, there is a disclaimer: "THE LANGUAGE USED IN THE PAGES THAT FOLLOW DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND THE SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY OR THE STATE OF SOUTH CAROLINA. THE INFORMATION PROVIDED DOES NOT CREATE A RIGHT OR ENTITLEMENT TO ANY PARTICULAR BENEFIT OR LEVEL OF BENEFIT PROVIDED PURSUANT TO TITLE 9 OF THE SOUTH CAROLINA CODE OF LAWS."

Member Access features PORS members



- View your account and service credit statement.
- Review your beneficiary designations.
- Estimate your benefit amount.
- Update your address and contact information.
- Apply for retirement or a refund.
- Update your direct deposit account or add an additional account.
- View monthly benefit payment history and obtain IRS Form 1099-R.
- View and change tax withholdings.

Get in touch with PEBA.



- Contact us:
 - www.peba.sc.gov/contactus.html.
 - 803.737.6800 or 888.260.9430.
- Visit us:
 - 202 Arbor Lake Drive
Columbia, SC 29223

Get social with PEBA.



[SCPEBA](#)



[PEBA TV](#)



[SCPEBA](#)



[s.c.peba](#)



[South Carolina Public
Employee Benefit Authority](#)

Disclaimer



This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.