

Comparison of Current Statute to H.4967 Changes

| Affected System/Group | Current Statute | H.4967 Changes |
|---|--|---|
| SCRS | | |
| <i>For Retired Members</i> | | |
| Post-Retirement Benefit Adjustments (formally known as COLAs) | 1 percent automatic | Retirement allowances annually increased by 1 percent, capped at \$500; effective for July 1, 2012 |
| <i>For Current Members and New Hires (Class Two and Class Three Members – All Dates of Membership)</i> | | |
| Contribution Rates | SCRS 6.5 percent | Employee contribution rate increased from 6.5 percent to 8.0 percent in 0.5 percent increments annually from July 1, 2012 to July 1, 2014 |
| | | Employer contribution rate will be 10.6 percent beginning July 1, 2012 , and for July 1, 2013 , and will increase to 10.9 percent beginning July 1, 2014 |
| | | If additional contribution increases are required, both employee and employer contribution rates are increased to maintain a 2.90 differential between the rates |
| | | No decrease in contribution rates may be made until the System is at least 90 percent funded |
| Service Purchase Cost (also applies to GARS members by cross-reference) | Qualified time 16 percent of highest salary; Non-qualified time 35 percent of highest salary | Actuarially neutral service purchase cost, effective January 2, 2013 ; qualified time will cost no less than 16 percent of highest salary and non-qualified time will cost no less than 35 percent of highest salary |
| Earnable Compensation | SCRS members allowed to use overtime and special pay as earnable compensation | Effective January 1, 2013 , earnable compensation does not include pay for non-mandatory overtime |

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| Interest on Inactive Accounts | Interest accrues to inactive accounts | No interest accrued on inactive accounts effective July 1, 2012 (interest will be paid on balance as of June 30, 2012, but not thereafter) |
| Death Benefit | | Clarifies that if a member dies prior to retirement, but was eligible to retire at the time of death, the member's beneficiary may elect a retirement allowance in lieu of a lump-sum return of contributions – effective July 1, 2012 |
| Disability Retirement | Occupation/job specific | Conforms state disability standards to Social Security provisions effective January 1, 2014 |
| Return-to-work Provisions | No earnings limitation | <p>Participation in the TERI Program ended as of June 30, 2018 (i.e., new enrollees in the Program after June 30, 2012, must end their participation by five years after their retirement date or June 30, 2018, whichever is earlier)</p> <p>For retirements on or after January 2, 2013, a retiree may return to work after being retired for 30 days and receive a benefit subject to a \$10,000 earnings limitation; however, the \$10,000 limitation does not apply if the retiree was at least 62 years of age at retirement or has returned to certain elected or appointed positions</p> |
| For New Hires Only (Class Three Members – Dates of Membership After June 30, 2012) | | |
| Benefit Accruals | Average Final Compensation based upon the member's three highest years of earnable compensation | Average Final Compensation based upon the member's five highest years of earnable compensation effective July 1, 2012 |
| | Annual leave (45 days) added to the AFC | Payments for unused annual leave no longer included in a member's AFC effective July 1, 2012 |

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| | Sick leave (90 days) added for additional service credit | No service credit awarded for unused sick leave at retirement effective July 1, 2012 |
| “Vesting” (Minimum Service Requirement) | Five years earned service | Eight years of earned service required for eligibility for service retirement benefits, disability benefits based upon non-work-related injuries, in-service death benefits, the ability to purchase non-qualified service credit, etc., effective July 1, 2012 |
| Retirement Eligibility | 28 years with full benefits | <p>Effective July 1, 2012, a member may retire if the member (1) has eight or more years of earned service; (2) has reached age 65 (or age 60 with a 5 percent reduction for each year the member retires before age 65) or has satisfied the Rule of 90; and (3) has separated from service</p> <p>Service retirement benefit calculation remains unchanged (but see five- year AFC and no sick or annual leave)</p> <p>Early retirement at age 55 with at least 25 years of service is not available effective July 1, 2012</p> |
| PORS | | |
| For Retired Members | | |
| Post-Retirement Benefit Adjustments | Ad Hoc | Retirement allowances annually increased by 1 percent, capped at \$500; effective for July 1, 2012 |
| For Current Members and New Hires (Class Two and Class Three Members – All Dates of Membership) | | |
| Contribution Rates | 6.5 percent | Employee contribution rate increased from 6.5 percent to 8.0 percent in 0.5 percent increments over the next three years, beginning on July 1, |

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| | | 2012 |
| | | Employer contribution rate will be 12.3 percent beginning July 1, 2012 , will increase to 12.5 percent July 1, 2013 , and will increase to 13 percent July 1, 2014 |
| | | If additional contribution increases are required, both employee and employer contribution rates are increased to maintain a 5.0 differential between the rates |
| | | No decrease in contribution rates may be made until the System is at least 90 percent funded |
| Service Purchase Cost (also applies to GARS members by cross-reference) | Qualified time 16 percent of highest salary; Non-qualified time 35 percent of highest salary | Actuarially neutral service purchase cost, effective January 2, 2013 ; qualified time will cost no less than 16 percent of highest salary and non-qualified time will cost no less than 35 percent of highest salary |
| Interest on Inactive Accounts | Interest accrues to inactive accounts | No interest accrued on inactive accounts effective July 1, 2012 (interest will be paid on balance as of June 30, 2012, but not thereafter) |
| Death Benefit | | Clarifies that if a member dies prior to retirement, but was eligible to retire at the time of death, the member's beneficiary may elect a retirement allowance in lieu of a lump-sum return of contributions – effective July 1, 2012 |
| Disability Retirement | Occupation/job specific | Retains occupation/job specific for initial determination, but after three years, must meet disability standards of Social Security provisions. Becomes effective January 1, 2014 |
| Return-to-work Provisions | No earnings limitation | For retirements on or after January 2, 2013 , a |

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| | | retiree may return to work after being retired for 30 days and receive a benefit subject to a \$10k earnings limitation; however, the \$10k limitation does not apply if the retiree was at least 57 years of age at retirement or has returned to certain elected or appointed positions |
| <i>For New Hires Only (Class Three Members – Dates of Membership After June 30, 2012)</i> | | |
| Benefit Accruals | Average Final Compensation based upon the member's three highest years of earnable compensation | Average Final Compensation based upon the member's five highest years of earnable compensation effective July 1, 2012 |
| | | Payments for unused annual leave no longer included in a member's AFC effective July 1, 2012 |
| | | No service credit awarded for unused sick leave at retirement effective July 1, 2012 |
| "Vesting" (Minimum Service Requirement) | Five years of earned service | Eight years of earned service required for eligibility for service retirement benefits, disability benefits based upon non-work-related injuries, in-service death benefits, the ability to purchase non-qualified service credit (i.e., "air time"), etc., effective July 1, 2012 |
| Retirement Eligibility | 25 years with full benefits | Effective July 1, 2012 , a member may retire if the member (1) has 8 or more years of earned service; (2) has reached age 55 or has 27 years of service credit (increased from 25); and (3) has separated from service Service retirement benefit calculation remains unchanged (but see five-year AFC and Sick and Annual Leave provisions) |

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| GARS | | |
| For Current GARS Members | | |
| Contribution Rate | | Member contribution rate increased from 10 percent to 11 percent effective January 1, 2013 |
| Retire-in-place Provisions | | No changes to current retire-in-place provision |
| For New General Assembly Members | | |
| System Closed to New Members | | Persons first elected to the General Assembly in November 2012 or after must elect membership in SCRS or State ORP |
| Plan Governance | | |
| Assumed Rate of Return | | Effective July 1, 2012 , assumed rate of return on Retirement Systems' investments set by General Assembly; initially set at 7.5 percent |
| Governance Structure | Under the Budget and Control Board | Effective July 1, 2012 , Retirement Systems placed under PEBA with Employee Insurance Program. B&CB (or successor agency) retains authority to approve certain PEBA actions |
| Miscellaneous | | |
| | | Effective January 1, 2014 , the South Carolina Deferred Compensation Commission is abolished and its duties are handled by the Board of Directors of PEBA |
| | | Qualification and compensation changes to the Investment Commission; provision regarding magistrate educational requirements; studies on |

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| | | legislative and constitutional officer salaries and on compensation spiking in SCRS and PORS |