

PERSPECTIVES



August 2017

For Tier One/Tier Two members

Editor's note: Provide your feedback to PERS, learn about our strategic efforts to engage members

Each year PERS surveys our members to ensure PERS customer service meets expectations. [Your feedback](#) will help us improve the services we provide as we strive to be public employees' retirement education and planning resource.

As PERS' new member engagement and communications director,

[CLICK HERE TO TAKE THE 2017 PERS MEMBER SATISFACTION SURVEY](#)

I am especially interested in learning how members currently get information about PERS and which communication channels would be most helpful to receive information from us in the future. One new effort PERS is launching this summer is **GovDelivery**, an email subscription system. You can [sign up now](#) to receive email or text message updates and be notified when we have new resources or information available tailored to your interests.

For instance, since 2015, the *Perspectives* newsletter for active members has been emailed to employers, but we haven't been able to directly inform members when a new edition is available. Rather than members waiting to receive information in a three-times-a-year newsletter, we also recognize the need to provide better, clearer information on a consistent basis. That's why we've made improvements to the PERS website (*see page 2*) and are always looking for feedback to better serve our members.

Most importantly, we want to hear from you—our members—on what you would like to see from your retirement system and how we can best inform you.

Much of this work stems from our [2015-2020 Strategic Plan](#), which includes a goal to engage members throughout their careers so they can plan for a

Tell us what you think

What would you like *Perspectives* to cover or feature? If you have suggestions for future issues, please include specific feedback when filling out the Member Satisfaction Survey, or send an email to editor@pers.state.or.us.

successful retirement. Younger public employees, like myself, see retirement as something far into the future. Regardless of how far away retirement may be, understanding the basics about PERS will give you a leg up—especially once you run estimates to

see what your Tier One/Tier Two pension and Individual Account Program (IAP) benefits could provide and

consider if you want to save more for retirement on your own, such as through the [Oregon Savings Growth Plan](#) for those who are eligible.

Having recently learned the basics about PERS, I understand the system is complex. We are working to create new tools and resources to better serve you. If you are planning to attend **Retirement Expo '17** in Salem on October 12 (*more information on pages 4-5*), I will also be running a few focus groups to get member insights.

Thank you for sharing your thoughts in our [Member Satisfaction Survey](#). The survey is available online and will be live through **Thursday, August 31, 2017**.

Sincerely,

Dean Carson



Dean Carson is a Pacific Northwest native and the son of a Seattle Public Schools special education teacher. He lives in Northeast Portland with his wife and their Chilean street dog. Dean became a member of the Oregon Public Service Retirement Plan (OPSRP) after completing his six-month waiting period. Starting in June, a percentage of his salary began going into his IAP, like all active PERS members. If he works at least 600 hours in five calendar years, he will become vested, meaning he will not lose his right to his OPSRP pension—a lifetime monthly benefit for eligible employees—unless he withdraws from the program.

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Get to know the member section of the PERS website

From the PERS homepage, clicking on "[Active/Inactive Member Information](#)" will take you to the section of the website that has the most relevant information for you as an active PERS member.

Whether your retirement is a long way off or just a few years away, it is important to understand the basics about your retirement plan—such as you have **both** a pension and an account-based benefit (the Individual Account Program)—so you can make informed retirement decisions throughout your career. While our Member Services team is happy to answer any questions about your PERS retirement benefits, the PERS website contains a number of self-service features and information.

Here is a summary of what you will find on the **member page**:

Understand the [steps to retire](#), including information about retirement age eligibility and the Retirement Application.

The [Tier One/Tier Two and IAP Pre-Retirement Guide](#) includes comprehensive information about the programs.

When you are within 90 days of retirement, you can attend a Retirement Application Assistance Session (RAAS) with a PERS staff member to have your retirement application reviewed and notarized at no cost. [Click this link](#) to find sessions around the state.

A [searchable, A-Z guide and glossary](#) that provides general information about Tier One/Tier Two and the IAP.



[I Want to Retire](#)

[Benefit Estimates](#)

[Pre-Retirement Guide](#)

[Forms \(Including Retirement Application\)](#)

[Retirement Application Assistance Sessions](#)

[Education Sessions](#)

[Purchases](#)

[Quick Answers](#)

Use [Online Member Services](#) (OMS) to create a benefit estimate for your Tier One/Tier Two pension for a future retirement date. You can also [request](#) a written estimate when you are within two years of retirement eligibility. Written estimates also include information on [purchases](#) that may be available to you. An estimate from PERS does not include your Individual Account Program (IAP) balance or information, but you can find that at [IAP.voya.com](#). You can also use PERS' [IAP Disbursement Forecaster](#) to estimate your IAP retirement distribution.

Retirement-related and other [forms](#) for Tier One and Tier Two members.

PERS offers two types of [group education sessions](#) around the state: for members within three years of retirement and for members more than three years from retirement. All sessions provide information on membership, benefits, and retirement. Some sessions include financial planning information.

As a Tier One or Tier Two member, you may be eligible to [purchase](#) additional service credit, which may enhance your retirement benefits or help you establish retirement eligibility.

Through [Online Member Services \(OMS\)](#), you can also review your employment and PERS membership information and make sure you have received the right amount of service credit for the years you have worked for PERS-covered employer(s), generate estimates for future retirement dates, and get other account information and forms.



From any main page, navigate to "OMS Login," and click the green "OMS Login" button to reach OMS.

The page "[What Can I Do In OMS?](#)" (the Q&A for active members is reproduced on the left side of this page) includes further information.

Generate a Benefit Estimate
See Employment History
View Contributions for this Year
View Information Used in Annual Statement
View Salary Details
View Service Credit

It is important that PERS always has your up-to-date, accurate information so we can send annual member statements to you throughout your career and accurately calculate your benefit when you retire.

Remember your employer(s) are responsible for updating any personal information (name, address, or date of birth), and you are responsible for informing them of any changes. You can update your personal email address directly in OMS.

Change in assumed earnings rate effective January 1, 2018

The “assumed rate”—the rate of investment returns (including inflation) that the PERS Fund’s regular account is expected to earn over the long term—is reviewed by the PERS Board every two years when considering all the actuarial methods and assumptions that are used to assess the system’s financial position.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

Who does this impact?

During a **Tier One** member’s career, the assumed rate is used when crediting Tier One regular accounts with annual earnings. Beginning in 2018, annual earnings will be credited based on the new rate of 7.2 percent.

The assumed rate is also used to credit pro-rated earnings to a Tier One member’s regular account upon retirement or withdrawal, so those earnings will also be pro-rated at the new assumed rate.

At retirement, this change will affect the benefits for members whose highest retirement calculation method is either **Money Match** or **Formula Plus Annuity**. That’s because, under these methods, a Tier One or Tier Two member’s account is annuitized based on actuarial equivalency factors (AEFs). AEFs convert account balances to monthly payments based on life expectancy and assumed earnings. Annuitizing the account under these calculation methods actually affects the benefit amount paid.

The basic Full Formula benefit is based on final average salary, years of service, and a statutory factor. None of those elements are affected by a change in the assumed rate. However, if the member elects a **survivorship benefit option**, AEFs are applied, and a change to the assumed rate would affect those factors slightly.

A member would need to retire no later than December 1, 2017, to have the current assumed rate used at retirement.

When the Board changes either the mortality or earnings rate assumptions, AEF tables must be updated. The recalculated AEFs are then used to

calculate benefits for members who retire once these updated tables are effective. The actuary will provide updated AEF tables for the Board to adopt at their December 1, 2017 meeting. These updated AEFs will then become effective January 1, 2018.

NOTE: Updated AEFs will be available after December 1, 2017; online and written benefit estimates will not include updated AEFs until after this date.

Monthly benefit payment amounts for members who retire December 1, 2017, or earlier (before the assumed rate and resulting AEF table changes take effect) will not be affected.

Why did the PERS Board make this change?

The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations.

Example of the change for a Tier One member

The example below shows how an assumed rate of 7.2 percent, instead of the current 7.5 percent, would affect a future retiree under the Money Match formula.

Assumptions used in this example:

- Tier One general service member
- Age 59 1/2
- \$135,000 accumulated Tier One member contribution account balance as of June 30, 2017.

Retirement Date	December 1, 2017	January 1, 2018	April 1, 2018
Assumed Rate	7.5 %	7.2 %	7.2 %
Starting Benefit	\$2,031	\$1,990	\$2,031

The example above shows that the change in the assumed rate from 7.5 percent to 7.2 percent would require delaying retirement for about four months to reach the initial benefit level.

Retirement Expo '17

Presented by PERS and OSGP



National Retirement Security Week | October 15-21, 2017

Salem Convention Center - October 12, 2017 | Statewide - October 14-20, 2017



You're invited!



Register now at
growyourtomorrow.com

PERS and OSGP will host their 12th annual open house on **Thursday, October 12** from 10:00 a.m. – 8:00 p.m. at the Salem Convention Center. State and local government employees are welcome.

Topics at this year's Expo will include:

- Introduction to OSGP
- Retirement Strategies with OSGP
- Ask Kathy
- Social Security Programs: What You Need to Know
- Building Financial Resiliency in Retirement
- PERS Health Insurance Program
- Tier One & Tier Two: From Membership to Retirement
- OPSRP: From Membership to Retirement
- PERS Informational Resources
- PERS Member Engagement Focus Group
- Retirement Discussion Panel

Please visit growyourtomorrow.com to join us. We look forward to seeing you there. Do something good for yourself and plan on attending.



Better TOGETHER.

The Expo is also hitting the road to show the many ways that PERS and OSGP can help you retire with confidence. Register at growyourtomorrow.com to join us at one of the following locations. Space is limited, so register to reserve a seat at any of the hour-long sessions:

PERS Overview for all PERS

Members - 12:00 p.m., 2:30 p.m. and 5:00 p.m.

Introduction to OSGP - 1:15 p.m., 3:45 p.m. and 6:15 p.m.

October 14, 2017 Portland

October 17, 2017 Ontario

October 17, 2017 Medford

October 17, 2017 Coos Bay

October 18, 2017 La Grande

October 18, 2017 Klamath Falls

October 18, 2017 Roseburg

October 19, 2017 Pendleton

October 19, 2017 Bend

October 19, 2017 Eugene

October 20, 2017 Hermiston

October 20, 2017 Albany

**Retire with
Confidence**

December 1, 2017 deadline for Loss of Membership purchases

At the May 26, 2017 PERS Board meeting, [Oregon Administrative Rule \(OAR\) 459-011-0050](#) was amended to clarify that service time forfeited under Loss of Membership (LOM) is not eligible for purchase.

Under the administrative rule clarification, **purchases of forfeited LOM time will not be allowed for retirements that are effective January 1, 2018, or later.**

If you currently have at least 10 years of creditable service, you may be able to purchase some or all of your forfeited LOM time, but only if you retire on or before December 1, 2017, and complete the purchase within 90 days before your effective retirement date.

PERS mailed letters to Tier One and Tier Two members who previously submitted estimate requests and may be affected by the rule clarification.

If you would like to know the estimated cost of purchasing your forfeited LOM time, please complete an [Estimate Request](#) form and return it to PERS; make sure to specify a retirement date on or

before December 1, 2017. Once we process your request, we will send you an updated estimate and purchase letter that includes the cost of purchasing your forfeited LOM time. If you decide to make the purchase, you must submit your retirement application with an effective retirement date on or before December 1, 2017, and complete the purchase within 90 days before your effective retirement date.

Please [contact Member Services](#) if you have any questions. You can also confirm if you have LOM time through [Online Member Services](#) (OMS). Pages 18-19 of the [Pre-Retirement Guide](#) provide background information about purchases and forfeited time.

OAR 459-011-050 background

Under Oregon law there are two ways a Tier One/Tier Two member ceases to be a PERS member: through withdrawal or through Loss of Membership (LOM). Withdrawals occur under Oregon Revised Statute (ORS) 238.265 when a member withdraws his or her member account and terminates his or her membership. A member also

loses his or her membership if he or she leaves PERS-covered employment before becoming vested and does not work for a PERS-covered employer for five or more years (commonly known as Loss of Membership or LOM). After the member goes into LOM status, all rights in the system are terminated under ORS 238.095(2). Statute provides two ways for a Tier One/Tier Two member who has forfeited his or her membership rights by reason of withdrawal to restore or purchase some or all of the forfeited rights: under ORS 238.105 or 238.115. However, there is no statutory provision that allows for LOM time to be restored or purchased. Accordingly, under Oregon law, forfeited LOM time cannot be restored or purchased. Prior to November 2016, PERS did not draw a clear distinction between forfeited withdrawn time vs. forfeited LOM time for purposes of ORS 238.115 purchase eligibility. The OAR amendment makes the distinction to comply with statute. The rule applies to effective retirements on and after January 1, 2018.

Learn about the [administrative rulemaking process](#)

While only the [Public Employees Retirement System Board](#) has the authority to adopt, modify, or repeal PERS administrative rules, the rulemaking process provides an opportunity for public input in crafting public policy. PERS ensures that members, employers, and stakeholders are involved in the rulemaking process.

To encourage this participation, PERS offers online access to the rulemaking process.

- [Proposed PERS Administrative Rules](#)
- [Recently Adopted PERS Administrative Rules](#)
- [Comment on Administrative Rules](#)
- [PERS Administrative Rules](#)

PERS follows Oregon's rulemaking process as defined by state law (the Administrative Procedures Act ([ORS 183.325 to 183.410](#)) and the Model Rules of Procedure ([OAR 137-001](#))).

If you have any comments or suggestions, please [contact the PERS administrative rules coordinator](#).

Investment news from the Oregon State Treasury

The following article was submitted on behalf of the Oregon State Treasury

To help pay for the retirement benefits of more than 347,000 public sector workers, retirees, and their beneficiaries, the Oregon State Treasury manages a complex global portfolio of assets on their behalf, with a goal of achieving long-term, sustainable investment returns. Now there's a new way to learn how investments in the Oregon Public Employees Retirement Fund (PERS fund) are faring.

How much money are we talking about? The PERS fund was valued at more than \$73 billion as of May 2017.

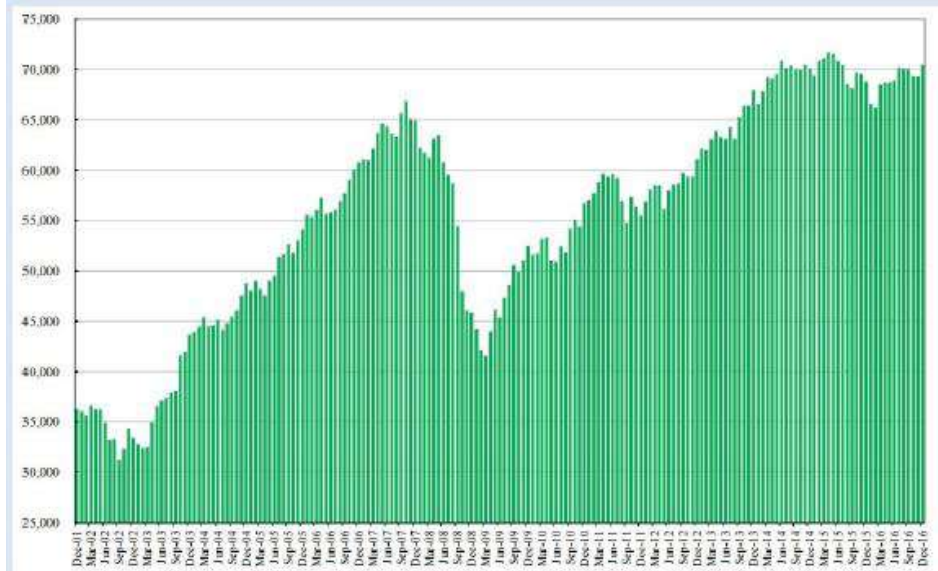
So how are the investments doing? Treasury has created a newsletter geared specifically to PERS members and beneficiaries to offer a clearer view of how the portfolio is diversified and performing. Called "[Invested for You](#)," it can be accessed or downloaded from the newsroom section of the Oregon State Treasury website at <http://oregon.gov/Treasury>.

Under state law, the PERS fund must be invested for the exclusive benefit of members and their beneficiaries. That means, for instance, that lawmakers cannot divert parts of the PERS fund for other projects.

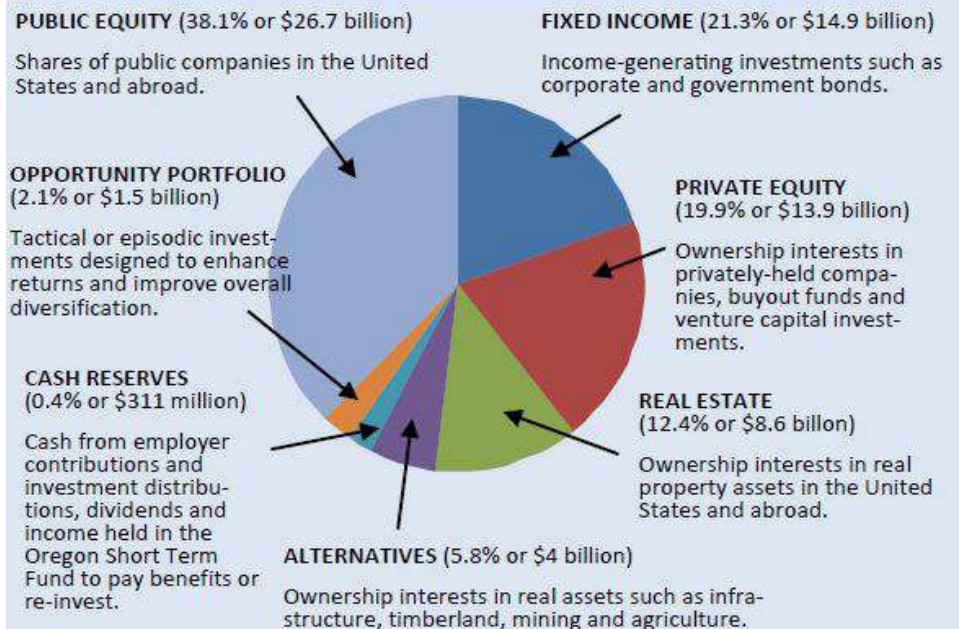
The performance of Oregon trust funds is important to the state, and it also impacts PERS members and their beneficiaries: 73.5 cents of every dollar of a retirement benefit comes from investment returns on the PERS fund.

The "Invested for You" newsletter will be produced twice yearly and

OREGON PUBLIC EMPLOYEES RETIREMENT FUND, 2001-16



HOW IS THE OPERF REGULAR ACCOUNT DIVERSIFIED?



A snapshot of year-end 2016 returns from the Oregon State Treasury's "Invested for You" newsletter.

includes a synopsis of portfolio performance.

Over time it will also give readers an opportunity to learn about investment staff and members of the Oregon Investment Council, who decide how the fund should be invested. You'll also learn more

about Treasury's corporate governance program, which engages with companies and regulators to solidify market conditions, investor rights, and long-term shareholder value.

- James Sinks, Oregon State Treasury

Education Presentations

PERS offers education sessions for Tier One/Tier Two members who are 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.

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 call to request a retirement application or [download the form\(s\)](#). Find 2017 sessions [online](#).

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.

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