



## Retirement Option Comparison – Tier Four Employees

Explore the unique features of the Optional Retirement Plan (ORP) and the Oregon Public Service Retirement Plan (OPSRP) for those employees hired after June 30, 2014.

The Optional Retirement Plan (ORP) and the Oregon Public Service Retirement Plan (OPSRP) are each intended to provide you with income during your retirement years. These plans share a number of common attributes, but differ in important aspects. This guide provides an overview of the key features of the OPSRP and the ORP.

Disclaimer – Please read carefully

This Guide is intended to assist in the administration of the plan, and it includes a summary of common ORP Plan provisions. To obtain additional information or the official plan document, contact your campus benefits office, or visit the OPURP website [here](#).

## Tier Four Employees – ORP and OPSRP Features

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#### First, are you an OPSRP/ORP Tier Four eligible employee?

If you were hired in a qualifying position after June 30, 2014, and have never worked for another Oregon PERS employer, you are a PERS/OPSRP or ORP Tier Four employee.

OPSRP is a program of the Public Employees Retirement System (PERS). An overview describing OPSRP is posted at:

[www.oregon.gov/pers/mem/pages/section/general\\_information/opsrp\\_overview.aspx](http://www.oregon.gov/pers/mem/pages/section/general_information/opsrp_overview.aspx)

This document compares the OPSRP and Optional Retirement Plan provisions that apply to OPSRP/ORP Tier Four employees.

This material is designed for general service employees.

If you were a PERS member or enrolled in the ORP before July 1, 2014, your benefits are described in the respective “Comparing Your Retirement Options” brochure for Tier One/Tier Two or Tier 3 employees based on your date of hire as listed below.

**Tier One** – If you were hired in a qualifying position before January 1, 1996, you are a Tier One employee.

**Tier Two** – If you were hired in a qualifying position on or after January 1, 1996, but before August 29, 2003, you are a Tier Two employee.

**Tier Three** – If you were hired in a qualifying position on or after August 29, 2003, but before July 1, 2014, you are a Tier Three employee.

For employees with ORP Tier Four, Tier Three, Tier Two, or Tier One dates of hire, there are a few differences under the Optional Retirement Plan other than the contribution rates. The OPSRP pension varies from Tier One and Tier Two PERS pensions.

## Tier Four Employees – ORP and OPSRP Features

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Attributes	OPSRP	ORP Tier Four
<b>Who is Eligible</b>	<p>Academic and administrative unclassified and classified employees of Oregon Public Universities (including EOU, OIT, OSU, PSU, SOU, UO and WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>• Have completed a waiting period of six full calendar months, uninterrupted by more than 30 consecutive working days, in a PERS qualifying position.</li> <li>• Hold a PERS qualifying position of 600 or more hours of service in a calendar year.</li> </ul>	<p>Academic and administrative unclassified employees of Oregon Public Universities (including EOU, OIT, OSU, PSU, SOU, UO and WOU) who:</p> <ul style="list-style-type: none"> <li>• Have completed a waiting period of six full calendar months of employment, uninterrupted by more than 30 consecutive working days, in a qualifying position.</li> </ul> <p>ORP Qualify Positions include:</p> <ul style="list-style-type: none"> <li>• A 12-month fixed-term appointment of at least 0.3 FTE; OR</li> <li>• A 9-month, academic year fixed-term appointment of at least 0.4 FTE; OR</li> <li>• A more than 9-month and less than 12-month fixed-term appointment or a non-fixed term appointment in which the employee performs 50 or more hours of service in each month of the waiting period.</li> </ul>
<b>When Participation Begins</b>	First of the month following six full calendar months of employment in a PERS qualifying position.	First of the month following six full calendar months of employment in a qualifying position.
<b>Ongoing Eligibility Requirement</b>	Hold a PERS qualifying positions of 600 or more hours of service in each calendar year.	The ORP has no hours-based ongoing eligibility requirement after initial eligibility has been met. An Active ORP participant receives contributions based on each month's compensation after establishing initial eligibility.
<b>Employer Contributions</b>	<p>Employer Contributions made by your university in 2018 are based on a percentage of the first \$275,000 of salary in a calendar year (pro-rated for less than full year appointments). The salary limit may be adjusted as the cost of living increases.</p> <p>The Employer Contribution rate for OPSRP members is subject to change, based on the rates periodically established by PERS.</p>	<p>Employer Contributions made by your university in 2018 are based on a percentage of the first \$275,000 of annual salary (calendar year). The salary limit may be adjusted as the cost of living increases.</p> <p><b>The Employer Contribution rate is 8% of compensation each month.</b></p>

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Attributes	OPSRP	ORP
<b>Additional Contributions</b>	<p><b>Employee Contribution:</b> Currently, your university pays the Employee Contribution to PERS' Individual Account Program (IAP) on behalf of most employees.</p> <p>Employee Contributions are 6% of annual salary based on the first \$275,000 of salary in a calendar year. The salary limit may be adjusted as the cost of living increases.</p> <p>Total Employer and Employee Contributions to the Individual Account Program (IAP) may not exceed \$55,000 in a plan year.</p> <p>All limits are as of the 2018 plan year, and are indexed annually by the IRS.</p> <p><b>Note:</b> Employee Contribution rates are subject to legislative session, the State Board of Higher Education and collective bargaining.</p>	<p><b>ORP Employer Match:</b> For Tier Four ORP Participants, your university matches employee contributions to the Tax-Deferred Investment (TDI) 403(b) Plan up to a maximum of 4% per pay period, subject to limits listed below.</p> <p><b>NOTE:</b> Tier 4 ORP Participants must use the same plan sponsor for both the ORP and the TDI. See the Tier 4 Match guide at <a href="http://www.opurp.org">www.opurp.org</a> for more details.</p> <p>See the FAQs that begin on page 8 of this Tier 4 Guide and <a href="http://www.opurp.org/tdi-403b-plan">www.opurp.org/tdi-403b-plan</a> for more information about using the TDI Plan to receive the ORP Employer Match Contribution.</p> <p>ORP Employer Match Contributions are based on the first \$275,000 of annual salary (calendar year). The salary limit may be adjusted as the cost of living increases.</p> <p>Total Employer and ORP Employer Match Contributions may not exceed \$55,000 in a plan year.</p> <p>All limits are as of the 2018 plan year, and are indexed annually by the IRS. Contributions to the Tax-Deferred Investment (TDI) 403(b) Plan are subject to limits of that plan.</p> <p>The maximum elective TDI contribution you can make in 2018 is \$18,500 (\$1,541/month). If you are age 50 or older, you may contribute an additional \$6,000.</p> <p><b>IMPORTANT:</b> When planning your TDI contributions, pay careful attention to the limits applicable to the TDI Plan.</p> <p>ORP Employer Match contributions will only be paid on TDI contributions made each month. If you stop your TDI contributions or if your contributions exceed the annual elective deferral limit, your ORP Employer Match will also end.</p>

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Attributes	OPSRP	ORP
<b>Rollovers</b>	The Individual Account Program (IAP) does not accept rollover contributions.	Accepts rollover contributions, subject to fund sponsor restrictions, from: <ul style="list-style-type: none"> <li>• PERS member or IAP accounts</li> <li>• Other employers' qualified retirement plans</li> <li>• Governmental IRC 457(b) plans, including the OSGP</li> <li>• IRC 403(b) Plans</li> <li>• Conduit IRAs from an employer's qualified plan.</li> </ul>
<b>Plans and Plan Accounts</b>	Two separate plans are maintained for OPSRP members: <p><b>OPSRP Pension</b> Employer Contributions fund an OPSRP "defined benefit" pension plan.</p> <p><b>IAP</b> Employee Contributions fund an Individual Account Program (IAP) Employee Account in a "defined contribution" plan.</p>	Your ORP retirement account is in made up of your: <ul style="list-style-type: none"> <li>• Employer Contributions</li> <li>• ORP Employer Match Contributions</li> </ul> <p>Participants invest these contributions in mutual funds and/or annuities offered through the Optional Retirement Plan.</p> <p>Employer and ORP Employer Match Contributions, plus investment returns over time, build the retirement account balance.</p>
<b>Investment Options</b>	All investments for the pension and IAP are selected and managed by the Oregon Investment Council.	You may choose from a variety of investments through the ORP Providers offering fixed and variable annuities and mutual funds. <p>ORP Providers include Fidelity Investments and TIAA for new participants.</p>
<b>Investment Income</b>	Actual investment returns are credited to IAP accounts.	Actual investment returns are credited by each mutual fund or annuity, which may include a fixed annuity with guaranteed investment returns.
<b>When You May Change Investment Options</b>	Not required or permitted.	<ul style="list-style-type: none"> <li>• You may change your ORP Provider once per calendar year.</li> <li>• You may change funds or transfer balances among funds by contacting your ORP Provider at any time, subject to any restrictions or fees required by your fund sponsor.</li> <li>• You may transfer existing account balances among ORP Providers at any time, subject to any restrictions or fees required by the provider.</li> </ul>

## Tier Four Employees – ORP and OPSRP Features

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Attributes	OPSRP	ORP
<b>Vesting Employer Contributions and Earnings</b>	<p><b>OPSRP Pension</b></p> <ul style="list-style-type: none"> <li>100% vested after being an active member in a qualifying position (600 hours minimum) in each of five calendar years.</li> <li>100% vested upon reach normal retirement age while an employee (65).</li> </ul>	<p><b>Employer Contributions</b></p> <ul style="list-style-type: none"> <li>100% vested after receiving contributions in each of 5 years, or if you are age 50 or older while an Oregon Public University Employee.</li> </ul>
<b>Employee Contributions and Earnings</b>	<p>IAP Account 100% vested immediately.</p>	<p>ORP Employer Match Account 100% vested immediately.</p>
<b>How Benefits are Determined at Retirement</b>	<p>Your retirement benefit is the combination of your Pension and your Individual Account Program (IAP) account balance.</p> <p><b>OPSRP Pension</b> benefits are provided under a Full Formula calculation. The benefit amount is 1.50% of your Final Average Salary (FAS) times your years of qualified service.</p> <p>Final average monthly salary is the greater of these amounts, divided by 36 months:</p> <ul style="list-style-type: none"> <li>Your last 36 consecutive months of salary; OR</li> <li>Your highest three consecutive calendar year salaries during your career in OPSRP-covered employment.</li> </ul> <p><b>IAP</b> Benefits are the total of all IAP account balances.</p>	<p>Benefits are equal to the value of your ORP Employer Match Account and, if vested, the value of your Employer Account, including any investment returns at the time the ORP account is distributed.</p>
<b>When Retirement Benefits are Available</b>	<p><b>OPSRP Pension</b></p> <ul style="list-style-type: none"> <li>Normal retirement age 65</li> <li>Normal retirement age 58 with 30 years qualifying service</li> </ul> <p><b>IAP</b></p> <ul style="list-style-type: none"> <li>Employee Account is available on termination</li> </ul>	<p>Termination of employment, retirement, death, disability, or plan termination.</p>

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<b>How Benefits are Paid at Retirement</b>	<p><b>OPSRP Pension</b></p> <p>A variety of payment options, including life annuity, joint and survivor option.</p> <p><b>IAP</b></p> <p>Account payments include lump sum distributions and equal installments over 5, 10, 15, or 20 years.</p>	<p>Variety of payment options, including lump sum payment of ORP Employer Match and Employer Accounts, subject to ORP Provider payout provisions.</p>
<b>Disability Benefit</b>	<p><b>OPSRP Pension</b></p> <p>OPSRP members with 10 or more years of creditable service, or with a duty-related disability, receive 45% of salary in effect as of the last full month of pre-disability employment, until commencement of normal retirement pension benefits.</p> <p><b>IAP</b></p> <p>IAP accounts receive investment earnings and losses until withdrawn.</p>	<p>100% of your Employer Account balance and the ORP Employer Match Account balance as of the date of disability.</p>
<b>Minimum Required Distributions</b>	<p>Generally, Internal Revenue Code requires you to begin receiving benefits by April 1 of the year following the calendar year in which you retire or reach age 70 ½, whichever is later.</p>	<p>Generally, benefit payments begin any time after becoming eligible, and on or before April 1 of the calendar year following the latter of calendar year the Participant either:</p> <ul style="list-style-type: none"> <li>• Attains age 70 1/2; or</li> <li>• Retirees and terminates employment.</li> </ul>
<b>Death Benefit If You Die While Employed</b>	<p><b>OPSRP Pension</b></p> <p>If you are vested, 50% of what your pension would have been is paid to your spouse for life. For this purpose, your spouse includes a person who is constitutionally required to be treated as your spouse.</p>	<p>100% of the value of your ORP Employer Match Account and Employer Account balance at time of death is paid to your survivor(s).</p>

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<b>Survivor Benefit</b> <i>If You Die After Retirement</i>	<p><b>IAP</b> Your IAP account balance is paid to your beneficiary as a lump sum distribution.</p> <p>Benefit is determined by payment option you selected at the time you retired.</p>	Benefit is determined by payment option you selected at the time you retired.
<b>Cost of Living Adjustment (COLA) After Retirement</b>	Contact PERS directly for COLA information.	No cost of living adjustment. Accounts receive investment returns until withdrawn.
<b>Loans</b>	Not available.	<p>Loans are available through VALIC and TIAA.</p> <p>Up to 50% of the combined value of your Rollover ORP Accounts, or \$50,000, whichever is less. Other Oregon Public Universities Retirement Plans or state plan loans reduce the maximum available amount.</p>
<b>Health Insurance</b>	Contact PERS directly for health insurance information.	PEBB retiree health insurance is currently available for early retirees until Medicare eligibility.

## Tier Four ORP Employer Match – Frequently Asked Questions (FAQs)

### What is a ‘Match’?

A matching contribution is a retirement plan contribution made by your employer if you make voluntary contributions to your TDI retirement account. The amount of the ‘match’ is linked to the amount of your voluntary contributions. Specific details about the ORP Employer Match can be found in this document and in the TDI Guide at [www.opurp.org/tdi-403b-plan](http://www.opurp.org/tdi-403b-plan)



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#### Who is Eligible for ORP Employer Match Contributions?

ORP Employer Match contributions are available to any Tier 4 ORP Member. Generally, Tier 4 ORP members are anyone who:

- Was hired after 6/30/2014;
- Elected the Optional Retirement Plan; and
- Completed the ORP initial eligibility requirements.

If you have any specific questions about your eligibility for contributions, please see your institution's benefits office.

#### What is the Amount of the ORP Employer Match?

The ORP Employer Match amount corresponds to the amount an employee contributes to the TDI Plan each pay period. The maximum ORP Employer Match an employee may receive per pay period is 4% of compensation, subject to IRS annual compensation and contribution limits. This table illustrates the percentage of ORP Employer Match that will be contributed at various levels of employee TDI contributions.

Your Total TDI Contributions*	ORP Employer Match
0%	0%
1%	1%
2%	2%
3%	3%
4%+	4%

*\*TDI contributions are voluntary and are controlled by you, the employee. You can adjust your contribution percentage on a monthly basis.*

TDI contributions may be Pre-tax, Roth, or a combination of the two as determined by you, the participant. ORP Employer Match contributions will be pre-tax and based on the combined total of your TDI contributions up to 4% of compensation.

**Example 1:** You contribute 3% (\$75/month) of your \$30,000 annual salary to the TDI 403(b) Plan. The ORP's match on your contributions, up to 4% of your salary, means an additional \$75 (100% of \$75) is added to your ORP Employer Match account each month (\$900 per year).

**Example 2:** You contribute 10% (\$250/month) of your \$30,000 annual salary to the TDI 403(b) Plan. The ORP's match on your contributions, up to 4% of your salary, means an additional \$100 ( $4\% \times \$30,000 / 12 \text{ months} = \$100$ ) is added to your ORP Employer Match account each month (\$1,200 per year).

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**Note:** The matching contribution is not \$3,000 because the plan's match is capped at 4% of your compensation.

Contributions made to the Tax-Deferred Investment (TDI) 403(b) Plan are subject to IRS contribution limits. When planning your TDI contributions, pay careful attention to the limits applicable to the TDI Plan. ORP Employer Match contributions will only be paid on a per-pay-period basis and are dependent on employee TDI contributions made during that month (e.g. you will receive ORP Employer Match contributions only if you make a TDI contribution during the month).

For more information on the TDI Match, you can review this summarizing [article](#) on our website.

### **What do You Need to do to Receive an ORP Employer Match?**

To receive ORP Employer Match contributions you must:

- Be an active Tier 4 Member; and
- Make contributions to the TDI 403(b) Plan

Enrollments and changes to TDI contribution amounts must be submitted using the approved TDI Plan forms and procedures. See [www.opurp.org/tdi-403b-plan](http://www.opurp.org/tdi-403b-plan) for details and forms.

What is 'Vesting' and When Does the ORP Employer Match 'Vest'?

Vesting is a form of ownership. Vesting represents your non-forfeitable right to your ORP Employer Match account.

You are always 100% vested in your ORP Employer Match account, including any related earnings.

Where Can I Get Additional Information About the ORP?

Additional information about the ORP can be found in the Decision Making Guide online at [www.opurp.org/optional-retirement-plan](http://www.opurp.org/optional-retirement-plan) or by contacting your institution's benefit's office.