

## History of PERS Benefit Enhancements, Caps, and Reductions by Year

Year	Category	Action	Affected Members
1945	Administrative	The Public Employees Retirement System is signed into law and begins business July 1, 1946, as a money match retirement plan	All
1947	Retirement Age/Vesting	Requirement for employees to serve a six-month waiting period before becoming PERS members begins	All
1953	Administrative	By law, the PERS plan is terminated and immediately reopened the next day, allowing public employers to provide Social Security coverage	All
1967	Investment Risk Allocation	Legislature passes a bill that allows PERS to invest up to 10% of the retirement fund in common stock, creates the Oregon Investment Council, and establishes a defined benefit formula for employer-funded retirement benefits (formula plus annuity)	All
1969	Investment Risk Allocation	Participation in variable account program begins	All
1972	Cost-of-Living Adjustment	Implemented ad hoc COLA increase (12% to 25% benefit increase)	Existing retirees
1972	Cost-of-Living Adjustment	Initiated an annual COLA with a 1.5% cap	All retirees
1973	Benefit Calculation/Formula	Increased Formula Plus Annuity pension factors (General Service: .67 to 1.00; Police & Fire: 0.92 to 1.35)	Tier One
1973	Cost-of-Living Adjustment	Annual COLA cap raised from 1.5% to 2%	All retirees
1973	Cost-of-Living Adjustment	Capped COLA at actual inflation rate or 2%, whichever is less	All retirees
1973	Final Average Salary	Added accrued sick leave to retirement benefit calculation for participating employers	Tier One/Two
1974	Cost of Living Adjustment	Implemented ad hoc increase (0% to 25% benefit increase)	Existing retirees
1975	Investment Risk Allocation	Initiated member account assumed rate guarantee	Tier One
1975	Investment Risk Allocation	Increased assumed earnings rate from 5.5% to 7%	Tier One
1975	Investment Risk Allocation	Credited member regular accounts with more than the assumed earnings rate*	Tier One
1976	Investment Risk Allocation	Gain Loss Reserve established to "self-fund" assumed earnings rate crediting	Tier One
1979	Administrative	Employers allowed to "pick up" member 6% contribution	All
1979	Investment Risk Allocation	Increased assumed earnings rate from 7% to 7.5%	Tier One
1981	Benefit Calculation/Formula	Added Full Formula benefit calculation method	All
1981	Benefit Calculation/Formula	Consolidated member contributions from 1% to 7% salary based sliding scale to universal 6%	All
1981	Benefit Calculation/Formula	Eliminated Formula Plus Annuity benefit calculation method	Tier One
1981	Cost-of-Living Adjustment	Implemented ad hoc COLA increase (4% to 11.4% benefit increase)	Existing retirees
1985	Cost-of-Living Adjustment	Implemented ad hoc COLA increase (3% to 7.28% benefit increase)	Existing retirees
1985	Benefit Calculation/Formula	Added benefit option to allow lump-sum payment of member account	All
1987	Benefit Calculation/Formula	Members allowed to purchase six-month waiting period	All
1987	Benefit Calculation/Formula	New retirement benefit payout options added	All
1989	Cost-of-Living Adjustment	Implemented ad hoc COLA increase (0% to 25% benefit increase)	Existing retirees
1989	Investment Risk Allocation	Increased assumed earnings rate from 7.5% to 8%	Tier One
1989	Retiree Health Benefits	Established Medicare and state employee pre-Medicare insurance premium subsidies	Tier One/Two
1989	Retiree Health Benefits	Capped Medicare premium subsidy at \$60 per month	Tier One/Two
1989	Retirement Age/Vesting	Added "30 years of service" retirement regardless of age	Tier One/Two
1991	Benefit Calculation/Formula	Imposed state income tax on PERS benefits	All

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\*Tier One regular accounts were credited with earnings in excess of the assumed rate in the following years: 1975, 1976, 1979, 1980, 1982, 1983, 1985, 1986, 1988, 1989, 1991, 1993, 1995, 1996, 1997, 1998, and 1999. In all other years subsequent to 1975, these accounts were credited at the effective assumed rate.

Key: Benefit enhancement  
Benefit cap or reduction

## History of PERS Benefit Enhancements, Caps, and Reductions by Year (continued)

Year	Category	Action	Affected Members
1991	<b>Benefit Calculation/Formula</b>	Established service time based state income tax offset benefit of between 1% to 4% (SB 656)	Tier One
1993	<b>Administrative</b>	Divorced spouses entitled to separate account from member's	All
1995	<b>Benefit Calculation/Formula</b>	Established state income tax offset benefit for pre-1991 service time (HB 3349)	Tier One
1995	<b>Benefit Calculation/Formula</b>	Eliminated tax remedy for anyone hired after July 14, 1995	All new hires
1996	<b>Final Average Salary</b>	Excluded lump-sum vacation payouts from final average salary	Tier Two
1996	<b>Investment Risk Allocation</b>	Eliminated guaranteed return on regular accounts for new members	Tier Two
1996	<b>Retirement Age/Vesting</b>	Increased normal retirement age for new members from 58 to 60 (General Service)	Tier Two
1997	<b>Administrative</b>	Married members must provide proof of spousal consent for retirement option choice	All
1997	<b>Administrative</b>	Reemployed retirees can work up to 1,040 hours for a PERS-covered employer without loss of benefits (up from 600 hours)	All
1997	<b>Benefit Calculation/Formula</b>	Out-of-state teaching service and some military purchases allowed	All
1999	<b>Benefit Calculation/Formula</b>	Locked in existing actuarial equivalency factor tables	Tier One
2000	<b>Investment Risk Allocation</b>	Eliminated 'Last Known Rate' member account crediting guarantee	Tier One
2003	<b>Benefit Calculation/Formula</b>	Decreased Full Formula benefit pension factor (General Service: 1.67 to 1.50; Police & Fire 2.00 to 1.80)	OPSRP
2003	<b>Benefit Calculation/Formula</b>	Eliminated Money Match benefit calculation method	OPSRP
2003	<b>Benefit Calculation/Formula</b>	Redirected member contributions to freeze Money Match benefit levels	Prospective MM retirees
2003	<b>Benefit Calculation/Formula</b>	Required regularly updated mortality assumptions and actuarial factors	All
2003	<b>Cost-of-Living Adjustment</b>	Pro-rated first year COLA	OPSRP
2003	<b>Cost-of-Living Adjustment</b>	Eliminated COLA 'bank' carryover	OPSRP
2003	<b>Final Average Salary</b>	Eliminated lump-sum vacation payouts from subject salary	OPSRP
2003	<b>Final Average Salary</b>	Eliminated accumulated sick leave from final average salary	OPSRP
2003	<b>Investment Risk Allocation</b>	Required members to self-fund guaranteed return on member accounts	Tier One
2003	<b>Investment Risk Allocation</b>	Subjected all future member contributions made on or after 1/1/04 to actual earnings and losses with no guarantee	All
2003	<b>Retiree Health Benefits</b>	Eliminated post-retirement health insurance premium subsidies	OPSRP
2003	<b>Retirement Age/Vesting</b>	Increased normal retirement age from 60 to 65 (General Service) 55 to 60 (Police & Fire)	OPSRP
2003	<b>Retirement Age/Vesting</b>	Increased vesting from 5 years or age 50 to 5 years or age 65 (General Service) or age 60 (Police & Fire)	OPSRP
2005	<b>Benefit Calculation/Formula</b>	Adjusted member accounts and benefit payments to recapture 1999 earnings over crediting	Tier One
2009	<b>Retiree Health Benefits</b>	Allowed OPSRP members to participate in PERS retiree health insurance pools without premium subsidy	OPSRP
2011	<b>Benefit Calculation/Formula</b>	Eliminated HB 3349 tax remedy for prospective retirees who move out of state on or after January 1, 2012	Tier One
2013	<b>Cost-of-Living Adjustment</b>	1.5% in 2013; COLA in 2014 and beyond is 1.25% on the first \$60,000 of an annual benefit; 0.15% on amounts above \$60,000	All
2013	<b>Supplementary Payments</b>	Annual supplementary payments of 0.25% to all benefit recipients (not to exceed \$150) through 2019. Second supplementary payment of 0.25% through 2019 if benefit is \$20,000 or less annually	Retirees
2013	<b>Benefit Calculation/Formula</b>	Eliminated any tax remedy for retirees who do not pay taxes in Oregon because they are not residents of Oregon	Tier One

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