

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



## Employer Advisory Group

July 18, 2025



# Agenda

---

- Director's Office update
- Actuarial update
- Legislative update
- Communications update
- Modernization update
- Open discussion

# Director's Office update

---

Kevin Olineck, Director

# Director's Office update

## PERS Board

### May board meeting recap

Highlights (plus location of each topic in the [board meeting packet PDF](#)):

- PERS Health Insurance Program (PHIP) annual report out (pp 97 to 110).
- PHIP renewals and rates for 2026 (pp 113 to 117).
- Actuarial request for proposal (RFP) – process and timing (pp 126 and 127).
- Employer contribution rate changes (two employers (pp 128 to 149) and school districts (pp 150 to 157)).
- Milliman overview of actuarial methods and assumptions (pp 159 to 212 of the board packet and covered in the Actuarial Update).

# Director's Office update

## PERS Board and budget

### July board meeting preview

- Modernization and Senate Bill (SB) 1049 updates.
- Legislative wrap-up.
- Preliminary adoption of valuation methods and assumptions.

### PERS budget 2025-27

- SB 5534 (PERS Budget Bill) passed.
  - Provides majority of funding that PERS requested.
- Will be going back to 2026 legislative session to request additional modernization funding.
- Will be presenting two Budget Notes in 2026 legislative session:
  - Modernization.
  - House Bill 4045 update.

# Legislative update

---

Heather Case, Senior Policy Advisor

# Legislative update

## 2025 legislative session wrap-up

### 2025 legislative session — January 21–June 27, 2025

#### PERS bill updates:

- **Senate Bill (SB) 847** — Updates to PERS Health Insurance Program (PHIP) changes.  
**Not passed:** Died upon return to Committee on Labor and Workplace Standards.
- **SB 849** — Changes to usage of School Districts Unfunded Liability Fund (SDULF).  
**Passed:** Signed by Governor Kotek on May 5, 2025. Effective date May 5. 2025-27 school district employer rates amended at May 30 PERS Board meeting. New rates in effect July 1, 2025.
- **SB 851** — Clarifications to employer and member reporting.  
**Passed:** Signed by Governor Kotek on May 8, 2025. Effective date January 1, 2026.
- **SB 852** — Clarifications to post-retirement death benefits.  
**Passed:** Signed by Governor Kotek on May 12, 2025. Effective date January 1, 2026.



# Legislative update

## 2025 legislative session wrap-up

### Five PERS-related bills that **passed**

1. **SB 588** — Changes to disability eligibility requirements for Police and Fire job classification.
  - Changes disability eligibility requirements for Police and Fire members of all plans (Tier One, Tier Two, and Oregon Public Service Retirement Plan (OPSRP)).
  - Allows for up to 10% of last monthly salary of intermittent and unpredictable income for OPSRP disability benefit recipients.
  - Establishes timelines for referring contested case requests for hearing (for Police and Fire disability contested case requests only).
2. **SB 757** — Addition of Oregon Health and Science University (OHSU) chaplains to SB 128 (2023). Ensures OHSU chaplain housing allowance is included as subject salary for PERS purposes.

*Continued*



# Legislative update

## 2025 legislative session wrap-up

Five PERS-related bills that **passed**

**3. HB 2728** — Includes overtime in Notice of Entitlement (NOE).

Requires PERS to list in a member's NOE both the total hours of overtime a member has and the amount of overtime hours used to calculate the member's final average salary.

**4. SB 5534** — PERS budget bill.

**5. SB 5530** — Lottery funding allocations.

Provides ongoing allocation of lottery funding to the EIF.

The EIF was originally allocated an additional \$3.8 million, but that funding was removed before the bill passed. However, SB 5530 allows for ongoing allocations throughout the biennium.

# Legislative update

## 2025 legislative session wrap-up

PERS completed required statutory reporting to the Legislature throughout the session.

### What's next?

#### ☐ Implementation:

- PERS will begin implementation activities on bills in order of effective date and priority.
- We will engage managers and subject matter experts to identify all implementation tasks needed.

#### ☐ Statewide bills:

- PERS has been tracking statewide bills that affect our operation as a state agency. These bills may require various action from the agency, notification of affected staff, or both.
- Often, the Department of Administrative Services will put together information for agencies regarding implementation needed.

#### ☐ 2027 PERS Legislative Concepts:

- Planning begins in September 2025.

# Modernization update

---

Kristi Ivers, Modernization Program Director

# Modernization update

## Project status

### Telephony Modernization Project



#### About

In addition to implementing a more modern and reliable telephony system, team is implementing a new call center system that will provide more features for callers and enhance our call center management and data reporting capabilities.

#### Status

- Phase 1 implementation target date: July 14, 2025.  
Add call transcripts, chat, and more to reduce manual work of call centers.
- Phase 2 begins after phase 1 is complete.  
Implement functionality to enable one-way data transmission.

# Modernization update

## Project status

### NEW! UX/UI Project



#### About

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

#### Status

- Funding was approved in June 2025.
- Project started in July.

# Modernization update

## Project status

Data Cleaning	Hybrid Integration Platform (HIP)
<p><b>About</b></p> <p>Plan, develop, and implement data cleaning processes for jClarety system data.</p> <p><b>Status</b></p> <ul style="list-style-type: none"><li>▪ <b>Project paused for 2025-26.</b></li><li>▪ Deliverables completed as planned.</li><li>▪ Funding was not approved for 2025-26.</li></ul>	<p><b>About</b></p> <p>HIP would allow seamless connections between business-critical applications.</p> <p><b>Status</b></p> <ul style="list-style-type: none"><li>▪ <b>Project scope reduced for 2025-26.</b></li><li>▪ Partial funding was approved for 2025-26.</li></ul>

# Modernization update

## Planning – options decision framework

### Modernization planning

- Gartner is developing an options decision framework for PERS to assess which pension administration system (PAS) option is the best modernization solution.
- Gartner delivered their scoring framework on May 23, 2025.

Summary Scores		1	2	3	4
Use Case Alignment	35%				
Weighted Criteria Score:		?	?	?	?
Solution Complexity	30%				
Weighted Criteria Score:		?	?	?	?
Operational Excellence	20%				
Weighted Criteria Score:		?	?	?	?
Fiscal Impact	15%				
Weighted Criteria Score:		?	?	?	?
Overall Score (Weighted)					
Sum of Weighted Criteria Scores:		?	?	?	?



# Modernization update

## Planning – options decision framework

### Pension administration system (PAS) assessment

PERS is working on scoring each option using the framework.

Options are:

- ☐ **Buy.**
- ☐ **Build.**
- ☐ **Customize.**

Once we determine the best solution, we will update the 2025-27 Modernization Roadmap.

# Actuarial update

---

Troy Phillips, PERS Actuarial Business Specialist

# Actuarial update

## Employer Incentive Fund (EIF)

### Phase 1

First application period closed June 30.

- Applications received: **8**.
- Employer side account deposits committed: **\$22,861,575**.
- Matching funds approved: **\$5,715,393**.



# Actuarial update

## Employer Incentive Fund (EIF)

### Phase 2

Second application period July 1 – March 31, 2026.

- Applications received (so far\*): **34**
- Employers who received matches: **28**
- Employer side account deposits committed: **\$134,699,956**
- Matching funds approved: **\$33,266,607**
- All funds matched by this date: **July 1**

All funds matched in: **1 hour, 51 minutes**

*\*As of July 8.*



# Actuarial update

## Overview of actuarial methods and economic assumptions

### Non-Investment Economic Assumptions to Be Reviewed

	12/31/2023 Valuation “Current” Assumptions
Inflation	2.4%
Real Wage Growth	<u>1.0%</u>
System Payroll Growth	3.4%
Administrative Expenses	\$64 million



This work product was prepared for discussion purposes only and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Any recipient of this work product who desires professional guidance should engage qualified professionals for advice appropriate to its own specific needs.

169/212

# Actuarial update

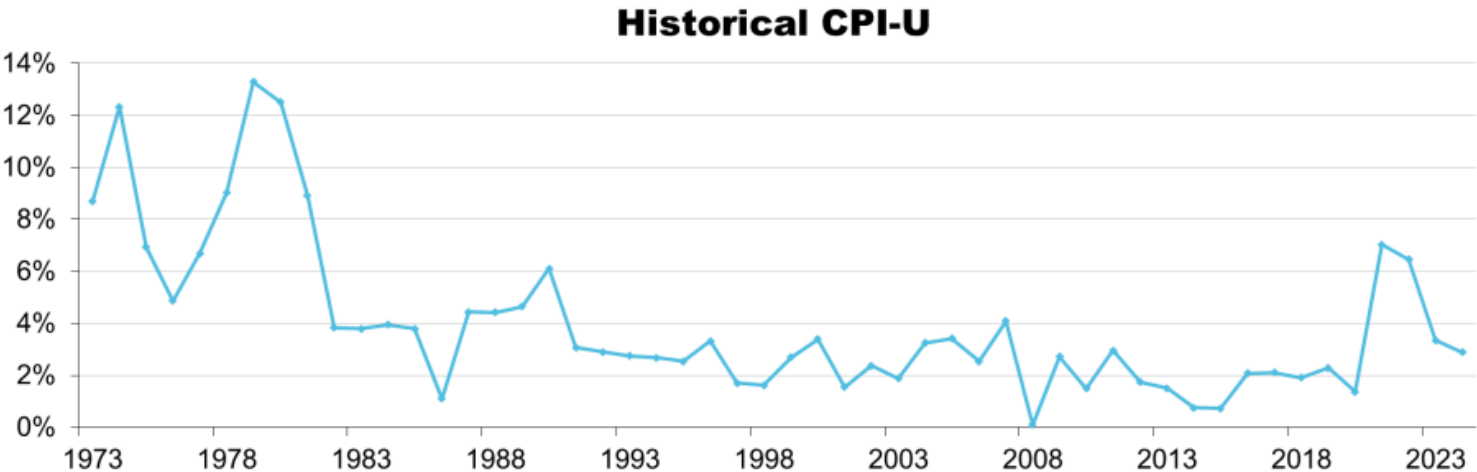
## Overview of actuarial methods and economic assumptions

### Economic Assumptions

#### Inflation

- The inflation assumption affects other assumptions, including system payroll growth, investment return, and health care inflation
- Inflation can vary significantly over time; recent inflation has been much higher than the long-term expectation

Period Ending 12/31/2024	Average Inflation
10 years	3.00%
20 years	2.56%
30 years	2.52%
40 years	2.78%



# Actuarial update

## Overview of actuarial methods and economic assumptions

### Economic Assumptions

#### Inflation

- One estimate of future inflation can be derived from comparing yields on Treasury securities and Treasury Inflation Protected Securities (TIPS)
- We also review expert forecasts of long-term inflation used for other similar purposes:
  - Social Security’s current “intermediate cost” 30-year average inflation assumption is 2.41%, with an ultimate annual inflation of 2.40%
  - Cleveland Fed Inflation Forecast Model as of January 2025 results in 10-year average inflation of 2.44% and 30-year average inflation of 2.52%
- **We recommend maintaining the current assumption of 2.4%, which is reasonable**

As of 12/31/2024		
	10 Year	30 Year
Treasury Yield	4.58%	4.78%
TIPS Yield	<u>2.24%</u>	<u>2.48%</u>
“Breakeven” Inflation	2.34%	2.30%

 Milliman



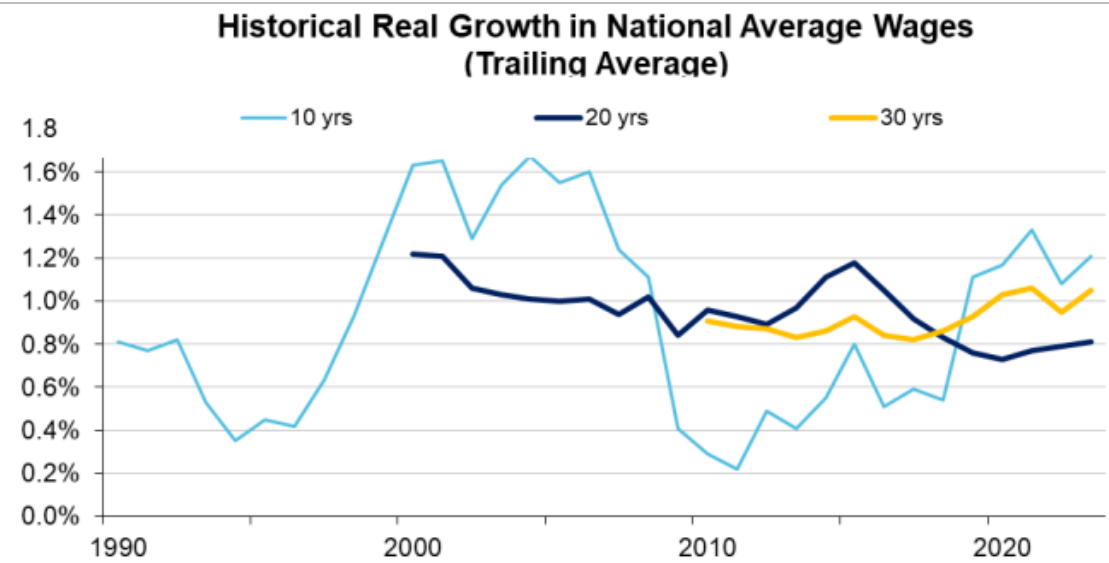
# Actuarial update

## Overview of actuarial methods and economic assumptions

### Economic Assumptions

#### Real Wage Growth

- Current assumption is 1.0%
- An individual member’s assumed annual salary increase is composed of:
  - Inflation, plus
  - Real wage growth, plus
  - Individual merit/longevity component
- Real wage growth represents the increase in wages in excess of inflation for the entire group due to improvements in productivity and competitive market pressures
- Social Security’s long-term “intermediate cost” real wage growth assumption is 1.14%



Most Recently Available	Average Real Wage Growth
10 Years	1.21%
20 Years	0.81%
30 Years	1.05%
40 Years	0.92%

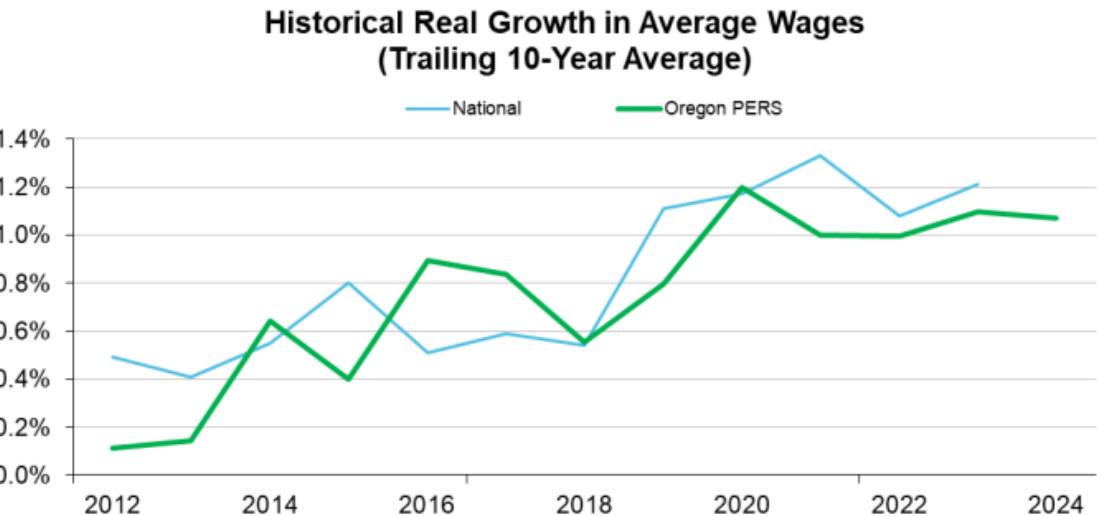
# Actuarial update

## Overview of actuarial methods and economic assumptions

### Economic Assumptions

#### Real Wage Growth

- Trailing 10-year average of Oregon PERS' experience with real wage growth over has largely paralleled national trends, though lagged behind on average
- In our opinion, **the current assumption of 1.0% is reasonable**



Most Recently Available*	National	Oregon PERS
10 Years	1.21%	1.07%
20 Years	0.81%	0.86%

\* National reflects data through 2023;  
Oregon PERS reflects data through 2024

# Actuarial update

## Overview of actuarial methods and economic assumptions

### Economic Assumptions

#### System Payroll Growth

- Overall system payroll growth is assumed to equal the sum of:
  - Inflation
  - Real wage growth
  - Adjustment for expected system growth/decline (typically 0% if expecting steady population)
- The system payroll growth assumption determines the shape of the curve of payments to amortize the unfunded liability
- With an inflation assumption of 2.4% and a real wage growth assumption of 1.0%, the system payroll growth assumption is currently 3.4%
- A 3.4% assumption is reasonable** based on recent historical experience for Oregon PERS

Trailing Period as of 12/31/2023	Oregon PERS Average Annualized Growth in Valuation Payroll	Oregon PERS Average Annualized Growth in Average Payroll
5 Years	7.1%	5.4%
10 Years	5.9%	4.1%
15 Years	4.3%	3.5%
20 Years	4.6%	3.4%

# Actuarial update

## Overview of actuarial methods and economic assumptions

### Economic Assumptions

#### Administrative Expenses

- Actual administrative expenses for recent years are shown below
- SB 1049 drove increase in pension administrative expenses, expected to be replaced by modernization costs

(\$ millions)	System-Wide (Tier One/Tier Two + OPSRP) Pension Administration Expenses		
Year	Actual Expenses	% of Beginning of Year Assets	% of Projected Payroll
2020	\$56.5	0.09%	0.49%
2021	\$59.9	0.09%	0.50%
2022	\$61.5	0.08%	0.48%
2023	\$66.2	0.09%	0.48%
2024	\$68.5	0.09%	0.45%

- Overall, 2024 administrative expenses were 0.09% of total assets, or 0.45% of projected payroll
- Proposed assumed annual expenses for 2025 and 2026: \$72 million**



# Actuarial update

## Overview of actuarial methods and economic assumptions

### Non-Investment Economic Assumptions to Be Reviewed

	12/31/2023 Valuation Assumptions	12/31/2024 Valuation Proposed* Assumptions
Inflation	2.4%	2.4%
Real Wage Growth	<u>1.0%</u>	<u>1.0%</u>
System Payroll Growth	3.4%	3.4%
Administrative Expenses	\$64 million	\$72 million

No explicit assumption is made for investment-related expenses, which are accounted for implicitly in the analysis of the long-term investment return assumption.

\*No action is requested on “proposed” assumptions today, since all assumptions and methods will be adopted at the July 2025 Board meeting

# Communications update

---

Shawn Harper, Employer Communications Specialist

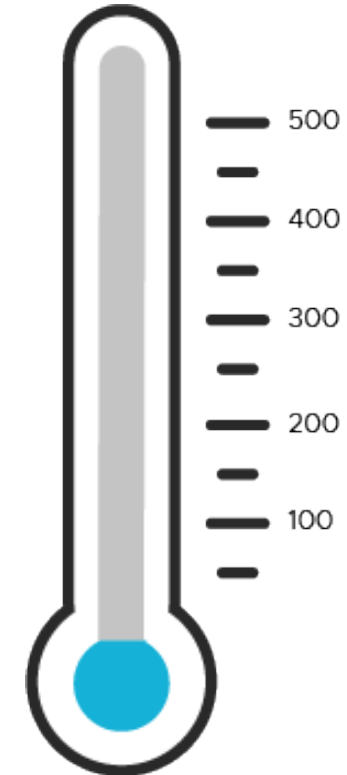
# Communications update

## Employer satisfaction survey

### Goal

Reach 500 submitted surveys.

- Why?  
For more statistically significant, meaningful results.
- Did not reach the goal in 2024: 470 surveys submitted.
- This year:
  - ✓ Sent email reminders every week.
  - ✓ Shared goal with employers, involved them in reaching it.
  - ✓ Alert on Employers website homepage.
  - ✓ ESC representatives: included link to survey in emails; reminded employers about survey in phone discussions.

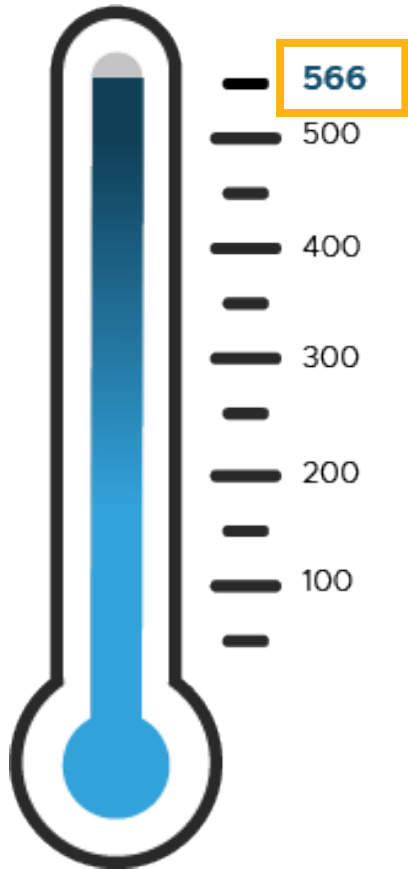




# Communications update

## Employer satisfaction survey

### Results



goal  
**SURPASSED!**

results  
**ANALYZED!**

197  
**COMMENTS!**

scores  
**BOOSTED!**

**Next step:** We will present results at the PERS Board's September 26, 2025, meeting.

# Communications update

## New and updated resources for employers

### [Guide 1, Overview of PERS](#)

- New appendix with special benefits and rules for:
  - Elected Official.
  - Judge.
  - Legislator.
  - Police and Fire.
  - School Employee.

### [Guide 8, Hiring a Retiree](#)

- New section “Retirees Serving as Elected Officials.”

### [Guide 17, Calculating Unused Sick Leave Hours at Termination or Retirement](#)

- New section “Using Donated Sick Leave Hours.”

### [Guide 22, Changing Demographic Information](#)

**NEW**

- How active members, alternate payees, beneficiaries, and retirees (including working retirees) change their information.

### [Guide 23, Submitting an Adjustment Record](#)

- How to change data in a posted record.

### [Correct Usage of Subject and Non-Subject Salary Fields](#) **NEW**

- When to use the Subject vs Non-Subject Salary field to report payments.

#### **IMPORTANT UPDATE**

Final two guides will be finished this fall.

# Communications update

## National awards

National Association of Government Communicators (NAGC) Blue Pencil and Gold Screen Awards

- May 21, 2025, Pittsburgh, Pennsylvania.
- Part of NAGC annual Communications School.
- There were **282 entries** from federal, state, county, local, and military agencies nationwide. Of those, **88 won awards**.
- Submission scoring criteria — awards are based on **points** scored by your application, not by competition (except for “wow factor”):
  - Specific goal, purpose, or objective.
  - Outcomes, effectiveness.
  - Intended audience.
  - Quality of content.
  - Planning and implementation.
  - Creativity.
  - Detailed budget.
  - Wow factor.



### Fun fact

In 2022, *Employer News* won **1<sup>st</sup> place** in Digital Newsletter category.

# Communications update

## National awards

### Results

Entry	Category	Award	Judge comment
Update and overhaul of the employer guides	Digital/ Electronic Publication	Third place (there was no first-place winner) <div>  </div>	“Congratulations on this project. ... This team should be applauded for such a massive undertaking and the results demonstrate the time was well spent.”
<i>PERS by the Numbers</i> 2024	Annual Report	Second place <div>  </div>	“Great submission and strategy on your approach to address this publication redesign.”
The PERS Expo	Special Event or Conference	Third place <div>  </div>	“Congrats on an incredible event. I loved the range of resources and innovations your team provided for this expo. Without extra expenses, you were able to make an inclusive and robust experience for participants.”

# Open discussion

---

# Open discussion

Any questions or comments  
for PERS?

Questions for each other?





# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



## Thank you

