



# Understanding Your State Retirement

## SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)

When preparing for your future knowing how your state pension works is critical so you know when you could retire, how much you could receive and most importantly what you may need to save on your own to have the retirement of your dreams. The following will help you understand how your benefits are calculated as of today, you need to be aware that the system may change the rules in the future. Studies have shown that since 2005 teacher pension benefits have declined by \$100,000 on average<sup>1</sup>, so you need to watch for changes and adjust accordingly.

### Retirement with Full Benefits

The South Carolina Retirement System (SCRS) benefits are based on your age and years of service in the system.

#### Joined before July 1, 2012 (Class 2 Members)

- 28 years of service, 5 must be earned
- Age 65 or older with 5 years of earned service

#### Joined after July 1, 2012 (Class 3 Members)

- Meet the rule of 90; age plus years of service equals 90 (i.e. age 60 with 30 years of service)
- Age 65 or older with 8 years of earned service

You may work beyond meeting the requirements and will receive increased pensions benefits based on your additional years of service.

### Early Retirement

There are provisions for early retirement where you will receive a pension payment, but it will be reduced. Please see your plans website for details.

### How Standard Pension Benefits are Calculated

1. Determine your years of creditable service (YOS)
2. Multiply by 1.82%
3. Multiply by final average salary
4. Divide by 12 to get monthly payment

#### Example

Age: 55 | Years of service: 30

Final average salary: \$56,000

#### Calculation

$$\text{YOS: } 30 \times 1.82\% = 55\% \text{ payout factor}$$

$$55\% \times \$56,000 = \$30,800$$

$$\$30,800 / 12 = \$2,566 \text{ per month}$$

**This is a reduction of 45% of what is being earned today!**

### Your Worksheet

YOS: \_\_\_\_\_ x 1.82% = \_\_\_\_\_ payout factor

\_\_\_\_\_ x \$ \_\_\_\_\_ Final Avg. Salary = \$ \_\_\_\_\_

\$ \_\_\_\_\_ / 12 = \$ \_\_\_\_\_ per month

## Determining Final Average Compensation

The average final compensation used in the retirement formula is based on when participants were entered into the system.

### Joined before July 1, 2012 (Class 2 Members)

Average of highest 12 consecutive quarters of earnable service.

- For work after December 31, 2012 compensation will not include non-mandated overtime pay.
- Will include payment for un-used annual leave.

### Joined after July 1, 2012 (Class 3 Members)

Average of highest 20 consecutive quarters of earnable service.

- Will not include non-mandated overtime pay.
- Will not include payment for unused annual leave.

## Payment Options

Your plan offers multiple payment options. The highest payout will be for your life only, other options will pay a benefit to a designated beneficiary but will reduce the monthly payment. Please review your payment choices on your plan's website.

## Payment Increases

Currently, each July 1, eligible retirees will receive a 1% increase in their annual payment. This is limited to a maximum of \$500 per year.

### Your Pensions Website

Go to [www.peba.sc.gov](http://www.peba.sc.gov) or scan the QR code



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1 Teachers Retirement U website, Teacher Pension Basics, [teacherretirementu.org](http://teacherretirementu.org) - August, 2023

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