

A newsletter for Retirement Systems employers

Volume VII

Summer 2002

Boykin Appointed Director

Peggy G. Boykin was named director of the South Carolina Retirement Systems effective March 1, 2002. Boykin took over for Robert Toomey, who announced his retirement in December 2001.



Peggy G. Boykin

Boykin, a certified public accountant, has worked for the South Carolina Retirement Systems since 1991

and previously served as assistant director and executive manager for Benefits Payroll.

A native of Wagener, South Carolina, Boykin earned a bachelor's degree in business administration from the College of Charleston in 1981. She received her Certified Retirement Administrator designation in 1999.

Field Services Merges with Customer Services

Our Field Services Unit has become part of our Customer Services Department. Formerly part of our Financial Services

Department, the newly named Customer Services Field Education team has been realigned organizationally to better meet our mission of providing the best possible service to our customers.

With the merger of Field Services, all Retirement Systems customer service functions are now under one umbrella and serve under the guidance of Alice R. Copeland, Assistant Director, as follows:

Customer Consultations

- Call Center, Internet, and Video-conferencing Consultations
- Retirement Consultations/Pension Plan Counseling (Walk-ins and appointments - For consultations, members should arrive no later than 4 PM.)

Customer Claim Processing and Claim Payment Calculation

- Death Benefits (Active/Inactive Members, Retirees, and Beneficiaries)
- Medical Board
- Disability Retirement
- Service Retirement
- Inactive Member Deferred Annuities
- Refunds
- Average Final Compensation (AFC) Calculation

Customer Field Education

- Customer Training and Pre-Retirement Education
- Coordination of Electronic Employer Services (EES)

- New Employer Orientation

Customers'/Visitors' Center and Postal/Courier Services

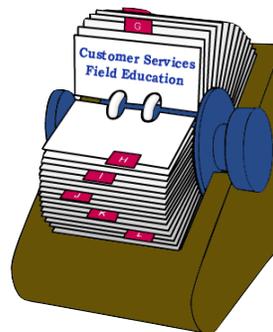
- Coordination of Retirement Systems visitors and customers (includes scheduling of appointments)
- Coordination of customer/Retirement Systems mail



One of Customer Services' goals this fiscal year is to return to the field to visit employers on an annual or biannual basis so that we might provide Retirement Systems employer educational assistance to you on site, as well as hear directly from you how the Retirement Systems might

improve its services to you. If this pilot is successful, we may continue field visits during the next fiscal year as well. You will hear more about this as we finalize our plans for the field visits. In the interim, if any unit of

Customer Services can help you in any way, please feel free to contact us toll free at 1-800-868-9002 (available within SC only), at 803-737-6800, or at cs@scrs.state.sc.us.



State ORP Consolidation, Expansion

The July 1, 2002, consolidation of and expanded eligibility for the new State Optional Retirement Program (State ORP) have taken place.

The State ORP is available to newly hired (after June 30, 2002) permanent, full-time employees of a state agency, a public school district, or an institution of higher learning. Employees of local subdivisions are not eligible for State ORP membership.

The same Active Membership Group Life Insurance benefit provided to South Carolina Retirement System (SCRS) members is now provided to all State ORP members.

State ORP Q&A

You asked them. We've answered them. Included with this issue of *FYI* are the answers to questions you asked during the State ORP presentations conducted by our Customer Services Field Education staff in June. If you receive a paper copy of *FYI*, the *State ORP Q&A* document is a separate enclosure. If you receive *FYI* via email, the *State ORP Q&A* document is included as an attachment.

Benefits Update State ORP Enrollment

An employee eligible for the State ORP and SCRS must make his or her enrollment decision within 15 calendar days (for FY 2003) of his or her date of hire. If the em-

ployee does not make a selection, he or she will be enrolled automatically in SCRS.

PORS Retiree Earnings Limitation Removed

Effective July 1, 2002, Police Officers Retirement System (PORS) members who have been retired for at least 15 consecutive calendar days may return to work for an employer covered by the Retirement Systems with no earnings limitation. If a retired PORS member returns to covered employment sooner than 15 consecutive calendar days after retirement, the member's retirement annuity will be suspended while the member remains employed by a covered employer.



Installment Service Purchase Interest Rate

The Installment Service Purchase Program interest rate effective July 1, 2002, is 6.75 percent. This rate applies to installment service purchases initiated after June 30, 2002.

TERI Statements Mailed

Annual statements for South Carolina Retirement System (SCRS) members participating in the Teacher and Employee Retention Incentive (TERI) program were mailed to TERI participants at the end of July. The statements reflect the balance in the member's TERI account as of June 30, 2002.

Penalty Tax Applies to TERI Payout

If a TERI participant under age 59½ chooses a single-sum distri-

bution at the end of his or her TERI period, that single-sum distribution will be subject to regular income tax in the year in which the participant receives the payment. **Plus, there will be a 10 percent penalty tax on the taxable portion of the distribution.** The 10 percent penalty tax will be due when the participant's income tax return is filed.

This tax penalty does **not** apply to distributions due to death, disability, separation from service* after age 55, or distribution pursuant to a Qualified Domestic Relations Order (QDRO). More information about the penalty tax may be found under "Special Tax Rules" in Internal Revenue Service (IRS) Publication 575 and IRS Form 5329.



***Separation from service is the point at which you terminate employment and request your TERI funds, not your TERI date of retirement.**

Board Approves Retiree COLA

At its June 18th meeting, the State Budget and Control Board approved a 1.3 percent cost-of-living adjustment (COLA) that took effect July 1, 2002, for eligible retirees of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) whose retirement was in effect the previous July 1st.

The COLA is based on a 1.3 percent increase in the Consumer Price Index (CPI) as of December 31, 2001.

SCRS members who retired early* are not eligible for COLAs until the second July 1st after they reach age 60 or the second July 1st after the date they would have attained 28 years of service credit had they not retired.

***SCRS age 55/25 years of service eligibility**

Employer Reporting Forms for FY 2003

Financial Services mailed employer reporting forms for fiscal year 2003 in July. Contact your employer representative or Customer Services if you did not receive these forms.

Form 1105: Who Needs It?

Only employees who are eligible to select either SCRS or the State ORP are required to complete Retirement Systems Form 1105, Retirement Plan Disclosure. No other employees need to complete this form. We understand that some employers want all of their employees to complete the form. We have no objections to this practice, but we do not need the Form 1105 unless the employee is eligible to select either SCRS or the State ORP.

Also included with this issue of FYI is a map showing the location of the Retirement Systems' office. Please share this with your employees who plan to visit our office.

SC Deferred Compensation Program Recordkeeper Change

The recordkeeper for the South Carolina Deferred Compensation Program will change from Great West Life to CitiStreet effective January 1, 2003.

CitiStreet, a State Street and Citigroup company, is the second largest defined contribution plan administrator in the United States.

Included with this issue of *FYI* is a copy of an announcement letter from the Chairman of the SC Deferred Compensation Commission that is being mailed to all Deferred Compensation Program participants August 23, 2002. If you receive a paper copy of *FYI*, a paper copy of the letter is enclosed. If you receive an electronic copy of *FYI*, the letter is attached to the same email that included this issue of *FYI*.

Once participants read the announcement letter, they may come to you with questions about the change in recordkeepers. Participants with questions concerning the change should contact Customer Services toll free at 1-800-868-9002 (available within SC only), at 803-737-6800, or at cs@scrs.state.sc.us to request that our transition representative contact them.

The Retirement Systems has a five-member transition team that is working closely with CitiStreet to ensure that the recordkeeper change proceeds as smoothly as possible. The Retirement Systems' team participates in weekly conference calls with CitiStreet, and is helping resolve issues as they arise.

Newsletters Mailed

The active member edition of the summer 2002 issue of *It's News to Me*, formerly *Systems Update*, was emailed or mailed to all participating employers earlier this month.

The retired member edition of *It's News to Me* (also formerly *Systems Update*) was mailed to retired members the second week of August.

Both newsletters contain an important article about the Retirement Systems' equity investments. If you have not distributed the newsletter to your employees yet, please do so as quickly as possible. We want all of our members to know that their pensions are not only safe, but are also guaranteed by law. Plus, we want everyone to know that the South Carolina Retirement Systems is financially sound. In fact, according to a survey published in the January 2002 issue of *Pensions and Investments* magazine, the South Carolina Retirement Systems was the 47th largest pension system in the United States in 2001 among both government and private sector plans, up from 57th in 2000.

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