

HR Weekly Podcast
02/25/2015

Today is February 25, 2015, and welcome to the HR weekly podcast from the State Human Resources Division. Today's topic concerns a recent decision about a lawsuit filed on August 3, 2010 by South Carolina public employees against the South Carolina Retirement System, or the SCRS.

In *Hutto v. South Carolina Retirement System*, the class action lawsuit was filed by state employees who retired after July 1, 2005, and challenged the constitutionality of the South Carolina State Retirement System Preservation and Investment Reform Act of 2005. They were also seeking repayment of retirement contributions withheld since July 1, 2005, and prevention of further collections of retirement contributions.

A provision of the revised law requires state retirees who later return to employment with the State to pay into the retirement system, making the same contributions as other State employees but without accruing extra service credit for pension benefits. Before the law reform, retired public employees could return to employment with the State and earn up to \$50,000 without giving up the entitlement to receive retirement benefits and without having to make additional contributions to the pension fund.

A South Carolina district court judge granted the SCRS's motion to dismiss on grounds of sovereign immunity on September 27, 2012. An appeal was made to the Fourth Circuit of the United States Court of Appeals by the employees. The Court of Appeals dismissed the lawsuit on December 5, 2014, stating that the pension plans and the trust holding the pension plans' assets are arms of the state government and, therefore, have sovereign immunity as arms of the State.

Thank you.