


Your Oregon PERS

Pre-Retirement Guide

and

Service Retirement Application

PERS Oregon Public Employees Retirement System

Table of Contents

This *Pre-Retirement Guide* is for general informational purposes only and is not intended to provide legal advice. If there is any conflict between this publication and federal law, Oregon law, or administrative rules, the law and administrative rules shall prevail.

Part One: Getting Ready To Retire

A guide to completing your

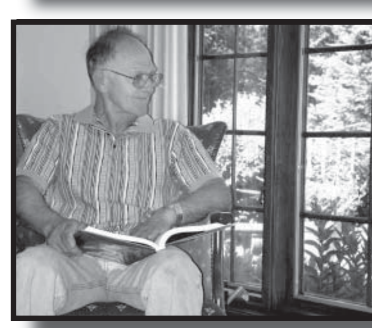
PERS Service Retirement Application (SRA)

Congratulations on your upcoming retirement. Your retirement is one of the most important career decisions you will make, and PERS wants you to have the most enjoyable, financially secure retirement possible.

Before we can pay your benefits, we need some information from you (and your spouse, if you are married). You will also need to make some important benefit decisions. We have provided *Your PERS Pre-Retirement Guide* to help ensure a smooth retirement process. It includes information to help you make decisions as well as detailed instructions on filling out your retirement application.

The Service Retirement Application (SRA), tucked into the pocket on the inside cover of this guide, is the main form you need to complete to initiate PERS benefits. However, based on the choices you make and your individual situation, you may need to complete additional forms. You will find these inside the front pocket as well. (Note: Some forms may be in the pocket inside the back cover, so check both pockets.)

As you begin to make your retirement decisions, take a minute to celebrate your first step toward a new and wonderful phase of your life—your retirement.



Getting started

All retiring members will need to answer the following questions:

- When should I retire?
- What payment option shall I choose?
- Is my beneficiary designation correct?
- Do I want my monthly payments deposited directly to my financial institution?
- How much federal or Oregon state tax shall I have withheld?

Depending on your circumstances, you may also need to answer some additional questions:

- Am I eligible to retire? (See Appendix A, page 42)
- Do I want to make any purchases?
- Do I need to make a purchase to meet service time requirements?
- Do I want to continue in the variable annuity program after retirement?
- Do I want to roll my member account over to another retirement plan, a deferred comp plan, or an Individual Retirement Account (IRA)?

This guide includes information to help you respond to these questions. You can also order additional forms and publications, including brochures and information sheets, from PERS by calling 503-598-7377 or toll-free 888-320-7377 or visiting the PERS Web site: www.oregon.gov/PERS.

Note: If you are a police officer, firefighter, or were employed by a school district, you may have additional forms to complete. These are described in Part Five of this booklet.

Why retirement decisions are important

Educating yourself is necessary to make informed retirement decisions. You have a very limited time—usually no more than 60 days—from the date you receive your first benefit check to change elections you make on your Service Retirement Application (SRA), so you need to understand what each election means to you—and to your beneficiary(ies).

Preretirement information

Many informational services are available to help you plan your retirement. Using these tools will help the process go smoothly and meet everyone's needs. We recommend that you:

- request a retirement benefit estimate,
- attend a group counseling session,
- read this book carefully and completely and follow the instructions it contains,
- go to the PERS Web site for up-to-date information and online forms, and,
- if you still have questions, contact Customer Service or access Customer Service on the PERS Web site and a retirement counselor will help you.

Request a Retirement Benefit Estimate

You will need a benefit estimate to make necessary retirement decisions. You can download the Estimate Request form from the PERS Web site, or you can request them by calling Customer Service at 503-598-7377 or toll-free 888-320-7377.

We recommend you have a benefit estimate prepared before the One Year group counseling session so you can bring it to the session as a topic for discussion.

Your estimate provides information on purchases of forfeited credit and waiting time you may want to make, which could increase your benefit or provide extra service time to allow you to retire sooner.

This guide includes a glossary with definitions of terms used on your benefit estimate.

Attend a Group Counseling Session

Group counseling is designed to maximize PERS' services by answering the most commonly asked questions in a group setting. PERS provides free group counseling throughout the state; it is available to any member who is within five years of retirement. You will find calendars of the group sessions in *Perspectives*, our quarterly newsletter.

You can register for a group counseling session on the PERS Web site (www.oregon.gov/PERS).

Take Advantage of Financial Planning Workshops

American General Financial Advisors (AGFA), a private organization under contract with PERS, provides workshops to active PERS members. There is a fee for AGFA workshops; however, they sell no products and are qualified to offer in-depth instruction on taxes and other financial matters beyond the expertise of PERS staff. AGFA schedules are printed quarterly in PERS' newsletter, *Perspectives*, and are posted on the PERS Web site.

Read your Pre-Retirement Guide

This guide should answer most of your retirement questions.

Use our Web site

Our Web site contains many useful documents as well as forms. It is user friendly with a search engine. It also has a link to e-mail your questions directly to our Customer Service staff.

Call Customer Service

If you cannot find the answers to your questions in this guide or on our Web site, call Customer Service at 503-598-7377 or toll-free 888-320-7377 for additional help.

Note: You must handle decisions regarding your deferred compensation account and retiree insurance separately. Check *Perspectives,* PERS' newsletter, for the Oregon Savings Growth Plan's (OSGP) workshop schedule. It is also posted on the OSGP Web site at http://osgp.csplans.com.

If you make good use of these resources, you will be well prepared for retirement.

Employer documents

In addition to completing the SRA and any other member forms you must provide, your employer will need to send PERS the following:

- Notice of Separation from PERS-Covered Employment form;
- monthly salary information for your last 36 months of work (salary certification), if applicable; and
- unused sick leave information, if applicable.

Your retirement planning checklist

PERS recommends you following this guideline to help plan for a successful retirement.

Five years before retiring

☐ Organize all of your financial statements, and take an inventory of your savings, assets, and liabilities.

☐ Register for a financial planning workshop, or do individual research to determine what your financial needs will be during retirement.

☐ Register and attend a PERS Five Year Group Counseling session.

One year before retiring

☐ Review your financial holdings and compare them to what your needs will be at retirement. You may wish to register for and attend a financial planning workshop.

☐ Use the benefit estimate calculator on the PERS Web site to estimate your PERS retirement benefit.

☐ Register and attend a PERS One Year Group Counseling session.

Nine months before retiring

☐ Check that all of the current personal information PERS has for you is accurate, including your address, name, birth date, and, if applicable, any court order.

☐ Make sure you have copies of officially accepted documents for verification of age.

☐ Make sure you have necessary verification for special purchases, such as out-of-state teaching or military purchases (if applicable).

Six months before retiring

☐ Complete and submit an estimate request form or prepare your own estimate by using the benefit estimate calculator on the PERS Web site.

PERS has several educational opportunities and sources of information available for all members. Information and forms can be obtained from the PERS Web site www.oregon.gov/PERS. Registration for group counseling sessions is also available on the Web site. Use this guide to prepare for retirement and to follow the steps that will ensure a smooth transition from work to retirement.

60 days after issue date of your first benefit payment

☐ This is the last day you can change your option choice or your choice of beneficiaries to joint and survivorship options. You may also change your variable annuity election. Note: If you choose a lump-sum settlement option and want to change that option, you will be required to repay any lump-sum funds distributed to you.

You have the right to contest, in writing, the accuracy of the information used to calculate your retirement benefit within 240 days of the date PERS sends your Notice of Entitlement Letter or the issue date of your first payment, whichever is later. Please review carefully as you will be responsible for repaying any overpaid benefits.

Reminder

Make sure you have resigned from all of your PERS-covered employment no later than the last day of the month prior to your first-of-the-month retirement date.

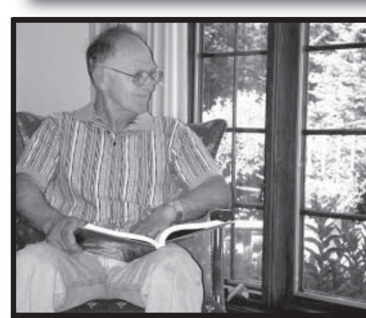
Part Two: Your Guide to Retirement Options

Which retirement option is right for you?

This section will help you determine which retirement option is right for you.

You can select from 13 different options to cover a variety of circumstances. The choice you make will strongly impact your financial situation during your retirement years. In most cases options cannot be changed later than 60 days after you receive your first benefit check, so we recommend you read this section carefully.

You may also want to consult a qualified financial advisor or a tax consultant.



One of the most important decisions you will make when you retire is which option best fits your situation. It is also one of the most complicated decisions because there are 13 different choices.

It may seem overwhelming to be faced with 13 options, but the choice is usually less complicated than it appears. The different options are designed to accomplish different things, and answering a few basic questions may eliminate all but two or three of the 13. At the end of this section, you will find a section called "How Do I Choose My Benefit Option" (page 13).

Important note: If you are married, your spouse must consent to your option choice; otherwise, you will automatically receive benefits as described under retirement Option 3.

You must select a payment option for your retirement benefits. Each option is explained below. You can choose only one of the 13 options. If you choose more than one, we will have to return your application. This could delay your effective retirement date. (See Benefits at a Glance: Benefit Options Comparison Table on page 16. We have also enclosed a copy in the front pocket of this guide.)

In most cases the payment option you choose cannot be changed after 60 days from the date of your first benefit payment. This is a critical choice and may require that you consult with a financial adviser. If you are married, you must choose Option 3 unless your spouse consents to a different option. **Your spouse must have his or her signature notarized on page 6 of your Service Retirement Application (SRA).**

All **monthly retirement benefits** are paid to the retiree for life. The option you choose will affect the amount of the monthly benefit payment. An option that includes a beneficiary payment will produce a lower monthly benefit payment.

If your final benefit calculation results in a monthly benefit amount of less than $200 under Option 1, you will receive a one-time payment of your account balance and at least a matching amount from your employer's account. You retain your right to participate in the PERS Health Plan.

Non-survivorship options

Select one of these options if you do not plan to provide a monthly payment to a beneficiary upon your death. Depending on the length of time you receive benefits before your death, your beneficiary may or may not receive a benefit payment if you elect the Refund Annuity or 15-Year Certain Option.

Option 1 (non-refund). This benefit is paid for your lifetime. It provides you with the highest monthly benefit. No benefit of any kind is paid to anyone after you die.

Refund Annuity Option. This benefit is paid for your lifetime. When you die, your designated beneficiary will receive a lump-sum refund of any amount remaining in your member account. You may change your beneficiary at any time, you may have multiple beneficiaries, and your beneficiary need not be a person, i.e., it may be an estate or the trustee of a trust. Usually after nine to 11 years, there is no remaining account balance to pay to a beneficiary.

15-year Certain Option. This benefit is paid for your lifetime. If you die before receiving 180 monthly payments (15 years), your beneficiary is entitled to receive the remainder of the 180 monthly payments. Once you have received at least 180 payments, no benefit is payable to your beneficiary. You may change your beneficiary anytime, you may have multiple beneficiaries, and your beneficiary need not be a person.

Survivorship options

Select one of these options if you want to provide a monthly payment to a beneficiary upon your death.

Under any of the eight survivorship options, you may name only one beneficiary, the beneficiary must be a living person, and you must provide verification of age for your beneficiary. Your monthly benefit payment is based upon the age difference between you and your beneficiary. For example, if your beneficiary is a grandchild, your benefit will be substantially lower than if your beneficiary is your spouse or someone closer to your age.

Option 2. This benefit is paid for your lifetime. After you die, your surviving beneficiary will receive, for life, the monthly benefit you were receiving at the time of your death. You may change your beneficiary only during the 60 days following the date of your first benefit payment or by court order due to dissolution of marriage, separation, or annulment. (No changes are allowed if you have received your first payment in the year you turned 70 1/2 or later.) If you outlive your beneficiary, your benefit is not changed, and all benefits stop when you die.

Option 2A. This benefit is paid for your lifetime. After you die, your surviving beneficiary will receive, for life, the monthly benefit you were receiving at the time of your death. However, if your beneficiary should die before you, or your beneficiary is your spouse and you are divorced after you retire, you may then elect to receive the higher-paying Option 1 benefit for the remainder of your lifetime. A change to the Option 1 benefit amount is effective the first of the month after PERS receives written notification and proof of death or divorce. You may change your beneficiary only during the 60 days following the date of your first benefit payment or by court order due to dissolution of marriage, separation, or annulment. (No changes are allowed if you have received your first payment in the year you turned 70 1/2 or later.)

Option 3. This benefit is paid for your lifetime. After you die, your surviving beneficiary will receive, for life, one-half the monthly benefit amount you were receiving at the time of your death. You may change your beneficiary only during the 60 days following the date your first benefit payment is dated and issued or by court order due to dissolution of marriage, separation, or annulment. (No changes are allowed if you are age 70 1/2 and have received your first payment.) If you outlive your beneficiary, your benefit is not changed, and all benefits stop when you die.

Option 3A. This benefit is paid for your lifetime. After you die, your surviving beneficiary will receive, for life, one-half the monthly benefit amount you were receiving at the time of your death. However, if your beneficiary should die before you, or your beneficiary is your spouse and you are divorced after you retire, you may then elect to receive the higher paying Option 1 benefit for the remainder of your lifetime. A change to the Option 1 benefit amount is effective the first of the month following written notification being received by PERS. Proof of death or divorce will be required. You may change your beneficiary only during the 60 days following the date of your first benefit payment or by court order due to dissolution of marriage, separation, or annulment. (No changes are allowed if you are age 70 1/2 and have received your first payment.)

Lump-sum settlement options

These options provide a lump-sum refund of your member account balance plus a lifetime monthly pension from your employer's contributions. The exception is the Total (double) Lump-Sum Option. Lump-sum payments are subject to immediate taxation unless they are rolled over directly to a traditional IRA or eligible employer plan. (Roth IRAs, SIMPLE IRAs, and Coverdell Savings Accounts—formerly known as educational IRAs—are not eligible.) We must withhold a mandatory 20 percent federal tax on taxable lump-sum payments paid directly to you. Members in the Variable Annuity Program who select a lump-sum option must have their variable balance transferred to their regular account. (You will also find the Variable Election form in one of the pockets inside the covers of this guide.)

Lump-Sum Option 1 (non-refund). You will receive a refund of your member account balance and a monthly benefit based on your employer's contributions as in Option 1.

Lump-Sum Option 2. You will receive a refund of your member account balance and a monthly benefit based on your employer's contribution as in Option 2.

Lump-Sum Option 2A. You will receive a refund of your member account balance and a monthly benefit based on your employer's contribution as in Option 2A.

Lump-Sum Option 3. You will receive a refund of your member account balance and a monthly benefit based on your employer's contribution as in Option 3.

Lump-Sum Option 3A. You will receive a refund of your member account balance and a monthly benefit based on your employer's contribution as in Option 3A.

Total (double) Lump-Sum Option. **You will receive a total** refund of your member account balance and a matching amount from your employer's account. **This option does not provide ongoing monthly benefits.** If you elect this option, you will receive no further payments from PERS. You retain your right to participate in the PERS Health Plan.

Lump-sum installments

You may choose to receive the refund of your member account balance paid out in up to five annual installments. If you elect more than one installment, the first payment will be made at retirement, and additional installments will be paid each anniversary of your first installment payment. Interest will be credited to your remaining account balance as of December 31 each year. All accumulated interest will be paid in your final installment. Statements of your installment account will be mailed each year by mid-July. If you die before all installments are paid, the unrefunded balance in your account, plus interest, if applicable, to the date of disbursement, is payable to your beneficiary. For each installment, you may choose to receive the payment directly or roll the taxable portion over to an IRA or other eligible employer plan. We must withhold a mandatory 20 percent federal tax on taxable lump-sum payments paid directly to you.

Changing your option

You have the right to change your option selection within 60 days after the date of your first benefit payment. The change is retroactive to your effective retirement date, and overpaid benefits must be repaid to PERS. Please note: The PERS Board may deny an election to change a beneficiary or benefit option if the denial is required to maintain PERS as a qualified plan under IRS requirements. As an example, members who are beyond the IRS minimum distribution age (which is the January 1 of the year the member turns 70 1/2) may not change their benefits or beneficiary(ies) after receiving their first benefit payment.

How do I choose my benefit option?

PERS allows you to choose from 13 benefit options. It is important to choose carefully because, generally, you cannot change your option after 60 days from the date of your first benefit payment.

The first question you should answer is: *Do you want to leave any of your benefit to a beneficiary, or do you want it all to go to you?*

If you have no beneficiary, or if your beneficiary is likely to have substantial income even without your PERS benefit, you may want to maximize your monthly benefit payment by having the entire benefit paid only to you. To do this, choose Option 1, a non-refund option. This option pays you the highest monthly benefit, and it pays it for your lifetime; however, when you die, all payments stop.

If you want a beneficiary to receive PERS payments when you die, then you should answer this question: *Do you want your beneficiary to receive monthly payments for life or just be paid whatever is left in your account at your death?*

If you want to guarantee that your beneficiary will receive a monthly payment for life, you should choose between Option 2 and Option 3. In either case, your monthly benefit will be lower than under Option 1.

Option 2 will pay your beneficiary, for life, the same monthly payment you receive.

Option 3 will pay your beneficiary, for life, one-half of your monthly benefit payment.

Because Option 2 will pay your beneficiary a higher payment than Option 3, your monthly benefit will be lower under Option 2.

Members who choose Option 2 or Option 3 usually do so because they have a beneficiary who will continue to need income after the member dies. This is likely to be the case if PERS benefits constitute a significant part of your retirement income and your beneficiary depends on your retirement income.

Benefits under Options 2 and 3 are based on your age, your beneficiary's age, and the difference between your ages. If you outlive your beneficiary, your benefit is not changed, and all benefits stop when you die. Your beneficiary must be a living person. You may change your beneficiary only during the 60 days following the date of your first benefit payment unless you are over the IRS minimum distribution age—January 1 of the year you turn age 70 1/2.

What if you are concerned that your beneficiary may die before you or that you may divorce after retirement?

Option 2A and **Option 3A** are designed for these circumstances. These options work exactly like Options 2 and 3 except that if your beneficiary predeceases you or your beneficiary is your spouse and you divorce after retirement, you may then elect to receive the higher paying Option 1 benefit for the remainder of your life.

If you are divorced after your retirement benefits begin, you can receive the higher benefit unless the divorce decree provides otherwise.

Because of their additional flexibility, Options 2A and 3A pay somewhat lower benefits than Options 2 and 3. A change to the Option 1 monthly benefit amount is effective the first of the month after PERS receives written notification and proof of death or divorce from you.

What if you want a higher benefit for you with a guarantee that your beneficiary will only receive whatever is left in your account at your death?

You can choose one of two options to meet this requirement: **the Refund Annuity Option** or the **15-Year Certain Option.**

The **Refund Annuity Option** pays your beneficiary whatever is left in your account when you die. This option ensures that your member account balance at retirement is paid either to you or your beneficiary.

If you have already received the total of your account, your beneficiary will receive nothing. You may want to consider the fact that proceeds from members' accounts are usually paid out after nine to 11 years.

The **15-Year Certain Option** guarantees payments for a specific **time**, rather than a specific **amount of money**. Under this option you will receive payments for life, but if you die before you have received 180 monthly payments, your beneficiary will receive the remainder of the 180 monthly payments. If you die after you have received at least 180 payments, your beneficiary does not receive any payments.

Members are likely to choose one of these options if, because of age or health, they don't expect their beneficiary(ies) to live longer than they do, their beneficiary(ies) will have adequate income from other sources, or they would like to name a charity, their trust, or their estate as beneficiary.

Under both the Refund Annuity Option and the 15-Year Certain Option, you may change your beneficiary at any time and you may have multiple beneficiaries. In addition to one or more living persons, you may even name a charity, your estate, or a trust.

Do you want to take all of your benefit as a monthly annuity, take the member account portion as a lump sum plus receive a monthly pension, or take a total (double) lump-sum payment?

Except for the **Total Lump-Sum Option**, the portion of your benefit that comes from the employer reserve is paid as a monthly benefit, but you may take your member account balance as a lump sum. You can take a lump sum under Options 1, 2, 2A, 3, and 3A. These are called **Lump-Sum Option 1, Lump-Sum Option 2**, and so forth. These options work exactly like annuity Options 1, 2, 2A, 3, and 3A except that you can take your member account as a lump sum rather than as a monthly benefit. That means the monthly pension benefit funded by your employers will be approximately half of the amount paid under monthly benefit Options 1, 2, 2A, 3, or 3A.

You can take a lump sum of your account balance and a matching amount from your employer's account under the Total (double) Lump-Sum Option.

The lump sum is usually selected by members who either believe they can make more on that money than the PERS benefit will pay, who need a significant sum of money at their retirement, or who want total control over their retirement money.

Reminder

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

Should I take a lump sum?

PERS cannot offer advice on your choice, but there are several things to consider. Your decision depends partly on your tolerance for risk.

First, private-sector financial advisors may claim they can get you a higher return than you will get from PERS. This is theoretically possible, but, except for whatever part of your member account remains in the variable, your PERS benefit payment is guaranteed for your lifetime, even if you live so long that your benefit exceeds the amount in your account. In addition, your PERS monthly benefit may increase annually from cost-of-living adjustments.

Any investment you make in the private sector is subject to all the forces that work in the open market. In a sustained bull market, you might do well. If the market turns down, however, you could lose some or all of your investment.

Another consideration is how your benefit option complements your overall financial and estate planning needs. Taxes should also be considered. Your PERS benefits are subject to federal and state taxes only when you receive them. If you take a lump sum, it is immediately taxable unless you roll it over to an IRA or an eligible employer plan.

Can you actually get a higher return from an IRA or an eligible employer plan? We don't know, of course, but it is a question you should consider.

Benefits at a Glance: Benefit Options Comparison Table

Option	Do monthly payments continue while I am 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 after I retire and 60 days have passed?
Refund Annuity	Yes	No	The balance (if any) of your account in a total distribution	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 member's amount)	No	No
Option 3A or Lump-Sum Option 3A*	Yes	Yes	Monthly* (1/2 member's amount)	No	No, but you can change to Option 1 (see note below)
15-Year Certain	Yes	If 180 payments haven't been made to member and if beneficiary is a person**	Monthly*** (the remainder of the monthly payment)	Yes*	Yes
Total (double) Lump-Sum *	No	No*	One payment of the balance of both accounts (Member and employer)	Yes	Yes

Note: If you select Option 2A or 3A or LS Option 2A or 3A, you can change your monthly benefit to Option 1 if your beneficiary dies or you and your beneficiary are later divorced. A change to Option 1 can be effected only after PERS is notified in writing.

* Remaining LS, 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.

Part Three: Step-by-Step Guide to Completing Your Service Retirement Application (SRA)

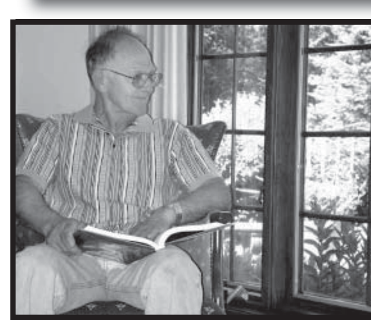
A guide to help you complete your PERS' SRA

You must submit a completed Service Retirement Application (SRA) to receive retirement benefits. Follow these instructions carefully to successfully complete your application. Many of the decisions you make can only be changed within the first 60 days after your first benefit check is issued, so make sure you understand your choices thoroughly.

We recommend you attend a PERS group counseling session before filling out this application.

We have provided an extra copy of the SRA you can use if you make an error. Please use this as you go through the application since your final application cannot have any alterations (e.g., cross outs or white outs) on it.

The copy you submit to PERS must either be typed, filled out electronically, or written in dark ink. You must submit the entire SRA together.



General instructions

- You must be eligible to retire.
- Type, fill out electronically, or write in dark ink.
- You must be separated from all PERS-qualifying employment before any retirement benefits can be paid.
- PERS must receive payment for waiting time, refunded time, and other purchases of service time credit before your effective date of retirement. Some special, full-cost purchases may be made after your effective retirement date.
- You have the right to change your option, beneficiary designation, or, if applicable, variable participation within the first 60 days after the issue date of the first benefit payment. Changes are retroactive to your effective retirement date. For specific limitations, see the Benefits Options section.
- If there is a court-ordered lien on your account, option and beneficiary restrictions may apply.
- Your application is not in effect until PERS receives and accepts it. PERS will mail you a letter confirming receipt and acceptance.
- Return your application to PERS and keep a copy for your records.
- Make sure you sign and date all required areas. We have used a pen icon (🖉) to help you locate these places. Signatures are required for all lines marked with a 🖉. (You must sign in ink.)
- You must have your signature notarized on page 6 of your application. If you are married, your spouse must also sign and notarize your application in the space provided on page 6.
- We recommend you send your SRA to us using certified mail. We cannot be responsible for lost applications.

How to fill out your SRA: Step-by-step instructions

Social Security Box

Before filling out Section A, make sure you provide your Social Security number (SSN) in the box at the top right-hand side of the page. If you do not know your PERS number, leave the PERS number box (located directly under your SSN) blank.

Note: Providing your SSN is mandatory, and PERS is authorized to request it under Internal Revenue Code provisions. It will be used primarily to comply with mandatory IRS reporting. However, PERS may also use it internally for confirmation purposes or recovery of overpaid funds. (If you do not want it used for these purposes, enclose a written statement to that effect with your SRA.)

Section A: Member Information

Fill in this section completely. Note: if you change your mailing address after retirement, please notify PERS in writing so you can receive important notices affecting your benefits.

When you submit your application, you must also send us verification of age.

Verification of Age

PERS must know your exact birth date to calculate your retirement benefit. If you choose a survivorship option, PERS must also validate your beneficiary's birth date. **For a complete list of documents PERS can use as verification of age, see Appendix B on page 43.**

PERS will not return these documents to you, so please provide legible photocopies along with your completed retirement application.

Section B: Effective Retirement Date

Indicate the month and year you want your retirement to begin. Retirements **always** begin on the first of the month, so you need enter **only** the month and the year.

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 qualifying paid leave) or the first of the month in which you file your application for benefits, whichever is later. Example: If your last day of work is June 5, 2004, your retirement date could be no earlier than July 1, 2004; if your last day worked was June 5, 2004, but you did not file your application until August 6, 2004, your retirement date could be no earlier than August 1, 2004.

Please note the following restrictions:

- To change or establish a new retirement date, PERS must receive a new retirement application and other retirement forms and documents as required by law before the issue date of your first benefit payment. If you change your retirement date, you must fill out a new SRA and any additional forms required.
- To cancel your retirement application, PERS must receive a written and signed cancellation request *before the issue date of your first benefit payment*. This request may be mailed or faxed to PERS at 503-431-8292.

Section C: Retirement Option Election

Important: We **highly** recommend that you read and understand Part 2: Your Guide to Retirement Options before filling out this section. You **cannot** change most options after 60 days from the date you receive your first benefit check.

Once you decide which benefit option you want, check the box next to that option. You may only choose one benefit option. If more than one box is checked, we must return the application to you. This could delay your effective retirement date.

Section D: Beneficiary Information

You must select a beneficiary. Fill out **either** Part 1 or Part 2. Part of your decision when choosing an option involves selecting a beneficiary.

Different options have different beneficiary requirements because of the way they are paid out. Make sure your beneficiary designation is compatible with the option you selected. For more information, see Part Two: Your Guide to Retirement Options.

If you have a complex beneficiary situation, you may want to consult an estate planning attorney.

Part 1

Fill out this section if you selected Option 2, 2A, 3, 3A, or Lump-Sum Options 2, 2A, 3, or 3A.

If you selected any of these options, you can name only one beneficiary who will receive both a continuing monthly benefit and any unpaid lump-sum installments if you selected a lump-sum option. You must provide your beneficiary's legal name, Social Security number, date of birth, and your relationship to the beneficiary. If you do not fill this section out completely, we will return the application to you. This could delay your effective retirement date.

When you have completed Part 1, sign your name at the bottom of the page on the member signature line, include the date you sign, and go to Section E.

Part 2

Fill this section out if you have chosen Option 1, Lump-Sum Option 1, Refund Annuity, 15-Year Certain, or the Total Lump-Sum Option. (Note: Even if you have chosen Option 1, you must name a beneficiary. Under Option 1, if you die after retiring but before your first benefit payment is due, your retirement benefits will go to the beneficiary you name; once your first benefit payment is due, however, no payments will be made to a beneficiary.)

If you have a complex situation, you may want to consult with an estate planning attorney before filling out this part of your application.

Check only **one** box to indicate whether you want to use the Standard Beneficiary designation or the Specific Retiree Beneficiary designation. If you choose more than one box, we will return the application to you. This could delay your effective retirement date.

Check box D2a if you want to use the Standard Beneficiary designation. When you choose this beneficiary designation, you do not name any specific person. Instead, your beneficiary selection follows the form described in law. This is only available for Option 1 (and the member dies prior to the date the first payment is due), Refund Annuity, 15-Year Certain, Lump-sum Option 1, or Total (double) Lump-Sum Option.

Check box D2b if you want to name specific beneficiaries. You must list each beneficiary, your relationship to the beneficiary, and the percentage of your benefit that you want to go to each person or entity you named. If you want to have multiple beneficiaries share equally and have rights of survivorship, write the word "and" between each beneficiary's name. See Appendix C, page 44, for an example of "Specific Retiree Beneficiary" designation.

Sign on the membership signature line at the bottom of the page, date, and go on to Section E.

Section E: Acknowledgement of Receipt of Federal Tax Information

You must be informed of federal tax laws that can affect your distribution. Please read Part Four: Federal Taxes and Service Retirements of this guide. Your signature in Section E of the SRA acknowledges you have read and understood the information on PERS benefits and federal taxes. You must sign and date the member signature line. If you do not, we will return the application to you. This could delay your effective retirement date.

Sections F-I: Lump-Sum Option Decisions

Use these sections if you have selected a lump-sum option. **If you have not selected a lump-sum option, go to Section J.**

The next several sections in the application provide information to PERS on how you want your benefit paid to you. This is an important decision, and PERS recommends you discuss your options with a knowledgeable consultant or financial advisor.

Section F: Member Authorization for Distribution of a Lump-Sum Benefit

If you select a lump-sum option, you must decide if you want the portion that is eligible for rollover paid directly to you or rolled over to a traditional IRA or an eligible employer plan. Contributions on which you have already paid taxes, if any, are not eligible to be rolled over and will be mailed directly to you.

Whether you want the payment sent directly to you or rolled over to a traditional IRA or an eligible employer plan, you must tell PERS if you want one payment or up to five consecutive installment payments. Section F, Part 1, has a place for you to give PERS directions on how the payment should be made.

Part 1

Indicate whether you want to receive your lump-sum balance in one, two, three, four, or five annual installments. You must allocate the percentages for each payment of your lump-sum balance. Only enter amounts that correspond with the number of years you want to receive the balance. For instance, if you want to receive it all at once, enter 100% after 1st. If you want to receive it in equal payments over four years, enter 25% in the first four boxes. Amounts DO NOT have to be the same. For example, you can choose 50% the first year, 25% the next year, 15% the following year, and 10% the fourth year. How much you receive each year is up to you.

Make sure the figures you enter total 100%. If they do not, we will return your application to you. This could delay your effective retirement date.

Part 2

You now have three choices to make. You may only select one of the three check boxes in this section; if you check more than one, we will return your application to you. This could delay your effective retirement date.

1. If you want your lump-sum payment sent directly to you, check box F2a. Make sure you initial the initial line at the end of the paragraph that follows the check box for this selection.

Do not fill out Sections G, H, or I if you have chosen to have the lump-sum payment sent to you. Proceed to Section J.

2. If you want to roll over part or all of your lump-sum payment to a traditional IRA, check box F2b. Remember to initial.

If you select box F2b, you must also complete Sections G and I.

3. If you choose to send part or all your rollover payment to an eligible employer plan or to a deferred compensation plan, check box F2c. Remember to initial.

If you select box F2c, you must also fill out Sections H and I.

Section G: Rollover to a Traditional IRA

Fill out this section if you are rolling your lump-sum over to a traditional IRA. You cannot roll over an eligible payment to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).

You must supply the name of either the custodian or the trustee of your IRA. Provide this information on the appropriate line in this section.

Choose only one of the check boxes.

If you are rolling over 100 percent of the taxable portion of your lump sum, check box Ga.

If you are rolling over only a portion of your lump sum, enter the exact amount you are rolling over in Gb.

Section H: Rollover to an Eligible Employer Plan or Deferred Compensation Plan

Important note: If you are rolling over your lump-sum benefit over to an eligible employer retirement plan or deferred compensation plan, you must send the Direct Transfer Rollover Acceptance form located in the inside cover of this application packet to your financial institution for a representative's signature. Failure to do so could delay your payment.

Fill out this section if you are rolling over your lump sum to an eligible employer plan or a deferred comp plan.

Enter the plan name on the line provided.

Check only one of the check boxes.

If you are rolling over 100 percent of the taxable portion of your lump sum, check box Ha.

If you are rolling over only a portion of your lump sum, enter the exact amount you are rolling over in Hb.

Section I: Destination of Rollover

Fill out this section if you have completed either Section G or Section H.

Enter the name of the financial institution your funds will be rolled over to on the "Payee name" line.

Enter the address, contact person, and a phone number of the institution that will receive the rollover on the appropriate line.

Fill out completely; if you do not have an account number when you fill out application, you may leave it blank.

Section J: Direct Deposit Authorization

Fill out this section if you want your retirement benefit deposited directly into your bank account.

PERS encourages you to have your benefit payment deposited directly to your bank or other financial institution for the following reasons:

- the deposit is always on time rather than depending on mail delivery;
- there is no risk of your benefit payment being stolen or lost; and
- if you are on vacation or ill, you will not have to make arrangements for someone else to deposit your benefit.

Note: If you use automatic deposit for your monthly check and you receive more than one monthly check from PERS, all of your PERS accounts will be changed to this account number.

Please attach a voided check if you have one available. If not, see the Appendix D, page 44, for information on where the routing and account numbers are located on your checks. Do not attach a deposit slip—the bank will not accept these.

Because PERS must coordinate with your financial institution, your first monthly check may be mailed to you. Future changes to your account number may also result in a monthly check mailed directly to you. All payments other than your monthly benefit will be mailed to you. Therefore, you should always provide PERS with a current mailing address.

An information stub will be mailed quarterly to your current mailing address. A special stub will be sent to you if your benefit or deduction amount is changed. The quarterly stubs are dated the first of February, May, August, and November.

Section K: Spousal Consent and Married Member Acknowledgement

This section is required if you are married. Your spouse must also sign this page. Both you and your spouse must have your signatures notarized.

You will find complete instructions for Section K on the application itself.

Section L: Single Member Acknowledgement

This section is required for single members. Your signature must be notarized.

Part Four: Tax Information

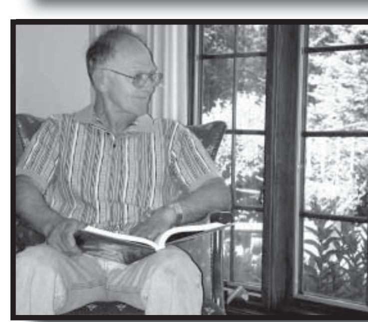
A guide to understanding the tax requirements of your retirement benefits

Make sure you understand the tax implications of all your benefit decisions. You may want to consult with a tax expert to ensure you will be prepared for any tax consequences of your decisions.









Important tax information

The IRS has ruled that the PERS plan is qualified under section 401(a) of the Internal Revenue Code. The PERS trust is exempt from tax under the Internal Revenue Code. You should consult your local Internal Revenue Service office, your state's Department of Revenue, or a professional tax advisor for help in computing tax liability and preparation of tax returns.

PERS benefits (both monthly and lump-sum) are subject to federal taxes, regardless of where you live, and to Oregon state income taxes if you are an Oregon resident. State inheritance and federal estate taxes may be owed by a surviving beneficiary.

Federal and Oregon state income taxes will be withheld at the standard rates unless you complete and submit a W-4P. The standard federal rate is married with three exemptions, and the Oregon state standard rate is single with zero exemptions. Oregon non-residents **must** complete a W-4P to elect out-of-Oregon state income tax withholding. By January 31, PERS mails retired members one or more Form 1099Rs for benefits paid the previouis year.

Federal taxes and service retirements

This information is provided to help you make your experience with the Internal Revenue Service as trouble-free as possible. The main purpose of this section is to provide you with tax information that will be important to you if the payment you receive is eligible for rollover. You will need to complete and sign Section E of the application. Without your signature in Section E, we cannot begin your benefit. Your benefit payment cannot begin sooner than 30 days and no later than 90 days after we receive your signed application.

Change from an annuity option to a lump-sum option

This tax information is important even if you elect a benefit that is not eligible for rollover because you have the right to change your benefit option within the first 60 days from the date of your first benefit payment (unless you are over the IRS minimum distribution age—January 1 of the year you turn 70 1/2). You may then elect an option which is eligible for rollover. If you elected an annuity option and purchased your forfeited time, then change to a lump-sum option, the amount of your purchase of forfeited time will be returned to you.

Change from a lump-sum option to an annuity option

If you make an option change from a lump-sum settlement option to an annuity option within the first 60 days after the date of your lump-sum rollover contribution, you must withdraw the contribution amount and the earnings from the IRA or other eligible employer plan at any time prior to the due date for filing your federal income tax return, including extensions, for the taxable year for which the contribution was made. The return of the withdrawn contribution will not be rollover-eligible and will be included in your gross income along with any other funds received during the year. The earnings on the contribution will be taxable income in the year for which the contribution was made and may possibly be subject to the 10 percent additional tax on early distributions if you are under age 59 1/2. Please consult with a qualified tax advisor for more information, since failed or erroneous rollovers can result in significant tax consequences and possible penalties.

General information about rollovers

A rollover is the transfer of your PERS' distribution, either by you or by PERS on your behalf, to a traditional IRA or an eligible employer plan. Please note that other employer plans are not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose to roll over to a traditional IRA. Your distribution cannot be rolled over to a Roth IRA, SIMPLE IRA, or Coverdell Education Savings Account (formerly an education IRA). The primary purpose of a rollover is to delay income taxes. Money rolled over is tax-deferred until it is paid to you or taken out of a traditional IRA or eligible employer plan.

Benefit payments qualify for rollover if the payment is intended for less than ten years and less than the lifetimes of you and your beneficiary. Lump-sum payments and refunds, therefore, qualify to be rolled over, including those paid to a former spouse as part of a divorce settlement under a qualified domestic relations order. The spouse of a deceased member may roll over a lump-sum death benefit into a traditional IRA or eligible employer plan. Information about rollovers and taxes follows.

In general, lump-sum settlement payment options are eligible for rollover treatment whether you elect one or up to five installments:

- Lump-Sum Option 1
- Lump-Sum Option 2
- Lump-Sum Option 2A
- Lump-Sum Option 3
- Lump-Sum Option 3A
- Total Lump-Sum Option

If you elect to directly transfer all or part of your benefit that is eligible for rollover to another eligible employer plan or IRA, you need to provide instructions to PERS on the appropriate part of the retirement application. If you elect an annuity option at retirement but decide to change to a lump-sum option within 60 days of your first benefit payment and want to roll over all or part of your benefit (and are under the IRS minimum distribution age—January 1 of the year turning 70 1/2), you will need to complete a Rollover Distribution Election: Service Retirement form and Spousal Consent form. These forms can be obtained from any PERS office and are available on the PERS Web site.

Distribution tax information

The following information is to alert you to tax laws that may affect your PERS distributions. For more complete information, contact your tax advisor or the IRS. The information here is not a legal reference nor a complete statement of tax laws that may apply. In any conflict between this information and the law, the law shall apply.

Special tax rules

The Internal Revenue Code contains several complex rules relating to taxation of the amounts you will receive in this distribution. This notice merely summarizes those rules. You should consult a tax advisor when deciding what course to follow with respect to this distribution. For more information, you may also review IRS Publication 575, Pension and Annuity Income, which is available free from the IRS.

Eligible rollover distribution

The distribution you receive will be an eligible rollover distribution unless it is a required distribution in the year you reach age 70 1/2 or is one of an annuity series. An annuity series is a series of substantially equal payments made annually or more often over ten or more years or over the lives of the recipient and any designated beneficiary.

Mandatory 20 percent withholding

An eligible rollover distribution is subject to mandatory 20 percent federal withholding unless you elect a direct transfer rollover. To elect a direct transfer, you must:

- elect a lump-sum option for the distribution,
- instruct PERS to transfer the amount you are rolling over directly to the new eligible employer plan or traditional IRA, and
- provide PERS sufficient information to identify the new eligible employer plan or traditional IRA to which the transfer rollover is to be made. (Use Sections G-I in the application for these purposes or use forms provided by the new eligible employer plan or IRA.)

If you do the rollover yourself

Within 60 days after you receive your net distribution, you can roll over all or part of the eligible rollover portion to another eligible employer plan that accepts a rollover or a traditional IRA. If you roll over the full amount (including the 20 percent withheld, which you would have to replace from other funds), you will not be taxed on any part of the distribution. Any part you do not roll over (including the 20 percent withheld if you cannot replace that amount) will be taxed. The 20 percent withheld will apply against the tax.

Eligible recipients

Members, alternate payees under qualified domestic relations orders (divorces), and the surviving spouse of a deceased member may roll over an eligible distribution to another eligible employer or traditional IRA.

Subsequent distributions

A rollover of any portion of an eligible rollover distribution will usually disqualify a subsequent distribution from the recipient IRA or qualified plan for capital gains treatment and ten-year averaging.

Treatment of after-tax contributions

If you made after-tax contributions (member cost), these contributions can be rolled into either a traditional IRA or a qualified retirement plan that accepts rollovers of the after-tax contributions. The following rules apply:

a) Rollover into a traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the IRS on the applicable IRS forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts cannot later be rolled over to an employer plan.

b) Rollover into an Employer Plan. You can roll over after-tax contributions from PERS to an employer defined contribution plan that is qualified under Code section 401(a) using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You cannot roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to another qualified plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct PERS to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

Capital gains treatment and ten-year averaging

If you were born before January 1, 1936, and your distribution qualifies under section 402(d) of the Internal Revenue Code as a lump-sum distribution (total distribution of your entire interest in the plan within one year—no monthly payments to be made) and no part of your distribution is rolled over, you may be eligible for special capital gain or averaging tax treatment. Either capital gain or averaging tax may reduce the amount of income tax you will be required to pay on this distribution.

If you were age 50 before January 1, 1986, capital gains tax, at a 20 percent tax rate, may apply to the part of the distribution attributable to your participation in the plan before 1974, if any. The remainder will be taxed as ordinary income or may be taxed under special ten-year averaging rules. Alternatively, you may elect to have the entire distribution taxed as ordinary income or under the ten-year averaging rules.

You can make a one-time election to use ten-year averaging, using 1986 tax rates, if the following requirements are met:

- you must have been born before January 1, 1936,
- you must have participated in the plan for some part of each year for at least five calendar years before the calendar year of distribution, and
- the distribution is a lump-sum distribution of your entire interest (no monthly payments to be made) within one year.

If you are a surviving spouse or other death beneficiary, special rules may permit you to use ten-year averaging, even if you participated in the plan fewer than five years. Ten-year averaging often reduces the tax you owe.

Federal law imposes a separate 10 percent tax (in addition to regular income taxes on the distribution) on benefits you receive before age 59 1/2. The additional tax does not apply to payments made to you:

- because of death, disability, or termination of employment during or after the calendar year in which you attain age 55;
- as equal (or almost equal) payments made over your life or the lives of you and your beneficiary;
- that are paid directly to the government to satisfy a federal tax levy;
- that are paid to an alternate payee under a qualified domestic relations order or
- that do not exceed the amount of your deductible medical expenses.

In addition, the 10 percent additional tax does not apply to a distribution to the extent it is rolled over to another qualified plan or traditional IRA. See IRS Form 5329 for more information on the additional 10 percent tax.

Required minimum distribution

Internal Revenue Code 401(a)(9) requires you to begin receiving benefits on April 1 of the year following the calendar year in which you reach age 70 1/2 or leave PERS employment, whichever is later. If you become subject to the required distribution rules, at least a portion of your benefit is your required minimum distribution. PERS will provide you with additional information if and when these rules are applicable to you.

Reminder

You must submit a W-4P when you submit your SRA. This is located in the pocket on the inside cover of this *Pre-Retirement Guide*.

Lump-sum tax information at a glance

PERS distribution	How distribution is taxed	Provisions
Annuity option changed to a lump-sum option	• If you elect an option that is eligible for rollover, tax is deferred to the extent of the rolled over benefit.	• You must request this change within 60 days of your first benefit payment (unless you are age 70½ or older). • Your purchase of forfeited time will be returned to you.
Lump-sum option changed to an annuity option	• Taxable as ordinary income for both contributions and earnings. • Earnings may be subject to an additional 10 percent tax if withdrawn before age 59½.	• Not eligible for rollover

Direct rollover to a traditional IRA or eligible employer plan	• Tax deferred until you take money out of the new plan.
	• Not subject to mandatory federal withholding.
	• Subsequent distributions are usually disqualified from capital gains treatment and ten-year averaging.
		• Distribution is not eligible for rollover if it is:
		  • a required minimum distribution or
		  • one of an annuity series.

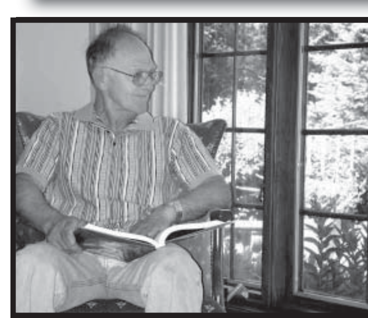
You make the rollover to a traditional IRA or eligible employer plan by yourself	• Subject to 20 percent federal withholding.
	• Tax deferred if you roll over full amount and replace the 20 percent withholding.
	• Taxable for any part you do not roll over, including the 20 percent withheld.
	• Subsequent distributions are usually disqualified from capital gains treatment and 10-year averaging.
		• You must roll over funds within 60 days after you receive your net distribution.
		• Distribution is not eligible for rollover if it is:
		  • a required minimum distribution or
		  • one of an annuity series.

After-tax contributions	• Tax deferred on future earnings.	• You may roll over to a traditional IRA either directly or within 60 days after you receive your net distribution. • Once you roll over to a traditional IRA, this amount cannot later be rolled over to an employer plan. • You may roll over to a qualified employer plan that agrees to accept your rollover and to provide accounting for your rollover. It must be a directly separate rollover. • You cannot roll over to a 403(b) tax-sheltered annuity nor a governmental 457 plan.
Lump-sum distribution that you do not roll over to a traditional IRA or employer plan	• If eligible, you may elect capital gain or averaging tax treatment, whichever may reduce your income tax. • Capital gains tax is 20 percent for the part of the distribution attributable to your participation before 1974. • ten-year averaging uses 1986 tax rates and may reduce the tax you owe	• You must be born before January 1, 1936. • Your entire lump sum must be distributed within one year—no monthly payments. • For ten-year averaging, you must also have participated in the plan for five years before the year of your distribution.
Required minimum distribution	• Taxed as ordinary income.	• You are required to take at least a portion of your benefit beginning April 1 of the year after you reach age 70½ or leave PERS, whichever is later.

Part Five: Police Officers and Firefighters

Special circumstances and forms for P & F members

Police officers and firefighters may have different benefits than general service members. If you are a P & F member, please read this section thoroughly.



Police officers and firefighters

Benefit information for police officer and firefighter (P & F) members sometimes differs from that for general service members. Your employer is responsible for the accurate reporting of your job classification to PERS.

P & F members must complete the same SRA that is required of general service members. Additional forms are required for P & F if you have purchased or desire to purchase the additional units available only to P & F members. If those forms are not included in this packet, you can obtain one by calling PERS at 503-598-7377 or toll-free at 888-320-7377 and choosing the forms order option from the menu. The forms are briefly described below.

Forms and information for P & F members

P & F Unit Payment Application

If you have already purchased police and fire units, you must now choose when you wish to receive your unit payments. This form briefly explains your options and directs PERS to pay you according to your wishes.

P & F Unit Purchase at Retirement

If you want the maximum eight units and have not already purchased them, you may do so only within the 60 days prior to your effective retirement date.

P & F Unit Benefits and Federal Taxes

Unit benefit payments are not normally eligible for rollover distribution. If you have over $4,000 in your unit account, however, the excess may be rollover-eligible. PERS has therefore prepared a special Question and Answer sheet on federal taxes and unit benefits. If that sheet is not included in this packet, please request it from PERS. Remember to sign Section E, the Acknowledgment of Receipt of Federal Tax Information. An additional 10 percent federal tax applies to monthly unit benefits paid before age 59 1/2 if you separate from service in the calendar year prior to age 55.

Retirement Benefit Distribution Election form

If you want PERS to directly transfer rollover-eligible excess unit benefits to your IRA or another qualified employer plan, you must complete this form or use forms provided by the IRA or the new employer's plan. The name and address block in Section A should identify where you want PERS to send the payment.

Additional beneficiary benefit information for P & F members

Upon retirement, regardless of the type of retirement or the retirement plan you select, there is an additional benefit for your surviving spouse or minor children. This special benefit is in addition to any other benefit paid under any of the plans selected.

At the death of a retired P & F member who received an annuity option, the surviving spouse or minor children will begin receiving a monthly benefit based on 25 percent of the Refund Annuity option amount derived from police or fire service. If the member selects a lump-sum option, the 25 percent continuation is based on the Lump-Sum Option 1 amount. If this additional monthly benefit computes to less than $30, PERS will pay the actuarial equivalent in a lump sum rather than as a monthly benefit.

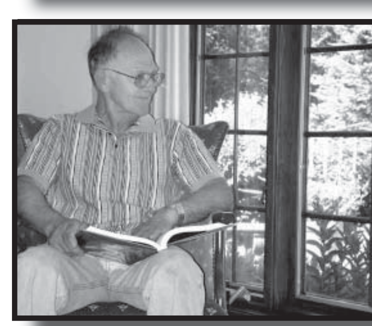
Your beneficiary will receive your remaining P & F unit member account balance should you die before receiving all the payments to which you are entitled. Your beneficiary is not eligible for the employer-funded portion of the unit benefit.

Part Six: Health and Life Insurance Considerations

A guide to your insurance benefits after retirement

Insurance costs are an important consideration for retirees. PERS has insurance available to you. Please read this section thoroughly so you will know your options.

You can participate in the PERS Health Plan even if you choose a lump-sum benefit.



PERS insurance plans

Introduction

The PERS Insurance Plans provide medical and dental insurance plan options as well as long term care insurance for PERS retirees. These insurance plans offer coverage for retirees, their spouses, and eligible dependents.

PERS long term care insurance

Eligible PERS retirees, spouses, and dependents may apply for long term care insurance by contacting UnumProvident toll-free at 800-227-4165 for enrollment and eligibility information.

Long term care is the type of care received either at home or in a facility when someone needs help with the activities of daily living. Health insurance does not pay for the cost of long term care. The PERS long term care insurance carrier is UnumProvident Life Insurance Company of America.

You, your spouse, and eligible dependents may enroll in the PERS-sponsored long term care plan if you are a retired member of PERS. Unlike PERS health insurance plans, retirees deal directly with the insurer for enrollment, premium payments, claims, and all other aspects of the long term care plans.

Although the option to purchase long term care insurance is available to all PERS retirees and eligible dependents, some individuals may be denied coverage because of poor health. Premium rates vary with the individual's age. The lower an individual's age when the long term care plan is purchased, the lower the premium will be. Therefore, if you are interested in purchasing long term care insurance, it is generally more affordable if you purchase your plan as soon as you are eligible to enroll.

Reminder

Your spouse and dependents may also be eligible for long term care insurance.

PERS Health Insurance Program

The PERS Health Insurance Program offers health insurance coverage for all retirees, their spouses, and dependents. If you are not yet Medicare-eligible, the PERS health plans may not be your best options for health insurance coverage. Make sure you inquire about your employer's health plan options for non-Medicare-eligible retirees. Your employer health plans often have better benefits and premiums for retirees who are not Medicare-eligible. You will find telephone numbers for the PERS Health Insurance Program on the last page of this guide.

Health plan information

PERS offers four health plans. Each plan offers Medicare and non-Medicare coverage to PERS members and their families.

ODS Health Plan is an indemnity, fee-for-service insurance plan. You may live anywhere in the United States and still maintain your ODS Health Plan coverage. For information about coverage outside the United States, call ODS Health Plan toll-free at 800-962-1533.

Kaiser Permanente is a managed-care organization offering coverage to PERS members who live within 30 miles of a Kaiser Permanente facility.

Providence Health Plan is a managed-care plan offering coverage to members throughout the Willamette Valley from Portland to Eugene.

Clear Choice Health Plans is a provider-sponsored organization offering managed-care plans to members living in Central Oregon and along the central Columbia Gorge.

For complete information regarding the service areas for any of these health plans, call the PERS Health Insurance Program. Health plan contracts and rates are negotiated and renewed annually. You may change from one plan to another only during the plan change period conducted each fall.

Dental coverage

PERS offers a dental insurance program. You may enroll in a PERS dental plan when you initially enroll in a PERS-sponsored health plan. This is the only opportunity you, your spouse, and your dependents will have to enroll in a PERS dental plan.

Survivor continuation of coverage

Survivors and dependents of deceased retirees are eligible to continue their health plan through PERS as survivors of the PERS retired member. Application for this coverage must be submitted within 60 days of the death of the insured. Dependents must meet all eligibility requirements.

Health Insurance Program enrollment opportunities

Enrollment opportunities for the PERS plans are listed below. Be certain you understand these enrollment opportunities, since they are the only enrollment opportunities offered for the PERS health plans. Do not let your health insurance lapse because there are no open enrollment periods. Retirees and spouses or dependents who do not choose to enroll in a PERS health plan during one of these enrollment periods will lose their opportunity to enroll into the PERS Health Insurance Program.

New retirees

New retirees may enroll within 90 days of the retiree's effective date of retirement.

Coverage will be effective on your retirement date if you apply before your retire-ment date, or on the first day of the month after your application is received if you apply after your retirement date.

Medicare eligibility

PERS retirees may enroll up to 90 days after the date of their initial Medicare eligibility if they are enrolled in both Medicare parts A and B. Coverage will be effective on the date your Medicare coverage becomes effective if you enroll before the date of the Medicare eligibility. Coverage will be effective on the first day of the month after your application is received if you apply after the date of your Medicare eligibility.

Continuous group coverage

PERS retirees may enroll at any time if they have been covered under another group health plan for 24 consecutive months immediately preceding enrollment in a PERS health plan. Coverage will be effective on the date your other coverage ends. (Preceding coverage must be with an employer-sponsored health plan. For example, if you are enrolled in Medicare A and B and are enrolled in AARP, this does not qualify as a group plan.) If you have any questions regarding your group insurance, please call the PERS Health Insurance Program.

Dependent enrollment

Dependents may be enrolled at any of the enrollment periods available to retirees, including the retiree's date of retirement, the dependent's eligibility for Medicare, or after the dependent has had at least 24 consecutive months of coverage under another group health plan. New dependents may also be enrolled within 30 days of becoming dependents. Dependents must be enrolled in the same plan as the retiree. If the retiree has Medicare coverage and the dependent has non-Medicare coverage, their coverage must still be with the same health plan.

Cost of PERS health plans

Health insurance premium rates are available on a separate information sheet, available from the PERS Health Insurance Program. Rates are contracted for annually and change January 1 of each year.

There are different rate combinations depending on your and your dependents' Medicare eligibility and your eligibility for subsidy contributions, if any. The information concerning eligibility for the subsidies is explained on the back of the rate sheets. If you would like additional information about rates and benefits, contact the PERS Health Insurance Program at 503-224-7377 or toll-free at 800-768-7377.

How to make your health insurance premium payment

- Your monthly premium can be paid by automatic deduction from your PERS pension,
- automatic withdrawal from your checking account, or
- a check to the PERS Health Insurance Program.

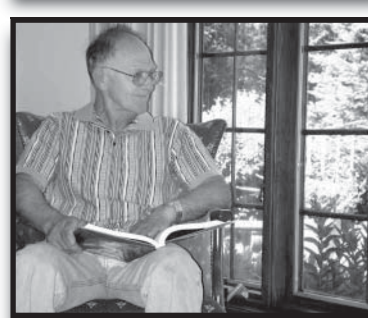
Part Seven: Other Things to Consider

Factors you may want to take into account when making your retirement choices

You will be faced with a number of important decisions when you retire, including whether or not to make special PERS-related purchases that could enhance your benefit and whether or not to continue to participate in the Variable Account. Additionally, financial organizations outside of PERS may encourage you to withdraw your money from PERS to invest with them.

We have included some information here to help you make those decisions.

We also encourage you to meet with a qualified consultant or financial advisor when making important financial decisions.



Forms and information for special situations

Depending on your circumstances, you may need to fill out additional forms.

Retiree Variable Annuity Election

If you have money in the variable account and do not choose a lump-sum settlement option, you should complete the Variable Election form, which is included in this packet. If you have made contributions to the variable account during your PERS employment, you should decide whether to leave money in the variable after your retirement or transfer it to the regular account. If you leave money in the variable account, your retirement benefit will increase or decrease annually depending on the variable's rate of return. If you transfer your funds to the regular account, your benefit will be fixed and will change only for cost-of-living increases or any *ad hoc* increase passed by the legislature. If your election is not received by PERS, your account will be left in the variable.

You may change your variable annuity election any time between your original election and within 60 days after the issue date of your first benefit payment. Generally, once this 60 days has elapsed, you may make no changes to your variable annuity election.

For detailed information, please request Questions and Answers about the Variable Annuity Program for Retirees.

Certificate of Individual Contract

If your last PERS employer was a school, community college, the Oregon University System, or Oregon Health Sciences University, you must complete this form. If this form is not included in your retirement application packet, you can request it from PERS.

Purchases

You may be able to purchase retirement credit to enhance your retirement benefits. You will find information about these purchases on the last page of your estimate of benefits. Under certain conditions, you may also be entitled to lower-cost or subsidized health insurance.

Most purchases must be made within 90 days before the effective date of your retirement. Purchases made after the deadline will be returned to you. This means your monthly benefit from PERS will not be calculated using the purchase(s). Missing the deadline may mean you will not be eligible to retire when planned.

If you make a purchase, you must mail in your purchase. Record your Social Security number on the check to ensure your purchase is credited to you. You may make more than one purchase, but any single purchase must be made in one payment.

If you change your retirement date, the cost to purchase refunded time and most other retirement credits will change. (The cost to purchase waiting time does not change.)

To ensure that you meet required deadlines, we recommend that you send PERS a certified check for your purchases along with the Purchase Election and Invoice forms two weeks before your effective retirement date or purchase deadline. We cannot accept your check without the Purchase Election and Payment form.

Purchase of forfeited service (refunded time)

You can restore service credit forfeited as the result of a previous withdrawal if you have at least ten years of creditable service under PERS since your reemployment. For every three months of creditable service worked after reemployment in a PERS-covered position, you can purchase one month of forfeited service credit.

The purchase can take place only within the 90 days before the effective date of your retirement. The purchase letter you receive with your estimate must accompany payment.

If you take advantage of this provision:

- you cannot elect a lump-sum option,
- the purchase must be made in one payment, and
- the purchase must be the full amount withdrawn plus interest at 7.5 percent compounded annually from date of withdrawal to your effective retirement date.

If you meet these conditions but are not eligible to purchase the total amount of service you forfeited, the cost for the part which you are eligible to purchase will be a prorated portion of the amount you withdrew. You cannot purchase less than the amount you are eligible to purchase. If you are eligible, PERS will automatically include this information in your benefit estimate.

Credit for waiting time

When you retire, you can receive credit for your waiting period(s). Before purchasing this time, the following conditions must be met:

- you must have at least ten years of combined creditable service and/or prior service under PERS,
- the purchase can take place only within the 90 days before the effective date of your retirement, and
- the purchase must be made in one payment. The payment must equal the employee and employer contributions that would have been made if you had been a member during that period.

The purchase is interest-free. If you served more than one waiting period, all the waiting periods must be purchased. If you are eligible for this purchase, PERS will automatically provide the information with your benefit estimate.

Credit for educational service

Members who are teachers or administrators are eligible to acquire up to four years of out-of-state teaching or administrative service at a public school (K-12) in a state other than Oregon. The purchase can be made by any PERS member who meets the following requirements:

- is a licensed teacher as defined in ORS 342.120;
- is currently employed by a common school district, union high school district, or an education service district (K-12);
- was employed as a teacher* in a state other than Oregon;
- was employed in a public school system (private schools are excluded); and
- is not entitled to a pension or retirement allowance for this service.

Service with a private or military school or a school in another country is not eligible for purchase

*"Teacher" includes all licensed employees who have direct responsibility for instruction, coordination of educational programs, or supervision or evaluation of teachers.

Participation in a deferred compensation (457) or a 403(b) plan is allowed.

The full cost of the increased benefit is the member's responsibility. This purchase must be made within 90 days of your effective retirement date. You must be a licensed teacher working for a PERS employer at the time you make the purchase. For additional information, ask for *Questions and Answers about the Purchase of Teaching Time*.

Credit for military service following PERS membership

PERS members who served in the U.S. Armed Forces may be eligible for additional service credit. To be eligible, a member must have:

- worked in a PERS-covered position prior to entering the service,
- been other than dishonorably discharged from active duty, and
- returned to the same public employer within certain time limits.

It is not necessary to wait until retirement to apply for this credit. There is no cost for the service credit for anyone who meets the criteria of the Federal Veterans Reemployment Rights Act.

Credit for military service prior to PERS membership

Members who are veterans are eligible to purchase up to four years of military time served prior to working for a PERS employer. The purchase can be made by any PERS member who:

- entered or reentered active service after January 1, 1950, or was in active service on January 1, 1950,
- was in active service for other than active duty for training,
- was other than dishonorably discharged,
- was in active service before employment with a PERS-participating employer; and
- is neither receiving nor eligible to receive a military pension or retirement pay at the time of PERS retirement.

You are also eligible if you went into the reserves from active military service, are not receiving a military pension at the time of retirement from PERS, and are not eligible to receive a military pension until age 60.
You must pay the full cost of the purchase and resulting increased benefit. This purchase must be made within 90 days before or after your effective retirement date. For more information, request *Questions and Answers About SB 711 Military Purchase.*

Credit for seasonal positions

Employees who served for less than six months working full-time in a seasonal position with a PERS-covered employer before becoming a PERS member may purchase additional service credit.

The term “seasonal position” means an apprenticeship, internship, or entry-level position in the employ of a PERS-covered employer that is served by a person before being employed in a technical or professional position with the same employer. This credit can be purchased only during the 90-day period prior to your effective retirement date.

Credit for police officers and firefighters

A member currently employed as a police officer or firefighter by a PERS-participating employer who was previously employed as a police officer or firefighter by an Oregon public employer not participating in PERS may purchase service credit for that time, not to exceed ten years. The member can purchase credit any time before their effective retirement date.

Purchase of disability time

A member who received a PERS disability retirement allowance after January 1, 1985, may purchase retirement credit for the disability period if the member returned to employment with a PERS-participating employer after the period of disability. If the disability was due to a job-caused injury or illness, the cost of the additional retirement credit is charged to the employer at the time of injury. If the disability was not job-caused, the member must pay the full cost of the increased benefits.

If you are interested in receiving information about any of these purchases, please contact PERS' Customer Service Center at 503-598-7377.

Work restrictions after retirement

If you return to employment for an employer who does not participate in PERS, your PERS service retirement benefits will continue unchanged. PERS does not limit the hours you may be employed or the amount of money you can earn from a non-PERS employer.

If you are age 70 or older and are drawing Social Security benefits, you may work an unlimited number of hours for any employer, including PERS employers, without any change to your PERS benefits.

A PERS retiree who is receiving a service retirement allowance may be employed by a public employer without loss of benefits as long as the period or periods of employment by one or more participating public employers does not exceed 1,039 hours in a calendar year. A PERS retiree who is employed as a teacher or administrator by a school district or education service district that has its administrative office located within a county with a population of not more than 35,000 inhabitants is excluded from the 1,039-hour limitation and may work any number of hours. Other exclusions to the 1,039-hour rule include those employed by the:

- sheriff of a county with a population of fewer than 75,000 inhabitants,
- municipal police department of a city with less than 15,000 inhabitants,
- state or county for work in a correctional institution located in a county with less than 75,000 inhabitants, or
- Oregon State Police for work in a county with less than 75,000 inhabitants.

The 1,039-hour limitation is not applicable to a retired PERS member who is employed to temporarily replace an employee serving in the National Guard or in a reserve unit of the United States Armed Forces and who is called to federal active duty.

PERS retirees ages 62 through 69 who are receiving Social Security benefits may work either 1,039 hours per calendar year or until reaching the Social Security earnings limit, whichever limit is reached last. Refer to PERS Administrative Rules for the applicable Social Security limits.

If you are a reemployed, retired member whose period or periods of employment exceed the limits described above, your retirement benefits will be stopped as of the first of the calendar month following the date the limits were exceeded. If you continue employment, active membership in PERS is re-established if you are working for a participating public employer. If you exceed these limits within the first six months of PERS retirement, all retirement benefits must be repaid.

When you subsequently leave active membership, you must re-apply for retirement benefits.

If you have elected a total lump sum retirement option, you can work 599 hours or less in the first six months of retirement without having to repay benefits if your employer designates you as a casual, emergency, or seasonal worker. Once the six-month period following retirement ends, you can work unlimited hours without repaying benefits, but your employer must begin making contributions since you will again become an active member.

Reminder

Most purchases must be made within 90 days before the effective date of your retirement.

Pensions and life insurance: points to consider

When you near retirement age, it is likely that you will be approached by life insurance company representatives. They may suggest that when you retire, you take PERS Payment Option 1 and at the same time purchase from them a life insurance policy for yourself.

Option 1 provides no payments to a beneficiary on the death of the PERS member, so it provides the highest monthly benefit. Other PERS options provide benefits to a surviving spouse or other beneficiary(ies). As a result, other options offer lower monthly benefit payments.

The life insurance company suggestion is for the PERS member to use the dollars gained by selecting Option 1 to purchase life insurance. Upon the death of the retiree, the insurance company will pay the beneficiary either a lifetime benefit or a lump sum, which can be invested to provide a lifetime benefit.

There are advantages and disadvantages to this approach, which insurance companies call "pension maximization." Whether it will be right for you depends on many factors. But only in rare cases does PERS consider pension maximization a good idea.

You should first consider whether you are healthy enough to qualify for life insurance.

Next, consider the advantages and disadvantages.

Advantages:

- more income while the retiree is alive (if all the income gained from choosing Option 1 is not spent on life insurance),
- flexibility to change some decisions, and
- cash value for retiree or heirs if beneficiary predeceases (if policy is not term-life insurance and has a residual value).

Disadvantages:

- insurance cannot normally match the cost-of-living increases of retirement plans;
- monthly insurance payouts will be affected by earnings of the insurance company and, therefore, may not be as high as projected;
- the cost of insurance for the appropriate amount of coverage in many cases exceeds the higher monthly benefit; and
- health insurance subsidy payments (PERS plans) will not be available to the surviving spouse.

In general, if the beneficiary is younger than the retiree but has a life expectancy that is shorter than average, purchasing a life insurance policy may result in higher dollar benefits for both the retiree and beneficiary.

If the beneficiary is older than the retiree but has a life expectancy that is longer than average, purchasing a life insurance policy will not likely result in higher dollar benefits.

For those whose situations fall somewhere between the extremes, the decision is less clear.

PERS recommends you thoroughly research all your PERS and life insurance options. Talk to more than one financial adviser who is not selling a product (such as insurance or stocks). Never rely solely on information from a single source.

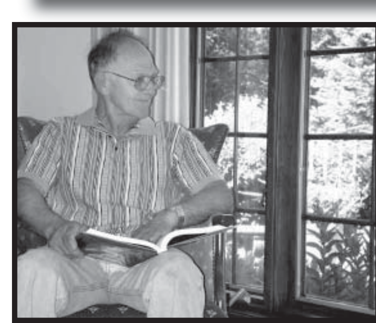
When doing your research, ask the following questions:

- Can I pass the insurance health examination?
- Are life insurance premiums fixed? How long will I pay premiums? Am I certain I can afford the premiums in the future?
- What are the insurance dividend assumptions? Is there a guaranteed dividend rate? How will earnings compare with PERS (including cost-of-living and special benefit increases)?
- If I die immediately after retiring, is my beneficiary protected?
- Is there a penalty for cashing out the insurance policy?
- How will my beneficiary's life insurance income compare with what he or she would receive from PERS? How will it compare after several years of inflation?
- Can my insurance beneficiary choose a lump sum or periodic payments?
- What are the state and federal tax impacts?
- Is the insurance company financially stable?

You should ask these and many other questions related to your personal situation before you make any decision concerning life insurance.

Appendices

Charts, examples, and other information to help you make the choices that are right for you



Appendix A: Retirement criteria

Full and reduced benefits by age and years of service

Full Benefits		
Class	Age	PERS Service
All members any age	30 years	
General Service Tier One	58	No minimum
General Service Tier Two	60	No minimum
Police and Fire 50-55	25 years	
Police and Fire	55	No minimum

Reduced Benefits		
Class	Age	PERS Service
General Service Tier One	55-58	Less than 30 years
General Service Tier Two	55-60	Less than 30 years
Police and Fire	50-55	Less than 25 years

Appendix B: Verification of age

PERS can accept the following documents as verification of age. Send copies, not originals, because PERS will not return the documents to you. Be sure to put the member's Social Security number on all documents so they are properly recorded.

If you cannot furnish the proof required in Group 1 or 2, send PERS a written explanation.

Since the documents submitted cannot be returned, we suggest using photocopies. If it is illegal to copy a document, bring it into the PERS headquarters, and PERS will verify the birth information.

Please submit photocopies

Group 1

If one item of this group is furnished showing birth dates, no further evidence of age is needed.

Any ONE of these:

- Birth verification issued by state, county, or country (Documents issued by foreign governments in a language other than English need to include a translation into English certified by a notary public, public agency, or other public official.)
- Infant baptism certificate
- Hospital birth certificate (if signed by attending physician or issued by state)
- Passport (current or expired)
- School age record
- Family Bible record (If this record is furnished, include the following information certified by a notary public or other public official: copy of all family record entries in the Bible referring to applicant and parents, brothers, and sisters; Bible publication date or apparent age of Bible; when birth date was entered and by whom.)
- Naturalization or citizenship papers

Group 2

Two items of this group from different sources are sufficient if age or birth date shown.

Any TWO of these:

- A notarized affidavit by an older, immediate family member in a position to know the birth date (e.g., father, mother, etc.)
- Certificate of military record
- Marriage record (Record must show your age or date of birth at time of marriage.)
- Copy of driver's license
- County voter registration (Must show your age or date of birth; do not send in your precinct card.)
- Copy of child's birth certificate if it shows age of parents
- Social Security record (Record must be displayed on an estimate of benefits or screen print from the Social Security office. Document must be dated within last 12 months.)

Example: One child's birth certificate and one driver's license.

Appendix C
Examples for specific retiree designation of beneficiary

In the event of a divorce, the designation of beneficiary may be subject to court order(s) filed with PERS.

Always show full given names of person(s): for example, Mary R. Doe (not Mrs. Robert Doe).

1. To name **co-beneficiaries**:
   Mary J. Doe   Mother 1/30/1901
   and
   John R. Doe   Father 11/10/1900

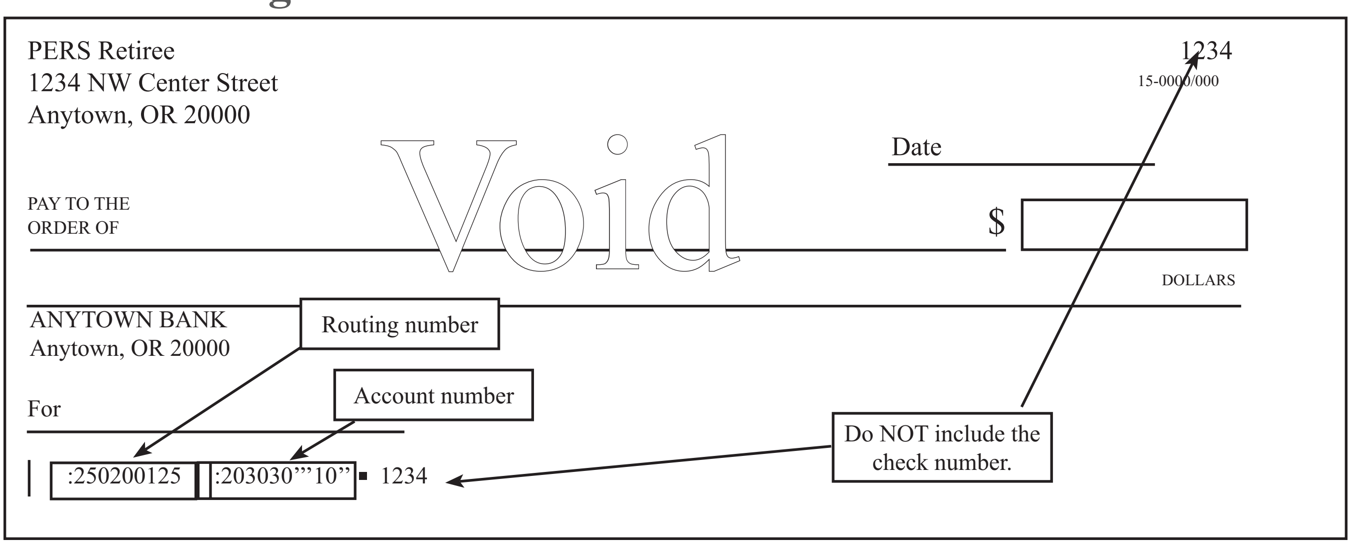
2. To name a **contingent beneficiary**:
   Mary J. Doe   Mother 1/30/1901
   if living, otherwise to
   Betty A. Jones   Sister 8/12/1935

3. To designate your **estate as beneficiary**:
   The personal representative, executor, or administrator of my estate.
   (Do not show anyone's name.)

4. To designate an **organization as beneficiar**y:
   Do not show anyone's name. Include the legal name of the organization and mailing address.
   (Please use legal name for organization.)

5. To designate a **trustee as beneficiary**: Name a trustee and a successor trustee rather than the trust itself, e.g., "To John Doe (name) trustee or Jane Doe (name) successor trustee of the (name of trust,) dated, held by (trustee name and address)."

Appendix D
Blank check guide



Appendix E: Benefit options at a glance

Option	Do monthly payments continue while I am 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 after I retire and 60 days have passed?
Refund Annuity	Yes	No	The balance (if any) of your account in a total distribution	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 member's amount)	No	No
Option 3A or Lump-Sum Option 3A*	Yes	Yes	Monthly* (1/2 member's amount)	No	No, but you can change to Option 1 (see note below)
15-Year Certain	Yes	If 180 payments haven't been made to member and if beneficiary is a person**	Monthly*** (the remainder of the monthly payment)	Yes*	Yes
Total (double) Lump-Sum *	No	No*	One payment of the balance of both accounts (Member and employer)	Yes	Yes

Note: If you select Option 2A or 3A or LS Option 2A or 3A, you can change your monthly benefit to Option 1 if your beneficiary dies or you and your beneficiary are later divorced. A change to Option 1 can be effected only after PERS is notified in writing.

* Remaining LS, 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.

Appendix F: Important dates and deadlines

There are a number of dates and deadlines to keep in mind when planning your retirement.

Some choices, such as purchasing additional time, must be made before your effective retirement date. Other choices can be changed only within a limited time after your effective retirement date.

Effective retirement date

Your effective retirement date is the first day of the month following the last day you worked in a PERS-qualified position or the first of the month you file your application, whichever is later. You may choose to apply for a later effective retirement date, but by doing so you forfeit any benefits you would have been eligible to receive during the interval.

First retirement payment

You can expect to receive your first retirement payment within 92 days after your effective retirement date. When you receive your first payment, you will receive payments retroactive to your effective retirement date. If PERS cannot calculate your benefit within 92 days, we will send you an estimated benefit payment. Once we calculate your actual benefit, you will receive the difference between your estimated payment and your actual payment. If the estimated payment is $10 or more under what your actual payment turns out to be, you will receive interest on the balance of the underpaid amount. Delays should be expected and financial arrangements made, but you can minimize the possibility if you and your former employers provide complete and accurate documents promptly.

Decisions that must be made *before* your retirement date

Purchases of waiting time or refunded time must be made within 90 days before your effective retirement date.

Purchases of teaching or military time (referred to as full-cost purchases) must be made within 90 days of your effective retirement date.

Purchases of disability time and credit for police officers and firefighters must be made on or before the effective retirement date. Both of these purchases are full cost purchases, paid for by the member.

Decisions that must be made *within a limited time after* your retirement date

You can cancel your retirement application or change your effective retirement date only if PERS receives your written request before your first benefit payment is issued.

Most options allow beneficiary changes only up to 60 days after your retirement date.

You have the right to change your option selection within 60 days following the date your first benefit payment is dated and issued.

You may change your variable annuity election anytime between your original election and within 60 days after the issue date of your first benefit payment.

Appendix G: Lump-sum tax information at a glance

PERS distribution	How distribution is taxed	Provisions
Annuity option changed to a lump-sum option	• If you elect an option that is eligible for rollover, tax is deferred to the extent of the rolled-over benefit.	• You must request this change within 60 days of your first benefit payment (unless you are age 70½ or older). • Your purchase of forfeited time will be returned to you.
Lump-sum option changed to an annuity option	• Taxable as ordinary income for both contributions and earnings. • Earnings may be subject to an additional 10 percent tax if withdrawn before age 59½.	• Not eligible for rollover

Direct rollover to a traditional IRA or eligible employer plan	• Tax deferred until you take money out of the new plan.
	• Not subject to mandatory federal withholding.
	• Subsequent distributions are usually disqualified from capital gains treatment and ten-year averaging.
		• Distribution is not eligible for rollover if it is:
		  • a required minimum distribution or
		  • one of an annuity series.

You make the rollover to a traditional IRA or eligible employer plan by yourself	• Subject to 20 percent federal withholding.
	• Tax deferred if you roll over full amount and replace the 20 percent withholding.
	• Taxable for any part you do not roll over, including the 20 percent withheld.
	• Subsequent distributions are usually disqualified from capital gains treatment and 10-year averaging.
		• You must roll over funds within 60 days after you receive your net distribution.
		• Distribution is not eligible for rollover if it is:
		  • a required minimum distribution or
		  • one of an annuity series.

After-tax contributions	• Tax deferred on future earnings.	• You may roll over to a traditional IRA either directly or within 60 days after you receive your net distribution. • Once you roll over to a traditional IRA, this amount cannot later be rolled over to an employer plan. • You may roll over to a qualified employer plan that agrees to accept your rollover and to provide accounting for your rollover. It must be a directly separate rollover. • You cannot roll over to a 403(b) tax-sheltered annuity nor a governmental 457 plan.
Lump-sum distribution that you do not roll over to a traditional IRA or employer plan	• If eligible, you may elect capital gain or averaging tax treatment, whichever may reduce your income tax. • Capital gains tax is 20 percent for the part of the distribution attributable to your participation before 1974. • 10-year averaging uses 1986 tax rates and may reduce the tax you owe	• You must be born before January 1, 1936. • Your entire lump sum must be distributed within one year — no monthly payments. • For ten-year averaging, you must also have participated in the plan for five years before the year of your distribution.
Required minimum distribution	• Taxed as ordinary income.	• You are required to take at least a portion of your benefit beginning April 1 of the year after you reach age 70½ or leave PERS, whichever is later.

Appendix H: Retirement planning resources

Successful retirement begins with planning, and many resources are available to help you plan for a successful retirement. Consult professional advisers, organizations, and publications to make informed retirement decisions. Listed below are some of the resources to consider.

Estate planning

Attorneys, tax advisers, financial and retirement planners, and insurance agents may be able to offer advice on the tax, legal, and financial implications of your retirement choices. These professionals can review legal documents such as wills, trusts, property deeds, and insurance policy coverage.

Income sources

It is advisable to review all possible income sources, including Social Security, deferred compensation or tax-sheltered annuity plans, individual retirement accounts, and employment income.

Contact your local Social Security Administration office at 800-772-1213 (toll-free) to request an estimate of your Social Security benefits and information pamphlets on retirement and Medicare.

To learn more about distribution choices for the Oregon Savings Growth Plan, call the Information Line at 800-365-8494 to request a severance packet. View a schedule of meetings in your area on the PERS Web site at www.oregon.gov/PERS.

Financial institutions

Check on services available through banks, savings and loan associations, credit unions, and brokerage houses.

Glossary with Oregon Revised Statute (ORS) and Oregon Administrative Rule (OAR) References

Annuity

The payments for life derived from contributions made by the member plus accumulated earnings.
ORS 238.005

Average monthly salary

The monthly average of the salary paid in the last 36 months or the three highest calendar years' salary, whichever is highest. Your estimate of service retirement benefits lists the known salaries, vacation hours, and sick leave (if applicable), supplied by you, used to calculate the average monthly salary. ORS 238.005(15), ORS 238.435(2), ORS 238.535(2)

Creditable service

The number of years and months of PERS-covered service that will be used in the calculation of retirement benefits. ORS 238.005(4) Note: Some members may be able to purchase additional creditable service time to increase benefits.

Designated beneficiary

The beneficiary named by a PERS member and filed with PERS. (Forms to keep this information current can be obtained at any PERS office and are included in the retirement application in this book.) The beneficiary listed on your Benefit Estimate is for estimate purposes only and will not be used to determine your beneficiary. ORS 238.390

Estimate

A projection of benefits prepared by staff of a service or disability retirement allowance, a death or a refund payment. An estimate is not a guarantee or promise of actual benefits that eventually may become due and payable, and PERS is not bound by any estimates it provides.
OAR 459-005-0001[38]

General service member

Membership in PERS other than a judge member, police officer, firefighter, or a legislator.
OAR 459-005-0001[12]

Full Formula

One of the three methods PERS uses to calculate retirement benefits (you are entitled to the method for which you are eligible that produces the highest benefit amount), the Full Formula method uses three factors to compute your retirement benefit:

- your final average monthly salary, multiplied by
- your years and months of creditable service as of your date of retirement, multiplied by
- a factor set by statute at 1.67 percent for general service employees (2.0 percent for police officers and firefighters).

Both the employer and member account balances fund this benefit. This amount is reduced if you take an early retirement benefit. In addition, an increase or decrease will be made to the Full Formula calculation if you participated in the Variable Program after January 1, 1982, and have not made a one-time variable transfer.

Formula Plus Annuity

One of the three methods PERS uses to calculate retirement benefits (you are entitled to the method for which you are eligible that produces the highest benefit amount), the Formula Plus Annuity method is available only to members who made contributions before August 21, 1981. It uses a formula similar to the Full Formula to compute the employer monthly portion. One percent of the final average salary for general service employees (1.35 percent for legislators, police officers, and firefighters) is multiplied by the years of creditable service.

Lump sum

A sum of money received at one time.

Member cost

The after-tax member contributions and payments made to PERS. OAR 459-005-0001[37]

Military service credit

Service time purchased or granted for time served on active duty with the U.S. Uniformed Services or Armed Forces, which is added to the service credit. ORS 238.156 & 157

Money Match Method

This is one of the three methods PERS uses to calculate retirement benefits (you are entitled to the method for which you are eligible that produces the highest benefit amount). Under Money Match, your member account balance is matched by an equal amount from your employer. The monthly benefit is based on this sum and estimated life expectancy for persons in your age group.

Notary public

A person legally empowered to witness and certify the validity of documents and signatures.

Payment options

PERS has 13 retirement payment options to choose from, depending on the amount of benefit you wish to provide a beneficiary in the event of your death. The choice of option will affect your monthly benefit amount. ORS 238.300, ORS 238.305

Prior service time

Your employer may have granted a benefit to employees who worked before the date the employer began PERS participation. This benefit normally provides $4 per month for each year of credit. ORS 237.620, ORS 238.225

Tier One member

Member who was hired in a PERS-qualified position before January 1, 1996. ORS 238.430

Tier Two member

Member who was hired in a PERS-qualified position on or after January 1, 1996. ORS 238.430

Forfeited (refunded) time

Creditable service lost due to a "request for withdrawal" or "loss of membership" refund. ORS 238.265

Retirement date

The first day of the month following the last day you worked or the first day of the month in which you file your application for benefits, whichever is later. ORS 238.280

Vacation pay

A lump-sum payment for accrued leave in a Vacation Leave Program provided by a public employer, which grants a period of exemption from work for rest and relaxation with pay, and does not normally include sick leave programs, programs allowing the accumulation of compensatory time, holiday pay, or other special leaves.

Waiting time

The time between hire date and the date eligible for membership in PERS. ORS 238.015(1)

Acronyms

AGFA – American General Financial Advisors

IRA – Individual Retirement Account

IRS – Internal Revenue System

LS – Lump Sum

OAR – Oregon Administrative Rule

ORS – Oregon Revised Statute

OSGP – Oregon Savings Growth Plan

P & F – Police Officer and Firefighter

PERS – Public Employees Retirement System

SRA – Service Retirement Application

SSN – Social Security Number

How to contact us

Telephone numbers

Customer Service Center	503-598-7377
PERS main number	503-598-7377
PERS toll-free number	888-320-7377
PERS headquarters TTY	503-603-7766
PERS Salem Center	503-378-3730
Oregon Savings Growth Plan	800-365-8494
PERS health insurance plans	503-224-7377 (Portland)
PERS health insurance plans toll-free	800-768-7377
PERS long term care insurance (UNUM)	800-227-4165

Fax numbers

Tigard headquarters	503-598-0561
Oregon Savings Growth Plan	503-378-5888
PERS Salem Center	503-378-5888

Internet addresses

PERS main page	www.oregon.gov/PERS
PERS insurance plans	www.pershealth.com
Social Security Administration	www.ssa.gov
Oregon Department of Revenue	www.oregon.gov/DOR
Internal Revenue Service	www.irs.gov

Mailing addresses

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Salem