

OREGON PERS

75 years of serving
those who serve Oregon

EMPLOYER NEWS

NOVEMBER
2021

- 1 System-wide advisory valuation predicts possible rate changes for 2023-25
- 2 PERS Expo available online
- 3 New employer announcement explains how Senate Bill 111A affects out-of-state employees
- 3 Questions and answers about Work After Retirement
- 5 Year-end reconciliation: fixing suspended records

QUICK LINKS

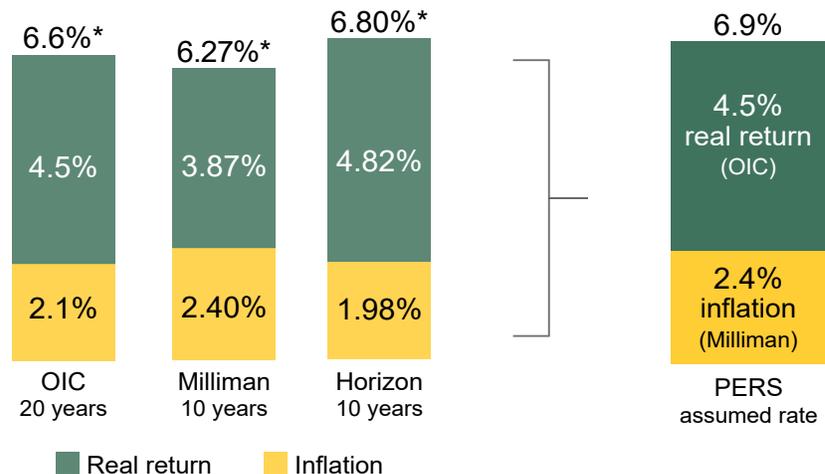
[COVID-19 and paid leave](#)
[SB 1049 programs](#)
[PERS employer website](#)

SUPPORT

[Employer support email](#)
[Contact PERS](#)

System-wide advisory valuation predicts possible rate changes for 2023-25

At the October 1, 2021, PERS Board meeting, the board adopted the new assumed rate of 6.9% (reduced from the current rate of 7.2%), effective January 1, 2022. The board arrived at that rate, in part, by combining the 4.5% expected real return predicted by the Oregon Investment Council (OIC) and the 2.4% inflation forecasted by PERS actuary Milliman and the Social Security Administration.



*Nominal return outlooks

Using the new rate and other factors, Milliman has projected a 3% to 3.5% increase to the 2023-25 system-wide advisory rates. Half of the increase is due to the higher unfunded actuarial liability (UAL) caused by the lowering of the assumed rate and the remainder is due to an increase in normal cost.

However, if strong year-to-date returns hold until the end of the year (as of August, we were at 16.45%), the expected increase would be cut by half. This means:

- System-average UAL rates would remain steady from the 2021-23 biennium, and we could see an improvement in unfunded actuarial liability (UAL) of about \$6 billion.
- There would be a 6% to 7% increase in funded status.
- Normal cost rates would still increase about 1.5% because of the reduced assumed rate and above-average system salary growth.

However, if actual year-to-date 2021 returns do not persist and end up near or below the assumed return at year-end, the actual 2023-25 rate increases could be larger than the projected 3% to 3.5% increase.

Continued



Projected Split of 2023–2025 Total Contributions (\$ millions)

	A Projected 2021-23 total contribution	B Projected 2023-25 total contribution	C Estimated member-redirected contribution*	B – C Projected 2023-25 employer contribution
State agencies	\$1,520	\$1,885	\$85	\$1,800
School districts	\$1,260	\$1,595	\$90	\$1,505
All other	\$1,915	\$2,390	\$105	\$2,285
Total	\$4,695	\$5,870	\$280	\$5,590

*Reflects Member Redirect offset of 2.40% of payroll for Tier One and Tier Two and 0.65% for OPSRP. The statutory 2.50% and 0.75% redirection levels were adjusted downward by 0.10% to estimate the anticipated effect of members below the statutory pay threshold who will not have contributions redirected as a result of [House Bill 2906 \(2021\)](#).

Next steps

PERS will deliver employer-specific advisory reports in mid-December.

Milliman will present a financial modeling forecast at the [December PERS Board meeting](#). (For information on how you can use that presentation in your budget forecasting, read the [Guide to Financial Modeling](#).)

Milliman will update projected rates and the UAL in early 2021 after final earnings crediting.

Learn more

Advisory rate: In the fall of odd-numbered years, Milliman produces advisory employer-contribution rates for the upcoming biennium. These rates represent actual experience but do not affect your rate. They show what your rate would be if set that year.

[Milliman’s October 1, 2021, presentation to the board](#) (slides 169 to 198).

[Guide to Understanding Your Rate](#).

[Guide to Understanding Unfunded Actuarial Liability](#).

[Overview of Member Redirect on PERS website](#).

PERS Expo available online

The live portions of the 2021 PERS Expo wrapped up on October 6, but you and your staff can still access all the materials until the end of December. Please encourage your staff to [go to the Expo website](#) to watch recordings of educational sessions and expert panels, download checklists, and learn about retirement options offered through the PERS Health Insurance Plan, Oregon Savings Growth Plan, and more.



New employer announcement explains how Senate Bill 111A affects out-of-state employees

New [Employer Announcement #101](#) explains how salary earned by employees out of state is being redefined by Senate Bill 111A (2021).

Previously, OPSRP salary had to be earned in Oregon and subject to Oregon income tax in order to be subject salary for PERS purposes. At the request of Governor Brown's office, and because more people are working from home now, PERS decided to re-examine the definition of salary to reflect employees' changing worksites, some of which are out of state. PERS introduced a bill to the 2021 Legislative session to change the definition of salary to include income that was or would be subject to Oregon income tax if the member were an Oregon resident. The bill passed in June 2021, and it made this change to the definition of salary retroactive back to January 1, 2020 (and back to 2003 for charter schools and OHSU).

[Read the announcement](#) for full details.

Questions and answers about Work After Retirement

Q When you hire a PERS retiree, do they stay in the PERS plan that they retired from or do they become an Oregon Public Service Retirement Plan (OPSRP) member?

They stay in the same plan. PERS retirees who come back to work for a PERS-participating employer remain in the same membership plan they were in when they retired: Tier One, Tier Two, or OPSRP. When you enter their name and Social Security Number into the retiree new-hire record, EDX recognizes them and calculates the employer contribution rate based on their existing PERS membership plan.

Q What status code should I use when hiring a PERS retiree?

Choosing the right status code is very important in order to avoid accidentally returning a retiree to active service and stopping their retirement benefits. As shown in the image on the next page, there are three options for status codes: 11, 12, and 13. For codes 11 and 12, choose the code you would have chosen prior to SB 1049 (11 is the most common). Use code 13 **only** for a retiree who wishes to come out of retirement and become an active PERS member again.

Q When a PERS retiree comes back to work, should their new hire record have the same job code they had when they retired?

No. No matter what kind of work a retiree did before they retired, their new hire record will have a job code that matches the current job. For example, if a career police officer retires and seven months later takes a position as a substitute teacher, their new job will have a school-employee job code.

Sample new-hire record

When you hire a public employee who has already retired, even if they are returning to the same job on a part-time basis, you must create and submit a new Detail 1 record to re-hire them as a retiree. The re-hire report should not be on the same report as the member's final wages or DTL1 02 - Termination record.

Continued

On the Detail 1 - Member Demographics screen, fill in all relevant fields.

SSN: Social Security Number with no dashes.

Status Code: Three options —

11 – Retiree New Hire with Hour Limit.

12 – Retiree New Hire without Hour Limit.

13 – New Hire – Retiree return to service (use **only** for a retiree who is pausing their retirement benefits and returning to qualifying work).

Note: When selecting a retiree status code, use the same determination that you would have prior to SB 1049.

Status Date: Date when the employer-employee relationship started (i.e., day they signed a contract, their hire date, or their first day on the job). Can be on or after the member’s first-of-the-month retirement date, but never before the member’s retirement date.

Name

Address: As requested by USPS, write in all caps and avoid using commas.

Date of birth

Gender: Current legal gender.

PERS Job Class Code: This is the job for which they are being hired, not the job they were doing when they retired. Options are 01 - General Service (all jobs that aren’t for a police department, fire district, or school), 02 - Police and Fire, or 09 - School Employee.

Average Overtime Hours: The average calendar year overtime hours expected for this particular position. This value affects only OPSRP members, but if you hire a Tier One/ Tier Two member, you’ll have to enter a value just to get the DTL1 new hire record to post.

Contract Number of Months: How many months in a year a school employee (job class 09) is expected to work for their education employer. The options are 09, 10, 11, and 12. An employee whose job class is other than 09 should always have the 00 default.

Detail 1 - Member Demographics:	
SSN*	<input type="text"/>
Status Code	11 - Retiree New Hire with Hr Limit ▼
Status Date: (MM/DD/YYYY)	11/08/2021
Last Day Service (MM/DD/YYYY)	<input type="text"/>
Old SSN:	<input type="text"/>
First Name*	JOE
Last Name*	DOE
Middle Name:	<input type="text"/>
Name Change Indicator:	N
Address - 1*	1234 N STREET AVE
Address - 2:	<input type="text"/>
Address - 3:	<input type="text"/>
City:	CITY
State:	OREGON ▼
Zip - 1:	97219
Zip - 2:	<input type="text"/>
Province:	<input type="text"/>
Country Code:	USA ▼
Postal Code:	<input type="text"/>
Date Of Birth: (MM/DD/YYYY)	07/16/1957
Gender:	Male ▼
PERS Job Class Code	01 - General Service ▼
Average Overtime Hours	0 ▼
Unused Sick Leave Hours	<input type="text"/>
Contract No. of Months	00 ▼
Employer Site Distribution Code	<input type="text"/>
Non PERS Data Memo	<input type="text"/>

Year-end reconciliation: fixing suspended records

During annual year-end reconciliation, employer reporters ensure that all the information they entered into EDX throughout the year was successfully posted to PERS. This requires looking up each “suspended” record and editing the error so that the record can successfully post.

How to find suspended records

1. Log on to the EDX Employer Home Page screen.
2. If you report for multiple employers, select an employer from the Employer Selection list whose reports you want to work with, if not already selected (as indicated by the icon). If you only report for a single employer, you will not see the Employer Selection list; your employer will already be selected.
3. In the left-hand sidebar of any page in EDX, select **Work on Reports**.
4. Select Work with Unposted Reports.
5. Reports marked “Suspended” have an error; reports marked “Added” are new reports that have not been released for processing.
6. Under the Reject/Edit Report column, select View Report.
7. The Reject/Edit Report screen for that record will display an error code or codes and the reason for the error(s).

Error codes explained

1. **Bad Format** — The format of uploaded or entered data is incorrect. Error code: B. Example: “B - Date of Birth must be numeric.”
2. **Suspended** — The information has been entered incorrectly. Error code: S. Example: “S - Subject Salary, Regular is greater than Gross Salary.”
3. **Flagged** — EDX found a possible error based on reasonableness checks of your data. You should review the record to ensure the information is correct. However, it will post when the rest of the report posts. Error code: F. Example: “F - The Hours Worked (Regular) are greater than 200.”

The screenshot shows the 'Add/Edit a Member Record' interface. On the left is a navigation sidebar with links: Employer Home, View Your Statement, Work on Reports, View Employee Info, View Year-to-Date Wage and Contribution Summary, Update My Profile, Work List, Request Information, Eligibility Reports, Status Check, and Inactive Employment Report. The main content area shows the member record status as 'Suspended'. Below this, a red banner indicates 'Error Messages For Member' with two bullet points: 'F - The Hours Worked (Regular) are greater than 200.' and 'S - Dates reported correspond to a Non-Qualifying Service segment on file; only wage codes of 02, 14 can be reported for Non-Qualifying Service segments.' Below the error messages is a 'Detail 2 - Wage and Service' form with fields for SSN, First Name (JANE), Last Name (DOE), Pay Date (07/01/2021), Work Period Begin Date, Work Period End Date, Hours Worked (Regular) (240.00), Hours Worked (Overtime) (0.00), and Reported Wage Code (01 - Regular wages).

Continued

- 4. Valid** — There are a number of reasons why a record may be flagged “VLID.” The most common reasons are:
- 15% or more of a report’s records have errors.
 - Multiple records for one member exist in the same report and at least one of those records is suspended.

How to fix suspended records

1. Next to the first unposted report, select edit under the Edit column. The **Edit Retirement Detail Reports** screen appears.
2. Under **Option 3 - Employees with Errors**, click select under the Select Record column. The **Add/Edit a Member Record** screen appears. Note the Error Message for Member in red.
3. Fix the erroneous information or formatting and click Save.

For assistance

For more detailed instructions, open the [EDX User Guide](#) and see section “Editing Reports and Correcting Errors” on page 75.

If you have questions or need help resolving suspended records and reports for 2020, contact your [ESC representative](#).