

Voluntary Contributions (Senate Bill 1049 IAP Redirect) – Frequently Asked Questions

This information only impacts members whose gross pay in a month exceeds the [monthly salary threshold](#).

Question 1: *What are voluntary contributions?*

As a member, you can [elect](#) to contribute after-tax dollars through your employer, via payroll deduction, in order to offset the amount of Individual Account Program (IAP) contributions that are being redirected to your Employee Pension Stability Account (EPSA). These contributions are called voluntary contributions and will go into your existing IAP account.

Question 2: *What if I don't make more than the monthly salary threshold in one month but normally do?*

If you know you normally make more than the monthly salary threshold in a month, you can make an election for voluntary contributions. If a month of your salary falls below the salary threshold, your employer will not be billed for the voluntary contribution and should return those voluntary contribution dollars to you. Your election still remains valid for future months until you submit a request to stop the election.

Question 3: *Are voluntary contributions taxable?*

Voluntary contributions are made after regular income taxes have been withheld from your paycheck. Your contributions will not be taxed again when you retire and receive a distribution from your IAP. However, any **investment earnings** based on your voluntary contributions **will be taxable**.

If you have further tax questions, contact your financial advisor. PERS cannot provide tax or financial advice.

Question 4: *Is the after-tax voluntary contribution amount the same amount redirected to EPSA?*

Yes, **members have no choice in how much they can voluntarily contribute through this voluntary contribution election**. It is either 2.5% of qualifying gross salary for Tier One/Tier Two members or 0.75% of qualifying gross salary for OPSRP members.

Question 5: *Can members make additional contributions above the 2.5% (Tier One/Tier Two members) or 0.75% (OPSRP members)?*

No, not with PERS through this voluntary contribution election. You may be able to make contributions to another retirement plan offered by your employer. Please check with your payroll or HR department for more options. Most employers offer various 457(b) or 403(b) options for you to further save for retirement.

Question 6: *How do I stop my voluntary contributions?*

Within [OMS](#), a member can elect to start a new voluntary contribution election, or stop an existing voluntary contribution election. Paper forms will also be available upon request for Americans with Disabilities Act (ADA) compliance.

This information is for general informational purposes only and is not intended to provide legal or financial advice. If there is any conflict between this information and federal law, Oregon law, or administrative rules, the laws and rules shall prevail.

In compliance with the Americans with Disabilities Act (ADA), PERS will provide documents in an alternate format upon request. To request a document in an alternate format, call 888-320-7377 (toll free) or TTY 503-603-7766.