

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



EMPLOYER NEWS

JANUARY
2023

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Paid Leave Oregon deductions begin this month



Employer and employee contributions to the new Paid Leave Oregon program begin this month. Employees can start applying for benefits on September 3, 2023.

Reminder: These contributions to the Paid Leave Oregon program are separate and distinct from the 6% Individual Account Program (IAP) PERS contributions.

For information on PERS reporting requirements for contributions *to the program*, read the article “Preview of Paid Leave Oregon and PERS Reporting — part 2” in the [December 2022 issue of Employer News](#). For information on reporting payments to employees *from the program*, read “Preview of Paid Leave Oregon and PERS reporting” in the [September 2022 issue of Employer News](#).

To learn about the Paid Leave Oregon program and employer requirements, read the [Paid Leave Oregon — Employers webpage](#).

Annual OPSRP loss-of-membership status applied in January

On January 20, 2023, PERS will run a report that lists all Oregon Public Service Retirement Plan (OPSRP) members who qualify for loss of membership (LOM) status as of December 31, 2022.

OPSRP pension program members who are not vested (see next page) and who have had five consecutive calendar years with fewer than 600 hours of service may go into OPSRP LOM status. This means that the member:

- Forfeits all retirement credit accrued prior to the LOM date of December 31.
- Terminates their OPSRP pension program membership.
- If employed by a participating public employer after that date, must serve a new six-month waiting time to reestablish membership.
- Retains their IAP account (IAP accounts are not affected by OPSRP LOM status).

Continued

Recommended action

If you discover that an active employee has a December 31, 2022, termination (not entered by the employer) and this employee is continuing to work for you, you can request that PERS insert a new employment segment with a new start date.

Submit a Demographic Correction Request (DCR) in EDX asking PERS to manually add an appropriate employment start date. The employee will continue their employment with the same qualifying or non-qualifying hire intent originally assigned to their position. If they are in a qualifying position, they will need to serve a new wait time and PERS will assign them a new contribution start date.

You do not need to request removal of the termination or report a new hire record in EDX. Continue to report salary information for this employee in 2023; however, contributions (if position is qualifying) will not be due until the first full pay period after the employee completes their new six-month waiting time.

For assistance, contact your [ESC representative](#).

About vesting



Being vested means that a member cannot lose their right to their pension benefit unless they withdraw their membership or have a pre-retirement death. All Tier One and Tier Two members are vested. Generally, to vest in their pension, an OPSRP member must do one of two things:

1. Work for five years in a PERS-qualifying position for at least 600 hours per year. The years do not need to be consecutive, but the member cannot have a gap in qualifying employment of more than five years.
2. Work in a qualifying position on or after reaching normal retirement age, which is 65 for General Service and 60 for Police and Fire.

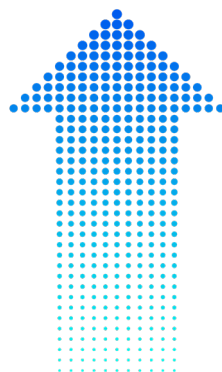
Salary Limit and Member Redirect 2023 changes

Every January, PERS adjusts subject-salary limits and requirements in accordance with the Consumer Price Index (CPI) for the West Region. This ensures that our numbers keep pace with inflation and cost of living.

2022

Salary Limit: **\$210,582/year**

Member Redirect
salary threshold: **\$3,333/month**



2023

Salary Limit: **\$225,533/year**

Member Redirect
salary threshold: **\$3,570/month**

Continued

2023 Salary Limit increase

The 2022 limit of \$210,582/year has increased, effective January 1, 2023. Based on a CPI increase of 7.1%, the 2023 salary limit is:

\$225,533/year.

\$18,794/month.

Partial year: To access the salary limit for a partial year (i.e., one to eleven months), go to the employers' [Salary Limit webpage](#).

PERS subject salary is used to determine:

- Member IAP contributions.
- Employer contributions paid to PERS.
- The final average salary (FAS) used in calculating retirement benefits under formula methods.

About Salary Limit

PERS Salary Limit program limits the annual subject salary amount that PERS can use to calculate an employee's PERS benefits — it does not impact the amount of salary the employee receives.



You must report any 2023 salary that is over the salary limit (including eligible lump-

sum payments that Tier One/Tier Two members receive) as non-subject salary. The non-subject salary amount will not be included in determining IAP contributions and possibly the member's final average salary.

To read more about your role in complying with Salary Limit, go to [Salary Limit: Information for Employer Reporters](#).

For assistance

If you have questions or need help, contact your [ESC representative](#).

2023 Member Redirect threshold increase

The 2022 Member (IAP) Redirect monthly salary threshold of \$3,333 has increased, effective January 1, 2023. The new threshold is:

\$3,570/month.

About Member Redirect

Member Redirect transfers a portion of a member's 6% IAP contribution into their Employee Pension Stability Account (EPSA) each month that the member earns more than the Member Redirect threshold amount. The PERS system processes redirects automatically, so no action is needed from employers.

The funds in each member's EPSA will be used to help pay for their future pension benefits.

The percentage that is redirected depends on the member's pension plan.

Tier One and Tier Two members (hired before August 29, 2003)

- 2.5% of the employee's salary goes into their EPSA.
- The remaining 3.5% of salary goes into their existing IAP account.

OPSRP members (hired after August 28, 2003)

- 0.75% of the employee's salary goes into their EPSA.
- The remaining 5.25% of salary goes into the member's existing IAP account.

Voluntary contributions

Members still have the option to make additional, after-tax contributions (member-paid after tax (MPAT)) of 2.5% (Tier One/Tier Two) or 0.75% (OPSRP) into their IAP, allowing their IAP monthly contribution to equal 6%. This option is an election available in [Online Member Services](#) (OMS).

For assistance

Read the [Voluntary Contributions FAQs for PERS-Participating Employers](#).

Contact your [ESC representative](#).

For human resources and benefits professionals **Health insurance for PERS retirees**

As your employees near retirement, they may wonder how they will cover their healthcare expenses after they retire. One option they may not be aware of is the PERS Health Insurance Program (PHIP).

PHIP is available to PERS retirees plus their spouses and dependents who meet eligibility requirements. It offers two kinds of plans: Medicare and non-Medicare. It also offers dental plans.

Benefits

PHIP provides extra benefits that are not available in other retiree plans. PHIP's Medicare plans include:

- A choice of one of five medical plans.
- A Part D prescription drug plan.
- Hearing benefit.
- Vision benefit.
- Free basic gym membership.

PHIP's non-Medicare plans offer:

- A choice of one of two medical plans.
- Option to choose a high-deductible plan.
- Alternative care (i.e., chiropractic and acupuncture).
- Vision benefits.
- The option for a Health Savings Account (HSA) that rolls over from one year to the next. (Retirees must be enrolled in a PHIP high-deductible health plan to have this option.)



Subsidies

The Retiree Health Insurance Account (RHIA) and Retiree Health Insurance Premium Account (RHIPA) rates that you pay (rolled into your contribution rate) cover subsidies to help your retirees afford PHIP.



RHIA subsidy: PHIP offers a \$60 premium subsidy for Tier One and Tier Two retirees enrolled in a PHIP Medicare plan.

RHIPA subsidy: For state retirees who are not yet eligible for Medicare, a premium subsidy may be available based on state of Oregon qualifying service time. For longer-term employees, this RHIPA subsidy can be worth several hundred dollars a month.

Learn more

For more information on eligibility, enrollment, premiums subsidies, plan rates, and the 2023 benefits offered by PHIP, visit the [PERS retirees PHIP webpage](#), go to pershealth.com, or call PERS Health at 800-768-7377.