

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Employer Advisory Group

October 17, 2025



Agenda

- Director's Office update
- Modernization update
- Actuarial update
- Employer Service Center update
- Communications update
- Additional items
- Open discussion

Director's Office update

Kevin Olineck, Director

Director's Office update

PERS Board meetings

September board meeting recap

- Final approval of Actuarial Assumptions and Methodologies
- Member and employer satisfaction survey results
- December 31, 2024, actuarial valuation results and advisory rates

December board meeting preview

- New employer representative at this meeting (and upcoming Employer Advisory Group meetings)

Modernization update

Kristi Ivers, Modernization Program Director

Modernization update

Project status

Telephony Modernization Project



About

Implementing a modern and reliable telephony system and providing more features that will enhance our call center management and data reporting capabilities.

Status

- Successful implementation on 7/14/25 — Phase 1.
- Analysis and design have started for Phase 2.
 - Requirements (new features) have been documented.

Modernization update

Project status

Telephony Modernization Project



A few feature examples for Phase 2:


- Natural language processing: Anyone who calls into PERS main line will be able to press 1 or say “one” for English or press 2 or say “two” for Spanish instructions.
- Expanding on callback functionality: allowing members to schedule callbacks past the current day.
- One-way text functionality: Members will be able to self-serve and receive a text message from PERS. *Note: Replies cannot be received back.*

Members will be able to elect to have text messages sent to them for things such as:

- A link to the PERS website or retirement applications.
- Expo registration link.

Modernization update

Telephony status

Telephony Modernization Project 				
Call center stats for members				
	May 2025	June 2025	July 2025	Aug 2025
No. of calls	13,893	12,226	12,864	14,502
Abandon rate	24.60%	20.96%	13.11%	13.58%
Average wait time	18:19 min	16:36 min	10:05 min	14:09 min

Modernization update

Project status

UI/UX Project



About

Online Member Services (for members) and EDX (employers) portals will be updated to meet Americans with Disabilities Act (ADA) compliance.

Status

- Funding was approved in June 2025.
- Project started in July.
- Web portals are currently being analyzed to determine the work effort. For example, number of errors, number of web pages.

Modernization update

Planning – Options Decision Framework

Modernization planning

- Gartner developed a decision framework for PERS to assess which pension administration system option is the best modernization solution.
- PERS scored using Gartner’s framework and determined that buying a commercial off-the-shelf (COTS) product was the best option.

Options were:

Buy

Build

Customize

Reasons for selecting buy (COTS):

Speed of delivery

Improved member services (e.g., self-service)

Maintainability

Performance

Disaster recovery

Summary Scores		1	2	3	4
Use Case Alignment	35%	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weighted Criteria Score:		?	?	?	?
Solution Complexity	30%	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weighted Criteria Score:		?	?	?	?
Operational Excellence	20%	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weighted Criteria Score:		?	?	?	?
Fiscal Impact	15%	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weighted Criteria Score:		?	?	?	?
Overall Score (Weighted)		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sum of Weighted Criteria Scores:		?	?	?	?

Actuarial update

Troy Phillips, PERS Actuarial Business Specialist

Actuarial update

Employer Incentive Fund (EIF)

Both application phases complete

- Applications received: **42***
- Employers who received matches: **36***
- Employer side account deposits committed: **\$144,754,874**
- Matching funds approved: **\$35,780,336**

EIF transactions as of 9/17/2025

- Side accounts received: **\$10,051,000**
- Match amount distributed: **\$2,512,750**
- **EIF balance** **\$32,983,569**

*one subsequently withdrew



Actuarial update

Senate Bill (SB) 849

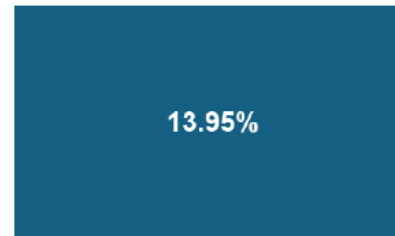
SB 849's Effect on 27-29 Tier One/Tier Two UAL Rate (UALR)

- 27-29 School District UALR will be calculated in the December 31, 2025 actuarial valuation
 - That valuation's methods are set by decisions in this year's experience study
- 27-29 Uncollared UALR will continue to be calculated as the pure actuarial rate
- 27-29 Collared Base UALR methodology is a PERS Board policy decision
 - The policy decision is where to set the floor for 27-29 Collared Base UALR

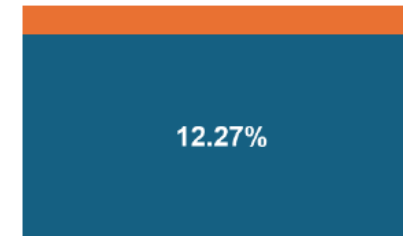
School
District Tier
One / Tier
Two UAL
Rate



25-27 Uncollared



25-27 Collared Base
(pre SB 849)



25-27 Collared Base
(post SB 849)

Equivalent of
1.68% of pay
25-27 funding
from SB849

Actuarial update

Senate Bill (SB) 849

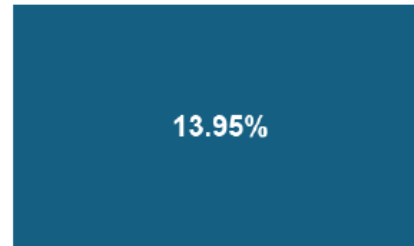
Reflecting SB 849's Effect in 27-29 UALR

- The 25-27 Collared Base UALR sets a floor for the 27-29 Collared Base UALR
 - 27-29 Collared Base UALR is highly unlikely to decrease below the floor
 - **The floor could be either 12.27% of payroll or 13.95% of payroll** (policy choice)
 - 12.27% is the actual 25-27 UALR contribution of school district employers after SB 849
 - 13.95% is the combined 25-27 amortization contribution of employers and the SDULF
 - Either floor is above the most recently calculated pure actuarial (i.e., uncollared) rate
 - 27-29 Collared Base UALR can be up to 3% of payroll above the floor if necessary

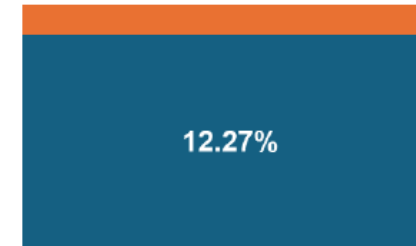
School
District Tier
One / Tier
Two UAL
Rate



25-27 Uncollared



25-27 Collared Base
(pre SB 849)



25-27 Collared Base
(post SB 849)

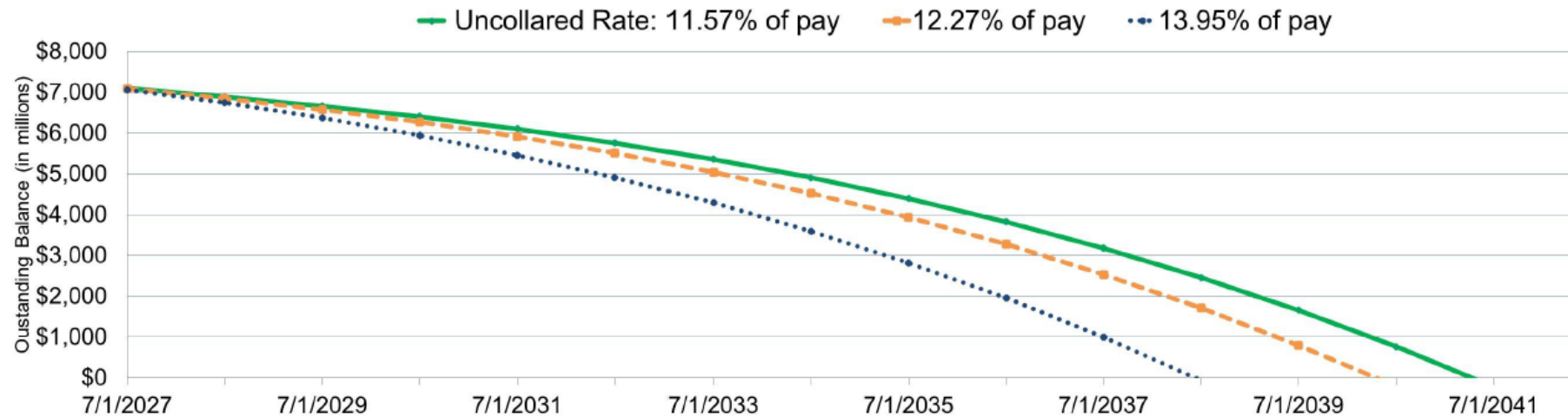
Actuarial update

Senate Bill (SB) 849

Reflecting SB 849's Effect in 27-29 UALR

- The chart illustrates a **simplified hypothetical** amortization of School District Tier One/Tier Two UAL projected to July 1, 2027 assuming all post-2023 experience matches valuation assumptions
- Assumes illustrated rates take effect July 1, 2027 and do not subsequently change
 - Disregards collar policy that allows rate decreases below the floor when funded status is near or over 90%
- Uncollared rate of 11.57%, which is below either potential floor, would complete amortization in 2041
- Policy options for the rate collar floor would amortize the balance one to three years more quickly

Amortization of projected 7/1/2027 UAL based on 12/31/2023 valuation



Actuarial update

Investment return assumptions

Summary - Investment Return Assumption

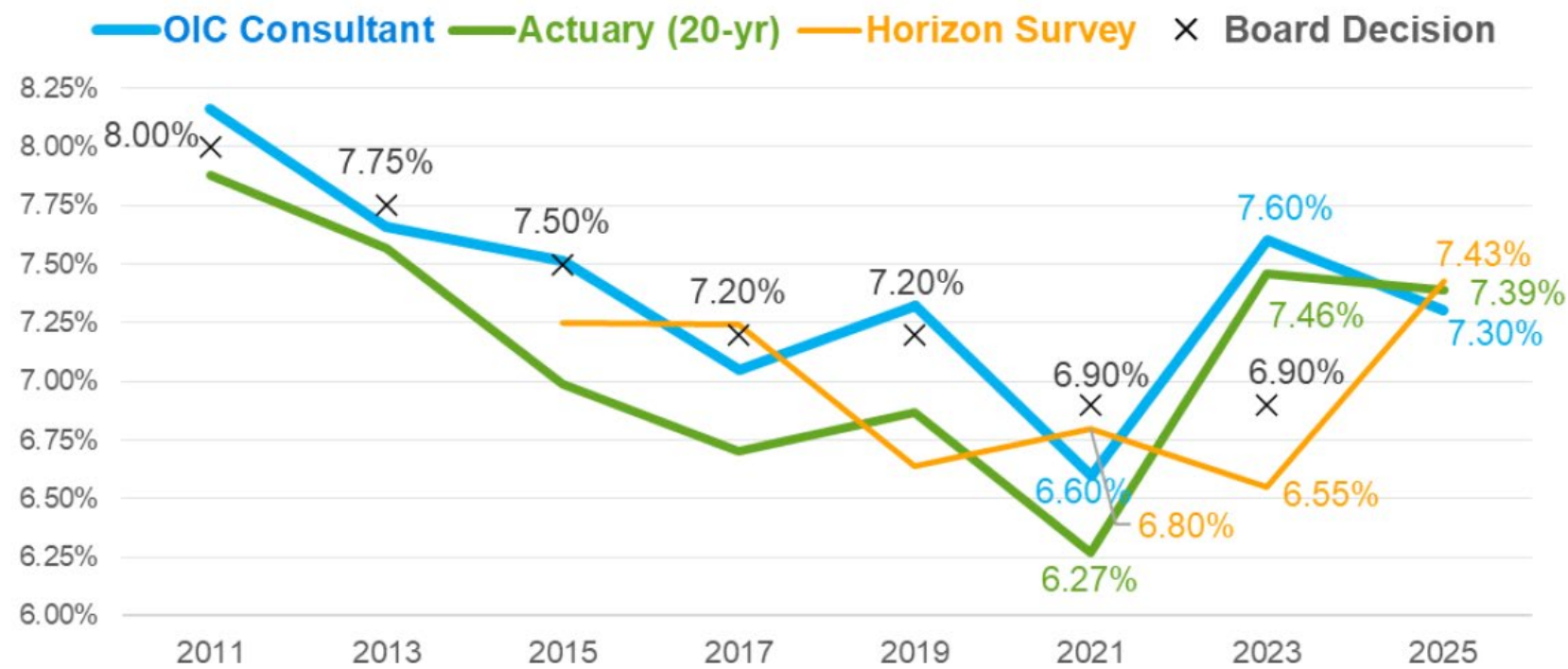
- Capital market outlooks currently show expected returns above the 6.90% assumption adopted in both 2021 and 2023
 - Outlooks are based on market conditions as of the start of 2025
- While the median results from both OIC's outlook and Milliman's outlook are above the current 6.90% long-term future investment return assumption, the Board should consider leaving the assumption unchanged
 - Previous assumption reductions were due to a decade-long trend in market conditions; while outlooks have risen, significant volatility and uncertainty remain
 - Using an assumption that is below the median outlook provides a “rainy day” margin of conservatism in the rate-setting process
 - Would be consistent with current practice for other large pension systems, which generally have not increased their return assumption

Actuarial update

Investment return assumptions

Investment Return 50th Percentile Outlooks

Geometric Returns from Outlook Models in Current and Prior Seven Reviews



Horizon survey has a larger time lag than the other two outlooks

Actuarial update

Investment return assumptions

Historical Actual Returns vs. Assumed Returns

- Comparison of trailing average historical returns through end of 2024:
 - Actual – from *PERS By the Numbers*
 - Assumed – based on PERS’ actuarial assumption for each year

Period Ending December 2024	Actual Return	Assumed Return
Trailing 30 years	9.0%	7.7%
Trailing 25 years	6.7%	7.6%
Trailing 20 years	7.4%	7.5%
Trailing 15 years	8.4%	7.4%
Trailing 10 years	7.4%	7.1%

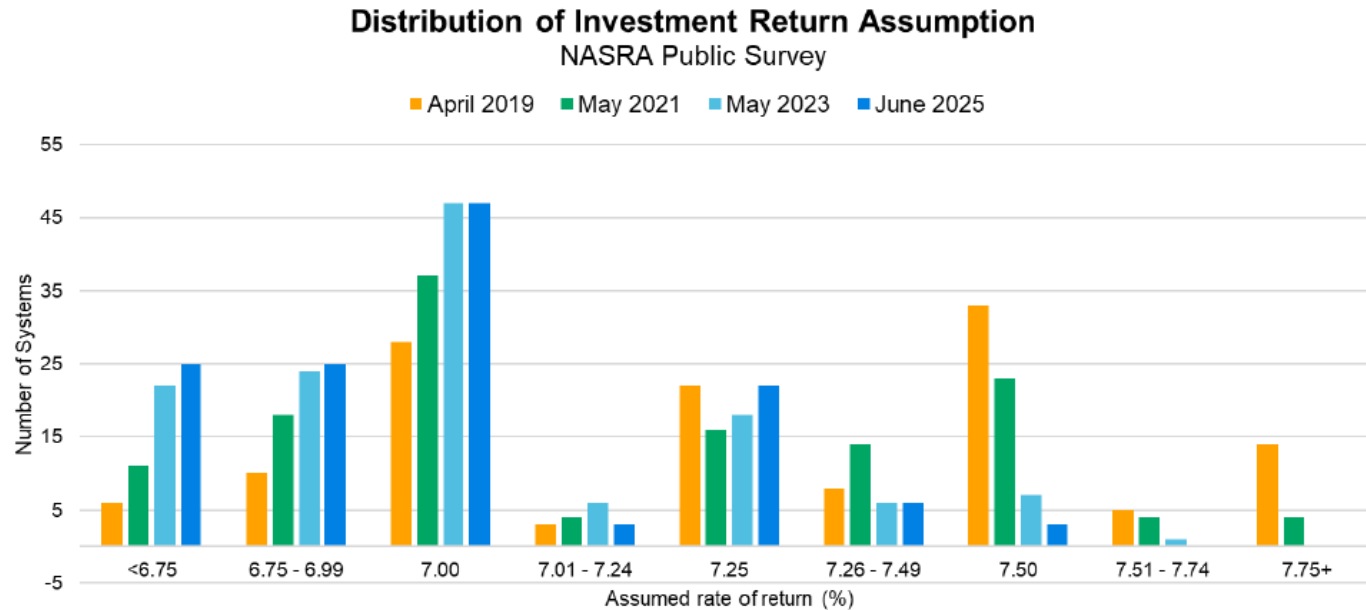
Returns are geometric annualized average returns over the periods indicated
The specific starting and ending points matter (example: the difference in 30 v. 25-year returns)

Actuarial update

Investment return assumptions

Comparison to Peer Systems

- The distribution of about 130 systems tracked by the NASRA Public Fund Survey is shown below
- Six years ago, the most common assumption was 7.50%; now the most common assumption is 7.00% and about 75% of all plans have an assumption of 7.00% or lower



Source: NASRA (June 2025)

Actuarial update

Investment return assumptions

Considerations in Setting the Return Assumption

- OIC (primary opinion) and Milliman (second opinion) capital market outlooks currently show similar median expected future returns as the last return assumption review
 - Those capital market outlooks are based on data as of the beginning of 2025
 - No adjustments have been made in response to year-to-date market volatility and uncertainty
- While median outlook expectations are above the current 6.9% investment return assumption, the Board should consider leaving the assumption unchanged
 - Lowering the assumed rate from 8.0% to 6.9% in response to changing economic conditions and evolving capital market outlook expectations took a decade
 - Most boards have been wary of increasing the assumption to date
 - Actuarial Standards of Practice allow assumptions to reflect a margin for adverse deviation
 - A margin for conservatism is permissible, and increases the chance actual returns exceed assumption

Actuarial update

Demographic assumptions

Summary of Demographic Assumptions

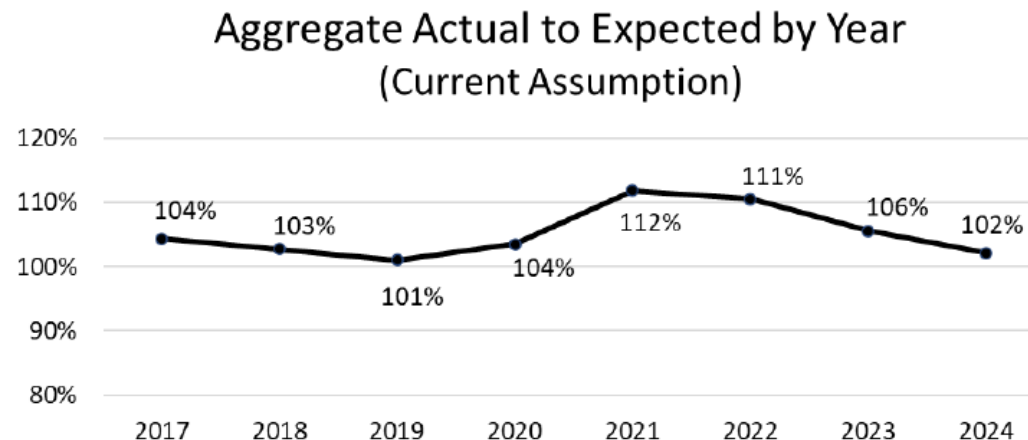
- Mortality assumptions were updated to use the most current “base” mortality tables specific to current and former governmental employees in public sector pension plans
 - Those new base tables were calibrated to reflect PERS-specific retiree mortality experience
- Adjust likelihood of retirement assumption at some ages where observed experience differed from current assumption
- Partially decrease long-term merit component of individual member salary assumption for school districts, while retaining previously adopted additional increases assumption for 2025
- Adjust ordinary disability incidence assumption
- Updates to assumed final average salary adjustments for sick leave for one group for eligible Tier One/Tier Two members
- Adjustments to post-retirement medical program assumptions
 - Participation levels (RHIA & RHIPA)
 - Healthcare inflation assumption for RHIPA program

Actuarial update

Demographic assumptions

Mortality Assumption

- Graph below shows benefits-weighted ratio of actual deaths compared to expected deaths for non-disabled annuitants in aggregate across all assumption groups
 - Typically want to target an “A/E ratio” (actual deaths to expected deaths) of about 100%
 - Deviations from that target for height of pandemic years, but rates later decreased
- Ignoring pandemic-influenced outlier years suggests potential for small increase to mortality assumption to better align with experience, which we are proposing with switch to Pub-2016



Actuarial update

Demographic assumptions

Mortality Assumption

- Illustrative example of assumptions for non-disabled current and future retirees:

Life Expectancy (if still alive at age 60)	Retires at Age 60 in 2025			Retires at Age 60 in 2045		
	Current	New	Change	Current	New	Change
School District Male	87.9	87.6	-0.3	89.3	88.9	-0.4
General Service Male	87.5	87.3	-0.2	89.0	88.8	-0.2
Police & Fire Male	86.3	86.6	0.3	87.7	88.0	0.3
School District Female	90.4	90.1	-0.3	91.6	91.2	-0.4
General Service Female	89.1	88.9	-0.2	90.4	90.1	-0.3
Police & Fire Female	89.2	88.9	-0.3	90.6	90.3	-0.3

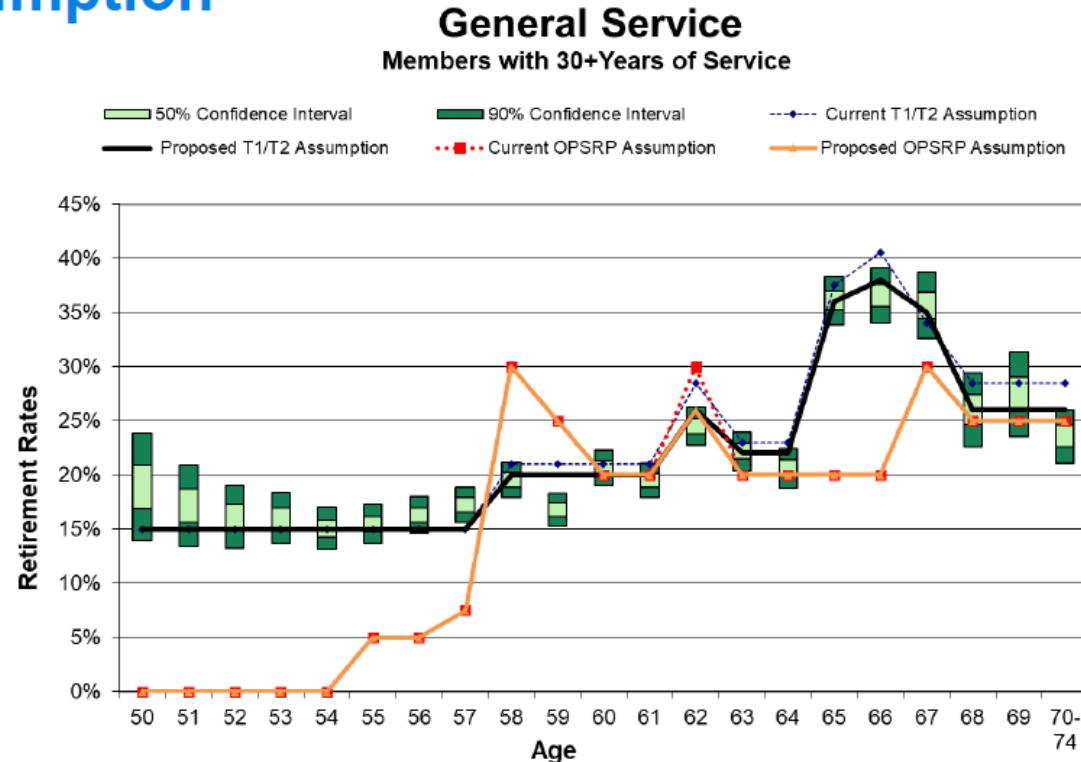
- The table above has three assumed preconditions, all of which serve to increase the life expectancy:
 - The individual is assumed to have already survived to age 60
 - The individual is assumed to have served in PERS-covered employment
 - The individual is assumed to not be disabled as of age 60

Actuarial update

Demographic assumptions

Rate of Retirement Assumption

- The likelihood that an eligible member retires at a given age
- Structure:
 - School District
 - Other General Service
 - Police & Fire
 - Divided into 3 service bands
 - Tier One/Tier Two vs. OPSRP
- Modifications made to assumptions at certain ages to more closely align with observed experience
 - Adjusted retirement rates for certain School District and Other General Service age and service groups



Example shown above. Recommendations for other groups shown in detailed Experience Study report.

Actuarial update

Demographic assumptions

Individual Member Merit/Longevity Salary Increase Assumption Higher Short-term “Select” Assumption

- In the previous experience study, the Board adopted a special “select assumption” of an additional 2% merit/longevity increase to apply for two years
 - Recognized high inflation and job market pressures led to unusually high salary increases for at least a portion of PERS actives
 - For example, agreements for State workers in AFSCME and SEIU provided for additional across-the-board increases of about 6.5% in each of two consecutive years
- The additional assumption was adopted for 2024 and 2025 salary increases
 - Our valuation continues this “select” assumption and reflects the additional 2% when projecting 2025 salary
 - The analysis on the prior slides also backs out the extra 2024 “select” assumption to avoid double-counting

Actuarial update

Demographic assumptions

Preliminary Effect of Changes – Accrued Liability

- Estimated effect on combined Tier One, Tier Two, and OPSRP liabilities based on preliminary valuation work

12/31/2024 Accrued Liability	Assumed Return 6.8%	Assumed Return 6.9%	Assumed Return 7.0%
Current assumptions		\$109.7 B	
Mortality		(\$0.9 B)	
All other demographic assumptions		<u>(\$0.1 B)</u>	
Revised assumptions (before assumed return)	\$108.7 B	\$108.7 B	\$108.7 B
Assumed return	<u>\$1.2B</u>	<u>\$0.0 B</u>	<u>(\$1.2 B)</u>
Revised assumptions	\$109.9 B	\$108.7 B	\$107.5 B

Numbers shown may not add due to rounding

Actuarial update

Demographic assumptions

Preliminary Effect of Changes – Uncollared 2027-2029 Rates

- Estimated impact on uncollared system-average advisory pension rates for 2027-2029 based on preliminary valuation work
 - Results do not reflect any adjustment for 2025 asset returns to date

For context:

- 0.5% of projected 2027-29 biennial pay ≈ \$175M
- Projected 2025-27 total contribution ≈ \$7.7B

	Assumed Return 6.8%		Assumed Return 6.9%		Assumed Return 7.0%	
	UAL	Normal Cost	UAL	Normal Cost	UAL	Normal Cost
Mortality	(0.4%)	0.0%	(0.4%)	0.0%	(0.4%)	0.0%
Other assumptions	0.0%	(0.1%)	0.0%	(0.1%)	0.0%	(0.1%)
Assumed return	<u>0.4%</u>	<u>0.3%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>(0.4%)</u>	<u>(0.3%)</u>
Total	0.0%	0.2%	(0.4%)	(0.1%)	(0.8%)	(0.4%)
Combined Total	0.2%		(0.5%)		(1.2%)	

Changes shown are stated as a percent of payroll, reflect a 3.40% payroll growth assumption, and exclude changes for the RHIA & RHIPA programs. Numbers may not add due to rounding.

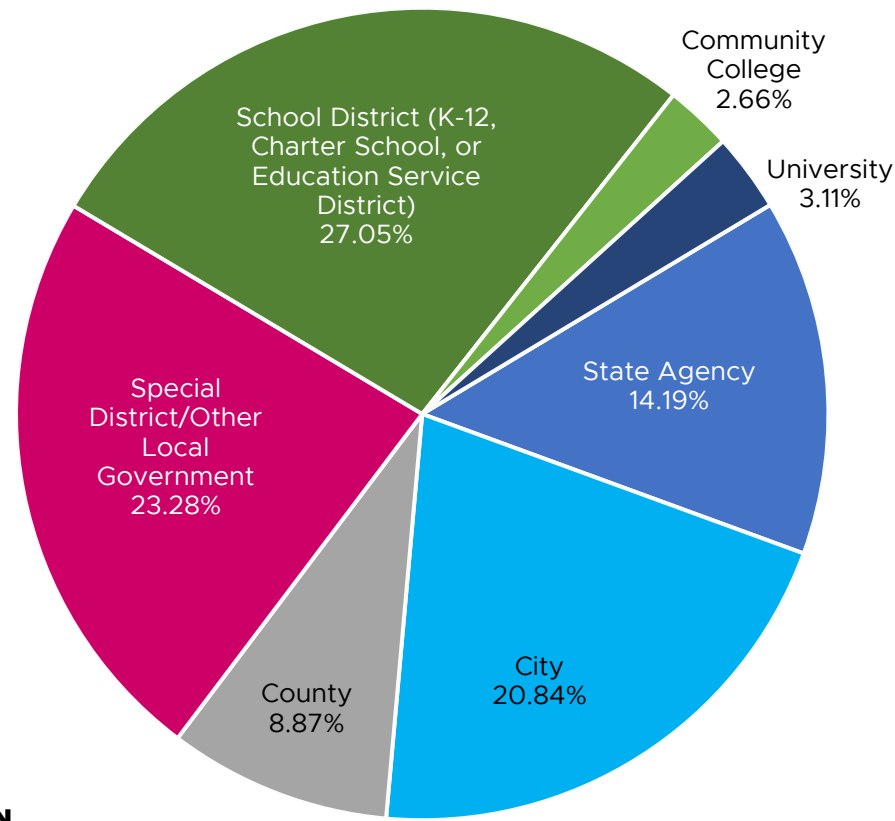
Employer Service Center update

Laurel Galego, Business Operations Supervisor
Brandon Armatas, Business Operations Manager

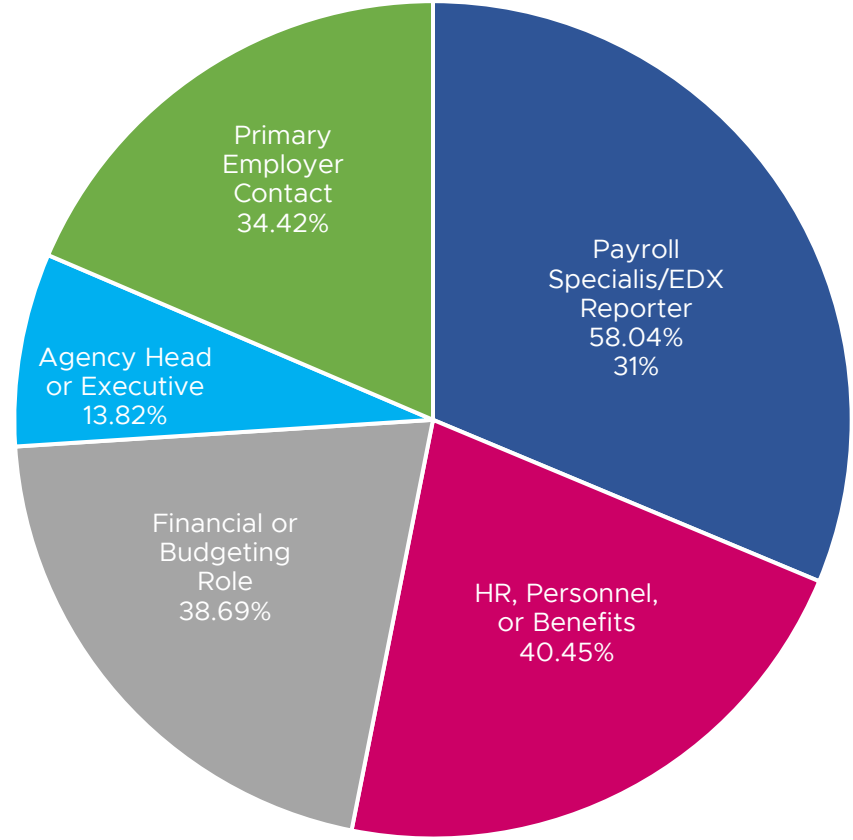
Employer Service Center (ESC) update

PERS 2025 Employer Satisfaction Survey

Employer category



Job function

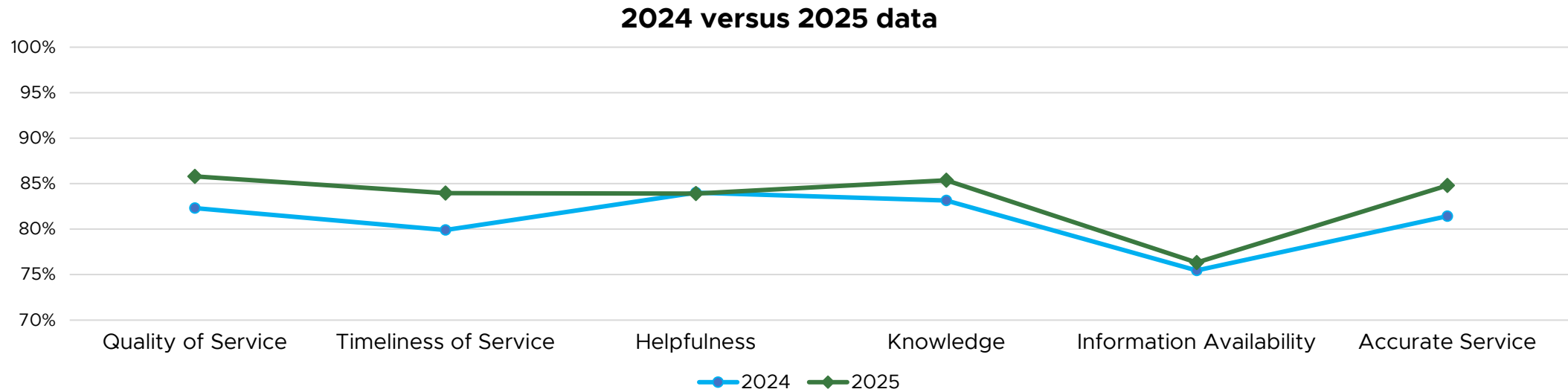


ESC update

PERS 2025 Employer Satisfaction Survey

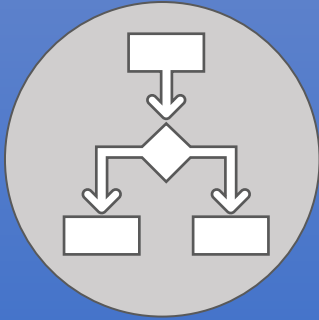
Results

- Better response rate from a wide array of job functions and employer groups.
- Improved scores across the board.
- Momentum toward continuous progress.
- Opportunities for improvement mostly in areas of employer training and technology.



ESC update

Reporting escalation process



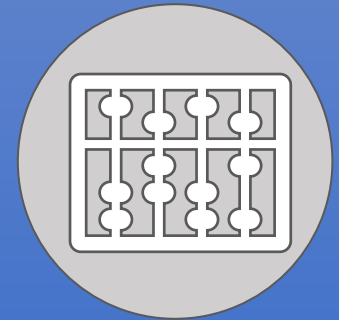
Worked with internal experts to establish a structure process to manage delays in reporting.



Set up classification levels to categorize the processes employer representatives will take to help with reporting delays.



More focused effort on preemptive communication, training, and follow-up.



Exploring the use of penalties should specific requirements be met.

ESC update

Reporting escalation process

One week

- Employer representatives follow standard employer follow-up protocol.

Two weeks

- Employer trainer notified.
- Employer representative and employer trainer work collectively to offer outreach and assistance to employer.

Three weeks

- ESC manager notified.
- Employer representative, trainer, and ESC manager work collectively to offer outreach and assistance to employer.

Four weeks

- Data Services manager notified.
- *Determine if penalties are next course of action.**

**The penalty concept in the process is only in draft form and not a current operational practice..*

ESC update

Employer penalties

Penalties

Penalties are set in **statute** for:

- Late reporting.
- Late payment.
- Incorrect payment method.

Penalties have been **waived** for all employers over last decade because of system functionality limitations.

The process on the previous slides illustrates, in theory, how penalties could potentially work moving forward.*

Looking to Employer Advisory Group to provide **input and thoughts** on applying penalties after the sequence of checks in our escalation process.

**Draft process.*

Communications update

Shawn Harper, Employer Communications Specialist

Communications update

Employer guide series

About the guide series

Started in 2021 to:

- Update, merge, and improve the large *Employer Manual* and *EDX User Guide*.
- Add detail and policy information (the “why”) to each reporting process.
- Provide a single source of thorough instructions, correct procedures, and best practices for both employers and PERS staff.
- Organize topics in a consistent format that makes it easier to scan, find, and understand the information.

Guide category	Guides
Welcome to PERS reporting	1, 2
Learning the basics	3, 4, 5, 6
Hiring a new employee	7, 8
Reporting wages and contributions	9, 10
Reporting status changes	11, 12, 13, 14, 15, 16, 17
Confirming and changing information	18, 19, 20, 21, 22, 23, 24, 25
Paying for PERS	26, 27, 28

Communications update

Employer guide series

First employer guide

[Guide 1, Overview of PERS](#)

Created to fill gap in info (at that time) about:

- ✓ PERS.
- ✓ Pension and Individual Account Program (IAP).
- ✓ Vesting.
- ✓ Achieving and maintaining membership.
- ✓ Effects of withdrawal, divorce, death on benefits.
- ✓ Retirement eligibility and age.

❖ Newly added: special rules and benefits of Police and Fire, Judge, Legislator, Elected Official, and School Employee job classes.

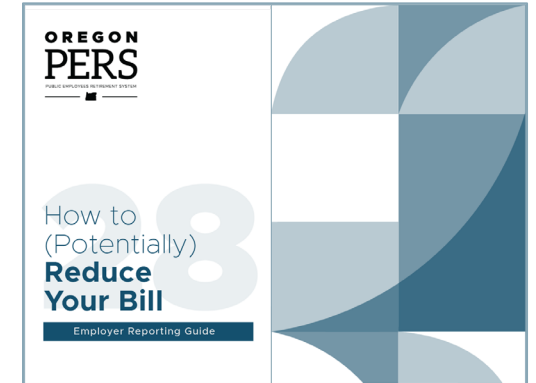


Last employer guide

[Guide 28, How to \(Potentially\) Reduce Your Bill](#)

Created to shed light on:

- ✓ Fees that PERS charges (e.g., prior year earnings) and how to avoid them.
- ✓ Rate offset options (e.g., side accounts).
- ✓ Ways to stabilize contribution rates (e.g., employer rate pooling).
- ✓ Situations that can cause rates to increase despite your best efforts — avoid surprises.

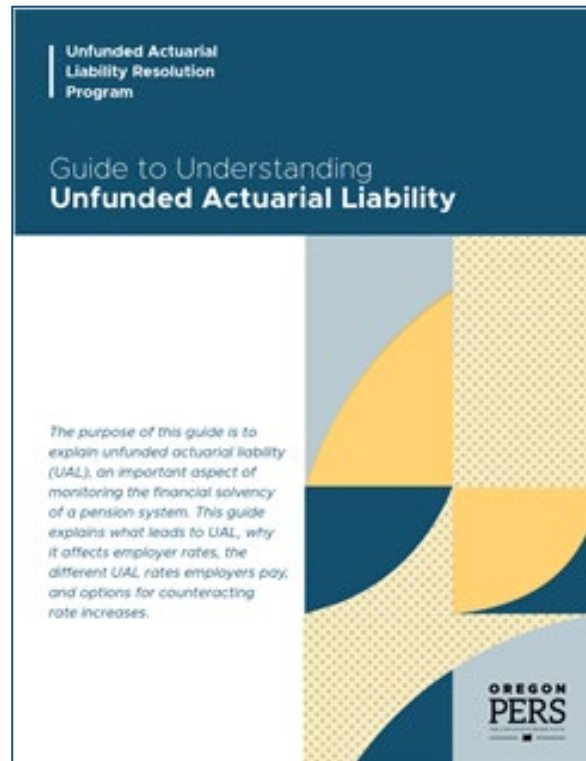


Communications update

Other guides and manuals updated

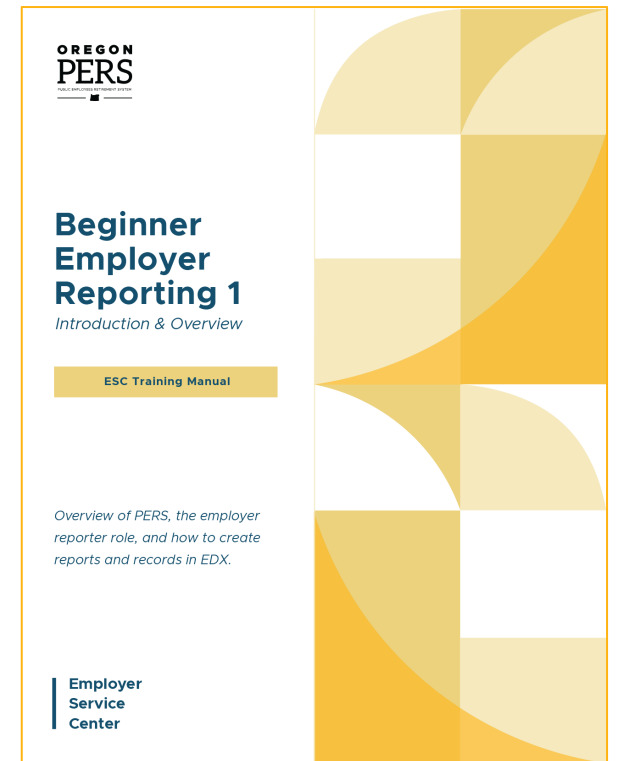
RIPPED FROM THE HEADLINES

- Explain truth about PERS funding status and Unfunded Actuarial Liability (UAL) in response to inaccurate reporting in the media.
- Simplify UAL for the public.



Important to keep updated

- #1 most-clicked item on Training webpage.
- Used for self-training.



Additional items

Additional items

Future meeting dates

Proposed 2026 EAG Dates:

- Friday 1/23/2026, 9 a.m. to 12 p.m.
- Friday 4/24/2026, 9 a.m. to 12 p.m.
- Friday 7/17/2026, 9 a.m. to 12 p.m.
- Friday 10/23/2026, 9 a.m. to 12 p.m.

EAG meeting

State of Oregon observed holiday

January						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
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15	16	17	18	19	20	21
22	23	24	25	26	27	28

March						
S	M	T	W	T	F	S
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8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

| | | | | | | |

April						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

June						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

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July						
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19	20	21	22	23	24	25
26	27	28	29	30	31	

August						
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						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

| | | | | | | |

October						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Open discussion

Open discussion

Any questions or comments
for PERS?

Questions for each other?



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you

