

# PERSPECTIVES

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



December 2017

## Thanks for your feedback; help us continue to improve

Thank you to the over 1,100 actively employed members who took our annual member satisfaction survey in August. Combined with over 3,000 responses from retired members, this is the most responses ever received since the survey began in 2006. However, we recognize we can improve communicating with and getting feedback from you—our actively employed members.

Part of that is due to our existing communications strategy, which we asked for feedback on and are working to revise, in part, with data from this year's survey. We need to provide more relevant communications, especially to our members who are earlier in their careers and may not focus like they need to on their retirement plans. We also need to better help members understand their PERS benefits.

The full survey results are available in the September 29, 2017 PERS Board packet under item [C.4](#).

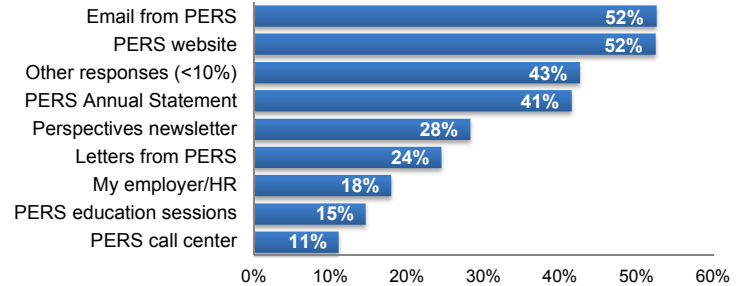
While the PERS website was mentioned as a top communications channel for active members (see chart on the upper right), many members also gave the website low overall ratings. PERS updated its website in April 2017 using new templates available for state government agencies, but we clearly need to refresh the website further and get better information from our members on what changes would be helpful. Be on the lookout for other opportunities to provide feedback. We will also revise our 2018 member satisfaction survey to clarify feedback about Online Member Services, which we have long-term plans to modernize.

In August PERS launched its new communications tool, [GovDelivery](#). Over 22,000 people have signed up to receive email or text updates on topics that interest them. Have you and your colleagues [signed up](#)?

### Have other feedback or ideas?

Member Engagement & Communications Director Dean Carson can be reached at [editor@pers.state.or.us](mailto:editor@pers.state.or.us). We are continuing to analyze feedback from the survey, and we are always open to ideas on how we can improve and help our members.

### What is your preferred method to get information from PERS?



For example, this is the first edition of *Perspectives* directly emailed to those who selected the

Other responses	# of responses
Educational webinars	84
Tutorial videos (online)	81
My union	80
Online chat	52
PERS HQ (in-person)	28
Social media	28
Online forum/discussion board	28
News media	23

topic in GovDelivery. For most members, we rely on our 900+ PERS-covered employers to forward electronic copies of *Perspectives* to their staff. Many of you mentioned the first GovDelivery email we sent was the first time you heard from PERS. We hope you will find these emails useful and timely.

We also heard many members' frustration with call wait times and the timeliness for estimates and other information. Over the past year, call volume has increased dramatically because of potential legislative changes to PERS as well as some other issues. The Member Information Center is actively working to mitigate the increase in wait time, and we are evaluating other tools and methods to enhance self-service opportunities. For example, those of you wanting more information about estimates should review page 2.

We welcome further suggestions via email at [editor@pers.state.or.us](mailto:editor@pers.state.or.us). Thank you for your feedback.

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# PERS education: Two parts to your retirement plan

All Tier One and Tier Two members who have worked in a qualifying position after January 1, 2004, have **both** a Tier One/Tier Two **monthly pension benefit** and an **account-based benefit**, the Individual Account Program (IAP). Understanding each part, particularly how the pension is calculated, will help you be better prepared for retirement in the future, especially if you realize you may want to save more on your own, such as through the [Oregon Savings Growth Plan](#) (for those who are eligible).

## Tier One/Tier Two pension

PERS uses three methods to calculate a Tier One monthly benefit amount, and only two of those methods to calculate a Tier Two monthly benefit amount. You will receive the highest monthly benefit that results from these calculations. For Tier One and Tier Two members, the [calculation methods](#) are:

- **Full Formula Method** [ $1.67 \text{ percent (2 percent for police and fire)} \times \text{years of service credit} \times \text{final average salary}$ ]
- **Formula Plus Annuity Method** (Tier One only, and only if you made contributions before August 21, 1981)
- **Money Match** (Your employer matches your member account balance by an equal amount. From that total, a monthly payment amount is then calculated based on life expectancy for people of your age.)

Most Tier One/Tier Two members retire under the Full Formula Method. If you are a Tier Two member, you are unlikely to have Money Match result in your highest calculated benefit because your account balance is generally low (due to having fewer years of contributions into the member account before 2004 when contributions were diverted to the IAP). If you participate in the Variable Annuity Program, any increase or decrease in your variable member account will result in an increased or decreased retirement benefit when calculating the benefit methods at retirement.

You can create a retirement benefit estimate online



*You can reach OMS from the PERS homepage by clicking the green OMS Login button.*

through your [Online Member Services](#) (OMS) account. You can produce multiple benefit estimates with different retirement dates. This could help you determine if you are on track to meet your retirement goals. When you are within two years of your earliest retirement [eligibility date](#), you can also request a [written estimate](#). **Please note that PERS processes estimate requests in retirement date order, with the earliest retirement dates first.** Estimate processing time may vary from member to member, as each account is different, so we are unable to advise exactly when your request will be processed. Your written estimate will 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.

## Individual Account Program (IAP)

The IAP is the second part of your retirement benefit. Six percent of your salary goes into your IAP. These are your contributions (whether deducted from your salary or “picked up” by your employer), so you vest in them immediately.

Your IAP is credited with earnings or losses **annually** based on investment returns. The PERS Board [credits earnings](#) for the previous year, usually in April, and you will receive your member annual statement by mail (see page 5 for an important notice), usually in May of each year. It will list your IAP balance as of December 31 of the prior year. Beginning in 2018, the investment strategy of the IAP is [changing](#) from a one-size-fits-all approach to target-date funds that reduce investment risk and volatility as you age (see the following page for more information). So while member annual statements in 2018 will reflect the same IAP earnings rate for every member, in 2019 members may have different earnings based on their age.

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



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

# Target-date funds: Reducing investment risk as you age

On September 20, 2017, the Oregon Investment Council (OIC) voted to change the investment strategy of the Individual Account Program (IAP) to target-date funds, a change that is intended to reduce investment risk and volatility as members age.

Members will be invested in the new IAP Target-Date Funds on January 2, 2018. The change is automatic, and no action is needed. Because PERS only credits investment earnings (or losses) on an annual basis, most members **will not see any effect from this change** until they receive their annual statements in spring 2019.

The annual statement you will receive in spring 2018 will include your IAP balance and investment returns through December 31, 2017, before the target-date fund investment change went into effect. During the 2018 calendar year, if you retire, withdraw, or die, any related IAP payment will be based on your total IAP balance at the time PERS processes the payment. Beginning in 2018, each IAP target-date fund will have a monthly earnings rate, credited at the time a payment is processed.

In your early working years, funds will be invested to emphasize growth in order to build your retirement

account balance. As you get closer to retirement, the investments in your target-date fund gradually shift, becoming more conservative to reduce investment risk and volatility, hopefully lowering the impact of market fluctuations.

BIRTH YEAR	TARGET-DATE FUND
In 1993 or after	IAP 2060 Target-Date Fund
Between 1988 and 1992	IAP 2055 Target-Date Fund
Between 1983 and 1987	IAP 2050 Target-Date Fund
Between 1978 and 1982	IAP 2045 Target-Date Fund
Between 1973 and 1977	IAP 2040 Target-Date Fund
Between 1968 and 1972	IAP 2035 Target-Date Fund
Between 1963 and 1967	IAP 2030 Target-Date Fund
Between 1958 and 1962	IAP 2025 Target-Date Fund
Between 1953 and 1957	IAP 2020 Target-Date Fund
In 1952 or before	Retirement Allocation Fund

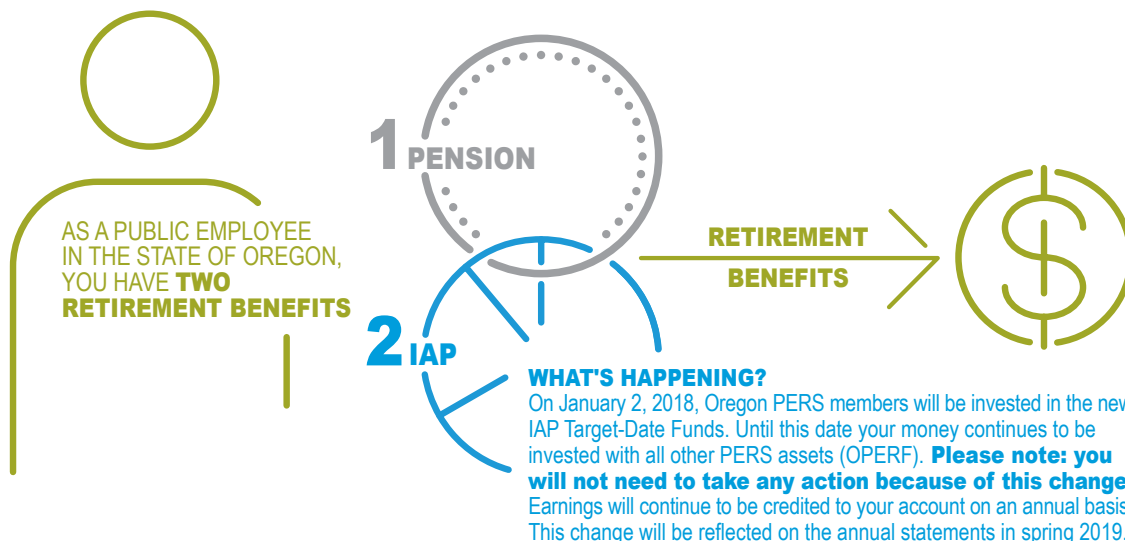
*Each PERS member with an IAP account will be invested in a single IAP Target-Date Fund based on a five-year range of birth years. The "target date" in no way dictates when you have to or will be eligible to retire.*

Since the inception of the IAP in 2004, the money in every IAP account has been invested the same way, for every person, at every age, as part of the Oregon Public Employees Retirement Fund (OPERF). That means people nearing retirement age have had the same investment profile as young-

er workers. The OIC intends for the target-date fund structure to better align risk and volatility with member expectations as they near retirement.

You can review the [launch announcement](#) and a [Q&A document](#) on the PERS website. You can also find further information on the Oregon State Treasury's website at [www.oregon.gov/IAP](http://www.oregon.gov/IAP).

Oregon Revised Statute 238A.050(3) gives the OIC discretion to invest IAP assets differently from PERS pension benefit assets. Comments or questions about the new IAP target-date fund framework can be sent via email to [iap.comments@ost.state.or.us](mailto:iap.comments@ost.state.or.us).



# Thousands take over Salem Convention Center for retirement education

On Thursday, October 12, thousands of public employees filled the Salem Convention Center for Retirement Expo '17, a retirement planning event organized by PERS and the Oregon Savings Growth Plan (OSGP).



The goal of Retirement Expo was to help members “retire with confidence” by giving them an opportunity to get all of their retirement resources under one roof: face-to-face interactions with OSGP and PERS counselors, PERS Health Insurance, and Social Security Administration representatives, as well as education sessions and other activities. There were nearly 5,000 total registrations for over 50 presentations that took place throughout the day. Thank you to all who attended.



*A green screen photobooth activity allowed members to “Picture Yourself in Retirement.” Research has shown that visualizing your future can have a powerful effect on saving for retirement.*

Grande, Klamath Falls, Roseburg, Pendleton, Bend, Eugene, Hermiston, and Albany the opportunity to learn about their retirement plans and opportunities to save more for the future.

If you missed out on National Retirement Security Week this year, remember that PERS offers [education presentations](#) throughout the state for members within three years of retirement and for members more than three years from retirement. OSGP also has a series of [workshops](#) statewide. 2018 sessions will be added in December 2017 and early 2018. And don't forget to [sign up for GovDelivery alerts](#) to be notified of events like this and other retirement planning resources.

The lead of our retirement education team said, “Helping to ease member anxiety with knowledge of their pension, dispelling rumors, letting members know of the many resources available to them, and just having face-to-face contact made for a great work day!”

A follow-up survey showed that only 54 percent of respondents felt that they were well informed or had a good start planning for retirement before they attended the event. After the event, that percentage grew to 95 percent.

One member wrote, “This far exceeded my expectations ... Retirement is stressful. You have to make all these choices that you'll have to live with for the rest of your life. The presentations and information here has made me feel a lot better about my ability to make good choice.”

In addition, PERS and OSGP traveled across the state the following week for smaller events, giving members in Portland, Ontario, Medford, Coos Bay, La



*The hallways of the Salem Convention Center were packed in between education sessions. People were able to sign up for OSGP; speak with PERS, OSGP, and PERS Health Insurance counselors; and access other financial resources.*

## Member annual statements mailed this spring—make sure your address is correct before March 9

Member annual statements for 2017 will be mailed in spring 2018, likely in May. Your member annual statement is a critical document to review as part of career-long retirement planning, as it gives you an opportunity to make sure your personal information and employment data are correct and provides you a snapshot of your future retirement benefits.

If you are currently employed in a PERS-covered position, **your annual statement will be mailed to the address your employer provided to PERS.** You can confirm your address on file with PERS in [Online Member Services](#) (OMS). After you log in, click the “Member” link under Account Type (not “IAP Account Access”), which will bring up your personal details.

If your address is incorrect, you must ask your employer to update it through the PERS reporting system **before Friday, March 9.** Your payroll or human resources department is usually responsible for this.

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

Because your employer is responsible for your PERS-related data, PERS Member Services cannot update mailing addresses for active members, as new data from employers (your salary, service credit details, etc.) are continuously updated.

Pay attention to the PERS website and make sure you’re signed up for GovDelivery emails to learn more. Some key dates to keep in mind:

- **Friday, March 9, 2018:** Last day for employers to update addresses for member annual statements.
- **Monday, April 2, 2018:** PERS Board will adopt final earnings crediting for 2017. This will impact the investment earnings (or losses) for Tier One/ Tier Two regular accounts, variable accounts, and IAP accounts as of December 31, 2017.
- (Likely) **May 2018:** PERS mails annual statements.

### 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	<a href="#">Member</a>

#### Messages From PERS

Actively employed PERS members must update their home address through their employer.

*You can confirm your address and other employment details through Online Member Services. Make sure you click the “Member” link.*

## Are you among the 22,000 signed up for GovDelivery alerts?

PERS has a new communications tool that allows you to receive timely updates on PERS topics that may be of interest to you.

You can choose specific topics to receive email or text message updates, including member news, Oregon Savings Growth Plan updates, and other PERS information. You will only receive information on the topics you choose.

You can learn more and review

sign-up instructions on the [PERS website](#) or directly sign up here:

### [SIGN UP & CHOOSE TOPICS](#)

By using GovDelivery, we can better inform you when new resources are available and share relevant information more quickly than a three-times-a-year newsletter.

FYI: GovDelivery does not connect with or impact anything on the

PERS system or your individual account or membership information. All emails will come from [OregonPERS@public.govdelivery.com](mailto:OregonPERS@public.govdelivery.com).

You can also click this icon on the bottom-left of the PERS website to sign up directly.



## Education Presentations

PERS offers education sessions for Tier One/Tier Two members planning to retire within three years (Retirement Readiness) and those planning to retire in more than three years (Introduction to PERS Retirement). Education sessions are held around the state. 2018 sessions will be added in mid-December.

### Retirement Readiness

This presentation is ideal for Tier One/Tier Two members who are within three years of PERS retirement. Topics include a step-by-step review of a PERS estimate of retirement benefits, retirement options, and retirement timelines; guidelines on completing the retirement application; an explanation of working after retirement rules; detailed information regarding the Individual Account Program (IAP); and a list of available resources.

### Introduction to PERS Retirement

This presentation is ideal for Tier One/Tier Two members more than three years from PERS retirement. Topics include available resources, information about Online Member Services estimates, a review of retirement timelines, an explanation of working after retirement rules, detailed information regarding the Individual Account Program (IAP), and other information you may find useful as you move toward retirement.

Some education sessions add financial planning information that is supplied by our education partner, VALIC. Additional topics covered at these sessions include: Social Security and Medicare, coordinating PERS benefits with other income sources, and planning for changing income and expense needs.

Registration is required. Register through the PERS website in the [Education Sessions](#) section. All presentations are free, including the financial planning sessions. Space is limited, and the schedule is subject to change.

## Retirement Application Assistance Sessions (RAAS)

These are one-hour, one-on-one appointments with a PERS staff member to review PERS retirement application forms and are for members within 90 days of retirement who have:

1. decided on a PERS effective retirement date, and
2. completed the service retirement application and are ready to have it reviewed.

You can request a retirement application or [download the form\(s\)](#). The 2018 schedule will be [online](#) soon.

PERS will:

1. conduct a comprehensive review of your retirement application, forms, and supporting documents for accuracy and completeness;
2. notarize your retirement application at no cost; and
3. explain the retirement application process.

Please note that RAAS are not counseling sessions to help you make a decision to retire. As a courtesy to others, please do not schedule more than one RAAS session. One hour is sufficient time for a comprehensive review of your retirement forms.

*Perspectives* is published by the Oregon Public Employees Retirement System for the benefit of members and employers.

Address correspondence to: **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS' headquarters is located at **11410 SW 68th Parkway, Tigard, Oregon, 97223**.

Phone: **888-320-7377**; TTY: **503-603-7766**. Telephone hours are 8:30 a.m. to 5 p.m., Monday through Friday, except holidays.

PERS' website address is <http://oregon.gov/PERS>.

Email PERS Member Services at [Customer-Service.PERS@state.or.us](mailto:Customer-Service.PERS@state.or.us).

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