

# PERSPECTIVES

Active  
Member  
Edition

## Individual Account Program Remediation Project

Since its inception January 1, 2004, the IAP has not met the expectations of members, employers, and stakeholders. In response, PERS has created an IAP Remediation project to simplify the program for members and employers, ensure that contributions and earnings are fully posted, and provide for future corrections if necessary to address missing or inaccurate data.

Changes to the IAP will more closely align the program with the way PERS administers regular accounts under Tier One and Tier Two. It will take several months to complete the account remediation. Corrected IAP statements for 2004 and 2005 (showing adjusted total contributions and earnings for each year) will be sent to members later this year.

### Remediation Project Highlights

1. Member accounts will be credited with earnings annually instead of monthly.

Annual earnings will be credited with the same structures and timeframes used for Tier One and Tier Two accounts. Originally, IAP accounts were credited monthly with a “unit value” that was confusing. Annual earnings crediting to member accounts will allow PERS to work with employers to ensure that member contributions are accurate and complete before allocating earnings on a year-end balance basis so members are not adversely affected by posting delays or corrections.

2. Administrative fees will be deducted from earnings on the IAP fund instead of directly from member accounts.

Program administration fees will be deducted from IAP fund earnings as part of the annual crediting process. Previously, a monthly administrative fee was deducted from member accounts. Remediation will restore the previously deducted monthly fees to member accounts.

3. PERS will recalculate member IAP account data for

2004 and 2005 (and will do the same for 2006) so all contributions received in a calendar year will receive the same earnings percentage for each year.

Due to a variety of problems with the IAP start-up and administrative structure, member contributions were not posted in a consistent and timely manner. Those problems caused members to have varying annual earnings rates. The new earnings structure will credit all contributions received for a calendar year with the same annual percentage, so all members will have the same annual earnings crediting rate. Any subsequent contribution adjustments will also be credited with the appropriate annual earnings rate(s).

IAP earnings crediting rates for both 2004 and 2005 are projected to be in the 12 percent per year range.

IAP earnings for 2006 will be credited in March 2007; IAP earnings for 2007 and beyond will be credited in the same manner, i.e., March of the subsequent year.

### Background

The IAP was statutorily created in 2003 to provide an individual account-based retirement benefit for new workers hired on or after August 29, 2003, and for Tier One/Tier Two members active on and after January 1, 2004. The IAP benefit is in addition to the member’s other retirement program benefit (i.e., Tier One, Tier Two, or OPSRP).

House Bill 2020 passed in August 2003 and required the IAP to be established in time to receive member contributions on salary paid beginning January 1, 2004. All member contributions (6 percent of covered salary) have been deposited in the IAP since that date.

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# 10 questions to ask when choosing a financial planner

*Editor's note: PERS can provide you with information regarding your Tier One/Tier Two, Oregon Public Service Retirement Program (OPSRP) Pension Program, and Individual Account Program (IAP) retirement benefits. Advice from a qualified financial planner can help you with your overall retirement goals for a secure future.*

You may be considering help from a financial planner for a number of reasons, whether it is buying a new home, planning for retirement or your children's education, or simply not having the time or expertise to organize your finances.

*Perspectives* is published quarterly by the Oregon Public Employees Retirement System for the benefit of PERS/OPSRP members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters office is at **11410 SW 68th Parkway, Tigard, Oregon**. Phone **503-598-PERS** or toll-free **888-320-7377**; TTY: **503-603-7766**. Telephone hours are 8:30 a.m. to 5 p.m., Monday through Friday, except holidays. PERS' Internet address is <http://oregon.gov/PERS>.

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Whatever your need, working with a financial planner can be a helpful step in securing your financial future. The questions below have been prepared to help you choose the financial planner that is right for you.

## 1. What experience do you have?

Find out how long the planner has been in practice and the number and types of companies with whom he/she has been associated. Ask the planner to describe his/her work experience and how it relates to his current financial planner practice. Choose a planner who has a minimum of three years experience counseling individuals on their financial needs.

## 2. What are your qualifications?

The term "financial planner" is used by many financial professionals. Ask the planner what qualifies him/her to offer financial planning advice and whether he or she holds a financial planning certification such as the CERTIFIED FINANCIAL PLANNER™ or CFP® marks.

## 3. What services do you offer?

The services a financial planner offers depends on a number of factors including credentials, licenses, areas of expertise, and compensation. Financial planners cannot sell insurance or securities products such as mutual funds or stocks without proper licenses, or give investment advice unless registered with state or Federal authorities.

## 4. What is your approach to financial planning?

Ask about the type of clients and financial situations the planner typically works with. Some planners prefer to develop one plan by bringing together all of your financial goals. Others provide advice on

specific areas, as you may need it. Make sure the planner's viewpoint on investing is not too cautious or overly confident for you. Ask the planner if he/she requires you to have a certain net worth before offering services, and if he will carry out his financial recommendations or refer you to others.

## 5. Will you be the only person working with me?

The financial planner may work with you alone or be assisted by others in the office. You may want to meet everyone who will be working with you. If the planner works with professionals outside the practice, get a list of their names to check backgrounds.

## 6. How will I pay for your services?

As part of your financial planning agreement, the financial planner should clearly tell you in writing how he/she will be paid for services to be provided. Planners can be paid in several ways, including salary, fees, commissions, or a combination of fees and commissions.

## 7. How much do you typically charge?

While the amount you pay the planner will depend on your particular needs, the planner should be able to provide you with an estimate of possible costs based on the work to be performed.

## 8. Could anyone besides me benefit from your recommendations?

Ask the planner if he/she has business relationships or partnerships that could affect his/her professional judgment while working with you, inhibit him/her from acting in your best interest. For example, financial planners who sell insurance policies,

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# Estimate your retirement benefit online: [oregon.gov/PERS](http://oregon.gov/PERS)



## Benefit Estimate Calculator

	Month	Day	Year
<b>YOUR DATE OF BIRTH</b>	January	1	1946
<a href="#">RETIREMENT DATE</a>	August	1	2006
<a href="#">LAST DAY WORKED</a>	July	31	2006
<a href="#">PERS MEMBERSHIP DATE</a>	January	1	1970

	Years	Months
<a href="#">PERS SERVICE TIME</a>	36	7
<a href="#">TIER</a>	1 (PERS member before 1/1/96)	
<a href="#">JOB CLASSIFICATION</a>	1 (General Service)	

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*The Oregon PERS Benefit Estimate Calculator provides an estimate only. PERS is not bound by any figures produced by this estimator.*

Use the online PERS Benefit Estimate Calculator to plan for your retirement.

Your 2005 Tier One/Tier Two Annual Statement and a recent pay stub will be useful in helping you complete your benefit estimate.

The information you need from your Annual Statement is:

- Tier
- Membership date
- Job classification
- Termination date (if applicable)
- Regular account balance, 12/31/2005
- Variable account balance, 12/31/2005 (if applicable)

The information you need from your pay stub is:

- Unused vacation time
- Unused sick leave

## Financial planner (continued from page 2)

securities, or mutual funds, have a business relationship with the companies that provide these financial products. The planner may also have other business relationships or partnerships that should be disclosed to you.

### 9. Have you ever been publicly disciplined for any unlawful or unethical actions in your professional career?

Several government and professional regulatory organizations, such as the National Association of Securities Dealers (NASD), the Securities and Exchange Commission (SEC), your state insurance and securities departments, and

CFP Board keep records on the disciplinary history of financial planners and advisors. Ask what organizations the planner is regulated by, and contact these groups to conduct a background check.

### 10. Can I have it in writing?

Ask the planner for a written agreement detailing the services that will be provided. Keep this document in your files for future reference.

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## Online Survey

Does PERS Customer Service meet your expectations?

How can we improve?

Please take a short survey posted on the PERS web site at: <http://oregon.gov/PERS>.

The survey will be available through August 31, 2006.

We will provide the results in a future issue of *Perspectives*.

## One-Year PERS Presentations August 2006 - December 2006

For members within *one* year of retirement. Registration is required. Note the time of the session when you register through the Web in the Education Sessions section. All presentations are free, including the financial planning sessions.

Ashland/Med.	Aug. 16, 17
Baker City	Sep. 13
Bend	Aug. 8, 24*
Coos Bay	Aug. 22
Corvallis	Aug. 14; Nov. 16
Eugene/Spgfld	Aug. 16; Sep. 20; Oct. 5*, 18; Nov. 15; Dec 20
Gresham	Oct. 3; Dec. 5
Hillsboro	Aug. 8; Sep. 12; Nov. 14; Dec. 12
Hood River	Oct. 4
Klamath Falls	Aug. 9
La Grande	Sep. 12
Ontario	Sep. 14
Tigard	Aug. 14, <b>21</b> , 28; Sep. 11, 23*, 25; Oct. <u>2</u> , <b>9</b> , 23, 30; Nov. 6, <b>13</b> , 18*, 27; Dec. 4, 18
Redmond	Aug. 7
Roseburg	Aug. 15
Salem	Aug. 9, 23; Sep. 13, 27; Oct. 11, 25; Nov. 8; Dec. 13
The Dalles	Sep. 19

Content for all sessions includes:  
Individual Account Program (IAP) // Retirement eligibility and calculating the retirement benefit // Review of benefit estimate // Retirement option choices // Variable account after retirement // Work after retirement provisions // Health insurance // Cost-of-living adjustments // Taxes.

Dates followed by an asterisk (\*) add financial planning information presented by PERS' education partner, American General Financial Advisors (AGFA). These sessions are also free of charge. Register for these sessions via the Education Sessions section of the PERS website (link titled One-Year PERS Presentation with Financial Planning). Additional topics covered at these sessions include:

Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs // Investment strategies for retirement.

Portland/Tigard dates in **bold** are for education staff; dates underlined are for police officers and firefighters.

**PERS counseling sessions are free to members, including financial planning sessions. Space is limited. Register at <http://oregon.gov/PERS> for any session.**

## Five-Year PERS Presentations August 2006 - December 2006

For members within *five* years of retirement. Registration is required. Note the time of the session when you register through the Web in the Education Sessions section. All presentations are free, including the financial planning sessions.

Albany	Nov. 1
Ashland/Med.	Aug. 16
Astoria	Nov. 6
Bend	Aug. 8; Oct. 10
Coos Bay	Aug. 22
Corvallis	Sep. 7; Nov. 9*, 16
Eugene/Spgfld	Oct. 18; Dec. 5*
Gresham	Nov. 7
Hillsboro	Oct. 10
Hood River	Oct. 9
Klamath Falls	Aug. 10
Oregon City	Sep. 26*; Nov. 20
Tigard	Aug. 7, 19*; Oct. 14*, 16; Dec. 9*, 11
Redmond	Oct. 11
Roseburg	Aug. 15; Nov. 2
Salem	Sep. 13; Nov. 8

Content for all sessions includes:  
Individual Account Program (IAP) // Review of Benefit Estimate Calculator // Retirement benefit information // Work after retirement provisions.

Dates followed by an asterisk (\*) add financial planning information presented by PERS' education partner, American General Financial Advisors (AGFA). These sessions are also free of charge. Register for these sessions via the Education Sessions section of the PERS website (link titled Five-Year PERS Presentation with Financial Planning). Additional topics covered at these sessions include:  
Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs.

## Early Career Sessions August 2006 - December 2006

Limited to PERS/OPSRP members hired on or after January 1, 1996, and are free. Registration is required. Note the time of the session when you register through the Web.

Eugene	Aug. 16; Dec. 20
Portland/Tigard	Sep. 18
Salem	Oct. 11

Content for all sessions includes:  
Tier Two membership details and benefits // Oregon Public Service Retirement Plan (OPSRP) // Individual Account Program (IAP).