

# Oregon PERS At A Glance – September 2010



## Demographics (as of December 31, 2009)

- 111,000 retirees: 179,000 active; 39,000 inactive; (329,000 total)
- Tier One members: 56,934 active; 21,745 inactive
- Tier Two members: 54,496 active; 16,156 inactive
- OPSRP members: 67,176 active; 1,416 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 2009 was about \$2,671 per month.
- For 2009 retirees, the average annual retirement benefit equaled 53% of final average salary.
- Average age at retirement: 60
- Average years of service at retirement: 23
- PERS pays about \$2.9 billion in total benefits per year, with \$2.5 billion (87%) to retirees living in Oregon, who pay over \$117 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, 2009, PERS was 86% funded (including Pension Obligation Bond deposits from employers held in side accounts). This translates into an unfunded actuarial liability, including side accounts, of \$8.1 billion.

## Employer contribution rates

- Systemwide employer contribution rates for the 2009-2011 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.
- Because of 2008 investment losses, 2011-2013 employer rates, net of side accounts offsets, will increase by a systemwide average of 5.6% to a total of 10.8% of PERS-covered payroll. The actual rate increase will vary across employers based on their funded status and side account utilization. These rates are based on the December 31, 2009 valuation.
- The estimated fiscal impact of the 2011-2013 net rate increase is about \$550 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 \$8.5 billion.

## Member contribution rates

- A member contributes 6% of covered salary to his/her IAP account.
- Approximately 70% of members have their 6% IAP contribution "picked-up" by their employer.