

# Oregon PERS At A Glance – March 2011



## Demographics (as of December 31, 2009)

- Total members: 179,000 active; 39,000 inactive; 111,000 retirees; 329,000 total members
- 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 (86%) to retirees living in Oregon, who pay over \$117 million in Oregon state income taxes.

## Benefit funding and investment returns

- From 1970-2010, about 71% of the Oregon Public Employees Retirement Fund (OPERF) dollars came from investment income, with approximately 7% coming from member contributions and 22% from employer contributions.
- OPERF regular account investment returns averaged over 10% from 1970 through 2010.
- 2008 regular account investment returns were - 27% and variable account returns were - 42%.
- 2009 regular account investment returns were 19.4% and variable account returns were 35.6%.
- 2010 regular account investment returns were 12.6% and variable account returns were 15.2%.

## Funded status

- Preliminary estimates for December 31, 2010, show that PERS is about 88% funded (including Pension Obligation Bond deposits from employers held in side accounts). This translates into an unfunded actuarial liability (UAL), including side accounts, of approximately \$7.2 billion. Excluding \$5.6 billion in employer side accounts, PERS is about 79% funded with a UAL of approximately \$12.8 billion. Good investment results in 2009 and 2010 have improved PERS' funded status which had dropped to 71% following the 2008 market downturn, excluding side accounts.

## Employer contribution rates

- Systemwide employer contribution rates for the 2011-2013 biennium will average approximately 10.8% of PERS covered payroll after applying side account offsets. Those employer rates are based on PERS' December 31, 2009 system valuation. Individual employer contribution rates vary based on the employer's funded status and side account utilization.
- The 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 Individual Account Program (IAP) contributions or the costs of debt service on Pension Obligation Bonds.
- There were 900 reporting employers in 2010, with a total PERS-covered annual salary of about \$9 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.