**South Carolina General Assembly**

126th Session, 2025-2026

**H. 4098**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Moss, Lawson and Wooten

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Introduced in the House on February 26, 2025

Currently residing in the House Committee on **Ways and Means**

Summary: Employer and employee contribution rates under SCRS and PORS

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/26/2025 House Introduced and read first time ([House Journal‑page 12](h:\hj\20250226.docx))

2/26/2025 House Referred to Committee on **Ways and Means** ([House Journal‑page 12](h:\hj\20250226.docx))

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**VERSIONS OF THIS BILL**

[02/26/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4098_20250226.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTIONS 9‑1‑1085 AND 9‑11‑225, BOTH RELATING TO EMPLOYER AND EMPLOYEE CONTRIBUTION RATES UNDER THE SOUTH CAROLINA RETIREMENT SYSTEM AND THE POLICE OFFICERS RETIREMENT SYSTEM, RESPECTIVELY, SO AS TO PROVIDE THAT AN EMPLOYER, UP TO CERTAIN LIMITS, MAY ELECT TO PAY ALL OR A PORTION OF REQUIRED EMPLOYEE CONTRIBUTIONS DURING A FISCAL YEAR; BY AMENDING SECTIONS 9‑1‑10 AND 9‑11‑10, BOTH RELATING TO THE SOUTH CAROLINA RETIREMENT SYSTEM DEFINITIONS AND TO THE POLICE OFFICERS RETIREMENT SYSTEM DEFINITIONS, RESPECTIVELY, SO AS TO PROVIDE WHAT IS NOT EARNABLE COMPENSATION and TO PROVIDE THAT CERTAIN CONTRIBUTIONS PAID BY AN EMPLOYER ARE ACCUMULATED CONTRIBUTIONS OR AGGREGATE CONTRIBUTIONS; BY AMENDING SECTION 9‑11‑260, RELATING TO DEPOSIT OF ASSETS IN THE SYSTEM, SO AS TO PROVIDE FOR CERTAIN AMOUNTS PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS; BY AMENDING SECTIONS 9‑1‑1020, 9‑1‑1160, AND 9‑11‑210, ALL RELATING TO CONTRIBUTIONS OF MEMBERS, SO AS TO PROVIDE THAT THE EMPLOYER MAY PICK UP CERTAIN CONTRIBUTIONS IN THE AMOUNT DESIGNATED AS AN EMPLOYEE CONTRIBUTION IN CERTAIN CIRCUMSTANCES.

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

SECTION 1. Section 9‑1‑1085 of the S.C. Code is amended by adding:

(E) In lieu of the deductions from compensation required by Sections 9‑1‑1020 and 9‑1‑1160, an employer may elect, no later than July first, to pick up all or a portion of the employee contributions required by this section for the following fiscal year without a reduction or offset from its employees’ compensation. Employee contributions picked up without such reduction or offset from the employee’s compensation must be treated as employer contributions in determining federal tax treatment under Section 414(h)(2) of the United States Internal Revenue Code, but must be credited as employee contributions for the purposes of the system. An employer making the election provided by this subsection is considered to have taken formal action to provide that the contributions on behalf of its employees, although designated as employee contributions, must be paid by the employer in lieu of employee contributions. The employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The employee, however, may not be given any option of choosing to receive the contributed amount of the pick ups directly instead of having them paid by the employer to the retirement system. An employer’s election to pick up contributions without a reduction or offset from its employees’ compensation pursuant to this subsection may not be changed during the fiscal year, but may be changed for future fiscal years.

SECTION 2. Section 9‑11‑225 of the S.C. Code is amended by adding:

(E) In lieu of the deductions from compensation required by Section 9‑11‑210, an employer may elect, no later than July first, to pick up all or a portion of the employee contributions required by this section for the following fiscal year without a reduction or offset from its employees’ compensation. Employee contributions picked up without such reduction or offset from the employee’s compensation must be treated as employer contributions in determining federal tax treatment under Section 414(h)(2) of the United States Internal Revenue Code, but must be credited as employee contributions for the purposes of the system. An employer making the election provided by this subsection is considered to have taken formal action to provide that the contributions on behalf of its employees, although designated as employee contributions, must be paid by the employer in lieu of employee contributions. The employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The employee, however, may not be given any option of choosing to receive the contributed amount of the pick ups directly instead of having them paid by the employer to the retirement system. An employer’s election to pick up contributions without a reduction or offset from its employees’ compensation pursuant to this subsection may not be changed during the fiscal year, but may be changed for future fiscal years.

SECTION 3. Section 9‑1‑10(8) of the S.C. Code is amended by adding:

(c) Employee contributions picked up by an employer pursuant to Section 9‑1‑1085(E) without a reduction or offset from the member’s compensation are not earnable compensation for the purposes of the system.

SECTION 4. Section 9‑11‑10(12) of the S.C. Code is amended to read:

(12) “Compensation” means the total remuneration paid to a police officer for service rendered to an employer for his full normal working time; when compensation includes maintenance, fees and other things of value, the board shall fix the value of that part of the compensation not paid in money directly by the employer. Employee contributions picked up by an employer pursuant to Section 9‑11‑225(E) without a reduction or offset from the member’s compensation are not compensation for the purposes of the system.

SECTION 5. Section 9‑1‑10(1) of the S.C. Code is amended to read:

(1) “Accumulated contribution” means the sum of all the amounts either deducted from the compensation of a member or paid by the employer in lieu of employee contributions pursuant to Section 9‑1‑1085(E), and credited to the members member’s individual account in the employee annuity savings fund, together with regular interest on the account, as provided in Article 9 of this chapter.

SECTION 6. Section 9‑11‑10 (2) and (6) of the S.C. Code is amended to read:

(2) “Accumulated contributions” means the sum of all the amounts either deducted from the compensation of a member or paid by the employer in lieu of employee contributions pursuant to Section 9‑11‑225(E), and credited to the member’s individual account in the employee annuity savings fund, together with regular interest on the account, as provided in this chapter.

(6) “Aggregate contributions” means the sum of all the amounts either deducted from the compensation of a member or paid by the employer in lieu of employee contributions pursuant to Section 9‑11‑225(E) and credited to the member’s individual account in the system, including any amounts transferred from another fund to the system as provided in Section 9‑11‑210(6).

SECTION 7. Section 9‑11‑260(2) of the S.C. Code is amended to read:

(2) The members’ account shall be the account in which shall be held the contributions deducted from the compensation of members and amounts paid by the employer in lieu of employee contributions pursuant to Section 9‑11‑225(E), together with the interest credited thereon. Upon the retirement of a member, or upon the death of a member if an allowance is payable to his beneficiary pursuant to Section 9‑11‑130, the amount of his accumulated contributions shall be transferred to the accumulation account.

SECTION 8. Section 9‑1‑1020 of the S.C. Code is amended to read:

Section 9‑1‑1020. The employee annuity savings fund shall be the account in which shall be recorded the contributions deducted from the earnable compensation of members to provide for their employee annuities. Each employer shall cause to be deducted from the compensation of each member on each and every payroll of such employer for each and every payroll period four percent of his earnable compensation. With respect to each member who is eligible for coverage under the Social Security Act in accordance with the agreement entered into during 1955 in accordance with the provisions of Chapter 7 of this Title title; however, such deduction shall, commencing with the first day of the period of service with respect to which such agreement is effective, be at the rate of three percent of the part of his earnable compensation not in excess of four thousand eight hundred dollars, plus five percent of the part of his earnable compensation in excess of four thousand eight hundred dollars. In the case of any member so eligible and receiving compensation from two or more employers, such deductions may be adjusted under such rules as the board may establish so as to be as nearly equivalent as practicable to the deductions which would have been made had the member received all of such compensation from one employer. In determining the amount earnable by a member in a payroll period, the board may consider the rate of annual earnable compensation of such member on the first day of the payroll period as continuing throughout such payroll period and it may omit deduction from earnable compensation for any period less than a full payroll period if a teacher or employee was not a member on the first day of the payroll period.

Each employer shall certify to the board on each and every payroll or in such other manner as the board may prescribe the amounts to be deducted and such amounts shall be deducted and, when deducted, shall be credited to said employee annuity savings fund, to the individual accounts of the members from whose compensation the deductions were made.

The rates of the deductions, without regard to a member’s coverage under the Social Security Act, must be the percentage of earnable compensation as provided pursuant to Section 9‑1‑1085.

Each department and political subdivision employer shall pick up the employee contributions required by this section for all compensation paid on or after July 1, 1982, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under Section 414(h)(2) of the United States Internal Revenue Code. For this purpose, each department and political subdivision employer is deemed to have taken formal action on or before January 1, 2009, to provide that the contributions on behalf of its employees, although designated as employer employee contributions, shall be paid by the employer in lieu of employee contributions. The department and political subdivision employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The department and political subdivision employer may pick up these contributions by a reduction in the cash salary of the employee compensation or, if the employer makes an election authorized pursuant to Section 9‑1‑1085(E), it may pay the amount designated as an employee contribution without a reduction or offset from the employee’s compensation.

The employee, however, must not be given the option of choosing to receive the contributed amount of the pick ups directly instead of having them paid by the employer to the retirement system. Employee contributions picked up shall be treated for all purposes of this section in the same manner and to the extent as employee contributions made before the date picked up.

Payments for unused sick leave, single special payments at retirement, bonus and incentive‑type payments, or any other payments not considered a part of the regular salary base are not compensation for which contributions are deductible. Not including Class Three employees, contributions are deductible on up to and including forty‑five days’ termination pay for unused annual leave. If a member has received termination pay for unused annual leave on more than one occasion, contributions are deductible on up to and including forty‑five days’ termination pay for unused annual leave for each termination payment for unused annual leave received by the member. However, only an amount up to and including forty‑five days’ pay for unused annual leave from the member’s last termination payment shall be included in a member’s average final compensation calculation for other than Class Three employees.

SECTION 9. Section 9‑1‑1160(B) of the S.C. Code is amended to read:

(B) Each department and political subdivision employer shall pick up the employee contributions required by this section for all compensation paid on or after July 1, 1982, and the contributions picked up must be treated as employer contributions in determining federal tax treatment under Section 414(h)(2) of the United States Internal Revenue Code. Each department and political subdivision shall continue to withhold federal income taxes based upon these contributions until the Internal Revenue Service, or the federal courts, rule, pursuant to Section 414(h) of the United States Internal Revenue Code, that these contributions are not included as gross income of the employee until such time as they are distributed or made available. For this purpose, each employer is considered to have taken formal action to provide that the contributions on behalf of its employees, although designated as employee contributions, must be paid by the employer in lieu of employee contributions. The department and political subdivision employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The department and political subdivision employer may pick up these contributions by a reduction in the cash salary compensation of the employee or, if the employer makes an election authorized pursuant to Section 9‑1‑1085(E), it may pay the amount designated as an employee contribution without a reduction or offset from the employee’s compensation. Employee contributions picked up must be treated administered for all purposes of this section in the same manner and to the extent as employee contributions made before the date picked up.

SECTION 10. Section 9‑11‑210(11) of the S.C. Code is amended to read:

(11) Each department and political subdivision employer shall pick up the employee contributions required by this section for all compensation paid on or after July 1, 1982, and the contributions so picked up shall be treated as employer contributions in determining federal tax treatment under Section 414(h)(2) of the United States Internal Revenue Code. For this purpose, each department and political subdivision employer is deemed to have taken formal action on or before January 1, 2009, to provide that the contributions on behalf of its employees, although designated as employer contributions, shall be paid by the employer in lieu of employee contributions. The department and political subdivision employer shall pay these employee contributions from the same source of funds which is used in paying earnings to the employee. The department and political subdivision employer may pick up these contributions by a reduction in the cash salary compensation of the employee or, if the employer makes an election authorized pursuant to Section 9‑11‑225(E), it may pay the amount designated as an employee contribution without a reduction or offset from the employee’s compensation. The employee, however, must not be given the any option of choosing to receive the contributed amount of the pickups directly instead of having them paid by the employer to the retirement system. Employee contributions picked up shall be treated administered for all purposes of this section in the same manner and to the extent as employee contributions made prior to the date picked up.

SECTION 11. This act takes effect upon approval by the Governor.

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