

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

**Monday
March 31, 2025
9:00 a.m.**

**PERS HQ
11410 SW 68th Pkwy
Portland, OR 97223**

ITEM	PRESENTER
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A. Administration

- | | |
|---|---------|
| 1. January 31, 2025 PERS Board Meeting Minutes | SCANLAN |
| 2. Director's Report | OLINECK |
| a. Forward-Looking Calendar | |
| b. OPERF Investment Report | |
| c. Budget execution report | |
| 3. Oregon Public Employees Retirement Fund (OPERF) performance review | KIM |
| 4. BoardSmart overview | FUNSTON |
| 5. Oregon Savings Growth Plan annual report | EGLY |
| 6. Oregon Savings Growth Plan Advisory Committee appointments | EGLY |

B. Administrative rulemaking

- | | |
|--|------------------|
| 1. Notice of Rulemaking for duty disability requirements | CHANDLER, VAUGHN |
| 2. Adoption of service retirement application requirements | CHANDLER |
| 3. Adoption of rulemaking for membership eligibility rules | VU, VAUGHN |
| 4. Adoption of Tax Remedy Rule | YANG, VAUGHN |
| 5. Adoption of rulemaking for annual plan limits rules | VAUGHN |

C. Action and discussion items

- | | |
|--|-----------------|
| 1. Senate Bill 1049 update | ELLEDDGE-RHODES |
| 2. Legislative update | CASE |
| 3. PHIP Reserve Policy | DIMELING-PERRIS |
| 4. Contingency Reserve Subaccount funding | HORSFORD |
| 5. Final earnings crediting and reserving | HORSFORD |
| 6. Introduction to upcoming experience study | MILLIMAN |



OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

The PERS Board members, meeting presenters, and the public have the option to attend this meeting in person or remotely. Public testimony or comment will be taken on action items at the Chair's discretion. All written testimony/comment and requests to provide oral testimony/comment should be submitted three days or more in advance of the meeting.

Visit <https://www.oregon.gov/pers/Pages/Board/PERS-Board-Information.aspx> to register to attend remotely or to submit public comment or testimony. A video recording of the meeting will be available on the PERS website following the meeting.

<http://www.oregon.gov/PERS/>

2025 Meetings: March 31*, May 30, July 25, September 26, December 5* *Audit Committee planned for post-board meeting

A.

A. Administration

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5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

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2. Legislative update
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6. Introduction to upcoming experience study

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

January 31, 2025

Board members present:

Jardon Jaramillo, John Scanlan, Suzanne Linneen, Kristen Connor, and Bob Hestand attended in the PERS Boardroom.

Staff present:

Kevin Olineck, Yvette Elledge-Rhodes, Alex Gaub, Richard Horsford, Jake Winship, Niel Jones, James Allen, Barbara Dimeling-Perris, Melanie Chandler, Yong Yang, AnneMarie Vu, and Heather Case, attended in the PERS Boardroom.

Troy Phillips, Colin Campi, Pat Donegan, David Larson, Michiru Farney, Ben Cecka, Katie Brogan, Shawn Harper, Chris Geier, Shane Perry, Jonathan Yost, Tiffani Cairo, Joel Mellor, Karen Herrold, Liam Contino, Sussanah Bodman, Theresa Bechtol, Katie Davis, Akiko Yoshida, Erin Stutesman, Megan Ujakovich, Pamela Foust, Daniel Rivas, Mary Lang, and Julie Coatney attended virtually.

Others present:

Scott Preppernau, Matt Larrabee, Jaqueline King, Debbie Donaldson, Jeff Gudman, and Noel Cruse attended in the PERS Boardroom.

Susan Moen, Jessie Peterson, Margaret Olney, Ian Peterson, Sara Collins, Denise Hatch, Shannon Haas, Shauna Tobiasson, Traci Yates, Andrew Roper, Kevin Greig, John Campbell, Brendan Watkins, Mehran Manie-Oskoi, Kali Leinenbach, Steven Demarest, Kim Young, Dave Randall, Heather Bixby, Kimberly Blackmore, Matt Warner, Rosanne Lurie, Algie Gatewood, Carol Samuels, Kimberly Stevens, Andrea Bradbury, Gay Lynn Bath, Audrey Roberson, Ryan Martin, Christine Yonkers, Jeremy Whittlesey, Jamie McCreary, Tan Cao, Nikki Mangnall, Lacey Engle, and Yu Sun attended virtually.

Chair Jaramillo called the meeting to order at 9:02 a.m.

ADMINISTRATION

A.1. DECEMBER 6, 2024 PERS BOARD MEETING MINUTES

Vice Chair Scanlan moved to approve the minutes from the December 6, 2024 PERS Board meeting as presented. Board Member Connor seconded the approval of the minutes.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Linneen voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion.

The motion passed unanimously.

A.2. DIRECTOR'S REPORT

Director Kevin Olineck presented the Director's Report, which is a summary of items for the board to be aware of, and the forward-looking calendar.

The Oregon Public Employees Retirement Fund (OPERF) returns, for the period ending December 31, 2024, were positive, at 5.71%.

Operating expenditures for November, December, and preliminary expenditures for January are \$5,669,598 \$5,794,605 and \$6,172,340, respectively.

Through January 12, 2025, the agency has expended a total of \$108,474,009 or 73.8% of PERS' legislatively approved operations budget of \$147,065,167.

Jason Stanley, Chief Compliance, Audit, and Risk Officer reviewed the Annual Report of Financial Transactions of the PERS Director for the fiscal year ended on June 30, 2024.

In accordance with PERS policy and procedure, the chair of the Audit and Risk Committee has reviewed the summary of salary, benefits, personnel expenses, travel, and other financial charges incurred by PERS Director Kevin Olineck in the aggregate amount of \$368,986. This amount covers the period of July 1, 2023, through June 30, 2024. Details of this amount were provided at the December 6, 2024 Audit and Risk Committee meeting. The financial records supporting this summary are maintained in the Financial Services Division (FSD).

Stanley reviewed the detailed transactions (payroll time reports, travel expense reimbursement claims, and SPOTS card purchases) of the PERS director for the period of July 1, 2023, through fiscal year ended June 30, 2024, and found no exceptions or inappropriate transactions.

Board Member Linneen moved to pass a motion to acknowledge receipt of the report as presented. Vice Chair Scanlan seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Linneen voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion.

The motion passed unanimously.

Olineck reviewed the meeting agenda.

ADMINISTRATIVE RULEMAKING

B.1. Notice of Rulemaking for the Tax Remedy Rule

Yong Yang, Tax Policy Coordinator, and Stephanie Vaughn, the Policy Analysis and Compliance Section (PACS) Manager, presented a notice of rulemaking for the Tax Remedy Rule: OAR 459-013-0310 *Payment of Increased Benefits under ORS 238.372 to 238.384*.

A rulemaking hearing will be held remotely on February 25, 2025.

The rule is scheduled to be brought before the PERS Board for adoption at the March 31, 2025, board meeting.

No board action was required.

B.2. Notice of Rulemaking for Membership Eligibility Rules

AnneMarie Vu, Policy Coordinator, and Stephanie Vaughn, the Policy Analysis and Compliance Section (PACS) Manager, presented a notice of rulemaking for membership eligibility rules. Impacted rules include OAR 459-005-0015 *Leave of Absence Without Pay* (new), OAR 459-010-0003 *Eligibility and Membership for the PERS Tier One/Tier Two Program*, OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*, OAR 459-010-0035 *Six-Month Waiting Period*, OAR 459-075-0150 [OPSRP] *Retirement Credit*, OAR 459-010-0010 *Leave of Absence Without Pay* (repeal).

A rulemaking hearing will be held remotely on February 25, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the March 31, 2025, board meeting.

No board action was required.

B.3. Notice of Rulemaking for Plan Limits Rules

Stephanie Vaughn, the Policy Analysis and Compliance Section (PACS) Manager, presented a notice of rulemaking for plan limits rules. Impacted rules include OAR 459-005-0525, *Ceiling on Compensation for Purposes of Contributions and Benefits*, OAR 459-005-0545, *Annual Addition Limitation*, OAR 459-017-

0060, *Reemployment of Retired Members*, OAR 459-045-0090, *PERS Administrative Fee*, OAR 459-080-0400, *Employee Pension Stability Account (EPSA)*, OAR 459-080-0500, *Limitation on Contributions*.

A rulemaking hearing will be held remotely on February 25, 2025.

The rule is scheduled to be brought before the PERS Board for adoption at the March 31, 2025, board meeting.

No board action was required.

B.4 Third Reading of Service Retirement Applications Requirements Rules

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, Manager, Policy Analysis and Compliance Section (PACS) Manager presented a third reading of the service retirement application requirements rules. Impacted rules include OAR 459-013-0250 *Service Retirement Application Requirements*, OAR 459-075-0040 *OPSRP Service Retirement Application Requirements*.

The rules are scheduled to be brought before the PERS Board for adoption at the March 31, 2025 board meeting.

No board action was required.

B.5 Adoption of Rulemaking for Cessation of Disability Benefits Upon Reaching Normal Retirement Age Rule

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, Manager, Policy Analysis and Compliance Section (PACS) Manager presented an adoption of rulemaking for Cessation of Disability Benefits Upon Reaching Normal Retirement Age Rule OAR 459-076-0045 *Cessation of Disability Benefits Upon Reaching Normal Retirement Age*.

Board Member Linneen moved to pass a motion to adopt rulemaking for Cessation of Disability Benefits Upon Reaching Normal Retirement Age Rule, as presented. Vice Chair Scanlan seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Linneen voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion.

The motion passed unanimously.

ACTION AND DISCUSSION ITEMS

C.1. MODERNIZATION PROGRAM UPDATE

Yvette Elledge-Rhodes, Deputy Director, presented.

Elledge-Rhodes reviewed the ongoing activities of the individual projects that make up the PERS Modernization Program. She highlighted program activities that have been completed, or are in process, since the last update to the board. Program health is in red status.

No board action was required.

C.2. PHIP RESERVE POLICY

Barbara Dimeling-Perris, PERS Health Insurance Program (PHIP) Manager, presented.

PHIP proposes to adjust the PHIP Reserve Policy, which was first adopted in June 2013 and updated in May 2020, to allow PHIP the ability to benefit more retirees by removing restrictions on which plans can

receive rate credits, increase the maximum percentage that can be applied, and provide PHIP more flexibility in allocating the rate credits to react to changing market conditions.

The PERS Board directed staff to provide more information at the March 31, 2025, PERS Board meeting, before making a determination on the policy.

C.3. LEGISLATIVE PREVIEW AND UPDATE

Heather Case, Senior Policy Advisor, presented a legislative preview and update.

December Legislative Days were held December 10 to 12, 2024. PERS was not a subject of discussion during committee meetings, and the agency did not bring anything before the Legislature.

The 2025 legislative session is still in its early days, having begun on January 21, 2025. PERS' legislative concepts were filed as bills and accepted for the 2025 legislative session. They will begin their journey in the Senate as Senate Bill (SB) 847 (Amendments to PERS Health Insurance Subsidies), SB 849 (Repurpose School District Unfunded Liability Funds), SB 851 (Employer Reporting and Member Data Clarifications), and SB 852 (Post-Retirement Death Benefit Clarifications). PERS will be monitoring the agency's bills and stands ready to provide any needed information to legislators about these bills throughout the session.

Case also reviewed legislative reporting requirements that PERS is mandated to provide to the Oregon Legislature.

No board action was required.

C.4. PRELIMINARY 2024 EARNINGS CREDITING AND RESERVING

Richar Horsford, Chief Financial Officer, presented the preliminary rates for 2024.

Board Member Linneen moved to pass a motion to approve the recommended changes to the PHIP Reserve Policy effective January 1, 2025. Vice Chair Scanlan seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Linneen voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion.

The motion passed unanimously.

C.5. SENATE BILL 1566 REPORTING REQUIREMENTS

Jake Winship, Actuarial Manager, presented.

As required by Senate Bill 1566 (2018), PERS is providing the status of the School Districts Unfunded Liability Fund, the Employer Incentive Fund, the Unfunded Actuarial Liability (UAL) Resolution Program, and extended amortization options of \$10 million or more as of November 2023.

The agency asked that the PERS Board approve a new cycle of application for matching funds from the Employer Incentive Fund (EIF).

This cycle will begin on April 1, 2025, and be open to PERS' employers whose UAL exceeds 200% of combined valuation payroll. Beginning July 1, 2025, EIF match will be open to all participating employers and matched until \$40 million in matching funds are approved. All applications will be made via SurveyMonkey, and actuarial staff will confirm to each applying employer the amount matched.

Vice Chair Scanlan moved to pass a motion to approve a new cycle of application for matching funds from the Employer Incentive Fund. Board Member Linneen seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Linneen voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion.

The motion passed unanimously.

C.6. UPDATE REFLECTING ON EARNINGS THROUGH DECEMBER 31, 2024.

Scott Preppernau and Matt Larrabee of Milliman presented.

Actuaries Matt Larrabee and Scott Preppernau of Milliman presented long-term financial modeling projections reflecting published investment results through December 31, 2024. These included system average contribution rates, system funded status, and system unfunded actuarial liability.

No board action was required.

Chair Jaramillo adjourned the PERS Board meeting at 10:40 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin Olineck", written in a cursive style.

Kevin Olineck, Director

A.

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Director's Report

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Kevin Olineck, Director



Overview

This Director's Report tries to encapsulate, at a high level, noteworthy changes that have taken place since the last board meeting, while highlighting staff accomplishments.

Highlights

I want to continue to recognize where PERS staff have not only made great progress with standard operational processes, but also made significant progress on strategic initiatives. The following are accomplishments that deserve to be highlighted, with staff publicly acknowledged for their efforts.

PERS Succession Plan The success of the agency depends upon the individual and team contributions of each employee at PERS, and their respective abilities to perform the competencies and essential functions of their roles. To facilitate the continual development, growth, and transfer of knowledge between staff, as well as provide opportunities for internal mobility, PERS has begun the rollout of our 2025 PERS Succession Plan.

Beginning with the identification of our most critical positions, we aim to evaluate each of our positions' functionality and business impacts, as well as create and refine a process that allows the agency to gauge our potential bench strength in each section and division. This process creates visibility to areas of opportunity within each team—individually and as a unit—to allow for implementation of a targeted training program which is tailored for each individual employee's strengths and development opportunities.

Succession Plan Roadmap

Goals



By ensuring that each of our employees has access to the training and career advancement support they need, we are working to ensure that our agency has the most prepared and operationally ready staff possible, with the greatest chance of not only individual, but institutional success. By caring for and cultivating the futures of our employees through developmental investment, we believe we are ultimately caring for the futures of our members.

Actuarial services contract request for proposal (RFP)

Since 2016, Milliman has performed actuarial services for PERS. The initial contract was scheduled to expire on December 31, 2021, but was extended for two additional two-year periods. The current contract specifies that no further extensions are permitted. PERS procurement staff, in cooperation with the Actuarial Activities Section, have begun work to issue a request for proposal to perform actuarial services. Please note that Milliman is eligible and encouraged to bid for the new contract.

Under the current timeline for RFP rollout, we anticipate that the board will approve a finalized request for proposal, and associated timings, at the upcoming May 30 PERS Board meeting. The RFP will then be opened for a 45-day window for response. PERS staff will evaluate responses and recommend action for the board to take in awarding the contract. We hope to have the contract fully executed by November 1 to allow any needed transition before the expiration of the current contract.

Governor's Food Drive In partnership with the Oregon Food Bank (OFB) network, state employees have helped provide food assistance to individuals and families throughout Oregon and southwest Washington since 1982. This year, the annual drive kicked off on March 1 and will run through the end of the month.

Last year, PERS employees raised an impressive \$11,530, which translated to 34,590 meals. We're hoping to rise to the occasion again and help support our communities through the 2025 drive. For the 2025 drive, the Governor

has challenged state employees to donate at least \$180 annually to the food bank and, as an agency, we are setting a goal of raising \$12,000.



Jonathan Yost (right) proudly accepts the 2024 NCPERS Public Pension Communicator of the Year Award.

Accomplishments

NCPERS Public Pension Communicator of the Year Award

We are proud that Jonathan Yost, our Senior Marketing and Communications Specialist, won the award for the National Conference on Public Employee Retirement Systems (NCPERS) 2024 Public Pension Communicator of the Year in the greater than \$50 billion assets under management fund category. This award honors a communications staff member at a public pension plan who has demonstrated superior leadership skills; innovation and creativity; and created an impact with their communications endeavors in the preceding year. Yost formally received this award at the NCPERS Pension Communications Summit in January of this year.

Annual Recognition Awards Each year, PERS presents three awards, one each for an exceptional team, employee, and manager. We are pleased to announce this year's winners.



2024 PERS Team of the Year For the award for team of the year, the PERS recognition committee was looking for a team that demonstrated an inherent work ethic, adaptability and problem-solving skills, emotional intelligence, and leadership, as well as providing a cultural contribution.

The nominees for Team of the Year were: Data Integrity Group (DIG); Estimates/Purchases and IAP; Intake and Review; Pension Calculations; PERS Education Team; and the Member Information Center.

The winner, as chosen by the recognition committee, was: **INTAKE AND REVIEW.**

Employee of the Year and Manager of the Year Awards

The theme for both Employee and Manager of the Year was "Rising Star," which recognizes someone who fosters a team environment when working on section, division, or agency projects and goals. A rising star employee is someone who is either newer to PERS or newer to their role at PERS, someone who is on a trajectory for success, who possesses a combination of skills, traits, and behaviors that uniquely set them apart.

2024 PERS Employee of the Year For the employee-of-the-year nominations, staff were asked to nominate a fellow employee they consider to be a rising star at PERS who embodies those characteristics and attributes.



The nominees for Employee of the Year were: Adam Schock, Blair Hughes, Brian Perkins, Chris Mandeville, David Zentner, Debbie Foote, Elizabeth Embree, Elli Probasco, Jeffrey Hart, Jenna Grimes, Jenny Scymanky, Laralyn Spencer, Lisa Cebula, Mackenzie Hardgrove, Makiah Merritt, Max Diggs, Megan Jennings, Melanie Helmick, Michiko Okubo-Hazan, Pooja Vyas, Rachel Schizas, Scherriece Toledo, Sean Page, Suhas Pande, Susanne Chilton, Tim Raubuch, Tricia Nugent, and Wendy Luttrell.



MAX DIGGS, winner of the 2024 Employee of the Year award.

The winner, as chosen by the recognition committee, was: **MAX DIGGS.**

2024 PERS Manager of the Year For the manager-of-the-year nominations, staff were asked to nominate a manager they consider to be a rising star at PERS, one who embodies the characteristics and leadership attributes listed above.



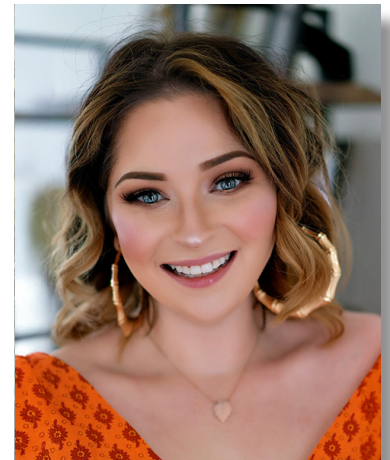
The nominees for Manager of the Year were: Amanda Goss, Barb Dimeling Perris, Brooke Holtzheimer, Christine Vanderhoof, Cody Drennan, Laurel Galego, Melissa Piezonka, Melissa Tominaga, Nick Marrello, Peter Ungern, Tamie Johnson, and Theresa Bechtol.

The winner, as chosen by the recognition committee, was: **AMANDA GOSS.**

RECOGNITION

COMMITTEE For all three awards, I'd like to acknowledge the efforts of the Employee Recognition Work Group, comprised of the following staff:

Yvette Elledge-Rhodes, Rebecca Acosta-Castro, Johnna Bergman, Pamela Foust, Emma McGinty, Chris Mandeville, and Heather Swientek. Their efforts are integral in making these recognition events so successful.



AMANDA GOSS, winner of the 2024 Manager of the Year award.

PERS BOARD MEETING FORWARD-LOOKING CALENDAR

Wednesday, May 28, 2025 (joint meeting with Oregon Investment Council (OIC) at Treasury)
(PERS Board will be joining the second half of the regular OIC Board meeting 9:00 a.m.-1:00 p.m.)

Friday, May 30, 2025

PERS Modernization Program update
 Board Scorecard Report on agency performance measures
 Propose board meeting dates for next year
 Annual report of board member training activities
 Retiree health insurance plans renewals and rates
 PERS Health Insurance Program annual report
 Overview of actuarial methods and economic assumptions
 Legislative update

Friday, July 25, 2025*

Senate Bill 1049 update
 Legislative session review
 Preliminary adoption of valuation methods and assumptions including assumed rate of return
 Preliminary adoption of Assumed Rate Oregon Administrative Rule (OAR)

Friday, September 26, 2025

PERS Modernization Program update
 Forward-looking calendar for next year
 PERS Strategic Plan overview
 Legislative update and legislative concepts
 Update on PERS annual member and employer satisfaction surveys
 Final adoption of valuation methods and assumptions including assumed rate of return
 Valuation results – advisory employer rates
 Final adoption of Assumed Rate OAR

Friday, December 5, 2025*

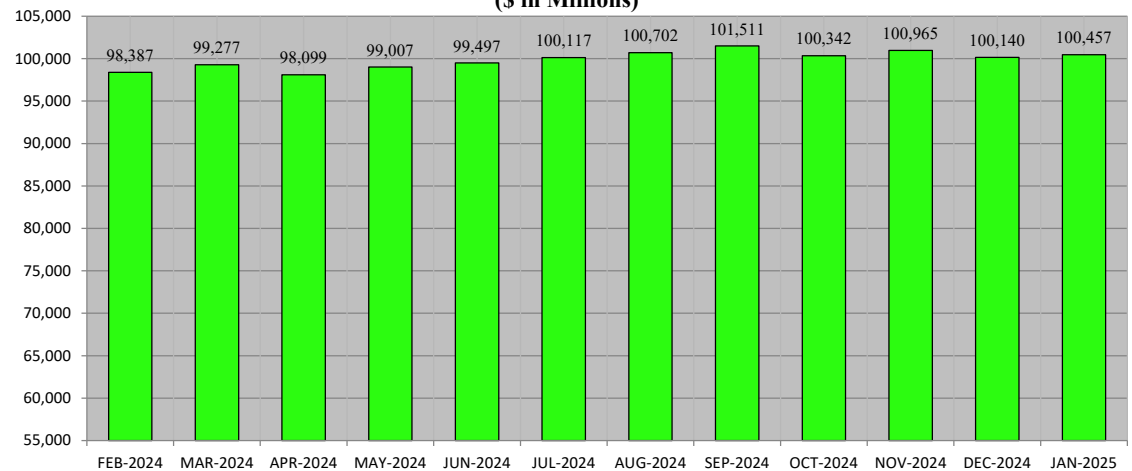
Board governance assignments
 Board Scorecard Report on agency performance measures
 Update on Governor's Expectations
 PERS Strategic Plan update
 Valuation update and financial modeling results
 Adoption of actuarial equivalency factor tables

**Audit and Risk Committee planned for post-board meeting*

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 95,240,259		0.88	6.35	5.35	4.08	7.42	7.58	7.06	7.57
<i>OPERF Policy Benchmark</i>					<i>1.42</i>	<i>12.52</i>	<i>10.44</i>	<i>5.25</i>	<i>7.23</i>	<i>8.30</i>	<i>7.76</i>	<i>8.31</i>
Value Added					(0.55)	(6.17)	(5.09)	(1.17)	0.20	(0.72)	(0.69)	(0.74)
<i>Oregon Reference Portfolio</i>					<i>2.38</i>	<i>13.87</i>	<i>11.79</i>	<i>4.92</i>	<i>5.58</i>	<i>7.28</i>	<i>6.38</i>	<i>7.10</i>
Public Equity	22.5-32.5%	27.5%	\$ 16,746,421	17.6%	3.45	20.23	17.02	9.30	10.44	11.38	8.74	9.93
<i>MSCI ACWI IMI Net</i>					<i>3.27</i>	<i>19.91</i>	<i>16.66</i>	<i>7.94</i>	<i>9.01</i>	<i>10.68</i>	<i>8.47</i>	<i>9.53</i>
Private Equity	17.5-27.5%	20.0%	\$ 25,254,789	26.5%	0.15	4.07	5.23	3.80	12.19	12.30	12.97	12.15
<i>Russell 3000+300 Bps Qtr Lag</i>					<i>1.12</i>	<i>34.42</i>	<i>30.08</i>	<i>12.59</i>	<i>17.50</i>	<i>18.08</i>	<i>16.83</i>	<i>16.25</i>
Total Equity	45.0-55.0%	47.5%	\$ 42,001,210	44.1%								
Fixed Income	20-30%	25.0%	\$ 21,817,773	22.9%	0.62	3.18	3.59	(0.11)	(0.56)	0.52	2.02	1.96
<i>Oregon Custom Fixed Income Benchmark</i>					<i>0.53</i>	<i>2.07</i>	<i>2.08</i>	<i>(1.52)</i>	<i>(1.77)</i>	<i>(0.50)</i>	<i>1.22</i>	<i>1.25</i>
Real Estate	9.0-16.5%	12.5%	\$ 13,426,281	14.1%	(0.01)	(3.23)	(6.99)	0.86	5.31	4.83	5.63	6.56
<i>Oregon Custom Real Estate Benchmark</i>					<i>0.32</i>	<i>(6.15)</i>	<i>(9.55)</i>	<i>(1.75)</i>	<i>2.43</i>	<i>2.03</i>	<i>3.17</i>	<i>5.14</i>
Real Assets	2.5-10.0%	7.5%	\$ 10,106,253	10.6%	0.13	10.50	8.78	11.86	13.67	10.52	7.83	6.21
<i>CPI +4%</i>					<i>0.98</i>	<i>7.11</i>	<i>7.16</i>	<i>8.31</i>	<i>9.16</i>	<i>8.41</i>	<i>7.74</i>	<i>7.23</i>
Diversifying Strategies	2.5-10.0%	7.5%	\$ 4,963,402	5.2%	1.20	7.18	5.38	9.68	9.19	5.24	1.46	2.47
<i>HFRI FOF: Conservative Index</i>					<i>0.73</i>	<i>6.79</i>	<i>5.83</i>	<i>4.37</i>	<i>4.99</i>	<i>5.27</i>	<i>4.40</i>	<i>3.84</i>
Opportunity Portfolio	0-5%	0%	\$ 2,889,563	3.0%	0.68	10.82	12.34	8.55	11.94	11.57	10.34	9.05
<i>Opportunity Custom Benchmark</i>					<i>1.42</i>	<i>12.52</i>	<i>11.05</i>	<i>11.27</i>	<i>11.65</i>	<i>10.60</i>	<i>9.59</i>	<i>8.83</i>
Cash w/Overlay	0-3%	0%	\$ 35,776	0.0%	0.40	5.52	5.46	4.02	2.97	2.64	2.68	2.17
<i>91 Day Treasury Bill</i>					<i>0.37</i>	<i>5.19</i>	<i>5.16</i>	<i>4.02</i>	<i>3.01</i>	<i>2.51</i>	<i>2.39</i>	<i>1.80</i>
Target Date Funds			\$ 4,944,062									
TOTAL OPERF Variable Account			\$ 272,740		3.36	20.31	16.95	8.24	9.33	11.00	8.81	9.88

Total OPERF NAV
(includes Variable Fund assets)
One year ending JAN-2025

(\$ in Millions)



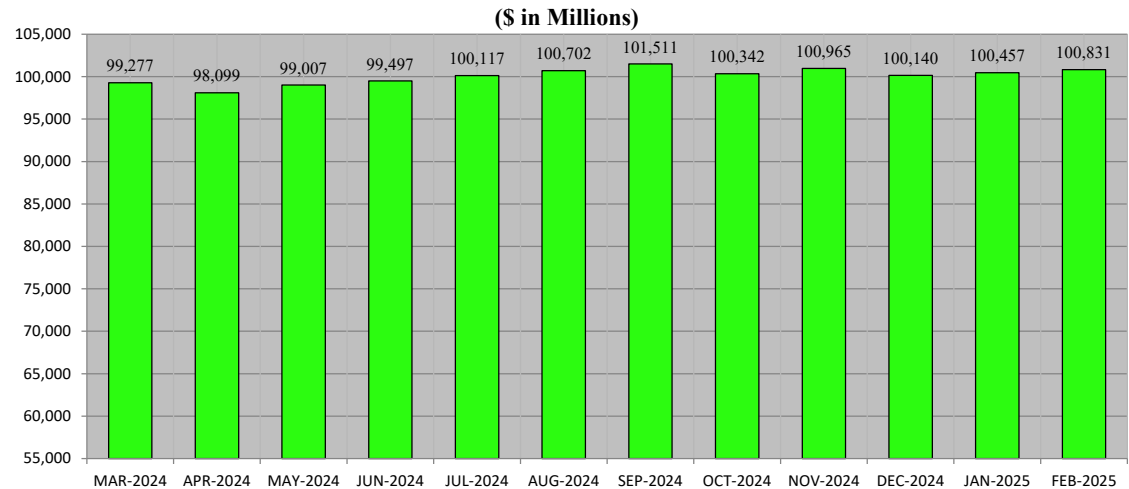
¹OIC Policy revised April 2023.

²Includes impact of cash overlay management.

³For mandates beginning after January 1 (or with lagged performance), YTD numbers are "N/A". Performance is reflected in Total OPERF. YTD is not annualized.

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 95,627,954		1.54	6.12	6.12	4.13	7.04	8.21	7.35	7.39
<i>OPERF Policy Benchmark</i>					2.07	11.49	11.40	5.41	6.93	8.88	8.05	8.13
Value Added					(0.53)	(5.37)	(5.28)	(1.28)	0.11	(0.66)	(0.70)	(0.74)
<i>Oregon Reference Portfolio</i>					2.51	11.38	13.41	5.65	5.24	8.46	6.90	6.74
Public Equity	22.5-32.5%	27.5%	\$ 16,478,845	17.2%	2.56	13.84	18.00	9.71	9.27	13.19	9.23	9.23
<i>MSCI ACWI IMI Net</i>					2.37	14.09	17.79	8.45	8.06	12.38	8.99	8.84
Private Equity	17.5-27.5%	20.0%	\$ 25,532,446	26.7%	1.23	4.28	5.90	2.85	11.20	12.32	12.91	12.27
<i>Russell 3000+300 Bps Qtr Lag</i>					2.25	30.54	29.14	11.81	16.42	17.60	16.63	16.38
Total Equity	45.0-55.0%	47.5%	\$ 42,011,291	43.9%								
Fixed Income	20-30%	25.0%	\$ 22,123,337	23.1%	2.57	6.21	5.62	0.90	0.32	0.62	2.41	2.14
<i>Oregon Custom Fixed Income Benchmark</i>					2.74	5.81	4.56	(0.44)	(0.93)	(0.38)	1.64	1.48
Real Estate	9.0-16.5%	12.5%	\$ 13,468,037	14.1%	(0.09)	(2.44)	(6.58)	0.18	4.97	4.46	5.45	6.59
<i>Oregon Custom Real Estate Benchmark</i>					0.64	(4.23)	(8.61)	(2.44)	2.42	2.01	3.13	5.17
Real Assets	2.5-10.0%	7.5%	\$ 10,080,806	10.5%	0.28	9.73	8.38	11.89	13.48	10.56	7.62	6.10
<i>CPI +4%</i>					1.76	6.92	7.10	8.14	9.13	8.44	7.74	7.23
Diversifying Strategies	2.5-10.0%	7.5%	\$ 5,018,534	5.2%	2.34	6.47	4.93	9.98	9.16	5.91	1.31	2.69
<i>HFRI FOF: Conservative Index</i>					0.87	5.67	5.59	4.31	4.34	5.43	4.49	3.69
Opportunity Portfolio	0-5%	0%	\$ 2,887,484	3.0%	1.37	10.63	11.45	8.62	11.61	11.51	10.37	9.05
<i>Opportunity Custom Benchmark</i>					2.07	11.49	10.86	11.01	11.56	10.58	9.55	8.80
Cash w/Overlay	0-3%	0%	\$ 38,465	0.0%	0.80	5.51	5.56	4.20	3.07	2.66	2.73	2.21
<i>91 Day Treasury Bill</i>					0.69	5.09	5.16	4.13	3.09	2.55	2.42	1.84
Target Date Funds			\$ 4,937,912									
TOTAL OPERF Variable Account			\$ 265,452		2.41	14.41	18.05	8.80	8.35	12.66	9.32	9.19

Total OPERF NAV
(includes Variable Fund assets)
One year ending FEB-2025

¹OIC Policy revised April 2023.²Includes impact of cash overlay management.³For mandates beginning after January 1 (or with lagged performance), YTD numbers are "N/A". Performance is reflected in Total OPERF. YTD is not annualized.

Oregon Public Employees Retirement Fund (OPERF) annual rates of return

Year	OPERF Earnings (%)	Tier One	Tier Two	Variable Account	IAP
2012	14.29	8.00	14.68	18.43	14.09
2013	15.59	8.00	15.62	25.74	15.59
2014	7.29	7.75	7.24	4.29	7.05
2015	2.11	7.75	1.87	-1.61	1.85
2016	6.88	7.50	7.15	8.76	7.13
2017	15.39	7.50	15.23	26.48	14.72
2018	0.48	7.20	0.23	-10.03	—
2019	13.56	7.20	13.27	28.80	—
2020	7.66	7.20	7.18	11.77	—
2021	20.05	7.20	20.14	18.88	—
2022	-1.55	6.90	-1.91	-21.52	—
2023	5.98	6.90	5.52	21.37	—

OPERF earnings for calendar years 2012-21 have been clarified to reflect performance and holdings data as published by Oregon State Treasury.



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

11410 S.W. 68th Parkway, Tigard, OR

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

March 31, 2025

TO: Members of the PERS Board
FROM: Gregory R. Gabriel, Budget Officer
SUBJECT: March 2025 Budget Report

2023-25 OPERATING BUDGET

Operating expenditures for January, February, and preliminary expenditures for March are \$5,316,385, \$5,981,897 and \$6,255,797, respectively. Final expenditures for March will close in the Statewide Financial Management System on April 18 and will be included in the May 2025 report to the board.

- Through March 9, 2025, the agency has expended a total of \$113,630,294 or 77.3% of PERS' legislatively approved operations budget of \$147,065,167.
- At this time, the agency's projected variance is \$5,646,048 or 3.8%.
- Core Retirement Systems Applications (CRSA) expenditures for January, February, and preliminary expenditures for March are \$1,504,793, \$909,385 and \$751,376, respectively. As of March 9, the agency has expended \$19,073,076 or 62.8% of the legislatively approved budget of \$30,397,427.
- At this time, the CRSA projected variance is \$3,693,132 or 12.2%.

2023-25 NON-LIMITED BUDGET

The adopted budget includes \$13,523,120,517 in total estimated non-limited expenditures. Non-limited expenditures include benefit payments, health insurance premiums, and third-party administration payments for both the PERS Health Insurance Program (PHIP) and the Individual Account Program (IAP).

- Non-Limited expenditures through March 9, 2025 are \$10,786,932,831.

A.2.c. Attachment 1 – 2023-25 Agency-wide Budget Execution Report

A.2.c. Attachment 2 – 2023-25 CRSA Summary Budget Analysis

PERS Monthly Budget Report

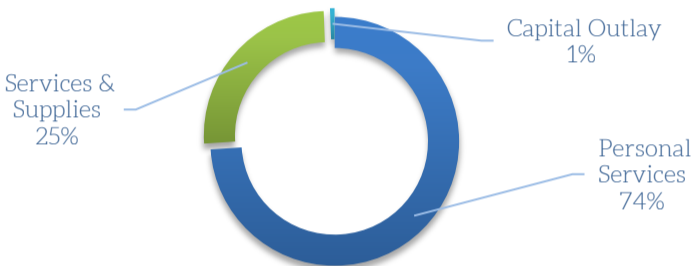
2023-25 Agency-Wide Budget Execution
Preliminary for the Month of March 2025

Limited - Operating Budget

2023-25 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2023-25 LAB	Variance
Personal Services	84,041,085	20,642,186	104,683,271	108,762,430	4,079,159
Services & Supplies	28,920,848	7,008,242	35,929,090	37,130,336	1,201,246
Capital Outlay	668,361	941,000	806,758	1,172,401	365,643
Total	113,630,294	28,591,428	141,419,119	147,065,167	5,646,048

Actual Expenditures



Projected Expenditures



Monthly Summary

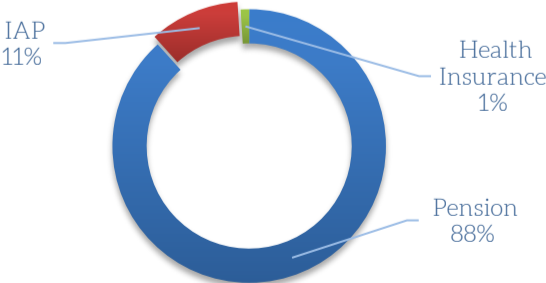
Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,837,577	5,013,033	175,456	4,202,054	5,160,547
Services & Supplies	1,418,220	1,469,658	51,438	1,446,042	1,752,060
Capital Outlay	0	0	0	33,418	235,250
Total	6,255,797	6,482,691	226,894	5,681,515	7,147,857

Non-Limited Budget

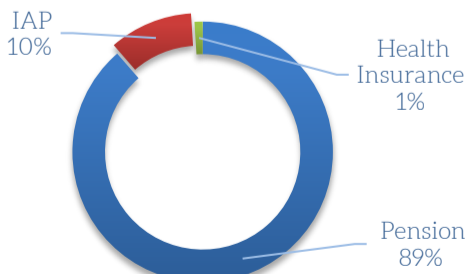
2023-25 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	9,528,545,018	2,432,367,999	11,960,913,017	11,823,032,167	(137,880,850)
IAP	1,150,733,717	251,695,696	1,402,429,413	1,482,829,663	80,400,250
Health Insurance	107,654,096	28,145,920	135,800,016	217,258,687	81,458,671
Total	10,786,932,831	2,712,209,615	13,499,142,447	13,523,120,517	23,978,071

Actual Expenditures



Projected Expenditures



PERS Monthly Budget Report

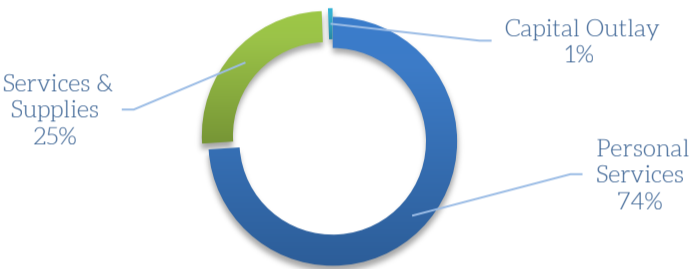
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Actual Expenditures



Projected Expenditures



Monthly Summary

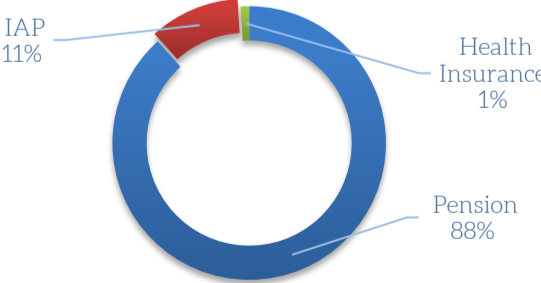
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Non-Limited Budget

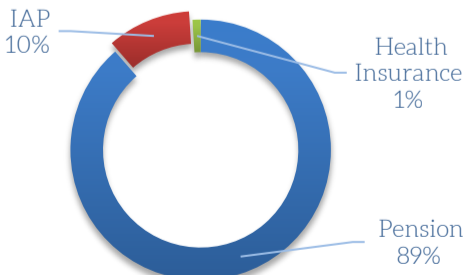
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Actual Expenditures



Projected Expenditures



A.

A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
- 3. Oregon Public Employees Retirement Fund (OPERF) performance review**
4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

1. Notice of Rulemaking for duty disability requirements
2. Adoption of service retirement application requirements
3. Adoption of rulemaking for membership eligibility rules
4. Adoption of Tax Remedy Rule
5. Adoption of rulemaking for annual plan limits rules

C. Action and discussion items

1. Senate Bill 1049 update
2. Legislative update
3. PHIP Reserve Policy
4. Contingency Reserve Subaccount funding
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study

March 31, 2025

PERS Board Presentation

Rex T. Kim, Chief Investment Officer
Oregon State Treasury



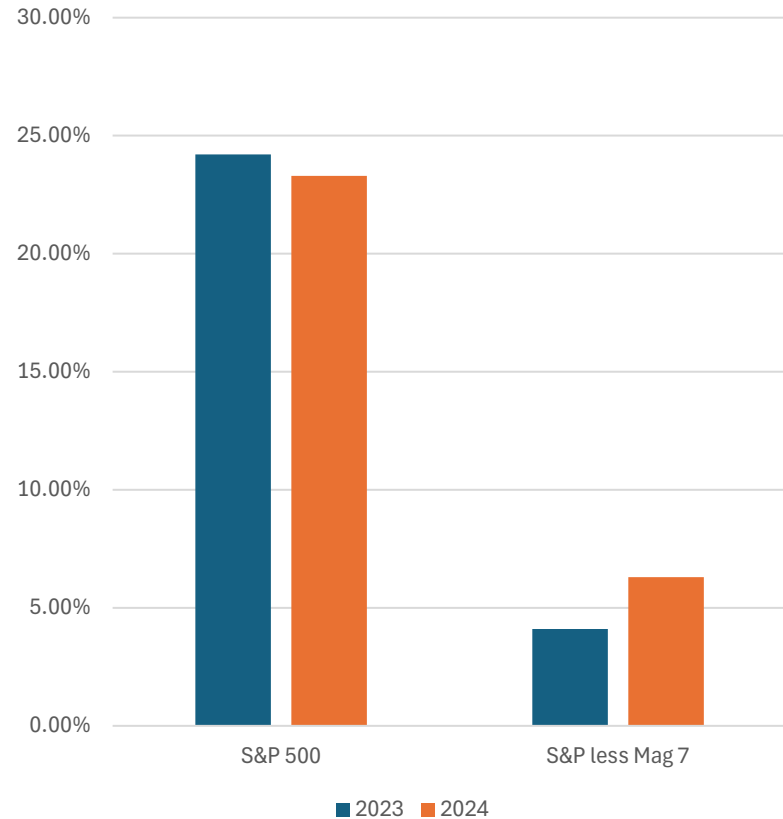
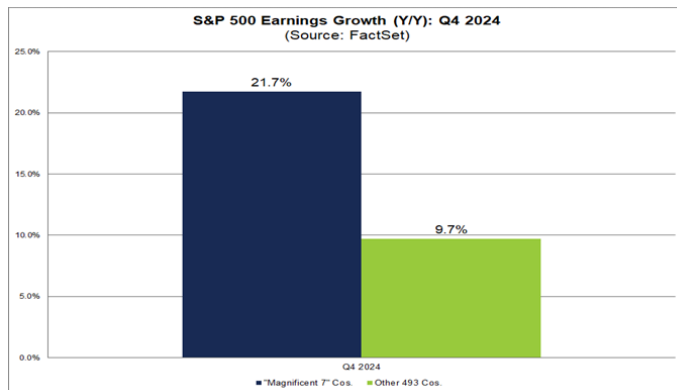
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TREASURY

Agenda

- Market Environment
- 2024 Performance
- Asset Allocation

Market Environment: Magnificent 7

- Seven stocks driving index performance.
- Performance of these seven driven by better earnings growth than the rest.

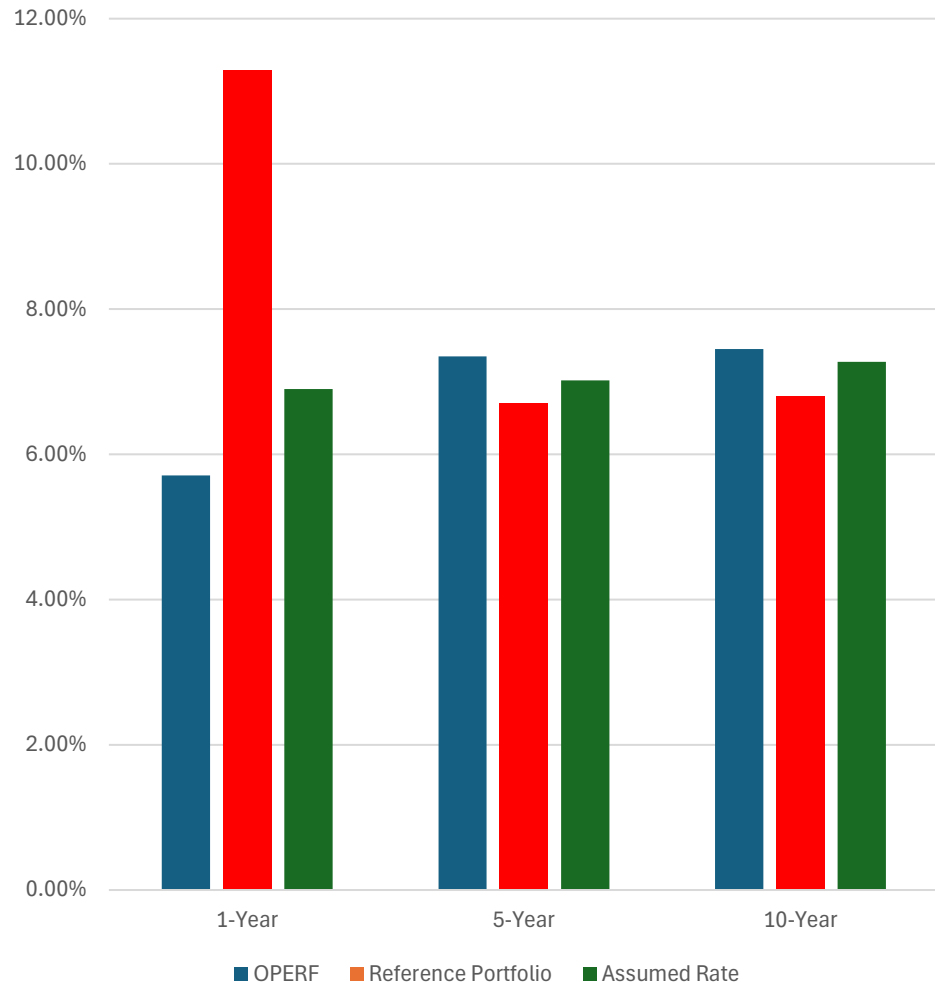


Source: Opening Bell Daily



Performance (12/31/2024)

- Despite lackluster absolute and relative performance in 2024, longer term performance remains strong.
- OPERF continues to outpace both the 70/30 Reference Portfolio and Assumed Rate over both 5-year and 10-year periods.

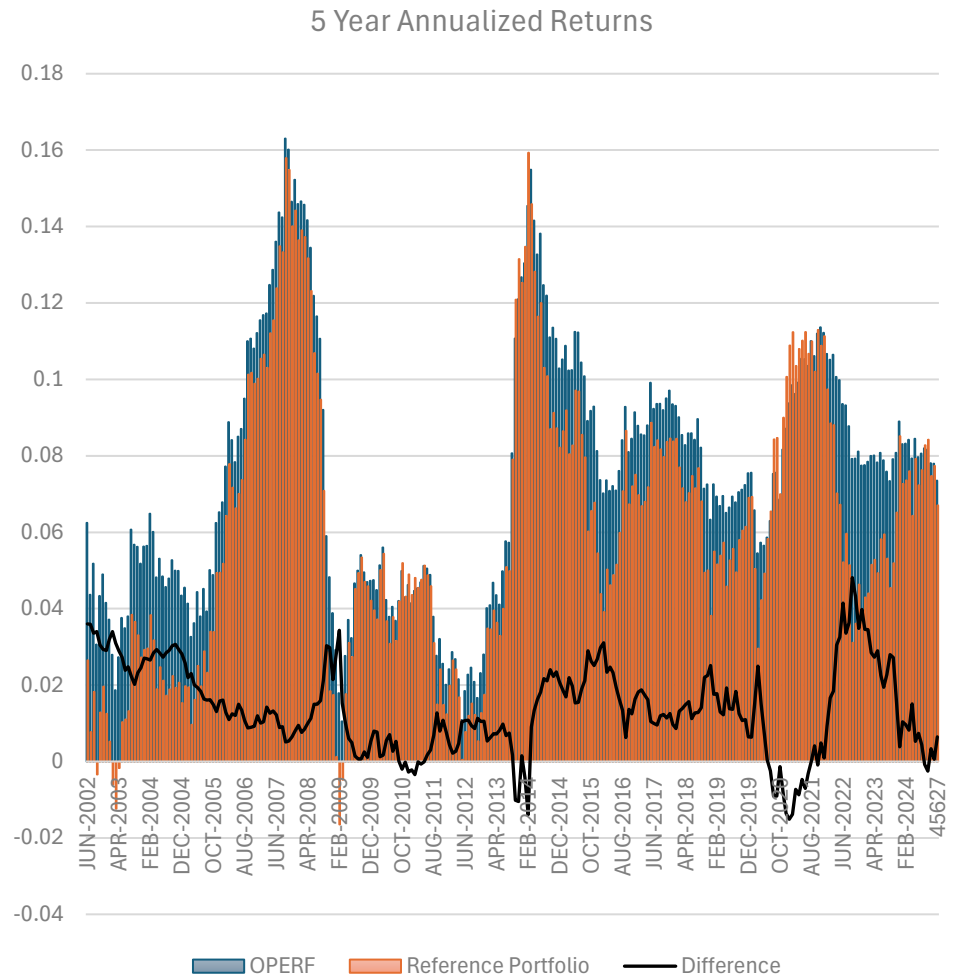


Asset Allocation

Asset Class	Current Allocation	Long-Term Target	Active Weight	Approved Range
Public Equity	17.3%	27.5%	-10.2%	22.5% - 32.5%
Private Equity	26.5%	20.0%	6.5%	15% - 27.5%
Total Equity	43.8%	47.5%	-3.7%	42.5% - 52.5%
Fixed Income	23.3%	25.0%	-1.7%	20% - 30%
Real Estate	14.2%	12.5%	1.7%	7.5% - 17.5%
Opportunity	3.1%	0.0%	3.1%	0% - 5%
Real Assets	10.5%	7.5%	3.0%	2.5% - 10%
Diversifying Strategies	5.2%	7.5%	-2.3%	2.5% - 10%
Cash	0.0%	0.0%	0.0%	0.0%
Total Fund	100%			

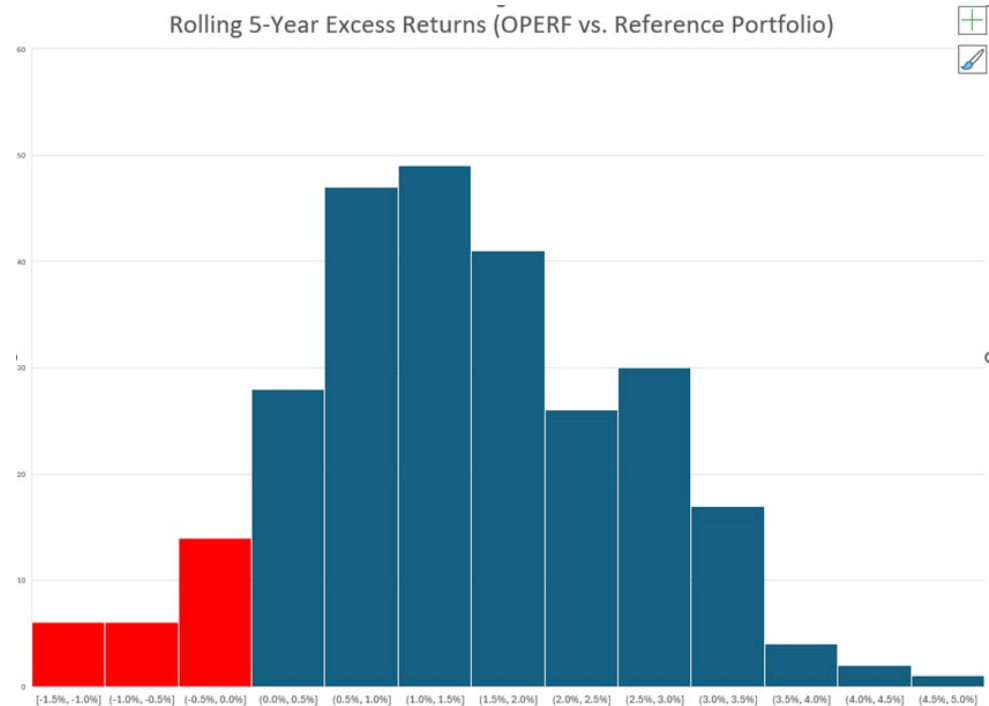
Asset Allocation: Adding Value

- Easy to pick a point in time to make a biased point.
- Here is the longer-term picture.
- OPERF consistently produces returns above a passive 70/30 Reference Portfolio.



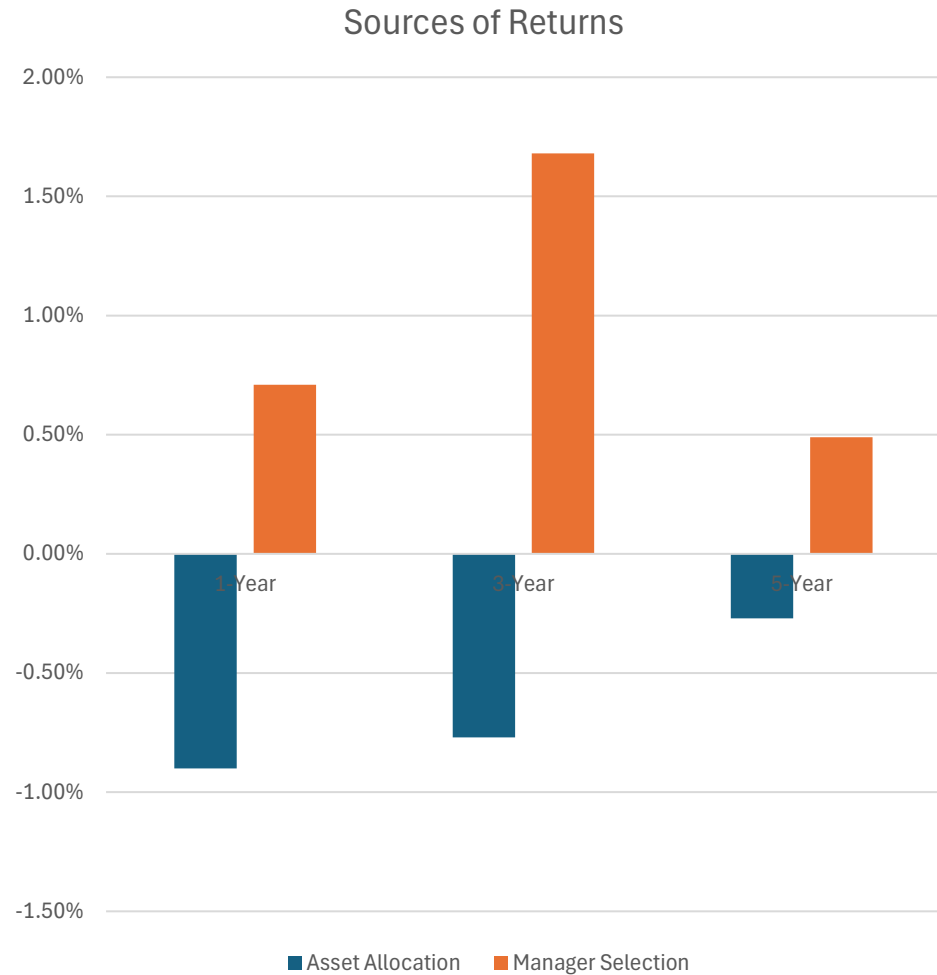
Asset Allocation: Adding Value

- Same point, different picture.
- OPERF exceeds the returns of a 70/30 Reference Portfolio in nearly 90% of rolling five-year periods.
- Short-term returns are noise; more signal in longer time periods.



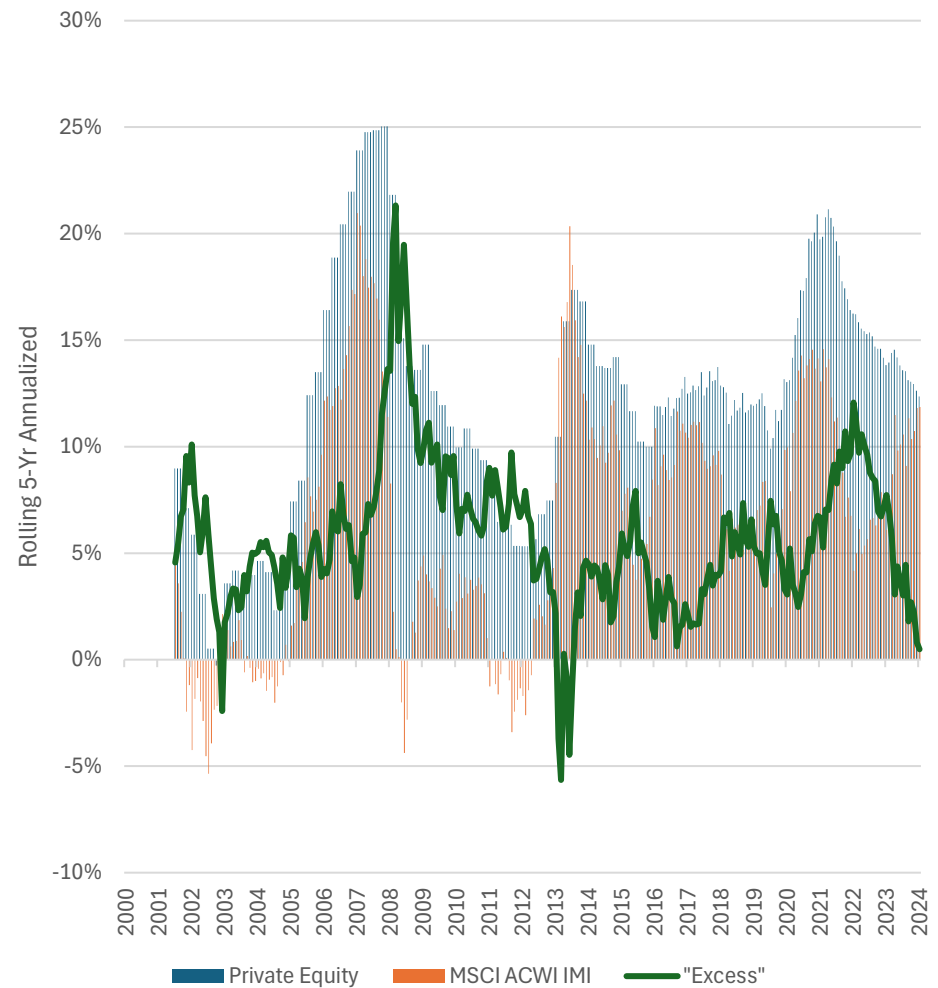
Asset Allocation: Adding Value

- Our game is manager selection.
- We do not market time.



Asset Allocation: Private Equity versus Global Stocks

- We continue to believe that private equity provides excess returns.
- Let's be clear... it's because of our manager selection.



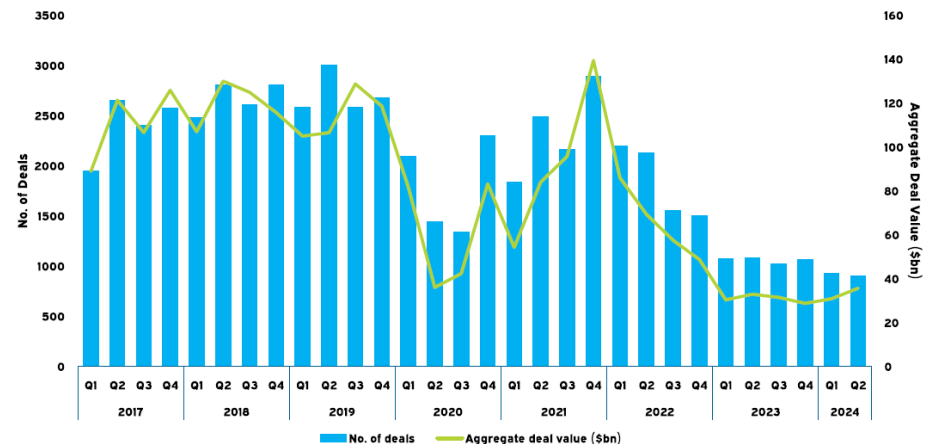
Asset Allocation: Real Estate

- Real Estate is a core asset class, providing both income and inflation protection.
- Performance over recent 5-year is muted, 4.81%, vs 10-year at 6.70%.
- Deal volume (per graph) has been slow to recover since the pandemic.

MEKETA

Market Overview

Quarterly Global Real Estate Deals Q1 2017 – Q2 2024



→ The number of closed real estate deals and corresponding aggregate deal value have both steadily decreased since the fourth quarter of 2021 and stayed fairly consistent since the first quarter of 2023.

Source: Preqin Pro

MEKETA INVESTMENT GROUP



**OREGON
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**OREGON
STATE
TREASURY**

Elizabeth Steiner, MD
Oregon State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, OR 97224

oregon.gov/treasury

A.

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5. Final earnings crediting and reserving
6. Introduction to upcoming experience study



An Overview

Board  Smart

Not intended as legal advice

Welcome and Introductions

Kristen Connor

Bob Hestand

Jardon Jaramillo

Suzanne Linneen

John Scanlan



Rick Funston

Experience

1998-2010

Former Deloitte National Practice Leader –
Governance and Risk Oversight Services - F1000

2010-present

CEO Funston Advisory Services, Board Smart and
Board Insights LLC

2009-2011

Adjunct Professor and member Board of Visitors,
School of Business Administration, Oakland
University, Michigan

2011-2012

Special Advisor, Risk Institute, Fisher College of
Business, The Ohio State University

Principal Author

2010

*“Surviving and Thriving in Uncertainty: Creating the
Risk Intelligent Enterprise”* Wiley & Sons

2017

*“One of A Kind: A Practical Guide for 21st Century
Public Pension Trustees”* Amazon

2025

“Transforming the Dialogue: Fiduciary Essentials”
(February-Mar) Amazon

2025

*“Adapt or Fail! A 5x5 Governance Framework for
Boards of Directors”* (March 31) De Gruyter

“Life short, art long, opportunity fleeting, experience misleading, judgment difficult.”

Hippocrates, 400 BCE

Since 2010

Institutional Investors Served

Fiduciary, Governance, Strategy, Operations, Compliance, Risk Intelligence
with assets under management of over \$2.5 trillion (very different sizes and circumstances).



Board Smart Subscriber

- ▶ California Public Employees' Retirement System
- ▶ Connecticut Municipal Employees Retirement System
- ▶ Delaware Public Employees' Retirement System
- ▶ Employees' Retirement System of Rhode Island
- ▶ Employees' Retirement System of the State of Hawaii
- ▶ Indiana Public Retirement System
- ▶ Maryland State Retirement and Pension System
- ▶ Massachusetts Pension Reserves Investment Trust
- ▶ Missouri Department of Transportation & Missouri State Highway Patrol Employees' Retirement System
- ▶ New Hampshire Retirement System
- ▶ New Mexico Public Employees Retirement Association
- ▶ New York State Comptroller – Common Retirement Fund
- ▶ Ohio Police and Fire Pension Fund
- ▶ Ohio Highway Patrol Retirement System
- ▶ Ohio School Employees Retirement System
- ▶ Oregon Investment Council

Kentucky Public Pensions Authority

State Systems

- ▶ Oregon Public Employees Retirement System
- ▶ Public School and Education Employees Retirement System of Missouri
- ▶ Pennsylvania Public School Employees' Retirement System
- ▶ Pennsylvania State Employees' Retirement System
- ▶ Public School Retirement System of Missouri
- ▶ Rhode Island State Investment Commission
- ▶ School Employees Retirement System of Ohio
- ▶ South Carolina Public Employee Benefit Authority
- ▶ South Carolina Retirement System Investment Commission
- ▶ State Board of Administration of Florida
- ▶ State Teachers' Retirement System of Ohio
- ▶ State of Wisconsin Investment Board
- ▶ Teacher Retirement System of Texas
- ▶ Utah Retirement Systems
- ▶ Washington State Investment Board
- ▶ Wyoming Retirement System

Employees Retirement System of Georgia

County and Municipal Systems

- ▶ Cincinnati Retirement System
- ▶ District of Columbia Retirement Board
- ▶ Fairfax County (VA) Retirement Systems
- ▶ Los Angeles County Employees Retirement Association
- ▶ Milwaukee County Employees' Retirement System
- ▶ Montgomery County (MD) Public Schools Retirement Trust
- ▶ New York City Comptroller – Bureau of Asset Management
- ▶ San Francisco Employees' Retirement System

Sovereign Wealth and Economic Development

- ▶ Alaska Permanent Fund
- ▶ Trust Fund for the People of the Federated States of Micronesia
- ▶ New Jersey Economic Development Authority

Taft-Hartley

- ▶ Sound Retirement Trust
- ▶ Central Pension Fund of the IUOE and Participating Employers

Faith-Based

- ▶ The Board of Pensions of the Presbyterian Church (U.S.A.)
- ▶ Regional Conference Retirement Plan Board of Trustees, 7th Day Adventists

Board Smart Subscribers

500+ evaluations - Rated 4.7 out of 5

- I've been in several committees in other organizations but this lesson gave me a broader structure to how it works in retirement systems
- Course was very helpful on developing structure of looking for an Executive
- Well established overall
- This course was great gave me a broader understanding of the Fund and unfunded accounts
- This was interesting - I need to evaluate some oversight risks in the future of our board.
- This course gave me a better understanding of investment risks
- Great introduction to Fiduciary responsibilities!
- Really shed light on an area we need to improve.
- Excellent material and format. Should be required for everyone
- This was good- particularly the comparison between DC plan and a DB plan.
- This lesson gave me a broader view of what and how to make those pieces together
- Very well structured gives me a better understanding
- Better understanding of the process of pensions
- All pieces are following together understanding the concept of the puzzle
- Gave me a broader understanding of the process of loyalty, trust and knowledge.
- Very well stated on facts on do's and don't and conflicts of interest
- Puts all the puzzle pieces together and to the point
- Very well explained and understandable
- Very well set up being that I am Chair and a vice chair in other organizations it helped

Our Expert Faculty

Faculty	Experience
Randall Miller, MBA	Chief Operating Officer, Funston Advisory Services, Board Smart LLC
Kenneth Bertsch, JD	Former Executive Director Council of Institutional Investors
Ilana Boivie, MA	Economist, formerly with the International Association of Machinists and Aerospace Workers
Keith Bozarth, JD	Former Executive Director State of Wisconsin Investment Board
Steven Case, MBA, CFA	Former partner at Mercer Investments. Expert witness.
Leandro A. Festino, CFA, CAIA	Managing Principal, Meketa Investment Group
Michael Flaherman, MCP	Former member CalPERS Board of Administration
William “Flick” Forna, FSA	President, Pension Trust Advisors Inc.
Michael Gold, MSc	Former Senior Managing Director & Head of Asset Management Services TIAA-CREF
Larry Jensen, CIA, CISA, CRMA, CCEP.	Former Chief Risk Officer and Chief Audit Officer, CalPERS, and Chief Audit Officer, CalSTRS.
Keith Johnson, JD	Former Head of Reinhart Law Institutional Investor Legal Services
Ken Johnson, MPA	Former Chief Operating Officer State of Wisconsin Investment Board
Sharmila Kassam, JD	Investment Industry Executive and Mutual Fund Board Director
Susan Lau, BSc	Former CIO Montgomery County Public Schools
Clive Lipshitz, MBA	Managing Partner of Tradewind Interstate Advisors
Jon Lukomnik, BA	Managing Partner for Sinclair Capital, Former NYC Deputy Controller for Pensions
Stephen P. McCourt, CFA	Managing Principal / Co-CEO Meketa Investment Group
Lisa Morris, JD	Former Executive Director of the School Employees Retirement System
Tiffany Reeves MA, JD	Former Deputy Executive Director, Chief Legal Counsel at the Chicago Teachers' Pension Fund (CTPF); partner Faegre Drinker
Steven J. Ross, CISSP, MBCP, CDPSE, CISA	Executive Principal Risk Masters Int'l. Former Deloitte Director and Global Practice Leader
Chris Waddell, JD	Senior Counsel at Olson Remcho, Former CalSTRS General Counsel
Nickolas Zuiker, JD	Shareholder with Reinhart Boerner Van Deuren s.c. (Reinhart Law) on the Institutional Investor Services (RIIS) Team.

Knowing What Questions to Ask

What critical questions should fiduciaries always ask?

Einstein was challenged by his fellow professors as to why he would ask the same questions on every final exam, despite the students passing them around.

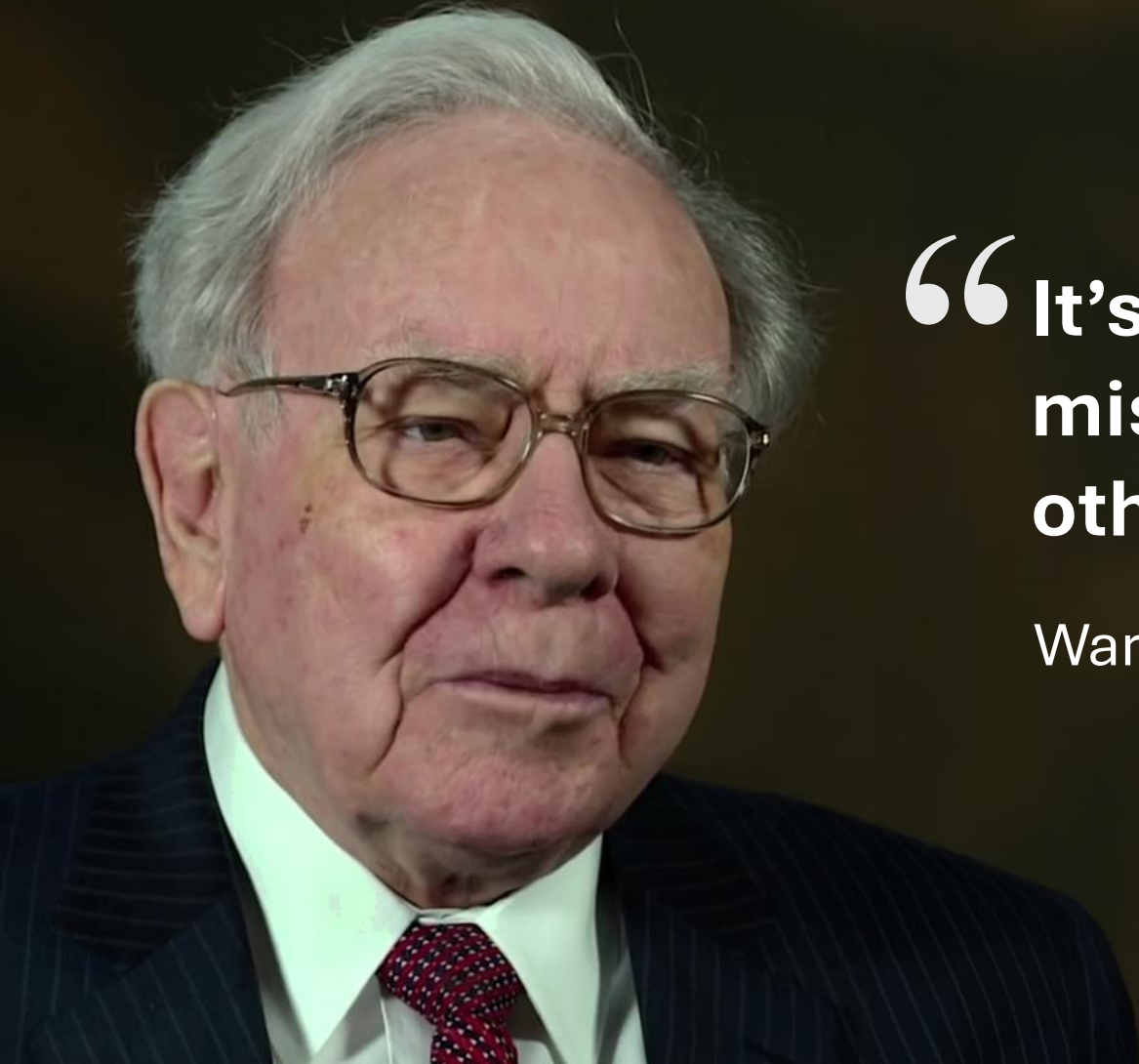
He replied:

“Because the answers keep changing.”

Fiduciaries ought to always ask and answer:

1. How will we work together?
2. How will we govern collectively?
3. How will we take a disciplined and prudent approach to building consensus?
4. How will we resolve potential conflicting group interests in the best interests of plan participants?
5. How can we get better at the above?

What are the lessons worth learning from peers and others?



“It’s good to learn from your mistakes. It’s better to learn from other people’s mistakes.”

Warren Buffet

**Transform
the
Dialogue**



**“One size
fits one”**

Board Smart

What is it?

- Reflects our faculty's combined experience and lessons learned about leading, prevailing and lagging practices.
- Fully aligned with everything we recommend as independent advisors.
- MPERS on-line education resource for its retirement system fiduciaries
- Individualized learning plans
- Self-directed / anytime / anywhere
- Earn CE credits (Open-source)
- 4 ways to learn

Why?

- Highly complex/rapidly changing/information overload
- Highest legal standards: loyalty/care
- No forgiveness period
- No other fiduciary and governance resources were available on-line
- Accelerate the learning curve
- Keep pace with peer practices
- Whenever you want it
- Complementary to conferences

How to use it....

Where to find stuff...



Login

Login below to see all your courses.

Username Required

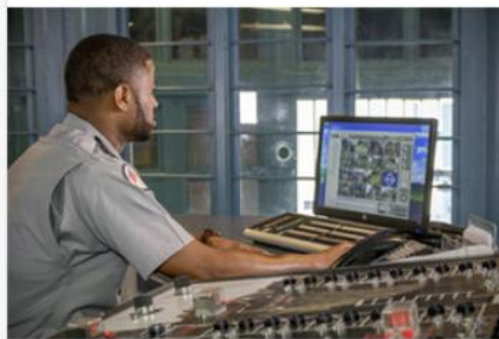
Your email

Password Required

Your email

Login

☐ Keep me logged in [Forgot Password?](#)



Welcome Kevin Olineck



C1.1 - Video - Purpose and Vital Functions Essentials Overview...
Resume ▶



Calendar

See your scheduled events



Cornerstone Resources

Browse or download resources



In-House

Training



Essentials

Overview



Purpose

Vital Functions



Relationships

External/Internal



Fiduciary

Duties



Conduct

Board Business



Set

Direction & Policy



Approve

Delegate



Oversee

Execution within Policy



Verify

Trust

Board Smart

Four Ways to Learn

Plus an annual virtual education session for the full board



Transforming the Dialogue



Board  Smart

Board Smart

For further
Information

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Sara Lussow

Learning System Manager

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Slussow@boardsmart.com

www.boardsmart.com

A.

A. Administration

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- 5. Oregon Savings Growth Plan annual report**
6. Oregon Savings Growth Plan Advisory Committee appointments

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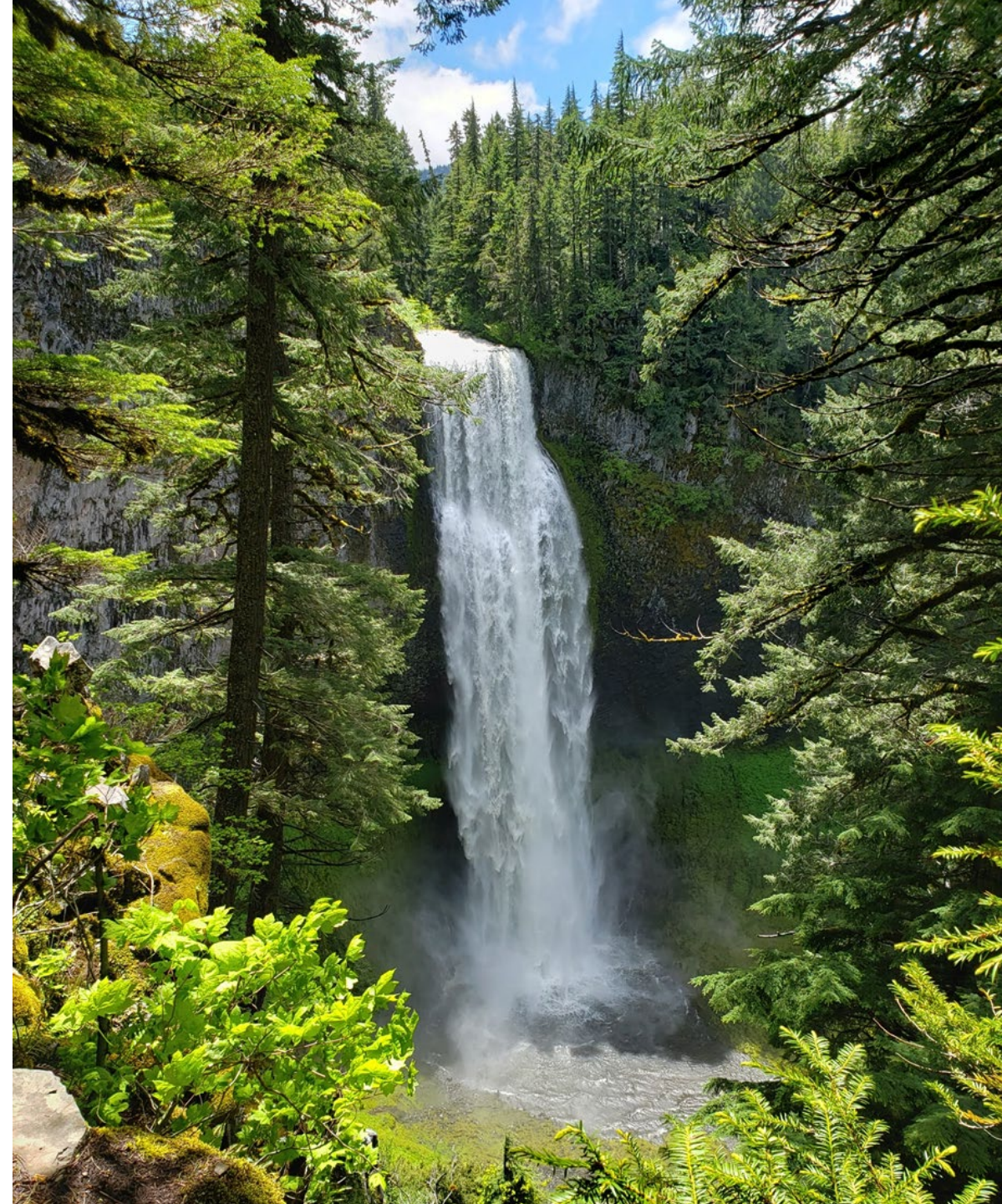
OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Oregon Savings Growth Plan Annual Report

Calendar Year 2024



Oregon Savings Growth Plan (OSGP) governance



OSGP Advisory Committee members

Christine Valentine, Chair – State of Oregon

Jeff Gibbs, Vice Chair – Local Government

Frank Goulard – Local Government

Colin Benson – State of Oregon

Zachariah Heck – State of Oregon

Kyle Niemeyer – State of Oregon

Gene Bentley – Retired

Oregon State Treasury

Jaime McCreary – Service Model Program Manager

Claire Illo – Investment Officer

Kenny Bao – Investment Analyst 3

SageView Advisory Group

Jake O'Shaughnessy – Managing Director

Luka Arnerich – Retirement Plan Consultant

Stuart Payment – Retirement Plan Consultant

Oregon Department of Justice

Steven Marlowe – Assistant Attorney General

OSGP administrative support



Oregon Savings Growth Plan staff

Lisa Egly – OSGP Program Manager

John Bennett – Administrative Specialist 2

Jack Schafroth – Outreach Coordinator

Vacant – Program Coordinator

Kendra Fernandez – Retirement Counselor I

Tandy McGuffin – Retirement Counselor 1

Vacant – Retirement Counselor 1

Recordkeeper: Voya Financial

Shelley Fredrick – Relationship Manager

Carol Cann – Operations Manager

David Martin – Client Relationship Consultant

Jennifer Moran – Communication Consultant

Julie McDevitt – Education Team Manager

Plan summary



Assets and contributions (for year ending December 31, 2024)

Total plan assets	\$3.9 billion
Pre-tax contributions	\$146 million+
Roth contributions	\$29 million+
Rollover-in contributions	\$76 million+

Investment composition

LifePath options	32% of plan assets
Large Company Growth stock option	16% of plan assets
Stock Index option	13% of plan assets
Schwab Brokerage account	739 participants with an average balance of \$137,843
Participants with Roth elections	7,026

Investment options and performance as of December 31, 2024

Investment options	Ending balance as of 12/31/24	Annual performance
Large Company Growth Stock Option	\$646,259,371	33.13%
Stock Index Option	\$529,250,921	23.66%
Socially Responsible Investment Option	\$59,131,668	17.89%
Small Company Stock Option	\$278,973,806	11.63%
Active International Stock Option	\$128,401,296	5.74%
Passive International Stock Option	\$93,510,956	5.29%
Active Fixed Income Option	\$219,559,481	2.27%
Real Return Option	\$20,634,131	4.06%
Large Company Value Stock Option	\$292,183,013	14.23%
Stable Value Option	\$345,295,801	3.02%

Investment options and performance as of December 31, 2024

Investment options	Ending balance as of 12/31/24	Annual performance
LifePath® Retirement	\$457,644,169	6.89%
LifePath® 2025	\$0	N/A
LifePath® 2030	\$189,392,342	8.92%
LifePath® 2035	\$163,463,506	10.68%
LifePath® 2040	\$143,504,260	12.42%
LifePath® 2045	\$103,375,018	14.06%
LifePath® 2050	\$80,337,434	15.36%
LifePath® 2055	\$43,072,478	16.00%
LifePath® 2060	\$23,858,631	16.03%
LifePath® 2065	\$8,927,473	16.05%

OSGP fees - current

Administrative fees	Percentage of assets
State of Oregon Administrative Fee	0.085%
Recordkeeping/Custody/Trust/Communications	0.049%
Total Administrative Fees	0.134%

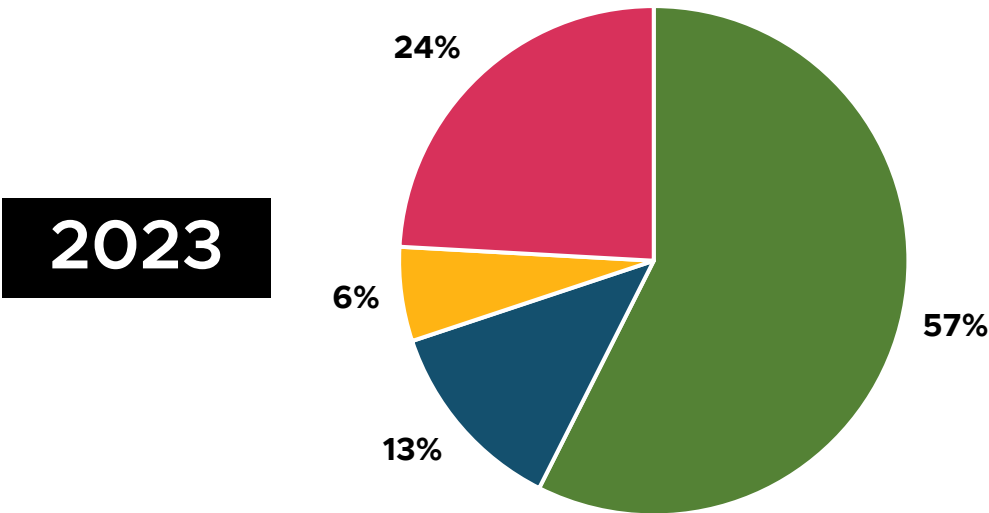
By investment option	Weighted average (%)
LifePath® Portfolios	0.07%
Stable Value	0.30%
Active Fixed Income Option	0.16%
Real Return Fund	0.22%
Large Company Value Stock	0.008%
Stock Index	0.01%
Socially Responsible Investment Option	0.18%
Large Company Growth Stock	0.008%
Active International Stock	0.55%
Passive International Stock	0.04%
Small Company Stock	0.32%

OSGP rollovers out

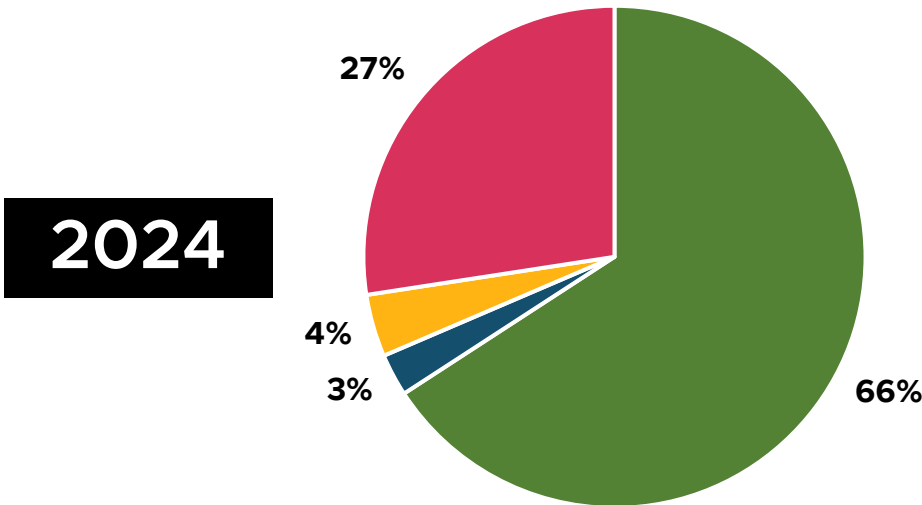


Institution	# of rollovers	% of total	\$ amount rolled
OREGON PERS	238	19%	\$1,348,646
Charles Schwab	133	11%	\$25,521,669
Edward Jones	136	11%	\$21,982,460
FIDELITY	104	8%	\$15,972,576
VANGUARD	62	5%	\$14,051,113
All others	571	46%	\$89,054,937

Participant status summary – calendar years 2023 & 2024

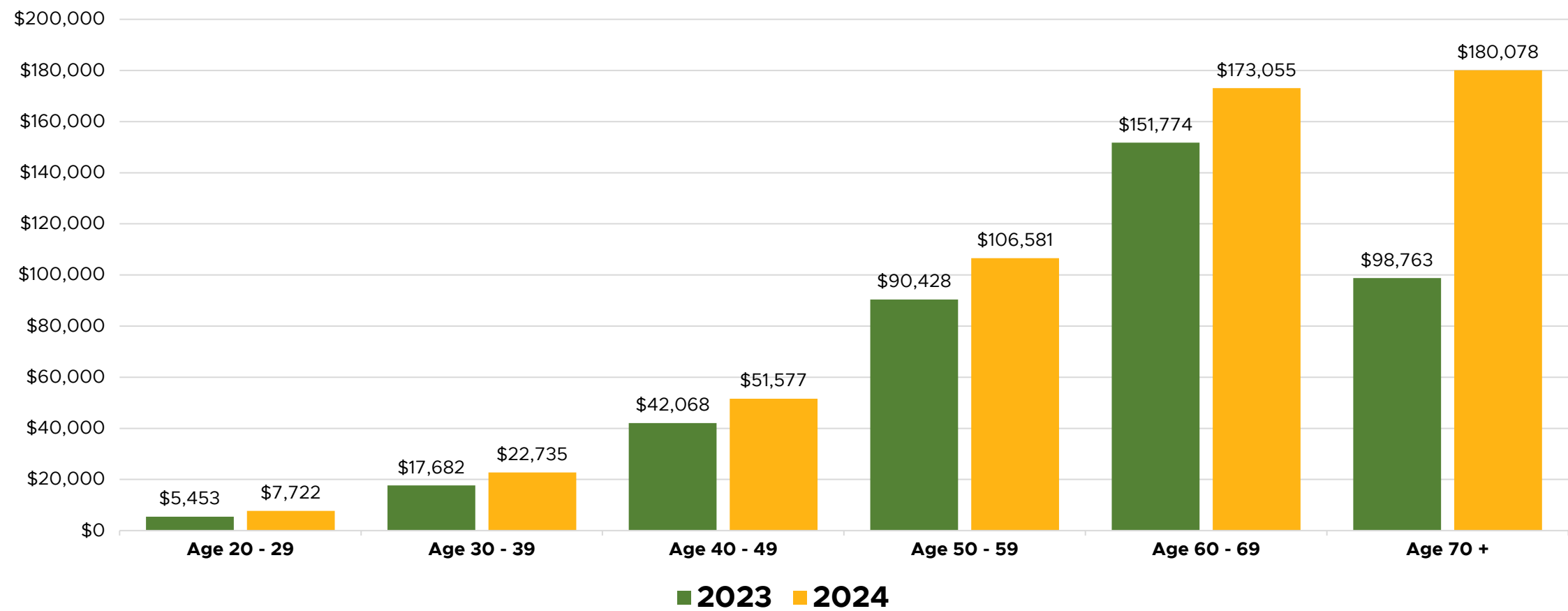


Participant Status	Number of Participants
Active – Contributing	22,878
Active – Not Contributing	4,966
Terminated Receiving Installments	2,383
Terminated with a Balance	9,610
Total	39,837

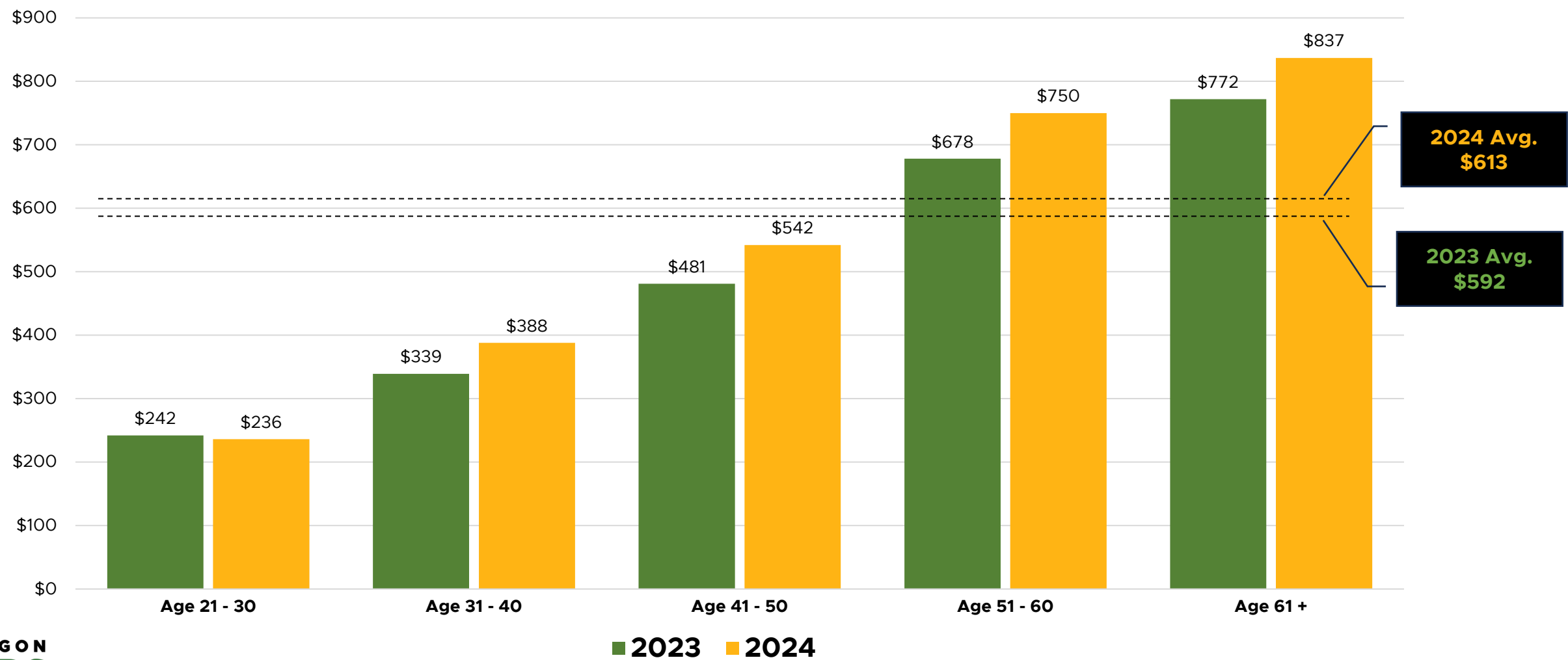


Participant Status	Number of Participants
Active – Contributing	24,224
Active – Not Contributing	1,003
Terminated Receiving Installments	1,479
Terminated with a Balance	10,092
Total	36,798

Participant status summary – average OSGP balance by age

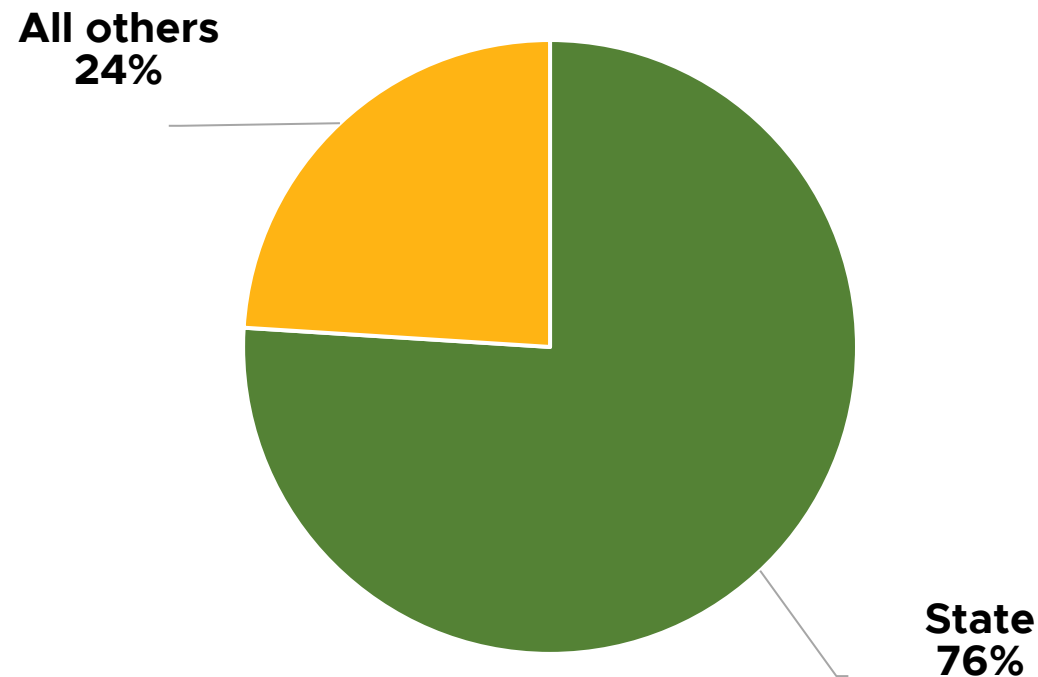


Participant status summary – average OSGP monthly contributions by age



State, local government, and miscellaneous breakdown

2024
Participants



Communications accomplishments



Communications assists with overall OSGP goals through a variety of campaigns while providing a cohesive, professional, and educational overall look and feel to all OSGP materials and the website.

Accomplishments

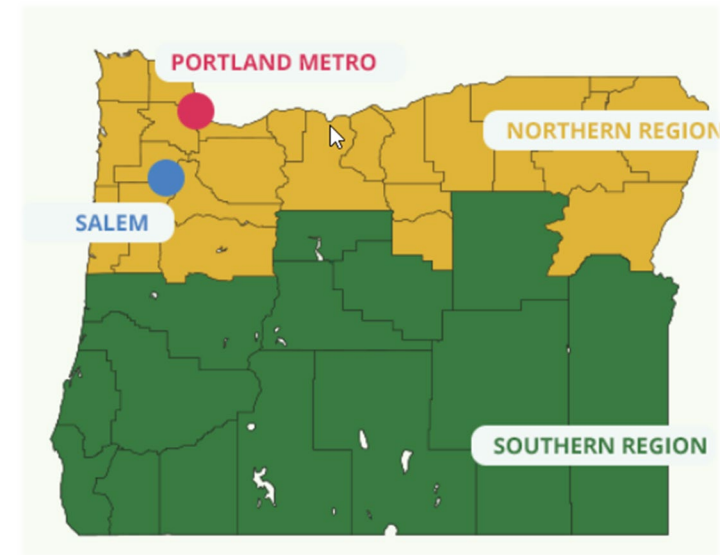
In its third year, OSGP's celebration of America Saves Week continued to be a hit. The format was updated in 2023 to include daily emails promoting each day's activities. By 2024, a daily live virtual question-and-answer session was added, attracting hundreds of attendees and boosting awareness of OSGP and financial wellness.

In 2024, OSGP was honored as one of three finalists for Plan Sponsor of the Year. This prestigious award, granted by *PLANSPONSOR*, recognizes retirement plan sponsors who demonstrate exceptional commitment to participants' financial health and retirement success. The campaign submitted for this recognition was the 2023 percent-of-pay rollout, which utilized the Voya Pennies whitepaper. This whitepaper advocated for using different language (pennies vs. percent) for various income groups, ensuring inclusivity for those who might otherwise overlook the benefits of switching to percent contributions for retirement income. This campaign also earned a 2023 National Association of Government Defined Contribution Administrators award for Participant Communication.

PLANSPONSOR®

Education and Outreach Team

- ❑ OSGP's team includes a manager and four local representatives.
- ❑ Four different workshops offered all year.
 - 243 workshops and group meetings conducted
 - 6538 total attendance
 - All workshops recorded and available on growyourtomorrow.com website
- ❑ In 2024, virtual question-and-answer (Q&A) sessions were conducted:
 - Eleven sessions were conducted throughout the year including at the PERS Expo
 - Session topics included percent-of-pay, basics of OSGP, nearing and in-retirement, Roth v. Pre-tax, and early to mid-career
- ❑ Workshops and Individual meetings offered both in-person and virtually.
- ❑ Marketing materials encourage participants to engage with representatives and register for workshops, Q&A sessions, and individual meetings.
- ❑ In 2024: 98% satisfaction was recorded for workshop content.
- ❑ 56% of attendees took an action after attending a workshop.



Local Government update – 2024 calendar year



Employer category	Number
Total employers who have adopted OSGP	382
Total employers who were new in 2024	18
Total local-government employers who stopped using OSGP in 2024	4

Looking ahead



- ☐ Continue to work towards eliminating any unnecessary obstacles to enroll in OSGP.
- ☐ Promote increased participation and contributions through email campaigns, videos, in-person and virtual meetings, Q&A's (question-and-answer sessions about certain topics), presentations, and other methods.
- ☐ Provide education to both participants and unenrolled employees through the online PERS Expo, America Saves Week, quarterly newsletter, and additional, targeted email campaigns.
- ☐ Engage with participants early, during, and late in their careers via specific campaigns and interactions.
- ☐ Continue to engage with participants in retirement.
- ☐ Consistently enhance and update the growyourtomorrow.com website to ensure it is informative, easy to navigate, and a valuable resource for participants and employers.

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Questions?



A.

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Oregon

Tina Kotek, Governor

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Headquarters

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Tigard, OR 97281-3700

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www.oregon.gov/pers

March 31, 2025

TO: Members of the PERS Board
 FROM: Lisa Egly, Deferred Compensation Program Manager
 SUBJECT: Reappoint and Appoint Advisory Committee Members for Oregon Savings Growth Plan

OVERVIEW

- Action: Reappoint four existing members and appoint three new members to Oregon Savings Growth Plan (OSGP) Advisory Committee.
- Reason: The Advisory Committee consists of seven members appointed by the PERS Board.

BACKGROUND

Oregon Revised Statute (ORS) 243.505 provides an advisory committee for OSGP that consists of seven members with knowledge of deferred compensation plans. According to that statute (reproduced at the end of this memo), the committee shall study and advise the Public Employees Retirement Board on policies and procedures and such other matters as the board may request.

Advisory committee members must be OSGP participants and have knowledge of the current program. One member shall be retired from state service. Two members shall be participants with separate local government plan sponsors who offer OSGP. Four members shall be employees of separate state agencies.

Appointment is for a three-year term of office, but a member serves at the pleasure of the board. If there is a vacancy during an unexpired term, the board's appointment will become immediately effective for the unexpired term. Each member can only serve two full consecutive terms (OAR 459-050-0025(1)(f)).

Seven current advisory committee members' terms expire:

- Colin Benson's second term expires on 6/30/2025.
- Eugene Bentley's second term expires on 6/30/2025.
- Christine Valentine's second term expires on 6/30/2025.
- Frank Goulard's first term expires on 6/30/2025.
- Kyle Niemeyer's first term expires on 6/30/2025.
- Jeff Gibbs' first term expires on 6/30/2025.
- Zechariah Heck's first term expires on 6/30/2025.

The criteria used in selecting advisory committee members includes the following:

1. Current participation in OSGP.
2. Meeting the qualifications for the vacancy to be filled.
3. Possessing a mixture of expertise, knowledge, and experience useful to the OSGP Advisory Committee.
4. Sincere interest in promoting and improving the deferred compensation program.
5. Willing and able to work in a group setting to review and recommend policies governing the program.

RECOMMENDED REAPPOINTMENTS

Staff recommends reappointing for a second term:

Name	Position	Employer	Term Ending Date
Frank Goulard	Local Govt	Portland Community College	June 2028
Jeff Gibbs	Local Govt	Gresham-Barlow School District	June 2028
Kyle Niemeyer	State	Oregon State University	June 2028
Zechariah Heck	State	Oregon Dept of Transportation	June 2028

RECOMMENDED NEW APPOINTMENTS

<u>Name</u>	<u>Position</u>	<u>Employer</u>	<u>Term Ends Date</u>
Nathan Klinkhammer	State	Portland State University	June 2028
Kim Edwards	State	Oregon State Hospitals	June 2028
John Koreski	Retiree	Department of Human Services	June 2028

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to reappoint Kyle Niemeyer, Jeff Gibbs, Frank Goulard, and Zechariah Heck to their second term; all with effective dates of July 1, 2025, and term expiration dates of June 30, 2028. Newly appoint Nathan Klinkhammer, Kim Edwards, and John Koreski to their first term; all with effective dates of July 1, 2025, and term expiration dates of June 30, 2028.
2. Request staff to solicit further applications for review.

STAFF RECOMMENDATION

Staff recommends the board adopt Option 1.

Reason: Staff believe Jeff Gibbs, Kyle Niemeyer, Frank Goulard, Zechariah Heck, Nathan Klinkhammer, Kim Edwards, and John Koreski meet the criteria and service needs of the OSGP Advisory Committee.

Relevant Oregon Savings and Growth Plans Statutes and Administrative Rules:

ORS 243.505 Deferred Compensation Advisory Committee

- (1) The Deferred Compensation Advisory Committee shall be appointed by the Public Employees Retirement Board, consisting of seven members with knowledge of deferred compensation plans.
- (2) At the direction of the board, the committee shall advise the Public Employees Retirement Board on policies and procedures and such other matters as the board may request.
- (3) The term of office of each member is three years, but a member serves at the pleasure of the board. Before the expiration of the term of a member, the board shall appoint a successor, whose term begins on July 1 next following. A member is eligible for reappointment. If there is a vacancy for any cause, the board shall make an appointment to become immediately effective for the unexpired term.
- (4) A member of the Deferred Compensation Advisory Committee is entitled to compensation and expenses as provided in ORS 292.495.
- (5) The Deferred Compensation Advisory Committee shall select one of its members as chairperson and another as vice chairperson, for such terms and with duties and powers necessary for the performance of the functions of such offices as the committee determines.
- (6) A majority of the members of the committee constitutes a quorum for the transaction of business.
- (7) The Deferred Compensation Advisory Committee may meet at a place, day and hour determined by the committee. The committee also may meet at other times and places specified by the call of the chairperson or of a majority of the members of the committee.

OAR 459-050-0025

Deferred Compensation Advisory Committee

- (1) The seven members of the Deferred Compensation Advisory Committee provided for under ORS 243.505, shall be subject to the following qualifications and limitations:
 - (a) Each member shall be a participant in a deferred compensation plan established under ORS 243.401 to 243.507 and shall have knowledge of the Program.
 - (b) Four members shall be participants in the state deferred compensation plan.
 - (c) Two members shall be participants in a local government deferred compensation plan.
 - (d) One member shall be a retired deferred compensation plan participant.
 - (e) No two members may be employed by the same state agency or local government except that a member who transfers employment to the employer of another member

may continue to serve on the Advisory Committee, but only for the balance of the term of appointment of the transferring member.

(f) No member may serve more than two consecutive full terms.

(g) No member may be an employee of PERS during the term of appointment.

(2) The Advisory Committee shall study and advise the Board on all aspects of the Program, including but not limited to:

(a) The Program fee structure and procedures.

(b) State and federal legislative issues relative to the administration of deferred compensation plans.

(c) The administration of the catch-up and the financial hardship provisions in Section 457 of the Internal Revenue Code.

(d) Ways and means to inform and educate eligible employees about the Program.

(e) The expressed desires of eligible employees as to the Program; and

(f) The actuarial characteristics of eligible employees.

(3) Upon the request of the OIC, the Advisory Committee shall study and advise the Board on the following:

(a) Investment programs, including options and providers; and

(b) Information furnished by the OIC or the State Treasurer concerning the types of available investments, the respective balance of risk and return of each investment, and the administrative costs associated with each investment.

(4) The Advisory Committee shall meet at least four times during a calendar year.

(5) A majority of the Advisory Committee shall constitute a quorum for transacting business. However, the Advisory Committee may establish such other procedures for conducting business that it deems necessary.

(6) Pursuant to the Public Meetings Law, ORS 192.610 to 192.690, the Deferred Compensation Manager shall distribute to the Advisory Committee, and other interested parties, an agenda for a regular meeting a reasonable time prior to the meeting.

(7) Nominations of candidates for the Advisory Committee shall be made as follows:

(a) Notice of a position on the Advisory Committee expected to become vacant upon the expiration of a term of appointment shall be published not later than April 15 of each calendar year.

(b) Persons interested in serving on the Advisory Committee must apply in writing to the Manager not later than May 15 following the publication of a vacancy.

(c) The Manager shall review the written applications of interested persons for completeness, accuracy, and satisfaction of the minimum requirements of the vacant position on the Advisory Committee.

(d) A committee consisting of the Manager and two members of PERS executive or managerial staff designated by the PERS Executive Director shall review the acceptable applications and recommend to the Board candidates for appointment to the Advisory Committee that:

(A) Reflect a cross section of state agencies, participating local governments, and classification levels.

(B) Reflect a mixture of expertise, knowledge, and experience useful to the Advisory Committee.

(C) Appear to have a sincere interest in the Program, and

(D) Appear to be willing and able to work in a group setting to review and recommend policies governing the Program.

(e) In the event of a vacancy for an unexpired term, the Manager may select applications from the most recent list of interested persons established under subsection (c) of this section and the applications of other persons as deemed appropriate for consideration. A committee consisting of the Manager and two members of PERS executive or managerial staff designated by the PERS Executive Director shall review the selected applications and recommend to the Board candidates for appointment to the Advisory Committee. The appointment shall be immediately effective for the remainder of the unexpired term. If no candidate is recommended or appointed, the vacancy must be filled under the provisions of subsections (a) through (d) of this section.

Stat. Auth: ORS 243.470

B.

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March 31, 2025

TO: Members of the PERS Board

FROM: Melanie Chandler, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Notice of Rulemaking for duty disability requirements:
OAR 459-015-0005 *Eligibility for Disability Retirement Allowances*
OAR 459-076-0005 *Eligibility for Disability Retirement Allowances*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Amend the rule in accordance with petition to begin rulemaking dated September 9, 2024.
- Policy Issue: *Should PERS establish by rule a presumption of duty-caused disability when a member has been approved for Workers' Compensation for the same condition they have been approved by PERS for disability?*

BACKGROUND

On September 9, 2024, PERS received a petition to being rulemaking from stakeholder, Karl Koenig, President of [Oregon State Fire Fighters Council \(OSFFC\)](http://www.osffc.org/)¹, requesting the agency consider amending OARs 459-015-0010 and 459-076-0005 (petition attached). Specifically, they suggested aligning PERS' duty designation for disability claims with those of Workers' Compensation. Staff met with OSFFC representatives on October 16, 2024, to discuss their request and potential amendments to rule(s). The parties in that meeting determined that establishing a presumption would satisfy OSFFC's request and is something that PERS can administer. The draft rules presented have been amended accordingly and have been reviewed by OSFFC representatives.

POLICY QUESTION

Should PERS establish by rule a presumption of duty-caused disability when a member has been approved for Workers' Compensation for the same condition they have been approved by PERS for disability?

To put this question in context, let us first point out that the gross monthly benefit for a duty disability is the same as the gross monthly benefit for a non-duty disability. The difference is in how the benefit is taxed, in that a duty disability benefit is at least partially, sometimes wholly, exempt from federal income tax. From this perspective, there is no difference in the cost to the

¹ <https://www.osffc.org/>

system of a duty versus non-duty disability retirement/benefit. However, because a member must have ten years of service to be eligible for a non-duty disability, the duty designation is particularly important for members who have fewer than ten years of service.

PERS relies on the opinions of medical professionals to determine whether a member is disabled and whether the disability is duty-caused. While PERS and Workers' Compensation operate under different criteria and systems for decision making regarding disability claims, it does make sense to use the Workers' Compensation determination when determining whether or not a condition PERS has already concluded meets the criteria for PERS disability is duty-caused. PERS already uses information from Workers' Compensation in reviewing a member's application for disability. Relying on the Workers' Compensation determination for the same condition would streamline PERS' disability determination process.

OSFFC's original request was to always align the PERS duty designation with the Workers' Compensation determination. However, to avoid a potential conflict between the Workers' Compensation statute², which contains presumptions of duty-caused designation for certain conditions, and PERS' statutes that specifically require an examination and opinion by a physician, staff recommends a presumption instead. As outlined in the amended rules, the presumption can be rebutted by clear and convincing evidence that the condition is not duty-caused. Staff has amended the rules accordingly and unless instructed otherwise by the PERS Board, will move forward with the rule as presented.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely on April 22, 2025, at 2:00 p.m. The public comment period ends April 25, 2025, at 5:00 p.m.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for adoption.

IMPACT

Mandatory: NO

Benefit: A presumption of duty for members who have been found to be disabled by both PERS and Workers' Compensation Division for the same injury or disease streamlines the duty versus non-duty evaluation that PERS staff performs for disability claims.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

March 28, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
April 1, 2025:	Secretary of State publishes the notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.

² See ORS 656.802.

March 31, 2025:	PERS Board notified that staff began the rulemaking process.
April 22, 2025:	Rulemaking hearing to be held remotely at 2:00 p.m.
April 25, 2025:	Public comment period ends at 5:00 p.m.
May 30, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

A rulemaking hearing will be held remotely on April 22, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the May 30, 2025, board meeting.

B.1. Attachment 1 – *OAR 459-015-0005 Eligibility for Disability Retirement Allowances*

B.1. Attachment 2 – *OAR 459-076-0005 Eligibility for Disability Benefits*

B.1. Attachment 3 – *Petition To Promulgate or Amend OAR 459-015-0010 and 459-076-005*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 015 – DISABILITY RETIREMENT ALLOWANCE**

459-015-0005

Eligibility for Disability Retirement Allowances

(1) A member must be totally, not partially, disabled and unable to perform any work for which qualified for an extended duration to be eligible for a disability retirement allowance.

(2) In determining a member's eligibility for a disability retirement allowance, the burden of proof is upon the applicant. The Board is not required to prove whether the applicant is or is not eligible for a disability retirement allowance.

(3) Eligibility requirements for duty disabilities.

(a) To be eligible for a duty disability a member must prove:

(A) The mental or physical incapacitation arose out of and in the course of duty and was not intentionally self-inflicted; and

(B) The on the job injury must be the material contributing cause of the disability even if the member has a pre-existing condition.

(b) For work related stress to be considered the material contributing cause of the disability all of the following criteria must be met:

(A) The employment conditions producing the work-related stress exist in a real and objective sense;

(B) The employment conditions producing the work-related stress are conditions other than conditions generally inherent in every working situation or reasonable disciplinary, corrective or job performance evaluation actions by the employer, or cessation of employment or

employment decisions attendant upon ordinary business or financial cycles;

(C) There is a diagnosis of a mental or emotional disorder which is generally recognized in the medical or psychological community; and

(D) There is evidence that the work-related stress arose out of and in the course of employment.

(c) If a member has been approved for a disability retirement benefit under ORS 238.320 and has also been approved for benefits under ORS Chapter 656 for the same injury or disease, when making the duty designation determination:

(A) PERS will consider it a rebuttable presumption that the member is eligible for duty disability;

(B) The presumption in (A) will be:

(i) Rebuttable with clear and convincing evidence;

(ii) Applicable to any payments made on or after the later of:

I. January 1 of the year in which the documentation of the approval of benefits under ORS Chapter 656 has been received by PERS or

II. Effective date of disability retirement;

(C) The member is responsible for submitting documentation of approval for benefits under ORS Chapter 656 to PERS.

(4) Eligibility requirements for non-duty disabilities. A member applying for non-duty disability retirement must have a minimum of 10 years of employment in a PERS

1 qualifying position. Years of employment are calculated pursuant to ORS 238.320(6) as
2 follows:

3 (a) Members with no prior service credit under ORS 238.442 receive:

4 (A) One year of employment for each 12-month period or major fraction

5 thereof, calculated from the date on which the member begins the six-

6 month waiting period required for establishing membership under ORS

7 238.015 to the date of disability; and

8 (B) Up to 90 days for sick leave used after the date of disability. No other

9 leave of absence after the date of disability will count toward years of

10 employment.

11 (b) Members with prior service credit under ORS 238.442 receive:

12 (A) One year of employment for each year of prior service credit; and

13 (B) One year of employment for any minor fraction of a year of prior service,

14 if continuous as certified by the employer and for which no prior service

15 credit was granted; and

16 (C) One year of employment for each 12-month period or major fraction

17 thereof, calculated from the date on which membership is established in

18 the system to the date of disability; and

19 (D) Up to 90 days for sick leave used after the date of disability. No other

20 leave of absence after the date of disability will county toward years of

21 employment.

22 (5) A member's disability retirement allowance shall be calculated based on:

23 (a) Creditable service; and

1 (b) Granted service if the member had not attained:

2 (A) Age 55 if the last qualifying position was as a police officer or a
3 firefighter.

4 (B) Age 58 if the last qualifying position was as other than a police officer or
5 firefighter.

6 (6) Granted service is:

7 (a) Not included in the calculation of increased benefits payable under ORS 238.364.

8 (b) Included in the calculation of increased benefits payable under ORS 238.366.

9 (7) Termination of membership. Disability retirement allowances are available only to
10 PERS members. Former PERS members who have terminated their membership pursuant
11 to ORS 238.095 are not eligible to receive PERS disability retirement allowances.

12

13 Stat. Auth.: ORS 238.650

14 Stats. Implemented: ORS 238.320 - 238.345

15 Hist.: PERS 2-1992, f. & cert. ef. 1-14-92; PERS 15-2005, f. & cert. ef. 10-3-05; f. &
16 cert. ef. 5-28-2010; f. & cert. ef. 11-23-11; f. & cert. ef. 12-3-21

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 076 – OPSRP DISABILITY BENEFIT**

459-076-0005

Eligibility for Disability Benefits

(1) A member who was an active member as of the date of disability must be totally, not partially, disabled and unable to perform any work for which qualified for an extended duration to be eligible for a disability benefit.

(2) A member with disabilities arising after the member's date of termination from a qualifying position(s) is not eligible for a disability benefit.

(3) In determining a member's eligibility for disability benefits, the burden of proof is upon the applicant. The Board is not required to prove whether the applicant is or is not eligible for disability benefits.

(4) Eligibility requirements for duty disabilities.

(a) To be eligible for a duty disability a member must prove:

(A) The mental or physical incapacitation arose out of and in the course of duty and was not intentionally self-inflicted; and

(B) The on the job injury must be the material contributing cause of the disability, even if the member has a pre-existing condition.

(b) For work related stress to be considered the material contributing cause of the disability all of the following criteria must be met:

(A) The employment conditions producing the work related stress exist in a real and objective sense;

(B) The employment conditions producing the work related stress are conditions other than conditions generally inherent in every working

situation or reasonable disciplinary, corrective or job performance evaluation actions by the employer, or cessation of employment or employment decisions attendant upon ordinary business or financial cycles;

(C) There is a diagnosis of a mental or emotional disorder which is generally recognized in the medical or psychological community; and

(D) There is evidence that the work related stress arose out of and in the course of employment.

(c) If a member has been approved for a disability benefit under ORS 238A.235 and has also been approved for benefits under ORS Chapter 656 for the same injury or disease, when making the duty designation determination:

(A) PERS will consider it a rebuttable presumption that the member is eligible for duty disability;

(A) The presumption in (A) will be:

i. rebuttable with clear and convincing evidence;

ii. applicable to any payments made on or after the later of:

a. January 1 of the year in which the

documentation of the approval of benefits under

ORS Chapter 656 has been received by PERS or

b. effective date of disability retirement;

(B) The member is responsible for submitting documentation of approval for benefits under ORS Chapter 656 to PERS.

(5) Eligibility requirements for non-duty disabilities. A member applying for non-duty disability benefits must meet the 10 or more years of service requirements pursuant to ORS 238A.235(2)(a) or (b).

(6) Termination of OPSRP membership. Disability benefits are available only to OPSRP Pension Program members who have not terminated membership pursuant to ORS 238A.110.

(7) Return to work. If a member who is receiving a disability benefit becomes employed or receives earned income, the member's disability benefit will be terminated, effective the first of the month following employment or issuance of earned income. PERS will invoice the member for, or recover under ORS 238.715, any overpayment of benefits.

(8) PERS may contact other public or private agencies, such as the Oregon Employment Department, the Oregon Department of Revenue, or the U.S. Internal Revenue Service to obtain employment information.

(9) Upon request by PERS, a member must provide PERS with a copy of the member's federal income tax returns, together with copies of IRS forms W-2.

Stat. Auth.: ORS 238A.450

Stats. Implemented: ORS 238A.235

Hist.: PERS 16-2005, f. & cert. ef. 10-3-05; f. & cert. ef. 10; f. & cert. ef. 11-23-11; f. & cert. ef. 12-3-21

PETITION TO PROMULGATE OR AMEND OAR 459-015-0010 AND OAR 459-076-0005**PETITIONER:**

Oregon State Fire Fighters Council
Karl Koenig, President
265 Commercial Street SE
Suite 260
Salem, Oregon 97034

INTERESTED PARTIES:

All public employees and their collective associations and unions.

Petitioner hereby requests amendment of OAR 459-015-0010 and OAR 459-076-0005 as set forth herein:

OAR 459-015-0010 Criteria for Granting and Denying Disability Retirement Allowances

Petitioner requests the following amendment or addition to OAR 459-015-0010:

“(8) If an applicant’s disability is or has been accepted or determined to be a compensable disability arising out of and in the course of employment pursuant to Oregon Revised Statutes Chapter 656, including as a compensable disability pursuant to ORS 656.802 (3) and (4) and (5) and (6) and (7), such acceptance or determination of a sufficient duty related disability shall be binding on and shall be accepted by PERS as a sufficient duty caused relationship and duty caused contribution to satisfy all eligibility criteria and requirements for duty related disabilities otherwise set forth herein and an applicant’s PERS disability retirement allowance shall be granted and classified as a duty disability.”

OAR 459-076-0005 Eligibility for Disability Benefits

Petitioner requests the following amendment or addition to OAR 459-076-0005(4):

“(c) If a member’s disability is or has been accepted or determined to be a compensable disability pursuant to Oregon Revised Statutes Chapter 656, including a compensable disability pursuant to ORS 656.802(3) and (4) and (5) and (6) and (7), such acceptance or determination of a disability arising out of and in the course of employment shall be binding on and shall be accepted by PERS as a sufficient duty caused relationship and duty caused contribution to satisfy all eligibility requirements for duty disabilities otherwise set forth herein and a member’s PERS disability retirement allowance shall be granted and classified as a duty disability.”

Facts or Arguments for Adoption of Amendments – Propositions of Law

The proposed amendments are directed to the eligibility criteria for disabilities arising out of and in the course of employment. Without the proposed amendments, there is a recurring conflict

of determinations between two State of Oregon agencies and quasi-judicial bodies: PERS and the Oregon Workers' Compensation Board or Workers' Compensation Division. The primary focus for PERS review and decisions regarding a PERS disability application is the extent of a member's qualifying incapacitation; whether the incapacitation is sufficiently duty caused or non-duty related is a secondary focus. It is respectfully submitted that the PERS expertise is in determining a member's PERS qualifying incapacitation, not on whether such disability arises out of and in the course of a member's employment. The expertise of the Workers' Compensation Board is, by statute, the fundamental determination of whether a disability arises out of and in the course of employment. No disability is subject to ORS Chapter 656 unless it arises out of and in the course of employment as such is defined within ORS Chapter 656. The Oregon Legislature has, for over one hundred years, assigned determinations of compensability (that which arises out of and in the course of employment) to the Workers' Compensation Board or related industrial and employment accident bodies. There exists a recurring conflict of determinations when a disability is determined to arise out of and in the course of employment pursuant to ORS Chapter 656 but PERS makes a determination that the member has not satisfied PERS criteria for a duty disability. This is specifically reflected in an ORS Chapter 656 determination of compensability for cancer related disabilities which PERS subsequently denies as not sufficiently proven by the member to have arisen out of and in the course of employment. PERS should, by administrative rule, be bound by an acceptance or determination of compensability under ORS Chapter 656.

There is precedent for adoption of the amendments proposed in this petition. Specifically, PERS adopted amendments to OAR 459 regarding a member's "return to work." PERS did so with specific reference to and integration with a disabled member's period of disability under ORS Chapter 656. In justifying the PERS amendments to its administrative rules, PERS stated:

"However, when a period of disability ends is less clear in the context of members who receive workers' compensation payments. * * * The statutes raise a question as to when a period of disability ends, either when a member's workers' compensation payments end, or when the member returns to work. * * * The proposed rulemaking is intended to clarify how PERS determines the end of a member's period of disability in the context of workers' compensation injuries. The amendments clarify that, for purposes of calculating retirement credit under ORS 238.175 and 238A.155, a period of disability for a member who receives workers' compensation payments ends either when the payments end or when the member returns to work with a participating public employer, whichever is earlier."

As reflected in the above referenced PERS adopted amendments, PERS accepts and incorporates a disability determination made within the jurisdiction of ORS Chapter 656 to determine and calculate a PERS "period of disability for a member who receives workers' compensation payments". The amendments proposed by Petitioner herein serve a similar purpose of clarifying potentially conflicting determinations between the Oregon Workers' Compensation Board and PERS. In the context of compensability, whether a disability arises out of and in the course of employment, PERS should defer to and be required to accept the compensability determinations for duty caused disabilities under ORS Chapter 656, including but not limited to ORS 656.802.

Options for Achieving Substantive Goals

Petitioner submits the above facts or arguments sufficiently address the existing rule's substantive goals. As PERS already makes the determination of whether a member qualifies for disability benefits in the first place and as PERS already makes determinations for the classification (duty or nonduty) of a member's qualifying disability, there should be no negative economic impacts. If anything, there should be a favorable economic impact on PERS staffing and the costs of redundant investigations by two state agencies in the efforts and the costs of obtaining medical and employment evidence regarding causation and course and scope of employment.

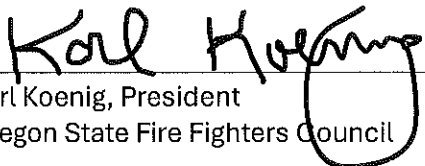
Petitioner also submits that the complexity of potential conflicts between the statutes and rules of two state agencies, including the overlaps and duplications of statutes and rules and the delegated jurisdiction of two state agencies, is adequately set forth above. Similarly, changes in technology and economic conditions do not appear to have any effect in the context of Petitioner's proposed amendments.

Conclusion for Submission

Petitioner respectfully submits that all information necessary to satisfy OAR 137-001-0070 for the amendment of an existing rule is set forth herein. Petitioner requests PERS to timely and expeditiously approve this petition and initiate rulemaking proceedings.

DATED this 9th day of September, 2024.

By


Karl Koenig, President
Oregon State Fire Fighters Council

B.

A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

1. Notice of Rulemaking for duty disability requirements
- 2. Adoption of service retirement application requirements**
3. Adoption of rulemaking for membership eligibility rules
4. Adoption of Tax Remedy Rule
5. Adoption of rulemaking for annual plan limits rules

C. Action and discussion items

1. Senate Bill 1049 update
2. Legislative update
3. PHIP Reserve Policy
4. Contingency Reserve Subaccount funding
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study



Oregon

Tina Kotek, Governor

Public Employees Retirement System

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March 31, 2025

TO: Members of the PERS Board
 FROM: Melanie Chandler, Research Policy Coordinator, Policy Analysis and Compliance Section
 Stephanie Vaughn, Manager, Policy Analysis and Compliance Section
 SUBJECT: Adoption of Rulemaking for Service Retirement Application Requirements Rules:
 OAR 459-013-0250 *Service Retirement Application Requirements*
 OAR 459-075-0040 *OPSRP Service Retirement Application Requirements*

OVERVIEW

- Action: Adoption of rulemaking for service retirement application requirements rules.
- Reason: To establish a reasonable time limitation for submissions of materials necessary to calculate member benefits.
- Policy Issue: None identified.

BACKGROUND

PERS members must apply for retirement in order to receive a benefit. PERS requires an application and various documentation (such as verification of date of birth) in order to establish a member's eligibility for a benefit and to correctly calculate that benefit. On occasion, members do not return all required information to PERS in time for PERS to properly process the member's retirement benefit.

When required documentation supporting service retirement applications has not been received by PERS, the Intake and Review Team sends members multiple follow-up letters, and the Team One Follow-Up Team subsequently contacts the member via telephone (and email when an email address is available). Despite staff's multiple efforts to obtain the required documentation, there are occasions when members do not provide the required information.

Under federal law, PERS is required to begin monthly benefit payments within 62 days from the date that the member's first monthly payment is due. Because PERS pays benefits in arrears, staff often refer to this requirement as a 92-day deadline to account for the month between a member's effective retirement date and benefits becoming payable. If the agency is unable to establish a member's eligibility for the benefit or the monthly benefit amount by the 92-day deadline because we have not received the required documentation from the member, PERS should reject the application as incomplete. Note that if PERS is unable to determine eligibility or calculate the benefit because the member's employer(s) have not provided necessary information by the 92-day deadline, the member will be put on estimated payments.

The draft rules were originally noticed at the July 2024 board meeting. PERS received public comment on the original draft rules. On November 7, 2024, staff met with outside stakeholders regarding the public comment submitted. Staff was able to address some of the concerns by providing additional information and clarification in that meeting and agreed to further augment the planned administrative process changes slightly to address other stakeholder concerns.

Staff have edited the rules taking into account stakeholder concerns. As requested by the board at the October 2024 PERS Board meeting, PERS submitted the draft rules to the Department of Justice (DOJ), to assess whether the rules were statutorily permissible. The rules presented today have been updated to comport with the guidance provided by DOJ as to what is permitted under PERS' statutory authority.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on August 20, 2024, at 2:00 p.m. The public comment period ended August 23, 2024, at 5:00 p.m. PERS has received public comment regarding the requested rule modifications, which is provided as an attachment to this memo.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

IMPACT

Mandatory: No.

Benefit: Administrative costs will be reduced and promotes administrative efficiency.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

July 26, 2024	PERS Board notified that staff began the rulemaking process.
August 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
August 1, 2024	Secretary of State published the notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
August 20, 2024	Rulemaking hearing was held remotely at 2:00 p.m.
August 23, 2024	Public comment period ended at 5:00 p.m.
October 4, 2024	First Reading of the rule.
December 6, 2024	Second Reading of the rule.
January 31, 2025	Third Reading of the rule.
March 31, 2025	Expected adoption of the rule.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt service retirement application requirements rules, as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.2. Attachment 1 – *OAR 459-013-0250 Service Retirement Application Requirements*

B.2. Attachment 2 – *OAR 459-075-0040 OPSRP Service Retirement Application Requirements*

B.2. Attachment 3 – *Public Comment from PERS Coalition*

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 013 – RETIREMENT BENEFITS

459-013-0250

Service Retirement Applications Requirements

(1) For PERS to process a service retirement application, a person must provide the following necessary information within 85 days of the effective retirement date requested on the application:

(a) Member's Date of birth, including documentary evidence pursuant to OAR 459-013-0040.

(b) Member's Social Security Number or Individual Taxpayer Identification Number.

(c) Member's Current address.

(d) If member elects a lump sum option, the allocation of lump sum payments must be included.

(e) Signed certification of marital status. If the member is:

(A) Single, the member's signature must be notarized.

(B) Married, the member's spouse must also sign the certification.

(C) Married and selects a service retirement option other than Option 3 under 238.305, or a disability retirement other than Option 3 under 238.325, or designates someone other than the member's spouse as the beneficiary:

i. The member's spouse must consent to the benefit option and designated beneficiary; and

ii. The member's spouse's signature must be notarized.

1 (f) When member has elected a survivorship benefit, beneficiary's date of birth
2 and documentary evidence required pursuant to OAR 459-013-0040.

3 (2) If PERS does not receive the information listed in paragraph (1) within the
4 designated time frame, or the person has received the maximum number of
5 extensions under (3), PERS will discontinue processing the incomplete application
6 and the person must submit a new application.

7 (3) If a person is unable to provide the information required in (1) within the
8 established time frame, the person may request an extension of time to provide the
9 information.

10 (a) The request must be in writing.

11 (b) The request must be received by PERS by the 85th day after the effective
12 date of retirement date requested on the application, or the current
13 anticipated effective retirement date.

14 (c) The member's requested or anticipated effective retirement date will be
15 adjusted to the first of the next month following the original requested or
16 current anticipated effective retirement date.

17 (d) The new effective retirement date established in (3)(c) will be the member's
18 current anticipated effective retirement date; and

19 (e) The member may request up to three extensions per service retirement
20 application.

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 075 – OPSRP PENSION PROGRAM

459-075-0040

OPSRP Service Retirement Application Requirements

(1) For PERS to process a service retirement application, a person must provide the following necessary information within 85 days of the effective retirement date requested on the application:

(a) Member's date of birth, including documentary evidence pursuant to OAR 459-013-0040.

(b) Member's Social Security Number or Individual Taxpayer Identification Number.

(c) Member's current address.

(d) Signed certification of marital status. If the member is:

i. Married, the member's spouse must also sign the certification.

ii. Married and selects a non-survivorship option or designates someone other than the member's spouse as the beneficiary:

(A) The member's spouse must consent to the benefit option and designated beneficiary; and

(B) The member's spouse's signature must be notarized.

(e) When member has elected a survivorship benefit, beneficiary's date of birth and documentary evidence required pursuant to OAR 459-013-0040.

(2) If PERS does not receive the information listed in (1) within the designated time frame, or the person has received the maximum number of extensions

1 under (3), PERS will discontinue processing the incomplete application and
2 the person must submit a new application.

3 (3) If a person is unable to provide the information required in (1) within the
4 established time frame, the person may request an extension of time to provide
5 the information.

6 (a) The request must be in writing.

7 (b) The request must be received by PERS by the 85th day after the
8 effective date of retirement date requested on the application, or the
9 current anticipated effective retirement date.

10 (c) The member's requested or anticipated effective retirement date will be
11 adjusted to the first of the next month following the original requested
12 or current anticipated effective retirement date.

13 (d) The new effective retirement date established in (3)(c) will be the
14 member's current anticipated effective retirement date; and

15 (e) the member may request up to three extensions per service retirement
16 application.

Margaret Olney
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Robert A. Bennett (1931-2018)
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August 22, 2024

Via email only: chris.GEIER@PERS.oregon.gov
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melanie.CHANDLER@PERS.oregon.gov

Chris Geier, Rules Coordinator
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section
Melanie Chandler, Research Policy Coordinator, Policy Analysis and Compliance Section
Oregon Public Employees Retirement System

Re: PERS Coalition Comments on Proposed Rulemaking
Proposed OAR 459-013-0250 and OAR 459-075-0040
(Service Retirement Application Requirements)

Dear PERS Rulemaking Staff:

This office represents the PERS Coalition, a group of public employee labor organizations representing the people who teach our children, protect our life and property, repair our roads and bridges, and keep our communities healthy and safe. I write to comment on the new proposed administrative rules regarding “Service Retirement Application Requirements.” OAR 459-013-0245 (PERS), and OAR 459-075-0040 (OPSRP). The new rules set out service retirement application requirements, and then requires a member whose application is still “incomplete” 95 days after the effective retirement date will have that application cancelled and have to start over in order to obtain benefits, thus delaying the receipt of benefits for 90 days or more. We strongly object to the adoption of these rules; they are neither necessary nor consistent with the governing statutes.

According to PERS staff, it is proposing these rules to address the occasional situation where PERS is unable to calculate a member’s *actual* monthly benefit amount due to an incomplete application. When that occurs, PERS must still issue estimated payments pursuant to ORS 238.455, and then follow up with the member to complete the application. PERS staff argue that these rules are necessary because of the staff time spent monitoring these accounts. PERS staff also emphasized their outreach efforts to applicants. When questioned at the July

board meeting, PERS staff reported that there were approximately 160 Tier One/Tier Two members with incomplete applications and 13 OPSRP members.

While my client acknowledges that members should be able to complete the application without prompting (and most do) and that there may be a workload impact of tracking these incomplete applications, the fact remains that the current system is outdated and clunky. There is no mechanism for submitting an application or missing materials on-line, which can create a challenge for many members who do everything electronically and do not have ready access to a copier or printer. This is particularly true for members living in rural areas. The notarized signature requirement is also burdensome and likely confusing to members. Indeed, in the legal world, there are relatively few documents that require a notarized signature. Before adopting a rule that penalizes members who have incomplete applications, it is essential to understand exactly what the barriers are to completing the paperwork. Does the member have a health issue? Is there a language barrier or challenges accessing a copier? Does the member understand the difference between a “notarized” signature and a simple signature? Is their spouse sick or uncooperative? Is the beneficiary unavailable? All of these are potential reasons that point to systemic problems or barriers outside of the members’ control, as opposed to the lack of effort that is implied by the rule.¹

It is also critical to understand the impact on members of having to start the application process over, which would delay the receipt of benefits potentially another three months, assuming they understand that they need to submit a new application immediately. When members select a retirement date, they do so with the assumption that they will be receiving a monthly benefit in three months. During that time, they have often stopped working and may be using up their savings to bridge the gap until they get their monthly benefit. A delay of another three months could be the difference between paying rent, purchasing medicine or putting food on their table. Indeed, it is exactly because members rely on receiving benefits that the legislature required PERS to ensure that estimated payments are made, even when actual benefits cannot be finally calculated. ORS 238.455. The proposed rules allowing an administrative cancellation of an application to avoid paying estimated monthly benefits are contrary to legislative intent.

In response to my inquiries, PERS staff have indicated that a lack of a notarized signature is the most common reason for an application to be incomplete. Notably, this is an administrative requirement only. It is not currently required by rule or by statute, except for spousal signatures in certain circumstances. ORS 238.462(5). Historically, many official documents and contracts required notarized signatures to prevent fraud, but the requirement is

¹ Once PERS adopts a rule requiring that applications be cancelled 85 days after the effective date of retirement, it will likely claim that it has no discretion to extend the deadline, no matter the reason for the incomplete application.

less common now. We would be interested in understanding better the rationale for requiring notarized signatures, and any evidence that the practice has reduced fraud. If not, then we would recommend that the requirement be eliminated to reduce the administrative burden for all.

In addition to these general policy concerns, we believe the proposed rule is inconsistent with ORS 238.455 and therefore exceeds PERS statutory authority. ORS 183.400(3)(b). As PERS staff candidly acknowledged, they can calculate an estimated amount for the monthly payment based on the information then available and have been doing so. They are just not able to finalize the calculation because of the missing paperwork. The proposed administrative rules would effectively end-run ORS 238.455 by cancelling the application of a member who is otherwise entitled to receive benefits. This renders the rule unlawful.

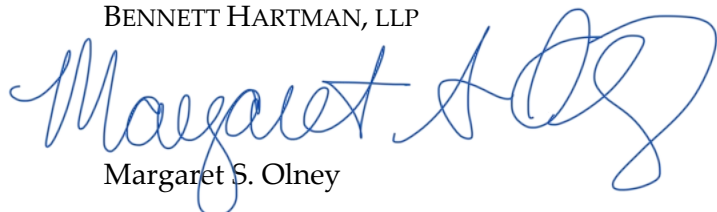
Finally, we are skeptical that the rule would, in fact, result in less work for PERS staff. In its presentation, PERS staff reported the frequent letters, calls, and emails made to members with missing information. There is nothing in the rule that requires staff to continue those efforts, nor is it clear whether any of that outreach reaches the member. But even if that outreach continues, a member whose application is cancelled is likely to complain and/or appeal the administrative cancellation. Dealing with those complaints and appeals is likely to be more time consuming than the status quo.

In closing, the PERS Coalition recognizes that PERS staff work hard to provide benefits to our members. PERS staff may also be rightly frustrated that some members are not responsive to their outreach. But the scope of the problem is relatively small and does not justify the adoption of the punitive solution set out in the proposed rules, particularly given the acknowledged systemic challenges (such as inability to file applications on-line), as well as the lack of information about *why* some members have been unable to complete the paperwork. Members of the PERS Coalition stand ready to work with PERS staff to identify strategies to minimize the administrative burden, but requiring members counting on receiving monthly benefits to start over is unacceptable and inconsistent with ORS 238.455.

Thank you for your consideration.

Sincerely,

BENNETT HARTMAN, LLP



Margaret S. Olney

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B.

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March 31, 2025

TO: Members of the PERS Board

FROM: AnneMarie Vu, Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption of Rulemaking for Membership Eligibility Rules:
 OAR 459-005-0015 *Leave of Absence Without Pay* (new)
 OAR 459-010-0003 *Eligibility and Membership for the PERS Tier One/Tier Two Program*,
 OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*
 OAR 459-010-0035 *Six-Month Waiting Period*
 OAR 459-075-0150 [OPSRP] *Retirement Credit*
 OAR 459-010-0010 *Leave of Absence Without Pay* (repeal)

OVERVIEW

- Action: Adoption of proposed amendments to various membership eligibility rules
- Reason: Clarify eligibility rules.

BACKGROUND

Oregon PERS was established in 1953. As is the nature of more than 70-year plan, it has evolved and expanded over the years, as have the administration of the plan and the systems supporting the plan. Prior to 2004, employers reported limited data to PERS on paper for employees only once they served their waiting time and established membership. Today, employers report data to PERS electronically, generally every pay period. They report employee demographic data (date of birth, address, etc.) upon hire for all eligible employees, whether they are in qualifying or non-qualifying positions, part time, full time, regular members, or retirees working after retirement. The information PERS receives from employers today is much more detailed than the information PERS received prior to 2004.

When a member retires, as part of processing their application for retirement, PERS reviews all the member's reported data, verifying the data with the member's former employers when necessary. Evaluating the older data, particularly pre-2004 (or legacy) data can be challenging because membership eligibility standards have changed and evolved over the years, leading to inconsistencies and unintended consequences. To address this, Policy Analysis and Compliance Section (PACS) policy staff worked with a cross-divisional team to conduct a holistic review of all eligibility policies, from establishing membership, to maintaining membership, and accruing creditable service/retirement credit. The project took a few years to complete and all policies that do not require system changes or Oregon Administrative Rule (OAR) changes have been, or are now, being implemented.

The goal in reviewing the policies was to ensure that our administration is consistent with governing Oregon Revised Statutes (ORS), Oregon Administrative Rules, and agency policies. The review identified differing membership determination standards for employment occurring before August 29, 2003, and highlighted how PERS staff sometimes mistakenly apply the current rules to past periods when reviewing Tier One and Tier Two member accounts at retirement. The proposed rule amendments provide clarification on how to make accurate membership determinations, and address situations that require special consideration, such as employer reporting for school employees.

OAR 459-010-0003 outlines how to establish and maintain membership for the PERS Tier One/Tier Two Program. This rule remains relevant for describing how to maintain membership for employment occurring on and after January 1, 2006, but the current version is no longer relevant for establishing membership in the Tier One/Tier Two Program because the program was closed to new employees as of August 29, 2003.¹ The proposed rule amendments move the establishing membership portions of the rule to OAR 459-010-0035 which addresses the six-month waiting period that is required to establish Tier One and Tier Two membership. In addition, OAR 459-010-0035 was amended to provide instruction on how to evaluate concurrent employment during the six-month waiting time, and importantly clarifies that for purposes of establishing membership, concurrent employment must occur in the same months of the six-month waiting period.

Before January 1, 2006, the standard for qualifying service for a Tier One or Tier Two member only required that the position or concurrent positions *normally required* 600 or more hours of service. This is different than the current “qualifying position” definition, in that it did not require that the person *actually perform* 600 or more hours of service. The assessment of whether a position or concurrent position normally required 600 or more hours of service was made by the employer based upon their hire intent. Recognizing that prior membership eligibility determinations did not require 600 hours of service in a year to be qualifying, when reviewing employment that occurred prior to January 1, 2006, where an eligibility determination has not been made, or has been called into question, PERS staff shall apply the normally requires 600 hours standard provided in the amendment to OAR 459-010-0035 to determine whether a position is qualifying or non-qualifying.

Amendments to OAR 459-010-0014 and OAR 459-075-0150, which address how retirement credit is accrued for school employees, clarify the dates that school is presumed to be in session and describes how the employer can rebut the presumption.

As a housekeeping issue, the substance of OAR 459-010-0010 is being moved to a new OAR. The current rule applies to all PERS programs, even though it's current placement in Division 10 indicates that it only addresses PERS administration of ORS Chapter 238. As such, this rule is being repealed, renumbered and added to Division 5 (Administration), which covers all programs in both ORS Chapters 238 and 238A. This change aligns the rule with a unified legal standard for administering leaves of absence. The rule amendments also clarify that a leave of absence does not have to be reported for school employees for summer months.

¹ New employees establishing membership on and after August 29, 2003, become members of the OPSRP program.

The proposed amendments ensure consistency and clarity in PERS membership and retirement processes.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on February 25, 2025, at 2:00 p.m. The public comment period ended February 28, 2025, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

IMPACT

Mandatory: No.

Benefit: The rule amendments clarify how eligibility will be determined, particularly regarding school employees and employment before 2004.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

January 27, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 3, 2025:	Secretary of State publishes the notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
January 31, 2025:	PERS Board notified that staff began the rulemaking process.
February 25, 2025:	Rulemaking hearing to be held remotely at 2:00 p.m.
February 28, 2025:	Public comment period ends at 5:00 p.m.
March 31, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt changes to the membership eligibility rules, as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.3. Attachment 1 – 459-005-0015 *Leave of Absence Without Pay (new)*

B.3. Attachment 2 – *459-010-0003 Eligibility and Membership for the PERS Tier One/Tier Two Program,*

B.3. Attachment 3 – *459-010-0010 Leave of Absence Without Pay (repeal)*

B.3. Attachment 4 – *459-010-0014 Creditable Service in PERS Chapter 238 Program*

B.3. Attachment 5 – *459-010-0035 Six-Month Waiting Period*

B.3. Attachment 6 – *459-075-0150 [OPSRP] Retirement Credit*

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – MEMBERSHIP

459-005-0015

Leave of Absence Without Pay

(1) For purposes of this rule:

(a) “major fraction of a month” means a minimum of 11 business days in a calendar month;

(b) “the period of time when school is not normally in session” means the period of time outside the dates that school is presumed to be in session as described in OAR 459-010-0014 and OAR 459-075-0150.

(2) Employer/Employee Agreement. An official leave of absence without pay for any purpose must have the following in order to be considered bona fide:

(a) An agreement in writing;

(b) Accordance with the applicable law, rules and regulations;

(c) The duration specifically stated at the time of granting; and

(d) Certification to PERS by the employer granting such leave.

(3) Creditable Service and Retirement Credit.

(a) A leave of absence without pay occurring on or after July 1, 1987, which constitutes the major fraction of a month:

(A) May not be used to calculate “years of membership” under ORS 238.300; and

(B) May not be used to determine “creditable service” or “retirement credit” under ORS 238.005.

OREGON ADMINISTRATIVE RULE
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1 **(b) A leave of absence without pay occurring before July 1, 1987, which constitutes the**
2 **major fraction of a month:**

3 **(A) Must be used to calculate “years of membership” under ORS 238.300; and**

4 **(B) Must be used to determine “creditable service” and “retirement credit” under**
5 **ORS 238.005.**

6 **(c) A leave of absence without pay occurring on or after January 1, 2004, which**
7 **constitutes the major fraction of a month may not be used to determine “retirement credit”**
8 **under ORS 238A.140 for any period of employment after the date membership is**
9 **established under ORS 238A.100.**

10 **(4) Reporting Requirement. Unless otherwise agreed upon by PERS, the employer**
11 **shall report the following in a format acceptable to PERS:**

12 **(a) Any period of leave of absence without pay, which constitutes the major fraction of**
13 **a month, for each member at the time the leave begins. The reported period of leave of**
14 **absence without pay must include an end date.**

15 **(b) Any amendment or extension to a previously reported period of leave of absence**
16 **without pay.**

17 **(5) A PERS member on an official leave of absence without pay is not considered**
18 **terminated from service with a participating employer.**

19 **(6) An employee on an official leave of absence without pay on the date the employer**
20 **begins to participate in PERS, shall be considered to be an employee on such date for the**
21 **purpose of determining eligibility for participation in PERS.**

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(7) A layoff from employment does not constitute a leave of absence without pay.

(8) Reporting Leave of Absence Without Pay for School Employees.

(a) Except as provided by subsection (8)(b), a school employee who is on leave of absence without pay during the period of time when school is not normally in session should not be reported to PERS under section (4) of this rule.

(b) An employee of an institution of higher education, Department of Human Services, the Oregon Youth Authority, the Department of Corrections or the State Board of Education who is on leave of absence without pay during the period of time when school is not normally in session may be reported to PERS if:

(1) the employee is not engaged in teaching or other school activity at an institution supervised by the authority, board or department, and

(2) the employee was required to provide service during the period under the terms of their employment agreement.

Stat. Auth.: ORS 238.650 & 238A.450

Stats. Implemented: ORS 238.300 & 238A.140

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – MEMBERSHIP**

1 **459-010-0003**

2 **Maintaining Membership in the PERS Tier One/Tier Two Program on and After**
3 **January 1, 2006** ***[Eligibility and Membership for the PERS Tier One/Tier Two***
4 ***Program]***

5 (1) For the purpose of this rule:

6 (a) “Concurrent positions” means employment with two or more participating
7 employers in the same calendar year.

8 (b) “Partial year of hire” means a period in the calendar year the employee begins
9 employment after the first working day of the year, and continues employment through
10 December 31.

11 (c) “Partial year of separation” means a period in the calendar year the employee
12 separates from employment that begins on January 1 of the year and ends before the last
13 working day of the year.

14 (d) “Qualifying position” means a position designated by the employer as qualifying,
15 including a position in a partial year of hire, partial year of separation, or short segment,
16 except:

17 (A) A position or concurrent positions in which an employee performs at least 600
18 hours of service in a calendar year is qualifying regardless of employer designation.

19 (B) A position in a partial year of separation is qualifying regardless of employer
20 designation if the position is continued from an immediately preceding calendar year in
21 which the employee performed at least 600 hours of service in the position or concurrent
22 positions.

(C) A position with one employer in which the employee is employed for the entire calendar year and fails to perform at least 600 hours of service in that position or concurrent positions in the calendar year is non-qualifying regardless of employer designation.

(e) “Service” means a period in which an employee:

(A) Is in an employer/employee relationship, as defined in OAR 459-005-0020; and

(B) Receives a payment of “salary,” as defined in ORS 238.005 or similar payment from workers compensation or disability.

(f) “Short segment” means a period in the calendar year during which the employee is hired after the first working day of the year, and separated from employment before the last working day of the same calendar year.

(2) At the time an employee is hired, an employer must designate the employee’s position as qualifying or non-qualifying. An employer must designate a position as qualifying if the position is one in which an employee would normally perform at least 600 hours of service in a calendar year.

(3) Employer designation of a position as qualifying or non-qualifying must be determined by PERS from information communicated to PERS by the employer. An employer designation that is contrary to the provisions of subsection (1)(d) of this rule in any calendar year will be reversed for that calendar year.

(4) Eligibility. An employee who was employed in a qualifying position before August 29, 2003, by an employer participating in the PERS Chapter 238 Program was eligible to become a member of that program if the employee satisfies the requirements described in OAR 459-010-0035.

1 [:

2 (a) Began the six-month waiting period described in OAR 459-010-0035 before
3 August 29, 2003;

4 (b) Did not elect to participate in an optional or alternative retirement plan as
5 provided in ORS Chapters 243, 341, or 353; and

6 (c) Was not otherwise ineligible for membership.]

7 (5) [Establishing Membership. An employee who meets the requirements of section
8 (4) of this rule becomes a member of the PERS Chapter 238 Program on the first day of
9 the calendar month following the completion of the six-month waiting period described
10 in OAR 459-010-0035 provided that the employee is employed on that date by the same
11 employer that employed the employee throughout the waiting period.]

12 [(6)] Maintaining Membership. An employee who becomes a member of the PERS
13 Chapter 238 Program under section (4) is eligible for membership in the system for
14 service performed in a qualifying position on and after August 29, 2003, unless the
15 employee:

16 (a) Terminates their membership under ORS 238.095;

17 (b) Elects to participate in an optional or alternative retirement plan as provided in
18 ORS Chapters 237, 243, 341, or 353, and does not qualify for concurrent service
19 eligibility under OAR 459-005-0350; or

20 (c) Becomes otherwise ineligible for membership.

21 **Statutory/Other Authority:** ORS 238.650

22 **Statutes/Other Implemented:** ORS 238.005, ORS 238.015 & ORS 238A.025

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – MEMBERSHIP**

[459-010-0010]

Leave of Absence Without Pay

(1) For purposes of this rule, “major fraction of a month” means a minimum of 11 business days in a calendar month;

(2) Employer/Employee Agreement. An official leave of absence without pay for any purpose must have the following in order to be considered bona fide:

(a) An agreement in writing;

(b) Accordance with the applicable law, rules and regulations;

(c) The duration specifically stated at the time of granting; and

(d) Certification to PERS by the employer granting such leave.

(3) Creditable Service and Retirement Credit.

(a) A leave of absence without pay occurring on or after July 1, 1987, which constitutes the major fraction of a month:

(A) May not be used to calculate “years of membership” under ORS 238.300; and

(B) May not be used to determine “creditable service” or “retirement credit” under ORS 238.005.

(b) A leave of absence without pay occurring before July 1, 1987, which constitutes the major fraction of a month:

(A) Must be used to calculate “years of membership” under ORS 238.300; and

(B) Must be used to determine “creditable service” and “retirement credit” under ORS 238.005.

1 (c) A leave of absence without pay occurring on or after January 1, 2004, which
2 constitutes the major fraction of a month may not be used to determine “retirement credit”
3 under ORS 238A.140 for any period of employment after the date membership is
4 established under ORS 238A.100.

5 (4) Reporting Requirement. Unless otherwise agreed upon by PERS, the employer
6 shall report the following in a format acceptable to PERS:

7 (a) Any period of leave of absence without pay, which constitutes the major fraction of
8 a month, for each member at the time the leave begins. The reported period of leave of
9 absence without pay must include an end date.

10 (b) Any amendment or extension to a previously reported period of leave of absence
11 without pay.

12 (5) A PERS member on an official leave of absence without pay is not considered
13 terminated from service with a participating employer.

14 (6) An employee on an official leave of absence without pay on the date the employer
15 begins to participate in PERS, shall be considered to be an employee on such date for the
16 purpose of determining eligibility for participation in PERS.

17 (7) A layoff from employment does not constitute a leave of absence without pay.

18 Stat. Auth.: ORS 238.650 & 238A.450

19 Stats. Implemented: ORS 238.300 & 238A.140]

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – MEMBERSHIP**

459-010-0014

Creditable Service in PERS Chapter 238 Program

(1) For purposes of this rule:

(a) “Active member” has the same meaning as provided in ORS 238.005.

(b) “Creditable service” has the same meaning as provided in ORS 238.005.

(c) “Major fraction of a month” means a minimum of 50 hours in any calendar month in which an active member is being paid a salary by a participating public employer and for which benefits under ORS Chapter 238 are funded by employer contributions.

(2) Except as provided in OAR 459-010-0010(3), an active member accrues one month of creditable service for each month in which the member performs service or receives paid leave as described in OAR 459-010-0011 for the major fraction of the month.

(3) An active member is presumed to have performed service for a major fraction of a month if:

(a) The member performs at least 600 hours of service in the calendar year and the member's employer(s) reports salary and hours for a pay period occurring within the calendar month;

(b) The member starts employment on or before the 15th day of the calendar month and the employment continues through the end of the month;

(c) The member starts employment on or before the first day of the calendar month and ends employment on or after the 16th day of the month; or

(d) The member starts employment on or before the first day of the calendar month and ends employment before the 16th day of the month, but is reemployed in a qualifying position before the end of the month.

(4) A member or employer may seek to rebut the determination of creditable service based on the presumptions in section (3) by providing to PERS records that establish that the member did or did not perform service for a major fraction of a month as defined in subsection (1)(c) of this rule.

(5) *[Except as provided in OAR 459-010-0010(3), a]* An active member who is a school employee will accrue six months of creditable service if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between January 1 and June 30, and six months of creditable service if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between July 1 and December 31.

(a) School is presumed to be in session during the following dates:

(A) For non-Higher Education employment, the first half of the school year is presumed to begin on or before September 15 and end on or after December 16.

(B) For Higher Education employment, the first half of the school year is presumed to begin on or before September 26 and end on or after December 16.

(C) For all school employment, the second half of the school year is presumed to begin on or before January 7 and end on or after May 26.

(b) If the school year falls outside the presumed dates described above, PERS must receive acceptable certification from the employer of the actual begin and end dates for each half of the school year.

1 (c) An active member who is a school employee on leave of absence without pay
2 may accrue retirement credit as follows:

3 (A) If the period of leave of absence without pay falls outside the dates when
4 school is presumed to be in session, the active member may accrue six months of
5 retirement credit as described above.

6 (B) If the leave of absence without pay falls within the dates when school is
7 presumed to be in session, the active member may only accrue six months of
8 retirement credit if the leave of absence constitutes less than the major fraction of
9 the month, as provided in OAR 459-010-0010(3).

10 (C) If the leave of absence without pay falls within the dates when the school
11 year is in session, the active member may not accrue six months of retirement credit
12 if the leave of absence constitutes the major fraction of the month, as provided in
13 OAR 459-010-0010(3). Such member may accrue one month of retirement credit for
14 each month in which the member performs service or receives paid leave for the
15 major fraction of the month, as described in section (2) of this rule.

16 (6) A member may not accrue more than one month of creditable service for any
17 calendar month and no more than one year of creditable service for any calendar year.

18 *[(7) The provisions of this rule are effective for service credit determinations made*
19 *on or after January 1, 2008.]*

20 Stat. Auth.: ORS 238.650

21 Stats. Implemented: ORS 238.005 & 238.300

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – MEMBERSHIP**

459-010-0035

Six-Month Waiting Period to Establish Membership in the PERS Chapter 238 Program

[(1) The six-month waiting period required for establishing membership under ORS 238.015 is six full calendar months of service with the same employer. The service must be in a “qualifying position,” as defined in OAR 459-010-0003. The six full calendar months of service may not be interrupted by more than 30 consecutive working days.

(2) The waiting period begins on:

(a) The date the employee is hired, and includes the month of hire as a full calendar month, if the date of hire is the first business day of the month;

(b) The first day of the month following the date of hire; or

(c) The first day of the month following the end date of an interruption of service of more than 30 consecutive working days.

(3) In the event an employee is on an official leave of absence under OAR 459-010-0010, the period of absence shall not constitute an interruption of the waiting period under section (1) of this rule. The waiting period shall be extended by the length of the leave of absence.

(4) Absence from service by an educational employee during periods that the employing educational institution is not in session does not constitute an interruption of the waiting period under section (1) of this rule. The waiting period shall be extended by the length of the period the educational institution is not in session.]

1 (1) For the purpose of this rule:

2 (a) “Concurrent” means occurring in the same calendar month.

3 (b) “Concurrent waiting time employers” means two or more participating
4 employers for which the employee is employed in concurrent positions within the
5 same calendar month during each month of the six-month waiting period that meets
6 the qualifying position definition of subparagraph (1)(d)(3).

7 (c) “Non-qualifying position” means a position designated by the employer as
8 normally requiring less than 600 hours of service in a calendar year, that does not
9 meet the “qualifying position” defined in subsection (1)(d).

10 (d) “Qualifying position” means:

11 (A) a position designated by a participating employer as normally requiring 600
12 hours in a calendar year, regardless of the number of hours worked; or

13 (B) a position in which the employee performs at least 600 hours in a calendar
14 year with a single participating employer, regardless of employer designation; or

15 (C) concurrent positions, regardless of employer designation, if the employee
16 performs at least 600 hours of service from the first month of employment with the
17 concurrent waiting time employers through the end of the calendar year.

18 (2) Eligibility. An employee who was employed in a qualifying position before
19 August 29, 2003, by an employer participating in the PERS Chapter 238 Program
20 was eligible to become a member of that program if the employee:

21 (a) Began the six-month waiting period before August 29, 2003;

22 (b) Did not elect to participate in an optional or alternative retirement plan as
23 provided in ORS Chapters 243, 341, or 353; and

1 (c) Was not otherwise ineligible for membership.

2 (3) Establishing Membership under ORS 238.015. An employee who meets the
3 requirements of section (2) of this rule becomes a member of the PERS Chapter 238
4 Program on the first day of the calendar month following the completion of the
5 requirements below:

6 (a) they have completed six full calendar months of service in a qualifying
7 position; and

8 (b) the employee is employed on that date by the same employer for which the
9 employee completed six full calendar months of service required in subsection (a).
10 The six full calendar months of service may not be interrupted by more than 30
11 consecutive working days.

12 (4) If the employee is employed in a qualifying position as described in
13 subsection (1)(d)(1) or (2) then the waiting period begins on the earlier of:

14 (a) The date the employee is hired, and includes the month of hire as a full
15 calendar month, if the date of hire is the first business day of the month;

16 (b) The first day of the month following the date of hire; or

17 (c) The first day of the month following the end date of an interruption of
18 service of more than 30 consecutive working days.

19 (5) If the employee is employed in a qualifying position as described in
20 subsection (1)(d)(3) then the waiting period begins on:

21 (a) The date the employee is hired, and includes the month of hire as a full
22 calendar month, if the date of hire is the first business day of the month and the first
23 month of employment with any of the concurrent waiting time employers;

1 (b) If the date of hire of all the concurrent waiting time employers does not
2 begin on the first business day of the month, then the waiting period begins on the
3 first day of the month following the first month of employment with the concurrent
4 waiting time employers; or

5 (c) The first day of the month following the end date of an interruption of
6 service of more than 30 consecutive working days of all the concurrent waiting time
7 employers.

8 (6) In the event an employee is on an official leave of absence under OAR 459-
9 010-0010, the period of absence shall not constitute an interruption of the waiting
10 period under section (1) of this rule. The waiting period shall be extended by the
11 length of the leave of absence.

12 (7) Absence from service by an educational employee during periods that the
13 employing educational institution is not in session does not constitute an
14 interruption of the waiting period under section (1) of this rule. The waiting period
15 shall be extended by the length of the period the educational institution is not in
16 session.

17 Stat. Auth.: ORS 238.650

18 Stats. Implemented: ORS 238.015

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 075 – OPSRP PENSION PROGRAM**

459-075-0150

Retirement Credit

(1) For purposes of this rule:

(a) “Active member” has the same meaning as provided in ORS 238A.005.

(b) “Major fraction of a month” means a minimum of 50 hours in any calendar month in which an active member is being paid a salary by a participating public employer and for which benefits under ORS Chapter 238A are funded by employer contributions.

(2) Except as provided in OAR 459-010-0010(3), an active member accrues one month of retirement credit for each month in which the member performs service or receives paid leave as described in OAR 459-010-0011 for the major fraction of the month.

(3) An active member is presumed to have performed service for a major fraction of a month if:

(a) The member performs at least 600 hours of service in the calendar year and the member’s employer(s) reports salary and hours for a pay period occurring within the calendar month;

(b) The member starts employment on or before the 15th day of the calendar month and the employment continues through the end of the month;

(c) The member starts employment on or before the first day of the calendar month and ends employment on or after the 16th day of the month; or

(d) The member starts employment on or before the first day of the calendar month and ends employment before the 16th day of the month, but is reemployed in a qualifying position before the end of the month.

(4) A member or employer may seek to rebut the determination of creditable service based on the presumptions in section (3) by providing to PERS records that establish that the member did or did not perform service for a major fraction of a month as defined in subsection (1)(c) of this rule.

(5) *[Except as provided in OAR 459-010-0010(3), a]* An active member who is a school employee will accrue six months of retirement credit if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between January 1 and June 30, and six months of creditable service if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between July 1 and December 31.

(a) School is presumed to be in session during the following dates:

(A) For non-Higher Education employment, the first half of the school year is presumed to begin on or before September 15 and end on or after December 16;

(B) For Higher Education employment, the first half of the school year is presumed to begin on or before September 26 for Higher Education employment and end on or after December 16;

(C) For all school employment, the second half of the school year is presumed to begin on or before January 7 and end on or after May 26.

1 (b) If the school year falls outside the presumed dates described above, PERS
2 must receive acceptable certification from the employer of the actual begin and end
3 dates for each half of the school year.

4 (c) An active member who is a school employee on leave of absence without pay
5 may accrue retirement credit as follows:

6 (A) If the period of leave of absence without pay falls outside the dates when
7 school is presumed to be in session, the active member may accrue six months of
8 retirement credit as described above.

9 (B) If the leave of absence without pay falls within the dates when school is
10 presumed to be in session, the active member may only accrue six months of
11 retirement credit if the leave of absence constitutes less than the major fraction of
12 the month, as provided in OAR 459-010-0010(3).

13 (C) If the leave of absence without pay falls within the dates when the school
14 year is in session, the active member may not accrue six months of retirement credit
15 if the leave of absence constitutes the major fraction of the month, as provided in
16 OAR 459-010-0010(3). Such member may accrue one month of retirement credit for
17 each month in which the member performs service or receives paid leave for the
18 major fraction of the month, as described in section (2) of this rule.

19 (6) A member may not accrue more than one month of retirement credit for any
20 calendar month and no more than one year of retirement credit for any calendar year.

21 (7) Credit for the six-month waiting period required by OAR 459-075-0010(2).

1 (a) Upon establishing membership in the pension program, a member shall receive
2 credit for the waiting period required to establish membership under OAR 459-075-
3 0010(2).

4 (b) If the member's waiting period before establishment of membership included an
5 interruption of service as described in OAR 459-075-0010(2)(b), no credit shall be
6 awarded for the period of employment before the interruption.

7 *[(8) The provisions of this rule are effective for retirement credit determinations*
8 *made on or after January 1, 2008.]*

9 Stat. Auth.: ORS 238A.450

10 Stats. Implemented: ORS 238A.140

B.

A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

1. Notice of Rulemaking for duty disability requirements
2. Adoption of service retirement application requirements
3. Adoption of rulemaking for membership eligibility rules
- 4. Adoption of Tax Remedy Rule**
5. Adoption of rulemaking for annual plan limits rules

C. Action and discussion items

1. Senate Bill 1049 update
2. Legislative update
3. PHIP Reserve Policy
4. Contingency Reserve Subaccount funding
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study



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March 31, 2025

TO: Members of the PERS Board

FROM: Yong Yang, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption of Rule for the Tax Remedy Rule:
OAR 459-013-0310 *Payment of Increased Benefits under ORS 238.372 to 238.384*

OVERVIEW

- Action: Adoption of amendment for OAR 459-013-0310 Payment of Increased Benefits under ORS 238.372 to 238.384.
- Reason: Amend the rule to account for additional data from the Oregon Department of Revenue.
- Policy Issue: None identified.

BACKGROUND

As provided in ORS 238.362 to ORS 238.378, PERS benefits are increased to account for Oregon personal income tax for individuals who had established PERS membership before July 14, 1995. This benefit increase is also known colloquially as Tax Remedy. The Oregon Legislature, in 2011 and 2013, made changes to the tax remedy statute such that retirees whose PERS benefits are not subject to Oregon personal income tax are not eligible to receive tax remedy. PERS is authorized to exchange information with the Oregon Department of Revenue (DOR) for the purpose of evaluating whether someone's PERS benefits are subject to Oregon personal income tax.

After a system upgrade, DOR is now able to provide additional data on retirees who filed a partial year tax return (40P), specifically, the beginning and end dates the retiree was in the state. The proposed amendments to the rule outline how PERS staff will use this additional data in determining tax remedy eligibility. Currently, in order to determine residency for a retiree who filed a 40P, the determination is based on the prior year filing to presume the retiree moved in or out of the state. With more precise data, the determination can be made based on the current year's filing.

For individuals who filed a 40P, PERS will treat the person as an Oregon resident if the end-date field on the tax return is blank or the last day of the year; PERS will treat the person as a non-resident if the end-date field on the tax return is other than the last day of the year.

The amendments also take into consideration certain filing requirements. When a married Oregon resident files a joint return with a non-Oregon resident spouse, they are required to file a non-resident return (40N). Similarly, when a married retiree who is an Oregon resident for the entire year files a joint return with a spouse who was an Oregon resident for a partial year, they must file a 40P. Included in the data obtained from DOR is the amount of pension and annuity income reported on 40Ns and 40Ps for state income tax purposes. Under the rule amendment, a retiree will be considered an Oregon resident if the reported pensions and annuities income on a 40N or 40P return is equal to or greater than the amount of PERS benefits distributed in the same tax year; if the reported pensions and annuities income is less than the amount of PERS benefits distributed in the same tax year, the retiree will be considered a non-resident; except in the case of 40P joint filers, the retiree will still be considered an Oregon resident if the resident end-day on the tax return form is left blank or is the last day of the year.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on February 25, 2025, at 2:00 p.m. The public comment period ended February 28, 2025, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

IMPACT

Mandatory: No

Benefit: Provides clarification on how PERS will use the additional DOR data to make tax remedy eligibility determinations.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

January 27, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 3, 2025:	Secretary of State publishes the notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
January 31, 2025:	PERS Board notified that staff began the rulemaking process.
February 25, 2025:	Rulemaking hearing to be held remotely at 2:00 p.m.
February 28, 2025:	Public comment period ends at 5:00 p.m.
March 31, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the Tax Remedy Rule, as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.4. Attachment 1 – *OAR 459-013-0310 Payment of Increased Benefits under ORS 238.372 to 238.384*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 013 – RETIREMENT BENEFITS**

459-013-0310

Payment of Increased Benefits under ORS 238.372 to 238.384

(1) For purposes of determinations under ORS 238.372 to 238.384:

(a) “Person” includes a member, an alternate payee, or a beneficiary.

(b) The increased benefit percentage to be added to a benefit paid to a beneficiary under ORS 238.390, 238.395, 238.400, 238.405, or under an optional form of retirement allowance under ORS 238.305 or 238.325 will be determined based on:

(A) The increased benefit percentage(s) for which the member is otherwise eligible under ORS 238.364, 238.366 and 238.368; and

(B) The residency of the beneficiary.

(2) PERS will make the following determinations on residency status for the purpose of determining increased benefit eligibility under ORS 238.372 to 238.384, based on the yearly Oregon personal income tax return information provided by the Department of Revenue. Determinations under this section are effective the first day of the calendar year following receipt of information from the Department of Revenue.

(a) If the Department of Revenue notifies PERS that a person:

(A) Filed Oregon personal income tax as a resident, PERS will treat the person as a resident of Oregon.

(B) Filed Oregon personal income tax as a non-resident, PERS will treat the person as a non-resident of Oregon[, *except as provided in section (3) below*].

(C) Did not file Oregon personal income tax, PERS will treat the person as a non-resident of Oregon[, *except as provided in section (3) below*].

(D) *[Filed Oregon personal income tax as a partial-year resident and the prior year the person filed personal income tax as a resident, PERS will treat the person as a non-resident of Oregon, except as provided in section (3) below.*

(E) *Filed Oregon personal income tax as a partial-year resident and the prior year the person filed personal income tax as a non-resident, PERS will treat the person as a resident of Oregon.*

(F) *Filed Oregon personal income tax as a partial-year resident and the prior year the person did not file personal income tax, PERS will treat the person as a resident of Oregon.]*

(G) *Filed Oregon personal income tax as a partial-year resident, and the person also submitted residency status information on a form provided by PERS and received by PERS in the same calendar year, PERS will determine residency status based on the information provided on the form.]*

(D) Filed Oregon personal income tax as a partial-year resident with the Oregon resident end-date either left blank or listed as the last day of the year on the tax return form, PERS will treat the person as a resident of Oregon.

(E) Filed Oregon personal income tax as a partial-year resident with the Oregon resident end-date listed as other than the last day of the year on the tax return form, PERS will treat the person as a non-resident of Oregon.

(F) Filed Oregon personal income tax as a partial-year resident joint filer with the pensions and annuities amount reported under the Oregon column in the joint filer return equal to or greater than the amount of PERS benefits distributed for the same tax year, PERS will treat the person as a resident of Oregon.

1 (G) Filed Oregon personal income tax as a partial-year resident joint filer with
2 the pension and annuities amount reported under the Oregon column in the joint
3 filer return being less than the amount of PERS benefits distributed for the same tax
4 year, PERS will treat the person as a non-resident of Oregon unless the resident
5 end-date is left blank or is the last day of the year on the tax return form.

6 (H) Filed Oregon personal income tax as a non-resident joint filer with the
7 pensions and annuities amount reported under the Oregon column in the joint filer
8 return equal to or greater than the amount of PERS benefits distributed for the
9 same tax year, PERS will treat the person as a resident of Oregon.

10 (I) Filed Oregon personal income tax as a non-resident joint filer with the
11 pensions and annuities amount reported under the Oregon column in the joint filer
12 return being less than the amount of PERS benefits distributed for the same tax
13 year, PERS will treat the person as a non-resident of Oregon.

14 (b) If PERS cannot make a residency status determination based on information
15 provided by the Department of Revenue or the person did not otherwise provide PERS
16 with residency status information, PERS will treat the person as a non-resident of
17 Oregon, except as provided in section (3) below.

18 (3) For purposes of determining increased benefit eligibility under ORS 238.372 to
19 238.384, residency status information submitted on a form provided by PERS and
20 received by PERS in the current calendar year will supersede any Oregon personal
21 income tax return information provided by the Department of Revenue pursuant to
22 section (2) of this rule.

23 (4) Residency status forms received by PERS shall be effective as follows:

- 1 (a) The first day of the calendar month following receipt, if received between
2 January 1 and April 15;
- 3 (b) The first day of the calendar year following receipt, if received on or after April
4 16.
- 5 (5) Notwithstanding sections (2) and (3) of this rule, PERS will revoke increased
6 benefit eligibility and seek repayment if it finds a person has submitted fraudulent
7 residency status information under section (2) or (3) of this rule.
- 8 Stat. Auth.: ORS 238.650
- 9 Stats. Implemented: ORS 238.362, 238.364, 238.366, 238.368 & 238.372 to 238.384

B.

A. Administration

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2. Director's Report
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4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

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1. Notice of Rulemaking for duty disability requirements
2. Adoption of service retirement application requirements
3. Adoption of rulemaking for membership eligibility rules
4. Adoption of Tax Remedy Rule
- 5. Adoption of rulemaking for annual plan limits rules**

C. Action and discussion items

1. Senate Bill 1049 update
2. Legislative update
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March 31, 2025

TO: Members of the PERS Board

FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption of rulemaking for plan limits rules:
 OAR 459-005-0525, *Ceiling on Compensation for Purposes of Contributions and Benefits*
 OAR 459-005-0545, *Annual Addition Limitation*
 OAR 459-017-0060, *Reemployment of Retired Members*
 OAR 459-045-0090, *PERS Administrative Fee*
 OAR 459-080-0400, *Employee Pension Stability Account (EPSA)*
 OAR 459-080-0500, *Limitation on Contributions*

OVERVIEW

- Action: Adoption of rulemaking for plan limits rules.
- Reason: Update rules to reflect the 2025 Internal Revenue Code (IRC), Social Security, salary limit, monthly salary threshold for the Employee Pension Stability Account (EPSA), and the maximum divorce administration fee.
- Policy Issue: None identified.

BACKGROUND

The Internal Revenue Service revises various dollar limits annually based on cost-of-living adjustments. These revisions are used throughout the PERS plan's statutes and rules, but revisions to the limits must be adopted by the Legislature or PERS Board to be effective.

The proposed rule modifications to OAR 459-005-0545 and 459-080-0500 incorporate the federal adjustments for calendar year 2025 and are necessary to ensure compliance with the federal limits on the amount of contributions. In addition, the proposed modifications to OAR 459-017-0060 adopt the 2025 Social Security earnings limitations.

Under ORS 238.005, 238A.005, and 238A.330, as amended by Senate Bill 1049 (2019), on January 1 of each year, the PERS Board shall adjust the overall salary limit, and the salary threshold for Employee Pension Stability Account (EPSA) contributions to reflect cost-of-living increases from the previous year, based on the Consumer Price Index (CPI) for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor. ORS 238.465 was updated by House Bill 2284 (2023), increasing the maximum administrative fee for administering a divorce decree to \$1,300, to be increased each January 1 according to the CPI as described for the salary and EPSA threshold.

PERS has established a three-tiered approach to the administrative fee based on the complexity and administrative cost of administering the court order.

The All Urban Consumers, West Region (All Items) CPI for November 2023-2024 is 2.4%. Accordingly, the amendments to the limits are as follows:

SUMMARY OF PLAN LIMIT UPDATES		
	2024 Limit	2025 Limit
Federal limit on contributions	\$69,000	\$70,000
Social Security compensation limit – before full retirement age	\$22,320	\$23,400
Social Security compensation limit – calendar year reach full retirement age	\$59,520	\$62,160
Salary limit	\$232,976	\$238,567
EPSA threshold	\$3,688	\$3,777
Divorce fee – low cost	\$650	\$666
Divorce fee – moderate cost	\$975	\$998
Divorce fee – high cost	\$1,300	\$1,331

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely and in the PERS boardroom on February 25, 2025, at 2:00 p.m. The public comment period ends February 28, 2025, at 5:00 p.m. No public comments were received.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

IMPACT

Mandatory: Yes, statute requires the PERS Board to update its rules to reflect revisions by the IRS and Social Security Administration and to update its rules to reflect cost-of-living increases from the previous year for salary limit and EPSA contributions salary threshold.

Benefit: Clarifies the 2025 limits for: contributions and benefits under federal law, Social Security earnings limit, salary limit, EPSA contributions salary threshold, and the maximum divorce administrative fee.

Cost: There are no discrete costs attributable to the rules.

RULEMAKING TIMELINE

January 27, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 3, 2025:	Secretary of State publishes the notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
January 31, 2025:	PERS Board notified that staff began the rulemaking process.
February 25, 2025:	Rulemaking hearing to be held remotely at 2:00 p.m.
February 28, 2025:	Public comment period ends at 5:00 p.m.
March 31, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the annual plan limits rules, as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.3. Attachment 1 – *459-005-0525 Ceiling on Compensation for Purposes of Contributions and Benefits*

B.3. Attachment 2 – *459-005-0545 Annual Addition Limitation*

B.3. Attachment 3 – *459-017-0060 Reemployment of Retired Members*

B.3. Attachment 4 – *459-045-0090 PERS Administrative Fee*

B.3. Attachment 5 – *459-080-0400 Employee Pension Stability Account (EPSA)*

B.3. Attachment 6 – *459-080-0500 Limitation on Contributions*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION**

459-005-0525

Ceiling on Compensation for Purposes of Contributions and Benefits

(1) This administrative rule shall be construed consistently with the requirements of the Internal Revenue Code (IRC) Section 401(a)(17) relating to the limitation on annual compensation allowable for determining contribution and benefits under ORS Chapters 238 and 238A.

(2) For purposes of this rule:

(a) "Annual compensation" means "salary," as defined in ORS 238.005 and 238.205 with respect to Chapter 238 and in 238A.005 with respect to Chapter 238A paid to the member during a calendar year or other 12-month period, as specified in this rule.

(b) "Eligible participant" means a person who first becomes a member of PERS before January 1, 1996.

(c) "Employer" means a "public employer" as defined in ORS 238.005, for the purposes of this rule as it applies to Chapter 238. For the purposes of this rule as it applies to Chapter 238A, an "employer" means a "participating public employer" as defined in 238A.005.

(d) "Noneligible participant" means a person who first becomes a member of PERS after December 31, 1995.

(e) "Participant" means an active or inactive member of PERS.

(3) For eligible participants, the limit set forth in IRC Section 401(a)(17) shall not apply for purposes of determining the amount of employee or employer contributions that may be paid into PERS, and for purposes of determining benefits due under ORS Chapters 238 and 238A. The limit on annual compensation for eligible participants shall be no less than the amount which was allowed to be taken into account for purposes of

determining contributions or benefits under former ORS 237.001 to 237.315 as in effect on July 1, 1993, for calendar years before 2020. Beginning in ~~2024~~ 2025, the limit on annual compensation taken into account for purposes of determining contributions or benefits under ORS Chapter 238 or 238A for eligible participants shall be measured on a calendar year basis, and shall not exceed ~~[\$232,976]~~ \$238,567 per calendar year.

(4) For noneligible participants, the annual compensation taken into account for purposes of determining contributions or benefits under ORS Chapters 238 and 238A shall be measured on a calendar year basis, and shall not exceed ~~[\$232,976]~~ \$238,567 per calendar year beginning in ~~2024~~ 2025.

(5) A participant employed by two or more agencies or instrumentalities of a PERS participating employer in a calendar year, whether concurrently or consecutively, shall have all compensation paid by the employer combined for determining the allowable annual compensation under this rule.

(6) PERS participating employers shall monitor annual compensation and contributions to assure that reports and remitting are within the limits established by this rule and IRC Section 401(a)(17).

(7) For a participant, Final Average Salary under ORS 238.005 with respect to Chapter 238 and under 238A.130 with respect to Chapter 238A shall be calculated based on the amount of compensation that is allowed to be taken into account under this rule.

(8) With respect to ORS Chapter 238, creditable service, as defined in 238.005, shall be given for each month that an active member is paid salary or wages and allowable contributions have been remitted to PERS, or would be remitted but for the annual compensation limit in this rule. With respect to Chapter 238A, retirement credit as determined in 238A.140, shall be given for each month that an active member is paid

1 salary or wages and allowable contributions have been remitted to PERS, or would be
2 remitted but for the annual compensation limit in this rule.

3 (9) Beginning in 2020, the limitation on annual compensation under sections (3) and
4 (4) of this rule will be indexed by cost-of-living adjustments in subsequent years as
5 provided in the Consumer Price Index for All Urban Consumers, West Region (All
6 Items), as published by the Bureau of Labor Statistics of the United States Department
7 of Labor.

8 Stat. Auth.: ORS 238.630, 238.650, 238A.370 & 238A.450

9 Stats. Implemented: ORS 238.005 & 238A.005

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION**

459-005-0545

Annual Addition Limitation

(1) This administrative rule shall be construed consistently with the requirements of the Internal Revenue Code (IRC) Section 415(c) and the Treasury regulations and Internal Revenue Service rulings and other interpretations issued thereunder.

(2) Except as otherwise provided in this rule, a member's annual additions to PERS for any calendar year after ~~2023~~ 2024 may not exceed ~~[\$69,000]~~ \$70,000 (as adjusted under IRC Section 415(d)).

(3) For purposes of this rule, the term "annual additions" has the same meaning as under IRC Section 415(c)(2).

(4) The following special rules shall apply with respect to purchases of permissive service credit, as defined in OAR 459-005-0540, Permissive Service Credit:

(a) If a member's after-tax contributions to purchase permissive service credit are included in the member's annual additions under section (3) of this rule, the member shall not be treated as exceeding the limitation under section (2) of this rule solely because of the inclusion of such contributions.

(b) With respect to any eligible participant, the annual addition limitation in section (2) of this rule shall not be applied to reduce the amount of permissive service credit to an amount less than the amount that could be purchased under the terms of the plan as in effect on August 5, 1997. As used in this subsection, the term "eligible participant" includes any individual who became an active member before January 1, 2000.

(5) If a member makes a payment to PERS to purchase retirement credit for service in the Armed Forces pursuant to 238.156(3)(c) or 238A.150 and the service is covered

1 under Internal Revenue Code Section 414(u), the following special rules shall apply for
2 purposes of applying the annual addition limitation in section (2) of this rule:

3 (a) The payment shall be allocated as an annual addition to the calendar year to
4 which it relates; and

5 (b) The member shall be treated as having received the following amount of
6 compensation for the period of service in the Armed Forces to which the payment
7 relates:

8 (A) The amount of compensation the member would have received from a
9 participating employer had the member not been in the Armed Forces; or

10 (B) If the amount in paragraph (A) of this subsection is not reasonably certain, the
11 member's average compensation from the participating employer during the 12-month
12 period immediately preceding the period of service in the Armed Forces (or, if shorter,
13 the period of employment immediately preceding the period of service in the Armed
14 Forces).

15 (6) The provisions of this rule are effective on January 1, 2004.

16 Stat. Auth.: ORS 238.630, 238.650, 238A.370 & 238A.450

17 Stats. Implemented: ORS 238.005 - 238.715, 238A.370

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 017 – REEMPLOYED RETIRED MEMBERS**

459-017-0060

Reemployment of Retired Members

(1) For purposes of this rule:

(a) “Bona fide retirement” means that the retired member has been absent from service with all participating employers and all employers in a controlled group with a participating employer for at least six full calendar months between the effective date of retirement and the date of hire.

(b) “Retired member” means a member of the PERS Chapter 238 Program who is retired for service.

(2) A retired member may be employed under ORS 238.082 by a participating employer without loss of retirement benefits provided:

(a) The period or periods of employment with one or more participating employers total less than 1,040 hours in a calendar year; or

(b) If the retired member is receiving retirement, survivors, or disability benefits under the federal Social Security Act, the period or periods of employment total less than either 1,040 hours in a calendar year, or the total number of hours in a calendar year that, at the retired member’s specified hourly rate of pay, would cause the annual compensation of the retired member to exceed the following Social Security annual compensation limits, whichever is greater.

(A) For retired members who have not reached full retirement age under the Social Security Act, the annual compensation limit is ~~[\$22,320]~~ \$23,400; or

(B) For the calendar year in which the retired member reaches full retirement age under the Social Security Act and only for compensation for the months before reaching full retirement age, the annual compensation limit is ~~[\$59,520]~~ \$62,160.

1 (3) The limitations on employment in section (2) of this rule do not apply if the
2 retired member has reached full retirement age under the Social Security Act.

3 (4) The limitations on employment in section (2) of this rule do not apply if:

4 (a) The retired member meets the requirements of ORS 238.082(4), (5), (6), (7), or
5 (8), and did not retire at a reduced benefit under the provisions of ORS 238.280(1), (2),
6 or (3);

7 (b) The retired member retired at a reduced benefit under ORS 238.280(1), (2), or
8 (3), is employed in a position that meets the requirements of ORS 238.082(4), the date
9 of hire is more than six months after the member's effective retirement date, and the
10 member's retirement otherwise meets the standard of a bona fide retirement;

11 (c) The retired member is employed by a school district or education service district
12 as a speech-language pathologist or speech-language pathologist assistant and:

13 (A) The retired member did not retire at a reduced benefit under the provisions of
14 ORS 238.280(1) or (3); or

15 (B) The retired member retired at a reduced benefit under the provisions of ORS
16 238.280(1) or (3), but is not employed by any participating employer until more than six
17 months after the member's effective retirement date, and the member's retirement
18 otherwise meets the standard of a bona fide retirement;

19 (d) The retired member meets the requirements of section 2, chapter 499, Oregon
20 Laws 2007, as amended by section 1, chapter 108, Oregon Laws 2015;

21 (e) The retired member meets the requirements of section 2, chapter 475, Oregon
22 Laws 2015;

23 (f) The retired member is employed for service during a legislative session under
24 ORS 238.092(2);

25 (g) The retired member meets the requirements of ORS 238.088(2), and did not
26 retire at a reduced benefit under the provisions of ORS 238.280(1), (2), or (3); or

1 (h) The retired member is on active state duty in the organized militia and meets the
2 requirements under ORS 399.075(8).

3 (i) The retired member is employed as a special campus security officer
4 commissioned by a public university and meets the requirements under section 5,
5 chapter 152, Oregon Laws 2019.

6 (j) The retired member is employed as a security officer for a community college
7 and meets the requirements under section 5, chapter 152, Oregon Laws 2019.

8 (k) The retired member is employed by Harney County Health District as a person
9 licensed, registered or certified to provide health services and meets the requirements
10 under section 2, chapter 496, Oregon Laws 2019.

11 (5) For purposes of population determinations referenced by statutes listed in this
12 rule, the latest federal decennial census shall first be operative on the first day of the
13 second calendar year following the census year.

14 (6) For purposes of ORS 238.082(6), a retired member replaces an employee if the
15 retired member:

16 (a) Is assigned to the position of the employee; and

17 (b) Performs the duties of the employee or duties that might be assigned to an
18 employee in that position.

19 (7) If a retired member is reemployed subject to the limitations of ORS 238.082 and
20 section (2) of this rule, the period or periods of employment subsequently exceed those
21 limitations, and employment continues into the month following the date the limitations
22 are exceeded:

23 (a) If the member has been retired for six or more calendar months:

24 (A) PERS will cancel the member's retirement.

1 (i) If the member is receiving a monthly service retirement allowance, the last
2 payment to which the member is entitled is for the month in which the limitations were
3 exceeded.

4 (ii) If the member is receiving installment payments under ORS 238.305(4), the last
5 installment payment to which the member is entitled is the last payment due on or before
6 the last day of the month in which the limitations were exceeded.

7 (iii) If the member received a single lump sum payment under ORS 238.305(4) or
8 238.315, the member is entitled to the payment provided the payment was dated on or
9 before the last day of the month in which the limitations were exceeded.

10 (iv) A member who receives benefits to which he or she is not entitled must repay
11 those benefits to PERS.

12 (B) The member will reestablish active membership the first of the calendar month
13 following the month in which the limitations were exceeded.

14 (C) The member's account must be rebuilt in accordance with the provisions of
15 section (9) of this rule.

16 (b) If the member has been retired for less than six calendar months:

17 (A) PERS will cancel the member's retirement effective the date the member was
18 reemployed.

19 (B) All retirement benefits received by the member must be repaid to PERS in a
20 single payment.

21 (C) The member will reestablish active membership effective the date the member
22 was reemployed.

23 (D) The member account will be rebuilt as of the date that PERS receives the single
24 payment. The amount in the member account must be the same as the amount in the
25 member account at the time of the member's retirement.

26 (8) For purposes of determining period(s) of employment in section (2) of this rule:

1 (a) Hours of employment are hours on and after the retired member's effective
2 retirement date for which the member receives wages, salary, paid leave, or other
3 compensation.

4 (b) Hours of employment that are performed under the provisions of section (4) of
5 this rule on or after the later of January 1, 2004, or the operative date of the applicable
6 statutory provision, are not counted.

7 (9) If a member has been retired for service for more than six calendar months and
8 is reemployed in a qualifying position by a participating employer under the provisions of
9 238.078(1):

10 (a) PERS will cancel the member's retirement effective the date the member is
11 reemployed.

12 (b) The member will reestablish active membership on the date the member is
13 reemployed.

14 (c) If the member elected a benefit payment option other than a lump sum option
15 under ORS 238.305(2) or (3), the last monthly service retirement allowance payment to
16 which the member is entitled is for the month before the calendar month in which the
17 member is reemployed. Upon subsequent retirement, the member may choose a
18 different benefit payment option.

19 (A) The member's account will be rebuilt as required by ORS 238.078 effective the
20 date active membership is reestablished.

21 (B) Amounts from the Benefits-In-Force Reserve (BIF) credited to the member's
22 account under the provisions of paragraph (A) of this subsection will be credited with
23 earnings at the BIF rate or the assumed rate, whichever is less, from the date of
24 retirement to the date of active membership.

25 (d) If the member elected a partial lump sum option under ORS 238.305(2), the last
26 monthly service retirement allowance payment to which the member is entitled is for the

1 month before the calendar month in which the member is reemployed. The last lump
2 sum or installment payment to which the member is entitled is the last payment due
3 before the date the member is reemployed. Upon subsequent retirement, the member
4 may not choose a different benefit payment option unless the member has repaid to
5 PERS in a single payment an amount equal to the lump sum and installment benefits
6 received and the earnings that would have accumulated on that amount.

7 (A) The member's account will be rebuilt as required by ORS 238.078 effective the
8 date active membership is reestablished.

9 (B) Amounts from the BIF credited to the member's account under the provisions of
10 paragraph (A) of this subsection, excluding any amounts attributable to repayment by
11 the member, will be credited with earnings at the BIF rate or the assumed rate,
12 whichever is less, from the date of retirement to the date of active membership.

13 (e) If the member elected the total lump sum option under ORS 238.305(3), the last
14 lump sum or installment payment to which the member is entitled is the last payment
15 due before the date the member is reemployed. Upon subsequent retirement, the
16 member may not choose a different benefit payment option unless the member has
17 repaid to PERS in a single payment an amount equal to the benefits received and the
18 earnings that would have accumulated on that amount.

19 (A) If the member repays PERS as described in this subsection the member's
20 account will be rebuilt as required by ORS 238.078 effective the date that PERS
21 receives the single payment.

22 (B) If any amounts from the BIF are credited to the member's account under the
23 provisions of paragraph (A) of this subsection, the amounts may not be credited with
24 earnings for the period from the date of retirement to the date of active membership.

25 (f) If the member received a lump sum payment under ORS 238.315:

1 (A) If the payment was dated before the date the member is reemployed, the
2 member is not required or permitted to repay the benefit amount. Upon subsequent
3 retirement:

4 (i) The member may choose a different benefit payment option.

5 (ii) The member's retirement benefit will be calculated based on the member's
6 periods of active membership after the member's initial effective retirement date.

7 (B) If the payment was dated on or after the date the member is reemployed, the
8 member must repay the benefit amount. Upon subsequent retirement:

9 (i) The member may choose a different benefit payment option.

10 (ii) The member's retirement benefit will be calculated based on the member's
11 periods of active membership before and after the member's initial effective retirement
12 date.

13 (iii) The member's account will be rebuilt as described in ORS 238.078(2).

14 (g) A member who receives benefits to which he or she is not entitled must repay
15 those benefits to PERS.

16 (10) If a member has been retired for less than six calendar months and is
17 reemployed in a qualifying position by a participating employer under the provisions of
18 238.078(2):

19 (a) PERS will cancel the member's retirement effective the date the member is
20 reemployed.

21 (b) All retirement benefits received by the member must be repaid to PERS in a
22 single payment.

23 (c) The member will reestablish active membership effective the date the member is
24 reemployed.

1 (d) The member account will be rebuilt as of the date that PERS receives the single
2 payment. The amount in the member account must be the same as the amount in the
3 member account at the time of the member's retirement.

4 (e) Upon subsequent retirement, the member may choose a different benefit
5 payment option.

6 (11) Upon the subsequent retirement of any member who reestablished active
7 membership under ORS 238.078 and this rule, the retirement benefit of the member
8 must be calculated using the actuarial equivalency factors in effect on the effective date
9 of the subsequent retirement.

10 (12) The provisions of paragraphs (9)(c)(B), (9)(d)(B), and (9)(e)(B) of this rule are
11 applicable to retired members who reestablish active membership under ORS 238.078
12 and this rule and whose initial effective retirement date is on or after March 1, 2006.

13 (13) A participating employer that employs a retired member must notify PERS in a
14 format acceptable to PERS under which statute the retired member is employed.

15 (a) Upon request by PERS, a participating employer must certify to PERS that a
16 retired member has not exceeded the number of hours allowed under ORS 238.082 and
17 section (2) of this rule.

18 (b) Upon request by PERS a participating employer must provide PERS with
19 business and employment records to substantiate the actual number of hours a retired
20 member was employed.

21 (c) Participating employers must provide information requested under this section
22 within 30 days of the date of the request.

23 (14) Accumulated unused sick leave reported by an employer to PERS upon a
24 member's retirement, as provided in ORS 238.350, may not be made available to a
25 retired member returning to employment under sections (2) or (9) of this rule.

1 (15) Subsections (4)(c) and (4)(d) of this rule are repealed effective January 2,
2 2026.

3 (16) Subsection (4)(e) of this rule is repealed effective June 30, 2023.

4 (17) A member who is retired for service maintains their status as a retired member
5 of the system, and does not accrue additional benefits during the period of employment.
6 A retired member may not participate in the pension program or the Individual Account
7 Program as an active member, except as provided by ORS 238.092(1) or 237.650.

8 (18) For calendar years 2020 through 2024, a public employer employing a retired
9 member shall apply the employer's contribution rate for its covered payroll to the wages
10 paid to the retired member. The public employer shall make a payment to the Public
11 Employees Retirement Fund in that amount. This payment is in addition to the
12 employer's contribution required under ORS 238.225, and will be applied to the
13 employer's liabilities, including pension benefit costs and retiree medical benefit costs. If
14 the employer is a member of a pool established under ORS 238.227, the additional
15 payment will be applied to the employer's rate pool's liabilities.

16 (19) For calendar years 2020 through 2024, the limitations on employment in
17 section (2) of this rule do not apply to a retired member unless the member retired under
18 the provisions of ORS 238.280(1), (2), or (3), and does not have a bona fide retirement.

19 (20) For calendar years 2020 through 2024, if the member retired under the
20 provisions of ORS 238.280(1), (2), or (3), and does not have a bona fide retirement, the
21 member is subject to the limitations on employment in section (2) of this rule.

22 (21) Sections (18), (19), and (20) of this rule are repealed effective January 2, 2025.

23 Stat. Auth.: ORS 238.650 & ORS 238.630

24 Stats. Implemented: ORS 238.078, ORS 238.082, ORS 238.088, ORS 238.092,
25 ORS 399.075, 2007 OL Ch. 499 & 774, 2015 OL Ch. 108 & 475, 2018 OL Ch. 48 & 2019
26 OL Ch. 355

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 045 – DOMESTIC RELATIONS ORDER**

OAR 459-045-0090

PERS Administrative Fee

(1) An administrative fee is assessed by PERS for obtaining data and making calculations to administer court-ordered alternate payee awards under ORS 238.465 in the name of an alternate payee.

(2) Pursuant to the provisions of ORS 238.465(9), the board may not charge more than \$1,331 [~~\$1,300~~] for calendar year 2025 [~~2024~~] for the total administrative expenses and related costs incurred in administering court-ordered alternate payee awards. This fee is allocated between the member and the alternate payee based on the fraction of the benefit received by the member or the alternate payee.

(3) The fee to be assessed by the board shall be determined by the estimated administrative cost of implementing the court order based on a percentage of the fee threshold (rounded to the nearest dollar), as set forth below:

(a) Low Administrative Cost Tier: Set at 50% of the maximum allowable administrative fee and is \$666 [~~\$650~~] for calendar year 2025 [~~2024~~].

(b) Moderate Administrative Cost Tier: Set at 75% of the maximum allowable administrative fee and is \$998 [~~\$975~~] for calendar year 2025 [~~2024~~].

(c) High Administrative Cost Tier: Set at 100% of the maximum allowable administrative fee and is \$1,331 [~~\$1,300~~] for calendar year 2025 [~~2024~~].

(4) On January 1 of each year, the board shall update the administrative cost fees tiers as the dollar limit threshold provided by ORS 238.465(9) is updated.

Stat. Auth.: ORS 238.465, ORS 238.650 & ORS 238A.450

- 1 Stats. Implemented: [ORS 238.465](#)
- 2 Hist.: PERS 5-1996, f. & cert. ef. 6-11-96; f. & cert. ef. 5-28-2010; f. & cert. ef. 2-2-24
- 3

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 080 – OPSRP INDIVIDUAL ACCOUNT PROGRAM**

459-080-0400

Employee Pension Stability Account (EPSA)

(1) The Employee Pension Stability Account (EPSA) is a member account under the IAP as established in ORS 238A.353. A portion of the member contributions is credited to the member's EPSA when the member's monthly salary exceeds the threshold amount and the system funded status is below 90%.

(2) The monthly salary threshold amount:

(a) Is ~~[\$3,688 for calendar year 2024]~~ \$3,777 for calendar year 2025;

(b) Includes salary from all PERS covered employment during the calendar month; and

(c) Is determined based on the date the salary is paid except for retroactive salary payments, which are allocated to the period when the salary was earned or would have been earned.

(3) Though part of the IAP, EPSA funds are not invested in target date funds. EPSA funds are held in a separate member account that will be credited annually with earnings or losses in accordance with OAR 459-007-0005. There is no guaranteed rate of return on a member's EPSA.

(4) Unless withdrawn prior to earliest retirement age, a member's EPSA will be applied to the cost of the member's retirement or other pension benefit attributable to service on and after July 1, 2020. The portion of the member's benefit attributable to service on and after July 1, 2020 will be determined by dividing the number of months of service after July 1, 2020 by the total months of service.

(5) If the amount in the EPSA exceeds the cost of the pension or other retirement benefits that are payable to the member or the member's beneficiary determined

1 according to section (4) of this rule, the board shall pay the excess amounts in a lump
2 sum to the member or the member's IAP beneficiary.

3 Stat. Auth.: ORS 238A.450

4 Stats. Implemented: ORS 238A.050, 238A.330, OL 2021, Ch. 298, OL 2019, Ch.
5 355, Sec. 2, & OL 2018, Ch. 118

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 080 – OPSRP INDIVIDUAL ACCOUNT PROGRAM**

459-080-0500

Limitation on Contributions

(1) For purposes of this rule, “annual addition” has the same meaning given the term in 26 U.S.C. 415(c)(2).

(2) Except as otherwise provided in this rule, the annual addition to a member account for any calendar year may not exceed ~~[\$69,000]~~ \$70,000 effective January 1, ~~[2024]~~ 2025.

(3) If a payment of employee contributions for a period of military service is made under OAR 459-080-0100:

(a) The payment shall be allocated as an annual addition to the calendar year(s) of military service to which it relates; and

(b) For the purpose of determining the amount of the payment under this section, the member’s compensation shall be determined under OAR 459-080-0100(3)(d).

Stat. Auth.: ORS 238A.450

Stats. Implemented: ORS 238A.370



A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

1. Notice of Rulemaking for duty disability requirements
2. Adoption of service retirement application requirements
3. Adoption of rulemaking for membership eligibility rules
4. Adoption of Tax Remedy Rule
5. Adoption of rulemaking for annual plan limits rules

C. Action and discussion items

- 1. Senate Bill 1049 update**
2. Legislative update
3. PHIP Reserve Policy
4. Contingency Reserve Subaccount funding
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study



Oregon

Tina Kotek, Governor

Public Employees Retirement System

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March 31, 2025

TO: Members of the PERS Board
FROM: Yvette Elledge-Rhodes, Deputy Director
SUBJECT: Senate Bill 1049 Implementation Update

BACKGROUND

Senate Bill (SB) 1049 was signed into law by the Governor on June 11, 2019. PERS' staff continue to focus on completing work in an efficient and effective manner and are in the last 18 months of the program.

PROGRAM AND PROJECT IMPLEMENTATION

The SB 1049 Implementation Program is being managed as one comprehensive program, with the following six individual projects. All projects go through the Enterprise Information Services (EIS) stage-gate process.

Project	Effective Date	Project Health and Status (as of 3/7/2025)
SB 1049 Program		Program health: Yellow <ul style="list-style-type: none"> The program continues to be in yellow status due to dependencies of non-SB 1049 projects and internal staffing risk. Cross Project Effort remains in green status. All testing has been completed for the final Work Package (WP) 7.3 Payouts Actuarial Extract, and it is ready for the 4/17/25 release. Program and project closure activities have been initiated.
Employer Programs Project	Effective 7/1/2019	Project ended 7/16/21.
Salary Limit Project	Effective 1/1/2020	Project ended 5/28/21.
Work After Retirement Project	Effective 1/1/2020	Project ended 2/24/22.
Member Redirect Project	Effective 7/1/2020	Project health: Yellow

		<ul style="list-style-type: none">• The Member Redirect Project health remains yellow as there are non-SB1049 project impacts that continue to be a risk.• WP11.1B Withdrawal Cancellation and Adjustments and WP11.1C Death Cancellations and Adjustments were successfully deployed on 2/6/24.• The final work package, WP 11.3 EPSA Backlog, is in User Acceptance Testing and progressing to the planned release date of 4/17/25.
Member Choice Project	Effective 1/1/2021	Project ended 8/4/21.
Technical Debt Project		Project ended 4/30/24.

HIGHLIGHTED ACTIVITIES

- iQMS activities:
 - The finalized February 2025 Periodic Quality Status Report was received on 3/5/25, which concludes the iQMS quarterly and periodic reports for the SB 1049 Program.
 - Gartner will produce a final Lessons Learned report in June.
- PERS' bi-monthly meeting with the Chief Financial Office, Legislative Fiscal Office, and the Governor's Office is scheduled for 3/26/25.
- The final SB 1049 report to the PERS Board will be at the July 2025 board meeting.

PROGRAM/PROJECT BUDGET

The high-level budget information is contained within page three of the attachment to agenda item A.2.c. The detailed budget can be viewed in the attached SB 1049 Monthly Status Report.

C.1. Attachment 1 – *Monthly Project Status Report and Road Map*

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Program information:

Program start: **July 1, 2019** | Program end: **June 30, 2025**

Projects:

Project 1: Employer Programs

Project start: July 1, 2019 | Project end: July 16, 2021

Project status: **Complete**

Project 2: Work After Retirement (WAR)

Project start: July 1, 2019 | Project end: February 24, 2022

Project status: **Complete**

Project 3: Salary Limit

Project start: July 1, 2019 | Project end: May 28, 2021

Project status: **Complete**

Program statement:

SB 1049 is comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), reduce system Unfunded Actuarial Liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers. Implementation will occur across six subprojects.

Project 4: Member Redirect

Project start: July 1, 2019 | Project end: May 9, 2025

Project status: **Yellow**

Project 5: Member Choice

Project start: October 23, 2019 | Project end: August 4, 2021

Project status: **Complete**

Project 6: Technical Debt

Project start: June 22, 2021 | Project end: April 29, 2024

Project status: **Complete**

Overall program status: **Yellow**

Member Redirect February 2025 Release was deployed to Production on 02/06/2025. User Acceptance Testing (UAT) for the April 2025 release is in progress, first round of UAT execution is planned for completion on 03/11/2025. The iQMS deliverable Quarterly QA Report D4.1.20 is complete. Gartner has delivered the Draft iQMS deliverable Periodic Quality Status Report D3.3.20, and PERS' review is in progress.

The two remaining projects, Member Redirect and Cross Project Effort, are currently on schedule for completion. However, PERS recognizes the ever-decreasing timeframe remaining to implement the final work package. This shrinking timeframe, coupled with the possibility of non-SB 1049 projects that may arise along with internal staffing risks, deems it prudent to have the overall program status remain at yellow for the duration of the program - June 30, 2025.

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget health: Green

Budget information by Project:

29560- SB 1049 Implementation Program by Project					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Member Redirect	\$ 19,566,232	\$ 12,957,363	\$ 5,025,001	\$ 17,982,364	(1,583,868)
Technical Debt	\$ 1,258,122	\$ 842,606	\$ -	\$ 842,606	(415,516)
				\$ -	-
Total	\$ 20,824,354	\$ 13,799,969	\$ 5,025,001	\$ 18,824,970	\$ (1,999,384)

Budget Information in the table above is for the FY23-25 biennium.

Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Member Redirect	7/31/2023	\$ 60,680,760	\$ 57,005,709	\$ (3,675,051)	-6.1%
Technical Debt	7/31/2023	\$ 3,823,863	\$ 2,779,670	\$ (1,044,193)	-27.3%
Salary Limit	7/1/2019	\$ 1,422,027	\$ 1,386,315	\$ (35,712)	-2.5%
Employer Programs	7/1/2019	\$ 2,051,084	\$ 2,006,740	\$ (44,344)	-2.2%
Member Choice	7/1/2019	\$ 2,337,814	\$ 2,282,274	\$ (55,540)	-2.4%
WAR	7/1/2019	\$ 3,310,580	\$ 2,513,353	\$ (797,227)	-24.1%
Program Total		\$ 73,626,128	\$ 67,974,061	\$ (5,652,067)	-7.7%

Budget Information in the table above is for the SB1049 Program since Inception.

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget information by POP:

29560- SB 1049 Implementation Program by POP					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Project Management & Admin	\$ 1,876,800	\$ 1,357,200	\$ 445,610	\$ 1,802,810	(73,990)
Quality Assurance and Testing	\$ 1,062,600	\$ 743,498	\$ 166,002	\$ 909,500	(153,100)
Info Technology Applications	\$ 13,423,000	\$ 8,553,725	\$ 3,750,351	\$ 12,304,076	(1,118,924)
Operational Implementation	\$ 4,461,954	\$ 3,145,546	\$ 663,038	\$ 3,808,585	(653,369)
Total	\$ 20,824,354	\$ 13,799,969	\$ 5,025,001	\$ 18,824,970	\$ (1,999,384)

Budget Information in the table above is for the FY23-25 biennium.

Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Project Management & Admin	7/1/2019	\$ 6,421,600	\$ 5,515,636	\$ (905,964)	-14.1%
Quality Assurance and Testing	7/1/2019	\$ 4,375,100	\$ 3,803,300	\$ (571,800)	-13.1%
Info Technology Applications	7/1/2019	\$ 42,752,000	\$ 42,021,254	\$ (730,746)	-1.7%
Operational Implementation	7/1/2019	\$ 20,077,428	\$ 16,633,871	\$ (3,443,557)	-17.2%
		\$ 73,626,128	\$ 67,974,061	\$ (5,652,067)	-7.7%

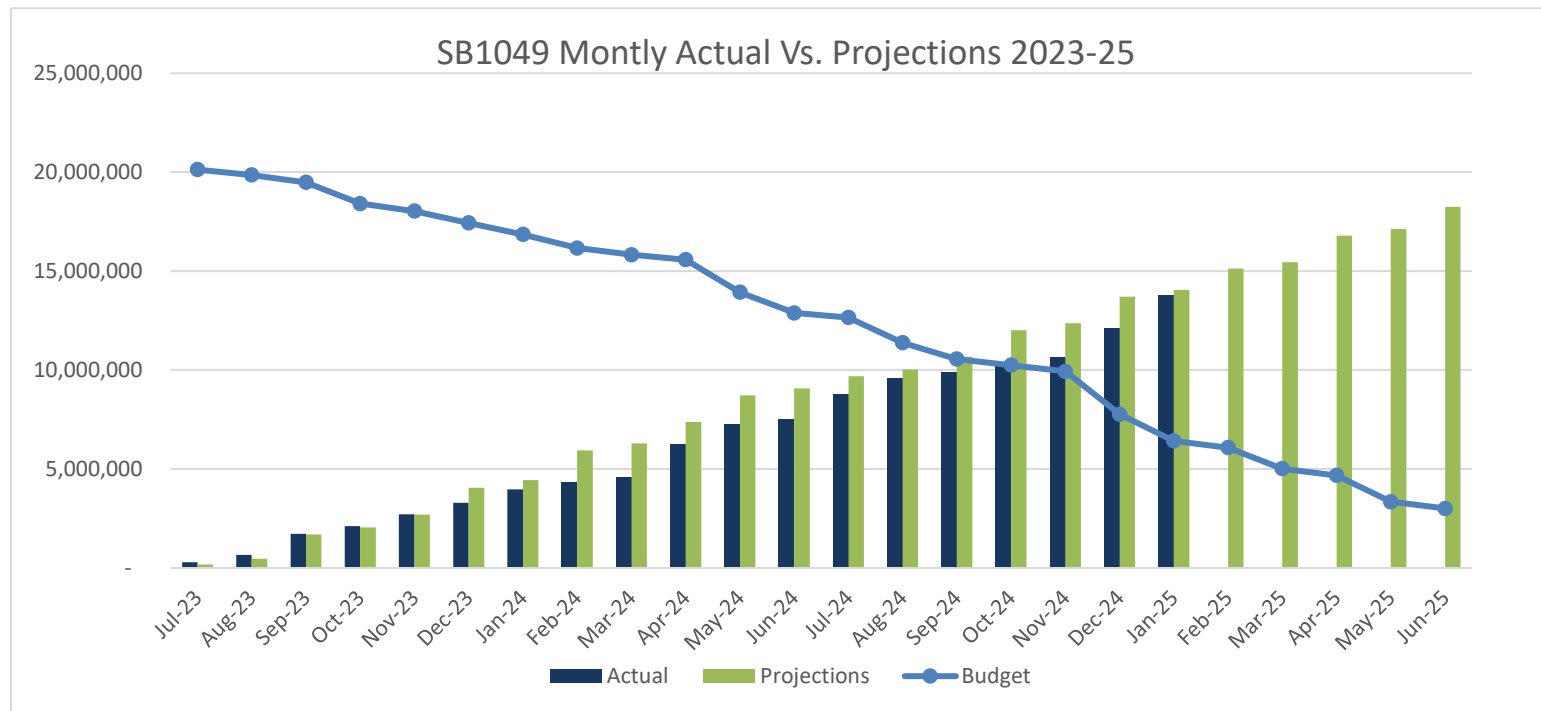
Budget Information in the table above is for the SB1049 Program since Inception.

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget Spend Down trend:



SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Program information: Cross Project Effort (CPE)

Cross Project Effort objective:

Start: May 28, 2020 | **End:** May 9, 2025

The Cross Project Effort (CPE) is focused on technical tools, and extracts that are used across multiple SB 1049 projects. Originally, these efforts were included as Work Packages within the individually impacted projects. The scope of this effort has not changed, but the work has been restructured to ensure it receives an appropriate level of coordination and ensure the success of the necessary inter-project integrations.

Project Manager: Susan K. Mundell

Overall status: Green

Narrative: User Acceptance Testing for Cross Project Effort (CPE) Work Package 7.3 (Payouts Actuarial Extract) has been completed. The Specification Documentation is in review. The extract will be part of release 10.2.0 which is scheduled for a 4/17/2025 deployment date.

Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	Percent Complete	Baseline Finish Date	Actual / Forecast Finish Date*	Status/ Notes
WP 6: IAP Balance Comparison Production Release	100%	N/A	6/6/2024	
WP7.3: Payouts Actuarial Extract Development Begins	100%	10/4/2024	10/4/2024	
WP 7.3: Payouts Actuarial Extract Development Ends	100%	1/02/2024	11/15/2024	
WP 7.3: Payouts Actuarial Extract UAT Begins	0%	3/13/2025	1/21/2025	
WP 7.3: Payouts Actuarial Extract UAT Ends	0%	4/2/2025	1/27/2025	
WP 7.3: Payouts QA & Regression Testing Ends	0%	4/2/25	1/27/2025	
WP 7.3: Payouts Actuarial Extract Release to Production Quality Gate	0%	4/3/2025	4/3/2025	
WP 7.3: Payouts Actuarial Extract Production Release	0%	4/17/2025	4/17/2025	
Cross Project Effort Closure	0%	5/9/2025	5/9/2025	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late







SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

	2019						2020												2021					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 Employer Programs	• 7/1/19 – Effective Date		• 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens						• 11/27/19 – EIF Application #1 Closes									• 12/1/20 – EIF Application #2 Closes						
									• 12/2/19 – EIF Application #2 Opens										3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT → •					
																			6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment → •					
 Salary Limit							• 12/24/19 – Work Package (WP) 1 – Short Term												• 11/19/20 – WP3 User Screens to Record Annual Salary Limit					
							• 1/1/20 – Effective Date													5/13/21 – WP4 Proration Reports and Workflow → •				
									• 1/24/20 – WP2 Post 2020 Salary Limit														5/28/21 – Project Close → •	
 Work After Retirement							• 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term												• 11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration					
							• 1/1/20 – Effective Date													5/13/21 – WP3 Retro Rate Change → •				
 Member Redirect							6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term												• 9/22/20 – Voluntary Contributions Initial Functionality					
																			• 10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety					
																			• 11/19/20 – Voluntary Contributions Final Functionality Release					
																						3/23/21 – WP3 EPSA Earnings		
																			1/21/21 – WP5.2 Online Member Services User Interface → •					
																			1/26/21 – WP2 TIED SSIS – Non-jClarety → •					
																			6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen → •					
 Member Choice							• 10/23/19 – Project Kick Off												8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed					
							5/15/20 – Member Annual Statements (MAS) Flyer Communication												9/1-30/20 – Election Period					
																			• 1/1/21 – Effective Date					
																			3/23/21 – WP2 OMS & jClarety Enhancements → •					
																			5/1/21 – Member Choice reflected in MAS → •					
																			6/24/21 – WP3 Online Member Services (OMS) Election and Bugs → •					
PROGRAM INITIATIVE																								
 Cross Project Effort																			1/26/21 – WP2.1 IAP Payment Recon (short-term) → •					
																			3/18/21 – WP1.2 IAP Validator Tool → •					
																			4/27/21 – WP2.2 IAP Payment Recon → •					
																			5/13/21 – WP7.2 Employer Information Actuarial Extract → •					
																			6/18/21 – WP5.1 PYE Invoicing Tool → •					
																			6/24/21 – WP7.1 Non-Retired Census Actuarial Extract → •					
																			6/28/21 – WP4.1 IAP Adjustment Calculator → •					







SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

	2021						2022												2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 Employer Programs	• 7/16/21 – Project Close																							
 Work After Retirement						• 12/16/21 – WP4 Side Account Credit Allocation			• 2/24/22 – Project Close															
 Member Redirect				• 10/14/21 – WP5 Voluntary Contribution Maintenance					• 3/24/22 – WP4.3 EPSA Transaction Display					• 7/21/22 – WP6.1 EPSA Retirement							6/29/23 – WP9.1 EPSA Withdrawal → •			
																					6/29/23 – WP9.2 Alter OPSRP Withdrawal → •			
 Member Choice	• 8/4/21 – Project Close																							
 Technical Debt	• 7/1/21 – Project Kickoff									• 3/31/22 – WP2 Benefit Account Transition Status – Functional Design Specification Completed											6/29/23 – WP6 General Ledger Reversals → •			
					4/30/22 – WP3 General Ledger Reversals, Including Side Accounts – Functional Design Specification Completed				→ •					• 7/21/22 – WP1 Employer Statements										
															• 10/20/22 – WP4 Hyperion Replacement									
PROGRAM INITIATIVE																								
 Cross Project Effort									• 3/4/22 – WP3 IAP Divorce Tool															
														• 5/20/22 – WP5.2 PYE Invoicing Tool										
														• 6/1/22 – WP4.2 IAP Adjustment Calculator										


SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2023-2025 Biennium

			2023						2024												2025					
PROJECTS			JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
	Member Redirect					2/15/24 – WP8.1 EPSA Death → •											8/15/24 – WP11.1A EPSA Retirement Cancellation and Adjustment									
						2/15/24 – WP10 Mid-Project Clean up → •												8/15/24 – WP11.2B Death Excess EPSA				5/9/25 – Project Close → •				
																					4/17/25 – WP11.3 EPSA Backlog → •					
																							</			

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Member Redirect

Project start: July 1, 2019 | **Project end:** May 9, 2025

Project Manager: Chris Yu

Overall project status: Yellow

Project Narrative: The project health remains yellow as the project team monitors the final User Acceptance Testing for Release 10.2.0 (WP11.3 EPSA Backlog). As of 2/18/2025, UAT is 50.23% tested and 50.19% passed. Release 10.1.0, which includes WP11.1B (Withdrawal Cancellation and Adjustments) and WP11.1C (Death Cancellations and Adjustments) was successfully deployed to production on 2/6/2025. Finally, the project closure tasks continue towards the 5/9/2025 completion date.

Project objective:

Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than \$2,500.

Work Package 11.1B: Withdrawal Cancellation and Adjustments

- Production Deployment Date: 2/6/2025

Work Package 11.1C: Death Cancellations and Adjustments

- Production Deployment Date: 2/6/2025

Work Package 11.3: EPSA Backlog

- Production Deployment Date: 4/17/2025
- User Acceptance Testing planned for completion on 4/1/2025

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget health: Green

29560 SB1049 - Member Redirect Project					
Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS	\$ 1,600,000	\$ 716,482	\$ 883,518	\$ 1,600,000	\$ -
Personal Services - SB1049	\$ 4,069,311	\$ 2,708,083	\$ 993,574	\$ 3,701,657	\$ (367,654)
Professional Services	\$ 2,633,212	\$ 1,755,228	\$ 727,109	\$ 2,482,338	\$ (150,875)
IT Professional Services	\$ 9,763,709	\$ 7,888,650	\$ 2,295,316	\$ 10,183,965	\$ 420,256
Contingency	\$ 3,100,000	\$ 605,402	\$ 1,009,003	\$ 1,614,404	\$ (1,485,596)
					\$ -
SB1049 Total Expenses	\$ 19,566,232	\$ 12,957,363	\$ 5,025,001	\$ 17,982,364	\$ (1,583,868)
Project Total	\$ 21,166,232	\$ 13,673,845	\$ 5,908,519	\$ 19,582,364	\$ (1,583,868)
Average Monthly Spend (Burn Rate)		\$ 539,890.11	\$ 209,375.05		
*Not included in SB1049 Expenses					

Schedule Health: Yellow

The on-going complex nature of the last user acceptance testing are a risk to the current schedule

Scope Health: Green

The project scope to matches expectations.

Quality Assurance activities:

The Monthly Release Management Report will be submitted for Quality Check Point review on 2/28/2025.

Emerging concerns/needs/impacts:

- N/A

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.

For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: [Member Redirect Weekly Status Report](#)

#	Risk Description	Mitigation and/or Contingency Plan	Notes
4	Internal Staffing: Resource shifting, competing priorities, or over allocation impact the availability of dedicated project resources, or a key resource leaves PERS or is out for an extended period, and/or staff experience levels are inadequate and meet quality needs	➤ Work with other SB1049 and non SB1049 Project Managers to manage resources and schedule. Also, confirm back-up resources and communicate with team Managers	There is a risk with current resources being overallocated with other non-SB1049 projects. However, Member Redirect is still the current priority
89	Technology Risk- Complexity and fragility of jClarety system: jClarety, PERS primary system of record, is a fifteen-year-old application that has had four pension plans integrated into the functionality with multiple cross tentacles between pension plans which are governed by over 1000 business rules. Every change on the surface may seem small, but at times can have far reaching impact to the application. Result could require refactoring of primary processes which can greatly increase the scope of work for both development and testing	➤ Regression test to ensure technical issue does not negatively affect new code	There is a code merge for release 10.1.0 and 10.2.0, which will occur the week of 2/17

Project Issues and Action Plans

Listed below are the most critical issues for this project. For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: [Member Redirect Weekly Status Report](#)

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

No	Issue	Resolution / Notes	Estimated Resolution Date
	None		

Project Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	Percent Complete	Baseline Finish Date	Actual / Forecast Finish Date*	Status/ Notes
WP 5.1 - Voluntary Contribution maintenance	100%	10/14/2021	10/14/2021	
WP 4.3 - EPSA Correct Member Account	100%	3/24/2022	3/24/2022	
WP 6.1 - EPSA Retirement	100%	7/21/2022	7/21/2022	
WP 9.1 - EPSA Withdrawal	100%	6/29/2023	6/29/2023	
WP 9.2 - Alter OPSRP Withdrawal	100%	6/29/2023	6/29/2023	
WP 8.1 - EPSA Death	100%	2/15/2024	2/15/2024	
WP 10 - Mid-Project Clean up	100%	2/15/2024	2/15/2024	
WP 11.1A - EPSA Retirement Cancelation and Adjustments	100%	8/15/2024	8/15/2024	
WP 11.2B - Death Excess EPSA	100%	8/15/2024	8/15/2024	
WP 11.1B - Withdrawal Cancelation and Adjustments	100%	2/6/2025	2/6/2025	
WP 11.1C - EPSA Death Cancelation and Adjustments	100%	2/6/2025	2/6/2025	
WP 11.3 EPSA Backlog	0%	4/17/2025	4/17/2025	
Project Complete	0%	5/9/2025	5/9/2025	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Technical Debt

Project start: June 22, 2021 | **Project end:** April 29, 2024

Project Manager: Susan Mundell

Overall project status: Complete

Project Narrative:

The Technical Debt project was successfully closed on April 29, 2024.

Work Packages:

Work Package 1: Employer Statements

- Production Deployment Date: 7/21/2022 (complete)

Work Package 2: Benefit Account Status Transition

- Functional Design Specification 3/31/2022 (complete)

Work Package 3: General Ledger and Side Account Reversals

- Functional Design Specification 4/30/2022 (complete)

Work Package 4: Hyperion Replacement

- Production Deployment: 10/20/2022 (complete)

Project objective:

The SB 1049 Technical Debt Project will address areas of technical debt which have been encountered and identified in the SB 1049 Implementation Program and prioritized for resolution. Resolution of technical debt will be limited to those items that are created by SB 1049, are exacerbated by SB 1049, or inhibit PERS' ability to complete SB 1049 requirements.

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Salary Limit

Project start: July 1, 2019 | **Project end:** May 28, 2021

Project Manager: Bruce Rosenblatt

Project objective:

The Salary Limit Project is necessary because SB 1049 redefined “salary,” which changes the calculation method for Final Average Salary, and contributions for members with subject salary greater than \$195,000. This limit is on salary for plan purposes, and is not a salary cap. The Salary Limit was adjusted for the Consumer Price Index, on 1/04/2021. The redefinition impacts the data and business processes used by diverse teams at PERS, including Benefit Calculations, Member Estimates, Data Verifications, Employer Data Reporting, and Account Data Reviews and Reporting.

Overall project status: Complete

Project Narrative: The Salary Limit Project was successfully closed on 5/28/2021.

Work Packages:

Work Package 1: Short-term Minimum Viable Product (MVP)

- Production Deployment Date: 12/24/2019 (Complete)

Work Package 2: Annual Implementation of New Salary Limit

- Production Deployment Date: 1/23/2020 (Complete)

Work Package 3: Adding self-service screens to jClarety system to record annual changes and effective dates – Long-term

- Production Deployment Date: 11/19/2020 (Complete)

Work Package 4 – Enhances proration work processes when partial year calculations may apply – Long-term

- Production Deployment Date: 5/13/2021 (Complete)

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Employer Programs

Project start: July 1, 2019 | **Project end:** July 16, 2021

Project Manager: Joli Whitney

Project objective:

The Employer Programs section of SB 1049 expands the requirements for the Employer Incentive Fund (EIF); and appropriates \$100 million from the General Fund to the Employer Incentive Fund; directs net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allows participating public employers who make larger than \$10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and requires all public employers to participate in the Unfunded Actuarial Liability Resolution Program (UALRP).

Overall project status: Complete

Project Narrative: The Employer Programs project was successfully closed on 7/16/2021.

Work Packages:

WP 1 Migrate and Adapt ERPT

- Acceptance Quality Gate: 3/23/2021 (this WP was not released to production) (Complete)

WP 2 ERPT Stakeholder Acceptance and Deployment to Cloud

- Production Deployment Date: 6/3/2021 (Complete)

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Member Choice

Project start: October 23, 2019 | **Project end:** August 4, 2021

Project Manager: Joli Whitney

Project objective:

The Member Choice sections of SB 1049 give members a say in how their Individual Account Program (IAP) accounts will be invested. Members' regular IAP accounts are currently allocated to Target-Date Funds (TDF) based on their year of birth. Beginning with calendar year 2021, members will be able to elect a TDF other than the default TDF.

Overall project status: Complete

Project Narrative: The Member Choice project was successfully closed on 8/4/2021.

Work Packages:

WP 1.1 Online Election

- Production Deployment Date: 8/20/2020 (Complete)

WP 1.2 Voya's updates to website and nightly sweep program

- Production Deployment Date: 1/19/2021 (Complete)

WP 1.3 PERS paper form election process including workflow

- Production Deployment Date: 8/12/2020 (Complete)

WP 1.4 Development of new reports (to Voya and internal)

- Production Deployment Date 9/29/2020 (Complete)

WP 2- Refining TDF Processes - Long-term

WP 2.1 -Online Member Services and jClarety Enhancements

- Production Deployment Date: 3/23/2021 (Complete)

WP 2.2 -Central Data Management Reports

- Production Deployment Date: 6/15/2021 (Complete)

WP 3- Online Member Services Election and Bugs

- Production Deployment Date: 6/24/2021 (Complete)

SB 1049 Implementation Program

Status Report for February 21, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Work After Retirement (WAR)

Project start: July 1, 2019 | **Project end:** 2/24/2022

Project Manager: Susan K. Mundell

Project objective:

Effective January 1, 2020, the Work After Retirement (WAR) sections of SB 1049 allow most service retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024 while retaining their retirement benefit. It also requires employers to pay employer contributions on retirees' salary during that period.

Overall project status: Complete

Project Narrative: The Work After Retirement Project was successfully closed on 2/24/2022.

Work Packages:

Work Package 1: Suspend DTL2-07 Retiree Wage Codes – Short-term

- Production Deployment Date: 12/19/2019 (Complete)

Work Package 2: New Wage Codes with General Ledger Integration – Long-term

- Production Deployment Date: 11/19/2020 (Complete)

Work Package 3: Retro Rate Change – Long-term

- Production Deployment Date: 5/13/2021 (Complete)

Work Package 4: Side Account Credit Allocation

- Production Deployment Date: 12/16/2021 (Complete)



A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

1. Notice of Rulemaking for duty disability requirements
2. Adoption of service retirement application requirements
3. Adoption of rulemaking for membership eligibility rules
4. Adoption of Tax Remedy Rule
5. Adoption of rulemaking for annual plan limits rules

C. Action and discussion items

1. Senate Bill 1049 update
- 2. Legislative update**
3. PHIP Reserve Policy
4. Contingency Reserve Subaccount funding
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study



Oregon

Tina Kotek, Governor

Public Employees Retirement System

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March 31, 2025

TO: Members of the PERS Board
FROM: Heather Case, Senior Policy Advisor
SUBJECT: Legislative Update

2025 LEGISLATIVE SESSION- BILLS IMPACTING PERS

The 2023 legislative session began on January 21 and will continue until late June. Over 2,400 bills have been introduced for consideration during the 2025 legislative session. Of those, we are tracking approximately 28 that directly impact PERS statutes or refer to PERS. Other bills that are being tracked include placeholders (where we are unsure unless amendments are introduced whether they will contain language pertaining to PERS), and bills that may have an impact on various aspects of our operation as a state agency. During session, our highest priority is to monitor bills that will impact the PERS plan directly by amending or adding to ORS Chapters 238 and 238A, that refer to “retirement,” or that include incidental reference to PERS in non-PERS statutes.

Topics include, but are not limited to: Lowering OPSRP Police and Fire (P&F) Service retirement age from 53 to 50; creating a new member classification of P&F members who will receive 2% multiplier in their benefit calculation; creating a task force to examine insurance options for P&F retirees; changing PERS disability eligibility; adding time limits to refer cases to be referred for contested case hearing; federal tax connection bill (perennial); mandating an overtime cap calculation (Oregon Public Service Retirement Plan); and redirecting funds from the kicker or corporate activity tax to PERS Fund.

With few exceptions, committees have until April 9 to hold work sessions on their first chamber bills (House bills in the House and Senate bills in the Senate). The following 28 bills qualify for close monitoring but are not the only bills the agency is tracking. While the agency does not make investments, we do track bills regarding changes in Oregon PERS Fund investments, but they are not tracked at “priority 1” like the bills below. Official information about all legislation is available on the legislative website: www.oregonlegislature.gov

Bill Number	Relating to Clause
House Bill (HB) 2050	Relating to a taxable income exemption for taxpayers who are a veteran
HB 2092	Relating to connection to federal tax law
HB 2571	Relating to pension benefit plans offered by public bodies

HB 2728	Relating to member data under the Public Employees Retirement Plan
HB 2752	Relating to revenue estimates; providing for a revenue estimate modification that requires a two-thirds majority
HB 2786	Relating to compensation for accrued leave upon termination of employment
HB 2840	Relating to designated representatives
HB 3215	Relating to sponsorship of public charter schools
HB 3306	Relating to taxable income exemption for military
HB 3363	Relating to the application of overtime under the Oregon Public Service Retirement Plan
Senate Bill (SB) 109	Relating to connection to federal tax law
SB 225	Relating to taxable income exemption for military taxpayers
SB 394	Relating to corporate activity tax revenues
SB 475	Relating to the application of overtime under the Oregon Public Service Retirement Plan
SB 519	Relating to a taxable income exemption for taxpayers who are a veteran
SB 585	Relating to public employee retirement
SB 588	Relating to disability benefits under the public employees retirement system; declaring an emergency
SB 751	Relating to retirement of public safety workers
SB 757	Relating to the salary of chaplains under the Public Employees Retirement System
SB 847	Relating to health insurance subsidies under the Public Employees Retirement System
SB 849	Relating to the School Districts Unfunded Liability Fund
SB 851	Relating to administration of Public Employees Retirement System member account data

SB 852	Relating to post-retirement death benefits under the Public Employees Retirement System
SB 902	Relating to age qualifications for retirement under the Public Employees Retirement System
SB 1087	Relating to public employee retirement
SB 1128	Relating to disability under the Public Employees Retirement System
SB 951	Relating to certified parole and probation officers employed by the State Board of Parole and Post-Prison Supervision
SB 5530	Relating to state financial administration (PERS' budget bill)

2025 LEGISLATIVE SESSION- PERS AGENCY BILLS

Below is an update on the progress of the four bills introduced to the Legislature through Governor Kotek's office by PERS:

SB 847- PHIP Subsidy Changes- Increases RHIA subsidy from \$60/mo. to \$100/mo., opens eligibility for PHIP subsidies to OPSRP members:

- This bill had a public hearing in the Senate Committee on Labor and Business on Thursday, March 6. A work session was held on Tuesday, March 11.

SB 849 - School District Unfunded Liability Fund (SDULF) Distribution – Changes the way the SDULF can be used to provide school district employer rate relief:

- This bill had a public hearing in the Senate Committee on Labor and Business on January 23, and a public hearing and work session on March 4. This bill was passed out of the committee and will move to the Senate floor.

SB 851- Employer Reporting and Member Data Clarifications – Changes statutory provisions relating to employer reporting and member data to clarify certain terms and processes:

- This bill had a public hearing on January 23, and a public hearing and work session on February 4. It was passed out of the committee and passed the Senate floor on February 11. It has had its first reading in the House and is assigned to the House Committee on Labor and Workplace Standards.

SB 852 - Post-Retirement Death Benefit Clarifications – Updates the administration of selected post-retirement death benefits to clarify language, eliminate administrative challenges, and promote administrative efficiencies:

- This bill had a public hearing on January 23, and a public hearing and work session on February 4. It was passed out of the committee and passed the Senate floor on

February 11. It has had its first reading in the House and is assigned to the House Committee on Labor and Workplace Standards.

PERS BUDGET PRESENTATIONS

PERS presented before the Joint Ways and Means Subcommittee on General Government for informational hearings on the PERS budget bill, SB 5534, on February 17, 18, 19, and 20. Presentations included an agency and system overview, highlights of the agency budget structure and requests, and required reporting regarding SB 1566 (2018) and preliminary earnings crediting.

Meeting video and materials are available at:

<https://olis.oregonlegislature.gov/liz/2025R1/Measures/Overview/SB5534>

Additional budget conversations will continue with the full Joint Ways and Means Committee near the end of the legislative session.

REQUIRED REPORTING UPDATE

A summary of the required statutory reporting for PERS during the 2023 legislative session was given during the last board meeting. PERS has successfully completed its required reporting regarding SB 1566 (2018) and preliminary earnings crediting to the Legislature. The Joint Committee on Ways and Means acknowledged receipt of these reports on Friday, March 7. After this board meeting, PERS will complete its final earnings crediting report and send that to the Legislature as well.



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3. Adoption of rulemaking for membership eligibility rules
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1. Senate Bill 1049 update
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- 3. PHIP Reserve Policy**
4. Contingency Reserve Subaccount funding
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study

OREGON PERS

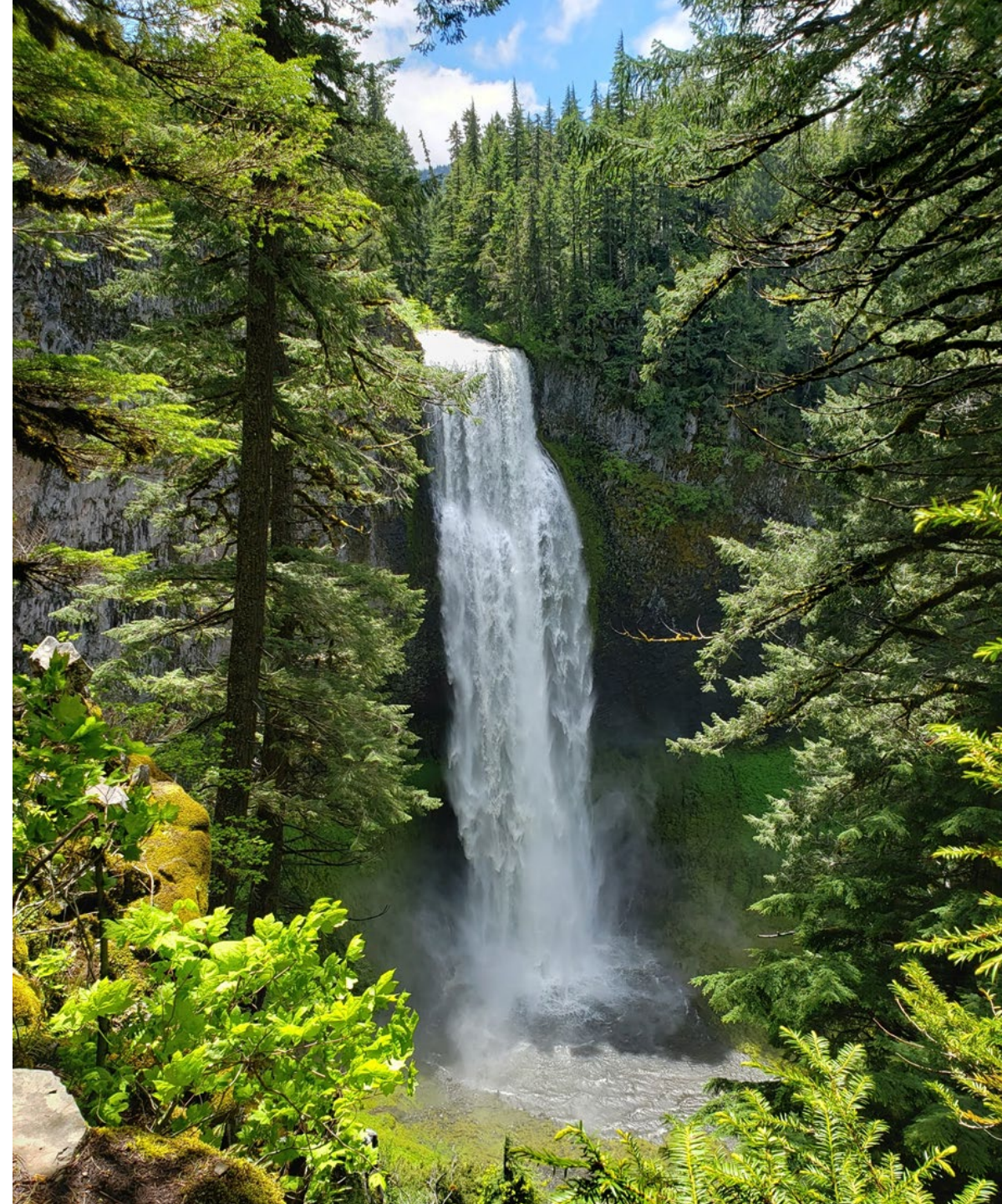
PUBLIC EMPLOYEES RETIREMENT SYSTEM



PERS Health Insurance Fund Overview (Revised Reserve Policy)

Barbara Perris

03/31/2025



PHIP's trust funds

PHIP has two different types of trust funds

- **Proprietary Fund** – used to account for business activities:
 - Standard Retiree Health Insurance Account (SRHIA)
-
- **Fiduciary Funds** – used to hold assets for retirees:
 - Retiree Health Insurance Premium Account (RHIPA)
 - Retiree Health Insurance Account (RHIA)

PHIP trust accounts



Proprietary



Fiduciary



Fiduciary

Trust fund overview

- The **SRHIA Trust Fund** is used to account for the premium and fees charged by contracted health plans (CHP) to cover Medicare and non-Medicare coverage.
 - This account serves as the main account for payments to CHPs (premiums) and third-party administrators (TPA).
- The SRHIA account is funded by the following:
 - Premium payments that include an administrative fee from retirees.
 - Payments from RHIA and RHIPA accounts to cover the retirees subsidized premium.
 - Oregon State Treasury earnings.

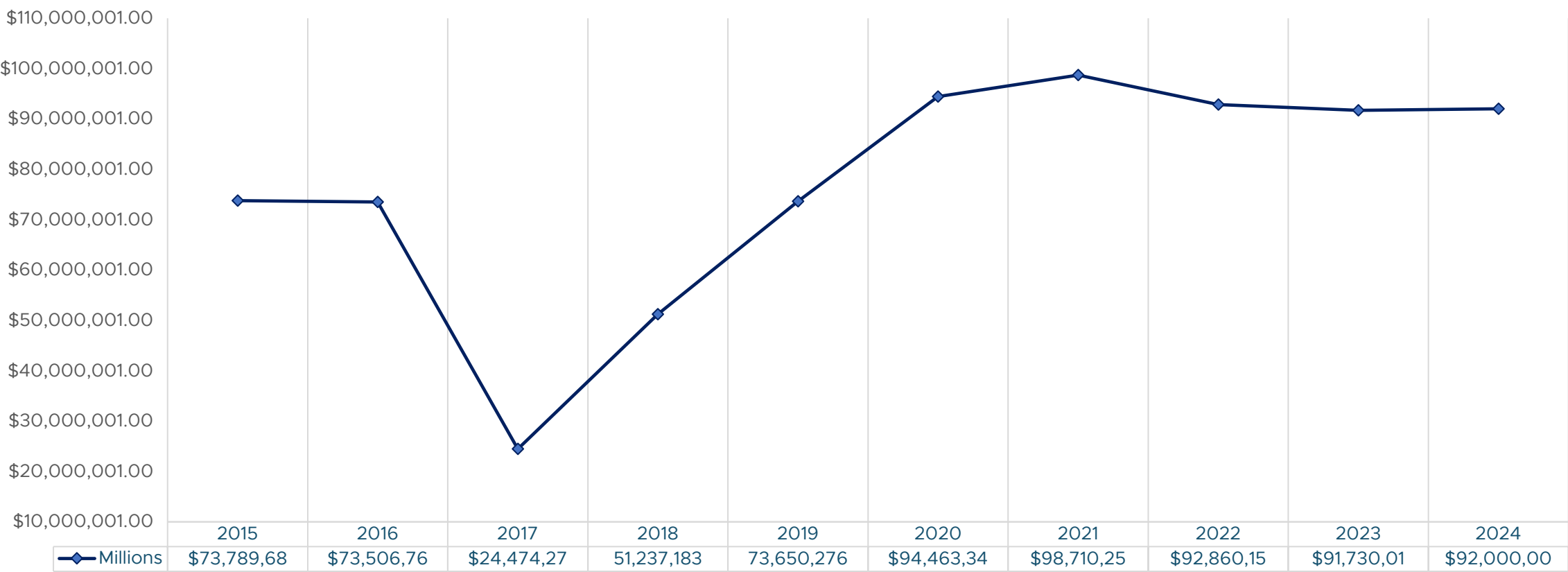
Trust fund overview

- The **RHIA Trust Fund** is used to account for employer-paid contributions held by PHIP to **subsidize** the retiree Medicare premium payments to the SHRIA account
- The **RHIPA Trust Fund** is used to account for employer-paid contributions held by PHIP to **subsidize** non-Medicare premium payments to the SHRIA account.
- The RHIA and RHIPA trust funds cannot be used for any other purpose. As well, the SHIRA trust fund cannot be used for any other purpose than previously stated. None of these trust funds can be comingled with each other. This is due to IRS rules about trust asset management."

SRHIA - account reserve excess

- PHIP previously held minimum premium funding arrangements with CHPs for medical and dental coverage. Under these arrangements, PHIP's reserve policy required additional assets to be held in the SRHIA account. In years of favorable experience, the account balance grew. These arrangements all ended in 2018.
- PHIP currently has fully insured medical arrangements and one dental minimum premium funding arrangement. PHIP updated the reserve policy in 2020 and determined the level of reserve was no longer necessary under the fully insured arrangements.

SRHIA balance 2015-2024



2018 was the end of the Medical Minimum Premium Arrangement - (Runout period through 12/2020)

Summary

RHIA and RHIPA Trust Funds

Provide subsidy payments for eligible retirees that are funded by employer contributions as defined in state statute.

SRHIA Trust Fund

PHIP account for facilitating program payments as required by state statute. Has excess balance from previous CHP program design reserve requirements.

Premium Rate Credit

PERS policy that provides “rate credits” for retirees from the excess SRHIA account balance.

SRHIA - account reserve excess

- Since January 1, 2021, PHIP has made every effort to reduce the total reserves while keeping rates as stable as possible. As of June 30, 2024, the SRHIA was approximately \$91,800,000. In considering the required reserve, PHIP has room to reduce the current assets to a more appropriate level over time. While rate credits have been utilized historically, the total reserve balance remains high due to restrictions on how rate credits can be applied.
- In an effort to meet a recommended nine-year timeframe for spend-down, PHIP recommends updating formal policy 2.01.08.03.001 to allow for the following:
 - Remove all restrictions on which plans the rate credits can be applied.
 - Strike requirements that rate credits can only be applied if all contracted health plan (CHP) rates generate a reduction.
 - Increase the maximum rate credit percentage that can be applied each year to 10%.

PHIP Reserve Policy

BOARD OPTIONS

The PERS Board may:

1. Approve the recommended changes to the PHIP Reserve Policy effective January 1, 2025.
2. Direct staff to make other changes or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.3. Attachment 1 – PERS Health Insurance Program Reserve Management Policy suggested changes

C.3. Attachment 2 – Revised PERS Health Insurance Program Reserve Management Policy

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

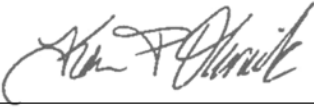


Thank You!

Questions?





Oregon Public Employees Retirement System	Posted date December 14, 2020	Number 2.01.08.03.001.POL
Signature 	Approval date 12/3/2020	Page 1 of 3
Policy: PERS Health Insurance Program Reserve Management		
Objective: Describes the management of financial reserves that are associated with the PERS Health Insurance Program.		
References:		

Policy

I. Overview

Excess reserves have accumulated over time from the operation of the PERS Health Insurance Program (PHIP). The PHIP reserves have been primarily accrued from better-than-expected financial results under the minimum premium program PHIP held with Moda | Health Plan and Delta Dental of Oregon. The amount of PHIP revenue under the minimum premium program has been dramatically reduced with only the Delta Dental of Oregon benefit plan remaining under this arrangement beginning January 1, 2019. As such, PHIP will implement the PHIP Reserves Conceptual Design approved at the PERS board meeting of May 29, 2020. The purpose of this policy is to outline the PHIP practices that will be used to comply with the board-approved policy regarding the excess reserves. Updates to this policy will be made with Board approval.

II. PHIP Reserves Definitions

- ~~a. Claims reimbursement reserve is the contractually required number of months of expected claims to be available for prompt claims payment under the minimum premium arrangement.~~
- ~~b. Claims volatility reserve is the contractually required number of months of annual premium that is intended to cover actual claims under the minimum premium arrangement that may be higher than what was anticipated in rates.~~
- ~~c.a.~~ Contracted Health Plan (CHP) is a company that is currently under contract with PHIP to provide insurance coverage to PERS members.
- ~~d.b.~~ Incurred but not reported (IBNR) reserve is the contractually required reserve established for claims that have transpired during a contract period but have not yet been paid by the CHP. This item only applies to CHPs and benefit plans that are financed through a minimum premium arrangement.

Origination date: June 12, 2013
 Last revision date: November 12, 2020
 Last review date: November 12, 2020

- e.c. Maximum claims liability is the maximum amount of claims payments PHIP would be responsible for under a minimum premium arrangement. The appropriate amount is developed and agreed to in advance of a contract period.
- f.d. Member refers to a PHIP-eligible individual enrolled in a plan offered by a CHP.
- g.e. Minimum premium refers to a funding arrangement where an agreed upon fixed amount (referred to as the minimum premium) is prepaid monthly to cover expenses excluding actual claims payments. Claims are reimbursed weekly as the CHP pays providers for covered services up to the maximum claims liability agreed to in advance of a contract period.
- h.f. PHIP means the PERS Health Insurance Program.
- ~~i. PHIP termination reserve refers to additional restricted reserves established in the event that the PHIP program is terminated.~~
- j.g. Rate credit refers to the approved amount per member to be funded from the PHIP reserve as a reduction to the CHP-approved premium rate.
- k.h. Rate surcharge refers to an amount per member per month that is added to the CHP-approved premium rate. These excess amounts will be deposited in the PHIP reserve for use as future rate credits. Amounts surcharged require board approval.
- l.i. Restricted reserves include ~~a) the claims reimbursement reserve, b) claims volatility reserve, ca) IBNR, d) terminal runout reserve, and e) PHIP termination reserve~~ b) Maximum Claim Liability.
- ~~m. Terminal runout reserve is the contractually required reserve to ensure adequate insurance funding in the event the minimum premium arrangement is terminated.~~
- j. Unrestricted reserve balance means the cash reserve balance less restricted reserves which include ~~both~~ contractually required ~~and PHIP termination~~ reserves.
- n.k. Maximum Contractual Annual Loss reserve is set to the amount outlined in the dental minimum premium contract each year.

III. Managing PHIP Reserve Funds

The PHIP reserves have accrued due to unexpected additional revenues or rating actions taken to stabilize premiums. It is the intent that the unrestricted reserve balance will be drawn down beginning January 1, 2021, subject to PHIP Advisory Committee recommendations and PERS board approval.

Origination date:	June 12, 2013
Last revision date:	November 12, 2020
Last review date:	November 12, 2020

PHIP General Reserve Principles

1. In order to avoid creating future rate instability, the unrestricted reserve balance will be used to credit member rates beginning January 1, 2021, by applying the following principles:
 - ~~a. Rate credits will not be used to reduce renewal rates from the current year rates unless all CHP rates generate reductions.~~
 - ~~b.a.~~ Rate credits will not exceed a ~~7~~10% reduction from the requested rate.
 - ~~e.b.~~ Rate credits or rate surcharges will not be used to change the rank order of requested CHP rates by plan (i.e., the rank from lowest to highest of requested rates will not be changed).
 - ~~d.c.~~ PHIP can decide not to apply rate credits for CHP plans that have not demonstrated over a 2-3-year period the ability to be self-sustaining and competitive long-term.
 - ~~e.d.~~ PHIP staff and consultants will annually present the proposed use in the upcoming rate-setting cycle that best meets the goals of reducing the unrestricted reserve balance and be applied across CHPs and benefit plans to closely resemble the source of the reserves.
 - ~~f.e.~~ In order to minimize administration, any rate credits or rate surcharges will be applied at the same percentage of the adult and child rate.
2. The following reserves will be allocated for the Delta Dental of Oregon plan, which remains under the minimum premium arrangement:
 - a. Incurred but not reported reserve
 - b. ~~Terminal runout reserve~~Maximum Contractual Annual Loss
 - c. ~~Claims reimbursement reserve~~
 - ~~d. Claims volatility~~
3. There may be future instances where PHIP consultants and staff recommend the application of rate surcharges to a particular plan(s) due to a concern about overly aggressive pricing that could result in future rate volatility. Under those circumstances, sections 1 (c), (e), and (f) above will apply.

Origination date: June 12, 2013

Last revision date: November 12, 2020

Last review date: November 12, 2020

SL2

Oregon Public Employees Retirement System	Posted date	Number 2.01.08.03.001.POL
Signature	Approval date	Page 1 of 3
Policy:	PERS Health Insurance Program Reserve Management	
Objective:	Describes the management of financial reserves that are associated with the PERS Health Insurance Program.	
References:		

Policy

I. Overview

Excess reserves have accumulated over time from the operation of the PERS Health Insurance Program (PHIP). The PHIP reserves, held in the Standard Retiree Health Insurance Account (SRHIA), have been primarily accrued from better-than-expected financial results under the minimum premium program PHIP held with Moda Health Plan and Delta Dental of Oregon. The amount of PHIP revenue under the minimum premium program has been dramatically reduced with only the Delta Dental of Oregon benefit plan remaining under this arrangement beginning January 1, 2019. As such, PHIP will implement the PHIP Reserves Conceptual Design approved at the PERS Board meeting of May 29, 2020. The purpose of this policy is to outline the PHIP practices that will be used to comply with the board-approved policy regarding the excess reserves. Updates to this policy will be made with board approval.

II. PHIP Reserves Definitions

- a. Contracted health plan (CHP) is a company that is currently under contract with PHIP to provide insurance coverage to PERS members.
- b. Incurred but not reported (IBNR) reserve is the contractually required reserve established for claims that have transpired during a contract period but have not yet been paid by the CHP. This item only applies to CHPs and benefit plans that are financed through a minimum premium arrangement.

Origination date: June 12, 2013

Last revision date: November 12, 2020

Last review date:

SL2

-
- c. Maximum claims liability is the maximum amount of claims payments PHIP would be responsible for under a minimum premium arrangement. The appropriate amount is developed and agreed to in advance of a contract period.
 - d. Member refers to a PHIP-eligible individual enrolled in a plan offered by a CHP.
 - e. Minimum premium refers to a funding arrangement where an agreed upon fixed amount (referred to as the minimum premium) is prepaid monthly to cover expenses excluding actual claims payments. Claims are reimbursed weekly as the CHP pays providers for covered services up to the maximum claims liability agreed to in advance of a contract period.
 - f. PHIP means the PERS Health Insurance Program.
 - g. The Standard Retiree Health Insurance Account (SRHIA) is a trust account held by PERS.
 - h. Rate credit refers to the approved amount per member to be funded from the PHIP reserve as a reduction to the CHP-approved premium rate.
 - i. Rate surcharge refers to an amount per member per month that is added to the CHP-approved premium rate. These excess amounts will be deposited in the PHIP reserve for use as future rate credits. Amounts surcharged require board approval.
 - j. Restricted reserves include: a) IBNR, b) Maximum claims liability.
 - k. Unrestricted reserve balance means the cash reserve balance less restricted reserves, which include contractually required reserves.
 - l. Maximum Contractual Annual Loss reserve is set to the amount outlined in the dental minimum premium contract each year.

III. Managing PHIP Reserve Funds

The PHIP reserves have accrued due to unexpected additional revenues or rating actions taken to stabilize premiums. It is the intent that the unrestricted reserve balance will be drawn down beginning January 1, 2025, subject to PHIP leadership recommendations and PERS Board approval.

Origination date: June 12, 2013

Last revision date: November 12, 2020

Last review date:

SL2

PHIP General Reserve Principles

1. In order to avoid creating future rate instability, the unrestricted reserve balance will be used to credit member rates beginning January 1, 2025, by applying the following principles:
 - a. Rate credits will not exceed a 10% reduction from the requested rate.
 - b. Rate credits or rate surcharges will not be used to change the rank order of requested CHP rates by plan (i.e., the rank from lowest to highest of requested rates will not be changed).
 - c. PHIP can decide not to apply rate credits for CHP plans that have not demonstrated over a 2- 3-year period the ability to be self-sustaining and competitive long-term.
 - d. PHIP staff and consultants will annually present the proposed use in the upcoming rate-setting cycle that best meets the goals of reducing the unrestricted reserve balance and be applied across CHPs and benefit plans to closely resemble the source of the reserves.
 - e. In order to minimize administration, any rate credits or rate surcharges will be applied at the same percentage of the adult and child rate.
2. The following reserves will be allocated for the Delta Dental of Oregon plan, which remains under the minimum premium arrangement:
 - a. Incurred but not reported reserve
 - b. Maximum Contractual Annual Loss
3. There may be future instances where PHIP consultants and staff recommend the application of rate surcharges to a particular plan or plans due to a concern about overly aggressive pricing that could result in future rate volatility. Under those circumstances, sections 1 (b), (d), and (e) above will apply.

Origination date: June 12, 2013

Last revision date: November 12, 2020

Last review date:

SL2



A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. BoardSmart overview
5. Oregon Savings Growth Plan annual report
6. Oregon Savings Growth Plan Advisory Committee appointments

B. Administrative rulemaking

1. Notice of Rulemaking for duty disability requirements
2. Adoption of service retirement application requirements
3. Adoption of rulemaking for membership eligibility rules
4. Adoption of Tax Remedy Rule
5. Adoption of rulemaking for annual plan limits rules

C. Action and discussion items

1. Senate Bill 1049 update
2. Legislative update
3. PHIP Reserve Policy
- 4. Contingency Reserve Subaccount funding**
5. Final earnings crediting and reserving
6. Introduction to upcoming experience study



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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March 31, 2025

TO: Members of the PERS Board
FROM: Richard Horsford, Chief Financial Officer
SUBJECT: Request to fund Contingency Reserve Subaccount

OVERVIEW

- Action: Approve funding of Contingency Reserve Subaccount in the amount of \$500,000.
- Reason: Prior actions approved creation of this subaccount without a formal authorization to fund it.

BACKGROUND

On October 4, 2024, the PERS Board approved Oregon Administrative Rule 459-005-0625 establishing the Contingency Reserve Subaccount for PERS staff to settle small deficits in the future. While this rule set the maximum funding of this account at \$500,000 from the Contingency Reserve Account and allowed the board to authorize transfer of the money periodically, it did not formally fund the subaccount.

BOARD OPTIONS

1. Pass a motion to fund the Contingency Reserve Subaccount with funds from the Contingency Reserve in the amount of \$500,000.
2. Leave the Contingency Reserve Subaccount unfunded.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.



A. Administration

1. January 31, 2025 PERS Board Meeting Minutes
2. Director's Report
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5. Oregon Savings Growth Plan annual report
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March 31, 2025

TO: Members of the PERS Board

FROM: Richard Horsford, Chief Financial Officer
Matt Graves, Financial Reporting Manager

SUBJECT: 2024 Final Earnings Crediting and Reserving

OVERVIEW

- Action: Allocate 2024 final earnings crediting.
- Subject: Crediting earnings for calendar year 2024 to the PERS Fund's accounts and reserves.

The PERS Board is charged with crediting the earnings from the PERS Fund each calendar year. Some of those allocations are directed by statute or rule; allocation of the balance, if any, is at the PERS Board's discretion.

2024 FINAL ALLOCATIONS

After fulfilling the Tier One conditions set out in ORS 238.255 (*Credits to regular accounts when earnings less than assumed interest rate*), the PERS Board's Annual Earnings Crediting rule, OAR 459-007-0005 (12) through (18), directs the crediting to the Judge and Tier Two member regular accounts, as well as the Employee Pension Stability Accounts (EPSA), OPSRP Pension Program, Benefits-in-Force, and Employer reserves. Staff recommends the following allocations be adopted by the PERS Board:

NON-DISCRETIONARY ALLOCATIONS

1. Tier One Member Regular Accounts Reserve and Judge Member Accounts

Credit Tier One Member Regular Accounts and Judge Member Accounts with the assumed earnings rate of 6.90% in effect during 2024.

Tier One Rate Guarantee Reserve: This reserve, established under ORS 238.255(1), is used to fund crediting of the assumed rate to Tier One member regular accounts and Judge member accounts when earnings are less than the assumed rate. Because earnings on Tier One member regular accounts for 2024 are less than the assumed rate, the earnings credited to this reserve will be reduced by the amount needed to bring the earnings rate credited to Tier One member regular accounts and Judge member accounts to the assumed rate of 6.9%. The net earnings credited to this reserve are \$11.5 million, or 1.55%, bringing the ending reserves after crediting to \$751.6 million.

2. Tier Two Member Regular Accounts

Credit Tier Two member regular accounts with a proportional share of available PERS Fund Regular Account earnings, which will result in a final rate of 5.29%.

3. Benefits-in-Force and Employer Reserves

Credit the Benefits-in-Force and Employer Reserves evenly with the remaining available PERS Fund Regular Account earnings, which will result in a final rate of 5.29%.

4. OPSRP Pension Plan Member Accounts

OPSRP member accounts usually are credited with a proportional share of available PERS Fund Regular Account earnings or losses, which will result in a final rate of 5.40%.

EARNINGS ALLOCATIONS DIRECTED BY STATUTE OR RULE

The following reserves and accounts are allocated earnings by applicable statute or rule. In compliance with these restrictions, the final earnings allocation reflects the following:

5. Individual Account Program (IAP)

These member accounts are credited with actual earnings or losses of the PERS Fund Regular Account as required by ORS 238A.350 (1). The overall final IAP earnings for 2024 are 6.28% after deducting IAP expenses. The table below illustrates the IAP earnings by tranche.

Oregon Public Employees Retirement System Final IAP TDF Earnings (All dollar amounts in thousands)				
TDF Fund	Reserves Before Crediting	2024 Crediting	Reserves After Crediting	2024 Rates
Retirement Allocation Fund	\$ 375,109.7	\$ 27,753.4	\$ 402,863.1	7.39%
2025 Fund	1,121,148.6	52,679.0	1,173,827.6	4.69%
2030 Fund	1,991,940.5	110,444.3	2,102,384.8	5.54%
2035 Fund	2,706,797.6	167,374.7	2,874,172.3	6.18%
2040 Fund	2,578,076.1	180,827.0	2,758,903.1	7.01%
2045 Fund	2,051,075.8	146,127.6	2,197,203.4	7.12%
2050 Fund	1,216,743.1	86,586.3	1,303,329.4	7.11%
2055 Fund	591,661.7	38,998.5	630,660.2	6.59%
2060 Fund	234,612.5	13,573.7	248,186.2	5.78%
2065 Fund	74,874.5	3,922.4	78,796.9	5.23%
Total	\$ 12,942,040.1	\$ 828,286.9	\$ 13,770,327.0	

In accordance with Senate Bill 1049 (2019), effective July 1, 2020, for all currently employed Tier One/Tier Two and OPSRP members whose gross pay exceeds the monthly salary threshold (\$3,688 in 2024 and \$3,777 in 2025), a portion of their 6% monthly IAP contributions are redirected to an "Employee Pension Stability Account." The Employee Pension Stability Account (EPSA) will be used to pay for part of the member's future pension benefit.

For earnings crediting purposes, Tier One/Tier Two member EPSA accounts will be credited with the same rate as Tier Two Regular Member accounts, which will result in a final rate of 5.29%.

For earnings crediting purposes, OPSRP member EPSA accounts will be credited with the same rate as OPSRP Pension Member Accounts, which will result in a final rate of 5.40%.

6. Employer Lump Sum Payment Accounts

These accounts are credited with actual earnings or losses of the PERS Fund Regular Account less administrative expenses, as authorized by ORS 238.225. For 2024, the final crediting rate for the side accounts established before January 1, 2024, is 5.58%. The final crediting rate for new lump sum payment accounts varies depending on the time of payments.

7. Health Insurance Accounts

These accounts are created as part of the PERS Fund and directed by statute to be credited with actual earnings or losses, less the expense related to the administration of the programs (ORS 238.410(7); 238.415(4); 238.420(4)). For 2024, the final crediting rates for these accounts are listed in the table below:

Oregon Public Employees Retirement System Health Insurance Accounts Final Rates	
Health Insurance Fund	2024
RHIA	5.39%
RHIPA	4.79%
SRHIA *	1.64%

* Invested in the Treasury Short-Term Fund

8. Variable Annuity Account

This account is credited with earnings and losses on its distinct asset allocation of the PERS Fund. The Variable Annuity Account is only invested in equities and therefore its earnings are discrete from those of the more diversified PERS Fund Regular Account. For 2024, the final Variable Annuity Account earnings is 14.60%.

ADMINISTRATIVE EXPENSES

PERS administrative costs are funded by earnings when they are sufficient, as they were in 2024 (ORS 238.610(1)).

FINAL EARNINGS CREDITING AND RESERVING

The following charts present final earnings crediting and reserving for 2024:

Oregon Public Employees Retirement System Calendar Year 2024 Final 2024 Crediting and Reserving No Contingency Reserve Funding (All dollar amounts in millions)								
	Reserves Before Crediting	Gross Investment Income (a)	Investment Expense (b)	Administrative Expenses (c)	Other Adjustments ⁴ (d)	Net 2024 Crediting (a+b+c+d)	Reserves After Crediting	2024 Rates
Tier One Member Regular Accounts	\$1,730.0	\$166.5	(\$26.7)	(\$2.8)	(\$17.6)	\$119.4	\$1,849.4	6.90%
Tier One Rate Guarantee Reserve	740.1	0.0	0.0	0.0	11.5	11.5	751.6	1.55%
Tier Two Member Regular Accounts	960.2	64.7	(10.4)	(1.1)	(2.4)	50.8	1,011.0	5.29%
Benefits In Force Reserve	12,373.4	834.0	(133.9)	(13.8)	(30.5)	655.8	13,029.2	5.29%
Employer Reserves	45,902.1	3,094.5	(496.9)	(51.2)	(113.3)	2,433.1	48,335.2	5.29%
Tier One/Two Employee Pension Stability Account ¹	342.6	20.4	(3.3)	(0.1)	1.7	18.7	361.3	5.29%
OPSRP Pension	14,068.1	871.0	(142.5)	(20.3)	52.1	760.3	14,828.4	5.40%
OPSRP Employee Pension Stability Account ²	344.7	19.1	(3.2)	(0.1)	3.1	18.9	363.6	5.40%
IAP Accounts, as a whole ³	13,399.7	1,004.4	(99.9)	(20.7)	(42.1)	841.7	14,241.4	6.28%
UAL Lump-Sum Pmt. Side Accounts ³	4,123.9	329.5	(52.9)	(0.2)	0.0	276.4	4,400.3	Various ⁵
Contingency Reserve ⁶	50.0	0.0	0.0	0.0	0.0	0.0	50.0	N/A
Total	\$94,034.8	\$6,404.1	(\$969.7)	(\$110.3)	(\$137.5)	\$5,186.6	\$99,221.4	

¹ Per OAR 459-007-0005 (14)(a), Tier One/Two Employee Pension Stability Account will receive the Tier Two Member rate.

² Per OAR 459-007-0005 (14)(b), OPSRP Employee Pension Stability Account will receive the OPSRP Pension rate.

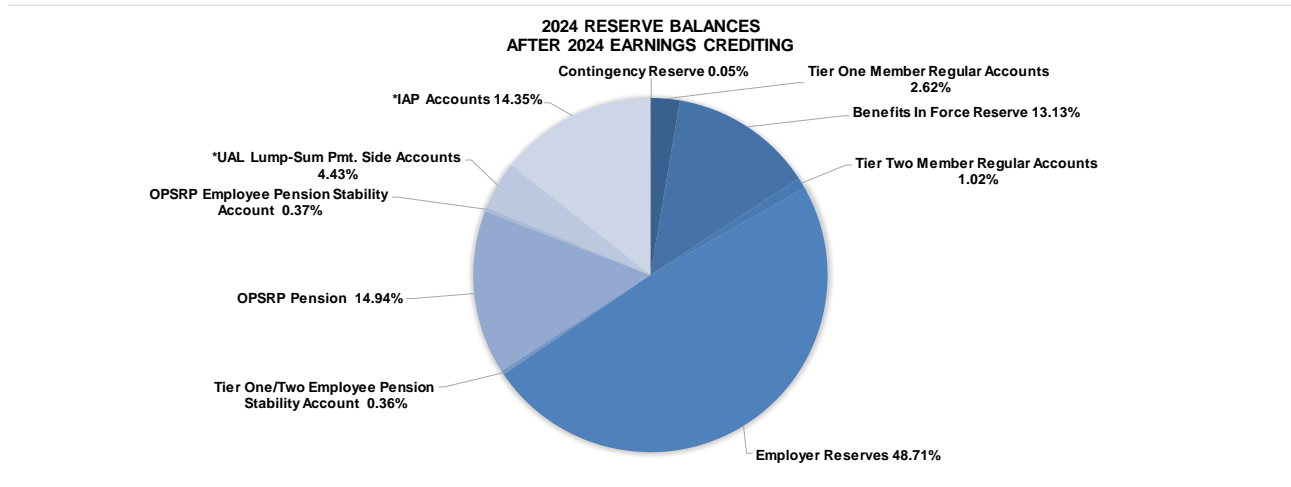
³ Informational only. Not affected by Board reserving or crediting decisions.

⁴ Primarily due to defined benefit commingled earnings transfer and the earnings credited to mid-year retirements.

⁵ The final earnings rate for the pre-2024 Side Accounts is 5.58%.

⁶ The contingency reserve balance is \$49,978,971.08.

Note: The actual market returns for private equity investments are reported on a three-month lag as additional time is needed to value these non-public assets and returns. Private equity returns for the fourth quarter will be reflected in the following year earnings crediting.



*Informational only. Not affected by Board reserving or crediting decisions.
IAP accounts receiving installments have already received 2024 earnings.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the final crediting of earnings as presented for calendar year 2024.”
2. Pass a motion adopting an alternative final allocation of 2024 earnings.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.5. Attachment 1: ORS 238.670 – *Reserve Accounts in Fund*

C.5. Attachment 2: OAR 459-007-0005 – *Annual Earnings Crediting Rule*

C.5. Attachment 3: ORS 238.610 – *Administrative Expenses of System, Rules*

C.5. Attachment 4: ORS 238.671 - *Proposal to legislative review agency for crediting of interest or income*

238.670 Reserve accounts in fund.

(1) At the close of each calendar year in which the earnings on the Public Employees Retirement Fund equal or exceed the assumed interest rate established by the Public Employees Retirement Board under ORS 238.255, the board shall set aside, out of interest and other income received through investment of the Public Employees Retirement Fund during that calendar year, such part of the income as the board may deem advisable, not exceeding seven and one-half percent of the combined total of such income, which moneys so segregated shall remain in the fund and constitute therein a reserve account. The board shall continue to credit the reserve account in the manner required by this subsection until the board determines that the reserve account is adequately funded for the purposes specified in this subsection, but the board may not credit further amounts to the reserve account if the amounts in the reserve account exceed \$50 million. Such reserve account shall be maintained and used by the board to prevent any deficit of moneys available for the payment of retirement allowances, due to interest fluctuations, changes in mortality rate or, except as provided in subsection (3) or (4) of this section, other contingency. In addition, the reserve account may be used by the board for the following purposes:

(a) To prevent any deficit in the fund by reason of the insolvency of a participating public employer. Reserves under this paragraph may be funded only from the earnings on employer contributions made under ORS 238.225.

(b) To pay any legal expenses or judgments that do not arise in the ordinary course of adjudicating an individual member's benefits or an individual employer's liabilities.

(2) At the close of each calendar year, the board shall set aside, out of interest and other income received during the calendar year, after deducting the amounts provided by law and to the extent that such income is available, a sufficient amount to credit to the reserves for pension accounts and annuities varying percentage amounts adopted by the board as a result of periodic actuarial investigations. If total income available for distribution exceeds those percentages of the total accumulated contributions of employees and employers, the reserves for pensions and annuities shall participate in such excess.

(3) The board may set aside, out of interest and other income received through investment of the fund, such part of the income as the board considers necessary, which moneys so segregated shall remain in the fund and constitute one or more reserve accounts. Such reserve accounts shall be maintained and used by the board to offset gains and losses of invested capital. The board, from time to time, may cause to be transferred from the reserve account provided for in subsection (1) of this section to a reserve account provided for in this subsection such amount as the board determines to be unnecessary for the purposes set forth in subsection (1) of this section and to be necessary for the purposes set forth in this subsection.

(4) The board may provide for amortizing gains and losses of invested capital in such instances as the board determines that amortization is preferable to a reserve account provided for in subsection (3) of this section. [Formerly 237.281; 2001 c.945 §5; 2017 c.746 §11; 2020 s.s.2 c.10 §14]

OAR 459-007-0005**Annual Earnings Crediting**

(1) For purposes of this rule, “remaining earnings” means earnings available for distribution to a particular account or reserve after deduction of amounts required or authorized by law for other purposes.

(2) Except as otherwise specified in this division, earnings on all accounts and reserves in the Fund shall be credited as of December 31 of each calendar year in the manner specified in this rule.

(3) Health insurance accounts. All earnings attributable to the Standard Retiree Health Insurance Account (SRHIA), Retiree Health Insurance Premium Account (RHIPA) or Retirement Health Insurance Account (RHIA) shall be credited to the account from which they were derived, less administrative expenses incurred by each account, as provided in ORS 238.410, 238.415 and 238.420, respectively.

(4) Employer lump sum payments. All earnings or losses attributable to the employer lump sum payment accounts established under ORS 238.229 shall be credited to the accounts from which they were derived.

(5) Member variable accounts. Earnings on the Variable Annuity Account shall first be used to pay a pro rata share of administrative expenses in accordance with ORS 238.260(6). If the annual earnings from the Variable Annuity Account are insufficient to pay for the pro rata share of administrative expenses, those administrative expenses shall be paid from earnings on other accounts within the Public Employees Retirement Fund (PERF), if available. If earnings from those accounts within the PERF are insufficient to pay for the administrative expenses, those expenses shall be paid from employer accounts as required by ORS 238.610. All remaining earnings or losses attributable to the Variable Annuity Account shall be credited to the participants of that account, as provided under 238.260(6) and (7)(b).

(6) Individual Account Program accounts. Earnings on the Individual Account Program accounts established under ORS 238A.350 shall first be used to pay a pro rata share of administrative expenses in accordance with ORS 238A.350(1). Losses on Individual Account Program target date funds shall be increased by a pro rata share of administrative expenses. After administrative expenses, each Individual Account Program account established under ORS 238A.350 shall be credited with the earnings or losses of the specific target date fund to which the account is allocated, except for account balances allocated to the retirement installments fund, which shall be credited with earnings or losses on a monthly basis.

(7) Administrative expenses. Earnings attributable to Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two member regular accounts, judge member regular accounts, the OPSRP Pension Program reserve, Employee Pension Stability Accounts, employer contribution accounts, the Contingency Reserve, the Benefits-in-Force Reserve and the Capital Preservation Reserve shall first be used to pay the system’s remaining administrative expenses under ORS 238.610.

(8) Contingency Reserve.

(a) In any year in which total earnings on the Fund equal or exceed the assumed rate, an amount not exceeding seven and one-half percent of remaining earnings attributable to Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two regular accounts, judge member regular

accounts, the OPSRP Pension Program reserve, Employee Pension Stability Accounts, the Benefits-in-Force Reserve, employer contribution accounts, the Capital Preservation Reserve and the Contingency Reserve shall be credited to the Contingency Reserve to the level at which the Board determines it is adequately funded for the purposes specified in ORS 238.670(1).

(b) The portion of the Contingency Reserve allowed under ORS 238.670(1)(a) for use in preventing a deficit in the fund due to employer insolvency may only be credited using earnings attributable to employer contribution accounts.

(9) Tier One Member Rate Guarantee Reserve. All remaining earnings attributable to Tier One regular accounts, the Tier One Member Rate Guarantee Reserve, judge member regular accounts, the Benefits-in-Force Reserve, and the Contingency Reserve may be credited to the Tier One Member Rate Guarantee Reserve established under ORS 238.255(1).

(10) Capital Preservation Reserve. Remaining earnings attributable to the Tier Two member regular accounts, judge member regular accounts, OPSRP Pension Program reserve, Employee Pension Stability Accounts, employer contribution accounts, the Benefits-in-Force Reserve, the Contingency Reserve and the Capital Preservation Reserve may be credited from those sources to one or more reserve accounts that may be established under ORS 238.670(3) to offset gains and losses of invested capital.

(11) Tier One regular accounts. All remaining earnings attributable to Tier One regular accounts and the Tier One Rate Guarantee Reserve shall be credited to Tier One member regular accounts at the assumed rate in any year in which the conditions set out in ORS 238.255 have not been met. Crediting under this subsection shall be funded first by all remaining earnings attributable to Tier One regular accounts and the Tier One Rate Guarantee Reserve, then moneys in the Tier One Rate Guarantee Reserve.

(12) Judge member regular accounts. All remaining earnings attributable to judge member regular accounts shall be credited to all active and inactive judge member regular accounts at the judge member rate. Crediting under this subsection shall be funded first by all remaining earnings attributable to the judge member regular accounts and the Tier One Rate Guarantee Reserve, then moneys in the Tier One Rate Guarantee Reserve.

(13) Tier Two member regular accounts. All remaining earnings or losses attributable to Tier Two member regular accounts shall be credited to all active and inactive Tier Two member regular accounts under ORS 238.250.

(14) Employee Pension Stability Account (EPSA). All remaining earnings or losses attributable to the EPSAs shall be credited to all active and inactive EPSAs under ORS 238A.353. For administrative expenses:

(a) EPSA accounts of Tier One and Tier Two members will be treated as Tier Two funds.

(b) EPSA accounts of OPSRP members will be treated as OPSRP Pension Program Reserve funds.

(15) OPSRP Pension Program Reserve. Remaining earnings attributable to the OPSRP Pension Program Reserve, the Contingency Reserve, and the Capital Preservation Reserve may be used to credit the OPSRP Pension Program reserve.

(16) Benefits-in-Force Reserve. Remaining earnings attributable to the Benefits-in-Force Reserve, the Contingency Reserve, the Capital Preservation Reserve and employer contribution accounts, in

that order, shall be used, to the extent available, to credit the Benefits-in-Force Reserve with earnings for that calendar year in accordance with ORS 238.670(2).

(17) Employer contribution accounts. All remaining earnings attributable to employer contribution accounts shall be credited to employer contribution accounts.

(18) Remaining earnings. Any remaining earnings shall be credited to accounts and reserves in the Fund at the Board's discretion.

Statutory/Other Authority: ORS 238.650 & 238A.450

Statutes/Other Implemented: ORS 238 & 238A.350

History:

PERS 1-2022, amend filed 01/31/2022, effective 01/31/2022
PERS 9-2020, amend filed 06/23/2020, effective 06/23/2020
PERS 9-2019, amend filed 12/06/2019, effective 12/06/2019
PERS 2-2018, amend filed 02/02/2018, effective 02/02/2018
PERS 7-2017, temporary amend filed 12/01/2017, effective 12/01/2017 through 05/29/2018
PERS 9-2012, f. & cert. ef. 5-24-12
PERS 4-2009, f. & cert. ef. 4-6-09
PERS 1-2006, f. & cert. ef. 2-1-06
PERS 18-2005(Temp), f. & cert. ef. 10-26-05 thru 4-19-06
PERS 8-2004, f. & cert. ef. 4-15-04

238.610 Administrative expenses of system; rules.

(1)(a) The administrative expenses of the Public Employees Retirement System shall be paid from interest earned by the Public Employees Retirement Fund; provided, that if such interest be insufficient the expense in excess thereof shall be paid from the contributions which this chapter and ORS 238A.220 and 238A.240 require participating employers to pay into the Public Employees Retirement Fund. The Public Employees Retirement Board by rule may establish procedures for recovering administrative costs from members for services provided in estimating retirement benefit amounts and processing payments if the board determines that the services requested by an individual member result in extraordinary costs to the system.

(b) The board may adopt rules establishing procedures for recovering administrative costs from participating public employers for providing to those employers information or services needed to report in compliance with generally accepted accounting principles. Administrative costs recovered under this paragraph may be recovered only from interest earned on employer contributions made under ORS 238.225 or 238A.220.

(2) In order to facilitate financing the establishment and administration of the system the board may designate fiscal periods and may provide that extraordinary expenses incurred during one such period, such as expenses for equipment and actuarial studies, may, for purposes of equitably distributing part of the burden of the expenses, be apportioned to subsequent fiscal periods in such manner as to the board seems equitable.

(3) For each fiscal period designated by the board there shall be deducted from the interest earned by the fund, the administrative expenses of the system for that period; provided, that if such interest be insufficient for such purpose, the excess expense shall be paid by deducting from the account of each employer participating in the system that fraction of the administrative expense of the system for that period which the employer's total contribution to the fund for the period is of the sum of all the employers' contributions to the fund for the period.

(4) Amounts payable as refunds and retirement allowances shall not for any purpose be deemed expenses of the board and shall not be included in its biennial departmental budget.

[Formerly 237.291; 2003 c.105 §5; 2003 c.733 §56; 2014 c.105 §1]

238.671 Proposal to legislative review agency for crediting of interest or income.

At least 30 days before crediting any interest or other income received through investment of moneys to any fund or account, the Public Employees Retirement Board shall submit a preliminary proposal for crediting to the appropriate legislative review agency, as defined in ORS 291.371, for its review and comment. The proposal shall identify gross earnings, investment expenses and administrative expenses, by fund or account, related to the crediting of the interest or other income. [2020 s.s.2 c.10 §13]



UPCOMING EXPERIENCE STUDY

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presented by:

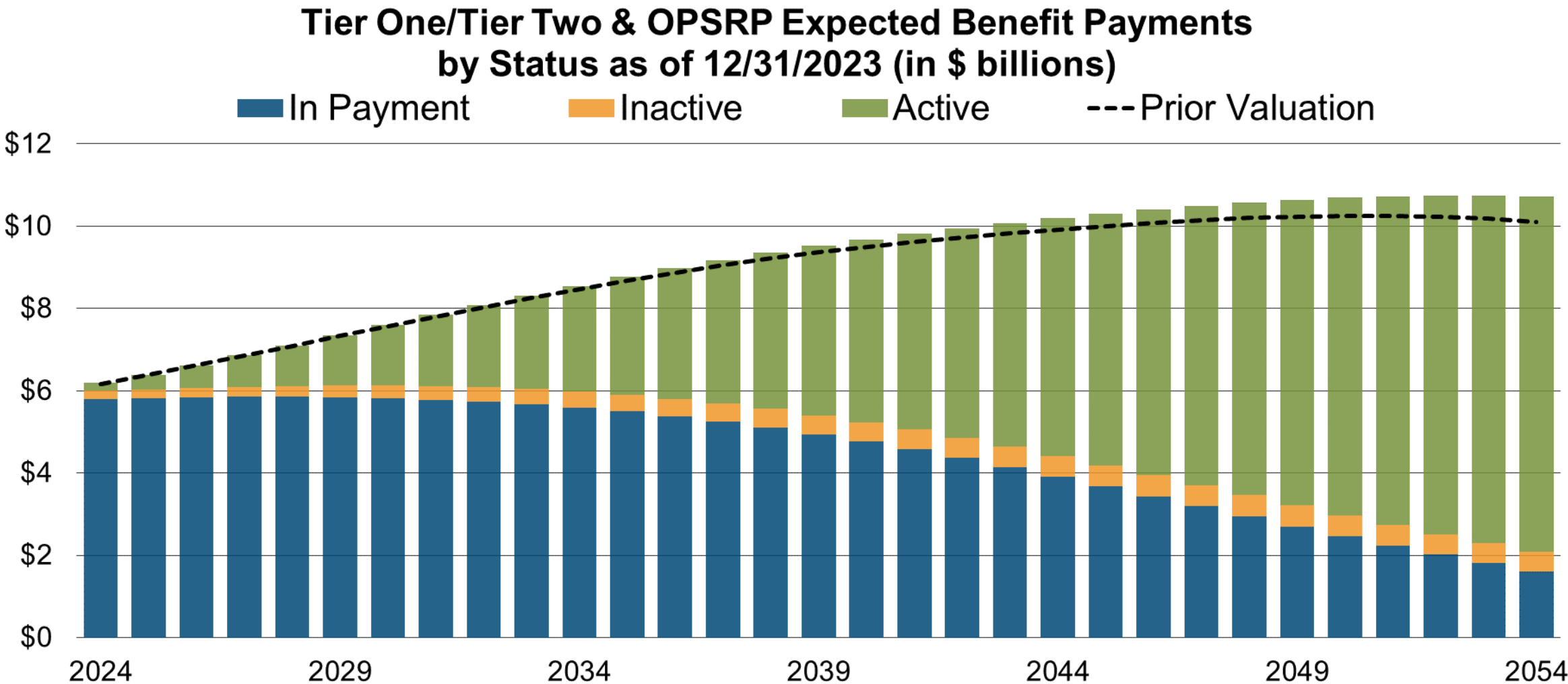
Matt Larrabee, FSA, EA
Scott Preppernau, FSA, EA

March 31, 2025

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Foundation of All PERS Actuarial Valuation Work

Year-by-year Projected Benefit Payments (Excluding Members Joining OPSRP After 2023)



What Is an Actuarial Experience Study?

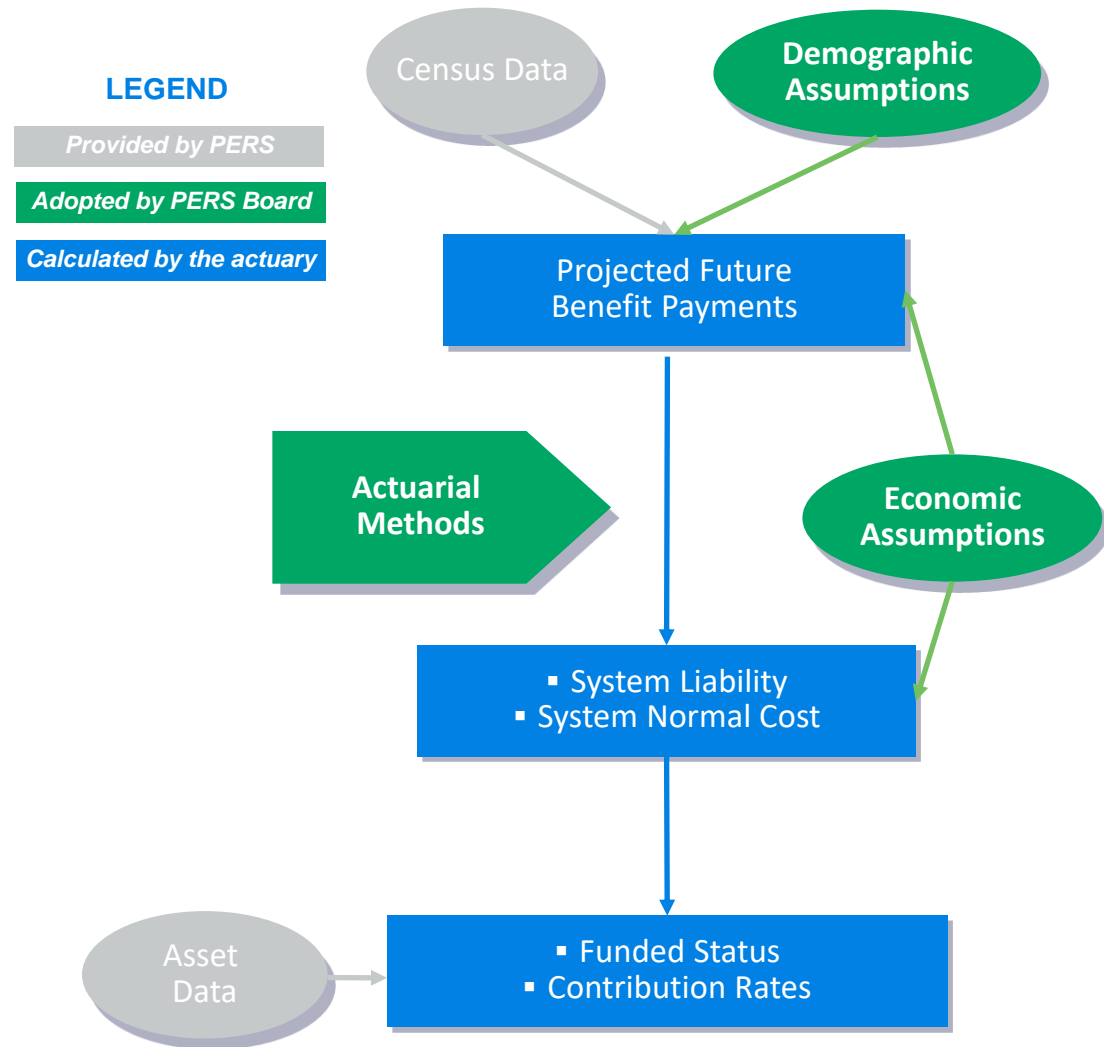
- Review and, if appropriate, update actuarial assumptions
 - Assumptions combine with benefit provisions and member data to project benefit payments
- Review and, if appropriate, modify actuarial methods
 - Methods help determine contribution rates to fund projected benefits in a sound manner

Four-Meeting Process – Assumptions & Methods

- March 31: Summary of process, background, and areas of focus
- May 28: Joint meeting with Oregon Investment Council (OIC)
 - Assumed rate – outlooks from OIC’s consultants, Milliman
- May 30: Economic assumptions, system funding methods
 - Inflation and system payroll growth
 - Actuarial methods, including amortization and rate collaring policy
- July 25: Demographic assumptions, Board direction to actuary
 - Member-specific assumptions based on study of recent PERS experience
 - Assumptions and methods adopted for use in:
 - 12/31/2024 actuarial valuation with advisory 2027-2029 contribution rates
 - 12/31/2025 actuarial valuation with proposed final 2027-2029 contribution rates

Two-Year Rate-Setting Cycle

- **July 2025: Assumptions & methods adopted by Board in consultation with the actuary**
- September 2025: System-wide 12/31/24 actuarial valuation results
- December 2025: Advisory 2027-2029 employer-specific contribution rates
- July 2026: System-wide 12/31/25 actuarial valuation results
- September 2026: Disclosure & adoption of employer-specific **2027-2029 contribution rates**



Valuation Process and Timeline

- Actuarial valuations are conducted annually
 - Alternate between “rate-setting” and “advisory” valuations
 - This valuation as of 12/31/2024 is advisory
- Board adopts contribution rates developed in rate-setting valuations, and those rates go into effect 18 months after the valuation date

Valuation Date	Employer Contribution Rates
12/31/2021 →	July 2023 – June 2025
12/31/2023 →	July 2025 – June 2027
12/31/2025 →	July 2027 – June 2029

Summary of Assumptions and Methods to Review

Economic Assumptions

- Inflation
- Real wage growth
- System payroll growth
- **Long-term investment return**
- Healthcare cost trend

Actuarial Methods

- Actuarial cost method
- Amortization policy
 - UAL (shortfall) amortization
 - **Side account / PreSLGRP rate adjustments**
- Rate collar
- Contribution lag adjustment

Demographic Assumptions

- Mortality
- Retirement
- Pre-retirement termination
- Disability
- Individual salary increases
- Final average salary adjustments
- Member redirect offsets
- RHIA & RHIPA assumptions

*Background information for **bold** topics discussed on following slides*



Long-Term Investment Return ("The Assumed Rate")

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The Assumed Rate: What Is It?

- Assumed rate: expected average annual **future** investment return
- PERS Board sets the assumed rate every two years
 - This year the rate will be selected at the July 25 meeting
- The assumed rate is used to determine:
 - The contribution cost rate for benefits earned in the future (normal cost rate)
 - The system's current unfunded actuarial liability (UAL)
 - The contribution cost rate to systematically amortize UAL over time (UAL rate)
 - Actuarial equivalence factors (AEFs) for amounts of optional benefit forms
 - AEFs to convert account balances to “money match” annuities for Tiers One & Two
 - Account balance interest crediting level for Tier One actives

Use of the Assumed Rate

The PERS Funding Equation

At the end of each calendar year, the PERS actuaries calculate the system's funded status using the following basic equation:

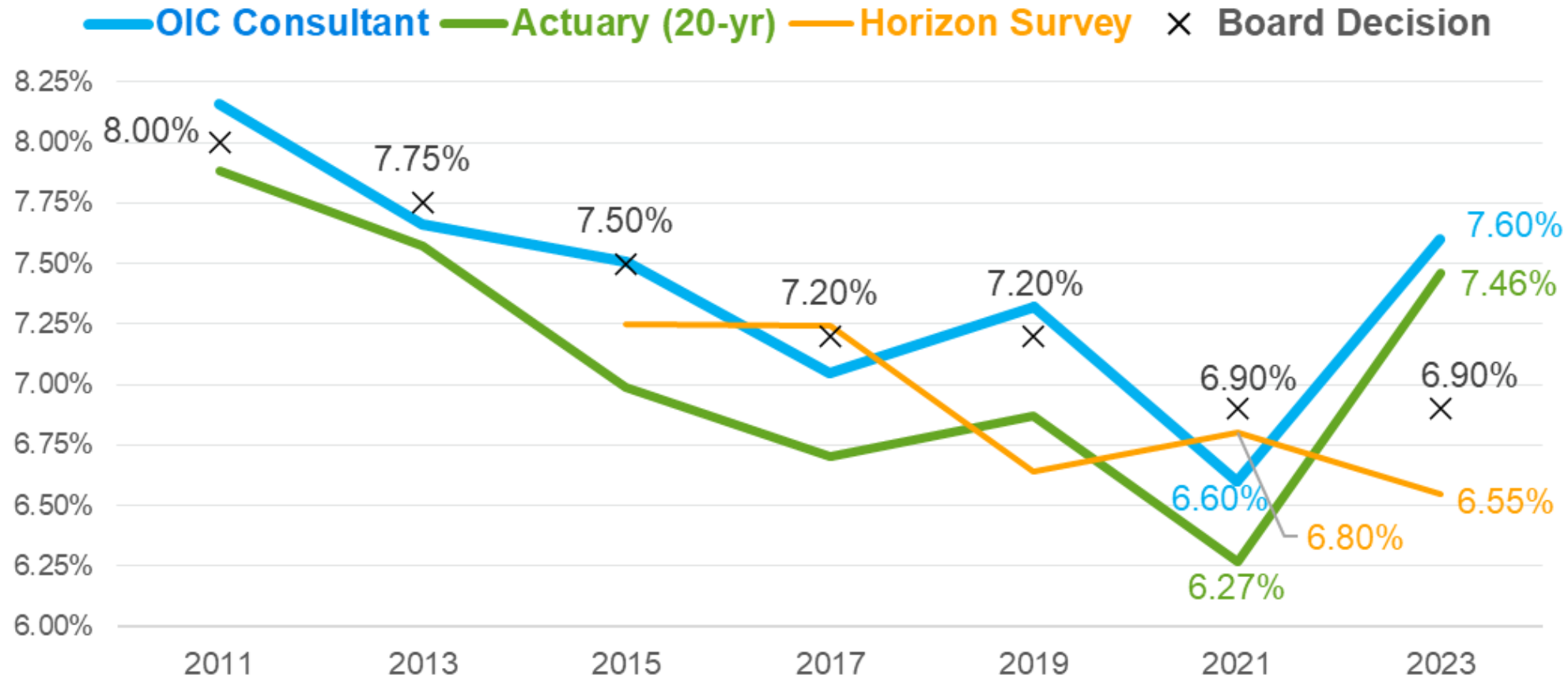
$$\begin{array}{ccccc} \text{B} & = & \text{C} & + & \text{E} \\ \text{BENEFITS} & & \text{CONTRIBUTIONS} & & \text{EARNINGS} \\ \textit{Present value of} & & \textit{Employer funds to pay} & & \textit{Future returns on} \\ \textit{earned benefits} & & \textit{for pension benefits} & & \textit{investment funds} \\ \text{Set by: Oregon Legislature} & & \text{Set by: PERS Board} & & \text{Managed by: Oregon Investment Council} \end{array}$$

Every two years, the PERS Board adjusts contribution rates so that, over time, contributions will be sufficient to fund the benefits earned, if earnings follow assumptions.

- “B” is predictable with a relatively high degree of certainty
- “E” is the unpredictable **actual** future investment return on PERS assets
- “C” is the balancing item --- it must provide to “B” what “E” fails to cover
- The **assumed rate** is the Board’s estimate of “E” to prudently set “C”
- The Board’s decision on the estimated “E” does **not** affect actual future earnings

Investment Return 50th Percentile Outlooks

Geometric Returns from Outlook Models in Prior Seven Reviews



Assumed Rate - Data Used in Prior Board Decision

- The table below is from the **July 2023** Board meeting
 - Median returns are geometric averages over the timeframe indicated

	OIC Consultant	Milliman 10-Year	Milliman 20-Year	Horizon Survey
Median Annualized Return	7.60%	7.11%	7.46%	6.55%
Assumed Inflation	2.50%	2.40%	2.35%	2.46%
Timeframe Modeled	20 years	10 years	20 years	10 years

- While most updated median returns were higher in the 2023 review, the Board left the assumption unchanged at 6.90%
 - After a decade-long process adjusting for lower forward-looking outlooks, it was unclear whether the rapid reversal after 2022 market losses would persist
 - Reflecting a “margin for adverse deviation” in assumptions is allowable under Actuarial Standards of Practice

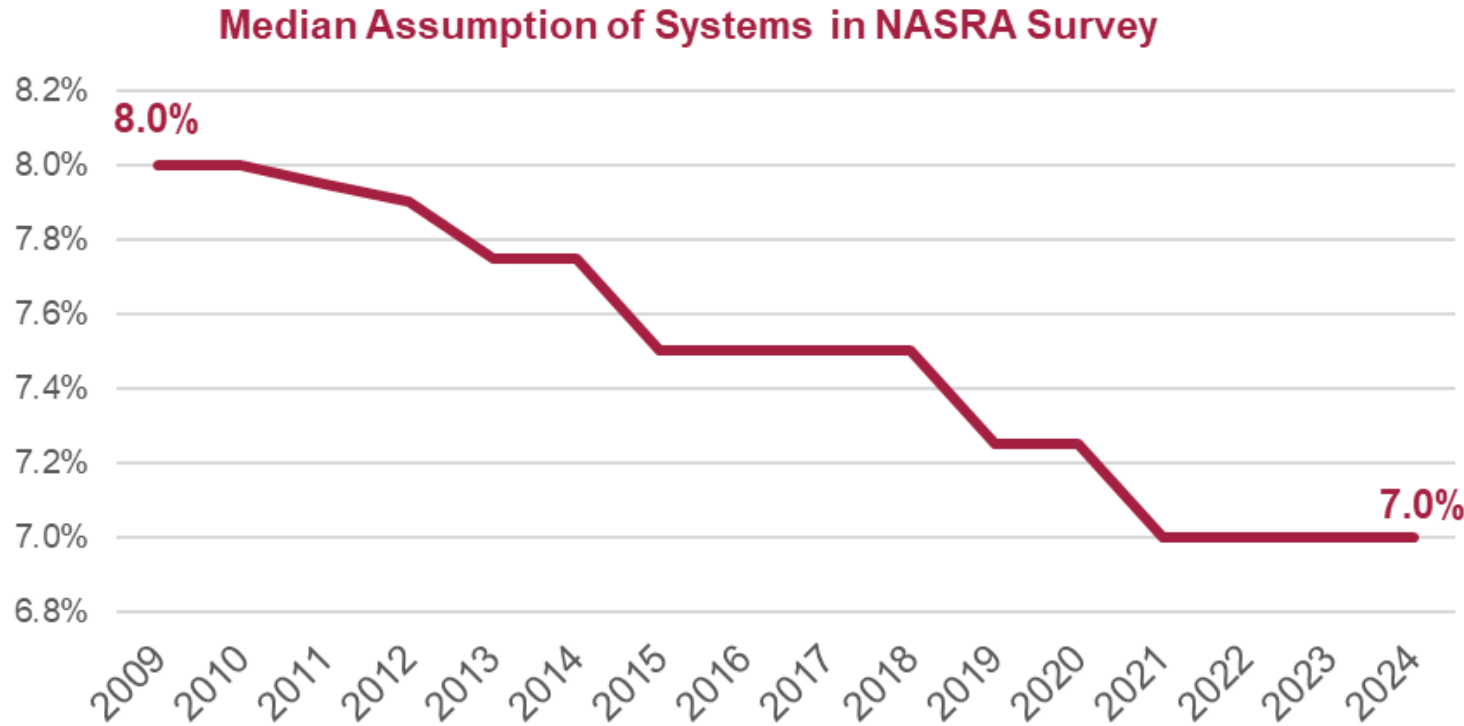
Preliminary Updates to Milliman Outlooks

	2023 Outlook Milliman Final	2023 Outlook Milliman Final	2025 Outlook Milliman Preliminary	2025 Outlook Milliman Preliminary
Median Annualized Geometric Return	7.11%	7.46%	7.07%	7.39%
Assumed Inflation	2.40%	2.35%	2.37%	2.31%
Time Horizon Modeled	10 years	20 years	10 years	20 years

- **OIC consultant outlooks will be shared on May 28**
- Milliman's preliminary long-term forward-looking assumptions are slightly lower than in the previous review
 - Important: these are based on assumptions developed based on market conditions at the very start of 2025, and do not reflect recent market experience or any potential changes to long-term outlooks from recent developments in trade policy and economic management

What About the Assumptions of Other Systems?

- This line shows the median return assumption over time for about 130 large and/or statewide public systems



Source: NASRA Public Fund Survey (November 2024)

- The median decreased to **7.0%** by the end of 2021
 - The mid-point of public systems' return assumptions decreased by a full 1.0% in just over a decade, and has remained at that level in recent years

Historical Actual Returns vs. Assumed Returns

- Comparison of trailing average historical returns through end of 2024:
 - Actual – from *PERS By the Numbers*
 - Assumed – based on PERS’ actuarial assumption for each year

Period Ending December 2024	Actual Return	Assumed Return
Trailing 30 years	9.0%	7.7%
Trailing 25 years	6.7%	7.6%
Trailing 20 years	7.4%	7.5%
Trailing 15 years	8.4%	7.4%
Trailing 10 years	7.4%	7.1%

Returns are geometric annualized average returns over the periods indicated
The specific starting and ending points matter (example: the difference in 30 v. 25-year returns)

PERS Year End 2024 Investment Returns (from PERS Website)

Private Equity – Highest 10-Year Returns; Explains Lag Versus Policy Benchmark

Returns for periods ending DEC-2024

Oregon Public Employees Retirement Fund

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 95,073,570		5.71	5.71	5.85	3.32	7.27	7.35	7.20	7.45
OPERF Policy Benchmark					11.73	11.73	11.55	4.40	7.09	8.13	7.92	8.12
Value Added					(6.01)	(6.01)	(5.71)	(1.08)	0.18	(0.78)	(0.73)	(0.67)
Oregon Reference Portfolio					11.29	11.29	13.79	2.59	4.88	6.70	6.54	6.80
Public Equity	22.5-32.5%	27.5%	\$ 16,443,608	17.3%	17.34	17.34	18.55	6.40	9.65	10.25	8.99	9.38
MSCI ACWI IMI Net					16.37	16.37	18.95	4.90	8.09	9.67	8.78	9.00
Private Equity	17.5-27.5%	20.0%	\$ 25,185,382	26.5%	4.11	4.11	5.24	3.86	12.26	12.36	12.99	12.14
Russell 3000+300 Bps Qtr Lag					38.41	38.41	31.02	13.37	18.59	18.56	17.03	16.12
Total Equity	45.0-55.0%	47.5%	\$ 41,628,990	43.8%								
Fixed Income	20-30%	25.0%	\$ 22,104,623	23.3%	2.62	2.62	4.80	(0.86)	(0.87)	0.78	1.81	2.00
Oregon Custom Fixed Income Benchmark					1.25	1.25	3.37	(2.41)	(2.03)	(0.24)	1.01	1.31
Real Estate	9.0-16.5%	12.5%	\$ 13,453,345	14.2%	(3.99)	(3.99)	(7.15)	1.15	5.36	4.81	5.61	6.70
Oregon Custom Real Estate Benchmark					(8.04)	(8.04)	(10.49)	(1.04)	2.44	2.05	3.21	5.10
Real Assets	2.5-10.0%	7.5%	\$ 10,024,111	10.5%	10.06	10.06	8.92	11.93	13.66	10.35	7.77	6.28
CPI +4%					6.99	6.99	7.23	8.37	9.10	8.35	7.72	7.11
Diversifying Strategies	2.5-10.0%	7.5%	\$ 4,904,513	5.2%	7.65	7.65	4.15	9.60	9.37	4.69	1.40	2.44
HFRI FOF: Conservative Index					6.52	6.52	6.00	3.99	4.88	5.20	4.47	3.75
Opportunity Portfolio	0-5%	0%	\$ 2,919,042	3.1%	11.15	11.15	12.50	8.63	12.04	11.66	10.01	8.85
Opportunity Custom Benchmark					11.73	11.73	10.93	11.20	11.49	10.46	9.51	8.67
Cash w/Overlay	0-3%	0%	\$ 38,946	0.0%	5.62	5.62	5.54	3.83	2.88	2.62	2.63	2.14
91 Day Treasury Bill					5.25	5.25	5.13	3.89	2.92	2.46	2.35	1.77

Considerations in Setting the Return Assumption

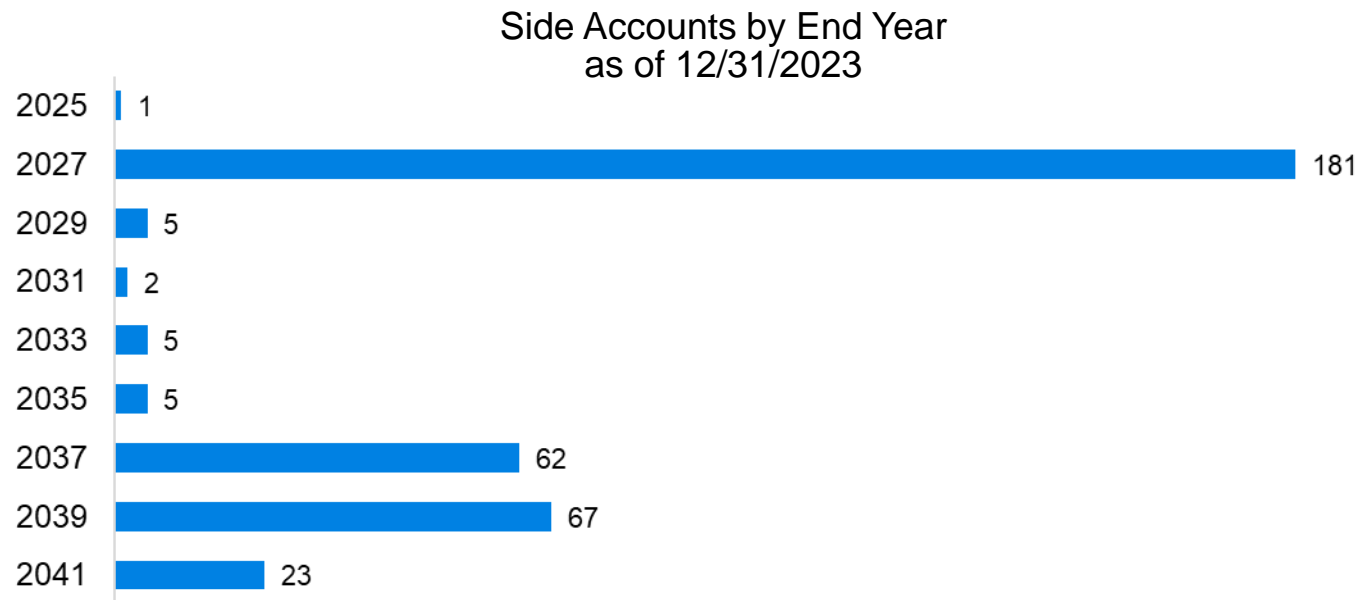
- Preliminary indications are that capital market outlooks in early 2025 produce slightly lower expected returns than at the last assumption review
 - May still be at or above the current 6.90% assumption
- Current year-to-date market losses and heightened trade policy uncertainty are not reflected in the beginning-of-year outlooks
- Even if median forward-looking expectations are above the current 6.90% investment return assumption, the Board may consider leaving unchanged again

Side Account & Pre-Pooling Adjustments

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Side Accounts

- As of December 31, 2023, 231 employers had at least one side account, with a combined total of 352 separate side accounts
- Of these, 181 (51%) have an amortization end period of December 31, 2027
 - No rate offset will be included for these side accounts in the 2027-2029 employer rates
 - PERS will work with employers to use the remaining account balance after July 1, 2027



Pre-SLGRP & Transition Liability Rate Charges / (Offsets)

- Pre-SLGRP calculated at time SLGRP was formed
 - Easier to grasp with only two different rates
 - Local government employers – uniform offset – 0.57% of pay for 2025-2027
 - State and community colleges – uniform charge – 0.53% of pay for 2025-2027
 - **Offsets and charges scheduled to expire at end of 2027-2029 biennium**
- Transition liability / (surplus) – employer-specific rate charge / (offset)
 - Each liability / (surplus) established with goal of equitable pooling
 - Calculation based on time of joining a pool
 - Much more significant variation in magnitude from employer to employer
 - Greater potential for biennium-to-biennium change
 - **Most offsets and charges scheduled to expire at end of 2027-2029 biennium**
 - Employers joining SLGRP 12/31/2009 or later are on an 18-year charge / (offset) schedule

Pooling-Related Rate Charges / (Offsets)

- From the detailed report PERS provides to each employer (Multnomah County example)

Employer Contribution Rates Effective July 1, 2025

	Payroll				
	Tier One/Tier Two			OPSRP	
	Default All Tier One/Tier Two Payroll	Optional General Service	Separate Rates Police & Fire	General Service	Police & Fire
Pension					
Normal cost rate	16.79%	15.07%	22.19%	10.47%	15.74%
Tier One/Tier Two UAL rate ¹	12.46%	12.46%	12.46%	12.46%	12.46%
Multnomah Fire District #10 UAL rate	0.06%	0.06%	0.06%	0.06%	0.06%
OPSRP UAL rate	2.69%	2.69%	2.69%	2.69%	2.69%
Pre-SLGRP pooled liability rate ²	(0.57%)	(0.57%)	(0.57%)	(0.57%)	(0.57%)
Transition liability/(surplus) rate ³	(0.86%)	(0.86%)	(0.86%)	(0.86%)	(0.86%)
Side account rate relief ³	(3.20%)	(3.20%)	(3.20%)	(3.20%)	(3.20%)
Member redirect offset ⁴	(2.40%)	(2.40%)	(2.40%)	(0.65%)	(0.65%)
Net employer pension contribution rate	24.97%	23.25%	30.37%	20.40%	25.67%
Retiree Healthcare					
Normal cost rate	0.04%	0.04%	0.04%	0.00%	0.00%
UAL rate	(0.04%)	(0.04%)	(0.04%)	0.00%	0.00%
Net retiree healthcare rate	0.00%	0.00%	0.00%	0.00%	0.00%
Total net employer contribution rate	24.97%	23.25%	30.37%	20.40%	25.67%

¹ Includes any impact of rate collar developed in the system-wide actuarial valuation report.

² The side account rate relief shown may be reduced such that the net pension contribution rate does not go below 0.00%.

³ Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier One/Tier Two and 0.75% of payroll for OPSRP) will offset employer contribution rates. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.

Side Accounts and Pooling-Related Charges/Offsets

- With the previous experience study, the PERS Board adjusted amortization policies to better coordinate upcoming expirations in:
 - Side accounts
 - Pre-SLGRP & Transition liability/surplus
- Rate adjustments from both sources become more volatile as they approach their conclusion
 - Short period to reflect differences between actual experience and assumptions built into the rate adjustment
 - Sources of differences include investment returns (affects side accounts) and employer payroll (affects both)
- Employers with significant adjustments approaching expiration should prepare accordingly
 - Most transition liability/surplus charges or offsets will expire July 1, 2029; these can be significant elements of the total contribution rate for some employers
 - In addition, if an employer has experienced significant payroll growth, the balance of a Transition liability/surplus may draw down and expire ahead of schedule

Agenda for Upcoming Experience Study Presentations

- May 28: Assumed rate
 - Joint board meeting with Oregon Investment Council (OIC)
 - Outlooks from OIC's consultants, updates to Milliman's model
- May 30: Economic assumptions, rate-setting methods
 - Inflation and system payroll growth
 - Amortization and contribution rate collaring
- July 25: Demographic assumptions, Board decisions
 - Member-specific assumptions based on study of recent PERS experience
 - Assumptions and methods adopted will be used for:
 - 12/31/2024 actuarial valuation with advisory 2027-2029 contribution rates
 - 12/31/2025 actuarial valuation with 2027-2029 contribution rates proposed for adoption



Appendix

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Certification

This presentation discusses actuarial methods and assumptions for use in the valuation of the Oregon Public Employees Retirement System (“PERS” or “the System”). For the most recent complete actuarial valuation results, including cautions regarding the limitations of use of valuation calculations, please refer to our formal Actuarial Valuation Report as of December 31, 2023 (“the Valuation Report”) published on September 19, 2024. The Valuation Report, including all supporting information regarding data, assumptions, methods, and provisions, is incorporated by reference into this presentation. The statements of reliance and limitations on the use of this material is reflected in the actuarial report and still apply to this presentation. The Valuation Report should be referenced for additional detail on the assumptions, methods, and plan provisions underlying this presentation.

In preparing this presentation, we relied, without audit, on information (some oral and some in writing) supplied by the System’s staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the PERS Board, which is responsible for selecting the plan’s funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated experience affecting the System and are expected to have no significant bias. The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

This valuation report is only an estimate of the System’s financial condition as of a single date. It can neither predict the System’s future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. Our annual financial modeling presentation to the PERS Board should be referenced for additional analysis of the potential variation in future measurements. Our December 31, 2023 Actuarial Valuation Report provides additional discussion of the System's risks. The PERS Board has the final decision regarding the selection of the assumptions and actuarial cost methods.

Milliman's work is prepared solely for the internal business use of the Oregon Public Employees Retirement System. Milliman does not intend to benefit or create a legal duty to any third-party recipient of this report. No third-party recipient of Milliman's work product should rely upon this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The signing actuaries are independent of the System. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Appendix

Actuarial Basis

Capital Market Assumptions - Milliman

For this purpose, we considered the Oregon PERS Fund to be allocated among the model's asset classes as shown below. This allocation is based on input provided by Meketa (OIC's primary consultant) and reflects changes to the OIC's target allocation for the Oregon PERS fund adopted at the January 25, 2023 OIC meeting.

Reflects Milliman's capital market assumptions as of December 31, 2024.

	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual Standard Deviation	Policy Allocation
Global Equity	8.18%	6.63%	18.30%	27.500%
Private Equity	12.46%	8.38%	30.00%	25.500%
Real Estate	8.00%	6.69%	16.79%	12.250%
US Core Fixed Income	4.70%	4.61%	4.44%	25.000%
Hedge Fund – Macro	5.78%	5.52%	6.11%	5.625%
Hedge Fund – Equity Hedge	6.87%	6.01%	11.81%	0.625%
Hedge Fund – Multistrategy	6.36%	5.90%	8.74%	1.250%
Infrastructure	8.13%	6.75%	17.18%	1.500%
Master Limited Partnerships	8.89%	5.62%	26.46%	0.750%
US Inflation (CPI-U)	2.32%	2.31%	1.46%	N/A
Fund Total (reflecting asset class correlations)	8.22%	7.43%*	13.48%	100.00%

* The model's 20-year annualized geometric median is 7.39%.

Retirement System Risks

- Oregon PERS, like all defined benefit systems, is subject to various risks that will affect future system liabilities and contribution requirements, including:
 - **Investment risk:** the potential that investment returns will be different than assumed
 - **Demographic risks:** the potential that mortality experience, retirement behavior, or other demographic experience for the system membership will be different than assumed
 - **Contribution risk:** the potential that actual future contributions will be materially different than expected, for example if there are material changes in the system's covered payroll
- The results of an actuarial valuation are based on one set of reasonable assumptions, but it is almost certain that future experience will not exactly match the assumptions.
- Further discussion of system risks and historical information regarding system experience are shown in our annual actuarial valuations. In addition, our annual financial modeling presentation to the PERS Board illustrates future outcomes under a wide range of future scenarios reflecting variation in key risk factors.