

Answers to your questions about Rolling Over Your Individual Account Program (IAP) Account into the Oregon Savings Growth Plan (OSGP)

1. What is the Oregon Savings Growth Plan (OSGP)?

OSGP is a tax-deferred savings plan authorized by Section 457 of the Internal Revenue Code. Commonly referred to as a deferred compensation plan, OSGP is administered by PERS and provides state of Oregon employees and some local government employees with a convenient way to save for retirement. It allows employees of an OSGP-participating employer to contribute a portion of their salary on a pre-tax basis. Contributions and earnings continue to grow tax-deferred until distribution. It is a great way to supplement your PERS retirement benefit.

2. Can I roll my Individual Account Program (IAP) balance into OSGP when I retire or withdraw from PERS?

Yes; however, there are some basic requirements. Before retiring or terminating your employment, you need to establish an OSGP account. Employees of PERS-covered public employers in Oregon are eligible to enroll in OSGP if their employer's governing body agrees to participate.

3. Can I roll my PERS Tier One and Tier Two lump-sum payments into OSGP when I retire or withdraw from PERS?

Yes, but if you choose to take a lump-sum distribution from your PERS account, please keep in mind that OSGP does not offer an annuity option, and you would not be eligible for any annual cost-of-living adjustments (COLA) on installment payments. You should check with a financial advisor before taking a lump-sum distribution from your PERS account.

4. How do I enroll in OSGP?

Simply complete an enrollment packet, and return it to OSGP at 800 Summer St. NE, Suite 200, Salem, OR 97301. To request a kit, call OSGP at 503-378-3730 or print one from the website at <http://www.oregon.gov/pers/osgp>. You can also fax it to 503-378-5888.

5. What are the advantages of rolling my IAP account into OSGP?

There are several advantages:

- you can keep all your retirement dollars in one place, making it easier to

- manage your money;
- you are able to invest in a wide range of easy-to-understand investments that are monitored by the Oregon Investment Council;
 - you benefit from some of the lowest plan fees in the country;
 - you pay no transaction fees for making investment changes; and
 - when you retire or end your employment, you have the same flexible payout options that are available with an Individual Retirement Account (IRA).

6. What steps do I take to roll my IAP account into OSGP?

You need to complete the IAP retirement or withdrawal forms available through PERS and a Direct Transfer Rollover Acceptance form, which can be found on the PERS website.

Upon receipt of the completed forms, PERS will request that a rollover check be issued. The check will be made payable to OSGP, for your benefit, and mailed to your address of record; you then need to send it to OSGP.

7. Do I have to pay taxes when I roll my IAP account into OSGP?

You do not pay taxes when you roll money from your IAP account to your OSGP account, but you will be responsible for taxes when you withdraw those funds from OSGP.

Because the IAP rollover is subject to a 10 percent penalty upon early withdrawal, you may want to time your withdrawal accordingly. There are several exceptions to the 10 percent penalty, which include payments made to an employee after separation from service if the separation occurred after the employee attained the age of 55, having a qualifying disability, or receiving substantially equal periodic payments for at least five years or until you reach age 59 1/2, whichever is the longer period.

For complete details, please refer to IRS Publication 560 at www.irs.gov

8. Can I roll money from other retirement plans into OSGP?

Yes. You may roll funds from any eligible plan or pre-tax IRA into OSGP. Eligible plans include 401(a), 401(k), 403(b), or 457 accounts that you established with previous employers. You can bring these assets into your OSGP account for easier management and to take advantage of the lower plan fees and diversified investment choices overseen by OIC.

If you have established an OSGP account before you retire, you may roll other eligible plans and pre-tax IRAs into your OSGP account at any time—even after you retire.

9. Can I make additional contributions to OSGP after I retire or withdraw from PERS?

If you are still working for an eligible employer, you may contribute to OSGP from your paycheck. After you retire, if you go back to work part-time for a PERS employer, you cannot take any distributions from OSGP, but you are still eligible to contribute to your account. If you are no longer working for an eligible employer, you may not make additional contributions.

10. Once I roll my account over, how can I get money out of OSGP?

When you terminate employment or retire, you have several distribution options available to you. Payments can be paid out:

- over a specified number of years,
- in specified dollar amounts,
- in a single lump sum, or
- in periodic, partial lump sums.

11. Are there other advantages to rolling my IAP account into OSGP?

By transferring your money into OSGP, not only will your money be in one convenient plan, but you will also have control over your investment choices.

You will be able to diversify your money in the following nine fund options:

- short-term fixed income,
- stable value,
- intermediate bond,
- balanced fund,
- large company value stock,
- stock index,
- large company growth stock,
- international stock, and
- small/mid-size company stock.

Note: You will also have Web and phone access to your accounts 24 hours a day, seven days a week.

This Q&A is for general informational purposes only and is not intended to provide legal advice. If there is any conflict between this brochure and federal law, Oregon law, or administrative rules, the law and administrative rules shall prevail.

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