



## How Senate Bill 1049 changes to PERS will affect you

The Oregon legislature passed Senate Bill 1049 in the 2019 session. This bill will reduce educators' retirement benefits by approximately 1-2% through reductions to the Individual Account Program. While we were able to beat back more severe cuts to educators' retirements and minimize the impact of cuts, you should know how this bill will affect you.

In August, OEA filed a lawsuit with other unions to overturn SB 1049 because it is unjust and a breach of contract. Together in union, we can protect our benefits.

### What the bill will do:

SB 1049 makes changes to retirement benefits for people earning more than \$2,500 a month. If you earn less than that, your retirement will not be affected. If you are already retired, your benefits are not affected.

*REMEMBER: You have two major components to your retirement. Your **pension** is the monthly payment you will receive after you retire and makes up the vast majority of your retirement benefit. Your **Individual Account Program (IAP)** is tax-deferred savings account similar to a 401k, to which your employer makes contributions. This bill will **ONLY** affect your IAP, not your pension payment.*

- Starting in July 2020, the amount of money that is contributed to your personal IAP will be reduced and instead paid to a statewide pension fund.
  - If you work for 30 years, from the date this law goes into effect, this is what the total **IAP** reduction might look like.
    - Tier 1: 7.8% loss
    - Tier 2: 12.5% loss
    - Tier 3: 7.8% loss
  - This means an overall retirement benefit loss of 1-2%, when you take into account your **pension** (which is unchanged). Your IAP account is designed to be between 15 and 16% of your total public retirement benefit.
- Caps Final Average Salary for calculating pension at \$195,000. This will not affect educators, but does affect some public workers such as firefighters.
- Temporarily removes the statewide limit on how many hours retirees can work after retirement, beginning January 2020.
- Gives PERS members say about which funds their Individual Account Programs will be invested in.

If you have questions about your retirement benefits, SB 1049, or other items, please contact PERS at **888-320-7377** or email [help@oregoned.org](mailto:help@oregoned.org). You can also sign up for regular updates from PERS at <https://www.oregon.gov/pers/Pages/index.aspx>