

PERSPECTIVES

For Tier One/Tier Two members (hired before August 29, 2003)

December 2019 edition

OREGON
PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Stay informed on Senate Bill (SB) 1049

PERS is hard at work implementing Senate Bill 1049, which was approved by the Oregon Legislature and Governor during the 2019 legislative session. The Oregon Legislature is the “plan sponsor” for PERS, the system, and has the sole authority to determine the benefit structure for public employees. PERS, the agency, cannot comment on pending litigation, and will continue to implement SB 1049 unless directed otherwise.

Thank you for your patience and understanding as PERS continues to address SB 1049 policy and implementation questions. Our [SB 1049 webpage](#) contains the latest information. **We do not currently have more information outside of what is on that webpage to share**, but we are continuing to create educational and informational resources to help explain SB 1049 and how it may (or may not) impact you.

It is important to remember that **most members will not experience any changes until July 1, 2020**. In addition, if you do not make more than \$195,000* a year, the changes in SB 1049 **do not impact your pension**. Starting next summer, less money will go into your Individual Account Program (IAP), the second part of your retirement benefit, but your pension (your lifetime monthly benefit) is **not impacted by SB 1049** (read more about the two parts to your PERS retirement on [page 4](#)).

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Here are the key aspects of the bill for members, in order of implementation date:

January 1, 2020 – Salary Limitations

SB 1049 limits annual PERS subject salary to \$195,000 (indexed annually to the Consumer Price Index), beginning with calendar year 2020.

This salary limit applies to all PERS **subject salary** paid by your employer — regular pay, vacation payouts, overtime pay, etc. The limit does not apply

to the unused sick leave program under ORS 238.350, if your employer participates.

*The salary limit **impacts a very small number of PERS members**. The change may impact the pension benefit calculations for high earners in the future, as well as limit their future IAP contributions. If you believe you will be impacted by the new salary limit, we encourage you to [read through our complete webpage explaining the details](#). The page also includes illustrative examples to help members understand how they may or may not be impacted by these changes. Do note that the general examples may not reflect your unique situation.

Please note: Online and written pension benefit estimates for future effective retirement dates (January 1, 2020, and forward) **do not currently reflect the changes made by SB 1049**.

January 1, 2020 – Work After Retirement

In 2020-2024, if you are re-hired by a PERS-covered employer, you can continue receiving your pension benefit (without accruing any new benefits) with no hour limitations if you retire on or after normal retirement age.

SB 1049, continued on page 2

You told us wait times were too long, so we added a new callback feature

You can now request or schedule a callback when call volume is high

PERS prides itself on having well-informed, helpful counselors to assist our members. But we recognize — and heard once again in our 2019 Member Satisfaction Survey — that the wait time to reach our Member Information Center was too long.

We are happy to announce that, as of late June 2019, we added a new callback software solution, called Fonolo, which will provide you an opportunity to request or schedule a callback at your convenience.

When you call Member Services for assistance, and the call volume is high, you will be

“My experience with PERS has always been positive. The people I speak with are helpful, answering questions and guiding in the right direction toward retirement. The biggest complaint I have is the wait time to reach one of these folks.”

provided an opportunity to request or schedule a callback. After joining the queue, once you wait for four minutes (which PERS can adjust as needed), the system will allow you to request a callback — including at a time or date convenient for you —

and then hang up. When a line becomes available, you can receive an automated callback and be directly connected to a Member Services counselor.

The Member Information Center will still encounter high volumes and, on some days, lengthy wait times. But with the implementation of this tool, we hope you will gain back some of the time you would have spent on hold, while we will continue to give our full attention and service to every member.

Thank you for providing the necessary feedback that allows us to continually improve the services we provide. You can find the entire analysis of the 2019 Member Satisfaction Survey results in the [October 4, 2019 Board packet](#).

Senate Bill (SB) 1049: continued from page 1

It is important to note that **PERS is not involved in the hiring decisions between retirees and employers.** Whether you are hired by a PERS-participating employer as a PERS retiree or not, and **any other limitations your employer may have, is between you and your employer.** Read more on the [PERS website](#).

July 1, 2020 – IAP Redirect

For all currently employed Tier One/Tier Two members earning \$2,500/month or more, a portion (2.5% of salary) of your 6% [IAP contributions](#) will be redirected to a new “Employee Pension Stability Account.”

This account will be used to help pay for part of your lifetime, monthly pension benefit when you retire. As an example, if you make \$50,000/year, you will contribute \$1,250/year (2.5% of \$50,000) to help pay for your pension. 3.5% of your salary will continue going into your IAP. Tier One/Tier

Two members have not made contributions to help pay for the pension since before 2004. Since 2004, you have only contributed to your IAP.

PERS will share more information and educational materials throughout 2020. Remember that the redirect only impacts **how your pension is paid for** — a combination of investment earnings over time, employer contributions, and member contributions (from pre-2004 and via the redirect starting July 2020) — **but this does not impact the calculation of your future pension benefit.**

Fall 2020

(in advance of January 1, 2021 IAP Member Choice)

PERS will inform members of an “optional investment choice window,” in which you can choose a different [Target-Date Fund](#) for your IAP investments, starting in 2021, rather than the default fund based on your birth year.

“All of the educational workshops were very informative and nicely done. The presenters were awesome ... I much appreciated the sessions I was able to attend.”

— 50-59 year-old Tier One member

PERS Expo 2019: Finding your path

On Wednesday, October 9, **PERS Expo 2019: Your Path to Financial Wellness**, yet again took over the entire Salem Convention Center. The event was developed with a key goal in mind: helping members understand that, no matter where they are in life, it is important to save for their financial future.

Nearly 3,000 public employees took the opportunity to attend educational workshops and connect with PERS, the Oregon Savings Growth Plan (OSGP), PERS Health Insurance Program (PHIP), Social Security, and Medicare counselors, and other financial experts.

After attending the Expo, 79% of survey respondents said they were “confident” or “very confident” about planning for retirement.

The success of this annual event has not gone unnoticed. This summer marked the **third-straight year** that the Expo earned PERS and OSGP a **Leadership Award** from the National Association of Government Defined Contribution Administrators (NAGDCA).

This prestigious award is given in recognition for “the brightest ideas and most innovative solutions” in helping public employees save more for retirement. PERS was also honored by the Retirement Advisor Council for the success of Expo 2018 with a 2019 Excellence Award – Financial



PERS puts on this annual event for the benefit of members at all stages of retirement planning.

Wellness Program. Word of these awards also prompted a [podcast interview](#) and a feature article in [My Oregon News](#).

In addition to the yearly Expo, PERS, OSGP, and PHIP hold education sessions year-round, throughout the state. If you need more comprehensive information, have additional questions, or need a refresher in the future, we provide these sessions to meet your needs:

- [PERS Education Sessions](#)
- [OSGP Workshops](#)
- [PHIP New Enrollment Presentations](#)

And don't forget next year's Expo, which is set for **Wednesday, October 7, 2020**, at the Salem Convention Center.



Attendees had the opportunity to speak directly with PERS retirement counselors and other financial experts.



Members had the chance to win prizes after testing their retirement planning knowledge.



Tier One and Tier Two members can reach their Online Member Services (OMS) account from the PERS homepage by clicking the green OMS Login button.



Online access to IAP information is hosted on a separate website at IAP.Voya.com. From the PERS homepage, navigate through the top bars to IAP Login, and click the green IAP Login button.

What are the two parts of my PERS retirement?

You probably already know that, if you have been [working in a qualifying position](#) since January 1, 2004, you are either a **Tier One member** (originally hired before January 1996) or **Tier Two member** (originally hired before August 29, 2003). But do you know that, either way, you actually have **two parts** to your future PERS retirement?

All vested Tier One/Tier Two members get a **monthly pension benefit** and an **account-based benefit**, the Individual Account Program (IAP). There are some differences between them, and understanding each part will help you be better prepared for your financial future, especially if you want to save more on your own, such as with the [Oregon Savings Growth Plan](#) (for those who are eligible).

YOUR TIER ONE/TIER TWO PENSION:

A monthly, lifetime benefit received after retirement

Your pension benefit can be paid for your lifetime (and for a beneficiary's life, if you choose). PERS uses [three methods to calculate](#) a Tier One monthly benefit and two methods to calculate a Tier Two monthly benefit. **You will receive the highest monthly benefit that results from these calculations.**

Most Tier One/Tier Two members now retire under the "Full Formula Method."

YOUR INDIVIDUAL ACCOUNT PROGRAM:

A separate account, independent of your pension

The IAP is the second part of your retirement benefit. Through June 30, 2020, 6% of your salary goes into your IAP.* These are your contributions, which are either deducted from your salary or "picked up" by your employer.

You can create pension benefit estimates through your [Online Member Services](#) (OMS) account. This could help you determine if you are on track to meet your retirement goals. Note that OMS may not accurately calculate benefits impacted by a divorce.

When you are within two years of your earliest retirement [eligibility date](#), you should request at least one [written estimate](#) as well.

Your written estimate will also provide information on service time [purchases](#) available to you at retirement, which could increase your benefit or provide extra service time to allow you to retire sooner.

The IAP earns or loses money annually, like other investments, based on the Oregon State Treasury's [IAP Target-Date Funds](#) model. It is important to remember that PERS **credits earnings annually**, in order to give time for your employer to accurately report your contributions to PERS. The PERS Board will credit earnings to member IAP accounts for the **previous year** in late March or early April, and you will see this information on your Member Annual Statement, usually mailed in May of each year. Your 2019 statement will list your IAP balance as of **December 31, 2019**, though you will receive it in May 2020 ([read more about Member Annual Statements on page 5](#)).

The benefit you will receive from your IAP at retirement will be based on your account balance and the distribution option you select. You can review your IAP balance and other information at IAP.Voya.com. [Get help logging into IAP.Voya.com.](#)

* Under SB 1049, 3.5% of your salary will go into your IAP starting July 1, 2020, and 2.5% will go to a separate, new account to help pay for your pension.

Take notice: Your 2019 Annual Statement

Look for your statement to arrive in the mail in May 2020

Your calendar year 2019 Member Annual Statement will arrive in May 2020. The PERS Board will adopt December 31, 2019 annual earnings crediting at the **March 30, 2020 board meeting**, which will allow PERS to finalize 2019 statements.

The board will approve final 2019 earnings (or losses) for Tier One/Tier Two regular accounts, variable accounts, and for your Individual Account Program (IAP). Remember, PERS works with your employer to ensure member contributions are accurate and complete **before** allocating earnings on an **annual**, year-end balance basis so that members are not adversely affected by posting delays or corrections. Be sure to [sign up for GovDelivery](#) member news notifications to be alerted when statements are mailed.

Why is my PERS Member Annual Statement important?

As part of your ongoing retirement planning (it does not matter where you are in your career, since it is never too early to start planning), reviewing your statement gives you the opportunity to make sure your personal information and employment data are correct. This important document also provides you with a snapshot of your future retirement benefits for both your Tier One/Tier Two pension and your IAP. [Review FAQs and interactive example statements from 2018](#) to see what you can expect.

How do I make sure I receive my statement this spring?

Make sure that your **mailing**

Account Home

[Tell Me More about the Account Home page](#)

You have successfully logged into PERS Online Member Services website. Please check below for important messages from PERS.

Personal Information

Name

Email address

Account Selection

If you would like to access your IAP account information, please click on the following link: [IAP Account Access](#)

If you would like to access your account information, please select an account below.

Account Plan	Account Type
Public Employees Retirement System	Member

Messages From PERS

You can confirm your address on file through Online Member Services (OMS), which is found on the PERS homepage. After you log into OMS, click the "Member" link (see above) under Account Type, which will bring up your personal details.

address with PERS is current and correct **before Friday, February 28**. We currently do not have technology to digitally send Member Annual Statements.

If you are currently employed in a PERS-covered position, your annual statement will be **mailed to the address your employer has provided to PERS**. You can confirm your address on file with PERS in [Online Member Services \(OMS\)](#).

After you check in OMS, if you see that your address is not correct, you have to talk to your employer and request that they update it through the PERS reporting system (unless you are a state employee).

Your payroll or human resources department is usually where

you go to get this fixed. If you are a state employee, you can update your address directly in Workday. All address updates must be submitted **before Friday, February 28**.

PERS Member Services cannot update mailing addresses for members, so make sure that you follow up with your employer about this matter as soon as you find out, if your address is incorrect.

If you are not currently employed by a PERS-covered employer, you can directly update your address using OMS.

What's next?

Staying informed is the next step! Make sure you are [signed up for GovDelivery](#) and that you choose the topics that are important to you.

NEW FROM PERS AND OSGP

Introducing a four-part educational video series

PERS and the Oregon Savings Growth Plan (OSGP) are pleased to present a brand new, [four-part educational video series](#).

The series was designed to help Oregon state and local government employees learn more about saving for retirement, covering a range of investment and plan-related topics.

The four-part series can be watched in any order, and is meant for everyone, at any stage in their retirement planning. Saving for retirement early is vital, but it is also never too late. The important thing is to **do something now**—watch and learn what you can do.

[Watch Now](#)



Part 1: Getting Started with OSGP

Find out what it means to enroll in a deferred compensation plan like OSGP, and why it is important you get started sooner than later.



Part 2: Why Save with OSGP

Learn why investing with OSGP can help you meet your retirement goals.



Part 3: Invest with OSGP

Investing does not have to be hard. Do not let choosing your investments be a barrier to saving for retirement.



Part 4: It's Not Too Late to Save ...

No matter what stage you are at with your retirement savings, it is never too late to get started.

The Oregon Savings Growth Plan (OSGP) is a 457(b) deferred compensation plan that provides public employees with a convenient way to save for retirement. This includes higher education, miscellaneous state agencies, and OLCC agents. If you work for a local government, special district, community college, or school district and are interested in enrolling in OSGP, check the [list of participating local employers](#) to see if your employer participates.

DEATH BENEFITS BEFORE RETIREMENT

Make sure you have submitted beneficiary forms to PERS!

In the event of a member's death, PERS should be **notified as soon as possible**. PERS will request the date of death, city and state where the death occurred, a photocopy of the death certificate, and spouse or personal representative contact information.

If you die before retirement, PERS will pay the amount in your Tier One/Tier Two member account to your designated beneficiary. In certain circumstances, the amount paid to your beneficiary will include an amount from your employer equal to the amount in your Tier One/Tier Two member account.

Due to the passage of [House Bill 2417 during the 2019 legislative session](#), starting January 1, 2020, if you name your spouse as beneficiary, they will also have the option of receiving a monthly benefit based on your salary and service credit.

If you have not designated a beneficiary prior to your death, PERS will pay to the personal representative appointed to handle your estate the amount of money in your member account at the time of your death.

Death benefits, continued on page 8

IAP TARGET-DATE FUNDS

Updates for calendar year 2020

Beginning in 2018, IAP accounts shifted from a one-size-fits-all investment format to customized [IAP Target-Date Funds](#) designed by the Oregon Investment Council (OIC) for Oregon public employees.

Every five years or so, to limit the number of target-date funds available in the plan, the OIC and PERS will make two changes to the target-date fund lineup. Beginning in January 2020, there will be the following:

- Addition of the new 2065 Target-Date Fund
- Consolidation of the 2020 Target-Date Fund *into* the Retirement Allocation Fund

Keep in mind that most members **will not see these changes until spring 2021**, since PERS only credits active member IAP accounts on an annual basis. The annual statement you will receive in

May 2020 will be for calendar year 2019, before these changes took effect.

You may visit www.oregon.gov/IAP for specific information about IAP investments and fact sheets for each of the target-date funds.

Starting in January 2020, members who were born in 1998 or later will be placed in the 2065 Target-Date Fund.

For members who are currently in the 2020 Target-Date Fund, that fund will reach its final target asset allocation of 40% growth strategies (including stocks, private equity, real estate, and other alternatives) and 60% defensively oriented strategies (such as core bonds, Treasury Inflation-Protected Securities, and short-duration bonds) in January 2020. From that point forward, the fund will have an identical target asset allocation design as the Retirement Allocation Fund.

As a result, PERS and the Oregon State Treasury (OST) will automatically transfer your account balance from the 2020 Target-Date Fund to the Retirement Allocation Fund, effective the beginning of 2020.

Lastly, a new change for when you retire: if you choose to receive installment payments for your IAP, starting in January 2020, those funds will receive investment returns based on the Oregon Short Term Fund, rather than the IAP Target-Date Funds' "Retirement Allocation Fund." The Retirement Allocation Fund will only be used for non-retired members going forward. PERS and the OST will refer to the fund for retirees receiving installment payments as the "IAP Retirement Installments Fund."

You can learn more about the Oregon Short Term Fund and OST's IAP investment strategy at www.oregon.gov/treasury/invested-for-oregon/.

Birth Year	IAP Target-Date Fund	Expected* Retirement Date Range
In 1957 or earlier	Retirement Allocation Fund	2022 or earlier
Between 1958 and 1962	2025	2023-2027
Between 1963 and 1967	2030	2028-2032
Between 1968 and 1972	2035	2033-2037
Between 1973 and 1977	2040	2038-2042
Between 1978 and 1982	2045	2043-2047
Between 1983 and 1987	2050	2048-2052
Between 1988 and 1992	2055	2053-2057
Between 1993 and 1997	2060	2058-2063
In 1998 or later	2065	2063 or later

*New IAP Target-Date Funds birth year chart, starting January 2020. *The "target date" and "expected retirement date range" in no way dictate when you have to or will be eligible to retire. This information will also be helpful for IAP Member Choice in fall 2020, if you want to be invested in a different IAP Target-Date Fund.*

PERS Contact Information

Address correspondence to:

PERS
PO Box 23700
Tigard, OR 97281-3700

PERS headquarters is located at:

11410 SW 68th Parkway
Tigard, Oregon, 97223

Phone: 888-320-7377. Hours are 8:30 a.m. to 5 p.m., Monday through Friday, except holidays.

TTY: 503-603-7766

Website and Online Member Services:

<https://oregon.gov/PERS>

Email: PERS.Member.Services@state.or.us

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Retirement process reminders

Are you planning to retire in the near future? Don't leave planning to the last minute!

Make sure you review PERS' [Steps to Retire](#) page and follow all of the instructions. PERS is here as your retirement education resource if you have any questions or need support.

We offer:

- [Education sessions](#) across the state, including special "Retirement Readiness" presentations with an additional overview on how to complete PERS retirement forms.
- [Retirement Application Assistance Sessions \(RAAS\)](#) — A 45-minute, one-on-one appointment with a PERS staff member to review your Retirement Application.
- PERS Member Services team members are available Monday through Friday from 8:30 a.m. to 5 p.m. to answer your retirement questions via [phone](#) or [email](#).

[2020 Education Sessions: Sign up now!](#)

Sign up to learn about your PERS benefits at any stage of your career.

Please remember, as you are planning for your future retirement, it can take **up to 92 days from your retirement date** (not the date you submit your application) **for your first Tier One/ Tier Two pension benefit to be paid.** Once we receive your application, PERS must review all of your account information, including reconciling data as needed from your employer(s).

Filling out your application correctly, reviewing your data in [Online Member Services](#) or on your [Member Annual Statement](#) (and alerting your **employer** if anything is incorrect), and getting [estimates from PERS](#) are some ways to make sure your application is processed quickly and everything goes smoothly.

IAP retirement benefits can typically take from 90 to 120 days to process and complete payment. Once PERS has completed your IAP retirement processing, we must submit your account information to Voya, our third-party administrator, to issue payments or rollovers.

Death benefits: continued from page 6

Locating next of kin and even named beneficiaries can be challenging and substantially delay payment of your benefits, so PERS encourages members to complete and submit **both (since you have two accounts) a [Tier One/ Tier Two Pre-Retirement Designation of Beneficiary](#) and an [Individual Account](#)**

[Program \(IAP\) Beneficiary](#) form, providing enough information about your beneficiary(s) to expedite the death benefit process.

You should always consider updating your designations following major life changes such as marriage, divorce, or death of beneficiaries.