

Question: Do Paid Leave Oregon contributions reduce my income for Public Employees Retirement System (PERS) purposes?

Answer: No. Employers report your PERS “subject salary” as your gross salary, and PERS contributions will be made using this gross salary amount.

Remember: Your subject salary is used to determine member Individual Account Program (IAP) contributions, employer contributions to fund the pension program, and the final average salary (FAS) used in calculating retirement benefits under formula methods.

Question: If I take paid leave under Paid Leave Oregon, will my PERS contributions be impacted?

Answer: It depends. PERS determines contributions based on your subject salary. Whether benefits from Paid Leave Oregon qualify as subject salary (i.e., meet the “salary” definition under Oregon law, Chapters 238 and 238A) depends on who is paying the benefit.

- ❖ **State-run plan** — If your paid-leave benefit comes from Paid Leave Oregon, the Oregon Employment Department is the entity paying your benefit. In this case, your paid leave will not be reported by your employer as subject salary, and therefore no PERS contributions will be made on your paid-leave amount.
- ❖ **Employer-run equivalent** — If your employer pays your benefit as part of an equivalent plan to meet Paid Leave Oregon requirements, it becomes a part of your compensation package and counts as subject salary. In this case, PERS contributions will be paid based on your paid-leave amount.
- ❖ **Third-party-run equivalent** — If your paid-leave payments come from a third party (such as insurance company) hired by your employer, this amount will not be reported as subject salary, and therefore no PERS contributions will be made on your paid leave amount.

Additionally, if you are pairing Paid Leave benefits with accrued paid sick leave or vacation time, contributions will be made based on the sick leave or vacation amount. This is the same thing that happens when you use your regular sick leave or vacation time.

Question: When out on leave that is covered by Paid Leave Oregon, will I receive service-time credit for PERS purposes?

Answer: Service and retirement credit will follow the same standards as contributions set out above, as reflected in the chart below.

Paid Leave Oregon	Definition	Contributions on Benefit Payments?	Creditable Service or Retirement Credit?
State-run plan	The Paid Leave Oregon plan. Payments are made by the Oregon Employment Department.	No	No
Employer-run equivalent	Your employer's own plan, approved by the Oregon Employment Department, that provides benefits that are equal to or greater than the benefits Paid Leave Oregon provides. Payments are made directly from your organization.	Yes	Yes
Third-party-run equivalent	Your employer's own plan, approved by the Oregon Employment Department, that is contracted through a third party. Payments are made by the third party (e.g., an insurance company).	No	No