

PERSPECTIVES

Retired
Member
Edition

FAQs: Supreme Court ruling on COLA changes

Q1: What was challenged in the Oregon Supreme Court?

Two pieces of 2013 legislation, changes in the annual cost-of-living adjustment (COLA) and eliminating the tax remedy for those who do not pay Oregon state income tax because they do not reside in Oregon, were challenged in the Oregon Supreme Court.

In a decision released April 30, 2015, the Oregon Supreme Court upheld elimination of the tax remedy payments to non-residents. The COLA reductions were declared unconstitutional as applied to benefits earned prior to those bills' respective effective dates. However, the reduced COLA could be applied to the benefits earned after the bills became effective.

The Court also voided the supplementary payment program, which was part of the challenged legislation.

Q2: What did the 2013 legislation do to the COLA?

Senate Bill 822 (2013) and Senate Bill 861 (2013 Special Session) reduced the annual COLA to be applied to benefit payments. Previously, the COLA was capped at 2% annually and tied to changes in the Portland Consumer Price Index. These bills reduced the maximum COLA to, eventually, 1.25% on the first \$60,000 of benefits annually and 0.15% for amounts over \$60,000. Additionally, SB 861 provided an annual supplementary payment to benefit recipients over six years, starting in 2014.

Q3: What does this mean for current benefit recipients?

Benefit recipients whose benefits are based on an effective retirement date of May 1, 2013, or earlier, are entitled to restoration of their COLA under the prior rules: 2% annual cap tied to the Portland Consumer Price Index (CPI). Index adjustments above and below the 2% cap are "banked" for future years for Tier One/Tier Two benefit recipients.

Benefit recipients whose benefits are based on an effective retirement date of June 1, 2013, or later may have a blended COLA rate based on when their benefit was earned in relation to the effective dates of Senate Bill 822 and Senate Bill 861.

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"Tax remedy" for some benefit recipients

If you had eligible PERS service time before July 1995, you may currently receive or be eligible for a "tax remedy" increase in your monthly PERS benefit payment.

PERS is prohibited from paying the "tax remedy" increase to non-Oregon residents whose payments are not subject to Oregon personal income tax.

Oregon's Department of Revenue provides PERS with Oregon residency verifications annually for benefit recipients receiving the "tax remedy" increase.

PERS recipients who are not required to file personal tax returns or who have delayed filing personal tax returns (under extensions or for other reasons), but are eligible for the tax remedy increase, must verify residency with PERS before December 15, 2015, to receive the increase in 2016.

To verify your residency electronically, go to the PERS homepage. Then:

- Find the Resources column and click on Online Member Services (OMS).
- If you have an existing OMS account, click on the Log In link, and complete the log in process.
- If you do not have an OMS account, click on Open a New Account on the Log In page and provide the required information. Use your new User ID and Password to complete the Log In process.
- After you log in, select the View/Update Residency link, and complete the three steps to update and certify your residency.

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This blended COLA methodology presents administrative complications in that it applies the revised COLA tables prospectively, and the allocation method was not clear. PERS is working on how to calculate and administer the blended COLA.

Q4: When will PERS restore the COLA amount?

PERS is paying a 2% COLA to all benefit recipients payable on August 1, 2015. Although this COLA will not be the precisely correct amount, as it will be based on the recipient's current benefit, this takes a large step toward restoring recipients to the correct benefit amount.

In October 2015, PERS will restore the COLA amount that was withheld in 2013 and 2014 due to legislation to those who retired on or before May 1, 2013.

PERS will do an automatic deposit or send a paper check (consistent with the method of payment by which you currently receive your monthly PERS benefit) before October 30, 2015. The amount you receive will be based on restoring a 2% COLA for 2013 and 2014, minus the supplementary payment of up to \$150 that was made to you in late 2014 or early 2015.

When we determine the amount each benefit recipient is owed, we will also recalculate the monthly benefit payment to include the correct COLA. The benefit payment received beginning November 1, 2015, will be the correct amount for this group.

PERS will also calculate the amount owed to those benefit recipients who retired after May 1, 2013, and are affected to some degree by the legislation. Our goal is to pay that group by the end of January 2016.

When we determine the amount each benefit recipient is owed, we will also recalculate the monthly benefit payment to include the correct COLA. The benefit payment received beginning February 1, 2016, will be the correct amount for this group.

Q5: Will PERS pay interest on the COLA amount that was withheld by legislation?

Statute (ORS 238.470) does not allow interest to be paid.

Long-term care information meetings

Long-term care provides assistance with daily living activities, either at home or in a facility. These meetings explain the options available to PERS retirees and do not require pre-registration.

Date	Location	Meeting Time
Aug 19	Lane Community College Room 225, Bldg. 19, 4000 E. 30th Ave., Eugene	9:00 - 10:30 a.m.
Aug 19	Holiday Inn Express 20615 Grandview Dr., Bend	3:00 - 4:30 p.m.
Sep 15	Gresham City Hall, Counsel Chambers 1333 NW Eastman Pkwy., Gresham	10:30 - noon
Sep 15	Beaverton Library, Cathy Stanton Conf. Room, 12375 SW 5th St., Beaverton	2:00 - 3:30 p.m.
Oct 13	Courtyard Marriott 15686 SW Sequoia Pkwy, Tigard	10:00 - 11:30 a.m.
Nov 17	Providence Willamette Falls Comm. Ctr. Room C, 519 5th St., Oregon City	10:30 - noon and 1:30 - 3:00 p.m.
Dec 17	Roth's, Oregon Room 1300 Wallace Rd. NW, Salem	10:30 - noon and 1:30 - 3:00 p.m.

Schedule to mail PERS benefit checks from Salem

2015 pay date	Checks mail from Salem	Direct deposit effective date
September 1	August 31 (Monday)	September 1 (Tuesday)
October 1	September 30 (Wednesday)	October 1 (Thursday)
November 1	October 29 (Thursday)	October 30 (Friday)
December 1	November 30 (Monday)	December 1 (Tuesday)

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

Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters is located 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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PERS Survey

PERS wants to know if our customer service meets your expectations and how we can improve. You can take this short survey online at <http://oregon.gov/PERS> in the “What’s News” section of the PERS website or by filling out this page and mailing it to PERS by August 31, 2015. We will provide the results in a future issue of *Perspectives*. Thank you for your feedback!

Please mail your completed survey to: PERS
P.O. Box 23700
Tigard, OR 97281-3700

Customer Satisfaction Survey

Thank you for taking the time to fill out our Customer Satisfaction Survey. Your answers will help us provide excellent customer service to our members. Please use a separate sheet of paper for additional comments.

1. What is your membership status?

- Retired member
- Active member
- Inactive member (no longer working for a PERS-covered employer but not yet retired)

2. When was the last interaction you had with PERS?

- Within the last 30 days.
- Within the last 60 days.
- Within the last six months.
- Within the last year.
- More than a year.

3. Please answer the following questions about the services PERS provides to its members.

How do you rate...	Excellent (1)	Good (2)	Fair (3)	Poor (4)	Don't Know (5)
The timeliness of the services PERS provides?	<input type="checkbox"/>				
PERS' ability to provide services correctly the first time?	<input type="checkbox"/>				
PERS' helpfulness?	<input type="checkbox"/>				
The knowledge and expertise of PERS employees?	<input type="checkbox"/>				
The availability of information at PERS?	<input type="checkbox"/>				
The overall quality of service PERS provides?	<input type="checkbox"/>				
Our service in the past year compared to previous years?	<input type="checkbox"/>				
The overall quality of PERS communications?	<input type="checkbox"/>				
The PERS website?	<input type="checkbox"/>				

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PERS Survey (continued from page 3)

4. If you rated PERS “Fair” or “Poor” in any part of question 3, please tell us why you did not rate us “Excellent” or “Good.”

5. If you would like to elaborate on any of your answers to questions 1-3, please comment here.

6. Are PERS forms easy to understand and use?

Yes

No

Have not used

If you would like to elaborate regarding PERS forms, please comment here.

7. If you have used the PERS website, please answer the following questions:

Yes No

a. Was the PERS website easy to navigate?

b. Did you find the information you wanted?

c. If not, what information were you looking for that you could not find?

8. Are there any changes you would make to the PERS website?

9. What type of device do you prefer to access websites?

Computer Tablet Mobile phone