



Special Provision for Vested PERA Employees Who Terminated Before July 1, 2003

Making Direct Payments in Lieu of Contributions:

A vested member (5 Years earned service credit) who terminated PERA-covered employment prior to July 1, 2003, may want to make direct payments to PERA in lieu of member contributions. By doing this, when the member's age and years of service credit plus years of direct payments equal the service or reduced service retirement requirements, he or she is eligible to apply for benefit. These payments will not increase service credit or HAS, but may allow the member to begin receiving a retirement benefit sooner.

After Discussions with PERA on 5/1/05 we discovered the following opportunity for individuals who separated with PERA before 7/1/03 and are not collecting a pension yet:

1: Sample Profile: Status Quo

- ❖ 15 years with PERA
- ❖ HAS is \$3,500 per month
- ❖ Normal retirement under the current table would be age 60 at 33.8%
- ❖ Option #1 would pay about \$1,183 per month at age 60

2: Sample Profile: Making Payments In Lieu of Contributions

If you qualify you are allowed to do the following:

- ❖ Pay your 8% directly to PERA in a lump sum or in monthly payments
- ❖ The payments for someone earning \$3,500 per month would be \$280 per month or \$3360 per year
- ❖ If a person chose to buy 5 years it should cost about \$16,800

The benefits to you:

- ❖ You would be able to collect on your pension at age 55 instead of 60
- ❖ Estimated benefit would be \$1,183 per month starting 5 years earlier!
- ❖ Estimated results would be \$70,980 over the 5 year period

This only applies if a person has separated from service before July 1, 2003 and has not started taking a pension yet.