

Answers to your questions about Getting Ready to Retire

1. What is the earliest date I can begin my PERS Chapter 238 Program benefits?

Your effective retirement date will be either the first day of the month in which the retirement application is received or the first day of the month following your termination from covered employment, whichever is later (see question 4). You must be at least of earliest retirement age (general service, age 55; police officers and firefighters, age 50) or have 30 years of PERS creditable service.

2. When can I expect to receive my first Chapter 238 Program benefit payment?

Your retirement benefits will be paid on an accrual basis. This means if you retire effective January 1, your first benefit will be due to you February 1. PERS makes every effort to start your benefit on the due date, but if PERS encounters delays in gathering information necessary to calculate your benefit, **payment may not be made for 60 to 90 days after your effective retirement date.**

Whenever you receive your first payment, it will be retroactive to your benefit due date.

PERS is required to pay retirement benefits within 62 days of the date your benefits become due or to provide an estimated payment. Some exceptions do exist: we need proof of your birth date and possibly your beneficiary's birth date, and we need to be officially notified that you have stopped working in a PERS Chapter 238 Program qualifying position before we can pay benefits. Most retirees receive benefits in a timely manner but delays sometimes occur. If possible, plan your finances so you will have income in the event of a delay.

3. Can I purchase additional service time and how will that affect my benefit?

You may be eligible to purchase additional service time. See your benefit estimate and your PERS Member's Handbook for details. Additional service time may entitle you to enhanced benefits. Under certain conditions you may also be entitled to lower-cost or subsidized health insurance. The increased service time may enhance any potential future benefits granted by the Oregon legislature.

4. When can I purchase my waiting time or refunded time?

You may make your purchase within the 90-day period prior to your effective retirement date. PERS must receive your check and your signed purchase letter (usually the last page of your retirement estimate) prior to your effective retirement date. To establish your effective retirement date, you must already

have submitted your retirement application form or submit the retirement application with the purchase.

5. What payment options are available to me?

There are 13 benefit payment options under the PERS Chapter 238 Program. Please review your PERS Member's Handbook for details, look online at [www.oregon.gov/pers/Benefits/Service Retirement/Payment Options](http://www.oregon.gov/pers/Benefits/Service%20Retirement/Payment%20Options), or request the PERS video Benefit Options from your personnel or payroll office.

6. Can I make any changes after I elect an option and beneficiary?

For most options, you may change your benefit option, beneficiary, number of lump-sum installments, or percentage of each installment within 60 days from the date of your first benefit payment. This allows time to evaluate these important decisions. After 60 days from the date of your first benefit payment, you may no longer make these changes. However, if you select either the refund annuity or 15-year certain retirement option, you may change your beneficiary designation at any time.

7. Can I request that my monthly benefit be directly deposited with my financial institution?

Yes. Submit a completed PERS Direct Deposit Request. If your financial institution participates in the electronic deposit program, PERS will electronically deposit your monthly benefit payment in your checking or savings account. PERS can mail your check to your financial institution if it does not participate in the electronic deposit program.

Your first monthly payment after electing direct deposit may be mailed to you. At that time an electronic "pre-note" or zero-dollar payment will be sent to your financial institution to make sure the account and routing numbers are correct.

All retroactive, special, or reissued checks will be sent to your mailing address. Lump-sum installments will be sent to your mailing address or to a financial institution. Direct deposit is available only for regular monthly benefit payments.

8. I am currently participating in the Variable Annuity Program. Do I have to leave my account with the variable program after retirement?

You may transfer your funds from the variable program at retirement. You must complete a Variable Election form to indicate whether or not you wish to transfer your variable account dollars to the regular account. The latest you may do so is within 60 days after the date of your first benefit payment. If you choose to make this transfer, we encourage you to make it prior to your effective date of retirement.

If you choose a lump-sum settlement option, any variable funds will automatically be transferred to your regular account.

You may also be eligible to transfer your variable account to your regular account prior to retirement if you meet certain conditions. This is called the One-Time Variable Transfer. If you make this election, you may no longer participate in the PERS variable program for active or retired members.

9. If I remain in the variable, what happens to my benefit after retirement?

If you decide to participate in the variable program as a retiree, your monthly benefit will increase or decrease each January (benefits paid February 1), depending on the performance of the stock market at October 31. Only the variable annuity portion of your benefit will change.

10. How will my benefit be calculated?

Your PERS Chapter 238 Program benefit will be calculated using one of three methods. Whichever calculation results in the highest benefit will be used to pay your retirement benefit. The calculation methods are: Full Formula, Formula Plus Annuity, and Money Match. For more details ask your employer for the PERS video Benefit Calculation. The Formula Plus Annuity method is available to members who made contributions prior to August 21, 1981.

11. What age factor will be used in calculating my retirement benefits?

Your attained age in years and months on your effective retirement date will be used to calculate your benefits.

Example: If your 58th birthday is August 15, 1950, and you elect to retire August 1, 2008, PERS will use the age 57 years, 11 months annuity factor because you would be this age on August 1, 2008.

12. Will my accumulated unused sick leave hours make a difference in my retirement calculation?

Possibly. If your employer participates in the PERS sick leave program, we will increase your final average salary based on one-half the number of unused sick leave hours reported to us by your employer. Unused sick leave enhances your monthly benefit under the Full Formula or Formula Plus Annuity calculation methods.

13. Will accrued vacation or compensatory hours have an impact on my monthly retirement benefit?

PERS Chapter 238 Program contributions are made on your vacation pay. This means that vacation or compensatory time paid off at the time you retire will increase your account balance.

If you were hired before January 1, 1996 (Tier One), the lump-sum payment of your paid vacation or compensatory hours will be used in the calculation of your final average salary if paid during your last months of employment.

If you were hired on or after January 1, 1996 (Tier Two), any lump-sum payment you receive for unused vacation will not be used in the calculation of your final average salary.

14. Do I need to arrange for my final paycheck to be paid at any specific time?

Your final paycheck (including for Tier One members' payment for accrued unused vacation or compensatory time) must be dated in the final month you work to be used in your last 36 months salary.

Final average salary (FAS) will be used in the Full Formula and Formula Plus Annuity benefit calculation methods. This will be based on your last 36 months or three highest calendar years, depending on which produces the highest FAS. See question #13 "How will my benefit be calculated?"

15. What is "member cost" and how does that affect my taxes?

Member cost is the amount of PERS contributions which were deducted from your paycheck after taxes plus the cost of any purchases you elected to make. This may reduce your tax liability in the future. See IRS Publication 575 for details.

16. I am classified as a police officer or firefighter (P&F). May I purchase P&F units?

Members classified as police officers or firefighters may purchase P & F units through payroll deduction or at retirement. For more detailed information, please request Questions and Answers About Police Officer and Firefighter Unit Benefits.

17. Can I participate in group health insurance after retirement?

Yes. All PERS Chapter 238 Program service or disability retirees are eligible for the PERS group health insurance program. PERS offers long term care, major medical, dental, and Medicare companion insurance. For information regarding premiums, coverage options, etc., contact the PERS Health Insurance Program at 503-224-7377 (Portland) or 800-768-7377 (outside the Portland metro area) from 8:30 a.m. to 4:30 p.m.

You may also be eligible for health insurance benefits through your employer. Check with your personnel, benefits, or payroll department for details.

18. I understand PERS offers a premium for members enrolled in a PERS Medicare companion plan. How do I qualify for the subsidy?

If you have eight years of qualifying service and are enrolled in Medicare Parts A & B, you may be eligible for a monthly subsidy toward the cost of your PERS health insurance. The current subsidy amount is up to \$60. Contact the PERS Health Insurance Program for more information.

19. Will my spouse be eligible to participate in the PERS health insurance program, and what happens after my death?

Your spouse may enroll with you in a PERS-sponsored insurance plan. If your spouse is your beneficiary and will receive a monthly benefit after your death, AND you are eligible to receive the Medicare subsidy, AND your spouse is enrolled in a PERS-sponsored insurance plan at the time of your death, then he or she may be eligible to receive the PERS Medicare subsidy.

20. Whom should I contact to request a retirement application or with questions about my benefit?

The PERS/IAP Service Retirement Application form is available online at www.pers.state.or.us. Click on "PERS Customer Service Online" and then choose member forms. If you do not have access to the Internet, please request the retirement application by writing to:

This Q&A is for general informational purposes only and is not intended to provide legal advice. If there is any conflict between this brochure and federal law, Oregon law, or administrative rules, the law and administrative rules shall prevail.

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