State Retirement

Summary/Purpose: All employees (except students) of the University who are employed one-half time or more and for at least 4½ months are included in the Public Employees’ Retirement System. There are two retirement programs administered by PERS; the defined benefit program and the defined contribution program (ORP). The contribution amount, benefit highlights, and who qualifies for each program are given.

I. General Statement

The Public Employees’ Retirement System (PERS), enacted by the 1952 Legislature and amended by the Laws of 1980 and 2010, includes all employees of the University who are employed one-half time or more and for at least 4½ months. Employees (except students) must join one of two retirement programs administered by PERS: the defined benefit program (for most employees) or the defined contribution program (Optional Retirement Plan) which is only available to teaching and administrative faculty employed after July 1, 1990. Effective July 1, 1998, ORP allows enrollment for newly-employed librarians with academic rank, coaches, and administrative department heads. Effective July 1, 2001, ORP allows enrollment for newly-employed Research Scientists and Postdoctoral Research Associates.

II. Contributions

PERS (Defined Benefit Program):
- Employee Contribution—9.00% of eligible earnings up to $270,000
- Employer Contribution—15.75%

Optional Retirement Plan (Defined Contribution Program):
- Employee Contribution—9.00% of eligible earnings up to $270,000
- Employer Contribution—15.75% (2.475% of the employer contribution is retained by PERS for the accrued liability contribution fund, .1575% for an administrative fee, with 13.1175% applied to the employee's account with the company selected.)

In accordance with IRS Code Section 415(c)(1)(A) and the ORP Plan Document, the contribution limit is $54,000.

III. Benefit Highlights of PERS Defined Benefit Program

a. Eight-year vesting.

b. Monthly retirement benefits.
   1. Members hired on or before June 30, 2007 may retire at age 60 with at least four (4) years of service or with 25 years of creditable service, regardless of age.
   2. Members hired July 1, 2007 to June 30, 2011 may retire at age 60 with at least eight
(8) years of service or with 25 years of creditable service, regardless of age.
3. Members hired on or after July 1, 2011 may retire at age 60 with at least eight (8)
years of service or with 30 years of creditable service, regardless of age.

(Note: Only four years of vesting is required for employees who entered covered service
before July 1, 2007 if they remain continuously active or do not get a refund for their
contributions once they become inactive.)

c. Right to select retirement option.

d. Spouse survivorship benefits after vesting, if married at least one year immediately
preceding death.

e. For members who joined PERS after June 30, 1992, and active members on that date
who elected to make the change, the disability allowance consists of a temporary
allowance and a deferred allowance. The temporary allowance is either 40 percent of
average compensation at the time of disability, plus 10 percent of average compensation
for each of the first two dependent children during their dependency years, or the accrued
benefit based upon actual service, whichever is greater. The temporary allowance is
payable for a period based upon the member's age at the time of disability, but not less
than one year. The deferred allowance begins when the temporary allowance ceases and
is payable for life. It will be either the amount that would have been payable had the
member continued in service until the termination of the temporary allowance, but not
more than 40 percent of average compensation, or the accrued benefit based upon actual
service at the time of disability, whichever amount is greater.

Active members as of June 30, 1992, who did not choose the new option will receive
benefits under the previous disability law. Under the previous law, after four years of
service, a member's annuity is based upon the amount payable as a retirement allowance
had the member continued in service until the age of 60.

f. Right of employee (or beneficiary in case of death of employee) to withdraw all
contributions to the program upon separation from state service.

IV. Benefit Highlights of ORP Defined Contribution Program

a. Immediate vesting

b. Portability

c. Retirement at any age

d. Control over investment

e. No risk of intervention