



JUNE 2026

UPDATE

NEWSLETTER FOR AUTHORIZED AGENTS

What is the Special Pay Plan?

The Special Pay Plan (SPP) is an additional retirement savings plan funded by an eligible employee's special or termination pay. Nationwide, the third-party administrator of the SDRS Supplemental Retirement Plan (SRP), administers the SPP.

What is special pay?

Special pay is compensation other than regular salary or wages accumulated by an employee that becomes payable as a lump-sum when the employee terminates employment. Special pay may include unused annual leave, unused sick leave, contract buyouts, retirement incentives, and all other special lump-sum payments an employee receives at termination that are eligible for contribution into the SPP.

Not offering SPP? Start now!

All SDRS-participating employers can elect to offer the SPP. If your employer would like to adopt the SPP for its employees, contact the SRP office in Pierre at 605-224-2230 for additional information and a sample resolution.

May Contributions Reports & Payments due by June 15th.

If received by the SDRS office after June 15, penalties will be assessed.



Did you know?

Special pay that an employer transfers to the SPP is not subject to Social Security/Medicare tax (FICA); no SDRS contributions are deducted from the amount transferred; and, amounts transferred are not subject to federal income tax.

Who is eligible to participate?

Three criteria must be met:

- Employees who are age 55 and older;
- Employees who are receiving special pay of \$600 or more; and
- Employees of employers who have elected to participate

Authorized Agent Training

June 24, 2026

2:30 PM (CT)

[Click here to register!](#)



The SDRS website is getting a new look! The employer drop-down menu will be going away. Please bookmark b2b.sd.gov/b2b before July 1st.