

# Retirement Options OPSRP/ORP Tier Three

## Oregon Public Service Retirement Plan & Optional Retirement Plan



### Retirement Options Comparison – OPSRP & ORP Tier Three

Explore the unique features of the Optional Retirement Plan (ORP) and the Oregon Public Service Retirement Plan (OPSRP) for employees hired between 8/29/2003 and 6/30/2014.

#### Disclaimer – Please read carefully

This Guide provides an overview of PERS/OPSRP and the ORP. The descriptions of PERS and OPSRP in this Guide are based on Oregon Public Universities Retirement Plans' understanding of applicable legislation, as amended and as affected by judicial decisions, as of the date of this guide. In addition, PERS regularly adopts administrative rules to implement legislative and operational changes. The descriptions of OPSRP and PERS are therefore subject to modification and/or clarification by new legislation, court decisions, and PERS' administrative rulemaking.

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This material is intended to assist in the administration of the plan, and it includes a summary of common ORP Plan provisions. To obtain additional information contact your campus benefits office for assistance with questions, transactions, or circumstances that are not included in the Decision Making Guide.

In case of conflict between this Guide and the official plan documents of the ORP and Oregon state law regulating PERS/OPSRP, the official plan documents, Oregon state law, and federal regulations will govern. A copy of the ORP plan document is available through your campus benefits office upon request or on the OPURP website.

# Retirement Options OPSRP/ORP Tier Three

## Oregon Public Service Retirement Plan & Optional Retirement Plan

### Retirement Option Comparison – Tier Three Employees

Explore the unique features of the Optional Retirement Plan (ORP) and the Oregon Public Service Retirement Plan (OPSRP) for those employees hired on or after August 29, 2003.

The Optional Retirement Plan (ORP) and the Oregon Public Service Retirement Plan (OPSRP) are each intended to provide you with income during your retirement years. These plans share a number of common attributes, but differ in important aspects. This guide provides an overview of the key features of the ORP and OPSRP.

#### **First, are you an OPSRP/ORP Tier Three eligible employee?**

If you were hired in a qualifying position between August 29, 2003 and June 30, 2014, and have never worked for another Oregon PERS employer, you are an OPSRP or ORP Tier Three employee.

OPSRP is a program of the Public Employees Retirement System (PERS).

This document compares the OPSRP and Optional Retirement Plan (ORP) provisions that apply to OPSRP/ORP Tier Three employees.

This material is designed for general service employees.

If you were a PERS member or enrolled in the ORP before August 29, 2003, your benefits are described in the ‘Comparing Your Retirement Options’ brochure for Tier One and Tier Two Employees (Guide #3). If you were first employed by the Oregon Public Universities on or after July 1, 2014, your benefits are described in the brochure for Tier Four employees (Guide #5).

**Tier One** – If you were hired in a qualifying position before January 1, 1996, you are a Tier One employee.

**Tier Two** – If you were hired in a qualifying position on or after January 1, 1996, you are a Tier Two employee.

**Tier Four** – If you were hired on or after July 1, 2014, you are a Tier Four employee.

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### Retirement Option Comparison – Tier Three Employees

Attributes	OPSRP	ORP Tier Three
<b>Who's Eligible</b>	<p>Academic and administrative unclassified and classified employees of Oregon Public Universities (including EOU, OIT, OSU, PSU, SOU, UO, WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>• Have completed a waiting period of six full calendar months in a qualifying position; AND</li> <li>• Hold a qualifying position with 600 or more hours of service in a calendar year.</li> </ul>	<p>Academic and administrative unclassified employees of Oregon Public Universities (including EOU, OIT, OSU, PSU, SOU, UO, WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>• Have completed a waiting period of six full calendar months in a qualifying position; AND</li> <li>• Hold a qualifying position, or series of positions, that total the equivalent of 600 hours in a year.</li> </ul> <p>Qualifying positions may include:</p> <ul style="list-style-type: none"> <li>• In a twelve (12) month fixed-term appointment of at least 0.3 full-time equivalent (FTE);</li> <li>• In a nine (9) month fixed-term appointment of at least 0.4 FTE; or</li> <li>• In a more than nine (9) month and less than twelve (12) month fixed-term appointment, or in a non-fixed-term appointment, in which the Employee performs 50 or more hours of service during each of such six (6) full calendar months</li> </ul> <p>In the event an Employee who is not appointed to a 9-month 0.4 FTE or a 12-month 0.3 FTE does not work a full 50 hours due to an Employer's or a Participating Employer's temporary closure, the hours that the Eligible Employee would have worked but for the closure are counted as time served.</p>
<b>When Participation Begins</b>	First of the month following six full calendar months of employment in a qualifying position.	First of the month following six full calendar months of employment in a qualifying position.

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## Oregon Public Service Retirement Plan & Optional Retirement Plan

<b>Employer Contributions</b>	<p>Employer Contributions made by your university in 2020 are based on a percentage of the first \$285,000 of annual salary (calendar year). The salary limit is adjusted as the cost of living increases.</p> <p>The Employer Contribution rate for OPSRP members is subject to change, based on the rates periodically established by PERS.</p>	<p>Employer Contributions made by your university in 2020 are based on a percentage of the first \$285,000 of annual salary (calendar year). The salary limit may be adjusted as the cost of living increases.</p> <p>The Employer Contribution rate for Tier Three members is subject to change, based on the rates periodically established by PERS. By law, the Employer Contribution to the ORP equals the Employer Contribution to PERS.</p> <p>From July 1, 2019 until June 30, 2021, the Employer Contribution rate is 9.85%.</p>
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### Retirement Option Comparison – Tier Three Employees

Attributes	OPSRP	ORP
<b>Employee Contributions</b>	<p>Currently, your university pays the Employee Contribution on behalf of most employees.</p> <p>Employee Contributions are 6% of annual salary based on the first \$285,000 of annual salary (calendar year). The salary limit may be adjusted as the cost of living increases.</p> <p>Total Employer and Employee Contributions to the IAP may not exceed \$57,000 in a plan year.</p> <p>All limits are as of the 2020 plan year, and are indexed annually by the IRS.</p>	<p>Currently, your university pays the Employee Contribution on behalf of most employees.</p> <p>Employee Contributions are 6% of annual salary based on the first \$285,000 of annual salary (calendar year). The salary limit will be adjusted as the cost of living increases.</p> <p>The combined Employer and Employee contributions may not exceed \$57,000.</p> <p>All limits are as of the 2020 plan year, and are indexed annually by the IRS.</p>
<b>Rollovers</b>	<p>The Individual Account Program (IAP) does not accept rollover contributions.</p>	<p>Accepts rollover contributions, subject to fund sponsor restrictions, from:</p> <ul style="list-style-type: none"> <li>• PERS member or IAP accounts</li> <li>• Other employers’ qualified retirement plans</li> <li>• Governmental IRC 457(b) plans, including the OSGP</li> <li>• IRC 403(b) plans</li> <li>• Individual retirement accounts (IRA) – if funds are from a previous employer’s qualified plan.</li> </ul>

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<p><b>Plans and Plan Accounts</b></p>	<p>Two separate plans are maintained for OPSRP members:</p> <p><b>OPSRP Pension:</b> Employer Contributions fund and OPSRP “defined benefit” pension plan.</p> <p><b>IAP</b> Employee Contributions fund an Individual Account Program (IAP) Employee Account in a “defined contribution” plan.</p>	<p>Your ORP retirement account is made up of your:</p> <ul style="list-style-type: none"> <li>• Employer Contributions</li> <li>• Employee Contributions</li> </ul> <p>Participants invest their contributions in mutual funds and/or annuities offered through the Optional Retirement Plan (ORP).</p> <p>Employer and Employee Contributions, plus investment returns over time, build the retirement account balance.</p>
<p><b>Investment Options</b></p>	<p>All investments for the pension and IAP are selected and managed by the Oregon Investment Council.</p>	<p>You may choose from a variety of investments through the ORP Providers offering fixed and variable annuities and mutual funds.</p> <p>ORP Providers include Fidelity Investments and TIAA for new participants.</p>
<p><b>Investment Income</b></p>	<p>Actual investment returns are credited to IAP accounts.</p>	<p>Actual investment returns are credited by each mutual fund or annuity, which may include a fixed annuity with guaranteed investment returns.</p>
<p><b>When You may Change Investment Options</b></p>	<p>Not required or permitted.</p>	<ul style="list-style-type: none"> <li>• You may change your ORP Provider once a calendar year.</li> <li>• You may change funds or transfer balances among funds by contacting your ORP Provider at any time, subject to any restrictions or fees required by your investment provider.</li> <li>• You may transfer existing account balances among ORP Providers at any time, subject to any restrictions or fees required by the provider.</li> </ul>
<p><b>Vesting Employer Contributions and Earnings</b></p> <p><b>Employee and Rollover Contributions and Earnings</b></p>	<p><b>OPSRP Pension</b></p> <ul style="list-style-type: none"> <li>• 100% vested after being an active member in a qualifying position (600 hours minimum) in each of five calendar years.</li> <li>• 100% vested on reaching normal retirement age while an employee (65).</li> </ul> <p><b>IAP Employee Account</b></p> <ul style="list-style-type: none"> <li>• 100% vested immediately</li> </ul>	<p>100% vested after receiving contributions in each of 5 years or if you are age 50 or older while an Oregon Public Universities Employee.</p> <p>100% vested immediately</p>

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### Retirement Option Comparison – Tier Three Employees

Attributes	OPSRP	ORP
<b>How Benefits are Determined at Retirement</b>	<p>Your retirement benefit is the combination of your Pension and your Individual Account Program account balance.</p> <p><b>OPSRP Pension</b> – benefits are provided under a Full Formula calculation. The benefit amount is 1.50% of your Final Average Salary (FAS) times your years of qualified service.</p> <p>Final average monthly salary is the greater of these amounts, divided by 36 months:</p> <ul style="list-style-type: none"> <li>• Your last 36 consecutive months of salary, OR</li> <li>• Your highest three consecutive calendar year salaries during your career in OPSRP-covered employment.</li> </ul> <p><b>IAP</b> – benefits are the total of all IAP account balances.</p>	<p>Benefits are equal to the value of your Employee Account and, if vested, the value of your Employer Account.</p>
<b>When Retirement Benefits are Available</b>	<p><b>OPSRP Pension</b></p> <ul style="list-style-type: none"> <li>• Normal retirement age 65</li> <li>• Normal retirement age 58 with 30 years qualifying service</li> </ul> <p><b>IAP</b> Employee Account is available on termination.</p>	<p>Termination of employment, retirement, death, disability or plan termination.</p>
<b>Early Retirement</b>	<p>OPSRP members may retire any time after reaching age 55. Your benefits will be reduced compared to Normal Retirement benefits.</p>	<p>Benefits become available when you leave Oregon Public Universities' employment.</p>
<b>How Benefits are Paid at Retirement</b>	<p><b>OPSRP Pension</b> A variety of payment options including life annuity, joint and survivor option.</p> <p><b>IAP</b> Account payments include lump sum distributions and equal installments over 5, 10, 15, or 20 years.</p>	<p>Variety of payment options, including lump sum payment of Employee and Employer Accounts, subject to ORP Provider payout provisions.</p>

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### Retirement Option Comparison – Tier Three Employees

Attributes	OPSRP	ORP
<b>Disability Benefit</b>	<p><b>OPSRP Pension</b> OPSRP members with 10 or more years of creditable service, or with a duty-related disability, receive 45% of salary in effect as of the last full month of pre-disability employment, until commencement of normal retirement pension benefits.</p> <p><b>IAP</b> IAP accounts receive investment earning and losses until withdrawn.</p>	100% of your Employee Account balance and the Employer Account balance as of the date of disability.
<b>Minimum Required Distributions</b>	Generally, Internal Revenue Code requires you to begin receiving benefits by April 1 of the year following the calendar year in which you retire or reach age 70 ½, whichever is later.	Generally, benefit payments begin any time after becoming eligible, and on or before April 1 of the calendar year following the latter of calendar year the Participant a) attains age 70 ½ or b) retires and terminates employment.
<b>Death Benefit If You Die While Employed</b>	<p><b>OPSRP Pension</b> If you are vested, 50% of what your pension would have been is paid to your spouse for life. For this purpose, your spouse includes a person who is constitutionally required to be treated as your spouse.</p> <p><b>IAP</b> Your IAP account balance is paid to your beneficiary as a lump sum distribution.</p>	100% of the value of your Employee Account and Employer Account balance at time of death is paid to your survivor(s).
<b>Survivor Benefit If You Die After Retirement</b>	Benefit is determined by payment option you selected at the time you retired.	100% of value of your Employee Account and Employer Account balance at time of death is paid to your beneficiary(ies).
<b>Cost of Living Adjustment (COLA) after Retirement</b>	Contact PERS directly for COLA information.	No cost of living adjustment. Accounts receive investment returns until withdrawn.



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### Retirement Option Comparison – Tier Three Employees

Attributes	OPSRP	ORP
<b>Loans</b>	Not available	Not available
<b>Health Insurance</b>	Coverage in a PERS or Public Employees' Benefit Board (PEBB) group health and dental insurance plan, if eligible.	<p>PEBB-sponsored retiree health care benefits are currently available for pre-Medicare retirees to age 65.</p> <p><b>Note:</b> If you also have a PERS account balance and are eligible to receive PERS retirement benefits, you may be eligible for PERS Retiree Health Care Benefits.</p>