

# PERSPECTIVES

Active  
Member  
Edition

## Board credits 2013 earnings to member accounts

The PERS Board determined final earnings crediting to member accounts for the 2013 calendar year at its March 31, 2014 meeting.

The PERS Fund had a total market value of approximately \$67.9 billion as of December 31, 2013.

The Regular Account totaled \$67.1 billion and the Variable Account totaled \$839 million.

The Fund is invested through State Treasury with oversight from the Oregon Investment Council. The PERS Board allocates annual investment earnings to administrative expenses, member and employer accounts, and various reserves.

Tier One members, those hired prior to January 1, 1996, were credited with regular account earnings of 8 percent. Based on statute, Tier One members receive the actuarial assumed rate of return annually, which was 8 percent for 2013. The assumed rate was reduced to 7.75 percent effective January 1, 2014.

Tier Two members, those hired on or after January 1, 1996, and before August 29, 2003, were credited with regular account earnings of 15.62 percent for 2013.

Tier One and Tier Two member variable accounts were credited with earnings of 25.74 percent.

Variable accounts are invested solely in global equities, while Tier One/Tier Two regular accounts are invested in a more diversified portfolio. As a result, variable account earnings frequently differ from regular account earnings.

Members who participate in the variable account can transfer out of the variable before or at retirement.

To make the transfer before retirement, the member must meet one of the following criteria before

January 1 following the date on which the transfer request is filed:

- attained age 45 if a police officer or firefighter,
- attained age 50 if other than a police officer or firefighter, or
- have 25 or more years of creditable service.

The Oregon Public Service Retirement Plan (OPSRP) Pension Program is an employer-funded, non-contributing pension program that does not have member accounts.

All Tier One, Tier Two, and OPSRP Pension Program members also participate in the Individual Account Program (IAP).

Member IAP accounts were credited with earnings of 15.59 percent for calendar year 2013.

The positive 2013 earnings lowered PERS' unfunded actuarial liability by an estimated \$3.0 billion.

The PERS website (<http://oregon.gov/PERS>) has more information regarding 2013 earnings crediting.

See page 2 for an article regarding 2013 member annual statements.

## PERS upcoming office closures

PERS offices will be closed in Tigard and Salem, and no PERS staff will be available on the following days:

- May 26: Memorial Day • July 4: Independence Day  
 • September 1: Labor Day • November 11: Veterans Day  
 • November 27: Thanksgiving Day • December 25: Christmas Day

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# 2013 member annual statements slated for May

Member annual statements for 2013 are scheduled to be mailed by the end of May 2014.

If you are currently employed in a PERS-covered position, your annual statement will be mailed to your address that your employer

provided to PERS. Please provide your employer with your new mailing address whenever you move.

For Tier One/Tier Two members, the statement will show your Tier One/Tier Two and Individual Account Program (IAP) account information for the year ending December 31, 2013.

Tier One/Tier Two regular accounts, variable accounts, and

IAP accounts will show the amount of earnings credited for 2013.

For OPSRP Pension Program members, the statement will show your current and accrued retirement credit, 2013 employment information, and your IAP account information for the year ending December 31, 2013.

Please use your PERS identification number when contacting PERS with any account questions.

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## Same-sex marriage: special PERS Health Insurance Program enrollment period

The PERS Health Insurance Program (PHIP) is offering an Open Enrollment Period to persons eligible to participate in PHIP and their same sex-spouses, as well as eligible dependents, *who had previously been unable to enroll due to federal tax law restrictions.*

The Oregon Department of Administrative Services has directed state agencies to recognize same-sex marriages validly performed in other jurisdictions.

The enrollment opportunity extends through April 30, 2014.

You can download an Enrollment Request Form at: [http://www.pershealth.com/PDF\\_files/Forms/EnrollmentRequestForm.pdf](http://www.pershealth.com/PDF_files/Forms/EnrollmentRequestForm.pdf).

Outside of this special enrollment period, standard enrollment opportunities apply.

Please note that PHIP cannot enroll registered domestic partners under Oregon's law as that program is not considered the same as a marriage.

For more information, please contact PHIP customer service at 800-768-7377.

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## PERS Fund value reaches new high

*by State Treasurer Ted Wheeler*

The long-term investment strategy for the PERS Fund is yielding dividends for PERS members and for all Oregonians.

At the end of 2013, the Fund reached a new high of \$67.9 billion. The Fund is invested on behalf of PERS members and helps to ensure Oregon can pay the retirement benefits for more than 330,000 current and former public employees.

The Oregon Investment Council (OIC), of which I am one of five voting members, sets the Fund's investment strategy. It is invested for long-term results and in an array of investment types, such as domestic and international stocks, bonds, real estate, private funds, and alternative investments such as infrastructure.

The previous high for the pension Fund was \$66.8 billion in October 2007. That was on the eve of the worldwide Great Recession.

From an investment standpoint, the period from October 2008 to April 2009 was like going over a cliff: the battered economic and real estate markets took a heavy toll and the PERS Fund lost an astonishing one-third of its value in just six months.

Was it unsettling? You bet.

But the OIC didn't panic. In other places, investors tried to unload investments - even taking deep losses. We didn't. In fact, Oregon Treasury investment officers saw an opportunity to scoop up some bargains, and those have paid off handsomely.

We know that markets will go up and down through economic cycles, and our philosophy is to invest for the long term. The Fund has surged back since.

The long-term health of the PERS fund matters to every Oregonian. An estimated 70 percent of pension funding comes from investment gains, as opposed to employer and employee contributions.

Oregonians and PERS members can be proud of the long-term horizon and discipline that governs our investment strategy, and that has helped to put the PERS Fund among the nation's strongest.

*For questions or for more information, contact Treasury Communications Director James Sinks at 503-378-4329 or email to [james.sinks@state.or.us](mailto:james.sinks@state.or.us)*

# OSGP helps members prepare for a financially secure future

An excellent way to save for the long-term is to participate in a plan designed with the future in mind. The Oregon Savings Growth Plan (OSGP) fits that bill. Consider these benefits.

- OSGP is a “457(b)” deferred compensation plan available to all state employees and to local government and school district employees whose agencies or schools have adopted the plan.
- State Treasury and the Oregon Investment Council are responsible for choosing and monitoring the investments in OSGP.
- OSGP lets participants save for retirement on a pre-tax or after-tax basis through payroll deductions. Savings on a pre-tax basis helps you lower your taxable income now, while contributing on an after-tax basis allows you to take money at retirement tax-free.

*Perspectives* is published by the Oregon Public Employees Retirement System for the benefit of PERS/OPSRP members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters office is at **11410 SW 68th Parkway, Tigard, Oregon. Phone 888-320-7377; TTY: 503-603-7766**. Telephone hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, except holidays. PERS' Internet address is <http://oregon.gov/PERS>.

## BOARD

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- OSGP has a provision that lets you transfer money tax-free to your PERS account to purchase service time when you are ready to retire.

- OSGP funds can be used to pay health insurance premiums if you retire before Medicare eligibility begins.

If you start saving \$150 per month at the beginning of your career, with an average 7 percent annual return\*, your account balance could be as much as \$175,000 when you retire. That could mean withdrawals of over \$1,000 per month to supplement your PERS and Social Security payments.

You can save up to \$17,500 per year in OSGP (\$23,000 if age 50 or over). And 457(b) plans are unique in that they offer a Three-Year Catch-Up provision that allows you save up to \$35,000 per year for the last three years of employment if you did not fully take advantage of the plan during your earlier working years.

## I already have a PERS account and Social Security. Do I need more?

While PERS and Social Security will provide you with income at retirement, studies show that you may need more. If you are an OPSRP member (the retirement plan for PERS-covered employees who began employment on or after August 28, 2003), you will receive approximately 45 percent of your final salary in retirement after 30 years of employment. Your Individual Account Program benefit is estimated to pay approximately 15-20 percent of your final average salary (for a 30-year career) based on an 8 percent investment return each year. Social Security is meant to replace approximately 20 to 30 percent of salary. That leaves a gap and many employees do not work for 30 years so the gap could be larger. OSGP is an

excellent way to fill that gap. And remember, participants can start out saving as little as \$25 per month.

**What about taxes I will have to pay at retirement that will cut into the savings I am accruing?** OSGP offers both pre-tax and after-tax savings. The Roth 457 gives you the opportunity to save now on an after-tax basis. You can withdraw the money tax-free when you retire, as long as you meet all requirements. For more information check out our Roth 457 brochure on the OSGP website ([www.oregon.gov/pers/osgp](http://www.oregon.gov/pers/osgp)).

## What about fees to participate in the plan?

OSGP's administrative and investment fees are very competitive. The plan uses index funds in most of the options and our target date funds have some of the lowest cost in the industry. You can check out the fees on our website.

## What kinds of investments does the plan offer?

OSGP offers target date funds for those who prefer that someone else worry about rebalancing; core funds for those who like to choose their own portfolio mix; and for the investment savvy, a self-directed brokerage account with hundreds of mutual funds to choose from.

## How do I sign up?

Complete the Enrollment and Beneficiary Designation form on the OSGP website, or you can have a hard copy mailed to you by calling 503-378-3730.

If you work for a local government or school that does not offer OSGP, we can tell you how to help get your employer on board.

For information on enrolling in OSGP, or if you have questions, please call us at 503-378-3730.

\*This is an estimate; actual returns will depend on your investment allocations and market conditions.

# PERS Tier One/Tier Two Presentations: April 2014 - August 2014

Registration is required. Register through the PERS website (<http://oregon.gov/PERS>) in the Education Sessions section. All presentations are free, including the financial planning sessions. Space is limited and the schedule is subject to change.

## One-Year PERS Presentations

For members within *one* year of retirement

Ashland/Med.	Apr. 14; May 1*, 13; Aug. 12
Astoria	Apr. 1
Baker City	Apr. 2
Bend	Apr. 7, 22*; May 12; June 18*; Aug. 5*
Coos Bay	May 27; Aug. 6
Corvallis	Apr. 9*, 28; May 7*; Aug. 26
Eugene/Spgfld	Apr. 8*, 22; May 17*, 20; June 3, 19*; Aug. 12*
Florence	Aug. 21*
Gresham	Apr. 1; May 23*; June 3, 20*; Aug. 5, 8*
Hillsboro	Apr. 15; May 20*; June 10; Aug. 12
Hood River	Aug. 27
Klamath Falls	Apr. 9; June 11
La Grande	May 19
Oregon City	Apr. 3, 10*; May 21, Aug. 18
Pendleton	May 9; June 2
Portland/Tigard	Apr. 5*, 14, <b>21</b> , 26*, 28; May 5, 12, 17*, 19; June 2, 7*, 9, 16; July 12*, <b>14</b> , 21; Aug. 4, 9*, 25 (bold dates are for education staff)
Redmond	June 9
Roseburg	Apr. 7; June 10*
Salem	Apr. 5*, 15*, 23; May 14, 28; June 7*, 11, 19*; July 19*, 24*; Aug. 13, 28*
Seaside	July 23*
The Dalles	Apr. 21; June 3
Vale	May 22

### These sessions cover:

- Individual Account Program (IAP)
- Retirement eligibility and retirement benefit calculations
- Benefit estimate review
- Retirement options
- Variable account after retirement
- Work after retirement provisions
- Health insurance
- Cost-of-living adjustments
- Taxes
- Retirement application forms review.

\* Dates with an asterisk (\*) add financial planning information presented by PERS' education partner, VALIC. Additional topics covered at these sessions include: Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs.

## Five-Year PERS Presentations

For members within *five* years of retirement

Albany	July 8
Ashland/Med.	July 22; Aug. 13*
Astoria	July 16
Bend	May 27
Coos Bay	June 25
Corvallis	Aug. 6
Eugene/Spgfld	July 10*, 15
Gresham	Apr; 25*; July 2, 29*
Hillsboro	July 8
Klamath Falls	June 18
La Grande	July 29
Oregon City	July 23*, 31
Pendleton	July 28
Portland/Tigard	Apr. 7; May 3*; June 21*; July 7, 26*; Aug. 23*
Roseburg	June 23
Salem	May 3*, 13*; June 24*; July 9; Aug. 16*
Vale	July 30

### These sessions cover:

- Individual Account Program (IAP)
- Review of website benefit estimate calculator
- Retirement benefit information

**Visit the PERS website (<http://oregon.gov/PERS>) for other counseling sessions...**

**OPSRP:** retirement benefit information for OPSRP members (hired August 29, 2003, or after); includes IAP information.

**Mid Career:** retirement benefit information for Tier One/Tier Two members who are more than five years from retirement; includes IAP information.

**Retirement Application Assistance Session (for retiring members):** a one-hour meeting with a PERS retirement counselor for members who have already attended a pre-retirement presentation, are within 90 days of retirement, and are prepared to submit their retirement application(s).