Comparison of Current Statute to H.4967 Changes

Affected System/Group	Current Statute	H.4967 Changes
SCRS		
For Retired Members		
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**
For Current Members and New Hires		
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

Affected System/Group	Current Statute	H.4967 Changes
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	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) For retirements 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[1]
For New Hires Only (Class Three Members)		
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**

[1] Staff should contact Travis Turner or Legal Department if questions arise about critical needs teachers.

Affected System/Group	Current Statute	H.4967 Changes
	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**
	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	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 Service retirement benefit calculation remains unchanged (but see five- year AFC and no sick or annual leave) Early retirement at age 55 with at least 25 years of service is not available effective **July 1, 2012**
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**

Affected System/Group	Current Statute	H.4967 Changes
For Current Members and New Hires		
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, 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**

Affected System/Group	Current Statute	H.4967 Changes
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 after **January 2, 2013**, a 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
For New Hires Only (Class Three Members)		
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**

Affected System/Group	Current Statute	H.4967 Changes
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)
GARS		
For Current 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 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

Affected System/Group	Current Statute	H.4967 Changes
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 legislative and constitutional officer salaries and on compensation spiking in SCRS and PORS