**A** **BILL**

TO AMEND SECTIONS 9‑1‑1510, 9‑1‑1515, 9‑1‑1550, 9‑1‑1660, 9‑1‑1770, AND 9‑1‑1850, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO RETIREMENT AND EARLY RETIREMENT, CALCULATION OF RETIREMENT BENEFITS, SURVIVORS’ ANNUITIES, DEATH BENEFITS, AND SERVICE PURCHASE FOR PURPOSES OF THE SOUTH CAROLINA RETIREMENT SYSTEM, TO INCREASE FROM TWENTY‑EIGHT TO THIRTY YEARS THE SERVICE CREDIT REQUIRED FOR A NON‑VESTED MEMBER OF THAT SYSTEM, ON THE DATE THIS ACT TAKES EFFECT, TO RETIRE AT ANY AGE WITHOUT A REDUCTION IN BENEFITS, AND TO MAKE THE APPROPRIATE CONFORMING AMENDMENTS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 9‑1‑1510(2) of the 1976 Code is amended to read:

“(2) attained the age of sixty years or has ~~twenty‑eight~~ thirty or more years of creditable service; and”

SECTION 2. Section 9‑1‑1515 of the 1976 Code is amended to read:

“Section 9‑1‑1515. (A) In addition to other types of retirement provided by this chapter, a member may elect early retirement if the member:

(1) has five or more years of earned service;

(2) has attained the age of fifty‑five years;

(3) has at least twenty‑five years of creditable service; and

(4) has separated from service.

A member electing early retirement shall apply in the manner provided in Section 9‑1‑1510.

(B) The benefits for a member electing early retirement under this section must be calculated in the manner provided in Section 9‑1‑1550, except that in lieu of any other reduction factor, the member’s early retirement allowance is reduced by four percent a year, prorated for periods less than one year, for each year of creditable service less than ~~twenty‑eight~~ thirty.

(C) A member who elects early retirement under this section is ineligible to receive any cost‑of‑living increase provided by law to retirees until the second July first after the date the member attains age sixty; or the second July first after the date the member would have ~~twenty‑eight~~ thirty years’ creditable service had he not retired, whichever is earlier.

(D)(1) Except as provided in item (2) of this subsection, a member who elects early retirement under this section is not covered by the State Insurance Benefits Plan until the earlier of:

(a) the date the member attains age sixty, or

(b) the date the member would have ~~twenty‑eight~~ thirty years’ creditable service had he not retired.

(2) A member taking early retirement may maintain coverage under the State Insurance Benefits Plan until the date his coverage is reinstated pursuant to item (1) of this subsection by paying the total premium cost, including the employer’s contribution, in the manner provided by the Division of Insurance Services of the State Budget and Control Board.”

SECTION 3. Section 9‑1‑1550 of the 1976 Code is amended to read:

“Section 9‑1‑1550. (A) Upon retirement from service on or after July 1, 1964, a Class One member shall receive a service retirement allowance, which shall consist of:

(1) an employee annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(2) an employer annuity equal to the employee annuity allowable at the age of sixty‑five years or at age of retirement, whichever is less, computed on the basis of contributions made prior to the age of sixty‑five years; and

(3) if he has a prior service certificate in full force and effect, an additional employer annuity which must be equal to the employee annuity which would have been provided at age sixty‑five or at age of retirement, whichever is less, by twice the contributions which he would have made during his entire period of prior service had the system been in operation and had he contributed thereunder during such entire period.

Upon retirement from service after ~~December 31, 2000~~ June 30, 2009, a Class One member shall receive a service retirement allowance computed as follows: If the member’s service retirement date occurs on or after his sixty‑fifth birthday, or after he has completed ~~twenty‑eight~~ thirty or more years of creditable service, the allowance must be equal to one and forty‑five hundredths percent of his average final compensation multiplied by the number of years of his creditable service.

If the member’s service retirement date occurs before his sixty‑fifth birthday and before he completes ~~twenty‑eight~~ thirty years of creditable service, his service retirement allowance is computed as above, but is reduced by five‑twelfths of one percent thereof for each month by which his retirement date precedes the first day of the month, prorated for periods less than a month, coincident with or next following his sixty‑fifth birthday.

Notwithstanding the foregoing provisions, any Class One member who retires on or after July 1, 1976, shall receive not less than the benefit provided under the formula in effect before July 1, 1976.

(B) Upon retirement from service after ~~December 31, 2000~~ June 30, 2009, a Class Two member shall receive a service retirement allowance computed as follows:

(1) If the member’s service retirement date occurs on or after his sixty‑fifth birthday or after he has completed ~~twenty‑eight~~ thirty or more years of creditable service, the allowance must be equal to one and eighty‑two hundredths percent of his average final compensation, multiplied by the number of years of his creditable service.

(2) If the member’s service retirement date occurs before his sixty‑fifth birthday and before he completes the ~~twenty‑eight~~ thirty years of creditable service, his service retirement allowance is computed as in item (1) above but is reduced by five‑twelfths of one percent thereof for each month, prorated for periods less than a month, by which his retirement date precedes the first day of the month coincident with or next following his sixty‑fifth birthday.

(3) Notwithstanding the foregoing provisions, a Class Two member whose creditable service began before July 1, 1964, shall receive not less than the benefit provided by subsection (A) of this section.”

SECTION 4. Section 9‑1‑1660(A)(3) of the 1976 Code is amended to read:

“(3) has either attained the age of sixty years or has accumulated fifteen years or more of creditable service, elect to receive in lieu of the accumulated contributions an allowance for life in the same amount as if the deceased member had retired at the time of the member’s death and had named the person as beneficiary under an election of Option B of Section 9‑1‑1620(A). For purposes of the benefit calculation, a member under age sixty with less than ~~twenty‑eight~~ thirty years’ credit is assumed to be sixty years of age.”

SECTION 5. Section 9‑1‑1770(E) of the 1976 Code is amended to read:

“(E) Upon the death of a retired member ~~who is not a retired contributing member~~ after ~~December 31, 2000~~ June 30, 2009, there must be paid to the designated beneficiary or beneficiaries, if living at the time of the retired member’s death, otherwise to the retired member’s estate, a life insurance benefit of two thousand dollars if the retired member had ten years of creditable service but less than twenty years, four thousand dollars if the retired member had twenty years of creditable service but less than ~~twenty‑eight~~ thirty, and six thousand dollars if the retired member had at least ~~twenty‑eight~~ thirty years of creditable service at the time of retirement, if the retired member’s most recent employer, before the member’s retirement, is covered by the Group Life Insurance Program.”

SECTION 6. Section 9‑1‑1850 of the 1976 Code is amended to read:

“Section 9‑1‑1850. A member who has at least twenty‑five years of creditable service may elect to receive up to ~~three~~ five years of additional service credit as though the additional service credit were rendered by the member as an employee or member upon paying into the member’s retirement system, during the ensuing number of years the member wishes to purchase in the manner the Comptroller General shall direct, the employer and employee contributions that would be due for the position that the member presently holds at the salary level in effect during those years. If the position is consolidated or eliminated after the member’s retirement, the member shall pay the employer and employee contributions during the remaining required years at a level equal to what these contributions were for the position before its consolidation or elimination. The member also shall pay the employer and employee cost for health and dental insurance in effect during the ensuing years the member wishes to purchase. The additional service credit qualifies the member for retirement and the member must terminate employment within ninety days after electing the option provided by this section. The salary level of the position the member presently holds, during the ensuing years the member pays the employer and employee contributions, is attributable to the member for purposes of determining the member’s average final compensation.

The retirement benefits of the member shall not commence until the time benefits would have been paid when the member had completed ~~twenty‑eight~~ thirty years of service.

The option allowed by this section cannot be exercised if the member has purchased nonqualified service pursuant to Section 9‑1‑1140(E).”

SECTION 7. This act takes effect upon approval by the Governor and applies with respect to applications for retirement filed with the South Carolina Retirement System after June 30, 2009, by members with less than five years of earned service on the date this act takes effect, and in the case of Section 9‑1‑1770 of the 1976 Code, as amended in this act, for retired members of the South Carolina Retirement System with less than five years of earned service on the date this act takes effect, dying after June 30, 2009.

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