

## **When Should I Retire? (Tier One)**

**(For Tier One members retiring March 1, 2004 or before  
vs. April 1, 2004 or after with examples)**

When should I retire? This is a major decision that requires careful planning and PERS cannot advise you when to retire. However, for PERS Tier One members thinking about retirement, there are two time frames to be considered: on or before March 1, 2004, or April 1, 2004, or after. The information below is a matrix with examples that shows the effects of both retirement time frames.

Your PERS benefits are an important part of your retirement and your personal situation should always be a key part of your retirement decision. Here are some other things to consider:

- Health insurance costs are rising annually and can affect your retirement income.
- Do you own your home free and clear and will you have enough income to make the payments?
- Do you have children or others who are financially dependant on you?
- Have you saved enough for major, unforeseen expenses including home repairs, a new car, or vacations?
- People are living longer so your personal savings and investments must last longer.

### The Tier One Retirement Decision Matrix

Retiring →	March 1, 2004 [or before]	April 1, 2004 [or after]
<b>Tier One Interest Crediting to Member Accounts</b>	<a href="#">2003 interest crediting applies</a> (8 percent prorated interest)	<a href="#">No interest credited for 2003</a> (or 2004 until Deficit Reserve is paid in full)
<b>Tier One annual cost-of-living allowance (COLA)</b>	<a href="#">COLA freeze</a> (until 2000 interest correction is recovered; average time to correct is 2 – 3 years)	<a href="#">Eligible for annual COLA</a> (up to 2 percent of benefit)

**2003 interest crediting applies ([see example](#)):** If you are a Tier One member who retires on or before March 1, 2004, your regular account will be credited at the assumed rate (8 percent) for 2003.

**No interest credited for 2003 ([see example](#)):** If you are a Tier One member who retires on or after April 1, 2004, you will not receive earnings in your regular account until the Deficit Reserve is eliminated. Once that occurs, you will receive earnings up to the assumed rate on your regular PERS account.

If you retire on or after April 1, 2004, your regular Tier One account will not be less at the time of retirement than what it would have been if it had been credited with the assumed rate every year it existed.

**COLA freeze ([see example](#)):** The PERS cost-of-living allowance (COLA) is suspended temporarily for all Tier One members who retire with an effective date on or after April 1, 2000, and before April 1, 2004, under the Money Match calculation.

PERS uses three methods to calculate retirement benefits: Full Formula, Formula Plus Annuity, and Money Match. The retirement method you are eligible for that produces the highest benefit amount is used to determine your monthly benefit.

Recent legislation affected COLA increases effective July 1, 2003, payable beginning August 1, 2003.

The COLA change is due to 1999 account crediting rates. Tier One accounts were credited at 20 percent. The legislature determined that accounts should have been credited at 11.33 percent. Once the two amounts reconcile, COLA payments begin again.

**Eligible for annual COLA ([see example](#)):** If you retire April 1, 2004, or after, you are eligible for annual cost-of-living allowance (COLA) increases based on the consumer price index for the Portland area.