OPSRP Overview and Benefit Calculation

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 (IAP).

What is the OPSRP Pension Program?

The OPSRP Pension Program is funded by your employer and provides a lifetime pension. 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 total salary in the last 36 months of employment.

General service member benefit information for the OPSRP Pension Program

Unless you are in a police or firefighter position, you are considered a general service member. 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
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)

Police and firefighter (P&F) benefit information for the OPSRP Pension Program

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:

Police and firefighter (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
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 Individual Account Program (IAP) is an account-based benefit for all Tier One/Tier Two and Oregon Public Service Retirement Plan (OPSRP) members who have worked in a qualifying position since January 1, 2004.

Contributions
Until July 1, 2020, contributions equaling 6% of your salary were placed in your IAP account. Beginning July 1, 2020, if you earn more than the monthly salary threshold, less money is going into your IAP due to Senate Bill (SB) 1049.

How much money is going into your IAP now depends on whether you are a Tier One/Tier Two or OPSRP member:

- Tier One/Tier Two members (hired before August 29, 2003)
- OPSRP members (hired after August 28, 2003)

However, if you earn less than the monthly salary threshold in any calendar month, your contribution percentage has not changed.

You are automatically vested in your IAP account when your account is established.

Earnings

Earnings or losses are credited annually to member accounts. Administrative fees are deducted from the fund's earnings as part of the annual crediting process. Your IAP is subject to earnings or losses until you receive the funds.

PERS works with employers to ensure that member contributions are accurate and complete before allocating earnings on a year-end balance basis so members are not adversely affected by posting delays or corrections.

Beginning in 2018, IAP accounts shifted from a one-size-fits-all investment format to customized IAP Target-Date Funds designed by the Oregon Investment Council for Oregon public employees.

At retirement

Since January 1, 2011, any retiring members must retire their pension (Tier One, Tier Two, or OPSRP) **and** IAP at the same time, as part of the retirement process.

However, members who only retired from their Tier One, Tier Two, or OPSRP pension prior to January 1, 2011, can retire from the IAP at any time.

Regardless of which of the above applies to you, there are several important factors to keep in mind when you apply for distribution of your IAP:

- IAP accounts are credited with investment earnings and losses based on your IAP Target-Date Fund and are subject to potential losses until you remove the funds.
- IAP accounts have no guaranteed rate of return.

Distribution options at and during retirement
You have the option to roll over your IAP balance into a traditional IRA; an eligible employer plan; a 457 deferred compensation plan, such as the Oregon Savings Growth Plan; or another qualified plan.

When you retire from the IAP, you can also elect to receive your IAP account balance as a lump-sum payment or in equal installments over 5, 10, 15, or 20 years, or over your expected lifetime. You can use the IAP Balance and Installment Calculator to estimate your IAP distribution at retirement. Note: As of

January 1, 2020, PERS retirees receiving installment payments or electing installment payments have their remaining IAP balance invested in the Retirement Installments Fund, which is based on the Oregon Short Term Fund.

If a retired member dies before all installment payments are completed, the beneficiary will receive the remaining amount in a lump-sum payment.

Background

The Oregon Legislature created the IAP in 2003 to provide an individual account-based retirement benefit for new workers hired on or after August 29, 2003, and for Tier One/Tier Two members active on and after January 1, 2004. The IAP benefit is in **addition** to the member's pension benefit (Tier One, Tier Two, or OPSRP).

The IAP was established to receive member contributions on salary paid beginning January 1, 2004.

If you are a Tier One or Tier Two member, you retained your existing Tier One or Tier Two regular and variable accounts, but as of January 1, 2004, no additional member contributions have been placed into those accounts. Instead, your member contribution is now placed in your IAP, with the exception of any portion subject to the redirect under SB 1049.