

What Retired Members Should Know about Returning to Work



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.

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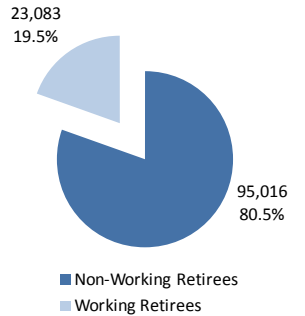
THE LANGUAGE USED IN THIS EDUCATIONAL PIECE DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND THE SOUTH CAROLINA RETIREMENT SYSTEMS. THE SOUTH CAROLINA RETIREMENT SYSTEMS RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS BROCHURE.

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.

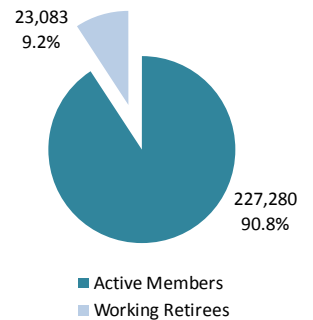
Working Retiree Contributions

- 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 make the same member contributions as an active or non-retired employee in the 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 may not elect participation in the State Optional Retirement Program (State ORP) in lieu of making 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 incidental death benefit 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 that provides the incidental death benefit at the time of death to be eligible for this benefit.
- As of June 30, 2010, there were 119,390 South Carolina Retirement System (SCRS) and Police Officers Retirement System (PORS) annuitants, 23,083 of which were working retirees (SCRS and PORS). Working retirees reflect approximately 9.2 percent of the total public workforce.

Total Retired Membership



Total Public Workforce



Public Policy Issues

- In 2008, state lawmakers enacted legislation to provide an automatic cost-of-living adjustment (COLA) increase of up to 2 percent to eligible retirees of SCRS and PORS. Each July 1, eligible SCRS retirees should receive an automatic cost-of-living adjustment (COLA) equal to the percentage of the annual increase in the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W) as of the previous December 31, up to an increase of 2 percent. If the CPI-W is less than 2 percent, the COLA should equal the percentage of the actual increase in the CPI-W. COLAs are awarded only during periods of inflation, so no COLA will be awarded if the CPI-W is negative.
- If you retire under SCRS early retirement provisions at age 55 with 25 years of service, you are not eligible for COLAs until the second July 1 after you reach age 60 or the second July 1 after the date you would have had 28 years of service credit had you not retired.



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.