

# PERSPECTIVES

For Tier One/Tier Two members (hired before August 29, 2003)

August 2020 edition

## SENATE BILL 1049

### Member Choice window on horizon, IAP Redirect in effect

Find the latest information about Senate Bill (SB) 1049 on the [PERS website](#), and stay informed by [signing up for GovDelivery email or text updates](#).

#### September 1, 2020 Member Choice window opens

Between **September 1** and **September 30**, you can elect, via PERS Online Member Services, to invest your Individual Account Program (IAP) balance in an IAP Target-Date Fund (TDF) that better reflects your retirement savings goals.

PERS will provide more details and instructions later this month. You do not have to take any action at this time. If you do make an election this September, the

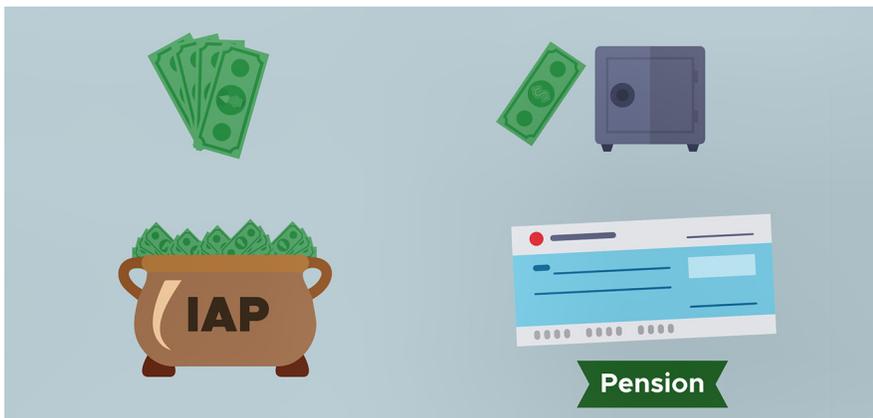
change will go into effect at the beginning of 2021.

Find the latest news about [TDFs](#) and Member Choice on the PERS website. If you are signed up for the [IAP Target-Date Fund/Member Choice Updates topic](#) in GovDelivery, you will receive an email or text alert once the window opens.

#### Changes now in effect IAP Redirect

Watch our new, animated videos that explain the [two parts to your retirement](#) and [what SB 1049 changed](#) with your IAP contributions. Find full details on our webpage about [SB 1049 changes to member contributions](#).

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Pictured above is a scene from an animated video that helps explain what is changing due to Senate Bill 1049.

### COVID-19: PERS remains committed to our members

PERS members and staff have weathered many challenges these past few months in the wake of [COVID-19](#). While we have not yet put the pandemic



**KEVIN OLINECK**  
PERS Director

behind us, as PERS director, I wanted to take a moment to express the agency's appreciation for you,

our members, during these unprecedented times.

Thank you for your patience, understanding, and flexibility with the temporary changes we have made to our operations in order to keep you and our staff safe. In March, based on guidance from the Oregon Health Authority and Governor Kate Brown, we closed our offices to visitors and enacted our agency's Pandemic Plan.

The majority of PERS staff are now working remotely, but we have continued to keep operations running and in line with the agency's mission. We

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# PERS EXPO 2020

## Navigating Your Financial Future

### *DIGITAL EDITION!*

In mid-October 2020\*, resources will be available at [www.growyourtomorrow.com/expo](http://www.growyourtomorrow.com/expo)

Due to COVID-19, PERS Expo 2020 will be online this year.

PERS remains committed to providing you with the educational resources you need to understand your PERS benefits and prepare for a successful retirement.

In mid-October, you will find a suite of digital retirement education resources, whether you are just getting started with PERS, are midway through your career, or see retirement right around the corner.

Watch for Expo updates on the PERS website and via GovDelivery emails and texts. Sign up for the “PERS Expo” topic in [GovDelivery](#) to receive an alert once materials are live.

### *Featuring*



*\*Coinciding with National Retirement Security Month.*

# Member satisfaction survey results are in

More than 7,000 members responded to our 2020 member satisfaction survey, making it one of the highest response rates in recent years. Of the 7,000 responses, nearly 3,000 were from nonretired members in Tier One, Tier Two, and the Oregon Public Service Retirement Plan (OPSRP).

Thank you for your feedback. It will help us to improve our services and how we assist you.

Here are a few highlights:

- Nearly **69% of nonretired members agreed** with the statement “I feel confident my retirement is secure with PERS.”
- More than **77% of nonretired members agreed** with the statement “PERS sends communications that are relevant to my needs.”
- More than **78% of nonretired members** rated PERS’ overall quality of service as excellent or good.

Further analysis will be presented to the PERS Board in October and sent out via GovDelivery.

If you missed this year’s survey, don’t worry. You can give us your feedback at any time by [writing to PERS](#) or while speaking with Member Services.

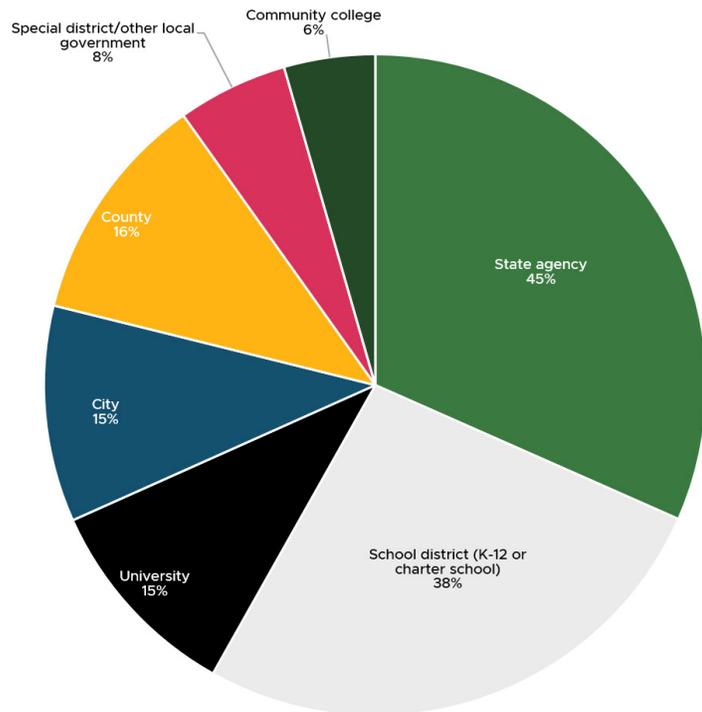
## Who responded

### Nonretiree respondents by membership type

Tier One	Tier Two	OPSRP
1,065	835	1,044
36.18%	28.36%	35.46%

Total nonretiree respondents: 2,944

### Where nonretiree respondents work\*



\* Percentages do not add up to 100% due to respondents selecting multiple answers.

## Stay informed!

Sign up for [GovDelivery email or text updates](#).

## Retirement Process Reminders

Are you planning to retire in the near future? Don't leave your planning until the last minute.

Make sure you review PERS' [Steps to Retire](#) page and follow all of the instructions. Consider PERS your retirement education resource, and [contact us](#) with questions as needed.

PERS Member Services team

members are available Monday through Friday from 8:30 a.m. to 5 p.m. to answer your retirement questions via [phone](#) or [email](#).

Keep an eye on our website for [COVID-19-related updates](#) regarding our [education](#) and [retirement application assistance](#) sessions (RAAS). Retirement application assistance sessions shifted from in-person meetings

to phone appointments early in the pandemic and are still available to help you fill out your retirement application.

Education sessions, normally held in-person throughout the state, were temporarily put on hold. [Some sessions](#) are now offered online via webinar.

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## Senate Bill 1049 changes in effect continued from page 1

### What has changed?

**As of July 1, 2020**, Tier One/Tier Two members earning more than \$2,500 per month now have a portion of their 6% **IAP contributions** redirected to a new Employee Pension Stability Account (EPSA). This portion is **2.5% of your salary**, and the remaining 3.5% of your salary continues to go into your IAP.

These changes to your IAP contributions will not affect the amount you will receive as your monthly pension benefit when you retire, but it does mean less money is going into your IAP.

Your EPSA will be used to help pay for part of your pension benefit when you retire. The IAP Redirect is in effect when the PERS system is less than 90% funded.\*

### What should I have noticed as of July 1?

It is likely you did not notice any changes, and that is because the contribution total that your employer is continuing to submit to PERS – whether paid by you or them – is still 6% of your salary. The actual “redirect” between the IAP and EPSA accounts occurs behind the scenes in the PERS system. As such, if your employer previously displayed a 6% contribution on your paystubs, likely you will continue to see a total contribution of 6% reflected on your paystubs.

If you keep tabs on your **IAP** balance on **IAP**, **Voya.com**, you will see less money going into your account because of the redirect. You might not see this change right away because of routine reporting delays among your employer, PERS, and Voya (the IAP third-party administrator).

However, PERS does plan to make changes to 2020 PERS Member Annual Statements to display your EPSA balance. You should see your 2020 statement around May 2021.

### Can I offset the 2.5% going to the EPSA?

Yes, you may have a few options for making additional retirement savings to offset the redirect. Within PERS, you eventually will have an opportunity to make additional, after-tax contributions of 2.5% to your IAP – including a limited ability to make back payments to July 1.

PERS Online Member Services is being updated so you can elect to make these voluntary contributions. This functionality is expected to

be ready in **late September 2020**. PERS will update members and employers on our progress via the PERS website, **GovDelivery**, and future newsletters.

If you opt to make an additional, after-tax 2.5% contribution, your employer will deduct it from your pay and send it to PERS. Taking advantage of this option means you will contribute a full 6% to your IAP **and** the required 2.5% to your EPSA.

Once the technology is available, you also will have an opportunity to elect retroactive voluntary contributions back to July 1. This will be a limited, one-time retroactive election, only available until **October 31, 2020**. You **must** be signed up for the **Senate Bill 1049 Information topic in GovDelivery** if you want be alerted once the election opportunity is available.

However, if you do not want to wait for implementation of the voluntary contribution option, you may explore opportunities to save more for retirement, such as:

- **Oregon Savings Growth Plan** – All state agency employees and some local government and school district employees can participate in this 457(b) deferred compensation plan.
- Other 457(b) or 403(b) options – Check with your employer to see if they offer you these to help you further save for retirement.

Unlike the SB 1049 voluntary contributions, such options may offer you the flexibility to contribute an amount of your choice, rather than just 2.5% of your salary, and to choose how you want that money invested.

### New subject salary limit in effect

SB 1049 began **limiting annual PERS subject salary** to \$195,000 (indexed annually to the Consumer Price Index) this year.

If you are employed **less than 12 months** in a calendar year, the salary limit is **prorated based on the number of months that you are employed**. This means that if your monthly salary averages \$16,250 or more during that partial-year period (including eligible lump-sum payments for Tier One/Tier Two members), your subject salary may be limited. Learn more about **partial year salary limits** on our website.

\*The latest official actuarial valuation shows that PERS' funded status, including side accounts, was 74.9% as of December 31, 2018. The December 31, 2019, actuarial valuation will be adopted in fall 2020.

## Contact us

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**Tigard, Oregon, 97223**

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 Monday through Friday,  
 except holidays.

**TTY:** 503-603-7766

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 Member Services:**  
<https://oregon.gov/PERS>

**Email:** [PERS.Member.Services@state.or.us](mailto:PERS.Member.Services@state.or.us)

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*Perspectives* is published by the Oregon Public Employees Retirement System for the benefit of members and employers.

## COVID-19 message continued from page 1

continue to be fully available to support you by phone and email.

PERS staff continue to work hard serving as your retirement education resource and helping you understand how your PERS benefits work so that you can prepare for a successful retirement. We shifted

to conducting [Retirement Application Assistance Sessions](#) via phone and have also started offering some [education sessions](#) remotely, by using a webinar format. Watch for updates on our [website](#) and via [GovDelivery emails](#).

The pandemic has given us an opportunity to explore new, digital ways to provide you with education and support. For example, this October, we are shifting PERS Expo from an in-person conference in Salem to a collection of online resources you can access at your convenience from anywhere around the state.

Additional thanks are in order

to all of you who took our 2020 member satisfaction survey (*see related story on page 3*). Your feedback is important and helps us to understand your needs

and how we might serve you better — now and in the years to come.

Through this year's survey, we heard your

concerns about the impact of stock market fluctuations on your future retirement benefits. While PERS cannot speculate about the future, you may find information from Oregon State Treasurer Tobias Read helpful in understanding how Treasury manages PERS funds for the long term, including efforts to reduce risk. Consider reading [Treasurer Read's statement](#).

While COVID-19 has added uncertainty into our daily lives, we want to reassure you that whatever the future brings, you can rely on PERS to help you understand your retirement benefits and serve your needs.

### COVID-19 updates

Keep up to date about PERS' operations and any changes via [our website](#) and [GovDelivery emails](#).

## Retirement process continued from page 3

Remember: As you are planning for your future retirement, it can take up to 92 days from your retirement date (not the date of your application submission) for your first Tier One/Tier Two pension benefit to be paid.

Once PERS receives your application, we must review all of your account information, including reconciling data as needed from your employer(s). Filling out your application correctly, reviewing your data in [Online Member Services](#) or on your [Member Annual Statement](#) (and alerting

your employer if anything is incorrect), and getting [estimates from PERS](#) are some ways to make sure your application is processed quickly and everything goes smoothly.

[Individual Account Program](#) (IAP) retirement benefits can typically take from 90 to 120 days to process and complete payment. Once PERS has completed your IAP retirement processing, we must submit your account information to Voya, our third-party administrator, to issue payments or rollovers.