

PERSPECTIVES

Retired
Member
Edition

Returning to work for a PERS-covered employer

If you retire and return to employment with a private employer, your PERS retirement benefits will continue unchanged.

If you return to employment with a PERS-covered public employer after retirement, Oregon statutes impose certain limitations on that employment.

If you do not comply with the applicable limitations, your retirement benefits may stop.

A retired Tier One/Tier Two member may be employed by an Oregon public employer and continue to receive retirement benefits as long as the period or periods of employment with one or more participating public employers do not total 1,040 hours or more in a calendar year. Within the first six months of retirement, you cannot exceed 1,040 hours even if it crosses into a new calendar year. Some exceptions allow retired Tier One/Tier Two members to exceed the yearly limit.

Tier One or Tier Two retirees who have reached full retirement age under Social Security may work an unlimited number of hours. Full retirement age under Social Security varies by birth date.

Tier One or Tier Two retirees who are receiving Social Security benefits and have not reached full retirement age under Social Security may work either less than 1,040 hours in a calendar year or, if greater, the total number of hours, at the retiree's hourly rate of pay, that would not exceed the annual earnings limit set by the Social Security Administration (SSA).

SSA annually establishes the calendar year earnings limits for recipients of Social Security benefits. The calendar year earnings limits for Tier One/Tier Two retired members are:

- For retired members who have not reached full retirement age under the Social Security Act, the annual compensation limit is \$15,720.
- For the calendar year in which the retired member reaches full retirement age under the Social Security Act and only for compensation for the months before reaching full retirement age, the annual compensation limit is \$41,880.

Different rules apply to members who retired due to disability, those who retired early, and OPSRP Pension Program retirees.

A retired OPSRP Pension Program member can work up to 599 hours annually for a PERS-covered employer. The limit includes the hours worked after retirement in the year the member retires. Within the first six months of retirement, you cannot exceed 599 hours even if it crosses into a new calendar year.

There is no Social Security earnings limit for OPSRP Pension Program retirees.

COLA increase

The 2016 cost-of-living adjustment (COLA) for PERS benefit recipients receiving a monthly benefit is effective July 1, 2016, and will be part of your August 1, 2016 benefit payment.

Those who retired before October 1, 2013, will receive a COLA that is up to 2 percent of the current monthly benefit.

The COLA amount is based on the Consumer Price Index for the Portland area.

Those whose retired on or after October 1, 2013, will have a blended COLA: up to 2 percent for accrued service time before that date and a tiered COLA for service time after that date.

The COLA for service time after October 1, 2013, is 1.25 percent on the first \$60,000 of a benefit and 0.15 percent on benefit amounts over \$60,000.

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PERS Fund investment returns fall short of the assumed earnings rate in 2015

The PERS Fund experienced positive investment results for the seventh consecutive year with a return of 2.1 percent in 2015. However, earnings fell short of the 7.75 percent assumed rate of return.

After taking in employer contributions of approximately \$1 billion and paying out approximately \$3.5 billion in retiree benefits in 2015, the PERS Fund was valued at \$68.7 billion as of December 31, 2015, down from approximately \$70 billion at the end of 2014.

PERS' funded status, the amount of money in the Fund compared to benefit obligations, was estimated to be 71-72 percent as of December 31, 2015. This funded status does not include employer side accounts (pre-payments made to PERS).

Automatic deposit

Identity theft is increasing. One way thieves can steal your identity is by stealing mail from your mailbox.

Having your PERS benefit payment directly deposited into your checking or savings account can help protect you from identity theft.

The form for direct deposit is available in the Retiree section of the PERS website (<http://oregon.gov/PERS>) or by contacting PERS Member Services toll free at 888.320.7377. We will be happy to mail the form to you.

Mail the completed form to:

PERS
P.O. Box 23700
Tigard, OR 97281-3700

At the end of 2015, PERS' unfunded actuarial liability (UAL) - the shortfall in what will be needed to pay benefits over the life of the existing PERS program - was estimated to be \$21-22 billion, not including employer side accounts. This is an increase of approximately \$13 billion since 2013.

The increase in UAL is due to:

- The Oregon Supreme Court's decision in the *Moro* case that restored an annual cost-of-living adjustment (COLA) of up to 2 percent to benefit recipients;
- Lower earnings than expected in 2014 and 2015;

- The decrease in the assumed rate of return on the PERS Fund from 7.75 percent annually to 7.5 percent;
- Updates to mortality assumptions;
- The expected annual UAL increase; and
- All other assumption changes and actual experience.

From 1970-2014, investment earnings on the PERS Fund provided approximately 74 percent of total PERS revenue. Member contributions made up 6 percent and employer contributions 21 percent during that time period.

Online Member Services: printing paystubs or benefit confirmations

You can print copies of your PERS benefit paystubs or a benefit confirmation letter using Online Member Services (OMS).

Here's how to print a paystub:

1. Login to your OMS account from the PERS homepage (<http://oregon.gov/PERS>). You will need to create an OMS account if you do not have one.
2. Click on your account type (example: "Retired – General Service/P&F").
3. Click on "View Payment History".
4. Click on the appropriate year.
5. Click on the "Details" hyperlink for the payment date for the stub you want to print.
6. Click on the "Printer-friendly Paystub" button.
7. Use the print function on your browser to print the paystub.

To print a benefit confirmation letter (the letter will be based on your last benefit payment information):

1. Login to your OMS account from the PERS homepage (<http://oregon.gov/PERS>). You will need to create an OMS account if you do not have one.
2. Click on your account type (example: "Retired – General Service/P&F").
3. Click on "Create Benefit Confirmation Letter".
4. Click on the "Create Document" button.
5. Use the print function on your browser to print the document.

Note: This functionality may not work for some accounts.

If you receive an error message please call PERS Member Services at 888.320.7377.

Notify PERS of a death

Please remember that you must notify PERS of the death of a member, alternate payee, and/or beneficiary receiving PERS benefits. Failure to report a death in a timely manner may result in overpayments and invoicing. Send a copy of the death certificate to:

PERS
P.O. Box 23700
Tigard, OR 97281-3700

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>.

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Converting to Benefit Option 1

If you are a retired member receiving a service retirement allowance under Option 2A, 3A, Lump-Sum Settlement Option 2A, or Option 3A, you may convert to the benefit that you would have received on your effective date of retirement under Option 1, as provided in ORS 238.305(1), if your beneficiary:

(1) dies or

(2) is your spouse and your marriage relationship is terminated, as provided by law.

To make this election, you must notify PERS in writing of your request to convert to an Option 1 benefit.

Your letter must clearly state you have an Option 2A or 3A benefit and wish to convert to an Option 1 under one of the circumstances listed above.

Along with the letter, include your Social Security number and a copy of the beneficiary's death certificate or your divorce decree.

Your benefit will be recalculated effective the month following the date PERS receives your election notification.

Depending on work volume the recalculation timeline may vary. However, you will receive a retroactive payment for all funds due to you as a result of the benefit increase.

Schedule to mail PERS benefit checks from Salem

2016 pay date	Checks mail from Salem	Direct deposit effective date
April 1	March 31 (Thursday)	April 1 (Friday)
May 1	April 28 (Thursday)	April 29 (Friday)
June 1	May 31 (Tuesday)	June 1 (Wednesday)
July 1	June 30 (Thursday)	July 1 (Friday)
August 1	July 29 (Friday)	August 1 (Monday)
September 1	August 31 (Wednesday)	September 1 (Thursday)
October 1	September 29 (Thursday)	September 30 (Friday)
November 1	October 31 (Monday)	October 31 (Monday)
December 1	November 30 (Wednesday)	November 30 (Wednesday)

Variable account invested primarily in equities

By John Skjervem, Chief Investment Officer, Oregon State Treasury

Until 2004, Tier One and Tier Two public sector workers had the option to funnel some of their retirement investments into a separate “variable” fund, distinct from the Oregon Public Employees Retirement Fund regular account that is managed by the Oregon State Treasury.

The variable fund was established in 1968 to allow PERS members, wishing to take additional risk, the potential to earn bigger returns and thus receive higher benefit payments, under the money match option. State law requires that the variable account be invested primarily in equities.

The ability to invest in the fund was frozen by lawmakers as part of PERS reforms that became effective in 2004.

Today, it still holds significant assets, although the balance is declining as former depositors retire and draw down those funds. No new moneys can be transferred in. It is expected to take decades for it to be fully depleted.

The fund was restructured in 2008. It now gives the remaining investors the option for targeted exposure to global equities through a low-cost index fund managed by BlackRock. The fund is an all-world total stock market index that includes public companies in the U.S., Canada, Europe, and emerging markets.

Because the variable account has a different risk and volatility profile than the regular account, the perfor-

mance varies widely depending on international markets.

The fund outpaced the regular account in the early 2000s. In the past decade, however, a span that includes the global economic crisis of 2008-2009, the variable fund has posted an average annual return of +3.74 percent. That’s less than the +6.27 percent average annual gains of the general account.

In 2015, a tough year for the markets, the fund posted a loss of -1.79 percent. The Public Employees Retirement Fund, in comparison, gained +2.1 percent for the year.

The combined value of all variable fund assets on December 31, 2015, was \$656 million.

Protecting yourself from fraud: six signs of a scam

Scams are becoming more sophisticated. There are ways to be on the lookout for scams and protect yourself.

This information is from the Oregon Department of Justice.

1. Scammers Contact You “Out Of The Blue”

It could be a knock on the door, a phone call, or a piece of mail you weren’t expecting. For example, you didn’t think you owed the IRS or a debt collection agency money, but they called claiming you could be in trouble if you don’t pay.

2. Scammers Claim There Is An “Emergency”

A scam might warn that if you don’t respond immediately your prize winnings will be lost, or that a relative or friend is in trouble in a foreign country. If something prompts immediate action, be cautious.

3. Scammers Ask For Your Personal Information

Scammers often pose as banks, health care providers and government officials asking for identifying person-

al or financial information. Anytime someone asks you for this information, be suspicious!

4. Scammers Want You To Wire Money

You may be asked to wire money or purchase pre-paid debit cards. This is the easiest way for scam artists to get their hands on your money, and it’s almost impossible to get it back once it has been sent. Don’t do it!

5. Scammers Tell You To Keep It “Secret”

By asking you to keep a transaction secret, scammers know you won’t have to respond to questions from family and friends who might see through the scam. Check with someone you trust before acting.

6. Scammers Make It Sound Too Good To Be True

If it seems too good to be true, it probably is! Above all, use this simple mantra to help you detect and avoid scams. It’s always better to be cautious than to be a victim.