

# PERSPECTIVES

Active  
Member  
Edition

## Almost 65? Exercise caution with health insurance options

Failing to contact Social Security prior to turning age 65 or upon termination of employment if you are 65 or older could negatively impact you in the following ways:

- Add a penalty to your Medicare Part B monthly premium amount for the rest of your life.
- Delay your enrollment in Medicare Part B to a Medicare General Enrollment Period.
- Eliminate enrollment opportunities for commercial and PERS-sponsored Medicare supplemental insurance plans.
- Leave you with no health insurance coverage for more than a year.

If you are approaching age 65 and still working, researching your health insurance continuation options at retirement is a must.

Eligibility for Social Security retirement payments can occur as early as age 62. Medicare, the retiree federal health insurance program, begins at age

65 for most people. There are two basic parts to Medicare, Part A and Part B.

Medicare Part A (hospitalization insurance) is provided at no monthly cost to retirees because they paid Medicare taxes while working.

There is a monthly premium cost for Medicare Part B (medical/out-patient insurance coverage), which is a minimum of \$96.40 for 2009. This premium is usually deducted automatically from a monthly Social Security benefit.

In addition to Medicare Parts A and B, most retirees also purchase a supplemental insurance plan to provide a more comprehensive coverage package.

If you are not currently drawing a Social Security benefit; for instance, because you have delayed receiving the benefit or because you (or your spouse) are still working, you must contact your local Social Security office at least three months prior to turning age 65. If you are age 65 or older, you should contact Social Security if you terminate your employment or lose employer-sponsored health coverage. These instances and timelines also apply to your spouse, working or not.

The PERS Health Insurance Program wants to help you understand your health insurance continuation options at retirement and is available to help you navigate the process and answer your questions.

Contact the PERS Health Insurance Program at 800-768-7377, or visit its website: [www.pershealth.com](http://www.pershealth.com).

Keep in mind: when it comes to Medicare and health insurance coverage, timeliness is crucial.

### Assumed earnings rate

The PERS Board voted to keep the assumed earnings rate at 8 percent for another two years at its July 16, 2009 meeting.

The Board also approved other economic and demographic assumptions and actuarial methods from the 2008 Experience Study presented by PERS' actuary, Mercer.

The assumed earnings rate is the investment return rate (including inflation) that the PERS Fund's regular account is expected to earn over the long term and is used to establish employer contribution rates, calculate some retirement benefits, and for crediting Tier One regular accounts with annual earnings.

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# PERS program and account withdrawals: things to consider

A member who withdraws from any PERS program must withdraw from all PERS programs in which he or she participates (except Tier One/Tier Two Police and Firefighter (P&F) members who can withdraw a P&F unit account without having to withdraw other accounts).

By withdrawing your account(s), you forfeit all membership rights, service credits, and future benefits provided by PERS. If you are vested and do not withdraw from the PERS programs, you will be eligible to receive a monthly benefit for life when you reach retirement age (see accompanying table).

More information regarding vesting for the various PERS programs is available on the PERS website (<http://oregon.gov/PERS>).

Financial advisors generally recommend against withdrawing from a retirement program and forfeiting a retirement benefit if you are vested in that benefit.

## Tier One, Tier Two, and Individual Account Program (IAP) withdrawals

Your Tier One, Tier Two, or IAP account disbursement is based on your account balance at the time PERS processes your withdrawal, not the date your withdrawal application was submitted to PERS. See the PERS website for more information on how the

various accounts are credited with earnings or losses up to the time the account withdrawal is processed.

## OPSRP Pension Program withdrawals

If you are an inactive, vested OPSRP Pension Program member, you may withdraw from the OPSRP Pension Program if the actuarial equivalent of your benefit at the time of withdrawal is \$5,000 or less. The withdrawal amount will be paid to you in a lump sum.

## Information for all members

You may withdraw from Tier One, Tier Two, OPSRP Pension Program, and/or IAP if you:

- have stopped working for all PERS-covered employers and/or all control groups under a PERS-covered employer,

- are not yet eligible for PERS retirement, and
- submit a completed Member Account Withdrawal Application(s).

You must remain separated from all PERS employers for a full calendar month following the month you terminated employment with your last PERS employer. Otherwise, your withdrawal is cancelled and you must return the withdrawn amount(s).

Withdrawals do not include an employer match of dollars.

Withdrawal forms are posted on the PERS website or are available by calling Customer Service at 503-598-7377, toll free 888-320-7377.

## Retirement eligibility ages

	Tier One <sup>1</sup>	Tier Two <sup>2</sup>	OPSRP <sup>3</sup>	IAP <sup>4</sup>
General Service	58 (any age with 30 yrs service)	60 (any age with 30 yrs service)	65 (age 58 with 30 yrs service), if vested	55
Police & Fire-fighter	55 (age 50 with 25 yrs service)	55 (age 50 with 25 yrs service)	60 (age 53 with 25 yrs service), if vested	55
Early retirement <sup>5</sup>	55 (age 50 for P&F)	55 (age 50 for P&F)	55, if vested	55

1. Tier One: hired into a PERS-covered position before January 1, 1996.

2. Tier Two: hired into a PERS-covered position after December 31, 1995 and before August 28, 2003.

3. OPSRP: hired into a PERS-covered position after August 28, 2003.

4. IAP: all active PERS members have an IAP account.

5. Special retirement eligibility provisions apply to 911 Telecommunicators. Visit the PERS website for more information.

# PERS death benefits if a member passes before retirement

We tend to think we have many years to live after retirement. But what happens to your PERS account(s) if you die before retirement?

## Tier One/Tier Two

If an active (working for a PERS-covered employer) Tier One or Tier Two member dies before retirement, the designated beneficiary receives the amount in the member's account and a matching amount from employer reserves.

If an inactive (not working for a PERS-covered employer, but not retired) Tier One or Tier Two member dies within 120 days of terminating from a PERS-covered position, the designated beneficiary receives the amount in the member's account and a matching amount from employer reserves.

If an inactive member has been separated from PERS-covered employment more than 120 days at the time of death, the designated beneficiary receives the member account balance only; **no matching amount is paid out from the employer reserve.**

The death benefit is the sum of the member's account balance and the employer matching amount (if applicable) and earnings credited to the first of the month in which the member died. Once the death benefit amount is established, it is subject to earnings or losses until PERS receives a request for distribution of the benefit. A lengthy delay in notifying PERS of a member's death and/or requesting distribution of a benefit may cause significant changes in the death benefit amount based on earnings or losses during the delay.

The beneficiary can choose a monthly payment, lump-sum payment, or monthly benefit and partial lump sum, unless the member is inactive and separated from PERS-covered employment for more than 120 days. In this case, the beneficiary can only choose a monthly benefit or lump-sum payment.

## OPSRP

If a vested OPSRP Pension Program member dies before retiring, PERS pays a death benefit to the member's spouse or any other person who is constitutionally required to be treated in the same manner as a spouse for the purpose of retirement benefits. The death benefit is a pension paid for the life of the spouse or other person and is the actuarial equivalent of 50 percent of the benefit the member would have received at his/her earliest retirement age or date of death, whichever is later.

## IAP Employee Account

If a member dies before retirement, the IAP employee account balance is paid to the beneficiary in a lump-sum payment. The account is subject to earnings or losses until it is paid out.

*Perspectives* is published by the Oregon Public Employees Retirement System for the benefit of PERS/OPSRP members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters office is at **11410 SW 68th Parkway, Tigard, Oregon. Phone 503-598-PERS** or toll-free **888-320-7377**; **TTY: 503-603-7766**. Telephone hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, except holidays. PERS' Internet address is <http://oregon.gov/PERS>.

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## Online member survey

Does PERS Customer Service meet your expectations? How can we improve? Please take a short survey posted on the PERS website at: <http://oregon.gov/PERS> in the "What's News" section. The survey will be available through August 31, 2009. We will provide the results in a future issue of *Perspectives*.

# PERS Presentations: August 2009 - December 2009

Registration is required. Register through the PERS website (<http://oregon.gov/PERS>) in the Education Sessions section. All presentations are free, including the financial planning sessions. Space is limited.

## One-Year PERS Presentations

For members within *one* year of retirement

Albany	Sep. 29
Ashland/Med.	Aug. 13; Sep. 21, 24*; Oct. 26, 28*; Dec. 7
Astoria	Nov. 2
Baker City	Aug. 20
Bend	Sep. 22; Oct. 6*, 26; Dec. 3
Canyon City	Sep. 29
Coos Bay	Aug. 5; Oct. 12
Corvallis	Nov. 5
Eugene/Spfgld	Aug. 19; Sep. 16; Oct. 17*, 21; Nov. 18; Dec. 16
Grants Pass	Aug. 10
Gresham	Oct. 6, 23*; Nov. 3; Dec. 1
Hillsboro	Oct. 13; Nov. 10; Dec. 2*, 8
Klamath Falls	Oct. 28; Dec. 3
La Grande	Oct. 14
Ontario	Sep. 30
Oregon City	Aug. 18; Oct. 7*; Nov. 2
Pendleton	Aug. 17
Portland/Tigard	Aug. 10, <b>17</b> , 24; Sep. 21, 26*, 28; Oct. 5, 10*, 12, 26; Nov. 7*, <b>9</b> , <u>16</u> , 23, 30; Dec. 5*, 7, 14 (bold dates are for education staff; underlined dates are for police & firefighter staff)
Redmond	Sep. 28
Roseburg	Oct. 23
Salem	Aug. 12*, 26; Sep. 9, 19*; Oct. 7, 17*; Nov. 4, 14*; Dec. 9
The Dalles	Aug. 25

### These sessions cover:

Individual Account Program (IAP) // Retirement eligibility and retirement benefit calculations // Benefit estimate review // Retirement options // Variable account after retirement // Work after retirement provisions // Health insurance // Cost-of-living adjustments // Taxes // Retirement application forms review.

## Five-Year PERS Presentations

For members within *five* years of retirement

Albany	Aug. 13
Bend	Aug. 6*; Sep. 8; Dec. 2
Coos Bay	Aug. 5
Eugene/Spfgld	Aug. 11*, 19; Oct. 15*; Nov. 18
Gresham	Sep. 1
Hillsboro	Aug. 11; Sep. 9*
Klamath Falls	Sep. 9
La Grande	Aug. 19
Oregon City	Nov. 13
Pendleton	Oct. 12
Portland/Tigard	Aug. 22*; Sep. 14; Oct. 24*; Nov. 2; Dec 12*
Salem	Oct. 7, 8* 29*; Dec. 9*

### These sessions cover:

Individual Account Program (IAP) // Review of website benefit estimate calculator // Retirement benefit information // Work after retirement provisions.

**Visit the PERS website (<http://oregon.gov/PERS>) for other counseling sessions...**

**Early Career:** retirement benefit information for OPSRP members (hired August 29, 2003 or after).

**Mid Career:** retirement benefit information for Tier One/Tier Two members who are more than five years from retirement.

**Retirement Application Assistance Session:** a one-hour meeting with a PERS Retirement Counselor (see page 3).

Dates followed by an asterisk (\*) add financial planning information presented by PERS' education partner, VALIC. Additional topics covered at these sessions include: Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs.