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