



Collective Wealth PLANNING

Oregon PERS Pension Options Explained

This resource is designed to help you understand the various Oregon PERS pension options available to you upon retirement. All are available to Tier 1 and Tier 2 members; OPSRP do not have the refund annuity or 15-year certain options available to them.

Option



Option 1 - Single Life
(you receive the benefit for your life;
it ends when you die)



Refund Annuity
(benefit paid for your life, the beneficiary
will receive a lump sum if there is a
balance at your passing)



15-Year Certain
(you receive the benefit for your life; if you
die before receiving 15-years of benefits,
your beneficiary is entitled to the
remaining payments until 15-years is
reached)

May be good if you are...

- Single
- In partnership with someone who has other streams of reliable lifetime income
- Much younger than your spouse
- Looking to maximize your monthly benefit amount

- Retiring later in life
- Concerned you may not live for another 10 years (that's the usual breakeven for this strategy vs an alternative survivorship option)
- You want to leave your benefit to someone other than a spouse, multiple beneficiaries or a charitable organization

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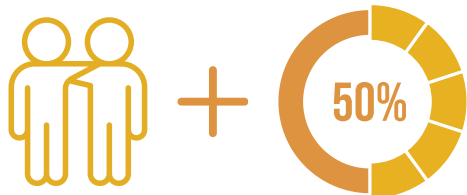


Option 2 - 100% Survivor

(you will receive this amount for life, as will your partner if you pass before them)

Option 2A - 100% Survivor With Step Up

(same as option 2, but if your partner passes first, you can step up to option 1 - the highest benefit amount)



Option 3 - 50% Survivor

(you will receive this amount for life, if you pass before your partner, they will receive half of the benefit amount)

Option 3A - 50% Survivor With Step Up

(same as option 3, but if your partner passes first, you can step up to option 1 - the highest benefit amount)

May be good if you are...

- Married
- Hoping to ensure your partner's cash flow remains the same after you pass

- Younger than your spouse
- Are comfortable with the lower monthly benefit amount

- Married
- Hoping to ensure your partner still receives some pension benefit after you pass

- Younger than your spouse
- Are comfortable with the lower monthly benefit amount



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Lump Sum Settlement Options

You'll also see some options for lump sum payouts. With over a decade of experience advising Oregon public employees on their pension options, I have yet to meet a client for whom a lump sum payout makes financial sense. Here are three reasons why that might be:

- 1) Removes/Reduces Monthly Benefits:** Opting for a lump sum payout can affect the overall retirement benefits received. While it provides immediate access to a significant sum, it means reducing or forgoing the security of a steady monthly income for the rest of your life and, in some cases, the rest of your partner's life. For many public employees, other income sources in retirement include Social Security, which is also fixed, and investments, which are not fixed (unless you have an annuity or some other product). The uncertainty of the markets often makes the steadiness of a pension much more attractive. Before choosing this option, consider your financial needs, risk tolerance, and long-term plans carefully.
- 2) Tax Implications:** Lump sum payouts may have tax implications, and it's advisable for you to consult with a tax professional to understand how choosing a lump sum might affect your tax situation.
- 3) Death Benefits:** It is essential to consider how a lump sum payout may impact death benefits. Oregon PERS offers both standard and lump sum options with survivor benefits for spouses or beneficiaries, but the lump sum will reduce those survivor benefits.

Service Purchase Options

Service purchases are most readily available for Tier One and Two members. They refer to your ability to buy additional service credits, which can impact the calculation of retirement benefits and, in some cases, bump up your retirement eligibility date.

Waiting Time

The most common service purchase available is the waiting period, which is accessible to most Tier 1/2 PERS employees. This is an offering to buy back the 6-8 months where you were ineligible to contribute at the start of your PERS employment. This can both accelerate your eligible retirement date with the state and increase your monthly pension amount. If you're eligible, you'll see a second column on your retirement benefit estimate that shows what your monthly pension amount would be with this purchase.