

IMPORTANT →

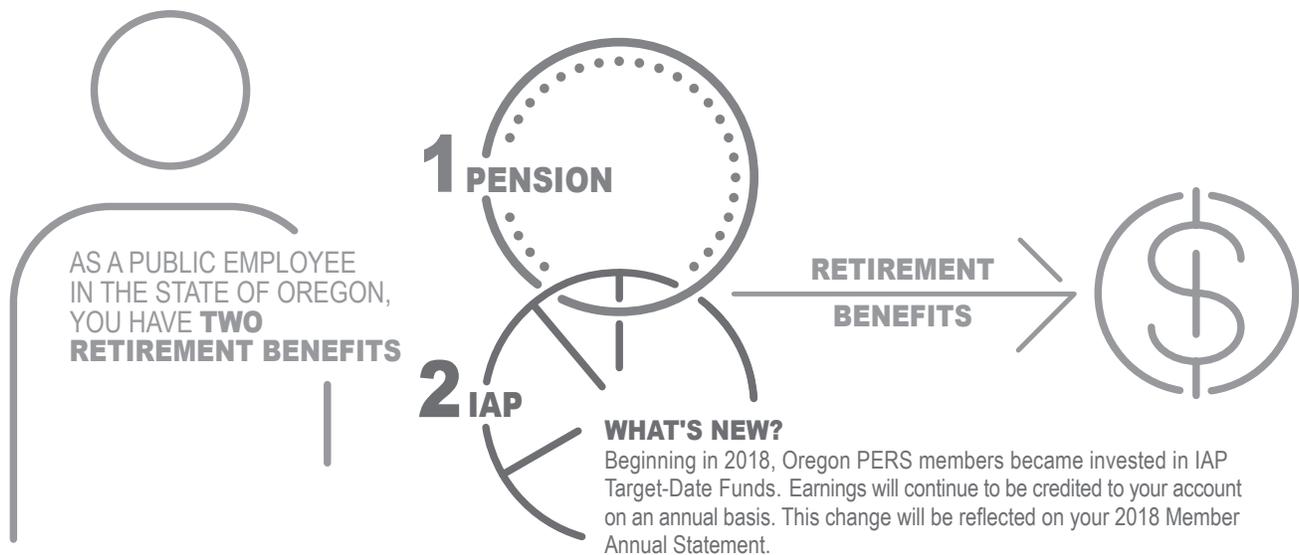
MAKE SURE YOUR DATE OF BIRTH IS CORRECT ON THIS YEAR'S STATEMENT

2018 CHANGE TO YOUR INDIVIDUAL ACCOUNT PROGRAM (IAP) INVESTMENT STRATEGY

The Oregon Investment Council (OIC) voted in 2017 to change the investment strategy of the IAP to custom IAP Target-Date Funds, beginning in 2018. IAP accounts shifted from a one-size-fits-all investment format to customized target-date funds that are designed specifically for Oregon public employees. This enhanced, age-based approach is intended to reduce investment risk and volatility as members age, while maintaining the objective of the IAP program, which is to achieve the highest total returns.

Since the inception of the IAP in 2004, the money in every IAP account was invested the same way, for every person, regardless of age. That means people nearing retirement had the same investment risk profile as younger members. The IAP Target-Date Funds recognize that risk levels should vary based on age, gradually becoming more conservative to help protect against market fluctuations—and the process happens automatically.

THE FIRST TIME YOU WILL SEE ANNUAL INVESTMENT RETURNS FOR YOUR IAP TARGET-DATE FUND WILL BE ON YOUR 2018 MEMBER ANNUAL STATEMENT (MAILED IN SPRING 2019). YOU DO NOT NEED TO TAKE ANY IMMEDIATE ACTION EXCEPT TO MAKE SURE THAT YOUR BIRTH DATE IS CORRECT ON THIS YEAR'S MEMBER ANNUAL STATEMENT.



BIRTH YEAR	TARGET-DATE FUND
In 1952 or before	Retirement Allocation Fund
Between 1953 and 1957	IAP 2020 Target-Date Fund
Between 1958 and 1962	IAP 2025 Target-Date Fund
Between 1963 and 1967	IAP 2030 Target-Date Fund
Between 1968 and 1972	IAP 2035 Target-Date Fund
Between 1973 and 1977	IAP 2040 Target-Date Fund
Between 1978 and 1982	IAP 2045 Target-Date Fund
Between 1983 and 1987	IAP 2050 Target-Date Fund
Between 1988 and 1992	IAP 2055 Target-Date Fund
In 1993 or after	IAP 2060 Target-Date Fund

You are invested in the applicable IAP Target-Date Fund, based on the year you were born and an assumed retirement age of 65. The “target date” in no way dictates when you have to or will be eligible to retire. This change to your IAP will not impact the pension part of your retirement benefits.

WHAT ARE TARGET-DATE FUNDS?

A target-date fund typically has a date in its name—this is called the fund’s “target date.” The target date is near when you turn 65, may expect to retire and begin withdrawing from your account. A target-date fund adjusts its investments over time. If you’re in your early working years, the emphasis of the fund is on growth in order to build savings. As you move toward retirement, the investments of the fund gradually evolve, becoming more conservative to help protect against market fluctuations—and it all happens automatically.

WHAT IS THE IAP?

The IAP is an account-based benefit separate from a member's pension. Members contribute 6 percent of their salary into the IAP, and the IAP is then credited with earnings or losses annually, based on investment returns. The IAP has no guaranteed investment return.

All Oregon PERS members actively employed since 2004 have an IAP, including those who retired before 2011 but didn't apply for their IAP benefits at retirement.

HOW DO IAP TARGET-DATE FUNDS BENEFIT ME?

The investment mix of the target-date funds considers the various risks you face as your retirement nest egg grows. These risks include shortfall risk (not having enough money at retirement), longevity risk (outliving your money), inflation risk (your savings could lose purchasing power) and market risk (the possibility of experiencing losses due to the overall performance of the financial markets).

Why is this investment mix so important? A target-date fund balances growing your money against reducing risk exposure as you approach retirement. With a target-date fund, your money is spread across many different investment types

in the fund. This approach gives you access to diverse asset-class opportunities that include stocks, bonds and other investments—all in one strategy.

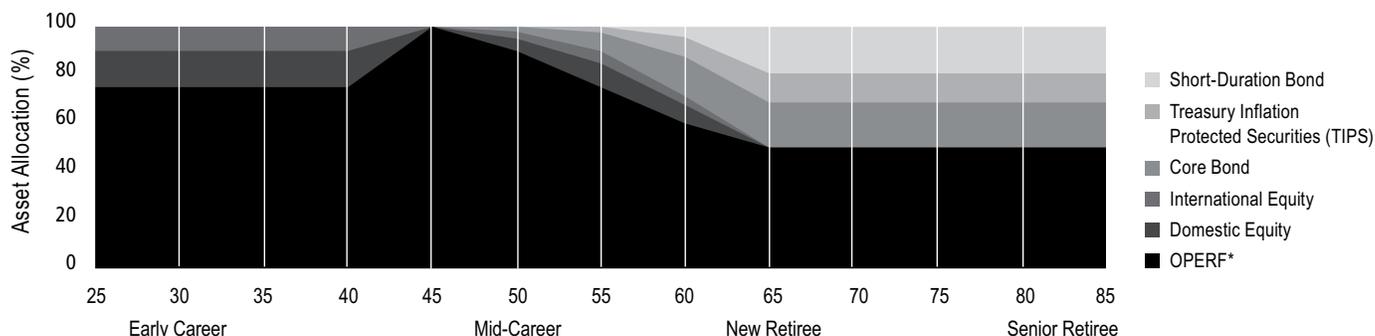
As you can see by the chart below, each of the IAP Target-Date Funds will continue to have some money invested in the Oregon Public Employees Retirement Fund (OPERF), which is also managed by the OIC.

Investments in the target-date funds are not guaranteed against loss of principal; at any time, your account value can be more or less than the original amount you contributed—including at the time of the fund's target date. Also, investing in target-date funds does not guarantee sufficient income in retirement.

WHAT SHOULD I DO IF MY BIRTH DATE IS WRONG ON MY ANNUAL STATEMENT?

If you are actively employed, contact your employer (in most cases this is either your human resources or payroll department) to correct personal information. If you are inactive or retired, submit an Information Change Request form to PERS, which is available at www.oregon.gov/PERS.

Investments Become More Conservative over Time



* The Oregon Public Employees Retirement Fund (OPERF) is managed by the Oregon State Treasury (OST) under the direction of the Oregon Investment Council (OIC) and contains a mix of the following asset classes: public and private equity, fixed income, alternatives, and real estate. For more information, please refer to the OST website.

Asset Allocation Shifts over Time

	Early Career			Mid-Career			New Retiree			Senior Retiree			
	25	30	35	40	45	50	55	60	65	70	75	80	85
OPERF	75.00	75.00	75.00	75.00	100.00	90.00	75.00	60.00	50.00	50.00	50.00	50.00	50.00
Domestic Equity	15.00	15.00	15.00	15.00	—	5.10	9.85	7.65	—	—	—	—	—
International Equity	10.00	10.00	10.00	10.00	—	2.90	5.10	3.60	—	—	—	—	—
Core Bond	—	—	—	—	—	2.00	7.70	16.30	18.65	18.65	18.65	18.65	18.65
TIPS	—	—	—	—	—	—	2.35	8.15	12.05	12.05	12.05	12.05	12.05
Short-Duration Bond	—	—	—	—	—	—	—	4.30	19.30	19.30	19.30	19.30	19.30

2017 STATEMENT

(Enclosed in this mailing)

In 2017, IAP money was invested entirely in the OPERF.

2018 STATEMENT

(Will be mailed in spring 2019)

In 2018, IAP money is invested in the IAP Target-Date Funds (each Fund still has a considerable OPERF allocation—refer to the glide path and chart above).

2019 STATEMENT

(Will be mailed in spring 2020)

IAP Target-Date Funds. Member choice implementation delayed.

WHERE CAN I GET MORE INFORMATION?

Investment information, including fund fact sheets, can be found through the Oregon State Treasury at www.oregon.gov/IAP. This website contains information about the recent changes and specific information about IAP investments, including OPERF and the IAP Target-Date Funds.

You can also visit www.oregon.gov/PERS for information about your overall retirement benefits.