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Indicates New Matter

INTRODUCED

February 7, 2018

**H. 4869**

Introduced by Rep. G.M. Smith

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Read the first time February 7, 2018.

**A** **BILL**

TO AMEND SECTIONS 9‑1‑1650, 9‑9‑70, 9‑9‑100, 9‑11‑110, ALL AS AMENDED, AND 9‑11‑170, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO CERTAIN AMOUNTS TO BE PAID UPON TERMINATION OF EMPLOYMENT, OPTIONAL FORMS OF ALLOWANCE, CERTAIN PAYMENTS ON DEATH OF A MEMBER OR BENEFICIARY, CERTAIN LUMP PAYMENTS TO BE PAID IN THE EVENT OF DEATH, AND THE SUPPLEMENTAL ALLOWANCE PROGRAM, RESPECTIVELY, SO AS TO REMOVE CERTAIN NOTARIZATION REQUIREMENTS.

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

SECTION 1. The first undesignated paragraph of Section 9‑1‑1650 of the 1976 Code, as last amended by Act 278 of 2012, is further amended to read:

“If a member ceases to be a teacher or employee except by death or retirement, the member must be paid within six months after the member’s demand for payment, but not less than ninety days after ceasing to be a teacher or employee, the sum of the member’s contributions and the accumulated regular interest on the contributions. If the member has five or more years of earned service or eight or more years of such service for a Class Three member, and before the time the member’s membership would otherwise terminate, elects to leave these contributions in the system, the member, unless these contributions are paid to him as provided by this section before the attainment of age sixty, remains a member of the system and is entitled to receive a deferred retirement allowance beginning at age sixty computed as a service retirement allowance in accordance with Section 9‑1‑1550(A) or (B) for Class One and Class Two members and Section 9‑1‑1550(C) for Class Three members. The employee annuity must be the actuarial equivalent at age sixty of the member’s contributions with the interest credits on the contributions, if any, as allowed by the board. If a member dies before retirement, the amount of the member’s accumulated contributions must be paid to the member’s estate or to the person the member nominated by written designation~~, duly acknowledged and~~ filed with the board.”

SECTION 2. Section 9‑9‑70 (A) and (B) of the 1976 Code, as last amended by Act 311 of 2008, is further amended to read:

“(A) Until the first payment on account of a retirement allowance becomes normally due, any member or beneficiary may elect, by filing with the system, to convert the retirement allowance otherwise payable on his account after retirement into a retirement allowance of equivalent actuarial value under one of the optional forms named below, the retirement allowance under the option selected being due and payable on the date of retirement:

Option 1. A reduced retirement allowance payable during the retired member’s life, with the provision that it continues after his death to and for the life of the beneficiary, or the trustee of the beneficiary nominated by him by written designation ~~duly acknowledged and~~ filed with the board at the time of retirement if the person survives him. Any retirement allowance payable under this option, except an allowance for disability retirement pursuant to Section 9‑9‑65, shall be subject to the incidental death benefit limitation upon the payment of survivorship benefits to a nonspouse beneficiary under Section 401(a)(9)(G) of the Internal Revenue Code and Treasury Regulation Section 1.401(a)(9)‑6, Q&A‑2;

Option 2. A reduced retirement allowance payable during the retired member’s life, with the provision that it continues after his death at one‑half the rate paid to him to and for the life of the beneficiary or the trustee of the beneficiary nominated by him by written designation ~~duly acknowledged and~~ filed with the board at the time of retirement, if the person survives him;

Option 3. A member may elect either Option 1 or 2 with the added provision that, if the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary’s death must be equal to the retirement allowance which would have been payable had the member not elected the option;

Option 4. A member may elect Option 1 or 2 with the added provision that the reduced retirement allowance after his death is payable in equal shares to and for the life of each of two or more beneficiaries, or to the trustee or trustees of the beneficiaries, for so long as each beneficiary survives him. The benefit reduction factor must be based on the average age of the beneficiaries.

(B) A member having elected Option 1, 2, or 3 and nominated his spouse to receive a retirement allowance upon the member’s death may revoke the prior nomination and elect a new option only after the death of his spouse, a divorce, or other change in the member’s marital status. This change may be accomplished only by filing with the system:

(1) the form prescribed by the system, appropriately completed~~,~~ and signed by the member ~~and notarized~~, that simultaneously both revokes the prior nomination and elects a new option and contains such other information as the system requires; or

(2) a writing signed by the member ~~and notarized~~ that makes the same revocation and election and contains the identical information required by the prescribed form. The revocation and election of a new option is effective on the first day of the month in which the new option is elected. The retirement allowance payable following the election of a new option allowed by this paragraph must be computed upon the actuarial equivalent of the retirement allowance in effect immediately before the effective date of the new option. The revocation of the prior nomination and the election of a new option after the death of the member’s spouse must be made before the first anniversary of the death of the spouse.”

SECTION 3. Section 9‑9‑100(2) of the 1976 Code is amended to read:

“(2) Upon the death of a retired member a lump sum amount must be paid to the person he has last nominated by written designation~~, duly acknowledged and~~ filed with the board, otherwise to his estate. The lump sum must be equal to the excess, if any, of his total accumulated contributions at the time his allowance commenced over the sum of the retirement allowance payments made to him, and to his designated beneficiary under Options 1, 2, and 3 of Section 9‑9‑70, during their lifetimes.”

SECTION 4. Section 9‑11‑110(1) of the 1976 Code is amended to read:

“(1) Upon the death of any member prior to retirement, a lump‑sum amount shall be paid to such person as he shall have nominated by written designation~~, duly acknowledged and~~ filed with the Board, otherwise to his estate. If the member is in service at the time of his death, such lump‑sum amount shall be equal to the sum of (a) and (b) below:

(a) His accumulated contributions, excluding any additional contributions, or one thousand dollars, whichever is greater; and

(b) His accumulated additional contributions. If the member is not in service at the time of his death, such lump‑sum amount shall be the amount of his accumulated contributions.”

SECTION 5. Section 9‑11‑170(5) and (6) of the 1976 Code is amended to read:

“(5) Upon the death of a member prior to his retirement and prior to his withdrawal of contributions on his ceasing to be a police officer under item (7) below, the amount of his accumulated supplemental contributions, if any, shall be paid to such person as he shall have nominated by written designation ~~duly acknowledged and~~ filed with the Board, otherwise to his estate.

(6) Upon the death of a beneficiary who has not elected an optional form of allowance in accordance with item (8) below, a lump-sum amount shall be paid to such person as he shall have nominated by written designation ~~duly acknowledged and~~ filed with the Board, otherwise to his estate. Such lump-sum amount shall be equal to the excess, if any, of his total accumulated supplemental contributions at the time his allowance commenced over the sum of the supplemental allowance payments made to him during his lifetime.”

SECTION 6. This act takes effect on July 1, 2018.

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