

PEBASM
SC Retirement Systems
and State Health Plan

Fiscal year 2026 budget request

Ways & Means Constitutional
Subcommittee

January 22, 2025

Serving those who serve South Carolina

Key leadership

- Peggy G. Boykin, CPA, Executive Director
pboykin@peba.sc.gov
- Travis Turner, CPA, Deputy Director and Chief Financial Officer
tturner@peba.sc.gov
- Rob Tester, Insurance Policy Director
rtester@peba.sc.gov
- Justin Werner, General Counsel
jwerner@peba.sc.gov
- Katie Turner, Director of Administration and Budget
ktturner@peba.sc.gov

Agency overview

State agency responsible for the administration and management of the state's employee insurance programs and retirement systems for South Carolina's public workforce.

Insurance benefits

Administers insurance benefits to more than 543,000 subscribers and their dependents.

Retirement benefits

More than 695,000 current and former public employees are covered by the five defined benefit retirement plans.

State ORP

Additional 66,000 members participate in the State Optional Retirement Program.

Deferred Comp

Nearly 100,000 members participate in the supplemental Deferred Compensation Program.

Insurance claims

Pays more than \$3.9 billion in insurance claims expenditures annually.

Retirement benefits

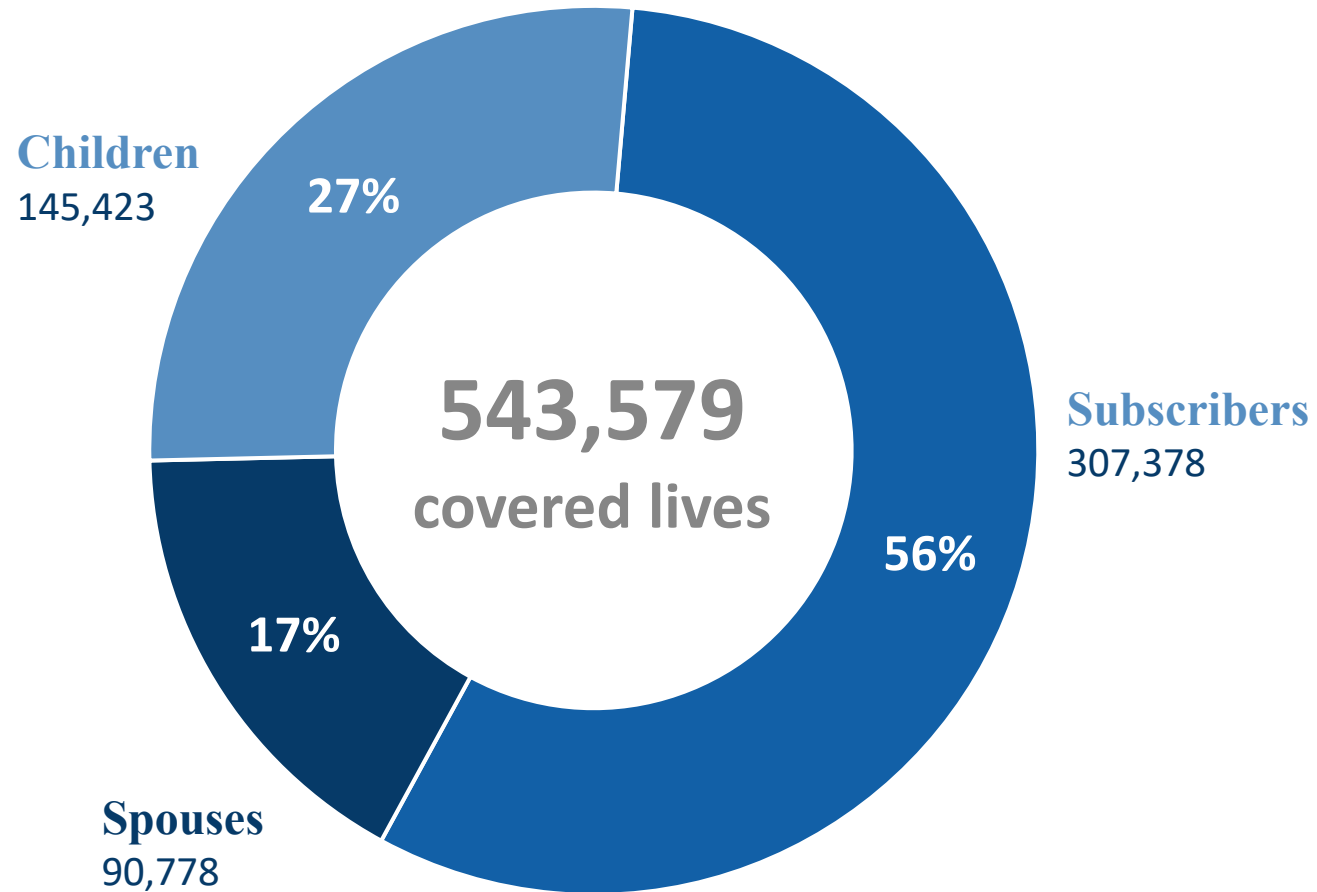
Disburses more than \$4.1 billion in retirement benefits each year.

Roles in managing insurance and retirement benefits

- PEBA manages and administers the state's insurance and retirement programs, which were created and are defined by state statute.
- The Retirement System Investment Commission (RSIC) invests and manages the assets of the retirement systems (defined benefit plans).
- The State Treasurer invests and manages the OPEB (retiree insurance) trust fund's assets and long term disability trust fund's assets.

Health plan enrollment as of January 2025

Represents enrollment in the State Health Plan, MUSC Health Plan and TRICARE Supplement Plan



Health plan enrollment breakdown and participating insurance employers as of January 2025

Subscribers	
Subscribers	307,378
Actives	210,000
Retirees	94,285
Others	3,093
Spouses	90,778
Children	145,423
Total covered lives	543,579

Active subscribers	
State agencies	35,680
Higher education	27,678
School districts	87,953
Charter schools	3,921
Local subdivisions	39,538
MUSC hospitals	12,392
Other	2,838
Total employees	210,000

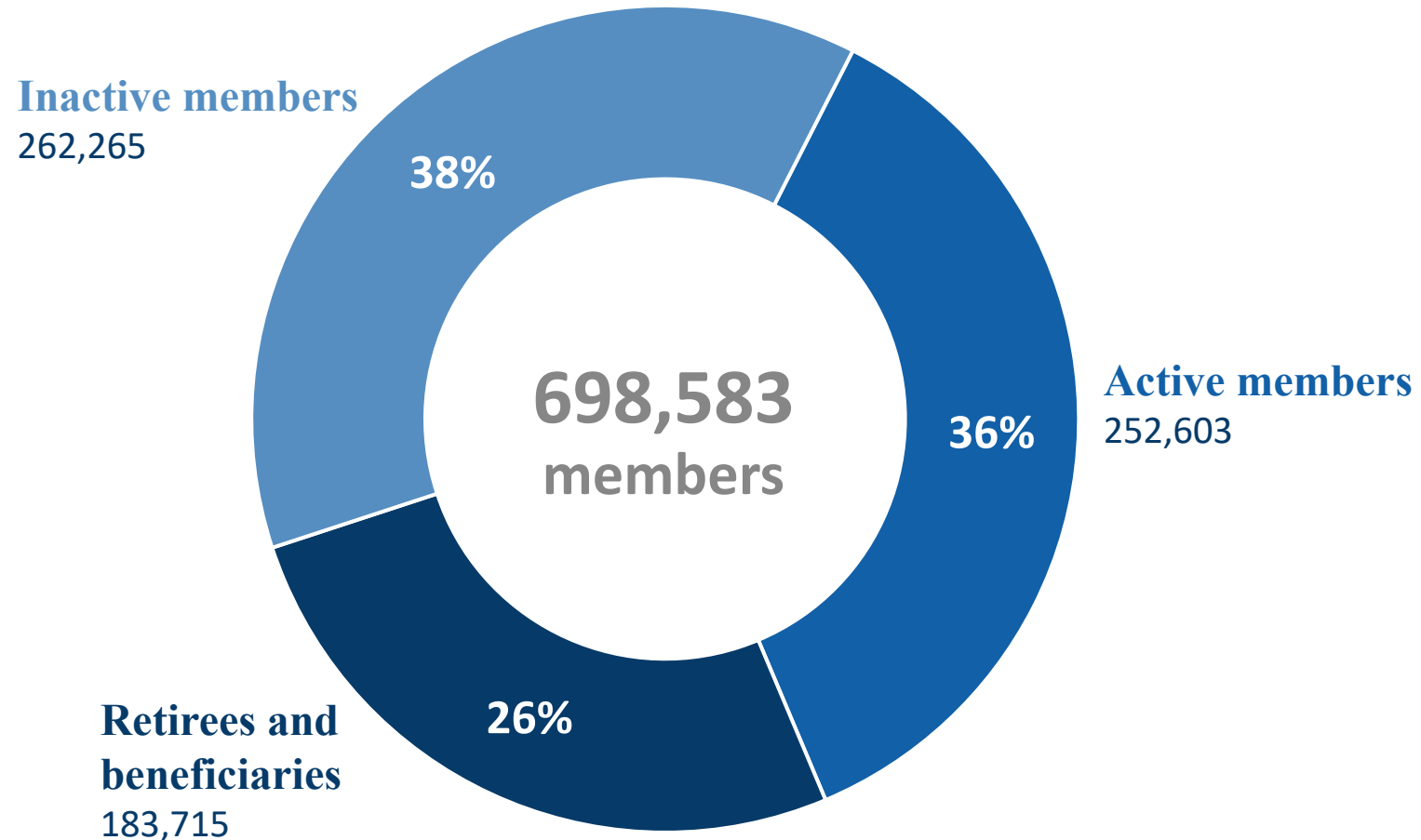
Retirees	
Medicare	78,209
Non-Medicare	16,076
Total retirees	94,285
Funded	87,661
Non-funded	6,624

Groups	
State agencies	89
Higher education	27
School districts	79
Charter schools	72
Local subdivisions	568
MUSC hospitals	9
Other	20
Total employers	864

Numbers represent enrollment in the State Health Plan, the MUSC Health Plan and TRICARE Supplement Plan.

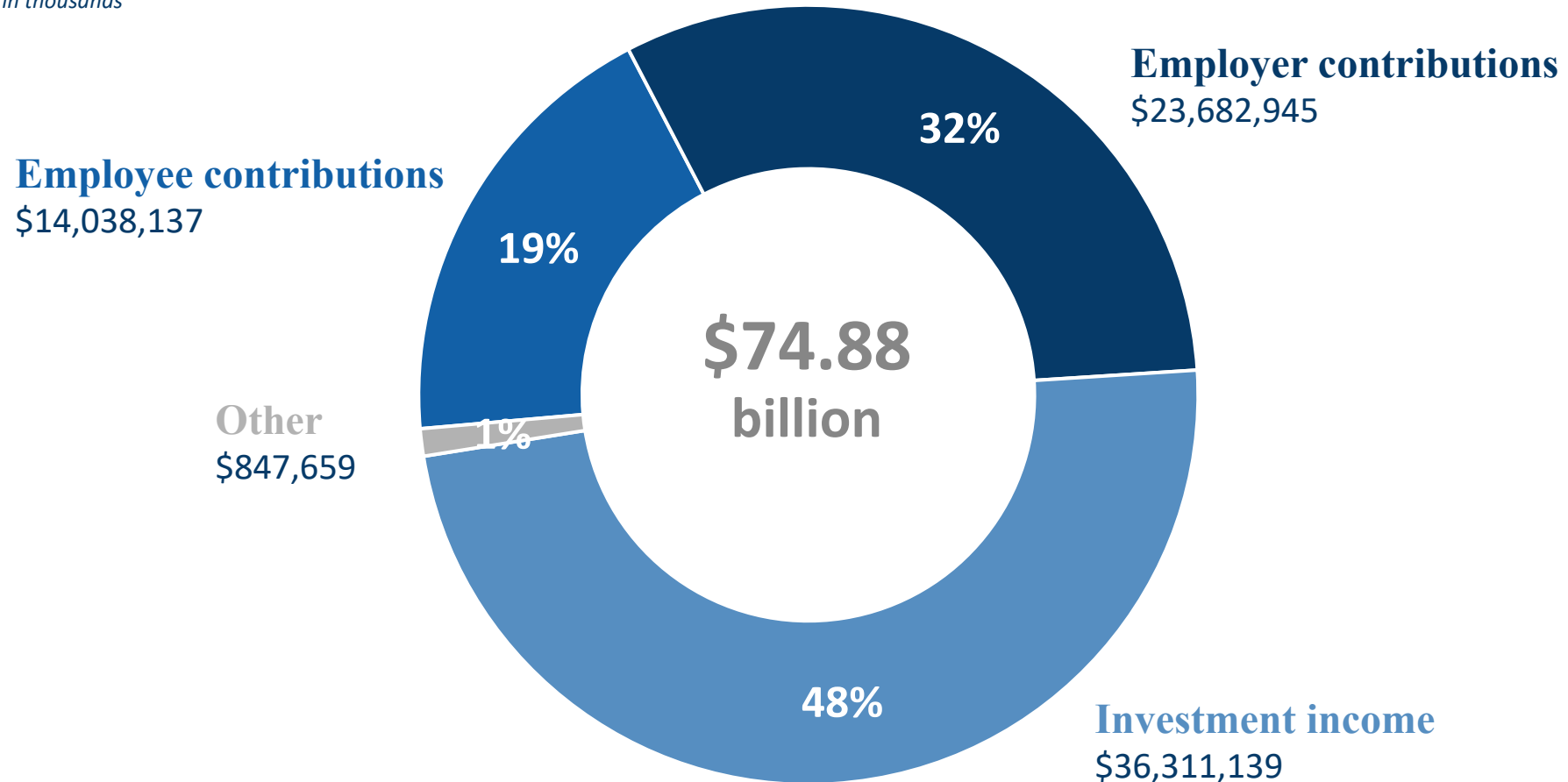
Retirement membership as of July 1, 2024

Includes SCRS, PORS, GARS, JSRS and SCNG



Additions to pension trust funds | 2010-2024

Includes SCRS, PORS, GARS, JSRS and SCNG
Amounts expressed in thousands



Past pension reform

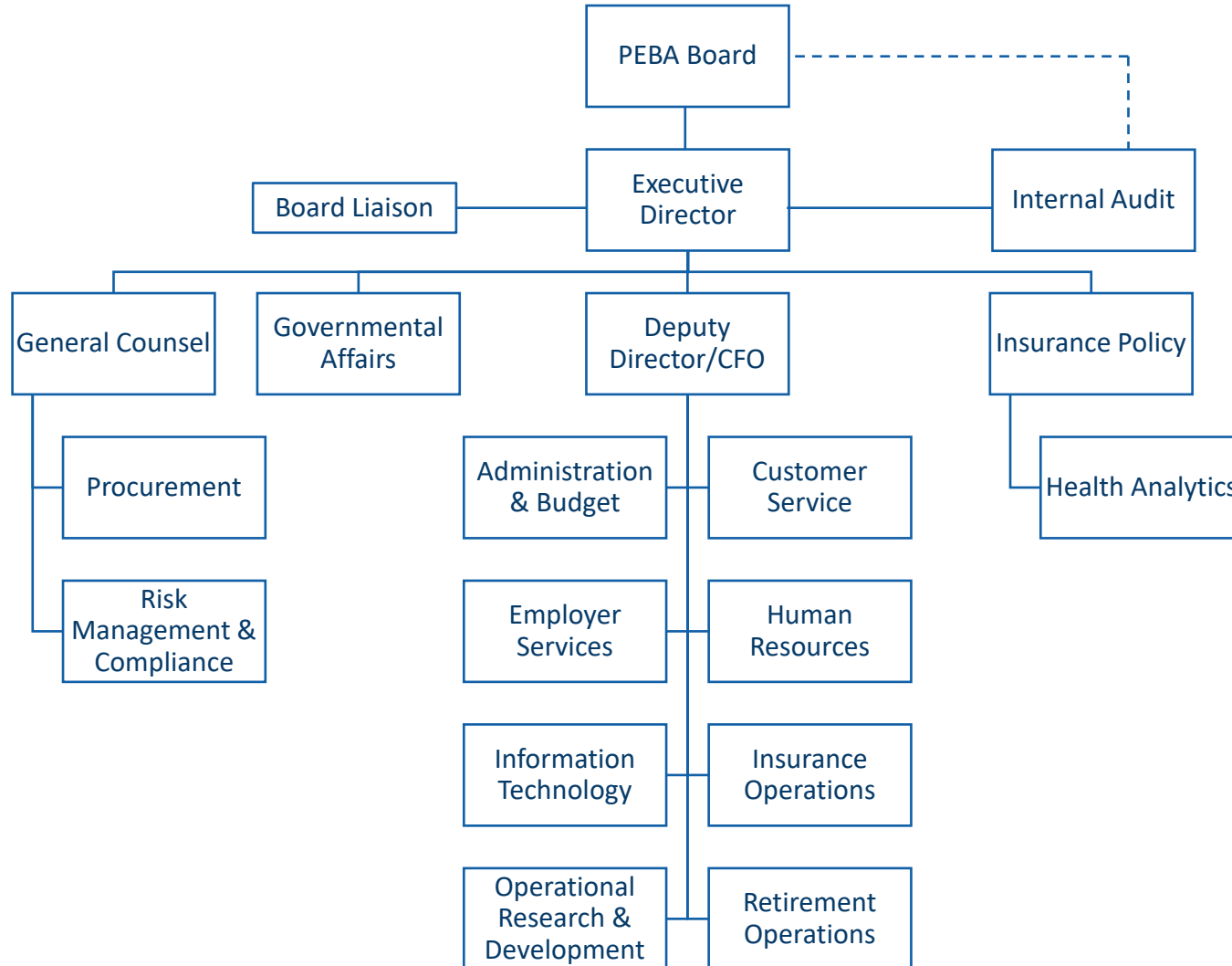
2012: Benefit reform

- Created Class Three tier of membership in SCRS and PORS for newly hired employees with membership dates on or after July 1, 2012.
- Made changes affecting Class Two and Three members.
- Made changes affecting retirees.
- Closed GARS to new members.

2017: Funding reform

- Did not change the benefits provided to members.
- Decreased the assumed rate of return from 7.5 percent to 7.25 percent effective July 1, 2017.
- Changed employee and employer contribution rates effective July 1, 2017.
- Gradually reduced the maximum funding period from 30 years to 20 years by July 1, 2027.

Organizational chart



FTE breakdown

Filled positions	255
Vacant positions	27
Total FTEs	282

Operating budget trends

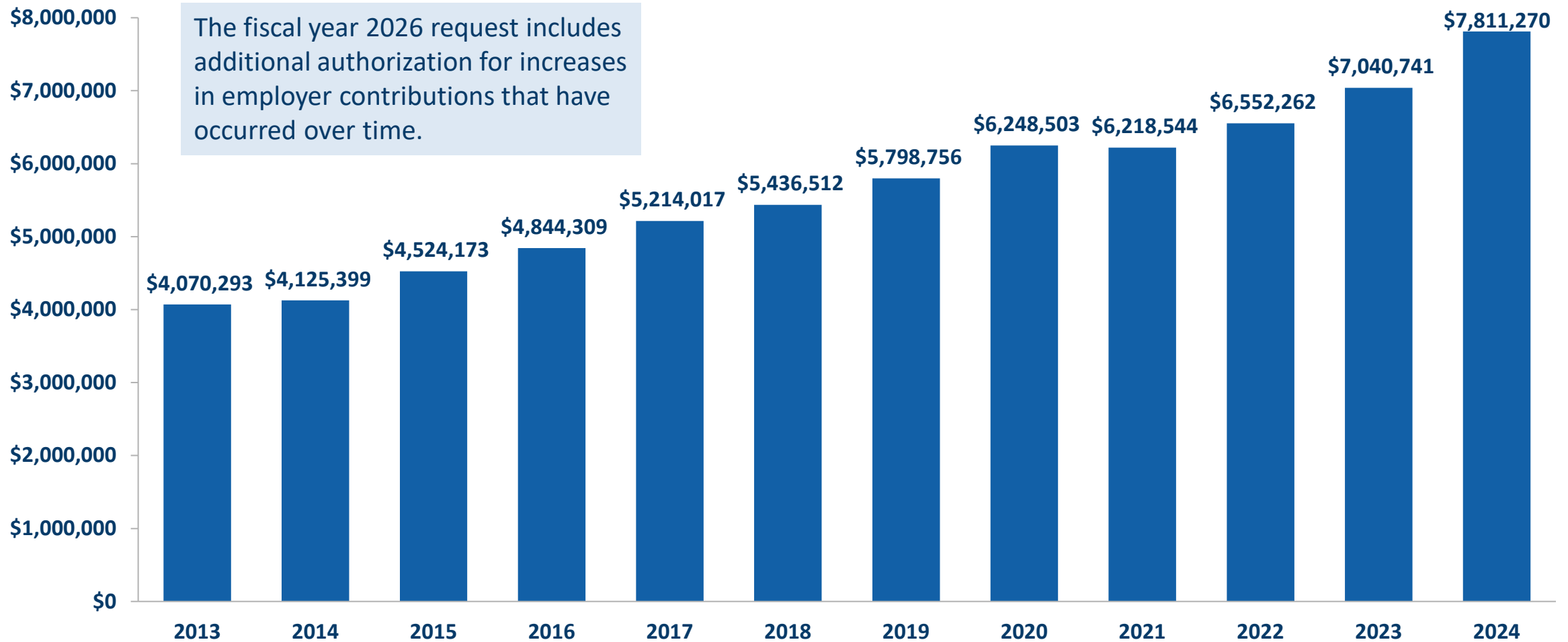
	Authorized budget					FY 2026 request
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	
Trust Funds						
Personal services	\$16,558,789	\$16,558,789	\$16,558,789	\$17,221,140.56	\$18,349,540	\$18,349,540
Other operating	\$8,948,509	\$8,025,601	\$8,025,601	\$7,363,249.44	\$5,991,411	\$5,991,411
Adoption assistance	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Employer contributions	\$6,222,793	\$7,145,701	\$7,145,701	\$7,145,701	\$7,389,140	\$11,389,140
New IT system project	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Subtotal	\$42,030,091	\$42,030,091	\$42,030,091	\$42,030,091	\$42,030,091	\$46,030,091
General Funds¹	\$112,368,739	\$112,368,739	\$112,368,739	\$112,368,739	\$112,368,739	\$112,368,739
Total	\$154,398,830	\$154,398,830	\$154,398,830	\$154,398,830	\$154,398,830	\$158,398,830

¹Details on Slide 12.

FY 2025 statewide employer contributions

	FY 2025 authorized	FY 2026 request
Statewide employer contributions		
Ret Supp - State Employee	\$233,258	\$233,258
Ret-Supp - Public School Employee	\$199,855	\$199,855
Ret - Police Insurance & Annuity Fund	\$960	\$960
Ret Supp - Police Officer	\$17,506	\$17,506
Pension - Ret National Guard ¹	\$5,289,727	\$5,289,727
OPEB Trust Fund Pymt	\$2,375,300	\$2,375,300
Subtotal	\$8,116,606	\$8,116,606
SCRS Trust Fund	\$88,230,143	\$88,230,143
PORS Trust Fund	\$13,121,990	\$13,121,990
JSRS Trust Fund	\$2,900,000	\$2,900,000
Subtotal	\$104,252,133	\$104,252,133
Total pass through funds	\$112,368,739	\$112,368,739

Actual employer contributions by fiscal year



History of approved budget authorizations

- PEBA operations are funded by Trust Funds (insurance and retirement), not General Funds.
- Approved authorization for FY 2013 and FY 2014 totaled \$31,330,091.
- Additional \$700,000 was added in FY 2015 for fiduciary audit and remained as part of the approved authorizations for FY 2016 through FY 2025; total authorization was \$32,030,091 for operations.
- Other than fiduciary audit addition, there have been no increases in approved authorization for operations from FY 2012 through the budget request for FY 2025.
- Additional budget authorization of \$10 million of recurring funds for PEBA's IT modernization project, PEBA:Connect, was approved in FY 2018 through FY 2025. The funds remain in the FY 2026 request.

General Funds appropriation

- PEBA's General Fund appropriations are pass through appropriations only. They are not used for PEBA's operating expenses.
- General Funds for statewide employer contributions were added for FY 2016, with termination of the Budget and Control Board and as part of Act 121 of the 2014 restructuring.
- Pass through funds for the SCRS Trust Fund and PORS Trust Fund equal to 1% of the employer contribution increase were added as recurring funds in FY 2018.
- Pass through funds for the JSRS Trust Fund equal to \$2.9 million were added as recurring funds in FY 2020 to provide additional stabilization to the JSRS plan.

History of approved budget authorizations

- The Investment Commission invests retirement systems assets to help fund the system over time; the State Treasurer's Office invests the insurance assets.
- PEBA does not set aside a budget in a separate account for deferred maintenance.
- To maximize investment income, money is left in Trust Funds until needed for operational expenses.
- The Investment Commission is also funded by the Retirement Trust Funds.

PEBA:Connect project funding and personnel plan

- The PEBA:Connect project will be a multi-year endeavor to update aging information systems.
- Significant PEBA resources and personnel are dedicated and committed to the project.
- Client services vendor is assisting PEBA staff to ensure operational needs are met.
- Data conversion vendor is working to cleanse operational data for the new system.
- Awarded contract to benefits administration system vendor and implementation of PEBA:Connect project began in February 2021.

State Health Plan budget requirements for FY 2026

Base requirements (State \$)	Continuation of 2025 plan (3.9% increase in total contribution rate)	
<p>Annualization of 2025 11.8% employer only rate increase</p> <p>\$75.862 M</p>	<p>OPTION 1: Employer and enrollee share increase proportionally</p> <p>State \$29.166 M (3.9% increase)</p> <p>Enrollee \$5.92 per subscriber per month (3.9% increase)</p>	
<p>Projected net retiree enrollment growth for FY26</p> <p>\$1.579 M</p>	<p>OPTION 2: Employer only increase</p> <p>State \$34.794 M (4.6% increase)</p> <p>Enrollee \$0.00 per subscriber per month (0% increase)</p> <p>Total requirements \$112.234 M¹</p>	
<p>Total base requirements</p> <p>\$77.440 M</p>	<p>Total requirements</p> <p>\$106.607 M¹</p>	

¹State money includes amounts for annualization of 2025 rate increase for January to June 2025 (\$75.862 million) and estimated retiree enrollment growth (\$1.579 million).

Historical State Plan increases and funding

Plan year	Employee increase	Employer increase	Overall increase	Plan design changes
2016	0	4.5%	3.4%	Reduce patient cost share for services at PCMHs
2017	0	0.8%	0.6%	
2018	0	3.3%	2.5%	
2019	0	7.4%	5.7%	Added adult well visit coverage; increased copayments, deductible and coinsurance maximum
2020	0	0	0	
2021	0	0	0	
2022	0	0.8%	0.6%	
2023	0	18.1%	14.2%	Expanded adult well visit coverage; increased copayments, deductibles, coinsurance maximum
2024	0	3.7%	3.0%	Added well woman visit coverage; added birth control coverage for dependent children
2025	0	11.8%	9.7%	Repealed PCMH patient cost share incentive

2025 Composite monthly premiums¹

	Employer	Employee	Total
State Health Plan	\$792.37	\$159.31	\$951.68
South²	\$926.91	\$209.95	\$1,136.86
State Health Plan as a percentage of South	85.5%	75.9%	83.7%
United States	\$1,145.80	\$199.25	\$1,345.05
State Health Plan as a percentage of U.S.	69.2%	80.0%	70.8%

Survey uses most prevalent plan among state employee options for analysis.

¹Composite monthly premiums: Weighted average of all PEBA health subscribers enrolled in each coverage level

²South includes Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

Data from the 2025 PEBA 50-State Survey of State Employee Health Plans

SCRS contribution schedule set by Retirement System Funding and Administration Act of 2017

Fiscal year	Original scheduled employer contribution	Amended employer contribution	Employee contribution	Maximum amortization period	Actual amortization period
2017	11.56%	11.56%	8.66%	30 years	24 years
2018	13.56%	13.56%	9.00%	30 years	22 years
2019	14.56%	14.56%	9.00%	29 years	23 years
2020	15.56%	15.56%	9.00%	28 years	20 years
2021	16.56%	15.56%	9.00%	27 years	20 years
2022	17.56%	16.56%	9.00%	26 years	17 years
2023	18.56%	17.56%	9.00%	25 years	16 years
2024	18.56%	18.56%	9.00%	24 years	14 years
2028	18.56%		9.00%	20 years	

Rates include incidental death benefit contributions when applicable.

The General Assembly suspended the statutory employer contribution rate increase for fiscal year 2021. The scheduled increases were resumed the following year.

PORS contribution schedule set by Retirement System Funding and Administration Act of 2017

Fiscal year	Original scheduled employer contribution	Amended employer contribution	Employee contribution	Maximum amortization period	Actual amortization period
2017	14.24%	14.24%	9.24%	30 years	23 years
2018	16.24%	16.24%	9.75%	30 years	20 years
2019	17.24%	17.24%	9.75%	29 years	20 years
2020	18.24%	18.24%	9.75%	28 years	18 years
2021	19.24%	18.24%	9.75%	27 years	19 years
2022	20.24%	19.24%	9.75%	26 years	16 years
2023	21.24%	20.24%	9.75%	25 years	16 years
2024	21.24%	21.24%	9.75%	24 years	13 years
2028	21.24%		9.75%	20 years	

Rates include incidental death benefit and Accidental Death Program contributions when applicable.

The General Assembly suspended the statutory employer contribution rate increase for fiscal year 2021. The scheduled increases were resumed the following year.

Proviso requests

- **106.1 (SEB: SCRS & PORS Allocation)** The funds appropriated in the current fiscal year for SCRS Employer Contributions and PORS Employer Contributions shall be allocated to state agencies and school districts by the Department of Administration, Executive Budget Office for SCRS and PORS rate increases.
- **108.1 (PEBA: Lottery, Infrastructure Bank, and Magistrates Health Insurance)** South Carolina Lottery Commissioners and South Carolina Transportation Infrastructure Bank Board members and their eligible dependents are eligible to participate in the State Health and Dental Insurance Plan, upon paying the full premium costs as determined by the Public Employee Benefit Authority. If a county is participating in the State Health and Dental Insurance Plan, magistrates and their eligible dependents are eligible to participate in the State Health and Dental Insurance Plan, upon the magistrate paying the full premium costs as determined by the Public Employee Benefit Authority.

Proviso request

- **108.2 (PEBA: Adoption Assistance Program)** The Employee Adoption Assistance Program is established to provide grants to eligible employees to assist them with the direct costs of adoption. The program shall be an employee benefit through the Public Employee Benefit Authority (PEBA) and shall be funded from the appropriation for the State Health Plan as provided in this act. Total funding for the Adoption Program shall not exceed the amount authorized by the General Assembly in the annual appropriations act. Employees are eligible for the Adoption Program if they participate in PEBA insurance benefits, have adopted a child during the prior fiscal year, apply for the grant during the annual application period, and meet any other Adoption Program criteria. The application period shall be July first through September thirtieth of the current fiscal year for an adoption in the prior fiscal year. The maximum grant amounts shall be \$10,000 in the case of the adoption of a special needs child and \$5,000 for all other child adoptions. Should the total amount needed to fund grants at the maximum level exceed the amount authorized, the amount of a grant to an eligible employee shall be determined by dividing the authorized amount evenly among qualified program applicants, with the adoption of a special needs child qualifying for two times the benefit of a non-special needs child.

Proviso request

- **108.3 (PEBA: Health Plan Tobacco User Differential)** For health plans adopted under the authority of Section 1-11-710 of the 1976 Code by the Public Employee Benefit Authority during the current fiscal year, the board is authorized to differentiate between tobacco or e-cigarette users and nonusers regarding rates charged to enrollees in its health plans by imposing a surcharge on enrollee rates based upon tobacco or e-cigarette use. The surcharge for tobacco or e-cigarette use may not exceed \$40 per month per subscriber or \$60 per month per subscriber and dependent(s).

Proviso request

- **108.4 (PEBA: Funding Abortions Prohibited)** No funds appropriated for employer contributions to the State Health Insurance Plan may be expended to reimburse the expenses of an abortion, except in cases of rape, incest or where the mother's medical condition is one which, on the basis of the physician's good faith judgment, so complicates the pregnancy as to necessitate an immediate abortion to avert the risk of her death or for which a delay will create serious risk of substantial and irreversible impairment of major bodily function, and the State Health Plan may not offer coverage for abortion services, including ancillary services provided contemporaneously with abortion services. The Public Employee Benefit Authority must determine the amount of the total premium paid for health coverage necessary to cover the risks associated with reimbursing participants in the plan for obtaining an abortion in the circumstances covered by this provision. The determination must be based on actuarial data and empirical study in the same manner and by the same method that other risks are adjusted for in similar circumstances. The plan must report this determination annually to the respective Chairmen of the Senate Finance Committee and the House Ways and Means Committee.

Proviso request

- **108.5 (PEBA: TRICARE Supplement Policy)** The Public Employee Benefit Authority (PEBA) shall offer a group TRICARE Supplement policy or policies to its TRICARE-eligible subscribers through its flexible benefits program to provide that subscribers may pay premiums for such policies on a pretax basis, in accordance with federal law and regulations. PEBA may charge TRICARE Supplement subscribers an amount not to exceed \$2 per subscriber per month for any associated administrative costs.

Proviso requests

- **108.6 (PEBA: State Health Plan)** Of the funds authorized for the State Health Plan pursuant to Section 1-11-710(A)(2) of the 1976 Code, an employer premium increase of 11.8 percent and a subscriber premium increase of zero percent will result for the standard State Health Plan for Plan Year 2025. Notwithstanding the foregoing, pursuant to Section 1-11-710(A)(3), the Public Employee Benefit Authority may adjust the plan, benefits, or contributions of the State Health Plan during Plan Year 2025 to ensure the fiscal stability of the Plan.
- **108.7 (PEBA: Exempt National Guard Pension Fund)** In the calculation of any across-the-board cut mandated by the Executive Budget Office or General Assembly, the amount of the appropriation for the National Guard Pension Fund shall be excluded.

This proviso needs to conform to dollars and be updated for FY 2026.

Proviso requests

- **108.8 (PEBA: Inactive SCRS Account Transfer)**
A current employee or teacher who is an active participant in the State Optional Retirement Program but who has an inactive account in the South Carolina Retirement Program due to previous service in that system, shall be allowed to transfer previous contributions to the employee's or teacher's active State Optional Retirement Program account.
- **108.9 (PEBA: Network Pharmacy Publications)** All pharmacy publications or lists must include independent retail pharmacies. Abridged pharmacy lists are prohibited.

Proviso request

- **108.10 (PEBA: Former Spouses on the State Health Plan)** For the Plan Year beginning in January of the current fiscal year, the State Health Plan shall cover a subscriber's former spouse, who is eligible to be covered pursuant to a court order, on the former spouse's own individual policy and at the full amount of the premium for the coverage elected, with such rates, billing, and other administrative policies to be determined by the Public Employee Benefit Authority. The former spouses may only elect such health, dental, and vision coverage as required by the court order. The former spouse's individual coverage may continue under the State Health Plan as long as authorized under the court order and the subscriber remains a participant in the State Health Plan. This proviso does not affect a subscriber's ability to cover a current spouse on an employee/retiree and spouse or full family policy when the subscriber's former spouse is covered on a separate policy.

Proviso request

- **108.11 (PEBA: Non-State Agency Furloughs)** For the current fiscal year, a participating employer in the South Carolina Retirement System or Police Officers Retirement System that is not a state agency or institution of higher learning may make employee and employer contributions for a period of not more than ninety working days during a furlough program that was implemented as a result of and took place during the COVID-19 Public Health Emergency and if the terms of the furlough program are consistent with the requirements for an approved mandatory furlough program established by a state agency or institution of higher learning under state law. The participating employer shall make such contributions in order to ensure that a furloughed employee's retirement benefits are not interrupted as a result of the furlough, and the period for which such contributions are made will not be considered a break in consecutive employment.

Proviso requests

- **108.12 (PEBA: South Carolina Retiree Health Insurance Trust Fund)** The provisions of Section 1-11-705(I)(2) are suspended for Fiscal Year 2024-25, and, notwithstanding any other provision of law, during Fiscal Year 2024-25, funds that would otherwise have been transferred to the South Carolina Retiree Health Insurance Trust Fund from the operating account for the State's employee health insurance program pursuant to Section 1-11-705(I)(2) may remain in the operating account for the State's employee health insurance program.
- **108.13 (PEBA: Fiduciary Audit)** For Fiscal Year 2024-25, Section 9-4-40, relating to solicitation of the bid for the fiduciary audit, is suspended.

This proviso needs to conform to dollars and be updated for FY 2026.

Proviso request

- **108.14 (PEBA: PORS and SCRS Return to Work)** (A) For compensation earnings during the current fiscal year, the earnings limitation does not apply if a member of the Police Officer Retirement System has not been engaged to perform services for a participating employer in the system or any other system provided in Title 9 for compensation in any capacity, whether as an employee, independent contractor, leased employee, joint employee, or other classification of worker, for a period of at least twelve consecutive months subsequent to retirement. The exemption provided under this provision does not apply unless the member first certifies to the system that he satisfies the requirements for the exemption. If a member inaccurately certifies that he satisfies the requirements for the exemption provided in this provision, the member is responsible for reimbursing the system for any benefits wrongly paid to the member.

(B) For compensation earnings during the current fiscal year, the earnings limitation does not apply if a member of the South Carolina Retirement System has not been engaged to perform services for a participating employer in the system or any other system provided in Title 9 for compensation in any capacity, whether as an employee, independent contractor, leased employee, joint employee, or other classification of worker, for a period of at least twelve consecutive months subsequent to retirement. The exemption provided under this provision does not apply unless the member first certifies to the system that he satisfies the requirements for the exemption. If a member inaccurately certifies that he satisfies the requirements for the exemption provided in this provision, the member is responsible for reimbursing the system for any benefits wrongly paid to the member.

Proviso requests

- **108.15 (PEBA: PORS Return to Work)** If a member of the Police Officer Retirement System chooses to engage in the Return to Work program, their twelve month period spent not engaging in officer duties shall not cause a member to lose their license or be unable to perform the duties of a police officer. Officers participating in the Return to Work program shall be required to meet continuous training and education requirements of the South Carolina Law Enforcement Academy.
- **108.16 (PEBA: Employer Contribution Requirement)** A retired member who has been restored to active employment by appointment of the Governor and whose compensation in that employment is subject to Section 8-11-160 shall be considered eligible for the provisions of Section 9-1-1590 if the member continues in such service for a period of at least thirty-six consecutive months at an annual compensation equal to or greater than seventy-five percent of his average final compensation at retirement.

Proviso request

- **117.115 (GP: SCRS & PORS Trust Fund)** Unless otherwise provided in Paragraphs A through D of this provision, the funds appropriated to the Public Employee Benefit Authority (PEBA) for the South Carolina Retirement System Trust Fund and the Police Officers' Retirement System Trust Fund in Part IA, Section 108 of this act shall be credited toward the contributions due from participating employers in SCRS and PORS for Fiscal Year 2024-25. Each employer's credit shall be determined at the same rate as calculated by PEBA for the pension funding allocation credit for Fiscal Year 2017-18. A participating employer shall not receive a credit that exceeds the employer contributions due from the employer.

(A) From the funds available for allocation pursuant to this provision, no credits shall be issued for covered employees of special purpose districts, joint authorities, or non-profit corporations; however, this provision does not apply to the South Carolina State Ports Authority and the South Carolina Public Service Authority.

(B) From the funds available for allocation pursuant to this provision, no credits shall be issued for covered employees of hospitals; however this provision does not apply to the Medical University Hospital Authority.

(C) From the funds available for allocation pursuant to this provision, no credits shall be issued for covered employees of participating associations or service organizations as defined in Section 9-1-10(11)(e) of the 1976 Code.

(D) From the funds available for allocation pursuant to this provision, no credits shall be issued for state employees who are funded with federal funds. The Public Employee Benefits Authority shall collaborate with the Department of Administration, Executive Budget Office and the Revenue and Fiscal Affairs Office to determine the amount of credit exclusion for federally-funded employees of state agencies.

This proviso needs to conform to dollars and be updated for FY 2026.

Proviso requests

- **117.116 (GP: Retirement System Assets and Custodial Banking Relationship Transfer)** In order to facilitate the transfer of custodianship of the assets of the Retirement System to the Public Employee Benefit Authority and governance of the custodial banking relationship to the Retirement System Investment Commission, all portions of contracts, agreements, and exemptions from the Consolidated Procurement Code providing for and relating to custodial banking, general banking, accounting, or any other ancillary services are transferred to, and devolved upon, the Public Employee Benefit Authority and the Retirement System Investment Commission in accordance with the authority transferred to the respective agency.
- **117.126 (GP: School Resource Officer Critical Needs)** Any Class 1 law enforcement officer who retired under the Police Officers Retirement System on or before December 31, 2022, may return to employment with a public school district as a critical needs School Resource Officer without affecting the monthly retirement allowance that they are receiving from the Police Officers Retirement System. The Law Enforcement Training Council must develop guidelines and curriculum for these officers to be recertified and must not require recertification through basic training for those that have been inactive for a year or more.

Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.