

Recurring vs Nonrecurring Pay Increase

Per the South Carolina Public Employee Benefit Authority (PEBA):

Special Payments – “Nonrecurring pay increases or single payments made at retirement, bonuses, and incentive type payments, or any other payments not considered part of the regular salary base, whether paid during employment or at retirement, are not subject to contributions”.

Salary increase impact on Horry County Schools

The administration proposes a 2% salary increase for those employees who are at the top of their respective pay scales. It should be noted that an employee at the top of the pay scale **does not** necessarily mean that they are eligible for retirement.

The estimated cost for providing a 2% salary increase would be approximately \$1.7 million. A 1% salary increase would cost approximately \$850 K. This would be a **recurring** cost for the District.

Single Payment impact on Horry County Schools

If the Board elects to grant a “one time” 2% salary payment in lieu of a 2% salary increase, the estimated cost would be approximately \$1.5 million. The savings of \$200,000 is derived from the savings on the employer retirement contribution. A “one-time” 1% salary payment in lieu of a 1% salary increase would have an estimated cost of \$750 K.

Impact Salary Increase on the Employee

The earnings are subject to retirement and would be taxed at the regular withholding rate(s). The salary increase **would** be considered in the calculation of their retirement benefits. It would establish a new salary base on which future salary increases would apply.

Impact Single Payment on the Employee

If the District includes the amount in a regular pay cycle, the earnings are **not subject** to retirement (7.5% employee contribution) and would be taxed at the regular withholding rate(s). This payment **would not** be considered in the calculation of their retirement benefits.