



OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

Friday
April 3, 2026
9:00 a.m.

PERS HQ
11410 SW 68th Pkwy
Portland, OR 97223

ITEM

PRESENTER

A. Administration

- 1. [January 30, 2026 PERS Board Meeting Minutes](#) JARAMILLO
- 2. [Director's Report](#) OLINECK
 - a. [Forward-Looking Calendar](#)
 - b. Oregon Public Employees Retirement Fund (OPERF)
 - i. [OPERF Investment Report](#)
 - ii. [OPERF annual rates of return](#)
 - c. [Budget execution report](#)
 - d. [2027 PERS Board meeting dates](#)
- 3. [Oregon Public Employees Retirement Fund \(OPERF\) performance review](#) KIM
- 4. [Oregon Savings Growth Plan annual report](#) EGLY
- 5. [Oregon Savings Growth Plan Advisory Council appointment](#) EGLY

B. Administrative rulemaking

- 1. [Adoption of rulemaking for annual plan updates](#) VAUGHN

C. Action and discussion items

- 1. [Modernization update](#) IVERS
- 2. [Legislative session review](#) CASE
- 3. [Board approval to file 2027 legislative concepts](#) CASE
- 4. [2027-29 agency budget development update](#) HORSFORD
- 5. [Final earnings crediting and reserving](#) HORSFORD, GRAVES
- 6. Funding of School District Rate Pool (Senate Bill 849) MILLIMAN



OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING AGENDA

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

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

2026 Meetings: January 30, April 3*, May 29, July 24*, September 25, December 4* *Audit Committee planned for post-board 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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OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

January 30, 2026

Board members present:

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

Staff present:

Kevin Olineck, Kai Turner, Alex Gaub, Jason Stanley, Sam Paris, Jake Winship, Kristi Ivers, Heather Case, Matthew Graves, and Melanie Chandler attended in the PERS Boardroom.

Anne Marie Vu, Akiko Yoshida, Brandon Armatas, Chris Carrera, Chris Geier, Daniel Rivas, David Larson, Elizabeth Rossman Weber, Erin Stutesman, Janice Richards, Jordan Masanga, Jonathan Yost, Katie Davis, Kumar Ramayanapu, Michiru Farney, Mo Naser, Natalie Newgard, Neil Jones, Pat Donegan, Richard Horsford, Shawn Harper, Silvestre Trujillo, Siresha Samineni, Sofia Lalev, Stephanie Vaughn, Susannah Bodman, Tiffani Cairo, Tina Swenson, Troy Phillips, and William Guzman attended virtually.

Others present:

Scott Preppernau, Matt Larrabee, Olivia Haugen, and Jeff Gudman attended in the PERS Boardroom.

Brendan Watkins, Carol Samuels, Cindy Huie, David Randall, Gay Lynn Bath, Jason Kobilka, Jennifer Jones, Maurizio Bottalico, Sara Collins, Shauna Tobiasson, Steve Demarest, Triet Nguyen, and Young Kim attended virtually.

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

ADMINISTRATION

A.1. DECEMBER 5, 2025 PERS BOARD MEETING MINUTES

Vice Chair Scanlan moved to approve the minutes from the December 5, 2025 PERS Board meeting as presented. Board Member Connor seconded the approval of the minutes.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion. Board Member Tintle 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 noted a change in the forward-looking calendar was not reflected in the original document. The next board meeting will take place on April 3, 2026 instead of March 30, 2026. The board materials have been updated to reflect the change.

Olineck reported on the submission of two key legislative reports mandated by Senate Bill 5534 (2025), including updates on the implementation of House Bill 4045 (2024) and the PERS Modernization Program, both scheduled for presentation to the Interim Joint Committee on Ways and Means in January 2026.

He highlighted staff accomplishments, noting improvements in management competencies as evidenced by the 2025 Leadership 360 Reviews and Employee Engagement Survey results. Olineck explained that these surveys showed marked progress in stewardship, mentoring, and innovation, with leadership development identified as a critical area of focus. He linked the increase in Manager 360 scores to enhanced staff recognition and feedback practices, contributing to a positive agency culture.

The Oregon Public Employees Retirement Fund (OPERF) returns, for the period ending December 2025, were positive, at 9.68%.

Operating expenditures for November, December, and preliminary expenditures for January are \$5,644,429, \$8,303,608, and \$10,192,177 respectively. Through January 9, 2026, the agency has expended a total of \$35,760,386 or 22.6% of PERS' legislatively approved operations budget of \$158,589,264.

Olineck reviewed the meeting agenda.

A.2.d. ANNUAL REPORT OF DIRECTOR'S FINANCIAL TRANSACTIONS

Jason Stanley, Chief Compliance, Audit, and Risk Officer, reported on the Annual Report of the Director's Financial Transactions.

Stanley reviewed the detailed transactions (payroll time reports, travel expense reimbursement claims, and SPOTS card purchases) of the PERS director for the period of July 1, 2024, through fiscal year ended June 30, 2025, and found no exceptions or inappropriate transactions.

Stanley made a correction to the aggregate transaction amount of \$386,986.00 (\$368,986 was stated in the original memo). The board materials have been updated to reflect the change.

No board action was required.

ADMINISTRATIVE RULEMAKING

B.1. NOTICE OF RULEMAKING FOR PLAN LIMITS RULES

Stephanie Vaughn, Policy Analysis and Compliance (PACS) Section Manager, presented a notice of rulemaking for plan limits rules. The impacted rules are OAR 459-005-0525 *Ceiling on Compensation for Purposes of Contribution and Benefits*; OAR 459-005-0545 *Annual Addition Limitation*; OAR 459-017-0060 *Reemployment of Retired Members*; OAR 459-045-0090 *PERS Administrative Fee*; OAR 459-080-0400 *Employee Pension Stability Account (EPSA)*; OAR 459-080-0500 *Limitation on Contributions*

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

The proposed rule modifications to Oregon Administrative Rules (OAR) 459-005-0545 and 459-080-0500 incorporate the federal adjustments for calendar year 2026 and are necessary to ensure compliance with the federal limits on the amount of contributions. In addition, the proposed modifications to OAR 459-017-0060 adopt the 2026 Social Security earnings limitations.

A rulemaking hearing will be held remotely on February 24, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the April 3, 2026 board meeting.

No board action was required.

B.2. ADOPTION OF RULEMAKING FOR LOST IN TRANSMISSION

Anne Marie Vu, Research Policy Coordinator, presented an adoption of rulemaking for the amended Receipt Date Rule. The impacted rule is OAR 459-005-0220 *Receipt Date for Reports, Documents, Remittances, Payments, Data, and Requests*.

The first proposed amendment extends the deadline to submit a lost or delayed transmission claim to align with potentially conflicting deadlines that apply to an appeal, contested case hearing, or dispute. This ensures that the member or employer is not time-barred from submitting evidence that could be relevant to their underlying appeal, hearing, or dispute.

The second proposed amendment addresses some technical aspects of what information is shown on a fax transmission. It defines “transmission data,” and clarifies that the receipt date for a document received via fax transmission shall be deemed the date reflected by the transmission data that is automatically generated by the fax machine or fax server and embedded on the fax transmission (file or document) or the imaged date of the fax. It also clarifies that metadata from the sender’s fax machine/electronic device, or fax/email server showing the date and time that the fax or email was transmitted by the sender, may be submitted to support a lost or delayed transmission claim.

A rulemaking hearing was held remotely, and in person, on January 20, 2026, at 2:00 p.m. The public comment period ended January 21, 2026, at 5:00 p.m. No public comment was received.

Vice Chair Scanlan moved to adopt receipt date rules edits as presented. Board Member Tintle seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Hestand voted in favor of the motion. Board Member Tintle 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 explained that the program is managed as a single program encompassing multiple projects expected to span four biennia, with an overall completion target of December 31, 2034. She stated that the program remains on scope, on schedule, and on budget, with two of three senior project manager positions filled and ongoing efforts to document pension life-cycle processes and initiate data cleaning activities.

Ivers reviewed key projects including the Pension Administration System (PAS) modernization, currently in pre-initiation. Initial review of the PAS business case and charter were completed by EIS on December 30, 2025. Responses to the comments from EIS are in progress.

The Department of Justice (DOJ) received the Specialized Consultant Request for Proposal (RFP) on December 19, 2025, and it is currently being reviewed for legal sufficiency. This consultant is expected to assist PERS in writing its commercial-off-the-shelf (COTS) Pension Administration System (PAS) RFP. PERS anticipates posting the Specialized Consultant RFP in January 2026.

Current state requirements gathering with staff continue. This is the initial phase of multiple requirements gathering sessions.

No board action was required

C.2. LEGISLATIVE UPDATE AND LEGISLATIVE CONCEPT PREVIEW

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

In January 2026, the Legislature held interim “legislative days” (Jan. 13–15) to conduct business such as informational hearings, agency reports, and budget adjustments, without policy bills or floor sessions. During this time, PERS presented two reports required by Senate Bill (SB) 5534 (2025): the status of implementing House Bill 4045 (2024) and progress on the PERS Modernization Program, while also requesting additional budget for modernization efforts.

The upcoming 2026 short legislative session (February 2 to March 9) will last 35 days, with no new agency bills allowed but potential budget adjustments expected due to fiscal constraints. PERS will provide

information, track bills affecting its operations, and continue discussions on expanding the “police officer” definition and Oregon National Guard member coverage.

Required reports during the session include updates on the Employer Incentive Fund and School District Unfunded Actuarial Liability Fund (SB 1566) and annual earnings crediting actions.

Looking ahead to 2027, PERS is developing legislative concepts such as auto-enrollment in the Oregon Savings and Growth Plan, changes to residency certification for tax remedy, extending and increasing health insurance subsidies, aligning beneficiary designations during divorce, clarifying firefighter definitions, and standardizing salary reporting for Final Average Salary calculations to improve administrative consistency.

C.3. SENATE BILL 1566 REPORTING REQUIREMENTS

Jake Winship, Associate Actuary, presented the Senate Bill 1566 reporting requirements.

As required by SB 1566, Winship provided the status of the School Districts Unfunded Liability Fund, the Employer Incentive Fund, and the Unfunded Actuarial Liability Resolution Program as of December 2025.

No board action was required.

C.4. PRELIMINARY 2025 EARNINGS CREDITING AND RESERVING

Richard Horsford, Chief Financial Officer, and Matthew Graves, Financial Reporting Manager, presented the preliminary report of 2025 earnings crediting and reserving.

The PERS Board is charged with crediting the earnings from the PERS Fund each calendar year. Some of those allocations are directed by statute or rule; allocation of the balance, if any, is at the PERS Board’s discretion.

The PERS Board’s Annual Earnings Crediting rule (OAR 459-007-0005) directs crediting to the Judge and Tier Two member regular accounts, as well as the OPSRP Pension Program, Benefits-in-Force, and Employer Reserves. Graves made recommendations to allocations for adoption on a preliminary basis by the PERS Board.

Board Member Tintle moved to adopt the preliminary crediting of earnings for calendar year 2025, including an allocation of \$21,028.92 to fully fund the contingency reserve, subject to final adoption at the April 3, 2026 PERS Board meeting. Board Member Connor seconded the motion

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

The motion passed unanimously.

C.5. VERBAL UPDATE REFLECTING ON EARNINGS THROUGH DECEMBER 31, 2025

Actuaries Matt Larrabee and Scott Preppernau of Milliman presented long-term financial modeling projections reflecting published investment results through December 31, 2025. These included system average contribution rates, system funded status, and system unfunded actuarial liability.

Chair Jaramillo adjourned the PERS Board meeting at 10:03 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin Olineck". The signature is written in a cursive style with a large initial "K".

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 Employee of the Year, Manager of the Year, and Team of the Year Each year, the Employee Recognition Work Group convenes to create and distribute an internal survey designed to recognize PERS employees, managers, and teams for their work in the previous calendar year.

The 2025 theme was "Celebrating the Heart of Service" and honored employees who exemplify the spirit of public service. Whether through direct interactions or behind-the-scenes support, these individuals go above and beyond to ensure exceptional service and uphold PERS' mission. Their dedication strengthens trust and delivers value to members, employers, and colleagues.

This year's awards highlight the spirit of public service in both public-facing and internal support roles and focus



on how the team, manager, or employee demonstrates a deep understanding of the PERS mission.

Survey respondents were asked to choose nominees who exhibited some of the following attributes: empathy, respect, and support; service consistency; exceptional interactions; process improvement; and trust, integrity, and reliability.

The Employee Recognition Work Group implemented an anonymous scoring system to remove any potential bias from the process.

Employee of the Year nominees: Nick Bickford, Nhung Bui, Todd Brown, Tiffani Cairo, Karina Chan, April Chapman, Lisa Cebula, Pat Donegan, Elizabeth Embree, Christina Hampton, Elli Probasco, Annie Ho, Cindie Lang, Mary Lang, Wendy Luttrell, Chris Korsak, Laura Moravec, Shay Marovich, Cathy Mayes, Makiah Merritt, Megan Mumey, Tricia Nugent, Eileen Patrick, Tim Raubuch, Lydia Uribe, Juan Vasquez, and Stormii Wilson.

The winner was Lisa Cebula. Runners-up were Lydia Uribe and Elizabeth Embree. These three employees will also serve as PERS' 2026 Public Service Ambassadors.

Manager of the Year nominees: Brandon Armatas, Paul Brown, Jeff Cunningham, Gary Crosby, Jim Duckering, Laurel Gallego, Tamie Johnson, Chris Long, Nick Marrello, Tammy Nguyen, Sam Paris, Melissa Piezonka, Jason Stanley, and Melissa Tominaga.

The winner was Tamie Johnson. Chris Long was the runner-up.

Team of the Year nominees: Accounting, Cash, and Tax Section, Communications Engagement Team, Enterprise Content Management, Employer Service Center, Intake and Review, Member Account Adjustment Team, Member Information Center, PERS Education Team, PERS Health Insurance Program, Calculations Section, Technical Operations Support Section, Web Team.

The winner was the Enterprise Content Management team. The Employer Service Center was the runner-up.

I'd like to recognize the efforts of the Employee Recognition Work Group in making these awards so successful: Johnna Bergman, Liz Declue, Diane Hernandez, Megan Jennings, Natalie Newgard, Jordan Perkins, Leisl Stinetjes, Erin Stutesman, Kai Turner, and Seth Yohnka.

Accomplishments

Oregon Public Employees Retirement Fund relative ranking The annual ranking of pension plans was recently released by *Pensions & Investments Magazine* based on "assets under management," as of September 30, 2025. PERS now sits as the 18th largest public sector pension plan and the 21st largest pension plan in the nation.

Accounts Receivable Honor Roll PERS has earned the Chief Financial Office Accounts Receivable (A/R) Honor Roll Certificate for fiscal year 2025.

This certificate is awarded to state agencies that submit timely and accurate A/R reports. Achievement of this recognition is due primarily to our agency's diligent efforts to track and report A/R activities.

The Honor Roll Certificate recognizes PERS employee Marie Elkins, who submitted the A/R reports during fiscal year 2025.



PERS BOARD MEETING FORWARD-LOOKING CALENDAR

Friday, April 3, 2026*

Oregon Public Employees Retirement Fund performance review
Oregon Savings Growth Plan Annual Report
Legislative session review
Board approval to file legislative concepts
Final Earnings Crediting
Agency budget development update for next biennium

Friday, May 29, 2026

Board Scorecard Report on Agency Performance Measures
Propose board meeting dates for next year
Board Education Policy renewal
Annual report of board member training activities
Retiree Health Insurance Plan renewals and rates
PERS Health Insurance Plan annual update
Agency budget development update for next biennium

Friday, July 24, 2026*

CEM Benchmarking results
Approval to submit agency budget request for next biennium
System-Wide Valuation results

Wednesday, September 2, 2026

(Joint meeting with Oregon Investment Council (OIC) at Treasury)

(PERS Board will be joining the second half of the regular OIC Board meeting 9:00 a.m.-1:00 p.m.)

Friday, September 25, 2026

Review board meeting dates for next year
PERS Agency Strategic Plan update
Legislative update and legislative concepts update
PERS Annual Member and Employer Survey results
Actuarial valuation and adoption of Actual Employer Rates

Friday, December 4, 2026*

Board governance assignments
Board Scorecard Report on Agency Performance Measures
Governor's Expectations update
Employer Incentive Fund update
Presentation of final draft of legislative concepts before filing
Appointment of Legislative Advisory Committee
Financial modeling

Proposed 2027 PERS Board Meeting Dates:

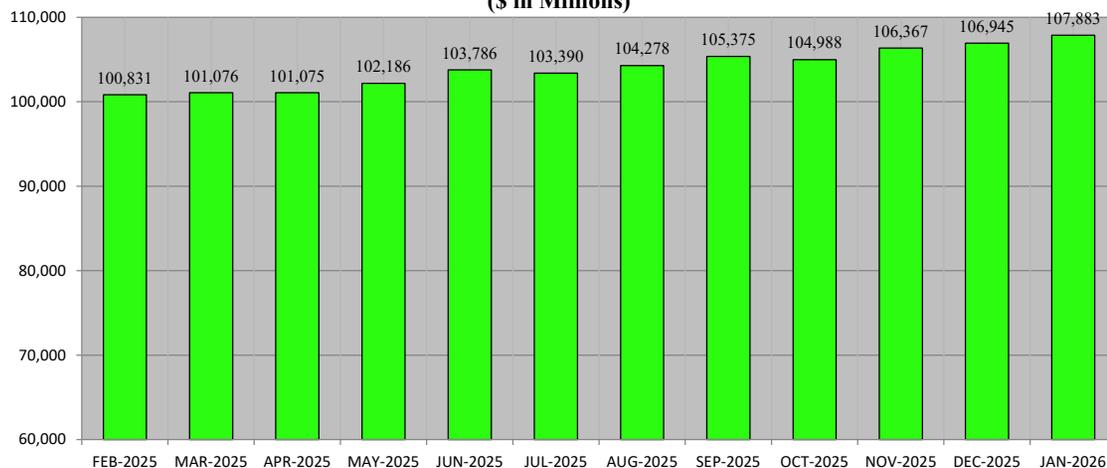
- January 29, 2027
- April 2, 2027*
- June 4, 2027
- July 23, 2027*
- October 1, 2027
- December 3, 2027*

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

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy	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			\$ 102,209,937		1.32	10.16	8.24	6.93	5.57	7.96	8.29	8.67
<i>OPERF Policy Benchmark</i>					1.55	13.67	13.09	11.50	7.29	8.48	9.56	9.76
Value Added					(0.23)	(3.51)	(4.85)	(4.58)	(1.73)	(0.52)	(1.28)	(1.09)
<i>OPERF Reference Portfolio</i>					2.09	16.25	14.59	12.76	7.28	7.35	9.23	9.10
Public Equity	22.5-32.5%	27.5%	\$ 20,570,148	20.1%	3.56	21.37	20.80	18.45	12.20	12.55	13.09	12.88
<i>MSCI ACWI IMI Net</i>					3.28	22.07	20.98	18.43	11.31	11.50	12.89	12.53
Private Equity	15-27.5%	20.0%	\$ 25,172,232	24.6%	0.47	8.60	6.31	6.34	4.98	11.47	11.71	12.29
<i>Russell 3000+300 Bps Qtr Lag</i>					2.09	22.05	28.09	27.35	14.88	18.40	18.17	18.30
Total Equity	42.5-52.5%	47.5%	\$ 45,742,380	44.8%								
Fixed Income	20-30%	25.0%	\$ 23,391,322	22.9%	0.04	6.67	4.91	4.60	1.54	0.85	2.63	2.65
<i>Oregon Custom Fixed Income Benchmark</i>					0.11	6.85	4.43	3.65	0.51	(0.11)	1.84	1.96
Real Estate	7.5-17.5%	12.5%	\$ 13,812,719	13.5%	2.64	4.86	0.73	(3.20)	1.85	5.22	5.08	6.32
<i>Oregon Custom Real Estate Benchmark</i>					0.23	3.10	(1.64)	(5.52)	(0.56)	2.56	2.54	4.13
Real Assets	2.5-10.0%	7.5%	\$ 10,843,623	10.6%	0.44	11.73	11.11	9.76	11.83	13.28	8.73	8.36
<i>CPI +4%</i>					0.70	6.74	6.93	7.02	7.91	8.67	7.90	7.36
Diversifying Strategies	2.5-10.0%	7.5%	\$ 5,553,321	5.4%	1.78	10.63	8.89	7.10	9.92	9.48	4.88	2.98
<i>HFRI FOF: Conservative Index</i>					1.56	8.91	7.79	6.81	5.45	5.74	5.71	4.82
Opportunity Portfolio	0-5%	0%	\$ 2,829,974	2.8%	0.32	10.78	10.80	11.82	9.11	11.71	11.02	9.81
<i>Opportunity Custom Benchmark</i>					1.55	13.67	13.09	11.91	11.86	12.05	10.59	9.54
Cash w/Overlay	0-3%	0%	\$ 36,597	0.0%	0.36	4.72	5.12	5.21	4.20	3.32	3.01	2.59
<i>91 Day Treasury Bill</i>					0.29	4.09	4.64	4.80	4.04	3.23	2.69	2.21
Target Date Funds			\$ 5,402,828									
TOTAL OPERF Variable Account			\$ 270,010									
					3.33	22.43	21.37	18.75	11.63	11.83	13.23	12.87

Total OPERF NAV
(includes Variable Fund assets)
One year ending JAN-2026

(\$ in Millions)



¹OIC Policy revised April 2023.

²Includes impact of cash overlay management.

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

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

Year	OPERF Earnings (%)	Tier One	Tier Two	Variable Account	IAP
2012	14.29	8.00	14.68	18.43	14.09
2013	15.59	8.00	15.62	25.74	15.59
2014	7.29	7.75	7.24	4.29	7.05
2015	2.11	7.75	1.87	-1.61	1.85
2016	6.88	7.50	7.15	8.76	7.13
2017	15.39	7.50	15.23	26.48	14.72
2018	0.48	7.20	0.23	-10.03	--
2019	13.56	7.20	13.27	28.80	--
2020	7.66	7.20	7.18	11.77	--
2021	20.05	7.20	20.14	18.88	--
2022	-1.55	6.90	-1.91	-21.52	--
2023	5.98	6.90	5.52	21.37	--
2024	5.71	6.90	5.29	14.60	--
2025	9.68	6.90	9.19	22.32	--

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



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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

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Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

April 3, 2026

TO: Members of the PERS Board
 FROM: Gregory R. Gabriel, Budget Officer
 SUBJECT: April 2026 Budget Report

2025-27 OPERATING BUDGET

Operating expenditures for January, February, and preliminary expenditures for March are \$6,145,078, \$5,951,737, and \$6,811,518 respectively. Final expenditures for March will close in the Statewide Financial Management System on April 17 and will be included in the May 2026 report to the board.

- Through March 15, 2026, the agency has expended a total of \$53,141,522, or 32.5%, of PERS' legislatively approved operations budget of \$163,320,165.
- At this time, the agency's projected variance is \$1,717,946 or 1.05%. It should be noted that statewide compensation adjustments were allocated to agencies in House Bill 5204 during the February 2026 legislative session. PERS received \$4.9M in compensation adjustments and the legislatively approved budget has been updated accordingly.
- Core Retirement Systems Applications (CRSA) expenditures for January, February, and preliminary expenditures for March are \$742,452, \$180,174, and \$642,533 respectively. As of March 15, the agency has expended \$3,404,429, or 13.8%, of the legislatively approved budget of \$24,629,254.
- At this time, the CRSA projected variance is \$6,390,189 or 25.6%.

FEBRUARY SESSION 2026 – House Bill 5204

The following updates were made to the PERS operating budget under House Bill 5204 for statewide compensation adjustments:

- Central Administration Division increased by \$811,520
- Financial Services Division increased by \$428,533
- Information Services Division increased by \$1,006,307
- Operations Division increased by \$2,338,642
- Compliance, Audit, and Risk Division increased by \$145,899
- Core Retirement Systems Application Division increased by \$130,762

The following adjustments were made to the PERS Modernization Program budget under House Bill 5204 related to implementation costs:

- Core Retirement Systems Application Division increased by \$2,918,801; five permanent positions and 2.50 FTE.

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 March 15, 2026 are \$4,878,708,046.

A.2.c. Attachment 1 – *2025-27 Agency-wide Budget Execution Report*

A.2.c. Attachment 2 – *2025-27 CRSA Summary Budget Analysis*

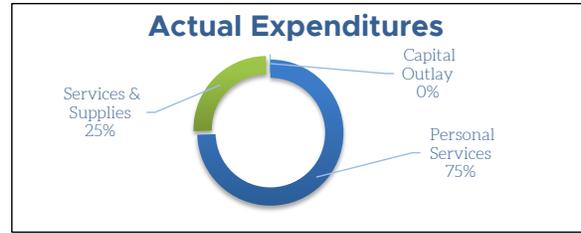
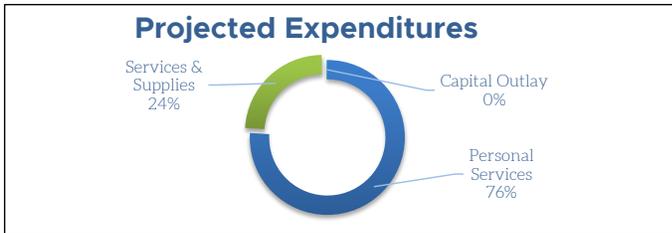
PERS Monthly Budget Report

2025-27 Agency-Wide Budget Execution
Preliminary for the Month of March 2026

Limited - Operating Budget

2025-27 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2025-27 LAB	Variance
Personal Services	39,611,968	82,326,998	121,938,966	119,966,080	(1,972,886)
Services & Supplies	13,450,649	25,934,959	39,385,608	42,769,871	3,384,263
Capital Outlay	78,905	198,740	277,645	584,214	306,569
Total	53,141,522	108,460,697	161,602,219	163,320,165	1,717,946



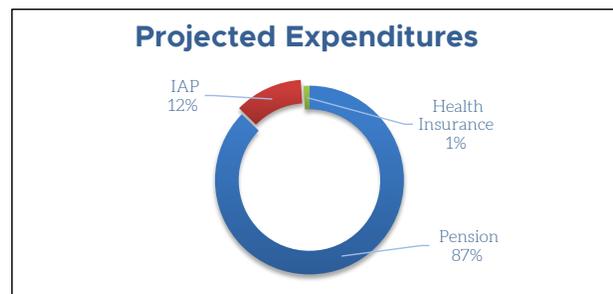
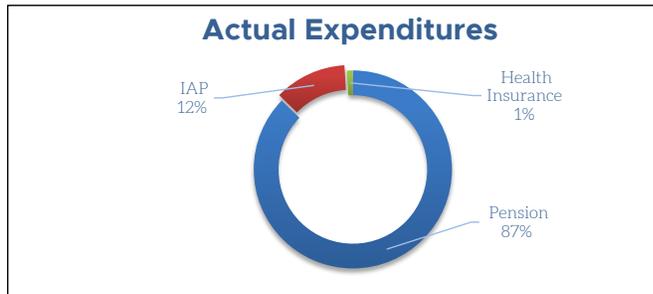
Monthly Summary

Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,874,845	5,051,653	176,808	5,080,790	3,579,435
Services & Supplies	1,744,889	1,808,175	63,286	1,641,067	1,127,607
Capital Outlay	191,784	198,740	6,956	78,905	8,641
Total	6,811,518	7,058,568	247,050	6,800,762	4,715,682

Non-Limited Budget

2025-27 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	4,256,305,541	8,621,848,853	12,878,154,394	13,506,890,512	628,736,118
IAP	575,278,837	1,148,483,447	1,723,762,284	1,604,842,886	(118,919,398)
Health Insurance	47,123,668	102,835,423	149,959,091	131,858,285	(18,100,807)
Total	4,878,708,046	9,873,167,724	14,751,875,770	15,243,591,683	491,715,912



Core Retirement Systems Application

Summary Budget Analysis Preliminary for the Month of March 2026

Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	1,123,654	4,745,598	5,869,252	5,377,974	(491,278)
Services & Supplies	2,280,775	10,089,037	12,369,812	19,251,280	6,881,468
Capital Outlay					
Total	3,404,429	14,834,636	18,239,065	24,629,254	6,390,189

EXPENDITURES BY PACKAGE



EXPENDITURES BY PROJECT



A.

A. Administration

1. January 30, 2026 PERS Board Meeting Minutes
2. Director's Report
- 3. Oregon Public Employees Retirement Fund (OPERF) performance review**
4. Oregon Savings Growth Plan annual report
5. Oregon Savings Growth Plan Advisory Council appointment

B. Administrative rulemaking

1. Adoption of rulemaking for annual plan updates

C. Action and discussion items

1. Modernization update
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6. Funding of School District Rate Pool (Senate Bill 849)

April 3, 2026

PERS Board Presentation

Rex T. Kim, Chief Investment Officer
Oregon State Treasury



OREGON
STATE
TREASURY

Agenda

- 2025 Performance
- Asset Allocation
- Liquidity Management

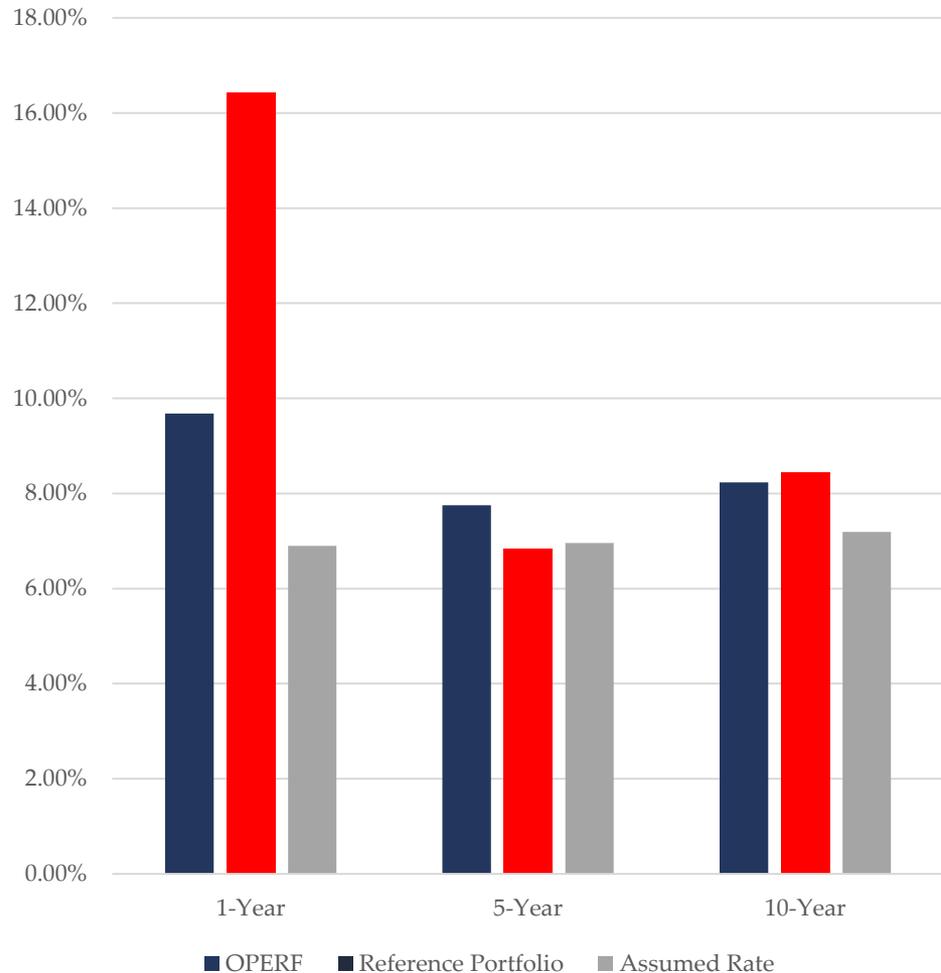
Asset Class Historical Returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
Real Estate 13.3%	High Yield 17.1%	EM Equity 37.3%	Private Equity 12.4%	US Equity 31.5%	Private Equity 29.2%	Private Equity 42.0%	Commodities 16.1%	US Equity 26.3%	US Equity 25.0%	EM Equity 33.6%
Private Equity 10.3%	Private Equity 12.3%	EAFE Equity 25.0%	Real Estate 6.7%	EAFE Equity 22.0%	US Equity 18.4%	US Equity 28.7%	Real Estate 5.5%	EAFE Equity 18.2%	Hedge Funds 9.8%	EAFE Equity 31.2%
US Equity 1.4%	US Equity 12.0%	US Equity 21.8%	Cash 1.9%	Private Equity 18.6%	EM Equity 18.3%	Commodities 27.1%	Cash 1.5%	High Yield 13.4%	High Yield 8.2%	US Equity 17.9%
Bonds 0.5%	Commodities 11.8%	Private Equity 20.5%	Bonds 0.0%	EM Equity 18.4%	Hedge Funds 11.8%	Real Estate 17.7%	Hedge Funds -4.1%	EM Debt 11.9%	EM Equity 7.5%	EM Debt 16.8%
Cash 0.0%	EM Equity 11.2%	EM Debt 12.7%	TIPS -1.3%	High Yield 14.3%	TIPS 11.0%	EAFE Equity 11.3%	Private Equity -4.2%	EM Equity 9.8%	Private Equity 6.1%	Commodities 15.8%
EAFE Equity -0.8%	EM Debt 10.2%	Hedge Funds 8.6%	High Yield -2.1%	EM Debt 14.3%	EAFE Equity 7.8%	Hedge Funds 10.2%	High Yield -11.2%	Private Equity 9.3%	Commodities 5.4%	Hedge Funds 10.9%
Hedge Funds -1.1%	Real Estate 8.0%	High Yield 7.5%	US Equity -4.4%	Hedge Funds 10.4%	Bonds 7.5%	TIPS 6.0%	TIPS -11.8%	Hedge Funds 8.1%	Cash 5.3%	High Yield 8.6%
TIPS -1.4%	Hedge Funds 5.4%	Real Estate 7.0%	Hedge Funds -4.7%	Bonds 8.7%	High Yield 7.1%	High Yield 5.3%	Bonds -13.0%	Bonds 5.5%	EAFE Equity 3.8%	Bonds 7.3%
High Yield -4.5%	TIPS 4.7%	Bonds 3.5%	EM Debt -5.2%	TIPS 8.4%	EM Debt 4.0%	Cash 0.0%	EAFE Equity -14.5%	Cash 5.0%	EM Debt 2.0%	TIPS 7.0%
EM Debt -7.1%	Bonds 2.6%	TIPS 3.0%	Commodities -11.2%	Commodities 7.7%	Real Estate 1.6%	Bonds -1.5%	EM Debt -14.8%	TIPS 3.9%	TIPS 1.8%	Cash 4.2%
EM Equity -14.9%	EAFE Equity 1.0%	Commodities 1.7%	EAFE Equity -13.8%	Real Estate 6.4%	Cash 0.7%	EM Equity -2.5%	US Equity -18.1%	Commodities -7.9%	Bonds 1.3%	Private Equity 3.9%
Commodities -24.7%	Cash 0.3%	Cash 0.9%	EM Equity -14.6%	Cash 2.3%	Commodities -3.1%	EM Debt -5.3%	EM Equity -20.1%	Real Estate -7.9%	Real Estate 0.4%	Real Estate 3.7%

*Data for Hedge Funds and Private Equity are year-to-date through 11/30/2025 and 06/30/2025, respectively.

Performance (12/31/2025)

- Good News: Beat Assumed Rate by nearly 3% in 2025!
- OPERF continues to outpace the Assumed Rate for both 5-Year and 10-Year periods.
- However, the strength of public markets over the past 3-Year period impacting relative performance of OPERF against Reference Portfolio.



Asset Allocation

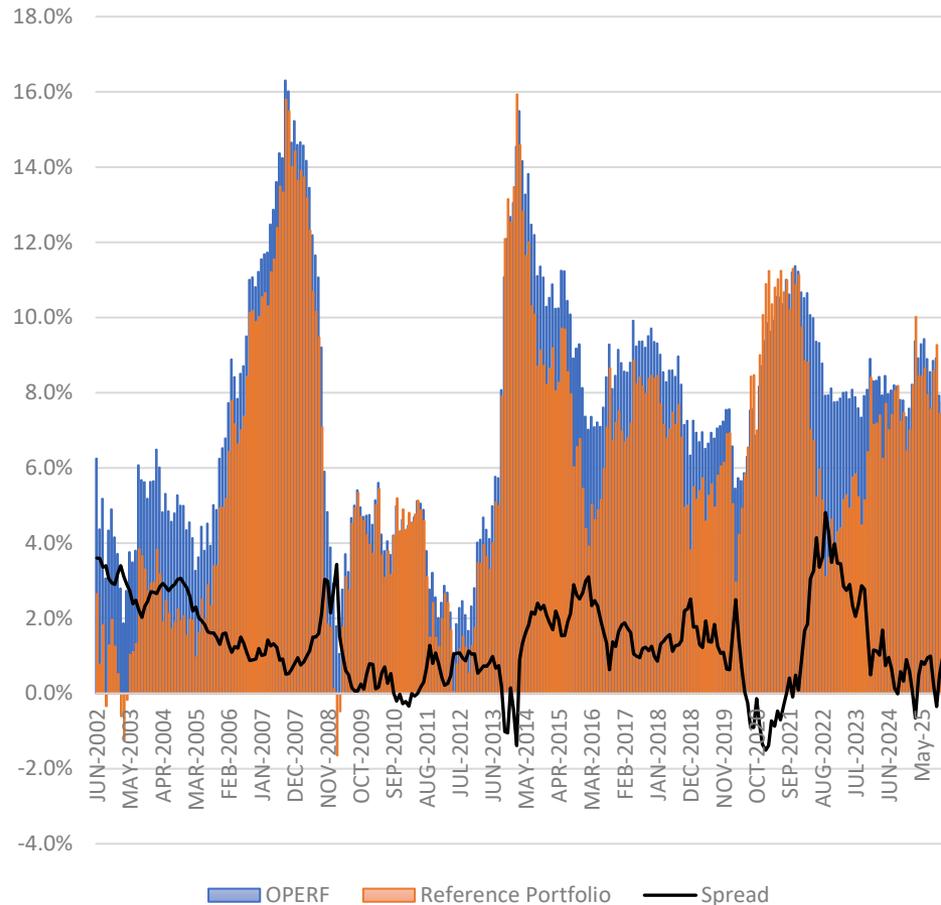
Asset Class	Current Allocation	Long-Term Target	Active Weight	Approved Range
Public Equity	20.1%	27.5%	-7.4%	22.5% - 32.5%
Private Equity	24.7%	20.0%	4.7%	15% - 27.5%
Total Equity	44.8%	47.5%	-2.7%	42.5% - 52.5%
Fixed Income	23.0%	25.0%	-2.0%	20% - 30%
Real Estate	13.4%	12.5%	0.9%	7.5% - 17.5%
Opportunity	2.8%	0.0%	2.8%	0% - 5%
Real Assets	10.6%	7.5%	3.1%	2.5% - 10%
Diversifying Strategies	5.4%	7.5%	-2.1%	2.5% - 10%
Cash	0.0%	0.0%	0.0%	0.0%
Total Fund	100%			

Actual Asset Allocation above includes the effect of the policy overlay implementation program.

Asset Allocation: Adding Value

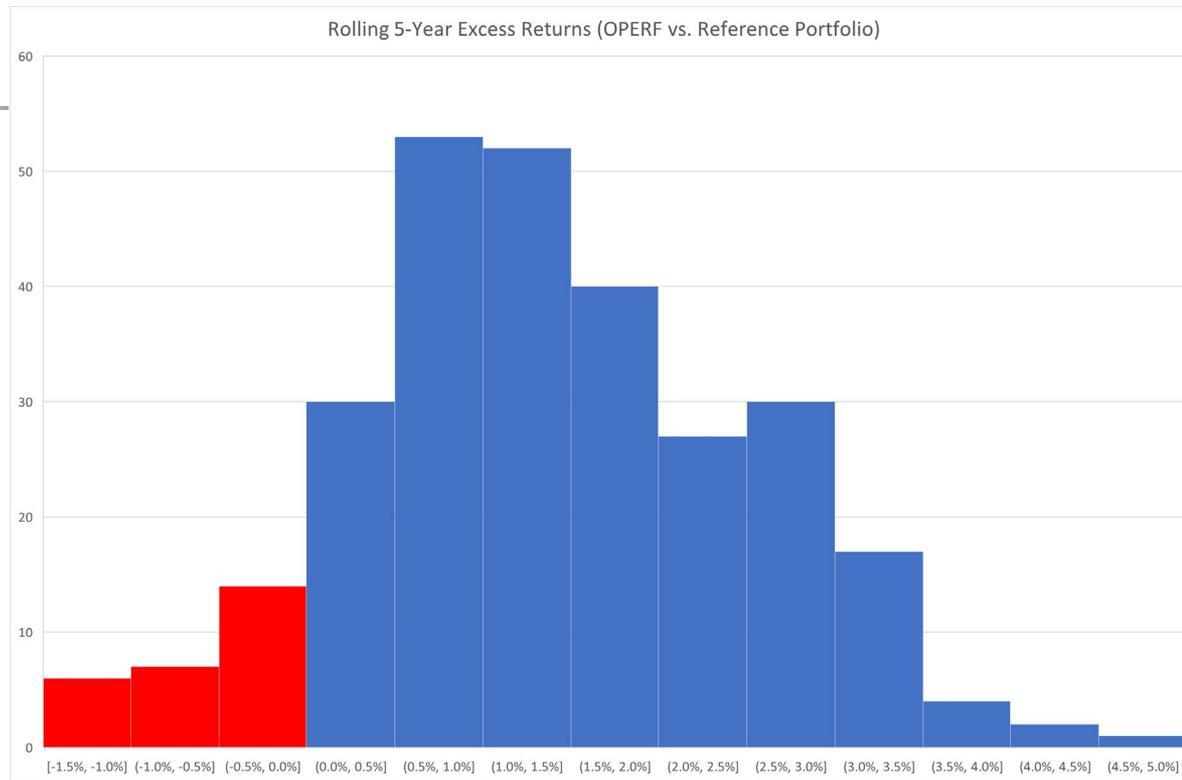
- Easy to pick a point in time to make a biased point.
- Here is the longer-term picture.
- OPERF consistently produces returns above a passive 70/30 Reference Portfolio.
 - Current Reference Portfolio is 62/38, a historical low.

5 Year Annualized Returns



Asset Allocation: Adding Value

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



Asset Allocation: Adding Value

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

<u>Asset Class</u>
Total Public Equities w/Currency Overlay
Fixed Income
Risk Parity *
Cash w/Overlay
Private Equity **
Real Estate
Real Assets
Diversifying Strategies
Opportunity Portfolio
OPERF - Total Plan

1/1/2021 - 12/31/2025 - Attribution (geometric BHB)		
<u>Asset Allocation</u>	<u>Manager Selection</u>	<u>Interaction</u>
-1.15%	0.43%	-0.06%
-0.06%	0.20%	0.00%
-0.02%	-0.09%	0.04%
0.00%	0.00%	0.00%
0.73%	-0.22%	-0.10%
-0.13%	0.26%	0.01%
0.11%	0.08%	0.02%
-0.13%	0.29%	-0.13%
0.31%	0.00%	-0.01%
-0.35%	0.95%	-0.23%
Total		0.36%

Asset Allocation: Looking Forward

- OIC began its work on the 2026 Asset-Liability process with approval of Capital Markets Assumptions.
 - Assuming no change to target allocations, expected return estimate would be 7.2%.
- OIC is targeting September for final approval of new asset allocation targets.
- September meeting will be a joint session with PERS Board.

OPERF – Proposed CMAs

Expected Returns (%)	
Strategic Class	Proposed
Public Equity	6.9
Fixed Income	4.4
Private Equity	9.6
Real Estate	6.7
Real Assets	8.0
Diversifying Strategies	5.7
Credit	6.7

Annual Volatility (%)	
Strategic Class	Proposed
Public Equity	17.1
Fixed Income	4.7
Private Equity	22.0
Real Estate	14.0
Real Assets	13.6
Diversifying Strategies	6.0
Credit	9.5

Correlation Matrix

	Public Equity	Fixed Income	Private Equity	Real Estate	Real Assets	Diversifying Strategies	Credit
Public Equity	1.00	0.27	0.91	0.53	0.69	0.12	0.77
Fixed Income	0.27	1.00	0.00	0.26	0.26	0.17	0.17
Private Equity	0.91	0.00	1.00	0.47	0.54	0.09	0.71
Real Estate	0.53	0.26	0.47	1.00	0.64	0.03	0.52
Real Assets	0.69	0.26	0.54	0.64	1.00	0.04	0.61
Diversifying Strategies	0.12	0.17	0.09	0.03	0.04	1.00	0.13
Credit	0.77	0.17	0.71	0.52	0.61	0.13	1.00

Liquidity: How Do We Manage This?

- Short-term: 3 Months of Pension Payments + Expected Capital Calls for Privates
- Longer-term: Liquidity Coverage Ratio (8-Year)
 - LCR1 = 1.44
 - LCR2 = 1.07

Percentile Rankings - % of OPERF

100%	Infinity
95%	1.25%
75%	0.51%
50%	0.11%
25%	-0.33%
5%	-1.15%
0%	-3.25%

Sum of Priv Mkt Net CF Pct OPERF by Date





**OREGON
STATE
TREASURY**

Elizabeth Steiner, MD
Oregon State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, OR 97224

oregon.gov/treasury



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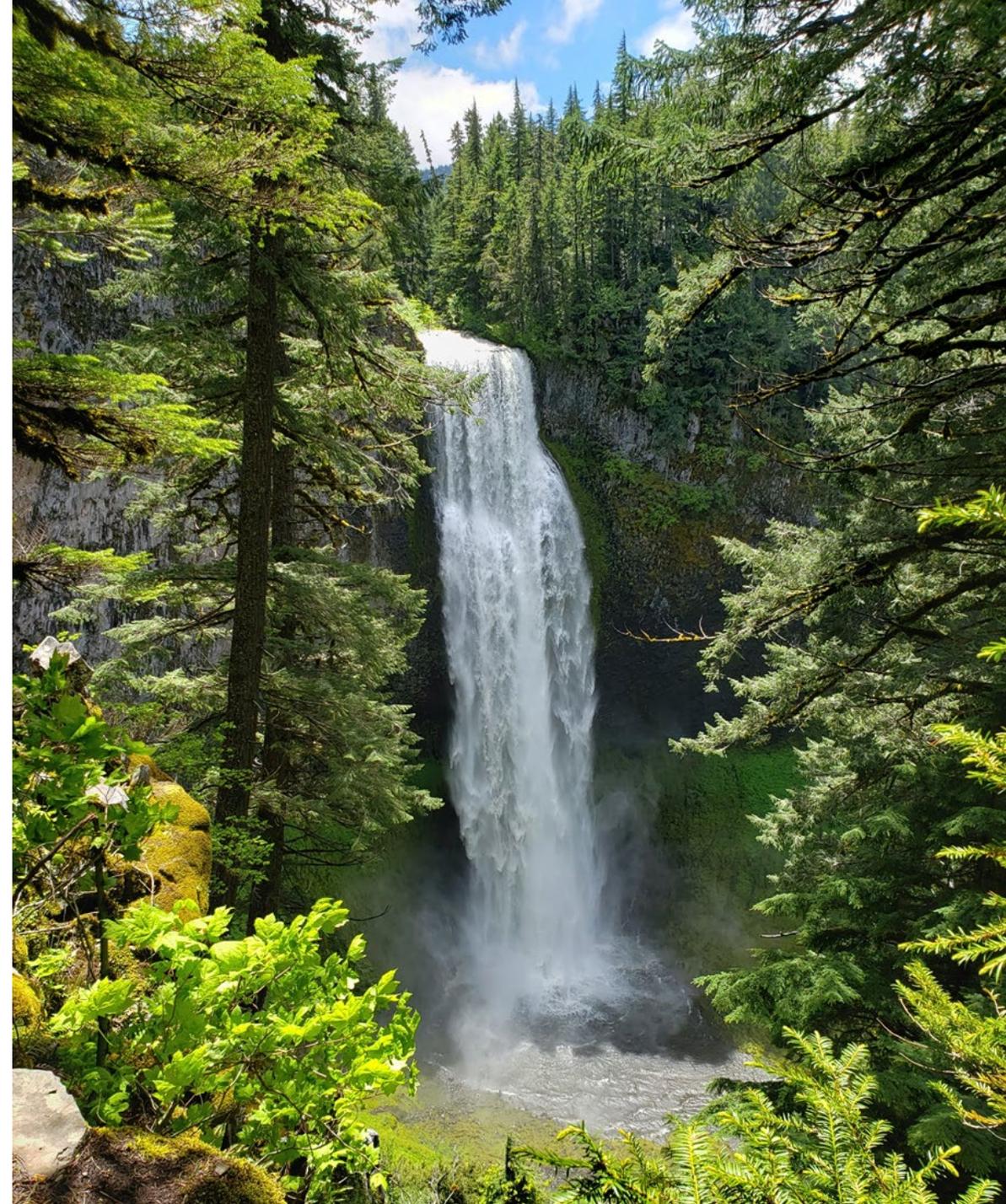
PUBLIC EMPLOYEES RETIREMENT SYSTEM



Oregon Savings Growth Plan Annual Report

Presenter: Lisa Egly

Calendar Year 2025



OSGP governance



OSGP Advisory Committee Members

Jeff Gibbs, Chair – Local Government

Frank Goulard, Vice Chair – Local Government

Kyle Niemeyer – State of Oregon

Zachariah Heck – State of Oregon

Kim Edwards – State of Oregon

Nathan Klinkhammer – State of Oregon

John Koreski – Retired

Oregon State Treasury

Jaime McCreary – Service Model Program Manager

Claire Illo – Investment Officer

Kenny Bao – Investment Analyst 3

SageView Advisory Group

Jake O’Shaughnessy – Managing Director

Luka Arnerich – Retirement Plan Consultant

Stuart Payment – Retirement Plan Consultant

Oregon Department of Justice

Steven Marlowe – Assistant Attorney General

Nate Carter – Senior Assistant Attorney General

OSGP administrative support



Oregon Savings Growth Plan staff

Lisa Egly — OSGP Program Manager

Jack Schafroth — Outreach Coordinator

Sonya Long — Program Coordinator

Kendra Fernandez — Lead Retirement Counselor 1

Tandy McGuffin — Retirement Counselor 1

Robert A. Jones — Retirement Counselor 1

Silvestre Trujillo — Retirement Counselor 1

Recordkeeper: Voya Financial

Shelley Fredrick – Relationship Manager

Rachael Noonan – Client Relationship Manager

Nichole Cannamela – Client Relationship Consultant

Michelle Stanford – Participant Engagement Consultant

Julie McDevitt – Education Team Manager

Financial activity – State and local governments



Financial Activity	Q1	Q2	Q3	Q4	2025 Totals
Contributions	\$49,053,593	\$51,875,694	\$49,516,120	\$51,378,953	\$201,824,360
Rollovers/Transfers-In	\$17,752,807	\$24,015,730	\$26,936,522	\$21,099,376	\$89,804,435
Loan Repayments	\$1,641,805	\$1,706,162	\$1,731,154	\$1,924,007	\$7,003,128
Money-In Totals	\$68,448,205	\$77,597,586	\$78,183,796	\$74,402,336	\$298,631,923
Distributions	\$70,970,985	\$51,670,077	\$67,365,186	\$90,955,098	\$280,961,346
New Loans	\$1,925,578	\$2,142,851	\$2,604,941	\$2,173,646	\$8,847,016
Money-Out Totals	\$72,896,563	\$53,812,928	\$69,970,127	\$93,128,744	\$289,808,362
Investment Earnings	\$82,517,375	\$316,099,192	\$259,426,404	\$90,696,146	\$748,739,117
Fees	\$480,972	\$512,557	\$555,190	\$587,543	\$2,136,262
Miscellaneous (Net)	\$82,036,403	\$315,586,635	\$258,871,214	\$90,108,603	\$746,602,855
Net Cash Flow	\$77,588,045	\$339,371,293	\$267,084,833	\$71,382,195	\$755,426,366
Plan Assets	\$3,847,797,030	\$4,189,039,965	\$4,458,092,675	\$4,532,035,424	\$4,532,035,424

OSGP fees - Current



Administrative fees	Percentage of assets
State of Oregon administrative Fee	0.085%
Recordkeeping/custody/trust/communications	0.049%
Total administrative fees	0.134%
By investment option	Weighted average
LifePath® Portfolios	0.07%
Stable Value	0.30%
Active Fixed Income Option	0.16%
Real Return Fund	0.22%
Large Company Value Stock	0.008%
Stock Index	0.01%
Socially Responsible Investment Option	0.18%
Large Company Growth Stock	0.008%
Active International Stock	0.55%
Passive International Stock	0.04%
Small Company Stock	0.32%

Plan participation – State and local governments



State government	Q1	Q2	Q3	Q4
Active participants	31,412	31,897	32,125	34,654
Enrollments	217	194	151	203
Local government	Q1	Q2	Q3	Q4
Active participants	9,460	9,748	9,764	10,350
Enrollments	256	214	243	213

Assets and number of participants by fund – State and local governments



Investment Name	12/31/2024		12/31/2025		Difference (+/-)	
	Amount	Participant Count	Amount	Participant Count	Amount	Participant Count
Active Fixed Income Option	\$219,559,482	8,972	\$254,920,228	9,381	\$35,360,746	↑ 409
Active International Stock Option	\$128,401,296	8,238	\$157,447,185	8,022	\$29,045,889	↓ -216
Large Company Growth Stock Option	\$646,259,371	14,926	\$713,079,566	15,474	\$66,820,195	↑ 548
Large Company Value Stock Option	\$292,183,013	12,561	\$334,872,384	13,032	\$42,689,371	↑ 471
LifePath 2030 Fund	189392342	4,073	\$228,100,295	4,114	\$38,707,953	↑ 41
LifePath 2035 Fund	\$163,463,506	4,417	\$208,375,702	4,603	\$44,912,196	↑ 186
LifePath 2040 Fund	\$143,504,260	4,492	\$180,881,423	4,693	\$37,377,163	↑ 201
LifePath 2045 Fund	\$103,375,019	4,391	\$140,616,754	4,669	\$37,241,735	↑ 278
LifePath 2050 Fund	\$80,337,435	3,731	\$110,203,615	4,044	\$29,866,180	↑ 313
LifePath 2055 Fund	\$43,072,479	2,756	\$62,004,191	3,150	\$18,931,712	↑ 394
LifePath 2060 Fund	\$23,858,632	1,807	\$34,922,996	2,109	\$11,064,364	↑ 302
LifePath 2065 Fund	\$8,927,473	756	\$14,669,323	1,036	\$5,741,850	↑ 280
LifePath Retirement Fund	\$457,644,170	6,962	\$483,483,927	6,689	\$25,839,757	↓ -273
Passive International Stock Option	\$93,510,957	3,897	\$139,196,639	4,955	\$45,685,682	↑ 1,058
Real Return Option	\$20,634,131	1,741	\$33,926,629	1,974	\$13,292,498	↑ 233
Schwab PCRA	\$101,861,410	738	\$132,870,233	855	\$31,008,823	↑ 117
Small Company Stock Option	\$278,973,806	10,868	\$274,850,466	11,229	(\$4,123,340)	↑ 361
Socially Responsible Option	\$59,131,669	3,039	\$69,760,536	3,311	\$10,628,867	↑ 272
Stable Value Option	\$345,295,801	8,473	\$352,464,869	8,519	\$7,169,068	↑ 46
Stock Index Option	\$529,250,921	12,836	\$587,619,394	13,363	\$58,368,473	↑ 527
TOTAL ASSETS	\$3,928,637,173	119,674	\$4,532,035,424	125,222	\$585,629,182	↑ 5,548
TOTAL PARTICIPANTS		40,547		42,324		↑ 1,777

Data Resources: PERS Board Asset Report December 2024 and December 2025

OSGP accomplishments



- ❑ We are pleased to announce that our office has moved to the Oregon Department of State Lands building located at 775 Summer Street NE, Suite 200, Salem.
 - PERS members and OSGP participants are welcome to visit during business hours, Monday through Friday.
 - This location is available for walk-ins, to drop off PERS forms, or to schedule an appointment.
- ❑ Calls from OSGP participants to PERS Member Services are now directed to the OSGP/Voya call center. To contact the Salem office team directly, participants can email osgpcustsvc.pers@pers.Oregon.gov.
- ❑ OSGP is continuously updating and expanding its forms library to help participants more easily locate and complete necessary documents.
 - OSGP created a new self-certification form for participants applying for an unforeseen emergency withdrawal that requires supporting documentation when filing IRS federal taxes.
- ❑ Now in its fourth year, OSGP's America Saves Week celebration remains popular, featuring daily live virtual Q&A sessions, quizzes, and attracting hundreds of participants.
 - ❑ This effort continues to increase awareness of OSGP and promotes financial wellness.

Communications, education, and outreach highlights



- ❑ OSGP’s team includes a manager and four local representatives.
- ❑ Several different workshops offered all year:
 - **8,099** attended in-person, virtual workshops, or group meetings.
 - **1,189** overall individual appointments.
 - All workshops recorded and available on the [GrowYourTomorrow.com](https://www.growyourtomorrow.com) website.
- ❑ Virtual question-and-answer (Q&A) sessions were conducted:
 - **4,352** attended a presentation or group meeting session conducted throughout the year.
 - **3,498** attended PERS/OSGP Expo.
 - Session topics included time value of money, basic investing or investment concepts, retirement strategies, Roth versus pretax, and catch-up contributions.
- ❑ Workshops and individual meetings offered both in-person and virtual.
- ❑ Marketing materials encourage participants to engage with representatives and register for virtual and in-person workshops, Q&A sessions, and individual meetings.

OSGP local government outreach update



Description	Q1	Q2	Q3	Q4	Total
Employer Adoptions	3	3	7	5	18
Outreach Letters Sent	30	30	30	30	120
Adoptions in Progress:	10	8	6	4	28
Workshops	11	15	20	20	66
Site visits/Benefit Fairs	20	25	30	16	94
New Enrollments Facilitated	68	54	66	74	262

Looking ahead



- ❑ Encourage greater involvement and contributions by utilizing email campaigns, videos, in-person and virtual meetings, Q&A sessions, presentations, and other approaches.
- ❑ Offer educational resources to both current participants and employees not yet enrolled through the online PERS Expo, America Saves Week, quarterly newsletters, workshops, and targeted email campaigns.
- ❑ Connect with participants early, throughout, and later in their careers through targeted campaigns and interactions.
 - Additionally, maintain engagement with participants during retirement.
- ❑ Regularly update and improve the [GrowYourTomorrow.com](https://www.growyourtomorrow.com) website to keep it informative, user-friendly, and a valuable tool for both participants and employers.

Questions



Are there any questions from the members of the board?

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you



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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

April 3, 2026

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

OVERVIEW

Action: Appoint one new member to Oregon Savings Growth Plan (OSGP) Advisory Committee

Reason: The Advisory Committee has seven members appointed by the PERS Board. Jeff Gibbs resigned in December 2025, creating one vacancy.

BACKGROUND

Oregon Revised Statute (ORS) 243.505 provides an advisory committee for OSGP that consists of seven members with knowledge of deferred compensation plans. According to that statute (A.5 Att 1), the committee shall study and advise the Public Employees Retirement Board on policies and procedures and such other matters as the board may request.

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

Appointment is for a three-year term of office, but a member serves at the pleasure of the board. If there is a vacancy during an unexpired term, the board's appointment will become immediately effective for the unexpired term.

Six current advisory committee members' terms expire:

- Frank Goulard's second term expires on 6/30/2028.
- Kyle Niemeyer's second term expires on 6/30/2028.
- Zechariah Heck second term expires on 6/30/2028.
- Nathan Klinghammer first term expires on 6/30/2028.
- Kim Edwards first term expires on 6/30/2028.
- John Koreski first term expires on 6/30/2028.

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

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

RECOMMENDED REAPPOINTMENTS

None.

RECOMMENDED NEW APPOINTMENTS

<u>Name</u>	<u>Position</u>	<u>Employer</u>	<u>Term Ends Date</u>
Wayne Yeatman	Local	Central Oregon Community College	June 2029

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to newly appoint Wayne Yeatman to their first term; with an effective date of July 1, 2026, and term expiration date of June 30, 2029.
2. Request staff to solicit further applications for review.

STAFF RECOMMENDATION

Staff recommends the board adopt Option 1.

Reason: Staff believe Wayne Yeatman meet the criteria and service needs of the OSGP Advisory Committee.

A.5 Attachment 1: ORS - 243.505 *Deferred Compensation Advisory Committee*

**Relevant Oregon Savings and Growth Plans Statutes and Administrative Rules:
ORS 243.505 Deferred Compensation Advisory Committee**

- (1) The Deferred Compensation Advisory Committee shall be appointed by the Public Employees Retirement Board, consisting of seven members with knowledge of deferred compensation plans.
- (2) At the direction of the board, the committee shall advise the Public Employees Retirement Board on policies and procedures and such other matters as the board may request.
- (3) The term of office of each member is three years, but a member serves at the pleasure of the board. Before the expiration of the term of a member, the board shall appoint a successor, whose term begins on July 1 next following. A member is eligible for reappointment. If there is a vacancy for any cause, the board shall make an appointment to become immediately effective for the unexpired term.
- (4) A member of the Deferred Compensation Advisory Committee is entitled to compensation and expenses as provided in ORS 292.495.
- (5) The Deferred Compensation Advisory Committee shall select one of its members as chairperson and another as vice chairperson, for such terms and with duties and powers necessary for the performance of the functions of such offices as the committee determines.
- (6) A majority of the members of the committee constitutes a quorum for the transaction of business.
- (7) The Deferred Compensation Advisory Committee may meet at a place, day and hour determined by the committee. The committee also may meet at other times and places specified by the call of the chairperson or of a majority of the members of the committee. [1991 c.618 §10; 1997 c.179 §19; 1999 c.406 §1]

**OAR 459-050-0025
Deferred Compensation Advisory Committee**

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

- (g) No member may be an employee of PERS during the term of appointment.
- (2) The Advisory Committee shall study and advise the Board on all aspects of the Program, including but not limited to:
- (a) The Program fee structure and procedures.
 - (b) State and federal legislative issues relative to the administration of deferred compensation plans.
 - (c) The administration of the catch-up and the financial hardship provisions in Section 457 of the Internal Revenue Code.
 - (d) Ways and means to inform and educate eligible employees about the Program.
 - (e) The expressed desires of eligible employees as to the Program; and
 - (f) The actuarial characteristics of eligible employees.
- (3) Upon the request of the OIC, the Advisory Committee shall study and advise the Board on the following:
- (a) Investment programs, including options and providers; and
 - (b) Information furnished by the OIC or the State Treasurer concerning the types of available investments, the respective balance of risk and return of each investment, and the administrative costs associated with each investment.
- (4) The Advisory Committee shall meet at least four times during a calendar year.
- (5) A majority of the Advisory Committee shall constitute a quorum for transacting business. However, the Advisory Committee may establish such other procedures for conducting business that it deems necessary.
- (6) Pursuant to the Public Meetings Law, ORS 192.610 to 192.690, the Deferred Compensation Manager shall distribute to the Advisory Committee, and other interested parties, an agenda for a regular meeting a reasonable time prior to the meeting.
- (7) Nominations of candidates for the Advisory Committee shall be made as follows:
- (a) Notice of a position on the Advisory Committee expected to become vacant upon the expiration of a term of appointment shall be published not later than April 15 of each calendar year.
 - (b) Persons interested in serving on the Advisory Committee must apply in writing to the Manager no later than May 15 following the publication of a vacancy.
 - (c) The Manager shall review the written applications of interested persons for completeness, accuracy, and satisfaction of the minimum requirements of the vacant position on the Advisory Committee.

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

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

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

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

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

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

Stat. Auth: ORS 243.470

B.

A. Administration

1. January 30, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report
5. Oregon Savings Growth Plan Advisory Council appointment

B. Administrative rulemaking

1. Adoption of rulemaking for annual plan updates

C. Action and discussion items

1. Modernization update
2. Legislative session review
3. Board approval to file 2027 legislative concepts
4. 2027-29 agency budget development update
5. Final earnings crediting and reserving
6. Funding of School District Rate Pool (Senate Bill 849)



Oregon

Tina Kotek, Governor

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April 3, 2026

TO: Members of the PERS Board
 FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section
 SUBJECT: Notice of Rulemaking for Plan Limits Rules:

OAR 459-005-0525, *Ceiling on Compensation for Purposes of Contributions and Benefits*

OAR 459-005-0545, *Annual Addition Limitation*

OAR 459-017-0060, *Reemployment of Retired Members*

OAR 459-045-0090, *PERS Administrative Fee*

OAR 459-080-0400, *Employee Pension Stability Account (EPSA)*

OAR 459-080-0500, *Limitation on Contributions*

OVERVIEW

- **Action:** Adoption of the rules updating plan limits.
- **Reason:** Update rules to reflect the 2026 Internal Revenue Code, Social Security, salary limit, monthly salary threshold for the Employee Pension Stability Account (EPSA), and the maximum divorce administration fee.

BACKGROUND

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

The proposed rule modifications to OAR 459-005-0545 and 459-080-0500 incorporate the federal adjustments for calendar year 2026 and are necessary to ensure compliance with the federal limits on the amount of contributions. In addition, the proposed modifications to OAR 459-017-0060 adopt the 2026 Social Security earnings limitations.

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

The All Urban Consumers, West Region (All Items) CPI for November 2024-2025 is 3.0%. Accordingly, the amendments to the limits are as follows:

SUMMARY OF PLAN LIMIT UPDATES		
	2025 Limit	2026 Limit
Federal limit on contributions	\$70,000	\$72,000
Social Security compensation limit – before full retirement age	\$23,400	\$24,480
Social Security compensation limit – calendar year reach full retirement age	\$62,160	\$65,160
Salary limit	\$238,567	\$245,724
EPSA threshold	\$3,777	\$3,890
Divorce fee – low cost	\$666	\$686
Divorce fee – moderate cost	\$998	\$1,028
Divorce fee – high cost	\$1,331	\$1,371

At the January meeting, Board Member Scanlon inquired about how staff determines the divorce fee (i.e. what is low, medium, and high). The elements for this determination are captured in Business Rule 3251, which is included as an attachment to this item. Information regarding the fee structure is also provided on our website ([PERS : Divorce : Nonretired members : State of Oregon](#)). The divorce fee is split between the parties in the same proportion as the member's account division, and each party's fee is not collected until the party takes a distribution from the system.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely and in the PERS Board Room on February 24, 2026, at 2:00 p.m. No members of the public attended. The public comment period ended February 27, 2026, at 5:00 p.m. No public comments were received.

LEGAL REVIEW

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

IMPACT

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

Benefit: Clarifies the 2026 limits for: contributions and benefits under federal law, Social Security earnings limit, salary limit, EPSA contributions salary threshold, and the maximum divorce administrative fee.

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

RULEMAKING TIMELINE

January 26, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 2, 2026:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
January 30, 2026:	PERS Board notified that staff began the rulemaking process.
February 24, 2026:	Rulemaking hearing to be held remotely at 2:00 p.m.
February 27, 2026:	Public comment period ends at 5:00 p.m.
April 3, 2026:	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 modifications to the Plan Limit rules, as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the board choose Option #1.

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

B.1. Attachment 2 - *OAR 459-005-0545, Annual Addition Limitation*

B.1. Attachment 3 - *OAR 459-017-0060, Reemployment of Retired Members*

B.1. Attachment 4 - *OAR 459-045-0090, PERS Administrative Fee*

B.1. Attachment 5 - *OAR 459-080-0400, Employee Pension Stability Account (EPSA)*

B.1. Attachment 6 - *OAR 459-080-0500, Limitation on Contributions*

B.1. Attachment 7 – Business Rule 3251

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

1 **459-005-0525**

2 **Ceiling on Compensation for Purposes of Contributions and Benefits**

3 (1) This administrative rule shall be construed consistently with the requirements of
4 the Internal Revenue Code (IRC) Section 401(a)(17) relating to the limitation on annual
5 compensation allowable for determining contribution and benefits under ORS Chapters
6 238 and 238A.

7 (2) For purposes of this rule:

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

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

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

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

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

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

1 determining contributions or benefits under former ORS 237.001 to 237.315 as in effect
2 on July 1, 1993, for calendar years before 2020. Beginning in ~~2025~~ 2026, the limit on
3 annual compensation taken into account for purposes of determining contributions or
4 benefits under ORS Chapter 238 or 238A for eligible participants shall be measured on a
5 calendar year basis, and shall not exceed ~~[\$238,567]~~ \$245,724 per calendar year.

6 (4) For noneligible participants, the annual compensation taken into account for
7 purposes of determining contributions or benefits under ORS Chapters 238 and 238A
8 shall be measured on a calendar year basis, and shall not exceed ~~[\$238,567]~~ \$245,724
9 per calendar year beginning in ~~2025~~ 2026.

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

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

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

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

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

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

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

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

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

1 **459-005-0545**

2 **Annual Addition Limitation**

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

6 (2) Except as otherwise provided in this rule, a member's annual additions to PERS
7 for any calendar year after ~~[2025]~~ 2026 may not exceed ~~[\$70,000]~~ \$72,000 (as adjusted
8 under IRC Section 415(d)).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **459-017-0060**

2 **Reemployment of Retired Members**

3 (1) For purposes of this rule:

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

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

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

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

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

20 (A) For retired members who have not reached full retirement age under the Social
21 Security Act, the annual compensation limit is ~~[\$23,400]~~ \$24,480; or

1 (B) For the calendar year in which the retired member reaches full retirement age
2 under the Social Security Act and only for compensation for the months before reaching
3 full retirement age, the annual compensation limit is [~~\$62,160~~] \$65,160.

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

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

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

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

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

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

18 (B) The retired member retired at a reduced benefit under the provisions of ORS
19 238.280(1) or (3), but is not employed by any participating employer until more than six
20 months after the member's effective retirement date, and the member's retirement
21 otherwise meets the standard of a bona fide retirement;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9 (iii) If the member received a single lump sum payment under ORS 238.305(4) or
10 238.315, the member is entitled to the payment provided the payment was dated on or
11 before the last day of the month in which the limitations were exceeded.

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

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

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

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

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

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

23 (C) The member will reestablish active membership effective the date the member
24 was reemployed.

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

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

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

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

11 (9) If a member has been retired for service for more than six calendar months and
12 is reemployed in a qualifying position by a participating employer under the provisions of
13 238.078(1):

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

16 (b) The member will reestablish active membership on the date the member is
17 reemployed.

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

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

25 (B) Amounts from the Benefits-In-Force Reserve (BIF) credited to the member's
26 account under the provisions of paragraph (A) of this subsection will be credited with

1 earnings at the BIF rate or the assumed rate, whichever is less, from the date of
2 retirement to the date of active membership.

3 (d) If the member elected a partial lump sum option under ORS 238.305(2), the last
4 monthly service retirement allowance payment to which the member is entitled is for the
5 month before the calendar month in which the member is reemployed. The last lump
6 sum or installment payment to which the member is entitled is the last payment due
7 before the date the member is reemployed. Upon subsequent retirement, the member
8 may not choose a different benefit payment option unless the member has repaid to
9 PERS in a single payment an amount equal to the lump sum and installment benefits
10 received and the earnings that would have accumulated on that amount.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (10) If a member has been retired for less than six calendar months and is
21 reemployed in a qualifying position by a participating employer under the provisions of
22 238.078(2):

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

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

1 (c) The member will reestablish active membership effective the date the member is
2 reemployed.

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

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

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

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

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

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

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

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

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

4 (15) Subsections (4)(c) and (4)(d) of this rule are repealed effective January 2,
5 2026.

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

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

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

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

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

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

26 Stat. Auth.: ORS 238.650 & ORS 238.630

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

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

1 **OAR 459-045-0090**

2 **PERS Administrative Fee**

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

6 (2) Pursuant to the provisions of ORS 238.465(9), the board may not charge more than
7 ~~[\$1,331]~~ \$1,371 for calendar year ~~[2025]~~ 2026 for the total administrative expenses and
8 related costs incurred in administering court-ordered alternate payee awards. This fee is
9 allocated between the member and the alternate payee based on the fraction of the benefit
10 received by the member or the alternate payee.

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

14 (a) Low Administrative Cost Tier: Set at 50% of the maximum allowable
15 administrative fee and is ~~[\$666]~~ \$685 for calendar year ~~[2025]~~ 2026.

16 (b) Moderate Administrative Cost Tier: Set at 75% of the maximum allowable
17 administrative fee and is ~~[\$998]~~ \$1,028 for calendar year ~~[2025]~~ 2026.

18 (c) High Administrative Cost Tier: Set at 100% of the maximum allowable
19 administrative fee and is ~~[\$1,331]~~ \$1,371 for calendar year ~~[2025]~~ 2026.

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

22 Stat. Auth.: [ORS 238.465](#), [ORS 238.650](#) & ORS 238A.450

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

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

1 **459-080-0400**

2 **Employee Pension Stability Account (EPSA)**

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

7 (2) The monthly salary threshold amount:

8 (a) Is ~~[\$3,777 for calendar year 2025]~~ \$3,890 for calendar year 2026;

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

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

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

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

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

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

3 Stat. Auth.: ORS 238A.450

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

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

1 **459-080-0500**

2 **Limitation on Contributions**

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

5 (2) Except as otherwise provided in this rule, the annual addition to a member
6 account for any calendar year may not exceed [~~\$70,000~~] \$72,000 effective January 1,
7 ~~[2025]~~ 2026.

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

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

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

14 Stat. Auth.: ORS 238A.450

15 Stats. Implemented: ORS 238A.370

Business Rule 3251 BR Family 8800.400.005

Section/Division: Benefit Preparation Calculations	Writer: D Rivas	Date Created: 01/13/2005 Date Modified: 02/06/2026 Date Finalized: 02/06/2026	Status: Refinalized
Name: Divorce Administrative Fee Allocation for the PERS Chapter 238 Program, OPSRP Pension Program, and OPSRP IAP			
Type: Calculation			
ORS Reference: 237.600 Payment to alternate payee 238.465 Benefits payable to others under certain judgments; rules 238A.050 Oregon Public Service Retirement Plan part of Public Employees Retirement System			
OAR Reference: 459-045-0001 Definitions 459-045-0090 PERS Administrative Fee			
Other Sources:			
Abstract: PERS will charge a proportionate fee to the member and alternate payee to recover administrative expenses incurred when there is a payment to an alternate payee pursuant to a final court order or judgment from the PERS Chapter 238 Program, OPSRP Pension Program, and OPSRP IAP.			
Effective Date:			

Clarification:

- A. PERS will charge a fee for administrative expenses incurred in obtaining data and making calculations pursuant to a final court order or judgment concerning a PERS Chapter 238 Program member, an OPSRP Pension Program member, or an IAP member and their alternate payee (AP) or former registered domestic partner (RDP). An administrative fee will be charged to:
1. Pay a reduction or deduction award to an AP or former RDP under the PERS Chapter 238 Program or OPSRP Pension Program.
 2. Calculate a separate benefit for an AP under the PERS Chapter 238 Program or OPSRP Pension Program.
 3. Establish a separate account in the name of an AP or former RDP under the PERS Chapter 238 Program or IAP.
- B. The administrative fee will be allocated between the member and the AP or former RDP based on the fraction of the benefit or account received by each.
1. The fee to pay a reduction or deduction award under the PERS Chapter 238 Program or OPSRP Pension Program will be allocated between the member and the AP or former RDP based on the percentage of the member's pension benefit awarded to the AP or former RDP.
 2. The fee to calculate a separate benefit for an AP under the PERS Chapter 238 Program or OPSRP Pension Program will be allocated between the member and the AP based on the percentage of the member's pension benefit awarded to the AP.
 3. The fee to establish a separate account in the name of the AP or former RDP under the PERS Chapter 238 Program or IAP will be allocated between the member and the AP or former RDP based on the percentage of the member's account awarded to the AP or former RDP.
- C. The proportionate share of the administrative fee owed by the AP or former RDP and the member is determined at the time one of the following occurs:
1. A separate account is established for the AP or former RDP.

2. An application for retirement is received, and the divorce award is a reduction, deduction or separate benefit. The fee is calculated at the time the AP applies to receive retirement benefits or when the member applies for retirement, whichever occurs first.
 3. An application for early withdrawal from the PERS Chapter 238 Program is received and the divorce award is a reduction, deduction or separate benefit.
 4. The member dies before retirement and the divorce award is a reduction or deduction; or is a separate benefit where the AP has not yet retired the separate benefit.
- D. The administrative fee is collected at the time the first benefit is paid to the AP, former RDP or the member. If the fee amount is greater than the monthly or installment benefit amount, the fee may be collected out of multiple benefit payments. If the AP, former RDP, or member dies prior to distribution, their portion of the fee will be collected from distributions paid to their beneficiaries.
- E. A separate administrative fee is charged for each plan (PERS Chapter 238 Program, OPSRP Pension Program, IAP) from which an AP or former RDP receives an award.
- F. Effective 01/01/2024, the maximum divorce administrative fee is \$1,300. Beginning 01/01/2025, the PERS Board will adjust the fee annually to reflect increases in the Consumer Price Index (CPI) as published by the Bureau of Labor Statistics. The fee threshold for divorce administrative fees is:

Year	Maximum fee
2026	\$1,371
2025	\$1,331
2024	\$1,300
2023 or earlier	\$300 All awards administered prior to May 1, 2024 were assessed this fee.

- G. The actual fee charged is based on the type of award and the typical related administrative cost over the life of the award, expressed as a percentage of the fee threshold and rounded to the nearest whole dollar amount:
1. Low Administrative Cost Tier: Set at 50% of the maximum allowable administrative fee.
 2. Moderate Administrative Cost Tier: Set at 75% of the maximum allowable administrative fee.
 3. High Administrative Cost Tier: Set at 100% of the maximum allowable administrative fee.
- H. Awards that will be charged at the low administrative cost level are:
1. Reduction and deductions, without the option to change a survivor beneficiary, awarded from a retired PERS Chapter 238 Program member's benefit.
 2. Reduction and deductions, without the option to change a survivor beneficiary, awarded from a retired OPSRP Pension Program member's benefit.
 3. Separate accounts awarded from a non-retired or retired member's IAP account.
- I. Awards that will be charged at the moderate administrative cost level are:
1. Deductions awarded from a non-retired PERS Chapter 238 Program member's benefit.
 1. Deductions awarded from a non-retired OPSRP Pension Program member's benefit.
 1. Reduction or deductions, with the option to change a survivor beneficiary, awarded from a retired PERS Chapter 238 Program member's benefit.
 1. Reduction and deductions, with the option to change a survivor beneficiary, awarded from a retired OPSRP Pension Program member's benefit.

J. Awards that will be charged at the high administrative cost level are:

1. Reduction and separate benefits awarded from a non-retired PERS Chapter 238 Program member's benefit.
2. Reduction and separate benefits awarded from a non-retired OPSRP Pension Program member's benefit.
3. Separate accounts awarded from a non-retired PERS Chapter 238 Program member's 238 account.

K. The fee that will be assessed and allocated between the member and the AP or former RDP is the administrative fee in effect as of the date the divorce is determined to be administrable by PERS staff.

The detailed source references included in the Clarification of this BR are correct as of 09/10/2025, which is the Date Finalized for this Business Rule.

Note 1:

HB 2284 (2023), effective for divorce orders deemed administrable on or after 01/01/2024, increased the maximum divorce administrative fee from \$300 to \$1,300. The bill directs the PERS Board to increase the fee threshold each year, beginning 01/01/2025, to reflect increases in the CPI as published by the Bureau of Labor Statistics. Although HB 2284 allowed for an increased maximum divorce administrative fee effective for divorce orders deemed administrable on or after 01/01/2024, PERS did not initiate assessment of the higher fee structure until 05/01/2024. Therefore, divorce orders deemed administrable prior to 05/01/2024 were assessed the \$300 fee.

Note 2:

When one party distributes, their administrative fee is documented in jClarety and/or FileNet for use when the other party distributes.

Note 3:

General Ledger:

When a divorce administration fee is withheld from a benefit payment, the corresponding GL entry increases revenue and decreases the benefit liability.

Example 1: AP Award: 35 percent of the member's account balance

Administrative fee:	\$1,300.00
AP's percentage of the administrative fee:	x .35
AP's share of the administrative fee:	\$455.00
Administrative fee:	\$1,300.00
AP's share of the administrative fee:	- 455.00
Member's share of administrative fee:	\$845.00

Example 2: AP Award: Specific dollar award of \$81,000 without interest

Member's account balance:	\$231,655.00
Percentage of award to account balance:	\$81,000/\$231,655.00 = .349658
Administrative fee:	\$1,300.00
AP's percentage of the administrative fee:	x .349658
AP's share of the administrative fee:	\$454.56
Administrative fee:	\$1,300.00
AP's share of the administrative fee:	- 454.56

Member's share of administrative fee:	\$845.44
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BR References

TopTeam ID	BR	Title/Name
BRTT-12089	BR0604	Establishing a Separate PERS Chapter 238 Program Account for an Alternate Payee
BRTT-12180	BR0906	Divorce Court Orders Signed Prior to 11/04/1993 Under the PERS Chapter 238 Program
BRTT-11608	BR2375	Alternate Payee Option to Elect a Separate Benefit at Time of Payment Under the PERS Chapter 238 Program
BRTT-11958	BR3414	Alternate Payee Separate Benefit Option Under the OPSRP Pension Program

C.

A. Administration

1. January 30, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report
5. Oregon Savings Growth Plan Advisory Council appointment

B. Administrative rulemaking

1. Adoption of rulemaking for annual plan updates

C. Action and discussion items

1. Modernization update

2. Legislative session review
3. Board approval to file 2027 legislative concepts
4. 2027-29 agency budget development update
5. Final earnings crediting and reserving
6. Funding of School District Rate Pool (Senate Bill 849)



Oregon

Tina Kotek, Governor

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April 03, 2026

TO: Members of the PERS Board
 FROM: Kristi Ivers, Modernization Director
 SUBJECT: 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 2/28/2026)
PERS Modernization Program	December 31, 2034	<p><u>Key Activities:</u></p> <ul style="list-style-type: none"> • The program overall is on-scope, on-schedule and on-budget. • Recruiting status: <ul style="list-style-type: none"> ○ Two out of the three Senior Project Manager positions have been filled. Interviews for the third position are in progress. ○ Interviews for the Associate Product Owner are in progress. • Development of the 2027-29 policy option package (POP) for the PERS Modernization Program is due on April 17, 2026. During the week of March 9, PERS completed its initial cut and intends to collaborate with the Legislative Fiscal Office (LFO), the Department of Administrative Services (DAS), and EIS to finalize the POP.

		<ul style="list-style-type: none"> • Planning and analysis are in process to initiate the next round of data cleaning efforts. • Work has begun on analyzing a newly identified Legacy Stabilization Project, focused on two critical batch jobs, SD20 and SD21, with the goal of improving performance.
Modernization of Pension Administration System (PAS)	December 31, 2034	<p>Project overall health: Grey</p> <p><u>Key Activities:</u></p> <ul style="list-style-type: none"> • Project status: pre-initiation. • PAS business case and charter were updated and resubmitted to EIS for approval on March 12, 2026. • The Specialized Consultant Request for Proposal (RFP) was posted for vendor submissions and closed on March 10, 2026. The proposals will be reviewed and scored by an evaluation team, which are due on March 30, 2026. This consultant is expected to assist PERS in writing its commercial-off-the-shelf (COTS) Pension Administration System (PAS) RFP. • Next evaluation team meeting will be held on April 6, 2026.
Telephony Modernization Project	June 30, 2027 <i>(Original end date December 31, 2024)</i>	<p>Project overall health: Green</p> <p><u>Key Activities:</u></p> <ul style="list-style-type: none"> • Project initiated on January 9, 2024, and is in the construction stage. • A project change request to extend the project schedule to June 30, 2027, was approved by the Modernization Executive Steering Committee on February 10, 2026. This allows for incremental releases for new functionality. • Phase 2 was successfully released on February 23, 2026, and Phase 2b for the Scheduled Call Back functionality is expected to start on April 6, 2026.
Hybrid Integration Platform (HIP) Implementation Project	TBD	<p>Project overall health: Grey</p> <p><u>Key Activities:</u></p> <ul style="list-style-type: none"> • Project initiated on September 10, 2024, and is in the analysis and design stage.

		<ul style="list-style-type: none"> The business case has been submitted to EIS on March 16, 2026.
jClarety UI/UX Modernization Project (JUMP)	November 30, 2026	<p>Project health: Green</p> <p><u>Key Activities:</u></p> <ul style="list-style-type: none"> Project initiated on July 01, 2025, and is in the construction stage. On track to meet the Americans with Disabilities Act (ADA) compliance due date of April 2026. Phase 1 has successfully passed user acceptance testing, concluding 11 days ahead of the projected completion date of March 24, 2026. Phase 2 is in progress. The project team has completed its analysis and design, and the proof of concept was completed on February 10, 2026. Configuration is expected to be completed by March 30, 2026.
Member Identity Access Management (MIAM)	June 30,2026	<p>Project health: Green</p> <p><u>Key Activities:</u></p> <ul style="list-style-type: none"> Project initiated on June 1, 2022, and is in the construction stage. MIAM contracts are in process, and the project team expects to have 2 contracts completed in April. <ul style="list-style-type: none"> Identity Protection (IdP) <ul style="list-style-type: none"> Statement of work for a vendor is in process to assist with Identity Protection integration. Identity Verification (IdV) <ul style="list-style-type: none"> RFQ posted on July 22, 2025, for a three-week response period. A vendor has been selected, and a statement of work is in development.

HIGHLIGHTED iQMS ACTIVITIES

- PERS received its Quarterly Quality Assessment Status and Improvement report on January 9, 2026, from our independent quality management services (iQMS) vendor,

Gartner. Based on the latest report from September 1, 2025 through December 31, 2025, four new risks were identified and 10 risks were closed (1 High; 8 Medium; 1 Low).

The following outlines the four newly identified risks along with their respective mitigation strategies:

- Gartner Risk #1: Funding strategy
To maintain momentum, the program should now shift focus to developing a comprehensive funding strategy for future years, identifying additional required activities and corresponding funding needs.

Program update: The policy option package (POP) for 2027-29 is progressing and the first cut was completed during the week of March 9. The POP is due on April 17, 2026.

The 2027-29 POP will partly outline what activities are necessary and how much funding is required moving forward. There are significant uncertainties tied to which PAS COTS vendor will be chosen and the findings of the gap analysis, so PERS will likely continue facing unknown requirements into the following biennium.

- Gartner Risk #2: Resource constraints
Resource capacity remains a critical concern. The program is managing significant concurrent activities, requiring careful planning to ensure long-term success. The Modernization Director is currently responsible for both strategic planning and day-to-day execution/budgeting, which creates a single point of failure.

Program update: The newly hired Senior Project Managers (PM3) will provide some relief to the Modernization Director's pull to execution-related activities. Two new Senior Project Managers were hired in January of 2026, and interviews have started for the third Senior Project Manager position. In addition, future resource needs will be requested within the 2027-29 policy option package, which is currently in progress.

- Gartner Risk #3: Concerns with program governance
The program has encountered challenges in clearly communicating how Legacy Stabilization activities support the PAS initiative and how they differ from routine operations and maintenance.

Program update: The definitions of Legacy Stabilization and PERS Modernization were clarified in the presentation to the Interim Joint Committee on Ways and Means on January 13, 2026, which has eased some of the challenges by having this information documented on record. PERS continues to evolve its communication approach to provide clear information to a wide variety of audiences. Additional clarity will be obtained as the 2027-29 activities and budget needs are planned to describe future activities.

- Gartner Risk #4: DAS and procurement predictability
Achieving program objectives for the biennium requires strict adherence to established timelines. There is a risk that DAS capacity may not align with PERS' schedule, potentially delaying PAS vendor selection beyond 2027.

Program update: PERS continues regular engagement with DAS Procurement Services, proactively sharing upcoming procurement needs and priorities. PERS and DAS met in late November to discuss options including identification of a dedicated resource. DAS agreed to partner with PERS to meet procurement deadlines but cautioned that they have limited resources and can't dedicate a resource at this time. PERS plans to continue monitoring this risk and expects it to stay open through 2028.

C.1. Attachment 1 – *February 2026 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 February 27, 2026

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 December 31, 2034.

Overall program status: **GREEN**

Color Key

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

Overview:

Specialized Consultant Open for Proposals

On February 4th, a request for proposals (RFP) was posted in OregonBuys to obtain the services of a specialized consultant to help PERS create an RFP for a new Pension Administration System (PAS). PERS received 18 questions about the proposal submitted by interested parties. The responses to questions were posted on February 24. The RFP remains open for proposals through March 10. Evaluations of proposals are scheduled to kick off on March 12.

The Modernization Program team is looking forward to identifying a finalist for this work to help us kick off our PAS Modernization Project.

Preparing for 2027-2029 Budget Needs

Several meetings with Modernization Director and other executives have been held over the past month to discuss the impact of coming Modernization Program initiatives on staff resources needed to support gathering requirements and testing. These discussions help to generate the overall 2027-2029 Modernization Program policy option package which is in development for the start of the biennial agency budget request process.

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	6/30/2027

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
TBD	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 AA 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

Pension Administration System (PAS) Modernization

Start Date	Close Date
7/1/2025	12/31/2034

Overall Health	Scope	Schedule	Resources	Budget	Quality
GREY					

Objective: Obtain a new, commercial off-the-shelf Pension Administration System (PAS) to enable PERS to excel in the delivery of pension administration services for the benefit of members, employers and plan sponsors.

Intended Benefits: B1- Reduced Manual Processes, B2- Increased Satisfaction with PERS Services, B3- Increased Member Engagement Capabilities, B4 – Prevention of Data and Identity Fraud, B5- reduced System Complexity, B6 - Increased Confidence in PERS Tools and Technologies, B8- Increased Data Utilization, B9- Reduction of Costs for Technology & Maintenance Enhancements, B11- Reduction of Risk Ratings by Internal and External Auditors, B12- Reduction of System Downtime

EMERGING AND CONTINUED PROGRAM CONCERNS

Limited Resources –

In 2024, when PERS agreed to the January 1, 2030 implementation date for HB 4045, this date was set based on PERS initial path of modernizing the agency’s current pension administration system (PAS). Since that time, PERS has gone through a full PAS solutions analysis and determined, in June of 2025 that instead of modernizing our current PAS, it is preferable to implement a new Commercial Off the Shelf (COTS) PAS solution. Given the timeframe to both procure and implement a new COTS solution, PERS will not be able to simply implement the Hazardous Position functionality within the new COTS solution. The outcome of the alternatives analysis in the Hazardous Positions Business Case finalized on 12/4/25 was to implement the functionality in our current PAS as a stop gap until the new COTS solution is fully in place. Given this approach, PERS will likely have resource contention for the short-term and may need to slow down certain Modernization activities. HB 4045 is the number one priority of the agency and will take precedence over Modernization activities. PERS will monitor risk on a monthly basis and assess the resource capacity assessment reports weekly. Tracked in Program Risk #3 Internal Staffing- Limited, Loss Of or Inexperienced Resources.

State of Oregon Priorities –

Procurement delays pose a risk for PERS:

- DAS Procurement Services has limited resources, and with numerous agencies needing cross-collaboration, any one agency might require an emergency procurement, which would lead to unexpected delays.
- EIS-P3 operates under a 10-day Service Level Agreement (SLA) for document review. Meeting requirements for urgent reviews such as procurement activities can present challenges to providing timely responses.

PERS will monitor this risk closely and escalate any issues when needed. Tracked in Program Risk #39 Critical External Resources Allocated to Higher Priority Work.

QA/QC DELIVERABLES

Deliverable	Reporting Period	Final Accepted
D4.1.6 Quarterly QA Status Report	6/25 - 8/25	2/18/26
D3.3.5 Periodic Quality Status Report	9/1 - 10/17/25	2/18/26
D4.1.7 Quarterly QA Status Report	9/25 - 12/25	
D3.3.6 Periodic Quality Status Report	1/1/26 - 2/15/26	
D4.1.8 Quarterly QA Status Report	1/26 - 3/26	

QA RISKS & ISSUES

PERS received the initial D4.1.7 December 2025 independent quality management services (iQMS) Quarterly QA Status and Improvement draft report on January 26, 2026. The report covers activities from September 1, 2025, through December 31, 2025. There were four key risks and recommendations identified in the report and they are actively being addressed:

1. Gartner Observation #1 - Funding strategy: To maintain momentum, the Program should now shift focus to developing a comprehensive funding strategy for future years, identifying additional required activities and corresponding funding needs

Program Update: The next priority focus of the program is the Policy Option Package (POP) for 2027-2029. The POP must be submitted to the PERS Budget Team by March 27, 2026. This information will help in part to describe the required activities and funding needs for the future. There are still major dependencies on the outcome of the selection of a PAS COTS vendor and gap analysis; therefore, PERS will continue to have unknown needs well into the next biennium.

2. Gartner Risk #2 - Resource Constraints: Resource capacity remains a critical concern. The Program is managing significant concurrent activities, requiring careful planning to ensure long-term success. The Modernization Director is currently responsible for both strategic planning and day-to-day execution/budgeting, which creates a single point of failure.

Program Update: The newly hired Senior Project Managers (PM3s) will provide some relief to the Modernization Director's pull to execution-related activities. Two new Senior Project Managers were hired in January of 2026, and the third Senior Project Manager position has been posted. In addition, future resource needs will be requested within the 2027-2029 Policy Option Package (POP), which is currently in progress.

3. Gartner Observation #3 - Differentiating Legacy Stabilization activities from Operational activities: The Program has encountered challenges in clearly communicating how Legacy Stabilization activities support the PAS initiative and how they differ from routine operations and maintenance.

Program Update: The definitions of Legacy Stabilization and PERS Modernization were clarified in the presentation to the Interim Joint Ways & Means Committee on January 13, 2026, which has eased some of the challenges by having this information documented on record. PERS continues to evolve its communication approach to provide clear information to a wide variety of audiences. Additional clarity will be obtained as the 2027-2029 budget needs are refined and more details are planned to describe future activities.

4. Gartner Risk #4 DAS and procurement predictability: Achieving program objectives for the biennium requires strict adherence to established timelines. There is a risk that DAS capacity may not align with PERS' schedule, potentially delaying PAS vendor selection beyond 2027.

Program Update: PERS continues regular engagement with DAS Procurement Services, proactively sharing upcoming procurement needs and priorities. PERS and DAS met in late November to discuss options including identification of a dedicated resource. DAS agreed to partner with PERS to meet procurement deadlines but cautioned that they have limited resources and can't dedicate a resource. PERS will monitor and believe this risk should remain open through 2028.

Modernization Program

PERS MODERNIZATION PROGRAM BUDGET 2025 - 2027

2025-27						
Project Title	LAB	Actual to Date	Contracts	Projections	Total	Variance
1 Program Staff	4,100,071	885,796	-	3,710,672	4,596,468	(496,397)
2 IQMS	1,000,000	73,345	1,121,210	291,945	1,486,500	(486,500)
2 HIP	500,000		122,366	375,000	497,366	2,634
2 Telephony	1,500,000	-	35,142	1,275,000	1,310,142	189,858
2 TCO Analysis	25,000			-	-	25,000
2 Contingency (Mod)	178,000			-	-	178,000
2 MIAM	530,000			397,500	397,500	132,500
3 Foundational Architecture Documentation	1,930,000	148,675	512,616	965,000	1,626,290	303,710
3 JUMP-Jclarety UI/UX	3,705,000	784,630	2,413,690	370,500	3,568,820	136,180
3 MIAM (Forgerock-Dues & Sub)	735,280	273,250	340,970		614,220	121,060
3 Contingency (Legacy)	318,500			-	-	318,500
Project Total	14,521,851	2,165,696	4,545,993	7,385,617	14,097,307	424,544

2025-27						
Approved Appropriation	LAB	Actual to Date	Contracts	Projections	Total	Variance
1 Program Staff	4,100,071	885,796	-	3,710,672	4,596,468	(496,397)
2 Implementation	3,733,000	74,049	1,278,014	2,339,445	3,691,508	41,492
3 Legacy Stabilization & Technology Readiness	6,688,780	1,205,852	3,267,979	1,335,500	5,809,330	879,450
Project Total	14,521,851	2,165,696	4,545,993	7,385,617	14,097,307	424,544

Expenses	Actual to Date	Projections	Total
*CSL- Internal Staff	\$255,703	\$452,642	\$708,345

Modernization Program

PERS MODERNIZATION PROGRAM BUDGET

Program Budget						
	Project Title	Project Start Date	LAB	Forecast Spend	Variance Amount	Variance %
1	Program Staff	7/1/2023	16,470,941	12,936,427	(3,534,514)	-21.5%
2	IQMS	7/1/2023	1,900,000	2,297,500	397,500	20.9%
2	HIP	7/1/2023	950,000	497,366	(452,634)	-47.6%
2	Telephony	7/1/2023	2,057,000	1,867,142	(189,858)	-9.2%
2	TCO Analysis	4/11/2025	25,000	-	(25,000)	-100.0%
2	MIAM	7/1/2025	530,000	397,500	(132,500)	-25.0%
3	Foundational Architecture Documentation	7/1/2025	2,630,000	2,256,290	(373,710)	-14.2%
3	JUMP-Jclarety UI/UX	7/1/2025	3,705,000	3,568,820	(136,180)	-3.7%
3	MIAM (Forgerock-Dues & Sub)	3/30/2021	1,998,251	1,664,693	(333,558)	-16.7%
	Contingency	7/1/2025	496,500		(496,500)	
Total			30,762,692	25,485,738	(5,276,953)	-17.2%

Program Budget						
	Approved Appropriation	Project Start Date	LAB	Forecast Spend	Variance Amount	Variance %
1	Program Staff	7/1/2021	12,103,941	9,487,196	(2,616,745)	-21.6%
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	Implementation	7/1/2025	840,000	397,500	(442,500)	-52.7%
2	Independent Quality Management Svcs	7/1/2023	1,900,000	2,297,500	397,500	20.9%
2	Hybrid Integration Platform	7/1/2023	950,000	497,366	(452,634)	-47.6%
2	Telephony	7/1/2023	2,057,000	1,867,142	(189,858)	-9.2%
3	Legacy Stabilization & Technology Readiness	7/1/2023	8,651,751	6,859,803	(1,791,948)	-20.7%
3	Pension Administration System (PAS)	4/11/2025	700,000	630,000	(70,000)	-10.0%
Total			30,762,692	25,485,738	(5,276,954)	-17.2%

Expenses	Prior Bienna Actuals	2025-27 Actuals	2025-27 Forecast Spend	Total
*CSL- Internal Staff	\$934,981	\$255,703	\$196,939	\$1,131,920

PROGRAM RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
26	<p>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>	<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>Section focused change readiness assessments to establish baseline data are in development. This data will help identify areas which need tailored mitigation strategies.</p>
38	<p>Lack of Support From Oversight Bodies- Challenges in navigating budget or stage gating processes can lead to delays in decisions or funding requests. Funding requests may be denied or reduced, potentially affecting the program. If this risk is realized, the issue will cause significant schedule delays and impact the program's ability to achieve its objectives.</p> <p><i>(Gartner Identified this risk in Deliverable D4.1.4 - Risk #2)</i></p>	<p>Oversight bodies and PERS will need to continue to partner and address challenges together as they arise.</p>	<p>Delays may increase the cost of the overall program; therefore, challenges will need to be addressed quickly.</p>
39	<p>Critical External Resources Allocated to Higher Priority Work: Critical resources are allocated to higher priority work, impacting availability or responses for PERS Modernization work.</p> <p><i>(Gartner identified this risk in deliverable D4.1.6- Risk #4)</i></p>	<p>Evaluate opportunities to obtain Modernization dedicated resources from external groups.</p> <p>Regular meetings and communication to discuss upcoming activities, timelines and priorities.</p> <p>Plan to hire contractors when necessary.</p>	
40	<p>Staff Changes: Introduction of new staff into program team may lead to delays in deliverables and disrupt current work while onboarding</p>	<p>PERS has a structured onboarding program for new staff.</p> <p>New to Program staff will be provided core materials to become familiar with and be paired with other program team members for regular check-ins and open communication.</p>	<p>Integration of new team members has been successful. We will continue to review this risk as additional new resources are hired.</p>

PROGRAM ISSUES AND CORRECTIVE ACTION PLANS

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

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

Overall Status: The project health changed to **Green** this month following the successful release of **AWS Phase 2** features to production and the approval to extend project schedule to 6/30/2027.

Activities in the month

- AWS Phase 2 User Acceptance Testing (UAT) was completed with **100% pass** by 2/20/2026.
- A formal Go/No-Go decision meeting was held on 2/19/2026 and resulted in a Go decision.
- The following features were released on 2/23/2026 as part of AWS phase 2
 - **Automated messaging during prescheduled closures.** Employer and member call centers will be able to schedule advanced messaging for known closures (such as during staff meetings), ensuring callers receive clear, timely information.
 - **One-way text messaging:** Callers can sign up to receive automated text messages with links to helpful resources such as forms, web pages, or informational videos.
 - **Screen recording for training purposes:** Call center managers from the Member Information Center, Employer Service Center, and the Help Desk will have access to screen-recording functionality for training and coaching purposes only.
 - **Post-call customer surveys:** Callers will have the option to complete brief surveys following agent interactions using simple Yes/No or scaled responses (e.g., 1–5), helping us better understand service effectiveness and identify improvement opportunities
- Project team participated in the **Amazon Connect workshop** held on 2/11/26, focusing on AWS Connect call center feature awareness.
- A **Change Request** extending the project end date from March 12, 2026 to **June 30, 2027** was approved by the Modernization Executive Steering Committee (MESC).

Current and upcoming activities:

- Continue AWS Phase 2 product stabilization and transition to operations
- Begin planning discussions for AWS Phases 2b, 3/4 and eFax implementation
- Rebase-line the project schedule
- Continue to meet with EIS P3 for project status briefings and Stage Gate 4 requirements.

Recommended Implementation

Completed May 5, 2025	Completed July 14, 2025	Completed February 23, 2026	Planning before June 2027
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 automated closure messaging, one way text messaging, Screen recording for training, post call customer survey	Requirements will be determined during the JAD sessions for Phase 2b, 3 and 4. AWS Phase 2b: Scheduled Call back AWS Phase 3: Key functionality is currently under review. AWS Phase 4: Key functionality is currently under review.

Program Benefits

Modernization Program

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	100%	2/23/26	2/23/26
Phase 2b- AWS Implementation Complete	0	TBD	TBD
Phase 3 – AWS Implementation Complete	0	TBD	TBD
Phase 4 – AWS Implementation Complete	0	TBD	TBD
Project closure	0	6/30/27	TBD

The Telephony Modernization Project schedule was rebaselined on 2/27/26 with a new close date of 6/30/2027

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.	02/25/26 - This risk is being kept open until we receive feedback from call agents and members and will be reviewed on 3/20/2026.
27	Vendor deadlines may be at risk due to the aggressive timeline they have established for Phase 2.	Establish weekly check-ins with the vendor to monitor progress, identify blockers early, and assess feasibility of timeline adjustments.	02/25/26 - This risk has been resolved with the successful release of AWS Phase 2 and will be closed on the next report. 01/30/26 - Vendor agreed to a new implementation timeline with Go-Live of 2/23/26

TELEPHONY PROJECT > ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
11	R26 - Development delays due to misalignment between initial design scope, assumptions and the actual complexity uncovered during elaboration.	02/25/26 - This issue has been resolved with the completion of UAT and call back feature moved to Phase 2b. 01/22 - Issue to be kept open during UAT until alignment on bugs and feature elaborations is completed. 12/16 - SMS/IVR feature review and design completed and development in progress	02/20/2026 (This will be removed from the next report)

Modernization Program

HYBRID INTEGRATION PLATFORM (HIP) 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

- Updated business case and project charter in development. The business case will be submitted to EIS the first week of March.

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
HIP Initiation	0	3/31/2026	

HIP PROJECT > RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	TBD		

HIP > ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

MEMBER IDENTITY AND ACCESS MANAGEMENT

Project Objective

Procure and implement a solution that provides additional security to Online Member Services (OMS).

Project Status: GREEN

Current Activities

- The Identity Verification (IDV) vendor has been selected, and the Statement of Work (SOW) and contract are currently in development; the vendor is reviewing the IDV contract.
- Requirements Traceability Matrix for IDV has been approved by P3.
- The OAuth 2 API solution has been approved by the PERS Enterprise Architecture Team (PEAT) and a proof of concept was completed and successfully verified on 2/10/26, confirming feasibility and expected benefits.
- A work order for contract resources to support the API implementation is in development, and weekly meetings are ongoing to accelerate progress on the Socure API integration.
- DEV/BFT regression development and API integration solution validation activities are continuing.
- Journey maps illustrating the end-to-end experience for members have been drafted and are pending approval, while journey maps for administrators are still in development.

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
IdP Procurement Complete	100	06/17/23	06/17/23
Stage Gate 3 Endorsement Received	100	7/18/23	7/18/23
RFQ Released	100	7/22/25	7/22/25
IDV Procurement Complete	50	3/20/26	TBD
UAT Complete	0	5/26/26	TBD

Modernization Program

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 and DAS Procurement 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.		

jCLARETY UI/UX MODERNIZATION AND COMPLIANCE PROJECT (JUMP)

Project Objective

Ensure PERS' external web portals are in compliance with American Disability Act (ADA) Web Content Accessibility Guidelines (WCAG) 2.1 level AA 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

- **jClarety WP#1** (UI/UX Upgrades and ADA 2026 Compliance) –
 - QA Environment Prep and Validation complete.
 - UAT Plan submitted and approved by P3. UAT is in progress and on track to conclude on 3/24/26.
 - Production Deployment planned for 4/9/2026.
- **OSA | CR 8336 Employer Rate Projection Tool** (ADA 2026 Compliance) -
 - UAT completed on 1/14/26.
 - Production deployment was completed on 1/20/26.
- **OSA | CR 8341 IAP Balance & Installment Calculator** (ADA 2026 Compliance)-
 - UAT completed on 2/18/26.
 - Production deployment was completed on 2/24/26.
- **OAuth2 Ready WP#2** (OAuth2 authentication upgrade) –
 - Proof of concept completed on 2/10/26.
 - JBOSS EAP configuration is in progress and estimated to complete by 03/30/26.
- **jClarety WP#3** (Integrate HTML5 and Struts6.7.4 technology) –
 - Elaboration and construction 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.

Modernization Program

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
D1.1.1 System Design Specification (SDS) submitted	100	8/29/25	8/29/25
Stage-Gate 2 & 3 Endorsement	100	10/14/25	10/10/25
WP1 Detailed Elaboration/Construction	100	10/31/25	10/31/25
WP1 Business Functional Testing Completed	100	11/26/25	11/26/25
D1.2.1 Work Package Development (WPD)#1 draft documentation submitted	100	12/5/25	12/5/25
WP1 User Acceptance Testing Completed	10	3/24/26	TBD
D1.2.2 WPD #1 (Final) submitted	10	4/3/26	TBD
WP1 Production Deployment	0	4/9/26	TBD
WP2 Business Functional Testing Complete	0	4/1/26	TBD
WP2 User Acceptance Testing Complete	0	6/10/26	TBD
D1.3.1 WPD #2 (Final) submitted	0	7/3/26	TBD
WP2 Production Deployment	0	7/9/26	TBD
WP3 Construction Complete	0	5/26/26	TBD
D1.5.1 WPD #3 (Draft) submitted	0	5/29/26	TBD
WP3 Business Functional Testing Complete	0	7/7/26	TBD
WP3 User Acceptance Testing Complete	0	9/30/26	TBD
D1.5.2 WPD #3 (Final) submitted	0	9/18/26	TBD
WP3 Production Deployment	0	10/15/26	TBD
D1.6.1 Stabilization & Knowledge Transfer Completed	0	10/30/26	TBD
Project closure	0	11/30/26	TBD

JUMP> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
1	Mandated ADA Compliance Timeline: If the ADA compliance scope of work is not completed by April 24, 2026, then PERS external UI portals will be out of compliance.	If the project team concludes that we will be unable to meet the 4/24/2026 deadline for ADA compliance, then we will attempt to crash the schedule with additional resources.	
2	Skilled Contracted Resources: If current staff/contractors skilled in jClarety become unavailable, then the work may take longer than we have planned, and we may not meet the ADA compliance deadline of 4/24/26.	If we discover that one or more of the specified contracted jClarety experts are unavailable to work when we need them, then we will reallocate internal skilled resources from other efforts or attempt to hire additional skilled contracted resources.	

JUMP> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

Modernization Program

PENSION ADMINISTRATION SYSTEM (PAS) PROJECT

Project Objective

Obtain a new, commercial off-the-shelf Pension Administration System (PAS) to enable PERS to excel in the delivery of pension administration services for the benefit of members, employers and plan sponsors.

Project Status: GREY

Current Activities

- Updated project business case and project charter were submitted to EIS P3 on 02/13/26.
- Several worksessions were held to review and update the specialized consultant Request for Proposals (RFP) with DAS Procurement, DOJ and PERS.
 - The RFP was posted in OregonBuys on 02/4/26.
 - There were 18 questions submitted by interested vendors on 2/12/26.
 - PERS provided responses to questions which were posted in OregonBuys on 2/24/26.
 - The RFP is scheduled to close for vendor submissions on 3/10/26.
- Product Owner team continues work refining the “pain points” into requirements.

Program Benefits

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

B1- Reduced Manual Processes	B6- Increased Confidence in PERS Tools and Technologies
B2- Increased Satisfaction with PERS Services	B8- Increased Data Utilization
B3- Increased Member Engagement Capabilities	B9- Reduction of Costs for Technology & Maintenance Enhancements,
B4 – Prevention of Data and Identity Fraud	B11- Reduction of Risk Ratings by Internal and External Auditors,
B5- Reduced System Complexity	B12- Reduction of System Downtime

Milestone	% complete	Forecast	Actual
Consultant RFP Closes	90%	3/10/26	

PAS> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	<p>Procurement Delays- Extended time for external reviews of RFPs may cause delays of the project schedule or incur unplanned costs.</p>	<p>DAS agreed to partner with PERS to meet procurement deadlines and EIS plans to review documents timely.</p> <p>PERS, DAS and EIS have a regular check in meeting to discuss current procurement activities.</p> <p>PERS will make sure to share timelines ahead of time, so that everyone is aware of the upcoming work.</p>	<p>This release of the consultant RFP is on the Program’s critical path. Delays may impact timing of future budget requests and overall delivery of the PAS solution in a timely manner.</p>
	<p>Critical Resources Allocated to Higher Priority Work- Critical resources are allocated to higher priority projects (i.e. HB4045) or more time sensitive work, impacting availability for PERS Modernization work</p>	<p>Clearly identify shared resources and work closely with leadership to plan around peaks and mitigate impacts.</p> <p>Closely monitor resource allocations and plan to utilize less skilled resources where possible to focus critical resources to specialized work.</p>	

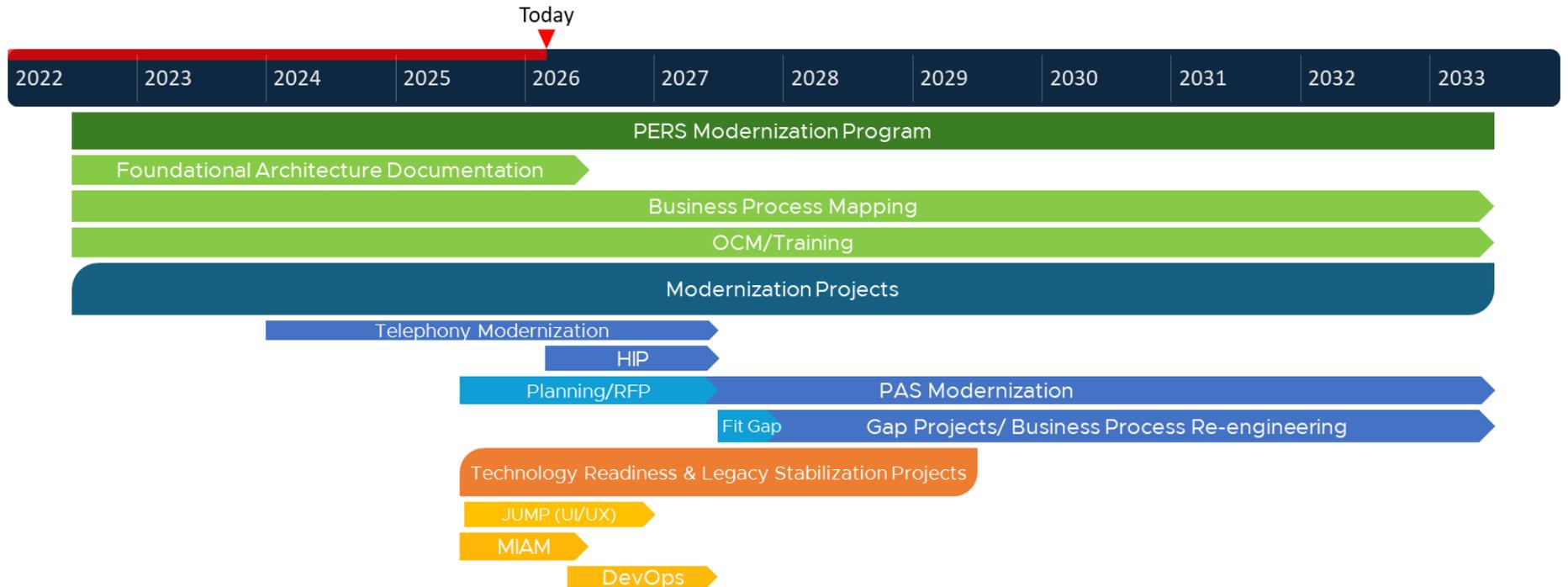
PAS> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

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 Board Modernization Update

Kristi Ivers, PERS Modernization Director

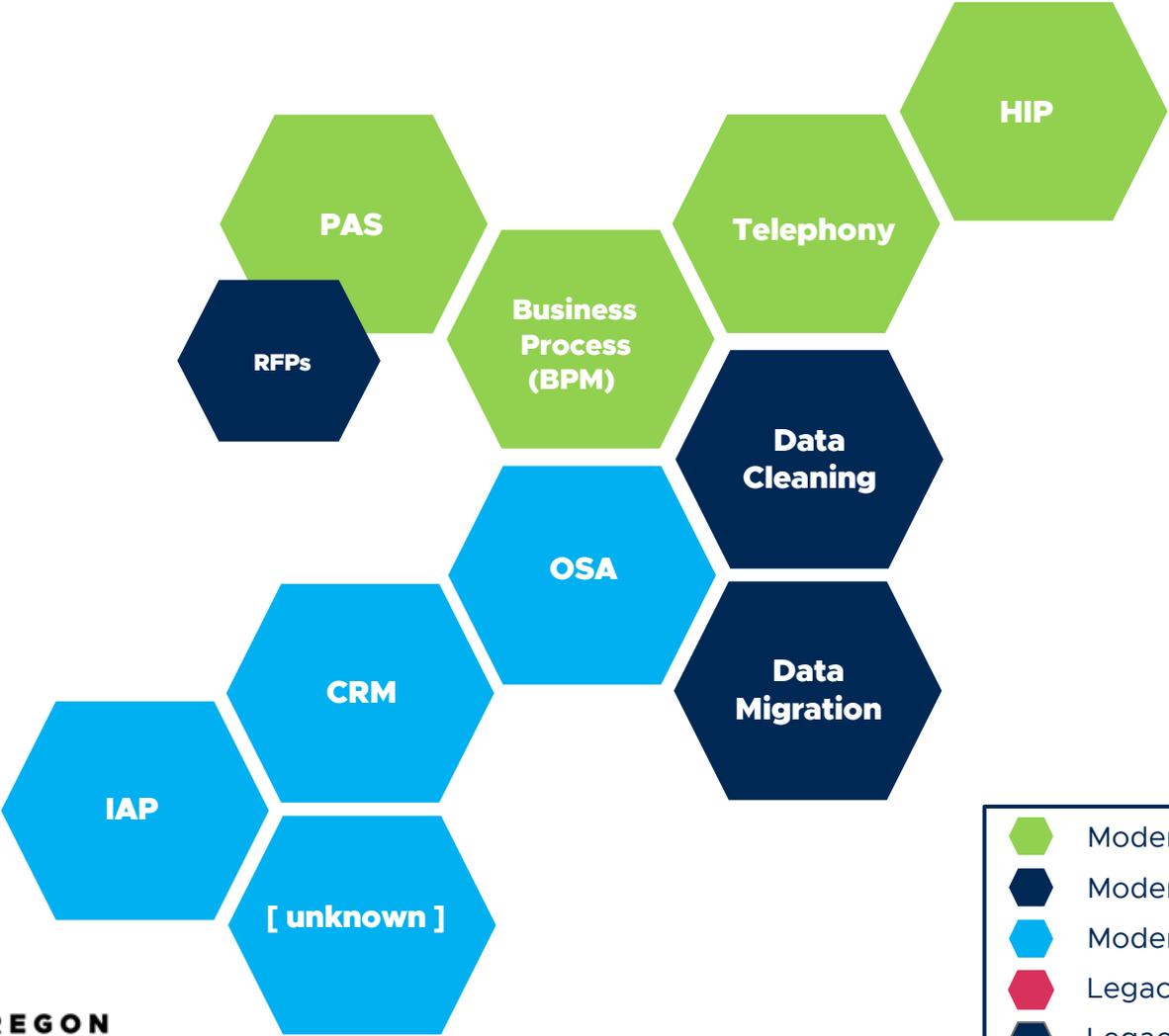
April 3, 2026

Modernization Program



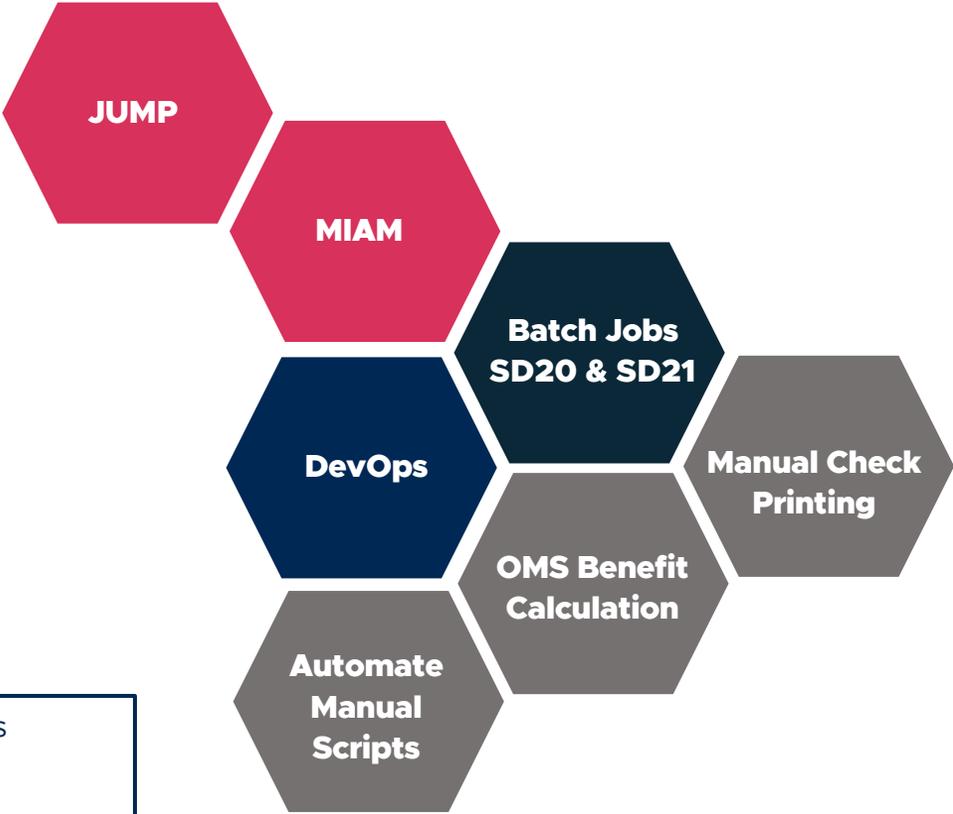
PERS Modernization Program Roadmap

Modernization | Core Pension Administration System (PAS) Projects



Tech Readiness and Legacy Stabilization

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.

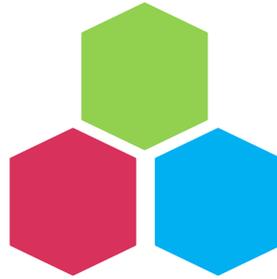


Legend

- Modernization - In Progress
- Modernization - Initiating
- Modernization - Future
- Legacy Stabilization - In Progress
- Legacy Stabilization - Initiating
- Legacy Stabilization - Future

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.



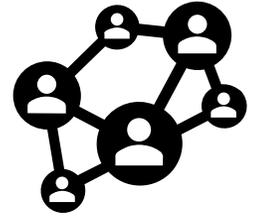
FY 2025-2034

Highlights:

- The policy option package (POP) for 2027-29 is progressing and the first cut was completed during the week of March 9. The POP is due on April 17, 2026.
- Work has begun on analyzing a newly identified Legacy Stabilization Project focused on two critical batch jobs, SD20 and SD21, with the goal of improving the overall performance.
- HIP Project Business Case was submitted to Enterprise Information Services on March 16, 2026.
- Project Management Office (PMO) maturity: PMO is demonstrating steady, incremental improvements.
- The interview process is currently underway for the Senior Project Manager (PM3) position and the Associate Product Owner (finance-focused) position.
- Member Identity and Access Management Project contracts are being processed, with the expectation of finalizing and signing two contracts in April.

Pension Administration System (PAS) Modernization

Project summary: Document current state architecture and business processes to support the development of business requirements and plan for a new pension administration solution.



Overall Health	Scope	Schedule	Resources	Budget	Quality
GREY					

Current stage: pre-initiation

Highlights:

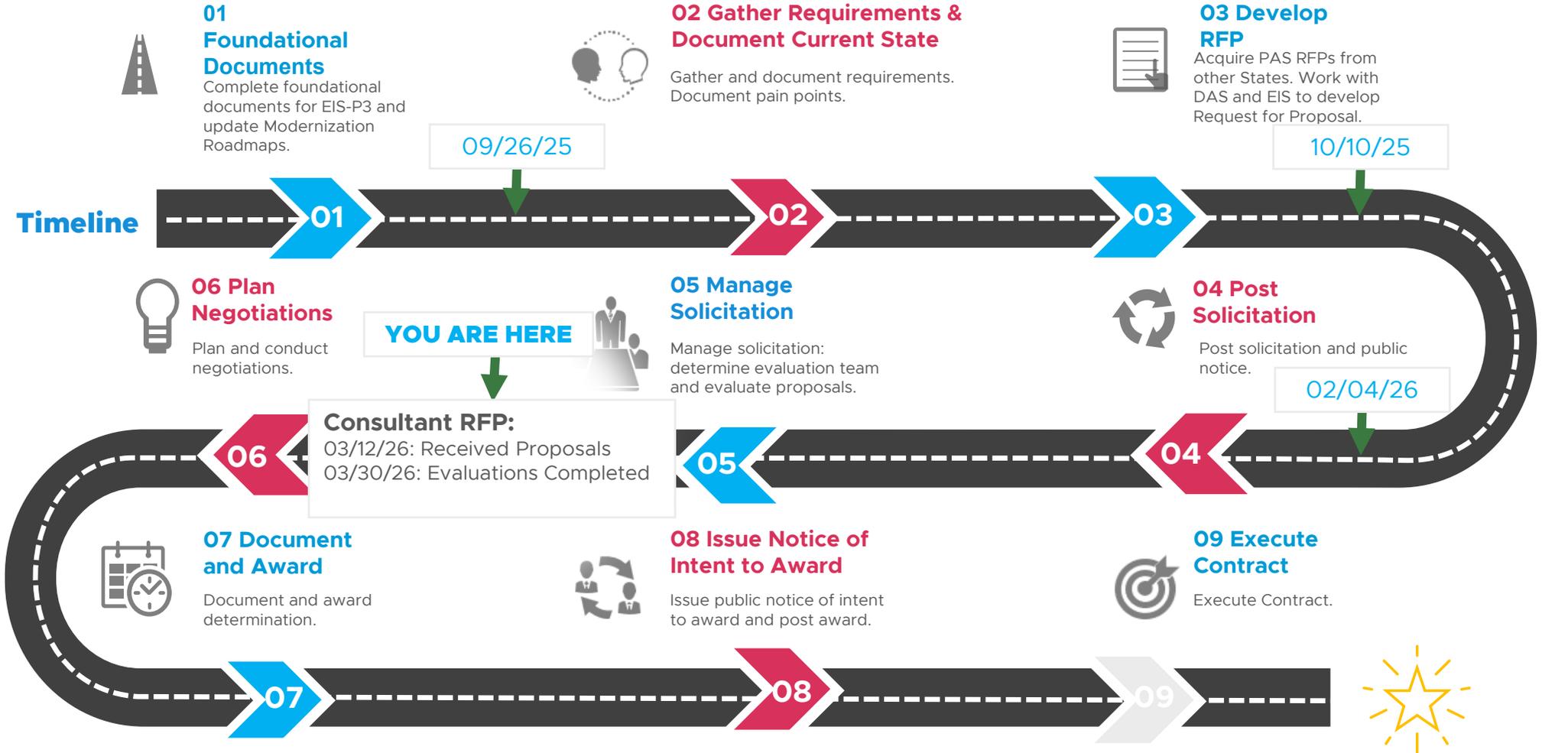
- Request for proposal (RFP) for a Specialized Consultant posted on February 4, 2026.
 - Questions were received on February 12, 2026.
 - Answers were posted on February 24, 2026.
 - RFP closed on March 10, 2026.
 - Proposals were received on March 12, 2026.
- Current state requirements are in progress and 80% have been formally documented.

Upcoming activities:

- Request for Proposal Timeline:
 - Evaluation Team completed review on March 30, 2026.
 - Next evaluation meeting will be held on April 6, 2026.
- Finalized Project Business Case and Charter:
 - Met with EIS to discuss their feedback on March 9, 2026.
 - PERS resubmitted the business case and charter on March 12, 2026.

Modernization PAS request for proposal (RFP) lifecycle

Specialized Consultant RFP



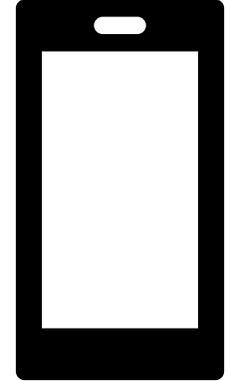
Estimated Completion Date
March/April 2026



Note: PERS will start on the Pension Administration System RFP after the Specialized Consultant Contract has been completed.

Telephony Modernization Project

Project summary: Implement a modern telephony system that can be integrated with future capabilities.



Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN	■	■	■	■	■

Current stage: execution

Highlights:

- Phase 2 had a successful go-live on February 23, 2026.
 - Functionality delivered:
 - Natural Language Processing
 - One-way text messaging
 - Post-call survey
 - Screen recording for training purposes
 - Automated messaging during pre-scheduled closures
 - Scheduled call-back functionality was deferred to a new release (Phase 2b).

Upcoming activities:

- Complete Phase 2b schedule to deliver scheduled call-back functionality.
 - Planned start date: April 6, 2026
 - Estimated end date: June 19, 2026
- Analysis and high-level requirements gathering for Phase 3 and contract amendment are in process.

JUMP

jClarety User Interface/User Experience (UI/UX) Mod 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.

Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN	■	■	■	■	■

Current stage: execution

Highlights:

- User acceptance testing completed on March 13, 2026.
 - Completed 11 days earlier than expected.
- On track to meet the ADA compliance deadline date of April 2026.

Upcoming activities:

- Deployment is scheduled for April 9, 2026.
- Phase 2:
 - Analysis and Design have been completed.
 - Proof of concept completed on February 10, 2026.
 - Configuration is expected to complete by March 30, 2026.

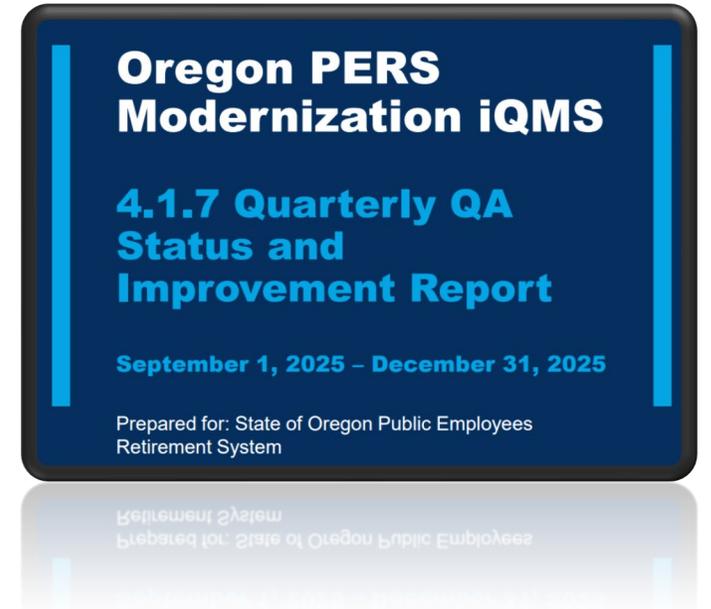
Gartner's observations

Gartner observations

Gartner's latest quarterly report

4.1.7 Quarterly QA Status and Improvement Report
Reporting Period: September 1, 2025 – December 31, 2025

Gartner identified four new risks and closed 10.



Gartner observations

Top four

Gartner Observation #1: Funding strategy

To maintain momentum, the PERS Modernization Program should now shift focus to developing a comprehensive funding strategy for future years, identifying additional required activities and corresponding funding needs.

Program update:

- The policy option package (POP) for 2027-29 is progressing and the first cut was completed during the week of March 9.
- The POP is due on April 17, 2026, and will partly outline what activities are necessary and how much funding is required moving forward.
- There are significant uncertainties tied to which PAS commercial-off-the-shelf (COTS) vendor will be chosen and the findings of the gap analysis, so PERS will likely continue facing unknown requirements into the following biennium.

Gartner observations

Top four

Gartner Observation #2: Resource constraints

Resource capacity remains a critical concern. The PERS Modernization Program is managing significant concurrent activities, requiring careful planning to ensure long-term success. The Modernization Director is currently responsible for both strategic planning and day-to-day execution/budgeting, which creates a single point of failure.

Program update:

- The newly hired Senior Project Managers (PM3s) will provide some relief to the Modernization Director's pull to execution-related activities.
- Two new Senior Project Managers were hired in January of 2026, and interviews have started for the third Senior Project Manager position.
- Future resource needs will be requested within the 2027-29 policy option package (POP), which is currently in progress.

Gartner observations

Top four

Gartner Observation #3: Concerns with program governance

The PERS Modernization Program has encountered challenges in clearly communicating how Legacy Stabilization activities support the PAS initiative and how they differ from routine operations and maintenance.

Program update:

- The definitions of Legacy Stabilization and PERS Modernization were clarified in the presentation to the Interim Joint Committee on Ways and Means on January 13, 2026, which has eased some of the challenges by having this information documented on record.
- PERS continues to evolve its communication approach to provide clear information to a wide variety of audiences.
- Additional clarity will be obtained as the 2027-29 activities and budget needs are planned to describe future activities.

Gartner observations

Top four

Gartner Observation #4: DAS and procurement predictability

Achieving program objectives for the biennium requires strict adherence to established timelines. There is a risk that Department of Administrative Services (DAS) capacity may not align with PERS' schedule, potentially delaying PAS vendor selection beyond 2027.

Program update:

- PERS continues regular engagement with DAS Procurement Services, proactively sharing upcoming procurement needs and priorities.
- PERS and DAS met in late November to discuss options including identification of a dedicated resource. DAS agreed to partner with PERS to meet procurement deadlines but cautioned that they have limited resources and can't dedicate a resource at this time.
- PERS plans to continue monitoring this risk and expects it to stay open through 2028.

The 25-27 budget

Modernization

Approved 25-27 budget

2025-27						
Project Title	LAB	Actual to Date	Contracts	Projections	Total	Variance
1 Program Staff	4,100,071	885,796	-	3,710,672	4,596,468	(496,397)
2 IQMS	1,000,000	73,345	1,121,210	291,945	1,486,500	(486,500)
2 HIP	500,000		122,366	375,000	497,366	2,634
2 Telephony	1,500,000	-	35,142	1,275,000	1,310,142	189,858
2 TCO Analysis	25,000			-	-	25,000
2 Contingency (Mod)	178,000			-	-	178,000
2 MIAM	530,000			397,500	397,500	132,500
3 Foundational Architecture Documentation	1,930,000	148,675	512,616	965,000	1,626,290	303,710
3 JUMP-Jclarety UI/UX	3,705,000	784,630	2,413,690	370,500	3,568,820	136,180
3 MIAM (Forgerock-Dues & Sub)	735,280	273,250	340,970		614,220	121,060
3 Contingency (Legacy)	318,500			-	-	318,500
Project Total	14,521,851	2,165,696	4,545,993	7,385,617	14,097,307	424,544

2025-27						
Approved Appropriation	LAB	Actual to Date	Contracts	Projections	Total	Variance
1 Program Staff	4,100,071	885,796	-	3,710,672	4,596,468	(496,397)
2 Implementation	3,733,000	74,049	1,278,014	2,339,445	3,691,508	41,492
3 Legacy Stabilization & Technology Readiness	6,688,780	1,205,852	3,267,979	1,335,500	5,809,330	879,450
Project Total	14,521,851	2,165,696	4,545,993	7,385,617	14,097,307	424,544

Questions

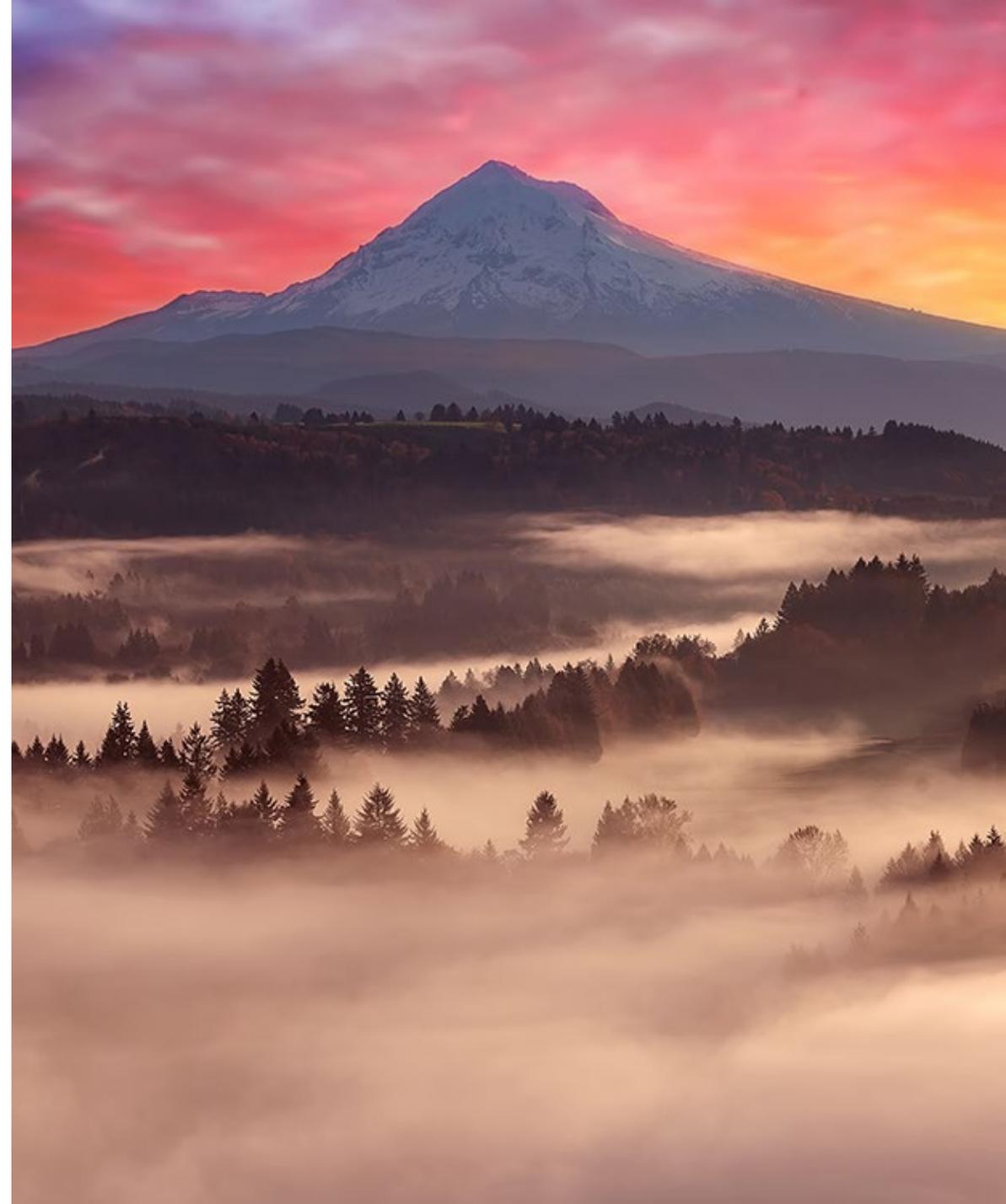


OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you



Appendix

Modernization

Program terms and acronyms

PERS Modernization Program is an agency transformation that will transform people, processes, and modernize technology.

Oregon Retirement Information Online Network (ORION) Modernization is the complex collection of systems, databases and applications which allow PERS to accomplish its mission. Basically, ORION represents all of the technology PERS uses to operate. ORION Modernization only represents technology and doesn't include people or processes.

Omni-channel Service Delivery refers to a seamless and integrated approach to customer experience across multiple channels. This means that whether a customer interacts with us in person at one of our offices, calls one of our call centers, website, social media, or any other platform, they receive a consistent and unified experience. The goal of omni-channel services is to ensure that customers can transition smoothly between different channels without any disruption or loss of information, enhancing their overall satisfaction and engagement with PERS.

DevOps serves as both a tool and methodology that will equip the Information Services Division (ISD) at PERS for its modernization journey and matures App/Dev processes. This tooling and methodology will enable ISD to build and integrate applications across both cloud and on-premise environments.

ADA: Americans with Disabilities Act

BFT: Business Functional Testing

COTS: Commercial-off-the-shelf

DAS: Department of Administrative Services

EIS: Enterprise Information Services

LFO: Legislative Fiscal Office

OSGP: Oregon Savings Growth Plan

PAS: Pension Administration System

RFI: Request for Information

RFP: Request for Proposal

SOW: Statement of Work

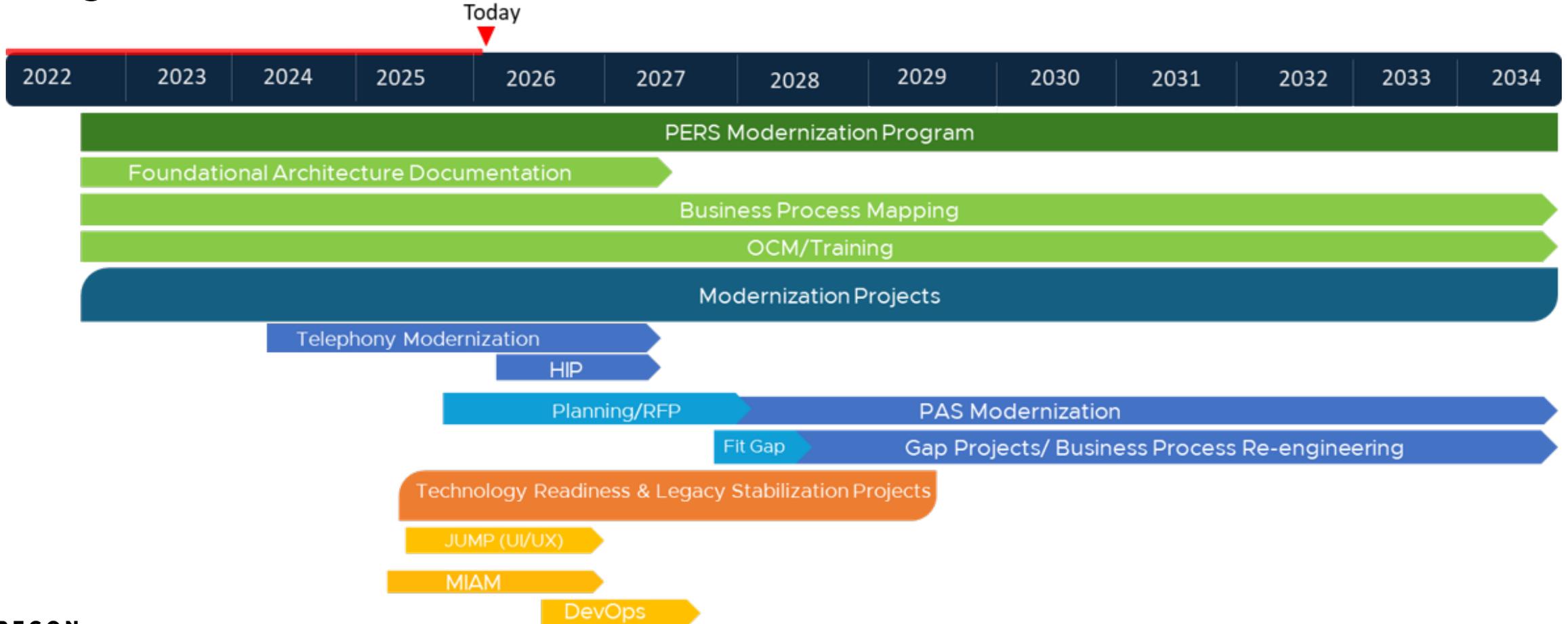
UAT: User Acceptance Testing

WOC: Work Order Contract

Modernization

Program roadmap

High-level iterative timeline



C.

A. Administration

1. January 30, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report
5. Oregon Savings Growth Plan Advisory Council appointment

B. Administrative rulemaking

1. Adoption of rulemaking for annual plan updates

C. Action and discussion items

1. Modernization update
- 2. Legislative session review**
3. Board approval to file 2027 legislative concepts
4. 2027-29 agency budget development update
5. Final earnings crediting and reserving
6. Funding of School District Rate Pool (Senate Bill 849)



Oregon

Tina Kotek, Governor

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April 3, 2026

TO: Members of the PERS Board
 FROM: Heather Case, Senior Policy Advisor
 SUBJECT: Review of 2026 Legislative Session

2026 LEGISLATIVE SESSION

The 2026 legislative session adjourned *sine die* on Friday, March 6. During the session, PERS made required reports related to Preliminary Earnings Crediting, and Senate Bill (SB) 1566 (2018) Employer Programs. We also followed the progress of bills that would have an impact on PERS, the agency, or PERS, the system, if passed. PERS was tracking a few bills that would have had an impact on the system, however, no bills passed that will impact the PERS program. The agency will work as needed to implement bills that passed that may affect PERS' operation as a state agency, see "Next Steps" below.

REPORTING REQUIREMENTS

During the 2026 legislative session, PERS presented two of our required reporting items to the Joint Committee on Ways and Means Subcommittee on General Government:

In compliance with SB 1566 (2018), PERS is required to submit a report regarding implementation and status of the Employer Incentive Fund (EIF) and the School District Unfunded Actuarial Liability Fund (SDULF). This report was heard by the Joint Committee on Ways and Means, who acknowledged the receipt of the report on February 13.

Finally, each year, PERS reports to the Legislature on board action related to Preliminary Earnings Crediting. PERS submitted this report after the PERS Board meeting in January. The Joint Committee on Ways and Means acknowledged receipt of this report on February 13. Final Earnings Crediting action taken by the PERS Board today will also be reported to the Legislature. Meeting materials and analysis from the Legislative Fiscal Office regarding the SB 1566 report and the Preliminary Earnings Crediting Report are available [online](#).

NEXT STEPS

PERS has an internal Legislative Action Team, made up of staff and administrators from across the agency. This team conferred regarding bills that passed related to PERS' operation as a state agency, and the proper agency groups will be notified of these bills having passed.

C.

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April 3, 2026

TO: Members of the PERS Board
 FROM: Heather Case, Senior Policy Advisor
 SUBJECT: Legislative Concept Proposals - 2027 Legislative Session

2027 LEGISLATIVE CONCEPTS

State agencies are developing requests for legislation to be considered during the 2027 legislative session. PERS has spent our time since the last board meeting further developing these concepts, meeting with external interested parties (including member and employer groups, and the Governor's Office), and we are now working on specific suggested statutory language as well as preliminary fiscal impacts to the agency, members, or employers.

Specifically, we met with stakeholders on March 23, and were able to present these concepts, answer questions, and solicit feedback. Since this meeting had to be held during the legislative session, we also sent out meeting materials and asked for any written feedback until March 6.

Today, we are asking the board to vote to approve continuing forward with the legislative concepts below, which will allow us to make the formal request to the Department of Administrative Services (DAS) and the Governor's Office to move forward with drafting these bills.

As we continue to move forward with the PERS Modernization Program, we recognize the importance of ensuring statutory clarity where possible, as these laws form the foundation of requirements of our new pension administration system.

What follows are five bills. These bills involve clarification, or aligning statute with current agency practice, with the goals of: Ease and clarity of reporting for employers, common sense changes to better accommodate members, helping ensure the integrity of the PERS trust through increased stewardship of funds, and better facilitation of retirement security for members in the future.

5 Possible Bills:

1. OSGP Auto Enrollment
2. Tax Remedy Residency Certification Changes
3. Changes to Beneficiary Designations after Divorce
4. Create Uniform Employer Reporting- Eliminate "earned when earned" reporting
5. Clarification Within the Definition of Firefighter

OSGP Auto- Enrollment

This bill would establish in statute that employees of employers that participate in the Oregon Savings Growth Plan (OSGP) will be automatically enrolled to participate in OSGP.

The Internal Revenue Code (IRC), under section 414 allows 457(b) plans like the OSGP to establish an eligible automatic contribution arrangement. Under such an arrangement, the plan participants are treated as having elected to have the employer make automatic contributions in an amount equal to a uniform percentage of compensation until the plan participants specifically opt out of the automatic contribution or select a different contribution rate. Approximately 10 states already allow auto enrollment in all public deferred compensation plans, including Washington (as of 2025). Another 15 states allow auto enrollment in *some* of their public deferred compensation plans (i.e. state or political subdivisions).

There is no industry standard or federal tax law mandate on the default contribution rate. However, under IRC 414A(b), an initial default contribution rate minimum of 3% and maximum of 10% do exist for 401(K)/403(b) plans which can be used as helpful reference. The Oregon Saves program (a state sponsored retirement program providing a Roth IRA for workers whose employers don't offer a workplace plan) also has auto enrollment (with an opt-out option), and a default contribution rate of 5%.

The automatic contribution feature would push employees into retirement saving who might otherwise delay or forego this retirement savings vehicle. It would help many employees to better prepare for their retirement. Finally, because the contribution is automatic, the employees do not have to take any additional actions to start saving for their retirement.

There are specific notice requirements that the plan must adhere to according to IRC 414(w), that include notice allowing participants to opt-out of their automatic enrollment within a certain time period, or change the default contribution percentage. Separately, there will likely need to be statutory change to ORS 652.610 to update employers' authority to automatically redirect employee wages without prior written authorization from employees. Unless the proposed statutory change to ORS Chapter 652 is very narrowly drafted, this would affect more than just OSGP employers, potentially allowing other optional retirement plans to institute auto-enrollment features. This bill would *not* affect any PERS member's pension or IAP membership eligibility, enrollment, or contributions.

Finally, a lineup of default investments would need to be in place for the auto-enrollment contributions. Although not legally required, OSGP should adopt default investments modeled on Employee Retirement Income Security Act (ERISA) Qualified Default Investment Alternative (QDIA) concepts. QDIA is defensible, familiar, meets fiduciary duty and plan participant-friendly. The most common default investment choice would be target-date funds. Participants would retain the options that they currently have to change/self-manage investments. PERS would also take this opportunity to change statutes as needed to prepare for the State of Oregon's transition from monthly to bi-weekly pay.

PERS has the ability to change these options during the drafting process, but we would likely begin drafting with an initial default contribution rate minimum of 3%, and default investment

choice of target-date funds based on the participant's date of birth. We have not currently received stakeholder feedback on those two issues in particular.

Tax Remedy Residency Certification Changes

Brief history of the Tax Remedy: In response to the US Supreme court decision *Davis V. Michigan Dept. of Treasury*, PERS benefits became subject to Oregon income tax in 1991. Previously, PERS benefits were not taxed by Oregon. Senate Bill (SB) 656 (1991) and House Bill (HB) 3349 (1995) were passed in 1991 and 1995, respectively, to compensate affected PERS members with a benefit increase or "tax remedy." SB 656 provides up to an additional 4% increase while HB 3349 provides an increase of up to 9.89%. Eligible Tier One members receive the greater of the two tax remedies.

In 2011, the Oregon Legislature passed HB 2456, eliminating the tax remedy for PERS members retiring after January 1, 2012, if their benefits were not subject to Oregon income tax. In 2013, SB 822 expanded this to remove the tax remedy for all retirees not subject to state income tax, regardless of retirement date. The tax remedy is only available to Tier One PERS retirees.

In calendar year 2023, \$207 million in tax remedy was paid to approximately 100,000 recipients for an average payment of over \$2,000 annually. For context, this is nearly double the \$108 million in total pension payments made under the Oregon Public Service Retirement Plan (OPSRP) program during the same period.

Tax remedy eligibility is determined based upon tax return data PERS receives annually from the Oregon Department of Revenue which is then applied to a set of administrative rules to determine eligibility. Additionally, members may submit self-certification of their eligibility to PERS. The self-certification process is subject to mistaken belief of one's eligibility and potential fraud.

During an internal audit, random sampling of tax remedy recipients with a non-Oregon address identified around a dozen members who were paid a total of over \$80,000 in tax remedy in 2023 who do not appear to qualify based on their address and tax return data. When accounting for prior year payments to these members, the resulting loss approaches \$200,000.

This concept would eliminate members' ability to self-certify their tax remedy residency if there has been no record of Oregon income tax return filing for at least two consecutive years based on the most recent Department of Revenue data, and the members' pension amount has not been under the Oregon income tax filing threshold for the corresponding tax years.

This will reduce the amount of overpayments in tax remedy due to error or fraud with the self-certification process. We do anticipate requesting a staff member in Operations to help with reviewing incoming residency certifications (which currently the agency does not have the bandwidth to do) to verify that the residency certification is allowed under the new requirements. The amount of money saved based on the audit figures above would closely match the salary of this staff member.

Changes to Beneficiary Designation After Divorce

Frequently, general divorce judgements include “general revocation” language which indicates that any financial institution or “retirement plan” (generally stated) should consider a former spouse as no longer the member’s beneficiary when that beneficiary was specifically named prior to the divorce.

In practice, PERS often receives qualified domestic relations orders (QDROs) without receiving the corresponding general divorce judgment. Though PERS is able to administer the QDRO as submitted, with staff potentially not seeing the language included in the general court order, there is a danger that PERS staff would be unaware of any revocation language in judgement documentation. This runs the risk of inconsistencies in how pre-existing ORS Chapter 238 pre-retirement designations and retired accounts with non-joint and survivor installment payments are handled.

Further, complications can arise when general revocation language directs benefits in a manner inconsistent with statutory requirements that PERS would otherwise apply. As such, PERS generally does not honor general divorce awards without PERS-created forms being incorporated by reference.

By updating ORS Chapter 238, the agency would no longer need to worry about the application of general beneficiary revocation language (and receiving/having to verify any general divorce judgments). This will ensure beneficiary designation with divorce is treated consistently across all aspects of PERS.

To do this, PERS would change ORS Chapter 238 to mirror the OPSRP statute (ORS 238A.410(2)) by treating any former spouse as predeceasing the member.

Create Uniform Employer Reporting- Eliminate “Earned when earned” reporting

Currently, employees of local government who are Tier Two or OPSRP members have their salary reported based on work period begin and end dates, in addition to pay dates (“earned when earned” reporting). This reporting came about in 2005 as a result of requests from local governments, and our employer reporting system (EDX) was updated to require work period begin and end dates for those employees. However, in the last twenty years, it has become apparent that using different salary methods creates administrative inefficiencies. Additionally, there have been changes on the local government level with improved payroll and reporting software. Currently, many local government employers forget to report work period begin and end dates, which further complicates the process, as PERS staff must request this information from the employer (delaying a members’ retirement calculation), and manually input the missing data.

Creating a uniform reporting system that credits salary to a member on the basis of pay date, rather than dates worked, will streamline many current heavily manual processes, and therefore reduce errors in calculating a members’ final average salary. We are currently preparing specific test cases, however we do not believe this will change the amount of a members’ final average salary, due to exceptions already in place in statute for salary calculations.

Clarification Within the Definition of Firefighter

Unlike the definition of “police officer” in PERS’ statutes, firefighters are defined separately between Tier One/Tier Two, and OPSRP members. A recent internal audit revealed that, technically, some emergency medical technicians (EMT) do not meet PERS’ current definition of firefighter. There appears to be ambiguity in the statute when an EMT is not also performing firefighting duties, but is working out of the fire station and going out on calls. In order to provide confidence in the classification and consistent treatment of EMTs within fire stations, we will explicitly add these EMTs to the definition of firefighter for both Tier One/Tier Two, and OPSRP members.

Since we are clarifying an ambiguity and not adding a new group to the definition of firefighter, we do not anticipate this adding any cost to public employers. All public employer fire districts that we’ve spoken to have been reporting their EMTs as police and fire (P&F) for PERS purposes. Additionally, we are not opening up the plan to risk of internal revenue service plan disqualification, because EMTs *do* meet the federal definition of “public safety officer” in the internal revenue code.

We have also received questions from the Oregon Department of Forestry regarding their specific definitions in wildland firefighting, and how to classify their firefighters. We will add statutory clarification for wildland firefighting where needed.

NEXT STEPS

Upon PERS Board approval of the 2027 legislative concepts at this meeting, DAS and the Governor’s Office will give a final review of the agency’s request for legislation in April and determine which will move forward to Legislative Counsel for drafting. Bill drafts will be developed over the summer and PERS will be able to review these drafts to ensure the bills will achieve the desired intent. Bill drafts will be available for the December board meeting, when we will seek approval from the PERS Board to ask the Governor for bill introduction. Bills will be introduced to the Legislature on behalf of the Governor by DAS in December 2026, after board approval.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to recommend approval to submit requests to DAS for drafting legislative concepts for the 2027 legislative session.
2. Direct staff to explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.

A. Administration

1. January 30, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report
5. Oregon Savings Growth Plan Advisory Council appointment

B. Administrative rulemaking

1. Adoption of rulemaking for annual plan updates

C. Action and discussion items

1. Modernization update
2. Legislative session review
3. Board approval to file 2027 legislative concepts
4. 2027-29 agency budget development update
- 5. Final earnings crediting and reserving**
6. Funding of School District Rate Pool (Senate Bill 849)



Oregon

Tina Kotek, Governor

Public Employees Retirement System

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April 3, 2026

TO: Members of the PERS Board
 FROM: Richard Horsford, Chief Financial Officer
 Matt Graves, Financial Reporting Manager
 SUBJECT: 2025 Final Earnings Crediting and Reserving

OVERVIEW

- Action: Allocate 2025 final earnings crediting.
- Subject: Crediting earnings for calendar year 2025 to the PERS Fund's accounts and reserves.
- Policy Issue: Is the Contingency Reserve adequately funded?

The PERS Board is charged with crediting the earnings from the PERS Fund each calendar year. Some of those allocations are directed by statute or rule; allocation of the balance, if any, is at the PERS Board's discretion.

2025 FINAL NON-DISCRETIONARY ALLOCATIONS

The PERS Board's Annual Earnings Crediting Rule (see OAR 459-007-0005) directs the crediting to the Judge and Tier Two member regular accounts, as well as the Oregon Public Service Retirement Plan (OPSRP) Pension Program, Benefits-in-Force, and Employer Reserves. Staff recommends the following allocations be adopted preliminarily by the PERS Board:

1. Tier One Member Regular Accounts Reserve and Judge Member Accounts

Credit Tier One Member Regular Accounts and Judge Member Accounts with the assumed earnings rate of **6.90%** in effect during 2025.

Tier One Rate Guarantee Reserve: This reserve, established under ORS 238.255(1), is used to fund crediting of the assumed rate to Tier One member regular accounts and Judge member accounts when earnings are less than the assumed rate. Because earnings on Tier One member regular accounts for 2025 exceed the assumed rate, those excess earnings will be credited to Tier One Rate Guarantee Reserve, bringing the ending reserves after crediting to **\$846.9 million**.

2. Tier Two Member Regular Accounts

Credit Tier Two Member Regular Accounts with a proportional share of available PERS Fund Regular Account earnings, which will result in a final rate of **9.19%**.

3. Benefits-in-Force and Employer Reserves

Credit the Benefits-in-Force and Employer Reserves evenly with the remaining available PERS Fund Regular Account earnings, which will result in a final rate of **9.19%**.

4. OPSRP Pension Plan Member Accounts

OPSRP member accounts usually are credited with a proportional share of available PERS Fund Regular Account earnings or losses, which will result in a final rate of **9.29%**.

5. Individual Account Program (IAP)

These member accounts are credited with actual earnings or losses of the PERS Fund Regular Account as required by ORS 238A.350 (1). The overall final IAP earnings for 2025 are **10.48%** after deducting IAP expenses. The table below illustrates the IAP earnings by target-date fund.

Oregon Public Employees Retirement System Final IAP TDF Earnings (All dollar amounts in thousands)				
TDF Fund	Reserves Before Crediting	2025 Crediting	Reserves After Crediting	2025 Rates
Retirement Allocation Fund	\$ 1,261,996.0	\$ 131,380.9	\$ 1,393,376.9	10.41%
2030 Fund	1,982,396.5	187,071.5	2,169,468.0	9.43%
2035 Fund	2,860,591.2	287,413.2	3,148,004.4	10.04%
2040 Fund	2,831,703.5	321,423.7	3,153,127.2	11.35%
2045 Fund	2,323,061.6	272,718.9	2,595,780.5	11.73%
2050 Fund	1,419,913.7	164,996.1	1,584,909.8	11.62%
2055 Fund	719,678.3	79,840.8	799,519.1	11.09%
2060 Fund	310,485.6	31,610.3	342,095.9	10.18%
2065 Fund	106,527.8	10,279.9	116,807.7	9.64%
2070 Fund	13,991.1	1,374.6	15,365.7	9.82%
Total	\$ 13,830,345.3	\$ 1,488,109.9	\$ 15,318,455.2	

In accordance with Senate Bill 1049 (2019), effective July 1, 2020, for all currently employed Tier One/Tier Two and OPSRP members whose gross pay exceeds the monthly salary threshold \$3,777 in 2025 and \$3,890 in 2026), a portion of their 6% monthly IAP contributions are redirected to an "employee pension stability account." The Employee Pension Stability Account (EPSA) will be used to pay for part of the member's future pension benefit.

For earnings crediting purposes, Tier One/Tier Two member EPSA accounts will be credited with the same rate as Tier Two Regular Member accounts, which will result in a final rate of **9.19%**.

For earnings crediting purposes, OPSRP member EPSA accounts will be credited with the same rate as OPSRP Pension Member Accounts, which will result in a final rate of **9.29%**.

6. Employer Lump Sum Payment Accounts

These accounts are credited with actual earnings or losses of the PERS Fund Regular Account less administrative expenses, as authorized by ORS 238.225. For 2025, the final crediting rate for the side accounts established before January 1, 2025, is **9.48%**. The final crediting rate for new lump sum payment accounts varies depending on the time of payments.

7. Health Insurance Accounts

These accounts are created as part of the PERS Fund and directed by statute to be credited with actual earnings or losses, less the expense related to the administration of the programs (ORS 238.410(7); 238.415(4); 238.420(4)). For 2025, the final crediting rate for these accounts are listed in the table below:

Oregon Public Employees Retirement System Health Insurance Accounts Final Rates	
Health Insurance Fund	2025
RHIA	9.32%
RHIPA	8.72%
SRHIA *	1.20%

* Invested in the Treasury Short-Term Fund

8. Variable Annuity Account

This account is credited with earnings and losses on its distinct asset allocation of the PERS Fund. The Variable Annuity Account is only invested in equities and therefore its earnings are discrete from those of the more diversified PERS Fund Regular Account. For 2025, the final Variable Annuity Account earnings crediting rate is **22.32%**.

Administrative Expenses

PERS administrative costs are funded by earnings when they are sufficient, as they were in 2024 (ORS 238.610(1)).

2025 FINAL DISCRETIONARY ALLOCATIONS

The following charts present final earnings crediting and reserving for 2025, which includes funding the contingency reserve in accordance with the board’s decision at the January 30, 2026 PERS Board meeting, to ensure compliance with ORS 238.670 (1) to limit the board’s crediting of funds to the Contingency Reserve; specifically, “...the board may not credit further amounts to the reserve account if the amounts in the reserve account exceed \$50 million.”

The current balance of the Contingency Reserve is **\$49,978,971.08**, with **\$2.5** million earmarked for resolving employer insolvencies. The option selected by the board when approving preliminary earnings crediting rates on January 30, 2026 included an additional allocation of **\$21,028.92** to replenish the fund for the corrections made to member accounts by the OPSRP IAP First Wage Cleanup Project during calendar year 2023. This is the first time since 2023 that earnings crediting rates exceed the assumed rate and therefore the first time the PERS Board has had the option to replenish the fund since the outlays occurred during 2023.

Oregon Public Employees Retirement System Calendar Year 2025 Final 2025 Crediting and Reserving Option 2: Contingency Reserve Funding (All dollar amounts in millions)								
	Reserves Before Crediting	Gross Investment Income (a)	Investment Expense (b)	Administrative Expenses (c)	Other Adjustments ⁴ (d)	Net 2025 Crediting (a+b+c+d)	Reserves After Crediting ⁷	2025 Rates
Tier One Member Regular Accounts	\$1,640.0	\$253.8	(\$25.1)	(\$2.8)	(\$112.7)	\$113.2	\$1,753.2	6.90%
Tier One Rate Guarantee Reserve	741.1	0.0	0.0	0.0	105.8	105.8	846.9	N/A
Tier Two Member Regular Accounts	934.8	99.7	(9.9)	(1.1)	(2.7)	86.0	1,020.8	9.19%
Benefits In Force Reserve	9,383.7	1,000.3	(98.9)	(11.2)	(27.2)	863.0	10,246.7	9.19%
Employer Reserves	49,204.9	5,245.4	(518.7)	(58.5)	(142.7)	4,525.5	53,730.4	9.19%
Tier One/Two Employee Pension Stability Account ¹	395.3	39.2	(3.9)	(0.1)	1.3	36.5	431.8	9.19%
OPSRP Pension	16,414.7	1,626.3	(160.1)	(23.8)	83.8	1,526.2	17,940.9	9.29%
OPSRP Employee Pension Stability Account ²	453.6	42.0	(4.1)	(0.1)	3.8	41.6	495.2	9.29%
IAP Accounts, as a whole ³	14,312.1	1,685.6	(104.2)	(23.2)	(57.6)	1,500.6	15,812.7	10.48%
UAL Lump-Sum Pmt. Side Accounts ³	3,430.2	402.1	(39.8)	(0.2)	0.0	362.1	3,792.3	Various ⁵
Contingency Reserve ^{6,7}	50.0	0.0	0.0	0.0	0.0	0.0	50.0	N/A
Total	\$96,960.4	\$10,394.4	(\$964.7)	(\$121.0)	(\$148.2)	\$9,160.5	\$106,120.9	

¹ Per OAR 459-007-0005 (14)(a), Tier One/Two Employee Pension Stability Account will receive the Tier Two Member rate.

² Per OAR 459-007-0005 (14)(b), OPSRP Employee Pension Stability Account will receive the OPSRP Pension rate.

³ Informational only. Not affected by Board reserving or crediting decisions.

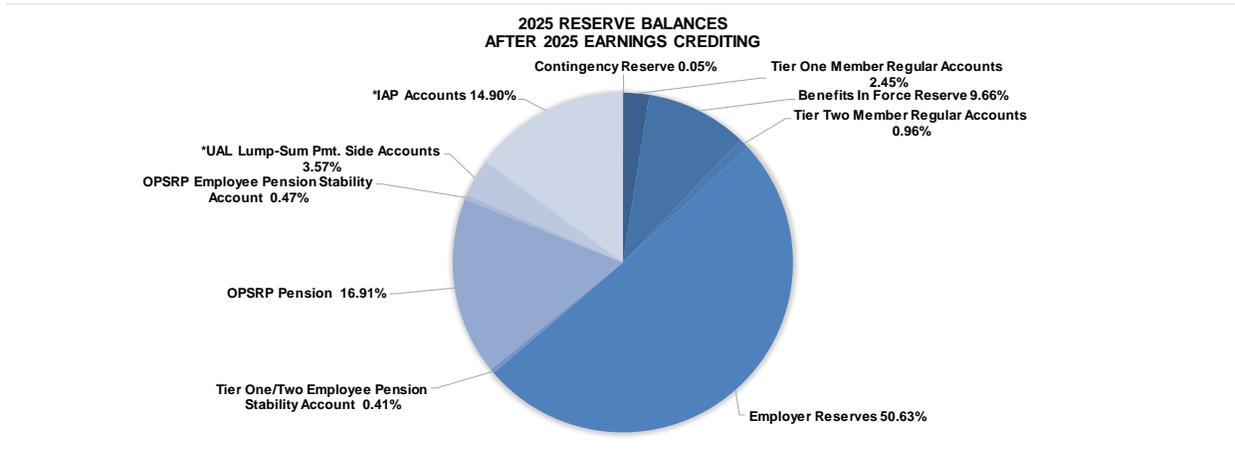
⁴ Primarily due to One Rate Guarantee Reserve transfer of the Tier One member regular account excess earnings, defined benefit commingled earnings transfer, and the earnings credited to mid-year retirements.

⁵ The final earnings rate for the pre-2025 Side Accounts is 9.48%.

⁶ The contingency reserve balance is \$49,978,971.08. This includes the Contingency Reserve Subaccount balance of \$500,000, which was established under ORS 238.670(1).

⁷ The after crediting balance includes the Contingency Reserve Funding of **\$21,028.92** to refund the Contingency Reserve.

Note: The actual market returns for private equity investments are reported on a three-month lag as additional time is needed to value these non-public assets and returns. Private equity returns for the fourth quarter will be reflected in the following year earnings crediting.



*Informational only. Not affected by Board reserving or crediting decisions.
IAP accounts receiving installments have already received 2025 earnings.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the final crediting of earnings for calendar year 2025, allocating the previously noted amount of 2025 earnings to fully fund the Contingency Reserve.
2. Pass a motion preliminarily allocating 2025 earnings in an alternative proportion.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.4. Attachment 1: OAR 459-007-0005 – *Annual Earnings Crediting Rule*

C.4. Attachment 2: ORS 238.670 – *Reserve Accounts in Fund*

C.4. Attachment 3: ORS 238.610 – *Administrative Expenses of System, Rules*

C.4. Attachment 4: ORS 238.671 – *Proposal to legislative review agency for crediting of interest or income*

C.4 Attachment 5: ORS 238A.350 – *Individual Accounts Established*

OAR 459-007-0005**Annual Earnings Crediting**

- (1) For purposes of this rule, “remaining earnings” means earnings available for distribution to a particular account or reserve after deduction of amounts required or authorized by law for other purposes.
- (2) Except as otherwise specified in this division, earnings on all accounts and reserves in the Fund shall be credited as of December 31 of each calendar year in the manner specified in this rule.
- (3) Health insurance accounts. All earnings attributable to the Standard Retiree Health Insurance Account (SRHIA), Retiree Health Insurance Premium Account (RHIPA) or Retirement Health Insurance Account (RHIA) shall be credited to the account from which they were derived, less administrative expenses incurred by each account, as provided in ORS 238.410, 238.415 and 238.420, respectively.
- (4) Employer lump sum payments. All earnings or losses attributable to the employer lump sum payment accounts established under ORS 238.229 shall be credited to the accounts from which they were derived.
- (5) Member variable accounts. Earnings on the Variable Annuity Account shall first be used to pay a pro rata share of administrative expenses in accordance with ORS 238.260(6). If the annual earnings from the Variable Annuity Account are insufficient to pay for the pro rata share of administrative expenses, those administrative expenses shall be paid from earnings on other accounts within the Public Employees Retirement Fund (PERF), if available. If earnings from those accounts within the PERF are insufficient to pay for the administrative expenses, those expenses shall be paid from employer accounts as required by ORS 238.610. All remaining earnings or losses attributable to the Variable Annuity Account shall be credited to the participants of that account, as provided under 238.260(6) and (7)(b).
- (6) Individual Account Program accounts. Earnings on the Individual Account Program accounts established under ORS 238A.350 shall first be used to pay a pro rata share of administrative expenses in accordance with ORS 238A.350(1). Losses on Individual Account Program target date funds shall be increased by a pro rata share of administrative expenses. After administrative expenses, each Individual Account Program account established under ORS 238A.350 shall be credited with the earnings or losses of the specific target date fund to which the account is allocated, except for account balances allocated to the retirement installments fund, which shall be credited with earnings or losses on a monthly basis.
- (7) Administrative expenses. Earnings attributable to Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two member regular accounts, judge member regular accounts, the OPSRP Pension Program reserve, Employee Pension Stability Accounts, employer contribution accounts, the Contingency Reserve, the Benefits-in-Force Reserve and the Capital Preservation Reserve shall first be used to pay the system’s remaining administrative expenses under ORS 238.610.
- (8) Contingency Reserve.
- (a) In any year in which total earnings on the Fund equal or exceed the assumed rate, an amount not exceeding seven and one-half percent of remaining earnings attributable to Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two regular accounts, judge member regular

accounts, the OPSRP Pension Program reserve, Employee Pension Stability Accounts, the Benefits-in-Force Reserve, employer contribution accounts, the Capital Preservation Reserve and the Contingency Reserve shall be credited to the Contingency Reserve to the level at which the Board determines it is adequately funded for the purposes specified in ORS 238.670(1).

(b) The portion of the Contingency Reserve allowed under ORS 238.670(1)(a) for use in preventing a deficit in the fund due to employer insolvency may only be credited using earnings attributable to employer contribution accounts.

(9) Tier One Member Rate Guarantee Reserve. All remaining earnings attributable to Tier One regular accounts, the Tier One Member Rate Guarantee Reserve, judge member regular accounts, the Benefits-in-Force Reserve, and the Contingency Reserve may be credited to the Tier One Member Rate Guarantee Reserve established under ORS 238.255(1).

(10) Capital Preservation Reserve. Remaining earnings attributable to the Tier Two member regular accounts, judge member regular accounts, OPSRP Pension Program reserve, Employee Pension Stability Accounts, employer contribution accounts, the Benefits-in-Force Reserve, the Contingency Reserve and the Capital Preservation Reserve may be credited from those sources to one or more reserve accounts that may be established under ORS 238.670(3) to offset gains and losses of invested capital.

(11) Tier One regular accounts. All remaining earnings attributable to Tier One regular accounts and the Tier One Rate Guarantee Reserve shall be credited to Tier One member regular accounts at the assumed rate in any year in which the conditions set out in ORS 238.255 have not been met. Crediting under this subsection shall be funded first by all remaining earnings attributable to Tier One regular accounts and the Tier One Rate Guarantee Reserve, then moneys in the Tier One Rate Guarantee Reserve.

(12) Judge member regular accounts. All remaining earnings attributable to judge member regular accounts shall be credited to all active and inactive judge member regular accounts at the judge member rate. Crediting under this subsection shall be funded first by all remaining earnings attributable to the judge member regular accounts and the Tier One Rate Guarantee Reserve, then moneys in the Tier One Rate Guarantee Reserve.

(13) Tier Two member regular accounts. All remaining earnings or losses attributable to Tier Two member regular accounts shall be credited to all active and inactive Tier Two member regular accounts under ORS 238.250.

(14) Employee Pension Stability Account (EPSA). All remaining earnings or losses attributable to the EPSAs shall be credited to all active and inactive EPSAs under ORS 238A.353. For administrative expenses:

(a) EPSA accounts of Tier One and Tier Two members will be treated as Tier Two funds.

(b) EPSA accounts of OPSRP members will be treated as OPSRP Pension Program Reserve funds.

(15) OPSRP Pension Program Reserve. Remaining earnings attributable to the OPSRP Pension Program Reserve, the Contingency Reserve, and the Capital Preservation Reserve may be used to credit the OPSRP Pension Program reserve.

(16) Benefits-in-Force Reserve. Remaining earnings attributable to the Benefits-in-Force Reserve, the Contingency Reserve, the Capital Preservation Reserve and employer contribution accounts, in

that order, shall be used, to the extent available, to credit the Benefits-in-Force Reserve with earnings for that calendar year in accordance with ORS 238.670(2).

(17) Employer contribution accounts. All remaining earnings attributable to employer contribution accounts shall be credited to employer contribution accounts.

(18) Remaining earnings. Any remaining earnings shall be credited to accounts and reserves in the Fund at the Board's discretion.

Statutory/Other Authority: ORS 238.650 & 238A.450

Statutes/Other Implemented: ORS 238 & 238A.350

History:

PERS 1-2022, amend filed 01/31/2022, effective 01/31/2022
PERS 9-2020, amend filed 06/23/2020, effective 06/23/2020
PERS 9-2019, amend filed 12/06/2019, effective 12/06/2019
PERS 2-2018, amend filed 02/02/2018, effective 02/02/2018
PERS 7-2017, temporary amend filed 12/01/2017, effective 12/01/2017 through 05/29/2018
PERS 9-2012, f. & cert. ef. 5-24-12
PERS 4-2009, f. & cert. ef. 4-6-09
PERS 1-2006, f. & cert. ef. 2-1-06
PERS 18-2005(Temp), f. & cert. ef. 10-26-05 thru 4-19-06
PERS 8-2004, f. & cert. ef. 4-15-04

238.670 Reserve accounts in fund.

(1) At the close of each calendar year in which the earnings on the Public Employees Retirement Fund equal or exceed the assumed interest rate established by the Public Employees Retirement Board under ORS 238.255, the board shall set aside, out of interest and other income received through investment of the Public Employees Retirement Fund during that calendar year, such part of the income as the board may deem advisable, not exceeding seven and one-half percent of the combined total of such income, which moneys so segregated shall remain in the fund and constitute therein a reserve account. The board shall continue to credit the reserve account in the manner required by this subsection until the board determines that the reserve account is adequately funded for the purposes specified in this subsection, but the board may not credit further amounts to the reserve account if the amounts in the reserve account exceed \$50 million. Such reserve account shall be maintained and used by the board to prevent any deficit of moneys available for the payment of retirement allowances, due to interest fluctuations, changes in mortality rate or, except as provided in subsection (3) or (4) of this section, other contingency. In addition, the reserve account may be used by the board for the following purposes:

(a) To prevent any deficit in the fund by reason of the insolvency of a participating public employer. Reserves under this paragraph may be funded only from the earnings on employer contributions made under ORS 238.225.

(b) To pay any legal expenses or judgments that do not arise in the ordinary course of adjudicating an individual member's benefits or an individual employer's liabilities.

(2) At the close of each calendar year, the board shall set aside, out of interest and other income received during the calendar year, after deducting the amounts provided by law and to the extent that such income is available, a sufficient amount to credit to the reserves for pension accounts and annuities varying percentage amounts adopted by the board as a result of periodic actuarial investigations. If total income available for distribution exceeds those percentages of the total accumulated contributions of employees and employers, the reserves for pensions and annuities shall participate in such excess.

(3) The board may set aside, out of interest and other income received through investment of the fund, such part of the income as the board considers necessary, which moneys so segregated shall remain in the fund and constitute one or more reserve accounts. Such reserve accounts shall be maintained and used by the board to offset gains and losses of invested capital. The board, from time to time, may cause to be transferred from the reserve account provided for in subsection (1) of this section to a reserve account provided for in this subsection such amount as the board determines to be unnecessary for the purposes set forth in subsection (1) of this section and to be necessary for the purposes set forth in this subsection.

(4) The board may provide for amortizing gains and losses of invested capital in such instances as the board determines that amortization is preferable to a reserve account provided for in subsection (3) of this section. [Formerly 237.281; 2001 c.945 §5; 2017 c.746 §11; 2020 s.s.2 c.10 §14]

238.610 Administrative expenses of system; rules.

(1)(a) The administrative expenses of the Public Employees Retirement System shall be paid from interest earned by the Public Employees Retirement Fund; provided, that if such interest be insufficient the expense in excess thereof shall be paid from the contributions which this chapter and ORS 238A.220 and 238A.240 require participating employers to pay into the Public Employees Retirement Fund. The Public Employees Retirement Board by rule may establish procedures for recovering administrative costs from members for services provided in estimating retirement benefit amounts and processing payments if the board determines that the services requested by an individual member result in extraordinary costs to the system.

(b) The board may adopt rules establishing procedures for recovering administrative costs from participating public employers for providing to those employers information or services needed to report in compliance with generally accepted accounting principles. Administrative costs recovered under this paragraph may be recovered only from interest earned on employer contributions made under ORS 238.225 or 238A.220.

(2) In order to facilitate financing the establishment and administration of the system the board may designate fiscal periods and may provide that extraordinary expenses incurred during one such period, such as expenses for equipment and actuarial studies, may, for purposes of equitably distributing part of the burden of the expenses, be apportioned to subsequent fiscal periods in such manner as to the board seems equitable.

(3) For each fiscal period designated by the board there shall be deducted from the interest earned by the fund, the administrative expenses of the system for that period; provided, that if such interest be insufficient for such purpose, the excess expense shall be paid by deducting from the account of each employer participating in the system that fraction of the administrative expense of the system for that period which the employer's total contribution to the fund for the period is of the sum of all the employers' contributions to the fund for the period.

(4) Amounts payable as refunds and retirement allowances shall not for any purpose be deemed expenses of the board and shall not be included in its biennial departmental budget.

[Formerly 237.291; 2003 c.105 §5; 2003 c.733 §56; 2014 c.105 §1]

238.671 Proposal to legislative review agency for crediting of interest or income.

At least 30 days before crediting any interest or other income received through investment of moneys to any fund or account, the Public Employees Retirement Board shall submit a preliminary proposal for crediting to the appropriate legislative review agency, as defined in ORS 291.371, for its review and comment. The proposal shall identify gross earnings, investment expenses and administrative expenses, by fund or account, related to the crediting of the interest or other income. [2020 s.s.2 c.10 §13]

ORS 238A.350**Individual Accounts Established**

(1) Upon any contributions being made to the individual account program by or on behalf of a member of the program, the Public Employees Retirement Board shall create the account or accounts described in this section. Each account shall be adjusted at least annually in accordance with rules adopted by the board to reflect any net earnings or losses on those contributions and to pay the reasonable administrative costs of maintaining the program to the extent the earnings on the assets of the program are insufficient to pay those costs. The adjustments described in this subsection shall continue until the account is distributed to the member or forfeited.

(2) Intentionally left blank —Ed.

(a) The board shall establish an employee account, which shall consist of the employee contributions made by or on behalf of the member as adjusted under subsection (1) of this section.

(b) The board shall create a separate employee account for a member who becomes an active member for the purpose of service in the Legislative Assembly under [ORS 237.650 \(Options for legislators who are members of Public Employees Retirement System\)](#), which shall consist of the employee contributions made by or on behalf of the member that are attributable to the member's legislative service, as adjusted under subsection (1) of this section.

(3) If the public employer agrees to make employer contributions under [ORS 238A.340 \(Employer contributions\)](#), the board shall establish an employer account, which shall consist of the employer contributions made on behalf of the member as adjusted under subsection (1) of this section.

(4) If the board accepts rollover contributions on behalf of the member, the board shall establish a rollover account, which shall consist of the rollover contributions made by the member as adjusted under subsection (1) of this section. Contributions and the earnings attributable to the contributions must be accounted for separately.

(5) The board shall provide an annual statement to each active and inactive member of the program that reflects the amount credited to the accounts established under this section. The statement shall reflect whether the member is vested in the employer account under the provisions of [ORS 238A.320 \(Vesting\)](#). [2003 c.733 §37; 2013 s.s. c.3 §13]