

## WHAT IS OPSRP?

The 72nd Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS.

OPSRP is a hybrid (defined contribution/defined benefit) pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary x length of service x factor. A defined contribution plan has no guaranteed earnings. When a member retires, he or she receives the contributions plus any earnings or losses that have accrued.

Beginning January 1, 2004, member contributions (including Tier One and Tier Two contributions) have been placed in the Individual Account Program (IAP). PERS members retained their existing Tier One and Tier Two accounts.

### Pension Program

This portion of OPSRP provides a life pension funded by employer contributions.

Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire (P&F): 1.8 percent x final average salary x years of service. Normal retirement age for P&F members is age 60 or age 53 with 25 years of retirement credit. To be classified as a P&F member, the individual must have been employed continuously as a P&F member for at least five years immediately preceding retirement.

General service: 1.5 percent x final average salary x years of service. Normal retirement age for general service members is age 65 or age 58 with 30 years of retirement credit.

"Final average salary" is the higher of the average of the highest three consecutive years (or less if the member was employed for less than three years) or 1/3 of total salary in the past 36 months. In determining final average salary, "excess" overtime is not included. Excess is defined as overtime paid above the "average" paid to employees of that class during the time period being averaged, as established by PERS rule.

Years of service are earned by working 2,000 hours or more per calendar year. Working 600 to 2,000 hours per year provides a prorated share of a year's retirement credit (i.e., hours worked divided by 2,000). (Note: A special provision for school teachers provides a pro rata credit for years where the teacher works between 600 hours and whatever the maximum a given district declares to be a full-time equivalent for that district).

#### Individual Account Program (IAP)

OPSRP members contribute 6 percent of salary to the IAP, and employers may agree to pay the 6 percent contribution.

Accounts are credited with earnings or losses annually. Administrative costs of the plan are charged to these accounts.

At retirement, the member may receive the IAP as a lump-sum payment or in equal installments over a 5, 10, 15, or 20 years, or over the member's expected lifetime. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.