

Your OPERS benefit is a valuable part of your future retirement income. One way to get more from your OPERS benefit is through Step-Up. Whether you are early in your career or have many years of service, you can step up your contribution and receive a greater lifetime benefit when you retire. For information on the benefit formula and retirement eligibility review the *Essential*OPERS at [www.opers.ok.gov/publications](http://www.opers.ok.gov/publications).

## What Is Step-Up and How Does It Work?

When you retire, OPERS calculates your benefit using a formula:



*(The formula is different for elected officials and hazardous duty members.)*

With Step-Up, you pay more in contributions each paycheck. In return, your benefit calculation will use a higher computation factor of 2.5%.



The higher 2.5% Step-Up rate only applies to full years (12 months) of participating service earned after starting Step-Up.

- For example, four years and 10 months in Step-Up will result in a calculation of four years at the Step-Up rate.
- All other service, including partial years of participation in Step-Up, is calculated at the standard 2% rate.<sup>1</sup>

## How Much Will Step-Up Cost Me?

- An additional 2.91% of your compensation.
- To calculate your full contribution with Step-Up, add 2.91% to your current contribution rate.
- Contact your retirement coordinator or payroll clerk for your current contribution rate.
- Regular employee contribution rates and/or the Step-Up rate could change in the future.

## What Are the Requirements and Eligibility?

Most active OPERS members may enroll in Step-Up.<sup>2</sup>

- Except: Hazardous duty members and elected officials first elected or appointed prior to November 1, 2011.
- Once enrolled, you are always in the program.
- You cannot stop or pause the additional Step-Up contribution.
- You will continue to pay into Step-Up even if you change positions or return to work in the OPERS system after a break in service, retiring or taking a withdrawal.

## How Do I Enroll in Step-Up?

- Complete and sign a Step-Up Election Form.
- Return the form to your retirement coordinator.
- You can enroll as a new employee or at any time while you are an active participating member.
- Step-Up starts the first payroll period after your employer accepts the form.

## Is Step-Up Right for Me?

Like all financial decisions, choosing to Step-Up may impact your current and retirement lifestyles. You should consider these factors before enrolling:

- Once begun, you cannot stop Step-Up contributions.
- How long do you plan to remain an active member?
- Can you afford a decrease in take-home pay due to higher employee contributions?
- What is your current financial standing and tax status?
- How long do you and/or your survivor plan to receive a pension from OPERS based on age and life expectancy?
- You cannot withdraw contributions until you end employment.
- Other choices for tax-sheltered saving such as SoonerSave or an IRA.

## Examples of Step-Up Benefit Comparison

This member has eight years of service. They expect to work 12 more and retire at 20 years of service with a final average compensation of \$45,000.

### Example 1: Standard Benefit Calculation

The member does not elect Step-Up. The benefit will be figured using the standard factor of 2%.

Final Average Compensation	Years of Service	Computation Factor	Annual Benefit
\$45,000	20	2%	\$18,000
<b>Monthly Benefit: \$1,500</b>			

### Example 2: Participation in Step-Up

The member elects Step-Up. This requires two calculations. One for the eight years of service with no Step-Up (2% calculation) and one for 12 years of service with Step-Up (2.5% calculation).

Final Average Compensation	Years of Service	Computation Factor	Annual Benefit
\$45,000	8 Non-Step-Up	2%	\$7,200
\$45,000	12 Step-Up	2.5%	\$13,500
<b>Combined Annual Benefit: \$20,700</b>			
<b>Total Monthly Benefit: \$1,725</b>			

By taking part in Step-Up, the member's benefit will increase an estimated \$225 a month for the rest of their lifetime.

## Additional Step-Up Contribution Projection

To fund this extra benefit, the member will pay more in contributions. The chart below projects the estimate extra amount to be withheld from pay. Keep in mind, the contribution rate could be raised or lowered by law in the future.

Assumed Salary	Computation Factor	Additional Annual Contribution
\$42,900	2.91%	\$1,248.39
\$42,900	2.91%	\$1,248.39
\$43,400	2.91%	\$1,262.94
\$43,400	2.91%	\$1,262.94
\$43,900	2.91%	\$1,277.49
\$43,900	2.91%	\$1,277.49
\$44,400	2.91%	\$1,292.04
\$44,400	2.91%	\$1,292.04
\$44,900	2.91%	\$1,306.59
\$44,900	2.91%	\$1,306.59
\$45,400	2.91%	\$1,321.14
\$45,400	2.91%	\$1,321.14
<b>Additional Contributions: \$15,417.18</b>		

*These example estimates show how Step-Up impacts benefits and take-home pay. Each person's situation is unique. You should make your own calculations based on your age, salary, and years of service. OPERS cannot make these calculations for you and cannot provide advice about your decision whether to enroll in Step-Up or the timing of that election.*

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- 1 Service calculated at the 2% rate includes partial years of service, partial years participation in Step-Up, service prior to enrollment, purchased credit, prior service, transported service, military service, bonus years and unused sick leave.
- 2 Members electing Step-Up may not participate in the Excess Benefit Plan to the extent any excess benefit is attributable to the Step-Up election. The Excess Benefit Plan applies only to a very small number of members and permits members whose benefit exceeds federal tax laws to receive the excess over such limits. (26 U.S.C.A. §415)