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.

What has changed?

As of July 1, 2020, OPSRP members earning more than $2,500 per month now have a portion of their 6% IAP contributions redirected to a PersPectives

For OPSRP members (hired after August 28, 2003)

August 2020 edition

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 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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A scene from an animated video about changes due to Senate Bill 1049.

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DIGITAL EDITION!

In mid-October 2020*, resources will be available at 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.

*Coinciding with National Retirement Security Month.
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.

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<thead>
<tr>
<th>Tier One</th>
<th>Tier Two</th>
<th>OPSRP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,065</td>
<td>835</td>
<td>1,044</td>
</tr>
<tr>
<td>36.18%</td>
<td>28.36%</td>
<td>35.46%</td>
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Total nonretiree respondents: 2,944

Who responded
Nonretiree respondents by membership type

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

Where nonretiree respondents work*

Stay informed!
Sign up for GovDelivery email or text updates.

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new Employee Pension Stability Account (EPSA).

The portion redirected is **0.75% of your salary**, and the remaining 5.25% 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 0.75% 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 0.75% 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 about our progress via the PERS website, GovDelivery, and future newsletters.

If you opt to make an additional, after-tax 0.75% 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 0.75% 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.

**Forfeiture of OPSRP membership by withdrawal**

The following is only relevant if you are no longer employed by a PERS-participating employer or you plan to leave your job and attempt to withdraw your IAP balance in the future.

As of July 1, 2020, OPSRP members who choose to withdraw their IAP balance will forfeit all future PERS membership and benefits. You will only receive the balance of your IAP (and EPSA, if applicable). You will not receive any payments for the actuarial equivalent of your pension at the time you withdraw.

You also will lose all rights to your pension and will not draw any pension when you retire.

After withdrawal, you will lose all of your accrued OPSRP retirement credit and will not have the option to restore it at a later date.

For more information about OPSRP withdrawals, read our FAQ page online.

*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.*
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 OPSRP 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.