

# OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

**Friday**  
**May 30, 2025**  
**9:00 a.m.**

**PERS HQ**  
**11410 SW 68<sup>th</sup> Pkwy**  
**Portland, OR 97223**

ITEM	PRESENTER
<b>A. Administration</b>	
1. <a href="#">March 31, 2025 PERS Board Meeting Minutes</a>	JARAMILLO
2. <a href="#">Director's Report</a>	OLINECK
a. <a href="#">Forward-Looking Calendar</a>	
b. <a href="#">OPERF Investment Report</a>	
c. <a href="#">Budget execution report</a>	
3. <a href="#">Annual report of board member training activities</a>	OLINECK
<b>B. Administrative rulemaking</b>	
1. <a href="#">Notice of rulemaking for divorce rules</a>	CHANDLER, VAUGHN
2. <a href="#">Notice of rulemaking for death and survivor benefits</a>	CHANDLER, VAUGHN
3. <a href="#">Adoption of rulemaking for duty disability requirements</a>	CHANDLER, VAUGHN
<b>C. Action and discussion items</b>	
1. <a href="#">PERS Modernization Program update</a>	IVERS
2. <a href="#">Legislative update</a>	CASE
3. <a href="#">PERS Health Insurance Program annual report</a>	DIMELING-PERRIS
4. <a href="#">Retiree Health Insurance Plans renewals and rates</a>	DIMELING-PERRIS
5. <a href="#">Board scorecard report on agency performance measures</a>	RICKARD
6. <a href="#">Request for proposal – actuarial services</a>	WINSHIP
7. <a href="#">Revised 2025-2027 Jefferson County EMS employer contribution rates</a>	WINSHIP
8. <a href="#">Revised 2025-2027 Black Butte Ranch employer contribution rates</a>	WINSHIP
9. <a href="#">Revised 2025-2027 School District employer contribution rates</a>	MILLIMAN
10. <a href="#">Overview of actuarial methods and economic assumptions</a>	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: May 30, July 26\*, September 26, December 5\* \*Audit Committee planned for post-board meeting**

## A.

### **A. Administration**

#### **1. March 31, 2025 PERS Board Meeting Minutes**

2. Director's Report
3. Annual report of board member training activities

### B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

### C. Action and discussion items

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions

# OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

March 31, 2025

## **Board members present:**

John Scanlan, Suzanne Linneen, Kristen Connor, and Bob Hestand attended in the PERS Boardroom. Jardon Jaramillo was not present for the meeting.

## **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, Shane Perry, Lisa Egly, Stephanie Vaughn, Jack Schafroth, Melanie Chandler, Matt Graves, and Heather Case, attended in the PERS Boardroom.

Colin Campi, Shawn Harper, Alyse Greer, David Larson, Mary Lang, Daniel Rivas, Troy Phillips, Scherriece Toledo, Melissa Tominaga, Susannah Bodman, Emma McGinty, Melissa Tominaga, Brooke Walker, Benjamin Cecka, Nate Carter, Jonathan Yost, Michiru Farney, Pamela Foust, Karen Harold, Joel Mellor, Akiko Yoshida, Elizabeth Rossman Weber, Janice Richards, Carla Shaw, Erin Stutesman, Megan Ujakovich, Jackie Grosjacques, Kimberly Johnson, and Katie Davis attended virtually.

## **Others present:**

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

Andre Moran, Connie Snyder, Brenda Gessner, Tomoko Cantlin, Alison Renz, Morgan Zavala, Sara Collins, Courtney Johnson, Anita Gurule, Diane Barendse, Valerie Colgrove, Shauna Tobiasson, Nate Carter, Liam Contino, Sandra LeHoullier, Carol Samuels, Merrill Bajana, Stephanie King, Laura Shimabuku, Traci Yates, John Ferguson, Jennifer Jones, Siresha Samineni, Brendan Watkins, Kali Leinenbach, Christian Baxley, Letitia Wulff, Shem Giles, Jane Civiletti, Andy Smusz, Jeremy Whittlesey, Luella Wampler, Steven Marik, Steven Demarest, Gay Lynn Bath, Tan Cao, Robert Tintle, Weijun Brown, Nikki Mangnall, Jamie McCreary, Thanh Tran, Anai Paz, Robert Vitolo, Rosanne Lurie, and Yu Sun attended virtually.

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

## **ADMINISTRATION**

### **A.1. JANUARY 31, 2025 PERS BOARD MEETING MINUTES**

Board Member Linneen moved to approve the minutes from the January 31, 2025 PERS Board meeting as presented. Board Member Hestand seconded the approval of the minutes.

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 February 28, 2025, were positive, at 1.54%.

Operating expenditures for January, February, and preliminary expenditures for March are \$5,316,385, \$5,981,897 and \$6,255,797, respectively.



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.

Olineck reviewed the meeting agenda.

#### A.3. OREGON PUBLIC EMPLOYEES RETIREMENT FUND (OPERF) PERFORMANCE REVIEW

Rex Kim, Oregon State Treasury Chief Investment Officer, presented the Oregon Investment Council (OIC) Investment Report of the Oregon Public Employees Retirement Fund (OPERF) for the period ending December 31, 2024. He presented on the market environment over the next decade, 2024 performance, OPERF 20-year net asset value history, and current asset allocation.

No board action was required.

#### A.4. BOARDSMART OVERVIEW

BoardSmart Chief Executive Officer Rick Funston presented learning option opportunities for the PERS Board on the BoardSmart learning platform.

#### A.5. OREGON SAVINGS GROWTH PLAN ANNUAL REPORT

Lisa Egly, Oregon Saving Growth Plan Program Manager, presented the Oregon Savings Growth Plan (OSGP) Annual Report. The presentation reflected information for the 2024 calendar year and included information regarding governance, administrative support, and plan and participant demographics. The report summarized assets, cash flow and investment composition, as well as investment performance, options, and fees.

No board action was required.

#### A.6 OREGON SAVINGS GROWTH PLAN ADVISORY COMMITTEE APPOINTMENTS

Lisa Egly, Oregon Savings Growth Plan (OSGP) Program Manager, presented recommended appointments and reappointments for the OSGP Advisory Committee.

Board Member Linneen moved 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. Board Member Connor seconded 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.

### **ADMINISTRATIVE RULEMAKING**

#### B.1. NOTICE OF RULEMAKING FOR DUTY DISABILITY REQUIREMENTS

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, Manager, Policy Analysis and Compliance Section (PACS) Manager presented a notice of rulemaking for duty disability requirements. Impacted rules include OAR 459-015-0005 *Eligibility for Disability Retirement Allowances*, and OAR 459-076-00005 *Eligibility for Disability Retirement Allowances*.

The rules are scheduled to be brought before the PERS Board for adoption at the May 30, 2025 board meeting.

No board action was required.

## B.2.ADOPTION OF SERVICE RETIREMENT APPLICATION REQUIREMENTS

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

Board Member Hestand moved to adopt service retirement application requirements rules, as presented. Board Member Linneen seconded 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.

## B.3. ADOPTION OF RULEMAKING FOR MEMBERSHIP ELIGIBILITY RULES

AnneMarie Vu, Policy Coordinator, and Stephanie Vaughn, the Policy Analysis and Compliance Section (PACS) Manager, presented an adoption 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*, and OAR 459-010-0010 *Leave of Absence Without Pay (repeal)*.

Board Member Linneen moved to adopt changes to the membership eligibility rules, as presented. Board Member Connor seconded 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.

## B.4 ADOPTION OF TAX REMEDY RULE

Yong Yang, Research Policy Coordinator, and Stephanie Vaughn, Manager, Policy Analysis and Compliance Section (PACS) Manager presented an adoption of rule for the Tax Remedy Rule. The impacted rule is OAR 459-013-0310 *Payment of Increased Benefits Under ORS 238.372 to 238.384*.

Board Member Connor moved to adopt the Tax Remedy Rule, as presented. Board Member Linneen seconded 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.

## B.5 ADOPTION OF RULEMAKING FOR ANNUAL PLAN LIMITS RULES

Stephanie Vaughn, Manager, Policy Analysis and Compliance Section (PACS) Manager presented an adoption 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*.

Board Member Linneen moved to adopt the annual plan limits rules, as presented. Board Member Hestand seconded 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. SENATE BILL 1049 UPDATE**

Yvette Elledge-Rhodes, Deputy Director, presented.

Elledge-Rhodes reviewed the ongoing activities of the individual projects that make up the PERS Senate Bill 1049 Program. She highlighted program activities that have been completed, or are in process, since the last update to the board. Program health is in green status.

The final Senate Bill 1049 report to the board will be at the July 2025 PERS Board Meeting.

No board action was required.

### **C.2. LEGISLATIVE UPDATE**

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

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.

No board action was required.

### **C.3. 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.

This item was brought forward at the January 31, 2025 PERS Board Meeting, where it was decided it should be brought back to the board with more information on the different PHIP funds and how they are connected to the PHIP Reserve Policy.

Board Member Hestand moved to approve the recommended changes to the PHIP Reserve Policy effective January 1, 2025. Board Member Linneen seconded 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.4. CONTINGENCY RESERVE SUBACCOUNT FUNDING

Richard Horsford, Chief Financial Officer, presented a request to fund the Contingency Reserve Subaccount.

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 Member Connor moved to fund the Contingency Reserve Subaccount with funds from the Contingency Reserve in the amount of \$500,000. Vice Chair Scanlan seconded 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. FINAL EARNINGS CREDITING AND RESERVING

Richard Horsford, Chief Financial Officer, presented the final rates for 2024.

Board Member Linneen moved to adopt the final crediting of earnings as presented for calendar year 2024. Board Member Hestand seconded 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. INTRODUCTION TO UPCOMING EXPERIENCE STUDY

Scott Preppernau and Matt Larrabee of Milliman presented economic assumptions and rate-setting methods. The presentation reviewed the non-investment and economic assumptions and the long-term investment return assumptions, which will be considered in preparation for the July 2025 presentation. At the July 2025 presentation, demographic assumptions will be discussed before asking for adoption of the assumptions and methods for the current and next year's advisory valuation. They will come back with those results in September 2025.

No board action was required.

Vice Chair Scanlan adjourned the PERS Board meeting at 11:22 a.m.

Respectfully submitted,



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 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 projects but also on strategic initiatives. The following are areas that deserve to be highlighted, with staff publicly acknowledged for their efforts.

**Salem office move** In July, the PERS Salem office will be relocating to a new building. Moving the PERS presence from the Archives Building to the Department of State Lands Building will allow the Oregon Savings Growth



*Oregon Department of State Lands building*

Plan and Member Services to be open to the public to conduct business in a secure building for customer needs and support. Since the pandemic lockdown, the Archives Building has not allowed members to have unscheduled walk-in service, which has hampered our ability to serve them.

**All-staff meeting** We held our semiannual all-staff meeting on May 13. Board Member Hestand attended the meeting and provided welcoming remarks and comments on behalf of the board; their participation was appreciated by all in attendance. The second part of our staff meeting, the Executive Leadership Team (ELT) question-and-answer session, was held on May 15. This provided staff members with the opportunity to ask questions directly of our ELT on any subject.

## Accomplishments

**Public Service Recognition Week (May 4 -10)** Every year the state celebrates Public Service Recognition Week, taking the opportunity to thank public employees for their service, make visible their important work, and deepen connections between state agencies and the communities they serve.

Nominees this year exemplified the theme of "empowering innovation." An empowered innovator is someone who embodies a mindset that anything is achievable with the right effort. These staff not only empower innovation, but also demonstrate the enterprise values of integrity, accountability, excellence, and equity in their everyday work.

## 2025 PERS Public Service Ambassadors

### Marlena Bartolome, Specialty Qualifications

What Marlena's peers said:

Marlena improves processes to help team members work more efficiently, allowing them to better serve our members and their beneficiaries. Marlena leads the death and divorce teams. She mentors the team members to determine benefit eligibility.

Using her technology skills related to databases, Excel, Word, and Adobe, she has created better methods of reviewing accounts, documenting determinations, and compiling forms tailored for individual beneficiaries. By streamlining team processes, she has enhanced efficiency within the agency, resulting in faster, clearer, and more organized communication with our members.



**Marlena Bartolome**



### Elli Probasco, PERS Modernization Program

What Elli's peers said:

A natural problem solver, Elli embraces change and applies analytical thinking to overcome challenges. Her creative approach modernizes processes, keeping PERS at the forefront of public-service innovation. Under pressure, she remains composed and resilient, always striving to improve outcomes.

Her strong communication skills help translate complex ideas into clear, actionable insights, ensuring team alignment. She fosters an inclusive, collaborative environment that amplifies diverse perspectives and strengthens team cohesion. Her emotional intelligence enhances workplace culture, promoting respect and shared purpose.

**Elli Probasco**

### Pasha Smith, Multimedia

What Pasha's peers said:

Pasha Smith is a joy to work with and a true example of public service. Her creativity, attention to detail, and ability to transform ideas into engaging visuals have elevated PERS' communications in countless ways. From infographics that simplify complex topics to polished digital and print materials, her work makes information clear, accessible, and impactful.

She is more than just a talented designer — she's an excellent collaborator who actively listens, asks thoughtful questions, and refines her work based on feedback. She never makes anyone feel like a burden, always bringing enthusiasm and fresh ideas to every project. Her designs have streamlined communication materials, ensuring consistency and clarity across key publications like the *PERS Annual Comprehensive Financial Report* and *PERS by the Numbers*.



**Pasha Smith**



The PERS' Employee Recognition Work Group reviewed twelve nominations and selected three staff members — Elli Probasco, Marlena Bartolome, and Pasha Smith — for submission. The state subsequently notified our honorees about their recognition and award. Additionally, the Department of Administrative Services Chief Human Resources Office coordinated statewide recognition of nominees by highlighting them on the recognition website. Nominees also received an honorary certificate from state leadership.

**NCPERS Certificate of Transparency** PERS participated in the 2025 National Conference on Public Employee Retirement Systems (NCPERS) Public Retirement Systems Study. In this 14th year of the study, public retirement plans across North America participated by providing the latest information on plan design, investment allocation and returns, actuarial assumptions, and plan governance.

As one of the 201 plans who participated, PERS was recognized for furthering open disclosure, increasing the range of data from which to learn from, and contributing to the public's understanding of public retirement systems.



**Chief Financial Officer Gold Star Certificate** The Financial Services Division received the Gold Star Certificate from the DAS Chief Financial Office for fiscal year 2024. This is awarded to state agencies that provide accurate and complete fiscal year end information in a timely manner. This award is the state's equivalent to the Government Finance Officer's Association's Certificate of Achievement for Excellence in Financial Reporting.

**Department of Administrative Services Accounts Receivable Honor Roll** The Department of Administrative Services (DAS) notified PERS that the agency earned the Chief Financial Office Accounts Receivable Honor Roll Certificate for fiscal year 2024. This is awarded to state agencies that submit timely and accurate accounts receivable reports.





# 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

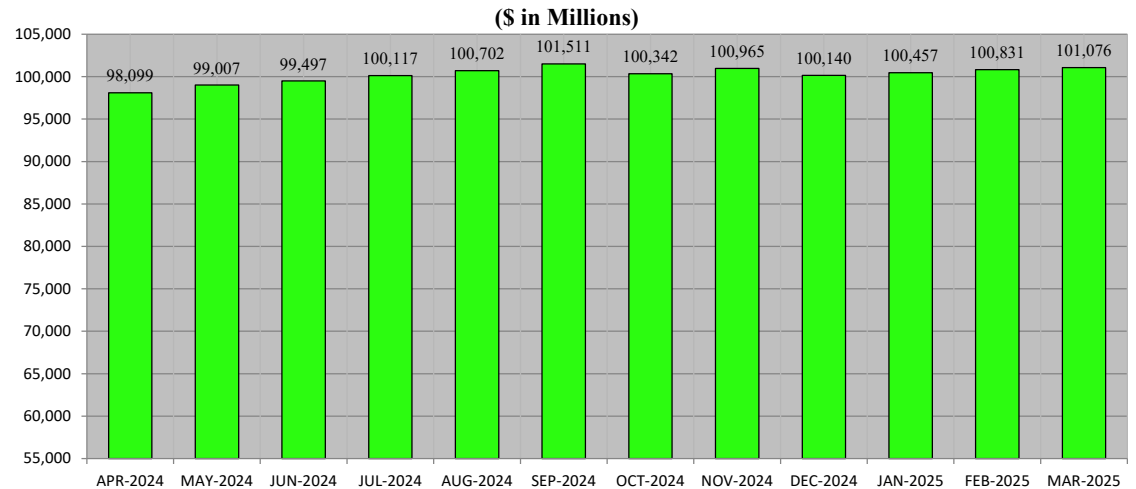
**2026 PERS Board Meeting Dates (meetings commence at 9:00 a.m.)**

- Friday, January 30, 2026
- Monday, March 30, 2026
- Friday, May 29, 2026
- Friday, July 24, 2026
- Friday, September 25, 2026
- Friday, December 4, 2026

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

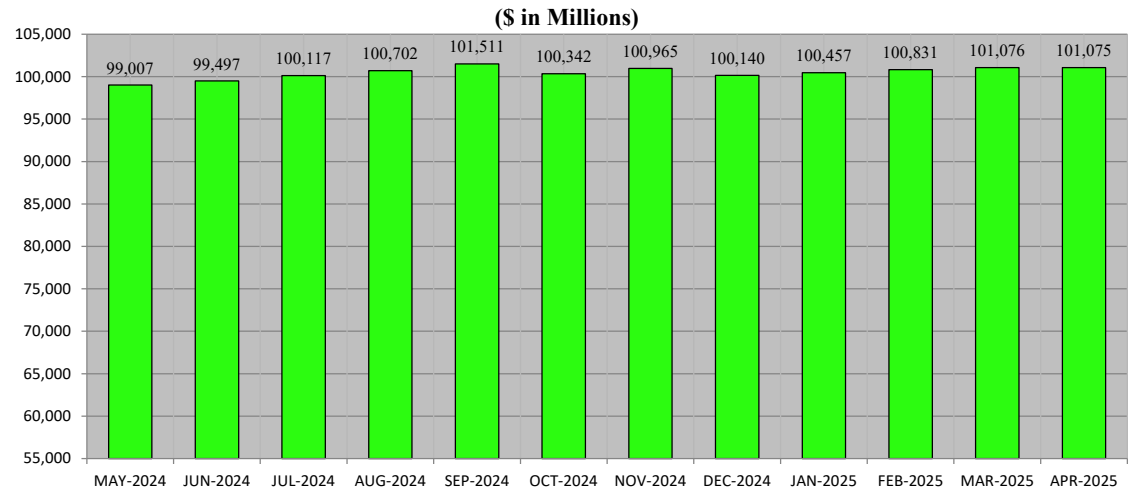
OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy <sup>1</sup>	Target <sup>1</sup>	\$ Thousands <sup>2</sup>	Actual	Year-To-Date <sup>3</sup>	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
<b>TOTAL OPERF Regular Account</b>			\$ 95,980,751		1.80	5.19	5.84	3.53	6.36	9.36	7.38	7.39
<i>OPERF Policy Benchmark</i>					1.30	8.63	10.04	4.74	6.26	9.84	7.94	7.94
<b>Value Added</b>					0.49	(3.44)	(4.19)	(1.21)	0.09	(0.47)	(0.56)	(0.55)
<i>Oregon Reference Portfolio</i>					(0.17)	5.90	10.56	4.51	4.18	10.25	6.67	6.54
<b>Public Equity</b>	22.5-32.5%	27.5%	\$ 15,977,459	16.6%	(1.15)	6.86	14.97	7.68	7.29	16.05	8.89	8.91
<i>MSCI ACWI IMI Net</i>					(1.61)	6.30	14.09	6.31	6.31	15.02	8.67	8.55
<b>Private Equity</b>	17.5-27.5%	20.0%	\$ 26,025,199	27.1%	4.01	6.19	6.97	2.75	10.50	12.46	13.03	12.48
<i>Russell 3000+300 Bps Qtr Lag</i>					3.39	26.78	28.21	11.03	15.35	17.12	16.44	15.83
<b>Total Equity</b>	45.0-55.0%	47.5%	\$ 42,002,658	43.8%								
<b>Fixed Income</b>	20-30%	25.0%	\$ 22,340,334	23.3%	2.61	5.30	4.45	1.79	0.50	1.07	2.32	2.11
<i>Oregon Custom Fixed Income Benchmark</i>					2.78	4.88	3.28	0.52	(0.63)	(0.11)	1.55	1.45
<b>Real Estate</b>	9.0-16.5%	12.5%	\$ 13,601,189	14.2%	1.12	(0.84)	(5.53)	(1.26)	5.27	4.56	5.49	6.28
<i>Oregon Custom Real Estate Benchmark</i>					0.96	(2.27)	(7.65)	(3.14)	2.41	1.99	3.08	4.89
<b>Real Assets</b>	2.5-10.0%	7.5%	\$ 10,091,033	10.5%	(0.30)	7.89	7.19	10.00	12.14	10.43	7.28	6.86
<i>CPI +4%</i>					2.32	6.48	7.04	7.74	9.00	8.54	7.74	7.19
<b>Diversifying Strategies</b>	2.5-10.0%	7.5%	\$ 4,997,471	5.2%	3.24	4.62	6.53	8.38	8.71	6.72	1.96	3.03
<i>HFRI FOF: Conservative Index</i>					0.86	4.57	5.89	4.18	4.15	6.93	4.49	3.63
<b>Opportunity Portfolio</b>	0-5%	0%	\$ 2,906,071	3.0%	2.55	9.62	12.35	8.90	10.81	12.09	10.37	9.03
<i>Opportunity Custom Benchmark</i>					1.30	8.63	10.04	10.10	11.04	10.37	9.33	8.61
<b>Cash w/Overlay</b>	0-3%	0%	\$ 41,995	0.0%	1.16	5.39	5.50	4.45	3.17	2.91	2.76	2.23
<i>91 Day Treasury Bill</i>					1.02	4.97	5.11	4.23	3.17	2.56	2.45	1.87
<b>Target Date Funds</b>			\$ 4,844,299									
<b>TOTAL OPERF Variable Account</b>			\$ 250,683		(1.44)	6.68	14.40	6.63	6.62	15.32	9.02	8.91

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

<sup>1</sup>OIC Policy revised April 2023.<sup>2</sup>Includes impact of cash overlay management.<sup>3</sup>For 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 <sup>1</sup>	Target <sup>1</sup>	\$ Thousands <sup>2</sup>	Actual	Year-To-Date <sup>3</sup>	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
<b>TOTAL OPERF Regular Account</b>			\$ 95,941,805		2.09	6.37	5.78	4.17	5.83	8.92	7.37	7.31
<i>OPERF Policy Benchmark</i>					1.49	9.86	9.61	5.94	5.68	9.20	7.90	7.83
<b>Value Added</b>					0.60	(3.50)	(3.83)	(1.78)	0.15	(0.29)	(0.54)	(0.52)
<i>Oregon Reference Portfolio</i>					0.59	10.13	10.40	7.23	3.54	8.68	6.72	6.43
<b>Public Equity</b>	22.5-32.5%	27.5%	\$ 16,156,516	16.8%	(0.37)	11.48	14.70	10.38	6.51	13.92	8.92	8.74
<i>MSCI ACWI IMI Net</i>					(0.68)	11.07	13.90	9.63	5.43	12.85	8.67	8.36
<b>Private Equity</b>	17.5-27.5%	20.0%	\$ 26,120,814	27.2%	4.90	6.85	7.29	3.05	9.79	13.26	13.03	12.58
<i>Russell 3000+300 Bps Qtr Lag</i>					1.99	21.07	25.73	11.10	14.31	18.58	16.20	15.67
<b>Total Equity</b>	45.0-55.0%	47.5%	\$ 42,277,330	44.1%								
<b>Fixed Income</b>	20-30%	25.0%	\$ 22,163,356	23.1%	3.02	7.82	4.33	2.92	0.43	0.75	2.45	2.13
<i>Oregon Custom Fixed Income Benchmark</i>					3.18	8.02	3.17	1.95	(0.72)	(0.39)	1.69	1.48
<b>Real Estate</b>	9.0-16.5%	12.5%	\$ 13,408,307	14.0%	(0.38)	(1.36)	(5.99)	(2.35)	4.68	4.31	5.26	6.20
<i>Oregon Custom Real Estate Benchmark</i>					1.25	(1.13)	(6.98)	(3.79)	2.32	2.00	3.03	4.92
<b>Real Assets</b>	2.5-10.0%	7.5%	\$ 10,237,101	10.7%	1.53	8.71	7.98	10.30	12.39	11.03	7.54	6.76
<i>CPI +4%</i>					2.98	6.40	6.94	7.66	8.86	8.75	7.73	7.20
<b>Diversifying Strategies</b>	2.5-10.0%	7.5%	\$ 4,936,356	5.1%	1.98	1.79	5.83	6.62	8.30	7.24	1.82	2.73
<i>HFRI FOF: Conservative Index</i>					1.03	4.53	5.84	4.25	3.83	6.60	4.44	3.63
<b>Opportunity Portfolio</b>	0-5%	0%	\$ 2,899,388	3.0%	2.92	8.97	12.06	8.81	10.35	13.54	10.08	8.99
<i>Opportunity Custom Benchmark</i>					1.49	9.86	9.61	9.81	10.75	10.47	9.24	8.57
<b>Cash w/Overlay</b>	0-3%	0%	\$ 19,969	0.0%	1.49	5.29	5.43	4.59	3.24	2.80	2.78	2.26
<i>91 Day Treasury Bill</i>					1.37	4.88	5.12	4.35	3.26	2.62	2.48	1.90
<b>Target Date Funds</b>			\$ 4,888,522									
<b>TOTAL OPERF Variable Account</b>			\$ 244,526		(0.49)	11.38	14.24	9.96	5.74	13.18	9.00	8.73

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



<sup>1</sup>OIC Policy revised April 2023.

<sup>2</sup>Includes impact of cash overlay management.

<sup>3</sup>For 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

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[www.oregon.gov/pers](http://www.oregon.gov/pers)

May 30, 2025

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

### 2023-25 OPERATING BUDGET

Operating expenditures for March, April, and preliminary expenditures for May are \$5,641,541, \$5,177,124, and \$7,443,604 respectively. Final expenditures for May will close in the Statewide Financial Management System on June 13 and will be included in the July 2025 report to the board.

- Through May 9, 2025, the agency has expended a total of \$124,466,308 or 84.6% of PERS' legislatively approved operations budget of \$147,065,167.
- At this time, the agency's projected variance is \$6,110,539 or 4.2%.
- Core Retirement Systems Applications (CRSA) expenditures for March, April, and preliminary expenditures for May are \$1,607,698, \$416,351, and \$641,957 respectively. As of May 9, 2025, the agency has expended \$21,097,124 or 69.4% of the legislatively approved budget of \$30,397,427.
- At this time, the CRSA projected variance is \$3,650,966 or 12.0%.

### 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 May 9, 2025 are \$12,438,988,501.

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

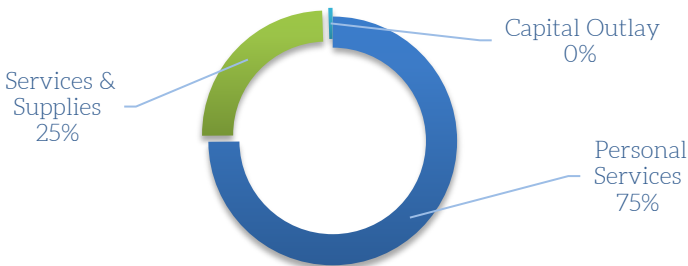
2023-25 Agency-Wide Budget Execution  
Preliminary for the Month of May 2025

## Limited - Operating Budget

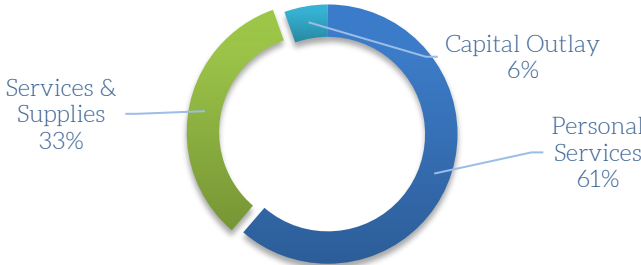
### 2023-25 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2023-25 LAB	Variance
Personal Services	93,217,196	10,609,958	103,827,154	108,762,430	4,935,276
Services & Supplies	30,561,844	5,754,216	36,316,060	37,130,336	814,276
Capital Outlay	687,268	941,000	811,413	1,172,401	360,988
Total	124,466,308	17,305,174	140,954,627	147,065,167	6,110,539

### Actual Expenditures



### Projected Expenditures



### Monthly Summary

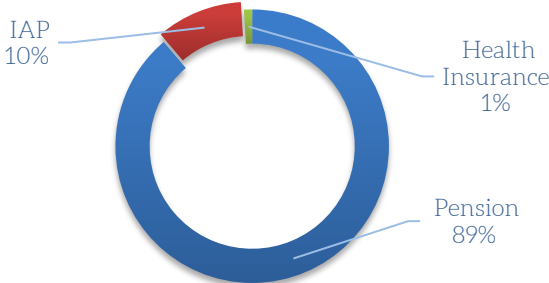
Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,907,122	5,085,101	177,979	4,237,145	5,304,979
Services & Supplies	2,416,681	2,504,333	87,651	1,389,175	2,877,108
Capital Outlay	119,800	124,145	4,345	31,239	470,500
Total	7,443,604	7,713,579	269,975	5,657,559	8,652,587

## Non-Limited Budget

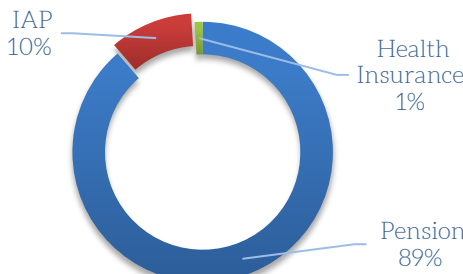
### 2023-25 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	11,045,674,825	942,333,685	11,988,008,510	11,823,032,167	(164,976,343)
IAP	1,272,903,123	124,122,974	1,397,026,097	1,482,829,663	85,803,566
Health Insurance	120,410,554	14,840,695	135,251,249	217,258,687	82,007,438
Total	12,438,988,502	1,081,297,354	13,520,285,856	13,523,120,517	2,834,661

### Actual Expenditures



### Projected Expenditures



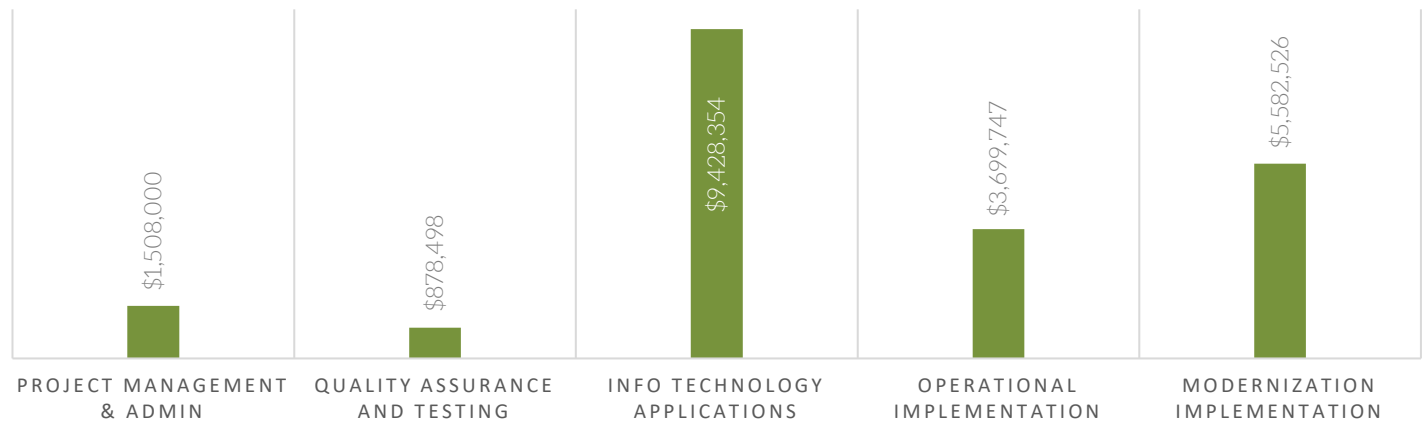
# Core Retirement Systems Application

## Summary Budget Analysis Preliminary for the Month of May 2025

### Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	5,451,297	828,496	6,279,793	7,559,057	1,279,264
Services & Supplies	15,645,827	4,820,842	20,466,669	22,838,370	2,371,701
Capital Outlay					
Total	21,097,124	5,649,337	26,746,461	30,397,427	3,650,966

### EXPENDITURES BY PACKAGE



### EXPENDITURES BY PROJECT



## A.

### **A. Administration**

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
- 3. Annual report of board member training activities**

### B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

### C. Action and discussion items

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions





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May 30, 2025

TO: Members of the PERS Board  
FROM: Kevin Olineck, Director  
SUBJECT: Annual Report of Board Member Training Activities

At the May 2020 PERS Board Meeting, the board adopted the Board Education Policy. The policy proposes that each board member be subject to a \$5,000 per annum education limit.

The policy states the director will prepare a yearly report on the training activities of the PERS Board members. The report will include the seminar/conference name, sponsor, location, dates, and cost of the training.

Over the course of the May 1, 2024, through April 30, 2025, reporting period, Board Member Scanlan attended the National Conference on Public Employee Retirement Systems (NCPERS) May 19, 2024, through May 21, 2024. Conference registration was \$1,050.00 and related expenses were \$2,926.07 for a total of \$3,976.07.

In November 2020, PERS subscribed to an online board education tool, Board Smart. Board Smart representatives provided the board with a demonstration of their latest platform at the February meeting. We have updated the onboarding and continuing education matrix that shows which of the Board Smart talks we would recommend board members take, as well as other talks that would be considered "optional." This list will continue to be refined as the Board Smart talks are updated.

The Director's Office maintains a repository of board-related documents that can be accessed by board members using the current board portal, Boardvantage. For example, our Board Orientation Manual, Funding Policy, Audit and Risk Committee Terms of Reference, links to Oregon Revised Statutes, as well as the Governance Manual are housed on the board portal.

Staff believe that Board Smart should be the primary educational medium used by PERS Board members to have consistency in board education while maximizing our subscription.

No board action is required.

## B.

### A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

### **B. Administrative rulemaking**

- 1. Notice of rulemaking for divorce rules**
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

### C. Action and discussion items

1. PERS Modernization Program update
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May 30, 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 Divorce Rules:  
OAR 459-045-0010 *Tier One/Tier Two Division of Benefits*  
OAR 459-045-0012 *OPSRP Pension Program Division of Benefits*  
OAR 459-045-0014 *Individual Account Program (IAP) Division of Benefits*  
OAR 459-045-0020 *Court Orders*

### OVERVIEW

- Action: None. This is notice that staff have begun rulemaking.
- Reason: Update and clarify rules pertaining to court-ordered divorce awards that are administered for members and alternate payees.
- Policy Issue: None identified.

### BACKGROUND

In Oregon Revised Statute (ORS) 238.465, the Legislature provided a means for PERS to pay Tier One, Tier Two, Oregon Public Service Retirement Plan (OPSRP), or Individual Account Program (IAP) benefits to an alternate payee to the extent expressly provided for in the terms of any court order or court-approved property settlement agreement incident to the dissolution of marriage, dissolution of a registered domestic partnership, or legal separation. The statute specifically directs the PERS Board to adopt rules to provide for the creation of separate accounts under ORS 238 and 238A, establish the criteria to determine whether domestic relations judgments, orders, and agreements comply with statute, and provide the requisite definitions and procedures for the administration of this section. As statutorily directed, the PERS Board has put in place rules to clarify divorce provisions so members and legal practitioners can develop court orders that can be administered by PERS.

Before payments can be paid to an alternate payee, PERS must receive an administrable court document, signed by a judge, with proof that the decree has been filed in court. PERS reviews all court orders to determine if the language in the order can be administered under PERS laws and rules.

Very often court orders, as submitted to the agency, were not clear as to how PERS is to determine the alternate payee award and must be rejected as not administrable. Beginning in 2010, in an effort to simplify internal processes and provide better service, PERS staff created divorce forms to be completed and attached as exhibits to court orders. The forms were

designed for specific programs and intended to cover all the information needed by PERS staff to administer a final court order with the goal of reducing the need for PERS to reject final court orders as not administrable.<sup>1</sup>

Even with divorce forms available to members and legal practitioners, in 2024, PERS received 228 divorce-related court orders that were returned to members as non-administrable; in the same year, 609 court orders were confirmed as administrable.<sup>2</sup> With a goal of providing additional clarity into the complicated process of dividing PERS accounts and benefits and to reduce the number of unadministrable court orders received, PERS staff are preparing an update to PERS divorce forms to add detail and outline options available to members and their alternative payees.

As updates to divorce forms have been made, staff became aware of clarification needed in administrative rule. This rulemaking seeks to provide additional clarity to established rules regarding how court orders and court-approved property settlement agreements are evaluated by agency staff and what makes them administrable versus non-administrable.

#### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely on June 24, 2025, at 2:00 p.m. The public comment period ends June 27, 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: Provide clarity to members and legal practitioners about available options related to the division of PERS benefits in the divorce process.

Cost: None identified.

#### RULEMAKING TIMELINE

May 28, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
June 2, 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.
May 30, 2025:	PERS Board notified that staff began the rulemaking process.

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<sup>1</sup> Current versions of the divorce forms can be found at <https://www.oregon.gov/pers/mem/pages/divorce-forms.aspx>.

<sup>2</sup> These numbers may include multiple actions for the same divorce decree. e.g., PERS staff notified a member that the submitted decree was unadministrable, and the member corrected the deficiency and returned an administrable decree to the agency in the same calendar year.

- June 24, 2025: Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
- June 27, 2025: Public comment period ends at 5:00 p.m.
- July 25, 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 June 24, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the July 25, 2025, board meeting.

- B.1. Attachment 1 – OAR 459-045-0010 *Tier One/Tier Two Division of Benefits*
- B.1. Attachment 2 – OAR 459-045-0012 *OPSRP Pension Program Division of Benefits*
- B.1. Attachment 3 – OAR 459-045-0014 *Individual Account Program (IAP) Division of Benefits*
- B.1. Attachment 4 – OAR 459-045-0020 *Court Orders*
- B.1. Attachment 5 – 459-531 *IAP Non-Retired Separate Account CURRENT*
- B.1. Attachment 6 – 459-531 *IAP Non-Retired Separate Account REVISED*

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

**OAR 459-045-0010**

**Chapter 238 Tier One / Tier Two Division of Benefits**

(1) A final court order that provides for a division of benefits must use a method described in this rule. The PERS divorce forms provide all available benefit division options, conditions, and restrictions and may not be altered.

(a) For general service and police and fire members, [The] the method must be provided [identified] on PERS divorce forms. Directions to PERS not included on existing forms will not be accepted as administrable.

(b) The PERS divorce forms must be attached as labeled exhibits to the court order, and incorporated by reference in the court order.

(c) Judge members under ORS 238.500 are not required to use PERS divorce forms.

(2) Award of Alternate Payee Account (Non-Retired Member). If a final court order provides an award of an alternate payee account, the court order must provide:

(a) The date of annulment, separation, divorce, or property settlement. If no date is provided, PERS will use the date the judge signed the court order. The separate account will be established as of December 31 of the calendar year before this date unless:

(A) A prior year is provided in the court order; or

(B) The date is December 31.

(b) That a separate account be established in an alternate payee's name.

- 1 (c) The method by which the award is to be calculated. One of the following  
2 methods must be used:
- 3 (A) A percentage, expressed with up to two decimal points; or  
4 (B) A dollar amount.
- 5 (d) Whether an alternate payee is awarded matching employer dollars.  
6 (e) That an alternate payee may elect to receive the award at any time after the  
7 member's earliest retirement eligibility.
- 8 (3) Award of Payment from Member's Benefit (Non-Retired Member). If a final  
9 court order awards an alternate payee a reduction or deduction amount from the  
10 service or disability retirement benefit that shall be paid in the future to the  
11 member, the court order must provide:
- 12 *[(a) The date of annulment, separation, divorce, or property settlement. If no  
13 date is provided, PERS will use the date the judge signed the court order.]*
- 14 (a) Whether the award is a reduction or deduction from the member's benefit.  
15 If the award is a reduction, the court order must provide whether the  
16 alternate payee is eligible to elect a separate benefit option at any time  
17 after the member reaches earliest retirement eligibility.
- 18 (b) The benefit division calculation method that is applied to both the  
19 monthly, and if applicable, lump sum award. One of the following  
20 calculation methods must be used:
- 21 (A) A percentage, expressed with up to two decimal points;  
22 (B) A dollar amount; or

- 1 (C) A percentage of the married time ratio. The court order must  
2 provide:
- 3 (i) The percentage, expressed with up to two decimal points;  
4 and
- 5 (ii) The *[years and months]* starting and ending date of  
6 creditable service time accrued by the member during a specified  
7 period or while married to the alternate payee.
- 8 (c) If there is a specific end date or dollar amount limit to the award, and what  
9 that date or limit is.
- 10 (d) Whether the award applies to service retirement benefits, disability  
11 retirement benefits, or withdrawal benefits.
- 12 (e) Whether the member is restricted from withdrawing as a member under  
13 ORS 238.265.
- 14 (f) *[Whether]* If not taken as a separate benefit, whether the member must  
15 select a specific benefit payment option at retirement.
- 16 (g) *[Whether]* If not taken as a separate benefit, whether the member is  
17 required to designate the alternate payee as a beneficiary:
- 18 (A) Before retirement; or  
19 (B) At retirement.
- 20 (h) *[Whether]* If not taken as a separate benefit, whether an alternate payee  
21 award continues or ends after the death of:
- 22 (A) The member; or  
23 (B) The alternate payee.



1 (4) Award of Benefit (Retired Member). If a final court order awards an alternate  
2 payee an amount payable from a retired member's service or disability retirement  
3 benefit, the court order must provide:

4 *[ (a) The date of annulment, separation, divorce, or property settlement. If*  
5 *no date is provided, PERS will use the date the judge signed the court*  
6 *order.]*

7 (a) Whether an alternate payee award is a reduction or deduction from the  
8 member's monthly benefit, and if applicable, lump sum.

9 (b) The benefit division calculation method that is applied to both the  
10 monthly, and if applicable, lump sum award. One of the following  
11 calculation methods must be used:

12 (A) A percentage, expressed with up to two decimal points; or

13 (B) A dollar amount.

14 (c) If there is a specific end date or dollar amount limit to the award, and what  
15 that date or limit is.

16 (d) Whether the member may *[or must]* change their beneficiary designation.

17 If the member's beneficiary designation is changed, the member's  
18 monthly benefit must be recalculated.

19 (e) Whether a member who elected Option 2A or 3A under ORS 238.305(1)  
20 is *[allowed to receive]* restricted from receiving the Option 1 benefit  
21 under ORS 238.305(6).

22 (g) Whether the alternate payee will be the sole beneficiary or any  
23 remaining share not awarded to the alternate payee shall be paid to the

1                   member's secondary beneficiary if the member dies before the alternate  
2                   payee and the alternate payee was the member's beneficiary.

3                   (h)(g) Whether an alternate payee award continues after the death of:

4                                   (A) The member; or

5                                   (B) The alternate payee.

6  
7                   Stat. Auth.: ORS 238.465 & 238.650  
8                   Stats. Implemented: ORS 238.465  
9

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

**OAR 459-045-0012**

**OPSRP Pension Program Division of Benefits**

(1) A final court order that provides for a division of pension benefits or disability benefits must use a method described in this rule. The PERS divorce forms provide all available benefit division options, conditions, and restrictions and may not be altered.

(a) The method must be provided *[identified]* on PERS divorce forms.

Directions to PERS not included on existing forms will not be accepted as administrable.

(b) The PERS divorce forms must be attached as labeled exhibits to the court order, and incorporated by reference in the court order.

(2) Award of Pension Benefits (Non-Retired Member). If a final court order awards an alternate payee a reduction or deduction amount from the monthly pension benefit that shall be paid in the future to the member, a court order must provide:

*[ (a) The date of annulment, separation, divorce, or property settlement. If no date is provided, PERS will use the date the judge signed the court order.]*

(a) Whether the award is a reduction or deduction from the member's monthly pension. If the award is a reduction, the court order must provide whether the alternate payee is eligible to elect a separate benefit option at any time after the member reaches earliest retirement eligibility.

- 1 (b) The method by which the monthly award is to be calculated. One of the  
2 following methods must be used:
- 3 (A) A percentage, expressed with up to two decimal points; or  
4 (B) A dollar amount; or  
5 (C) A percentage of the married time ratio. If this method is used,  
6 the court order must provide:
- 7 (i) The percentage, expressed with up to two decimal points; and  
8 (ii) The *[years and months]* starting and ending date of retirement credit  
9 accrued by the member during a specified period or while married to  
10 the alternate payee.
- 11 (c) If there is a specific end date or dollar amount limit to the award, and what  
12 that date or limit is.
- 13 (d) If not taken as a separate benefit, *[Whether]* whether the member must  
14 select a specific benefit payment option at retirement.
- 15 *(e) [Whether the member must designate the alternate payee as beneficiary.]*
- 16 (f) Whether the court order designates the alternate payee *[and any minor*  
17 *children are awarded]* a percentage of any pre-retirement death benefit  
18 pursuant to ORS 238A.230.
- 19 (g) *[Whether]* If not taken as a separate benefit, whether the alternate  
20 payee award continues or ends after the member retires if:
- 21 (A) The member dies before the alternate payee and the member's  
22 beneficiary is not the alternate payee.  
23 (B) If the alternate payee dies before the member.

1           (h) Whether the member is restricted from withdrawing from IAP which  
2           cancels OPSRP membership.

3           (i) If not taken as a separate benefit, whether the member is required to  
4           designate the alternate payee as beneficiary at retirement.

5           (3) Award of Pension Benefits (Retired Member). If a final court order awards an  
6           alternate payee an amount to be paid from a retired member's monthly pension,  
7           the court order must provide:

8                     *[ (a) The date of annulment, separation, divorce, or property settlement. If*  
9                     *no date is provided, PERS will use the date the judge signed the court*  
10                    *order.]*

11           (a) Whether the award is a reduction or deduction from the member's  
12           monthly pension.

13           (b) The method by which the monthly award is to be calculated. One of the  
14           following methods must be used:

15                    (A) A percentage, expressed with up to two decimal points; or

16                    (B) A dollar amount.

17           (c) If there is a specific end date or dollar amount limit to the award, and what  
18           that date or limit is.

19           (d) Whether the member may *[or must]* change the beneficiary designation. If  
20           the member's beneficiary is changed, the member's pension must be  
21           recalculated.

(e) Whether a member, who elected to receive their pension under ORS 238A.190(1)(b) or (d), is *[allowed to receive]* restricted from receiving the higher pension benefit under ORS 238A.190(2)(b).

(f) Whether the alternate payee will be the sole beneficiary or any remaining share not awarded to the alternate payee shall be paid to the member's secondary beneficiary if the member dies before the alternate payee and the alternate payee was the member's beneficiary.

(g) Whether an alternate payee award continues or ends if:

(A) The member dies before the alternate payee and the member's beneficiary is not the alternate payee.

(B) The alternate payee dies before the member.

(4) Award of Disability Benefits. If a final court order awards an alternate payee an amount to be paid from the monthly disability benefit that is being paid or may be paid in the future to the member, the court order must provide:

(a) The date of annulment, separation, divorce, or property settlement. If no date is provided, PERS will use the date the judge signed the court order.

(b) Whether the award is a reduction or deduction from the member's monthly disability benefit.

(c) *[A percentage, expressed with up to two decimal points, of the member's monthly disability benefit that is awarded to the alternate payee.]*

The method by which the monthly award is to be calculated. One of the following methods must be used:

(A) A percentage, expressed with up to two decimal points; or

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- (B) A dollar amount; or
- (C) A percentage of the married time ratio. If this method is  
used, the court order must provide:
- (i) The percentage, expressed with up to two decimal  
points; and
- (ii) The starting and ending date of retirement credit  
accrued by the member during a specified period  
or while married to the alternate payee.

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

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

**OAR 459-045-0014**

**Individual Account Program (IAP) Division of Benefits**

(1) A final court order that provides for a division of benefits must use a method described in this rule. The PERS divorce forms provide all available benefit division options, conditions, and restrictions and may not be altered.

(a) The method must be provided *[identified]* on PERS divorce forms. Directions to PERS not included on existing forms will not be accepted as administrable.

(b) The PERS divorce forms must be attached as labeled exhibits to the court order, and incorporated by reference in the court order.

(2) Award of IAP Alternate Payee Account (Non-Retired Member). If a final court order provides an award of an alternate payee account to be established from the account balance of a member, the court order must provide:

(a) The date of annulment, separation, divorce, or property settlement. If no date is provided, PERS will use the date the judge signed the court order.

(A) The separate account will be established from the member's account balance as of December 31 of the calendar year before this date unless:

(i) A prior year is provided in the court order; or

(ii) The date is December 31.

(B) If the date in subsection (a) of this section is other than December 31, contributions made during that calendar year will not be included in the calculation of the alternate payee's award.



1 (b) That the separate account be established in an alternate payee's name.

2 (c) The method by which the award is to be calculated. One of the following methods  
3 must be used:

4 (A) A percentage, expressed with up to two decimal points; or

5 (B) A dollar amount.

6 *[(d) Whether the member may change their pre-retirement beneficiary designation, if*  
7 *the alternate payee was named as beneficiary.]*

8 (3) Award of IAP Alternate Payee (Retired Member). If a final court order provides an  
9 award of an alternate payee account to be established from the remaining account balance  
10 of a retired member receiving installment payments, to be effective on the date that PERS  
11 establishes the alternate payee account, the court order must provide:

12 (a) The date of annulment, separation, divorce, or property settlement. If no date is  
13 provided, PERS will use the date the judge signed the court order.

14 (b) That a separate account be established in an alternate payee's name.

15 (A) The effective date of the alternate payee account shall be as soon as  
16 administratively feasible after PERS receives and approves a final court  
17 order as administrable.

18 (B) The alternate payee will be notified when the account has been  
19 established.

20 (C) The alternate payee account shall be distributed in a lump sum payment.

21 (D) Any installment payments paid to the member before the alternate payee  
22 account is established will not be included in the award.

23 (c ) The award as a percentage, expressed with up to two decimal points.

1 *[(d) Whether the member may or must change their beneficiary designation.]*  
2 (4) Employee Pension Stability Accounts (EPSA) are accounts under the IAP and are not  
3 independently awardable in a divorce proceeding. *[Any]* If any EPSA excess, as defined  
4 in 459-005-0001, becomes payable, PERS will determine what will be paid to the  
5 member, beneficiary, and/or alternate payee *[in the same proportion as the IAP division*  
6 *of benefits]* based on the IAP award in the court order .

7 Stat. Auth.: ORS 238.465, 238.650, 238A.353 & 238A.450  
8 Stats. Implemented: ORS 238.465  
9

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

**OAR 459-045-0020**

**Court Orders**

(1) A final court order must be received by PERS and approved by PERS staff as administrable before an alternate payee award can be established.

(a) Current PERS divorce forms must be attached as labeled exhibits to the court order, and incorporated by reference in the court order for all members except judge members under ORS 238.500.

(b) The PERS divorce forms provide all available benefit division options, conditions, and restrictions and may not be altered.

(2) Responses to court orders.

*[(a)]* PERS shall provide a written response as to whether a final court order is administrable to the member, *[the alternate payee, and their attorneys]* the attorney(s) that submitted the court order, former spouses, registered domestic partners, and the alternate payee if a current address can be identified.

*[(b) Award information shall be provided to attorneys or other representatives of a member or an alternate payee only if a member release or an alternate payee release has been received by PERS.]*

**(3) (2)** In the absence of a final court order, a restraining order or stay must be filed with PERS to prevent the distribution of any funds to a member.

**(4) (3)** PERS shall establish an alternate payee award from a retired member's monthly benefit as soon as administratively feasible on a prospective basis only. Court orders that purport to award retroactive benefits or benefits to be paid before the final court order

1 *[was received]* is processed by PERS will be rejected as unadministrable. *[cannot be*  
2 *administered.]*

3 (5) (4) If a final court order is received by PERS after a member has withdrawn from  
4 PERS under ORS 238.265, 238.545, 238A.120 or 238A.375, the final court order will be  
5 rejected as unadministrable.

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

7 Stats. Implemented: ORS 238.465

8



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## Individual Account Program (IAP) Non-Retired Member Divorce Award of Separate IAP Account(s) to Alternate Payee

### Section A: Member and alternate payee (AP) information (Type or print clearly in dark ink.)

Member name	PERS number (optional)
AP name	

### AP information

- The AP's account will be established as soon as administratively feasible after PERS receives and accepts a final court order and approves the forms.
- The AP cannot apply for retirement before the earliest date the member is eligible to retire. Benefit payments will not start until the AP applies. The AP has the same options at retirement available to the member.
- The AP may withdraw his/her account at any time before the member reaches retirement eligibility by submitting a withdrawal application.
- Upon the AP's death, the AP's account will be paid to the beneficiary designated by the AP or to the AP's estate if a beneficiary is not designated.
- The one-time \$300 administrative fee will be subtracted when the member and the AP receives his/her disbursements. The fee will be allocated between the member and the AP based on the percentage of the member account received by the member and the AP.

### Section B: Award information

An award to an AP is restricted to the separate account division method. This means the member's account is reduced by a specified amount (as designated below), and the funds are transferred into a separate account in the AP's name.

1. The date of annulment, separation, divorce, or property settlement is \_\_\_\_\_. If no date is provided, PERS will use the date the judge signed the court order. (mm/dd/yyyy)

The account will be established from the member's account balance as of December 31 of the year before the above date unless a prior year is provided here: \_\_\_\_\_. If the above date is December 31, the account will be established as of that date. If the above date is other than December 31, contributions made during that calendar year will not be included in the calculation of the AP's award.

2. Provide the percentage or dollar amount of the award that will be transferred from the member's IAP account to the AP's IAP account. Any award of additional contributions in the year of the divorce must be factored into the awarded amount. (Choose one.)

☐ Percentage in up to two decimal points \_\_\_\_\_

or

☐ Dollar amount \$ \_\_\_\_\_.

A percentage award will be applied against the member's account(s) to the extent the member is vested in the account(s). A dollar amount will be applied on a pro-rata basis against the member's account(s) to the extent the member is vested in the account(s).

Office use only		
<input type="checkbox"/> PERS	<input type="checkbox"/> OPSRP	<input checked="" type="checkbox"/> IAP
<input type="checkbox"/> Member <input type="checkbox"/> Alternate payee <input type="checkbox"/> Cross reference member SSN		



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EXHIBIT \_\_\_\_\_

## Individual Account Program (IAP) Nonretired Member Divorce Award of Separate IAP Account to Alternate Payee

### Section A: Member and alternate payee (AP) information (Type or print clearly in dark ink.)

Member name	PERS ID (optional)
AP name	

#### AP information

- The AP's account will be established as soon as administratively feasible after PERS receives the final court order (with PERS forms referenced and attached) and PERS determines the court order is administrable for PERS purposes.
- The AP cannot apply for a retirement date before the earliest date the member is eligible to retire. Benefit payments will not start until the AP submits an application. The AP has the same retirement options available to the member.
- The AP may withdraw their account at any time before the member reaches retirement eligibility by submitting an AP withdrawal application.
- Upon the AP's death, any remaining IAP balance will be paid to the beneficiary designated by the AP. If no beneficiary is designated, or the designated beneficiary does not survive the AP, the benefit is paid in the following order: AP's surviving spouse, AP's surviving children, AP's estate.
- The administrative fee will be subtracted when the member and the AP receive their disbursement(s). The fee will be allocated between the member and the AP based on the percentage of the member account awarded.

### Section B: Award information

**The member's account is reduced by a specified amount (as designated below), and the funds are transferred into a separate account in the AP's name.**

1. The date of annulment, separation, divorce, or property settlement is \_\_\_\_\_. This is the award date.  
 (mm/dd/yyyy)

If an alternate award date should be used, provide the date here: \_\_\_\_\_. (Note: Future dates cannot be used.)  
 If no dates are provided above, PERS will use the date the judge signed the court order as the award date.

The AP's separate account will be established from the member's account balance as of December 31 of the year prior to the award date. If the award date is December 31, the account will be established as of that date. If the award date is other than December 31, contributions made during that calendar year will not be included in the calculation of the AP's award.

2. Award to AP (Choose one.) If the AP is awarded a portion of the contributions the member made in the year of the divorce, that must be factored into the below awarded amount or percentage.
- ☐ Percentage (up to two decimal places allowed) \_\_\_\_\_ %    **or**
- ☐ Dollar amount \$ \_\_\_\_\_.
3. The above award includes a share of any vested optional employer contributions unless otherwise indicated below.
- ☐ Any vested optional employer contributions are NOT included in the above award.

## B.

### A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

### **B. Administrative rulemaking**

1. Notice of rulemaking for divorce rules
- 2. Notice of rulemaking for death and survivor benefits**
3. Adoption of rulemaking for duty disability requirements

### C. Action and discussion items

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions



# Oregon

Tina Kotek, Governor

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May 30, 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 Death and Survivor Benefits:  
OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*

### OVERVIEW

- Action: None. This is notice that staff have begun rulemaking.
- Reason: Clarify treatment of *Standard Designation of Beneficiary* forms which have become redundant after Oregon Legislature codified intestate standard.
- Policy Issue: None identified.

### BACKGROUND

PERS members are able to designate beneficiaries for certain preretirement and post-retirement death benefits. PERS has traditionally accepted the “standard designation” as a beneficiary designation for these purposes; however, while outlined in instructions and forms, the term standard designation has never been defined in PERS’ statutes or rules. The amendment to the rule defines the term as it has been used and applied by PERS for many years. The definition derives from the probate statutes in Oregon Revised Statutes (ORS), which are not directly applicable to PERS, and awards death benefits in the following order:

- to the spouse, if married at the time of death;
- if not married then to the child/children, in equal shares;
- if no children, to the parents in equal shares;
- if parents both predeceased, to the member’s siblings; and
- if no siblings alive; then, finally,
- payment would be made the decedent’s estate.

As of January 1, 2024, PERS’ statutory default beneficiary (i.e. who is entitled to a death benefit in the event the member fails to designate a beneficiary) was updated by the Oregon Legislature to be consistent across all programs. The statutory defaults award the benefits first to a surviving spouse, then to any children of the member, then to the member’s estate. Generally, this statutory default is a simplified version of the standard beneficiary designations on prior forms.

Given the similarity between the standard designation and the now consistent statutory default beneficiaries, as of January 1, 2026, staff will no longer be accepting the standard designation.



Therefore, it is important to memorialize the definition in rule. Standard designations received before January 1, 2026, will be honored regardless of when the member passes away, unless revoked by the member.

When filling out beneficiary designation forms, members will be required to name specific individuals or entities as beneficiaries. This will make processing death benefits more efficient, as it was sometimes difficult to identify beneficiaries and determine individual death benefits. This can still be an issue with the statutory defaults, but to a lesser extent than with the standard designation.

#### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely on June 24, 2025, at 2:00 p.m. The public comment period ends June 27, 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: Clarification of current practice.

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

#### RULEMAKING TIMELINE

May 28, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
June 2, 2025:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.
May 30, 2025:	PERS Board notified that staff began the rulemaking process.
June 24, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
June 27, 2025:	Public comment period ends at 5:00 p.m.
July 25, 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 June 24, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the July 25, 2025, board meeting.

B.2. Attachment 1 – OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*

**OREGON ADMINISTRATIVE RULE  
PUBLIC EMPLOYEES RETIREMENT BOARD  
CHAPTER 459  
DIVISION 014 – DEATH AND SURVIVOR BENEFITS**

**459-014-0030**

***[Pre Retirement]* Designation of Beneficiary**

(1) At any time before the effective date of retirement, a member or alternate payee with a separate account may designate a new beneficiary or revoke a previous designation of beneficiary for the purposes of paying benefits under ORS 238.390 and 238A.410.

(2) A designation of beneficiary must be:

(a) In a written format acceptable to PERS;

(b) Signed and dated by the member or alternate payee; and

(c) Received by PERS before the member or alternate payee's death.

**(3) For forms received prior to January 1, 2026, the “standard designation” option selected shall indicate that PERS will pay benefits in the order listed below:**

**(a) To the spouse. If not married at time of death, then to**

**(b) The child or children, in equal shares. If any child is deceased, their portion is equally divided between that child's children. If all decedent's children are predeceased, benefits will be paid, in equal shares, to decedent's grandchildren. If there is no one in this group, then to**

**(c) The mother and father in equal shares. If one parent is predeceased, their share is paid to the other parent. If both parents are predeceased, then to**

1        (d) The siblings in equal shares. If any sibling has predeceased, their share will  
2        be paid to that sibling's children equally. If all siblings are predeceased, all  
3        of their children will share equally. If there is no one in this group, then

4        (e) Payment will be made to decedent's estate.

5        (4) PERS will honor all standard designations received and accepted prior to  
6        January 1, 2026 unless revoked. After January 1, 2026, PERS will no longer accept  
7        standard designations.

8        (5) [(3)] The receipt by PERS of a new beneficiary designation revokes all previous pre-  
9        retirement designations for the purposes of paying benefits under ORS 238.390 and  
10       238A.410.

11       (6) [(4)] A member who has a member account and IAP account or an alternate payee  
12       with separate accounts must file a designation of beneficiary for each account.

13       (7) [(5)] If the designation of beneficiary on file with PERS at the time of death is not  
14       administrable, distributions will be paid as if no designation of beneficiary had been  
15       made in accordance with ORS 238.390 and 238A.410.

16       (8) [(6)] If a trustee of a trust is named as beneficiary, the individual beneficiary or  
17       beneficiaries of the trust will be treated as designated beneficiaries for the purpose of  
18       federal Required Minimum Distribution rules pursuant to 26 CFR 1.401(a)(9)-4, if the  
19       trust satisfies the following requirements:

20       (a) The trust is a valid trust under state law, or would be but for the fact it is not  
21       funded;

1 (b) The trust is irrevocable or will become irrevocable upon the death of the member  
2 or alternate payee;

3 (c) The beneficiaries of the trust, with respect to the trust's interest in the account,  
4 are identifiable from the trust instrument. The beneficiaries will be considered  
5 identifiable as long as it is possible to identify the beneficiary with the shortest  
6 life expectancy; and

7 (d) PERS is provided:

8 (A) A copy of the trust document; or

9 (B) A certification of trust containing the following:

- 10 (i) A list of all beneficiaries of the trust;
- 11 (ii) Certification that the list is correct and complete to the best of the  
12 member or alternate payee's knowledge and the trust satisfies the  
13 requirements in subsections (a), (b) and (c) of this section; and
- 14 (iii) A statement agreeing to provide a copy of the trust document  
15 upon demand.

16 (9) ~~[(7)]~~ If a trust fails to satisfy the requirements in section (8) ~~(6)~~ of this rule, the  
17 member will be deemed as having no beneficiary for purposes of Required Minimum  
18 Distributions and the entire death benefit must be distributed to the trust by December 31  
19 of the calendar year containing the fifth anniversary of the death of the member or  
20 alternate payee pursuant to 26 CFR 1.401(a)(9)-3.

1    (10) [(8)] The beneficiary designation made by a Tier One or Tier Two member will  
2    apply to the member account as defined in ORS 238.005 and any optional unit account  
3    under ORS 238.440.

4    (11) [(9)] A pre-retirement designation of beneficiary may not be made for the OPSRP  
5    Pension Program as ORS 238A.230 determines who is eligible to receive a pre-retirement  
6    death benefit.

7    (12) [(10)] The right of a beneficiary to receive a death benefit payment may not be  
8    deemed nullified or waived by any agreement or property settlement between the member  
9    and the beneficiary, or on behalf of either of them, which does not specifically mention  
10   such right and waive it on the part of the beneficiary or vacate and set aside the  
11   designation of said beneficiary by such member.

12

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

14   Stats. Implemented: ORS 238.390, 238A.230 & 238A.410

## B.

### A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
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### **B. Administrative rulemaking**

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
- 3. Adoption of rulemaking for duty disability requirements**

### C. Action and discussion items

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May 30, 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 Duty Disability Requirements:

OAR 459-015-0005 *Eligibility for Disability Retirement Allowances*  
OAR 459-076-0005 *Eligibility for Disability Benefits*

### OVERVIEW

- Action: Adoption of amended disability rules.
- Reason: Amend the rule in accordance with petition to begin rulemaking dated September 9, 2024.

### BACKGROUND

On September 9, 2024, PERS received a petition to begin rulemaking from stakeholder Karl Koenig, President of [Oregon State Fire Fighters Council \(OSFFC\)](https://www.osffc.org/)<sup>1</sup>, requesting the agency consider amending Oregon Administrative Rules (OAR) 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.

PERS relies on medical professional opinions 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. Current practice when reviewing a member's application for disability involves PERS staff requesting and evaluating information from Workers' Compensation. Relying on the Workers' Compensation determination for the same condition would streamline PERS' disability determination process.

<sup>1</sup> <https://www.osffc.org/>

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 statute<sup>2</sup>, which contains presumptions of duty-caused designation for certain conditions, and PERS' statutes that specifically require an examination and opinion by a physician, staff recommended 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.

Finally, the gross monthly benefit for a duty disability is the same as the gross monthly benefit for a non-duty disability. The difference between the duty and non-duty disability designations 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 system of a duty vs. 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 less than ten years of service.

#### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on April 22, 2025, at 2:00 p.m. The public comment period ended April 25, 2025, at 5:00 p.m. PERS did not receive any public comment.

#### LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes have been incorporated in the rules as 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.
March 31, 2025:	PERS Board notified that staff began the rulemaking process.
April 22, 2025:	Rulemaking hearing was held at 2:00 p.m.
April 25, 2025:	Public comment period ended at 5:00 p.m.

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<sup>2</sup> See ORS 656.802.



May 30, 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 duty disability 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.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 work-related stress exist in a real and objective sense.

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

1 by the employer, or cessation of employment or employment decisions  
2 attendant upon ordinary business or financial cycles.

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

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

7 (c) If a member has been approved for a disability retirement benefit under ORS  
8 238.320 and has also been approved for benefits under ORS Chapter 656 for the  
9 same injury or disease, when making the duty designation determination:

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

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

13 (i) Rebuttable with clear and convincing evidence;

14  
15 (ii) Applicable to any payments made on or after the later of:

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

19 II. Effective date of disability retirement;

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

22 (4) Eligibility requirements for non-duty disabilities. A member applying for non-duty  
23 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

**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

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

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

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

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

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

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

15 i. rebuttable with clear and convincing evidence;

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

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

20 b. effective date of disability retirement;

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

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

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

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

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

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

16  
17 Stat. Auth.: ORS 238A.450  
18 Stats. Implemented: ORS 238A.235  
19



**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.

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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.

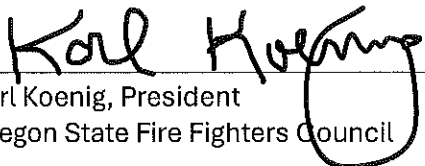
Petitioner also submits that the complexity of potential conflicts between the statutes and rules of two state agencies, including the overlaps and duplications of statutes and rules and the delegated jurisdiction of two state agencies, is adequately set forth above. Similarly, changes in technology 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

C.

## A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

## B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

## **C. Action and discussion items**

- 1. PERS Modernization Program update**
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

Headquarters

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Tigard, OR 97281-3700

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May 30, 2025

TO: Members of the PERS Board  
FROM: Kristi Ivers, Modernization Program Director  
SUBJECT: PERS Modernization Program update

### BACKGROUND

The PERS Modernization Program is a multi-biennial effort to reimagine and evolve the deployment of our business capabilities via our people, processes, and technologies to meet our member and PERS-participating employer needs into the future. The program's \$9,573,073 budget for the 2023-25 biennium was approved by the Legislature as part of the PERS budget bill, House Bill 5033.

### PROGRAM AND PROJECT STATUS

The PERS Modernization Program is being managed as one comprehensive program with many individual projects expected to initiate and complete over the upcoming four biennia. All projects will be submitted for review to Enterprise Information Services (EIS) and, as appropriate, go through the EIS stage-gate process; the PERS Modernization Program itself is not subject to EIS stage-gate oversight.

Initiative	Expected completion	Health and status (as of April 25, 2025)
PERS Modernization Program	June 30, 2031	<p>Program health: Grey (undetermined)</p> <ul style="list-style-type: none"> <li>The program is being reset, and we are in the process of determining the future state, building a modernization schedule, developing a modernization roadmap, and working with the Legislative Fiscal Office (LFO) to obtain budget approval for the next biennium.</li> <li>PERS is working with a vendor to develop a detailed decision-making framework in support of a solution analysis for the pension administration system. The outcome of the solution analysis will determine the future pension administration system, and the solutions analysis is expected to be completed in June of 2025.</li> </ul>

Telephony Modernization Project	December 31, 2025 <i>(Original end date December 31, 2024)</i>	<p>Project health: Red</p> <ul style="list-style-type: none"> <li>• Project initiated on October 29, 2024.</li> <li>• Due to quality concerns during user acceptance testing (UAT), this project has a red status.</li> <li>• Phase 1 of the Telephony Modernization Project, Amazon Web Services Connect, has completed analysis, design and development.</li> <li>• User Acceptance Testing (UAT) is in process. The project team is expecting to complete UAT by May 23, 2025.</li> <li>• OpenScape Voice softphone implementation was completed on May 5, 2025.</li> <li>• Phase 2 planning will begin after Phase 1 has been implemented.</li> </ul>
Hybrid Integration Platform (HIP) Implementation Project	June 30, 2025	<p>Project health: Grey (undetermined)</p> <ul style="list-style-type: none"> <li>• Project initiated on September 10, 2024.</li> <li>• The project is in the process of being reset and the project charter and business case are in progress. An updated project completion date will be determined after the business case has been completed.</li> <li>• Project team is working with the Legislative Fiscal Office to continue funding for 25-26.</li> </ul>
Data Cleaning Implementation Project	June 30, 2025	<p>Project health: Green</p> <ul style="list-style-type: none"> <li>• Project initiated on May 10, 2024.</li> <li>• This project is not subject to the stage-gate process through Enterprise Information Services (EIS).</li> <li>• Project team is progressing through the 18 jClarety data areas. Sprint 7 of 10 has concluded with nearly 70% of analysis performed on identified data issues.</li> </ul>

### HIGHLIGHTED ACTIVITIES

- The Options Decision Framework Project kicked off on January 24, 2025.
- The Governor's Recommended Budget included all requested positions and budget for the 2025-2027 biennium.
- PERS received the February 2025 independent quality management services' Quarterly Quality Assurance Status and Improvement draft report on April 18, 2025. There were five recommendations which PERS is actively addressing:
  - Revise the agency's funding request associated with Policy Option Package (POP) 104 to reflect dollars sufficient to complete planning activities and the associated funding analysis.
    - Status update: An updated Modernization Policy Option Package was completed and submitted to the Legislative Fiscal Office on April 16, 2025.
  - PERS to build and partner with its oversight bodies in developing its strategy and plans for the modernization effort.
  - PERS and the PERS Modernization Program will need to expand its capability and maturity of prioritizing and managing multiple concurrent efforts. This should include improved processes, tools and increased project management expectations.
    - Status update: Modernization governance has been revised to improve processes and increase project management expectations. An updated charter is in the process of being reviewed by the Modernization Executive Steering Committee (MESC).
  - Develop plans that include the staffing required to support the planned objectives and initiatives.
  - Continue efforts to manage vendor performance through coordination and escalation with EIS while communicating with PERS leadership and LFO about potential impact of late delivery.
    - Status update: The project team meets with EIS biweekly to discuss delays and quality concerns.

C.1. Attachment 1 – *April 2025 Monthly Project Status Report*



# Modernization Program

## Status Report

Kevin Olineck, Executive Sponsor

Kristi Ivers, Program Director

Joli Whitney, Program Manager



Status report as of April 25, 2025

PROGRAM INFORMATION

The PERS Modernization Program is a comprehensive, multi-year initiative aimed at transforming how the Oregon Public Employees Retirement System manages pension administration. This enterprise-wide business initiative will focus on people, processes, and technology to enhance operational efficiency and modernize service delivery. By upgrading communication channels, streamlining core business processes, and increasing data-driven decision-making capabilities, the program will empower PERS to better meet its mission of paying the right person the right benefit at the right time. Ultimately, this modernization effort will position PERS to deliver more effective, responsive, and sustainable services to its members and stakeholders. It is currently scoped to run from July 1, 2022, through June 30, 2031.

Overall program status: GREY

Color Key

GREEN	On Track
AMBER	Delayed
RED	Needs Significant Adjustment
GREY	Not Yet Started or Not Enough Info

Overview:

Program Re-Set Continues

Work continues with Gartner on the options decision framework which will be used by PERS to conduct a comprehensive solutions analysis for modernizing our Pension Administration System (PAS). While PERS is in the process of determining the best solution option for the PAS of our future, we continue to have an unclear schedule and scope until we determine the path forward using Gartner's Framework. The overall health of the program will continue to be reported as grey, not enough information to assess until the PAS solution analysis is complete and we have a defined modernization scope with an updated schedule.






The program has been focused on redefining and updating program governance groups and charters. The Modernization Executive Steering Committee (MESC) has been established as the highest-level decision-making body of the program. A new group, Modernization Manager Meeting, has been proposed for tactical workgroup amongst PERS employees and to help prepare recommendations on strategic program items for MESC. An updated charter for the MESC is in the approval process and a charter for the new group is being drafted. As these charters are adopted, the framework is set for other foundational program artifacts such as the Program Charter and Program Management Plan to be updated by June 2025.

## MODERNIZATION PROJECTS STATUS DASHBOARD

### Color Key

<b>GREEN</b>	On Track
<b>AMBER</b>	Delayed
<b>RED</b>	Needs Significant Adjustment
<b>GREY</b>	Not Yet Started or Not Enough Info






### Telephony Modernization Project

Overall Health	Scope	Schedule	Resources	Budget	Quality
<b>RED</b>					

**Objective:** Replace current PERS telephony system with modern telephony solution that includes cloud-based telephony offering and provides capabilities to support future PERS Modernization Program efforts.

**Intended Benefits:** B1 - Reduction of Manual Processes, B2 - Increased Satisfaction with PERS Services, B8 - Increased Data Utilization






### Data Cleaning Process Implementation Project

Overall Health	Scope	Schedule	Resources	Budget	Quality
<b>GREEN</b>					

**Objective:** Develop, plan and implement data cleaning processes for jClarety system data.

**Intended Benefits:** B1 - Reduction of Manual Processes, B8 - Increased Data Utilization

### Hybrid Integration Platform Implementation

Overall Health	Scope	Schedule	Resources	Budget	Quality
<b>GREY</b>					

**Objective:** Modernization of system integration capabilities by implementing a Hybrid Integration Platform (HIP) that enables secure connectivity between on-premises and cloud-based applications, systems and data sources.

**Intended Benefits:** B5- Reduced System Complexity, B8- Increased Data Utilization, B10- Increased Technical Skills of PERS Staff

## EMERGING AND CONTINUED PROGRAM CONCERNS

**Impact of Delays to Pension Administration System Modernization Solutions Analysis** - Continued concern, see issue #12, “Detailed Program Scope is Not Defined”

- Progress is being made on the Options Decision Framework effort with Gartner. The Gartner framework will be completed in May 2025. The completed Solutions Analysis has a dependency on the Gartner framework and is expected to be completed by PERS in June 2025. Uncertainty regarding our approach to Pension Administration System Modernization for the 2025-2027 biennium has been a concern for stakeholders. Regardless of the solution, the primary focus of the Modernization Program for 25-27 will be modernizing our Pension Administration System.

**Impact of Non-Modernization Projects on Modernization** - Continued concern, see issue #11, “Legislative Directives/Agency Focus”

- The uncertainty of the path forward for the Pension Administration System has created complexity to the approach to address the Hazardous Positions sections of HB 4045. This mandated project will impact Modernization, and an approach to create this new class of service in PERS Pension Administration System will benefit from use of modern tools and technologies.
- PERS has proposed activities in the 2025-2027 Modernization POP to initiate planning, analysis and design for Hazardous Positions, and include in the Modernization Portfolio to address this issue. PERS is waiting for LFO to approve or deny the request in the updated POP.

**Governance Practices in Review** - Continued Concern, see risk #31, “Unclear Roles Between Modernization and IT” and Issue #13, “Unclear Agency Governance Processes”

- PERS agency governance bodies and PERS Modernization Program are evaluating span of control and interactions between all bodies to ensure there is clarity regarding decisions. The PERS Modernization Program is in the process of working with our current governance bodies to make updates to program roles and responsibilities and will be drafting updates to charters and program plans to reflect final changes. We anticipate having these issues resolved by May 31, 2025

**QA/QC DELIVERABLES**

<b>Deliverable</b>	<b>Start</b>	<b>Completed</b>
D4.1.1 Quarterly QA Status Report	8/12/24	10/11/24
D4.1.2 Quarterly QA Status Report	9/24/24	11/21/24
D3.3.1 Periodic Quality Status Report	11/1/24	2/14/25
D4.1.3 Quarterly QA Status Report	11/27/24	3/18/25
D3.3.2 Periodic Quality Status Report	2/14/25	4/22/25
D4.1.4 Quarterly QA Status Report	3/21/25	Target: 5/30/25
D3.3.3 Periodic Quality Status Report	5/1/25	Target: 6/30/25
D4.1.5 Quarterly QA Status Report	6/15/25	Target: 8/11/25

## PERS MODERNIZATION PROGRAM BUDGET 2023 - 2025

Expenses	Budget	Actual to Date	Projections	Total	Variance
Program Staff	\$ 3,406,073	\$ 271,449	\$ 680,545	\$ 2,951,994	\$ 454,079
Client Relationship Management	\$ -	\$ -	\$ -	\$ -	\$ -
Data and Analytics	\$ 1,000,000	\$ 607,918	\$ 385,208	\$ 993,126	\$ 6,874
Development and Operations	\$ 560,000	\$ 444,270	\$ 35,000	\$ 479,270	\$ 80,730
Architecture	\$ 2,000,000	\$ 1,769,620	\$ 207,215	\$ 1,976,835	\$ 23,165
Ind Quality Management Svcs	\$ 1,200,000	\$ 336,770	\$ 774,753	\$ 1,111,523	\$ 88,477
Hybrid Integration Platform	\$ 450,000		\$ -	\$ -	\$ 450,000
Telephony	\$ 557,000		\$ 920,000	\$ 920,000*	\$ (363,000)
Pension Administration System (PAS)	\$ 400,000		\$ 400,000	\$ 400,000	\$ -
<b>Project Total</b>	<b>\$ 9,573,073</b>	<b>\$ 5,430,027</b>	<b>\$ 3,402,722</b>	<b>\$ 8,832,748</b>	<b>\$ 740,325***</b>
Average Monthly Spend (Burn Rate)	\$ 435,140	\$ 246,819	\$ 154,669	\$ 401,489	

As of 4/21/25

\*\* Due to quality concerns, the Telephony project phases 2 and 3 will not be implemented this biennium. The budget projections for Telephony for the 23-25 biennium will be ~\$350,000. PERS will have underspent vs. overspent this biennium.

\*\*\* A request is currently under consideration in HB 5550 for a re-balance. Overall the PERS Modernization Program will have underspent for 23-25 and will be reflected in June 2025.

## PROGRAM RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
31	<b>Unclear Roles Between Modernization and IT-</b> New roles of Modernization Director and Modernization Section and the intersection with strategic direction of IT is not clearly defined	Modernization Director and CIO are working together to define Modernization and IT roles and responsibilities, and these governance structures will be documented in Modernization Program artifacts. We anticipate this will be resolved by May 31, 2025.	Roles and responsibilities are under review as part of governance updates to program.

## PROGRAM ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution Plan/Notes	Est. Resolution Date
11	<b>#11 Legislative Directives/Agency Focus (HB 4045 (2024) Hazardous Positions:</b> New legislation has passed which directs the agency to focus on implementation of a higher priority project and consumes agency resources in complex technical or policy analysis to prepare for future project.	<p>This issue continues as we look at our alternatives for PAS modernization and understand requirements for implementing the Hazardous Position section of HB 4045.</p> <p>We are currently working on our PAS solution which will be completed by the end of June. We are also working on understanding our needs for Hazardous Positions - HB 4045.</p> <p>PERS has proposed activities in the 2025-2027 Modernization POP to initiate planning, analysis and design, and include in the Modernization Portfolio to address this issue. PERS is waiting for LFO to approve or deny the request in the updated POP.</p>	9/30/25
12	<b>#21 Detailed Program Scope is not defined-</b> Scope Statement in development leading to confusion about what work will be included in Modernization and what will be managed through other efforts.	Impact from Issue #11/Risk#11 Legislative Directives. PAS Modernization is such a critical component of benefit delivery for our overall Modernization Program that this will not be resolved until we reach a decision on our Solutions Analysis for PAS. Once a solution is determined, further planning will be needed to determine detailed scope.	12/31/25
13	<b>#30 Unclear Agency Governance Processes-</b> Some decision-making areas of PERS have out of date or no charter, overlapping scopes of responsibility, or do not have a clear relationship documented with other established governance bodies. This causes confusion and delays of critical decisions.	As highlighted in the last several iQMS reviews, unclear governance continues to impact the program. PERS is currently in process of a project to focus on enterprise governance processes such as project intake. With our new director on board and allowing some progress to be made on the governance project, the Modernization team is working to review governance plans and charters for updates. We estimate this work will be completed by 5/31/25.	5/31/25

TELEPHONY MODERNIZATION PROJECT

Project Objective

Replace current PERS telephony system with modern telephony solution that includes cloud-based telephony offering and provides capabilities to support future PERS Modernization Program efforts.

Project Status: **RED**

Current Activities

Overall, the project health status is **RED** this month. AWS Connect Phase 1 development completed and code was moved to UAT environment. UAT began on 3/31/2025 with a scheduled finish date of 4/11/2025 that has since been extended due to bugs found and an unstable UAT environment. UAT testing and defect resolutions for AWS Phase 1 continues – Results as of 4/22/25 Tested: 94.74% Passed: 87.48%.

A No-Go decision was made on the 4/21/2025 Go-Live for AWS Connect until all high priority UAT bugs are fixed by AWS.

Training of Call Agents and Supervisors was completed on 4/10 and 4/11/2025 and additional training is to be scheduled once the UAT environment is stable.

The Joint Application Design (JAD) session of AWS Phase 2 solution is on hold until Phase 1 UAT bugs and issues are resolved. Currently looking at QTR 3 of 2025.

UAT for OpenScape Voice (OSV), phone and Softphone testing and issue resolution was completed. Further tests in progress for system stability.

Training was completed on OpenScape Voice (OSV) for OSILA and Kyndyl Service Now on 4/4/25

A No-Go decision made on OSV Go-Live date of 4/14/2025 due to a firewall configuration issue detected on 4/10/2025. New Go-Live has been set for 5/5/2025

PERS met EIS Telecomm Services leadership team to review project status and pain points and with EIS P3 for a briefing on project status and Stage Gate 4 requirements.

Recommended 2025 Implementation

May 5	(TBD)	QTR 3 2025	December (TBD)
OpenScape Voice: Replace current EOL/EOS telephony system with modern Vendor managed telephony solution.	AWS Phase 1: Deliver reduced scope (Minimal Viable Product). The call center will receive benefits that will reduce their manual work (e.g., call transcripts and chat enablement, etc.)	AWS Phase 2: Implement functionality for secure one-way data transmission. PERS is looking at implementing a one-way API using direct connect web services that is independent of the Hybrid Integration Platform - HIP	AWS Phase 3: Implement functionality for secure bi-directional data transmission. This phase is dependent upon the implementation of the Hybrid Integration Platform - HIP (target December 2025)



## Program Benefits

This project will contribute to the following planned Modernization Program benefits

- B1 - Reduction of Manual Processes
  - New automated reports will replace manually prepared information
- B2 - Increased Satisfaction with PERS Services
  - Enhanced service menu and call routing capabilities will improve call wait times
- B8 - Increased Data Utilization
  - Automated reports will provide data not currently available to allow improved management of call center needs

Milestone	% complete	Forecast	Actual
Business Case Approved	100	10/29/24	10/29/24
Project Charter Approved	100	11/19/24	11/19/24
P3 Stage Gate 1 Endorsement Received	100	3/12/24	3/12/24
Solution Analysis Complete	100	6/30/24	6/30/24
P3 Stage Gate 2/3 Endorsement Received	100	1/30/25	1/30/25
Change Request Approved	100	2/4/25	2/4/25
OSV - Implementation Complete	80	5/5/25	TBD
Phase 1 – AWS Implementation Complete	75	TBD	TBD
Phase 2 – AWS Implementation Complete	0	6/30/25	TBD
Project closure	0	7/22/25	TBD

*The Telephony Modernization Project schedule was baselined 1/22/2025*

**TELEPHONY PROJECT > 2023 – 2025 BUDGET**

Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS Compass	\$ 537,898	\$ 208,409	\$ 329,489	\$ 537,898	\$ -
IT Professional Services - TBD			\$ 363,000	\$ 363,000	\$ (363,000)
IT Professional Services	\$ 541,254		\$ 541,254	\$ 541,254	\$ -
Professional Services	\$ -			\$ -	\$ -
IT Expendable Property/Hardware	\$ 15,746		\$ 15,746	\$ 15,746	\$ -
Total Expenses	\$ 557,000	\$ -	\$ 920,000	\$ 920,000**	\$(363,000)
Project Total	\$ 1,094,898	\$ 208,409	\$ 1,249,489	\$ 1,457,898	\$ (363,000)***
Average Monthly Spend (Burn Rate)	\$ 49,768	\$ 9,473	\$ 56,795		

As of 4/22/25

**\*\* Due to quality concerns, the Telephony project phases 2 and 3 will not be implemented this biennium. The budget projections for Telephony for the 23-25 biennium will be ~\$350,000. PERS will have underspent vs. overspent this biennium.**

**\*\*\* A request is currently under consideration in HB 5550 for a re-balance. Overall the PERS Modernization Program will have underspent for 23-25 and will be reflected in June 2025.**

**TELEPHONY PROJECT > RISKS AND MITIGATION**

#	Risk Description	Mitigation and/or Contingency Plan	Notes
6	<b>Change in telephony technology provider(s)</b> may result in lack of user acceptance/adoption.	Proper and thorough testing of newly adopted system must occur prior to deployment; training of new system users must also be provided prior to deployment  Update 4/25/25: UAT has been extended 4-weeks past original end date to address quality issues.	Post-training survey results indicated low confidence in using the new system. Follow up with vendor for more targeted materials and user guides.
15	<b>Budget Limited to 23/25 Biennium-</b> Project budget is only available within the 2023-2025 biennium and full implementation may not be completed before expiration.	Discussions are in progress with the Telephony services contract administrator, vendor, Shared Services (EIS), and Legislative Fiscal Office (LFO) to ensure project funding is available in the next biennium.	Vendor quality issues are risking overall project ability to complete all implementation activities within this biennium (23-25). There may be phases which must be implemented in 25/27 biennium budget.
20	<b>Two Way API Integration Issues-</b> Uncertainty regarding architecture capabilities of API integration with jClarety and security concerns.	API feature put in the product backlog due to security concerns. Detailed review on architectural and cloud security requirements to be done in Phase 3 integration.	This will be reviewed in more detail following the successful implementation of Phase 1.

TELEPHONY PROJECT > ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
7	<b>R #22</b> - The Off-the-shelf solution product does not deliver requirements in the manner expected leading to unmet business process needs and/or quality concerns.	1. Address the gaps through product customization 2. Adopt the SaaS product with minimum customization and adopt new processes of incremental improvements	6/30/25

## DATA CLEANING PROCESS IMPLEMENTATION

### Project Objective

Evaluate jClarety data issues, conduct clean-up activities and deliver strategy and process for regular data maintenance.

**Project Status: GREEN**

### Current Activities

A change order was drafted to clarify terms and acceptance criteria for the final deliverable. This change order has been approved after being reviewed by the vendor, project leadership, and EIS oversight. The details of this change will be documented in the WSR.

Data issues and population-queries sprints are being tracked in the weekly status report, offering a burndown-like view into how data quality issues are being categorized across different subject areas. We have just concluded Sprint 7 of 10, with nearly 70% of analysis performed on identified data issues.

### Program Benefits

This project will contribute to the following planned Modernization Program benefits:

- B1 - Reduction of Manual Processes
  - Introduction of routine data cleaning processes reduces the need for staff to address data issues in an ad hoc manner
- B8 - Increased Data Utilization
  - Addressing data management gaps is the first step to becoming a data driven organization

Milestone	% complete	Forecast	Actual
Business Case Approved	100	5/10/24	5/10/24
Project Charter Approved	100	7/8/24	7/8/24
Data Management Workshop Completed	100	7/18/24	7/18/24
D2 Data Cleaning Plan and Schedule Accepted	100	8/5/24	8/5/24
Data Governance Committee Kick Off	100	11/25/24	11/25/24
Data Governance Charter Approved	75	5/21/25	TBD
Contract Change Order Approved	100	4/18/25	4/18/25
Data Quality Issues Analysis Completed	75	5/9/25	TBD
Final Deliverable (D.3) Accepted	0	6/26/25	TBD
Project closure	0	8/1/25	TBD

**DATA CLEANING PROCESS IMPLEMENTATION > 2023 – 2025 BUDGET**

Expenses	Budget	Actual to Date	Projections	Total	Variance
IT Professional Services	\$ 1,000,000	\$ 607,918	\$ 385,208	\$ 993,126	\$ 6,874
Total Expenses	\$ 1,000,000	\$ 607,918	\$ 385,208	\$ 993,126	\$ 6,874
<b>Project Total</b>	<b>\$ 1,000,000</b>	<b>\$ 607,918</b>	<b>\$ 385,208</b>	<b>\$ 993,126</b>	<b>\$ 6,874</b>
<b>Average Monthly Spend (Burn Rate)</b>		<b>\$ 27,633</b>	<b>\$ 17,509</b>	<b>\$ 45,142</b>	

As of 4/22/25

**DATA CLEANING PROCESS IMPLEMENTATION > RISKS AND MITIGATION**

#	Risk Description	Mitigation and/or Contingency Plan	Notes
8	<b>Internal Staffing</b> - Limited specialized resources	<p>Monitor resource allocations in regular PMO resource review meetings and at discussions project steering committee.</p> <p>Plan work around peaks of other higher priority efforts.</p> <p>Identify back up resources for when primary resources are not available to meet deadlines.</p>	Product owner team resources have been limited in their review of data issues due to delays in telephony UAT. Other subject matter experts are engaged as needed. Their knowledge of data issues is not as detailed and quality of analysis may be impacted. This will not impact the overall delivery.
9	<b>jClarety complexity</b> - The age and complexity of jClarety may prevent script testing or acceptance	Any issues encountered which are unable to be addressed will be documented and assigned to data governance committee and recommendations for resolution will be included in the final report.	

DATA CLEANING PROCESS IMPLEMENTATION > ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	No current issues.		



## HYBRID INTEGRATION PLATFORM (HIP) IMPLEMENTATION PROJECT

### Project Objective

Modernize PERS system integration capabilities by implementing a Hybrid Integration Platform (HIP) solution which enables connectivity between on-premises and cloud-based applications, systems and data sources.

**Project Status:** **GREY**

### Current Activities

The Hybrid Integration Platform (HIP) Project is currently undergoing a project reset/reassessment. Work continues to develop standard project management artifacts which will be required for stage gate such as project plans. The Business Case and Charter are being evaluated to ensure they reflect the most current scope and project direction.

### Program Benefits

This project will contribute to the following planned Modernization Program benefits:

- B5 - Reduced System Complexity
  - HIP will provide a new integration capability for on-premises and cloud-based applications and data which is missing in our current architecture. This new capability will allow for connection between systems which are currently disparate.
- B8 - Increased Data Utilization
  - HIP will support enablement of the right tools and policies and reduce needs for offline tools.
- B10 - Increased Technical Skills of Staff
  - IT staff will be trained to work with and support cloud-based technologies through the HIP Implementation Project.

Milestone	% complete	Forecast	Actual
Project Kick Off Complete	100	1/29/25	1/29/25
Project Charter Approved	TBD	TBD	TBD
Stage Gate 1 Endorsement Received	TBD	TBD	TBD
RFQ Released	0	TBD	TBD
Contract Awarded	0	TBD	TBD
SOW Approved and Signed	0	TBD	TBD

# Modernization Program

## HIP PROJECT> 2023 – 2025 BUDGET

Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS Compass	\$ 98,670	\$ 26,898	\$ 71,772	\$ 98,670	\$ -
Modernization Payroll Direct	\$ -	\$ -	\$ -	\$ -	\$ -
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
IT Professional Services	\$ 450,000	\$ -	\$ 450,000	\$ 450,000	\$ -
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
IT Expendable Property	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 450,000	\$ -	\$ 450,000	\$ 450,000	\$ -
<b>Project Total</b>	<b>\$ 548,670</b>	<b>\$ 26,898</b>	<b>\$ 521,772</b>	<b>\$ 548,670</b>	<b>\$ -</b>
<b>Average Monthly Spend (Burn Rate)</b>	<b>\$ 24,985</b>	<b>\$ 1,223</b>	<b>\$ 23,717</b>	<b>\$ -</b>	

As of 4/22/25

HIP PROJECT> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
3	<b>Budget Limited to 23-25 Biennium</b> – If various factors throughout the project take longer than planned (Procurement, contract approval, stage gate endorsement, major project decisions, etc...) then we may not have sufficient time to utilize our allocated budget before the end of the 23-25 biennium.	PERS is a Microsoft shop and looking to enable the Azure API Management Service within its tenant. PERS is working with EIS to determine the process for enabling the service.  PERS will provide an updated ITI, which includes an updated budget for the next biennium.	

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

## ROADMAP

The current program roadmap focuses on program-level activities and projects. The current projects will need to move into the next biennium and the roadmap below depicts a one-year vision for (25-26). The DevOps workstream will be represented as a project starting July of 2025.

*The 2025-2027 roadmap is under construction and won't be developed until the solutions analysis is complete, which is expected in June.*

## Modernization Program Roadmap 2025- 2026

2025									2026			
	QTR 1 Jan, Feb, Mar	QTR 2 Apr, May, June	QTR 3 July, Aug, Sept	QTR 4 Oct, Nov, Dec	QTR 1 Jan, Feb, Mar	QTR 2 Apr, May, June	QTR 3	QTR 4				
MODERNIZATION 25-26												
Modernization Planning		Modernization Planning										
▶ Gartner - PAS Options Decision Framework		Decision Framework										
▶ Modernization Planning (Analysis)			Analysis (Document As-is Architecture)									
▶ RFP			RFP									
▶ Hiring				25-26 Hiring			26-27 Hiring					
Telephony	Telephony Project											
▶ Phase 1 & 2	Design & Development	Implementation										
▶ Phase 3			Design & Development	Implementation	Stabalization							
HIP	Hybrid Integration Platform (HIP)											
▶ Design, Dev, Test & Implementation	Analysis		Design, Dev, Test & Implementation		Stabalization							
Data Cleanup	Data Cleanup											
▶ Data Cleanup Sprints	Phase 1 (Sprint 1 through Sprint 10)		Phase 2									
DevOps		Modernization Tools										
▶ Process & Tools	Consultant	Options Analysis	Procure	Plan / Build / Test / Implement								

C.

## A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

## B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

## **C. Action and discussion items**

1. PERS Modernization Program update
- 2. Legislative update**
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
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6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

Headquarters

11410 S.W. 68<sup>th</sup> Parkway, Tigard, OR

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

[www.oregon.gov/pers](http://www.oregon.gov/pers)

May 30, 2025

TO: Members of the PERS Board  
FROM: Heather Case, Senior Policy Advisor  
SUBJECT: Legislative update

### 2025 LEGISLATIVE SESSION- BILLS IMPACTING PERS

The 2025 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 Oregon Public Service Retirement Plan (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 (OPSRP); 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 29 bills qualify for close monitoring but are not the only bills the agency is tracking. While the agency does not control 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](http://www.oregonlegislature.gov)

Bill number	Relating to clause
House Bill (HB) 2050	Relating to a taxable income exemption for taxpayers who are veterans
HB 2092	Relating to connection to federal tax law
<del>HB 2571</del>	<del>Relating to pension benefit plans offered by public bodies</del>
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	<del>Relating to compensation for accrued leave upon termination of employment</del>
HB 2840	<del>Relating to designated representatives</del>
<b>HB 2860</b>	<b>Relating to the military</b>
HB 3215	<del>Relating to sponsorship of public charter schools</del>
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
<del>SB 475</del>	<del>Relating to the application of overtime under the Oregon Public Service Retirement Plan</del>
SB 519	Relating to a taxable income exemption for taxpayers who are a veteran
<del>SB 585</del>	<del>Relating to public employee retirement</del>
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
<del>SB 902</del>	<del>Relating to age qualifications for retirement under the Public Employees Retirement System</del>
<del>SB 1087</del>	<del>Relating to public employee retirement</del>
<del>SB 1128</del>	<del>Relating to disability under the Public Employees Retirement System</del>
<b>SB 1181</b>	<b>Relating to Medicare supplement insurance</b>
SB 5534	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- PERS Health Insurance Program (PHIP) Subsidy Changes- Increases Retirement Health Insurance Account subsidy from \$60/month to \$100/month, 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. The bill passed on the Senate floor on April 18. The House Committee on Labor and Workplace Standards held a public hearing on April 16, and a work session on April 23. The bill was headed to the House floor but got sent back to committee. Currently another work session to move the bill is scheduled for May 14, 2025.

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 passed the Senate. The House had a public hearing in the committee on Labor and Workplace Standards on April 16, and a work session on April 21. The bill passed the House floor and was signed by Governor Kotek on May 5.

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. The House Committee on Labor and Workplace Standards held a

public hearing on April 16 and a work session on April 23. The bill passed on the House floor and is on Governor Kotek's desk for signature.

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. The House Committee on Labor and Workplace Standards held a public hearing on April 16, and a work session on April 23. The bill passed on the House floor and is on Governor Kotek's desk for signature.

### 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>

PERS was asked to present again to the Joint Ways and Means Subcommittee on General Government on May 22, 2025 for Phase II. For that presentation, topics included: SB 1049 update, modernization update, HB 4045 update, and information about the expiration of side accounts.

Meeting video and materials are available at:

<https://olis.oregonlegislature.gov/liz/2025R1/Committees/JWMGG/2025-04-22-08-00/MeetingMaterials>

PERS continues to work with the Legislative Fiscal Office on the details of the budget, including clarifying policy option packages and answering questions. Additional budget conversations continue with the subcommittee, and the full Joint Ways and Means Committee will address the budget bill near the end of the legislative session.

### REQUIRED REPORTING UPDATE

A summary of the required statutory reporting for PERS during the 2025 legislative session was given during the last board meeting. PERS has successfully completed its required reporting regarding SB 1566 (2018) and preliminary and final earnings crediting, as well as all other requested reporting during this session.

C.

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# OREGON PERS

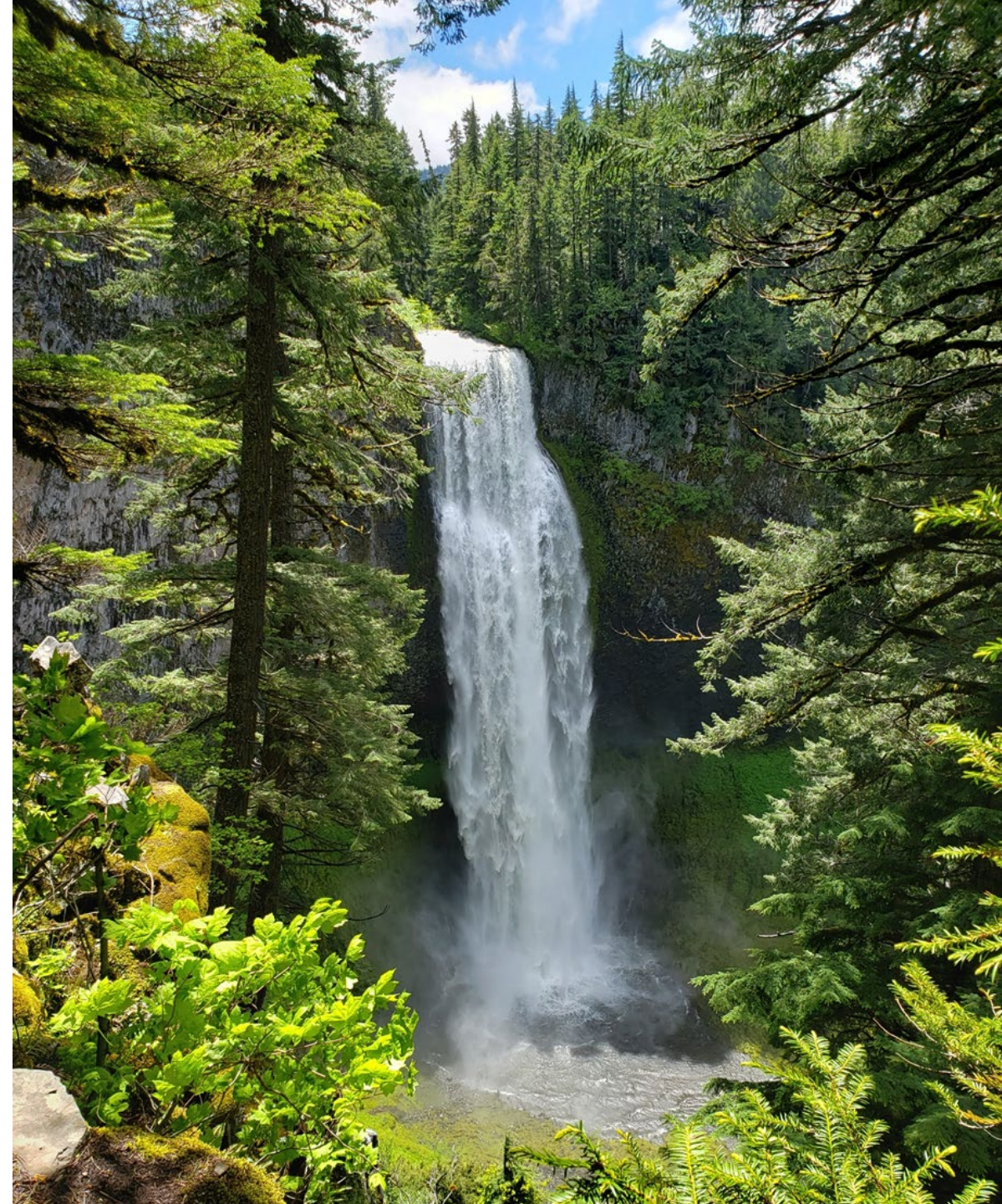
PUBLIC EMPLOYEES RETIREMENT SYSTEM



## **PERS Health Insurance Program Annual Report**

Barbara Dimeling-Perris

May 30, 2025



# PERS Health Insurance Program (PHIP) Annual Report

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Calendar year 2024

# PHIP mission

The PERS Health Insurance Program (PHIP) provides PERS retirees with benefits that offer high quality comprehensive coverage (or benefits) at the most cost-effective rates possible to meet retirees' benefit needs.

## Core values

### **Maintain stability of premiums:**

- To avoid significant swings in rates from year to year, premium stabilization approaches to proposed contracted health plan rates should be considered.

### **Maintain stability of coverage:**

- Benefits provided by PHIP should be reviewed annually to avoid significant changes in benefits required by either local or national legislation or required to maintain premium rate affordability.

### **Maintain stability of carriers:**

- Promoting stability and long-term relationships with carriers — consistent with responsible procurement practices — is desired. Changes in contracted health plans should be driven by protection of current members' benefits and demonstrated long-term beneficial treatment of members.

# Governance

- ORS 238.410-420
  - Also subject to all retirement, accounting, and procurement Oregon Revised Statutes (ORS)
- Oregon Administrative Rules (OAR)
- PHIP mission and values
- PERS Board
- Member input
- Centers for Medicaid and Medicare Services



# Administrative team

## PHIP staff

- Barbara Dimeling-Perris
  - Program Manager
- Danielle Keyser
  - Program Coordinator
- Brooke Walker
  - Program Analyst
- Carla Shaw
  - Membership Service Specialist
- Liam Contino
  - Membership Service Specialist

## Key PERS partners

- PHIP Accountant - Accounting, Cash, and Tax Section
  - Rosanne Lurie-Canright
- PHIP Procurement Specialist, Facilities and Logistics
  - Abigail Churchill
- Policy Analysis and Compliance (PACS)
- Communications
- Intake and Review
- Death and Disability
- Member Information Center



# Contracted operations and consulting

## Third-party administrator — Benefit Help Solutions

- PHIP call center
- Member Account Services (enrollment, eligibility)
- Recordkeeping
- Accounting

## Health insurance consultants — Segal Consulting

- Health insurance industry specialists
- Plan design
- Financial and utilization analysis
- Annual renewal

# Contracted health plans

PHIP contracts with four health plans and two dental plans.

## **Providence Health Insurance**

- Medicare Advantage — Medicare Align Group, health maintenance organization (HMO) plan
- Medicare Advantage — Medicare Flex Group, HMO with point-of-service option (POS) plan

## **UnitedHealthcare®**

- Medicare Advantage — Medicare Advantage, preferred provider organization (PPO) plan
- Non-Medicare — Deductible Core Value Plan
- Non-Medicare — Health Savings Account (HSA)-qualified High-Deductible Health Plan (HDHP)

## **Moda Health Plan**

- Medicare Supplement — Moda Health Medicare Supplement Plan

## **Kaiser Permanente NW**

- Medicare Advantage — Senior Advantage HMO Plan
- Non-Medicare — Traditional HMO Core Value Plan
- Non-Medicare — HSA-qualified High-Deductible Health Plan (HDHP)

# Contracted dental plans

## Kaiser

- Dental Maintenance Organization Dental Plan

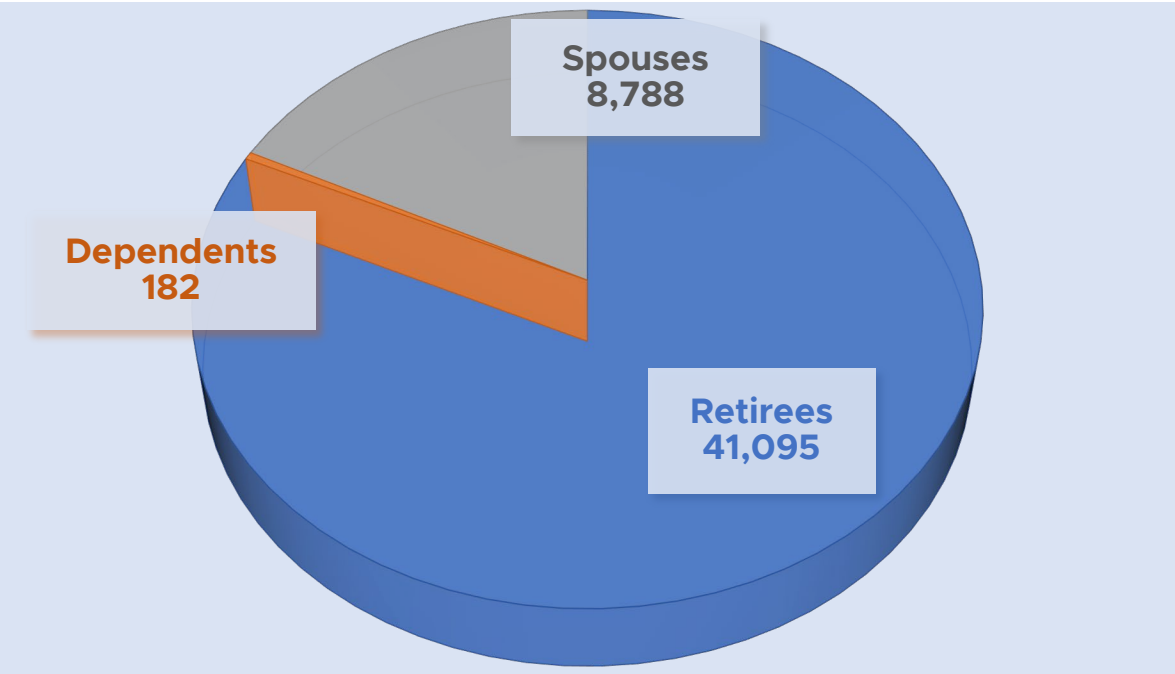
## Delta Dental Plan of Oregon

- Indemnity Dental Plan with passive Preferred Provider Organization (PPO)

# Program membership

*PHIP members are PERS retirees, their spouses, and dependents who meet the eligibility criteria outlined in ORS 238.410.*

Total number of members by category  
2024 year-end

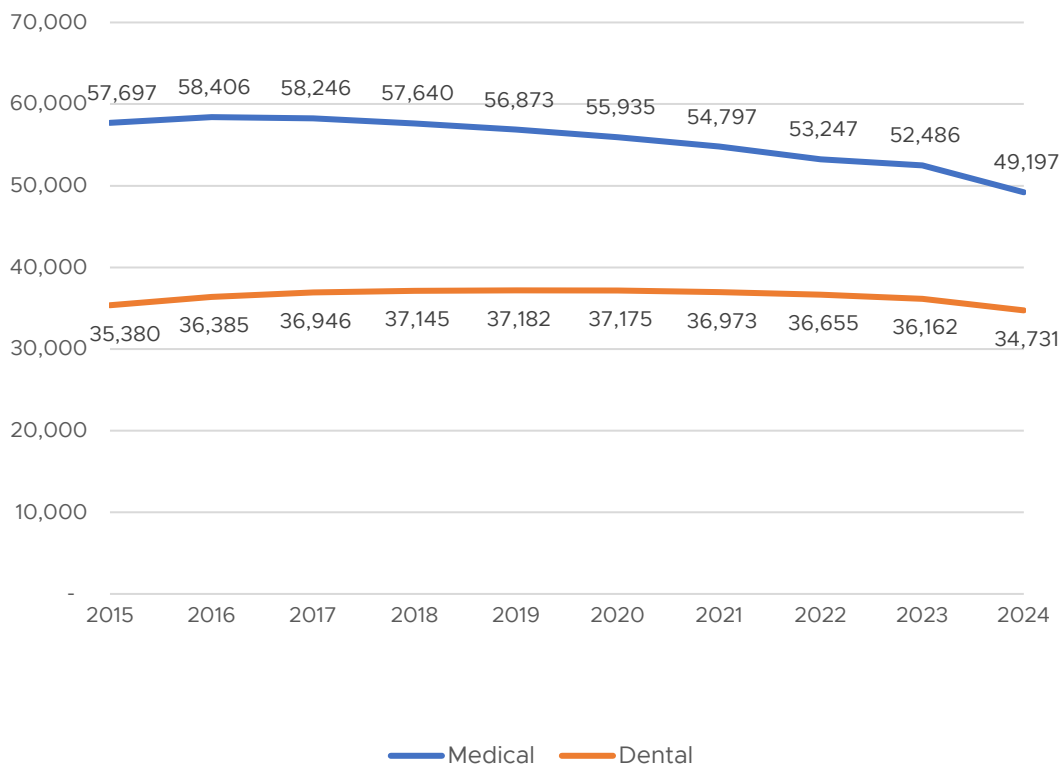


Total PHIP membership as of year end 2024:  
50,065 members

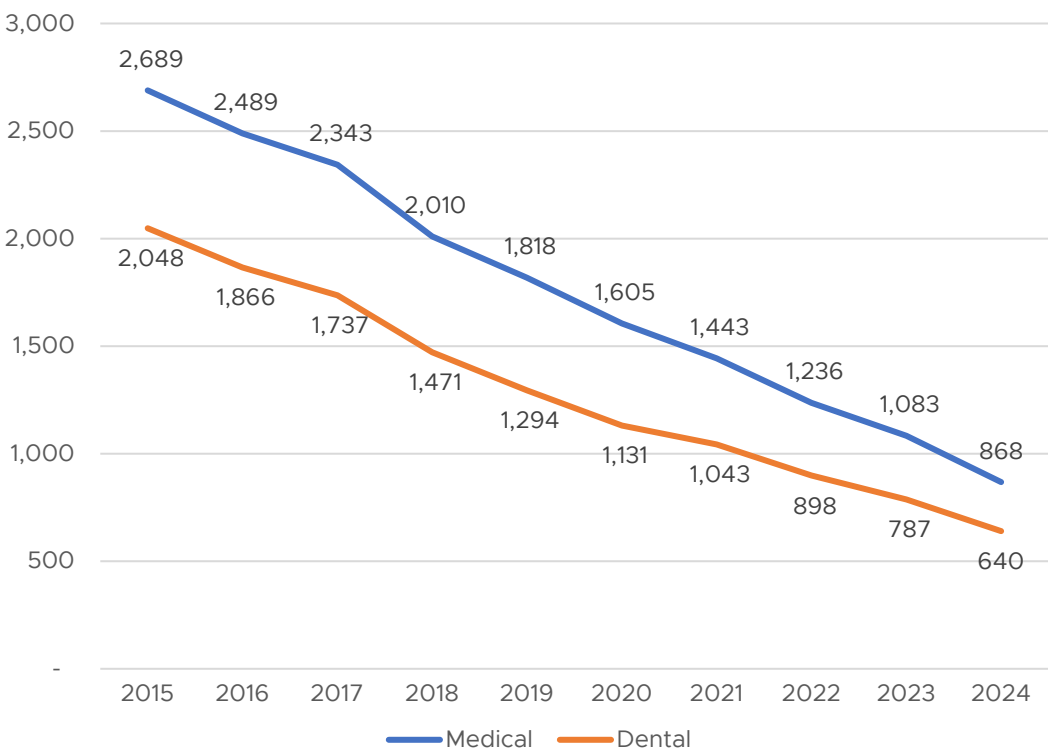
Membership decreased as of year end 2024:  
2,560 members

# Membership trends 2024 year-end

Medicare trend



Non-Medicare trend



# Membership numbers

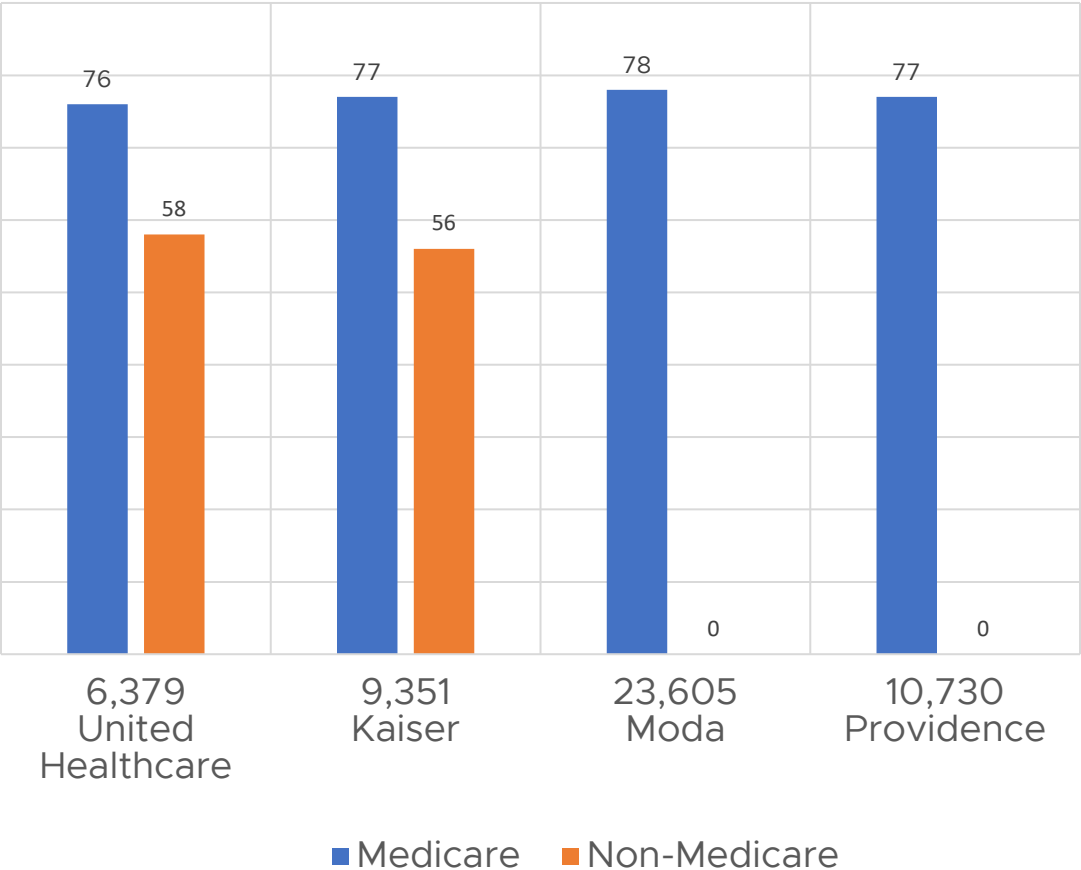
## PHIP members by carrier

- United 13%
- Kaiser 19%
- Moda 47%
- Providence 21%

## Average age for all PHIP members

- Medicare 77 years old
- Non-Medicare 57 years old

Member by carrier



# Program funding 2024 year-end

## Members

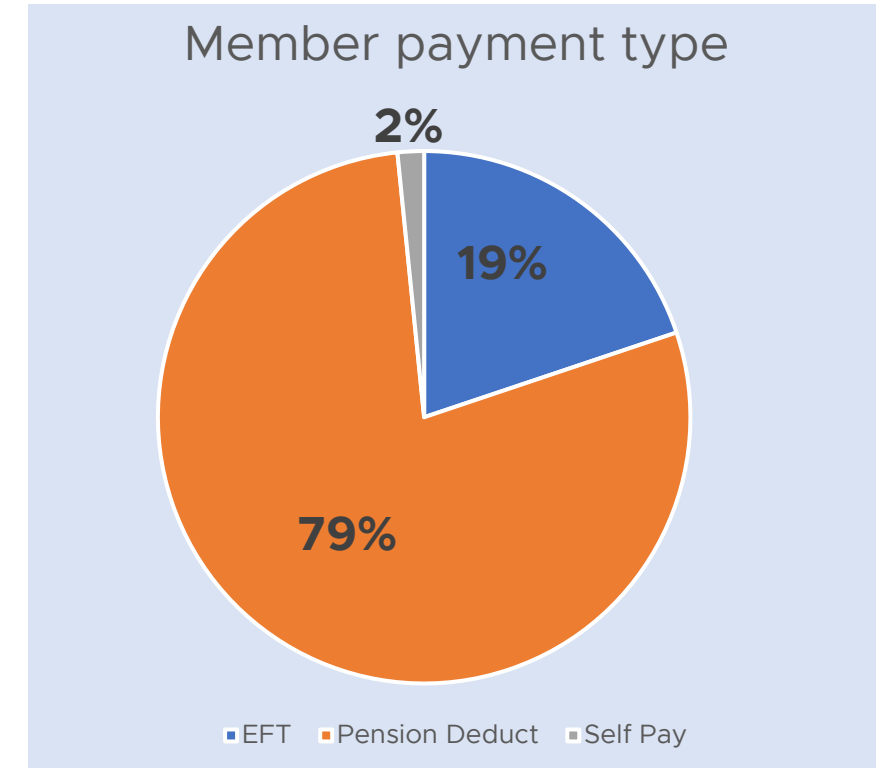
- ORS 238.410 establishes the **Standard Retiree Health Insurance Account**.
- Premiums are paid by the retirees.

## Retiree Health Insurance Account (RHIA)

- ORS 238.420 Medicare subsidy for eligible retirees.
- \$60/month.
- 38,219 PHIP members receiving subsidy.

## Retiree Health Insurance Premium Account (RHIPA)

- ORS 238.415 Pre-Medicare Insurance subsidy for eligible state employees.
- Average subsidy is \$490.97/month.
- 406 PHIP members receiving subsidy.



# Accomplishments

PHIP continues to align with PERS processes to improve member, team, and contractor experience.

- Collaborated with PERS Death Unit to streamline death report process.
- Began collaboration with Oregon Savings Growth Plan and Member Education to increase employers' knowledge about PHIP.
- Completed PHIP process-mapping.

## Program accomplishments

- Successfully transitioned Pacific Source members to a different plan offered by PHIP.
- Revised Reserve Policy.
- Conducted and awarded third-party administrator request for proposals (RFP) to Zenith American Solutions.
- Created and began implementing strategic plan to specifically address program challenges.



# Challenges

## Federal Legislation

- Uncertainty over regulations impacting Medicare and Medicare Advantage Plans.

## Increasing cost

- The cost of care continues to increase. New treatments and medications are highly effective, but are expensive.

## Static retiree subsidy

- The current RHIA subsidy has not grown with the rising cost of care, lowering its overall value.

## New competition

- There are more options for retirees today, such as, the individual marketplace and exchanges.

## Offerings and design

- PHIP's current offerings and design may not meet the needs of all retirees.

## Closed retiree group

- There is an end date for retirees eligible. As retirees age, we have fewer “new” members to offset their costs.

# Looking ahead

## New third-party administrator implementation

- Planning and implementation have begun transition and will be completed by December 2025.

## Request for proposal - Contracted health plans

- Begin investigative process in 2025.
- RFP in 2026.
- Will be implemented in January 2027.

## Update OAR

- Clarify eligibility language.
- Reduce enrollment barriers.

## Increase membership growth and engagement through strategic planning

- Enhance and improve member communication.
- Member survey.
- Employer education.
- Enrollment opportunities.
- Health fairs.

## Pending legislative concepts

- Extending RHIA and RHIPA subsidies to Oregon Public Service Retirement Plan (OPSRP) members.
- Increasing the \$60 RHIA subsidy amount.

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



## Thank you.



C.

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May 30, 2025

TO: Members of the PERS Board  
 FROM: Barbara Dimeling-Perris,  
 PERS Health Insurance Program Manager  
 SUBJECT: PERS Health Insurance Program (PHIP) 2026 Plans and Rates

### OVERVIEW

- Action: Approve the PHIP contract renewals, benefits, and rates for the 2026 plan year.

### CURRENT PHIP PLANS OFFERED

PHIP contracts with five contracted health plans (CHP) for medical, dental, and prescription drug plans (PDP), allowing participants a range of provider choices and plan options while maintaining the overall program. Currently, contracts that are in place are as follows:

1. Kaiser Permanente NW
  - a. Medicare Advantage - Senior Advantage Health Maintenance Organization (HMO) Plan/Part D PDP
  - b. Traditional HMO Core Value Non-Medicare Plan/PDP
  - c. \$3,000 HSA-qualified High-Deductible Health Plan (HDHP) Non-Medicare Plan/PDP
  - d. Dental Maintenance Organization (DMO) Dental Plan
2. Moda Health Plan
  - a. Medicare Supplement – Moda Health Medicare Supplement Plan/Part D PDP
3. Delta Dental Plan of Oregon
  - a. Indemnity Dental Plan with passive Preferred Provider Organization (PPO)
4. Providence Health Assurance
  - a. Medicare Advantage - Medicare Align Group HMO Plan/Part D PDP
  - b. Medicare Advantage - Medicare Flex Group HMO-Point of Service Plan/Part D PDP
5. UnitedHealthcare
  - a. Medicare Advantage - Medicare Advantage PPO plan/Part D PDP
  - b. \$1,000 Deductible Core Value Non-Medicare Plan/PDP Plan
  - c. \$3,000 HSA-qualified HDHP Non-Medicare Plan/PDP

PHIP is a voluntary insurance plan where eligible members pay most, if not all, of their own premiums for the plan of their choice. Members who are eligible receive subsidies (Retirement Health Insurance Account (RHIA) and Retiree Health Insurance Premium Account (RHIPA))) either in the form of a flat rate (RHIA) or based on years of service (RHIPA) to help offset the

cost of premiums. In addition to the CHP premium, PERS retirees also cover the cost of program administration. The monthly premium rates that members pay are inclusive of these costs.

## RENEWAL PROCESS

The factors influencing the 2026 plan year PHIP renewal process, include:

- Consideration of plan design and benefit improvements in response to Member Services interaction with PHIP members.
- Consideration of plan design and benefit improvements in response to interaction with CHPs.
- Consideration of plan design and benefit improvements in response to changes from Centers for Medicare & Medicaid Services (CMS) for Medicare programs, which includes the Inflation Reduction Act of 2022.

PHIP began working with our CHPs in November 2024, asking questions about potential benefit changes and the legislative and regulatory landscape. In February, PHIP met with the CHPs to review the current benefits and the marketplace. In March 2025, CHPs presented initial proposed 2026 plan year renewal rates with increases over the 2025 plan year. PHIP, the consultants, and the CHPs met in April 2025 to discuss the initial proposals and the legislative impact. The changes impacting the 2026 plan year rates are due to the following:

- Inflation Reduction Act included CMS' ability to negotiate drug prices as of January 1, 2026.
- CMS final call letter released in April 2025 included an increase in the Medical (Part C) annual growth rate.

As a result, the PHIP plans, in general, are experiencing increased costs associated with higher medical and prescription drug costs.

The 2026 plan year premium rate changes were finalized and outlined by type of coverage for both Medicare and non-Medicare enrollees. The submissions were reviewed by PHIP with oversight from the chief operating officer and the PHIP board liaison.

The primary benefit focus areas for the 2026 plan year renewal included:

- Ensuring that PHIP is continuing to offer high value plans to PERS retirees and members.
- Improving offerings that will benefit members.
- Implementing the changes as a result of federal legislation.

## 2025 PLAN YEAR (PY) RENEWAL OVERVIEW

### *Medical*

In the 2025 PY, PHIP reviewed financial incentive programs for CHPs that do not offer it, as well as other supplemental programs which were not added due to low value return compared to cost. For the 2026 PY, PHIP continued to review financial incentive programs; however, at this

time we are not recommending introducing these, as these programs do not yet seem to be mature. Other supplemental programs were considered, but after evaluation of these programs, PHIP is not recommending they be added due to low value return compared to costs. In addition, PHIP's plan continues to offer high value benefits compared to the individual marketplace. PHIP will continue to evaluate potential enhancements to ensure the plans continue to provide a high valued benefit package.

#### *Pharmacy*

Currently members are subject to an annual out-of-pocket maximum of \$2,000. In the 2026 PY, the CMS Part D out-of-pocket maximum is increasing to \$2,100 and the PHIP plans will align with this update. Additionally, prescription drug price negotiation resulted in additional cost and administrative expenses for the CHPs. PHIP requested and considered CHPs pricing for alternative pharmacy plan designs. However, it was determined that the value proposition for these changes did not outweigh member disruption and additional member costs.

#### *Dental*

The Delta Dental plan is currently the only plan remaining with a minimum premium funding arrangement. PHIP reviewed transitioning to a fully insured arrangement in the 2026 plan year and determined that financial requirements were approximately the same and the administrative burden with tracking reserves and reconciling the minimum premium would be removed. Given that dental costs are generally more predictable with less margin built in, being fully insured offers financial benefits to remove liability exposure. It is recommended that we move forward with continuing with the current benefits under a fully insured arrangement for the 2026 PY.

#### RATE STABILIZATION RESERVE DRAWDOWN

The PHIP asset balance as of December 31, 2024, is approximately \$92 million down about \$3.0 million from December 2023. Total annual PHIP premium across all CHPs for calendar year 2026 is expected to be roughly \$27 million.

The CHPs 2026 PY best and final rates increased compared to the 2025 PY rates due to regulatory changes directly impacting the Medicare and Part D plans and the non-Medicare experience and group size. In accordance with policy, PHIP recommends utilizing the maximum allowable rate credit to help off-set costs for members.

The recommended 2026 PY rates in Attachment 1 to this memo include rate credits consistent with the agency policy and range between 0% and 10%. Applying a credit limits the members' impact of the regulatory changes with member costs increasing between 0% and 10.8%. The PERS director and chief operating officer have reviewed rates for compliance with this policy.

#### 2024 ADMINISTRATIVE FEE REVIEW

ORS 238.410 authorizes PERS to collect an administrative fee to cover the costs of running a retiree health insurance program. PHIP has historically included a small administrative charge to retiree premiums to cover program costs which has not been increased in several years. A \$5.90 administrative fee is charged to members who are on a medical plan and a separate smaller charge of \$0.60 is included for members on a dental plan. Segal consulted with PHIP on

the future administrative costs increasing in the 2026 plan year and made recommendations on increasing member administrative fees. PHIP reviewed and recommends a modest per-member per-month increase in administrative fees to cover the costs of running the program.

For members who participate in both a medical and dental plan, the increase will be \$1.00 per member per month (PMPM), increasing the combined administrative fee from \$6.50 to \$7.50 per member per month.

#### SUMMARY OF ACTION REQUIRING BOARD APPROVAL

- PHIP will continue to contract with Kaiser Permanente NW, Providence Health Assurance, Moda Health Plan, Delta Dental Plan of Oregon, and UnitedHealthcare for medical, prescription drugs, and dental (where applicable) insurance coverage for eligible retired Medicare and non-Medicare members, spouses, and eligible dependents.
- PHIP recommends adopting the premium rates as outlined in item C.3. Attachment 1: PHIP 2026 PY Proposed Rates.
- PHIP recommends adopting an administrative fee increase, to be included in the member premium rates, of \$0.95 PMPM for medical plan participants and an additional \$0.05 PMPM for members who participate in a dental plan.

#### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to approve the proposed PHIP RFP contract renewals, benefits, and rates for the 2026 PY as presented in Item C.3. Attachment 1: *PHIP 2026 PY Proposed Rates*.
2. Direct staff to make changes to these terms or explore other options.

#### STAFF RECOMMENDATIONS

Staff recommends the PERS Board approve the contract renewals, benefits, and rates for 2026 PY as presented in Attachment 1.

C.3. Attachment 1 – *PHIP 2026 PY Proposed Rate*





## PHIP 2025 PROPOSED RATES 2025 vs. 2026 Contracted Health Plan Rates

Rates not approved/finalized

Effective January 1, 2026

### SUMMARY Medical/Rx and Dental Rates

	Enrollment as of April 2025	Current 2025 Rates	Proposed 2026 Rates	Percentage Change
<b>Medicare Plans</b>				
Kaiser Foundation Health Plan of the NW Medicare Senior Advantage	8,862	\$ 284.19	\$ 284.19	0.00%
Moda Health Medicare Supplement	23,444	\$ 379.03	\$ 402.21	6.12%
Providence Health Assurance Medicare Advantage Group Align Plan + Rx	5,558	\$ 365.69	\$ 365.69	0.00%
Providence Health Assurance Medicare Advantage Group Flex Plan + Rx (HMO-POS)	5,024	\$ 306.87	\$ 333.84	8.79%
United Healthcare Group Medicare Advantage (PPO)	5,894	\$ 287.00	\$ 303.84	5.87%
<b>Non-Medicare Plans</b>				
<b>Core Value</b>				
Kaiser Foundation Health Plan of the NW Traditional Core Value Plan	232	\$ 1,181.20	\$ 1,181.20	0.00%
United Healthcare Choice Core Value Plan	225	\$ 1,496.73	\$ 1,658.24	10.79%
<b>HDHP</b>				
Kaiser Foundation Health Plan of the NW Qualified HDHP Plan	171	\$ 702.99	\$ 702.99	0.00%
UnitedHealthcare Qualified HDHP Plan	204	\$ 1,077.75	\$ 1,194.05	10.79%
<b>Dental Plans</b>				
Kaiser Foundation Health Plan of the NW Dental HMO Plan	4,235	\$ 70.14	\$ 70.14	0.00%
Delta Dental Plan of Oregon <sup>1</sup>	30,953	\$ 72.36	\$ 72.36	0.00%

#### Notes to Rate Sheet:

- Rates illustrated are "Adult" only premium (retiree or spouse)
- Child rates are calculated as a percentage of the "Adult" rate as follows:
  - Child with Medicare coverage = 80%
  - Child with non-Medicare Coverage = 30%
  - Child with dental coverage = 40%
- The rates in "Current 2025 Rates" and "Proposed 2026 Rates" columns, include a rate credit applied to CHP best and final offer.
- Medical / Rx Rates do not include RHIP/RHIA subsidies or PERS Administrative fees

<sup>1</sup> Delta Dental Plan of Oregon will be transitioning from a minimum premium arrangement to a fully insured plan.

C.

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May 30, 2025

TO: Members of the PERS Board  
 FROM: Matt Rickard, PERS Outcome-Based Management System Council  
 SUBJECT: Board Scorecard Report on Agency Performance Measures

A key part of the PERS Outcome-Based Management System (POBMS) is the Quarterly Target Review of scorecards that evaluate our effectiveness in a number of outcome and process measures. These measures foster accountability and transparency in key operating areas. The scorecard results help direct strategic planning, resource allocation, and risk assessment.

The attached Board Scorecard Report for the first quarter of 2025 focuses on several measures we currently track based on essential business operations. A targeted performance range is created for each measure:

- Green – performance is at or above targeted goals.
- Amber – performance is marginally below targeted goals.
- Red – performance is significantly below; corrective action should be directed.

The POBMS Council is continuing its effort to review and update our enterprise measures. There have been a couple of measures added, and a couple measure revisions. We will continue to keep the board informed of our progress towards updating measures.

Highlights of this report include:

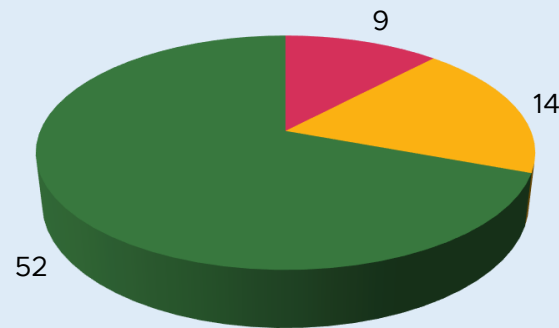
- Five of the eight measures are performing in the green ranges.
- Twenty consecutive quarters in the green range for both Benefit Estimates Completed and Eligibility Reviews Completed.
- Accuracy of Calculations has remained in the green range sixteen of the seventeen previous quarters.
- System Uptime has been in the green range eleven of the twelve previous quarters.
- Recruitment has been in the green range four out of the six previous quarters.
- The target and ranges for Timely Benefit Calculations have been updated to reflect a more reasonable targeted performance level.

The next report will be presented at the December 5, 2025 meeting, showing the scorecard results for the third quarter of 2025.

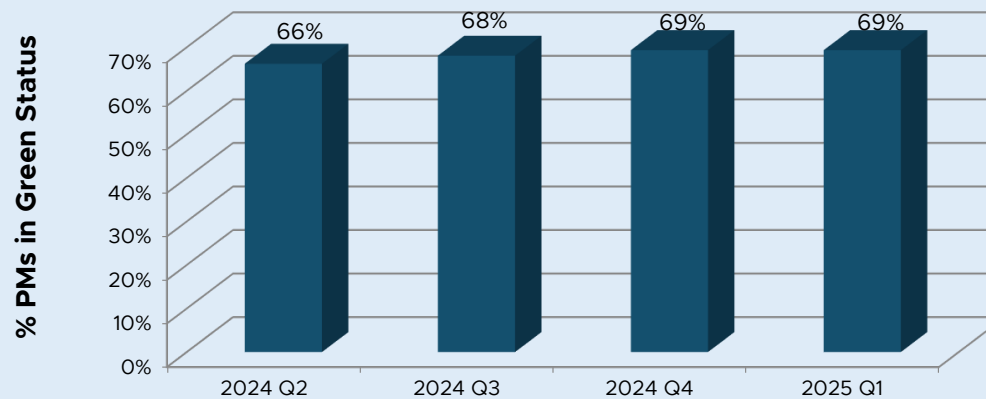
C.5 Attachment 1 – *Board Scorecard Report for First Quarter 2025*

2025-Q1 Overall Performance (Quarter ending March 2025)

### Outcome & Process Measure Performance

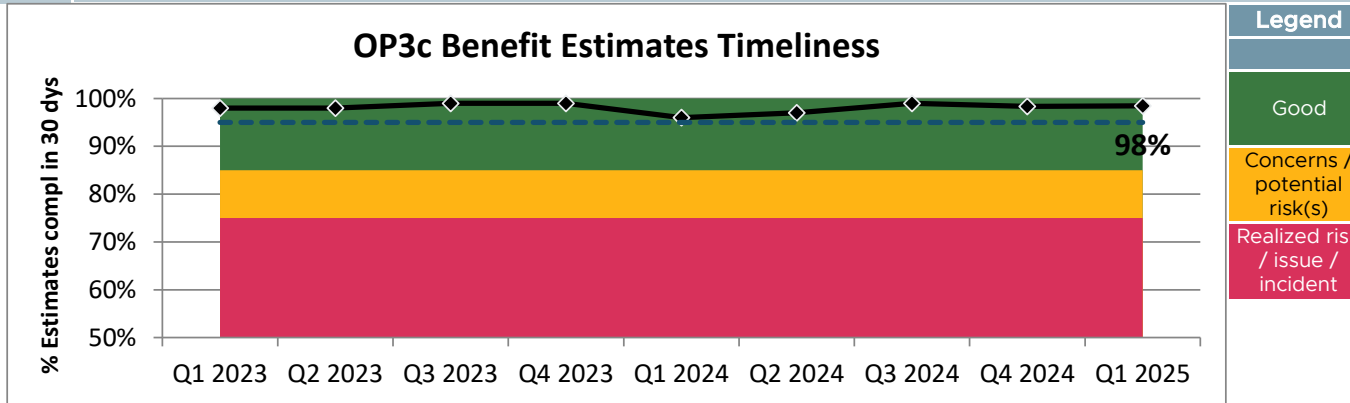


### Quarterly Green Performance

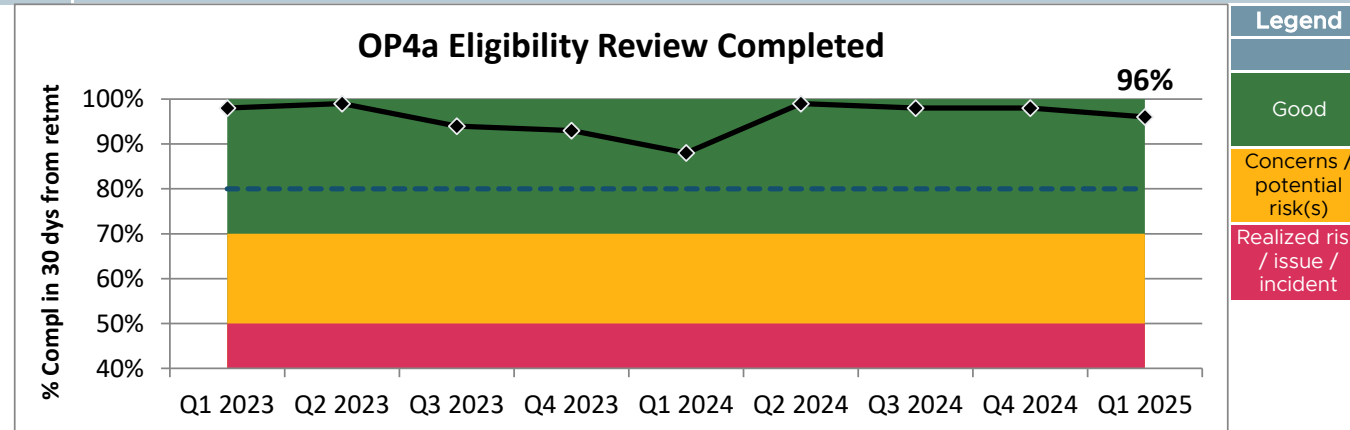


## PERS Board Scorecard Report: 2024-Q3 and historic performance

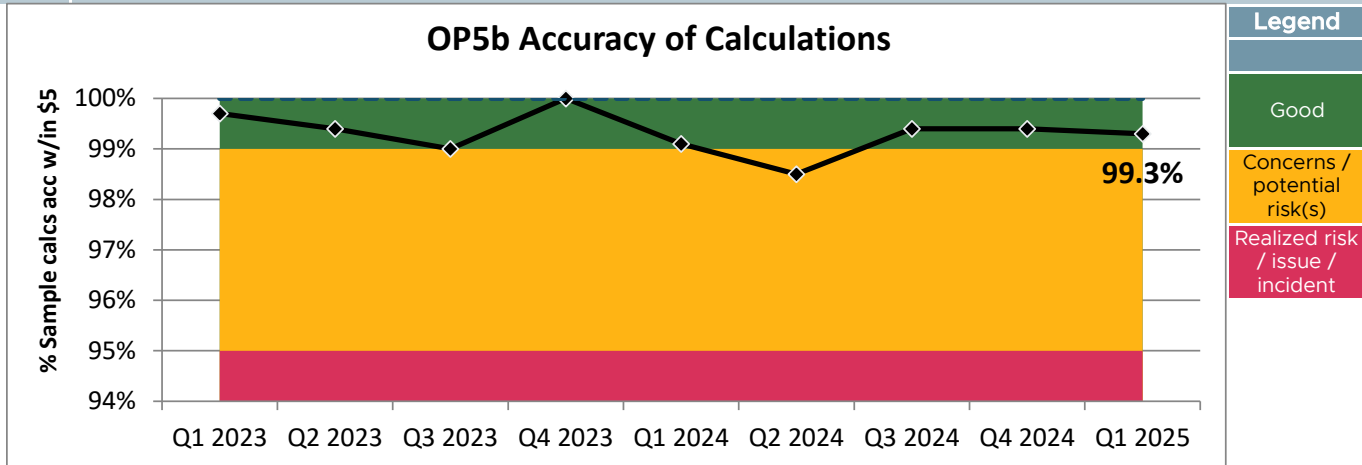
	Measure name	Measure calculation	Target	CY 2023	CY2024				CY 2025
				Q4	Q1	Q2	Q3	Q4	Q1
OP3c	<b>Estimate KPM</b>	% of estimate requests completed within 30 days of receipt.	<b>95%</b>	<b>99.0%</b>	<b>96.0%</b>	<b>97.0%</b>	<b>99.0%</b>	<b>98.4%</b>	<b>98.5%</b>
Comment / Corrective Action:									



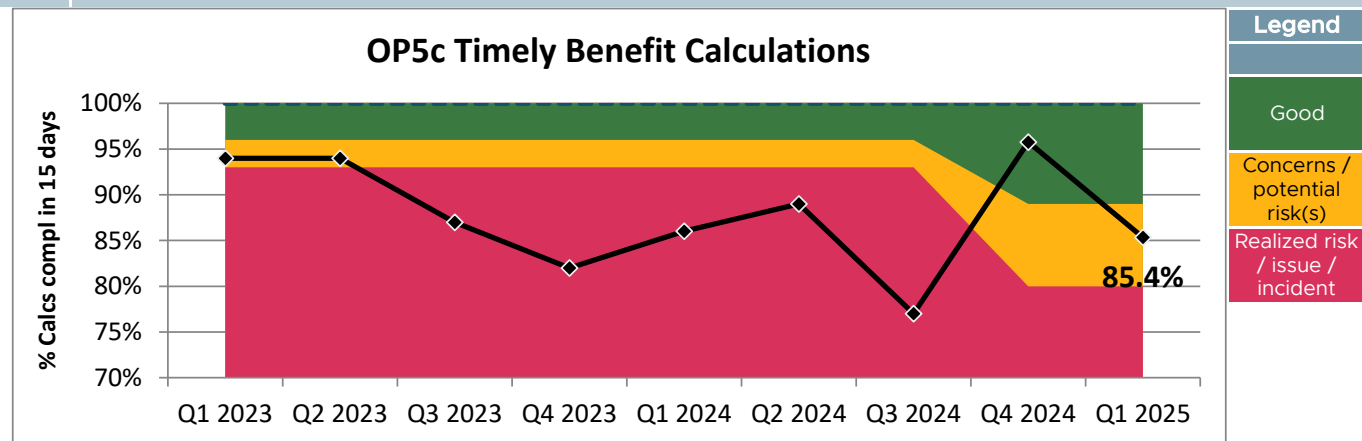
	Measure name	Measure calculation	Target	CY 2023	CY2024				CY 2025
				Q4	Q1	Q2	Q3	Q4	Q1
OP4a	<b>Eligibility review completed</b>	% of eligibility analysis completed within 30 days of the effective retirement date.	<b>80%</b>	<b>93.0%</b>	<b>88.0%</b>	<b>99.0%</b>	<b>98.0%</b>	<b>98.0%</b>	<b>96.0%</b>
Comment / Corrective Action:									



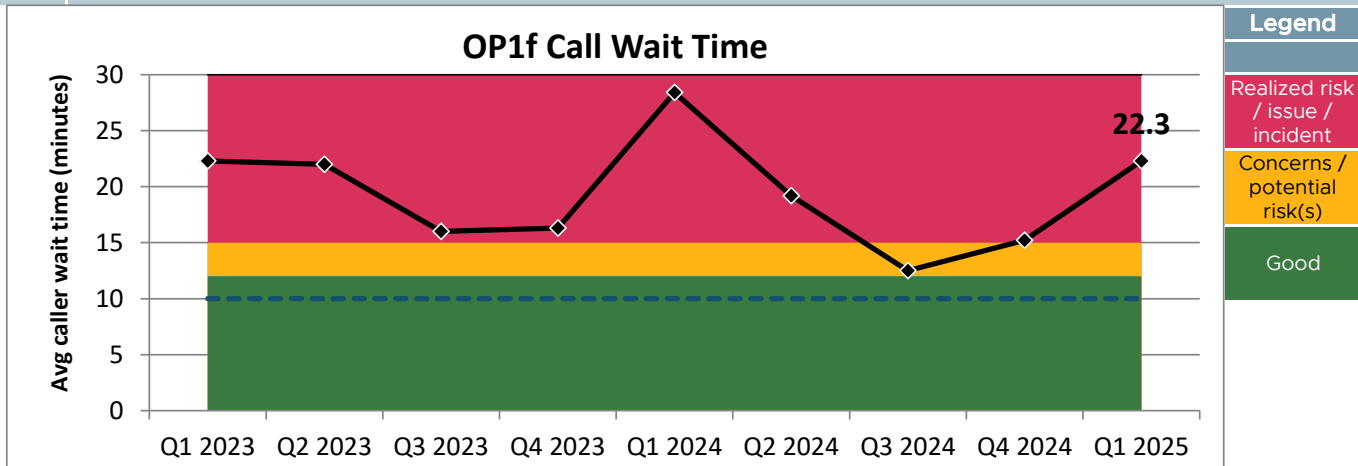
	Measure name	Measure calculation	Target	CY 2023	CY2024				CY 2025
				Q4	Q1	Q2	Q3	Q4	Q1
OP5b	<b>Accuracy of calculations</b>	% of sample calculations that are accurate within plus or minus \$5	100%	100.0%	99.1%	98.5%	99.4%	99.4%	99.3%
Comment / Corrective Action:									



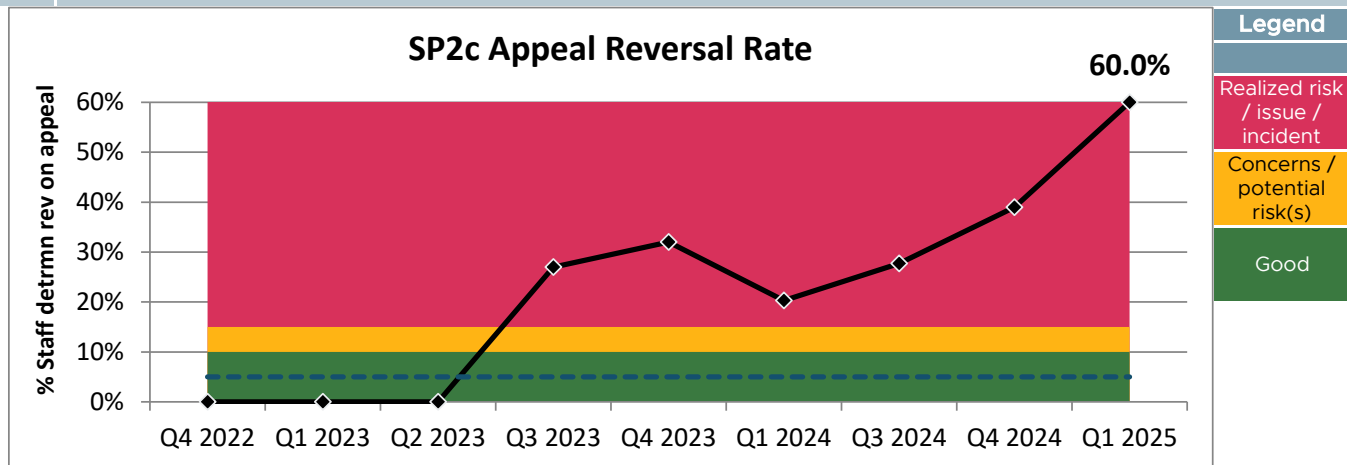
	Measure name	Measure calculation	Target	CY 2023	CY2024				CY 2025
				Q4	Q1	Q2	Q3	Q4	Q1
OP5c	<b>Timely benefit calculations</b>	% of calculations completed within 15 calendar days from completed application date	100%	82.0%	86.0%	89.0%	77.0%	95.8%	85.4%
Comment / Corrective Action:		High January ERD volume, 4 employees out and 1 vacancy.							



	Measure name	Measure calculation	Target	CY 2023	CY2024				CY 2025
				Q4	Q1	Q2	Q3	Q4	Q1
OP1f	<b>Call wait time</b>	Average length of wait before caller reaches live person	<b>10 minutes</b>	<b>16.3</b>	<b>28.4</b>	<b>19.2</b>	<b>12.5</b>	<b>15.2</b>	<b>22.3</b>
Comment / Corrective Action:		QTR with highest call volume since Q1 of 2020 - tax season always generates large call volumes and higher wait times							

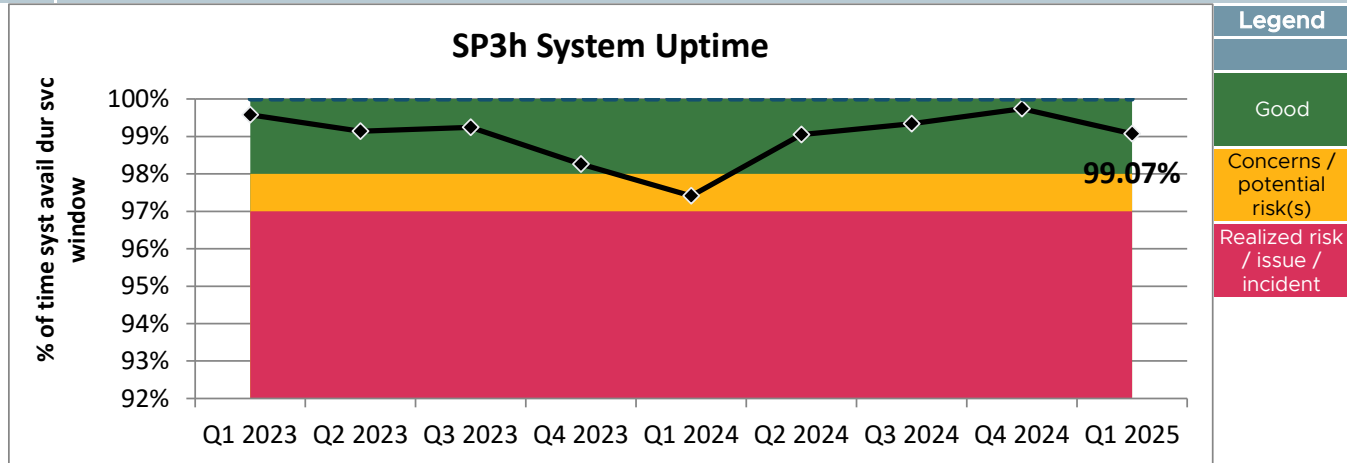


	Measure name	Measure calculation	Target	CY 2023	CY2024				CY 2025
				Q4	Q1	Q2	Q3	Q4	Q1
SP2c	<b>Appeal reversal rate</b>	% of staff determinations that are reversed on appeal	<b>5%</b>	<b>32.0%</b>	<b>20.3%</b>	<b>n/a</b>	<b>27.7%</b>	<b>39.0%</b>	<b>60.0%</b>
Comment / Corrective Action:		20 determinations in quarter; 12 reversals - 6 disability reversals, and 6 non-disability reversals							

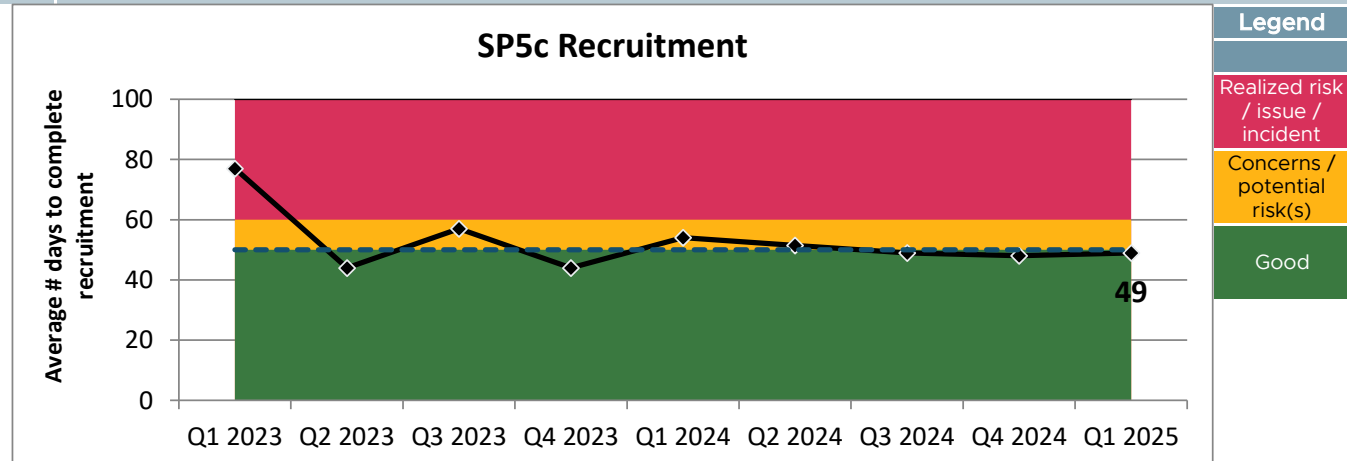


	Measure name	Measure calculation	Target	CY 2023	CY2024	CY 2025
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				Q4	Q1	Q2	Q3	Q4	Q1
SP3h	<b>System uptime</b>	% of time systems are available during the service window	100%	99.3%	97.4%	99.1%	99.3%	99.7%	99.1%
Comment / Corrective Action:		Total down time: 608 minutes; 490 due to long batch runs (80.59%); 118 due to network outage on 3rd floor, HQ.							



	Measure name	Measure calculation	Target	CY 2023	CY2024					CY 2025
				Q4	Q1	Q2	Q3	Q4		Q1
SP5c	<b>Recruitment</b>	Average number of days for recruitment (from requisition to offer)	50	44	54	51	49	48		49
Comment / Corrective Action:										





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May 30, 2025

TO: Members of the PERS Board  
FROM: Jake Winship, Actuarial Manager  
SUBJECT: Request for Proposal – Actuarial Services

### OVERVIEW

The current actuarial services contract with Milliman expires on December 31, 2025. This contract cannot be extended further, so the agency must solicit a request for proposal (RFP) for a new actuarial services contract to be effective January 1, 2026.

### BACKGROUND

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 an RFP to perform actuarial services. Please note that Milliman is eligible and encouraged to bid for the new contract. PERS staff have been greatly pleased with the services performed by Milliman under the current contract.

PERS is issuing this RFP under the authority of the Department of Administrative Services (DAS) and is using the Competitive Sealed Proposal method. A draft version of the RFP has been submitted to the Oregon Department of Justice (DOJ) for their review. The proposed timeline for RFP rollout shown below anticipates that the DOJ will approve a finalized request for proposal prior to this May 30 PERS Board meeting.

### PROPOSED SCHEDULE (Subject to DOJ approving RFP)

Event	Date	Time
<b>RFP posted on OregonBuys</b>	June 9, 2025	
<b>Questions / Requests for Clarification Due</b>	June 24 , 2025	12:00 PM
<b>RFP Protest Period Ends</b>	June 24 , 2025	12:00 PM
<b>Answers to Questions / Requests for Clarification Issued (approx.)</b>	July 1, 2025	
<b>Opening: Proposal Responses and Other Required Documents Due</b>	July 24, 2025	12:00 PM
<b>Proposal Evaluation</b>	July 28 – August 15, 2025	

<b>Presentations, Demonstrations, or Interviews</b>	August 18-22, 2025	
<b>Best and Final Offer Due</b>	August 29, 2025	12:00 PM
<b>Issuance of Notice of Intent to Award (approx.)</b>	September 5 , 2025	
<b>Award Protest Period Ends</b>	7 days after Notice of Intent to Award	
<b>Contract Execution</b>	October 31, 2025 (no later than)	

### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to approve the issuance of a request for proposal and the proposed schedule. These dates are subject to change based on the RFP passing legal sufficiency approval by the Oregon Department of Justice.
2. Direct staff to pursue another mode of action to ensure that actuarial services can be performed after December 31, 2025.

### STAFF RECOMMENDATION

Staff recommends that the PERS Board choose Option #1.

C.

## A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

## B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

## **C. Action and discussion items**

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
- 7. Revised 2025-2027 Jefferson County EMS employer contribution rates**
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

Headquarters

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May 30, 2025

TO: Members of the PERS Board  
FROM: Jake Winship, Actuarial Manager  
SUBJECT: Jefferson County EMS - Revised Employer Contribution Rates

### OVERVIEW

The 2025-27 actuarial contribution rates approved by the board for employer number 2575 – Jefferson County Rural Fire Protection District #1 should be modified based on additional information available after the published December 31, 2023 actuarial valuation report.

### BACKGROUND

This employer originally showed no active member payroll at the valuation date. As a result, it did not receive an individual actuarial valuation report and was instead included on the “non-report employer” listing. Consistent with PERS policy, the contribution rates charged were the average for all independent employers. This resulted in a significant increase to published rates for the 2025-27 biennium compared with the contribution rates calculated for the 2023-25 biennium.

The employer reached out and informed PERS that they did have relevant payroll which ought to have been reflected in their 2023 valuation report. Internal challenges at the employer prevented timely reporting of this payroll in time to produce an actuarial report. Based on discussions with the Actuarial Activities Section (AAS) and the Employer Service Center, they were able to provide payroll information reflecting 2023 during the 2024 calendar year.

PERS staff arranged to collect this information and confirmed its accuracy and completeness during early 2025. AAS contacted Milliman to perform a revised valuation in order to modify previously approved contribution rates for the 2025-27 biennium. This work was engaged via Actuarial Service Request (ASR) 2025-003. The cost for this calculation was paid by PERS as part of its Special Projects element of the Milliman contract; there was no cost to the employer to determine these rates.

### RESULTS

The revised net employer contribution rates calculated for ER 2575 - Jefferson County Rural Fire Protection District #1 are as follows:

Tier One/Tier Two	15.92%
OPSRP General Service	12.28%
OPSRP Police and Fire	17.56%

### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to approve the revised contribution rates shown. These rates would then apply to payroll reported by this employer for the 2025-27 biennium.
2. Direct staff to implement contribution rates equal to the average for independent employers for the 2025-27 biennium.

### STAFF RECOMMENDATION

Staff recommends that the PERS Board choose Option #1.

C.1. Attachment 1 – *2025-003\_JeffersonCountyRFPD - revised*



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March 28, 2025

**VIA E-MAIL**

Kevin Olineck  
Director  
Oregon PERS

**Re: ASR 2025-003: Proposed Revised Actuarial Valuation Results for ER 2575  
Jefferson County Rural Fire Protection District #1**

Dear Kevin:

As requested, we have prepared proposed revised actuarial valuation results for ER 2575 Jefferson County Rural Fire Protection District #1 (the Employer). We understand there were errors in data reporting for the December 31, 2023 actuarial valuation. As a result of those errors, the Employer was originally reported with no active member payroll at the valuation date and thus did not receive an individual employer report with calculated contribution rates. The employer was instead included on the "non-report employer" listing as of the valuation date. Oregon PERS has provided corrected data for our use in preparing the revised actuarial valuation results shown in this letter.

The December 31, 2023 actuarial valuation, the results of which were presented to the PERS Board in July and October of 2024, developed employer rates adopted by the Board for the 2025-2027 biennium. In the case of the Employer, we understand revised results in this letter may be approved by the PERS Board and may supersede the rates approved for the Employer on October 4, 2024 as the rates assessed for the 2025-2027 biennium.

**BACKGROUND ON CONTRIBUTION RATE COMPONENTS**

In general, PERS contribution rates consist of a normal cost rate, rates to amortize Unfunded Accrued Liability (UAL) over time if future experience follows assumptions, and any employer-specific adjustments (such as for a side account offset). Normal cost rates are calculated and charged separately for Tier One/Tier Two, OPSRP general service, and OPSRP police & fire payrolls. UAL rates are calculated separately for Tier One/Tier Two and OPSRP but charged across all payrolls. Employer-specific adjustments are also charged across all payrolls.

The Employer is an "independent" employer for Tier One/Tier Two purposes and does not pool its demographic liability experience for Tier One/Tier Two benefits. The experience of all PERS employers state-wide is pooled for OPSRP benefits.

Results shown below include all pension rate components applicable to Tier One/Tier Two payroll and OPSRP payroll.

Offices in Principal Cities Worldwide

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For the purpose of calculating the Employer's revised contribution rates shown in this letter, it was assumed that the corrections to the Employer's valuation data were immaterial to the calculation of all pooled rate calculations, including the Multnomah Fire District #10 UAL rate and the OPSRP normal cost and OPSRP UAL rates.

## PROPOSED REVISED EMPLOYER CONTRIBUTION RATES EFFECTIVE JULY 1, 2025

The following table summarizes the employer contribution rates effective July 1, 2025 through June 30, 2027 calculated as of December 31, 2023 for each type of payroll, after reflecting the corrected data received from PERS. There are separate normal cost rates for each of the payrolls based on the benefit structure supported by that payroll. The other rates apply to all payrolls regardless of the benefit structure to which they are attributed. Details of the revised Tier One/Tier Two normal cost and Tier One/Tier Two UAL rates are shown in this letter.

	Payroll		
	Tier One/ Tier Two	General Service	OPSRP Police & Fire
<b>Pension</b>			
Normal cost rate	15.86%	10.47%	15.75%
Tier One/Tier Two UAL rate	-0.29%	-0.29%	-0.29%
Multnomah Fire District #10 UAL rate	0.06%	0.06%	0.06%
OPSRP UAL rate	2.69%	2.69%	2.69%
Side account rate relief <sup>1</sup>	0.00%	0.00%	0.00%
Member redirect offset <sup>2</sup>	-2.40%	-0.65%	-0.65%
<b>Net employer pension contribution rate</b>	<b>15.92%</b>	<b>12.28%</b>	<b>17.56%</b>
<b>Retiree Healthcare</b>			
Normal cost rate	0.04%	0.00%	0.00%
UAL rate	-0.04%	0.00%	0.00%
<b>Net retiree healthcare rate</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total net employer contribution rate</b>	<b>15.92%</b>	<b>12.28%</b>	<b>17.56%</b>

<sup>1</sup> The side account rate relief shown may be reduced such that the net pension contribution rate does not go below 0.00%.

<sup>2</sup> 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.

### Milliman

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## SUMMARY OF ACTUARIAL ACCRUED LIABILITY BY TIER/MEMBER CLASSIFICATION

The actuarial accrued liability represents the portion of the present value of projected future benefits allocated to service performed before the valuation date by the actuarial cost allocation method. The table shows the original results of the Employer's December 31, 2023 actuarial valuation next to the revised results reflecting the corrected data received from PERS.

	Original December 31, 2023 Employer Results	Revised December 31, 2023 Employer Results
<b>Active Members</b>		
Tier One Police & Fire	-	-
Tier One General Service	-	-
Tier Two Police & Fire	-	481,605
Tier Two General Service	90,620	502,392
<b>Total Active Members</b>	<b>90,620</b>	<b>983,997</b>
<b>Dormant Members</b>	<b>1,086,304</b>	<b>232,672</b>
<b>Retired Members and Beneficiaries</b>	<b>2,792,276</b>	<b>2,792,276</b>
<b>Total Actuarial Accrued Liability</b>	<b>3,969,199</b>	<b>4,008,945</b>

## SUMMARY OF UNFUNDED ACTUARIAL LIABILITY (UAL)

The UAL represents the difference between the assets accumulated and the liability attributed to prior years of service by the cost method. The table shows the original results of the Employer's December 31, 2023 actuarial valuation next to the revised results reflecting the corrected data received from PERS.

	Original December 31, 2023 Employer Results	Revised December 31, 2023 Employer Results
1. Actuarial accrued liability	3,969,199	4,008,945
2. Actuarial value of assets	4,107,631	4,107,631
3. Unfunded accrued liability (1. - 2.)	(138,432)	(98,686)
4. Funded percentage (2. / 1.)	103%	102%
5. Combined valuation payroll	-	2,060,943
6. Unfunded accrued liability as % of combined valuation payroll (3. / 5.)	n/a	-5%

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## RECONCILIATION OF UAL BASES

Beginning with the December 31, 2013 actuarial valuation, the PERS Board established a policy to amortize the Tier One/Tier Two UAL over closed, layered 20-year periods, with each subsequent odd-year valuation establishing a new 20-year closed-period amortization schedule for newly arising Tier One/Tier Two UAL amounts based on the total Tier One/Tier Two UAL as of that valuation date less the remaining unamortized balance of previously established Tier One/Tier Two UAL amortization bases. As part of Senate Bill 1049, passed in 2019, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period. This means that, effective with the December 31, 2019 rate setting valuation, the entire unamortized Tier One/Tier Two UAL for each rate pool and independent employer was re-amortized over a 22-year period as a level percentage of projected future payroll. For the December 31, 2021 and subsequent odd-year valuations, the PERS Board again has authority to set the amortization schedule. In subsequent experience studies, the PERS Board confirmed the policy of layered 20-year closed-period amortization schedules for Tier One/Tier Two UAL going forward. The table shows the Employer's revised December 31, 2023 actuarial valuation results reflecting the corrected data received from PERS.

Amortization Base, December 31	UAL December 31, 2022	Payment	Interest	UAL December 31, 2023	Years Remaining	Next Year's Payment
2019	349,676	25,184	23,201	347,693	18	26,039
2021	(187,710)	(13,519)	(12,454)	(186,645)	18	(13,978)
2023	-	-	-	(259,734)	20	(18,037)
<b>Total</b>				<b>(98,686)</b>		<b>(5,976)</b>

## DEVELOPMENT OF TIER ONE/TIER TWO UAL RATES

The Tier One/Tier Two UAL rate is determined by calculating the next year's scheduled payment to amortize the UAL as a percentage of combined valuation payroll. The table below shows the revised results reflecting the corrected data received from PERS.

	Revised December 31, 2023 Employer Results
1. Total Tier One/Tier Two UAL	(98,686)
2. Next year's Tier One/Tier Two UAL payment	(5,976)
3. Combined valuation payroll	2,060,943
4. Tier One/Tier Two UAL rate (2 / 3)	-0.29%

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## ADJUSTMENTS DUE TO RATE COLLAR AND DECREASE RESTRICTIONS

The UAL Rate for an employer is confined to a collared range based on the prior biennium's collared UAL Rate. For an independent employer, the collar width for the Tier One/Tier Two UAL Rate is the greater of 4% of payroll or one-third of the difference between the collared and uncollared UAL Rate at the prior rate-setting valuation. The maximum Tier One/Tier Two UAL Rate will always be at least 0.00% of payroll if the employer's funded status (excluding side accounts) is less than 100%. The PERS Board adopted restrictions on when the UAL Rate may decrease: the UAL Rate may not decrease if the funded status (excluding side accounts) is 87% or lower, while it may decrease by the full collar width if funded status is 90% or greater. The allowable decrease is phased in from 87% to 90% funded.

The table below shows the current Tier One/Tier Two UAL Rate for the period from July 1, 2023 through June 30, 2025, develops the maximum and minimum UAL Rates effective July 1, 2025 based on the collar, and determines the collared Tier One/Tier Two UAL Rate. The table shows the revised results reflecting the corrected data received from PERS.

	Revised December 31, 2023 Employer Results
1. Current Tier One/Tier Two UAL Rate	3.10%
2. Size of rate collar	
a. Impact of rate collar, prior rate-setting valuation	0.00%
b. Size of rate collar (maximum of 4% or absolute value of [a. / 3])	4.00%
c. Funded percentage	102%
d. Permissible decrease to UAL Rate (If c. > 90%, b.; if c < 87%, 0.00%; otherwise, graded between those rates)	4.00%
3. July 1, 2025 minimum Tier One/Tier Two UAL rate (1. - 2.d.)	-0.90%
4. July 1, 2025 maximum Tier One/Tier Two UAL Rate (1. + 2.b., but not less than 0% if 2.c. < 100%)	7.10%
5. July 1, 2025 Tier One/Tier Two UAL Rate, before collar	-0.29%
6. Net adjustment due to rate collar (3. - 5., but not < 0, or 4. - 5., but not >0)	0.00%
7. July 1, 2025 Tier One/Tier Two UAL Rate, after collar (5. + 6.)	-0.29%

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## DEVELOPMENT OF TIER ONE/TIER TWO NORMAL COST RATE

The normal cost rate represents the actuarially determined contribution cost of benefits allocated to the next year of service by the actuarial cost allocation method. If all actuarial assumptions are met, the normal cost represents the percent of payroll that would need to be contributed each year to fund the benefits. Amounts shown below include assumed administrative expenses, which are allocated pro-rata based on normal cost. For independent employers, the Tier One/Tier Two normal cost is divided by projected payroll to determine a Tier One/Tier Two normal cost rate. The table below shows the development of the rate for each tier and member classification. Normal cost rates shown below are before any offset for redirected member contributions under Senate Bill 1049 and reflect the corrected data received from PERS.

	Employer Tier One/Tier Two		
	Normal Cost	Valuation Payroll	Normal Cost Rate
Tier One Police & Fire	-	-	0.00%
Tier One General Service	-	-	0.00%
Tier Two Police & Fire	16,670	93,976	17.74%
Tier Two General Service	14,829	104,641	14.17%
<b>Total</b>	<b>31,499</b>	<b>198,617</b>	<b>15.86%</b>

## DATA, METHODS, ASSUMPTIONS AND PROVISIONS

Other than the exceptions and additions discussed in this letter, the data, methods, assumptions, and plan provisions used to calculate employer contribution rates are the same as those used in the December 31, 2023 System-wide Actuarial Valuation Report (“the valuation report”), published on September 19, 2024. That information, including a discussion of the inherent limitations of use of actuarial valuation results, is herein incorporated to this letter by reference.

## ACTUARIAL BASIS AND QUALIFICATIONS

In preparing this letter and the actuarial valuation report on which it is based, we relied, without audit, on information (some oral and some in writing) supplied by Oregon PERS (“the System”). This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. These estimates 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.

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Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Board. The Board is responsible for selecting the System's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in the valuation are those that have been so adopted and are described in the valuation report. 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 future 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.

Future actuarial measurements may differ significantly from the current measurements presented in this estimate due to such factors as 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, additional cost or contribution requirements based on the plan's funded status, or a change in the cost allocation method); and changes in plan provisions or applicable law. Due to the limited scope of this estimate, we did not perform an analysis of the potential range of future measurements. The Oregon PERS Board has the final decision regarding the valuation assumptions and adopted the assumptions used in the December 31, 2023 actuarial valuation in September 2023.

Actuarial computations presented in this letter are for purposes of determining July 2025 to June 30, 2027 contribution rates for the Employer according to the actuarial basis described herein. As such, they cannot be relied upon for financial reporting or other purposes, and calculations for purposes other than this use may be significantly different from the estimates contained in this letter. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the use of Oregon PERS. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. 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 actuaries. We have not explored any legal issues with respect to the proposed changes modeled. 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.

**Milliman**

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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.

If you have any questions about our response or need any additional information, please let us know.

Sincerely,



Matt Larrabee, FSA, EA, MAAA  
Principal and Consulting Actuary



Scott D. Preppernau, FSA, EA, MAAA  
Principal and Consulting Actuary

MRL:SDP:Ire

cc: Jake Winship

**Milliman**

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C.

## A. Administration

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2. Director's Report
3. Annual report of board member training activities

## B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

## **C. Action and discussion items**

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
- 8. Revised 2025-2027 Black Butte Ranch employer contribution rates**
9. Revised 2025-2027 School District employer contribution rates
10. Overview of actuarial methods and economic assumptions



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

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May 30, 2025

TO: Members of the PERS Board  
FROM: Jake Winship, Actuarial Manager  
SUBJECT: Black Butte Ranch Police - Revised Employer Contribution Rates

### OVERVIEW

The 2025-27 actuarial contribution rates approved by the board for employer number 2749 – Black Butte Ranch Police should be modified based on additional information available after the published December 31, 2023 actuarial valuation report.

### BACKGROUND

This employer received a December 31, 2023 actuarial valuation report, which was presented to the PERS Board in July and October of 2024. This valuation developed employer rates adopted by the board for the 2025-27 biennium. The employer is part of the State and Local Government Rate Pool and during the 2023-25 biennium benefited from a significant transition surplus rate offset. The December 31, 2023 actuarial valuation revealed that the remaining surplus would deplete prior to the start of the 2025-27 biennium. The resulting contribution rates increased as the transition surplus rate became 0.0% for the 2025-27.

The employer reached out and informed PERS that their payroll was not reported correctly in their 2023 valuation report. They felt that the calculation of transition surplus before the next biennium was in error and requested that the calculation be performed with corrected data.

PERS staff arranged to revise this information and confirmed its accuracy and completeness during early 2025. AAS contacted Milliman to perform a revised valuation in order to modify previously approved contribution rates for the 2025-27 biennium. This work was engaged via Actuarial Service Request (ASR) 2025-003. The cost for this calculation was paid by PERS as part of its Special Projects element of the Milliman contract; there was no cost to the employer to determine these rates.

### RESULTS

The revised net employer contribution rates calculated for ER 2749 – Black Butte Ranch Police are as follows:

Tier One/Tier Two General Service	26.09%
Tier One/Tier Two Police & Fire	34.01%
OPSRP General Service	24.46%
OPSRP Police & Fire	29.73%



### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to approve the revised contribution rates shown. These rates would then apply to payroll reported by this employer for the 2025-27 biennium.
2. Direct staff to implement the contribution rates previously approved in October 2024.

### STAFF RECOMMENDATION

Staff recommends that the PERS Board choose Option #1.

C.1. Attachment 1 – 2025-003\_*BlackButteRanchPolice* - revised



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March 28, 2025

**VIA E-MAIL**

Kevin Olineck  
Director  
Oregon PERS

**Re: ASR 2025-003: Proposed Revised Actuarial Valuation Results for ER 2749 Black Butte Ranch Police**

Dear Kevin:

As requested, we have prepared proposed revised actuarial valuation results for ER 2749 Black Butte Ranch Police (the Employer). We understand there were errors in data reporting for the December 31, 2023 actuarial valuation. Oregon PERS has provided corrected data for our use in preparing the revised actuarial valuation results shown in this letter.

The December 31, 2023 actuarial valuation, the results of which were presented to the PERS Board in July and October of 2024, developed employer rates adopted by the Board for the 2025-2027 biennium. In the case of the Employer, we understand revised results in this letter may be approved by the PERS Board and may supersede the rates approved for the Employer on October 4, 2024 as the rates assessed for the 2025-2027 biennium.

**BACKGROUND ON CONTRIBUTION RATE COMPONENTS**

In general, PERS contribution rates consist of a normal cost rate, rates to amortize Unfunded Accrued Liability (UAL) over time if future experience follows assumptions, and any employer-specific adjustments (such as for a transition liability or surplus). Normal cost rates are calculated and charged separately for Tier One/Tier Two, OPSRP general service, and OPSRP police & fire payrolls. UAL rates are calculated separately for Tier One/Tier Two and OPSRP but charged across all payrolls. Employer-specific adjustments are also charged across all payrolls.

The Employer pools its demographic liability experience for Tier One/Tier Two benefits as a member of the State and Local Government Rate Pool (SLGRP). The experience of all PERS employers state-wide is pooled for OPSRP benefits.

The pooling decision affects the calculation of Tier One/Tier Two normal cost and Tier One/Tier Two UAL rates and determines whether there will be an employer-specific adjustment for a transition liability or surplus. It does not affect OPSRP normal cost or OPSRP UAL rates as OPSRP experience is pooled at a state-wide level. Results shown below include all pension rate components applicable to Tier One/Tier Two payroll and OPSRP payroll.

Offices in Principal Cities Worldwide

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For the purpose of calculating the Employer's revised contribution rates shown in this letter, it was assumed that the corrections to the Employer's valuation data were immaterial to the calculation of all pooled rate calculations, including the SLGRP Tier One/Tier Two normal cost and Tier One/Tier Two UAL rates, the Multnomah Fire District #10 UAL rate, the OPSRP normal cost and OPSRP UAL rates, and the pre-SLGRP pooled liability rate.

## PROPOSED REVISED EMPLOYER CONTRIBUTION RATES EFFECTIVE JULY 1, 2025

The following table summarizes the employer contribution rates effective July 1, 2025 through June 30, 2027 calculated as of December 31, 2023 for each type of payroll, after reflecting the corrected data received from PERS. SLGRP employers have the option to elect separate Tier One/Tier Two rates to be applied to general service and police & fire payroll or to have the default blended rate apply to all Tier One/Tier Two payroll. There are separate normal cost rates for each of the payrolls based on the benefit structure supported by that payroll. The other rates apply to all payrolls regardless of the benefit structure to which they are attributed. Details of the revised default Tier One/Tier Two normal cost rate and the revised transition liability/(surplus) rate are shown in this letter.

	Payroll				
	Tier One/Tier Two			OPSRP	
	Default	Optional Separate Rates			
	All Tier One/Tier Two Payroll	General Service	Police & Fire	General Service	Police & Fire
<b>Pension</b>					
Normal cost rate	18.53%	13.85%	21.77%	10.47%	15.74%
Tier One/Tier Two UAL rate <sup>1</sup>	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 <sup>2</sup>	-0.57%	-0.57%	-0.57%	-0.57%	-0.57%
Transition liability/(surplus) rate <sup>3</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Side account rate relief <sup>3</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Member redirect offset <sup>4</sup>	-2.40%	-2.40%	-2.40%	-0.65%	-0.65%
<b>Net employer pension contribution rate</b>	<b>30.77%</b>	<b>26.09%</b>	<b>34.01%</b>	<b>24.46%</b>	<b>29.73%</b>
<b>Retiree Healthcare</b>					
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%
<b>Net retiree healthcare rate</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total net employer contribution rate</b>	<b>30.77%</b>	<b>26.09%</b>	<b>34.01%</b>	<b>24.46%</b>	<b>29.73%</b>

<sup>1</sup> Includes any impact of rate collar developed in the system-wide actuarial valuation report.

<sup>2</sup> Pre-SLGRP pooled liability rate developed in the system-wide actuarial valuation report. Effective 12/31/2022, reflects amortization to end of 2027-2029 biennium and includes adjustment for contribution lag.

<sup>3</sup> The transition liability/(surplus) rate and side account rate relief shown may be reduced such that the net pension contribution rate does not go below 0.00%.

<sup>4</sup> 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.

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## DEVELOPMENT OF TOTAL WEIGHTED AVERAGE TIER ONE/TIER TWO NORMAL COST RATE

The normal cost rate represents the actuarially determined contribution cost of benefits allocated to the next year of service by the actuarial cost allocation method. If all actuarial assumptions are met, the normal cost represents the amount that would need to be contributed each year to fund the benefits. Members of the State and Local Government Rate Pool pay a payroll-weighted average normal cost rate using the normal cost rates developed for the pool for each tier and member classification. The table below shows the calculation of the individual employer's Tier One/Tier Two normal cost rate by member classification and in aggregate. SLGRP employers can elect to pay the member classification rates or the default aggregate rate.

The table shows the original results of the Employer's individual employer report from October 2024 next to the revised results reflecting the corrected data received from PERS. The corrected data received from PERS indicates that the Employer had an active Tier Two Police & Fire member as of December 31, 2023. Therefore, the Employer's aggregate (default) Tier One/Tier Two normal cost rate now reflects the appropriate Tier Two Police & Fire valuation payroll, as well as corrections to the Employer's Tier Two General Service valuation payroll.

	Published December 31, 2023 Employer Report			Revised December 31, 2023 Results		
	SLGRP Normal Cost Rate	Employer Tier One/Tier Two Valuation Payroll	Normal Cost	SLGRP NC Rate	Employer Tier One/Tier Two Valuation Payroll	Normal Cost
Tier One General Service	17.76%	-	-	17.76%	-	-
Tier Two General Service	13.85%	91,217	12,634	13.85%	64,277	8,902
<b>Total General Service</b>		<b>91,217</b>	<b>12,634</b>		<b>64,277</b>	<b>8,902</b>
Tier One Police & Fire	23.43%	-	-	23.43%	-	-
Tier Two Police & Fire	21.77%	-	-	21.77%	92,639	20,168
<b>Total Police &amp; Fire</b>		<b>-</b>	<b>-</b>		<b>92,639</b>	<b>20,168</b>
<b>Total</b>		<b>91,217</b>	<b>12,634</b>		<b>156,917</b>	<b>29,070</b>
<b>Total normal cost rate</b>						
<b>General Service</b>			<b>13.85%</b>			<b>13.85%</b>
<b>Police &amp; Fire</b>			<b>22.04%</b>			<b>21.77%</b>
<b>Aggregate (Default)</b>			<b>13.85%</b>			<b>18.53%</b>

## OUTSTANDING BALANCE OF TRANSITION LIABILITY/(SURPLUS)

Upon joining the SLGRP effective January 1, 2000, a transition liability or surplus was calculated to ensure that the employer entered the pool on an actuarial funding basis that was fair to both the joining employer and to the employers already in the SLGRP. The transition liability or surplus is maintained separately from the SLGRP. It is systematically amortized over

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time using a financial, rather than straight-line, amortization basis that incorporates the assumed interest rate. For a transition surplus, the amortization occurs via a contribution rate offset credit. The table below shows the reconciliation of the transition liability or surplus from the last valuation to the current valuation. The table shows the original results of the Employer's individual employer report from October 2024 next to the revised results reflecting the corrected data received from PERS. The Employer's reported subject salary for 2023 decreased after reflecting the corrected data received from PERS. Therefore, the revised results show a larger remaining transition surplus balance as of December 31, 2023 than the originally published report.

	<b>Published December 31, 2023 Employer Report</b>	<b>Revised December 31, 2023 Results</b>
1. Transition liability/(surplus) as of December 31, 2022	(152,263)	(152,263)
2. January 1, 2023 through June 30, 2023		
A. Transition liability/(surplus) rate <sup>1</sup>	-7.93%	-7.93%
B. Actual employer payroll	327,071	294,167
C. Payment to transition liability/(surplus)	(25,937)	(23,327)
3. July 1, 2023 through December 31, 2023		
A. Transition liability/(surplus) rate <sup>1</sup>	-13.93%	-13.93%
B. Actual employer payroll	386,795	325,552
C. Payment to transition liability/(surplus)	(53,880)	(45,349)
4. Supplemental payment to transition liability	0	0
5. Interest	(4,999)	(5,768)
6. Other adjustments, i.e. merger, spin-off, balance expiration	0	0
<b>7. Transition liability/(surplus) as of December 31, 2023</b>	<b>(77,445)</b>	<b>(89,355)</b>
<b>(1. - 2C. - 3C. - 4. + 5. + 6.)</b>		

<sup>1</sup> Transition liability or surplus rates shown are those paid on Tier One/Tier Two payroll for the indicated periods. For some surplus employers, this rate may differ from the rate paid on OPSRP general service or OPSRP police and fire payroll. In those cases, the payment to transition (surplus) shown above is the payment reflecting the rates on different payroll.

## DEVELOPMENT OF TRANSITION LIABILITY OR SURPLUS RATE

The rate adjustment attributable to a transition liability or surplus is determined by amortizing the liability or surplus on the valuation date over a fixed period and expressing the result as a percentage of combined valuation payroll. For employers joining the SLGRP prior to December 31, 2009, the fixed period ends December 31, 2027. For all others, the fixed period ends 18 years after the date the employer joined the pool. The transition liability/(surplus) rate calculation shown below uses a fixed period ending December 31, 2027. The amortization period for the rate adjustment extends 18 months after the end of the fixed period to align with the biennial

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rate-setting cycle. The table shows the original results of the Employer's individual employer report from October 2024 next to the revised results reflecting the corrected data received from PERS.

After the revisions to the Employer's transition surplus balance as of December 31, 2023 and the Employer's combined valuation payroll, the Employer is still projected to fully exhaust the transition surplus balance prior to the scheduled rate change effective July 1, 2025. Therefore, the Employer's transition surplus rate for the 2025-2027 biennium is unchanged from the originally published result and remains at 0.00% of payroll. In other words, when the transition (surplus) contribution rate offset of -13.93% of payroll in effect for the currently 2023-2025 biennium is applied to the projected payroll between December 31, 2023 and July 1, 2025, no transition (surplus) balance is projected to remain as of July 1, 2025.

	<b>Published December 31, 2023 Employer Report</b>	<b>Revised December 31, 2023 Results</b>
1. Total transition liability/(surplus)	(77,445)	(89,355)
2. Combined valuation payroll	488,746	450,089
3. Regular amortization factor <sup>1</sup>	0.000	0.000
<b>4. Total transition liability/(surplus) rate</b>	<b>0.00%</b>	<b>0.00%</b>

<sup>1</sup> Effective December 31, 2022, reflects alignment of amortization period with biennial rate changes and includes adjustment for contribution lag as described in the system-wide actuarial valuation report

## DATA, METHODS, ASSUMPTIONS AND PROVISIONS

Other than the exceptions and additions discussed in this letter, the data, methods, assumptions, and plan provisions used to calculate employer contribution rates are the same as those used in the December 31, 2023 System-wide Actuarial Valuation Report ("the valuation report"), published on September 19, 2024. That information, including a discussion of the inherent limitations of use of actuarial valuation results, is herein incorporated to this letter by reference.

## ACTUARIAL BASIS AND QUALIFICATIONS

In preparing this letter and the actuarial valuation report on which it is based, we relied, without audit, on information (some oral and some in writing) supplied by Oregon PERS ("the System"). This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. These estimates 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.

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Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Board. The Board is responsible for selecting the System's funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in the valuation are those that have been so adopted and are described in the valuation report. 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 future 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.

Future actuarial measurements may differ significantly from the current measurements presented in this estimate due to such factors as 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, additional cost or contribution requirements based on the plan's funded status, or a change in the cost allocation method); and changes in plan provisions or applicable law. Due to the limited scope of this estimate, we did not perform an analysis of the potential range of future measurements. The Oregon PERS Board has the final decision regarding the valuation assumptions and adopted the assumptions used in the December 31, 2023 actuarial valuation in September 2023.

Actuarial computations presented in this letter are for purposes of determining July 2025 to June 30, 2027 contribution rates for the Employer according to the actuarial basis described herein.. As such, they cannot be relied upon for financial reporting or other purposes, and calculations for purposes other than this use may be significantly different from the estimates contained in this letter. Accordingly, additional determinations may be needed for other purposes.

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The consultants who worked on this assignment are actuaries. We have not explored any legal issues with respect to the proposed changes modeled. 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.

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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.

If you have any questions about our response or need any additional information, please let us know.

Sincerely,



Matt Larrabee, FSA, EA, MAAA  
Principal and Consulting Actuary



Scott D. Preppernau, FSA, EA, MAAA  
Principal and Consulting Actuary

MRL:SDP:Ire

cc: Jake Winship

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C.

## A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

## B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

## **C. Action and discussion items**

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
- 9. Revised 2025-2027 School District employer contribution rates**
10. Overview of actuarial methods and economic assumptions



# Effect of Senate Bill 849 on 2025-27 School District Rates

## OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Presented by:**

**Matt Larrabee, FSA, EA**  
**Scott Preppernau, FSA, EA**

May 30, 2025

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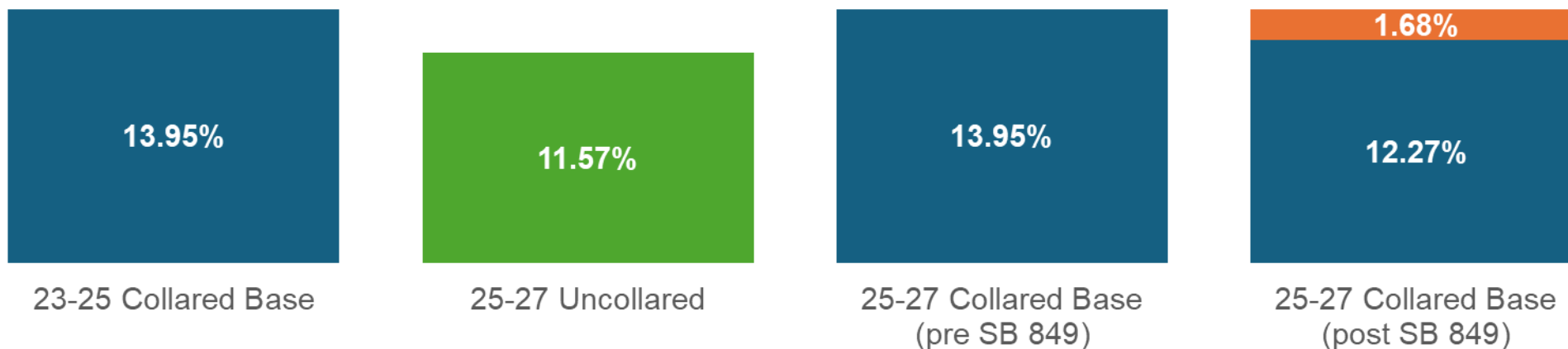
# School Districts Tier One/Tier Two UAL Amortization Rate (UALR)

- 2025-27 UALR calculated in the December 31, 2023 actuarial valuation
- 2025-27 **Uncollared UALR** is **11.57% of payroll** for all school districts
  - Pure actuarial rate projected to achieve 100% funded status within 20 years
  - Uncollared UALR is not the rate included in the adopted rate orders
- 2025-27 **Collared Base UALR** is **13.95% of payroll** all school districts
  - 2025-27 Base Collared UALR was set equal to the 2023-25 Base Collared UALR
    - No UALR decreases per current collar policy until funded status nears 90%
    - Funded status excluding side accounts as of December 31, 2023 was 76%
  - Paid by combination of employer contributions and side account transfers
- 2025-27 **Collared Net UALR** used in adopted rate orders **varies** by district
  - Between 0.00% and 13.95% of payroll depending on side account status

# Effect of SB 849 on 2025-27 Collared Base UALR

- SB 849 provides non-employer funding to help pay 2025-27 UALR
  - School district unfunded liability fund (SDULF) contribution of \$168 million
  - SDULF reduces employer 2025-27 Collared Base UALR by 1.68% of payroll
    - Reduced employer 2025-27 UALR is 12.27% of payroll (was 13.95% pre-SB 849)
  - **SB 849's employer rate reduction is reflected in today's amended rate orders**

School  
District Tier  
One / Tier  
Two UAL  
Rate



# Amended 2025-27 School District Rates

- A full listing of School District rates as amended by SB 849 is including in Board materials for today's meeting
- The amended rates for 2025-27 are 1.68% of pay lower than previously adopted rates

Summary of PERS Employer Contribution Rates - Updated for Senate Bill 849							
Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions, and exclude contributions to the IAP and debt service for pension obligation bonds.							
Employer Number	Employer Name	Net Employer Contribution Rate 7/1/23 - 6/30/25			Net Employer Contribution Rate 7/1/25 - 6/30/27		
		Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll	Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll
School Districts							
School							
4404	Alliance Charter Academy	26.42%	23.58%	28.37%	26.75%	23.57%	28.84%
4306	Amity School District	1.18%	0.00%	3.13%	11.79%	8.61%	13.88%
3446	Ashwood School	24.27%	21.43%	26.22%	18.01%	14.83%	20.10%
3003	Baker School District #5J	5.27%	2.43%	7.22%	18.58%	15.40%	20.67%
4035	Banks School District	22.17%	19.33%	24.12%	25.06%	21.88%	27.15%
4062	Beaverton School District	17.93%	15.09%	19.88%	21.43%	18.25%	23.52%
3291	Bend-La Pine Public Schools	19.32%	16.48%	21.27%	21.64%	18.46%	23.73%
3510	Bethel School District	12.82%	9.98%	14.77%	16.55%	13.37%	18.64%
3451	Black Butte School District	24.32%	21.48%	26.27%	24.56%	21.38%	26.65%
3283	Brookings-Harbor School District #17C	8.18%	5.34%	10.13%	14.05%	10.87%	16.14%
3320	Camas Valley School District #21	25.80%	22.96%	27.75%	26.55%	23.37%	28.64%
4333	Canby School District	7.23%	4.39%	9.18%	15.41%	12.23%	17.50%
4334	Cascade School District #5	11.18%	8.34%	13.13%	21.30%	18.12%	23.39%
3859	Central School District #13J	14.00%	11.16%	15.95%	19.33%	16.15%	21.42%
4259	Clackamas Education Service District	16.38%	13.54%	18.33%	24.25%	21.07%	26.34%
3179	Clatsop County School District #1C	1.11%	0.00%	3.06%	13.25%	10.07%	15.34%
3116	Colton School District #53	26.09%	23.25%	28.04%	26.63%	23.45%	28.72%
3242	Coos Bay School District #9	20.81%	17.97%	22.76%	23.00%	19.82%	25.09%
3039	Corvallis School District #509J	16.13%	13.29%	18.08%	20.64%	17.46%	22.73%
3970	Cove School District	25.58%	22.74%	27.53%	26.04%	22.86%	28.13%
3502	Creswell School District #40	22.17%	19.33%	24.12%	23.84%	20.66%	25.93%
3274	Crook County School District	8.25%	5.41%	10.20%	18.60%	15.42%	20.69%

# Summary of PERS Employer Contribution Rates - Updated for Senate Bill 849

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions, and exclude contributions to the IAP and debt service for pension obligation bonds.

Employer Number	Employer Name	Net Employer Contribution Rate 7/1/23 - 6/30/25			Net Employer Contribution Rate 7/1/25 - 6/30/27		
			OPSRP	OPSRP		OPSRP	OPSRP
		Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	General Service Payroll (reflects 0.65% member redirect offset)	Police and Fire Payroll	Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	General Service Payroll (reflects 0.65% member redirect offset)	Police and Fire Payroll
School Districts							
School							
4404	Alliance Charter Academy	26.42%	23.58%	28.37%	26.75%	23.57%	28.84%
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4035	Banks School District	22.17%	19.33%	24.12%	25.06%	21.88%	27.15%
4062	Beaverton School District	17.93%	15.09%	19.88%	21.43%	18.25%	23.52%
3291	Bend-La Pine Public Schools	19.32%	16.48%	21.27%	21.64%	18.46%	23.73%
3510	Bethel School District	12.82%	9.98%	14.77%	16.55%	13.37%	18.64%
3451	Black Butte School District	24.32%	21.48%	26.27%	24.56%	21.38%	26.65%
3283	Brookings-Harbor School District #17C	8.18%	5.34%	10.13%	14.05%	10.87%	16.14%
3320	Camas Valley School District #21	25.80%	22.96%	27.75%	26.55%	23.37%	28.64%
4333	Canby School District	7.23%	4.39%	9.18%	15.41%	12.23%	17.50%
4334	Cascade School District #5	11.18%	8.34%	13.13%	21.30%	18.12%	23.39%
3859	Central School District #13J	14.00%	11.16%	15.95%	19.33%	16.15%	21.42%
4259	Clackamas Education Service District	16.38%	13.54%	18.33%	24.25%	21.07%	26.34%
3179	Clatsop County School District #1C	1.11%	0.00%	3.06%	13.25%	10.07%	15.34%
3116	Colton School District #53	26.09%	23.25%	28.04%	26.63%	23.45%	28.72%
3242	Coos Bay School District #9	20.81%	17.97%	22.76%	23.00%	19.82%	25.09%
3039	Corvallis School District #509J	16.13%	13.29%	18.08%	20.64%	17.46%	22.73%
3970	Cove School District	25.58%	22.74%	27.53%	26.04%	22.86%	28.13%
3502	Creswell School District #40	22.17%	19.33%	24.12%	23.84%	20.66%	25.93%
3274	Crook County School District	8.25%	5.41%	10.20%	18.60%	15.42%	20.69%
3850	Dallas School District	11.97%	9.13%	13.92%	15.98%	12.80%	18.07%
3843	David Douglas School District	23.86%	21.02%	25.81%	25.29%	22.11%	27.38%
4291	Dayton Public Schools	3.68%	0.84%	5.63%	11.33%	8.15%	13.42%
4237	Douglas Education Service District	24.19%	21.35%	26.14%	26.34%	23.16%	28.43%
4012	Dufur Schools	27.47%	24.63%	29.42%	27.70%	24.52%	29.79%
3927	Echo School District	6.75%	3.91%	8.70%	13.56%	10.38%	15.65%
4323	Estacada School District #108	15.97%	13.13%	17.92%	22.28%	19.10%	24.37%
3473	Eugene School District 4J	21.68%	18.84%	23.63%	25.04%	21.86%	27.13%
3887	Falls City School District	12.75%	9.91%	14.70%	25.55%	22.37%	27.64%
3494	Fern Ridge School District	13.37%	10.53%	15.32%	15.92%	12.74%	18.01%
4405	Forest Grove Community School	27.16%	24.32%	29.11%	27.49%	24.31%	29.58%
4313	Forest Grove School District	19.02%	16.18%	20.97%	21.90%	18.72%	23.99%
4034	Gaston Public Schools	7.82%	4.98%	9.77%	16.99%	13.81%	19.08%
4329	Gervais School District #1	0.00%	0.00%	1.67%	2.32%	0.00%	4.41%

# Summary of PERS Employer Contribution Rates - Updated for Senate Bill 849

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions, and exclude contributions to the IAP and debt service for pension obligation bonds.

Employer Number	Employer Name	Net Employer Contribution Rate 7/1/23 - 6/30/25			Net Employer Contribution Rate 7/1/25 - 6/30/27		
			OPSRP	OPSRP		OPSRP	OPSRP
		Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	General Service Payroll (reflects 0.65% member redirect offset)	Police and Fire Payroll	Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	General Service Payroll (reflects 0.65% member redirect offset)	Police and Fire Payroll
School Districts							
School							
3160	Gladstone School District #115	2.95%	0.11%	4.90%	17.27%	14.09%	19.36%
3316	Glide School District #12	17.72%	14.88%	19.67%	22.67%	19.49%	24.76%
4219	Grant County Education Service District	23.62%	20.78%	25.57%	25.53%	22.35%	27.62%
4260	Greater Albany School District #8J	19.17%	16.33%	21.12%	21.82%	18.64%	23.91%
4332	Gresham-Barlow School District #10	12.99%	10.15%	14.94%	19.04%	15.86%	21.13%
4326	Harney County School District #3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
4258	Hermiston School District #8R	5.68%	2.84%	7.63%	14.04%	10.86%	16.13%
4252	High Desert Education Service District	17.87%	15.03%	19.82%	24.58%	21.40%	26.67%
4341	Hillsboro School District #1J	16.69%	13.85%	18.64%	21.71%	18.53%	23.80%
3409	Hood River County School District	15.95%	13.11%	17.90%	21.48%	18.30%	23.57%
4223	InterMountain Education Service District	8.84%	6.00%	10.79%	18.01%	14.83%	20.10%
4220	Jefferson County Education Service District	15.78%	12.94%	17.73%	15.78%	12.60%	17.87%
3729	Jefferson School District #14Cj	5.63%	2.79%	7.58%	11.78%	8.60%	13.87%
4315	John Day School District	8.81%	5.97%	10.76%	21.41%	18.23%	23.50%
3520	Junction City School District #69	15.73%	12.89%	17.68%	17.23%	14.05%	19.32%
3965	La Grande Public Schools	6.57%	3.73%	8.52%	11.09%	7.91%	13.18%
3461	Lake County School District #7	12.20%	9.36%	14.15%	16.47%	13.29%	18.56%
4268	Lake Oswego School District	15.15%	12.31%	17.10%	21.38%	18.20%	23.47%
4276	Lane County Education Service District	21.31%	18.47%	23.26%	26.03%	22.85%	28.12%
3579	Lincoln County School District	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3447	Madras School District	7.36%	4.52%	9.31%	17.10%	13.92%	19.19%
4142	McMinnville Schools	18.26%	15.42%	20.21%	21.65%	18.47%	23.74%
4288	Medford School District #549C	23.16%	20.32%	25.11%	24.53%	21.35%	26.62%
4335	Milton-Freewater Unified School District #7	0.76%	0.00%	2.71%	6.12%	2.94%	8.21%
4423	Molalla River Academy	26.79%	23.95%	28.74%	27.19%	24.01%	29.28%
4331	Molalla River School District	0.00%	0.00%	0.00%	5.07%	1.89%	7.16%
4340	Monroe School District #1J	14.64%	11.80%	16.59%	18.97%	15.79%	21.06%
3372	Monument School District #8	5.89%	3.05%	7.84%	12.99%	9.81%	15.08%
3809	Morrow County Schools	11.72%	8.88%	13.67%	18.59%	15.41%	20.68%
4238	Multnomah Education Service District	3.09%	0.25%	5.04%	11.99%	8.81%	14.08%
4336	Nestucca Valley School District #101	20.14%	17.30%	22.09%	24.65%	21.47%	26.74%
4135	Newberg School District #29Jt	9.61%	6.77%	11.56%	14.49%	11.31%	16.58%
3245	North Bend Public Schools	19.59%	16.75%	21.54%	20.85%	17.67%	22.94%
4321	North Clackamas School District #12	13.53%	10.69%	15.48%	19.90%	16.72%	21.99%
3463	North Lake School District #14	26.54%	23.70%	28.49%	27.12%	23.94%	29.21%
3730	North Marion School District #15	1.38%	0.00%	3.33%	10.29%	7.11%	12.38%



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School Districts							
School							
4342	North Santiam School District #29J	0.24%	0.00%	2.19%	4.81%	1.63%	6.90%
4381	North Wasco County School District #21	13.33%	10.49%	15.28%	24.54%	21.36%	26.63%
3307	Oakland School District	25.93%	23.09%	27.88%	26.73%	23.55%	28.82%
3524	Oakridge School District	13.91%	11.07%	15.86%	16.90%	13.72%	18.99%
3684	Ontario School District #8C	18.21%	15.37%	20.16%	22.56%	19.38%	24.65%
3122	Oregon City School District #62	6.36%	3.52%	8.31%	10.77%	7.59%	12.86%
4345	Oregon Trail School District 46	27.38%	24.54%	29.33%	27.63%	24.45%	29.72%
3462	Paisley School District	25.61%	22.77%	27.56%	26.49%	23.31%	28.58%
3820	Parkrose School District	9.17%	6.33%	11.12%	11.80%	8.62%	13.89%
3931	Pendleton School District #16R	2.83%	0.00%	4.78%	12.14%	8.96%	14.23%
3043	Philomath School District #17J	19.18%	16.34%	21.13%	23.29%	20.11%	25.38%
3414	Phoenix-Talent School District	13.59%	10.75%	15.54%	20.97%	17.79%	23.06%
3958	Pilot Rock School District #2R	13.64%	10.80%	15.59%	19.63%	16.45%	21.72%
3470	Pleasant Hill School District	27.26%	24.42%	29.21%	27.55%	24.37%	29.64%
3818	Portland Public Schools	0.00%	0.00%	1.29%	6.92%	3.74%	9.01%
4403	Portland Village School	26.37%	23.53%	28.32%	27.05%	23.87%	29.14%
3370	Prairie City School District #4	20.48%	17.64%	22.43%	23.77%	20.59%	25.86%
4320	Rainier School District #13	12.44%	9.60%	14.39%	17.98%	14.80%	20.07%
4311	Redmond School District #2J	8.14%	5.30%	10.09%	13.33%	10.15%	15.42%
4312	Reedsport School District	15.82%	12.98%	17.77%	21.12%	17.94%	23.21%
3824	Reynolds School District	8.43%	5.59%	10.38%	17.02%	13.84%	19.11%
3847	Riverdale School	13.98%	11.14%	15.93%	19.82%	16.64%	21.91%
3310	Roseburg Public Schools	1.38%	0.00%	3.33%	10.03%	6.85%	12.12%
3735	Salem-Keizer Public Schools	16.31%	13.47%	18.26%	20.83%	17.65%	22.92%
3665	Santiam Canyon School District	14.43%	11.59%	16.38%	19.69%	16.51%	21.78%
3000	School Districts	27.87%	25.03%	29.82%	28.02%	24.84%	30.11%
3647	Scio School District #95C	23.35%	20.51%	25.30%	23.86%	20.68%	25.95%
3187	Seaside Schools	16.97%	14.13%	18.92%	20.58%	17.40%	22.67%
4440	Sheridan Allprep Academy	24.16%	21.32%	26.11%	27.10%	23.92%	29.19%
4144	Sheridan School District #48J	26.93%	24.09%	28.88%	27.17%	23.99%	29.26%
4337	Sherman County School District	19.01%	16.17%	20.96%	20.88%	17.70%	22.97%
4317	Sherwood School District #88J	22.84%	20.00%	24.79%	24.41%	21.23%	26.50%
4270	Silver Falls School District	6.34%	3.50%	8.29%	14.15%	10.97%	16.24%
3296	Sisters School District	9.51%	6.67%	11.46%	19.48%	16.30%	21.57%
3537	Siuslaw School District #97J	14.41%	11.57%	16.36%	23.16%	19.98%	25.25%
3506	South Lane School District	0.00%	0.00%	0.00%	5.49%	2.31%	7.58%



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School Districts							
School							
3319	South Umpqua School District	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
3487	Springfield School District #19	4.19%	1.35%	6.14%	10.89%	7.71%	12.98%
4279	St Helens School District #502	3.97%	1.13%	5.92%	13.16%	9.98%	15.25%
3942	Stanfield School District	10.01%	7.17%	11.96%	16.21%	13.03%	18.30%
3353	Sutherlin School District #130	4.26%	1.42%	6.21%	13.32%	10.14%	15.41%
3618	Sweet Home School District #55	5.01%	2.17%	6.96%	11.22%	8.04%	13.31%
4380	The Emerson School	26.15%	23.31%	28.10%	26.70%	23.52%	28.79%
4338	Three Rivers U J School District	15.99%	13.15%	17.94%	18.97%	15.79%	21.06%
4316	Tigard-Tualatin School District #23J	23.69%	20.85%	25.64%	25.65%	22.47%	27.74%
3902	Tillamook Public Schools	0.00%	0.00%	0.65%	6.13%	2.95%	8.22%
3928	Umatilla School District #6R	11.33%	8.49%	13.28%	18.67%	15.49%	20.76%
3966	Union County School District	16.42%	13.58%	18.37%	22.69%	19.51%	24.78%
3195	Warrenton-Hammond School District	20.94%	18.10%	22.89%	23.54%	20.36%	25.63%
3075	West Linn School District	7.92%	5.08%	9.87%	14.33%	11.15%	16.42%
4254	Willamette Education Service District	12.79%	9.95%	14.74%	23.41%	20.23%	25.50%
4314	Willamina School District #30J	23.59%	20.75%	25.54%	24.83%	21.65%	26.92%
3349	Winston-Dillard Schools	0.00%	0.00%	0.00%	0.00%	0.00%	1.52%
4166	Yamhill-Carlton School District #1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

C.

## A. Administration

1. March 31, 2025 PERS Board Meeting Minutes
2. Director's Report
3. Annual report of board member training activities

## B. Administrative rulemaking

1. Notice of rulemaking for divorce rules
2. Notice of rulemaking for death and survivor benefits
3. Adoption of rulemaking for duty disability requirements

## **C. Action and discussion items**

1. PERS Modernization Program update
2. Legislative update
3. PERS Health Insurance Plan annual report
4. Retiree Health Insurance Plans renewals and rates
5. Board scorecard report on agency performance measures
6. Request for proposal – actuarial services
7. Revised 2025-2027 Jefferson County EMS employer contribution rates
8. Revised 2025-2027 Black Butte Ranch employer contribution rates
9. Revised 2025-2027 School District employer contribution rates

## **10. Overview of actuarial methods and economic assumptions**



# Economic Assumptions & Actuarial Methods

## OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Presented by:**

**Matt Larrabee, FSA, EA**  
**Scott Preppernau, FSA, EA**

May 30, 2025

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# Four-Meeting Process – Assumptions & Methods

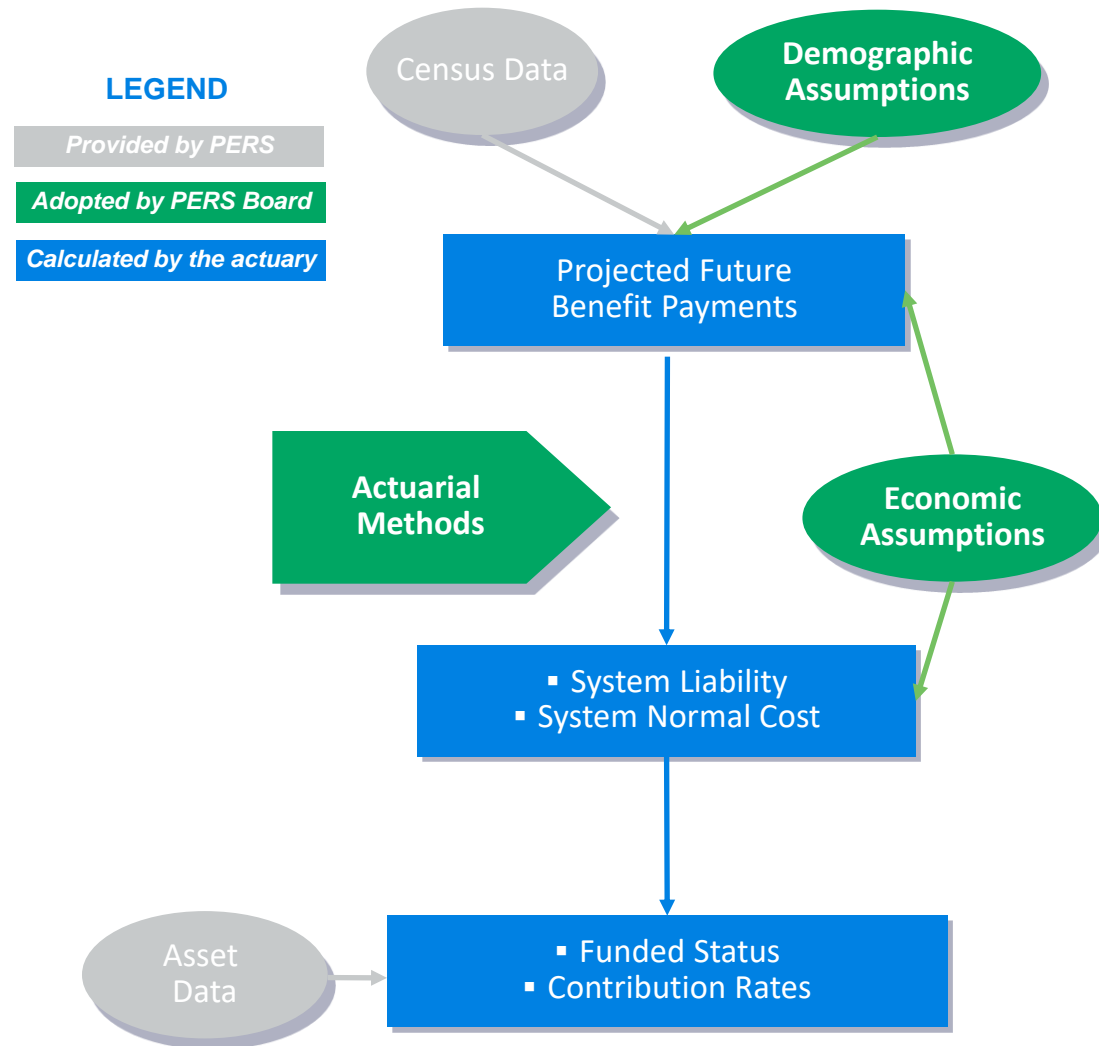
- March 31: Summary of process, background, and areas of focus
- May 28: Joint meeting with Oregon Investment Council (OIC)
  - Assumed rate – outlooks from OIC's consultants, Milliman
- **May 30: Economic assumptions, system funding methods**
  - Inflation and system payroll growth
  - Actuarial methods, 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

# Executive Summary

- Current economic assumptions are still reasonable based on review of updated data and expectations
- Investment return assumption:
  - Current capital market outlooks have median expected returns above 6.90%
  - Increasing (decreasing) the assumption 0.10% is estimated to decrease (increase) the system-wide 2027-29 uncollared total base contribution rate about 0.75% of pay
- The PERS Board will need to decide how to reflect Senate Bill 849 in the rate collar applied for School District 2027-29 biennium contribution rates
  - Decision can be made with other experience study decisions at July meeting

# 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 / Pre-SLGRP 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



# Guiding Objectives - Methods & Assumptions

- Transparent
- Predictable and stable rates
- Protect funded status
- Equitable across generations
- Actuarially sound
- GASB compliant

Some of the objectives can conflict, particularly in periods with significant volatility in investment return or projected benefit levels. Overall system funding policies should seek an appropriate balance between conflicting objectives.

# Governance Structure

- Benefits:
  - Plan design set by Oregon Legislature
  - Subject to judicial review
- Earnings:
  - Asset allocation set by OIC
  - Actual returns determined by market
- Contributions:
  - Funding, including methods & assumptions, set by PERS Board
  - Since contributions are the balancing item in the fundamental cost equation, PERS Board policies primarily affect the **timing** of contributions
  - Different actuarial methods and assumptions produce different projected future contribution patterns



# The Fundamental Cost Equation

- Long-term program costs are the contributions, which are governed by the “fundamental cost equation”:

$$\begin{aligned} &\textbf{BENEFITS} = \\ &\textbf{CONTRIBUTIONS} + \\ &\textbf{EARNINGS} \end{aligned}$$

# Review of Non-Investment Economic Assumptions

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# Non-Investment Economic Assumptions to Be Reviewed

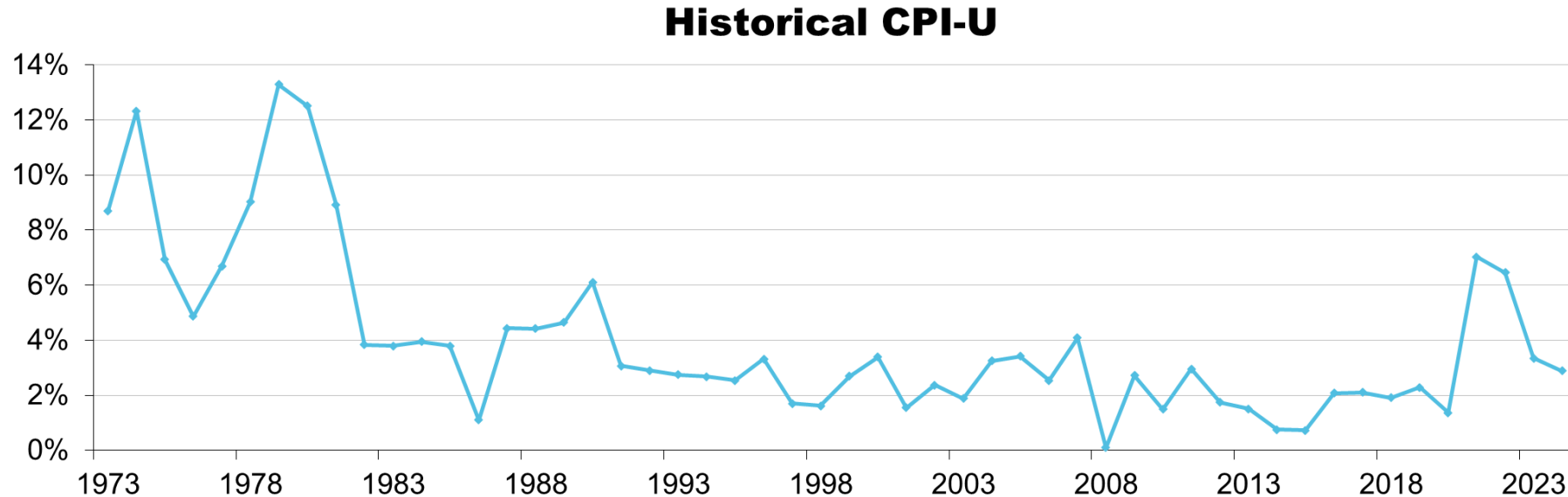
	12/31/2023 Valuation “Current” Assumptions
Inflation	2.4%
Real Wage Growth	<u>1.0%</u>
System Payroll Growth	3.4%
Administrative Expenses	\$64 million

# Economic Assumptions

## Inflation

- The inflation assumption affects other assumptions, including system payroll growth, investment return, and health care inflation
- Inflation can vary significantly over time; recent inflation has been much higher than the long-term expectation

Period Ending 12/31/2024	Average Inflation
10 years	3.00%
20 years	2.56%
30 years	2.52%
40 years	2.78%



# Economic Assumptions

## Inflation

- One estimate of future inflation can be derived from comparing yields on Treasury securities and Treasury Inflation Protected Securities (TIPS)
- We also review expert forecasts of long-term inflation used for other similar purposes:
  - Social Security’s current “intermediate cost” 30-year average inflation assumption is 2.41%, with an ultimate annual inflation of 2.40%
  - Cleveland Fed Inflation Forecast Model as of January 2025 results in 10-year average inflation of 2.44% and 30-year average inflation of 2.52%
- **We recommend maintaining the current assumption of 2.4%, which is reasonable**

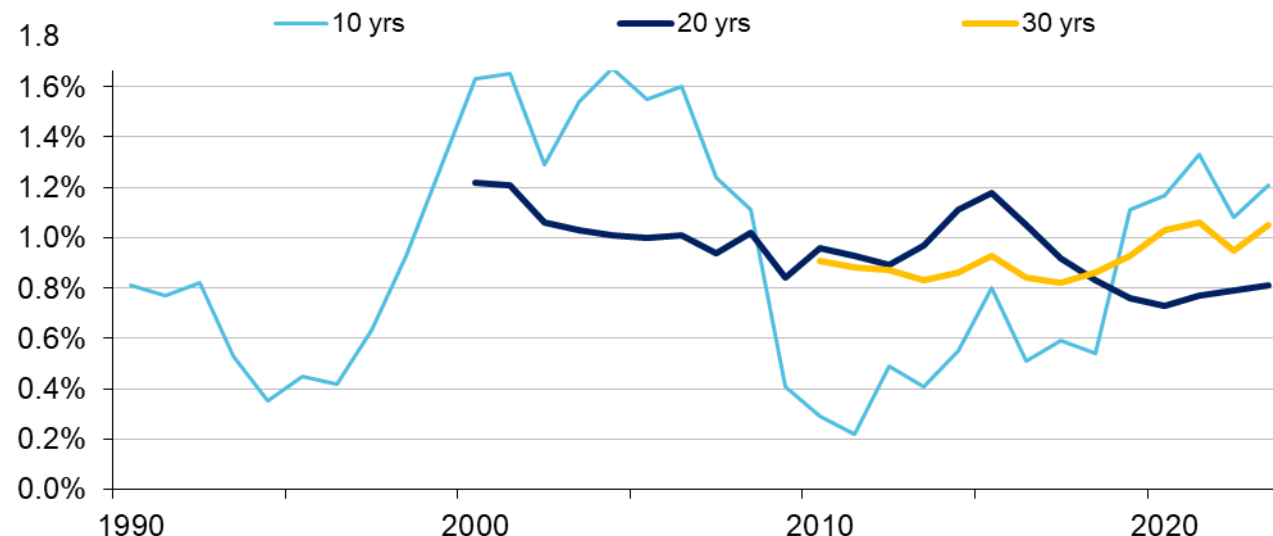
As of 12/31/2024		
	10 Year	30 Year
Treasury Yield	4.58%	4.78%
TIPS Yield	<u>2.24%</u>	<u>2.48%</u>
<b>“Breakeven” Inflation</b>	<b>2.34%</b>	<b>2.30%</b>

# Economic Assumptions

## Real Wage Growth

- Current assumption is 1.0%
- An individual member's assumed annual salary increase is composed of:
  - Inflation, plus
  - Real wage growth, plus
  - Individual merit/longevity component
- Real wage growth represents the increase in wages in excess of inflation for the entire group due to improvements in productivity and competitive market pressures
- Social Security's long-term "intermediate cost" real wage growth assumption is 1.14%

Historical Real Growth in National Average Wages  
(Trailing Average)



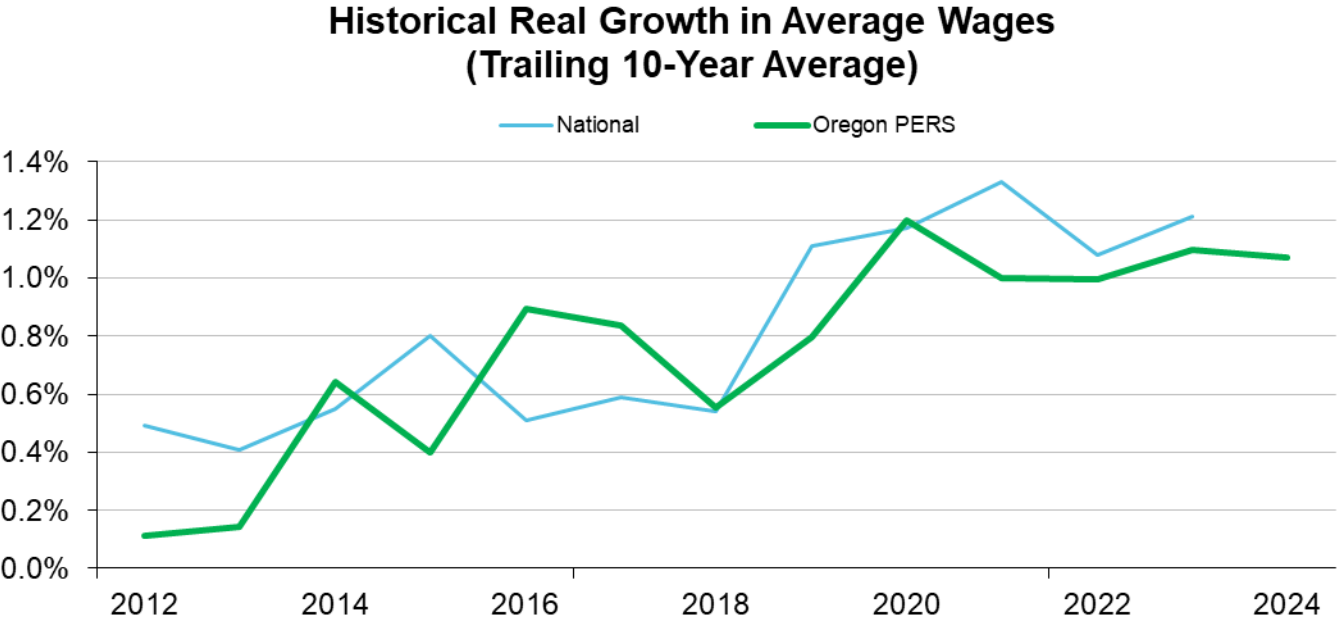
Most Recently Available	Average Real Wage Growth
10 Years	1.21%
20 Years	0.81%
30 Years	1.05%
40 Years	0.92%



# Economic Assumptions

## Real Wage Growth

- Trailing 10-year average of Oregon PERS’ experience with real wage growth over has largely paralleled national trends, though lagged behind on average
- In our opinion, **the current assumption of 1.0% is reasonable**



Most Recently Available*	National	Oregon PERS
10 Years	1.21%	1.07%
20 Years	0.81%	0.86%

\* National reflects data through 2023;  
Oregon PERS reflects data through 2024

# Economic Assumptions

## System Payroll Growth

- Overall system payroll growth is assumed to equal the sum of:
  - Inflation
  - Real wage growth
  - Adjustment for expected system growth/decline (typically 0% if expecting steady population)
- The system payroll growth assumption determines the shape of the curve of payments to amortize the unfunded liability
- With an inflation assumption of 2.4% and a real wage growth assumption of 1.0%, the system payroll growth assumption is currently 3.4%
- A 3.4% assumption is reasonable** based on recent historical experience for Oregon PERS

Trailing Period as of 12/31/2023	Oregon PERS Average Annualized Growth in Valuation Payroll	Oregon PERS Average Annualized Growth in Average Payroll
5 Years	7.1%	5.4%
10 Years	5.9%	4.1%
15 Years	4.3%	3.5%
20 Years	4.6%	3.4%

# Economic Assumptions

## Administrative Expenses

- Actual administrative expenses for recent years are shown below
  - SB 1049 drove increase in pension administrative expenses, expected to be replaced by modernization costs

(\$ millions)	System-Wide (Tier One/Tier Two + OPSRP) Pension Administration Expenses		
Year	Actual Expenses	% of Beginning of Year Assets	% of Projected Payroll
2020	\$56.5	0.09%	0.49%
2021	\$59.9	0.09%	0.50%
2022	\$61.5	0.08%	0.48%
2023	\$66.2	0.09%	0.48%
2024	\$68.5	0.09%	0.45%

- Overall, 2024 administrative expenses were 0.09% of total assets, or 0.45% of projected payroll
- Proposed assumed annual expenses for 2025 and 2026: \$72 million**

# Non-Investment Economic Assumptions to Be Reviewed

	12/31/2023 Valuation Assumptions	12/31/2024 Valuation Proposed* Assumptions
Inflation	2.4%	2.4%
Real Wage Growth	<u>1.0%</u>	<u>1.0%</u>
System Payroll Growth	3.4%	3.4%
Administrative Expenses	\$64 million	\$72 million

No explicit assumption is made for investment-related expenses, which are accounted for implicitly in the analysis of the long-term investment return assumption.

\*No action is requested on “proposed” assumptions today, since all assumptions and methods will be adopted at the July 2025 Board meeting

# Long-Term Investment Return Assumption

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# Summary - Investment Return Assumption

- No decision on the assumption is made at today's meeting
- Current capital market outlooks show expected returns above the 6.90% assumption adopted in 2021 and 2023
  - Outlooks are based on market conditions as of the start of 2025
- While the median result from both OIC's outlook and Milliman's are above the current 6.90% long-term future investment return assumption, the Board may want to leave the assumption unchanged
- The lowering of the assumption was due to a decade-long trend in market conditions; while outlooks have risen, significant volatility and uncertainty remain
- Using an assumption that is in the lower part of a reasonable range provides for some conservatism in the rate-setting process
- Consistent with current practice for other large pension systems, which generally have not increased their return assumption

# Long-Term Investment Return Assumption

- Uses of the investment return assumption
  - As a “discount rate” for establishing the:
    - Actuarial accrued liability, which is a net present value
    - Associated unfunded actuarial liability, also called the UAL or actuarial shortfall
  - Guaranteed crediting level for regular Tier One active member account balances
  - Annuitization rate for converting member account balances to lifetime money match monthly benefits



Reflecting expectations for both investment earnings and benefit levels for certain members, the assumption helps set a reasonable and appropriate budgeting glide path for projected employer contribution rates

# Use of the Assumed Rate

$$B = C + E$$

**BENEFITS = CONTRIBUTIONS + EARNINGS**

present value of  
earned benefits

**Design set by:**  
Oregon Legislature

employer and member funds to  
pay pension benefits

**Set by:**  
PERS Board

future returns on  
invested funds

**Managed by:**  
Oregon Investment Council  
Oregon State Treasury

- “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 “E” does **not** affect actual future earnings



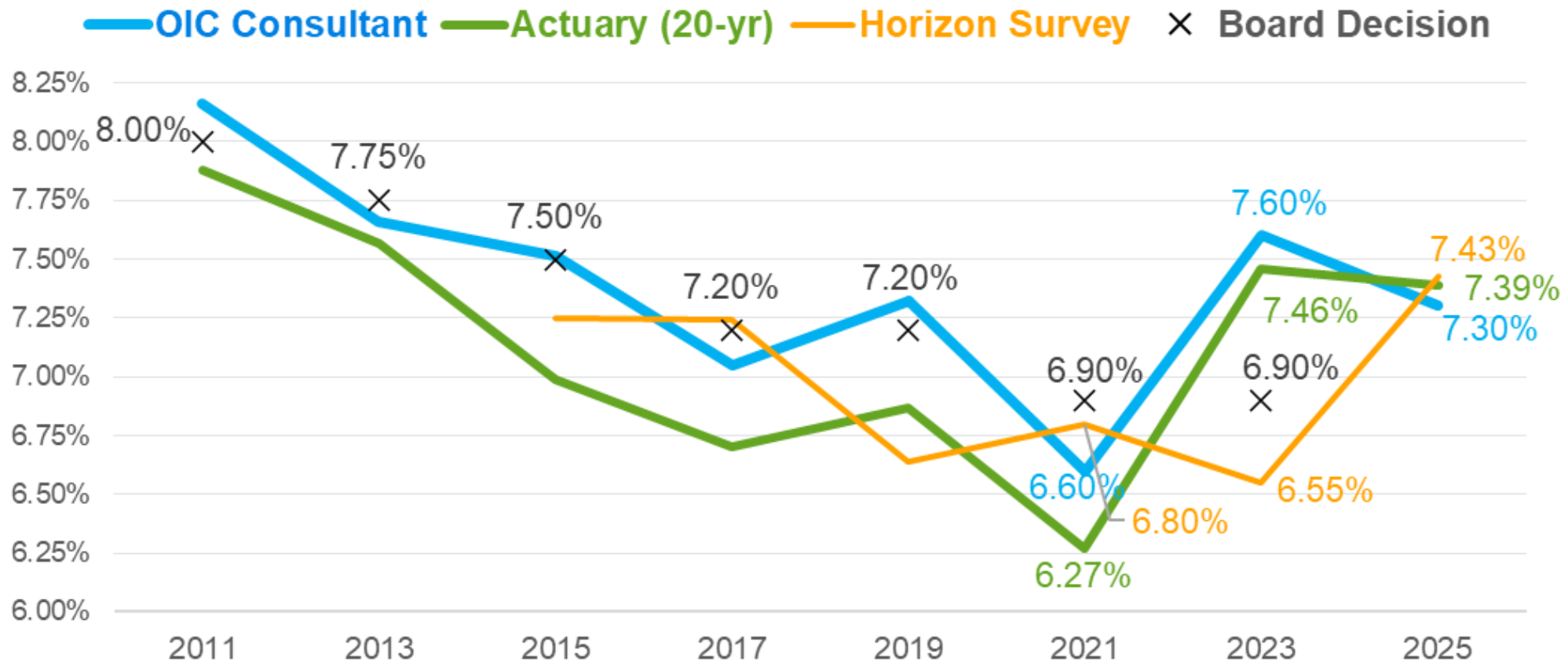
# Investment Return 50<sup>th</sup> Percentile Outlooks

- We applied a standard mean/variance model to calculate 50<sup>th</sup> percentile return estimates based on capital market outlook assumptions from three sources
  - OIC assumption – reflects collaboration of OST staff and consultants Meketa & Aon
  - Milliman
  - 2024 Horizon survey of 10-year capital market assumptions (survey of 41 advisors)
    - The Horizon survey was published in August 2024, based on outlooks from the first half of 2024
- Estimates do not reflect any possible “alpha” due to selected managers potentially outperforming market benchmarks over the long term, net of fees
- Today’s speakers are not credentialed investment advisors
  - We are presenting Milliman capital market outlook model results based on assumptions developed by Milliman’s credentialed investment professionals

Details on Milliman and Horizon outlook assumptions are in the Appendix

# Investment Return 50th Percentile Outlooks

## Geometric Returns from Outlook Models in Current and Prior Seven Reviews



Horizon survey has a larger time lag than the other two outlooks

# Investment Return 50<sup>th</sup> Percentile Outlooks

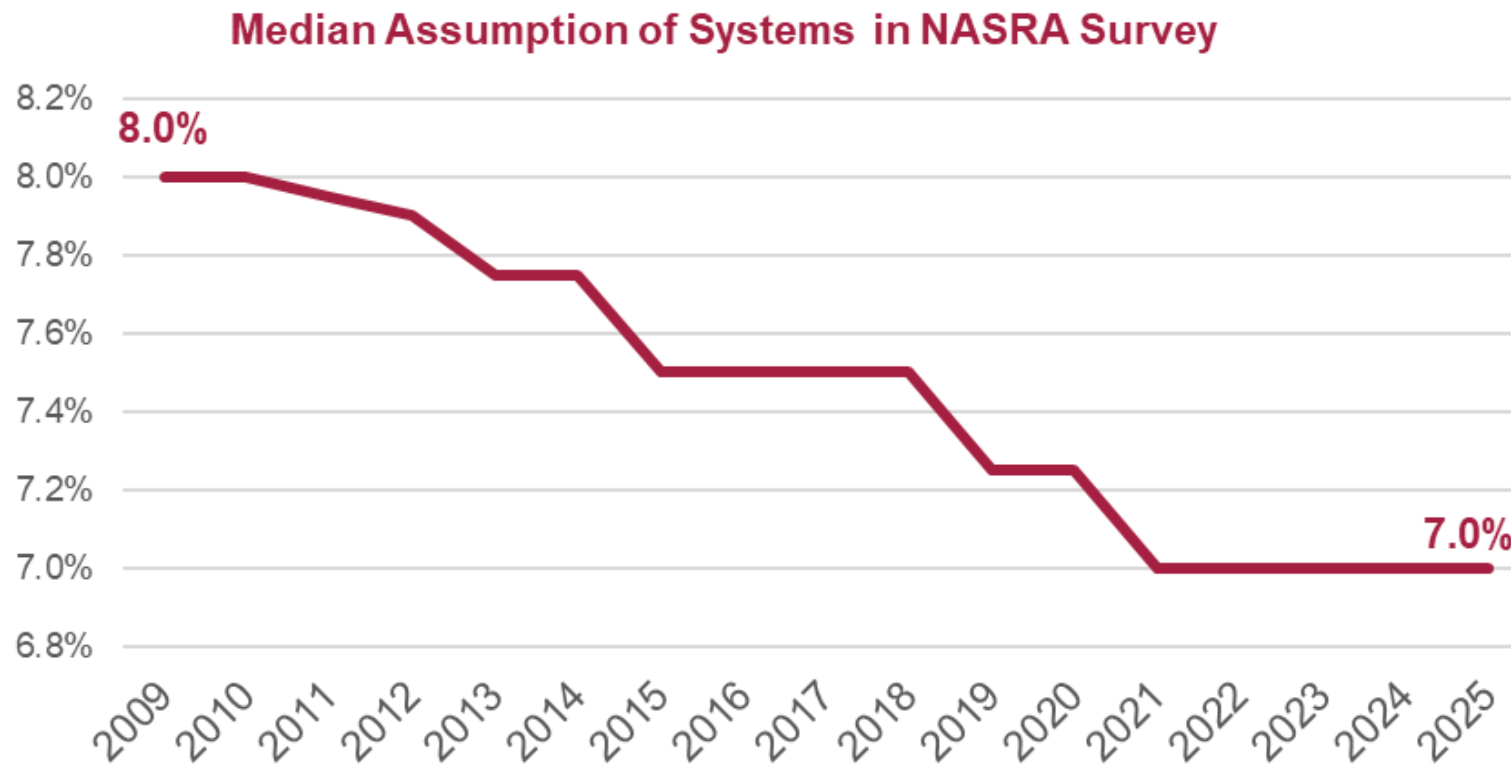
- Estimates are shown based on the OIC's long-term asset allocation

	OIC Consultant	Milliman	Milliman	Horizon
Median Annualized Return	7.3%	7.07%	7.39%	7.43%
Assumed Inflation	2.3%	2.37%	2.31%	2.42%
Timeframe Modeled	10 years	10 years	20 years	10 years

The median returns shown above are geometric annualized average returns over the timeframes indicated above for each provided set of capital market assumptions

# Comparison to Peer Systems

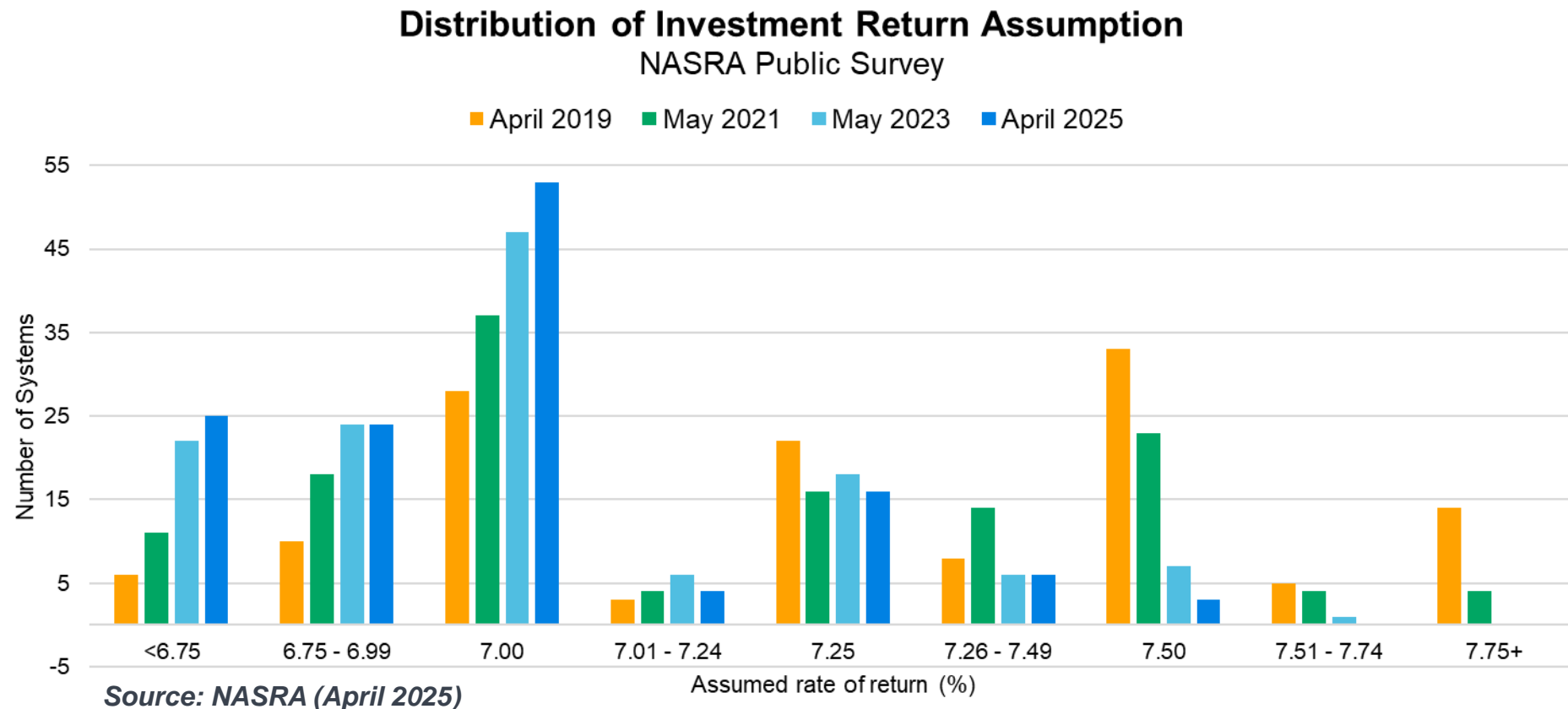
- There has been a downward trend in public plan return assumptions, with a current median assumption for large public systems of 7.0%; the mean average rate is approximately 6.9%
- While capital market expectations have increased in the last couple years, so far large systems have generally not responded with increased return assumptions



**Source: NASRA (April 2025)**

# Comparison to Peer Systems

- The distribution of about 130 systems tracked by the NASRA Public Fund Survey is shown below
- Six years ago, the most common assumption was 7.50%; now the most common assumption is 7.00% and over 75% of all plans have an assumption of 7.00% or lower



# Effects of Changing the Assumed Return

- A higher investment return assumption would produce lower calculated liabilities and uncollared contribution rates as of the actuarial valuation date, while a lower investment return assumption would have the opposite effect
  - The effect on final collared contribution rates would be determined in accordance with the Board's policy
- Liabilities are net present values, as of the valuation date, of a benefit payment projection that stretches far into the future
  - Changing the assumption modifies the projected balance of the fundamental cost equation between future investment earnings and future contributions
    - The actual balance will depend on actual investment earnings, not on the assumed return adopted by the PERS Board
- For PERS, such an assumption change would also change benefits for future retirements calculated under Money Match

# System-Average Liability and Contribution Rate Effects

Valuation Date:	12/31/2023	12/31/2024		
	Final 2025-27 at	Preliminary Estimated Advisory 2027-29 at		
Assumed Rate:	6.90%	7.00%	6.90%	6.80%
Funded Status (Excluding Side Accounts)	72%	74%	73%	72%
Unfunded Actuarial Liability (UAL) (Excluding Side Accounts)	\$29.4 B	\$28.0 B	\$29.2 B	\$30.4 B
<b>System-Average Uncollared Total Contribution Rates</b>				
Total Normal Cost Rate (Employer plus Member)	12.21%	11.79%	12.08%	12.37%
Tier One/Tier Two UAL Rate	12.15%	11.87%	12.17%	12.46%
OPSRP UAL Rate	<u>2.86%</u>	<u>2.80%</u>	<u>2.96%</u>	<u>3.12%</u>
Uncollared Total Base Rate	<b>27.22%</b>	<b>26.46%</b>	<b>27.21%</b>	<b>27.95%</b>
<b>Change in uncollared base rate vs. 6.90% assumption</b>		<b>(0.75%)</b>	<b>N/A</b>	<b>0.74%</b>

## For context:

- 0.75% of projected 2027-29 biennial pay ≈ \$260M
- Projected 2025-27 total contribution ≈ \$7.7B

- Preliminary 12/31/2024 estimates do not reflect updated census information or assumption and/or method changes that may occur in the upcoming experience study

# Considerations in Setting the Return Assumption

- OIC (primary opinion) and Milliman (second opinion) capital market outlooks currently show similar median expected future returns as the last return assumption review
  - Those capital market outlooks are based on data as of the beginning of 2025
  - No adjustments have been made in response to year-to-date market volatility and uncertainty
- While median outlook expectations are above the current 6.9% investment return assumption, the Board should consider leaving the assumption unchanged
  - Lowering the assumed rate from 8.0% to 6.9% in response to changing economic conditions and evolving capital market outlook expectations took a decade
    - Most boards have been wary of increasing the assumption to date
  - Actuarial Standards of Practice allow assumptions to reflect a margin for adverse deviation
    - A margin for conservatism is permissible, and increases the chance actual results exceed assumption



# Actuarial Methods

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# Key Actuarial Methods

Details on methods with no proposed change are shown in the appendix

	12/31/2023 Valuation Methods	12/31/2024 Valuation Proposed* Methods
Cost Allocation Method	Entry Age Normal	No change
UAL (Shortfall) Amortization Method	<p>Level percent of pay, layered fixed periods:</p> <p><i>Tier One/Tier Two:</i></p> <ul style="list-style-type: none"> <li>• Reamortized over 22 years as of 12/31/2019 per SB 1049</li> <li>• 20 years as ongoing Board policy</li> </ul> <p><i>OPSRP:</i> 16 years</p> <p><i>RHIA/RHIPA:</i> 10 Years</p>	No change
Rate Collar	<p>UAL contribution rate for a rate pool is limited to a collared range based on prior biennium's rate. Limit is:</p> <ul style="list-style-type: none"> <li>• <i>Tier One/Tier Two:</i> 3% of payroll for large rate pools, 4% (with overrides) for Independent Employers</li> <li>• <i>OPSRP:</i> 1% of payroll</li> </ul> <p>Decreases to UAL rate are restricted if pool's funded status &lt;90%</p>	<p>No change</p> <p>Determine effect of SB 849 on School District rate collar</p>

\*No action is requested on “proposed” methods today, since all assumptions and methods will be adopted at the July 2025 Board meeting

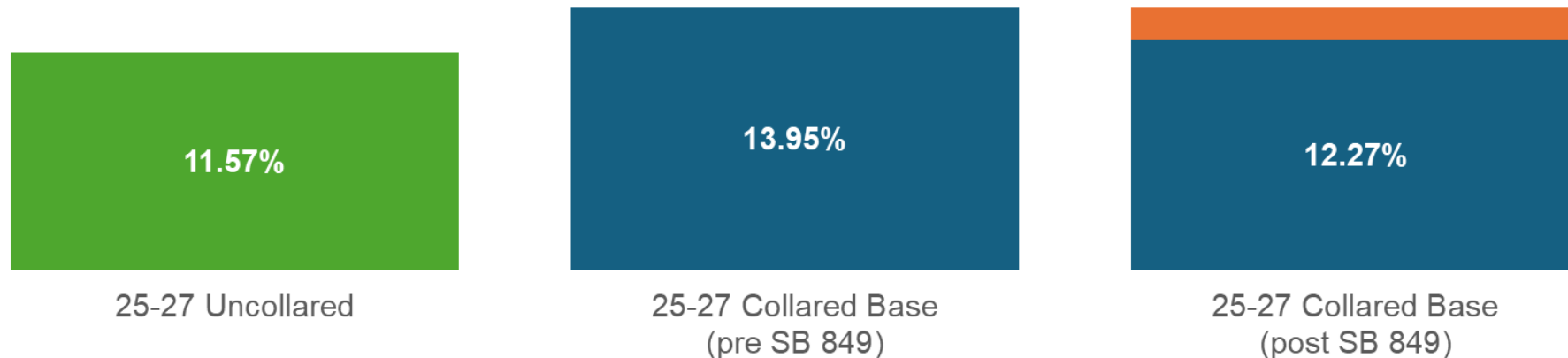
## Key Actuarial Methods (continued)

	12/31/2023 Valuation Methods	12/31/2024 Valuation Proposed Methods
Contribution Lag	No adjustment is made to UAL Rate, for the lag time between the December 31 rate-setting valuation date and when those rates go into effect 18 months later. The lag time is reflected in calculating side account rate adjustments and Pre-SLGRP rate adjustments.	No change
Amortization of Side Accounts	Amortization calculated as level percent of projected pay through December 31 of scheduled end year. Majority of current side accounts amortize to December 31, 2027. PERS to manage expiring amortizations.	No change
Amortization of Pre-SLGRP Amounts	Amortized as level percent of projected pay through July 1 18 months after scheduled end year to align with rate change timing. New amortizations set at 18 years from date employer joins the SLGRP. Pre-SLGRP pool liability and large majority of Transition Liabilities / Surpluses amortize to December 31, 2027.	No change

# SB 849's Effect on 27-29 Tier One/Tier Two UAL Rate (UALR)

- 27-29 School District UALR will be calculated in the December 31, 2025 actuarial valuation
  - That valuation's methods are set by decisions in this year's experience study
- 27-29 Uncollared UALR will continue to be calculated as the pure actuarial rate
- 27-29 Collared Base UALR methodology is a PERS Board policy decision
  - The policy decision is where to set the floor for 27-29 Collared Base UALR

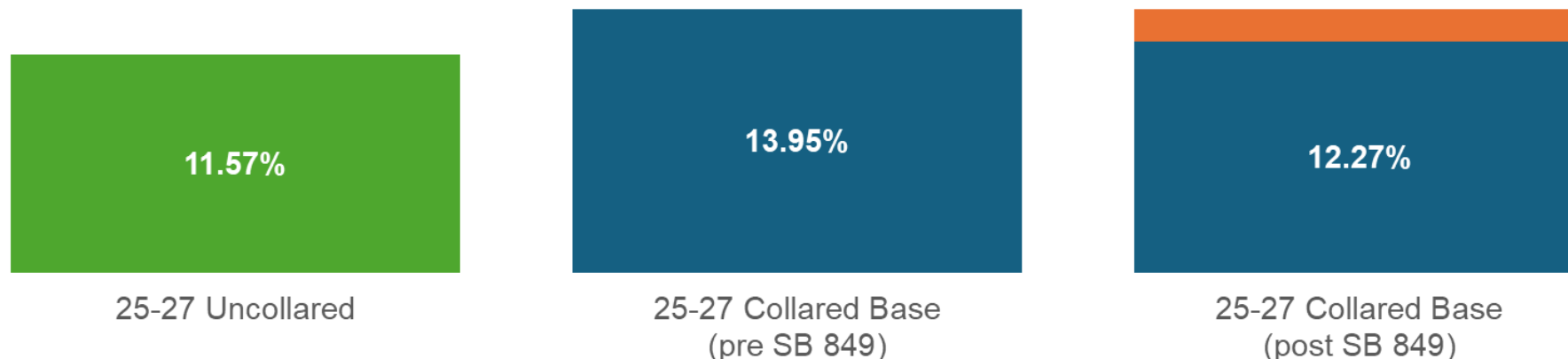
School  
District Tier  
One / Tier  
Two UAL  
Rate



# Reflecting SB 849's Effect in 27-29 UALR

- The 25-27 Collared Base UALR sets a floor for the 27-29 Collared Base UALR
  - 27-29 Collared Base UALR is highly unlikely to decrease below the floor
  - **The floor could be either 12.27% of payroll or 13.95% of payroll** (policy choice)
    - 12.27% is the actual 25-27 UALR contribution of school district employers
    - 13.95% is the combined 25-27 amortization contribution of employers and the SDULF
    - Either floor is above the most recently calculated pure actuarial (i.e., uncollared) rate
    - 27-29 Collared Base UALR can be up 3% of payroll above the floor if necessary

School  
District Tier  
One / Tier  
Two UAL  
Rate



# Agenda for July Meeting

- Review demographic assumptions
  - Member-specific assumptions based on study of recent PERS experience
- Adopt all methods and assumptions for use in:
  - 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

# 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 14, 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, along with prior presentations to the PERS Board, including the December 2024 and March 2025 presentations to the PERS Board should be referenced for additional detail on the data, 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 as well as capital market expectations provided by Meketa, capital market information published by Horizon Actuarial Services, and information presented to the Oregon Investment Council. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The 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.

In assessing the Milliman capital market expectations presented in this report, per Actuarial Standards of Practice we disclose reliance upon a model developed by Milliman colleagues who are credentialed investment professionals with expertise in capital outlook modeling.

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. 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. We have incorporated other sources of economic data in assessing the reasonableness of the assumptions. Reliance on other experts is reflected in Milliman’s capital market assumptions and in Milliman’s expected return model, both of which are developed by credentialed investment consultants. We have also considered the System’s investment policy, capital market assumptions, and the expected return analysis provided by the System’s investment consultant in our assessment of the investment return assumption.



# Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as 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 additional cost or contribution requirements 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. The PERS Board has the final decision regarding the assumptions used in the actuarial valuation.

The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in the appendix of the Valuation Report. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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 its work product.

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 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

## Capital Market Outlook

- Capital market outlooks change over time in response to changing market conditions
  - Milliman outlook updated every six months
  - Recent changes and key factors shown below for Milliman model of PERS asset allocation
  - Outlooks shown reflect Milliman's real return outlook at each date combined with a 2.50% inflation assumption as of 12/31/2018 and a 2.40% inflation assumption as of 12/31/2020

Milliman 20-year outlook	12/31/2018	12/31/2020	12/31/2022	12/31/2024
Median Annualized Return	6.87%	6.27%	7.46%	7.39%
Global Equity	6.99%	5.85%	7.07%	6.63%
Private Equity	8.33%	7.71%	8.83%	8.38%
US Core Fixed Income	4.07%	2.73%	4.50%	4.61%
Real Estate	5.55%	5.66%	5.83%	6.69%

Asset category returns shown above are 20-year annualized geometric mean returns and reflect reduction for assumed investment management expenses

# 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
<b>Fund Total (reflecting asset class correlations)</b>	<b>8.22%</b>	<b>7.43%*</b>	<b>13.48%</b>	<b>100.00%</b>

\* The model's 20-year annualized geometric median is 7.39%.

# Appendix

## Actuarial Basis

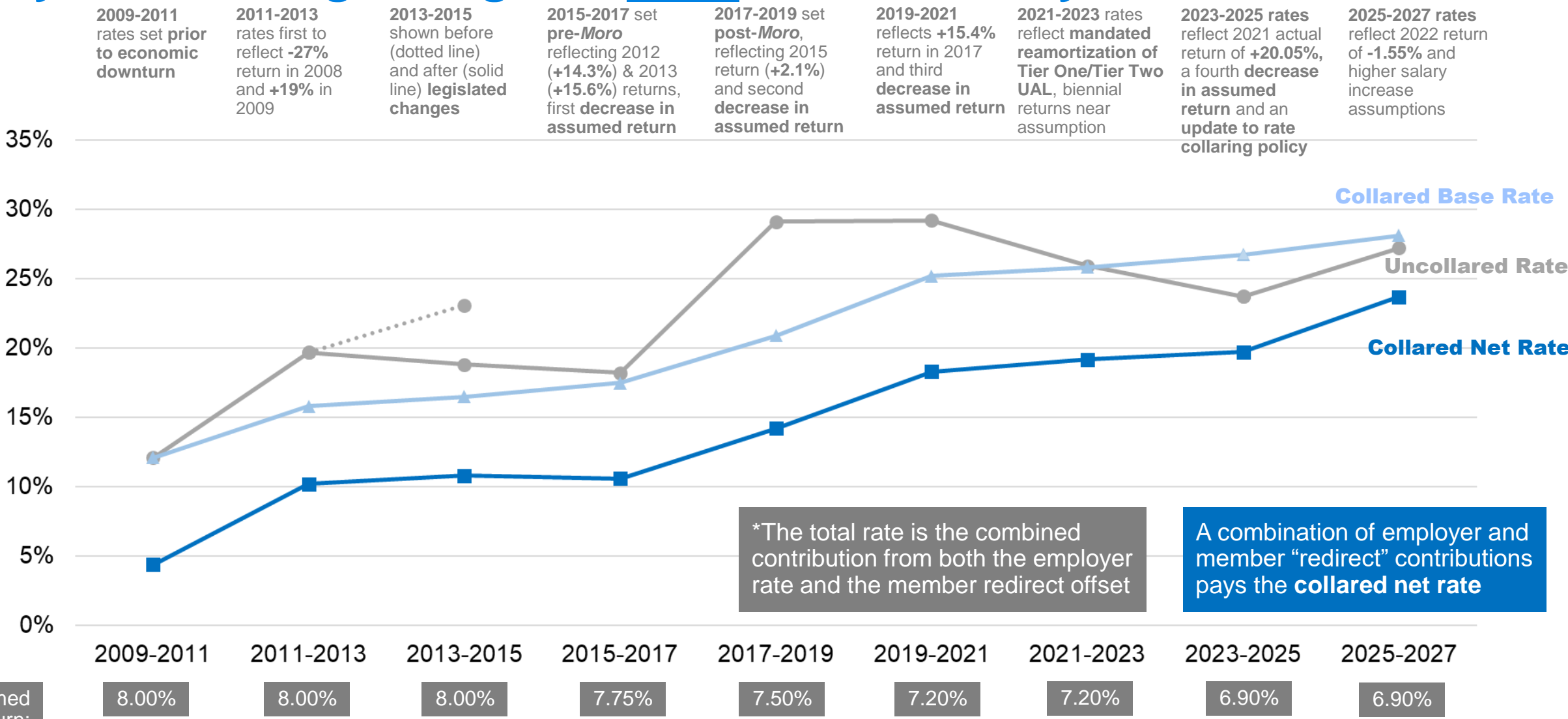
### Capital Market Assumptions – Horizon Survey

For assessing the expected portfolio return under an additional set of capital market assumptions, we applied the assumptions from the 2024 Survey of Capital Market Assumptions published by Horizon Actuarial Services, LLC. According to the survey report, the 10-year return assumptions shown below represent an average of the expectations for 41 investment advisors responding to the survey.

	10-Year Annualized Geometric Mean	Annual Standard Deviation	Policy Allocation
US Equity – Large Cap	6.46%	16.52%	12.375%
Non-US Equity – Developed	7.08%	18.06%	12.375%
Non-US Equity – Emerging	7.70%	23.61%	2.750%
US Corporate Bonds – Core	4.93%	5.90%	25.000%
Real Estate	6.06%	16.61%	12.250%
Hedge Funds	5.90%	8.03%	7.500%
Infrastructure	7.26%	16.02%	2.250%
Private Equity	9.09%	22.57%	25.500%
Inflation	2.42%		N/A
<b>Fund Total (reflecting asset class correlations)</b>	<b>7.49%*</b>	<b>12.10%</b>	<b>100.00%</b>

\* 10-year annualized geometric median is 7.43%.

# System-Average Weighted Total\* Pension-Only Rates



# Cost Allocation Method

- Rates are calculated to pre-fund retirement benefits during a member's working career if all assumptions are met
- The present-day value of projected future benefits allocated to a particular working year is the Normal Cost
- The present-day value of projected future benefits allocated to prior years is the Accrued Liability
- The division between past, current & future service is done through use of an actuarial cost allocation method
- PERS currently uses GASB-compliant cost allocation method of Entry Age Normal (EAN)
  - We recommend no change to the cost allocation method

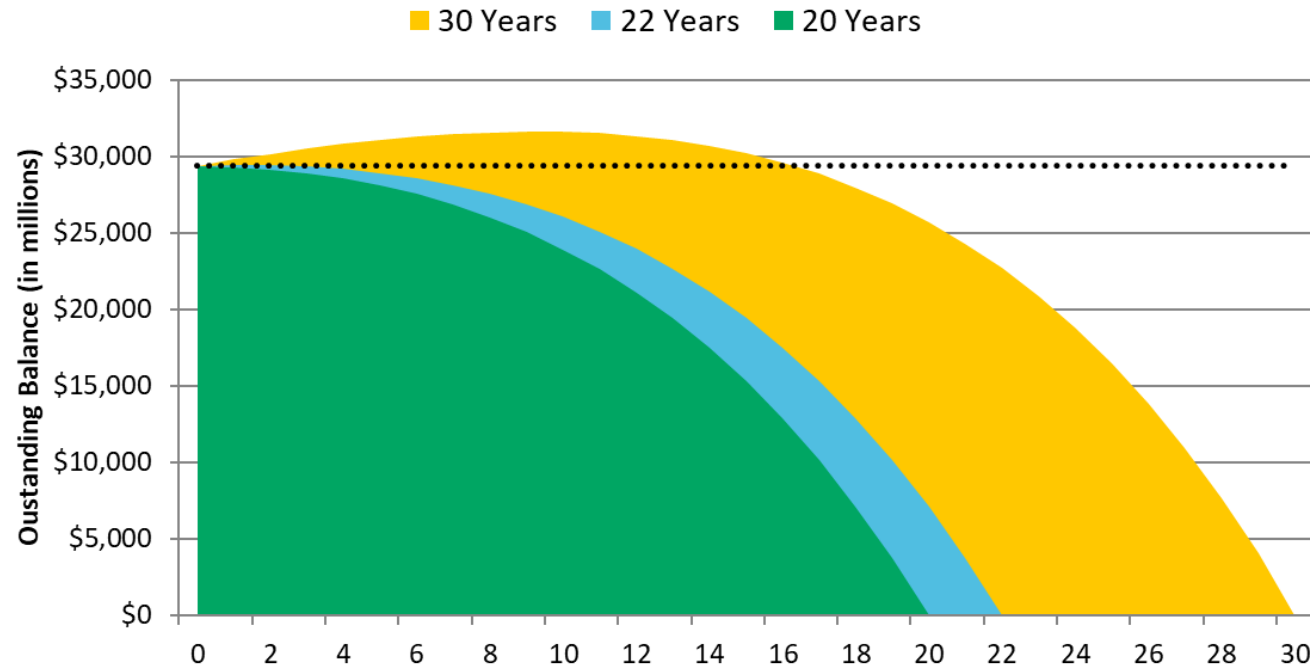
# Shortfall Amortization Periods

- A key part of contribution rate calculations is amortization of Tier One / Tier Two shortfalls over twenty years as a level percentage of payroll
  - As required by Senate Bill 1049, Tier One/Tier Two UAL as of December 31, 2019 was re-amortized over 22 years
  - Prior to that, Board policy has been to amortize gains or losses in separate layers over 20 years from the rate-setting valuations in which the gain or loss was first recognized
- Twenty years avoids significant negative amortization, where unamortized shortfall materially increases in the initial “pay down” years even if actual investment returns match assumptions and contributions are made
  - The following slide illustrates amortization as a level percentage of projected payroll of a \$29.4 billion shortfall over periods of 20, 22 or 30 years

# Remaining Balances for 20-, 22-, & 30-Year Amortizations

## UAL Balance Over Time by Selected Amortization Period

Level % of pay amortization, 6.90% interest, 3.40% payroll growth



### Current ongoing policy

- Tier One / Tier Two: **20 years**
- OPSRP: **16 years**

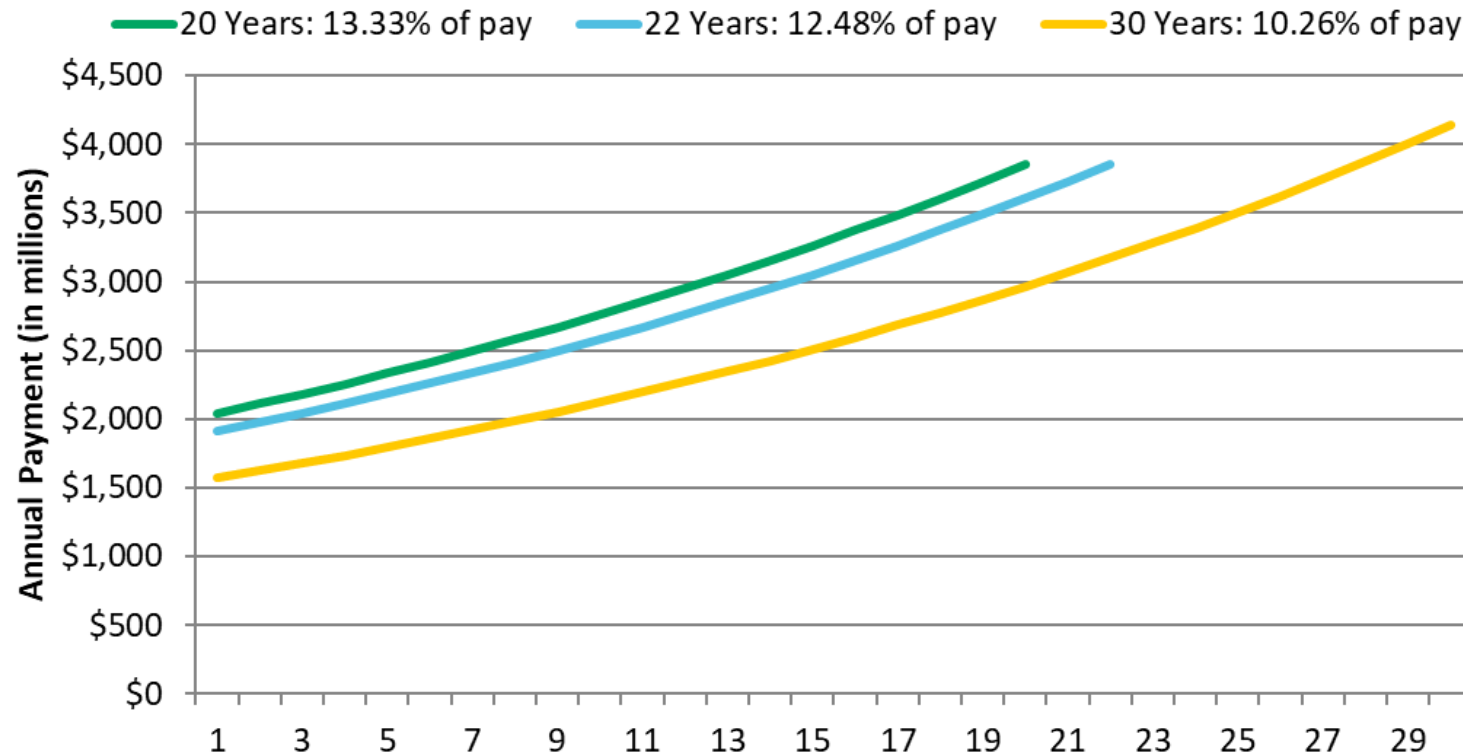
- **Why 20 years or less?** If actual experience matches the assumption...
  - with 22 years zero progress is made in decreasing the initial UAL until year 3
  - with 30 years the UAL has increased by about 8% after the first decade, and zero progress is made in decreasing the initial UAL until year 17



# Illustration of UAL Amortization Periods

## Annual UAL Payments by Selected Amortization Period

Level % of pay amortization, 6.90% interest, 3.40% payroll growth



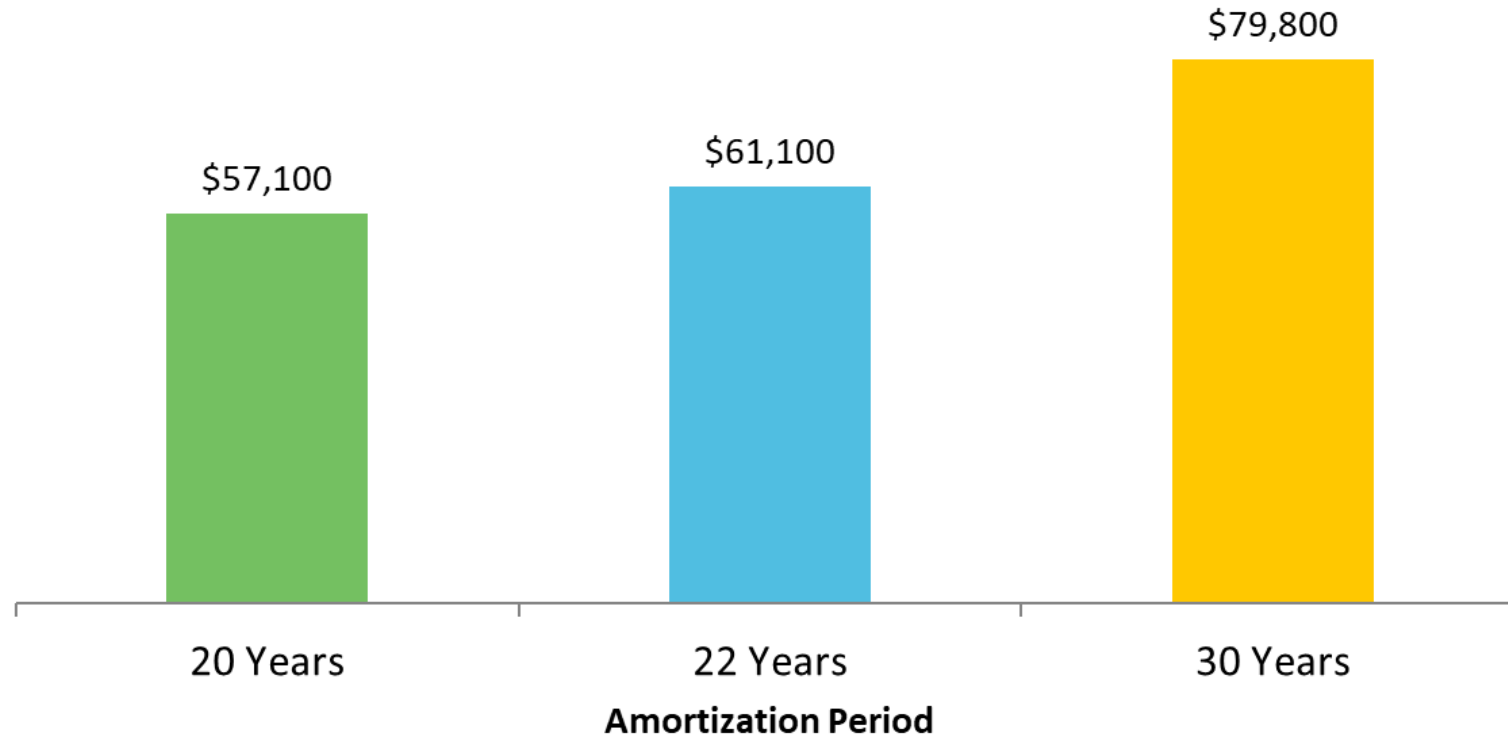
### Current policy

- Tier One / Tier Two:  
**20 years**
- OPSRP:  
**16 years**

# Illustration of UAL Amortization Periods

## Total Repayment (\$M) by Selected Amortization Period

Level % of pay amortization, 6.90% assumed return, 3.40% payroll growth



## Current policy

- Tier One / Tier Two:  
**20 years**
- OPSRP:  
**16 years**

This illustrates total amortization payments for a \$29.4 billion shortfall over periods of 20, 22 or 30 years

# Contribution Lag Adjustment

Our recommendation is:

## UAL Rate calculation

- Do not apply a contribution lag adjustment to the rates, as doing so would harm guiding objective of transparency without significantly improving any other objectives
- Current contribution calculation process is laid out so all employers can follow their calculations, and has been consistently applied over time
  - Lag adjustment would be comparatively hard to illustrate and follow within the reports
  - UAL layers are established every rate-setting valuation for all rate pools (OPSRP, SLGRP, School Districts, plus 120+ Independent employer for Tier One/Tier Two); all would be affected by a change, which makes the communication challenge more difficult
- Absence of an adjustment is not biased and not expected to significantly affect long-term rates

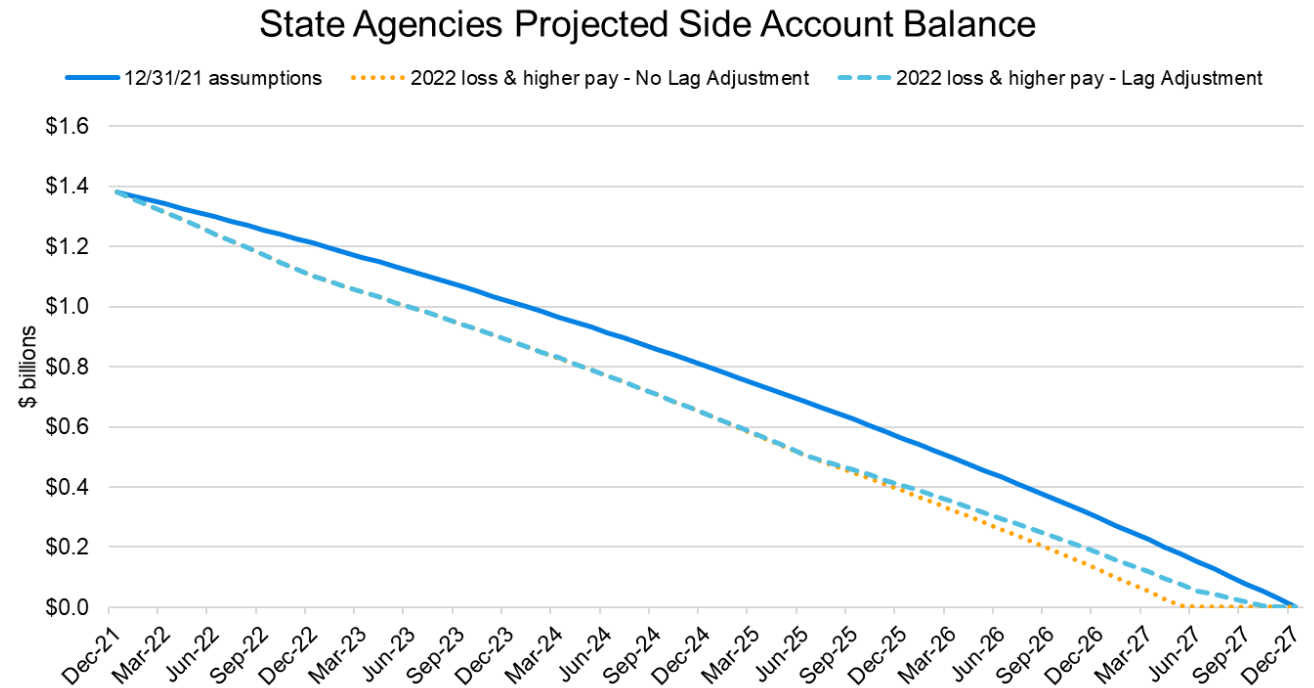
## Side Account and Pre-SLGRP adjustments

- Continue to apply an adjustment for the lag period
- Unlike the UAL Rate, balances have a fixed expiration and do not have new layers
  - Adding lag adjustment can improve tail management enough to warrant the added complexity

# Side Account Amortizations

## ■ Methodology:

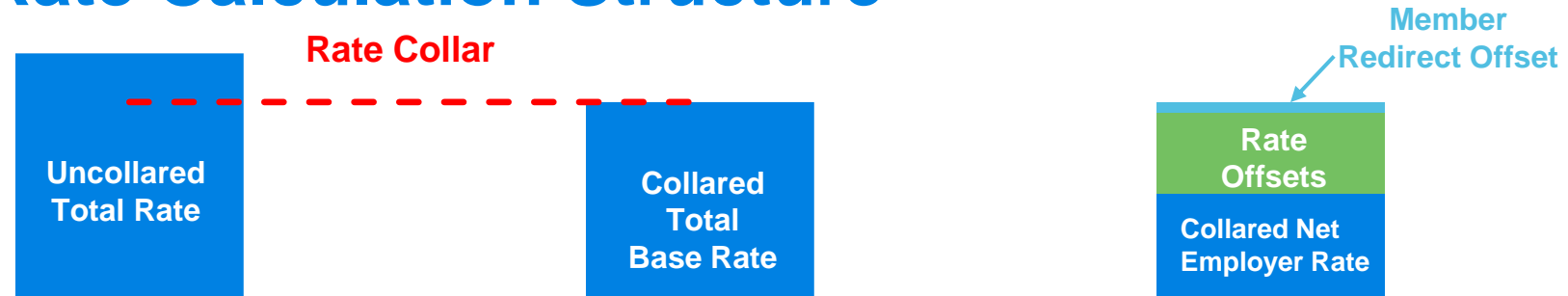
- Continue calculating the offset through December 31 of the established period
- Apply adjustment to reflect 18-month lag before a new offset takes effect
- PERS staff to manage final months of rate offsets for expiring accounts
  - Rate offset will “turn off” prior to scheduled December 31 if account balance is depleted (monthly contribution rate increases to compensate)



# Pre-SLGRP Amortizations

- The December 31, 2025 valuation is the final rate-setting valuation in which a Pre-SLGRP amortization expiring December 31, 2027 would be reflected
  - Sets the contributions rates for July 1, 2027 – June 30, 2029
- **Methodology:**
  - Calculate the contribution rate adjustment to run to the end of the relevant biennial rate-setting period (will run through June 30, which is 18 months later than the current approach of amortizing to the nominal December 31 end date)
    - Allows the effect of expiring amounts to be handled in the normal course of biennial rate updates
  - Add adjustment to reflect 18-month lag before new rate adjustment takes effect
  - For contributing employers with a December 31, 2027, transition liability/surplus expiration, rate adjustments will be eliminated July 1, 2029, regardless of whether actual payroll experience in the final months draws the transition amount to zero
  - If large payroll increases resulted in transition amounts hitting zero in a valuation prior to scheduled end period, the rate adjustment would be eliminated (continuation of current practice)
  - Work with PERS to determine approach for employers with no current payroll / contributions

# Overview of Rate Calculation Structure

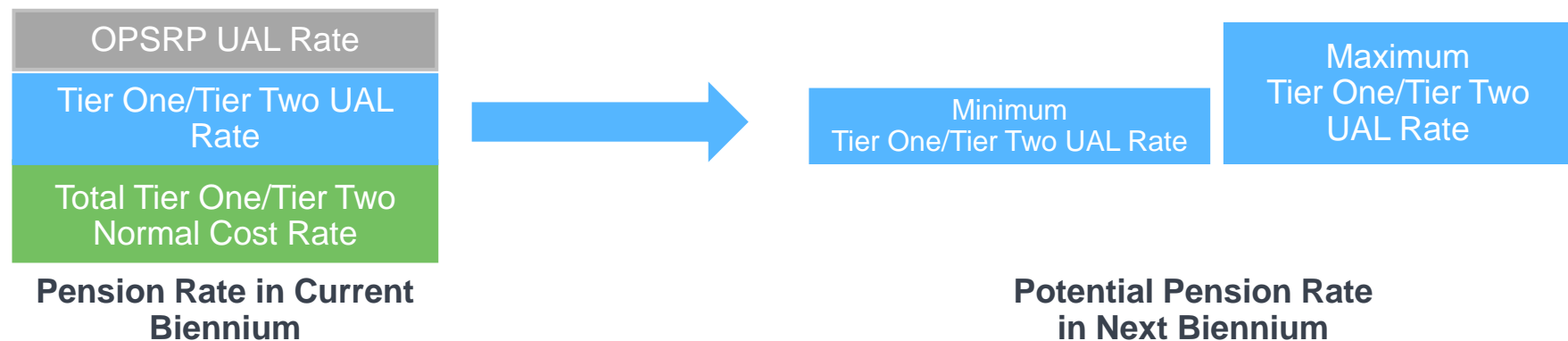


- The **uncollared total rate** is the theoretical contribution rate to reach 100% funded status over a specified amortization period if:
  - Contributions at that rate started on the actuarial valuation date, and
  - Actual future experience mirrors the actuarial valuation's assumptions, and
  - The normal cost rate does not change in subsequent years
- The rate collar sets a biennium's **collared total base rate**, limiting the base rate change for a single biennium when there is a large change in the uncollared rate
- **Member redirect offset** reflects estimated portion of collared total base rate paid by redirected member contributions
- Employers pay the **collared net employer rate**, which reflects the member redirect offset and any rate offset adjustments from:
  - Side account rate offsets for employers with side accounts
  - SLGRP charges/offsets (e.g., Transition Liability/Surplus)

# Rate Collar Design

- Rate collar focuses on the biennium-to-biennium change in the UAL Rate component
  - Normal Cost Rate component is always paid in full and is not subject to a rate collar limitation
- The maximum biennium to biennium change in UAL Rate permitted by the rate collar is:
  - **SLGRP and School District Pools Tier One/Tier Two UAL Rates:** 3% of pay
  - **OPSRP UAL rate:** 1% of pay
  - **Tier One/Tier Two UAL Rates of Independent Employers:** greater of 4% of pay or 1/3rd of the difference between the collared and uncollared Tier One/Tier Two UAL Rates at the last rate-setting valuation
- UAL Rate is not allowed to decrease at all unless funded status excluding side accounts is at least 87%, and a full collar width decrease is not allowed unless funded status is at least 90%

## Illustration of Rate Collar for Tier One/Tier Two UAL Rate



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# 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.