




Introduction: defined contribution plan

Retirement Benefits Training
Fiscal year 2023

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Who can participate?

- State Optional Retirement Program (State ORP).
 - Alternative to defined benefit plan for eligible employees.
- Available to employees of:
 - State agencies;
 - Public and charter schools; and
 - Public higher education institutions.
- Optional employers, such as municipalities and local governments, are not eligible to participate.

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Defined contribution plan features

- Participant self-directs investments, and benefit is balance in his account.
- Contributions remitted directly by employer to member's account with chosen service provider:
 - Employee contributes rate equal to SCRS employee contribution; and
 - Employer contributes at same rate as SCRS employer rate.
 - 5% of gross pay contributed directly to member's account with chosen service provider.
 - Remaining employer contribution remitted to SCRS.

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Defined contribution plan features

- Immediate rights to account balance at:
 - Termination from covered employment; or
 - Age 59½.
- Account is portable.
- Can choose how funds are distributed.
- Incidental death benefit for active employees.
- View the State ORP at a Glance flyer.

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Defined contribution plan limitations

- Participant pays administrative and investment management fees.
- Participant assumes investment risk.
- Participant assumes longevity risk.
- No disability protection.
- No benefit adjustments.
- Not eligible for monthly annuity from PEBA.

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