

PERSPECTIVES



April 2018

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

2017 annual statements mailed by end of May 2018

Member annual statements reflecting calendar year 2017 data are scheduled to be mailed by the end of May 2018. PERS cannot finalize 2017 statements until after the PERS Board adopts 2017 final earnings crediting, which [occurred](#) at its April 2, 2018 meeting.

If you are currently employed in a PERS-covered position, your annual statement will be mailed to the address your employer provided to PERS. PERS used addresses on file as of mid-March 2018 to prepare this year's annual statements. You can always confirm the address you have on file by logging in to your [Online Member Services \(OMS\)](#) account and letting your employer know if it is incorrect.

All Tier One and Tier Two members who have worked in a qualifying position after January 1, 2004, have **two parts to their PERS retirement**: a Tier One/Tier Two pension and an Individual Account Program (IAP) account-based benefit. The latest information about both should be included on your annual statement.

Depending on when you were hired and what programs you have participated in during your public service career (such as the variable account, or P&F units if you are a police officer or firefighter), your 2017 statement will include different information. Frequently asked questions (FAQs) will be added to the PERS website when statements are mailed.

Tier One/Tier Two Pension

Your 2017 statement will include (if applicable) year-end information on your Tier One or Tier Two account(s) and your years of service. PERS uses [three methods to calculate](#) a Tier One monthly pension benefit amount, and only two of those methods to calculate a Tier Two monthly pension benefit amount. The calculations may factor in your account balance, your age, your total years of service, and your final average salary. You will always receive the highest monthly benefit that results from these calculations. Data that goes into the calculations will be shown on your member annual statement and/or in [OMS](#).

Most Tier One/Tier Two members retire under the Full

Formula Method, which is impacted by your total years of service and your final average monthly salary.

You can create a retirement benefit estimate online through [OMS](#) to gain an understanding of what method might be used to calculate your benefit at retirement. This will help you consider, for example, whether your years of total service or account balance will make the biggest impact.

When you are within two years of your earliest retirement [eligibility date](#), you can also request a [written estimate](#). **Please note that PERS processes many estimate requests in retirement date order, with the earliest retirement dates first.** 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 (*learn more about purchases on page 6*).

Individual Account Program (IAP)

Your 2017 statement also includes year-end information about your IAP, the second part of your retirement benefit. Your statement shows:

- your previous IAP account balance as of December 31, 2016,
- the 2017 contributions into your IAP (6 percent of your salary goes into your IAP),
- your 2017 earnings rate,
- the 2017 earnings credited to your account, and
- your account balance as of December 31, 2017.

For calendar year 2017, all members were credited 14.72 percent earnings on the IAP.

Please note that in 2018, the investment strategy of the IAP [changed](#) from a one-size-fits-all approach to target-date funds that reduce investment risk and volatility as you age. *(continued on page 2)*

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2017 statements (continued)

An insert with this year's statement has more information. Because 2018 investment returns (which will be shown on your spring 2019 statement) will be based on your age, please make sure your date of birth is correct on your 2017 statement.

If you are actively employed with a PERS-covered employer, contact your employer to correct personal information. If you are not working for a PERS-covered employer, submit an [Information Change Request](#) form.

Self-serve through online tools: OMS and IAP.Voya.com

The PERS call center received 197,783 calls in 2017, a 20,000-call increase from 2016. We recognize members' frustration with call wait times and want to make sure you are aware of some self-service options we provide. Also, don't forget that our Member Services team can answer most non-confidential questions [via email](#).

In [Online Member Services \(OMS\)](#) on the PERS website, you can:

- review your employment history, including your salary and service credit details;
- generate online benefit estimates to see how much your pension could be; and
- update your email address and phone number (if you are inactive, you can also update your mailing address; otherwise, if you are actively employed, you must request address changes through your employer).

PERS' [What Can I Do in OMS?](#) webpage has some helpful tips on navigating OMS and guidance on creating an account. [This flyer](#) illustrates the steps to create an OMS account. Keep in mind your member data reflects what your employer has submitted to PERS.



You can reach OMS from the PERS home page by clicking the green OMS Login button.

When setting up your OMS account, you should use an email address you have access to so form receipt confirmation emails and other information are always secure.

Please be aware that OMS does have some limitations

2017 earnings crediting

Investment returns from the PERS Fund were 15.3 percent in 2017. [Final earnings crediting](#) was determined by the PERS Board at its April 2, 2018 meeting.

Tier One member accounts were credited with the assumed earnings rate in effect for 2017, 7.5 percent.

Tier Two accounts received 15.23 percent, and IAP accounts received 14.72 percent.

This information will be reflected on your 2017 annual statement received in May 2018.

for certain account types. You can [call or email](#) Member Services and provide error messages you encounter. We do have long-term plans to modernize OMS.

We appreciate your patience and support as we work to mitigate the increase in call wait times.

[IAP.Voya.com](#)



Online access to IAP information is hosted on a separate website at [IAP.Voya.com](#).

Information about your Individual Account Program (IAP), the account-based benefit that includes your 6 percent contributions, is accessed separately through [IAP.Voya.com](#). After logging in to that website, you can review your total IAP balance and ongoing contributions. Please be aware there is sometimes a delay in information posting to Voya, PERS' third-party IAP administrator. In addition, since PERS only credits earnings to the IAP on an annual basis, year-end earnings will not be reflected until after the PERS Board approves earnings crediting, usually in April.

If you have not already logged in, you will need to [register](#) for online IAP access using either your Social Security number, date of birth, and other personal information, or with your Social Security number and a PIN. If you don't have a PIN, which may have been previously mailed to you, the IAP website allows you to request one to be mailed to your address of record. Voya's [Need Help?](#) page provides further assistance.

Join 25,000 other public employees: Sign up for GovDelivery

Do you want to know the latest about the implementation of [House Bill 4159](#), which provides for limited member choice in IAP investments starting January 1, 2019? Sign up for specific GovDelivery [emails on this topic](#) to receive information once it is available.

GovDelivery allows you to receive timely updates on PERS topics that may be of interest to you. You can learn more and review sign-up instructions on the [PERS website](#) or directly sign up here:

[SIGN UP &
CHOOSE TOPICS](#)

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



Retirement planning: Are you saving enough?

Your retirement future is up to you. Your planning and saving strategy will help prepare you for the retirement you dream of. Taking stock of your situation and fully understanding your retirement benefits with PERS will go a long way in helping plan your future.

Your **Tier One/Tier Two pension** is a defined benefit (pension) plan. That means you or a beneficiary may receive a monthly benefit for life. Your **Individual Account Program** (IAP) is the second part of your retirement benefit. The benefit you will receive from your IAP at retirement is based on your total account balance and the distribution option you select.

Once you have estimated your pension benefit (using [Online Member Services](#)), your potential IAP payments (you can use the [IAP Disbursement Forecaster](#)), and [Social Security](#), have you considered if you will have enough money for a secure retirement?

Financial planners suggest that people need 80 percent of their working income when they retire.

Health care is also growing as a retirement cost. Estimating your future costs now can make a big impact in the future (*read more about the PERS Health Insurance Program on page 5*).

One way to supplement your retirement is through the Oregon Savings Growth Plan (OSGP), a 457(b) deferred compensation plan available to all state employees as well as local government and school district employees whose employers have adopted the plan.

OSGP lets participants save for retirement on a pre-tax or after-tax basis through payroll deductions. Savings on a pre-tax basis helps you lower your taxable income now, while contributing on an after-tax basis allows you to take money at retirement tax free.

You can save as little as \$25 a month, up to \$18,500 per year (\$24,500 if age 50 or older). 457(b) plans are unique in offering a Three-Year Catch-Up provision that allows you to save up to \$37,000 per year for the last three years of employment if you did not take full advantage of the plan earlier. OSGP offers a choice of investments, including easy-to-use target-date funds.

OSGP holds a variety of free [education sessions](#) around the state. You can learn the basics about OSGP, calculate your future retirement income, and understand strategies to prepare for retirement.

Learn more at www.growyourtomorrow.com, and enroll now.



Death benefits before retirement

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

Two important documents you should make sure are on file with PERS are the [Tier One/Tier Two Pre-Retirement Designation of Beneficiary form](#) and the [Individual Account Program \(IAP\) beneficiary form](#). These forms can help ensure your benefits get paid quickly and directed to your intended beneficiaries.

Tier One/Tier Two beneficiary

If you die before retirement, PERS will pay the amount in your 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.

Your beneficiary will choose one of the following payment options:

- **Total Distribution:** This option provides a one-time, lump-sum payment of your member account balance and a lump-sum amount from your employer, if applicable, to your beneficiary at the time of your death.
- **Straight Life Annuity (pension):** This option provides a lifetime monthly benefit, generated by your member account balance, based on your beneficiary's age at the time of your death. The monthly benefit may also include employer funds if applicable. Eligibility for monthly benefits requires a minimum monthly payment of \$200 per month or your beneficiary will receive a Total Distribution (see above). All monthly benefits stop upon your beneficiary's death.
- **Partial Distribution Plus Monthly Pension:** This option provides a one-time, lump-sum payment of your member account balance to your beneficiary at the time of your death. If you are eligible for the employer death benefit, your beneficiary will receive a lifetime monthly benefit based on the employer funds.

If you have not designated a beneficiary at the time of your death, PERS will pay to the personal representa-

tive appointed to handle your estate the amount of money, if any, in your member account at the time of your death.

The employer-matching death benefit is payable to your beneficiary if you die before retirement:

- while actively employed by a PERS employer,
- while on an official leave without pay* from a PERS employer,
- within 120 days after separation from service with a PERS employer, or
- at any time before receiving a retirement or disability benefit if you die as a result of a job-related injury received while in the service of a PERS employer.

*Your employer must approve in writing an official leave without pay for the specified time period and submit it to PERS.

Individual Account Program (IAP) beneficiary

Make sure you fill out the correct [IAP pre-retirement beneficiary forms](#). There are different versions, depending on if you are married or single.

Married members must use the **IAP: Pre-Retirement Designation of Beneficiary: Married Applicant** form. The Spousal Designation area of the form directs your death benefits to your surviving spouse. In the event of your death, benefits must be paid to your spouse unless he or she consents to an alternate beneficiary.

Spouse includes anyone who is constitutionally required to be treated in the same manner as a spouse.

If you are married and want to designate someone other than your spouse as your IAP beneficiary, your spouse must consent. The consent must be signed by the person who is your spouse at the time of your death to allow someone other than him or her to receive your IAP account balance. You need to complete the [IAP: Revocation of Spousal Beneficiary Designation form](#) if your spouse chooses to revoke his or her spousal consent.

If you are single, you must use the **IAP: Pre-Retirement Designation of Beneficiary: Single Applicant** form. Should you select the statutory designation, you automatically provide for changes that occur in your family's situation, such as marriage, birth, divorce, or death.

2018 legislative session

Several bills were approved during the 2018 Oregon legislative session that impact PERS administration. PERS is currently planning the implementation of those bills and will add information to the PERS website as it becomes available.

House Bill 4159 and Senate Bill 1566 do not directly impact member benefits but will be of particular interest for PERS members and stakeholders.

[House Bill 4159](#) provides for limited member choice in IAP investments starting January 1, 2019. PERS is currently analyzing the implementation of this bill and will share more information in the future. Sign up for specific GovDelivery [emails on this topic](#) to receive information once it is available.

[Senate Bill 1566](#) relates to employer contribution rates to PERS. PERS will share more details directly with employers when further information is available.

You can learn more and look up information about bills approved during the 2018 session on the Oregon Legislature's [website](#).

Are you prepared for health care costs in retirement?

Many public employers pay for the majority of health care costs for their employees, with the remaining portion of health care premiums coming out of employee paychecks. For example, under the [Public Employees' Benefit Board](#) (PEBB), which serves state employees, most agencies contribute 95 or 99 percent of the premiums for the core benefits of medical, dental, vision, and basic employee life coverage, with the employee share at 5 percent or 1 percent.

The problem? Some people, when considering whether they'll have sufficient income to cover their monthly expenses in retirement, forget that they will likely be responsible for paying the full amount of their health care premiums once they retire.

Health insurance premiums are just part of the cost of health care you will have in retirement. According to Fidelity's latest [Retiree Health Care Costs Estimate](#), a 65-year-old couple who retired in 2017 will need an estimated \$275,000 to cover health care costs in retirement.

Once you are a PERS retiree, the [PERS Health Insurance Program \(PHIP\)](#) is one option available to provide health insurance in retirement. PHIP [offers](#) both Medicare and non-Medicare plans, as well as dental plans.

For more information on the plans offered by PHIP, visit www.pershealth.com or call 800-768-7377.

PHIP New Enrollment Presentations

PHIP offers presentations throughout the year for PERS members who are considering retirement within 90 days or who are already retired and will turn 65 years of age within the next 12 months.

These meetings include an overview of the PHIP program, Medicare enrollment timelines, and PHIP medical and dental plan offerings.

View the [schedule](#) at www.pershealth.com.



What are purchases? Should I make one before I retire?

You may be able to [purchase](#) additional service time before retirement. A purchase may enhance your retirement benefits or help you establish retirement eligibility. Tier One and Tier Two members must request a [written benefit estimate](#) to receive the estimated cost of what purchases (if any) are available to you.

Who can make purchases?

You can add to your PERS service time by making purchases (“buy backs” as some members call them) if you are eligible. Generally, you must be a Tier One or Tier Two member and have 10 or more years of service time to be eligible to purchase additional service time. Some [purchases](#) have other specific rules.

What are the most common purchases?

The two most common purchases are “waiting time” and “forfeited time.” Most Tier One and Tier Two members, although not all, have waiting time. Many members have forfeited time.

Waiting time [covers](#) the first six months when you were first hired. You were not technically a member and contributions were not going into your Tier One/Tier Two member account. The cost to purchase this time is the contributions that would have been made to your member account as well as the employer’s contributions. The total cost is based on your salary from those first six months.

You may have **forfeited time** if you previously:

- quit PERS-covered employment,
- withdrew (refunded) your member account, and
- later began employment with a PERS-covered employer prior to August 29, 2003, reestablishing membership as a Tier One or Tier Two member.

If you withdrew your account in this manner, you “forfeited” your membership. The cost to buy forfeited time is the amount you withdrew multiplied by 7.5 percent interest, compounded annually up to your PERS retirement date.

Service time under a loss-of-membership account is not eligible for purchase.

There are also [full-cost](#) and other purchases explained on the [PERS website](#).

How can I find out the cost of a purchase?

When PERS prepares a [written estimate](#), we also provide

purchase letters, if you are eligible, that list the cost of a purchase and the amount of the increase to your pension benefit for both waiting time and forfeited time. For full-cost or other purchases, a separate letter is provided if you request it on the [Estimate Request](#) form.

When do I make the purchase?

Purchases must be made within the 90 days before your PERS retirement date and must be received by PERS no later than the end of the business day (5 p.m. Pacific Time) on the last business day of the month.

How do I make a purchase?

You can pay for a purchase by writing a check to PERS, transferring funds from your deferred compensation (457) or tax-sheltered annuity (403(b)) plan, or a combination of both. You cannot use your IAP funds or an IRA to make a purchase.

To make this transfer, you must use the [Trustee-to-Trustee Transfer to PERS for Purchase\(s\)](#) form, completing the top section, and sending the form to your 457 or 403(b) financial institution. Your financial institution must make the transfer within the 90 days before your PERS retirement date. You may want to verify PERS has received the funds within the required 90-day timeline.

Why would I make a purchase?

Purchases have a positive effect to your benefit because you are increasing your service time and because the funds are added to your member account. Also, if you are a general service member under 55, purchases may provide the extra service time to give you 30 years of service for eligibility to retire.

Making a purchase to increase service time is not always worth it. A member can divide the cost of a purchase by the amount of the benefit increase to determine the number of months that would be needed to recoup the cost of the purchase. This is one way to determine whether or not to make a purchase. PERS cannot give financial advice to help you decide.

Where can I learn more?

Attend an [education session](#). PERS retirement educators explain the key rules about making the most common purchases and review an example benefit estimate to understand the impact of making a purchase.

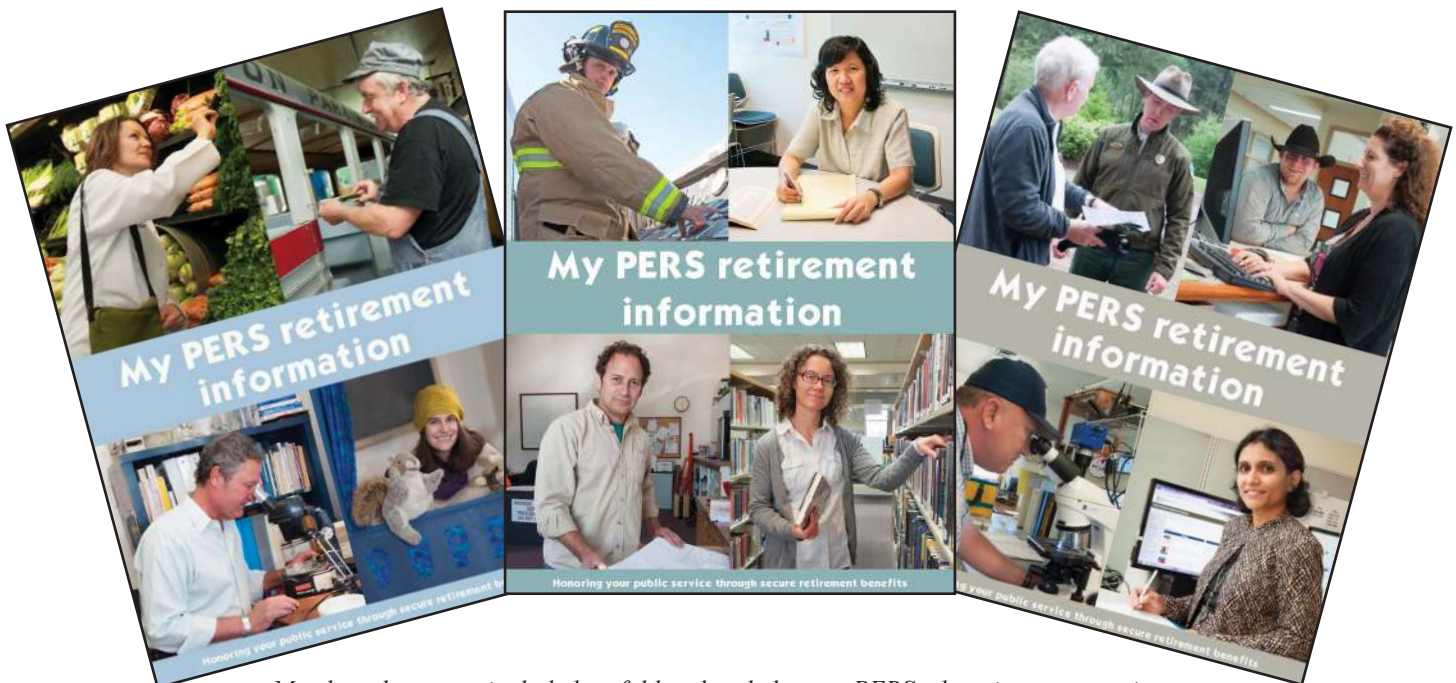
Help PERS improve our publications and website

PERS has a strategic goal to brand PERS as a retirement education resource, and as part of this effort, we would value member feedback so our website and member publications better reflect our membership.

Have feedback? Willing to have your photo taken? Email editor@pers.state.or.us.

Do you have feedback to help improve the PERS website? Suggestions on what would make navigation easier or items you think are missing or unclear? We are starting to gather feedback to make eventual improvements. While we have long-term plans to update Online Member Services, we are only looking for feedback on the <http://oregon.gov/PERS> website at this time. Please email your suggestions to editor@pers.state.or.us. We may follow up for more in-depth information in the future.

Would you like your photo taken for use on the PERS website or other member publications? [Email us](#), and we'll follow up to get more information. Thank you.



Member photos are included on folders handed out at PERS education presentations. Thank you for your support in helping us improve our member publications.



Call 888-320-7377 to talk with a PERS Member Services representative (M-F, 8:30 a.m. - 5 p.m.). Email Member Services.

OregonPERS@public.govdelivery.com is a PERS email address. GovDelivery is PERS' new communications tool.



Would you know where to click first when you arrive on the PERS home page?

Education Presentations

PERS offers education presentations for Tier One/Tier Two members at any stage of their career. Whether you are close to or years from retirement, these sessions provide a broad range of PERS information to equip you with career-long retirement planning information.

Presentations are held throughout the state. Sessions for 2018 are now [listed online](#). PERS offers:

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 who are 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 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.

All presentations are free, including the financial planning sessions. Your spouse or a guest can attend with you, but registration is required for all attendees, as space is limited. Register through the PERS website in the [Education Sessions](#) section.

Retirement Application Assistance Sessions (RAAS)

These are one-hour, one-on-one appointments with a PERS staff member to review PERS retirement application forms for accuracy and completeness. The appointment should be on a date within the 90 days before your PERS retirement date.

Please note: A RAAS is not a counseling session to assist you in making a decision to retire nor to review your account or obtain an estimate. It is for [retirement application](#) review.

During the RAAS, PERS staff 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.

As a courtesy to others, please do not schedule more than one RAAS session. One hour is sufficient for a comprehensive review of your retirement forms. Sign up for [2018 sessions](#) on the PERS website.

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://www.oregon.gov/PERS>.

Email PERS Member Services at Customer-Service.PERS@state.or.us.

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