

PERS Employer Outreach, Communication & Education

Welcome!

**Employer Outreach Presentation
Spring 2008**

V6 7 Apr 08

Agenda

- Upcoming EDX updates
- Reporting processes
- OPRSP basics

Upcoming EDX updates

➤ EDX 4.2.3, to be installed April 2008

- Hours (regular & overtime) must be reported with all DTL2 wage codes except:
 - 08 – Contributions/No Service
 - 06 – Negative Adjustment
 - 14 – Negative Adjustment/No Contributions
 - 16 – Negative Adjustment: USERRA wages
- Only these wage codes can be used with these DLT1 leave w/o pay (LWOP) codes:

Wage Codes:

06 Negative Adj.

14 Neg.Adj./No Contributions

08 Contributions/No Svc.

LWOP codes:

03 Family Leave

04 Career Development

06 Legislator Leave

07 Leave of Absence

09 Seasonal Leave

Upcoming EDX updates

➤ EDX Stage 2, late 2008

- “Work List” items will include:
 - Salary Breakdowns
 - Unused Sick Leave Request
 - Termination Request
 - Demographic Correction Request (DCR)
 - Employment Confirmation
 - **Requested for members within 2 years of early retirement**

Reporting processes

➤ At retirement:

- PERS: many actions in a short time
 - Verify terminations submitted
 - Verify salary information
 - Salary Certification form
 - Salary prior to 2003
 - Verify contributions posted
 - Verify employment history
 - Salary Breakdown form
 - Hours worked, salary paid and when it was paid, per month

Reporting processes (cont)

- Communication is essential
 - Keep employer contacts updated
 - Web administrator
 - Keep member address changes current
 - “Sensitive” member addresses should not be reported
 - Examples: Law enforcement & judiciary
 - Use of employer’s address will send ALL member correspondence to the employer
 - Beware of cyclical demands
 - January 1st
 - July 1st
 - Remember, we’ll all be retirees someday

Reporting processes (cont)

- The annual reconciliation process
 - Begins the first PERS business day each January
 - Ends the last PERS business day each February
 - Deadline for posting reports and resolving suspended records for the previous calendar year
 - Earnings for contributions posted on or before this date come from PERS investment earnings for the previous calendar year
 - Earnings for contributions posted after this date are considered “prior year”, and become the employers’ responsibility
 - PERS Board meets the end of March
 - Annual earnings rates for crediting PERS Tier1/Tier2 member accounts and all IAP accounts are adopted
 - Annual statements sent late spring of each year

The Oregon Public Service
Retirement Plan
(OPSRP)

Disclaimer

- Information may change as the result of administrative, legislative or judicial decisions.

Today's Agenda

➤ OPSRP

- The OPSRP plan
- OPSRP membership
- The OPSRP benefit
- Possible benefits before retirement
- OPSRP retirement
- The OPSRP retirement benefit
- PERS-participating employment after OPSRP retirement

The OPSRP plan

- Established by 2003 Legislature
 - Effective for those hired on or after 29 August 2003
- Plan oversight
 - The plan is administered by the PERS Board
 - Plan asset investments are administered by the Oregon Investment Council (OIC)
 - IAP assets
 - Employer Reserve assets

OPSRP membership

- Employees who are not members of PERS and are employed “on or after” August 29, 2003 are eligible to become members of OPSRP. These employees include:
 - Employees with no PERS employment history
- AND**
- Former members of PERS who terminated their membership by withdrawal or Loss of Membership (LOM) and have not restored that membership
 - Under certain conditions a former member may be able to make a voluntary redeposit to restore the former membership

OPSRP membership requirements

- Two requirements must be met
 - Employed in a qualifying position
 - 600 hrs in calendar year
 - AND**
 - Complete the waiting time
 - 6 full calendar months with one employer
 - No break equal to or greater than 30 working days

The OPSRP benefit

- The OPSRP benefit has two parts:
 - The IAP (Individual Account Program)
 - Established 1 January 2004
 - IAP contributions are 6% of member's subject salary
 - No earnings guarantee
 - No employer match
 - The OPSRP Pension Program
 - Paid as a monthly benefit only
 - Employer contributions fund the OPSRP pension benefit.

The OPSRP benefit and “vesting”

- Vesting is required to receive an OPSRP benefit
- IAP employee account vesting:
 - Waiting time completed, membership established and IAP account established
- OPSRP pension vesting:
 - Reaching “normal” retirement age while an active member
 - OR**
 - Completion of 5 years of at least 600 hours of service
 - Five years need not be consecutive
 - Prior to vesting, five consecutive years of less than 600 hrs/year causes loss of any prior vesting service

Possible OPSRP benefits prior to retirement:

OPSRP Death Benefit

➤ IAP:

- Keep IAP Designation of Beneficiary form up to date!
- Spousal beneficiary, if married
 - Spouse may consent to member's choice of another beneficiary
- Member's choice, if single
- No beneficiary named
 - By law: spouse, then children, then estate

➤ OSPRP Pension:

- Must be vested at the time of death
- Lifetime benefit paid to spouse only
- 50% of the pension value calculated at the date of death

Possible OPSRP benefits prior to retirement:

OPSRP Disability benefit

➤ Two types of disability:

- Duty disability
 - No service time requirement for eligibility
- Non-duty disability
 - 10 years retirement credit required for eligibility
- 45 % of salary for the last full month of employment before disability

Termination and account withdrawal prior to retirement

➤ IAP:

- Withdrawn as a lump sum only
- Can be rolled over

➤ OPSRP Pension:

- Withdrawn only if:
 - Member is “vested”

AND

- Actuarial value at withdrawal is \$5,000 or less

OPSRP Retirement: “Normal” benefit eligibility

➤ Normal retirement ages

- A “normal” OPSRP Pension benefit has no reduction for early retirement
- “Normal” ages for general service members
 - Age 65, or
 - Age 58 with 30 years of retirement credit
- “Normal” ages for police and firefighter members
 - Age 60, or
 - Age 53 with 25 years of retirement credit

OPSRP Retirement: “Early” benefit eligibility

➤ Early retirement age

- The OPSRP pension benefit is reduced for early retirement
- “Early” age for general service members
 - Age 55
- “Early” ages for police and firefighter members
 - Age 50, if the prior five years were as P&F member
 - Age 55, if less than five years of P&F service time

Calculation of the OPSRP Pension benefit

- A single formula is used to calculate the OPSRP Pension
 - **General service: Final average salary x years of retirement credit x 1.5 %**
 - Ex: $\$4000 \times 25 \text{ years} \times .015 = \$1500/\text{mo}$
 - **P & F: Final average salary x years of retirement credit x 1.8 %**
 - Ex: $\$4000 \times 25 \text{ years} \times .018 = \$1800/\text{mo}$

OPSRP Final Average Salary

➤ Final average salary:

- The **greater** of:
 - The sum of the highest salaries paid in three consecutive calendar years in the member's OPSRP career, or
 - The sum of salary earned in last 36 months of active membership
- The greater sum is divided by 36 to determine the monthly final average salary
- Does not include vacation payoff or sick leave
- Overtime pay for overtime hours up to the "Average Overtime Hours" limit is included

OPSRP Retirement Credit

- OPSRP retirement credit is calculated in years and months
 - An active member accrues a month of retirement credit if the member works the “major fraction of the month”
 - “Major fraction of a month” is defined as a minimum of 50 hours in a calendar month, for which salary is paid, and benefits funded, by a PERS-participating employer
 - An active member is presumed to have worked the major fraction of a month if:
 - Hired prior to the 15th or separated after the 16th of a month
- OR**
- Salary and hours reported for a pay period in a month which is in a year of 600 hrs. or more service time
- A member receives retirement credit for the waiting period when OPSRP Pension Program membership is established
- Reference: OAR 459-075-0150

OPSRP provides two retirement benefits: IAP and OPSRP Pension

- At retirement, the OPSRP Pension can be paid as a monthly benefit only
 - The exception: a benefit of less than \$200/month will be paid as a single lump sum
- At retirement, the IAP can be paid by one of these methods:
 - Lump sum
 - Installments
 - Member can select 5, 10, 15 or 20 year timeframes, and
 - Member can select monthly, quarterly, semi-annual or annual payments
 - Projected lifetime payments

Options for payment of the OPSRP Pension Monthly benefit

- The only OPSRP Pension beneficiary is the retiree's spouse
- Options for payment of the OPSRP pension benefit:
 - Monthly benefit, no beneficiary
 - **Provides greatest possible retiree benefit**
 - Monthly benefit, same for spouse
 - Monthly benefit, one-half for spouse
 - Monthly benefit, same for spouse; if spouse dies before member or marriage is terminated, member can request higher monthly benefit for life
 - Monthly benefit, one-half for spouse; if spouse dies before member or marriage is terminated, member can request higher monthly benefit for life

OPSRP Pension and IAP beneficiaries at retirement

➤ The IAP:

- A single or married OPSRP retiree may specify IAP beneficiaries
- A married retiree's OPSRP Pension beneficiary is the spouse only
 - The spouse may consent to the member's selection of a different beneficiary

PERs-participating employment after OPSRP Pension retirement

- Pension benefits stop upon reemployment in a qualifying position
 - “Hire intent” for the position is “qualifying”
 - OR
 - 600 hours in a calendar year
- Subsequent retirements
 - Member can choose any retirement option
 - The pension will be recalculated

Member Resources

- Websites and E-mail link for PERS website
 - **PERS: <http://oregon.gov/PERS>**
 - **<https://iap.csplans.com>**
- Toll-free telephone number
 - **PERS/OPSRP**
 - **1-888-320-7377 or 503-598-7377**

Questions?

