

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

**Friday
July 25, 2025
9:00 a.m.**

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

ITEM	PRESENTER
A. Administration	
1. May 30, 2025 PERS Board Meeting Minutes	JARAMILLO
2. Director's Report	OLINECK
a. Forward-Looking Calendar	
b. OPERF Investment Report	
c. Budget execution report	
B. Administrative rulemaking	
1. Notice of rulemaking for OSGP Designation of Beneficiary Rule	CHANDLER
2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule	CHANDLER
3. First reading of rulemaking for divorce rules	CHANDLER
4. Adoption of rulemaking for Standard Designation Rule	CHANDLER
C. Action and discussion items	
1. Modernization update	IVERS
2. Senate Bill 1049 final update	ELLEDDGE-RHODES
3. Legislative wrap-up	CASE
4. 2025-27 Budget wrap-up	HORSFORD
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return	MILLIMAN
6. Notice of rulemaking for Assumed Rate Rule	VAUGHN

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. In compliance with the Americans with Disabilities Act (ADA), PERS will provide PDF documents in an alternate format upon request. To request a document in an alternate format, call 888-320-7377 (toll free) or TTY 503-603-7766.

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.

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

Jardon Jaramillo, Chair John Scanlan, Vice Chair Suzanne Linneen Kristen Connor Bob Hestand Kevin Olineck, PERS Director

A.

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C. Action and discussion items

1. Modernization update
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5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
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OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

May 30, 2025

Board members present:

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

Staff present:

Kevin Olineck, Yvette Elledge-Rhodes, Alex Gaub, Richard Horsford, Jake Winship, Neil Jones, Barbara Dimeling-Perris, Melanie Chandler, Stephanie Vaughn, Melanie Chandler, Heather Case, Shawn Harper, Sam Paris, Matt Rickard, and Kristi Ivers attended in the PERS Boardroom.

Abigail Churchill, Akiko Yoshida, Alyse Greer, AnneMarie Vu, Chloe Harris, Colin Campi, Daniel Rivas, David Larson, Elizabeth Rossman Weber, Erin Stutesman, Jackie Grosjaques, Janice Richards, Jonathan Yost, Joel Mellor, Julie Coatney, Katie Brogan, Katie Davis, Matthew Graves, Pamela Foust, Susannah Bodman, Sofia Lalev, Theresa Bechtol, Tiffani Cairo, Troy Phillips, and Yong Yang attended virtually.

Others present:

Scott Preppernau, Matt Larrabee, Jaqueline King, Debbie Donaldson, Jeff Gudman, Noel Cruse, and Rex Kim, Nikki Magnell, Erica Hedberg, Lacey Engleway, and Julie Nguyen attended in the PERS Boardroom.

Analy Taimanao, Alberto Lugo, Alison Renz, Andre Moran, Andrea Bradbury, Andrew Roper, Anthony Mingus, Audrey Roberson, Brendan Watkins, Bryanna Perry, C Brabson, Carol Samuels, Courtney Johnson, Dave Randall, Debra Day, Deedra Kleve, Diana Herb, Elaine Jenkins, Gary Smith, Geoff Hildreth, Hilary Starnes, Jake Arnold, Jennifer Jones, Jessie Peterson, Jo Collins, Kali Leinenbach, Karl Koenig, Kevin Balaod, Kristina Kihs, Laura Shimabuku, Liam Contino, Luella Wampler, Maurizio Bottalico, Megan Hedrick, Merrill Bajana, Michael Dayan, Mulugeta Clarke, Patrick Weisgerber, Rosanne Lurie, Samantha Awa, Saoirse Cox, Sara Collins, Shauna Tobiasson, Stephanie King, Steven Demarest, Tan Cao, Traci Yates, Valerie Colgrove, and Young Kim attended virtually.

Chair Jaramillo called the meeting to order at 9:00 a.m.

ADMINISTRATION

A.1. MARCH 31, 2025 PERS BOARD MEETING MINUTES

Board Member Scanlan moved to approve the minutes from the March 31, 2025 PERS Board meeting as presented. Board Member Connor seconded the approval of the minutes.

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

The motion passed unanimously.

A.2. DIRECTOR'S REPORT

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

Olineck thanked the 2025 PERS Public Service Ambassadors: Marlana Bartolome, Elli Probasco, and Pasha Smith.

The Oregon Public Employees Retirement Fund (OPERF) returns, for the period ending April 30, 2025, were positive, at 2.09%

Operating expenditures for March, April, and preliminary expenditures for March are \$5,641,541, \$5,177,124, and \$7,443,604 respectively.

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.

Olineck reviewed the meeting agenda.

A.3. ANNUAL REPORT OF BOARD MEMBERS TRAINING ACTIVITIES

Director Kevin Olineck presented the annual report of board members training activities.

The report highlights that Board Member Scanlan attended the National Conference on Public Employee Retirement Systems from May 19 to May 21, 2024, with total expenses amounting to \$3,976.07. The PERS Board adopted the Board Education Policy that sets a \$5,000 annual education limit for each member. Additionally, the Board Smart online education tool is emphasized as the primary medium for board education.

No board action was required.

ADMINISTRATIVE RULEMAKING

B.1. NOTICE OF RULEMAKING FOR DIVORCE RULES

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, Policy Analysis and Compliance Section (PACS) Manager, presented a notice of rulemaking for divorce rules. Impacted rules include 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*, and OAR 459-045-0020 *Court Orders*.

A rulemaking process has been initiated to update and clarify rules regarding court-ordered divorce awards for members and alternate payees. A rulemaking hearing is scheduled for June 24, 2025, with a public comment period ending on June 27, 2025. The aim is to reduce the number of non-administrable court orders and provide clearer guidelines for the division of PERS benefits during divorce proceedings.

The rules are scheduled to be brought before the PERS Board for adoption at the July 25, 2025 board meeting.

No board action was required.

B.2. NOTICE OF RULEMAKING FOR DEATH AND SURVIVOR BENEFITS

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, PACS Manager, presented a notice of rulemaking for death and survivor benefits. The impacted rule is OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*.

The notice of rulemaking for death and survivor benefits outlines the need to define the "standard designation" of beneficiaries within PERS rules, which has not been previously defined in statutes. Effective January 1, 2026, PERS will no longer accept standard designations, and members must specify beneficiaries to streamline the processing of death benefits. A rulemaking hearing is scheduled for June 24, 2025, with a public comment period ending on June 27, 2025, to gather input before finalizing the rules.

The rules are scheduled to be brought before the PERS Board for adoption at the July 25, 2025 board meeting.

No board action was required.

B.3. ADOPTION OF RULEMAKING FOR DUTY DISABILITY REQUIREMENTS

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, PACS Manager, presented an adoption of rulemaking for Duty Disability requirements. Impacted rules include OAR 459-015-0005 Eligibility for Disability Retirement Allowances, OAR 459-076-0005 Eligibility for Disability Benefits.

On May 30, 2025, the PERS Board is set to consider the adoption of amended rules regarding duty disability requirements, following a petition from the Oregon State Fire Fighters Council. The proposed changes aim to align PERS' duty designation for disability claims with Workers' Compensation determinations, streamlining the evaluation process for disability claims. Staff recommends adopting these modifications, which are expected to clarify existing practices without incurring additional costs.

Vice Chair Scanlan moved to adopt disability requirements rules, as presented. Board Member Connor seconded the motion.

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

The motion passed unanimously.

ACTION AND DISCUSSION ITEMS

C.1. PERS MODERNIZATION PROGRAM UPDATE

Kristi Ivers, Modernization Program Director, presented the PERS Modernization Program update.

The PERS Modernization Program is a comprehensive initiative aimed at enhancing business capabilities through improved processes, tools, and project management. With a budget of \$9,573,073 approved for the 2023-25 biennium, the program is currently undergoing governance revisions and is actively addressing recommendations from an independent quality management report. Key activities include the kickoff of the Options Decision Framework Project and collaboration with vendors to develop a decision-making framework for the pension administration system, with a completion target set for June 2025.

No board action was required.

C.2. LEGISLATIVE UPDATE

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

The legislative update highlights several bills relevant to the Public Employees Retirement System (PERS) currently under consideration. Key bills include Senate Bill 852, which clarifies post-retirement death benefits, and SB 847, which proposes changes to health insurance subsidies. PERS is actively monitoring approximately 28 bills that could impact its statutes, with ongoing discussions regarding the budget and required reporting for the 2025 legislative session. The agency continues to engage with the Legislative Fiscal Office to address budgetary details and legislative impacts.

No board action was required.

C.3. PERS HEALTH INSURANCE PROGRAM ANNUAL REPORT

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

The PERS Health Insurance Program (PHIP) Annual Report outlines the mission and core values aimed at maintaining stability in premiums, coverage, and carrier relationships for PERS retirees. The report highlights the review of financial incentive programs and the renewal process for the 2026 plan year, emphasizing the importance of high-value benefits and member satisfaction. Additionally, it notes the

legislative updates and program accomplishments, including the transition of members to new plans and the ongoing evaluation of program enhancements.

No board action was required.

C.4. RETIREE HEALTH INSURANCE PLANS RENEWALS AND RATES

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

The PERS Health Insurance Program (PHIP) is set to renew its plans and rates for the 2026 plan year, focusing on maintaining high-value offerings for retirees while addressing increased medical and prescription drug costs. The renewal process includes a review of plan designs and benefits, with finalized premium rate changes for both Medicare and non-Medicare enrollees. Additionally, PHIP staff presented a recommendation for an administrative fee increase to support program costs, and approval of the proposed contract renewals and rates.

Vice Chair Scanlan moved to pass a motion to approve the proposed PHIP request-for-proposal contract renewals, benefits, and rates for the plan year (PY) as presented in item C.3. Attachment 1: *PHIP 2026 PY Proposed Rates*. Board Member Hestand seconded the motion.

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

The motion passed unanimously.

C.5. BOARD SCORECARD REPORT AGENCY PERFORMANCE MEASURES

Matt Rickard, Central Data Management Coordinator, presented a report on the Agency Performance Measures.

The Board Scorecard Report for the first quarter of 2025 highlights the effectiveness of various performance measures within the PERS Outcome-Based Management System. Five out of eight measures are performing in the green range, indicating they meet or exceed targeted goals. The report also notes ongoing efforts to review and update enterprise measures, with adjustments made to performance targets to reflect more reasonable expectations. The next scorecard results will be presented at the December 5, 2025 meeting.

No board action was required.

C.6. REQUEST FOR PROPOSAL – ACTUARIAL SERVICES

Jake Winship, Associate Actuary, presented a request for proposal (RFP) for actuarial services.

The current contract with Milliman will statutorily expire on December 31, 2025. Staff recommends that the board approve the issuance of the RFP, which is being conducted under the authority of the Department of Administrative Services using the Competitive Sealed Proposal method. The proposed schedule for the RFP rollout includes key dates for posting, questions, and proposal evaluations, with the aim of having a new contract in place by January 1, 2026.

Vice Chair Scanlan moved to 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. Board Member Connor seconded the motion.

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

The motion passed unanimously.

C.7. REVISED 2025-27 JEFFERSON COUNTY EMS EMPLOYER CONTRIBUTION RATES

Jake Winship, Associate Actuary, presented revised employer contribution rates.

The PERS Board approved revised employer contribution rates for Jefferson County Rural Fire Protection District #1 for the 2025-27 biennium, following a review of additional information after the December 31, 2023 actuarial valuation report. The new rates are set at 15.92% for Tier One and Tier Two, 12.28% for Oregon Public Service Retirement Plan (OPSRP) General Service, and 17.56% for OPSRP Police and Fire. Staff recommends that the board adopt these revised rates, which will apply to payroll reported by the employer during the specified biennium.

Vice Chair Scanlan moved to 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. Board Member Hestand seconded the motion.

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

The motion passed unanimously.

C.8. REVISED 2025-2027 BLACK BUTTE RANCH EMPLOYER CONTRIBUTION RATES

Jake Winship, Associate Actuary, presented revised employer contribution rates.

The revised employer contribution rates for Black Butte Ranch Police for the 2025-27 biennium have been calculated and presented to the PERS Board. The rates include 26.09% for Tier One/Tier Two General Service and 34.01% for Tier One/Tier Two Police and Fire, among others. Staff recommends that the board approve these revised rates, which are based on a recent actuarial valuation report.

Board Member Connor moved to 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. Vice Chair Scanlan seconded the motion.

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

The motion passed unanimously.

C.9. REVISED 2025-2027 SCHOOL DISTRICT EMPLOYER CONTRIBUTION RATES

Scott Preppernau and Matt Larrabee of Milliman presented revised employer contribution rates.

The revised 2025-27 School District employer contribution rates reflect a reduction due to the impact of Senate Bill 849. The amended rates are now up to 1.68% of payroll, lower than previously adopted rates, resulting in a new employer contribution rate of 12.27% of payroll, down from 13.95%. This adjustment is supported by a \$168 million contribution from the School District Unfunded Liability Fund, which aims to alleviate the financial burden on school districts during this coming biennium.

Board member Hestand moved to pass a motion effective July 1, 2025, to approve the 2025-27 school district employer contribution rates, as revised from the passage of Senate Bill 849, and recalculated by the PERS actuary. Vice Chair Scanlan seconded the motion.

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

The motion passed unanimously

C.10. OVERVIEW OF ACTUARIAL METHODS AND ECONOMIC ASSUMPTIONS

Scott Preppernau and Matt Larrabee presented the economic assumptions used for Oregon PERS.

Their presentation emphasizes the importance of reasonable assumptions based on recent experience, including inflation rates and investment returns, which are critical for determining contribution rates and system liabilities. The methods discussed include the Entry Age Normal cost allocation method and various amortization policies, all aimed at ensuring transparency and stability in funding. The upcoming board meeting in July 2025 will finalize these assumptions and methods.

No board action was required.

Chair Jaramillo adjourned the PERS Board meeting at 11:40 a.m.

Respectfully submitted,

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

Kevin Olineck, Director

A.

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Director's Report

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Kevin Olineck, Director



Overview

This Director's Report tries to encapsulate 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.

Employer Incentive Fund Update The first phase of the Employer Incentive Fund (EIF) program began on April 1. This phase was exclusively for employers whose unfunded actuarial liability is more than 200% of payroll according to their December 31, 2023, actuarial valuation report.

There were 57 employers who were qualified to apply in phase one. Eight employers submitted their EIF applications, with deposits totaling \$22.86 million, with a resultant 25% match totaling \$5.7 million.

The second phase of the EIF application period opened to all employers on July 1 and all \$39 million in the fund have since been allocated to 36 EIF applicants.

Manager-360 assessments In August, PERS staff will be invited to participate in the annual 360-degree manager assessment exercise facilitated by Gallup. This enables our efforts to continue to grow our management



practices in alignment with the [competency expectations](#) that the state has for its managers. The results of this survey will provide insights into how managers are meeting these competencies, based on the experience of their peers, supervisors, and other staff at PERS.

After last year's survey, PERS provided managers with personalized one-on-one coaching session with a Gallup team member to review the survey results and identify areas of strength and weakness. We asked managers to identify one to two areas they would like to focus on over the course of the past year. This year's result will measure progress on those areas of focus and identify other priorities moving forward.

Accomplishments

PERS communications team brings home national honors PERS was recognized on the national stage this month with three awards from the National Association of Government Communicators (NAGC). This is a testament to the collaboration, creativity, and commitment across the agency to serve our members

and employers. The awards were announced at the 2025 NAGC Blue Pencil & Gold Screen Awards in Pittsburgh, Pennsylvania and celebrated excellence in government communications.

PERS was honored in the following categories:

- Second place, Annual Report — *PERS by the Numbers 2024*: A comprehensive overview of Oregon's public pension system.
- Third place, Digital, Electronic Publication — Overhaul of PERS Employer Tutorial Guides.
- Third place, Special Event or Conference — Destination: Retirement: The PERS Expo.

These awards celebrate the communications strategies, tactics, and campaigns that work to communicate information from government agencies. They are rated by government communicators across the country on criteria that include specific goals, clear audience identification, planning and implementation, budgets, quality of content, creativity, outcomes, and a "wow factor."

Efforts like *PERS by the Numbers*, our updated employer guides, and the PERS Expo demonstrate our agency-wide commitment to transparency, plain language, and timely updates. By making complex retirement topics easier to understand, we help members make informed decisions and support PERS-participating employers in navigating their responsibilities.

Senior Marketing and Communications Specialist Jonathan Yost says, "These awards are not just a win for the Communications Section — they're a reflection of the partnership and hard work shared across the agency. Our Communications team translates the often technical work that subject matter experts across the agency perform into digestible content that PERS members can understand. These projects only succeed because we work together to create clear, accessible, and engaging content for our various audiences."

Enterprise Communications Manager Elizabeth Rossman Weber adds, "This recognition reinforces that we're on the right path. We're proud to see our teamwork

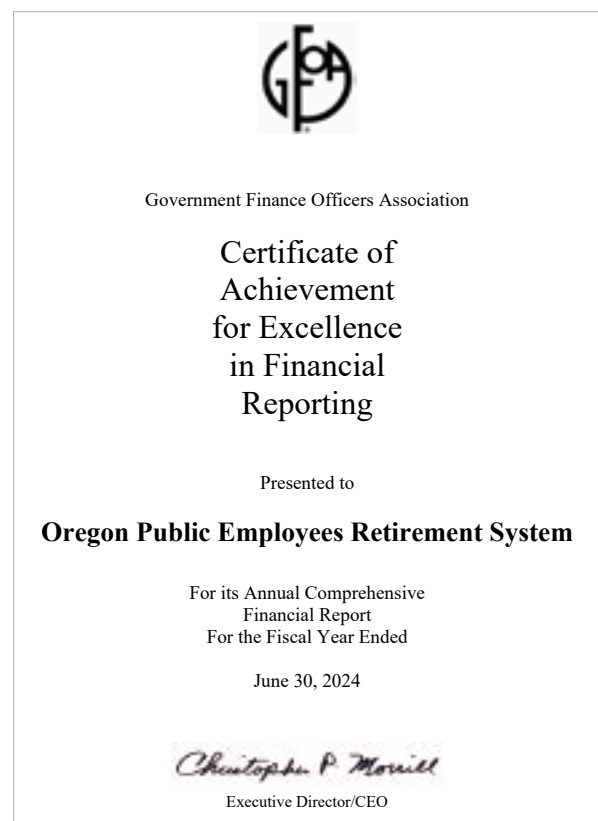
recognized at the national level — and even prouder of the impact it has on the people we serve."

Government Finance Officers Association Certificate of Achievement

PERS received a letter from the Government Finance Officers Association indicating that PERS has been awarded the Certificate of Achievement for Excellence in Financial Reporting for the 34th consecutive year, based on the submission of our fiscal year 2024 annual comprehensive financial report.

The report was judged by an impartial panel to meet the high standards of the program, including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by an agency and its management.



PERS BOARD MEETING FORWARD-LOOKING CALENDAR

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.)

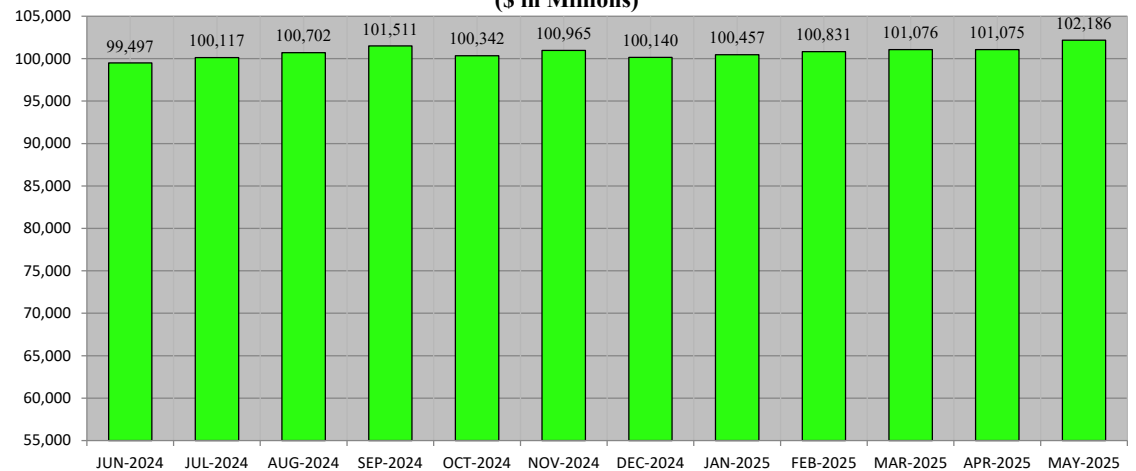
- Friday, January 30, 2026
- Monday, March 30, 2026
- Friday, May 29, 2026
- Friday, July 24, 2026
- Friday, September 25, 2026
- Friday, December 4, 2026

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

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 96,924,041		3.61	6.35	6.43	4.28	5.47	9.29	7.43	7.45
<i>OPERF Policy Benchmark</i>					2.78	8.90	10.41	6.32	5.68	9.35	8.03	7.97
Value Added					0.84	(2.55)	(3.98)	(2.04)	(0.21)	(0.06)	(0.60)	(0.51)
<i>Oregon Reference Portfolio</i>					4.29	10.54	13.07	8.44	4.18	8.74	7.19	6.81
Public Equity	22.5-32.5%	27.5%	\$ 16,874,111	17.4%	5.15	12.77	18.90	11.96	7.37	14.19	9.68	9.28
<i>MSCI ACWI IMI Net</i>					5.06	12.92	17.86	11.68	6.53	13.10	9.49	8.96
Private Equity	17.5-27.5%	20.0%	\$ 26,262,871	27.1%	5.96	6.24	6.58	3.28	8.53	14.65	12.73	12.69
<i>Russell 3000+300 Bps Qtr Lag</i>					0.61	15.62	23.29	11.18	13.27	20.06	15.97	15.51
Total Equity	45.0-55.0%	47.5%	\$ 43,136,982	44.5%								
Fixed Income	20-30%	25.0%	\$ 21,982,325	22.7%	2.52	5.67	4.50	2.73	0.23	0.42	2.28	2.08
<i>Oregon Custom Fixed Income Benchmark</i>					2.45	5.46	3.36	1.49	(0.99)	(0.69)	1.49	1.41
Real Estate	9.0-16.5%	12.5%	\$ 13,493,985	13.9%	0.02	0.16	(5.30)	(2.75)	3.95	4.69	5.04	6.25
<i>Oregon Custom Real Estate Benchmark</i>					1.53	0.01	(6.32)	(4.43)	2.23	2.00	2.97	4.95
Real Assets	2.5-10.0%	7.5%	\$ 10,443,608	10.8%	4.38	9.63	8.53	9.08	12.21	12.77	7.83	7.21
<i>CPI +4%</i>					3.53	6.44	6.91	7.34	8.70	8.80	7.69	7.17
Diversifying Strategies	2.5-10.0%	7.5%	\$ 4,969,892	5.1%	2.76	2.31	6.32	5.25	7.88	7.92	2.41	2.95
<i>HFRI FOF: Conservative Index</i>					1.71	4.66	6.22	4.68	3.90	6.33	4.46	3.63
Opportunity Portfolio	0-5%	0%	\$ 2,884,168	3.0%	4.12	9.10	11.51	9.09	9.76	13.83	10.10	9.02
<i>Opportunity Custom Benchmark</i>					2.78	8.90	10.41	9.72	10.77	10.66	9.31	8.60
Cash w/Overlay	0-3%	0%	\$ 13,081	0.0%	1.91	5.20	5.47	4.68	3.33	2.81	2.81	2.30
<i>91 Day Treasury Bill</i>					1.74	4.76	5.11	4.45	3.36	2.70	2.51	1.94
Target Date Funds			\$ 5,006,267									
TOTAL OPERF Variable Account			\$ 255,525		5.28	13.20	18.17	12.00	6.73	13.41	9.81	9.33

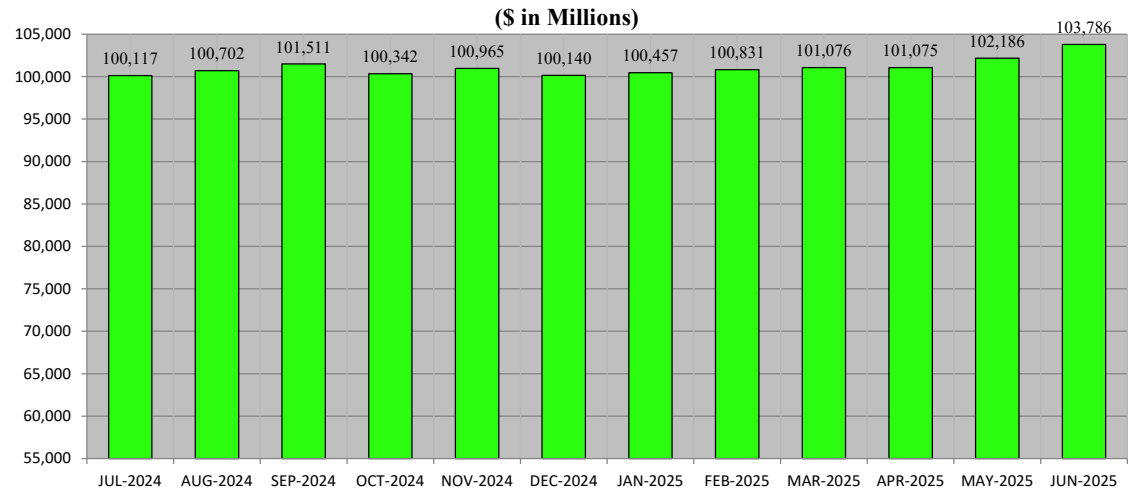
Total OPERF NAV
(includes Variable Fund assets)
One year ending MAY-2025

(\$ in Millions)

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

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 98,405,026		5.09	7.51	6.73	5.53	5.73	9.43	7.69	7.63
<i>OPERF Policy Benchmark</i>					4.34	9.10	10.15	7.97	5.75	9.67	8.28	8.14
Value Added					0.75	(1.59)	(3.42)	(2.44)	(0.02)	(0.25)	(0.59)	(0.52)
<i>Oregon Reference Portfolio</i>					8.00	12.72	12.93	12.20	4.82	8.98	7.80	7.39
Public Equity	22.5-32.5%	27.5%	\$ 17,693,994	18.0%	9.82	16.13	17.94	16.93	8.48	14.59	10.50	9.97
<i>MSCI ACWI IMI Net</i>					9.82	15.89	17.14	16.80	7.40	13.39	10.28	9.69
Private Equity	17.5-27.5%	20.0%	\$ 26,056,597	26.5%	6.27	6.87	6.66	3.75	8.53	14.86	12.81	12.36
<i>Russell 3000+300 Bps Qtr Lag</i>					(0.75)	10.42	20.90	11.25	12.24	21.55	15.74	15.07
Total Equity	45.0-55.0%	47.5%	\$ 43,750,592	44.5%								
Fixed Income	20-30%	25.0%	\$ 23,022,068	23.4%	4.02	6.26	5.30	3.75	0.39	0.56	2.50	2.29
<i>Oregon Custom Fixed Income Benchmark</i>					4.02	6.08	4.34	2.55	(0.78)	(0.49)	1.71	1.62
Real Estate	9.0-16.5%	12.5%	\$ 13,683,077	13.9%	1.80	2.51	(3.67)	(2.91)	4.36	5.11	5.14	6.36
<i>Oregon Custom Real Estate Benchmark</i>					1.82	1.17	(5.65)	(5.07)	2.15	2.01	2.92	4.61
Real Assets	2.5-10.0%	7.5%	\$ 10,343,459	10.5%	4.08	9.24	8.34	8.74	12.17	12.57	7.81	7.35
<i>CPI +4%</i>					4.22	6.77	6.92	6.97	8.54	8.75	7.72	7.17
Diversifying Strategies	2.5-10.0%	7.5%	\$ 5,000,434	5.1%	3.39	3.37	5.77	5.79	8.51	8.37	2.75	2.75
<i>HFRI FOF: Conservative Index</i>					2.70	5.65	6.30	5.42	4.06	6.17	4.60	3.79
Opportunity Portfolio	0-5%	0%	\$ 2,897,143	2.9%	4.91	9.58	11.45	9.64	9.78	13.82	10.18	9.10
<i>Opportunity Custom Benchmark</i>					4.34	9.10	10.15	9.63	10.82	10.78	9.45	8.69
Cash w/Overlay	0-3%	0%	\$ (291,747)	-0.3%	2.34	5.15	5.51	4.88	3.44	2.85	2.85	2.34
<i>91 Day Treasury Bill</i>					2.07	4.68	5.04	4.56	3.44	2.76	2.54	1.98
Target Date Funds			\$ 5,119,360									
TOTAL OPERF Variable Account			\$ 261,934		10.08	16.20	17.46	17.11	7.71	13.72	10.60	10.05

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



¹OIC Policy revised April 2023.

²Includes impact of cash overlay management.

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

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

Year	OPERF Earnings (%)	Tier One	Tier Two	Variable Account	IAP
2012	14.29	8.00	14.68	18.43	14.09
2013	15.59	8.00	15.62	25.74	15.59
2014	7.29	7.75	7.24	4.29	7.05
2015	2.11	7.75	1.87	-1.61	1.85
2016	6.88	7.50	7.15	8.76	7.13
2017	15.39	7.50	15.23	26.48	14.72
2018	0.48	7.20	0.23	-10.03	—
2019	13.56	7.20	13.27	28.80	—
2020	7.66	7.20	7.18	11.77	—
2021	20.05	7.20	20.14	18.88	—
2022	-1.55	6.90	-1.91	-21.52	—
2023	5.98	6.90	5.52	21.37	—
2024	5.71	6.90	5.29	14.60	—

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

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July 25, 2025

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

2023-25 OPERATING BUDGET

Operating expenditures for April, May, and preliminary expenditures for June are \$5,177,124, \$5,693,195, and \$7,895,506 respectively. Final expenditures for June will close in the Statewide Financial Management System on July 18 and will be included in the September 2025 report to the PERS Board.

- Through June 27, 2025, the agency has expended a total of \$130,156,505 or 88.5% of PERS' legislatively approved operations budget of \$147,065,167.
- At this time, the agency's projected variance is \$7,493,354 or 5.1%.
- Core Retirement Systems Applications (CRSA) expenditures for April, May, and preliminary expenditures for June are \$416,351, \$686,004, and \$1,317,637 respectively. As of June 27, the agency has expended \$23,100,765 or 76.0% of the legislatively approved budget of \$30,397,427.
- At this time, the CRSA projected variance is \$3,495,398 or 11.5%.

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 June 27, 2025 are \$13,106,574,306.

2025-27 LEGISLATIVELY ADOPTED BUDGET

The agency's Legislatively Adopted Budget for 2025-27 (Senate Bill 5534) has been finalized, but not yet signed by the Governor at the time of this publication. PERS' operating limitation totaling \$178,846,582 (.8% increase over 2023-25) was approved, which includes \$21,558,480

to complete work on House Bill 4045 implementation and continued planning and implementation of modernization efforts on the pension system.

The adopted budget also consists of \$15,243,591,683 (12.7% increase over 2023-25) in Non-Limited budget, which represents benefit payments, health insurance premiums, and third-party administration payments for both the PERS Health Insurance Program and the Individual Account Program.

Further budget adjustments impacting PERS have been made in House Bill 5006 (End of Session Bill), which resulted in an increase of \$801,177 related to State Government Service Charges. Additional adjustments were made in House Bill 2728, which resulted in an increase of \$499,986 related to modifying the Notice of Entitlement Letter for retiring members. Senate Bill 5530 removed Lottery Fund transfers for the Employer Incentive Fund. More detailed information on the 2025-27 Legislatively Adopted Budget can be found in Item C.4.

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

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

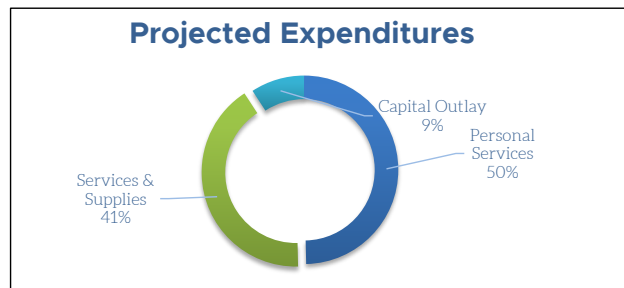
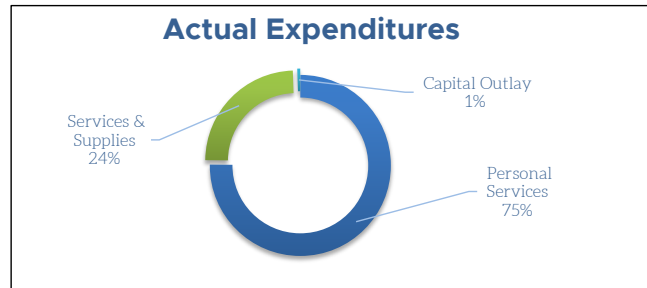
PERS Monthly Budget Report

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

Limited - Operating Budget

2023-25 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2023-25 LAB	Variance
Personal Services	97,811,919	5,078,827	102,890,746	108,762,430	5,871,684
Services & Supplies	31,657,318	4,212,336	35,869,654	37,130,336	1,260,682
Capital Outlay	687,268	941,000	811,413	1,172,401	360,988
Total	130,156,505	10,232,162	139,571,813	147,065,167	7,493,354



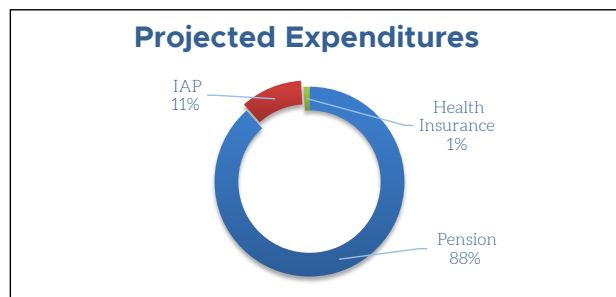
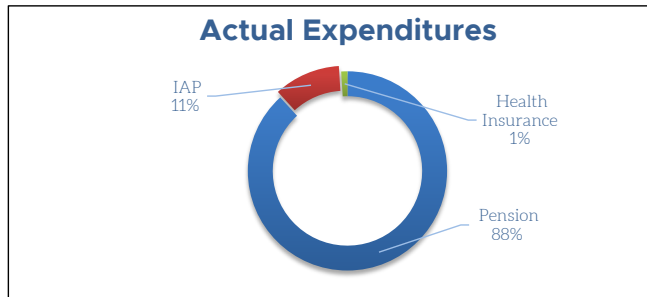
Monthly Summary

Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,901,068	5,078,827	177,759	4,445,996	2,539,413
Services & Supplies	2,874,638	2,978,899	104,261	1,438,969	2,106,168
Capital Outlay	119,800	124,145	4,345	31,239	470,500
Total	7,895,506	8,181,871	286,365	5,916,205	5,116,081

Non-Limited Budget

2023-25 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	11,562,008,913	454,940,723	12,016,949,636	11,823,032,167	(193,917,469)
IAP	1,412,419,026	16,939,762	1,429,358,788	1,482,829,663	53,470,875
Health Insurance	132,146,367	6,005,434	138,151,801	217,258,687	79,106,886
Total	13,106,574,306	477,885,920	13,584,460,226	13,523,120,517	(61,339,709)



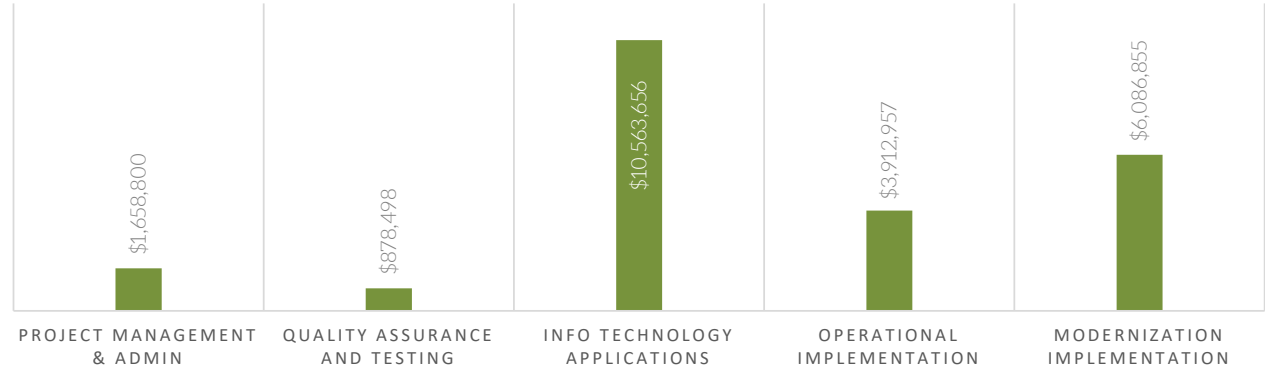
Core Retirement Systems Application

Summary Budget Analysis
Preliminary for the Month of June 2025

Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	5,765,746	396,688	6,162,434	7,559,057	1,396,623
Services & Supplies	17,335,020	3,404,576	20,739,596	22,838,370	2,098,774
Capital Outlay					
Total	23,100,765	3,801,264	26,902,029	30,397,427	3,495,398

EXPENDITURES BY PACKAGE



EXPENDITURES BY PROJECT



B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report

B. Administrative rulemaking

- 1. Notice of rulemaking for OSGP Designation of Beneficiary Rule**
2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule
3. First reading of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule

C. Action and discussion items

1. Modernization update
2. Senate Bill 1049 final update
3. Legislative wrap-up
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
6. Notice of rulemaking for Assumed Rate Rule



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July 25, 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 OSGP Designation of Beneficiary:
OAR 459-050-0060 *OSGP Designation of Beneficiary*

OVERVIEW

- Action: Adoption of amended OSGP Designation of Beneficiary rule.
- Reason: Update the Oregon Savings Growth Plan's (OSGP) treatment of Standard Designation of Beneficiary to be consistent with the PERS plan. Update OSGP's process to align with the PERS plan when the participant has no named beneficiary on file.
- Policy Issue: None identified.

BACKGROUND

Oregon Savings Growth Plan (OSGP) participants are able to designate beneficiaries for their OSGP accounts. OSGP has traditionally accepted a "standard designation" option as a beneficiary designation; however, while outlined in instructions and forms, the term standard designation has never been defined in OSGP statutes or rules.

As of January 1, 2024, the statutory default beneficiary (i.e., who is entitled to a death benefit in the event the member fails to designate a beneficiary) for the PERS plan (i.e., pension programs and Individual Account Program) was updated by the Oregon Legislature to be consistent across ORS 238 and ORS 238A programs. Although PERS and OSGP are both administered by the PERS Board, OSGP is a separate deferred compensation plan, contained in Chapter 243. However, OSGP and its third-party administrator, Voya, have used the standard beneficiary designation used by the PERS plan as a template for OSGP's forms. As the standard beneficiary designation is being phased out for the PERS plan, the amendments to this rule provide consistent treatment for OSGP participants.

The amendment to the rule defines the term as it has been used and applied by OSGP, determining the account beneficiary 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 to the decedent's estate.

To maintain alignment with the PERS plan with respect to the standard beneficiary designation, as of January 1, 2026, OSGP staff will no longer be accepting the standard designation for OSGP participants. Standard designations received before January 1, 2026, will be honored regardless of when the participant passes away, unless revoked by the participant. Going forward, when filling out beneficiary designation forms, participants 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.

In addition to the changes noted above, the rule has been amended to update what happens when there is no named beneficiary on file for an OSGP participant. Currently when there is no named beneficiary on file, OSGP distributes the benefit "to the executor, personal rep, or administrator of the deceased's estate." The rule has been amended to align with the PERS plan by establishing a default beneficiary, according to the following order: The participant's surviving spouse or other person who is constitutionally required to be treated in the same manner as a spouse; The participant's surviving children, in equal shares; or The participant's estate.

Finally, the rule includes a minor edit to correct a reference in another Oregon Administrative Rule where the numbering has been updated.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on August 19, 2025, at 2:00 p.m. The public comment period will end August 22, 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: Updates the OSGP rules to align with the PERS plan; provides clarification for participants and beneficiaries.

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

RULEMAKING TIMELINE

July 21, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
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August 1, 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.
July 25, 2025:	PERS Board notified that staff began the rulemaking process.
August 19, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
August 22, 2025:	Public comment period ends at 5:00 p.m.
September 26, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comments or reviews by staff or legal counsel.

NEXT STEPS

A rulemaking hearing will be held remotely on August 19, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the September 26, 2025, board meeting.

B.1. Attachment 1 – *OAR 459-050-0060 OSGP Designation of Beneficiary*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 050 – DEFERRED COMPENSATION**

459-050-0060

OSGP Designation of Beneficiary

The purpose of this rule is to establish the criteria and process that must be used to designate a beneficiary. The provisions in this rule apply to participants, a participant's surviving beneficiaries, alternate payees and an alternate payee's surviving beneficiaries.

(1) Definitions. The following definitions apply for the purpose of this rule:

(a) "Administrator" means the person appointed by a probate court to handle the distribution of property of someone who has died without a will, or with a will that fails to name someone to carry out this task.

(b) "Conservator" means the person who has been appointed by a court to manage the property and financial affairs of an incapacitated person.

(c) "Executor" means the person named in a will to handle the property of someone who has died. The executor must collect and manage the property, pay debts and taxes, and distribute the remaining assets as specified in the will. In addition, the executor handles any probate court. Executors are also called personal representatives.

(d) "Personal Representative" means the person named in a will to handle the property of someone who has died. Personal representatives are also called executors.

(2) Designation of Beneficiary. When a participant in the Deferred Compensation Program dies, the benefit of the participant's account shall be paid to the beneficiaries designated by the participant.

(a) For purposes of this rule, a participant may designate any of the following as a primary or contingent beneficiary:

(A)~~[a]~~ Any natural person(s);

(B)~~[b]~~ The personal representative or executor of the estate of the participant;

(C)~~[c]~~ A charity or other non-profit organization; or

(D)~~[d]~~ A trust that is valid under Oregon state law.

(i)~~[A]~~ If a living trust is designated, the trust must be legally in existence before the participant makes the designation.

(ii)~~[B]~~ If a designated trust fails to satisfy the requirements in OAR 459-050-0300(1)(c)(B), payment to the trust shall be made as provided in OAR 459-050-0300~~[(11)]~~(10).

(b) 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

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

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

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

(3) Surviving beneficiary or alternate payee. Any surviving beneficiary designated under section (2) of this rule or an alternate payee may designate a beneficiary in the same manner as a participant.

(4) Power of attorney. The agent shall submit a copy of the Power of Attorney document with the filing of the designation of beneficiary form. The Deferred Compensation Program may, but is not required to, accept a beneficiary designation made by an agent or attorney-in-fact appointed under a Power of Attorney document. If the Deferred Compensation Program is satisfied that a

1 Power of Attorney document is valid, has not been revoked, and empowers the
2 agent or attorney-in-fact to designate a beneficiary, the program shall accept a
3 beneficiary designation made by the agent or attorney-in-fact appointed under the
4 Power of Attorney document.

5 (5) Conservator. The Deferred Compensation Program shall accept a beneficiary
6 designation made by a conservator for the participant provided that the
7 conservator submit a certified copy of the letters of conservatorship or other court
8 order appointing a conservator with the designation of beneficiary form.

9 (6) Effective date of designation of beneficiary. A designation of beneficiary is not
10 effective until a properly completed designation on a form supplied by the
11 Deferred Compensation Program is filed with the Deferred Compensation
12 Program. In the event a designation of beneficiary is incomplete staff will provide
13 notification within 30 days explaining why the form is incomplete.

14 (7) Revocation of designation of beneficiary. A participant, alternate payee or
15 surviving beneficiary may revoke any and all previous beneficiary designations
16 by filing a new designation on a properly completed form supplied by the
17 Deferred Compensation Program. This designation must be in accordance with
18 section (2) of this rule.

19 (8) Dissolution of marriage. A participant's designation of beneficiary may be
20 revoked or nullified by a decree of divorce, decree of annulment, or other similar
21 circumstance effective upon the entry of a judgment that revokes the designation
22 of the beneficiary.

1 (9) No Designated Beneficiary.

2 (a) If the designated primary and contingent beneficiaries on file with the
3 Deferred Compensation Program have predeceased the deceased participant,
4 surviving beneficiary, or alternate payee who made the designation, or if the
5 program has no record of a designation or is otherwise unable to administer the
6 designation, the Deferred Compensation Program shall distribute the benefit of
7 the deceased's account *[to the executor, personal representative, or administrator*
8 *of the deceased's estate.]* in the following order of priority:

9 (A) The member's surviving spouse or other person who is
10 constitutionally required to be treated in the same manner as a
11 spouse;

12 (B) The member's surviving children, in equal shares; or

13 (C) The member's estate.

14 (b) If a simple estate affidavit has been filed under ORS 114.515, the board
15 shall pay the amount to the person who filed the affidavit if:

16 (A) The member's estate is receiving the payment under paragraph
17 (a) of this subsection; and

18 (B) The estate of the decedent:

19 (i) remains within the limits prescribed by ORS 114.510 (1)(a)
20 after consideration of the amount of money credited at the time
21 of death to the member account; or

22 (ii) The estate of the decedent meets the requirements of ORS
23 114.510 (1)(b).

1 (c) *[a]* If the program is unable to locate the *[designated]* beneficiaries or the
2 executor, personal representative, or administrator of the estate by December 31
3 of the calendar year following the participant's death, the amount in the
4 deceased's account on that date shall be credited to the Deferred Compensation
5 Fund. The amount credited may be used for the payment of administrative
6 expenses of the Deferred Compensation Program.

7 (d) *[b]* If the *[designated]* beneficiaries or the executor, personal representative,
8 or administrator of the estate is later located or other future successful claim is
9 filed, payment will be made in an amount not to exceed the balance in the
10 deceased's account credited to the Deferred Compensation Fund in subsection (a)
11 of this section.

12 Stat. Auth.: ORS 243.470

13 Stats. Implemented: ORS 243.401 - 243.507

14 Hist.: PERS 6-2002, f. & cert. ef. 5-24-02; PERS 6-2006, f. & cert. ef. 4-5-06; f. & cert.
15 ef. 5-24-12; f. & cert. ef. 3-28-22

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B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Designation of Beneficiary Rule
- 2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule**
3. First reading of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule

C. Action and discussion items

1. Modernization update
2. Senate Bill 1049 final update
3. Legislative wrap-up
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
6. Notice of rulemaking for Assumed Rate Rule



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July 25, 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 238 Pre-Retirements Death Benefits:
OAR 459-014-0040 *Payment of Chapter 238 Pre-Retirement Death Benefits*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Revision to death benefit rule to clarify PERS' practice for spouses applying for a preretirement death benefit.
- Policy Issue: None identified.

BACKGROUND

In 2019, the Legislature passed an "optional spouse death benefit" providing an alternate preretirement death benefit for surviving spouses of Tier One or Tier Two PERS members who pass away before retiring.¹ The alternative death benefit established in this bill is in lieu of the death benefit provided under ORS 238.390 and 238.395(1) and the goal was to align preretirement death benefits for surviving spouses of ORS 238 members with what is provided to the surviving spouses of Oregon Public Service Retirement Plan (OPSRP) members under ORS 238A. See ORS 238.395(2) and 238A.230.

An aspect of the optional spouse preretirement death benefit under ORS 238 and for spouses of OPSRP members under 238A is the ability for the member's spouse to delay the start of payments. When the payment of these benefits are delayed, they are actuarially adjusted for age and interest when payments commence. The statutes are not specific about what constitutes a "delay" nor how that delay will relate to the "*benefit shall be actuarially adjusted for when payments commence*" language.

As staff has been addressing cases involving delays in intervening years since the benefit was established, staff established a "one year from the member's date of death" standard to demarcate what constitutes a "delay." The proposed rule amendment is being presented to

¹ House Bill (HB) 2417 (2019)

provide transparency and clarity to membership and their beneficiaries about how preretirement death benefits are calculated when payment of those benefits is delayed.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on August 19, 2025, at 2:00 p.m. The public comment period ends August 22, 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: Updates the rules to reflect current agency practice and provides clarification for members.

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

RULEMAKING TIMELINE

July 21, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
August 1, 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.
July 25, 2025:	PERS Board notified that staff began the rulemaking process.
August 19, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
August 22, 2025:	Public comment period ends at 5:00 p.m.
September 26, 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 August 19, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the September 26, 2025, board meeting.

B.1. Attachment 1 – OAR 459-014-0045 *Payment of Chapter 238 Pre-Retirement Death Benefits*

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

459-014-0040

Valid Request for Distribution of Pre-Retirement Death Benefits

(1) For the purposes of this rule, “valid request for distribution” is when PERS receives the last required document PERS has determined necessary to distribute a death benefit to a beneficiary.

(2) PERS must receive a copy of the death certificate of the deceased member or alternate payee. PERS will provide instructions to a beneficiary identifying additional documents that must be received to make a valid request for distribution. Required documents may include but are not limited to:

- (a) Death Benefit Election;
- (b) Letters of Testamentary/Administration;
- (c) Simple Estate Affidavit or out of state equivalent;
- (d) Affidavit of Next of Kin;
- (e) Affidavit of Beneficiary;
- (f) Declaration of Beneficiary;
- (g) Proof of marriage;
- (h) Proof of registered domestic partnership;
- (i) Proof of birth of the beneficiary;
- (j) Trust document or certification of trust;

1 (k) Proof of Conservatorship; and

2 (l) Proof of Guardianship.

3 (3) Earnings crediting for the distribution amount for an IAP account beneficiary will be
4 determined under OAR 459-007-0320.

5 (4) A benefit distribution will be considered “delayed” under ORS 238.395(2) and
6 ORS 238A.230 when a valid request for distribution is received more than one year
7 after the member’s date of death.

8 (a) If a benefit under ORS 238.395(2) or ORS 238A.230 is delayed, the death
9 benefit effective date will be the first of the month in which the affidavit or
10 declaration requesting distribution is received by PERS.

11 (b) If a benefit under ORS 238.395(2) or ORS 238A.230 is delayed and the
12 member’s beneficiary dies prior to PERS receiving an affidavit or
13 declaration requesting distribution, the benefit will be paid as a lump-sum
14 payment equaling the sum of the payments the member’s beneficiary would
15 have received had they not delayed distribution.

16

B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Designation of Beneficiary Rule
2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule
- 3. First reading of rulemaking for divorce rules**
4. Adoption of rulemaking for Standard Designation Rule

C. Action and discussion items

1. Modernization update
2. Senate Bill 1049 final update
3. Legislative wrap-up
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
6. Notice of rulemaking for Assumed Rate Rule



Oregon

Tina Kotek, Governor

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July 25, 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: First Reading 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 first reading of divorce rules.
- 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.¹

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.² With a goal of providing additional clarity into the complicated process of dividing PERS accounts and benefits and to reduce the number of un-administrable court orders received, PERS staff is preparing an update to PERS divorce forms to add detail and outline options available to members and their alternative payees.

This rulemaking provides 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 was held remotely, and in person, on June 24, 2025, at 2:00 p.m. The public comment period ended June 27, 2025, at 5:00 p.m. PERS has received public comment regarding the requested rule modifications, which is provided as an attachment to this memo. Staff is presenting the rule now as a First Reading to provide appropriate time to carefully evaluate the concerns of external partners and will seek to work with them to address concerns.

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: 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

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

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

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.
June 24, 2025:	Rulemaking hearing held remotely and at the PERS headquarters at 2:00 p.m.
June 27, 2025:	Public comment period ended at 5:00 p.m.
July 25, 2025:	First Reading of the rules.
September 26, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

The rules are scheduled to be brought before the PERS Board for adoption at the September 26, 2025, board meeting.

B.3. Attachment 1 – OAR 459-045-0010 *Tier One/Tier Two Division of Benefits*

B.3. Attachment 2 – OAR 459-045-0012 *OPSRP Pension Program Division of Benefits*

B.3. Attachment 3 – OAR 459-045-0014 *Individual Account Program (IAP) Division of Benefits*

B.3. Attachment 4 – OAR 459-045-0020 *Court Orders*

B.3. Attachment 5 – 459-531 *IAP Non-Retired Separate Account CURRENT*

B.3. Attachment 6 – 459-531 *IAP Non-Retired Separate Account REVISED*

B.3. Attachment 7 – Public Comment from Stacey Smith, Clark B. Williams, and Deb Lash

**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.

STACEY D. SMITH

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27 June 2025

Oregon PERS – Members of the PERS Board
ATTN: Joel Mellor, PERS Rules Coordinator
By email transmission to: joel.mellor@pers.oregon.gov

RE: Public Comment - 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*

Dear Joel:

The undersigned are licensed Oregon ‘QDRO’ lawyers. Collectively, we have 80 years of experience drafting Oregon PERS orders and submit perhaps 2/3 of all PERS division orders processed by PERS each year. Clark Williams was the principal author on behalf of the Oregon State Bar of the original version of ORS 238.465 as enacted by the Oregon Legislature in 1993 and he participated with PERS in drafting the first set of OARs concerning the division of PERS benefits in divorce. We offer the following public comments regarding the above-referenced, proposed rulemaking (or rule-amending).

The following are our written comments on the proposed amendments to the rules:

1. Regarding the 5/30/2025 letter to “Members of the PERS Board” from Melanie Chandler and Stephanie Vaughn, providing notice that “staff has begun rulemaking”:
 - a. On page 2, under “IMPACT” we note that the rulemaking is not mandatory and that the rulemaking is intended to benefit members and legal practitioners by ‘providing clarity about available options related to the division of PERS benefits in divorce.’
 - b. Some of the proposed changes to the rules do not appear to achieve that goal, and those instances are identified and discussed in further detail, below.

2. As a principal objection: ORS 238.465 expressly allows a court (having jurisdiction) to define the particulars for how PERS benefits are divided and assigned, without limitations on the court's authority as to the manner in which the PERS benefits are divided.
3. OAR 459-045-0010
 - a. Without an opportunity to review the revised PERS administrative forms, we cannot provide thorough or complete comments to the proposed rules, nor thorough or complete objections thereto.
 - b. We object to PERS' assertion that it will not accept or administer lawful portions of a court order that are "not included on existing forms" because:
 - i. The "existing forms" that are now available and viewable on PERS' website (i) contain provisions that PERS cannot lawfully administer or (ii) are devoid of provisions that PERS can administer (*i.e.*, relief that is otherwise lawful and available to the parties).
 - ii. If by "existing forms" PERS means the new (divorce) forms that have not yet been completed, approved by PERS, or published by PERS, or are otherwise unavailable to us for review, then we are not afforded due process to comment on the lawfulness or propriety of PERS' assertion that it will not accept or administer provisions in the court order that are "not included on existing forms."
 - iii. To the extent that PERS' position is that it will not accept or administer lawful portions of a court order that are "not included on existing forms" this rulemaking is changing law, not simply "provid[ing] additional clarity."
 - iv. The forms, rather than provide clarity for division, lure inexperienced parties and legal practitioners with a false sense of simplicity.
 - c. Section 4(d) – "Whether the member may change their beneficiary designation...the member's monthly benefit must be recalculated." PERS recently imposed a retroactive recalculation in a case, which was appealed by the Member. The Member won on appeal. This section of the rule should establish the 'start date' for the new amount/the recalculated monthly amount or should reference such other rule or law that governs the start date (effective date) for the recalculated benefit.

4. OAR 459-045-0012

- a. We reassert items a – b, above
- b. Separate benefit option for Alternate Payee (“AP”) vs Shared payment award.
 - i. (2)(a) allows AP to choose between a shared payment award or a separate benefit option. Therefore, the court order will either (i) require a separate benefit option or a shared payment award; *or* (ii) permit the AP to choose between the two options.
 - ii. In either case, application of the married time rule creates a deferred interest award. Such an award cannot legally ‘perfect’ or ‘vest’ until the election is made and/or the benefit commences.
 - iii. PERS acknowledges that in the shared payment context, AP’s benefit can revert to the member if AP predeceases.
 - iv. PERS has recently stated (in writing and orally) that if the award requires AP to elect a separate benefit option (on AP’s life), then if AP does not survive to the date of payment, PERS will not honor a court order that provides for a reversion of AP’s award back to the member. There is no authority for that position. See **EXHIBIT A** (electronic communication from Clark Williams to Peter Ungern, attached hereto and incorporated herein by reference). Moreover, the proposed rules implicitly or explicitly appear to allow for such a reversion to the member if AP is “eligible to elect a separate benefit option” but dies before commencement of benefits:
 - 1. See 2(c), which appears to allow the DRO to specify that AP’s award will end upon AP’s date of death.
 - 2. See 2(g), which provides that the DRO can order termination of AP’s award (and presumably reversion to Member) “if [the AP’s awarded benefit is] not taken as a separate benefit” and if AP “dies before the Member.”

Clearly the rules, when applied to real life facts, become murky and problematic, and need a detailed court order to sort out the various possible contingencies to which the forms do not lend themselves.

- v. 2(d) provides that “if not taken as a separate benefit [again, this suggests that the DRO can provide AP a choice, to be made well after the divorce], whether the member must select a specific benefit payment option.”
 - 1. In order to implement such a provision, the form would need to list the various options so that ‘boxes’ could be checked in the DRO.
 - 2. We cannot know whether or to what extent to object to this provision, without seeing the new forms; and we have been advised that there will not be an opportunity to review the new forms, or for public hearing or public comment on the proposed forms. We object to PERS decision to not allow opportunity for hearing or comment on the new forms.
- vi. 2(f) needs to be revised to remove an incomplete clause that creates an ambiguity. It should read as follows: “Whether the court order designates the alternate payee as beneficiary to receive a percentage of any pre-retirement death benefit pursuant to ORS 238A.230.”
- vii. An additional concern about Form 459-535, Section B.6’s treatment of ORS 238A.230 benefits (and why the Court order needs to provide additional terms/language):
 - 1. The current ‘existing form’ provides only that “**The court directs PERS to award** [*the word award should be deleted and replaced with “distribute”*] **any pre-retirement death benefits as indicated below: Award _____ percent to A**”
 - 2. In a deferred interest/married time rule context, where the member is still accruing creditable service after the divorce, it is impossible to know or state a percentage that corresponds to the married time rule award.
 - 3. For many years PERS has approved DROs that establish a contingent award of ORS 238A.230 benefits to AP, consisting of *either* 100% of the pre-retirement death benefit if member is unmarried at the time of death, *or* a percentage of the pre-retirement death benefit that corresponds to the married time rule.

- viii. 3(d) – “Whether the member may change their beneficiary designation...the member’s monthly benefit must be recalculated.” See comment above for Rule 459-045-0010 (*i.e.*, what is the effective date for recalculation?)
 - ix. If the Member is required to elect a joint and survivor (“JT&S”) option and to designate AP as JT&S beneficiary, but AP predeceases the Member before benefits commence, PERS forms have a provision whereby the benefit can revert to the Member or be distributed to AP’s chosen beneficiary. But there is no provision that releases the Member from the requirement that they elect a JT&S form of benefit. That is an ambiguity and while it may seem obvious that the Member could/should be permitted to elect Option 1, would PERS not look to the Court order for guidance?
5. OAR 459-045-0014. Regarding section 4: The new language provides that “*If any EPSA excess as defined in 459-005-0001 becomes payable, PERS will determine what will be paid to the member, beneficiary and/or AP based on the IAP award in the court order.*”
- a. It is unclear whether this new proposed language changes PERS’ previously established policy that AP cannot receive any share of EPSA excess unless the DRO articulates AP’s IAP award as a percentage share. The rules should clarify that.

In conclusion, without seeing the proposed PERS forms, we must object to the notion that the DRO must be restricted to the 4 corners of the forms. We have not been afforded the opportunity to review or comment on the upcoming, new forms; and the proposed rules refer only to the existing forms.

Alternatively, if PERS were to continue to accept and administer lawful portions of the court order that extend beyond the new forms, the opportunity for hearing or comment on the new forms would not be necessary.

The proposed prohibition of PERS from approving or administering any language not appearing on or in ‘the forms’ (whether the current forms, which PERS acknowledges are problematic, or the new forms which have not been subject to public hearing or public comment, and which Joel says will not be so subject) will in some cases violate the law. Courts having jurisdiction over the division of PERS benefits, and lawyers (in particular DRO lawyers) need to be able to clarify or modify terms on the forms when the circumstances require such changes to fulfill or comply with applicable domestic relations law, including ORS 107.105’s mandate to the Court to provide for a ‘just and proper’ division of marital property. The apparent, proposed prohibition against ‘free-form DROs’ to supplement or clarify the terms of the award or the ambiguous-as-applied terms of the PERS forms prevents the court from implementing the law (ORS 107.105, Ch 238, 238A).


Oregon PERS – Members of the PERS Board
c/o Joel Mellor, PERS Rules Coordinator
RE: Public Comment - Notice of Rulemaking for Divorce Rules
27 June 2025
Page 6

Thank you for your time and consideration of the foregoing. Any or all of us would be pleased to offer further comment, should PERS request that.

Sincerely,



Stacey Smith, OSB 983481



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cc: Peter K. Ungern, PERS Benefit Preparation Section Manager; Jeremy Frese, Program Analyst 1

Subject: AP's pre-commencement death benefit in OPSRP
Date: Tuesday, December 3, 2024 at 10:54:34 AM Pacific Standard Time
From: Clark Williams
To: UNGERN Peter * PERS
CC: Deb Lush, Karen Neill, Stacey Smith, MOEN Susan * PERS

Hi, Peter - -

Thanks again for presenting at our annual QDRO legal education program on November 15. It is so refreshing to have an open and collaborative relationship with you and others in the Divorce Unit, as we work to make the division of PERS benefits on divorce as smooth and efficient as possible for our clients.

I am writing to ask for reconsideration of the position that PERS staff have taken with regard to the disposition of OPSRP benefits awarded to an Alternate Payee (AP) who then dies before benefits commence. I understand PERS' position is that those benefits are payable to the AP's surviving spouse, if any, and if none then the AP's benefit evaporates and cannot revert to the OPSRP Member.

We believe that position is incorrect, for each of two reasons.

First, ORS 238.465(1) provides in relevant part as follows: “. . . any pension, annuity, retirement allowance, disability benefit, death benefit, refund benefit or other benefit that would otherwise be made to a person entitled thereto under this chapter or ORS chapter 238A shall be paid, in whole or in part, by the Public Employees Retirement Board to an alternate payee *if and to the extent expressly provided for* in the terms of any judgment of annulment or dissolution of marriage or of separation, or the terms of any court order . . . (emphasis supplied).”

An AP of an OPSRP member cannot access the benefit before the member's age 55. The assignment is necessarily conditioned on the AP surviving to that date. If the AP dies before that date, there is no award “expressly provided for” to the AP. And therefore, since there is no assignment to the AP who dies before age 55, the member necessarily retains that benefit. Whether this is termed as a “reversion” or a “retention,” the effect is the same – the purported assignment is moot and the member keeps the entire benefit. If it would help, we can include language in our orders to expressly provide that any award to an AP is conditioned on the AP's survival to the member's age 55.

Second, ORS 238.465 (4) (3) provides that if an alternate payee dies before commencing, “. . . the alternate payee shall be considered a member of the system who died before retiring for the purposes of the death benefits provided in . . . 238A.230 (Death benefit) . . .”

ORS 238A.230, says: “**1)** If a member of the pension program who is vested dies before the member's effective date of retirement, the Public Employees Retirement Board shall pay the death benefit provided for in this section to: . . .

b) The former spouse of the member as provided in a judgment or order under ORS 238.465.”

To substitute “AP” for “member,” as instructed by ORS 238.465(4)(3), ORS 238A.230 now reads as follows:

“**1)** If a ~~member~~ **AP** of the pension program who is vested dies before the ~~member's~~ **AP's** effective date

of retirement, the Public Employees Retirement Board shall pay the death benefit provided for in this section to: . . .

b) The former spouse of the ~~member~~ AP as provided in a judgment or order under ORS 238.465.”

The former spouse of the AP is the member. So the AP’s death benefit is paid to the member, not the AP’s subsequent spouse. In other words, by reading an alternate payee as a “member” under ORS 238.230A, the AP’s death benefit goes to his/her former spouse, who is the original member. Therefore, court orders that provide that the AP’s benefit reverts to the member comply with this statute.

We ask you to reverse your position on this or, in the very least, to present this issue to the your DOJ representative to consider.

Thank you, Peter

Clark B. Williams, *Lawyer*

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B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Designation of Beneficiary Rule
2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule
3. First reading of rulemaking for divorce rules
- 4. Adoption of rulemaking for Standard Designation Rule**

C. Action and discussion items

1. Modernization update
2. Senate Bill 1049 final update
3. Legislative wrap-up
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
6. Notice of rulemaking for Assumed Rate Rule



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July 25, 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 Death and Survivor Benefits:
OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*

OVERVIEW

- Action: Adoption of amended Pre-Retirement Designation of Beneficiary rule.
- Reason: Clarify treatment of *Standard Designation of Beneficiary* forms which have become redundant after Legislature updated the statutory default beneficiary standard.
- Policy Issue: None identified.

BACKGROUND

PERS members are able to designate beneficiaries for certain pre-retirement 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 ORS, which are not directly applicable to PERS, and awards death benefits in the follow 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 was held remotely, and in person, on June 24, 2025, at 2:00 p.m. The public comment period ended June 27, 2025, at 5:00 p.m. PERS has received public comment regarding the requested rule modifications, which is provided as an attachment to this memo.

LEGAL REVIEW

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

IMPACT

Mandatory: No.

Benefit: Provides a definition of Standard Designation; provides clarification for members and beneficiaries regarding current and past practice in relation to use of the standard beneficiary designation, and; provides notice of change in practice beginning January 1, 2026.

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 held remotely and at the PERS headquarters at 2:00 p.m.
June 27, 2025:	Public comment period ended 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.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt Pre-Retirement Designation of Beneficiary Rule, as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.4. Attachment 1 – OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*

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

1 **459-014-0030**

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

3 (1) A member or an alternate payee with a separate account may designate a new
4 beneficiary or revoke a previous designation of beneficiary:

5 (a) At any time before the effective date of retirement *[, a member or alternate payee*
6 *with a separate account may designate a new beneficiary or revoke a previous*
7 *designation of beneficiary]* for the purposes of paying benefits under ORS
8 238.390 and 238A.410.

9 (b) at any time on or after the effective date of retirement for the purposes of
10 paying benefits under ORS 238.300, 238.305(1)(Option 4), 238.325(1)(Option
11 4), or 238A.400.

12 (2) A designation of beneficiary must be:

13 (a) In a written format acceptable to PERS;

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

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

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

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

19 (b) The child or children, in equal shares. If any child is deceased, their portion
20 is equally divided between that child's children. If all decedent's children

1 are predeceased, benefits will be paid, in equal shares, to decedent's
2 grandchildren. If there is no one in this group, then to
3 (c) The mother and father in equal shares. If one parent is predeceased, their
4 share is paid to the other parent. If both parents are predeceased, then to
5 (d) The siblings in equal shares. If any sibling has predeceased, their share will
6 be paid to that sibling's children equally. If all siblings are predeceased, all
7 of their children will share equally. If there is no one in this group, then
8 (e) Payment will be made to decedent's estate.
9 (4) PERS will honor all standard designations received and accepted prior to
10 January 1, 2026 unless revoked. After January 1, 2026, PERS will no longer accept
11 standard designations.
12 (5) [(3)] The receipt by PERS of a new beneficiary designation revokes all previous
13 designations.
14 (6) [(4)] A member who has a member account and IAP account or an alternate payee
15 with separate accounts must file a designation of beneficiary for each account.
16 (7) [(5)] If the designation of beneficiary on file with PERS at the time of death is not
17 administrable, distributions will be paid as if no designation of beneficiary had been
18 made in accordance with ORS 238.390 and 238A.410.
19 (8) [(6)] If a trustee of a trust is named as beneficiary, the individual beneficiary or
20 beneficiaries of the trust will be treated as designated beneficiaries for the purpose of
21 federal Required Minimum Distribution rules pursuant to 26 CFR 1.401(a)(9)-4, if the
22 trust satisfies the following requirements:

- 1 (a) The trust is a valid trust under state law, or would be but for the fact it is not
2 funded;
- 3 (b) The trust is irrevocable or will become irrevocable upon the death of the member
4 or alternate payee;
- 5 (c) The beneficiaries of the trust, with respect to the trust's interest in the account,
6 are identifiable from the trust instrument. The beneficiaries will be considered
7 identifiable as long as it is possible to identify the beneficiary with the shortest
8 life expectancy; and
- 9 (d) PERS is provided:
- 10 (A) A copy of the trust document; or
- 11 (B) A certification of trust containing the following:
- 12 (i) A list of all beneficiaries of the trust;
- 13 (ii) Certification that the list is correct and complete to the best of the
14 member or alternate payee's knowledge and the trust satisfies the
15 requirements in subsections (a), (b) and (c) of this section; and
- 16 (iii) A statement agreeing to provide a copy of the trust document
17 upon demand.
- 18 (9) [(7)] If a trust fails to satisfy the requirements in section (8) (6) of this rule, the
19 member will be deemed as having no beneficiary for purposes of Required Minimum
20 Distributions and the entire death benefit must be distributed to the trust by December 31
21 of the calendar year containing the fifth anniversary of the death of the member or
22 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 238.005, 238.300, 238.305, 238.325, 238.390, 238.440,
15 238A.230 & 238A.410

C.

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July 25, 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 6/27/2025)
PERS Modernization Program	June 30, 2031	<p>Program health: Grey (undetermined)</p> <ul style="list-style-type: none"> The program is being reset, and we are in the process of determining the future state, updating foundational documents, building a modernization schedule, and developing a modernization roadmap. The program is finalizing project expenses and closing out the 2023-25 biennium. PERS has been working with a vendor to determine the best solution for a more modern pension administration system. The decision framework was completed on time, June 20, 2025. Two new projects will be part of the Modernization Portfolio for the 25-27 biennium: jClarety UI/UX Modernization Project (JUMP) and Member Identity Access

		Management (MIAM). The project statuses will be included in the next Modernization Monthly Status Report.
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"> • Project initiated on October 29, 2024. • Due to quality issues identified during User Acceptance Testing (UAT) and a subsequent two-month extension, this project has maintained its red status. • Phase 1 of the Telephony Modernization Project, Amazon Web Services (AWS) Connect completed UAT on June 6, 2025, and a go-live date has been scheduled. • Phase 2 planning will begin after Phase 1 has been implemented. • Funding was approved in the current legislative session.
Hybrid Integration Platform (HIP) Implementation Project	June 30, 2025	<p>Project health: Grey (undetermined)</p> <ul style="list-style-type: none"> • Project initiated on September 10, 2024. • The business case has been completed, and the charter is in progress. • An updated project schedule will be determined after the business case has been approved by EIS and the statement of work has been completed. • Funding was approved in the current legislative session.
Data Cleaning Implementation Project	June 30, 2025	<p>Project health: Completed on time and on budget</p> <ul style="list-style-type: none"> • Project initiated on May 10, 2024. • This project is not subject to the stage-gate process through EIS. • Project team has completed its deliverables, and the project has concluded for 23-25 biennium. • Funding was not approved in the current legislative session.

HIGHLIGHTED ACTIVITIES

- The Options Decision Framework Project kicked off on January 24, 2025, and completed on June 20, 2025, with an executive briefing on July 02, 2025.
- The five key risks highlighted in Gartner's previous quarterly report have been addressed and resolved. These risks were presented during the board meeting on May 30, 2025.
- PERS received the drafted independent quality management services (iQMS) Quarterly Quality Assurance (QA) Status and Improvement report on June 16, 2025. The report covers activities from March 1, 2025, through May 31, 2025. There were three key risks and recommendations identified in the report, and they are actively being addressed:
 - Gartner Risk #1: The program cannot justify future investments without clearly defined scope and objectives.
 - PERS status update: The program has been actively addressing this risk. The solutions analysis needed to be completed in June before finalizing the scope and objectives. The following project activities are either completed or in progress to address this risk:
 - Solutions analysis - Completed June 20, 2027
 - Communication plan – Completed July 7, 2027
 - Update foundational documents and submit to EIS – In progress
 - Update business case to reflect solutions analysis
 - Update Modernization Roadmap and project plan
 - Update project schedule
 - Gartner Risk #2: The program and external partners (i.e., EIS, iQMS, and LFO) cannot accurately measure progress without a program roadmap and supporting schedule.
 - PERS status update: The program has been actively addressing this risk. The solutions analysis needed to be completed before finalizing the roadmap and schedule. The foundational documents are in progress.
 - Gartner Risk #3: The program is at a pivotal moment and has the opportunity to communicate its revised scope, schedule, and budget to support informed decision making.
 - PERS status update: The program has started to work on the foundational documents that will address this risk.

C.1. Attachment 1 – June 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 June 27, 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 interested parties. It is currently scheduled to run from July 1, 2022, through June 30, 2031.

Overall program status: GREY

Color Key	
GREEN	On Track
AMBER	Caution
RED	Needs Significant Adjustment
GREY	Not Yet Started or Not Enough Info

Overview:

Program Re-Set Continues

Work with Gartner on the options decision framework is in the final stage. This framework will be used by PERS to complete 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 this decision is made. 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.






Several activities related to clarification of agency and program governance practices have been completed this month and the related issue #13 Unclear Agency Governance Processes has been closed.

MODERNIZATION PROJECTS STATUS DASHBOARD

Color Key

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






Telephony Modernization Project

Overall Health	Scope	Schedule	Resources	Budget	Quality
RED					

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
GREEN					

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
GREY					

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”

- The majority of the deliverables have been received for the Options Decision Framework effort from Gartner with several in the deliverable review and acceptance process. The final executive report will be delivered in early July.

The completed Solutions Analysis has a dependency on the Gartner framework and is expected to be completed by PERS in July 2025. Uncertainty regarding our approach to the Pension Administration System Modernization for the 2025-2027 biennium has been a concern for interested parties. 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 or innovative approaches which may make this qualify as a Modernization initiative.
- PERS has proposed activities in the 2025-2027 Policy Option Package (POP) to initiate planning, analysis and design for Hazardous Positions.
- PERS has received budget approval and the Modernization Program will monitor the project for any impacts.

Resolved Concern:

Governance Practices in Review - Continued Concern, Issue #13, “Unclear Agency Governance Processes”

- The program has completed a key program governance milestone with the approval of the Modernization Executive Steering Committee (MESC) at the June 4 meeting. PERS agency governance challenges such as unclear duties of decision-making groups and out of date charters has been addressed. All governance groups have updated charters using a standard template. A matrix of the governance groups has been published on the PERS intranet to help staff understand where to go for decisions. The new Portfolio Management Committee which replaces the Project Steering Committee will have its first meeting in July. Based on these items, the program issue #13 Unclear Agency Governance Practices has been resolved.

QA/QC DELIVERABLES

Deliverable	Start	Completed
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: 7/7/25*
D3.3.3 Periodic Quality Status Report	5/1/25	6/26/25
D4.1.5 Quarterly QA Status Report	6/15/25	Target: 8/11/25

* Additional edits requested to final submission on 6/13/25

QA RISKS & ISSUES

PERS received the May 2025 independent quality management services (iQMS) Quarterly QA Status and Improvement draft report on June 16, 2025. There were three recommendations which PERS is actively addressing:

1. After completing the Alternatives Analysis, the Program should define and document the Program scope if foundational documents including the Program Charter and Business Case. PERS must also define the criteria it will use to determine the Program scope as well as the objectives and outcomes the Program aims to achieve.

Agency Status: PERS is developing the updated Program Business Case and will make necessary edits to the Program Charter to reflect the outcomes of the alternatives analysis. Work to determine criteria for what scope should be considered “Modernization” is in process. The objectives and outcomes of Modernization are defined by the anticipated program benefits. Benefits will be realized through the outputs delivered by component projects and other program activities which are planned within the program roadmap. Benefit delivery is incremental and outcomes of components may trigger the initiation of new activities in the roadmap to make further improvements or address new obstacles.

2. Once the Program’s criteria and objectives are defined, the Program should develop and communicate a Program roadmap. This roadmap will rebaseline the schedule and planned activities, enabling the Program and its external partners (i.e. EIS, iQMS, and LFO) to track progress effectively.

Agency Status: PERS has updated the Program roadmap to reflect what is currently planned in the first year of the biennium. As more is understood about the solution path for our Pension Administration System solution, and decisions are made, the future path will align with this approach.

3. From July 2025 – December, the Program should finalize plans for scope, schedule and budget including detailed activities and objectives for July 2026 and beyond. This information will enable external partners (i.e., EIS, iQMS and LFO) to provide meaningful and timely feedback setting the state for future planning and investment discussions.

Agency Status: PERS agrees with this comment and is planning to proceed along the route of this recommendation.

PERS MODERNIZATION PROGRAM BUDGET 2023 - 2025

Expenses	Budget	Actual to Date	Projections	Total	Variance
Program Staff	\$ 3,406,073	\$ 2,424,444	\$ 527,550	\$ 2,951,994	\$ 454,079
Client Relationship Management	\$ -	\$ -	\$ -	\$ -	\$ -
Data and Analytics	\$ 1,000,000	\$ 690,918	\$ 302,208	\$ 993,126	\$ 6,874
Development and Operations	\$ 560,000	\$ 479,270	\$ -	\$ 479,270	\$ 80,730
Architecture	\$ 2,000,000	\$ 1,862,511	\$ 114,324	\$ 1,976,835	\$ 23,165
Ind Quality Management Svcs	\$ 1,200,000	\$ 479,270	\$ 632,253	\$ 1,111,523	\$ 88,477
Hybrid Integration Platform	\$ 450,000		\$ -	\$ -	\$ 450,000
Telephony	\$ 557,000	(see below)	\$ 349,674	\$ 557,000*	\$ 207,326
Pension Administration System (PAS)	\$ 400,000	(see below)	\$ 400,000	\$ 400,000	\$ -
Project Total	\$ 9,573,073	\$ 6,086,855	\$ 2,382,894	\$ 8,469,748	\$ 1,103,325
Average Monthly Spend (Burn Rate)	\$ 398,878	\$ 253,619	\$ 99,287	\$ 352,906	

As of 6/23/25:

* Invoices received and in process:

Telephony

OpenScape Voice: \$146,150.22

AWS Design Phase 1-3 deliverables \$187,778

AWS Phase 1 Implementation (6/30) –

Will be invoiced in 25-27 biennium

Pension Administration System (PAS)

2.5.1 Kick off, schedule, etc.: \$100,000

2.5.2 Architecture Workshop: \$50,000

2.5.3 Market Scan Report: \$100,00

PROGRAM RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
31	Unclear Roles Between Modernization and IT - 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 July 15, 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	#11 Legislative Directives/Agency Focus (HB 4045 (2024) Hazardous Positions: 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.</p> <p>PERS has proposed activities in the 2025-2027 Modernization Policy Option Package (POP) to initiate planning, analysis and design.</p> <p>PERS received budget approval from LFO. PERS will monitor this project for any impacts.</p>	9/30/25
12	#21 Detailed Program Scope is not defined- 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 a PAS. Once a solution is determined, further planning will be needed to determine detailed scope.	12/31/25
13	#30 Unclear Agency Governance Processes- 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 was impacting the development of the program. PERS worked to clarify enterprise governance processes such as project intake. The Modernization Executive Steering Committee charter was approved at the meeting on June 4. We consider this issue resolved and it is now closed.	ISSUE RESOLVED 6/30/25

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. User Acceptance Testing (UAT) for Amazon Web Service (AWS) Connect Phase 1 completed on 05/30/2025 with the results -Tested: 100% Passed: 100%. Regression testing was completed and passed on 6/6/2025.

On 6/26/25 executive leadership approved a Go-Live date of 6/30/2025 for AWS Connect Phase 1 to deliver the Minimum Viable Product listed below:

- **Landing Zone & Network Build:** the AWS Connect instances for Development, Test and Production Environments.
- **Amazon Connect Configuration & IVR Development** (English/Spanish) set up with call transfer sub-flows for different departments, fallback routes for after-hours & high call volumes and voicemail to email alerts
- **Contact Lens Integration** for sentiment analysis to monitor customer interactions and automated call recording and compliance controls.
- **Contact Control Panel (CCP)** an interface for dynamic call queue assignments & and real-time queue monitoring dashboard.
- **Agent Workspace** that allows call agent to see their customer interactions throughout the day

A cutover plan is in place to guide the team through Go Live activities. This plan also outlines the timeline and steps for a rollback should it be necessary.

Based on experiential data from the Phase 1 implementation, the project schedule has been re-baselined with a new end date of 03/12/2026. The Joint Application Design (JAD) session of AWS Phase 2 solution will start at beginning of July 2025.

OpenScape Voice for physical and soft phones is operational. PERS continues to meet with EIS P3 for project status briefings and Stage Gate 4 requirements.

Recommended 2025 Implementation

May 5	June 30	October 20 2025	December 30 2025
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	100	5/5/25	5/5/25
Phase 1 – AWS Implementation Complete	90	6/30/25	TBD
Phase 2 – AWS Implementation Complete	0	10/10/25	TBD
Phase 2 – AWS Implementation Complete	0	12/29/25	TBD
Project closure	0	3/12/26	TBD

The Telephony Modernization Project schedule was rebaselined 6/10/2025

TELEPHONY PROJECT > 2023 – 2025 BUDGET

30428 - Modernization-Telephony Project 2023-25					
Expenses	Budget	Actual to Date	Projections	Total	Variance
IT Professional Services	\$ 541,254	(see below)	\$ 333,928	\$ 333,982	\$ 207,326
Professional Services	\$ -			\$ -	\$ -
IT Expendable Property/Hardware	\$ 15,746		\$ 15,746	\$ 15,746	\$ -
Total Expenses	\$ 557,000	\$ -	\$ 349,674	\$ 349,674	\$ 207,326
Project Total	\$ 557,000	\$ -	\$ 349,674	\$ 349,674	\$ 207,326

As of 6/24/25

* Invoices Expected to be paid during 23-25 biennium

- OpenScope Voice: \$146,150.22
- AWS Design Phase 1-3 deliverables \$187,778
- AWS Phase 1 Implementation (6/30) - Will be invoiced in 25-27 biennium

30428 - Modernization-Telephony Project 2023-25> Internal Project Resources					
Expenses	Budget	Actual to Date	Projections	Total	Variance
*Internal PERS Resources	\$ 537,898	\$ 270,740	\$ 267,158	\$ 537,898	\$ -

TELEPHONY PROJECT > RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
20	Two Way API Integration Issues- 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 AWS Phase 1.

TELEPHONY PROJECT > ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
7	R #22 - The Off-the-shelf solution product does not deliver requirements in the manner expected. This leads to unmet business process needs and/or quality concerns.	<p>The Product Owner and OCM teams are working closely with end users and managers to ensure the training has addressed questions and concerns and the users understand how the requirements are being met in the new product.</p> <p>Following Phase 1 implementation, a survey will be sent to measure satisfaction with the new product. If results support that the new product has met expectations, this issue will be closed.</p>	7/31/25

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

- Skypoint has completed the D.3 Final Report Deliverable and will be submitting it for Quality Check Point acceptance by 6/30/25.
- Skypoint will present a summary of the D.3 Report at the Executive Leadership Team Meeting on 6/26/25.
- Project closure activities have started, and a project retrospective meeting is scheduled for 7/9/25.
- The Data Cleaning Implementation Project is on track to meet all contractual obligations and finish on schedule, as planned.

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	100	5/21/25	6/18/25
Contract Change Order Approved	100	4/18/25	4/18/25
Data Quality Issues Analysis Completed	100	5/9/25	5/9/25
First Draft of D.3 (Final Report) Submitted for Review	100	5/28/25	5/28/25
Final Deliverable Approved: D.3 (Final Report)	75	6/30/25	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	\$ 690,918	\$ 302,208	\$ 993,126	\$ 6,874
Total Expenses	\$ 1,000,000	\$ 690,918	\$ 302,208	\$ 993,126	\$ 6,874
Project Total	\$ 1,000,000	\$ 690,918	\$ 302,208	\$ 993,126	\$ 6,874
Average Monthly Spend (Burn Rate)		\$ 28,788	\$ 12,592	\$ 41,380	

As of 6/23/25

* Invoices Expected to be paid during 23-25 biennium

- Last invoice from Skypoint in June is \$302,208 for final deliverable

DATA CLEANING PROCESS IMPLEMENTATION > RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	No risks to report at this time.		

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. 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 Business Case Approved	25	7/30/25	
Project Charter Approved	0	8/8/25	
Project Kick Off Complete	0	8/15/25	

Modernization Program

HIP PROJECT> 2023 – 2025 BUDGET

Expenses	Budget	Actual to Date	Projections	Total	Variance
Modernization Payroll Direct	\$ -	\$ -	\$ -	\$ -	\$ -
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
IT Professional Services	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
IT Expendable Property	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -
Project Total	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -

As of 6/23/25

HIP PROJECT 2023-2025 > INTERNAL PROJECT RESOURCES

Expenses	Budget	Actual to Date	Projections	Total	Variance
*Internal PERS Resources	\$ 98,670	\$ 30,594	\$ 68,076	\$ 98,670	

HIP PROJECT> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	TBD		

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

ROADMAP

The current proposed 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 2025-2027 roadmap is under construction and won't be developed until the solutions analysis is complete and we have initiated planning to reflect the preferred solution.

Proposed 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	Design & Development	Implementation						
▶ Phase 2			Design & Development Implementation Stabalization					
▶ Phase 3								
HIP	Hybrid Integration Platform (HIP)							
▶ Design	Analysis		Design					
TECHNOLOGY READINESS & LEGACY STABILIZATION 25-26								
UI/UX (1.5 years)			User Interface & User Experience (UI/UX) (ADA/WCAG 2.1, OAuth2, HTML5, Struts Upgrade)					
▶ Analysis & Design			Analysis & Design					
▶ Development/Testing				Development/Testing				
MIAM		Member Identity and Access Management						
▶ Phase 1		Analysis/Design	Test/Implement	Stabilize				
▶ Phase 2				Analysis/Design/Test	Implement/Stabilize			

* MIAM is an active PERS project added to the Modernization Program as of July 1, 2025

C.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Designation of Beneficiary Rule
2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule
3. First reading of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule

C. Action and discussion items

1. Modernization update
- 2. Senate Bill 1049 final update**
3. Legislative wrap-up
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
6. Notice of rulemaking for Assumed Rate Rule



Oregon

Tina Kotek, Governor

Public Employees Retirement System

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July 25, 2025

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

BACKGROUND

Senate Bill (SB) 1049 was signed into law by the Governor on June 11, 2019. PERS' staff completed implementation of all projects and closure activities on June 27, 2025.

PROGRAM AND PROJECT IMPLEMENTATION

The SB 1049 Implementation Program was managed as one comprehensive program, with the following six individual projects.

Project	Effective Date	Project Status
SB 1049 Program		Program ended on June 30, 2025 and closure activities have been completed.
Employer Programs Project	Effective 7/1/2019	Project ended July 16, 2021.
Salary Limit Project	Effective 1/1/2020	Project ended May 28, 2021.
Work After Retirement Project	Effective 1/1/2020	Project ended February 24, 2022.
Member Redirect Project	Effective 7/1/2020	Project ended May 9, 2025. <ul style="list-style-type: none"> The final work package (WP), WP 11.3 EPSA Backlog, was successfully released into production on April 17, 2025.
Member Choice Project	Effective 1/1/2021	Project ended August 4, 2021.
Technical Debt Project		Project ended April 30, 2024.

HIGHLIGHTED ACTIVITIES

iQMS activities:

- Gartner produced a final lessons-learned report in June 2025. It highlighted several areas that PERS successfully achieved as well as some key takeaways for future efforts:
 - Maturing System Development Lifecycle
 - Further investment in Product Owner Role
 - Enhance discipline in DevOps processes

PROGRAM/PROJECT BUDGET

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

C.2. Attachment 1 – *Monthly Project Status Report and Road Map*

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Program information:

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

Projects:

Project 1: Employer Programs

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

Project status: **Complete**

Project 2: Work After Retirement (WAR)

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

Project status: **Complete**

Project 3: Salary Limit

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

Project status: **Complete**

Program statement:

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

Project 4: Member Redirect

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

Project status: **Complete**

Project 5: Member Choice

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

Project status: **Complete**

Project 6: Technical Debt

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

Project status: **Complete**

Overall program status: **Green**

SB 1049 Member Redirect Project and SB 1049 Implementation Program closure documents are complete. The quality gate for the SB 1049 Implementation Program was completed on 06/13/2025. The iQMS deliverable Final Lessons Learned D2.6.2 is complete.

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget health: **Green**

Budget information by Project:

29560- SB 1049 Implementation Program by Project					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Member Redirect	\$ 19,566,232	\$ 16,099,739	\$ 1,856,254	\$ 17,955,993	(1,610,239)
Technical Debt	\$ 1,258,122	\$ 842,606	\$ -	\$ 842,606	(415,516)
				\$ -	-
Total	\$ 20,824,354	\$ 16,942,345	\$ 1,856,254	\$ 18,798,599	\$ (2,025,755)

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

Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Member Redirect	7/31/2023	\$ 60,680,760	\$ 56,979,338	\$ (3,701,422)	-6.1%
Technical Debt	7/31/2023	\$ 3,823,863	\$ 2,779,670	\$ (1,044,193)	-27.3%
Salary Limit	7/1/2019	\$ 1,422,027	\$ 1,386,315	\$ (35,712)	-2.5%
Employer Programs	7/1/2019	\$ 2,051,084	\$ 2,006,740	\$ (44,344)	-2.2%
Member Choice	7/1/2019	\$ 2,337,814	\$ 2,282,274	\$ (55,540)	-2.4%
WAR	7/1/2019	\$ 3,310,580	\$ 2,513,353	\$ (797,227)	-24.1%
Program Total		\$ 73,626,128	\$ 67,947,690	\$ (5,678,438)	-7.7%

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

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget information by POP:

29560- SB 1049 Implementation Program by POP					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Project Management & Admin	\$ 1,876,800	\$ 1,658,800	\$ 144,010	\$ 1,802,810	(73,990)
Quality Assurance and Testing	\$ 1,062,600	\$ 878,498	\$ 31,002	\$ 909,500	(153,100)
Info Technology Applications	\$ 13,423,000	\$ 10,493,256	\$ 1,784,449	\$ 12,277,705	(1,145,295)
Operational Implementation	\$ 4,461,954	\$ 3,911,792	\$ (103,208)	\$ 3,808,585	(653,369)
Total	\$ 20,824,354	\$ 16,942,345	\$ 1,856,254	\$ 18,798,599	\$ (2,025,755)

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

Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Project Management & Admin	7/1/2019	\$ 6,421,600	\$ 5,515,636	\$ (905,964)	-14.1%
Quality Assurance and Testing	7/1/2019	\$ 4,375,100	\$ 3,803,300	\$ (571,800)	-13.1%
Info Technology Applications	7/1/2019	\$ 42,752,000	\$ 41,994,883	\$ (757,117)	-1.8%
Operational Implementation	7/1/2019	\$ 20,077,428	\$ 16,633,871	\$ (3,443,557)	-17.2%
		\$ 73,626,128	\$ 67,947,690	\$ (5,678,438)	-7.7%

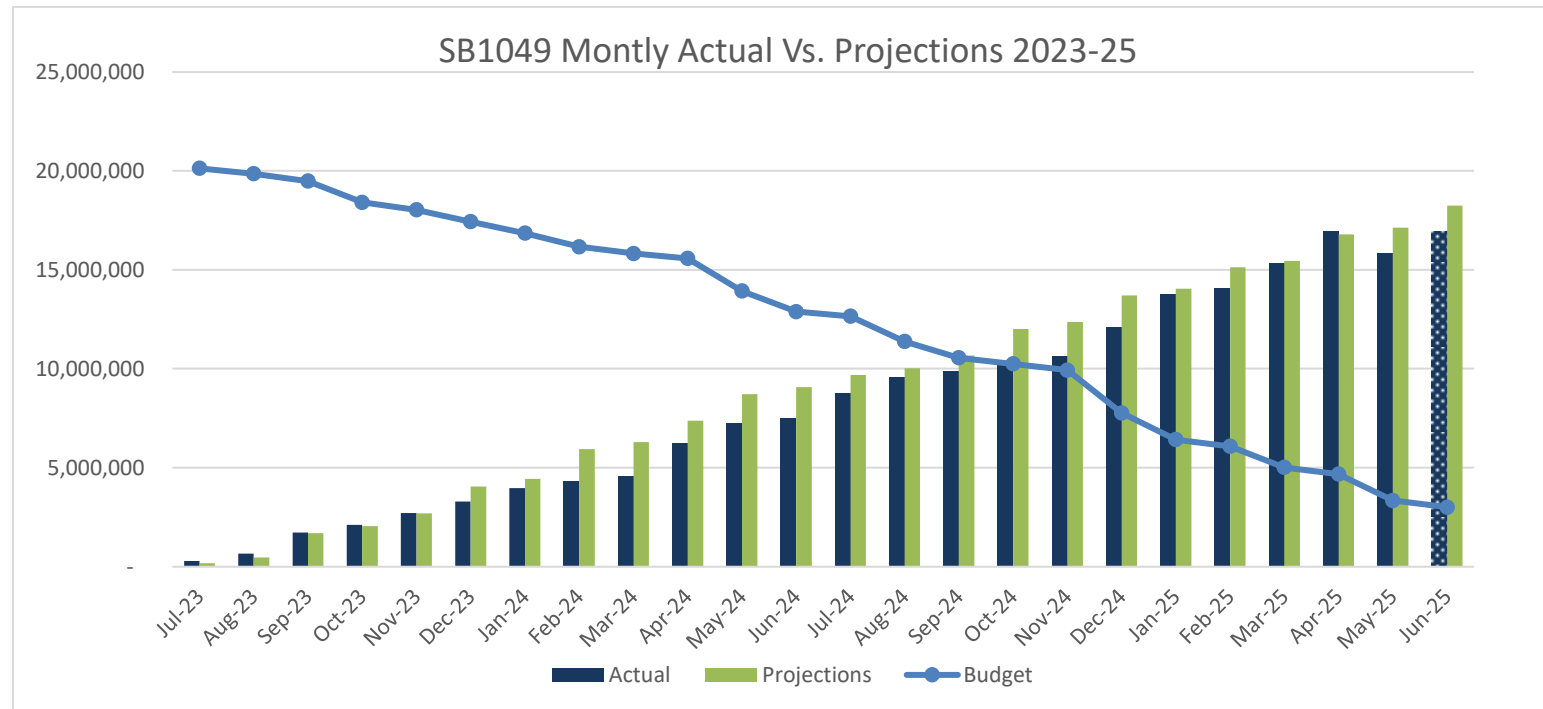
Budget Information in the table above is for the SB1049 Program since Inception.

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget Spend Down trend:



SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Cross Project Efforts

Project start: May 28, 2020 | **Project end:** May 9, 2025

Project Manager: Susan K. Mundell

Overall project status: Green

Project Narrative: The Cross Project Efforts project was successfully closed on May 9, 2025.

Work Package 1.1 - IAP Validator Tool (short-term)

- Production Deployment Date: 9/17/2020

Work Package 2.1 IAP Payment Recon Tool (short-term)

- Production Deployment Date: 1/26/2021

Work Package 3 IAP Divorce Tool

- Production Deployment Date: 3/4/2022

Work Package 4.2 IAP Adjustment Calculator TDF

- Production Deployment Date: 5/6/2022

Work Package 5.2: PYE Invoicing Tool TDF

- Production Deployment Date 5/17/2022

Work Package 6 - IAP Balance Comparison Tool Rework Cycle

- Production Deployment Date 6/6/2024

Work Package 7.2 - Employer Information Actuarial Extract Development

- Production Deployment Date 5/13/2021

Project objective:

Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than \$2,500.

Work Package 1.2 - IAP Validator Tool (long-term)

- Production Deployment Date: 3/18/2021

Work Package 2.2 - IAP Payment Recon Tool (long-term)

- Production Deployment Date: 4/27/2021

Work Package 4.1 IAP Adjustment Calculator

- Production Deployment Date 6/4/2021

Work Package 5.1 IAP PYE Invoicing Tool

- Production Deployment Date 6/21/2021

Work Package 6 - IAP Balance Comparison Tool

- Production Deployment Date 6/30/2023

Work Package 7.1 - Non-Retired Census Actuarial Extract Development

- Production Deployment Date 6/24/2021

Work Package 7.3 - Tier 1/Tier 2/OPSRP Payout Actuarial Extract

- Production Deployment Date 4/17/2025







SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

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







SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

	2021						2022												2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 Employer Programs	• 7/16/21 – Project Close																							
 Work After Retirement						• 12/16/21 – WP4 Side Account Credit Allocation			• 2/24/22 – Project Close															
 Member Redirect				• 10/14/21 – WP5 Voluntary Contribution Maintenance					• 3/24/22 – WP4.3 EPSA Transaction Display					• 7/21/22 – WP6.1 EPSA Retirement							6/29/23 – WP9.1 EPSA Withdrawal → •			
																					6/29/23 – WP9.2 Alter OPSRP Withdrawal → •			
 Member Choice	• 8/4/21 – Project Close																							
 Technical Debt	• 7/1/21 – Project Kickoff									• 3/31/22 – WP2 Benefit Account Transition Status – Functional Design Specification Completed											6/29/23 – WP6 General Ledger Reversals → •			
					4/30/22 – WP3 General Ledger Reversals, Including Side Accounts – Functional Design Specification Completed				→ •					• 7/21/22 – WP1 Employer Statements										
															• 10/20/22 – WP4 Hyperion Replacement									
PROGRAM INITIATIVE																								
 Cross Project Effort									• 3/4/22 – WP3 IAP Divorce Tool															
														• 5/20/22 – WP5.2 PYE Invoicing Tool										
														• 6/1/22 – WP4.2 IAP Adjustment Calculator										




SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2023-2025 Biennium

		2023						2024												2025					
PROJECTS		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
	Member Redirect													<div>• 8/15/24 – WP11.1A EPSA Retirement Cancellation and Adjustment</div> <div>• 8/15/24 – WP11.2B Death Excess EPSA</div> <div>• 5/9/25 – Project Close → •</div> <div>• 4/11/25 – WP11.3 EPSA Backlog → •</div> <div>• 2/6/25 – WP11.1B Withdrawal Cancellation and Adjustment → •</div> <div>• 2/6/25 – WP11.1C EPSA Death Cancellation and Adjustments → •</div>											
	Technical Debt													<div>• 2/15/24 – WP5 Side Account Reversals → •</div> <div>• 4/29/24 – Project Close</div>											
														Jun 20											
PROGRAM INITIATIVE																									
	Cross Project Effort													<div>• 6/6/24 – WP6 IAP Balance Comparison Tool</div> <div>• 4/17/25 – WP7.3 Payouts Actuarial Extract → •</div>											

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Member Redirect

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

Project Manager: Chris Yu

Overall project status: Green

Project Narrative: The Member Redirect project was successfully closed on May 9, 2025.

Work Package VC1: Voluntary Contribution Long-Term (IIS) Release 1

- Production Deployment Date: 9/22/2020

Work Package 2.1: TIED Tool

- Production Deployment Date: 1/21/2021

Work Package 3.1 EPSA Earnings

- Production Deployment Date: 3/23/2021

Work Package 4.2 EPSA Display

- Production Deployment Date: 6/24/2021

Work Package 5.1 Voluntary Contribution Maintenance

- Production Deployment Date 10/14/2021

Work Package 9.1 EPSA Withdrawal

- Production Deployment Date 6/29/2023

Work Package 8.1 EPSA Death

- Production Deployment Date 2/15/2024

Project objective:

Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than \$2,500.

Work Package VC1: Voluntary Contribution Long-Term (IIS) Release 2

- Production Deployment Date: 11/19/2020

Work Package 2.2 Voluntary Contribution Off-line Forecaster Tool

- Production Deployment Date: 1/26/2021

Work Package 3.1 EPSA Earnings

- Production Deployment Date 3/23/2021

Work Package 4.3 EPSA CMA

- Production Deployment Date 4/5/2022

Work Package 6.1 EPSA Retirement

- Production Deployment Date 7/21/2022

Work Package 9.1 EPSA Withdrawal

- Production Deployment Date 6/29/2023

Work Package Mid-Project Clean Up

- Production Deployment Date 2/15/2024

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Work Package 11.1A EPSA Retirement Cancellation and Adjustments

- Production Deployment Date 8/15/2024

Work Package 11.1B Withdrawal Cancellation and Adjustments

- Production Deployment Date 2/6/2025

Work Package 11.3 EPSA Backlog

- Production Deployment Date 4/17/2025

Work Package 11.2B Death Excess EPSA

- Production Deployment Date 8/15/2024

Work Package 11.1C Death Cancellations and Adjustments

- Production Deployment Date 2/6/2025

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Technical Debt

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

Project Manager: Susan Mundell

Project objective:

The SB 1049 Technical Debt Project will address areas of technical debt which have been encountered and identified in the SB 1049 Implementation Program and prioritized for resolution. Resolution of technical debt will be limited to those items that are created by SB 1049, are exacerbated by SB 1049, or inhibit PERS' ability to complete SB 1049 requirements.

Overall project status: Complete

Project Narrative: The Technical Debt project was successfully closed on April 29, 2024.

Work Packages:

Work Package 1: Employer Statements

- Production Deployment Date: 7/21/2022 (complete)

Work Package 2: Benefit Account Status Transition

- Functional Design Specification 3/31/2022 (complete)

Work Package 3: General Ledger and Side Account Reversals

- Functional Design Specification 4/30/2022 (complete)

Work Package 4: Hyperion Replacement

- Production Deployment: 10/20/2022 (complete)

Work Package 5: Side Account Reversals

- Production Deployment Date: 2/15/2024 (complete)

Work Package 6: General Ledger Reversals

- Production Deployment Date: 6/29/2023 (complete)

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Salary Limit

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

Project Manager: Bruce Rosenblatt

Project objective:

The Salary Limit Project is necessary because SB 1049 redefined “salary,” which changes the calculation method for Final Average Salary, and contributions for members with subject salary greater than \$195,000. This limit is on salary for plan purposes, and is not a salary cap. The Salary Limit was adjusted for the Consumer Price Index, on 1/04/2021. The redefinition impacts the data and business processes used by diverse teams at PERS, including Benefit Calculations, Member Estimates, Data Verifications, Employer Data Reporting, and Account Data Reviews and Reporting.

Overall project status: Complete

Project Narrative: The Salary Limit Project was successfully closed on 5/28/2021.

Work Packages:

Work Package 1: Short-term Minimum Viable Product (MVP)

- Production Deployment Date: 12/24/2019 (Complete)

Work Package 2: Annual Implementation of New Salary Limit

- Production Deployment Date: 1/23/2020 (Complete)

Work Package 3: Adding self-service screens to jClarety system to record annual changes and effective dates – Long-term

- Production Deployment Date: 11/19/2020 (Complete)

Work Package 4 – Enhances proration work processes when partial year calculations may apply – Long-term

- Production Deployment Date: 5/13/2021 (Complete)

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Employer Programs

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

Project Manager: Joli Whitney

Project objective:

The Employer Programs section of SB 1049 expands the requirements for the Employer Incentive Fund (EIF); and appropriates \$100 million from the General Fund to the Employer Incentive Fund; directs net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allows participating public employers who make larger than \$10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and requires all public employers to participate in the Unfunded Actuarial Liability Resolution Program (UALRP).

Overall project status: Complete

Project Narrative: The Employer Programs project was successfully closed on 7/16/2021.

Work Packages:

WP 1 Migrate and Adapt ERPT

- Acceptance Quality Gate: 3/23/2021 (this WP was not released to production) (Complete)

WP 2 ERPT Stakeholder Acceptance and Deployment to Cloud

- Production Deployment Date: 6/3/2021 (Complete)

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Member Choice

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

Project Manager: Joli Whitney

Project objective:

The Member Choice sections of SB 1049 give members a say in how their Individual Account Program (IAP) accounts will be invested. Members' regular IAP accounts are currently allocated to Target-Date Funds (TDF) based on their year of birth. Beginning with calendar year 2021, members will be able to elect a TDF other than the default TDF.

Overall project status: Complete

Project Narrative: The Member Choice project was successfully closed on 8/4/2021.

Work Packages:

WP 1.1 Online Election

- Production Deployment Date: 8/20/2020 (Complete)

WP 1.2 Voya's updates to website and nightly sweep program

- Production Deployment Date: 1/19/2021 (Complete)

WP 1.3 PERS paper form election process including workflow

- Production Deployment Date: 8/12/2020 (Complete)

WP 1.4 Development of new reports (to Voya and internal)

- Production Deployment Date 9/29/2020 (Complete)

WP 2- Refining TDF Processes - Long-term

WP 2.1 -Online Member Services and jClarety Enhancements

- Production Deployment Date: 3/23/2021 (Complete)

WP 2.2 -Central Data Management Reports

- Production Deployment Date: 6/15/2021 (Complete)

WP 3- Online Member Services Election and Bugs

- Production Deployment Date: 6/24/2021 (Complete)

SB 1049 Implementation Program

Status Report for Jun 20, 2025

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Work After Retirement (WAR)

Project start: July 1, 2019 | **Project end:** 2/24/2022

Project Manager: Susan K. Mundell

Project objective:

Effective January 1, 2020, the Work After Retirement (WAR) sections of SB 1049 allow most service retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024 while retaining their retirement benefit. It also requires employers to pay employer contributions on retirees' salary during that period.

Overall project status: Complete

Project Narrative: The Work After Retirement Project was successfully closed on 2/24/2022.

Work Packages:

Work Package 1: Suspend DTL2-07 Retiree Wage Codes – Short-term

- Production Deployment Date: 12/19/2019 (Complete)

Work Package 2: New Wage Codes with General Ledger Integration – Long-term

- Production Deployment Date: 11/19/2020 (Complete)

Work Package 3: Retro Rate Change – Long-term







- Production Deployment Date: 5/13/2021 (Complete)

Work Package 4: Side Account Credit Allocation

- Production Deployment Date: 12/16/2021 (Complete)







Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

			2019						2020												2021								
			JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN			
	Employer Programs		• 7/1/19 – Effective Date												• 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete														
			• 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens												• 12/1/20 – EIF Application #2 Closes														
									• 11/27/19 – EIF Application #1 Closes																				
									• 12/2/19 – EIF Application #2 Opens						3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT → •														
															6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment → •														
	Salary Limit								• 12/24/19 – Work Package (WP) 1 – Short Term																				
									• 1/1/20 – Effective Date																				
									• 1/24/20 – WP2 Post 2020 Salary Limit						11/19/20 – WP3 User Screens to Record Annual Salary Limit														
															5/13/21 – WP4 Proration Reports and Workflow → •														
															5/28/21 – Project Close → •														
	Work After Retirement								• 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term																				
									• 1/1/20 – Effective Date						11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration														
															5/13/21 – WP3 Retro Rate Change → •														
	Member Redirect		6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term						7/1/20 – Effective Date						9/22/20 – Voluntary Contributions Initial Functionality														
															10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety														
															11/19/20 – Voluntary Contributions Final Functionality Release														
															1/21/21 – WP5.2 Online Member Services User Interface → •														
															1/26/21 – WP2 TIED SSIS – Non-jClarety → •														
															6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen → •														
															3/23/21 – WP3 EPSA Earnings														
	Member Choice		10/23/19 – Project Kick Off						8/19/20 – Member Choice Notification						8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed														
			5/15/20 – Member Annual Statements (MAS) Flyer Communication												9/1-30/20 – Election Period														
															1/1/21 – Effective Date														
															3/23/21 – WP2 OMS & jClarety Enhancements → •														
															5/1/21 – Member Choice reflected in MAS → •														
															6/24/21 – WP3 Online Member Services (OMS) Election and Bugs → •														
PROGRAM INITIATIVE																													
															1/26/21 – WP2.1 IAP Payment Recon (short-term) → •														
															3/18/21 – WP1.2 IAP Validator Tool → •														
															4/27/21 – WP2.2 IAP Payment Recon → •														
															5/13/21 – WP7.2 Employer Information Actuarial Extract → •														
															6/18/21 – WP5.1 PYE Invoicing Tool → •														
															6/24/21 – WP7.1 Non-Retired Census Actuarial Extract → •														
															6/28/21 – WP4.1 IAP Adjustment Calculator → •														
	Cross Project Effort								9/17/20 – WP1.1 IAP Validator Tool (short-term) → •																				




Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

		2021						2022												2023					
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
	Employer Programs	● 7/16/21 – Project Close																							
	Work After Retirement						● 12/16/21 – WP4 Side Account Credit Allocation		● 2/24/22 – Project Close																
	Member Redirect				● 10/14/21 – WP5 Voluntary Contribution Maintenance						● 3/24/22 – WP4.3 EPSA Transaction Display			● 7/21/22 – WP6.1 EPSA Retirement							6/29/23 – WP9.1 EPSA Withdrawal → ●				
																				6/29/23 – WP9.2 Alter OPSRP Withdrawal → ●					
	Member Choice	● 8/4/21 – Project Close																							
	Technical Debt	● 7/1/21 – Project Kickoff										● 3/31/22 – WP2 Benefit Account Transition Status – Functional Design Specification Completed								6/29/23 – WP6 General Ledger Reversals → ●					
						4/30/22 – WP3 General Ledger Reversals, Including Side Accounts – Functional Design Specification Completed → ●								● 7/21/22 – WP1 Employer Statements						● 10/20/22 – WP4 Hyperion Replacement					
PROGRAM INITIATIVE										● 3/4/22 – WP3 IAP Divorce Tool															
	Cross Project Effort											● 5/20/22 – WP5.2 PYE Invoicing Tool							● 6/1/22 – WP4.2 IAP Adjustment Calculator						

Senate Bill (SB) 1049 Implementation Road Map

2023-2025 Biennium

PROJECTS	2023						2024												2025					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 Member Redirect					2/15/24 – WP8.1 EPSA Death → •									8/15/24 – WP11.1A EPSA Retirement Cancellation and Adjustment 8/15/24 – WP11.2B Death Excess EPSA								5/9/25 – Project Close → •		
					2/15/24 – WP10 Mid-Project Clean up → •									2/6/25 – WP11.1B Withdrawal Cancellation and Adjustment → • 2/6/25 – WP11.1C EPSA Death Cancellation and Adjustments → •								4/17/25 – WP11.3 EPSA Backlog → •		
 Technical Debt					2/15/24 – WP5 Side Account Reversals → •									4/29/24 – Project Close										Jun 20
PROGRAM INITIATIVE																								
 Cross Project Effort														6/6/24 – WP6 IAP Balance Comparison Tool										4/17/25 – WP7.3 Payouts Actuarial Extract → •

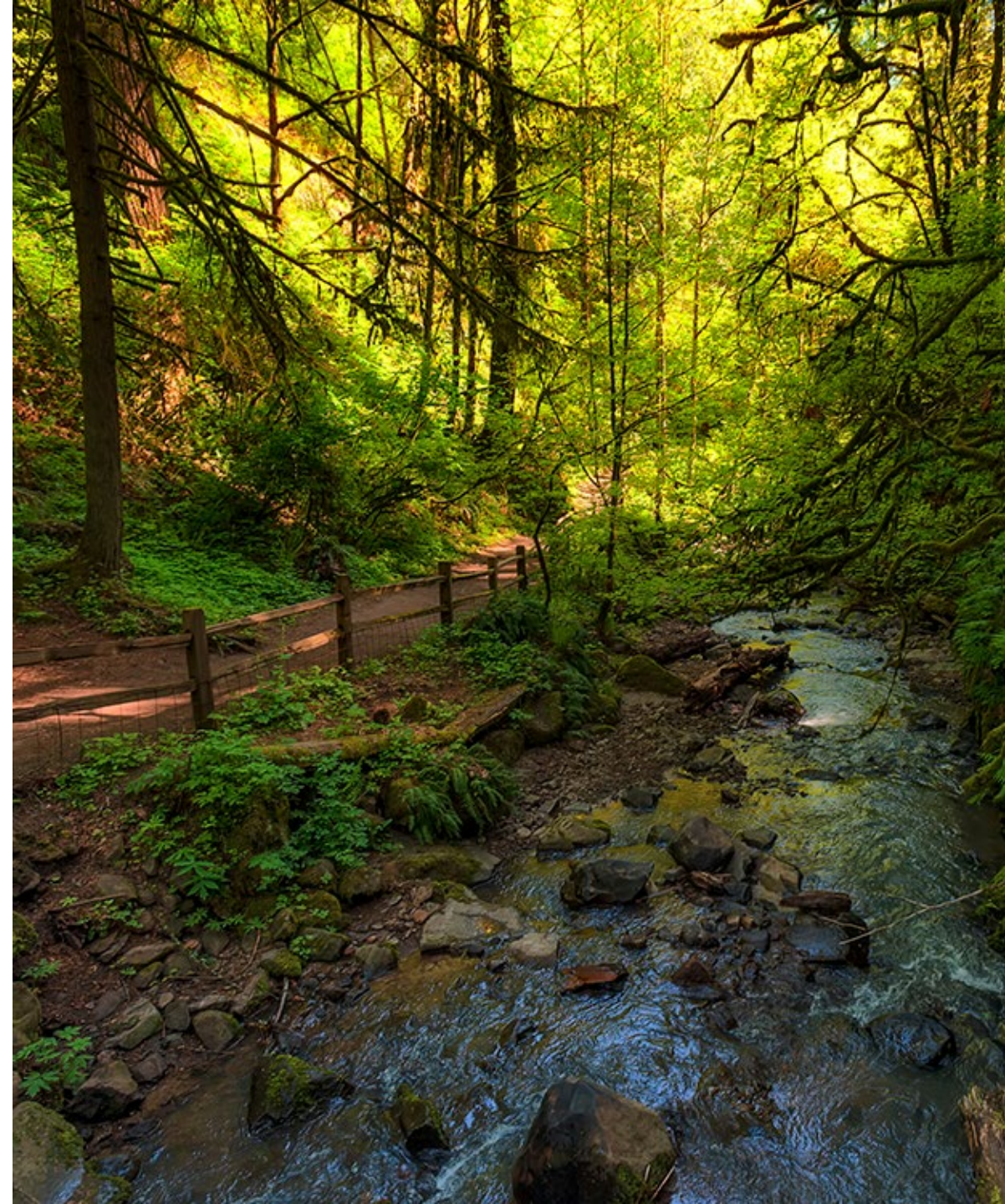
OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Senate Bill 1049 (2019) Closure

July 25, 2025



Senate Bill 1049 overview

Senate Bill 1049 overview

What did we accomplish?

Senate Bill (SB) 1049 was signed into law by the Governor on June 11, 2019. SB 1049 was comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), reduce system unfunded actuarial liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers.

This law had six elements to it.

SB 1049 overview

- **Reamortization** of current Tier One/Tier Two UAL over 22 years (as opposed to 20-year closed-layered fix period amortization).
- **Employer Programs** – A \$100 million General Fund appropriation into the Employer Incentive Fund (EIF) encouraged employers to set up, or make new contributions to, side accounts used to offset future contribution payments. Formalize Unfunded Actuarial Liability Resolution Program.
- **Salary Limit** – This provision limits the amount of subject salary used in benefit calculations for all program members. Originally set at \$195,000. Increases yearly based on CPI adjustments.
- **Work After Retirement** – Provisions allow PERS retirees to work unlimited hours for PERS-participating employers without losing their pension benefit. Employers are required to pay the contribution rate on retiree salary as if they were an active member.
- **Member Redirect** – Beginning July 1, 2020, a portion of member contributions (% of salary) were directed to a new Employee Pension Stability Account (EPSA) to be used for future pension payments. Salary threshold increased yearly based on CPI. Allows for voluntary contributions by member to make up the redirected amount.
- **Member Choice** – As of January 1, 2021, investment of member IAP accounts may be directed by members to a Target Date Fund other than one based on their birth year.

SB 1049 results

Employer Programs – Effective July 1, 2019

- In 2021, there was over \$549 million in side accounts added to the PERS system Including:
 - \$337m for employer side accounts and their matches.
 - \$41m in transition liability payments.
 - \$107m for employers wanting variable start dates and/or amortization schedules. These employers established non-matching side accounts.
 - \$64m from waitlisted employers.
- In 2022, \$36.8m (\$19.5m in lottery funds, \$17.3m in General Funds) matching funds were made available with \$31.7m of those funds distributed, which took care of the waitlisted employers noted above.
- In 2025, another application phase was opened and \$39m in funds were set up for matching opportunities for 36 employers.
- Oregon Scoreboard Lottery (sports betting) proceeds were initially designated as the ongoing source of EIF funding. Beginning with the 2025-27 biennium, these proceeds will no longer fund the EIF.
- Published a series of UAL Resolution Program (UALRP) guides to assist employers in building out funding plans.
- New actuarial tool launched June 17, 2021, called the Employer Rate Projection Tool.

SB 1049 results

Salary Limit – Effective January 1, 2020

This provision limits the amount of subject salary used in benefit calculations for all program members. Started at \$195,000. Now \$238,567 in 2025. Increases yearly based on CPI.

Work After Retirement – Effective January 1, 2020

Provisions allow PERS retirees to work unlimited hours for PERS-participating employers in calendar years 2020-2024 (extended to 2034 via HB 2296 in 2023) without losing their pension benefit.

Employers are required to pay the contribution rate on retiree salary as if they were an active member. Have averaged around \$50m per annum in WAR contributions.

Member Choice – Effective January 1, 2021

Process in place that facilitates member choice in September each year, with fund transfers effective January 1st of the following year.

- 1,300 members made that choice in 2020
- 685 members chose a new TDF in 2021
- 459 members chose a new TDF in 2022
- 507 members chose a new TDF in 2023
- 584 members chose a new TDF in 2024

SB 1049 results

Member Redirect – Effective July 1, 2020

- Applies when funded status (including side accounts) is less than 90% in the rate-setting valuation.
- Tier One and Tier Two members contribute 2.50% of their 6% Individual Account Program contributions.
- OPSRP members contribute 0.75% of their 6% Individual Account Program contributions.
- First trigger salary amount was set at \$2,500 per month.
- Moved to \$3,333 per month in 2022 because of a legislative change.
- The 2025 Member Redirect threshold amount is now \$3,777 per month. Changes yearly based on CPI.

Voluntary Contributions are allowed to offset the redirected amount.

- PERS has received a total of 13,662 elections since the inception of the program in 2020.
- There are currently 9,352 members with active voluntary contributions.
 - 1,937 Tier One and Tier Two members
 - 7,415 Oregon Public Service Retirement Plan (OPSRP) members

Cumulative actuarial impact (updated)

Contribution rate impact (based on 2022 valuation)

SB 1049 Change	Estimated 2021-23 Employer Rate Effect	Estimated 2025-27 Employer Rate Effect
Tier One/Tier Two UAL Reamortization (uncollared rate)	(3.90)	(3.57)
Work After Retirement	(0.80)	(0.06)
Salary Limit	(0.03)	(0.00)
IAP Redirect	(1.20)	(1.00)
Employer Incentive Fund	(0.00)	(0.04)
Total	(5.93)	(4.67)

Cumulative actuarial impact (updated)

Contribution rate impact (based on 2022 valuation)

(NOTE: Does not take into account the \$75m in implementation costs.)

Senate Bill 1049 Effect on System-Wide Contributions (\$ millions)				
Calendar Year	2019	2020	2021	2022
Contributions to OPERF				
Member redirect contributions		\$62.3	\$162.1	\$153.8
Employer offset from member redirect*			(81.1)	(153.8)
Employer rehired retiree contributions		38.2	43.3	46.7
State EIF match	38.3	23.3	0	30.1
Total	\$38.3	\$123.8	\$124.3	\$76.8
Contributions deferred by UAL reamortization (uncollared basis)			(\$226.1)	(\$484.2)

Senate Bill 1049 financial costs

SB 1049 financial costs

What did it cost?

- Spent \$67.9 million over three biennium
 - \$2 million under budget
- Resources
 - Hired 43 limited duration employees
 - 150+ resources working on this program during the peak months
 - \$8.8 million internal staff costs
- One project building (Barbur Building)



SB 1049 financial costs

What did it cost?

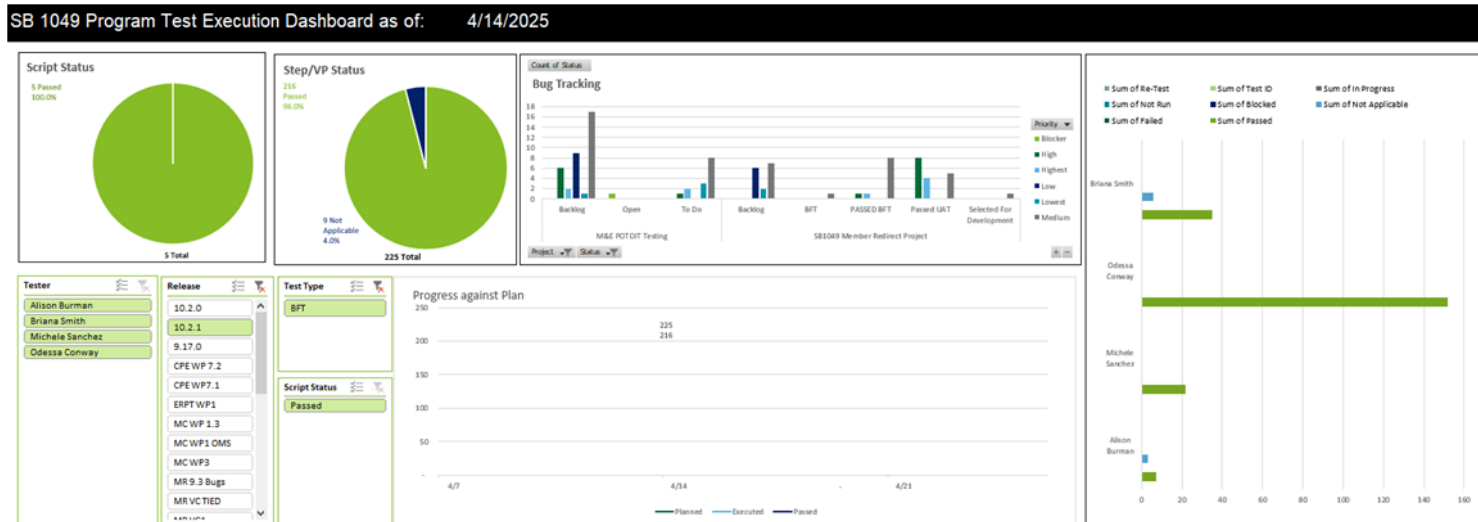
Internal staff efforts:

	Internal Hours	Cost
2019-2021	94,479	\$6,238,967.00
2021-2023	24,829	\$1,695,338.00
2023-2025	10,657	\$881,330.00
Grand total	129,966	\$8,815,635.00

Senate Bill 1049 project data

SB 1049 project data

- Number of work packages across the program: 63
- Number of Change Requests: 45
- Number of business requirement documents across the program: 58
- Number of acceptance criteria (verification points) across the program: 15,298
- Number of user stories across the program: 4,254



Senate Bill 1049 support

SB 1049 external support

Significant support by key external partners:

- Enterprise Information Services
- Department of Administrative Services (DAS)
- DAS State Procurement Services
- Governor's Office
- Legislative Fiscal Office
- Vendors such as Lancesoft, Gartner, Provaliant, Deloitte



SB 1049 internal support

Program Managers:

- Christa Harrison, James Allen, Prashant Jaiswal

Employer Programs Project:

- Project Manager Joli Whitney, Business Owner Jake Winship

Salary Limit Project:

- Project Manager Bruce Rosenblatt, Business Owner Brandon Armatas

Work After Retirement Project:

- Project Manager Susan Mundell, Business Owner Laurel Galego

Member Redirect Project:

- Project Manager Chris Yu, Business Owner Sam Paris

Member Choice Project:

Project Manager Joli Whitney, Business Owner Cyndy (Kirkwood) Lunsford (retired)

Technical Debt Project:

- Project Manager Susan Mundell, Business Owner Yvette Elledge-Rhodes

SB 1049 internal support

Significant support by key teams within PERS:

- Strategic and Operational Planning
 - Project Management Office (PMO)
 - Business Process Management
 - Central Data Management
 - Organizational Change Management
- Information Services teams
- Budget Office
- Actuarial Services
- Communications
- Procurement and Facilities
- Human Resources
- Policy Analysis and Compliance
- Subject matter experts
- Staff who managed the increased workloads



Key takeaways

Key SB 1049 takeaways

What did we learn?

- Improved PMO capabilities and standards
- Introduced organizational change management
- Established product owner and business owner roles
- Reorganized some sections for Centers of Excellence
- Maturation of system development lifecycle
- Enhanced communications strategies for members, employers, and internal staff



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you



C.

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- 3. Legislative wrap-up**
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return
6. Notice of rulemaking for Assumed Rate Rule



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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July 25, 2024

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

2023 LEGISLATIVE SESSION- BILLS IMPACTING PERS

The 2025 legislative session began on January 21 and concluded on June 27. During this session over 3,300 bills were introduced, and a total of 704 bills were passed. The following bills involve PERS and were passed by the Legislature and signed by the Governor (or expected to be signed). The agency is in the process of implementing these changes to our statutes. Information will be provided to members and employers as needed as we resolve the details of implementing these changes.

Additional information about all legislation is available on the legislative website:

<https://www.oregonlegislature.gov/>

Bill Number	Brief Summary
Program Changes	
Senate Bill (SB) 588	<i>Relating to disability benefits under the Public Employees Retirement System</i> — Modifies disability eligibility requirements for Tier One/Tier Two and OPSRP Police & Fire (P&F) members. Also allows up to 10% of “irregular or unpredictable” income for all OPSRP disability members. Applies timelines to refer disability contested case hearing requests to be scheduled for hearing, for P&F member requests only.
SB 757	<i>Relating to the salary of chaplains under the Public Employees Retirement System</i> — Adds Oregon Health and Science University chaplains to SB 123 (2023), treats chaplains’ housing allowance as taxable income for PERS purposes only.
SB 849	<i>Relating to the School Districts Unfunded Liability Fund (SDULF)</i> — Removes requirement that money in the SDULF be distributed as a side account. Specifies that all money in the fund as of February 28, 2025 will be applied to school district employers 2025-2027 employer contribution rates.
SB 851	<i>Relating to administration of Public Employees Retirement System member account data</i> — Modifies various provisions related to member and employer data.

SB 852	<i>Relating to post-retirement death benefits under the Public Employees Retirement System</i> — Modifies various provisions related to post-retirement death benefits.
House Bill (HB) 2728	<i>Relating to member data under the Public Employees Retirement System</i> — Requires PERS to include the following on a retiring members Notice of Entitlement: Total overtime hours worked during the relevant period by the member; amount of overtime hours used to calculate the members' final average salary.
HB 3968	<i>Relating to the military</i> — Adds the Space Force to the definition of the "Armed Forces of the United States." PERS includes this definition in statute that is changed by this bill: Oregon Revised Statutes (ORS) 238.156.
Budget Bill	
SB 5534	<i>Relating to the financial administration of the Public Employees Retirement System</i> — Limits certain biennial expenditures from fees, moneys, or other revenues, including miscellaneous receipts but excluding lottery funds and federal funds, collected, or received by the Public Employees Retirement System.

PERS' BUDGET BILL

SB 5534, the PERS budget bill, is awaiting signature by the Governor. It becomes effective when signed, but will apply to operations from July 1, 2025 onward.

Meeting videos and materials from the agency's multiple presentations regarding this bill are available at:

<https://olis.oregonlegislature.gov/liz/2025R1/Measures/Testimony/SB5534>

The budget bill also brings with it two budget notes, which include instructions to the agency to report to the Legislature.

The first note directs PERS (and Department of Administrative Services- Enterprise Information Services) to report to the Interim Joint Committee on Ways and Means in January 2026 on the status of the agency's implementation of HB 4045 (2024).

- This reporting will be in addition to a report PERS makes as a requirement of HB 4045 (2024) on every odd numbered year ("to the relevant legislative committee") also regarding implementation of the bill. Next report: 2027.

The second note directs PERS (Department of Administrative Services- Enterprise Information Services) to report to the Interim Joint Committee on Ways and Means in January 2026 on the progress being made towards modernizing the Oregon Retirement Information Online Network (ORION) pension administration system.

The agency will be adding these reporting requirements to our legislative activities for 2026.

2025 LEGISLATIVE INTERIM

Interim legislative committees (typically the Emergency Board) will meet in mid-September, November, and January before the 2026 legislative session begins. The agency will be prepared to appear before committees as invited. The agency will likely report out the PERS Board's adoption of actuarial methods and assumptions, including the assumed rate, at one of these interim committee meetings. This fall, PERS will begin planning to bring the PERS Board legislative concepts for the 2027 legislative session. We will present those for the board's consideration in the spring of 2026.

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July 25, 2025

TO: Members of the PERS Board
 FROM: Gregory R. Gabriel, Budget Officer
 SUBJECT: 2025-27 PERS Agency Budget Update (Senate Bill 5534)

The following budget was approved on June 26, 2025, and is awaiting final signature by the Governor.

- Operating Budget (Limited): \$178,846,582
- Retirement Benefits/Health Payments (Non-Limited): \$15,243,591,683
- State Government Service Charge Increase \$801,177 in House Bill (HB) 5006
- Employer Incentive Fund (Lottery Funds): \$0 (Funding denied in Senate Bill (SB) 5530)
- Overtime in Notice of Entitlement: \$499,986 in House Bill (HB) 2728
- Positions: 433
- Full-Time Equivalent (FTE): 430.84

The operating budget is \$2.69 million or 1.02% above the 2023-25 Legislatively Approved Budget of \$177.5 million. This increase can be attributed to increased program staffing, associated payroll costs, and increased state government service charges.

The Non-Limited budget for benefit payments increased by \$1,720 million or 12.7% more than the 2023-25 Legislatively Approved Budget. This increase is due to growing retirements and benefit payments in all programs: Tier One, Tier Two, Oregon Public Service Retirement Program (OPSRP), and the Individual Account Program (IAP).

The agency received approval for the following policy packages related to operations for the 2025-27 biennium:

Agency Requested Packages:

- Package 101 – HB 4045 Implementation (\$7,036,629/3.00 FTE)
- Package 102 – Managed Services (\$262,918/.88 FTE)
- Package 103 – SB 1049 Implementation (\$1,980,449/9.00 FTE)
- Package 104 – Modernization (\$7,833,071/13.52 FTE)
- Package 105 – IT Dues and Subscriptions (\$1,639,000/0.0 FTE)
- Package 106 – Operations Staffing (\$773,646/3.52 FTE)
- Package 107 – Human Resource Staff (\$252,760/.88 FTE)

- Package 109 – Procurement Staffing (\$193,741/.88 FTE)
- Package 110 – Policy and Compliance Staffing (\$1,046,908/4.40 FTE)
- Package 111 – Communications Staffing (\$500,519/2.00 FTE)
- Package 112 – Information Services Staffing Reclass (\$60,536/0.00 FTE)
- Package 113 – Actuarial Staffing (\$188,672/.88 FTE)

Legislative Fiscal Office Packages:

Package 801 – Increases Other Funds expenditure limitation by \$6,288,780 in the following areas:

- Central Administration - (\$400,000) Reduction in facilities rental needs
- CRSA - \$6,688,780 funding for legacy stabilization and technology readiness initiatives

Below is the agency overview of the Legislatively Adopted Budget for 2025-27 separated by operating division:

	CENTRAL ADMIN	FINANCIAL SERVICES	INFORMATION SERVICES	OPERATIONS	COMPLIANCE AUDIT & RISK	CRSA	TOTAL
SB 5534	24,546,996	28,558,929	33,832,210	57,344,632	13,005,334	21,558,480	178,846,582
HB 5006	(144,951)	(1,448,524)	2,253,496	(16,035)	157,191	0	801,177
HB 2728				499,986			499,986
FINAL	24,402,045	27,110,405	36,085,706	57,828,583	13,162,525	21,558,480	180,147,744
POSITIONS	69	35	73	214	27	18	436
FTE	68.76	34.88	72.88	213.15	26.40	17.40	433.47



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Valuation Methods & Assumptions

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presented by:

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

July 25, 2025

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Today's Agenda

- Background
- Recap of economic assumptions and actuarial methods
 - Includes long-term investment return assumption
 - Reviewed in detail at last Board meeting
- Overview of demographic assumptions
- Estimated effect of assumptions
 - Accrued liability
 - Uncollared 2027-2029 contribution rates

Executive Summary

- Since last meeting, we analyzed PERS member census data and are recommending updates to certain demographic assumptions
 - Largest, but still modest, impact from mortality assumption update that slightly lowers life expectancy:
 - Incorporates new Pub-2016 “base” mortality tables published in May 2025
 - Matches those new “base” tables to PERS-specific retiree mortality experience
 - Minor adjustments to individual member salary increase, retirement, and other assumptions
 - Combined, our recommendations are estimated to have a:
 - 0.9% decrease in the accrued liability
 - \$1.0 billion decrease in the UAL (unfunded accrued liability)
 - 0.5% of payroll decrease in the system-average advisory 2027-2029 uncollared rate
- We would like Board direction on how to incorporate effect of Senate Bill 849 on school districts into rate collar calculations for 2027-2029 school district employer contribution rates
- While the median results from both OIC’s outlook and Milliman’s outlook are above the current 6.90% long-term future investment return assumption, **the current assumption is reasonable**
 - Consistent with practice of other large pension systems, we recommend being cautious before reacting to higher outlooks, given the long process of lowering this assumption over the past 15 years

Background

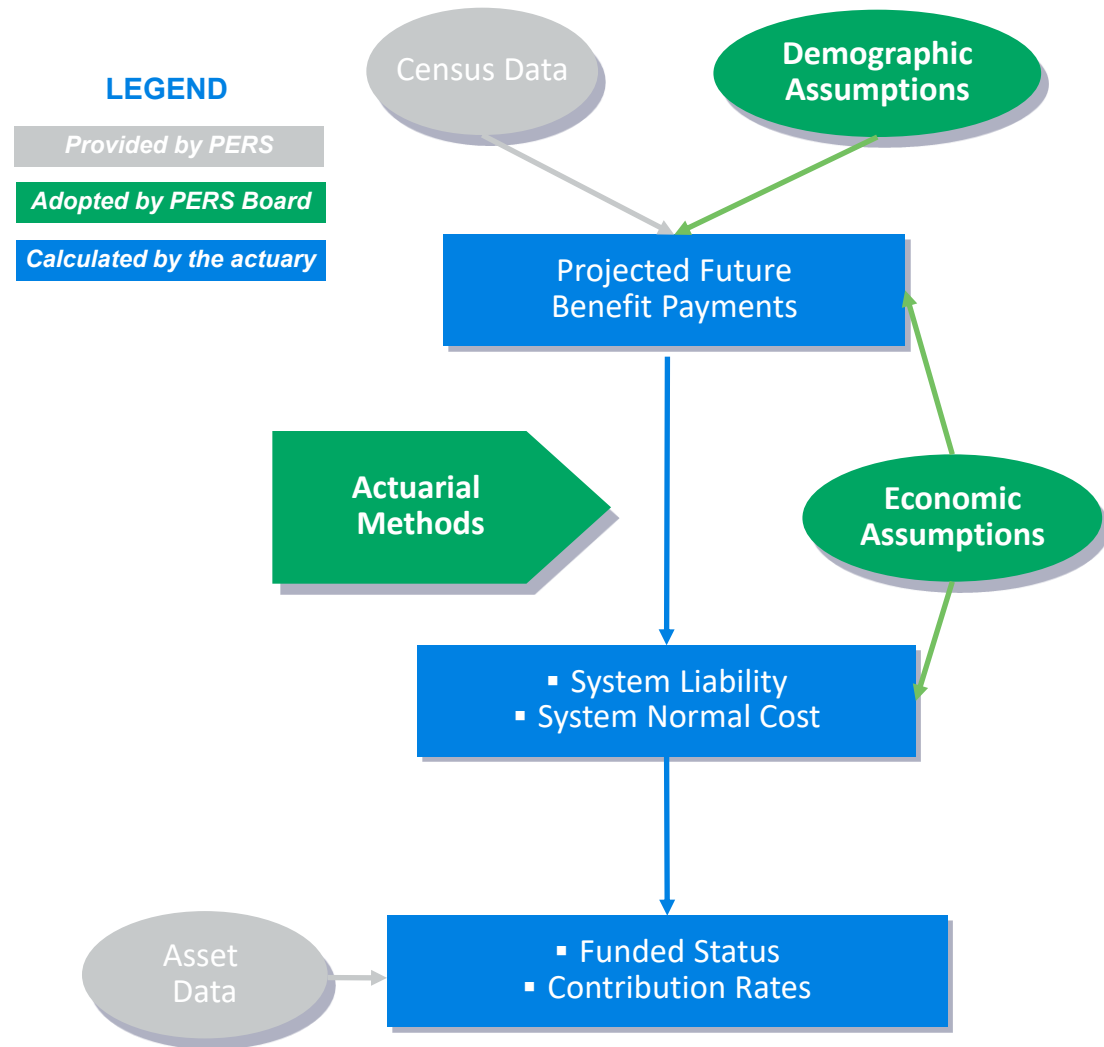
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Four-Meeting Process – Assumptions & Methods

- 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**

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 & RHIP A assumptions**

Topics in **bold** discussed in today's 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”:

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

Economic Assumptions (Other Than Investment Return) and Actuarial Methods

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Economic Assumptions and Actuarial Methods

- At the May 30, 2025 meeting, the Board reviewed
 - Non-investment economic assumptions
 - Actuarial methods
 - Included an initial discussion on how to treat Senate Bill 849 for purposes of 2027-29 rate collar
 - Investment return assumption
- Our recommendations regarding economic assumptions and actuarial methods are unchanged since the May meeting
 - Additional information is provided today on SB 849 to decide on its treatment

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.

Key Actuarial Methods

	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"> • Reamortized over 22 years as of 12/31/2019 per SB 1049 • 20 years as ongoing Board policy <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"> • <i>Tier One/Tier Two:</i> 3% of payroll for large rate pools, 4% (with overrides) for Independent Employers • <i>OPSRP:</i> 1% of payroll <p>Decreases to UAL rate are restricted if pool's funded status <90%</p>	<p>No change</p> <p>Determine effect of SB 849 on School District rate collar</p>

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

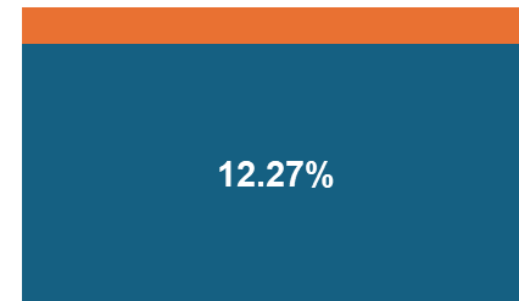
School
District Tier
One / Tier
Two UAL
Rate



25-27 Uncollared



25-27 Collared Base
(pre SB 849)



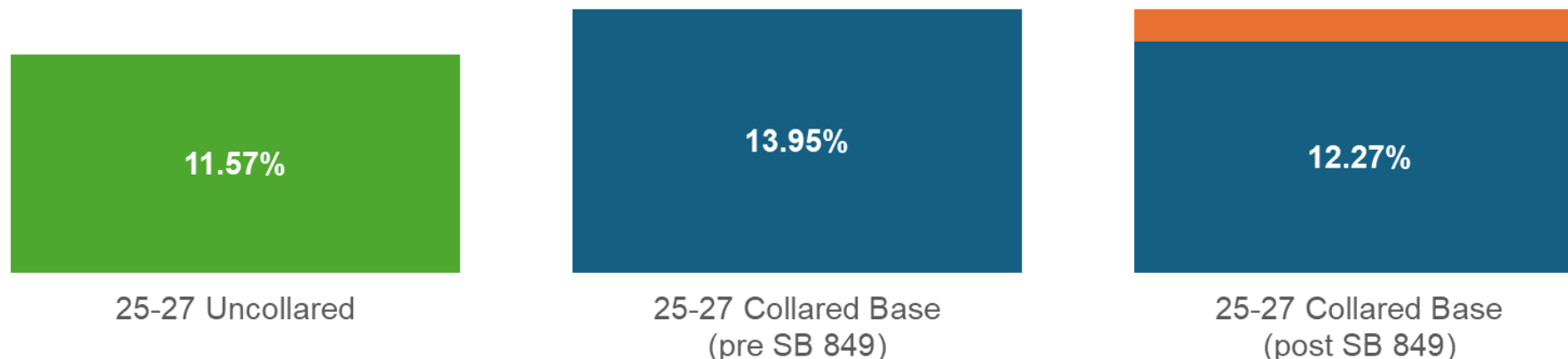
25-27 Collared Base
(post SB 849)

Equivalent of
1.68% of pay
25-27 funding
from SB849

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 after SB 849
 - 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 to 3% of payroll above the floor if necessary

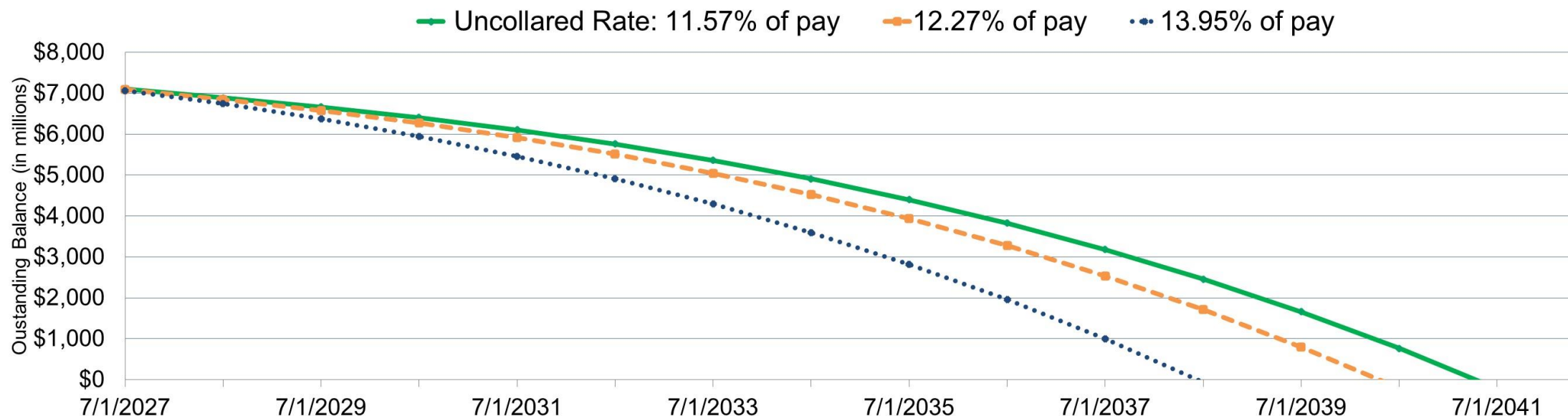
School
District Tier
One / Tier
Two UAL
Rate



Reflecting SB 849's Effect in 27-29 UALR

- The chart illustrates a **simplified hypothetical** amortization of School District Tier One/Tier Two UAL projected to July 1, 2027 assuming all post-2023 experience matches valuation assumptions
- Assumes illustrated rates take effect July 1, 2027 and do not subsequently change
 - Disregards collar policy that allows rate decreases below the floor when funded status is near or over 90%
- Uncollared rate of 11.57%, which is below either potential floor, would complete amortization in 2041
- Policy options for the rate collar floor would amortize the balance one to three years more quickly

Amortization of projected 7/1/2027 UAL based on 12/31/2023 valuation



Long-Term Investment Return Assumption

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Summary - Investment Return Assumption

- Capital market outlooks currently show expected returns above the 6.90% assumption adopted in both 2021 and 2023
 - Outlooks are based on market conditions as of the start of 2025
- While the median results from both OIC's outlook and Milliman's outlook are above the current 6.90% long-term future investment return assumption, the Board should consider leaving the assumption unchanged
 - Previous assumption reductions were due to a decade-long trend in market conditions; while outlooks have risen, significant volatility and uncertainty remain
 - Using an assumption that is below the median outlook provides a “rainy day” margin of conservatism in the rate-setting process
 - Would be 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

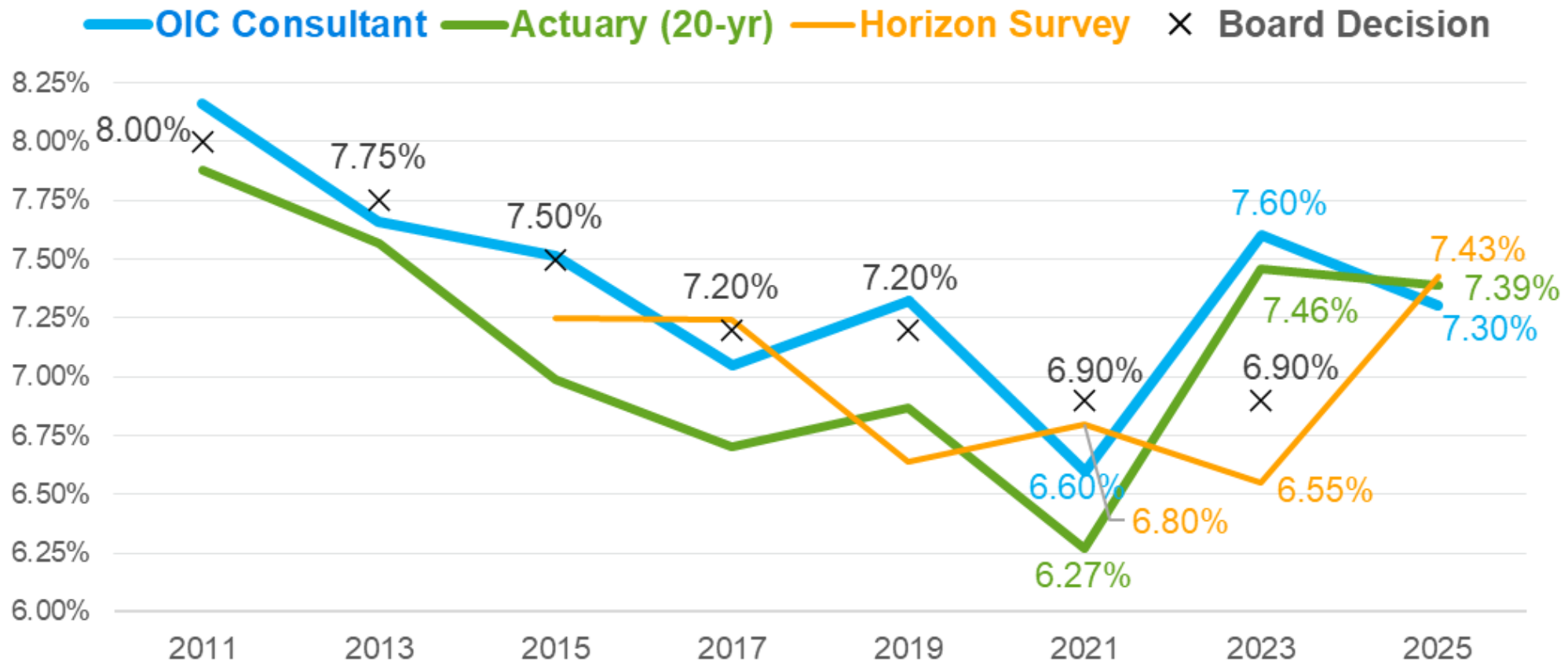
Investment Return 50th Percentile Outlooks

- We applied a standard mean/variance model to calculate 50th 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

Historical Actual Returns vs. Assumed Returns

- Comparison of trailing average historical returns through end of 2024:
 - Actual – from *PERS By the Numbers*
 - Assumed – based on PERS’ actuarial assumption for each year

Period Ending December 2024	Actual Return	Assumed Return
Trailing 30 years	9.0%	7.7%
Trailing 25 years	6.7%	7.6%
Trailing 20 years	7.4%	7.5%
Trailing 15 years	8.4%	7.4%
Trailing 10 years	7.4%	7.1%

Returns are geometric annualized average returns over the periods indicated
The specific starting and ending points matter (example: the difference in 30 v. 25-year returns)

Investment Return 50th Percentile Outlooks

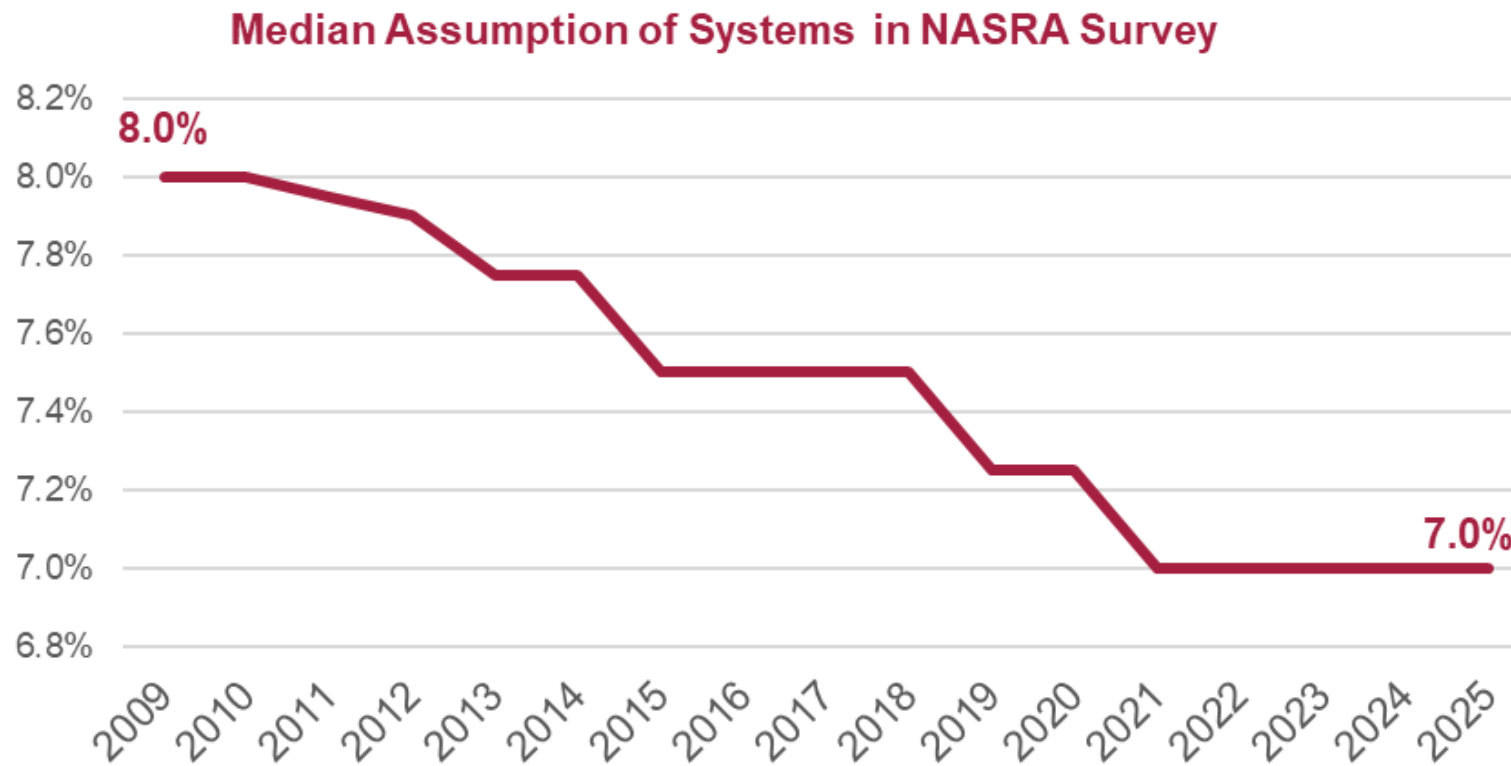
- Estimates are shown based on the OIC's long-term asset allocation

	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

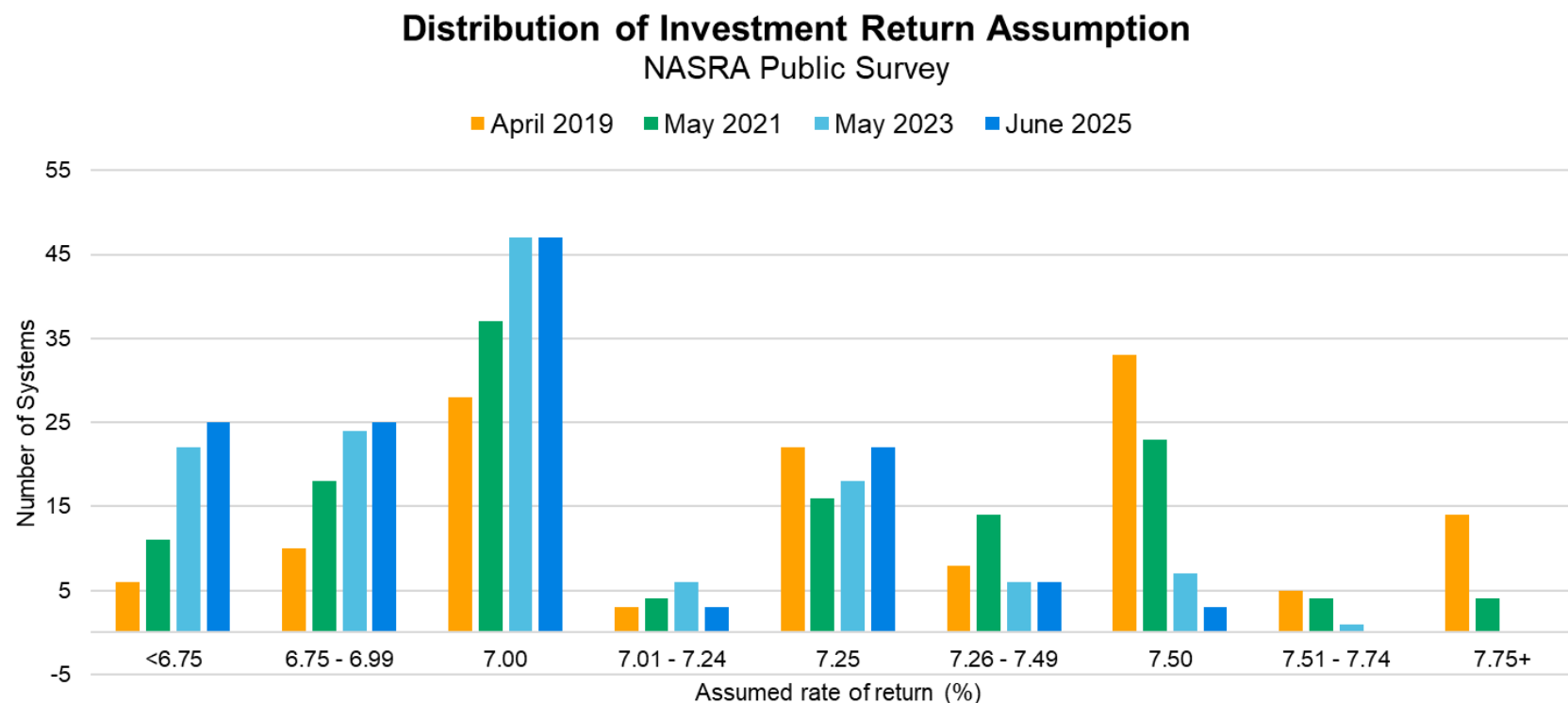
- There has been a downward trend in public plan return assumptions, with a current median assumption for large public systems of 7.0%; the mean average rate is approximately 6.9%
- While capital market expectations have increased in the last couple years, with limited exceptions large systems have not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



Source: NASRA (June 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 about 75% of all plans have an assumption of 7.00% or lower



Source: NASRA (June 2025)

Effects of Changing the Assumed Return

- A higher investment return assumption would produce lower calculated liabilities and lower 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

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 returns exceed assumption

Overview of Demographic Assumptions

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Demographic Assumptions

- We statistically analyzed member census data provided by PERS
 - Eight years of experience data analyzed for most demographic assumptions
 - Twelve years of experience data analyzed for individual member salary increase assumptions
- Recommended assumptions were developed based on our statistical analysis combined with our professional judgment
- Full details of the analysis are in our formal experience study report
- Consistent with our prior study, we took steps to ensure recent experience from years most affected by the pandemic and related events did not overly influence the setting of forward-looking, long-term assumptions
 - We extended the experience observation period by a further two years so that 2020-2022 experience data would have a lesser relative weight in the study
 - For mortality, while we included 2020-2022 experience in our analysis, we also reviewed experience by year to ensure pandemic-era experience didn't drive forward-looking expectations
 - We continued to adjust our review of salary increase experience for known anomalies, such as the effect of pandemic-related furloughs for school districts on year-to-year PERS-reported salaries

Summary of Demographic Assumptions

- Mortality assumptions were updated to use the most current “base” mortality tables specific to current and former governmental employees in public sector pension plans
 - Those new base tables were calibrated to reflect PERS-specific retiree mortality experience
- Adjust likelihood of retirement assumption at some ages where observed experience differed from current assumption
- Partially decrease long-term merit component of individual member salary assumption for school districts, while retaining previously adopted additional increases assumption for 2025
- Adjust ordinary disability incidence assumption
- Updates to assumed final average salary adjustments for sick leave for one group for eligible Tier One/Tier Two members
- Adjustments to post-retirement medical program assumptions
 - Participation levels (RHIA & RHIPA)
 - Healthcare inflation assumption for RHIPA program

Mortality Assumption

- For each group, the mortality assumption consists of two parts:
 - A **base table** – for a given age, lists a probability of death at that age
 - A **projection scale** – modifies base table entries to reflect anticipated continued mortality improvement over time
 - Reflects the long-term historical trend that a new retiree today will have a longer life expectancy than a new retiree 25 years ago... and that a new retiree 25 years from now is reasonably anticipated to have a longer life expectancy than a new retiree today
- We recommend using the new “Pub-2016” family of base mortality tables from the Society of Actuaries (SOA) Public Plans Mortality Study published in May 2025
 - Replaces the “Pub-2010” set of tables published in January 2019
 - Generally, the updated base tables show slightly shorter life expectancy for most groups versus the projected version of Pub-2010 tables; exception is male public safety
- We reviewed and adjusted the selected base tables to align with actual observed Oregon PERS experience

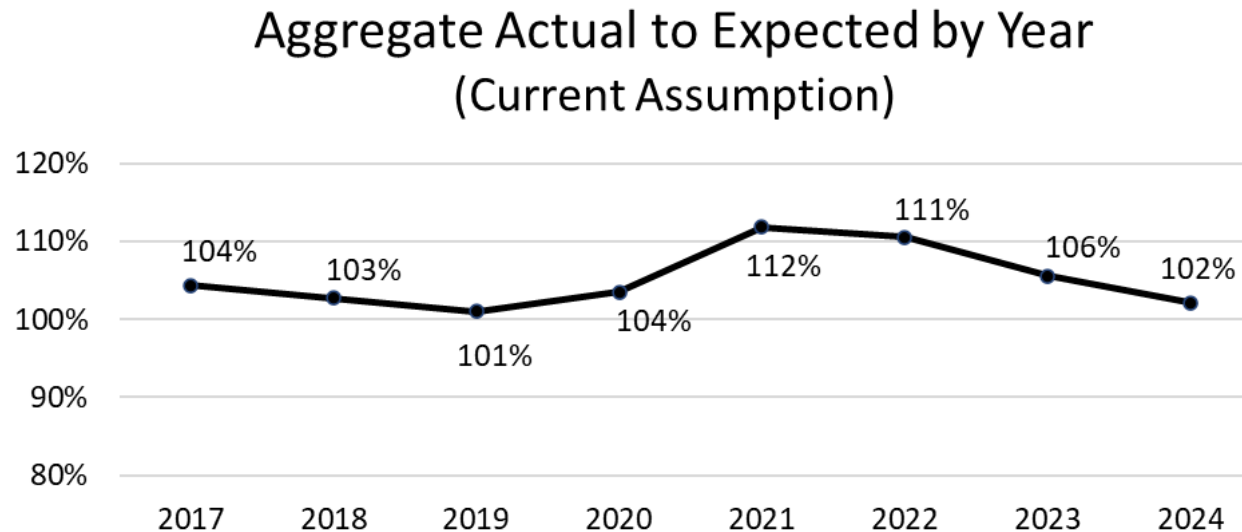
Mortality Assumption

- ORS 238.607: adopted actuarial equivalency factors *must use the best actuarial information on mortality available at the time*
 - We separately reviewed police and fire mortality per ORS 238.608
- We matched PERS experience to the SOA's Public Plans ("Pub-2016") base tables
 - PERS was one of the systems that contributed data to the study; in general, the tables fit experience well
 - Calibrated to PERS experience as needed with "age set-backs" or other adjustments to standard table
- For mortality improvement projection scale, maintained approach adopted in prior experience study of using a projection scale based on 60-year average annual improvement from Social Security mortality experience
 - Continued to base this projection scale on information available through 2019
 - Social Security has not yet published sufficient post-pandemic mortality experience to update this assumption without skewing it for pandemic-affected years

Technical details on our recommendation and more information on the mortality assumption are in our formal Experience Study report

Mortality Assumption

- Graph below shows benefits-weighted ratio of actual deaths compared to expected deaths for non-disabled annuitants in aggregate across all assumption groups
 - Typically want to target an “A/E ratio” (actual deaths to expected deaths) of about 100%
 - Deviations from that target for height of pandemic years, but rates later decreased
- Ignoring pandemic-influenced outlier years suggests potential for small increase to mortality assumption to better align with experience, which we are proposing with switch to Pub-2016



Mortality Assumption

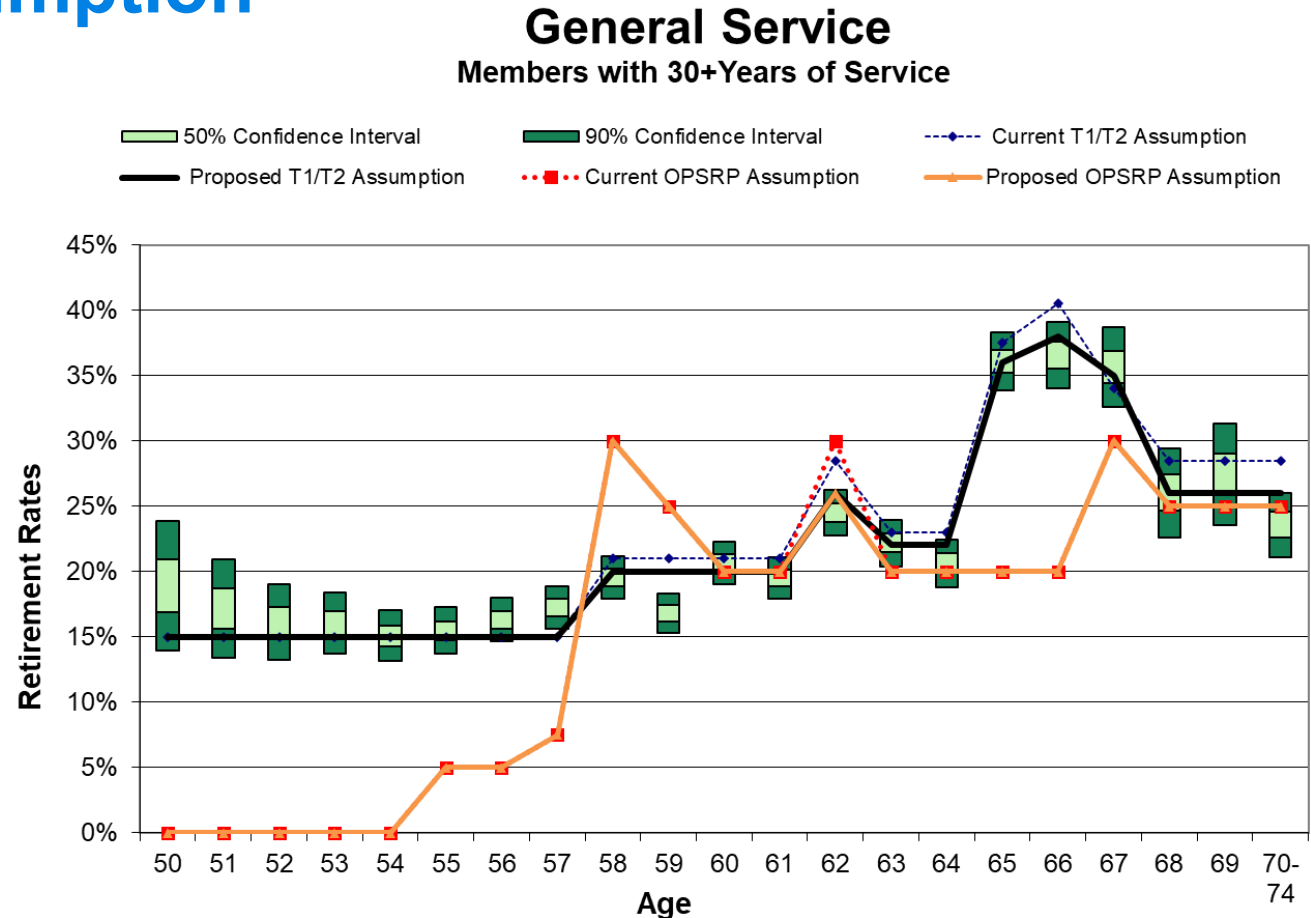
- Illustrative example of assumptions for non-disabled current and future retirees:

Life Expectancy (if still alive at age 60)	Retires at Age 60 in 2025			Retires at Age 60 in 2045		
	Current	New	Change	Current	New	Change
School District Male	87.9	87.6	-0.3	89.3	88.9	-0.4
General Service Male	87.5	87.3	-0.2	89.0	88.8	-0.2
Police & Fire Male	86.3	86.6	0.3	87.7	88.0	0.3
School District Female	90.4	90.1	-0.3	91.6	91.2	-0.4
General Service Female	89.1	88.9	-0.2	90.4	90.1	-0.3
Police & Fire Female	89.2	88.9	-0.3	90.6	90.3	-0.3

- The table above has three assumed preconditions, all of which serve to increase the life expectancy:
 - The individual is assumed to have already survived to age 60
 - The individual is assumed to have served in PERS-covered employment
 - The individual is assumed to not be disabled as of age 60

Rate of Retirement Assumption

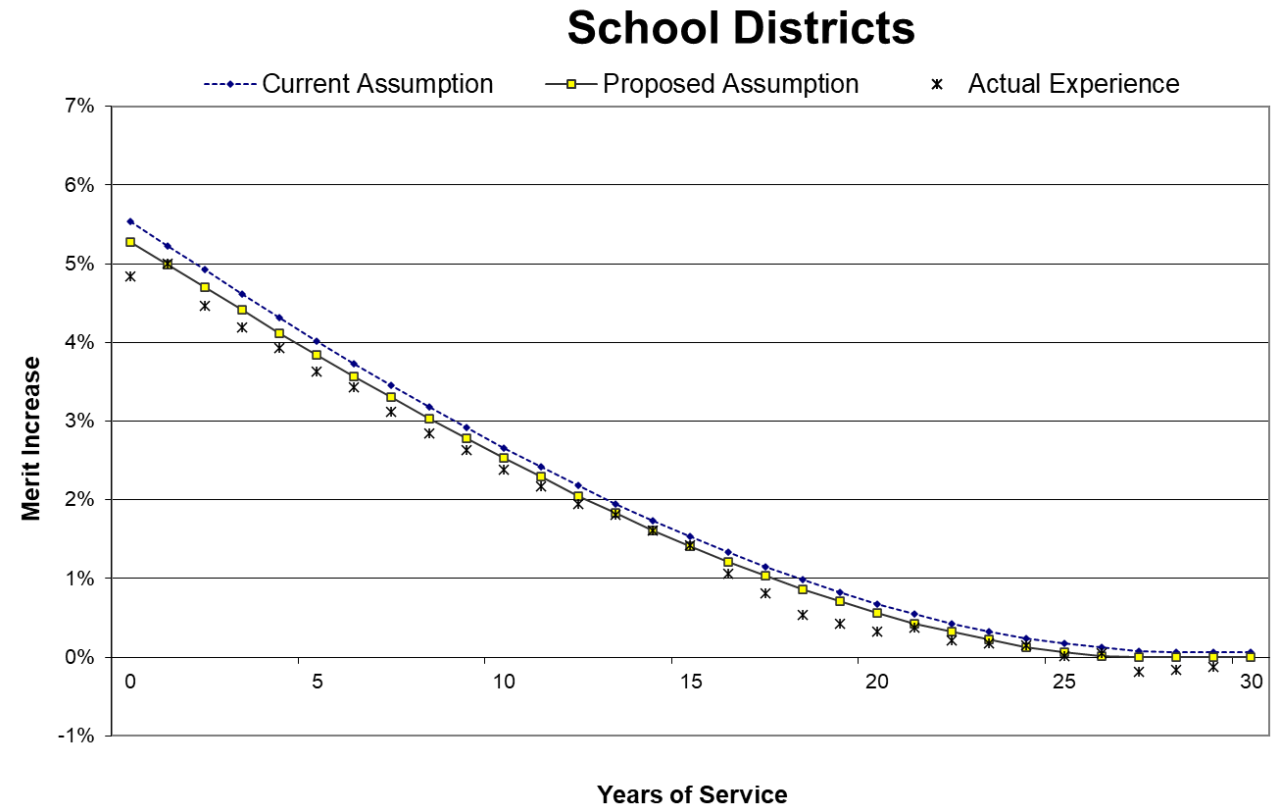
- The likelihood that an eligible member retires at a given age
- Structure:
 - School District
 - Other General Service
 - Police & Fire
 - Divided into 3 service bands
 - Tier One/Tier Two vs. OPSRP
- Modifications made to assumptions at certain ages to more closely align with observed experience
 - Adjusted retirement rates for certain School District and Other General Service age and service groups



Example shown above. Recommendations for other groups shown in detailed Experience Study report.

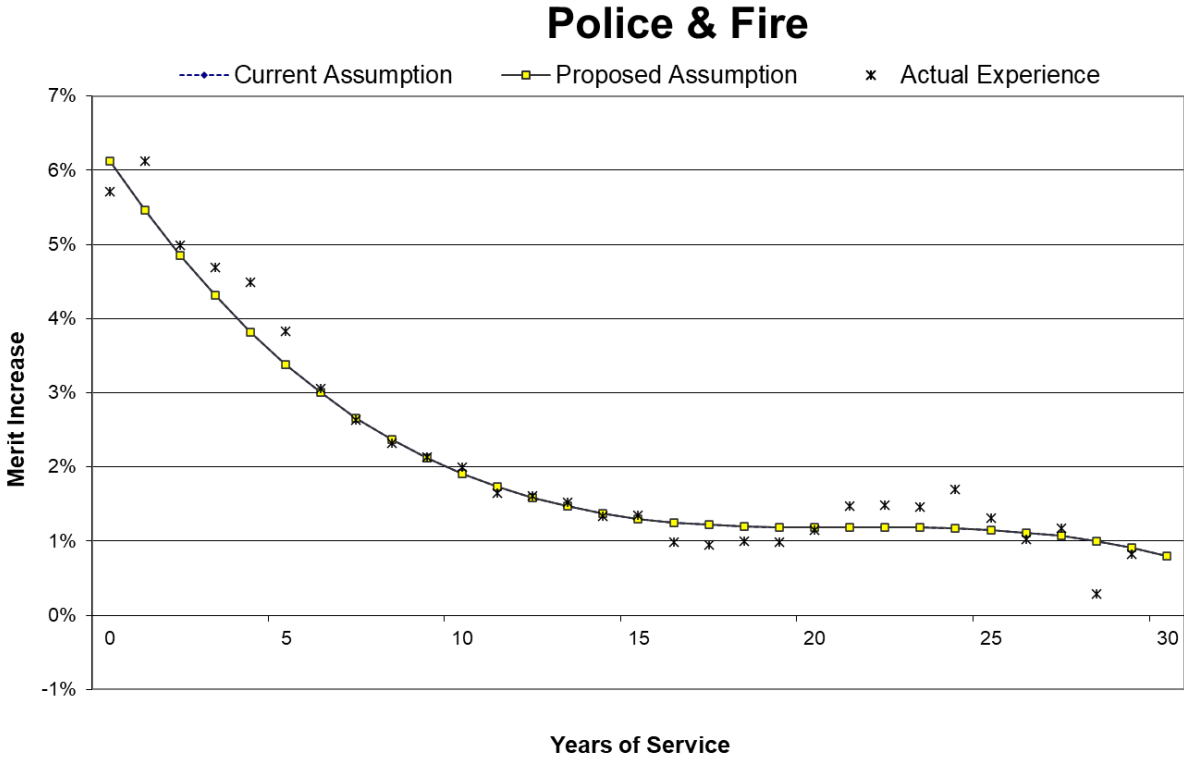
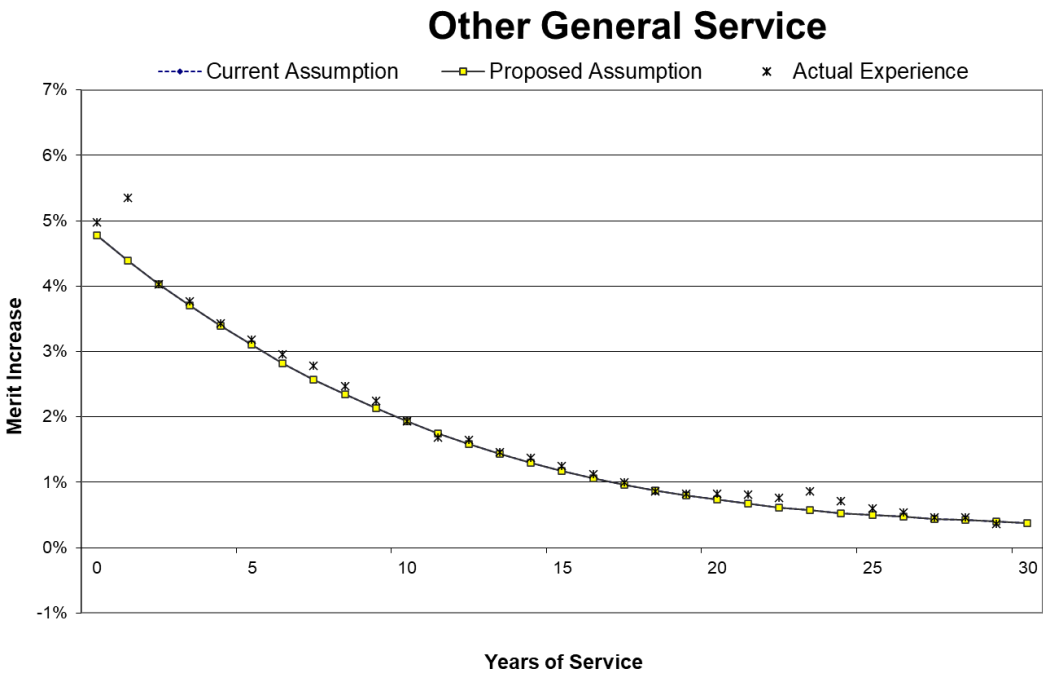
Individual Member Merit/Longevity Salary Increase Assumption

- Reflects merit/longevity increases above general wage growth and inflation
 - Reviewed 12 years of individual pay increases, netted out period's average annual wage growth of 4.08%
- Structure:
 - School District
 - Other General Service
 - Police & Fire
- Actual observed experience was lower than the current assumption for School Districts
 - Proposed assumption adjusts halfway
- In calculating actual experience, we adjusted or removed experience years with significant one-off changes
 - Salary increases associated with elimination of pick-up
 - 2020 school district furloughs



Individual Member Merit/Longevity Salary Increase Assumption

- Police & Fire and Other General Service had experience very close to assumed



- No recommended changes to assumptions based on observed experience

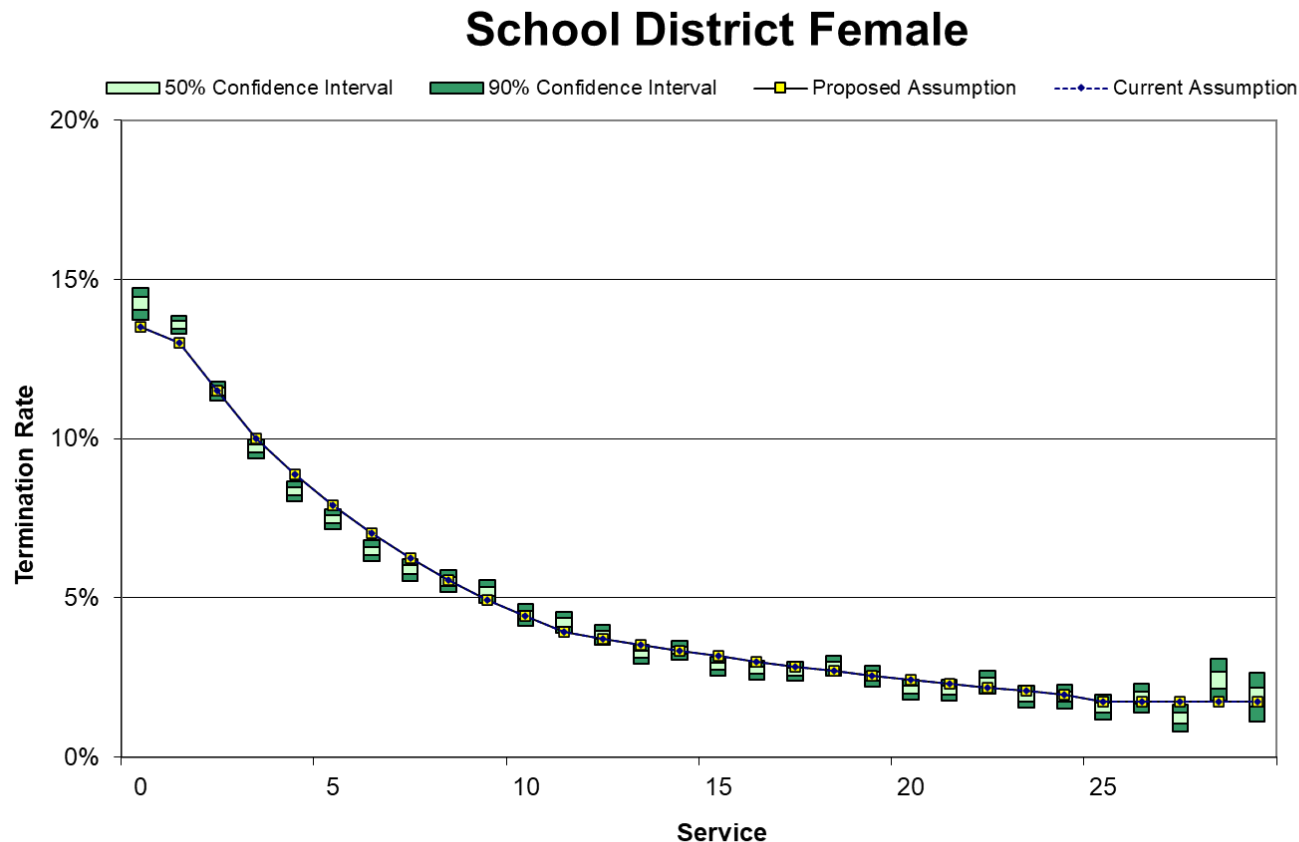
Individual Member Merit/Longevity Salary Increase Assumption

Higher Short-term “Select” Assumption

- In the previous experience study, the Board adopted a special “select assumption” of an additional 2% merit/longevity increase to apply for two years
 - Recognized high inflation and job market pressures led to unusually high salary increases for at least a portion of PERS actives
 - For example, agreements for State workers in AFSCME and SEIU provided for additional across-the-board increases of about 6.5% in each of two consecutive years
- The additional assumption was adopted for 2024 and 2025 salary increases
 - Our valuation continues this “select” assumption and reflects the additional 2% when projecting 2025 salary
 - The analysis on the prior slides also backs out the extra 2024 “select” assumption to avoid double-counting

Pre-Retirement Employment Termination Assumption

- The likelihood that a member leaves employment at a given service level prior to retirement eligibility for reasons other than death or disability
- We do not recommend any adjustments to this assumption for the current study
 - Actual experience was consistent with assumption



Example shown above. Recommendations for other groups shown in detailed Experience Study report.

Final Average Salary Adjustments

- In the valuation, we apply assumptions estimating the percentage increase at time of retirement in final average salary for Tier One/Tier Two members attributable to:
 - Unused sick leave
 - Lump sum distribution of vacation pay (only affects Tier One)
- Only relevant when benefits are calculated using Full Formula or Formula Plus Annuity
- As remaining Tier One/Tier Two actives become a smaller and longer-service group, experience has generally increased (though the assumption applies to a smaller group)
- We recommend an adjustment to one group below to more closely track recent experience:

Unused Sick Leave	Current Assumption	Proposed Assumption
State GS Male	8.75%	8.75%
State GS Female	5.25%	5.25%
School District Male	9.75%	9.75%
School District Female	6.50%	6.50%
Local GS Male	6.50%	6.50%
Local GS Female	4.50%	5.00%
State Police & Fire	4.75%	4.75%
Local Police & Fire	7.25%	7.25%
Inactive Members	5.00%	5.00%

Tier One Vacation Cash Out	Current Assumption	Proposed Assumption
State GS	2.50%	2.50%
School District	0.25%	0.25%
Local GS	3.50%	3.50%
State Police & Fire	3.00%	3.00%
Local Police & Fire	4.25%	4.25%

Member Redirect Offset

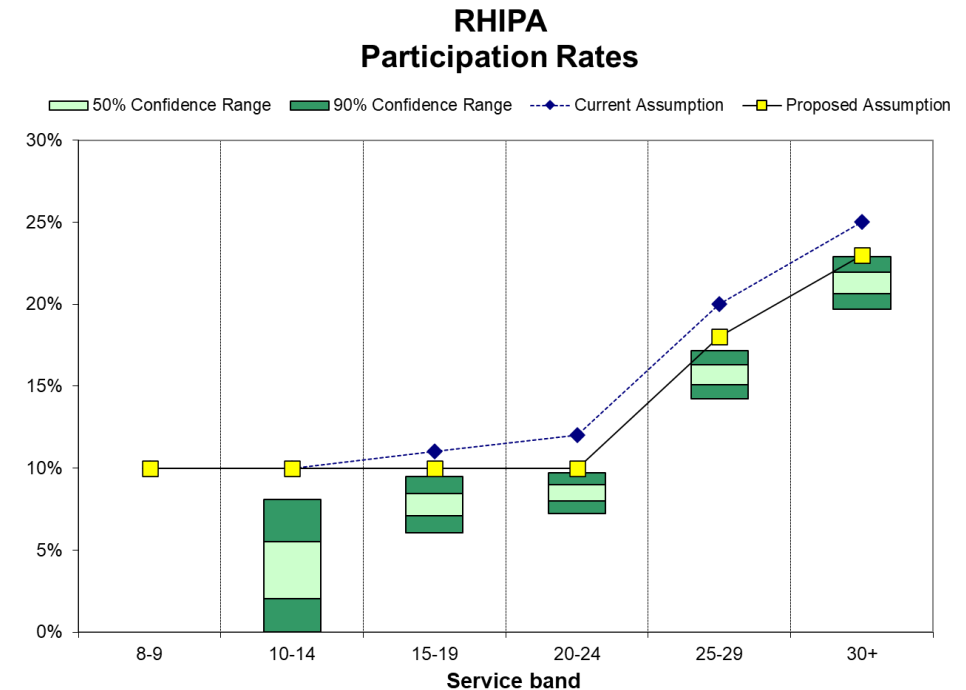
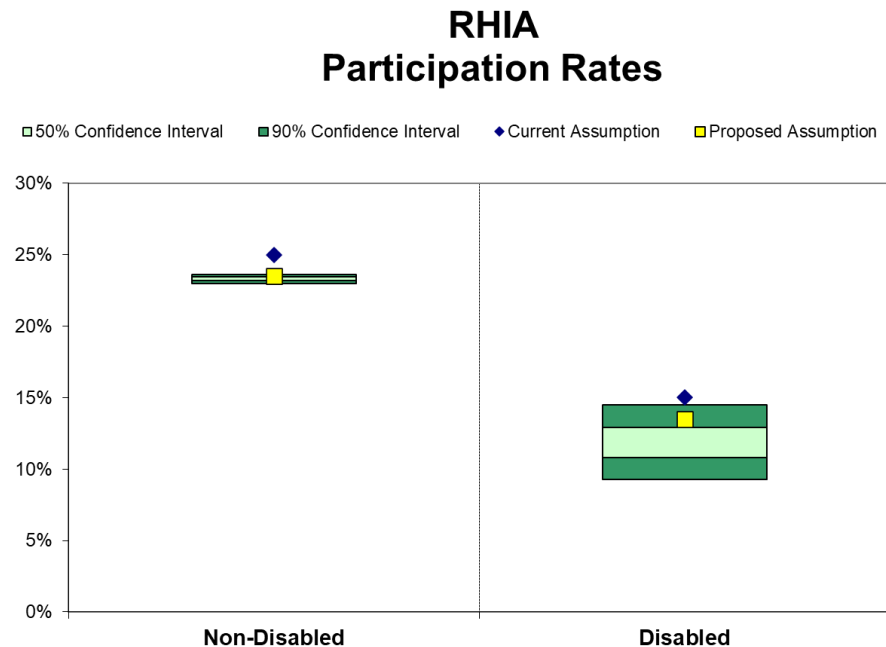
- Senate Bill 1049 redirected a portion of the 6% of pay member contributions to Employee Pension Stability Accounts (EPSAs) that help fund the Tier One/Tier Two and OPSRP programs
 - 2.50% of pay for Tier One/Tier Two and 0.75% of pay for OPSRP
 - Originally, redirection only occurred for members with salary greater than \$2,500 per month (indexed)
 - Subsequent legislation and indexing means this level is now \$3,777 per month effective in 2025
 - Applies when funded status (including side accounts) is less than 90% in the rate-setting valuation
- Both the 2023-2025 and 2025-2027 employer contribution rates adopted by the Board reflected projected system-average member redirect offset contributions of:
 - 2.40% of Tier One/Tier Two payroll
 - 0.65% of OPSRP payroll
- The 0.10% of payroll difference between the actual offset for affected members and the assumed system-wide effect of the redirect reflects the estimated effect of SB 1049's indexed monthly pay threshold

Member Redirect Offset

- For the 2027-2029 biennium, the member redirect is expected to continue to apply (the relevant funded status is unlikely to exceed 90% by 12/31/2025)
- Based on the current statutory pay threshold and the member salary distribution, for calculation of 2027-2029 employer contribution rates we recommend leaving the assumption unchanged, with projected system-average member redirect offsets of:
 - 2.40% of Tier One/Tier Two payroll
 - 0.65% of OPSRP payroll

RHIA and RHIPA Assumptions

- Updates to retiree healthcare participation assumptions based on observed experience:
 - Healthy RHIA: Lower participation rate from 25.0% to 23.5%
 - Disabled RHIA: Lower participation rate from 15.0% to 13.5%
 - RHIPA: Lower rates in longer-service categories
- Health care cost trend assumption applied to RHIPA full subsidy amount was also updated
 - Based on analysis by Milliman health actuaries



Estimated Effect of Assumption Changes

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Preliminary Effect of Changes – Accrued Liability

- Estimated effect on combined Tier One, Tier Two, and OPSRP liabilities based on preliminary valuation work

12/31/2024 Accrued Liability	Assumed Return 6.8%	Assumed Return 6.9%	Assumed Return 7.0%
Current assumptions		\$109.7 B	
Mortality		(\$0.9 B)	
All other demographic assumptions		<u>(\$0.1 B)</u>	
Revised assumptions (before assumed return)	\$108.7 B	\$108.7 B	\$108.7 B
Assumed return	<u>\$1.2B</u>	<u>\$0.0 B</u>	<u>(\$1.2 B)</u>
Revised assumptions	\$109.9 B	\$108.7 B	\$107.5 B

Numbers shown may not add due to rounding

Preliminary Effect of Changes – Uncollared 2027-2029 Rates

- Estimated impact on uncollared system-average advisory pension rates for 2027-2029 based on preliminary valuation work
 - Results do not reflect any adjustment for 2025 asset returns to date

For context:

- 0.5% of projected 2027-29 biennial pay ≈ \$175M
- Projected 2025-27 total contribution ≈ \$7.7B

	Assumed Return 6.8%		Assumed Return 6.9%		Assumed Return 7.0%	
	UAL	Normal Cost	UAL	Normal Cost	UAL	Normal Cost
Mortality	(0.4%)	0.0%	(0.4%)	0.0%	(0.4%)	0.0%
Other assumptions	0.0%	(0.1%)	0.0%	(0.1%)	0.0%	(0.1%)
Assumed return	<u>0.4%</u>	<u>0.3%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>(0.4%)</u>	<u>(0.3%)</u>
Total	0.0%	0.2%	(0.4%)	(0.1%)	(0.8%)	(0.4%)
Combined Total	0.2%		(0.5%)		(1.2%)	

Changes shown are stated as a percent of payroll, reflect a 3.40% payroll growth assumption, and exclude changes for the RHIA & RHIPA programs. Numbers may not add due to rounding.

Agenda Items – Remaining 2025 Meetings

- Needed action before completion of actuarial valuations:
 - Adoption of assumptions and methods for use in the following valuations:
 - December 31, 2024 “advisory” valuation that estimates 2027-2029 rates
 - December 31, 2025 valuation that calculates recommended 2027-2029 rates
- September meeting:
 - Presentation of system-level December 31, 2024 actuarial valuation results
 - Adoption of actuarial equivalency factors effective January 1, 2026
- December meeting:
 - Acceptance of the December 31, 2024 actuarial valuation report and employer-specific advisory 2027-2029 contribution rates
 - Financial modeling over the next twenty years under a variety of possible future scenarios for actual investment return

Appendix

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Certification

This presentation discusses actuarial methods and assumptions for use in the valuation of the Oregon Public Employees Retirement System (“PERS” or “the System”). For the most recent complete actuarial valuation results, including cautions regarding the limitations of use of valuation calculations, please refer to our formal Actuarial Valuation Report as of December 31, 2023 (“the Valuation Report”) published on September 19, 2024. The Valuation Report, including all supporting information regarding data, assumptions, methods, and provisions, is incorporated by reference into this presentation. The statements of reliance and limitations on the use of this material is reflected in the actuarial report and still apply to this presentation. The Valuation Report, 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

Data

Except where noted, our analysis of demographic assumptions was based on data for the experience period from January 1, 2017 to December 31, 2024 as provided by the Oregon Public Employees Retirement System (PERS). PERS is solely responsible for the validity, accuracy and comprehensiveness of this information; the results of our analysis can be expected to differ and may need to be revised if the underlying data supplied is incomplete or inaccurate.

Member data was summarized according to the actual and potential member decrements during each year. Actual and potential decrements were grouped according to category of employment, sex, age, and/or service depending on the demographic assumption.

Where possible, we attempted to identify decrements that were spread across two calendar years (for example, if a member retired in one year, but didn't commence benefits until January 1 of the following year) so that we could reflect these decrements as individual events.

In order to capture experience across a broader range of budget, collective bargaining, and economic cycles, our analysis of salary increases covered observed salary experience from 2012 through 2024 as provided by PERS.

Our analysis focused on observed salary levels during consecutive calendar years for members who remained in active employment across both years, so that the observed change in salary would not be influenced by the reduced number of months worked during a year in which the member decrements. Similarly, we focused on experience above the 5th percentile and below the 95th percentile of observed salary increases in order to avoid the potential distorting effect of including extreme salary changes that likely resulted from unusual events.

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
Fund Total (reflecting asset class correlations)	8.22%	7.43%*	13.48%	100.00%

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

Appendix

Actuarial Basis

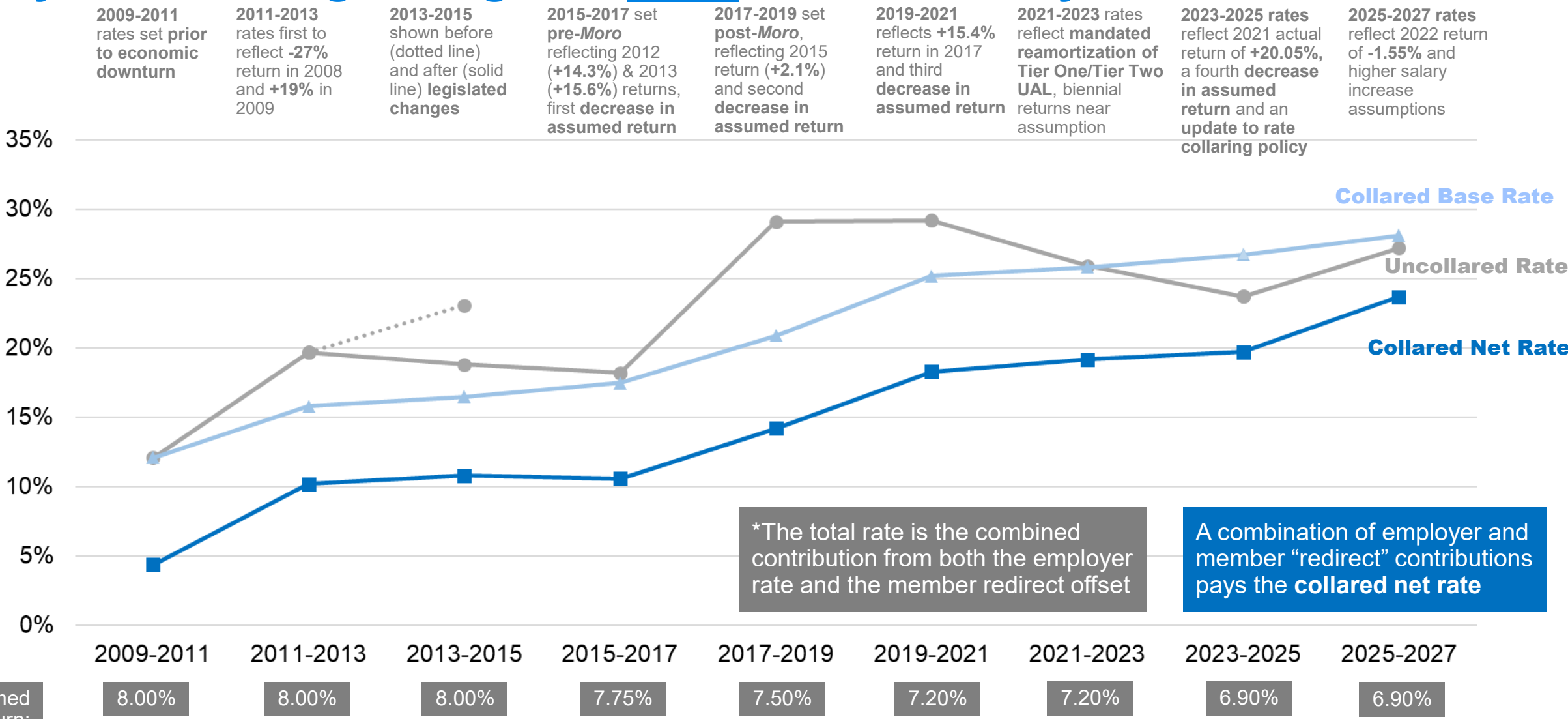
Capital Market Assumptions – Horizon Survey

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
Fund Total (reflecting asset class correlations)	7.49%*	12.10%	100.00%

* 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

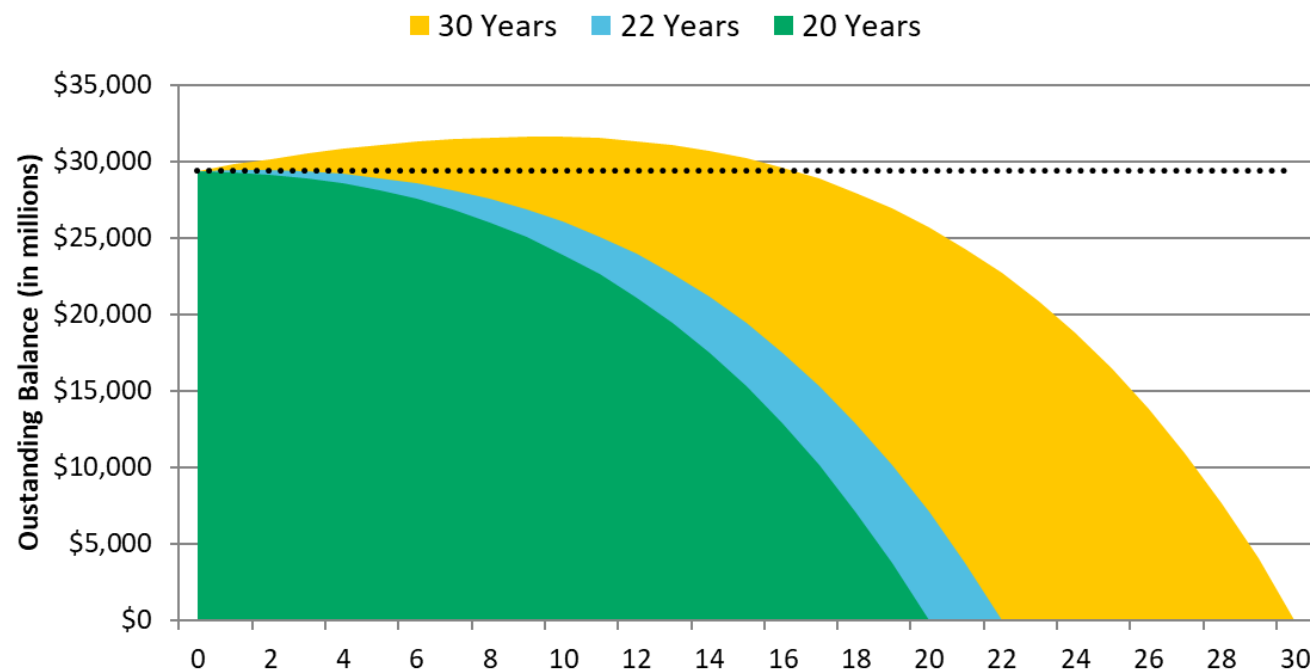
Shortfall Amortization Periods

- 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

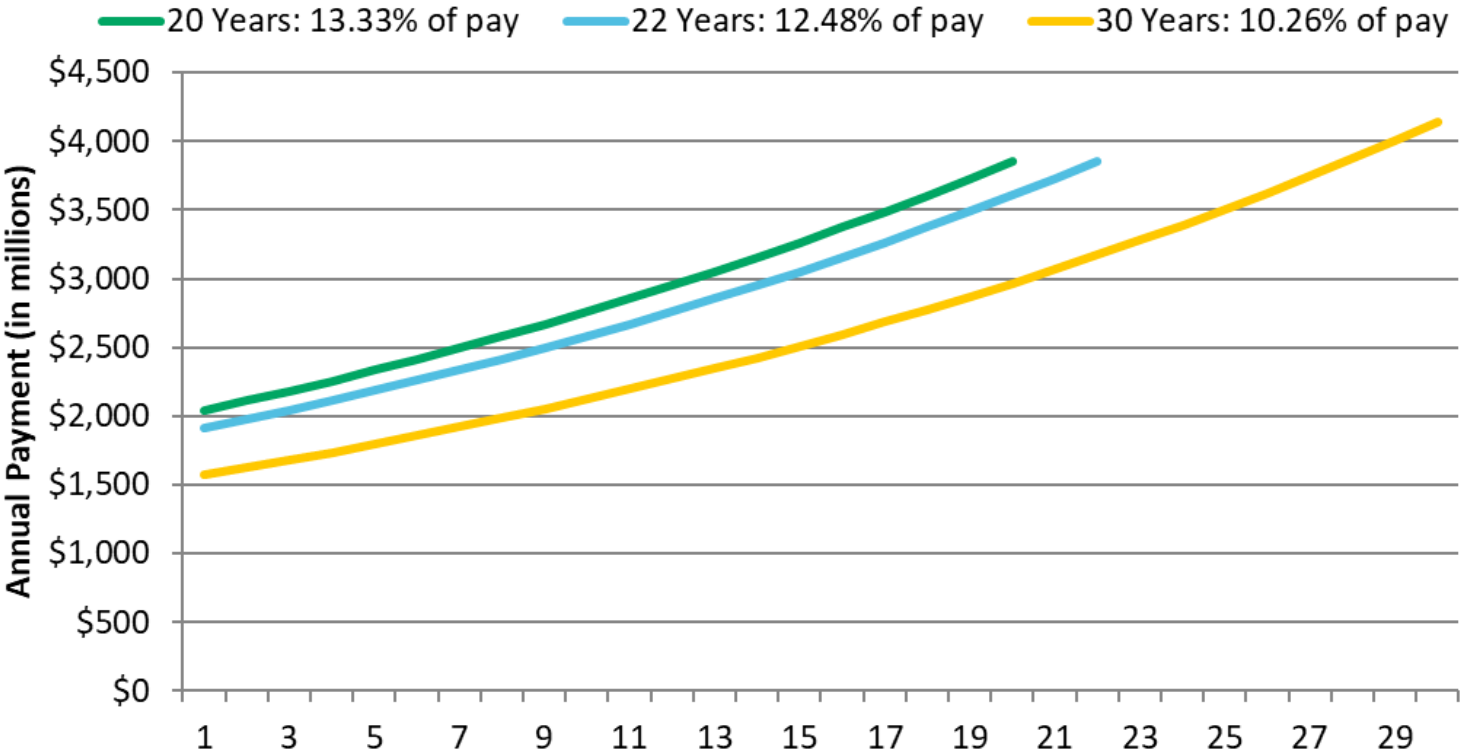
- Tier One / Tier Two: **20 years**
- OPSRP: **16 years**

- **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



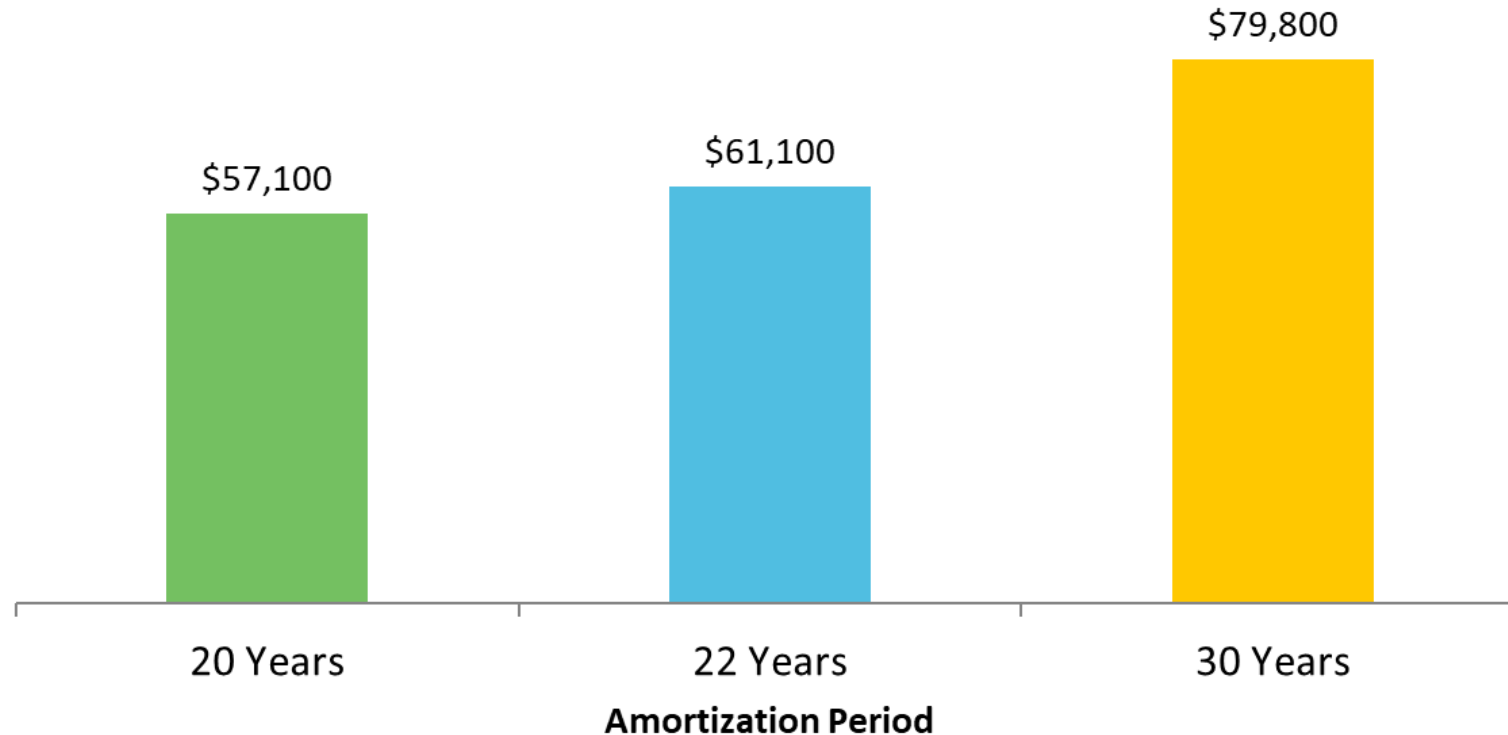
Current policy

- 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

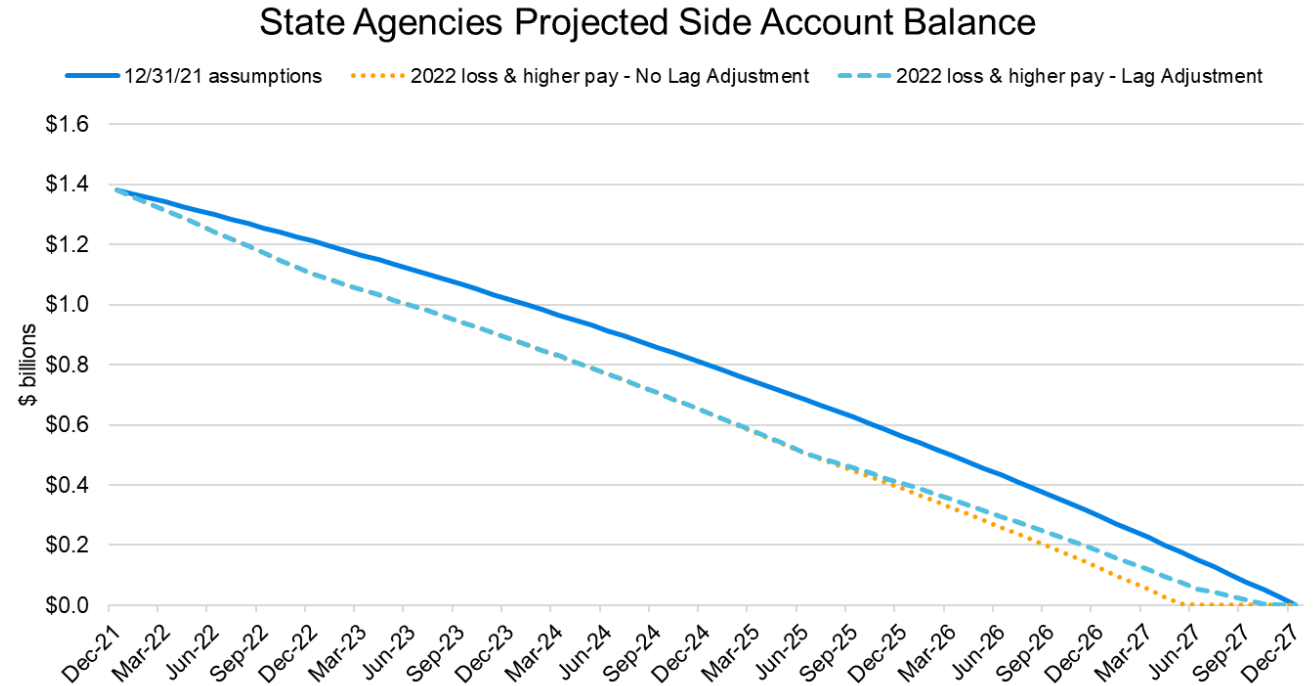
Side Account and Pre-SLGRP adjustments

- 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:

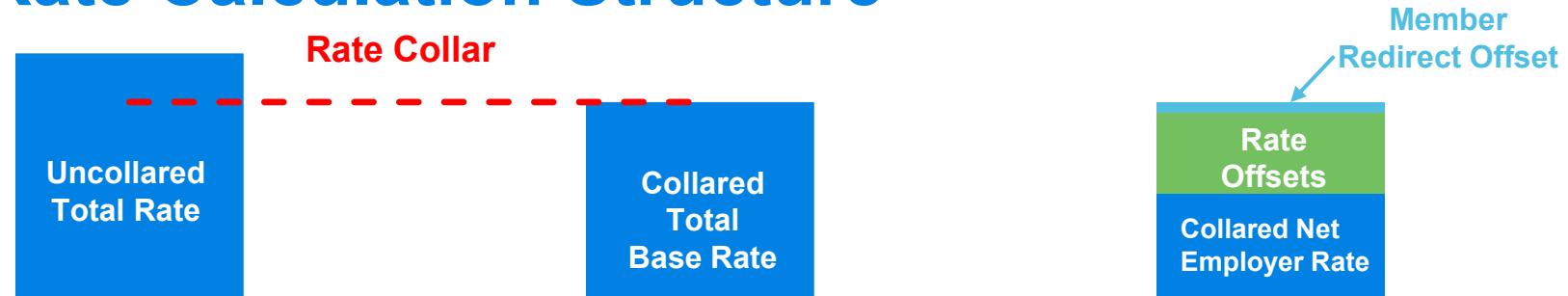
- Continue calculating the offset through December 31 of the established period
- Apply adjustment to reflect 18-month lag before a new offset takes effect
- PERS staff to manage final months of rate offsets for expiring accounts
 - Rate offset will “turn off” prior to scheduled December 31 if account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

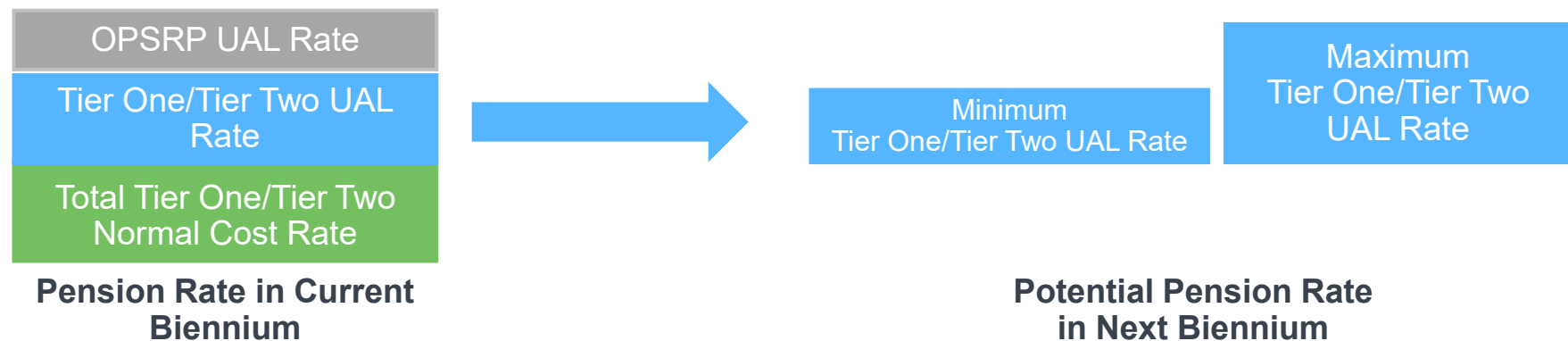


- The ***uncollared total rate*** is the theoretical contribution rate to reach 100% funded status over a specified amortization period if:
 - Contributions at that rate started on the actuarial valuation date, and
 - Actual future experience mirrors the actuarial valuation's assumptions, and
 - The 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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Mortality Assumption

	Current Assumption	Proposed Changes
Healthy Retired	Pub-2010 Generational, with unisex Social Security scale (1959-2019 experience) Healthy Retiree, Sex distinct	Pub-2016 Generational, with unisex Social Security scale (1959-2019 experience) Healthy Retiree, Sex distinct
<ul style="list-style-type: none"> School district male Other GS male P&F male 	Blend 80% Teachers/20% General Employees, no set back General Employees, set back 1 year Public Safety, no set back	Blend 80% Teachers/20% General Employees, no set back General Employees, set back 1 year Public Safety, no set back
<ul style="list-style-type: none"> School district female Other GS female P&F female 	Teachers, no set back General Employees, no set back Public Safety, set back 1 year	Teachers, no set back General Employees, no set back Public Safety, set back 1 year
Disabled Retired	Pub-2010 Disabled, Generational with unisex Social Security scale (1959-2019 experience) Sex distinct	Pub-2016 Disabled, Generational with unisex Social Security scale (1959-2019 experience) Sex distinct
<ul style="list-style-type: none"> P&F male Other male P&F female Other female 	50% Public Safety/50% Non-Safety, no set back Non-Safety, set forward 2 years 50% Public Safety/50% Non-Safety, no set back Non-Safety, set forward 1 year	20% Public Safety/80% Non-Safety, no set back 120% of Non-Safety 20% Public Safety/80% Non-Safety, no set back 120% of Non-Safety
Non-Retired Mortality	Pub-2010 Generational, with unisex Social Security scale (1959-2019 experience) Employee (Non-Annuitant), Sex distinct	Pub-2016 Generational, with unisex Social Security scale (1959-2019 experience) Employee (Non-Annuitant), Sex distinct
<ul style="list-style-type: none"> School district male Other GS male P&F male 	Blend 80% Teachers/20% General Employees, no set back, scaled 125% General Employees, set back 1 year, scaled 115% Public Safety, no set back, scaled 125%	Blend 80% Teachers/20% General Employees, no set back, scaled 120% General Employees, set back 1 year, scaled 120% Public Safety, no set back, scaled 120%
<ul style="list-style-type: none"> School district female Other female 	Teachers, no set back, not scaled General Employees, no set back, scaled 125% Public Safety, set back 1 year, not scaled	Teachers, no set back, scaled 120% General Employees, no set back, scaled 120% Public Safety, set back 1 year, scaled 120%

Retirement System Risks

- Oregon PERS, like all defined benefit plans, is subject to various risks that will affect future plan liabilities and contribution requirements, including:
 - **Investment risk:** the potential that investment returns will be different than expected
 - **Demographic risks:** the potential that mortality experience, retirement behavior, or other demographic experience for the plan population will be different than expected
 - **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 plan risks and historical information regarding plan 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.



OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

2024 Experience Study

Prepared by:

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July 22, 2025

Board of Trustees
Oregon Public Employees Retirement System

Re: 2024 Experience Study – Oregon Public Employees Retirement System

Dear Members of the Board:

The results of an actuarial valuation are based on the actuarial methods and assumptions used in the valuation. These methods and assumptions are used in developing employer contribution rates, disclosing employer liabilities pursuant to GASB requirements, and for analyzing the fiscal impact of proposed legislative amendments.

This experience study report has been prepared exclusively for the Oregon Public Employees Retirement System (PERS) and its governing PERS Board (Board). **The study recommends to the Board the actuarial methods and assumptions to be used in the December 31, 2024 and 2025 actuarial valuations of PERS. The latter actuarial valuation will be used to calculate actuarially determined employer contribution rates for the 2027-2029 biennium.**

Except where otherwise noted, the analysis in this study was based on data for the experience period from January 1, 2017 to December 31, 2024 as provided by PERS. PERS is solely responsible for the validity, accuracy, and comprehensiveness of this information; the results of our analysis can be expected to differ and may need to be revised if the underlying data supplied is incomplete or inaccurate.

This analysis also relied, without audit, on information (some oral and some in writing) supplied by PERS staff as well as a capital market outlook provided by Meketa, survey capital market outlook 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 outlook 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.

Milliman's work is prepared solely for the use and benefit of the Oregon Public Employees Retirement System.

Milliman does not intend to benefit or create a legal duty to any third-party recipient of this report. No third-party recipient of Milliman's work product should rely upon this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.



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The consultants who worked on this assignment are retirement actuaries and, for the analysis of the RHIPA program, healthcare actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. 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. Assumptions related to the healthcare trend rates for the RHIPA program discussed in this report were determined by Milliman actuaries qualified in such matters.

Sincerely,



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



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



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1. Executive Summary

This experience study report has been prepared exclusively for the Oregon Public Employees Retirement System (PERS) and the PERS Board (Board) in order to analyze the system's experience from January 1, 2017 through December 31, 2024 and to recommend actuarial methods and assumptions to be used in the December 31, 2024 and 2025 actuarial valuations of PERS.

A summary of the recommended method and assumption changes contained in this report as well as items reviewed at the May 2025 and/or July 2025 Board meetings follows:

Economic Assumptions

- The **current investment return assumption of 6.90%** per year is lower than the median expectation based on an analysis of PERS's current target asset allocation using several capital market outlook models. The median annualized geometric return for the 10-year outlook developed by the Oregon State Treasury staff in collaboration with Oregon Investment Council advisors Meketa and Aon was 7.3%, with an underlying inflation assumption of 2.3%. The median annualized geometric return for a 10-year time horizon based on Milliman's December 31, 2024 capital market outlook was 7.07% and for a 20-year time horizon was 7.39%. However, significant volatility and uncertainty remain. **The current assumption of 6.90% continues to be reasonable.**
- Maintain the **system payroll growth assumption of 3.40%**.
- Update the assumption for future administrative expenses.
- Update the RHIPA health cost trend (i.e., healthcare cost inflation) assumption.

Demographic Assumptions

- Adjust mortality assumptions to use the new "Pub-2016" base tables, matched to observed PERS-specific experience.
- Increase the individual member salary increase assumption's merit/longevity component for one member category based on observations of the last 12 years of experience. The individual member salary increase assumption consists of the sum of inflation, real wage growth, and merit/longevity components, with the latter varying by member. We also recommend maintaining an assumed additional 2% annual increase specifically for calendar year 2025 above the long-term assumptions, which was first adopted in the 2022 Experience Study to reflect significant bargained increases already known at that time.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience.
- Lower assumed rates of ordinary (non-duty) disability incidence to more closely match recent experience.
- Adjust the Tier One/Tier Two unused sick leave assumption for one member category to reflect recently observed experience.
- Decrease the likelihood of program participation for non-disabled and disabled retirees in the RHIA retiree healthcare program.
- Decrease the RHIPA likelihood of program participation assumption for most service bands.

Actuarial Methods and Allocation Procedures

- Determine effect of SB 849 on School District rate collar at the July 2025 PERS Board meeting.

2. Actuarial Methods and Allocation Procedures

Overview

Actuarial methods and allocation procedures are used as part of the valuation to determine actuarial accrued liabilities, to determine normal costs, to allocate costs to individual employers and to amortize unfunded liabilities. The following Board guiding objectives were considered in developing recommended actuarial methods and allocation procedures:

- Transparency of shortfall and funded status calculations
- Predictable and stable employer contribution rates
- Protection of the plan's funded status to enhance benefit security for members
- Equity across generations of taxpayers funding the program
- Actuarial soundness - crafting policy that will fully fund the system if assumptions are met
- Compliance with GASB (Governmental Accounting Standards Board) requirements

The actuarial methods used for the December 31, 2023 actuarial valuation and the changes recommended for the December 31, 2024 and 2025 actuarial valuations are shown in the table below.

Method	Used for December 31, 2023 Valuation	Recommended for December 31, 2024 and 2025 Valuations
Cost method	Entry Age Normal (EAN)	No change
UAL Amortization method	UAL amortized as a level percent of combined Tier One/Tier Two and OPSRP payroll	No change

Method	Used for December 31, 2023 Valuation	Recommended for December 31, 2024 and 2025 Valuations
UAL Amortization period	<ul style="list-style-type: none"> ▪ UAL bases – Closed amortization from the first rate-setting valuation in which experience is recognized <ul style="list-style-type: none"> – Tier One/Tier Two – UAL was re-amortized over 22 years effective December 31, 2019 as directed by Senate Bill 1049. Future Tier One/Tier Two UAL gains or losses will be amortized over 20 years. – OPSRP – 16 Years – RHIA/RHIPA charges – 10 years – RHIA/RHIPA credits – amortized over a rolling 20-year period when in actuarial surplus ▪ Newly established side accounts – Aligned with the new Tier One/Tier Two base from the most recent rate-setting valuation ▪ Newly established transition liabilities or surpluses – 19 ½ years from the date joining the SLGRP (State & Local Government Rate Pool) ▪ Side account amortization calculations and Pre-SLGRP liability and surplus calculations (including transition liabilities and surpluses) include a lag adjustment to reflect the delay between the rate-setting valuation date and when the new rate is effective 18 months later 	No change
Asset valuation method	Market value	No change
Exclusion of reserves from valuation assets	Contingency Reserve, Capital Preservation Reserve, and Tier One Rate Guarantee Reserve (RGR) excluded from valuation assets. RGR is not excluded from valuation assets when RGR is negative (i.e., when the RGR is a deficit reserve).	No change
Allocation of Benefits in Force (BIF) Reserve	The BIF is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.	No change

Method	Used for December 31, 2023 Valuation	Recommended for December 31, 2024 and 2025 Valuations
Rate collar	<p>Change in UAL Rate contribution rate component limited to:</p> <ul style="list-style-type: none"> 3% of payroll for Tier One/Tier Two SLGRP (State & Local Government Rate Pool) and Tier One/Tier Two School District Rate Pool 1% of payroll for OPSRP 4% of payroll for Tier One/Tier Two UAL Rate of independent employers, but not less than one-third of the difference between the uncollared and collared UAL Rate <p>Additionally, the UAL Rate is not allowed to decrease for a rate pool until the pool's funded percentage excluding side accounts is over 87% and would not reflect the full collar width until reaching 90% funded.</p>	No change, except for need to determine how to reflect SB 849 in School District 2027-2029 Tier One/Tier Two UAL Rate collar calculations. Determination will be made at the July 2025 PERS Board meeting, based on materials presented at that meeting.
Liability allocation for actives with multiple employers	<ul style="list-style-type: none"> Allocate Actuarial Accrued Liability 5% (0% for police & fire) based on account balance with each employer and 95% (100% for police & fire) based on service with each employer 	No change
	<ul style="list-style-type: none"> Allocate Normal Cost to current employer 	No change
System-average offset for member redirect contributions	<ul style="list-style-type: none"> 2.40% of Tier One/Tier Two payroll 0.65% of OPSRP payroll 	No change

The methods and procedures are described in greater detail on the following pages.

Actuarial Cost Method

The total contribution cost of the program, over time, will be equal to the benefits paid less actual investment earnings and is not affected directly by the actuarial cost method. The actuarial cost method is simply a tool to allocate projected costs to past, current, or future years and thus primarily affects the timing of cost recognition.

The December 31, 2023 valuation used the Entry Age Normal (EAN) actuarial cost method, which allocates costs as a level percentage of payroll across the full projected working career. EAN is the required method under governmental financial reporting standards, though the Board could choose to use a different method for employer contribution rate calculations. Oregon PERS adopted EAN for all purposes with the December 31, 2012 valuation. Employing a consistent cost allocation method for both financial reporting and contributions is more understandable to interested parties as only one set of liability and normal cost calculations will be made for each member, employer, and rate pool. The EAN approach is widely used in the actuarial and public plan sponsor community because it provides an actuarially sound estimate of the projected long-term contribution costs of a retirement program as a level percentage of payroll if all assumptions are met. The benefits of this method are unchanged from when the Board previously adopted it, and **we recommend continuing to use the EAN actuarial cost method.**

Amortization Method

Unfunded Actuarial Liability

The unfunded actuarial liability (UAL) is amortized as a level percentage of projected combined payroll (Tier One/Tier Two plus OPSRP) in order to better maintain level contribution rates as payroll for the closed group of Tier One/Tier Two members declines and payroll of OPSRP members increases. **We recommend this methodology continue.**

The Board-selected method in recent years has been to amortize UAL over the following closed periods as a level percent of projected payroll from the first rate-setting valuation in which the experience is recognized:

- Tier One/Tier Two – 20 years
- OPSRP – 16 years
- RHIA/RHIPA charges when funded status is below 100% – 10 years
- RHIA/RHIPA credits when funded status is over 100% – 20 year rolling period

Senate Bill 1049 was signed into law in June 2019 and required a one-time re-amortization of all existing Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation which set actuarially determined contribution rates for the 2021-2023 biennium. The remaining amortization period of this closed amortization base will continue to decrease. In the 2020 Experience Study, the Board adopted a 20-year closed amortization for the previously unanticipated Tier One/Tier Two UAL arising as of the December 31, 2021 rate-setting actuarial valuation date and continued that policy in the 2022 Experience Study. **We recommend the Board maintain the 20-year closed, layered amortization approach for previously unanticipated increases or decreases in Tier One/Tier Two UAL as of each future rate-setting actuarial valuation date.**

RHIA & RHIPA Amortization

Retiree Healthcare (RHIA and RHIPA) benefits are only available to closed groups, since only Tier One/Tier Two members are eligible for the programs (RHIPA is further restricted to state employees). Starting with the

2020 Experience Study, the Board has adopted an amortization period for these programs that differs depending on whether a program is less than 100% funded or over 100% funded.

When RHIA or RHIPA are less than 100% funded, previously unanticipated increases or decreases in UAL between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10-year period from the valuation in which they are first recognized.

If RHIA or RHIPA are in actuarial surplus (over 100% funded), the surplus is amortized over a rolling 20-year period over Tier One/Tier Two payroll. The resulting negative UAL rate can offset the normal cost rate of the program, but not below a net 0.00% contribution rate. If the program subsequently were to fall below 100% funded, the newly arising UAL would then be amortized over combined Tier One/Tier Two and OPSRP payroll following a 10-year closed, layered amortization policy.

We recommend no changes to this policy.

Contribution Time Lag Adjustment

The current funding policy does not apply any contribution time lag adjustment to regular UAL contribution rates for the 18-month delay between the rate-setting actuarial valuation date at which new contribution rates are calculated and the July 1st date on which rates first take effect. When contribution rates are increasing as an outcome of the actuarial valuation's calculations, such a time lag adjustment would add a small additional rate increase to account for the fact the new higher contribution rate did not take effect retroactively at the actuarial valuation date. When contribution rates decrease, a similar dynamic would lead to an additional rate decrease from the time lag adjustment. Any time lag adjustments would not be expected to have a material effect in total if System experience has gains and losses that approximately offset over time.

While the practice of adjusting for a time lag has intuitive appeal, previous experience for Oregon PERS led to the elimination of such an adjustment in the past. Given the complexities of a system with several hundred employers receiving individually determined contribution rates that reflect various combinations of pooled and unpooled individual employer experience, a time lag adjustment would not be one simple calculation for the system. The last time Oregon PERS did employ a time lag adjustment as part of the regular UAL contribution calculation methodology was in the early 2000s. Our understanding is the experience at that time led to persistent (but typically small) differences in contribution rate components paid by employers in the same experience-sharing pool, increased difficulty for stakeholders in reconciling rate changes from biennium to biennium, and increased difficulty for employers in understanding how their rates were calculated. This experience led to the decision to remove time lag adjustments from contribution rate calculations.

The current funding policy *does* apply contribution time lag adjustments to side account amortization calculations and pre-SLGRP liability and surplus calculations (including transition liabilities and surpluses) for the 18-month delay between the rate-setting actuarial valuation date at which new contribution rates are calculated and the July 1st date on which rates first take effect.

Unlike regular UAL, side accounts and Pre-SLGRP amounts are single balances that amortize to zero over time, without the addition of new amortization layers related to future experience. Side accounts are always a rate offset, while pre-SLGRP amounts can be a rate offset or a rate charge. A single balance amortization has a fixed end point, instead of cycling through new and offsetting gains and losses in future biennia as is the case for regular UAL. The management of expiring rate adjustments at the end of the amortization period is meaningfully improved by incorporating a time lag adjustment. Because the time lag adjustment builds in the actual rate offset or rate charge level in effect for the 18 months following the rate-setting actuarial valuation date, in the situations where recent experience has significantly changed the offset rate this will help mitigate

the possibility of the single balance drawing down to zero well before the intended expiration date of the rate offset or rate charge.

Side Accounts and Transition Liabilities/Surpluses

Prior to the 2010 Experience Study, side accounts and transition liabilities/surpluses were amortized over a fixed-date period ending on December 31, 2027. To better match the amortization periods for new side accounts and new transition liabilities with the amortization of the Tier One/Tier Two UAL and to avoid issues related to a shortening initial amortization period, the PERS Board adopted amortization procedures which are not tied to a fixed date as part of the 2010 Experience Study. Those procedures were further updated in the 2022 Experience Study. The current amortization procedures are:

- All transition liabilities/surpluses and other Pre-SLGRP amounts are amortized to the June 30th date 18 months after the nominal December 31 expiration date. For example, balances originally scheduled to expire on December 31, 2027 have been adjusted to amortize through June 30, 2029. This aligns with the usual biennial rate-setting cycle and allows PERS staff to handle the expiration of Pre-SLGRP amounts as part of the regular biennial rate-setting process, rather than requiring an off-cycle change in rates. Any new transition liabilities or surpluses in the future will follow similar timing, such that the amortization period will be 19½ years (18 years from when the employer joins the SLGRP, plus 1½ years to align with the rate-setting timing).
- Side accounts amortize to a fixed period projected to end on December 31. Unlike Pre-SLGRP amounts, side account balances are specifically identified employer assets which PERS can track and which fluctuate with actual investment experience. As a result, PERS has established a separate process to manage the side account expiration process separately from the usual biennial cycle.
- A contribution time lag adjustment is applied to both side accounts and transition liabilities/surpluses, as discussed above.

We recommend no changes to this policy.

Asset Valuation Method

Effective December 31, 2004, the Board adopted market value as the actuarial value of assets, replacing the four-year smoothing method previously used to determine the actuarial asset value, which is used for shortfall (UAL) calculations. Although asset smoothing is a common method for smoothing contribution rates in public sector plans, the smoothed asset value provides a less transparent measure of the plan's funded status and UAL. Market value provides more transparency to members and other interested parties regarding the funded status of the plan. Instead of smoothing the rate calculation's asset input, a rate collar method (described below) is used to smooth contribution rate output and systematically spread large rate increases across several biennia.

We recommend no change to the asset valuation method.

Excluded Reserves

Statute provides that the Board may establish Contingency and Capital Preservation reserve accounts to mitigate gains and losses of invested capital and other contingencies, including certain legal expenses or judgments. In addition, statute requires the establishment and maintenance of a Rate Guarantee or Deficit

reserve to fund earnings crediting to Tier One member regular accounts when actual earnings are below the investment return assumption selected by the Board.

The Contingency and Capital Preservation reserves are excluded from the valuation assets used for employer rate-setting calculations. **We recommend no change to the treatment of the Contingency and Capital Preservation reserves.**

The Rate Guarantee Reserve (RGR) was positive as of December 31, 2023 but can become negative (in deficit status) if, over time, the required crediting on Tier One member accounts exceeds the investment earnings actually achieved on those accounts. The RGR was negative from the December 31, 2008 valuation to the December 31, 2012 valuation. All else being equal, excluding a negative reserve increases the level of valuation assets used in employer rate-setting calculations. This occurs because subtracting a negative amount is mathematically equivalent to adding a positive amount of the same magnitude. If the negative reserve was larger in absolute value than the sum of the other reserves, this approach would lead to the actuarial value of assets used in shortfall (UAL) calculations being larger than the market value of assets.

As part of the 2010 Experience Study, the Board decided to only exclude the RGR from assets when it is in positive surplus position, and not to subtract a negative RGR (which would increase the actuarial value of assets) when it is in deficit status. **We recommend this treatment of the RGR continue.**

Rate Collar Method

Effective December 31, 2004, a rate collar method was adopted that limits biennium to biennium changes in contribution rates to be within a specified “collar” range. The PERS Board reviewed the components of the rate collar methodology over the course of several Board meetings in 2020 and 2021 to determine whether any changes to the parameters of the rate collar would be desirable, which culminated in changes that were adopted with the 2020 Experience Study. **With the current study, we recommend no changes to the rate collar method described below.**

Rate Collar Method: The Unfunded Actuarial Liability (UAL) Rate component for a rate pool (e.g., Tier One/Tier Two SLGRP, Tier One/Tier Two School Districts, OPSRP), is confined to a collared range based on the prior biennium’s collared UAL Rate component (prior to consideration of side account offsets, SLGRP transition liability or surplus rates, pre-SLGRP liability rate charges or offsets, or member redirect offsets). Other parameters of the rate collar are as follows:

- **Collar width:**
 - Tier One/Tier Two State & Local Government Rate Pool (SLGRP) and Tier One/Tier Two School District Rate Pool: 3% of payroll
 - OPSRP: 1% of payroll (experience for the OPSRP UAL Rate is pooled at a state-wide level)
 - Tier One/Tier Two UAL Rates for independent employers: greater of 4% of payroll or one-third of the difference between the employer’s collared and uncollared UAL Rate at the last rate-setting valuation. In addition, the UAL Rate will not be allowed to be less than 0.00% of payroll for any independent employer with a funded status (excluding side accounts) less than 100%.
- **UAL Decrease restrictions:** the UAL Rate component for any rate pool will not decrease from the prior biennium’s collared UAL Rate component if the pool’s funded status is 87% (excluding side accounts) or lower; the allowable decrease will phase into the full collar width from 87% funded to 90% funded.

The rate collar is applied for each rate pool (or independent employer) prior to any adjustments to the employer contribution rate for side accounts, transition liabilities, or pre-SLGRP pooled liabilities. The rate collar only applies to employer contribution rates for pension benefits. Rates attributable to RHIA and RHIP (retiree medical) programs are not subject to the collar.

As discussed at the May and July PERS Board meetings, Senate Bill 849 reduced the Tier One/Tier Two UAL Rate component paid by School Districts during the 2025-2027 biennium compared to the originally adopted rate, though the resulting direct 2025-2027 contribution from School Districts is still greater than the 2025-2027 uncollared rate calculated in the December 31, 2023 rate-setting actuarial valuation. The Board will make a policy decision regarding whether the originally scheduled 2025-2027 rate or the revised 2025-2027 rate after reflecting temporary funding provided by Senate Bill 849 will constitute the “prior biennium’s current collared UAL Rate” for purposes of applying the rate collar methodology to the 2027-2029 biennium. We anticipate a decision at the July 25, 2025 Board meeting, which we will reflect in the December 31, 2024 advisory actuarial valuation. The information to assist that decision is in the July 2025 Board materials.

Liability Allocation for Actives with Multiple Employers

Over the course of a member’s working career, a member may work for more than one employer covered under the Tier One/Tier Two program. Since employer Tier One/Tier Two contribution rates are developed on an individual employer basis, while also considering any rate pooling structures, the member’s liability should be allocated between the member’s various Tier One/Tier Two employers. If all of the member’s employers participate in the same rate pool, the allocation has no effect on rates. However, if the employers in question are in different rate pools, or some are independent, the method to allocate liability among employers can have an impact on the employers’ calculated contribution rates.

When a member retires, PERS allocates the cost of the retirement benefit between the employers the member worked for based on the calculation approach that produces the member’s retirement benefit. If the member’s benefit is calculated under the Money Match approach, the cost is allocated in proportion to the member’s account balance attributable to each employer. If the member’s benefit is calculated under the percent of final average pay Full Formula approach, the cost is allocated in proportion to the service attributable to each employer.

In the period prior to the 2003 system reforms and shortly thereafter, the vast majority of retirement benefits were calculated under the Money Match approach, so the member liability in valuations prior to December 31, 2006 had been allocated in proportion to the member’s account balance attributable to each employer. With no new member contributions to Tier One/Tier Two, however, this procedure meant no liability was allocated to employers for service after December 31, 2003 in the valuation. As Money Match approach calculations became less predominant and retirements under the Full Formula approach become more prevalent, a change in the procedure to allocate liability among employers was warranted.

Effective with the December 31, 2006 valuation, a change was made to allocate a member’s actuarial accrued liability among employers based on a weighted average of the Money Match methodology, which utilizes member account balance, and the Full Formula methodology, which utilizes service. The methodologies were weighted according to the percentage of the system-wide actuarial accrued liability for new retirements projected to be attributable to the Money Match and Full Formula approaches, respectively, as of the next rate-setting valuation. For the December 31, 2022 and December 31, 2023 valuations, the Money Match method was weighted 5% for general service members and 0% for police & fire members.

The total actuarial liability for Tier One/Tier Two active members estimated to be attributable to the Money Match approach as of December 31, 2024 is 3% for general service members and less than 1% for police & fire members. This continues the decreasing trend of Money Match benefits seen in prior Experience Studies.

We recommend the Money Match approach continue to be weighted 5% for general service members. This weighting will continue to be reviewed with each experience study and updated, as necessary. For police & fire members, we recommend the allocation continue to be based entirely on the Full Formula approach.

As in prior valuations, the member's normal cost will continue to be assigned fully to their current employer.

Offset for Member Redirect Contributions

Senate Bill 1049 from the 2019 legislative session provided that a portion of the 6% of pay member contribution would be redirected from the Individual Account Program (IAP) to the Employee Pension Stability Account (EPSA) beginning July 1, 2020. The EPSA amounts will be used to help fund Tier One/Tier Two and OPSRP defined benefits. Absent modification to governing law, the redirect to EPSA will remain in effect until the system-wide funded status including side accounts in a rate-setting actuarial valuation is 90% or greater.

The member redirect only applies to members whose pay exceeds a specified monthly salary threshold. This threshold was originally set at \$2,500 per month (\$30,000 per year for a 12-month employee) for 2020, with increases indexed to inflation in subsequent years. House Bill 2906 from the 2021 legislative session subsequently increased this threshold to \$3,333 per month (\$40,000 per year for a 12-month employee) effective in 2022. As of 2025, the monthly threshold has increased to \$3,777 per month (\$45,324 per year for a 12-month employee).

For members with pay above the monthly threshold, the amount redirected from the IAP to the EPSA is as follows:

- Tier One/Tier Two: 2.50% of pay
- OPSRP: 0.75% of pay

Beginning with the 2021-2023 biennium rates which were set in 2020, the PERS Board has adopted employer contribution rates that are based on a total gross actuarially calculated contribution rate along with an assumed offset for the average level of member redirect contribution for each tier. For the 2021-2023 biennium, the projected system-average member redirect offset was 2.45% of pay for Tier One/Tier Two and 0.70% of pay for OPSRP. Those projected offsets were based on the \$2,500 per month threshold in the 2019 legislation. The 0.05% of pay difference between the redirect amount for affected individual members and the assumed system-average offset was due to the proportion of pay expected to fall below the statutory redirect monthly threshold. For the 2023-2025 and 2025-2027 biennium's contribution rate calculations, the projected system-average member redirect offset is 2.40% of pay for Tier One/Tier Two and 0.65% of pay for OPSRP. The increase from 0.05% to 0.10% in the pay difference between the redirect amount for an individual and the assumed offset was due to the revised pay threshold from House Bill 2906.

Based on our updated analysis reflecting individual member pay from the December 31, 2023 actuarial valuation reflecting the current inflation-adjusted pay threshold, we recommend the following assumed member redirect offset amounts for the 2027-2029 biennium:

- Tier One/Tier Two: 2.40% of pay
- OPSRP: 0.65% of pay

These amounts are unchanged from the current assumption.

3. Economic Assumptions

Overview

Actuarial Standard of Practice (ASOP) No. 27, *Selection of Assumptions for Measuring Pension Obligations*, provides guidance on selecting assumptions used in measuring obligations under defined benefit pension plans. ASOP No. 27 suggests that assumptions be developed using the actuary's professional judgment, taking into consideration past experience and the actuary's expectations regarding the future. The process for selecting assumptions involves:

- Identifying the types of assumptions used in the measurement and evaluating relevant data
- Considering factors specific to the measurement along with other general factors
- Selecting a reasonable assumption

Under ASOP No. 27, an actuary should use professional judgment to select reasonable assumptions. An assumption is considered reasonable if:

- It is appropriate for the purpose of the measurement,
- It reflects relevant historical and current data,
- It reflects the actuary's estimate of future experience, the actuary's observation of estimates inherent in market data, or a combination thereof, and
- It is expected to have no significant bias, except when provisions for adverse deviation are included and disclosed.

A summary of the economic assumptions used for the December 31, 2023 actuarial valuation and those recommended for the December 31, 2024 and 2025 actuarial valuations is shown below:

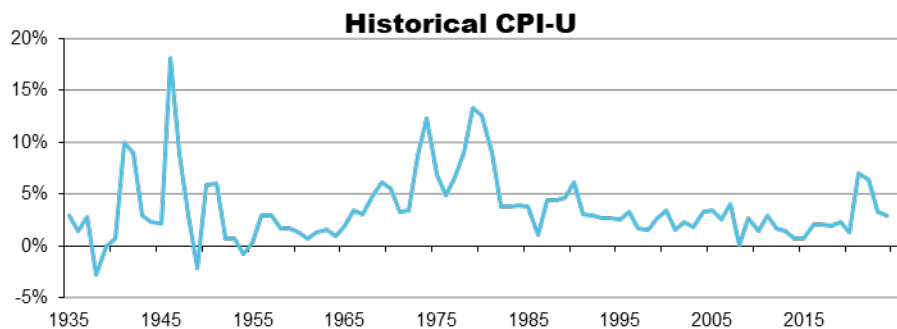
Assumption	Used for December 31, 2023 Valuation	Recommended for December 31, 2024 and 2025 Valuations
Inflation (other than healthcare)	2.40%	2.40%
Real wage growth	1.00%	1.00%
System payroll growth	3.40%	3.40%
Regular investment return	6.90%	While current capital market outlooks are higher than the current assumption, the current 6.90% assumption is reasonable. The Board will select the assumption at its July 25, 2025 meeting
Variable account investment return	Same as regular investment return	Same as regular investment return
Combined Tier One/Tier Two & OPSRP administrative expenses	\$64 million/year	\$72 million/year

Assumption	Used for December 31, 2023 Valuation	Recommended for December 31, 2024 and 2025 Valuations
RHIPA health cost trend rates		
▪ 2025 cost trend rate	6.60%	6.20%
▪ Ultimate cost trend rate	3.80%	3.80%
▪ Year reaching ultimate rate	2074	2073

The recommended assumptions shown above, in our opinion, were selected in a manner consistent with the guidance of ASOP No. 27. Each of the above assumptions is described in detail below and on the following pages.

Inflation

The assumed inflation rate is a building block for all other economic assumptions. It affects assumptions including investment return, system payroll growth, and the RHIPA health cost trend rate.



In selecting an appropriate inflation assumption, we consider both historical data and the breakeven inflation rates implied by recent yields of long-term Treasury Inflation Protection Securities (TIPS) and Treasury bonds. The chart above shows the historical annual inflation rate for the years ending December 31 from 1935 through 2024 as reported by the Bureau of Labor Statistics. The mean and median annual rates over this period are **3.62%** and **2.90%** respectively.

Historical inflation rates vary significantly from period to period and may not be an indication of future inflation rates. Given the presence of a TIPS market, we can calculate an estimated breakeven inflation rate by comparing yields on regular Treasury securities to the yields on TIPS. The table below shows yields as of December 31, 2024, for 10-year and 30-year Treasury bonds and TIPS.

	As of 12/31/2024	
	10-Year	30-Year
Treasury Yield	4.58%	4.78%
TIPS Yield	2.24%	2.48%
Breakeven Inflation	2.34%	2.30%

We also considered forward-looking estimates of inflation measures prepared by prominent organizations with the need and expertise to forecast long-term inflation: Social Security's intermediate inflation projection average of 2.42% over the period 2025-2034 (with an ultimate rate of **2.40%**), the Cleveland Fed's inflation expectation model projection 2.44% inflation over 10 years and **2.52%** over 30 years, the Medicare Trustees'

intermediate assumption of 3.20% inflation for ten years and **2.40%** thereafter, and the Congressional Budget Office's projection of CPI of an average of 2.28% inflation over the period 2024-2035 (with an ultimate rate of **2.20%**). These measures were taken from, respectively, the 2025 OASDI Trustees Report, data published on the website of the Federal Reserve Bank of Cleveland, the 2025 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, and *The Budget and Economic Outlook: 2025 to 2035* published by the CBO in January 2025.

Based on the information shown above, **we believe the current assumption of 2.40% is reasonable and recommend no change.**

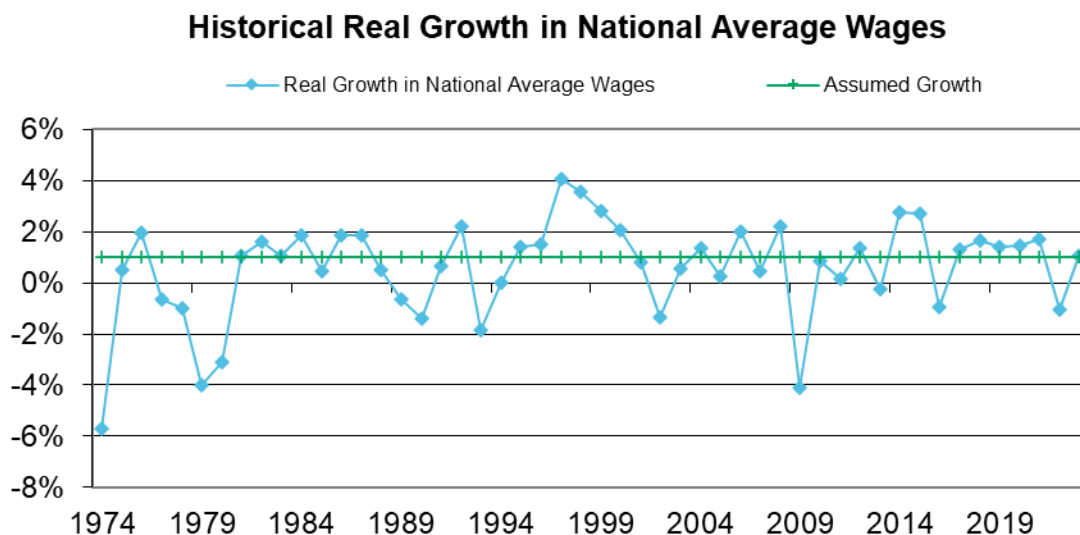
Real Wage Growth

The assumed individual salary increase assumption for each member is the sum of three components:

- Inflation,
- Real wage growth, and
- Merit and longevity wage growth.

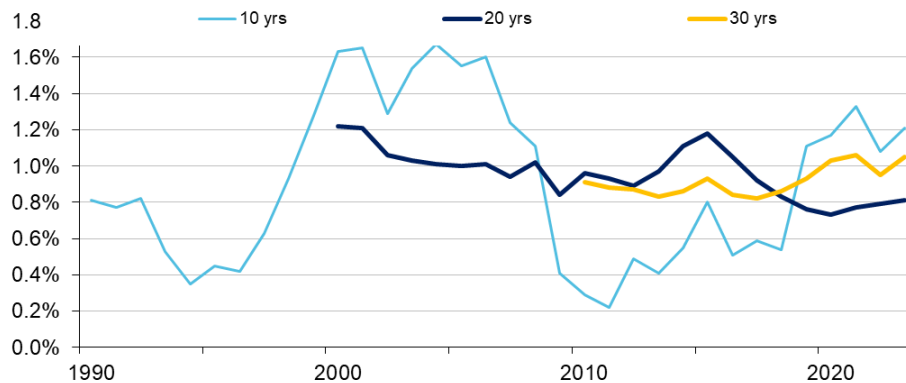
Real wage growth represents the increase in wages above inflation for an entire population due to improvements in productivity and competitive pressures. Merit and longevity wage growth, in contrast, represent the increases in wages for an individual due to factors such as performance, promotion, or seniority.

The chart below shows the real growth in national average wages over the past fifty years based on data compiled by the Social Security Administration.



While the change in any one year has been volatile, the change over longer periods of time is more stable as shown in the chart below, which depicts the 10, 20, and 30 year trailing average reflecting data since 1981. (For example, the 10-year trailing average shown for 1990 in the chart reflects data from 1981 through 1990.)

**Historical Real Growth in National Average Wages
(Trailing Average)**



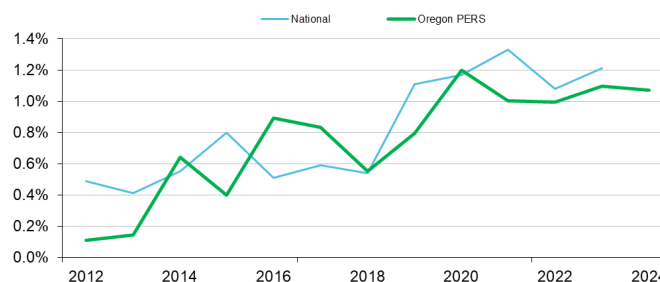
While the 10-year trailing average is still somewhat volatile, the 20- and 30-year averages have generally remained between 0.80% and 1.20% during the period shown. The table below shows the trailing average over various periods as of December 31, 2023, which was the most recently available data at the time of this report's development.

Length of Period Ending December 31, 2023	Average Real Growth in National Average Wages
10 years	1.21%
20 years	0.81%
30 years	1.05%
40 years	0.92%
50 years	0.56%

We also considered the Social Security Administration's current long-term intermediate wage growth assumption of 1.13% in our analysis.

Finally, we compared how the recent 10-year trailing average of changes in national average wages compared to the average change in Oregon PERS salary, as shown in the graph below:

**Historical Real Growth in Average Wages
(Trailing 10-Year Average)**



In general, the direction and trend for recent System experience has been consistent with the patterns of changes in national average wages. The Oregon PERS experience for the most recent comparable 10-year

period has lagged the trailing average for national data, but this relationship can vary greatly over a one- or two-year period, as shown in the comparison of the 2020 and 2021 data points above.

Based on the combination of historical data and Social Security's outlook for future experience, **we consider the current assumption of 1.00% to continue to be reasonable and appropriate.**

System Payroll Growth

Real wage growth combined with inflation represents the expected growth in total system payroll for a stable active employee population. Changes in payroll due to an increase or decline in the headcount of the active employee population are customarily not captured by this assumption unless there is a reason to build in a known expectation of significant long-term changes in the active working population. For Oregon PERS, we do not have any reason to assume such changes and so assume a stable population for purposes of the system payroll growth assumption.

The system payroll growth assumption is used to develop the annual amount necessary to amortize the unfunded actuarial liability (UAL) as a level percentage of projected future system payroll. For any given amount of UAL, a lower system payroll growth assumption will produce a higher near-term contribution rate to amortize the UAL over a given time period, while a higher assumption will produce a lower near-term contribution rate. For this reason, a lower system payroll growth assumption is considered more conservative in terms of the contribution rate development, as it is less likely to result in actual payroll growth (and contribution dollars) falling below the assumption.

The table below compares actual trailing experience for Oregon PERS in terms of growth in overall valuation payroll (the middle column) and the average per-member payroll (the right column). The increase in overall valuation payroll has exceeded the per-member average due to modest increases in System active member headcount during these time periods.

Length of Period Ending December 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%

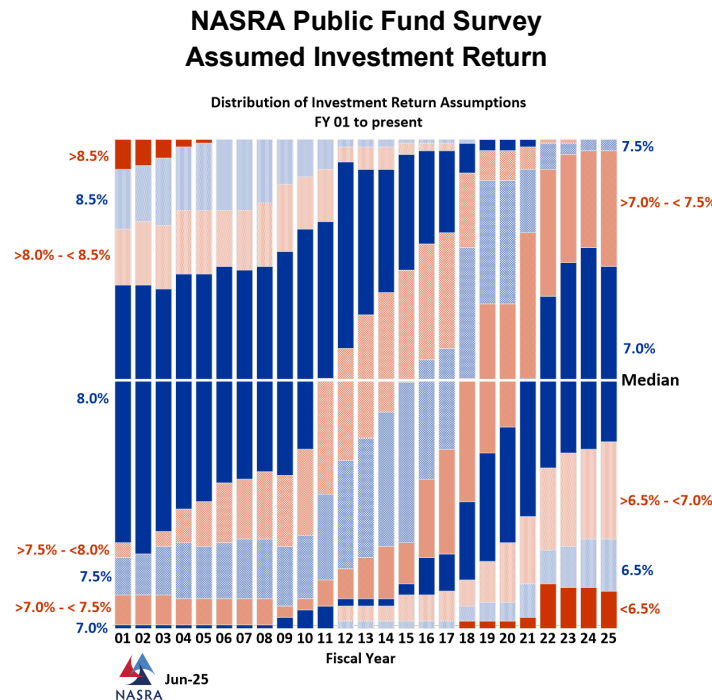
Since we are recommending the inflation assumption remain at 2.40% and the real wage growth assumption remain at 1.00%, **we recommend that the payroll growth assumption continue to be 3.40% which is equal to the sum of these two assumptions.**

Investment Return

The assumed rate of investment return is used to calculate the present value as of the actuarial valuation date of future projected system benefit payments, to project interest credits applied to member accounts until retirement, to convert member account balances to monthly retirement allowances under the Money Match formula, and to convert the retirement allowance to actuarially equivalent optional joint & survivor forms of benefit. As such, it is the most important assumption used in valuing the plan's liabilities and developing

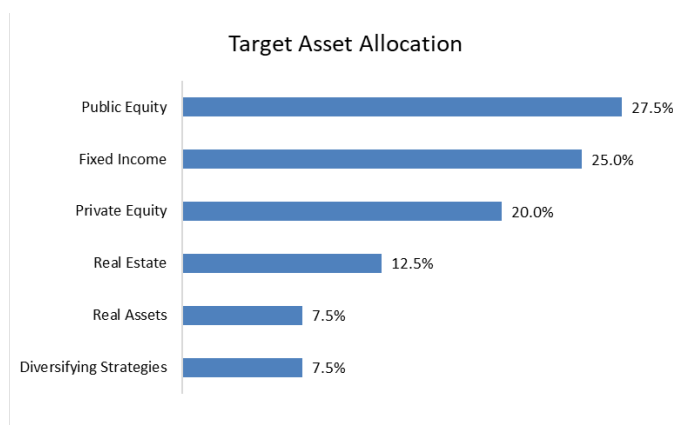
contribution rates. The assumption is intended to reflect the long-term expected average future return on the portfolio of assets that fund the benefits.

To provide some perspective on this assumption, the chart below shows the assumptions used by the 131 largest US public sector systems in a regularly updated survey published by the National Association of State Retirement Administrators (NASRA). As can be seen from the chart (updated by NASRA in March 2024), the Oregon PERS assumption of 6.90% used in the prior valuation is currently below the median assumption for large US public sector systems, which is 7.00%. The arithmetic average (mean) of the return assumptions in the chart is 6.91%. Over most of the period covered by the chart, the consensus view among investment professionals regarding future expected returns decreased, largely driven by lower interest rates (which are associated with lower long-term expected future returns for fixed income investments) and higher price-to-earnings ratios for equities (associated with lower expected future returns for equity investments). After the significant rises in interest rates and equity market losses experienced in 2022, this pattern has begun to reverse as discussed further below. However, in general large pension systems have not made significant changes to their long-term forward-looking outlook based on these developments.



Regular Accounts

Based on the Oregon Investment Council's (OIC) Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023, we understand the current target asset allocation is as follows:



To develop an analytical basis for the Board's selection of the investment return assumption, we use long-term real return outlooks developed by Milliman's capital market outlook team for each of the asset classes in which the plan is invested based on the OIC's long-term target asset allocation to develop nominal expected returns. Since the OIC uses broader asset classes than those for which Milliman's investment professionals develop long-term return assumptions, we received assistance from Meketa, OIC's primary investment consultant, to map each OIC asset class to the classes in Milliman's model shown below. Each asset class assumption is based on a consistent set of underlying assumptions, including the inflation assumption. These assumptions are not based on average historical returns but instead are based on a forward-looking capital market outlook economic model. Based on the target allocation and investment return assumptions for each of the asset classes, our model's 50th percentile output is developed as follows:

Asset Class	Target Allocation	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.500%	8.18%	6.63%	18.30%
Private Equity	25.500%	12.46%	8.38%	30.00%
Core Fixed Income	25.000%	4.70%	4.61%	4.44%
Real Estate	12.250%	8.00%	6.69%	16.79%
Master Limited Partnerships	0.750%	8.89%	5.62%	26.46%
Infrastructure	1.500%	8.13%	6.75%	17.18%
Hedge Fund of Funds – Multi-strategy	1.250%	6.36%	5.90%	8.74%
Hedge Fund Equity-Hedge	0.625%	6.87%	6.01%	11.81%
Hedge Fund – Macro	5.625%	5.78%	5.52%	6.11%
Portfolio – Net of Investment Expenses	100.000%	8.22%	7.43%*	13.48%

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

Based on capital market outlook for real returns developed by credentialed investment professionals at Milliman, including assumed inflation of 2.32%.

We compared the expected return to the range of returns developed using a mean-variance model and the capital market assumptions developed by Milliman to a similar analysis presented at the May OIC meeting that we understood was developed collaboratively by Oregon State Treasury staff and their two investment

consultants, Meketa and Aon. These capital market outlooks were developed based on year-end 2024 market conditions. In addition, we modeled the returns projected for the OIC's asset allocation using the 10-year capital market outlook from the 2024 Survey of Capital Market Assumptions published by Horizon Actuarial Services in August 2024. We understand the Horizon survey reflects inputs from 41 different firms who participated in the survey and reflects their capital market outlook models from the first half of 2024. Returns shown below are net of passive investment expenses. In our modeling, we assumed that expenses incurred for active management are offset by additional returns gained from active management.

The table below compares the median of expected annualized returns calculated on a geometric basis for regular accounts based on Milliman's analysis detailed above, the OIC capital market outlook, and the consensus outlook from the Horizon survey. Note that the combination of significant recent changes in financial market and the time lag since the Horizon survey information was collected, as discussed below, helps explain why the Horizon survey results are lower than the other data points shown in the following table.

	OIC	Horizon	Milliman 10-year	Milliman 20-year
Median annualized geometric return	7.3%	7.43%	7.07%	7.39%
Assumed inflation	2.3%	2.42%	2.37%	2.32%
Timeframe modeled	10 years	10 years	10 years	20 years

It is common practice among public pension systems for the investment return assumption to be a multiple of either a tenth- or quarter-point (i.e., 0.10% or 0.25%). The lack of additional precision in selected assumptions is justified and reasonable due to the inability to have precise knowledge in advance regarding future investment returns. The median annualized return for the 10-year outlook from the OIC (reflecting input from their advisors Meketa and Aon) was 7.3%. The median annualized return based on Milliman's real return capital market outlook was 7.07% over 10 years and 7.39% over 20 years. Those model outputs are based on the forward-looking return expectations of the investment professionals from those firms and before any potential active management adjustments. When the last experience study was conducted as of December 31, 2022, similar forward-looking 20-year outlooks from the OIC and Milliman were 7.6% and 7.46%, respectively.

Both the OIC and Milliman models use capital market assumptions developed at the beginning of 2025. Note that the Horizon survey results were based on expectations in the first half of 2024.

Actual future investment returns are not determined by the assumed rate of return. Selecting an assumed return materially above the 50th percentile implies a materially greater than 50% chance of actual long-term future experience falling short of the selected assumption. Conversely, selecting an assumed return below the 50th percentile implies a greater likelihood that actual long-term experience will exceed the long-term assumption.

While this update of capital market outlooks produced median expectations greater than the current investment return assumption, it would also be reasonable for the PERS Board to maintain the investment return assumption at the current level of 6.90%. Prior to the 2022 Experience Study, there had been a consistent pattern of lower forward-looking return expectations that evolved over the prior decade. While outlooks have risen recently, significant volatility and uncertainty remain. Given the current environment, maintaining an assumption below the 50th percentile of forward-looking capital market outlooks would be reasonable and prudent.

Variable Account

The variable account is invested entirely in global equity. As a result, the annual expected arithmetic (single-year) return is higher than for the regular account, but so is the standard deviation. The result is a long-term compounded geometric average annual return similar to the regular account, based on Milliman's capital market outlook. Prior to the December 31, 2012 valuation, the compound geometric variable account return was assumed to be higher than the regular account return. Beginning with that valuation, the variable account return assumption was set equal to the regular account return assumption, as the relationship between the various asset classes no longer warranted such a distinction in our opinion. **We recommend continuing to set the variable account return assumption equal to the regular account return assumption.**

Administrative Expenses

In accordance with GASB Statements No. 67 and No. 68, the long-term investment return assumption is gross of administrative expenses. To account for expected administrative expenses, we develop an assumed dollar amount, based on recent and expected future experience, to add to the normal cost in the calculation of contribution rates with the goal of funding administrative expenses via the normal cost rate each year as they occur. Continuing with the practice introduced in the prior experience study, we recommend developing a total system-wide dollar amount (Tier One/Tier Two and OPSRP) and then allocating the assumed administrative expense to normal cost for each tier in proportion to payroll.

The total assumed administrative expenses in the December 31, 2023 valuation was \$64 million per year. A summary of recent actual administrative expenses for the system is shown below.

System-Wide (Tier One/Tier Two + OPSRP) Pension Administrative Expense			
Year	Dollar Amount (\$ millions)	Percentage of Beginning of Year Assets	Percentage 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%

Based on discussion with PERS staff, we understand the increase recent was driven largely by work required for the implementation of Senate Bill 1049, but that this higher level of expenses is expected to persist in the near future as the cost of modernization efforts replace some of the Senate Bill 1049 implementation costs that will wind down. As a result, **we recommend setting the assumed system-wide administrative expenses for the December 31, 2024 and December 31, 2025 actuarial valuations at \$72 million.** This amount reflects recent historical experience with an expectation of inflation-related growth for the next two years.

RHIPA Subsidy Cost Trend Rates

Trend rates are used to estimate increases in the employer cost of the RHIPa subsidy. Based on analysis performed by Milliman's healthcare actuaries, we recommend updates detailed below to the healthcare cost trend assumption. The healthcare cost trends are based on the Society of Actuaries (SOA) published report on long-term medical trend. That report includes detailed research performed by a committee of economists and actuaries including a representative for Milliman. Milliman uses this model as the foundation for the trend

that it recommends to our clients for OPEB valuations. The model produces long-range trend assumptions built on long-term relationships between certain key economic factors.

Note that the following chart shows sample rates of the assumptions developed for RHIPA subsidy cost trends. A full chart can be found in the appendices.

Year	Used for December 31, 2022 and 2023 Valuations	Recommended for December 31, 2024 and 2025 Valuations
2023	6.6%	N/A
2024	7.0%	N/A
2025	6.4%	6.2%
2026	5.7%	5.7%
2027	5.1%	5.2%
2028	4.9%	5.1%
2029	4.8%	4.9%
2030	4.6%	4.8%
2035	4.2%	4.2%
2040	4.2%	4.2%
2045	4.2%	4.2%
2050	4.2%	4.2%
2060	4.3%	4.3%
2070	4.0%	4.0%
2073+	3.8%	3.8%

4. Demographic Assumptions

Overview

Actuarial Standard of Practice (ASOP) No. 27, *Selection of Assumptions for Measuring Pension Obligations*, provides guidance on selecting assumptions used in measuring obligations under defined benefit pension plans. The general process for recommending assumptions as defined in ASOP No. 27 is as follows:

- Identifying the types of assumptions used in the measurement and evaluating relevant data
- Considering factors specific to the measurement along with other general factors
- Selecting a reasonable assumption

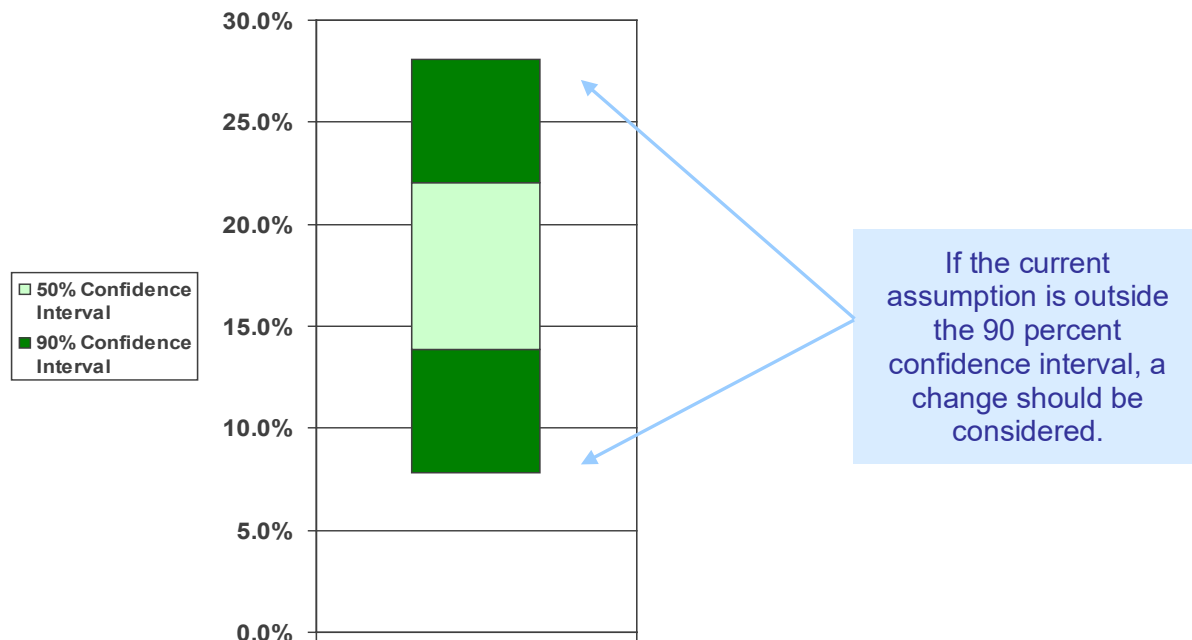
Under ASOP No. 27, an actuary should use professional judgment to select reasonable assumptions. An assumption is considered reasonable if:

- It is appropriate for the purpose of the measurement,
- It reflects relevant historical and current data,
- It reflects the actuary's estimate of future experience, the actuary's observation of estimates inherent in market data, or a combination thereof, and
- It is expected to have no significant bias, except when provisions for adverse deviation are included and disclosed.

The purpose of the demographic experience study is to compare actual experience against expected experience based on the assumptions used in the most recent actuarial valuation. The observation period for most assumptions analyzed in this study is January 1, 2017 through December 31, 2024, and the current assumptions are those adopted by the Board for the December 31, 2023 actuarial valuation. If the actual experience differs significantly from the overall expected experience, or if the pattern of actual experience by age, sex, or duration does not follow the expected pattern, new assumptions are considered.

For several assumptions shown below, confidence intervals have been used to measure observed experience against current assumptions to determine the reasonableness of the assumption. The floating bars represent the 50 percent and 90 percent confidence intervals around the observed experience. The 90 percent confidence interval represents the range around the observed rate that could be expected to contain the true rate during the period of study with 90 percent probability. The size of the confidence interval depends on the number of observations and the likelihood of occurrence. If an assumption is outside the 90 percent confidence interval and there is no other information to explain the observed experience, a change in assumption should be considered. A change may also be considered when the observed experience is within the 90 percent confidence interval, depending on the specific situation. A sample graph with confidence intervals is shown below:

Overview (continued)



The demographic assumptions used for the December 31, 2023 actuarial valuation and the recommended assumptions for the December 31, 2024 and December 31, 2025 actuarial valuations are shown in detail in the following sections.

A summary of the changes recommended to the Board are as follows:

- Adjust mortality assumptions to use the new “Pub-2016” base tables, matched to PERS-specific mortality experience.
- Increase the individual member salary increase assumption’s merit/longevity component for one member category based on observations of the last 12 years of experience. The individual member salary increase assumption consists of the sum of inflation, real wage growth, and merit/longevity components, with the latter varying by member. We also recommend maintaining the additional 2% annual increase for 2025 above the long-term assumptions, which was first adopted in the 2022 Experience Study to reflect significant bargained increases already known at that time.
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience.
- Lower assumed rates of ordinary (non-duty) disability incidence to more closely match recent experience.
- Adjust the Tier One/Tier Two unused sick leave assumption for one of the nine member categories to reflect recently observed experience.
- Decrease the likelihood of program participation for non-disabled and disabled retirees in the RHIA retiree healthcare program.
- Decrease the RHIPA likelihood of program participation assumption for most service bands.

The recommended assumptions, in our opinion, were selected in a manner consistent with the requirements of ASOP No. 27.

Mortality

Mortality rates are used to project the length of time benefits will be paid to current and future retirees and beneficiaries. The selection of a mortality assumption affects plan liabilities because the estimated present value of retiree benefits depends on how long the benefit payments are expected to continue. There are statistically credible differences in the mortality rates among non-disabled retired members, disabled retired members, and non-retired members. As a result, experience for each of these groups is reviewed independently and each group receives its own mortality assumptions.

A summary of the current assumed mortality rates and recommended changes is shown below:

Assumption	Used for December 31, 2022 and 2023 Valuations	Recommended for December 31, 2024 and 2025 Valuations
Non-Disabled Annuitant Mortality	Pub-2010 Benefits-Weighted Non-Disabled <u>Retiree</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Benefits-Weighted Non-Disabled <u>Retiree</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
▪ School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
▪ Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
▪ Police & Fire male	Public Safety, no set back	No change
▪ School District female	Teachers, no set back	No change
▪ Other General Service female (and female beneficiary)	General Employees, no set back	No change
▪ Police & Fire female	Public Safety, set back 12 months	No change
Disabled Retiree Mortality	Pub-2010 <u>Disabled Retiree</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 <u>Disabled Retiree</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
▪ Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
▪ Other General Service male	Non-Safety, set forward 24 months	120% of Non-Safety, no set back
▪ Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
▪ Other General Service female	Non-Safety, set forward 12 months	120% of Non-Safety, no set back
Non-Annuitant Mortality	Pub-2010 <u>Employee</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 <u>Employee</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
▪ School District male	125% of same table and set back as Non-Disabled Annuitant assumption	120% of same table and set back as Non-Disabled Annuitant assumption
▪ Other General Service male	115% of same table and set back as Non-Disabled Annuitant assumption	120% of same table and set back as Non-Disabled Annuitant assumption

Mortality (*continued*)

Assumption	Used for December 31, 2022 and 2023 Valuations	Recommended for December 31, 2024 and 2025 Valuations
▪ Police & Fire male	125% of same table and set back as Non-Disabled Annuitant assumption	120% of same table and set back as Non-Disabled Annuitant assumption
▪ School District female	100% of same table and set back as Non-Disabled Annuitant assumption	120% of same table and set back as Non-Disabled Annuitant assumption
▪ Other General Service female	125% of same table and set back as Non-Disabled Annuitant assumption	120% of same table and set back as Non-Disabled Annuitant assumption
▪ Police & Fire female	100% of same table and set back as Non-Disabled Annuitant assumption	120% of same table and set back as Non-Disabled Annuitant assumption

Mortality Improvement Scale

Mortality rates are expected to continue to decrease in the future, and the resulting increased longevity should be anticipated in the actuarial valuation. For Oregon PERS, this is done through the use of a generational mortality assumption, which combines a base mortality table and a separate mortality improvement scale to project the pace of future life expectancy increases. The base mortality table defines the mortality rates assumed at each age in a single specific calendar year, while the mortality improvement scale projects how quickly the mortality rates at each individual age are assumed to improve in future calendar years.

The current mortality improvement scale is based on 60-year unisex average mortality improvement rates by age, calculated using Social Security data through 2019, which was the most recent publicly available data at the time of the prior experience study. **We do not recommend updating the mortality improvement scale.**

Note that Social Security data has been published through 2022, but we chose not to reflect the most recent three years in setting our forward-looking assumption as the effect of the COVID-19 pandemic is significant in the 2020-2022 data and would skew the analysis to an extent not expected to be predictive of future mortality. The effect of the pandemic on long-term mortality rates is unknown and is a subject of significant uncertainty among experts who attempt to model such experience. The Retirement Plan Experience Committee (RPEC) of the Society of Actuaries has continued to suspend its usual practice of providing an annual update to their “MP” mortality improvement scale once the update would have been due to reflect 2020-2021 experience. As noted in their report published in October 2023, RPEC *“does not believe it would be appropriate to incorporate, without adjustment, the substantially higher rates of mortality experience from 2020-2021 ...to forecast future mortality.”* In their October 2024 report they stated, *“there is not yet sufficient post-pandemic data upon which to develop an updated MP scale.”* Similarly, for this study we believe it is best to continue to reflect Social Security experience only through 2019 when determining an assumption for future mortality improvement.

In our professional opinion, the current mortality improvement scale meets the *“best actuarial information on mortality at the time”* standard mandated by ORS 238.607. A full listing of the current mortality improvement scale rates is included in the appendix.

Non-Disabled Annuitant Mortality

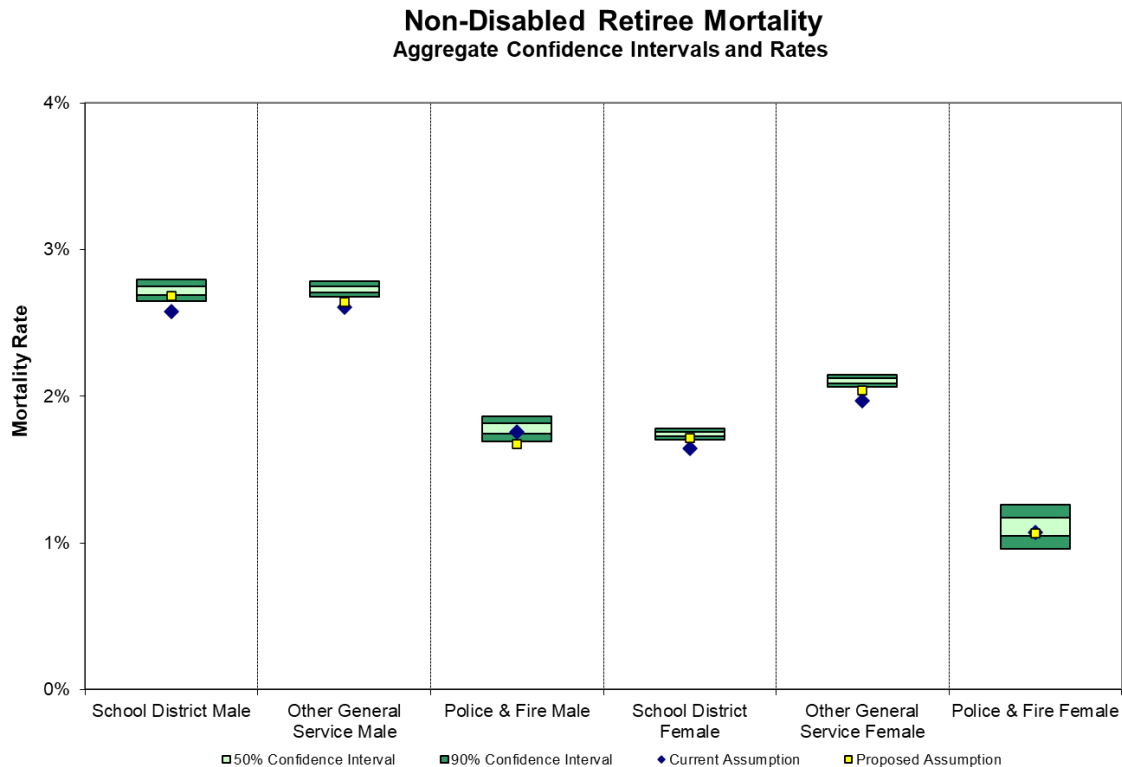
Mortality assumptions for non-disabled retired members are separated into six groups based on employment category and gender (school district males, school district females, police & fire males, police & fire females, other general service males, other general service females). Beneficiaries were combined with non-school district general service members of the same gender.

To assist in review of the current mortality assumptions' reasonability, we calculated the ratio of actual deaths to expected deaths (A/E ratio) during the experience study's data observation period for each of the six groups described above. In the prior study, mortality assumptions were targeted to achieve an A/E ratio of approximately 100 percent on a benefits-weighted basis. In the current study, A/E ratios for all groups were greater than 100 percent, and the aggregate mortality rate experience for several groups are outside the 90% confidence interval. However, review of year-by-year experience during the study period—as shown in the “Aggregate Actual to Expected by Year” graph below—shows that A/E ratios were highest in 2021 and 2022 and were likely pandemic-related. Actual mortality experience showed A/E ratios have drawn closer to 100% since 2022.

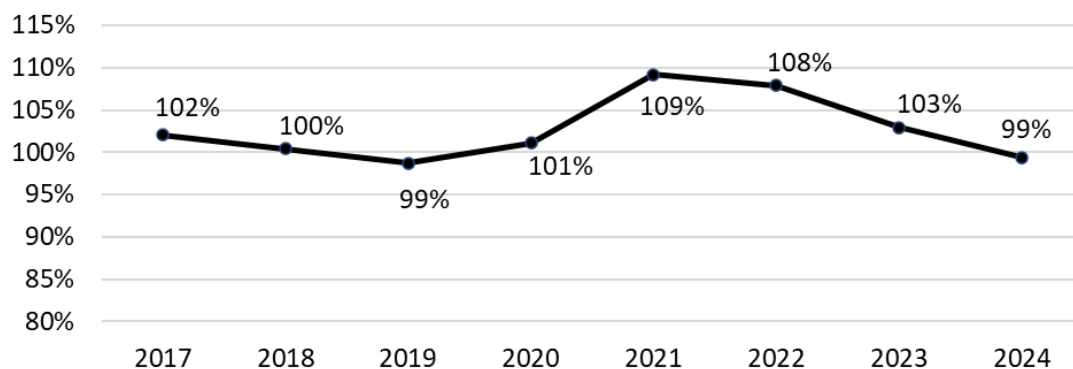
We recommend updating the assumption to use the recently-published Pub-2016 mortality tables, as discussed below. In calibrating the recommended assumptions, we targeted aggregate A/E ratios modestly greater than 100% when all experience data is considered, as shown in the table below. We also confirmed that the recommended assumptions produced ratios near 100% when data from the outlier years of 2021 and 2022 were excluded.

	Benefits-Weighted (\$1,000s of monthly benefits)		Current Assumption		Recommended Assumption	
	Exposures	Actual Deaths	Expected Deaths	A/E Ratio	Expected Deaths	A/E Ratio
School District male	455,661	12,403	11,738	106%	12,219	102%
Other General Service male (and male beneficiary)	822,949	22,456	21,442	105%	21,753	103%
Police & Fire male	282,980	5,036	4,970	101%	4,736	106%
School District female	763,021	13,294	12,542	106%	13,092	102%
Other General Service female (and female beneficiary)	829,399	17,463	16,346	107%	16,902	103%
Police & Fire female	38,991	433	417	104%	415	104%

Mortality (continued)



Aggregate Actual to Expected by Year



We recommend moving from the Pub-2010 base mortality tables to the Pub-2016 base mortality tables (published by the Society of Actuaries in May 2025) as the underlying base mortality tables for generational mortality assumptions in the current study. The Pub-2016 mortality tables reflect observed experience from calendar years 2013-2019, with 2016 as the middle of the observation period. The tables are based exclusively upon data gathered from large public sector pension systems (including Oregon PERS) and represent the most current study specific to the mortality experience of US public pension plans.

Mortality (*continued*)

In the Pub-2016 study, different gender-distinct base mortality tables were published for three separate employee and retiree categories: teachers, public safety personnel, and general employees. When selecting a base table to match the mortality rates of Oregon PERS, we started from the category table most applicable to the portion of the population under consideration, and then adjusted, if needed, to more closely align with recent Oregon PERS experience. At times we use a “set back” to adjust the mortality rates. A “set back” of 12 months, for example, treats all members as if they were 12 months younger than they really are when applying the mortality table, which results in lower assumed mortality rates and longer life expectancy for members.

A summary of the current and recommended non-disabled retiree mortality assumptions is shown below. Because the Pub-2016 base tables were broadly consistent with the Pub-2010 tables they replaced and the general changes in longevity expectations they reflected were consistent with Oregon PERS experience, we did not need to make any changes to existing group-specific adjustments we apply to the base tables.

	Used for December 31, 2022 and 2023 Valuations	Recommended for December 31, 2024 and 2025 Valuations
Basic Table	Pub-2010 Benefits-Weighted Non-Disabled <u>Retiree</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Benefits-Weighted Non-Disabled <u>Retiree</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	Blend 80% Teachers and 20% General Employees, no set back	No change
Other General Service male (and male beneficiary)	General Employees, set back 12 months	No change
Police & Fire male	Public Safety, no set back	No change
School District female	Teachers, no set back	No change
Other General Service female (and female beneficiary)	General Employees, no set back	No change
Police & Fire female	Public Safety, set back 12 months	No change

Disabled Retiree Mortality

Disabled members are expected to experience higher mortality rates at a given age than non-disabled retired members. As a result, disabled member mortality experience is analyzed separately from that of non-disabled annuitants and beneficiaries. We recommend using the Pub-2016 Disabled Retiree base mortality tables and the 60-year average unisex Social Security mortality improvement scale as the starting point for setting disabled mortality assumptions in the current study. This will maintain a consistent basis for disabled and non-disabled retiree assumptions, as has been the case in prior studies.

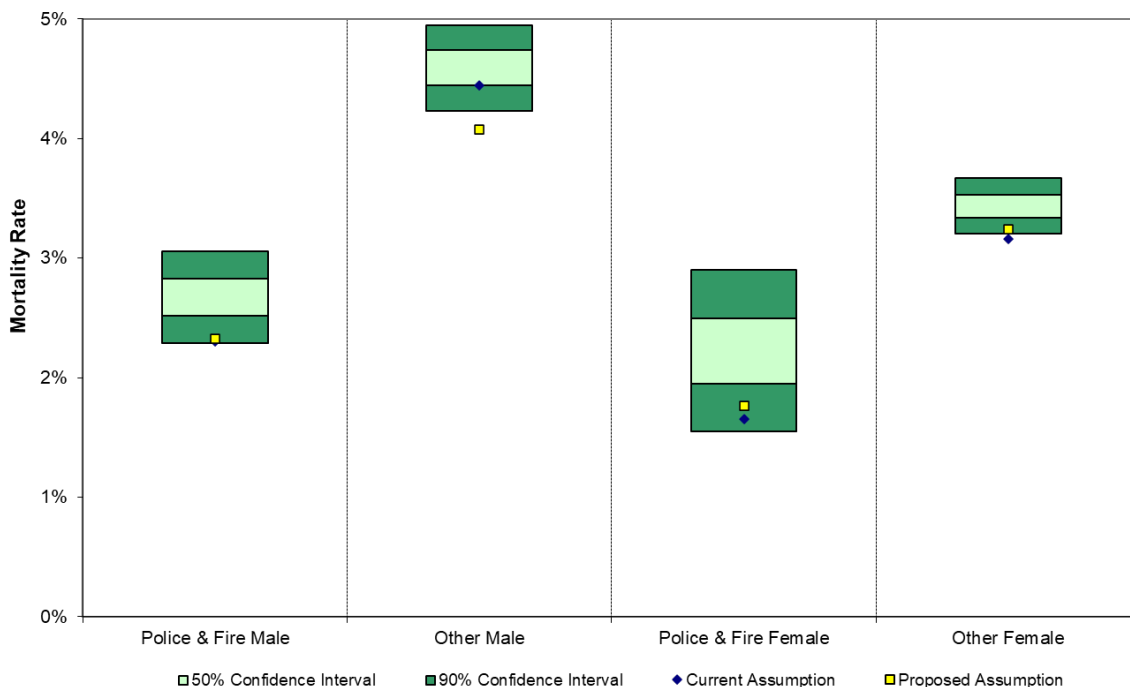
In prior studies, we have recommended applying adjustments to the underlying disabled mortality tables published by the SOA where needed in order to more closely match assumptions to recent Oregon PERS experience. For this study, we compared recent Oregon PERS experience to the Pub-2016 Disabled Retiree mortality tables on a benefits-weighted approach to see whether similar adjustments would be advisable.

Mortality (continued)

	Benefits-Weighted (\$1,000s of monthly benefits)		Current Assumption		Recommended Assumption	
	Exposures	Actual Deaths	Expected Deaths	A/E Ratio	Expected Deaths	A/E Ratio
Disabled Police & Fire male	17,561	469	404	116%	409	115%
Disabled General Service male	20,664	949	919	103%	842	113%
Disabled Police & Fire female	3,673	82	61	134%	65	126%
Disabled General Service female	30,810	1,058	974	109%	998	106%

Using a benefits-weighted approach, the selected variations of the Pub-2016 Disabled Retiree mortality tables fell within a 90 percent confidence interval around observed experience for all groups except disabled general service males. The effect of the COVID-19 pandemic in the 2021 and 2022 data is more significant for disabled general service males than the other disabled groups. Specifically, the A/E ratio for this group significantly improves when the years 2021 and 2022 are excluded, while the change in A/E ratio for the other disabled groups is minimal under the same scenario. Given the sensitivity of the general service male analysis to pandemic-related experience, we are recommending a forward-looking mortality assumption lower than the confidence interval derived from the experience of the full study period.

Disabled Retired Mortality
Aggregate Confidence Intervals and Rates



Mortality (*continued*)

A summary of current and recommended disabled retiree mortality assumptions is shown below:

	Used for December 31, 2022 and 2023 Valuations	Recommended for December 31, 2024 and 2025 Valuations
Basic Table	Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
Disabled Police & Fire male	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Disabled General Service male	Non-Safety, set forward 24 months	120% of Non-Safety, no set back
Disabled Police & Fire female	Blended 50% Public Safety, 50% Non-Safety, no set back	Blended 20% Public Safety, 80% Non-Safety, no set back
Disabled General Service female	Non-Safety, set forward 12 months	120% of Non-Safety, no set back

Non-Annuitant Mortality

The non-annuitant mortality assumption applies to active members and dormant members (those members who have terminated employment but have a vested right to a future benefit). As with the other mortality assumptions, we recommend using the Pub-2016 base mortality tables and the 60-year average unisex Social Security mortality improvement scale as the starting point for setting mortality assumptions for this group. This will maintain a consistent basis for mortality assumptions, as has been the case in prior studies.

For a given age and gender, an employed person is on average less likely to die in a given year than a retired person of the same age and gender. We recommend using separate Pub-2016 Non-Disabled Retiree and Pub-2016 Employee mortality tables for non-disabled annuitants and non-annuitants, respectively. Each Non-Disabled Retiree table published by the SOA has a corresponding Employee table, which reflects differences in the anticipated mortality rates for the retiree and employee populations.

For each population subgroup, we recommend using the Pub-2016 Employee base mortality table (including adjustments) that corresponds to the Non-Disabled Retiree table selected for that subgroup and then adjusting the mortality rates with a scaling factor of 120% to better match recent Oregon PERS experience. For example, mortality for non-annuitant General Service females will be assumed to follow the Pub-2016 Employee base mortality table for the general employees job category, with no set back, and will be projected generationally using the Social Security unisex mortality improvement scale (all of which parallels treatment for the corresponding retiree group), and will then be scaled by a factor of 120% to better match the aggregate Oregon PERS-specific experience of the relevant employee group.

The relative values of corresponding Pub-2016 Employee and Non-Disabled Retiree base mortality tables were developed by the SOA based on a much larger population than that of Oregon PERS. As a result, we believe it is preferable to reflect that relationship as the starting point when developing non-annuitant versions of the recommended non-disabled annuitant mortality tables for Oregon PERS. The analysis below compares recent experience in aggregate for the non-annuitant population under this approach. This comparison was done on a headcount-weighted basis only since the final level of retirement benefits cannot be predicted with certainty for current active members.

Mortality (*continued*)

	Headcount-Weighted		Current Assumption		Recommended Assumption	
	Exposures	Actual Deaths	Expected Deaths	A/E Ratio	Expected Deaths	A/E Ratio
Total Non-Annuitant Experience	1,786,828	2,603	2,127	122%	2,426	107%

In aggregate, using the recommended Pub-2016 Employee base mortality tables corresponding to the relevant recommended Non-Disabled Retiree mortality tables for each subgroup and adjusted as noted below produces an A/E ratio of 107%. For a headcount-weighted analysis, we prefer an A/E ratio near 110% to approximate an outcome similar to targeting 100 percent on a benefits-weighted basis. The actual A/E ratio of 107% is significantly closer to that 110% target than the current assumptions.

A summary of the current and recommended non-annuitant mortality assumptions is shown below:

	Used for December 31, 2022 and 2023 Valuations	Recommended for December 31, 2024 and 2025 Valuations
Basic Assumption	Pub-2010 <u>Employee</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale	Pub-2016 <u>Employee</u>, Sex Distinct, Generational Projection with Unisex Social Security Data Scale
School District male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service male	115% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire male	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
School District female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Other General Service female	125% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption
Police & Fire female	100% of Employee table with same job category and set back as Non-Disabled Retiree assumption	120% of Employee table with same job category and set back as Non-Disabled Retiree assumption

Retirement Assumptions

The retirement assumptions used in the actuarial valuation include the following assumptions:

- Retirement from active status
- Probability a Tier One/Tier Two member will elect a lump sum option at retirement
- Percentage of members who elect to purchase credited service at retirement
- Probability a member will remain an Oregon resident during retirement

Retirement from Active Status

Members are eligible to retire as early as age 55 (50 for police & fire members), or earlier for Tier One/Tier Two if the member has 30 years of service. In our analysis, we have found significant differences in the retirement patterns based on length of service, employment category (general service or police & fire), and current eligibility for immediate unreduced benefits.

A summary of the early, normal, and unreduced retirement dates under the plan are as follows:

Employment Category	Tier	Normal Retirement Age	Early Retirement Age	Unreduced Retirement
General Service	1	58	55	30 years of service
General Service	2	60	55	30 years of service
General Service	OPSRP	65	55	Age 58 with 30 years
Police & Fire	1 or 2	55	50	30 years of service, or age 50 with 25 years of service
Police & Fire	OPSRP	55	50	Age 53 with 25 years
State Judiciary	N/A	65	60	60 if Plan B; N/A if Plan A

Structure for Retirement Rates

The structure of the PERS retirement rate assumption separates rates by job classification and by service level. General service rates differ across three service bands: less than 15 years, 15 to 29 years, and 30 or more years of service. Each service band has different assumptions for school districts versus all other general service members. Police & fire rates employ the following three service bands: less than 13 years, 13 to 24 years, and 25 or more years of service.

The service band structure anticipates that many members' retirement decisions will contemplate the amount of their retirement benefit and the affordability of retirement.

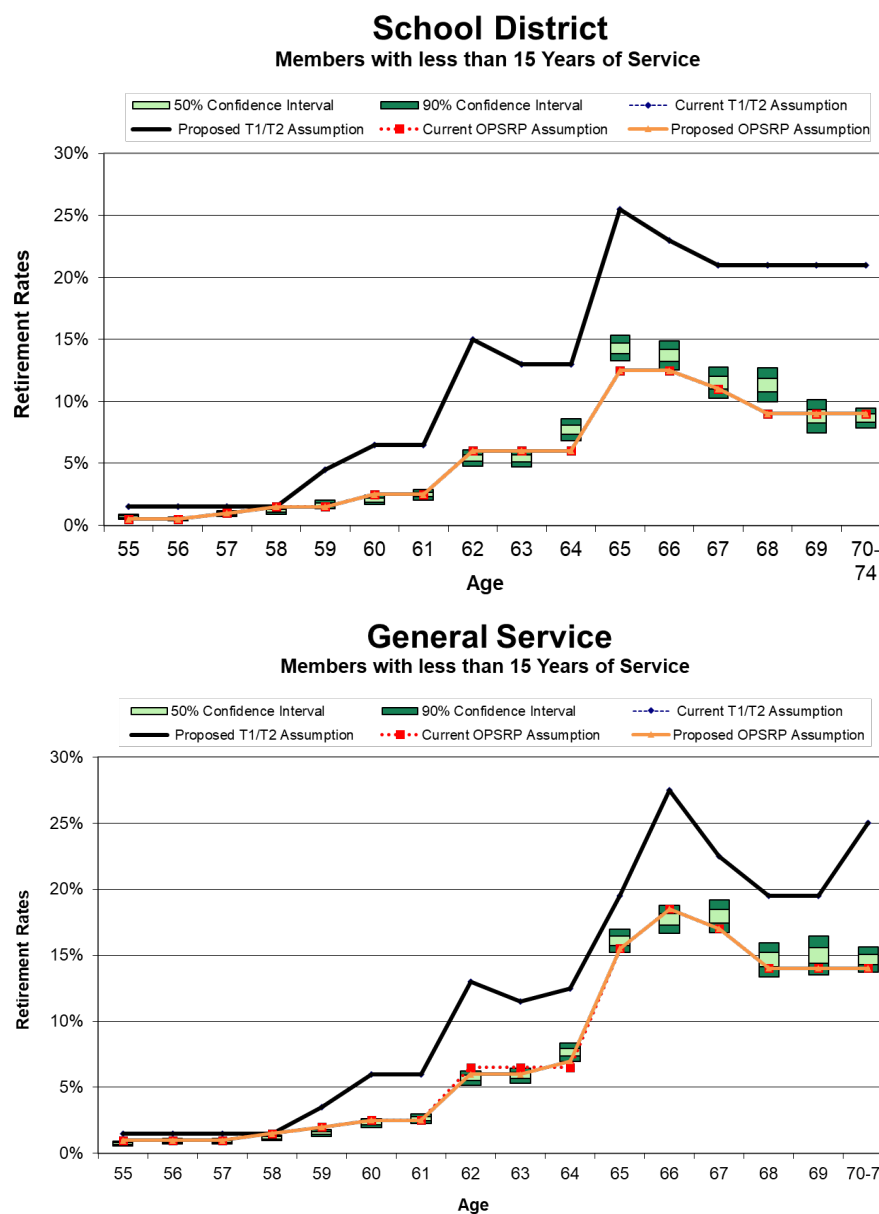
Retirement Assumptions (continued)

School District and General Service Retirement Rates

Members with Less Than 15 Years of Service

Retirement decisions by members with less than 15 years of service are likely to be heavily influenced by the availability of resources other than PERS benefits, including Social Security, prior employment, spousal benefits, and savings.

The following charts show the current assumed rates of retirement, the confidence interval around observed experience, and the recommended retirement rate assumption for school district and general service members retiring with less than 15 years of service. Given that all new entrants since August 2003 are in OPSRP, most recent experience in this service band is for OPSRP members.

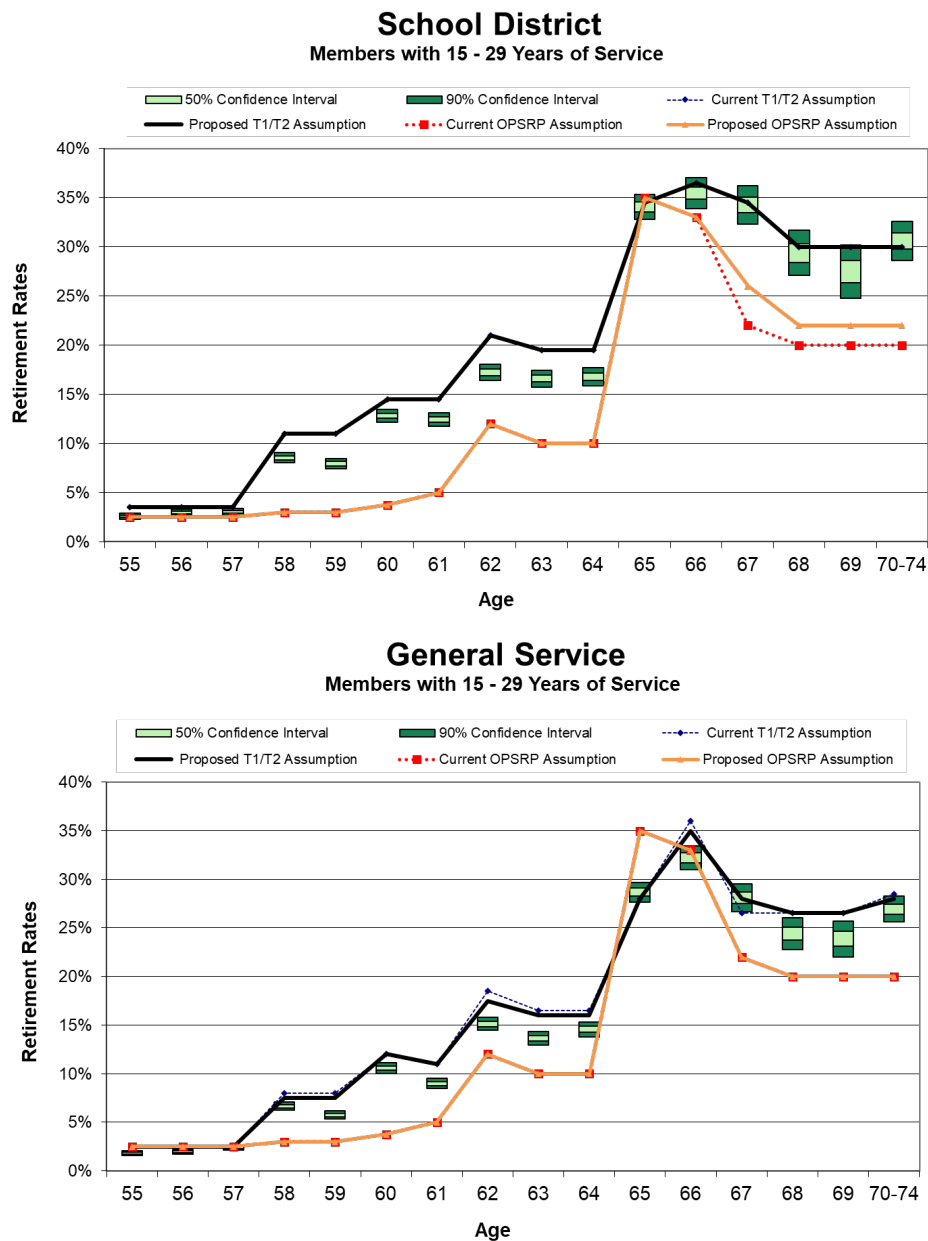


Retirement Assumptions (continued)

Members with 15 to 29 Years of Service

Retirement decisions by members with 15 to 29 years of service are likely to be influenced by the structure of PERS benefits as well as the availability of other resources, including Social Security, prior employment, spousal benefits, and savings.

The following charts show the current assumed rates of retirement, the confidence interval around observed experience, and the recommended retirement rate assumption for school district and general service members retiring with 15 to 29 years of service. Most experience in this service band is for Tier One and Tier Two, but a growing number of OPSRP members (whose service will be in the lower part of this range) are represented. Given this, the combined experience's confidence interval is between the two assumptions.

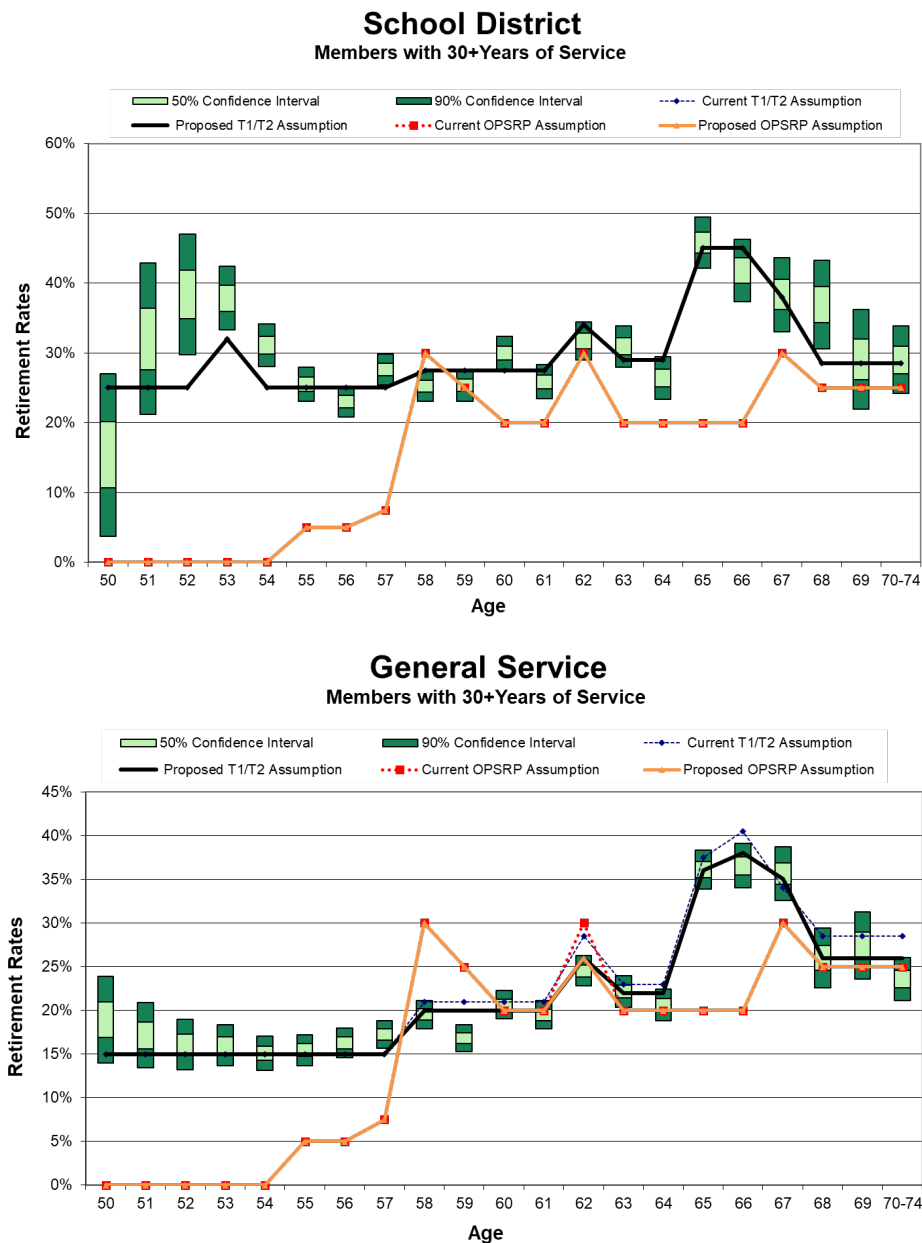


Retirement Assumptions (continued)

Members with 30 or More Years of Service

Tier One/Tier Two members with 30 or more years of service are eligible for unreduced PERS benefits at any age (OPSRP members are first eligible for unreduced benefits at age 58). As a result, retirement rates at all ages are relatively high, with a spike when Social Security benefits become available.

The following charts show the current assumed rates of retirement, the confidence interval around observed experience and the recommended retirement rate assumption for school district and other general service members retiring with 30 or more years of service. All experience is for Tier One members. OPSRP assumptions are set based on professional judgment regarding the expected relationship to Tier One/Tier Two experience given the different plan provisions between tiers.



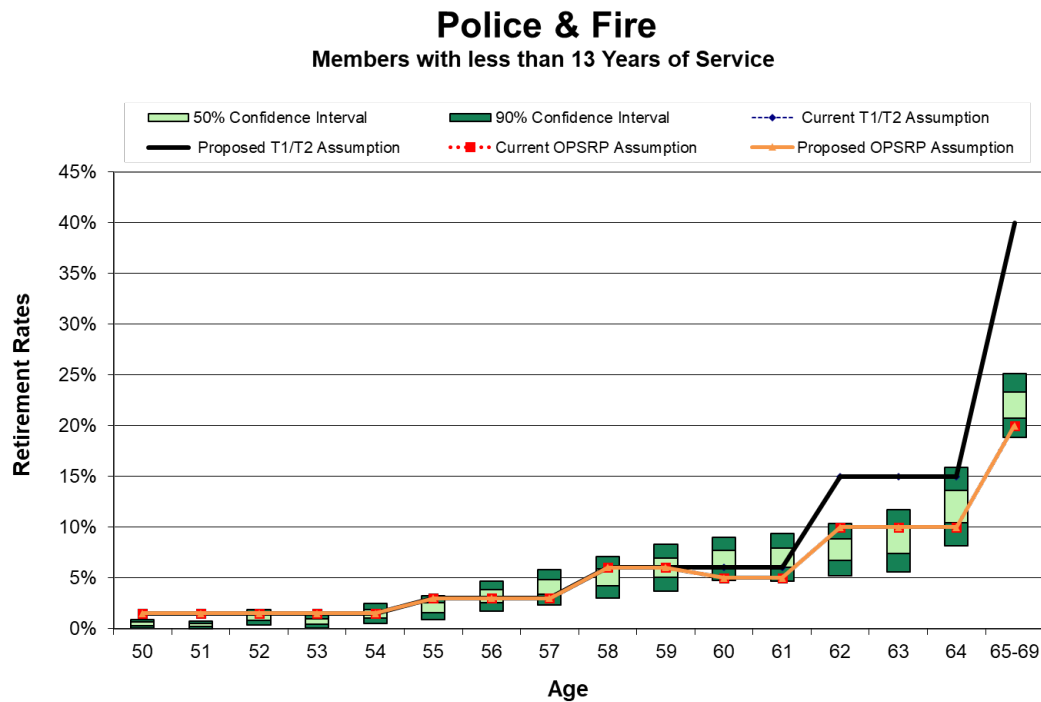
Retirement Assumptions (*continued*)

Police & Fire

Members with Less Than 13 Years of Service

The retirement assumption for police & fire members differs for members retiring with less than 13 years of service, those retiring with 13 to 24 years of service, and those retiring with 25 or more years of service. Retirement decisions by members with less than 13 years of service are likely to be heavily influenced by the availability of resources other than PERS benefits, including Social Security, prior employment, spousal benefits, and savings.

The following graph shows the current assumed rates of retirement, the confidence interval around observed experience and the recommended retirement rate assumption for police & fire members retiring with less than 13 years of service. Given that all new entrants since August 2003 are in OPSRP, almost all recent experience in this service band is for OPSRP members.

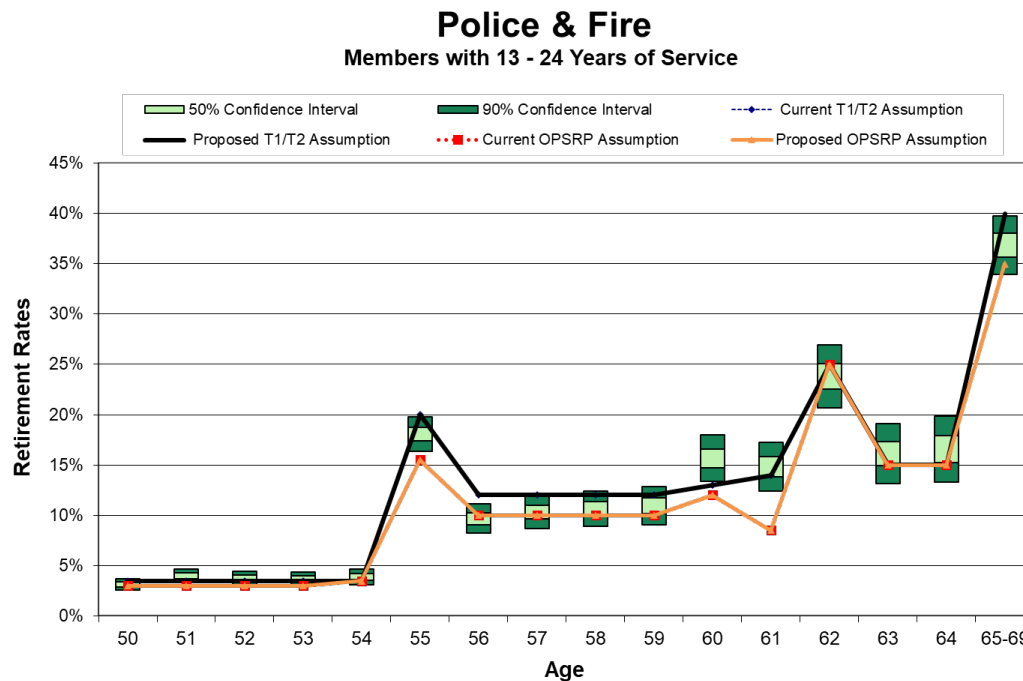


Retirement Assumptions (*continued*)

Members with 13 to 24 Years of Service

Retirement rates for members with 13 to 24 years of service are likely to be influenced by the structure of PERS benefits as well as the availability of other resources, including Social Security, prior employment, spousal benefits, and savings.

The following chart shows the current assumed rates of retirement, the confidence interval around observed experience, and the recommended retirement rate assumption for police & fire members retiring with 13 to 24 years of service. Most recent experience for members in this service band is for Tier One and Tier Two members, but a growing number of OPSRP members (whose service will be in the lower part of this range) are represented.

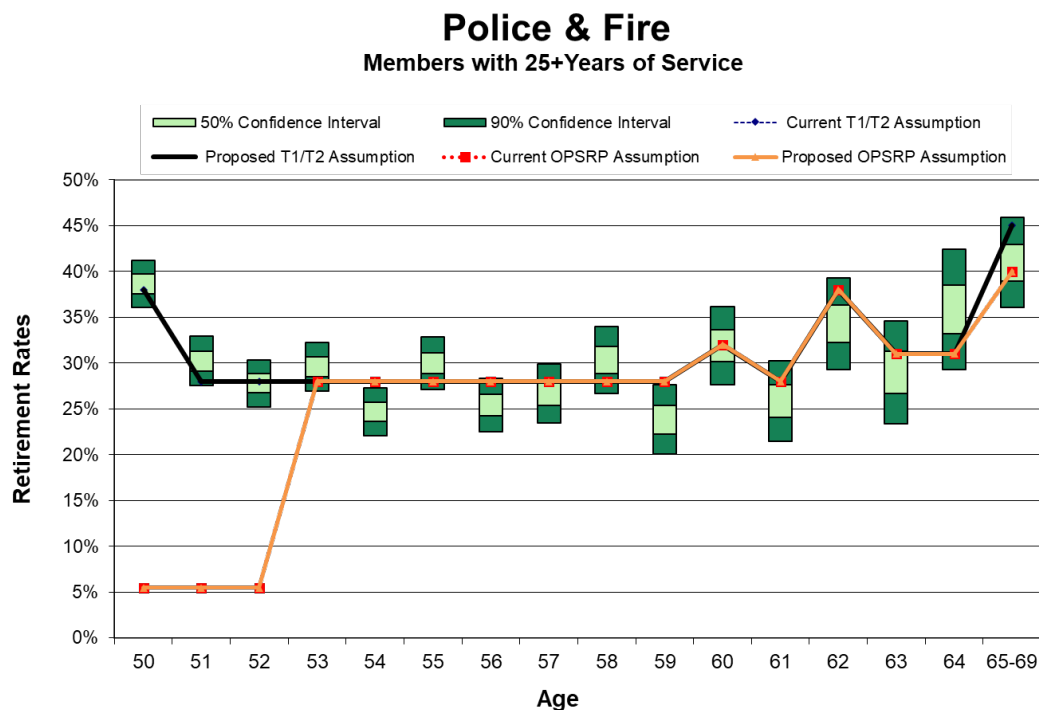


Retirement Assumptions (*continued*)

Members with 25 or More Years of Service

Tier One/Tier Two police & fire members with 25 or more years of service can retire immediately starting at age 50 (age 53 for OPSRP) with unreduced retirement benefits. As a result, retirement rates at all ages are relatively high, with a spike at first eligibility for unreduced benefits, and another increase when Social Security benefits first become available.

The following chart shows the current assumed rates of retirement, the confidence interval around observed experience, and the recommended retirement rate assumption for police & fire members retiring with 25 or more years of service. All experience for members in this service band is for Tier One/Tier Two members. OPSRP assumptions are set based on professional judgment regarding the expected relationship to Tier One/Tier Two experience given the different plan provisions between tiers.

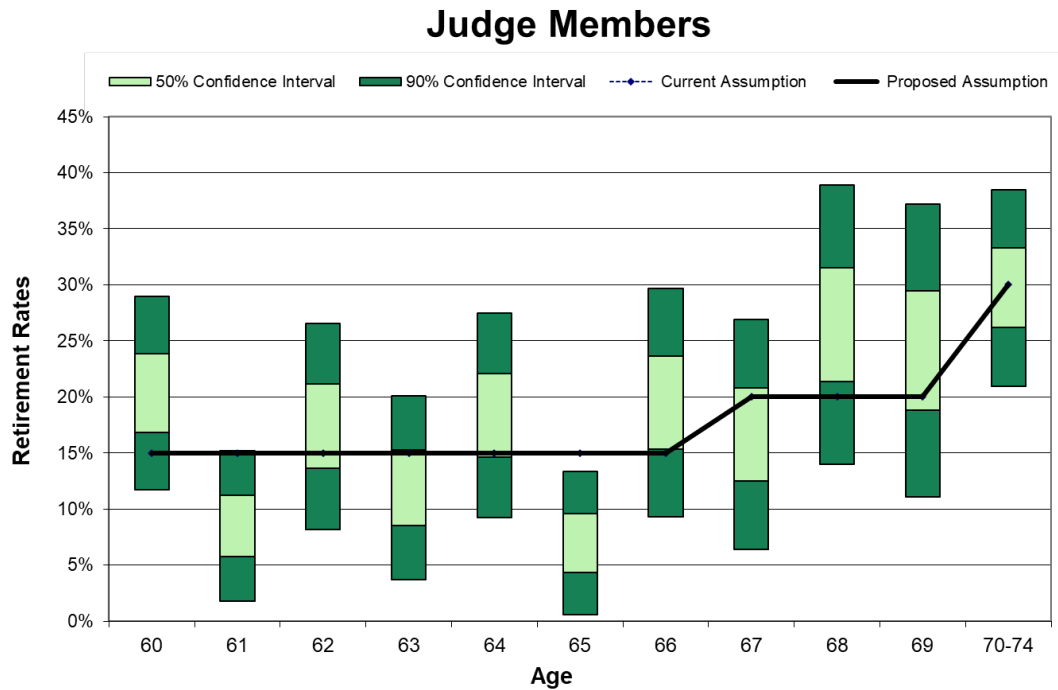


Retirement Assumptions (*continued*)

Judges

The vast majority of members of the State Judiciary elect to receive PERS benefits under Plan B. These benefits are available on an unreduced basis immediately upon retirement eligibility at age 60. As a result, there is relatively little variation in retirement rates by age for these members.

The following chart shows the current assumed rates of retirement, the confidence interval around observed experience, and the recommended retirement rate assumption for members of the State Judiciary.



Retirement Assumptions (*continued*)

Summary of Recommended Retirement Rates

The following table summarizes our recommended Tier One/Tier Two retirement rates:

Tier One/Tier Two Recommended for December 31, 2024 and 2025 Valuations										
	Police & Fire			General Service			School Districts			Judges
Age	< 13 yrs	13-24 yrs	25+ yrs	<15 yrs	15-29 yrs	30+ yrs	<15 yrs	15-29 yrs	30+ yrs	
Less than 50						15.0%			25.0%	
50	1.5%	3.5%	38.0%			15.0%			25.0%	
51	1.5%	3.5%	28.0%			15.0%			25.0%	
52	1.5%	3.5%	28.0%			15.0%			25.0%	
53	1.5%	3.5%	28.0%			15.0%			32.0%	
54	1.5%	3.5%	28.0%			15.0%			25.0%	
55	3.0%	20.0%	28.0%	1.5%	2.5%	15.0%	1.5%	3.5%	25.0%	
56	3.0%	12.0%	28.0%	1.5%	2.5%	15.0%	1.5%	3.5%	25.0%	
57	3.0%	12.0%	28.0%	1.5%	2.5%	15.0%	1.5%	3.5%	25.0%	
58	6.0%	12.0%	28.0%	1.5%	7.5%	20.0%	1.5%	11.0%	27.5%	
59	6.0%	12.0%	28.0%	3.5%	7.5%	20.0%	4.5%	11.0%	27.5%	
60	6.0%	13.0%	32.0%	6.0%	12.0%	20.0%	6.5%	14.5%	27.5%	15.0%
61	6.0%	14.0%	28.0%	6.0%	11.0%	20.0%	6.5%	14.5%	27.5%	15.0%
62	15.0%	25.0%	38.0%	13.0%	17.5%	26.0%	15.0%	21.0%	34.0%	15.0%
63	15.0%	15.0%	31.0%	11.5%	16.0%	22.0%	13.0%	19.5%	29.0%	15.0%
64	15.0%	15.0%	31.0%	12.5%	16.0%	22.0%	13.0%	19.5%	29.0%	15.0%
65	40.0%	40.0%	45.0%	19.5%	28.0%	36.0%	25.5%	34.5%	45.0%	15.0%
66	40.0%	40.0%	45.0%	27.5%	35.0%	38.0%	23.0%	36.5%	45.0%	15.0%
67	40.0%	40.0%	45.0%	22.5%	28.0%	35.0%	21.0%	34.5%	38.0%	20.0%
68	40.0%	40.0%	45.0%	19.5%	26.5%	26.0%	21.0%	30.0%	28.5%	20.0%
69	40.0%	40.0%	45.0%	19.5%	26.5%	26.0%	21.0%	30.0%	28.5%	20.0%
70	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
71	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
72	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
73	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
74	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
75+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Retirement Assumptions *(continued)*

The following table summarizes our recommended OPSRP retirement rates:

OPSRP Recommended for December 31, 2024 and 2025 Valuations									
	Police & Fire			General Service			School Districts		
Age	< 13 yrs	13-24 yrs	25+ yrs	<15 yrs	15-29 yrs	30+ yrs	<15 yrs	15-29 yrs	30+ yrs
50	1.5%	3.0%	5.5%						
51	1.5%	3.0%	5.5%						
52	1.5%	3.0%	5.5%						
53	1.5%	3.0%	28.0%						
54	1.5%	3.5%	28.0%						
55	3.0%	15.5%	28.0%	1.0%	2.5%	5.0%	0.5%	2.5%	5.0%
56	3.0%	10.0%	28.0%	1.0%	2.5%	5.0%	0.5%	2.5%	5.0%
57	3.0%	10.0%	28.0%	1.0%	2.5%	7.5%	1.0%	2.5%	7.5%
58	6.0%	10.0%	28.0%	1.5%	3.0%	30.0%	1.5%	3.0%	30.0%
59	6.0%	10.0%	28.0%	2.0%	3.0%	25.0%	1.5%	3.0%	25.0%
60	5.0%	12.0%	32.0%	2.5%	3.75%	20.0%	2.5%	3.75%	20.0%
61	5.0%	8.5%	28.0%	2.5%	5.0%	20.0%	2.5%	5.0%	20.0%
62	10.0%	25.0%	38.0%	6.0%	12.0%	26.0%	6.0%	12.0%	30.0%
63	10.0%	15.0%	31.0%	6.0%	10.0%	20.0%	6.0%	10.0%	20.0%
64	10.0%	15.0%	31.0%	7.0%	10.0%	20.0%	6.0%	10.0%	20.0%
65	20.0%	35.0%	40.0%	15.5%	35.0%	20.0%	12.5%	35.0%	20.0%
66	20.0%	35.0%	40.0%	18.5%	33.0%	20.0%	12.5%	33.0%	20.0%
67	20.0%	35.0%	40.0%	17.0%	22.0%	30.0%	11.0%	26.0%	30.0%
68	20.0%	35.0%	40.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
69	20.0%	35.0%	40.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
70	100.0%	100.0%	100.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
71	100.0%	100.0%	100.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
72	100.0%	100.0%	100.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
73	100.0%	100.0%	100.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
74	100.0%	100.0%	100.0%	14.0%	20.0%	25.0%	9.0%	22.0%	25.0%
75+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Retirement Assumptions *(continued)*

Lump Sum Option at Retirement

At retirement, a Tier One/Tier Two member has the option of electing a total lump sum distribution equal to two times the member's account balance, a partial lump sum distribution equal to the member's account balance with a reduced monthly allowance, or a monthly allowance with no lump sum distribution. The percentage of active Tier One/Tier Two members electing a lump sum distribution at retirement has declined slightly from the prior experience study. The results of our experience analysis are as follows:

Election at Retirement	Number of Retired Members	Percentage of Retirements	Assumption Used for December 31, 2023 Valuation	Assumption Recommended for December 31, 2024 and 2025 Valuations
Partial Lump Sum	646	1.6%	0.0%	0.0%
Total Lump Sum	405	1.0%	0.0%	0.0%

When a member elects a total or partial lump sum under Money Match or a partial lump sum under Full Formula, they give up the value of future COLAs (cost of living allowances) on the lump sum amount. A total lump sum election under Full Formula may cause the member to give up significantly more. Because there are no new contributions to member accounts and the system is projected to become dominated by Full Formula over time, we expect the total lump sum rate to decline over time.

Elections of both partial and total lump sums have declined steadily for a number of years, so that experience in recent years is even lower than shown in the table. Based on the data shown above and this continuing trend, we recommend continuing to assume no members elect either total or partial lump sum distributions for purposes of the valuation.

Purchase of Credited Service

A member has the option of purchasing service at retirement to enhance their retirement benefits. Service may be purchased under one or more of the following categories:

- Purchase of forfeited service
- Credit for waiting time
- Credit for educational service
- Credit for military service
- Credit for seasonal positions
- Credit for police officers and firefighters
- Purchase of retirement credit for disability time

Most purchases are full cost purchases, meaning the member pays both the member and employer cost to obtain the service. Since the member pays the full cost of the service purchased, the purchase produces no impact or only a small impact on projected Tier One/Tier Two employer costs. The most common, and predictable, non-full-cost service purchase made by members is purchasing credit for the six-month waiting period at the beginning of PERS-eligible employment. Thus, for valuation purposes, we have included an adjustment to account for those members who are expected to make the waiting period service purchase.

Retirement Assumptions *(continued)*

For Money Match retirements, the purchase of credited service is generally cost-neutral to the system, because the member is depositing both the member and employer contributions. Therefore, in reviewing actual experience, we examined non-Money Match retirements. The following table shows the number of members who retired in the experience period and elected to purchase credit for the six-month waiting period:

	Count	Number Electing to Purchase Waiting Time Service	Percentage of Retirements Electing to Purchase	Assumption Used for December 31, 2023 Valuation	Assumption Recommended for December 31, 2024 and 2025 Valuations
Non-Money Match Retirements	22,789	17,385	76%	75%	75%

We recommend no changes to the assumption of non-Money Match retirements purchasing credited service for the six-month waiting period.

Oregon Residency Status

Tier One/Tier Two members who are eligible for a “tax remedy” upward benefit adjustment under Senate Bill 656 or House Bill 3349 only receive the adjustment if they remain residents of Oregon for tax purposes while retired. Since a member’s residency status may change multiple times during retirement, the residency status of a newly retired member may not be representative of that member’s probability of remaining an Oregon resident later in retirement. As such, we analyzed the entire current population of retired members and beneficiaries who are potentially eligible for a tax remedy and compared that to the number who are currently receiving a tax remedy. The results of that analysis are as follows:

Number Eligible for Tax Remedy	Number Receiving Tax Remedy	Percentage Receiving Tax Remedy	Assumption Used for December 31, 2023 Valuation	Assumption Recommended for December 31, 2024 and 2025 Valuations
112,421	93,135	83%	85%	85%

We recommend no changes to the assumption of the percentage of potentially eligible future retirees who are projected to receive a tax remedy benefit adjustment under Senate Bill 656 or House Bill 3349.

Disability Incidence Assumptions

The Plan provides duty and non-duty disability benefits to members. Members are eligible to receive duty disability benefits if they become disabled as a direct result of a job-related injury or illness, regardless of length of service. Members are eligible for non-duty disability benefits (also referred to as “ordinary” disability) if they become disabled after ten years of service (six years if a judge), but prior to normal retirement eligibility.

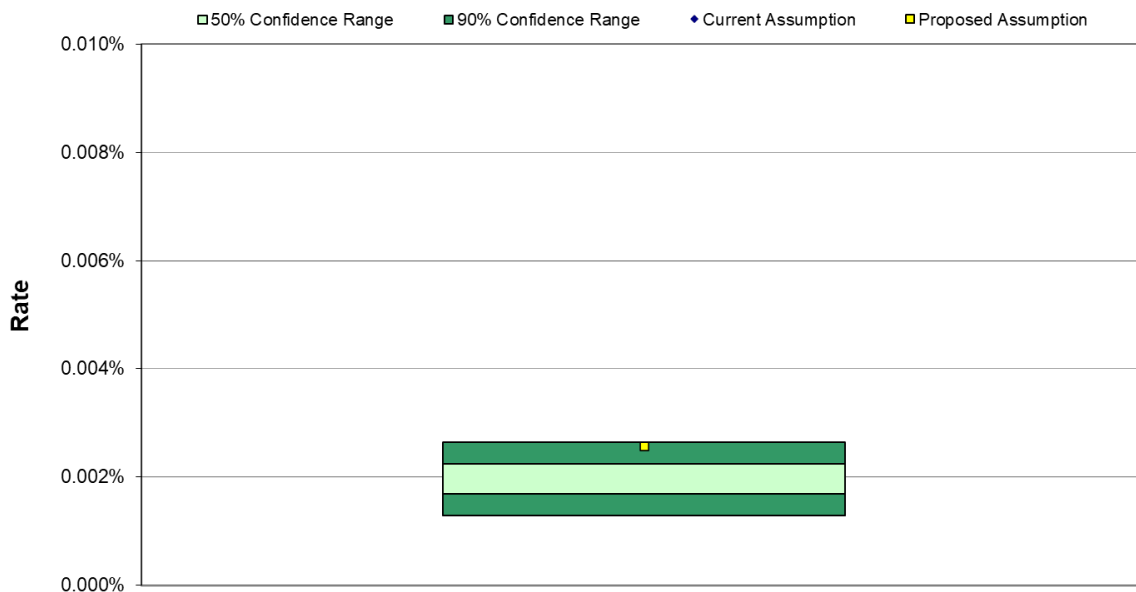
Duty disability incidence rates are developed separately for police & fire and general service members. Ordinary (non-duty) disability rates are developed for the system as a whole.

Duty Disability

Due to the limited amount of experience data available at some ages, this assumption employs a standard table adjusted to fit within the aggregate confidence interval.

The current assumed aggregate incidence for general service members is within the 90 percent confidence interval of the actual disability experience. As such, we recommend maintaining the current assumption and continuing to monitor experience in the next study.

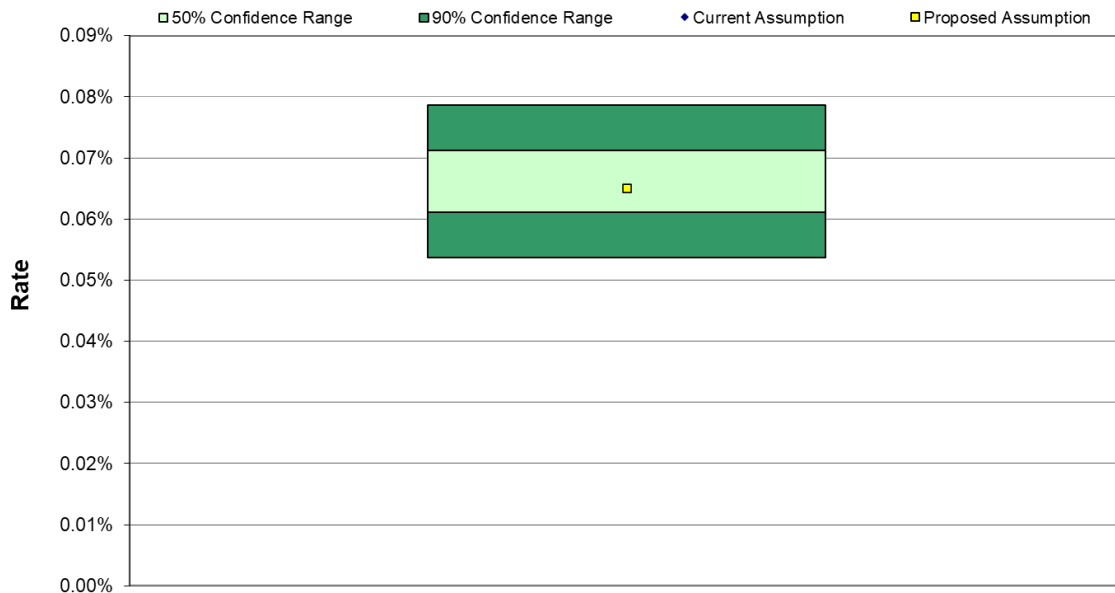
Duty Disability Rates - General Service Aggregate Confidence Intervals and Rates



Disability Incidence Assumptions (*continued*)

The current assumed aggregate incidence for police & fire members is within the 50 percent confidence interval of the actual disability experience. As such, we recommend maintaining the current assumption and continuing to monitor experience in the next study.

Duty Disability Rates - Police & Fire Aggregate Confidence Intervals and Rates

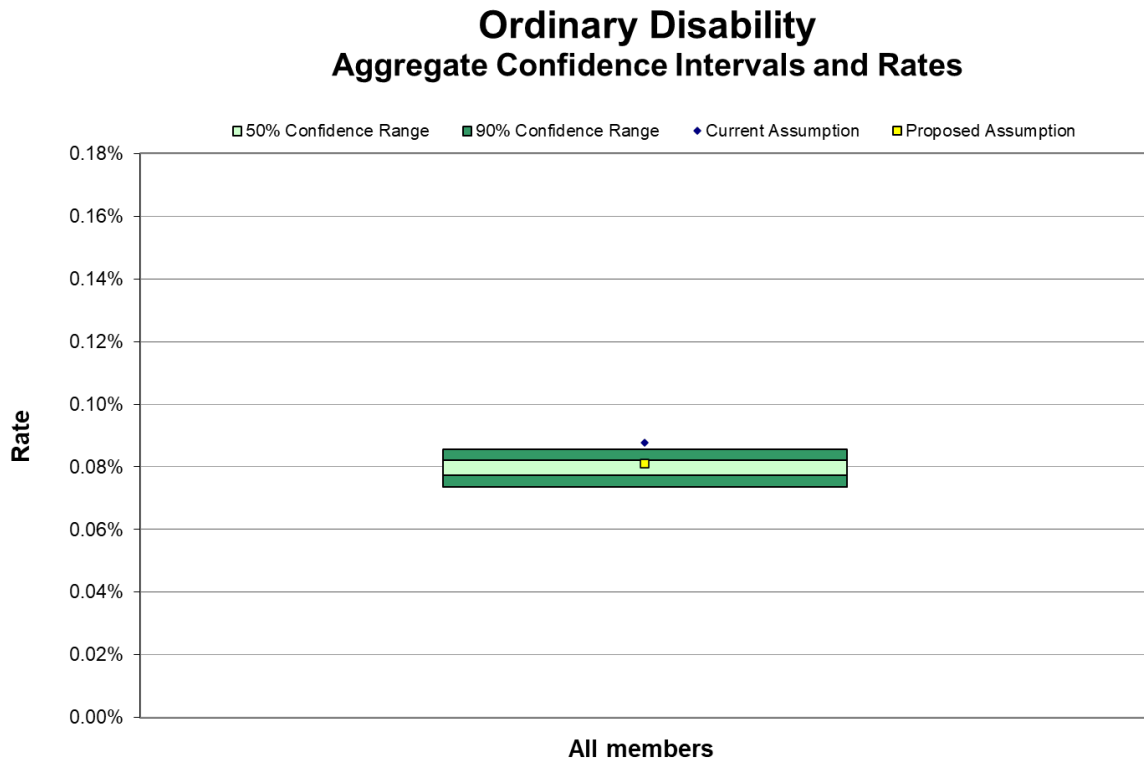


Ordinary (Non-Duty) Disability

As with duty disability, the experience data for ordinary disability is limited at specific ages. Therefore, this assumption also uses a standard table adjusted to fit within the aggregate confidence interval. Based on the actual disability incidence in the experience observation period, we recommend lowering the ordinary disability incidence assumption.

The data underlying the ordinary disability study showed a pattern wherein a member's record would only be recognized as a disability retirement (rather than a service retirement or other separation from service) after a lag period that could span over a year. Because such lagged experience is not yet available for 2024, the final year of our study, we included in our analysis an assumption as to additional disabilities occurring in 2024 that will not be apparent until the subsequent reporting period. This assumption was based on an average of such records observed in the first seven years of the study.

Disability Incidence Assumptions (*continued*)



The following table summarizes our recommended disability incidence rate assumptions:

	Percentage of the 1985 Disability Class 1 Rates (Sample rates shown for ages 20–55)	
	December 31, 2023 Valuation	Recommended December 31, 2024 and 2025 Valuations
Duty Disability		
• Police & Fire	25% (0.0075%–0.2113%)	25% (0.0075%–0.2113%)
• General Service	0.6% (0.0002%–0.0051%)	0.6% (0.0002%–0.0051%)
Ordinary Disability	20% with 0.14% cap (0.0060%–0.1400%)	20% with 0.12% cap (0.0060%–0.1200%)

Termination Assumptions

Not all active members are expected to continue working for covered employers until retirement. Termination rates represent the probability that a member will leave covered employment for a cause other than retirement, disability, or death at any given point during their working career.

Termination rates have been developed as service-based assumptions. The service-based assumptions reflect the experience of Tier One, Tier Two, and OPSRP members, with each group affecting the period of the table relating to the relevant service amount.

Assumptions are developed for the following groups:

- School District males
- School District females
- Other General Service males
- Other General Service females
- Police & Fire (unisex table)

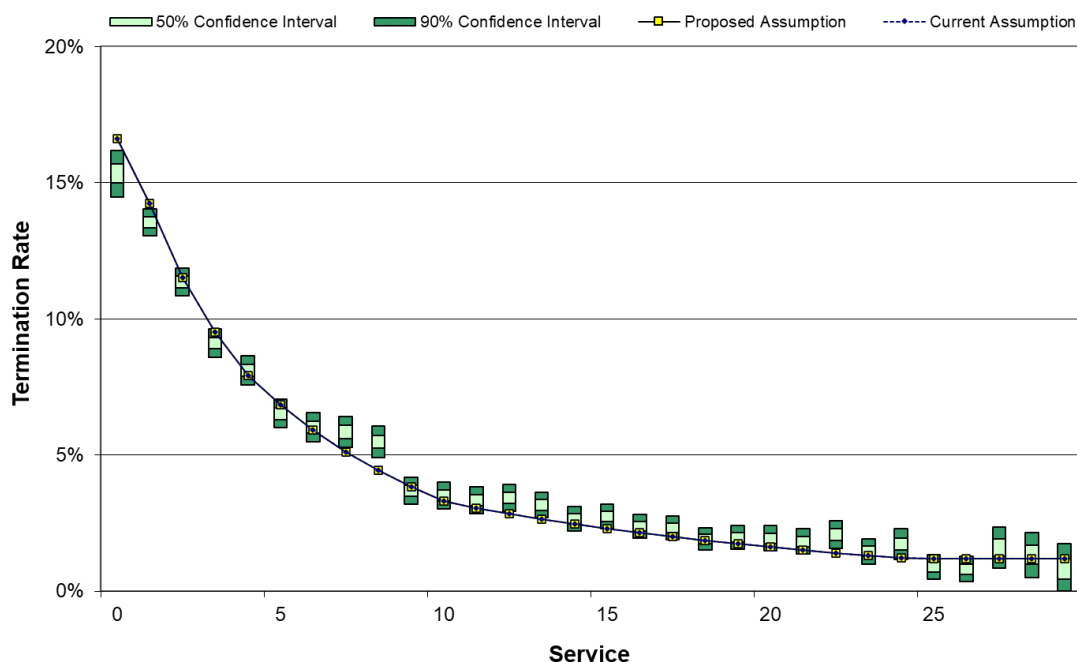
Termination Rates

The following charts show the confidence interval around observed experience and the recommended rates of termination by year of service. These charts are based on the observed experience of members in the relevant group during the study period. We recommend maintaining the current assumption for all members and, as is standard procedure, evaluating experience again with the next study.

Full listings of recommended termination assumptions are included in the appendix.

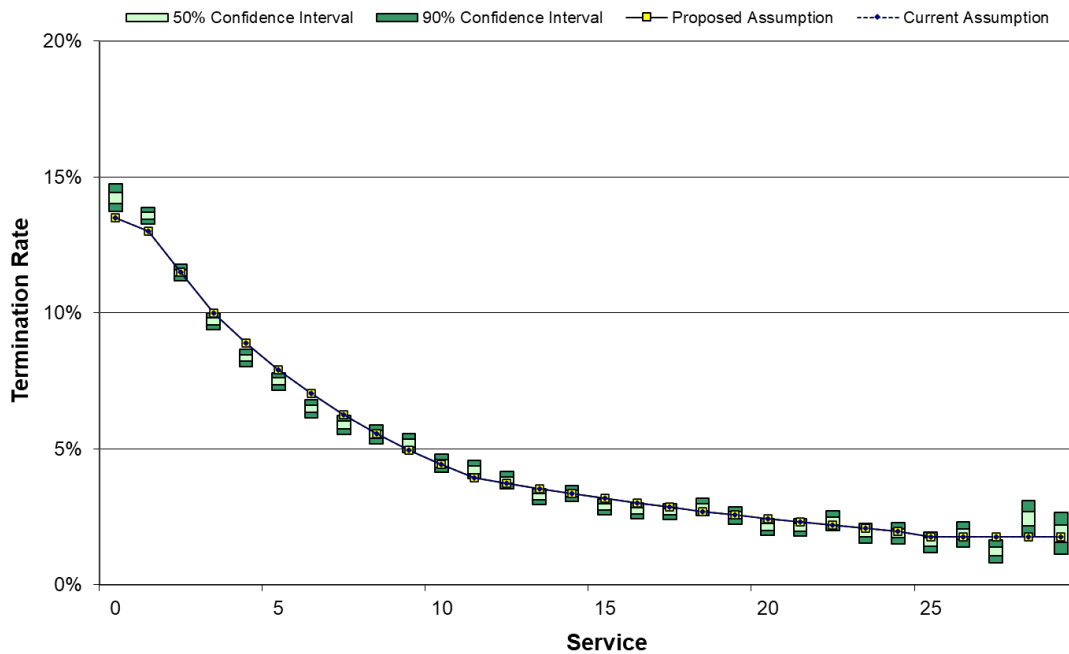
School Districts

School District Male



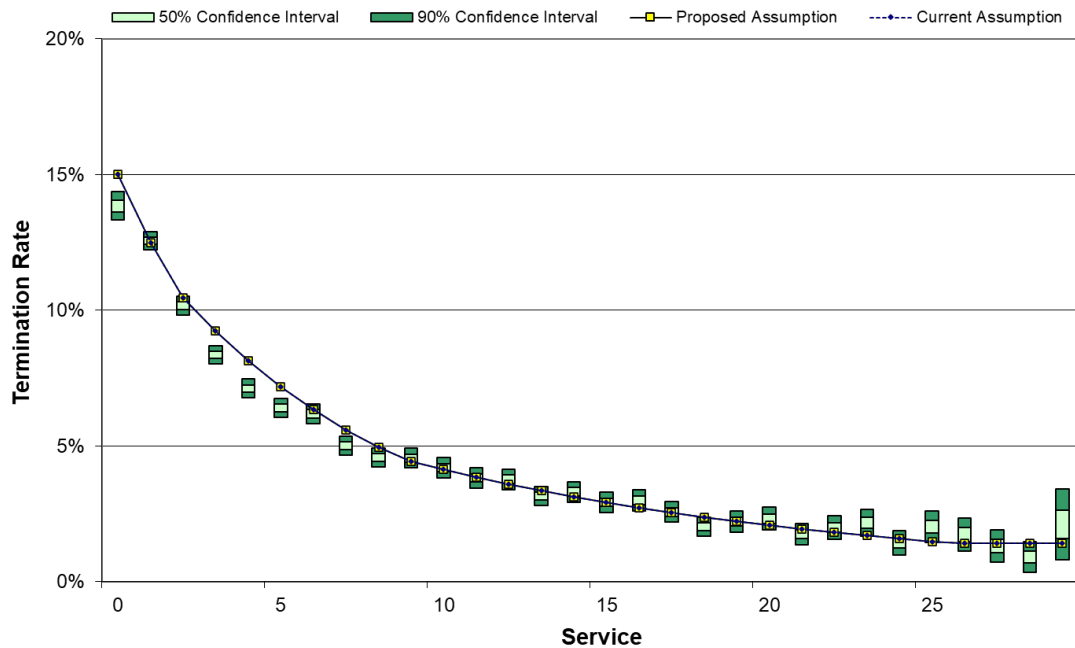
Termination Assumptions (continued)

School District Female



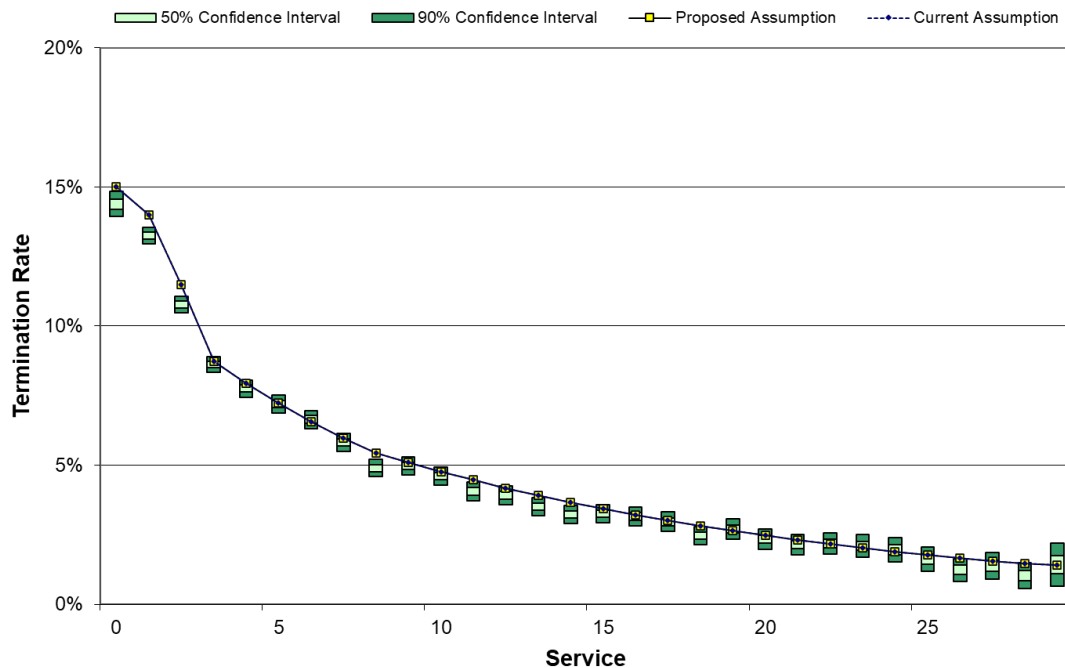
General Service

Other General Service Male



Termination Assumptions (*continued*)

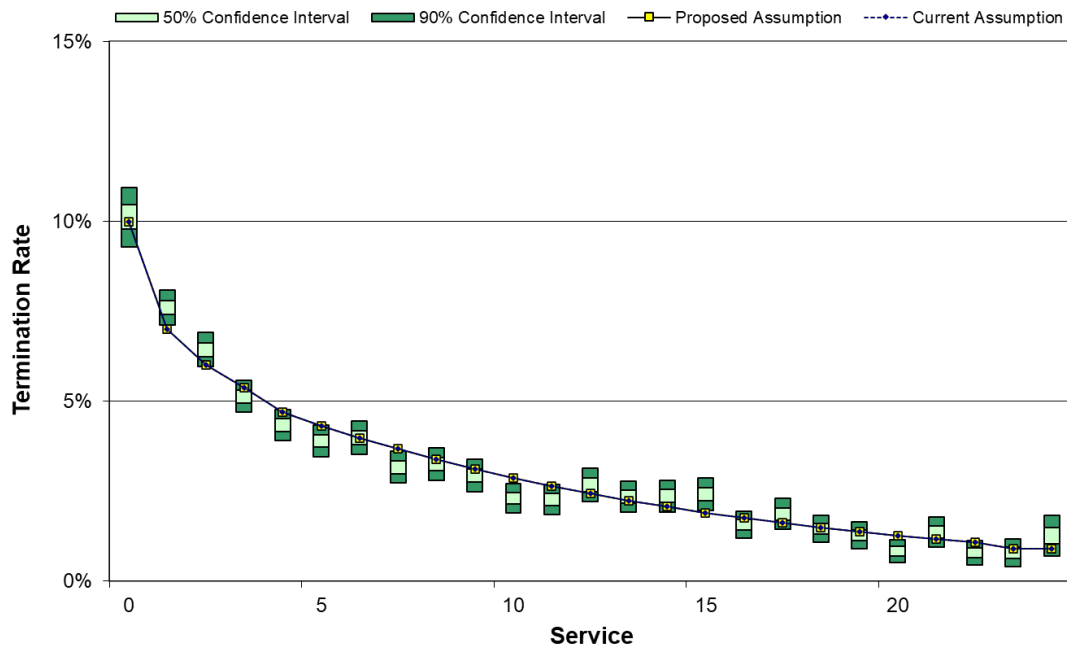
Other General Service Female



Police & Fire

All police & fire members were rated together, with no variation by group or gender.

Police & Fire



Salary Increase Assumptions

The salary increase assumptions analyzed with demographic experience were:

- Annual individual member merit/longevity salary increases
- Unused sick leave adjustments to final average salary at time of retirement for eligible members
- Unused vacation cash out adjustments to final average salary at time of retirement for eligible members

Annual Individual Member Merit/Longevity Salary Increases

The merit (or longevity) scale component of the annual individual member salary increase assumption is used in conjunction with the inflation and real wage growth assumptions to project annual individual member salary increases. In developing this assumption, our analysis first determined the gross salary increases received by members during the observation period on a payroll weighted basis. The assumed merit (or longevity) component of the overall annual increase was then determined by backing out the annualized increase in average valuation salary of 4.08% for the 12-year study period, which represents the realized combined effect of actual inflation and real wage growth for the period.

In order to capture experience across a broader range of budget, collective bargaining, and economic cycles, our initial analysis covered observed salary experience from 2012 through 2024. However, after discussion with PERS staff, certain data points were excluded due to the existence of one-off salary changes that are not expected to be indicative of anticipated future salary experience. These were:

- School district salary experience for 2020 was lower than most other years in the study. We understand at least part of the reason was due to furloughs effective in Spring 2020 during the early months of the pandemic. Reported salary experience for 2020 was replaced with the average of 2019 and 2021 experience.
- Salary increases for many other (i.e., non-school district) general service members in 2017 and 2019 and for many police & fire members in 2019 were affected by bargained changes wherein the 6% of pay member contribution would no longer be “picked up” by the employer for a large number of members. Those members then received an additional 6.95% of pay salary increase when the change occurred.

In the previous experience study, the Board adopted a special “select period assumption” of an additional 2% merit/longevity increase to apply for two specific years. This was to recognize that high inflation and job market pressures led to unusually high salary increases for at least a portion of PERS active members. In particular, agreements for State workers who are members of AFSCME and SEIU provided for additional across-the-board increase of about 6.5% in each of two consecutive years. The additional “select period assumption” was adopted to project assumed 2024 and 2025 salary increases. The historical salary analysis for this experience study backs out the extra 2% “select” assumption for 2024 to avoid double counting.

Assumptions are developed for the following groups:

- School Districts
- Other General Service
- Police & Fire

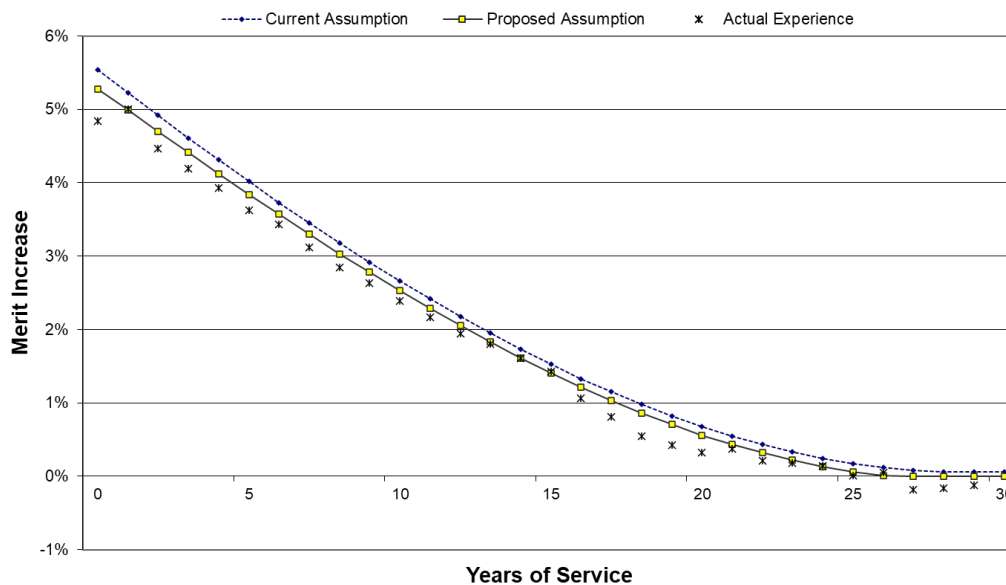
The following charts show the current assumed rates of merit/longevity salary increases, the average of merit/longevity salary increases based on the included experience (per the discussion above) over the study’s experience observation period, and the recommended rates of assumed merit/longevity salary increases. We

Salary Increase Assumptions (*continued*)

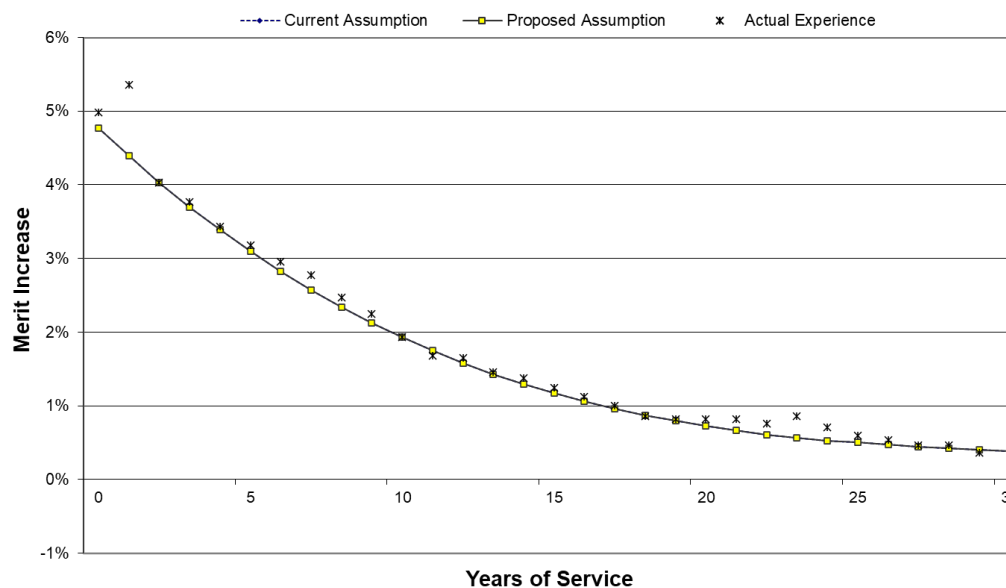
recommend lowering the current merit/longevity salary increase assumption for the school district group and maintaining the current assumption for the general service and police & fire groups.

Note that to determine the gross salary increase assumption that would apply for an individual member in the valuation, the relevant merit/longevity assumption shown below would be added to the adopted system payroll growth assumption (for example, 3.40%).

School Districts

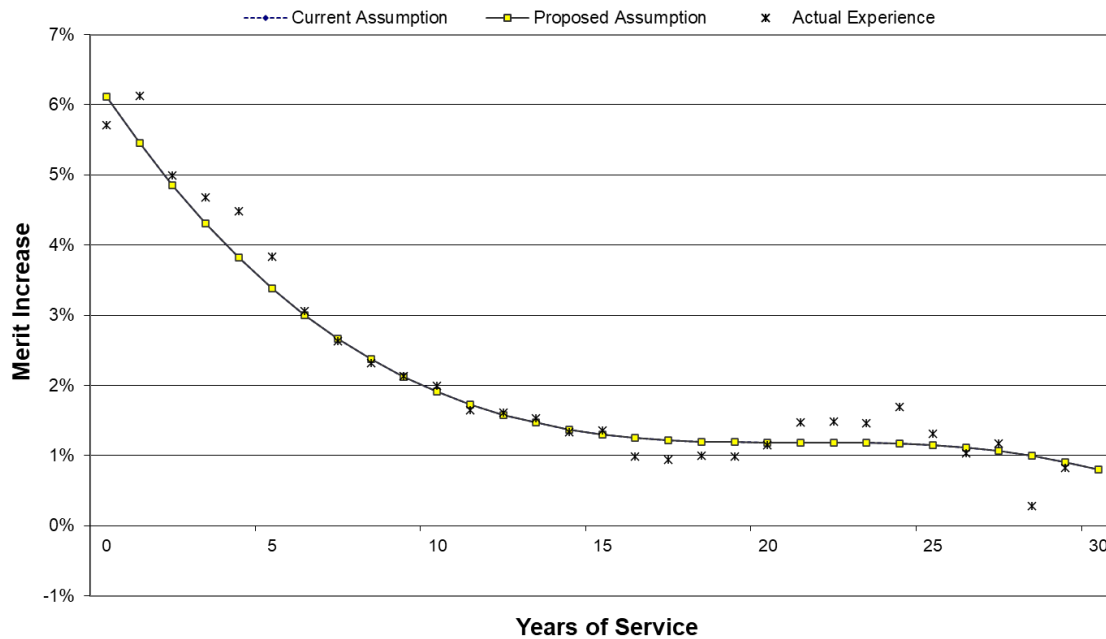


Other General Service



Salary Increase Assumptions (*continued*)

Police & Fire



Additional Salary Increase Assumption for 2025

The increased merit/longevity salary assumptions shown above are based on a normal-course process for reviewing and updating this assumption. However, as discussed above and similar to the prior experience study, due to the high inflation environment of recent years and job market pressures, we anticipate that there may be unusually high salary increases for at least a portion of PERS active members in the near term. This expectation has been supported both by recent collective bargaining agreements covering large groups of PERS members and by input we've received from System stakeholders.

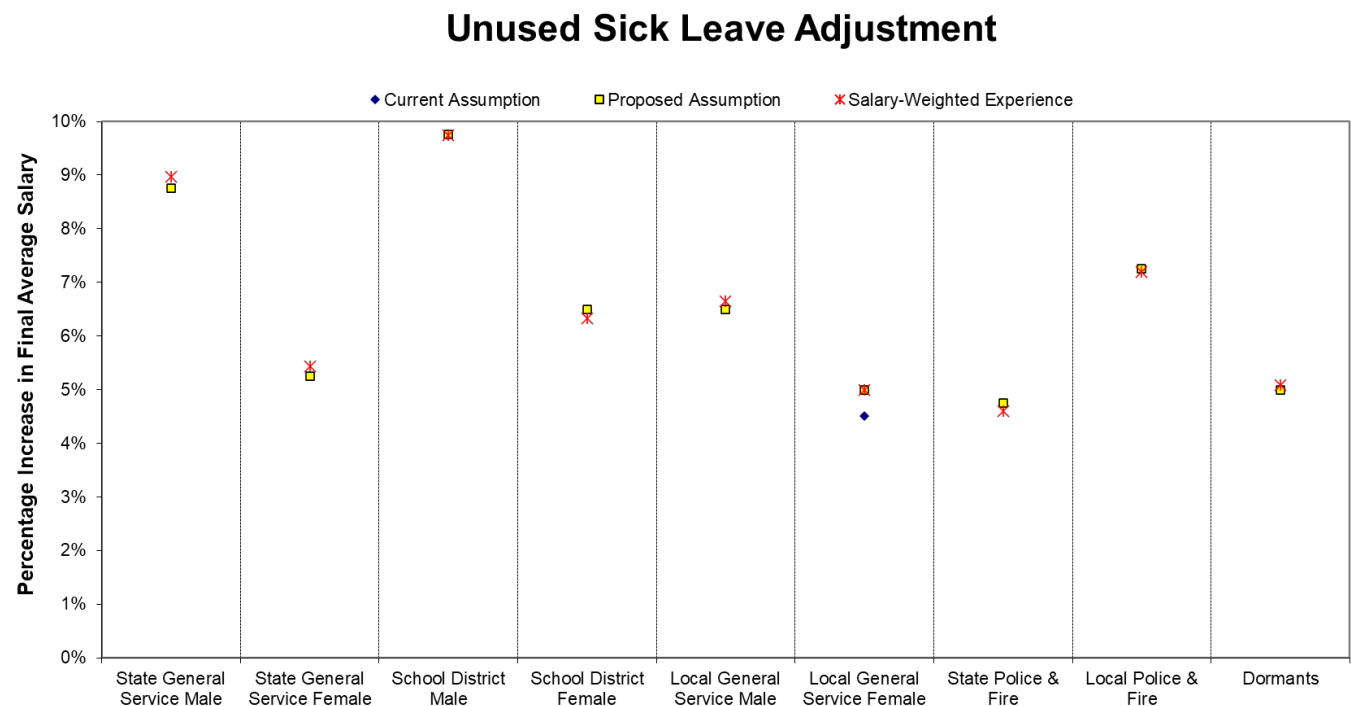
In recognition of this expectation and with the intent to mitigate or fully avoid potential salary experience losses in the upcoming December 31, 2024 actuarial valuation, **we recommend maintaining the additional "select period" salary increase assumption. That assumption will apply as an extra 2% assumed annual increase in pay to the standard increase assumption for the 2025 calendar year.**

Salary Increase Assumptions (*continued*)

Unused Sick Leave Adjustment at Time of Retirement

Employers may elect to participate in the Unused Sick Leave Program. This program allows Tier One/Tier Two members to convert the value of one-half of their accumulated sick leave into additional retirement benefits. Our assumption represents the percentage increase in a member's final average salary due to the inclusion of the value of 50 percent of the member's accumulated sick leave and is only applied to the projected benefit of members whose employers participate in the program.

For active members, there are currently eight sets of rates developed by employer group, employment category (general service or police & fire), and gender. In addition, a single rate is developed for eligible dormant members. The chart below shows the current assumption, the six-year average of the observed experience, and the recommended assumption for each of the groups studied.



The non-retired Tier One/Tier Two population continues to decrease in size. While decreasing in number, we anticipate the remaining group over time will have an increasing level of average service. As a result of these factors, we have continued to see the average unused sick leave adjustment per eligible member increase for some groups. We recommend increasing the assumption for Local General Service Females and maintaining the current assumption for all other groups.

Salary Increase Assumptions (*continued*)

Unused Vacation Cash Out Adjustment

Tier One members are eligible to include the value of any lump sum payment of unused vacation pay in the calculation of their final average salary. The assumption shown below represents the percentage increase in a member's final average salary expected to result from this provision. We recommend maintaining the current assumption and continuing to monitor experience in the next study.

Unused Vacation Cash Out Adjustment



Retiree Healthcare Assumptions

There are two retiree healthcare programs offered to eligible Tier One/Tier Two members: the Retiree Health Insurance Premium Account (RHIPA) and the Retiree Health Insurance Account (RHIA).

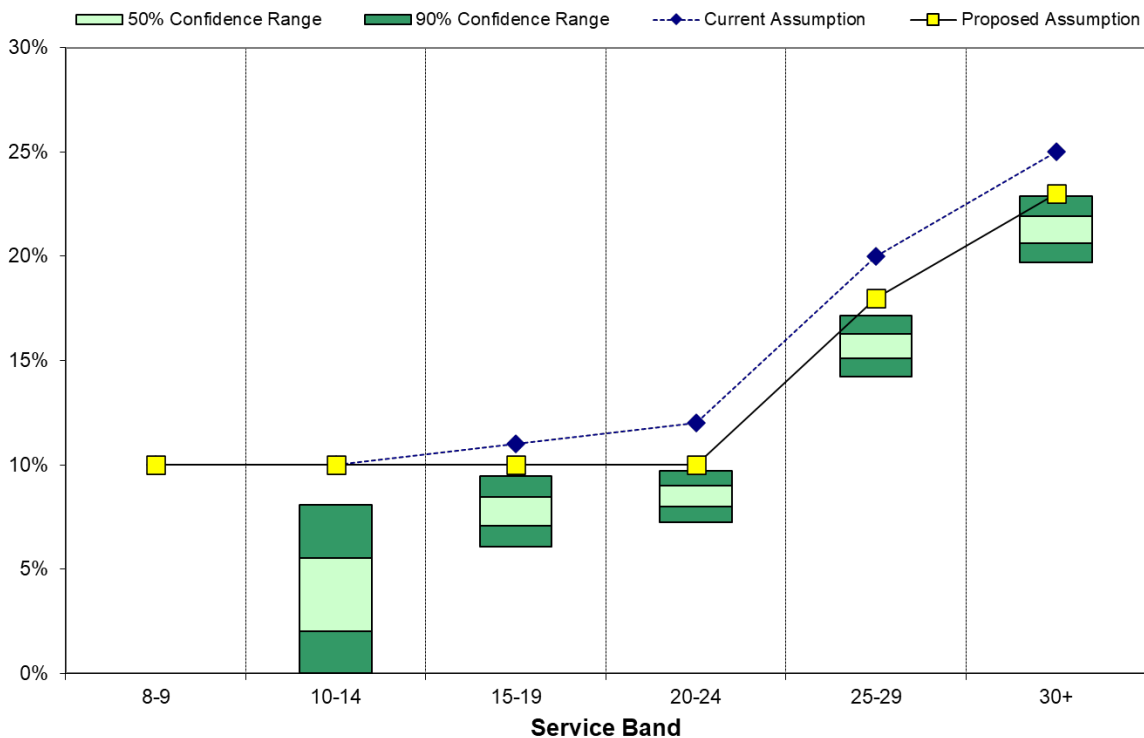
RHIPA

RHIPA is a program for eligible retirees from State of Oregon employment that provides a subsidized pre-Medicare insurance plan. In the previous valuation, the participation rate assumption for future eligible retirees varied based on service at the time of retirement, as the level of employer-paid benefits in the RHIPA program varies by service level. We recommend continuing this structure for the assumption.

The current participation assumptions are consistently higher than recent observed participation experience. We recommend decreasing the assumed participation level at most age ranges, as shown below. The level of participation in RHIPA may be affected, at least in part, by economic conditions, cost of coverage, competition from alternative programs available to retirees, and the impact of healthcare reform legislation becoming effective. Since changes in these factors could change participation rates in RHIPA quickly, we recommend that PERS monitor RHIPA participation levels of future eligible retirees on a regular basis.

The data underlying this study showed a pattern wherein members would sometimes not appear until one or two years after retirement. This may be due to a combination of participant behavior and administrative delay. Because such time-lagged experience is not yet available for the final two years of our study, we included in our analysis an assumption as to the number of additional enrollments not yet reported for members who retired during 2023 or 2024. This assumption was based on the number of such records observed in 2021 and 2022.

RHIPA Participation Rates



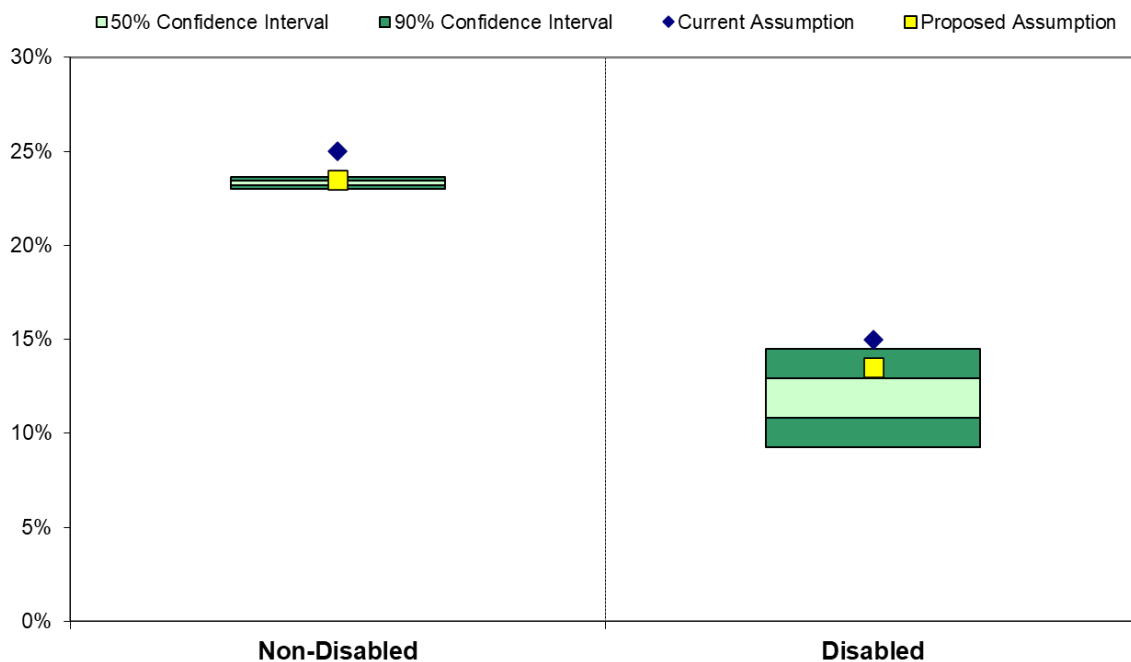
Retiree Healthcare Assumptions (*continued*)

RHIA

RHIA is a subsidized Medicare supplemental insurance program offered to all eligible Tier One/Tier Two retirees. Actual participation rates during the period of study were approximately 23% for non-disabled retirees, compared to the current assumption of 25%. For disabled retirees, actual participation rates were approximately 12%, compared to the current assumption of 15%. As shown in the table below, we recommend decreasing the non-disabled assumption to 23.5% and decreasing the disabled assumption to 13.5%.

The data underlying this study showed a pattern wherein members would sometimes not appear until one or two years after retirement (or reaching age 65 if already retired). This may be due to a combination of participant behavior and administrative delay. Because such time-lagged experience is not yet available for the final two years of our study, we included in our analysis an assumption as to the number of additional enrollments not yet reported for members who retired (or reached age 65 if already retired) during 2023 or 2024. This assumption was based on the number of such records observed in 2021 and 2022.

RHIA Participation Rates



5. Appendix

Data

Except where noted, the analysis in this study was based on data for the experience period from January 1, 2017 to December 31, 2024 as provided by the Oregon Public Employees Retirement System (PERS). PERS is solely responsible for the validity, accuracy, and comprehensiveness of this information; the results of our analysis can be expected to differ and may need to be revised if the underlying data supplied is incomplete or inaccurate.

The member data was summarized according to the actual and potential member decrements for each year in the study. Actual and potential decrements were grouped according to age or service depending on the demographic assumption.

Assumption Tables

A complete listing of all the assumptions, methods and procedures presented to the Board for review on July 25, 2025 that are recommended to be used in the December 31, 2024 and December 31, 2025 actuarial valuations are summarized on the following pages.

Methods and Procedures

Actuarial cost method: Entry Age Normal

UAL amortization method: Level percent of combined Tier One, Tier Two, and OPSRP payroll

UAL amortization period:

- Closed, layered amortization from the first rate-setting valuation in which newly arising UAL (from either experience different than assumption or assumption or method changes) is recognized
 - Tier One/Tier Two – 20 years
 - OPSRP – 16 years
 - RHIA/RHIPA – 10 years
 - Senate Bill 1049 was signed into law in June 2019 and required a one-time re-amortization of Tier One /Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation. This base will continue to be amortized as a closed period, with 16 years remaining as of the December 31, 2025 rate-setting actuarial valuation.
- In general, side accounts are aligned with a 20-year period from the most recent rate-setting valuation. Employers who make lump sum payments in accordance with the rules under OAR 459-009-0086(9) may select a shorter amortization period of either 6, 10, or 16 years since the most recent rate-setting valuation.
- When RHIA or RHIP is in an actuarial surplus position with a negative UAL, the actuarial surplus for that program is amortized over Tier One/Tier Two payroll using a rolling 20-year amortization basis. The resulting negative UAL Rate would be allowed to offset the Normal Cost Rate of the program, but not below a combined contribution rate of 0.0%.
- As of the December 31, 2022 actuarial valuation, amortization periods for existing transition liabilities/surpluses and other Pre-SLGRP amounts were extended 18 months to align with the biennial rate-setting cycle so that the associated rate offsets will expire coincident with the usual timing for biennial rate changes. New transition liabilities will be amortized over the 19½ year period beginning when the employer joins the SLGRP.

- Regular UAL Rate amortization bases are not adjusted for the 18-month time lag between the rate-setting actuarial valuation date and the date the calculated rate becomes effective. Rate adjustments for side accounts and Pre-SLGRP amounts, including transition liabilities and surpluses, are adjusted for the 18-month lag.

Asset valuation method: Market value

Excluded reserves: Contingency Reserve, Capital Preservation Reserve. Rate Guarantee Reserve is excluded only when it is positive.

Contribution Rate Stabilization Method: The UAL Rate contribution rate component for a rate pool (e.g., Tier One/Tier Two SLGRP, Tier One/Tier Two School Districts, OPSRP) is confined to a collared range based on the prior biennium's collared UAL Rate contribution rate component (prior to consideration of side account offsets, SLGRP transition liability or surplus rates, or pre-SLGRP liability rate charges or offsets).

Collar Width: the rate pool's new UAL Rate contribution rate component will generally not increase or decrease from the prior biennium's collared UAL Rate contribution rate component by more than the following amount:

- Tier One/Tier Two SLGRP and Tier One/Tier Two School District Pool: 3% of payroll
- OPSRP: 1% of payroll
- Tier One/Tier Two rates for independent employers: greater of 4% of payroll or one-third of the difference between the collared and uncollared UAL Rate at the prior rate-setting valuation. In addition, the UAL Rate will not be allowed to be less than 0.00% of payroll for any Tier One/Tier Two independent employer with a funded status (excluding side accounts) less than 100%.

UAL Rate decrease restrictions: the UAL Rate for any rate pool will not be allowed to decrease if the pool's funded status is 87% (excluding side accounts) or lower; the allowable decrease will phase into the full collar width from 87% funded to 90% funded.

Liability Allocation for Actives with Several Employers: Allocate Actuarial Accrued Liability 5% (0% for police & fire) based on account balance with each employer and 95% (100% for police & fire) based on service with each employer.

Allocate Normal Cost to current employer.

Projected System-Average Level of Member Redirect Contributions:

- Tier One/Tier Two – 2.40% of payroll
- OPSRP – 0.65% of payroll

Allocation of Benefits-In-Force (BIF) Reserve: The BIF is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Recommended Economic Assumptions

Inflation	2.40%
Real wage growth	1.00%
Payroll growth	3.40%
Investment return	While current capital market outlooks are higher than the current assumption, the current 6.90% assumption is reasonable. The Board will select the assumption at its July 25, 2025 meeting.
Interest crediting	
▪ Regular account	Equal to investment return assumption
▪ Variable account	Equal to investment return assumption
RHIPA subsidy cost trend rates	
▪ 2025 trend rate	6.20%
▪ Ultimate trend rate	3.80%
▪ Year reaching ultimate trend	2073

Recommended Demographic Assumptions

Mortality

The tables below show mortality rates for 2025 for the described groups and ages.

Non-Disabled Retiree Mortality												
Age	School District Male		Other General Service Male		Police & Fire Male		School District Female		Other General Service Female		Police & Fire Female	
	Pub2016 Retiree, Blended 80% Teachers/20% General Employees, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, General Employees, Generational w/Social Security Data Scale, 1 year setback	Pub2016 Retiree, General Employees, Generational w/Social Security Data Scale, 1 year setback	Pub2016 Retiree, Public Safety, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, Public Safety, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, Teachers, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, Teachers, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, General Employees, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, General Employees, Generational w/Social Security Data Scale, 0 year setback	Pub2016 Retiree, Public Safety, Generational w/Social Security Data Scale, 1 year setback	Pub2016 Retiree, Public Safety, Generational w/Social Security Data Scale, 1 year setback	
Year of Birth	1950	1960	1950	1960	1950	1960	1950	1960	1950	1960	1950	1960
50	0.001714	0.001536	0.001604	0.001440	0.002360	0.002115	0.000870	0.000780	0.003051	0.002734	0.001746	0.001568
51	0.001859	0.001662	0.003336	0.002989	0.002530	0.002263	0.000934	0.000835	0.003133	0.002802	0.001898	0.001701
52	0.001999	0.001788	0.003578	0.003200	0.002712	0.002426	0.000994	0.000889	0.003192	0.002855	0.002058	0.001840
53	0.002156	0.001933	0.003827	0.003423	0.002906	0.002604	0.001061	0.000951	0.003263	0.002925	0.002231	0.001996
54	0.002323	0.002086	0.004095	0.003670	0.003106	0.002789	0.001126	0.001012	0.003322	0.002984	0.002407	0.002157
55	0.003014	0.002712	0.004379	0.003932	0.003324	0.002991	0.001233	0.001190	0.003403	0.003062	0.002600	0.002335
56	0.003273	0.002948	0.004690	0.004220	0.003575	0.003220	0.002243	0.002020	0.003486	0.003140	0.002812	0.002530
57	0.003556	0.003207	0.005032	0.004532	0.003831	0.003454	0.002371	0.002138	0.003567	0.003217	0.003054	0.002751
58	0.003864	0.003480	0.005388	0.004858	0.004131	0.003721	0.002512	0.002262	0.003707	0.003339	0.003313	0.002987
59	0.004195	0.003775	0.005778	0.005204	0.004457	0.004011	0.002659	0.002393	0.003887	0.003497	0.003594	0.003237
60	0.004548	0.004088	0.006179	0.005560	0.004818	0.004331	0.002814	0.002530	0.004094	0.003680	0.003910	0.003518
61	0.004926	0.004424	0.006592	0.005926	0.005224	0.004691	0.002986	0.002682	0.004305	0.003866	0.004281	0.003830
62	0.005329	0.004775	0.006995	0.006281	0.005684	0.005094	0.003176	0.002847	0.004555	0.004083	0.004656	0.004181
63	0.005768	0.005153	0.007420	0.006650	0.006217	0.005554	0.003393	0.003031	0.004830	0.004316	0.005084	0.004557
64	0.006248	0.005560	0.007855	0.007018	0.006817	0.006066	0.003644	0.003243	0.005159	0.004591	0.005564	0.004971
65	0.006773	0.006008	0.008337	0.007419	0.007499	0.006653	0.003957	0.003511	0.005556	0.004929	0.006101	0.005429
66	0.007356	0.006513	0.008860	0.007860	0.008280	0.007331	0.004320	0.003825	0.006040	0.005348	0.006690	0.005935
67	0.008004	0.007073	0.009464	0.008379	0.009176	0.008108	0.004761	0.004207	0.006618	0.005847	0.007360	0.006516
68	0.008743	0.007725	0.010146	0.008965	0.010214	0.009025	0.005278	0.004663	0.007307	0.006456	0.008097	0.007154
69	0.009583	0.008468	0.010956	0.009680	0.011399	0.010072	0.005907	0.005219	0.008113	0.007169	0.008942	0.007901
70	0.010564	0.009344	0.011887	0.010503	0.012758	0.011284	0.006636	0.005869	0.009035	0.007992	0.009888	0.008737
71	0.011687	0.010347	0.012978	0.011479	0.014312	0.012671	0.007499	0.006640	0.010087	0.008931	0.010966	0.009699
72	0.012988	0.011511	0.014259	0.012625	0.016063	0.014237	0.008483	0.007518	0.011282	0.009999	0.012177	0.010781
73	0.014475	0.012842	0.015751	0.013960	0.018024	0.015991	0.009610	0.008526	0.012636	0.011210	0.013536	0.011997
74	0.016195	0.014382	0.017465	0.015494	0.020225	0.017961	0.010867	0.009651	0.014159	0.012575	0.015066	0.013366
75	0.018198	0.016210	0.019447	0.017271	0.022718	0.020236	0.010981	0.010981	0.015905	0.014168	0.016787	0.014908
76	0.020496	0.018313	0.021744	0.019369	0.025500	0.022784	0.014010	0.012517	0.017887	0.015982	0.018760	0.016711
77	0.023079	0.020641	0.024366	0.021771	0.028559	0.025543	0.015920	0.014239	0.020104	0.017980	0.020982	0.018747
78	0.025991	0.023246	0.027280	0.024399	0.031924	0.028553	0.018140	0.016224	0.022574	0.020190	0.023423	0.020949
79	0.029287	0.026193	0.030532	0.027307	0.035644	0.031879	0.020715	0.018527	0.025394	0.022712	0.026121	0.023362
80	0.033069	0.029607	0.034162	0.030554	0.039812	0.035643	0.023735	0.021249	0.028643	0.025643	0.029124	0.026048
81	0.037424	0.033573	0.038256	0.034250	0.044498	0.039920	0.027241	0.024438	0.032424	0.029088	0.032512	0.029108
82	0.042520	0.038299	0.042883	0.038470	0.049853	0.044904	0.031360	0.028247	0.036867	0.033208	0.036352	0.032612
83	0.048456	0.043867	0.048213	0.043427	0.055941	0.050643	0.036140	0.032717	0.042000	0.038022	0.040795	0.036746
84	0.055468	0.050571	0.054317	0.049173	0.062989	0.057428	0.041719	0.038036	0.048001	0.043764	0.045898	0.041551
85	0.063396	0.058150	0.061495	0.056066	0.070811	0.064952	0.047983	0.044012	0.054662	0.050139	0.051889	0.047308
86	0.072581	0.067047	0.069588	0.063830	0.079776	0.073693	0.055141	0.050937	0.062224	0.057479	0.058617	0.053767
87	0.082843	0.076990	0.079045	0.073017	0.089726	0.083387	0.063018	0.058566	0.070537	0.065554	0.066439	0.061373
88	0.094410	0.088272	0.089701	0.083364	0.100941	0.094378	0.071822	0.067153	0.079835	0.074644	0.075223	0.069909
89	0.107154	0.100693	0.101824	0.095204	0.113349	0.106514	0.081532	0.076616	0.090069	0.084638	0.085263	0.079720
90	0.121332	0.114591	0.115248	0.108298	0.127318	0.120244	0.092490	0.087351	0.101548	0.095906	0.096496	0.090678
91	0.137098	0.130133	0.130259	0.123022	0.142800	0.135546	0.104844	0.099518	0.114105	0.108308	0.109299	0.103226
92	0.154500	0.147390	0.146529	0.139085	0.159753	0.152402	0.118676	0.113215	0.127656	0.121781	0.122864	0.116622
93	0.173523	0.166371	0.163854	0.156314	0.178150	0.170808	0.134021	0.128497	0.142206	0.136795	0.136795	0.130500
94	0.194110	0.187047	0.182166	0.174658	0.197932	0.190729	0.150887	0.145397	0.157828	0.152085	0.150968	0.144746
95	0.215516	0.208509	0.201475	0.194143	0.218444	0.211341	0.168726	0.163240	0.174132	0.168470	0.165525	0.159501
96	0.237345	0.230320	0.221173	0.213982	0.239354	0.232269	0.187276	0.181733	0.191041	0.185386	0.180213	0.174354
97	0.259139	0.251974	0.241123	0.233986	0.260329	0.253131	0.206195	0.200494	0.208460	0.202696	0.195232	0.189454
98	0.280393	0.272914	0.261127	0.253907	0.280951	0.273456	0.225125	0.219120	0.226189	0.220156	0.210783	0.204955
99	0.300629	0.292610	0.280924	0.273430	0.300790	0.292766	0.243670	0.237171	0.243981	0.237473	0.226978	0.220974
100	0.320456	0.311908	0.300197	0.292189	0.320456	0.311908	0.262341	0.255344	0.262341	0.255344	0.243733	0.237232
101	0.340926	0.332165	0.319591	0.311066	0.340926	0.332165	0.280205	0.274778	0.280205	0.274778	0.261633	0.254654
102	0.359680	0.350437	0.340040	0.331301	0.359680	0.350437	0.300777	0.293048	0.300777	0.293048	0.281292	0.274063
103	0.379056	0.369686	0.358745	0.349526	0.379056	0.369686	0.320517	0.312594	0.320517	0.312594	0.299995	0.292286
104	0.397715	0.388272	0.378109	0.368762	0.397715	0.388272	0.340076	0.332002	0.340076	0.332002	0.319716	0.311812
105	0.415537	0.406078	0.396761	0.387341	0.415537	0.406078	0.359310	0.351130	0.359310	0.351130	0.339260	0.331205
106	0.430705	0.420901	0.414581	0.405144	0.430705	0.420901	0.376550	0.367979	0.376550	0.367979	0.358483	0.350323
107	0.446532	0.436805	0.429715	0.419933	0.446532	0.436805	0.394590	0.385995	0.394590	0.385995	0.375684	0.367132
108	0.457746	0.448224	0.445550	0.435844	0.457746	0.448224	0.411926	0.403357	0.411926	0.403357	0.393722	0.385146
109	0.458758	0.449665	0.456785	0.447283	0.458758	0.449665	0.428489	0.419996	0.428489	0.419996	0.411061	0.402510
110	0.459863	0.451200	0.457840	0.448765	0.459863	0.451200	0.444218	0.435850	0.444218	0.435850	0.427632	0.419156
111	0.458989	0.450343	0.458989	0.450343	0.458989	0.450343	0.457025	0.448415	0.457025	0.448415	0.443374	0.435022
112	0.460233	0.452016	0.458117	0.449487	0.460233	0.452016	0.460233	0.452016	0.460233	0.452016	0.456156	0.447563
113	0.461573	0.453786	0.459405	0.451202	0.461573	0.453786	0.461573	0.453786	0.461573	0.453786	0.459405	0.451202
114	0.463009	0.455654	0.460788	0.453015	0.463009	0.455654	0.463009	0.455654	0.463009	0.455654	0.460788	0.453015
115	0.464542	0.457621	0.462268	0.454925	0.464542	0.457621	0.464542	0.457621	0.464542	0.457621	0.462268	0.454925
116	0.463846	0.456935	0.463846	0.456935	0.463846	0.456935	0.463846	0.456935	0.463846	0.456935	0.463846	0.456935
117	0.463150	0.456249	0.463150	0.456249	0.463150	0.456249	0.463150	0.456249	0.463150	0.456249	0.463150	0.456249
118	0.462455	0.455565	0.462455	0.455565	0.462455	0.455565	0.462455	0.455565	0.462455	0.455565	0.462455	0.455565
119	0.461761	0.454882	0.461761	0.454882	0.461761	0.454882	0.461761	0.454882	0.461761	0.454882	0.461761	0.454882
120	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000					

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Recommended Demographic Assumptions (continued)

Age	Beneficiary Mortality				Disabled Retired Mortality			
	Male		Female		Police & Fire Male	Police & Fire Female	General Service Male	General Service Female
	Pub2016 Retiree, General Employees, Generational w/Social Security Data Scale, 1 year setback		Pub2016 Retiree, General Employees, Generational w/Social Security Data Scale, 0 year setback		Blended 20% Pub2016 Public Safety Disabled Retiree/80% Non-Safety Disabled Retiree, Generational w/Social Security Data Scale, 0 year setback		120% of Pub2016 Non-Safety Disabled Retiree, Generational w/Social Security Data Scale, 0 year setback	
Year of Birth	1950	1960	1950	1960	1950	1950	1950	1950
50	0.001604	0.001440	0.003051	0.002734	0.009166	0.007836	0.012370	0.010482
51	0.003336	0.002989	0.003133	0.002802	0.009867	0.008425	0.013350	0.011307
52	0.003578	0.003200	0.003192	0.002855	0.010592	0.009033	0.014366	0.012164
53	0.003827	0.003423	0.003263	0.002925	0.011349	0.009659	0.015429	0.013049
54	0.004095	0.003670	0.003322	0.002984	0.012154	0.010329	0.016562	0.013995
55	0.004379	0.003932	0.003403	0.003062	0.013033	0.011056	0.017804	0.015027
56	0.004690	0.004220	0.003486	0.003140	0.013984	0.011855	0.019144	0.016160
57	0.005032	0.004532	0.003567	0.003217	0.015014	0.012711	0.020601	0.017374
58	0.005388	0.004858	0.003707	0.003339	0.016150	0.013658	0.022206	0.018722
59	0.005778	0.005204	0.003887	0.003497	0.017376	0.014675	0.023941	0.020168
60	0.006179	0.005560	0.004094	0.003680	0.018679	0.015762	0.025789	0.021721
61	0.006592	0.005926	0.004305	0.003866	0.019465	0.016025	0.026808	0.021945
62	0.006995	0.006281	0.004555	0.004083	0.020138	0.016282	0.027633	0.022142
63	0.007420	0.006650	0.004830	0.004316	0.020708	0.016560	0.028288	0.022342
64	0.007855	0.007018	0.005159	0.004591	0.021203	0.016855	0.028804	0.022540
65	0.008337	0.007419	0.005556	0.004929	0.021646	0.017184	0.029220	0.022759
66	0.008860	0.007860	0.006040	0.005348	0.022088	0.017582	0.029592	0.023040
67	0.009464	0.008379	0.006618	0.005847	0.022581	0.018075	0.029998	0.023420
68	0.010146	0.008965	0.007307	0.006456	0.023183	0.018711	0.030531	0.023963
69	0.010956	0.009680	0.008113	0.007169	0.023950	0.019522	0.031277	0.024721
70	0.011887	0.010503	0.009035	0.007992	0.024960	0.020516	0.032344	0.025775
71	0.012978	0.011479	0.010087	0.008931	0.026271	0.021779	0.033818	0.027190
72	0.014259	0.012625	0.011282	0.009999	0.027907	0.023342	0.035728	0.028998
73	0.015751	0.013960	0.012636	0.011210	0.029871	0.025220	0.038072	0.031208
74	0.017465	0.015494	0.014159	0.012575	0.032164	0.027451	0.040847	0.033874
75	0.019447	0.017271	0.015905	0.014168	0.034874	0.030116	0.044163	0.037080
76	0.021744	0.019369	0.017887	0.015982	0.037966	0.033212	0.047948	0.040818
77	0.024366	0.021771	0.020104	0.017980	0.041389	0.036648	0.052070	0.044959
78	0.027280	0.024399	0.022574	0.020190	0.045110	0.040380	0.056519	0.049424
79	0.030532	0.027307	0.025394	0.022712	0.049112	0.044380	0.061247	0.054148
80	0.034162	0.030554	0.028643	0.025643	0.053412	0.048513	0.066255	0.059019
81	0.038256	0.034250	0.032424	0.029088	0.057995	0.052492	0.071496	0.063900
82	0.042883	0.038470	0.036867	0.033208	0.063062	0.056705	0.077234	0.069031
83	0.048213	0.043427	0.042000	0.038022	0.068717	0.061298	0.083615	0.074617
84	0.054317	0.049173	0.048001	0.043764	0.075314	0.066640	0.091122	0.081144
85	0.061495	0.056066	0.054662	0.050139	0.082745	0.072738	0.099689	0.088681
86	0.069588	0.063830	0.062224	0.057479	0.092247	0.079713	0.111071	0.097298
87	0.079045	0.073017	0.070537	0.065554	0.102990	0.087202	0.124102	0.106498
88	0.089701	0.083364	0.079835	0.074644	0.114945	0.095348	0.138662	0.116420
89	0.101824	0.095204	0.090069	0.084638	0.127898	0.103980	0.154490	0.126835
90	0.115248	0.108298	0.101548	0.095906	0.142104	0.114027	0.171874	0.138062
91	0.130259	0.123022	0.114105	0.108308	0.157252	0.124875	0.190321	0.150261
92	0.146529	0.139085	0.127656	0.121781	0.173227	0.136584	0.209625	0.163644
93	0.163854	0.156314	0.142206	0.136345	0.190011	0.149277	0.229739	0.178434
94	0.182166	0.174658	0.157828	0.152085	0.207725	0.163125	0.250823	0.194846
95	0.201475	0.194143	0.174132	0.168470	0.225880	0.177815	0.272316	0.212480
96	0.221173	0.213982	0.191041	0.185386	0.244444	0.193371	0.294242	0.231310
97	0.241123	0.233986	0.208460	0.202696	0.263327	0.209732	0.316553	0.251186
98	0.261127	0.253907	0.226189	0.220156	0.282348	0.226749	0.339089	0.271845
99	0.280924	0.273430	0.243981	0.237473	0.301190	0.244129	0.361508	0.292876
100	0.300197	0.292189	0.262341	0.255344	0.320456	0.262341	0.384547	0.314810
101	0.319591	0.311066	0.282025	0.274778	0.340926	0.282025	0.409111	0.338430
102	0.340040	0.331301	0.300777	0.293048	0.359680	0.300777	0.431616	0.360933
103	0.358745	0.349526	0.320517	0.312594	0.379056	0.320517	0.454868	0.384620
104	0.378109	0.368762	0.340076	0.332002	0.397715	0.340076	0.477258	0.408091
105	0.396761	0.387341	0.359310	0.351130	0.415537	0.359310	0.498644	0.431172
106	0.414581	0.405144	0.376550	0.367979	0.430705	0.376550	0.516846	0.451860
107	0.429715	0.419933	0.394590	0.385995	0.446532	0.394590	0.535838	0.473509
108	0.445550	0.435844	0.411926	0.403357	0.457746	0.411926	0.549296	0.494311
109	0.456785	0.447283	0.428489	0.419996	0.458758	0.428489	0.550509	0.514187
110	0.457840	0.448765	0.444218	0.435850	0.459863	0.444218	0.551836	0.533062
111	0.458989	0.450343	0.457025	0.448415	0.458989	0.457025	0.550787	0.548430
112	0.458117	0.449487	0.460233	0.452016	0.460233	0.460233	0.552280	0.552280
113	0.459405	0.451202	0.461573	0.453786	0.461573	0.461573	0.553888	0.553888
114	0.460788	0.453015	0.463009	0.455654	0.463009	0.463009	0.555611	0.555611
115	0.462268	0.454925	0.464542	0.457621	0.464542	0.464542	0.557451	0.557451
116	0.463846	0.456935	0.463846	0.456935	0.463846	0.463846	0.556615	0.556615
117	0.463150	0.456249	0.463150	0.456249	0.463150	0.463150	0.555780	0.555780
118	0.462455	0.455565	0.462455	0.455565	0.462455	0.462455	0.554946	0.554946
119	0.461761	0.454882	0.461761	0.454882	0.461761	0.461761	0.554114	0.554114
120	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000

Recommended Demographic Assumptions (continued)

Non-Annuitant Mortality												
Age	School District Male	Other General Service Male	Police & Fire Male	School District Female	Other General Service Female	Police & Fire Female						
	120% of Pub2016 Employee, Blended 80% Teachers/20% General Employees, Generational w/Social Security Data Scale, 0 year setback	120% of Pub2016 Employee, General Employees, Generational w/Social Security Data Scale, 1 year setback	120% of Pub2016 Employee, Public Safety, Generational w/Social Security Data Scale, 0 year setback	120% of Pub2016 Employee, Teachers, Generational w/Social Security Data Scale, 0 year setback	120% of Pub2016 Employee, General Employees, Generational w/Social Security Data Scale, 0 year setback	120% of Pub2016 Employee, Public Safety, Generational w/Social Security Data Scale, 1 year setback						
Year of Birth	1950	1960	1950	1960	1950	1960	1950	1960	1950	1960	1950	1960
30	0.000422	0.000411	0.000617	0.000602	0.000527	0.000514	0.000171	0.000167	0.000250	0.000244	0.000263	0.000256
31	0.000437	0.000425	0.000631	0.000615	0.000543	0.000528	0.000185	0.000180	0.000265	0.000257	0.000289	0.000282
32	0.000448	0.000435	0.000647	0.000629	0.000556	0.000540	0.000212	0.000206	0.000291	0.000283	0.000304	0.000295
33	0.000471	0.000456	0.000647	0.000629	0.000585	0.000567	0.000226	0.000219	0.000319	0.000309	0.000330	0.000321
34	0.000487	0.000471	0.000649	0.000630	0.000602	0.000582	0.000254	0.000246	0.000348	0.000336	0.000358	0.000347
35	0.000515	0.000497	0.000667	0.000644	0.000631	0.000608	0.000268	0.000259	0.000376	0.000362	0.000387	0.000374
36	0.000536	0.000515	0.000695	0.000671	0.000663	0.000637	0.000298	0.000286	0.000406	0.000390	0.000415	0.000400
37	0.000573	0.000548	0.000728	0.000699	0.000700	0.000668	0.000329	0.000314	0.000453	0.000432	0.000445	0.000427
38	0.000624	0.000592	0.000778	0.000743	0.000738	0.000700	0.000376	0.000357	0.000487	0.000462	0.000492	0.000469
39	0.000679	0.000639	0.000831	0.000788	0.000793	0.000746	0.000411	0.000386	0.000538	0.000506	0.000540	0.000512
40	0.000738	0.000689	0.000900	0.000847	0.000848	0.000791	0.000460	0.000429	0.000589	0.000550	0.000591	0.000556
41	0.000798	0.000738	0.000984	0.000919	0.000903	0.000835	0.000495	0.000458	0.000655	0.000606	0.000642	0.000599
42	0.000865	0.000796	0.010169	0.000989	0.000967	0.000890	0.000542	0.000499	0.000704	0.000647	0.000708	0.000655
43	0.000944	0.000864	0.011148	0.010156	0.010129	0.000942	0.000603	0.000552	0.000765	0.000700	0.000770	0.000709
44	0.010126	0.000934	0.011239	0.011134	0.011091	0.000993	0.000648	0.000591	0.000840	0.000765	0.000831	0.000761
45	0.011114	0.010111	0.011343	0.011224	0.011161	0.010154	0.000705	0.000640	0.000896	0.000814	0.000905	0.000825
46	0.01206	0.01091	0.011441	0.011308	0.011247	0.011128	0.000763	0.000690	0.000968	0.000876	0.000975	0.000885
47	0.01306	0.01178	0.011554	0.011406	0.011329	0.011199	0.000833	0.000751	0.010152	0.000948	0.010160	0.000959
48	0.01419	0.01277	0.011663	0.011499	0.011437	0.011293	0.000900	0.000810	0.011132	0.010118	0.011142	0.010130
49	0.01530	0.01374	0.011795	0.011615	0.011542	0.011384	0.000965	0.000867	0.01210	0.010187	0.01220	0.010198
50	0.01667	0.01494	0.011924	0.011728	0.011659	0.011487	0.010144	0.000936	0.01316	0.011179	0.01326	0.011190
51	0.01816	0.01624	0.020279	0.011863	0.011788	0.011599	0.011121	0.010102	0.01405	0.012256	0.01414	0.01268
52	0.01959	0.01752	0.022245	0.02008	0.01922	0.011719	0.011193	0.010167	0.01515	0.01355	0.01529	0.01368
53	0.02120	0.01900	0.02414	0.02159	0.02076	0.011860	0.011273	0.011141	0.01619	0.014151	0.01637	0.01464
54	0.02291	0.02057	0.02600	0.022331	0.02239	0.020211	0.011352	0.011214	0.01734	0.01557	0.01752	0.01570
55	0.02485	0.02236	0.02796	0.02511	0.02426	0.02183	0.011442	0.011298	0.01846	0.01661	0.01878	0.01686
56	0.02680	0.02414	0.03014	0.02712	0.02638	0.02376	0.011532	0.011380	0.01985	0.01788	0.02000	0.01800
57	0.02898	0.02613	0.03243	0.02921	0.02871	0.02589	0.011646	0.011485	0.02134	0.01924	0.02149	0.01936
58	0.03139	0.02827	0.03494	0.03150	0.03118	0.02809	0.011761	0.011586	0.02283	0.02057	0.02307	0.02080
59	0.03380	0.03041	0.03757	0.03384	0.03411	0.03069	0.011886	0.011697	0.02455	0.02209	0.02479	0.02233
60	0.03646	0.03277	0.04040	0.03635	0.03723	0.03346	0.02034	0.011828	0.02648	0.02380	0.02672	0.02404
61	0.03913	0.03514	0.04316	0.03880	0.04052	0.03639	0.02203	0.011979	0.02849	0.02559	0.02860	0.02571
62	0.04205	0.03769	0.04623	0.04151	0.04426	0.03966	0.02395	0.02146	0.03059	0.02742	0.03082	0.02767
63	0.04506	0.04026	0.04923	0.04412	0.04828	0.04314	0.02619	0.02340	0.03289	0.02939	0.03311	0.02967
64	0.04832	0.04300	0.05241	0.04682	0.05270	0.04689	0.02850	0.02536	0.03538	0.03148	0.03559	0.03180
65	0.05181	0.04596	0.05573	0.04959	0.05732	0.05085	0.03109	0.02758	0.03801	0.03372	0.03837	0.03414
66	0.05544	0.04909	0.05916	0.05249	0.06408	0.05674	0.03396	0.03007	0.04092	0.03623	0.04116	0.03652
67	0.05952	0.05259	0.06283	0.05563	0.07159	0.06325	0.03722	0.03288	0.04385	0.03875	0.04422	0.03915
68	0.06389	0.05646	0.06684	0.05906	0.08007	0.07075	0.04062	0.03589	0.04718	0.04169	0.04753	0.04200
69	0.06868	0.06069	0.07134	0.06304	0.08938	0.07897	0.04452	0.03933	0.05064	0.04475	0.05099	0.04506
70	0.07397	0.06542	0.07652	0.06761	0.09985	0.08832	0.04878	0.04315	0.05438	0.04810	0.05470	0.04834
71	0.07976	0.07062	0.08227	0.07277	0.11167	0.09887	0.05341	0.04729	0.05849	0.05179	0.05880	0.05201
72	0.08614	0.07635	0.08879	0.07861	0.12490	0.11069	0.05849	0.05184	0.06284	0.05569	0.06325	0.05600
73	0.09309	0.08259	0.09605	0.08513	0.13960	0.12385	0.06401	0.05678	0.06754	0.05992	0.06793	0.06020
74	0.10066	0.08939	0.10402	0.09229	0.15616	0.13868	0.07017	0.06232	0.07257	0.06445	0.07306	0.06481
75	0.10907	0.09715	0.11302	0.10037	0.17496	0.15585	0.07710	0.06868	0.07829	0.06974	0.07862	0.06982
76	0.112347	0.11032	0.12303	0.10959	0.19621	0.17531	0.08856	0.07913	0.08438	0.07539	0.08477	0.07551
77	0.113967	0.112492	0.13422	0.11992	0.21970	0.19650	0.10168	0.09094	0.09085	0.08126	0.09139	0.08165
78	0.115785	0.114118	0.14610	0.13067	0.24570	0.21975	0.11650	0.10420	0.09771	0.08739	0.09845	0.08805
79	0.117850	0.115965	0.15901	0.14221	0.27484	0.24581	0.13368	0.11956	0.10504	0.09394	0.10587	0.09469
80	0.120214	0.118097	0.17315	0.15487	0.30784	0.27561	0.15346	0.13739	0.11317	0.10132	0.11383	0.10181

Recommended Demographic Assumptions *(continued)*

Mortality Improvement Scale

Unisex Social Security Data Mortality Projection Scale					
Based on 60-year average of experience through 2019					
Age	Improvement Rate	Age	Improvement Rate	Age	Improvement Rate
15	1.35%	50	1.09%	85	0.86%
16	1.26%	51	1.11%	86	0.79%
17	1.16%	52	1.11%	87	0.73%
18	1.03%	53	1.09%	88	0.67%
19	0.90%	54	1.07%	89	0.62%
20	0.78%	55	1.05%	90	0.57%
21	0.69%	56	1.04%	91	0.52%
22	0.61%	57	1.03%	92	0.47%
23	0.53%	58	1.04%	93	0.42%
24	0.46%	59	1.05%	94	0.37%
25	0.39%	60	1.06%	95	0.33%
26	0.33%	61	1.07%	96	0.30%
27	0.28%	62	1.09%	97	0.28%
28	0.26%	63	1.12%	98	0.27%
29	0.25%	64	1.16%	99	0.27%
30	0.26%	65	1.19%	100	0.27%
31	0.28%	66	1.21%	101	0.26%
32	0.29%	67	1.23%	102	0.26%
33	0.31%	68	1.23%	103	0.25%
34	0.34%	69	1.23%	104	0.24%
35	0.36%	70	1.22%	105	0.23%
36	0.40%	71	1.21%	106	0.23%
37	0.46%	72	1.20%	107	0.22%
38	0.53%	73	1.19%	108	0.21%
39	0.61%	74	1.18%	109	0.20%
40	0.69%	75	1.15%	110	0.19%
41	0.77%	76	1.12%	111	0.19%
42	0.83%	77	1.11%	112	0.18%
43	0.88%	78	1.11%	113	0.17%
44	0.93%	79	1.11%	114	0.16%
45	0.96%	80	1.10%	115	0.15%
46	1.00%	81	1.08%	116	0.15%
47	1.03%	82	1.04%	117	0.15%
48	1.05%	83	0.99%	118	0.15%
49	1.07%	84	0.92%	119	0.15%

Recommended Demographic Assumptions (continued)

Retirement Assumptions

Retirement from Active Status (Tier One/Tier Two)

Police & Fire				General Service / School Districts						Judges
Age				General Service			School Districts			
	<13 Years	13-24 Years	25+ Years	<15 years	15-29 Years	30+ Years	<15 years	15-29 Years	30+ Years	
< 50						15.0%			25.0%	
50	1.5%	3.5%	38.0%			15.0%			25.0%	
51	1.5%	3.5%	28.0%			15.0%			25.0%	
52	1.5%	3.5%	28.0%			15.0%			25.0%	
53	1.5%	3.5%	28.0%			15.0%			32.0%	
54	1.5%	3.5%	28.0%			15.0%			25.0%	
55	3.0%	20.0%	28.0%	1.5%	2.5%	15.0%	1.5%	3.5%	25.0%	
56	3.0%	12.0%	28.0%	1.5%	2.5%	15.0%	1.5%	3.5%	25.0%	
57	3.0%	12.0%	28.0%	1.5%	2.5%	15.0%	1.5%	3.5%	25.0%	
58	6.0%	12.0%	28.0%	1.5%	7.5%	20.0%	1.5%	11.0%	27.5%	
59	6.0%	12.0%	28.0%	3.5%	7.5%	20.0%	4.5%	11.0%	27.5%	
60	6.0%	13.0%	32.0%	6.0%	12.0%	20.0%	6.5%	14.5%	27.5%	15.0%
61	6.0%	14.0%	28.0%	6.0%	11.0%	20.0%	6.5%	14.5%	27.5%	15.0%
62	15.0%	25.0%	38.0%	13.0%	17.5%	26.0%	15.0%	21.0%	34.0%	15.0%
63	15.0%	15.0%	31.0%	11.5%	16.0%	22.0%	13.0%	19.5%	29.0%	15.0%
64	15.0%	15.0%	31.0%	12.5%	16.0%	22.0%	13.0%	19.5%	29.0%	15.0%
65	40.0%	40.0%	45.0%	19.5%	28.0%	36.0%	25.5%	34.5%	45.0%	15.0%
66	40.0%	40.0%	45.0%	27.5%	35.0%	38.0%	23.0%	36.5%	45.0%	15.0%
67	40.0%	40.0%	45.0%	22.5%	28.0%	35.0%	21.0%	34.5%	38.0%	20.0%
68	40.0%	40.0%	45.0%	19.5%	26.5%	26.0%	21.0%	30.0%	28.5%	20.0%
69	40.0%	40.0%	45.0%	19.5%	26.5%	26.0%	21.0%	30.0%	28.5%	20.0%
70	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
71	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
72	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
73	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
74	100.0%	100.0%	100.0%	25.0%	28.0%	26.0%	21.0%	30.0%	28.5%	30.0%
75+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Lump Sum Option at Retirement

Partial Lump Sum	0%
Total Lump Sum	0%

Purchase of Credited Service at Retirement

Money Match Retirements	0%
Non-Money Match Retirements	75%

Oregon Residency Status

For purposes of determining eligibility for SB 656/HB 3349 “tax remedy” benefit adjustments, 85% of potentially eligible retirees are assumed to remain Oregon residents after retirement.

Recommended Demographic Assumptions (continued)

Retirement from Active Status (OPSRP)

Age	Police & Fire			General Service / School Districts					
				General Service			School Districts		
	<13 Years	13-24 Years	25+ Years	<15 years	15-29 Years	30+ Years	<15 years	15-29 Years	30+ Years
50	1.50%	3.00%	5.50%						
51	1.50%	3.00%	5.50%						
52	1.50%	3.00%	5.50%						
53	1.50%	3.00%	28.00%						
54	1.50%	3.50%	28.00%						
55	3.00%	15.50%	28.00%	1.00%	2.50%	5.00%	0.50%	2.50%	5.00%
56	3.00%	10.00%	28.00%	1.00%	2.50%	5.00%	0.50%	2.50%	5.00%
57	3.00%	10.00%	28.00%	1.00%	2.50%	7.50%	1.00%	2.50%	7.50%
58	6.00%	10.00%	28.00%	1.50%	3.00%	30.00%	1.50%	3.00%	30.00%
59	6.00%	10.00%	28.00%	2.00%	3.00%	25.00%	1.50%	3.00%	25.00%
60	5.00%	12.00%	32.00%	2.50%	3.75%	20.00%	2.50%	3.75%	20.00%
61	5.00%	8.50%	28.00%	2.50%	5.00%	20.00%	2.50%	5.00%	20.00%
62	10.00%	25.00%	38.00%	6.00%	12.00%	26.00%	6.00%	12.00%	30.00%
63	10.00%	15.00%	31.00%	6.00%	10.00%	20.00%	6.00%	10.00%	20.00%
64	10.00%	15.00%	31.00%	7.00%	10.00%	20.00%	6.00%	10.00%	20.00%
65	20.00%	35.00%	40.00%	15.50%	35.00%	20.00%	12.50%	35.00%	20.00%
66	20.00%	35.00%	40.00%	18.50%	33.00%	20.00%	12.50%	33.00%	20.00%
67	20.00%	35.00%	40.00%	17.00%	22.00%	30.00%	11.00%	26.00%	30.00%
68	20.00%	35.00%	40.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
69	20.00%	35.00%	40.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
70	100.00%	100.00%	100.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
71	100.00%	100.00%	100.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
72	100.00%	100.00%	100.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
73	100.00%	100.00%	100.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
74	100.00%	100.00%	100.00%	14.00%	20.00%	25.00%	9.00%	22.00%	25.00%
75+	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Disability Assumptions

Age	Duty Disability		
	Police & Fire	General Service	Ordinary Disability
20	0.0075%	0.0002%	0.0060%
25	0.0108%	0.0003%	0.0086%
30	0.0160%	0.0004%	0.0128%
35	0.0245%	0.0006%	0.0196%
40	0.0395%	0.0009%	0.0316%
45	0.0648%	0.0016%	0.0518%
50	0.1120%	0.0027%	0.0896%
55	0.2113%	0.0051%	0.1200%
60	-	0.0072%	0.1200%
65	-	-	-

Recommended Demographic Assumptions (*continued*)

Termination Assumptions

Duration	School District	School District	General Service	General Service	Police & Fire
	Male	Female	Male	Female	
0	16.63%	13.50%	15.00%	15.00%	10.00%
1	14.25%	13.00%	12.50%	14.00%	7.00%
2	11.50%	11.50%	10.46%	11.50%	6.00%
3	9.50%	10.00%	9.23%	8.74%	5.38%
4	7.93%	8.89%	8.15%	7.95%	4.69%
5	6.86%	7.91%	7.19%	7.23%	4.32%
6	5.93%	7.03%	6.35%	6.57%	3.98%
7	5.12%	6.25%	5.60%	5.98%	3.67%
8	4.43%	5.56%	4.94%	5.44%	3.38%
9	3.82%	4.94%	4.42%	5.09%	3.11%
10	3.31%	4.43%	4.13%	4.77%	2.87%
11	3.04%	3.92%	3.85%	4.47%	2.64%
12	2.84%	3.72%	3.60%	4.18%	2.43%
13	2.65%	3.53%	3.36%	3.92%	2.24%
14	2.47%	3.34%	3.13%	3.67%	2.07%
15	2.30%	3.17%	2.93%	3.43%	1.90%
16	2.15%	3.00%	2.73%	3.22%	1.75%
17	2.00%	2.85%	2.55%	3.01%	1.62%
18	1.87%	2.70%	2.38%	2.82%	1.49%
19	1.74%	2.56%	2.22%	2.64%	1.37%
20	1.62%	2.43%	2.08%	2.47%	1.26%
21	1.52%	2.30%	1.94%	2.32%	1.16%
22	1.41%	2.18%	1.81%	2.17%	1.07%
23	1.32%	2.07%	1.69%	2.03%	0.90%
24	1.23%	1.96%	1.58%	1.90%	0.90%
25	1.20%	1.75%	1.47%	1.78%	0.90%
26	1.20%	1.75%	1.40%	1.67%	0.90%
27	1.20%	1.75%	1.40%	1.56%	0.90%
28	1.20%	1.75%	1.40%	1.46%	0.90%
29	1.20%	1.75%	1.40%	1.40%	0.90%
30+	1.20%	1.75%	1.40%	1.40%	0.90%

Recommended Demographic Assumptions (*continued*)

Merit Salary Increase Assumptions

Duration	Other General		
	School District	Service	Police & Fire
0	5.28%	4.77%	6.12%
1	4.99%	4.39%	5.46%
2	4.70%	4.03%	4.85%
3	4.41%	3.70%	4.31%
4	4.12%	3.39%	3.82%
5	3.84%	3.10%	3.38%
6	3.57%	2.82%	3.00%
7	3.30%	2.57%	2.66%
8	3.03%	2.34%	2.37%
9	2.78%	2.13%	2.12%
10	2.53%	1.93%	1.91%
11	2.29%	1.75%	1.73%
12	2.05%	1.58%	1.58%
13	1.83%	1.43%	1.47%
14	1.61%	1.30%	1.37%
15	1.41%	1.17%	1.30%
16	1.21%	1.06%	1.25%
17	1.03%	0.96%	1.22%
18	0.86%	0.87%	1.20%
19	0.71%	0.80%	1.19%
20	0.56%	0.73%	1.18%
21	0.43%	0.67%	1.18%
22	0.32%	0.61%	1.18%
23	0.22%	0.57%	1.18%
24	0.13%	0.53%	1.17%
25	0.06%	0.50%	1.15%
26	0.01%	0.47%	1.11%
27	0.00%	0.44%	1.07%
28	0.00%	0.42%	1.00%
29	0.00%	0.40%	0.91%
30+	0.00%	0.38%	0.80%

An across-the-board select assumption of an additional 2.0% of pay will be added to the merit salary increases shown in the table for pay increases from 2024 to 2025.

Recommended Demographic Assumptions (*continued*)

Unused Sick Leave Adjustment

Actives	
• State General Service Male	8.75%
• State General Service Female	5.25%
• School District Male	9.75%
• School District Female	6.50%
• Local General Service Male	6.50%
• Local General Service Female	5.00%
• State Police & Fire	4.75%
• Local Police & Fire	7.25%
Dormants	5.00%

Unused Vacation Cash Out Adjustment

Tier One	
• State General Service	2.50%
• School District	0.25%
• Local General Service	3.50%
• State Police & Fire	3.00%
• Local Police & Fire	4.25%
Tier Two	0.00%

Recommended Retiree Healthcare Assumptions

Retiree Healthcare Participation

RHIPA	
• 8 – 9 years of service	10.0%
• 10 – 14 years of service	10.0%
• 15 – 19 years of service	10.0%
• 20 – 24 years of service	10.0%
• 25 – 29 years of service	18.0%
• 30+ years of service	23.0%
RHIA	
• Non-Disabled Retired	23.5%
• Disabled Retired	13.5%

RHIPA Subsidy Cost Trend Rates

Year	Rate
2025	6.20%
2026	5.70%
2027	5.20%
2028	5.10%
2029	4.90%
2030	4.80%
2031	4.70%
2032	4.50%
2033	4.40%
2034-2054	4.20%
2055-2064	4.30%
2065-2066	4.20%
2067-2068	4.10%
2069-2070	4.00%
2071-2072	3.90%
2073+	3.80%



COALITION OF
OREGON SCHOOL
ADMINISTRATORS



OAESD
OREGON ASSOCIATION OF
EDUCATION SERVICE DISTRICTS

Date: July 22, 2025

To: Chair Jardon Jaramillo and Members of the PERS Board of Directors

Subject: July 25th Board Meeting Agenda: Item C(5), Preliminary Adoption of Valuation

Dear Chair Jaromillo and members of the PERS Board:

First, we want to thank you for your swift action implementing Senate Bill 849 at your May Board meeting. During the 2025 legislative session, Director Olineck and Senior Policy Advisor Case partnered closely with our organizations to create amendments to the legislation that would positively impact K-12 school district budgets immediately.

Your timely implementation of SB 849 and adoption of revised rates for school districts and education service districts before the start of the 2025-27 biennium has prevented layoffs and reductions in districts all across Oregon and has made a positive impact on the upcoming school year.

Preliminary Adoption of Valuation Methods for the 2027-29 biennium - Agenda Item C(5)

We are writing to share feedback on Item C(5) on your agenda, which is the Preliminary Adoption of Valuation Methods for the 2027-29 biennium. During the drafting and passage of SB 849, it was never anticipated or discussed that the PERS Board would have the policy option of adopting a lower UALR for schools in the 2027-29 biennium as a result.

While our initial reaction was excitement at the prospect of potential additional immediate savings, upon reflection, we believe that the Board should seek additional information from its actuaries and input from K-12 partners before making a final decision. Decisions that impact district budgets not only today, but well into the future, deserve additional scrutiny.

K-12 Partner Request: We ask the Board to pursue a deeper analysis to better understand what the short-term dollar savings in 2027-29 would be compared to additional long-term dollar costs for K-12 employers by lowering the UALR now. With all of the uncertainty regarding the federal and state budget, especially in the next 2-4 years, it seems important to better understand the potential plusses and minuses of the choices before the Board.

We understand that there are tight timelines for valuation schedules and calculations, but since the agenda specifically says this is a “preliminary” adoption, we ask that the Board complete a more in-depth financial analysis, and direct PERS staff to engage with K-12 partners to help answer questions that the Board may have, before making a final decision.

Our organizations stand ready to work with the Board and Agency staff to help inform this important fiscal policy decision. Please contact any of us if we can provide information or answer any questions:

- Morgan Allen, COSA: morgan@cosa.k12.or.us
- Stacy Michaelson, OSBA: smichaelson@osba.org
- Jackie Olsen, OASBO: jolsen@oasbo.com
- Lori Sattenspiel, OAESD: consultsattenspiel@gmail.com

C.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Designation of Beneficiary Rule
2. Notice of rulemaking for 238 Pre-retirement Death Benefits Rule
3. First reading of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule

C. Action and discussion items

1. Modernization update
2. Senate Bill 1049 final update
3. Legislative wrap-up
4. 2025-27 Budget wrap-up
5. Preliminary adoption of valuation methods and assumptions including assumed rate of return

6. Notice of rulemaking for Assumed Rate Rule



Oregon

Tina Kotek, Governor

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July 25, 2025

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking for Assumed Rate Rule:
OAR 459-007-0007, *Assumed Rate*

OVERVIEW

- Action: None. This is notice that staff will begin rulemaking.
- Reason: Review and establish the assumed rate beginning January 1, 2026.

BACKGROUND

The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate is then adopted in an administrative rule. The rate the PERS Board determines today after Milliman's presentation will be the preliminary assumed rate; the actual assumed rate will not be adopted until the September board meeting. For now, these rule modifications include a blank space; the assumed rate will be filled in for public notice once the board decides on a preliminary rate in this meeting.

The rule specifies that the new assumed rate will be effective for PERS transactions with an effective date of January 1, 2026, consistent with this board's policy decision from 2013 that changes to the assumed rate will be effective January 1 following the board's adoption of the new rate, giving staff ample time to perform the necessary preparations and communicate with members and employers. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The new assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for a clear effective date for all transactions that involve calculations using both the latest year-to-date rate and AEF components.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely on August 19, 2025, at 2:00 p.m. The public comment period ends August 22, 2023, at 5:00 p.m.

LEGAL REVIEW

The attached draft rule was submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rule is presented for adoption.

IMPACT

Mandatory: Yes, the assumed rate determined by the PERS Board must be adopted by rule and clearly describe the effective date of the assumed rate change on PERS transactions.

Benefit: The proposed rule benefits members, employers, and staff by setting forth the assumed rate and a clear effective date for implementing a change in the rate.

Cost: There are no discrete costs directly attributable to specifying the assumed rate in rule.

RULEMAKING TIMELINE

July 21, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
August 1, 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.
July 25, 2025:	PERS Board notified that staff began the rulemaking process.
August 19, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
August 22, 2025:	Public comment period ends at 5:00 p.m.
September 26, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

The rule is scheduled to be brought before the PERS Board for adoption at the September 26, 2025, PERS Board meeting.

C.6. Attachment 1 – 459-007-0007 *Assumed Rate*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 007 – EARNINGS AND INTEREST DISTRIBUTION**

1 **459-007-0007**

2 **Assumed Rate**

3 (1) The Board will review the assumed rate in odd-numbered years as part of the
4 Board's review and adoption of actuarial assumptions and methods.

5 (2) The Board may adopt a change in the assumed rate at any time. A change in the
6 assumed rate is effective the first of the year following the Board's adoption of the change.

7 (3) The assumed rate is set at ~~[6.90]~~ _____ percent, effective on January 1, ~~[2024]~~ 2026.

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

9 Stats. Implemented: ORS Chapters 238 & 238A