OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD MEETING AGENDA

Friday **July 24, 2026** **9:00 a.m.**	**PERS HQ** **11410 SW 68th Pkwy** **Portland, OR 97223**

ITEM	**PRESENTER**
A. Administration	
1. May 29, 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	
3. CEM Benchmarking results	DOLL
B. Administrative rulemaking	
1. Notice of Rulemaking Expiring Side Accounts	YANG
2. Notice of Rulemaking EIF Matching Funds Prioritization	YANG
3. Adoption of Rulemaking OSGP Loan Program updates	YANG
4. Adoption of Rulemaking PHIP Dental Standalone update	YANG
5. Adoption of Rulemaking Acceptable Electronic Signatures	CHANDLER
6. Adoption of Rulemaking LWOP and Creditable Service	VU
C. Action and discussion items	
1. Modernization update	IVERS
2. PERS Health Insurance Program (PHIP) 2027 rate adjustment approval	DIMELING-PERRIS
3. 2027-29 Agency Request Budget (ARB) recommendations	HORSFORD
4. Presentation of December 31, 2025 system valuation results	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.

A. Administration

1. **May 29, 2026 PERS Board Meeting Minutes**
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
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3. Adoption of Rulemaking OSGP Loan Program updates
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C. Action and discussion items

1. Modernization update
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4. Presentation of December 31, 2025 system valuation results

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD MEETING MINUTES

May 29, 2026

Board members present:

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

Staff present:

Kevin Olineck, Stephanie Vaughn, Heather Case, Barb Dimeling-Perris, Jason Stanley, Yong Yang, Melanie Chandler, Sam Paris, Matt Graves, Kai Turner, Jordan Masanga, Kristi Ivers, Richard Horsford, Matt Rickard, and Chloe Harris attended in the PERS Boardroom.

Anne Marie Vu, Brandon Armatas, Dan Bingham, Susannah Bodman, Liam Contino, Pam Foust, Shawn Harper, Joel Mellor, Shane Perry, Troy Phillips, Elizabeth Rossman Weber, and Erin Stutesman attended virtually.

Others present:

Noel Cruz, Lacey Engle, Scott Preppernau, Matt Larabee, Julie Nguyen, Erica Hedberg, Stacy Michaelson, Morgan Allen, and Jeff Gudman attended in the PERS Boardroom.

Dee-dra Kleve, Fabiola Flores, Gay Lynn Bath, Jeffery Von Allmen, Brian Collins, Jake Arnold, Kevin Grainey, Sara Collins, Brendan Watkins, and David Williams attended virtually.

Chair Jaramillo called the meeting to order at 9:01 a.m.

ADMINISTRATION

A.1. APRIL 3, 2026 PERS BOARD MEETING MINUTES

Board Member Tintle moved to approve the minutes from the April 3, 2026 PERS Board meeting as presented. Vice Chair Scanlan 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.

The Oregon Public Employees Retirement Fund (OFERF) returns, for the period ending April 30, 2026, were positive 2.82%.

Operating expenditures for March, April, and preliminary expenditures for May are $6,582,977, $5,958,648, and $6,401,377, respectively. As of May 10, 2026 the agency has expended a total of $65,516,079 or 40.1% of PERS’ legislatively approved operations budget of $163,320,165. At this time, the agency’s projected variance is $310,579 or 0.19%.

Olineck reviewed the meeting agenda.

No board action was required.

A.3. REVIEW BOARD EDUCATION POLICY AND BOARD MEMBER TRAINING

Olineck and Rick Funston of Board Smart presented the Annual Report of Board Member Training Activities. This report satisfies the requirement of the Board Education Policy that was adopted in May 2020.

Over the course of the May 1, 2025, through April 30, 2026, reporting period, Board Member Hestand attended the National Conference on Public Employee Retirement Systems (NCPERS) May 16, 2025 through May 20, 2025, as well as the pre-conference training on May 16, 2025. Conference registration was $2,000.00 and related expenses were $1,921.35 for a total of $3,921.35

Over the course of the May 1, 2025, through April 30, 2026, reporting period, Board Member Scanlan attended the National Conference on Public Employee Retirement Systems (NCPERS) May 16, 2025 through May 20, 2025. Conference registration was $1,100.00 and related expenses were $2,228.39 for a total of $3,338.39.

Funston presented new “just in time” training opportunities for the board on Board Smart. These new materials were created in consultation with PERS staff to provide training based on the actual PERS board’s governance timeline. Board Smart is an online education tool which can be utilized by PERS Board members to provide consistency in board education.

No board action was required.

A.4. BOARD GOVERNANCE BEST PRACTICE SURVEY

Olineck presented the PERS Board Governance Self-Assessment Survey and notified the board that the survey will be conducted after the May 29, 2026 PERS Board Meeting.

The self-assessment will be conducted every two years.

No board action was required.

A.5. BOARD SCORECARD REPORT ON AGENCY PERFORMANCE MEASURES

Matt Rickard, Central Data Management Coordinator, presented the Board Scorecard Report on Agency Performance Measures, of which 65% of the reported measures are in the green range. The next Board Scorecard Report will be presented at the December meeting.

No board action was required.

A.6. BOARD GOVERNANCE ASSIGNMENTS

Olineck presented suggestions for changes in board governance assignments due to a new board member joining. PERS recommends that Jardon Jaramillo step down from the Audit and Risk Committee and Robert Tintle join the Audit and Risk Committee.

Board Member Connor moved to adopt the proposed PERS Board governance assignments. Vince Chair Scanlan 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.

ADMINISTRATIVE RULEMAKING

B.1. NOTICE OF RULEMAKING ACCEPTABLE ELECTRONIC SIGNATURES UPDATE

Melanie Chandler, Research Policy Coordinator, presented an adoption of rulemaking to clarify acceptable signatory documentation for PERS documents

The rule impacted is OAR 459-005-0210 Transmission of Information, Reports, and Documents.

A rulemaking hearing will be held remotely on June 23, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the July 24, 2026, board meeting.

No board action was required.

B.2. NOTICE OF RULEMAKING LWOP AND CREDITABLE SERVICE UPDATES

Anne Marie Vu, Research Policy Coordinator, presented an adoption of rulemaking to clarify the minimum salary or hours required for creditable service or retirement credit, and when leave of absence without pay (LWOP) must be reported to PERS.

Rules impacted include OAR 459-005-0015 Leave of Absence without pay, OAR 459-010-0014 Creditable Service in PERS Chapter 238 Program, and OAR 459-075-0150 Retirement Credit.

A rulemaking hearing will be held remotely on June 23, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the July 24, 2026, board meeting.

No board action was required.

B.3. NOTICE OF RULEMAKING OSGP LOAN PROGRAM UPDATES

Yong Yang, Tax Policy Coordinator, presented an adoption of rulemaking to allow members to repay their OSGP loans using automated clearing house (ACH) payment method.

The rule impacted is OAR 459-050-0077 Loan Program.

A rulemaking hearing will be held remotely on June 23, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the July 24, 2026, board meeting.

No board action was required.

B.4. NOTICE OF RULEMAKING PHIP UPDATES

Yong Yang, Tax Policy Coordinator, presented an adoption of rulemaking to update and clarify the PERS Health Insurance Program’s (PHIP) health insurance and dental insurance enrollment timing and requirements.

The rule impacted is OAR 459-035-0070 Enrollment.

A rulemaking hearing will be held remotely on June 23, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the July 24, 2026, board meeting.

No board action was required.

ACTION AND DISCUSSION ITEMS

C.1. PERS MODERNIZATION PROGRAM UPDATE

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

Ivers reported that the PERS Modernization Program remains on-scope, on-schedule, and on-budget, with work continuing across multiple projects through 2034. She highlighted upcoming organizational readiness efforts.

She noted ongoing staffing shortages affecting project capacity, though key vacancies are being filled. Development of the 2027–29 policy option package is underway and will be finalized with Legislative Fiscal Office, Department of Administrative Services, and Enterprise Information Services by the June 2026 deadline.

Project updates included: Pension Administration System Project in grey status due to schedule extension requests; Member Identity and Access Management Project progressing in green status; Telephony Modernization Project in construction with features planned for June 29, 2026; and jClarety User Interface/User Experience (UI/UX) Modernization and Compliance Project in yellow status, focused on Americans with Disabilities Act compliance and feature scoping.

Ivers summarized Gartner's QA findings, citing risks in data maturity, migration, resource constraints, and cultural transition to a commercial-off-the-shelf environment. Mitigation efforts include data cleanup, a Data Governance Committee, and strengthened vendor support.

She also reviewed budget development for 2027–29 and noted ongoing rulemaking to update agency rules, with public comment open through June 26. The modernization effort aims to reimagine PERS service delivery for future member and employer needs.

No board action was required.

C.2. PHIP ANNUAL UPDATE AND PLAN YEAR 2027 RATE APPROVAL

Barbara Dimeling-Perris, PERS Health Insurance Program (PHIP) Manager, presented an annual update from 2025 and sought 2027 rate approval.

Dimeling-Perris presented the PERS Health Insurance Program (PHIP) annual update. Dimeling-Perris reviewed the mission, core operating principles, resources, consultants, membership, and health plans associated with the program.

Dimeling-Perris presented the 2027 PHIP plan rates with a note that Providence plans will be excluded. Open enrollment for 2027 plans will be October 1, 2026 through November 15, 2026.

Vice Chair Scanlan moved to approve the proposed PHIP request for proposal contracts, benefits, open enrollment period, administrative fee increases, and rates for the 2027 plan year as presented in Item C.2. Attachment 1 – PHIP 2027 Plan Year Proposed Rates with the exclusion of Providence. Board Member Hestand 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.3. 2027-29 AGENCY BUDGET DEVELOPMENT UPDATE

Richard Horsford, Chief Financial Officer, presented the 2027-29 budget development update. Horsford provided an update on the latest activities in development of the agency's next budget request.

Final board approval of the 2027-29 Agency Request Budget will occur during the PERS Board meeting on July 26, 2026.

No board action was required

C.4. FUNDING OF SCHOOL DISTRICT RATE POOL (SENATE BILL 849)

Actuaries Matt Larrabee and Scott Preppernau of Milliman presented the discussion on funding of the School District Rate Pool under Senate Bill (SB) 849. Milliman reported that SB 849 allocated $168 million from the School District Unfunded Liability Fund (SDULF) to offset the employer contribution rate, effectively reducing the 2025-27 collared base unfunded actuarial liability (UAL) rate by 1.68% of payroll.

Larabee and Preppernau requested the PERS Board to decide between two UAL funding approaches for the 2027-2029 biennium, specifically what base rate to start with before calculating 2027-2029 employer rates. Policy Approach A would keep the total UAL collared rate for school district employers at 13.95% of pay for 2027-2029. Policy Approach B would decrease the total UAL collared rate for school district employers to 12.27% of pay for the 27-29 biennium.

The board heard public comments from Morgan Allen of the Coalition of Oregon School Administrators (COSA) and Stacy Michaelson from Oregon School Boards Association (OSBA) urging the board to choose Policy Approach A keeping the UAL collared rate at 13.95%.

Board Member Tintle moved to adopt Policy Approach A keeping the beginning UAL collared rate at 13.95% of pay for 2027-29. Vice Chair Scanlan seconded the motion.

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

Chair Jaramillo adjourned the PERS Board meeting at 11:07 a.m.

Respectfully submitted,

Kevin Olineck, Director

A.

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OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Director’s Report

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Kevin Olineck, Director

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Overview

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

Highlights

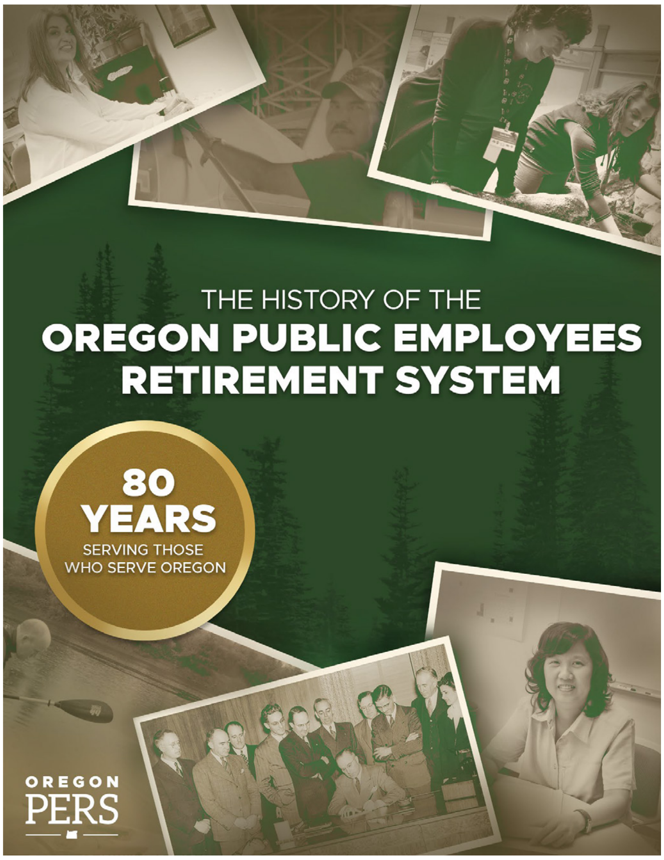
I want to continue to recognize where PERS staff have not only made great progress with standard operational projects but also on strategic initiatives. The following are areas that deserve to be highlighted, with staff publicly acknowledged for their efforts.

June Legislative Days PERS made multiple presentations during June Legislative Days. The first presentation was to the Senate Interim Committee on Labor and Business, with the presentation providing an update on Senate Bill 849 from the 2025 legislative session.

Two presentations were made to the Joint Emergency Board Interim Subcommittee on Human Services. The first presentation requested additional funding to accelerate development work for the Hazardous Position classification, which takes effect January 1, 2030. The second presentation requested funding to begin initial efforts to build out development operations capabilities as part of our modernization efforts. Both funding requests were approved by the subcommittee and, ultimately, the full Joint Emergency Board.

Resiliency Site Project With PERS having recently completed the server migration phase of the Managed Services Migration Project (read more in the upcoming entry), the Technical Operations Section is pivoting to working with the Department of Administrative Services to build out our resiliency capabilities within the state’s resiliency site in Bend. PERS is scheduled to be one of the first agencies that will be connected to the site, with the project kicking off in August 2026 and an expected implementation date of January 29, 2027.

80th anniversary of PERS On July 1, PERS celebrated its 80th anniversary as a state agency. As part of acknowledging this anniversary, the PERS Communications Section worked with the Director’s



Office to update our PERS history document. The newly published 80th anniversary edition is on our website: https://www.oregon.gov/pers/Documents/General-Information/PERS-History.pdf.

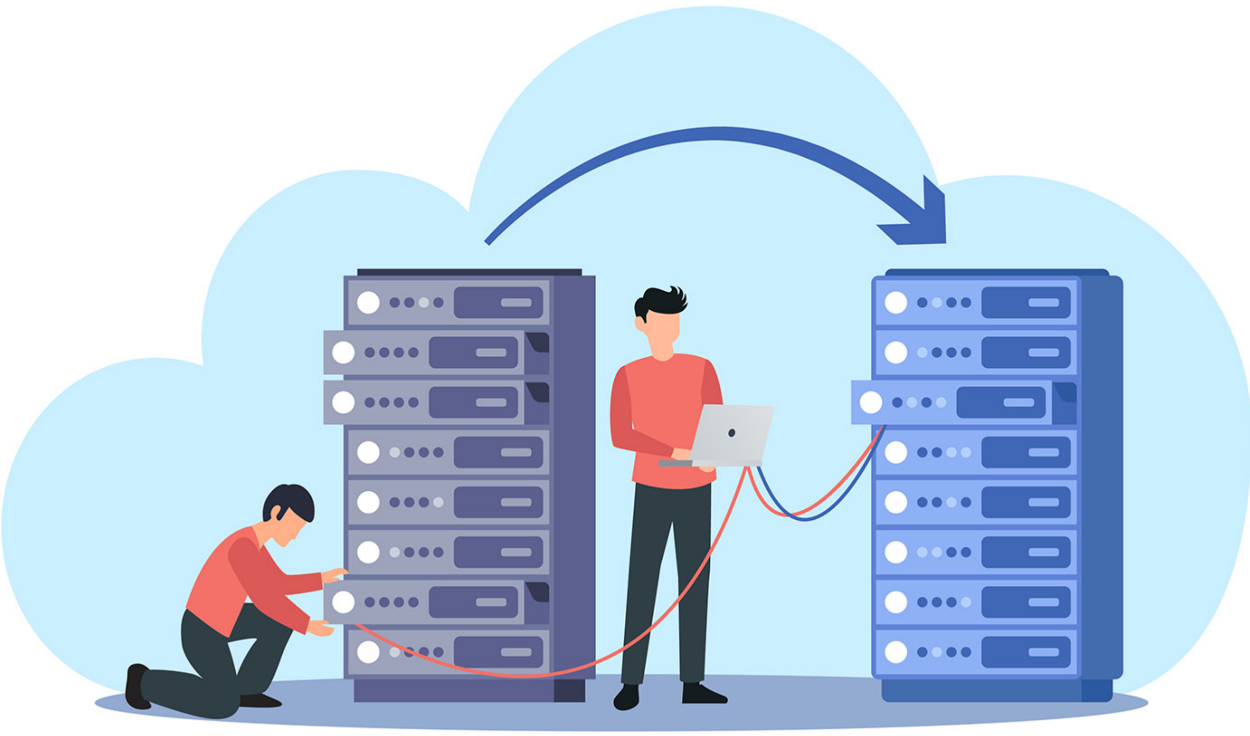
Managed Services Migration Project After years of planning and more than 18 months of migration activity, PERS has successfully completed the server migration phase of the Managed Services Migration Project. This achievement marks a significant milestone in our information technology infrastructure efforts and provides a strong foundation for the resiliency and modernization initiatives that will follow.

The Managed Services Migration Project is a strategic initiative to transition PERS' data center infrastructure from legacy environments to the state's on-premise, centralized Managed Services platform operated by Data Center Services and Enterprise Information Services. The initiative also includes preparing PERS to leverage the state's warm-site disaster recovery capabilities, providing a stronger foundation for future modernization efforts, business continuity, and operational resiliency.

This effort aligns with the state's long-term technology strategy to improve security, reliability, supportability, and service availability through centralized infrastructure and managed technology services.

The completion of server migration phase required coordinated efforts. Over the course of this phase, PERS successfully:

- Migrated 311 servers supporting critical business systems and infrastructure.
- Completed 34 highly coordinated migration events.
- Transitioned hardware infrastructure support responsibilities to Data Center Services and Enterprise Information Services.
- Established a new operational support model aligned with Managed Services.



- Positioned PERS to leverage the state's warm-site capability for disaster recovery and business continuity.

The migrated systems include infrastructure supporting our core pension administration systems, security services, business applications, and numerous supporting technologies that help PERS serve its members every day.

The success of the Server Migration phase was made possible through extensive collaboration across multiple teams and organizations. The project required close coordination among:

- PERS infrastructure staff
- DevOps teams
- Business testers
- Testing coordinators
- Application support teams
- Data Center Services and Enterprise Information Services
- Project Management Office

Many migration activities occurred during evenings and weekends to minimize business disruption and reduce operational risk. Staff dedicated countless hours to planning, testing, validation, and execution to ensure successful cutovers and stable operations. The result was a highly successful migration effort completed with minimal impact on daily business operations. While the support model has evolved, our commitment to providing reliable and responsive technology services remains the same.

Accomplishments

PERS Internship Program In support of our succession planning efforts, long-term workforce development, and to advance organizational diversity, equity, inclusion, and accessibility (DEIA) objectives, PERS has proudly launched a new internship program. This 10-week pilot program interfaces closely with our community and ultimately aims for the creation of meaningful entry points into public service careers.

The program provides students with practical, hands-on experience, mentorship, and exposure to the diverse functions of the agency and the wider enterprise, helping students build the skills and professional networks necessary for future career success within the public sector.

Interns will work with their PERS mentors through specific project scopes with defined success outcomes over the course of ten weeks. This will include partnering with sister agencies for resume-writing and interview training and participating in a mock-interview panel where they have an opportunity to practice their new skills, learn about interviewing with the state, and gain meaningful feedback on these skills. Ultimately, through partnerships with local colleges, universities, and community organizations, the program will strengthen connections between education and employment in public service while creating a talent pipeline that is reflective of the communities we serve.

In addition to expanding access to career opportunities, the internship program represents a strategic investment in the future of our workforce. By engaging students and emerging professionals who bring current academic training, evolving technical competencies, and fresh perspectives, the agency benefits from innovative thinking and contemporary skill sets that support continuous improvement and organizational effectiveness. PERS' internship program will also contribute to long-term succession planning by cultivating a pool of qualified future candidates who are familiar with our mission, values, and operations.

Through intentional outreach and equitable recruitment practices, we aim to attract highly qualified individuals from diverse backgrounds and experiences, strengthening both workforce representation and organizational resilience for years to come. The internship program also serves as a strategic investment

in expanding access to employment opportunities and cultivating a more diverse talent pipeline. By intentionally broadening outreach efforts and reducing barriers to participation, the program is designed to attract highly qualified candidates from a wide range of backgrounds, experiences and perspectives. We view this initiative as an important step toward strengthening workforce representation, fostering innovation through diverse viewpoints, and developing the next generation of professionals who will serve our communities.

Treasury and PERS webinar series On June 3 and 5, PERS co-hosted the second installment of the "Invested for You" webinars with the Oregon State Treasury. Treasurer Steiner and Chief Investment Officer Rex Kim provided updates on Treasury operations and results, while my portion of the presentations focused on the workings of the Individual Account Program and Oregon Savings Growth Plan.

For the June 3 partner and employer session, there were 150 registered, 110 attending, with 541 signed up to receive the session recording and materials.

For the June 5 member session, there were 787 registered, 451 attending, with 3,534 signed up to receive the session recording and materials.

PERS Communications Section staff will be working to develop future sessions later in 2026.

First Aid Training Over the course of spring, the PERS Health and Safety Committee sponsored first aid training for staff. A total of 22 staff members participated and received their CPR certification.

PERS BOARD MEETING
FORWARD-LOOKING CALENDAR

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
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*

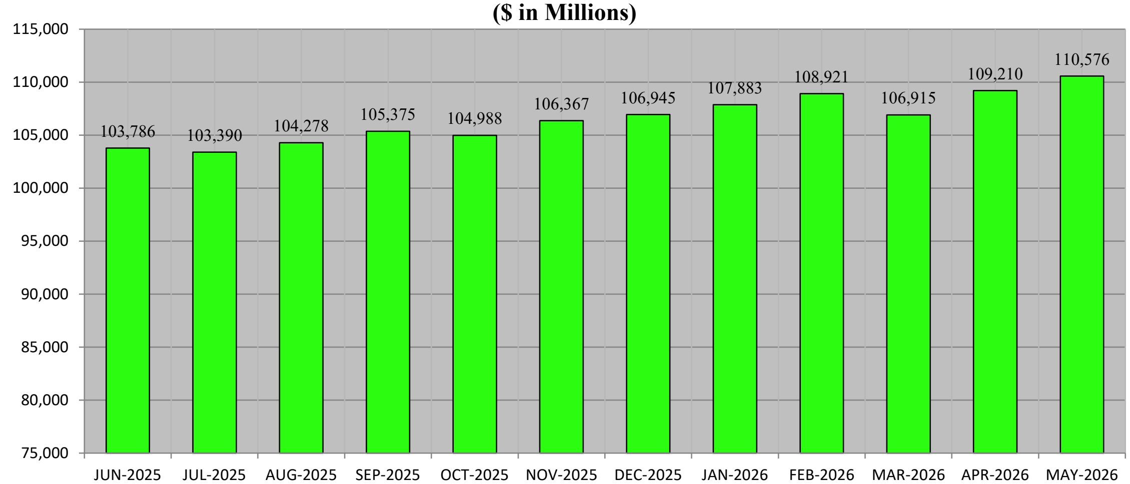
**Audit and Risk Committee planned for post-board meeting*

Returns for periods ending MAY-2026 **Oregon Public Employees Retirement Fund**

OPERF	Policy	Target[1]	$ Thousands[2]	Actual	Year-To-Date[3]	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
	Regular Account				Historical Performance (Annual Percentage)							
TOTAL OPERF Regular Account			$ 104,596,812		**4.24**	**10.34**	**8.32**	**7.72**	**5.76**	**6.42**	**8.41**	**8.46**
OPERF Policy Benchmark					*5.32*	*16.35*	*12.56*	*12.36*	*8.74*	*7.73*	*9.87*	*9.54*
Value Added					**(1.08)**	**(6.01)**	**(4.24)**	**(4.64)**	**(2.98)**	**(1.31)**	**(1.46)**	**(1.07)**
OPERF Reference Portfolio					*7.96*	*20.67*	*15.30*	*15.05*	*11.01*	*7.00*	*9.82*	*8.99*
Public Equity	22.5-32.5%	27.5%	$ 25,368,845	24.3%	**12.54**	**29.77**	**20.97**	**22.42**	**16.17**	**11.52**	**14.42**	**12.81**
MSCI ACWI IMI Net					*12.45*	*30.64*	*21.46*	*21.98*	*16.15*	*10.97*	*14.14*	*12.53*
Private Equity	15-27.5%	20.0%	$ 24,332,592	23.3%	**(0.03)**	**2.14**	**4.17**	**5.08**	**3.00**	**7.22**	**10.97**	**12.17**
Russell 3000+300 Bps Qtr Lag					*4.11*	*25.09*	*20.26*	*23.89*	*14.50*	*15.54*	*18.59*	*17.72*
Total Equity	**42.5-52.5%**	**47.5%**	**$ 49,701,437**	**47.5%**								
Fixed Income	**20-30%**	**25.0%**	**$ 21,457,324**	**20.5%**	**0.39**	**5.06**	**5.36**	**4.69**	**3.31**	**1.18**	**2.16**	**2.44**
Oregon Custom Fixed Income Benchmark					*0.38*	*5.13*	*5.30*	*3.95*	*2.39*	*0.20*	*1.36*	*1.78*
Real Estate	**7.5-17.5%**	**12.5%**	**$ 13,567,799**	**13.0%**	**2.48**	**4.66**	**2.39**	**(2.09)**	**(0.95)**	**4.09**	**4.71**	**5.77**
Oregon Custom Real Estate Benchmark					*1.40*	*3.05*	*1.52*	*(3.29)*	*(2.61)*	*2.39*	*2.45*	*3.95*
Real Assets	**2.5-10.0%**	**7.5%**	**$ 11,053,079**	**10.6%**	**5.95**	**13.05**	**11.33**	**10.02**	**10.06**	**12.37**	**9.84**	**9.08**
CPI +4%					*5.11*	*8.68*	*7.55*	*7.50*	*7.67*	*8.70*	*8.10*	*7.54*
Diversifying Strategies	**2.5-10.0%**	**7.5%**	**$ 6,036,095**	**5.8%**	**3.40**	**10.68**	**6.42**	**7.76**	**6.58**	**8.43**	**5.15**	**3.18**
HFRI FOF: Conservative Index					*4.30*	*10.76*	*7.68*	*7.72*	*6.18*	*5.24*	*5.80*	*5.07*
Opportunity Portfolio	**0-5%**	**0%**	**$ 2,683,720**	**2.6%**	**3.26**	**10.27**	**9.68**	**11.10**	**9.38**	**9.86**	**10.87**	**9.76**
Opportunity Custom Benchmark					*5.32*	*16.35*	*12.56*	*12.36*	*11.34*	*11.86*	*10.64*	*9.61*
Cash w/Overlay	**0-3%**	**0%**	**$ 97,357**	**0.1%**	**1.62**	**4.46**	**4.83**	**5.13**	**4.63**	**3.56**	**3.01**	**2.67**
91 Day Treasury Bill					*1.45*	*3.88*	*4.32*	*4.70*	*4.31*	*3.46*	*2.74*	*2.31*
Target Date Funds			**$ 5,697,325**									
TOTAL OPERF Variable Account			**$ 281,648**		**12.65**	**31.03**	**21.79**	**22.31**	**16.48**	**11.20**	**14.46**	**12.88**

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

($ in Millions)



[1]OIC Policy revised April 2023.

[2]Includes impact of cash overlay management.

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

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

Year	OPERF Earnings (%)	Tier One	Tier Two	Variable Account	IAP
2012	14.29	8.00	14.68	18.43	14.09
2013	15.59	8.00	15.62	25.74	15.59
2014	7.29	7.75	7.24	4.29	7.05
2015	2.11	7.75	1.87	-1.61	1.85
2016	6.88	7.50	7.15	8.76	7.13
2017	15.39	7.50	15.23	26.48	14.72
2018	0.48	7.20	0.23	-10.03	--
2019	13.56	7.20	13.27	28.80	--
2020	7.66	7.20	7.18	11.77	--
2021	20.05	7.20	20.14	18.88	--
2022	-1.55	6.90	-1.91	-21.52	--
2023	5.98	6.90	5.52	21.37	--
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
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

July 24, 2026

TO: Members of the PERS Board

FROM: Gregory R. Gabriel, Budget Officer

SUBJECT: July 2026 Budget Report

2025-27 OPERATING BUDGET

Operating expenditures for May, June, and preliminary expenditures for July are $5,537,726, $6,362,636, and $5,761,951, respectively. Final expenditures for July will close in the Statewide Financial Management System on August 14 and will be included in the September 2026 report to the PERS Board.

- Through July 3, 2026, the agency has expended a total of $71,709,502, or 44.0%, of PERS' legislatively approved operations budget of $163,320,165.
- At this time, the agency's projected variance is $1,299,878 or .80%.
- Core Retirement Systems Applications (CRSA) expenditures for May, June, and preliminary expenditures for July are $252,797, $266,794, and $1,689,635, respectively. As of July 3, the agency has expended $6,593,347, or 26.8%, of the legislatively approved budget of $24,629,254.
- At this time, the CRSA projected variance is $4,746,779 or 19.3%.

JUNE 2026 EMERGENCY BOARD FUNDING

PERS requested and received the following increase in limitation during the June Emergency Board meetings:

- $1,499,171 for the implementation of House Bill 4045 and the Hazardous Position classification.

- $1,800,968 for Legacy Stabilization and Technology Readiness for system modernization.

These updates will increase the overall approved budget for the Core Retirement Systems Applications Division from $24,629,254 to $27,929,393. The updated budget and increased projections will be presented at the September board meeting.

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 and the Individual Account Program.

- Non-Limited expenditures through July 3, 2026, are $6,771,195,296.

A.2.c. Attachment 1 – 2025-27 Agency-wide Budget Execution Report
A.2.c. Attachment 2 – 2025-27 CRSA Summary Budget Analysis

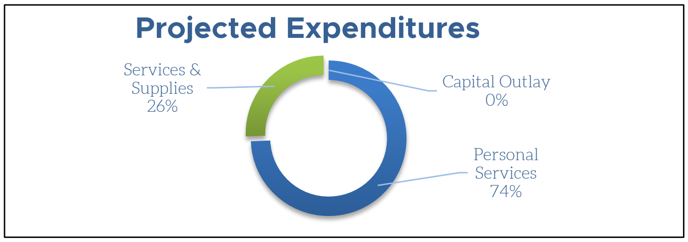
PERS Monthly Budget Report

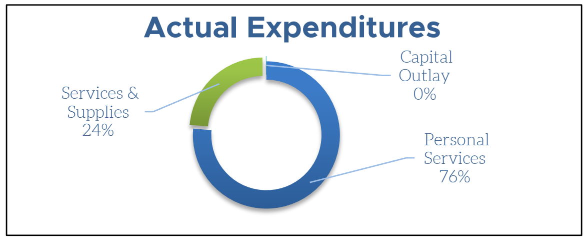
2025-27 Agency-Wide Budget Execution
Preliminary for the Month of July 2026

Limited - Operating Budget

2025-27 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2025-27 LAB	Variance
Personal Services	54,768,708	67,172,360	121,941,068	119,966,080	(1,974,988)
Services & Supplies	16,861,889	23,138,425	40,000,314	42,769,871	2,769,557
Capital Outlay	78,905	0	78,905	584,214	505,309
Total	71,709,502	90,310,786	162,020,287	163,320,165	1,299,878





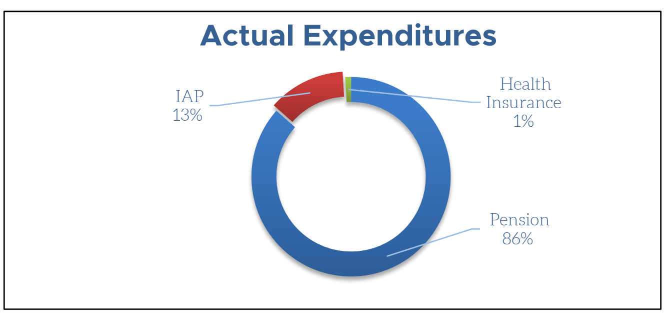
Monthly Summary

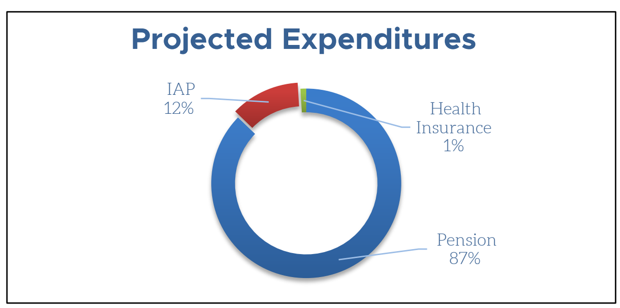
Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,749,440	4,921,699	172,259	4,564,059	5,597,697
Services & Supplies	1,012,511	1,049,234	36,723	1,405,157	1,928,202
Capital Outlay	0	0	0	6,575	0
Total	5,761,951	5,970,933	208,983	5,975,792	7,525,899

Non-Limited Budget

2025-27 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	5,857,400,474	7,026,580,771	12,883,981,245	13,506,890,512	622,909,267
IAP	850,599,431	888,608,857	1,739,208,289	1,604,842,886	(134,365,403)
Health Insurance	63,195,390	81,796,159	144,991,550	131,858,285	(13,133,265)
Total	6,771,195,296	7,996,985,788	14,768,181,083	15,243,591,683	475,410,599



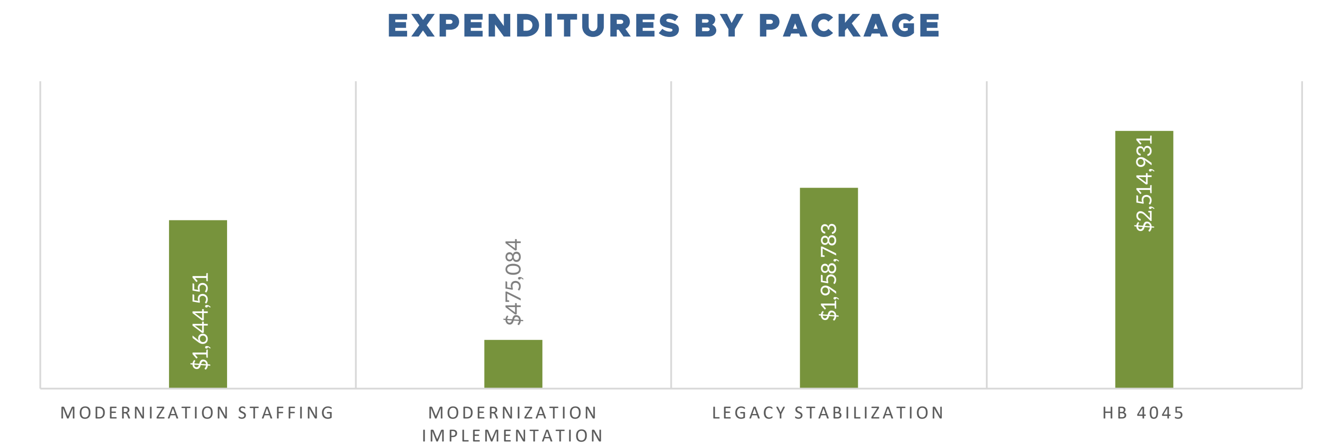


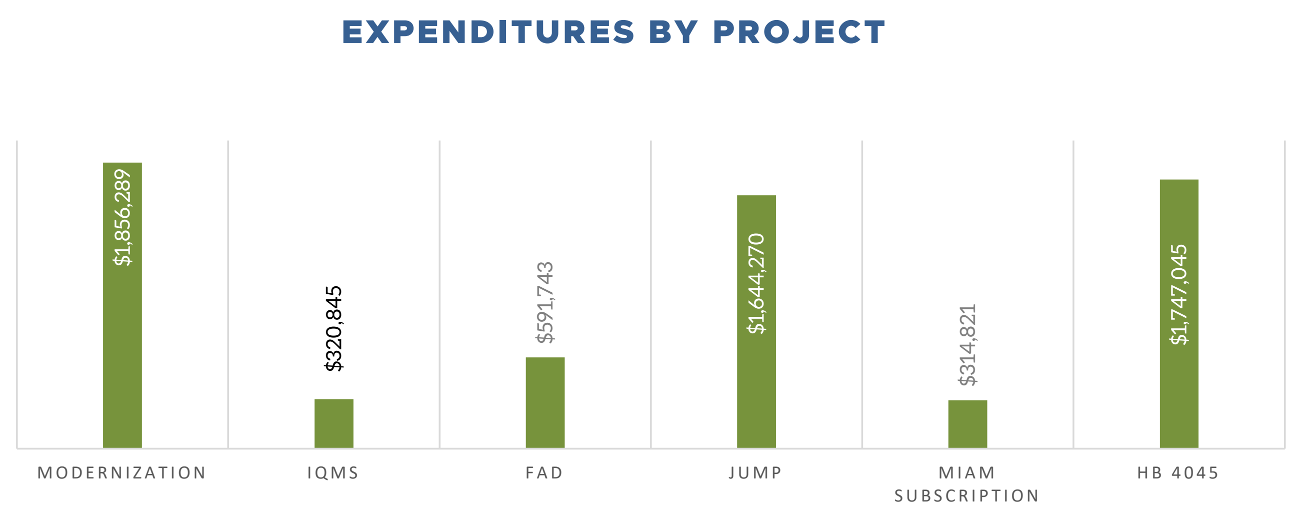
Core Retirement Systems Application

Summary Budget Analysis
Preliminary for the Month of July 2026

Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	1,786,777	2,800,609	4,587,386	5,377,974	790,588
Services & Supplies	4,688,236	10,488,518	15,176,754	19,251,280	4,074,526
Capital Outlay	118,335		118,335		(118,335)
Total	6,593,347	13,289,128	19,882,475	24,629,254	4,746,779





A.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. **CEM Benchmarking results**

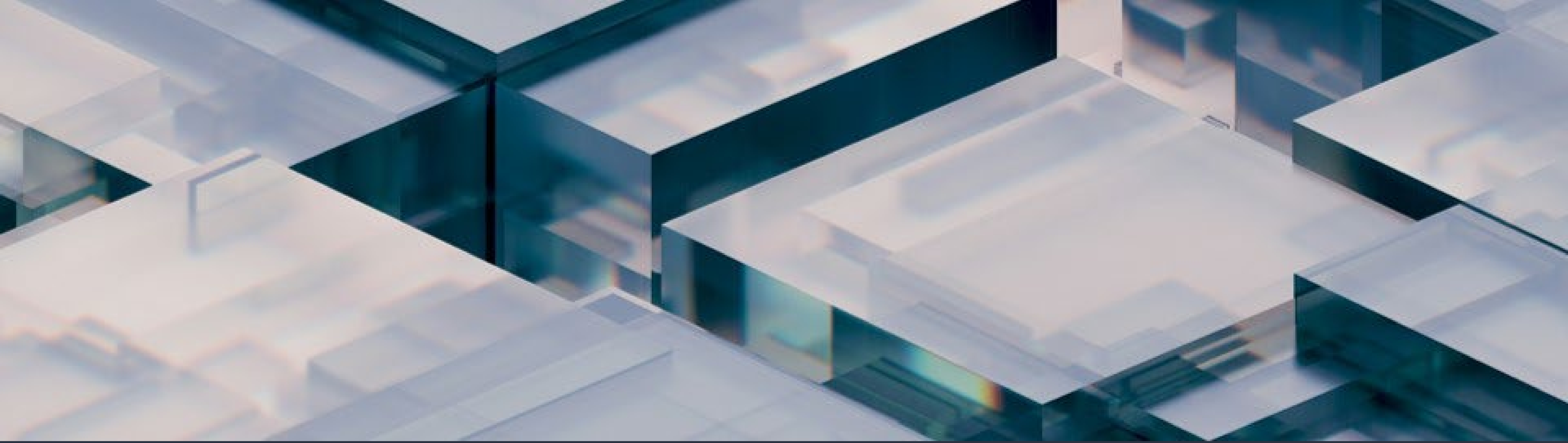
B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
2. Notice of Rulemaking EIF Matching Funds Prioritization
3. Adoption of Rulemaking OSGP Loan Program updates
4. Adoption of Rulemaking PHIP Dental Standalone update
5. Adoption of Rulemaking Acceptable Electronic Signatures
6. Adoption of Rulemaking LWOP and Creditable Service

C. Action and discussion items

1. Modernization update
2. PERS Heath Insurance Program (PHIP) 2027 rate adjustment approval
3. 2027-29 Agency Request Budget (ARB) recommendations
4. Presentation of December 31, 2025 system valuation results

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM



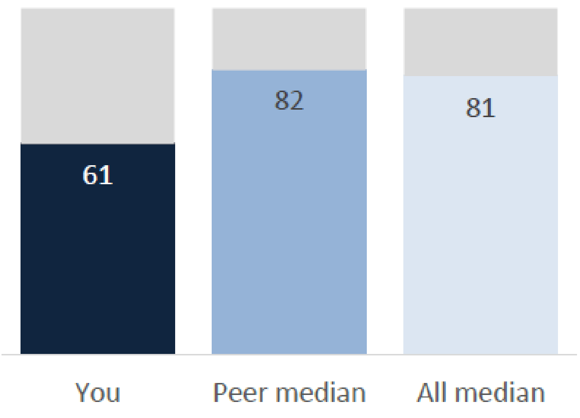
CEM Administration Benchmark Report - 2025

Oregon PERS

June 3, 2026

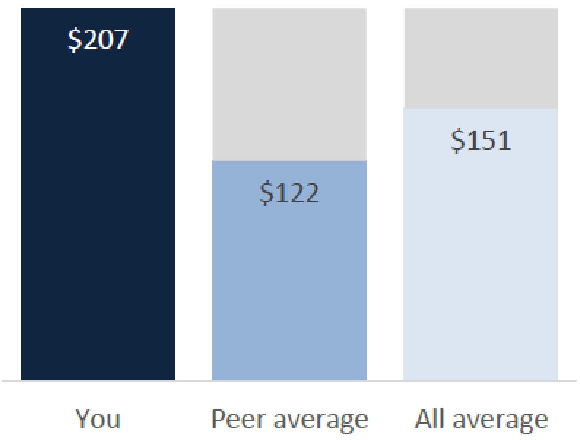
Key takeaways:

Service (score out of 100)



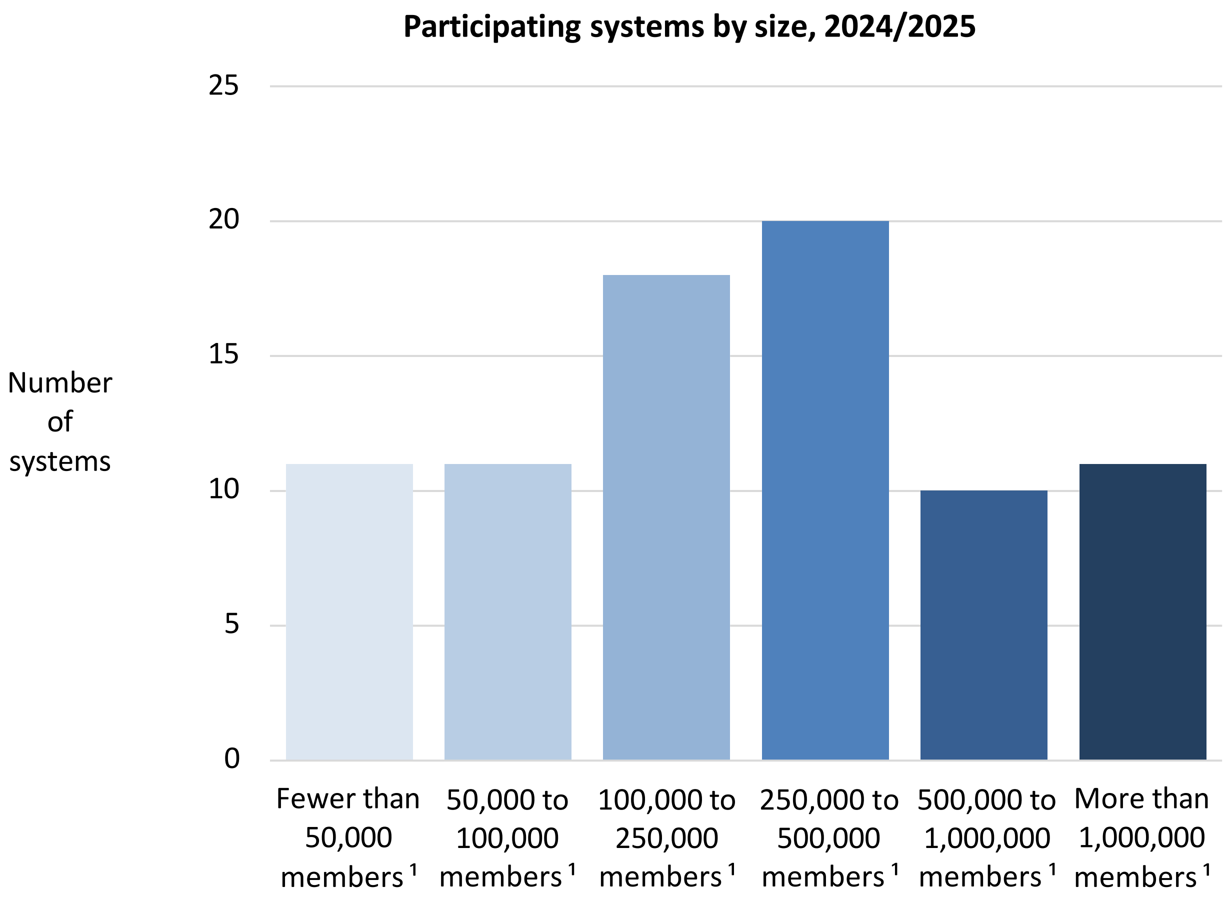
- Your total service score was 61. This was below the peer median of 82.
- You scored well for service in these areas:
  - First contact resolution, 1-on-1 counseling in the field, complete salary and service information online.
- You scored below your peers in these areas:
  - Contact center: accessibility, pension inceptions, fewer online tools and less outbound communications.
- Your service score has increased from 58 to 61 between 2018 and 2025.

Total administration costs



- Your total pension administration cost of $207 per active member and annuitant was $84 above the peer average of $122.
- This is mainly because you have more FTEs and higher support costs per member than your peers.
- Your total pension administration costs per active member and annuitant increased by 4.4% per annum over the last 8 years. For your peers the average cost increased by 3.9% per annum over the same time period.
- You were higher cost and lower service than the average participant in the CEM universe.

Insights are based on the 81 global pension systems that participate in the benchmarking subscription.



42% American
34 systems

26% Canadian
21 systems

28% British
23 systems

4% Rest of World
3 systems

1. Members is equal to the number of active members and annuitants.

Note: UK and Local Government systems complete a different benchmarking survey. Their data is not included in this report.

This report compares your pension administration costs and member service to a custom peer group.

Custom Peer Group for Oregon PERS

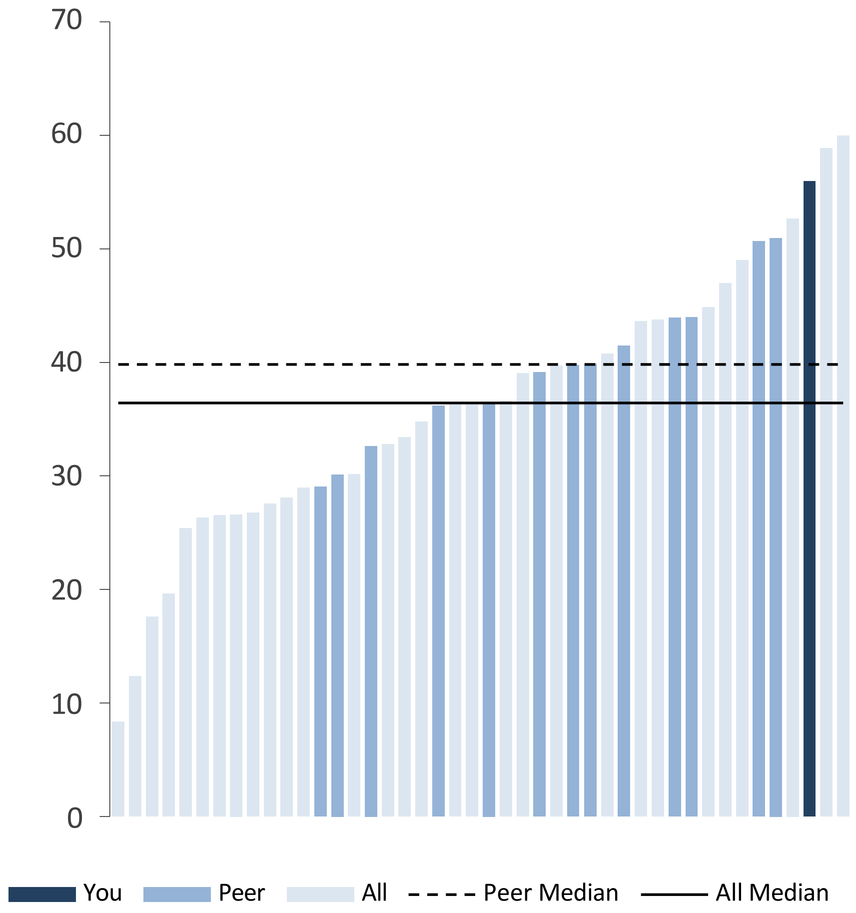
		Number of members (in 000s)		
#	System	Active Members	Annuitants	Total [1]
1	Virginia RS	378	242	620
2	Washington State DRS	369	240	608
3	Ohio PERS	316	221	538
4	Indiana PRS	253	180	433
5	Arizona SRS	219	180	399
6	Colorado PERA	250	140	390
7	**Oregon PERS**	**197**	**171**	**368**
8	Illinois MRF	193	160	354
9	STRS Ohio	189	158	348
10	Iowa PERS	186	138	324
11	TRS Illinois	174	134	309
12	Kansas PERS	156	118	274
13	University of California RP	157	91	248
14	PSRS PEERS of Missouri	133	113	246
	Median	195	159	361
	Average	226	163	390

1. Inactive members are not considered when selecting peers because they are excluded when determining cost per member. They are excluded because they are less costly to administer than active members or annuitants.

Back office costs and productivity are impacted by system complexity. Your total complexity score of 56 was above the peer average of 41.

Back office costs and productivity are impacted by system complexity. Your total complexity score of 56 was above the peer average of 41.

Total Complexity



Complexity Score by Cause

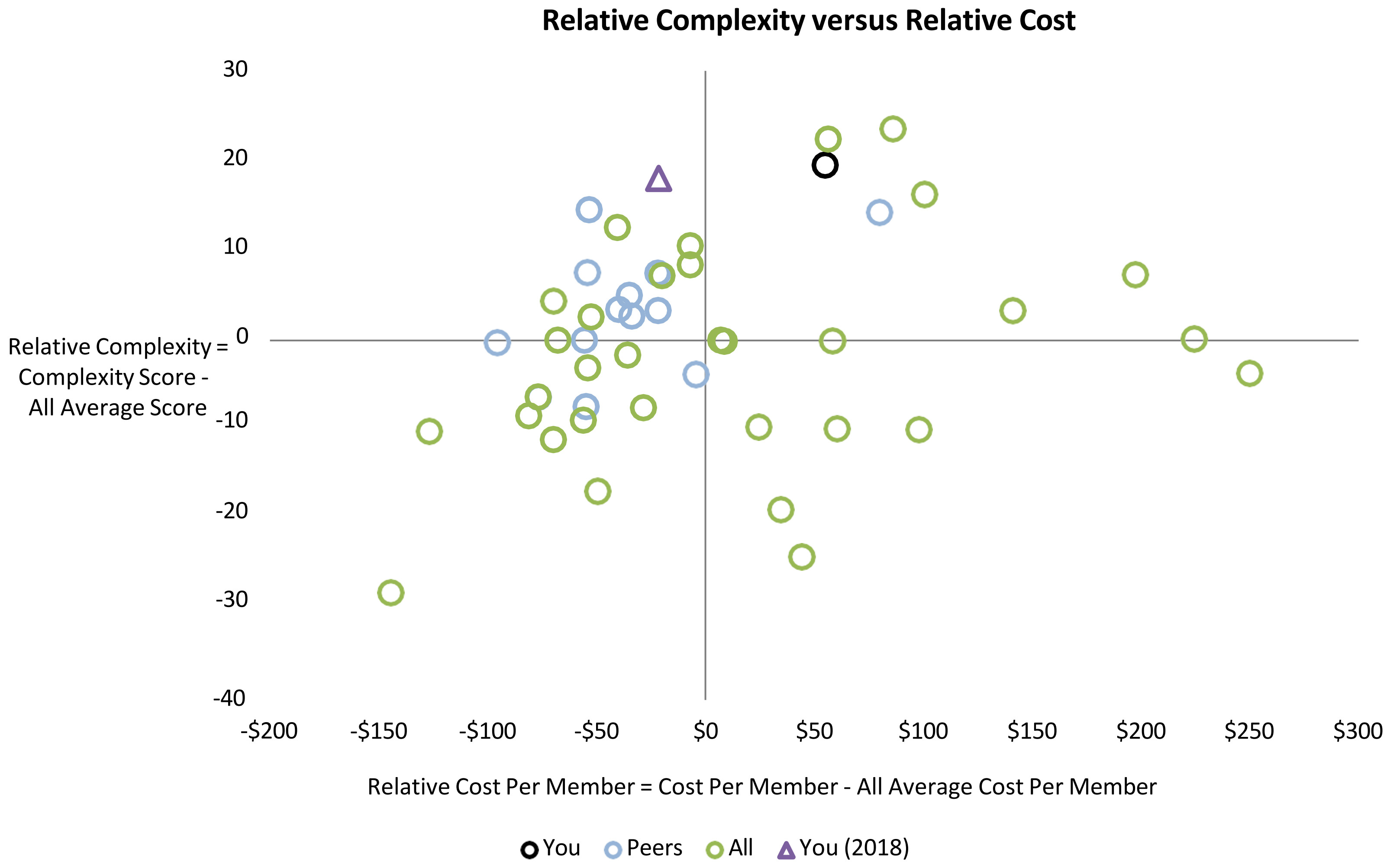
Cause	You	Peer Avg
Pension Payment Options	46	38
Customization Choices	26	16
Multiple Plan Types and Overlays	75	31
Multiple Benefit Formula	70	54
External Reciprocity	0	34
COLA Rules	57	29
Contribution Rates	64	38
Variable Compensation	100	81
Service Credit Rules	48	44
Divorce Rules	100	60
Purchase Rules	70	60
Refund Rules	24	48
Disability Rules	83	68
Total Complexity	56	41

Your plan complexity:

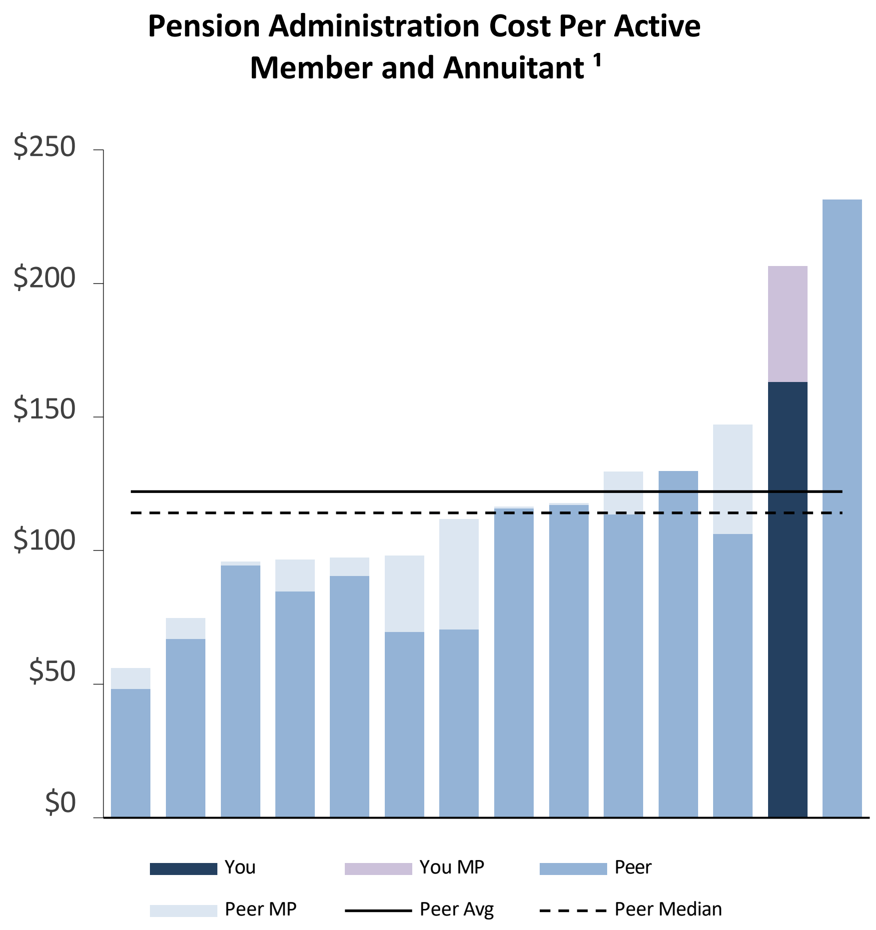
- Negatively impacts service.
- Increases cost, particularly for major projects.
- Reduces front office productivity.

The relationship between complexity and pension administration cost in the CEM universe

The relationship between complexity and pension administration cost in the CEM universe:



Your total pension administration cost of $207 per active member and annuitant was $84 above the peer average of $122.



Category	$000s You	$ per Active Member and Annuitant You	$ per Active Member and Annuitant Peer Avg
Business-As-Usual Costs	59,988	163	107
Major Project Costs [1]	15,911	43	15
Total Pension Administration	75,899	207	122

We include costs that are directly related to pension administration (e.g., staff costs or third-party costs) plus attributions of governance, financial control, IT, building and utilities, HR, support services and other costs.

The costs associated with investment operations and investment management are specifically excluded.

Your total pension administration cost of $75.9 million also excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of $20.2 million.

1. Major project costs are denoted by the lighter shading on the bars. These one-off costs correspond to administration projects only.

*The difference between two costs may not match the difference between their rounded values.

Reasons why your total cost per member was $84 above the peer average:

Reason	You	Peer Avg	Impact $ per active member and annuitant
1 More front office FTE per 10,000 members	5.8 FTE	3.0 FTE	$40
2 Lower third party costs per member in the front office	$4	$7	-$3
3 Lower costs per FTE			
Salaries and Benefits [1]	$123,938	$130,415	
Building and Utilities	$3,833	$9,371	
HR	$3,548	$6,972	
IT Desktop, Networks, Telecom	$19,429	$20,794	
Total	$150,748	$167,552	-$8
4 Higher support costs per member (mainly driven by major projects)[2]			
Governance and Financial Control	$11	$9	
Major Projects	$46	$16	
IT Strategy, Database, Applications	$28	$23	
IT Security	$3	$4	
Actuarial, Legal, Audit, Other	$32	$12	
Total	$121	$64	$57
Total			$84

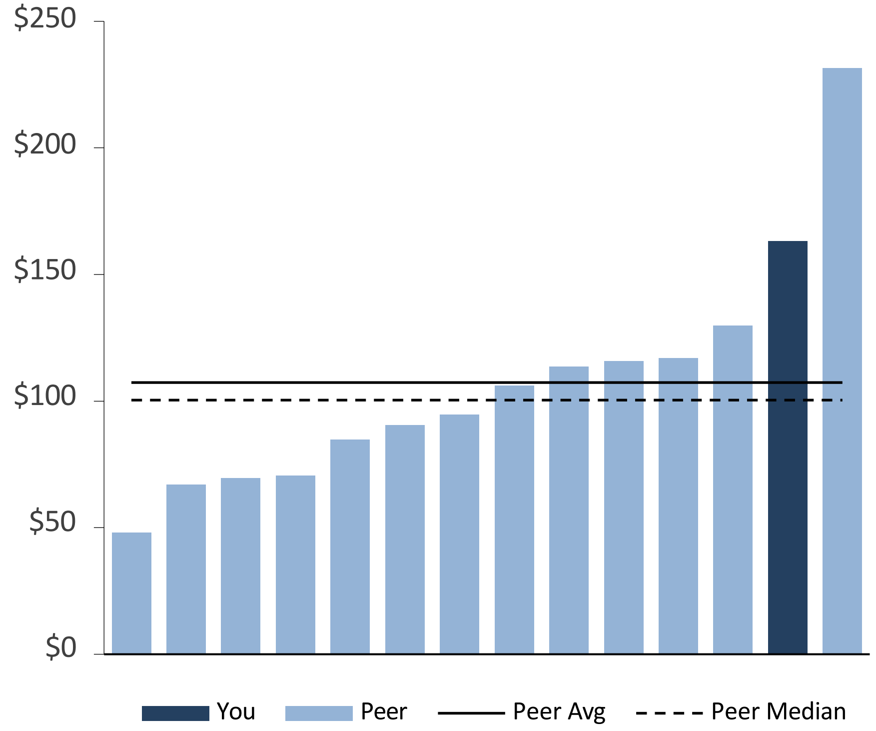
1. 29% of your total salaries and benefits relates to benefits. This compares to a peer average of 30%.
2. To avoid double counting, governance and support costs are adjusted for differences in cost per FTE.

One reason you had more FTE per member is that you had higher activity volumes.

Front Office Transactions (or Transaction Driver)	Volume per 1,000 Active Members and Annuitants		
	You	Peer Average	More/ -Less
1. Member Transactions			
a. Pension Payments (Annuitants)	464	422	10%
b. New Payee Inceptions	50	22	128%
c. Refunds, Withdrawals, and Transfers-out	20	29	-33%
d. Purchases and Transfers-in	7	4	75%
e. Disability Applications	0.4	1.0	-64%
2. Member Communication			
a. Calls and Emails	662	516	28%
b. Incoming Mail	400	284	41%
c. Members Counseled 1-on-1	11	17	-35%
d. Member Presentations	1.2	0.9	39%
3. Collections and Data Maintenance			
a. Data and Money from Employers (Active Members)	536	578	-7%
b. Service to Employers (Active Members)	536	578	-7%
c. Data Not from Employers (Actives, Inactives, Annuitants)	1,218	1,508	-19%
Weighted Total	54,010	43,867	23%

Your Business-As-Usual (BAU) costs of $163 per active member and annuitant was $56 above the peer average of $107.

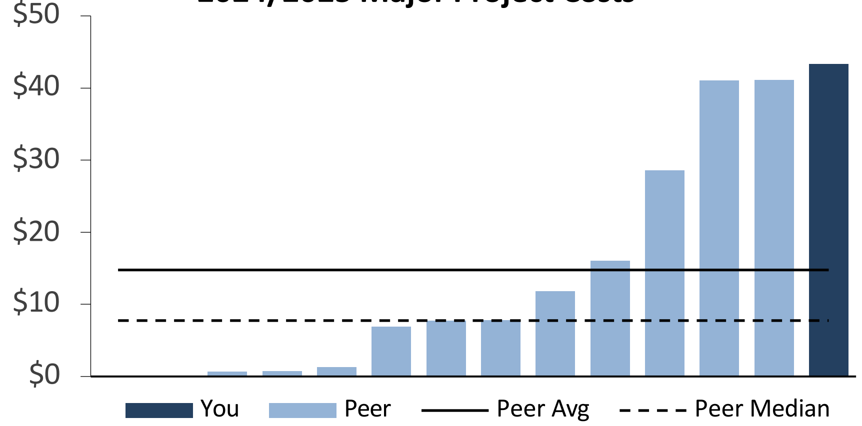
Business-As-Usual Costs Per Active Member and Annuitant



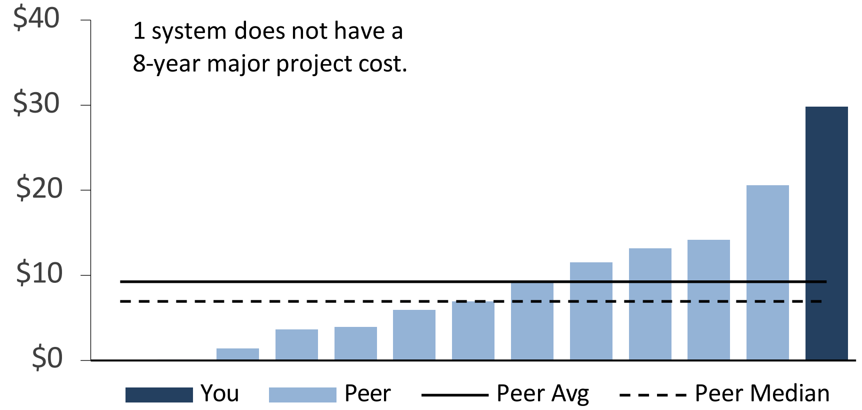
	$000s	$ per Active Member and Annuitant	
Category	You	You	Peer Avg
<u>Front office</u>			
Member Transactions	8,695	24	14
Member Communication	7,817	21	19
Collections & Data Maintenance	9,324	25	7
<u>Governance and support</u>			
Governance and Financial Control	3,613	10	10
Information Technology	16,896	46	37
Building	1,400	4	5
HR	1,296	4	3
Actuarial	930	3	2
Legal	3,101	8	4
Audit	1,289	4	3
Other Support Services	5,628	15	3
Total Pension Administration	59,988	163	107

Your Major Project costs of $43 per active member and annuitant was $29 above the peer average of $15.

2024/2025 Major Project Costs



8-year Major Project Costs



1. These costs are averaged over as many years as possible based on the system participation record, with a maximum of 8 years. Systems that have submitted less than 8 years of data are excluded.

*The difference between two costs may not match the difference between their rounded values.

	Major Project Cost $000s	$ per Active Member and Annuitant	
Category	You	You	Peer Avg
Single year 2024/2025	15,911	43	15
Multi-year average[1]	10,956	30	9

What is included in major project costs:

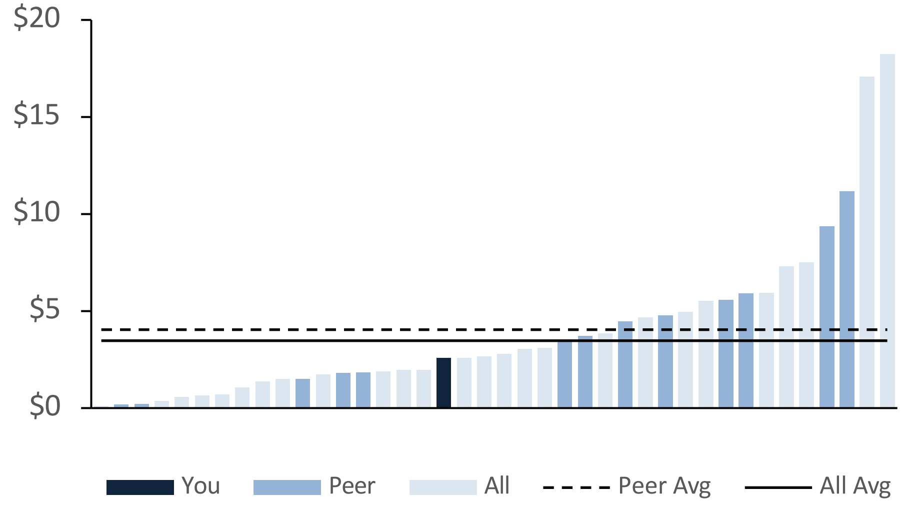
- One-off costs that were not capitalized.
- Current year amortization on capitalized costs.
- Excluding attributed costs for healthcare, and optional and third-party administered benefits, if applicable.

Project costs reported this year by you:

- 2025 SB1049 Legislative project implementation
- 2025 Modernization project

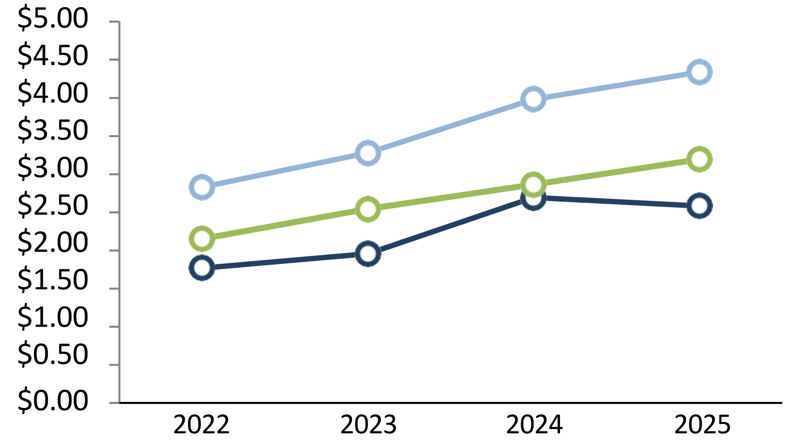
IT security is an increasing concern for all systems. Your costs and staffing of IT security compare to your peers as follows:

IT Security Costs per Member



Your IT security cost per member was $2.58 versus a peer average of $4.04.

Your IT Security Cost per Member Trend



	2022	2023	2024	2025
You	1.77	1.96	2.69	2.58
Peer	2.83	3.28	3.98	4.34
All	2.15	2.54	2.86	3.19

1. Trend analysis is based on systems that have provided 4 consecutive years of data (13 of your 14 peers and 29 of the 46 systems in the universe).

Cost comparison per activity.

Activity	($000s) You	$s per Active Member and Annuitant You	Peer Med	Peer Avg	More/ -Less (vs. average) $s	%
1. Member Transactions						
a. Pension Payments	1,556	4.23	3.23	3.85	0.38	10%
b. Pensions - Inceptions and Written Estimates	4,239	11.53	4.80	4.96	6.57	133%
c. Refunds, Withdrawals, and Transfers-out	1,490	4.05	1.45	2.14	1.91	89%
d. Purchases and Transfers-in	554	1.51	1.02	1.24	0.26	21%
e. Disability	856	2.33	1.33	1.46	0.87	60%
2. Member Communication						
a. Contact Center	3,441	9.36	6.44	9.43	-0.07	-1%
b. Mail Room, Imaging	1,416	3.85	1.15	1.98	1.87	95%
c. 1-on-1 Counseling	690	1.88	2.13	2.71	-0.83	-31%
d. Member Presentations	432	1.18	1.06	1.48	-0.31	-21%
e. Mass Communication	1,837	5.00	3.29	3.72	1.27	34%
3. Collections and Data Maintenance						
a. Data and Money from Employers	5,845	15.90	2.71	3.37	12.53	372%
b. Service to Employers	2,427	6.60	1.68	2.66	3.94	148%
c. Data Not from Employers	1,052	2.86	1.14	1.14	1.72	151%
4. Governance and Financial Control						
a. Financial Administration and Control	1,658	4.51	3.58	4.17	0.34	8%
b. Board, Strategy, Policy	1,554	4.23	2.37	4.94	-0.72	-14%
c. Government and Public Relations	401	1.09	1.07	0.97	0.12	12%
5. Major Projects						
a. Amortization of non-IT Major Projects	0	0.00	0.00	0.42	-0.42	-100%
b. Non-IT Major Projects (if you don't capitalize)	9,504	25.86	0.00	2.18	23.68	1085%
c. Amortization of IT Major Projects	1,470	4.00	0.00	2.24	1.76	79%
d. IT Major Projects (if you don't capitalize)	4,937	13.43	4.42	9.93	3.50	35%
6. Information Technology						
a. IT Strategy, Database, Applications (excl. major projects)	8,849	24.08	19.95	22.78	1.30	6%
b. IT Desktop, Networks, Telecom	7,097	19.31	9.94	10.30	9.01	87%
c. IT Security	950	2.58	3.60	4.04	-1.46	-36%
7. Support Services and Other						
a. Building and Utilities	1,400	3.81	4.14	4.64	-0.83	-18%
b. Human Resources	1,296	3.53	2.94	3.45	0.07	2%
c. Actuarial	930	2.53	1.51	2.15	0.38	18%
d. Legal and Rule Interpretation	3,101	8.44	2.55	3.53	4.91	139%
e. Internal and External Audit	1,289	3.51	2.67	2.79	0.72	26%
f. Pay-as-you-go Benefits for Retired Staff	0	0.00	0.00	0.16	-0.16	-100%
g. Other Support Services	5,628	15.31	2.48	3.23	12.08	374%
Total Pension Administration	75,899	206.50	114.12	122.09	84.41	69%

Your total cost of $75.9 million excludes the fully-attributed cost of administering healthcare, and optional and third-party administered benefits of $20.2 million. Your direct costs per the survey for activities 4, 5, 6 and 7 been reduced by attributions to the excluded activities that add up to $6.6 million. Refer to section 3, page 21 for details.

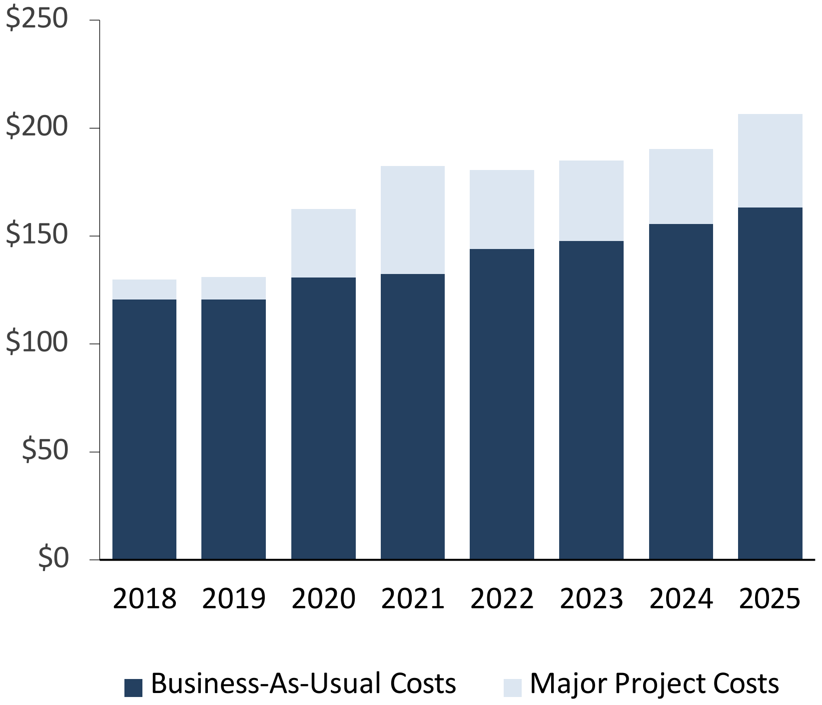
Cost comparison per activity.

(continued)

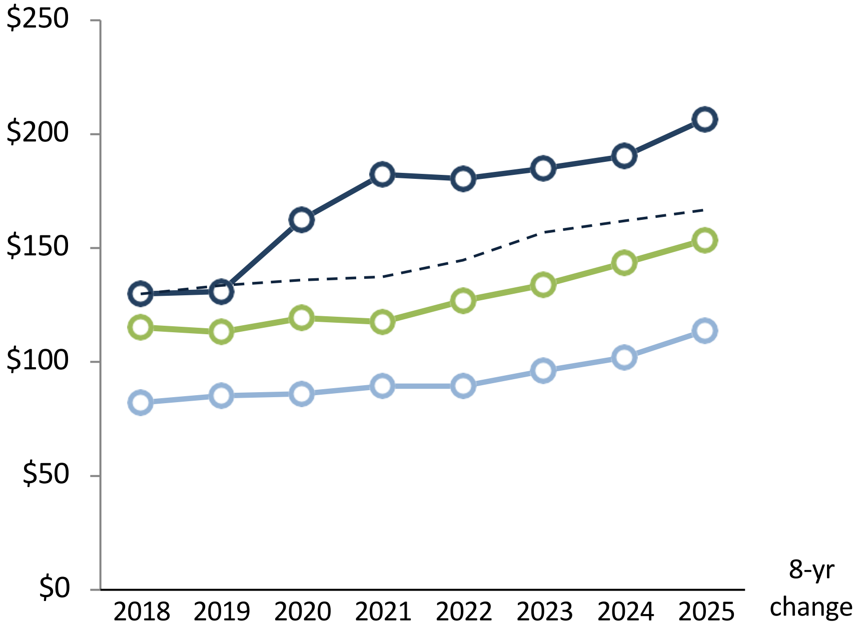
Activity	Activity Volume You		$s per unit You	$s per unit Peer Avg	More/ -Less (vs. average) $s	More/ -Less (vs. average) %
1. Member Transactions						
a. Pension Payments	170,641	annuitants	9.12	9.24	-0.13	-1%
b. Pensions - Inceptions and Written Estimates	18,397	new payee inceptions	230.44	225.49	4.95	2%
c. Refunds, Withdrawals, and Transfers-out	7,231	refunds, withdrawals, and transfers	206.00	128.21	77.79	61%
d. Purchases and Transfers-in	2,593	purchases and transfers-in	213.46	1672.96	-1459.50	-87%
e. Disability	136	disability applications	6297.06	3020.52	3276.54	108%
2. Member Communication						
a. Contact Center	243,311	calls and emails	14.14	18.39	-4.25	-23%
b. Mail Room, Imaging	147,156	incoming mail	9.63	8.71	0.91	10%
c. 1-on-1 Counseling	4,130	members counseled 1-on-1	167.17	147.97	19.20	13%
d. Member Presentations	438	member presentations	986.30	2062.44	-1076.14	-52%
e. Mass Communication	367,548	active members and annuitants	5.00	3.72	1.27	34%
3. Collections and Data Maintenance						
a. Data and Money from Employers	196,907	active members	29.68	6.46	23.22	359%
b. Service to Employers	196,907	active members	12.33	5.10	7.23	142%
c. Data Not from Employers	447,776	actives, inactives, annuitants	2.35	0.80	1.55	194%
4. Governance and Financial Control						
a. Financial Administration and Control	367,548	active members and annuitants	4.51	4.17	0.34	8%
b. Board, Strategy, Policy	367,548	active members and annuitants	4.23	4.94	-0.72	-14%
c. Government and Public Relations	367,548	active members and annuitants	1.09	0.97	0.12	12%
5. Major Projects						
a. Amortization of non-IT Major Projects	367,548	active members and annuitants	0.00	0.42	-0.42	-100%
b. Non-IT Major Projects (if you don't capitalize)	367,548	active members and annuitants	25.86	2.18	23.68	1085%
c. Amortization of IT Major Projects	367,548	active members and annuitants	4.00	2.24	1.76	79%
d. IT Major Projects (if you don't capitalize)	367,548	active members and annuitants	13.43	9.93	3.50	35%
6. Information Technology						
a. IT Strategy, Database, Applications (excl. major projects)	367,548	active members and annuitants	24.08	22.78	1.30	6%
b. IT Desktop, Networks, Telecom	391	pension admin fte	18154.26	19272.84	-1118.58	-6%
c. IT Security	367,548	active members and annuitants	2.58	4.04	-1.46	-36%
7. Support Services and Other						
a. Building and Utilities	391	pension admin fte	3581.54	9151.29	-5569.75	-61%
b. Human Resources	391	pension admin fte	3315.54	6343.03	-3027.49	-48%
c. Actuarial	367,548	active members and annuitants	2.53	2.15	0.38	18%
d. Legal and Rule Interpretation	367,548	active members and annuitants	8.44	3.53	4.91	139%
e. Internal and External Audit	367,548	active members and annuitants	3.51	2.79	0.72	26%
f. Pay-as-you-go Benefits for Retired Staff	391	pension admin fte	0.00	244.58	-244.58	-100%
g. Other Support Services	367,548	active members and annuitants	15.31	3.23	12.08	374%
Total Pension Administration	367,548	active members and annuitants	206.50	122.09	84.41	69%

Your total pension administration costs per active member and annuitant increased by 8.5% in the year, and increased by 6.8% per annum over the last 8 years.

Your Pension Administration Cost Per Active Member and Annuitant Trend



Pension Administration Cost Per Active Member and Annuitant Trend



	2018	2019	2020	2021	2022	2023	2024	2025	8-yr change
You	$130	$131	$163	$182	$180	$185	$190	$207	6.8%
Peer Avg [1]	$82	$85	$86	$89	$89	$96	$102	$114	4.7%
All Avg [1]	$115	$113	$119	$118	$127	$134	$143	$154	4.2%
CPI	$130	$134	$136	$137	$145	$157	$162	$167	3.2%

1. Trend analysis is based on systems that have provided 8 consecutive years of data (13 of your 14 peers and 32 of the 46 systems in the universe).

Your total service score was 61. This was below the peer median of 82.

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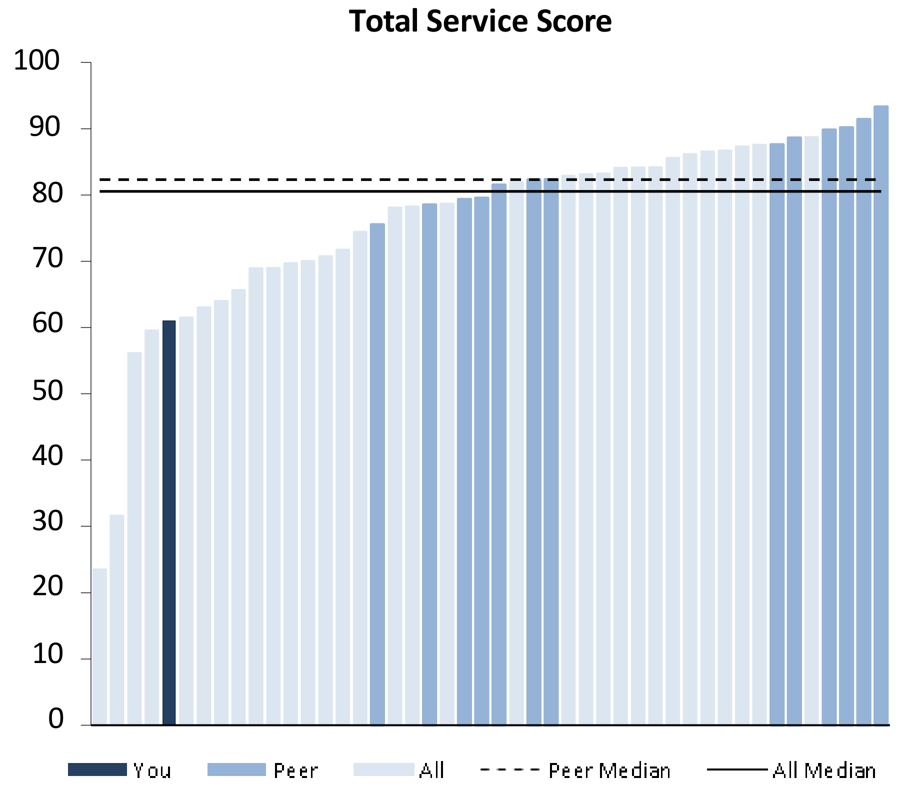

Looking at cost in isolation is unhelpful. Context is required, as is a means to measure value for money. CEM believes the right measure is member service, or the service score.

Service is defined from a member's perspective. Higher service means more channels, faster turnaround times, more availability, more choice, better content and higher quality.

Higher service is not necessarily cost-effective. For example, the ability to answer the telephone 24 hours a day is higher service, but not cost effective.

Your total service score is the weighted average of the service scores for each of the four member journeys below.

Service Scores by Journey			
Journey	Weight	You	Peer Median
Active member experience	30%	54	81
Inactive member experience	5%	70	74
Retiring experience	35%	55	83
Annuitant experience	30%	73	89
Total service score	100%	61	82

Your service score for the active member experience of 54 was below the peer median of 81.

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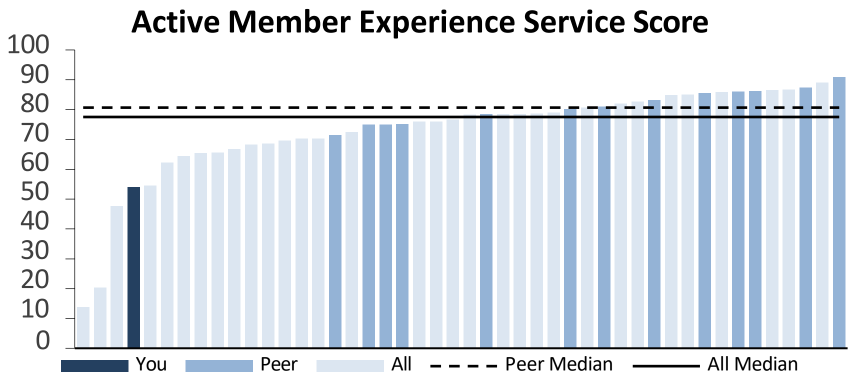

Activity	Weight	You	Peer Median
Outbound communication	7.5%	26	49
Purchases and Transfers-in	10.0%	21	56
Member statements	12.5%	27	74
Personal information	5.0%	40	90
Salary and service credit information	5.0%	100	100
Secure website accessibility	30.0%	71	99
Contact center: accessibility	7.5%	29	61
Contact center: capability	5.0%	73	88
Contact center: call quality	5.0%	95	88
1-on-1 counseling	5.0%	75	94
Member presentations	2.5%	100	100
Feedback	5.0%	25	85
Active member experience service score	100.0%	54	81

Your strengths

Activity	Key drivers
Call Quality	96% of your calls are addressed by 'first contact' compared to the peer average of 87%.
1on1 Counseling	You score well above your peers for meeting members 'face-to-face in the field' for counseling sessions: 3,337 members (81% of sessions) compared to the peer average of 649 members (42% of sessions).

Your opportunities

Activity	Key drivers
Contact Center: Accessibility	It is harder for members to reach you via the telephone. You have 4 menu layers (Peer avg: 1.5) and your call wait time is 1,041 secs (Peer avg: 529 secs).
Secure Website	21% of your active members accessed your secure site once in the last year compared to the peer average of 40%.
Outbound Communication	Your peers have more email addresses for active members (You: 49%, Peer avg: 80%) and send targeted communications to engage members for key activities.
Purchases	86% of your peers can provide an estimate to purchase service credit over the phone and provide a written estimate in 9 days (You: 18 days).
Personal Information	Most of your peers offer a secure messaging site that includes a history of recent correspondence (Peer avg: 64%) and members can upload documents (Peer avg: 79%).
Member Statements	93% of your peers post member statements online and a further 36% use real time data when generating the member statement online.

Your service score for the inactive member experience of 70 was below the peer median of 74.

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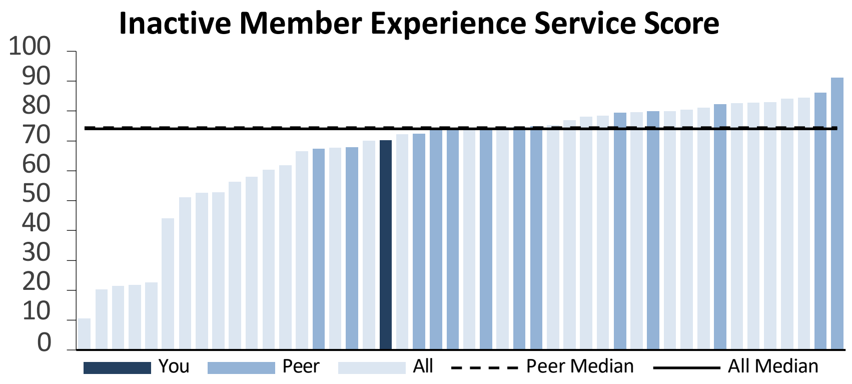


Your strengths

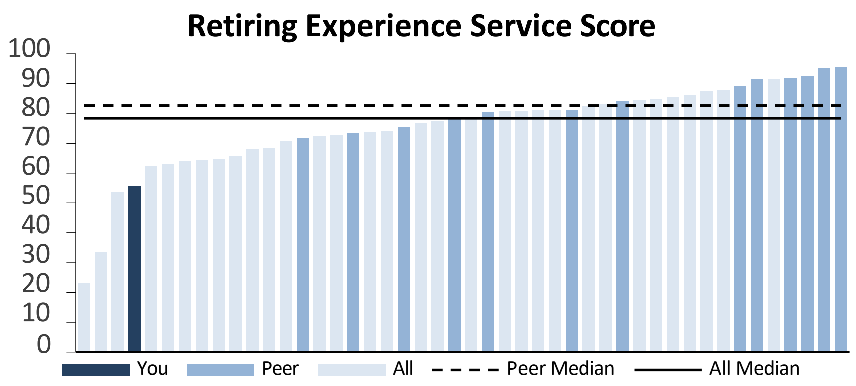
Activity	Key drivers
Secure Website: Accessibility	Your inactive members accessed your secure website, at least once in the last year, more than your peers (You: 19%, Peers: 13%).

Activity	Weight	You	Peer Median
Outbound communication	10.5%	15	16
Tracking inactive members	10.5%	59	59
Transfers-out	n/a	n/a	85
Personal information	7.9%	40	90
Salary and service credit information	5.3%	100	100
Secure website accessibility	42.1%	100	88
Contact center: accessibility	7.9%	29	61
Contact center: capability	5.3%	73	88
Contact center: call quality	5.3%	95	88
Feedback	5.3%	15	75
Inactive member experience service score	100.0%	70	74

Your opportunities

Activity	Key drivers
Tracking Inactive Members	You have email addresses for 48% of your inactive members (Peers: 59%). You were unable to provide the number of inactive members that reached retirement age and did not receive benefits as they could not be located, negatively impacting your score. Most peers could.

Your service score for the retiring member experience of 55 was below the peer median of 83.



Activity	Weight	You	Peer Median
Outbound communication	7.5%	10	78
Pension estimates: self-service	7.5%	84	87
Pension estimates: assisted service	2.5%	42	88
Retirement applications	7.5%	0	75
Pension inceptions	10.0%	5	96
Disability inceptions	5.0%	60	90
Personal information	2.5%	40	90
Salary and service credit information	2.5%	100	100
Secure website accessibility	20.0%	85	97
Contact center: accessibility	7.5%	29	61
Contact center: capability	5.0%	73	88
Contact center: call quality	5.0%	95	88
1-on-1 counseling	7.5%	75	94
Member presentations	5.0%	100	100
Feedback	5.0%	40	95
Retiring experience service score	100.0%	55	83

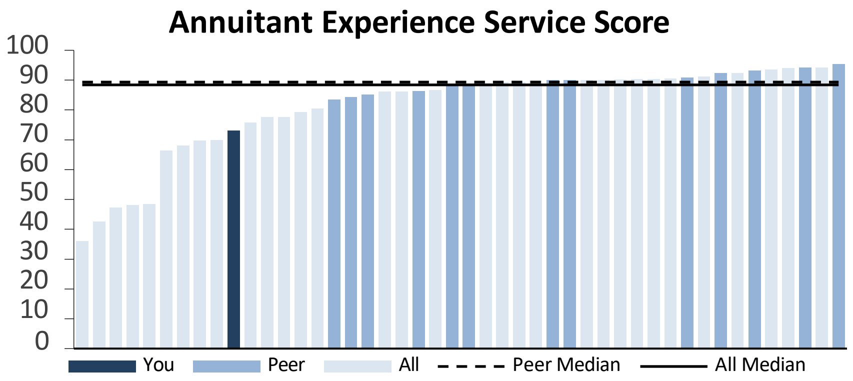
Your strengths

Activity	Key drivers
Salary and Service Credit	You score full points for salary and service credit. Not all peers have the salary and service credit up-to-date to the most recent pay period or provide a complete history online.
Member "Face-to-Face"	You provide more member presentations (You: 336, Peer avg: 162) and do more 1-on-1 counseling (You: 81%, Peer avg: 42% (of sessions)) in the field than your peers.

Your opportunities

Activity	Key drivers
Outbound Communication	50% of your peers sent targeted communications to active members and 64% of your peers sent targeted communications to inactive members as they approached retirement eligibility.
Pen Est: Assisted Service	93% of your peers provide a pension estimate based on the members data over the phone. You take 18 days to provide a written estimate (Peer avg: 8 days).
Retirement Applications	86% of your peers allow members to submit/process retirements online. Your plan requires notarization of retirement applications.
Pension Inceptions	3% of your active member pensions (Peer avg: 83%) and 30% of your survivor pensions (Peer avg: 69%) were set up without a cashflow interruption of greater than one month.
Disability Pensions	It took you, on average, 5 months to return a decision on disability applications (Peer avg: 3 months).

Your service score for the annuitant experience of 73 was below the peer median of 89.



Activity	Weight	You	Peer Median
Outbound communication	10.0%	33	65
Pension payments	30.0%	96	98
Personal information	5.0%	40	90
Secure website accessibility	32.5%	82	99
Contact center: accessibility	7.5%	29	61
Contact center: capability	5.0%	68	88
Contact center: call quality	5.0%	95	88
Feedback	5.0%	40	100
Annuitant experience service score	100.0%	73	89

Your strengths

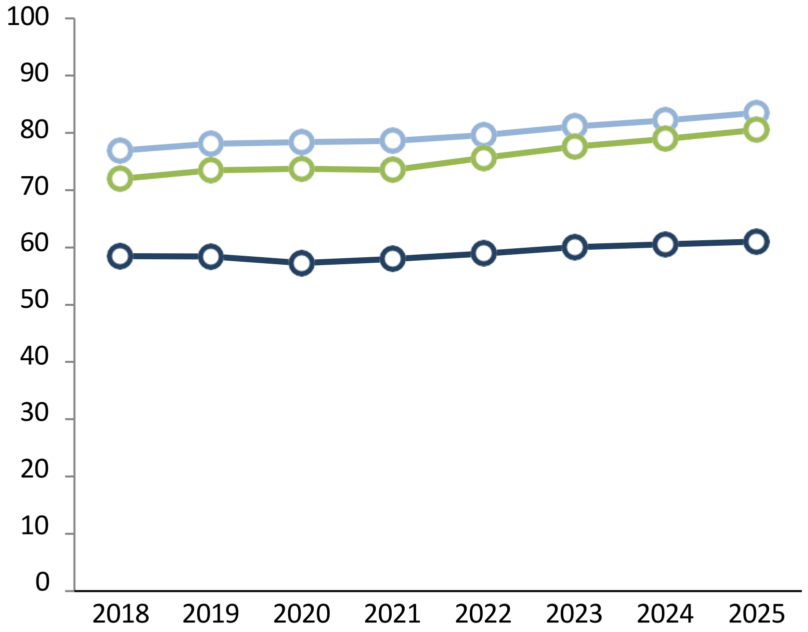
Activity	Key drivers

Your opportunities

Activity	Key drivers
Outbound Communication	Your peers sent more targeted communications to their annuitants. For example, 86% sent communications when the pension amount changed and 64% sent communications to members recently retired.
Pension Payments	86% of your peers allow members to change/update their tax withholding amounts online.
Secure Website: Accessibility	21% of your annuitants accessed your secure site at least once in the last year compared to the peer average of 36%.
Feedback	You do not survey members about their telephone experience (Peer avg: 93%) or their experience with your secure site (Peer avg: 57%), two high volume activities. This is consistent across all journeys).

Your service score has increased from 58 to 61 between 2018 and 2025.

Trends in Total Service Scores[2]



	2018	2019	2020	2021	2022	2023	2024	2025
You	58	58	57	58	59	60	61	61
Peer Avg [1]	77	78	78	79	80	81	82	84
All Avg [1]	72	73	74	74	76	78	79	81

1. Trend analysis is based on systems that have provided 8 consecutive years of data (13 of your 14 peers and 32 of the 46 systems in the universe).

2. Historic scores have been restated to reflect changes in methodology. Your historic service scores may differ from previous reports.

Changes that had a positive impact compared to last year

- You provided 1-on-1 counseling to 4,130 members in 2025 compared to 3,441 members in 2024.
- Your online pension estimate calculator now allows members to model different retirement start dates.
- Your annuitants can now change their banking information online.

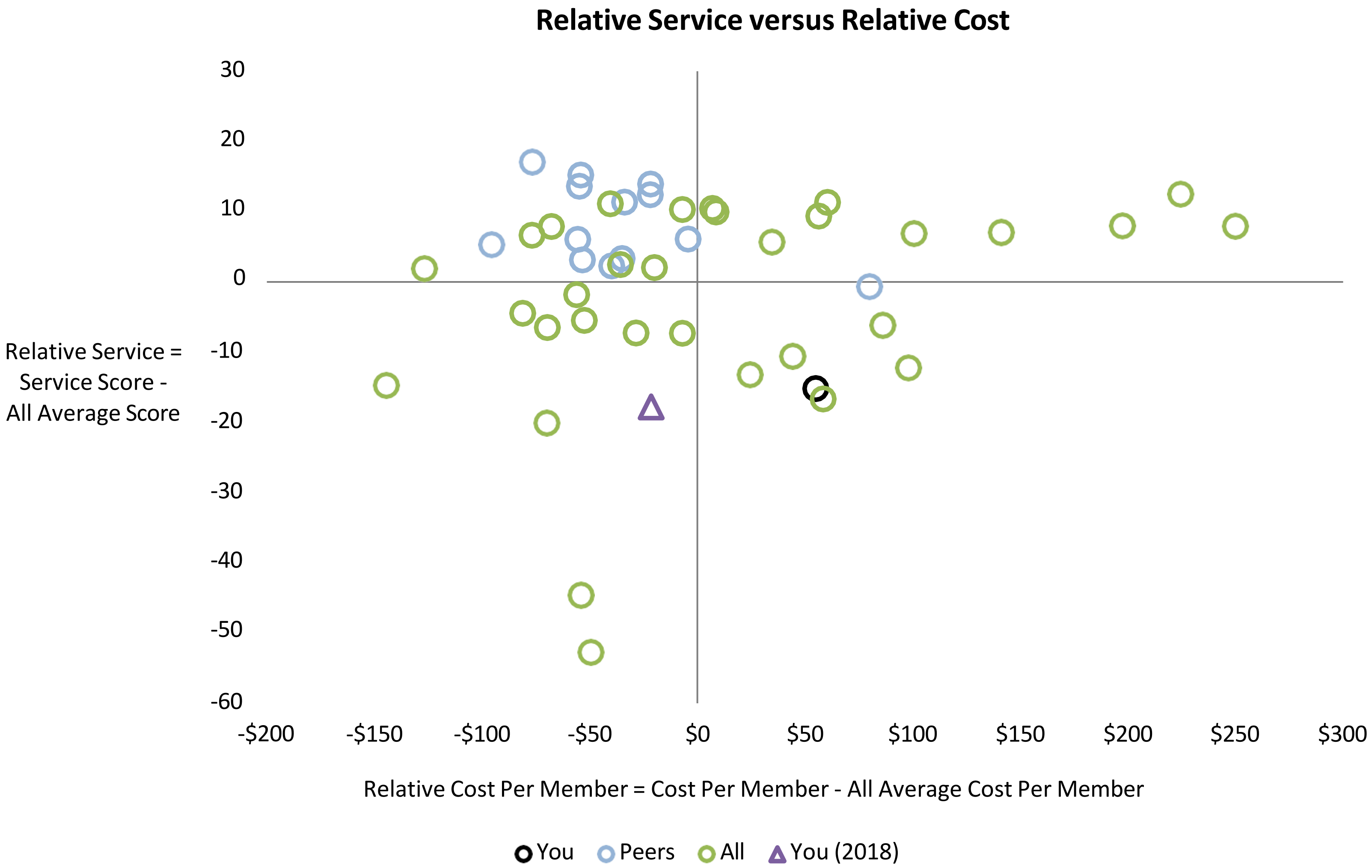
Changes that had a negative impact compared to last year

- It took you 5 months to approve a disability pension in 2025 compared to 4 months in 2024.

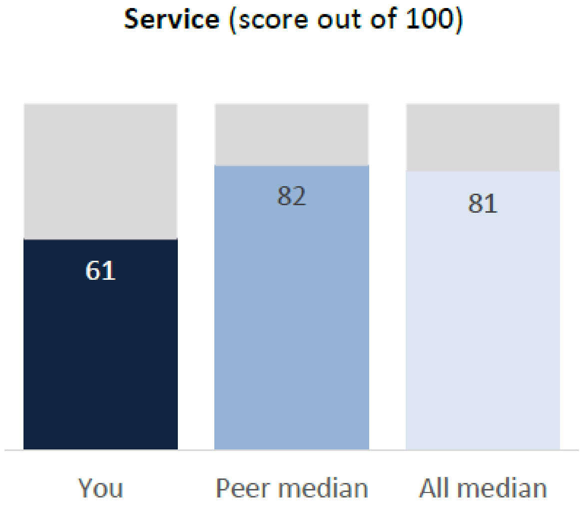
Longer term changes

- Adding functionality to your secure site, members accessing your secure site continues to increase over time and an increase in 1-on-1 counseling and member presentations have contributed to an increase in your service score over time.

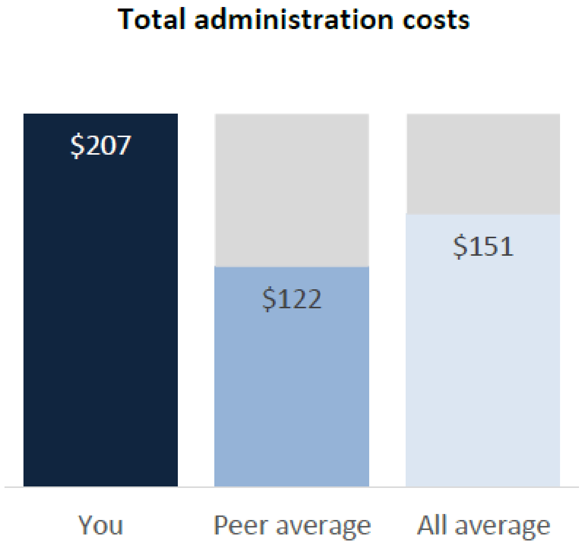
You were higher cost and lower service than the average participant in the CEM universe.



Key takeaways:



- Your total service score was 61. This was below the peer median of 82.
- You scored well for service in these areas:
  - First contact resolution, 1-on-1 counseling in the field, complete salary and service information online.
- You scored below your peers in these areas:
  - Contact center: accessibility, pension inceptions, fewer online tools and less outbound communications.
- Your service score has increased from 58 to 61 between 2018 and 2025.



- Your total pension administration cost of $207 per active member and annuitant was $84 above the peer average of $122.
- This is mainly because you have more FTEs and higher support costs per member than your peers.
- Your total pension administration costs per active member and annuitant increased by 4.4% per annum over the last 8 years. For your peers the average cost increased by 3.9% per annum over the same time period.
- You were higher cost and lower service than the average participant in the CEM universe.

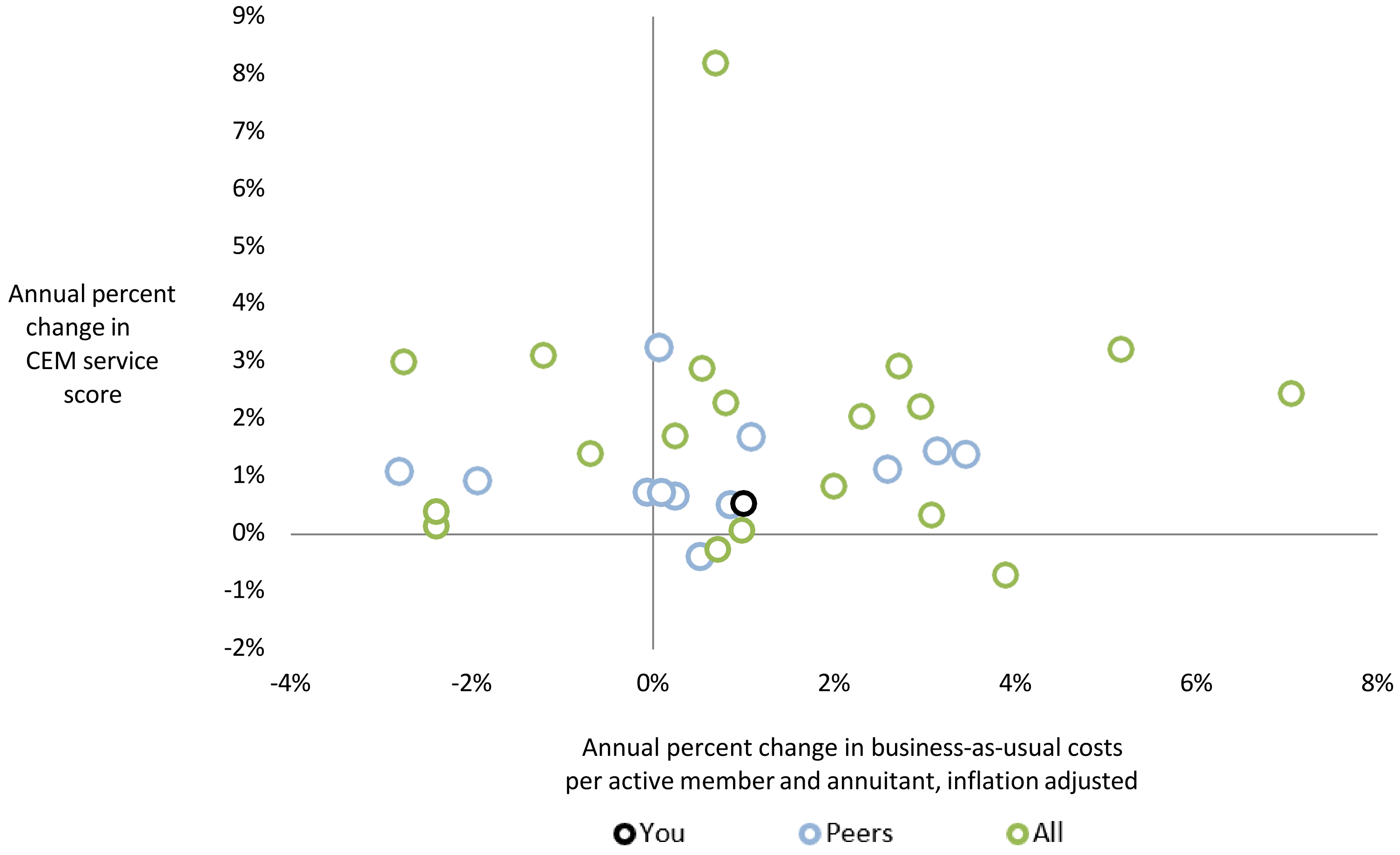
Globally, pension funds are adapting to significant industry changes, with digitalization emerging as a key factor influencing these adjustments.

- The shift from Defined Benefit to Defined Contribution continues globally.
- Consolidation and strategic partnerships remain the dominant approach for achieving scale. A few funds are moving in the opposite direction.
- Hybrid work remains the prevailing operating model, though many organizations are now mandating increased in-office attendance.
- One-third of administrators are replacing their core administration system.
- Migration to cloud platforms is accelerating.
- Clean, reliable data continues to be foundational, with its importance increasing as operations become more digital.
- Cybersecurity and fraud prevention are becoming increasingly important.
- Member expectations continue to rise, with a growing demand for relevant, personalized content delivered across multiple channels.
- Business intelligence capabilities are expanding to enable more insights, better decision-making and greater member engagement.
- Automation is streamlining work, allowing members to complete more tasks independently while reducing processing times.
- AI is entering service operations, but its impact remains incremental, with variable adoption across organizations.
- Call-center performance is declining industry-wide.
- Organizations report that they expect to move more staff into higher-value member support roles, some considering advisory models.

91% of plans with eight consecutive years of data improved their service score between 2018 and 2025. On average, the service improvement was 1.8% per year. 25% of plans improved their service score while decreasing their business-as-usual costs per member.

91% of plans with eight consecutive years of data improved their service score between 2018 and 2025. On average, the service improvement was 1.8% per year. 25% of plans improved their service score while decreasing their business-as-usual costs per member.

Annual percent change[1] in CEM service score versus costs per member in the last 8 years

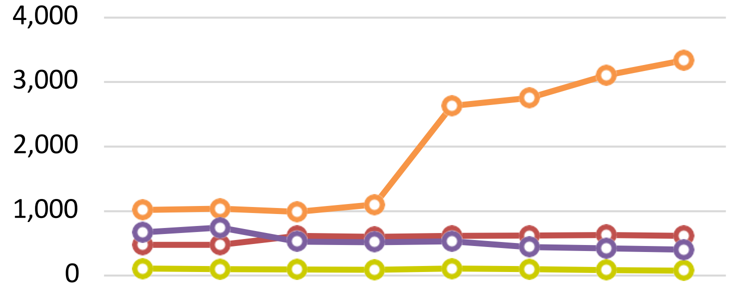


1. Trend analysis is based on systems that have provided 8 consecutive years of data (13 of your 14 peers and 32 of the 46 systems in the universe).

Greater digitalization is the key driver for higher service scores.

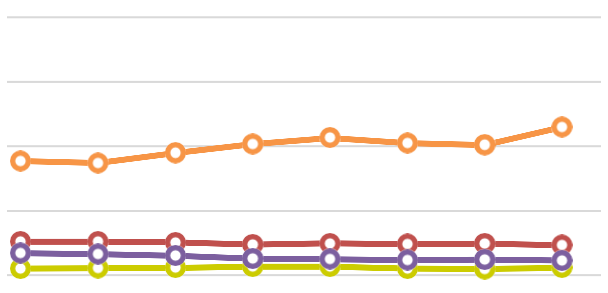
Transactions per 1,000 members

You



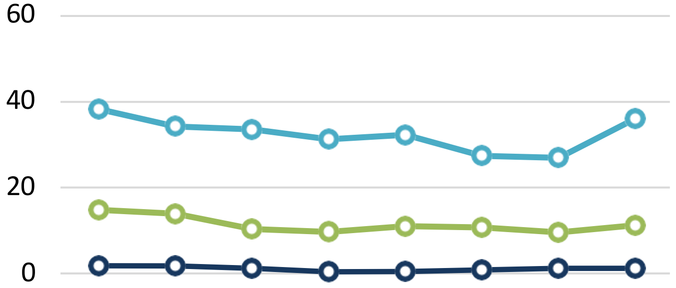
	2018	2019	2020	2021	2022	2023	2024	2025
Secure web visits	1,019	1,035	988	1,101	2,628	2,755	3,105	3,339
Calls	475	476	617	603	615	619	629	614
Emails	108	98	95	87	108	98	86	75
Incoming mail	672	744	527	519	529	444	422	400

All Avg [1]



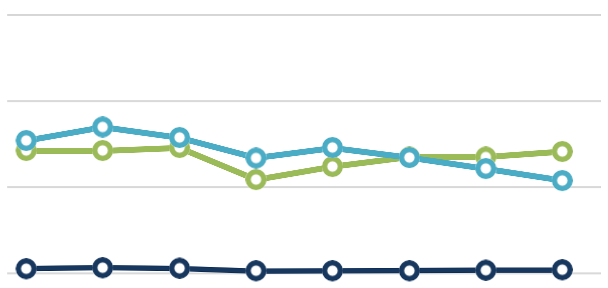
	2018	2019	2020	2021	2022	2023	2024	2025
Secure web visits	1,770	1,742	1,897	2,033	2,130	2,049	2,021	2,299
Calls	520	523	509	478	495	482	492	466
Emails	106	110	117	133	134	106	99	115
Incoming mail	342	329	303	260	249	235	245	230

You



	2018	2019	2020	2021	2022	2023	2024	2025
1-on-1 counseling	15	14	10	10	11	11	10	11
Presentations	1.8	1.8	1.2	0.4	0.5	0.9	1.2	1.2
Written estimates	38	34	34	31	32	27	27	36

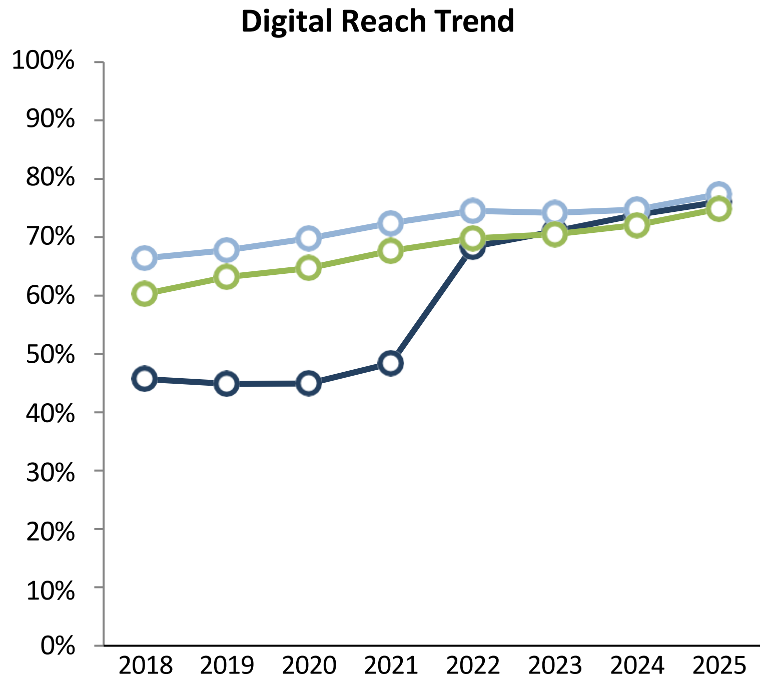
All Avg [1]



	2018	2019	2020	2021	2022	2023	2024	2025
1-on-1 counseling	28	28	29	22	25	27	27	28
Presentations	1.1	1.3	1.1	0.6	0.6	0.6	0.7	0.8
Written estimates	31	34	31	27	29	27	24	22

1. Trend analysis is based on 31 systems that provided 8 consecutive years of data.

Between 2018 and 2025 your digital reach increased 7.5% per year. The digital reach of peers with eight consecutive years of data increased by 2.2% per year in the same period.



	2018	2019	2020	2021	2022	2023	2024	2025
You	46%	45%	45%	48%	68%	71%	74%	76%
Peer Avg [1]	66%	68%	70%	72%	74%	74%	75%	77%
All Avg [1]	60%	63%	65%	68%	70%	70%	72%	75%

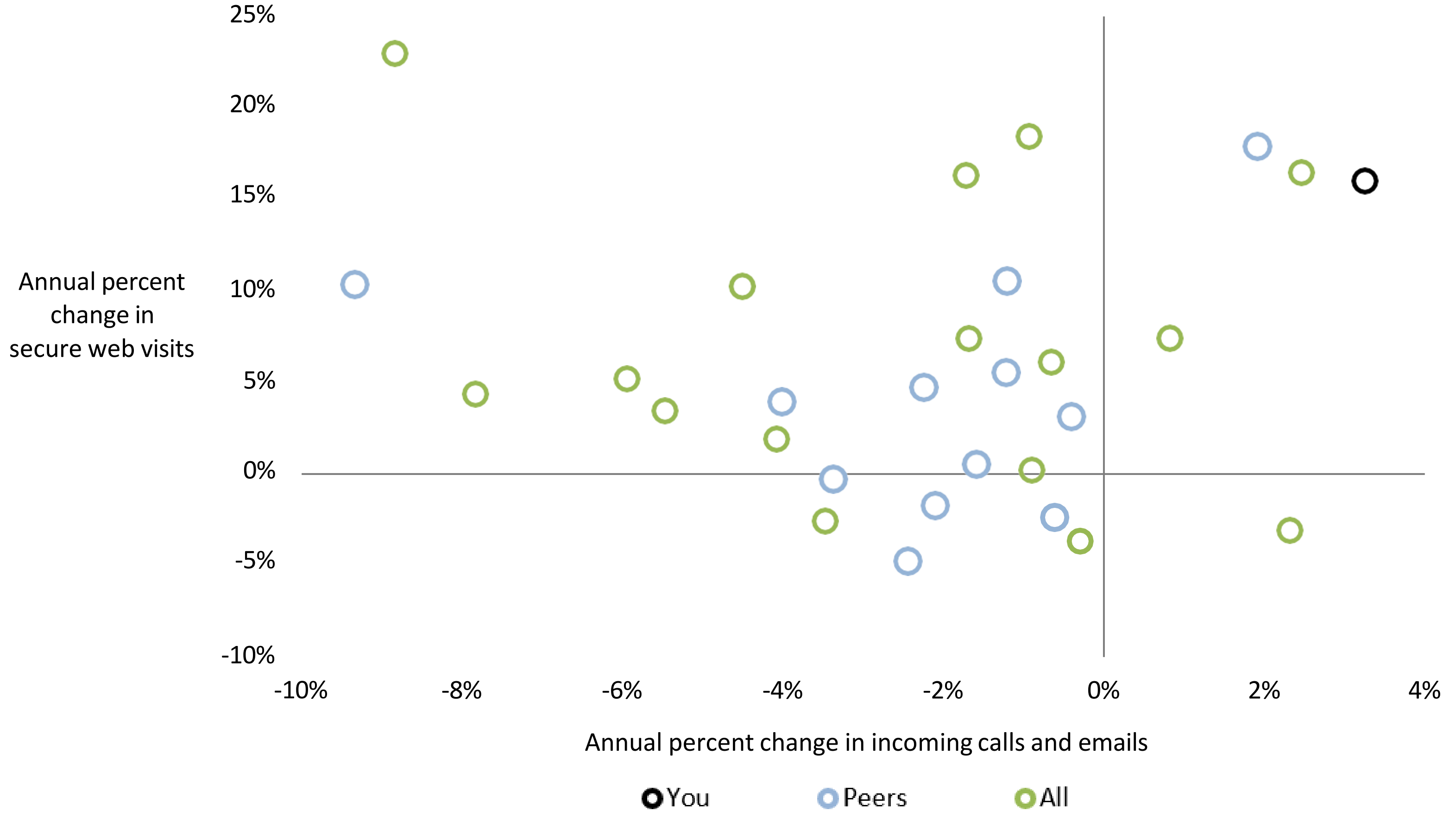
1. Trend analysis is based on systems that have provided 8 consecutive years of data (12 of your 14 peers and 28 of the 46 systems in the universe).

Digital reach measures the proportion of your self-service volumes versus self-service and assisted service transactions, as follows.

Digital reach	
Activity	Volume
Total secure website visits (A)	1,227,119
Incoming calls (B)	211,595
Incoming emails/secure messages (C)	27,721
Incoming mail (D)	147,156
Digital reach [A / (A + B + C + D)]	76%

62% of plans with eight consecutive years of data have increased secure web visits while decreasing incoming call and email volumes.

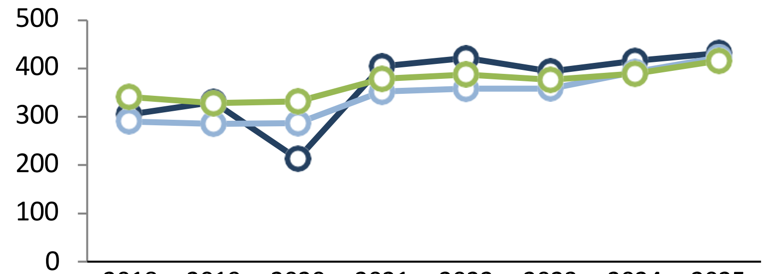
Annual percent change[1] in secure web visits versus incoming calls [2] in the last 8 years.



1. Trend analysis is based on systems that have provided 8 consecutive years of data (13 of your 14 peers and 32 of the 46 systems in the universe).
2. Volumes are calculated per 1,000 active members and annuitants.

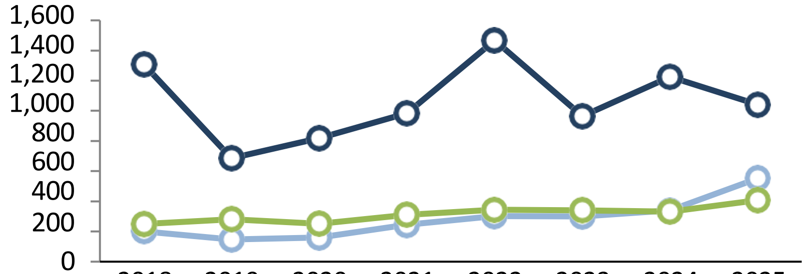
The nature of member calls has changed in the last eight years.

Time on Call, in Seconds



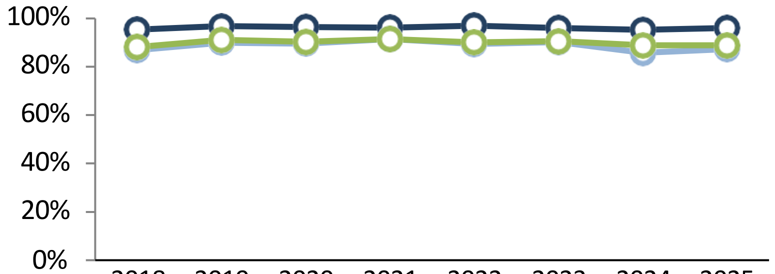
	2018	2019	2020	2021	2022	2023	2024	2025
You	305	331	213	405	422	394	416	432
Peer Avg [1]	291	286	287	352	358	359	393	423
All Avg [1]	341	329	332	379	388	377	389	416

Call Wait Time, in Seconds



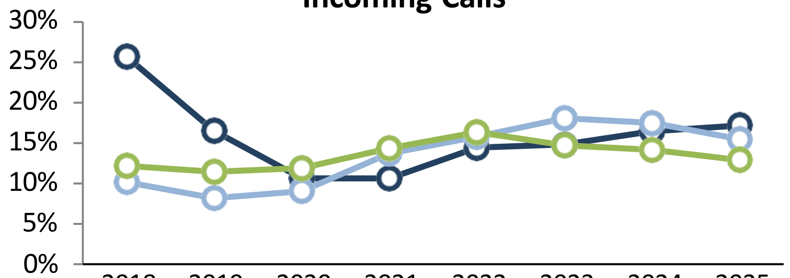
	2018	2019	2020	2021	2022	2023	2024	2025
You	1308	686	818	984	1467	965	1225	1041
Peer Avg [1]	201	147	161	244	302	299	339	553
All Avg [1]	250	282	252	311	344	341	332	408

Percentage of calls satisfied by the first contact



	2018	2019	2020	2021	2022	2023	2024	2025
You	95%	97%	97%	96%	97%	96%	95%	96%
Peer Avg [1]	87%	90%	90%	91%	89%	90%	86%	87%
All Avg [1]	88%	91%	90%	91%	90%	91%	89%	89%

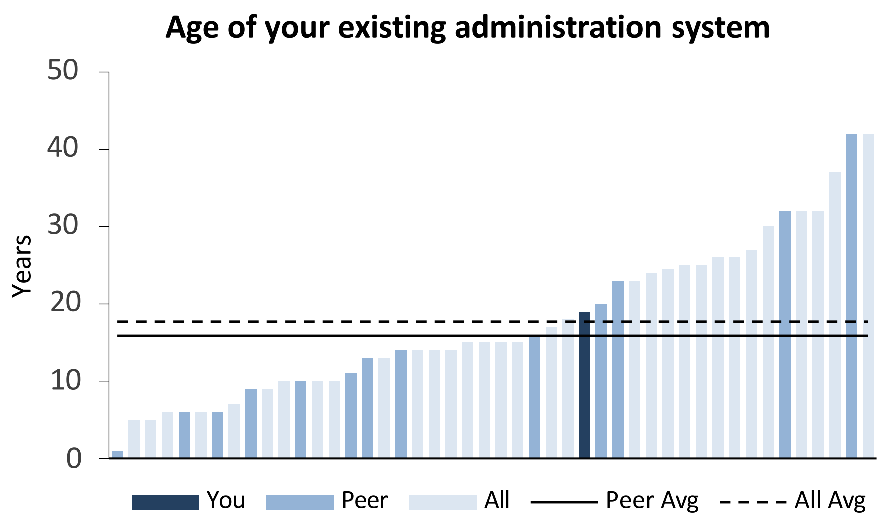
Undesired Call Outcomes as a Percent of Incoming Calls

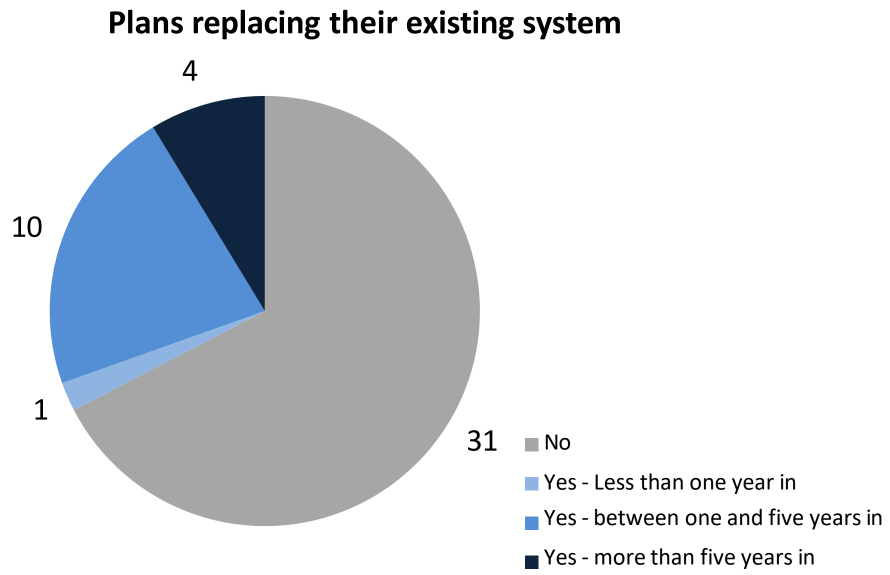


	2018	2019	2020	2021	2022	2023	2024	2025
You	26%	17%	11%	11%	14%	15%	16%	17%
Peer Avg [1]	10%	8%	9%	14%	16%	18%	17%	15%
All Avg [1]	12%	11%	12%	14%	16%	15%	14%	13%

1. Trend analysis is based on systems that have provided 8 consecutive years of data (13 of your 14 peers and 32 of the 46 systems in the universe).

You are replacing your existing pension administration system. A total of 15 systems are replacing their administration system.





The core pension administration system:

- For 37% of plans, the current system was built in-house.
- For 48% of plans, the current system was built a third-party.
- For 15% of plans, their in-house solution was built by a third-party.

System customization:

- 30% of plans whose current system is third-party, required greater than 90% customization on the third-party solution.
- On average, 58% customization was required on third-party solutions.

Plans are approaching AI in a practical and controlled manner.

- Industry sentiment on AI has evolved from enthusiasm to a measured, realistic perspective.
- Plans prioritize incremental AI enhancements over high-risk, transformative projects.

A general industry approach to AI

- Start with contained, low-risk AI use cases to build expertise and reduce potential risks.
- Restricting AI access to verified, authoritative data ensures accuracy, compliance, and reduces misinformation.
- Using cloud platforms, low-code tools, and robotic process automation accelerates AI deployment and scaling.
- Evaluate projected versus actual return on investments.

Where plans see value:

- Staff productivity support (e.g., writing and formatting, meeting transcripts, code reviews, etc.)
- Call transcription, post-call summaries, and quality assessments to reduce handle time and improve depth of quality assurance assessments.
- Document management. Aggregation of internal documents into discrete repositories, with meta data, so staff can easily query these repositories for the data they need.
- Workflow management. Guide workflow within internal systems.

THANK YOU

Christopher Doll

Co-Head, Client Coverage

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ChrisD@explorecem.com

explorecem.com

James West

Senior Analyst

–

James@explorecem.com

explorecem.com

B.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. **Notice of Rulemaking Expiring Side Accounts**
2. Notice of Rulemaking EIF Matching Funds Prioritization
3. Adoption of Rulemaking OSGP Loan Program updates
4. Adoption of Rulemaking PHIP Dental Standalone update
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C. Action and discussion items

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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

July 24, 2026

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking for Rules Regarding Side Accounts

OAR 459-009-0086 *Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Establish clear administrative procedures for the treatment, reconciliation, and closure of side accounts approaching the end of their amortization schedules, including the disposition of remaining balances and resolution of negative balances.
- Policy Issue: None identified.

BACKGROUND

Employer side accounts established under ORS 238.229 are used to reduce employer pension contribution rates through the transfer of amortized amounts from the side account to the employer reserve account. Existing administrative rules establish how side accounts are created, funded, amortized, and credited with earnings and losses. However, the rules do not expressly address the administration of a side account when the side account balance is exhausted or reduced below zero before completion of the side account's amortization schedule, nor do they address the disposition of a remaining credit balance at the conclusion of the amortization schedule.

PERS is now beginning to see the first significant group of side accounts approaching the end of their amortization schedules. As a result, staff have identified the need for administrative rule amendments that expressly address the treatment of side accounts that become depleted before completion of the amortization schedule, the disposition of remaining balances at the end of the amortization schedule, and the closure of side accounts following completion of the annual earnings allocation process.

Under the current side account structure, amortized amounts are transferred from the side account to the employer reserve account throughout the amortization period. Side accounts are also credited with earnings and losses in accordance with OAR 459-007-0530. Because of the annual earnings allocation process, the final balance of a side account may not be known until completion of the annual earnings allocation applicable to the final calendar year of the amortization schedule. As a result, a side account may appear depleted before the final annual earnings allocation has been completed.

The proposed amendments establish a process for administering side accounts that are reduced to zero or a negative balance during the amortization period. Under the amendments, the employer rate offset attributable to the side account would cease effective the first day of the month following depletion of the side account, and the side account would be designated as inactive.

The proposed amendments also clarify the treatment of employer reporting submitted after a side account becomes inactive. Although the employer rate offset attributable to an inactive side account would cease for payroll periods beginning on or after the effective date of the inactive status, employers may continue to submit payroll reports and payroll corrections relating to earlier payroll periods. Under the proposed amendments, PERS may continue to apply side account rate offsets and make associated adjustments attributable to payroll periods that occurred before the side account became inactive. This clarification ensures that employers receive the same side account treatment for historical payroll periods regardless of whether payroll information or corrections are submitted before or after the side account is designated inactive.

An inactive side account would remain open until completion of the annual earnings and losses allocation applicable to the final calendar year of the side account's amortization schedule. Following completion of the annual earnings allocation process, PERS would determine the final reconciled balance of the side account. If the final reconciled balance is negative, PERS would invoice the employer for the amount necessary to restore the side account balance to zero. If the final reconciled balance is positive, the remaining balance would be administered in accordance with the provisions described below. Upon completion of these actions, the side account would be administratively closed.

The proposed amendments also establish procedures for the disposition of a remaining credit balance at the conclusion of a side account amortization schedule. If the remaining credit balance equals or exceeds 35 percent of the employer payroll amount used in the employer's most recent actuarial valuation, the employer may elect either to establish a new side account using the remaining balance or transfer the remaining balance to another existing side account, subject to applicable side account notice and rate-adjustment requirements. The 35 percent threshold was selected because participating employers' annual PERS contribution requirements average approximately 35 percent of payroll. As a result, a remaining balance equal to a greater than 35 percent of payroll generally represents approximately one year of employer contributions and is sufficiently large to provide meaningful future rate relief through re-amortization. Conversely, where the remaining balance is less than 35 percent of payroll, staff determined that the balance is generally insufficient to support a meaningful re-amortization period and rate offset. In those circumstances, the proposed amendments provide that the remaining balance will be credited to the employer in a manner determined by PERS.

Lastly, the proposed amendments further clarify that no administrative fee will be charged for any calendar year following the last calendar year in which an amortized amount was transferred from the side account to an employer reserve account. This change aligns the assessment of administrative fees with the period during which a side account is actively providing employer rate relief.

These amendments are intended to provide a clear and consistent administrative process for the administration and closure of side accounts nearing the end of their amortization schedule, including the cessation of future rate offsets, treatment of historical payroll corrections, reconciliation of final side account balances, resolution of negative balances, and disposition of residual credit balances at the conclusion of a side account amortization schedule.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on August 18, 2026, at 2:00 p.m. The public comment period ends August 21, 2026, at 5:00 p.m.

IMPACT

Mandatory: No

Benefit: Provide a clear and consistent administrative process for the administration and closure of side accounts nearing the end of their amortization schedule.

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

RULEMAKING TIMELINE

July 23, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
July 24, 2026:	PERS Board notified that staff began the rulemaking process.
August 3, 2026:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.
August 18, 2026:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
August 21, 2026:	Public comment period ends at 5:00 p.m.
September 25, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

NEXT STEPS

A rulemaking hearing will be held remotely on August 18, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the September 25, 2026, board meeting.

B.1. Attachment 1 – OAR 459-009-0086 *Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally*

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

459-009-0086

Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally

(1) Definitions. For the purposes of this rule:

(a) "Amortized amount" means the amount of a side account used to offset pension contributions due from the employer.

(b) "Employer actuarial pool" means a grouping of employers for actuarial purposes such as the School District Pool and the State and Local Government Rate Pool.

(c) "Fair value UAL" means the unfunded actuarial liability calculated using the fair market value of assets.

(d) "Side account" means an account in the Public Employees Retirement Fund into which a UAL lump-sum payment that is not used to satisfy a transition liability is deposited.

(e) "Transition liability" means the unfunded actuarial liability attributed to an individual employer for the period before entry into the State and Local Government Rate Pool.

(f) "Transition surplus" means the actuarial surplus attributed to an individual employer for the period before entry into the State and Local Government Rate Pool.

(g) "Unfunded actuarial liability" or "UAL" means the excess of the actuarial liability over the actuarial value of assets for the specified pension program.

(h) "UAL lump-sum payment" means any employer payment that is:

(A) Not regularly scheduled;

(B) Not paid as a percentage of salary;

(C) Made for the express purpose of reducing the pension contributions that would otherwise be required from the employer, or reducing or paying off the employer's transition liability; and

(D) Paid at the employer's election instead of at the PERS Board's direction.

(2) A UAL lump-sum payment must be made by either wire transfer or check payable to the Public Employees Retirement System.

(3) An employer may make a UAL lump-sum payment to pay 100 percent of its transition liability.

(4) A UAL lump-sum payment shall first be applied to the employer's transition liability, if any. The remainder of the payment, if any, shall be held in a side account.

(5) An actuarial calculation must be performed prior to an employer making a UAL lump-sum payment if the employer:

(a) Has a transition liability;

(b) Intends to establish a new side account with rate relief beginning on a date specified by the employer;

(c) Requests an actuarial calculation where a calculation is not otherwise required; or

(d) Intends to make a lump sum payment pursuant to (9) of this rule.

(6) The amount of a UAL lump-sum payment that is held in a side account will be used to reduce the pension contributions that would otherwise be required from the employer making the UAL lump-sum payment. The amortized amount for each payroll reporting period shall be transferred from the side account to the appropriate employer reserve account.

(7) The minimum UAL lump-sum payment required to establish a new side account is the lesser of:

(a) 25 percent of the individual employer's UAL calculated under OAR 459-009-0084 or 459-009-0085; or

(b) $250,000.

(8) An employer with one or more existing side accounts may make additional UAL lump-sum payments into such side account(s).

(a) An employer may not make more than two additional UAL lump-sum payments per side account in a calendar year.

(b) Additional UAL lump-sum payments into an existing side account will not affect the amortization period of the existing side account.

(c) Adjustment to the employer's contribution rates from a UAL lump-sum payment into an existing side account will be effective on July 1 of the calendar year following completion of the actuarial valuation for the year in which the additional deposit is made.

(9) An employer making a UAL lump-sum payment equal to or greater than $10 million, not sourced from a pension obligation bond, must establish a new side account for the lump-sum payment if it:

(a) Elects an amortization period of 6 years, 10 years, or 16 years; or

(b) Chooses the year in which to begin the employer rate offset.

(10) Each employer side account shall be charged an administration fee of $1,500 for the year in which the side account is established, and $500 per year thereafter. **No administrative fee shall be charged for any calendar year following the last calendar year in which an amortized amount was transferred from the side account to an employer reserve account under section (6) of this rule.**

(11) Side accounts shall be credited with earnings and losses in accordance with OAR 459-007-0530.

(12) If, during a month, the balance of a side account is reduced to zero or a negative amount after application of the monthly amortized amount and earnings or losses under section (11) of this rule:

(a) The employer rate offset attributable to the side account shall cease effective the first day of the following month;

(b)The side account shall thereafter be considered inactive. The employer rate offset attributable to the side account shall not apply to payroll periods beginning on or after the effective date of the inactive status. PERS may continue to apply rate offsets and make adjustments attributable to payroll periods before the effective date of the inactive status, including adjustments resulting from corrected payroll reporting or other employer reporting corrections;

(c) An inactive side account shall continue to receive earnings and losses under section (11) of this rule through the end of the applicable amortization schedule and through completion of the final annual earnings and loss allocation for the final calendar year of the amortization schedule;

(d) Following completion of the final annual earnings and loss allocation described in subsection (c) of this section:

(A) if the side account has a negative balance, PERS shall invoice the employer for the amount necessary to restore the side account balance to zero;

(B) if the side account has a remaining credit balance, the remaining balance shall be administered in accordance with section (13) of this rule;

(C) if the side account balance is zero, the side account shall be administratively closed.

(e) An employer shall remit payment of an invoiced amount under subsection (d)(A) of this section within the time period established by PERS.

(f) Upon completion of the actions required under subsection (d) of this section, the side account shall be administratively closed.

(13) At the end of a side account amortization schedule, if a side account has a remaining credit balance and:

(a) If the remaining credit balance is equal to or greater than 35 percent of the employer payroll amount used in the employer's most recent actuarial valuation, the employer may elect to:

(A) Establish a new side account using the remaining credit balance, subject to the applicable requirements of OAR 459-009-0085 for establishment of a new side account; or

(B) Transfer the remaining credit balance into another existing side account of the employer, subject to the applicable requirements of OAR 459-009-0085 for deposits into an existing side account.

(b) A transfer or establishment under subsection (a) of this section shall be treated as a UAL lump-sum payment for purposes of determining the effective date of any resulting employer contribution rate adjustment under OAR 459-009-0085(7).

(c) An employer election under subsection (a) of this section must be made in the manner and within the time period prescribed by PERS.

(d) If the remaining credit balance is less than 35 percent of the employer payroll amount used in the employer's most recent actuarial valuation, the remaining credit balance shall be credited to the employer in a manner determined by PERS.

(1**4***[2]*) Nothing in this rule shall be construed to prevent the PERS Board from taking action pursuant to ORS 238.225.

(1**5***[3]*) Nothing in this rule shall be construed to convey to an employer making a

UAL lump-sum payment any proprietary interest in the Public Employees Retirement Fund or in the UAL lump-sum payment made to the fund by the employer.

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.225 - 238.229
History:
PERS 10-2019, amend filed 12/06/2019, effective 12/06/2019
PERS 6-2019, temporary amend filed 08/16/2019, effective 08/16/2019 through 02/11/2020
PERS 11-2018, amend filed 10/05/2018, effective 10/05/2018
PERS 5-2018, temporary amend filed 06/01/2018, effective 06/01/2018 through 11/27/2018
PERS 9-2017, adopt filed 12/01/2017, effective 12/01/2017

B.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
2. **Notice of Rulemaking EIF Matching Funds Prioritization**
3. Adoption of Rulemaking OSGP Loan Program updates
4. Adoption of Rulemaking PHIP Dental Standalone update
5. Adoption of Rulemaking Acceptable Electronic Signatures
6. Adoption of Rulemaking LWOP and Creditable Service

C. Action and discussion items

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July 24, 2026

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking for Employer Incentive Fund Program Rule

OAR 459-009-0092 *Employer Incentive Fund Program*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Clarify how PERS administers Employer Incentive Fund (EIF) applications when available matching funds are insufficient to fully match an approved employer unfunded actuarial liability (UAL) lump-sum payment commitment and establish procedures for allocating subsequently available matching funds during the same application period.
- Policy Issue: None identified.

BACKGROUND

Under the Employer Incentive Fund Program, approved employers may receive matching funds in connection with qualifying UAL lump-sum payments. Applications are processed in the order received and matching funds are allocated until available EIF funds are exhausted.

The current rule provides that, when available EIF funds are insufficient to fully match an employer's approved UAL lump-sum payment commitment, only available monies will be used in the match. However, the current rule does not establish procedures for administering the unmatched portion of an approved commitment or for allocating subsequently available EIF funds to employers whose approved commitments could not be fully matched at the time of initial application.

The proposed amendments establish a process for administering partially matched applications. When available EIF funds are insufficient to fully match an approved UAL lump-sum payment commitment, the amendments provide that the unmatched portion of the approved commitment will be placed on the EIF waiting list according to the order in which the employer's application was received. This preserves the employer's original application priority for purposes of receiving any additional matching funds that may become available during the application period.

The amendments further clarify that employers are not required to submit the unmatched portion of an approved UAL lump-sum payment commitment while that unmatched portion remains on the waiting list. If additional EIF funds become available, PERS will allocate those matching funds according to waiting-list priority and notify affected employers to arrange for applicable payment due date.

The amendments are expected to improve administration of the EIF program and provide greater clarity and predictability to participating employers.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on August 18, 2026, at 2:00 p.m. The public comment period ends August 21, 2026, at 5:00 p.m.

IMPACT

Mandatory: No

Benefit: Improve administration of the EIF program and provide greater clarity and predictability to participating employers.

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

RULEMAKING TIMELINE

July 23, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
July 24, 2026:	PERS Board notified that staff began the rulemaking process.
August 3, 2026:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.
August 18, 2026:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
August 21, 2026:	Public comment period ends at 5:00 p.m.
September 25, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

NEXT STEPS

A rulemaking hearing will be held remotely on August 18, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the September 25, 2026, board meeting.

B.1. Attachment 1 – OAR 459-009-0092 *Employer Incentive Fund Program*

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

459-009-0092

Employer Incentive Fund Program

The words and phrases used in this rule have the same meaning given them in OAR 459-009-0086.

(1) When the PERS Board determines that a sufficient amount of money has been allocated to the Employer Incentive Fund, it shall open an application period by declaring:

(a) The date upon which the application period shall open; and

(b) The total amount of funds available for matching employer UAL lump-sum payments during the application period.

(2) The application period shall end at the earlier of:

(a) 12 months after the application period start date; or

(b) Once all funds available for matching employer UAL lump-sum payments declared in subsection (1)(b) of this rule have been paid out.

(3) Unless otherwise specified in this rule, all the requirements and timelines established in OAR 459-009-0084, 459-009-0085, and 459-009-0086 apply to UAL lump-sum payments made in association with the Employer Incentive Fund Program.

(4) During the first 90 days of an application period, applications for the Employer Incentive Fund Program will only be open to employers with an unfunded actuarial liability greater than 200 percent of the employer’s PERS payroll. After the first 90 days have expired, applications will be open to all PERS participating employers.

(5) A PERS employer seeking participation in the Employer Incentive Fund Program must submit an application to PERS and provide:

(a) The amount of the UAL lump-sum payment. The amount eligible for matching funds excludes:

(A) Side account deposits of less than $25,000; and

(B) Any amount that will be applied to any outstanding transition liability;

(b) The date the employer made, or intends to make, the UAL lump-sum payment. Such date must be:

(A) No earlier than June 2, 2018; and

(B) No later than 12 months after the date the application period opens;

(c) A statement that the UAL lump-sum payment is not sourced from any type of borrowed funds;

(d) The information required under OAR 459-009-0084(2)(c), if the employer is making a UAL lump-sum payment under OAR 459-009-0084(2); and

(e) Proof of participation in the Unfunded Actuarial Liability Resolution Program as provided under OAR 459-009-0091.

(6) PERS shall allocate a match amount equal to 25 percent of the eligible employer UAL lump-sum payment amount indicated in subsection (5)(a) of this rule upon approval of the employer's application; however, such allocated match amount may not exceed the greater of:

(a) Five percent of the unfunded liability attributable to the employer applying to participate in the Employer Incentive Fund Program; or

(b) $300,000.

(7) For the purposes of sections (4) and (6) of this rule, the unfunded actuarial liability calculated by the PERS consulting actuary for the most recent actuarial report prepared under ORS 238.605 as of the application period start date will be used.

(8) Notwithstanding section (6) of this rule, in the event that moneys in the Employer Incentive Fund are not sufficient to match the entire 25% of an employer's UAL lump-sum payment commitment**:** *[, only available moneys will be used in the match.]*

(a) Only available moneys will be used in the initial match allocation;

(b) The unmatched portion of the employer's UAL lump-sum payment commitment shall automatically be placed on the waiting list established under section (12) of this rule in the order in which the employer's application was received;

(c) The employer shall not be required to make the unmatched portion of the UAL lump-sum payment commitment unless and until PERS notifies the employer that matching funds have become available for that unmatched portion.

(9) PERS shall process the applications and allocate matching funds based upon the order in which the applications are received.

(10) Except as otherwise provided in this rule, an employer will fail to qualify to participate in the Employer Incentive Fund Program, thereby forfeiting any allocated matching funds, if PERS does not receive the UAL lump-sum payment the employer has committed under subsection (5)(a) of this rule on the due date specified in the application. An employer may change, subject to PERS' discretion and approval:

(a) The amount of the UAL lump-sum payment indicated in its application.

(A) If the UAL lump-sum payment amount is increased, only the original amount will be eligible for matching funds; and

(B) If the UAL lump-sum payment amount is decreased:

(i) The new amount must be at least $25,000; and

(ii) Any allocated matching funds will be decreased proportionately.

(b) The date of the UAL lump-sum payment indicated in its application.

(A) The employer must notify PERS at least five business days before the date the employer indicated it would make the payment; and

(B) The new payment date must be within 12 months after the date the application period opened.

(c) The rate offset date or UAL lump-sum payment amount for employers making UAL lump-sum payments under OAR 459-009-0084.

(A) The employer will need to request and pay for a new actuarial calculation; and

(B) The UAL lump-sum payment must be made within 12 months after the date the application period opens to remain eligible to receive matching funds.

(11) An employer must notify PERS and receive approval from PERS if it intends to make the UAL lump-sum payment prior to the payment due date under subsection (5)(b) or (10)(b) of this rule.

(12) Once all the funds identified in subsection (1)(b) of this rule have been allocated, employers *[applying for matching funds]* **whose applications have not received any matching allocation and employers whose approved UAL lump-sum payment commitments have only been partially matched under section (8) of this rule,** will be placed on a waiting list **based upon the order in which the applications were received**.

(a) If moneys become available again during the same application period, the employers on the waiting list will receive matching allocations based upon the order in which their applications were received.

(b) If additional moneys become available on the last day of the application period, employers on the waiting list that are notified they will receive a matching allocation will have an additional five days to submit their UAL lump-sum payment.

(c) For employers on the waiting list whose approved UAL lump-sum payment commitments have only been partially matched, PERS shall notify the employer when matching funds become available for all or a portion of the unmatched UAL lump-sum payment commitment and shall establish a new payment due date applicable to that unmatched portion, subject to subsection (12)(b) of this rule.

(13) Notwithstanding section (2) of this rule, the Board is extending the EIF employer lump-sum payment deadline from December 1, 2020 to March 31, 2023, only for the waitlisted employers from the application cycle established on September 3, 2019. Notwithstanding paragraph (10)(b)(B) of this rule, waitlisted employers that wish to extend their payment deadline under this section of the rule must notify PERS of the new payment date at least five business days before the date the employer indicated it would make the payment, and the new payment date must be no later than March 31, 2023. An employer must notify PERS and receive approval from PERS if it intends to make the lump-sum payment prior to the new payment date noticed under this section of the rule.

(14) OAR 459-009-0084(8), 459-009-0085(4) and (5), and 459-009-0086(7) do not apply to UAL lump-sum payments receiving matching funds under this rule.

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

Statutes/Other Implemented: ORS 238.225 - 238.229

B.

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July 24, 2026

TO: Members of the PERS Board

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

SUBJECT: Adoption of rulemaking- the Oregon Savings Growth Plan (OSGP) Loan Program Rule

OAR 459-050-0077 *Loan Program*

OVERVIEW

- Action: Adoption of OSGP Loan Program update.
- Reason: To allow members to repay their OSGP loans using ACH (automated clearing house) payment method.

BACKGROUND

The Oregon Savings Growth Plan (OSGP) includes a participant loan program that allows eligible participants to borrow against their vested account balances in accordance with Internal Revenue Code (IRC) Section 72(p). Under the current rule, loan repayments are required to be made through employer payroll deduction.

Reliance on payroll deduction as the sole repayment mechanism creates several operational and compliance challenges. When a participant separates from employment with the employer responsible for processing payroll deductions, loan repayment ceases, and the loan is treated as in default unless repaid within the applicable cure period. In addition, the payroll-based repayment model requires ongoing coordination between participating employers, their payroll systems, and the plan's third-party administrator (TPA), increasing administrative complexity and the risk of missed or delayed payments.

The proposed amendments to OAR 459-050-0077 introduce automated clearing house (ACH) debits as an additional repayment option. Allowing ACH repayment provides participants with a continuous repayment mechanism that is not dependent on employer payroll system. This change is intended to reduce the likelihood of loan defaults due to employment separation and to streamline administration by reducing reliance on employer payroll processes and data exchange.

The amendments also clarify participant responsibility for timely loan repayment regardless of the repayment method, establish procedures for addressing missed or failed ACH payments, and authorize the program or TPA to reinitiate ACH debits consistent with applicable operating rules. In addition, the rule clarifies that participants who have an outstanding loan that has been treated as a deemed distribution and not repaid are ineligible for a new loan.

Finally, the amendments modify the current restriction that requires a 12-month waiting period after repayment of a loan before a participant may obtain a new loan. Under the proposed rule amendment, participants who have fully repaid an existing loan may apply for a new loan without a waiting period, aligning the program more closely with participant needs while maintaining appropriate safeguards.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on June 23, 2026, at 2:00 p.m. The public comment period ended June 26, 2026, at 5:00 p.m. No comments were received.

IMPACT

Mandatory: No

Benefit: Providing greater flexibility in loan repayment options for the plan participants and reducing administrative burden for the employers

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

RULEMAKING TIMELINE

May 25, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 29, 2026:	PERS Board notified that staff began the rulemaking process.
June 1, 2026:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. The public comment period began.
June 23, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
June 26, 2026:	Public comment period ended at 5:00 p.m.
July 24, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt modifications to the OSGP loan program 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.3. Attachment 1 – OAR 459-050-0077 *Loan Program*

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

459-050-0077

Loan Program

(1) Definitions. For purposes of this rule:

(a) “Automated Clearing House (ACH)” means an electronic funds transfer system that enables the transfer of funds between financial institutions through a centralized network, used for the purpose of processing loan repayments from a participant’s designated financial account.

(**b***[a]*) “Cure period” is that time from when a default occurs until the end of the quarter following the quarter in which the default occurred.

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

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

(**e***[d]*) “Loan balance” means the outstanding principal and accrued interest due on the loan.

(**f***[e]*) “Participant Loan” means a loan that affects the Deferred Compensation Account, Designated Roth Account, or a combination of both, of a participant.

(**g***[f]*) “Promissory note” means the agreement of loan terms between the Program and a participant. **A promissory note may include authorization for repayment by payroll deduction or by automatic electronic funds transfer through an Automated Clearing House (“ACH”)**

(**h***[g]*) “Third Party Administrator (TPA)” means the entity providing record keeping and administrative services to the Program.

(2) Eligibility for loan. Participants who are currently employed by a Plan Sponsor that has agreed to participate in a Participant Loan program are eligible for a Participant Loan. Retired participants, participants separated from employment, designated beneficiaries, and alternate payees are not eligible.

(3) Application for loan: A participant must apply for a loan and meet the requirements set forth in this rule.

(a) Once a loan is approved, a participant must execute a promissory note in the form prescribed by the Program.

(b) If a participant is deceased before the disbursement of the proceeds of a loan, the participant's loan application shall be void as of the date of death.

(4) Loan Types:

(a) General purpose loan — a loan not taken for the purpose of acquiring a principal residence. General purpose loans must be repaid over a non-renewable repayment period of up to five years.

(b) Residential loan — a loan made for the purpose of acquiring a principal residence, which is, or within a reasonable time shall be, the principal residence of the participant. Residential loans must be repaid over a non-renewable repayment period of up to 15 years. A refinancing does not qualify as a residential loan. However, a loan from the Program that will be used to repay a loan from a third party will qualify as a residential loan if the loan would qualify as a residential loan without regard to the loan from the third party.

(5) Interest Rate: The rate of interest for a loan shall be fixed at one percent (1%) above the prime interest rate as published by the Wall Street Journal on the last business day of the month before the month in which the loan is requested.

(6) Loan Fees: A loan fee of $75.00 shall be assessed when the loan is approved. The fee shall be deducted from a participant's deferred compensation account on a pro-rata basis from existing investments.

(7) Loan Limitations:

(a) The maximum loan amount is the lesser of:

(A) $50,000; or

(B) One-half of the combined value of the participant's Deferred Compensation Account and the Designated Roth Account on the date the loan is made.

(b) The minimum loan amount is $1,000.

(c) A participant may only have one outstanding loan.

(d) A participant who has received a loan may not apply for another loan until *[12 months from the date]* the previous loan was paid in full.

(e) No loan may be issued to a participant if the participant has any Participant Loan that has been treated as a deemed distribution under section (11) of this rule and that has not been repaid or cancelled.

(8) Source of Loan: The loan amount will be deducted from a participant's Deferred Compensation Account, Designated Roth Account, or a combination of both.

(a) Loan amounts will be deducted first from the Deferred Compensation Account.

(b) Loan amounts will be deducted pro-rata from existing investments in a participant's account(s).

(c) A participant may not transfer a loan to or from another retirement or deferred compensation plan.

(9) Repayment Terms: The loan amount will be amortized over the repayment period of the loan with interest compounded daily to calculate a level payment for the duration of the loan.

(a) **A participant may elect loan payments by payroll deduction or by automatic electronic transfer through ACH authorization.** *[Loan payments must be made by payroll deduction.]* To receive a loan from the Program a participant must enter into a payroll deduction agreement **or, if electing ACH repayment, execute an ACH authorization agreement.** For the purposes of this rule, a promissory note or other document that includes the payroll deduction amount **or ACH transfer amount** and is signed by a participant as a requirement to obtain a loan may be a payroll deduction agreement **or ACH authorization agreement**. Except as provided in this rule, a participant may not submit a loan payment directly to the Program or the Third Party Administrator.

(**b**) A participant is responsible for loan repayment even if the employer fails to deduct or submit payments as directed under the payroll deduction agreement **or if a scheduled payment is not completed under an ACH authorization**. To avoid defaulting on a loan **due to a missed or failed payment, the participant must cure the payment by submitting it in a form and manner acceptable to the Program or the Third Party Administrator, including but not limited to ACH resubmission, money order, or certified check**.*[by reason of the employer's failure to deduct or submit a payment a* *participant may submit a loan payment by sending a money order or certified check to the Third Party Administrator.]*

(c) The Program or TPA may reinitiate returned ACH debits in accordance with NACHA operating rules and Program procedures.

(**d***[c]*) A participant may repay the loan balance in a single payment at any time before the date the final loan payment is due.

(**e***[d]*) Partial payment of a scheduled payment and partial prepayment or advance payment of future payments may not be permitted.

(**f***[e]*) Loan payments will be allocated in a participant's account(s) in the same manner as the participant's current contribution allocation. If, for any reason, the allocation is not known, the payment will be allocated to the Stable Value Option.

(**g***[f]*) Any overpayment will be refunded to the participant.

(10) Leave of Absence. Terms of outstanding loans are not subject to revision except as provided in this section.

(a) Loan payments may be suspended up to one year during an authorized leave of absence if a participant's pay from the employer does not at least equal the payment amount.

(A) Interest on a loan continues to accrue during a leave of absence.

(B) A participant must immediately resume payments by payroll deduction **or ACH** upon return to work.

(C) The loan balance will be re-amortized upon the participant's return to work to be repaid within the remaining loan repayment period.

(D) Loan payments may be revised to extend the remaining loan repayment period to the maximum period allowed in the event the loan originally had a term shorter than the maximum period allowed under section (4) of this rule.

(E) If a participant is on a leave of absence that exceeds one year, the loan shall be in default unless repayment begins one year from the participant's last date worked or the date the final payment is due under the promissory note, whichever is earlier.

(b) Military Leave. Loan payments for participants on military leave may be suspended for the period of military service.

(A) A leave of absence for military service longer than one year will not cause a loan to be in default.

(B) Loan payments by payroll deduction **<u>or ACH</u>** must resume upon the participant's return to work.

(C) The original repayment period of a loan will be extended for the period of military service or to the maximum repayment period allowed for that type of loan, whichever is greater.

(D) Interest on a loan continues to accrue during a leave of absence for military service. If the interest rate on the loan is greater than 6%, then under the provisions of the Servicemembers Civil Relief Act of 2003, the rate shall be reduced to 6% during the period of military service.

(E) The loan balance will be re-amortized upon the participant's return to work to be repaid within the remaining loan repayment period as determined under paragraph (C) of this subsection.

(c) A participant on an authorized leave of absence or military leave may submit loan payments **<u>in a form and manner acceptable to the Program or the Third Party Administrator, including but not limited to electronic payment, money order, or certified check.</u>** *[by sending a money order or certified check to the Third Party Administrator.]*

(11) Tax Reporting.

(a) The loan balance of a general purpose loan will be reported as a taxable distribution to the participant on the earlier of the last day of the loan repayment period, as adjusted under paragraphs (10)(a)(D) or (10)(b)(C) of this rule, if applicable, or if the loan is in default, the last day of the cure period.

(b) The loan balance of a residential loan will be reported as a taxable distribution to the participant on the earlier of the last day of the loan repayment period, as adjusted under paragraphs (10)(a)(D) or (10)(b)(C) of this rule, if applicable, or if the loan is in default, the last day of the cure period.

(c) If a participant dies before the loan balance being repaid, and the participant's beneficiary does not repay the loan balance in a single payment within 90 days of the participant's death, the loan balance will be reported as a taxable distribution to the estate of the participant.

(d) If a participant is eligible to receive a distribution under the Program, the reporting of a loan balance as a taxable distribution under this section will cancel the loan at the time the taxable distribution is reported. A canceled loan is a distribution and is no longer outstanding in a participant's account.

(e) If a participant is not eligible to receive a distribution under the Program, a loan balance reported as a taxable distribution under this section will be a deemed distribution for tax reporting purposes. A loan deemed distributed may not be canceled until the loan balance is repaid or the participant becomes eligible to receive a distribution. The loan balance will remain outstanding in the participant's account and will continue to accrue interest until repaid or canceled.

(12) Default.

(a) A loan is in default if a payment is not paid as scheduled or under any of the provisions set forth in this rule, the promissory note, or any related loan agreement.

(b) A loan is in default if the participant separates from employment with the plan sponsor that administers the loan payment payroll deductions **and does not continue repayment through ACH**.

(c) If a participant with a loan in default resumes loan payments by payroll deduction **or ACH** before the end of the cure period, the default will be cured. The participant must pay any missed payments and accrued interest before the end of the loan repayment period.

(d) Except as provided in subsection (c) of this section, if the participant does not cure a default *[by repaying the loan balance]* before the end of the cure period, the loan balance will be reported as a taxable distribution to the participant as provided in section (11) of this rule.

(13) Notwithstanding any other sections of this rule, a participant who self-certifies through a process provided by the Deferred Compensation Program as a "qualified individual" as that term is defined in the Coronavirus Aid, Relief, and Economic Security Act of 2020, will have any repayment due date between March 27 and December 31, 2020 delayed for one year.

(a) A qualified individual means an individual:

(A) Who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;

(B) Whose spouse or dependent (as defined in section 152 of the Internal Revenue Code of 1986) is diagnosed with such virus or disease by such a test; or

(C) Who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury (or the Secretary's delegate).

(b) Interest will continue to accrue on the outstanding balance of the loan during the period of repayment delay.

Statutory/Other Authority: ORS 243.470

Statutes/Other Implemented: ORS 243.401–243.507 & Pub. L. No. 116-136

History:

PERS 3-2022, amend filed 03/28/2022, effective 03/28/2022

PERS 13-2020, amend filed 07/31/2020, effective 07/31/2020

PERS 7-2020, temporary amend filed 05/29/2020, effective 05/29/2020 through 11/24/2020

PERS 11-2014, f. & cert. ef. 7-25-14

PERS 10-2012, f. & cert. ef. 5-24-12

PERS 6-2011, f. & cert. ef. 8-4-11

PERS 8-2007, f. & cert. ef. 7-26-07

PERS 4-2007, f. 1-23-07, cert. ef. 5-1-07

B.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
2. Notice of Rulemaking EIF Matching Funds Prioritization
3. Adoption of Rulemaking OSGP Loan Program updates
4. **Adoption of Rulemaking PHIP Dental Standalone update**
5. Adoption of Rulemaking Acceptable Electronic Signatures
6. Adoption of Rulemaking LWOP and Creditable Service

C. Action and discussion items

1. Modernization update
2. PERS Heath Insurance Program (PHIP) 2027 rate adjustment approval
3. 2027-29 Agency Request Budget (ARB) recommendations
4. Presentation of December 31, 2025 system valuation results

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

July 24, 2026

TO: Members of the PERS Board

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

SUBJECT: Adoption of rulemaking- the PERS Health Insurance Program (PHIP) Dental Standalone and Enrollment timing Rule

OAR 459-035-0070 *Enrollment*

OVERVIEW

- Action: Adoption of PHIP rule updates.
- Reason: Update and clarify the PERS Health Insurance Program's (PHIP) health insurance and dental insurance enrollment timing and requirements.

BACKGROUND

The PERS Health Insurance Program (PHIP) rules establish eligibility and enrollment requirements for retirees and their eligible family members, including spouses, domestic partners, and dependents. Under the current rule, enrollment in PERS-sponsored health insurance and related coverage options is generally structured around coordinated enrollment timing and plan selection requirements for retirees and their eligible family members.

The existing rule contains several limitations that restrict flexibility for participants and may create unintended barriers to enrollment. These include requirements that eligible family members enroll at the same time as the retiree and restrictions linking dental plan enrollment to enrollment in a PERS-sponsored health insurance plan. In addition, the rule does not clearly address certain enrollment scenarios involving Medicare-eligible spouses or dependents, particularly where the retiree and spouse may have different coverage elections or timing considerations.

The proposed amendments to OAR 459-035-0070 are intended to clarify and expand enrollment pathways while maintaining administrative consistency. The amendments expressly allow certain eligible spouses to enroll in PHIP coverage independent of the retiree in limited circumstances, including when the spouse is enrolled in Medicare Parts A and B. The rule also clarifies that, where both the retiree and spouse are enrolled in Medicare-based coverage through PHIP, they must enroll in the same Medicare Companion Plan offered by the same carrier.

In addition, the amendments revised enrollment timing provisions by extending the period for applying following loss of other group health coverage from 30 days to 60 days, and by clarifying the applicability of existing enrollment windows tied to Medicare eligibility, Social Security award notices, and Board-designated open enrollment periods. These changes are intended to improve access to coverage while preserving clear and administrable enrollment standards.

The amendments further modify the rules governing dental plan enrollment. Specifically, they remove the requirement that an individual must be enrolled in a PERS-sponsored health insurance plan in order to enroll in a PERS-sponsored dental plan, thereby allowing stand-alone dental enrollment. The rule also clarifies that when multiple family members enroll in a dental plan, they must enroll in the same plan.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on June 23, 2026, at 2:00 p.m. The public comment period ended June 26, 2026, at 5:00 p.m. All public comments are included in attachment 2. PERS received two public comments on this rulemaking item.

Both comments are supportive of the proposed changes. The second comment also suggested further clarification regarding the requirement of being covered by another group health insurance plan for 24 consecutive months, suggesting that the language could be interpreted too literally (i.e. exactly 24 months, no more, no less). Staff have included clarifying language of "….at least 24 consecutive months…" in all three places the requirement is provided in the rule: (1)(b)(D), (1)(e)(B), and (1)(g)(C).

IMPACT

Mandatory: No

Benefit: The proposed changes are designed to increase flexibility for participants, address gaps and ambiguities in current enrollment provisions, and reduce administrative complexity by providing clearer and more consistent enrollment standards.

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

RULEMAKING TIMELINE

May 25, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 29, 2026:	PERS Board notified that staff began the rulemaking process.
June 1, 2026:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. The public comment period began.
June 23, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
June 26, 2026:	Public comment period ended at 5:00 p.m.

July 24, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt updates to the PERS Health Insurance Program.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the board choose Option #1.

B.4. Attachment 1 – OAR 459-035-0070 *Enrollment*
B.4. Attachment 2 – *Public Comments*

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 050 – HEALTH INSURANCE PROGRAMS

459-035-0070

Enrollment

(1) Enrollment requirements of PERS-sponsored health insurance plans for eligible persons are as follows:

(a) An eligible person must complete all applicable parts of the PERS Health Insurance Program Enrollment Request Form, and submit the form with all required supporting documents to the Third Party Administrator prior to the requested effective date of enrollment. The PERS Health Insurance Program Enrollment Request Form must:

(A) Indicate which plan is desired;

(B) List individually all dependents, including the spouse, that are to be enrolled; and

(C) Have signatures of all members, dependents over the age of 18, and spouses that are to be enrolled.

(b) An eligible person who is a retiree may enroll:

(A) Within 90 days of the retiree's effective date of retirement;

(B) Within 90 days of the date of submitting a service retirement application under OAR 459-015-0025(4)(c);

(C) Within 90 days of the date of the Disability Approval Letter generated under OAR 459-015-0025(5)(a);

(D) At any time if covered under another group health insurance plan for **at least** 24 consecutive months immediately preceding enrollment, provided that the application for enrollment is filed within **60***[30]* days of loss of coverage. Health care coverage under workers' compensation, Medicare or any other governmental entitlement program for health care do not qualify as other group health insurance coverage for purposes of this paragraph;

(E) Within 90 days of initial Medicare eligibility, if the retiree is enrolled in Parts A and B of Medicare;

(F) Within 90 days of the date of the Notice of Award letter issued by the Social Security Administration; or

(G) During an open enrollment period designated by the Board.

(c) Except as provided in subsections (f) and (g) of this section, an eligible spouse, dependent domestic partner, or dependent must be enrolled at the same time as the eligible retiree. An eligible spouse, dependent domestic partner or dependent enrolling in Parts A and B of Medicare must be enrolled in the **same** Medicare Companion Plan**,** *[offered by]***from** the same carrier**,** that cover*[s]* the eligible retiree.

(d) An eligible surviving spouse or dependent who is enrolled under the deceased retiree's plan at the time of death may continue coverage under that plan.

(e) An eligible surviving spouse or dependent who is not covered under the retiree's plan at the time of the retiree's death, may enroll:

(A) Within 90 days of the retiree's death;

(B) At any time if covered under another group health insurance plan for **at least** 24 consecutive months immediately preceding enrollment, provided that the application for enrollment is filed within *[30]***60** days of loss of coverage. Health care coverage under workers' compensation, Medicare or any other governmental entitlement program for health care do not qualify as other group health insurance plan coverage for purposes of this paragraph;

(C) Within 90 days of initial Medicare eligibility, if he or she is enrolled in Parts A and B of Medicare;

(D) Within 90 days of the date of the Notice of Award letter issued by the Social Security Administration; or

(E) During an open enrollment period designated by the Board.

(f) A new spouse, dependent domestic partner, or dependent may be enrolled:

(A) Within 30 days of becoming a spouse, a dependent domestic partner or dependent; and

(B) If enrolled in Parts A and B of Medicare, only in the **same** Medicare Companion Plan, *[offered by]* **from** the same carrier that covers the eligible retiree.

(g) An eligible retiree's spouse may enroll**:**

(A) W*[w]*ithin 90 days of initial Medicare eligibility, **if the spouse is enrolled in Parts A and B of Medicare, even though the retiree remains enrolled in a non-PERS health plan. In order for the spouse to remain enrolled, the retiree must join the spouse in the same plan from the same carrier as the spouse at the latest of the applicable enrollment periods described in paragraphs (1)(b)(D) and (E) of this rule;**

(B) Within 90 days of initial Medicare eligibility, if enrolled and Parts A and B of Medicare, only in the same Medicare Companion Plan, from the same carrier that covers the eligible retiree;

(C) At any time if covered under another group health insurance plan for at least 24 consecutive months immediately preceding enrollment, provided that the application for enrollment is filed within 60 days of loss of coverage. Health care coverage under workers' compensation, Medicare or any other governmental entitlement program for health care do not qualify as other group health insurance plan coverage for purposes of this paragraph;

(D) Within 90 days of the date of the Notice of Award letter issued by the Social Security Administration; or

(E) During an open enrollment period designated by the Board.

(2) Special enrollment requirements for dental insurance plans:

(a) Dental enrollment for retirees enrolled in PHIP health insurance

(A) An eligible person who is enrolled in a PERS-sponsored health insurance plan may enroll in a PERS-sponsored dental insurance plan. Enrollment in a PERS-sponsored dental insurance plan must be made within the applicable enrollment periods described in section (1) of this rule.

[(a) Only persons who are enrolled in a PERS-sponsored health insurance plan may enroll in a PERS-sponsored dental insurance plan. Enrollment in a PERS-sponsored dental insurance plan must be made under the enrollment conditions for the PERS-sponsored health insurance that are described in section (1) of this rule.]

*(b)***(B) If an eligible retiree and one or more eligible family members (spouse, dependent domestic partner, or dependent) elect to enroll in a PERS-sponsored dental insurance plan, all such enrolled individuals must enroll in the same PERS-sponsored dental insurance plan.**

(b) Stand-alone dental enrollment

(A) An eligible person who is not enrolled in a PERS-sponsored health insurance plan may enroll in a PERS-sponsored dental insurance plan independent of enrollment in a PERS-sponsored health insurance plan. Enrollment must be made within the

applicable enrollment periods described in section (1) of this rule, unless otherwise specified by the Board.

(B) If an eligible retiree and one or more eligible family members (spouse, dependent domestic partner, or dependent) elect to enroll in a PERS-sponsored dental insurance plan, all such enrolled individuals must enroll in the same PERS-sponsored dental insurance plan.

Statutory/Other Authority: ORS 238.410 & 238.650

Statutes/Other Implemented: ORS 238.410, 238.415 & 238.420

History:

PERS 8-2018, amend filed 08/03/2018, effective 08/03/2018

PERS 4-2015, f. & cert. ef. 3-30-15

PERS 14-2002, f. & cert. ef. 11-18-02

PERS 15-1998, f. & cert. ef. 12-17-98

PERS 4-1996, f. & cert. ef. 6-11-96

Public Comments

From: Jeff Von Allmen
To: MELLOR Joel * PERS
Subject: Public Comment on Updates and clarifications to the PERS Health Insurance Program (PHIP
Date: Tuesday, June 23, 2026 8:49:45 AM

We are writing in support of the proposed changes to PHIP OAR 459-035-0070. Specifically, the changes to (1)(g) (A thru E) as in regards to a retiree's Eligible Spousal Enrollment. The current rule as written requires an eligible spouse to enroll in PHIP at the same time as the retiree regardless of the eligible spouse's current employment or health insurance coverage. It requires an eligible spouse who may have other (possibly better) health insurance coverage i.e., an employer sponsored health plan, to enroll in a PHIP plan or forever become ineligible for PHIP.

We strongly urge the Board to vote for the proposed changes to OAR 459-035-0070.

Sincerely,

Jeffery and Jaylene Von Allmen

14490 SE 154th Dr
Clackamas, OR 97015
503-855-3705

From: Crooks, Amy L
To: MELLOR Joel * PERS
Subject: Regarding Rulemaking to Update PHIP Enrollment (OAR 459-035-0070)
Date: Thursday, June 25, 2026 9:05:10 AM

Hi Joel,

The proposed updates seem fair and consistent. I have some concern that the option to enroll after loss of other group coverage could be interpreted too literally. Current language says "...if covered under another group health insurance plan for 24 consecutive months..." I think the intent is better met with language that says "...if covered under another group health insurance plan for 24 consecutive months ***or more***..."

I am hoping the board opens up a special enrollment opportunity following the rule update. I have several clients who have been denied coverage since the transition to the Third Party Administrator even though they meet current enrollment requirements. For example, I have a legal spouse of a PERS retiree who is already covered under PHIP (Medicare). She is turning 65 next month and is enrolled in Medicare Part A and B. Her PHIP application has been denied twice stating that she her only enrollment opportunity was when her PERS retiree spouse enrolled in PHIP. She was not 65 at that point and was covered under group health insurance by an employer. I have another spouse who is married to a PERS retiree who is turning 65 in August. His wife is not yet eligible for Medicare (she is still covered by her former employer's group health insurance as a part of her retiree benefits). He has been denied coverage even thought he is enrolled in Medicare Part A and B and is the legal spouse of a PERS retiree.

I could go on. This issue happened about five years ago (my sense was that there was a new manager who was misunderstanding the intent of the rules) but was quickly corrected. It has started again since PHIP started working with the new Third Party Administrator. This new interpretation is causing quite a bit of dismay and stress for your retirees and their families. And is limiting potential enrollees which affects negotiations with your providers.

I would welcome the opportunity to speak more on this if it is helpful. The PERS Health Medicare plans are excellent and I am a huge advocate. Until this recent hiccup, our firm assists an average of 120 PERS members and spouses with PHIP applications every year. This coverage and consistent access is incredibly important.

Thank you for your consideration,

Amy

Amy Lundy Crooks
LPL Financial Advisor

PLEASE NOTE: Crooks & Company Financial's new address is 610 Jefferson, Oregon City. Use of exterior stairs is required for in-person appointments. We also happily accommodate virtual meetings.
www.crooksandcompany.com
Tel 503-723-9580
Securities and advisory services offered through LPL Financial, a Registered Investment Advisor, member FINRA/SIPC

B.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
2. Notice of Rulemaking EIF Matching Funds Prioritization
3. Adoption of Rulemaking OSGP Loan Program updates
4. Adoption of Rulemaking PHIP Dental Standalone update
5. **Adoption of Rulemaking Acceptable Electronic Signatures**
6. Adoption of Rulemaking LWOP and Creditable Service

C. Action and discussion items

1. Modernization update
2. PERS Heath Insurance Program (PHIP) 2027 rate adjustment approval
3. 2027-29 Agency Request Budget (ARB) recommendations
4. Presentation of December 31, 2025 system valuation results

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

July 24, 2026

TO: Members of the PERS Board

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

SUBJECT: Adoption of Acceptable Signature Standard rule updates

OAR 459-005-0210 *Transmission of Information, Reports, and Documents*

OVERVIEW

- Action: Adoption of the Acceptable Signature Standard rule updates.
- Reason: Clarify acceptable signatory documentation for PERS documents.

BACKGROUND

In 2020, employers adapting to evolving pandemic realities asked PERS to assess acceptability of forms submitted using electronic and digital signatures where the established requirement had been forms signed using a “wet signature.” *i.e.*, written by hand in ink. The other common types of signatures staff encountered include electronic signatures and digital signatures. *Electronic signatures*, generally, replicate a person’s signature on a document using any symbol or series of symbols executed by an individual to be the binding equivalent of the individual's handwritten signature. *Digital signatures* are based on cryptographic methods of originator authentication using certificates embedded in an electronic document that attest to the document’s authenticity.

Given the inherent risk of fraud, be it through identity theft or actions taken to trigger unauthorized distribution of benefits, staff proactively evaluated the standard for appropriate signature based on the source of the document (i.e. PERS forms) rather than the type of signature being used. Forms received from members, beneficiaries, or alternate payees (including POAs) involve the most risk as they indicate where and how benefits are paid.

Recognizing this risk, the rule amendments clarify current practice of accepting only handwritten signatures of members, beneficiaries, or alternate payees, as wet signatures are unique for each individual and represent a verifiable record of a person’s consent and understanding of the actions being taken. The rule provides an exception for documents that are notarized via remote online notarization.

Most of the information received from employers is received electronically via Employer Data Exchange (EDX); however, PERS does receive some documents and communications outside EDX. Documents submitted to PERS by employers do not raise the same fraud and risk concerns as documents submitted by members, beneficiaries, and alternate payees. Thus, for PERS forms received from employers, PERS accepts any signature format, including digital or electronic signatures.

Finally, in the course of business, staff may also encounter digital and electronic signatures on other documents. For example, judges typically sign court orders in divorce cases using a digital/electronic signature, doctors may use digital/electronic signatures on disability forms, and financial institutions may sign trustee-to-trustee transfer forms with digital/electronic signatures. PERS staff can generally accept these signatures and do not need to distinguish based on the signature's format.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

The following modifications have been made to the rules since notice:

Subsection (1)(d) was edited to remove a reference to Docusign which was originally included as an example but has the potential to cause confusion due to Docusign having multiple product lines which include both electronic and digital signatures.

Subsection (1)(f) added language clarifying that "PERS forms" do not include forms within Online Member Services (OMS) or the Voya participant interface that are completed and submitted within OMS or the Voya participant interface. PERS members and OSGP participants are required to sign into these platforms, so their identity is already verified.

Subsection (1)(g) was added to define "remote online notarization" to enhance clarity.

Subsection (8)(a) was edited to remove the phrase "or on behalf of" as pertains to members due to a concern expressed by PERS staff that all forms submitted to PERS are technically in support of members and the language, as previously written, could be inadvertently misconstrued.

Subsection (8)(a) was edited to change the phrase "notarized electronically" to "notarized via Remote Online Notarization" to minimize potential confusion.

PUBLIC COMMENT AND HEARING TESTIMONY

A public rulemaking hearing was held remotely, and in person, on June 23, 2026, at 2:00 p.m. The public comment period ended June 26, 2026, at 5:00 p.m. No public comments were received.

IMPACT

Mandatory: No

Benefit: Updates the rules to reflect current agency practice and provides clarification for members, employers, and the general public.

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

RULEMAKING TIMELINE

May 25, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 29, 2026:	PERS Board notified that staff began the rulemaking process.
June 1, 2026:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.
June 23, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
June 26, 2026:	Public comment period ended at 5:00 p.m.
July 24, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt modifications to the acceptable electronic signatures 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.5. Attachment 1 – OAR 459-005-0210 *Transmission of Information, Reports, and Documents*

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

459-005-0210

Transmission of Information, Reports, and Documents

(1) As used in this rule:

(a) “Deferred Compensation Program” means the Oregon Savings Growth Plan (OSGP), the PERS Board as Trustee of the OSGP, the PERS Director as Administrator of the OSGP, and any OSGP staff member.

(b) **“Digital signature” means the signature includes a certificate embedded in an electronic document that attests to the document’s authenticity.**

(b) **(c)** “Document” means any document that is not specifically excluded under sections (3) and (8) of this rule, including, but not limited to, any petition, written request, or other document related to the appeal of a staff or Board action under OAR 459-001-0030, 459-001-0032, or 459-001-0035.

(d) “Electronic signature” means signatures that replicate a person’s signature on the document.

(c) **(e)** “PERS” means the PERS Board, the PERS Director, the PERS Health Insurance Program which is administered by PERS under ORS Chapter 238, and any PERS staff member.

(f) “PERS forms” means forms created and published by PERS or the Deferred Compensation Program for the purpose of administering benefits. PERS forms do not include forms within Online Member Services (OMS) or the Voya participant interface that are completed and submitted within OMS or the Voya participant interface.

(g) “Remote online notarization” means a notarial act performed for a remotely located individual by means of communication technology as allowed by ORS 194.277.

(2) Unless otherwise provided for in this rule, information, reports, or documents may be transmitted to PERS or the Deferred Compensation Program by personal delivery or by use of:

(a) The United States Postal Service (USPS);

(b) A private express carrier as defined in ORS 293.660(2);

(c) Telephonic facsimile communication (fax);

(d) Electronic mail through the Internet (email); or

(e) PERS' Online Member Services (OMS);

(f) Other sources approved by the Director for the transmission of reports or documents.

(3) The following original documents shall be accepted by PERS or the Deferred Compensation Program only if transmitted in person, or by use of USPS or by private express carrier:

(a) Contracts and Agreements pertaining to the merger or integration of other retirement systems into PERS.

(b) Any request by a member for confidential information under provisions of ORS 192.355(12).

(c) Subpoenas, garnishments, summons, and other legal documents that require service on PERS. These documents will not be accepted unless they are served in accordance with applicable law.

(4) The following standards shall be observed when transmitting any information, report, or document to PERS or the Deferred Compensation Program by fax or email. Failure to comply with these standards shall result in the PERS or the Deferred Compensation Program not accepting the information, report, or document:

(a) The quality of the original hard copy shall be clear and dark enough to transmit legibly.

(b) Any information, report, or document requiring signature shall be signed prior to being transmitted.

(c) If PERS or the Deferred Compensation Program requests the transmission of a specific form, the transmission shall be on forms furnished by PERS or the Deferred Compensation Program or substitute forms previously approved by PERS or the Deferred Compensation Program, respectively.

(d) Any PERS or Deferred Compensation Program report or form shall be completed as required in PERS instructions.

(e) If PERS or the Deferred Compensation Program requests the transmission of a report or document that is part of a longer report or document, or contains multiple pages, then the entire text of the report or document must be transmitted. Both sides of any two-sided PERS or Deferred Compensation Program form are to be transmitted.

(f) For a report or document that requires accompanying documentation, all components shall be transmitted together as one transmission.

(g) The first sheet of the transmission shall indicate the number of pages being transmitted, and shall contain a telephone number to call if there are problems with the transmission.

(h) Neither the original nor any additional copies of the facsimile filings should be filed with PERS.

(i) The sender shall maintain the original of the document with the original notarization or signature affixed, as well as proof of fax transmission.

(5) PERS or the Deferred Compensation Program may require the original, or a certified copy of the original, where a question of authenticity arises.

(6) State regulations require encrypted messaging systems for communicating confidential information such as date of birth, Social Security number, or personal medical information. Because email communications for PERS and the Deferred Compensation Program are not encrypted, it is PERS' policy to not use email for sharing confidential information. Only information, reports, or documents not otherwise protected under the provisions of ORS 192.355, which do not contain confidential information, may be transmitted by email. If confidential information is transmitted by email to PERS or the Deferred Compensation Program, PERS cannot guarantee that such information may not be intercepted and read by other parties besides the person to whom it is addressed.

(7) Information, reports, or documents submitted to PERS or the Deferred Compensation Program may become a public record. Public records may be subject to public inspection and copying, if not otherwise protected by federal or state law.

(8) PERS staff shall use the following standard for acceptance of signatures submitted to PERS:

(a) PERS forms received from members, beneficiaries, or alternate payees must include a handwritten signature unless the form has also been electronically notarized. If the form contains a digital or electronic signature that has been notarized via Remote Online Notarization, staff may accept all uses of the same signature that appear within the notarized document.

(b) Unless otherwise specified, PERS staff can generally accept digital and electronic signatures on other documents, including documents from employers, and not need to distinguish based on the signature's format.

(9) *(8)* This rule does not address the transmission of a remittance, a payment, a remittance advice or a payment advice, which is addressed in OAR 459-005-0215.

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.005–238.750, 192.355, 194.277, 243.435 & 243.470

History:
PERS 5-2022, amend filed 03/28/2022, effective 03/28/2022
PERS 10-2020, minor correction filed 06/24/2020, effective 06/24/2020
PERS 21-2005, f. & cert. ef. 11-1-05
PERS 20-2004, f. 9-22-04 cert. ef. 10-14-04
PERS 6-1999, f. & cert. ef. 11-22-99

B.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
2. Notice of Rulemaking EIF Matching Funds Prioritization
3. Adoption of Rulemaking OSGP Loan Program updates
4. Adoption of Rulemaking PHIP Dental Standalone update
5. Adoption of Rulemaking Acceptable Electronic Signatures
6. **Adoption of Rulemaking LWOP and Creditable Service**

C. Action and discussion items

1. Modernization update
2. PERS Heath Insurance Program (PHIP) 2027 rate adjustment approval
3. 2027-29 Agency Request Budget (ARB) recommendations
4. Presentation of December 31, 2025 system valuation results

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Public Employees Retirement System
Headquarters
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

July 24, 2026

TO: Members of the PERS Board

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

SUBJECT: Adoption of Rules Addressing Creditable Service/Retirement Credit and Leave of Absence Without Pay

OAR 459-005-0015 *Leave of Absence without pay*
OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*
OAR 459-075-0150 *Retirement Credit*

OVERVIEW

- Action: Adoption of the rules pertaining to leave without pay (LWOP) and creditable service.
- Reason: Clarify the minimum salary or hours required for creditable service or retirement credit, and when leave of absence without pay must be reported to PERS.

BACKGROUND

During implementation of the creditable service and leave of absence without pay rule amendments that were adopted in December 2025 to implement the new major fraction of a month standard established in Senate Bill (SB) 851 (2025), staff requested additional clarification concerning how much salary must be paid or hours must be worked in a month for a member to receive creditable service/retirement credit, and when LWOP must be reported to PERS.

Under Oregon Revised Statutes (ORS) 238.005(15) and ORS 238A.140, “major fraction of a month”/“major fraction of each month,” is defined as a month in which an active member: (1) is employed for more than half of the calendar days in that month, and (2) is paid salary by a participating public employer for hours worked (or paid leave hours used) in that calendar month. The statutes do not require a minimum salary amount or minimum number of hours worked; however, as written, the placement of the term “major fraction of the month” in subsection (2) of Oregon Administrative Rules (OAR) 459-010-0014 and OAR 459-075-0150 seemed to imply that the member had to be paid salary for the major fraction of the month, when that condition only applies to the employment requirement (not salary or hours).

LWOP must be reported to PERS if it “constitutes the major fraction of a month.” Although subsection (4) of OAR 459-005-0015 appears to require reporting only when a single period of

LWOP meets that threshold, the proposed amendments clarify that the requirement also applies when multiple LWOP periods combined make up the major fraction of the month.

The proposed rule amendments address these concerns and provide clarification. Other edits in OAR 459-010-0014 and OAR 459-075-0150 replaced the term “service” with “employment” to align with the statutes and minor changes were made to subsection (5) to clarify references to “half of the school year.”

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on June 23, 2026, at 2:00 p.m. The public comment period ended June 26, 2026, at 5:00 p.m. No public comments were received.

IMPACT

Mandatory: No

Benefit: Provides clarification for staff, members, and employers regarding the standards for creditable service and retirement credit.

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

RULEMAKING TIMELINE

May 25, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 29, 2026:	PERS Board notified that staff began the rulemaking process.
June 1, 2026:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. The public comment period began.
June 23, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
June 26, 2026:	Public comment period ended at 5:00 p.m.
July 24, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the LWOP and creditable service 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.6. Attachment 1 - OAR 459-005-0015 *Leave of Absence without pay*
B.6. Attachment 2 - OAR 459-010-0014 *Creditable Service in PERS Chapter 238 Program*
B.6. Attachment 3 - OAR 459-075-0150 *Retirement Credit*

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

459-005-0015

Leave of Absence without pay.

(1) For purposes of this rule:

(a) "Major fraction of a month" means more than one-half of the total calendar days in a calendar month;

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

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

(a) An agreement in writing;

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

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

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

(3) Creditable Service and Retirement Credit.

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

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

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

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

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

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

(c) A leave of absence without pay occurring on or after January 1, 2004, which constitutes the major fraction of a month may not be used to determine "retirement credit" under ORS

238A.140 for any period of employment after the date membership is established under ORS 238A.100.

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

(a) Any period**, or periods,** of leave of absence without pay, which constitute**(**s**)** the major fraction of a month, for each member at the time the leave begins. The reported period**(s)** of leave of absence without pay must include an end date.

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

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

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

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

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

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

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

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

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

Statutory/Other Authority: 238.650 & 238A.450

Statutes/Other Implemented: 238.300 & 238A.140

History:

PERS 16-2025, amend filed 12/05/2025, effective 12/05/2025

PERS 3-2025, adopt filed 03/31/2025, effective 03/31/2025

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

459-010-0014

Creditable Service in PERS Chapter 238 Program

(1) For purposes of this rule:

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

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

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

(2) Except as provided in OAR 459-005-0015*((3))*, an active member accrues one month of creditable service for each month in which the member **is employed for the major fraction of the month and** *(performs service or)* receives **salary as described in OAR 459-005-0001, or** paid leave as described in OAR 459-010-0011*(for the major fraction of the month)*.

(3) An active member is presumed to have **been employed** *(performed service)* for a major fraction of a month **during each month of employment** if:

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

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

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

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

(4) A member or employer may seek to rebut the determination of creditable service based on the presumptions in section (3) by providing to PERS records that establish that the

member **was or was not employed** *(did or did not perform service)*for a major fraction of a month, **and/or did or did not receive salary as described in OAR 459-005-0001**, as defined in subsection (1)(c) of this rule.

(5) An active member who is a school employee will accrue six months of creditable service **for each half of the school year if they are employed for the major fraction of each month during that half of the school year that school is normally in session, and receive salary as described in OAR 459-005-0001, for each of those school months.** *(if the member performs service for a major fraction of each month a school year when school is normally in session that falls between January 1 and June 30, and six months of creditable service if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between July 1 and December 31.)*

(a) **The first half of the school year falls between July 1 and December 31; the second half of the school year falls between January 1 through June 30.**

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

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

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

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

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

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

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

(B) If the leave of absence without pay falls within the dates when school is presumed to be in session, the active member may only accrue six months of retirement credit if the leave of absence constitutes less than the major fraction of the month, as provided in OAR 459-0**05***(10)*-001**5***(0(3))*.

(C) If the leave of absence without pay falls within the dates when the school year is in session, the active member may not accrue six months of retirement credit if the leave of absence constitutes the major fraction of the month, as provided in OAR 459-0*(10)***05**-001**5***(0(3))*. Such member may accrue one month of retirement credit for each month in which the member **is employed for the major fraction of the month and**_(performs service or)_ receives **salary as described in OAR 459-005-0001, or** paid leave as described in OAR 459-010-0011*(for the major fraction of the month)*, as described in section (2) of this rule.

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

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.005 & 238.300
History:
PERS 16-2025, amend filed 12/05/2025, effective 12/05/2025
PERS 3-2025, amend filed 03/31/2025, effective 03/31/2025
PERS 3-2010, f. & cert. ef. 5-28-10
PERS 9-2008, f. & cert. ef. 5-21-08
PERS 1-2008(Temp), f. & cert. ef. 4-2-08 thru 9-26-08
PERS 15-2007, f. & cert. ef. 11-23-07
PERS 24-2005, f. 12-23-05, cert. ef. 1-1-06
PERS 6-2005, f. & cert. ef. 2-22-05

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – OPSRP PENSION PROGRAM

459-075-0150

Retirement Credit

(1) For purposes of this rule:

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

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

(2) Except as provided in OAR 459-005-0015*((3))*, an active member accrues one month of retirement credit for each month in which the member *(performs service or)***is employed for the major fraction of the month and** receives **salary as described in OAR 459-005-0001,** or paid leave as described in OAR 459-010-0011*(for the major fraction of the month)*.

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

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

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

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

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

(4) A member or employer may seek to rebut the determination of creditable service based on the presumptions in section (3) by providing to PERS records that establish that the member *(did or did not perform service for a major fraction of a month)* **was or was not**

employed for the major fraction of the month, and/or did or did not receive salary as described in OAR 459-005-0001 as defined in subsection (1)(**b***(c)*) of this rule.

(5) An active member who is a school employee will accrue six months of retirement credit **for each half of the school year if they are employed for the major fraction of each month during that half of the school year that school is normally in session, and receive salary as described in OAR 459-005-0001, for each of those school months** *(if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between January 1 and June 30, and six months of creditable service if the member performs service for a major fraction of each month of a school year when school is normally in session that falls between July 1 and December 31.)*

(a) **The first half of the school year falls between July 1 and December 31; the second half of the school year falls between January 1 through June 30.**

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

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

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

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

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

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

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

(B) If the leave of absence without pay falls within the dates when school is presumed to be in session, the active member may only accrue six months of retirement credit if the leave of absence constitutes less than the major fraction of the month, as provided in OAR 459-0**05***(10)*-001**5***(0(3))*.

(C) If the leave of absence without pay falls within the dates when the school year is in session, the active member may not accrue six months of retirement credit if the leave of absence constitutes the major fraction of the month, as provided in OAR 459-0**05***(10)*-001**5***(0(3))*. Such member may accrue one month of retirement credit for each month in which the member *(performs service)* **is employed for the major fraction of the month,** or receives paid leave, as described in section (2) of this rule.

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

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

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

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

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

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

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

(c) The date on which the member attains normal retirement age as defined in ORS 238A.160

Statutory/Other Authority: ORS 238A.450

Statutes/Other Implemented: ORS 238A.140

History:

PERS 18-2025, minor correction filed 12/11/2025, effective 12/11/2025

PERS 16-2025, amend filed 12/05/2025, effective 12/05/2025

PERS 3-2025, amend filed 03/31/2025, effective 03/31/2025

PERS 2-2023, amend filed 02/03/2023, effective 02/03/2023

PERS 3-2010, f. & cert. ef. 5-28-10
PERS 17-2007, f. & cert. ef. 11-23-07
PERS 6-2004, f. & cert. ef. 2-18-04

C.

A. Administration

1. May 29, 2026 PERS Board Meeting Minutes
2. Director's Report
3. CEM Benchmarking results

B. Administrative rulemaking

1. Notice of Rulemaking Expiring Side Accounts
2. Notice of Rulemaking EIF Matching Funds Prioritization
3. Adoption of Rulemaking OSGP Loan Program updates
4. Adoption of Rulemaking PHIP Dental Standalone update
5. Adoption of Rulemaking Acceptable Electronic Signatures
6. Adoption of Rulemaking LWOP and Creditable Service

C. Action and discussion items

1. **Modernization update**
2. PERS Heath Insurance Program (PHIP) 2027 rate adjustment approval
3. 2027-29 Agency Request Budget (ARB) recommendations
4. Presentation of December 31, 2025 system valuation results

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

July 24, 2026

TO: Members of the PERS Board

FROM: Kristi Ivers, Modernization Director

SUBJECT: PERS Modernization Program update

BACKGROUND

The PERS Modernization Program is a multi-biennial effort to reimagine and evolve the deployment of our business capabilities via our people, processes, and technologies to meet our member and PERS-participating employer needs into the future. The program's $14,521,851 budget for the 2025-27 biennium was approved by the Legislature as part of the PERS budget bill, Senate Bill 5534, and a budget adjustment was approved on April 7, 2026, for $2,918,801 as part of House Bill 5204.

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 Enterprise Information Services (EIS) stage-gate process; the PERS Modernization Program itself is not subject to EIS stage-gate oversight.

Initiative	**Expected Completion**	**Health and Status (as of 6/30/2026)**

PERS Modernization Program	December 31, 2034	Key Activities:
		• The overall Program Portfolio is on-schedule and on-budget.
		• Personnel supporting the Modernization Division:
		  ○ Two new project managers (PM2) started early July.
		  ○ Part-time contractor has been hired to assist the PERS Modernization Program.
		• Change Champion Network (CCN) is emerging and is in the process of being rolled out. The CCN will act as a two-way communication and engagement channel between the modernization program and the workforce to help prepare staff for upcoming changes. CCN tasks will include:
		  ○ Support the adoption of new processes, systems, and ways of working.
		  ○ Reinforce consistent messaging.

		○ Surface risks and resistance early. ○ Gather frontline feedback. • Development of the 2027-29 policy option package (POP) for the PERS Modernization Program is underway. • During the February 2026 short session, it was recommended that PERS submit its DevOps budget request of $1.8M to an upcoming Emergency Board meeting. The funding request was approved in June, and this funding supports the technology readiness activities essential for modernization. • Work Order Contract has been completed to onboard contractors to analyze two batch jobs (SD 20/21) for optimization. • The Data Governance Committee (DGC) led by the deputy director at PERS, is overseeing 26 queries, and the business analysis is underway. A data cleaning work order contract is in process to hire contractors to assist with this critical body of work.
Modernization of Pension Administration System (PAS)	December 31, 2034	Project overall health: Grey Key Activities: • Project status: Initiation. • State Gate 2 endorsement is in process. • The Specialized Consultant Request for Proposal (RFP) remains on our critical path, and the following developments have taken place since the previous board meeting: ○ On June 10, 2026, PERS submitted the drafted statement of work to Department of Administrative Services (DAS) Procurement for review. ○ The assigned DAS information technology (IT) procurement analyst accepted another position within the State of Oregon, and PERS received this news on June 16, 2026. ○ On July 6, 2026, DAS Procurement appointed a new IT procurement analyst. At this time, this transition has caused a four-week delay. ○ PERS and DAS Procurement are working together to determine a new target date for completion.

		• A survey was sent to employer reporters to gather information to establish a plan and schedule for gathering future state requirements.
Telephony Modernization Project	June 30, 2027 *(Original end date December 31, 2024)*	Project overall health: Green Key Activities: • Project initiated on January 9, 2024, and is in the construction stage. • Phase 2b started on April 6, 2026, and was successfully implemented on June 29, 2026. ○ Functionality included Scheduled Call Backs and SMS confirmation for members. • A fix was applied successfully on June 30, 2026, to reduce the number of calls transferred to the receptionist queue. This fix will continue to be monitored. • The service order for Phase 3 has been completed and is currently under review by EIS for approval. This phase is scheduled to begin in September, with a focus on improving the Interactive Voice Response (IVR) System.
Hybrid Integration Platform (HIP) Implementation Project	TBD	Project overall health: Grey Key Activities: • Project initiated on September 10, 2024, and is in the analysis and design stage. • PERS received feedback on the updated Project Business Case from EIS and resubmitted responsive edits the week of July 6, 2026. • Architecture diagrams are in process, which will assist in the planning. The construction phase of the project won't begin until the next biennium.
jClarety UI/UX Modernization Project (JUMP)	June 30, 2027	Project overall health: Green Key Activities: • Project initiated on July 01, 2025, and is in the construction stage. • Phase 2 (WP#2): Development completed as planned on May 29, 2026, and was handed over to the MIAM project team. • Phase 3 (WP#3): Employee Portal Screens are in the process of being updated.

		○ Detailed analysis has been completed and the change request to extend the schedule by 7 months was approved by the Modernization Executive Steering Committee (MESC) on June 10, 2026. The updated project end date is now June 30, 2027. ○ The schedule is yellow due to the time it takes to rebaseline a schedule after a change request has been approved.
Member Identity Access Management (MIAM)	April 23, 2027 *(Original end date June 30,2026)*	Project overall health: Yellow <u>Key Activities</u>: • Project initiated on June 1, 2022, and is in the construction stage. • Identity Protection (IdP) solution: ○ The functional and technical design deliverables were completed and approved. These documents will need to be updated when the IdV solution vendor has been onboarded. • Identity Verification (IdV) solution: ○ The delay in contract negotiations with Deloitte has impacted the schedule and overall health (yellow status) of this project. An updated base contract has been sent to DOJ for review and approval. Once it is approved, it will be sent to Deloitte for their review and edits. A request for a special procurement has been submitted to DAS Procurement as a contingency plan.

<u>HIGHLIGHTED iQMS ACTIVITIES</u>

PERS has revised its program updates to the top key observations identified by our independent quality management services (iQMS) vendor, Gartner. The observations are drawn from Gartner's Quarterly Quality Assurance (QA) Status and Improvement Report dated April 23, 2026.

The following outlines the four observations along with their respective mitigation strategies:

- Gartner Observation #1 – Resource Constraints: The program continues to experience a shortage of internal staff with modernization expertise, resulting in increased workload for current employees—many of whom are new to their positions—and overreliance on the modernization director for both strategic and operational responsibilities. This creates bottlenecks and reduces the program's ability to complete activities with the appropriate quality and within reasonable timeframes. Ongoing vacancies, such as the finance associate product owner (APO), further limit the program's ability to complete critical requirements gathering for the new Pension Administration System (PAS).

Program update: The program is developing POPs for 2027-2029. The modernization director has worked closely with other PERS executives to identify resourcing needs and the required activities for the future. The first cut of the 2027-2029 POP was completed and shared with the Modernization Executive Steering Committee on March 11, 2026. In addition, the following positions have been filled to help address this risk:

- Finance APO position was filled (May 2026).
- Part-time contractor onboarded (June 2026).
- Two full-time project managers (July 2026).

- Gartner Observation #2 – Alignment of Future State Vision for PAS/PAS RFP: Currently, the program and PERS exhibit a lack of alignment on whether PERS current architecture vision will dictate what PAS ERP solutions are considered, or whether the PAS RFP evaluation will inform the architecture. We feel that the RFP should be developed to include information to make potential vendors aware of the priorities of PERS that are broader than the current architecture.

  Program update: The PERS Enterprise Architecture Team brought their analysis of Platform-as-a-Service vs. Software-as-a-Service to last month's Modernization Manager Meeting. Ultimately, the timeline, delivery date, and cost will be important factors for making this important decision. The program will lead a structured decision process to ensure the PAS RFP and architectural direction are aligned with the business priorities for PERS.

- Gartner Observation #3 – Prioritize data cleaning, migration planning and related activities: …PERS lacks data maturity and has problematic data which poses a significant risk to the future PAS data migration and future business processes. The appropriate time to understand the extent and causes of problematic data is prior to releasing the RFP to select the future PAS solution.

  Program update: PERS has a nascent Data Governance Committee which is working with the PERS Modernization Program to prioritize data cleaning. The program is quickly pivoting to develop a statement of work for contractors to assist with data cleaning, since this is a critical body of work. Data conversion and data migration planning will be paused momentarily to focus on the contract for data cleaning.

- Gartner Observation #4 - Increasing awareness of culture change resulting from customized to COTS: Transitioning from a highly customized legacy system to a "Configure Over Customize" COTS solution requires significant business process re-engineering and represents a significant cultural shift for the agency. Currently, this planned shift has led to staff anxieties regarding job security and adapting to new technologies.

  Program update: Initiation of a Change Champion Network (CCN) began in June. The CCN will help to support cultural readiness and can act as a PERS community-based support system where peers help each other navigate through change and enable a culture of adaptability, collaboration, and continuous improvement. Presentations have been made to the Modernization Manager Meeting and the Modernization Executive Steering Committee for awareness, and the change manager at PERS requested managers to nominate change leaders within their teams. The internal CCN is in the process of being rolled out.

C.1. Attachment 1 – *Modernization Presentation*

C.1. Attachment 2 – *June 2026 Monthly Project Status Report*

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

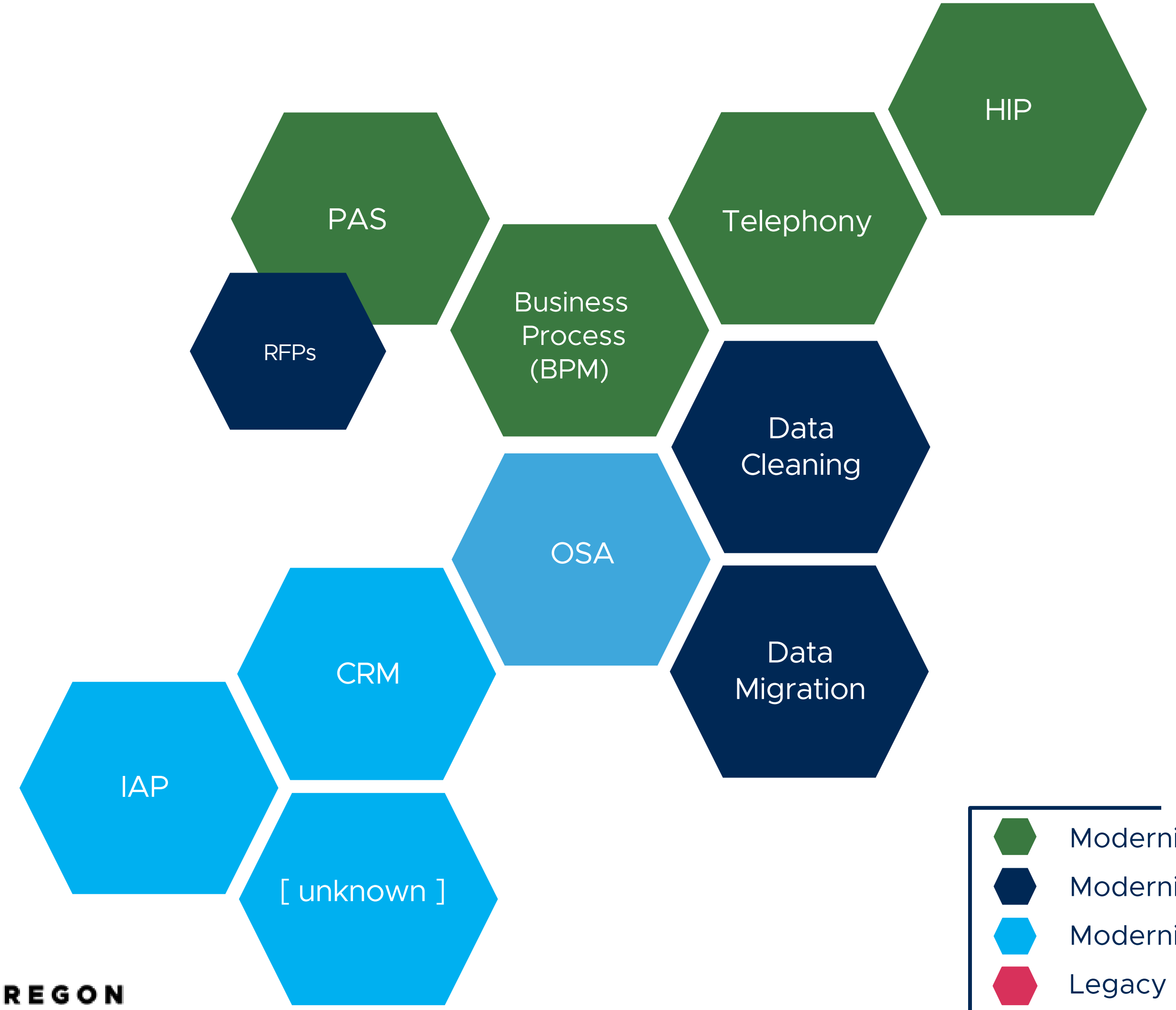
PERS Board Modernization Update

Kristi Ivers, PERS Modernization Director

July 24, 2026

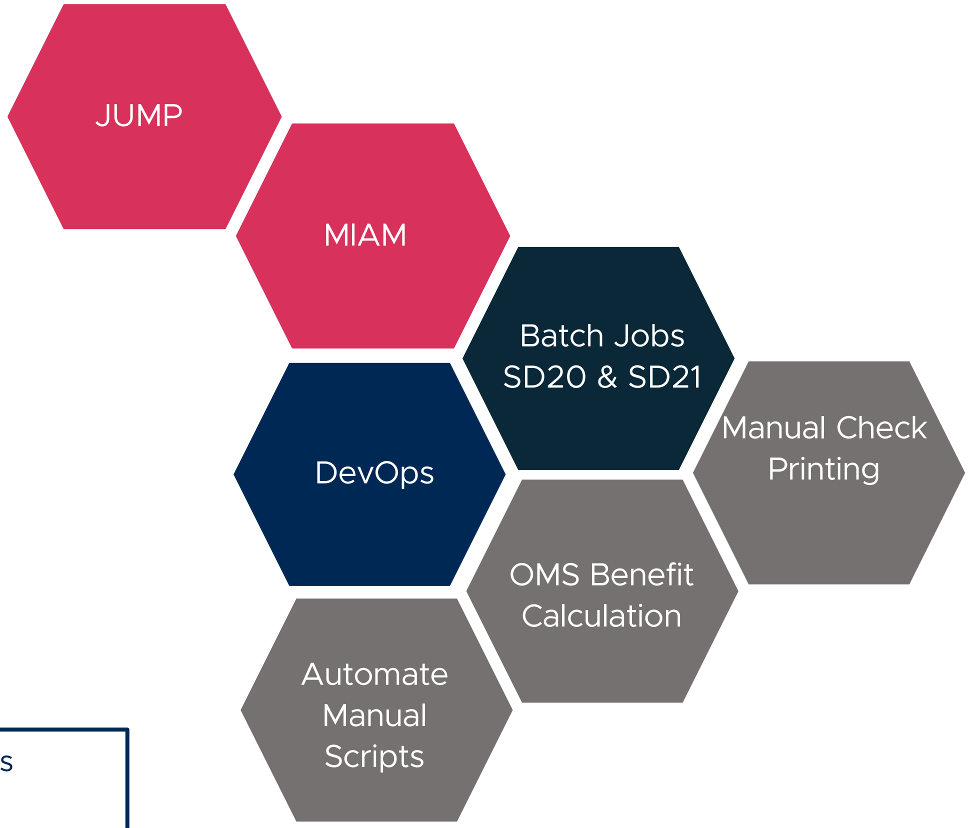
PERS Modernization Program Roadmap

Modernization | Core Pension Administration System (PAS) Projects



Tech Readiness & 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

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 overall program portfolio is on budget and on schedule.
- The DevOps funding request of $1.8M was approved by the Emergency Board. This funding supports essential technology readiness activities for modernization.
- Work order contract has been completed on June 25, 2026, to onboard a vendor to analyze batch jobs for optimization.
- Change Champion Network (CCN) is emerging and is in the process of being rolled out. The CCN will act as a two-way communication and engagement channel between the PERS Modernization Program and the workforce to help prepare staff for upcoming changes. CCN tasks will include:
    - Support the adoption of new processes, systems, and ways of working.
    - Reinforce consistent messaging.
    - Surface risks and resistance early.
    - Gather frontline feedback.

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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:

- Personnel supporting the Modernization Division:
  - Two project manager positions (PM2) have been filled.
  - Part-time contractor has been hired to assist the PERS Modernization Program. The funding was approved in April after the February 2026 short session.
- Hybrid Integration Platform (HIP) Project: Enterprise Information Services (EIS) provided feedback on the business case and PERS resubmitted the business case and charter the week of July 6, 2026.
- The Data Governance Committee (DGC) is overseeing 26 queries, and business analysis is underway. A data cleaning work order contract is in process to hire contractors to assist with this critical body of work.
- Gartner (iQMS vendor) has completed interviews for their next quarterly report.

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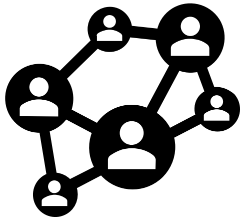
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Pension Administration System (PAS) Modernization

Project summary: Document current state and future state requirements, architecture, and business processes to support the development of a request for proposal (RFP) for a new pension administration solution.



Overall Health	Scope	Schedule	Resources	Budget	Quality
GREY					

Current stage: Initiation

Highlights:

- RFP for a Specialized Consultant status:
  - On June 10, 2026, PERS submitted the drafted statement of work to Department of Administrative Services (DAS) Procurement for review.
  - Assigned DAS information technology (IT) procurement analyst accepted another position and PERS was informed on June 16, 2026. DAS Procurement assigned a new IT procurement specialist on July 6, 2026. At this time, this transition has caused a delay of four weeks.
  - PERS and DAS Procurement are working together to determine a new target date to complete.

Upcoming activities:

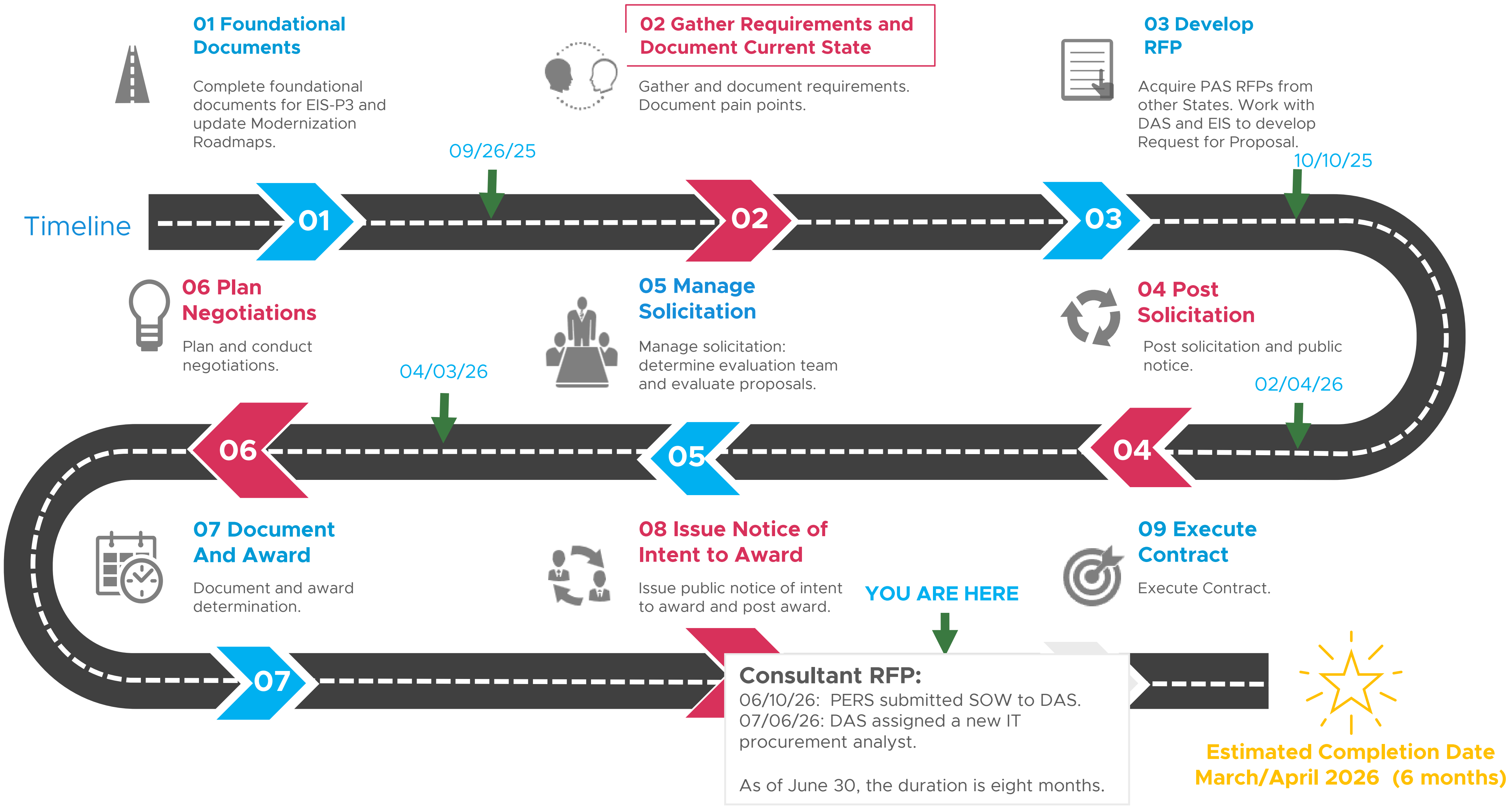
- Future State Requirements:
  - A survey was sent to employer reporters to gather information to establish a plan and schedule for gathering future state requirements.
- Finalized Specialized Consultant contract.

Stage Gate endorsement:

- Second endorsement is in process.

Modernization PAS request for proposal (RFP) lifecycle

Specialized Consultant RFP



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 2b started on April 6, 2026, and was implemented successfully on June 29, 2026.
  - Functionality included Scheduled Call Backs and SMS confirmation for members.
- A fix was applied successfully on June 30, 2026, to reduce the number of calls being transferred to the receptionist queue. This fix will continue to be monitored.

Upcoming activities:

- Phase 3 service order has been completed and is being reviewed and approved by EIS. This phase is expected to start in September of 2026.
  - The focus for Phase 3 is to enhance the Interactive Voice Response (IVR) System.
    - 24/7 IVR self-service.
    - Streamlined call flows.
    - Improved queue management.

JUMP

jClarety User Interface/User Experience (UI/UX) Mod & 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:

- Phase 2 (WP#2): Development completed on May 29, 2026, and handed over to the Member Identity and Access Management Project team as planned.
- Phase 3 (WP#3): Employee Portal Screens are in the process of being updated.
  - Detailed analysis has completed and the change request to extend the schedule by 7 months was approved on June 10, 2026, by the Modernization Executive Steering Committee. The updated project end date is now June 30, 2027.
  - The schedule is yellow due to the time it takes to rebaseline a schedule after a change request has been approved.

Upcoming activities:

Phase 4 (WP#4): Technology Upgrade

- The Red Hat JBoss Enterprise Application Platform 8.0 upgrade planning has begun. The work isn't expected to start until the next biennium.

Member Identity Access Management (MIAM) Project

Project summary: Upgrade the current member identity access management system to continue to protect our members data.

Overall Health	Scope	Schedule	Resources	Budget	Quality
YELLOW					

Current stage: execution

Highlights:

- Identity Protection (IdP)
    - The functional and technical design deliverables were completed and approved. These documents will be updated when the IdV solution vendor has been onboarded.
- Identity Verification (IdV):
    - The delay in contract negotiations with Deloitte has impacted the schedule for this project. An updated base contract has been sent to DOJ for review and approval. Once it has been approved, it will be sent to Deloitte. A request for a special procurement has been submitted to DAS Procurement as a contingency plan.

Upcoming activities:

- Negotiated contract with chosen Identity Verification (IdV) vendor. Estimating 12 weeks of work.

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Thank you!

Appendix

PERS 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

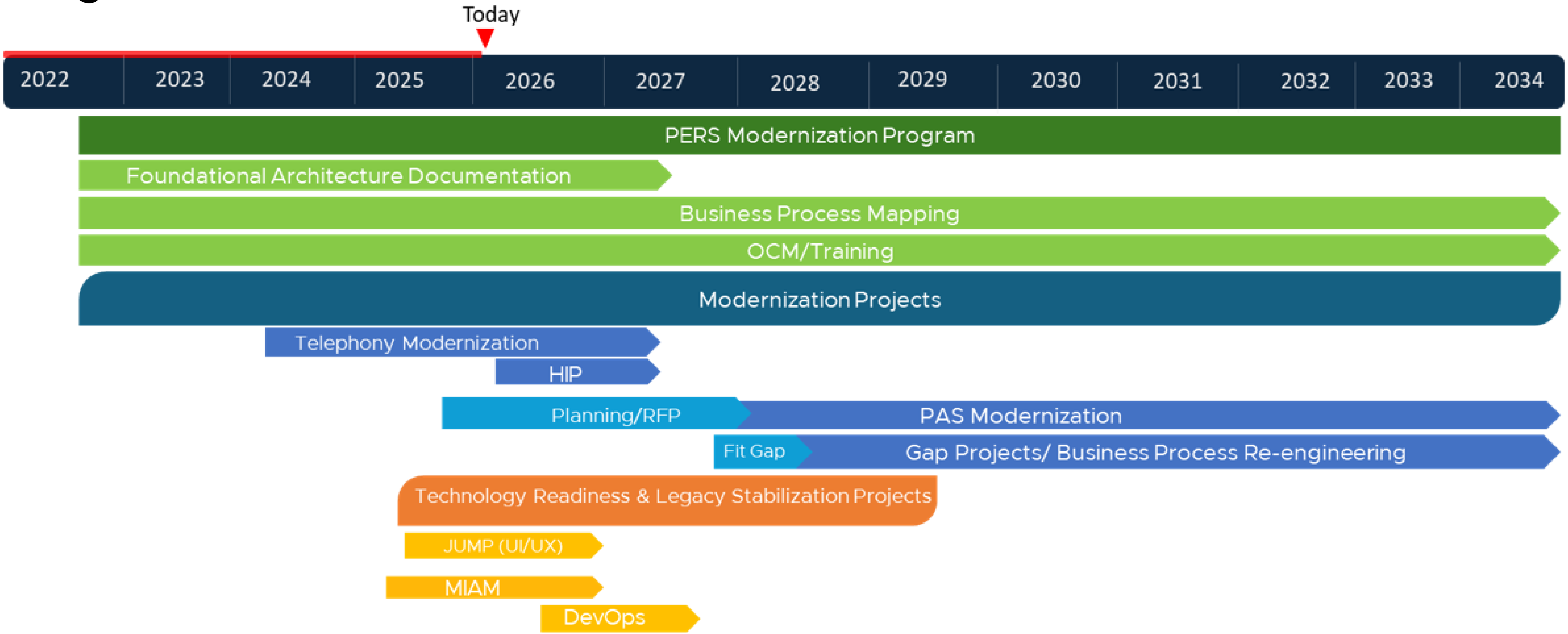
UAT: User Acceptance Testing

WOC: Work Order Contract

Business Rules Glossary Index – PERS Intranet

OREGON PERS PUBLIC EMPLOYEES RETIREMENT SYSTEM

PERS Modernization
Program Roadmap
High-level iterative timeline



OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Modernization Program

Status Report

Kevin Olineck, Executive Sponsor
Kristi Ivers, Program Director
Joli Whitney, Program Manager

Status report as of June 30, 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	*On Track*
AMBER	*Caution*
RED	*Needs Significant Adjustment*
GREY	*Not Yet Started or Not Enough Info*

High-level Overview:

Specialized Consultant Selected

The request for proposals (RFP) to obtain the services of a specialized consultant to help PERS create an RFP for a new Pension Administration System (PAS) closed for proposals on March 10. A total of 10 proposals were received.

The Evaluation Committee completed evaluations on May 6 following two rounds of responses. A Notice to Award was issued on May 11, 2026 and the protest period ended on May 18. PERS is working with DOJ, DAS Procurement and the consultant to develop a statement of work and agree on contract terms.

As of June 10, 2026, this body of work has been on pause. The assigned IT Procurement Analyst at DAS accepted another position within the State of Oregon and PERS was informed on June 16, 2026. DAS Procurement is in the process of assigning someone new.

Data Cleaning

The Data Governance Committee (DGC) led by the Deputy Director at PERS, is overseeing 26 queries, and business analysis is underway. A data cleaning work order contract is in process to hire contractors to assist with this critical body of work.

Project Managers

Two new project managers have been hired for the PERS PMO and they are expected to start early July. The employees will be onboarded over a 30-day period.

Preparing for 2027-2029 Budget Needs

2027-2029 policy option package drafts are in process and the inputs from a variety of stakeholders are being refined for a final draft to be completed in July.

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	4/23/2027

Overall Health	Scope	Schedule	Resources	Budget	Quality
YELLOW					

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	06/30/2027

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 this 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.

This concern is also shared by Gartner and reflected in iQMS risk #2 Resource Constraints (next page) highlighting the significant concurrent planning and execution demands on the Modernization Director.

State of Oregon Priorities –

With the identification of the PAS Modernization Project as the critical path for the Modernization Program, and the significant needs for procurement support from DAS and EIS, any process or service 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.
- DAS Chief Human Resources Office (CHRO) has limited resources, and numerous agencies have been waiting for position descriptions to be reviewed and approved by Class & Comp. These delays impact the timeliness of filling Modernization positions.
- EIS-P3 operates under a 10-day Service Level Agreement (SLA) for documentation 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
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	TBD
D3.3.6 Periodic Quality Status Report	1/1/26 - 2/15/26	TBD
D4.1.8 Quarterly QA Status Report	1/26 - 3/26	TBD
D3.3.7 Periodic Quality Status Report	4/1/26-5/31/26	TBD

QA OBSERVATIONS & RECOMMENDATIONS

PERS received the final D4.1.8 March 2026 independent quality management services (iQMS) Quarterly QA Status and Improvement report on May 22, 2026. The report covers activities from January 1, 2026, through March 31, 2026. There were four key risks and recommendations identified in the report and they are actively being addressed:

1. Gartner Observation #1 – Resource Constraints: The Program continues to experience a shortage of internal staff with modernization expertise, resulting in increased workload for current employees—many of whom are new to their positions—and overreliance on the Modernization Director for both strategic and operational responsibilities. This creates bottlenecks and reduces the Program's ability to complete activities with the appropriate quality and within reasonable timeframes.

   Program Update: Critical vacancies have been prioritized and are actively being filled. Most recently two new project managers (PM2's) have been hired and a part-time contractor to assist the Modernization Program began at the end of June. The Finance Associate Product Owner position was filled on May 13, 2026. Additional resources are included in the Policy Option Packages (POP) for 2027-2029 which is in the budget request process. The program uses, and plans to use in the future, consultants for specialized expertise to assist in areas such as PAS RFP development, data migration strategy and organizational change management.

2. Gartner Observation #2 – Alignment of Future State Vision for PAS/PAS RFP: Currently, the Program and PERS exhibit a lack of alignment on whether PERS current architecture vision will dictate what PAS solutions are considered, or whether the PAS RFP evaluation will inform the architecture. If alignment does not occur, the program is at risk of rejecting solutions that do not align with a predetermined architecture and are missing out on solutions that may be a good fit for PERS and its mission.

   Program Update: The PERS Enterprise Architecture Team (PEAT) brought their analysis of Platform-as-a-Service (PaaS) vs Software-as-a-Service (SaaS) to last month's Modernization Manager Meeting (M3). Ultimately, the timeline, delivery date, and cost will be important factors for making this important decision. The program will lead a structured decision process to ensure the PAS RFP and architectural direction are aligned with the business priorities for PERS.

3. Gartner Observation #3 – Prioritize data cleaning, migration planning and related activities: …PERS lacks data maturity and has problematic data which poses a significant risk to the future PAS data migration and future business processes. The appropriate time to understand the extent and causes of problematic data is prior to releasing the RFP to select the future PAS solution.

   Program Update: PERS has a nascent Data Governance Committee which is working with the Modernization Program to prioritize data cleaning. The program is developing a statement of work for a vendor to assist with data cleaning, which is a critical body of work. Data conversion and data migration planning will be paused momentarily to focus on the contract for data cleaning.

4. Gartner Observation #4 Increasing awareness of culture change resulting from Customized to COTS: Transitioning from a highly customized legacy system to a "Configure Over Customize" COTS solution requires significant business process re-engineering and represents a significant cultural shift for the agency. Currently, this planned shift has led to staff anxieties regarding job security and adapting to new technologies.

   Program Update: Initiation of a Change Champion Network is scheduled to start in June with presentations to the Modernization Manager Meeting and the Modernization Executive Steering Committee. This group will help to support cultural readiness and can act as a PERS community-based support system where peers help each other navigate through change and enable a culture of adaptability, collaboration and continuous improvement.

PERS MODERNIZATION PROGRAM BUDGET

	2025-27						
	Project Title	LAB	Actual to Date	Contracts	Projections	Total	Variance
1	Program Staff	4,875,134	1,644,551	-	2,217,872	3,862,423	1,012,711
2	IQMS	1,486,500	320,845	1,006,210	-	1,327,055	159,445
2	HIP	500,000		355,833	-	355,833	144,167
2	Telephony	1,500,000	118,335	10	1,275,000	1,393,345	106,655
2	TCO Analysis	25,000			-	-	25,000
2	Contingency (Mod)	178,000			-	-	178,000
2	PAS Planning	850,000		136,500	637,500	774,000	76,000
2	MIAM	530,000		208,000	132,500	340,500	189,500
3	Foundational Architecture Documentation	1,930,000	591,743	402,264	965,000	1,959,007	(29,007)
3	JUMP-Jclarety UI/UX	3,705,000	1,644,270	1,554,050	370,500	3,568,820	136,180
3	MIAM (Forgerock-Dues & Sub)	735,280	279,621	334,598		614,220	121,060
3	Data Migration	938,000			703,500	703,500	234,500
3	Contingency (Legacy)	318,500			-	-	318,500
	Project Total	**17,571,414**	**4,599,365**	**3,997,466**	**6,301,872**	**14,898,703**	**2,672,711**

	2025-27						
	Approved Appropriation	LAB	Actual to Date	Contracts	Projections	Total	Variance
1	Program Staff	4,875,134	1,644,551	-	2,217,871	3,862,422	1,012,712
2	Implementation	5,069,500	439,884	1,705,849	2,045,000	4,190,733	878,767
3	Legacy Stabilization & Technology Readiness	7,626,780	2,514,931	2,291,616	2,039,000	6,845,547	781,233
	Project Total	**17,571,414**	**4,599,365**	**3,997,466**	**6,301,872**	**14,898,703**	**2,672,711**

Expenses	Actual to Date	Projections	Total
*CSL- Internal Staff	$501,532	$652,642	$1,154,174

Note: HB5204 (2026) increased Modernization budget as follows:

- 5 Position 2.50 FTE in amount of $644,301 which is allocated to Program Staff Appropriation
- $1.3 Million for Modernization Implementation which was allocated to following project budgets:
    - $850K to PAS Planning
    - $486K to IQMS
- $938K to Legacy Stabilization and Technology Readiness for Data Migration Planning

Note: Program Staff projections reporting increased by $734,046 due to the vacant position projections adjustment.

PERS MODERNIZATION PROGRAM BUDGET

	Program Budget					
	Project Title	Project Start Date	LAB	Forecast Spend	Variance Amount	Variance %
1	Program Staff	7/1/2023	16,439,004	12,202,381	(4,236,623)	-25.8%
2	IQMS	7/1/2023	2,386,500	2,138,055	(248,445)	-10.4%
2	HIP	7/1/2023	950,000	355,833	(594,167)	-62.5%
2	Telephony	7/1/2023	2,057,000	1,950,345	(106,655)	-5.2%
2	TCO Analysis	4/11/2025	25,000	-	(25,000)	-100.0%
2	MIAM	7/1/2025	530,000	340,500	(189,500)	-35.8%
2	PAS Planning	3/20/2026	850,000	774,000	(76,000)	-8.9%
2	Contingency	7/1/2025	178,000	-	(178,000)	-100.0%
3	Foundational Architecture Documentation	7/1/2025	2,630,000	2,396,007	(233,993)	-8.9%
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%
3	Data Migration	3/20/2026	938,000	703,500	(234,500)	-25.0%
	Contingency	7/1/2025	318,500		(318,500)	-100.0%
	Total		**33,005,255**	**26,094,133**	**(6,911,122)**	**-20.9%**

	Program Budget					
	Approved Appropriation	Project Start Date	LAB	Forecast Spend	Variance Amount	Variance %
1	Program Staff	7/1/2021	12,879,004	8,753,150	(4,125,854)	-32.0%
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	5,069,500	4,190,733	(878,767)	-17.3%
2	Independent Quality Management Srvs	7/1/2023	900,000	811,000	(89,000)	-9.9%
2	Hybrid Integration Platform	7/1/2023	450,000	-	(450,000)	-100.0%
2	Telephony	7/1/2023	557,000	557,000	-	0.0%
3	Legacy Stabilization & Technology Readiness	7/1/2023	8,889,751	7,896,020	(993,731)	-11.2%
3	Pension Administration System (PAS)	4/11/2025	700,000	630,000	(70,000)	-10.0%
	Total		**33,005,255**	**26,287,133**	**(6,718,122)**	**-20.4%**

Expenses	Prior Bienna Actuals	2025-27 Actuals	2025-27 Forecast Spend	Total
*CSL- Internal Staff	$1,180,810	$501,532	$151,110	$1,331,920

PROGRAM ORGANIZATIONAL CHANGE MANAGEMENT

Program OCM Objective: establish a structured, intentional, and scalable approach to preparing the organization for change, supporting staff and leaders through transition, and reinforcing adoption over time.

- Support program communications
- Enable program success
- Increase operational stability
- Support sustained adoption

OCM Program Activity Status:

Deliverable/Activity	Status	Next Steps
OCM Program Strategy Document	Initial draft is completed with revisions being made based on leadership feedback.	OCM Timeline is being reviewed and revised by Program leadership.
OCM Vendor RFP/SOW	Initial RFP and SOW have been drafted by internal OCM Lead.	To be reviewed by program leadership
Change Champion Network (CCN)	CCN is being introduced to M3 and PERS managers June & July 2026 – To be implemented prior to OCM Vendor onboarding.	Work with PERS managers to select Change Champions to be assigned to projects impacting their work areas. After the change champions are selected, OCM Lead will facilitate a kick-off meeting and follow-up training sessions to establish the CCN processes. Regular CCN meetings will begin in August 2026.
Initial OCM Program Assessments	Initial OCM Assessments of change risks, impacts and identifying areas of potential barriers to change have been completed.	These assessments will be repeated as needed to determine areas needing adjustment and additional support.
Program Communication and Engagement	A communication and engagement strategy is completed and is being acted on. Regular communication strategy meetings with OCM, Program Leadership, and Communications are occurring. Agency level communications efforts are happening through email communications, Teams Meetings, and Vested Newsletter articles.	Continue to execute the communication strategy and revise approaches as needed.

PROGRAM RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
26	**Culture Change**- Modernizing PERS- including a new Pension Administration System-will introduce new ways of working which may cause disruption and adoption challenges for staff.	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. Continued monitoring and measurement of change readiness by OCM team.	Introduction to the Change Champion Network (CCN) is a planned agenda topic for the next all PERS Manager Meeting to increase awareness and support for this initiative.
38	**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. *(Gartner Identified this risk in Deliverable D4.1.4 - Risk #2)*	Oversight bodies and PERS will need to continue to partner and address challenges together as they arise.	Delays may increase the cost of the overall program; therefore, challenges will need to be addressed quickly.
39	**Critical External Resources Allocated to Higher Priority Work**: Critical resources are allocated to higher priority work, impacting availability or responses for PERS Modernization work. (*Gartner identified this risk in deliverable D4.1.6- Risk #4*)	Evaluate opportunities to obtain Modernization dedicated resources from external groups. Regular meetings and communication to discuss upcoming activities, timelines and priorities. Plan to hire contractors when necessary.	
40	**Staff Changes:** Introduction of new staff into the Program team may lead to delays in deliverables and disrupt current work while onboarding.	PERS has a structured onboarding program for new staff. 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.	The program continues to build a strong team and is looking at opportunities to provide coaching to less experienced staff. We will continue to review this risk as additional new resources are hired.

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 remains in **GREEN** status. AWS Phase 2b implementation was completed as planned and went live on June 29, 2026. The scope of AWS Phase 3 emphasizing IVR modernization, improved workflow efficiencies, and operational enhancements has been agreed upon by both PERS and Kyndryl. A service order contract will be finalized in July and the work is expected to start in September.

AWS Phase 3 scope items:
1. IVR Modernization
2. Queue Simplification
3. 24x7 Self-Service
4. Reception Hours of Operations (HOOPS) Separation
5. Simplified Staff Management
6. Natural Language Self-Service with a fallback to Dual-Tone Multi-Frequency (DTMF) to use keypad number options
7. Contact Lens Custom Vocabulary

Activities in June
- The AWS Phase 2b Scheduled Callback feature successfully passed UAT with 100% completion, and the solution went live on June 29.
- AWS Phase 3 scoping has been finalized, and development of the corresponding Service Order is now underway.
- PEAT has been engaged to review and discuss the eFax solution requirements in preparation for the RFQ and upcoming procurement activities.

Current and upcoming activities:
- Finalize development of the AWS Phase 3 Service Order.
- Collaborate with EIS P3 to review and approve the AWS Phase 3 Service Order.
- Begin Joint Application Design (JAD) sessions with Kyndryl.

Completed Implementations

May 5, 2025	July 14, 2025	February 23, 2026	June 29, 2026
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.	AWS Phase 2b: Scheduled Call back

Recommended Future Implementations

Planning before June 2027	Planning before June 2027	Planning before June 2027
Fax Modernization.	Requirements will be determined during the JAD sessions. AWS Phase 3: Streamlined IVR experience that simplifies queue choices, enables 24/7 self-service, improves reception handling, and makes staffing across queues easier to manage.	Requirements will be determined during the JAD sessions. AWS Phase 4: Key functionality is currently under review.

Program Benefits

This project will contribute to the following planned Modernization Program benefits

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

Milestone	% complete	Forecast	Actual
Business Case Approved	100	10/29/24	10/29/24
Project Charter Approved	100	11/19/24	11/19/24
P3 Stage Gate 1 Endorsement Received	100	3/12/24	3/12/24
Solution Analysis Complete	100	6/30/24	6/30/24
P3 Stage Gate 2/3 Endorsement Received	100	1/30/25	1/30/25
Change Request Approved	100	2/4/25	2/4/25
OSV - Implementation Complete	100	5/5/25	5/5/25
Phase 1 – AWS Implementation Complete	100	6/30/25	7/14/25
Phase 2 – AWS Implementation Complete	100	2/23/26	2/23/26
Phase 2b- AWS Implementation Complete	100	6/29/26	6/29/26
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
26	There may be development delays due to misalignment between initial design scope, assumptions, vendor familiarity with the solution and the actual complexity uncovered during elaboration.	Vendor developed prototypes added to schedule to gain alignment on final product.	

TELEPHONY PROJECT > ISSUES AND CORRECTIVE ACTION PLANS

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

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 charter are in process to be resubmitted to EIS P3.
- The work order contract has been executed on June 25, 2026 for the development of future state architecture diagrams.

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
Updated HIP Business Case submitted for IT Project Prioritization	100%	4/30/2026	4/30/2026
Updated HIP Business case resubmitted to P3	100%	5/15/2026	5/26/2026
Draft Project Charter submitted to P3	100%	5/15/2026	5/26/2026
P3 Stage Gate 1 Endorsement Received	25%	6/30/26	TBD

HIP PROJECT> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
1	Internal Staffing- Limited specialized project management resources	PERS Project Management Office is currently understaffed. Two vacant project manager positions have been filled and training will occur over the next 30 days. This project will be assigned to one of the new project management resources after training has been completed.	

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: YELLOW

Current Activities

- IdP (Identity Provider)
  - Functional Design Document (Deliverable 3.1) completed but will need to be updated after the IdV solution is implemented.
  - The Technical/System Design Document (Deliverable 3.2) has been completed at a baseline level and will be refined iteratively through the IDV and IDP implementation as additional details are finalized.
  - API security integration activities are in progress.
  - Login journey maps and use cases have been completed. Remaining member-facing journey maps and use cases (Password Reset, Registration, Account Recovery, and Account Update) remain in development with a target completion date of July 30, 2026.
  - API development is underway, including:
    - Onboarding Validation API
    - Ping Profile Update API

- IdV (Identity Verification)
  - Procurement, DOJ, Deloitte, and Socure continue contract and Statement of Work (SOW) negotiations.
  - Functional and technical design activities continue to align with anticipated vendor onboarding.
  - Delays in vendor onboarding remain the primary schedule risk and are being actively monitored through weekly procurement coordination meetings.
  - IDV integration planning with OMS/jClarety continues in preparation for implementation.

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	7/30/26	TBD
UAT Complete	0	3/30/27	TBD
Execution Complete	0	4/9/27	TBD
Project Closure	0	4/22/27	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 DOJ, 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.	
41	IdV Contract Finalization Dependency: Delay in completing vendor contract onboarding may impact downstream activities.	Delays in IDV vendor onboarding beyond June 30, 2026, may impact MIAM development milestones and require schedule adjustment. Mitigation: PERS and DAS Procurement are looking into requesting approval for a special procurement from DAS.	Risk has been realized. See issue #6 below.

MEMBER IDENTITY AND ACCESS MANAGEMENT> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
6	Delay in finalizing the IDV vendor contract is impacting downstream MIAM development, integration, and onboarding activities.	Contract review and SOW alignment remain in progress with Procurement, DOJ, and Deloitte. Coordination and escalation efforts are ongoing. Parallel activities continue where possible to reduce impact. For example, PERS is also requesting approval for a special procurement from DAS.	8/1/26

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) –
  - Retrospective was completed on May 6, 2026.
- **OAuth 2.0 Ready WP#2** (OAuth 2.0 authentication upgrade) –
  - Work Package Documentation (WPD) D1.3.1 for OAuth 2.0 authentication technology was submitted on June 4, 2026.
  - Retrospective was completed on June 4, 2026.
- **jClarety WP#3** (Integrate HTML5 and Struts 6.7.4 technology for employee portal) –
  - Change request was presented to Modernization Executive Sterring Committee and approved on June 10, 2026.
  - Schedule rebaseline in progress, estimated to complete by July 30, 2026.

Program Benefits

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

- B4 – Prevention of Data and Identity Fraud
  - Improved security in the Online Member Services portal helps better protect member data.
- B6 - Increased Confidence in PERS Tools and Technologies
  - Members expect a financial institution such as PERS to provide secure access to their member account information.

Milestone	% complete	Forecast	Actual
Business Case Approved	100	8/8/25	8/6/25
Project Charter Approved	100	8/8/25	8/6/25
Stage-Gate 1 Endorsement	100	8/8/25	8/6/25
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	100	3/24/26	3/24/26
D1.2.2 WPD #1 (Final) submitted	100	4/3/26	4/2/26
WP1 Production Deployment	100	4/9/26	4/9/26
WP2 Business Functional Testing / Handoff to MIAM Complete	100	5/15/26	5/15/26
D1.3.1 WPD #2 (Final) submitted	95	7/3/26	6/4/26
WP3 Construction Complete	44	TBD	TBD
D1.5.1 WPD #3 (Draft) submitted	100	5/29/26	5/29/26
WP3 Business Functional Testing Complete	0	TBD	TBD
D1.5.2 WPD #3 (Final) submitted	0	TBD	TBD
WP3 User Acceptance Testing Complete	0	TBD	TBD
WP3 Production Deployment	0	TBD	TBD
D1.6.1 Stabilization & Knowledge Transfer Completed	0	TBD	TBD
Project closure	0	TBD	TBD

JUMP> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
3	**Technology Risk:** Complexity and fragility of jClarety system. New code changes could require refactoring of primary processes which can greatly increase the scope of work for both development and testing.	Iteratively develop more complex code structure; Regression Test to ensure technical issue does not negatively affect new code; Assign staff that are familiar with the complex general ledger jClarety code structure.	
4	**Internal Staffing Issues:** If there are limited, a loss of, or inexperienced resources, then the project could experience delays.	Carefully coordinate schedule planning and priorities within the Program and all projects; Ensure project staff are setting priorities and/or can work overtime if needed; Assign additional staff to help cover absences or help offset extreme workload periods.	

JUMP> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
1	Additional screen development is needed for WP3	Change request was approved to extend the schedule by the Modernization Executive Steering Committee on June 10, 2026. The schedule rebaseline is underway and estimate to complete by July 30, 2026.	Closed on June 10, 2026.

PENSION ADMINISTRATION SYSTEM (PAS) MODERNIZATION PROJECT

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

- The request for proposals (RFP) to obtain the services of a specialized consultant to help PERS create an RFP for a new Pension Administration System (PAS) is now in the contract negotiation phase. Contract execution is expected to be completed by the end of July.
- Data cleaning analysis activities are underway to determine level of effort and cost estimate for cleaning specific PERS data, including permanent fixes when possible. Estimate from consultant is expected in July.
- Employer and member requirements gathering is underway. A targeted employer-reporter survey will be issued in July, and the results will directly inform the process and development of the employer requirements. Concurrently, analysis of annual member survey data is underway to drive and validate member-focused requirements.
- P3 Stage Gate 2 artifact creation continues with focus on Project Management Plan, Stakeholder Registry, and Organization Change Management Plan.

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 – Contract Executed	75%	06/30/26	tbd
Employer and Member High-level Requirements	10%	09/30/26	tbd

PAS> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
4	**Procurement Delays-** Extended time for external reviews of RFPs may cause delays of the project schedule or incur unplanned costs.	DAS agreed to partner with PERS to meet procurement deadlines. PERS and DAS have a regular check-in meeting to discuss current procurement activities. PERS will share timelines ahead of time, so that everyone is aware of the upcoming work. Accelerate specialized consultant onboarding by ensuring system access and provisioning are ready early, use calendar placeholders to secure time with key staff, and organizing essential program materials to accelerate familiarity with PERS systems.	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. DAS and DOJ are partnering effectively. As of June 16, 2026, DAS Procurement is in the process of transitioning to a new IT procurement analyst. Due to this transition, the Specialized Consultant contract execution is expected to be delayed for four weeks. The estimated target date to complete is now at the end of July.
8	**Unclear Statewide Enterprise Governance Processes-** Some decision-making areas of enterprise information services are unclear how they intersect within the overall governance structure. Handoffs between sections, roles/responsibilities, expectations and dependencies may be unclear and cause delays in approvals.	PERS to escalate unclear expectations on a monthly basis in written format.	Strategy & Design Architecture Assessment Determination was shared with PERS in May. The Permit-to-define process will be completed by the S&D team using information from PERS. PAS Modernization project team meets monthly with EIS P3 team to ensure alignment on IT Investment Oversight processes (e.g., Project Portfolio Performance (P3)).

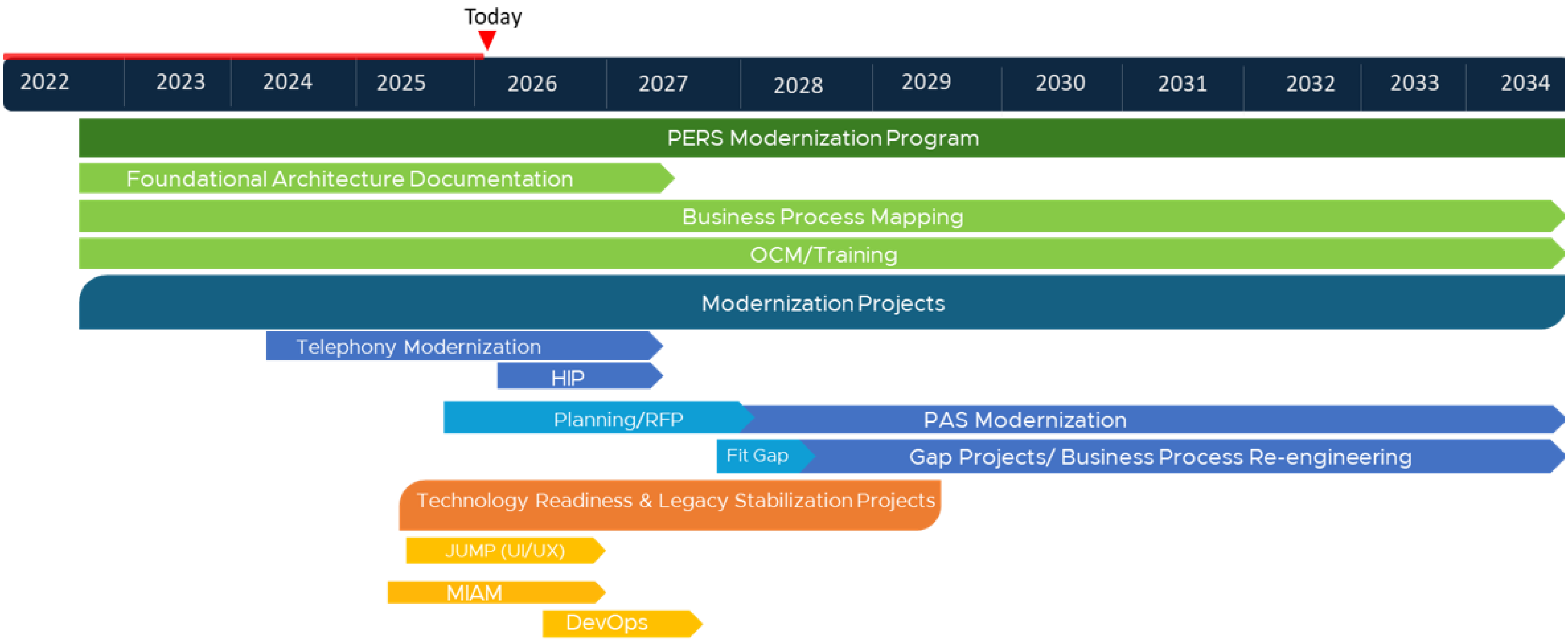
9	**Critical Resources Allocated to Higher Priority Work-** Critical resources are allocated to higher priority projects (i.e. HB4045) or more time sensitive work, impacting availability for PERS Modernization work.	Clearly identify shared resources and work closely with leadership to plan around peaks and mitigate impacts. Closely monitor resource allocations and plan to utilize less skilled resources where possible to focus critical resources to specialized work.	Optimized shared resources to maximize resource utilization and task delivery.

PAS> ISSUES AND CORRECTIVE ACTION PLANS

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

ROADMAP

The current program roadmap focuses on program-level activities and projects. The roadmap below depicts the entire expanse of the PERS Modernization Program.



** MIAM is an active PERS project added to the Modernization Program as of July 1, 2025. MIAM timeline will be updated once milestone dates are validated with new vendors.*

C.

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3. CEM Benchmarking results

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OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

July 24, 2026

TO: Members of the PERS Board

FROM: Barbara Dimeling-Perris, PERS Health Insurance Program Manager

SUBJECT: PERS Health Insurance Program 2027 Rate Adjustment Approval

OVERVIEW

Action: Approve the updated rates for the 2027 plan year.

BACKGROUND

It was announced at the May 2026 PERS Board meeting that Providence Health Plan will, effective January 1, 2027, terminate its participation in the Oregon PHIP Medicare Advantage plans, including the Medicare Align Group health maintenance organization (HMO) Plan/Part D prescription drug plan (PDP) and the Medicare Flex Group HMO-point of service (POS) Plan/Part D PDP.

Providence did reach out to PHIP notifying us of this development, however, PHIP did not have sufficient time prior to the May board meeting to properly assess the member and financial impact of Providence leaving. Due to this, PHIP moved forward with the materials in May based on our current state and what was known for the 2027 Plan Year (PY).

Since the May board meeting, PHIP and its consulting partner Segal reviewed the current Providence membership and developed a plan of action to assist in mitigating the impacts of Providence leaving. While Providence leaving does reduce the number of Contracted Health Plan (CHP) providers, the remaining CHPs offer overlapping coverage in the counties where current Providence members reside, helping to mitigate access concerns. Additionally, PHIP is in active discussions with Providence in an effort to ensure access to Providence providers and facilities are maintained for the 2027 Plan Year via other PHIP CHP offerings. These discussions are ongoing, and there is nothing definitive to report at this time.

Consistent with PHIP's commitment to maintaining high-value benefits relative to the individual market, this change has prompted a reevaluation of medical and prescription drug costs for members affected by Providence's withdrawal. As such, PHIP is proposing that additional rate credits via our reserve funds be applied to the UHC Medicare Advantage premium for the 2027 Plan Year. Due to UHC being the most viable option for many outgoing Providence members, we propose applying these additional credits to help offset cost increases that are beyond the members' control.

RATE REEVALUATION AND STABILIZATION

The PHIP asset balance as of December 31, 2025, is approximately $84,000,000 which decreased by about $8.5 million from December 2024. Total annual PHIP premium across all CHPs for calendar year 2027 is expected to be roughly $279,000,000.

To address the cost differential between the comparable Medicare advantage plan to the terminated Providence Align plan, PHIP recommends utilizing an additional rate credit applied to the UHC rate in accordance with the policy. This approach helps offset cost to impacted Providence members while ensuring that bidders remain accountable for submitting responsible proposals that reflect the best possible value and total cost for members.

The recommended 2027 PY rates in Attachment 1 to this memo include rate credits consistent with the agency policy and range between 0% and 10%. Applying a credit helps to mitigate the impact of cost pressures driving premium rate increases with member costs increasing between 0% and 20.4%. The PERS Director and Chief Operating Officer have reviewed rates for compliance with policy.

SUMMARY OF ACTION REQUIRING BOARD APPROVAL

- PHIP recommends adopting the updated UHC premium rate as outlined in item C.1.Attachment 1: PHIP 2027 PY Proposed Rates.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to approve the revised proposed rates for the 2027 Plan Year as presented in Item C.1.Attachment 1: PHIP 2027 PY Proposed Rates.
2. Direct staff to make changes to these terms or explore other options.

STAFF RECOMMENDATIONS

Staff recommends the PERS Board approve the rates for 2027 Plan Year as presented in Attachment 1.

C.2. Attachment 1 – *PHIP 2027 PY Revised Proposed Rate*

PHIP 2027 PROPOSED RATES

2026 vs. 2027 Contracted Health Plan Rates

Rates not approved/finalized

Effective January 1, 2027

SUMMARY
Medical/Rx and Dental Rates

	Enrollment as of April 2026	Current 2026 Rates	Proposed 2027 Rates	Percentage Change
Medicare Plans				
Kaiser Foundation Health Plan of the NW Medicare Senior Advantage	8,676	$ 284.19	$ 290.48	2.21%
Moda Health Medicare Supplement	23,149	$ 402.21	$ 412.32	2.51%
United Healthcare Group Medicare Advantage (PPO)	5,530	$ 303.84	$ 365.69	20.36%
Non-Medicare Plans				
Core Value				
Kaiser Foundation Health Plan of the NW Traditional Core Value Plan	264	$ 1,181.20	$ 1,224.94	3.70%
United Healthcare Choice Core Value Plan[1]	176	$ 1,658.24	N/A	N/A
Moda Choice Core Value Plan[2]	N/A	N/A	$ 1,706.99	2.94%
HDHP				
Kaiser Foundation Health Plan of the NW Qualified HDHP Plan	166	$ 702.99	$ 729.02	3.70%
UnitedHealthcare Qualified HDHP Plan[1]	174	$ 1,194.05	N/A	N/A
Moda Qualified HDHP Plan[2]	N/A	N/A	$ 1,231.13	3.11%
Dental Plans				
Kaiser Foundation Health Plan of the NW Dental HMO Plan	4,192	$ 70.14	$ 70.14	0.0%
Delta Dental Plan of Oregon	30,207	$ 72.36	$ 72.36	0.0%

Notes to Rate Sheet:

- Rates illustrated are "Adult" only premium (retiree or spouse)

- Child rates are calculated as a percentage of the "Adult" rate as follows:
- Child with Medicare coverage = 80%
- Child with non-Medicare Coverage = 30%
- Child with dental coverage = 40%

- The rates in "Current 2026 Rates" and "Proposed 2027 Rates" columns, include a rate credit applied to CHP best and final offer.

- Medical / Rx Rates do not include RHIPA/RHIA subsidies or PERS Administrative fees

[1] Effective January 1, 2027, the United Healthcare Core Value and HDHP plans will be replaced with comparable Moda plans.
[2] Percentage Change is from current United Healthcare plan.

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OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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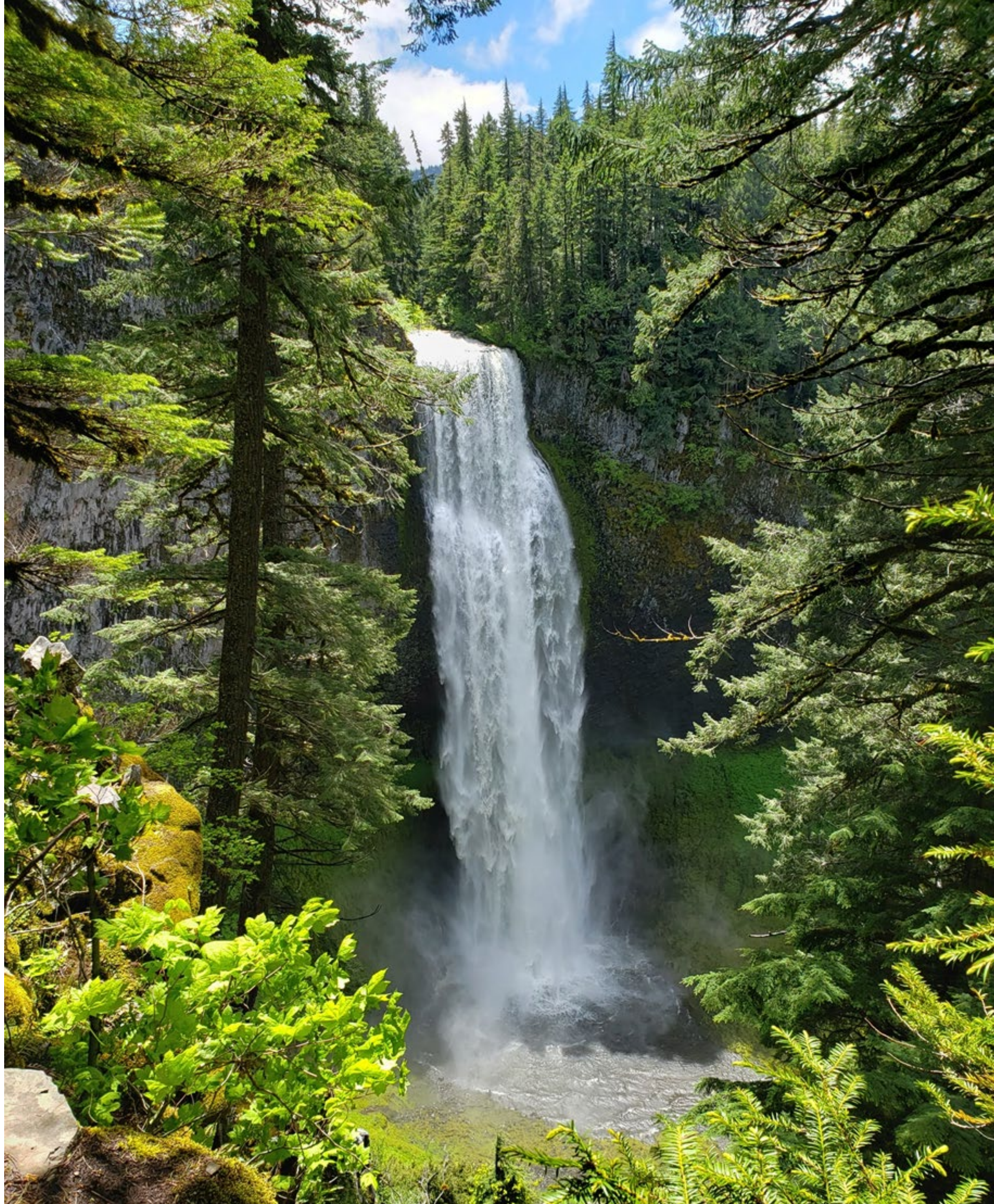
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Analysis of Capital Bond Financing for Modernization Projects

July 24, 2026



Borrowing or spending trust earnings
Considerations

Comes down to a basic question:

- Borrow funds at 4-5% interest rates.

Or

- Spend funds out of earnings in the trust where gains are assumed (but not guaranteed) at 6.9%.

Financial analysis
Assumptions and conclusion

Assumptions:

- Bonds issued with coupon rates ranging from 4.8% - 5.2%.
- Additional staff and administrative costs needed to manage bonds.
- OPERF earnings at assumed rate of 6.9%.
- 3 Bond Issues totaling $165 million over the life of the project.

Conclusion:

- Issuing bonds results in net positive $6.5 million earnings, with a present value of $4.0 million.

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Thank you

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

July 24, 2026

TO: Members of the PERS Board

FROM: Gregory R. Gabriel, Budget Officer

SUBJECT: 2027-29 Agency Request Budget (ARB) Policy Packages

OVERVIEW

- Action: Approve PERS' 2027-29 policy package requests
- Reason: Review and approval needed by the Department of Administrative Services/Chief Financial Office and the Legislative Fiscal Office following board approval.

As PERS looks forward to our 80th year as an agency, we recognize that we must reimagine how we evolve and deploy our business capabilities via our people, processes, and technologies. This evolution is necessary to meet our member and employer needs into the future. Members and employers have a desire for more personalized and updated service delivery such that they can be informed, interact, and transact with PERS at the time of their choosing using the channel of their choosing. This reimagining of our service delivery model will be accomplished, in alignment with the PERS Strategic Plan, via an overarching modernization program that, ultimately, ensures that we are meeting those future stakeholder needs in the most effective and efficient means to do so.

BUDGET DEVELOPMENT ACTIVITIES

The Agency Request Budget (ARB), one of three phases of budget development for the 2027-29 biennium, is officially complete. During this first phase, the agency carefully evaluates its operations and puts forth policy package requests in an effort to improve efficiency and increase value to its members. The agency has submitted the following policy package requests for the 27-29 budget cycle, which increases our current operating budget, with a significant focus on the PERS Modernization Program.

Division	*Staff*	*Position Re/class*	*Total*
Central Administration	-	-	433,880
Information Services	4	2	3,260,716
Operations	2	-	438,876
Compliance, Audit, and Risk	4	-	1,425,775
Core Retirement / House Bill 4045	6	-	17,434,779
Core Retirement / Modernization	60	-	39,506,780
Agency Request Total	**76**	**2**	**62,500,806**

The agency is requesting approval for the following policy packages for the 2027-29 budget cycle:

Policy option package (POP) 101 House Bill (HB) 4045 Implementation: 6 positions | $17,434,779

This request continues the agency's efforts to implement HB 4045 – Hazardous Position Classification. The request includes six limited duration positions for various operational duties: three Retirement Counselor 1 positions; two Operations and Policy Analyst 2 positions; and one Operations and Policy Analyst 3 position to assist with workload backlogs and implementation efforts.

POP 102 Modernization Implementation: 24 positions | $16,617,471

PERS is requesting authorization for 24 positions to support the Modernization Implementation Program. These positions will provide comprehensive program support, including research activities, development of communication plans, and maintenance of the modernization program's intranet pages. Key responsibilities include preparing business cases, work out of classes, scopes of work, and training materials; delivering consulting services and information technology oversight for modernization projects; and supporting organizational change management and project management office functions. Additional duties encompass project scheduling, resource coordination, vendor oversight, and contributing expertise for new software and system implementation efforts. The positions will also support modernization data conversion and migration work, program schedules, and deliverables.

POP 103 Modernization Supporting Positions: 36 positions | $9,606,808

PERS is requesting 36 positions to support the PERS Modernization Program. These positions provide essential operational support across multiple functional areas, including operations, communications, human resources, procurement, data management, and legal analysis.

Key responsibilities include analyzing and validating future-state requirements for the new Pension Administration System; conducting fit-gap workshops; reviewing system designs; and developing and executing test cases. Additional duties involve personnel management, contract development and administration, and delivering training. These positions ensure efficient and accurate daily operations while providing leadership, guidance, and process oversight.

POP 104 Modernization Pension Administration System: 0 positions | $1

This proposal is a placeholder to support the planning and design of the new Pension Administration System and to prepare for anticipated gap projects. The agency is also considering bond funding for this effort. Bond proceeds and debt service will accompany this package if bonding becomes a funding source for this project.

POP 105 Modernization Legacy Stabilization: 0 positions | $13,282,500

Legacy stabilization is focused on keeping our core legacy system, jClarety, updated throughout the duration of modernization in the areas of regulatory compliance, cybersecurity, data quality, system performance and reliability. To avoid conflating with other non-modernization projects such as HB 4045 Hazardous Positions, and Maintenance and Enhancements, Information Services Division contractors are needed to augment staff for enterprise architects, business systems analysts, and developers to support modernization legacy stabilization and technology readiness.

POP 106 Enterprise Risk Management: 2 positions | $935,633

This proposal is intended to enhance the capabilities of the agency by implementing an Enterprise Risk Management Program, which ties together strategy and business plans using risk management methodologies as one of the key decision-making criteria. This effort includes one Operations & Policy Analyst 3 to stand up the program plus one Information Systems Specialist 5 to enhance our Information Security needs.

POP 107 IT Dues and Subscriptions: 0 positions | $2,093,000

This request is for a permanent increase in funding for annual software subscriptions and dues from cloud resources consumption, and the newly implemented Member Identity and Access Management solution. This is due to significant cost increases by vendors and technologies that are outpacing inflation.

POP 108 IT Staffing: 4 positions, 2 reclass | $1,167,716

PERS is requesting enhanced staffing levels due to the number of programs, sections, and projects in the Information Services Division. This POP includes the following requests: an Information Systems Specialist 5 in the Business Systems Analysis Section; an Information Systems Specialist 6 position to oversee the support functions for non-development based applications; a permanent Information Systems Specialist 5 Senior Desktop Support position; and a permanent Information Systems Specialist 6 to oversee IT asset management. The agency is also requesting to reclass two Information Systems Specialist 4 developer positions to align with the enterprise application development needs. The positions are currently in work-out-of-class positions but require permanent funding to support the ongoing work requirements that meet the agency Software Development Life Cycle Policy for application development.

POP 109 Policy and Compliance Staffing: 2 positions | $490,142

This request is for the continuation of two limited duration Operations and Policy Analyst 1 positions that were approved during the 2025 legislative session in order to address backlog items. The Policy Analysis and Compliance Section has seen an increase in workload, especially in the area of appeals. Prior to the 2025-2027 biennium, this section did not have an increase in requests for staffing for many years, which has caused backlogs in the program.

POP 110 Death Identification: 1 position | $219,438

This request is to add one Operations and Policy Analyst 1 position to focus on mitigating the risk of invalid and fraudulent payments. PERS and other pension systems experience a number of unreported deaths of benefit recipients. This puts the system at risk of paying benefits to individuals that are no longer entitled to those benefits. If the death goes unreported for too long, PERS is unable to recover the funds.

POP 111 Deferred Maintenance: 0 positions | $433,880

PERS requests funding for our headquarters building in order to make informed, strategic decisions once the third-party Long-Range Facility Plan is complete in the current biennium. This funding will position the agency to plan responsibly, prioritize effectively, and meet HB 3409 requirements. PERS' Tigard building is nearly 30 years old and faces growing issues with aging systems, deferred maintenance, and new compliance requirements.

POP 112 Tax Remedy: 1 position | $219,438

PERS is proposing a legislative concept for the 2027 session to address issues with tax remedy certification forms. Tax remedy benefits were created after the 1991 Davis v. Michigan decision and are intended to compensate eligible Tier One members whose PERS benefits became subject to Oregon income tax. PERS proposes a statutory change to eliminate members' ability to self-certify for more than two years in a row if the member has not filed an Oregon income tax return for either of the previous two tax years. Requesting one limited duration Operations & Policy Analyst 1 for the project if this bill passes.

2027-29 AGENCY REQUEST BUDGET (ARB)

	2027-29 Current Service Level	*POP 101 HB 4045 Implementation*	*POP 102 MOD Implementation*	*POP 103 MOD Positions*	*POP 104 MOD PAS*	*POP 105 MOD Legacy*	*POP 106 Enterprise Risk Mgmt.*
Personal Services	**133,561,986**	1,343,779	6,745,799	8,375,464	0	0	552,383
Serv/Supplies	**47,314,806**	16,091,000	9,871,672	1,231,344	1	13,282,500	383,250
Capital Outlay	**656,964**	0	0	0	0	0	0
Total	**181,533,756**	17,434,779	16,617,471	9,606,808	1	13,282,500	935,633
Positions	**424**	6	24	36	0	0	2
FTE	**424.00**	5.28	21.12	30.97	0.00	0.00	1.76

	POP 107 IT Dues and Subs	*POP 108 IT Staffing*	*POP 109 PACS Staffing*	*POP 110 Death Identification*	*POP 111 Deferred Maintenance*	*POP 112 Tax Remedy*	*2027-29 Agency Request Budget*
Personal Services	0	1,124,966	477,142	208,750	0	208,750	152,599,019
Serv/Supplies	2,093,000	42,750	13,000	10,688	433,780	10,688	90,778,579
Capital Outlay	0	0	0	0	0	0	656,964
Total	2,093,000	1,167,716	490,142	219,438	433,880	219,438	244,034,562
Positions	0	4	2	1	0	1	500
FTE	0.00	3.52	2.00	.88	0.00	.88	490.41

PERS BUDGET METRICS AND COMPARISONS

One way to view the “cost” of PERS administration is to compare the agency’s annual operating budget to the net asset value of the PERS Fund. The following table shows the biennial budget as an annualized percentage of the Fund’s value at the end of each biennial period. Note that our annual operating budget has generally ranged from 6 to 9 basis points using that industry standard measurement approach.

Biennium	Legislatively Approved Limited Budget	Fiscal Year Ended June 30th	Annual Budget	PERF Balance		% Annual Operating
2019-2021	$145,475,503	2021	72,737,752	93,708,071,000		0.0776%
2021-2023	$154,361,372	2023	77,180,686	96,876,622,000		0.0797%
2023-2025	$177,462,596	2025	88,731,298	108,349,083,336		0.0819%
2025-2027	$196,572,437	2027	98,286,218	101,420,449,000	E	0.0975%
	ARB					
2027-2029	244,034,562	2029	122,017,281	108,418,459,981	E	0.1125%

<u>BOARD OPTIONS</u>

PERS is required to submit the 2027-29 Agency Request Budget to the Department of Administrative Services/Chief Financial Office. This submission will form the basis for the Governor’s Recommended Budget to be developed prior to the 2027 Legislative Session.

The PERS Board may:

1. Pass a motion to approve the 2027-29 Agency Request Budget as presented for submission to the Department of Administrative Services/Chief Financial Office.
2. Direct staff to further refine the budget request(s) in specific areas before submission to DAS.

<u>STAFF RECOMMENDATION</u>

Staff recommends the board choose option #1.

C.3. Attachment 1 – *Capital Bond Financing presentation*

C.

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OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Year-End 2025 Actuarial Valuation Results

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presented by:

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

July 24, 2026

Executive Summary – System Liabilities

- Accrued actuarial liability (AAL) increased closely in line with expectation
  - Small demographic experience losses moved AAL above projection

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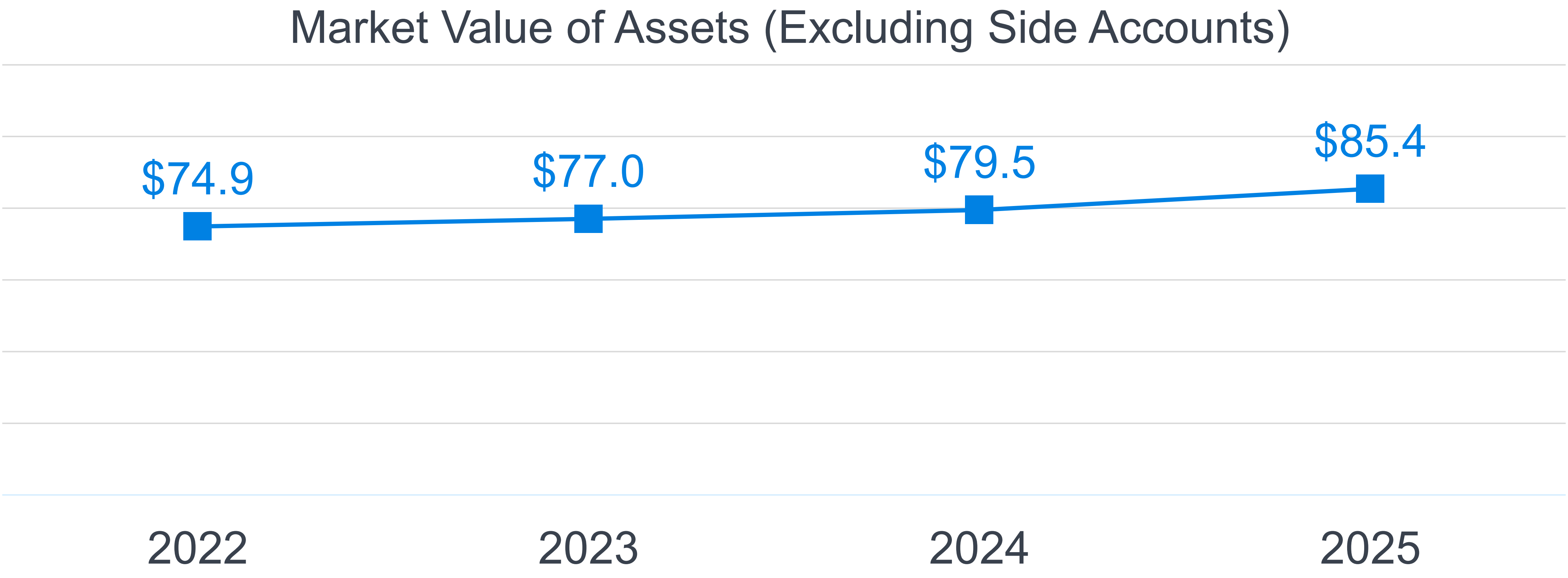
Executive Summary – System Assets

- Return on market value of assets (MVA) was about 2.8% above assumption
  - Actual 2025 return of +9.68% compared to assumed 6.90% long-term average annual return



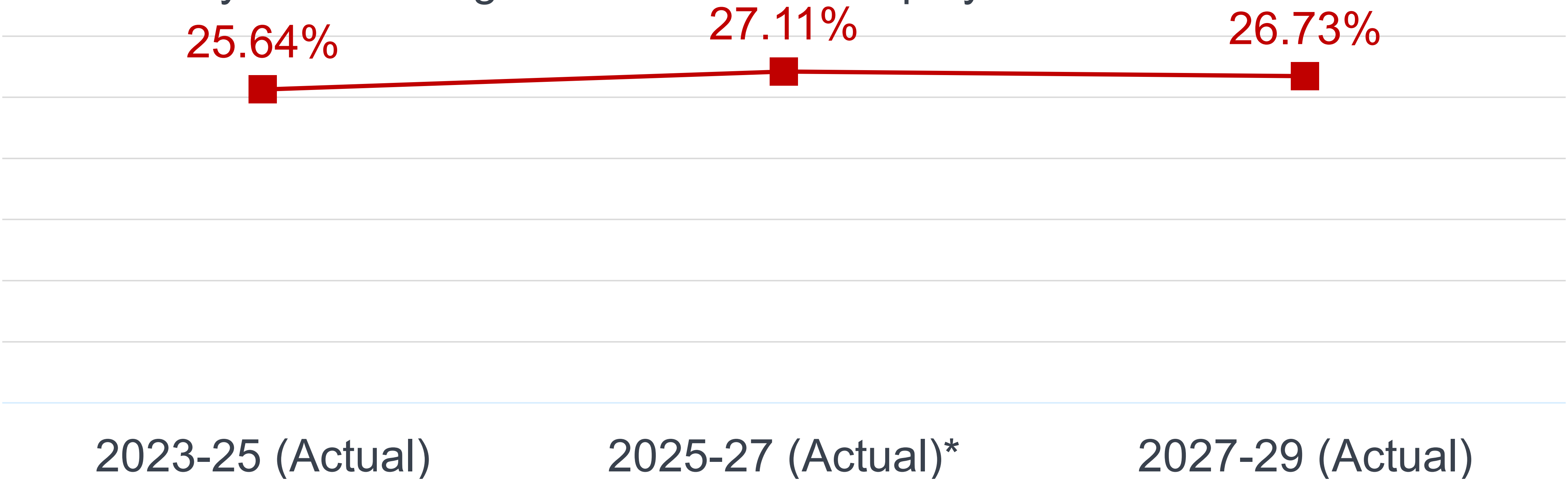
Executive Summary – Unfunded Actuarial Liability (UAL)

- Actual UAL decrease ($2.6 billion) was larger than expected
  - Driven by gain from 2025 investment return
  - Funded status excluding side accounts increased from 73% to 76%

Executive Summary – Collared Base Employer Contribution Rates

- Collared base employer contribution rates for 2027-29 decreased slightly
  - Collared base rates are paid by employer contributions and/or employer side account transfers
  - Rate collar policy keeps collared base Tier One/Two UAL Rates level from 2025-27 to 2027-29

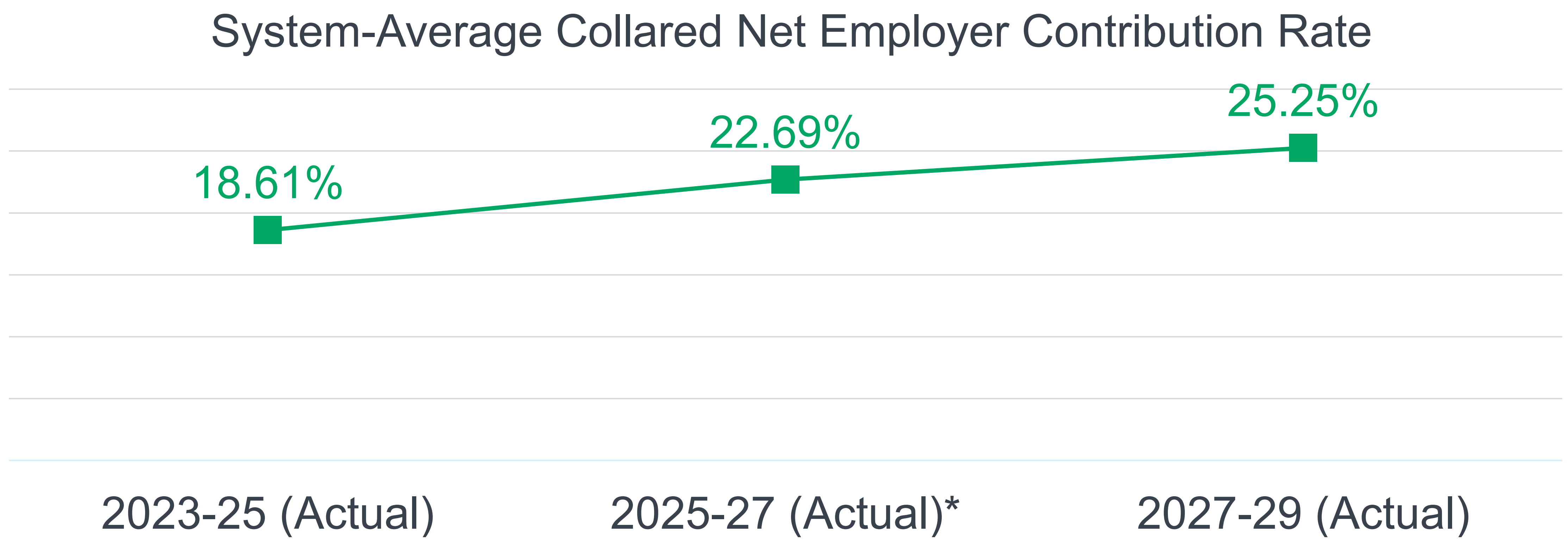
System-Average Collared Base Employer Contribution Rate



**Prior to effect of SB 849 on 2025-27 School District rates*

Executive Summary – Collared Net Employer Contribution Rates

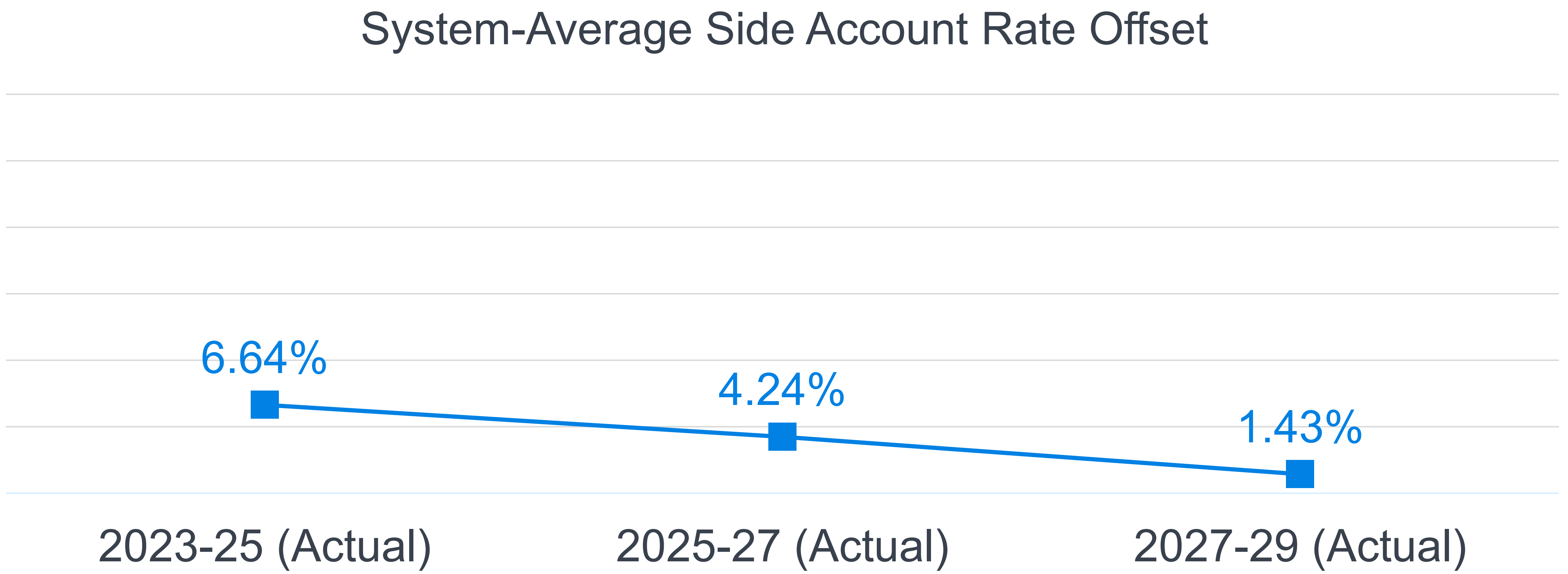
- Collared net employer contribution rates for 2027-29 increased materially
  - Collared net rates are paid solely by employer contributions
  - Increases due to projected 2027 exhaustion of many employer side accounts



**Prior to effect of SB 849 on 2025-27 School District rates*

Executive Summary – Average Side Account Rate Offset

- Funds for many employer side accounts are projected to be exhausted in 2027
  - Employers without side accounts are unaffected by this dynamic
  - The size and level of side account offset varies significantly by employer



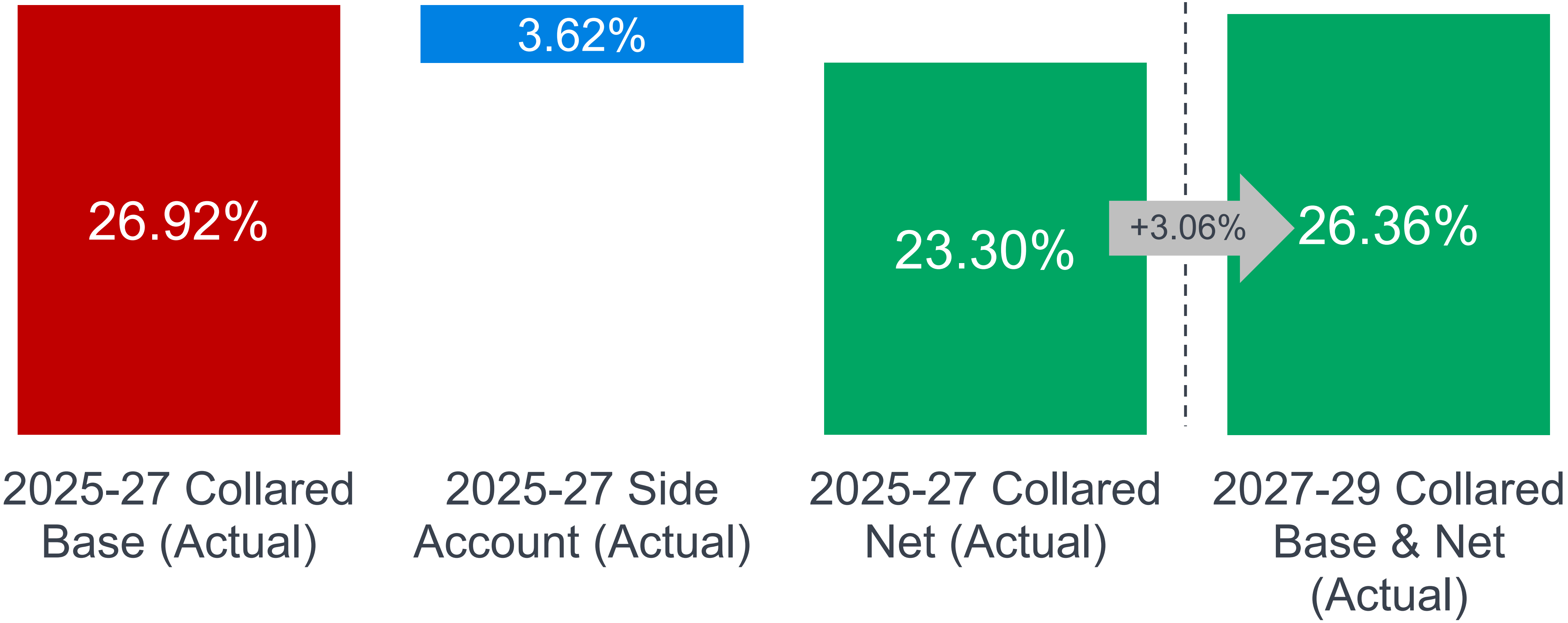
Side Accounts – History and Background

- Employers can make excess lump sum contributions above the mandated rate
- Those elective lump sum contributions create a **side account** for the employer
- Side account transfers then help pay the collared base employer contribution rate
  - The portion of the collared base rate not paid by the side account transfer is called the net rate
- Many large side accounts were established in the early 2000s
  - Often the side account contribution was proceeds from a **pension obligation bond (POB)**
- A 2003 ballot measure approved a $2 billion POB issue by **State of Oregon**
  - Side account transfers have helped pay the State's collared base contribution rate since that time
  - Calculated transfer is a level percent of pay amortization through 2027
  - We understand that 2027 aligns with POB debt service payment schedules
  - In the 2025-27 biennium, the State's side account transfer is a **3.62% of payroll rate offset**
- Some employers do not have side accounts – **City of Portland** is one example

Weighted (Tier, Employee Category) Contribution Rates – State

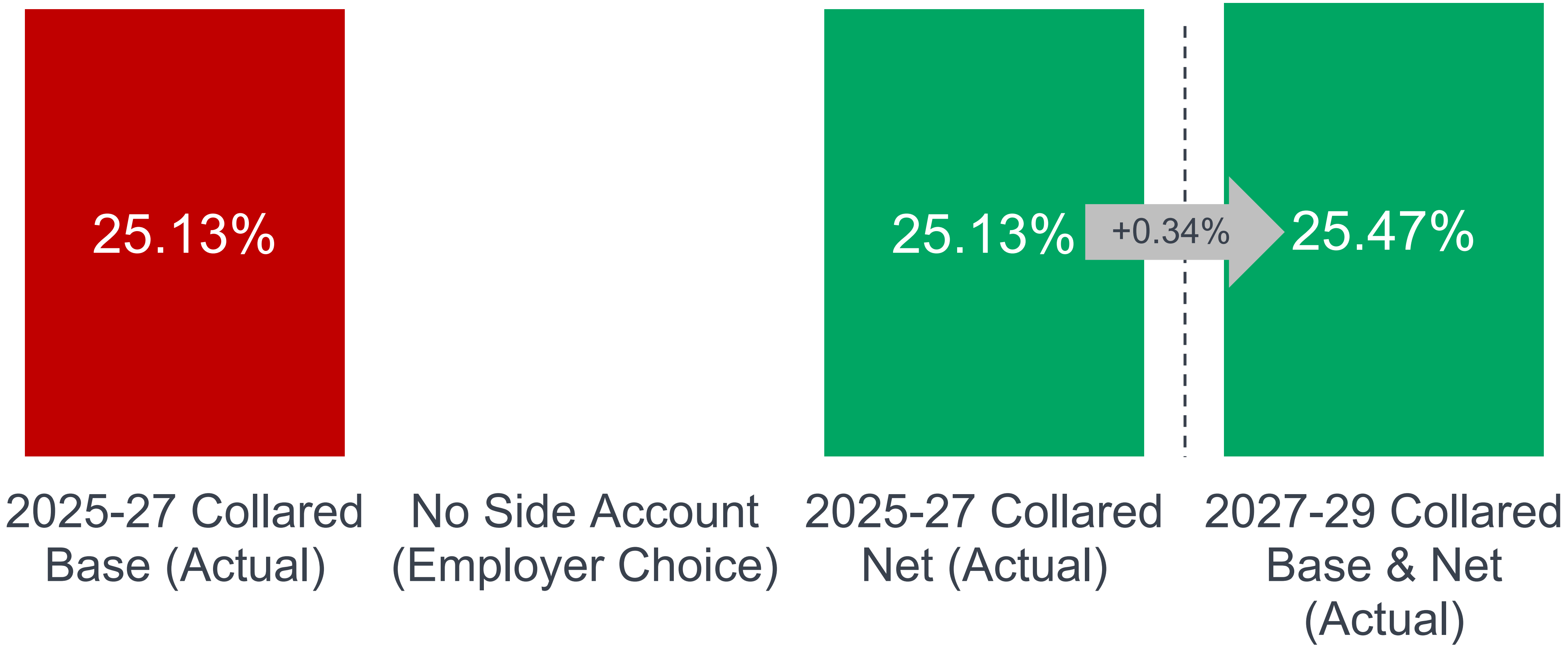
State advisory net rate increases by 3.06% of pay as side account exhausts in 2027

- Collared base employer rate decreased 0.56%
- State has pension obligation bond debt service payments (not illustrated) that will conclude in 2027



Weighted (Tier, Employee Category) Contribution Rates – Portland

Portland, which has no side account, had a more stable net rate



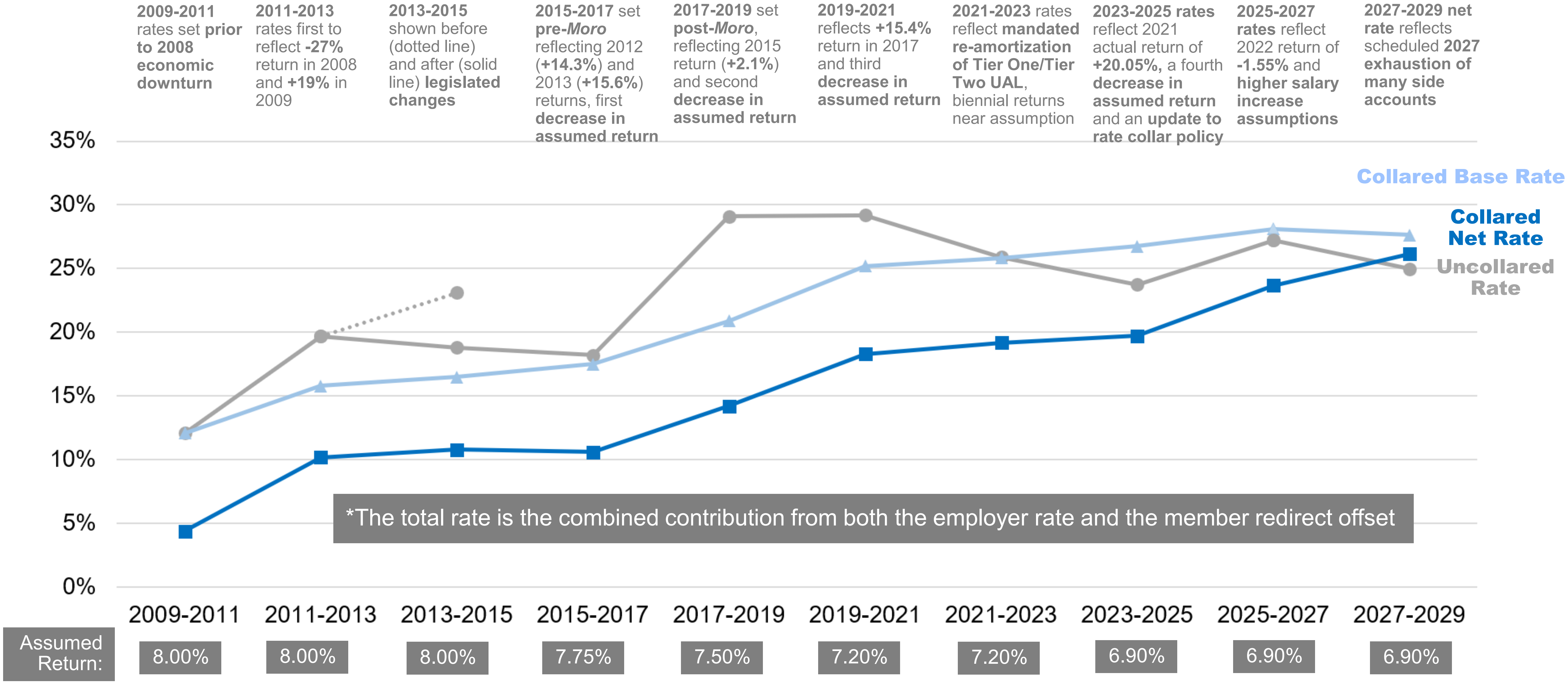
Recap

- Average collared base employer contribution rates **will decrease 0.38% of pay starting July 2027,** excluding effect of SB 849 on School District rates
  - Collared base employer rates are paid by new employer contributions and/or side account transfers

- Average collared net employer contribution rates **will increase 2.56% of pay starting July 2027,** excluding effect of SB 849 on School District rates
  - Collared net rates are paid by new employer contributions
  - Over 180 side accounts expire by the end of 2027, so will no longer offset rates for 2027-29
  - This increases Net Rates for affected employers; this dynamic varies significantly between employers
  - Many employers may have debt service related to their side account expire at a similar time

- **Year-end 2025** funded status is **76% excluding side accounts**, up from 73% at year-end 2024
- **Year-end 2025** funded status is **80% including side accounts**, up from 77% at year-end 2024

System-Average Weighted Total* Pension-Only Rates



Funded Status & Unfunded Actuarial Liability (UAL)

System-Total Pension Funded Status ($ billions)			
Valuation:	12/31/2023 Rate-Setting	12/31/2024 Advisory	12/31/2025 Rate-Setting
Assumed return:	6.90%	6.90%	6.90%
Actuarial liability	$ 106.4	$ 108.7	$ 112.0
Assets (excluding side accounts)	77.0	79.5	85.4
UAL (excluding side accounts)	**$ 29.4**	**$ 29.2**	**$ 26.6**
Funded status (excluding side accounts)	**72%**	**73%**	**76%**
Side account assets	$ 5.4	$ 4.4	$ 3.8
UAL (including side accounts)	$ 24.0	$ 24.8	$ 22.8
Funded status (including side accounts)	**77%**	**77%**	**80%**

Overview

- Today we will review summary valuation results as of December 31, 2025 for:
  - Tier One/Tier Two & OPSRP retirement programs
  - Retiree Health Insurance Account (RHIA), and
  - Retiree Health Insurance Premium Account (RHIPA)
- Formal, detailed results will be presented in our forthcoming December 31, 2025 System-Wide Actuarial Valuation Report
- This valuation will be the basis for 2027-2029 employer contribution rates presented for adoption at the September 25 Board meeting:
  - Employers' individual rates will be in the September meeting materials
- All work is based on:
  - Asset levels and member demographics at year-end 2025
  - Updates to methods and assumptions from the 2024 Experience Study
- PERS will deliver employer-specific reports after the rates are adopted

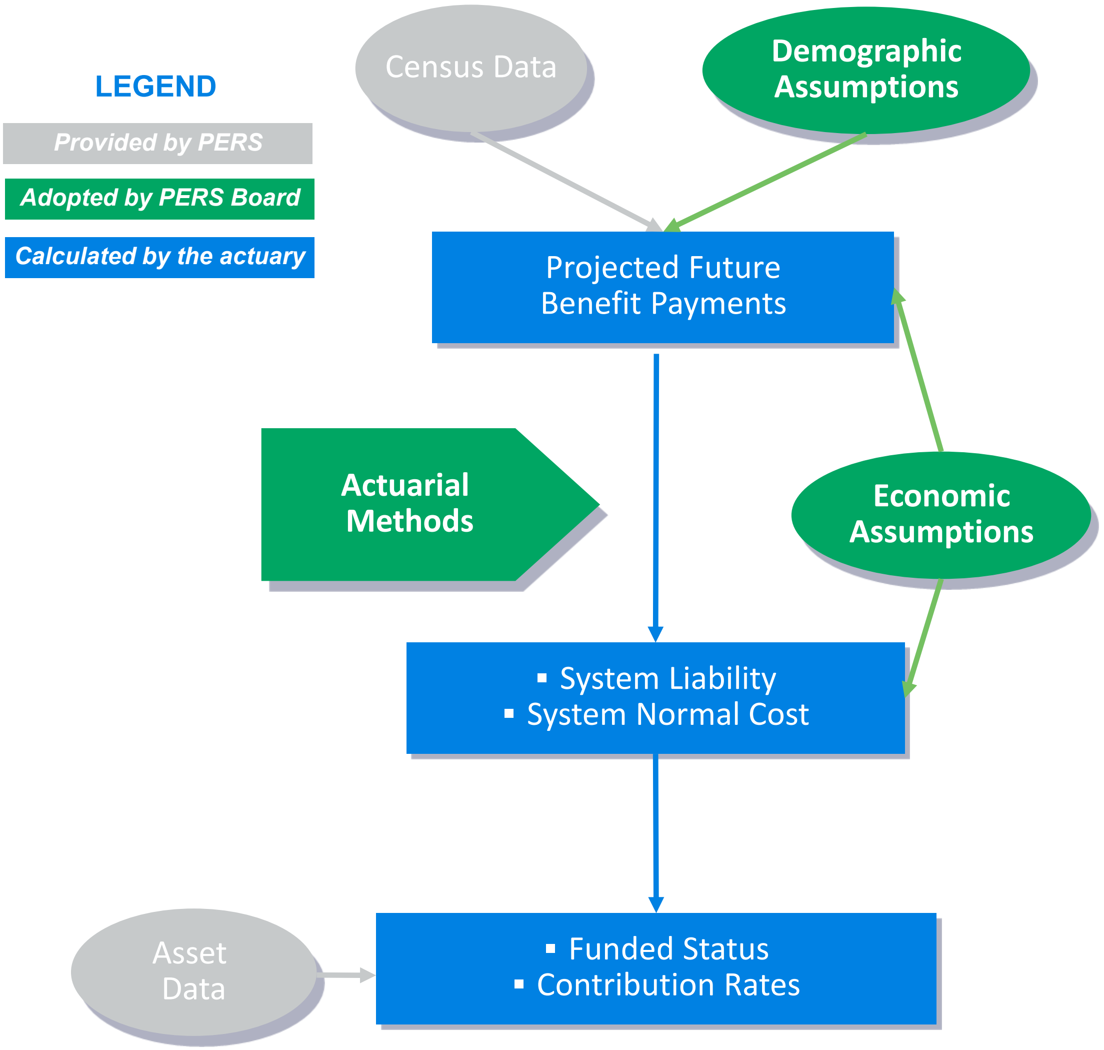
Valuation Process and Timeline

- Actuarial valuations are conducted annually
  - Alternate between "rate-setting" and "advisory" valuations
  - This valuation as of 12/31/2025 is rate-setting
- Board adopts contribution rates developed in rate-setting valuations, and those rates go into effect 18 months after the valuation date

Valuation Date	Employer Contribution Rates
12/31/2023 →	July 2025 – June 2027
12/31/2025 →	July 2027 – June 2029
12/31/2027 →	July 2029 – June 2031

Two-Year Rate-Setting Cycle

- July 2025: Assumptions & methods adopted by Board in consultation with the actuary
- September 2025: System-wide 12/31/24 actuarial valuation results
- December 2025: Advisory 2027-2029 employer-specific contribution rates
- **July 2026: System-wide 12/31/25 actuarial valuation results**
- September 2026: Disclosure & adoption of employer-specific **2027-2029 contribution rates**



Guiding Objectives - Methods & Assumptions

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

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

Changes Since the Last Rate-Setting Valuation

- The 12/31/2023 rate-setting valuation developed 2025-27 contribution rates
- Since the 12/31/2023 rate-setting valuation:
  - The PERS Board adopted **new assumptions and methods** from the 2024 Experience Study
  - **Asset returns were greater** than the long-term assumed rate of 6.90% per year
    - Cumulative 2024-2025 regular account return was 15.9% compared to the assumed two-year return of 14.3%
  - **System payroll increased more than 13%** since the 12/31/2023 valuation
    - Active member headcount increased about 4% during this period
  - Senate Bill 849 reduced the 2025-27 School District Tier One/Tier Two UAL Rate by 1.68%
  - Current valuation: **preliminary 2027-29 SB 849 offset for Schools is 1.37% of 2027-29 payroll**
    - **Actual reduction for 2027-29 will be recalculated in early 2027**
      - Recalculation will reflect updated SDULF balance

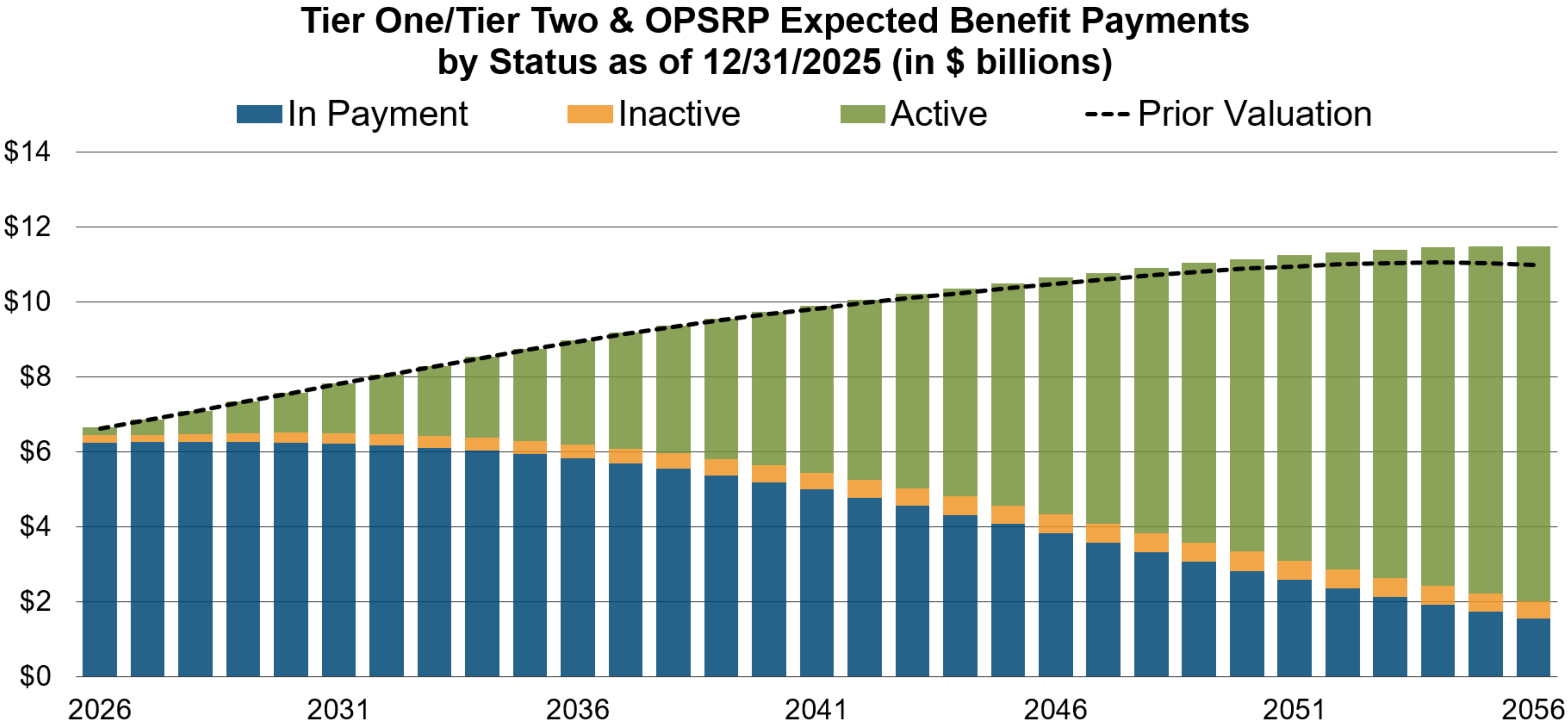
Changes Since the Last Advisory Valuation

- The 12/31/2025 rate-setting valuation develops 2027-2029 contribution rates for Board adoption, and reflects the following changes since the 12/31/2024 advisory valuation
  - 2025 OPERF regular account return of +9.68%, which produced a single-year actuarial investment gain of $2.0 billion
  - System payroll increase of 4.5% from 12/31/2024 to 12/31/2025

- The 12/31/2024 advisory actuarial valuation already reflected:
  - Updated assumptions and methods from the 2024 Experience Study
  - Investment experience during 2024 of 5.71%
  - System projected payroll increased over 8% from 12/31/2023 to 12/31/2024
  - Senate Bill 849 reduced the 2025-27 School District Tier One/Tier Two UAL Rate by 1.68%

Projected Benefit Payments for Members as of 12/31/2025

Does Not Include Projected Benefit Payments for Anyone Joining OPSRP After 12/31/2025



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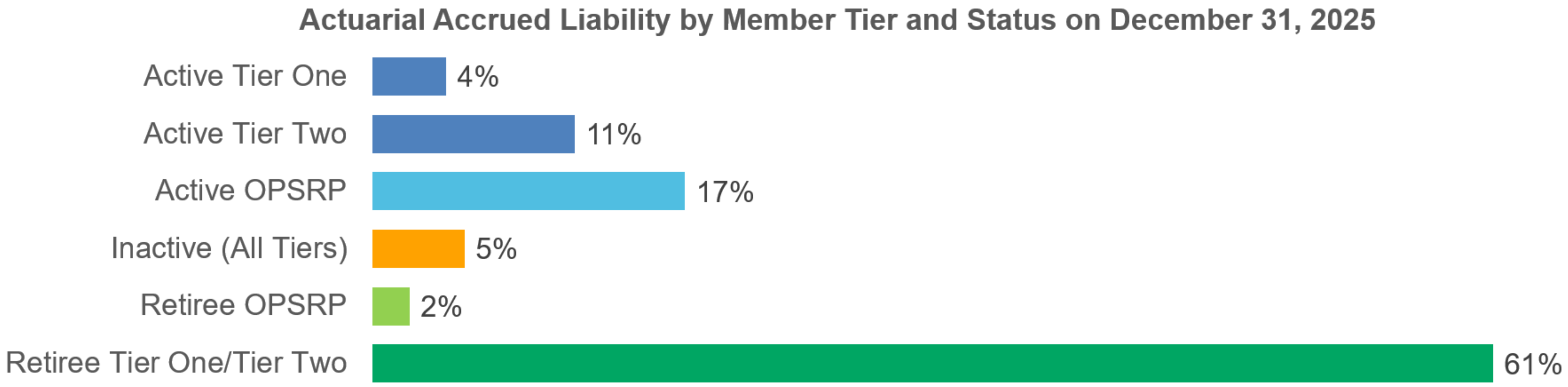
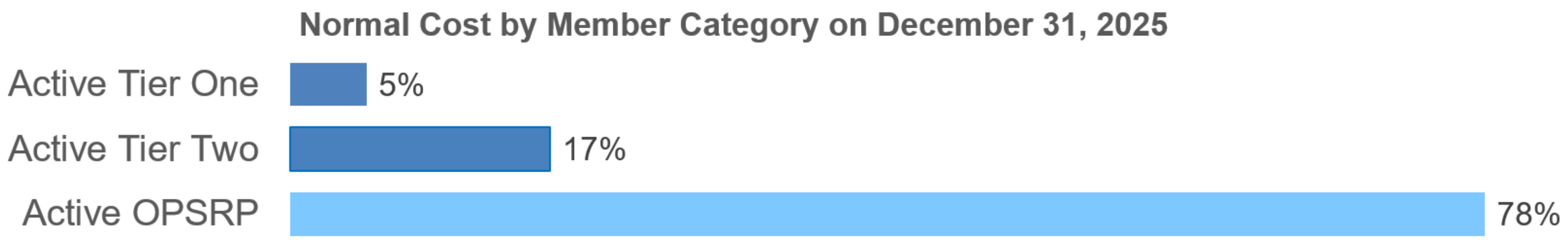
Actuarial Accrued Liability and Normal Cost by Category

12/31/2025 Tier One/Tier Two and OPSRP Actuarial Accrued Liability and Normal Cost





Accrued Actuarial Liability is the present value of benefits allocated to service prior to 2026
Normal Cost is the present value of benefits allocated to projected service during 2026

Sources of 2025 UAL (Excluding Side Accounts) Change

($ billions)	UAL Increase
Expected UAL increase/(decrease) during 2025	($ 0.8)
2025 actual investment performance different than assumed	(2.0)
Assumption changes	0.0
Actual demographic experience different than assumed	0.2
Actual UAL increase/(decrease) during 2025	($ 2.6)

- The ***expected UAL increase/(decrease)*** is the UAL change, based on 12/31/2024 valuation results and contribution rates in effect during 2025, projected to occur during 2025 if actual 2025 experience followed that valuation's assumptions
- The 2025 investment gain (i.e., actual versus assumed return) reflects actual 2025 OPERF returns of +9.68% compared to the assumed 6.90% return

Tier One/Tier Two Rate Pool Funded Status and UAL

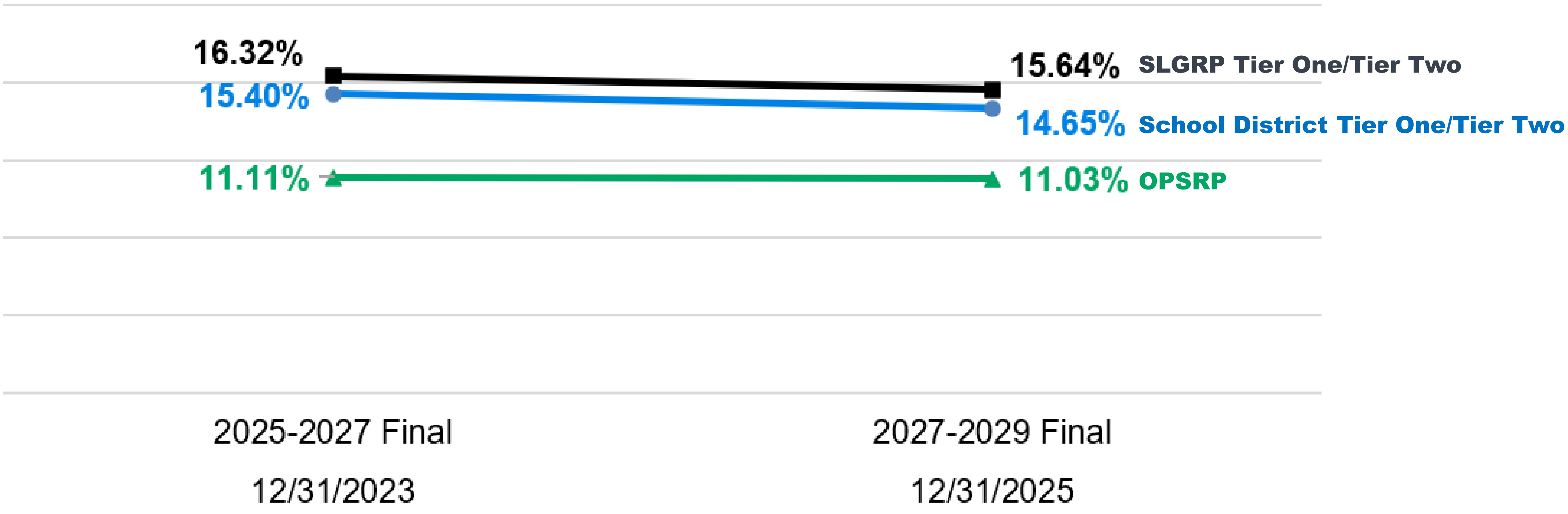
Amounts Shown as of December 31, 2025

($ billions) *Totals may not add due to rounding*	SLGRP	School Districts
Tier One/Tier Two actuarial liability	$ 49.2	$ 32.4
Tier One/Tier Two assets (excluding side accounts)	35.5	26.1
Tier One/Tier Two UAL (excluding side accounts)	**$ 13.7**	**$ 6.2**
Tier One/Tier Two funded status (excluding side accounts)	**72%**	**81%**
Projected 2026 Tier One/Tier Two + OPSRP payroll	$ 10.5	$ 5.4
Assets to payroll ratio (excluding side accounts)	3.4x	4.8x
UAL to payroll ratio (excluding side accounts)	1.3x	1.2x
Side account assets	$ 1.4	$ 2.0
Tier One/Tier Two UAL (including side accounts)	**$ 12.2**	**$ 4.3**
Tier One/Tier Two funded status (including side accounts)	**75%**	**87%**

Comments on 2027–29 Rates

- No single employer pays the system-wide average rate
  - Individual employer rates reflect either rate pool or independent employer-specific results, not the system-wide average
  - Relative proportion of Tier One/Tier Two vs. OPSRP payroll also varies by employer
- Employers in a rate pool do not pay the pool average rate
  - Actual rates reflect employer-specific side account rate offsets and/or any remaining SLGRP charges/offsets
  - SLGRP normal cost rates are specific to an employer's workforce mix of member tier and job classification
- Rates shown on the next several slides do not include the effects of:
  - Individual Account Plan (IAP) contributions
  - Rates for the RHIA & RHIPA retiree healthcare programs
  - Debt service payments on pension obligation bonds

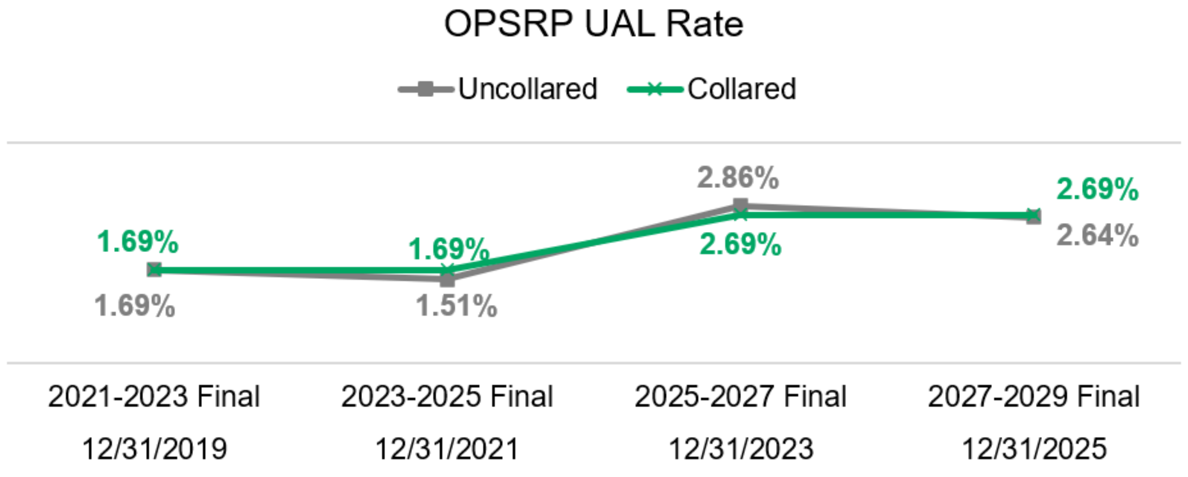
Changes in Total Normal Cost Rate

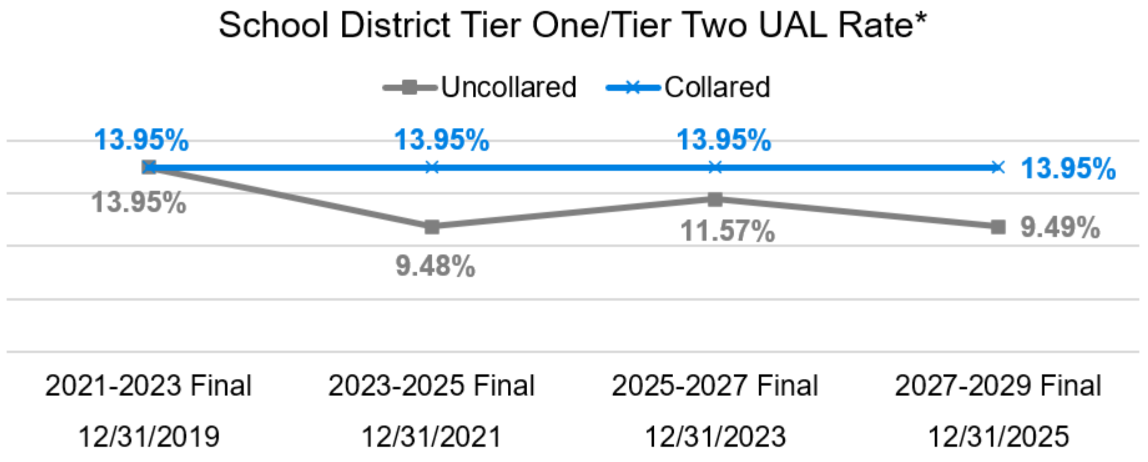


- Normal cost rates decreased since the last rate-setting valuation due to the continued transition of the active membership and lower future individual member salary increase assumptions adopted with the most recent experience study

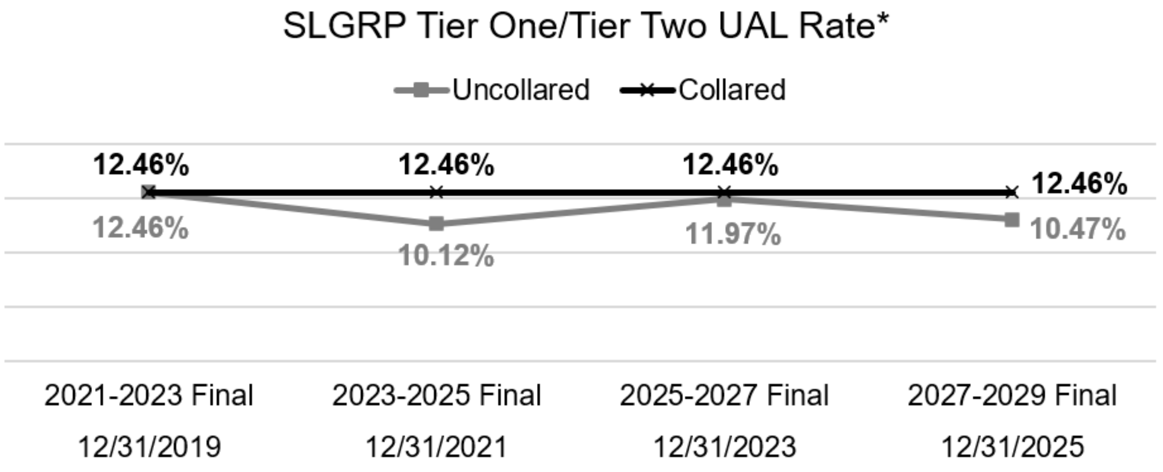
Changes in UAL Rates

- The rate collar policy helped stabilize the level of collared UAL rates during 2019-2023 period of investment gains followed by investment losses
  - As of 12/31/2025, the two large Tier One/Tier Two pools have further cushion to absorb investment losses without immediately increasing Tier One/Tier Two UAL rates paid by employers than at the 12/31/2023 rate-setting valuation
  - OPSRP Uncollared UAL Rate decreased due to asset returns and payroll growth and is now below Collared Rate



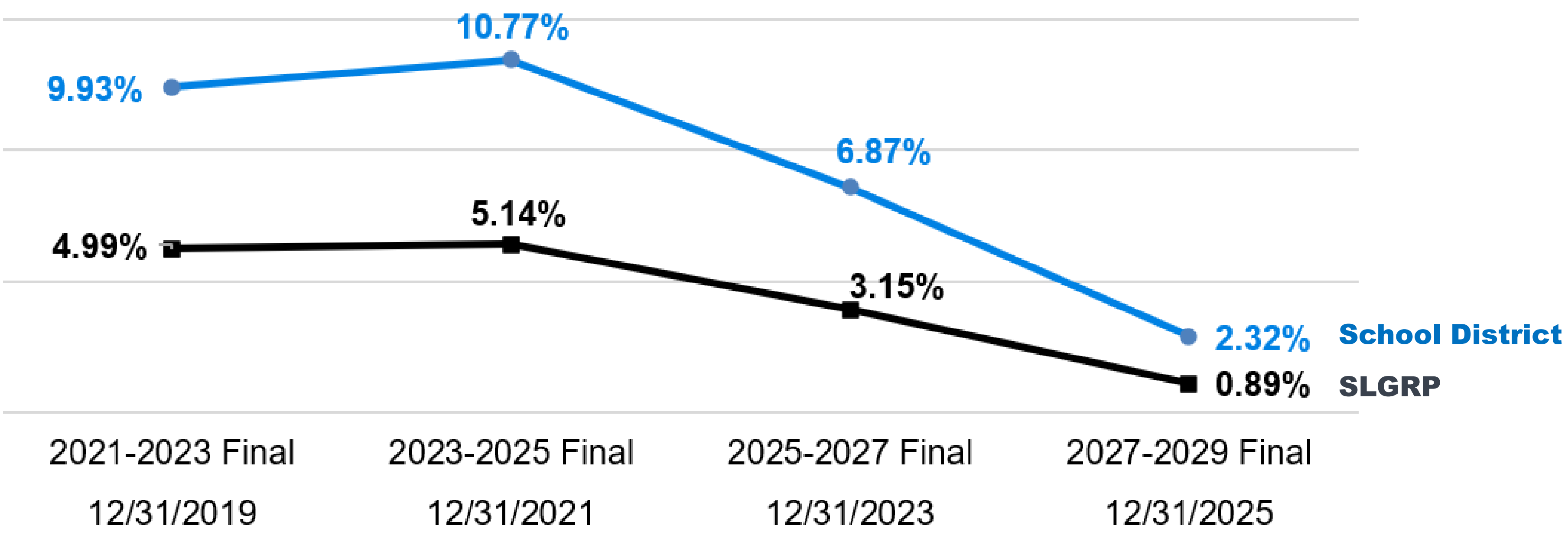


Prior to 1.68% reductions to School District collared rates from SB 849



*Excludes rate for Multnomah Fire District #10

Changes in Average Side Account Offset



- Average side account offset decreased since the last rate-setting valuation, due to:
  - Scheduled expiration of many side account balances at 12/31/2027; these balances will not provide a rate offset in the 2027-29 biennium
  - Higher than assumed payroll growth, which accelerates the spend-down of the side account balance using the offset rate currently in effect

School Districts Rate Summary

Weighted Average Total Rates (Tier One/Tier Two and OPSRP)

	Final 2025 – 2027*	Final 2027 – 2029*	Increase/ (Decrease)
Uncollared Total Base Rate	26.11%	23.32%	(2.79%)
Collared Total Base Rate	28.32%	27.83%	(0.49%)
Collared Base Employer Rate	27.32%	26.93%	(0.39%)
Collared Net Employer Rate	20.45%	24.61%	4.16%

**Prior to reduction to School District collared rates from SB 849*

- The uncollared total base rate decrease was due to declining normal cost rates, investment gains, a higher payroll level for amortizing the UAL rate, and higher recent employer contributions aided by the rate collar
- The collared total base rate for School Districts is greater than the uncollared total base rate because the rate collar does not allow the UAL rate to decrease when the rate pool funded status excluding side accounts is less than 87%
- The collared net employer rate increased even though the collared base employer rate decreased due to the scheduled expiration of a large number of employer side accounts

SLGRP Rate Summary
Weighted Average Total Rates (Tier One/Tier Two and OPSRP)

	Final 2025 - 2027	Final 2027 - 2029	Increase/ (Decrease)
Uncollared Total Base Rate	27.09%	24.91%	(2.18%)
Collared Total Base Rate	27.41%	26.95%	(0.46%)
Collared Base Employer Rate	26.41%	26.05%	(0.36%)
Collared Net Employer Rate	22.96%	25.08%	2.12%

- The uncollared total base rate decrease was due to declining normal cost rates, investment gains, a higher payroll level for amortizing the UAL rate, and higher recent employer contributions aided by the rate collar
- The collared total base rate for the SLGRP is greater than the uncollared total base rate because the collar does not allow the UAL rate to decrease when the rate pool funded status excluding side accounts is less than 87%
- The collared net employer rate increased even though the collared base employer rate decreased due to the scheduled expiration of a large number of employer side accounts

System-Wide Rate Summary
Weighted Average Total Rates (Tier One/Tier Two and OPSRP)

	Final 2025 – 2027*	Final 2027 – 2029*	Increase/ (Decrease)
Uncollared Total Base Rate	27.22%	24.99%	(2.23%)
Collared Total Base Rate	28.11%	27.63%	(0.48%)
Collared Base Employer Rate	27.11%	26.73%	(0.38%)
Collared Net Employer Rate	22.69%	25.25%	2.56%

**Prior to reduction to School District collared rates from SB 849*

- System-wide rates are the payroll-weighted average of rates for School Districts, the SLGRP, and independent employers that do not pool their Tier One/Tier Two liability experience
- At a system-wide level, the 2027-29 uncollared total base rate of 24.99% is 2.64% of pay lower than the collared total base rate of 27.63%, reflecting that for most employers the rate collar prevents a decrease in the 2027-2029 collared base UAL rate that would otherwise have occurred

Projected 2027-29 Total (Member + Employer Net) Contributions

($ millions)	Projected 2025-27 Payroll*	(A) Projected 2025-27 Total Contribution	Projected 2027-29 Payroll*	(B) Projected 2027-29 Total Contribution	(B - A) Projected Total Contribution Increase / (Decrease)
State Agencies	$ 11,260	**$ 2,710**	$ 12,040	**$ 3,260**	**$ 550**
School Districts**	10,850	**2,310**	11,600	**2,940**	**630**
All Others	12,740	**3,150**	13,620	**3,490**	**340**
Total	$ 34,850	**$ 8,170**	$ 37,260	**$ 9,690**	**$ 1,520**

- Employer net contributions exclude employer side account transfer amounts
- Collared net rates are used to project 2027-2029 contributions
- Increase driven by the collared employer net rate change and by projected biennium-to-biennium payroll growth
- Projected 2025-2027 contributions increased by $80M compared to the prior estimate (based on the 12/31/2024 valuation) because of a larger-than-expected increase in system payroll

* Assumes total payroll grows at 3.40% annually based on 12/31/2025 active member census. The collared net rate applied to this payroll reflects the projected change over time in payroll composition as new OPSRP members are hired to replace retiring Tier One/Tier Two members

** Prior to reduction to School District collared rates from SB 849

Factors Driving the Projected Contribution Increase

- The projected $1.5 billion 2027-29 total contribution increase consists of:
  - $0.9 billion due to system-wide average increase in collared net employer contribution rates
    - Primarily driven by expiration of many side account rate offsets
    - Includes impact on average contribution rate of projected change over time in payroll distribution between Tier One/Tier Two and OPSRP
  - $0.6 billion due to projected system payroll growth between 2025-27 and 2027-29
    - Assumed system payroll growth of 3.4% per year / 6.9% per biennium means the collared net employer rate increase is applied to a larger payroll base in non-inflation-adjusted dollars
    - Does not reflect projected change in payroll distribution between Tier One/Tier Two and OPSRP
- In 2027-29, redirected member EPSA contributions expected to continue to pay a portion of total contribution rates
  - An estimate of this effect is shown on the next slide

Projected Split of 2027-29 Total Contributions

($ millions)	Estimated 2025-27 Member Redirect Contributions*	Estimated 2027-29 Member Redirect Contributions*		Projected 2025-27 Employer Contribution	Projected 2027-29 Employer Contribution
State Agencies	$ 105	**$ 105**		$ 2,605	**$ 3,155**
School Districts	105	**105**		2,205	**2,835**
All Others	120	**120**		3,030	**3,370**
Total	$ 330	**$ 330**		$ 7,840	**$ 9,360**

* Reflects member redirect offset of 2.40% of payroll for Tier One and Tier Two, and 0.65% for OPSRP for 2025-27 and 2027-2029; the statutory 2.50% and 0.75% redirection levels were adjusted downward to estimate the anticipated effect of members below the statutory pay threshold who will not have contributions redirected

12/31/2025 Retiree Health Care Valuations

- Cumulative retiree health liabilities are less than 1% of the pension liability
- Two separate retiree health care benefit subsidies are valued:
  - RHIA provides a $60 per month subsidy toward healthcare premiums for Medicare-eligible Tier One/Tier Two retirees
  - RHIPA provides Tier One/Tier Two state employees who retire prior to age 65 with an alternative to PEBB coverage until they reach Medicare eligibility
- OPSRP retirees are not eligible for either subsidy
- The combination of a shortened UAL amortization period and recent experience has improved both RHIA and RHIPA funded status to over 100%
- The Board policy applies a special amortization method when these programs are over 100% funded
  - Amortizes the actuarial surplus over Tier One/Tier Two payroll using a rolling 20-year amortization, and allows the subsequent negative UAL rate to offset the normal cost, but not below a total contribution rate of 0.0%

12/31/2025 Retiree Health Care Valuations

UAL and 2027-29 Contribution Rates

	RHIA		RHIPA*	
($ millions)	12/31/2024	12/31/2025	12/31/2024	12/31/2025
Actuarial Liability	$ 305	$ 283	$ 43	$ 40
Assets	739	778	94	99
UAL	$ (434)	$ (495)	$ (51)	$ (59)
Funded Status	242%	275%	219%	246%
Normal Cost Rate (Tier One/Tier Two payroll only)	0.03%	0.03%	0.09%	0.09%
UAL Rate applied to Tier One/Tier Two payroll**	(0.03%)	(0.03%)	(0.09%)	(0.09%)
Total Rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**

* State Agencies, OUS, and State Judiciary are the only employers who pay RHIPA rates
** UAL Rate applied to OPSRP payroll is limited to a minimum of 0.00%

Valuation Next Steps

- Between now and the September 25, 2026 meeting we will:
  - Prepare listings of employer-specific 2027-2029 contribution rates for adoption at the meeting
  - Issue system-wide December 31, 2025 actuarial valuation report
  - Prepare employer-specific rate-setting December 31, 2025 actuarial valuation reports
    - PERS to distribute to employers after the September meeting

Contribution Rate & Funded Status Projections

- In December, we will present contribution rate and funded status projections based on this valuation
  - That analysis will use the latest year-to-date investment return information at the time the projections are made
- Projections will be developed using two types of models
  - Steady return
    - Individual lines reflecting a small number of steady future actual investment return scenarios
  - Variable return
    - Probability distributions reflecting a wide variety of noisy scenarios for possible actual future investment returns
    - The modeling will include updates to the risk metrics we have used in projection studies conducted in previous years

Appendix

Certification

This presentation summarizes key preliminary results of an actuarial valuation of the Oregon Public Employees Retirement System (“PERS” or “the System”) as of December 31, 2025, for the Plan Year ending December 31, 2025. The results are preliminary in nature and may not be relied upon to, for example, prepare the System’s Annual Comprehensive Financial Report. The reliance document will be the forthcoming formal December 31, 2025 System-Wide Actuarial Valuation Report.

Actuarial computations presented in this report are for purposes of presenting contribution rates consistent with the adopted funding policy of the System. The computations prepared for other purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System’s funding policy. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in the appendix of this report. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System’s staff. This information includes, but is not limited to, statutory provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.

Actuarial assumptions, including discount rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the PERS Board, which is responsible for selecting the plan’s funding policy, actuarial valuation methods, asset valuation methods, and assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The System is solely responsible for communicating to Milliman any changes required thereto. All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated experience affecting the System and are expected to have no significant bias . The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.

This valuation report is only an estimate of the System’s financial condition as of a single date. It can neither predict the System’s future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or modifications to contribution calculations based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. Our annual financial modeling presentation to the PERS Board should be referenced for additional analysis of the potential variation in future measurements. Our forthcoming December 31, 2025 Actuarial Valuation Report will provide additional discussion of the System's risks. The PERS Board has the final decision regarding the selection of the assumptions and actuarial cost methods.

Milliman's work is prepared solely for the internal business use of the Oregon Public Employees Retirement System. Milliman does not intend to benefit or create a legal duty to any third-party recipient of this report. No third-party recipient of Milliman's work product should rely upon this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The actuaries are independent of the plan sponsors. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States,* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. Assumptions related to the claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

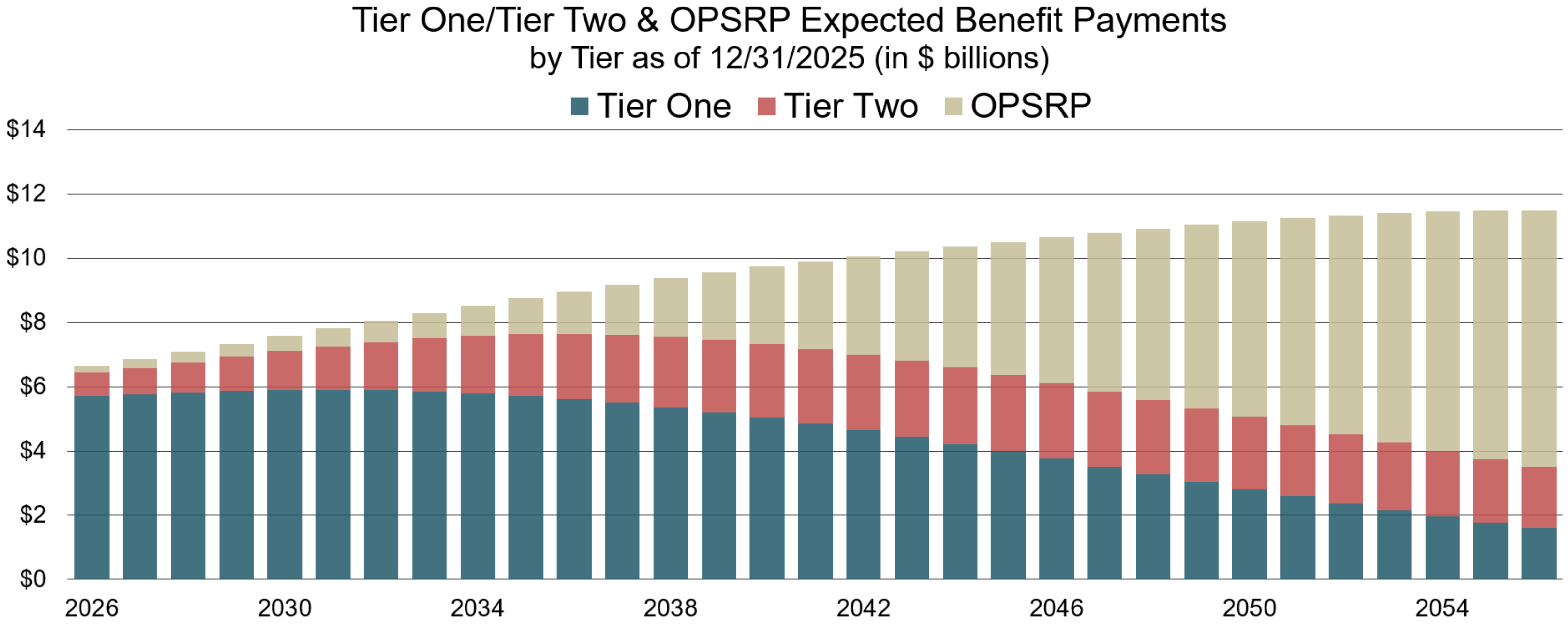
Data Exhibits

	December 31, 2025				December 31, 2024
	Tier One	Tier Two	OPSRP	Total	Total
Active Members					
Count	5,674	20,891	171,862	198,427	196,891
Average Age	60.0	55.0	44.2	45.8	45.7
Average Service	30.0	24.1	8.3	10.6	10.5
Average prior year Covered Salary	$ 112,747	$ 109,244	$ 79,076	$ 83,215	$ 78,702
Inactive Members[1]					
Count	6,348	11,511	37,269	55,128	54,062
Average Age	64.9	58.0	49.6	53.1	53.0
Average Monthly Benefit	$ 2,652	$ 1,108	$ 602	$ 944	$ 947
Retired Members and Beneficiaries[1]					
Count	126,208	27,364	17,919	171,491	168,482
Average Age	75.5	69.9	69.6	74.0	73.7
Average Monthly Benefit	$ 3,597	$ 1,826	$ 806	$ 3,022	$ 2,960
Total Members	**138,230**	**59,766**	**227,050**	**425,046**	**419,435**

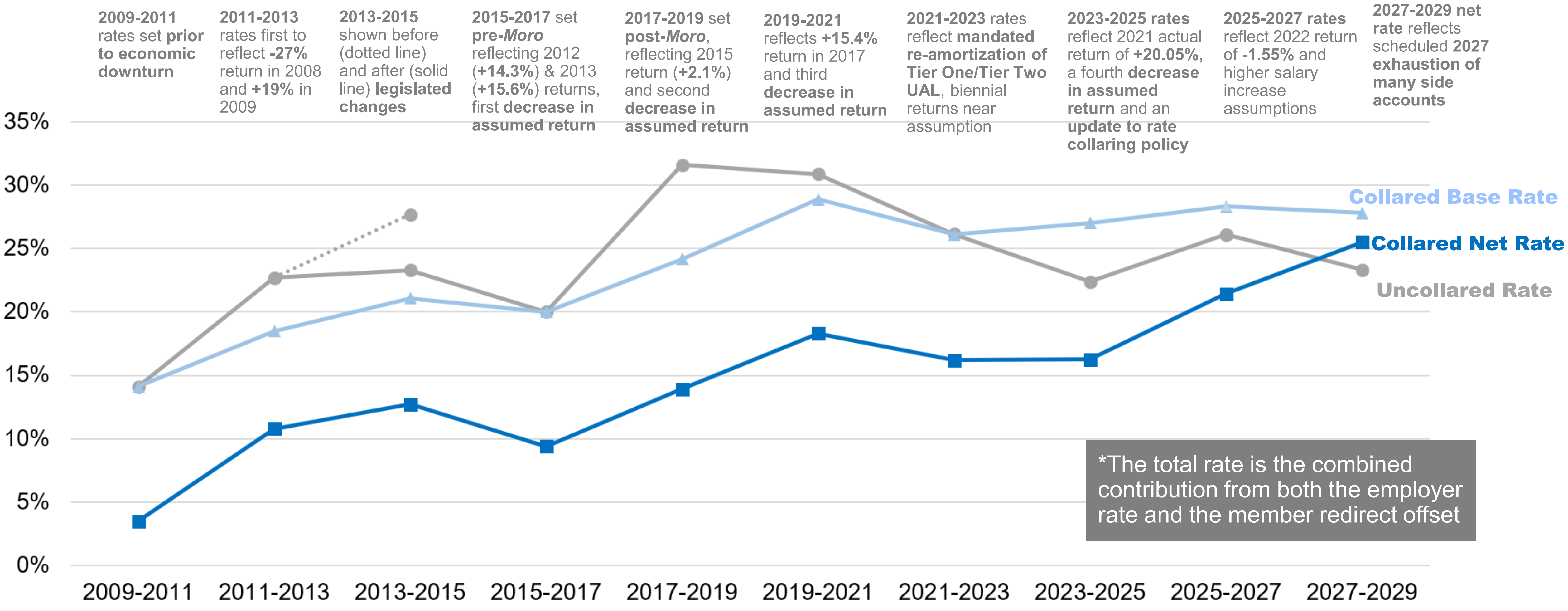
[1] *Inactive and Retiree counts are shown by lives within the system. In other words, a member is counted once for purposes of this exhibit, regardless of their service history for different rate pools. This contrasts with the method used to count inactive participants in some of the later exhibits.*

Projected Benefit Payments by Tier for Members as of 12/31/2025

Does Not Include Projected Benefit Payments for Anyone Joining OPSRP After 12/31/2025



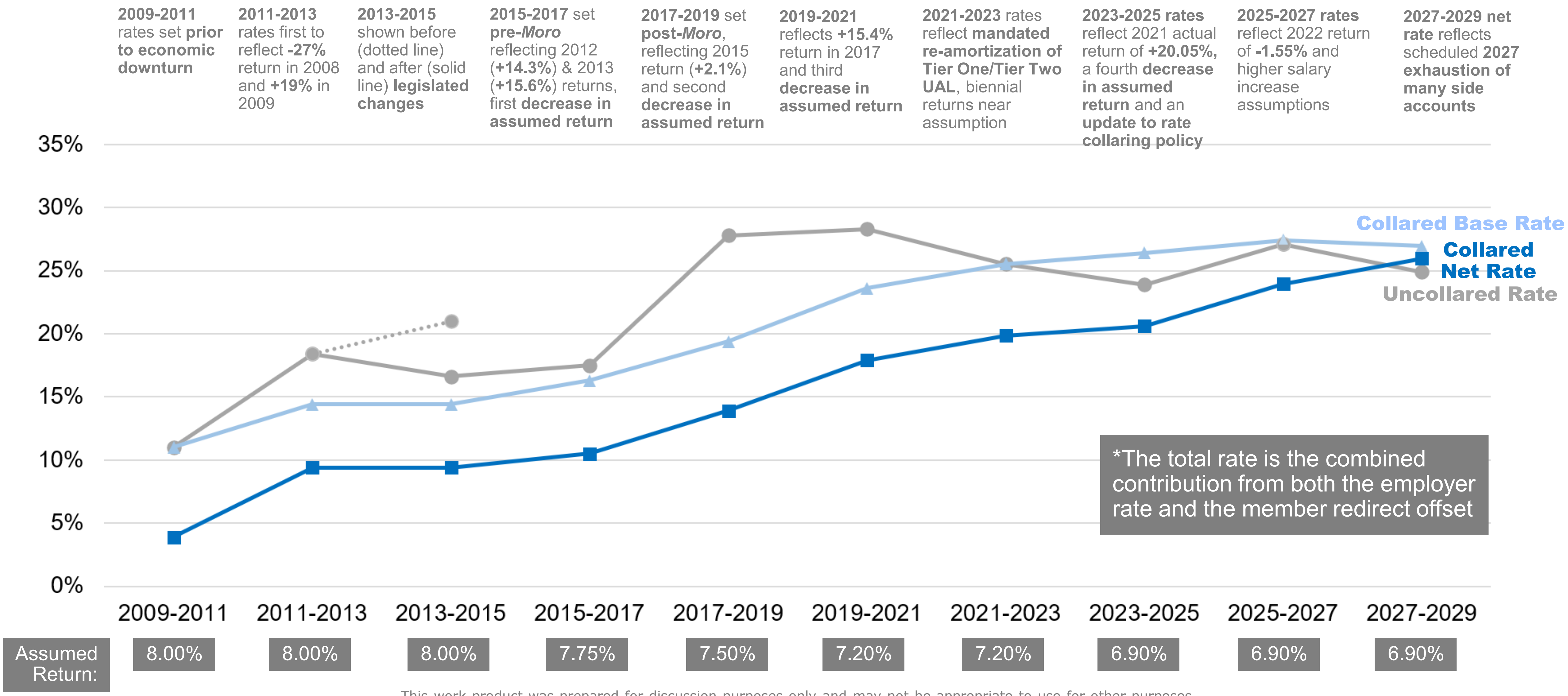
School District Weighted Total* Pension-Only Rates



*The total rate is the combined contribution from both the employer rate and the member redirect offset

Assumed Return:	8.00%	8.00%	8.00%	7.75%	7.50%	7.20%	7.20%	6.90%	6.90%	6.90%

SLGRP Weighted Total* Pension-Only Rates



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Funded Status and UAL by Program

Pension Funded Status ($ billions) at 12/31/2025 *totals may not add due to rounding*			
	Tier One/ Tier Two	OPSRP	Combined
Actuarial liability	$ 89.6	$ 22.3	$ 112.0
Assets (excluding side accounts)	$ 66.9	$ 18.4	$ 85.4
UAL (excluding side accounts)	$ 22.7	$ 3.9	$ 26.6
Funded status (excluding side accounts)	75%	83%	76%
Side account assets			$ 3.8
UAL (including side accounts)			$ 22.8
Funded status (including side accounts)			80%

Uncollared Total Pension Rates – School Districts

Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2023 Valuation 2025 – 2027 Final Rates[2]			12/31/2025 Valuation 2027 – 2029 Final Rates[2]		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[1]	Tier One / Tier Two	OPSRP	Weighted Average[1]
Total Normal Cost	15.40%	10.47%	11.62%	14.65%	10.31%	11.15%
Tier One/Tier Two UAL	11.63%	11.63%	11.63%	9.53%	9.53%	9.53%
OPSRP UAL	2.86%	2.86%	2.86%	2.64%	2.64%	2.64%
Uncollared Total Rate	**29.89%**	**24.96%**	**26.11%**	**26.82%**	**22.48%**	**23.32%**
Increase/(Decrease)				**(3.07%)**	**(2.48%)**	**(2.79%)**

[1] Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date
[2] School District collared rates are shown prior to reduction from SB 849

The pool-average collared base and net rates for 2027-2029 are shown on subsequent slides

Rates shown on this slide are "total" rates and include the member EPSA contribution component of the normal cost

Collared Total Pension Base Rates – School Districts

Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2023 Valuation 2025 – 2027 Final Rates[2]			12/31/2025 Valuation 2027 – 2029 Final Rates[2]		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[1]	Tier One / Tier Two	OPSRP	Weighted Average[1]
Uncollared Total Rate	**29.89%**	**24.96%**	**26.11%**	**26.82%**	**22.48%**	**23.32%**
Effect of Rate Collar	2.21%	2.21%	2.21%	4.51%	4.51%	4.51%
Collared Total Base Rate	**32.10%**	**27.17%**	**28.32%**	**31.33%**	**26.99%**	**27.83%**
Increase/(Decrease)				**(0.77%)**	**(0.18%)**	**(0.49%)**

[1] Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date
[2] School District collared rates are shown prior to reduction from SB 849

The 2027 – 2029 uncollared total base rates decreased due declining normal cost rates, investment gains, a higher payroll level for amortizing the UAL rate, and higher recent employer contributions driven by the rate collar. The 2027 – 2029 collared total base rates are greater than the uncollared total base rates because of the rate collar's restriction on collared UAL rate decreases prior to satisfaction of funded status thresholds.

The decrease in the 2027-2029 collared total base rates was greater than shown in the 12/31/2024 advisory valuation primarily due to a decrease in the normal cost rates.

Rates shown on this slide are "total" rates and include the member EPSA contribution

Collared Employer Pension Rates – School Districts
Excludes Retiree Health Care & IAP Contributions

	12/31/2023[1] Valuation 2025 – 2027 Final Rates[3]			12/31/2025[1] Valuation 2027 – 2029 Final Rates[3]		
		Payroll			Payroll	
	Tier One / Tier Two	OPSRP	Weighted Average[2]	Tier One / Tier Two	OPSRP	Weighted Average[2]
Collared Total Base Rate	**32.10%**	**27.17%**	**28.32%**	**31.33%**	**26.99%**	**27.83%**
Member Redirect Offset	(2.40%)	(0.65%)	(1.00%)	(2.40%)	(0.65%)	(0.90%)
Collared Base Employer Rate	**29.70%**	**26.52%**	**27.32%**	**28.93%**	**26.34%**	**26.93%**
Side Account Rate (Offset)	(6.87%)	(6.87%)	(6.87%)	(2.32%)	(2.32%)	(2.32%)
Collared Net Employer Rate	**22.83%**	**19.65%**	**20.45%**	**26.61%**	**24.02%**	**24.61%**
Increase/(Decrease)				**3.78%**	**4.37%**	**4.16%**

[1] For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate
[2] Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date, OPRSP's payroll weighting increased between valuation dates
[3] School District collared rates are shown prior to reduction from SB 849

- Rates vary by employer, as only some employers have side accounts
- Weighted-average net employer rates increased due to a decrease in the average side account offset as an outcome of the scheduled expiration of many side account balances at 12/31/2027

Uncollared Total Pension Rates – SLGRP Average

Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2023 Valuation 2025 – 2027 Final Rates			12/31/2025 Valuation 2027 – 2029 Final Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[1]	Tier One / Tier Two	OPSRP	Weighted Average[1]
Normal Cost	16.32%	11.11%	12.18%	15.62%	11.03%	11.74%
Tier One/Tier Two UAL	12.05%	12.05%	12.05%	10.53%	10.53%	10.53%
OPSRP UAL	2.86%	2.86%	2.86%	2.64%	2.64%	2.64%
Uncollared Total Rate	**31.23%**	**26.02%**	**27.09%**	**28.81%**	**24.20%**	**24.91%**
Increase				**(2.42%)**	**(1.82%)**	**(2.18%)**

[1] Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date.

The pool-average collared net rates which employers would be charged are shown on subsequent slides

Rates shown on this slide are “total” rates and include the member EPSA contribution component of the normal cost

Rates vary, sometimes widely among employers in the SLGRP

Collared Total Pension Base Rates – SLGRP Average
Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2023[1] Valuation 2025 – 2027 Final Rates Payroll			12/31/2025[1] Valuation 2027 – 2029 Final Rates Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[2]	Tier One / Tier Two	OPSRP	Weighted Average[2]
Uncollared Total Rate	**31.23%**	**26.02%**	**27.09%**	**28.81%**	**24.20%**	**24.91%**
Effect of Rate Collar	0.32%	0.32%	0.32%	2.04%	2.04%	2.04%
Collared Total Base Rate	**31.55%**	**26.34%**	**27.41%**	**30.85%**	**26.24%**	**26.95%**
Increase				**(0.70%)**	**(0.10%)**	**(0.46%)**

[1] For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.
[2] Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

Rates shown on this slide are “total” rates and include the member EPSA contribution

Collared Employer Pension Rates – SLGRP Average

Excludes Retiree Health Care & IAP Contributions

	12/31/2023[1] Valuation 2025 – 2027 Final Rates			12/31/2025[1] Valuation 2027 – 2029 Final Rates		
		Payroll			Payroll	
	Tier One / Tier Two	OPSRP	Weighted Average[2]	Tier One / Tier Two	OPSRP	Weighted Average[2]
Collared Total Base Rate	**31.55%**	**26.34%**	**27.41%**	**30.85%**	**26.24%**	**26.95%**
Member Redirect Offset	(2.40%)	(0.65%)	(1.00%)	(2.40%)	(0.65%)	(0.90%)
Collared Base Employer Rate	**29.15%**	**25.69%**	**26.41%**	**28.45%**	**25.59%**	**26.05%**
Side Account (Offset)	(3.15%)	(3.15%)	(3.15%)	(0.89%)	(0.89%)	(0.89%)
SLGRP Charge/(Offset)	(0.30%)	(0.30%)	(0.30%)	(0.08%)	(0.08%)	(0.08%)
Collared Net Rate	**25.70%**	**22.24%**	**22.96%**	**27.48%**	**24.62%**	**25.08%**
Increase				**1.78%**	**2.38%**	**2.12%**

[1] For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.
[2] Weighting based on pool payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

Rates vary by employer, sometimes significantly, as only some employers have side accounts and the SLGRP charge/(offset) varies by employer

Uncollared Total Pension Rates – System-Wide
Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2023 Valuation 2025 – 2027 Final Rates			12/31/2025 Valuation 2027 – 2029 Final Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[1]	Tier One / Tier Two	OPSRP	Weighted Average[1]
Normal Cost	16.21%	11.11%	12.21%	15.55%	11.03%	11.79%
Tier One/Tier Two UAL	12.15%	12.15%	12.15%	10.56%	10.56%	10.56%
OPSRP UAL	2.86%	2.86%	2.86%	2.64%	2.64%	2.64%
Uncollared Total Rate	**31.22%**	**26.12%**	**27.22%**	**28.75%**	**24.23%**	**24.99%**
Increase				**(2.47%)**	**(1.89%)**	**(2.23%)**

[1] Weighting based on system-wide payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date.

Rates shown on this slide are “total” rates and include the member EPSA contribution component of the normal cost

Collared Total Pension Base Rates – System-Wide

Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2023 Valuation 2025 – 2027 Final Rates			12/31/2025 Valuation 2027 – 2029 Final Rates		
	Payroll			Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[1]	Tier One / Tier Two	OPSRP	Weighted Average[1]
Uncollared Total Rate	**31.22%**	**26.12%**	**27.22%**	**28.75%**	**24.23%**	**24.99%**
Effect of Rate Collar	0.89%	0.89%	0.89%	2.64%	2.64%	2.64%
Collared Total Base Rate	**32.11%**	**27.01%**	**28.11%**	**31.39%**	**26.87%**	**27.63%**
Increase				**(0.72%)**	**(0.14%)**	**(0.48%)**

[1] Weighting based on system-wide payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date.

Rates shown on this slide are “total” rates and include the member EPSA contribution

Collared Employer Pension Rates – System-Wide
Excludes Retiree Health Care & IAP Contributions

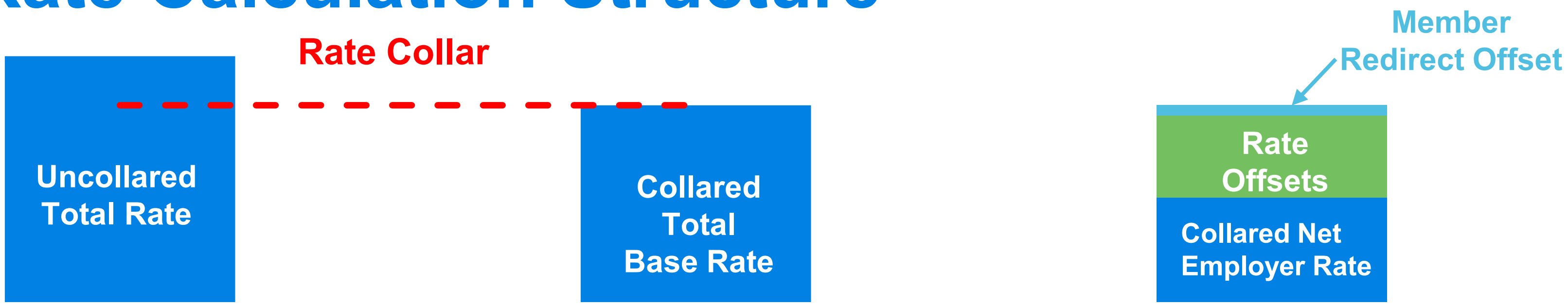
	12/31/2023[1] Valuation 2025 – 2027 Final Rates Payroll			12/31/2025[1] Valuation 2027 – 2029 Final Rates Payroll		
	Tier One / Tier Two	OPSRP	Weighted Average[2]	Tier One / Tier Two	OPSRP	Weighted Average[2]
Collared Base Rate	**32.11%**	**27.01%**	**28.11%**	**31.39%**	**26.87%**	**27.63%**
Member Redirect Offset	(2.40%)	(0.65%)	(1.00%)	(2.40%)	(0.65%)	(0.90%)
Collared Base Employer Rate	**29.71%**	**26.36%**	**27.11%**	**28.99%**	**26.22%**	**26.73%**
Side Account (Offset)	(4.24%)	(4.24%)	(4.24%)	(1.43%)	(1.43%)	(1.43%)
SLGRP Charge/(Offset)	(0.18%)	(0.18%)	(0.18%)	(0.05%)	(0.05%)	(0.05%)
Collared Net Rate	**25.29%**	**21.94%**	**22.69%**	**27.51%**	**24.74%**	**25.25%**
Increase				**2.22%**	**2.80%**	**2.56%**

1 For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.
2 Weighting based on system-wide payroll levels (Tier One/Tier Two, OPSRP) as of the valuation date

Rates vary by employer, as only some employers have side accounts

Changes in side account offsets are not collared

Overview of Rate Calculation Structure

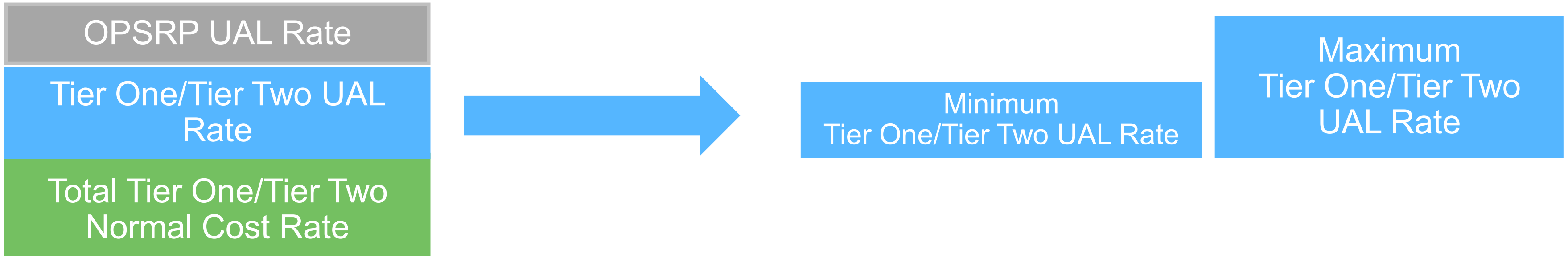


- The ***uncollared total rate*** is the theoretical contribution rate to reach 100% funded status over a specified amortization period if:
  - Contributions at that rate started on the actuarial valuation date, and
  - Actual future experience mirrors the actuarial valuation's assumptions, and
  - The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

Rate Collar Design

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

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



Pension Rate in Current Biennium

Potential Pension Rate in Next Biennium

Retirement System Risks

- Oregon PERS, like all defined benefit systems, is subject to various risks that will affect future system liabilities and contribution requirements, including:
  - **Investment risk**: the potential that investment returns will be different than assumed
  - **Demographic risks**: the potential that mortality experience, retirement behavior, or other demographic experience for the system membership will be different than assumed
  - **Contribution risk**: the potential that actual future contributions will be materially different than expected, for example if there are material changes in the system's covered payroll
- The results of an actuarial valuation are based on one set of reasonable assumptions, but it is almost certain that future experience will not exactly match the assumptions.
- Further discussion of system risks and historical information regarding system experience are shown in our annual actuarial valuations. In addition, our annual financial modeling presentation to the PERS Board illustrates future outcomes under a wide range of future scenarios reflecting variation in key risk factors.

Investment Risk
Low Default Rate Obligation Measure (LDROM)

To the extent that actual investment returns differ from the assumed investment return, the Plan's future assets, funding contributions, and funded status may differ significantly from those presented in this valuation. Effective for measurement dates February 15, 2023 or later, Actuarial Standard of Practice 4 (ASOP 4) requires an actuary performing a funding valuation to calculate and disclose a "low-default-risk obligation measure" (LDROM) as of the measurement date. The LDROM is based on a discount rate derived from low-default-risk fixed income securities. This measure is for disclosure purposes only and does not affect or replace measurements adopted for System funding. A comparison of the LDROM to funding policy results can be viewed as providing information related to investment risk and the tradeoffs between a System's current asset allocation and a hypothetical portfolio containing 100% low-default-risk fixed income securities.

The System's target allocation selected by the Oregon Investment Council represents a balance of risk and return. Investing in an entirely low-default-risk fixed income allocation would be expected to reduce future investment returns and therefore increase future required contributions, but the lower risk levels may result in lower year-over-year volatility in the contribution and might provide more benefit security for plan members. Conversely, investing in higher-returning asset classes may increase future investment returns and therefore reduce future employer contributions, but would also increase the volatility of those contributions and potentially reduce benefit security for plan members.

The LDROM measure shown below reflects an interest rate based on the FTSE Liability Index (which is based on high-quality corporate bond yields) as of the valuation date, weighted based on projected benefit payments for the System. Except for the interest rate, the LDROM was calculated using the same assumptions and methods adopted for the funding valuation.

$ in billions	**FTSE Index (LDROM)**	**Funding assumption**
Interest rate	5.60%	6.90%
Actuarial liability at 12/31/2025	$ 129.9	$ 112.0
Funded status (excluding side accounts) at 12/31/2025	66%	76%

Actuarial Basis

Data

We have based our calculation of the liabilities on the data supplied by the Oregon Public Employees Retirement System and summarized in the data exhibits on the preceding slides.

Assets as of December 31, 2025, were based on values provided by Oregon PERS reflecting the Board's earnings crediting decisions for 2025.

Methods / Policies

Actuarial Cost Method: Entry Age Normal, adopted effective December 31, 2012.

UAL Amortization: The UAL for OPSRP and Retiree Health Care as of December 31, 2007 were amortized as a level percentage of combined valuation payroll over a closed 16-year period for OPSRP and a closed 10-year period for Retiree Health Care. For the Tier One/Tier Two UAL, the amortization period was reset at 20 years as of December 31, 2013. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting valuation which will set actuarially determined contribution rates for the 2021-2023 biennium. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over the amortization period (20 years for Tier One/Tier Two, 16 years for OPSRP, 10 years for Retiree Health Care) from the odd-year valuation in which they are first recognized.

For the Retiree Health Care programs (RHIA and RHIPA), beginning with the December 31, 2021 rate-setting valuation the amortization policy when a program is over 100% funded status will be to amortize the actuarial surplus over Tier One/Tier Two payroll using a rolling 20-year amortization basis. The resulting negative UAL Rate will offset the normal cost rate for the program, but not below 0.0%. If either program subsequently fell below 100%, the UAL would be amortized over combined payroll following the 10-year closed, layered amortization policy.

Actuarial Basis

Methods / Policies (cont'd)

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

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

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

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

The contribution rate stabilization method is considered an output smoothing method which results in a reasonable relationship between the smoothed contribution and the corresponding actuarially determined contribution without output smoothing.

***Expenses**:* System-wide administration expenses are assumed to be equal to $72.0M. The assumed expenses are allocated between Tier One/Tier Two and OPSRP based on projected payroll and are added to the respective normal costs.

***Actuarial Value of Assets**:* Equal to Market Value of Assets excluding Contingency and Tier One Rate Guarantee Reserves. The Tier One Rate Guarantee Reserve is not excluded from assets if it is negative (i.e., in deficit status). The Actuarial Value of Assets includes the value of Employee Pension Stability Accounts (EPSA).

Actuarial Basis

Methods / Policies (cont'd)

***Actuarially Determined Contribution (ADC)**:* The contribution determined by the plan's funding policy is expected to exceed the normal cost, plus interest on the unfunded actuarial accrued liability. Presuming that all actuarial assumptions are realized and that the plan sponsor makes contributions anticipated by the funding policy, the unfunded actuarial accrued liability is expected to be fully amortized no later than 20 years after the contribution rates determined in this valuation take effect. The funding policy is consistent with the plan accumulating assets adequate to make benefit payments when due. Actuarial standards require the actuary to calculate and disclose a "Reasonable ADC", which considers that the actuarial methods and actuarial assumptions are in compliance with Actuarial Standards of Practice. Based on the assumptions and methods used in this report, we believe the ADC is reasonable in accordance with actuarial standards. In our opinion, the ADC reflects a balance among benefit security for plan members, intergenerational equity among stakeholders, and stability of periodic costs.

We considered reflecting the 18-month delay between the rate-setting valuation date and the July 1 date on which newly adopted rates first take effect. The effect of the contribution time lag is not reflected for regular UAL amortizations but is reflected for amortization of side accounts and Pre-SLGRP amounts. Please see the 2024 Experience Study for the discussion and rationale for this methodology.

Assumptions

Assumptions for valuation calculations are as described in the 2024 Experience Study for Oregon PERS and presented to the PERS Board in July 2025.

Provisions

Provisions valued are as detailed in the forthcoming 2025 Valuation Report.