

Public Safety Personnel Retirement System – Tier 2 Member Opt-Out Process

Period Begins April 2017 & Runs Through June 30, 2017

With the enactment of SB1428, beginning July 1st 2017, Tier 2 members (those who became members between **1/1/2012 and 6/30/2017**) will have coverage in the PSPRS Defined Contribution (DC) Retirement Plan. Their participation and contributions into the DC plan will be limited to those periods in which they are in a PSPRS covered position that is not covered by the *Old-Age and Survivors Insurance Trust Fund* (i.e. Social Security). Their participation in the DC plan during those periods will be mandatory, unless they have elected to opt-out of participation through this acknowledgement process.

Members will have the opportunity to elect to opt-out via their **Member's Only account** located on www.psprs.com

It is important that they evaluate their choice carefully, as this will be an irrevocable decision and applies throughout their entire participation in the PSPRS.

Step 1: Understanding their participation in DC plan

Participation in this DC program is supplemental to their already required contributions and participation in the PSPRS Defined Benefit (DB) plan. The system will be sending direct communications to all Tier 2 members. The same communication material will be provided to Local Boards & Employers

The contribution for the DC plan is set within statute at 3% of a member's pensionable compensation. Additionally, as an employer you will also be contributing into the DC plan on a member's behalf. For a limited period, the employer contribution will be set at 4% based on a tier structure of when the member began participation in PSPRS.

Employer Contribution Rate		
Calendar year member hired	4% contribution Rate	3% contribution
2012	Beginning 7/1/2017 through 06/30/2024	Beginning 7/1/2024 and thereafter
2013	Beginning 7/1/2017 through 6/30/2023	Beginning 7/1/2023 and thereafter
2014	Beginning 7/1/2017 through 6/30/2022	Beginning 7/1/2022 and thereafter
2015	Beginning 7/1/2017 through 6/30/2021	Beginning 7/1/2021 and thereafter
2016	Beginning 7/1/2017 through 6/30/2020	Beginning 7/1/2020 and thereafter
Up to June 30, 2017	Beginning 7/1/2017 through 6/30/2018	Beginning 7/1/2018 and thereafter

Step 2: Making their DC Participation decision (beginning April 2017)

Once they have reviewed the DC program, beginning in early April, Tier 2 members will have the opportunity to make their opt-out election electronically via our **Member's Only Portal**. If a member doesn't have a profile established, we recommend that you encourage your membership to sign-up for an account now. **Remember:** The member submits their opt-out election directly with the System. So, direct any member's inquiries to the PSPRS Administrative Office.

Step 3: Collection and Reporting of Results to Employers (Beginning early July)

Once the initial opt-out period closes (**June 30, 2017**), we will send reports to those employers immediately affected by this new DC plan (those who do not have their members contribute to Social Security). These reports will provide only those members who have elected to Opt-out. In other words, non-Social Security employers should assume all their affected PSPRS members will contribute into the plan, unless our office has reported otherwise. We anticipate having these reports available/distributed on or before **July 14, 2017**.

Step 3: Enrollment in the DC Program

If a member did not opt-out of the DC program, prior to participation and contributions into the DC program, they will need to complete vendor specific enrollment documents. Further information will be sent regarding their enrollment and contribution into the program once the vendor has been finalized.

Extension of Opt-Out Period & Appeal Process

The System will provide for an extended opt-out period, for PSPRS members who became members into PSPRS in **May & June 2017**.

- This period will only extend until **August 31, 2017**
- The Member will still need to make their election via **Member's Only Portal**, or contact the PSPRS Administrative Office to make other arrangements.
- The Administrative Office will report to employers immediately affected by this new DC plan only those members who have elected to opt-out. Again, non-Social Security employers assume automatic enrollment of their PSPRS membership, unless our office has reported otherwise.

The System will also provide for an "Appeal period," under very limited circumstances:

- Only available to those tier 2 members who were automatically defaulted into the DC plan.
- Member must contact PSPRS directly to submit written appeal.
- Reason for appeal must be for extenuating circumstances and will be reviewed on a case by case basis.
 - **Example:** member out on military leave during opt-out period.
 - Simply forgetting to take action will not be acceptable reason.
- Appeal must be received by the PSPRS by **August 31, 2017**.

No exceptions will be made.