

## **Variable Annuity Program Adjustment due February 1, 2009**

If you are one of some 11,000 PERS retirees who remained in the Variable Annuity Program at retirement, the variable annuity portion of your monthly retirement benefit is adjusted every January for the payment beginning February 1. The change will begin in your February 1, 2009 benefit payment, and you will receive a check stub in the mail with information regarding your benefit adjustment.

The adjustment is based on the variable account's 12-month period of gains or losses as of the preceding October 31 (e.g., November 1, 2007, to October 31, 2008). The fund posted a loss for that period of negative 44.69 percent.

Keep in mind that variable account losses through October 31, 2008, have various impacts on individual variable account participants because each person has a different participation level. Some may have stayed in the variable their entire careers, others may have opted in and out throughout their careers, and others may have participated in the variable near the end of their careers. For individuals who retired from 2005-2007 and stayed in the Variable Annuity Program, the gross benefit attributable to the variable account averaged 11.24 percent.

At retirement, your benefit is calculated using an assumed rate of return for each year of your actuarially determined life expectancy. As a result, the annual variable adjustment uses the "assumed" investment rate of return in effect when you retired (e.g., 8 percent for retirements since June 1, 1992; 7 percent for retirements January 1, 1978, through May 31, 1992; and 5.5 percent for retirements prior to December 31, 1977).

For retirements since June 1, 1992, the variable fund must earn more than 8 percent for you to receive a benefit increase. If the fund earns less than 8 percent, the variable portion of your benefit decreases. If the variable fund earns 0 percent or less, the 8 percent "assumed" rate is added to the loss.