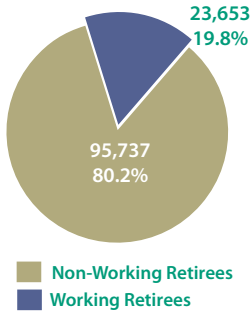


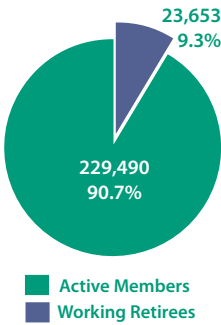
# What Retired Members Should Know about Returning to Work

## Working Retiree Contributions

Total Retired Membership



Total Public Workforce



- One of the provisions of the State Retirement System Preservation and Investment Reform Act of 2005 (Act 153) requires retirees who return to work for an employer covered by the Retirement Systems to remit the same member contributions as an active or non-retired employee in that same position.
- A working retiree is assured of getting back contributions made as a working retiree through either benefit payments to the retiree or benefit payments and/or a refund to the retiree's surviving beneficiary.
- When a retiree decides to work for an employer covered by the Retirement Systems, he or she **may not** elect participation in the State Optional Retirement Program (State ORP) in lieu of remitting the required contribution to the Retirement Systems.
- Contributions are not required from retirees who decide to work for a private sector employer.
- The passage of Act 153 also increased the working retiree group life insurance beneficiary payment to one year's earnable compensation in lieu of the \$2,000, \$4,000 or \$6,000 amount. The retiree must be working for a covered employer participating in the group life insurance program at the time of death to be eligible for this benefit.
- As of June 30, 2009, there were 119,390 South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS) annuitants, 23,653 of which were working retirees (SCRS and PORS). Working retirees reflect approximately 9 percent of the total public workforce. See charts at left.

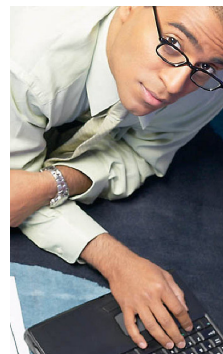


## Financing Your Defined Benefit

- Your retirement plan is funded overall through employer contributions, employee contributions, and investment earnings on those contributions.
- As a member, you are guaranteed a lifetime benefit based on a formula. This formula governs your benefit, not your contributions.
- Although the average member's contributions plus interest will usually be exhausted in a mere three and a half years of retirement, your benefit will continue throughout your lifetime.

## Public Policy Issues

- In 2008, state lawmakers enacted legislation to provide an automatic cost-of-living adjustment (COLA) of up to 2 percent to eligible retirees of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS). The automatic COLA is based on the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W). If the CPI-W as of the previous December 31 is at least 2 percent, the COLA would be equal to 2 percent. Likewise, if the CPI-W as of the previous December 31 is less than 2 percent, the COLA would be equal to the increase in the CPI-W. If the CPI-W is negative, there would be no COLA for the year. Lawmakers pre-funded the automatic COLAs, which means the cost of the COLAs are now included in the retirement plans' actuarial liabilities.
- Retirees did not receive a COLA in 2009 because the CPI-W for the year ended December 31, 2008, was negative .5 percent.



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THE INFORMATION IN THIS EDUCATIONAL PIECE IS MEANT TO SERVE AS A GUIDE AND DOES NOT CONSTITUTE A BINDING REPRESENTATION OF THE SOUTH CAROLINA RETIREMENT SYSTEMS. TITLE 9 OF THE SOUTH CAROLINA CODE OF LAWS CONTAINS A COMPLETE DESCRIPTION OF THE RETIREMENT BENEFITS, THEIR TERMS AND CONDITIONS, AND GOVERNS ALL RETIREMENT BENEFITS OFFERED BY THE STATE. STATE STATUTES ARE SUBJECT TO CHANGE BY THE GENERAL ASSEMBLY. CONTACT THE RETIREMENT SYSTEMS FOR THE MOST CURRENT INFORMATION.

## No Earnings Limitation

- Currently, state law provides that service retirees of SCRS and PORS are allowed to return to work after retirement and draw their benefit with no limit on the amount of earnings.
- Many other public pension plans require that members forfeit their right to retirement benefits, limit members' earnings, and/or require members to again become active contributing members upon return to covered employment.