OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD MEETING AGENDA

Friday **December 4, 2026** **9:00 a.m.**	**PERS HQ** **11410 SW 68th Pkwy** **Portland, OR 97223**

ITEM		PRESENTER
A.	**Administration**	
1.	September 25, 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.	Governor's Expectations update	OLINECK
4.	Board Scorecard Report on agency performance measures	RICKARD
B.	**Administrative rulemaking**	
1.	Notice of rulemaking for using X as a valid signature	CHANDLER
2.	Notice of rulemaking for Disability Rule upkeep	CHANDLER
3.	Adoption of rulemaking relating to employer reporting requirements	VU
4.	Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay	YANG
C.	**Action and discussion items**	
1.	Modernization update	IVERS
2.	Long-Range Facilities Plan	TURNER
3.	Benefits-in-Force Reserve Account policy changes	HORSFORD
4.	Presentation of Legislative Concepts and appointment of Legislative Advisory Committee	CASE
5.	Financial Modeling	MILLIMAN

Jardon Jaramillo, Chair John Scanlan, Vice Chair Kristen Connor Bob Hestand Robert Tintle Kevin Olineck, PERS Director

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

****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.*

Jardon Jaramillo, Chair John Scanlan, Vice Chair Kristen Connor Bob Hestand Robert Tintle Kevin Olineck, PERS Director

A.

A. Administration

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2. Director's Report
3. Governor's Expectations update
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

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C. Action and discussion items

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2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
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OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD MEETING MINUTES

September 25, 2026

Board members present:

Jardon Jaramillo, John Scanlan, and Kristen Connor attended in the PERS Boardroom.

Robert Tintle attended virtually.

Bob Hestand was not present at the meeting.

Staff present:

Kevin Olineck, Kai Turner, Alex Gaub, Jordan Masanga, Kristi Ivers, Sam Paris, Richard Horsford, Brandon Armatas, Jason Stanley, Shane Perry, Melanie Chandler, Yong Yang, Neil Jones, John Lockwood, Tamie Johnson, Heather Case, and Stephanie Vaughn attended in the PERS Boardroom.

Anne Marie Vu, Brady Weise, Cheryl Thompson, Chloe Harris, Chris Geier, Colin Campi, Dan Bingham, Daniel Rivas, David Larson, Elizabeth Rossman Weber, Erin Stutesman, Greg Ramsower, Jake Winship, Joel Mellor, John Lockwood, Jonathan Yost, Katie Davis, Kristi Ivers, Matthew Graves, Melissa Piezonka, Mo Naser, Rachel Schizas, Shawn Harper, Tiffani Cairo, Tina Swenson, and Veronica Cramer attended virtually.

Others present:

Matt Larabee, Scott Preppernau, Lacey Engle, and Jeff Gudman attended in the PERS Boardroom.

Alison Renz, Andrew Oxford, Andrew Roper, Anne Willis, Justin Low, Ashley Tuttle, Audrey Roberson, Bottalico Maurizio, Brendan Watkins, Carol Samuels, Denise M. Martin, Flores Fabiola, Gay Lynn Bath, Jeff Renfro, Jennifer N. Jones, Kali Leinenbach, Kevin Grainey, Meredith Sasani, Michelle Morrison, Morgan Allen, Nate Carter, Robert Tintle, Scott Davenport, Stacy A. Michaelson, Steve Demarest, Shauna Tobiasson, Tyagi Mai Anh, and Valerie A. Colgrove attended virtually.

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

ADMINISTRATION

A.1. JULY 24, 2026 PERS BOARD MEETING MINUTES

Vice Chair Scanlan moved to approve the minutes from the July 24, 2026 PERS Board meeting as presented. Board Member Connor seconded the approval of the minutes.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Tintle voted in favor of the motion. Board Member Hestand was not present for the vote.

The motion passed with four in favor, and one absent.

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 August 31, 2026, were positive at 5.75%.

Operating expenditures for July, August, and preliminary expenditures for September are $12,379,626, $6,078,446, and $6,148,345 respectively.

As of August 31, 2026, the agency has expended a total of $90,813,849 or 55.6% of PERS' legislatively approved operations budget of $163,320,165.

At this time, the agency's projected variance is $1,413,586 or .87%.

Olineck shared that as of earlier in the week, PERS has over 9,000 registrants for the October 7 PERS Expo. He also highlighted comments from the first two interns to be a part of the PERS Internship Program over the summer.

Olineck reviewed the meeting agenda.

No board action was required.

ADMINISTRATIVE RULEMAKING

B.1. NOTICE OF RULEMAKING RELATING TO EMPLOYER REPORTING REQUIREMENTS

Anne Marie Vu, Research Policy Coordinator, presented a notice of rulemaking relating to employer reporting requirements. The impacted rule is OAR 459-009-0100 *Employer Reporting and Remittance of Contributions.*

A rulemaking hearing will be held remotely and at PERS headquarters on October 20, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the December 4, 2026 board meeting.

No board action was required.

B.2. NOTICE OF RULEMAKING FOR RULES REGARDING OSGP SWITCH TO BIWEEKLY PAY

Yong Yang, Research Policy Coordinator, presented a notice of rulemaking for rules regarding OSGP switch to biweekly pay. The impacted rule is OAR 459-050-0050 *Eligibility and Enrollment*.

A rulemaking hearing will be held remotely and at PERS headquarters on October 20, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the December 4, 2026 board meeting.

No board action was required.

B.3. ADOPTION OF AMENDMENTS TO RULE REGARDING SIDE ACCOUNTS

Yong Yang, Research Policy Coordinator, presented an adoption of amendments to rule regarding side accounts. The impacted rule is OAR 459-009-0086 *Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally.*

The proposed amendments 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.

A rulemaking hearing was held remotely, and in person, on August 18, 2026, at 2 p.m. The public comment period ended August 21, 2026, at 5 p.m. No comments were received.

Vice Chair Scanlan moved to adopt the amendments to adopt side account rule as presented. Board Member Connor seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Tintle voted in favor of the motion. Board Member Hestand was not present for the vote.

The motion passed with four in favor, and one absent.

B.4. ADOPTION OF RULE AMENDMENTS FOR EMPLOYER INCENTIVE FUND PROGRAM RULE

Yong Yang, Research Policy Coordinator, presented an adoption of rule amendments for the Employer Incentive Fund Program Rule. The impacted rule is OAR 459-009-0092 *Employer Incentive Fund Program.*

Vice Chair Scanlan moved to adopt the rule amendments for the Employer Incentive Fund Program Rule as presented. Board Member Connor seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Tintle voted in favor of the motion. Board Member Hestand was not present for the vote.

The motion passed with four in favor, and one absent.

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.

Project updates include:

The Pension Administration System Project is in grey status; PERS, Department of Administrative Services (DAS), and the Department of Justice (DOJ) are actively meeting with the selected vendor to negotiate the final contract for the Specialized Consultant Request for Proposal. Final contract negotiations will be completed in September 2026.

The Telephony Modernization Project is in green status with Phase 3 complete pending Enterprise Information Services' (EIS) and DOJ final approval.

The Hybrid Integration Platform Project is in grey status. Initial activities of the project will be planning, analysis, and design; construction phase will not begin until the next biennium.

The jClarety User Interface/User Experience (UI/UX) Modernization and Compliance Project (JUMP) is in green status. The project schedule has been rebaselined, and the construction phase is estimated to be completed by November 30, 2026. The testing phase is expected to start in December of 2026.

The Member Identity Access Management in green status. A decision was made at the Modernization Executive Steering Committee meeting on August 12, 2026, to separate the release of the identity protection (IdP) solution from the identity verification (IdV) solution. This decision allows the work on the IdP to progress, remove any dependencies on the IdV solution, and improves the health of the project schedule.

No board action was required.

C.2. UPDATE OF PERS ANNUAL EMPLOYER AND MEMBER SATISFCTION SURVEYS

John Lockwood, Member Services Manager, and Tamie Johnson, Data Services Manager, presented an annual update on the PERS 2026 Member and Employer Satisfaction Surveys.

PERS conducted its annual employer and member satisfaction surveys in May 2026, continuing the Legislature's requirement to measure customer service performance. Communication about the surveys was distributed through newsletters, GovDelivery emails, Workday notifications, website messages, and digital reminders. Employer participation decreased to 357 responses, yet overall satisfaction improved,

with 88.5% rating PERS' service as excellent or good – an increase of 2.7% over 2025. Member participation also declined, with 6,453 respondents across both retirees and non-retirees. Still, 87.9% rated service as excellent or good, reflecting a slight increase of 0.9% over the prior year.

No board action was required.

C.3. 2027-29 AGENCY REQUEST BUDGET (ARB) RECOMMENDATIONS

Actuaries Matt Larrabee and Scott Preppernau of Milliman presented the adoption of the 2027-29 employer contribution rates.

Adoption of the proposed rates complies with the board's rate-setting principles and fulfills its statutory obligation to set employer rates for the 2027-29 biennium.

Vice Chair Scanlan moved to adopt the 2027-29 individual employer contribution rates as recommended by the PERS Actuary, effective July 1, 2027. Board Member Connor seconded the motion.

Chair Jaramillo voted in favor of the motion; Vice Chair Scanlan voted in favor of the motion; Board Member Connor voted in favor of the motion; Board Member Tintle voted in favor of the motion. Board Member Hestand was not present for the vote.

The motion passed with four in favor, and one absent.

Chair Jaramillo adjourned the PERS Board meeting at 10:27 a.m.

Respectfully submitted,



Kevin Olineck, Director

A.

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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, at a high level, 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 featured, with staff publicly acknowledged for their efforts.

Cybersecurity Awareness Month October was Cybersecurity Awareness Month, and our Information Security team had several activities planned to promote good digital hygiene at work and at home. While the themes have remained consistent over the years, the techniques surrounding them continue to evolve. Each week, the team highlighted one of these themes and discussed the current best practices for helping threat actors have a bad day.

Weekly themes and webinar sessions included:

1. How to recognize and report scams
2. Keeping technology secure and using artificial intelligence (AI) safely
3. Creating strong passwords
4. Enabling multifactor authentication

In addition to these themes, the team shared important family cyber safety advice on how to maintain a secure home and protect the people we care about most.

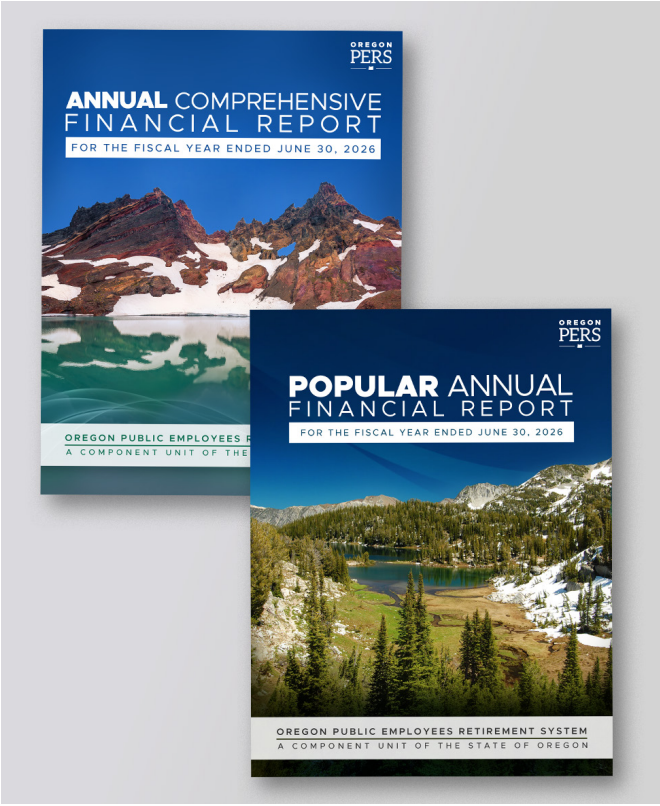
Additionally, Enterprise Information Services' Cyber Security Services team provided weekly updates as well as additional training opportunities, should staff want to learn more about cybersecurity best practices.

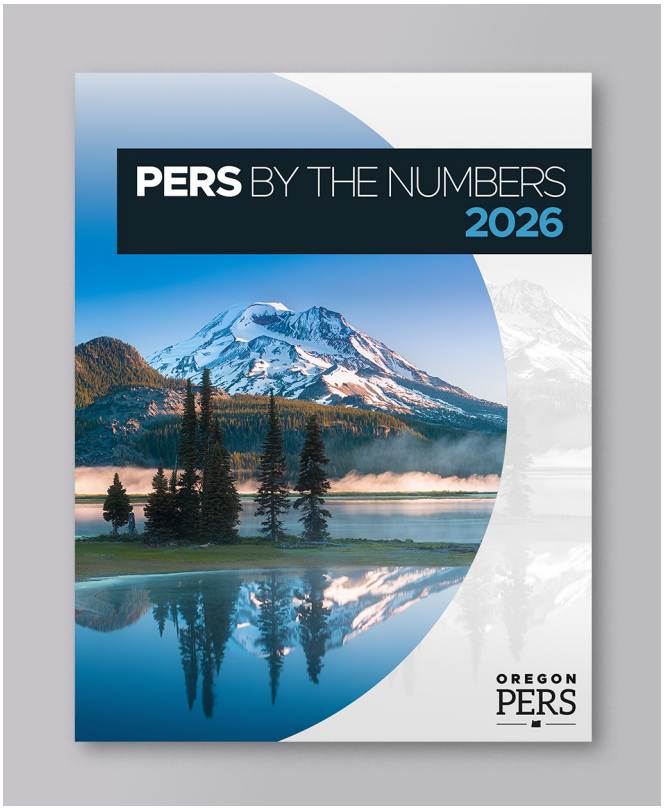
PHIP enrollment meetings The PERS Health Insurance Program (PHIP) offered a special enrollment period from October 1 through November 15 following the exiting of Providence Health as a carrier and administrative rule changes. The rule changes included removing enrollment barriers for PERS retirees' spouses and allowing members to enroll in a PHIP dental plan without enrolling in a PHIP medical plan. These changes will take effect on January 1, 2027.

PHIP staff hosted both plan-change presentations as well as new enrollment presentations with a record number of attendees. There were ten in-person and two plan-change webinars where 2,337 members attended. There were also six in-person and three new enrollment webinars that 643 members attended.

These in-person meetings were held in Portland, Oregon City, Hillsboro, Salem, Keizer, Corvallis, Eugene, Bend, and Grants Pass. Sincere thanks to the efforts of the PHIP team for providing support to members across the state.

PERS HEALTH INSURANCE PROGRAM
Public Employees Retirement System





ACFR and PAFR The 2026 *PERS Annual Comprehensive Financial Report* (ACFR) is scheduled to be published December 23. The ACFR represents a significant effort by the agency and truly lives up to its descriptor as "comprehensive."

PERS is also excited to be publishing its third *PERS Popular Annual Financial Report* (PAFR) in late December. Geared more toward the general public, the PAFR communicates financial information in a way that is easier to understand than what is contained in the more technical financial reports. This document is presented in a simple and easy-to-understand format that avoids using too many technical accounting terms and jargon. It aligns to the best practices and Oregon standards of using plain language in government communications.

The PAFR is a supplement to the ACFR, which is a more detailed report that includes financial statements, schedules, and notes. As a companion to the ACFR, the PAFR is consistent with the fiscal year data covered by the more comprehensive report.

PERS by the Numbers The 2026 edition of *PERS by the Numbers* builds upon previous versions while incorporating further changes to provide our stakeholders with an even more valuable source of PERS' information. This is also scheduled to be published in late December.

A huge shoutout to all staff involved in publishing these three very important PERS documents!

Accomplishments

Remote online notary Oregon PERS continues to advance its digital service capabilities with the addition of remote online notarization (RON) through Docusign. This enhancement provides members with a secure, compliant, and convenient notarization option, particularly benefiting those with mobility challenges, out-of-state residency, or limited access to in-person notary services. Integrating RON into our Docusign

environment supports our broader commitment to streamlining processes and improving the member experience. The RON capabilities for PERS are now available and we are excited to leverage this option for our members.

PERS Expo This year's expo marked a major milestone with 8,493 members (and climbing) in attendance — our largest audience yet. Also notable is that attendees, during the first week, downloaded over 9,400 resources and submitted more than 3,300 questions and interactions throughout the live portion of the event.

When the PERS Expo first transitioned to a digital platform, attendance ranged from 2,000 to 2,500 members. By embracing technology that puts members first, we are now reaching three times that number. This approach allows us to meet members where they are — no matter where they live or work.

I'd like to recognize the commitment of PERS staff who plan, build, and support this experience, as well as the many participating employers who helped promote the expo to their employees statewide.

Although the live sessions have concluded, members can continue registering and accessing Expo recordings and resources through the end of December 2026.

Transition to new project time tracking software PERS procured a new project and portfolio management solution to replace Microsoft Project, which Microsoft retired at the end of September. The main requirements for a new system were that it could be used for project scheduling, time tracking, and portfolio reporting needs.

After evaluating several options, PERS proceeded with a cloud solution from Cyber Communications, a Microsoft partner. Data and reports were migrated into the new solution and staff provided training for both project managers and time trackers so that PERS had a successful implementation on October 1.



PERS BOARD MEETING
FORWARD-LOOKING CALENDAR

Friday, December 4, 2026*
Board Scorecard Report on agency performance measures
Governor's Expectations update
PERS Modernization Program update
Presentation of final draft of legislative concepts before filing
Appointment of Legislative Advisory Committee
Benefits-in-force policy change
PERS Long-Range Facilities Plan
Financial modeling

Friday, January 29, 2027
PERS Modernization Program update
Annual Report of Director's Financial Transactions
Secretary of State Actuarial Review
Legislative preview/update
Preliminary earnings crediting and reserving
Senate Bill 1566 reporting requirements
School District Contribution Rates 2027-29 (TBD)

Friday, April 2, 2027*
PERS Modernization Program update
Legislative update
Oregon Public Employees Retirement Fund (OPERF) performance review
Oregon Savings Growth Plan annual report
Oregon Savings Growth Plan Advisory Committee appointments (if needed)
Final earnings crediting and reserving
Milliman – preparatory discussion for experience study

Friday, June 4, 2027
PERS Modernization Program update
Board Scorecard Report on agency performance measures
Propose board meeting dates for 2028
PERS Board self-evaluation
Board Education Policy renewal
Annual report of board member training activities
Retiree health insurance plans renewals and rates
PERS Health Insurance Program annual report
Overview of actuarial methods and economic assumptions
Legislative update

Friday, July 23, 2027*
PERS Modernization Program update
Legislative session review
Preliminary adoption of valuation methods and assumptions including assumed rate of return
Preliminary adoption of Assumed Rate Oregon Administrative Rule (OAR)

Friday, October 1, 2027
PERS Modernization Program update
PERS Board self-evaluation survey verbal update
PERS Board Funding Policy review
Update on PERS annual member and employer satisfaction surveys
Final adoption of valuation methods and assumptions including assumed rate of return
Valuation results – advisory employer rates
Final adoption of Assumed Rate OAR

Friday, December 3, 2027*
PERS Modernization Program update
PERS Strategic Plan update
Board governance assignments
Board Scorecard Report on agency performance measures
Governor's Expectations update
Valuation update and financial modeling results
Adoption of actuarial equivalency factor tables

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

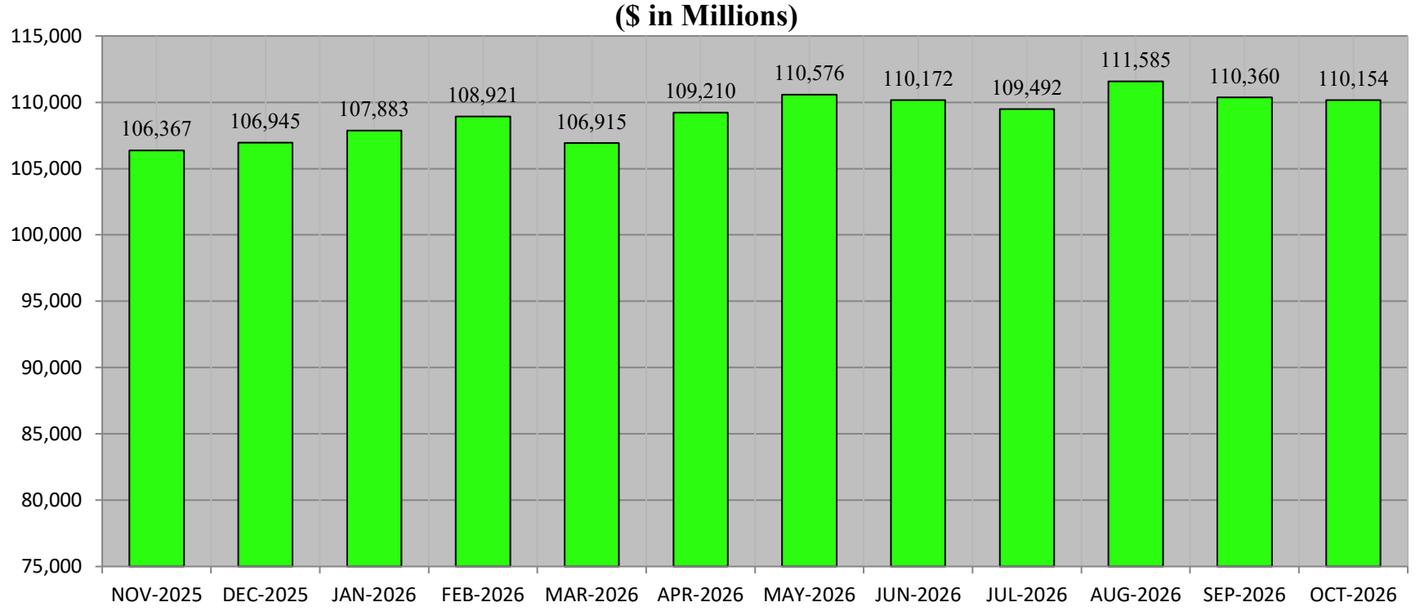
Returns for periods ending OCT-2026

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			**$ 104,248,420**		**5.49**	**7.63**	**7.77**	**8.21**	**7.13**	**5.49**	**7.80**	**8.31**
OPERF Policy Benchmark					*8.29*	*10.27*	*11.56*	*13.28*	*11.59*	*7.19*	*9.32*	*9.50*
Value Added					**(2.80)**	**(2.63)**	**(3.79)**	**(5.07)**	**(4.46)**	**(1.70)**	**(1.52)**	**(1.19)**
OPERF Reference Portfolio					*6.87*	*7.84*	*11.81*	*15.67*	*13.28*	*6.01*	*8.52*	*8.62*
Public Equity	22.5-32.5%	27.5%	$ 25,080,517	24.1%	**12.63**	**14.32**	**17.64**	**22.29**	**18.98**	**10.93**	**13.02**	**12.45**
MSCI ACWI IMI Net					*11.21*	*12.50*	*17.15*	*22.01*	*18.73*	*9.66*	*12.54*	*12.10*
Private Equity	15-27.5%	20.0%	$ 24,517,890	23.5%	**1.97**	**6.97**	**4.44**	**5.00**	**5.17**	**4.75**	**10.45**	**12.14**
Russell 3000+300 Bps Qtr Lag					*20.56*	*27.66*	*23.48*	*25.63*	*24.97*	*16.36*	*19.39*	*18.86*
Total Equity	**42.5-52.5%**	**47.5%**	**$ 49,598,407**	**47.6%**								
Fixed Income	**20-30%**	**25.0%**	**$ 20,596,921**	**19.8%**	**(0.10)**	**0.43**	**3.30**	**5.68**	**4.77**	**0.91**	**1.57**	**2.17**
Oregon Custom Fixed Income Benchmark					*(0.54)*	*(0.07)*	*3.00*	*5.45*	*4.16*	*(0.15)*	*0.76*	*1.51*
Real Estate	**7.5-17.5%**	**12.5%**	**$ 13,866,069**	**13.3%**	**3.79**	**3.78**	**3.22**	**(0.38)**	**(1.97)**	**3.28**	**4.51**	**5.73**
Oregon Custom Real Estate Benchmark					*3.57*	*3.93*	*3.39*	*(1.04)*	*(3.76)*	*1.54*	*2.53*	*3.78*
Real Assets	**2.5-10.0%**	**7.5%**	**$ 10,929,145**	**10.5%**	**9.23**	**12.17**	**11.76**	**10.83**	**10.26**	**11.95**	**10.55**	**8.73**
CPI +4%					*7.60*	*8.06*	*7.66*	*7.34*	*7.34*	*8.26*	*8.13*	*7.55*
Diversifying Strategies	**2.5-10.0%**	**7.5%**	**$ 6,460,077**	**6.2%**	**5.40**	**7.70**	**8.82**	**7.02**	**5.61**	**9.06**	**5.24**	**3.54**
HFRI FOF: Conservative Index					*2.17*	*3.67*	*5.66*	*6.33*	*5.76*	*4.40*	*5.36*	*4.68*
Opportunity Portfolio	**0-5%**	**0%**	**$ 2,764,628**	**2.7%**	**8.22**	**10.14**	**10.87**	**11.56**	**11.95**	**9.65**	**11.49**	**10.05**
Opportunity Custom Benchmark					*8.29*	*10.27*	*11.56*	*13.28*	*11.01*	*11.43*	*10.68*	*9.63*
Cash w/Overlay	**0-3%**	**0%**	**$ 33,172**	**0.0%**	**3.32**	**4.08**	**4.47**	**4.97**	**5.00**	**3.90**	**3.07**	**2.79**
91 Day Treasury Bill					*3.01*	*3.65*	*4.00*	*4.46*	*4.54*	*3.77*	*2.82*	*2.45*
Target Date Funds			**$ 5,627,086**									
TOTAL OPERF Variable Account			**$ 278,883**		**11.55**	**12.82**	**17.54**	**22.39**	**19.04**	**9.99**	**12.86**	**12.44**

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

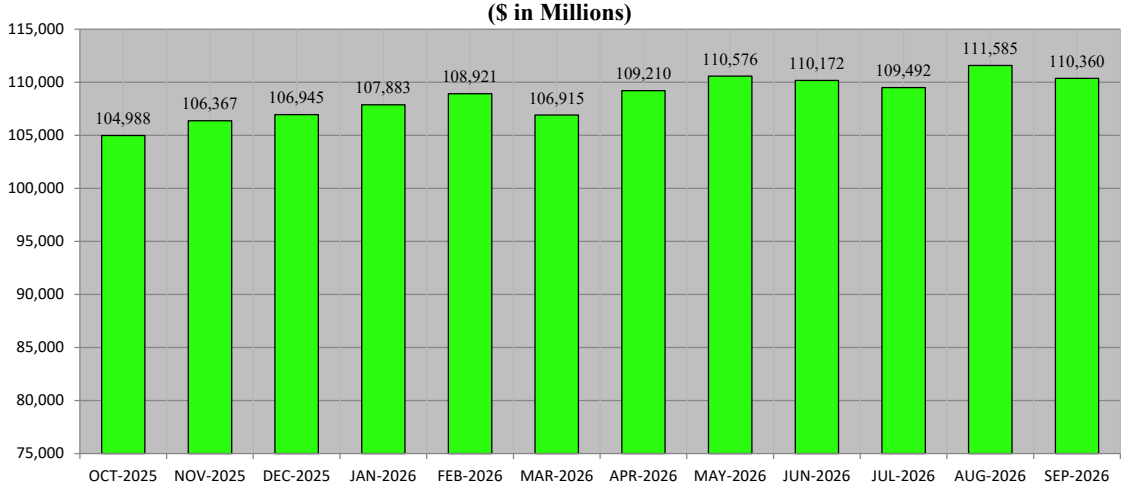
Returns for periods ending SEP-2026

Oregon Public Employees Retirement Fund

	Regular Account				Historical Performance (Annual Percentage)							
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**
TOTAL OPERF Regular Account			**$ 104,515,201**		**5.00**	**7.30**	**7.11**	**7.92**	**7.37**	**5.74**	**7.86**	**8.15**
OPERF Policy Benchmark					*7.98*	*11.52*	*10.98*	*12.57*	*11.94*	*7.55*	*9.47*	*9.37*
Value Added					**(2.99)**	**(4.22)**	**(3.87)**	**(4.66)**	**(4.57)**	**(1.81)**	**(1.61)**	**(1.22)**
OPERF Reference Portfolio					*6.94*	*9.53*	*10.51*	*14.66*	*14.39*	*6.74*	*8.84*	*8.45*
Public Equity	22.5-32.5%	27.5%	$ 25,329,300	24.2%	**13.70**	**17.12**	**16.97**	**21.48**	**21.31**	**11.94**	**13.57**	**12.35**
MSCI ACWI IMI Net					*12.97*	*16.61*	*16.70*	*21.27*	*20.99*	*11.05*	*13.23*	*12.05*
Private Equity	15-27.5%	20.0%	$ 24,267,607	23.2%	**1.40**	**4.81**	**4.16**	**4.87**	**4.94**	**5.00**	**10.43**	**12.08**
Russell 3000+300 Bps Qtr Lag					*19.70*	*30.43*	*24.43*	*24.98*	*24.35*	*16.24*	*19.37*	*18.78*
Total Equity	**42.5-52.5%**	**47.5%**	**$ 49,596,907**	**47.5%**								
Fixed Income	**20-30%**	**25.0%**	**$ 20,659,356**	**19.8%**	**(2.13)**	**(0.99)**	**1.15**	**4.57**	**4.02**	**0.49**	**1.30**	**1.90**
Oregon Custom Fixed Income Benchmark					*(2.91)*	*(1.84)*	*0.49*	*4.06*	*3.19*	*(0.64)*	*0.43*	*1.20*
Real Estate	**7.5-17.5%**	**12.5%**	**$ 13,858,976**	**13.3%**	**3.55**	**2.88**	**3.11**	**(0.52)**	**(2.01)**	**3.56**	**4.47**	**5.55**
Oregon Custom Real Estate Benchmark					*3.05*	*3.59*	*3.13*	*(1.44)*	*(3.85)*	*1.86*	*2.51*	*3.72*
Real Assets	**2.5-10.0%**	**7.5%**	**$ 11,178,361**	**10.7%**	**8.98**	**12.39**	**11.53**	**11.79**	**10.17**	**12.15**	**10.48**	**8.67**
CPI +4%					*7.07*	*8.15*	*7.63*	*7.26*	*7.41*	*8.41*	*8.14*	*7.54*
Diversifying Strategies	**2.5-10.0%**	**7.5%**	**$ 6,384,497**	**6.1%**	**4.17**	**7.98**	**8.21**	**6.94**	**6.74**	**8.90**	**4.92**	**3.42**
HFRI FOF: Conservative Index					*4.07*	*6.51*	*6.71*	*6.83*	*6.37*	*4.92*	*5.66*	*4.90*
Opportunity Portfolio	**0-5%**	**0%**	**$ 2,740,607**	**2.6%**	**7.58**	**10.88**	**10.79**	**11.15**	**11.47**	**9.85**	**11.53**	**9.94**
Opportunity Custom Benchmark					*7.98*	*11.52*	*10.98*	*12.57*	*11.16*	*11.64*	*10.74*	*9.65*
Cash w/Overlay	**0-3%**	**0%**	**$ 96,497**	**0.1%**	**2.92**	**4.08**	**4.47**	**4.99**	**4.94**	**3.81**	**3.05**	**2.76**
91 Day Treasury Bill					*2.65*	*3.65*	*4.01*	*4.49*	*4.49*	*3.70*	*2.80*	*2.42*
Target Date Funds			**$ 5,561,906**									
TOTAL OPERF Variable Account			**$ 283,256**		**13.29**	**16.96**	**17.08**	**21.64**	**21.30**	**11.38**	**13.55**	**12.40**

Total OPERF NAV
(includes Variable Fund assets)
One year ending SEP-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 PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 2012-2021 have been clarified to reflect performance and holdings data as published by Oregon State Treasury.

Oregon
Tina Kotek, Governor

Public Employees Retirement System
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11410 S.W. 68th Parkway, Tigard, OR
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888-320-7377
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www.oregon.gov/pers

December 4, 2026

TO: Members of the PERS Board

FROM: Gregory R. Gabriel, Budget Officer

SUBJECT: December 2026 Budget Report

2025-27 OPERATING BUDGET

Operating expenditures for September, October, and preliminary expenditures for November are $6,248,311, $5,909,693, and $5,419,845, respectively. Final expenditures for November will close in the Statewide Financial Management System on December 18 and will be included in the January 2027 report to the PERS Board.

- Through November 15, 2026, the agency has expended a total of $108,224,128, or 66.3% of PERS' legislatively approved operations budget of $163,320,165.
- At this time, the agency's projected variance is $1,805,546 or 1.11%.
- Core Retirement Systems Applications (CRSA) expenditures for September, October, and preliminary expenditures for November are $1,852,920, $807,848, and $593,925, respectively. As of November 15, the agency has expended $12,041,442, or 43.1% of the legislatively approved budget of $27,929,393.
- At this time, the CRSA projected variance is $7,584,639, or 27.2%.

2025-27 NON-LIMITED BUDGET

The adopted budget includes $15,243,591,683 in total estimated non-limited expenditures. Non-limited expenditures include benefit payments, health insurance premiums, and third-party administration payments for both the PERS Health Insurance Program (PHIP) and the Individual Account Program (IAP).

- Non-Limited expenditures through November 15, 2026 are $9,910,091,449.

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

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

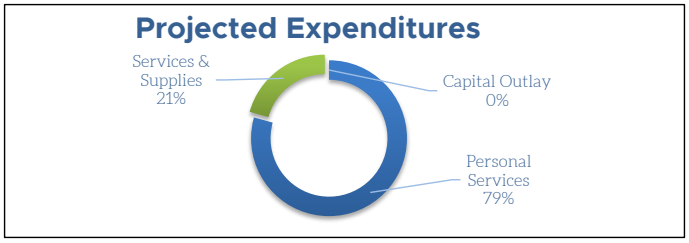
PERS Monthly Budget Report

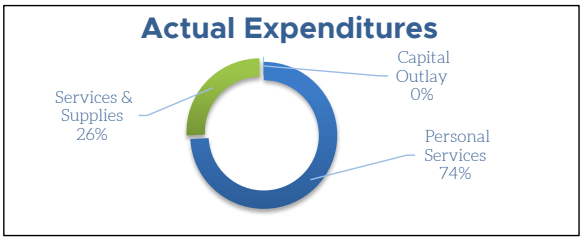
2025-27 Agency-Wide Budget Execution
Preliminary for the Month of November 2026

Limited-Operating Budget

2025-27 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2025-27 LAB	Variance
Personal Services	80,318,402	42,259,261	122,577,664	119,966,080	(2,611,584)
Services & Supplies	27,765,313	11,031,230	38,796,543	42,769,871	3,973,328
Capital Outlay	140,413	0	140,413	584,214	443,801
Total	108,224,128	53,290,491	161,514,619	163,320,165	1,805,546





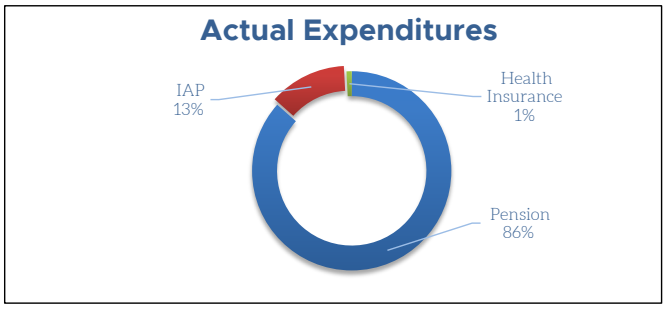
Monthly Summary

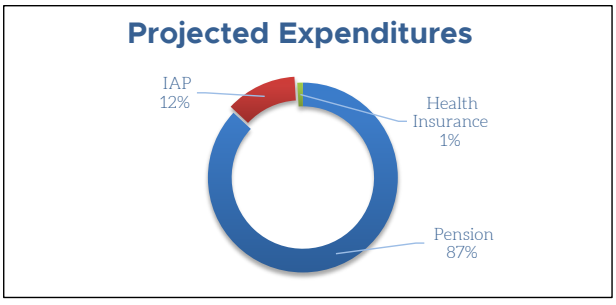
Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,758,479	4,931,066	172,587	4,724,612	6,037,037
Services & Supplies	661,366	669,807	8,441	1,633,254	1,575,890
Capital Outlay	0	0	0	8,260	0
Total	5,419,845	5,600,873	181,029	6,366,125	7,612,927

Non-Limited Budget

2025-27 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	8,578,616,420	4,319,072,440	12,897,688,860	13,506,890,512	609,201,652
IAP	1,247,292,007	546,967,465	1,794,259,472	1,604,842,886	(189,416,586)
Health Insurance	84,183,022	55,667,586	139,850,609	131,858,285	(7,992,324)
Total	9,910,091,449	4,921,707,491	14,831,798,940	15,243,591,683	411,792,742





Core Retirement Systems Application

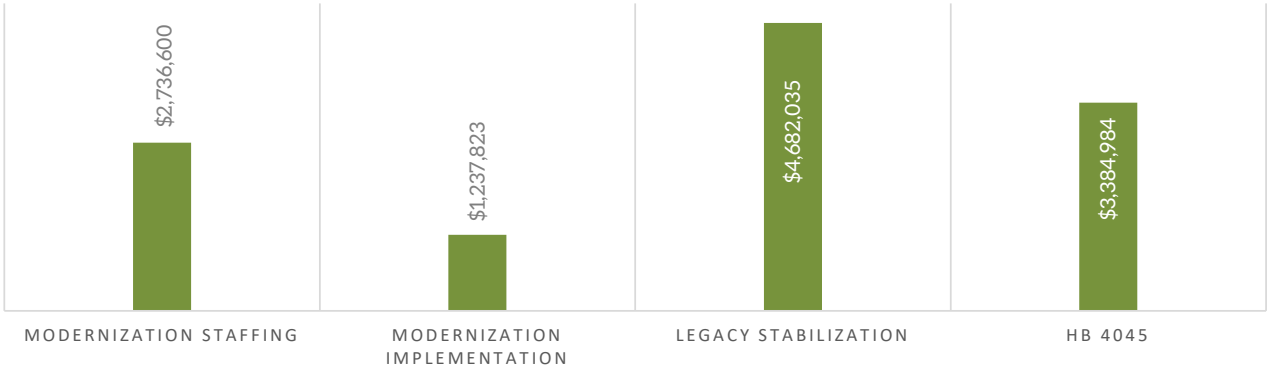
Summary Budget Analysis

Preliminary for the Month of November 2026

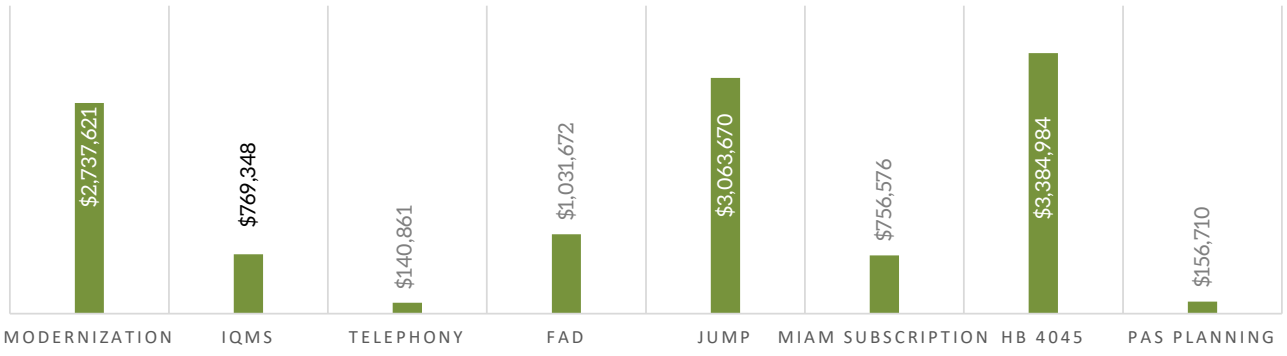
Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	2,846,460	1,862,149	4,708,609	5,377,974	669,365
Services & Supplies	9,076,647	6,441,163	15,517,810	22,551,419	7,033,609
Capital Outlay	118,335		118,335		(118,335)
Total	12,041,442	8,303,312	20,344,754	27,929,393	7,584,639

EXPENDITURES BY PACKAGE



EXPENDITURES BY PROJECT



A.

A. Administration

1. September 25, 2026 PERS Board Meeting Minutes
2. Director's Report
3. **Governor's Expectations update**
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

1. Notice of rulemaking for using X as a valid signature
2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
5. Financial Modeling

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December 4, 2026

TO: Members of the PERS Board

FROM: Kevin Olineck, Director

SUBJECT: Governor's Expectations Update

BACKGROUND

When Governor Kotek took office, she sent a letter to Executive Branch agencies with a series of expectations for state agency leaders. She also tasked the Department of Administrative Services (DAS) with creating the infrastructure and oversight for agencies to meet these performance measures. DAS created a Strategic Initiatives and Enterprise Accountability Section in response to these expectations. They have a dashboard where interested parties can track both overall and agency specific results:

https://www.oregon.gov/das/strategy/Pages/agency-performance.aspx.

Attachment 1 is the PERS-specific update document that illustrates that PERS is in compliance with all fourteen categories as of September 30. This update will be provided on an annual basis to assure the board that we continue to meet the Governor's expectations.

No board action is required.

A.3. Attachment 1 – *PERS Governor's Expectations Update Document*

OREGON AGENCY GOVERNOR EXPECTATIONS 2026

2026 Timeline:

- **Feb 1, 2026:** Submit Gallup Employee Satisfaction Survey results to Department of Administrative Services (DAS) Chief Human Resources Office (CHRO)
- **May 31, 2026:** Submit audit recommendation status report
- **June 1, 2026:** Submit annual progress report on PERS Information Technology (IT) Strategic plans
  Submit annual progress report on PERS Strategic Plan
  Submit annual progress report on PERS Diversity, Equity, and Inclusion (DEI) Plan
- **Sept 30, 2026:** Update continuity of operations plans in Veoci Software
- **Nov 30, 2026:** Submit audit recommendation status report
- **Dec 31, 2026:** Update PERS Succession Plan and submit to DAS CHRO
  Complete Gallup Employee Satisfaction Survey
- **Feb 2, 2027:** Submit annual progress report on PERS Affirmative Action Plan (AAP)
- Per quarterly schedule: Director 360 Reviews

Accountability Measure	Agency Actions Due	Frequency	PERS Status
Director 360 reviews	According to Schedule and guidance outlined by Chief Human Resources Office.	Every two years	Review completed August 2025
Performance feedback for employees	Maintain 90% compliance.	Quarterly check-ins by all managers	June 30, 2026, Performance Accountability, and Feedback check-in meetings – 100%
Measuring employee satisfaction	Complete Gallup Employee Satisfaction Survey by December 31.	Annually	Survey conducted November 2026
Strategic planning	Agencies have a strategic plan in place and updated within the prior 36 months.	Every three years	Submitted updated strategic plan Oct 8, 2025; update submitted prior to June 1, 2026
Managing IT processes	Agencies with 50 or more full-time employees have an approved or updated PERS IT Strategic Plan.	Annually – or as defined within the agency's IT Governance Policy	IT Strategic Plan update submitted June 1, 2026

OREGON AGENCY GOVERNOR EXPECTATIONS 2026

Accountability Measure	Agency Actions Due	Frequency	PERS Status
Succession planning for the workforce	Complete or update plan and submit to CHRO by December 31.	Annually	PERS Succession Plan submitted December 2025
Diversity, equity, and inclusion plans (and affirmative action plans)	Agencies have a DEI plan updated in the prior 24 months.	DEI update due 2026 (affirmative action plans updated annually)	PERS DEI Action Plan update submitted June 1, 2026. AAP submitted June 1, 2026
Agency emergency preparedness	Plan in Veoci Software by September 30, 2026.	Update annually	PERS Continuity Management Plan updated September 2026
Agency hiring practices	Meet target of 50 days to fill positions.	DAS CHRO will pull reports quarterly and send to agencies	Quarter (Q)2 2026 48 days; vacancy rate 3.8% (short-term), 1.4% (long-term)
Audit accountability	Agencies report on audit recommendation status.	Biannually: May 31 and November 30	Submitted November 2025
New employee orientation	Agencies must be able to demonstrate all employees are participating within 60 days of hire.	Ongoing	Q2 2026 100% compliant
Introductory manager training	Agencies must ensure managers new to managing in state government complete training within four months.	Ongoing	Q2 2026 100% compliant
Customer service training	All new employees complete training.	Ongoing	Q2 2026 100% compliant
UPLIFT Oregon benefits workshop	Agencies must incorporate Uplift into onboarding and ensure all new employees complete the workshop within 30 days of hire.	Ongoing	Q2 2026 100% compliant

A.

A. Administration

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OREGON PERS
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December 4, 2026

TO: Members of the PERS Board

FROM: Matt Rickard, PERS Outcome-Based Management System Council

SUBJECT: Board Scorecard Report on Agency Performance Measures

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

The attached Board Scorecard Report for the third quarter 2026 focuses on several measures we currently track based on essential business operations. A targeted performance range is created for each measure:

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

The POBMS Council is continuing its effort to review and update our enterprise measures. Since our last report, we have updated targets and ranges on several measures, and we have engaged in discussions about replacing two measures. We will continue to keep the board informed of our progress towards updating measures and ensuring they are relevant.

Highlights of this report include:

- Seven of the eight measures are performing in the green ranges.
- Twenty-six consecutive quarters in the green range for both Benefit Estimates Completed and Eligibility Reviews Completed.
- Timely Benefit Calculations has been in the green range six consecutive quarters.
- Accuracy of Calculations has been in the green range twenty-one of the twenty-three previous quarters.
- Call Wait Time is in the green range for the first time in nearly four years.
- The last two quarters of the Quarterly Green Performance chart reflect the highest values in the history of the POBMS.

The next report will be presented at the May 2027 meeting, showing the scorecard results for the first quarter 2027.

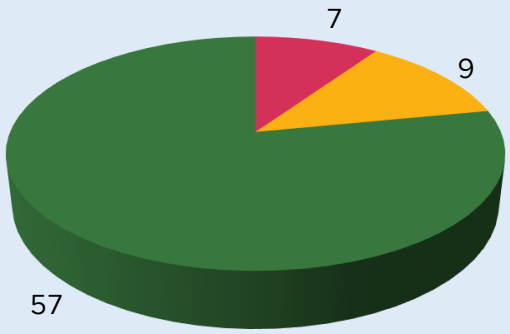
A.4 Attachment 1 – *Board Scorecard Report for Third Quarter 2026*

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

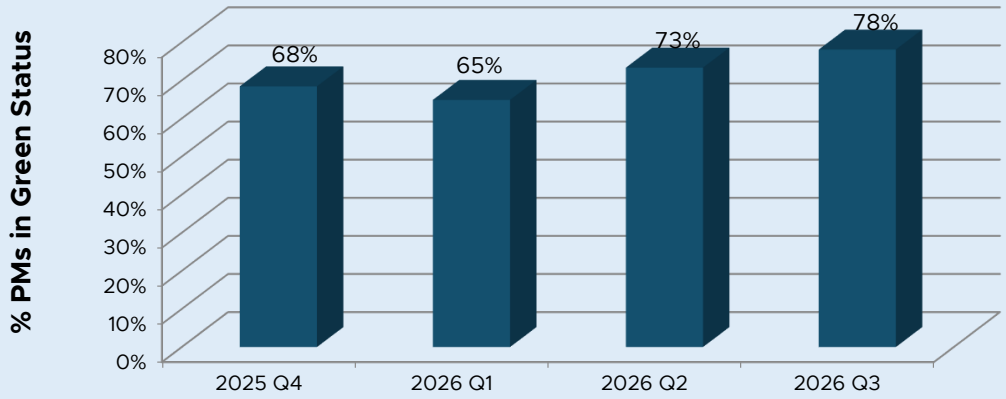
Outcome-Based Performance Review

2026-Q3 Overall Performance (Quarter ending September 2026)

Outcome & Process Measure Performance

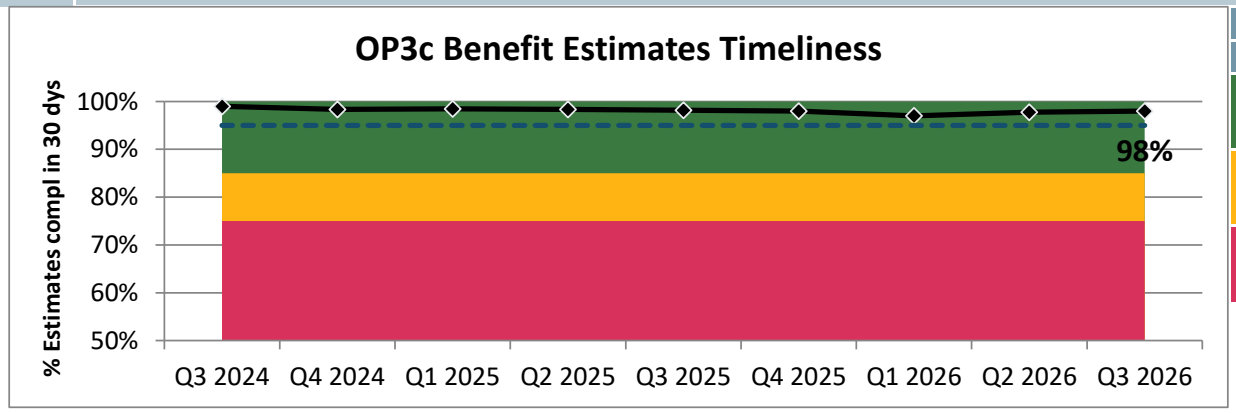


Quarterly Green Performance

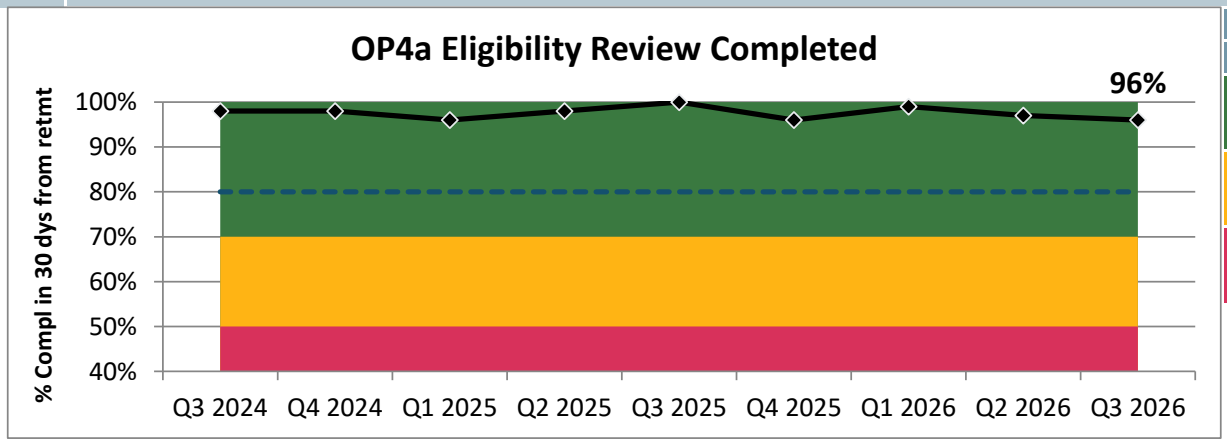


PERS Board Scorecard Report: 2026-Q3 and historic performance

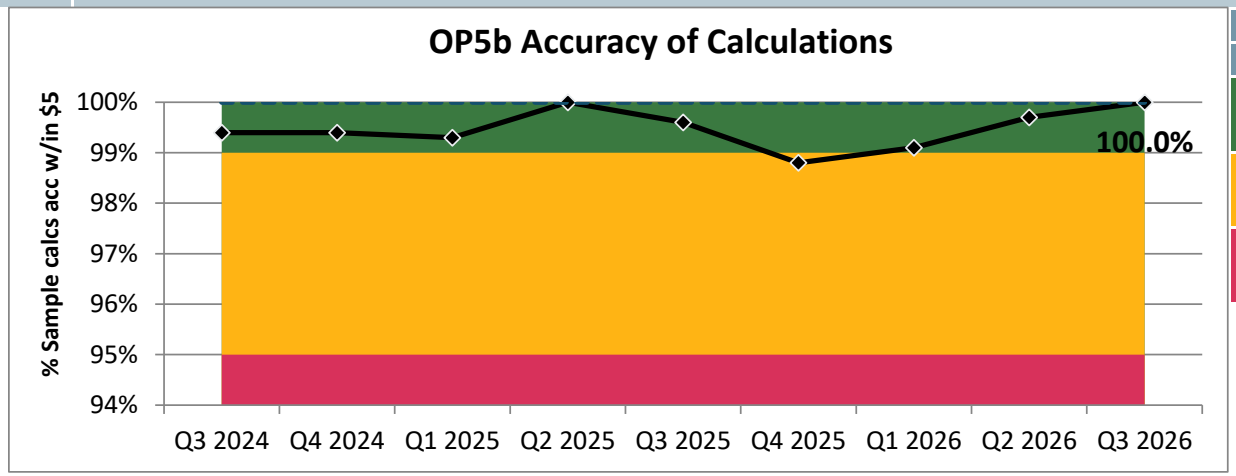
	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
OP3c	**Estimate KPM**	% of estimate requests completed within 30 days of receipt.	**95%**	**98.0%**	**98.0%**	**98.0%**	**97.0%**	**97.8%**	**98.0%**
Comment / Corrective Action:									



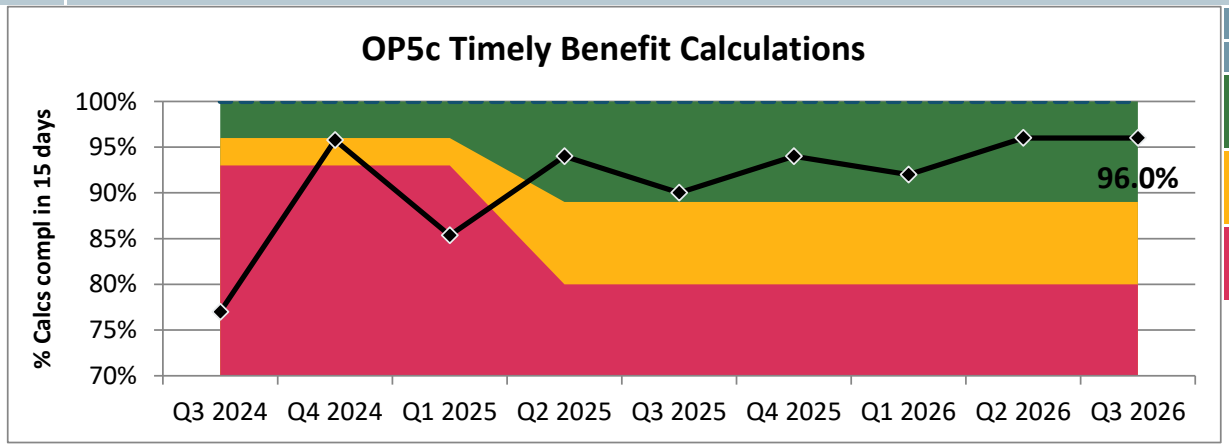
	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
OP4a	**Eligibility review completed**	% of eligibility analysis completed within 30 days of the effective retirement date.	**80%**	**98.0%**	**100.0%**	**96.0%**	**99.0%**	**97.0%**	**96.0%**
Comment / Corrective Action:									



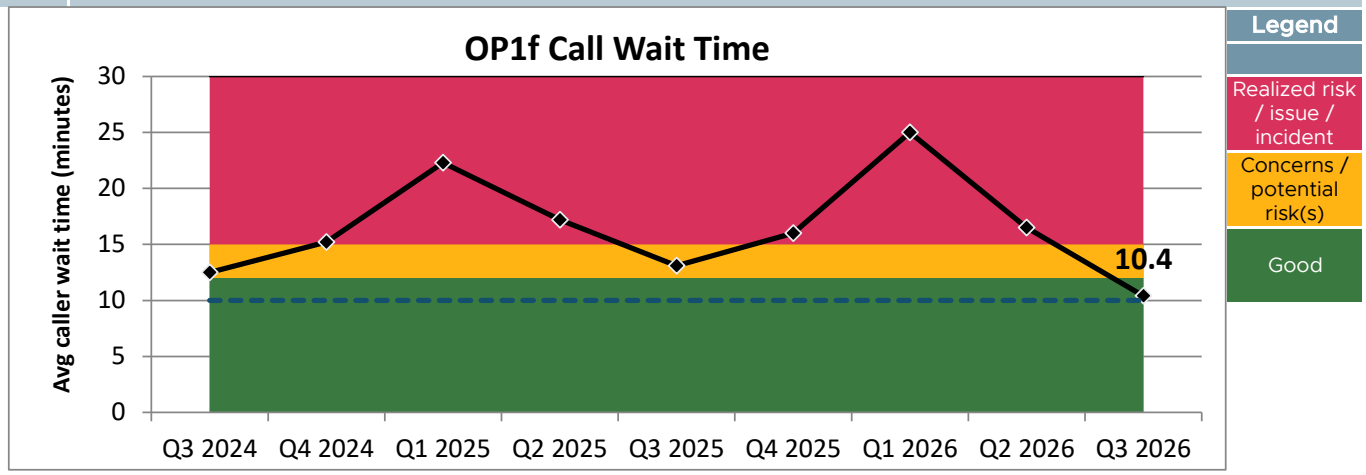
	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
OP5b	**Accuracy of calculations**	% of sample calculations that are accurate within plus or minus $5	**100%**	**100.0%**	**99.6%**	**98.8%**	**99.1%**	**99.7%**	**100.0%**
Comment / Corrective Action:									



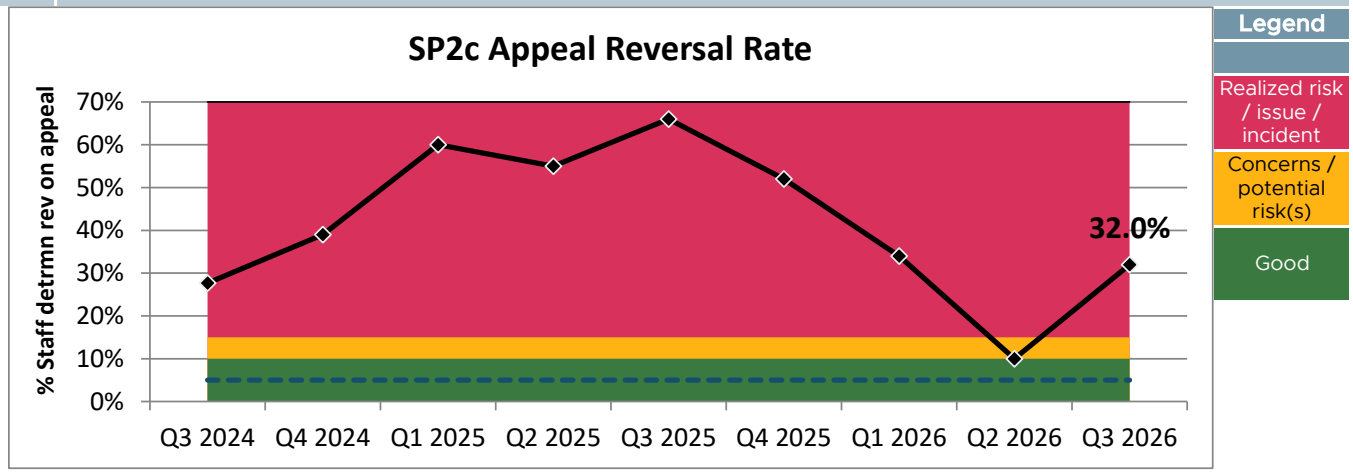
	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
OP5c	**Timely benefit calculations**	% of calculations completed within 15 calendar days from completed application date	**100%**	**94.0%**	**90.0%**	**94.0%**	**92.0%**	**96.0%**	**96.0%**
Comment / Corrective Action:									



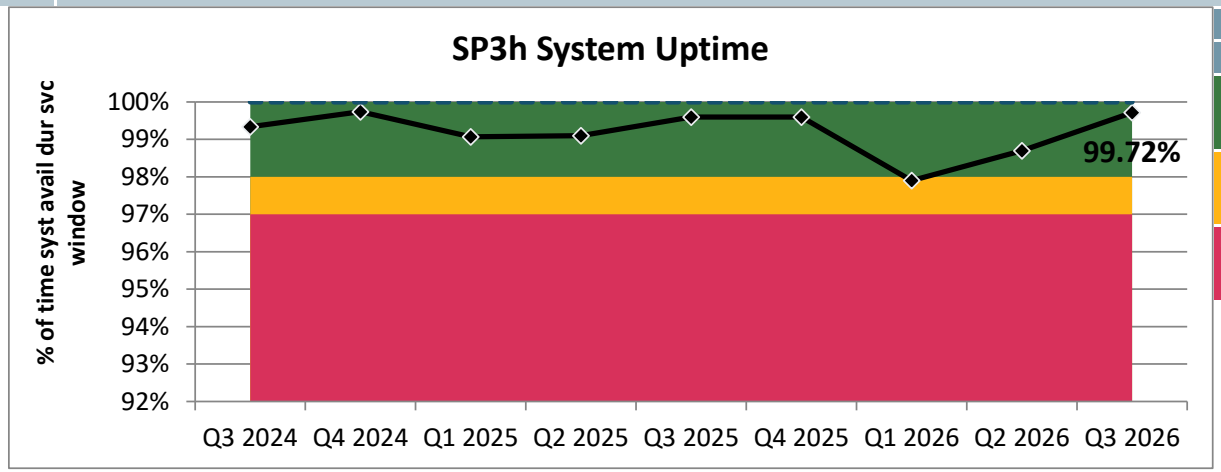
	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
OP1f	**Call wait time**	Average length of wait before caller reaches live person	**10 minutes**	**17.2**	**13.1**	**16.0**	**25.0**	**16.5**	**10.4**
Comment / Corrective Action:									



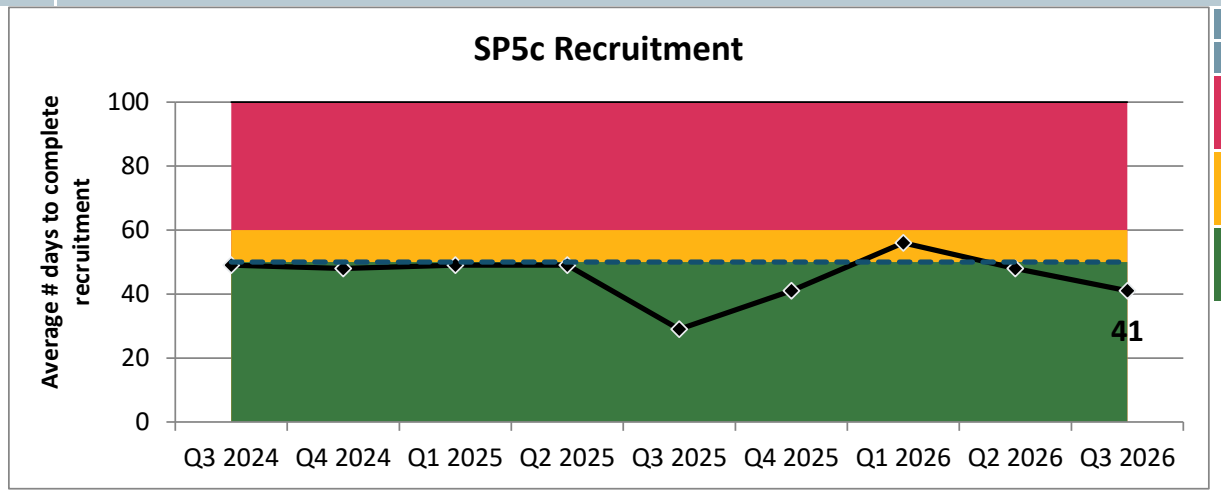
	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
SP2c	**Appeal reversal rate**	% of staff determinations that are reversed on appeal	**5%**	**55.0%**	**66.0%**	**52.0%**	**34.0%**	**10.0%**	**32.0%**
Comment / Corrective Action:		34 determinations in the quarter; 11 reversals (7 disability, 3 PHIP, 1 eligibility)							



	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
SP3h	**System uptime**	% of time systems are available during the service window	**100%**	**99.1%**	**99.6%**	**99.6%**	**97.9%**	**98.7%**	**99.7%**
Comment / Corrective Action:		Three issues with jClarety where a service had to be started/restarted. One issue with FileNet where a service had to be restarted.							



	Measure name	Measure calculation	Target	CY 2025			CY2026		
				Q2	Q3	Q4	Q1	Q2	Q3
SP5c	**Recruitment**	Average number of days for recruitment (from requisition to offer)	**50**	**49**	**29**	**41**	**56**	**48**	**41**
Comment / Corrective Action:									



B.

A. Administration

1. September 25, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Governor's Expectations update
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

1. **Notice of rulemaking for using X as a valid signature**
2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
5. Financial Modeling

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
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www.oregon.gov/pers

December 4, 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: Notice of Rulemaking for Using X as a valid signature

OAR 459-005-0110 *Fiduciary Document Requirements*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Clarify acceptable ways to sign documents for PERS.
- Policy Issue: None identified.

BACKGROUND

PERS members, beneficiaries, and alternate payees are able to appoint a fiduciary or attorney-in-fact to act on their behalf for the purpose of PERS matters. Documentary requirements establishing how a member, beneficiary, or alternate payee can appoint someone as a fiduciary is established in rule.

Recently, the agency was presented with a circumstance whereby a member was able to verbally communicate their desire to appoint a fiduciary to act on their behalf for PERS matters; however, they could not physically sign their name to a form. The update presented today clarifies the terms under which PERS can accept a mark or “X” as a member’s signature. Specifically, PERS will accept an intentional mark as a signature when the person making the mark is able to communicate their intention to appoint the fiduciary with the associated signing and that mark is witnessed by either a notary public or two neutral parties who are unrelated to the signatory and provide their printed names and addresses.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on December 29, 2026, at 2:00 p.m. The public comment period ends January 4, 2027, at 5:00 p.m.

IMPACT

Mandatory: No

Benefit: Updates 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

November 23, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
December 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.
December 4, 2026:	PERS Board notified that staff began the rulemaking process.
December 29, 2026:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
January 1, 2027:	Public comment period ends at 5:00 p.m.
January 29, 2027:	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 December 29, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the January 29, 2027, board meeting.

B.1. Attachment 1 – OAR 459-005-0110 *Fiduciary Document Requirements*

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

459-005-0110

Fiduciary Document Requirements

(1) No person may act as a member's fiduciary with respect to PERS matters unless the Fiduciary Document naming or appointing such person(s) meets the requirements set forth in this rule.

(2) The Fiduciary Document shall be in written form and may be either on forms furnished by PERS or in a format approved by PERS. The Fiduciary Document shall contain express language appointing the member's fiduciary as guardian or conservator or otherwise to act on behalf of the member either with respect to the member's financial matters generally or with respect to the member's PERS benefits specifically.

(3) At a minimum, the Fiduciary Document must contain:

(a) The signature of the member or other authority appointing or designating the member's fiduciary.

(b) The signature and address of the member's fiduciary. This requirement can also be satisfied if the Fiduciary Document is accompanied by another document containing the signature and address of the member's fiduciary.

(4) **For the purpose of this rule, the signature of the member or other authority appointing or designating the member's fiduciary may be made manually by use of their name or by a mark or symbol executed by the person with present intention to authenticate a writing. If the use of a mark or symbol is used, it must be witnessed:**

(a) by a notary public or

(b) by two neutral parties who are unrelated to the signatory. The witnesses' signatures, printed names, and addresses must accompany the fiduciary document.

(4) **(5)** A Fiduciary Document must be received by PERS before the member's fiduciary will be allowed to conduct any transactions on behalf of the member and must otherwise meet the requirements set forth in OAR 459-005-0110 or 459-005-0130, as applicable.

(5) **(6)** If a Fiduciary Document was executed by the member over ten years prior to the date such document is filed with PERS, and there is a request to take any action by the member's fiduciary, the document will be effective with respect to PERS only if the member's fiduciary certifies to PERS, in a form which PERS in its sole discretion deems satisfactory, the continued validity of the fiduciary document.

(6) **(7)** If more than one individual is named or appointed in a Fiduciary Document as the member's fiduciary, the document must stipulate whether the individuals must act together or may act separately.

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.005 - 238.715
History:
PERS 6-2007, f. & cert. ef. 2-21-07
PERS 4-1999, f. & cert. ef. 10-11-99
PERS 7-1996, f. & cert. ef. 11-12-96

B.

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C. Action and discussion items

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December 4, 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: Notice of Rulemaking for Disability Rule upkeep

Oregon Administrative Rule (OAR) 459-015-0000 *Purpose*
OAR 459-015-0001 *Definitions*
OAR 459-015-0020 *Application Required*
OAR 459-015-0040 *Proof of Case – Contested Case Hearings*
OAR 459-076-0005 *Eligibility for Disability Benefits*
OAR 459-076-0020 *Application Required*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: To update/clarify additional rules to comply with Senate Bill (SB) 588 (2025) and align to current agency practice.
- Policy Issue: None identified.

BACKGROUND

The 2025 Oregon Legislature enacted SB 588 having to do with disability benefits. The bill redefined the disability eligibility standard for Police and Firefighter (P&F) members from a standard where a member is considered disabled if they are "unable to perform any work for which qualified" to a standard where the member is considered disabled if they are "unable to perform the work the member performed *at the time the member became disabled*." Emphasis added.

Under the new eligibility standard, P&F members are considered disabled if, due to their injury/condition, they cannot return to the P&F position they held at the time of their disability, regardless of their ability to perform any other work given their general health and qualifications. This change is applicable for both duty and non-duty disability cases and applies for disability retirements for Tier One/Tier Two members under Oregon Revised Statute (ORS) 238.320 as well as disability benefits provided to Oregon Public Service Retirement Plan (OPSRP) members under ORS 238A.235.

After the bill's passage, staff identified rules requiring updates to incorporate the terms of SB 588 which were approved by the PERS Board at the January 2026 meeting. Subsequently, staff

has identified additional rules requiring updates to comport with the statutory changes provided in SB 588.

Additionally, in the spring of 2026, an internal workgroup requested that OAR 459-076-0005 be updated to reflect that Leave Without Pay (LWOP) does not directly impact disability. This rule has been clarified to state that if there is an LWOP and the member retroactively applies for disability, then the "date of disability," "last date of paid leave," or "last date of service" that occurs before the LWOP starts will be used to determine disability eligibility. This clarification will allow the partial-year rules to apply where appropriate. This does not reflect a difference for disability eligibility other than the fact that disability uses last date of paid leave or last date of service to determine active member status in order to qualify for disability, instead of a termination date. If the member is on LWOP for the entire calendar year and has fewer than 600 hours in the year, then they would not be considered an active member because they are not employed in a qualifying position and therefore may not be eligible for PERS disability.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in person, on December 29, 2026, at 2:00 p.m. The public comment period ends January 4, 2027, at 5:00 p.m.

IMPACT

Mandatory: No

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

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

RULEMAKING TIMELINE

November 23, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
December 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.
December 4, 2026:	PERS Board notified that staff began the rulemaking process.
December 29, 2026:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
January 1, 2027:	Public comment period ends at 5:00 p.m.

January 29, 2027: 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 December 29, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the January 29, 2027, board meeting.

B.2. Attachment 1 – OAR 459-015-0000 *Purpose*

B.2. Attachment 2 – OAR 459-015-0001 *Definitions*

B.2. Attachment 3 – OAR 459-015-0020 *Application Required*

B.2. Attachment 4 – OAR 459-015-0040 *Proof of Case – Contested Case Hearings*

B.2. Attachment 5 – OAR 459-076-0005 *Eligibility for Disability Benefits*

B.2. Attachment 6 – OAR 459-076-0020 *Application Required*

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

459-015-0000

Purpose

(1) The Legislative Assembly has established within the Public Employees Retirement System (PERS) a program for early retirement by reason of disability. The disability retirement program is solely intended to provide benefits to *[those]* members **employed as other than a police officer or firefighter** who are unable to work because they are disabled and cannot perform any work for which they are qualified **and for members who are employed as a police officer or firefighter who are unable to perform the work the member performed at the time they became disabled for an extended duration.**

(2) Disability retirement is an expedited retirement allowance resulting from a disability and is intended solely to provide benefits to PERS members who are unable to work because they are disabled. A disability retirement allowance is not in addition to a service retirement allowance.

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.320 - 238.345
History:
PERS 15-2005, f. & cert. ef. 10-3-05

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

459-015-0001

Definitions

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

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

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

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

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

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

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

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

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

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

(a) *[The date a]***A**n active member **employed as other than a police officer or firefighter** ceased to work because of inability to perform any work for which qualified due to injury or disease; *[or]*

(b) *[The date]* an inactive member **employed as other than a police officer or firefighter** became unable to perform any work for which qualified provided such inability occurred within six months after the date of separation from service.;

(c) an active member employed as a police officer or firefighter ceased to work because they became unable to perform the work the member performed at the time the member became disabled for an extended duration; or

(d) an inactive member employed as a police officer or firefighter became unable to perform the work the member performed at the time the member became disabled for an extended duration provided such inability occurred within six months after the date of separation from service.

(6) “Date of separation from service” means the later of: the last day worked or the last day of paid leave with a PERS participating employer.

(7) “Date of termination” means the date a member terminates from employment such that an employee/employer relationship no longer exists.

(8) “Earned income” means income that includes, but is not limited to:

(a) Salary or wages received as an employee;

(b) Self-employment income from:

(A) Services industry;

(B) Sales;

(C) Assembly or manufacturing;

(D) Consulting;

(E) Property management;

(F) Gambling, other than income from sweepstakes, lotteries, bingo, keno, or slot machines;

(G) Hobby income; or

(H) Book advances.

(c) "Earned income" does not include:

(A) Investment income;

(B) Rent; and

(C) Royalties.

(d) Earned income is deemed to be received by the member on the date it is issued by the payer, except retroactive payments included in ORS 238.008 shall be deemed to be received by the member during the period for which the payment is allocated.

(e) Earned income includes the net profits of any business entity owned solely or jointly by a member and for which the member materially participates in the business, as defined by the Internal Revenue Service under 26 CFR 1.469-5T, as in effect on July 1, 2021.

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

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

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

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

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

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

(13) "Material contributing cause" means the efficient, dominant, and proximate cause of the disability, without which the member would not be disabled.

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

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

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

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

(a) Employment before the date of disability; or

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

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

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

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

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

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

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

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

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

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

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

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

(24) “Total disability” means**:**

(a) for a member employed as other than a police officer or firefighter, the inability to perform any work for which qualified for an extended duration due to physical or mental incapacitation**; or**

(b) for a member employed as a police officer or firefighter, the inability to perform the work the member performed at the time the member became disabled for an extended duration.

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

(26) “Vocational evaluation” means an evaluation conducted by a certified vocational consultant, to determine the *[ability of an applicant to perform any work for which they are qualified]* **eligibility of a member for disability retirement**.

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

(a) Change of employment duties;

(b) Conflicts with supervisors;

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

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

(e) Specific or general job dissatisfaction;

(f) Work load pressures;

(g) Subjective perceptions of employment conditions or environment;

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

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

(j) Objective or subjective stresses of employment; or

(k) Personnel decisions.

(28) "Work the member performed at the time the member became disabled" means the duties and requirements of a member who was last employed as a police officer or firefighter as defined in ORS 238.005 at the time of disability.

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.320 - 238.345
History:
PERS 17-2025, amend filed 12/05/2025, effective 12/05/2025
PERS 8-2021, amend filed 12/03/2021, effective 12/03/2021
PERS 14-2020, amend filed 10/02/2020, effective 10/02/2020
PERS 8-2011, f. & cert. ef. 10-5-11
PERS 3-2010, f. & cert. ef. 5-28-10
PERS 1-2009, f. & cert. ef. 2-12-09
PERS 15-2005, f. & cert. ef. 10-3-05

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

459-015-0020

Application Required

(1) Application must be made on forms provided by PERS. PERS may require the member to provide any information that PERS considers necessary to determine the applicant's eligibility for a disability retirement allowance.

(2) No disability retirement allowance will be paid unless the member files a timely and complete application.

(3) Application must be made by a member or the member's authorized representative. A representative must submit to PERS written proof of the representative's authority, such as a power of attorney, guardianship or conservatorship appointment.

(4) A member cannot apply for disability retirement before their date of disability.

(5) Upon the filing of an application for a disability retirement allowance, PERS will notify the applicant's current or most recent employer of the filing. Additionally, PERS may request of an employer information pertaining to current or previous employment.

(6) When an active member becomes disabled due to injury or disease, the member may make application immediately after the last day worked even though the member may be on a paid leave or on an official leave of absence without pay. Total disability must be continuous from the date of disability to the date the application is filed. If the member becomes an inactive member, the application must be submitted within the timelines outlined in section (8) of this rule.

(7)(a) For a member who becomes totally *(disabled due to injury or disease)* but does not terminate employment, an application for disability retirement must be filed no later than 90 calendar days from the earlier of:

(A) The date the member is medically released for work; or

(B) The date the member returns to work.

(b) Total disability must be continuous from the date of disability to the earlier of paragraph (a)(A) or (B) of this section.

(8) An application by an inactive member is considered filed in a timely manner when received by PERS as follows:

(a) For an inactive member who becomes totally disabled due to injury or disease before the date of separation from service from all PERS qualifying positions and has not withdrawn the amount credited to the account of the member in the system, the member must file an application for a disability retirement allowance within five calendar years of the date of separation from service. Total disability must be continuous from the date of separation from service to the date the application is filed.

(b) For an inactive member who becomes totally disabled due to injury or disease after the date of separation from service from all PERS qualifying positions and has not withdrawn the amount credited to the account of the member in the system, the member must file an application for a disability retirement allowance within six months (180 days) after the date of separation from service. Total disability must be continuous from the date of disability to the date the application is filed.

(9) In determining the effective date of a disability retirement allowance, PERS may allow up to 60 months of benefits retroactive from the date the application is filed with

PERS, but in no case earlier than the first day of the month following the date of separation from service.

(10) When making application for a PERS disability retirement allowance, PERS will request the applicant authorize any physician, health practitioner, hospital, clinic, pharmacy, employer, employment agency, or government agency to release and disclose to PERS, or independent physicians and vocational consultants retained by PERS, any information within their records or knowledge, including that information otherwise protected under federal or state law, regarding the applicant's health and employment which PERS determines relates to the applicant's claim of disability *(and inability to perform any work for which qualified)*.

(11) When filing an application for disability retirement allowance, if the applicant wishes to authorize release and disclosure of protected health information, as defined in OAR 459-015-0001, the applicant must complete and sign a consent form which specifically authorizes the release and disclosure of such information.

(a) This authorization is voluntary. PERS is not a covered entity as defined in 45 CFR Parts 160 and 164, and the protected health information is not subject to federal and state health information privacy laws, but may be protected under Oregon State Public Record disclosure laws.

(b) This authorization may be revoked in writing at any time, except to the extent the entities named on the authorization form(s) have taken action in reliance of the authorization.

(c) If the applicant refuses to give or revokes authorization to disclose to PERS medical information that PERS determines it needs to evaluate the application, eligibility for a disability retirement allowance may be affected.

Statutory/Other Authority: ORS 238.650
Statutes/Other Implemented: ORS 238.320 - 238.345
History:
PERS 8-2015, f. & cert. ef. 7-31-15
PERS 11-2012, f. & cert. ef. 8-31-12
PERS 8-2011, f. & cert. ef. 10-5-11
PERS 15-2005, f. & cert. ef. 10-3-05
PERS 2-1992, f. & cert. ef. 1-14-92

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

459-015-0040

Proof of Case – Contested Case Hearings

(1) Burden of Proof in Hearings: The burden of proof for entitlement to a disability retirement allowance is upon the applicant. The Board is not required to prove that the applicant is entitled to a disability retirement allowance.

(2) Standards of Proof:

(a) An order granting entitlement to a disability retirement allowance shall be supported in the record by sufficient evidence demonstrating that the applicant suffers from a physical or mental/ emotional injury or disease, and that the applicant *[is unable to perform any work for which he or she is qualified]* **meets the eligibility requirements provided in OAR 459-015-0005**;

(b) An order denying entitlement to a disability retirement allowance need not be supported by medical or vocational evidence presented by the Board. An order may deny entitlement to a disability retirement allowance if the applicant fails to present sufficient proof of disability and inability to work. An order may deny entitlement to a disability retirement allowance on the basis of medical or vocational evidence presented by the Board.

(3) Professional opinions:

(a) A physician may express an opinion regarding whether the injury or disease was caused by the performance of job duties;

(b) A physician may express an opinion regarding the applicant's ability *[to perform any work, related tasks, or functions]* **meet the eligibility requirements provided in OAR 459-015-0005**;

(c) The administrative law judge shall have the discretion to give more weight to the testimony (findings and opinions) of the treating, the examining, or the consulting physician as the facts indicate.

Statutory/Other Authority: ORS 183.310 - 183.550, 183.600 - 183.690, 237.171, 237.191 & 237.263
History:
PERS 21-2005, f. & cert. ef. 11-1-05
PERS 2-1992, f. & cert. ef. 1-14-92

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

459-076-0005

Eligibility for Disability Benefits

(1) Eligibility Standards:

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

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

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

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

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

(c) For purposes of determining whether a member is employed in a position that is qualifying as a "partial year of separation" as provided in OAR 459-070-0001, the member will be considered separated from service as of the "date of separation from service" as provided in OAR 459-076-0001.

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

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

(4) Eligibility requirements for duty disabilities.

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

(A) The mental or physical incapacitation arose out of and in the course of duty and was not intentionally self-inflicted; and

(B) The on the job injury must be the material contributing cause of the disability, even if the member has a pre-existing condition.

(b) For work related stress to be considered the material contributing cause of the disability all of the following criteria must be met:

(A) The employment conditions producing the work related stress exist in a real and objective sense;

(B) The employment conditions producing the work related stress are conditions other than conditions generally inherent in every working situation or reasonable disciplinary, corrective or job performance evaluation actions by the employer, or cessation of employment or employment decisions attendant upon ordinary business or financial cycles;

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

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

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

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

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

(i) rebuttable with clear and convincing evidence;

(ii) applicable to any payments made on or after the later of:

(I) January 1 of the year in which the documentation of the approval of benefits under ORS Chapter 656 has been received by PERS or

(II) effective date of disability *[retirement]* **benefit**;

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

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

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

(7) Return to work. If a member who is receiving a disability benefit becomes employed or receives earned income in any month in an irregular or unpredictable manner that

exceeds 10 percent of the monthly salary of the member determined as of the last full month of employment before the disability commenced, the member's disability benefit will be terminated, effective the first of the month following employment or issuance of earned income. PERS will invoice the member for, or recover under ORS 238.715, any overpayment of benefits.

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

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

Statutory/Other Authority: ORS 238A.120 & ORS 238A.450
Statutes/Other Implemented: ORS 238A.140 & ORS 238A.235
History:
PERS 17-2025, amend filed 12/05/2025, effective 12/05/2025
PERS 7-2025, amend filed 05/30/2025, effective 05/30/2025
PERS 8-2021, amend filed 12/03/2021, effective 12/03/2021
PERS 11-2011, f. & cert. ef. 11-23-11
PERS 16-2005, f. & cert. ef. 10-3-05

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

459-076-0020

Application Required

(1) Application must be made on forms provided by PERS. PERS may require the member to provide any information that PERS considers necessary to determine the member's eligibility for a disability benefit.

(2) No disability benefit will be paid unless the member files a timely and complete application with PERS.

(3) Application must be made by a member or the member's authorized representative. A representative must submit to PERS written proof of the representative's authority; such as a power of attorney, guardianship or conservatorship appointment.

(4) A member must file a timely application for disability benefits:

(a) An active member may file the application immediately after the last day worked even though the member may be on a paid leave or on an official leave of absence without pay. No application will be accepted that predates the last day the member was actually on the job, and:

(A) The application must be filed no later than 90 calendar days from:

(i) The date the member is medically released for work; or

(ii) The date the member returns to work, whichever is earlier.

(B) Total disability must be continuous from the date of disability to the earlier of paragraph (A)(i) or (ii) of this subsection.

(b) An inactive member who became totally disabled *[due to injury or disease]* while the applicant was an active member and has not terminated membership, must file an

application for a disability benefit within five calendar years of the date of separation from service. Total disability must have arisen while the applicant was an active member and be continuous from the date of disability to the date the application is filed.

(c) A member cannot apply for disability benefits before their date of disability.

(5) In determining the effective date of a disability benefit, PERS may allow up to 60 months of benefits retroactive from the date the application is filed with PERS, but in no case earlier than the first day of the month following the date of separation from service.

(6) Upon the filing of an application for a disability benefit, PERS will notify the applicant's current or most recent employer of the filing. Additionally, PERS may request of an employer information pertaining to current or previous employment.

(7) When making application for a PERS disability benefit, PERS will request the applicant authorize any physician, health practitioner, hospital, clinic, pharmacy, employer, employment agency, or government agency to release and disclose to PERS, or independent physicians and vocational consultants retained by PERS, any information within their records or knowledge, including that information otherwise protected under federal or state law, regarding the applicant's health and employment which PERS determines relates to the applicant's claim of disability *[and inability to perform any work for which qualified]*.

(8) When filing an application for disability benefit, if the applicant wishes to authorize release and disclosure of protected health information, as defined in OAR 459-076-0001, the applicant must complete and sign a consent form which specifically authorizes the release and disclosure of such information.

(a) This authorization is voluntary. PERS is not a covered entity as defined in 45 CFR Parts 160 and 164, and the protected health information is not subject to federal and state health information privacy laws, but may be protected under Oregon State Public Record disclosure laws.

(b) This authorization may be revoked in writing at any time, except to the extent the entities named on the authorization form(s) have taken action in reliance of the authorization.

(c) If the applicant refuses to give or revokes authorization to disclose to PERS medical information that PERS determines it needs to evaluate the application, eligibility for a disability benefit may be affected.

Statutory/Other Authority: ORS 238A.450
Statutes/Other Implemented: ORS 238A.235
History:
PERS 8-2015, f. & cert. ef. 7-31-15
PERS 11-2012, f. & cert. ef. 8-31-12
PERS 8-2011, f. & cert. ef. 10-5-11
PERS 7-2007, f. & cert. ef. 4-4-07
PERS 16-2005, f. & cert. ef. 10-3-05

B.

A. Administration

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2. Notice of rulemaking for Disability Rule upkeep
3. **Adoption of rulemaking relating to employer reporting requirements**
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
5. Financial Modeling

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Tina Kotek, Governor

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December 4, 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 Rulemaking Relating to Employer Reporting Requirements

OAR 459-009-0100 *Employer Reporting and Remittance of Contributions*

OVERVIEW

- Action: Adoption of amendments to Oregon Administrative Rule (OAR) 459-009-0100.
- Reason: The proposed rule amendment permits PERS to allow employers to report outside the standard timeframe with written authorization.

BACKGROUND

Effective July 1, 2027, as part of the statewide payroll transition, all state employees will move from the current monthly pay schedule to a biweekly pay schedule. This change will affect the timing and processes associated with how the state's Department of Administrative Services reports to PERS.

The proposed rule modifications authorize PERS to accept reporting outside the time period specified in rule when an employer has received written approval from PERS. This flexibility is intended to accommodate special circumstances in which employers are unable to meet the current three-day reporting requirement.

The proposed changes are intentionally designed to apply only in limited, well-defined circumstances to ensure they remain administrable. Allowing too many exceptions, particularly those that are informal or not consistently tracked, creates unnecessary complexity and makes compliance oversight difficult. By restricting the use of alternative reporting periods to situations where an employer has obtained written authorization from PERS, the rule maintains clear expectations, supports uniform reporting practices, and reduces the administrative burden associated with monitoring and managing frequent or ad-hoc exceptions.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on October 20, 2026, at 2:00 p.m. The public comment period ended October 23, 2026, at 5:00 p.m. No public comments were received.

IMPACT

Mandatory: No

Benefit: Allows PERS to accommodate an employer's special reporting needs through written authorization.

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

RULEMAKING TIMELINE

September 22, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
September 25, 2026:	PERS Board notified that staff began the rulemaking process.
October 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.
October 20, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
October 23, 2026:	Public comment period ended at 5:00 p.m.
December 4, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

BOARD OPTIONS

The Board may:

1. Pass a motion to adopt the Employer Reporting Requirements amendments as presented.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.3. Attachment 1 – OAR 459-009-0100 *Employer Reporting and Remittance of Contributions*

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

459-009-0100

Employer Reporting and Remittance of Contributions

1) Definitions.

(a) "Pay period" means the span of time covered by an employer's report to PERS.

(b) "Statement" means a remittance statement that itemizes any required contributions, invoices, and penalties for the period covered in the statement.

(c) "Statement date" means the date a statement is issued by PERS.

(2) Unless otherwise agreed upon by PERS and the employer, an employer must transmit to PERS an itemized report of all information required by PERS.

(a) An itemized report must include wage, service, and demographic data for all employees for a pay period.

(b) Except as provided in subsection (c) of this section, an employer may not submit or modify a report for a pay period within any calendar year on or after the first date in March of the subsequent calendar year in which PERS issues the employer a statement.

(c) PERS will permit an employer to submit or modify a report subject to the limitation of subsection (b) of this section if PERS determines the report is necessary for accurate benefit administration.

(3) The report required under section (2) of this rule must be acceptable to PERS and transmitted on forms furnished by the agency or in an equivalent format. The report must be transmitted electronically, faxed, or postmarked, as applicable, no later than three business days after the end of the pay period assigned to the employer under section (4) of this rule**, unless otherwise authorized in writing by PERS**.

(4) PERS will assign an employer a pay period which most closely matches the employer's pay cycle:

(a) Monthly: the pay period ends on the last day of the month;

(b) Semi-monthly: the pay period ends on the fifteenth of the month and the last day of the month;

(c) Weekly: the pay period ends the Friday of every week; or

(d) Biweekly: the pay period ends every other Friday.

(5) For the purpose of determining a "pay period" under ORS Chapters 238 and 238A, when salary is paid on a day other than the first of the month or the first business day of the month, that salary shall be considered earned in the calendar month in which it is paid, unless the employer provides PERS records that establish that the salary was not earned in that calendar month.

(6) If a report required under section (2) of this rule is accepted by PERS with exception(s), PERS will notify the employer of any exceptions, and the employer must reconcile its report. The reconciled report must be transmitted to PERS before the date of limitation described in subsection (2)(b) of this rule, unless otherwise specified by PERS.

(7)(a) An employer that fails to transmit a report as required under sections (2) and (3) of this rule must pay a penalty equal to one percent of the total amount of the prior year's annual contributions or $2,000, whichever is less, for each month the employer is delinquent.

(b) Penalties under subsection (a) of this section continue to accrue until the earlier of the date the report is submitted, or the date of limitation described in subsection (2)(b) of this rule is effective.

(c) Notwithstanding subsection (b) of this section, an employer that submits or modifies a report pursuant to subsection (2)(c) of this rule must pay the penalty described in subsection (a) of this section.

(8) When PERS issues a statement, unless otherwise agreed upon by PERS and the employer, an employer must pay to PERS the total amount due on the statement no later than five business days from the statement date. Payment must be made pursuant to OAR 459-005-0225.

(9) An employer that fails to pay the total amount due on the statement within the time specified in section (8) of this rule must pay a penalty equal to one percent of the total amount of contributions due on that statement for each month the employer is delinquent.

Statutory/Other Authority: ORS 238.650 & OL 2003 Ch. 733

Statutes/Other Implemented: ORS 238 & OL 2003 Ch. 733

History:

PERS 1-2023, amend filed 02/03/2023, effective 02/03/2023

PERS 25-2003, f. 12-30-03 cert. ef. 1-1-04

PERS 1-1996, f. & cert. ef. 3-26-96, Renumbered from 459-010-0130

PER 1-1981, f. & ef. 1-15-81

PER 8, f. 12-15-55

B.

A. Administration

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2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. **Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay**

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
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December 4, 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 Rule Amendments Regarding Oregon Savings Growth Plan (OSGP) Switch to Bi-weekly Pay

Oregon Administrative Rule (OAR) 459-050-0050 *Eligibility and Enrollment*

OVERVIEW

- Action: Adoption of amendments to OAR 459-050-0050.
- Reason: Update the rule to accommodate the anticipated pay-period payroll administration change at Department of Administrative Services (DAS) and any other future changes.

BACKGROUND

OAR 459-050-0050 establishes the eligibility and enrollment requirements for the Oregon Savings and Growth Plan. Portions of the rule were written around monthly payroll administration and fixed-dollar deferral elections. Participating employers, however, may use different payroll schedules, including biweekly and semimonthly schedules, and OSGP administration permits participants to elect deferrals as either a dollar amount or a percentage of compensation.

The existing rule also ties the effective date of an enrollment election to receipt of a complete application by the twenty-fifth of a calendar month, with salary reduction beginning in the following calendar months. That monthly standard does not align well with employer-specific payroll process deadlines and may delay implementation even when an election can be processed for an earlier pay period.

In addition, when an employer changes payroll frequency, continuing the same fixed-dollar deduction for each pay period can materially increase or decrease the participant's total contribution for the calendar year. The rule does not currently state how OSGP should convert the deduction to account for that change.

The proposed amendments address these administrative issues with all of the following:

- Replace monthly terminology with pay-period terminology and expressly recognize both dollar-amount and percentage elections.
- Provide that an enrollment election becomes effective with the first pay period that can be administratively processed after OSGP determines that the application is complete and acceptable under the employer's applicable payroll deadline.

- Describe the minimum deferral as a minimum contribution amount established under the plan, rather than as a monthly minimum.
- Authorize OSGP, when an employer changes payroll frequency, to adjust a participant's payroll deduction to maintain substantially equivalent contributions over the calendar year unless the participant elects a different amount or percentage.

The payroll-frequency adjustment preserves the participant's existing annual contribution intent; it does not create a new participant election. Participants remain free to change their deferral amount or percentage in accordance with plan procedures.

When the rule was presented for Notice at the September board meeting, the PERS Board asked why the issue of non-monthly payroll schedules for local employers has not been a concern previously. It appears the rule was originally drafted according to the state's deferred compensation plan specifically. Statue allows local governments to join OSGP for investment and administrative purposes by agreement (see Oregon Revised Statute 243.474). That statute does not require any specific pay schedule and, as mentioned above, PERS has been administering OSGP for local governments with different pay schedules for some time.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on October 20, 2026, at 2:00 p.m. The public comment period ended October 23, 2026, at 5:00 p.m. No public comments were received.

IMPACT

Mandatory: No

Benefit: Align the rule with varied employer payroll schedules and current plan administration; allows participant elections to be implemented at the first administratively available pay period; and prevents an employer payroll-frequency change from unintentionally altering a participant's intended annual contribution level.

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

RULEMAKING TIMELINE

September 22, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
September 25, 2026:	PERS Board notified that staff began the rulemaking process.
October 1, 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 began.
October 20, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.

October 23, 2026:	Public comment period ended at 5:00 p.m.
December 4, 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 OSGP switch to bi-weekly pay amendment 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.4. Attachment 1 – OAR 459-050-0050 *Eligibility and Enrollment*

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

459-050-0050
Eligibility and Enrollment

The purpose of this rule is to establish eligibility criteria and the process for an eligible employee to enroll in the Deferred Compensation Plan established in accordance with section 457 of the Internal Revenue Code and ORS Chapter 243.

(1) Eligible employee. Eligible employee shall have the same meaning as in OAR 459-050-0001, and as defined by section 457 of the Internal Revenue Code.

(2) Application for enrollment. Subject to the requirements of subsections (a) through (c) of this section, an eligible employee may enroll to participate in the Deferred Compensation Program by entering into a written agreement as specified herein with the plan sponsor. The written agreement must specify that a portion of the eligible employee's future compensation will be reduced *[each month]***from each applicable pay period**, the amount **or percentage** of the reduction, and that the amount of the reduction will be contributed to account(s) established for the employee in the Deferred Compensation Plan.

(a) An eligible employee may enter into an agreement to participate in the plan on or before the first day of employment or anytime while employed; provided, however, that the requirements of subsection (b) of this section must be satisfied.

(b) In order for an eligible employee to be enrolled, an enrollment form, as defined in OAR 459-050-0001 and provided by the Deferred Compensation Program, must be properly completed and filed with the Deferred Compensation Program.

(c) If the form is incomplete, does not comply with plan provisions in any manner whatsoever, or the Plan is unable to process the application, then staff will notify the eligible employee within 30 calendar days from the date the enrollment form is received with the reasons the Deferred Compensation Program cannot accept the enrollment as submitted.

(3) Deferral effective date. The Deferred Compensation Program must receive an application for enrollment and *[be able to determine that the application is complete and may be processed no later than the 25th day of any calendar month for salary reduction of future earnings to begin from compensation paid for services performed during the calendar month following receipt of enrollment]* **determine that the application is complete and acceptable before the payroll processing deadline applicable to the employee's employer. Salary reduction shall begin with the first pay period that can be administratively processed**.

(4) Investment option preference(s): Except for account balances invested in the Self-Directed Brokerage Option as provided under OAR 459-050-0120, Plan participants may only invest their account balances by choosing from investment options provided by the plan sponsor.

(5) Disclosure statement. Before the deferral of any part of an eligible employee's salary, the employee shall be provided information about the investment options including, but not limited to, the probable income and safety of the moneys deferred. Statements about the relative risk and returns of investment options do not represent predictions of how the investments will perform in the future, but rather provide only a general description of the current investment and how it has performed in the past. The Deferred Compensation Program does not provide investment advice, fund analysis or research. Investment options are not guaranteed nor FDIC insured.

(6) Deferral amount. A participant's salary shall be reduced each pay period in an amount or percentage specified by the participant for the purpose of contribution to the participant's account(s) in the Deferred Compensation Program. The amount of the salary reduction may not be less than the minimum *[per month]***contribution amount** established *[by the]***under the** plan *[sponsor]* and may not exceed the maximum applicable allowable contribution to a Deferred Compensation Plan as defined in section 457(b)(2) of the Internal Revenue Code.

(a) A new participant who enrolls after the first pay period in a calendar year may elect to defer the maximum allowable contribution for the year from future compensation for the remainder of the year.

(b) The participant's maximum deferral limit is determined without regard to amounts rolled over from an eligible retirement plan to the participant's Deferred Compensation account.

(c) If an employer changes its payroll frequency, the Deferred Compensation Program shall adjust the participant's payroll deduction amount to maintain substantially equivalent contributions over the course of a calendar year, unless the participant elects a different amount or percentage.

Statutory/Other Authority: ORS 243.470
Statutes/Other Implemented: ORS 243.401–243.507
History:
PERS 3-2022, amend filed 03/28/2022, effective 03/28/2022
PERS 10-2012, f. & cert. ef. 5-24-12
PERS 9-2002, f. & cert. ef. 6-13-02

C.

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C. Action and discussion items

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December 4, 2026

TO: Members of the PERS Board

FROM: Kristi Ivers, Modernization Director

SUBJECT: Modernization Program update

BACKGROUND

The PERS Modernization Program is a multi-biennial effort to reimagine and evolve the deployment of our business capabilities via our people, processes, and technologies to meet our member and PERS-participating employer needs into the future. The program's $14,521,851 budget for the 2025-27 biennium was approved by the Legislature as part of the PERS budget bill, Senate Bill 5534 and a budget adjustment was approved on April 7, 2026, for $2,918,801 as part of House Bill 5204. $1.8 million was added to Legacy Stabilization and Technology Readiness for the DevOps project during the June 2026 e-board. Total legislatively approved budget for the PERS Modernization Program is $19,372,382.

PROGRAM AND PROJECT STATUS

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

Initiative	**Expected Completion**	**Health and Status (as of 10/31/2026)**
PERS Modernization Program	December 31, 2034	Key Activities: ○ The overall Program Portfolio is on-schedule and on-budget. ○ Personnel supporting the modernization division: ○ Business operations manager recruitment has closed. The new manager is expected to start on November 30, 2026. ○ PMO Software: PERS successfully rolled out the new project management software on-time and within budget. ○ Initiation of the Change Champion Network (CCN) is in progress. Change Champion representatives have been identified by managers, and the kick-off meeting is being held in December with training planned in January.

		○ Gartner executed an amendment on their IT Pro Master Price Service Agreement with the Department of Administrative Services (DAS) on October 27, 2026. This allows PERS to continue with Gartner as our Independent Quality Management Services (IQMS) vendor. ○ Batch jobs (SD20/SD21): Stabilization and performance tuning efforts have begun. ○ The first phase (phase 0) was successfully implemented on October 16, 2026, and reduced the overall run time by two hours. ○ A decision memo for future optimization has been developed and is currently under review. Data workstream: ○ During this biennium, the plan is to enhance data quality and reliability by systematically identifying, correcting, standardizing, and eliminating inaccurate, incomplete, duplicate, or inconsistent data. ○ Progress on data cleaning activities included completing the assessment for 26 data quality queries. Remediation and documentation efforts have begun, which will address identified issues and support ongoing data quality management. ○ Data owner and data steward roles were approved in October 2026, ○ A data strategy workshop is expected to be held during December 2026 with data owners, stewards, and trustees. Development Operations (DevOps) workstream: ○ During this biennium, the plan is to procure the necessary DevOps tools, hire contractors to help implement the DevOps toolset, and train technical staff. ○ Onboarded contractors as planned: ○ Platform engineering consultant ○ Quality assurance testing consultant ○ Project coordinator ○ Planning is underway and tools are in the process of being procured.
Modernization of Pension Administration System (PAS)	December 31, 2034	Project overall health: Grey <u>Key Activities:</u> ○ Project status: Initiation. ○ State Gate 2 endorsement is in process.

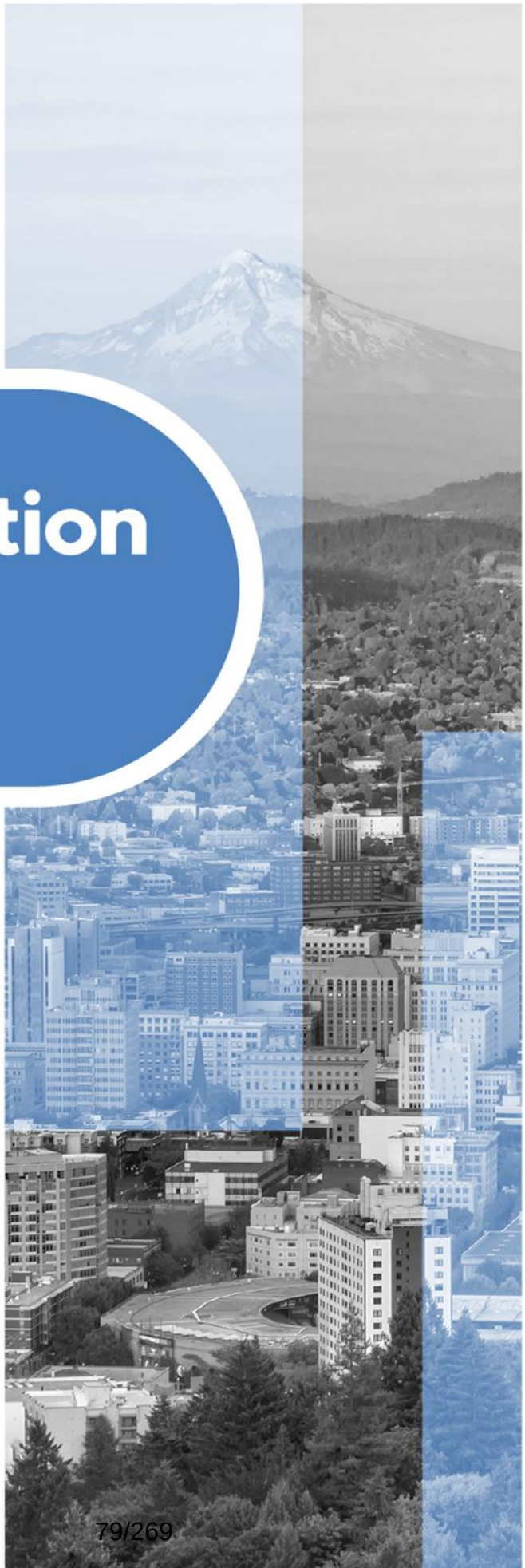
		○ The specialized consultant contract with Segal was executed on September 18, 2026, and the vendor kick-off was held on October 22, 2026. ○ Modernization director is working with Segal to dial in the estimated costs for the 27-29 biennium and updating the Modernization Roadmap. ○ Employer Requirements: ○ Product Owner Team completed reviewing 350 employer survey responses, documented the employer requirements, and shared them out at the Employer Advisory Group (EAG). ○ The PAS RFP process has begun, and high-level future state requirements are in process.
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 3 Joint Application Design (JAD) sessions have started, and the kick-off was held on October 13, 2026. ○ A request for quote (RFQ) for eFax functionality has been sent to Department of Justice (DOJ) for review on October 12, 2026.
Hybrid Integration Platform (HIP) Implementation Project	TBD	Project overall health: Green Key Activities: ○ Project originally initiated on September 10, 2024, and is currently in the analysis and design stages. ○ Significant progress has been made on this project, which includes a successful project kick-off on November 2, 2026. ○ Planning, development of project artifacts, and schedule development continues. ○ The business case was completed on September 2, 2026, and the project charter was finalized on October 15, 2026. ○ The first deliverable, D4.1 HIP Solution Concept Diagram, is under development and scheduled for delivery in the coming weeks.

jClarety UI/UX Modernization Project (JUMP)	June 30, 2027	Project overall health: Green <u>Key Activities:</u> ○ Project initiated on July 01, 2025, and is in the construction stage. ○ Phase 3 (WP#3): ○ The development team completed the 206 employee portal screens ahead of schedule. ○ Testing has begun: ▪ Business Functional Testing (BFT) is 11% complete.
Member Identity Access Management (MIAM)	April 23, 2027 *(Original end date June 30,2026)*	Project overall health: Green <u>Key Activities:</u> • Project initiated on June 1, 2022, and is in the construction stage. • Held a successful preliminary demonstration on October 22, 2026. • Multiple deployments around the same time next year are raising schedule concerns due to limited resources. The project manager is monitoring the schedule and resources to make sure the needed resources are available when needed. • Identity Protection (IdP) solution: ○ End-to-end testing activities continue. • Identity Verification (IdV) solution: ○ Contract negotiations continue. ○ Deloitte and DOJ are scheduled to meet to negotiate specific terms and conditions.

C.1. Attachment 1 – *October 2026 Monthly Project Status Report*

C.1. Attachment 2 – *Modernization Presentation*

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 October 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:

Segal Kick-Off Held

Segal was awarded the contract to support PERS in development of a request for proposals (RFP) for a new Pension Administration System (PAS). A kick-off was held with Segal and a large group of PERS staff on October 22, 2026 to have a high-level overview of the planned deliverables and overall timeline. Segal also attended the October 14 Modernization Executive Steering Committee (MESC) meeting to provide a similar overview and meet the MESC team.

Data

The first deliverable of the work order contract, D1.1 review and validation of 26 existing queries, is due October 30, 2026. See the Data Cleaning workstream section for more details.

New Tools to Support Modernization

DevOps: The work order contract for skilled resources to support the DevOps initiative was executed on October 9, 2026. The resources have on boarded and held kick-off meetings. See the DevOps workstream section for more details.

Preparing for 2027-2029 Budget

The PERS Modernization Program and Budget Team continue to coordinate with the Legislative Fiscal Office (LFO) and Department of Administrative Services (DAS) on the approach for the 2027–29 budget request. Given current bond rates and the planned June 2027 release of the PAS RFP, PERS has decided not to pursue bonding during 2026 for the 2027-2029 biennium. Instead, PERS plans to seek bond funding for the 2029–31 biennium.

The Program will request bridge funding for the Pension Administration System for the 2027-2029 biennium, allowing PERS to refine and share cost estimates as the work progresses and estimates become more refined.

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

Azure Integration Services Hybrid Integration Platform (HIP) Implementation

Start Date	Close Date
8/3/2026	6/30/2029

Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN					

Objective: This project will deliver a hybrid, cloud-first integration gateway as a prerequisite for future modernization projects, which also ensures interoperability between PERS current legacy and modern systems.

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
GREEN					

Objective: Procure and implement a solution that provides additional security to OMS.

Intended Benefits: B4 – Prevention of Data and Identity Fraud, B6 - Increased Confidence in PERS Tools and Technologies

jClarety UI/UX Modernization and Compliance Project (JUMP)

Start Date	Close Date
7/1/2025	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 –

PERS originally aligned to the January 1, 2030 implementation date for HB 4045 based on an approach to modernize the existing Pension Administration System (PAS). Following the June 2025 PAS Solution Analysis, PERS determined it is more advantageous to procure and implement a new commercial off-the-shelf (COTS) PAS solution rather than modernize the legacy platform. Given the duration required for procurement, solution design, vendor onboarding, and full COTS implementation, PERS cannot deploy the Hazardous Position functionality within the new system in the required timeframe. As documented in the Hazardous Positions Business Case (December 4, 2025), PERS will implement this functionality in the legacy PAS as an interim solution.

The significant operational needs to implement HB 4045 in our legacy PAS while standing up a new COTS PAS will place significant demands on limited internal staffing resources. Many staff supporting Modernization activities are also needed for HB 4045 delivery. HB 4045 remains the agency's highest priority and will continue to take precedence. PERS reviews resource capacity weekly and closely monitors our related program risk (*Program Risk #3: Internal Staffing – Limited, Loss of or Inexperienced Resources*).

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 support in areas such as procurement and architecture design 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. The delays that occurred during the specialized Consultant RFP shows how impactful resource limitations at DAS Procurement Services are on the overall timeline.
- DAS Risk has limited resources and unclear service level agreements for response times. Many contract negotiations have required interactions with DAS Risk which make the planning phase very difficult to predict as we are unable to estimate for overall contracting timeline impact.
- 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 (*Program Risk #39: Critical External Resources Allocated to Higher Priority Work*).
- Unclear approval processes and hand-offs between agencies within EIS cause delays and confusion for teams. Indeterminate next steps complicate planning and may impact overall success of achieving positive outcomes within time constrained biennial budget cycles (Program Risk #25: *Unclear Statewide Enterprise Governance Processes*).

PERS will monitor these risks closely and escalate any issues when needed.

QA/QC DELIVERABLES

Deliverable	Reporting Period	Final Accepted
D4.1.9 Quarterly QA Status Report	4/26-6/26	TBD
D3.3.8 Periodic Quality Status Report	7/1/26-8/31/26	TBD
D4.1.10 Quarterly QA Status Report	7/26-9/26	TBD
D3.3.9 Periodic Quality Status Report	9/1/26-10/31/26	TBD

QA OBSERVATIONS & RECOMMENDATIONS

PERS received the draft D4.1.9 July 2026 independent quality management services (iQMS) Quarterly QA Status and Improvement report on August 2, 2026. The report covers activities from April 1, 2026, through June 30, 2026. As of the writing of this report, D4.1.10 has not been received. The overall risk assessment scorecard rating received in August was reported as medium with 16 out of 87 total risks reported in yellow status. There were three key observations and recommendations identified in the report and they are actively being addressed:

1. Gartner Observation #1 – Customized to COTS Paradigm Shift and Potential Cultural Resistance: Transitioning from a highly customized legacy codebase (jClarety) to a "Configure Over Customize" COTS model represents an intense cultural shift for PERS staff.

   Program Update: The Program adopted Prosci, ADKAR methodology, and has certified personnel. A comprehensive OCM services RFP is in the 2027-2029 budget request. A survey to set a baseline measure of change readiness was sent to staff prior to launch of the Change Champion Network (CCN). The OCM lead is currently working with managers in the most impacted change areas to identify staff to serve in the CCN. PERS has been making great strides since the OCM lead returned form extended leave. (Program Risk #26: *Culture Change*).

2. Gartner Observation #2 – Prioritize data cleaning, migration planning and related activities: Internal staff acknowledge that 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. Understanding the scope of data challenges will be an important input into drafting an RFP that allows vendors to properly scope their proposals and PERS to conduct a meaningful evaluation of the data migration approach.

   Program Update: The Data Cleaning Workstream was established to provide additional operational resources and to support building out a foundational framework for Data Cleansing. Info-Tech is supporting PERS to mature the Data Governance Committee and their role in steering operational data management. (Program Risk #42: *Data Management Maturity*).

3. Gartner Observation #3 – Critical External Dependencies and Procurement Bottlenecks: Program schedule viability is heavily dependent on external state agencies, including the Department of Administrative Services (DAS) for procurement, the Department of Justice (DOJ) for legal reviews, and Enterprise Information Services (EIS-P3) for Stage Gate reviews. For example, during the current reporting period, resource assignment adjustments within DAS caused a delay in finalizing the procurement to engage the Specialized Consultant to support the writing of the PAS RFP.

   Program Update: PERS continues to meet monthly with DAS Procurement providing insight into upcoming procurement activities. A representative from DOJ was invited to the last Modernization Executive Steering Committee (MESC) to share insights to some of the challenging provisions of contract negotiations with the State of Oregon. (Program Risk #39: *Critical External Resources Assigned to Higher Priority Work*).

PERS MODERNIZATION PROGRAM BUDGET

	2025-27						
	Project Title	**LAB**	**Actual to Date**	**Contracts**	**Projections**	**Total**	**Variance**
1	Program Staff	4,875,134	2,329,467	-	1,532,955	3,862,422	1,012,712
2	IQMS	1,486,500	769,348	557,707	-	1,327,055	159,445
2	HIP	500,000		355,833	-	355,833	144,167
2	Telephony	1,500,000	139,734	516,220	250,000	905,954	594,046
2	TCO Analysis	25,000			-	-	25,000
2	Contingency (Mod)	178,000			-	-	178,000
2	PAS Planning	850,000	130,897	467,073	-	597,970	252,030
2	MIAM	530,000	137,600	122,400	132,500	392,500	137,500
3	Foundational Architecture Documentation	1,930,000	1,004,922	21,038	372,000	1,397,960	532,040
3	JUMP-Jclarety UI/UX - Batch Jobs	3,705,000	3,055,670	142,650	371,000	3,569,320	135,680
3	MIAM (Forgerock-Dues & Sub)	735,280	585,003	55,442		640,445	94,835
3	Data Cleaning	938,000	70	424,930	469,000	894,000	44,000
3	DevOps	1,800,968	70	395,930		396,000	1,404,968
3	Contingency (Legacy)	318,500			-	-	318,500
	Project Total	**19,372,382**	**8,152,782**	**3,059,222**	**3,127,455**	**14,339,462**	**5,032,922**

	2025-27						
	Approved Appropriation	**LAB**	**Actual to Date**	**Contracts**	**Projections**	**Total**	**Variance**
1	Program Staff	4,875,134	2,329,467	-	1,532,955	3,862,422	1,012,712
2	Implementation	5,069,500	1,178,283	2,018,530	382,500	3,579,312	1,490,188
3	Legacy Stabilization & Technology Readiness	9,427,748	4,645,032	1,040,696	1,212,000	6,897,728	2,530,020
	Project Total	**19,372,382**	**8,152,782**	**3,059,222**	**3,127,455**	**14,339,462**	**5,032,922**

Expenses	Actual to Date	Projections	Total
*CSL- Internal Staff	$802,062	$652,642	$1,454,704

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
- $1.8 million was added to Legacy Stabilization and Technology Readiness for the DevOps project during the June 2026 e-board.

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	1,462,954	(594,046)	-28.9%
2	TCO Analysis	4/11/2025	25,000	-	(25,000)	-100.0%
2	MIAM	7/1/2025	530,000	392,500	(137,500)	-25.9%
2	PAS Planning	3/20/2026	850,000	597,970	(252,030)	-29.7%
2	Contingency	7/1/2025	178,000	-	(178,000)	-100.0%
3	Foundational Architecture Documentation	7/1/2025	2,630,000	2,027,960	(602,040)	-22.9%
3	JUMP-Jclarety UI/UX - Batch Jobs	7/1/2025	3,705,000	3,569,320	(135,680)	-3.7%
3	MIAM (Forgerock-Dues & Sub)	3/30/2021	1,998,251	1,690,918	(307,333)	-15.4%
3	DevOps	6/30/2026	1,800,968	396,000	(1,404,968)	
3	Data Cleaning	3/20/2026	938,000	894,000	(44,000)	-4.7%
	Contingency	7/1/2025	318,500		(318,500)	-100.0%
	Total		**34,806,223**	**25,727,894**	**(9,078,332)**	**-26.1%**

	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	3,579,312	(1,490,188)	-29.4%
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	10,690,719	7,948,201	(2,742,518)	-25.7%
3	Pension Administration System (PAS)	4/11/2025	700,000	630,000	(70,000)	-10.0%
	Total		**34,806,223**	**25,727,894**	**(9,078,332)**	**-26.1%**

Expenses	Prior Bienna Actuals	2025-27 Actuals	2025-27 Forecast Spend	Total
*CSL- Internal Staff	$1,481,340	$802,062	$250,580	$1,731,920

DATA CLEANING WORKSTREAM

Data Cleaning workstream summary: Enhance data quality and reliability by systematically identifying, correcting, standardizing, and eliminating inaccurate, incomplete, duplicate, or inconsistent information. PERS Deputy Director will lead this workstream.

Data Owner and Data Steward roles were approved in October. Next steps include completion of Data Owner Proxy/Delegate definitions, data stewardship assignments for PAS data entities, and implementing key recommendations from the InfoTech report.

InfoTech Technical Counselor onsite visit was completed. Next steps include Data Strategy Workshops scheduled for December; a key outcome of these workshops include alignment with data governance role assignments. The Data Governance workshop schedule is pending.

Progress on data cleaning activities included completing the assessment for 26 data quality queries. Remediation and documentation efforts have begun, which will address identified issues and support ongoing data quality management.

Deliverable	Due Date	Progress
D1.1.1 - Validation Summary (26 queries) **will include corrected logic and record counts*	10/30/26	Complete
D1.2.1 -Data Analysis & Defect Discovery	11/30/26	In progress
D2.1 Bimonthly Cleansing/Root Cause Analysis Report	12/31/26	Not Started
D2.2 Bimonthly Cleansing/Root Cause Analysis Report	2/27/27	Not Started
D2.3 Bimonthly Cleansing/Root Cause Analysis Report	4/30/27	Not Started
D2.4 Bimonthly Cleansing/Root Cause Analysis Report	6/30/27	Not Started

DEVOPS WORKSTREAM

DevOps workstream summary: The COTS PAS will require custom development to support gaps in business functionality. PERS' Development Operations is seeking to procure tooling for this biennium to establish a baseline implementation and training that will ultimately support PERS Modernization initiatives. PERS Chief Information Officer will be leading this workstream.

The first phase of DevOps modernization is to acquire and adopt initial tools. The objectives of Phase 1 are below

- **Enable Cloud Ready Practices**.
    - GitHub has been identified as the solution to meet this objective.
- **Strengthen Performance Monitoring.**
    - This objective will be met by obtaining new or expanding current tooling to support Application Performance Monitoring.
    - Working with Strategy & Design to initiate Proof of Value (POV) following ITI approval.
- **Standardize Tools and Processes.**
    - **Governance:** complete DevOps charter; and establish and document roles and responsibilities for new capabilities and tools.
    - **Environments:** Establish a container platform to provide consistent and responsive infrastructure for developer environments.
- **Automate Testing.**
    - Obtain tooling to automate API testing.

DevOps Activity Status:

Deliverable/Activity	Status	Next Steps
Work order contract (WOC) for supporting resources.	Contract has been executed and new resources onboarded.	Platform engineer contractor will be replaced with new contractor resource.
Adoption of GitHub enterprise	Organizational infrastructure is established and administrative access granted.	Several planning meetings have been scheduled in early November. Visual Studio license transfers with SHI/EIS in progress.
Performance monitoring	Working with EIS S&D for review and approval of on-premises plans.	Decision in process to determine scope of observability (APM) which will help to clarify resource needs.
Governance	Request submitted to PERS Enterprise Architecture Team (PEAT) to evaluate secret scanning solutions and provide architecture recommendations for establishing these new security standards.	PEAT review will be shared with team and workspace in Orbusinfinity will be prepared for architecture and network diagrams.
Environments/Container platform	POV architecture is being initiated in a sandbox environment.	Requirements will be refined. High level architecture will be reviewed.
Testing QA	Working with QA team to identify vendors for further evaluations.	Proposal framework in development. Kick-off for QA Gap analysis and future state planning.

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. Results of all staff change readiness survey will also be incorporated into the strategy as it is finalized.
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)	OCM Lead is working with Program leadership to identify priority work groups that are most likely to experience significant change impacts.	OCM Lead will begin working with managers of those identified areas to determine CCN representatives.
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
25	**Unclear Statewide Enterprise Governance Processes-** Some decision-making areas of the state's technology enterprise are not well documented, or exact governance processes are not understood. Handoffs, roles/responsibilities, and expectations are unclear and cause delays in approvals.	Partner with other team members with EIS experience for advice or key contacts. Work with external partners for support to navigate roadblocks. Establish a modernization workgroup to discuss and strategize process improvements.	Initiatives such as DevOps are being slowed in progress as teams do not have a clear path for approvals and next steps. For example, the new AI Use Form states that Level 3 data is considered a "Higher-risk AI Use Case" and EIS doesn't know how to guide PERS through the new process to accommodate this situation.
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.	The all staff change readiness survey has closed and results are under review for next steps and establishment of a baseline. Change Champion Network (CCN) is under development.
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.	

42	**Data Management Maturity-** PERS has a nascent Data Governance Committee and limited experience in proactively managing data. Historical focus has been a triage approach of correcting member data at retirement.	Data Cleaning Workstream was established to provide additional operational resources and to support building out a foundational framework for Data Cleansing. Info-Tech is supporting PERS to mature the Data Governance Committee and their role in steering operational data management.	The Data Cleaning workstream is led by the PERS Deputy Director and progress updates will be provided on a monthly basis. Validation, remediation, and documentation of 26 data queries is complete. Next steps include planning technical environments and performing analysis to document additional data defects.

PROGRAM ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution Plan/Notes	Est. Resolution Date
	No current issues for the Modernization Program Project issues are listed within each project section.		

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. Both AWS Phase 3 and eFax initiatives remain on track. AWS Phase 3 has successfully transitioned into detailed design activities with a notable positive vendor collaboration. The eFax project has established a clear procurement path with DAS Procurement.

Activities in October

AWS Phase 3

- First Joint Application Design (JAD) sessions completed successfully on October 28, 2026.
- Dedicated collaboration channel established for PERS and Kyndryl teams.
- A draft AWS Phase 3 project timeline was developed and is subject to finalization after design is completed.

eFax Solution

- Market research and procurement documentation completed and delivered to DAS Procurement to support RFQ development.
- Collaborated with DAS Procurement and DOJ to refine RFQ documentation
- Established the vendor evaluation team in preparation for the vendor review and selection process.

Current and upcoming activities:

- Continue AWS Phase 3 design workshops and requirements validation activities.
- Complete AWS Phase 3 JAD sessions and finalize design deliverables and project schedule.
- Finalize eFax RFQ documentation with DAS Procurement and prepare for planned November release for vendor solicitation.
- Prepare for proposal evaluation activities.
- Maintain governance oversight and project artifact updates across both AWS and eFax workstreams.

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.

TELEPHONY MODERNIZATION PROJECT

Future Implementations		
Planning before June 2027	**Planning April 30, 2027**	**Proposed before June 2027**
Fax Modernization. Replace legacy fax services with secure, cloud-based eFax platform. Streamline fax management and improve user experience through modern digital workflows.	Detailed schedule to be developed following 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.	AWS Phase 4: Key functionality is currently under review.

TELEPHONY MODERNIZATION PROJECT

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	12	4/30/27	TBD
eFax Solution Implementation Complete	5	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.	This expectation has been clarified in the new Phase 3 Service Order as a deliverable titled "Walkthrough".
2	Procurement Delays: Coordination with the vendor, DAS procurement, EIS, and/or DOJ cause delays or inability to conduct planned activities within specific timeline.	Regular meetings are established between PERS and DAS to proactively discuss Project procurement needs	eFax schedule remains dependent on completion of RFQ refinement and procurement release activities

TELEPHONY PROJECT > ISSUES AND CORRECTIVE ACTION PLANS

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

AZURE INTEGRATION SERVICES HYBRID INTEGRATION PLATFORM (AIS HIP) PROJECT

Project Objective

This project will deliver a hybrid, cloud-first integration gateway as a prerequisite for future modernization projects, which also ensures interoperability between PERS current legacy and modern systems. This project is a foundational component of the PERS Modernization Program.

Project Status: GREEN

Current Activities

- The project charter was finalized on October 15, 2026.
- Initial project risk assessment was completed on October 21, 2026.
- Initial PROSCI Change Risk Assessment was completed on October 22, 2026.
- The Stakeholder Registry is in initial team review.
- The project RACI is in development.
- The project Kickoff Meeting is scheduled for November 2, 2026.
- The initial Weekly Status Report will be published effective November 8, 2026.

Program Benefits

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

- Reduced System Complexity
  - AIS 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.
- Increased Data Utilization
  - AIS HIP will support enablement of the right tools and policies and reduce needs for offline tools.
- Increased Technical Skills of Staff
  - IT staff will be trained to work with and support cloud-based technologies through the AIS HIP Implementation Project.
- Reduction of Costs for Technology Maintenance and Enhancements:
  - Enhanced and new systems will provide more stable environment reducing overall volume and complexity of maintenance and the cost and time required to implement enhancements.

Milestone	% complete	Forecast	Actual
P3 Oversight Decision Memo	100%	07/29/2026	07/29/2026
IT Review Committee Determination	100%	08/18/2026	08/18/2026
Finalized Business Case	100%	09/02/2026	09/02/2026
Portfolio Management Committee project approval	100%	09/08/2026	09/08/2026
CSS BSA Approval	100%	09/28/2026	09/28/2026
Finalized Project Charter	100%	10/16/2026	10/15/2026
Project Kick Off	50%	11/02/2026	TBD
Completed Stakeholder Registry	0%	TBD	TBD
Completed RACI	0%	TBD	TBD

Completed Project Management Plans	0%	TBD	TBD
Complete Procurement Process: AIS HIP Software	0%	12/01/2026	TBD
Baselined Project Schedule (Phase 1)	0%	12/31/2026	TBD
Baselined Project Schedule (Phase 2)	0%	TBD	TBD
Complete Phase 1: Architectural Design & Implementation Planning	0%	06/30/2026	TBD
Complete Phase 2: Platform Enablement, Environment Buildout, Security Validations, Synthetic Applications, & Readiness Assessment	0%	06/30/2029	TBD

AIS HIP PROJECT > RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
16	**Lack of backup for major ISD roles can create slowdown for project work**: Key roles within ISD may not have backup staff to cover their agency critical non-project and project work due to staffing issues which can cause project schedule slippage.	Assign backup for key or critical ISD roles during planned time off. Ensure key personnel understand when their assigned tasks are scheduled and how they affect the critical path.	10/26/26: Continue to monitor risk.
25	**Incomplete joint governance between EIS and PERS can lead to process gaps and issues:** Inconsistent integration governance processes between EIS and PERS, such as decision authorities, standards, or oversight may lead to gaps. These gaps can lead to shadow integrations, inconsistent enforcement, increased security risk, duplicated efforts, and making it difficult to support future modernization initiatives.	Establish AIS HIP governance processes, decision authorities, standards, and oversight responsibilities through Phase 1 deliverables. Define resource ownership, exception handling processes, and lifecycle controls. Validate governance approaches during Phase 2 platform deployment and synthetic validation activities. Establish the operating model and governance artifacts required for transition to the future Integration Strategy Team (IST).	10/26/26: EIS Strategy and Design (S&D) Architects and PEAT to closely review documented processes and procedures and through Phase 1 of project.
28	**Azure cloud governance misalignment can cause schedule slippage:** Misalignment between AIS HIP architecture requirements, integration governance requirements, and enterprise Azure governance may delay platform implementation, require redesign of platform components, or create operational inconsistencies.	Engage Cloud Center of Excellence (CCOE), Enterprise Architecture, and the future Integration Strategy Team (IST) early during architecture development activities. Document AIS HIP platform, security, monitoring, networking, and identity requirements as part of Phase 1 architecture deliverables. Establish decision ownership and governance responsibilities between	10/26/26: EIS S&D Architects and PEAT to closely review documented processes and procedures and through Phase 1 of project.

		CCOE, IST, Enterprise Architecture, and project leadership. Review architecture decisions against enterprise Azure governance standards before implementation activities begin. Escalate unresolved governance conflicts through established governance channels. Reassess architecture and implementation plans when governance decisions materially affect approved designs.	

AIS HIP PROJECT / ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	TBD		

MEMBER IDENTITY ACCESS MANAGEMENT PROJECT

Project Objective

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

Project Status: **GREEN**

Current Activities

The project was formally approved for a phased implementation on August 12, 2026.

- Phase 1: IdP (Identity Provider)
  - Required jClarety APIs have been developed, with Ping integration and end-to-end testing ongoing.
  - **Technical highlights:**
    - Remote Connection Service (RCS) remains the confirmed approach for email synchronization between jClarety and Ping. Configuration and validation are ongoing.
    - OAuth2/OIDC logout and session termination planning continues, including technical requirements, ownership, and testing dependencies.
  - A limited Ping authentication journey demonstration was conducted on October 22, 2026, with Product Owner feedback identifying additional refinements. Full end-to-end validation has been scheduled for November 5, 2026, but remains dependent on completing OMS/jClarety integration.
  - The SDLC release task review has been rescheduled to November 5, 2026, to confirm applicable activities, resource ownership, and dependencies. Effort estimates will support the Phase 1 schedule rebaseline.
  - Project governance and release planning activities continue to reflect the approved phased implementation strategy.

- Phase 2: IdV (Identity Verification)
  - Procurement, DOJ, Deloitte, and Socure continue contract and Statement of Work (SOW) negotiations.
    - Planning, procurement and vendor onboarding activities continue independently while technical planning remains aligned for future implementation.
    - Proposed changes by Deloitte's legal team are currently under review by DAS Risk.
  - IdV implementation has been separated into Phase 2 and is no longer driving the Phase 1 (Ping IdP) delivery schedule.

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.

MEMBER IDENTITY ACCESS MANAGEMENT PROJECT

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
Functional Design Document D3.1	100	9/3/26	7/30/26
Technical/System Design Document D3.2	100	9/3/26	7/30/26
IdV Procurement Complete	50	12/30/26	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
27	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.	
43	Scheduling and Resources Constraint	Multiple deployments around the same time next year are raising resource concerns. Constantly monitoring resource allocation and soft book resources ahead of time to make sure the needed resources are available to us when needed.	
38	IdV Solution Timeline Sensitivity: Vendor onboarding and contract finalization may shift key milestones (UAT, execution completion, and project closeout.)	If we are unable to reach agreement on the latest draft, PERS will consider the following options: Evaluate formally descoping IdV from the current MIAM implementation. Evaluate deferring IdV implementation to the next biennium, subject to funding availability and governance approval.	PERS received feedback to the latest redlined draft from DAS Risk and DOJ which has been shared with vendor. Vendor plans to respond in early November for next steps.

MEMBER IDENTITY AND ACCESS MANAGEMENT> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	N/A		

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#3** (Integrate HTML5 and Struts 6.7.4 technology for employee portal) –
    - Elaboration & construction completed on October 21, 2026 ahead of the November 30, 2026 estimated finish date.
    - Business Function Testing (BFT) started on October 21, 2026. It is currently 5% completed.
    - User Acceptance Testing (UAT) is estimated to start February 19, 2027. The project team is currently requesting testers.

Completed Activities

- jClarety WP#1 (UI/UX Upgrades and ADA 2026 Compliance) – May 6, 2026
- OAuth 2.0 Ready WP#2 (OAuth 2.0 authentication upgrade) – June 4, 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	100	7/3/26	6/4/26
WP3 Construction Complete	100	11/30/26	10/21/26
D1.5.1 WPD #3 (Draft) submitted	100	5/29/26	5/29/26
WP3 Business Functional Testing Complete	5	2/26/27	TBD
D1.5.2 WPD #3 (Final) submitted	100	9/18/26	9/18/26
WP3 User Acceptance Testing Complete	0	6/7/27	TBD
WP3 Production Deployment	0	6/29/27	TBD
D1.6.1 Stabilization & Knowledge Transfer Completed	100	10/30/26	10/30/26
Project closure	0	7/30/27	TBD

JUMP> RISKS AND MITIGATION

#	Risk Description	Mitigation and/or Contingency Plan	Notes
5	Internal Staffing: Loss of experienced resource causes delays to the schedule	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.	
9	Resource constraint: Insufficient resources available due to higher priority efforts causes delays to schedule	Work with PERS Project Management Office, Portfolio Management Committee, and Executive Leadership Team to ensure project prioritization is maintained and adhered to	

JUMP> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	N/A		

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 specialized consultant contracted to support PERS in developing the PAS RFP has been onboarded. Development of the PAS RFP outline is underway and remains on track for delivery by the end of December.
- The project hosted a vendor onboarding session on October 22 for the consultant to start work on the first set of requirements in support of creating the PAS vendor RFP.
- Using data from the employer-reporter survey the Product Owner team developed employer requirements and presented this information at the October Employer Advisory Group.
- EIS-P3 Stage Gate 2 artifact creation continues. The Project Management Plan is being developed along with Market Research and Solution Analysis artifacts.
- Procurement of IBM support hours through SHI is underway to support FileNet analysis and planning, including target architecture, modernization assessment, migration planning, and capacity planning.

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	100%	06/30/26	09/18/26
Employer High-level Requirements	100%	09/30/26	09/30/26
Member High-level Requirements	100%	10/30/26	10/30/26
Host Vendor Onboarding Meeting	100%	10/27/26	10/22/26
PAS RFP Outline	5%	12/31/26	TBD
PAS RFP Requirements Analysis	25%	2/28/27	TBD
Final PAS RFP	0%	6/30/27	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.	The project will continue to monitor this risk closely as the PAS vendor RFP is developed and deployed. This PAS vendor 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. The project will ensure understanding of DAS Procurement's new peer review process.
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.	EIS Strategy & Design (S&D) Architecture Assessment Determination requires quarterly meetings with the S&D team. Check-ins are expected to begin in Q4 2026. PAS Modernization project team meets monthly with EIS P3 team to ensure alignment on IT Investment Oversight processes (e.g., Project Portfolio Performance (P3)).

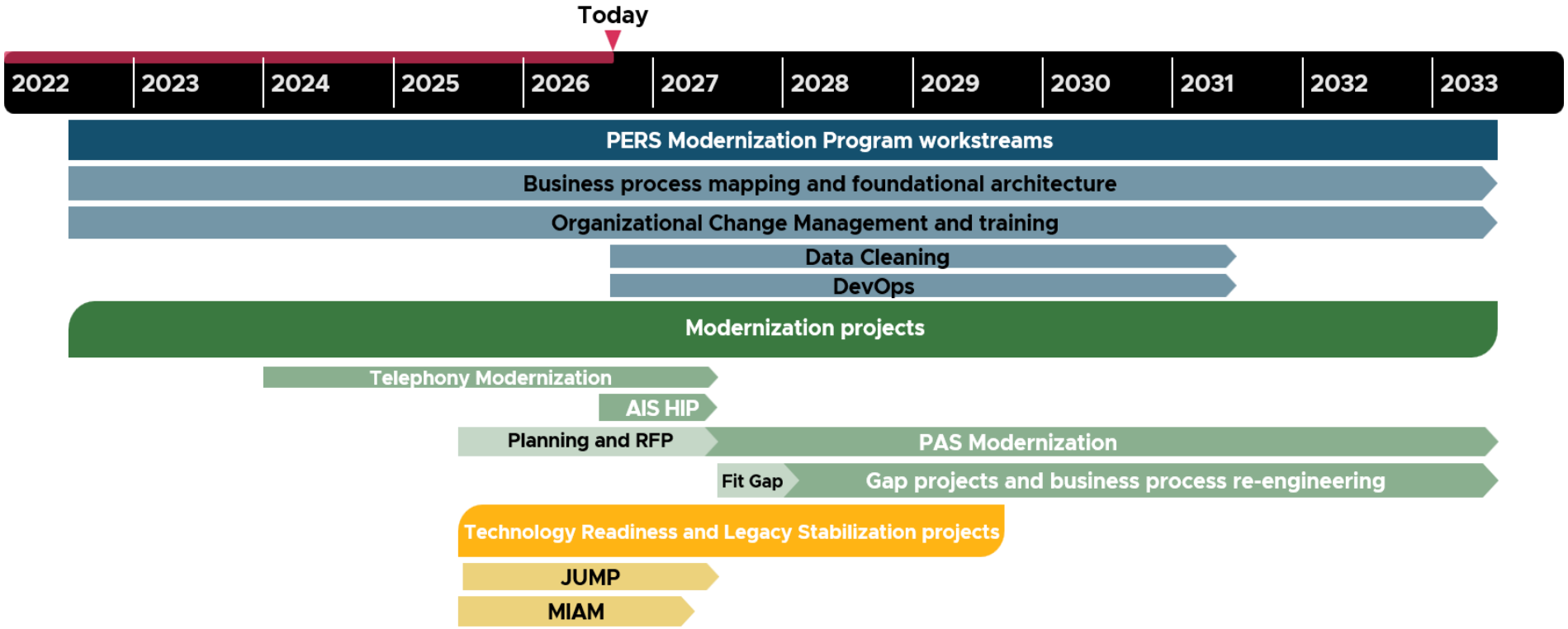
9	**Critical Resources Allocated to Higher Priority Work-** Critical resources are allocated to higher priority projects (e.g., HB4045) or more time sensitive work, impacting availability for PERS Modernization work.	Clearly identify shared resources and work closely with leadership to plan around peaks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

PAS> ISSUES AND CORRECTIVE ACTION PLANS

#	Issue	Resolution/Notes	Est. Resolution Date
	N/A		

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.*

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

PERS Board Modernization update

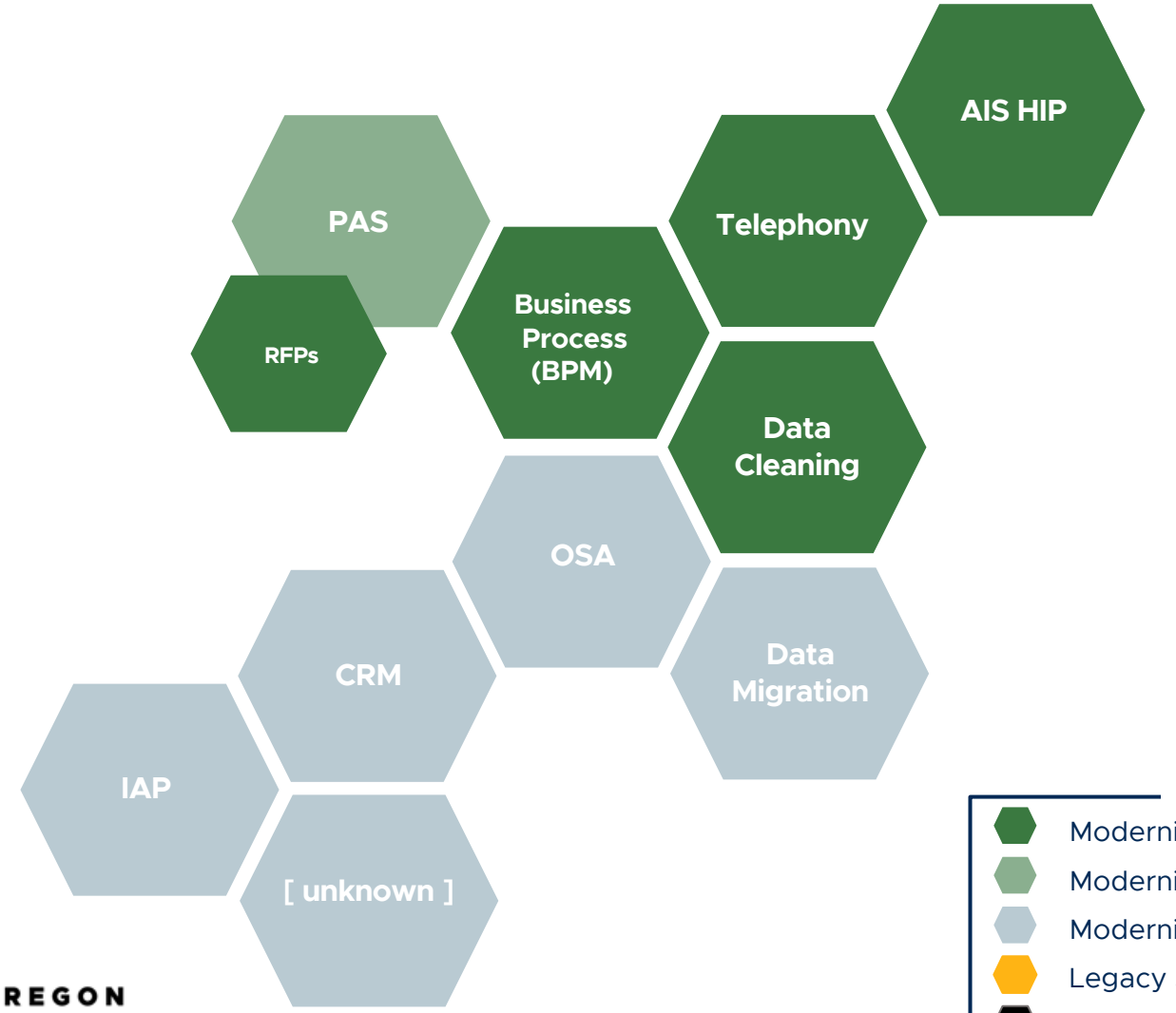
Kristi Ivers
PERS Modernization Director

December 4, 2026



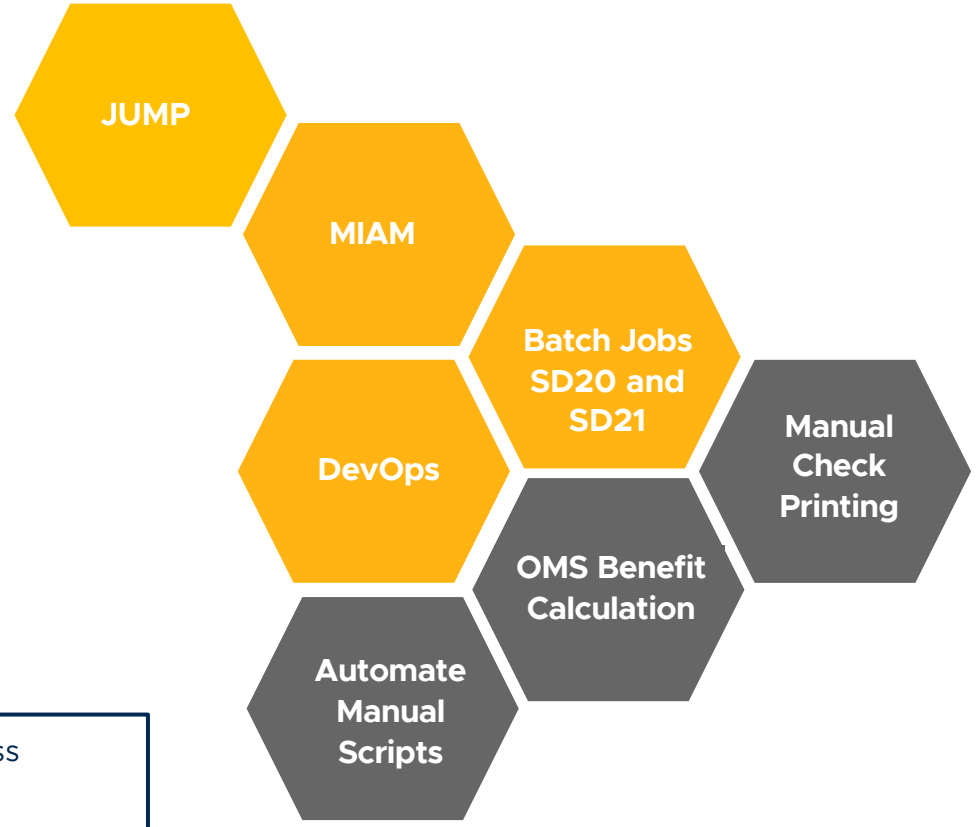
PERS Modernization Program Roadmap

Modernization | Core Pension Administration System (PAS) Projects



Tech Readiness and Legacy Stabilization

Stabilizes the system for an extended modernization timeline, which includes new features that are required for jClarety to continue to run, while also addressing security gaps and compliance issues.



Legend

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

PERS Modernization Program

Program objective: The PERS Modernization Program is a multi-biennial effort to reimagine and evolve the deployment of our business capabilities via our people, processes, and technologies to meet our member and PERS-participating employer needs into the future.

FY 2025-2034

Highlights:

- The overall program portfolio is on-budget and on-schedule.
- Personnel supporting the Modernization Division:
  - Business operations manager recruitment has closed. The new manager is expected to start on November 30, 2026.
- Document management planning - FileNet
  - Planning efforts are expected to begin early December.
- Gartner executed an amendment on their Information Technology (IT) Pro Master Price Service Agreement with the Department of Administrative Services (DAS) on October 27, 2026. This allows PERS to continue with Gartner as our Independent Quality Management Services (IQMS) vendor.
- Batch Jobs (SD20/SD21): Stabilization and performance tuning efforts have begun.
  - The first phase (phase 0) was successfully implemented on October 16, 2026, and reduced the overall run time by two hours.
  - A decision memo for future optimization has been developed and is currently under review.
- Initiation of the Change Champion Network is in progress. Change champion representatives have been identified by managers, and the kick-off is being held in December with training planned in January.
- Data and DevOps workstreams are progressing.

OREGON PERS
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:

- The Specialized Consultant contract with Segal was executed on September 18, 2026, and the vendor kick-off was held on October 22, 2026.
- The modernization director is working with Segal to dial in the estimated costs for the 27-29 biennium.
- The PERS Product Owner Team completed reviewing 350 employer survey responses, documented the employer requirements, and shared them with the Employer Advisory Group (EAG).
- The PAS Request for Proposal (RFP) process has begun, and high-level future state requirements are in process.

Upcoming activities:

- Segal contract deliverables:

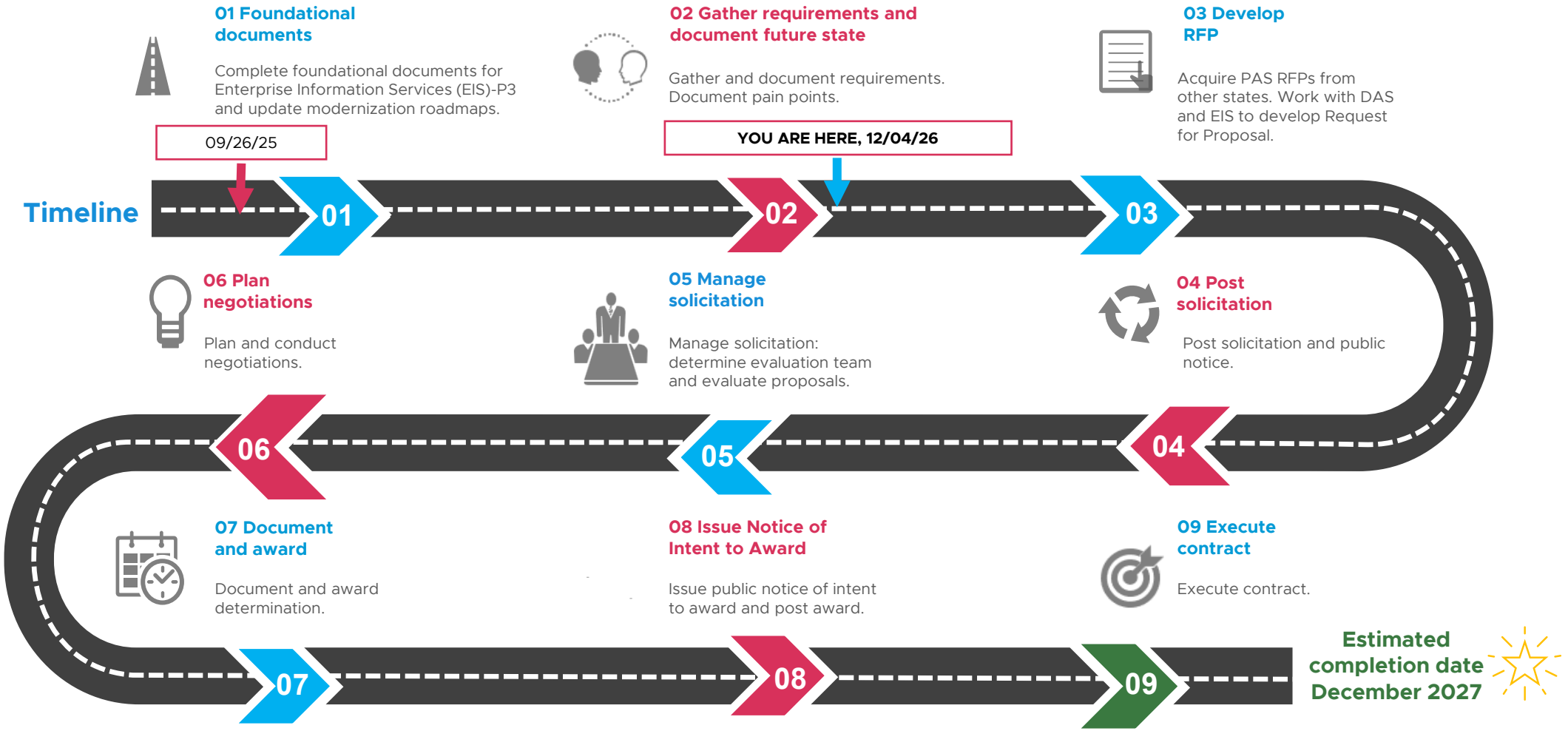
Deliverable Description	Delivery
Project Kick off	10/22/2026
Project Plan	11/30/2026
RFP Outline	12/31/2026
Gather and Finalize Documentation for RFP	2/28/2027
Draft RFP	3/31/2027
Approve Final RFP & Post	6/30/2027
Vendor Demonstration	9/30/2027
Evaluation & Closeout	12/31/2027

Stage Gate endorsement:

- Second endorsement (SG2) is in process.

Pension Administration System Modernization

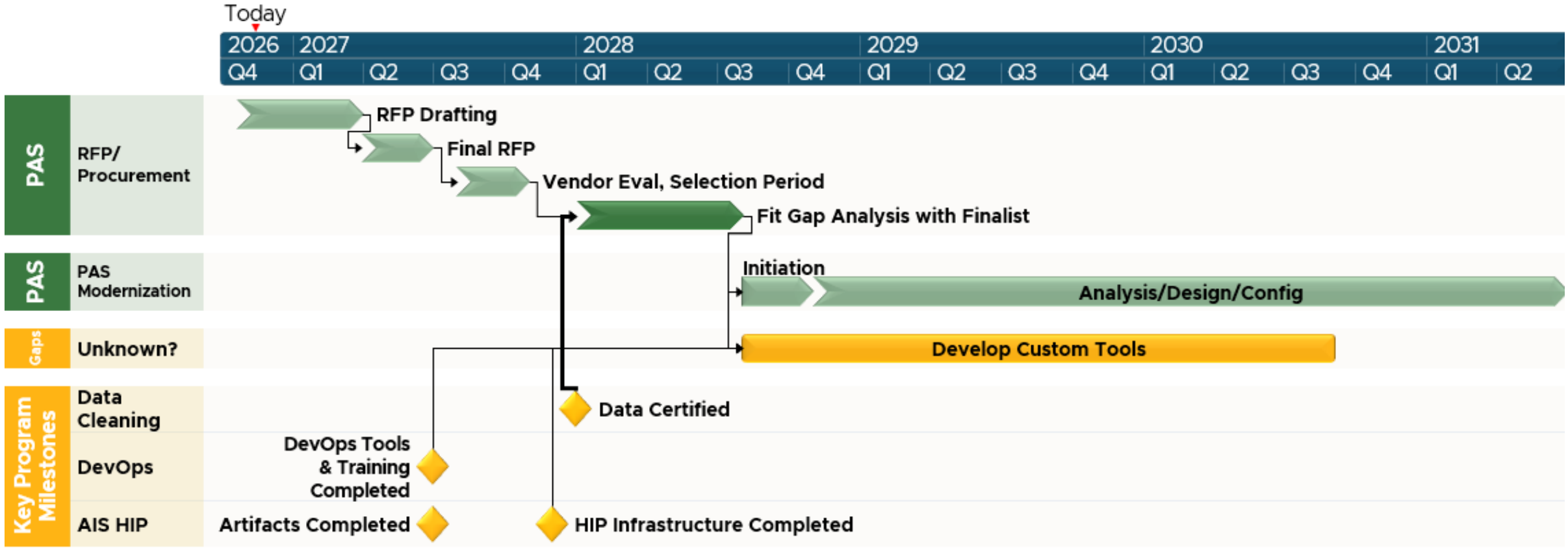
Specialized consultant RFP lifecycle



OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Pension Administration System (PAS) Modernization

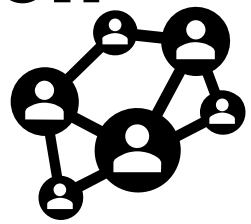
Timeline and key milestones



Last updated 11/13/26

Pension Administration System (PAS) Modernization

Data Cleaning workstream summary: Enhance data quality and reliability by systematically identifying, correcting, standardizing, and eliminating inaccurate, incomplete, duplicate, or inconsistent information. The PERS deputy director leads this workstream.



Data workstream highlights:

Data Governance Committee:

- October decision items:
  - Adopted data steward role definition
  - Adopted data owner role definition
- November action Items:
  - Review and adopt data domains related to jClarety
  - Review and adopt data owners for specific data domains
  - Review and adopt data stewards for specific data domains
  - Draft role definitions for data trustees

Upcoming data governance activities:

- Host a data strategy workshop in December 2026 with data owners, stewards, and trustees.

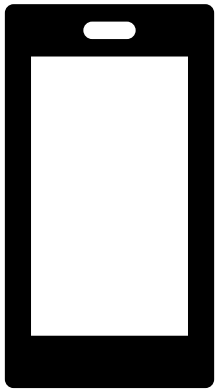
Upcoming activities:

- Data Cleaning work order contract deliverables:

#	Deliverable Name	Delivery
D1.1	Validation & Correction of Known Queries (26 total)	10/30/2026
D1.2	Data Analysis & Discovery of Additional Defects	11/30/2026
D2.1	Bi Monthly Data Cleansing & Root Cause Analysis	12/31/2026
D2.2	Bi Monthly Data Cleansing & Root Cause Analysis	2/28/2027
D2.3	Bi Monthly Data Cleansing & Root Cause Analysis	4/30/2027
D2.4	Bi Monthly Data Cleansing & Root Cause Analysis	6/30/2027

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

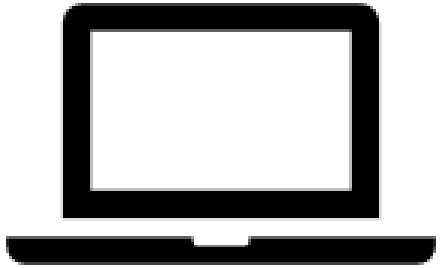
Highlights:

- A Request for Quote (RFQ) for eFax functionality has been sent to Department of Justice (DOJ) for review on October 12, 2026.
- Phase 3 joint application design sessions have started, and the kick-off was held on October 13, 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.

Upcoming activities:

- Completed requirements traceability matrix.
- Configuration and development to begin.

jClarety User Interface/User Experience (UI/UX) Modernization and Compliance Project (JUMP)



Project summary: Improve user experience by updating the member, employer, and third-party self-service portals to meet Americans with Disabilities Act compliance and security requirements.

Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN					

Current stage: Execution

Highlights:

- Phase 3 (work package #3): Employee portal screens are currently in the testing phase.
    - Business functional testing started earlier than expected and is 11% complete.

Upcoming activities:

User acceptance testing is expected to start after business functional testing has completed.

Phase 4 (work package #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
GREEN					



Current stage: Execution

Highlights:

- Identity provider (IdP)
  - Held a successful preliminary demonstration on October 22, 2026.
  - End-to-end testing activities continue.
  - Multiple deployments around the same time next year are raising schedule concerns due to limited resources. The project manager is monitoring the schedule and resources to make sure the needed resources are available when needed.
- Identity verification (IdV)
  - Contract negotiations continue.
  - Deloitte and DOJ are scheduled to meet to negotiate specific terms and conditions.

Upcoming activities:

- Executed vendor contract with Deloitte for IdV.
- End-to-end demonstration planned for early December.

Azure Integration Services (AIS) Hybrid Integration Platform (HIP) Project

Project summary: Deliver a cloud-first, hybrid integration platform as a prerequisite for future modernization projects and ensure interoperability between PERS current legacy and modern systems.

Overall Health	Scope	Schedule	Resources	Budget	Quality
GREEN					

Current stage: Initiation

Highlights:

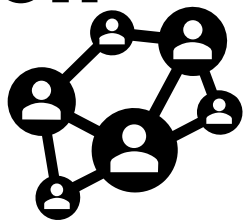
- The project charter was finalized on October 15, 2026.
- Project kick-off held on November 2, 2026.
- Continued development of project documentation such as the communication matrix and project schedule.

Upcoming activities:

- The first deliverable, D4.1 HIP Solution Concept Diagram, is in development for delivery in the coming weeks.
- AIS HIP work order contract deliverables:

Deliverable	Name	Delivery
D4.1	HIP Solution Concept Diagram	12/18/2026
D4.2	HIP Conceptual Data Diagram	1/31/2027
D4.3	HIP Data Dissemination Diagram	2/28/2027
D4.4	HIP Application Use-Case Diagram	2/28/2027
D4.5	HIP Technology Standards Catalog	4/30/2027
D4.6	HIP Platform Decomposition Diagram	4/30/2027
D4.7	HIP AIS Security Diagram	6/30/2027
D4.8	HIP Architecture Roadmap	6/30/2027

Pension Administration System (PAS) Modernization

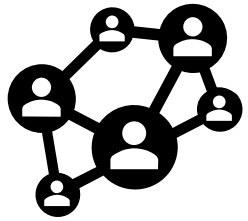


DevOps workstream summary: The commercial-off-the-shelf (COTS) PAS will require custom development to support gaps in business functionality. PERS DevOps is seeking to procure tooling for this biennium to establish a baseline implementation and training that will ultimately support PERS Modernization initiatives. The PERS chief information officer leads this workstream.

DevOps workstream highlights:

- **Container Platform:**
  - ✓ Scope finalized.
  - ✓ Planning started.
  - ✓ Agile team meetings scheduled.
  - ✓ Architecture diagrams reviewed.
  - ✓ Kick-off meeting held 11/12.
- **GitHub Enterprise:**
  - ✓ Kick-off meeting held 10/29.
  - ✓ Planning underway.
  - ✓ Agile team meetings scheduled.
  - ✓ Jira tools planned.
- **Observability:**
  - ✓ Final scope determined.
  - ✓ Strategy and design request progressing.
  - ✓ Kick-off meeting held 11/12.
- **Quality assurance tooling:**
  - ✓ Kick-off meeting held 10/29.
  - ✓ Automation proof of value (POV) presented.
  - ✓ Requirements kicked off.
- **General:**
  - ✓ Project coordinator, quality assurance analyst, and platform engineer are being onboarded.
  - ✓ Agile-Jira overview held.

Pension Administration System (PAS) Modernization



DevOps workstream summary: The commercial-off-the-shelf (COTS) PAS will require custom development to support gaps in business functionality. PERS DevOps is seeking to procure tooling for this biennium to establish a baseline implementation and training that will ultimately support PERS Modernization initiatives. The PERS chief information officer leads this workstream.

DevOps workstream upcoming activities:

- **Container Platform:**
  - Requirements documented.
  - Environment setup.
  - Architecture and security reviews scheduled.
  - POV scheduled.
- **GitHub Enterprise:**
  - Staff licensing set up and assigned.
  - Configurations documented.
  - Advanced security configurations documented.
  - Organization change management planning kickoff scheduled 11/9.
  - Secret scanning tooling assessment to be scheduled.
- **Observability:**
  - Requirements and priorities documented to prepare for Datadog and Dynatrace tool engagement.
- **Quality assurance tooling:**
  - Requirements documented.
  - Identify tool candidates.
  - Test plan development.
  - POVs to be scheduled.
- **Agile-Jira training:**
  - Scheduled for week of 11/9.
- **General:**
  - Provide a project workstream schedule.

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Any questions?

Thank you!



Appendix

Modernization

Program terms and acronyms

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

Oregon Retirement Information Online Network (ORION) Modernization is the complex collection of systems, databases and applications which allow PERS to accomplish its mission. Basically, ORION represents all 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 application and development 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

C.

A. Administration

1. September 25, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Governor's Expectations update
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

1. Notice of rulemaking for using X as a valid signature
2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. **Long-Range Facilities Plan**
3. Benefits-in-Force Reserve Account policy changes
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
5. Financial Modeling

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Oregon
Tina Kotek, Governor

Public Employees Retirement System
Headquarters
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P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

December 4, 2026

TO: Members of the PERS Board

FROM: Kai Turner, Deputy Director

SUBJECT: Long-Range Facility Plan Update

BACKGROUND

The PERS headquarters building is entering its 30th year since construction was completed and staff took residence on site. As with any hard infrastructure asset, continued investment for preventative maintenance, building systems life cycling, and enhancements to match current resiliency, accessibility, and modern sustainability requirements are essential to ongoing utilization of the building.

The Central Administration Division (CAD) worked in concert with LRS Architects and MAKERS Architecture & Urban Design to develop the Long-Range Facilities Plan (LRFP) to guide responsible investment in the agency's headquarters over the next 20 years. The impetus for this endeavor was to create a roadmap for the future that accounted for the building's current condition, while also considering many of the statutory compliance factors and executive orders that impact state of Oregon government facilities.

The plan begins with six core principles that are central to a comprehensive, decision-ready framework. These principles are:

- Protect and maintain PERS' agency-owned property;
- Address deferred maintenance and replace building systems as they reach the end of their useful lives;
- Meet seismic resiliency, accessibility, energy, and sustainability requirements;
- Adapt the facility to meet current and future workforce models;
- Improve the experience of employees, members, and visitors; and
- Evaluate opportunities for other state agencies to use excess capacity, in alignment with the Governor's goal of reducing reliance on privately leased space.

Planning process

LRS and MAKERS, in partnership with PERS staff and leadership as well as specialized consultants, assessed mechanical, electrical, plumbing, fire protection, structural, seismic, and cost considerations for the agency's building. The planning process was spilt into five phases.

The phases were:

- Existing conditions and facility assessment, including building systems, accessibility, seismic resilience, sustainability, and regulatory requirements.
- Staff engagement and operational analysis, including an executive leadership interview, leadership questionnaires, five employee focus groups involving 29 staff (including the PERS Diversity, Equity, Inclusion, and Accessibility (DEIA) Committee and the PERS Safety Committee), a staff survey, and project-team workshops.
- Scenario development and alternatives analysis, including conceptual test fits and planning-level cost estimates.
- Draft plan and implementation strategy, incorporating recommendations, costs, revenues, and phased investments.
- Final plan and executive presentation, reflecting review and feedback from staff and leadership.

This process brought together the physical needs of the building and the human-centered needs of employees and visitors, including collaboration, privacy, accessibility, workplace technology, safety, and customer service.

Key findings

1) The headquarters remains a valuable long-term asset.

The facility is generally well maintained and structurally sound, and the consultant concluded that it can continue serving PERS for several decades. However, many systems, furnishings, fixtures, and finishes are original to the building or are approaching the end of their expected useful lives. A planned, phased reinvestment strategy is therefore preferable to addressing needs only as failures occur.

2) The building is significantly underutilized.

PERS' operating model has changed substantially since the facility was designed. Almost 90 percent of staff now work in a hybrid or remote arrangement, resulting in dispersed occupancy and considerable unused space. This creates both a workplace challenge and an opportunity to consolidate PERS operations onto two floors and make the third floor available to one or more other state agencies.

3) Accessibility and workplace improvements are needed.

The assessment identified accessibility deficiencies, particularly in parking, building approaches, circulation paths, furnishings, work surfaces, signage, kitchenettes, and other shared spaces. Staff engagement also identified needs for smaller private meeting spaces, better-equipped hoteling stations, improved conference-room technology, greater acoustic privacy, modernized common areas, better lighting, a more functional Information Technology Help Desk waiting area, and improved exterior safety and security.

4) Additional seismic evaluation is required.

A Tier 1 seismic screening found that the building is in sound physical condition but identified potential deficiencies associated with its original configuration and seismic detailing. The consultant concluded that the building is unlikely to meet the current Life Safety objective without some strengthening. They recommended completing a geotechnical study and a more detailed

Tier 3 seismic evaluation to determine the nature, extent, and cost of any necessary improvements.

5) Building systems require phased lifecycle investment.

Mechanical, electrical, plumbing, fire protection, fire alarm, and other systems range from good condition to nearing the end of useful life. The plan identifies immediate and future replacements so that these investments can be coordinated with budget cycles, workplace projects, state mandates, and tenant preparations.

6) Leasing creates a significant financial opportunity.

The analysis found that leasing the entire third floor provides nearly all the available leasing benefit without the added cost and disruption required to lease part of the second floor. At the assumed lease rates, third-floor leasing could provide a meaningful revenue stream and help offset the cost of maintaining and modernizing the building.

Vendor recommendation

The vendor evaluated four alternatives: 1) maintaining the status quo with limited improvements, 2) leasing part of the third floor, 3) leasing the full third floor, and 3) completing a more extensive remodel that would also lease part of the second floor. The alternatives were assessed based on workplace function, implementation complexity and risk, capital cost, and long-term value.

The recommended directions are to:

- Consolidate PERS staff and operations on the first and second floors.
- Prepare the full third floor for lease to one or more state-agency tenants.
- Incorporate selected, cost-effective improvements from the more comprehensive remodel option.
- Modernize key PERS work areas and shared spaces.
- Correct identified accessibility, safety, security, and functional deficiencies.
- Complete further seismic and geotechnical analysis.
- Implement energy and sustainability improvements as occupancy and compliance requirements are triggered.
- Replace major building systems according to condition and anticipated end of life.

The consultant determined that this approach offers the best overall balance of value, functionality, implementation risk, and staff disruption. It also supports PERS' delivery and hybrid work model while advancing statewide goals for better utilization of publicly owned office space.

Investment and phasing

The plan identifies approximately $18.0 million in total facility investments over 20 years, including projected escalation at 5% annually to the first year of each implementation phase. Approximately half of the investment supports workplace improvements, tenant preparation, accessibility, sustainability, and other mandates, while the remainder supports lifecycle replacement of major building systems. These figures are planning-level estimates and will require refinement as projects proceed through design, engineering, and procurement.

Implementation is organized into four phases:

- Initial actions, 2027–2028: Complete detailed seismic and geotechnical evaluations and undertake selected cost-effective workplace improvements.
- Near term, 2029–2032: Complete PERS workspace improvements, prepare the third floor for leasing, address accessibility needs, and advance state compliance requirements.
- Medium term, 2033–2036: Complete energy assessments and sustainability projects, together with other improvements that can be phased independently.
- Long term, 2037–2046: Replace major building systems and equipment as they reach the end of their useful lives.

The financial analysis projects that third-floor lease revenue could offset approximately 60% of the total recommended capital investments and equipment replacement costs under the report's market-rate assumption. When considering only the investments needed to make the third floor leasable, the plan estimates approximately $3.4 million in positive, net-present-value cash flow over the planning period. The plan also recommends seeking tenant contributions toward shared building-system replacement costs through future lease negotiations.

Key takeaways and next steps

The LRFP confirms that the PERS headquarters building remains a viable and valuable state-owned asset, but continued value will depend on strategic reinvestment. The recommended approach provides a flexible roadmap to preserve the building, respond to regulatory and lifecycle obligations, improve the workplace and customer experience, and put underused space to productive use.

The plan does not authorize construction or commit PERS to a preidentified path forward. Instead, it establishes recommended priorities, sequencing, and identifies planning-level costs to support future budget development and individual project decisions. As a part of the next steps, the PERS Executive Leadership Team (ELT) has tasked me and the Central Business Support unit to work with the Department of Administrative Services Capital Planning to inventory state agencies in the Metro Portland area that have private leases expiring in the near term (2029–2032) as a way to explore the opportunities to share the PERS space to meet the Governor's goal of reducing state agencies' reliance on privately leased office space.

This inventory is the next step in discovery for PERS to determine if leasing out underutilized space is the right future investment. Additionally, PERS ELT is reviewing all the maintenance recommendations contained in the plan and is seeking feedback from internal groups. Prior to each major investment, consultation with internal groups including program staff, IT staff, and the DEIA Committee and Safety Committee will be imperative to planning the next phase of proposed projects for each biennium to ensure all vantage points are considered prior to seeking the budget authorization during the legislative cycles.

C.2. Attachment 1 – *Long-Rang Facility Plan Board Presentation*

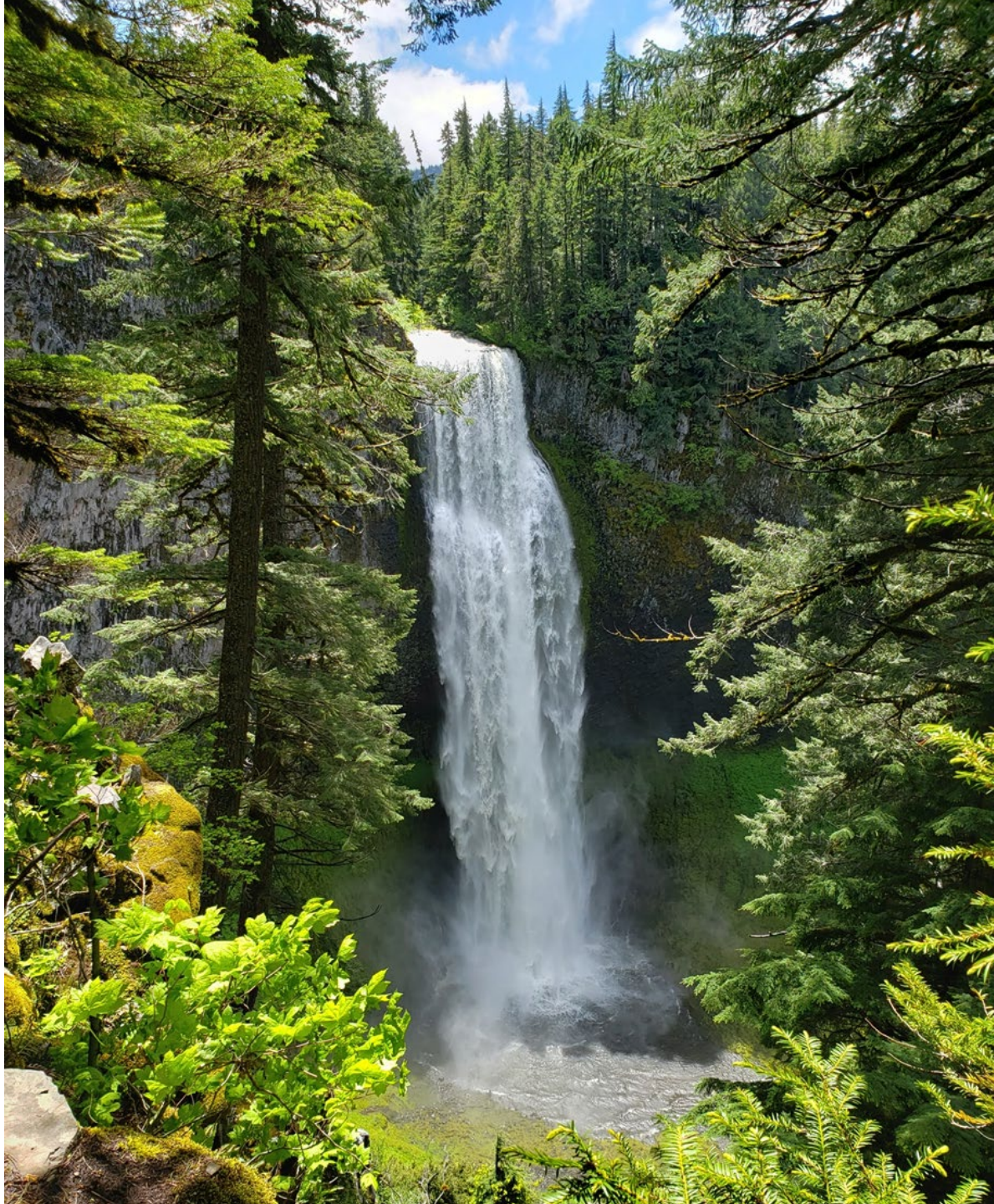
C.2. Attachment 2 – *LRS Architects October Executive Leadership Presentation*

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Long-Range Facility Plan Update

Kai Turner
Deputy Director

December 4, 2026



Long-Range Facilities Plan
Why does PERS need a plan?

- PERS headquarters (HQ) is entering its 30th year.
- Building systems and finishes are aging.
- Hybrid work has changed how the space is utilized.
- New resiliency, accessibility, energy, and sustainability requirements must be considered.
- A long-term roadmap supports planned rather reactive investment.



Photo provided by LRS Architects.

Purpose and planning process
Connecting facility stewardship with future needs

Purpose:

- Protect the trust-owned asset.
- Plan for lifecycle replacement and compliance.
- Support the current and future workforce.
- Improve staff, member, and visitor experiences.
- Evaluate productive use of space.

Process:

1. Assessed existing facility conditions.
2. Engaged staff and leadership.
3. Developed and compared alternative space use scenarios.
4. Estimated costs, revenues, and implementation phases.
5. Prepared a consultant-recommended 20-year roadmap.

Consultant's findings

Strong foundation, emerging needs, strategic opportunities

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Planning for PERS' future
Evaluation of HQ building

- PERS partnered with LRS Architects and MAKERS Architecture and Urban Design to conduct a comprehensive evaluation of our headquarters building, its long-term maintenance needs, and opportunities to improve how we utilize our facility.

- Following several months of assessments, discussions, and scenario development, LRS and MAKERS presented their findings and recommendations to the PERS Executive Leadership Team in October.

LRS ARCHITECTS

MAKERS
architecture • planning • urban design

Consultant's findings

PERS HQ has a strong foundation

- PERS HQ is a valuable asset and well within its useful life.
- The building assessment established that the facility is generally well-maintained and structurally sound.
- Strategic investment will preserve PERS HQ for decades to come.



Photo provided by LRS Architects.

Consultant's findings
Areas of improvement and emerging needs

- Major systems will require phased lifecycle investment.
- Accessibility and workplace improvements are necessary.
- Additional seismic and geotechnical analysis is recommended.



Photo provided by LRS Architects.

Consultant's findings
A strategic opportunity: reimagining HQ

PERS' existing workforce model contributes to:

- Significant space underutilization
- Sparse occupancy

Opportunities:

- Utilize excess space for state or local government tenant.
- Reimagine the space to match modern office use best practices.
- Due to low occupancy, construction would have minimal impact on daily operations.

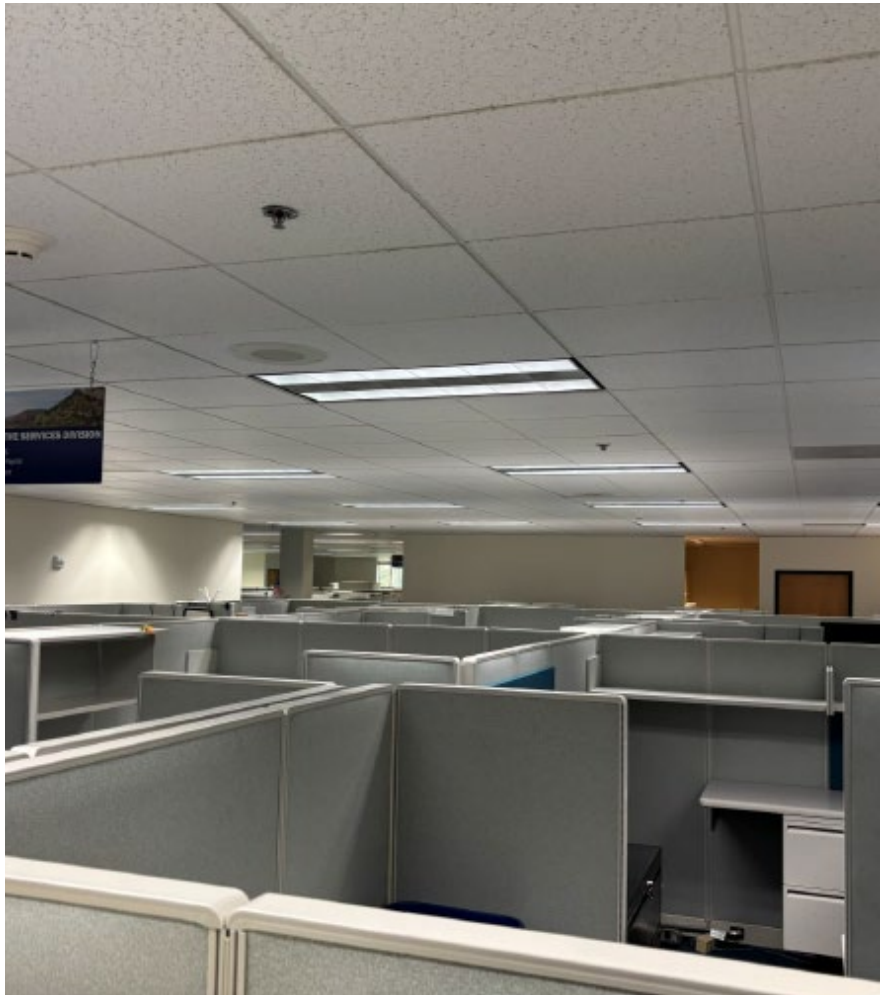


Photo provided by LRS Architects.

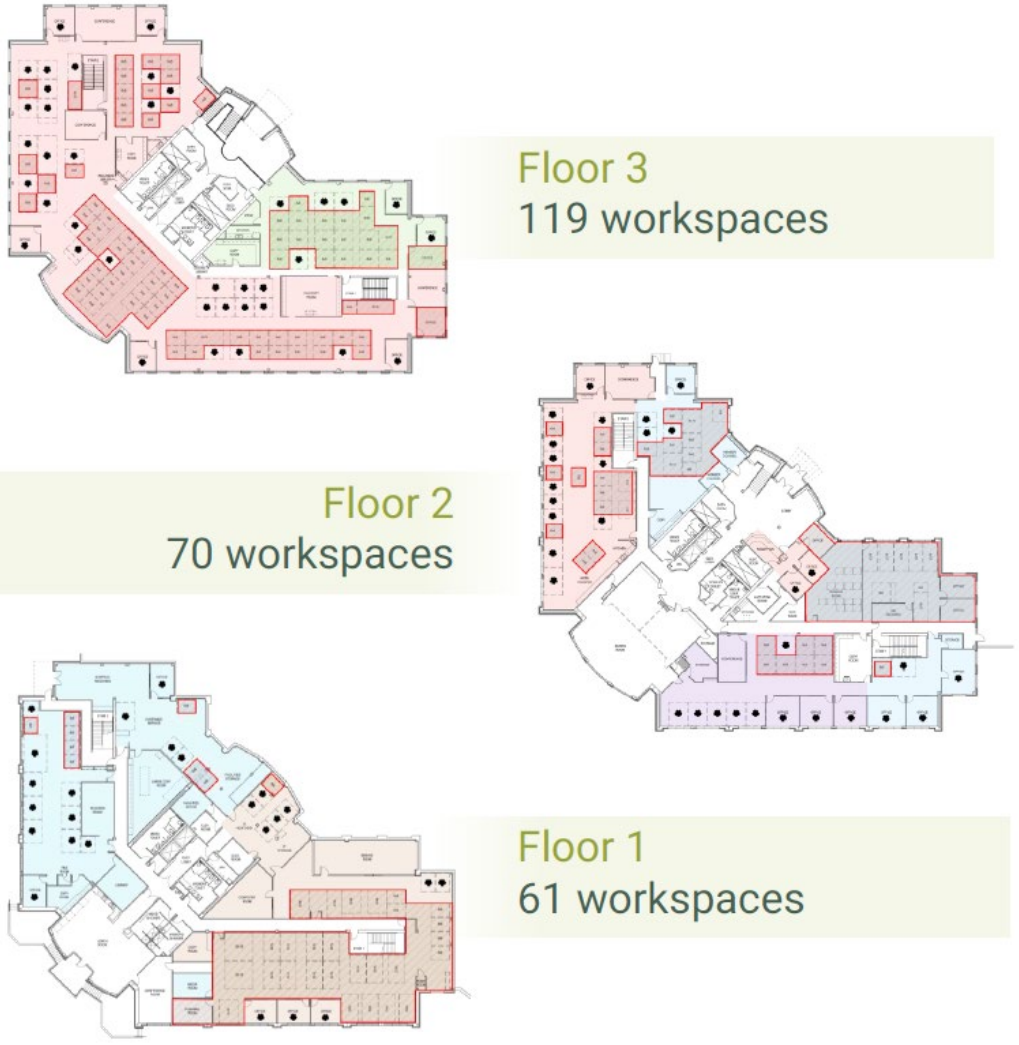
Consultant's analysis and recommendation

Space utilization scenarios

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Consultant's analysis
Space utilization scenarios

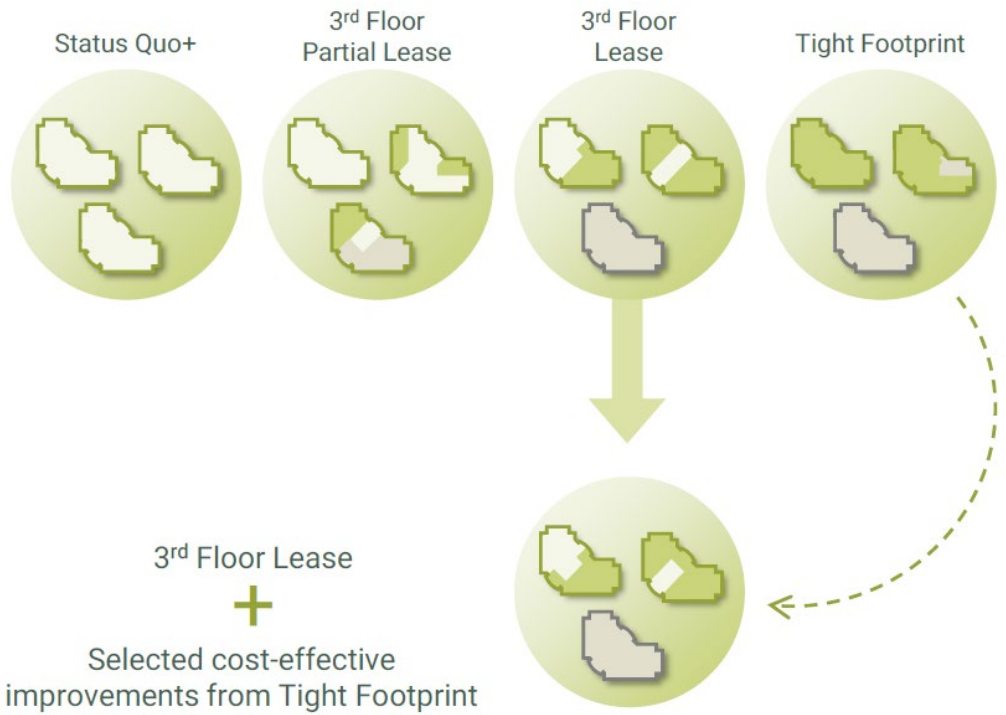
Scenario	Build layout
Status quo +	No major change, address maintenance fixes.
Third floor partial lease	Reserve half of the third floor for PERS. Lease the other half.
Third floor full lease	Prepare third floor for lease. Relocate staff to the second and first floor.
Tight footprint	Reserve half of the second floor and the first floor for PERS. Lease the third and the other half of the second floor.



Graphic provided by LRS Architects.

Consultant's recommendation
Blended option

1. Consolidate PERS operations on the first and second floor.
2. Prepare the full third floor for potential tenant.
3. Modernization of priority work and shared spaces.
4. Address accessibility, safety, security, and functional needs.
5. Complete further seismic and geotechnical analysis.
6. Phase building-system replacement based on condition and useful life.



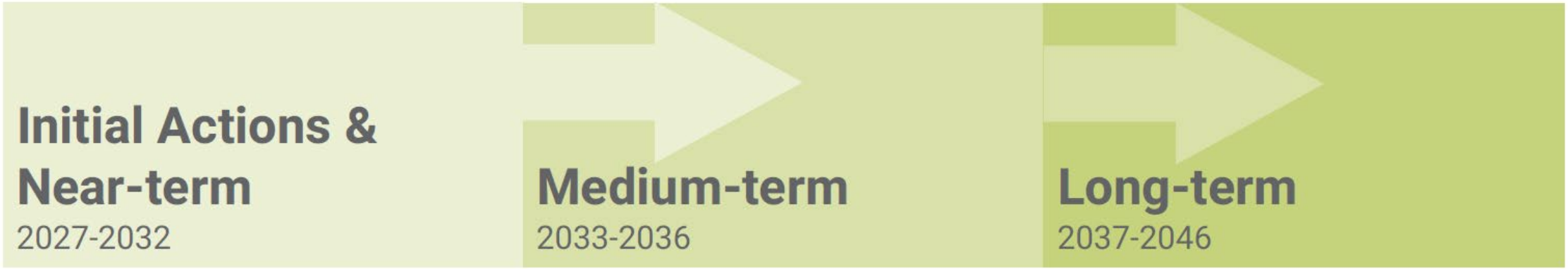
Graphic provided by LRS Architects.

Roadmap

How PERS can achieve the consultant's recommendation

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Phased roadmap
2027-2032 actions



- Complete seismic evaluation
- Execute cost effective improvements to PERS space
- Comply with State mandates and explore revenue generation opportunities

- Complete energy efficiency upgrades
- Invest in larger improvements such as PV array, EV charging, lawn conversion, etc.

- Replace building equipment that reaches end-of-life

Slide graphic provided by LRS Architects.

Total costs
20-year period

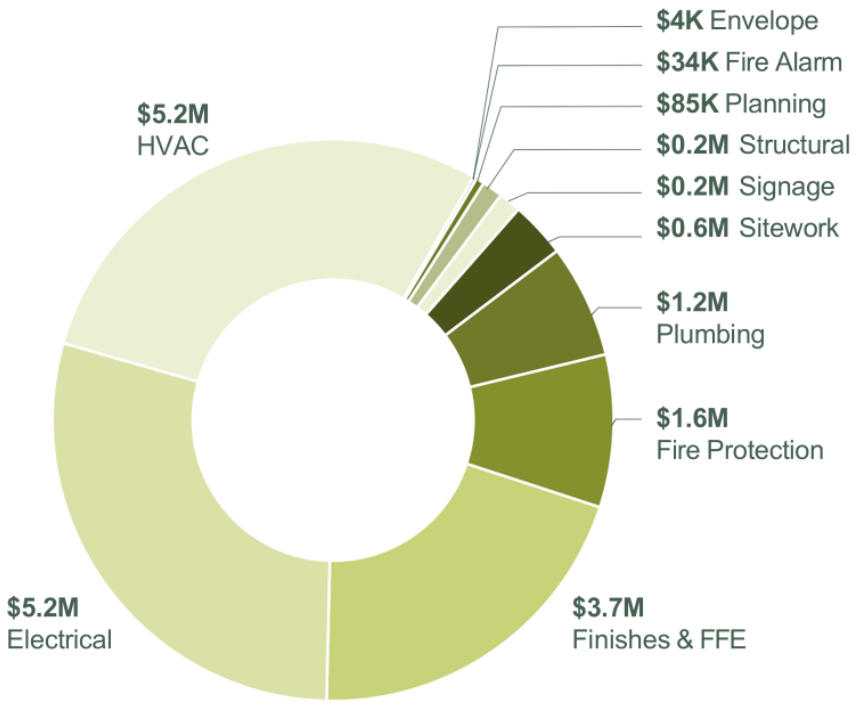
TOTAL COSTS

Over 20-year Period

60% of costs are in HVAC and electrical

20% of costs are in Finishes and Furniture Fixtures & Equipment (FFE)

Planning includes a geotechnical study, Tier 3 structural analysis, and building performance standards evaluation



Slide graphic provided by LRS Architects.

Key takeaways and next steps
Explore the flexibility of the roadmap

Key takeaways:

- Preserve a valuable trust-owned asset.
- Address risks and obligations proactively.
- Align facility with modern office space.
- Explore productive use of underutilized space.

Next steps:

1. Work with the Department of Administrative Services' Capital Planning team to identify potential state agency tenants.
2. Establish maintenance and investment priorities.
3. Review recommendations from internal stakeholders.
4. Propose the scope and sequence of projects that matches PERS' long-term vision for the facility.
5. Determine the scopes and costs before future budget requests.

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Thank you.



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EXECUTIVE PRESENTATION

PERS Headquarters Long-Range Facilities Plan

OCTOBER 8, 2026

MAKERS architecture • planning • urban design
LRS ARCHITECTS

PLANNING OBJECTIVES

Long-Range Facilities Plan

Provide a strategic framework to guide near-, mid-, and long-term capital investments in the PERS HQ

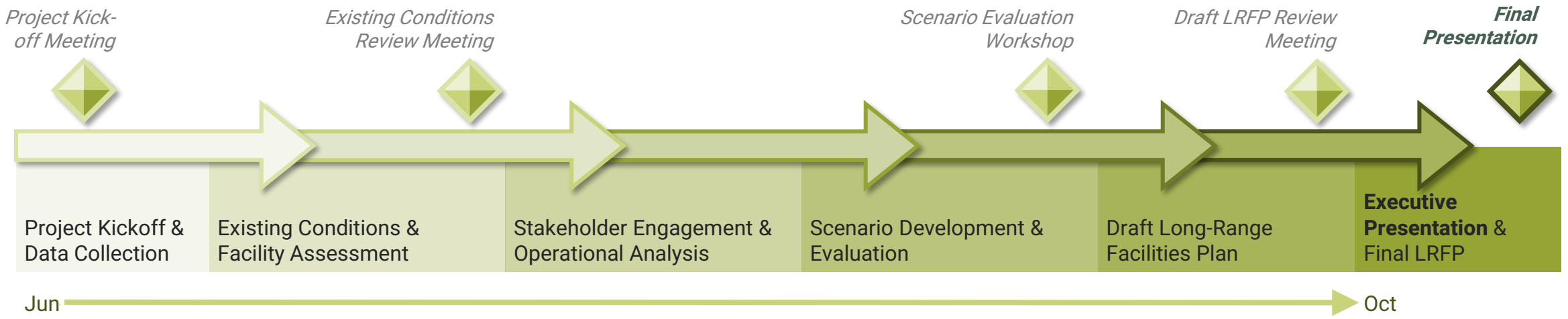
- Address maintenance liabilities, seismic resiliency, ADA accessibility, and sustainability mandates
- Incorporate a human-centered planning approach and support culture, collaboration, mission delivery, and employee experience
- Evaluate space optimization and multi-tenant feasibility



TODAY'S AGENDA

Summarize Outcomes

- Key analysis findings
- Recommendations
- Costs and phasing
- Questions and suggestions



KEY FINDINGS

SUMMARY

BUILDING CONDITION

WORKPLACE FUNCTION

SUMMARY

The Good News

PERS HQ is a 60,000 SF well-maintained building on around ~4 acres in Tigard, OR

It was constructed in 1996 and is well within its useful life

Work-from-home policies have reduced building occupancy and addressed pre-COVID capacity issues

Unused space could support state goals to reduce leased facilities



SUMMARY

The Not-so-good News

Lower occupancy post-pandemic has led to sparsely used space

Dated conditions require upgrade, notably for accessibility and seismic standards

Furnishings and layout are not aligned with modern best practices

Space utilization >50% will trigger energy efficiency upgrades



SUMMARY

Building Use

Primarily occupied by **Central Admin**, **Operations**, and **Financial Services**

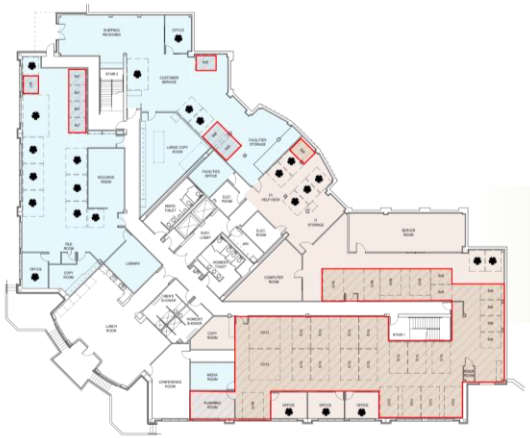
Current occupancy[1]
~40 in-person staff
~150 hybrid-work staff



Floor 3
119 workspaces



Floor 2
70 workspaces



Floor 1
61 workspaces

Current space use[2]

- Hybrid workstation
- Under-utilized space

1. *PERS org chart and leadership questionnaire*
2. *LRS space utilization analysis*

KEY FINDINGS

BUILDING CONDITION[1]

Building systems are in fair condition

Original finishes and furnishings are showing age

Accessibility deficiencies throughout

Building lacks electrical submetering for leasing

Geotechnical and Tier 3 seismic evaluations needed to identify projects to meet Life Safety standards





1. *Comprehensive Needs Assessment 2026 (LRS, Interface, HHPR)*

WORKPLACE FUNCTION

Comfort, Amenities, and Security

Lacks acoustic separation and areas for phone calls and small meetings

Common spaces can feel unwelcoming

Fluorescent lighting can be harsh

IT Helpdesk area needs improvement

Accommodating a state agency tenant(s)

- PERS is not integrated with DAS security system
- Will require a security partition, separate reception, and separate network infrastructure
- Will trigger energy efficiency updates



RECOMMENDATIONS

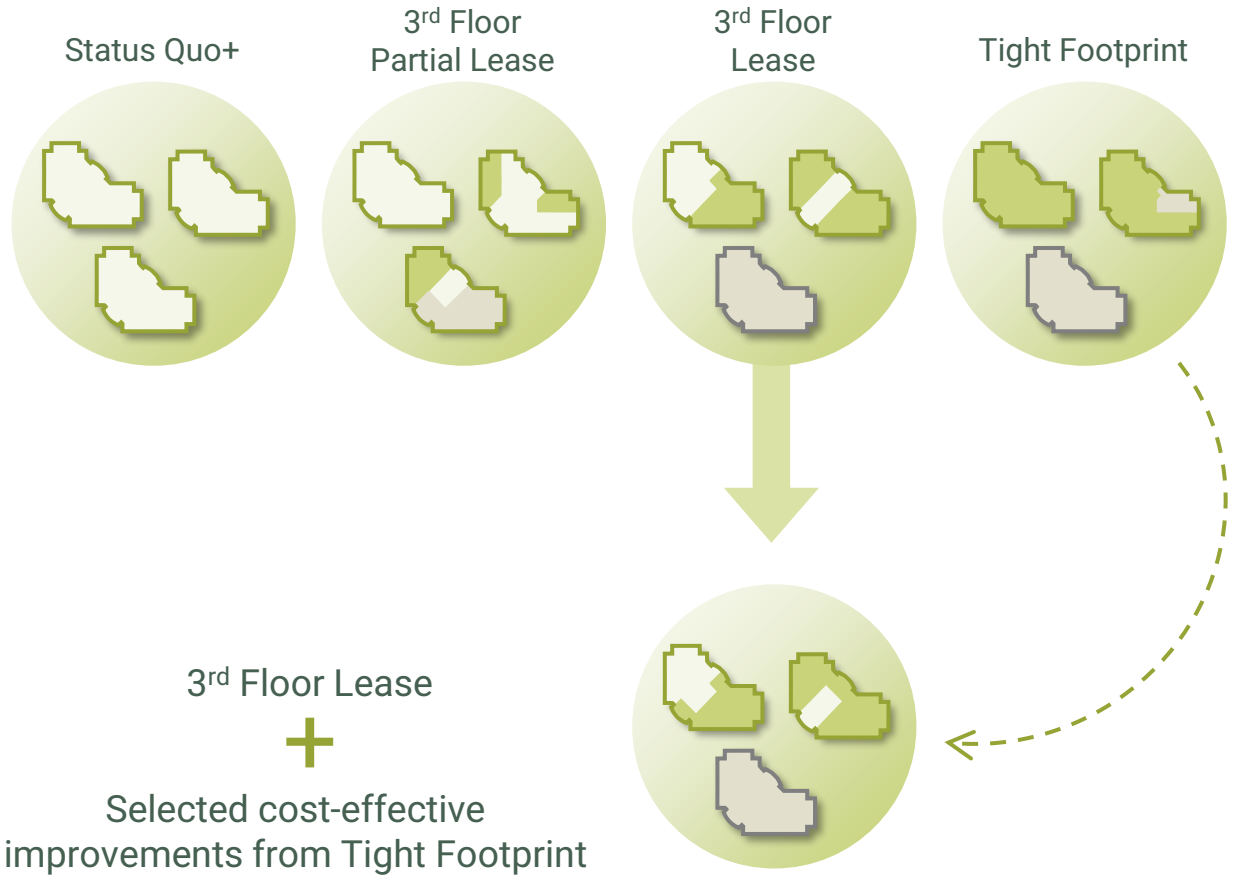
ALTERNATIVES EVALUATION
KEY INVESTMENTS

ALTERNATIVES EVALUATION

Evaluated four scenarios relative to their function, complexity, risk, and value

Selected a hybrid of 3rd Floor Lease and Tight Footprint

- Offers a high value while minimizing risk and staff disruption
- Includes cost effective improvements that support culture, collaboration, mission delivery, and employee experience
- Optimizes space and addresses resiliency, accessibility, and sustainability mandates



KEY INVESTMENTS

Refresh Building & Address Mandates

- Clean or replace furnishings
- Repair and upgrade interior and exterior finishes
- Complete fire life safety, ADA compliance, seismic, and energy efficiency upgrades
- Replace interior and add parking lot lighting
- Replace building signage
- Convert lawn to drought tolerant plants
- Add EV charging and roof solar panels









KEY INVESTMENTS

Prepare to Lease & Update Workspace

Relocate Floor 3 personnel to Floors 1 and 2; add phone booths and offices

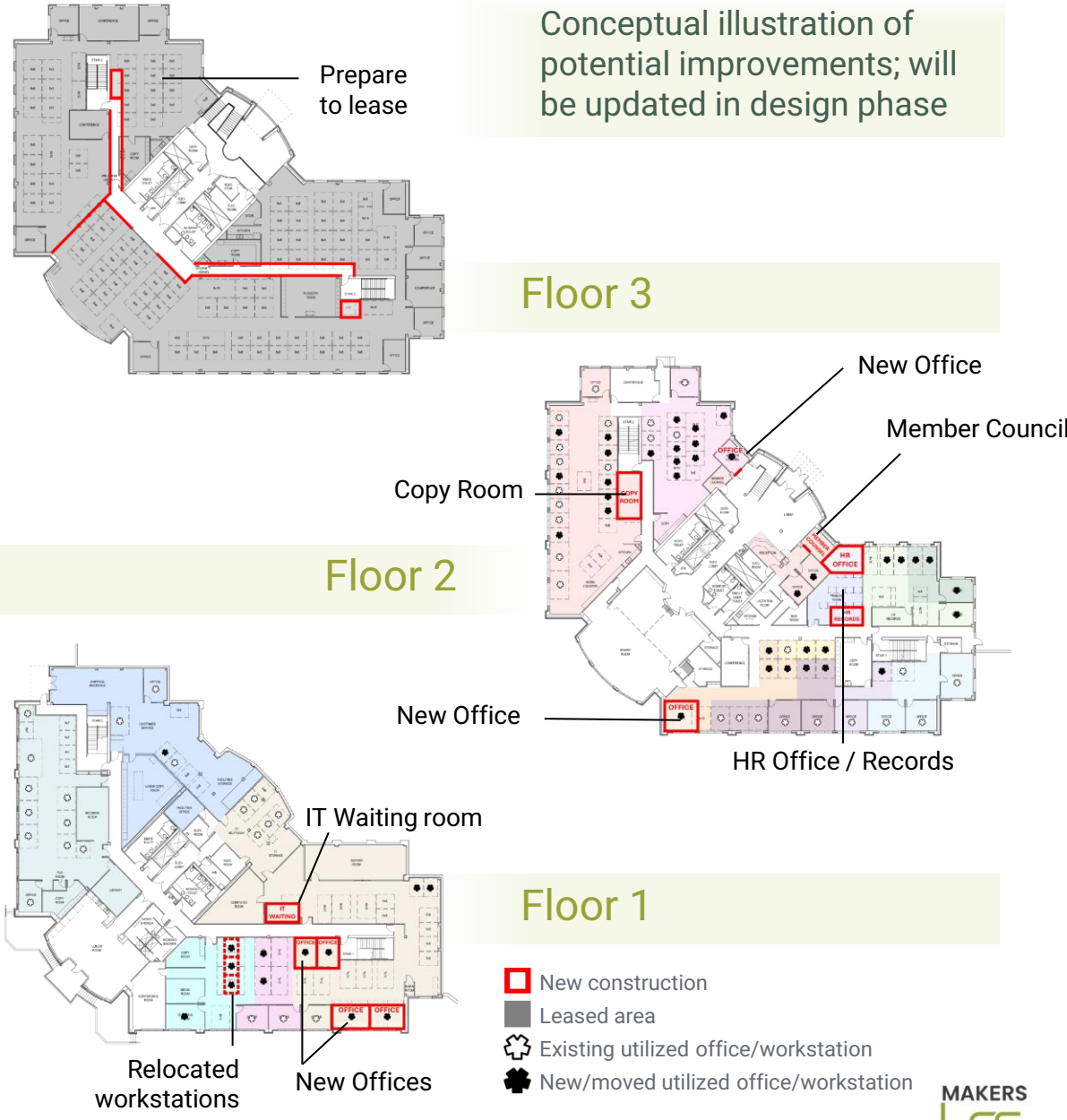
Submeter electrical, and construct 3rd floor demising wall and tenant IDF rooms

Convert Training Room to HR zone; expand OD Benefits Prep office

Replace lobby furniture; add glass partition to reception desk

Build work/copy room; upgrade lunchroom and break area furniture

Update IT/Help Desk space and waiting room



OTHER INVESTMENTS

Highest Cost Building Systems Replacements

Electrical – main switchboard, panelboards, generator

Fire Protection – wet system steel piping and fittings, sprinkler heads

HVAC – central exhaust and roof top units

Plumbing – piping replacements, water closet









COSTS & PHASING

KEY ASSUMPTIONS
TOTAL COSTS
PHASING STRATEGY
COSTS & REVENUES

KEY ASSUMPTIONS

- Costs are ROM estimates for planning, rounded, and escalated 5%/year[1]
- Costs do not include leased space tenant improvements, seismic upgrades, or energy efficiency upgrades beyond lighting replacements, occupancy sensors, and automatic shades
- Lease revenues are estimated at $23.58/sf/year[2] and $28.60/sf/year[3] escalated at 4%/year
- Lease revenues begin in 2031
- DAS provides PM services for major projects; costs accounted for in 40% soft costs[4]
- DAS to support lease at a cost estimated at 0.5% of lease revenue
- One Facilities Operations Specialist 2 added at a total cost of $137,495/year escalated at 3%/year

1. *Project costs are escalated to year one of their targeted phase; exact implementation year will be set by PERS*
2. *CoStar (2026) market rate for the property, provided by DAS via Cushman & Wakefield*
3. *Uniform office lease rate provided by DAS*
4. *Architect and engineer design fees, consultant fees, inspection and testing fees, plan check fees, state sales tax, financing costs, owner's management, owner's contingency, and other typical development costs*

TOTAL COSTS

Over 20-year Period

$18 M total costs

50% for functional improvements, preparing to lease, and meeting mandates

50% for building system replacements



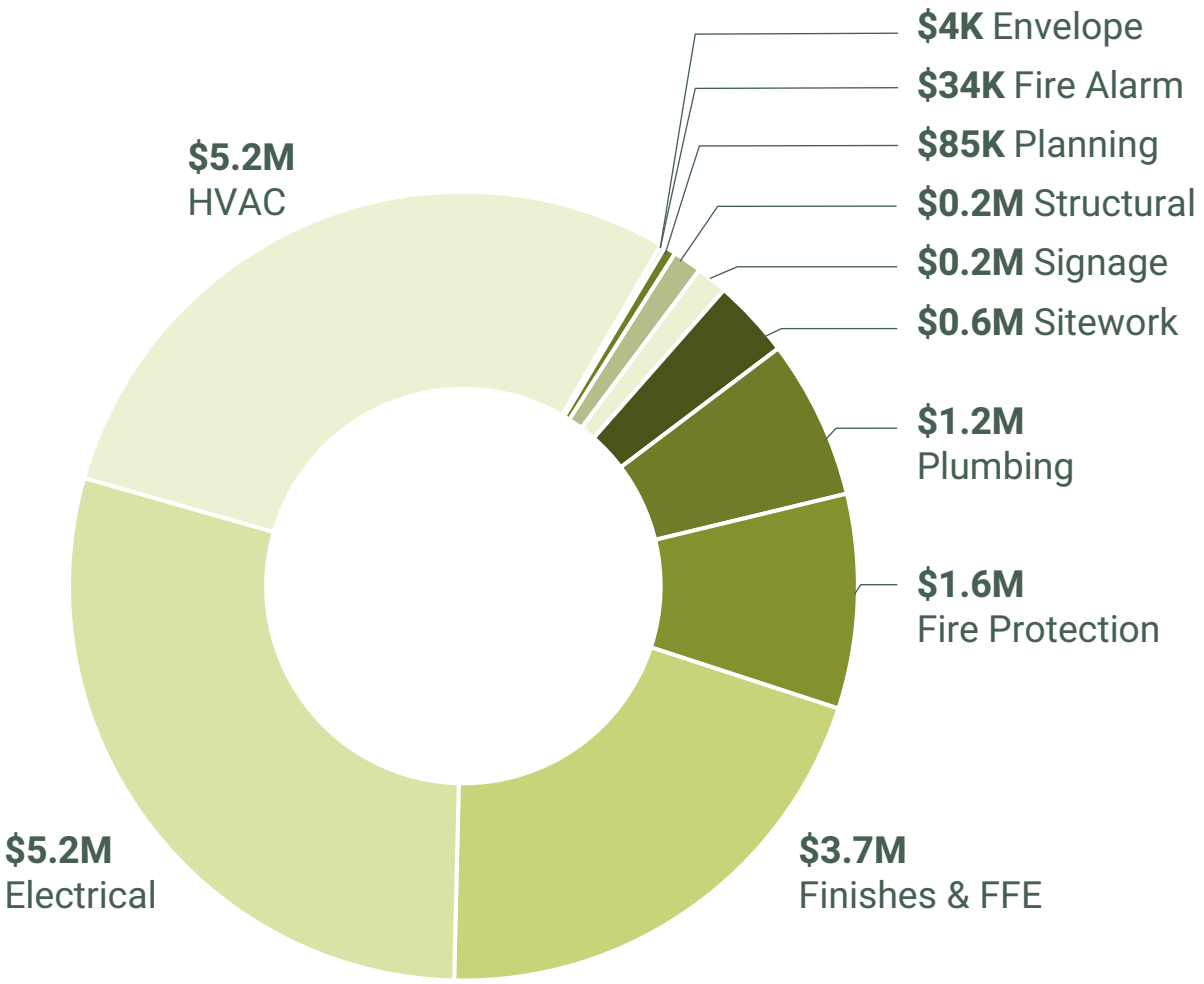
TOTAL COSTS

Over 20-year Period

60% of costs are in HVAC and electrical

20% of costs are in Finishes and Furniture Fixtures & Equipment (FFE)

Planning includes a geotechnical study, Tier 3 structural analysis, and building performance standards evaluation



PHASING STRATEGY

Initial Actions & Near-term
2027-2032

- Complete seismic evaluation
- Execute cost effective improvements to PERS space
- Comply with State mandates and explore revenue generation opportunities

Medium-term
2033-2036

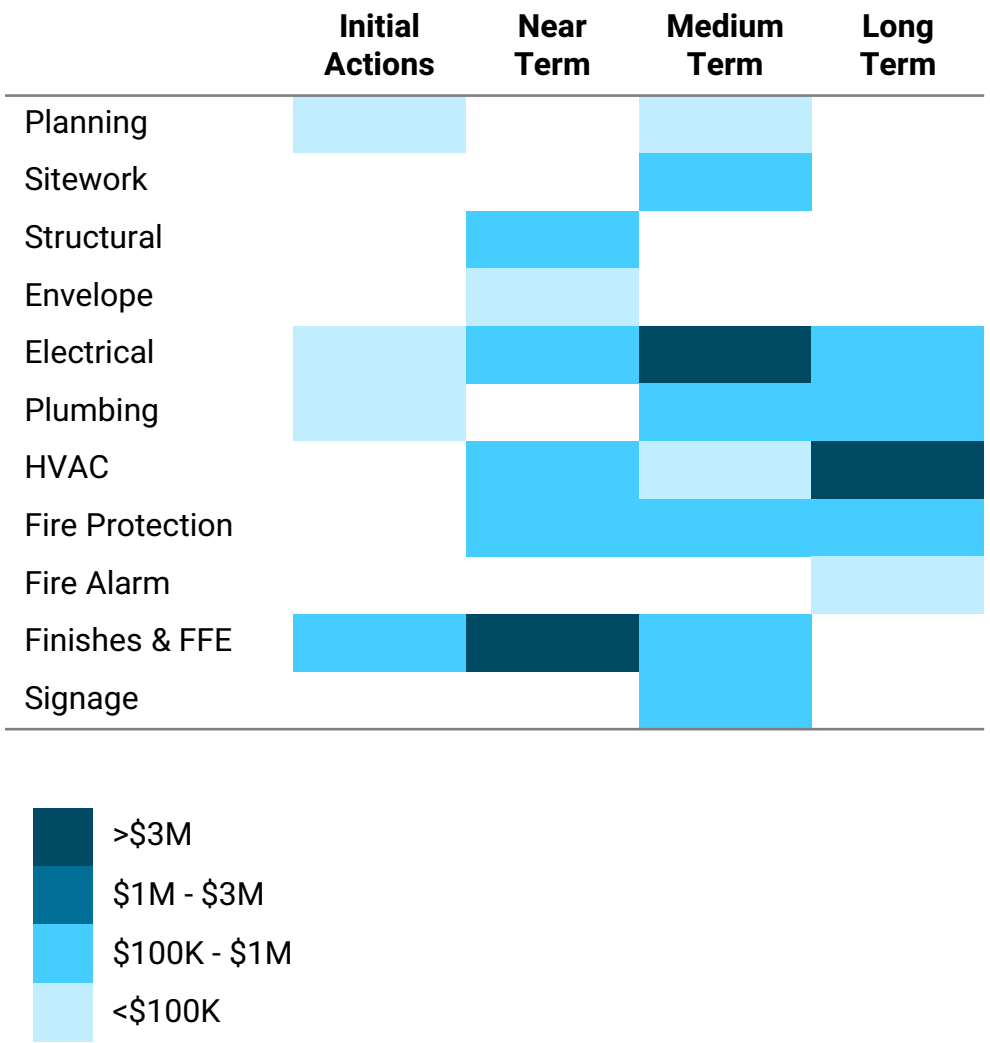
- Complete energy efficiency upgrades
- Invest in larger improvements such as PV array, EV charging, lawn conversion, etc.

Long-term
2037-2046

- Replace building equipment that reaches end-of-life

COSTS BY PHASE & DISCIPLINE

- **Initial actions** include seismic studies and new offices, technology and common area furniture
- **Near-term** improves the building interior and meets mandates, replaces exhaust fans
- **Medium-term** highest cost items include EV charging and adding a solar array
- **Long-term** highest cost items include end-of-life replacement of the central HVAC units



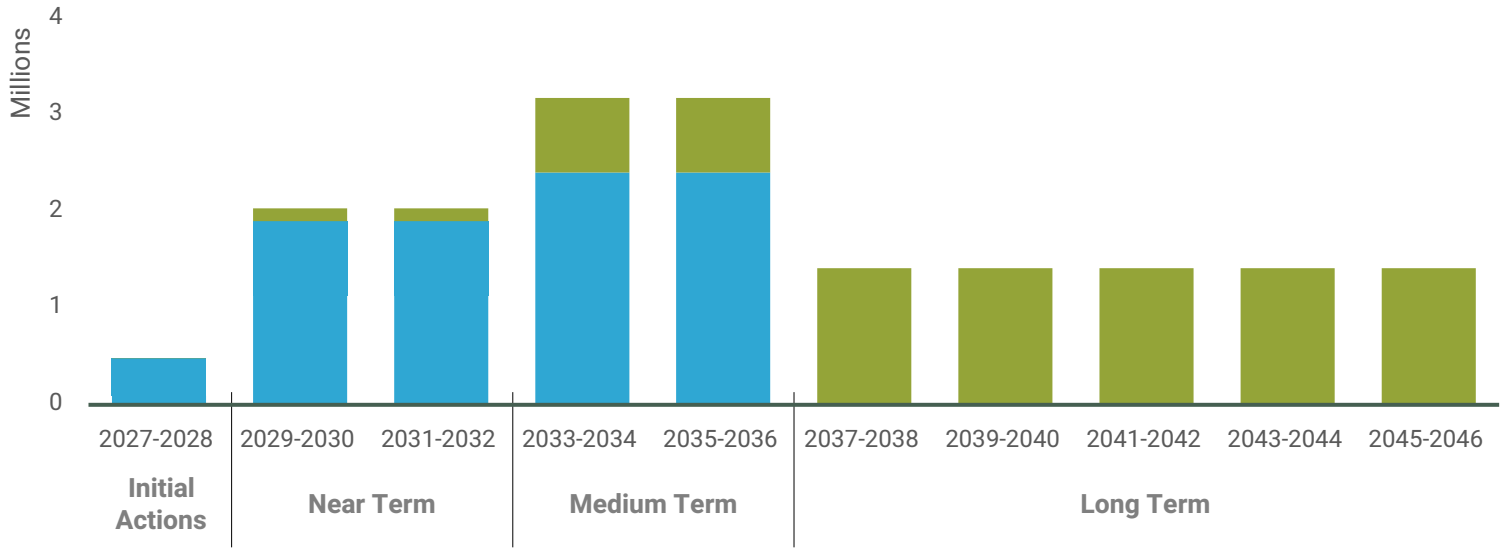
COSTS BY BIENNIUM

Spread Evenly Over Each Phase

Consolidate and prepare for leasing

Meet State mandates and improve function

Replace building systems at end-of-life



TOTAL COSTS/REVENUES

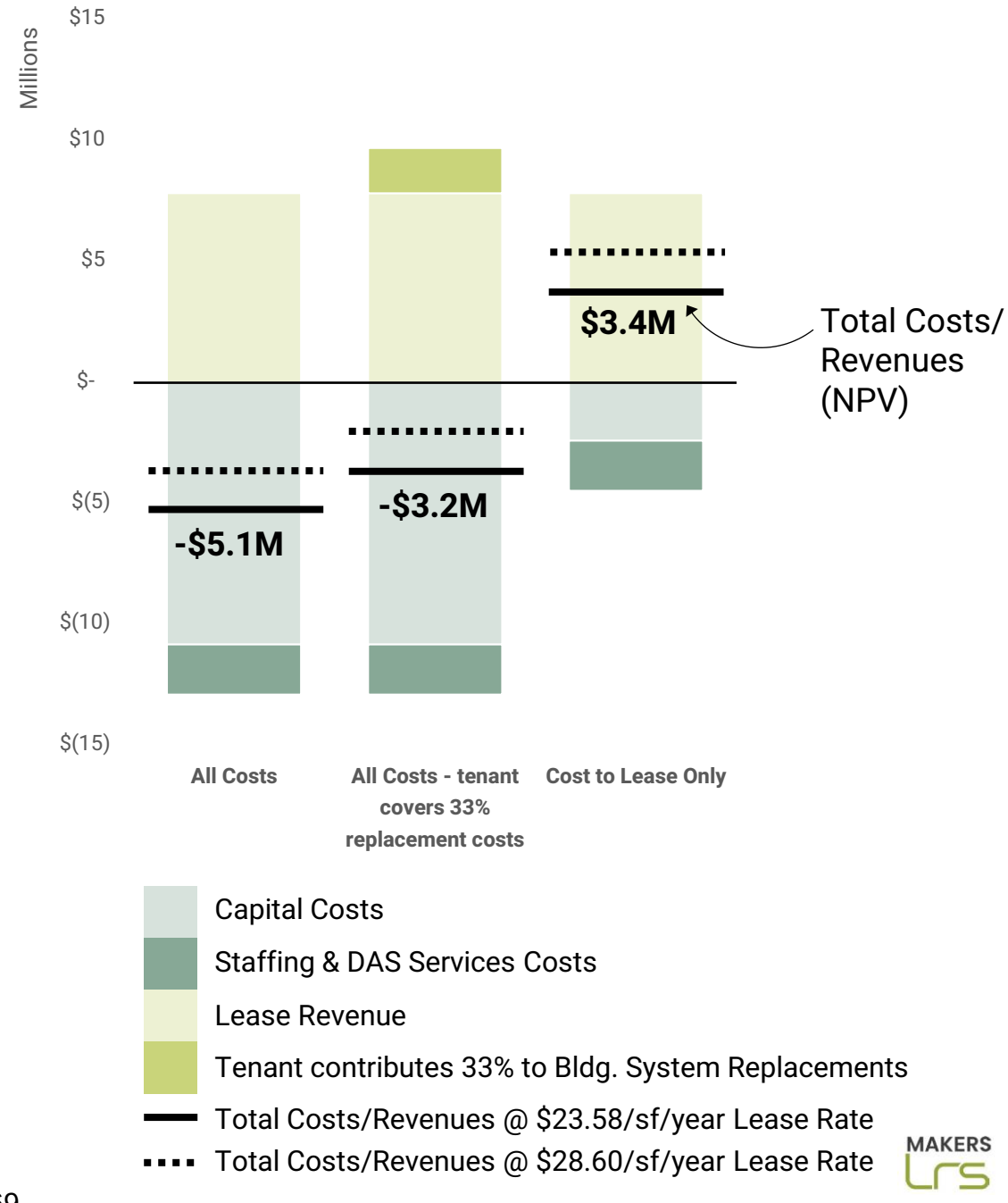
Over 20-years, Expressed in Net Present Value (NPV)[1]

~60% of total costs covered by lease revenues

$1.7M NPV added at the higher lease rate

$1.9M NPV added if tenant contributes to building system replacements starting in 2033

$3.4M NPV total revenues from leases relative to costs to bring in 3rd floor tenant(s)



1. *NPV is the present value of future expenditures and revenues, calculated using a 5.5% discount rate*

SUMMARY

YOUR LONG-RANGE FACILITIES PLAN

Provides a framework for 20-years of phased investments in the PERS HQ

Updates workspace to improve collaboration, mission-delivery, and employee and customer experience

Optimizes space use to support state agencies in terminating non-state leases

Brings building into compliance with ADA, energy resilience, and seismic standards

Plans for end-of-life equipment replacements



OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

QUESTIONS OR SUGGESTIONS?

Thank You!

C.

A. Administration

1. September 25, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Governor's Expectations update
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

1. Notice of rulemaking for using X as a valid signature
2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. **Benefits-in-Force Reserve Account policy changes**
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
5. Financial Modeling

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Oregon
Tina Kotek, Governor

Public Employees Retirement System
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Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
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www.oregon.gov/pers

December 4, 2026

TO: Members of the PERS Board

FROM: Richard Horsford, Chief Financial Officer
Jake Winship, Actuarial Activities Manager
Matt Graves, Financial Reporting Manager

SUBJECT: Benefits-in-Force (BIF) Reserve Account

OVERVIEW

- Issue identified
- Background
- Funding trends
- Specific reasons for problems identified and potential solutions

ISSUE IDENTIFIED

The Benefits-in-Force (BIF) Reserve Account was established to pay out benefits and is funded by transfers from employer and member reserves each time a Tier One/Tier Two member retires, based on assumptions and known facts and circumstances at the date of retirement. Earnings are credited each year to the BIF Reserve as a whole in accordance with Oregon Administrative Rule (OAR) 459-007-0005(16) and Oregon Revised Statute (ORS) 238.670(2). Oregon Public Service Retirement Plan (OPSRP) retirees and their benefits-in-force are addressed in item number 5 in the “problems identified” section of this memo.

The BIF Reserve balance has depleted by half over the last four years to roughly $10 billion after earnings crediting, as of December 31, 2025. With close to $6 billion a year in benefit payments coming out annually, and roughly $2.5 billion in retirement transfers coming in from employer and member reserve accounts annually, earnings crediting has not been sufficient to bridge the gap between the inflows and outflows. Calculations show that earnings would need to be 35% or more to simply maintain the $10 billion BIF Reserve balance going forward.

BACKGROUND – HOW THE BIF WORKS

Statute:

ORS 238.670, attached, authorizes the PERS Board to set aside earnings into one or more reserve accounts to prevent deficits in funds available to pay retirement benefits. Reserves are funded out of investment income, employer and member contributions, and reserve-to-reserve

transfers. The reserve directive set forth in ORS 238.670 that underpins today's benefit-related reserve accounts at Oregon PERS was first established by statute in 1953 as ORS 237.281.

Business Rule (BR):

Business Rule 2394 is reproduced here for the board's convenience (italics added for emphasis) and attached to the memo in its original form. Business rules provide further guidance to PERS staff regarding business processes and interpreting statute and administrative rule.

> BR 2394 - Overview for Funding of Reserves for PERS Chapter 238 Program Benefits
>
> A. The PERS Chapter 238 Program fund and reserves are established for the purpose set by Oregon statute. Service, disability, death, and other retirements or benefits are funded by the reserves established at benefit inception. (ORS 238.670, 238A.353; OAR 459-007-0005 and 0070).
> B. The funding sources of the PERS Chapter 238 Program are member contributions, employer contributions, the members' applied Employee Pension Stability Account (EPSA) when applicable, and investment earnings.
> C. Benefits-in-Force Reserve
> 1. The Benefits-in-Force Reserve is established to pay future retirement benefits for a member's lifetime. The Benefits-in-Force Reserve funds a retiree's monthly retirement allowances, lump sum benefits, monthly Police and Firefighter (P&F) unit benefits, annual salary (AS) refund, and total lump-sum benefits.
> 2. The funding of the Benefits-in-Force Reserve comes from:
> a. Individual member accounts at benefit inception.
> b. Earnings credited to the Benefits-in-Force Reserve by the PERS Board on an annual basis.
> *c. The employer reserve accounts and the member's EPSA applied to defray part of the employers' cost (BR 2448 [citation]).*

Reasons for, and the effects of, the BIF Reserve:

- **Pooling of retiree longevity risk:** By pooling the BIF Reserve and allocating it out to the State and Local Government Rate Pool (SLGRP), School Districts Pool, and Independent employers for the purposes of contribution rate calculations, any anomalies in retiree mortality are smoothed across employers. This pooling of retiree mortality risk among all PERS employers efficiently and inexpensively mitigates longevity risk across a large pool of retirees. Longevity risk is much harder to mitigate for a single retiree or a small standalone employer.
- **Accounting integrity:** The BIF Reserve provides discrete accounting for benefits paid to Tier One and Tier Two members.

Reserves are credited based on administrative rules:

• OAR 459-007-0001: Defines earnings and interest distributions.

• OAR 459-007-0005: Defines how earnings are credited to reserves:

- Earnings are credited each year as of December 31.
- Earnings are allocated to specific reserve in the order specified by rule.

How the BIF Reserve operates in PERS' systems:

The BIF Reserve is an account maintained in the general ledger (GL). This account is funded when a PERS 238 (Tier One or Tier Two) member retires, by a process programmed into jClarety that generates GL transactions. This process calculates the present value of future benefit payments at the date of retirement based on factors such as the member's tier, retirement option, service credit, final average salary, assumptions about mortality, and the assumed rate at the date of retirement. Notably, that determination of present value amount for the reserve-to-reserve transfer is a calculation **excluding future cost-of-living adjustments (COLA)**.

The present value of future benefit payments, not including COLA, is then transferred to the BIF Reserve from the member's reserve account and the employer reserve accounts for each employer the member had creditable service with.

No adjustment is made to the BIF Reserve at the member level after the initial transfer at retirement, regardless of changes made by the PERS Board to assumptions, benefit increases due to COLAs, or investment or mortality experience differing from assumptions in effect at time of reserve-to-reserve transfer.

Earnings are credited each year to the BIF Reserve as a whole in accordance with OAR 459-007-0005(16) and ORS 238.670(2).

When a member retires, actual pension benefits paid to the member (**including COLA**) are charged to the BIF Reserve until the member no longer receives benefit payments.

No true-up process exists to ensure BIF funding (estimated future benefit payments plus earnings) is projected sufficiently to cover the actual costs of benefits paid out for current retirees.

Employer reserves and rate calculations:

For purposes of rate calculations, the actuaries allocate the BIF at the pool level (SLGRP, School Districts, and Independents) based on proportionate share of total Tier One/Tier Two retiree present value of benefits at each valuation. That present value calculation **includes COLA effects**. Independents are essentially pooled for this purpose, with each independent employer allocated a portion of the BIF. The allocated BIF Reserve for each rate pool is added to that pool's employer reserve, member reserve, and EPSA balances to determine total assets for the pool.

BIF FUNDING TRENDS

While PERS recordkeeping shows the benefit reserve existed prior to 2001, one of the first published disclosures appeared in the 2001 *PERS Annual Comprehensive Financial Report*:

> The Benefit Reserve of **$15,336.4 million** as of June 30, 2001, is the amount set aside to pay future benefits. The amount needed is determined by the PERS actuary. It includes funds transferred from the employer and member reserves and earnings allocations, less amounts paid for retirements and disabilities.

Five-year data

	Earnings Crediting Memo		CY Financial Statement Data		
As of 12/31	Earnings	BIF Ending Balance after Crediting	Pension Benefits Paid	Retirement Transfers In	Net BIF Activity
2021	3,651,752,376	21,777,223,196	5,279,701,014	2,476,439,965	848,491,327
2022	(358,692,064)	18,439,881,507	5,508,099,999	2,489,902,406	(3,376,889,657)
2023	830,049,043	15,865,019,939	5,715,503,767	2,291,016,862	(2,594,437,861)
2024	655,755,301	13,029,157,494	5,837,385,725	2,290,948,526	(2,890,681,898)
2025	859,231,930	10,178,853,547	6,055,173,739	2,340,296,865	(2,855,644,944)

See Attachment 3 for Reserve Funding Trends from 2004-2025.

ISSUES IDENTIFIED

1. BIF Reserve funding occurs once, at a point in time (member's retirement) based on assumptions made at that point in time, with no future true-up at the member level.
2. The present value of projected **COLAs is excluded** in the funding of the BIF at the time of retirement, due to the following:
    a. Money match being the previously dominant retirement formula for many retirees, and
    b. A previously-stated agency goal of not having any member contributions funding COLA benefits. This leaves the COLA as an "employer-only" obligation, but there is no current mechanism to get needed money transferred into the BIF to accomplish that funding.
3. Net BIF activity between 2022-2024 when earnings rates were below the assumed rate cut the BIF balance nearly in half. As a result, the BIF Reserve would need to be credited with roughly 35% earnings to make up the funding gap between transfers for new retirements and benefit payments out to retired members.
4. The total reserves and system assets ultimately available to pay future benefits will not change with any true-up. Only the allocation of those reserves between employer accounts and the BIF Reserve would change.
5. The allocation of funding between reserves will continue to be an issue as the Tier One and Tier Two plans wind down and reserve balances diminish. The Oregon Public Service Retirement Plan (OPSRP) avoids these issues by pooling all

OPSRP experience, both demographic and investment. There are no distinct reserves in OPSRP. All contributions and earnings are deposited in the OPSRP Reserve which then also acts as one large benefits-in-force fund to pay out all OPSRP pension benefits.

6. For employers with only OPSRP payroll, the portion of the Unfunded Actuarial Liability (UAL) rate attributable to Tier One and Tier Two plans flows into the employer reserve account for those employers, which is set aside to fund Tier One and Tier Two retirements. The concern is that, for an employer with no remaining active or inactive Tier One/Tier Two members, these UAL contributions may get "stranded" in the employer reserves since there is no event triggering their migration over to BIF.

PROPOSED SOLUTIONS

Solution 1:

Step 1: Make an accounting reclassification as of December 31, 2026 reducing all employer reserves proportionally and increasing the BIF. There will be no impact on employer contribution rates as a result of this work, and no overall impact to the total net position of the fund as a whole.

Step 2: Develop a prospective solution that will true up the BIF reserves over a specified period of time, with a stated end goal of having Tier One and Tier Two reserves in one account, similar to OPSRP, by the time the last active member of those plans has retired.

Solution 2:

Direct staff to make other changes to the accounting classifications or explore other options.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt the changes outlined in proposed solution #1.
2. Direct staff to make other changes to the accounting classifications or explore other options.

STAFF RECOMMENDATION

Staff recommends the board choose option #1.

C.3. Attachment 1 – *ORS 238.670*

C.3. Attachment 2 – *BR 2394*

C.3. Attachment 3 – *Funding Trends 2004-2025*

C.3. Attachment 4 – *Benefits-in-Force (BIF) Reserve presentation*

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

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

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

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

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

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

Business Rule 2394 BR Family 3700.100.005

Section/Division: FASD
Writer: D Alrick
Date Created: 10/02/2018
Date Modified: 05/03/2023
Date Finalized: 05/03/2023
Status: Refinalized

Name:
Overview for Funding of Reserves for PERS Chapter 238 Program Benefits

Type: Constraint

ORS Reference:
238.200 Employee contributions generally
238.225 Employer contributions
238.255 Credits to employee accounts when earnings less than assumed interest rate
238.515 Contributions
238.670 Reserve accounts in fund

OAR Reference:
459-007-0001 Definitions
459-007-0070 Crediting Earnings at Tier One Service or Disability Retirement
459-007-0003 Determination of Tier One Year-to-Date Calculation
459-007-0005 Annual Earnings Crediting

Other Sources:

Abstract:
Reserves are established at benefit inception to fund a PERS Chapter 238 Program member's monthly or lump sum benefit. The employer reserves amount is based on the Option 1 current service pension less any EPSA applied to defray the cost of benefits. The employee reserves are based on the member's account balance.

Processes:
BP52 - Maintain Benefit Reserves
BP48 - Maintain Member and Employer Reserves

Effective Date:

Clarification:

A. The PERS Chapter 238 Program fund and reserves are established for the purpose set by Oregon statute. Service, disability, death, and other retirements or benefits are funded by the reserves established at benefit inception (ORS 238.670, 238A.353; OAR 459-007-0005 and 0070).

B. The funding sources of the PERS Chapter 238 Program are employee contributions, employer contributions, the member's applied EPSA when applicable, and earnings.

1. A PERS Chapter 238 Program member account is established for members who made contributions before 1/1/2004. Non-judge member contributions to the Chapter 238 Program member account ended 1/1/2004, and at that time non-judge member contributions were 6 percent of subject salary. Judge members continue to contribute 7 percent of subject salary (BR 0367, BR 1672).

2. A member's calculated employer reserves are reduced by the member's EPSA balance at benefit inception up to the amount of the member's EPSA funding limit. The resulting employer reserves are the adjusted employer reserves. Any remaining EPSA is EPSA excess, which is paid out to the member or their beneficiary (BR 2448) (ORS 238A.353).

3. Employer contributions are actuarially determined to accumulate and fund the obligations of an employer when due (BR 0103).

4. Earnings from investments are credited to member and reserve accounts each calendar year (OAR 459-007-0005).

C. Benefits-in-force reserve.

1. The benefits-in-force reserve is established to pay future retirement benefits for a member's lifetime. The benefits-in-force reserve funds a retiree's monthly retirement allowances, lump sum benefits, monthly P&F unit benefits, AS refund, and total lump sum benefits.

2. The funding of the benefits-in-force reserve comes from:

   a. Individual member accounts at benefit inception.

   b. Earnings credited to the benefits-in-force reserve by the PERS Board on an annual basis.

   c. The employer reserve accounts and the member's EPSA applied to defray part of the employers' cost (BR 2448).

The detailed source references included in the Clarification of this Business Rule are correct as of May 3, 2023, which is the date finalized for this Business Rule.

Note:

Senate Bill 1049 (2019) established the Employee Pension Stability Account (EPSA) to offset the employer's cost of providing benefits by redirecting a portion of a member's Individual Account Program contributions to the member's EPSA. A member's EPSA balance is applied to employer reserves at the member's retirement or the inception of a pre-retirement death benefit until the EPSA funding limit is reached. Any EPSA excess is subsequently refunded to the member or member's beneficiary (BR 2448).

BR references

TopTeam ID	BR	Title/Name
BRTT-11131	BR0103	Employer Contribution Rate for the PERS Chapter 238 Program
BRTT-12015	BR0367	Judge Member Contributions to the PERS Chapter 238 Program
BRTT-12189	BR0915	Calculate Whole Dollars (Annuity Reserves) for a PERS Chapter 238 Program Member Retiring after an Alternate Payee - For Retirements on or before 12/01/2000
BRTT-12190	BR0916	Calculate Whole Dollars (Annuity Reserves) for a PERS Chapter 238 Program Member Retiring before an Alternate Payee - For Retirements on or before 12/01/2000
BRTT-12220	BR0969	Calculate P & F Unit Monthly Benefit for the PERS Chapter 238 Program
BRTT-11099	BR1001	Annual Earnings for PERS Chapter 238 Program Tier One Members

BRTT-11100	BR1002	Annual Earnings PERS Chapter 238 Program Tier Two Member
BRTT-11101	BR1003	Annual Earnings Crediting to Variable Accounts for PERS Chapter 238 Program Members
BRTT-11107	BR1018	Tier One Earnings for PERS Chapter 238 Program Service Retirements Effective on or after 01/01/2000 & before 04/01/2004
BRTT-11108	BR1019	Tier One Earnings for PERS Chapter 238 Program Disability Retirements Effective on or after 01/01/2000 and before 04/01/2004
BRTT-11125	BR1021	Compounding Earnings for the PERS Chapter 238 Program
BRTT-11126	BR1024	Annual Earnings Rates for PERS Chapter 238 Program Tier One Member Accounts
BRTT-11127	BR1025	Annual Earnings Rates for PERS Chapter 238 Program Tier Two Member Accounts
BRTT-11130	BR1028	Tier Two Earnings for PERS Chapter 238 Program Service or Disability Retirements
BRTT-11278	BR1672	Member's Individual Account for the PERS Chapter 238 Program
BRTT-11526	BR2244	Tier One Earnings for PERS Chapter 238 Program Service and Disability Retirements Effective On and After 04/01/2004
BRTT-11549	BR2269	Calculate Employer Reserves for the Current Service Portion of a PERS Chapter 238 Program Tier One or Tier Two Member's Retirement Benefit for Effective Retirement Dates prior to 07/01/2020
BRTT-11627	BR2395	Calculate Reserves for the Tax Remedy Benefits
BRTT-11631	BR2399	Calculate Reserves for an AS Refund Benefit for a PERS Chapter 238 Program Tier One or Tier Two Member with an Effective Retirement Date Prior to 07/01/2020
BRTT-11634	BR2400	Calculate Reserves for an Actuarial Equivalency Factor Look-Back Calculation Under the PERS Chapter 238 Program
BRTT-11635	BR2401	Calculate Reserves at Subsequent Retirement for Reinstatement of a Member's Previous Retirement Benefit Under the PERS Chapter 238 Program for Effective Retirement Dates Prior to 03/01/2006
BRTT-19741	BR2458	Calculate Employer Reserves of a PERS Chapter 238 Program Tier One or Tier Two Member's Retirement Benefit for Effective Retirement Dates on or After 07/01/2020
BRTT-19865	BR2460	Calculate Reserves for an AS Refund Benefit for a PERS Chapter 238 Program Tier One or Tier Two Member with an Effective Retirement Date on or After 07/01/2020

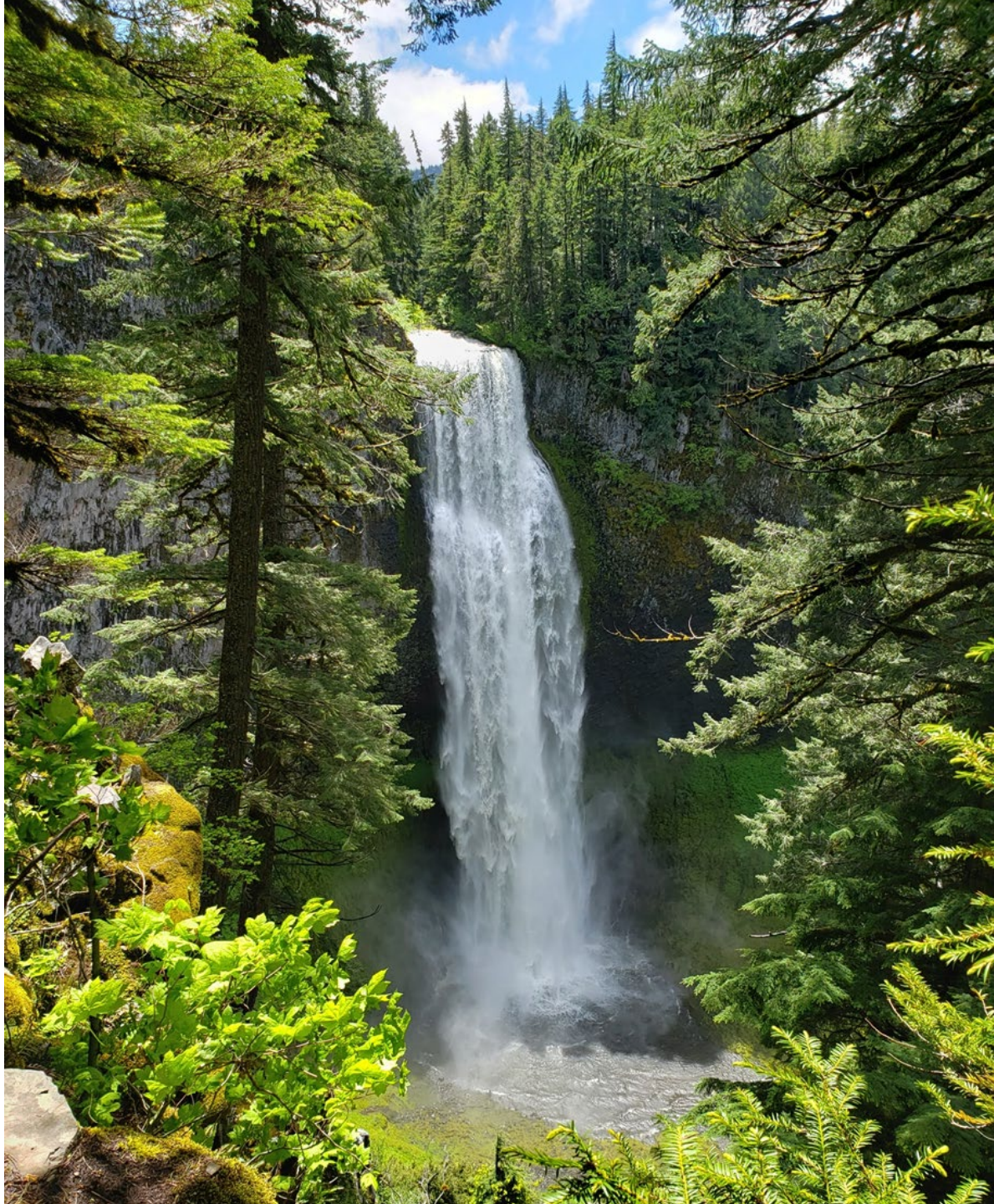
RESERVE BALANCES AFTER EARNINGS CREDITING - CALENDAR YEAR BASIS

As of 12/31,	Tier One Member Accounts	Tier One Rate Guarantee	Tier Two Member Accounts	OPSRP	EPSA	Contingency Reserve	Capital Preservation	BIF	Employer Reserves	DB Fund Total	Assumed Rate	T2 Rate (BIF, ER Rsv)	IAP	Total, including IAP	Variable
2004	6,941.9	311.4	572.4	-	-	1,398.5	460.5	17,779.3	17,691.4	45,155.4	8.00%	13.27%	-	45,155.4	N/A
2005	7,497.3	968.5	678.1	-	-	250.0	-	21,074.8	20,604.8	51,073.5	8.00%	13.86%	-	51,073.5	N/A
2006	7,439.3	1,647.7	757.0	162.2	-	300.0	-	23,285.6	23,369.4	56,961.2	8.00%	15.48%	1,526.8	58,488.0	N/A
2007	7,391.2	1,889.4	797.6	279.3	-	652.7	-	24,490.7	25,195.1	60,696.0	8.00%	9.45%	2,123.2	62,819.2	N/A
2008	7,350.3	(1,020.5)	559.3	269.3	-	653.2	-	17,169.1	18,044.0	43,024.7	8.00%	-27.30%	1,851.2	44,875.9	N/A
2009	7,028.0	(441.8)	643.9	442.0	-	653.2	-	19,693.4	20,603.6	48,622.3	8.00%	19.12%	2,725.0	51,347.3	N/A
2010	7,004.2	(207.8)	703.2	654.9	-	734.4	-	20,546.5	22,527.7	51,963.1	8.00%	2.21%	3,536.9	55,500.0	776.6
2011	6,719.5	(364.2)	692.0	836.5	-	535.3	-	20,072.7	22,098.5	50,590.3	8.00%	2.21%	3,939.7	54,530.0	820.4
2012	6,438.2	(15.0)	763.8	1,186.3	-	600.2	-	21,474.1	24,714.4	55,162.0	8.00%	14.38%	4,855.1	60,017.1	800.0
2013	5,905.0	416.5	847.2	1,626.3	-	667.7	-	23,843.9	27,577.3	60,883.9	8.00%	15.62%	5,886.4	66,770.3	819.5
2014	5,591.1	439.7	871.9	2,021.6	-	651.2	-	23,806.9	29,003.8	62,386.2	7.75%	7.24%	6,529.7	68,915.9	753.5
2015	5,314.0	167.5	853.3	2,387.7	-	588.6	-	22,328.6	29,140.3	60,780.0	7.75%	1.87%	6,872.4	67,652.4	646.6
2016	4,888.0	180.8	875.2	3,006.6	-	583.7	-	22,011.7	30,287.6	61,833.6	7.50%	7.15%	7,347.8	69,181.4	595.9
2017	4,200.5	510.5	960.5	4,111.1	-	50.0	-	24,542.5	33,446.5	67,821.6	7.50%	15.23%	8,912.6	76,734.2	598.5
2018	3,910.3	257.6	917.6	4,776.1	-	50.0	-	21,936.9	33,427.1	65,275.6	7.20%	0.23%	8,732.0	74,007.6	458.0
2019	3,532.8	492.0	987.2	6,264.2	-	50.0	-	22,070.4	37,517.8	70,914.4	7.20%	13.27%	10,040.6	80,955.0	485.9
2020	3,138.0	526.8	1,042.9	7,548.9	-	50.0	-	20,846.2	40,002.2	73,155.0	7.20%	7.18%	11,230.0	84,385.0	434.3
2021	2,761.1	966.4	1,143.2	10,138.2	261.6	50.0	-	21,777.3	49,054.7	86,152.5	7.20%	20.14%	12,997.8	99,150.3	416.7
2022	2,393.3	745.0	1,036.3	10,886.3	391.9	50.0	-	18,439.7	48,270.3	82,212.8	6.90%	-1.91%	12,352.5	94,565.3	251.6
2023	2,107.1	750.0	1,035.7	12,688.8	557.1	50.0	-	15,865.1	50,470.0	83,523.8	6.90%	5.52%	13,278.5	96,802.3	262.6
2024	1,849.4	751.6	1,011.0	14,828.4	724.9	50.0	-	13,029.2	52,735.5	84,980.0	6.90%	5.29%	14,241.4	99,221.4	251.2
2025	1,784.1	848.1	1,029.1	17,944.3	917.7	50.0	-	10,178.9	57,572.8	90,325.0	6.90%	9.21%	15,919.7	106,244.7	258.4

OREGON
PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Benefits-in-Force (BIF) Reserve Funding

December 4, 2026



What is the Benefits-in-Force (BIF) Reserve?

The Benefits-in-Force (BIF) Reserve Account was established to pay out benefits and is funded by transfers from employer and member reserves each time a member retires, based on assumptions and known facts and circumstances at the date of retirement.

Earnings are credited each year to the BIF Reserve as a whole in accordance with Oregon Administrative Rule (OAR) 459-007-0005 (16) and Oregon Revised Statute (ORS) 238.670 (2).

BIF Reserve funding issue

The BIF Reserve balance has depleted by half over the last four years to roughly $10 billion after earnings crediting as of December 31, 2025.

With close to $6 billion a year in benefit payments coming out annually, and roughly $2.5 billion in retirement transfers coming in from employer and member reserve accounts annually, earnings crediting has not been sufficient to bridge the gap between the inflows and outflows.

Earnings would need to be 35% or more to simply maintain the $10 billion BIF reserve balance going forward.

How the BIF works

- **Estimated** transfers into the BIF from employer and member reserves at retirement
- Transfers do not account for cost-of-living adjustments
- **Actual** earnings get credited annually
- **Actual** benefit payments are deducted
- No true up has ever happened

BIF Reserve funding trends

	Earnings Crediting Memo		CY Financial Statement Data		
As of 12/31	Earnings	BIF Ending Balance after Crediting	Pension Benefits Paid	Retirement Transfers In	Net BIF Activity
2021	3,651,752,376	21,777,223,196	5,279,701,014	2,476,439,965	848,491,327
2022	(358,692,064)	18,439,881,507	5,508,099,999	2,489,902,406	(3,376,889,657)
2023	830,049,043	15,865,019,939	5,715,503,767	2,291,016,862	(2,594,437,861)
2024	655,755,301	13,029,157,494	5,837,385,725	2,290,948,526	(2,890,681,898)
2025	859,231,930	10,178,853,547	6,055,173,739	2,340,296,865	(2,855,644,944)

- As of **12/31/2025** – BIF reserves totaled **$10.2 billion**
- As of **12/31/2025** – Employer reserve balances totaled **$57.6 billion**
- Oregon Public Service Retirement Plan has a separate reserve account out of which benefits are paid

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Retiree liability ratio versus BIF ratio

Tier One/Tier Two Liabilities

	Actuarial Valuation as of 12/31/2005		Actuarial Valuation as of 12/31/2025	
	Total	% of Total		
Active	18,851.8	38.3%	17,052.1	19.0%
Inactive	4,186.5	8.5%	3,696.8	4.1%
Retirees	26,201.9	53.2%	68,883.6	76.9%
Total	49,240.2	100.0%	89,632.5	100.0%

Tier One/Tier Two BIF and Employer Reserves

	Actuarial Valuation as of 12/31/2005		Actuarial Valuation as of 12/31/2025	
BIF	21,074.8	50.6%	10,178.9	15.0%
Employer	20,604.8	49.4%	57,572.8	85.0%
Total	41,679.6		67,751.7	

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Retiree liability ratio versus BIF ratio

Tier One/Tier Two Liabilities (in billions)

	Actuarial Valuation as of			
	12/31/2005		12/31/2025	
	Total	% of Total		
Active	$ 18,851.8	38.3%	$ 17,052.1	19.0%
Inactive	4,186.5	8.5%	3,696.8	4.1%
Retirees	26,201.9	53.2%	68,883.6	76.9%
Total	$ 49,240.2	100.0%	$ 89,632.5	100.0%

Tier One/Tier Two BIF and Employer Reserves (in billions)

	Actuarial Valuation as of			
	12/31/2005		12/31/2025	
BIF	$ 21,074.8	50.6%	$ 10,178.9	15.0%
Employer	20,604.8	49.4%	57,572.8	85.0%
Total	$ 41,679.6		$ 67,751.7	

76.9% of Tier One/Tier Two BIF/ER Reserves	$ 52,068.0
Transfer needed from ER Reserves to BIF	$ 41,889.1

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Staff recommendations

- Make an accounting reclassification as of December 31, 2026 reducing employer reserves proportionally and increasing the BIF, with stated goals to ensure no impact on employer contribution rates as a result of this work.

- Develop a prospective solution that will true up the BIF reserves over a specified period of time, with a stated end goal of having Tier One and Tier Two reserves in one account, similar to the Oregon Public Service Retirement Plan, by the time the last active member of those plans has retired.

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Thank you



C.

A. Administration

1. September 25, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Governor's Expectations update
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

1. Notice of rulemaking for using X as a valid signature
2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
4. **Presentation of Legislative Concepts and appointment of Legislative Advisory Committee**
5. Financial Modeling

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Oregon
Tina Kotek, Governor

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December 4, 2026

TO: Members of the PERS Board

FROM: Heather Case, Senior Policy Advisor

SUBJECT: Presentation of Final Legislative Concept Drafts and Legislative Advisory Committee

LEGISLATIVE UPDATE

The 2027 Legislative Session will begin January 19, 2027 and must constitutionally end by June 27, 2027. PERS is prepared to introduce its agency bills, and to provide information to legislators regarding any bills that come forward involving PERS.

SEPTEMBER LEGISLATIVE DAYS

September legislative days took place September 8, 2026 through September 10, 2026. During this time, PERS provided a report as instructed by the Legislature from June 2026 on the agency's cloud-based computing strategy and costs. This was a written report only and was acknowledged *en bloc* with other consent report items by the Full Interim Joint Emergency Board during this time.

DECEMBER LEGISLATIVE DAYS

December legislative days were held on December 1, 2026 through December 3, 2026. PERS did not present any items or make any requests during this time.

AGENCY LEGISLATION- 2027 SESSION

PERS will be submitting four agency bills for consideration in the 2027 legislative session. The substance of these bills has not changed since April when the board approved these concepts to move forward for drafting, except one will not be moving forward as an agency bill. The bills are summarized below and final drafts of bill language are attached for the board's convenience.

Four Individual Bills

1. Oregon Savings Growth Plan (OSGP) Auto-Enrollment for State Agencies
2. Tax Remedy Residency Certification Changes
3. Changes to Beneficiary Designations after Divorce
4. Create Uniform Employer Reporting

OSGP Auto-Enrollment for State Agencies (Attachment 1 LC 219)

Under the existing statutory provisions, eligible state employees must affirmatively elect to participate in the OSGP before a portion of their compensation is deferred for retirement savings. Under the proposed concept, an eligible state employee will be automatically enrolled in OSGP at a contribution rate equal to two percent of the employee's compensation, unless the employee elects not to participate or selects a different contribution rate. This approach makes retirement savings through the plan the default while preserving employee choice.

Employees may elect at any time to discontinue participation, change their contribution rate, or change their investments. The board must implement these elections as soon as administratively practicable. Members of the Legislative Assembly are excluded from automatic enrollment.

For automatically enrolled employees, the board must also provide advance notice explaining the default contribution rate, the default investment, the right to opt out, and the rights to select a different contribution rate or investment option. The notice must explain the procedures for making these elections. These requirements ensure employees receive information about automatic enrollment and their available choices before contributions begin. Contributions from automatically enrolled employees will be invested in a default investment option selected by the board by rule, unless the employee chooses another available option.

Participating local governments may enter into agreements with PERS for administrative services for their deferred compensation plans. Automatic enrollment would apply only if the local government expressly elects it in its agreement with PERS or an amendment to that agreement, in accordance with applicable rules.

The proposal adds a corresponding provision in ORS 652.610 permitting deductions for an employee automatically enrolled in OSGP. The employee must receive advance notice and an opportunity to opt out or modify the deduction, and the deduction must be for the employee's benefit. These changes provide express payroll authority to support automatic enrollment while preserving notice and employee choice.

Tax Remedy Residency Certification Changes (Attachment 2 LC 221)

Background: In response to the US Supreme court decision *Davis V. Michigan Dept. of Treasury*, PERS benefits became subject to Oregon income tax in 1991.

Previously, PERS benefits were not taxed by Oregon. Senate Bill (SB) 656 (1991) and House Bill (HB) 3349 (1995) were passed in 1991 and 1995, respectively, to compensate affected PERS members with a benefit increase or "tax remedy." SB 656 provides up to an additional 4% increase while HB 3349 provides an increase of up to 9.89%. Eligible Tier One members receive the greater of the two tax remedies.

In 2011, the Oregon Legislature passed HB 2456, eliminating the tax remedy for PERS members retiring after January 1, 2012, if their benefits were not subject to Oregon income tax. In 2013, SB 822 expanded this to remove the tax remedy for all retirees not subject to state income tax, regardless of retirement date. The tax remedy is only available to Tier One PERS retirees. In calendar year 2023, $207M in tax remedy was paid to approximately 100,000

recipients for an average payment of over $2,000 annually. For context, this is nearly double the $108M in total pension payments made under the OPSRP program during the same period.

Summary of Concept: Statute currently allows individuals to submit certifications indicating that their PERS pension payments will be subject to Oregon personal income tax. PERS also receives information from the Department of Revenue concerning Oregon tax filings. A person's certification that pension payments will be subject to Oregon income tax may be inconsistent with subsequent tax filing information. When that inconsistency continues for two consecutive years, accepting another certification could allow the person to establish eligibility for the tax remedy (i.e. increased benefit) despite the unresolved discrepancy.

The proposed concept targets repeated certifications that are not supported by tax filing information when the person's PERS payments meet or exceed the applicable filing threshold. A certification rejected under the new restriction is not valid for determining eligibility for the tax remedy increased benefit. A person could therefore no longer rely on another certification to establish tax remedy eligibility while the statutory conditions requiring rejection are present. The amendment retains the existing requirement that certifications be made under penalty of perjury and adds a safeguard tied to the person's prior certifications, Department of Revenue information, and pension payment amounts.

Changes to Beneficiary Designations after Divorce (Attachment 3 LC 223)

Frequently, general divorce judgements include "general revocation" language which indicate that any financial institution or "retirement plan" (generally stated) should consider a former spouse as no longer the member's beneficiary when that beneficiary was specifically named prior to the divorce. PERS does not honor "general revocation" language in divorce awards as this can, and should, be addressed on the PERS-created forms that are required to be incorporated by reference.

Currently, there is no statutory default for preretirement death benefits addressing what happens when a former spouse was previously designated as a member's beneficiary prior to a divorce proceeding. PERS seeks a statutory amendment indicating that a former spouse will be treated as predeceasing the member after a divorce has occurred unless the former spouse is designated as beneficiary in an administrable court order or the member expressly designated the former spouse after the effective date of the dissolution. This concept would apply to all pre-retired members and to retired members who elected a post-retirement non-joint-and-survivor-retirement annuity. The change mirrors how the Individual Account Program (IAP) is currently administered and is consistent with how most other financial institutions operate.

Create Uniform Employer Reporting (Attachment 4 LC 224)

Current law requires all PERS employers to report salary on an "earned when paid" (EWP) basis. However, Tier Two and OPSRP members employed by local governments are subject to a separate requirement that credits salary for final average salary based on when it is earned, or "earned when earned" (EWE) (see ORS 238.435(4) (Tier Two) and ORS 238A.130(3) (OPSRP). This separate requirement complicates calculations, requiring additional employer reporting of work-period begin and end dates. This creates administrative burden, delays, and

higher error rates among retirement calculations. Inconsistent data often requires additional manual follow-up and slows retirement processing.

LC 224 removes the local-government exception in ORS 238.435(4) and ORS 238A.130(3), resulting in one uniform final average salary reporting method based on pay-date reporting for all PERS-covered employees.

A uniform reporting method:

- Reduces administrative workload and manual data collection.
- Improves accuracy by simplifying and automating calculations.
- Removes workarounds currently required for OPSRP retirement calculations.
- Streamlines data corrections and reduces system programming needs, including for the agency's upcoming new pension administration system implementation.

This change is expected to have little to no impact on most members, as it aligns with how the system currently processes salary data. As part of an internal impact assessment, preliminary comparisons using a representative sample of member accounts showed that FAS outcomes were generally the same for OPSRP and Tier Two local government employees under both EWE and EWP methods. A small subset of members saw minor differences of about $10 per month. These small increases for some members and equally small decreases for others offset one another, resulting in no meaningful impact for the population at large. Implementing this change enables a simpler, uniform salary-reporting approach that reduces administrative effort, processing delays, and the potential for errors.

PERS LEGISLATIVE ADVISORY COMMITTEE

ORS 238.660(9) allows the PERS Board to act as policy advisor to the Legislative Assembly on legislative proposals for changes to PERS benefits. ORS 238.660(10) requires the PERS Board to appoint a committee to advise the board on those proposals. The committee must include an equal number of members representing labor and management. In preparation for the 2027 legislative session, staff requests that the board confirm membership of the Legislative Advisory Committee (LAC).

RECOMMENDED APPOINTMENTS

The proposed membership is balanced between labor and management representatives and includes members who participated in previous LAC appointments. New members have been contacted and are willing to serve on the committee.

Name	**Representing**
Odalis Aguilar	American Federation of State, County and Municipal Employees
Justin Low	Association of Oregon Counties
Jack Dempsey	Oregon Nurses Association/Oregon Association of Corrections Employees

Anthony Castaneda	Service Employees International Union
Kevin Larson	Oregon State Fire Fighters Council
TBD	Oregon Education Association
Stacy Michaelson	Oregon School Boards Association
Andrew Stolfi	Oregon Employment Department
Charlie Conrad	League of Oregon Cities
Hasina Wittenberg	Special Districts Association of Oregon

BOARD OPTIONS

The PERS Board may:

1. Approve the recommended appointments to the legislative advisory committee, effective immediately.
2. Direct staff to solicit different or additional candidates for appointment.

Staff Recommendation:

Staff recommends the PERS Board choose Option 1.

C.5. Attachment 1 – *LC 219 (10/20/2026)*

C.5. Attachment 2 – *LC 221 (09/23/2026)*

C.5. Attachment 3 – *LC 223 (08/13/2024)*

C.5. Attachment 4 – *LC 224 (07/29/2024)*

C.5 Attachment 5 – *Legislative Engagement Policy*

LC 0219-1
2027 Regular Session
45900-001
10/20/26 (MNJ/ps)

D R A F T

SUMMARY

Digest: The Act lets some public employees be enrolled in the state deferred compensation plan when they are hired. The Act lets local governments choose to have employees be enrolled in a plan when they are hired. (Flesch Readability Score: 71.0).

Provides for eligible state employees to be automatically enrolled in the state deferred compensation plan beginning on January 1, 2029.

Allows local governments to provide for employees to be automatically enrolled in a local government deferred compensation plan.

A BILL FOR AN ACT

Relating to deferred compensation plans for public employees; creating new provisions; and amending ORS 243.401, 243.440, 243.445, 243.450, 243.470, 243.478 and 652.610.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 243.401 is amended to read:

243.401. As used in ORS 243.401 to 243.507:

[*(1) "Board" means the Public Employees Retirement Board described in ORS 238.630.*]

[*(2) "Council" means the Oregon Investment Council created by ORS 293.706.*]

[*(3) "Deferred compensation contract" means a written agreement entered into by the state and an eligible state employee under the provisions of ORS 243.440.*]

[*(4)*]**(1)** "Deferred compensation investment program" means the program established by the Oregon Investment Council under ORS 243.421, for investment of assets of the Deferred Compensation Fund.

[*(5)*]**(2)** "Deferred compensation plan" means a plan established by the state or a local government for the deferral of compensation payable to employees of the state or local government and for the deferral of income taxation on that compensation.

[*(6)*]**(3)** "Eligible state employee" means an officer or employee of a state board,

NOTE: Matter in **boldfaced** type in amended text is new; matter [*italicized and bracketed*] is existing text to be omitted. New sections are in **boldfaced** type.

commission, department or other instrumentality of state government, including, but not limited to, all officers and employees of the executive, judicial and legislative branches of state government, but excluding:

(a) Persons engaged as independent contractors, except as otherwise specifically allowed by statute;

(b) Persons who are employed in emergency work and whose periods of employment are on an intermittent or irregular basis; and

(c) Persons who are provided sheltered employment or make-work by the state in an employment or industries program maintained for the benefit of such individuals.

[*(7)*]**(4)** "Fund" means the Deferred Compensation Fund established under ORS 243.411.

[*(8)*]**(5)** "Local government" means a city, county, municipal or public corporation, any political subdivision of the state or any instrumentality thereof, or an agency created by two or more such political subdivisions to provide themselves governmental services.

[*(9)*]**(6)** "Local government deferred compensation plan" means a deferred compensation plan that is established and administered by a local government.

[*(10)*]**(7)** "Local plan participant" means a person participating in a local government deferred compensation plan.

[*(11)*]**(8)** "Participating local government" means a local government that invests all or part of the assets of the deferred compensation plan established by the local government through the deferred compensation investment program.

[*(12)*]**(9)** "State deferred compensation plan" means the deferred compensation plan described in ORS 243.435 for eligible state employees.

[*(13)*]**(10)** "State plan participant" means a person participating in the state deferred compensation plan, either through current or past deferrals of compensation.

[*(14)*]**(11)** "System" means the Public Employees Retirement System established in ORS 238.600.

SECTION 2. ORS 243.440 is amended to read:

243.440. (1) [*The state and an eligible state employee may enter into a written deferred compensation contract that provides that*]**When an eligible state employee participates in the state deferred compensation plan,** a specified portion of the compensation payable to the employee for services rendered by the employee will not be paid or otherwise made

available at the time the services are rendered but instead will be paid or otherwise made available at some future date.[*The deferred compensation contract must specify the amount by which the employee's compensation will be reduced each month for the purpose of funding the deferred compensation benefit for the employee. The amount of the reduction may not be less than $25 per month and may not exceed the maximum amount*] **The amount of the salary deferral must be within minimum and maximum limits** allowable under rules adopted by the Public Employees Retirement Board under ORS 243.470.

(2)(a) Except as provided in paragraph (f) of this subsection, the board shall automatically enroll a person who becomes an eligible state employee in the state deferred compensation plan at a rate of salary deferral equal to two percent of the employee's compensation, unless the employee:

(A) Elects not to participate in the plan; or

(B) Elects a different rate of salary deferral.

(b) Contributions made by an employee who is automatically enrolled in the plan under this subsection shall be invested in a default investment option selected by the board by rule, unless the employee affirmatively elects a different investment option available under the plan.

(c) An employee automatically enrolled in the plan under this subsection:

(A) Is deemed to have consented to the salary deferral described in this section unless the employee affirmatively elects otherwise; and

(B) May, at any time, elect to discontinue participation, change the rate of salary deferral or change the investments of amounts held in the plan.

(d) The board shall implement elections made under this subsection as soon as administratively practicable.

(e) The board shall adopt rules establishing the default investment options for automatically enrolled employees. The board may adopt rules allowing for the return of amounts deferred for an automatically enrolled employee within a period not to exceed 90 days after the first deferral, to the extent permitted under federal law, and any other rules necessary for the proper administration of automatic enrollment.

(f) This subsection does not apply to a person who is appointed or elected as a member of the Legislative Assembly. A person who is appointed or elected as a

member of the Legislative Assembly may participate in the state deferred compensation plan as provided in ORS 237.645, 237.650 and 237.655.

[*(2)*]**(3)** The state officer or official authorized to disburse moneys in payment of salaries and wages of employees is authorized[*, upon written request of an eligible state employee,*] to reduce each month the salary of [*the eligible state employee by*] an **employee who participates in the state deferred compensation plan by the default amount provided in subsection (2) of this section or by another** amount of money designated by that employee [*in the employee's deferred compensation contract*]. The state officer or official [*may*]**shall** pay that amount to the Public Employees Retirement System for deposit in the Deferred Compensation Fund.

SECTION 3. ORS 243.445 is amended to read:

243.445. (1) When an eligible state employee [*agrees to participate*]**participates** in the state deferred compensation plan under ORS 243.401 to 243.507, the employee may indicate a preference with respect to the mode of investment or deposit to be used by the state in investing or depositing the deferred income under the plan. The preference indicated by the employee is not binding on the state.

(2) Any change in the net value of the assets of an eligible state employee invested under the state deferred compensation plan shall result in a commensurate change in the total amount distributable to the employee or the beneficiary of the employee, and shall not result in any increase or decrease in the net worth of the state.

SECTION 4. ORS 243.450 is amended to read:

243.450. **(1)** The Public Employees Retirement [*System*]**Board** shall give each eligible state employee [*who enters into a deferred compensation contract under*]**who elects to participate in or is automatically enrolled in** the state deferred compensation plan, prior to the deferral of any part of that employee's salary, a disclosure statement in writing that contains information regarding the options available under the plan for the investment of deferred compensation, including the probable income and probable safety of the moneys deferred, that persons of reasonable prudence and discretion require when determining the permanent disposition of their funds.

(2) In addition to the disclosures required by subsection (1) of this section, before the deferral of any part of the salary of an employee who is automatically enrolled in

the state deferred compensation plan under ORS 243.440 (2), the board shall give the employee notice of:

(a) The default salary deferral rate;

(b) The default investment of contributions;

(c) The right to opt out of participation;

(d) The right to select a different salary deferral rate;

(e) The right to select different investment options; and

(f) The procedures for making an election under ORS 243.440 (2).

SECTION 5. ORS 243.470 is amended to read:

243.470. (1) Subject to ORS chapter 183, the Public Employees Retirement Board may adopt rules necessary to implement the provisions of ORS 243.401 to 243.507 and determine the terms and conditions of eligible state employee participation and coverage. [*Rules adopted by the board under this subsection shall establish the terms and conditions of deferred compensation contracts for eligible state employees.*]

(2) The Public Employees Retirement System shall adopt forms and maintain accounts and records necessary and appropriate to the efficient administration of ORS 243.401 to 243.507 or which may be required by agencies of the State of Oregon or the United States.

(3) The board shall adopt rules and take all actions necessary to maintain compliance of the state deferred compensation plan with requirements for governmental deferred compensation plans imposed by the Internal Revenue Code and by regulations adopted pursuant to the Internal Revenue Code.

(4) The Public Employees Retirement System may contract with a private corporation or institution able and qualified to provide consolidated billing services, state plan participant enrollment services, educational services, state plan participant accounts, data processing, record keeping and other related services that are necessary or appropriate to the administration of the state deferred compensation plan under ORS 243.401 to 243.507.

SECTION 6. ORS 243.478 is amended to read:

243.478. (1) A participating local government and the Public Employees Retirement System may enter into a written agreement for the system to provide consolidated billing services, participant enrollment services, participant accounts, data processing, record keeping and other related services that are necessary or appropriate to the administration of the local

government deferred compensation plan. The agreement may provide that the services be provided directly by the system or through contracts with other providers.

(2) Agreements under this section must require that the participating local government remain the responsible administrator for the local government deferred compensation plan. The agreement may provide any additional terms and conditions that the system determines necessary for the purposes of offering the services described in subsection (1) of this section to local government deferred compensation plans, including proof of compliance under ORS 243.476. The system may require that participating local governments that enter into agreements with the system under this section have uniform provisions on plan administration and record keeping. **An agreement under this section may, but is not required to, include provisions for automatic enrollment of employees in the plan and default employee contributions. Automatic enrollment and any related default contribution provisions apply only if expressly elected by the participating local government in the agreement or in an amendment to the agreement and in accordance with rules adopted by the system. In the absence of such an express election, participation by employees may occur only upon an affirmative election by the employee.**

(3) The system may assess a charge, in an amount to be determined by the system, against the total account balances in the Deferred Compensation Fund of all local governments that have entered into service agreements under this section. The charge imposed under this subsection is in addition to any charges that may be assessed against local governments by the system under ORS 243.474 or deducted by the State Treasurer under ORS 293.718.

(4) In the event the assessment provided for in subsection (3) of this section is inadequate to meet the administrative expenses incurred by the system for local government deferred compensation plans during a fiscal period, and the expenses are not carried over to another fiscal period pursuant to ORS 243.472 (2), the excess expenses may be paid by an additional one-time assessment against the account balances in the Deferred Compensation Fund of participating local governments that have entered into service agreements under this section.

SECTION 7. ORS 652.610 is amended to read:

652.610. (1)(a) All persons, firms, partnerships, associations, cooperative associations, corporations, municipal corporations, the state and its political subdivisions, except the

federal government and its agencies, employing, in this state, during any calendar month one or more persons, shall provide the employee on regular paydays and at other times payment of wages, salary or commission is made, with an itemized statement as described in paragraph (b) of this subsection.

(b) The statement required under this subsection must be a written statement, sufficiently itemized to show:

(A) The date of the payment;

(B) The dates of work covered by the payment;

(C) The name of the employee;

(D) The name and business registry number or business identification number;

(E) The address and telephone number of the employer;

(F) The rate or rates of pay;

(G) Whether the employee is paid by the hour, shift, day or week or on a salary, piece or commission basis;

(H) Gross wages;

(I) Net wages;

(J) The amount and purpose of each deduction made during the respective period of service that the payment covers;

(K) Allowances, if any, claimed as part of minimum wage;

(L) Unless the employee is paid on a salary basis and is exempt from overtime compensation as established by local, state or federal law, the regular hourly rate or rates of pay, the overtime rate or rates of pay, the number of regular hours worked and pay for those hours, and the number of overtime hours worked and pay for those hours; and

(M) If the employee is paid a piece rate, the applicable piece rate or rates of pay, the number of pieces completed at each piece rate and the total pay for each rate.

(c) Notwithstanding paragraph (b) of this subsection, the employer may provide the statement required under this subsection to the employee in electronic form pursuant to ORS 84.001 to 84.061 if:

(A) The statement contains the information described in paragraph (b) of this subsection;

(B) The employee expressly agrees to receive the statement in electronic form; and

(C) The employee has the ability to print or store the statement at the time of receipt.

(2)(a) The statement may be attached to or be a part of the check, draft, voucher or other instrument by which payment is made, or may be delivered separately from the instrument.

(b) The statement shall be provided electronically at the time payment is made to all state officers and employees paid electronically under the state payroll system as provided by ORS 292.026.

(c) State agencies shall provide access to electronic statements to employees who do not have regular access to computers in their workplace.

(d) Notwithstanding paragraph (b) of this subsection, if an officer or employee paid under the state payroll system as provided by ORS 292.026 wants to receive payment of net salary and wages by check or to receive a paper statement of itemized payroll deductions, the officer or employee shall request paper statements or payment by check in accordance with the procedures adopted by rule by the Oregon Department of Administrative Services.

(3) An employer may not withhold, deduct or divert any portion of an employee's wages unless:

(a) The employer is required to do so by law;

(b) The deductions are voluntarily authorized in writing by the employee, are for the employee's benefit and are recorded in the employer's books;

(c) The employee has voluntarily signed an authorization for a deduction for any other item, provided that the ultimate recipient of the money withheld is not the employer and that the deduction is recorded in the employer's books;

(d) The deduction is authorized by a collective bargaining agreement to which the employer is a party;

(e) The deduction is authorized under ORS 18.736; or

(f) The deduction is made from the payment of wages upon termination of employment and is authorized pursuant to a written agreement between the employee and employer for the repayment of a loan made to the employee by the employer, if all of the following conditions are met:

(A) The employee has voluntarily signed the agreement;

(B) The loan was paid to the employee in cash or other medium permitted by ORS 652.110;

(C) The loan was made solely for the employee's benefit and was not used, either directly

or indirectly, for any purpose required by the employer or connected with the employee's employment with the employer;

(D) The amount of the deduction at termination of employment does not exceed the amount permitted to be garnished under ORS 18.385; and

(E) The deduction is recorded in the employer's books.

(g) The deduction is for contributions to a deferred compensation plan established under ORS 243.401 to 243.507 for an employee who is automatically enrolled in the plan under ORS 243.440, provided that:

(A) The employee is given advance notice of the deduction;

(B) The employee has a reasonable opportunity to opt out or modify the deduction; and

(C) The deduction is for the benefit of the employee.

(4) When an employer deducts an amount from an employee's wages as required or authorized by law or agreement, the employer shall pay the amount deducted to the appropriate recipient as required by the law or agreement. The employer shall pay the amount deducted within the time required by the law or the agreement or, if the time for payment is not specified by the law or agreement, within seven days after the date the wages from which the deductions are made are due. Failure to pay the amount as required constitutes an unlawful deduction.

(5)(a) An employer shall provide to all employees, at the time of hire, a written explanation of earnings and deductions shown on the itemized statements required under subsection (1) of this section. The explanation must include general information on:

(A) The employer's established regular pay period.

(B) A comprehensive list of:

(i) All types of pay rates that employees may be eligible for, including hourly pay, salary pay, shift differentials, piece-rate pay and commission-based pay.

(ii) All benefit deductions and contributions.

(iii) Every type of deduction that may apply.

(C) The purpose of deductions that may be made during a regular pay period.

(D) Allowances, if any, claimed as part of minimum wage.

(E) Employer-provided benefits that may appear on the itemized statements as

contributions and deductions.

(F) All payroll codes used for pay rates and deductions, along with a detailed description or definition of each code.

(b) An employer may satisfy the requirements of this subsection by making the information available to employees in a location easily accessible to them, such as a link to a website, a physical document posted in a central location, a shared electronic file or delivery by electronic mail.

(c) The information required under this subsection must be sufficiently detailed to explain pay rates and deduction codes, but need not be written in complete sentences.

(d) An employer shall review and update the information required under this subsection by January 1 of each year.

(6) The Bureau of Labor and Industries shall:

(a) Develop and make available to employers a model written guidance document that includes commonly used statewide deductions and that employers may use and customize to satisfy the requirements under subsection (5) of this section;

(b) Provide the model written guidance document in English and in Spanish; and

(c) To the extent practicable, translate the model written guidance document in other languages, if so requested.

(7) This section does not:

(a) Prohibit the withholding of amounts authorized in writing by the employee to be contributed by the employee to charitable organizations, including contributions made pursuant to ORS 663.110;

(b) Prohibit deductions by checkoff dues to labor organizations or service fees when the deductions are not otherwise prohibited by law; or

(c) Diminish or enlarge the right of any person to assert and enforce a lawful setoff or counterclaim or to attach, take, reach or apply an employee's compensation on due legal process.

SECTION 8. (1) The amendments to ORS 243.401, 243.440, 243.445, 243.450, 243.470, 243.478 and 652.610 by sections 1 to 7 of this 2027 Act become operative on January 1, 2029.

(2) The Public Employees Retirement Board may take any action before the

operative date specified in subsection (1) of this section to enable the board to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the board by the amendments to ORS 243.401, 243.440, 243.445, 243.450, 243.470, 243.478 and 652.610 by sections 1 to 7 of this 2027 Act.

LC 0221
2027 Regular Session
45900-002
09/23/26 (MNJ/ps)

D R A F T

SUMMARY

Digest: The Act says some times when PERS may not accept statements that say that some payments are subject to income tax. (Flesch Readability Score: 76.7).

Provides circumstances in which the Public Employees Retirement Board may not accept statements certifying that certain payments under the Public Employees Retirement System are subject to Oregon personal income tax.

A BILL FOR AN ACT

Relating to acceptance of required statements certifying that payments under the Public Employees Retirement System are subject to Oregon personal income tax; amending ORS 238.382.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 238.382 is amended to read:

238.382. **(1)** A statement required under ORS 238.372 to 238.384 constitutes a declaration under penalty of perjury and must include the following sentence in prominent letters immediately above the signature of the declarant: "I hereby declare that the above statement is true to the best of my knowledge and belief, and that I understand it is subject to penalty for perjury."

(2)(a) Notwithstanding ORS 238.374 and 238.376, the Public Employees Retirement Board may not accept a statement from a person indicating the payments under this chapter will be subject to Oregon personal income tax under ORS 316.127 (9) if:

(A) The person has submitted statements under ORS 238.374 or 238.376 for each of the two immediately preceding tax years indicating that the payments would be subject to Oregon personal income tax under ORS 316.127 (9);

NOTE: Matter in **boldfaced** type in amended text is new; matter [*italicized and bracketed*] is existing text to be omitted. New sections are in **boldfaced** type.

(B) Based on the most recent information provided by the Department of Revenue under ORS 238.378, the person has not filed an Oregon personal income tax return indicating the person's pension benefits are subject to Oregon income taxes for the tax years described in subparagraph (A) of this paragraph; and

(C) The amount of payments made or projected to be made to the person under this chapter for each of the tax years described in subparagraph (A) of this paragraph meets or exceeds the minimum filing threshold established by the Department of Revenue for Oregon personal income tax.

(b) A statement rejected by the board under paragraph (a) of this subsection is not valid for purposes of determining eligibility for increased benefits under this chapter.

LC 0223-1
2027 Regular Session
45900-003
09/16/26 (MNJ/ps)

D R A F T

SUMMARY

Digest: The Act says how a former spouse who is the beneficiary of a member of PERS will be treated. (Flesch Readability Score: 71.7).

Provides for treatment of a former spouse who is the designated beneficiary of a deceased member of the Public Employees Retirement System.

A BILL FOR AN ACT

Relating to the designated beneficiary of a member of the Public Employees Retirement System after dissolution of marriage; creating new provisions; and amending ORS 238.390.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 238.390 is amended to read:

238.390. (1) If a member of the system dies before retiring, the amount of money, if any, credited at the time of death to the member account of the member in the fund shall be paid to the beneficiaries designated by the member. For this purpose a member may designate as a beneficiary any person or the executor or administrator of the estate of the member or a trustee named by the member to execute an express trust in regard to such amount. The termination of a person's membership in the system pursuant to ORS 238.095 (1) or (2) invalidates any designation of beneficiary made by the person before the termination of membership.

(2)(a) If a member dies before retiring and has not designated a beneficiary under subsection (1) of this section, or if the designated beneficiary or beneficiaries do not survive the member, the Public Employees Retirement Board shall pay the amount of money, if any, credited at the time of death to the member account of the deceased member to the following person or persons, in the following order of priority:

(A) The member's surviving spouse or other person who is constitutionally required to be

NOTE: Matter in **boldfaced** type in amended text is new; matter [*italicized and bracketed*] is existing text to be omitted. New sections are in **boldfaced** type.

treated in the same manner as a spouse;

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

(C) The member's estate.

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

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

(B)(i) The estate of the decedent remains within the limits prescribed by ORS 114.510 (1)(a) after consideration of the amount of money credited at the time of death to the member account; or

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

(3) A beneficiary under subsection (1) or (2) of this section may elect to receive the amount payable in actuarially determined monthly payments for the life of such beneficiary as long as such monthly payments are at least $200.

(4) Accrued benefits due a retired member at the time of death are payable to the designated beneficiary or as provided in subsection (2) of this section. For the purpose of determining accrued benefits due a retired member at the time of death, accrued benefits are considered to have ceased as of the last day of the month preceding the month in which the retired member dies; but if Option 2 or Option 3 under ORS 238.305 has been elected as provided in this chapter and the beneficiary survives the retired member, the benefits to the beneficiary shall commence as of the first day of the month in which the retired member dies, and payment of benefits under Option 2 or Option 3 shall cease with the payment for the month preceding the month in which the beneficiary dies.

(5) [*If*] **Except as provided in subsection (6) of this section, if** a member dies before retiring and has designated a beneficiary under subsection (1) of this section, but the beneficiary dies after the member and before distribution is made under this section, the Public Employees Retirement Board shall pay the amount of money, if any, that would otherwise have been paid to the beneficiary to a personal representative appointed for the estate of the deceased beneficiary. If a simple estate affidavit regarding the deceased beneficiary's estate has been filed under ORS 114.515, the board shall pay the amount to the person who filed the simple estate affidavit if:

(a) The estate of the deceased beneficiary remains within the limits prescribed by ORS 114.510 (1)(a) after consideration of the amount of money that would have been payable to the deceased beneficiary; or

(b) The estate of the deceased beneficiary meets the requirements of ORS 114.510 (1)(b).

(6) If the member's spouse is designated as the member's beneficiary in subsection (1) of this section, or as beneficiary of any nonjoint and survivorship annuity in ORS 238.300, 238.305, 238.320 or 238.325, and the marriage subsequently dissolves, the former spouse shall be treated as predeceasing the member unless the former spouse is required to be designated as beneficiary in an administrable court order or the member expressly designated the former spouse after the effective date of the dissolution.

[*(6)*] **(7)** Interest upon the member account of the member shall accrue until the date that the amount in the member account is distributed. Any balance in the variable account of the deceased member is considered to be transferred to the regular account of the member as of the date of death. The board shall establish procedures for computing and crediting interest on the balance in the member account for the period between the date of death and date of distribution.

[*(7)*] **(8)** Payment by the board of amounts in the manner provided by this section completely discharges the board and system on account of the death, and shall hold the board and system harmless from any claim for wrongful payment.

SECTION 2. The amendments to ORS 238.390 by section 1 of this 2027 Act apply to deaths of members of the Public Employees Retirement System occurring on or after the effective date of this 2027 Act.

LC 0224
2027 Regular Session
45900-004
09/08/26 (MNJ/ps)

D R A F T

SUMMARY

Digest: The Act changes how salary of some employees is treated under PERS. (Flesch Readability Score: 60.7).

Modifies the treatment of the salary of public employees of a local government under the Public Employees Retirement System.

Corrects an incorrect statutory reference.

A BILL FOR AN ACT

Relating to salary under the Public Employees Retirement System; amending ORS 238.435 and 238A.130 and section 18, chapter 101, Oregon Laws 2024.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 238.435 is amended to read:

238.435. (1) Notwithstanding the definition of "salary" or "other advantages" provided by ORS 238.005, for the purpose of calculating the retirement allowance of a person who establishes membership in the system on or after January 1, 1996, as described in ORS 238.430, the Public Employees Retirement Board shall not include any lump sum payment for accrued vacation pay made to the member during the last 36 calendar months of membership before the effective date of retirement of the member, or during any period of time taken into account for purposes of determining the three years in which the member was paid the highest salary for the purposes of determining the member's final average salary.

(2) Notwithstanding the definition of "final average salary" provided by ORS 238.005, for the purpose of calculating the retirement allowance of a person who establishes membership in the system on or after January 1, 1996, as described in ORS 238.430, [*and who is not employed by a local government as defined in ORS 174.116,*] the term "final average salary" means whichever of the following is greater:

NOTE: Matter in **boldfaced** type in amended text is new; matter [*italicized and bracketed*] is existing text to be omitted. New sections are in **boldfaced** type.

(a) The average salary per calendar year paid to a public employee who is an active member of the system in three of the calendar years of membership before the effective date of retirement of the employee, in which three years the employee was paid the highest salary. The three calendar years in which the employee was paid the largest total salary may include calendar years in which the employee was employed for less than a full calendar year. If the number of calendar years of active membership before the effective date of retirement of the employee is three or less, the final average salary for the employee is the average salary per calendar year paid to the public employee in all of those years, without regard to whether the employee was employed for full calendar years.

(b) One-third of the total salary paid to a public employee who is an active member of the system in the last 36 calendar months of membership before the effective date of retirement of the employee.

(3) For the purposes of calculating the final average salary of a member under subsection (2) of this section, the Public Employees Retirement Board shall:

(a) Include any salary paid in or for the calendar month of separation from employment;

(b) Exclude any salary for any pay period before the first full pay period that is included in the three calendar years of membership under subsection (2)(a) of this section if the three calendar years were consecutive; and

(c) Exclude any salary for any pay period before the first full pay period that is included in the last 36 calendar months of membership under subsection (2)(b) of this section.

[*(4) Notwithstanding the definition of "final average salary" provided by ORS 238.005, for the purpose of calculating the retirement allowance of a person who establishes membership in the system on or after January 1, 1996, as described in ORS 238.430, and who is employed by a local government as defined in ORS 174.116, the term "final average salary" means whichever of the following is greater:*]

[*(a) The average salary per calendar year earned by a public employee who is an active member of the system in three of the calendar years of membership before the effective date of retirement of the employee, in which three years the employee earned the highest salary. The three calendar years in which the employee earned the largest total salary may include calendar years in which the employee was employed for less than a full calendar year. If the number of calendar years of active membership before the effective date of retirement of the*

employee is three or less, the final average salary for the employee is the average salary per calendar year earned by the public employee in all of those years, without regard to whether the employee was employed for full calendar years.]

[*(b) One-third of the total salary earned by a public employee who is an active member of the system in the last 36 calendar months of membership before the effective date of retirement of the employee.*]

[*(5)*] **(4)** The normal retirement age is 60 years of age for a member who establishes membership in the system on or after January 1, 1996, as described in ORS 238.430, and who retires as other than a police officer or firefighter.

[*(6)*] **(5)** ORS 238.255 does not apply to any person who establishes membership in the Public Employees Retirement System on or after January 1, 1996, as described in ORS 238.430.

[*(7)*] **(6)** Except as provided in this section, all provisions of this chapter are applicable to persons who establish membership in the system on or after January 1, 1996, as described in ORS 238.430.

SECTION 2. ORS 238A.130 is amended to read:

238A.130. (1) Except as provided in subsection (3) of this section, for purposes of the computation of pension program benefits under ORS 238A.125, "final average salary" means whichever of the following is greater:

(a) The average salary per calendar year paid to an active member in the three consecutive calendar years of membership that produce the highest average salary, including calendar years in which the member was employed for less than a full calendar year. If the number of consecutive calendar years of active membership before the effective date of retirement of the member is three or less, the final average salary for the member is the average salary per calendar year paid to the member in all of those years, without regard to whether the member was employed for full calendar years.

(b) One-third of the total salary paid to an active member in the last 36 calendar months of membership before the effective date of retirement of the member.

(2) For the purposes of calculating the final average salary of a member under subsection (1) of this section, the Public Employees Retirement Board shall:

(a) Include any salary paid in or for the calendar month of separation from employment;

(b) Exclude any salary for any pay period before the first full pay period that is included in the three consecutive calendar years of membership under subsection (1)(a) of this section; and

(c) Exclude any salary for any pay period before the first full pay period that is included in the last 36 calendar months of membership under subsection (1)(b) of this section.

[*(3) For purposes of the computation of pension program benefits under ORS 238A.125 of a person employed by a local government as defined in ORS 174.116, "final average salary" means whichever of the following is greater:*]

[*(a) The average salary per calendar year earned by an active member in the three consecutive calendar years of membership that produce the highest average salary, including calendar years in which the member was employed for less than a full calendar year. If the number of consecutive calendar years of active membership before the effective date of retirement of the member is three or less, the final average salary for the member is the average salary per calendar year earned by the member in all of those years, without regard to whether the member was employed for full calendar years.*]

[*(b) One-third of the total salary earned by an active member in the last 36 calendar months of membership before the effective date of retirement of the member.*]

[*(4)*] **(3)** For the purposes of calculating the final average salary of a member under this section, the salary of the member does not include:

(a) Any amounts attributable to hours of overtime that exceed the average number of hours of overtime for the same class of employees as established by rule of the Public Employees Retirement Board. The Oregon Department of Administrative Services shall establish by rule more than one overtime average for a class of state employees based on the geographic placement of the employees.

(b) Any increases in salary during the last 36 calendar months of membership before the effective date of retirement of the member that:

(A) Are made by an employer to pay for insurance coverage previously paid for by the employer; and

(B) Are not offered to all employees in the same class of employees as established by rule of the board under paragraph (a) of this subsection.

SECTION 3. Section 18, chapter 101, Oregon Laws 2024, is amended to read:

Sec. 18. (1) The amendments to ORS 238A.005, 238A.125, 238A.134, 238A.160, 238A.220, 238A.240, 338.135, 352.138 and 353.100 by sections 2, 3 and 5 to 11**, chapter 101, Oregon Laws 2024,** [*of this 2024 Act*] become operative on January 1, 2030.

(2) The amendments to ORS 238A.125 by section 3**, chapter 101, Oregon Laws 2024,** [*of this 2024 Act*] apply only to service in a hazardous position performed on or after the operative date specified in subsection (1) of this section.

(3) A member is of normal retirement age for purposes of ORS 238A.160 (3), as amended by section 5**, chapter 101, Oregon Laws 2024** [*of this 2024 Act*], if the member, on or after the operative date specified in subsection (1) of this section:

(a) Meets the age or age and retirement credit requirements of ORS 238A.160 (3);

(b) Was last employed in a qualifying position that is a hazardous position; and

(c) Has accrued their last 60 months of retirement credit in one or more positions that qualify or would qualify as hazardous positions, as defined in ORS 238A.005, as amended by section 2**, chapter 101, Oregon Laws 2024** [*of this 2024 Act*].

(4) Any member who would have established retirement eligibility under ORS 238A.160 (3), had the amendments to ORS 238A.160 (3) by section 5**, chapter 101, Oregon Laws 2024,** [*of this 2024 Act*] become operative on January 1, 2019, is eligible to retire under ORS [*238A.130 (3)*]**238A.160 (3)** on and after January 1, 2030. Service before January 1, 2019, may not be used to establish retirement eligibility under this subsection.

(5) The Public Employees Retirement Board may take any action before the operative date specified in subsection (1) of this section to enable the board to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the board by the amendments to ORS 238A.005, 238A.125, 238A.134, 238A.160, 238A.220, 238A.240, 338.135, 352.138 and 353.100 by sections 2, 3 and 5 to 11**, chapter 101, Oregon Laws 2024** [*of this 2024 Act*].

Agency, Board and Commission Legislative Engagement Policy

January 2026

Agency Bill Endorsements

1. Agencies should remain neutral on bills. If approached by a legislator or advocacy organization for a bill endorsement, agencies can use the template language below as a guide for their response.

    - Thank you for requesting that we take a position on this bill. As an executive branch agency, we work to provide factual and technical information to individuals developing legislation that impacts the agency or our topic area. We will not be taking positions on legislation this session, outside of bills we have introduced or worked to develop. We will gladly continue to provide technical feedback as it relates to the development of this bill.

2. In circumstances where an agency feels strongly they must formally take a position on a bill, they should flag the bill for their advisor in the Governor's Office and the Governor's legislative team. Agencies will need to fill out the *Bill Review Questionnaire* form, which will be reviewed by the Governor's Office. The Governor's Office will make the final decision on agency endorsements.

    - Agencies should flag any bills like this for the Governor's Office **at least 48 hours** prior to when they need a yes or no decision. Agencies should not assume that decisions can be made on the same day the request is made.

    - In circumstances where a 48-hour window is not possible, agencies should directly call the Governor's Office advisor and legislative team to outline the situation.

3. Agencies should be responsive to legislators seeking factual input on how bills could impact the agency's work. The agency should not advocate for or against this bill, unless an exception is made (per #2).

4. If agencies have concerns about bills moving through the committee process, they should contact their Governor's Office advisor and the Governor's legislative team.

Guidelines for Board and Commission Legislative Advocacy

A board or commission member ***must be empowered by the board or commission*** to speak on the board or commission's behalf. This is true for advocacy, as well as situations where the individual is providing context about legislation. Even without taking an official position, providing background and context on a program/policy can be very helpful in refining a bill.

A board or commission member may advocate on their own behalf as an individual but should make sure not to blur the lines and suggest you speak on behalf of the board or commission. Individuals in this situation should not assume that others are making the distinction – so proactively define the difference.

For board members or commissioners engaging with the Legislature, please first communicate with the director of your board or commission. When necessary, they can follow up with the Governor's Office.

New Legislation Proposed by a Board or Commission
Boards/Commissions and/or Board Members/Commissioners wishing to propose legislation must do so with the assistance of the board or commission through the standard Governor's Office process for a legislative session occurring during an odd-numbered year.

The standard process typically involves making initial legislative concept proposals early during the year preceding legislative session (e.g., March 2026 for concepts developed for the 2027 Legislative Session) so they can be vetted by Governor's Office. If a concept includes a fiscal impact, it will also be reviewed by the state Chief Financial Officer and their staff as a part of the development process for the Governor's Recommended Budget.

Whether a legislative concept is submitted to the Legislature for consideration is determined by the Governor. If a legislative concept is not approved by the Governor, Boards Commissions and/or Board Members/Commissioners are not permitted to advocate for the concept in their official capacity.

Analyzing Legislative Proposals Proposed by Others
Boards/Commissions and/or individual Board Members/Commissioners, when acting as a body or as individuals under the auspices of their position, *must obtain prior Governor's Office approval* to:

- Taking a public stance in favor of a bill or amendment either in writing, via verbal testimony, or in one-on-one meetings with legislators; or
- Taking a public stance in opposition to a bill or amendment in writing, via verbal testimony, or in one-on-one meetings with legislators.

Boards/Commissions and/or individual Board Members/Commissioners, when acting as a body or as individuals under the auspices of their position, *do not need to obtain prior Governor's Office approval* to:

- Offer technical feedback (i.e., experience, expertise, data, or other information) to legislators and other stakeholders when feedback is requested in writing, via verbal testimony, or in one-on-one meetings with legislators; and/or
- Discuss a bill/concept as a group in their meeting.

While prior authorization is not required to offer feedback or to discuss a bill/concept during an open meeting, Board Members and Commissioners should notify board or commission staff.

Managing Conflicts of Interest
As a public official, it is expected that all members of boards and commissions will follow all OGEC regulations on conflicts of interest.

Public Meetings
All board and commission members must follow applicable public meetings rules to meet, discuss, and vote on the commission's advocacy goals on the piece or pieces of legislation.

C.

A. Administration

1. September 25, 2026 PERS Board Meeting Minutes
2. Director's Report
3. Governor's Expectations update
4. Board Scorecard Report on agency performance measures

B. Administrative rulemaking

1. Notice of rulemaking for using X as a valid signature
2. Notice of rulemaking for Disability Rule upkeep
3. Adoption of rulemaking relating to employer reporting requirements
4. Adoption of rule amendments regarding Oregon Savings Growth Plan switch to bi-weekly pay

C. Action and discussion items

1. Modernization update
2. Long-Range Facilities Plan
3. Benefits-in-Force Reserve Account policy changes
4. Presentation of Legislative Concepts and appointment of Legislative Advisory Committee
5. **Financial Modeling**

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Milliman

FINANCIAL MODELING

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presented by:

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

December 4, 2026

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Introduction

- July: Milliman presented system-average results
  - Calculated as of December 31, 2025 valuation for the Tier One/Tier Two & OPSRP programs
- September: Board adopted employer-specific 2027-2029 contribution rates
  - Based on the December 31, 2025 valuation
- **Today: Long-term financial modeling projections reflecting published investment results through September 30**
  - System average contribution rates
  - System funded status
  - System unfunded actuarial liability (UAL)

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Models and Inputs

- System financials are projected using two different models
  - Steady return model – consistent year-to-year future investment returns
  - Variable return model – future investment returns vary from year to year

- Modeling starts with liabilities and actuarial assumptions from the 12/31/2025 system-wide actuarial valuation report
  - This includes the current Board-adopted 6.90% return assumption for valuing liabilities

- Modeling uses 12/31/2025 assets adjusted for **published regular account returns of +5.00% through September 2026**
  - Returns for October through December 2026 vary in our models based on scenario
    - Actual investment experience that has occurred since September 30 is **not** incorporated into the baseline modeling

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Financial Modeling - Comments on System Average Rates

- Projections depict **system average** funded status and employer contribution rates
- Rates shown in this presentation are “employer” rates
  - Redirected member contributions serve as an offset to “total” rate
- No single employer pays the system average rate
  - Contribution rates vary both by experience pooling group, employer, and type of payroll
- At the median scenario, average base employer rates for the 2029-2031 biennium are projected to remain fairly level, but average net employer rates are expected to increase due to expiration of side accounts
  - Actual outcome will vary by rate pool and employer
  - Also, **the preliminary estimated -1.37% of payroll SB 849 adjustment to 2027-29 School District rates is NOT depicted in the model**
- Rates shown do not include:
  - Contribution rates for deposits to member accounts for the defined contribution Individual Account Plan (IAP)
  - Employer contribution rates for the RHIA & RHIPA retiree healthcare programs – currently both 0.00%
  - Debt service payments on employer-specific pension obligation bonds – varies by employer

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Rate Collaring

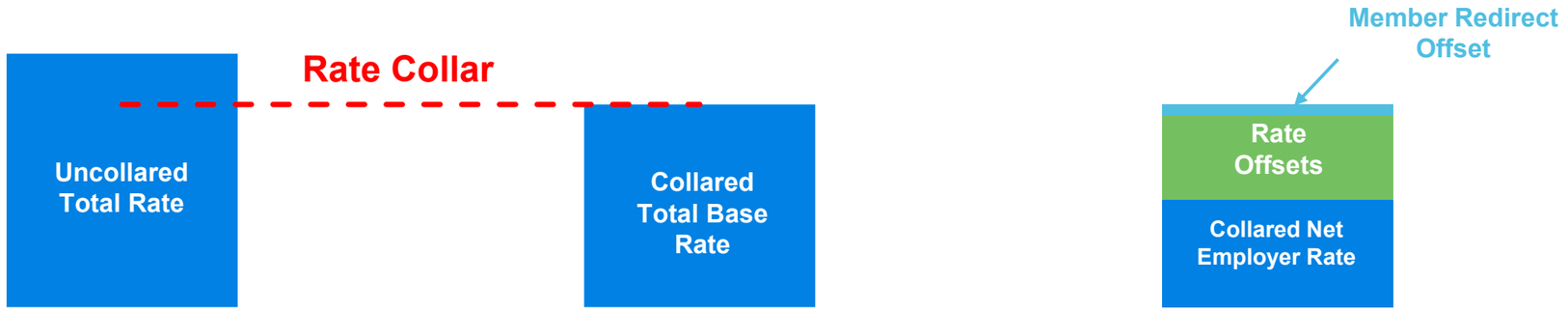
- In the December 31, 2025 rate-setting valuation, the rate collar policy had the following effects on different components of the 2027-2029 contribution rates

- **Tier One/Tier Two UAL rate**
  - Large rate pools (Schools & SLGRP): held the UAL rate steady (above the uncollared UAL rate) per Board policy on advice of the actuary
    - This provides a partial buffer against potential poor investment returns during the 2026 and 2027 calendar years and reduces the biennium-to-biennium increase in contribution rates resulting from any such underperformance
  - Independent employers: effect depends on employer – nearly half saw no adjustment due to rate collar, while for some collar either increased or decreased final net rate

- **OPSRP UAL rate**
  - Collared rate is 0.05% of payroll above the uncollared rate (affects all employers)

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Overview of Rate Calculation Structure



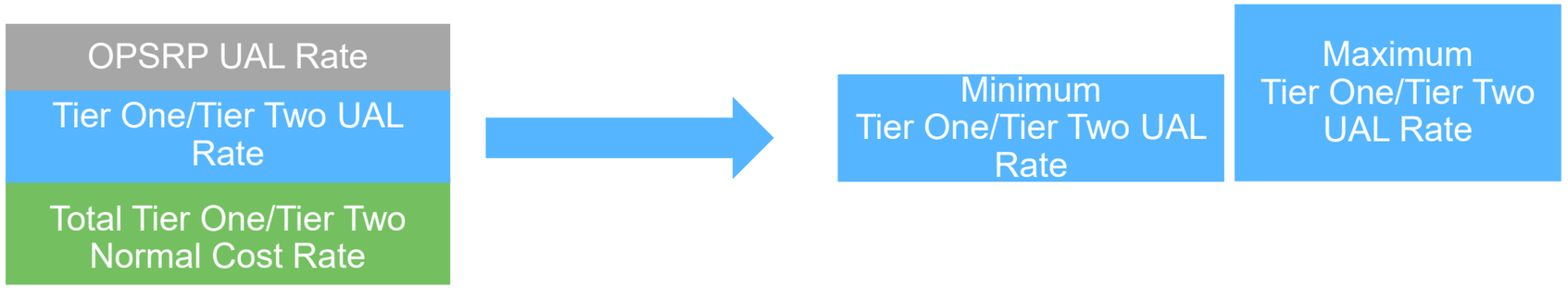
- The ***uncollared total rate*** is the theoretical contribution rate to reach 100% funded status over a specified amortization period if:
  - Contributions at that rate started on the actuarial valuation date, and
  - Actual future experience mirrors the actuarial valuation's assumptions, and
  - The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

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Rate Collar Design

- Rate collar focuses on the biennium-to-biennium change in the UAL Rate component
  - Normal Cost Rate component is always paid in full and is not subject to a rate collar limitation
- The maximum biennium-to-biennium change in UAL Rate permitted by the rate collar is:
  - **SLGRP and School District Pools Tier One/Tier Two UAL Rates**: 3% of pay
  - **OPSRP UAL rate**: 1% of pay
  - **Tier One/Tier Two UAL Rates of Independent Employers**: greater of 4% of pay or 1/3rd of the difference between the collared and uncollared Tier One/Tier Two UAL Rate 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 (funded status <87%)



Pension Rate in Current Biennium

Potential Pension Rate in Next Biennium

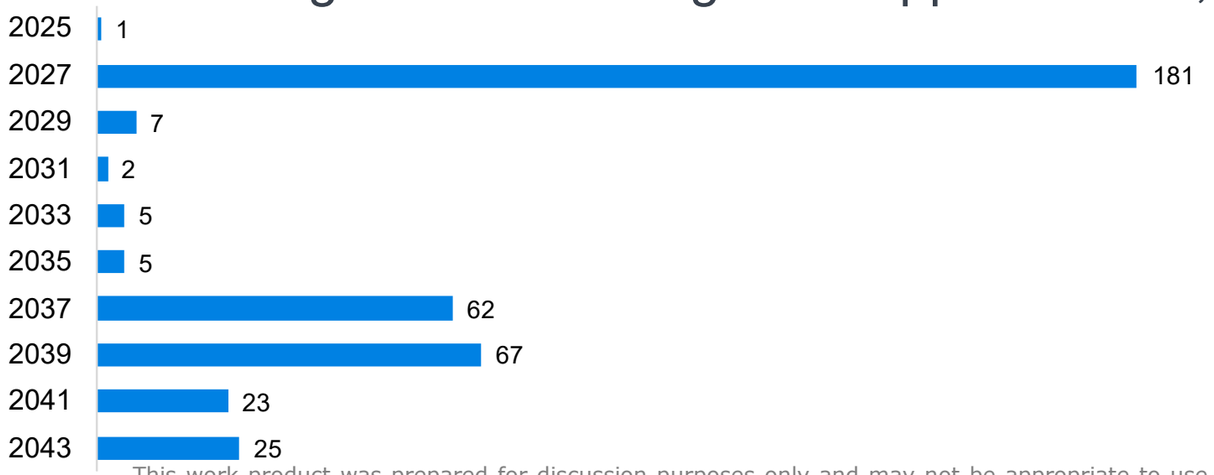
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Side Accounts Rate Offsets & SLGRP Transition Charges/Offsets

- Adjustments to employer “base” contributions for side account offsets and SLGRP-related charges or offsets vary by employer
- For purposes of the projection, amounts are aggregated and treated as if the system was a single employer
- A large portion of these rate adjustments will expire soon:
  - Over half of side account balances are scheduled to amortize by December 31, 2027; rate offsets will not apply starting in the 2027-2029 biennium rates
  - Almost all SLGRP transition adjustments are scheduled to last apply for the 2027-2029 contribution rates; many employers currently have transition offsets and so may experience rate increases in 2029-2031
- We have reflected this timing in our modeling at an approximated, system-wide level

Side Accounts by End Year

as of 12/31/2025



The size of the 2025-2027 rate offset tied to side accounts expiring in 2027 varies significantly by employer, ranging from 0.1% of payroll to over 20%.

About half of the expiring side accounts have a rate offset of 5.0% of payroll or more during 2025-2027.

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Steady Return Model

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Steady Return Model

- The next four slides show financial projections under the current rate setting structure
  - Employer rates adjust each biennium, with changes limited by the rate collar

- Four scenarios for **steady annual actual future investment** return are shown
  - **+5.0%; +6.25%; +6.9%; +9.0%**

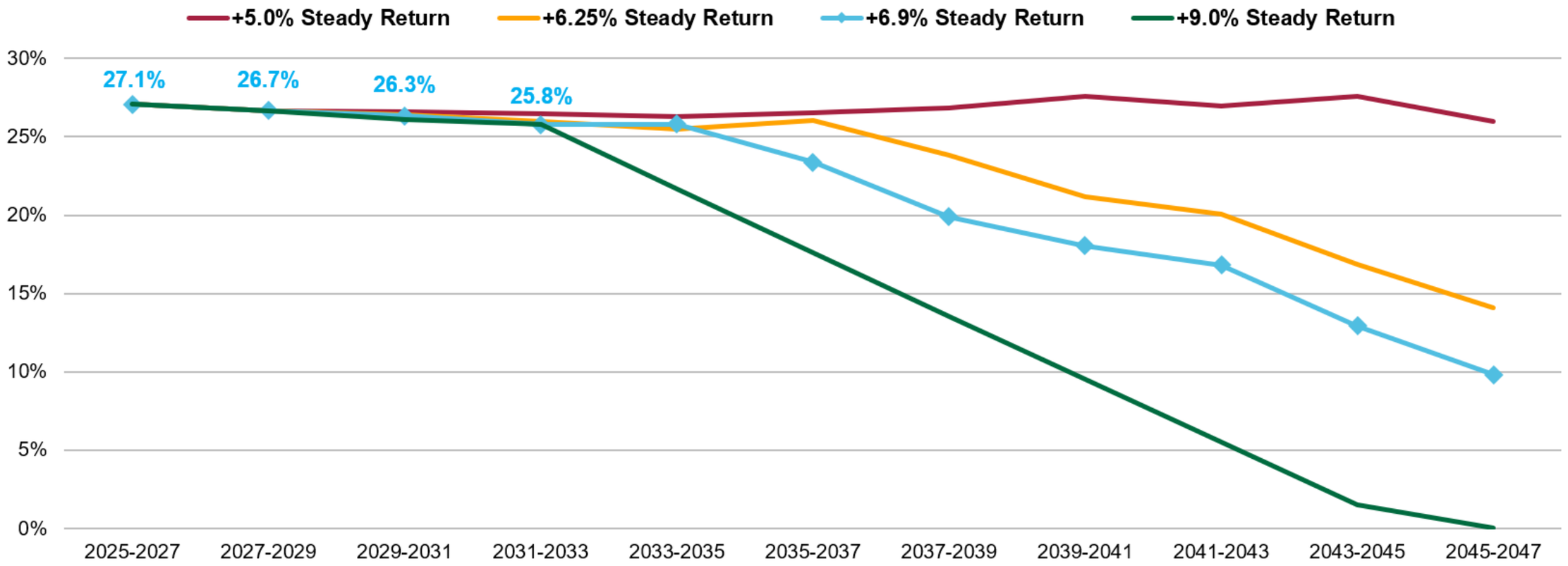
- While actual future returns won't be steady year-to-year, the steady return model clearly illustrates the financial dynamics
  - More realistic "noisy" future returns will be shown in the variable return model later in this presentation
  - The effects of near-term and/or long-term future annualized returns worse than +5.0% are captured in the variable return model

- Model incorporates published year-to-date returns through September 2026 of +5.00%

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Employer Collared Base Pension Rates (System Average)

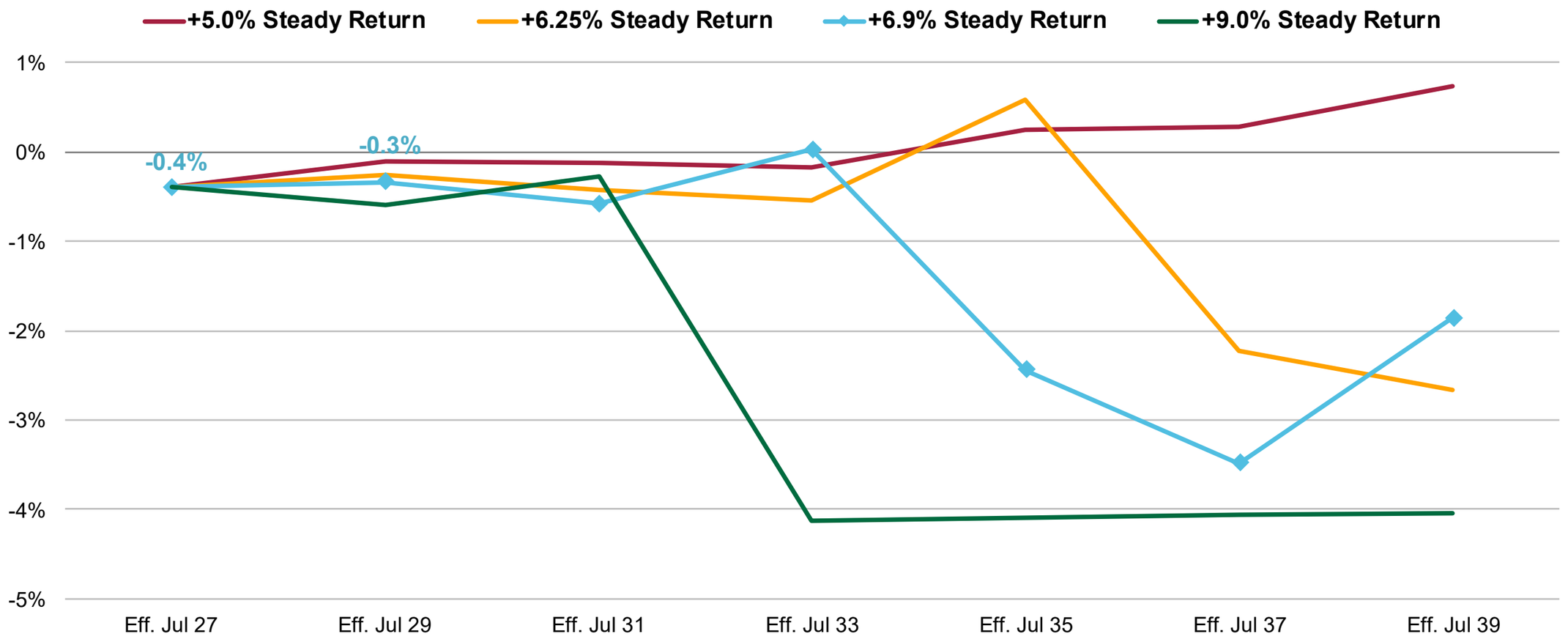


- If future investment returns are near assumption, system average employer collared base pension rates in 2029-31 are projected to be similar to 2027-29 rates
- Blue line: rates decrease as new OPSRP members replace exiting Tier One / Tier Two members
- 2029-31 rates will be based on asset returns through December 31, 2027, along with assumptions and actuarial methods adopted after the upcoming Experience Study which will be conducted in 2027

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Biennial Change in Employer Collared Base Rate (System Average)



Analysis is on a system-wide level and does not reflect preliminary estimate for SB 849 reduction of 1.37% to 2027-29 School District Pool contribution rates

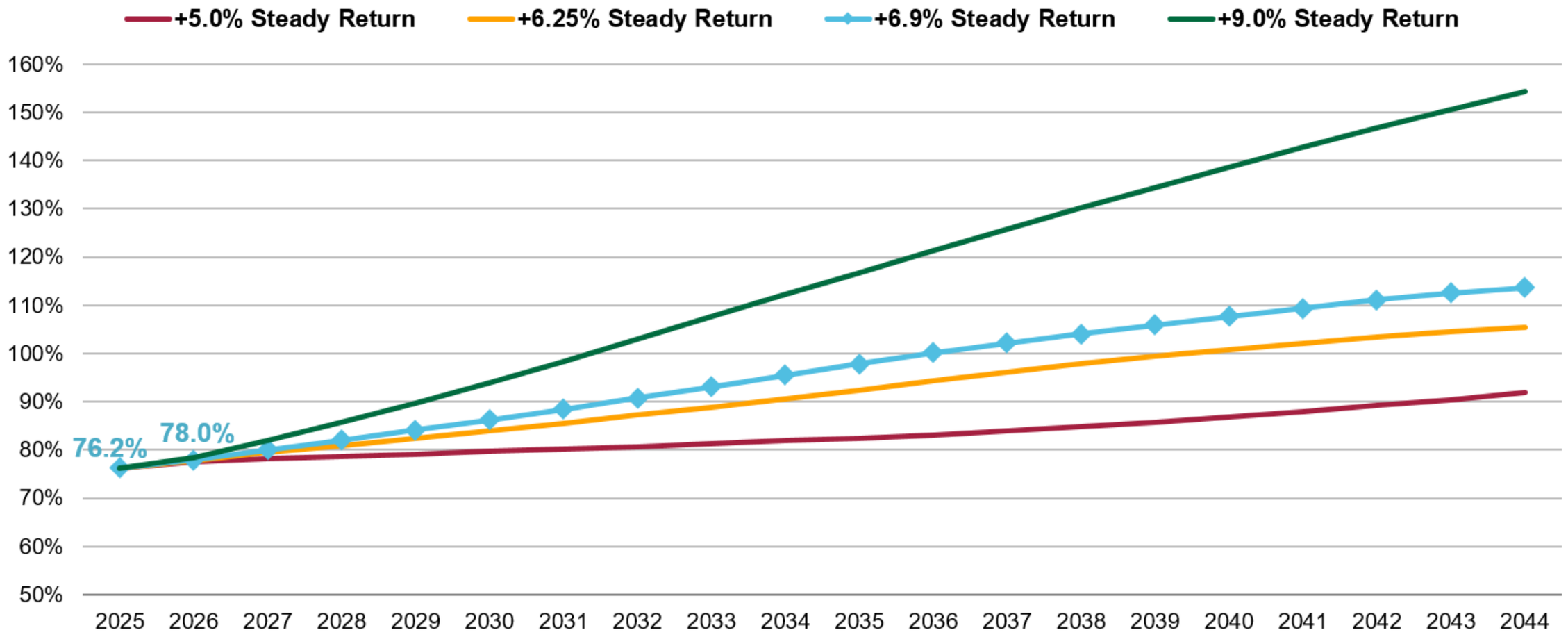
At 6.9% steady return, the projected average employer collared base rate:

- Increases effective July 2033 due to switching off member redirect contributions
- Drops significantly beginning in July 2035 once Tier One/Tier Two funded status reaches 90%, allowing a decrease in collared UAL rates

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System Funded Status (Excluding Side Accounts)

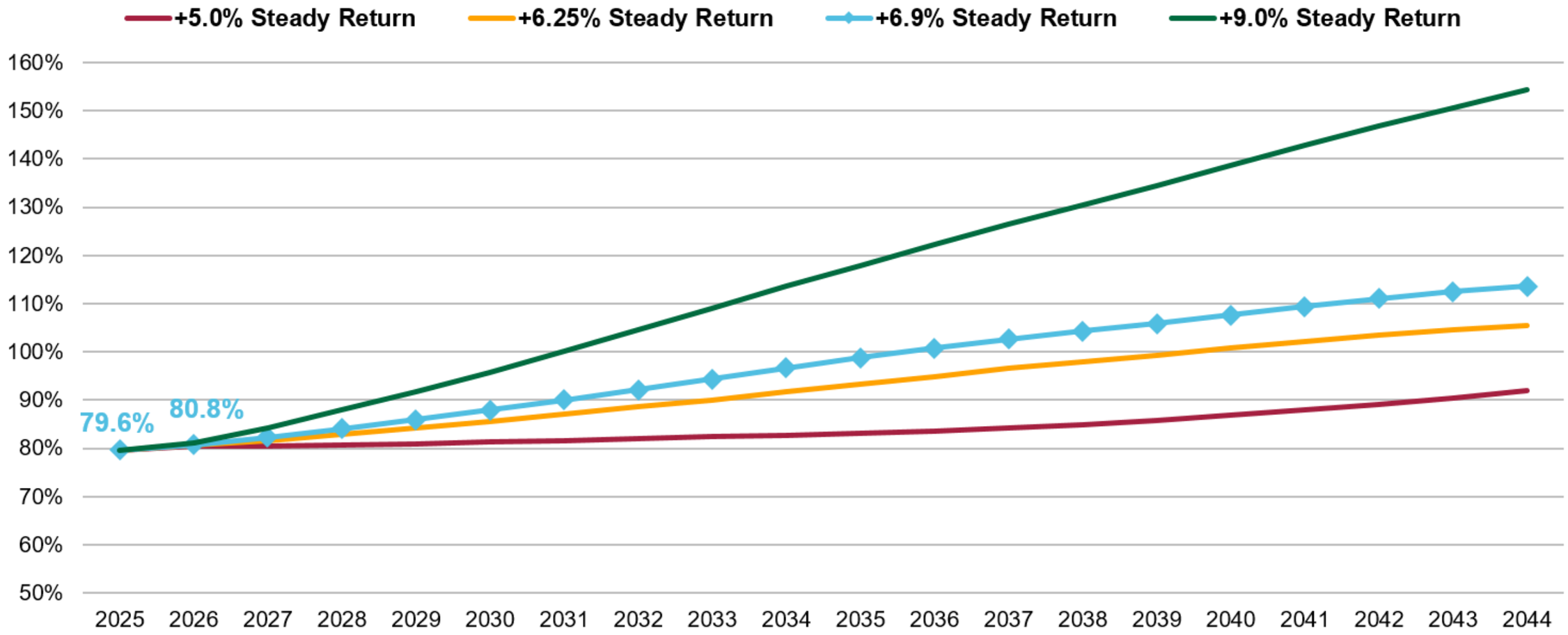


- 2026 funded status increases due to estimated year-end 2026 investment returns and contributions
- In steady +6.9% return scenario, funded status projected to reach 100% in 2036

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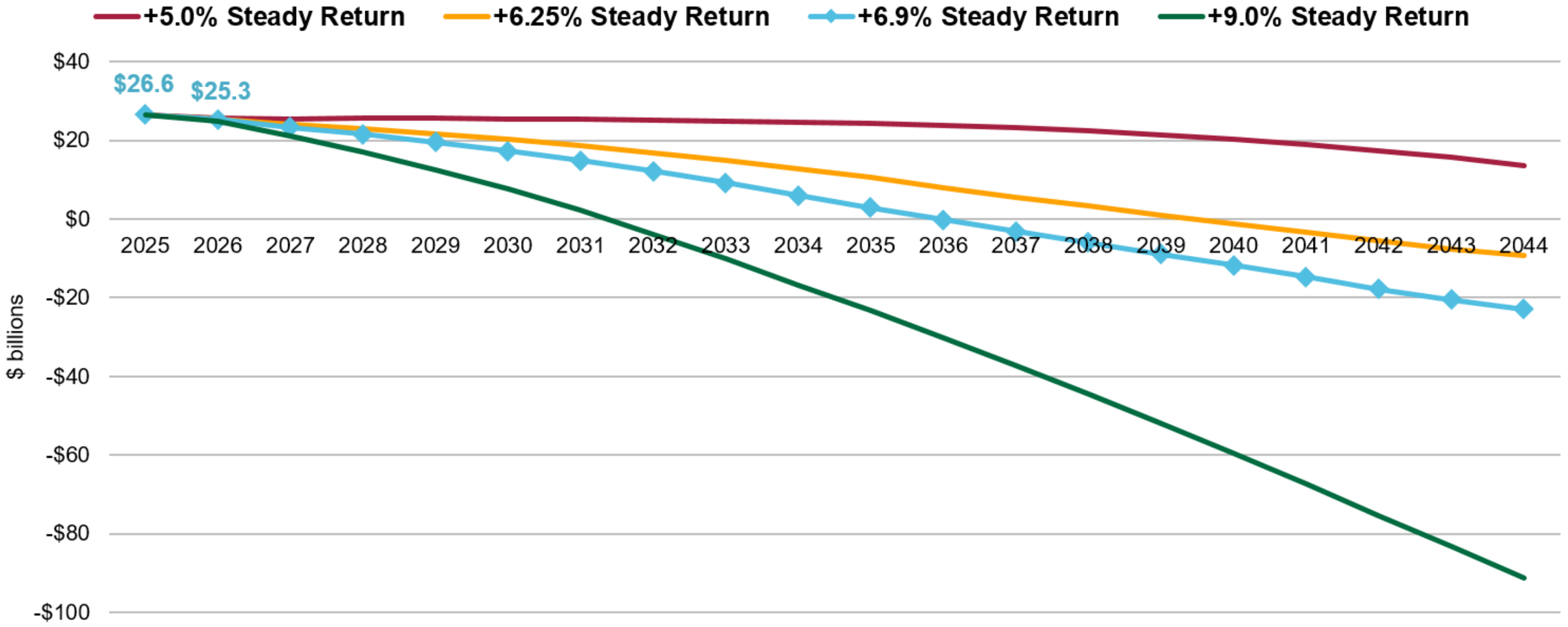


- 2026 funded status increases due to estimated year-end 2026 investment returns and contributions
- In steady +6.9% return scenario, funded status projected to reach 100% in 2036

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UAL (Unfunded Actuarial Liability) Excluding Side Accounts

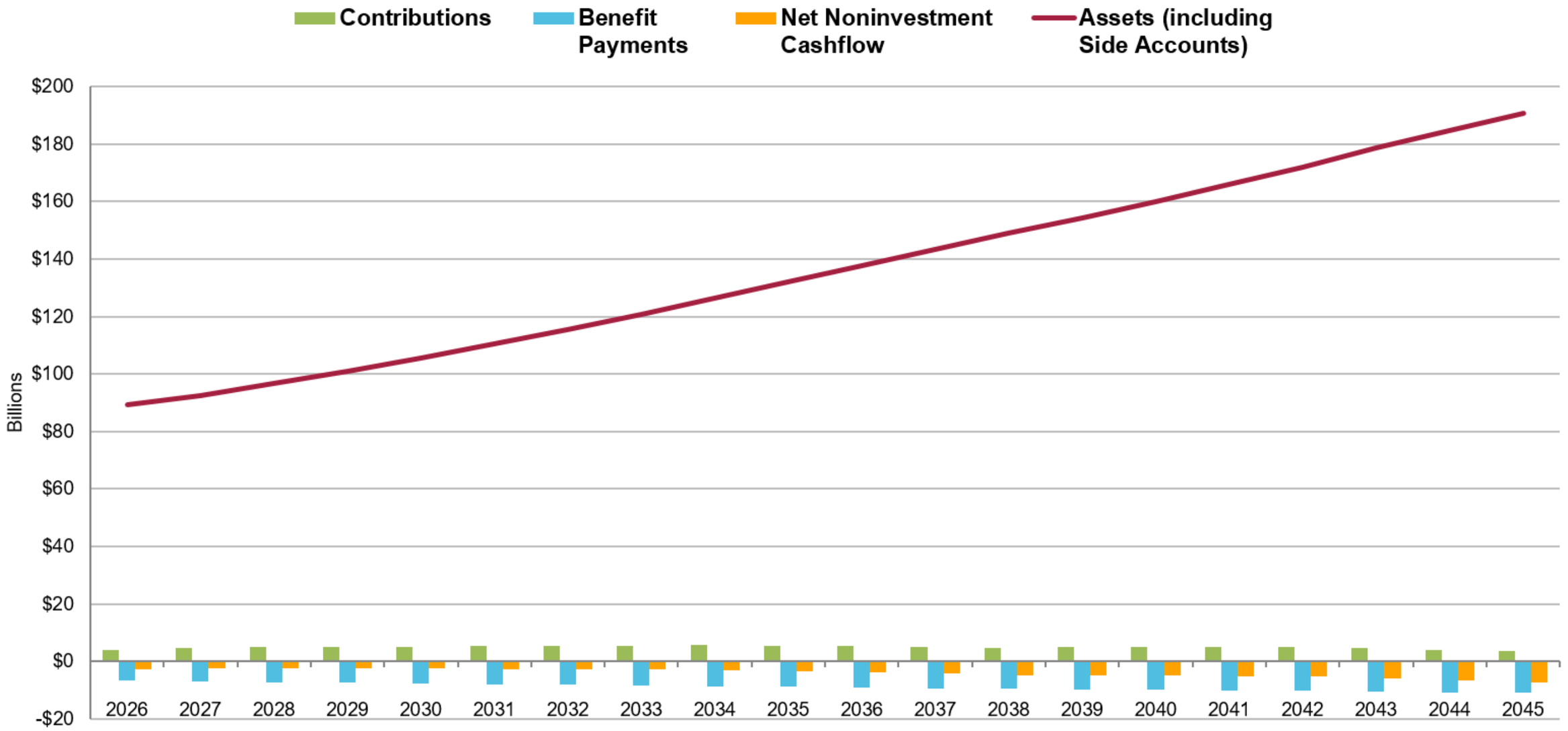


- 2026 UAL decreases due to estimated year-end 2026 investment returns and contributions
- At steady +6.9% return, UAL declines steadily, reaching $0 at year-end 2036

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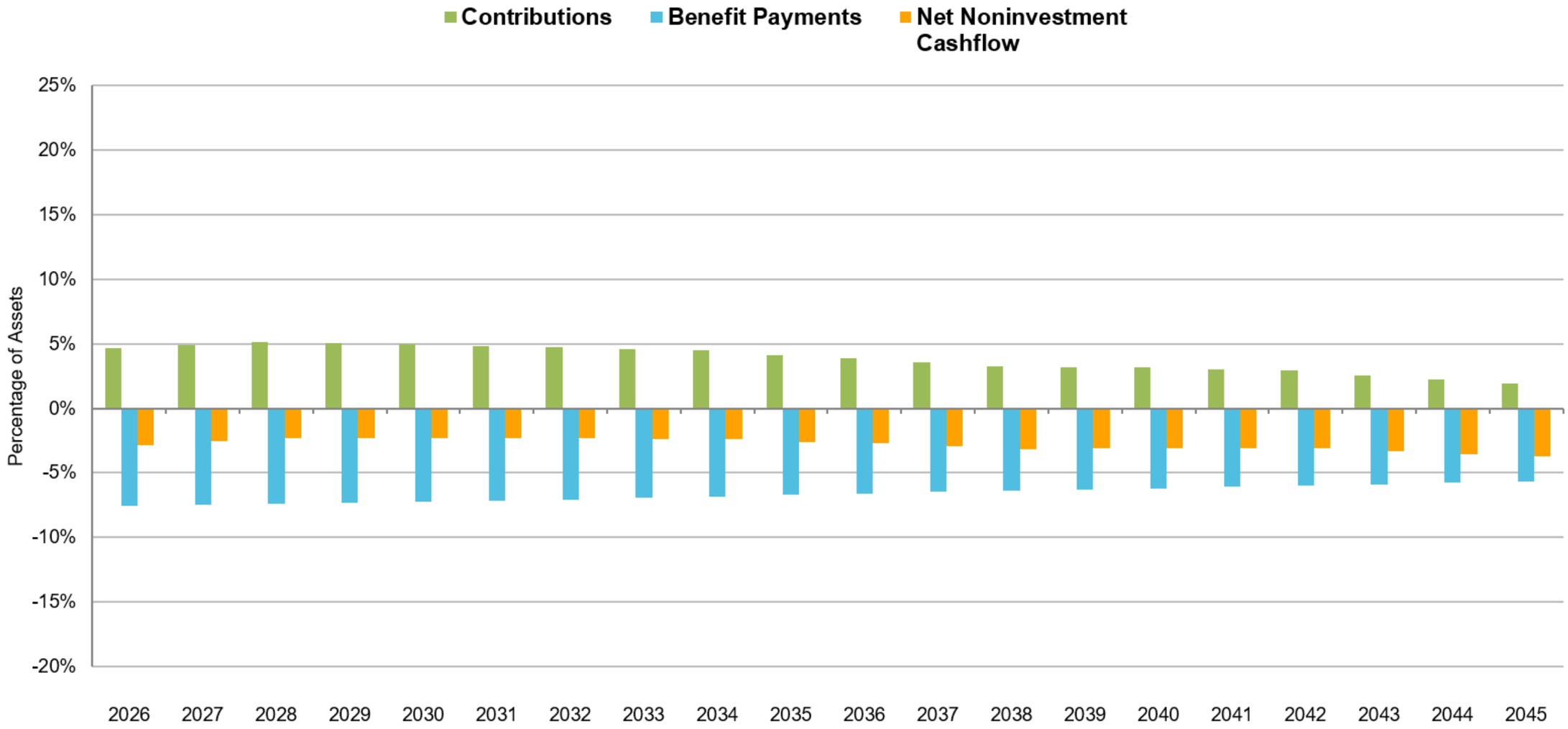
Cash Flow and Asset Balance at +6.90% Actual Return in All Future Years



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Cash Flows as % of Assets at +6.90% Actual Return in All Future Years

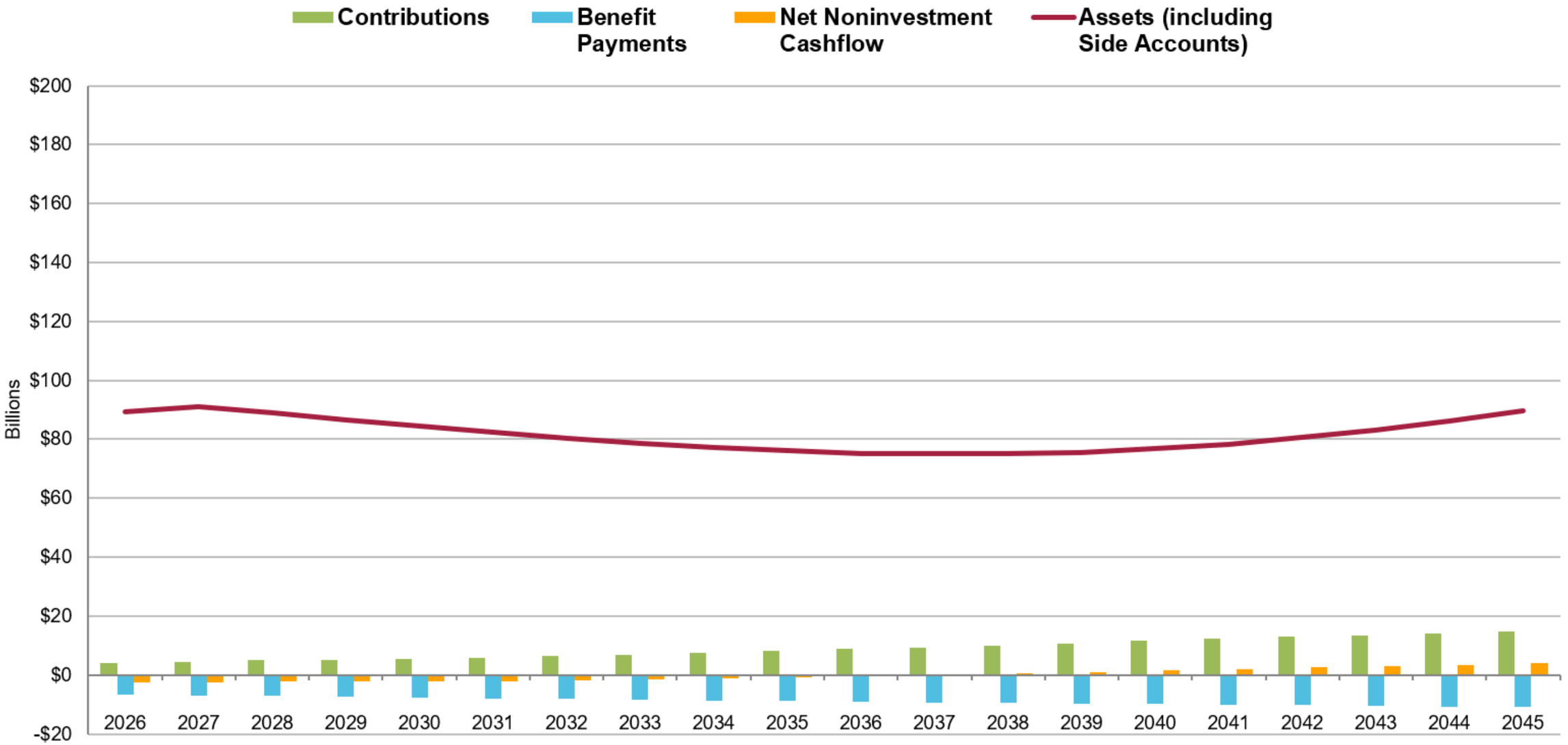


Net Noninvestment Cashflow = Contributions – Benefit Payments

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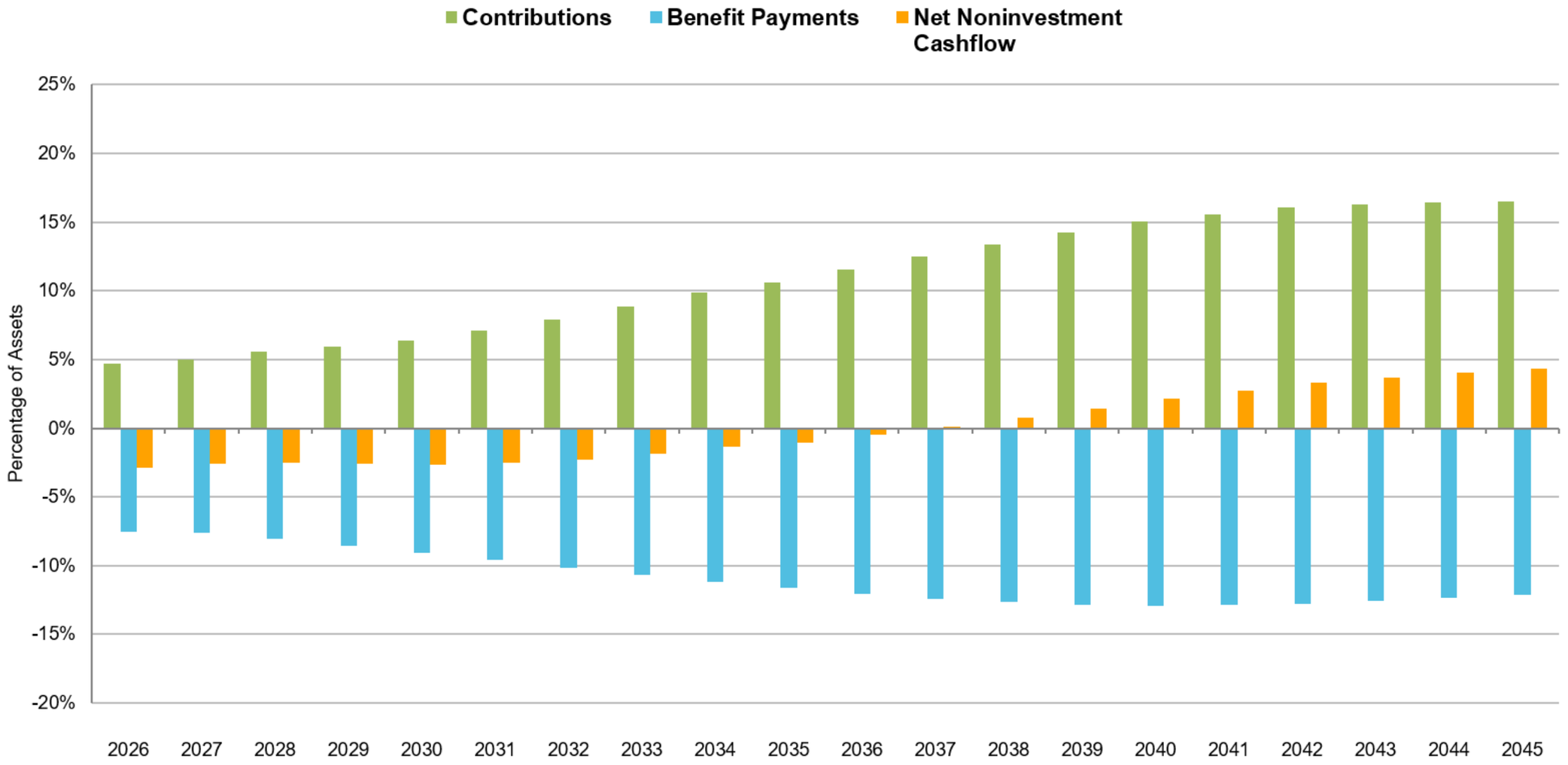
Cash Flow and Asset Balance at +0.00% Actual Return in All Future Years



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Cash Flows as % of Assets at +0.00% Actual Return in All Future Years



Net Noninvestment Cashflow = Contributions – Benefit Payments

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Variable Return Model

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Variable Return Model

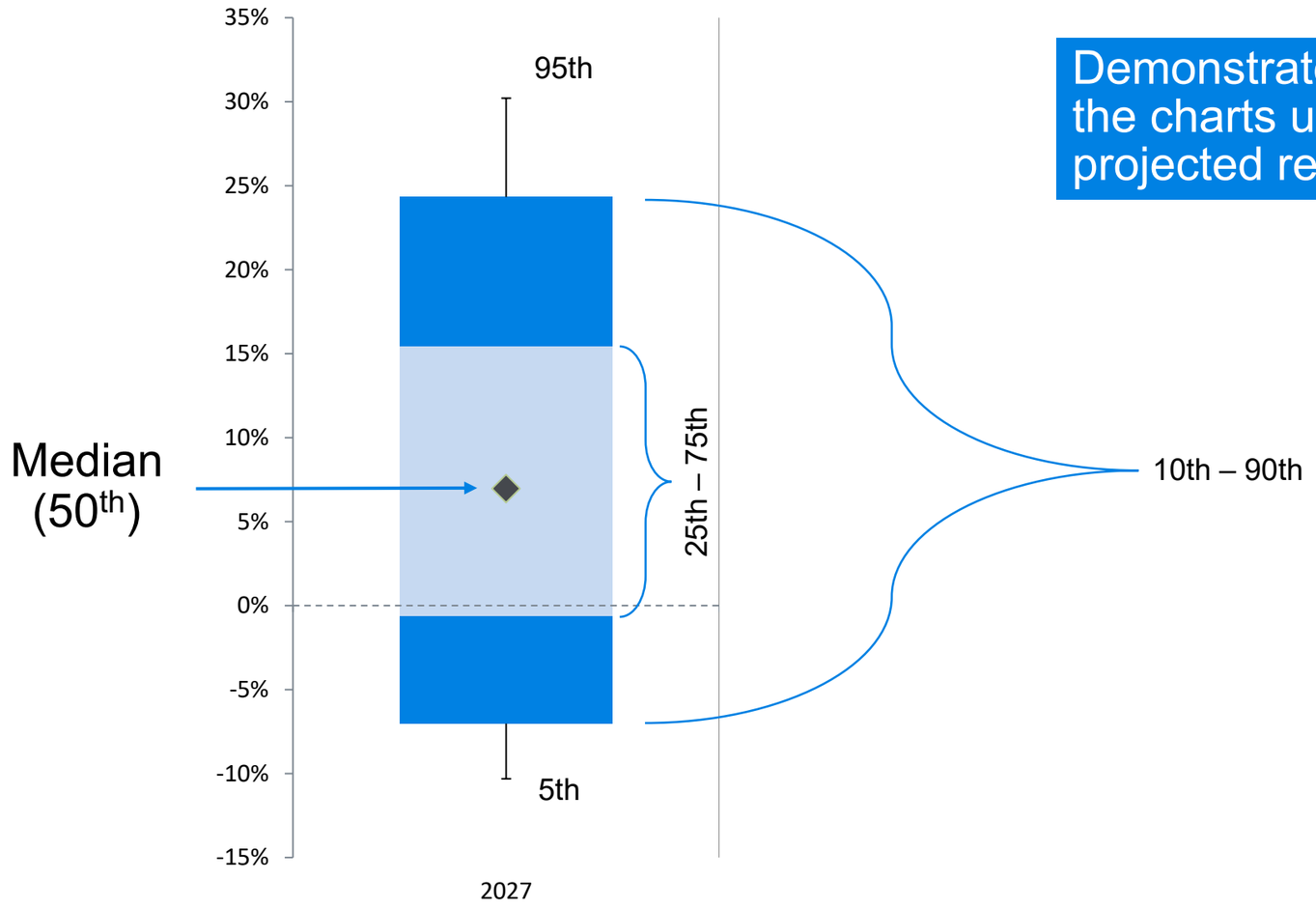
- Model results are likelihood ranges instead of a single amount
  - The range's distribution is based on a stochastic simulation using 10,000 trials
  - Scenarios were developed by our national capital market specialists, and use the OPERF target asset allocation policy (reflecting recently adopted changes as described in the appendix); for these scenarios, the **median annualized average geometric 20-year return is 7.26%**, which is 0.18% lower than last year's model
  - **Model incorporates published returns through September 2026**
    - Actual investment experience since September 30 is not incorporated in the model
- In our results charts, the dots represent median (50th percentile) outcomes
- We display model results from the 5th to 95th percentiles
  - Ten percent of model outcomes fall outside of the depicted range
- The chart format is demonstrated on the next slide

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PERS Fund Rate of Return

Projected 2027 Investment Returns



Demonstrates the format of the charts using single year projected returns in 2027.

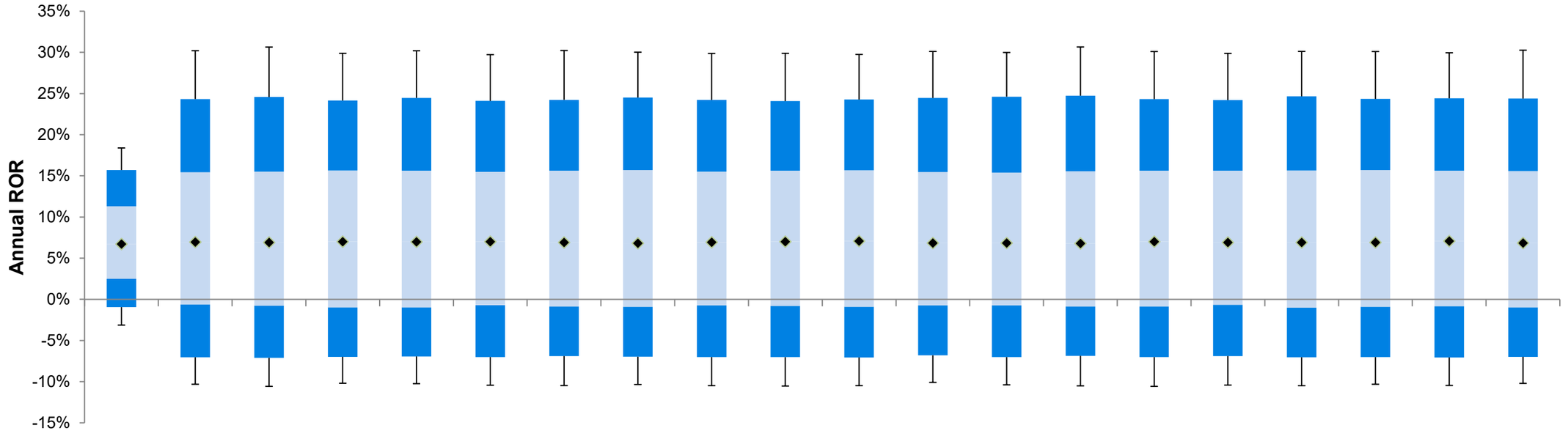
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PERS Fund Rate of Return

Single Calendar Year Investment Returns

The distribution of returns for 2026 reflects known results through September combined with modeled variable results for the last quarter of the year. Starting in 2027, our capital market outlooks model projects similar return ranges throughout the modeling period.

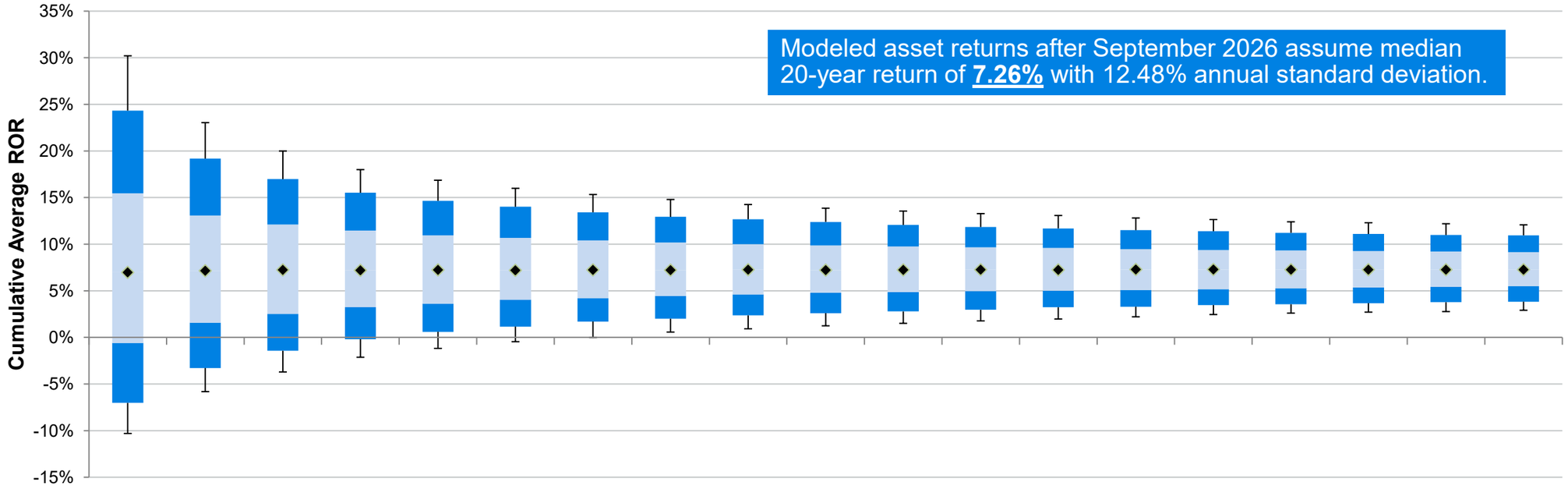


	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
95th	18.4%	30.2%	30.7%	29.9%	30.2%	29.7%	30.2%	30.0%	29.9%	29.9%	29.8%	30.1%	30.0%	30.7%	30.1%	29.9%	30.1%	30.1%	30.0%	30.3%
90th	15.7%	24.3%	24.6%	24.2%	24.5%	24.1%	24.2%	24.5%	24.2%	24.1%	24.3%	24.5%	24.6%	24.7%	24.3%	24.2%	24.7%	24.3%	24.4%	24.4%
75th	11.3%	15.5%	15.5%	15.7%	15.6%	15.5%	15.6%	15.7%	15.5%	15.6%	15.7%	15.5%	15.4%	15.6%	15.6%	15.6%	15.7%	15.7%	15.6%	15.6%
50th	6.7%	7.0%	6.9%	7.0%	7.0%	7.0%	6.9%	6.8%	6.9%	7.0%	7.1%	6.8%	6.8%	6.8%	7.0%	6.9%	6.9%	6.9%	7.1%	6.8%
25th	2.5%	-0.6%	-0.8%	-1.0%	-1.0%	-0.7%	-0.9%	-0.9%	-0.7%	-0.8%	-0.9%	-0.7%	-0.7%	-0.9%	-0.9%	-0.7%	-1.0%	-0.9%	-0.8%	-1.0%
10th	-1.0%	-7.0%	-7.1%	-7.0%	-6.9%	-7.0%	-6.9%	-7.0%	-7.0%	-7.0%	-7.1%	-6.8%	-7.0%	-6.9%	-7.0%	-6.9%	-7.0%	-7.0%	-7.1%	-7.0%
5th	-3.1%	-10.3%	-10.6%	-10.2%	-10.2%	-10.4%	-10.5%	-10.3%	-10.5%	-10.5%	-10.5%	-10.1%	-10.4%	-10.5%	-10.6%	-10.4%	-10.5%	-10.3%	-10.5%	-10.2%

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Average Annualized Rate of Investment Return

Post-2026 Modeled Returns (Geometric Average)

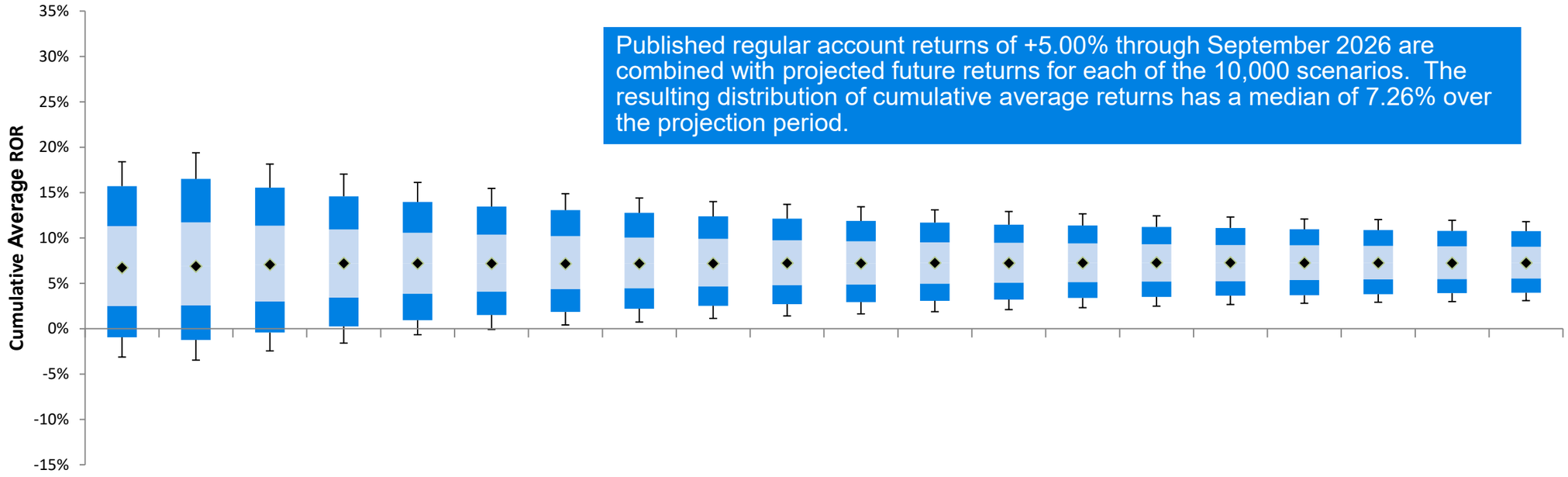


	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
95th	30.2%	23.0%	20.0%	18.0%	16.9%	16.0%	15.3%	14.8%	14.3%	13.9%	13.6%	13.3%	13.1%	12.8%	12.6%	12.4%	12.3%	12.2%	12.1%
90th	24.3%	19.2%	17.0%	15.5%	14.7%	14.0%	13.4%	12.9%	12.7%	12.4%	12.1%	11.8%	11.7%	11.5%	11.4%	11.2%	11.1%	11.0%	11.0%
75th	15.5%	13.1%	12.1%	11.5%	11.0%	10.7%	10.4%	10.2%	10.0%	9.9%	9.8%	9.7%	9.6%	9.5%	9.4%	9.3%	9.3%	9.2%	9.1%
50th	7.0%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.3%	7.2%	7.2%	7.3%	7.2%	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
25th	-0.6%	1.6%	2.5%	3.2%	3.6%	4.1%	4.2%	4.5%	4.6%	4.8%	4.9%	5.0%	5.0%	5.1%	5.2%	5.3%	5.4%	5.4%	5.5%
10th	-7.0%	-3.3%	-1.4%	-0.2%	0.6%	1.2%	1.7%	2.0%	2.4%	2.6%	2.8%	3.0%	3.2%	3.3%	3.5%	3.6%	3.7%	3.8%	3.8%
5th	-10.3%	-5.8%	-3.7%	-2.1%	-1.2%	-0.5%	0.0%	0.6%	0.9%	1.2%	1.5%	1.8%	2.0%	2.2%	2.5%	2.6%	2.7%	2.8%	2.9%

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Average Annualized Rate of Investment Return

Post-2025 Modeled Returns (Geometric Average)



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
95th	18.4%	19.4%	18.1%	17.0%	16.1%	15.5%	14.9%	14.4%	14.0%	13.7%	13.4%	13.1%	12.9%	12.7%	12.4%	12.3%	12.1%	12.0%	11.9%	11.8%
90th	15.7%	16.5%	15.5%	14.6%	14.0%	13.5%	13.1%	12.8%	12.4%	12.1%	11.9%	11.7%	11.5%	11.4%	11.2%	11.1%	11.0%	10.9%	10.8%	10.8%
75th	11.3%	11.7%	11.3%	10.9%	10.6%	10.4%	10.2%	10.0%	9.9%	9.8%	9.6%	9.5%	9.5%	9.4%	9.3%	9.2%	9.2%	9.1%	9.1%	9.0%
50th	6.7%	6.9%	7.1%	7.2%	7.2%	7.2%	7.1%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%	7.3%	7.2%	7.2%
25th	2.5%	2.6%	3.0%	3.4%	3.9%	4.1%	4.4%	4.5%	4.7%	4.8%	4.9%	5.0%	5.1%	5.1%	5.2%	5.3%	5.4%	5.4%	5.5%	5.5%
10th	-1.0%	-1.2%	-0.4%	0.3%	0.9%	1.5%	1.8%	2.2%	2.5%	2.7%	2.9%	3.1%	3.2%	3.4%	3.5%	3.6%	3.7%	3.8%	3.9%	4.0%
5th	-3.1%	-3.5%	-2.5%	-1.6%	-0.7%	-0.1%	0.4%	0.7%	1.1%	1.4%	1.6%	1.9%	2.1%	2.3%	2.5%	2.7%	2.8%	2.9%	3.0%	3.1%

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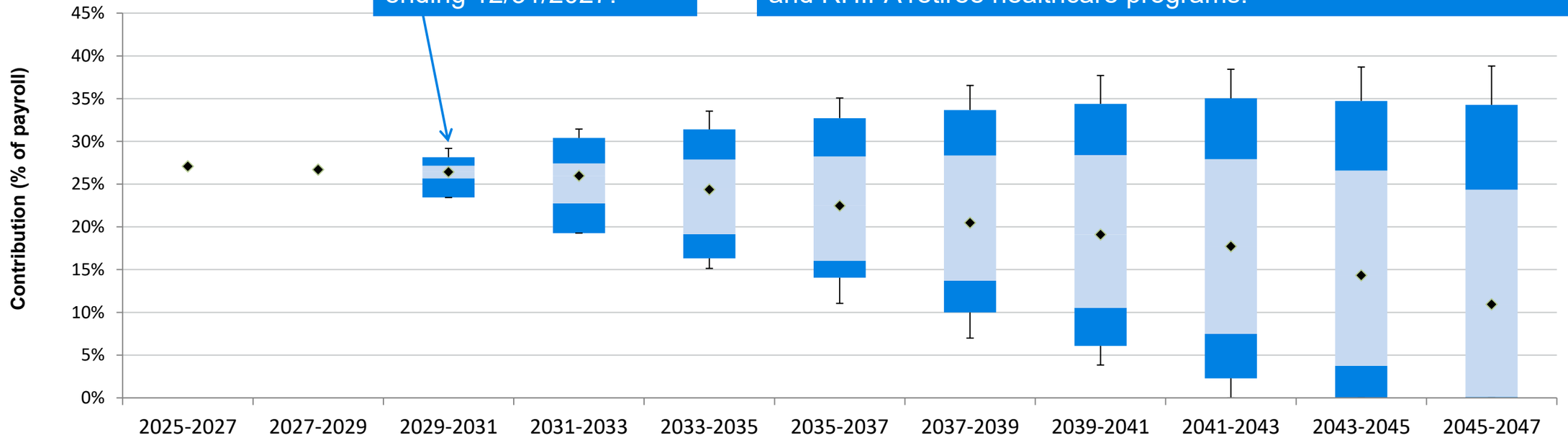
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Employer Collared Base Pension Rates (System Average)

Analysis is on a system-wide level and does not reflect SB 849 reductions to 2025-27 or 2027-29 School District Pool contribution rates

Rates for 2029-2031 are based on the modeled returns for the period ending 12/31/2027.

Employer "Base" rates are system average Tier One/Tier Two/OPSRP contribution rates excluding IAP contributions, the effect of side accounts & pension bond debt service, and contributions to the RHIA and RHIPA retiree healthcare programs.



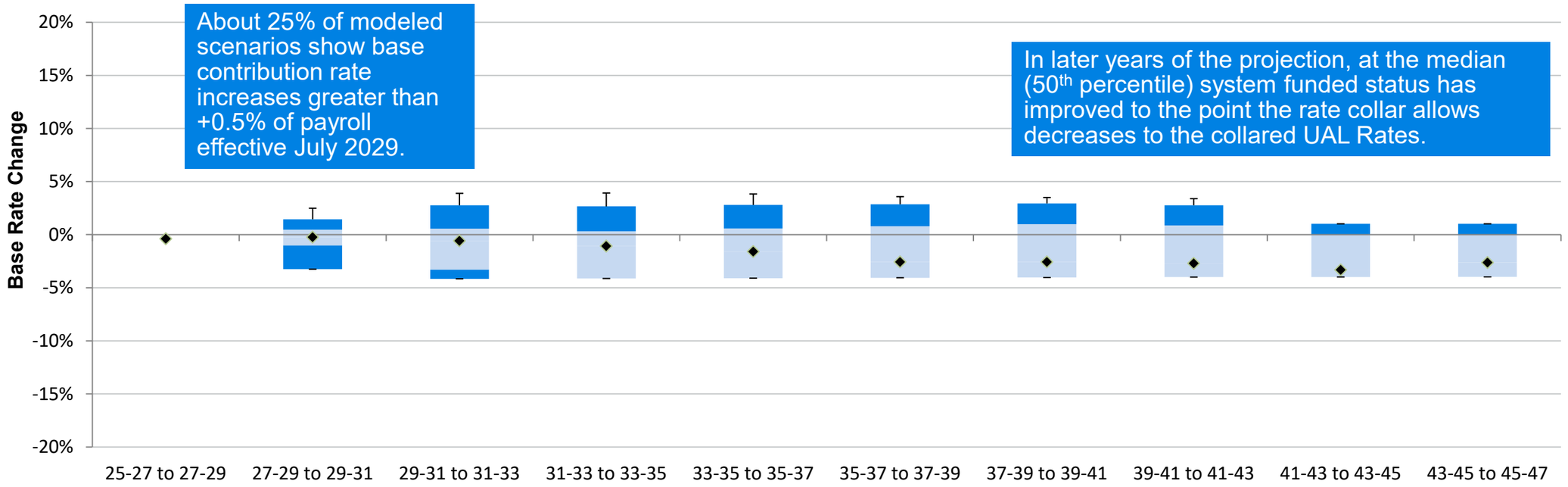
	2025-2027	2027-2029	2029-2031	2031-2033	2033-2035	2035-2037	2037-2039	2039-2041	2041-2043	2043-2045	2045-2047
5th	27.1%	26.7%	29.2%	31.4%	33.5%	35.1%	36.5%	37.7%	38.4%	38.7%	38.8%
10th	27.1%	26.7%	28.1%	30.4%	31.4%	32.7%	33.7%	34.4%	35.0%	34.7%	34.3%
25th	27.1%	26.7%	27.2%	27.4%	27.9%	28.2%	28.4%	28.4%	27.9%	26.6%	24.3%
50th	27.1%	26.7%	26.4%	26.0%	24.4%	22.5%	20.5%	19.1%	17.7%	14.3%	10.9%
75th	27.1%	26.7%	25.7%	22.8%	19.1%	16.0%	13.7%	10.5%	7.5%	3.8%	0.1%
90th	27.1%	26.7%	23.4%	19.3%	16.3%	14.1%	10.0%	6.1%	2.3%	0.0%	0.0%
95th	27.1%	26.7%	23.4%	19.3%	15.1%	11.1%	7.0%	3.8%	0.0%	0.0%	0.0%

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Biennial Change in Employer Collared Base Pension Rate

Analysis is on a system-wide level and does not reflect SB 849 reductions to 2025-27 or 2027-29 School District Pool contribution rates

System Average Rates

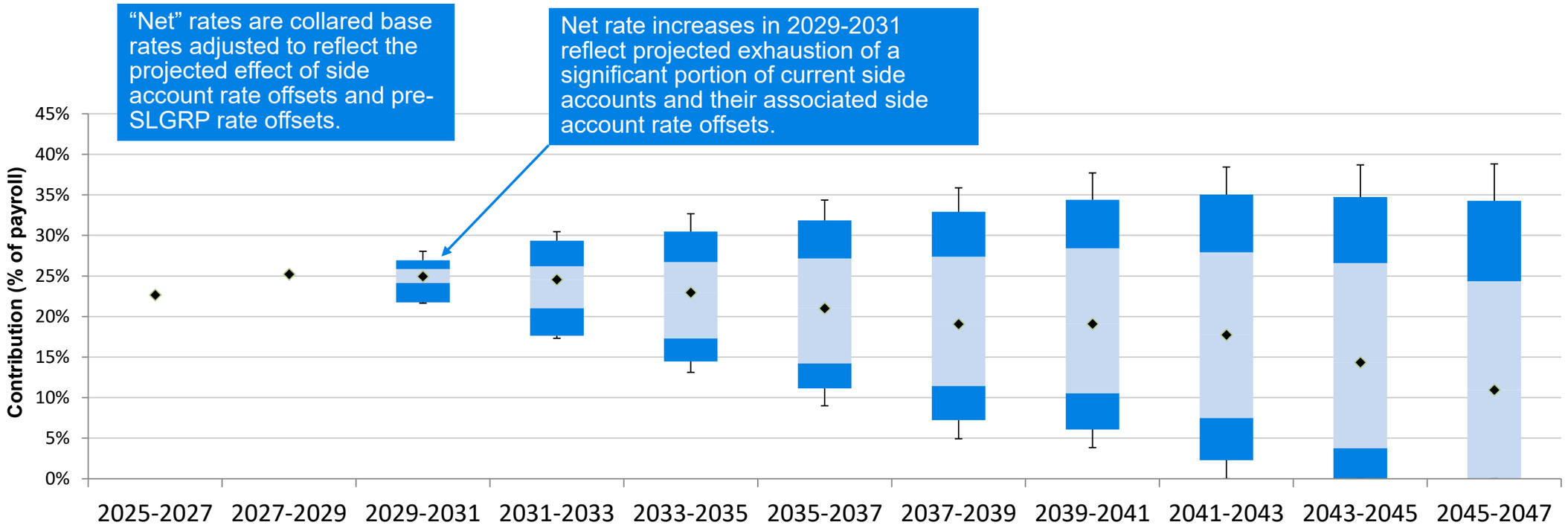


	25-27 to 27-29	27-29 to 29-31	29-31 to 31-33	31-33 to 33-35	33-35 to 35-37	35-37 to 37-39	37-39 to 39-41	39-41 to 41-43	41-43 to 43-45	43-45 to 45-47
5th	-0.4%	2.5%	3.9%	3.9%	3.8%	3.6%	3.5%	3.4%	1.0%	1.0%
10th	-0.4%	1.5%	2.8%	2.7%	2.8%	2.9%	2.9%	2.8%	1.0%	1.0%
25th	-0.4%	0.5%	0.6%	0.3%	0.6%	0.8%	1.0%	0.9%	0.0%	0.0%
50th	-0.4%	-0.3%	-0.6%	-1.1%	-1.6%	-2.6%	-2.6%	-2.7%	-3.3%	-2.6%
75th	-0.4%	-1.0%	-3.3%	-4.1%	-4.1%	-4.1%	-4.0%	-4.0%	-4.0%	-4.0%
90th	-0.4%	-3.3%	-4.2%	-4.1%	-4.1%	-4.1%	-4.0%	-4.0%	-4.0%	-4.0%
95th	-0.4%	-3.3%	-4.2%	-4.1%	-4.1%	-4.1%	-4.0%	-4.0%	-4.0%	-4.0%

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Employer Collared Net Pension Rates (System Average)

Analysis is on a system-wide level and does not reflect SB 849 reductions to 2025-27 or 2027-29 School District Pool contribution rates



	2025-2027	2027-2029	2029-2031	2031-2033	2033-2035	2035-2037	2037-2039	2039-2041	2041-2043	2043-2045	2045-2047
5th	22.7%	25.2%	28.0%	30.5%	32.7%	34.4%	35.9%	37.7%	38.4%	38.7%	38.8%
10th	22.7%	25.2%	26.9%	29.4%	30.5%	31.9%	32.9%	34.4%	35.0%	34.7%	34.3%
25th	22.7%	25.2%	25.9%	26.2%	26.7%	27.2%	27.4%	28.4%	27.9%	26.6%	24.3%
50th	22.7%	25.2%	24.9%	24.6%	22.9%	21.0%	19.1%	19.1%	17.7%	14.3%	10.9%
75th	22.7%	25.2%	24.2%	21.0%	17.3%	14.2%	11.4%	10.5%	7.5%	3.8%	0.1%
90th	22.7%	25.2%	21.7%	17.6%	14.5%	11.1%	7.2%	6.1%	2.3%	0.0%	0.0%
95th	22.7%	25.2%	21.6%	17.3%	13.1%	9.0%	4.9%	3.8%	0.0%	0.0%	0.0%

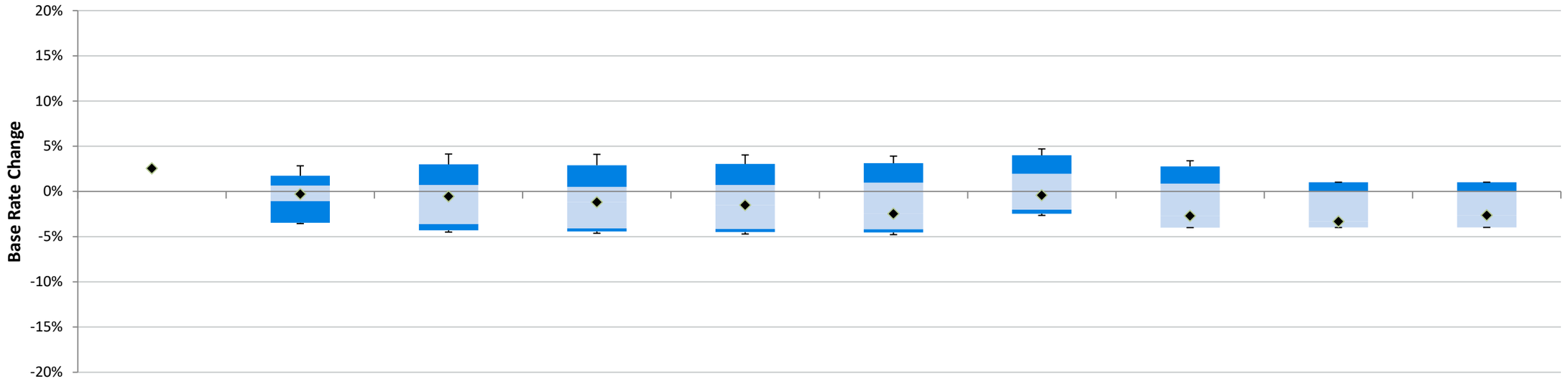
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Biennial Change in Employer Collared Net Pension Rate

Analysis is on a system-wide level and does not reflect SB 849 reductions to 2025-27 or 2027-29 School District Pool contribution rates

System Average Rates

The July 2029 increase is related to the projected exhaustion of a significant portion of current side accounts rate offsets prior to the expiration of the Tier One/Tier Two UAL rate amortization charges.



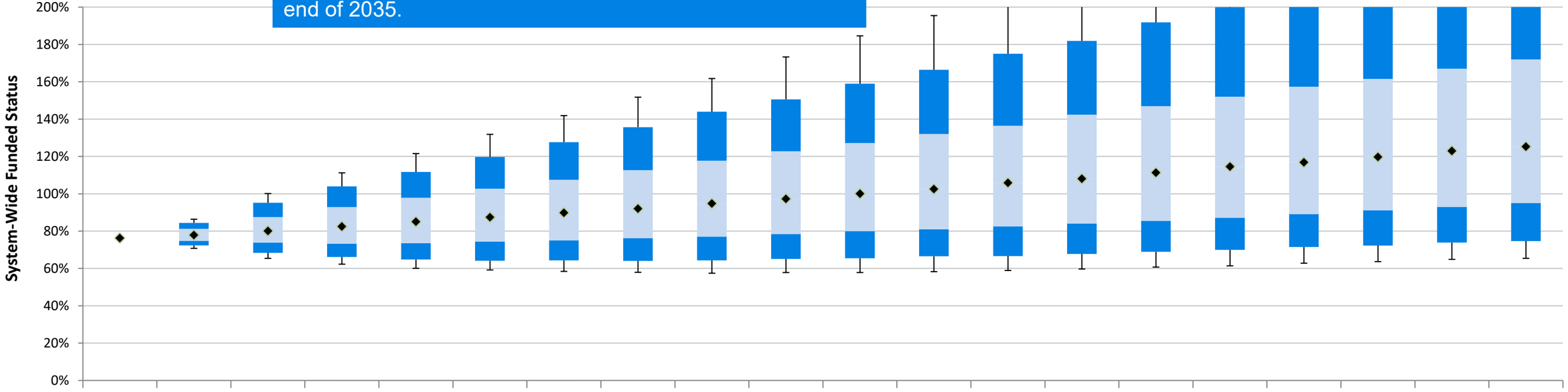
	25-27 to 27-29	27-29 to 29-31	29-31 to 31-33	31-33 to 33-35	33-35 to 35-37	35-37 to 37-39	37-39 to 39-41	39-41 to 41-43	41-43 to 43-45	43-45 to 45-47
5th	2.5%	2.8%	4.1%	4.1%	4.0%	3.9%	4.7%	3.4%	1.0%	1.0%
10th	2.5%	1.7%	3.0%	2.9%	3.0%	3.1%	4.0%	2.8%	1.0%	1.0%
25th	2.5%	0.6%	0.7%	0.5%	0.7%	1.0%	2.0%	0.9%	0.0%	0.0%
50th	2.5%	-0.3%	-0.6%	-1.2%	-1.5%	-2.5%	-0.4%	-2.7%	-3.3%	-2.6%
75th	2.5%	-1.1%	-3.6%	-4.1%	-4.2%	-4.2%	-2.0%	-4.0%	-4.0%	-4.0%
90th	2.5%	-3.5%	-4.3%	-4.4%	-4.5%	-4.5%	-2.5%	-4.0%	-4.0%	-4.0%
95th	2.5%	-3.6%	-4.5%	-4.6%	-4.7%	-4.8%	-2.7%	-4.0%	-4.0%	-4.0%

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Funded Status (Excluding Side Accounts)

At the 50th percentile, funded status is 77.9% at year-end 2026 and is projected to increase to reach over 100% by the end of 2035.



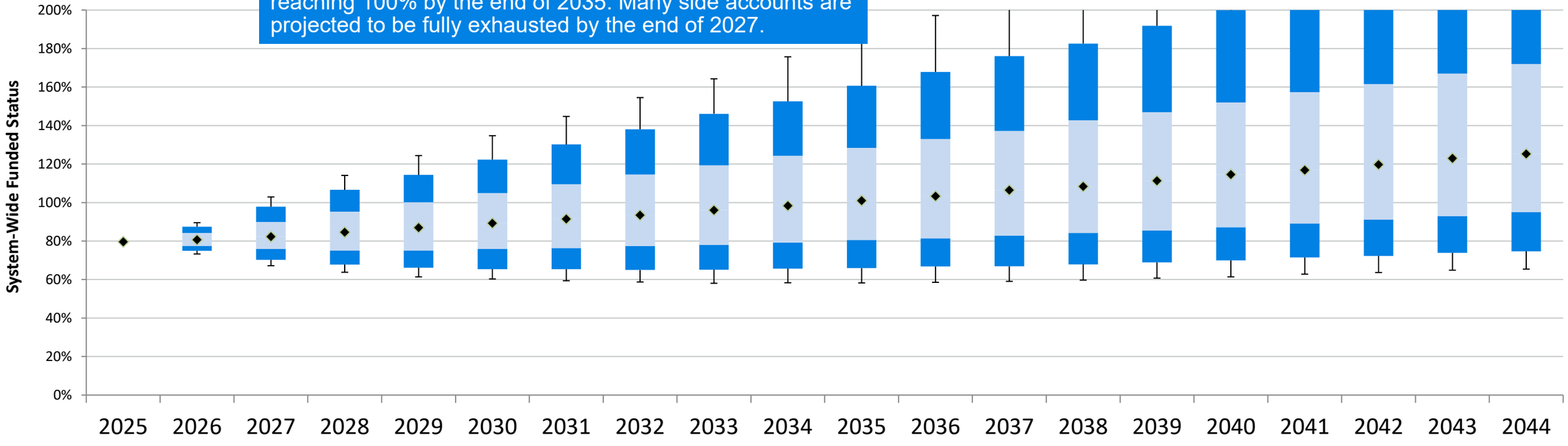
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
95th	76.2%	86.4%	100.1%	111.2%	121.5%	131.8%	141.9%	151.8%	161.7%	173.3%	184.6%	195.5%	205.1%	216.7%	228.5%	239.5%	251.6%	262.4%	277.9%	293.6%
90th	76.2%	84.4%	95.2%	104.0%	111.7%	119.7%	127.7%	135.7%	144.0%	150.6%	159.0%	166.4%	175.0%	181.9%	191.8%	199.9%	209.6%	217.2%	227.9%	235.1%
75th	76.2%	81.2%	87.6%	92.9%	97.9%	102.8%	107.5%	112.6%	117.7%	122.8%	127.2%	132.0%	136.4%	142.4%	147.0%	152.0%	157.3%	161.6%	167.0%	172.0%
50th	76.2%	77.9%	80.1%	82.5%	85.1%	87.5%	89.8%	92.0%	94.8%	97.3%	100.1%	102.6%	105.9%	108.1%	111.3%	114.6%	116.9%	119.7%	123.0%	125.3%
25th	76.2%	74.8%	73.9%	73.3%	73.5%	74.4%	75.1%	76.3%	77.1%	78.5%	80.0%	81.0%	82.6%	84.1%	85.5%	87.2%	89.2%	91.1%	93.0%	95.1%
10th	76.2%	72.3%	68.4%	66.2%	64.8%	64.2%	64.3%	64.1%	64.4%	65.1%	65.5%	66.5%	66.7%	67.8%	68.9%	70.0%	71.5%	72.3%	73.9%	74.7%
5th	76.2%	70.8%	65.4%	62.3%	60.1%	59.2%	58.4%	57.9%	57.5%	57.8%	57.8%	58.3%	58.9%	59.7%	60.8%	61.4%	62.8%	63.7%	64.9%	65.4%

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Funded Status (Including Side Accounts)

At the 50th percentile, funded status including side accounts is 80.7% at year-end 2026 and is projected to improve, reaching 100% by the end of 2035. Many side accounts are projected to be fully exhausted by the end of 2027.



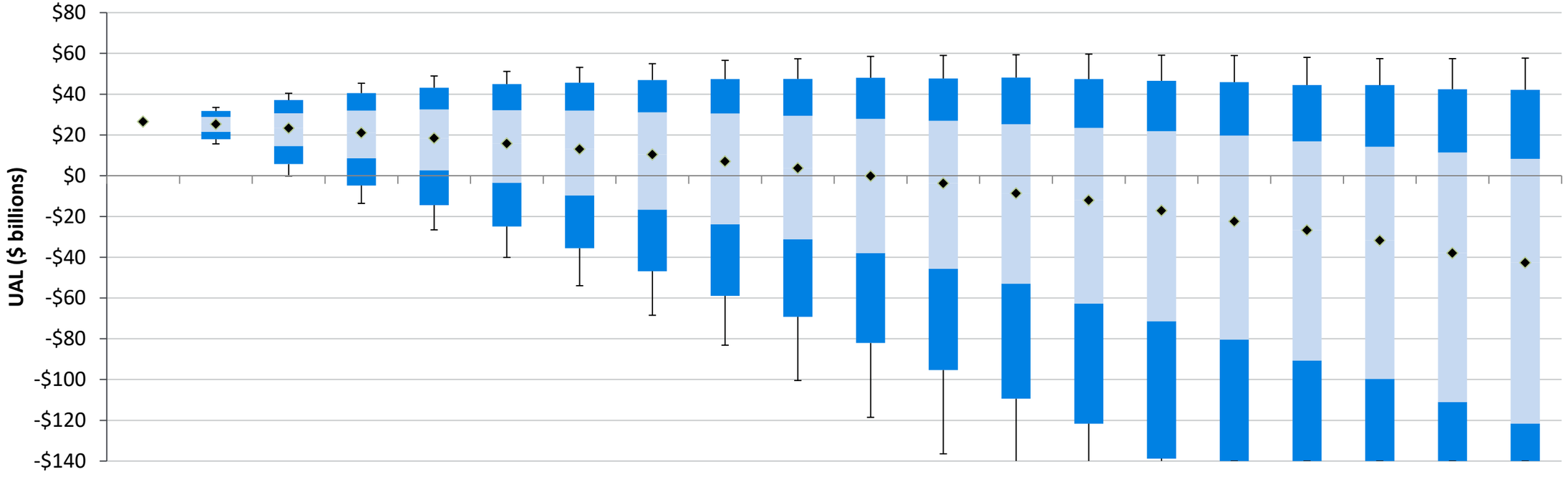
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
95th	79.6%	89.5%	102.9%	114.1%	124.4%	134.7%	144.7%	154.5%	164.3%	175.7%	186.6%	197.2%	206.4%	217.7%	228.5%	239.5%	251.6%	262.4%	277.9%	293.6%
90th	79.6%	87.5%	97.8%	106.6%	114.4%	122.3%	130.2%	138.1%	146.1%	152.6%	160.7%	167.9%	176.1%	182.6%	191.8%	199.9%	209.6%	217.2%	227.9%	235.1%
75th	79.6%	84.2%	90.0%	95.3%	100.1%	104.9%	109.5%	114.5%	119.4%	124.3%	128.4%	133.0%	137.2%	142.7%	147.0%	152.0%	157.3%	161.6%	167.0%	172.0%
50th	79.6%	80.7%	82.3%	84.5%	87.0%	89.3%	91.5%	93.5%	96.1%	98.4%	101.0%	103.3%	106.4%	108.4%	111.3%	114.6%	116.9%	119.7%	123.0%	125.3%
25th	79.6%	77.5%	75.9%	75.2%	75.1%	75.9%	76.4%	77.4%	78.0%	79.3%	80.6%	81.4%	82.9%	84.2%	85.5%	87.2%	89.2%	91.1%	93.0%	95.1%
10th	79.6%	74.9%	70.3%	67.8%	66.2%	65.4%	65.4%	65.0%	65.1%	65.7%	65.9%	66.8%	66.9%	67.9%	68.9%	70.0%	71.5%	72.3%	73.9%	74.7%
5th	79.6%	73.3%	67.2%	63.8%	61.4%	60.3%	59.4%	58.7%	58.1%	58.4%	58.3%	58.6%	59.1%	59.7%	60.8%	61.4%	62.8%	63.7%	64.9%	65.4%

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UAL (Excluding Side Accounts)

At the 50th percentile, the UAL excluding side accounts is $25.4 billion at year-end 2026 and is projected to decline to less than $0 by the end of 2035.

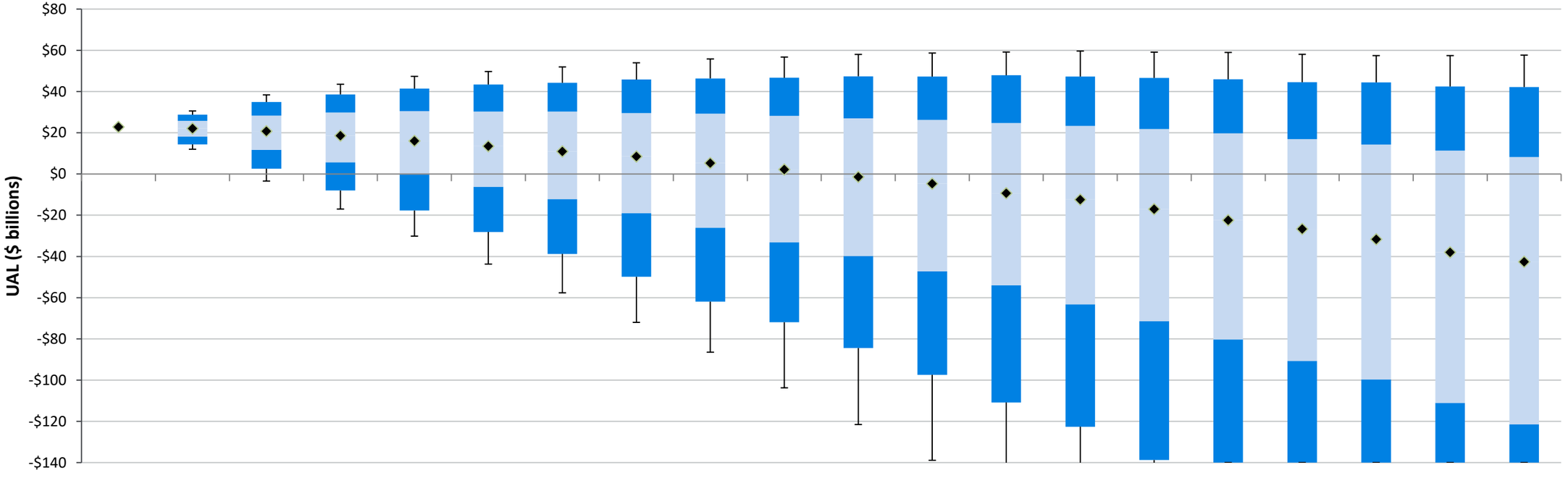


	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
5th	26.6	33.5	40.5	45.4	48.9	51.2	53.2	55.0	56.6	57.4	58.5	59.0	59.3	59.7	59.1	59.0	58.1	57.4	57.4	57.7
10th	26.6	31.7	37.1	40.5	43.2	44.9	45.6	47.0	47.4	47.5	48.1	47.7	48.1	47.4	46.6	45.9	44.5	44.4	42.4	42.2
25th	26.6	28.9	30.6	32.0	32.5	32.1	31.9	31.1	30.6	29.4	27.9	26.9	25.2	23.5	21.8	19.7	16.9	14.2	11.4	8.2
50th	26.6	25.4	23.3	21.1	18.4	15.8	13.1	10.4	7.0	3.7	-0.1	-3.7	-8.6	-12.0	-17.0	-22.4	-26.7	-31.7	-37.9	-42.6
75th	26.6	21.6	14.6	8.5	2.6	-3.4	-9.6	-16.6	-23.8	-31.1	-38.0	-45.7	-52.9	-62.7	-71.4	-80.3	-90.6	-99.7	-111.0	-121.5
90th	26.6	17.9	5.7	-4.8	-14.4	-24.9	-35.6	-46.8	-59.0	-69.2	-82.1	-95.3	-109.4	-121.6	-138.8	-155.1	-173.2	-189.7	-211.8	-229.0
95th	26.6	15.6	-0.2	-13.6	-26.6	-40.1	-54.0	-68.5	-83.1	-100.5	-118.5	-136.4	-153.2	-175.1	-194.4	-216.8	-240.8	-264.8	-294.5	-329.2

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UAL (Including Side Accounts)

At the 50th percentile, the UAL including side accounts is $22.1 billion at year-end 2026 and is projected to decline to less than $0 by the end of 2035. Many side accounts are projected to be fully exhausted by the end of 2027.



	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
5th	22.8	30.6	38.4	43.5	47.4	49.7	51.9	53.9	55.8	56.7	58.0	58.7	59.2	59.6	59.1	59.0	58.1	57.4	57.4	57.7
10th	22.8	28.8	34.9	38.6	41.4	43.4	44.2	45.8	46.4	46.7	47.4	47.2	47.9	47.3	46.6	45.9	44.5	44.4	42.4	42.2
25th	22.8	25.8	28.3	29.8	30.5	30.3	30.3	29.6	29.3	28.3	27.0	26.3	24.8	23.3	21.8	19.7	16.9	14.2	11.4	8.2
50th	22.8	22.1	20.8	18.6	16.0	13.5	11.0	8.5	5.3	2.2	-1.4	-4.7	-9.3	-12.4	-17.0	-22.4	-26.7	-31.7	-37.9	-42.6
75th	22.8	18.2	11.7	5.7	-0.2	-6.2	-12.3	-19.0	-26.1	-33.2	-39.8	-47.2	-54.0	-63.3	-71.4	-80.3	-90.6	-99.7	-111.0	-121.5
90th	22.8	14.4	2.6	-8.0	-17.7	-28.1	-38.8	-49.9	-61.9	-71.9	-84.5	-97.4	-110.8	-122.6	-138.8	-155.1	-173.2	-189.7	-211.8	-229.0
95th	22.8	12.0	-3.4	-17.0	-30.1	-43.7	-57.7	-72.0	-86.5	-103.7	-121.5	-138.9	-155.2	-176.3	-194.4	-216.8	-240.8	-264.8	-294.5	-329.2

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Variable Return Model Stress Test

- As in recent years, we also used the variable return model to do a “stress test” of the likelihood of certain events in the 10,000 scenarios modeled
  - Testing is done at a system-average level; results for individual rate pools or employers may vary
- The percentage of modeled scenarios with funded status above a specified threshold at the end of the projection period is shown below
  - Median projected funded status excluding side accounts at year-end 2026 is 77.9%

Likelihood of Event Occurring at End of 20-Year Projection Period		*Prior Year’s Results*
Funded Status (Excluding Side Accounts) > 100%	71%	*70%*
Funded Status (Excluding Side Accounts) > 90%	79%	*78%*
Funded Status (Excluding Side Accounts) > 80%	86%	*85%*
Funded Status (Excluding Side Accounts) > 70%	93%	*92%*
Funded Status (Excluding Side Accounts) > 60%	97%	*96%*

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Variable Return Model Stress Test

- Median projected funded status excluding side accounts at year-end 2026 is 77.9%
- The likelihood of specified events occurring at some valuation date during the 20-year projection period is shown below

Likelihood of Event Occurring at Some Valuation Date in Next 20 Years		*Prior Year's Results*
Funded Status (Excluding Side Accounts) > 100%	87%	*87%*
Funded Status (Excluding Side Accounts) < 60%	21%	*27%*
Funded Status (Excluding Side Accounts) < 40%	1%	*2%*

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Variable Return Model Stress Test

- The likelihood of specified events occurring during the 20-year projection period is shown below

Likelihood of Event Occurring in at Least One Biennium in Next 20 Years		*Prior Year's Results*
Employer Collared Base Rate (Excluding Retiree Healthcare) < 10% of Pay	48%	*42%*
Employer Collared Base Rate (Excluding Retiree Healthcare) > 30% of Pay	30%	*33%*
Employer Collared Base Rate (Excluding Retiree Healthcare) > 40% of Pay	5%	*6%*

- The system-average employer base rate for the 2027-2029 biennium is about 26.7%, per the December 31, 2025 valuation

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Variable Return Model Stress Test

- Table shows likelihood in the model of an employer collared base rate increase exceeding a selected threshold at the July 2029 and July 2031 rate change dates

Likelihood of the Employer Collared Base Rate Increase Exceeding Threshold		
Threshold Increase	July 2029	July 2031
2% of Pay	7%	13%
3% of Pay	3%	9%
4% of Pay	<1%	<1%

- **Changes in net rates will vary by employer** depending on the size and amortization schedule of any side account(s) or SLGRP adjustments the employer may have
  - **Rate offsets and charges for most SLGRP adjustments are scheduled to expire July 2029**, which will influence the net rate change for affected employers

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Wrap Up / Next Steps

- At the January 29, 2027 meeting, preliminary year-end 2026 investment results will be available
  - We can then comment as warranted on estimated impact on the 12/31/2026 actuarial valuation, which will develop advisory 2029 – 2031 employer contribution rates
- The biennial experience study review of actuarial methods and assumptions will occur next year, with Board decisions anticipated at the July 23, 2027 meeting

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Appendix

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Certification

This presentation summarizes deterministic and stochastic modeling for the Oregon Public Employees Retirement System ("PERS" or "the System") over a 20-year period beginning December 31, 2025 under a wide range of potential economic scenarios. The results are based upon the same assumptions, methods, and plan provisions as described in the 2024 Experience Study and the December 31, 2025 System-Wide Actuarial Valuation Report, except where noted otherwise.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts 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, employee 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.

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Certification

A 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.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. Our December 31, 2025 Actuarial Valuation Report provides additional discussion of the System's risks. The PERS Board has the final decision regarding the appropriateness 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.

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Appendix

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 Valuation Report.

Assets as of December 31, 2025, were based on values provided by Oregon PERS reflecting the Board's earnings crediting decisions for 2025, as shown in the Valuation Report. Financial model projections reflect September 30, 2026 investment results for regular and variable accounts as published by Oregon State Treasury.

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 required a one-time re-amortization of Tier One/Tier Two UAL over a closed 22-year period at the December 31, 2019 rate-setting valuation, which 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.

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Appendix

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.

***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).

Assumptions

Assumptions for valuation calculations are as described in the 2024 Experience Study Report.

Provisions

Provisions valued are as detailed in the December 31, 2025 System-Wide Actuarial Valuation Report.

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Appendix

Rate Projection Basis

Assumptions

In general, all assumptions are as described in the 2024 Experience Study Report.

The major actuarial valuation assumptions used in our projections are shown below. They are aggregate average assumptions that apply to the whole population and were held constant throughout the projection period. The economic experience adjustments were allowed to vary in future years given the conditions defined in each economic scenario.

- Valuation interest rate – 6.90%
- Tier One Regular account growth – 6.90%
- Actual fund investment return – Varies by scenario according to capital market assumptions
- Variable account growth – Equal to investment return on public equity portion of the fund
- Inflation assumption – 2.40%
- Inflation experience – Varies by scenario according to capital market assumptions
- Wage growth assumption – 3.40%
- Wage growth experience – 1.00% greater than inflation experience
- Demographic experience – as described in 2024 Experience Study Report
- New entrant experience – New members are assumed to be hired at the rate necessary to keep the total number of members in each job class (General Service, School District, Police & Fire, and Judges) constant over the duration of the projection. All new entrants other than judges are assumed to join as OPSRP members. New entrant pay is assumed to grow at the rate necessary for overall system payroll to increase with wage growth experience, as described above.

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Appendix

Rate Projection Basis

Reserve Projection

Contingency Reserve as of 12/31/2025 was $50.0M. No future increases or decreases to this reserve were assumed.

The Tier One Rate Guarantee Reserve ("RGR") was $847.4 M as of 12/31/2025. The RGR was assumed to grow with excess returns above the 6.90% target growth on Tier One Member Accounts. When modeled aggregate returns were below 6.90%, applicable amounts from the RGR were assumed to transfer to Tier One Member Accounts to maintain the 6.90% target growth rate. The RGR is allowed to be negative, but the reserve is not excluded from valuation assets when it is negative. We did not include in rates any potential additional employer levy that could be required to eliminate a persistent negative RGR.

Offset for Member Redirect Contributions

Under Senate Bill 1049, a portion of the 6% of pay member contribution previously made to the IAP was redirected to fund Tier One/Tier Two and OPSRP defined benefits beginning July 1, 2020. For Tier One/Tier Two members, the redirected amount will be 2.50% of pay, and for OPSRP it will be 0.75% of pay. Members with less than $2,500 in monthly pay (indexed in future years) will be exempt from the redirection.

For the rate projection, member redirect contributions are assumed to offset the contribution rates paid by employers. The offset is assumed to be 2.40% of total payroll for Tier One/Tier Two and 0.65% of total payroll for OPSRP.

Redirected member contributions are assumed to cease in a biennium following a rate-setting valuation where the funded status, including side accounts, is 90% or greater.

Work After Retirement Contributions

Under Senate Bill 1049, starting in 2020 and ending December 31, 2024, employers are required to pay PERS contribution rates on rehired retiree payroll. In 2023, HB 2296 extended the end date for this provision to December 31, 2034. For 2026, rehired retiree payroll was assumed to be approximately $307.2M for Tier One/Tier Two members and $30.7M for OPSRP members. After 2026, rehired retiree payroll was assumed to increase with the wage growth assumption.

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Appendix

Rate Projection Basis

Capital Market Model

For each 20-year projection, we ran 10,000 stochastic scenarios for inflation and asset class rates of return. The scenarios were calibrated to represent Milliman's capital market assumptions in terms of expected average real returns, the expected year-to-year volatility of the returns, and the expected correlation between the returns of different asset classes. Annual rates of return for each of the asset classes and inflation are generated from a multivariate lognormal probability distribution. Rates of return are independent from year to year.

The variable return model includes 10,000 projected scenarios for possible future year-by-year system investment returns and levels of inflation. In developing that model, per Actuarial Standards of Practice we disclose reliance upon a Milliman colleague who is a credentialed actuary and also a credentialed investment professional with expertise in preparing capital outlook modeling. We reviewed overall model results for reasonability while, as part of his work, our investment professional colleague reviewed the investment projections for internal consistency.

For this purpose, we considered the Oregon PERS Fund to be allocated among the model's asset classes as shown on the following slide. This allocation is based on input provided by Meketa (OIC's primary consultant) and reflects changes to the OIC's target allocation for the Oregon PERS fund adopted at the September 2, 2026 OIC meeting.

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Appendix

Rate Projection Basis

Capital Market Model

Reflects Milliman's capital market assumptions as of July 1, 2026.

	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual Standard Deviation	Policy Allocation
Global Equity	8.14%	6.56%	18.46%	26.000%
Private Equity	12.59%	8.52%	30.00%	19.000%
Real Estate	8.04%	6.68%	17.12%	15.000%
US Core Fixed Income	4.78%	4.68%	4.37%	20.000%
US High Yield Bonds	6.32%	5.85%	9.94%	1.875%
Hedge Fund of Funds – Conservative	4.56%	4.38%	5.23%	7.500%
Infrastructure	7.59%	6.17%	17.40%	1.000%
Master Limited Partnerships	8.80%	5.67%	25.90%	1.000%
Bank/Leveraged Loans	6.14%	5.86%	7.72%	1.875%
Private Credit	8.73%	8.07%	12.00%	3.750%
US REITs	8.64%	6.50%	21.46%	1.000%
Farmland	7.09%	6.30%	13.00%	1.000%
Commodities	5.43%	3.97%	17.49%	1.000%
US Inflation (CPI-U)	2.40%	2.40%	1.48%	**N/A**
Fund Total (reflecting asset class correlations)	**8.00%**	**7.32%***	**12.48%**	**100.00%**

* The model's 20-year annualized geometric median is **7.26%**.

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Retirement System Risks

- Oregon PERS, like all defined benefit systems, is subject to various risks that will affect future system liabilities and contribution requirements, including:
  - **Investment risk**: the potential that investment returns will be different than assumed
  - **Demographic risks**: the potential that mortality experience, retirement behavior, or other demographic experience for the system membership will be different than assumed
  - **Contribution risk**: the potential that actual future contributions will be materially different than expected, for example if there are material changes in the system's covered payroll
- The results of an actuarial valuation are based on one set of reasonable assumptions, but it is almost certain that future experience will not exactly match the assumptions.
- Further discussion of system risks and historical information regarding system experience are shown in our annual actuarial valuations. In addition, our annual financial modeling presentation to the PERS Board illustrates future outcomes under a wide range of future scenarios reflecting variation in key risk factors.

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