

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

Friday
September 26, 2025
9:00 a.m.

PERS HQ
11410 SW 68th Pkwy
Portland, OR 97223

ITEM

PRESENTER

A. Administration

- | | | |
|----|--|-----------|
| 1. | July 25, 2025 PERS Board Meeting Minutes | JARAMILLO |
| 2. | Director's Report | OLINECK |
| | a. Forward-Looking Calendar | |
| | b. OPERF Investment Report | |
| | c. Budget execution report | |
| 3. | PERS Strategic Plan update | OLINECK |
| 4. | Board Self-Evaluation | OLINECK |

B. Administrative rulemaking

- | | | |
|------|--|----------|
| 1. | Notice of rulemaking for OSGP Secure Act 2.0 Rule | YANG |
| 2.a. | Notice of rulemaking for legislative implementation | YANG |
| 2.b. | Notice of rulemaking for Major Fraction of the Month Rule changes (SB 851) | VU |
| 2.c. | Notice of rulemaking for SB 588 | CHANDLER |
| 3. | Adoption of rulemaking for divorce rules | CHANDLER |
| 4. | Adoption of rulemaking for Standard Designation Rule (OSGP) | CHANDLER |
| 5. | Adoption of rulemaking for 238 Pre-Retirement Death Benefits | CHANDLER |

C. Action and discussion items

- | | | |
|----|--|-------------------|
| 1. | PERS Modernization Program update | IVERS |
| 2. | PERS 2025 employer and member annual surveys results | ARMATAS, LOCKWOOD |
| 3. | Final adoption of valuation methods and assumptions including Assumed Rate of Return | OLINECK |
| 4. | Adoption of Assumed Rate of Return Oregon Administrative Rule | VAUGHN |
| 5. | December 31, 2024 system-wide valuation results and advisory employer rates | MILLIMAN |
| 6. | Board Funding Policy review | OLINECK |

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

2025 Meetings: December 5* **Audit Committee planned for post-board meeting*

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

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.

Public access and accommodation information: *PERS Board meetings are open to the public and follow Oregon public meeting laws. The meetings are recorded and, if attending online, there is the option to turn on closed captioning. To request in-person accommodation for individuals who are deaf, hard of hearing, have a disability, or need materials in alternative formats, please email us. Accommodation requests should be submitted at least 72 hours in advance.*

A.

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3. PERS Strategic Plan update
4. Board Self-Evaluation

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C. Action and discussion items

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2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
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6. Board Funding Policy review

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

July 25, 2025

Board members present:

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

Staff present:

Kevin Olineck, Yvette Elledge-Rhodes, Alex Gaub, Richard Horsford, Jake Winship, Neil Jones, Stephanie Vaughn, Melanie Chandler, Heather Case, Shane Perry, Jason Stanley, Laurel Galego, Sam Paris, and Kristi Ivers attended in the PERS Boardroom.

Theresa Bechtol, Dan Bingham, Katie Brogan, Tiffani Cairo, Colin Campi, Sussanah Bodman, Tiffani Cairo, Katie Davis, Pamela Foust, Matthew Graves, Shawn Harper, Chloe Harris, Karen Herrold, Tyler Johnston, Bill Martinson, Joel Mellor, Natalie Newgard, Troy Phillips, Daniel Rivas, Janice Richards, Elizabeth Rossman Weber, Siresha Samineni, Erin Stutesman, Jason Ward, Joli Whitney, Jonathan Yost, Akiko Yoshida, and Yong Yang attended virtually.

Others present:

Scott Preppernau, Matt Larrabee, Lacey Engle, Max Bach, and Jeff Gudman attended in the PERS Boardroom.

Isai Aguilar, Gay Lynn Bath, Merrill Bajana, Andrea Bradbury, John Borden, Haaven Carlson, Tan Cao, Sara Collins, Anita Gurule, Geoff Hildreth, Jennifer Jones, Michael Kane, Stephanie King, Young Kim, Deedra Kleve, Kali Leinenbach, Bill Martinson, Ian Peterson, Jessie Peterson, Alison Renz, Dave Randall, Carol Samuels, Lori Sattenspiel, Susan Steen, Shauna Tobiasson, Carol Thornberg, Jose Vergara, Matt Warner, Brendan Watkins, Nate Weinstein, Luella Wampler, Traci Yates, and Yu Sun attended virtually.

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

ADMINISTRATION

A.1. MAY 30, 2025 PERS BOARD MEETING MINUTES

Board Member Scanlan moved to approve the minutes from the May 30, 2025 PERS Board meeting as presented. Board Member Linneen 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 highlighted the three awards the PERS Communications Team brought home from the National Association of Government Communicators Conference in Pittsburgh, PA for *PERS by the Numbers*, the overhaul of the PERS employer guides, and communications campaign for the PERS Expo. Olineck also highlighted that PERS has been awarded the Certificate of Achievement for Excellence in Financial Reporting for the 34th consecutive year.

The Oregon Public Employees Retirement Fund (OPERF) returns, for the period ending June 30, 2025, were positive, at 5.09%.

Operating expenditures for April, May, and preliminary expenditures for June are \$5,177,124, \$5,693,195, and \$7,895,506 respectively. 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.

Olineck reviewed the meeting agenda.

ADMINISTRATIVE RULEMAKING

B.1. NOTICE OF RULEMAKING FOR OSGP DESIGNATION OF BENEFICIARY RULE

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, Policy Analysis and Compliance Section (PACS) Manager, presented a notice of rulemaking for OSGP Designation of Beneficiary Rule. The impacted rule is OAR 459-050-0060 *Designation of Beneficiary*.

The amended OSGP Designation of Beneficiary Rule aims to align the Oregon Savings Growth Plan's (OSGP) beneficiary designation process with the PERS plan. The updates include a requirement for participants to name specific beneficiaries, enhancing the efficiency of processing death benefits.

The rule will be presented for adoption at the September 26, 2025 meeting following a public comment period ending on August 22, 2025.

No board action was required.

B.2. NOTICE OF RULEMAKING FOR 238 PRE-RETIREMENT DEATH BENEFITS RULE

Melanie Chandler, Research Policy Coordinator, presented a notice of rulemaking for 238 Pre-Retirement Death Benefits Rule. The impacted rule is OAR 459-014-0040 *Payment of Chapter 238 Pre-Retirement Death Benefits*.

Staff has begun the process to clarify the application for preretirement death benefits for spouses of Tier One and Tier Two PERS members. The public comment period has commenced and a rulemaking hearing is scheduled for June 24, 2025.

The board will consider adopting the proposed rule modifications at the upcoming meeting on September 26, 2025.

No board action was required.

B.3. FIRST READING OF RULEMAKING FOR DIVORCE RULES

Melanie Chandler, Research Policy Coordinator, presented a first reading 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 459-0450-0020 *Court Orders*.

Chandler provided the first reading of rulemaking for divorce rules, which aim to update and clarify the rules related to court-ordered divorce awards for members and alternate payees. The rulemaking process began with a notice filed with the Secretary of State, and a public comment period was held following a rulemaking hearing.

The board received public comments regarding the rule modifications and emphasized the importance of transparency and clarity for members and alternate payees.

The board will consider adopting the proposed modifications at the upcoming meeting on September 26, 2025.

No board action was required.

B.4. ADOPTION OF RULEMAKING FOR STANDARD DESIGNATION RULE

Melanie Chandler, Research Policy Coordinator, and Stephanie Vaughn, PACS Manager, presented an adoption of rulemaking for Standard Designation Rule. The impacted rule is OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*.

The Pre-Retirement Designation of Beneficiary Rule aims to clarify the treatment of standard designation forms that have become redundant due to legislative updates. Per the rule change, starting January 1, 2026, the standard designation will no longer be accepted, and members will need to name specific beneficiaries to improve the efficiency of processing death benefits.

Vice Chair Scanlan moved to adopt Pre-retirement Designation of Beneficiary Rule 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.

Ivers highlighted the current status of various modernization projects. The Telephony Modernization Project remains in a red status due to quality issues, while the overall PERS Modernization Program is being reset with an undetermined future state.

Additionally, Ivers noted the completion of the Options Decision Framework Project and the approval of the program's budget for the 2023-25 biennium.

No board action was required.

C.2. SENATE BILL 1049 FINAL UPDATE

Yvette Elledge-Rhodes, Deputy Director, presented a final Senate Bill (SB) 1049 update.

The SB 1049 Implementation Program concluded on June 30, 2025, with all closure activities finalized by June 27, 2025. The program encompassed six individual projects, all of which have been successfully completed.

No board action was required.

C.3. LEGISLATIVE WRAP-UP

Heather Case, Senior Policy Advisor, presented a legislative wrap-up for the 2025 session.

Case provided a global view of the 2025 Legislative Session. According to the Legislative Policy and Research Office, 3,456 measures were introduced at the beginning of the session, and 640 bills were, in the end, sent to the Governor for signature.

PERS is working to implement a number of bills from session, though none on the level of Senate Bill 1049 (2019) or House Bill 4045 (2024).

The agency is preparing for legislative activities in 2026, including reporting requirements related to the implementation of House Bill 4045 and modernization efforts. Additionally, Case noted that the budget bill was signed into law on July 17, 2025.

No board action was required.

C.4. 2025-27 BUDGET WRAP-UP

Richard Horsford, Chief Financial Officer, presented a 2025-27 budget wrap-up.

Horsford reviewed the 2025-27 Legislatively Adopted Budget, which includes an operating limitation of \$178,846,582, reflecting a slight increase over the previous biennium. The budget encompasses various funding packages aimed at implementing House Bill 4045 and modernization efforts, although some funding requests were not approved.

No board action was required.

C.5. PRELIMINARY ADOPTION OF VALUATION METHODS AND ASSUMPTIONS INCLUDING ASSUMED RATE OF RETURN

Scott Preppernau and Matt Larrabee of Milliman presented the changes in actuarial valuation methods and assumptions, as well as outlined the policy decisions before the board.

Milliman began their presentation by requesting the PERS Board to set, on a preliminary basis, the 2027-29 Collared Base Unfunded Actuarial Liability Rate (UALR) due to additional funding for school districts under Senate Bill 849.

Vice Chair Scanlan moved to adopt, on a preliminary basis, the 2027-29 Collared Base UALR at a floor of 13.95% of payroll. Board Member Linneen 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.

Milliman also discussed the preliminary adoption of the assumed rate as part of the rulemaking process, which will be effective for PERS transactions starting January 1, 2026. Staff initiated the rulemaking process and will present the final assumed rate for adoption at the September 2025 board meeting. Public comments will be collected until August 22, 2023, and a remote hearing is scheduled for August 19, 2025. Legal review of the draft rule is underway to ensure compliance before the final adoption.

Vice Chair Scanlan moved to adopt, on a preliminary basis, the recommended changes to the actuarial methods and assumptions as set out by Milliman, PERS consulting actuaries, in the Executive Summary of the 2024 Experience Study. Board Member Linneen 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.

Board Member Connor moved to adopt, on a preliminary basis, the assumed rate at 6.9%. 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.6. NOTICE OF RULEMAKING FOR ASSUMED RATE RULE

Stephanie Vaughn, PACS Manager, presented a notice of rulemaking for Assumed Rate Rule. The impacted rule is OAR 459-007-0007 *Assumed Rate*.

The Assumed Rate Rule aims to benefit members, employers, and staff by establishing a clear effective date for the assumed rate change. The rulemaking process began on July 21, 2025, with a public comment period set to end on August 22, 2025. The final assumed rate is scheduled for adoption at the September 26, 2025 meeting.

As this was notice of rulemaking, no board action was required.

Board Chair Jaramillo adjourned the PERS Board meeting at 11:13 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.

PERS Economic Impact Study PERS published our annual [Economic Impact Study](#) detailing the significant role pension payments play in supporting Oregon's economy. The study shows that in 2024 alone, the \$4.88 billion in pension benefits paid to PERS retirees in the state generated \$5.5 billion in total economic activity and supported more than 32,000 jobs across Oregon.

- PERS pension payments contributed more than \$302 million in state and local tax revenue in 2024.
- Pension benefit payouts added an additional \$1.6 billion in wages to Oregon's economy through the wage support of more than 30,000 jobs.
- There are 131,775 PERS retirees in Oregon who received \$4.88 billion in pension benefits.

Employer guides The [employer guide series](#) is an update and expansion of the old *Employer Manual* and *Employer Data Exchange (EDX) User Guide* documents,



which were the main user guides for Employer Service Center (ESC) representatives and employer reporters. These documents were outdated and lengthy, with some redundancies, and only provided EDX how-to instructions without deeper explanation.

Combining the guides and then breaking the information out by topic produced a series of 28 guides and 11 quick-reference documents.

This project, a collaboration between ESC and the PERS Communications Section, began in 2022 and is on track to be completed in the fall of 2025.

Breaking the guides into a series enables PERS to:

- Include policy information that goes into the "why" behind reporting, such as restrictions on early retirees returning to work, how PERS disability benefits work, fulfilling Uniformed Services Employment and Reemployment Rights Act requirements after military leave, how to understand employer statements, and how to control the rate.

- Make employer information, such as status codes, wage codes, and glossary terms, easy to access.
- Share never-before-published PERS benefits and rules details, such as how benefits work for elected and appointed officials, members of the Legislature, 911 operators, volunteer firefighters, and more.
- Easily update legislation or instructions in one specific guide as needed, rather than changing every guide.
- Create an [Overview of PERS](#), which covers the benefits package, the programs, retirement eligibility, vesting, earning and maintaining membership, and more.
 - This is the most popular guide.
- Serve as a basis for other educational materials for employers, such as training, webinars, presentations at conferences, and more.

2025 PERS Expo Expo is PERS' largest virtual event of the year and offers interactive and on-demand content, including live educational presentations and question-and-answer sessions. This year's event will be available live on October 1. It's open to all PERS members — whether they're new to public service, midway through their career, or nearing retirement. Many educational and informational resources will remain available online for several months after the event, but members will need to be registered to access them.

PERS Expo resources will include information about:

- The PERS retirement process for Tier One

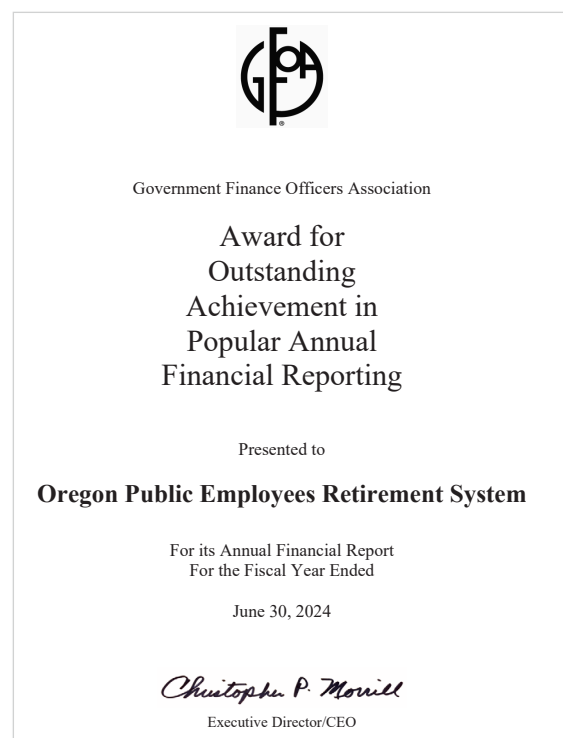


and Tier Two and the Oregon Public Service Retirement Plan.

- Preparing for a successful retirement with PERS, including potential pitfalls to avoid.
- "What if" guidance regarding life events that may arise for members.
- Options for saving more for retirement with Oregon Savings Growth Plan.
- Post-retirement health insurance coverage through the PERS Health Insurance Program.

Accomplishments

Popular annual financial report (PAFR) award The Government Finance Officers Association (GFOA) recognized our first ever PAFR, which was published for the fiscal year ended June 30, 2024. The GFOA noted that PERS substantially met the requirements of the PAFR Program.



In the absence of authoritative standards governing the presentation, these requirements are based on an evaluation of information presented, reader appeal, understandability, distribution, and other elements (such as whether the PAFR is a notable achievement for the government given the government's type and size, and the PAFR's creativity and usefulness).

The PERS report received a grade of either partially satisfies, good, or excellent in each category weighted at 20% or higher from at least two of the three judges.

New member microsite Members of the Communications Section collaborated with Member Services Section staff to develop a [microsite](#) dedicated to those just beginning their journey through public service. This site is a subsection of the PERS website where members can find answers to common questions, information about how PERS investments are made, interactive tools to estimate benefits, and resources to help them stay on track throughout their career. We believe this will become a valuable tool for members, employers, and PERS staff and we have created a flyer for our partners to include in their onboarding materials, to direct new staff to the site.



PERS BOARD MEETING FORWARD-LOOKING CALENDAR

Friday, December 5, 2025*

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

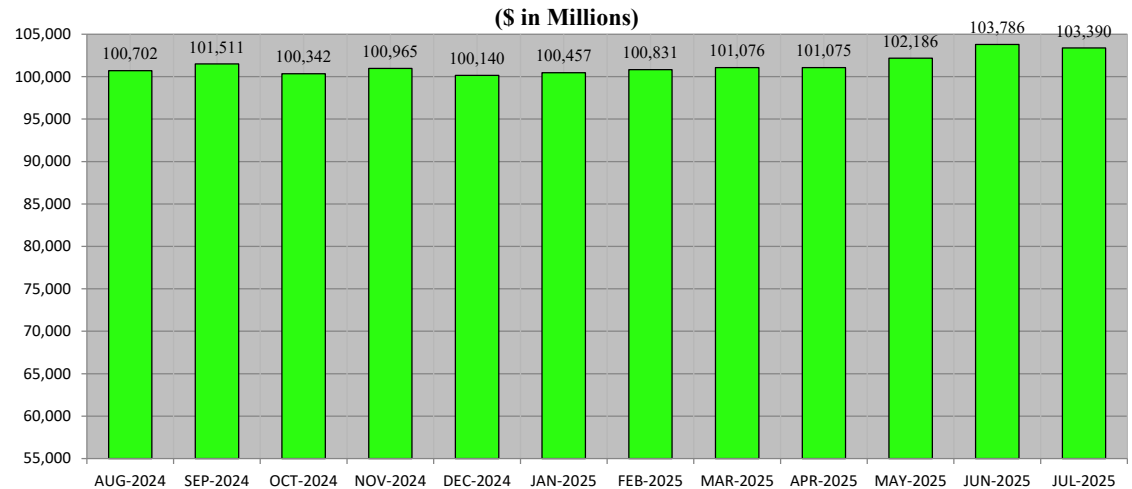
2026 PERS Board Meeting Dates (meetings commence at 9:00 a.m.)

- 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*

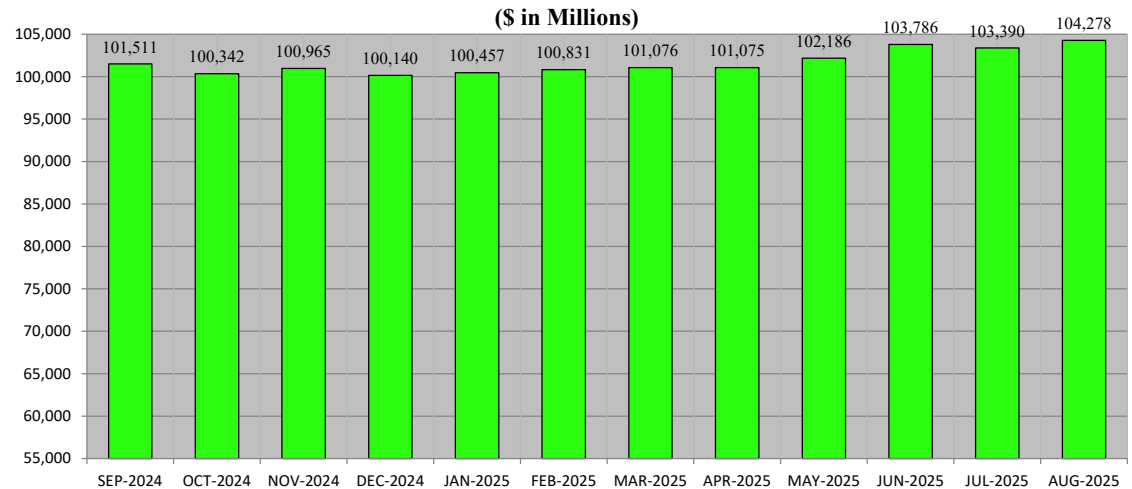
OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 98,033,493		4.92	6.43	6.42	5.02	5.35	8.89	7.46	7.59
<i>OPERF Policy Benchmark</i>					5.57	8.81	9.93	7.70	5.73	9.17	8.24	8.23
Value Added					(0.66)	(2.38)	(3.52)	(2.68)	(0.38)	(0.27)	(0.78)	(0.64)
<i>Oregon Reference Portfolio</i>					8.88	11.25	11.96	10.43	4.85	8.29	7.63	7.41
Public Equity	22.5-32.5%	27.5%	\$ 18,367,899	18.7%	11.21	15.22	16.79	15.32	8.68	13.82	10.30	10.08
<i>MSCI ACWI IMI Net</i>					11.29	15.07	15.72	14.65	7.62	12.55	10.06	9.77
Private Equity	17.5-27.5%	20.0%	\$ 25,408,496	25.9%	4.48	4.64	5.31	3.59	7.38	13.97	12.27	12.17
<i>Russell 3000+300 Bps Qtr Lag</i>					3.01	13.12	21.38	14.84	12.47	20.79	16.11	15.50
Total Equity	45.0-55.0%	47.5%	\$ 43,776,395	44.7%								
Fixed Income	20-30%	25.0%	\$ 22,939,980	23.4%	3.85	3.85	5.14	2.97	0.08	0.20	2.46	2.24
<i>Oregon Custom Fixed Income Benchmark</i>					3.75	3.38	4.24	1.64	(1.10)	(0.85)	1.67	1.57
Real Estate	9.0-16.5%	12.5%	\$ 13,648,766	13.9%	1.97	2.59	(2.33)	(3.31)	4.08	5.13	5.08	6.27
<i>Oregon Custom Real Estate Benchmark</i>					2.10	1.67	(5.06)	(5.45)	1.91	2.19	2.87	4.64
Real Assets	2.5-10.0%	7.5%	\$ 10,270,076	10.5%	3.97	9.06	8.23	8.69	11.86	12.40	7.80	7.53
<i>CPI +4%</i>					4.72	6.80	6.90	7.03	8.45	8.68	7.74	7.19
Diversifying Strategies	2.5-10.0%	7.5%	\$ 4,426,509	4.5%	3.62	4.63	5.77	6.73	8.63	8.21	2.87	3.03
<i>HFRI FOF: Conservative Index</i>					3.50	5.92	6.39	5.55	4.34	6.01	4.70	3.83
Opportunity Portfolio	0-5%	0%	\$ 2,929,308	3.0%	5.48	9.83	11.20	10.56	9.63	13.52	10.23	9.25
<i>Opportunity Custom Benchmark</i>					5.57	8.81	9.93	9.91	10.90	10.84	9.57	8.77
Cash w/Overlay	0-3%	0%	\$ 42,460	0.0%	2.74	5.01	5.46	4.93	3.53	2.90	2.88	2.38
<i>91 Day Treasury Bill</i>					2.43	4.57	5.01	4.66	3.53	2.83	2.56	2.01
Target Date Funds			\$ 5,093,651									
TOTAL OPERF Variable Account			\$ 262,454		11.57	15.45	16.07	14.99	7.94	12.88	10.38	10.14

Total OPERF NAV
(includes Variable Fund assets)
One year ending JUL-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.

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			\$ 98,806,001		6.34	6.65	7.10	6.00	4.87	8.55	7.45	8.04
<i>OPERF Policy Benchmark</i>					7.64	9.53	11.22	9.40	5.82	8.87	8.40	8.76
Value Added					(1.30)	(2.88)	(4.12)	(3.40)	(0.95)	(0.32)	(0.95)	(0.72)
<i>Oregon Reference Portfolio</i>					11.30	11.44	14.44	12.51	4.99	7.92	7.84	8.17
Public Equity	22.5-32.5%	27.5%	\$ 18,138,722	18.4%	14.17	15.51	19.64	17.67	8.81	13.29	10.57	11.11
<i>MSCI ACWI IMI Net</i>					14.31	15.50	19.01	17.09	7.68	11.83	10.33	10.84
Private Equity	17.5-27.5%	20.0%	\$ 25,283,982	25.6%	4.44	3.31	4.63	4.57	5.29	12.60	11.72	12.16
<i>Russell 3000+300 Bps Qtr Lag</i>					6.90	15.88	21.86	18.56	12.71	20.03	16.47	15.92
Total Equity	45.0-55.0%	47.5%	\$ 43,422,704	43.9%								
Fixed Income	20-30%	25.0%	\$ 22,771,967	23.0%	5.05	3.68	5.92	4.11	0.39	0.52	2.54	2.39
<i>Oregon Custom Fixed Income Benchmark</i>					4.99	3.14	5.20	3.02	(0.78)	(0.50)	1.75	1.72
Real Estate	9.0-16.5%	12.5%	\$ 13,707,578	13.9%	2.78	4.01	(2.62)	(3.51)	3.72	5.44	4.96	6.50
<i>Oregon Custom Real Estate Benchmark</i>					2.37	2.17	(4.46)	(5.83)	1.67	2.36	2.82	4.67
Real Assets	2.5-10.0%	7.5%	\$ 10,695,684	10.8%	8.12	10.79	11.61	9.46	12.07	12.88	8.20	7.62
<i>CPI +4%</i>					5.36	7.02	6.82	7.15	8.48	8.67	7.78	7.23
Diversifying Strategies	2.5-10.0%	7.5%	\$ 5,213,844	5.3%	4.67	6.52	5.68	6.46	8.79	8.53	3.06	2.92
<i>HFRI FOF: Conservative Index</i>					4.50	6.66	6.65	5.80	4.43	5.97	4.79	4.04
Opportunity Portfolio	0-5%	0%	\$ 2,983,185	3.0%	8.27	11.05	11.56	11.08	9.95	13.37	10.30	9.40
<i>Opportunity Custom Benchmark</i>					7.64	9.53	11.22	10.49	11.27	11.11	9.80	8.95
Cash w/Overlay	0-3%	0%	\$ 11,039	0.0%	3.19	4.96	5.45	5.08	3.64	2.98	2.90	2.42
<i>91 Day Treasury Bill</i>					2.83	4.48	4.98	4.74	3.63	2.91	2.59	2.05
Target Date Funds			\$ 5,205,419									
TOTAL OPERF Variable Account			\$ 266,624		14.66	15.90	19.38	17.43	8.01	12.16	10.67	11.19

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

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

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

2025-27 OPERATING BUDGET

Operating expenditures for July, August, and preliminary expenditures for September are \$5,136,636, \$13,814,487, and \$5,396,057 respectively. Final expenditures for September will close in the Statewide Financial Management System on October 17 and will be included in the December 2025 report to the PERS Board.

- Through September 5, 2025, the agency has expended a total of \$16,912,576 or 10.7% of PERS' legislatively approved operations budget of \$158,589,264.
- At this time, the agency's projected variance is \$2,296,317 or 1.5%.
- Core Retirement Systems Applications (CRSA) expenditures for July, August, and preliminary expenditures for September are \$129,013, \$387,707, and \$317,637 respectively. As of September 5, the agency has expended \$517,345 or 2.4% of the legislatively approved budget of \$21,558,480.
- At this time, the CRSA projected variance is \$9,622,897 or 44.6%.

2023-25 OPERATING BUDGET

Operating expenditures paid July through September 2025 were \$2,859,239. The current projected positive variance is \$7,329,601 or approximately 5.0% of the operations budget.

To date, the agency has expended a total of \$138,349,204 or 94.1% of PERS' legislatively approved operations budget of \$147,065,167. PERS will continue to pay invoices for goods received and for services rendered as of June 30 and then through December 31, 2025.

2025-27 NON-LIMITED BUDGET

The adopted budget includes \$15,243,591,683 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 September 5, 2025 are \$1,186,181,214.

Attachment 1 – *2025-27 Agency-wide Budget Execution Report*

Attachment 2 – *2025-27 CRSA Summary Budget Analysis*

PERS Monthly Budget Report

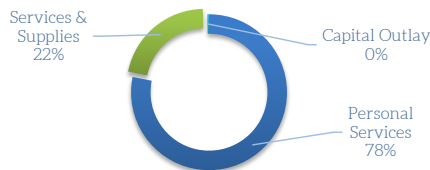
2025-27 Agency-Wide Budget Execution
Preliminary for the Month of September 2025

Limited - Operating Budget

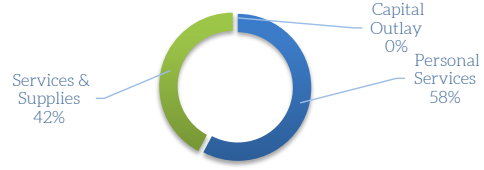
2025-27 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2025-27 LAB	Variance
Personal Services	9,767,849	108,920,321	118,688,170	115,235,179	(3,452,991)
Services & Supplies	7,144,727	29,960,051	37,104,778	42,727,809	5,623,031
Capital Outlay	0	500,000	500,000	626,276	126,276
Total	16,912,576	139,380,371	156,292,947	158,589,264	2,296,317

Projected Expenditures



Actual Expenditures



Monthly Summary

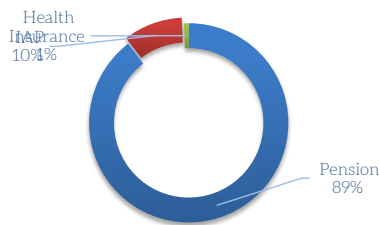
Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,668,648	4,837,977	169,329	4,945,340	4,735,666
Services & Supplies	727,409	753,792	26,383	1,546,032	1,302,611
Capital Outlay	0	0	0	0	21,739
Total	5,396,057	5,591,769	195,712	6,491,373	6,060,016

Non-Limited Budget

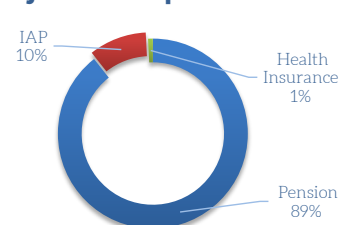
2025-27 Biennial Summary

Programs	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	1,062,790,743	12,345,270,622	13,408,061,365	13,506,890,512	98,829,147
IAP	113,857,439	1,358,919,637	1,472,777,076	1,604,842,886	132,065,810
Health Insurance	9,533,032	111,795,146	121,328,178	131,858,285	10,530,107
Total	1,186,181,214	13,815,985,405	15,002,166,619	15,243,591,683	241,425,063

Actual Expenditures



Projected Expenditures



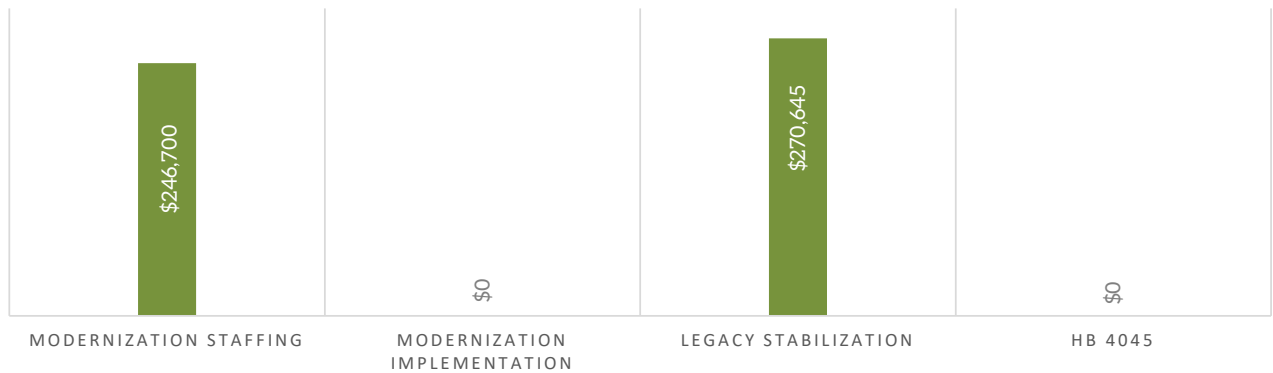
Core Retirement Systems Application

Summary Budget Analysis
Preliminary for the Month of September 2025

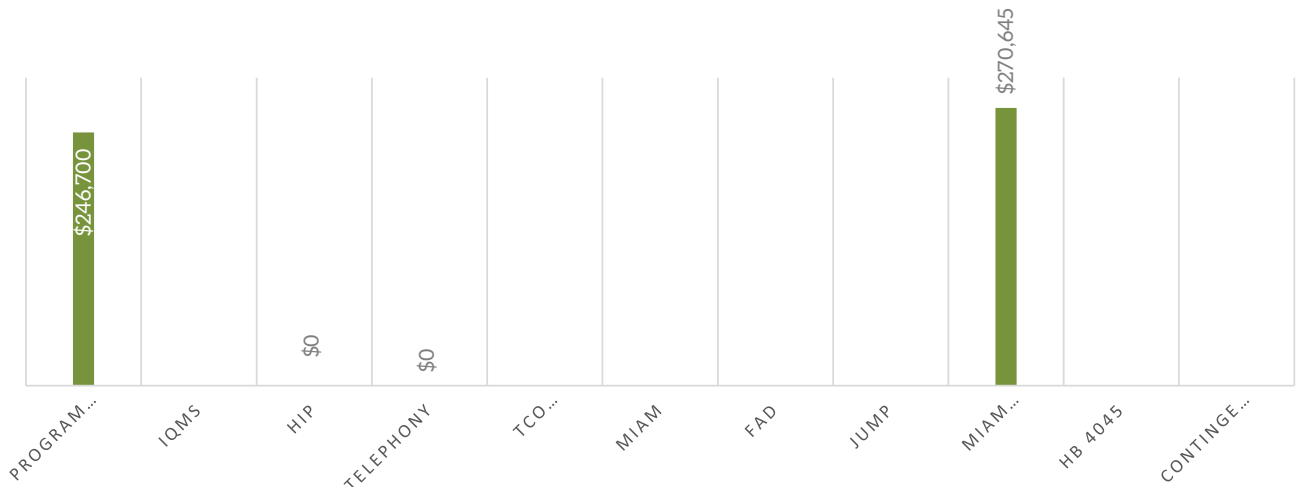
Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	246,075	5,222,085	5,468,160	4,581,700	(886,460)
Services & Supplies	271,270	6,196,152	6,467,422	16,976,780	10,509,358
Capital Outlay					
Total	517,345	11,418,238	11,935,583	21,558,480	9,622,897

EXPENDITURES BY PACKAGE



EXPENDITURES BY PROJECT



A.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
- 3. PERS Strategic Plan update**
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
 - 2.a. Notice of rulemaking for legislative implementation
 - 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
 - 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



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P.O. Box 23700

Tigard, OR 97281-3700

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TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board
FROM: Kevin Olineck, Director
SUBJECT: 2023-28 Strategic Plan Update

BACKGROUND

The current PERS Strategic Plan covers the 2023-2028 timeframe. As noted at the October 2024 board meeting, staff were to conduct a thorough mid-term review of the strategic plan. The executive team has reviewed the plan and is now bringing forward updated goals, objectives, and tactics for your consideration (Attachment 1).

The most significant change to this updated version is the addition of a seventh pillar, Modernization, given its importance to the agency. Prior to this mid-term update, modernization goals were ensconced in the Information Technology Pillar.

As part of Governor Kotek's expectations to state agencies, PERS is also required to regularly report out on progress made on strategic plan initiatives. Attachment 2 is the report out that PERS provided as of June 30, 2025, prior to reviewing and updating the mid-term version of the strategic plan. PERS will provide the updated version of the PERS Strategic Plan once approved. Our pillars document will also be updated to reflect the new Modernization Pillar.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the 2023-28 PERS Strategic Plan, as revised.
2. Direct staff to make other changes to the PERS Strategic Plan or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option 1.

A.3. Attachment 1 – *Strategic Plan 2023-28 (updated September 2025)*

A.3. Attachment 2 – *Strategic Plan Pillars 2023-28*

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2023-2028 **Strategic Plan**

MISSION STATEMENT



We serve the people of Oregon by
administering public employee
benefit trusts to pay the right person
the right benefit at the right time.

SHARED VISION

Honoring your public service through secure retirement benefits.

CORE VALUES

Service-focus

We work together to meet the needs of others with dependability, professionalism, and respect.

Accountability

We take ownership for our decisions, actions, and outcomes.

Integrity

We inspire trust through transparency and ethical, sound judgment.

OPERATING PRINCIPLES

Professional

We are responsive, respectful, and sensitive to the needs of our members, employers, and staff.

Accurate

We ensure data integrity and provide consistent, dependable information and benefits.

Judicious

We use sound judgment and prudent, principled decision-making in upholding our fiduciary responsibility.

Vigilant

We are constantly vigilant and take ownership in the basic tenets of information security: confidentiality, integrity, and availability.

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STRATEGIC PLAN INTRODUCTION

The planning process

Since 2013, PERS has traditionally built out our strategic plans using a five-year framework. This is an interim update three years into our 2023-2028 timeframe to ensure that any new environmental conditions are integrated into the plan. To meet Governor Kotek's expectations for state agencies, to effectively manage public resources, and to support existing customer-focused priorities, PERS leadership chose to build on the current plan as our interim update, keeping PERS vision, values, and operating principles the same. A more fulsome process will be undertaken as part of building out our 2028-2033 Strategic Plan.

This interim update was based on conversations and insights the agency received from the PERS Board, member and employer engagement surveys, conversations with the PERS Employer Advisory Group, other parties including the Governor's policy advisor, and PERS staff.

Additionally, the PERS Diversity, Equity and Inclusion Plan, Affirmative Action Plan, Succession Plan, Information Technology Strategic Plan, and Governor Kotek's agency expectations all served as resources for this update.

Translating words into action

This strategic plan looks to a five-year horizon and answers the question: If we are to become better at delivering on our mission, what will we, as an agency, be able to improve over time?

We recognize that we must reimagine how we evolve and deploy our business capabilities via our people, processes, and technologies. This evolution is necessary to meet our member and PERS-participating employer needs into the future. Members and employers have a desire for more personalized and updated service delivery, such that they can be informed, interact, and transact with PERS at the time of their choosing, using the channel of their choice.

Since the inception of this strategic planning period in January 2023, PERS has engaged in a comprehensive review of our approach to modernizing PERS. To that end, we have added an additional strategic pillar, Modernization. This pillar will set out our goals and objectives in this regard, in addition to and in alignment with the other six pillars. PERS has also set up a distinct organizational division to lead and support the modernization efforts headed by its own administrator and staff.

The plan articulates ambitious goals to achieve through 2028 within these focus areas, with specific, achievable goals and objectives related to each. The plan also links our objectives to the core outcome and process measures documented in the PERS Fundamentals Map, a key artifact in the PERS Outcome-Based Management System.

Our tactics to achieve these goals and objectives leverage the resources any organization must use in order to enact change — people, process, and technology — but unify and prioritize the allocation of these resources to assure that they are directed consistently and productively to achieve our desired outcomes.

Achieving the goals outlined in this strategic plan depends upon successful execution of the tactics identified and the regular monitoring of our progress, as well as tactical decisions during plan implementation on how to further our progress. As such, this strategic plan is a living document, and we anticipate that changes may be necessary to achieve the goals we set forth.

PERS will use its existing strategic and operational planning function to prioritize and allocate resources for each of the strategies identified. Strategies will be implemented through a variety of approaches, including problem solving, project management, and integration into core business practices. Specific performance metrics will be identified for tracking our progress as part of strategy initiation.

Certain strategies depend on additional funding. We developed and submitted corresponding policy option packages with the agency's budget requests for the 2025-27 budget cycle, which will also serve as inputs into the 2027-29 budget cycle.

ORGANIZATIONAL MANAGEMENT AND DEVELOPMENT

Introduction

PERS' strategic priorities include goals related to three organizational management and development focus areas: workforce development, organizational communications, and the PERS Outcome-Based Management System (POBMS).

PERS' success in delivering upon our mission depends on having a highly skilled and diverse workforce supported by leadership that sets clear policies, procedures, and performance expectations. The plan's workforce development goals and strategies recognize this can only be achieved through continued investments in staff development.

Recognizing the importance of recruiting a talented and diverse workforce, we will create relationships with universities, colleges, and community workforce placement programs to support marginalized groups and students with opportunities to gain workforce experience through internships.

Through staff and leadership collaboration, we will strengthen our performance management goals, make investments in staff education to include diversity, equity, and inclusion efforts, coach and implement leadership best practices, and implement our agency succession plan.

Enhancing organizational communications is also a priority for PERS. Access to timely, accurate, and relevant internal information helps ensure that we, as an agency, communicate effectively with our members, employers, constituents, and staff.

This priority was identified by staff in PERS' employee engagement survey. Survey results indicate many staff would like greater transparency and different content regarding information relevant to their jobs; staff also noted the desire for more information on decisions and policies that could affect them.

The third focus area relates to the work of fully integrating POBMS. The agency initiated POBMS in 2012 to improve operations and processes by engaging employees through an outcome-based approach, allowing those closest to the work to drive the improvement. Completing the integration and normalization of POBMS is important to continuing to improve performance outcomes. PERS staff support and benefit from POBMS because it provides a clear line of sight and a transparent approach to connect the agency's goals and objectives to staff's role in meeting them.

Focus Area: Workforce Development

GOAL

Develop and support a dynamic workforce by providing means and opportunities for staff to access tools to reach their full professional potential.

Objective 1

Provide ability for staff to access relevant professional development and training opportunities.

Tactics

1. Inventory all current professional development and training programs and courses.
2. Evaluate access to and availability of these programs.
3. Deploy appropriate and relevant access to staff.
4. Develop communications strategy to generate ongoing visibility to staff within the agency.

Related measure

SP 5: Managing and Developing the Workforce

Objective 2

Provide consistent visibility to internal career opportunities within the agency.

Tactics

1. Inventory current internal opportunity business process.
2. Develop, implement, and maintain an ongoing centralized business process that provides consistent visibility to internal opportunities of both full-time and work-out-of-class positions.
3. Periodically evaluate efficacy of and responsiveness to new business process to determine possible improvements and areas for opportunity on an ongoing basis.

Related measures

OM2: Employee Engagement

SP5: Managing and Developing the Workforce

Objective 3

Provide development opportunities and training tailored to supervisors, managers, and administrators to encourage an environment of continuous leadership growth and improved workforce retention.

Tactics

1. Implement and follow steps for succession plan training in order to facilitate the most relevant, targeted professional development possible for staff members, including those based on leadership competencies.
2. Conduct mandatory monthly leadership training with active discussion, exercises, self-reflection, quizzes, and group dialogue.
3. Monitor engagement survey and leadership 360 reviews to determine efficacy and impact of leadership development strategy.

Related measures

OM2: Employee Engagement

SP5: Managing and Developing the Workforce

Focus Area: Organizational Communication

GOAL

Support ongoing and improved employee engagement by providing consistent internal communications.

Objective 1

Maintain consistent communication around topics and information that are the most relevant and important to staff.

Tactics

1. Identify information that is most likely to be relevant and important to staff.
2. Determine communication strategies that support effective dissemination of various types of information through appropriate channels.
3. Monitor both consistency of efforts, as well as staff response over time, beginning when each methodology is implemented, and track relative participation on a quarterly basis.

Related measures

OM2: Employee Engagement

SP1: Communicating Internally and Externally

SP5: Managing and Developing the Workforce

Focus Area: PERS Outcome-Based Management System (POBMS)

GOAL

Complete POBMS integration throughout the agency.

Objective 1

Fully develop team scorecards to measure performance and drive strategic, tactical, and operational decisions.

Tactics

1. Train staff in measures development and POBMS.
2. Continue regular reviews to ensure scorecard measures reflect business needs.
3. Leverage data analytics platforms to enhance reporting capabilities.

Related measure

SP6: Strategic and Operational Planning

Objective 2

Normalize portfolio and project management organizational methods.

Tactics

1. Put a structure in place to support initiation and implementation of projects and their alignment with the strategic plan.
2. Leverage enterprise portfolio management to prioritize and properly resource agency initiatives and ensure enterprise is focused on priority projects.

Related measure

SP6: Strategic and Operational Planning

MEMBER SERVICES AND COMMUNICATIONS

Introduction

PERS administers public employee benefit trusts to provide retirement benefits and services to members. In fact, all of PERS' strategic priorities ultimately support our ability to provide the services needed by members and to ensure we "pay the right person, the right benefit, at the right time."

As a strategic priority, enhancing member services and communications addresses two focus areas: member relations and quality delivery methods.

PERS' member education and outreach historically has focused primarily on those who are within two years of their effective retirement date. This just-in-time focus does not provide members with a full understanding of the need to financially prepare for retirement over their entire career. PERS recognizes that providing members with useful tools, resources, and education earlier, and throughout their careers, will better support our goal of having engaged and educated constituents.

A key component of this education will be the need for members to supplement their PERS retirement with other means, such as deferred compensation and personal savings. Additionally, efforts will be taken to better integrate communications alignment, such that members understand their PERS benefits (Tier One, Tier Two, Oregon Public Savings Retirement Plan, and the Individual Account Program), as well as benefits offered under the Oregon Savings Growth Plan (OSGP) and the PERS Health Insurance Plan (PHIP).

Engaging and supporting our members in making informed retirement decisions creates a broader role for PERS as a retirement education and planning resource. To be that resource, we must support members by providing the information and easy-to-use tools to understand their retirement benefits.

Our current toolset needs to be more accessible and include a broader array of relevant content: not only account and benefit information, but transaction status tracking. This is what our quality delivery methods goals aim to accomplish.

Focus Area: Member Engagement

GOAL

Engage members throughout their careers so they are better prepared for retirement.

Objective 1

Develop member journeys with relevant accessible resources for different life and career stages.

Tactics

1. Enhance existing journey maps online – linked resources on PERS website.
2. Member surveys – provide post-service surveys to ensure sufficient and accessible resources are being provided and improved, to ensure accessibility.

Related measures

OM1: Clear/Concise Communication

OM7: Member Satisfaction

OM10: Informed Retirement Decisions

SP1: Communicating Internally and Externally

Objective 2

Brand PERS as members' retirement education and planning resource.

Tactics

1. Continue to enhance marketing of services that PERS offers members.
2. Provide annual PERS Retirement Expo.

Related measures

OM1: Clear/Concise Communication

OM7: Member Satisfaction

OM10: Informed Retirement Decisions

SP1: Communicating Internally and Externally

Focus Area: Omni-Channel Service Delivery

GOAL

Improve members' satisfaction with PERS.

Objective 1

Enhance, secure, and modernize account accessibility and capabilities for members to self-serve.

Tactics

1. Modernize and secure Online Member Services, providing more accessibility, member-specific information, and electronic transaction capabilities.
2. Maintain the PERS website to ensure ease of navigation, search capabilities, and Americans with Disabilities Act compliance. Integrate OSGP and PHIP to better inform and educate members with a complete PERS picture.

Related measures

OM1: Clear/Concise Communication

OM7: Member Satisfaction

OM10: Informed Retirement Decisions

SP1: Communicating Internally and Externally

Objective 2

Launch new education tools and resources valuable to the member journey from hire to retire.

Tactics

1. Continue to create resources for new members.
2. Create resources for members when vested.
3. Create resources for members when nearing retirement eligibility.

Related measures

OM1: Clear/Concise Communication

OM7: Member Service Satisfaction

OM10: Informed Retirement Decisions

SP1: Communicating Internally and Externally

DATA CONSISTENCY

Introduction

Data is the cornerstone of PERS' mission to "pay the right person the right benefit at the right time." Good, reliable data can be compromised by many factors: changes in determinations of service credit, contributions, and other key retirement data elements over a member's career; changes in employer reporting and recordkeeping systems as well as retroactive changes to member data by employers; and changes in technology.

Further, PERS is a complex plan, with data terms that confuse members and employers alike. These factors result in data that may be incomplete, inconsistent, or missing, which in turn erodes confidence and trust in PERS by our members, employers, and the public.

To improve data consistency, PERS will take a multipronged approach. First, we will explore and implement a data and analytics program to create a structure that allows the agency to be an insight-driven organization. By doing so, decisions will be heavily influenced by data and analytics. As a result, the directions the agency will take will be based on logic, historical trends, future forecasting, and a thorough data analysis, among others. Additionally, this data and analytics program will provide an architecture that is nimble and accessible.

Second, via the PERS Modernization Program and other corresponding efforts, PERS will look to implement improved technologies that assist with validating inbound data. This approach will result in a more stable and accurate data reporting platform that moves agency processes away from manual data manipulation to technologically automated validations.

Third, PERS will continue to look for and implement processes and efforts to address the legacy data issues. Having access to good, reliable data is important for PERS staff, and our current data management structure presents many challenges that result in data that is difficult to access or inconsistent.

Data management practices that contribute to internal data inconsistencies include different methodologies used to access data, data sources are not mapped, lacking common data definitions and business context descriptions, and the need for an integrated structure to leverage existing data expertise in the agency. The above-mentioned efforts, which will partly be addressed by the modernization program, will have a positive impact on helping assist with the clean-up of lingering legacy data issues.

Additionally, a collection of agency staff is currently collaborating to identify and prioritize legacy data issues. This inventory will help set the stage for staff to actively work with the highest priority legacy data issues currently present.

The fourth effort will be an exploration to how PERS can work towards reducing and, ultimately, preventing the need to modify data after it has been submitted. Currently, there are a magnitude of reasons for why data must be modified after transmitted. Reasons include but are not limited to misreported data, inaccurate data, and gaps in reported data. A great deal of resources, including time and money, are spent in modifying data. By preventing this, resources can be redirected towards other needs, consequently, PERS could provide better services to constituents.

Focus Area: Data Analytics

GOAL

Use data analytics to enhance operational efficiency, process management, reporting, and insight.

Objective 1

Improve employer reporting validations to minimize manual review and corrections to data.

Tactics

1. Identify validation gaps in Employer Data Exchange (EDX).
2. Create new validations in EDX as part of modernization efforts.
3. Improve employer education program.

Related measures

OP1: Managing Client Data and Services
OM9: Timely Benefit Payments
OM8: Effective Employer Partnerships
OM10: Informed Retirement Decisions
OM11: Accurate Benefit Calculations

Objective 2

Use technology, including data validations where appropriate, to reduce manual processes.

Tactics

1. Develop an inventory of manual and inefficient processes.
2. Identify and propose actions that could reduce manual processes or inefficiencies.
3. Provide feedback and input to modernization planning so that technological solutions to these processes can be included.

Related measures

OP1: Managing Client Data and Services
OM9: Timely Benefit Payments
OM10: Informed Retirement Decisions
OM11: Accurate Benefit Calculations

Focus Area: Data Integrity

GOAL

Resolve legacy and incoming data issues.

Objective 1

Identify data issues and prioritize cleanup efforts to improve data quality.

Tactics

1. Through data governance and the establishment of the data steward role, identify and prioritize data issues for resolution.
2. Develop a plan, including resources, to resolve data issues.
3. Provide feedback and input to modernization planning so that technological solutions to these processes can be included.

Related measures

OP1: Managing Client Data and Services

OP2: Collecting Contributions

OP4: Processing Benefit Applications

OP5: Calculating Benefits

Objective 2

Minimize need to change data after receipt from employers.

Tactics

1. Create policies and procedures that eliminate multiple reviews.
2. Create member data locking processes.
3. Communicate with and educate employers and members on data locking impacts.

Related measures

OP1: Managing Client Data and Services

OP2: Collecting Contributions

OP4: Processing Benefit Applications

OP5: Calculating Benefits

OM8: Effective Employer Partnerships

OM10: Informed Retirement Decisions

Focus Area: Data Utilization

GOAL

Use data and analytics to help drive and support agency decisions.

Objective 1

Become an insight-driven organization.

Tactics

1. Reduce the amount of manual data manipulation currently performed to get the desired insights.
2. Enable the right tools and policies, coupled with removing offline tools, to enhance data integrity and quality.
3. Provide feedback and input to modernization planning so that technological solutions to these processes can be included.

Related measures

OP1: Managing Client Data and Services

OM3: Operating Effectiveness

INFORMATION TECHNOLOGY

Introduction

PERS' information technology (IT) system provides the foundational data and information management necessary to “pay the right person the right benefit at the right time.” Our primary IT system is the Oregon Retirement Information Online Network (ORION). The main application in ORION is jClarety, the existing Pension Administration System (PAS), which is scheduled to be replaced by a commercial-off-the-shelf solution as part of the PERS Modernization Program.

Focus Area: Maintain jClarety through Modernization

GOAL

Maintain stability and support for jClarety during the PERS Modernization Program.

Objective 1

Prioritize and resolve technical debt in jClarety.

Tactics

1. Resolve key issues affecting jClarety administration, performance, maintainability, and sustainability to prepare for modernization.
2. As needed, refactor nightly jClarety batch processes to improve maintainability and efficiency and reduce batch durations.
3. As needed, redesign logging, monitoring, and error-handling functionality of jClarety batch processes to stabilize the core application and its supportability.
4. Update underlying technologies with current versions and to mitigate security vulnerabilities.

Objective 2

Implement changes as mandated by the Legislature.

Tactics

1. Request budget needs to implement the mandated changes from the Legislature.
2. Support, execute, and deploy necessary system changes in jClarety by their effective date.
3. Augment staff with contractors when necessary.

Related measures

SP2: Managing Compliance and Risk

SP3: Leveraging Technology

SP4: Managing Organizational Finances and Resources

Focus Area: Information Technology (IT) Workforce Development

GOAL

Improve workforce environment and prepare for and attract the next generation of technical talent.

Objective 1

Transform Information Services Division's (ISD) working environment to encourage collaboration and innovation.

Tactics

1. Deploy innovative and collaborative tools for effective real-time communication to support telecommuting between staff, outside contractors, and other partners.
2. Reduce functional silos within ISD by using virtual collaborative platforms and optimizing the Development Operations team.
3. Improve internal documentation by leveraging collaborative workspaces such as DocWiki, Jira, and SharePoint.
4. Obtain a technical writer resource to help with documentation gaps and updates.

Objective 2

Rollout the ISD Skills Academy Program

Tactics

1. Implement the ISD Skills Academy Program, a framework to facilitate workforce capability improvement and monitoring.
2. Design the ISD Skills Academy Program based on the workforce development strategy for ISD, skills gap assessment, and results from staff questionnaires,
3. Align the ISD Skills Academy Program with the strategies of the PERS Modernization Program.
4. Utilize multimodal resources to deliver training content for the ISD Skills Academy Program.
5. Create training labs for staff to practice and exercise newly learned skills.

Related measures

SP3: Leveraging Technology

SP5: Managing and Developing the Workforce

FINANCIAL MANAGEMENT

Introduction

As the financial world continues to evolve with a focus on greater transparency and ease of use for consumers, so too must PERS develop strategies to keep pace with these changes and meet member expectations.

This level of responsiveness and transparency requires investing in an enhancement to our financial management tools, resources, and knowledge. Since 2003, PERS has been required to provide multiple pension plan options and enhancements, and the increasing demands appear likely to continue.

To meet these and future needs, we need to create a financial management strategy that allows greater flexibility to pivot when legislation or members demand it. To succeed, we need to enhance and integrate our financial management systems as well as invest in professional and organizational development.

Our current financial management systems require intense manual oversight, which exposes us to quality control and duplicative work. As a result, we spend an inordinate amount of time not only verifying staff work but also verifying the data we receive. Enhancing our systems promotes efficiency, increases accuracy, limits manual oversight, and streamlines workflows.

Additionally, we need to invest in our Financial Services Division's professional development. As we invest in technology upgrades, we must ensure our workforce is able to meet the demands of new programs and be educated on the most up-to-date processes. This group will influence and inform constituents about the implementation of our financial strategy and we need to ensure we invest the same amount of attention in their development as we have in the technology meant to assist them.

Focus Area: Technology Upgrades and System Integration

GOAL

Enhance and improve productivity, reduce manual processes, and accurately and quickly respond to legislative and constituent needs.

Objective 1

Increase efficiency, improve communications, and reduce manual work.

Tactics

1. Develop an inventory of manual or inefficient processes.
2. Identify and propose actions that could be taken to reduce manual and inefficient processes.
3. Provide feedback and input to modernization planning so that technological solutions to these processes can be included.

Related measure

OP6a: Manual Checks

Objective 2

Standardize financial data organization and reduce manual reconciliation between systems to improve accuracy and responsiveness to legislative and constituent needs.

Tactics

1. Engage Central Data Management to improve data gathering and reporting.
2. Actively participate with the PERS Modernization Program to identify where modernization work can reduce manual processes and increase efficiency.

Related measure

OP6e: Tax Reporting

Objective 3

Evaluate and implement electronic filing and paperless processes to respond to inquiries effectively and promptly and efficiently process transactions.

Tactic

1. Evaluate opportunities to transition remaining paper processes to electronic and implement these changes where feasible.

Related measures

OP6b: Direct Deposit

SP4d: Timely Payment Processing

Focus Area: Financial Management Resource Development

GOAL

Ensure PERS has both the appropriate staff resource and skill level to perform the financial accounting, reporting, budgeting, analysis, and forecasting required to be compliant and deliver exceptional service to our constituents.

Objective 1

Ensure financial operations has appropriate staffing to provide timely and accurate service to all constituents.

Tactics

1. Update section managers' quarterly performance, accountability, and feedback goals to include evaluation of section staffing.
2. Develop division-wide task and responsibility matrix to identify coverage, backup, and potential gaps.
3. Update staff responsibilities and staffing models to address timeliness and accuracy.

Related measure

SP6: Strategic and Operational Planning

RISK MANAGEMENT

Introduction

Risk is defined as the “effect of uncertainty on objectives.” The consequences associated with a risk can enhance the achievement of objectives (positive consequences) or can limit or diminish the achievement of objectives (negative consequences). Management of risk, therefore, is an essential business activity required to help the agency achieve its core mission.

Enterprise risk management (ERM) is a process applied across the enterprise designed to identify potential events (risks) that may affect the agency and to manage risk to be within the agency’s risk appetite (tolerance), in order to provide reasonable assurance regarding the achievement of the agency’s objectives.

PERS’ Security and Risk Section is tasked with developing and implementing an enterprise risk management program, designed to provide oversight, guidance, and monitoring activities for evaluating agency risk for business and technological activities necessary to achieve agency objectives. The ERM program will focus on the following types of risk:

- Reputational risk
- Operational risk
- Financial risk
- Strategic risk
- Hazard risk
- Compliance risk

It is essential for agency staff to have a common understanding of risks associated with the decisions we make while performing our mission. Establishing an enterprise risk management function will serve to guide management and staff during their decision-making process to ensure reducing agency risk is paramount when choosing one path over another.

Two of the largest risk management areas that must be specifically addressed relate to information security and business continuity. PERS is entrusted with the personal information of its members. The agency must ensure this information is adequately protected by employing safeguards as managed in the information security program.

Additionally, retired members rely on the routine and timely monthly benefit payments. PERS must ensure that its members continue to receive their payments in the event of a business interruption. Through the agency’s continuity management program, PERS can ensure that these payments will continue even in the event of a disaster.

Focus Area: Risk Management

GOAL

Establish an enterprise risk management program within the Security and Risk Section.

Objective 1

Secure legislative support and funding to stand up an enterprise risk management program that meets industry standards.

Tactic

1. Submit the Policy Option Package for enterprise risk management resources for the 2027 legislative session.

Related measure

SP2.6: Conducting enterprise risk management efforts

Objective 2

Establish and implement an enterprise risk management program throughout the agency.

Tactic

1. Work with a contractor to develop and implement an ERM program.

Related measure

SP2.6: Conducting enterprise risk management efforts

Focus Area: Risk Management

GOAL

Enhance the practices and controls of the information security program.

Objective 1

Strengthen the agency's information security program in alignment with enterprise and industry best practices.

Tactics

1. Collaborate more closely with Enterprise Information Services' Cyber Security Services to better align the agency's information security program with the state's cybersecurity requirements.
2. Evaluate and align the agency's cybersecurity controls with those provided by the enterprise to reduce duplication.
3. Monitor staff's continued adherence to the agency's security policies, standards, and procedures.

Related measures

SP2.9: Developing and overseeing information security program

SP3.7: Implementing and maintaining system security

Objective 2

Strengthen member and employer identity and access management practices and controls.

Tactics

1. Implement an industry-standard identity and access management solution and practices for PERS members, employers, and third-party administrators.
2. Implement an industry-standard identity verification solution for members, employers, and third-party administrators as appropriate.

Related measures

SP2.9: Developing and overseeing information security program

SP3.7: Implementing and maintaining system security

OM7: Member Service Satisfaction
OM8: Effective Employer Partnerships

Objective 3

Develop and implement a privacy initiative for members.

Tactics

1. Develop and implement privacy policies, practices, and solutions to protect members' data.
2. Train agency personnel on the privacy practices, policies, and procedures.

Related measures

SP2.9: Developing and overseeing information security program
SP3.7: Implementing and maintaining system security
OM7: Member Service Satisfaction

Focus Area: Risk Management

GOAL

Enhance practices and controls of the continuity management program.

Objective 1

Design and implement resilient systems and disaster recovery procedures to support the agency's mission.

Tactics

1. Establish guardrails and controls to ensure PERS can continue critical business operations using the State of Oregon's managed services and warm site.
2. Ensure backup and recovery systems and warm site are regularly tested to ensure the timely restoration of critical systems.

Related measures

SP2.8: Ensuring continuity of operations

SP3.3: Ensuring system availability and performance

OM9: Timely Benefit Payments

Objective 2

Mature the Continuity Management Program to include additional agency processes.

Tactics

1. Prioritize agency processes in alignment with business requirements.
2. Implement and test the additional business processes to ensure they meet PERS' mission.

Related measures

SP2.8: Ensuring continuity of operations

SP3.3: Ensuring system availability and performance

OM9: Timely Benefit Payments

MODERNIZATION

As demands on PERS' systems grow in response to evolving business needs, legislative changes, demographic shifts, and member expectations, the PERS Modernization Program must pursue a deliberate, proactive, and forward-looking modernization strategy. The PERS Modernization Program is committed to transforming the way we deliver pension administration services by investing in modern technology, optimizing business processes, and preparing our workforce to meet the future with agility and confidence.

Modernization begins with acknowledging that our legacy systems, while foundational to our operations, are increasingly limited due to an inflexible design and aging architecture. Investing in a more modern, configurable system will enable us to enhance responsiveness, reduce technical debt, minimize manual processes, and support evolving service delivery models, including omnichannel services.

Equally important is modernizing how the business of PERS operates. This includes redesigning outdated processes, reducing manual handoffs, minimizing reliance on offline tools, and leveraging data more effectively to inform decision-making and improving service outcomes. By working collaboratively across business units, we will define future-state workflows and ensure that technology implementations support operational goals. This business transformation will be driven by measurable outcomes, such as timely benefit processing, improved accuracy, and increased member satisfaction that will be supported by a culture of innovation and continuous improvement.

This strategy must position PERS to meet the demands of tomorrow while honoring the trust placed on us by our members and employers. By modernizing our systems, investing in our staff, and mitigating risk, we will transform not just our technology but the way we deliver on our mission.

Focus Area: Modernization

GOAL

Create an adaptable system that operates efficiently and effectively, providing timely and accurate services.

Key Goals from Fundamentals Map: 1) Efficient, Effective, and Adaptable Organization 2) Timely and Accurate Service

Objective 1

Replace the legacy Pension Administration System with a modern, configurable system that incorporates cloud-ready technologies to ensure long-term sustainability.

Tactics

1. Develop and submit foundational documents for the PERS Modernization Program and Pension Administration Project.
2. Develop requests for proposals (RFP) (i.e., for the PAS solution and system integrator), post for bids, and award contracts.
 - Conduct market research
 - Gather requirements
 - Identify system gaps
3. Create a modernization plan with workstreams.
 - Workstreams include, but are not limited to:
 - System gap analysis (how to address gaps)
 - Data integrity and cleaning
 - Data architecture and data migration
 - Cloud infrastructure
 - Integrations
 - Security
4. Update modernization roadmap.
5. Develop and complete resource plan.
6. Request additional funding in 2026 legislative session.

Related measures

- OM7: Member Satisfaction
- OM9: Timely Benefit Payments
- OM11: Accurate Benefit Calculations
- SP3 : Providing Information Technology
- SP5: Managing and Developing the Workforce
- SP6: Strategic and Operational Planning

Objective 2

Re-engineer business processes.

Tactics

1. Develop current-state business journey maps with documented improvement initiatives that will improve member and employer satisfaction. Journey maps include, but are not limited to the following pension life cycle events:
 - Enroll in the plan
 - Get divorced
 - Take leave
 - New partner
 - Change jobs
 - Become disabled
 - Begin planning to retire
 - Retire
 - Deceased (pre-retirement)
 - Deceased (post-retirement)
 - Retired and working again

Related measures

- OM7: Member Satisfaction
- SP6: Strategic and Operational Planning

GOAL

To cultivate a well-informed and engaged group of constituents, while empowering our workforce to achieve success.

Key Goals from Fundamentals Map: 1) Engaged and Educated Stakeholders 2) Empowered Workforce

Objective 1

Launch a change management program within the PERS Modernization Program that supports employees, members, and employers in achieving their goals and ensuring success.

Tactics

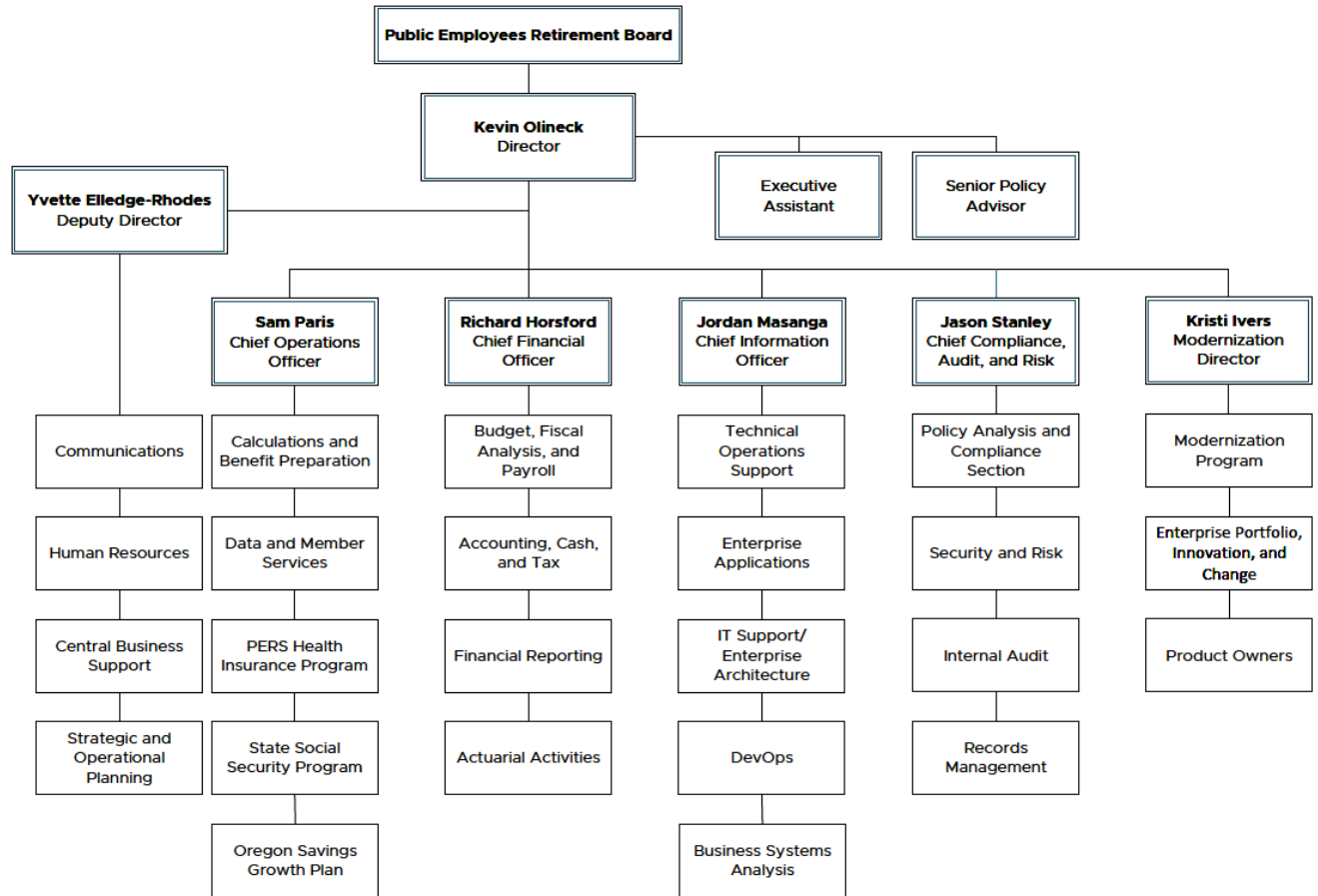
1. Develop RFP for an organizational change management (OCM) vendor, post for bid, and award.
 - Gather Requirements
2. Develop an OCM plan.
3. Develop and complete resource plan.
4. Request funding for 2027-2029 from the General Government Ways and Means Committee.

Related measures

- OM2: Employee Engagement
- OM7: Member Satisfaction
- SP5: Managing and developing the workforce
- SP6: Strategic and operational planning
- SP2: Ensuring continuity of operations

Additional Resources

Organizational Chart



Links to Supporting Documents

PERS IT Strategic Plan:

<https://www.oregon.gov/pers/Documents/PERS-IT-Strategic-Plan.pdf>

PERS Diversity, Equity and Inclusion Plan:

<https://www.oregon.gov/pers/Documents/PERS-DEI-Plan.pdf>

PERS Annual Comprehensive Financial Report (ACFR):

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2024-ACFR.pdf>

PERS Popular Annual Financial Report (PAFR):

https://www.oregon.gov/pers/Documents/Financials/PAFR/PERS_PAFR_24.pdf

PERS by the Numbers: <https://www.oregon.gov/pers/Documents/General-Information/PERS-by-the-Numbers.pdf>

Department of Administrative Services Strategic Planning Resources:
<https://www.oregon.gov/das/strategy/Pages/strategic-planning-resources.aspx>

Department of Administrative Services Strategic Initiatives and Enterprise Accountability:
<https://www.oregon.gov/das/strategy/pages/index.aspx>





Strategic Plan Pillars 2023-2028

Goals			Objectives
Organizational Management & Development	Goal 1 Objective 1	Develop and support a dynamic workforce by providing means and opportunities for staff to access tools to reach their full professional potential.	Provide ability for staff to access relevant professional development and training opportunities.
	Goal 1 Objective 2	Develop and support a dynamic workforce by providing means and opportunities for staff to access tools to reach their full professional potential.	Provide consistent visibility to internal career opportunities within the agency.
	Goal 1 Objective 3	Develop and support a dynamic workforce by providing means and opportunities for staff to access tools to reach their full professional potential.	Provide development opportunities and training tailored to supervisors, managers, and administrators to encourage an environment of continuous leadership growth and improved workforce retention.
	Goal 2 Objective 1	Support ongoing and improved employee engagement by providing consistent internal communications.	Maintain consistent communication around topics and information that are the most relevant and important to staff.
	Goal 3 Objective 1	Complete POBMS integration throughout the agency.	Fully develop team scorecards to measure performance and drive strategic and tactical decisions.
	Goal 3 Objective 2	Complete POBMS integration throughout the agency.	Normalize POBMS-related methods throughout the agency.
Member Services & Communications	Goal 1 Objective 1	Engage members throughout their careers so they are better prepared for retirement.	Develop member journeys with relevant accessible resources for different life and career stages.
	Goal 1 Objective 2	Engage members throughout their careers so they are better prepared for retirement.	Brand PERS as their retirement education and planning resource.
	Goal 2 Objective 1	Improve members’ satisfaction with PERS.	Enhance and modernize account accessibility and capabilities for members to self-serve.
	Goal 2 Objective 2	Improve members’ satisfaction with PERS.	Launch new education tools and resources valuable to the member journey from hire to retire.
Data Consistency	Goal 1 Objective 1	Use data analytics to enhance operational efficiency, performance management, reporting, and insight.	Improve employer reporting validations to minimize manual review and corrections to data.
	Goal 1 Objective 2	Use data analytics to enhance operational efficiency, performance management, reporting, and insight.	Use technology, including data validations, where appropriate to reduce manual processes.
	Goal 2 Objective 1	Resolve legacy data issues.	Identify legacy data issues and prioritize clean-up efforts to improve data quality.
	Goal 2 Objective 2	Resolve legacy data issues.	Minimize need to change data after receipt from employers.
	Goal 3 Objective 1	Utilize data and analytics to help drive and support agency decisions.	Become an insight-driven organization.
Information Technology	Goal 1 Objective 1	Improve IT efficiency and responsiveness to business operational changes.	Re-architect core applications in ORION as independent, discrete business services.
	Goal 1 Objective 2	Improve IT efficiency and responsiveness to business operational changes.	Architect, plan, and design the PERS Backup Data Center Services (DR) to support business continuity.
	Goal 2 Objective 1	Improve workforce environment and prepare for and attract the next generation of technical talent.	Transform Information Services Division (ISD) working environment to encourage collaboration and innovation.
	Goal 2 Objective 2	Improve workforce environment and prepare for and attract the next generation of technical talent.	Attract and retain IT talent at PERS.
Financial Management	Goal 1 Objective 1	Enhance and improve productivity, reduce manual processes, and accurately and quickly respond to legislative and relevant party needs.	Increase efficiency, improve communications, and reduce manual work.
	Goal 1 Objective 2	Enhance and improve productivity, reduce manual processes, and accurately and quickly respond to legislative and relevant party needs.	Standardize financial data organization and reduce manual reconciliation between systems to improve accuracy and responsiveness to legislative and relevant party needs.
	Goal 1 Objective 3	Enhance and improve productivity, reduce manual processes, and accurately and quickly respond to legislative and relevant party needs.	Evaluate and implement electronic filing and paperless processes to respond to inquiries effectively and promptly and efficiently process transactions.
	Goal 2 Objective 1	Ensure PERS has both the appropriate staff resource and skill level to perform the financial accounting, reporting, budgeting, analysis, and forecasting required to be compliant and deliver exceptional service to those we serve.	Ensure Financial Operations has appropriate staffing to provide timely and accurate services to all relevant parties.
	Goal 2 Objective 2	Ensure PERS has the appropriate level of professional staff to perform the financial accounting, reporting, budgeting, analysis, and forecasting required to be compliant and deliver exceptional service to those we serve.	Increase professional certification and training of Financial Operations staff to prepare them for potential shifts in expectations as our processes evolve, ensure compliance, and increase use of best practices.
Risk Management	Goal 1 Objective 1	Establish an Enterprise Risk Management Program within the Security & Risk Section.	Secure legislative support and funding to stand up an Enterprise Risk Management Program that meets industry standards.
	Goal 1 Objective 2	Establish an Enterprise Risk Management Program within the Security & Risk Section.	Establish and implement an Enterprise Risk Management Program throughout the agency.
	Goal 2 Objective 1	Enhance the practices and controls of the Information Security Program.	Strengthen the agency’s Information Security Program in alignment with enterprise and industry best practices.
	Goal 2 Objective 2	Enhance the practices and controls of the Information Security Program.	Strengthen member and employer identity and access management practices and controls.
	Goal 2 Objective 3	Enhance the practices and controls of the Information Security Program.	Develop and implement a privacy initiative for members.
	Goal 3 Objective 1	Enhance practices and controls of the Continuity Management Program.	Design and implement resilient systems and controls to support the agency’s mission.
	Goal 3 Objective 2	Enhance practices and controls of the Continuity Management Program.	Mature the Continuity Management Program to include additional agency processes.

Strategic Plan Pillars	Objectives	Percentage Complete	Tactics
Organizational Management & Development	Goal 1 Objective 1	70% 85% 50% 90%	Tactic 1: Inventory all current professional development and training programs and courses. Tactic 2:. Evaluate access and availability to these programs. Tactic 3: Deploy appropriate and relevant access to staff. Tactic 4: Develop communication strategy to generate ongoing visibility to workers within the agency.
	Goal 1 Objective 2	90% 70% 50%	Tactic 1: Inventory current internal opportunity business process. Tactic 2: Develop, implement, and maintain ongoing centralized business process that provides consistent visibility to internal opportunities of both full time and work out of class positions. Tactic 3: Periodically evaluate efficacy of and responsiveness to new business processes to determine possible improvements and areas for opportunity on an ongoing basis.
	Goal 1 Objective 3	50% 65% 100%	Tactic 1: Utilize Succession Plan - Training & Professional development action plan to ensure access to ongoing leadership skill cultivation in alignment with State leadership competencies. Tactic 2: Conduct mandatory monthly leadership training with active discussion, exercises, self-reflection, quizzes, and group dialogue. Tactic 3. Monitor Engagement Survey and Leadership 360 Reviews to determine efficacy and impact of leadership development strategy.
	Goal 2 Objective 1	75% 80% 60%?	Tactic 1: Identify information which is most likely to be relevant and important to staff. Tactic 2: Determine communication strategies that support effective dissemination of various types of information through appropriate channels. Tactic 3: Monitor both consistency of efforts (i.e. frequency of informative communications, Vested articles, etc.) as well as staff response over time and track relative participation on a quarterly basis.
	Goal 3 Objective 1	75%? 63% 0%	Tactic 1: Train the remaining staff in measures development and POBMS. Tactic 2: Complete scorecard development for divisions that do not have them at the team level. Tactic 3: Leverage PowerBI to enhance reporting capabilities.
	Goal 3 Objective 2	80% 50%	Tactic 1: Put a structure in place to support initiation and implementation of projects and their alignment with the strategic plan. Tactic 2: Leverage Enterprise Portfolio Management to prioritize and properly resource agency initiatives and ensure enterprise is focused on priority projects.
Member Services & Communications	Goal 1 Objective 1	75% 15%	Tactic 1: Enhance existing journey maps online – linked resources on PERS website. Tactic 2: Member surveys – provide post-service surveys to ensure sufficient and accessible resources are being provided and improved, to ensure accessibility.
	Goal 1 Objective 2	70% 100%	Tactic 1: Enhance marketing of services that PERS offers members. Tactic 2: Provide annual PERS Retirement Expo.
	Goal 2 Objective 1	0% 100% 50%	Tactic 1: Modernize and secure Online Member Services (OMS), providing more accessibility, member-specific information, and electronic transaction capabilities. Tactic 2: Modernize and update the PERS website to allow easier navigation and search capabilities. Tactic 3: Integrate OSGP and PHIP to better inform and educate members with a complete PERS picture.
	Goal 2 Objective 2	0% 0% 0%	Tactic 1: Send communication to new members. Tactic 2: Send communication when vested. Tactic 3: Send communication when nearing retirement eligibility.
Data Consistency	Goal 1 Objective 1	40% 10% 75%	Tactic 1: Identify validation gaps in EDX. Tactic 2: Create new validations in EDX as part of modernization efforts. Tactic 3: Improve employer education program.
	Goal 1 Objective 2	15% 10% 15%	Tactic 1: Develop an inventory of manual and inefficient processes. Tactic 2: Identify and propose actions that could reduce manual processes or inefficiencies. Tactic 3: Provide feedback and input to modernization planning so that technological solutions to these processes can be included.
	Goal 2 Objective 1	75% 25% 20%	Tactic 1: Create workgroup to identify and prioritize data issues for resolution. Tactic 2: Develop a plan, including resources, to resolve data issues. Tactic 3: Provide feedback and input to modernization planning so that technological solutions to these processes can be included.
	Goal 2 Objective 2	0% 15% 15%	Tactic 1: Create policies and procedures that eliminate multiple reviews. Tactic 2: Create member data locking processes. Tactic 3: Communicate with and educate employers and members on data locking impacts.
	Goal 3 Objective 1	0% 10% 10%	Tactic 1: Reduce the amount of manual data manipulation currently performed to get the desired insights. Tactic 2: Enable the right tools and policies, coupled with removing offline tools, to enhance data integrity and quality. Tactic 3: Provide feedback and input to modernization planning so that technological solutions to these processes can be included.
Information Technology	Goal 1 Objective 1	40% 0% 10%	Tactic 1: Resolve key issues affecting ORION administration, performance, maintainability, and sustainability to prepare for modernization. Tactic 2: Refactor nightly jClarety batch processes to improve maintainability and efficiency and reduce batch durations. Tactic 3: Redesign logging, monitoring, and error-handling functionality of jClarety batch processes and other ORION core applications to improve supportability.

		20% 25% 50% 70% 90% 100%	Tactic 4: Explore opportunities to externalize business rules from ORION core applications. Tactic 5: Create an application-programming interface (API) ecosystem to allow ORION to loosely integrate between applications, commercial-off-the-shelf (COTS) solutions, and external services. Tactic 6: Analyze opportunities to leverage COTS solutions when beneficial to the agency. Tactic 7: Re-architect current infrastructure to be able to use solutions independently from on-premises data center. Tactic 8: Integrate M&E activities for ORION ancillary applications into ISD methodologies and processes. Tactic 9: Establish a single ORION ancillary applications technical platform that allows potential integration into jClarety.
	Goal 1 Objective 2	70% 10%	Tactic 1: Research and explore opportunities between the SDC and private cloud providers as architected by the ORION Modernization Program. Tactic 2: Complete the Backup Data Center project and conduct regular business continuity exercises on the PERS Disaster Recovery Warm Site.
	Goal 2 Objective 1	90% 85%	Tactic 1: Deploy innovative and collaborative tools for effective real-time communication to support telecommuting among staff, outside contractors, and other partners. Tactic 2: Reduce functional silos within ISD by using virtual collaborative platforms and optimizing the DevOps team.
	Goal 2 Objective 2	20% 0% 100%	Tactic 1: Build relationships and community outreach to state and community colleges to provide a clear path for IT careers at PERS and the state. Tactic 2: Initiate a formal internship program for graduating students as an entry into IT positions. Tactic 3: Develop and implement an IT workforce-development plan.
Financial Management	Goal 1 Objective 1	80% 90% 25%	Tactic 1: Develop an inventory of manual or inefficient processes. Tactic 2: Identify and propose actions that could be taken to reduce manual and inefficient processes. Tactic 3: Provide feedback and input to modernization planning so that technological solutions to these processes can be included.
	Goal 1 Objective 2	60% 25%	Tactic 1: Engage CDM to improve data gathering and reporting. Tactic 2: Actively participate with Modernization Project team to identify where modernization work can reduce manual processes and increase efficiency.
	Goal 1 Objective 3	95%	Tactic 1: Evaluate opportunities to transition remaining paper processes to electronic/paperless and implement these changes where feasible.
	Goal 2 Objective 1	50% 90% 90%	Tactic 1: Update section managers’ quarterly Performance, Accountability, and Feedback goals to include evaluation of section staffing model. Tactic 2: Develop division-wide task/responsibility matrix to identify coverage, back up, and potential gaps. Tactic 3: Update staff responsibilities and staffing models to address timeliness and accuracy.
	Goal 2 Objective 2	100% 90%	Tactic 1: Incorporate training into quarterly Performance, Accountability, and Feedback goals. Tactic 2: Explore training opportunities specifically aimed at knowledge/skill gaps identified Goal 2, Objective 1, Tactic 2.
Risk Management	Goal 1 Objective 1	100%	Tactic 1: A Policy Option Package for ERM resources was submitted for the 2025 legislative session.
	Goal 1 Objective 2	0%	Tactic 1 Work with contractor to develop and implement an ERM program.
	Goal 2 Objective 1	0% 50% 0%	Tactic 1: Establish a risk appetite for the agency in alignment with its core mission. Tactic 2: Develop risk management policies and procedures, and train agency staff on those policies and procedures. Tactic 3: Monitor adherence to the policies and procedures.
	Goal 2 Objective 2	50% 0%	Tactic 1: Implement an industry-standard identity and access-management solution and practices for PERS members, employers, and TPAs. Tactic 2: Implement industry identity-proofing solutions and practices for members and employers.
	Goal 2 Objective 3	0% 0%	Tactic 1: Develop and implement privacy policies, practices, and solutions to protect members’ data. Tactic 2: Train agency personnel on privacy practices, policies, and procedures.
	Goal 3 Objective 1	0% 0%	Tactic 1: Implement a backup data center that supports business requirements. Tactic 2: Implement procedures and controls to ensure PERS can continue operations using its backup data center.
	Goal 3 Objective 2	10% 0%	Tactic 1: Prioritize agency processes in alignment with business needs for business continuity. Tactic 2: Implement and test the additional business processes to ensure they can be restored after a continuity event..
Compliance	Internal Audit Work	100%	Internal Audit conducts regular reviews of outstanding audit recommendations and presents an updated Audit Plan annually.
	External Audit Work	95%	Secretary of State Audit released October 2018. As of June, 2025, 13 of 16 recommendations are complete and the remaining three are dependent on the agency moving to the state resiliency site in 2026.
	Budget Notes	100%	One budget note was presented at the 2025 legislative session: HB 4045 Hazardous Positions Update.

NOTE: This chart is part of the larger *PERS 2023-2028 Strategic Plan*; it is excerpted here to provide at-a-glance information for members of the PERS Board.

A.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update

4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
 - 2.a. Notice of rulemaking for legislative implementation
 - 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
 - 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board
FROM: Kevin Olineck, Director
SUBJECT: Board Evaluation Documents

OVERVIEW

PERS Board Member Evaluation and Overall Board Evaluation documents purpose and summary.

DISCUSSION

In 2023, the PERS Board adopted two documents to assist the board with conducting regular self-assessments. These documents assist in identifying where the board is performing well as a board, as well as help identify opportunities for improvement.

Discussion about board roles and responsibilities can strengthen communication and understanding among board members. Additionally, a board's willingness to engage in self-assessment is a model for the rest of the agency as it emphasizes that board members recognize that its effectiveness is an important factor in the system's long-term performance. The process also helps identify areas that may need to be addressed through onboarding and continuing education activities.

The PERS Board Member Evaluation is intended to be used by board members as a self-reflection tool prior to completing the Overall Board Evaluation document. These documents are intended to be used on a biannual basis on odd years.

The board chair, with the assistance of the Director's Office, will coordinate the distribution and collation of the Overall Board Evaluations for review and discussion. Results will be shared at the December board meeting.

A.4. Attachment 1 – *PERS Board Member Evaluation*

A.4. Attachment 2 – *Overall Board Evaluation*

PERS Board Member Evaluation

It is not necessary to turn this document in; it is to assist board members in contemplating their evaluation.

Review the following statements in relation to your involvement as PERS Trustee. Rank answers using the following scale: **5 - always, 4 - almost always, 3 - sometimes, 2 - almost never, 1 - never**

		5	4	3	2	1
1.	I attend the board and committee meetings I am expected to attend.					
2.	I contribute to the discussion in a meaningful and helpful way.					
3.	I fully understand my fiduciary duties and act for the benefit of all members, not merely for a particular constituency.					
4.	My decisions are based on a fair, balanced, and prudent assessment of each situation.					
5.	I believe the highest and best use of the PERS Board is to establish policy and the role of the staff is to implement board policy.					
6.	I seek opportunities to expand my knowledge of pension issues by participating in continuing education opportunities.					
7.	I comply with state laws and PERS Board policies regarding conflicts of interest.					
8.	I read the materials distributed before the board meeting and bring questions to the director or the board chair so I can constructively participate and make timely decisions.					
9.	I work with the other board members and staff in a collegial way.					
10.	I work with the director in a way that creates an atmosphere of trust and cooperation.					
11.	I understand the director works for the entire PERS Board and not for individual board members, and I act accordingly.					
12.	I communicate PERS Board governance problems to the board chair.					
13.	As a board member, I have read the Board Orientation Manual and Board Governance Manual and I reaffirm my understanding of these items.					
14.	I acquire, or I make sure I have, all the information necessary to make informed and timely decisions.					

I am most concerned about the following issues:

Overall Board Evaluation

Name _____ Date: _____

This document should be completed and submitted to the board chair.

Rate the following statements in relation to the overall operation of the PERS Board. Rank answers using the following scale: **5 - always, 4 - almost always, 3 - sometimes, 2 - almost never, 1 - never**

		5	4	3	2	1
1.	The PERS Board maintains an effective oversight role regarding benefit issues.					
2.	The PERS Board recognizes its policy-making role and reconsiders and revises policies, as necessary.					
3.	The PERS Board follows a clearly defined biennium-based work plan, which captures major items for board consideration and decision-making.					
4.	The PERS Board stays abreast of issues and trends affecting PERS, using this information to assess and guide PERS over the long term.					
5.	PERS Board members keep decision making at the policy level, delegate implementation of policy to staff, and do not engage in micromanagement.					
6.	The PERS Board understands what authority it has retained, and why it has retained it, and what has been delegated and to whom.					
7.	The PERS Board engages in active oversight of the responsibilities it has delegated to staff and consultants.					
8.	Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.					
9.	Board meeting agendas are well-balanced, allowing time for the most critical issues. Board materials provide the information necessary for the PERS Board to perform their responsibilities.					
10.	Board and committee meetings are handled efficiently.					
11.	The PERS Board, via the Director's Office, ensures that new board members receive a prompt, thorough orientation.					
12.	The PERS Board has a thorough understanding of agenda items presented at the board meeting and the information presented allows them to be consistently prepared for meetings.					
13.	The PERS Board periodically monitors service delivery satisfaction via surveys to both members and employers.					
14.	The PERS Board comprehends and respects the difference between its policy-making role and the director's management role.					
15.	Board goals, expectations, and concerns are promptly, candidly, and effectively communicated to the director.					
16.	The board chair is apprised of the results of the biannual Director's 360 Evaluation conducted by Gallup.					
17.	The PERS Board adheres to the Code of Conduct and Ethics requirements as outlined in the Board Governance Document.					

What critical issues need to be addressed by the PERS Board in the future?

What suggestions do you have for improvement of the conduct of board and committee meetings and for PERS Board operation and communication?

B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule

- 2.a. Notice of rulemaking for legislative implementation
- 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
- 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
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Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking to implement portions of the federal SECURE 2.0 ACT for the Oregon Savings Growth Plan:

OAR 459-050-0040 *Unforeseeable Emergency Withdrawal Appeals Committee*

OAR 459-050-0150 *Unforeseeable Emergency Withdrawal*

OAR 459-050-0070 *Catch-Up Programs*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: implementing a mandatory and an optional provision of the federal SECURE 2.0 Act for the Oregon Savings Growth Plan.
- Policy Issue: None identified.

BACKGROUND

The SECURE 2.0 Act, formally known as the Setting Every Community Up for Retirement Enhancement 2.0 Act of 2022, was signed into law on December 29, 2022, building upon the earlier SECURE Act of 2019. It introduced a range of enhancements designed to make retirement savings easier and more flexible for workers and employers alike. Staff are proposing the following rule amendments to implement one mandatory and one optional provision of the SECURE 2.0 Act within the Oregon Savings Growth Plan (OSGP).

Optional Provision (Self-Certification for Emergency or Hardship Withdrawals in Section 312 of SECURE 2.0 Act)

Amendments clarify that it is up to the plan participant requesting an emergency withdrawal to self-certify that the withdrawal is not being used for one of the enumerated impermissible purposes. Instead of submitting an emergency withdrawal application and financial information and related documentation, a plan participant requesting an emergency withdrawal only needs to submit a completed unforeseeable emergency withdrawal self-certification form authorized by OSGP. The form may be obtained either from OSGP or the OSGP third-party administrator, Voya. Plan participants now have the right to continue with deferred contributions in the event of an emergency withdrawal. The deferred compensation manager is no longer involved or required to approve the release of funds. As the third-party administrator, Voya will release the funds to the plan

participant once a completed self-certification for emergency withdrawal has been received.

Repeal of 459-050-0040. There is no longer a need for the Unforeseeable Emergency Withdrawal Appeals Committee to handle appeals from denial of withdrawal requests when plan participants can self-certify for the withdrawal without having to submit any financial information or related documentation. The unforeseeable emergency withdrawal request will be approved without any additional staff determination that could require the service of the Unforeseeable Emergency Withdrawal Appeals Committee.

Mandatory Provision (Requirement for Roth Treatment of Elective Deferral Catch-Up Contributions under Section 603 of SECURE 2.0 Act)

Amendments align with recent federal law changes under the SECURE 2.0 Act. Beginning in 2026, higher-earning employees (those with more than about \$145,000 in FICA wages from the prior year, adjusted annually for inflation) will no longer be able to make pre-tax age 50 plus catch-up contributions. For plan participants aged 50 and older, all catch-up contributions will now go into a Roth account, which means they are taxed in the year they are contributed but can be withdrawn tax-free in retirement. If plan participants do not elect Roth for their catch-up contributions, the contributions will be returned. For plan participants in the last three years before retirement who qualify for the special 457(b) "last-three-year" catch-up, most contributions can still be made pre-tax, but a portion may be required to go into a Roth account, depending on how the federal rules apply.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely and in person on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 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: Keeping our plan in compliance with federal law and aligning PERS administrative rule with federal requirements.

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

RULEMAKING TIMELINE

September 23, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
October 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.

September 26, 2025:	PERS Board notified that staff began the rulemaking process.
October 28, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
October 31, 2025:	Public comment period ends at 5:00 p.m.
December 5, 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 October 28, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the December 5, 2025 board meeting.

B.1. Attachment 1 – OAR 459-050-0040 *Unforeseeable Emergency Withdrawal Appeals Committee*

B.1. Attachment 2 – OAR 459-050-0070 *Catch-Up Programs*

B.1. Attachment 3 – OAR 459-050-0150 *Unforeseeable Emergency Withdrawal*

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

1 **[459-050-0040]**

2 ***Unforeseeable Emergency Withdrawal Appeals Committee***

3 *(1) Purpose. The Unforeseeable Emergency Withdrawal Appeals Committee (the*
4 *Committee) shall evaluate appeals denied by the Deferred Compensation Manager or*
5 *designee authorized to take action on the Manager's behalf for the distribution of*
6 *deferred compensation on the basis of claims of unforeseeable emergency in compliance*
7 *with the Internal Revenue Code, Section 457, 26 USC 457, and the provisions of OAR*
8 *459-050-0150. The Committee shall formally approve or deny each appeal based on the*
9 *merits of the appeal.*

10 *(2) Committee composition. The Committee shall consist of not fewer than three persons.*

11 *(a) One person shall be a PERS staff member from the Deferred Compensation Program.*

12 *(b) Two persons shall be PERS staff members from other than the Deferred*
13 *Compensation Program.*

14 *(3) Committee meetings. The Committee shall meet upon the call of the Manager of the*
15 *Deferred Compensation Program no later than 14 calendar days following receipt of an*
16 *appeal. The Committee may meet by phone or in person. The Committee shall evaluate*
17 *the participant's written request, emergency withdrawal application, financial*
18 *information, and all related documentation submitted for compliance with 26 USC 457*
19 *and the provisions of OAR 459-050-0150.*

20 *(4) Appeal approval. If an appeal is approved, the Committee authorizes the Manager to*
21 *release the funds within 30 calendar days of approval.*

22 *(5) Appeal denial. Within seven calendar days of the Committee's denial, the requestor*
23 *may request an informal conference with the Deferred Compensation Manager or*
24 *designee authorized to take action on the Manager's behalf.*

25 *(6) Request for review. The requester may submit a request for review of the Committee's*
26 *determination to the Director of PERS and must do so within 30 calendar days of the*
27 *Committee's denial. The request must be in writing and include:*

28 *(a) A description of the staff action or determination for which review is requested;*

29 *(b) A short statement of the manner in which the action is alleged to be in error;*

- 1 (c) A statement of facts that are the basis of the request;
- 2 (d) Reference to applicable statutes, rules or court decisions upon which the person
- 3 relies;
- 4 (e) A statement of the relief the request seeks; and
- 5 (f) A request for review.
- 6 (7) Director's determination. Within 30 calendar days of receiving a request for review,
- 7 the Director shall issue a written determination either approving or denying the
- 8 unforeseeable emergency withdrawal.]

1 **459-050-0070**

2 **Catch-Up Programs**

3 The purpose of this rule is to establish the criteria and process to allow *[an eligible employee]* a
 4 plan participant to contribute additional amounts, in excess of the regular applicable maximum
 5 allowable contributions, to the eligible employee's account.

6 (1) For purposes of this rule, "normal retirement age" shall be:

7 (a) For employers that do not sponsor another deferred compensation plan under IRC 457(b), the
 8 earlier of:

9 (A) Age 65; or

10 (B) The normal retirement age for non-police and fire employees established in the employer's
 11 defined benefit pension plan or money purchase pension plan.

12 (b) For employers additionally sponsoring another deferred compensation plan under IRC 457(b)
 13 with a 3-Year Catch-Up Program, for purposes of this rule, "normal retirement age" shall have
 14 the same meaning as defined in the plan provisions of the other deferred compensation plan. If
 15 the other plan does not define normal retirement age, normal retirement age shall be determined
 16 as outlined in subsection (1)(a) of this rule.

17 (2) 50-Plus Catch-Up Program. Pursuant to the conditions of this rule, *[eligible employees]* plan
 18 participants who are 50 years of age and older may elect to contribute an additional amount
 19 under section 414(v) of the Internal Revenue Code in excess of the maximum regular
 20 contribution allowed.

21 (a) Conditions for participation: *[An eligible employee]* A plan participant must be 50 years of
 22 age or older on December 31 of the calendar year in which the eligible employee begins to
 23 participate in the 50-Plus Catch-Up Program.

24 (A) *[An eligible employee]* A plan participant may participate in the 50-Plus Catch-Up
 25 Program during years either before or after participation in the 3-Year Catch-Up Program, but
 26 may not participate in both programs during the same calendar year.

(B) *[An eligible employee]* A plan participant may participate in the 50-Plus Catch-Up Program during the calendar year containing the employee's retirement date.

(b) Additional deferral amounts. The additional deferral may be an amount elected by *[an eligible employee]* a plan participant, but may not exceed the maximum additional deferral amount allowed under section 414(v) of the Internal Revenue Code, 26 USC 414(v). *[An eligible employee]* A plan participant may change the amount of additional contributions deferred within the maximum additional deferral amount allowed. Changes may be made at any time by using online account access or other methods approved by the Deferred Compensation Program.

(3) 3-Year Catch-Up Program. *[An eligible employee]* A plan participant may elect to contribute an additional amount under section 457 of the Internal Revenue Code, in excess of the maximum regular contribution allowed, for one or more of the three consecutive calendar years of employment before attaining normal retirement age, if in previous years the plan participant *[eligible employee]* did not contribute the maximum regular contribution amount.

(a) Conditions for participation. The earliest date to begin participation in the 3-Year Catch-Up Program is in the three calendar years immediately preceding the year in which *[an eligible employee]* a plan participant reaches normal retirement age.

(A) Contributions over the maximum allowable regular contribution limit are permitted only to the extent of the unused portions of the maximum allowable regular contribution for previous calendar years during which the eligible employee contributed less than the maximum allowable regular contribution or did not make contributions to the Deferred Compensation Program.

(B) Calendar years during which contributions were made under the 50-Plus Catch-Up Program may not be included in the calculation to determine the maximum allowable contribution under the 3-Year Catch-Up Program.

(C) *[An eligible employee]* A plan participant may not participate in the 3-Year Catch-Up Program and the 50-Plus Catch-Up Program during the same calendar year.

(D) *[An eligible employee]* A plan participant must designate a proposed retirement date upon application. The designated proposed retirement date shall be used for the purpose of determining the catch-up period only. The catch-up period so determined may not include the

year of the designated proposed retirement date. *[An eligible employee]* A plan participant who retires during the catch-up period may contribute the maximum allowable amount for the year of the employee's retirement.

(E) Pursuant to section 457(b) of the Internal Revenue Code, *[an eligible employee]* a plan participant who is 70½ years of age or older may not participate in the 3-Year Catch-Up Program.

(F) *[An eligible employee]* A plan participant may participate only once in the 3-Year Catch-Up Program, regardless of whether participation in the 3-Year Catch-Up Program is for less than three calendar years or whether the eligible employee participates in an eligible plan after retirement.

(b) Application for enrollment. *[An eligible employee]* A plan participant may participate in the 3-Year Catch-Up Program by entering into a written agreement with the plan sponsor. The written agreement must specify the eligible employee's designated proposed retirement date, the month in which to begin the 3-Year Catch-Up Program contributions and the number of years the eligible employee plans to participate in the 3-Year Catch-Up Program.

(A) *[An eligible employee]* A plan participant may enter into a written agreement to participate in the 3-Year Catch-Up Program at any time while employed.

(B) A properly completed 3-Year Catch-Up Program enrollment form provided by the Deferred Compensation Program must be filed with and approved by the Deferred Compensation Program. Wage or salary information must be submitted for previous calendar years during which *[an eligible employee]* a plan participant either did not participate in the Deferred Compensation Program or did not contribute the maximum regular contribution amount. *[An eligible employee]* A plan participant may be requested to submit:

(i) Legible copies of W-2 Wage and Tax Statement forms for each relevant calendar or tax year; or

(ii) Legible copies of final pay stubs showing gross and taxable salary for each relevant calendar year.

(C) If the application for enrollment is incomplete, if wage or salary information is incomplete or illegible, or if the application does not comply with the 3-Year Catch-Up Program conditions of enrollment, then the Deferred Compensation Program will notify the eligible employee within 30 calendar days from the date the enrollment documents are received of the reasons the Deferred Compensation Program cannot accept the enrollment.

(c) 3-Year Catch-Up Program deferral effective date. 3-Year Catch-Up Program contributions may be deferred for any calendar month by salary reduction only if an agreement providing for the deferral has been entered into before the first day of the month in which the compensation is paid or made available.

(d) Additional Deferral Amount. After receipt of a properly completed 3-Year Catch-Up Program enrollment form and required wage or salary information, the Deferred Compensation Program will notify the eligible employee of the maximum amount of additional contributions that may be deferred.

(A) The amount of the 3-Year Catch-Up Program salary reduction may not be less than the minimum additional contribution amount established by the plan sponsor and may not exceed the maximum allowable contribution under section 457(b)(3) of the Internal Revenue Code.

(B) *[An eligible employee]* A plan participant may change the amount of additional contributions deferred within the minimum and maximum additional deferral amounts allowed. Changes may be made at any time by using online account access or other methods approved by the Deferred Compensation Program and will be effective for any calendar month only if an agreement providing for the deferral has been entered into before the first day of the month in which the compensation is paid or made available.

(e) Cancellation of Participation in the 3-Year Catch-Up Program. *[An eligible employee]* A plan participant may cancel participation in the 3-Year Catch-Up Program at any time by using online account access or other methods approved by the Deferred Compensation Program. The cancellation will be effective for any calendar month only if an agreement providing for the cancellation has been entered into before the first day of the month in which the compensation is paid or made available. An election to cancel participation is irrevocable.

1 (4) Catch-up Contributions Required to be Roth Contributions. Beginning with taxable
2 years after December 31, 2025, if a plan participant's wages (as defined in IRC 3121(a))
3 from the participating employer for the preceding calendar year exceeded the threshold
4 amount of \$145,000, as adjusted for cost-of-living increases under IRC 414(v)(7)(E):
5 (a) All catch-up contributions under IRC 414(v) (50-Plus Catch-Up) must be designated
6 Roth contributions under IRC 402A; and
7 (b) If the plan participant is using the 3-Year Catch-Up, catch-up contributions must be
8 designated Roth contributions under IRC 402A to the extent required under IRC
9 457(e)(18)(A)(ii), as amended by Section 603(b)(2) of the SECURE 2.0 Act.

10

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

459-050-0150

Unforeseeable Emergency Withdrawal

The purpose of this rule is to establish the criteria and process for a participant to obtain a distribution of deferred compensation funds before separation from employment due to an unforeseeable emergency.

(1) Definitions. For purposes of this rule:

(a) “Deferred Compensation Account” means the account described in OAR 459-050-0001, but does not include any amount in the Self-Directed Brokerage Option.

(b) “Designated Roth Account” means the account described in OAR 459-050-0001, but does not include any amount in the Self-Directed Brokerage Option.

(c) “Emergency withdrawal” means a payment to the participant from the participant’s Deferred Compensation Account, Designated Roth Account, or a combination of both, in an amount directly related to and reasonably necessary to satisfy a financial obligation attributable to an unforeseeable emergency.

(d) “Unforeseeable emergency” or “Unforeseen emergency” means: a severe financial hardship to a participant resulting from a sudden and unexpected illness or accident of the participant, or of a dependent of the participant as defined in 26 CFR 1.152-1; a loss of the participant’s property due to casualty; or other similar extraordinary and unforeseeable circumstance beyond the control of the participant.

(2) Eligibility for emergency withdrawals. Only a participant who established a deferred compensation account as an eligible employee and has not terminated from employment with their plan sponsor may apply to receive an unforeseeable emergency

1 withdrawal. An alternate payee of a participant may not be eligible to receive an
2 emergency withdrawal.

3 (3) A participant must, if eligible, apply for a loan under the provisions of OAR 459-050-
4 0077 before application for an unforeseen emergency withdrawal unless, as determined
5 by the Deferred Compensation Manager, the participant would suffer additional financial
6 hardship by complying with the loan application requirement.

7 (4) Source of emergency withdrawals. The amount of an emergency withdrawal will be
8 deducted first from the participant's Deferred Compensation Account unless otherwise
9 indicated by the participant on the emergency withdrawal application.

10 (5) A plan participant requesting an emergency withdrawal must certify that the
11 withdrawal is not being used for the following c[C]ircumstances that do not constitute
12 an unforeseeable emergency: *[. An emergency withdrawal may not be approved for any*
13 *reason other than an unforeseeable emergency. Circumstances that do not constitute an*
14 *unforeseeable emergency including, but are not limited to:]*

15 (a) Participant or dependent school expenses;

16 (b) The purchase of a home or costs associated with a voluntary relocation of housing;

17 (c) The reduction of personal credit liabilities not associated with an unforeseeable
18 emergency;

19 (d) Expenses associated with a legal separation or the dissolution of a marriage;

20 (e) Expenses associated with medical procedures that are elective or not medically
21 required;

22 (f) Expenses associated with establishing or managing a personal business;

23 (g) Recreational expenses;

1 (h) Travel expenses not associated with an unforeseeable emergency; and
2 (i) Usual and customary tax obligations.

3 (6) Limitations on amount of emergency withdrawal. The amount of an emergency
4 withdrawal may not exceed the combined balance of the participant's Deferred
5 Compensation Account and Designated Roth Account. The maximum amount that may
6 be approved as an emergency withdrawal shall be limited to what is reasonably needed to
7 satisfy the immediate financial obligation related to the unforeseeable emergency,
8 including taxes anticipated on the distribution. The amount of the emergency withdrawal
9 shall be limited to the extent that the financial obligation can or may be satisfied by:

10 (a) Reimbursement or compensation by insurance or otherwise;
11 (b) Liquidation of the participant's assets, to the extent the liquidation of such assets
12 would not itself cause severe unforeseeable emergency; or
13 (c) Cessation of participant contributions to the Deferred Compensation Program.

14 (7) Application for an emergency withdrawal. A participant must submit an *[completed]*
15 unforeseen emergency withdrawal self-certification form authorized by the
16 Deferred Compensation Program *[emergency withdrawal application and financial*
17 *information and related documentation sufficient to satisfy the provisions of this rule.]*
18 The self-certification form *[emergency withdrawal application]* may be returned if the
19 form is incomplete*[or if insufficient financial information or related documentation is*
20 *submitted]*.

21 (a) The self-certification form *[application]* may be obtained from the Deferred
22 Compensation Program or the third party administrator (TPA) retained to administer a
23 portion of the Deferred Compensation Program.

(b) The completed *[application, financial information, and related documentation]* self-certification form shall be submitted by using online account access or other methods approved by the Deferred Compensation Program.

[(8) Cancellation of future contributions. Contributions by a participant to the Deferred Compensation Program shall immediately be cancelled upon receipt of an application for an emergency withdrawal from the participant. A participant who receives a denial for an emergency withdrawal may enroll to make elective deferrals and contributions to the Deferred Compensation Program at any time.]

(8[9]) Approval or denial notification. The Deferred Compensation Manager or an authorized designee shall approve or deny a request for an emergency withdrawal within three working days after receipt of an accepted application. The participant will be notified by mail within 10 working days after a decision is made.

[(10) Release of payment upon approval of an emergency withdrawal. The Deferred Compensation Manager or an authorized designee TPA shall determine the method of payment. The Deferred Compensation Program shall immediately notify the TPA to release the requested funds.]

(11) A participant may appeal a denial of an emergency withdrawal to the Unforeseeable Emergency Withdrawal Appeals Committee as provided in OAR 459-050-0040. The appeal shall be in writing and must include:

(a) A request for review by the Unforeseeable Emergency Withdrawal Appeals Committee;

(b) A short statement of the facts that are the basis of the appeal; and

1 *(c) Any additional information or documentation to support the request for an emergency*
2 *withdrawal.]*
3 (9[12]) Number of emergency withdrawal requests. The number of times a participant
4 may apply for an emergency withdrawal is unlimited and is unaffected by previous
5 applications.

B.

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking to implement 2025 legislation:

Senate Bill 849

ORAR 459-009-0095 *Pooled School District Employers Side Account*

Senate Bill 851

ORAR 459-005-0610 *Recovery of Overpayments*

Senate Bill 852

ORAR 459-005-0570 *Required Minimum Distributions, Individual Account Program (IAP)*

House Bill 3968

ORAR 459-011-0110 *Credit for Military Service under USERRA*

ORAR 459-011-0115 *Credit for Military Service under ORS 238.156(3)*

Aligning with Federal Statutory Definition

ORAR 459-050-0072 *Military Leave Catch-up*

OVERVIEW

- Action: None. This is notice that staff have begun rulemaking.
- Reason: Updating rules to implement new 2025 legislative changes.
- Policy Issue: None identified.

BACKGROUND

The Oregon Legislature passed the following bills during the 2025 legislative session that impact PERS and require rulemaking:

Senate Bill (SB) 849 – Regarding the School Districts Unfunded Liability Fund (SDULF). This bill amended how SDULF dollars are used. The earlier statutory law contemplated using SDULF dollars as a pooled side account with proportional distributions and amortization. SB 849 removed the pooled account framework and replaced it with a simple, equal per-employer rate offset. Specifically, all money in the SDULF as of February 28, 2025, must be applied in equal amounts against every school-district employer's 2025-27 PERS contribution rate by June 30, 2025, which this board has already implemented. Any money credited to the SDULF after

February 28, 2025, must be applied, again in equal amount, to all school district employers' rate in the next biennium. Due to this legislative change, the existing OAR 459-009-0095 for Pooled School District Employers Side Account is no longer needed and will be repealed.

SB 851 – Section 1 of this bill amends Oregon Revised Statute (ORS) 238.715 by increasing the statutory threshold under which the PERS Board may waive recovery of PERS overpayment amounts from “less than \$50” to “less than \$200.” Staff is updating the increased threshold amount in our recovery of overpayment rule. Overpayment recovery policies and procedures have not changed for the agency.

SB 852 – Section 1 of this bill amends ORS 238A.400 so that if a retired Individual Account Program (IAP) member elected the installment payment option and died before all amounts are paid, the remaining account balance must be paid in a lump sum to the designated beneficiary (or beneficiaries). Under prior law, remaining installment payments would continue with an option for the beneficiary to elect a lump sum. This bill amendment simplified the administration of required minimum distribution (RMD) rules for IAP post-retirement death benefit. Staff is updating the IAP RMD rule to account for the simplified distribution method of a mandatory lump sum payment option for the beneficiary.

House Bill (HB) 3968 – Section 5 of this bill amends ORS 238.156(5)(a) definition of “Armed Forces” to include “Space Force” in order to align with the federal statutory definition. Staff is making corresponding updates to the definition of “Armed Forces” in both OAR 459-011-0110 and 459-011-0115. Although not impacted by HB 3968, staff is also updating the definition of “Uniformed services” in our Military Leave Catch-Up rule to include “Space Force” to align with federal statutory definition.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely and in person on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 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: Yes.

Benefit: Updates multiple rules to conform with legislative changes.

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

RULEMAKING TIMELINE

September 23, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
October 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.
September 26, 2025:	PERS Board notified that staff began the rulemaking process.

October 28, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
October 31, 2025:	Public comment period ends at 5:00 p.m.
December 5, 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, and in person, on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 2025, at 5:00 p.m. The rule is scheduled to be brought before the PERS Board for adoption at the December 5, 2025 board meeting.

B.2.a Attachment 1 – OAR 459-005-0570 *Required Minimum Distributions, Generally*

B.2.a Attachment 2 – OAR 459-005-0610 *Recovery of Overpayments*

B.2.a Attachment 3 – OAR 459-009-0095 *Pooled School District Employers Side Account*

B.2.a Attachment 4 – OAR 459-011-0110 *Credit for Military Service under USERRA*

B.2.a Attachment 5 – OAR 459-011-0115 *Credit for Military Service under ORS 238.156(3)*

B.2.a Attachment 6 – OAR 459-050-0072 *Military Leave Catch-up*

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

459-005-0570

Required Minimum Distributions, Individual Account Program (IAP)

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

(a) “Designated Beneficiary” means:

(A) A natural person designated as a beneficiary by the member and who is not an eligible designated beneficiary; or

(B) A trust that satisfies the requirements in section (2) of this rule.

(b) “Eligible Designated Beneficiary” means a natural person designated as a beneficiary by the member and who is determined on the date of the member’s death as:

(A) The surviving spouse;

(B) A child of the plan participant who has not reached majority;

(C) Disabled (within the meaning of section IRC 72(m)(7));

(D) A chronically ill individual within the meaning of section IRC 7702B(c)(2); or

(E) Any other individual who is not more than 10 years younger than the plan participant.

(c) “Required Beginning Date” means the same as defined in OAR 459-005-0560(2)(a).

(2) A trust as beneficiary. If a trust is designated as a beneficiary, the individual beneficiaries of the trust will be treated as designated beneficiaries as defined in paragraph (1)(a)(B) if by December 31 of the calendar year following the death of a person who designated a trust as beneficiary, the trust satisfies the following conditions:

- 1 (a) The trust must be irrevocable, or become irrevocable by its terms at the time of the
2 person's death;
- 3 (b) The trust's beneficiaries must be natural persons who are identifiable from the trust
4 instrument; and
- 5 (c) One of the following must be provided to PERS:
- 6 (A) A list of all beneficiaries of the trust, including contingent beneficiaries, along with a
7 description of the portion to which they are entitled and any conditions on their
8 entitlement, all corrected certifications of trust amendments, and a copy of the trust
9 instrument if requested by PERS; or
- 10 (B) A copy of the trust instrument and copies of any amendments after they are adopted.
- 11 (3) Distributions to Beneficiaries of Retired Members under the IAP. If a retired member
12 dies after the required beginning date while receiving installment payments on and
13 after January 1, 2026, the remaining account balance shall be distributed to a
14 beneficiary or beneficiaries in a lump sum payment.
- 15 *[(a) An eligible designated beneficiary must be at least as rapidly as under the*
16 *distribution method being used at the member's death; and*
- 17 *(b) A designated beneficiary must be completed by December 31 of the calendar year*
18 *containing the tenth anniversary of the member's death.]*
- 19 (4) Distributions to designated beneficiaries and eligible designated beneficiaries of
20 Active and Inactive Members under the IAP. If an active or inactive member dies before
21 the required beginning date, any death benefits shall be distributed by no later than

1 December 31 of the calendar year that contains the tenth anniversary of the member's
2 death.

3 (5) Distributions under the IAP when there is no eligible designated beneficiary or
4 designated beneficiary are as follows:

5 (a) If a member dies before the required beginning date with no eligible designated
6 beneficiary or designated beneficiary as defined in section (1) of this rule, the total
7 account balance must be distributed by December 31 of the calendar year containing the
8 fifth anniversary of the member's death.

9 (b) If the member dies after the required beginning date with no eligible designated
10 beneficiary or designated beneficiary as defined in section (1) of this rule, the total
11 account balance must be distributed no longer than the member's life expectancy and the
12 distribution must begin no later than December 31 of the calendar year immediately
13 following the calendar year of the member's death.

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

459-005-0610

Recovery of Overpayments

(1) Authority and Purpose. In accordance with ORS 238.715, this rule sets forth the criteria and process for the recovery of overpayments and erroneous payments made by PERS. It is the policy of the Board to implement wherever possible, and if cost effective, a full recovery of all overpayments and erroneous payments. Staff shall attempt recovery of overpayments and erroneous payments in the most efficient method available and in the least amount of time possible.

(2) For the purposes of this rule:

(a) Erroneous payment” means any payment that has been made from the Public Employees Retirement Fund in error, including a payment to a payee that is not entitled to receive the payment.

(b) “Good cause” means a cause beyond the reasonable control of the person. “Good cause” exists when it is established by satisfactory evidence that factors or circumstances are beyond the reasonable control of a rational and prudent person of normal sensitivity, exercising ordinary common sense.

(c) “Lump-sum payment” means any one-time distribution or payment made under ORS Chapters 238 or 238A, or any other law directing PERS to make a payment, including a retroactive adjustment, that is not scheduled to be paid to or on behalf of a payee on a regular monthly basis.

1 (d) "Monthly payment" means any gross pension, annuity, service or disability
2 retirement allowance, death benefit, or other benefit under ORS Chapter 238 or 238A that
3 is paid monthly to or on behalf of a payee.

4 (e) "Overpayment" refers to an amount that is in excess of the amount a payee is
5 entitled to under ORS Chapters 238 and 238A.

6 (f) "Payee" means:

7 (A) A member, a trust established by the member, or the member's estate;

8 (B) A member's beneficiary, a trust established by the member's beneficiary, or the
9 estate of the member's beneficiary;

10 (C) An alternate payee, as defined in OAR 459-045-0001(2), a trust established by an
11 alternate payee, or the estate of an alternate payee;

12 (D) The beneficiary of an alternate payee, a trust established by the beneficiary of an
13 alternate payee, or the estate of the beneficiary of an alternate payee; or

14 (E) Any other recipient of a benefit payment by PERS.

15 (3) In addition to the notice of an overpayment or erroneous payment to a payee
16 required by ORS 238.715(4), PERS shall also send an explanation of the overpayment or
17 erroneous payment; whether the Board asserts a right to assess interest, penalties and costs
18 of collection; and a description of the manner in which the payee may appeal the
19 determinations reflected in the explanation, if applicable.

20 (4) In determining the amounts owed by a payee and setting a repayment schedule
21 under sections (5) or (6) of this rule, PERS shall reduce the amount owed by any lump-sum
22 payment then owed by PERS to that payee. If the payee should subsequently become
23 entitled to any lump sum payment, it shall be applied against the amounts then owed by

1 that payee. PERS, in its discretion, may revise the repayment schedule or continue on the
2 established schedule until the remaining amounts owed are fully repaid.

3 (5) The following list includes possible methods for PERS to recover an overpayment
4 under an agreement with the payee. These methods are listed in order of preference. Unless
5 otherwise ordered by the Board, PERS Staff is granted the discretion to select the method
6 deemed most likely to effect a full recovery:

7 (a) A repayment of all amounts owed in a single payment.

8 (b) A deduction of a percentage or fixed dollar amount, to be agreed upon between the
9 payee and PERS, from future monthly payments for a period not to exceed two years that
10 will fully repay the amounts owed.

11 (c) A fixed monthly dollar amount to be agreed upon between the payee and PERS
12 that will fully repay the amounts owed.

13 (d) A deduction of a percentage or fixed dollar amount from future monthly payments,
14 to be agreed upon between the payee and PERS, for a specified period greater than two
15 years that will fully repay the amounts owed if PERS deems that a longer repayment period
16 is warranted by the payee's personal financial circumstances.

17 (6) If the payee does not agree to one of the recovery methods under section (5) of this
18 rule, PERS shall use one or more of the following methods to effect a full recovery of any
19 overpayment or erroneous payment:

20 (a) Deducting not more than 10 percent from current and future monthly payments to a
21 payee until the full amounts owed are recovered.

22 (b) Making an actuarially determined reduction, not to exceed 10 percent, to current
23 and future payments from PERS calculated to repay the full amount of the overpayment or

erroneous payment during the period in which monthly payments will be made to the payee.

(c) Seeking recovery of the overpayment or erroneous payment by using any remedy available to the Board under applicable law.

(d) Engaging the services of outside collection agencies.

(7) If a recovery method has to be selected under section (6) and the overpayment is caused solely by the actions of PERS or a participating public employer, PERS will select a method which imposes the least economic hardship on the member while allowing for a reasonably prudent recovery of the overpayment.

(8) The base or original benefit payment used to calculate cost-of-living adjustments, ad hoc increases, or other benefit increases shall not be altered by an actuarial reduction provided for in subsection (6)(b) of this rule.

(9) In the event that PERS determines that an overpayment or erroneous payment was not caused by PERS or by the actions of a participating public employer, PERS may include within the amounts owed by the payee:

(a) All costs incurred by PERS in recovering the overpayment or erroneous payment, including attorney fees, and fees assessed by an outside collection agency; and

(b) Interest in an amount equal to one percent per month on the balance of the overpayment or erroneous payment until that payment is fully recovered.

(10) The Board authorizes the Director, or the Director's designee, to waive:

(a) The interest and costs of collection associated with the recovery of an overpayment or erroneous payment for good cause shown; and

1 (b) The recovery of any overpayment or erroneous payment if the total amount of
2 overpayments or erroneous payments is less than \$~~200~~⁵⁰.

3 (11) Recovery of an overpayment or erroneous payment shall not be effected if PERS
4 has not initiated recovery of those payments within six years after the date the overpayment
5 or erroneous payment was made. PERS initiates recovery on the date it mails the
6 notification required by ORS 238.715(4).

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER**

1 **[459-009-0095]**

2 ***Pooled School District Employers Side Account***

3 *(1) Definitions as used in this rule:*

4 *(a) “Amortized amount” means the amount of a side account used to offset pension*
5 *contributions due from the employer.*

6 *(b) “Pooled” or “pooling” means the combining or grouping of public employers*
7 *participating in PERS for the purposes of determining employer liability for retirement or*
8 *other benefits under ORS Chapter 238.*

9 *(c) “Pooled school district employers side account” means the side account created and*
10 *funded under Section 24, Chapter 105, Oregon Laws 2018.*

11 *(d) “School district” means a common school district, a union high school district, or an*
12 *education service district, including chartered schools authorized under Oregon law.*

13 *(e) “Side account” means an account in the Public Employees Retirement Fund into*
14 *which a UAL lump-sum payment that is not used to satisfy a transition liability is*
15 *deposited.*

16 *(2) Except as otherwise provided in this rule, the pooled school district employers side*
17 *account will be administered in the same manner as an individual employer side account*
18 *under ORS 238.229 and OAR 459-009-0084 through 459-009-0090.*

19 *(3) At each valuation, the PERS consulting actuary shall calculate for each school*
20 *district employer, its share of the amortized amount from the pooled school district*

1 *employers side account based on each school district's covered salary, as a proportion of*
2 *the school district rate pool covered salary, as reported in that actuarial valuation.*

3 *(4) For school district employers with no individual employer side account(s), the*
4 *amount that is held in the pooled school district employers side account will be used to*
5 *reduce the pension contributions that would otherwise be required from each of these*
6 *school district employers. The amortized amount for each payroll reporting period shall*
7 *be transferred from the pooled school district employers side account to the appropriate*
8 *employer reserve accounts.*

9 *(5) For school districts with individual employer side account(s), the amount that is held*
10 *in the pooled school district employers side account will be used only after all the*
11 *employer's individual employer side account(s) have been used to reduce any remaining*
12 *pension contributions that would otherwise be required from each of these school district*
13 *employers. The amortized amount for each payroll reporting period shall be transferred*
14 *from the pooled school district employers side account to the appropriate employer*
15 *reserve accounts.*

16 *(6) The amortization period for the pooled school district employers side account is 20*
17 *years.*

18 *(7) Lump sum deposits into the pooled school district employers side account will not be*
19 *eligible for matching funds from the Employer Incentive Fund.]*

20

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 011 – RETIRMENT CREDIT**

459-011-0110

Credit for Military Service under ORS 238.156(3)

(1) Definitions. For purposes of this rule:

(a) “Armed Forces” means the:

(A) Army;

(B) Navy;

(C) Air Force;

(D) Marine Corps; *[and]*

(E) Coast Guard~~[.]~~; and

(F) Space Force

(b) “Employee” means an individual employed by a participating public employer in a qualifying position, as defined in ORS 238.005 and who is not excluded from the definition of employee as set forth in ORS 238.005.

(c) “Employer” means the legal entity that employed an individual at the time that individual left for military service. For purposes of this rule, the state of Oregon is a single legal entity. Each separate school district is a separate legal entity.

(d) “Military service” means the period during which the employee is in active duty service in the Armed Forces.

(e) “Salary” means the employee’s rate of pay, for contribution and benefit calculation purposes, at the time the employee entered or reentered military service.

(2) Retirement credit under ORS 238.156(3).

(a) Eligibility. An employee shall be eligible for the benefits of this rule if:

(A) The employee leaves employment to perform military service;

(B) The employee returns to employment with the same employer after other than dishonorable discharge from military service and within the time limits specified in ORS 238.156(3)(b); and

(C) The employee is either not entitled to or would receive a lower benefit under the provisions of OAR 459-011-0100.

1 (b) Credit for military service. An employee who meets the eligibility requirements of
2 subsection (a) of this section shall be credited with the amount of retirement credit the
3 employee would have accrued if he or she had remained in employment with the employer
4 during the period of military service, provided that all required contributions have been
5 made.

6 (3) Contributions for the period of military service. To receive credit for the period of
7 military service, contributions must be made to the Fund in accordance with the following:

8 (a) Contributions must be made in a lump sum payment as specified in ORS 238.156(3)(c);

9 (b) Such lump sum payment must equal six percent of the salary that would have been paid
10 to the employee had the employee remained in employment with the employer during the
11 period of military service based on the employee's salary rate at the time the employee
12 entered or reentered military service;

13 (c) Any individual, agency, or organization may pay the amount specified in this
14 subsection on behalf of the employee; and

15 (d) Any contributions made under this section shall be added to the employee's regular
16 account and in all respects shall be considered as though made by payroll deduction.

17 (e) Contributions made under this rule may not include nor be credited with earnings or
18 losses that would have been credited during the period of military service.

19 (f) The amount of the lump sum payment required under subsection (b) of this section must
20 be reduced by the amount of employee contributions attributable to differential wage
21 payments received by the employee for the period of military service.

22 (A) Employee contributions attributable to differential wage payments received by the
23 employee for the period of military service must be considered employee contributions
24 under subsection (2)(b) of this rule if the employee submits the lump sum payment as
25 reduced under this subsection.

26 (B) Employee contributions attributable to differential wage payments paid to the
27 employee during the period of military service must be credited with earnings and losses
28 that would have been credited during the period of military service.

29 (4) Employer contributions. Any employer contributions associated with credit for military
30 service under this rule must be made as directed by PERS in accordance with ORS
31 238.225.

1 (5) The effective date of this rule is January 1, 2009.
2 Statutory/Other Authority: ORS 238.650 & 238.156
3 Statutes/Other Implemented: ORS 238.156
4 History:
5 PERS 1-2009, f. & cert. ef. 2-12-09
6 PERS 19-2005, f. 11-1-05, cert. ef. 1-1-06
7 PERS 2-2004, f. & cert. ef. 1-22-04
8 PERS 1-1996, f. & cert. ef. 3-26-96, Renumbered from 459-010-0155
9 PER 8, f. 12-15-55
10

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 011 – RETIRMENT CREDIT**

459-011-0115

Military Full Cost Purchase

(1) For the purposes of this rule:

(a) “Armed Forces” means the Army, Navy, Air Force, Marine Corps, ~~and the~~ Coast Guard, Space Force, and the reserve components thereof.

(b) “Full cost” means the actual cost to the system of the retirement credit for military service being purchased, including any applicable administrative fee.

(c) “Military service” means qualifying service as described under section (2) of this rule.

(d) “Uniformed Services” means:

(A) The Armed Forces;

(B) The Army National Guard or the Air National Guard when the employee is on duty as described in ORS 238.156(5)(b)(B);

(C) The commissioned corps of the United States Public Health Service;

(D) The commissioned corps of the National Oceanic and Atmospheric Administration;
and

(E) Any other category of persons designated as “Uniformed Services” by the United States President in time of war or national emergency.

(2) A member who was in active service in the Uniformed Services prior to becoming a member of PERS may purchase up to four years of retirement credit for military service if they:

(a) Were other than dishonorably discharged from the Uniformed Services; and

(b) Entered or reentered active service after January 1, 1950, or were in active service on January 1, 1950.

(3) The member may not purchase retirement credit for any period of service for which the person is receiving, or is eligible to receive, a pension or retirement for service in the Uniformed Services at the time of their effective retirement date.

(4)(a) If the member has reached earliest retirement age, the purchase may be made within 90 days before or after the member’s effective retirement date.

1 (b) If the member has not reached earliest retirement age, the purchase may be made only
2 in the 90 day period immediately before the member's effective retirement date.

3 (5) A member electing to make a full cost purchase may elect to have the service retirement
4 allowance determined under any calculation for which the member is eligible for under
5 ORS 238.300 even if the calculation does not produce the highest retirement allowance.

6 (6) If the cost of the purchase is adjusted and requires an additional payment, PERS will
7 notify the member of the balance due. The member must pay the remainder of the full cost
8 purchase by the later of the date set by PERS or the member's effective retirement date. If
9 the member does not pay the remaining cost, the purchase request will be canceled and
10 PERS will return any payment received to date, subject to the provisions of OAR 459-005-
11 0580.

12 (7) To verify military service, a copy of the member's form DD-214 or other acceptable
13 military discharge or service records must be submitted to PERS with the full cost purchase
14 request.

15
16 Statutory/Other Authority: ORS 238.650

17 Statutes/Other Implemented: ORS 238.156 & ORS 238.157

18 History:

19 PERS 2-2019, amend filed 04/01/2019, effective 04/01/2019

20 PERS 9-2006, f. & cert. ef. 4-5-06

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

459-050-0072

Military Leave Catch-up

The purpose of this rule is to establish the criteria and procedures to comply with the Uniformed Services Employment and Reemployment Rights Act (USERRA) as codified in 38 USC 4301-433, and with 23 USC 414(u) and 457 for an eligible employee who has been absent from employment because of military service and who has elected to catch up contributions to the Deferred Compensation Program that would have been permitted had the eligible employee remained in employment with the participating employer during the qualifying period of military service.

(1) Definitions. For purposes of this rule:

(a) “Military service” means the performance of duty on a voluntary or involuntary basis in a uniformed service under competent authority and includes:

(A) Active duty;

(B) Active duty for training;

(C) Initial active duty for training;

(D) Inactive duty training;

(E) Full-time National Guard duty;

(F) A period for which an individual is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any of the above types of duty; or

(G) A period for which an individual is absent from employment for the purpose of performing funeral honors duty as authorized by 10 USC 12503 or 32 USC 115.

(b) “Uniformed services,” means the Army, Navy, Air ~~ff~~Force, Marine Corps, Coast Guard, Space Force, Army National Guard, ~~the~~ Air National Guard, Commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or national emergency.

(2) Eligibility for enrollment: An eligible employee shall be entitled to make Military Catch-Up contributions if:

(a) The eligible employee leaves employment to perform military service and returns to employment with the same participating employer after other than dishonorable discharge from the uniformed services and within the time limits specified in USERRA.

(b) The eligible employee's cumulative length of absence from employment with the participating employer for military service does not exceed the limits set forth in USERRA.

(c) The eligible employee meets all other eligibility requirements under USERRA.

(d) Submits a timely and complete application.

(3) Application for enrollment: An eligible employee who meets the eligibility criteria for enrollment may apply to catch-up deferred compensation contributions that would have been permitted had the eligible employee remained in employment with the participating employer during the period of military service as provided by USERRA.

(a) Upon reemployment following qualifying military service, an eligible employee may enter into a written agreement to participate in the Military Leave Catch-Up Program to defer an amount annually in addition to the eligible employee's maximum deferral amount.

(b) In order for an eligible employee to be enrolled, a properly completed Military Leave Catch-Up Contributions enrollment form provided by the Deferred Compensation Program must be filed with and accepted by the Deferred Compensation Program.

(c) If the application for enrollment is incomplete, if documentation is missing or information is not legible, or if the application does not comply with the Military Leave Catch-Up Program eligibility for enrollment in section 2 above, then staff will notify the eligible employee within 30 calendar days from the date the enrollment documents are received with the reasons the Deferred Compensation Plan cannot accept the enrollment.

(d) After receipt of the properly completed enrollment form and required information, Deferred Compensation Program staff will notify an eligible employee of the amount of maximum additional contributions that may be deferred.

(4) Military Leave Catch-Up Contributions. The additional military leave catch-up contributions shall not exceed the 26 USC 457 maximum annual allowable contributions that would have been permitted had the eligible employee remained in employment with the participating employer during the period of military service. The military leave catch-up contributions are in addition to the maximum allowable contribution limit.

- 1 (a) The maximum allowable military leave catch-up contribution for any calendar year
2 during military service is available only to the extent of unused portions of the maximum
3 allowable contribution for the calendar years during which the eligible employee
4 contributed less than the maximum amount allowable.
- 5 (b) Salary for military leave catch-up purposes shall be based on the compensation the
6 eligible employee would have received had the eligible employee remained actively
7 employed during the period of military service, including any increases that would have
8 been awarded the eligible employee based on longevity of employment or seniority of
9 position.
- 10 (c) Military Leave Catch-Up Contributions are to be made through payroll deductions.
- 11 (d) Eligible employees may change the amount of additional contributions deferred not to
12 exceed the maximum amounts allowable.
- 13 (e) Eligible employees may cancel Military Leave Catch-Up Contributions at any time.
- 14 (f) Military Leave Catch-up Contributions may be made for a period that begins on the date
15 of reemployment and whose length is the lesser of:
- 16 (A) Three times the period of qualified military service; or
17 (B) Five years.
- 18 (5) IRC limitations. Eligibility for and limitations to the maximum amount of Military
19 Leave Catch-Up contributions shall be made in accordance with the requirements under
20 USERRA, 38 USC 4301-4333 and 26 USC 414(u)(2) and 457.

B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
- 2.a. Notice of rulemaking for legislative implementation
- 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)**
- 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board

FROM: Anne Marie Vu, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Notice of Rulemaking to Implement Changes Made Under Senate Bill 851 (2025)
Relating to "Major Fraction of a Month"

OAR 459-005-0015 *Leave of Absence without pay*

OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*

OAR 459-075-0150 *Retirement Credit (in OPSRP Program)*

OVERVIEW

- Action: None. This is notice that staff have begun rulemaking.
- Reason: Update rules to implement new 2025 legislative changes relating to "major fraction of a month."
- Policy Issue: None identified.

BACKGROUND

During the 2025 legislative session, the Oregon Legislature passed Senate Bill (SB) 851, a PERS agency-requested bill relating to the administration of account data for PERS members. "Creditable service," as used in Oregon Revised Statutes (ORS) Chapter 238, or "retirement credit," as used in ORS Chapter 238A, is one of the three factors used to calculate a PERS member's retirement benefit (hereinafter "creditable service" for simplicity). The bill made changes to several statutory provisions that relate to how PERS members accrue creditable service during partial months of employment. Prior to the passage of SB 851, PERS statutes allowed members to accrue creditable service during a partial month of employment if the employee was employed for the "major fraction of a month" (or "major fraction of each month"). However, the term was not defined, and historically, there was confusion and inconsistency with its administration.

The bill defines "major fraction of a month" and "major fraction of each month," as a month in which an active member: (1) is employed for more than half of the total calendar days in that calendar month, and (2) is paid salary by a participating public employer for hours worked in that calendar month. Under PERS administration, this means that an active member will accrue creditable service for each month in which they are employed for more than half of the month,

and receive salary based upon hours worked (or paid leave hours used) during that month, unless they are on an official leave of absence without pay for more than half of the month.

The proposed rule modifications reflect these changes. Other small changes are made for housekeeping purposes.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely and in person on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 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: Yes.

Benefit: Updates multiple rules to conform with legislative changes.

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

RULEMAKING TIMELINE

September 23, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
October 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.
September 26, 2025:	PERS Board notified that staff began the rulemaking process.
October 28, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
October 31, 2025:	Public comment period ends at 5:00 p.m.
December 5, 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 and in person on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 2025, at 5:00 p.m. The rule is scheduled to be brought before the PERS Board for adoption at the December 5, 2025 board meeting.

B.2.b Attachment 1 – OAR 459-005-0015 *Leave of Absence without pay*

B.2.b Attachment 2 – OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*

B.2.b Attachment 3 – OAR 459-075-0150 *Retirement Credit*

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

459-005-0015

LEAVE OF ABSENCE WITHOUT PAY

(1) For purposes of this rule:

(a) “major fraction of a month” means *[a minimum of 11 business days in a calendar month]* more than one-half of the total calendar days in a calendar month;

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

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

(a) An agreement in writing;

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

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

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

(3) Creditable Service and Retirement Credit.

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

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

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

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

- 1 (A) Must be used to calculate “years of membership” under ORS 238.300; and
- 2 (B) Must be used to determine “creditable service” and “retirement credit” under ORS
- 3 238.005.
- 4 (c) A leave of absence without pay occurring on or after January 1, 2004, which
- 5 constitutes the major fraction of a month may not be used to determine “retirement
- 6 credit” under ORS 238A.140 for any period of employment after the date membership is
- 7 established under ORS 238A.100.
- 8 (4) Reporting Requirement. Unless otherwise agreed upon by PERS, the employer shall
- 9 report the following in a format acceptable to PERS:
- 10 (a) Any period of leave of absence without pay, which constitutes the major fraction of a
- 11 month, for each member at the time the leave begins. The reported period of leave of
- 12 absence without pay must include an end date.
- 13 (b) Any amendment or extension to a previously reported period of leave of absence
- 14 without pay.
- 15 (5) A PERS member on an official leave of absence without pay is not considered
- 16 terminated from service with a participating employer.
- 17 (6) An employee on an official leave of absence without pay on the date the employer
- 18 begins to participate in PERS, shall be considered to be an employee on such date for the
- 19 purpose of determining eligibility for participation in PERS.
- 20 (7) A layoff from employment does not constitute a leave of absence without pay.
- 21 (8) Reporting Leave of Absence Without Pay for School Employees.

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

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

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

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

12

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

459-010-0014

Creditable Service in PERS Chapter 238 Program

(1) For purposes of this rule:

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

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

(c) “Major fraction of a month” means *[a minimum of 50 hours in]* any calendar month in which an active member is employed for more than one-half of the total calendar days in the calendar month, being paid a salary by a participating public employer, and for which benefits under ORS Chapter 238 are funded by employer contributions.

(2) Except as provided in OAR 459-0~~[10]~~05-00~~15~~[10](3), an active member accrues one month of creditable service for each month in which the member performs service or ~~[recieves]~~ receives paid leave as described in OAR 459-010-0011 for the major fraction of the month.

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

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

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

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

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

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

8 (5) An active member who is a school employee will accrue six months of creditable
9 service if the member performs service for a major fraction of each month of a school
10 year when school is normally in session that falls between January 1 and June 30, and six
11 months of creditable service if the member performs service for a major fraction of each
12 month of a school year when school is normally in session that falls between July 1 and
13 December 31.

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

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

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

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

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

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

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

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

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

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

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

459-075-0150

Retirement Credit

(1) For purposes of this rule:

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

(b) “Major fraction of a month” means *[a minimum of 50 hours in]* any calendar month in which an active member is employed for more than one-half of the total calendar days in the calendar month, being paid a salary by a participating public employer, and for which benefits under ORS Chapter 238A are funded by employer contributions.

(2) Except as provided in OAR 459-0~~11~~05-001~~5~~0(3), an active member accrues one month of retirement credit for each month in which the member performs service or ~~[recieves]~~receives paid leave as described in OAR 459-010-0011 for the major fraction of the month.

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

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

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

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

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

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

8 (5) An active member who is a school employee will accrue six months of retirement
9 credit if the member performs service for a major fraction of each month of a school year
10 when school is normally in session that falls between January 1 and June 30, and six
11 months of creditable service if the member performs service for a major fraction of each
12 month of a school year when school is normally in session that falls between July 1 and
13 December 31.

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

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

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

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

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

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

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

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

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

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

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

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

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

4 (8) For purposes of calculating retirement credit accrued under ORS 238A.155, the
5 period of disability for a member who receives workers' compensation payments under
6 ORS Chapter 656 and later returns to work with a PERS participating employer shall be
7 deemed to end upon the earlier of:

8 (a) The date on which the member's workers' compensation payments end;

9 (b) The date on which the member returns to work with a PERS participating employer;

10 or

11 (c) The date on which the member attains normal retirement age as defined in ORS

12 238A.160

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B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
- 2.a. Notice of rulemaking for legislative implementation
- 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)

2.c. Notice of rulemaking for SB 588

3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 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 to Implement Senate Bill 588 (2025):

OAR 459-001-0035 *Contested Case Hearing*
 OAR 459-015-0001 *ORS 238 Disability Definitions*
 OAR 459-015-0005 *ORS 238 Disability Eligibility*
 OAR 459-015-0010 *ORS 238 Disability Eligibility Criteria*
 OAR 459-015-0030 *ORS 238 Disability Hearings*
 OAR 459-015-0045 *ORS 238 Disability Return to Work*
 OAR 459-076-0001 *OPSRP Disability Definitions*
 OAR 459-076-0005 *OPSRP Disability Eligibility*
 OAR 459-076-0010 *OPSRP Disability Eligibility Criteria*
 OAR 459-076-0030 *OPSRP Disability Hearings*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Implement 2025 legislation impacting PERS.
- Policy Issue: None identified.

BACKGROUND

The 2025 Oregon Legislature enacted several PERS-related bills which require rulemaking including Senate Bill (SB) 588 which has to do with Disability benefits. There are two areas that are impacted by SB 588: Disability Eligibility & Contested Case Timelines. The bill included an emergency clause and was effective on passage, May 27, 2025.

- SB 588's effect on initial Disability Eligibility for Police Officer and Firefighter (P&F) members

The bill redefines the disability eligibility standard for P&F members from a standard where members are considered disabled if they are "unable to perform any work for which qualified" to a standard where the member is considered disabled if they are "unable to perform the work the member performed *at the time the member became disabled*" (emphasis added).

Under the new eligibility standard, P&F members are considered disabled if, due to their injury or condition, they cannot return to the P&F position they held at the time of their disability, regardless of their ability to perform any other work given their general health and qualifications. For example, a P&F member with a back injury who is no longer able to work as a firefighter would be considered disabled even if that member held a PhD and would be qualified and able to be employed as a researcher, a professor, or a policy analyst.

This change is applicable for both duty and non-duty disability cases and applies for disability retirements for Tier One/Tier Two members under Oregon Revised Statute (ORS) 238.320 as well as disability benefits provided to Oregon Public Service Retirement Plan (OPSRP) members under ORS 238A.235.

- SB 588's effect on continued Disability benefit Eligibility for OPSRP members

Traditionally, members receiving an OPSRP disability benefit were in jeopardy of losing their benefit if they received earned income in any amount. Prior to SB 588, disability benefits under ORS 238A.235 were paid until the member was no longer disabled, until the member reached normal retirement age under ORS 238A.160, or until the member retired on or after their earliest retirement date under ORS 238A.165. Over the years, the PERS Board had clarified in rule what constitutes "earned income" and tried to distinguish between allowable and not-allowable income that would impact a member's benefit eligibility.

The Legislature has now expanded and clarified the conditions by which an OPSRP disability benefit under ORS 238A.235 will cease being paid. Under SB 588, a disability benefit will be paid until:

- The member is no longer disabled,
- **The member returns to employment with any employer, including self-employment,**
- **The member receives earned income in any month in an irregular or unpredictable manner that exceeds 10 percent of the monthly salary of the member determined as of the last full month of employment before disability commenced,**
- The member reaches normal retirement age under ORS 238A.16, or
- The member retires on or after the earliest retirement date under ORS 238A.165.

The **bolded** language above is new in statute. The "irregular and unpredictable" language is an attempt to accommodate the rare situations when a disabled OPSRP member receives de minimis income due to things such as a stipend for volunteer work, or nominal winnings from playing poker.

- SB 588's effect on disability contested case timelines for P&F members

SB 588 provides that if a P&F member had requested a contested case hearing to dispute final denial of application for disability retirement under ORS 238.320 or a disability benefit under ORS 238A.235 *and* that hearing has not yet been referred for a hearing prior to the effective date of the bill (May 27, 2025), PERS must refer the case for hearing within 360 days (by May 22, 2026). If PERS fails to refer the P&F members' cases for a contested case hearing by that time, the member prevails in their request for disability benefits under ORS 238.320 or 238A.235, respectively.

For contested case hearing requests submitted by P&F members to dispute final denial of application for disability retirement under ORS 238.320 or a disability benefit under ORS 238A.235 on or after the effective date of the bill (May 27, 2025), PERS must refer the case for hearing no later than 180 days after the member requested the hearing or no later than 360 days if the member requests an extension. If the case is not referred for a hearing within the specified time, the P&F member prevails in their request for disability benefits under ORS 238.320 or 238A.235, respectively.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on October 28, 2025, at 2:00 p.m. The public comment period ends October 31, 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: Yes.

Benefit: Updates the rules to reflect recent legislative changes and provides clarification on the agency's administration of work after retirement.

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

RULEMAKING TIMELINE

September 23, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
October 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.
September 26, 2025:	PERS Board notified that staff began the rulemaking process.
October 28, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
October 31, 2025:	Public comment period ends at 5:00 p.m.
December 5, 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 and in person on October 28, 2025. The rule is scheduled to be brought before the PERS Board for adoption at the December 5, 2025 board meeting.

- B.2.c Attachment 1 – OAR 459-001-0035 *Contested Case Hearing*
- B.2.c Attachment 2 – OAR 459-015-0001 *ORS 238 Disability Definitions*
- B.2.c Attachment 3 – OAR 459-015-0005 *ORS 238 Disability Eligibility*
- B.2.c Attachment 4 – OAR 459-015-0010 *ORS 238 Disability Eligibility Criteria*
- B.2.c Attachment 5 – OAR 459-015-0030 *ORS 238 Disability Hearings*
- B.2.c Attachment 6 – OAR 459-015-0045 *ORS 238 Disability Return to Work*
- B.2.c Attachment 7 – OAR 459-076-0001 *OPSRP Disability Definitions*
- B.2.c Attachment 8 – OAR 459-076-0005 *OPSRP Disability Eligibility*
- B.2.c Attachment 9 – OAR 459-076-0010 *OPSRP Disability Eligibility Criteria*
- B.2.c Attachment 10 – OAR 459-076-0030 *OPSRP Disability Hearings*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 001 – PROCEDURAL RULES**

459-001-0035

Contested Case Hearing

- (1) Request for a contested case hearing. To obtain review of any determination made under OAR 459-001-0030 or 459-001-0032 for which a contested case hearing has not been held, the party must file with the Board a request for a contested case hearing. The request must be filed within 45 days following the date of the Director's determination.
- (2) Informal conferences. Informal conferences are available as an alternative means that may achieve resolution of any matter under review. A request for an informal conference does not relieve a person of the requirements for timely filing of a request for a contested case hearing.
- (3) Criteria for request. The request for a contested case hearing must be in writing and set forth:
 - (a) A description of the determination for which review is requested;
 - (b) A short statement of the manner in which the determination is alleged to be in error;
 - (c) A statement of facts that are the basis of the request;
 - (d) Reference to applicable statutes, rules or court decisions upon which the requester relies;
 - (e) A statement of the action the request seeks; and
 - (f) A request for a hearing.
- (4) The Director, or an administrator appointed by the Director, may direct the staff to schedule a formal contested case hearing, or develop a recommendation to deny the member's request to be presented to the Board. The Board may *[then]* deny a request for a hearing when it has decided, in consultation with legal counsel, that the Board has no authority to grant the relief requested.
- (5) [Contested case hearings are referred to the Office of Administrative Hearings for a hearing pursuant to OAR 137-003-0515, unless the matter is resolved prior to the referral.] The hearing must be conducted in accordance

1 with the Attorney General's Model Rules of Procedure. Parties to the hearing
2 will include the requester, any other person named as a party, and any other
3 person who petitions to participate and is determined to have an interest in the
4 outcome of the proceeding.

5 (6) The Board may deliberate and decide on final orders at any time and place
6 allowed by law, as determined on a case-by-case basis, such as electronically or
7 via a telephone conference.

8 (7) In contested cases where the agency is upholding the administrative law judge's
9 proposed order, the Director or Deputy Director may issue the final order after
10 the Board has had an opportunity for review.

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

459-015-0001

Definitions

The words and phrases used in this division have the same meaning given them in ORS Chapter 238 and OAR 459-005-0001. Additional terms are defined as follows unless the context requires otherwise.

(1) “Any work for which qualified” means a job, not necessarily the last or usual job, which the applicant for a disability retirement allowance:

(a) Is physically and psychologically capable of performing ; and

(b) Has, or may obtain with reasonable training, the knowledge, skills and abilities, to perform the job.

(2) “Certified vocational consultant” means a person who satisfies the criteria set forth under either of the following:

(a) A Master’s Degree in vocational rehabilitation, and one year of experience in performing vocation evaluations or developing individualized return-to-work plans; or a Bachelor’s Degree and two years of such experience. All degrees must have been earned at an accredited institution; or

(b) Accredited as a Certified Rehabilitation Counselor (CRC) by the Commission on Rehabilitation Counselor Certification; as a Certified Disability Management Specialist (CDMS) by the Certification of Disability Management Specialists Commission; or a Certified Vocational Evaluation Specialist (CVE) or a Certified Work Adjustment Specialist (CWA) by the Commission on Certification of Work Adjustment and Vocational Evaluation Specialists.

(3) “Confidential information” means information of a personal nature such that disclosure would constitute an unreasonable invasion of privacy as defined by state law.

(4) “Date an application for disability retirement is filed” means the receipt date as determined pursuant to OAR 459-005-0220.

(5) “Date of disability” means the later of:

- 1 (a) The date an active member ceased to work because of inability to perform
2 any work for which qualified due to injury or disease; or
- 3 (b) The date an inactive member became unable to perform any work for
4 which qualified provided such inability occurred within six months after
5 the date of separation from service.
- 6 (6) "Date of separation from service" means the later of: the last day worked or the
7 last day of paid leave with a PERS participating employer.
- 8 (7) "Date of termination" means the date a member terminates from employment
9 such that an employee/employer relationship no longer exists.
- 10 (8) "Earned income" means income that includes, but is not limited to:
- 11 (a) Salary or wages received as an employee;
- 12 (b) Self-employment income from:
- 13 (A) Services industry;
- 14 (B) Sales;
- 15 (C) Assembly or manufacturing;
- 16 (D) Consulting;
- 17 (E) Property management;
- 18 (F) Gambling, other than income from sweepstakes, lotteries, bingo,
19 keno, or slot machines;
- 20 (G) Hobby income; or
- 21 (H) Book advances.
- 22 (c) "Earned income" does not include:
- 23 (A) Investment income;
- 24 (B) Rent; and
- 25 (C) Royalties.
- 26 (d) Earned income is deemed to be received by the member on the date it is
27 issued by the payer, except retroactive payments included in ORS 238.008
28 shall be deemed to be received by the member during the period for which
29 the payment is allocated.
- 30 (e) Earned income includes the net profits of any business entity owned solely
31 or jointly by a member and for which the member materially participates

1 in the business, as defined by the Internal Revenue Service under 26 CFR
2 1.469-5T, as in effect on July 1, 2021.

3 (9) “Effective date of disability retirement” means the first day of the month
4 following the date of disability in which all of the following has been met:

- 5 (a) The member is paid no salary from a participating employer, and
- 6 (b) The member does not receive paid leave from a participating employer
7 except for any lump sum payment for accrued vacation leave or
8 compensatory time.

9 (10) “Extended duration” means a period of not less than 90 consecutive
10 calendar days, unless the disability is expected to result in the death of the
11 disabled member in less than 90 days.

12 (11) “Granted service” means that portion of creditable service used solely to
13 calculate a disability retirement allowance under ORS 238.320 that is not
14 performed or earned.

15 (12) “Independent medical exam” means an exam or exams conducted by a
16 physician chosen by PERS for purposes other than treatment which results in the
17 issuance of a report or reports based on those exams, giving an opinion regarding
18 the claimed injury or disease.

19 (13) “Material contributing cause” means the efficient, dominant, and
20 proximate cause of the disability, without which the member would not be
21 disabled.

22 (14) “Monthly salary” means “salary” as defined in ORS 238.005 that is earned
23 in the last full calendar month of employment, and includes employer payments
24 under ORS 238A.335 and differential wage payments as defined in OAR 459-
25 005-0001.

26 (a) Retroactive payments or payments made due to clerical errors, paid in
27 accordance with ORS 238.005, are allocated to the period the salary was
28 earned or should have been earned.

29 (b) Payments of salary paid within 31 days of separation are allocated to the
30 period the salary was earned and should be considered as paid on the last
31 date of employment.

(15) “Monthly salary received” means the greater of the monthly salary paid for the last full calendar month of:

(a) Employment before the date of disability; or

(b) Differential wage payments made before the date of disability. This subsection is effective January 1, 2009.

(16) “Normal retirement age” means the age at which a member can retire without a reduced benefit as set forth under ORS 238.005 and 238.280.

(17) “Performance of duty” means whatever an employee may be directed, required or reasonably expected to do in connection with his or her employment, and not solely the duties particular to his or her position.

(18) “Periodic review” means a review of a member receiving a disability retirement allowance to determine whether or not a continued allowance is warranted.

(19) “Physical capacity evaluation” means a comprehensive and objective evaluation performed by a physician, physical therapist, or occupational therapist to determine a member’s physical or functional capacity to perform work. The evaluation may include an analysis of the member’s ability to perform a specified job based on a position description and the member’s abilities or limitations.

(20) “Physician” means a doctor of medicine, a doctor of osteopathy, a doctor of oral surgery, a chiropractic doctor, a naturopathic doctor, a doctor of podiatric medicine, or a doctor of psychology practicing only within the purview of their license issued by the designated authority of a state.

(21) “Pre-existing condition” means a condition that was not sustained in actual performance of duty in a qualifying position with a participating employer.

(22) “Protected health information” means health information created or received by a health care provider, health plan, or health care clearinghouse, where an individual has a reasonable belief that the information can identify the individual, which relates to:

(a) The past, present, or future physical or mental health of an individual;

(b) The provision of health care to an individual; or

1 (c) The past, present, or future payment for the provision of health care to an
2 individual.

3 (23) “Similar in compensation” means salary or other earned income,
4 excluding overtime, equaling at least 80% of the monthly salary.

5 (24) “Total disability” means the inability to perform any work for which
6 qualified for an extended duration due to physical or mental incapacitation.

7 (25) “Training or vocational rehabilitation program” means a comprehensive,
8 coordinated program, usually state or federally funded, to train and assist
9 individuals with disabilities in securing gainful employment commensurate with
10 their abilities and capabilities.

11 (26) “Vocational evaluation” means an evaluation conducted by a certified
12 vocational consultant, to determine the ability of an applicant to perform any
13 work for which they are qualified.

14 (27) “Work related stress” means conditions or disabilities resulting from, but
15 not limited to:

16 (a) Change of employment duties;

17 (b) Conflicts with supervisors;

18 (c) Actual or perceived threat of loss of a job, demotion, or disciplinary
19 action;

20 (d) Relationships with supervisors, coworkers, or the public;

21 (e) Specific or general job dissatisfaction;

22 (f) Work load pressures;

23 (g) Subjective perceptions of employment conditions or environment;

24 (h) Loss of job or demotion for whatever reason;

25 (i) Fear of exposure to chemicals, radiation biohazards, or other perceived
26 hazards;

27 (j) Objective or subjective stresses of employment; or

28 (k) Personnel decisions.

29 (28) “Work the member performed at the time the member became
30 disabled” means the duties and requirements of a member who was last

1 employed as a police officer or firefighter as defined in ORS 238.005 at the
2 time of disability.
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**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 015 – DISABILITY RETIREMENT ALLOWANCES**

459-015-0005

Eligibility for Disability Retirement Allowances

(1) **Eligibility Standards:**

(a) A member who was employed as other than a police officer or firefighter must be totally, not partially, disabled and unable to perform any work for which qualified for an extended duration to be eligible for a disability retirement allowance.

(b) A member who was last employed as a police officer or firefighter as defined in ORS 238.005 must be unable to perform the work the member performed at the time the member became disabled for an extended duration to be eligible for a disability retirement allowance.

(A) This standard applies to members applying for disability retirement benefits who were last employed in a qualifying position as a police officer or firefighter.

(B) This standard is applicable for duty and non-duty disability retirement applications under ORS 238.320.

(C) For members who are concurrently employed by two or more employers in qualifying positions as a police officer or firefighter and as other than a police officer or firefighter, the “work performed at the time the member became disabled” standard is the standard to be used in determining eligibility. The standard applies to the qualifying position worked as a police officer or firefighter member.

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

(3) Eligibility requirements for duty disabilities.

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

- 1 (A) The mental or physical incapacitation arose out of and in the
2 course of duty and was not intentionally self-inflicted; and
- 3 (B) The *[on the job injury]* incapacitation must be the material
4 contributing cause of the disability even if the member has a pre-
5 existing condition.
- 6 (b) For work related stress to be considered the material contributing cause of
7 the *[disability]* incapacitation all of the following criteria must be met:
- 8 (A) The employment conditions producing the work-related stress
9 exist in a real and objective sense;
- 10 (B) The employment conditions producing the work-related stress
11 are conditions other than conditions generally inherent in every
12 working situation or reasonable disciplinary, corrective or job
13 performance evaluation actions by the employer, or cessation of
14 employment or employment decisions attendant upon ordinary
15 business or financial cycles;
- 16 (C) There is a diagnosis of a mental or emotional disorder which is
17 generally recognized in the medical or psychological community;
18 and
- 19 (D) There is evidence that the work-related stress arose out of and in
20 the course of employment.
- 21 (4) Eligibility requirements for non-duty disabilities. A member applying for non-
22 duty disability retirement must have a minimum of 10 years of employment in a
23 PERS qualifying position. Years of employment are calculated pursuant to ORS
24 238.320(6) as follows:
- 25 (a) Members with no prior service credit under ORS 238.442 receive:
- 26 (A) One year of employment for each 12-month period or major
27 fraction thereof, calculated from the date on which the member
28 begins the six-month waiting period required for establishing
29 membership under ORS 238.015 to the date of disability; and

- 1 (B) Up to 90 days for sick leave used after the date of disability. No
2 other leave of absence after the date of disability will count
3 toward years of employment.
- 4 (b) Members with prior service credit under ORS 238.442 receive:
- 5 (A) One year of employment for each year of prior service credit;
6 and
- 7 (B) One year of employment for any minor fraction of a year of prior
8 service, if continuous as certified by the employer and for which
9 no prior service credit was granted; and
- 10 (C) One year of employment for each 12-month period or major
11 fraction thereof, calculated from the date on which membership
12 is established in the system to the date of disability; and
- 13 (D) Up to 90 days for sick leave used after the date of disability. No
14 other leave of absence after the date of disability will county
15 toward years of employment.
- 16 (5) A member's disability retirement allowance shall be calculated based on:
- 17 (a) Creditable service; and
- 18 (b) Granted service if the member had not attained:
- 19 (A) Age 55 if the last qualifying position was as a police officer or a
20 firefighter.
- 21 (B) Age 58 if the last qualifying position was as other than a police
22 officer or firefighter.
- 23 (6) Granted service is:
- 24 (a) Not included in the calculation of increased benefits payable under ORS
25 238.364.
- 26 (b) Included in the calculation of increased benefits payable under ORS
27 238.366.
- 28 (7) Termination of membership. Disability retirement allowances are available only
29 to PERS members. Former PERS members who have terminated their
30 membership pursuant to ORS 238.095 are not eligible to receive PERS disability
31 retirement allowances.

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

459-015-0010

Criteria for Granting and Denying Disability Retirement Allowances

- (1) PERS shall determine eligibility for disability retirement allowances based on an applicant's capacity and qualifications as set forth below.
- (2) Medical documentation is required by PERS. Each disability retirement applicant shall supply any treating or consulting physician's examination report or other medical information requested by PERS. PERS may base its determination on either a treating or consulting physician's medical examination report or have the applicant examined by one or more physicians selected by PERS, or both.
- (3) All claims of a disability must be supported by at least one physician's report, resulting from a medical examination, documenting how the injury or disease incapacitates the member. A physician assistant's examination report will be accepted as a physician's report when signed by a supervising physician who has examined the member.
- (4) In addition, a disability retirement applicant shall be required to furnish the following:
 - (a) For claims of mental or emotional disorder, at least one report by a treating or consulting psychiatrist or doctor of psychology;
 - (b) For claims of orthopedic injury or disease, at least one report of a treating or consulting orthopedic or physical medicine and rehabilitation specialist;
 - (c) For claims of neurological or neurosurgical injury or disease, at least one report of a treating or consulting neurologist or neurosurgeon;
 - (d) For claims of fibromyalgia, at least one documented diagnosis by a rheumatologist, and at least one report of a treating or consulting rheumatologist or physical medicine and rehabilitation specialist; and
 - (e) Any other specialized physician's report that PERS deems necessary.
- (5) To demonstrate that *[he or she]* the member who was employed as other than a police officer or firefighter is unable to perform any work for which qualified or the member who was employed as a police officer or firefighter as defined in

1 ORS 238.005 is unable to perform the work the member performed at the
2 time the member became disabled, as defined in OAR 459-015-0001 *[(1)]*, the
3 applicant shall document how the injury or disease incapacitates the applicant.
4 The standard is subjective (that is, whether the applicant is actually incapacitated)
5 not objective (that is, whether a “normal” member would have been incapacitated
6 by the same events).

7 (a) For members who were employed as other than a police officer or
8 firefighter, *[In]* in determining what work for which a member is
9 qualified, the following factors shall be considered:

- 10 (A) Previous employment experience;
- 11 (B) Formal education;
- 12 (C) Formal training;
- 13 (D) Transferable skills;
- 14 (E) Age; and
- 15 (F) Physical or mental impairment.

16 (b) For members who were employed as a police officer or firefighter, in
17 determining if the member is able to perform the work the member
18 performed at the time they became disabled, the following factors
19 shall be considered:

- 20 (A) The position description for the job the member held at the
21 time of their injury or illness;
- 22 (B) Physical or mental impairment; and
- 23 (C) Any other relevant personnel documentation.

24 *[(b)]* (c) In determining what work for which a member is qualified or to
25 establish if a police officer or firefighter member can continue to perform
26 work the member performed at the time the member became disabled, PERS
27 may request, at PERS’ expense, a vocational evaluation be done by a vocational
28 consultant who is fully certified as set forth in OAR 459-015-0001(2).

29 *[(c)]* (d) For members who were employed as other than a police officer or
30 firefighter, *[The]* the inability of the applicant to perform the duties of *[his or*

1 ~~her]~~ their last job, in itself, does not satisfy the “unable to perform any work
2 for which qualified” criterion.

3 ~~[(d)]~~ (e) An applicant’s receipt of weekly unemployment insurance benefits after
4 the date of disability shall create a rebuttable presumption that the member was
5 able, available, and willing to perform any work for which qualified during the
6 week for which the applicant received the benefits.

7 (6) When there is a dispute among medical experts, more weight will be given to
8 those medical opinions that are both well-reasoned and based on complete
9 information.

10 (7) The Board may deny any application or discontinue any disability retirement
11 allowance if an applicant:

- 12 (a) Refuses to submit to an independent medical or vocational examination; or
13 (b) Refuses to submit to any medical examination or supply a completed
14 application or review form.

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

459-015-0030

Hearings on Denial or Discontinuance of Disability Retirement Allowances

- (1) A final denial of an application for disability benefits, or any decision discontinuing a previously granted disability retirement allowance may be reviewed in a contested case hearing.
- (2) A contested case hearing may be requested by a member by filing with the Board a written request as provided for in OAR 459-001-0035.
- (3) For contested case hearing requests submitted by a member last employed as a police officer or firefighter as defined in OAR 238.005 to dispute the final denial of a disability retirement application under ORS 238.320:**
- (a) PERS must refer the case for contested case hearing no later than 180 days after PERS receives the member's request for hearing pursuant to OAR 459-005-0220, or, no later than 360 days after the member requests the hearing if the member requests an extension.**
- (b) If a case is not referred for a hearing within the required timeline, the member prevails in disputing the final denial of the member's application under ORS 238.320.**
- (c) Contested case hearing extension requests must be submitted to PERS in writing.**
- (d) A member who is eligible for ORS 238 disability retirement benefits under ORS 238.320 due to operation of the default contested case deadlines remains subject to routine periodic reviews as provided for in OAR 459-015-0050.**
- [(3)] (4)** The contested case hearing shall be heard before an administrative law judge designated by the Office of Administrative Hearings and conducted in accordance with the Attorney General's Model Rules of Procedure as adopted by OAR 459-001-0005. The member may represent *[himself/herself]* **themselves** or be represented by legal counsel.

1 An Assistant Attorney General will appear at the hearing to assist the staff in presenting
2 its position, and to assist in the development of a complete hearing record.

3 (a) The Board [*generally deliberates*] may deliberate and decide[*s*] on
4 final orders during regularly scheduled board meetings. The Board
5 may instead deliberate and decide at any other time and place allowed
6 by law, as determined on a case-by-case basis, such as electronically
7 or via a telephone conference.

8 (b) In accordance with OAR 459-001-0040, before initiating any judicial
9 review of a final order, an applicant may file with the Board a petition
10 for reconsideration.

11 (c) Any disputed claim concerning a disability retirement allowance or
12 discontinuance of such allowance may be voluntarily settled on a
13 lump-sum basis subject to recommendation of the assigned Assistant
14 Attorney General and final approval of the Board. Settlements
15 approved by the Board shall be paid upon receipt of a “Release and
16 Covenant Not to Sue” signed by the applicant and the applicant’s
17 attorney, if any.
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OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 015 – DISABILITY RETIREMENT ALLOWANCES

459-015-0045

Return to Work

(1) The Public Employees Retirement Board allows a member who is receiving a disability retirement allowance to return to work as follows:

(a) Returning to work in a PERS qualifying position. A member who was employed as other than a police officer or firefighter and who has not been medically released for any work for which qualified or a police officer or firefighter member who has not been deemed able to perform the work the member performed at the time they became disabled, may return to work in a PERS qualifying position, as defined by OAR 459-010-0003, for a 90-day trial period without losing disability retirement status. While the member is working during this trial period:

(A) The disability retirement allowance and supplemental benefits will be suspended.

(B) Any wages earned during the trial period are excluded from the definition of salary for purposes of computing PERS contributions or determining PERS retirement benefits unless the member continues the employment beyond 90 days. If the member continues beyond the 90 days, the period will be considered qualifying as of the first day the member returned to work and retroactive contributions, without interest, are required.

(b) Returning to work in a PERS non-qualifying position. A member who was employed as other than a police officer or firefighter and who has not been medically released for any work for which qualified or a police officer or firefighter member who has not been deemed able to perform the work the member performed at the time they became disabled, may return to work with a PERS participating employer in a position not qualifying for PERS active membership, as defined by OAR 459-010-0003. Unless the member has reached normal retirement age, the

1 monthly disability retirement will be adjusted by any earned income
2 issued during that month which, when added to the disability retirement
3 allowance, exceeds the gross monthly salary earned at the date of
4 disability.

5 (c) Returning to work in a non-PERS position. A member who was employed
6 as other than a police officer or firefighter and who has not been
7 medically released for any work for which qualified or a police officer or
8 firefighter member who has not been deemed able to perform the
9 work the member performed at the time they became disabled, may be
10 employed by other than a PERS participating employer in a position that is
11 not similar in compensation. Unless the member has reached normal
12 retirement age, the monthly disability retirement allowance shall be
13 adjusted by any earned income issued during that month which, when
14 added to the disability retirement allowance, exceeds the gross monthly
15 salary earned at the date of disability.

16 (d) If a member who was employed as other than a police officer or
17 firefighter and is able to generate income that is similar in compensation
18 for a period of three calendar months in six consecutive calendar months,
19 PERS shall initiate a review under the periodic review standard in OAR
20 459-015-0050.

21 (2) Termination of benefits due to medical documentation.

22 (a) *[A member's]* The disability retirement allowance for a member who
23 was employed as other than a police officer or firefighter will be
24 terminated if the member has been medically and psychologically
25 released for any work for which qualified, whether the member returns to
26 work or not, and PERS will invoice the member for, or recover under ORS
27 238.715, any overpayment of benefits.

28 (b) A police officer or firefighter member's disability retirement
29 allowance will be terminated if determined, by one or more physicians
30 selected by PERS, to be medically and psychologically able to perform
31 the work the member performed at the time the member became

disabled, whether the member returns to work or not, and PERS will invoice the member for, or recover under ORS 238.715, any overpayment of benefits.

(3) If a member returns to work as provided in section ~~[(s)]~~ (1) ~~[or (2)]~~ of this rule, the member must:

(a) Notify PERS in writing of the reemployment within 30 days of such reemployment; and

(b) Report monthly to PERS the amount of any earned income issued.

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

(5) Upon request by PERS, a member must provide PERS with a copy of the member's federal income tax returns, together with copies of IRS forms: W-2 and 1099.

(6) The Board may require medical examination reports or vocational evaluations for any member receiving a disability retirement allowance who is reemployed.

(7) If the member is reemployed under section (1) of this rule and is unable to continue employment due to the disabling injury or disease as confirmed by medical documentation, the member or employer must notify PERS. If medical documentation substantiates that the disability prevents the completion of the trial period, the disability retirement allowance will be reinstated at the end of the 90 day period, or as of the date the member leaves the trial employment, whichever is sooner.

(8) A disability retirement allowance shall not be discontinued solely by reason of the retired member entering a training or vocational rehabilitation program as defined in OAR 459-015-0001(24).

(9) Restoration of member account after return to work. If a member who was employed as other than a police officer or firefighter returns to work in a PERS qualifying position after the 90-day trial period described in section (1)(a) of this rule, or is medically released at any time for any work for which they are qualified, or a police officer or firefighter member has been deemed medically

1 and psychologically able to perform the work the member performed at the
2 time they became disabled, the disability claim will be closed.

3 (a) The member's regular and variable PERS account(s) will be restored to
4 the dollar amount of the account as of the effective date of disability
5 retirement. If a variable account transfer was elected at the time of
6 disability retirement, the amounts transferred from the variable account to
7 the regular account will remain in the regular account.

8 (b) Earnings crediting will resume as of the first of the month following the
9 last month for which a disability retirement allowance was paid.

10 (10) Creditable service. A member does not receive creditable service while
11 drawing a disability retirement allowance. If, however, the member returns to
12 work for a PERS participating employer, their disability claim is closed, and they
13 subsequently retire under a service retirement, service time for the period of
14 disability will be restored as follows

15 (a) For duty disabilities, creditable service will be granted to the member at
16 no cost to the member.

17 (b) For non-duty disabilities, creditable service may be purchased by the
18 member under the provisions of ORS 238.175.

19 (11) For purposes of calculating retirement credit accrued under ORS 238.175,
20 the period of disability for a member who receives workers' compensation
21 payments under ORS Chapter 656 and later returns to work with a PERS
22 participating employer shall be deemed to end upon the earlier of:

23 (a) The date on which the member's workers' compensation payments end; or

24 (b) The date on which the member returns to work with a PERS participating
25 employer.

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

459-076-0001

Definitions

The words and phrases used in this division have the same meaning given them in ORS Chapter 238A and OAR 459-070-0001. Additional terms are defined as follows unless the context requires otherwise.

(1) “Any work for which qualified” means a job, not necessarily the last or usual job, which the applicant for disability benefits:

(a) Is physically and psychologically capable of performing; and

(b) Has or may obtain with reasonable training, the knowledge, skills and abilities, to perform the job.

(2) “Certified vocational consultant” means a person who satisfies the criteria set forth under either of the following:

(a) A Master's Degree in vocational rehabilitation, and one year of experience in performing vocation evaluations or developing individualized return-to-work plans; or a Bachelor's Degree and two years of such experience. All degrees must have been earned at an accredited institution; or

(b) Accredited as a Certified Rehabilitation Counselor (CRC) by the Commission on Rehabilitation Counselor Certification; as a Certified Disability Management Specialist (CDMS) by the Certification of Disability Management Specialists Commission; or a Certified Vocational Evaluation Specialist (CVE) or a Certified Work Adjustment Specialist (CWA) by the Commission on Certification of Work Adjustment and Vocational Evaluation Specialists.

(3) “Confidential information” means information of a personal nature such that disclosure would constitute an unreasonable invasion of privacy as defined by state law.

(4) “Date an application for a disability benefit is filed” means the receipt date as determined pursuant to OAR 459-005-0220.

- 1 (5) "Date of disability" means the date an active member ceased to work because of
2 inability to perform any work for which qualified due to injury or disease.
- 3 (6) "Date of separation from service" means the later of: the last day worked or the
4 last day of paid leave with a PERS participating employer.
- 5 (7) "Date of termination" means the date a member terminates from employment
6 such that an employee/employer relationship no longer exists.
- 7 (8) "Earned income" includes, but is not limited to:
- 8 (a) Salary or wages received as an employee;
- 9 (b) Self-employment income from:
- 10 (A) Services industry;
- 11 (B) Sales;
- 12 (C) Assembly or manufacturing;
- 13 (D) Consulting;
- 14 (E) Property management;
- 15 (F) Gambling, other than income from sweepstakes, lotteries, bingo,
16 keno, or slot machines;
- 17 (G) Hobby income; or
- 18 (H) Book advances.
- 19 (c) "Earned income" does not include:
- 20 (A) Investment income;
- 21 (B) Rent; and
- 22 (C) Royalties.
- 23 (d) Earned income is deemed to be received by the member on the date it is
24 issued by the payer, except retroactive payments included in ORS 238.008
25 shall be deemed to be received by the member during the period for which
26 the payment is allocated.
- 27 (e) Earned income includes the net profits of any business entity owned solely
28 or jointly by a member and for which the member materially participates
29 in the business, as defined by the Internal Revenue Service under 26 CFR
30 1.469-5T, as in effect on July 1, 2021.

(9) “Effective date of disability benefit” means the first day of the month following the date of disability, in which:

(a) The member is paid no salary from a participating employer; and

(b) The member does not receive paid leave from a participating employer, except for any lump sum payment for accrued vacation leave or compensatory time.

(10) “Extended duration” means a period of not less than 90 consecutive calendar days unless the disability is expected to result in the death of the disabled member in less than 90 days.

(11) “Independent medical exam” means an exam or exams conducted by a physician chosen by PERS for purposes other than for treatment which results in the issuance of a report or reports based on those exams, giving an opinion regarding the claimed injury or disease.

(12) “Irregular and unpredictable manner” means earned income from other than employment.

[12] (13) “Material contributing cause” means the efficient, dominant, and proximate cause of the disability, without which the member would not be disabled.

[13] (14) “Monthly salary” means salary as defined in ORS 238A.005 that is earned in the last full calendar month of employment and includes a differential wage payment, as defined in OAR 459-005-0001.

(a) Retroactive payments or payments made due to clerical errors, paid in accordance with ORS 238A.005, are allocated to the period the salary was earned or should have been earned.

(b) Payments of salary paid within 31 days of separation are allocated to the period the salary was earned and should be considered as paid on the last date of employment.

[14] (15) “Monthly salary received” means the greater of the salary paid for the last full calendar month of:

(c) Employment before the date of disability; or

(d) Differential wage payments made before the date of disability. This subsection is effective January 1, 2009.

1 [15] (16) "Performance of duty" means whatever an employee may be directed, required
2 or reasonably expected to do in connection with [his or her] their employment, and not
3 solely the duties particular to [his or her] their position.

4 [16] (17) "Periodic review" means a review of a member receiving a disability benefit to
5 determine whether or not a continued benefit is warranted.

6 [17] (18) "Physical capacity evaluation" means a comprehensive and objective
7 evaluation performed by a physician, physical therapist, or occupational therapist to
8 determine a member's physical or functional capacity to perform work. The evaluation
9 may include an analysis of the member's ability to perform a specified job based on a
10 position description and the member's abilities or limitations.

11 [18] (19) "Physician" means a doctor of medicine, a doctor of osteopathy, a doctor of
12 oral surgery, a chiropractic doctor, a naturopathic doctor, a doctor of podiatric medicine,
13 or a doctor of psychology practicing only within the purview of their license issued by
14 the designated authority of a state.

15 [19] (20) "Pre-existing condition" means a condition that was not sustained in actual
16 performance of duty in a qualifying position with a participating employer.

17 [20] (21) "Protected health information" means health information created or received by
18 a health care provider, health plan, or health care clearinghouse, where an individual has
19 a reasonable belief that the information can identify the individual, which relates to:

20 (e) The past, present, or future physical or mental health of an individual;

21 (f) The provision of health care to an individual; or

22 (g) The past, present, or future payment for the provision of health care to an
23 individual.

24 [21] (22) "Total disability" means the inability to perform any work for which qualified
25 for an extended duration due to physical or mental incapacitation.

26 [22] (23) "Vocational evaluation" means an evaluation conducted by a certified
27 vocational consultant, to determine the ability of an applicant to perform any work for
28 which they are qualified.

29 [23] (24) "Work related stress" means conditions or disabilities resulting from, but not
30 limited to:

31 (h) Change of employment duties;

- (i) Conflicts with supervisors;
- (j) Actual or perceived threat of loss of a job, demotion, or disciplinary action;
- (k) Relationships with supervisors, coworkers, or the public;
- (l) Specific or general job dissatisfaction;
- (m) Work load pressures;
- (n) Subjective perceptions of employment conditions or environment;
- (o) Loss of job or demotion for whatever reason;
- (p) Fear of exposure to chemicals, radiation biohazards, or other perceived hazards;
- (q) Objective or subjective stresses of employment; or
- (r) Personnel decisions.

(12) “Work the member performed at the time the member became disabled” means the duties and requirements of the last or usual job of a member who was last employed as a police officer or firefighter as defined in ORS 238A.005 at the time of disability.

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

1 **459-076-0005**

2 **Eligibility for Disability Benefits**

3 (1) **Eligibility Standards:**

4 **(a) A member who was employed as other than a police officer or**
5 **firefighter** must be totally, not partially, disabled and unable to perform
6 any work for which qualified for an extended duration to be eligible for a
7 disability benefit.

8 **(b) A member who was employed as a police officer or firefighter as**
9 **defined in ORS 238A.005 must be unable to perform the work the**
10 **member performed at the time the member became disabled for an**
11 **extended duration to be eligible for a disability allowance.**

12 **(A) This standard applies to members applying for disability**
13 **benefit who were last employed in a qualifying position as a**
14 **police officer or firefighter.**

15 **(B) This standard is applicable to duty and non-duty disability**
16 **applications under ORS 238A.235.**

17 **(C) For members who are concurrently employed by two or**
18 **more employers in qualifying positions as a police officer or**
19 **firefighter and as other than a police officer or firefighter,**
20 **the “work performed at the time the member became**
21 **disabled” standard only applies to the qualifying position**
22 **worked as a police officer or firefighter member.**

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

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

28 (4) Eligibility requirements for duty disabilities.

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

- 1 (A) The mental or physical incapacitation arose out of and in the
2 course of duty and was not intentionally self-inflicted; and
- 3 (B) The on the job injury must be the material contributing cause of
4 the disability, even if the member has a pre-existing condition.
- 5 (b) For work related stress to be considered the material contributing cause of
6 the disability all of the following criteria must be met:
- 7 (A) The employment conditions producing the work related stress
8 exist in a real and objective sense;
- 9 (B) The employment conditions producing the work related stress
10 are conditions other than conditions generally inherent in every
11 working situation or reasonable disciplinary, corrective or job
12 performance evaluation actions by the employer, or cessation of
13 employment or employment decisions attendant upon ordinary
14 business or financial cycles;
- 15 (C) There is a diagnosis of a mental or emotional disorder which is
16 generally recognized in the medical or psychological
17 community; and
- 18 (D) There is evidence that the work related stress arose out of and in
19 the course of employment.
- 20 (5) Eligibility requirements for non-duty disabilities. A member applying for non-
21 duty disability benefits must meet the 10 or more years of service requirements
22 pursuant to ORS 238A.235(2)(a) or (b).
- 23 (6) Termination of OPSRP membership. Disability benefits are available only to
24 OPSRP Pension Program members who have not terminated membership
25 pursuant to ORS 238A.110.
- 26 (7) Return to work. If a member who is receiving a disability benefit becomes
27 employed or receives earned income in any month in an irregular or
28 unpredictable manner that exceeds 10 percent of the monthly salary of the
29 member determined as of the last full month of employment before the
30 disability commenced, the member's disability benefit will be terminated,
31 effective the first of the month following employment or issuance of earned

1 income. PERS will invoice the member for, or recover under ORS 238.715, any
2 overpayment of benefits.

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

6 (9) Upon request by PERS, a member must provide PERS with a copy of the
7 member's federal income tax returns, together with copies of IRS forms: W-2
8 and 1099.

10

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

459-076-0010

Criteria for Granting and Denying Disability Benefits

- (1) PERS shall determine eligibility for disability benefits based on an applicant's capacity and qualifications as set forth below.
- (2) Medical documentation is required by PERS. Each disability benefit applicant shall supply any treating or consulting physician's examination report or other medical information requested by PERS. PERS may base its determination on either a treating or consulting physician's medical examination report or have the applicant examined by one or more physicians selected by PERS, or both.
- (3) All claims of a disability must be supported by at least one physician's report, resulting from a medical examination, documenting how the injury or disease incapacitates the member. A physician assistant's examination report will be accepted as a physician's report when signed by a supervising physician who has examined the member.
- (4) In addition, a disability benefit applicant shall be required to furnish the following:
 - (a) For claims of mental or emotional disorder, at least one report of a treating or consulting psychiatrist or doctor of psychology;
 - (b) For claims of orthopedic injury or disease, at least one report of a treating or consulting orthopedic or physical medicine and rehabilitation specialist;
 - (c) For claims of neurological or neurosurgical injury or disease, at least one report of a treating or consulting neurologist or neurosurgeon;
 - (d) For claims of fibromyalgia, at least one documented diagnosis by a rheumatologist, and at least one report of a treating or consulting rheumatologist or physical medicine and rehabilitation specialist; and
 - (e) Any other specialized physician's report PERS deems necessary.
- (5) To demonstrate that *[he or she]* the member who was employed as other than a police officer or firefighter is unable to perform any work for which qualified or the member who was employed as a police officer or firefighter as defined in

1 ORS 238A.005 is unable to perform work the member performed at the time
2 the member became disabled, as defined in OAR 459-076-0001~~[(1)]~~, the
3 applicant shall document how the injury or disease incapacitates the applicant.
4 The standard is subjective (that is, whether the applicant is actually incapacitated)
5 not objective (that is, whether a "normal" member would have been incapacitated
6 by the same events).

7 (a) For members who were employed as other than a police officer or
8 firefighter, ~~[(In)]~~ in determining what work for which a member is
9 qualified, the following factors shall be considered:

- 10 (A) Previous employment experience;
- 11 (B) Formal education;
- 12 (C) Formal training;
- 13 (D) Transferable skills;
- 14 (E) Age; and
- 15 (F) Physical or mental impairment.

16 (b) For members who were employed as a police officer or firefighter, in
17 determining if the member is able to perform the work the member
18 performed at the time they became disabled, the following factors
19 shall be considered:

- 20 (A) The position description for the job the member held at the
21 time of their injury or illness;
- 22 (B) Physical or mental impairment;
- 23 (C) Any other relevant personnel documentation.

24 ~~[(b)]~~ (c) In determining what work for which a member is qualified or to
25 establish if a member can continue to perform work the member performed
26 at the time the member became disabled, PERS may request, at PERS'
27 expense, a vocational evaluation be done by a vocational consultant who is fully
28 certified as set forth in OAR 459-076-0001(2).

29 ~~[(c)]~~ (d) For members who were employed as other than a police officer or
30 firefighter, ~~[(The)]~~ the inability of the applicant to perform the duties of ~~[(his or~~

1 *her]* their last job, in itself, does not satisfy the “unable to perform any work
2 for which qualified” criterion.

3 *[(d)]* (e) An applicant’s receipt of weekly unemployment insurance benefits after the
4 date of disability shall create a rebuttable presumption that the member was able,
5 available, and willing to perform any work for which qualified during the week for
6 which the applicant received the benefits.

7 (6) When there is a dispute among medical experts, more weight will be given to
8 those medical opinions that are both well-reasoned and based on complete
9 information.

10 (7) The Board may deny any application or discontinue any disability benefit if an
11 applicant:

12 (a) Fails to submit to an independent medical exam, physical capacity
13 evaluation, or vocational evaluation; or

14 (b) Fails to submit to any medical examination or supply a completed
15 application or review form.

16
17

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

459-076-0030

Hearings on Denial or Discontinuance of Disability Benefit Allowances

- (1) A final denial of an application for disability benefits, or any decision discontinuing a previously granted disability benefit allowance may be reviewed in a contested case hearing.**
- (2) A contested case hearing may be requested by a member by filing with the Board a written request as provided for in OAR 459-001-0035.**
- (3) For contested case hearing requests submitted by a member employed as a police officer or firefighter as defined in ORS 238A.005 to dispute the final denial of a disability benefit application under ORS 238A.235:**

 - (a) PERS must refer the case for contested case hearing no later than 180 days after PERS receives the member's request for a hearing pursuant to OAR 459-005-0220, or, no later than 360 days after the member requests the hearing if the member requests an extension.**
 - (b) If a case is not referred for a hearing within the required timeline, the member prevails in disputing the final denial of the member's application under ORS 238A.235.**
 - (c) Contested case hearing extension requests must be submitted to PERS in writing.**
 - (d) A member who is eligible for OPSRP disability benefits under ORS 238A.235 due to operation of the default contested case deadlines remains subject to routine periodic reviews as provided for in OAR 459-076-0050.**
- (4) The contested case hearing shall be heard before an administrative law judge designated by the Office of Administrative Hearings and conducted in accordance with the Attorney General's Model Rules of Procedure as adopted by OAR 459-001-0005. The member may represent themselves or be represented by legal counsel. An Assistant Attorney General will appear at**

- 1 the hearing to assist PERS staff in presenting PERS' position, and to assist in
2 the development of a complete hearing record.
- 3 (5) The Board may deliberate and decide on final orders during regularly
4 scheduled board meetings. The Board may instead deliberate and decide at
5 any other time and place allowed by law, as determined on a case-by-case
6 basis, such as electronically or via a telephone conference.
- 7 (6) In accordance with OAR 459-001-0040, before initiating any judicial review
8 of a final order, an applicant may file with the Board a petition for
9 reconsideration.
- 10 (7) Any disputed claim concerning a disability benefit allowance or
11 discontinuance of such allowance may be voluntarily settled on a lump-sum
12 basis subject to recommendation of the assigned Assistant Attorney General
13 and final approval of the Board. Settlements approved by the Board shall be
14 paid upon receipt of a "Release and Covenant Not to Sue" signed by the
15 applicant and the applicant's attorney, if any.

B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
- 2.a. Notice of rulemaking for legislative implementation
- 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
- 2.c. Notice of rulemaking for SB 588

3. Adoption of rulemaking for divorce rules

4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 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 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: Adoption of updates to the divorce rules.
- Reason: Update and clarify rules pertaining to court-ordered divorce awards that are administered for members and alternate payees.

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 had to 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 has prepared 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.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

The public comment received from Stacey Smith, et al. included a suggestion to revise language in OAR 459-045-0012(2)(f) to address what could be considered an incomplete clause, and their suggested language has been incorporated into the draft language included with this memo.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on June 24, 2025, at 2:00 p.m. The initial public comment period ended June 27, 2025, during which PERS received public comment regarding the requested rule modifications (provided as an attachment to this memo). The primary concerns expressed in the public comment were: 1) a perceived attempt to limit a court's authority to divide benefits and 2) numerous specific concerns based on the old forms and the inability to review the updated forms. ORS 238.465(3) directs the PERS Board to adopt rules "... that provide for... the establishing of criteria to determine whether domestic relations judgments, orders, and agreements comply with this section, and the definitions and procedures for the administration of this section." In addition, 238.465(8) indicates that court order will not be administered until the board receives the written notice of judgment and "... such additional information and documentation as the board may prescribe."

As mentioned above, the purpose of the divorce forms is to guide members and legal professionals in developing administrable court orders. In revising the divorce forms, staff took care to incorporate common alterations to the old forms to ensure those scenarios regarding benefits are covered. To this end the revised forms are more extensive than the old forms. In light of the public comment, staff presented the rules as a First Reading at the July 29, 2025, board meeting to allow for additional time to evaluate the concerns of external partners, as well as to provide the opportunity for PERS to publish the revised divorce forms on the PERS website to allow the public and interested parties to review the specific changes. A second

¹ PERS 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.

public comment period was held and ended August 22, 2025. PERS received no additional public comment(s) during this second comment period.

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

May 28, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
June 2, 2025:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was 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 in person 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.
August 22, 2025:	Second public comment period ended at 5:00 p.m.
September 26, 2025:	Staff will propose adopting the rules, as presented.

BOARD OPTIONS

The PERS Board may:

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

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.3. Attachment 1 – 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.

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

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

(B) A dollar amount.

(d) Whether an alternate payee is awarded matching employer dollars.

(e) That an alternate payee may elect to receive the award at any time after the member's earliest retirement eligibility.

(3) Award of Payment from Member's Benefit (Non-Retired Member). If a final court order awards an alternate payee a reduction or deduction amount from the service or disability retirement benefit that shall 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.]

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

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.

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

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

(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]* as beneficiary to receive a percentage of any pre-
18 retirement death benefit 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.

**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 .
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**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



11410 SW 68th Parkway, Tigard OR 97223
 Mailing Address – PO Box 23700, Tigard OR 97281-3700
 Toll free – 888-320-7377 Fax – 503-598-0561
 Website – <https://oregon.gov/pers>

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		



11410 SW 68th Parkway, Tigard OR 97223
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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

ATTORNEY AT LAW

P.O. BOX 50244
Eugene, Oregon 97405
(541) 504-6985
FAX (503) 660-4066
Stacey@StaceySmithLaw.com

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



Clark B. Williams, OSB 794415
Heltzel Williams, PC
117 Commercial St. NE, Fourth Floor
PO Box 1048
Salem OR 97308-1048



Deb Lush, OSB 023732
Heltzel Williams, PC
117 Commercial St. NE, Fourth Floor
PO Box 1048
Salem OR 97308-1048

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*

HELTZEL WILLIAMS PC

117 Commercial Street NE, Fourth Floor, PO Box 1048, Salem, OR 97308-1048

clark@heltzel.com Ph: (503) 585-4422, ext. 309 Fax: (503) 370-4302

<https://www.heltzel.com>

B.

A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
- 2.a. Notice of rulemaking for legislative implementation
- 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
- 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
- 4. Adoption of rulemaking for Standard Designation Rule (OSGP)**
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 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 OSGP Designation of Beneficiary Rule:

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 the OSGP's process to align with the PERS plan when the participant has no named beneficiary on file.

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 IAP) 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 Oregon Revised Statute (ORS) 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 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 is often difficult to identify beneficiaries and determine individual death benefits.

Additionally, 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 was held remotely and in person on August 26, 2025, at 2:00 p.m. The public comment period ended August 29, 2025, at 5:00 p.m. PERS did not receive any public comments.

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: 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.
August 1, 2025:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. The public comment period began.
July 25, 2025:	PERS Board notified that staff began the rulemaking process.
August 26, 2025:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
August 29, 2025:	Public comment period ended 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.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt amendments to the OSGP 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 459-050-0060 *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
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
 - 2.a. Notice of rulemaking for legislative implementation
 - 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
 - 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)

5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 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 238 Pre-Retirement Death Benefits:

OAR 459-014-0040 *Valid Request for Distribution of Pre-Retirement Death Benefits*

OVERVIEW

- Action: Staff recommends adoption of the Pre-Retirement Death Benefit.
- Reason: Revision to death benefit rule to clarify PERS' practice for spouses applying for a preretirement death benefit.

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 This alternative death benefit is in lieu of the death benefit provided under Oregon Revised Statute (ORS) 238.390 and 238.395(1) with the goal of aligning preretirement death benefits for surviving spouses of Tier One and Tier Two ORS Chapter 238 members with what is provided to the surviving spouses of OPSRP members under ORS Chapter 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 is 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.

PERS has established a "one year from the member's date of death" standard to demarcate what constitutes a "delay." The proposed rule amendment provides transparency and clarity to members and their beneficiaries about how preretirement death benefits are calculated when payment of those benefits is delayed.

¹ House Bill (HB) 2417 (2019)

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely and in person on August 26, 2025, at 2:00 p.m. The public comment period ended August 29, 2025, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

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

IMPACT

Mandatory: No

Benefit: Updates the rules to reflect current agency practice and provide 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 published the Notice in the Oregon Administrative Rules Database. Notice was 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 26, 2025:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
August 29, 2025:	Public comment period ended 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.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the amendments to the 238 Pre-Retirement Death Benefits as presented.
2. Direct staff to make other changes to the rule or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.5. Attachment 1 – OAR 459-014-0040 *Valid Request for Distribution of 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.

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September 26, 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 \$14,521,851 budget for the 2025-27 biennium was approved by the Legislature as part of the PERS budget bill, Senate Bill 5534.

PROGRAM AND PROJECT STATUS

The PERS Modernization Program is 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 August 31,2025)
PERS Modernization Program	June 30,2033	<u>Key activities:</u> <ul style="list-style-type: none"> Submitted business case and charter to Enterprise Information Services (EIS) for review. Updated the Modernization Roadmap. Initiated a new Work Order Contract (WOC) for foundational current state architecture diagrams. The modernization program has its final 2025-27 budget approval. The budget appropriation total is \$14,521,851.

Modernization of Pension Administration System (PAS)	TBD	<p>Program health: Grey</p> <p><u>Key activities:</u></p> <ul style="list-style-type: none"> • Project analysis initiated on July 2, 2025 and the PERS Modernization Program, along with the Modernization Executive Steering Committee (MESC), have started the analysis phase. • Initiated a new Work Order Contract (WOC) to hire a contractor to assist with facilitating requirements gathering and validation. • A Pension Administration System (PAS) timeline has been developed, but the PAS request for proposal (RFP) timing is not well aligned with the budget cycle. A decision will need to be made at the September Modernization Executive Steering Committee (MESC) to determine how PERS can fund onboarding a PAS vendor to complete activities such as fit-gap analysis, prototyping, etc. for the 27-29 biennium.
Telephony Modernization Project	<p>March 12, 2026</p> <p><i>(Original end date December 31, 2024)</i></p>	<p>Project health: Green</p> <p><u>Key activities:</u></p> <ul style="list-style-type: none"> • Project initiated on January 9, 2024. • Phase 1 of the Telephony Modernization Project, Amazon (AWS) Connect was implemented successfully on July 14, 2025. • Positive feedback received on reduced wait times. • Phase 2 analysis is underway. PERS requirements have been gathered and shared with the Telephony vendor. Once the requirements have been agreed upon, the project teams will begin Joint Application Design (JAD) sessions. • Funding of \$1.5M was approved during the current legislative session.
Hybrid Integration Platform (HIP) Implementation Project	TBD	<p>Project health: Grey</p> <p><u>Key activities:</u></p> <ul style="list-style-type: none"> • Project initiated on September 10, 2024. • A new project manager has been assigned to this project to assist in updating the foundational documents.

		<ul style="list-style-type: none"> • The business case and charter are under revision for submission to EIS in September 2025. • Partial funding of \$500k was approved during the current legislative session.
jClarety UI/UX Modernization Project (JUMP)	November 30, 2026	<p>Project health: Green</p> <p><u>Objective:</u></p> <ul style="list-style-type: none"> • This project will ensure the external web portals are in compliance with Americans with Disabilities Act (ADA) Web Content Accessibility Guidelines (WCAG) 2.1 level “A-A” by the federal compliance deadline of April 24, 2026. Additional security enhancements will be made to the current framework including an updated codebase where applicable. <p><u>Key activities:</u></p> <ul style="list-style-type: none"> • Project initiated on July 01, 2024. • Focused on meeting the ADA-compliance due date of April 2026. • Stage-Gate 1 endorsement achieved on August 6, 2025 from EIS. • Work Order Contract signed (\$3.2M). Planning work has started. • Stage-Gate 2 and 3 endorsements are in progress. Foundational documents such as the stakeholder registry, benefits management plan, and project management plan have been submitted to EIS for review. • Funding of \$3.7M was approved during the current legislative session.
Member Identity Access Management (MIAM) Project	June 30, 2026	<p>Project health: Green</p> <p><u>Objective:</u></p> <p>This critical project will improve security for the Online Member Services (OMS) portal and help protect member data.</p> <p><u>Key activities:</u></p> <ul style="list-style-type: none"> • Project initiated on June 1, 2022.

		<ul style="list-style-type: none"> • Identity Protection (IdP) <ul style="list-style-type: none"> ○ Implemented in the Test Environment; testing underway. • Identity Verification (IdV) <ul style="list-style-type: none"> ○ Request for quote (RFQ) posted on July 22, 2025 for a three-week response period. ○ Vendor evaluations and demonstrations are in progress. • Funding of \$530k and \$735k (cover subscriptions) was approved in the current legislative session.
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HIGHLIGHTED ACTIVITIES

- The PERS Modernization Program has updated its roadmap and started to define the scope and schedule for a new pension administration system (PAS). The PAS timeline has been identified as the critical path for the PERS Modernization Program.
- The modernization program has received its final 2025-27 budget approval (\$14M).
- PERS received the final independent quality management services (iQMS) Quarterly QA Status and Improvement Report on August 29, 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 Modernization Roadmap has been updated and the Pension Administration System procurement is proceeding. The Pension Administration System adoption is the critical path, which will impact the

Modernization Roadmap.

- 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 submitted its business case and charter to EIS. In addition, the Modernization Roadmap has been updated, and the Pension Administration System (PAS) Roadmap is in process.

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

C.1. Attachment 2 – *Modernization Presentation*

Modernization Program

Status Report

Kevin Olineck, Executive Sponsor

Kristi Ivers, Program Director

Joli Whitney, Program Manager

Status report as of August 29, 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

The PERS Modernization Program is planning the next steps for initiation of the Pension Administration System (PAS) Modernization project. Following the decision to pursue a commercial, off-the-shelf solution (COTS), the leadership team evaluated the best next steps in the process- whether a Request For Information (RFI) will provide enough value to offset the time and effort of development or if the team focus should move to development of the Request For Proposal (RFP).

A decision was made by PERS leadership that the information provided in an RFI would provide value to the development of the next budget proposal. The development of an RFP will not be delayed by the RFI. There will be several months of requirements gathering before an RFP can be completed.

The PAS project is key to the Modernization Program's critical path. As these approaches to initiate this project are determined, a more detailed roadmap is emerging. This roadmap will be used to build the program schedule.






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

Start Date	Close Date
1/9/2024	3/12/2026






Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN					

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

Hybrid Integration Platform Implementation

Start Date	Close Date
9/10/2024	TBD






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

Member Identity and Access Management

Start Date	Close Date
6/1/2022	6/30/2026






Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN					

Objective: Procure and implement a solution that provides additional security to OMS.

Intended Benefits: B4 – Prevention of Data and Identity Fraud, B6 - Increased Confidence in PERS Tools and Technologies

jClarety UI/UX Modernization and Compliance Project (JUMP)

Start Date	Close Date
7/1/2025	11/30/2026

Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN					

Objective: Ensure PERS’ external web portals are in compliance with American Disability Act (ADA) Web Content Accessibility Guidelines (WCAG) 2.1 level “A-A” by the federal compliance deadline of April 24, 2026. Additional security enhancements will be made, and the current framework and codebase will be modernized.

Intended Benefits: B4 – Prevention of Data and Identity Fraud, B6 - Increased Confidence in PERS Tools and Technologies

EMERGING AND CONTINUED PROGRAM CONCERNS

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

- The approach to address the Hazardous Positions sections of HB 4045 has been tangled in the uncertainty of Pension Administration System solution. This project will make changes to existing pension plans adding complexity to modernizing our current system and uncertainty of schedule to meet a mandated timeline.
- PERS has received approval in the 2025-2027 budget to initiate planning, analysis and design for Hazardous Positions outside of Modernization.
- Now that a decision has been made on the modernization of the PAS, the Hazardous Positions team will evaluate whether this will need to be built into jClarety or if it will be addressed through the new PAS.

QA/QC DELIVERABLES

Deliverable	Start	Completed
D4.1.4 Quarterly QA Status Report	3/21/25	7/17/25
D3.3.3 Periodic Quality Status Report	5/1/25	6/26/25
D4.1.5 Quarterly QA Status Report	6/15/25	Target: 9/15/25
D3.3.4 Periodic Quality Status Report	7/1/25	Target:9/29/25

QA RISKS & ISSUES

PERS received the final May 2025 independent quality management services (iQMS) Quarterly QA Status and Improvement draft report on August 29, 2025. There were three recommendations which PERS is actively addressing:

1. Gartner Risk: The Program cannot justify future investments without clearly defined scope and objectives.

Agency Status: The Program has been actively addressing this risk. The Solutions Analysis needed to be completed 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, 2025
- Communications Plan- completed July 7, 2025
- 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

2. Gartner Risk: The Program and external partners (i.e., EIS, iQMS, and LFO) cannot accurately measure progress without a Program roadmap and supporting schedule.

Agency Status: The Program has been actively addressing this risk. The Solutions Analysis needed to be completed before finalizing the roadmap and schedule.

The Modernization Roadmap has been updated and the Pension Administration System project planning is in process. The Pension Administration System is the critical path, which will impact the Modernization Roadmap.

3. Gartner Risk: The Program is at a pivotal moment and has the opportunity to communicate its revised scope, schedule, and budget to support informed decision making.

4.

Agency Status: The Program has submitted its Business Case and Charter to Enterprise Information Services (EIS). In addition, the Modernization Roadmap has been updated, but the Pension Administration System (PAS) roadmap is in process. The PAS timeline is the critical path and directly impacts the Modernization Roadmap.

PERS MODERNIZATION PROGRAM BUDGET 2025 - 2027

	2025-27					
	Project Title	LAB	Actual to Date	Projections	Total	Variance
1	Program Staff	4,100,071	130,110	4,447,692	4,577,802	(477,731)
2	IQMS	1,000,000		1,269,000	1,269,000	(269,000)
2	HIP	500,000				500,000
2	Telephony	1,500,000				1,500,000
2	TCO Analysis	25,000				25,000
2	Contingency (Mod)	178,000				178,000
2	MIAM	530,000		157,000	157,000	373,000
3	FAD	1,930,000				1,930,000
3	JUMP-jClarety UI/UX	3,705,000		3,198,320	3,198,320	506,680
3	MIAM (Forgerock-Dues & Sub)	735,280	270,646	283,220	283,220	452,060
3	Contingency (Legacy)	318,500				318,500
	Project Total	\$14,521,851	\$400,756	\$9,084,586	\$9,485,342	\$5,036,509

2025-27						
	Approved Appropriation	LAB	Actual to Date	Projections	Total	Variance
1	Program Staff	4,100,071	130,110	4,447,692	4,577,802	(477,731)
2	Implementation	3,733,000		1,426,000	1,426,000	2,307,000
3	Legacy Stabilization & Tech	6,688,780	270,646	3,210,894	3,481,540	3,207,240
	Project Total	\$14,521,851	\$400,756	\$9,084,586	\$9,485,342	\$5,036,509

Expenses	Actual to Date	Projections	Total
*CSL- Internal Staff	\$0	\$452,642	\$452,642

Modernization Program

	Program Budget					
	Project Title	Project Start Date	LAB	Forecast Spend	Variance Amount	Variance %
1	Program Staff	7/1/2023	16,470,941	14,375,405	(2,095,536)	-12.7%
2	IQMS	7/1/2023	1,900,000	2,080,000	180,000	9.5%
2	HIP	7/1/2023	950,000	-	(950,000)	-100.0%
2	Telephony	7/1/2023	2,057,000	557,000	(1,500,000)	-72.9%
2	TCO Analysis	4/11/2025	25,000	-	(25,000)	-100.0%
2	MIAM	7/1/2025	530,000	157,000	(373,000)	-70.4%
3	FAD	7/1/2025	2,630,000	630,000	(2,000,000)	-76.0%
3	JUMP-jClarety UI/UX	7/1/2025	3,705,000	3,198,320	(506,680)	-13.7%
3	MIAM (Forgerock-Dues & Sub)	3/30/2021	1,998,251	1,063,0473	(935,2038)	-46.8%
	Contingency	7/1/2025	496,500		(496,500)	
	Total		30,762,692	20,791,773	(19,970,919)	-32.4%

	Approved Appropriation	Project Start Date	LAB	Forecast Spend	Variance Amount	Variance %
1	Program Staff	7/1/2021	10,203,941	9,468,530	(735,411)	-7.2%
2	Implementation	7/1/2025	4,740,000	714,000	(4,026,000)	-84.9%
3	Legacy Stabilization & Tech	7/1/2023	8,651,751	5,162,013	(3,489,738)	-40.3%
1	Data and Analytics	7/1/2023	1,000,000	993,126	(6,874)	-0.7%
1	Development and Operations	7/1/2023	560,000	479,270	(80,730)	-14.4%
1	Architecture	7/1/2023	2,000,000	1,976,835	(23,165)	-1.2%
2	IQMS	7/1/2023	1,900,000	2,080,000	180,000	9.5%
2	Hybrid Integration Platform	7/1/2023	450,000	-	(450,000)	-100.0%
2	Telephony	7/1/2023	557,000	557,000	-	0.0%
3	PAS	4/11/2025	700,000	630,000	(70,000)	-10.0%
	Total		30,762,692	20,791,771	(9,970,918)	-34.0%

Expenses	Prior Bienna Actuals	2025-27 Actuals	2025-27 Forecast Spend	Total
*CSL-Internal Staff	\$679,278	\$0	\$452,642	\$1,131,920

PROGRAM RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
26	Culture Change- Modernizing PERS- including a new Pension Administration System-will introduce new ways of working which may cause disruption and adoption challenges for staff.	<p>Increased messaging from leadership across multiple channels to reinforce why the change is being made and providing two-way channels of communication for staff and key decision makers to allow opportunity to voice concerns</p> <p>Continued monitoring and measurement of change readiness by OCM team</p>	<p>-All staff meeting held by executive team to communicate PAS decision.</p> <p>-Division meetings held for detailed Q&A opportunity for staff.</p> <p>-Large follow up communication and Q&A guide sent to all staff by executive director to follow up on division Q&A sessions about the PAS decision.</p>

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 was dependent on determining a solution for PAS modernization and understand requirements for implementing the Hazardous Position section of HB 4045.</p> <p>PERS has received budget approval to initiate planning, analysis and design. Once we better understand the schedule for Hazardous Positions, we will re-evaluate this issue.</p>	1/31/26
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.	Now that a solution has been determined on PAS modernization we are able to make progress in this area. Planning is in process to define detailed scope.	12/31/25

TELEPHONY MODERNIZATION PROJECT

Project Objective

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

Project Status: GREEN

Current Activities

Overall, the project health status is GREEN this month. Monitoring of system performance and quality continues for the telephony system delivered in the Amazon Web Service (AWS) Connect Phase 1 with no issues reported so far. Post implementation survey was conducted to capture user feedback on the new telephony system and the results showed an overall positive feedback and user satisfaction.

AWS Connect Phase 2 activities continued focusing on scope discussions. Scope review between PERS Project and Business teams was completed followed by review of Requirements Traceability Matrix (RTM) between Project Team and Vendor.

Vendor review of scope items is in progress and will be followed by finalizing an agreed scope for AWS Phase 2.

The functionality for secure one-way data transmission has been moved out of AWS Phase 2 and is now planned for AWS Phase 3 as a bi-directional connectivity.

PERS continues to meet with EIS P3 for project status briefings and Stage Gate 4 requirements.

Recommended 2025 Implementation			
May 5	July 14	October 10 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: Deliver functionality enhancements for AWS queue management and IVR for Call Center and Help Desk queues	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	100	6/30/25	7/14/25
Phase 2 – AWS Implementation Complete	5%	10/10/25	TBD
Phase 3 – AWS Implementation Complete	0	12/30/25	TBD
Project closure	0	3/12/26	TBD

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

TELEPHONY PROJECT > RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
6	Change in telephony technology provider(s) may result in lack of user acceptance/adoption.	Plan for proper and thorough testing of newly added features prior to deployment; training of new system users must also be provided prior to deployment	This risk is being kept open as other features are being added to the system in AWS Phase 2

TELEPHONY PROJECT > ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
9	R#6 Change in telephony technology provider(s) may result in lack of user acceptance/adoption. - OSV.	<p>This issue has been resolved after receiving positive reviews from user surveys and no major issue reported post implementation of AWS Phase 1</p> <p>The Product Owner and OCM teams are reviewing feedback from end users and managers to ensure teams understand and are using new products.</p> <p>A survey was sent to the new AWS users to measure satisfaction with the new product. The old Cisco system will be decommissioned starting the first week of August. Following positive survey results and total user conversion to OSV we will consider this issue closed.</p>	<p>ISSUE CLOSED This issue will be removed from future status reports.</p>

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

- The project retrospective meeting completed on 7/29 and approved by leadership.
- The Project Closure Report was completed on 8/1 and approved by leadership on 8/27.
- The Data Cleaning Implementation Project has been delivered successfully and is now closed.
- This is the final update for the Data Clean project. This section will be removed from future monthly reporting. Thank you.

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 Submitted for QCP	100	6/30/25	6/30/25
Final Deliverable Approved: D.3 (Final Report)	100	7/10/25	7/10/25
Project closure	100	8/1/25	8/27/25

DATA CLEANING PROCESS IMPLEMENTATION > RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	All project risks and issues are closed.		

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 has completed reassessment.
- The Business Case and Charter are being updated to reflect the most current scope and project direction.
- A new project manager has been assigned to focus on updating these documents.
- We anticipate that these initiation artifacts will be updated, internally reviewed, and sent to EIS for a primary Stage-Gate review cycle by 9/15.

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	50	9/15/25	TBD
Project Charter Approved	25	9/15/25	TBD

HIP PROJECT> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	TBD		

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

Project Objective

Procure and implement a solution that provides additional security to OMS.

Project Status: GREEN

Current Activities

- RFQ posted on 7/22/25 for a three-week response period.
- Vendor evaluations and demonstrations are in progress.

Program Benefits

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

- B4 – Prevention of Data and Identity Fraud
 - Improved security in the Online Member Services portal helps better protect member data
- B6 - Increased Confidence in PERS Tools and Technologies
 - Members expect a financial institution such as PERS to provide secure access to their member account information.

Milestone	% complete	Forecast	Actual
Business Case Approved	100	6/1/22	6/1/22
Project Charter Approved	100	6/15/22	6/15/22
Stage Gate 3 Endorsement Received	100	7/18/23	7/18/23
RFQ Released	100	7/22/25	7/22/25
Procurement Complete	0	12/17/25	TBD
UAT Complete	0	5/26/26	TBD
Execution Complete	0	6/12/26	TBD
Project Closure	0	6/30/26	TBD

MEMBER IDENTITY ACCESS MANAGEMENT> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
35	External agency review of documentation may cause delays and extend project schedule	We are in constant communication and collaboration with P3 to adhere to oversight requirements	
40	Limited Resources	Constantly monitoring resource allocation and soft book resources ahead of time to make sure the needed resources are available to us when needed Working to amend a current contract to hire contractors	

MEMBER IDENTITY AND ACCESS MANAGEMENT> ISSUES AND CORRECTIVE ACTION PLANS

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

Project Objective

Ensure PERS’ external web portals are in compliance with American Disability Act (ADA) Web Content Accessibility Guidelines (WCAG) 2.1 level “A-A” by the federal compliance deadline of April 24, 2026. Additional security enhancements will be made, and the current framework and codebase will be modernized.

Project Status: GREEN

Current Activities

- Business Case and Project Charter have been submitted and approved by EIS P3.
- Stage-Gate 1 endorsement achieved on 8/6/25.
- The project team is working toward Stage-Gate 2 and 3 endorsements by completing and submitting the required project artifacts to P3.
- The Stakeholder Registry, RACI, Benefits Management Plan, and Project Management Plan have been submitted to P3 for initial review cycles.
- The External Portals System Design Specification (Struts + ADA Compliance) artifact has been developed by our contractors and submitted for internal review. This document details the strategy, methodology, and work details for the ADA compliance and Struts security enhancements.
 - Updates are being made based on internal feedback, and the deliverable will be officially submitted for QCP review and approval on 8/29.
- Project Kickoff preparation underway.

Program Benefits

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

- B4 – Prevention of Data and Identity Fraud
 - Improved security in the Online Member Services portal helps better protect member data
- B6 - Increased Confidence in PERS Tools and Technologies
 - Members expect a financial institution such as PERS to provide secure access to their member account information.

Milestone	% complete	Forecast	Actual
Business Case Approved	100	8/8/25	8/6/25
Project Charter Approved	100	8/8/25	8/6/25
Stage-Gate 1 Endorsement	100	8/8/25	8/6/25
System Design Specification (Struts + ADA Compliance) accepted.	75	8/29/25	TBD

Modernization Program

Stage-Gate 2 & 3 Endorsement	25	10/14/25	TBD
Work-pkg #1 Draft (External Portals Struts + ADA): Complete	0	12/5/25	TBD
Internal UI Modernization SDS: Accepted	0	2/27/26	TBD
Work-Pkg #1 Final: Accepted	0	4/3/26	TBD
Work-Pkg #2 Final: Accepted	0	7/3/26	TBD
Work-Pkg #3 Draft (30 internal screens): Accepted	0	5/29/26	TBD
Work-Pkg #3 Final Accepted	0	9/18/26	TBD
Stabilization & Knowledge Transfer: Complete	0	10/30/26	TBD
Project closure	0	11/30/26	TBD

JUMP> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	TBD		

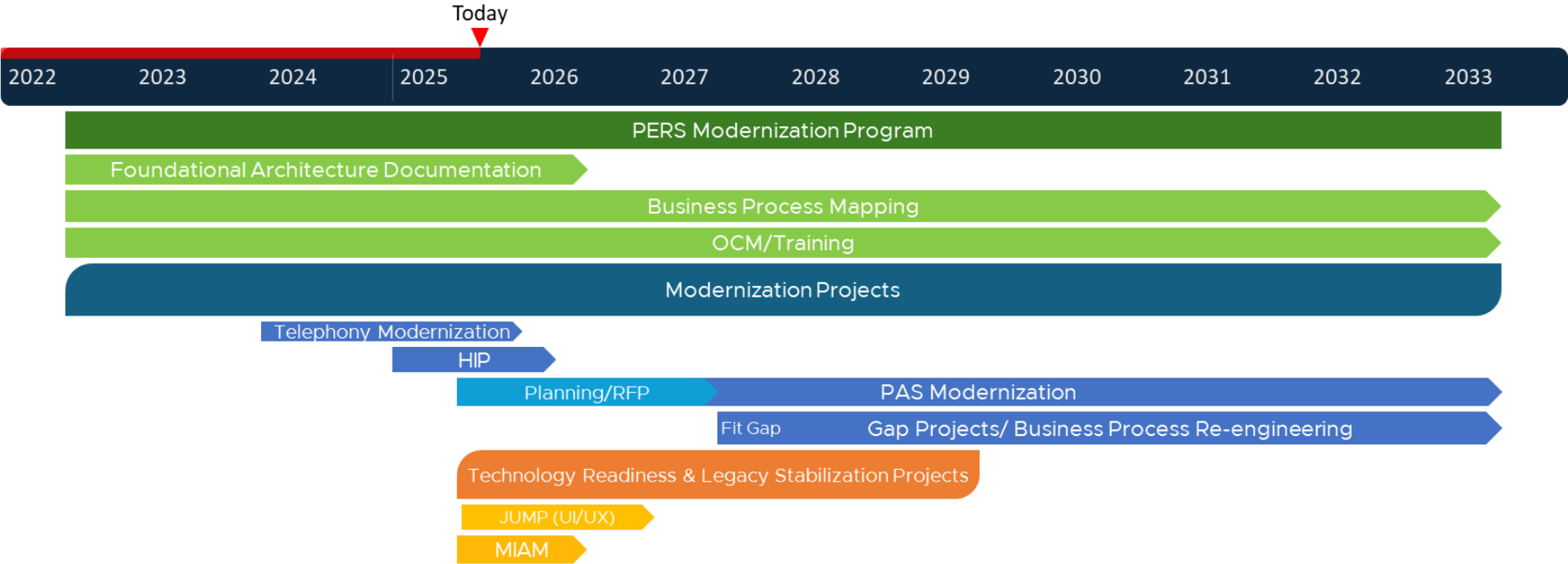
JUMP> ISSUES AND CORRECTIVE ACTION PLANS

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

ROADMAP

The current program roadmap focuses on program-level activities and projects. The roadmap below depicts the entire expanse of the PERS Modernization Program.

PERS Modernization Program Roadmap



* MIAM is an active PERS project added to the Modernization Program as of July 1, 2025. MIAM timeline will be updated after vendor selection through the RFQ process

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



PERS Modernization Update

**Kristi Ivers,
PERS Modernization Director
September 26, 2025**

Modernization Program



PERS Modernization Program

Program Objective: 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.

FY 2025-2033

Highlights:

- Submitted PERS Modernization Program Business Case and Charter to Enterprise Information Services (EIS) for review.
- Updated Modernization Roadmap.
- Initiated a new Work Order Contract (WOC) for foundational current state architecture diagrams. Estimated at \$753k.
- The modernization program has its final 2025-27 budget approval. The budget appropriation total is \$14M.

Upcoming activities:

- Business process mapping: Develop journey maps.
- Current state architecture diagrams.

Project supports the following PERS Modernization Program benefits:

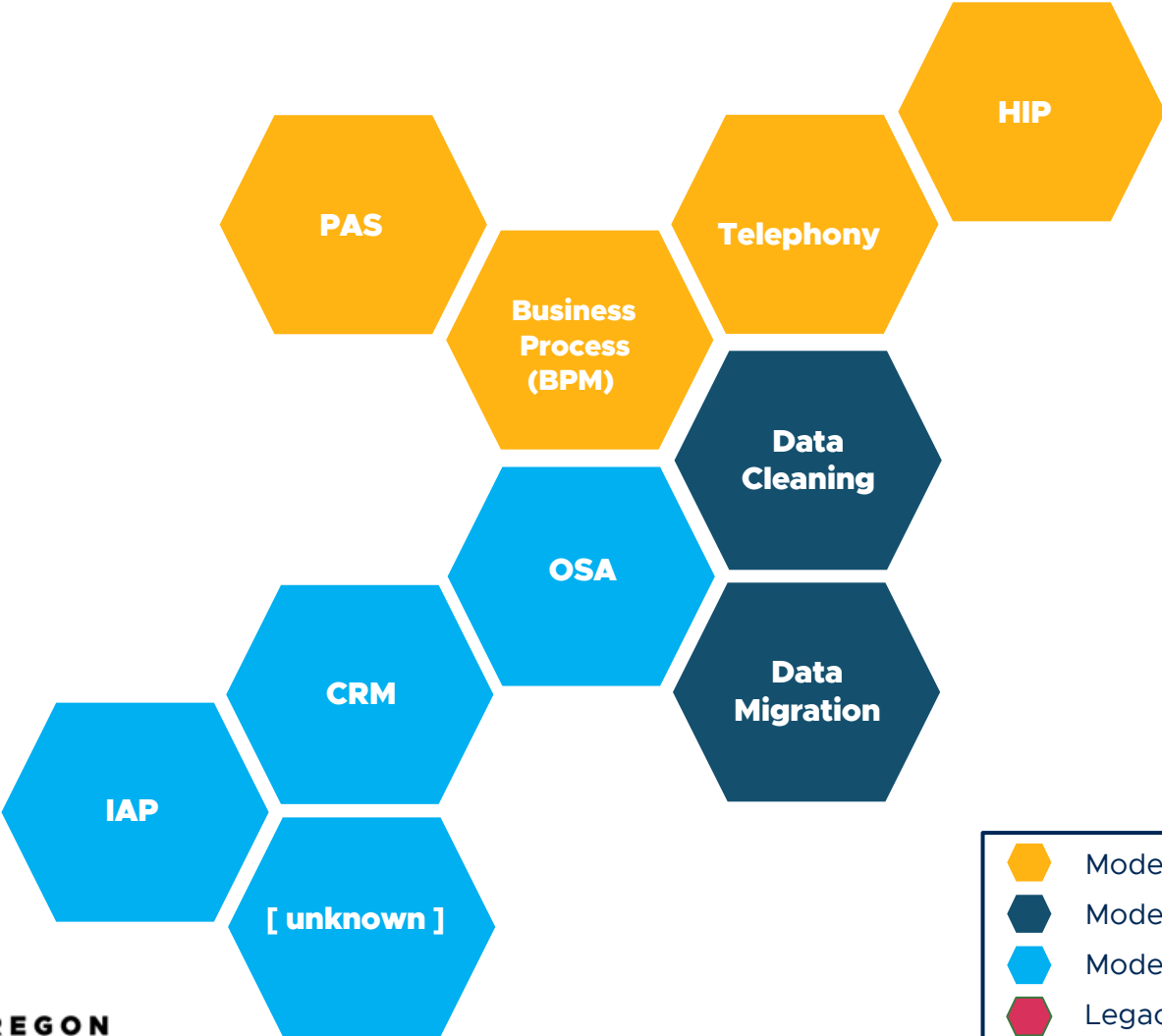
Increased
satisfaction with
PERS services

Reduction of
manual processes

Increased data
utilization

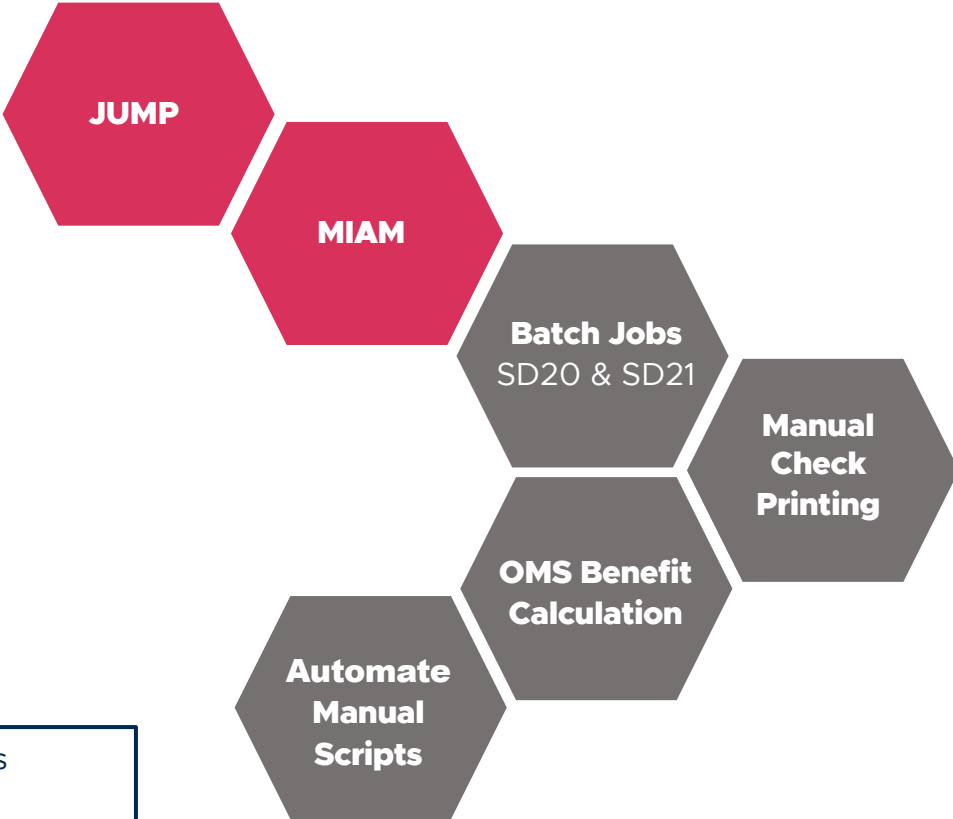
PERS Modernization Program Roadmap

Modernization - Core Pension Administration System (PAS) projects



Tech Readiness and Legacy Stabilization projects

Stabilizes the system for an extended modernization timeline, which includes new features that are required for jClarety to continue to run, while also addressing security gaps and compliance issues.

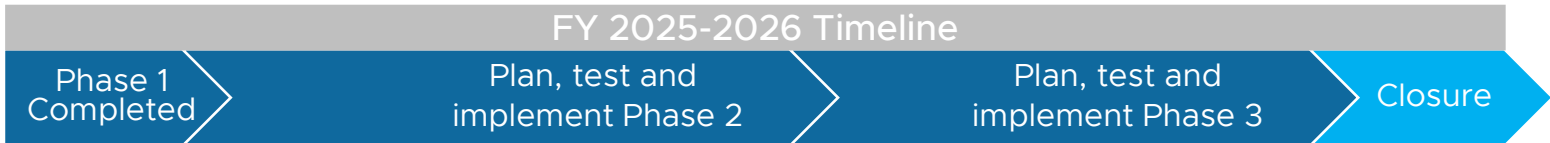
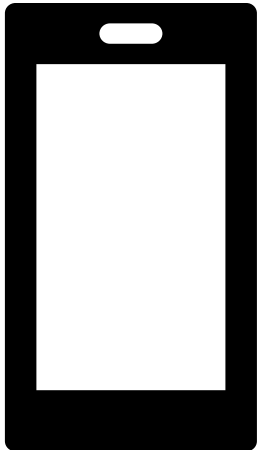


Legend

- Modernization - In Progress
- Modernization - On Hold
- Modernization - Future
- Legacy Stabilization - In Progress
- Legacy Stabilization - Future

Telephony Modernization Project

Project summary: Implement a modern telephony system that can be integrated with future capabilities.



Current stage: execution ▲

Highlights:

- Successful implementation of OpenScape Voice on May 5.
- Successful implementation of Amazon Connect, Phase 1, on July 14. Positive feedback received on reduced wait times.
- The project team is working on Phase 2.
- The Product Owner team completed elaboration of requirements with the business.

Upcoming activities:

- Design sessions with Kyndryl for Phase 2.
- Gather requirements for Phase 3.

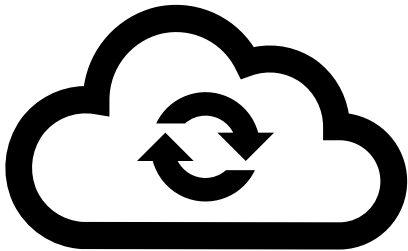
Project supports the following PERS Modernization Program benefits:

Increased satisfaction with PERS services

Reduction of manual processes

Increased data utilization

Hybrid Integration Platform (HIP) Project



Project summary: Acquire and implement a cloud-based HIP solution. HIP will enable organizations to connect applications, automate workflows, and synchronize data across systems without needing to build custom integrations.



Current stage: initiation ▲

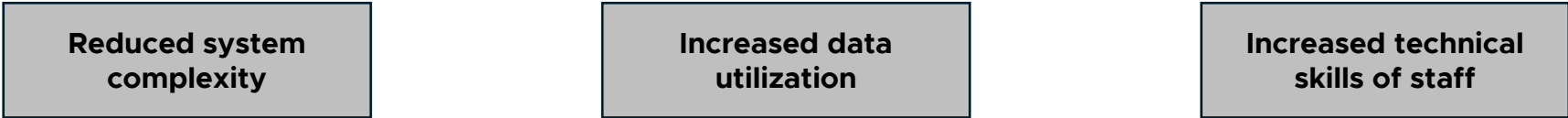
Highlights:

- Project charter and business case are under revision.
- A new project manager assigned.

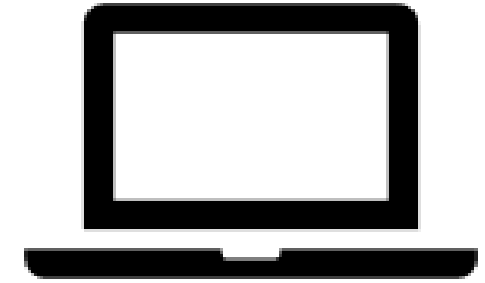
Upcoming activities:

- Submit project charter and business case to Enterprise Information Services (EIS).
- Engage with EIS on oversight requirements.

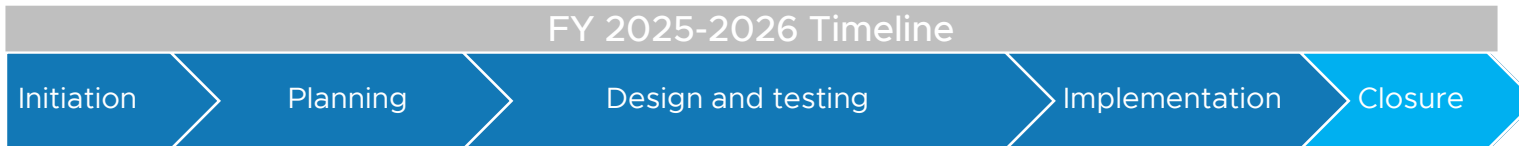
Project supports the following PERS Modernization Program benefits:



JUMP (jClarety User Interface/User Experience (UI/UX) Modernization and Compliance Project)



Project summary: Improve user experience by updating the member, employer, and third-party self-service portals to meet Americans with Disabilities Act (ADA) compliance and security requirements.



Current stage: initiation ▲

Highlights:

- Project approved by the Modernization Executive Steering Committee to begin work this year.
- Stage-Gate (SG) 1 approval received 8/6/25.
- Work Order Contract signed (\$3.2M). Planning work has begun.

Upcoming activities:

- Engage with EIS on oversight requirements for SG2/SG3.
 - Benefits Management Plan
 - Project Management Plan
 - Requirements

Project supports the following PERS Modernization Program benefits:

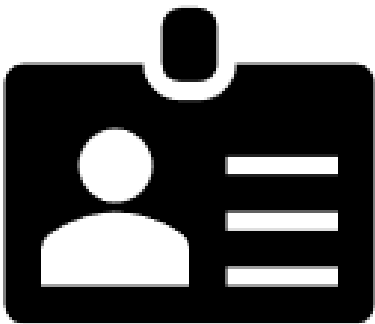
Increased satisfaction
with PERS services

Increased confidence
in PERS tools and
technologies

Prevention of data
and identity fraud

Member Identity Access Management (MIAM) Project

Project summary: Upgrade the current member identity access management system to continue to protect our members data.



Current stage: execution ▲

Highlights:

- Stage-Gate 3 endorsement received.
- Identity Protection (IdP) has been implemented and is in the testing phase.
- Identity Verification (IdV): Proposals have been submitted for the competitive bid process. Project team is reviewing proposals and scheduling vendor demonstrations.

Upcoming activities:

- Personal Services Contract to support the MIAM implementation.
- Award and contract with IdV vendor.

Project supports the following PERS Modernization Program benefits:

Increased confidence
in PERS tools and
technologies

Prevention of data and
identity fraud

Modernization Pension Administration System (PAS)

Project summary: Implement a new commercial-off-the-shelf (COTS) pension administration system.



Current stage: initiation (analysis) ▲

Highlights:

- Decision documented to purchase a COTS on 7/2/25.
- Developing the request-for-information (RFI).
- Drafted a high-level PAS timeline through 12/2027. Decisions need to be made by the Modernization Executive Steering Committee (MESC) before the timeline can further be elaborated.

Upcoming activities:

- Current state architecture diagrams.
- Kick-off requirements gathering (features, functional, non-functional, technical, security, compliance, etc.).
- Detailed planning and supporting activities.
- Submit project business case and charter to EIS.

Project supports the following PERS Modernization Program benefits:

Reduced system complexity

Reduction of manual processes

Increased confidence in PERS tools and technologies

Modernization

Request for Information (RFI) for a new Pension Administration System

PAS RFI - Information to collect

- Company background
- Product roadmap
- Solution overview and key capabilities
- Project team experience and implementation approach - project plan
- Technical platform and integration options
- Existing system integration capabilities
- Plans for artificial intelligence (AI) over the next three years
- Subscription and pricing models
- Data migration and conversion strategies
- Security and authentication
- Support model
- Training
- Product demonstrations (optional)

Modernization

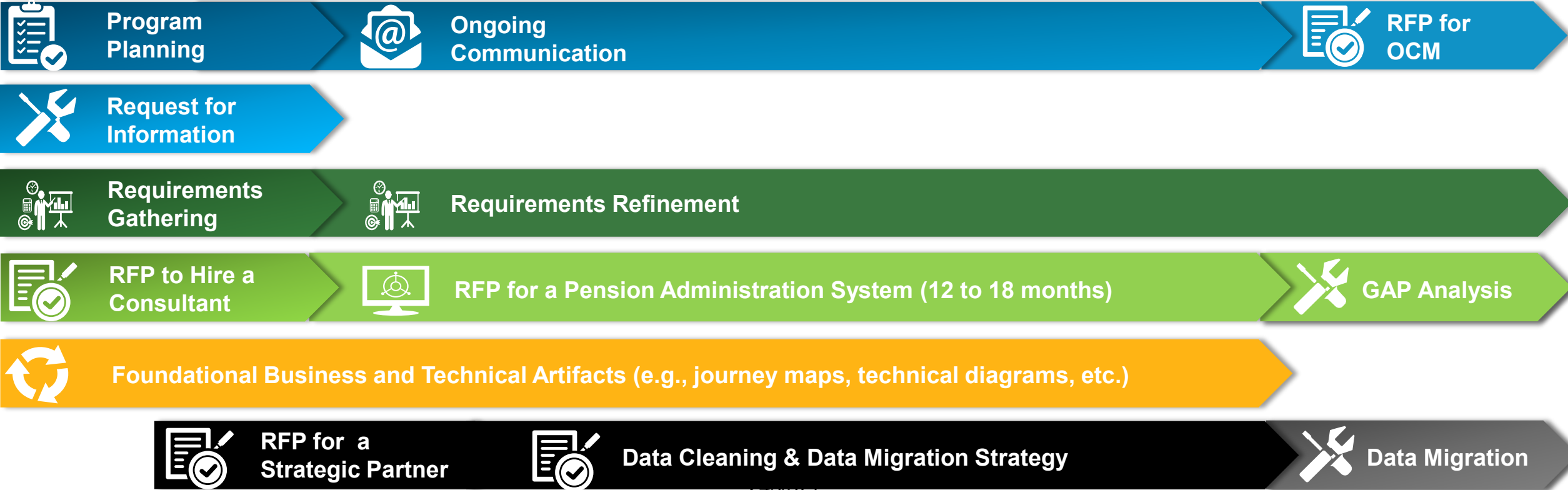
Pension Administration System

High-level iterative timeline

DRAFT

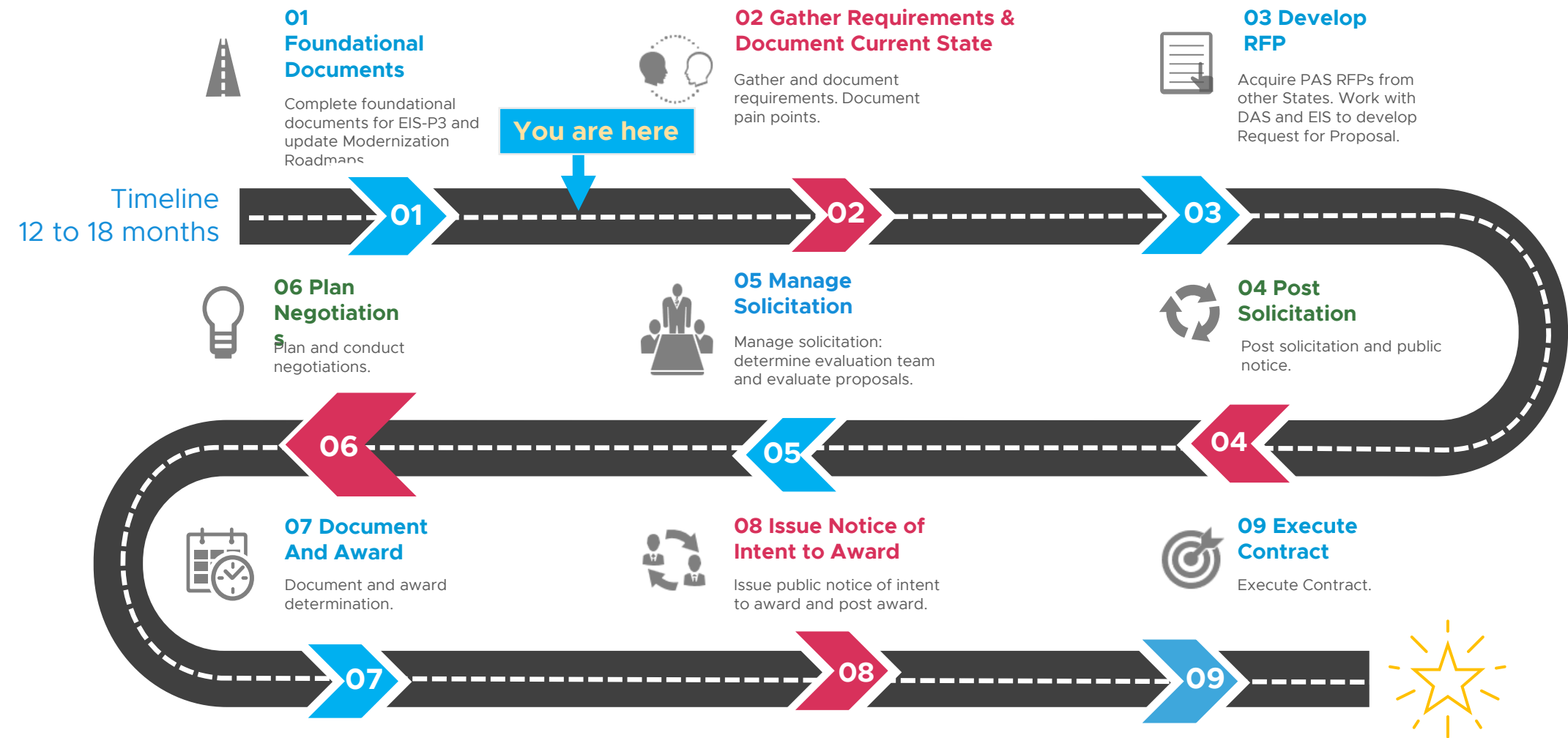
Modernization Pension Administration System Timeline

Jul, Aug, Sept	Oct, Nov, Dec	Jan, Feb, Mar	Apr, May, June	Jul, Aug, Sept	Oct, Nov, Dec	Jan, Feb, Mar	Apr, May, June	Jul, Aug, Sept	Oct, Nov, Dec
QTR 3 2025	QTR 4 2025	QTR 1 2026	QTR 2 2026	QTR 3 2026	QTR 4 2026	QTR 1 2027	QTR 2 2027	QTR 3 2027	QTR 4 2027



Modernization

Request for proposal (RFP) lifecycle



Modernization

Next Steps

- Start gathering requirements for the PAS RFP (features, technical, security, compliance, etc.).
- Post request for information (RFI).
- Write and submit a request for proposal (RFP) to hire a consultant to advise, support and write the Pension Administration System RFP.
- Write and submit a request for proposal (RFP) to hire a strategic partner (system integrator).
- Submit Pension Administration System Business Case and Charter.
- Risks identified by Gartner are in the process of being resolved.
- Prepare for Interim Joint Committee on Ways and Means. Budget Requests are due in November of 2025 for the 2026 Legislative Session (short session).

Modernization

Approved 2025-27 budget

	2025-27					
	Project Title	LAB	Actual to Date	Projections	Total	Variance
1	Program Staff	4,100,071	129,639	3,970,433	4,100,071	-
2	IQMS	1,000,000	-	1,269,000	1,269,000	(269,000)
2	HIP	500,000		-	-	500,000
2	Telephony	1,500,000	-	-	-	1,500,000
2	TCO Analysis	25,000			-	25,000
2	Contingency (Mod)	178,000			-	178,000
2	MIAM	530,000		157,000	157,000	373,000
3	FAD	1,930,000				1,930,000
3	JUMP-Jclarety UI/UX	3,705,000		3,198,320	3,198,320	506,680
3	MIAM (Forgerock-Dues & Sub)	735,280		283,220	283,220	452,060
3	Contingency (Legacy)	318,500			-	318,500
	Project Total	\$14,521,851	\$129,639	\$8,877,973	\$9,007,611	\$5,514,240

	2025-27					
	Approved Appropriation	LAB	Actual to Date	Projections	Total	Variance
1	Program Staff	4,100,071	129,638	3,970,433	4,100,071	-
2	Implementation	3,733,000	-	1,426,000	1,426,000	2,307,000
3	Legacy Stabilization & Technology	6,688,780	-	3,481,540	3,481,540	3,207,240
	Project Total	\$14,521,851	\$129,638	\$8,877,973	\$9,007,611	\$5,514,240

Questions



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you!





A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

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1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
 - 2.a. Notice of rulemaking for legislative implementation
 - 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
 - 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
- 2. PERS 2025 employer and member annual surveys results**
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board

FROM: Brandon Armatas, Data Services Manager
John Lockwood, Member Services Manager

SUBJECT: 2025 Employer and Member Satisfaction Survey Results

OVERVIEW

In 2005, the Oregon Legislature required all agencies to survey its constituents for standardized customer service performance measures and report results in their budget presentations. In continued accordance with this requirement, PERS conducted annual satisfaction surveys for members and employers in May 2025. As in previous years, PERS informed members and employers about the survey through the April 2025 member newsletter, *Perspectives*; the May monthly employer newsletter, *Employer News*; digital reminder messaging campaigns; messaging in a state-employee Workday notice; and on the PERS website, using a news blurb and pop-up reminders on multiple pages.

2025 EMPLOYER SATISFACTION SURVEY KEY FINDINGS

- 566 total responses; reflects a 23.8% increase from last year's 457 responses.
 - Percent rating PERS' overall quality of service as "excellent" or "good" = 85.8%.
 - Primary communication channel: GovDelivery emails (e.g., an initial email and then four more reminder emails sent throughout May to nearly 9,000 employer contacts).
- Overall, PERS' 2025 results for employers showed an increase of 4.25% in satisfaction over 2024's 82.3%.

2025 MEMBER SATISFACTION SURVEY KEY FINDINGS

- 9,428 total responses (2,684 total non-retirees, 28.4% of respondents; 6,744 retirees and beneficiaries, 71.5% of respondents); reflects 6.3% increase from last year's 8,867 responses.
 - Percent rating PERS' overall quality of service as "excellent" or "good" = 87.0%.
 - Primary communication channel: GovDelivery (e.g., an initial May 1 email to more than 55,400 contacts, as well as follow-up messaging using the same contacts).
- Overall, PERS' 2025 results for members showed a slight decrease (1.3%) in satisfaction in overall quality of service over 2024's 88.3%.

ANALYSIS AND RESULTS

Included with this memo is a presentation outlining the key survey results, analysis, and discussion of themes from member and employer comments. PERS' managers will highlight key data and proposed responses for their respective areas during the presentation to the board.

C.2. Attachment 1 – *2025 Member and Employer Annual Survey Results Presentation*

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



PERS 2025 Employer Satisfaction Survey and PERS 2025 Member Satisfaction Survey

Brandon Armatas
John Lockwood
September 26, 2025



PERS 2025 Employer Satisfaction Survey

Overview

Analysis

Commentary

Action items

Brandon Armatas
Employer and Data Services

PERS 2025 Employer Satisfaction Survey

Overview

Conducted annually to measure how PERS-participating employers rate PERS on aspects such as:

- Online resources, including instructional documents.
- Ease at working with PERS.
- The PERS Employer webpages, including navigation and ease at finding information.
- Employer training sessions and tools.
- Customer service.

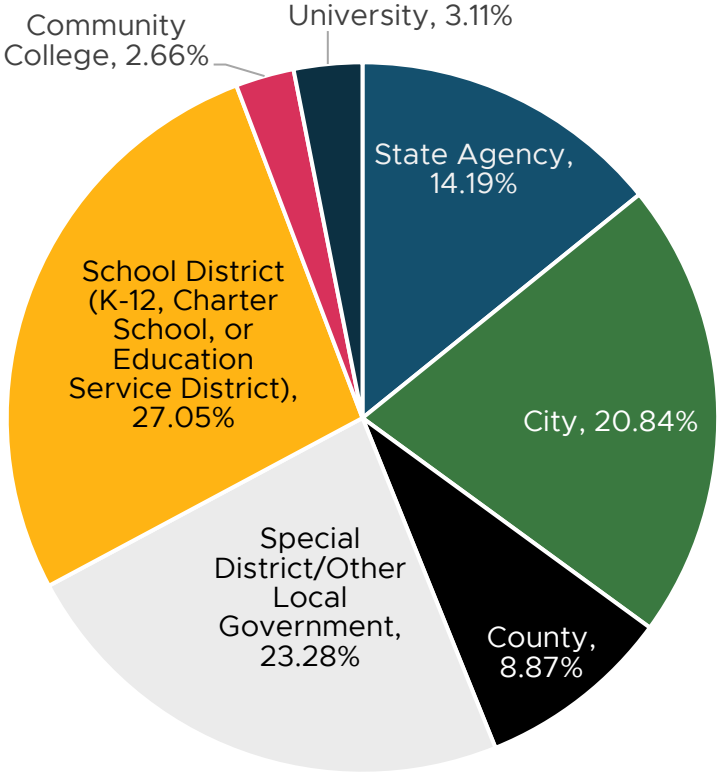
Provides PERS feedback on where opportunities exist and what employers believe should be the focus of improvement efforts.

Broad range of targeted participants, including Employer Data Exchange (EDX) reporters, human resources (HR) specialists, budget professionals, and agency heads.

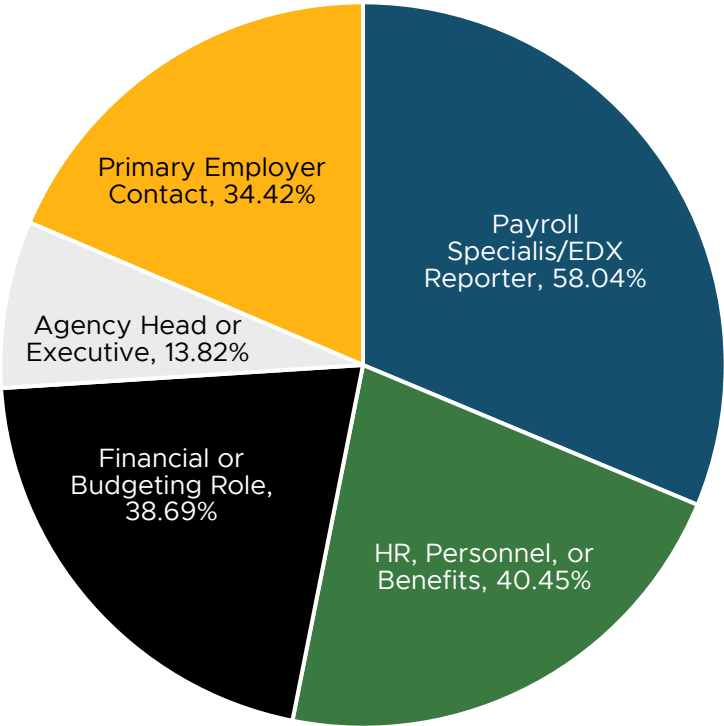
Employer types and roles

Breakdown of employer category and job function

Employer category

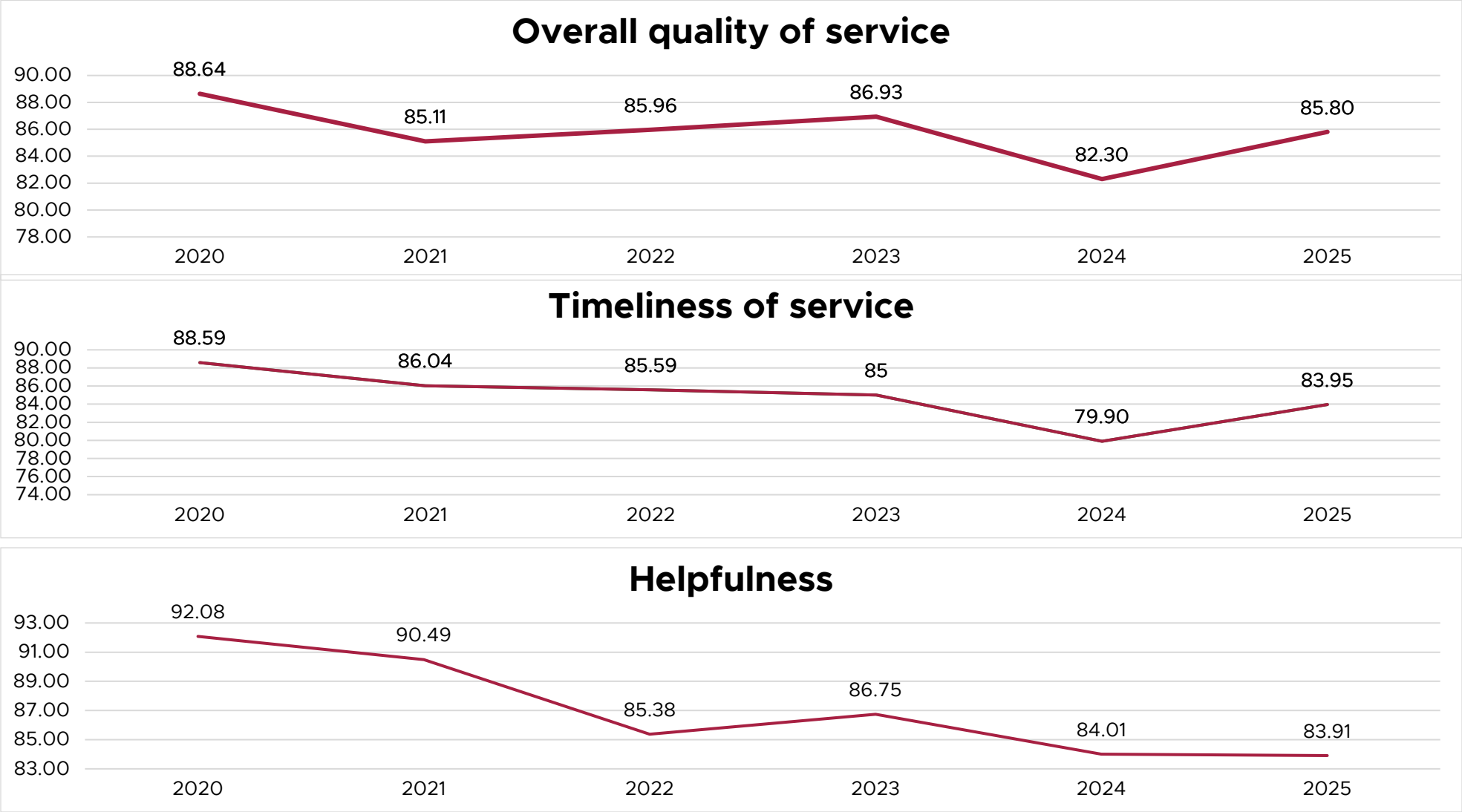


Job function



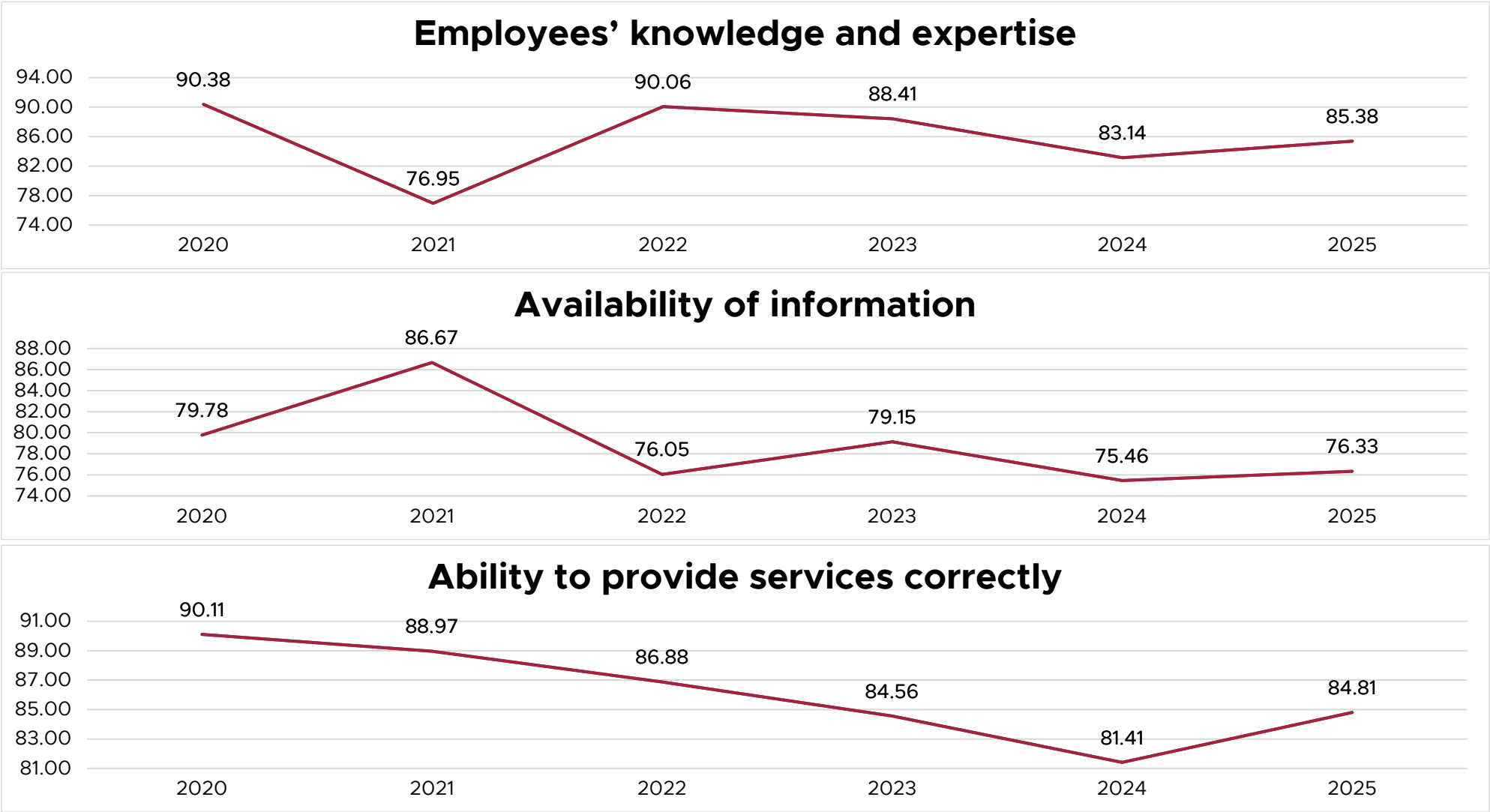
2020 through 2025 year-over-year performance

Quality, timeliness, helpfulness - employer surveys



2020 through 2025 year-over-year performance

Employee knowledge, availability, correct service - employer surveys



Employer communications

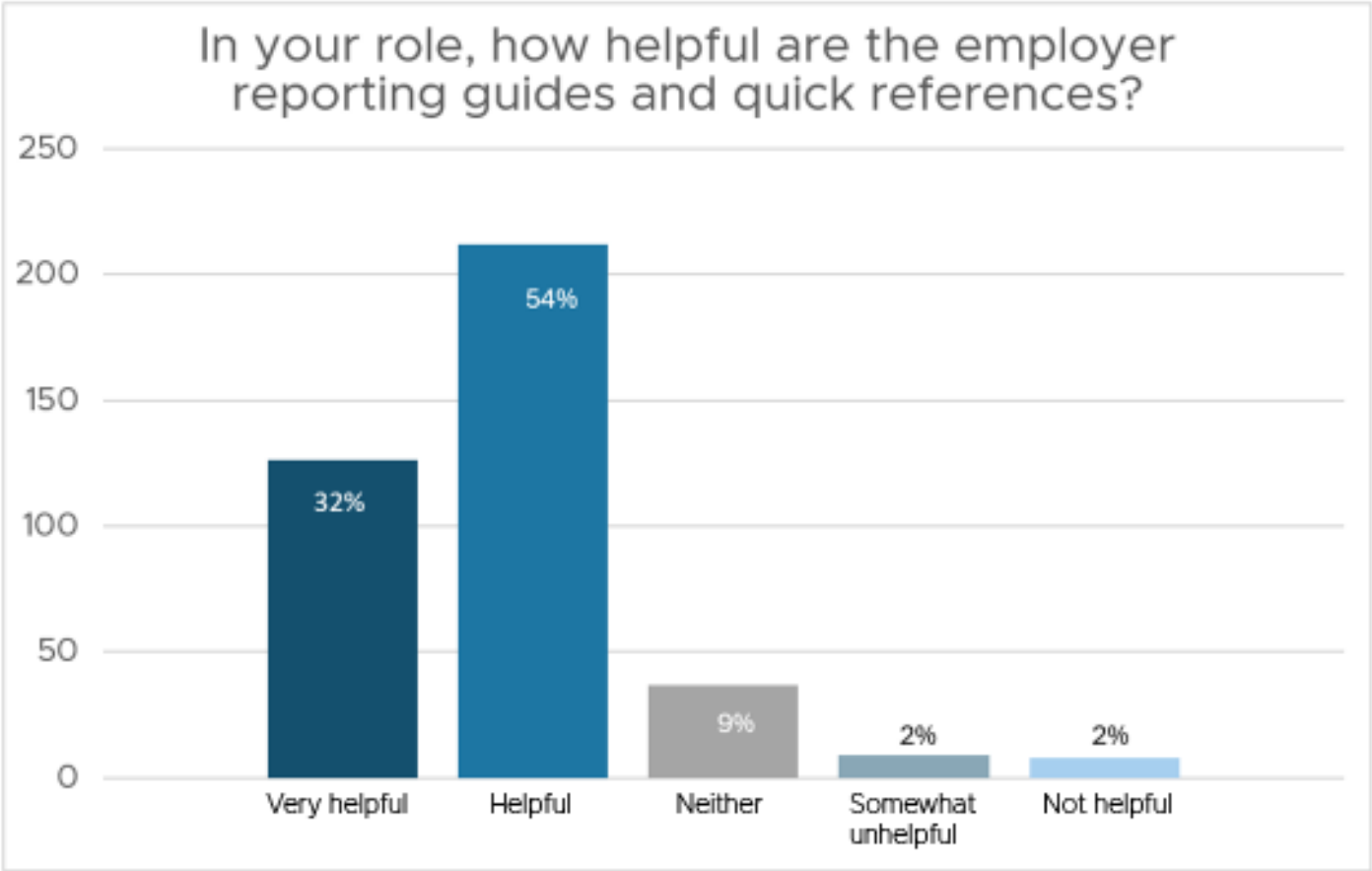
Reporting guides and quick references

2025

86% very helpful + helpful
4% somewhat helpful + not helpful

2024

84% very helpful + helpful
7% somewhat helpful + not helpful



“N/A, I do not use this resource” excluded (45). Percentages rounded.

Employer communications

Unfunded Actuarial Liabilities Resolution Program guides

2025

82% very satisfied + satisfied
18% dissatisfied + very dissatisfied

2024

66% very satisfied + satisfied
11% dissatisfied + very dissatisfied

2023

94% very satisfied + satisfied
5% dissatisfied + very dissatisfied

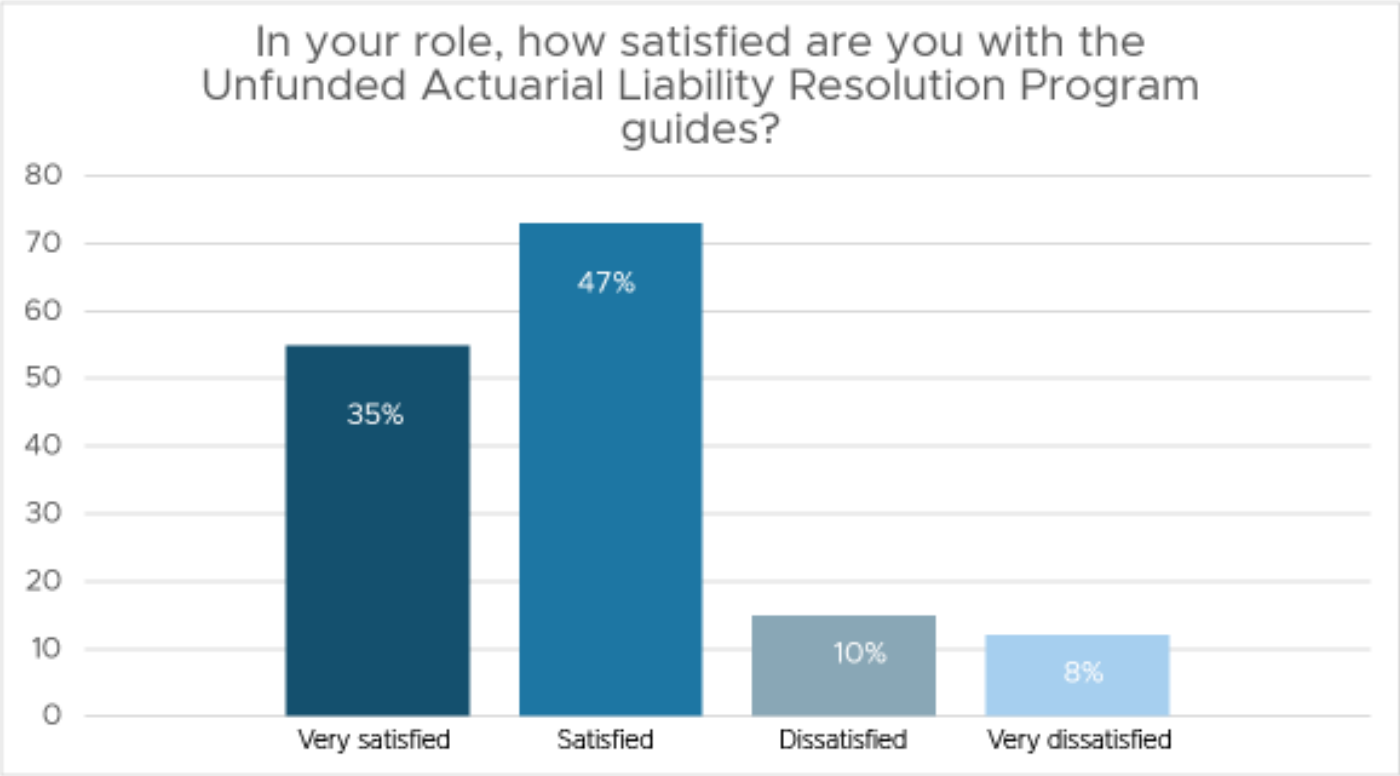


Chart shows number of responses. “N/A, I do not use this resource” excluded (188). Percentages rounded.

Employer communications

Newsletter

2025

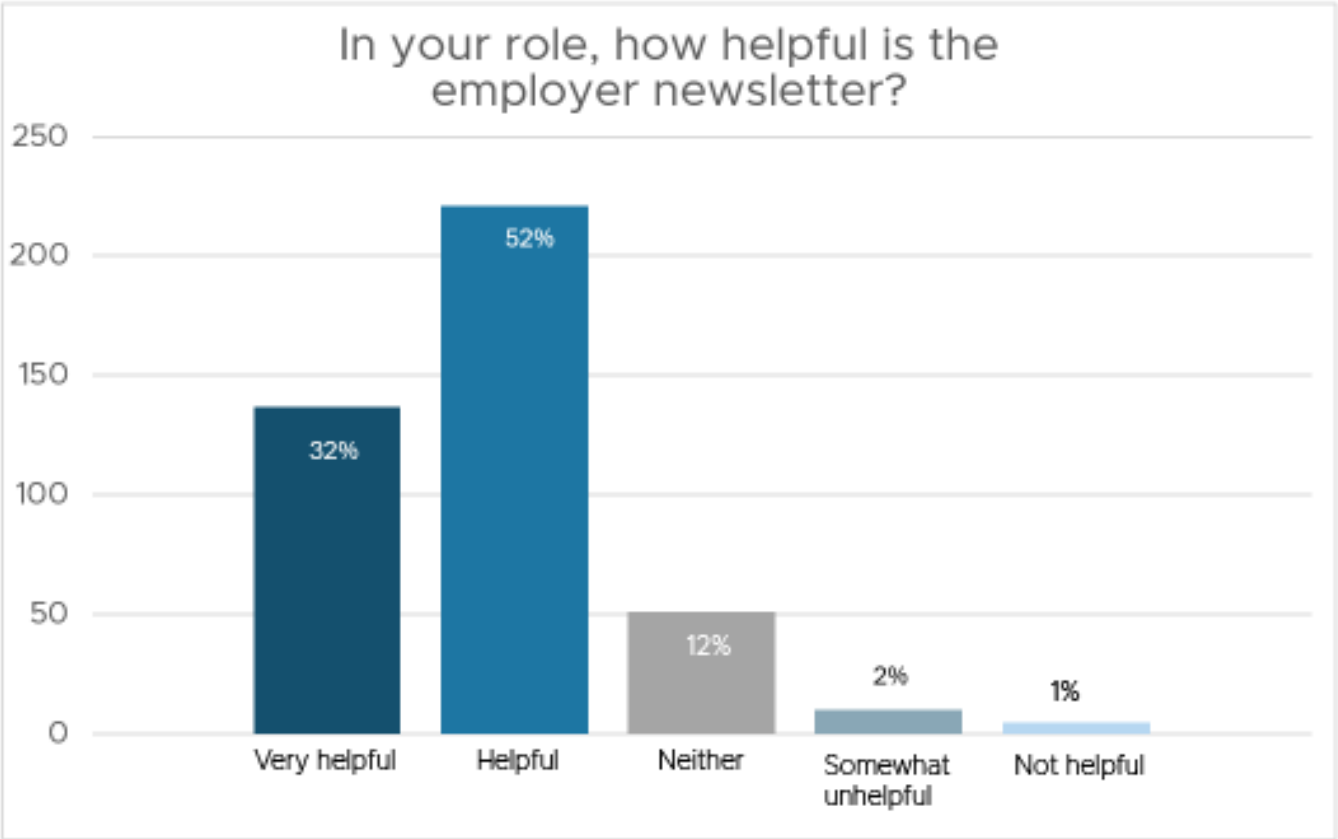
84% very helpful + helpful
3% somewhat helpful + not helpful

2024

85% very helpful + helpful
5% somewhat helpful + not helpful

2023

95% very helpful + helpful
4% somewhat helpful + not helpful



“N/A, I do not use this resource” excluded (21). Percentages rounded.

Employer communications

Website

2025

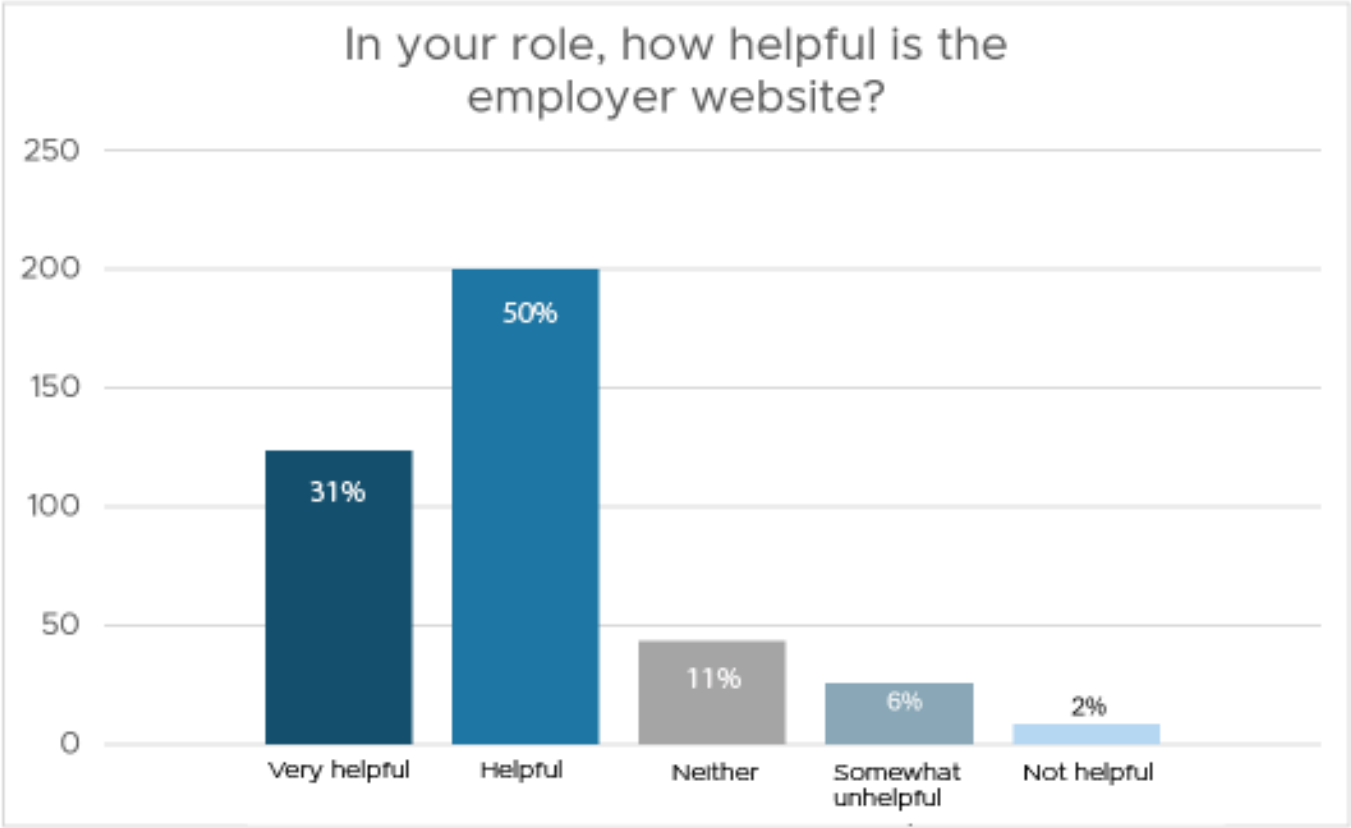
81% very helpful + helpful
8% somewhat helpful + not helpful

2024

79% very helpful + helpful
9% somewhat helpful + not helpful

2023

92% very helpful + helpful
7% somewhat helpful + not helpful



Employer communications

Information about difficult topics

2025

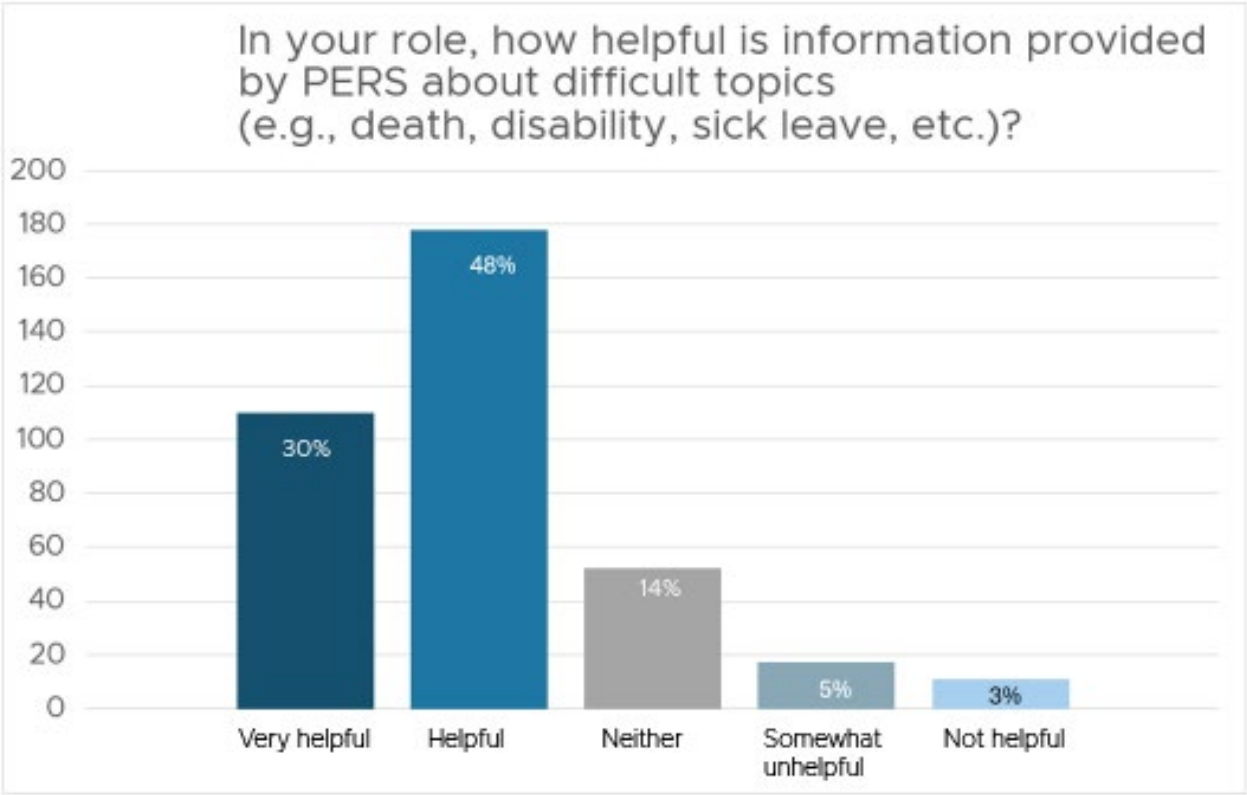
78% very helpful + helpful
8% somewhat helpful + not helpful

2024

77% very helpful + helpful
10% somewhat helpful + not helpful

2023

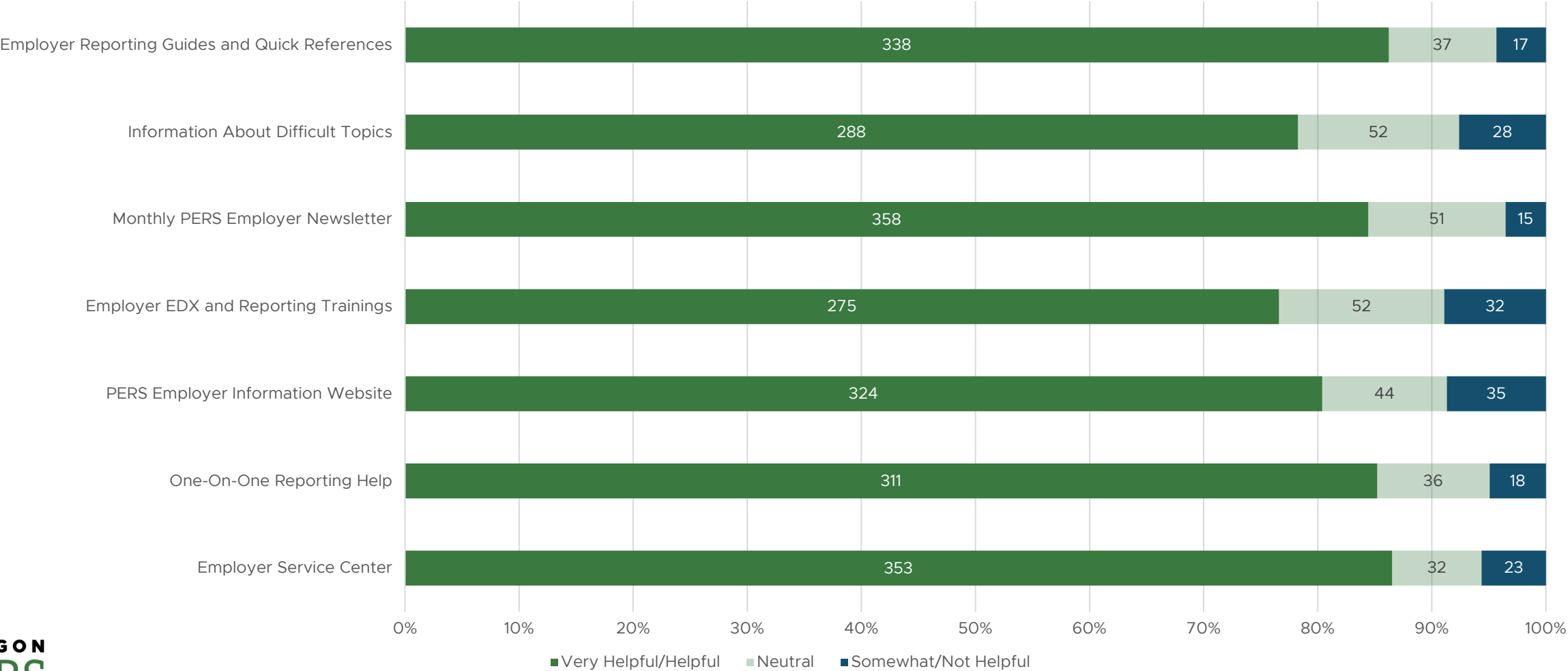
93% very helpful + helpful
6% somewhat helpful + not helpful



Employer resource ratings

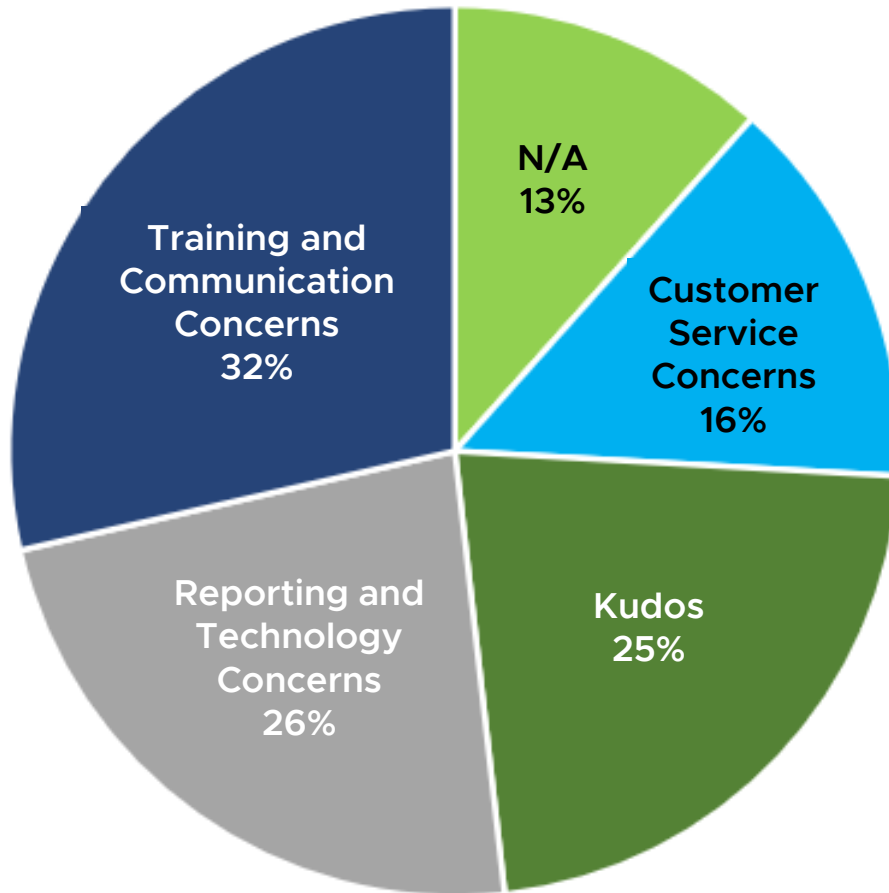
Targeted activity performance

How Helpful are the following?



Employer comments

High-level overview



Summary

- 175 responders
- 197 total responses*
- Top area of concern (32%) was training and communication, followed by reporting and technology concerns (26%)
- 25% of the comments were kudos and appreciation for PERS staff or services

*Some responders provided multilayered comments. For example, some comments expressed both kudos and customer service concerns. These are counted as multiple responses.

2025 themes of employer satisfaction



Upward performance trend

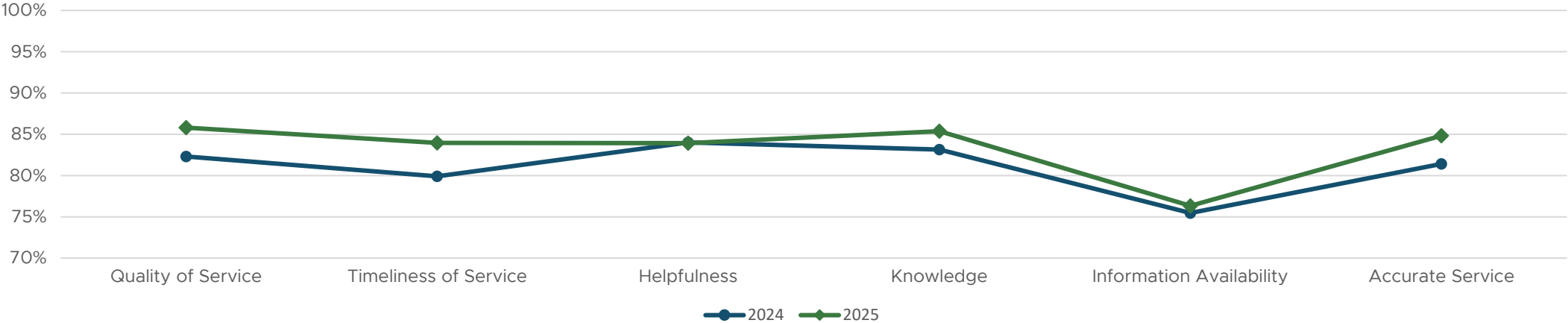
2024 Summary

- 457 responders.
- 185 total comments.
- The top area of concern (24%) was “reporting and technology.”
- Training and communication topics made up 23% of the comments.
- 23% of the comments were kudos and appreciation for PERS staff or services.

2025 Summary

- 566 responders.
- 197 total comments.
- The top area of concern (32%) was “training and communication.”
- Reporting and technology topics made up 26% of the comments.
- 25% of the comments were kudos and appreciation for PERS staff or services.

2024 versus 2025 data comparison



Comments offer mixed-bag results

Area of concern	# Responders	% Responders	Takeaway
Training and communication concerns	56	32%	56 responders (32%) expressed training and communication concerns. Concerns in this category include wanting more training available and not knowing what training is available.
Reporting and technology concerns	46	26%	46 responders (26%) expressed reporting and technology concerns. Concerns in this category include challenges with employer reporting and a desire for updated features in EDX.
Kudos	44	25%	44 responders (25%) expressed kudos, or appreciation for PERS staff and/or services.
Customer service concerns	28	16%	28 responders (16%) expressed concerns with customer service. Concerns in this category include the accuracy and timeliness of responses to employer inquiries.
N/A	23	13%	23 responders (13%) did not specify any concerns or kudos relevant to PERS the agency.
Total responses	197*		
Total responders	175		

*Some responders provided multilayered comments. For example, some comments expressed both kudos and customer service concerns. These are counted as multiple responses.

Employer turnover rates

Account representative	Employer reporters	Turnover	Turnover rate
ER Rep A	187	10	5%
ER Rep B	178	9	5%
ER Rep C	170	14	8%
ER Rep D	169	12	7%
ER Rep E	112	8	7%
ER Rep F	111	6	5%
ER Rep G	104	2	2%
ER Rep H	103	1	1%
ER Rep I	101	5	5%
ER Rep J	101	0	0%
ER Rep K	79	7	9%
ER Rep L	3	0	0%
Totals	1418	74	5%

This data depicts a date range of January 1, 2025 – July 24, 2025.

Takeaways

- Employer reporter (ER) turnover has reduced from trends we have observed in years past.
- Turnover plays a critical role in how PERS supports and assists in the onboarding of new employer reporters.
- As illustrated in the chart to the left, even a 5% turnover rate requires individualized assistance to nearly 75 new employer reporters.
- New employer reporters can expect, and deserve, high-level support and training from PERS Employer Service Center.
- It is PERS' job to make sure we are creating an exceptional first impression with employer reporters.

Continuous progress

Employer materials

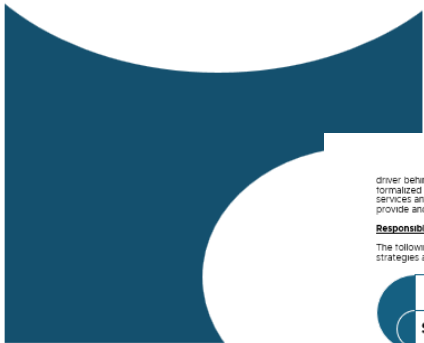
- Completed overhaul of the highly acclaimed employer guides series.
- Provided award-winning monthly employer newsletter.
- Enhanced financially insightful tools and resources.

Additional materials and support

- Employer Engagement and Education Action Plan.
- Employer onboarding dashboard.
- Weekly meet-and-greet open sessions.

Online learning platform

- Product and module development is underway.
- Once ready, products will be published and placed on the platform.
- Unique interactive-learning mechanisms will allow for multiple learning types to engage with the product in different ways and at their own pace.



driver behind our strategies to continue to get better. Thus, the creation of this formalized document is meant to establish a critical path forward for employer services and the engagement and education opportunities PERG is continuing to provide and develop.

Responsible Parties:

The following positions are the parties responsible for the execution of the strategies and tasks outlined in this plan.

Direct Impact	<ul style="list-style-type: none">• Data Services Section Manager• Employer Service Center Supervisor• Employer Representatives• Employer Trainer
Secondary Impact	<ul style="list-style-type: none">• Communication Section• Data Services Section Staff• Human Resources Training Team

Foundational Strategies:

The following goals and plans have been created to establish and build upon foundational structures of engagement and education, as well as organize future tasks in a method that is both customer oriented and efficient.

Employer On-Boarding Dashboard

Establishing an Employer On-Boarding Dashboard will create a mechanism for tracking new employer reporters and ensure proper outreach and education for said reporters occurs. Steps taken to process the on-boarding of an employer include but are not limited to:

- ◆ Introduction Email
- ◆ Phone Outreach
- ◆ Invitation to Trainings

Metrics and documentation of status will be available via the dashboard, providing valuable insights into concepts such as volume of on-boarding and timeliness of said on-boarding.

Weekly Meet and Greet Open Sessions

A Microsoft Teams Meeting open invitations to newly identified employers is in place to establish another touch point for new employer reporters. Benefits of these open sessions include:

- ◆ Proactive relationship building
- ◆ Initial customer service-oriented experience

Employers get to know a point of contact at PERG. It is an effective way to help new employer reporters at a shallow depths of PERG prior to delving deeper into more complex topics affiliated with employer reporting.

Employer Service Diagnostics

Working with the Strategic and Operational Planning (SOP) layer Services worked through a comprehensive key performance pillars within the team. The analysis is a great starting point for assessing which internal areas are the most pressing and influential to providing service to the employers.

Identified areas lead to multiple identified opportunities where different employer escalation standards could be implemented. Opportunities include but were not limited to:

- ◆ Lack of defined consistency within key processes
- ◆ Different employer escalation standards
- ◆ Opportunities with employer relationship building
- ◆ Training opportunities for staff lacking knowledge

With this information, strategies can now be built to improve the above and other key operating processes.

Employer Reporting Strategies – Critical Path Escalation Plan

The previous mentioned diagnostic performed identified that a key driver behind inconsistent employer reporting is the lack of a designed escalation process. When employers are not timely on rendering data and contributions, the ramifications to the members and the employer's themselves can be immense.

As a result of this identified opportunity, in tandem with SOP, an escalation matrix and process map has been developed. This plan provides staff clear direction on what steps occur, and when those steps occur depending on how late the reports are. The end result also weaves in the potential for PERG to assess fees to employers should untimely reporting continue.

Feedback Gathering

The Employer Service Center Trainer has implemented a structured process to seek out and obtain feedback from new employer reporters. Prior to live training, an email is sent to employer reporters requesting information. Additionally, a follow-up call to

What the future holds



Employer training

- Assessing and implementing practices to better promote information and trainings.
- Continuing to revitalize early learning outreach.
- Bolstering the quantity of our how-to video library.
- Exploring the idea of an employer-focused expo (similar to the PERS member expo).



Technology

- Improving internal reports provide insights into employer needs.
- Workday Learning platform will provide a more robust, one-stop shop for employer learning.
- Modernization.

Celebrating success

Support appreciation - employer comments

- “I contact PERS for status checks and the response is always quick and accurate. It is greatly appreciated!”
- “I've been doing this for 20 years and it is always improving.”
- “It was great getting an email to start the onboarding process right after I became a reporter. It was nice to know who to contact and that there is support.”
- “We have new payroll staff, and I am glad to see that you have had a few meetings to help them get started. I appreciate that you are offering help to new staff!”
- “The guides and workshops are informative and well-written, but the personal connection with your representatives is the best!”

Celebrating success

Communications appreciation and feedback - employer comments

- “The employer resources and information guides are a fantastic tool! I especially like the change in how they are accessed being broken out by categories.”
- “Please keep working to make your guides clearer and simpler. I often have trouble figuring out which section is relevant to what I need to do. It may be that language is not simple enough.”
- “I appreciate all the information that is pushed out via email -- I have not had to contact PERS to get this information because they have been proactive with it.”
- “The newsletter is a mix of ‘optional’ news and ‘very important’ need to know information. I would prefer an email for anything that applies to all employers.”

PERS 2025 Member Satisfaction Survey

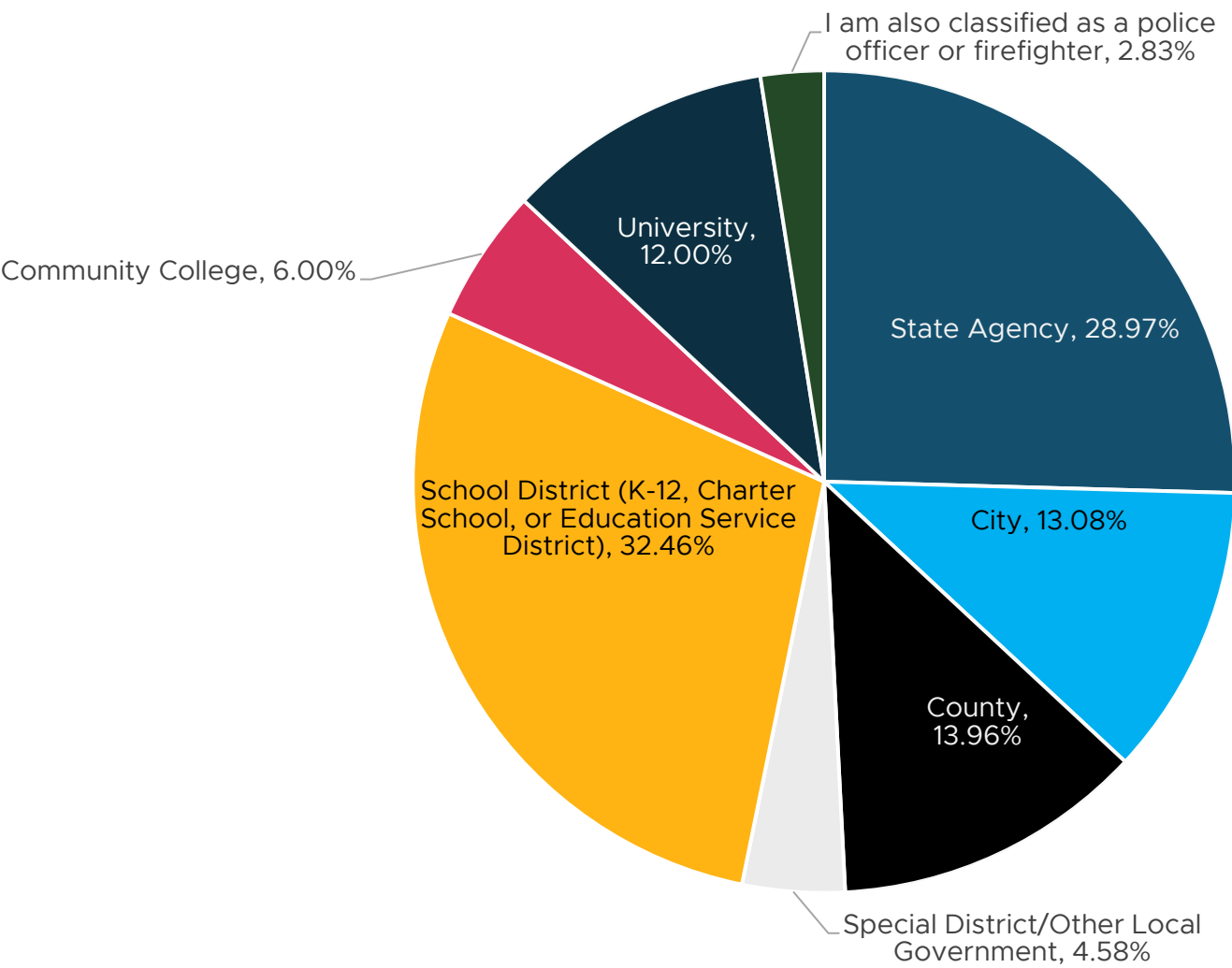
Analysis

Commentary

Action items

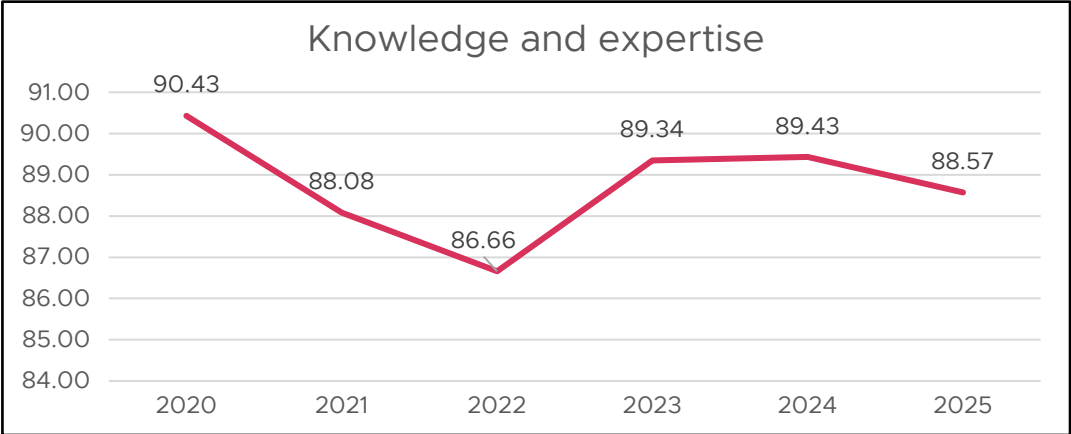
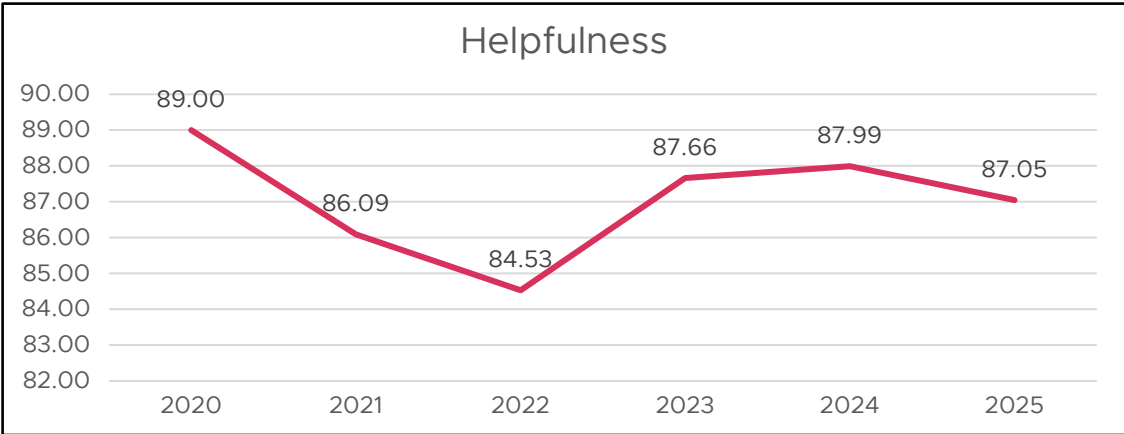
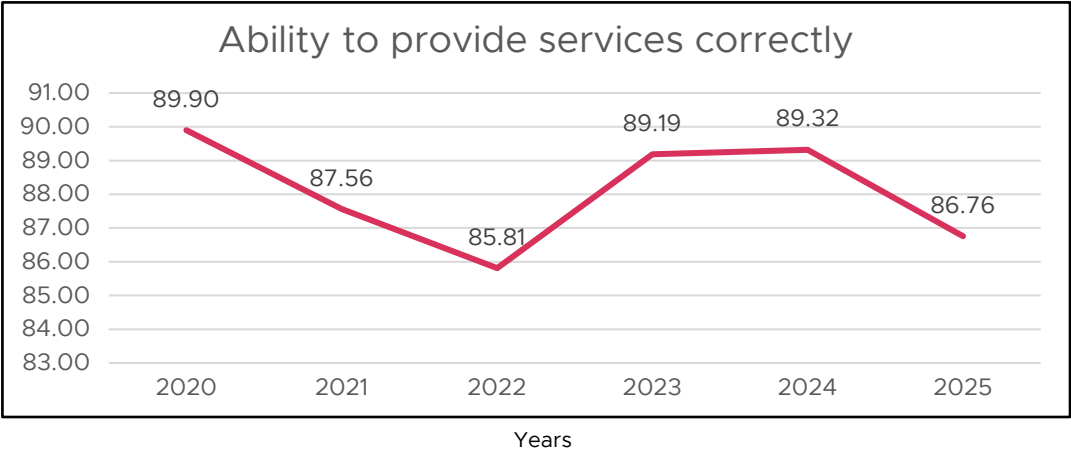
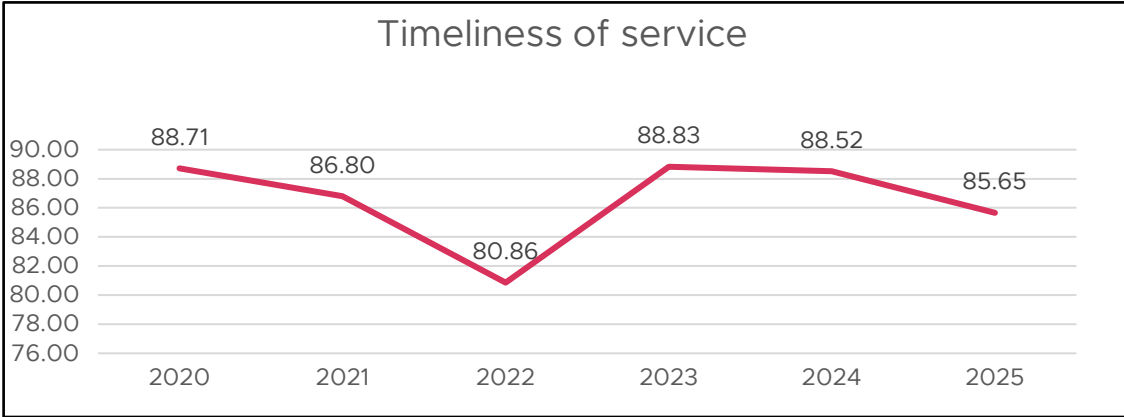
John Lockwood
Member Services

Where nonretired members work



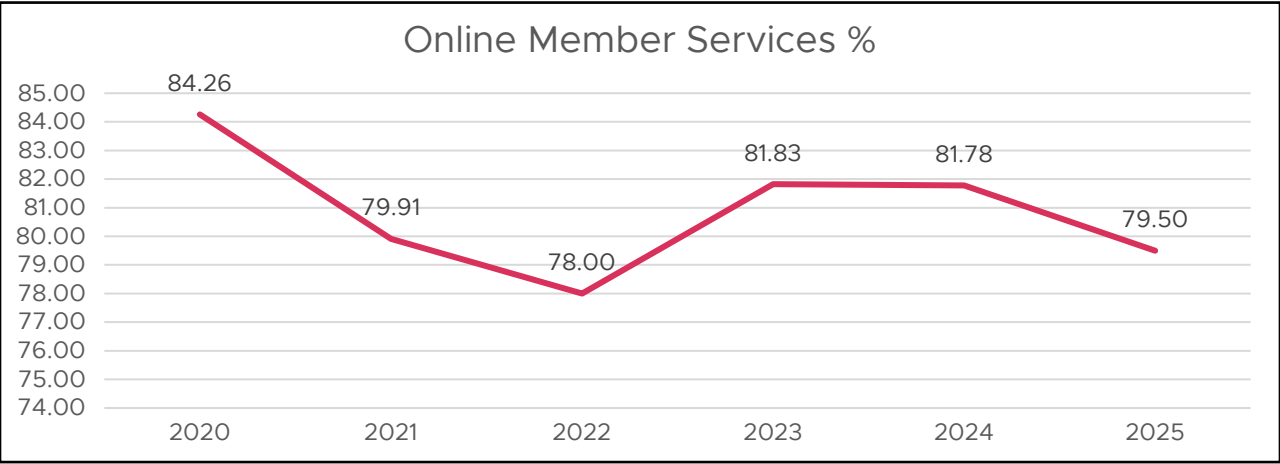
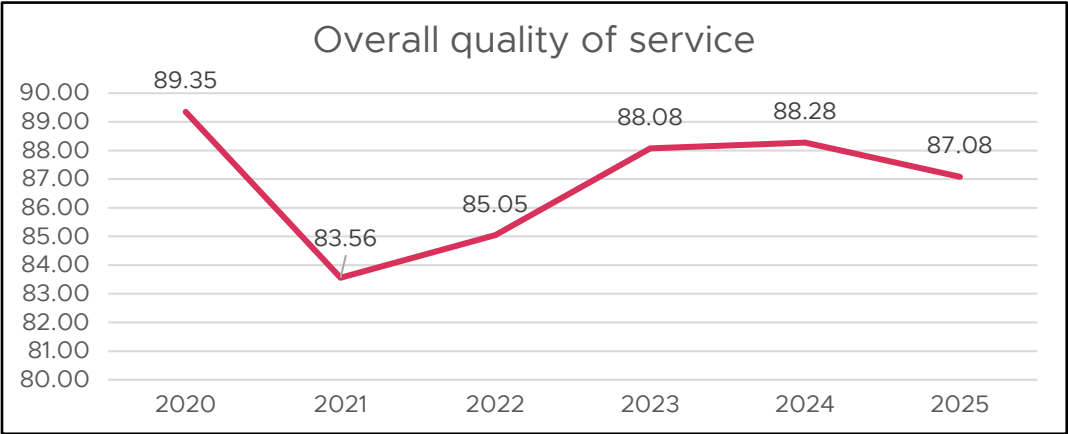
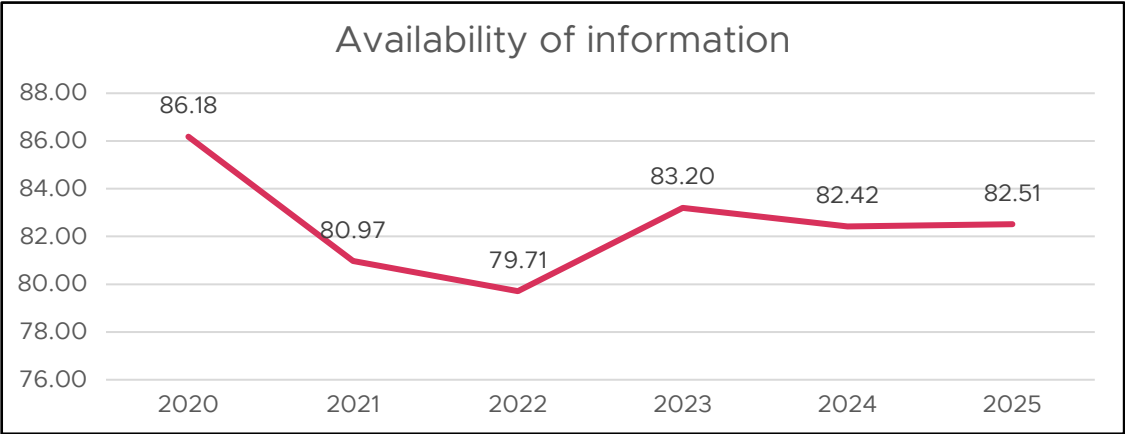
2020 through 2025 year-over-year performance

Timeliness, correct service, helpfulness, knowledge and expertise - member surveys



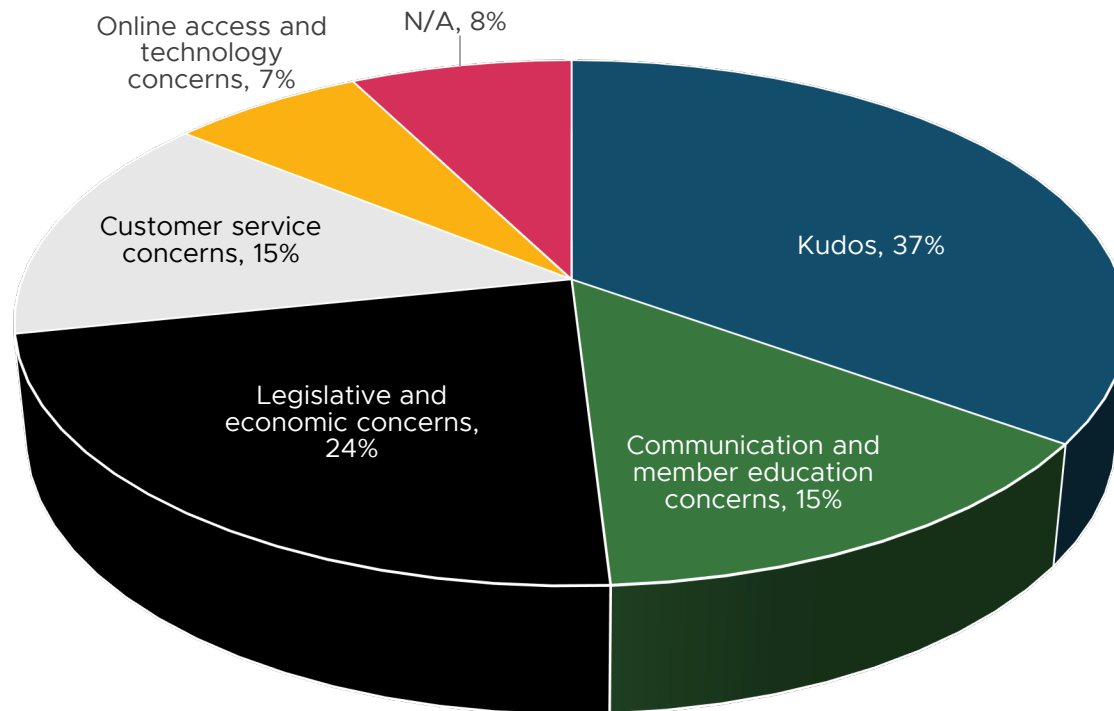
2020 through 2025 year-over-year performance

Availability of information, quality of service, Online Member Services - member surveys



Member comments

High-level overview



Summary

- 1,328 responders.
- 1,411 total responses.*
- Kudos received the most responses with 37%.
- Legislative and economic concerns were the second most frequent comment, with 24% of responses.
- Only 15% or fewer comments expressed concerns about customer service, communications and member education, and access and technology.

*Some responders provided multilayered comments. For example, some comments expressed both kudos and customer service concerns. These are counted as multiple responses.

Member comments, details

Category	# Responders	% Responders	Takeaway
Kudos	488	37%	488 responders (37%) expressed kudos, or appreciation for PERS benefits, staff, and/or services.
Communication and member education concerns	196	15%	196 responders (15%) expressed communication and member education concerns. Concerns in this category include not being able to find information on the PERS website, mass member publications/communications not being adequate or clear, and feeling members don't understand their benefits, the retirement process, etc.
Legislative and economic concerns	315	24%	315 responders (24%) expressed legislative and economic concerns. Concerns in this category include the investment of PERS funds, the economy, legislative changes, and the general political environment.
Customer service concerns	204	15%	204 responders (15%) expressed customer service concerns. Concerns in this category include long call wait times and difficulty reaching staff, lack of consistency in information received from staff, call agents not being friendly, and issues not being resolved.
Online access and technology concerns	97	7%	97 responders (7%) expressed online access and technology concerns. Concerns in this category include a lack of personal account information and services available to members via OMS, availability/accuracy of online estimate tools, and the inconvenience of having a separate login for Pension, IAP, and OSGP accounts.
N/A	111	8%	111 responders (8%) did not specify any concerns or kudos.
Total Responses	1,411		
Total Responders	1,328		

*Some responders provided multilayered comments. For example, some comments expressed both kudos and customer service concerns. These are counted as multiple responses.

2025 themes of member satisfaction



Customer service and communications



Retirement planning and education



Suggestions for improvements

Member feedback

Customer service and communication

While many members praised the helpfulness of PERS staff, there were also complaints about long wait times on the phone and difficulties in getting timely responses to inquiries. Members suggested improving the efficiency of customer service and providing more proactive communication about important updates and changes.

- “Sometimes I feel like I get different answers depending on who I talk to.”
- “The phone system is confusing—too many menus before I can talk to someone.”
- “It would be helpful if the site had a live chat or quicker way to get answers without calling.”

Member communications

Availability of information scores

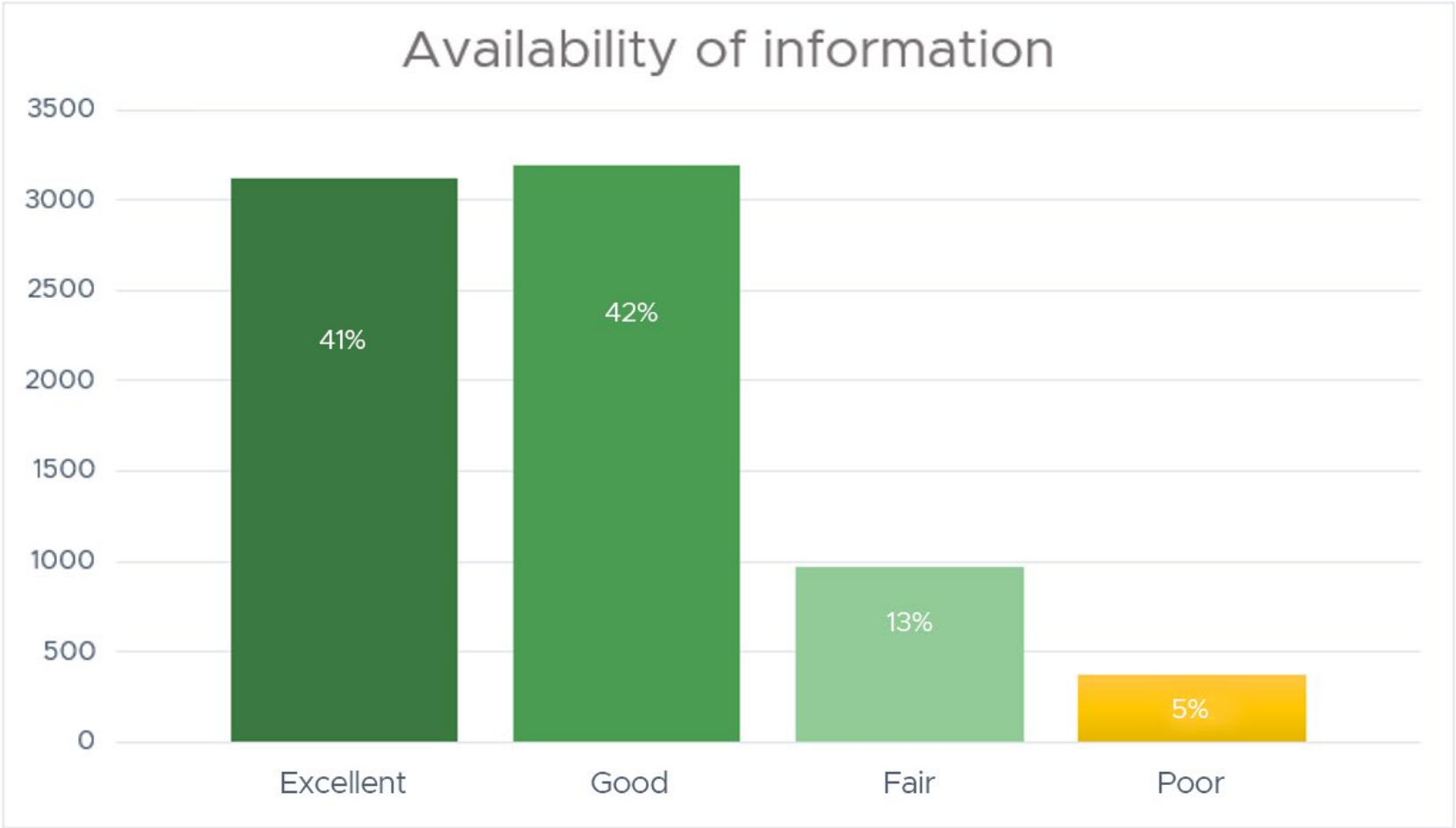
2025

83% excellent + good
17% fair and poor

2024

82% excellent + good
18% fair and poor

Percentages rounded.



Member feedback

Retirement planning and education

There was a strong desire for more educational resources, workshops, and personalized assistance to help members understand their retirement options and make informed decisions.

- “Thank you for the workshops. They helped me understand the differences between the plans and what’s best for me.”
- “I wish there was a “Retirement 101” class for new employees. It would help us plan better from the start.”
- “There should be more frequent and accessible retirement planning sessions, especially for those nearing retirement.”

Member communications

Relevant information scores

2025

94% strongly agree + agree + somewhat agree

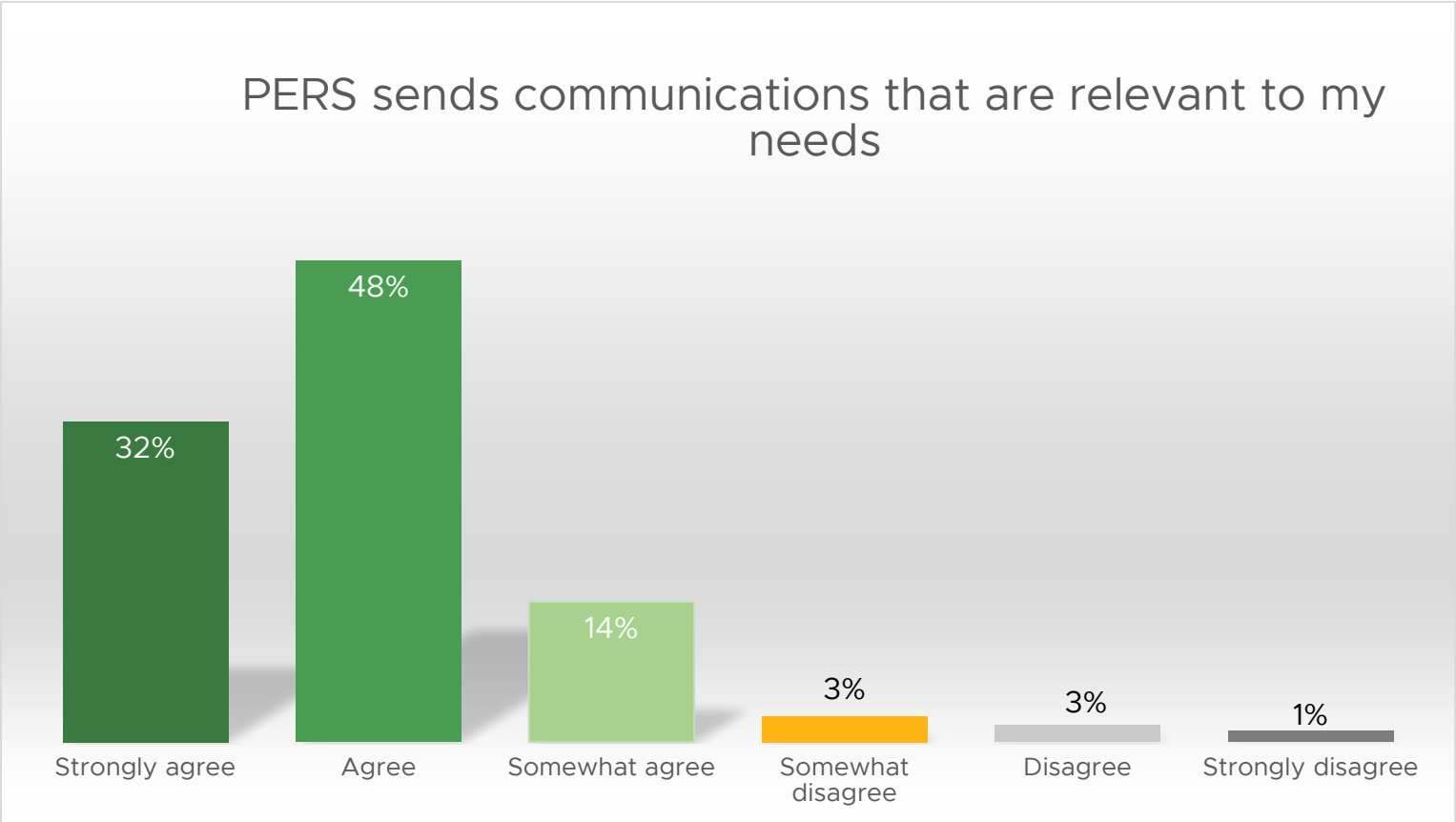
6% strongly disagree + disagree + somewhat disagree

2024

93% strongly agree + agree + somewhat agree

7% strongly disagree + disagree + somewhat disagree

Neutral scores not included; percentages rounded.



Member feedback

Areas for improvement

For 2025, some members pointed out other areas where they feel PERS could improve, such as the user-friendliness of the website, the clarity of explanations of retirement benefits, and the timeliness of responses to inquiries. There were also suggestions for more personalized assistance and better guidance on retirement planning.

- “I do feel like there is a gap in information provided to PERS members that are more than 10 years away from retirement.”
- “PERS should provide more detailed explanations and clearer information about the differences between various retirement plans and the impact of different retirement strategies.”
- “After I spoke with a representative, I expected a short survey or feedback form. That would help you know how your team is doing and help us feel heard.”

Member communications

Website scores (members)

Rated after website was redeveloped; ratings do not show a significant change.

2025
79% excellent + good
20% fair and poor

2024
81% excellent + good
19% fair and poor

Percentages rounded.



Member feedback

Kudos and appreciation

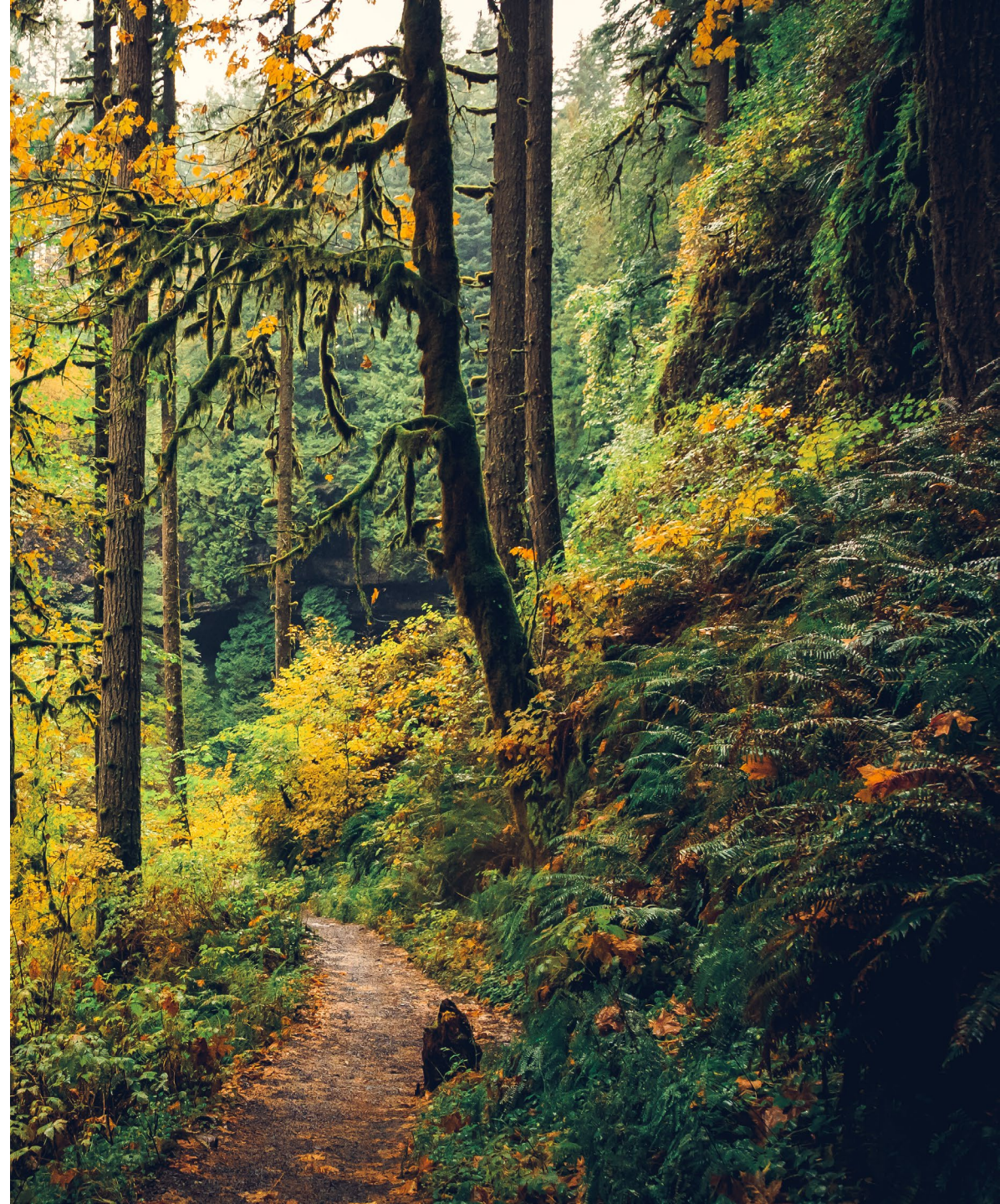
- “I am very satisfied with you... PERS is wonderful—always on time every month with my retirement checks with never a problem. I thank you for all that you do.”
- “I appreciate the PERS newsletter and emails to inform PERS retirees. Thank you!”
- “The staff I’ve spoken with have always been courteous and tried to help, even when they didn’t have all the answers.”
- “I appreciate the patience and clarity of the representatives when I call with questions.”
- “I appreciate that Oregon PERS keeps me updated about the health of our PERS funds, when to expect our checks, and any new or proposed legislation that may affect the system. The reminders to keep our address, marital status, etc. are also reasonable and helpful...”
- “The retirement planning sessions I’ve attended were helpful. I feel more prepared now than I did a year ago.”

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you





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Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7788

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board
FROM: Kevin Olineck, Director
SUBJECT: Adoption of Assumptions and Methodologies

OVERVIEW

Action: Final adoption of valuation methods and assumptions.

BACKGROUND

Every two years, the PERS Board reviews and adopts actuarial assumptions to be used by the board's actuary. Over the course of the 2025 board meetings, the board's actuary, Milliman, presented and explained the impact of the actuarial assumptions, recommending certain revisions to those assumptions. Prior to 2019, the PERS Board would adopt the actuarial assumptions at the conclusion of Milliman's presentation. However, Senate Bill 1049 (2019) established a new standard that requires the board to "...submit a report to the Joint Committee on Ways and Means or the Joint Interim Committee on Ways and Means detailing the proposed changes and the associated, actuarially determined impact to the total liability of the system, the accrued liability of the system and employer contribution rates" at least 30 days before final adoption of the actuarial assumptions.

At the July 25, 2025 meeting, the board approved the preliminary adoption of the recommended changes to the actuarial methods and assumptions as presented by Milliman in the 2024 Experience Study. In addition, the PERS Board confirmed the plan assumed rate remains at 6.9%, which is presented for final adoption in administrative rule later in this meeting.

PERS submitted the requisite report to the Joint Committee on Ways and Means on August 1, 2025. The report was reviewed at the September meeting of the Interim Committee on Ways and Means. Consequently, final adoption of the methodologies and assumptions is now required.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt, on a final basis, the recommended actuarial methods and assumptions as presented by Milliman in the 2024 Experience Study.
2. Direct staff to explore making changes to the methods and assumptions or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.



A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
 - 2.a. Notice of rulemaking for legislative implementation
 - 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
 - 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
- 4. Adoption of Assumed Rate of Return Oregon Administrative Rule**
5. December 31, 2024 system-wide valuation results and advisory employer rates
6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board
FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section
SUBJECT: Adoption of Rulemaking for Assumed Rate Rule:
OAR 459-007-0007, *Assumed Rate*

OVERVIEW

- Action: Adoption of Assumed Rate Rule.
- 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. At the September PERS Board meeting, the board set the preliminary assumed rate at 6.9%. We are now seeking adoption of the final assumed rate at 6.9%.

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 PERS 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 (AEF), 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 was held remotely on August 26, 2025, at 2:00 p.m. The public comment period ended August 29, 2023, at 5:00 p.m. PERS did not receive any public comment on the rule.

LEGAL REVIEW

The attached draft rule was submitted to the Department of Justice for legal review and any comments or changes have been incorporated in the rule as 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 26, 2025:	Rulemaking hearing held remotely at 2:00 p.m.
August 29, 2025:	Public comment period ended at 5:00 p.m.
September 29, 2025:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the Assumed Rate 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.

C.5. Attachment 1 – 459-007-0007 *Assumed Rate*

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

459-007-0007

Assumed Rate

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

(2) The Board may adopt a change in the assumed rate at any time. A change in the assumed rate is effective the first of the year following the Board's adoption of the change.

(3) The assumed rate is set at ~~[6.90]~~ 6.90 percent, effective on January 1, ~~[2024]~~ 2026.

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

Stats. Implemented: ORS Chapters 238 & 238A



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- 5. December 31, 2024 system-wide valuation results and advisory employer rates**
6. Board Funding Policy review



Year-End 2024 Actuarial Valuation Results

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presented by:

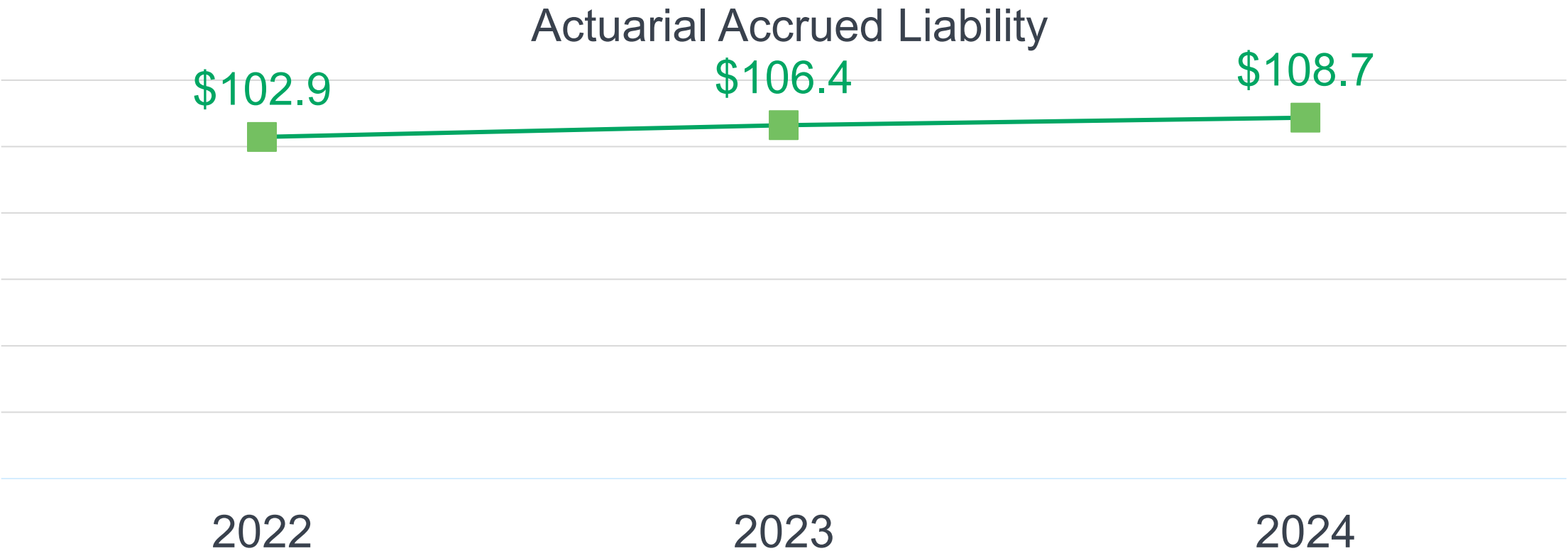
Matt Larrabee, FSA, EA
Scott Preppernau, FSA, EA

September 26, 2025

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Executive Summary – System Liabilities

- Accrued actuarial liability (AAL) increased closely in line with expectation
 - Member salary increases greater than assumed moved AAL 0.1% above projection
 - Assumption changes from this year’s experience study decreased AAL by 0.9% (\$1.0 billion)



Executive Summary – System Assets

- Return on market value of assets (MVA) was about 1.2% below assumption
 - Actual 2024 return of +5.71% compared to assumed 6.90% long-term average annual return

Market Value of Assets (Excluding Side Accounts)



Executive Summary – Unfunded Actuarial Liability (UAL)

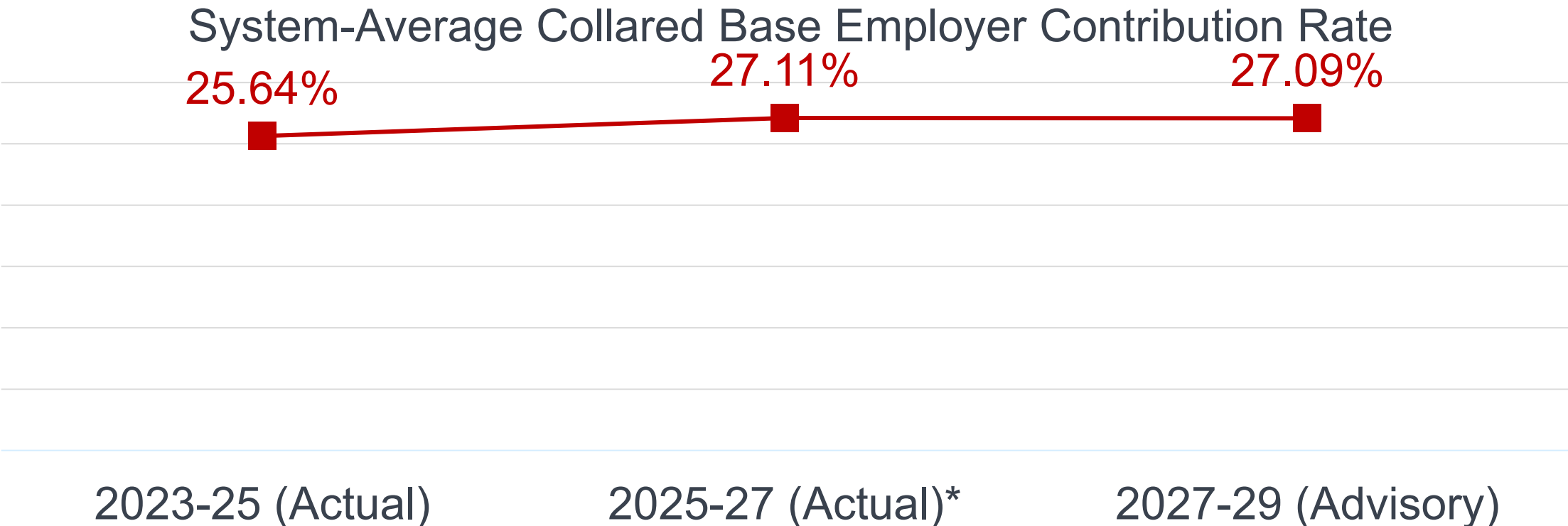
- Actual UAL decrease (\$0.2 billion) was close to expected (\$0.5 billion)
 - UAL decrease from assumption change and UAL increase from investment returns nearly equal
 - Funded status excluding side accounts increased slightly from 72% to 73%

Unfunded Actuarial Liability (Excluding Side Accounts)



Executive Summary – Collared Base Employer Contribution Rates

- Advisory collared base employer contribution rates for 2027-29 are flat
 - Collared base rates are paid by employer contributions and/or employer side account transfers
 - Rate collar policy projected to keep Tier One/Two UAL Rates level from 2025-27 to 2027-29

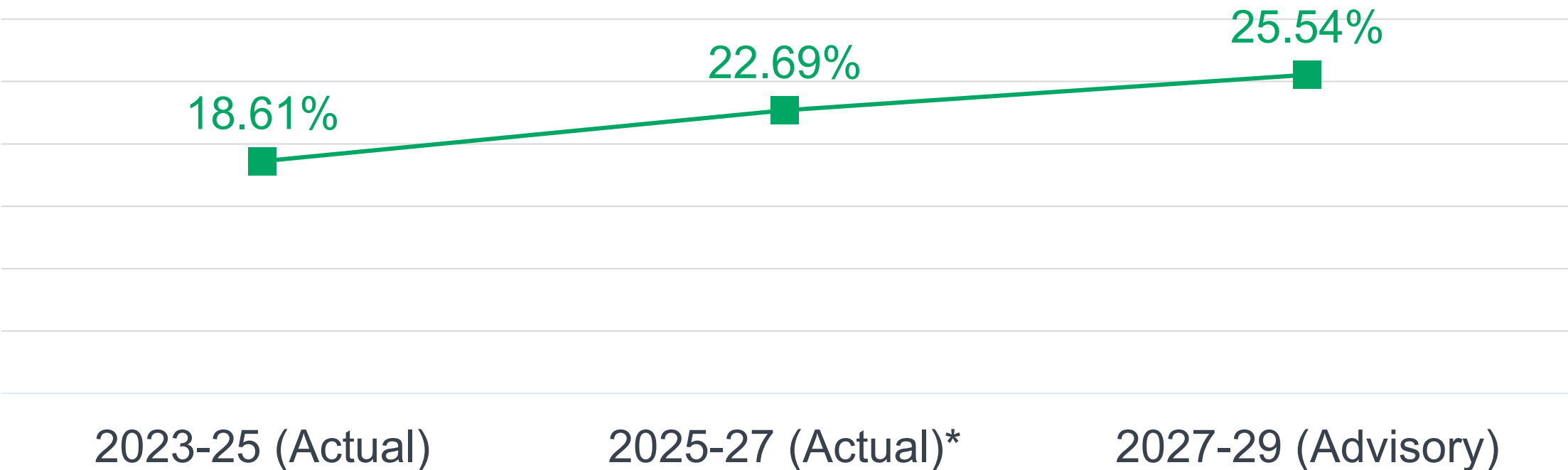


**Prior to effect of SB 849 on 2025-27 School District rates*

Executive Summary – Collared Net Employer Contribution Rates

- Advisory collared net employer contribution rates for 2027-29 increased materially
 - Collared net rates are paid solely by employer contributions
 - Increases due to projected 2027 exhaustion of many employer side accounts

System-Average Collared Net Employer Contribution Rate

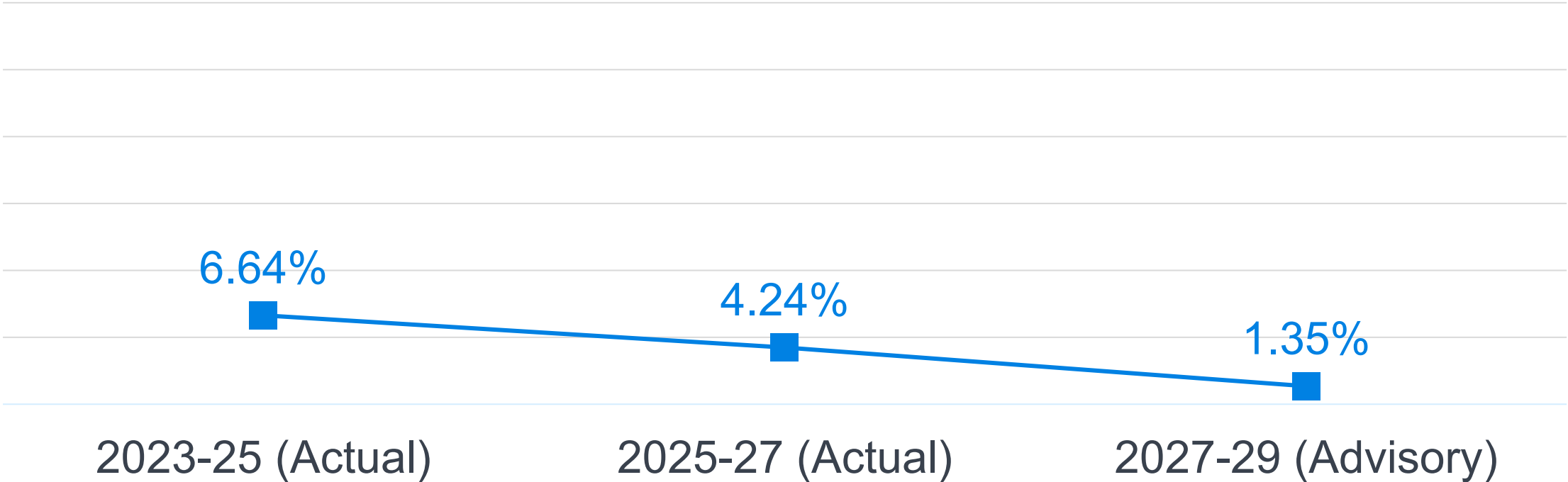


**Prior to effect of SB 849 on 2025-27 School District rates*

Executive Summary – Average Side Account Rate Offset

- Funds for many employer side accounts are projected to be exhausted in 2027
 - Employers without side accounts are unaffected by this dynamic
 - The size and level of side account offset varies significantly by employer

System-Average Side Account Rate Offset



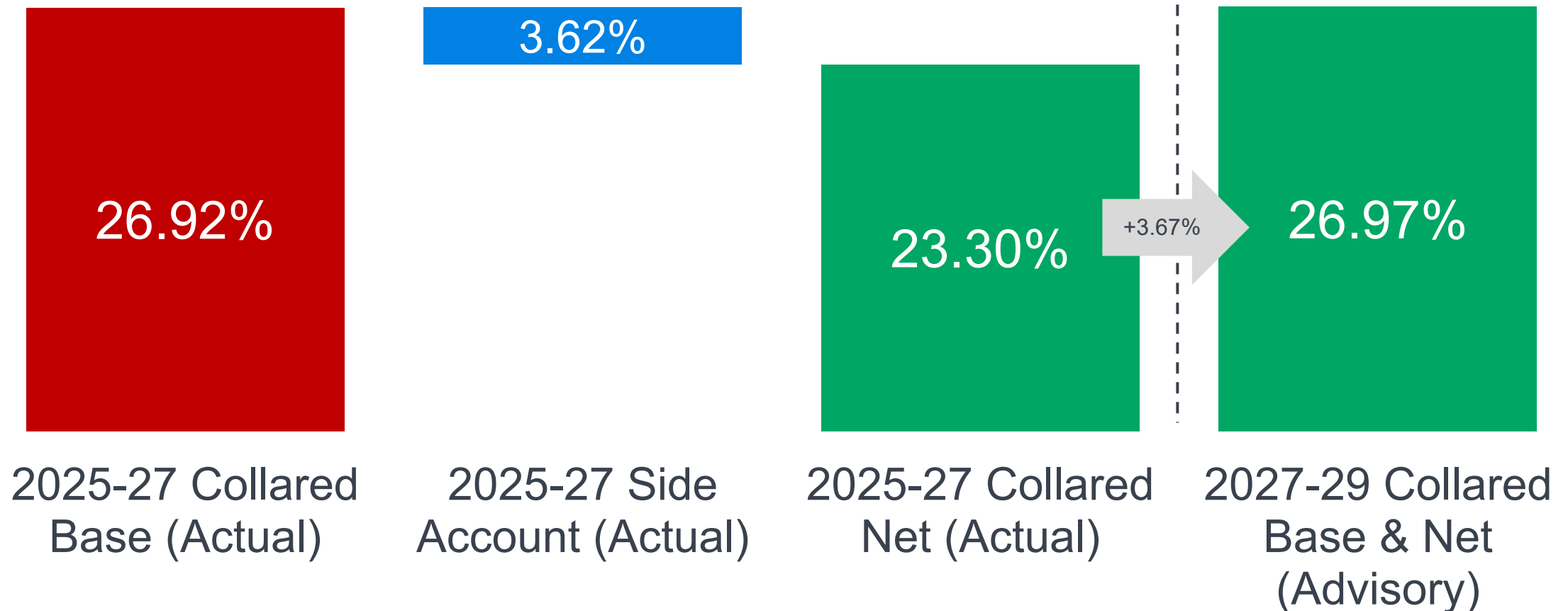
Side Accounts – History and Background

- Employers can make excess lump sum contributions above the mandated rate
- Those elective lump sum contributions create a **side account** for the employer
- Side account transfers then help pay the collared base employer contribution rate
 - The portion of the collared base rate not paid by the side account transfer is called the net rate
- Many large side accounts were established in the early 2000s
 - Often the side account contribution was proceeds from a **pension obligation bond (POB)**
- A 2003 ballot measure approved a \$2 billion POB issue by **State of Oregon**
 - Side account transfers have helped pay the State's contribution since that time
 - Calculated transfer is a level percent of pay amortization through 2027
 - We understand that 2027 aligns with POB debt service payment schedules
 - In the 2025-27 biennium, the State's side account transfer is a **3.62% of payroll rate offset**
- Some employers do not have side accounts – **City of Portland** is one example

Weighted (Tier, Employee Category) Contribution Rates – State

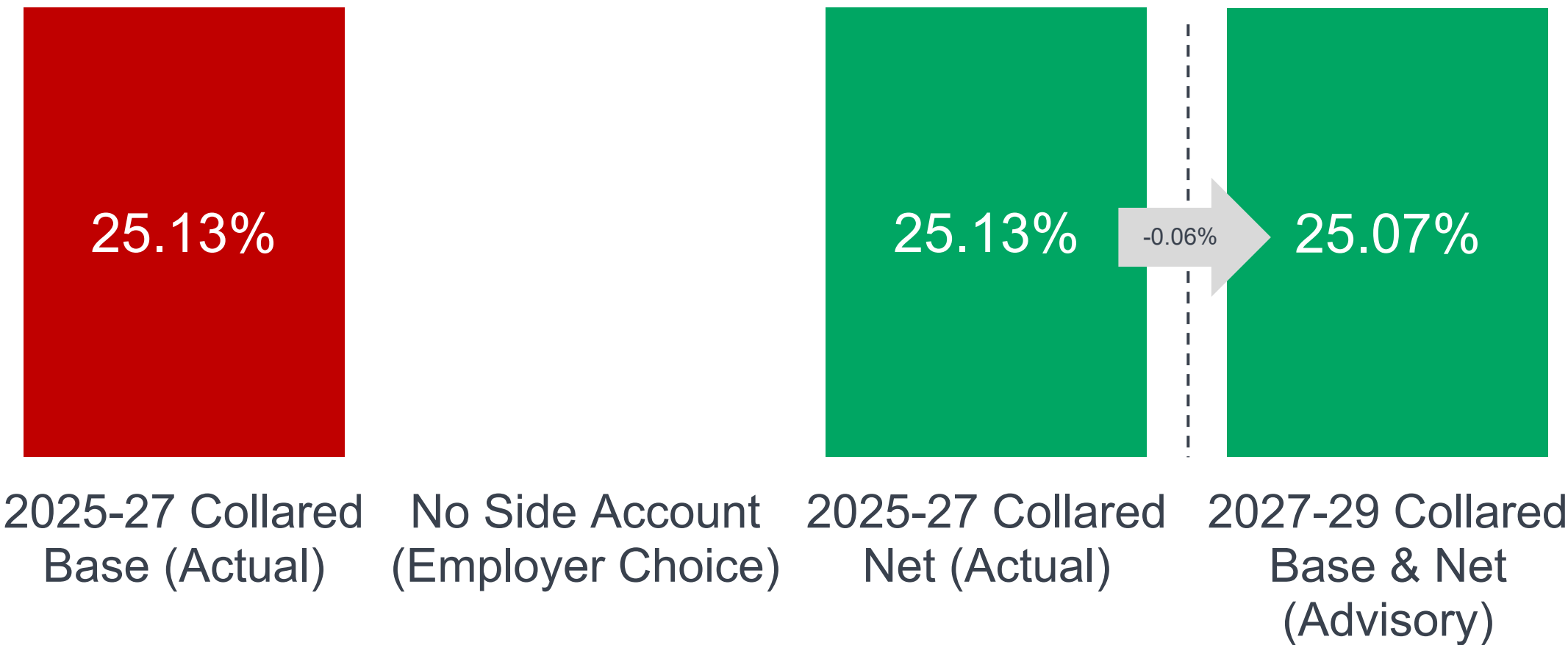
State advisory net rate increases by 3.67% of pay as side account exhausts in 2027

- Collared base employer rate increased 0.05%, principally due to an increase in the OPSRP UAL rate
- State has pension obligation bond debt service payments (not illustrated) that will conclude in 2027



Weighted (Tier, Employee Category) Contribution Rates – Portland

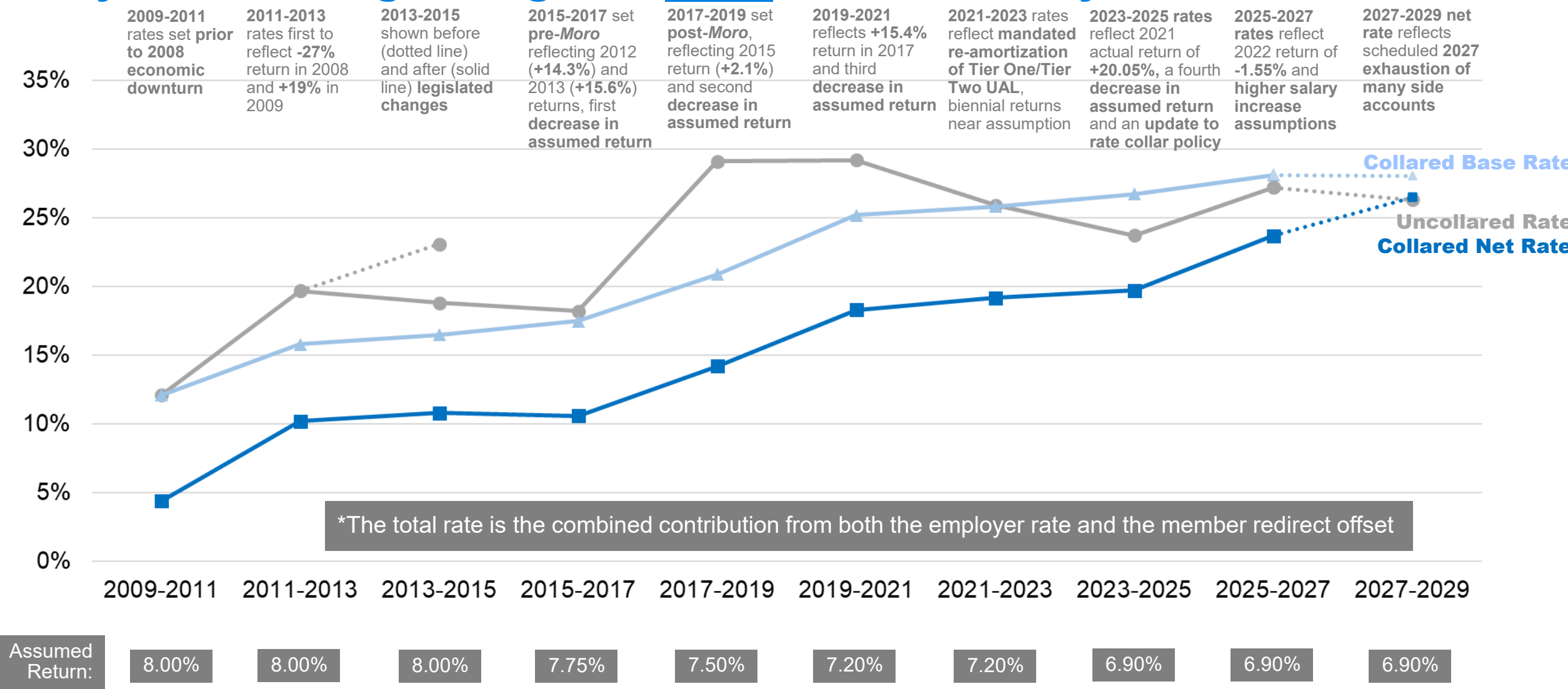
Portland, which has no side account, has a slight decrease in its base & net rates



Executive Summary

- The December 31, 2024 advisory valuation provides an update on System funded status and an illustration of contribution rates for the 2027-2029 biennium as if they were set by this valuation
 - Actual 2027-2029 contribution rates will be calculated in the December 31, 2025 valuation, based on asset and demographic information as of that valuation date
- **Year-end 2024** funded status is **73% excluding side accounts**, up from 72% at year-end 2023
- **Year-end 2024** funded status is **77% including side accounts**, unchanged from 77% at year-end 2023
- Average advisory collared base employer contribution **decreased 0.02% of pay compared to the prior valuation** excluding effect of SB 849 on 2025-27 School District rates
- Average advisory collared net employer contribution rates **increased 2.85% of pay compared to the prior valuation** excluding effect of SB 849 on 2025-27 School District rates
 - Over 180 side accounts expire by the end of 2027, so will no longer offset rates for 2027-29
 - This increases Net Rates for affected employers; this dynamic varies significantly between employers
 - Many employers may have debt service related to their side account expire at a similar time

System-Average Weighted Total* Pension-Only Rates



Funded Status & Unfunded Actuarial Liability (UAL)

System-Total Pension Funded Status (\$ billions)			
Valuation:	12/31/2022 Advisory	12/31/2023 Rate-Setting	12/31/2024 Advisory
Assumed return:	6.90%	6.90%	6.90%
Actuarial liability	\$ 102.9	\$ 106.4	\$ 108.7
Assets (excluding side accounts)	<u>74.9</u>	<u>77.0</u>	<u>79.5</u>
UAL (excluding side accounts)	\$ 28.0	\$ 29.4	\$ 29.2
Funded status (excluding side accounts)	73%	72%	73%
Side account assets	<u>\$ 6.2</u>	<u>\$ 5.4</u>	<u>\$ 4.4</u>
UAL (including side accounts)	\$ 21.8	\$ 24.0	\$ 24.8
Funded status (including side accounts)	79%	77%	77%

Overview

- Today we will review summary valuation results as of December 31, 2024 for:
 - Tier One/Tier Two & OPSRP retirement programs
 - Retiree Health Insurance Account (RHIA), and
 - Retiree Health Insurance Premium Account (RHIPA)
- Formal, detailed results will be presented in our forthcoming December 31, 2024 System-Wide Actuarial Valuation Report
- Results are advisory in nature
 - Indicate where 2027 – 2029 contribution rates would be if set today
 - Assess program funded status and unfunded actuarial liability (UAL) as of December 31, 2024
- All work is based on:
 - Asset levels and member demographics at year-end 2024
 - Updates to methods and assumptions from the 2024 Experience Study
- PERS will deliver employer-specific advisory reports this fall

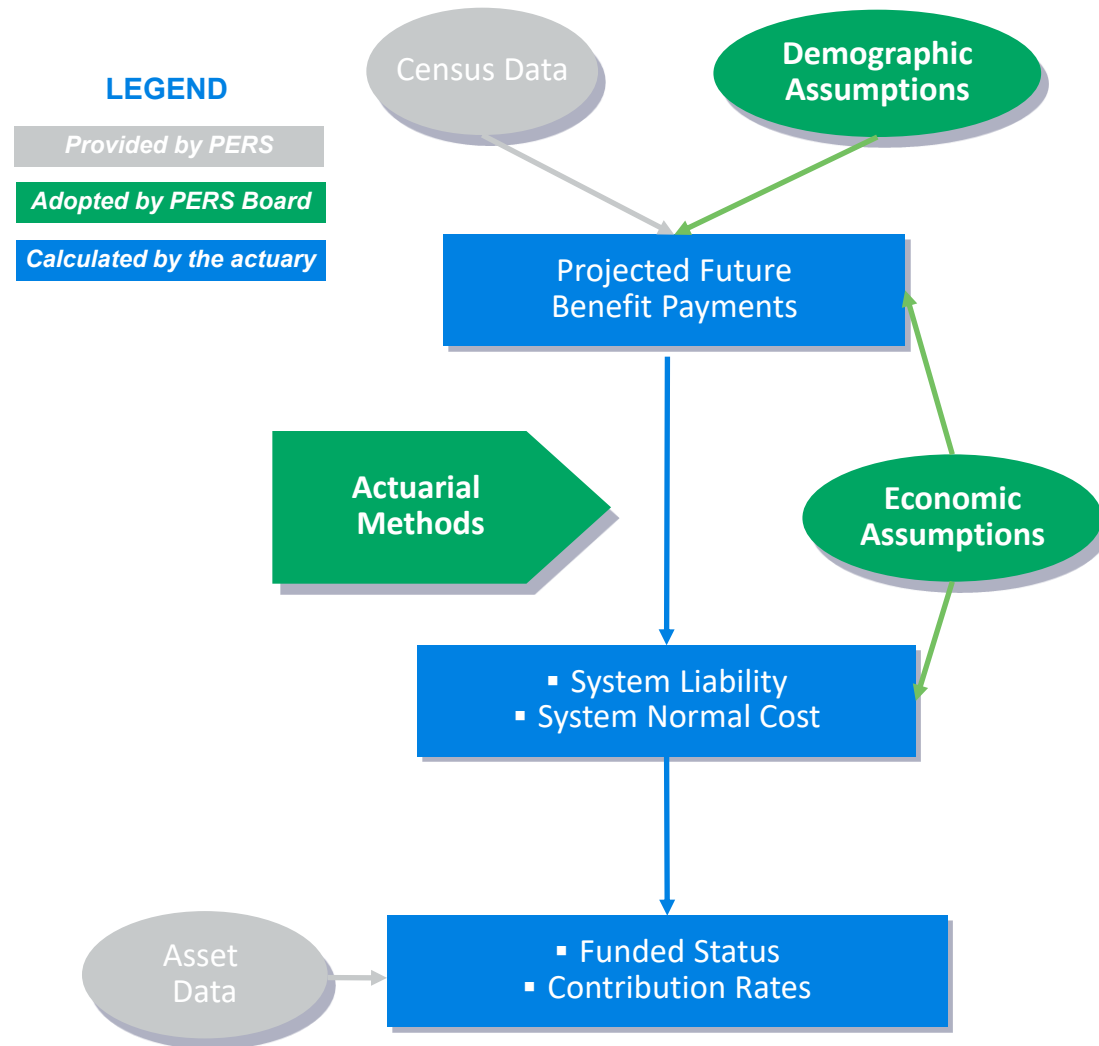
Valuation Process and Timeline

- 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

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**



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.

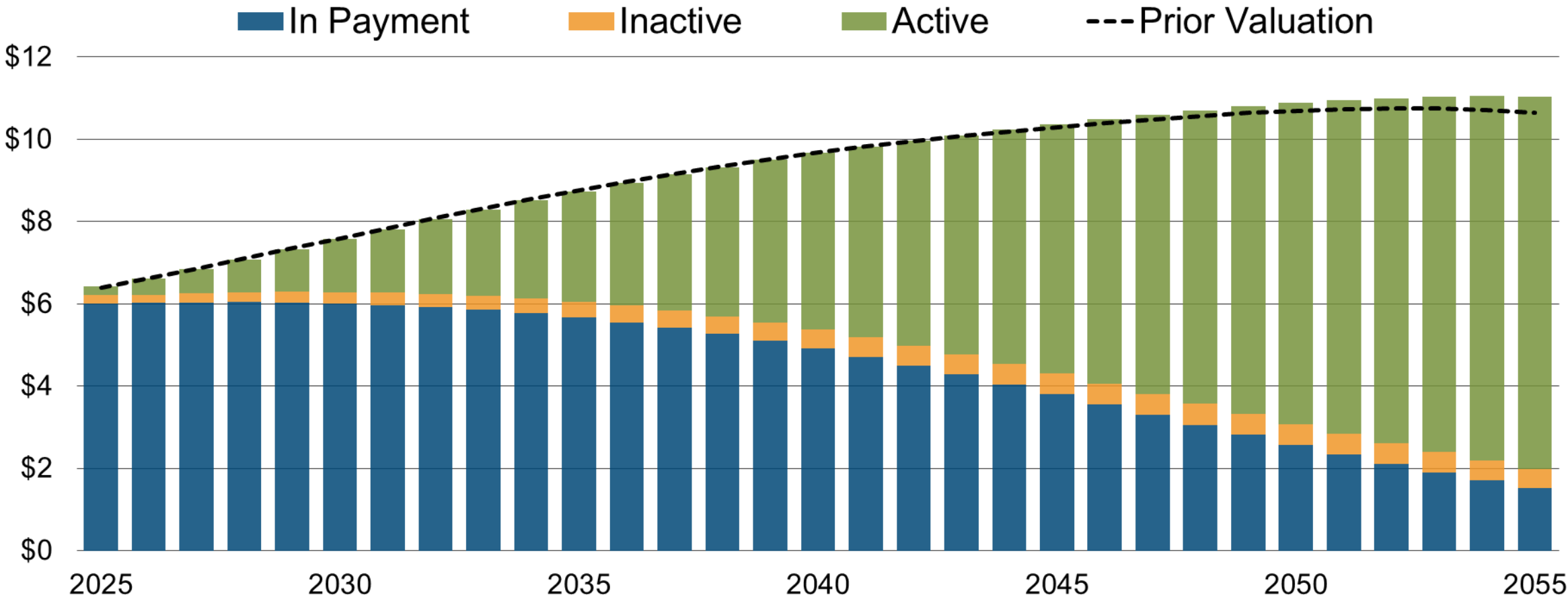
Changes Since the Last Valuation

- The 12/31/2023 rate-setting valuation developed 2025-27 contribution rates
- Since the 12/31/2023 rate-setting valuation:
 - The PERS Board adopted **new assumptions and methods** from the 2024 Experience Study
 - **Asset returns were lower** than the long-term assumed rate of 6.90% per year, with a 2024 regular account return of 5.71%
 - Year-to-date returns through July 2025 of +4.92% are not reflected in this advisory valuation, but will be reflected in next year's rate-setting valuation
 - **System payroll increased more than 8%** since the 12/31/2023 valuation
 - Active member headcount increased about 3% during this period
 - Senate Bill 849 reduced the 2025-27 School District Tier One/Tier Two UAL Rate by 1.68%
 - Effective collared UAL rate is 12.27% compared to 13.95% calculated in 12/31/2023 valuation

Projected Benefit Payments for Members as of 12/31/2024

Does Not Include Projected Benefit Payments for Anyone Joining OPSRP After 12/31/2024

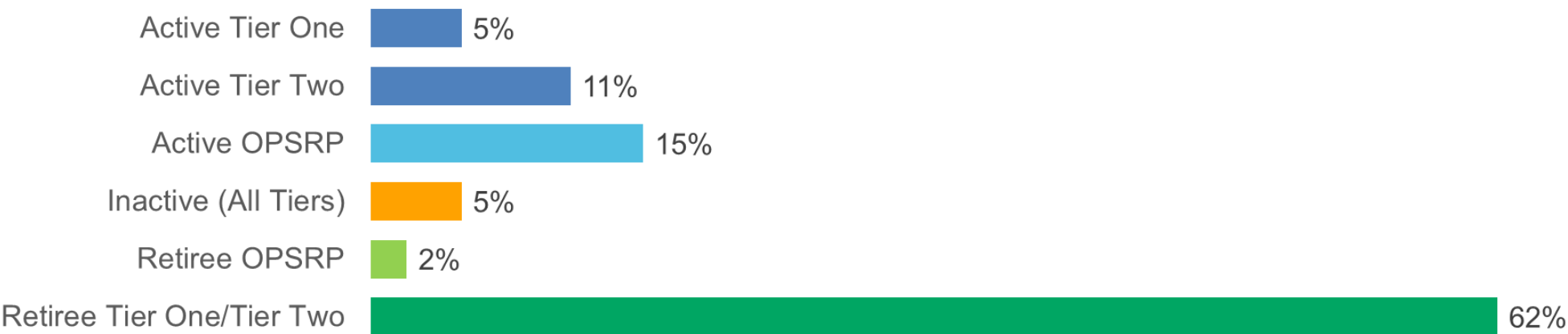
Tier One/Tier Two & OPSRP Expected Benefit Payments
by Status as of 12/31/2024 (in \$ billions)



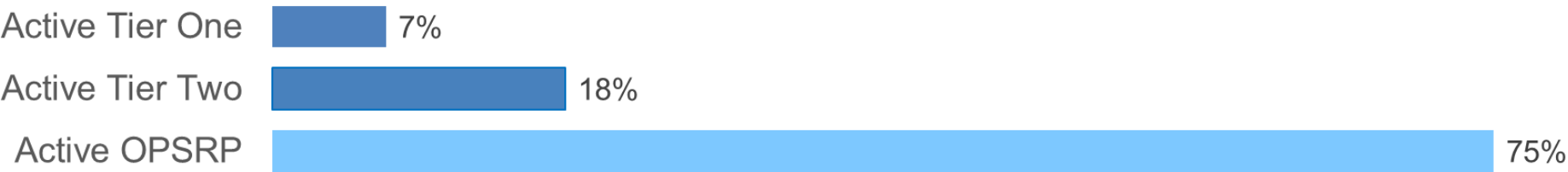
Actuarial Accrued Liability and Normal Cost by Category

12/31/2024 Tier One/Tier Two and OPSRP Actuarial Accrued Liability and Normal Cost

Actuarial Accrued Liability by Member Tier and Status on December 31, 2024



Normal Cost by Member Category on December 31, 2024



Accrued Actuarial Liability is the present value of benefits allocated to service prior to 2025
Normal Cost is the present value of benefits allocated to projected service during 2025

Sources of 2024 UAL (Excluding Side Accounts) Change

(\$ billions)	UAL Increase
Expected UAL increase/(decrease) during 2024	(\$ 0.5)
2024 actual investment performance	1.0
Assumption changes	(1.0)
Actual demographic experience different than assumed	<u>0.3</u>
Actual UAL increase/(decrease) during 2024	(\$ 0.2)

- The **expected UAL increase/(decrease)** is the UAL change, based on 12/31/2023 valuation results and contribution rates in effect during 2024, projected to occur during 2024 if actual 2024 experience followed that valuation's assumptions
- The 2024 investment loss (i.e., actual versus assumed return) reflects actual 2024 OPERF returns of +5.71% compared to the assumed 6.90% return
- The decrease from assumption changes was primarily due to the updated mortality assumption from the experience study

Tier One/Tier Two Rate Pool Funded Status and UAL

Amounts Shown as of December 31, 2024

(\$ billions) <i>Totals may not add due to rounding</i>	SLGRP	School Districts
Tier One/Tier Two actuarial liability	\$ 48.9	\$ 32.3
Tier One/Tier Two assets (excluding side accounts)	<u>34.2</u>	<u>24.9</u>
Tier One/Tier Two UAL (excluding side accounts)	\$ 14.6	\$ 7.4
Tier One/Tier Two funded status (excluding side accounts)	70%	77%
Projected 2025 Tier One/Tier Two + OPSRP payroll	\$ 9.9	\$ 5.3
Assets to payroll ratio (excluding side accounts)	3.5x	4.7x
UAL to payroll ratio (excluding side accounts)	1.5x	1.4x
Side account assets	\$ 1.7	\$ 2.4
Tier One/Tier Two UAL (including side accounts)	\$ 12.9	\$ 5.1
Tier One/Tier Two funded status (including side accounts)	74%	84%

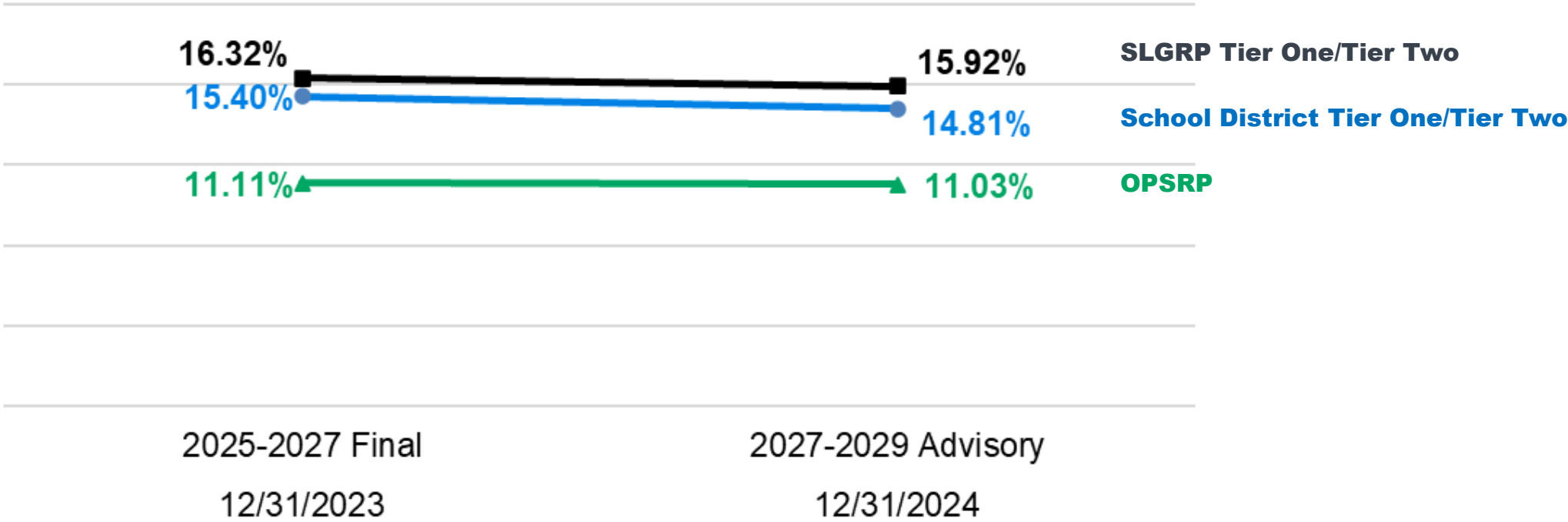
Effect of 2025 Experience on Final 2027-29 Rates

- The advisory valuation uses assets and liabilities as of 12/31/2024
 - For the two large Tier One/Tier Two experience-sharing rate pools, advisory 2027-29 rates show projected decreases in the collared base, but increases in net contribution rates due to the expiration of side accounts
- Final 2027-2029 rates will be based on assets and liabilities as of 12/31/2025, including actual full-year 2025 investment returns and the level of system payroll as of 12/31/2025
- Through July 31, OPERF year-to-date regular account returns are +4.92%
 - If returns end the year near the long-term average return assumption of 6.90%, actual 2027-29 rate changes may be similar to those shown in this year's advisory employer reports
 - If actual year-to-date 2025 returns end up below the assumed return at year-end, the actual 2027-29 rate increases could be larger than those shown in this year's advisory employer reports

Comments on Advisory 2027–29 Rates

- No single employer pays the system-wide average rate
 - Individual employer rates reflect either rate pool or independent employer-specific results, not the system-wide average
 - Relative proportion of Tier One/Tier Two vs. OPSRP payroll also varies by employer
- Employers in a rate pool do not pay the pool average rate
 - Actual rates reflect employer-specific side account rate offsets and/or any remaining SLGRP charges/offsets
 - SLGRP normal cost rates are specific to an employer's workforce mix of member tier and job classification
- Rates shown on the next several slides do not include the effects of:
 - Individual Account Plan (IAP) contributions
 - Rates for the RHIA & RHIPA retiree healthcare programs
 - Debt service payments on pension obligation bonds

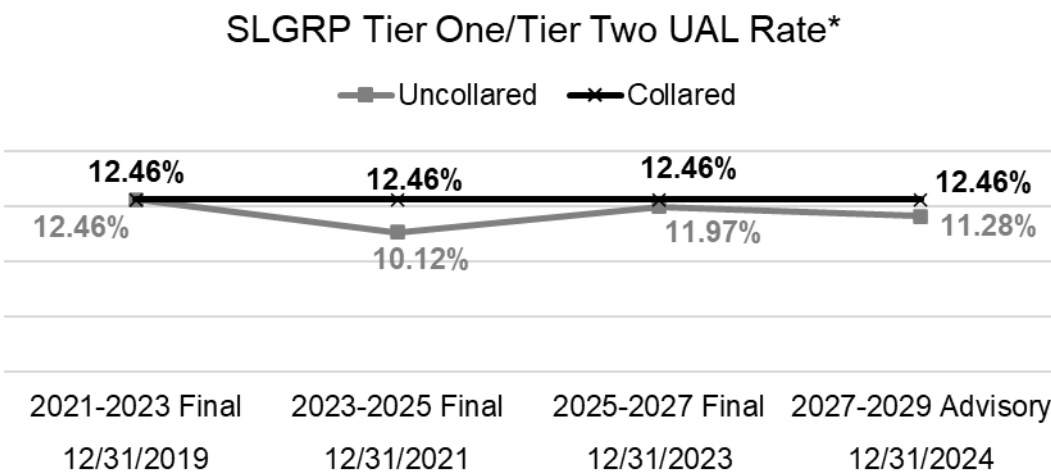
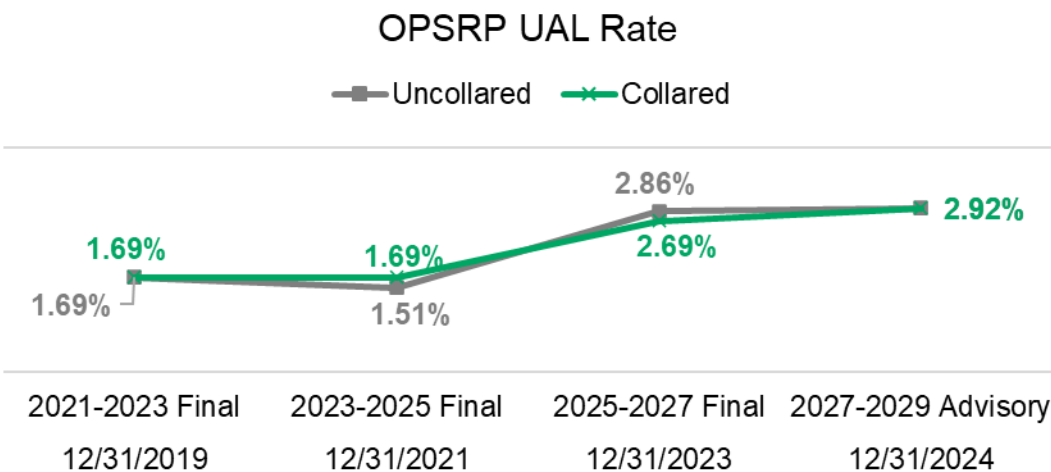
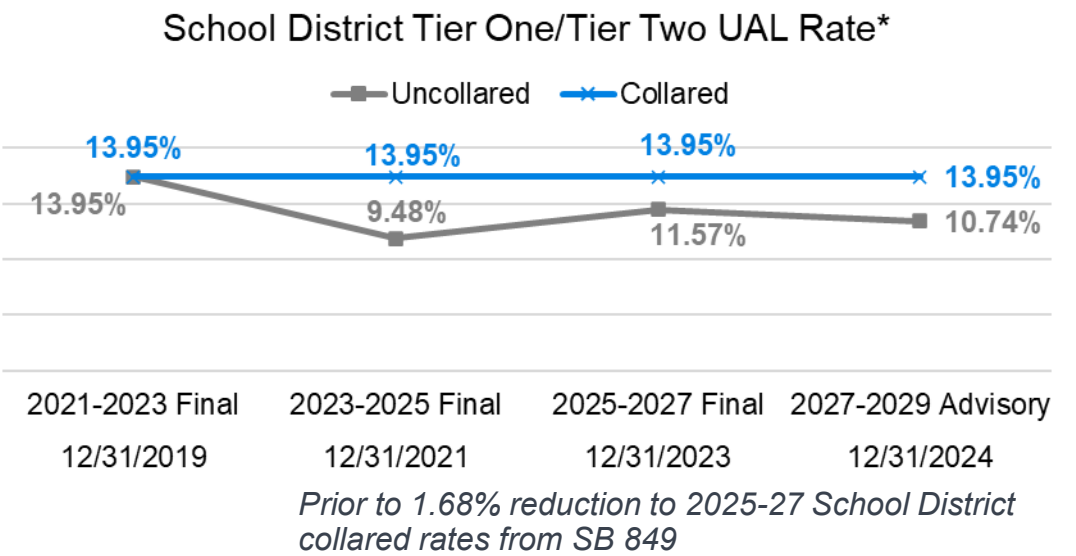
Changes in Total Normal Cost Rate



- Normal cost rates decreased since the last rate-setting valuation due to the continued transition of the active membership and lower future individual member salary increase assumptions adopted with the most recent experience study

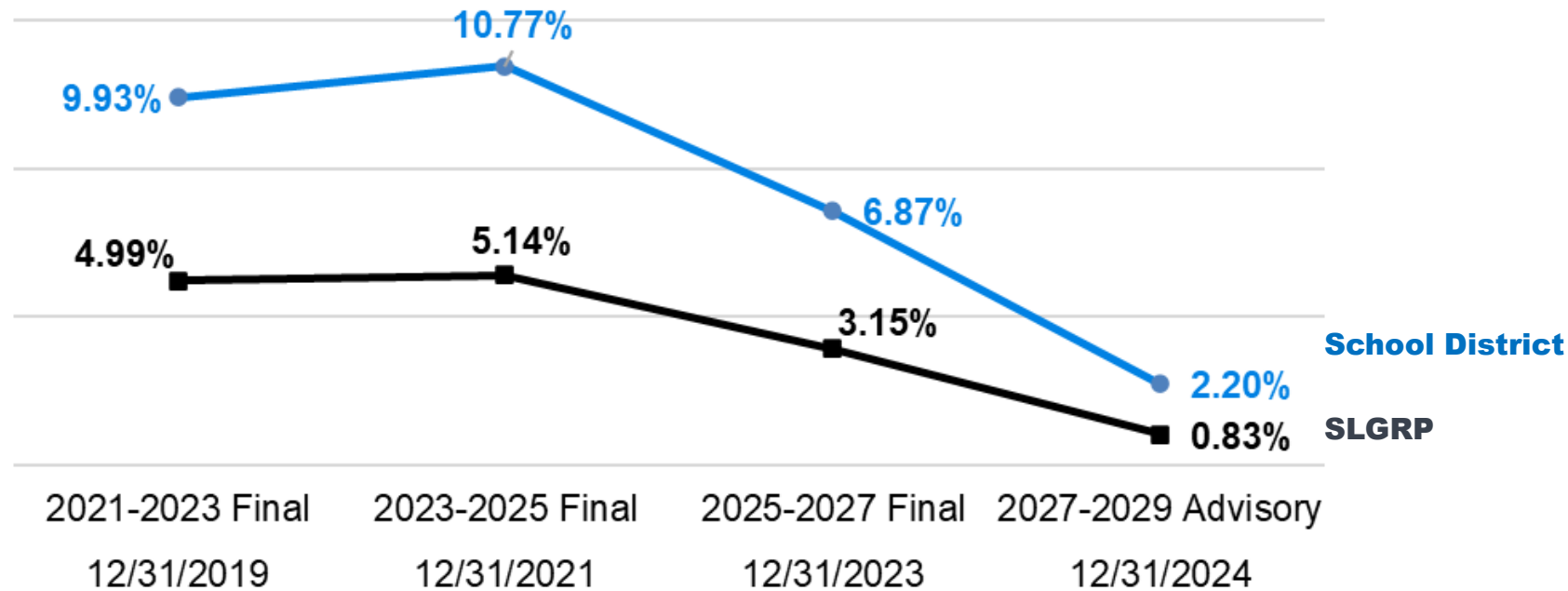
Changes in UAL Rates

- The rate collar policy helped stabilize the level of collared UAL rates during 2019-2023 period of investment gains followed by investment losses
 - As of 12/31/2024, the two large Tier One/Tier Two pools have further cushion to absorb investment losses without immediately increasing Tier One/Tier Two UAL rates paid by employers than at the 12/31/2023 rate-setting valuation
 - Collared and uncollared rates are equal for the OPSRP UAL Rate at the advisory 12/31/2024 valuation



*Excludes rate for Multnomah Fire District #10

Changes in Average Side Account Offset



- Average side account offset decreased since the last rate-setting valuation, due to:
 - Scheduled expiration of many side account balances at 12/31/2027; these balances will not provide a rate offset in the 2027-29 biennium
 - Lower than assumed investment returns during 2024
 - Higher than assumed payroll growth, which accelerates the spend-down of the side account balance using the offset rate currently in effect

School Districts Rate Summary

Weighted Average Total Rates (Tier One/Tier Two and OPSRP)

	Final 2025 – 2027*	Advisory 2027 - 2029	Increase/ (Decrease)
Uncollared Total Base Rate	26.11%	25.01%	(1.10%)
Collared Total Base Rate	28.32%	28.22%	(0.10%)
Collared Base Employer Rate	27.32%	27.27%	(0.05%)
Collared Net Employer Rate	20.45%	25.07%	4.62%

**Prior to 1.68% reduction to 2025-27 School District collared rates from SB 849*

- The uncollared total base rate decrease was due to declining normal cost rates, a higher payroll level for amortizing the UAL rate, and higher recent employer contributions driven by the rate collar
- The collared total base rate for School Districts is greater than the uncollared total base rate because the collar does not allow the UAL rate to decrease when the rate pool funded status excluding side accounts is less than 87%
- The collared net employer rate increased even though the base employer rate decreased due to the scheduled expiration of a large number of employer side accounts

SLGRP Rate Summary

Weighted Average Total Rates (Tier One/Tier Two and OPSRP)

	Final 2025 - 2027	Advisory 2027 - 2029	Increase/ (Decrease)
Uncollared Total Base Rate	27.09%	26.19%	(0.90%)
Collared Total Base Rate	27.41%	27.37%	(0.04%)
Collared Base Employer Rate	26.41%	26.42%	0.01%
Collared Net Employer Rate	22.96%	25.25%	2.29%

- The uncollared total base rate decrease was due to declining normal cost rates, a higher payroll level for amortizing the UAL rate, and higher recent employer contributions driven by the rate collar
- The collared total base rate for the SLGRP is greater than the uncollared total base rate because the collar does not allow the UAL rate to decrease when the rate pool funded status excluding side accounts is less than 87%
- The collared net employer rate increased even though the base employer rate decreased due to the scheduled expiration of a large number of employer side accounts

System-Wide Rate Summary

Weighted Average Total Rates (Tier One/Tier Two and OPSRP)

	Final 2025 – 2027*	Advisory 2027 - 2029	Increase/ (Decrease)
Uncollared Total Base Rate	27.22%	26.32%	(0.90%)
Collared Total Base Rate	28.11%	28.04%	(0.07%)
Collared Base Employer Rate	27.11%	27.09%	(0.02%)
Collared Net Employer Rate	22.69%	25.54%	2.85%

**Prior to reduction to 2025-27 School District collared rates from SB 849*

- System-wide rates are the payroll-weighted average of rates for School Districts, the SLGRP, and independent employers that do not pool their Tier One/Tier Two liability experience
- At a system-wide level, the advisory 2027-29 uncollared total base rate of 26.32% is 1.72% of pay lower than the collared total base rate of 28.04%, reflecting that for most employers the rate collar prevents a decrease in the advisory 2027-2029 UAL rate that would otherwise have occurred compared to the current level

Projected 2027-29 Total (Member + Employer Net) Contributions

		(A)		(B)	(B - A)
(\$ millions)	Projected 2025-27 Payroll*	Projected 2025-27 Total Contribution	Projected 2027-29 Payroll*	Projected 2027-29 Total Contribution	Projected Total Contribution Increase / (Decrease)
State Agencies	\$ 10,820	\$ 2,610	\$ 11,570	\$ 3,200	\$ 600
School Districts	10,980	2,330	11,740	3,020	690
All Others	<u>12,680</u>	<u>3,150</u>	<u>13,550</u>	<u>3,450</u>	<u>290</u>
Total	\$ 34,480	\$ 8,090	\$ 36,860	\$ 9,670	\$ 1,580

- Employer net contributions exclude employer side account transfer amounts
- Collared net rates are used to project 2027-2029 contributions
- Projected 2025-2027 contributions increased by \$390M compared to the prior estimated (based on the 12/31/2023 valuation) as a result of a larger-than-expected increase in system payroll

* Assumes total payroll grows at 3.40% annually based on 12/31/2024 active member census. The collared net rate applied to this payroll reflects the projected change over time in payroll composition as new OPSRP members are hired to replace retiring Tier One/Tier Two members

Factors Driving the Projected Contribution Increase

- The projected \$1.6 billion 2027-29 total contribution increase consists of:
 - \$1.0 billion due to system-wide average increase in collared net employer contribution rates
 - Primarily driven by expiration of side account rate offsets
 - Includes impact on average contribution rate of projected change over time in payroll distribution between Tier One/Tier Two and OPSRP
 - \$0.6 billion due to projected system payroll growth between 2025-27 and 2027-29
 - Assumed system payroll growth of 3.4% per year / 6.9% per biennium means the collared net employer rate increase is applied to a larger payroll base in non-inflation-adjusted dollars
 - Does not reflect projected change in payroll distribution between Tier One/Tier Two and OPSRP
- In 2027-29, redirected member EPSA contributions expected to continue to pay a portion of total contribution rates
 - An estimate of this effect is shown on the next slide

Projected Split of 2027-29 Total Contributions

(\$ millions)	Estimated 2025-27 Member Redirect Contributions*	Estimated 2027-29 Member Redirect Contributions*		Projected 2025-27 Employer Contribution	Projected 2027-29 Employer Contribution
State Agencies	\$ 100	\$ 100		\$ 2,510	\$ 3,100
School Districts	110	105		2,220	2,915
All Others	<u>120</u>	<u>120</u>		<u>3,030</u>	<u>3,330</u>
Total	\$ 330	\$ 325		\$ 7,760	\$ 9,345

* Reflects member redirect offset of 2.40% of payroll for Tier One and Tier Two, and 0.65% for OPSRP for 2025-27 and 2027-2029; the statutory 2.50% and 0.75% redirection levels were adjusted downward to estimate the anticipated effect of members below the statutory pay threshold who will not have contributions redirected

12/31/2024 Retiree Health Care Valuations

- Cumulative retiree health liabilities are less than 1% of the pension liability
- Two separate retiree health care benefit subsidies are valued:
 - RHIA provides a \$60 per month subsidy toward healthcare premiums for Medicare-eligible Tier One/Tier Two retirees
 - RHIPA provides Tier One/Tier Two state employees who retire prior to age 65 with an alternative to PEBB coverage until they reach Medicare eligibility
- OPSRP retirees are not eligible for either subsidy
- The combination of a shortened UAL amortization period and recent experience has improved both RHIA and RHIPA funded status to over 100%
- The Board policy applies a special amortization method when these programs are over 100% funded
 - Amortizes the actuarial surplus over Tier One/Tier Two payroll using a rolling 20-year amortization, and allows the subsequent negative UAL rate to offset the normal cost, but not below a total contribution rate of 0.0%

12/31/2024 Retiree Health Care Valuations

UAL and 2027-29 Contribution Rates

	RHIA		RHIPA *	
(\$ millions)	12/31/2023	12/31/2024	12/31/2023	12/31/2024
Actuarial Liability	\$ 330	\$ 305	\$ 40	\$ 43
Assets	<u>730</u>	<u>739</u>	<u>92</u>	<u>94</u>
UAL	\$ (400)	\$ (434)	\$ (52)	\$ (51)
Funded Status	221%	242%	228%	219%
Normal Cost Rate (Tier One/Tier Two payroll only)	0.04%	0.03%	0.09%	0.09%
UAL Rate applied to Tier One/Tier Two payroll**	<u>(0.04%)</u>	<u>(0.03%)</u>	<u>(0.09%)</u>	<u>(0.09%)</u>
Total Rate	0.00%	0.00%	0.00%	0.00%

* State Agencies, OUS, and State Judiciary are the only employers who pay RHIPA rates

** UAL Rate applied to OPSRP payroll is limited to a minimum of 0.00%

Valuation Next Steps

- Between now and the December 5, 2025 meeting we will:
 - Assist PERS in preparing financial reporting schedules
 - Prepare system-wide and employer-specific December 31, 2024 actuarial valuation reports
- At the December meeting, we will:
 - Provide listings of employer-specific advisory 2027-2029 contribution rates
 - PERS to distribute employer-specific reports to employers after the meeting
 - Update long-term contribution rate and funded status projections

Contribution Rate & Funded Status Projections

- In December, we will present contribution rate and funded status projections based on this valuation
 - That analysis will use the latest year-to-date investment return information at the time the projections are made
- Projections will be developed using two types of models
 - Steady return
 - Individual lines reflecting a small number of steady future actual investment return scenarios
 - Variable return
 - Probability distributions reflecting a wide variety of noisy scenarios for possible actual future investment returns
 - The modeling will include updates to the risk metrics we have used in projection studies conducted in previous years



Appendix

This work product was prepared for discussion purposes only and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Any recipient of this work product who desires professional guidance should engage qualified professionals for advice appropriate to its own specific needs.

Certification

This presentation summarizes key preliminary results of an actuarial valuation of the Oregon Public Employees Retirement System (“PERS” or “the System”) as of December 31, 2024, for the Plan Year ending December 31, 2024. The results are preliminary in nature and may not be relied upon to, for example, prepare the System’s Annual Comprehensive Financial Report. The reliance document will be the forthcoming formal December 31, 2024 System-Wide Actuarial Valuation Report.

Actuarial computations presented in this report are for purposes of presenting contribution rates consistent with the adopted funding policy of the System. The computations prepared for other purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System’s funding policy. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in the appendix of this 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.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System’s staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the PERS Board, which is responsible for selecting the plan’s funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated experience affecting the System and are expected to have no significant bias. The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

This valuation report is only an estimate of the System’s financial condition as of a single date. It can neither predict the System’s future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. Our annual financial modeling presentation to the PERS Board should be referenced for additional analysis of the potential variation in future measurements. Our forthcoming December 31, 2024 Actuarial Valuation Report will provide additional discussion of the System's risks. The PERS Board has the final decision regarding the selection of the assumptions and actuarial cost methods.

Milliman's work is prepared solely for the internal business use of the Oregon Public Employees Retirement System. Milliman does not intend to benefit or create a legal duty to any third-party recipient of this report. No third-party recipient of Milliman's work product should rely upon this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The actuaries are independent of the plan sponsors. 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 claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

Data Exhibits

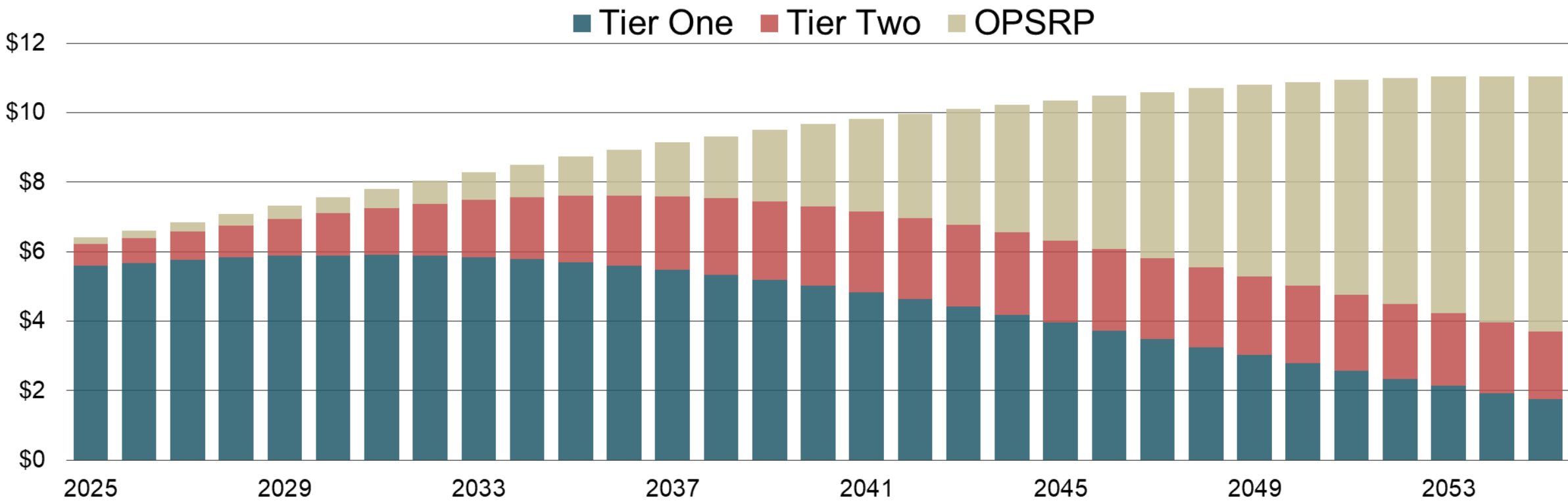
	December 31, 2024				December 31, 2023
	Tier One	Tier Two	OPSRP	Total	Total
Active Members					
Count	7,138	22,603	167,150	196,891	191,587
Average Age	59.3	54.5	43.9	45.7	45.7
Average Service	29.4	23.2	7.9	10.5	10.5
Average prior year Covered Salary	\$ 107,516	\$ 103,536	\$ 74,113	\$ 78,702	\$ 74,358
Inactive Members¹					
Count	7,126	12,042	34,894	54,062	53,873
Average Age	64.0	57.3	49.2	53.0	52.7
Average Monthly Benefit	\$ 2,570	\$ 1,067	\$ 575	\$ 947	\$ 947
Retired Members and Beneficiaries¹					
Count	127,482	25,587	15,413	168,482	165,887
Average Age	75.1	69.7	69.3	73.7	73.4
Average Monthly Benefit	\$ 3,483	\$ 1,684	\$ 750	\$ 2,960	\$ 2,899
Total Members	141,746	60,232	217,457	419,435	411,347

¹ Inactive and Retiree counts are shown by lives within the system. In other words, a member is counted once for purposes of this exhibit, regardless of their service history for different rate pools. This contrasts with the method used to count inactive participants in some of the later exhibits.

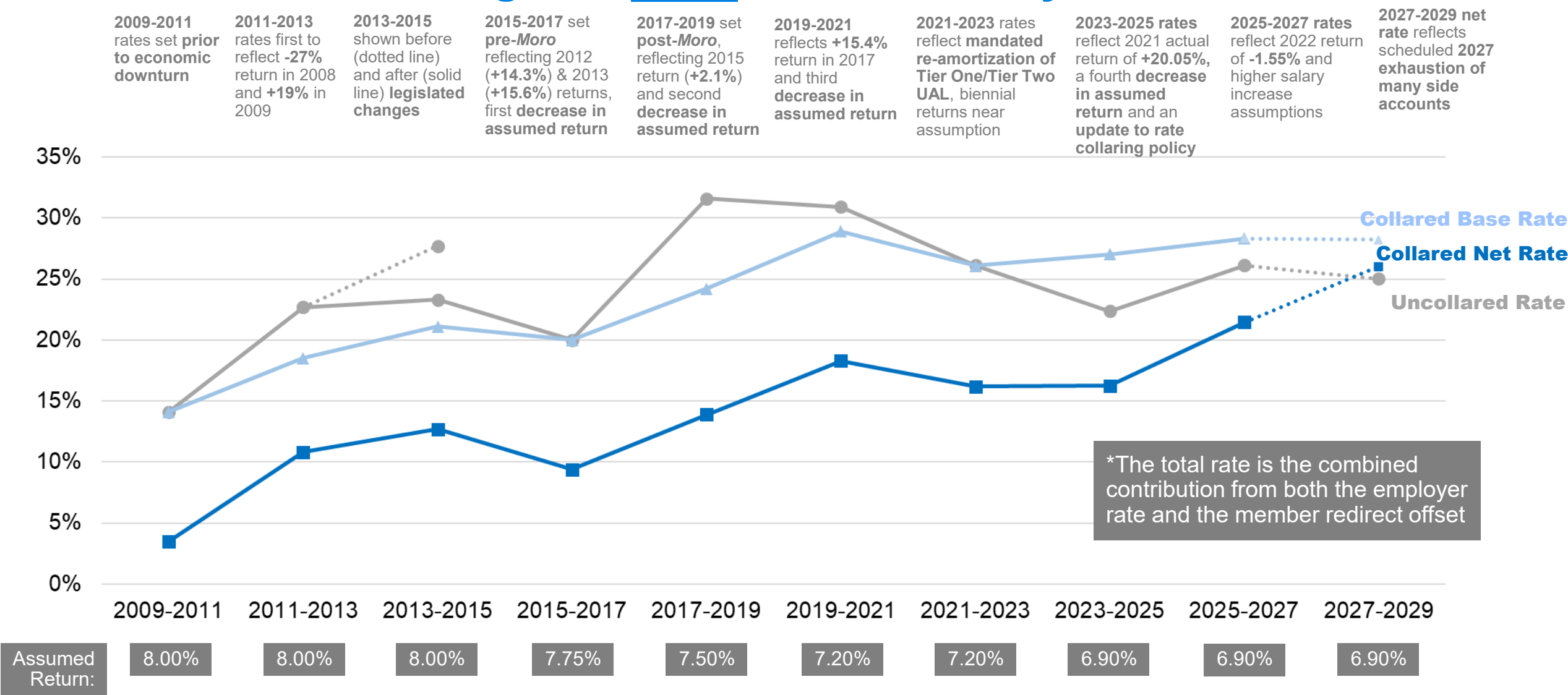
Projected Benefit Payments by Tier for Members as of 12/31/2024

Does Not Include Projected Benefit Payments for Anyone Joining OPSRP After 12/31/2024

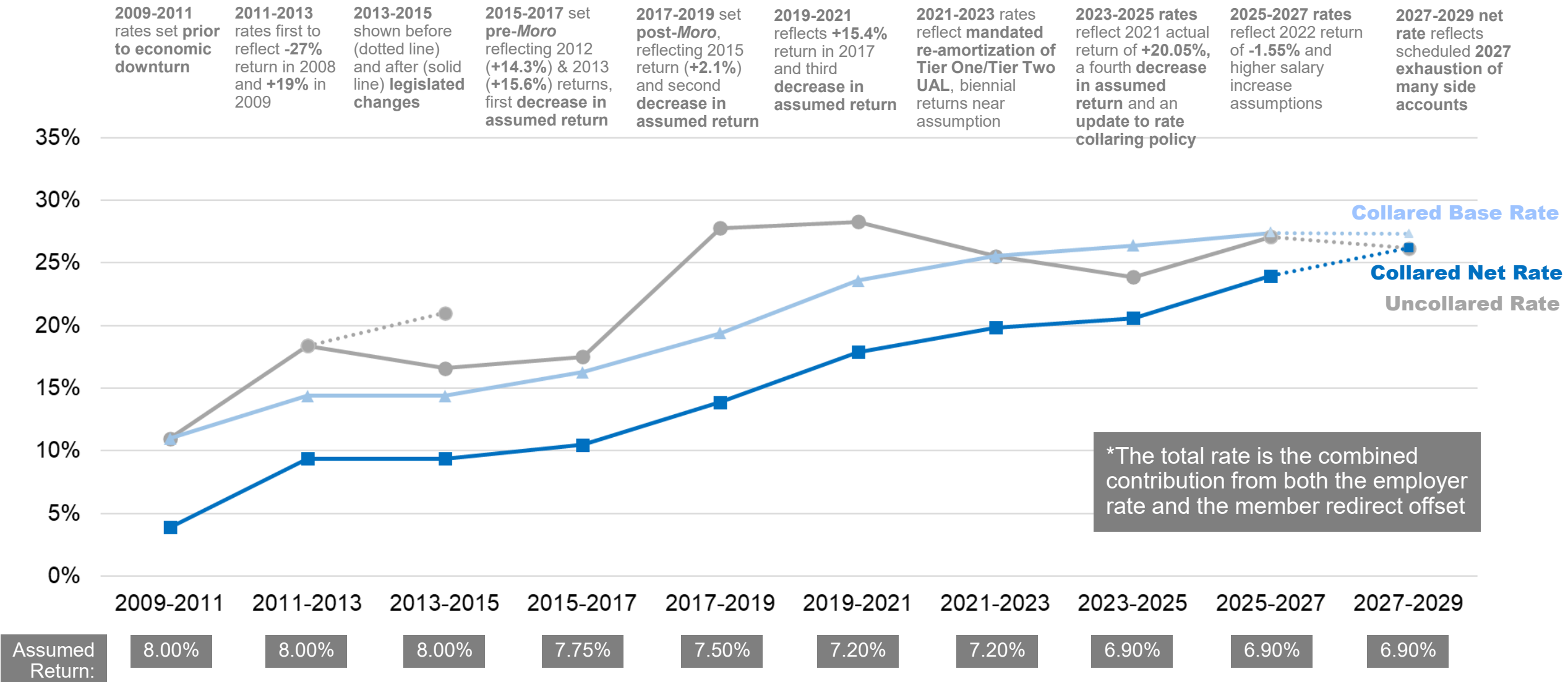
Tier One/Tier Two & OPSRP Expected Benefit Payments
by Tier as of 12/31/2024 (in \$ billions)



School District Weighted Total* Pension-Only Rates



SLGRP Weighted Total* Pension-Only Rates



Funded Status and UAL by Program

Pension Funded Status (\$ billions) at 12/31/2024 <i>totals may not add due to rounding</i>			
	Tier One/ Tier Two	OPSRP	Combined
Actuarial liability	\$ 89.2	\$ 19.5	\$ 108.7
Assets (excluding side accounts)	<u>\$ 64.3</u>	<u>\$ 15.2</u>	<u>\$ 79.5</u>
UAL (excluding side accounts)	\$ 24.9	\$ 4.3	\$ 29.2
Funded status (excluding side accounts)	72%	78%	73%
Side account assets			<u>\$ 4.4</u>
UAL (including side accounts)			\$ 24.8
Funded status (including side accounts)			77%

Uncollared Total Pension Rates – School Districts

Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2023 Valuation 2025 – 2027 Final Rates ²			12/31/2024 Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ¹	Tier One / Tier Two	OPSRP	Weighted Average ¹
Total Normal Cost	15.40%	10.47%	11.62%	14.81%	10.35%	11.29%
Tier One/Tier Two UAL	11.63%	11.63%	11.63%	10.80%	10.80%	10.80%
OPSRP UAL	<u>2.86%</u>	<u>2.86%</u>	<u>2.86%</u>	<u>2.92%</u>	<u>2.92%</u>	<u>2.92%</u>
Uncollared Total Rate	29.89%	24.96%	26.11%	28.53%	24.07%	25.01%
Increase/(Decrease)				(1.36%)	(0.89%)	(1.10%)

¹ Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

² 2025-27 School District collared rates are shown prior to 1.68% reduction from SB 849

The pool-average advisory collared base and net rates for 2027-2029 are shown on subsequent slides

Rates shown on this slide are “total” rates and include the member EPSA contribution component of the normal cost

Collared Total Pension Base Rates – School Districts

Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2023 Valuation 2025 – 2027 Final Rates ²			12/31/2024 Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ¹	Tier One / Tier Two	OPSRP	Weighted Average ¹
Uncollared Total Rate	29.89%	24.96%	26.11%	28.53%	24.07%	25.01%
Effect of Rate Collar	<u>2.21%</u>	<u>2.21%</u>	<u>2.21%</u>	<u>3.21%</u>	<u>3.21%</u>	<u>3.21%</u>
Collared Total Base Rate	32.10%	27.17%	28.32%	31.74%	27.28%	28.22%
Increase/(Decrease)				(0.36%)	0.11%	(0.10%)

¹ Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

² 2025-27 School District collared rates are shown prior to 1.68% reduction from SB 849

The advisory 2027 – 2029 uncollared total base rates decreased due declining normal cost rates, a higher payroll level for amortizing the UAL rate, and higher recent employer contributions driven by the rate collar. The advisory 2027 – 2029 collared total base rates are greater than the uncollared total base rates because of the rate collar's restriction on collared UAL rate decreases prior to satisfaction of funded status thresholds.

If actual 2025 investment returns are near assumption, final 2027-2029 total base rates are anticipated to be similar to the advisory 2027-2029 total base rates shown in this presentation

Rates shown on this slide are “total” rates and include the member EPSA contribution

Collared Employer Pension Rates – School Districts

Excludes Retiree Health Care & IAP Contributions

	12/31/2023 ¹ Valuation 2025 – 2027 Final Rates ³			12/31/2024 ¹ Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ²	Tier One / Tier Two	OPSRP	Weighted Average ²
Collared Total Base Rate	32.10%	27.17%	28.32%	31.74%	27.28%	28.22%
Member Redirect Offset	<u>(2.40%)</u>	<u>(0.65%)</u>	<u>(1.00%)</u>	<u>(2.40%)</u>	<u>(0.65%)</u>	<u>(0.95%)</u>
Collared Base Employer Rate	29.70%	26.52%	27.32%	29.34%	26.63%	27.27%
Side Account Rate (Offset)	<u>(6.87%)</u>	<u>(6.87%)</u>	<u>(6.87%)</u>	<u>(2.20%)</u>	<u>(2.20%)</u>	<u>(2.20%)</u>
Collared Net Employer Rate	22.83%	19.65%	20.45%	27.14%	24.43%	25.07%
Increase/(Decrease)				4.31%	4.78%	4.62%

¹ For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate

² Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date, OPSRP's payroll weighting increased between valuation dates

³ 2025-27 School District collared rates are shown prior to 1.68% reduction from SB 849

Rates vary by employer, as only some employers have side accounts

Weighted-average net employer rates increased due to a decrease in the average side account offset as an outcome of the scheduled expiration of many side account balances at 12/31/2027

Uncollared Total Pension Rates – SLGRP Average

Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2023 Valuation 2025 – 2027 Final Rates			12/31/2024 Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ¹	Tier One / Tier Two	OPSRP	Weighted Average ¹
Normal Cost	16.32%	11.11%	12.18%	15.92%	11.03%	11.90%
Tier One/Tier Two UAL	12.05%	12.05%	12.05%	11.37%	11.37%	11.37%
OPSRP UAL	<u>2.86%</u>	<u>2.86%</u>	<u>2.86%</u>	<u>2.92%</u>	<u>2.92%</u>	<u>2.92%</u>
Uncollared Total Rate	31.23%	26.02%	27.09%	30.21%	25.32%	26.19%
Increase				(1.02%)	(0.70%)	(0.90%)

¹ Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date.

The pool-average collared net rates which employers would be charged are shown on subsequent slides

Rates shown on this slide are “total” rates and include the member EPSA contribution component of the normal cost

Rates vary, sometimes widely among employers in the SLGRP

Collared Total Pension Base Rates – SLGRP Average

Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2023 ¹ Valuation 2025 – 2027 Final Rates			12/31/2024 ¹ Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ²	Tier One / Tier Two	OPSRP	Weighted Average ²
Uncollared Total Rate	31.23%	26.02%	27.09%	30.21%	25.32%	26.19%
Effect of Rate Collar	<u>0.32%</u>	<u>0.32%</u>	<u>0.32%</u>	<u>1.18%</u>	<u>1.18%</u>	<u>1.18%</u>
Collared Total Base Rate	31.55%	26.34%	27.41%	31.39%	26.50%	27.37%
Increase				(0.16%)	0.16%	(0.04%)

¹ For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.

² Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

Rates shown on this slide are “total” rates and include the member EPSA contribution

Collared Employer Pension Rates – SLGRP Average

Excludes Retiree Health Care & IAP Contributions

	12/31/2023 ¹ Valuation 2025 – 2027 Final Rates			12/31/2024 ¹ Valuation 2027 – 2029 Advisory Rates		
	Tier One / Tier Two	Payroll OPSRP	Weighted Average ²	Tier One / Tier Two	Payroll OPSRP	Weighted Average ²
Collared Total Base Rate	31.55%	26.34%	27.41%	31.39%	26.50%	27.37%
Member Redirect Offset	<u>(2.40%)</u>	<u>(0.65%)</u>	<u>(1.00%)</u>	<u>(2.40%)</u>	<u>(0.65%)</u>	<u>(0.95%)</u>
Collared Base Employer Rate	29.15%	25.69%	26.41%	28.99%	25.85%	26.42%
Side Account (Offset)	(3.15%)	(3.15%)	(3.15%)	(0.83%)	(0.83%)	(0.83%)
SLGRP Charge/(Offset)	<u>(0.30%)</u>	<u>(0.30%)</u>	<u>(0.30%)</u>	<u>(0.34%)</u>	<u>(0.34%)</u>	<u>(0.34%)</u>
Collared Net Rate	25.70%	22.24%	22.96%	27.82%	24.68%	25.25%
Increase				2.12%	2.44%	2.29%

¹ For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.

² Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

Rates vary by employer, sometimes significantly, as only some employers have side accounts and the SLGRP charge/(offset) varies by employer

Uncollared Total Pension Rates – System-Wide

Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2023 Valuation 2025 – 2027 Final Rates			12/31/2024 Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ¹	Tier One / Tier Two	OPSRP	Weighted Average ¹
Normal Cost	16.21%	11.11%	12.21%	15.77%	11.03%	11.93%
Tier One/Tier Two UAL	12.15%	12.15%	12.15%	11.47%	11.47%	11.47%
OPSRP UAL	2.86%	2.86%	2.86%	2.92%	2.92%	2.92%
Uncollared Total Rate	31.22%	26.12%	27.22%	30.16%	25.42%	26.32%
Increase				(1.06%)	(0.70%)	(0.90%)

¹ Weighting based on system-wide payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date.

Rates shown on this slide are “total” rates and include the member EPSA contribution component of the normal cost

Collared Total Pension Base Rates – System-Wide

Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2023 Valuation 2025 – 2027 Final Rates			12/31/2024 Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ¹	Tier One / Tier Two	OPSRP	Weighted Average ¹
Uncollared Total Rate	31.22%	26.12%	27.22%	30.16%	25.42%	26.32%
Effect of Rate Collar	0.89%	0.89%	0.89%	1.72%	1.72%	1.72%
Collared Total Base Rate	32.11%	27.01%	28.11%	31.88%	27.14%	28.04%
Increase				(0.23%)	0.13%	(0.07%)

¹ Weighting based on system-wide payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date.

Rates shown on this slide are “total” rates and include the member EPSA contribution

Collared Employer Pension Rates – System-Wide

Excludes Retiree Health Care & IAP Contributions

	12/31/2023 ¹ Valuation 2025 – 2027 Final Rates			12/31/2024 ¹ Valuation 2027 – 2029 Advisory Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average ²	Tier One / Tier Two	OPSRP	Weighted Average ²
Collared Base Rate	32.11%	27.01%	28.11%	31.88%	27.14%	28.04%
Member Redirect Offset	<u>(2.40%)</u>	<u>(0.65%)</u>	<u>(1.00%)</u>	<u>(2.40%)</u>	<u>(0.65%)</u>	<u>(0.95%)</u>
Collared Base Employer Rate	29.71%	26.36%	27.11%	29.48%	26.49%	27.09%
Side Account (Offset)	(4.24%)	(4.24%)	(4.24%)	(1.35%)	(1.35%)	(1.35%)
SLGRP Charge/(Offset)	(0.18%)	(0.18%)	(0.18%)	(0.20%)	(0.20%)	(0.20%)
Collared Net Rate	25.29%	21.94%	22.69%	27.93%	24.94%	25.54%
Increase				2.64%	3.00%	2.85%

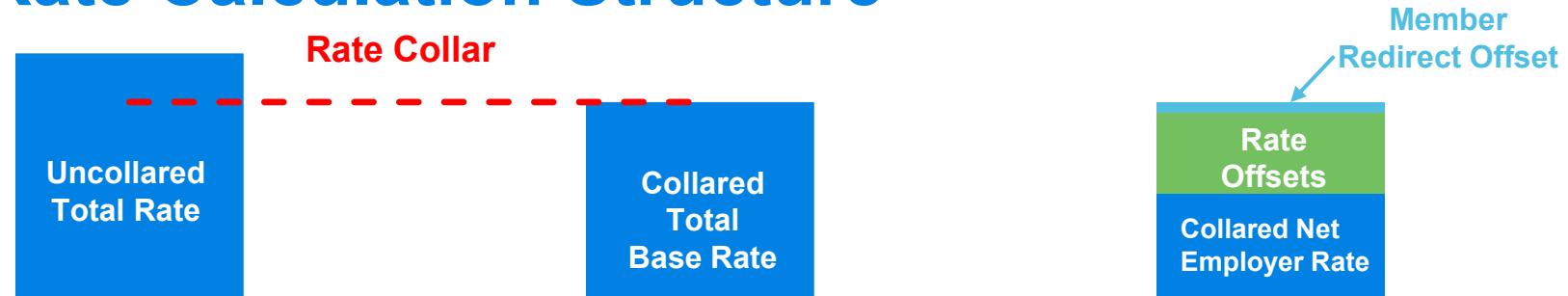
¹ For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.

² Weighting based on system-wide payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

Rates vary by employer, as only some employers have side accounts

Changes in side account offsets are not collared

Overview of Rate Calculation Structure



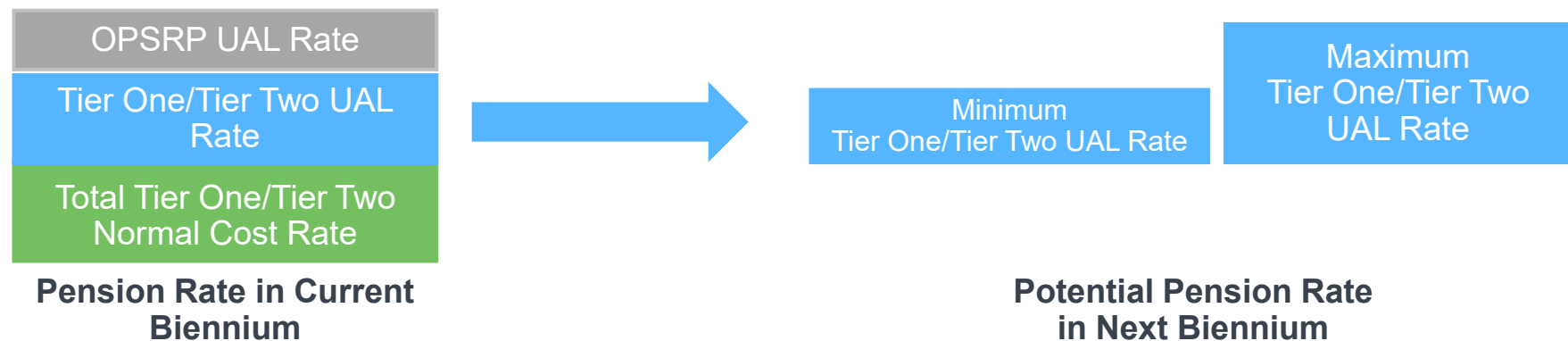
- The ***uncollared total rate*** is the theoretical contribution rate to reach 100% funded status over a specified amortization period if:
 - Contributions at that rate started on the actuarial valuation date, and
 - Actual future experience mirrors the actuarial valuation's assumptions, and
 - The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

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Rate Collar Design

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

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



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Retirement System Risks

- Oregon PERS, like all defined benefit systems, is subject to various risks that will affect future system liabilities and contribution requirements, including:
 - **Investment risk:** the potential that investment returns will be different than assumed
 - **Demographic risks:** the potential that mortality experience, retirement behavior, or other demographic experience for the system membership will be different than assumed
 - **Contribution risk:** the potential that actual future contributions will be materially different than expected, for example if there are material changes in the system's covered payroll
- The results of an actuarial valuation are based on one set of reasonable assumptions, but it is almost certain that future experience will not exactly match the assumptions.
- Further discussion of system risks and historical information regarding system experience are shown in our annual actuarial valuations. In addition, our annual financial modeling presentation to the PERS Board illustrates future outcomes under a wide range of future scenarios reflecting variation in key risk factors.

Investment Risk

Low Default Rate Obligation Measure (LDROM)

To the extent that actual investment returns differ from the assumed investment return, the Plan’s future assets, funding contributions, and funded status may differ significantly from those presented in this valuation. Effective for measurement dates February 15, 2023 or later, Actuarial Standard of Practice 4 (ASOP 4) requires an actuary performing a funding valuation to calculate and disclose a “low-default-risk obligation measure” (LDROM) as of the measurement date. The LDROM is based on a discount rate derived from low-default-risk fixed income securities. This measure is for disclosure purposes only and does not affect or replace measurements adopted for System funding. A comparison of the LDROM to funding policy results can be viewed as providing information related to investment risk and the tradeoffs between a System’s current asset allocation and a hypothetical portfolio containing 100% low-default-risk fixed income securities.

The System’s target allocation selected by the Oregon Investment Council represents a balance of risk and return. Investing in an entirely low-default-risk fixed income allocation would be expected to reduce future investment returns and therefore increase future required contributions, but the lower risk levels may result in lower year-over-year volatility in the contribution and might provide more benefit security for plan members. Conversely, investing in higher-returning asset classes may increase future investment returns and therefore reduce future employer contributions, but would also increase the volatility of those contributions and potentially reduce benefit security for plan members.

The LDROM measure shown below reflects an interest rate based on the FTSE Liability Index (which is based on high-quality corporate bond yields) as of the valuation date, weighted based on projected benefit payments for the System. Except for the interest rate, the LDROM was calculated using the same assumptions and methods adopted for the funding valuation.

<i>\$ in billions</i>	FTSE Index (LDROM)	Funding assumption
Interest rate	5.52%	6.90%
Actuarial liability at 12/31/2024	\$ 127.4	\$ 108.7
Funded status (excluding side accounts) at 12/31/2024	62%	73%

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Actuarial Basis

Data

We have based our calculation of the liabilities on the data supplied by the Oregon Public Employees Retirement System and summarized in the data exhibits on the preceding slides.

Assets as of December 31, 2024, were based on values provided by Oregon PERS reflecting the Board's earnings crediting decisions for 2024.

Methods / Policies

Actuarial Cost Method: Entry Age Normal, adopted effective December 31, 2012.

UAL Amortization: The UAL for OPSRP and Retiree Health Care as of December 31, 2007 were amortized as a level percentage of combined valuation payroll over a closed 16-year period for OPSRP and a closed 10-year period for Retiree Health Care. For the Tier One/Tier Two UAL, the amortization period was reset at 20 years as of December 31, 2013. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting valuation which will set actuarially determined contribution rates for the 2021-2023 biennium. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over the amortization period (20 years for Tier One/Tier Two, 16 years for OPSRP, 10 years for Retiree Health Care) from the odd-year valuation in which they are first recognized.

For the Retiree Health Care programs (RHIA and RHIPA), beginning with the December 31, 2021 rate-setting valuation the amortization policy when a program is over 100% funded status will be to amortize the actuarial surplus over Tier One/Tier Two payroll using a rolling 20-year amortization basis. The resulting negative UAL Rate will offset the normal cost rate for the program, but not below 0.0%. If either program subsequently fell below 100%, the UAL would be amortized over combined payroll following the 10-year closed, layered amortization policy.

Actuarial Basis

Methods / Policies (cont'd)

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.

The contribution rate stabilization method is considered an output smoothing method which results in a reasonable relationship between the smoothed contribution and the corresponding actuarially determined contribution without output smoothing.

Expenses: System-wide administration expenses are assumed to be equal to \$72.0M. The assumed expenses are allocated between Tier One/Tier Two and OPSRP based on projected payroll and are added to the respective normal costs.

Actuarial Value of Assets: Equal to Market Value of Assets excluding Contingency and Tier One Rate Guarantee Reserves. The Tier One Rate Guarantee Reserve is not excluded from assets if it is negative (i.e., in deficit status). The Actuarial Value of Assets includes the value of Employee Pension Stability Accounts (EPSA).

Actuarial Basis

Methods / Policies (cont'd)

Actuarially Determined Contribution (ADC): The contribution determined by the plan's funding policy is expected to exceed the normal cost, plus interest on the unfunded actuarial accrued liability. Presuming that all actuarial assumptions are realized and that the plan sponsor makes contributions anticipated by the funding policy, the unfunded actuarial accrued liability is expected to be fully amortized no later than 20 years after the contribution rates determined in this valuation take effect. The funding policy is consistent with the plan accumulating assets adequate to make benefit payments when due. Actuarial standards require the actuary to calculate and disclose a "Reasonable ADC", which considers that the actuarial methods and actuarial assumptions are in compliance with Actuarial Standards of Practice. Based on the assumptions and methods used in this report, we believe the ADC is reasonable in accordance with actuarial standards. In our opinion, the ADC reflects a balance among benefit security for plan members, intergenerational equity among stakeholders, and stability of periodic costs.

We considered reflecting the 18-month delay between the rate-setting valuation date and the July 1 date on which newly adopted rates first take effect. The effect of the contribution time lag is not reflected for regular UAL amortizations but is reflected for amortization of side accounts and Pre-SLGRP amounts. Please see the 2024 Experience Study for the discussion and rationale for this methodology.

Assumptions

Assumptions for valuation calculations are as described in the 2024 Experience Study for Oregon PERS and presented to the PERS Board in July 2025.

Provisions

Provisions valued are as detailed in the forthcoming 2024 Valuation Report.



A. Administration

1. July 25, 2025 PERS Board Meeting Minutes
2. Director's Report
3. PERS Strategic Plan update
4. Board Self-Evaluation

B. Administrative rulemaking

1. Notice of rulemaking for OSGP Secure Act 2.0 Rule
 - 2.a. Notice of rulemaking for legislative implementation
 - 2.b. Notice of rulemaking for Major Fraction of the Month changes (SB 851)
 - 2.c. Notice of rulemaking for SB 588
3. Adoption of rulemaking for divorce rules
4. Adoption of rulemaking for Standard Designation Rule (OSGP)
5. Adoption of rulemaking for 238 Pre-Retirement Death Benefits

C. Action and discussion items

1. PERS Modernization Program update
2. PERS 2025 employer and member annual surveys results
3. Final adoption of valuation methods and assumptions including Assumed Rate of Return
4. Adoption of Assumed Rate of Return Oregon Administrative Rule
5. December 31, 2024 system-wide valuation results and advisory employer rates

6. Board Funding Policy review



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7788

www.oregon.gov/pers

September 26, 2025

TO: Members of the PERS Board

FROM: Kevin Olineck, Director

SUBJECT: Board Funding Policy Review

OVERVIEW

Action: Adopt the revised Board Funding Policy

BACKGROUND

The October 2019 Secretary of State Actuarial Review entitled “A Review of the Oregon Public Employees Retirement System,” recommended management develop a single written funding policy document that incorporates the entire rate setting policy, including rate collaring. This Board Funding Policy (“Policy” in this memo) was originally adopted at the October 2020 board meeting and subsequently updated at the September 2023 board meeting.

Attachment 1 is the updated Policy for the board’s review and adoption. Management updated the Policy to incorporate the latest Valuation Methods and Assumptions that were adopted on a preliminary basis in July and are going through final adoption at this meeting. All changes are highlighted in yellow for ease of reference.

BOARD OPTIONS


The PERS Board may:

1. Pass a motion to adopt the Board Funding Policy, as presented.
2. Direct staff to make other changes to the Policy or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.6. Attachment 1 – *Board Funding Policy*

Oregon Public Employees Retirement System	Posted date 10/xx/2025	Number 1.03.03.01.001.P OL
Signature 	Approval date 9/26/2025	Page 1 of 8
Policy: PERS Funding		
Objective: Explains the funding administration objectives of the PERS Board.		
References: See the references listed at the end of this policy.		

Policy

Statutory authority

Oregon Revised Statutes Chapter 238 sets out the statutory duties of the PERS Board (“the Board” for the purposes of this document), including:

- Administer the system to create and maintain long-term stability and viability in the PERS System (“the System”) and shall act to achieve full funding for the benefits provided by the system, giving equal consideration to the interests of the public employer and the employee, to the extent that treatment does not violate the fiduciary duties of the Board.
- Publish an actuarial report at least once every two years, evaluating the system’s current and prospective assets and liabilities and its financial condition, including the mortality, disability, and other experience of the members and employers.
- Adopt actuarial equivalency factor tables at least once every two years using the best actuarial information on mortality available at the time of adoption.

Funding-policy background

A funding policy provides a transparent, dependable, and systematic process to ensure system-funding objectives are met over the long term. As fiduciaries of the System, the Board has a fundamental objective to ensure the System is adequately funded through current plan assets and future contributions and investment earnings in order to provide the benefits to the members when due.

In 2004, the Board adopted high-level objectives to assist in guiding the funding of the System as follows:

- Transparency of shortfall and funded status calculations
- Predictable and stable employer contribution rates
- Protection of the System’s funded status to enhance benefit security for members
- Equity across generations of taxpayers funding the program

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- Actuarial soundness — fully fund the System over a selected time period if assumptions are met
- Compliance with GASB (Governmental Accounting Standards Board) requirements

While the Board acknowledges there are inherent conflicts and tensions between the objectives noted above, it recognizes that funding-policy decisions should be aligned with the long-term nature of the plans and the System's funding objectives.

The PERS funding equation

The Board, as part of this funding policy, acknowledges the fundamental equation of pension plan financing, the role various entities, including the Board, play within that equation, and the fact that the Board's primary responsibility within the equation is to set a contribution rate that contributes to balancing this equation.

$$B = C + E$$

BENEFITS	=	CONTRIBUTIONS	+	EARNINGS
present value of earned benefits		employer and member funds to pay pension benefits		future returns on invested funds
Design set by: Oregon Legislature		Set by: PERS Board		Managed by: Oregon Investment Council

Investment decisions and oversight

The Board is not charged with the investment of the PERS Fund. The Oregon Investment Council (OIC) oversees the investment and allocation of all state of Oregon trust funds, including the Oregon Public Employees Retirement Fund (OPERF). The primary governance document that guides the OIC is the *Investment Policy Statement for the Oregon Public Employees Retirement Fund*.

While the Board and the OIC are separate entities and operate accordingly, there is an obvious and necessary requirement for the two entities to be aware of and informed by the other's decisions. To that end, the Board and OIC have instituted regular joint meetings that take place in June of odd-numbered years. These meetings follow the spring OIC meeting where the OIC typically reviews and adopts the OPERF asset allocation policy, including up-to-date market expectations for future investment returns, and precedes the PERS Board meeting, where the Board adopts new actuarial assumptions and methodologies, including the actuarial assumed rate of return to be used in future actuarial valuations and actuarial equivalency factors.

Additionally, the PERS Director is an ex-officio member of the OIC and is charged with keeping the OIC informed of any changes to the PERS System that may impact OPERF. As an OIC member, the PERS Director also keeps the PERS Board informed of OIC policies that may impact OPERF.

Contribution rate-setting cycle

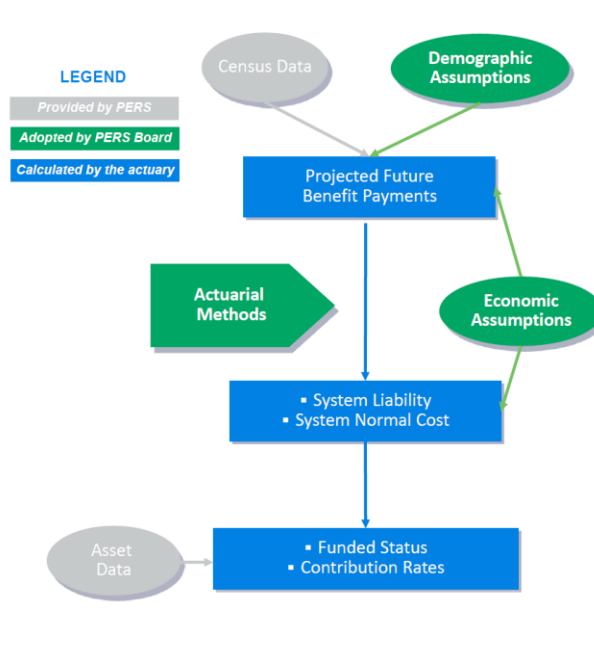
The Board has established a two-year cycle for completing actuarial valuations. The analysis and valuations done in an odd-numbered year (i.e., 2025, with results as of December 31, 2024) are deemed to be “advisory” valuations, in that they do not directly impact employer contribution rates. Instead, these results allow employers an opportunity to understand what their estimated contribution rates are in order to appropriately budget for future contributions. In the even-numbered years (i.e., 2026, with results as of December 31, 2025), the actuarial results are reviewed and formally adopted by the Board, and the next biennium’s (i.e. July 1, 2027, through June 30, 2029) employer contribution rates are set based on those results.

Biennial actuarial experience studies and adoption of actuarial assumptions and methodologies

In odd-numbered years, as part of the biennial contribution rate-setting cycle noted above, the Board, over multiple meetings, shall review, and ultimately adopt as necessary, revised actuarial assumptions and methodologies. As part of this review cycle, the consulting actuary will perform an actuarial experience study to assist the Board in reviewing the experience of the System and provide a recommendation on changes to assumptions and methodologies.

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**



Additionally, the PERS Director is an ex-officio member of the OIC and is charged with keeping the OIC informed of any changes to the PERS System that may impact OPERF. As an OIC member, the PERS Director also keeps the PERS Board informed of OIC policies that may impact OPERF.

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Actuarial methodology

The following are the key actuarial assumptions and methodologies adopted by the Board in 2023.

Method	December 31, 2024, and December 31, 2025, Valuations
Investment Return Assumption	6.90%
Cost Method	Entry Age Normal
Funded Status	The actuarial value of assets expressed as a percentage of the actuarial accrued liability. For the purposes of this policy, funded status is determined without taking side account balances into effect.
Asset Valuation Method	Market value of assets, excluding amounts in the Contingency Reserve, Capital Preservation Reserve, and Tier One Rate Guarantee Reserve. If the Tier One Rate Guarantee Reserve is in a deficit status, the market value of assets will be reduced by the amount of deficit.
Unfunded Actuarial Liability (UAL) Amortization Method	UAL amortized using closed, layered periods as a level percent of combined Tier One/Tier Two and OPSRP payroll.
UAL Amortization Period	<p>UAL bases – closed amortization from the first rate-setting valuation in which experience is recognized.</p> <ul style="list-style-type: none"> For the December 31, 2019, valuation only, all existing Tier One and Tier Two UALs were re-amortized over a 22-year period as per SB 1049 (2019). The closed-period amortization under Senate Bill 1049 will continue to decline and will have 16 years remaining as of the December 31, 2025, rate-setting valuation. Future Tier One/Tier Two UAL gains or losses will be amortized over 20 years. OPSRP – 16 year amortization period. RHIA/RHIPA – 10-year amortization period. When funded status is over 100% at a rate-setting valuation, amortize the actuarial surplus over Tier One/Tier Two payroll using a rolling 20-year amortization basis. Allow the resulting negative UAL rate to offset the normal cost for the program, but do not allow contribution rates below 0.0%.

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	<p>If either program subsequently falls below 100%, the UAL will then be amortized over the combined payroll following the existing 10-year closed, layered amortization policy.</p> <ul style="list-style-type: none"> • Newly established side accounts – Aligned with the new Tier One/Tier Two base from the most recent rate-setting valuation. Employers who make lump-sum payments in accordance with the rules of OAR 459-009-0086(9) may select a shorter amortization period of either six, 10, or 16 years since the most recent rate-setting valuation. There is a lag adjustment to the amortization period to reflect the delay between when the calculation occurs and when the new rate is effective. • Newly established transition liabilities or surpluses (State and Local Government Rate Pool) – will amortize to July 1 after the scheduled end date (18 years) to align with rate change timing.
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 and 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 most recent uncollared and collared UAL rate. <p>Additionally, the UAL rate would not be 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> <p>Exclude pension normal cost and RHIA and RHIPA rates from the rate-collar calculation.</p>

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Actuarially determined contributions and rate collaring

It is the Board's responsibility to determine, for the next biennium, the actuarially determined contribution rate (ADC). This contribution rate will be calculated in a manner that will fully and systematically fund the long-term costs of promised benefits, while balancing the competing funding objectives noted above.

It is important to note that, for the purposes of describing the ADC, the Board takes into account the rate-collaring process set out in the actuarial assumptions and methodologies. The ADC is then described as the collared rate.

This policy for determining the ADC has been in effect since it was adopted by the Board for the December 31, 2005, actuarial valuation, which set contribution rates for the 2007-09 biennium. After an extensive review over multiple meetings, a new methodology was adopted by the Board at the July 2021 board meeting. The collared rate for an experience-sharing pool consists of the UAL rate, as limited by the rate collar, and the normal cost rate, which is not limited.

In addition to the pension contributions noted above, all employers contribute to the Retirement Health Insurance Account (RHIA). Further, state agencies and state judiciary also contribute to the Retiree Health Insurance Premium Account (RHIPA). The Board has determined that the normal cost rates of RHIA and RHIPA are charged only to Tier One/Tier Two payrolls, as only Tier One and Tier Two members are eligible for these benefits. Any new RHIA and RHIPA UAL rates would be charged to all Tier One and Tier Two payrolls.

Contribution-rate volatility under ADC funding can be mitigated using a number of smoothing techniques, either on the inputs (e.g., asset smoothing) or the output, which is the contribution rate (i.e., rate collaring). Asset smoothing is an actuarial method used to systematically recognize gains and losses in assets over a predetermined period of time (typically five years) to reduce the effects of market volatility and provide stability to actuarially calculated contribution levels. The net effect is the same: smoothing of contribution rates.

The Conference of Consulting Actuaries has stated that use of the rate-collaring methodology is acceptable so long as it is "supported by analysis and projections to show the effect on future funded status and future policy based contribution requirements (prior to the application of the contribution collar). There may also need to be a mechanism to ensure adequate funding following extraordinary actuarial losses." These elements are satisfied by PERS' rate-collaring methodology.

Funding risks

In order to fund the plans at an acceptable projected budgetary contribution cost over the long term, taking on a degree of investment and other funding risks is considered appropriate. The Board is responsible for determining the appropriate overall level of funding risk and determining strategies to mitigate the funding risks as needed.

Examples of these strategies include performing yearly actuarial valuations, yearly stochastic financial modeling exercises, and a full experience study on a biannual basis.

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The plans are impacted by a range of economic risk factors, including inflation rates and interest rates. Inflation rates can affect overall salary increases, while interest rates can impact the present value of plan liabilities and investment returns.

Investment risk is a significant factor that affects the funding of the plans. Investment performance has a direct influence on the plans' funded status, and changes to future investment return expectations influence both the funded status and the projected level of the plans' actuarially calculated contribution rates. The Board considers the OIC's up-to-date market expectations for future investment returns, which includes investment risk, as part of their overall risk review.

Demographic risk factors for the plans include the general characteristics of the plans' populations, such as: member age, sex, marital status, expected longevity, salary progression rates, termination rates, and early retirement rates. These variables directly impact the projected pension liability, and there is a risk that the plans' demographic experience varies from the projection. While demographic factors, in general change slowly over the short term, they are important drivers of long-term plan funding risk, particularly long-term longevity factors for retiree life expectancy.

The distinction between Tier One, Tier Two, and Oregon Public Service Retirement Plan (OPSRP) membership is an important demographic risk factor, since the contribution rates paid by an employer vary by payroll type.

The risks related to having assets readily available to fund benefit payments, when needed, require effective management of the plans' liquidity. To the extent that the average duration of the plans' liabilities is relatively long, with no immediate net cash outflow, the assets may be managed with a longer time horizon, exhibiting low liquidity and higher equity allocation. When a greater proportion of assets invested by the OIC are expected to directly support near-term benefit payments, managing the liquidity risk related to asset-liability matching will be increasingly important.

Public sector pension plans face a level of scrutiny and attention not faced by other pension plans. There is a risk that funding decisions can become unduly influenced by temporary external pressures or opinions. Adopting a funding policy establishes a solid framework for funding decisions and helps mitigate this risk.

Governance of the plans requires careful coordination between many entities – the PERS Board, OIC, and the Oregon Legislature. Authority, accountability, cost monitoring, and reporting related to the plans can be challenging given the distributed nature of the governance structure.

Confidence in the risk assessment of the plans depends on plan data, computer systems, programs, and risk models used to conduct this assessment. Confidence also depends on the transparency, understandability, and soundness of the Board's funding policy. Ensuring accuracy of plan data, systems, and models is important to mitigate risk.

Review cycle

This funding policy will be reviewed biennially as part of the odd-numbered year review of the System's actuarial assumptions and methodologies.

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Public Comment

Testimony to the PERS Board
September 26, 2025

Members of the PERS Board:

More bad news this time has once again left you with nothing but bad choices.

Expiration of side accounts and continued payroll growth are driving an incredible \$1.58 billion increase in employer contributions for 2027-2029 on top of an even larger increase two years ago. This will undoubtedly send fresh shock waves through every public employer, as it should. The PERS Board's mission of providing stable and predictable contribution rates lies in tatters.

Once again you get little help from OPERF. Far from it. Investment performance has collapsed into a major crisis, with no quick solution in sight. The Oregon Investment Council is under intense scrutiny, and wide-spread media coverage ([here](#), [here](#), [here](#), and [here](#)) is raising public awareness. You don't have to be an investment professional to see that it's going to take years for OPERF to regain a semblance of normalcy, especially when we have an Investment Council that issued this misleading [press release](#) cherry-picking shreds of good news while not acknowledging the disaster of the last four years.

For years, PERS Boards have used OPERF as a piggy bank, drawing a large percentage of pension payments from investment earnings and avoiding lowering the assumed rate of return. Those years of PERS Board complacency are now coming back to haunt you. We see that factors outside of your control are leading to this huge rate increase without even lowering the assumed rate, giving employers all the pain of a rate spike while doing nothing to make progress on the unfunded liability.

The PERS system has now become a runaway train, gobbling up more billions of taxpayer money as you look on powerlessly. I expect you will not lower the assumed rate, even though you should. It's an epic mess brought on by decades of bad behavior by PERS Boards and the Legislature alike.

In 1975 the Legislature and PERS Board made the two most catastrophic decisions in PERS history: mandating a [guaranteed minimum rate of return](#) for PERS members and crediting a large share of investment earnings above that return directly to member accounts. Subsequent PERS Boards continued excess crediting for [over two decades](#), transforming PERS into a massive transfer of wealth from Oregon taxpayers to future retirees. By the year 2000, the average PERS pension for new retirees with 30 years of service reached 100 percent of their final salaries ([PERS By The Numbers](#), p. 15). System liabilities exploded, setting the stage for today's crisis.

By the time reforms began in 2003, the damage was immense. To see the real-life impact of these decisions for yourselves, explore The Oregonian/OregonLive's [PERS beneficiaries database](#).

The 2008 financial crisis exposed the depth of PERS's problems. By the end of 2008, funding had crashed from 111 percent to 80 percent and has never recovered ([PERS By The Numbers](#), p. 26).

After the 2008 crash, PERS Boards did not act for six years to start lowering the assumed rate of return ([PERS By The Numbers](#), pp. 63-64). Finally, in 2014, a new board chairman began lowering, guiding rates down in three consecutive rate-setting sessions, from 8.0 percent to 7.2 percent. Then progress stalled again during the Shenoy era, when rates were lowered only one time, and only with actuarial pressure.

There has been virtually no progress on lowering the unfunded liability since 2008. You still seem to believe that somehow OPERF will spring to life to do the work for you. That won't happen any time soon. OPERF's returns from 2008 to present now stand at less than 6.5 percent per year (author's calculation from [Treasury data](#)).

If PERS Boards had acted responsibly from 2008 forward and steadily lowered the assumed rate while the side accounts still existed to moderate the effect on employers, we would not be facing the disastrous impacts of the shocking rate increases of the last two years.

The consequences of decades of dreadful decisions by PERS Boards have now landed in your laps. There are no easy answers. I sincerely wish you the best in trying to navigate this fraught situation.

Douglas Berg
Eugene, OR
206 353 2350