

For Tier One/Tier Two members

Benefit estimates

You can create and retrieve retirement benefit estimates in Online Member Services (OMS) using data supplied by your employer(s) in a secure environment.

OMS can be accessed from the PERS homepage at: <http://oregon.gov/pers>

However, if you are within two years of retirement eligibility, you can also get a written benefit from PERS for a retirement date within two years of the written benefit request.

A written estimate will include information on waiting time and forfeited time “purchases” you are eligible to make. See the accompanying article for where to go to learn more about purchases.

Once your written estimate is completed, purchase information is transferred to OMS so future online estimates will include purchase information.

You can request a written benefit estimate by submitting an Estimate Request form or by contacting [Member Services](#) and requesting that the form be mailed to you.

What are purchases?

As a Tier One or Tier Two member, you may be eligible to purchase additional retirement credit. Purchases are also called “buy backs.”

The most common purchase is for waiting time. When you were hired into a PERS-covered position, you served a six-month waiting period before you became a PERS member. You can pay to add this time to your total service time.

[Click here](#) for a list and description of purchases that may be available to you.

Purchases must be paid in a lump sum, generally before your effective retirement date but the requirements can differ.

Total lump-sum retirement option: is it right for you?

The total lump-sum retirement option allows you to take your member account in a lump-sum that is matched by an equal lump-sum distribution from your employer.

If you take a total lump-sum, you will lose some important financial benefits from receiving a monthly PERS benefit.

First, a PERS monthly benefit is paid for your lifetime. Depending on the benefit option, it can also be paid for your beneficiary’s lifetime.

Second, monthly benefits receive a cost-of-living adjustment (COLA) increase each August (based on the Portland Consumer Price Index).

Third, if your PERS monthly benefit is determined using the Money Match calculation method, PERS bases that benefit amount on a 7.5 percent annual rate of investment return (for retirements beginning January 1, 2016). That is, your monthly benefit amount is based on the assumption that your account will continue earn 7.5 percent annually for as long as you will receive a monthly benefit. That assumed 7.5 percent earnings rate is built into the monthly benefit. (Money left in the Variable Account at retirement is subject to investment gains and losses).

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The total lump-sum retirement option (continued from page 1)

If you take a total lump-sum, the investment you make with that money would need to earn more than 7.5 percent annually, plus the COLA, to provide you equal value to a Money Match benefit calculation. If your benefit is instead based on the Full Formula calculation, you're getting even more value from your employers' contributions than you would under either Money Match or Total Lump-Sum.

A fourth consideration is that PERS benefits are subject to both federal and state taxes when they are paid unless they are rolled over to another qualified retirement plan. A lump-sum payment that is not rolled over is taxed in the year you receive it. Depending on your tax bracket and the state in which you live, your total benefit could be immediately reduced by as much as 30 to 50 percent.

Members who take a total lump-sum may find themselves in a higher tax bracket than they have previously been in depending on the amount of their distribution.

If you are going to invest your Total Lump Sum benefit yourself, the following guidelines could help you.

PERS staff are not financial planners or tax advisors and do not give investment advice, but some basic principles of managing retirement assets are consistently cited by financial planning experts:

- Plan early,
- Understand your strengths and limitations,
- Know your risk tolerance,
- Invest your time before you invest your money, and
- Get help.

It is never too soon to plan for retirement. Can you reasonably anticipate your needs for the retirement years? What contingencies must you cover? Do you have a non-working spouse or partner? Are there mortgage payments that still need to be made? Are there health care issues?

Depending on your circumstances, you may need to answer other questions. Early planning is clearly related to the following principles:

- How much do you really know about financial markets?
- How much time are you willing to devote to active management of your financial assets?
- Are you willing - and able - to manage your investments yourself?
- Are you comfortable turning your financial decisions over to someone else so you can devote yourself to more traditional retirement activities?

If you do not already have investment experience, after you take your total lump sum may not be the time to discover you have neither the skill nor the interest to actively manage your largest retirement asset.

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Email PERS Customer Service at: customer-service.pers@state.or.us

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The 13 Tier One/Tier Two retirement options at a glance

Understanding the Tier One/Tier Two retirement options can help make the retirement process easier. Full descriptions of the 13 Tier One/Tier Two retirement options are in the [Pre-Retirement Guide](#) on the PERS website.

Option	Do monthly payments continue while I'm alive?	Do monthly payments continue after I die?	What kind of payment is due my beneficiary after I die?	Can my beneficiary be an estate, trustee, or charity?	Can I change my beneficiary more than 60 days after my first benefit payment?
Refund Annuity	Yes	No	The balance (if any) of your account in a single payment	Yes	Yes
Option 1 or Lump-Sum Option 1*	Yes	No*	None*	N/A	Yes*
Option 2 or Lump-Sum Option 2*	Yes	Yes	Monthly* (same amount as member)	No	No
Option 2A or Lump-Sum Option 2A*	Yes	Yes	Monthly* (same amount as member)	No	No, but you can change to Option 1 (see note below)
Option 3 or Lump-Sum Option 3*	Yes	Yes	Monthly* (1/2 of member's amount)	No	No
Option 3A or Lump-Sum Option 3A*	Yes	Yes	Monthly* (1/2 of member's amount)	No	No, but you can change to Option 1 (see note below)
15-Year Certain	Yes	If 180 payments have not been made to member and beneficiary is a person**	Monthly*** (same amount as member for the remainder of the 180 payments)	Yes*	Yes
Total (double) Lump-Sum*	No	No*	One payment of the total lump-sum account balance	Yes	Yes

Note: Option 2A or 3A or Lump-Sum Option 2A or 3A allows you to change your monthly benefit to Option 1 if your beneficiary dies or you and your beneficiary divorce after you retire.

* Remaining member account balance, if any, to be paid to beneficiary of record.

** If beneficiary is a person, any remaining payments will be made on a monthly basis; if beneficiary is an estate, remaining monthly benefits can be paid in a lump sum based on actuarial present value.

*** If beneficiary is a person, that person can designate a beneficiary.

PERS' annual customer satisfaction survey results and strategies

PERS conducted its 2015 customer service satisfaction survey during August. Our thanks to the approximately 1,150 people who responded online and via hard copy. PERS has conducted annual surveys since 2006.

Participants rated PERS in eight areas: timeliness of services; ability to provide services correctly the first time; helpfulness; knowledge and expertise of PERS' employees; availability of information; the overall quality of service PERS provides; the PERS website; and how our service in the past year compared to previous years.

We also asked three questions regarding the PERS website:

- Was the PERS website easy to navigate?
- Did you find the information you wanted?
- Are there any changes you would make to the PERS website?

Approximately 81% of respondents said the website was easy to navigate and approximately 83% found the information they were seeking. In many cases when information was not found, respondents were looking for the potential impacts of PERS-related legislation.

Another question asked: "Are PERS forms easy to understand and use?" Approximately 73% of respondents answered "yes," with approximately 7% answering "no." The remainder had "not used" PERS forms.

The following are key issues and suggestions from the comments we received, along with PERS' strategies to resolve these concerns:

Ratings for the eight survey questions:

How do you rate...	Percent				
	Excellent	Good	Fair	Poor	Don't Know
The overall quality of service?	60	29	4	3	4
The timeliness of services PERS provides?	59	30	3	3	5
PERS' ability to provide services accurately the first time?	59	27	4	5	5
PERS' helpfulness?	62	25	5	3	5
The knowledge and expertise of PERS employees?	55	29	4	2	10
The availability of information at PERS?	53	31	5	4	7
The PERS website?	23	23	6	3	45
Our service in the past year compared to previous years?	45	24	3	3	25

1. Members noted that PERS encourages use of Online Member Services (OMS), accessible on the PERS website, but asked why OMS is often not available.

With computers, people want access to information at any hour of the day. OMS is a repository of member and retiree data. Members can create benefit estimates and get other membership information while retired members can change their address, access upcoming benefit payment information, and access other data.

Resolution: Because employers report data to PERS daily, we process and update the information in OMS on a daily basis. OMS is normally available daily from 6 a.m. to 9 p.m. Pacific Time. OMS may sometimes not be available until 10 a.m. Saturday and from 4 p.m. Saturday until 6 a.m. Monday for routine maintenance.

We will add information to our messaging to members regarding the agency's need to process information supplied by employers daily that requires an overnight shutdown of OMS.

2. Respondents noted that the PERS website can be hard to navigate.

Members feel that the PERS website can be cumbersome when trying to find specific information.

Resolution: The state is providing new templates for website design and PERS will be updating its website. We anticipate having a website that is more user-friendly early in 2016.

Education Presentations

PERS offers education sessions for Tier One/Tier members who are planning to retire in less than three years (Retirement Readiness) and for those planning to retire in more than three years (Introduction to Retirement). Education sessions are held around the state.

Retirement Readiness

This presentation is ideal for Tier One/Tier Two members who are less than three years from PERS retirement. Topics include a step-by-step review of a PERS estimate of retirement benefits, retirement options, and retirement timelines; guidelines on completing the retirement application; an explanation of working after retirement rules; detailed information regarding the Individual Account Program (IAP); and a list of available resources.

Introduction To Retirement

This presentation is ideal for Tier One/Tier Two members more than three years from PERS retirement. Topics include a look at available resources, information about Online Member Services estimates, a review of retirement timelines, an explanation of working after retirement rules, detailed information regarding the Individual Account Program (IAP), and other information you may find useful as you move towards retirement.

Some education sessions add financial planning information that is supplied by our education partner, Valic. Additional topics covered at these sessions include:

- Social Security and Medicare,
- Coordinating PERS benefits with other income sources, and
- Planning for changing income and expense needs.

Registration is required. Register through the PERS website in the [Education Sessions](#) section. All presentations are free, including the financial planning sessions. Space is limited and the schedule is subject to change. The PERS website has the most current information.

Retirement Application Assistance Sessions (RAAS)

These are one-hour, one-on-one appointments with a PERS staff member to review PERS retirement application forms and are for members who have:

1. Decided on a PERS effective retirement date.
2. Have completed the service retirement application and are ready to have it reviewed. You can call and request a retirement application or you can [download the form\(s\)](#).

PERS will:

1. Conduct a comprehensive review of your retirement application, forms, and supporting documents for accuracy and completeness;
2. Notarize your retirement application at no cost; and
3. Explain the retirement application process.

Please note that RAAS are not counseling sessions to assist you in making a decision to retire.

As a courtesy to others, please do not schedule more than one RAAS session. One hour is sufficient time for a comprehensive review of your retirement forms.