

HB 2163 – Section 2

Tier 4 Match

Tier 4 of the Optional Retirement Plan (ORP) offered to all eligible non-classified employees at the universities in Oregon is administered as follows: The employer contribution is 8% of employee’s monthly salary, and if the participant contributes up to 4% in his/her 403(b) Plan, the Employer will match that amount in the ORP. Total retirement contributions for someone who takes advantage of the 4% is 16%.

For a participant who wants to contribute the maximum limit, if they contribute over less than 12 months, they miss out on some of the match, which can be substantial.

The scenario on the left shows someone who has spread his contributions out over 12 months and who receives the entire match. The scenario on the right shows what happens if that same person contributed the maximum amount in the first six months. Because he reached the limit after only 6 months, he missed out on \$2400 match.

Month	Monthly Salary	% of salary	Amount Contributed	4% Match	Monthly Salary	% of Salary	Amount Contributed	4% Match
Jan	\$10,000	15%	\$1500	\$400	\$10,000	40%	\$4000	\$400
Feb			\$1500	\$400		30%	\$3000	\$400
Mar			\$1500	\$400		30%	\$3000	\$400
Apr			\$1500	\$400		30%	\$3000	\$400
May			\$1500	\$400		30%	\$3000	\$400
June			\$1500	\$400		20%	\$2000	\$400
July			\$1500	\$400				
Aug			\$1500	\$400				
Sept			\$1500	\$400				
Oct			\$1500	\$400				
Nov			\$1500	\$400				
Dec			\$1500	\$400				
Total			\$18,000	\$4800		Total	\$18,000	\$2400

Below is a similar comparison of someone who is age 50, taking advantage of the catch-up provision which allows an employee to contribute an additional \$6000. Because participant reached the limit after only 5 months, she missed out on \$5600 match.

Month	Monthly Salary	% of salary	Amount Contributed	4% Match	Monthly Salary	% of Salary	Amount Contributed	4% Match
Jan	\$20,000	10%	\$2000	\$800	\$20,000	30%	\$6000	\$800
Feb			\$2000	\$800		30%	\$6000	\$800
Mar			\$2000	\$800		20%	\$4000	\$800
Apr			\$2000	\$800		20%	\$4000	\$800
May			\$2000	\$800		20%	\$4000	\$800
June			\$2000	\$800				
July			\$2000	\$800				
Aug			\$2000	\$800				
Sept			\$2000	\$800				
Oct			\$2000	\$800				
Nov			\$2000	\$800				
Dec			\$2000	\$800				
Total			\$24,000	\$9600		Total	\$24,000	\$4000