

PERSPECTIVES

For retired members

April 2020 edition



Work After Retirement rules simplified under SB 1049

If you return to work with a PERS-participating employer, Senate Bill (SB) 1049 simplified some of the rules for working after you retire. Full details can be found on the [PERS website](#).

PERS is not involved in hiring decisions between retirees and employers. Whether a PERS-participating employer hires you, or places any limits on you as a PERS retiree, is between you and your employer.

To be eligible to work unlimited hours while continuing to receive your pension benefit (without accruing any new

benefits), you must have retired at or after “normal retirement age” or with 30 years of service (25 years for most police and fire members).

If you retired **before** normal retirement age, you must have not worked for any PERS-participating employer for **at least six months** after your retirement date to be eligible for **unlimited** retiree hours.

Otherwise, the existing rules and exceptions, including the Tier One/Tier Two and OPSRP limits of **1,039** and **600** hours, respectively, apply.

Normal Retirement Age

Classification	Tier One	Tier Two	OPSRP
General Service	58	60	65
Police and Fire	55	55	60

Take PERS’ 2020 online member survey

Share your feedback and help PERS, the agency, improve our member services by taking our annual member satisfaction survey. Starting **May 1**, you can

complete the survey online by going to www.surveymonkey.com/r/PERS2020survey.

SURVEY, continued on page 4

Highlights in this issue

2020 benefit checks mailing schedule 2
 Treasurer: PERS investments update..... 3

COLA coming in August

As a PERS member receiving a monthly pension benefit, you will soon see an increase in your benefit payments due to the annual cost-of-living adjustment (COLA). This year’s COLA will go into effect July 1 and be included in members’ August 1 benefit payments. These adjustments are based on a regional Consumer Price Index (CPI) set by the U.S. Bureau of Labor Statistics for the prior year. Adjustments are limited to a maximum of 2% each year. PERS uses the West Region CPI, which was 2.69% for 2019.

If you retired **before** October 1, 2013, you will receive the maximum 2% COLA for 2020.

If you earned service credit before and **after** October 1, 2013, your COLA will be calculated like this:

- 2% on service credit earned up to October 1, 2013; **plus**
- 1.25% on service credit earned after that date. Also, if your annual benefit is more than \$60,000, the portion above \$60,000 receives a 0.15% COLA for service credit earned after October 1, 2013.

In addition, if you are an OPSRP member (hired after August 28, 2003) and your effective retirement date was on or after August 1, 2019, your COLA will be prorated based on the number of months for which you received a benefit before July 1, 2020.

When will I receive my PERS benefits this year?

2020 pay date	Date checks mail from Salem	Direct deposit effective date
May 1	April 30 (Thursday)	May 1 (Friday)
June 1	May 29 (Friday)	June 1 (Monday)
July 1	June 30 (Tuesday)	July 1 (Wednesday)
August 1	July 30 (Thursday)	July 31 (Friday)
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)

Medicare eligibility on your horizon? Learn about PHIP

If you are about to become Medicare-eligible and are seeking health care options, the PERS Health Insurance Program (PHIP) can help. PHIP offers health insurance plans specifically designed for PERS retirees and their eligible family members. PHIP holds new enrollment

presentations throughout the year for PERS retirees and family members who will become eligible for Medicare (due to turning 65 or by receiving Social Security benefits due to disability) within the next 12 months. New enrollment presentations include an overview of the PHIP

program, Medicare enrollment timelines, and an overview of PHIP medical and dental plan offerings. Meetings last up to two hours. More information about PHIP and the full schedule can be found online at www.pershealth.com.

Funding equation helps PERS measure its financial health

As a PERS retiree, you may wonder how PERS keeps track of how it is doing financially. The short answer is that PERS relies on some basic math:

$$\begin{array}{c}
 \mathbf{B} \\
 \text{BENEFITS} \\
 \text{Present value/cost} \\
 \text{of retirement benefits} \\
 \text{(set by Oregon Legislature)}
 \end{array}
 =
 \begin{array}{c}
 \mathbf{C} \\
 \text{CONTRIBUTIONS} \\
 \text{Employer contributions} \\
 \text{to pay for future pension} \\
 \text{benefits (set by PERS Board)}
 \end{array}
 +
 \begin{array}{c}
 \mathbf{E} \\
 \text{EARNINGS} \\
 \text{Future returns on investment} \\
 \text{funds (managed by} \\
 \text{Oregon Investment Council)}
 \end{array}$$

PERS' "funded status" compares how much money the PERS system has versus how much it is projected to pay out in retirement benefits.

PERS calculates its funded status each calendar year through a process called an "actuarial valuation." The official actuarial valuation for the year ending December 31, 2019, will be released in fall 2020. Preliminary results for 2019 estimate that the PERS' funded status is 73%. That percentage jumps to 79% when we include employer side accounts. Side accounts occur when employers deposit lump-sum payments that gradually offset the cost of their PERS contributions.

Based on the actuarial valuation and other available data, the PERS Board adjusts employer contribution rates (**C**) every two years. The board does this to ensure that money coming into the system will be enough to cover benefit payments (**B**), so long as the system also gets assumed invested returns (**E**).

On the earnings side, since 1970, long-term investments of the Oregon Public Employees Retirement Fund (OPERF) have **paid for nearly 74%** of PERS pension benefit payments.

For calendar year 2019, OPERF received an estimated 13.56% in investment returns (learn more about investment returns from the Oregon State Treasury on [page 3](#)).

These estimated returns are projected to lower the unfunded portion of the PERS system (what's called the "unfunded actuarial liability") from \$27 billion to \$24.1 billion (\$18.9 billion including side accounts), which will become official when the actuarial valuation is adopted by the PERS Board in fall 2020.

2020 Census: Be sure to be counted

Once every decade, it happens — the U.S. Census.

The **2020 effort** just kicked off in March, and you may have already seen a letter in your mail inviting you to provide information about yourself and your household. During the next few months, the federal Census Bureau will attempt to fully count the U.S. population.

The count is mandated by the U.S. Constitution and has

significant, far-reaching impacts. The count not only determines how many seats each state will get in the U.S. House of Representatives, but it also helps to establish how billions of federal dollars will be spent in local communities.

To do your part, regardless of which state you live in, follow the instructions on the Census letter. For the first time, census respondents have the option

to provide information online, and the Census Bureau is encouraging people to use this method. However, you will still be able to answer questions by phone or mail if you prefer. Your participation in the census is mandatory under federal law. Only one person per household should fill out the questionnaire to avoid duplication.

The 2020 Census will wrap up at the end of July.

Treasurer reports on state of PERS investments

Submitted by Oregon State Treasurer Tobias Read

Oregon is in uncharted territory. The recent economic expansion is the longest in our country's history, yet as I write this in early March, we're seeing big swings in the prices of stocks related to COVID-19.

This provides us with a real-time reminder that economic cycles and financial markets can be volatile. As we invest and manage the \$80 billion **Oregon Public Employees Retirement Fund (OPERF)**, we know that the investment decisions we make have to weather all types of economic and financial market conditions.

Since we can't predict the future, we've taken steps to make sure we're prepared for both up and down markets. Most of all, we have to make decisions appropriate for nearly 375,000 PERS members — that means people still in their working careers and those who have already retired.

We've reduced and rebalanced risk in our portfolio. We've lowered the amount we allocate to private equity, and made

changes to our fixed income and real estate investment strategies so that those two important asset classes play more pronounced, defensive roles should the economy enter a downturn.

For publicly-traded stocks, we've moved away from active management — where an investor picks and chooses different companies based on predictions of how they'll perform — toward low-cost index funds and stocks that are less sensitive to market fluctuations. And we've increased the amount we allocate to investment strategies designed to produce positive returns with less dependence on what's happening in the broader stock market.

It's not just what we invest in, but also how we invest. Over the past few years, we've reduced the fund's operating expenses by increasing the proportion of assets managed internally by Treasury staff. Not only has "insourcing" lowered costs, it's also improved returns. Between 2016 and 2018, net cost savings from insourcing

— more than \$1 million per month — combined with above-benchmark investment performance generated \$149 million in additional pension fund capital. Since more than 73% of pension funding comes from investment returns, these savings are critical.

Last but not least, we take our stewardship role seriously. We've increased our corporate governance activities to ensure that our evolving investment practices pursue strategies that produce strong, sustainable long-term results.

OPERF ended calendar year 2019 up 13.56% — a good absolute result, and nearly double the fund's assumed rate. While there's a lot of uncertainty right now around COVID-19 and its broader effects throughout 2020, please know that we'll continue managing Oregon's \$80 billion public employees retirement fund with a focus on sustainable, long-term returns on behalf of both current and future PERS beneficiaries. Keep updated on our work: Subscribe to our newsletter, ***Invested for You.***

PERS Contact Information

Address correspondence to:

PERS
PO Box 23700
Tigard, OR 97281-3700

PERS headquarters is located at:

11410 SW 68th Parkway
Tigard, Oregon, 97223

Phone: 888-320-7377. Hours are 8:30 a.m. to 5 p.m., Monday through Friday, except holidays.

TTY: 503-603-7766

Website and Online Member Services:

<https://oregon.gov/PERS>

Email: PERS.Member.Services@state.or.us

PERS BOARD

Chair: Sadhana Shenoy

Vice Chair:

Lawrence Furnstahl

Members: Stephen Buckley, Steve Demarest, and Jardon Jaramillo

PERS STAFF

Director: Kevin Olineck

Deputy Director:

Yvette Elledge-Rhodes

Chief Financial Officer:

Richard Horsford

Chief Information Officer:

Jordan Masanga

Chief Compliance, Audit, and Risk Officer:

Jason Stanley

Interim Chief Operations Officer:

Sam Paris

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

Moving? Life changes?

Don't be a stranger! Keep your information with PERS up to date, and be sure to mail or fax (503-598-0561) your [forms](#) to us in a timely manner. You can find the forms you need online by clicking "[Most Requested Forms](#)" at the top of PERS' homepage. Look for the "Retired Members" section on the forms webpage.

MAIL INFORMATION TO:

PERS, PO Box 23700
 Tigard, OR 97281-3700

ADDRESS CHANGES: PERS Member Services cannot update addresses over the phone or via email for security reasons. You can update information in the [Online Member Services](#) portal or send in an [Information Change Request](#) form.

DIRECT DEPOSIT: [Direct deposit](#) forms received by the 15th of any month will typically be processed and effective for the following month's benefit payment.

TAX WITHHOLDING: Updating your address or providing residency status certification **does not** automatically change your withholdings. You must

submit a new [W-4P form](#). You may have withholdings on both your PERS pension and IAP payments. Submit W-4Ps by the beginning of the third week of any month.

ACCOUNT ACCESS: The [Authorization to Release Account Information](#) form allows you to authorize a third party to obtain information regarding your PERS account or benefits. The [Special Power of Attorney](#) form gives the person(s) you designate the power to make decisions for PERS-related matters on your behalf.

DIVORCE: [Contact](#) Member Services about [divorce](#) and PERS benefits.

DEATH NOTICES: After a PERS member dies, a representative should contact Member Services as soon as possible. Failure to [report a death](#) in a timely manner may result in having to pay back retirement payments. PERS will require the date of death, city and state where the death occurred, a photocopy of the death certificate, and a spouse's or personal representative's contact information.

SURVEY: continued from page 4

Members who subscribe to PERS emails or text updates through [GovDelivery](#) will receive a reminder with the live survey link on May 1. Other ways to access the survey include:

- Going to the PERS website, oregon.gov/PERS, and clicking on the [News](#) section link.
- Logging in to [Online Member Services](#) and looking for the link in "Messages From PERS."

As was the case in 2019, the survey will not be available in print form. You have until May 31 to complete the survey.

Beyond this survey, you are welcome to give us feedback anytime you are speaking with a PERS Member Services representative or [writing to PERS](#). To sign up to receive emails or texts from PERS visit <https://public.govdelivery.com/accounts/ORPERS/subscriber/new>.