

Oregon PERS At A Glance – May 2010



Demographics (as of December 31, 2008)

- 108,000 retirees: 171,000 active; 42,000 inactive; (321,000 total)
- Tier One members: 60,602 active; 22,710 inactive
- Tier Two members: 56,113 active; 19,238 inactive
- OPSRP members: 53,854 active; 529 inactive

System benefits

- In 2008, the average monthly benefit for all living PERS retirees was \$2,060, while the nationwide average monthly public pension benefit was \$2,004, a difference of \$56 per month.
- The average monthly benefit for those retiring in 2008 was about \$2,560 per month.
- For 2008 retirees, the average annual retirement benefit equaled 52% of final average salary.
- Average age at retirement: 59
- Average years of service at retirement: 22
- PERS pays about \$2.9 billion in total benefits per year, with \$2.5 billion (87%) to retirees living in Oregon, who pay over \$110 million in Oregon state income taxes.

Benefit funding and investment returns

- From 1970-2009, about 69% of the Oregon Public Employees Retirement Fund (OPERF) dollars came from investment income, with approximately 8% coming from member contributions and 23% from employer contributions.
- OPERF regular account investment returns averaged over 10% from 1970 through 2009.
- 2008 regular account investment returns were negative 27% and variable account returns were negative 42% for the calendar year.
- 2009 regular account investment returns were 19.4% and variable account returns were 35.6%.

Funded status

- As of December 31, 2007, PERS was 112% funded (including Pension Obligation Bond deposits from employers held in side accounts).
- The funded status of public retirement systems in the U.S. averaged about 86% in 2007.
- The 27% investment loss in 2008 dropped PERS to 80% funded (including employer side accounts). The nationwide average funded status for public retirement systems dropped to about 65% in 2008.
- With the 2009 investment gains, PERS improved to approximately 87% funded (including employer side accounts).

Employer contribution rates

- Systemwide employer contribution rates for the 2009-11 biennium average approximately 5.2% of PERS covered payroll after applying side account offsets. Those employer rates were based on PERS' December 31, 2007 system valuation.
- Rate increases in the 2011-13 biennium will occur because of the 2008 investment losses. Those rates will be set based on the December 31, 2009 valuation.
- Preliminary estimates show 2011-2013 employer rates, net of side accounts offsets, increasing by a systemwide average of 5.4% to a total of 10.6% of PERS-covered payroll. The actual rate increase will vary across employers based on their funded status and side account utilization.
- The estimated fiscal impact of the 2011-2013 net rate increase is projected to total about \$525 million per year across state agency, school district and local government budgets.
- Net employer contribution rates do not include the 6% member IAP contributions or the costs of debt service on Pension Obligation Bonds.
- There were 895 reporting employers in 2009, with a total PERS-covered salary of about \$8.1 billion.