

Important Information for New Employees

# Select Your Retirement Plan



2009



## What's Inside

The Retirement Plans .....	1
Enroll in Your Chosen Plan .....	2
Investment Providers .....	4
Advantages, Disadvantages, and Other Considerations.....	5
Retirement Plan Comparison.....	6
Questions and Answers .....	11
Glossary .....	13

THIS DOCUMENT CONTAINS AN ABBREVIATED DESCRIPTION OF THE RETIREMENT BENEFITS OFFERED BY THE SOUTH CAROLINA RETIREMENT SYSTEMS. THE INFORMATION IN THIS DOCUMENT IS MEANT TO SERVE AS A GUIDE FOR OUR MEMBERS 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. PLEASE CONTACT THE RETIREMENT SYSTEMS FOR THE MOST CURRENT INFORMATION.

THE LANGUAGE USED IN THIS DOCUMENT 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 DOCUMENT.

## Welcome

As a new employee, you have more than a few decisions to make and what seems like countless forms to fill out. Choosing which of the two available retirement plans you will join is one of these decisions.

To assist you in making this decision and to help ensure that you make an informed choice, this guide provides information about and a comparison of the two plans.

## Eligibility

All newly hired state, public school (kindergarten through grade 12), and higher education employees are eligible to choose between the two available plans. This includes all permanent, full-time employees, temporary and part-time employees, and political appointees.

You must select one of the two available retirement plans unless your position is exempted by state law. Your employer can tell you whether your position is exempt from mandatory membership.

# The Retirement Plans

## South Carolina Retirement System

The **South Carolina Retirement System (SCRS)** is a *defined benefit plan*. In a defined benefit plan, the plan bears the investment risk and provides a guaranteed monthly pension based on a statutory formula, not on your account balance.

### A Quick Look at SCRS

- ➔ SCRS is the traditional retirement plan for state and public school district employees, and employees of counties and cities that elect to participate in the Retirement Systems.
- ➔ If you select SCRS, your employee contributions will be placed in an account in your name that earns 4 percent interest per year.
- ➔ SCRS provides members a guaranteed monthly pension based on a formula that includes average final compensation, years of service, and a 1.82 percent benefit multiplier.
- ➔ You must have a minimum of five years of earned service to be eligible to receive a retirement annuity. Once you retire, your annuity will be paid to you monthly.
- ➔ If you terminate employment and receive a refund of your contributions, your employer's contributions will not be refunded to you.

## State Optional Retirement Program

The **State Optional Retirement Program (State ORP)** is a *defined contribution plan*. In a defined contribution plan, you invest your funds within the plan's investment choices and then bear the risk, or enjoy the benefit, based on the performance of your investments. Your retirement benefit is based on the balance in your account when you retire.

### A Quick Look at State ORP

- ➔ State ORP is an alternative to SCRS.
- ➔ If you select State ORP, an account is established in your name through the investment provider you select. Your employee contributions and a portion of your employer's contributions accumulate in your account and are invested in the investment products you select from the products offered through your investment provider.
- ➔ Your retirement benefit will be based on the balance in your account when you retire.
- ➔ Once you retire, you may choose from a variety of payout options, including single-sum withdrawals, systematic withdrawals, or a guaranteed monthly pension benefit based on your account balance at the time payments begin.
- ➔ State ORP also provides portability of the money in your account, which includes the contributions made by you and those made by your employer to your ORP account, and the investment earnings.

## Things to Think About

Please keep the following in mind when making your decision:

- Your willingness to assume investment risk and reward;
- The period of time remaining before your retirement;
- The importance to you of retirement plan portability;
- Your age and the years of service you think you will have as an employee with your organization or the state;
- Your preference of having your retirement income determined by the performance of the investment products you select or being guaranteed a retirement benefit based on your average final compensation, age, years of service, and a 1.82 percent benefit multiplier;
- Your concerns about death benefits;
- Your concerns about disability benefits;
- The impact of inflation during retirement; and
- The flexibility of each plan to serve your personal situation during your working years and after retirement.

## Watch “Choice” Video

Watch the “It’s Your Choice: SCRS or State ORP” video on the Retirement Systems’ Web site at <http://www.retirement.sc.gov/video/videos/yourchoice/yourchoice.htm>.

## Use Online Benefit Comparison Program

Use our online program to estimate and compare the benefit under State ORP and SCRS by going to the Retirement Systems’ Web site at [www.retirement.sc.gov/orpcalc/default.htm](http://www.retirement.sc.gov/orpcalc/default.htm).

**The estimates the program provides are intended to help you choose the plan that’s right for you; they are not a prediction of actual results.** Your actual benefits will vary.

## Read Guide, Take Investor Type Questionnaire

An *Investing for Your Retirement* guide is available on the Retirement Systems’ Web site at <http://www.retirement.sc.gov/publications/investing.pdf> or from your employer. This guide provides basic investment education information.

Also on the Retirement Systems’ Web site is a questionnaire, “**What Type of Investor Are You?**” This questionnaire will help you assess

your risk tolerance and other investment preferences.

We encourage you to carefully evaluate the distinct features and benefits of each plan before making your enrollment decision.

## Enroll in Your Chosen Plan

You have 30 days from your date of hire to make your decision. If you do not make a selection, you will automatically become a member of SCRS.

You must complete an enrollment form regardless of the plan you select. Your employer has the enrollment forms and can help with the enrollment process. The chart at right also illustrates the steps of the enrollment process.





To Enroll in SCRS

If you choose SCRS membership, you must complete a *Retirement Plan Enrollment* (Form 1100) electing SCRS membership. You will also need to complete a *Beneficiary Designation* (Form 1102) or a *Beneficiary/Trustee Designation* (Form 1103) to name beneficiaries for your SCRS account.

Give your completed and signed forms, and a legible copy of your Social Security card to your employer for submission. Upon receipt, you will be enrolled in SCRS.

**Form 1102**  
Revised 03/25/2005  
Page 1

**ACTIVE MEMBER BENEFICIARY FORM**  
BENEFICIARY DESIGNATION, CONTINGENT BENEFICIARY FOR ACTIVE MEMBERS ONLY - RETIREES USE FORM 7201

Print or type in black ink  
Please read the instructions on the reverse (page 2) before completing this form.

Use for designation of active member beneficiaries and contingent beneficiaries. You may wish to consult with an attorney/estate planner before completing this form.

South Carolina Retirement Systems  
State Budget and Control Board  
Box 11960, Columbia, SC 29211-1960

USE FOR DESIGNATION OF ACTIVE MEMBER BENEFICIARIES AND CONTINGENT BENEFICIARIES. YOU MAY WISH TO CONSULT WITH AN ATTORNEY/ESTATE PLANNER BEFORE COMPLETING THIS FORM.

**CHECK ONE:**  
 New Enrollee  
 Change of Beneficiary

**Retirement System (check one)**  
 SCRS  PORS  
 GARS  JSRS

**Section I PERSONAL INFORMATION**  
 1. Last Name & Suffix \_\_\_\_\_ 2. First/Middle Name \_\_\_\_\_ 3. Social Security Number \_\_\_\_\_  
 4. Date of Birth \_\_\_\_\_ 5. Address \_\_\_\_\_  
 6. City \_\_\_\_\_ 7. State \_\_\_\_\_ 8. ZIP+4 \_\_\_\_\_

**ALL SECTIONS MUST BE COMPLETED**

**Section II-A BENEFICIARY(IES) FOR REFUND OF CONTRIBUTIONS/SURVIVOR BENEFITS - I designate the following PRIMARY beneficiary(ies) to receive the Retirement Systems refund of contributions or survivor benefits if eligible.**

or

**Form 1103**  
Revised 09/03/2008  
Page 1

**BENEFICIARY/TRUSTEE DESIGNATION FORM**  
State Budget and Control Board  
South Carolina Retirement Systems  
Box 11960, Columbia, SC 29211-1960

Print or type in black ink  
Please read the instructions on the reverse (page 2) before completing this form.

Use for designation of beneficiary and contingent beneficiaries. You may wish to consult with an attorney/estate planner before completing this form.

**CHECK ONE:**  
 New Enrollee  Change of Beneficiary

**Retirement System (check one)**  
 SCRS  PORS  GARS  
 JSRS

**Section I PERSONAL INFORMATION**  
 1. Last Name & Suffix \_\_\_\_\_ 2. First/Middle Name \_\_\_\_\_ 3. Social Security Number \_\_\_\_\_  
 4. Date of Birth \_\_\_\_\_ 5. Address \_\_\_\_\_  
 6. City \_\_\_\_\_ 7. State \_\_\_\_\_ 8. ZIP+4 \_\_\_\_\_

**ALL SECTIONS MUST BE COMPLETED**

**Section II-A BENEFICIARY(IES) FOR REFUND OF CONTRIBUTIONS/SURVIVOR BENEFITS**  
 I designate the following primary beneficiary(ies) to receive the Retirement Systems refund of contributions or survivor benefits:  
 1. I certify that I desire to designate my Trust to receive my Retirement Systems benefits. The name of my Trust (already in existence) is \_\_\_\_\_ Dated \_\_\_\_\_

To Enroll in State ORP

If you choose State ORP membership, you must complete a *Retirement Plan Enrollment* (Form 1100) electing State ORP membership. You will also need to select one of the four authorized investment providers listed on Page 4 of this brochure. You will also need to complete a *State ORP Active Group Life Beneficiary Designation* (Form 1106).

Give your completed and signed forms, and a copy of your Social Security card to your employer for submission.

You will also need to complete an application with your selected State ORP investment provider and, once enrolled, will need to make your investment selections from those available from your chosen investment provider.

**Form 1106**  
Revised 09/03/2008

**STATE ORP ACTIVE GROUP LIFE BENEFICIARY DESIGNATION**  
South Carolina Retirement Systems  
State Budget and Control Board  
Attention: Enrollment  
Box 11960, Columbia, SC 29211-1960

Print or type in black ink  
Please read the instructions on page 2 before completing this form.

**CHECK ONE:**  
 State ORP New Enrollee  
 State ORP Active Group Life Beneficiary Change

**Section I PERSONAL INFORMATION**  
 1. Last Name & Suffix \_\_\_\_\_ 2. First/Middle Name \_\_\_\_\_ 3. Social Security Number \_\_\_\_\_  
 4. Date of Birth \_\_\_\_\_ 5. Address \_\_\_\_\_  
 6. City \_\_\_\_\_ 7. State \_\_\_\_\_ 8. ZIP+4 \_\_\_\_\_

**Section II BENEFICIARY(IES) FOR ACTIVE GROUP LIFE INSURANCE**  
 I designate the following beneficiary(ies) to receive the State ORP Group Life Insurance:

1. Name of Beneficiary (ONE PERSON) \_\_\_\_\_ Social Security # \_\_\_\_\_ Sex  M  F Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_  
 2. Name of Beneficiary (ONE PERSON) \_\_\_\_\_ Social Security # \_\_\_\_\_ Sex  M  F Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_  
 3. Name of Beneficiary (ONE PERSON) \_\_\_\_\_ Social Security # \_\_\_\_\_ Sex  M  F Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_  
 4. Name of Trustee(s) \_\_\_\_\_ Trust ID, if applicable \_\_\_\_\_ Address of Trustee(s) \_\_\_\_\_

Name of Trust Beneficiary (ONE PERSON) \_\_\_\_\_ Social Security # \_\_\_\_\_ Sex  M  F Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_  
 Name of Trust Beneficiary (ONE PERSON) \_\_\_\_\_ Social Security # \_\_\_\_\_ Sex  M  F Date of Birth \_\_\_\_\_ Relationship \_\_\_\_\_

**Section III CERTIFICATION AND CONDITIONS**

**IMPORTANT:**  
 Please read the Certification and Conditions section of the instructions on page 2 before signing this form. I hereby certify I have read and understand the information on page 2, including the certification and conditions, and I agree to the provisions stated.

MEMBER'S SIGNATURE \_\_\_\_\_ (Do not print) WITNESS \_\_\_\_\_ (Required only when signed by mark)

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

ACKNOWLEDGED BEFORE ME THIS DATE \_\_\_\_\_ NOTARY NAME \_\_\_\_\_

MY COMMISSION EXPIRES \_\_\_\_\_ NOTARY SIGNATURE \_\_\_\_\_ (Out of state, requires Seal)

PAGE \_\_\_\_ OF \_\_\_\_

Please call SC Retirement Systems Customer Service with any questions: (800) 868-9002 (in state) or (803) 737-6800

## To Elect Non-Membership

You must enroll in either SCRS or State ORP unless your position is statutorily exempt from mandatory membership. Your employer can tell you if your position qualifies for non-membership. If you are receiving annuity benefits as a retired member of SCRS and you return to covered employment, you must make contributions as a working retired member. You are not eligible to elect non-membership if you already have funds on account with the Retirement Systems.

If you are eligible to and choose to elect non-membership, you must complete and sign an *Election of Non-Membership* (Form 1104). Give your completed and signed form to your employer for submission.

## Annual Open Enrollment Period

There is an annual open enrollment period (January 1 to March 1) during which a State ORP member may:

- Change investment providers;
- Irrevocably switch to SCRS if the member has between one and five years of State ORP service.

If, as a State ORP member, you do not make the election within the allotted time, you

will, by default, continue your State ORP membership and forfeit your opportunity to elect SCRS membership.

If you join SCRS during the allotted time, you may purchase all or a portion of your State ORP service at any time after joining SCRS. The cost is currently 16 percent of your current salary or highest career salary (in SCRS or State ORP), whichever is higher, for each year purchased.

State ORP service that is purchased in SCRS is considered earned service for determining the SCRS minimum service requirement for benefit eligibility.

The salaries associated with State ORP service purchased in SCRS will also be considered for possible inclusion in the calculation of a member's average final compensation (AFC).

## Investment Providers

### VALIC Retirement

#### Mandy Yelton

SC District Administrative Assistant  
3710 Landmark Dr., Suite 104  
Columbia, SC 29204  
(803) 743-2020 (Office)  
(803) 782-9061 (Fax)  
(800) 647-4416 (Toll-free)  
(888) 568-2542 VALIC by Phone  
mandy.yelton@valic.com  
<http://www.valic.com/scstateorp>

### MetLife Resources

#### David Johnson

Regional Managing Director  
9000 Central Park West, Suite #325  
Atlanta, GA 30328  
(770) 390-5680 (Office)  
(770) 390-5678 (Fax)  
djohnson14@metlife.com  
<http://www.metlife.com>

### The Hartford

#### Richard Snyder

Regional Manager  
50 Glenlake Parkway  
Atlanta, GA 30328  
(888) 89SCORP w (888) 897-2677 (Office)  
(770) 671-8503 (Fax)  
(800) 528-9009 (Service Center)  
sc.orp@hartfordlife.com  
<http://retire.hartfordlife.com>

### TIAA-CREF

#### Chandira Hickson

Consultant  
5801 Smith Avenue, Davis Bldg., Suite 100  
Baltimore, MD 21209  
(866) 842-2520 (Office) (Toll free)  
(410) 367-6914 (Office) (Direct)  
(410) 466-3234 (Fax)  
(800) 842-2776 (National Contact Center)  
chickson@tiaa-cref.org  
<http://www.tiaa-cref.org/scorp>

## Advantages, Disadvantages, and Other Considerations

### SCRS Defined Benefit Plan

#### Advantages

- The plan bears the investment risk.
- Your retirement benefit is known, based on the SCRS retirement plan benefit formula.
- If you have many years of service, the defined benefit formula may provide a larger benefit.
- The South Carolina Retirement System Investment Commission hires and supervises professional investment managers.
- Disability retirement benefits are available.
- You cannot outlive your benefits - benefits are guaranteed for life.
- Benefits increase with each year you work.
- If you have five years of earned service, you may purchase up to five years of non-qualified service to more quickly reach eligibility for retirement.
- Lifetime monthly benefit for your beneficiary if you die in service with 15 or more years of service, or at age 60 with at least five years of earned service.
- Retirees receive an automatic annual cost-of-living adjustment of up to 2 percent each July 1 during periods of inflation.
- Retirement annuity is not based on your account balance.

#### Disadvantages

- If you are younger, it takes many years of service to build a large benefit unless you receive substantial pay increases that result in a higher average final compensation.
- If you have few years of service or leave your job before retirement, you might not earn a large benefit.
- You have no say in investment decisions.
- Your benefit is reduced if you retire early.
- If you terminate employment and take a refund, you receive your contributions plus interest, but not the employer contributions or the earnings on the employer contributions.

#### Consider SCRS if you:

- Want a guaranteed benefit for life that is not affected by fluctuations in the financial markets.
- Plan to stay with a covered employer for many years.
- Prefer to have the plan make investment decisions and assume the related risk.
- Need disability coverage as part of your plan.

### State ORP Defined Contribution Plan

#### Advantages

- You choose and direct your investments in professionally managed mutual funds and other investment products. You have an opportunity for increased retirement income based on your investment decisions.
- If you are a younger employee with many years to obtain investment earnings, you may receive a larger retirement benefit.
- Portability provides an opportunity for more retirement income if you change employers several times during your career. You can transfer balances to other eligible retirement plans or an Individual Retirement Account (IRA) upon distribution.
- If you terminate employment and get a refund, you receive the contributions you and your employer made into your State ORP account, and the investment earnings. You have immediate rights to the contributions made by you and your employer (no minimum years of service required).
- Flexible benefit options such as annuity payments (including payments you cannot outlive), a lump-sum distribution, partial distributions, or withdrawals.

#### Disadvantages

- You bear the investment risk and must, therefore, monitor your investments. Investment decisions may result in inadequate benefits.
- If you are older, you may have too few years before retirement to accumulate a large account balance.
- You are responsible for retirement income cash flow and inflation protection.
- Disability protection is not included.

#### Consider State ORP if you:

- Want investment control and are willing to assume the risk associated with the opportunity for potential growth of your retirement money.
- Do not plan to stay with a covered South Carolina employer for many years.

## Retirement Plan Comparison

	SCRS Defined Benefit Plan	State ORP Defined Contribution Plan
<b>Plan Type</b>	SCRS is a 401(a) qualified governmental plan that provides a guaranteed monthly income at retirement. The contributions made by you and your employer are used to pay retiree benefits. Your retirement benefit is based on a formula that includes your years and months of service credit, your average final compensation, and a benefit multiplier of 1.82 percent. Your retirement income is not based on your account balance.	The State ORP is a 401(a) qualified governmental plan that provides an account into which you and your employer contribute. Your retirement income is based on the account balance accumulated throughout your years of employment. Your account balance is a combination of contributions and the performance of the investment funds you select from the investment options offered through the State ORP.
<b>Eligibility</b>	All public school employees, public higher education personnel, state employees, city, county, and other local public employees of covered employers are eligible for membership. You are eligible on your date of hire if you are a permanent full-time or part-time employee. If you are a temporary or non-permanent employee, you may irrevocably choose whether to join unless you are a retiree of SCRS or have money on account with SCRS.	All newly hired state, public school, and higher education employees who are also eligible for SCRS membership are eligible for State ORP participation. This includes all permanent, full-time employees, temporary and part-time employees, and political appointees.
<b>Employee Contributions</b>	Employee contribution rates are established by the South Carolina General Assembly. You will contribute a tax-deferred 6.5 percent of your gross pay.	Same as SCRS.
<b>Employer Contributions</b>	Current employer contribution rates are established by the South Carolina Budget and Control Board. Your employer contributes 9.24 percent of your earnings. The employer contribution is used by the Retirement Systems to cover any reasonable expenses incurred in performing services regarding the plan.	Your employer contributes 9.24 percent of your earnings. Five percent of your employer's contribution is directed to your chosen investment provider for allocation to your account. The remaining percentage is sent to the Retirement Systems.
<b>Refund before Retirement and Portability</b>	If you terminate employment with at least five years of earned service and leave your contributions plus interest in your SCRS account, you will be eligible to receive a deferred annuity at age 60. If you terminate employment, you may request a refund of your employee contributions plus interest, but you forfeit your rights to any future retirement benefits. There is a 90-day waiting period from your termination date before a refund can be made. You are not required to withdraw your contributions and interest at termination. Employer contributions are not refunded. Deferred employee contributions plus interest may be rolled over to another eligible retirement plan or an Individual Retirement Account (IRA) as allowed by the Internal Revenue Code (IRC). Eligibility to establish SCRS service with another retirement plan depends on the other plan's provisions.	You have immediate rights to your account balance, including employee and employer contributions. If you terminate employment or reach age 59½, you may request a refund of your account balance, which includes employee and employer contributions. Your State ORP investments remain in the investment products you select unless you request that they be transferred or rolled over to another eligible retirement plan, or unless that investment product is no longer offered. You can change jobs without losing your accumulated retirement benefits. You may participate in similar plans through other employers. You may roll over your account balance to another eligible retirement plan or an IRA as allowed by the IRC. Eligibility to establish State ORP service with another retirement plan depends on the other plan's provisions.



## Retirement Plan Comparison

	SCRS Defined Benefit Plan	State ORP Defined Contribution Plan
<b>Management of Retirement Funds</b>	The plan assumes all investment risk. The Retirement System Investment Commission has the fiduciary responsibility to invest the funds, and professional investment managers approved by the Commission manage the portfolios.	You assume all investment risk. You are responsible for your investment choices, distribution methods, and retirement goals. The director of the South Carolina Retirement Systems designates the professional money management companies authorized to offer investment products.
<b>Selection of Investment Provider</b>	Not applicable.	You choose one of the four authorized investment providers. You may change providers once each year during the annual open enrollment period (January 1 to March 1).
<b>Selection of Investment Products</b>	Not applicable.	You select from the available investment funds to reach an appropriate asset allocation for your investment objectives and retirement goals. The prospectus for each investment product provides information on that particular product. Investment provider service representatives are available toll free by telephone to assist with your selections. A list of the vendors providing the investment products and the products offered to State ORP members is on the Retirement Systems' Web site at <a href="http://www.retirement.sc.gov/orp/default.htm">http://www.retirement.sc.gov/orp/default.htm</a> . You may also contact Customer Services at (800) 868-9002, (803) 737-6800.
<b>Allocation of Contributions</b>	Not applicable.	You allocate your contributions into your chosen investment products. Contact your investment provider to change the allocation of your contributions and/or existing account balance.
<b>Beneficiary</b>	You may name as many beneficiaries and/or trustees as you wish. Multiple beneficiaries share equally in survivor benefits.	You may name as many beneficiaries and/or trustees as you wish.
<b>Additional Service Buy-in Options</b>	Active members may establish service credit for various types of previous employment or leaves of absence. Active members with five or more years of earned service credit may establish up to five years of non-qualified service. You may purchase service credit by lump-sum payment, an installment service purchase (pretax or after-tax, plus interest), or a tax-deferred rollover from an eligible retirement plan, such as a 401(a), 401(k), 457, 403(b), or an IRA.	Not applicable.

## Retirement Plan Comparison

	SCRS Defined Benefit Plan	State ORP Defined Contribution Plan
<b>Disability Benefits</b>	If you are an active SCRS member with at least five years of earned service credit, you may apply for disability retirement if your disability is likely to be permanent. Service will be projected to age 65 with an applicable actuarial reduction. The five-year requirement may be waived if your disability is the result of a job-related injury. Benefits may be paid for life or for the duration of your disability. You must apply for disability retirement while actively employed.	There is no disability protection.
<b>In-Service Death Benefits</b>	If you die while in active service (while employed and earning service credit) at any age and have 15 or more years of service (five of which must be earned service), or after reaching age 60 with five years of earned service, your beneficiary may choose a refund of employee contributions plus interest or a monthly benefit for life. The monthly benefit is not available if you name your estate as beneficiary or if you are under age 60 and have fewer than 15 years of active service as of your date of death.	The benefit is based on the cash value of your account as of your date of death. Your beneficiary may receive the cash value of your account through annuities, lump-sum distributions, or periodic withdrawals, all of which are available through the investment providers.
<b>Active Membership Group Life Insurance</b>	If your employer has elected group life insurance coverage and you die in service with at least one year of service credit, a payment equal to your current annual salary will be paid to your designated beneficiaries or trustees. If your death is the result of a job-related injury, the one-year requirement is waived.	Same benefit as SCRS if your employer has elected group life insurance coverage and you die in service with at least one year of participation in State ORP, membership in SCRS, or a combination thereof totaling at least one year.
<b>Post-Retirement Group Life Insurance</b>	<p>If, as a retired employee, you die and your last employer prior to retirement is covered by the group life insurance program, a benefit based on your service credit will be paid to your beneficiaries as follows: 10-19 years = \$2,000; 20-27 years = \$4,000; and 28 or more years = \$6,000.</p> <p>Working retired contributing members of SCRS are eligible for an increased group life insurance benefit—a payment equal to one year's annual salary—in lieu of the standard retired member benefit of \$2,000, \$4,000, or \$6,000 available to other retirees.</p>	There is no post-retirement group life insurance benefit for State ORP participants.

## Retirement Plan Comparison

	SCRS Defined Benefit Plan	State ORP Defined Contribution Plan
<b>Service Requirements for Retirement Benefits</b>	<p><b>Normal Retirement (Unreduced Benefit)</b> At age 65 with five years of earned service or with 28 years of service credit (five years of which must be earned service).</p> <p><b>Early Retirement (Reduced Benefit)</b> At age 60 with five years of earned service with benefits permanently reduced 5 percent for each year of age less than 65, <b>or</b> at age 55 with 25 years of service credit (five years of which must be earned service), with benefits permanently reduced 4 percent for each year of service credit less than 28.</p> <p>If you retire early at age 55 with at least 25 years of service, cost-of-living adjustments (COLAs) do not apply until the second July 1<sup>st</sup> after you reach age 60 or the second July 1<sup>st</sup> after you would have had 28 years of service credit.</p>	<p>There is no minimum age or years of service required for retirement. You become eligible to receive distributions when you terminate employment or reach age 59½. You may leave your balance on deposit to accumulate earnings tax-deferred until you elect to receive them or until you reach age 70½ and are required by the IRS to begin receiving annual required minimum distributions.</p>
<b>Retirement Benefit Calculation</b>	<p>Your annual SCRS retirement benefit is based on the following formula that includes your average final compensation, years of service, and a benefit multiplier:</p> <p><b>Step 1</b> Determine your average final compensation (12 highest consecutive quarters of earnable compensation divided by 3).</p> <p><b>Step 2</b> Multiply the result of Step 1 by 1.82 percent (.0182).</p> <p><b>Step 3</b> Multiply the result of Step 2 by your years of service credit.</p> <p><b>Step 4</b> Deduct early retirement penalties, if applicable.</p>	<p>The amount of your State ORP benefit is based on the total accumulation in your account(s) and the payment method you choose. Your benefit is affected by the performance of the investments you select and the amount of time you have to invest.</p>
<b>Retirement Payment Plans</b>	<p>Your retirement benefit will be paid as a monthly annuity for your lifetime. There are two payment plans that will provide monthly payments to a survivor in the event of your death. The available payment plans are:</p> <p><b>Option A</b> Standard Retiree Only Monthly Annuity (Maximum)</p> <p><b>Option B</b> 100% - 100% Joint Retiree-Survivor Monthly Annuity with revert to Option A feature</p> <p><b>Option C</b> 100% - 50% Joint Retiree-Survivor Monthly Annuity with revert to Option A feature</p> <p>If you choose Options B or C, you will receive a reduced (from Option A) benefit.</p>	<p>You may choose to purchase an annuity (including annuity payments that you cannot outlive), or take a lump-sum distribution, partial distributions, or withdrawals. The State ORP investment providers offer a variety of retirement payment options designed to allow you to tailor your retirement plan to meet your financial needs.</p> <p>In the event of your death, your beneficiary may receive the cash value of your account through annuities, lump-sum distributions, or periodic withdrawals.</p>

## Retirement Plan Comparison

	SCRS Defined Benefit Plan	State ORP Defined Contribution Plan
<b>Deferred Retirement Option Program</b>	<p>SCRS includes a deferred retirement option program, the Teacher and Employee Retention Incentive (TERI) program, through which you may defer receipt of your retirement benefit for up to five years. The deferred monthly retirement benefits are placed in your retirement payroll account and, upon termination of employment or the end of your TERI period, whichever is earlier, you will receive your accumulated retirement benefit in either a partially taxable, single-sum distribution or through a tax-deferred rollover into an eligible retirement plan. You will then begin receiving your monthly retirement benefit plus any cost-of-living increases granted during your TERI period.</p> <p>No interest is paid on the deferred monthly benefit during your TERI period; however, your account receives applicable retiree cost-of-living adjustments. Active TERI participants who commenced participation in the TERI program before July 1, 2005, do not make retired member contributions while those who began TERI on or after July 1, 2005, will make retired member contributions. Active TERI participants also are eligible for an increased group life insurance benefit (see Page 8). TERI participants do not earn service credit, are ineligible for disability retirement benefits, and may not purchase additional service credit. You may participate in TERI only once. <b>Any distribution paid directly to you is subject to ordinary federal and state income taxes and may be subject to an additional 10 percent federal early withdrawal penalty.</b></p>	Not applicable.
<b>Cost-of-Living Adjustments</b>	Each July 1, eligible retired members of SCRS 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) as of the previous December 31, up to an increase of 2 percent. The State Budget and Control Board is allowed to increase the COLA beyond the automatic annual COLA of up to 2 percent to the total percentage increase in CPI or 4 percent, whichever is less, if certain financial conditions have been met.	The State ORP does not provide cost-of-living adjustments.
<b>Post-Retirement Health Insurance Eligibility</b>	Contact the State Budget and Control Board's Division of Insurance and Grants Services toll free at (888) 260-9430 or at (803) 734-0678, or your benefits administrator for more information.	Same as SCRS.

## Questions and Answers

### How do I enroll in State ORP or SCRS?

Complete the required enrollment form for the plan you select. Your employer has these forms.

### How many State ORP investment providers are there to choose from?

The four authorized investment providers are listed on Page 4 of this brochure and on the Internet at [www.retirement.sc.gov](http://www.retirement.sc.gov).

### How do I obtain an account balance under either plan?

State ORP members will receive periodic financial statements from their investment provider. SCRS members will receive an annual member statement.

### If I elect State ORP membership and stay with the same employer, can I ever join SCRS?

Yes. There is an annual open enrollment period (January 1 to March 1) during which you may irrevocably elect membership in SCRS if you have between one and five years of State ORP service. If you do not make the election during any of the annual open enrollment periods in which you are eligible to irrevocably elect SCRS membership, you will, by default, continue your State ORP membership and forfeit your opportunity to elect SCRS membership.

### If I retire under SCRS, may I join State ORP?

No. If you retire under SCRS, you are not eligible for enrollment in SCRS and therefore may not join State ORP. **As a working retiree, however, you will make employee contributions for the duration of your covered employment.**

### Can my employer help me choose a plan?

Your benefits administrator can assist you by providing you with this guide, the *"It's Your Choice: SCRS or State ORP"* video, the *Investing for Your Retirement* guide, and the "What Type of Investor Are You?" questionnaire. Use these materials, as well as the online benefit comparison program for State ORP (see Page 2), to learn about both plans so you can make an informed choice.

Your benefits administrator cannot tell you which plan is better for you; only you can make that choice. You may also contact the Retirement Systems toll free at (800) 868-9002 (within SC only), at (803) 737-6800, or at [www.retirement.sc.gov](http://www.retirement.sc.gov) for assistance, but remember, the Retirement Systems cannot make your selection for you either.

### What if I have a problem with my State ORP investment provider?

You or your employer should report any problems concerning the investment providers to the Retirement Systems by contacting Customer Services toll free at (800) 868-9002 (within SC only), at (803) 737-6800, or at [www.retirement.sc.gov](http://www.retirement.sc.gov).

### What happens if I elect State ORP but don't make my investment selections?

The money will be placed in a nonrestrictive default investment account.

### If I elect State ORP, can I change my investment options at any time?

Yes, subject to your State ORP investment provider's contractual limitations and investment options. You may change investment providers, however, only during an annual open enrollment period (January 1 to March 1).

### If I elect State ORP, can I allocate my contributions to more than one investment option?

Yes. The employee and employer contributions may be allocated to any of the authorized investment products offered by your investment provider.



## Questions and Answers

### **If I change State ORP investment providers, what happens to my account balance?**

If you change investment providers during an annual open enrollment period (January 1 to March 1), you may transfer your account balance, subject to your State ORP investment provider's contractual limitations, to the new investment provider.

### **How does State ORP or SCRS membership affect supplemental defined contribution retirement plan contributions?**

You may still contribute to your 457 or 401(k) deferred compensation plan, or to your 403(b) tax-sheltered annuity; however, your contribution limits and options may depend on the type(s) of supplemental plans you select. You may want to contact the South Carolina Deferred Compensation Program's toll-free Information Line at (866) 826-7283 or a tax consultant for more information.

### **How will investment risk affect my retirement account?**

Investment risk applies only if you are a State ORP member. Investment risk is the uncertainty of how a given investment will perform. In State ORP, if the investments you select perform well, your retirement account will grow quickly and provide a larger benefit when you retire. If your investments do not perform well, you will not have as large a benefit at retirement.

The potential for higher returns is generally greater with investments that carry more risk. Allocating investments into several asset classes, such as bonds, large cap equities, international equities, and small cap equities, may help reduce your overall risk. With SCRS, the plan bears all of the investment risk.





## Notes

---



---



---



---



---



---



---



---



---



---

## Glossary

**Annuity** A contract, usually issued by an insurance company, that generally provides for the accumulation of contributions and a guaranteed income paid at regular intervals, usually monthly, for a specified period of time or for life. Many annuity contracts have significant mortality charges.

**Asset Allocation** Apportioning of investment funds among categories of assets such as stocks and bonds. Asset allocation affects both risk and return and is a central concept in personal financial planning and investment management.

**Defined Benefit Plan** A pension plan in which retirement benefits rather than contributions into the plan are specified. A retired employee who has reached a certain age, has a given number of years of service, and has earned a certain income is entitled to a specified monthly pension payment (i.e., SCRS).

**Defined Contribution Plan** A pension plan in which contributions into the plan, rather than eventual retirement benefits to employees, are specified (i.e., State ORP, South Carolina Deferred Compensation program).

**Distribution** A cash payment or an annuity payment.

**Diversification** Spreading of risk by putting assets in several categories of investments: stocks, bonds, and cash equivalents.

**Earned Service** Paid employment as an active member employee of an SCRS-covered employer during which the employee makes regular retirement contributions to SCRS and earns service credit. Working retired contributing members do not earn service credit.

**Internal Revenue Code (IRC) Section 401(a)** Tax code section authorizing a qualified retirement plan to be operated and supported by an employer and to provide retirement benefits.

**Member (or Participant)** An employee enrolled in one of the state's retirement plans, including the State ORP.

**Mutual Fund** Fund operated by an investment company that pools money from shareholders and invests it in stocks, bonds, options, futures, currencies, or cash equivalents.

**Prospectus** A formal written document relating to the offering of a new or existing security that delineates the offeror's business plan and is needed by the investor to make an informed decision concerning investment in the security.

**Service Credit** A member's earned service, prior service, and purchased service.



## A Division of the South Carolina Budget and Control Board

### South Carolina State Budget and Control Board

**Mark Sanford, Chairman**  
*Governor*

**Converse A. Chellis, III, CPA**  
*State Treasurer*

**Richard Eckstrom, CPA**  
*Comptroller General*

**Hugh K. Leatherman, Sr.**  
*Chairman,  
Senate Finance Committee*

**Daniel T. Cooper**  
*Chairman,  
House Ways and Means Committee*

**Frank W. Fusco**  
*Executive Director*

### South Carolina Retirement Systems

**Peggy G. Boykin, CPA**  
*Director*

**Location**  
202 Arbor Lake Drive  
Columbia, SC 29223

**Mailing Address**  
PO Box 11960  
Columbia, SC 29211-1960

**Telephone**  
(800) 868-9002 (in SC only)  
(803) 737-6800

**Web Site Address**  
[www.retirement.sc.gov](http://www.retirement.sc.gov)