



SAVE FOR A BETTER TOMORROW

Understanding How Your **South Carolina** State Pension Plan Works



Products issued by
Life Insurance Company of the Southwest®

TC125962(0322)3

Cat No 101981(0422)



DREAM...

Establish a Clear Picture

One of the most important, but often overlooked, steps in preparing for retirement is to visualize what you want it to look like and to prioritize your life goals.

- What is your target retirement date?
- Calculate how much income you need to live during retirement.
- Create a retirement income strategy that incorporates all of your anticipated sources of retirement income.

EXPERTS SAY YOU'LL NEED 70% TO 80%

Of your pre-retirement income to cover expenses each year in retirement¹.

ARE YOU ONE OF THE

44%

Of Americans worry they'll never be able to retire – an all-time high.²

23%

Of Americans don't have any kind of retirement plan.²

25%

Of Americans in their 60's could not last more than 3 months off their savings – an all-time high.²

PLAN...

Picture Your Retirement

One of the most important, but often overlooked steps in preparing for retirement is to visualize what you want it to look like and to prioritize your life goals.

Build Towards Your Goals

Estimate your total retirement income.

It's fine to use a percentage of your current income as a benchmark, but it's worth going through all of your current expenses in detail. Your next step is to assess how prepared you are to meet your needs over time as your transition to retirement.

What sources of retirement income will be available to you?



- Lifetime Income: Annuities, Social Security and/or Pensions
- Savings: IRAs, CDs
- Earnings: Full or Part-time Job
- Other Assets: Real Estate and Equity in Your Home

The biggest concern retirees have is running out of money.

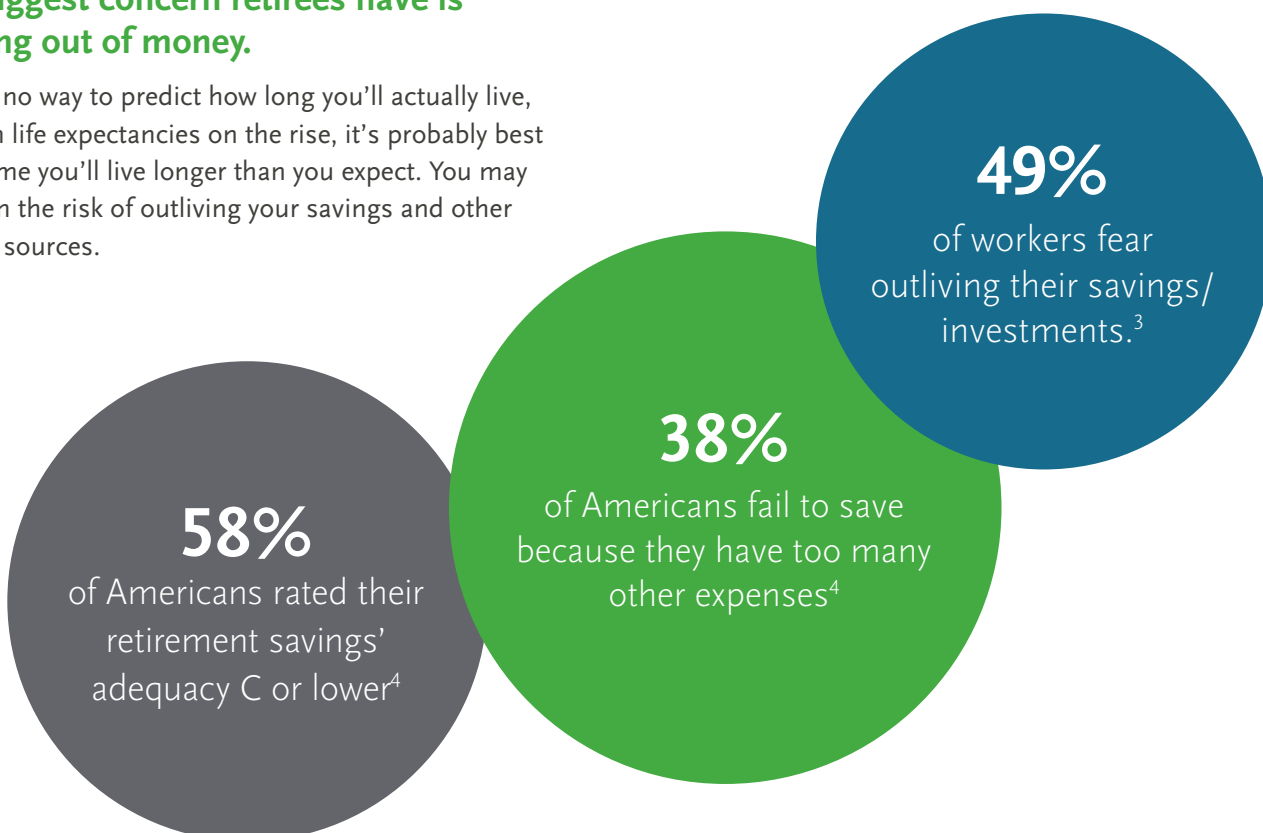
There's no way to predict how long you'll actually live, but with life expectancies on the rise, it's probably best to assume you'll live longer than you expect. You may even run the risk of outliving your savings and other income sources.

Plan To Live Longer Than You Think

When you reach age 65...your lifespan could look like this:

	65 Year-old Male		65 Year-old Female
Age	Probability	Age	Probability
70	91%	70	94.2%
75	79%	75	85.52%
85	43%	85	55.13%
95	7.29%	95	13.93%

Source: Finder.com, "Your Odds of Dying by Age and Gender" May 2019.



Your State Pension Plan

The South Carolina Retirement System (SCRS) benefits are based on your age and years of service in the system. Eligibility for an unreduced retirement benefit is determined based on the date you were entered into 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

Determining Total Years of Service (YOS)

Years of service can be earned in the following ways:

- **Creditable Service** – earned for each day worked
- **Purchased Service** – service credit may be purchased for various types of previous employment and leaves of absence. Credit can also be purchased for years of non-qualified service up to a maximum of 5 years. See SCRS Member handbook for details.

Determining Average Final 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.

How to calculate your standard monthly benefit:

1. Determine Average Final Compensation (AFC)
2. Multiply AFC by 1.82% (0.0182)
3. Multiply the result above by years, months and days of service
4. Divide the result by 12

Example:

Sample Client Profile:

John, a Class 2 participant with Option A payment plan retiring at age 60 with 28 years of service and an AFC of \$30,000.

Sample Worksheet:

1. Determine AFC:	\$30,000
2. Multiply Average Final Compensation by 1.82%:	$\$30,000 \times 0.0182 =$ \$546
3. Multiply by Years of Service:	$\$546 \times 28 =$ \$15,288
4. Divide result by 12:	$\$15,288 / 12 =$ \$1,274

Your Worksheet:

1. Determine your AFC:	
2. Multiply Average Final Compensation by 1.82%:	_____(AFC) X 0.0182 = \$_____
3. Multiply by Years of Service:	\$_____ X _____ = \$_____
4. Divide result by 12:	\$_____ / 12 = \$_____ Per Month

Payment Options

The South Carolina Retirement System provides three payout options to choose from. These options allow you to choose to receive payments for life only, or participants and named annuitants life. The options are as follows:

- **Option A** – Payments end at death and remaining account balance (monies paid by the participant that had not been paid out through annuity payment) paid to beneficiary.
- **Option B** – You will receive a reduced (from Option A) monthly benefit for life. Payments for the life of the participant continuing at 100% to the beneficiary at the death of the participant. Available if the beneficiary is a spouse or non-spouse who is not more than 10 years younger.
- **Option C** – You will receive a reduced (from Option A) monthly benefit for life. Payments for the life of the participant continuing at 50% to the beneficiary at the death of the participant.

If Option B or C is elected and all designated beneficiaries predecease the participant, payments will increase to the Option A amount for the remainder of the participants life.

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.



Track your anticipated
retirement benefits and
contributions at
[http://www.peba.sc.gov/
scrs.html](http://www.peba.sc.gov/scrs.html)

A woman with dark hair, wearing a pink cardigan over a white top, and a young girl in a pink dress are holding hands and looking up at the sun in a park. The background is a bright, sunny outdoor setting with trees and a building in the distance.

You Have Questions, We Have Answers

Your representative is available to assist you in reaching your retirement dreams and to answer any questions you may have, like:

What retirement benefits will I get ?

You can obtain a personalized retirement benefit estimate by going to your online account. Your representative will use this information to help you see your overall retirement income picture and to identify any gap between your estimated retirement funds and your savings needs.

How much can I contribute to a supplemental retirement account?

The amount you can contribute to a supplemental retirement account depends on your earnings, your age, and other factors. Your representative will help you determine your appropriate contribution limit and can set up a customized savings program that works for you.

What happens if I change jobs?

You have control of your supplemental retirement account. The portability feature allows you to roll over the funds in this account into another retirement plan you may have. Or, you can leave your account in place and any balance has the potential to continue to grow tax-deferred.

What if I need money before I retire?

Your plan may contain provisions for loans and hardship distributions, and you may access your funds if you meet certain conditions. Taking an early distribution from your account should be considered carefully since taxes and fees may be imposed.

What product is right for me?

Your financial professional will help you determine which of the many savings vehicles are appropriate for meeting your current situation and future needs.

ACT...

Make Savings Your Top Priority

- 1 Are you saving enough for your tomorrow?
- 2 Will your retirement money outlive you?
- 3 What percentage of your final salary will you be living on?
- 4 Do You Have a Retirement Gap? Is there a gap between the amount you've saved for retirement and the amount that you want and need?

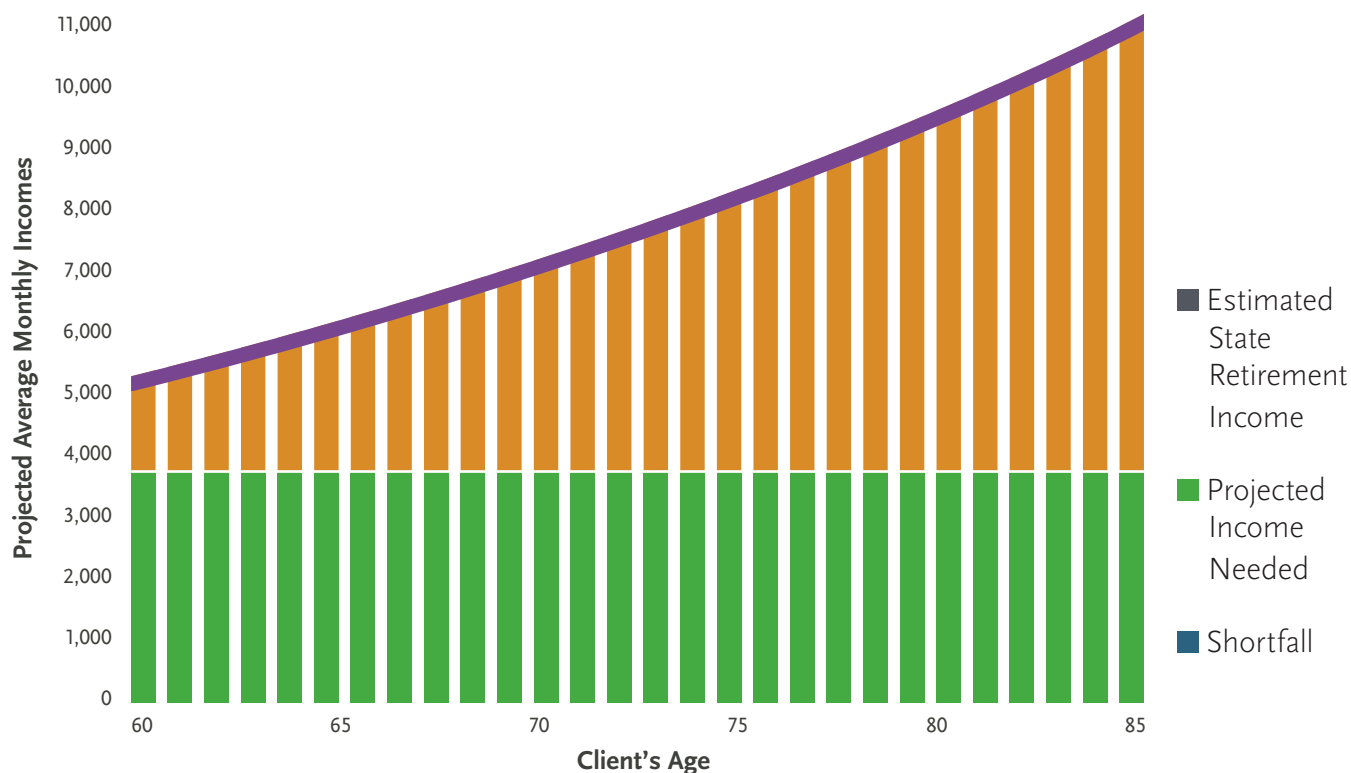
Identifying the amount you're short is the first step in fixing the problem.

Step One: Evaluate how much money you would need in order to retire at the age you desire and live the lifestyle you want.

Step Two: If there is a gap between your predicted needs and your predicted savings (and most people do have a gap), determine what you can do to get more money into your retirement savings. That's generally going to happen in two ways: save more or create a savings strategy geared toward your earnings goal.

Sample Gap Analysis Report – Prepared for Valued Policy Owner

Retirement Years






Source: The Retirement Analysis Kit (TRAK) Software by TrustBuilders, Inc. 2012 Version. www.tbinc.com. For illustrative purposes only.

ACT...

You have gathered information about retirement. You have taken the time to evaluate your needs. You are now ready for an action plan! With the efforts you have made over the years, you will deserve to fully enjoy what life has to offer.

Accumulating funds for retirement can sometimes seem impossible.

First, find simple ways to save. Small contributions to your retirement plan can add up to big savings over time.

		In 20 years you'd have	In 30 years you'd have	In 40 years you'd have
\$5 (7/month)  Lottery Ticket	\$35 per month	\$13,506	\$25,437	\$43,099
\$3.45 (30/month)  Specialty Coffee	\$105 per month	\$38,328	\$72,189	\$122,311
\$4.95 (30/month)  Take-Out Lunch	\$150 per month	\$54,754	\$103,127	\$174,729

This is a hypothetical example for illustrative purposes only - not representative of any particular investment. All figures assume a 4% annual rate of return compounded monthly and do not include any matching contributions made by an employer which are available in some qualified retirement plans.

Make Savings Your Top Priority

Save Regularly.

Make sure to set up systematic payroll contributions to help you get you closer to your goals. You not only defer taxes on the money you contribute, any earnings on your savings also have the potential to compound tax deferred until withdrawal.

Here is a pre-tax savings example for you:

	Post-tax	Pre-tax
Gross Income per Paycheck	\$4,500	\$4,500
Pre-tax contributions	\$0	\$266.66 ⁵
Standard tax deductions	\$686.33	\$619.67
Post-tax retirement contributions	\$200	\$0
Take-home pay	\$3,613.67	\$3,613.67

This hypothetical example is for illustrative purposes only. This example is based on a teacher claiming single and zero allowances and in the 25% tax bracket not considering state or local taxes. Taxes are due at time withdrawals are made from your plan. This information is not intended as tax or legal advice. For advice concerning your own situation, please consult with your appropriate professional advisor.

Ensuring you have enough income to support the retirement you envision requires an ongoing plan that you put in place well before you retire.

ENJOY...

Make Savings Your Top Priority

What's your tomorrow?

Do you dream about being able to pursue hobbies?

Is there a dream vacation you have always envisioned?

- 1 Follow your dreams...
- 2 Now is the time to put your retirement income strategy in place
- 3 Experience the financial security and retirement lifestyle you have always dreamed of.

We can help you get there...We are the right choice for retirement income.

National Life Group offers excellent 403(b) annuities through Life Insurance Company of the Southwest. We have helped thousands of people working in the education field save money for their futures.

DID YOU KNOW...

indexed annuities offer protection, safety, guarantees and income?

Our flexible fixed indexed annuities provide safety, guarantees and income for life and allow you to:

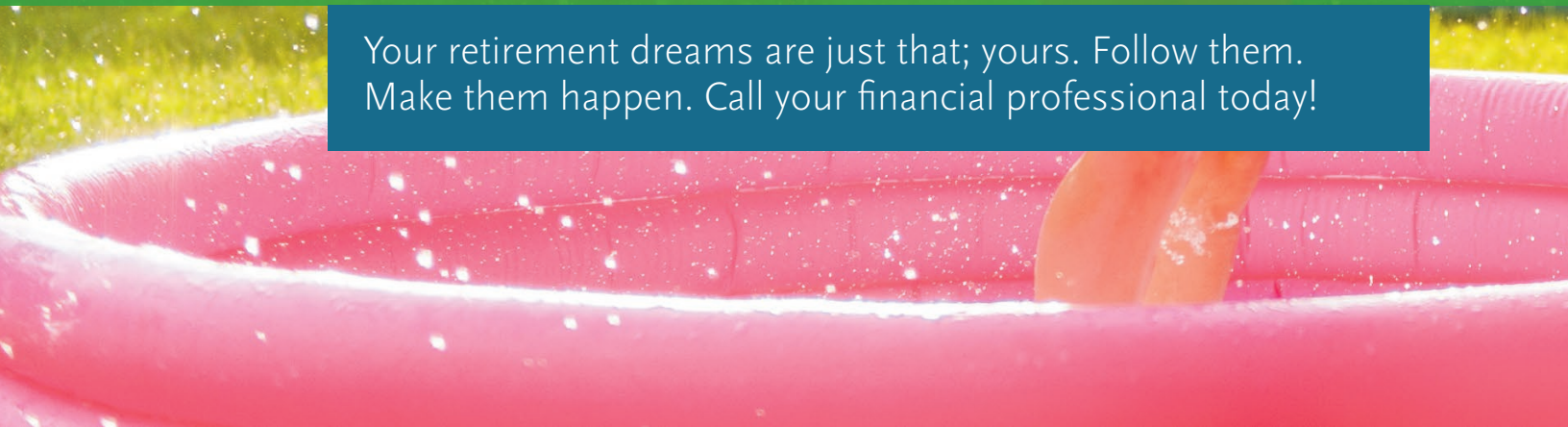
- Contribute to your employer sponsored savings plan with the peace of mind that the money will be there when you need it.
- Receive a guaranteed⁶ stream of income for life without giving up control of your money.
- Leave any balance in your annuity to your loved ones.

Your retirement dreams are just that; yours. Follow them. Make them happen. Talk to your financial professional today.



DREAM, PLAN, ACT,

Your retirement dreams are just that; yours. Follow them.
Make them happen. Call your financial professional today!





ENJOY...



-
1. Saving for Retirement: The Quest for Success, Investopedia, <https://www.investopedia.com/articles/retirement/05/061305.asp>, 2/3/2022
 2. Retirement Confidence Index, January 2021, SimplyWise, <https://www.simplywise.com/blog/retirement-confidence-index/>
 3. This is the No. 1 Fear of Americans Facing Retirement, 401KSpecialist, <https://401kspecialistmag.com/this-is-the-no-1-fear-of-americans-facing-retirement>, 1/19/2021
 4. 31+ Retirement Statistics You Need to Know in 2022, LegalJobs, <https://legaljobs.io/blog/retirement-statistics/>
 5. Taxes are due when amounts are withdrawn.
 6. Guarantees are dependent on the claims paying ability of the issuing company.

National Life Group® is a trade name representing various affiliates, which offer a variety of financial service products. Life Insurance Company of the Southwest, Addison, TX, is a member of National Life Group. National Life Group and its representatives are neither endorsed by, nor affiliated with the Florida Retirement System or any government agency. Fixed indexed annuities are issued by Life Insurance Company of the Southwest. Indexed annuities have surrender charges that are assessed during the early years of the contract if the annuity is surrendered. Indexed annuities do not directly participate in any stock or equity investments. This is not a solicitation of any specific annuity contract.

Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | www.NationalLife.com

No bank or credit union guarantee Not a deposit Not FDIC/NCUA insured May lose value Not insured by any federal or state government agency
--