

Oregon  
University  
System

# Choices

**Retirement Plan  
Decision Making Guide**

**2007**

**Edition 2**

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## *Introduction*

**T**he retirement benefits provided to you as an eligible academic or academic administrative employee of the Oregon University System (OUS) can be a significant part of your income in retirement. Currently OUS offers you a choice between two employer-paid retirement plans:

- **Oregon Public Service Retirement Plan (OPSRP)/  
Public Employees Retirement System (PERS)**
- **Optional Retirement Plan (ORP)**

If you are eligible for retirement plan participation on or after August 29, 2003, you may participate in either the OPSRP or the ORP. You must make a one-time, irrevocable decision by the end of a six-month waiting period from your hire date. You will need to choose between membership in the OPSRP and participation in the ORP. You may make your decision at any time during your six-month waiting period, but keep in mind that this is a one-time opportunity.

The plan you choose will be the plan you participate in during the entire time you work for OUS as an eligible employee, even if you leave OUS and are later rehired.

*Plan ahead!* If you are interested in the ORP, allow yourself enough time before your enrollment deadline to contact the ORP companies, obtain literature, and complete forms.

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### **OPSRP and PERS**

The Oregon Public Service Retirement Plan (OPSRP) and Public Employees Retirement System (PERS) are hybrid defined benefit/defined contribution plans for state and OUS employees.

The Public Employees Retirement System manages three plans for eligible public employees; the OPSRP pension, the PERS pension, and the Individual Account Program (IAP). Participation in these plans is based on an employee's original eligibility date (or break in service date for PERS

members). Both plans are managed by the Public Employees Retirement System (PERS), which determines which plan is available to you. You do not need to choose between OPSRP and PERS.

If you elect to become a member of the OPSRP or PERS, and you are employed by another Oregon public employer, your service time at OUS is included in your OPSRP or PERS benefits, subject to PERS rules.

### **Optional Retirement Plan (ORP)**

The Optional Retirement Plan (ORP) is a defined contribution, participant-directed plan that is exclusively for OUS employees.

If you elect to participate in the ORP, prior PERS service time while employed by the OUS, if any, is recognized for vesting purposes. However, if you subsequently leave the OUS to work for another PERS employer, PERS does not give credit for the time you were an ORP participant.

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### **Additional, Voluntary Retirement Plans**

In addition to the OPSRP and ORP retirement plans paid by OUS, two voluntary programs are available. You may enroll in these plans as soon as your employment begins or any time thereafter. You decide the amount of your pre-tax contributions.

- **Tax-Deferred Investment (TDI) Program**

The TDI program is an IRS Section 403(b) plan that offers tax-sheltered annuities and mutual funds. See an online description of the OUS Tax-Deferred Investment program at <http://www.ous.edu/dept/hr/benefits/unclass.php>. A list of investment firms is on page 68 of this booklet.

- **Oregon Savings Growth Plan (OSGP)**

The OSGP is a governmental IRS Section 457(b) deferred compensation plan. OSGP is outlined on page 69 and more information is available on the PERS website or at <http://www.ous.edu/dept/hr/benefits/unclass.php>

This Decision Making Guide will help you make your retirement plan enrollment decision. The Guide contains many helpful features:

- A side-by-side comparison for the OPSRP and the ORP
- Highlights of the OPSRP/PERS and the ORP
- Issues you may want to consider as you make your enrollment decision
- Questions you may want to ask the ORP investment companies
- Questions and answers to help focus your decision-making
- Enrollment instructions
- A side-by-side comparison for PERS and the ORP for prior PERS members

You must return your completed OUS Retirement Plan Election form to your Benefits Office by the 10<sup>th</sup> of the month in which you are eligible. Eligible employees who do not make a written enrollment selection during this period of time will be automatically enrolled in OPSRP/PERS.

**Your decision to participate in the ORP or OPSRP/PERS is, by law, a one-time irrevocable decision.**

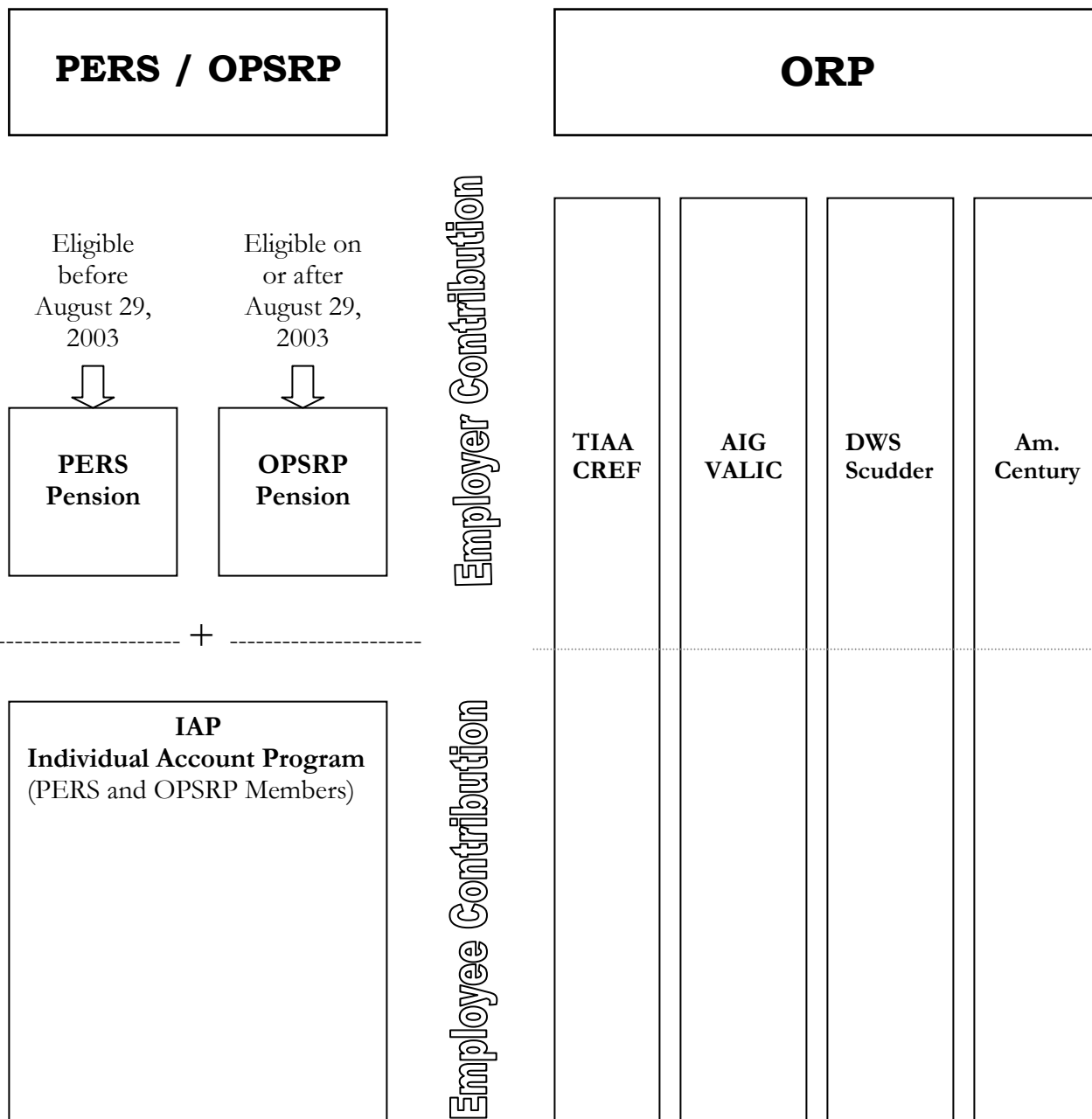
**DISCLAIMER – Please Read Carefully**

This Decision Making Guide provides an overview of the OPSRP/PERS and the ORP. The descriptions of OPSRP and PERS benefits in this Guide are based on OUS' and PERS' understanding of the 2003 legislation as of the date of this guide. Certain aspects of 2003 PERS legislation are or will be the subject of legal challenges. In addition, PERS regularly adopts administrative rules to implement legislative changes. The descriptions of OPSRP and PERS benefits in this guide are therefore subject to modification and/or clarification by new legislation, court decisions, and PERS' administrative rulemaking. In case of conflict between this guide and the official plan documents of the ORP and Oregon state law regulating OPSRP/PERS, the official plan documents and Oregon state law will govern.

An on-line version of this Decision Making Guide is available at <http://www.ous.edu/benefits/optional.htm>

# PERS/OPSRP and ORP Components

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# Comparing Your Retirement Options

## OPSRP Eligible Employees

Section

1

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

*First, are you an OPSRP/ORP Tier Three eligible employee?*

### OPSRP (Oregon Public Service Retirement Plan) Employee

- If you were hired in a qualifying position on or after August 29, 2003 and have never worked for another Oregon PERS employer, you are an OPSRP/ORP Tier Three employee.
- If you are a PERS member and had a break in service (6 or 12 months duration, depending on the reason) any time on or after August 29, 2003, you are an OPSRP/ORP Tier Three employee beginning on or after January 1, 2004. If you were an inactive, vested member on August 28, 2003 and returned to qualifying employment before January 1, 2006 with the same employer, you did not have break in service.

Section 1 compares the OPSRP and Optional Retirement Plan provisions that apply to OPSRP-eligible/ORP Tier Three employees.

If you were a PERS member before August 29, 2003, and have not had a break in service, your benefits are described in Section 7 of this booklet.

- **Tier One** If you were hired in a qualifying position before January 1, 1996, you are a Tier One employee.
- **Tier Two** If you were hired in a qualifying position on or after January 1, 1996, you are a Tier Two employee.

For employees with OPSRP/ORP Tier Three, Tier One or Tier Two dates of hire, there are few differences under the Optional Retirement Plan. The following comparison is a basic summary of plan features. Please read the information contained in the PERS and ORP Highlights sections, and the PERS handbook, before choosing your retirement plan.

## Comparing Your Retirement Options

Attributes	OPSRP	ORP “Tier Three”
<b>Who’s eligible</b>	<p>Academic and administrative unclassified employees of OUS (including EOU, OIT, OSU, PSU, SOU, UO and WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Have completed a waiting period of six full calendar months in a qualifying position.</li> <li>▪ Hold a qualifying position with 600 or more hours of service in a calendar year.</li> </ul>	<p>Academic and administrative unclassified employees of OUS (including EOU, OIT, OSU, PSU, SOU, UO and WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Have completed a waiting period of six full calendar months of employment in a qualifying position.</li> <li>▪ Hold a qualifying position, or series of positions, that total 600 hours in a calendar year.</li> </ul> <p>Qualifying positions include:</p> <ul style="list-style-type: none"> <li>▪ 12-month employees who work .30 annual FTE</li> <li>▪ 9-month employees who work .40 annual FTE.</li> </ul>
<b>When participation begins</b>	<p>First of the month following six full calendar months of employment in a qualifying position.</p>	<p>First of the month following six full calendar months of employment in a qualifying position.</p>

**Comparing Your Retirement Options, cont.**

<b>Attributes</b>	<b>OPSRP</b>	<b>ORP “Tier Three”</b>
<b>Employer Contributions</b>	<p>Employer Contributions made by OUS in 2007 are based on a percentage of the first \$225,000 of salary in a calendar year (pro-rated for less than full year appointments). The salary limit may be adjusted as the cost of living increases.</p> <p><i>This limit may not apply if you were a PERS member before December 31, 1995.</i></p> <p>The Employer Contribution rate for OPSRP members is subject to change, based on the rates periodically established by PERS.</p>	<p>Employer Contributions made by OUS in 2007 are based on a percentage of the first \$225,000 of annual salary (calendar year). The salary limit may be adjusted as the cost of living increases.</p> <p>The Employer Contribution rate for Tier Three members is subject to change, based on the rates periodically established by PERS. By law, the Employer Contribution to the ORP equals the Employer Contribution to PERS.</p> <p>As of January 1, 2007, the Employer Contribution is 8.04% of salary. The Employer Contribution will change to 5.82% of salary on July 1, 2007.</p>
<b>Employee Contributions</b>	<p>Currently, OUS pays the Employee Contribution on behalf of most employees.</p> <p>Employee Contributions are 6% of annual salary based on the first \$225,000 of salary in a calendar year. The salary limit may be adjusted as the cost of living increases.</p> <p>Total Employer and Employee contributions to the Individual Account Program (IAP) may not exceed \$45,000 in a plan year.</p>	<p>Currently, OUS pays the Employee Contribution on behalf of most employees.</p> <p>Employee Contributions are 6% of annual salary based on the first \$225,000 of annual salary (calendar year). The salary limit will be adjusted as the cost of living increases.</p> <p>The combined Employer and Employee contributions may not exceed \$45,000 in the 2007 plan year.</p>

**Comparing Your Retirement Options, cont.**

<b>Attributes</b>	<b>OPSRP</b>	<b>ORP “Tier Three”</b>
<b>Rollovers</b>	The Individual Account Program (IAP) does not accept rollover contributions.	Accepts rollover contributions, subject to investment company restrictions, from: <ul style="list-style-type: none"> <li>▪ PERS member or IAP accounts</li> <li>▪ Other employers’ qualified retirement plans</li> <li>▪ Governmental IRC 457(b) plans, including the OSGP</li> <li>▪ IRC 403(b) TSA plans</li> <li>▪ Conduit IRAs from an employer’s qualified plan</li> </ul>
<b>Plans and Plan Accounts</b>	Two separate plans are maintained for OPSRP members:  <b>OPSRP Pension</b> Employer Contributions fund an OPSRP “defined benefit” pension plan.  <b>IAP</b> Employee Contributions fund an Individual Account Program (IAP) Employee Account in a “defined contribution” plan.	Your ORP retirement account is made up of your: <ul style="list-style-type: none"> <li>▪ Employer Contributions</li> <li>▪ Employee Contributions</li> </ul> Participants invest their contributions in mutual funds and/or annuities offered through the Optional Retirement Plan.  Employer and Employee Contributions, plus investment returns over time, build the retirement account balance.
<b>Investment Options</b>	All investments for the pension and IAP are selected and managed by the Oregon Investment Council.	You may choose from a variety of investments through the ORP investment providers offering fixed and variable annuities and mutual funds.  <b>Insurance Companies</b> offer investment contracts in fixed and variable annuities: <ul style="list-style-type: none"> <li>▪ AIG VALIC</li> <li>▪ TIAA-CREF</li> </ul> <b>Mutual Fund Companies</b> offer a choice of stocks, bonds, and money market mutual funds: <ul style="list-style-type: none"> <li>▪ American Century</li> <li>▪ DWS Scudder Investments</li> </ul>

**Comparing Your Retirement Options, cont.**

<b>Attributes</b>	<b>OPSRP</b>	<b>ORP “Tier Three”</b>
<b>Investment Income</b>	Actual investment returns are credited to IAP accounts.	Actual investment returns are credited by each mutual fund or annuity, which may include a fixed annuity with guaranteed investment returns.
<b>When you may change investment options</b>	Not required or permitted.	<ul style="list-style-type: none"> <li>▪ You may change your ORP Investment Company once per calendar year.</li> <li>▪ You may change funds or transfer balances among funds by contacting your ORP Investment Company at any time, subject to any restrictions or fees required by your investment company.</li> <li>▪ You may transfer existing account balances among ORP Investment Companies at any time, subject to any restrictions or fees required by the investment companies.</li> </ul>
<b>Vesting</b>  <i>Employer Contributions and earnings</i>          <i>Employee and Rollover Contributions and earnings</i>	<p><b>OPSRP Pension</b></p> <ul style="list-style-type: none"> <li>▪ 100% vested after being an active member in a qualifying position (600 hours minimum) in each of five calendar years.</li> <li>▪ 100% vested on reaching normal retirement age while an employee.</li> <li>▪ A vested Tier One or Tier Two member reemployed after a break in service is immediately vested in the OPSRP after a break in service.</li> </ul> <p align="center">-----</p> <p><b>IAP Employee Account</b> 100% vested immediately</p>	<p>100% vested after making contributions in each of 5 years you are in a qualifying position, or on reaching age 50 while an OUS employee.</p> <p align="center">-----</p> <p>100% vested immediately.</p>

## Comparing Your Retirement Options, cont.

Attributes	OPSRP	ORP “Tier Three”
<p><b>When retirement benefits are available</b></p>	<p><b>OPSRP Pension</b></p> <ul style="list-style-type: none"> <li>▪ Normal retirement age 65; or</li> <li>▪ Age 58 with completion of 30 years qualifying service.</li> </ul> <p><b>IAP</b> Termination of employment.</p>	<p>Termination of employment, retirement, disability, death, or plan termination.</p>
<p><b>Early Retirement</b></p>	<p><b>OPSRP Pension</b> OPSRP members may retire any time after reaching age 55. If you have fewer than 30 years of service, pension benefits will be reduced compared to Normal Retirement benefits.</p> <p><b>IAP</b> Employee account is available on termination of employment.</p>	<p>Benefits become available when you leave OUS employment.</p>
<p><b>If you leave OUS before retirement</b></p>	<p><b>OPSRP Pension</b> <b>If vested:</b> You may leave your OPSRP pension and IAP account in PERS until retirement. If the value of your pension is \$5,000 or less, you may withdraw the present value of your pension account when you leave OUS. <b>If not vested:</b> You forfeit membership and benefits of the pension program.</p> <p><b>IAP</b> You may withdraw your IAP Employee Account after leaving OPSRP-eligible service. Investment earnings accrue on your IAP account until withdrawal.</p>	<p><b>If vested:</b> You may leave your Employer and Employee Accounts in the ORP until retirement. Both are eligible for investment earnings and losses until withdrawn. <i>or</i> You may withdraw the value of your Employee Account and your Employer Account, including investment earnings.</p> <p><b>If not vested:</b> You may withdraw your Employee Account balance only. You forfeit your Employer Account. <i>or</i> You may leave your Employee Account balance in the ORP until retirement, and receive investment earnings and losses until withdrawn. You forfeit your Employer Account.</p>

**Comparing Your Retirement Options, cont.**

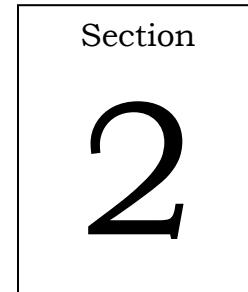
<b>Attributes</b>	<b>OPSRP</b>	<b>ORP “Tier Three”</b>
<p><b>How benefits are determined at retirement</b></p>	<p>Your retirement benefit is the combination of your Pension and your Individual Account Program account balance.</p> <p><b>OPSRP Pension</b> benefits are provided under a Full Formula calculation. The benefit amount is 1.50% of your Final Average Salary (FAS) times your years of qualified service.</p> <p>Final average monthly salary is the greater of these amounts, divided by 36 months:</p> <ul style="list-style-type: none"> <li>▪ your last 36 consecutive months of salary; or</li> <li>▪ your highest three consecutive calendar year salaries during your career in OPSRP-covered employment.</li> </ul> <p><b>IAP</b> benefits are the total of all IAP account balances.</p>	<p>Benefits are equal to the value of your Employee Account and, if vested, the value of your Employer Account, including investment returns.</p>
<p><b>How benefits are paid at retirement</b></p>	<p><b>OPSRP Pension</b> A variety of payment options including life annuity, joint and survivor option.</p> <p><b>IAP</b> Account payments include lump sum distributions and equal installments over 5, 10, 15, or 20 years.</p>	<p>Variety of payment options, including lump sum payment of Employee and Employer Accounts.</p>
<p><b>Disability Benefit</b></p>	<p><b>OPSRP Pension</b> OPSRP members with 10 or more years creditable service, or with a duty-related disability, receive 45% of salary in effect as of the last full month of pre-disability employment, until commencement of normal retirement pension benefits.</p> <p><b>IAP</b> IAP accounts receive investment earnings and losses until withdrawn.</p>	<p>100% of your Employee Account balance and the Employer Account balance as of the date of disability.</p>

## Comparing Your Retirement Options, cont.

Attributes	OPSRP	ORP “Tier Three”
<p><b>Death Benefit</b> <i>If you die while employed</i></p>	<p><b>OPSRP Pension</b> If you are vested, 50% of what your pension would have been is paid to your spouse for life. For this purpose, your spouse includes a person who is constitutionally required to be treated as your spouse.</p> <p><b>IAP</b> Your IAP account balance is paid to your beneficiary as a lump sum distribution.</p> <p style="text-align: center;">-----</p>	<p>100% of the value of your Employee Account and Employer Account balance at time of death is paid to your survivor(s).</p> <p style="text-align: center;">-----</p>
<p><b>Survivor Benefit</b> <i>If you die after retirement</i></p>	<p>Benefit is determined by payment option you selected at the time you retired.</p>	<p>Benefit is determined by payment option you selected at the time you retired.</p>
<p><b>Cost of Living Adjustment after Retirement</b></p>	<p>Pro-rata pension increases are indexed to CPI, up to a maximum of 2%.</p>	<p>No cost of living adjustment. Accounts receive investment returns until withdrawn.</p>
<p><b>Loans</b></p>	<p>Not available.</p>	<p>Available:</p> <ul style="list-style-type: none"> <li>▪ Through AIG VALIC and TIAA-CREF</li> <li>▪ Up to 50% of the combined value of your Employee and Rollover Accounts, or \$50,000, whichever is less.</li> </ul>

# Highlights

## ***Highlights of the ORP and OPSRP/PERS***



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This section of the Decision Making Guide highlights key provisions of the Optional Retirement Plan (ORP), the Oregon Public Service Retirement Plan (OPSRP), and the Public Employees Retirement System (PERS). For more information, refer to Section 1 (OPSRP/ORP Tier Three) and Section 5 (PERS Tier One and Tier Two). The summaries in these sections compare key features of your retirement options.

PERS provides detailed information about your PERS options. Visit the PERS website at <http://oregon.gov/PERS>.

# Highlights of the Optional Retirement Plan (ORP)

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## *Contributions*

Employer and Employee Contributions to the ORP may be made for each employee working 600 or more hours in the calendar year. At the end of each calendar year, that year's contributions and earnings for any employee who works less than 600 hours in the year are withdrawn from the participant's Employer and Employee Accounts.

For employees enrolling in the ORP, contributions include the following:

- Employer contributions are made by OUS and are based on the first \$225,000 of annual salary in 2007.
  - For OPSRP employees, the employer contribution 8.04% of salary through June 30, 2007, and will be 5.82% during the 2007-09 biennium that begins July 1, 2007.
  - For Tier One and Tier Two employees the employer contribution is 16.75% through June 30, 2007, and will be 16.01% during the 2007-09 biennium that begins July 1, 2007.
- Employee contributions are equal to 6% of the first \$225,000 of annual salary for Tier One, Tier Two, and Tier Three ORP participants. Currently, OUS pays the Employee Contribution for most employees. (indicate who an employee should contact to determine if this provision is applicable to them)

The Employer contribution to the ORP is based on the contribution rate for PERS/OPSRP. On July 1, 2007, ORP employer contribution rates decrease from the prior biennium's contribution rates as a result of actions taken by the Public Employees Retirement System.

ORP contribution rates may increase or decrease whenever PERS/OPSRP defined benefit pension plan funding methods are revised, or the plan is valued to reflect new costs of providing member benefits.

OUS cannot predict ORP contribution rates over the long term because funding of PERS' defined benefit pension plans rely on market performance, wages of active PERS members, utilization by retirees, and management decisions of the PERS Board.

Significant action by the state legislature in 2003, and subsequent plan management actions by the PERS Board to control employer contribution rates for the PERS pension plan will continue to impact ORP contribution rates in the future unless there is a legislative amendment of ORP statute ORS 243.800.

Employer contribution rates since the ORP was first offered are shown in the following table. These past rates do not predict future employer contribution rates.

ORP Contribution Rates (Percent of Salary)			
Dates in Effect	Employer		Employee
	Tier 1, Tier 2	Tier 3	Tier 1/Tier 2; Tier 3(from 1/04)
1/96-6/97	8.46		6.0
7/97-6/99	8.20		6.0
7/99-6/01	9.73		6.0
7/01-6/03	9.49		6.0
7/03-6/05	11.31		6.0
1/04	11.31	8.04	6.0
7/05-6/07	16.75	8.04	6.0
7/07-09	16.01	5.82	6.0

Federal and state income taxes are deferred on contributions and any related earnings as long as they remain in the plan.

## Note

### ***Important Note About Contribution Limits***

The ORP is a Defined Contribution Plan and is subject to IRS limits on contributions. In general, the 2007 limit is \$45,000 or 100% of your gross compensation, up to \$225,000 whichever is less.

Contributions to your ORP accounts will be monitored annually by OUS to ensure that these limitations are not exceeded. If your account is affected, you will be notified by OUS of any corrective measures that may be needed.

Rollovers and transfers may be made to the ORP from several sources:

***Rollovers  
and  
Transfers***

- PERS. If you are not vested in PERS, and elect to join the ORP, your Member Account will be rolled over regardless of whether you request it.

**If you elect to roll over your PERS (Tier One or Tier Two) Member Account to the ORP, you will forfeit your PERS pension and any rights to future PERS retirement benefits, whether or not you are vested.**

- PERS/OPSRP IAP. You may transfer your vested IAP account balance(s) to the ORP at the time you elect to participate in the ORP.
- OPSRP Pension. If the value of your OPSRP vested pension is \$5,000 or less you may transfer that balance to the ORP at the time you elect to participate in the ORP.
- Another employer's qualified retirement plan, subject to certain restrictions and investment company rules.
- A tax-sheltered annuity under Internal Revenue Code Section 403(b).
- An eligible governmental deferred compensation plan under Internal Revenue Code Section 457(b).
- An Individual Retirement Account (IRA) if funds were rolled over to the IRA from a qualified retirement plan.

**Note:** The Internal Revenue Service has specific rules and time limits regarding rollovers and transfers. In addition, some investment companies may restrict rollovers.

If you are considering a rollover to the ORP, please contact the investment company you wish to invest with as soon as possible for information and rules affecting rollovers.

### *Investment Choices*

You direct how your Employer and Employee Contributions are invested. Investments are currently offered through four investment companies:

- **TIAA-CREF** (Teachers Insurance and Annuity Association – College Retirement Equities Fund)
- **AIG VALIC**
- **American Century Investments**
- **DWS Scudder Investments, Inc.**

When you enroll in the ORP, you select an investment company to invest contributions (Employer, Employee, and, if applicable, rollovers) in the investment funds you name on your application.

- You may change investment companies for future contributions once per calendar year, subject to any restrictions or fees required by your current investment company.
- You may transfer existing account balances among ORP investment companies at any time, subject to investment company fees and restrictions.
- You may change among investment funds offered by your current investment company as often as permitted by the investment company.

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### *Vesting*

Vesting is a form of ownership. You earn a non-forfeitable right to your Employer contribution account based on the years of service. A year of service is each Plan year that an Employer contribution was made for you..

- You are 100% vested in your Employer Account after five (5) years of qualifying service.
- If you work less than 600 hours in your final year of service, but worked at least 600 hours in the prior year and would have worked 600 hours except for leaving OUS employment, your final year counts for vesting.
- You may also become vested in your Employer Account if you are working for OUS at age 50, even if you haven't worked five years of qualifying service.
- A participant who dies within 120 days of leaving OUS employment is 100% vested upon death.
- If you have participated in PERS during previous OUS employment, your years of qualifying service with PERS apply toward vesting in the ORP. If you are vested in PERS through prior OUS employment when you enroll in the ORP, you will also be vested in your ORP Employer Account.
- You are always 100% vested in your Employee Account and Rollover Account, including any related earnings.

## Highlights of the ORP, cont.

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### *Loans*

The availability of loans offers you access to the money in your account when you need it, even if you have not yet retired. If your investment company is AIG VALIC or TIAA-CREF, you may be eligible to borrow up to 50% of your combined, vested Employee and Rollover Account balances, up to a maximum of \$50,000. American Century Investments and DWS Scudder Investments, Inc. do not offer loans. Contact AIG VALIC or TIAA-CREF for details of their loan programs.

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### *Retirement Benefits*

- Your retirement benefit is based on the value of your Employee Account plus the value of your Employer Account at the time you begin to receive benefits.
  - Benefit payments are available as a single lump sum or any payment option offered by the investment company with which you are investing. Contact investment companies for more specific information on the benefit payment options available.
- 

### *If You Leave OUS Before Retirement*

Benefits become available when you leave OUS. You are eligible to receive your Employee Account balance and, if vested, your Employer Account balance. However, if you withdraw funds before age 59 ½ and do not roll them over to a qualified plan or IRA, the distribution may be subject to an additional 10% tax.

You may also leave your money in the ORP and continue to receive investment earnings and losses on your account balance until you withdraw your funds.

Check with the investment companies for information and rules affecting distributions or rollovers from your account if you leave OUS before retirement.

If you leave before you fully vest in the Employer Account, but return to OUS employment within five years, your Employer Account balance at the time of termination is returned to you, along with vesting credit for your service prior to departure.

If you leave the OUS and take a distribution from the Employee Account after normal retirement age, you are a retired participant and ineligible for Employer Account reinstatement or future contributions to the ORP, unless you re-establish active participant status.

# Highlights of OPSRP and PERS

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## *Three Retirement Programs*

The Oregon Public Service Retirement Plan (OPSRP) pension applies to eligible employees hired on or after August 29, 2003, who have never been members of PERS. Tier One and Tier Two PERS members who have had a break in service of six months or more (12 months in the case of certain family and career development leaves) when they are re-employed in a qualifying position also become OPSRP members.

The Public Employees Retirement System (PERS) pension applies to eligible employees who established membership or began the six-month waiting period prior to August 29, 2003.

The Individual Account Program (IAP) defined contribution companion account applies to both PERS and OPSRP members after December 31, 2003.

Throughout this section, where OPSRP and PERS provisions differ, they are identified.

## *Contributions*

Contributions to OPSRP/PERS are based on your salary and include the following:

- The Employer Contribution is based on the actuarially-determined amounts necessary to fully fund pension benefits. Although the contribution rate changes, your pension remains the same.
- Employee Contributions to OPSRP/PERS equal 6% of subject salary. Currently, the Employee Contribution is paid by OUS for most employees. Contributions are limited to the first \$225,000 of annual salary. This limit is periodically adjusted for cost-of-living increases.
- Federal and state income taxes are deferred on contributions and any related earnings as long as they remain in the plan.

## Highlights of OPSRP/PERS, cont.

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### ***Hybrid Plan***

The OPSRP and PERS retirement programs are hybrid plans that provide a defined-benefit pension and a separate, defined-contribution investment account for each member. The pension provides a monthly benefit amount at retirement, based on a pension formula. The individual account provides additional retirement funds based on the employee's contributions plus investment returns.

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### ***Investment Options***

OPSRP and PERS both offer a side-by-side pension and defined contribution Individual Account Program (IAP). Both the pension and IAP plans are managed by the Oregon Investment Council. You do not need to choose among investment options or monitor your investments for performance.

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### ***Rollovers***

Rollover contributions to PERS/OPSRP/IAP are not available as of January 2006.

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### ***Vesting***

#### **OPSRP/IAP**

##### OPSRP Pension

You are vested in the OPSRP pension funded by Employer Contributions after you have worked 600 hours or more in each of five qualifying calendar years, or on reaching normal retirement age while an employee.

##### IAP

You are always 100% vested in your IAP Employee Account.

#### **PERS/IAP**

##### PERS Chapter 238 Pension

You are 100% vested in your PERS pension funded by Employer Contributions after making contributions in each of five calendar years or age 50 while working in a qualifying position.

##### IAP

You are always 100% vested in your IAP Employee Account.

## Highlights of OPSRP/PERS, cont.

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Retirement benefits are determined by the combination of your Individual Account Program (IAP) account(s), plus your OPSRP or PERS pension.

### *How Retirement Benefits are Determined*

- **OPSRP Pension**

Your pension is based on the following formula:  
 $1.5\% \times \text{years \& months of service} \times \text{final average salary}$ .

- **Tier One and Tier Two PERS Pension**

Your benefit is determined by one of three calculation methods that provides you the highest benefit. Those methods include:

The Full Formula Method, which bases your benefit on the formula:  $1.67\% \times \text{years \& months of service} \times \text{final average salary}$ .

The Money Match Method, which matches your Employee Account balance with an equal Employer Account amount, and is then adjusted for your estimated life expectancy. *This method applies only to Employee PERS accounts established prior to January 1, 2004. No new contributions are made after December 31, 2003.*

The Formula Plus Annuity Method, which bases your benefit on the formula:  $1.00\% \times \text{years \& months of service} \times \text{your final average salary}$ , plus the value of your Employee Account, adjusted for your life expectancy. *This method is available only to employees who made contributions prior to August 21, 1981.*

Available forms of pension payment include life annuity, joint and survivor option, and lump sum payments.

- **IAP Employee Account**

Your account balance accrues through contributions to your employee account. For most employees, OUS makes this contribution for you. These contributions, plus the investment returns attributed to your account over time, determine your retirement benefit.

***When You May Receive Retirement Benefits***

Pension benefits become available under OPSRP/PERS as follows:

- At normal retirement age – age 65 for OPSRP members; age 60 for Tier Two members; or age 58 for Tier One members
- For all members, after 30 or more years of service
- At early retirement (after you reach age 55). However, your benefit as calculated under the Full Formula and Formula Plus Annuity Methods will be reduced if you retire before your normal retirement age, unless you have completed 30 or more years of PERS/OPSRP-creditable service.

Your IAP Employee Account is available any time after you terminate your employment.

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***Disability***

**OPSRP Pension**

If you become disabled after earning at least 10 years of retirement credit under OPSRP, or your disability was caused by OPSRP-covered employment, you are eligible for a disability benefit equal to 45% of your salary for your last full month of employment before becoming disabled.

**PERS Pension**

If you become disabled and have 10 years of creditable service, benefits under PERS are based on your final month's salary as of the date of your disability and on the years of service you would have earned if you had worked to normal retirement age. You are eligible for disability benefits if your disability was caused by your PERS-covered employment, regardless of years of service prior to disability.

**IAP**

If you terminate employment because of disability, you may elect to withdraw your IAP account(s).

## Highlights of OPSRP/PERS, cont.

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### **OPSRP/PERS Pension**

The OPSRP and PERS pensions provide retirement benefits when you retire if you are 100% vested when you leave OUS, but are forfeited if you leave OUS before you are 100% vested.

### *If You Leave OUS Before Retirement*

#### OPSRP Pension

If you are vested, and the present value of your OPSRP pension benefit is \$5,000 or less, you may withdraw the present value of your benefit in a lump sum. Such a withdrawal cancels all of your rights under the OPSRP pension program.

#### PERS Pension Tier One/Tier Two Member Accounts.

If you are a Tier One or Tier Two PERS member, and you terminate employment with OUS before reaching age 55, you may withdraw your Member Account balance and related investment earnings.

- The Employer Contributions made for your pension are not considered part of your account balance, and you give up member rights associated with the PERS pension, including the right to a pension based on Employer Contributions, if you withdraw your Member Account balance when you leave OUS before retirement.

- If you are vested as a Tier One or Tier Two PERS member, you may avoid forfeiting the Employer contributory pension by leaving your PERS Member Account balance in the plan until you reach at least age 55.

- If you are not vested, your Tier One or Tier Two PERS member account may be refunded when you become a terminated member. Earnings additions stop after your membership has been terminated for five years.

### **IAP**

If you terminate employment with OUS before reaching age 55 and wish to withdraw funds from your IAP account, you are limited to the Employee and Rollover Account balances, if any, and related investment earnings. Regardless of your vesting status with the pension plan, you may leave your IAP account with OPSRP/PERS, and accrue investment earnings or losses on the account until withdrawal.

## **Highlights of OPSRP/PERS, cont.**

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### ***Death Benefits***

#### **PERS Pension**

If you die before you begin receiving benefits, your benefits are payable to your beneficiary(ies). If you die after you begin receiving benefits from the plan, any benefits payable to your beneficiaries are based on the benefit option you select.

#### **OPSRP Pension**

If you die before retirement and are vested, your surviving spouse receives a monthly death benefit for life. If you die after you begin receiving benefits, any death benefit payable depends on the payment option you selected at retirement.

#### **IAP**

If you die before receiving the full amount in your IAP Employee Account, any remaining balance is payable to your beneficiary(ies).

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# Profile

## ***Profile of ORP Investment Choices***

Section

**3**

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If you enroll in the Optional Retirement Plan (ORP), you will select an investment company that will invest your plan contributions according to your directions. The investment company is also responsible for furnishing you with investment information and paying your benefits when you retire.

Considering all the choices, you may find it challenging to pick the investment company and the investment options that will work best for you. This section provides a brief look at the investment companies currently participating in the ORP and the investment funds that each offers.

Before selecting an investment company, you should use the contact information at the back of this booklet well before your eligibility date to gather more information about the investments, fees, fund performance, and services available through those companies.

# Investment Companies

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## *Insurance Companies*

**TIAA-CREF** (Teachers Insurance and Annuity Association – College Retirement Equities Fund). With over \$350 billion under management as of 9/30/05, TIAA-CREF serves more than 3 million employees in the medical research, academic and cultural communities. TIAA-CREF holds the highest ratings from the four major insurance company rating agencies: Moody's, Duff & Phelps, A.M. Best, and Standard & Poor's. TIAA-CREF offers a wide range of products and services through non-commissioned consultants. TIAA-CREF offers a guaranteed interest account, a real estate account, a socially responsible balanced account, four equity, and three fixed income accounts.

**AIG VALIC**, a member of American International Group, Inc. (AIG) comprises a national team of nearly 2000 financial advisors and financial planners who, while offering a wide array of investment products and services, provide personal face-to-face service. With nearly \$50 billion in assets under management, AIG VALIC manages long-term investment programs for more than 28,000 education, healthcare, public sector, and other organizations representing nearly 2 million investors. The company offers two fixed and 59 variable investment options, managed or sub-advised by American Century, Ariel, Credit Suisse, Evergreen, Franklin Templeton, Holland, J.P. Morgan, Oppenheimer, Putnam, AIM, SunAmerica, T. Rowe Price, Vanguard, and Wellington.

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## *Mutual Fund Companies*

**American Century Investments** has provided investment management services to individual investors since 1958. This firm currently has approximately \$100 billion in assets and offers more than 45 mutual funds that cover a wide investment spectrum for your retirement investments. Plan your financial future and build a portfolio designed to get you there with no-additional-cost guidance from American Century.

**DWS Scudder Investments** is the US retail brand for Deutsche Asset Management. With approximately US \$666 billion as of September 30, 2005, in assets under management, Deutsche Asset Management is one of the world's leading investment management organizations. DWS Scudder Investments products are managed for consistency, and with a goal of competitive long-term risk-adjusted performance.

# Investment Options

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More information – including updated information about available funds and fund prospectuses – is available directly from each investment company.

## *More Information*

*It's important to read the fund prospectus before investing in any fund.* The fund prospectus spells out details about the fund and provides information about the fund's investment objectives and past investment results. Keep in mind, as you review the information, that past returns do not guarantee future performance.

To order prospectus information, contact the investment company using the phone numbers or web sites listed in this booklet.

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The ORP offers many options for investing your Employee and Employer Contributions. Following is a brief summary of the most common instruments for investing.

## *Options*

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### **Money Market Instruments**

- Issued by the U.S. Treasury, banks and larger corporations
- Issuers borrow money for a short period of time and pay interest on the amount borrowed
- Often referred to as cash or cash equivalents

## *Investment Types*

### **Insurance Company Annuities**

- Issued by insurance companies
- Annuities include the following:
  - Fixed annuity funds, which earn guaranteed interest rates for specified periods of time on the money you contribute
  - Variable annuity funds (similar to mutual funds), which invest in money market instruments, bonds, stocks or a combination of these

### **Bonds**

- Form of borrowing by companies or federal government
- Bond holders (creditors) lend money to issuer and receive interest on that loan.

***Investment Types, cont.***

**Stocks or Equities**

- Represent part ownership in a company
- If a company is profitable, shareholders may receive a portion of the profits as dividends.
- Market value of stock may grow if investors believe prospects for future earnings are good.

**Mutual Funds**

A Mutual Fund is a financial arrangement by which money is collected from many people and invested. Depending on the fund's investment objective, it may:

- Invest your money in stocks, bonds, money market instruments, other kinds of securities or a combination of these;
- Take a particular approach to investing – steady and predictable, aggressive and growth-oriented, or somewhere in between.

Mutual funds are available to the general public. In fact, many daily newspapers report on investment results of mutual funds.

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***Investment Categories***

**Fixed Income**

Offers guarantee of principal plus a minimum guaranteed interest rate. May invest in money markets, T-bills, CDs, corporate and government bonds.

**Balanced**

Diversified investments targeted to specific investment criteria. May combine equities, fixed income investments, cash, or money market securities.

**Domestic Stock**

Invests in a portfolio of common stock.

**Aggressive Stock**

Invests primarily in companies in sectors of the economy believed to possess above-average growth potential.

**International Stock**

Invests in companies outside the U.S. Provides global diversification to portfolios, based on either developed or emerging markets.

**Real Estate**

Invests in real estate, mortgage loans, or real estate investment trusts.

# ORP Investment Funds

Following is a list investment funds offered by the investment companies participating in the ORP and brief descriptions of the investment options prepared by these companies. These funds were selected by OUS, in conjunction with the ORP investment companies, to provide a broad range of investment options. You may be able to invest in other funds offered through your investment company. Contact the investment company for information. These funds may periodically be changed by the OUS or the investment companies.

## TIAA-CREF

Investment Fund	Category	Description
<i>TIAA Traditional Annuity</i>	Fixed Income	A guaranteed annuity account that guarantees principal and a 3% interest rate, plus opportunity for amounts in excess of the guaranteed rate. Invests in fixed-interest instruments.
<i>CREF Money Market</i>	Fixed Income	A variable annuity account that invests in securities and other instruments with near future maturities, reflecting current interest rates. Neither insured nor guaranteed by the FDIC or other U.S. government agency.
<i>CREF Bond Market</i>	Fixed Income	A variable annuity account that holds medium- and high-quality corporate and government bonds with varying maturities. The bonds are actively bought and sold rather than held to maturity.
<i>CREF Inflation-Linked Bond</i>	Fixed Income	A variable annuity account that seeks a long-term rate of return that outpaces inflation. Focuses on U.S. Treasury Inflation-Indexed Securities and bonds with principal or interest adjusted for inflation rate.
<i>CREF Social Choice</i>	Balanced	A variable annuity account that invests in stocks, bonds, & money market investments. Seeks a long-term rate of return that reflects financial markets performance while giving consideration to certain social criteria.

**ORP Investment Funds, cont.**

**TIAA-CREF, cont.**

Investment Fund	Category	Description
<i>CREF Equity Index</i>	Domestic Stock	A variable annuity account that tracks common stocks traded in the U.S. Uses indexing to reflect returns of the Russell 3000 <sup>®</sup> Stock Index, broadly based on U.S. common stocks.
<i>CREF Stock Account</i>	Domestic Stock	A variable annuity account investing in broadly diversified U.S. and foreign stocks. A portion of the portfolio uses quantitative methods to reflect the overall U.S. stock market. The remainder is actively managed, divided equally between U.S. and foreign stocks.
<i>CREF Growth Account</i>	Domestic Stock	A variable annuity account that combines Individual stock selection with quantitative methods. The stock component invests in individually selected stocks poised for superior growth. A second portfolio component uses enhanced indexing to reflect a broadly-based index of U.S. growth stocks.
<i>CREF Global Equities</i>	International Stock	A variable annuity account investing at least 40% of assets in foreign stocks and at least 25% in U.S. securities. The portfolio combines individual stock selection with quantitative methods to reflect a broad-based index of U.S. and foreign stocks.
<i>TIAA Real Estate Account</i>	Real Estate	A variable annuity account targeted to invest 70% to 95% of assets in income producing properties such as office buildings, retail centers, and residential complexes, as well as real estate-based securities. The remainder is held in liquid assets such as money market instruments.

**ORP Investment Funds, cont.**

**AIG VALIC**

Investment Fund	Category	Description
<i>Vanguard Windsor II</i>	Large-Cap Value	Seeks to provide long-term growth of capital by investing mainly in the equity securities of large and medium-sized companies whose stocks are considered by the fund's advisers to be undervalued.
<i>Social Awareness</i>	Large-Cap Blend	Seeks growth of capital through investment, primarily in common stocks, in companies that meet the social criteria established for the fund.
<i>Stock Index</i>	Large-Cap Blend	Seeks long-term capital growth through investment in common stocks that, as a group, are expected to provide investment results closely corresponding to the performance of the S&P 500® Index.
<i>Ariel Appreciation</i>	Mid-Cap Value	Seeks long-term capital appreciation by investing primarily in medium-sized company stocks.
<i>MidCap Index</i>	Mid-Cap Blend	Seeks growth of capital through investments primarily in a diversified portfolio of common stocks that, as a group, are expected to provide investment results closely corresponding to the performance of the Standard & Poor's MidCap 400® Index.

## ORP Investment Funds, cont

### AIG VALIC, cont.

Investment Fund	Category	Description
<i>Small Cap (American Century, Franklin, T. Rowe Price)</i>	Small-Cap Blend	Seeks to provide long-term capital growth by investing primarily in stocks of small companies, with market capitalizations of about \$2.5 million or less.
<i>Small Cap Aggressive Growth (Credit Suisse)</i>	Small-Cap Growth	Seeks capital growth by investing in the equity securities of small U.S. companies.
<i>Global Equity (Putnam)</i>	Global Equity	Seeks long-term growth of capital in a manner consistent with the preservation of capital. It invests primarily in common stocks of companies of any size throughout the world.
<i>Fixed Account Plus</i>	Stable Value	Guaranteed high current interest income.
<i>Vanguard Long-Term Investment Grade</i>	Fixed Income	Seeks to provide a high level of current income and preserve investors' principal by investing in a variety of high quality, and, to a lesser extent, medium quality fixed income securities, mainly long-term corporate bonds.

**ORP Investment Funds, cont**

**AIG VALIC, cont.**

Investment Fund	Category	Description
<i>Foreign Value (Franklin Templeton)</i>	International Equity	Seeks long-term capital growth by investing primarily in the equity securities of companies outside the United States, including emerging markets.
<i>Nasdaq-100® Index</i>	Specialty	Seeks long-term capital growth through investments in stocks that are included in the Nasdaq-100® Index.
<i>Health Sciences (T. Rowe Price)</i>	Specialty	Seeks long-term growth of capital through investments primarily in the common stocks companies engaged in research, development, production, or distribution of products or services related to healthcare, medicine, or the life sciences.

**ORP Investment Funds, cont.**

**AMERICAN CENTURY**

Investment Fund	Category	Description
<i>Prime Money Market</i>	Fixed Income	Seeks the highest level of current income while preserving the value of the investment. Invests most assets in high-quality, very short term debt securities (such as notes, bonds, commercial paper, and U.S. Treasury securities) issued by corporations, banks, and governments.
<i>Government Bond</i>	Fixed Income	Seeks income and investment returns by investing most of its assets in debt securities of any maturity issued or guaranteed by the U.S. government.
<i>Ginnie Mae</i>	Fixed Income	Seeks income and investment returns by investing most of its assets in Ginnie Maes, which are mortgage-backed securities issued by the Government National Mortgage Association.
<i>Strategic Allocation: Conservative</i>	Asset Allocation	Seeks regular income with the potential for moderate long-term capital growth. Generally maintains an investment mix of 10% money markets, 45% bonds and 45% stocks.
<i>Strategic Allocation: Moderate</i>	Asset Allocation	Seeks long-term capital growth with some regular income. Generally maintains an investment mix of 6% money markets, 31% bonds and 63% stocks.

**AMERICAN CENTURY, cont.**

Investment Fund	Category	Description
<i>Strategic Allocation: Aggressive</i>	Asset Allocation	Seeks long-term capital growth with a small amount of regular income. Generally maintains an investment mix of 2% money markets, 20% bonds and 78% stocks.
<i>Income and Growth</i>	Value Stock	Primarily seeks capital growth with income as a secondary objective. Invests most of its assets in stocks chosen primarily from the 1,500 largest publicly traded U.S. companies.
<i>Value</i>	Value Stock	Primarily seek long-term capital growth with income as a secondary objective. Invests most of its assets in stocks of companies that appear to be undervalued. The managers attempt to hold these stocks until their price has increased to a level the managers believe more accurately reflects the fair market value of the company.
<i>Ultra</i>	Growth Stock	Seeks long-term capital growth by investing most of its assets in common stocks of larger companies with accelerating earnings and revenues.
<i>Vista</i>	Growth stock	Seeks long-term capital growth by investing most of its assets in common stocks of medium-sized and smaller companies with accelerating earnings and revenues.
<i>International Growth</i>	International Stock	Seeks capital growth by investing most of its assets in stocks of foreign companies with accelerating earnings and revenues.

**DWS SCUDDER INVESTMENTS**

Investment Fund	Category	Description
<i>DWS [Scudder] Cash Investment Trust</i>	Fixed Income	Seeks maximum current income consistent with stability of principal by investing in high quality, short-term securities.
<i>DWS Core Fixed [Scudder] Income Fund</i>	Fixed Income	Seeks a high level of income consistent with preservation of capital by investing primarily in investment-grade securities.
<i>DWS {Scudder} Emerging Markets Fixed Income Fund</i>	Fixed Income	Seeks high current income investments primarily in high-yielding debt securities issued in emerging markets.
<i>DWS [Scudder] Balanced Fund</i>	Balanced Fund	Seeks the highest total return, a combination of income and capital appreciation, consistent with reasonable risk.
<i>DWS {Scudder} Growth And Income Fund</i>	Domestic Stock	Seeks long-term capital growth, current income and growth of income while actively seeking to reduce downside risk as compared with other growth and income funds.
<i>DWS {Scudder} Development Fund</i>	Domestic Stock	Seeks long term, above-average, capital growth by investing in relatively small or little known companies that show promise of increased profitability or market recognition.

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**DWS SCUDDER INVESTMENTS, cont.**

Investment Fund	Category	Description
<i>DWS [Scudder] Global Thematic Fund</i>	International Stock	Seeks long-term capital growth through a diversified worldwide portfolio of primarily equity securities. Pursuit of income is a secondary consideration.
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<i>DWS [Scudder] Global Opportunities Fund</i>	International Stock	Seeks high current return.



# Questions

Section

4

## ***Employees Ask... Choosing Between the The ORP and OPSRP/PERS***

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### ***Things to Consider...***

Your decision to enroll in the Optional Retirement Plan (ORP) or the Oregon Public Service Retirement Plan (OPSRP)/ Public Employees Retirement System (PERS) is a one-time opportunity – the plan you select will be the plan you participate in during the entire period of your employment with OUS.

So, as you think about which retirement plan to choose, it's important to consider carefully your plans and financial objectives for the future as well as your personal comfort level and circumstances.

# Choosing Between the ORP and OPSRP/PERS

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## *Questions you may want to ask yourself*

- *What are my plans for retirement?* If you haven't already done so, this may be a good time to consider your retirement goals.
- *What financial assets can I expect to have in retirement?* In addition to your OPSRP/PERS or ORP benefits, you may have retirement income available from Social Security, the Tax-Deferred Investment (TDI) Program, the Oregon Savings Growth Program, or other savings and investments.
- *Do I want to make my own investment decisions?* Although it's important for individuals to take responsibility for their financial future, some of us are less comfortable or interested in making these decisions than others. If you choose ORP, you are responsible to monitor and manage your investment portfolio.
- *Do I earn – or expect to earn – more than \$225,000 a year?* Remember, contributions to the ORP, OPSRP and IAP employee accounts are currently based on salary of up to \$225,000 in a calendar year. This limitation does not apply to PERS contributions or benefits if you were a PERS member before December 31, 1995.
- *Am I currently a member of PERS/OPSRP and am I vested?*  
If you are vested in PERS, and you choose to enroll in the ORP, you may elect to leave your existing Member Account(s) in PERS. That means you will not forfeit your pension benefits from PERS. In addition, your PERS Member Account will continue to be eligible for investment earnings and you will be eligible for PERS benefits at retirement. If you are not vested in PERS and you enroll in the ORP, your Member Account Balance will be rolled over to the ORP and you will forfeit your PERS pension benefits provided through the Employer Contributions. If you are not vested in OPSRP pension and elect the ORP, you forfeit your OPSRP pension and related benefits.
- *How long will I be participating in the plan?* You may, for example, expect to retire within the next few years. Or, perhaps you anticipate leaving OUS for a new job at some point in the future. Years of service are important factors in a PERS/OPSRP benefit calculation, and you generally must wait until retirement to receive your benefit. Years of service are not as important as to an ORP account as the amount of your contribution and the performance of your selected investments, but you must participate for 5 years to vest in the employer contribution account.
- *How long have I been a PERS member?* If you are already a PERS member, your years of creditable service continue only if you stay in PERS. If you enroll in the ORP, you do not lose PERS service credits, but PERS service credits do not continue to accumulate.
- *How many years do I have to save for retirement at OUS?* Often, defined benefit pensions can be most advantageous to employees who enter them later in their careers. On the other hand, defined contribution plans support career mobility and reach retirement savings goals through consistent, disciplined management of investments. For more information, discuss these points with your financial, retirement, or tax adviser before deciding between the ORP and PERS/OPSRP.

## Choosing Between the ORP and OPSRP/PERS, cont.

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Here are some answers to general questions you may have as you decide between the Optional Retirement Plan (ORP) and OPSRP/PERS.

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*Why does OUS offer the ORP as an alternative to OPSRP/PERS?*

Question

OUS offers the ORP to recruit faculty on a national basis. The ORP provides participants with flexibility, control and choice in how the Employer and Employee Contributions are invested.

Answer

Faculty members are mobile and may change jobs many times during their career. With the ORP, employees may take their fully vested retirement funds with them when they leave OUS for another employer.

It's important to remember that the ORP is an alternative to PERS. Both the ORP and PERS/OPSRP are intended to provide a retirement income that best meets the goals and needs, based on an eligible participant's own assessment.

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*Why has OUS made enrollment in the ORP a one-time, irrevocable decision?*

Question

The legislation that established the ORP as an alternative to PERS required that enrollment be a one-time, irrevocable decision.

Answer

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*The ORP is a "defined contribution" plan and OPSRP/PERS is a hybrid "defined benefit"/"defined contribution" plan. What does that mean?*

Question

With a defined contribution plan like the ORP, regular contributions plus earnings and losses on your investments over time, determine your retirement benefit. OPSRP/PERS offers a defined contribution plan, called the IAP, alongside a defined benefit pension that provides retirement income on a fixed formula such as: 1.5% X final salary X years of service.

Answer

## Choosing Between the ORP and OPSRP/PERS, cont.

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Question

*What criteria did OUS use to select the investment companies available under the ORP?*

Answer

OUS conducted a thorough and competitive evaluation process in 1995 to ensure that the investment companies selected for the ORP met or exceeded specified criteria in four primary areas:

- Creditworthiness
- Investment performance (including performance history in plans offered to organizations comparable to OUS)
- Expenses and fees
- Administration and service

The four investment companies selected for the ORP were considered by OUS to best meet each of these criteria. These companies are reviewed periodically to assure that they continue to show good performance in these areas, and may be changed from time to time to maintain strong services and performance that benefit participants

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Question

*May I retire and subsequently return to work without it affecting my ORP retirement benefit?*

Answer

The ORP allows you to take a distribution of your account upon termination of employment. If you take a distribution or rollover, and are then subsequently re-employed, your distribution will not be affected. However, if you return to work after the earliest normal retirement age and have taken a distribution from your account, no additional contributions are made to the ORP for you as a retired participant, unless you re-establish active membership.

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Question

*What happens if I don't make an enrollment decision?*

Answer

If you don't make a decision during your enrollment period you will automatically be enrolled in the OPSRP or PERS, depending on your eligibility. It is important that you make the decision about which retirement plan is best for you because you cannot change from OPSRP/PERS to the ORP at a later date.

## Choosing Between the ORP and OPSRP/PERS, cont.

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*What happens if I select an ORP investment company when I enroll, but I do not decide which of the company's funds to use when I complete my application?*

Question

Completing your enrollment requires two steps. First, you enroll in the ORP by selecting a specific investment company and completing your OUS Election Form. Second, you complete an application supplied by your selected investment company to direct your contributions into your choice of funds offered by the company.

Answer

If you do not name specific funds, the investment company will invest your contributions in a default, interest-bearing money market account until you provide new instructions. A money market fund's earnings may not meet your retirement goals. You should contact a financial advisor to decide which funds will meet your retirement needs and complete investment directions for the company as soon as possible.

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*The ORP seems to be like the Tax-Deferred Investment Program. If I enroll in the ORP, why would I want to participate in the Tax-Deferred Investment Program?*

Question

The Employer and most Employee Contributions to the ORP are currently made by OUS on your behalf. You make all contributions to the Tax-Deferred Investment Program, at an amount you decide to defer, pre-tax, from your earnings.

Answer

The Tax-Deferred Investment Program is designed to help you supplement retirement income from PERS/OPSRP or the ORP. You may want to consider how the plans complement each other as part of an overall retirement investment strategy.

The ORP and the voluntary Tax-Deferred Investment Program do have some features in common. For example, both give you the opportunity to select investments from a menu of investment vehicles. However, the two plans offer a different mix of investments.

## Choosing Between the ORP and OPSRP/ PERS, cont.

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### Question

*I'm concerned about the possibility of losing my retirement plan investment if the stock market has a big downturn. So why would I want to enroll in the ORP?*

### Answer

It's true that ORP accounts may bear more investment risk than OPSRP/PERS pensions, depending on the investments you select. However, there is also investment risk associated with the OPSRP/PERS Individual Account Program (IAP) and with the PERS Variable Account for Tier One and Tier Two members. Investment risk means that your investments could experience short-term downturns in value as well as increases. The level of investment risk you have under the ORP can vary significantly, depending upon the type and mix of investments you choose. Investment risk for OPSRP/PERS IAP accounts is managed by the Oregon Investment Council.

Remember that investment risk is just one kind of risk you need to consider as you make your investment decisions. For example, another important consideration is inflation risk, that is, the risk that earnings on your investment won't increase enough. In this case, your money may lose buying power over time because of inflation if you choose ORP funds with low investment returns.

In the short-term, moderate inflation may not seriously affect the buying power of your money. As a result, if you're saving for short-term goals – less than five years away – it may be appropriate to put your money in a very stable investment. In the long run, however, even a moderate inflation rate can have a major impact on the value of your money. If your goal is far off in the future, chances are that most stable investments won't outpace inflation.

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### Question

*What happens if I enroll in the ORP and then decide that I don't like the investment company I've chosen?*

### Answer

You may change ORP Investment Companies for your future contributions once a year. If you change your ORP Investment Company, you may transfer existing account balances as often as allowed by your investment companies and subject to any restrictions and fees that your current investment company may charge for transferring funds to another investment company. In some cases, these fees can be substantial, especially if you want to discontinue enrollment in an annuity product within the first few years of purchasing it. Before you select an investment company, it's a good idea to find out if you'll be charged any fees for making investment fund changes or transfers.

## Choosing Between the ORP and OPSRP/PERS, cont.

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*What if I'm happy with my ORP investment company but I want to reallocate my investments among the funds I initially selected?*

Question

In general, the investment companies will allow you to reallocate your investments among the funds they offer a number of times each year. It is important, however, to confirm this with the specific investment company you select as there may be specific limitations or fees related to these changes.

Answer

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*How confident can I be that the ORP investment company I choose will be around to pay benefits in the future?*

Question

While no one can predict the future, OUS has made every effort to select investment companies for the Optional Retirement Plan that are financially sound.

Answer

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*Can PERS change the formulas used to calculate retirement benefits? If I select OPSRP/PERS, what assurance do I have that benefits similar to those described in this booklet will be paid?*

Question

PERS benefits are regulated by Oregon Revised Statutes, and may be changed by legislative action. In 2003, the legislature significantly revised the state retirement program and how retirement benefits are calculated. Changes can increase or decrease benefits for both OPSRP and PERS members, and these changes will likewise affect the ORP if they change the employer or employee contribution rates.

Answer

## Choosing Between the ORP and OPSRP/ PERS, cont.

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*Things to consider...* If you are a PERS member:

**Question** *I plan to retire within the next few years. Since I already have a substantial account in PERS, does it make sense for me to stay in PERS or should I consider the ORP?*

**Answer** Only you can make this decision. If you feel that you have accumulated a comfortable source of retirement income under PERS, you may want to consider other retirement investments for future contributions. Enrollment in the ORP offers the potential for higher earnings on future contributions – of course, at the risk of losing more as well.

You would be wise to consult a financial advisor or OPSRP/PERS counselor to review your decision and its effect before you make your final choice.

As you make your enrollment decision, it may help to know your current estimated benefit under PERS. Using the information provided in your annual PERS statement, you can use the benefit estimate calculator developed and provided by PERS. If you would like a more detailed benefit estimate and if you are within two years of retirement, you may contact PERS Member Counseling at (503) 598-PERS or (888\* 620-7377).

The PERS website offers a benefit estimate calculator.

PERS website: <http://oregon.gov/PERS>

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**Question** *If I choose OPSRP/PERS now and then leave OUS at some point in the future, may I enroll in the ORP if I return?*

**Answer** No, your decision to enroll in the ORP or OPSRP/PERS is a one-time irrevocable decision. The plan you choose now will be the plan you participate in during your entire career with OUS – even if you leave employment and subsequently return to work for OUS.

## Choosing Between the ORP and OPSRP/PERS, cont.

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*If I switch from OPSRP/PERS to the ORP, how will benefits for my beneficiary change if I die before retirement?*

Question

### **OPSRP Pension Program**

Answer

If you are 100% vested in the OPSRP, your spouse receives 50% of the pension benefit you would have received if you became an inactive member and then subsequently retired at the earliest retirement date, for the lifetime of your spouse. *For this purpose, your spouse includes a person who is constitutionally required to be treated as your spouse. There is no pre-retirement death benefit payable to anyone other than your spouse.*

### **PERS (Tier One and Tier Two) Pension Program**

If you have a PERS member account, your beneficiary receives your PERS Member Account balance and a matching Employer amount in the event of your death. The matching Employer amount is available only if you die under one of the following circumstances...

- While working for a PERS-covered employer
- While on official leave without pay
- Within 120 days of your last day of paid employment with a PERS-covered employer

### **Individual Account Program (IAP)**

Your beneficiary receives your IAP Employee Account balance.

### **Optional Retirement Plan (ORP)**

If you die after electing the ORP, your beneficiary receives the value of your ORP Employee and Employer Accounts.

- If you left your Member Account in PERS when you enrolled in the ORP, your beneficiary receives your PERS Member Account balance, as described for PERS Chapter 238 (Tier One and Tier Two) Pensions. If you did not transfer your IAP account(s), your beneficiary receives the balance of those accounts. Participation in the ORP does not reduce accrued PERS and IAP benefits.

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*Will my retirement plan change if I leave OUS for a period and then later return?*

Question

A Tier One/Tier Two PERS member who is re-employed after a break in service, as defined by PERS, becomes a member of the OPSRP when rehired by a participating PERS employer.

Answer

An inactive ORP participant who returns to OUS returns to the entry date status and contribution rate based on the participant's first date of ORP or PERS/OPSRP participation (during OUS employment only) regardless of breaks in service, provided no retirement account distribution has occurred.



# Comparing Your Retirement Options

## Tier One and Tier Two Employees

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The Optional Retirement Plan (ORP) and Public Employees Retirement System (PERS) are each intended to provide you income during your retirement years. These plans share a number of common attributes, but differ in important aspects. This section of the Decision Making Guide provides an overview of the key features of PERS and the ORP.

*Are you a Tier One or Tier Two Employee?*

### **Tier One**

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

### **Tier Two**

If you were hired into a qualifying position on or after January 1, 1996, and before August 29, 2003, you are a Tier Two employee.

The following section compares the PERS and Optional Retirement Plan provisions that apply to Tier One and Tier Two employees.

If you started work on or after August 29, 2003, you are an OPSRP member. Your benefits are described in Section 1 of this booklet.

### **OPSRP (Oregon Public Service Retirement Plan) Employee**

- If you were hired in a qualifying position on or after August 29, 2003 and have never worked for another Oregon PERS employer, you are an OPSRP employee.
- If you had a six-month or 12-month break in service since leaving another PERS employer concluding on or after August 29, 2003, you are an OPSRP employee beginning on or after January 1, 2004.
- If you were an inactive, vested Tier One or Tier Two member on August 28, 2003 and returned to qualifying employment before January 1, 2006 with the same employer, you did not have break in service and are not an OPSRP member.

For employees with Tier One, Tier Two, or OPSRP dates of hire, there are few differences under the Optional Retirement Plan. The following comparison is a basic summary of plan features. Please read the information contained in the OPSRP/PERS and ORP Highlights sections before choosing your retirement plan.

## Comparing Your Retirement Options - Tiers 1 & 2

Attributes	PERS	ORP
<b>Who's eligible</b>	<p>Academic and administrative unclassified employees of OUS (including EOU, OIT, OSU, PSU, SOU, UO and WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Have completed a waiting period of six full calendar months of employment in a qualifying position.</li> <li>▪ Hold a qualifying position that normally requires 600 hours in a year.</li> </ul>	<p>Academic and administrative unclassified employees of OUS (including EOU, OIT, OSU, PSU, SOU, UO and WOU) who meet both of the following criteria:</p> <ul style="list-style-type: none"> <li>▪ Have completed a waiting period of six full calendar months of employment in a qualifying position.</li> <li>▪ Hold a qualifying position, or series of positions, that total 600 hours in a year.</li> </ul> <p>Qualifying positions generally include:</p> <ul style="list-style-type: none"> <li>▪ 12-month employees who work .30 annual FTE</li> <li>▪ 9-month employees who work .40 annual FTE.</li> </ul>
<b>When participation begins</b>	<p>First of the month following six full calendar months of employment in a qualifying position.</p>	<p>First of the month following six full calendar months of employment in a qualifying position.</p>

**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<p><b>Employer Contributions</b></p>	<p>Employer Contributions made by OUS in 2007 are based on a percentage of the first \$225,000 of annual salary (calendar year). The salary limit is adjusted as the cost of living increases.</p> <p><i>This limit does not apply if you were a PERS member before December 31, 1995.</i></p> <p>The Employer Contribution sufficient to fund pensions for Tier One and Tier Two members is periodically established by PERS, and is subject to change.</p>	<p>Employer Contributions made by OUS in 2007 are based on a percentage of the first \$225,000 of annual salary (calendar year). The salary limit is adjusted as the cost of living increases.</p> <p>The Employer Contributions for Tier One and Tier Two members are subject to change, based on the rates periodically established by PERS. By law, the Employer Contribution to the ORP equals the Employer Contribution to PERS.</p> <p>The Employer Contribution for Tier One and Tier Two employees is 16.75% until July 1, 2007, when it becomes 16.01%.</p>
<p><b>Employee Contributions</b></p>	<p>Currently, OUS pays the Employee Contribution on behalf of most employees.</p> <p>Employee Contributions are 6% of annual salary based on the first \$225,000 of annual salary in 2007. <i>This limit does not apply if you were a PERS member before December 31, 1995.</i></p> <p>Employee Contributions are paid to the IAP Employee Account.</p> <p>Total Employer and Employee Contributions to the IAP are limited to a maximum of \$45,000 in 2007.</p>	<p>Currently, OUS pays the Employee Contribution on behalf of most employees.</p> <p>Employee contributions are 6% of annual salary based on the first \$225,000 of annual salary in 2007.</p> <p>Total Employer and Employee Contributions may not exceed \$45,000 in 2007.</p>

**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<b>Rollovers</b>	<ul style="list-style-type: none"> <li>▪ Not accepted by the pension plan.</li> <li>▪ Rollovers are not accepted to the IAP.</li> </ul>	<p>Accepts rollover contributions, subject to ORP Investment Company restrictions, from:</p> <ul style="list-style-type: none"> <li>▪ PERS member or IAP accounts</li> <li>▪ Other employers’ qualified retirement plans</li> <li>▪ Governmental IRC 457(b) plans, including the OSGP</li> <li>▪ IRC 403(b) TSA plans</li> <li>▪ Individual Retirement Accounts (IRA) - if funds are from a previous employer’s qualified plan</li> </ul>
<b>Plans and Plan Accounts</b>	<p>Separate plans are maintained for each PERS member:</p> <ul style="list-style-type: none"> <li>▪ <b>Pension.</b> Employer Contributions, plus Member Regular and Variable accounts accumulated prior to January 1, 2004, fund your “defined benefit” pension.</li> <li>▪ <b>IAP.</b> Beginning January 1, 2004, Employee Contributions fund an Individual Account Program (IAP) employee account.</li> </ul>	<p>Your ORP Investment Company establishes an account to receive your:</p> <ul style="list-style-type: none"> <li>▪ Employer Contributions</li> <li>▪ Employee Contributions</li> </ul> <p>You invest your Employer and Employee Contributions in mutual funds and/or annuities offered by your ORP Investment Company.</p>

**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<b>Investment Options</b>	All investments for the pension and IAP plans are selected and managed by the Oregon Investment Council.	<p>You may choose from a variety of investments through one of the four ORP Investment Companies.</p> <p><b>Insurance Companies</b> offer investment contracts in fixed and variable annuities:</p> <ul style="list-style-type: none"> <li>▪ AIG VALIC</li> <li>▪ TIAA-CREF</li> </ul> <p><b>Mutual Fund Companies</b> offer a choice of stocks, bonds, and money market mutual funds:</p> <ul style="list-style-type: none"> <li>▪ American Century</li> <li>▪ DWS Scudder Investments</li> </ul>
<b>Investment Income</b>	<ul style="list-style-type: none"> <li>▪ Tier One members may receive the higher of actual earnings or the PERS assumed earnings rate on Employee Regular Accounts in the years that Regular Accounts are funded.</li> <li>▪ Tier Two members receive the actual investment returns on their Employee Regular Accounts.</li> <li>▪ Tier One and Tier Two members receive actual investment returns on their Variable Account until retirement or One Time Transfer to the Employee Regular Account.</li> <li>▪ Tier One and Tier Two members receive actual investment returns on the IAP Employee Account.</li> </ul>	Actual investment returns are credited by each mutual fund or annuity selected by the participant. These may include a fixed annuity with guaranteed investment returns.



**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<b>Early Retirement</b>	Tier One and Tier Two members may retire any time after reaching age 55. If you have fewer than 30 years of service, benefits will be reduced compared to Normal Retirement benefits.	Benefits become available when you leave OUS employment.
<b>If you leave OUS before retirement</b>	<p><b>If pension vested:</b> You may leave your Member Regular and Variable Account balances accumulated prior to January 1, 2004 in the PERS pension plan until retirement. <i>or</i> You may withdraw your Employee Regular and Variable Accounts but you forfeit the pension.</p> <p><b>If not pension vested:</b> You may withdraw your Member Regular and Variable Accounts. You forfeit the pension. <i>or</i> If you leave your Member Regular and Variable Accounts you accumulated prior to January 1, 2004, with PERS, they will continue to receive investment earnings for five years. After five years, those accounts stop receiving investment earnings.</p> <p><b>IAP:</b> You may withdraw your IAP Employee Account after leaving all PERS/OPSRP eligible service. Investment earnings accrue on your IAP account until withdrawn.</p>	<p><b>If vested:</b> You may leave your Employer and Employee Accounts in the ORP until retirement. Both accounts are eligible for investment earnings. <i>or</i> You may withdraw the value of your Employee Account and the value of your Employer Account, including investment earnings.</p> <p><b>If not vested:</b> You may withdraw your Employee Account balance only. You forfeit your Employer Account. <i>or</i> If you leave your Employee Account balance in the ORP, it is eligible for investment earnings until withdrawn. You forfeit your Employer Account.</p>

**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<p><b>How benefits are determined at retirement</b></p>	<p>Your retirement benefit is the combination of your Pension and your Individual Account Program account balance.</p> <p><b>Pension benefits</b> are calculated as the greater of the following:</p> <p><u>Full Formula:</u> Benefit is 1.67% of your Final Average Salary (FAS), multiplied by your years and months of qualified service. FAS is the greater of these amounts, divided by 36 months:</p> <ul style="list-style-type: none"> <li>▪ your last 36 months of salary; or</li> <li>▪ your highest three calendar year salaries during your career in PERS-covered employment.</li> </ul> <p><u>Money Match:</u> Benefits are equal to the value of your Member Account (pension, not IAP), including investment earnings, plus a matching amount from the Employer Contributions. The monthly benefit is based on this sum and your estimated life expectancy. <i>This method is available only to employees who established member accounts prior to January 1, 2004.</i></p> <p><u>Formula Plus Annuity:</u> (available only to members who made contributions before April 21, 1981): Benefit is 1% of your Final Average Monthly Salary times your years of qualified service plus the value of your Member Account (pension, not IAP), adjusted for your life expectancy.</p> <p><b>IAP</b> benefits are the total of your IAP accounts.</p>	<p>Your retirement benefits are equal to the value of your Employee Account and, if vested, the value of your Employer Account, including investment returns.</p>
<p><b>How benefits are paid at retirement</b></p>	<p><b>PERS Pension</b> provides a variety of payment options including life annuity, joint and survivor option and lump sum payments.</p> <p><b>IAP</b> payment options include lump sum distributions and equal installments over 5, 10, 15, or 20 years.</p>	<p>Provides a variety of payment options, including lump sum payment, of Employee and vested Employer Accounts.</p>

**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<b>Minimum Benefit</b>	Tier One and Tier Two members receive \$100 per month at age 65 for a member with at least 15 years of service.	No minimum benefit.
<b>Disability Benefit</b>	<p>Tier One and Tier Two members' disability benefit is based on service you would have earned had you worked to normal retirement age.</p> <p>You must have 10 years of qualifying service to be eligible for disability benefits, or your disability must be caused by your PERS-covered employment.</p>	100% of your Employee Account balance and the Employer Account balance as of the date of disability.
<b>Death Benefit</b> <i>If you die while employed</i>	<p><b>PERS Pension</b></p> <p>Tier One and Tier Two Members: 100% of value of your Member Account at time of death is paid to your beneficiary(ies). If you die while in active service or on approved leave of absence, your beneficiary receives a matching employer death benefit. Your survivor may choose:</p> <ul style="list-style-type: none"> <li>▪ total distribution</li> <li>▪ straight life annuity</li> <li>▪ partial distribution plus pension</li> </ul> <p><b>IAP</b></p> <p>Your account balance is paid to your beneficiary as a lump sum distribution.</p> <p align="center">-----</p>	100% of value of your Employee Account and Employer Account balance at time of death is paid to your beneficiary(ies).
<b>Survivor Benefit</b> <i>If you die after retirement</i>	<p>Benefit is determined by payment option you selected at the time you retired.</p> <p align="center">-----</p>	<p>Benefit is determined by payment option you selected at retirement.</p> <p align="center">-----</p>

**Comparing Your Retirement Options – Tiers 1 & 2, cont.**

<b>Attributes</b>	<b>PERS</b>	<b>ORP</b>
<b>Loans</b>	Not available.	<p>Available:</p> <ul style="list-style-type: none"> <li>▪ Through AIG VALIC and TIAA-CREF</li> <li>▪ Up to 50% of the combined value of your Employee and Rollover Accounts, or \$50,000, whichever is less.</li> </ul>
<b>Retiree Health Care</b>	<p>Coverage in a PERS or Public Employees' Benefit Board (PEBB) group health and dental insurance plan, if eligible.</p> <p>With 8 years of PERS membership, a portion of the monthly premium is credited toward Medicare-supplement insurance if insured with PERS Health Coverage.</p>	<p>PEBB-sponsored retiree health care benefits may be available for pre-Medicare retirees.</p> <p><b>Note:</b> If you have a PERS account balance and are eligible to receive PERS retirement benefits, you may be eligible for PERS Retiree Health Care Benefits.</p>
<b>Cost of Living Adjustment (COLA) after Retirement</b>	Tier One and Tier Two members: An annual increase in your PERS pension, up to 2% or the increase in the Consumer Price Index, whichever is less. Additional increases may be available at the time benefits begin, based on your years of service and the calendar year in which you retired.	No cost of living adjustment; accounts receive investment earnings until withdrawn.

# Instructions

## *Enrollment Instructions*

Section

6

The Optional Retirement Plan (ORP) and Oregon Public Service Retirement Plan (OPSRP)/Public Employees' Retirement System (PERS) are designed to give you a choice in your retirement program.

Enrollment forms are due in the Benefits Office by the 10th of the first month following completion of your 6-month waiting period. If the benefits office does not receive a completed and signed OUS Retirement Plans Election Form from you by that date, or if you do not select an ORP investment company on the election form, you will automatically be enrolled in OPSRP/PERS. You must complete the OUS Retirement Plans Election Form to complete your PERS enrollment.

If you elect to participate in the ORP:

- Request application materials from the investment company you select (see page 41) a few weeks before the end of your enrollment period. The investment company will send you information about its funds and an application form.
- The company's application form, including your choice of investment fund(s), must be completed and returned directly to the ORP investment company, or you may enroll online if web enrollment is provided by the company you select.
- Your application form must name specific investment funds, ***or the contributions to your account will be directed to a money market fund*** by the investment company until you provide the company specific directions for investing your account.
- If you are requesting a rollover from your PERS Member Account or IAP Account to the ORP, both your Retirement Plan Election Form and PERS-to-ORP Transfer Form must be in the Benefits Office by the 10<sup>th</sup> (or by the previous Friday if the 10<sup>th</sup> is on a weekend) to be effective the first of that month.

**PERS/OPSRP and ORP forms must be turned in by the 10<sup>th</sup> of the month in which you are eligible to enroll in the retirement plans.**

**After the 10<sup>th</sup> of the month in which you are eligible, you will be automatically enrolled in OPSRP/PERS if you have not elected the ORP. Your OPSRP/PERS election form is still required.**

# Completing Your Retirement Plans Election Form

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## ***Introduction***

***To*** enroll in OPSRP/PERS, only the Retirement Plan Election Form is required.

***To*** enroll in the Optional Retirement Plan (ORP), your benefits office will need your Retirement Plan Election Form, and a completed copy of your ORP company's application form.

***For*** rollovers or transfer of other retirement accounts, including PERS/OPSRP, contact your campus benefits office for the necessary additional forms.

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## Retirement Plan Election Form

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### ***1. Employee Information***

Be sure to provide all necessary information – your name, social security number, college/university, day phone and address, hire date, birth date, and your retirement plan eligibility date.

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### ***2. Your Retirement Plan***

The first decision is to elect the OPSRP/PERS or the ORP.

2A. To continue participation or to enroll in OPSRP/PERS, check this box, sign and date the election form, and return the Election Form to your benefits office.

2B. To enroll in the ORP, check this box, then complete Sections 2B and 3.

### ***Current PERS Member?***

Complete this section if you have a current balance with PERS/OPSRP, and elect to enroll in the ORP. Attach your ORP investment company's Rollover/Transfer Form and a PERS-to-ORP Transfer Form (available from your campus benefits office) if your PERS member or IAP account is to be transferred to the ORP

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### ***3. Your ORP Investment Company Choice***

Complete this section only if you have elected to enroll in the ORP. Choose one investment company. The investment company will be responsible for managing and investing your Employee and Employer Contributions according to your direction. You must directly contact the investment company to obtain an application form and instructions for selecting investment funds.

## Completing Your Retirement Plans Election Form, cont.

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Sign and date your form. Be sure to keep the employee copy of all forms for your records.

### *4. Certification*

Deliver or send the OUS Retirement Plan Election Form to your campus benefits office. If you are enrolling in the Optional Retirement Plan (ORP), complete and send the investment company the Application Form it provided to you, or apply online. If you are a current PERS member, attach the Rollover/Transfer Form provided by your ORP company, along with the PERS-to-ORP Transfer Form to request a transfer of your PERS member or IAP account to the ORP.

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## Investment Company Applications

Investment companies provide application forms to you, on your request, by mail, online, or by a meeting with a company representative.

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Complete all requested information on the application form online or on the forms provided by the investment company.

### *1. Employee Information*

Using fund information materials provided by the company or listed on the company's website, name the funds and the contribution amounts to be directed into each fund. If this section is incomplete, the ORP investment company will direct your contributions to an interest-bearing money market account until you complete your fund selection.

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### *2. Contributions*

Sign and date your form. Be sure to keep a copy for your records.

### *3. Certification*

Return the completed investment company's application form directly to the ORP investment company or its representative. You must also note the date you sent your application to the ORP investment company on the Retirement Plan Election Form.

# Resources

## ***Resources and Contact Information***

Section

**7**

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This section of the Decision Making Guide lists resources to help with your questions about the Optional Retirement Plan (ORP) and the Oregon Public Service Retirement Plan (OPSRP)/Public Employees Retirement System (PERS).

# Resources and Contact Information

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**Benefits Offices**      Contact your Benefits Officer for general information about the Optional Retirement Plan and enrollment materials.

**Eastern Oregon University**

Carol Kroll: (541) 962-3548

**Southern Oregon University**

Barb Marah: (541) 552-6167

**Portland State University**

Joanne Clancy: (503) 725-3749

**University of Oregon**

Ernie Pressman: (541) 346-2967

**Oregon Institute of Technology**

Sandy Setters: (541) 885-1028

**Western Oregon University**

Alice Sprague: (503) 838-8139

**Oregon State University**

Pam Broadus: (541) 737-2806

**Chancellor's Office**

Pam Broadus: (541) 737-2806

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**PERS &  
OPSRP**

Oregon Public Employees Retirement System

PO Box 23700, Tigard, OR 97281-3700

<http://oregon.gov/PERS>

**For information about:**

PERS Member Counseling  
PERS  
worksheets, projection estimates,  
group counseling, general PERS  
business

**Call**

(503) 598-

(888) 320-7377 toll free

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PERS/ OPSRP/ IAP Handbooks

<http://oregon.gov/PERS>

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PERS Health Insurance Program

(503) 224-7377  
or Toll Free  
(800) 768-7377

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## Information About ORP Investment Companies

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**AIG VALIC** (866) 211-9686

Investment fund information <http://www.aigvalic.com>

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**American Century Investments** (800) 345-3533 extension 54999

Investment fund information and planning resources <http://www.americancentury.com>

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**TIAA-CREF** (Teachers Insurance and Annuity Association - College Retirement Equities Fund) (800) 842-2888

Decision Making Tools and Market News

Please identify yourself as an Oregon University System employee considering the ORP.

<http://www.tiaa-cref.org>

Online Enrollment “Getting Started” at <http://www.tiaa-cref.org>  
ORP Access Code ORM229

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**DWS Scudder Investments** (800) 541-7705

Prospectus, fund performance, planning resources <http://www.university.dws-scudder.com/>

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Three ORP investment companies also offer investments under the OUS Tax-Deferred 403(b) Investment Program. Please tell the company your call is in reference to the Optional Retirement 401(a) Plan (ORP).

*To receive information on the correct program*

In accordance with the *Americans with Disabilities Act*, if you need an accommodation to attend any employer meetings, or if you need to receive this booklet in an alternative form, please call (541) 346-5766.

*Important Note About Americans with Disabilities Act*

Prior to 1998, the Oregon University System (OUS) was known as the Oregon State System of Higher Education (OSSHE).

*ORP Plan name for contacting vendors*

## Software and other tools to help you

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### ***General Retirement and Financial Planning***

**American Century Investments.** The *Investment Planner CD* and *Investing with a Purpose* brochure are designed to help you with general financial and retirement planning, including analyzing your current retirement investments. Call 1-800-345-3533, ext 54999, for your copy of each of these free guides.

**DWS Scudder Investments.** On the web, see <http://www.university.dws-scudder.com>. For an introduction to retirement investing, use the Just Starting section to gain the knowledge you need to begin preparing for retirement. The Want to Know More section provides articles on various topics including inflation, taxes, and risk tolerance. Week in Review provides up-to-date commentary or for market indices. Get Going! is the section to help you take action. You can Assess your Retirement Situation and visit the Retirement Plan Checklist to evaluate where you stand in the planning process. Once you decide to become involved in your employer sponsored retirement plan you will want to Find the Money to Invest and Check Your Allocation Strategy Regularly to be sure you are on your way to meeting your goals. Planning Tools and Resources provides calculators and helpful links to related sites.

**PERS.** Contact PERS Member Counseling for estimated, projected PERS benefits if you already have an account and are within 10 years of retirement. Call (503) 598-PERS or Toll Free (888) 320-7377. PERS has a benefit-estimate program and a group counseling schedule on its website at <http://www.pers.state.or.us>

**AIG VALIC.** Your AIG VALIC financial professional offers you the power and investment advantages of computer-based retirement planning services. Portfolio Optimizer,<sup>®</sup> a sophisticated asset allocation service, helps you create a retirement plan portfolio that matches your personal risk tolerance, time horizon and investment preferences.

## Information On the Web

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You may access information about PERS and the investment companies at the following Internet sites:

**TIAA-CREF:** This Internet website provides a wide range of information about TIAA-CREF; including asset allocation and target value calculators, secure access to your personal account information, descriptions of the company's products and services, daily unit values and performance data on CREF accounts, and current interest rates and performance data on TIAA. Participants can change allocations, transfer funds, order forms, change addresses, update beneficiaries, and communicate directly with TIAA-CREF via e-mail.

The address is <http://www.tiaa-cref.org>

**American Century Investments:** Prospectuses, fund performance and other information about American Century funds may be accessed on the Internet at <http://www.americancentury.com>

**PERS:** You may access PERS online through the PERS home page at <http://oregon.gov/PERS>

**DWS Scudder Investments:** You may access your personal retirement account via the web. Simply click on "Account Access." The address is <http://www.university.dws-scudder.com>

**AIG VALIC:** VALIC's website on the Internet, offers information and services to help prepare for a secure life during retirement. Also, you can make transactions and obtain up-to-date information about your account—all from the convenience of your home computer. With the double-click of a hyperlink, you can obtain unit and account values, transfer money among investment options, check on fund performance, reallocate future retirement plan contributions, obtain loan information, order forms for a variety of other transactions, and communicate with AIG VALIC by e-mail. The internet address is <http://www.aigvalic.com>

# Tax-Deferred Investment Program

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The Tax-Deferred Investment (TDI) Program is a voluntary retirement savings plan that provides tax-deferred annuities and mutual funds under the provisions of Internal Revenue Code Section 403(b) and 403(b)(7).

You may make a voluntary salary reduction of \$25 per month or more, and there is no waiting period to begin participating. In 2007 you may defer up to \$15,500. If you are age 50 or older, you may defer an additional \$5,000 in 2007. If you have 15 or more years of service, you may be eligible to defer up to another \$3,000. Your deferral does not reduce your future Social Security benefits or the amount that is contributed for you to PERS or the Optional Retirement Plan.

## *Your Contributions*

## *Participating Companies*

AIG VALIC ; aigvalic.com . . . . .	(866) 211-9686
Fidelity Investments; fidelity.com (group #69649) . . . . .	(800) 343-0860
First Investors' Corporation; firstinvestors.com . . . . .	(800) 394-6620
IDS Financial Services, Inc./Amer.Express Financial Advisors; americanexpress.com . . . . .	(541) 757-7102
ING AETNA Life Insurance and Annuity Company; aetnafinancial.com. . . . .	(800) 835-9966
ING Retirement Plans (Northern Life Insurance Company); ing-usa.com. . . . .	(877) 884-5050
Lincoln National/Lincoln Cascades; lincolnlife.com. . . . .	(800) 348-1212
Nationwide Life Insurance Company; nationwide.com . . . . .	(800) 848-6331
New York Life and Annuity Company; finchamcompany.com. . . . .	(800) 637-9196
Standard Insurance Company (Oregon); standard.com . . . . .	(800) 368-7505
TIAA-CREF; tiaa-cref.org; online access code OR2179. . . . .	(800) 842-2888
The American Funds/Edward D. Jones; edwardjones.com . . . . .	(800) 441-7291
The Calvert Funds; calvertgroup.com . . . . .	(800) 659-5669
The DWS Scudder Funds; university.dws-scudder.com . . . . .	(800) 541-7705
Travelers' Insurance Company/Copeland Companies; travelersla.com. . . . .	(888) 255-3307
Waddell & Reed, Inc; waddell.com . . . . .	(800) 683-5575

A Guide to the Tax-Deferred Investment (TDI) Program is at <http://www.ous.edu/dept/hr/benefits/unclass.php> . Additional information about the TDI program is available through campus benefits offices listed on the back page of this Choices booklet.

Request a Salary Reduction Agreement (SRA) from your campus benefits office, or print one directly from the webpage shown above. Send your completed SRA to your campus benefits office to begin your automatic payroll deductions. SRA's must be received by the 10<sup>th</sup> of the month in which you wish deductions to begin.

Complete and return the investment company's application form to your selected company to begin participation in the Tax-Deferred Investment Program. Contact representatives from the companies to assist you in selecting investments and completing your application.

## *How to Begin*

# Oregon Savings Growth Plan

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The Oregon Savings Growth Plan (OSGP) is a 457 deferred compensation plan that offers higher education employees a convenient way to save for retirement. It allows employees to contribute a portion of their salaries on a pre-tax basis. Contributions and earnings continue to grow tax-deferred until distribution.

## *Who Is Eligible*

Any Oregon public employee is eligible to invest in the OSGP.

## *Your Contributions*

Participants can contribute up to 100% of their monthly salary or as little as \$25 per month as their before-tax contribution. The maximum annual contribution amount in 2007 is \$15,500 or 100% of income, whichever is least. Contributions are deducted automatically from your paycheck. You may contribute your annual maximum into both the OSGP and the TDI 403(b) program in the same year.

## *Choosing Where To Invest*

The Oregon Investment Council oversees the investment. Most are a blend of several professionally- managed mutual funds. The investment options are listed in order from conservative to aggressive. Options include:

Short-Term Fixed	Large Company Value Stock
Stable Value	Stock Index
Intermediate Fixed Income	Large Company Growth Stock
Balanced Fund	International Stock
	Small/Mid-Size Company Stock

Participants may invest in as few as one investment option or as many as all nine. For more details, please refer to the Investment Option Fund Manager booklet.

## *Customer Service*

Internet Address: <http://osgp.csplans.com>

Phone Number: 800-365-8494

The 24 hour Information Line is available 7 days a week

## *How to Join OSGP*

Request an enrollment kit by calling the Customer Service Information Line at 800-365-8494. Complete the enrollment application and return it to:

The Oregon Savings Growth Plan  
800 Summer St. N.E., Suite 200  
Salem, OR 97301



# Resources - At a Glance

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## Benefits Offices

Contact your Benefit Officer for general information about the Optional Retirement Plan and enrollment materials.

**Eastern Oregon University**  
Carol Kroll: (541) 962-3548

**Southern Oregon University**  
Barb Marah: (541) 552-8244

**Portland State University**  
Joanne Clancy: (503) 725-3749

**University of Oregon**  
Ernie Pressman: (541) 346-2967

**Oregon Institute of Technology**  
Sandy Setters: (541) 885-1028

**Western Oregon University**  
Alice Sprague: (503) 838-8139

**Oregon State University**  
Pam Broadus: (541) 737-2806

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In accordance with the *Americans with Disabilities Act*, if you need an accommodation to attend any employee meetings, or if you need to receive this booklet in an alternative form, please call (541) 346-5766.

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An online version of this Decision Making Guide is available at <http://www.ous.edu/dept/hr/benefits/class.php> and at <http://www.ous.edu/dept/hr/benefits/class.php>

**PERS** Oregon Public Employees Retirement System  
•••••▶ PO Box 23700, Tigard, OR 97281-3700  
<http://oregon.gov/PERS>

<b>For information on</b>	<b>Call</b>
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PERS Member Counseling; work-sheet projection estimates; forms; information on purchases, withdrawals, and tax rollovers	(503) 598-7377 or (888) 320-7377 toll free
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PERS/IAP/OPSRP Handbooks	<a href="http://oregon.gov/PERS">http://oregon.gov/PERS</a>
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PERS Health Insurance Program	in Portland: (503) 224-7377  outside Portland: (888) 768-7377
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## ORP Investment Companies

<b>For information on</b>	<b>Call</b>
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<b>AIG VALIC</b> Investment fund information	(866) 211-9686 toll free  <a href="http://www.aigvalic.com">http://www.aigvalic.com</a>
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<b>American Century Investments</b> The Investment Planner software Investment fund information	(800) 345-3533 x 54999 7:00-5:30 Central Time  <a href="http://www.americancentury.com">http://www.americancentury.com</a>
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<b>DWS Scudder Investment Service</b> ORP Plan Number 20304	(800) 541-7705 <a href="http://university.dws-scudder.com">http://university.dws-scudder.com</a>
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<b>TIAA-CREF</b> - Teachers Insurance and Annuity Association - College Retirement Equities Fund	(800) 842-2888  <a href="http://www.tiaa-cref.org">http://www.tiaa-cref.org</a>
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