

For OPSRP members

Save now for the future

Your PERS OPSRP Pension Program retirement is a defined benefit plan. That means you can receive a monthly benefit for as long as you live.

Your Individual Account Program (IAP) account will provide a supplemental retirement benefit.

You can use [PERS' Online Member Services](#) to estimate your OPSRP Pension benefit at retirement. You can also estimate your IAP payments using the [IAP Disbursement Forecaster](#).

But, will you have enough money for a secure retirement?

Financial planners suggest that people need 80% of their working income when they retire.

You can estimate your [Social Security benefit](#) online.

Another way to supplement your retirement is with the [Oregon Savings Growth Plan](#) (OSGP), a “457(b)” deferred compensation plan available to all state employees, and to local government and school district employees whose employers have adopted the plan.

OSGP lets participants save for retirement on a pre-tax or after-tax basis through payroll deductions. Savings on a pre-tax basis helps you lower your taxable income now, while contributing on an after-tax basis allows you to take money at retirement tax free.

You can save up to \$18,000 per year in OSGP (\$24,000 if age 50 or over). And 457(b) plans are unique in that they offer a Three-Year Catch-Up provision that allows you save up to \$36,000 per year for the last three years of employment if you did not fully take advantage of the plan during your earlier working years.

Complete the Enrollment and Beneficiary Designation form on the OSGP website, or have a hard copy mailed to you by calling 503-378-3730.

The three-legged stool

When the legislature created PERS in 1945, its proponents considered a retirement benefit for service to Oregonians a part of a “three-legged stool.”

The other two legs were Social Security and personal savings.



OPSRP Pension

Program members retire under a formula calculation that is designed to provide 45 percent of final salary after 30 years of service for a general service member (see accompanying article).

On-line member survey: we want your feedback!

Does PERS' customer service meet your expectations? How can we improve? Please take a [short survey posted on the PERS website](#) in the “What’s News” section.

The survey will be available through August 31, 2015, and is anonymous.

We will provide results in a future issue of *Perspectives*.

In this issue...

Tell me about my retirement benefits – page 2

Planning for retirement – page 3

Oregon Supreme Court decision – page 3

Working for a PERS-covered employer after retirement – page 4

Education Sessions – page 5

Tell me about my retirement benefits

PERS-covered employees hired on or after August 29, 2003, are Oregon Public Service Retirement Plan (OPSRP) members unless membership was previously established in PERS. OPSRP has two components: the Pension Program and the Individual Account Program.

What is the OPSRP Pension Program?

The OPSRP Pension Program is funded by your employer and provides a lifetime pension for eligible employees. It is designed to provide approximately 45 percent of your **final average salary** at retirement (for a general service member with a 30-year career or a police and firefighter member with a 25-year career).

Final average salary is generally the average of the highest three consecutive years (or less if you were employed for less than three years) or 1/3 of your total salary in the last 36 months of employment.

You are a general service member unless you are in a police or firefighter position. When you retire, PERS will calculate your monthly benefit using the following formula:

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

General Service Benefit Calculation Example (you can estimate your benefit using any number of years and any final average salary)

Final average salary: \$45,000 per year

Retirement credit: 30 years as an OPSRP member

30 (years) x 1.5 percent = 45 percent

45 percent x \$3,750 (final average monthly salary) = \$1,687.50

Single Life Option monthly benefit = \$1,687.50 (\$20,250 annual benefit)

To be classified as a P&F member at retirement, you must have been employed continuously as a P&F member for at least five years immediately preceding your retirement. When you retire, PERS will calculate your monthly benefit using the following formula:

P&F: 1.8 percent x years of retirement credit x final average salary. Normal retirement age for P&F members is age 60, or age 53 with 25 years of retirement credit.

P&F Benefit Calculation Example (you can estimate your benefit using any number of years and any final average salary)

Final average salary: \$45,000 per year

Retirement credit: 25 years as an OPSRP member

25 (years) x 1.8 percent = 45 percent

45 percent of \$3,750 (final average monthly salary) = \$1,687.50

Single Life Option monthly benefit = \$1,687.50 (\$20,250 annual benefit)

What is the Individual Account Program (IAP)?

The IAP is the second part of your retirement plan. Six percent of your subject salary (whether contributed by you or paid by your employer) goes into your IAP account.

Your account is credited with earnings (or losses) annually based on investment returns. Your IAP dollars are invested as part of PERS Fund and are managed by the Oregon State Treasury under the direction of the Oregon Investment Council. Investment returns are not guaranteed.

At retirement, you can receive your IAP dollars in a lump-sum payment or in installments over 5, 10, 15, or 20 years, or over your expected lifetime. Installments can vary with investment gains or losses credited over the payout period.

Planning for retirement

The decision to retire is one of life's big events. Planning for retirement can take the anxiety out of the process and help you make a smooth transition from the workplace.

Here are important steps to take when you are ready to retire.

1. Make sure you are eligible to retire.
[OPSRP eligibility](#)
2. Get a benefit estimate.
You can use [Online Member Services](#) or request a [written benefit estimate](#).
3. Register for and attend an [OPSRP retirement education presentation](#).
4. Read the [OPSRP Pre-Retirement Guide](#).
5. Complete the [OPSRP Pension Program Retirement Application with IAP](#).
6. Schedule and attend a [Retirement Application Assistance Session](#).

This is a one-hour, one-on-one appointment with a retirement counselor for members who have:

- Decided on a retirement option and an effective retirement date,
- Are within three months of that retirement date, and
- Have completed the Service Retirement Application.

The retirement counselor will do a comprehensive review of your retirement forms.

7. Notify your employer that you are retiring. Your employer will send a Notice of Separation to PERS.

Supreme Court decision: 2013 legislative changes to PERS

When you retire from PERS, you are entitled to an annual cost-of-living adjustment (COLA) on your monthly benefit.

The Oregon Supreme Court recently ruled that the 2013 legislation that reduced COLAs was unconstitutional as applied to benefits earned before the bills became effective. The Court further ruled that a reduced COLA could be applied to the benefits earned after the bills became effective.

When you retire, you will have a blended COLA rate based on when the benefit was earned. A maximum 2% annual COLA (based on the Consumer Price Index for the Portland area) will be paid annually for service accrued before June 1, 2013. A blended COLA will be paid for accrued service after June 1, 2013.

This blended COLA methodology presents administrative complications for PERS in that it applies the revised COLA tables prospectively, and the allocation method was not clear in the Court's ruling.

PERS is working with Department of Justice counsel to determine the Court's direction on how to administer that blended COLA.

Working for a PERS- covered employer after retirement

If you return to employment with a private or non-PERS covered employer, your OPSRP Pension Program retirement benefits will continue unchanged. PERS does not limit the hours you may be employed or the amount of money you can earn from a private employer or a non-participating public employer.

If you return to employment with a PERS-covered public employer after retirement, Oregon statutes impose certain limitations on that employment. **It is your responsibility to be aware of these limitations and to track your hours to ensure compliance.** If you decide to return to work with a PERS-covered employer after retirement, you can control of the number of hours you work and accordingly, whether you comply with or violate the limitation. It is your responsibility to remain in compliance with the limitations applicable to you if you do not want your retirement benefits to stop.

Compliance with the statutory limitations is your responsibility. If you exceed the work hour limitations you will be accountable. PERS recommends that you track the hours you work in order to avoid exceeding the work hour limitations for each calendar year. The following paragraphs describe the limitations for members who retired for service.

Work Restrictions After Retirement for OPSRP Pension Program Retirees

If you are an OPSRP Pension Program retiree who is receiving a monthly pension and you become employed in a qualifying position by a participating employer, you will become an active member of the Pension Program immediately, and all pension payments will cease. You are employed in a qualifying position if your employer reports the position as qualifying, OR, if you work a total of 600 hours or more in a calendar year for one or more participating employers. Hours worked with all participating employers in a calendar year count toward the 600-hour limitation.

If you are an OPSRP Pension Program retiree receiving a monthly pension and become employed in a non-qualifying position, you will remain an OPSRP Pension Program retiree and continue to receive your monthly pension provided you do not work more than 599 hours in a calendar year. If you work more than 599 hours in any calendar year, you will become an active member of the Pension

Program, effective back to the later of the first of that year or your date of hire in that year. All retirement benefit payments will cease, and retirement benefits paid after active membership is re-established must be repaid.

The Oregon Administrative Rule amendment adopted at the July 31, 2015 PERS Board meeting clarifies PERS' administration for OPSRP retirees who return to work for a PERS employer after retirement, and explains how PERS restarts the clock if an OPSRP retiree returns to work in a non-qualifying position in the same year in which they retire.

If you are an OPSRP Pension Program retiree who received a lump-sum retirement benefit instead of a monthly pension and become employed in a qualifying position, you will return to active membership. If you are employed on or before the date your payment is issued, you will have to repay the benefit payment. If you are employed after the date your payment is issued, you do not have to repay the benefit.

If you are an OPSRP Pension Program retiree who received a lump-sum retirement benefit instead of a monthly pension and you become employed in a non-qualifying position, you do not have to repay the benefit. However, if you are employed in a non-qualifying position but work more than 599 hours in the calendar year you receive the payment, you will become an active member of the Pension Program, effective back to your date of hire in that year. If that date is before the date your payment was issued, you will have to repay the benefit.

An employer's designation of a position as "temporary" or "permanent" has no effect on the applicability of these limitations. Any employment with a participating employer is important. Whether that employment is in a qualifying or non-qualifying position will determine whether you will be able to continue receiving your monthly pension, keep your lump sum payment, or return to active membership.

Also, if you are an OPSRP Pension Program retiree and you are receiving your Individual Account Program (IAP) benefit in installments, or received your IAP account in a lump-sum payment, the same limitations apply.

Education Presentations: All About OPSRP

(for OPSRP members at any stage of their career)

Registration is required. Register through the PERS website in the [Education Sessions](#) section. All presentations are free, including the financial planning sessions. Space is limited and the schedule is subject to change. The PERS website has the most current information.

Location	PERS Only Information	PERS with Financial Planning*
Astoria	Oct 13	
Burns		Aug 27
Coos Bay	Dec 9	
Eugene/Springfield	Dec 4	
Grants Pass		Aug 6
Gresham	Aug 4	
Hillsboro	Aug 11	
Hood River		Aug 19
John Day		Aug 26
Klamath Falls		Aug 25
Ontario		Sep 29
Portland/Tigard	Sep 21 Oct 12 Nov 9	

These sessions cover:

- Individual Account Program (IAP)
- Retirement eligibility and retirement benefit calculations
- Retirement options
- Work after retirement provisions
- Taxes

* Dates with 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; and
- Planning for changing income and expense needs.

Perspectives is published by the Oregon Public Employees Retirement System for the benefit of members and employers.

Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters is located at **11410 SW 68th Parkway, Tigard, Oregon**.

Phone: 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>.

Email PERS Customer Service at: customer-service.pers@state.or.us

BOARD

Chair: John Thomas

Vice Chair: Pat West

Members: Lawrence Furnstahl, Krystal Gema, Rhoni Wiswall

***Perspectives* Editor:** David Crosley, Communications Director

STAFF

Executive Director: Steven Patrick Rodeman

Chief Financial Officer: Kyle Knoll

Chief Operations Officer: Yvette Elledge-Rhodes

Chief Information Officer: Jordan Masanga

Chief Risk Officer: Jason Stanley