

CONTRIBUTION PLAN DESCRIPTIONS

There are two contribution plans available to certain members of PERS; the employee/employer contribution plan and the employer-pay contribution plan (EPC).

The employee/employer contribution plan provides that members will have a retirement contribution deducted from their gross salary, as shown below, and that contributions will be maintained on account at PERS. In the event that the member terminates employment covered by PERS, those contributions will be available for refund to the member.

The advantage of the employee/employer contribution plan is that, even though the take-home pay (after income tax withholding) is slightly less, in the event of termination, the employee contributions would be refundable without interest.

The employer-pay contribution plan has the gross salary adjusted downward, as shown below, but does not have a retirement contribution deducted. The employer pays the full retirement contribution based on the adjusted gross salary. In the event of termination, the employee **would not** be eligible for a refund.

For members who intend to remain with PERS until they are eligible for benefits, the cost of their retirement will be less and the amount of the take-home pay will be slightly greater (see example below). The disadvantage is that the contributions paid on the employee's behalf are not refundable in the event of termination and the gross salary is less. This may adversely affect credit applications.

If a member chooses the employee/employer contribution plan, he/she can elect, at a future date, to contribute under the employer-pay contribution plan. Choice of the employer-pay contribution plan is a one-time election, which cannot be reversed.

The amount of any future retirement benefits will be identical under either contribution plan.

Example Contribution Plan Comparison

(Regular Member)

| | Employee/ Employer <u>Pay</u> | Employer <u>Pay</u> |
|-------------------------------------|----------------------------------|------------------------|
| 1. Gross Salary | \$2,500.00 | \$2,500.00 |
| 2. Reduction for employer pay | n/a | \$ 358.67 |
| 3. Adjusted gross salary | \$2,500.00 | \$2,141.33 |
| 4. Employee retirement contribution | \$ 481.25 | n/a |
| 5. 15% Income Tax Withholding | <u>\$ 375.00</u> | <u>\$ 321.19</u> |
| 6. Take-home pay | \$1,643.75 | \$1,820.14 |

Estimated difference in monthly take-home pay: \$ 176.39

If you have any questions or desire any further explanation, please contact PERS toll free 1-866-473-7768 or direct in Carson City (775) 687-4200 or in Las Vegas (702) 486-3900.