

# Preparing for Retirement 2019



# Topics to be Covered

- State Retirement Plans- ORP, PORS and SCRS
- Reducing Hours Before Retirement
- Retiree Insurance Eligibility
- Returning to Work as a Retiree
- Supplemental Retirement Plans
- Online Retirement Resources





## **State Retirement Plans**



# Retirement Plan Contributions

Effective Date	Rate
SCRS/ORP July 1, 2017	9.00%
PORS July 1, 2017	9.75%

**Pre-tax contribution amount that is determined and set by the SC Public Employee Benefit Authority.**



# SCRS Traditional Defined Benefit Plan

- **Class II Members with 5 yrs of earned service (member before July 1, 2012):**
  - › Full Benefits: Age 65 - or - 28 years of service credit
  - › Reduced Benefits: Age 60 - or - Age 55 with at least 25 years of service
- **Class III Members with 8 yrs of earned service (member after July 1, 2012):**
  - › Full Benefits: Age 65 - or - “Rule of 90”(age+service)
  - › Reduced Benefits: Age 60



# SCRS Traditional Defined Benefit Plan

# Retirement Benefit Calculation

## Class II

$$\frac{\text{Average Final Compensation (3 Highest Consecutive Years of earnings divided by 3 + 1/3 of 360 hrs AL payout)}}{\text{Years of Service (+ 720 hrs of SL credit)}} \times 1.82\%$$

## Class III

Average Final Compensation (5 Highest Consecutive Years of earnings divided by 5)	X	Years of Service	X	1.82%
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## Resources;

<https://online.retirement.sc.gov/MemberAccess/welcome>

(State pension members; view account online)

<https://www.peba.sc.gov/calculators/quickest.asp>

(State pension members; run estimates)

# State ORP Defined Contribution Plan

- Employer contributes 5%, vested immediately
- Vendor Choices:
  - AIG ( Formerly VALIC), MetLife, Mass Mutual or TIAA
- Must be 59 ½ to withdraw funds without 10% penalty
- No criteria for retirement
- Portable and can be rolled to a qualified plan at any time after retirement; advisors available at no cost
- ORP Open Enrollment held every Jan 1 – Mar 1
  - › Can switch vendors; elect SCRS before 5 yrs participation in the ORP



# PORS Traditional Defined Benefit Plan

- **Class II Members with 5 yrs of earned service**  
(member before July 1, 2012):
  - › Full Benefits: Age 55- or - 25 years of service credit
- **Class III Members with 8 yrs of earned service**  
(member after July 1, 2012):
  - › Full Benefits: Age 55 - or – 27 years of service credit







## **Reducing Hours Before Retirement**

# Reducing Effort and Retaining Insurance Eligibility

Insurance Rules	University Effort	MUSC-P Effort
Eligible for Insurance	50%	75%
If effort is below %, not eligible for	Health, dental, vision, FSA, optional life, LTD, dep life	Group Life, Group LTD, FSA, Addt'l life/LTD need to be converted
Other Considerations	Leave Accruals, Holiday Pay, Retirement Contributions, AFC calculation	Retirement Contributions



# Unused annual and sick leave at retirement

- 360 hours of annual leave will be paid out or rolled over to eligible 401k, 457 or 403(b)
- **Class Two Members Only**
  - An amount up to and including 45 days' pay (360 hours) for unused annual leave from their final paycheck will be included before averaging the member's 12 highest consecutive quarters of earnable compensation.
  - At retirement, they may receive service credit for up to 90 days (720 hours) of unused sick leave from their last employer at no cost. This service credit cannot be used to establish retirement eligibility.



# When to submit paperwork for retirement

- Minimum of 3 months and maximum of 6 months prior to retirement date to submit paperwork.
- Recommend scheduling an appointment with Benefits Consultant for retirement estimate and completion of paperwork.
- Bring the following items to retirement appointment:
  1. Your driver's license
  2. Your birth certificate
  3. Birth certificate for your beneficiary(s) if you are selecting a survivor payment option.
  4. Bank account voided check or a statement from your banking institution on their official letterhead verifying your routing and account numbers for completing your direct deposit authorization form.





## **Retiree Insurance Eligibility**

# Retiree Group Insurance

- Eligibility for retiree group insurance is not the same as eligibility for retirement.
- Before you retire, contact your Benefits Counselor/PEBA to verify your eligibility for retiree insurance.
- The amount you pay in retiree insurance premiums is based on several factors, including your years of service, hire date, and the type of employer from which you retire.
- Return-to-work retirees may not remain on retiree coverage. They must elect active coverage if they want PEBA-sponsored health insurance.





# Requirements for any Retiree Coverage

- Your last five years of employment must be served consecutively in a full-time, insurance-eligible permanent position with MUSC University
- Earned service credit is:
  - Time earned and established in one of the defined benefit pension plans PEBA administers;
  - Time worked while participating in the State Optional Retirement Program;
- Earned service credit does not include any purchased service credit not considered earned service in the retirement plans.

# Retiree Insurance Benefits for Employee and their eligible dependents

Retiree insurance is not automatic. To enroll in retiree insurance, you will first need to confirm your eligibility for retiree group insurance by submitting an Employment Verification Record to PEBA. This may be done up to six months prior to your anticipated retirement date.

You may be eligible to:

- Continue or enroll in health insurance with prescription drug coverage. If you or your dependents are eligible for Medicare, you should enroll in Medicare Supplemental Plan.
- Continue or enroll in dental insurance.
- Continue or enroll in State Vision Plan.
- Convert your \$3000 Basic Life insurance policy to individual policy.
- Convert your Optional Life insurance or convert it to an individual policy.
- Convert any Dependent Life insurance you have to an individual policy.



# Retiree Insurance Eligibility

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 for premiums
<b>Left employment after reaching service or disability retirement eligibility</b>  <i>Learn more about retirement eligibility at <a href="http://www.peba.sc.gov">www.peba.sc.gov</a>.</i>	Five years, but less than 10 years	You pay the full premium (employee and employer share).
	10 or more years	You pay the employee share of the premium only.
<b>Left employment before reaching retirement eligibility</b>	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 or more years	You pay the employee share of the premium only at retirement.



# Retiree Insurance Eligibility

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 for premiums
<b>Left employment after reaching service or disability retirement eligibility</b>  <i>Learn more about retirement eligibility at <a href="http://www.peba.sc.gov">www.peba.sc.gov</a>.</i>	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 or more years	You pay the employee share of the premium only.
<b>Left employment before reaching retirement eligibility</b>	Less than 20 years	You are not eligible for retiree insurance coverage.
	20 years, but less than 25 years	You pay the employee share of the premium and 50% of the employer share of the premium.
	25 or more years	You pay the employee share of the premium only.



# Retiree Insurance Enrollment

- Submit an Employment Verification Record as early as six months prior to your retirement date.
  - This starts the process PEBA uses to determine your eligibility for retiree insurance and any possible funding.
- If PEBA determines you are eligible for retiree insurance, you must submit the following within 31 days of retirement:
  - Retiree Notice of Election form; and
  - Certification Regarding Tobacco Use, if applicable.
- If you do not submit an Employment Verification Record prior to your retirement, you must do so within 31 days of your retirement.



# Medicare Supplemental Plan

Plan <sup>18</sup>	Medicare Supplemental Plan
	In-network
<b>Availability</b>	Same as Medicare and available to retirees and covered dependents/survivors who are eligible for Medicare.
<b>Annual deductible</b>	Plan pays Medicare Part A and Part B deductibles.
<b>Coinsurance</b>	Plan pays Part B coinsurance with no maximum.
<b>Physician's office visits</b>	Plan pays Part B coinsurance of 20%.
<b>Inpatient hospitalization/ nursing facility care</b>	<p><b>Inpatient hospital stays</b> 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><b>Skilled nursing facility care</b> Plan pays coinsurance for days 21-100; Plan pays 100% of approved days beyond 100 days, up to 60 days per year.</p>
<b>Prescription drugs<sup>19</sup></b> 30-day supply/90-day supply at Smart90 pharmacy	<ul style="list-style-type: none"> <li>• Tier 1 (generic): <b>\$9/\$22</b></li> <li>• Tier 2 (preferred brand): <b>\$42/\$105</b></li> <li>• Tier 3 (non-preferred brand): <b>\$70/\$175</b></li> </ul> <p>You pay up to <b>\$3,000</b> in prescription drug copayments.</p>





# Medicare Enrollment While Eligible for Insurance

- Eligible for Medicare Part A/B at age 65
- Medicare is secondary if employed and eligible for group health plan (GHP)
- Employee can retain Part A (no cost) and defer enrollment in Part B until GHP ends; no penalty premium applied
- When GHP ends, employee should enroll in Medicare Part B and HR will assist with transfer to State Medicare Supplement if eligible for retiree insurance
- All deductibles for Part A/B paid for, Medicare pays 80% and Supplement pays 20%; retain state prescription benefits



# Your prescription drug coverage when you enroll in State Health plan as a retiree

- PEBA automatically enrolls Medicare-eligible retirees and their Medicare-eligible dependents in Express Scripts Medicare. This drug program is a Medicare Part D prescription drug program. PEBA does not charge an additional premium for prescription drug coverage.
- New prescription ID cards will be sent to each Express Scripts Medicare participant. If you (or your dependent) are not eligible for Medicare, you will not receive a new prescription ID card.
- If you (or your dependent) are eligible for Medicare, you will receive a letter from Express Scripts, the State Health Plan's prescription vendor when your prescription drug coverage is activated.
- If you enroll in prescription drug coverage with another Medicare part D plan (not the State Health Plan), you will lose all prescription drug benefits with the State Health Plan. Your monthly health premiums will remain the same.





## **Returning to Work as a Retiree**

# Returning to Work after Retirement

- If you retire before you reach age 62 (SCRS) or 57 (PORS) and return to covered employment for any employer participating in a PEBA Retirement plan, 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.
- Required to take a 30 day break and complete pre-employment requirements such as EHS physical, drug screening, background check
- Employed in a temporary position; not eligible for leave or holiday pay
- May be eligible for insurance coverage based on % of effort as outlined under the ACA
- If you will be rehired in your department as a Retiree, a Statement of Understanding must be signed by you, the employee and you must complete new hire paperwork.





## **Reducing Hours Before Retirement**

# Reducing Effort and Retaining Insurance Eligibility

Insurance Rules	University Effort	MUSC-P Effort
Eligible for Insurance	50%	75%
If effort is below %, not eligible for	Health, dental, vision, FSA, optional life, LTD, dep life	Group Life, Group LTD, FSA, Addt'l life/LTD need to be converted
Other Considerations	Leave Accruals, Holiday Pay, Retirement Contributions, AFC calculation	Retirement Contributions



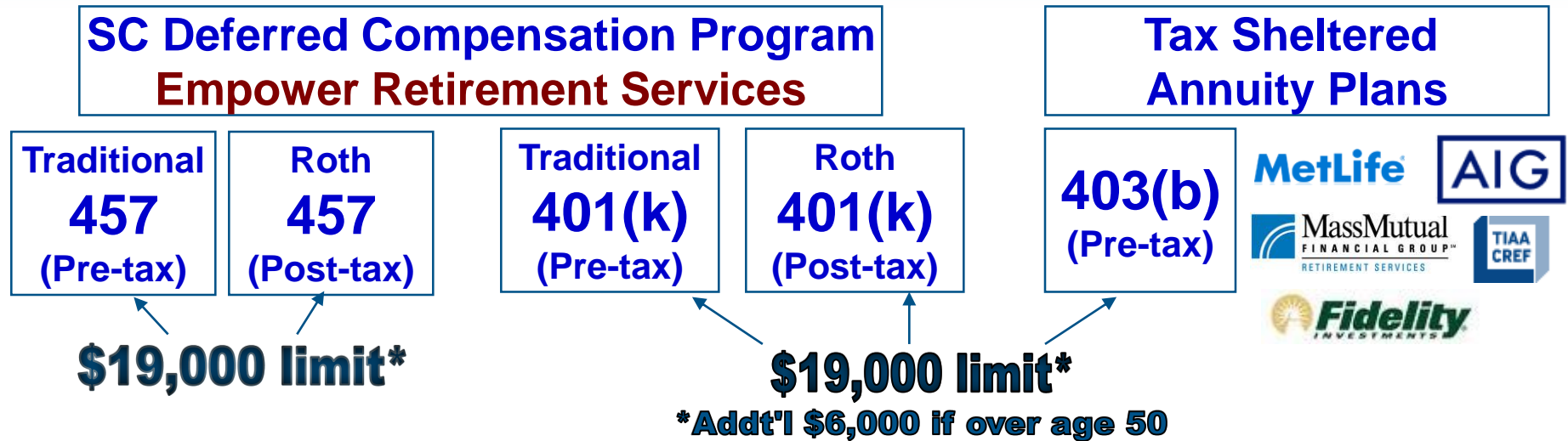




## **Supplemental Retirement Plans**

# Supplemental Retirement Plans

Funded by voluntary employee contributions.  
Plans can be started year round.



- Transfers must complete enrollment forms for University Payroll to continue contributions
- Diversification of investment choices
- Both 401(k) plans and 403(b) have a penalty for early withdrawals (age 59 1/2)
- The 457 plan has a three year catch-up provision
- The 457 will not accept any other plan rollover

*MUSC accepts no responsibility for nor recommends any product presented. MUSC has no financial interest in any presenting company and/or product and assumes no responsibility for services provided by the presenting company.*





## **Retirement Resources**

# Retirement Resources



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Deferred Compensation

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Retirement plans

Retirement awareness

Retirees

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Forms

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Facts and figures

Member Access

## Retirement awareness

The term retirement readiness can mean something different to each of us. Investopedia.com defines retirement readiness as:

*"The state and/or degree of being ready for retirement. Retirement readiness typically refers to being financially prepared for retirement, or the degree to which an individual is on target to meet his or her retirement-income goals so that the standard of living enjoyed while working will be maintained after retirement."*

Regardless of how we define retirement readiness, PEBA believes it is important to start planning for a secure financial future and to recognize that there are emotional preparedness components to consider to get ready for life after you quit working. That's why we created the following informational and educational resources for you. We encourage you to use these resources and take action now to help secure your financial future.

### Be aware and prepare educational series

PEBA's retirement awareness educational series is designed to provide you with information that can help you make smart decisions about your financial future. These presentations build upon information in the previous presentations, so we recommend you view them in sequential order to get the most benefit from the information provided.

#### "Planning for Your Future, Part One: Creating a Budget"

This is the first presentation in our new series of retirement awareness information and education. In this presentation, you can learn how to create a budget and why it is a good idea to do so.

- [PowerPoint](#) | [Adobe PDF](#) | [Video](#)

#### "Planning for Your Future, Part Two: Setting Financial Goals and Building a Financial Safety Net"

This is the second presentation in our retirement awareness education series. In this presentation, you can learn strategies for setting financial goals and methods for building a financial safety net and hear about the




Retirement awareness

<https://www.peba.sc.gov/retirementawareness.html>



# Retirement Resources



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Serving those who serve South Carolina

## Member Access

RETIREMENT BENEFITS

### New to Member Access?

[Register Now](#)

**Simple, Secure, & Convenient Access**

Member Access is your online resource to view your personal information on file with the South Carolina Public Employee Benefit Authority. It's safe, secure and available anytime, from anywhere you have Internet access.

Begin by clicking the Register Now button.

**Disclaimer**

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### Already a user?

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PASSWORD:

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[Trouble Signing In?](#)

<https://online.retirement.sc.gov/MemberAccess/welcome>



# Retirement Resources



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## MyBenefits - A Better Way to Manage Your Benefits

MyBenefits is the fastest, most convenient way for subscribers covered by PEBA Insurance Benefits to manage their benefits.

- **Fast** - View, change or update information online
- **Convenient** - Get information from any computer, day or night
- **Secure** - Enjoy the peace of mind that comes with knowing your information is always secure

Enroll in MyBenefits today and start managing your insurance information.

### First time user enroll now.

Register

Click here to register



### Already registered?

Enter Benefits Identification Number:

?

Enter the last four digits of your SSN:

Enter your password:

?

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<https://mybenefits.sc.gov/mybenefits/authentication/checkBrowser.do>





# Retirement Resources



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## Supplemental Retirement Plans

Retirement planning experts maintain that most retirees will need income from personal savings and investments to supplement their pensions and Social Security benefits. As an MUSC employee, you can save additional money for retirement in our voluntary retirement plans. These plans are employee contributions only. MUSC offers taxed and tax-deferred retirement plans.

South Carolina Deferred Compensation Program offers four voluntary retirement plans:

- **Traditional 401(k):** contributions are tax-deferred resulting in a lower taxable income, however distributions are taxed as income; minimum age for distribution is 59 1/2.
- **Roth 401(k):** contributions are taxed, but savings and investment earnings are withdrawn tax-free if you are age 59 1/2 and have held the account for at least five years.
- **Traditional 457:** contributions are tax-deferred resulting in a lower taxable income, however distributions are taxed as income; no minimum age for distribution, but must be separated from employment.
- **Roth 457:** contributions are taxed, but savings and investment earnings are withdrawn tax-free once you separate employment and the account has been open for at least five years.

### University HR

◀ Benefits

[2018 Enrollment](#)

[Health Plans](#)

[Tobacco](#)

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[Vision](#)

[Clinical Faculty Benefits](#)

[COBRA](#)

[Insurance Guidelines](#)

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<https://web.musc.edu/human-resources/university-hr/benefits/supplemental-retirement>



# Retirement Resources

The screenshot shows the YouTube channel page for PEBA TV. The left sidebar includes the YouTube logo, navigation links (Home, My Channel, Trending, Subscriptions, History, Watch Later), and sections for Library (Dee, Favorites), Subscriptions (Spongebob Squarepa...), and other options (Browse channels, Manage subscriptions, YouTube Red). The main content area features the channel banner with the 'south carolina peba' logo and the text 'state health plan | retirement systems'. Below the banner, the channel name 'PEBA TV' is displayed with a 'Subscribe' button and a subscriber count of 37. A description states: 'The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, is governed by an 11-member Board of Directo... Show more'. A filter dropdown is set to 'All activities'. Three video uploads are listed, each with a thumbnail, title, uploader, and view count:

- Part four: Stay connected** by PEBA TV, 2 months ago • 130 views. Video title: 'Be aware and prepare On the road to retirement'. Duration: 4:28.
- Part three: Understanding your benefits** by PEBA TV, 2 months ago • 313 views. Video title: 'Be aware and prepare On the road to retirement'. Duration: 11:08.
- Part two: Identify sources of retirement income** by PEBA TV, 2 months ago • 172 views. Video title: 'Be aware and prepare On the road to retirement'. Duration: 9:26.





## Questions