Overview of PERS

Employer Reporting Guide

This guide explains the PERS system, the three PERS plans, and the benefits the plans provide.

Employer Service Center

Contents

Continued

Revised January 2025

Introduction

The Oregon Public Employees Retirement System (PERS) was established in 1946 to provide retirement income for Oregon's public employees.* About 900 state agencies, public schools, community colleges, and local governments (cities, counties, and special districts) participate in PERS, which covers about 95% of public employees in Oregon — more than 405,000 people.

The system gives PERS retirees a pension and an investment account called an Individual Account Program (IAP) account.

1. **The pension** provides monthly payments for life.
2. **The IAP** provides disbursements until it is spent.
3. Retirees can also receive funds from **a deferred-compensation account** through the Oregon Savings Growth Plan if they and their employer participate in the plan.

About this guide

This guide describes PERS retirement benefits and the factors that affect the specific benefits and amount of income a retiree receives. These factors include the retiree's membership program — Tier One, Tier Two, or the Oregon Public Service Retirement Plan (OPSRP) — job classification, years of service, vesting status, and more.

This guide also outlines what you need to know about employing a PERS retiree without affecting their retirement status and your responsibilities as a PERS-participating employer.

To read definitions of any of the terms in this guide, refer to the quick-reference guide, *Glossary*.

**Find out why this was necessary in "History of PERS" (PDF) pages 7–9.*

Excerpt from *PERS by the Numbers*

How PERS works

The benefits provided by PERS, the system, are decided by the Oregon Legislature. The system is primarily funded by employers, interest earned on the invested funds, and small contributions from members who earn over a certain amount. The funds are —

- ☑ Collected by PERS, the agency.
- ☑ Managed by the Oregon State Treasury.
- ☑ Invested by the Oregon Investment Council.

Watch the video "How Does PERS Work?" to understand how these entities work together to manage PERS.

Legislative changes to PERS

Nearly every legislative session, the Oregon Legislature is presented with bills requesting changes to PERS. Most sessions lead to at least a few adjustments to PERS benefits.

The most recent major reformation of PERS was passed by the legislature in 2019. Senate Bill (SB) 1049 led to a number of changes to PERS intended to slow the increase in employer contribution rates. To learn about the programs implemented because of SB 1049, read the Senate Bill 1049 Information and Implementation for PERS Employers webpage.

To read about legislative changes by year, go to the Legislation Impacting PERS webpage.

Learning about PERS

Education presentations

PERS offers education sessions for members who are new to PERS and those who are within three years of retirement. Sessions are offered virtually and in person. To help your employees sign up for a class, direct them to the appropriate webpage below.

- Tier One/Tier Two Education Presentations.
- OPSRP Education Presentations.

Annual PERS Expo

Every fall, PERS holds a virtual educational event for all PERS members. PERS Expo features live presentations, downloadable materials, and on-demand videos that help members understand their PERS retirement benefits, how and when to apply for retirement, options for receiving retirement funds, and more.

Before the event, PERS shares information about the expo in the member newsletters and employer newsletter. PERS members can view the schedule ahead of time and choose which sessions to attend. Sessions last between 30 and 60 minutes. For those who can't attend (or want to review information), recordings are available online after the expo.

Early career checklist

As part of PERS Expo, PERS provides a checklist of steps new members (those within their first five years of membership) should follow. The steps enable new members to understand, access, and protect their PERS accounts. Early career checklist (PDF).

PERS website

The PERS website is the main source of PERS information, resources, and forms.

- Webpages for new members and midcareer members.
- Webpages for members who are getting ready to retire and who have retired.

PERS pension

A PERS pension provides regular payments for the rest of a retiree's life in exchange for their years of work (unless they choose a different payout option).

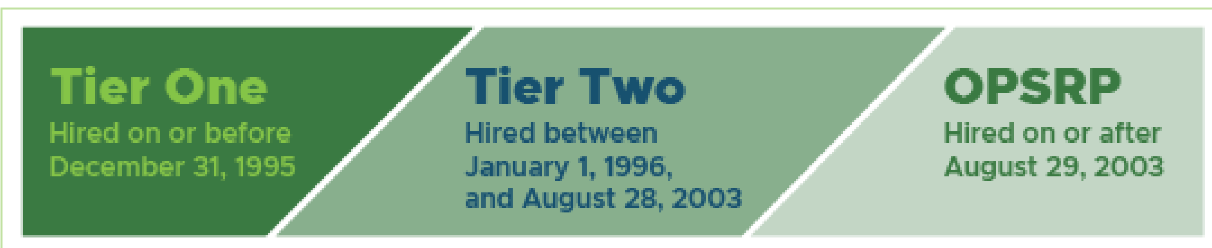
The size of a retiree's payments, calculated at retirement, depends on how long they worked, how much they earned, their PERS program, and the type of job or jobs they did.

Oregon PERS has three pension programs that have different rules and benefits. The program an employee is in depends on when they began working for a PERS-participating employer. Each program provides slightly different benefits based on an employee's job classification.

Three programs

PERS administers three pension programs: Tier One, Tier Two (both detailed in Oregon Revised Statute (ORS) Chapter 238), and Oregon Public Service Retirement Plan (OPSRP) (detailed in ORS Chapter 238A). Tier One and Tier Two are both closed to new members; all new PERS members participate in OPSRP.

The program a member is in is determined by their original hire date with a PERS-participating employer (if membership was established and retained). Learn more on the What Plan am I in? webpage.



Whichever program a member is in, they remain in that program unless they lose or withdraw their membership. Even if they retire and then return to work for a PERS-participating employer, they stay in their original program (although they don't earn more benefits). If an employee moves to a different PERS-participating employer, they remain in their program and continue to build their benefits.

Program benefits

Each pension program offers slightly different benefits. Read the Benefit Component Comparisons Chart for details.

Tier One

Tier One is the oldest and most generous PERS program. Tier One retirees have more options for how to receive their money when they retire than any other program. Some of these options have resulted in generous pension benefits; therefore, they were not carried forward into the Tier Two or OPSRP programs.

Retirement benefits for current Tier One retirees may include the following: a pension, IAP account, member account, and variable account.*

Tier Two

In 1996, the Oregon Legislature created Tier Two to be less costly for employers than the Tier One program. However, over time, it didn't reduce costs enough. The high cost of Tier One and Tier Two benefits means employers pay a higher contribution rate for their Tier One and Tier Two employees than their OPSRP employees.

Retirement benefits for current Tier Two retirees may include the following: a pension, IAP account, member account, and variable account.*

OPSRP

In 2003, the Oregon Legislature gave PERS a major overhaul and created a third tier: the Oregon Public Service Retirement Plan. Over time, as more people retire under OPSRP and fewer retire under Tier One/Tier Two, employers' PERS costs will go down.

Retirement benefits for OPSRP retirees include: a pension and an IAP account.

* *Read the "Other Accounts" section in this guide for information on member and variable accounts. Only Tier One/Tier Two employees who kept their variable account when the program ended receive it at retirement.*

Vesting in the pension program

Once a PERS member is vested, they become eligible to receive a pension at retirement even if they stop working for a PERS-participating employer. The only way they can lose their pension is if they withdraw from PERS.

To vest in PERS, an employee must work for five years in a PERS-qualifying position that requires at least 600 hours of service per year. The years do not need to be consecutive, but the employee cannot have a gap in qualifying employment of more than five consecutive years.

A member becomes vested when one of the following occurs:

- They complete at least 600 hours of service in each of five calendar years. They reach vested status in their fifth year as soon as they complete 600 hours of service.
- They reach normal retirement age. For a list of normal retirement ages for each job class, see the "Retirement Benefits" section in this guide.

Individual Account Program (IAP)

The IAP is another source of retirement income for PERS retirees. After an employee in a qualifying position completes their first six months of work and establishes membership in the IAP, 6%* of their monthly salary starts being deposited into their IAP employee account. Some employers pay, or "pick up," that 6% for their employees, and others just deduct it from their employees' paychecks.

Like with a 401(k) defined-contribution plan, the money in the IAP is invested and earns gains or losses over time. Retirees can choose how they would like to receive their IAP account balance when they retire.

Learn more: What is the IAP? webpage.

**Minus the amount redirected into their Employee Pension Stability Account, if applicable.*

Vesting in the IAP

New employees become vested in their IAP employee account as soon as they establish IAP membership (i.e., after their six-month membership wait time). Vesting in optional employer accounts may have different rules.

Employee Pension Stability Account (EPSA)

Introduced in 2020, the EPSA is a way to help reduce employers' rising contribution rates and enable employees to contribute to their pension costs. Employees who earn over a certain amount per month have a percentage of their 6% IAP contribution redirected into their EPSA. When they retire, that money is used to help fund their pension.

The amount redirected into the EPSA is 2.5% for Tier One and Tier Two, 0.75% for OPSRP. The remaining 3.5% or 5.25% is deposited into their IAP.

Learn more: EPSA Overview webpage.

Voluntary contributions

Members who make EPSA contributions can choose to make an additional, after-tax contribution into their IAP that is equal to the exact amount being redirected into their EPSA: 2.5% for Tier One and Tier Two, 0.75% for OPSRP. This option is called a "voluntary contribution" and allows members to continue contributing a full 6% of salary into their IAP employee account. Eligible employees can begin making voluntary contributions by choosing the option in the Online Member Services (OMS) tool.

PERS charges employers for employees' voluntary contributions. It appears on your statement as IAP Voluntary Contributions.

Learn more: How to Manage an Employee's Voluntary Contribution webpage.

Employer reporting guide 26, *Understanding Your Statement*.

Oregon Savings Growth Plan (OSGP)

OSGP is an optional program that enables PERS members to defer some of their pay until retirement. Through OSGP, members choose how much salary they want to save (either a percentage or a dollar amount), whether the money is deducted pre- or post-tax, and how they want their 457(b) account invested.

PERS offers the program through a third party (Voya), and there is no employer reporting involved.

Learn more on the OSGP website.

Other accounts

Tier One/Tier Two regular accounts

Before the IAP began in 2004, members contributed to individual member accounts that were used to fund pension benefits. When PERS was reformed in 2003, the member accounts program was replaced with the Individual Account Program (IAP), which was designed to be more affordable for employers.

Members retained their regular accounts but stopped contributing to them in 2004. PERS continues to credit earnings and losses to a member's account until the member withdraws, elects a one-time transfer, or retires. For Tier One members, these regular member accounts earn a guaranteed rate of interest set by the PERS Board (currently 6.9%). Tier Two members, on the other hand, do not receive a guaranteed earnings rate but instead receive actual investment returns on their member accounts.

A regular account is sometimes referred to as a "tier account."

Variable Annuity Program

Before the IAP began, PERS offered the Variable Annuity Program for Tier One and Tier Two members. The last date members could contribute to the Variable Annuity Program was December 31, 2003. PERS continues to credit earnings and losses to previously existing accounts until the member withdraws, elects a one-time transfer, or retires.

PERS-participating judges who were sitting on the bench June 30, 2003, were allowed to continue participating in the Variable Annuity Program.

A Variable Annuity Program account is sometimes referred to as a "variable account."

PERS membership

Qualifying for membership

To become a PERS member, an employee must complete a "wait time" of employment that satisfies these rules:

- The employee must work for one employer for six months with no break in service lasting 30 or more consecutive working days.
- The employee must still be working for the same employer at the end of the six months.
- The employee must still be working for the same employer on the day after the six-month period ends.

Maintaining membership

To maintain membership in PERS, an employee needs to work in a "qualifying" position (i.e., more than 600 hours/year) and not lose nor withdraw their membership.

Membership in PERS is portable, meaning a member who leaves one PERS-participating employer to work for another PERS-participating employer retains their membership.

Loss of membership

An unvested PERS member can lose their membership (called "loss of membership (LOM) status") if they work fewer than 600 hours a year for five consecutive years.

If a former PERS member who lost their membership returns to PERS-covered employment later, they can establish new membership in the OPSRP Pension Program by working in a qualifying position and serving a new six-month wait time.

Tier One/Tier Two loss of membership

A Tier One or Tier Two member losing their membership is unlikely to occur because most Tier One and Tier Two members have already vested or experienced LOM by this point.

Note: If a Tier One/Tier Two member becomes inactive within five years of their earliest retirement age, they will vest by age and will not go into LOM status.

OPSRP loss of membership

If an unvested OPSRP member works fewer than 600 hours in a calendar year for five years, they will go into LOM status. This means they will not receive a pension when they retire.

Because PERS members immediately vest in the IAP upon establishing IAP membership, that account is unaffected by their LOM status. They can leave their IAP until they reach retirement age, or they can choose to withdraw it. To learn more, your employee should go to the Withdrawal Information webpage and read the "Important Information" section, starting with the second paragraph.

Membership withdrawal

A nonretired member who is no longer working for a PERS-participating employer can choose to withdraw their PERS funds. However, withdrawing any of their PERS accounts means also withdrawing their membership. That is, if a member withdraws from the Individual Account Program (IAP), they must also withdraw from the pension program.

To be allowed to withdraw, the member:

- Cannot be employed by a PERS employer when PERS receives their withdrawal application.
- Must remain separated from all PERS employment for a full calendar month after the month they stopped working for their last PERS-covered employer.
- Must submit a complete and correct withdrawal application.

Tier One/Tier Two withdrawal

A Tier One or Tier Two employee who withdraws would receive a payout of the current value of their invested accounts (IAP, EPSA, Tier One or Tier Two member account, and variable account, if they have one), and terminate their PERS membership. They would not be entitled to a future pension benefit.

If they returned to PERS employment and wished to reestablish membership, the former Tier One/Tier Two member could pay back the withdrawn amount plus interest. Otherwise, they would start over as a new member of OPSRP.

Learn more: For more information about withdrawal and a link to the withdrawal application, direct employees to the Withdrawal Information webpage. For information about reestablishing membership by paying back the withdrawn amount, go to the Tier One/Tier Two Purchases webpage>General Service Time Purchases>Forfeited Service Due to Prior Withdrawal.

OPSRP withdrawal

An OPSRP member who withdraws would receive the member contributions and earnings that have accumulated in their IAP and EPSA, if they meet certain conditions. This would terminate their membership in OPSRP/PERS, and they would not receive a future pension benefit.

Learn more: For more information about withdrawal and a link to the withdrawal application, direct employees to the Withdrawal Information webpage.

Financial impact to employers

If a member forfeits their pension program membership by losing or withdrawing their membership, the contributions the employer has paid to PERS on that employee's payroll will remain in the employer's pension (i.e., reserve) account. Those funds would be used to fund retirement benefits for the employer's other remaining employees.

Member annual statements

Every spring, PERS mails annual statements to all active PERS members and inactive members who still have a PERS account. The statements list the member's service credit, IAP account balance, and EPSA account balance.

Learn more: The Member Annual Statements Frequently Asked Questions (FAQ) webpage provides links to interactive examples of different types of statements.

2021 TIER TWO PENSION INFORMATION

This is the first part of your retirement benefit. You can produce a pension benefit estimate for a future retirement date on Online Member Services (OMS), located on the PERS website.

REGULAR ACCOUNT

Account balance December 31, 2020:	$67,222.10
2021 earnings rate:	20.14%
Earnings for 2021:	$13,538.53
Account balance December 31, 2021:	$80,760.63

VARIABLE ACCOUNT

You did not participate in the Variable Account as of December 31, 2021.

Your 2021 Tier Balance: $80,760.63

YEARS OF SERVICE

2021 service credit:	1 year
Total service credit:	22 years, 10 months

POLICE OFFICER & FIREFIGHTER UNIT ACCOUNT

Account balance December 31, 2020:	$441.73
Unit contributions in 2021:	$102.24
2021 earnings rate:	20.14%
Earnings for 2021:	$109.56
Account balance December 31, 2021:	**$653.53**

Excerpt from sample member annual statement

Example **Tier One** member annual statement (PDF).

Example **Tier Two** member annual statement (PDF).

Example **OPSRP** member annual statement (PDF).

Online Member Services (OMS) tool

PERS members can view their account information at any time using the OMS tool. You can direct members to the What Is OMS? webpage to read what active, inactive, and retired members can do in OMS.

Divorce

When a member gets divorced, this can affect their future PERS benefits.

Advise your employees who get divorced to send a certified copy of their divorce decree to PERS Divorce Unit along with their full name, address, daytime telephone number, and Social Security number. They can mail or fax their request to:

Oregon PERS/Divorce Unit
PO Box 23700
Tigard OR 97281-3700
Fax: 503-598-0561

They may also change their beneficiary of record by completing a new Designation of Beneficiary form (PDF) if their divorce decree allows. Employees can learn more about how to report a divorce to PERS on the Divorce webpage.

Death and beneficiaries

When a member dies, a portion of their PERS benefits may be available to their beneficiary. How much can be left and to whom it can be left varies based on PERS program, whether someone passes before or after retirement, and the beneficiary choices they made at retirement.

Designating a preretirement beneficiary

Tier One/Tier Two: These members can choose a preretirement beneficiary for their pension and for their IAP. For details on whom they can designate and links to forms, go to the employers' Designating a Preretirement Beneficiary webpage.

OPSRP: These members can designate an IAP beneficiary. Their pension can only be paid to their spouse or someone assigned by court order. For details and a link to the IAP form, go to the employers' Designating a Preretirement Beneficiary webpage.

How to report an employee death

When an employee dies before retirement, the employee's family, friend, or representative and the employee's employer must follow a few important steps to report the death to PERS. This ensures that the employee's account is updated and beneficiary benefits begin as soon as possible, if applicable.

For instructions on reporting an employee death, read the article "How to Report an Employee Death" in the November 2023 *Employer News*.

Learn more

"How do I report an employee's death?" FAQ.

Employer reporting guide 15, *Reporting a Termination or Death*.

When a PERS Member Dies webpage.

Retirement benefits

On average, a PERS pension can provide an income replacement of up to about 45%* of what a member was earning while working.

In general, how much monthly pension members receive when they retire depends on:

- **How long they worked** in a qualifying position or were otherwise eligible to receive retirement credit (called "service time"). This excludes months for which they did not receive service credit (read more about service credit in the "Service Credit" section).
- **Their pension program** (Tier One, Tier Two, or OPSRP).
- **Their job classification**. Police and Fire, General Service, and School Employee classifications receive slightly different benefits. See sidebar to learn more.
- What they were **paid in their last 36 months** or three highest-paying years (called final average salary (FAS)). FAS calculation varies by tier.
- Whether they **retire at early or normal** retirement age.
- If their employer participates in the **Unused Sick Leave Program**, which entitles Tier One and Tier Two employees to include a portion of their unused sick leave to increase the FAS used in their retirement benefit calculation.
- **Laws** in effect when they retire.

Job classifications

PERS members are assigned one of eight job classifications when they start a new job. Most employees fall into the General Service, School Employee, or Police and Fire job class.

Unlike an employee's membership program, which remains the same, an employee's job class changes based on the job they are doing. For example, if a police officer stops police work and becomes a teacher, her new position will have a 09 – School Employee job class instead of 02 – Police and Fire job class.

*If she retires after moving positions, she will retire under the rules of the School Employee job class. However, the benefits she earned while she was a Police and Fire employee will be calculated at the Police and Fire rate.***

For definitions of job classifications, read the employer reporting quick reference, Job Classification Codes.

***If an employee reaches retirement age as a Police and Fire employee and then switches jobs, they retain the right to retire under the rules and benefits of the Police and Fire job class.*

**This number is based on the results of the annual salary replacement ratio study, published in* PERS by the Numbers*. The study reports the percent of their former salaries that PERS retirees are receiving in their monthly pension payments. Retirees need to spend their entire career (about 30 years) in PERS-covered employment to earn that percentage of retirement income.*

Normal retirement

Retiring at normal retirement age (or 30 years of service time) provides full, unreduced benefits. The tables below list normal retirement ages based on service time, job class, and tier.

General Service and School Employee normal retirement eligibility

Plan/Tier	Service time	Normal retirement age
Tier One	30 years	any
	Less than 30 years	58
Tier Two	30 years	any
	Less than 30 years	60
OPSRP	30 years	58
	Less than 30 years	65

Police and Fire normal retirement eligibility

Plan/Tier	Service time	Normal retirement age
Tier One	30 years	any
	25–29 years	50
	Less than 25 years	55
Tier Two	30 years	any
	25–29 years	50
	Less than 25 years	55
OPSRP	25 years	53*
	Less than 25 years	55*

**An OPSRP employee's last 60 months of retirement credit before retirement must be in the Police and Fire job classification to qualify for normal retirement at this age.*

Early retirement

Retiring early reduces an employee's potential benefits compared to normal retirement benefits. It also adds restrictions on those who return to work for a PERS employer.

General Service (including 911 operator) and School Employee early retirement eligibility

Plan/Tier	Service time	Early retirement age
Tier One	Less than 30 years*	55–57
Tier Two	Less than 30 years*	55–59
OPSRP	Less than 30 years*	55–64
Any tier 911 operator**	25 years of 911 operator service	Any age once they achieve 25 years
	Less than 25 years of 911 operator service	Same as early retirement ages above

**30 or more years of service qualifies for normal retirement.*

***911 operators are classified as General Service but have a special provision that enables them to qualify for early retirement once they achieve 25 years of service as a 911 operator.*

Police and Fire early retirement eligibility

Plan/Tier	Service time	Early retirement age
Tier One	Less than 25 years*	50–54
Tier Two	Less than 25 years*	50–54
OPSRP	Less than 25 years*	50–54**

**25 or more years of service qualifies for normal retirement.*

***An OPSRP employee's last 60 months of retirement credit before retirement must be in the Police and Fire job classification to qualify for early retirement at this age.*

Disability retirement

Tier One and Tier Two employees who become too sick or injured to work may be eligible for disability retirement. OPSRP employees who become too sick or injured to work may be eligible to receive disability benefits. These benefits continue until the member no longer qualifies for benefits or reaches normal retirement age, at which point they need to apply for retirement.

See employer reporting guide 14, *Disability Benefits*, for complete information.

Service credit

Members earn service credit by working in a qualifying position. Service credit is counted in years and months. To earn service credit for a month, a member must work (or receive paid time off) for at least half the working days of that month (at least 50 hours). To earn service credit for a year, a member must have 12 months of service credit.

Exceptions: For school employees, see "Considerations for School Employee Job Class" below. For an employee's first year or last year, read quick-reference guide *Determining Qualification for a Partial Year*.

Unpaid leaves of absences and non-qualifying positions do not earn service credit.

Eligible Tier One/Tier Two members can purchase periods of service credit. Learn more on the Tier One/Tier Two Purchases webpage.

Considerations for School Employee job class

School employees

School employees can receive a full year of service credit if they work all portions of the calendar year when school is normally in session. Read the School Employees webpage.

Academic employees of community colleges and public universities

Lecture and classroom time are reported to PERS differently than time spent doing other work. For instructions, read Employer Announcement 103, "Reporting Hours for Community College and University Academic Staff."

Considerations for Police and Fire job class

The main differences between Police and Fire retirement benefits and other job classes' retirement benefits are retirement age, pension calculation rate, and the option for Police and Fire Tier One/Tier Two members to purchase "units" and service time.

Retirement age

Reference the tables on the previous page for Police and Fire retirement ages.

Pension calculation rate

Tier One/Tier Two members	Pension equation
General Service	1.67% × years of service × final average salary
Police and Fire	2% x years of service × final average salary

Oregon Public Service Retirement Plan members	Pension equation
General Service	1.5% × years of service × final average salary
Police and Fire	1.8% × years of service × final average salary

P&F Units

The opportunity to purchase Police and Fire units is a benefit available only to Tier One/Tier Two members who are under 65 and working in a Police and Fire position. Eligible employees can purchase up to eight units of additional benefits at a cost of $4,000.

After retirement, a Police and Fire unit account will provide a monthly stream of income, usually for five years, which is partially paid by the employer as long as payments are received by age 65.

For complete information about Police and Fire units, refer employees to the Police and Firefighter Unit Benefits webpage.

Tier One/Tier Two service-time purchases

Tier One and Tier Two PERS members who qualify can purchase service time (aka retirement credit) to retire early or possibly increase the amount of their monthly retirement benefit. Tier One and Tier Two Police and Fire members who qualify may be able to buy a limited amount of time spent:

- Doing police work in another state.
- Being off work on a Tier One/Tier Two disability retirement.
- Serving in the military prior to Tier One/Tier Two membership.
- Serving as a wildland firefighter with State Forestry.

Learn more about the rules and restrictions for making purchases on the Tier One/Tier Two Purchases webpage and in the Full-Cost Purchases Q&A.

After retirement

PERS Health Insurance Program (PHIP)

As your employees near retirement, they may wonder how they will cover their healthcare expenses after they retire. One option is the PERS Health Insurance Program (PHIP).

PHIP is available to PERS retirees plus their spouses and dependents who meet eligibility requirements. It offers two kinds of plans: Medicare and non-Medicare. It also offers dental plans.

Benefits

PHIP provides extra benefits that are not available in other retiree plans. PHIP's Medicare plans include:

- A choice of one of five medical plans.
- A Part D prescription drug plan.
- Hearing benefit.
- Vision benefit.
- Free basic gym membership.

PHIP's non-Medicare plans offer:

- A choice of one of two medical plans.
- Option to choose a high-deductible plan.
- Alternative care (i.e., chiropractic and acupuncture).
- Vision benefits.
- The option for a Health Savings Account (HSA) that rolls over from one year to the next. (Retirees must be enrolled in a PHIP high-deductible health plan to have this option.)

Subsidies

The Retiree Health Insurance Account (RHIA) and Retiree Health Insurance Premium Account (RHIPA) rates that you pay (rolled into your contribution rate) cover subsidies to help your retirees afford PHIP.

RHIA subsidy: PHIP offers a $60 subsidy for Tier One and Tier Two retirees enrolled in a PHIP Medicare plan.

RHIPA subsidy: For state retirees who are not yet eligible for Medicare, a subsidy may be available based on state of Oregon qualifying service time. For longer-term employees, this RHIPA subsidy can be worth several hundred dollars a month.

For more information on benefits, eligibility, enrollment, subsidies toward the premium, and plan rates, visit pershealth.com or call PERS Health at 800-768-7377.

Work after retirement

PERS retirees can work for a non-PERS employer with no effect on their retirement benefits (except for a possible Social Security limitation*).

Most PERS retirees can return to work for a PERS-participating employer while continuing to receive their PERS retirement benefits.

- Tier One, Tier Two, or OPSRP members who retired at normal retirement age have no annual limit on the number of hours or they are allowed to work for a PERS-covered employer or amount they are allowed to earn.
- Tier One, Tier Two, or OPSRP members who retired at early retirement age are limited to the following annual hour totals until they take a six-month break from all PERS-covered employment:
  - Tier One/Tier Two early retirees: Limited to 1,039.9 hours/calendar year.
  - OPSRP early retirees: Limited to 599.9 hours/calendar year.
- Tier One/Tier Two disability retirees who have reached normal retirement age for their job class are limited to working 599.9 hours/calendar year for a PERS-covered employer.
- OPSRP employees who were receiving disability benefits and then retire at normal retirement age have no limit. If they retire at early retirement age, they have a 599.9-hour limit until they take a six-month break from PERS-covered employment.

To learn more, read employer reporting guide 8, *Hiring a PERS Retiree*.

Hiring a PERS retiree must be done correctly to avoid accidentally canceling their retirement. Working retirees do not earn further PERS benefits; nonetheless, you do need to report to PERS that you hired them, and you need to report their hours and wages.

You will be charged your PERS employer contribution rate on their wages. Because working retirees don't earn any additional PERS benefits, the contributions you pay directly reduce your organization's unfunded actuarial liability (UAL).

**Social Security may have an income limit on those who are younger than Social Security full retirement age and working while receiving Social Security. Learn more on the Social Security Receiving Benefits While Working webpage).*

Employer responsibilities

Paying for PERS

Your employer contribution rate

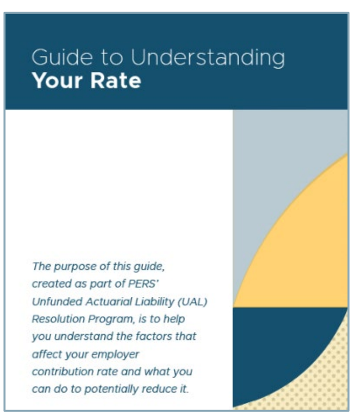
To cover the cost of your employees' future retirement benefits, you pay money to PERS on a schedule that aligns with your pay periods (e.g., monthly, biweekly). The amount you owe is your contribution rate percentage multiplied by the subject salary that your qualifying employees earned and the salary your working retirees earned, if applicable (see sidebar for definitions). This calculation is done automatically by EDX based on the data you report.

Your contribution rate is recalculated every other year by PERS actuaries. The actuaries use sophisticated financial modeling techniques to ensure that each employer is paying the right amount to cover employee retirement benefits and keep the system sufficiently funded.

Some employers pay a higher percentage to cover past debt to the system or insufficient payment to the system caused by surprise liabilities. This is called unfunded actuarial liability (UAL), which is a normal part of pension systems. In addition, employers pay a different rate for Police and Fire employees than for General Service employees. This is because police and firefighters earn more generous retirement benefits and are eligible to retire at an earlier age than general employees.

Learn more: Find your contribution rate on the PERS Contribution Rates webpage.

The PERS Payment Categories Chart lists different types of salary (e.g., lump sums, bonuses, back pay, payment from a settlement) and whether each type is considered subject salary or non-subject salary. You only pay your contribution rate on subject salary.



To understand how your contribution rate is calculated and how you can affect it, read *Guide to Understanding Your Rate*.

Contribution rate *is the percentage of qualifying employees' salaries that you pay to cover your employees' future pensions. Employer contribution rates are calculated by PERS actuaries every two years based on several factors. These factors are explained in the* Guide to Understanding Your Rate.

Subject salary *is salary upon which you are charged your contribution rate. Examples are regular salary earned by a qualifying employee, back pay, or a bonus.*

An employee's subject salary may not match the salary they see on their W-2 or final paystub.

Non-subject salary *is salary upon which you are not charged your contribution rate. For example, a retirement-incentive payment, death benefits, or severance pay.*

A qualifying position *is one that qualifies to earn PERS benefits. A position that requires at least 600 hours a year is qualifying.*

A non-qualifying position *is one that does not qualify to earn PERS benefits because it requires fewer than 600 hours/year. However, an employee who works two or more non-qualifying jobs that, combined, total 600 hours a year can qualify for benefits that year.*

Your employer invoice

On the 5th and 20th of each month (or prior business day if either date falls on a weekend or holiday), EDX creates your agency's bill, called a "remittance statement." EDX calculates your statement using each qualifying employee's wages, PERS plan, job class, and contribution rate. It then bills you that sum on your remittance statement.

Your EDX remittance statement allows you to drill down into greater detail by clicking on Invoice links provided in each section of your statement.

Your agency pays your invoice through a system called Automated Clearing House (ACH).

The timeliness and accuracy of the information you enter into EDX is crucial. Reporting late or incorrectly (and not fixing mistakes promptly) costs your organization money and time.

To understand your statement and how to pay your invoice, read employer reporting guide 26, *Understanding Your Statement,* and 27, *Paying Your Invoice*.

Reporting employee data to PERS

The PERS pension administration system contains the records of all past and present PERS members' accounts: their membership start date, salary earned, hours worked, leaves of absence, job changes, and more. Employers have the vital job of entering all this information into the EDX system on a regular basis.

At retirement, PERS retirement-calculation specialists use the information that your organization submitted to the system over an employee's career to calculate their pension amount.

For an introduction to using EDX, read the Using the EDX Reporting System webpage.

To sign up for employer reporter training, go to the Training webpage.

To read detailed instructions on reporting, reference the employer reporting guides.

For questions and help, contact the Employer Service Center.

Helping new employees understand PERS

To help your new employees understand PERS benefits, how to become a member, and more, you can share the information in this guide and direct them to the PERS nonretired members' website.

PERS privacy practices

ORS 192.502 lists criteria that someone must meet before PERS will release public records to them. PERS cannot release personal information if doing so will constitute an unreasonable invasion of privacy unless the public interest, by clear and convincing evidence, requires disclosure in a particular instance.

Policies for releasing the most frequently requested records are as follows:

Beneficiary information — Information cannot be released over the telephone. PERS requires a written inquiry from the member.

List of employees approaching retirement eligibility — For confidentiality reasons, PERS does not provide such lists of employees.

Benefit estimate request — PERS will not prepare a retirement benefit estimate except at the member's request, nor will PERS provide anyone else with a member's benefit estimate without a written release from that member.

Mailing list — PERS does not provide mailing lists.

Retiree's pension amount — This information is public record. PERS will release the information if the requestor makes a public records request. For instructions and charges, read the Request for Public Records From PERS webpage.