

# **Questions & Answers: Your PERS Retirement Benefits as an Oregon Public Service Retirement Plan Member**

Welcome to public employment in Oregon!

Your PERS retirement benefits are an important part of your employee compensation package.

PERS-covered employees hired on or after August 29, 2003 become Oregon Public Service Retirement Plan (OPSRP) members unless membership was previously established in PERS under Tier One (for employees first hired before January 1, 1996) or Tier Two (for employees first hired between January 1, 1996 and August 28, 2003).

OPSRP has two components: the Pension Program and the Individual Account Program (IAP).

## **What is the OPSRP Pension Program?**

The OPSRP Pension Program is funded by your employer and provides a lifetime pension. It is designed to provide approximately 45 percent of your final average salary at retirement (for a general service member with a 30-year career or a police and fire member with a 25-year career).

Final average salary is generally the average of the highest three consecutive years (or less if you were employed for less than three years) or 1/3 of total salary in the last 36 months of employment.

PERS uses a formula to determine your OPSRP Pension Program benefit at retirement: 1.5 percent (1.8 percent for police and fire members) x years of retirement credit x final average salary.

## **What is the IAP?**

The IAP is the second part of your retirement plan. Six percent of your subject salary (whether contributed by you or paid by your employer) goes into your IAP account.

Your account is credited with earnings (or losses) annually based on investment returns. IAP administrative costs are charged to member accounts. The IAP is estimated to pay approximately 15-20 percent of your **final average salary** (for a 30-year career) based on an estimated 8 percent investment return each year (estimated investment return is not guaranteed).

At retirement, your IAP dollars are paid in a lump-sum or in installments over 5, 10, 15, or 20 years, or over your expected lifetime.

## **How do I qualify for PERS membership?**

You must complete a six-month waiting period working for the same employer in a position requiring at least 600 hours of work in a calendar year.

### **What happens when I become a member?**

Contributions to the IAP begin after you qualify for membership. CitiStreet, our IAP third-party administrator, then sends you an IAP welcome letter and personal identification number (PIN) to view your IAP account activity online. There currently is no online access to view your OPSRP Pension Program service retirement credit, but that information is included on your annual member statement.

### **When do I vest in my OPSRP Pension Program and IAP accounts?**

You vest in the OPSRP Pension Program after working at least 600 hours a year in each of five calendar years. You automatically vest at age 65 even if you have worked fewer than five years.

You are automatically vested in your IAP individual account when you establish PERS membership.

### **What happens if I leave PERS-covered employment?**

If you are vested in the OPSRP Pension Program, you can withdraw from that program if the actuarial equivalent of your benefit is \$5,000 or less. If you withdraw from the Pension Program, you must also withdraw from the IAP.

### **How do I designate a beneficiary?**

If you die before you retire from the OPSRP Pension Program, your beneficiary is your spouse or a person who is required by law to be treated in the same manner as a spouse for purposes of retirement benefits. You cannot designate another person.

When you retire from the OPSRP Pension Program, if you choose a survivorship option, you may designate a beneficiary for your pension benefit. If you are married at retirement, your beneficiary is your spouse or a person who is required by law to be treated in the same manner as a spouse for purposes of retirement benefits, unless the spouse or other person consents to the designation of a different person.

If you die before you retire from the IAP, your beneficiary is your spouse or someone who is required by law to be treated in the same manner as a spouse for purposes of retirement benefits, unless the spouse or other person consents to the designation of a different person. The spouse or other person may revoke such consent at any time prior to your death.

At retirement from the IAP, if you choose to receive installment payments, you can designate any person as your beneficiary.

### **How do I keep current regarding my OPSRP Pension Program and IAP accounts?**

You will receive an annual statement in May or June for the previous year that shows the retirement credit you earned in the OPSRP Pension Program as well as the beginning balance, annual contributions, earnings, and year-end value of your IAP account.

### **What if I worked for a PERS-covered employer previously and did not withdraw my Tier One or Tier Two account?**

If you established PERS membership prior to August 29, 2003 and return to work for a

PERS-covered employer after that date, you retain your Tier One or Tier Two member account (if you return to work for a PERS-covered employer within five years or if you are vested) in addition to your IAP account. More information on the Tier One/Tier Two retirement program is available on the PERS website.

**Where can I get more information regarding PERS retirement programs?**

The PERS website is: <http://oregon.gov/PERS>.

**PERS Contact Information**

**PERS website**

<http://oregon.gov/pers>

**Public Employees Retirement System**

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