

PERS benefit component comparisons

The primary components and differences among the PERS Tier One and Tier Two programs, the Oregon Public Service Retirement Plan (OPSRP) Pension Program, and the Individual Account Program (IAP) are shown below. Tier One covers members hired before January 1, 1996; Tier Two covers members hired between January 1, 1996, and August 28, 2003; and OPSRP covers members hired after August 28, 2003. The IAP is an account-based benefit that includes all member contributions (6% of covered salary) plus annual earnings and losses, made on and after January 1, 2004.

	Tier One Pension	Tier Two Pension	OPSRP Pension	IAP
Normal retirement age	58 (or 30 yrs) P&F: age 55 or 50 w/25 yrs	60 (or 30 yrs) P&F: age 55 or 50 w/25 yrs	65 (58 w/30 yrs) P&F: age 60 or 53 w/25 yrs	Members retire from IAP when they retire from Tier One, Tier Two, or OPSRP
Early retirement	55 (50 for P&F)	55 (50 for P&F)	55, if vested (50 w/ 5 years of continuous service in a P&F position immediately preceding effective retirement date)	Members retire from IAP when they retire from Tier One, Tier Two, or OPSRP
Regular account earnings	Guaranteed assumed rate annually (currently 7.2%)	No guarantee; market returns	N/A; no member account	No guarantee; Target-Date Fund returns
Variable account earnings	Market returns on 100% global equity portfolio	Market returns on 100% global equity portfolio	N/A; no member account	N/A
Retirement calculation methods	Money Match, Full Formula, or Formula + Annuity (if eligible)	Money Match or Full Formula	Formula	Various account pay-outs or rollover
Full Formula benefit factor	1.67% general; 2.00% P&F	1.67% general; 2.00% P&F	1.50% general; 1.80% P&F	N/A
Formula + Annuity benefit factor	1.00% general; 1.35% P&F	N/A	N/A	N/A
Oregon state income tax remedy	If eligible, higher of 9.89% on service time before Oct. 1, 1991, or 4% or less based on total service time. Payable to benefit recipients who pay Oregon state income tax because they reside in Oregon.	No tax remedy provided	No tax remedy provided	No tax remedy provided
Lump-sum vacation payout				
Included in covered salary (6%)	Yes	Yes	No	Yes for Tier One and Tier Two; no for OPSRP
Included in FAS	Yes	No	No	N/A
Unused sick leave included in FAS	Yes, if employer participates in the sick leave program	Yes, if employer participates in the sick leave program	No	N/A
6% contribution included in FAS	Yes	Yes	If reported as salary	N/A
Vesting	Active member in each of 5 calendar years	Active member in each of 5 calendar years	5 calendar years w/ at least 600 hours qualifying service or normal retirement age	Immediate
COLA (after retirement)	Up to 2% annually for service on or before October 1, 2013, and a blended COLA for subsequent service			N/A; no COLA provided

P&F = police and firefighters; FAS = final average salary; COLA = cost-of-living adjustment; N/A = not applicable

Note: PERS uses three methods to calculate Tier One retirement benefits: Full Formula, Formula + Annuity (for members who made contributions before August 21, 1981), and Money Match. PERS uses two methods to calculate Tier Two retirement benefits: Full Formula and Money Match. PERS uses the method (for which a member is eligible) that produces the highest benefit amount. OPSRP Pension Program benefits are based only on a formula method.