

Retirement Systems Related Legislation (H4967)
April 13, 2012

Since my return I have received numerous inquiries about the pending Retirement Systems legislation. H4967 and H4898 were introduced in the House. H4967 was amended and approved by the House on March 22 and sent to the Senate. The Senate referred the legislation to the Senate Finance Committee. We anticipate the Senate Finance Committee considering the legislation within the next two weeks.

If you wish to review the legislation approved by the House click on the following link http://www.scstatehouse.gov/sess119_2011-2012/bills/4967.htm.

Below are a few of the key changes proposed in the legislation that may be of some interest to you.

The percentage of employee contributions will increase on a graduated scale

- From 6.5% to 7.0% July 1, 2012
- From 7.0% to 7.5% July 1, 2013
- Effective July 1, 2012 a new method of calculating the average final compensation (AFC)
 - The number of quarters used in creating the average final compensation will increase from 12 to 20 quarters
 - The average compensation will not include any overtime pay not mandated by the employer
- Effective July 1, 2012 employees may no longer apply unused sick leave towards additional retirement service credit
- Effective July 1, 2012 [Class Three or employees hired after June 30, 2012](#) will not be [eligible](#) to enroll in the TERI program
- [Effective July 1, 2012 current employees may enroll in the TERI program, however the benefits will be calculated using the new average final calculation; and the AFC will not include termination pay.](#)
- Effective July 1, 2012 a new Class Three Member will be created at the Retirement Systems
 - Class Three Members are employees hired after June 30, 2012
 - Most changes proposed will affect the Class Three Members
 - For Class Three Members, the number of years for receiving full retirement benefits changes from 28 to 30 years
- An employee's annual leave payout
 - Class One and Class Two Members retiring before July 1, 2015 will be able to include their annual leave payout in calculating the average final compensation
 - Class Three Members will not be able to include their annual leave payout in calculating the average final compensation

If you have any questions please email me or give me a call at 737-5671.

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