

1. What are Police Officer and Fire-fighter (P&F) Units?

P&F Units are an additional benefit a police officer and firefighter may purchase with after-tax dollars. After retirement the unit account will provide a monthly stream of income, usually for five years, which is partially paid by your employer as long as payments are received by age 65.

2. Who qualifies to purchase P&F units?

A member qualifies if he or she is a Tier One or Tier Two member of the PERS retirement plan in a qualifying position classified as a police officer or firefighter (P&F) as defined under that plan. Your employer is responsible for the accurate reporting of your job classification to PERS.

3. When can I purchase P&F units?

A P&F PERS member who is less than age 65 may elect to purchase up to eight units through payroll deductions. Prior to age 65 you may make this purchase within 60 days immediately before retirement by making a lump-sum payment.

4. How much do I have to pay for P&F units?

The cost to purchase eight units of additional P&F benefits is \$4,000. You may elect monthly payroll deduction at or before age 60. The payroll deduction is based on your age when you sign up for P&F units and is based on the actuarial assumed rate of interest. This is currently 8 percent, but could change.

5. How do I sign up to purchase P&F units?

To make this purchase through payroll deduction, contact your personnel (benefits) department. They will have you complete the Notice of Unit Election form and inform you of the amount that will be withheld (based on the number of units you purchase). To make the purchase immediately before retirement, complete the P&F Member Unit Purchase Election at Retirement form obtained from PERS.

6. Does my unit account earn interest?

Your unit account will be credited annually with the same earnings as your regular member account. The amount in your unit income account will be shown on your PERS Member Annual Statement.

7. Can my unit income account be transferred into the variable account?

No.

8. Can I withdraw my P&F unit income account?

You may voluntarily withdraw your unit income account by filing a Request for Refund if you are no longer employed by a PERS-participating employer or a participating public employer's controlled group under the federal law. If you voluntarily withdraw your unit income account, you will not be allowed to sign up for P&F units again if you return to a PERS-qualifying P&F position.

9. What happens to my P&F unit income account if I withdraw my PERS account?

Your P&F unit income account balance will be involuntarily refunded along with your other PERS account. You would be allowed to sign up for P&F units again if you return to a PERS qualifying P&F position.

10. When can I begin receiving my P&F unit benefit?

P&F unit payments may begin on or after the date of your service or disability retirement or upon reaching age 50, whichever is later.

11. How much will I receive from my P&F unit income account?

Payments are made over a minimum of five years (60 months) unless payments begin after you reach age 60. Each P&F unit purchased provides a \$20 monthly benefit if paid for 60 months: \$10 from your unit income account and \$10 from your employer. Eight fully paid-up units provides \$160 per month for 60 months. Receiving your P&F unit income account over a longer period of time (more than 60 months) reduces the amount of each monthly payment.

12. What if my P&F unit income account is more than the amount required to fund the maximum benefit when I start my P&F unit payments?

Sometimes the earnings credited to unit income accounts exceeds the actuarially assumed interest rate and the account balance may be greater than \$4,000 when you start your P&F unit payment. You will receive a lump-sum distribution of any amount over \$4,000. This payment may be eligible for rollover treatment. You will receive information regarding the rollover of this payment, if applicable.

13. What if my unit income account at retirement is less than the amount required to fund the maximum units of P&F benefits?

If your last PERS-qualifying position was P&F and you are less than age 65, you will be given the opportunity to purchase the remaining balance or, if you choose not to make the additional purchase, you will receive a reduced monthly unit benefit based on the balance in your unit income account.

14. Do I have to start my unit monthly benefit at the same time I retire and, if not, how do I apply for a later payment date?

At retirement you will make application for your units to begin either effective at your retirement date or a future date. PERS will automatically start your unit monthly benefit at the time you choose. However, monthly unit benefits will not be paid once you reach age 65. (See question 16.)

15. What if I make application for my P&F unit benefits to begin at a future date and later change my mind?

You may change your unit benefit begin date anytime before the issue date of your first unit benefit payment.

16. What if I work past age 60?

If you retire after age 60 but before age 65, your P&F unit benefit will be paid to you from your effective retirement date to age 65. You will receive increased monthly benefits from your unit income account based on the number of months you are to receive your benefit; however, the amount provided by the employer will not exceed \$10 per month per unit purchased (maximum \$80 month for eight units). Your unit income account will be paid to you in a lump sum if you retire on or after age 65 and would include no employer benefit.

17. Are my P&F unit payments combined with my regular PERS retirement payment?

No. Your unit benefit is a separate payment.

18. Are my unit benefit payments subject to federal taxes?

Yes. Your P&F unit benefits are subject to federal taxes. Your unit benefit payments are subject to a 10 percent early distribution penalty if you separate from employment with your PERS employer before the calendar year you reach age 55 and start your P&F unit benefits before age 59 1/2. For further information, we advise you to consult a qualified tax professional or the IRS.

19. Are my unit benefit payments subject to state taxes?

Your P&F unit benefits are subject to Oregon state income tax if you are an Oregon resident. Non-Oregon residents are not subject to Oregon state income tax. Your benefit may be subject to taxation in the state where you reside.

20. What happens to my P&F unit income account if I transfer to a position other than a police officer or firefighter?

You will be eligible to receive monthly P&F unit benefits at retirement if you are at least age 45 when you leave a P&F position or if you return to employment as a police officer or firefighter under ORS 238 before the end of five years from the date you transferred to a job classification other than a police officer or firefighter. Otherwise, your unit income account will continue to receive annual earnings, but will be refunded to you when you are no longer employed by an Oregon PERS-participating employer or a participating public employer's controlled group under the federal law.

21. What happens to my P&F unit income account if I die before receiving my P&F unit benefits?

Your unit income account will be paid to your designated beneficiary. If your monthly P&F unit payments have started, any remaining unit income account balance at your death will be paid to your designated beneficiary. There is no death benefit due from employer contributions.

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