SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0119 Introduced on January 14, 2025
Subject:	Police Officer Retirement System
Requestor:	Senate Finance
RFA Analyst(s):	Tipton
Impact Date:	March 19, 2026

Fiscal Impact Summary

This bill removes the earnings limitation for Police Officers Retirement System (PORS) members who have been retired for at least 90 days before returning to covered employment.

This bill will have no expenditure impact on the Public Employee Benefit Authority (PEBA), as the agency indicates that implementing the provisions will be managed with existing staff and resources.

Based on a January 2025 actuarial report provided by PEBA, the removal of the earnings limitation for PORS retirees under the bill is expected to increase the unfunded actuarial accrued liability of PORS by $112,000,000. Should the General Assembly choose to fund this increase, this bill will result in a one-time expenditure increase of approximately $150,000,000 in FY 2026-27.

Explanation of Fiscal Impact

Introduced on January 14, 2025
State Expenditure
This bill removes the earnings limitation for PORS members who have been retired for at least 90 days to return to covered employment without any earnings limitation.

This bill will have no expenditure impact on PEBA, as implementing the provisions will be managed with existing staff and resources for the agency.

Currently, a member of PORS who retires prior to age 57, returns to employment that is covered by PORS after 30 days of separation, and earns more than $10,000 in a calendar year is subject to the discontinuation of the member's retirement benefits in that year. PEBA anticipates that allowing the return to covered employment for PORS members after 90 days without an earnings limitation will result in a higher actuarial accrued liability for PORS, since the agency anticipates that this change may increase the number of reemployed retirees and lead to more workers electing to retire at an earlier age. This will result in a higher actuarial accrued liability and increase normal cost or cost of service earned towards an active member's benefit in a given year, since a member's retirement benefit is funded over a shorter career. For the retirement systems to attain a 100 percent funded ratio at the same projected date, the amortization cost will need to increase.

Based on a January 2025 actuarial report provided by PEBA, there were approximately 1,700 PORS members who are younger than 57 and eligible to retire. While there is some uncertainty as to how the bill's requirement of 90 days of separation from employment would impact early retirement decisions compared to the current 30 days of separation requirement, PEBA anticipates that similar early retirement assumptions will apply under the bill. The actuarial report estimated that eliminating the earnings limitation would increase the unfunded actuarial accrued liability for PORS by $112,000,000. The report further indicated the necessary one-time appropriation to maintain the current funding period was $150,000,000. If the General Assembly chooses to fund this increase, this bill will result in a one-time increase in expenditures of approximately $150,000,000 in FY 2026-27.

State Revenue
N/A

Local Expenditure
N/A

Local Revenue
N/A

Frank A. Rainwater, Executive Director