

# THE OREGON RETIREMENT PLAN

## FOR PUBLIC EMPLOYEES

### What is the Oregon Retirement Plan?

*The Oregon Retirement Plan is a “successor plan” for PERS, drafted as proposed amendments to HB 2008. It is a hybrid plan, with elements of both “defined benefit” (guaranteed lifetime monthly payments) and “defined contribution” (401-K –style) plans. It has been developed by Representative Greg Macpherson (D-Lake Oswego).*

### Who is eligible?

*The Oregon Retirement Plan replaces “PERS” for new employees hired after July 1, 2003. All current PERS employers will use the Oregon Retirement Plan for new hires after that date.*

### Key features, costs and benefits:

#### Pension Program

- Eligibility: Employees hired after 7/1/03. Six month waiting period.
- Lifetime monthly payments equal to a percentage of final average salary.
- Benefit formula:
  - 1.5% General Service (GS)
  - 1.8% Police/Fire (P/F)
- Vesting: 100% at 5 years of service.
- Employer participation: Mandatory for current employers.
- Normal Retirement Age:
  - Age 65 or 60 & 30 yrs. GS
  - Age 60 or 55 & 25 yrs. P/F
- Contributions: Employer rate calculated to cover the cost of plan.
- COLA: lesser of CPI or 2%.
- Disability: None until normal retirement age. Employers provide outside of plan.
- Health benefits: None.
- Normal cost: 8.08% of payroll (compared with 9.72% Tier 2 cost).
- Replacement Rates: 45% of Final Average Salary.

#### Individual Account Program

- Eligibility: Employees hired after 7/1/03. Contributions begin 1/1/04.
- Member contribution of 6% of salary, can be picked up by employers.
- Vesting: Member contributions fully vested. Any employer contributions vested after 5 years of service.
- Rollovers allowed from prior employment retirement accounts.
- Termination before retirement: Account balance goes to member or rollover to IRA.
- Investments pooled and professionally managed. No guaranteed interest credits.
- Replacement Rates:
  - 19% for P/F after 25 years of service
  - 28% for GS after 30 years of service