



Retired Oregon
School Employees

PREPARING FOR PERS RETIREMENT



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School Employees

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*Please rely on the PERS benefit book for correct updated information

QUESTIONS TO CONSIDER

- When Should I retire?
- Do I have enough money to tide me over until PERS payment arrives?
- Will I need income over and above my PERS and Social Security benefits?
- Do I plan on working post retirement?
- How will I receive my healthcare?

FINANCIAL PLANNING

- Experts suggest you will need approximately 70% of your current income annually to retire comfortably
- Prepare a budget in preparation of retirement
- Get an estimate from PERS and Social Security
- Is there a move in your future?
- Will you move out of state? What tax ramifications would exist?
- Do you have other retirement funds that you are able to access without penalty?
- Talk with a financial planner

HEALTHCARE CONCERNS

- Do you qualify for retiree health benefits through your employer, or do you have coverage through your spouse?
- Are you 65 and eligible for Medicare? (www.medicare.gov)
- Does your employer provide long term care insurance?
- Are there any state or county programs you may be eligible for?
- If you plan to relocate, make sure your healthcare plan is accepted.

PERS Health Insurance Program (PHIP)

PHIP is a health insurance plan specifically designed for Oregon PERS retirees and their eligible family members.

PHIP offers Medicare and non-Medicare health and dental insurance coverage for all retirees, their spouses and dependents who meet the eligibility requirements. When planning your retirement, review all health insurance coverage options available to determine your best option.

If you are not yet Medicare eligible (65) the PERs health plans may be your best option. Make sure to ask your employer about their healthcare options. If you are not ready for Medicare, that may be a way to go too. (COBRA)

*You may not be able to get PHIP if you do not get it at retirement.

WHAT IS PERS?

- When you are eligible for PERS there is a percentage of money taken from your paycheck that goes into your retirement account. (Some employers pay this percentage-good negotiations)
- Your employer will also set aside the same percentage and send to PERS. (Matching Funds)
- The combined **two** accounts are used for your retirement benefits.
- You will also have another account that is available to you at retirement called an IAP-Individual Account Program

- Since July 1, 2020, a portion of your IAP contributions have been redirected to a new Employee Pension Stability Account (EPSA), which will help pay for part of your future pension benefit.
- If your gross pay in a month exceeds the monthly salary threshold, (for 2023, \$3570), a portion of your 6% (IAP) contribution is redirected to your EPSA. This is called the IAP Redirect.
- How much of your 6% contribution gets redirected depends on your membership type:
 - Tier One/Two - 2.5%
 - OPSRP - 0.75%
- The remainder of your 6% is contributed to your IAP as usual. (For Tier One/Tier Two, the remainder is 3.5%. For OPSRP, it is 5.25%.)
- This redirect to EPSA happens at PERS, and therefore the deduction posted to your paycheck may still appear as a total of 6%.
- **Per [Senate Bill 1049](#) (SB 1049), passed by the Oregon Legislature, which sets PERS benefits.

WHAT TIER AM I

- **Tier 1-** Hired before January 1, 1996
- **Tier 2-** Hired January 1, 1996, through August 28, 2003
- **OPSRP-** Hired on or after August 29, 2003
- **IAP-** All active members since January 1, 2004
- **Oregon Savings Growth Plan (OSGP)** is a 457(B) deferred compensation plan providing Oregon Public Employees a convenient way to save for retirement by allowing them to contribute a portion of their salary on a pre or after-tax basis. All state employees and local governments who opt to participate are eligible to enroll upon hire.

For All Active PERS Members

PERS is an employer-provided retirement plan, which includes **two parts**:

- A pension
- An Individual Account Program (IAP).

AM I ELIGIBLE TO RETIRE?

- To retire with full benefits **Tier 1 members (hired before January 1, 1996)** need to work 30 years of service or until age 58
- To retire with full benefits **Tier 2 members (hired between January 1, 1996, and August 28, 2003)** need to work 30 years of service or until age 60
- To retire with full benefits **OPSRP employees (hired after August 28, 2003)** need to work to age 58 with 30 years of service or until age 65
- Tier 1, 2, and OPSRP members can retire with **reduced** benefits beginning at age 55
- [PERS : Benefit component comparisons : Nonretired members : State of Oregon](#) shows differences in how your service credit is calculated for school employees.

CAN I WORK AFTER RETIREMENT?

- IF you return to work with a **private employer**, your PERS retirement benefits will continue unchanged.
- The 1,039-hour Work After Retirement limit for all **normal retirement age** PERS retirees is removed until the end of 2034.
- If you retire **earlier than normal retirement age**, you can work for a PERS-covered employer and continue receiving your pension benefit (without accruing any new benefits) with no hour limitations **if the date of your employment is more than six months after your retirement date**.
- Senate Bill (SB) 1049 (2019) and House Bill (HB) 2296 (2023) made changes to PERS working after retirement rules. View these flowcharts to see if you can work unlimited hours if you are employed as a retiree: [SB-1049-Work-After-Retirement-General-Service.pdf \(oregon.gov\)](#)

****You can always sub at school!**

- **All Retirement Dates are First of Month**

- Your effective retirement date can be no sooner than either the first day of the month following the last day you worked (or were on qualified paid leave) or the first of the month following the month you file your application for benefits, whichever is later.
- If your last workday was Dec. 31 your retirement date would be no earlier than Jan 1. If your last day of work was June 18, but you didn't file for benefits until Sept. 30, your retirement date would be Oct. 1.

IMPORTANT TAX INFORMATION

- PERS Benefits (both lump sum and monthly) are subject to federal taxes.
- Benefits are also subject to Oregon State income taxes.
- Federal and State taxes will be withheld from your monthly benefits at the standard rate, unless you complete and submit a W-4P form.

Non-Oregon residents see: <https://www.Oregon.gov/RET/Pages/Tax-Remedy-Information.aspx>

What should I do first?

Go to the PERS website <http://oregon.gov/pers>

1. Open a user account and establish a password.

Check that your information is correct: hire date, years of service, address, beneficiary etc.

2. **Locate your IAP Pin number**** (was mailed to you)

Your IAP pin number **will be different** than your PERS pin number. If you can't locate it, you can request a new pin number from PERS member services.

When you receive your pin number, you need to open the IAP section and verify all information is correct.

3. Click on the Nonretired Members Link. [PERS :Welcome Page : Nonretired members : State of Oregon](#)
4. This will take you to a "Nonretired Member Information Page" with many links to information dependent upon your PERS membership.
5. Click on "Get to Know Your Benefits". Look for the Tier One/Tier Two Reference Guide or the OPSRP Reference Guide. Then look and print out the Preretirement Guide.
6. Other links on the "Nonretired Member Page" will take you to other topics as well as helpful videos.
 - Get to know your benefits
 - Individual Account Program (IAP)
 - Beneficiary Information
 - Special Memberships
 - Retirement Resources
 - Oregon Savings Growth Plan (OSGP)
 - Marriage, Divorce, Disability, Death
 - Forms and AssistanceUnder each of these headings are additional topics of interest.

Use the PERS site to get estimates

Plug in a date of retirement and get an **online estimate**. Online estimates are **unlimited** so you can try as many as you wish using different scenarios.

Choose various dates: Jan 1, July 1, Sept 1, or your birthdate of the year you think you might retire.

These online estimates won't be exact but will give you a ballpark idea of what to expect.

Purchases

You may be able to purchase retirement credit. A purchase may enhance (raise) your retirement benefits or help you establish retirement eligibility. If you qualify, you will find information about these purchases included on your written benefit estimate.

If you do qualify and wish to make a purchase, you must complete an Estimate Request form and request a Purchase Agreement form showing the purchase cost from PERS Member Services.

There are also credits for waiting time, educational service, military service, seasonal services and disability.

Obtain Written Estimate

You may only obtain **two written estimates.

When you are **certain** of your date of retirement and are **within 24 months of that date**, you can request a written estimate that will be more inclusive.

The written estimates will have updated information to assist you in selecting the payment options best for you.

PERS Retirement Options

- Monthly benefits are paid to the retiree for life unless the lump sum option is chosen.
- The option you choose will affect the amount of the monthly benefit payment. An option that includes a beneficiary option will produce a lower monthly benefit payment as it will have a longer payout.
- If you are married your spouse must consent to your option choice.
- A registered domestic partner is to be considered as a spouse wherever that is indicated.

Trainings available on the PERS website

Introduction to PERS Health Insurance Program (PHIP) — This presentation discusses PHIP, and the health insurance plans it offers to PERS retirees.

Have you designated a beneficiary? — This video from Oregon Savings Growth Plan (OSGP) covers the importance of designating beneficiaries.

Educational workshops presented by PERS staff are available for Tier One/Tier Two and OPSRP members.

OSGP OSGP also offers various **videos and workshops on its website**. Check out the following OSGP offerings:

Recordings of three educational workshops covering
OSGP
basic investment concepts
retirement strategies.

FURTHER HELP

- Attend Group retirement presentations
 - (5 years and or 2 years pre-retirement date)
 - Go to [PERS :Tier One/Tier Two education presentations : Nonretired members : State of Oregon](#) and [PERS : OPSRP education presentations : Nonretired members : State of Oregon](#) to schedule.
- Sign up for a Financial Planning webinar on the PERS website.
- Schedule a PERS Retirement Application Assistance Session (RAAS)
These are sessions with a PERS staff member to make sure you have filled out papers correctly. These are held via phone.

PERS CONTACT INFORMATION

- PERS website <http://oregon.gov/pers>
- Public Employees Retirement System 11410 SW 68th Parkway Tigard, OR 97223
- Mailing Address: PERS PO Box 23700 Tigard, OR 97281-3700
- **Customer Service Center**
- Toll free 888-320-7377
- FAX: 503-598-0561
- TTY: 503-603-7766

Important Contact Info for Retirees

PERS: Oregon.gov/pers

Social Security: www.ssa.gov

Medicare: www.medicare.gov

AARP: www.aarp.org

SHIBA-Statewide Ins Benefit Assistance: www.SHIBA.Oregon.gov

ADRC-Aging and Disability Resources: www.adrcoforegon.org

1-855-673-2372. Multnomah County also has services for Veterans through this program.

Oregon Prescription Drug Program: www.opdp.org

State Government Resources/Agencies oregon.gov website

Emergency Alerts: www.oralert.gov

Oregon Division of Financial Regulation: Office of the Insurance Commissioner:

<https://dfr.oregon.gov>

Aging in place checklist: Livable-communities/housing/info-2020/homefit-guide.html

QUESTIONS?

- Are you ready for retirement?
- Want more training?
- Want some individual or small group training?

Please Contact



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This is just a quick rundown of the different options available.

To see the options explained further go to the PERS website and print the benefit booklet.

PERS OPTIONS OVERVIEW

- **Option 1:** Everything to you-no beneficiaries
- **Option 2:** Everything to you and then your beneficiary after your death.
- **Option 3:** Half Survivorship -this is a half joint and survivorship paid to you for your lifetime.

After your death, one half of the amount you received will be paid to your beneficiary.

If any option has an "**A**" it means that if your beneficiary dies before you, you can revert back to option 1, meaning you will now receive their portion at a prorated amount.

Each of these 3 options have additional options. You can choose to have a beneficiary that will receive the same benefits as you have received for their life...these will be prorated-if beneficiary is younger than you benefits will be less as they will be spread out longer.

OR, you can choose the option that if your beneficiary dies before you or you become divorced, your payments will be adjusted (your payments may increase as you are no longer providing for a benefit option).

OR, you can receive half survivorship, meaning when you pass, your beneficiary will receive half of the amount you received (all benefits stop when you die.),

OR there are six different lump sum options....

Lump Sum Options

Get financial advice before selecting one of the 6 different lump sum options.

These options provide a lump sum payment of your member account balance **PLUS** a lifetime monthly pension from your employer's matching contributions.

May be subject to immediate taxation unless they are rolled over DIRECTLY to an IRA, Roth IRA or eligible employer plan.

20% federal tax withheld on taxable lump sum payments paid directly to you.

You can change selection within 60 days after first payment

All Lump sum options have the same additional options mentioned before, but I choose not to discuss them, as they should be done only after receiving financial help.

Again, remember to get financial advice before taking any lump sum option. Taxes could be severe!

You have the right to change your option selections within **60 days after the date of your first benefit payment.**

Remember, divorce can change your benefits as they are part of the settlement reached.

DID YOU PARTICIPATE IN THE VARIABLE ACCOUNT?

- If so, you will need to decide if you want to continue. If you decide to continue after retirement, a variable annuity will be included in your monthly benefit and will increase or decrease annually based on gains or losses from investments.
- You cannot sign up for variable account if you did not opt in before retirement.

WHAT ABOUT MY IAP??

- Your Individual Account Program (IAP) disbursement is based on the account balance on the date of distribution, **NOT** your retirement date.
- IAP accounts are credited with investment earnings and losses annually and are subject to loss exposure until you remove the funds.
- IAP accounts have **no** guaranteed rate of return.

IAP Retirement

If you retire from or withdraw your IAP account before age 59 ½ , the distribution may be subject to a 10% IRS penalty. (See rollover)

When you retire as a Tier 1, Tier 2, or OPSRP member, you MUST also apply for IAP retirement.

You may need to contact a qualified tax professional regarding your IAP selection. You might consider just rolling your account over into a qualified IRA or ROTH IRA to avoid taxes. (see your financial advisor or most school's have an insurance agent of record that assists staff-* they receive a commission on any annuity they sell you)

IAP PAYMENT OPTIONS

- You can receive your distribution as a onetime lump sum payment or installment payments over 5,10, 15, 20 years.
- You must select the frequency of payments-monthly, quarterly, or annually.
- Payments MUST be at least \$200. If your IAP account balance at the time you retire from the IAP does not meet the minimum required for your selected option, your frequency and option will be reduced until your account meets the minimum.
- Consider rolling over DIRECTLY to a qualified IRA plan to avoid taxation. The plan administrators must complete the Direct Transfer Rollover Acceptance form (459-388)

IAP Retirement Distribution

Anticipated Life Span option:

Payment of the Anticipated Life Span option is based on the current market value of your account and an estimate of your life expectancy based on IRS life expectancy tables. This distribution must also meet the \$200 per payment minimum standard and the payment will vary based on the current market value your account. If it does not meet the \$200 minimum, your payment frequency may be reduced until the minimum is met.

IAP Rollover Elections:

Only one time lump-sum or 5-year distributions are rollover eligible. If you are rolling over to a qualified plan a representative of the plan must complete the Direct Transfer Rollover Acceptance Form. This account must be established before transfer. Note: Checks will be mailed to you with the financial institution as the payee. You will be responsible to deposit the funds with that account. Make sure it gets to the qualified plan. There is a \$500 minimum on all rollovers.

DO NOT CASH IT OR DEPOSIT IT INTO A DIFFERENT ACCOUNT-SIGN IT AND SEND IT DIRECTLY TO THE PAYEE.

WHAT SHOULD I DO FIRST?

- Go to: oregon.gov/pers
- Print off Pre-Retirement Guide
- Create your account with name and password for both regular and IAP accounts
- Request a Benefit Estimate for both accounts
 - ****Have your last pay stub with you for needed information.**
 - *****You are only allowed **2 written estimates**, but you can get **unlimited online estimates****

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AARP: www.aarp.org

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