




# Introduction: defined contribution plan

Retirement Benefits Training  
Fiscal year 2024

1

---

---

---

---

---

---

---

---

## Who can participate?

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

2

---

---

---

---

---

---

---

---

## Defined contribution plan features

- Participant self-directs investments, and benefit is balance in their account.
- Contributions remitted directly by employer to participant'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 participant's account with chosen service provider.
    - Remaining employer contribution remitted to SCRS.

3

---

---

---

---

---

---

---

---

### Defined contribution plan features

- Immediate rights to account balance at:
  - Termination from all covered employment; or
  - Age 59½.
- Account is portable.
- May rollover savings into account from other qualified retirement plans.
- Can choose how funds are distributed when eligible.
- Incidental death benefit for active employees.
- View the [State ORP at a Glance](#) flyer.



4

---

---

---

---

---

---

---

---

### 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.



5

---

---

---

---

---

---

---

---

### Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

6

---

---

---

---

---

---

---

---