



OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

BOARD MEETING AGENDA

Monday April 1, 2024 9:00 a.m.		PERS 11410 SW 68th Parkway Tigard, OR	
ITEM		PRESENTER	
A. Administration			
1.	February 2, 2024 PERS Board Meeting Minutes	SHENOY	
2.	Director's Report	OLINECK	
	a. Forward-Looking Calendar		
	b. OPERF Investment Report		
	c. Budget Execution Report		
	d. 2025 PERS Board Meeting dates		
3.	Oregon Public Employees Retirement Fund (OPERF) performance review	KIM	
4.	Oregon Savings Growth Plan annual report	SCHAFROTH, PARIS	
B. Administrative rulemaking			
1.	Adoption of rules to implement HB 2740 (2023)	VAUGHN, VU	
2.	Adoption of annual plan limits rules	VAUGHN	
3.	Adoption of Distributions During Employment (OSGP) rule	VAUGHN, YANG	
C. Action and discussion items			
1.	SB 1049 Program update	ELLEDGE-RHODES	
2.	Legislative session review	CASE	
3.	Legislative concept proposals – 2025 session	CASE	
4.	Final 2023 earnings, crediting and reserving	HORSFORD, GRAVES	
5.	2025-27 budget development	HORSFORD	

The PERS Board members, meeting presenters, and the public have the option to attend this meeting in person or remotely. Public testimony or comment will be taken on action items at the Chair's discretion. All written testimony/comment and requests to provide oral testimony/comment should be submitted three days or more in advance of the meeting.

Visit <https://www.oregon.gov/pers/Pages/Board/PERS-Board-Information.aspx> to register to attend remotely or to submit public comment or testimony. A video recording of the meeting will be available on the PERS website following the meeting.

<http://www.oregon.gov/PERS/>

2024 Meetings: April 1*, May 31, July 26*, October 4, December 6*

***Audit Committee planned for post-board meeting**

A. Administration

1. February 2, 2024 PERS Board Meeting Minutes

2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report

B. Administrative rulemaking

1. Adoption of rules to implement HB 2740 (2023)
2. Adoption of annual plan limits rules
3. Adoption of Distributions During Employment (OSGP) rule

C. Action and discussion items

1. SB 1049 Program update
2. Legislative session review
3. Legislative concept proposals – 2025 session
4. Final 2023 earnings crediting and reserving
5. 2025-27 budget development

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

February 2, 2024

Board members present:

Chair Sadhana Shenoy, Stephen Buckley, and Jardon Jaramillo attended in the PERS Boardroom. John Scanlan attended virtually. Suzanne Linneen was absent from the meeting.

Staff present:

Kevin Olineck, Alex Gaub, Brandon Armatas, Heather Case, Jake Winship, Jason Stanley, Jordan Masanga, Katie Brogan, Melanie Chandler, Richard Horsford, Sam Paris, Rebecca Craven, Shane Perry, Stephanie Vaughn, and Yong Yang attended in the PERS Boardroom.

Ben Cecka, Susannah Bodman, Alyse Greer, Melissa Piezonka, Daniel Rivas, Troy Phillips, Tiffani Cairo, Elizabeth Rossman, Chris Geier, Janice Richards, Michael Duren, Colin Campi, Jonathan Yost, Phuongnam Tran, Megan Ujakovich, Keagan Garrett, Akiko Yoshida, and Katie Davis attended virtually.

Others present:

Matt Larrabee, Scott Preppernau, Jeff Gudman, and Peter Wong attended in the PERS Boardroom.

Brian Dundon, Aaron Hunter, Michelle Morrison, Debra Day, Karl Koenig, Anne Willis, Tom Sincic, Matt Warner, David Larson, Andy Smusz, Letitia Wulff, Shauna Tobiasson, Susan Steen, Katie Kicza, Brendan Watkins, Margaret Olney, Dee-dra Kleve, Elena Villasenor, Matt Falby, John Kevin Baload, Nancy Brewer, Jessica Hamlin, Andrea Bradbury, Eric Yahnke, Jamie McCreary, Chuck Dills, Carol Samuels, David Williams, Catherine Zunno, Steven Demarest, Nate Carter, Anthony Casteneda, Senator Aaron Woods, Kristi Jenkins, David Randall, Rudolph Murgu, Marcia Wolf, Ruth Miles, Jeremy Whittlesey, Robert Frusina, Mary Kathryn Champion, Audrey Robertson, Robert Burket, Sara Collins, Alison Renz, Gary Lynn, and Clara Jones attended virtually.

Chair Shenoy called the meeting to order at 9:02 a.m.

ADMINISTRATION

A.1. MEETING MINUTES OF DECEMBER 1, 2023

Vice Chair Buckley moved to approve the minutes from the December 1, 2023, PERS Board meeting as presented. Board Member Jaramillo seconded the approval of the minutes. The motion passed unanimously.

A.2. DIRECTOR'S REPORT

Director Kevin Olineck presented the Director's Report, which is a summary of items for the board to be aware of, and the forward-looking calendar.

The Oregon Public Employees Retirement Fund (OPERF) returns, for the period ending December 31, 2023, were 5.98%.

Operating expenditures for November, December, and preliminary expenditures for January are \$4,729,285, \$4,788,789, and \$5,072,160, respectively.

Through January 12, 2024, the agency has expended a total of \$33,218,990, or 24.5% of PERS' legislatively approved operations budget of \$135,781,649. At this time, the agency's projected variance is \$2,308,217, or 1.7%.

Jason Stanley, PERS' Chief Audit Executive, presented a review of the Annual Report of Financial Transactions of the PERS Director for the fiscal year, ended June 30, 2023. Vice Chair Buckley moved to approve the report as presented. Board Member Jaramillo seconded the approval of the report. The motion passed unanimously.

Olineck reviewed the meeting agenda.

Chair Shenoy acknowledged Bryan Wynn, winner of the 2023 PERS Employee of the Year Award, and Melissa Piezonka, winner of the 2023 PERS Manager of the Year Award.

A.3. BOARDSMART 3.0 PRESENTATION

BoardSmart Chief Executive Officer Rick Funston presented learning option opportunities for the PERS Board on the BoardSmart learning platform.

ADMINISTRATIVE RULEMAKING

B.1. NOTICE OF RULEMAKING FOR MEMBERSHIP OF ACADEMIC EMPLOYEES OF COMMUNITY COLLEGE AND PUBLIC UNIVERSITIES RULES

Stephanie Vaughn, the Policy, Analysis and Compliance Section (PACS) Manager, and AnneMarie Vu, Research Policy Coordinator, presented notice of Rulemaking for Membership of Academic Employees of Community College and Public Universities Rules to implement House Bill 2740. Impacted rules include Oregon Administrative Rule (OAR) 459-010-0012 Membership of Community College Employees, and OAR 459-005-0012 Membership of Academic Employees of Community College and Public Universities.

A rulemaking hearing will be held remotely on February 20, 2024, at 2:00 p.m. The public comment period ends February 29, 2024, at 5:00 p.m.

No board action was required.

B.2. NOTICE OF RULEMAKING REGARDING ANNUAL PLAN LIMITS RULES

Stephanie Vaughn, PACS Manager, presented a notice of Rulemaking for Annual Plan Limits Rules in order to reflect the 2024 Internal Revenue Code (IRC), salary limit, and monthly salary threshold for the Employee Pension Stability Account (EPSA). Rules impacted include OAR 459-005-0525 Ceiling on Compensation for Purposes of Contributions and Benefits, OAR 459-005-0545 Annual Addition Limitation, OAR 459-017-0060 Reemployment of Retired Members, OAR 459-080-0400 Employee Pension Stability Account (EPSA), and OAR 459-080-0500 Limitation on Contributions.

A rulemaking hearing will be held remotely on February 20, 2024. The rules are scheduled to be brought before the PERS Board for adoption at the April 1, 2024, board meeting.

No board action was required.

B.3. NOTICE OF RULEMAKING TO DISTRIBUTIONS DURING EMPLOYEMENT (OSGP) RULE

Yong Yang, PACS Tax Policy Coordinator, presented a notice of rulemaking to Distributions During Employment (OSGP) Rule OAR 459-050-0075 Distributions During Employment.

A rulemaking hearing will be held remotely on February 20, 2024, at 2:00 p.m. The public comment period ends February 29, 2024, at 5:00 p.m.

No board action was required.

B.4. ADOPTION OF RULES IMPLEMENTING 2023 LEGISLATION

Melanie Chandler and AnneMarie Vu, PACS Research Policy Coordinators, presented an adoption of rules implementing 2023 legislation. Rules impacted include OAR 459-045-0090 PERS Administrative Fee, OAR 459-014-0040 Valid Request for Distribution of Pre-Retirement Death Benefits, and OAR 459-017-0060 Reemployment of Retired Members.

Vice Chair Buckley moved to adopt changes to rules to implement 2023 legislation, as presented. Board Member Jaramillo seconded the adoption. The motion passed unanimously.

ACTION AND DISCUSSION ITEMS

C.1. LEGISLATIVE UPDATE/LEGISLATIVE CONCEPT PREVIEW

Heather Case, PERS Senior Policy Advisor, provided an overview of the 2024 Legislative Session. She also highlighted the only bill so far known to be introduced in the session that would impact PERS benefits. She also highlighted for the board potential upcoming 2025 legislative concepts. The board will vote on legislative concepts for introduction at their April 1, 2024 PERS Board meeting.

No board action was required.

C.2. MODERNIZATION UPDATE

Rebecca Craven, PERS Modernization Program Director, presented the ongoing activities of the individual projects that make up the modernization program. She highlighted program activities that have been completed or are in process since the last update to the board. Program health is in yellow status.

No board action was required.

C.3. ALLOCATION OF SOCIAL SECURITY PROGRAM ADMINISTRATION EXPENSES

Richard Horsford, Chief Financial Officer, presented a request to increase the administrative expenses charged to the public agencies served by the Social Security Program to \$0.96 per employee.

Chair Shenoy asked that the agency consider bringing forward all annual rate setting requests to the board at one time. Director Olineck noted the request.

Vice Chair Buckley moved to allocate the Social Security Program administration expenses to public agencies at a rate of \$0.96 per employee effective April 1, 2024. Board Member Jaramillo seconded the approval of the rate. The motion passed unanimously.

C.4. SENATE BILL 1566 REPORTING REQUIREMENTS

Jake Winship, Actuary, presented.

As required by Senate Bill 1566 (2018), PERS is providing the status of the School Districts Unfunded Liability Fund, the Employer Incentive Fund, the Unfunded Actuarial Liability Resolution Program, and extended amortization options of \$10 million or more as of November 2023.

No board action was required.

C.5. 2023 PRELIMINARY EARNINGS CREDITING AND RESERVING

Richard Horsford, Chief Financial Officer, and Matt Graves, Financial Reporting Manager, presented the preliminary rates for 2023.

Board Member Jaramillo moved to adopt the preliminary crediting of earnings as presented for calendar year 2023, subject to final adoption at the April 1, 2024 PERS Board meeting. Vice Chair Buckley seconded the preliminary adoption. The motion passed unanimously.

C.6 VERBAL UPDATE REFLECTING ON EARNING THROUGH DECEMBER 31, 2023

Actuaries Matt Larrabee and Scott Preppernau of Milliman presented long-term financial modeling projections reflecting published investment results through December 31, 2023. These included system average contribution rates, system funded status, and system unfunded actuarial liability.

No board action was required.

Chair Shenoy adjourned the PERS Board meeting at 10:35 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin Olineck". The signature is written in a cursive style with a large initial "K".

Kevin Olineck, Director

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Director's Report

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Kevin Olineck, Director



Overview

This Director's Report tries to encapsulate, at a high level, noteworthy changes that have taken place since the last board meeting, while highlighting staff accomplishments.

Highlights

This section continues to highlight where PERS' staff have not only made great progress with standard operational processes and projects but have also made significant progress on strategic initiatives. The following are accomplishments that deserve to be recognized, with staff publicly acknowledged for their efforts.

Oregon Public Employees Retirement Fund relative ranking The annual ranking of pension plans was recently released by *Pension & Investment* magazine based on "assets under management," as of September 30, 2023. PERS maintained its position as the 15th largest public sector pension plan and the 17th largest pension plan in the nation.

Agency initiatives and accomplishments

Governor's Food Drive PERS staff engaged thoroughly in the Governor's Food Drive. According to the Oregon Food Bank, "with the rising cost of food and housing there is an increase of food insecurity in Oregon. Last



year, there were 1.9 million visits to food assistance sites through the Oregon Food Bank Network — a 14% increase from the previous year."

PERS' employee pledges not only met last year's donations but exceeded them. This year's donations totaled \$11,530 or 34,590 meals! While the Oregon Food Bank-Washington County Services received the most donations, 14 total foodbanks benefited from the generosity of PERS' staff!

We also hosted a few activities to engage staff during the drive:

- Grateful Gram — Staff showed their appreciation and gratitude to their coworkers, while helping the food drive, by sending them a virtual Grateful Gram.
- Virtual Activity Challenge — Staff picked a healthy activity, set a goal, signed up, and got moving, with other staff celebrating their success with a pledge/donation.
- We hosted a lunch and learn with a speaker from a local food bank to reinforce the importance of supporting food banks and better understand how they actively engage with and support the community.

This participation made a positive impact on the lives of thousands of Oregon residents and truly helped support the drive's mission of creating *a stronger community, one meal at a time*.

Award for PERS Team of the Year The Employee Recognition Work Group continued with the theme *Let's Build Together* when looking for the 2023 PERS Team of the Year. With this in mind, managers were encouraged to work with their teams to articulate why they should win based on the following prompt:

What team best embodies the spirit of building the future of PERS together?

The winning team is a group of builders who, together, form "The Blocksmiths" and exemplify the following attributes:

- Innovation: Uses imagination to focus on creative ways to improve work or processes within the context of modernization or in general.
- Problem-solving: Perseveres to solve problems in a streamlined way, working together to resolve conflict with professionalism and equity.
- Motivation: Promotes connectivity and teamwork, understanding both the task and the group dynamic, makes everyone feel valued and inspired.
- Collaboration: Works well together and across divisions and sections, with a focus on making the collaboration both productive and successful.
- Vision: Focuses on the big picture and actively initiating projects or tasks that support the goals of the agency, looking for creative ways to tackle

those undertakings.

- Adaptability: Adapts to changing situations while keeping the team on track and making progress on efforts.

The PERS Employee Recognition Work Group had the challenging task of evaluating each team based on how they embodied the above attributes. Each workgroup member individually scored their top five teams, and the winner and runner-up emerged with scores of 26 and 24, respectively — just a two-point difference.

The winning team was announced on an agency-wide Microsoft Teams meeting on March 5. Members of the winning team received a certificate and a challenge coin with their name engraved on the edge.



The PERS Team of the Year for 2023 is the **Member Account Adjustment Team!** Operating within the Data Services Section, this fast-paced, deadline-driven team ensures that member data is accurately gathered, reviewed, maintained, evaluated, and adjusted. Their commitment to compliance with all laws and regulations is unparalleled, ensuring that qualifications for membership, contributions, and service credit align seamlessly with our organizational mission to pay the right person the right benefit at the right time.

I also want to recognize the runner up, the Member Education Team.

Thank you to the Employee Recognition Work Group members Chris Mandeville, Heather Swientek, Johnna Bergman, Matt Bryan, Pam Foust, Rachel Baskin, Rebecca Acosta-Castro, and Yvette Elledge Rhodes.

PERS BOARD MEETING FORWARD-LOOKING CALENDAR

Friday, May 31, 2024

PERS Modernization Program update
 Agency Budget development
 Board Scorecard Report on agency performance measures
 PERS Health Insurance Program (PHIP) renewals and rates
 PHIP annual report
 Review Board Education Policy and training

Friday, July 26, 2024*

Senate Bill 1049 update
 Approval to submit Agency Request Budget
 CEM Benchmarking presentation
 Presentation of December 31, 2023 System Valuation Results

Friday, October 4, 2024

PERS Modernization Program update
 Board Adoption of Actual 2025– 27 Contribution Rates
 PERS Strategic Plan update
 Member and Employer Survey results

Friday, December 6, 2024*

Senate Bill 1049 update
 Presentation of legislative concept drafts before filing
 Board Scorecard Report on agency performance measures

Friday, January 31, 2025

Monday, March 31, 2025*

Friday, May 30, 2025

Friday, July 25, 2025*

Friday, September 26, 2025

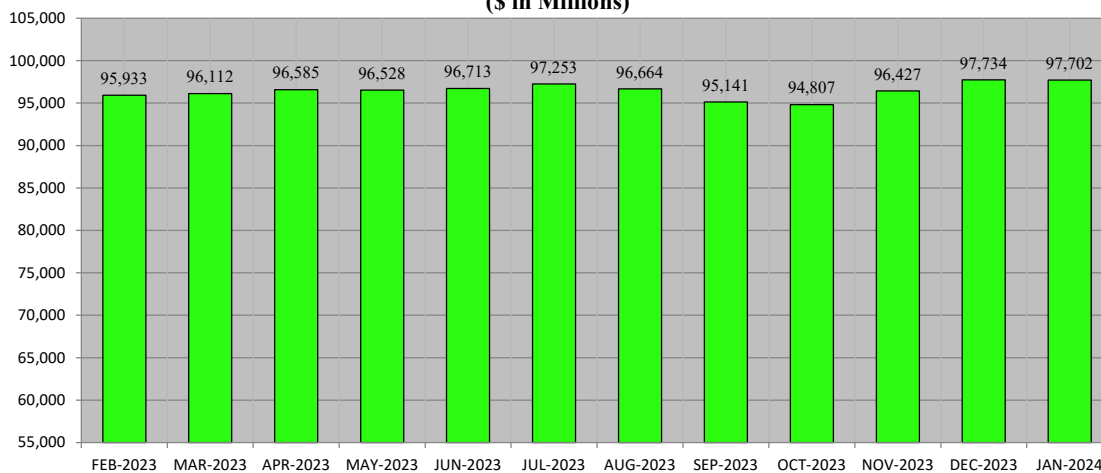
Friday, December 5, 2025*

**Audit and Risk Committee planned for post-board meeting*

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 92,933,613		0.27	4.35	2.96	7.78	7.89	8.31	8.41	7.78
<i>OPERF Policy Benchmark</i>					0.71	8.41	1.80	5.52	7.27	8.18	8.38	8.01
Value Added					(0.44)	(4.05)	1.16	2.26	0.61	0.12	0.02	(0.23)
<i>Oregon Reference Portfolio</i>					0.06	9.75	0.71	2.96	5.70	7.27	7.08	6.38
Public Equity	22.5-32.5%	27.5%	\$ 14,915,392	16.0%	0.97	13.90	4.21	7.36	9.27	10.15	9.64	8.51
<i>MSCI ACWI IMI Net</i>					0.23	13.50	2.41	5.60	8.48	9.81	9.39	8.20
Private Equity	17.5-27.5%	20.0%	\$ 26,536,846	28.6%	0.19	6.40	3.67	15.04	14.46	13.95	14.98	13.37
<i>Russell 3000+300 Bps Qtr Lag</i>					4.12	25.88	3.04	12.35	14.31	14.42	15.63	15.06
Total Equity	45.0-55.0%	47.5%	\$ 41,452,238	44.6%								
Total Fixed	20-30%	25.0%	\$ 21,602,824	23.2%	0.07	3.99	(1.71)	(1.77)	(0.13)	1.73	1.92	2.00
<i>Oregon Custom Fixed Income Benchmark</i>					(0.27)	2.10	(3.27)	(3.02)	(1.13)	0.82	1.22	1.37
Real Estate	9.0-16.5%	12.5%	\$ 13,202,015	14.2%	(0.80)	(10.61)	2.97	8.32	6.95	6.87	7.54	8.47
<i>Oregon Custom Real Estate Benchmark</i>					(1.69)	(12.83)	0.53	5.46	4.19	4.26	5.17	6.94
Real Assets	2.5-10.0%	7.5%	\$ 9,441,896	10.2%	(0.27)	7.09	12.54	14.74	10.53	7.79	7.50	5.58
<i>CPI +4%</i>					0.87	7.20	8.91	9.85	8.73	8.30	7.60	6.91
Diversifying Strategies	2.5-10.0%	7.5%	\$ 4,629,692	5.0%	1.64	3.61	10.95	9.87	4.77	3.32	1.62	2.69
<i>HFRI FOF: Conservative Index</i>					0.50	4.98	3.23	4.43	4.92	4.91	4.14	3.45
Opportunity Portfolio	0-5%	0%	\$ 2,596,383	2.8%	0.98	13.88	7.44	12.31	11.76	11.11	9.78	8.89
<i>Opportunity Custom Benchmark</i>					0.71	9.60	10.65	11.37	10.12	9.61	8.83	8.07
Cash w/Overlay	0-3%	0%	\$ 8,566	0.0%	0.50	5.41	3.28	2.14	1.93	2.18	2.08	1.68
<i>91 Day Treasury Bill</i>					0.43	5.13	3.44	2.29	1.85	1.93	1.79	1.29
Target Date Funds			\$ 4,534,679									
TOTAL OPERF Variable Account			\$ 233,503		0.27	13.68	2.67	5.90	8.78	10.12	9.72	8.55

Total OPERF NAV
(includes Variable Fund assets)
One year ending JAN-2024

(\$ in Millions)



¹OIC Policy revised April 2023.

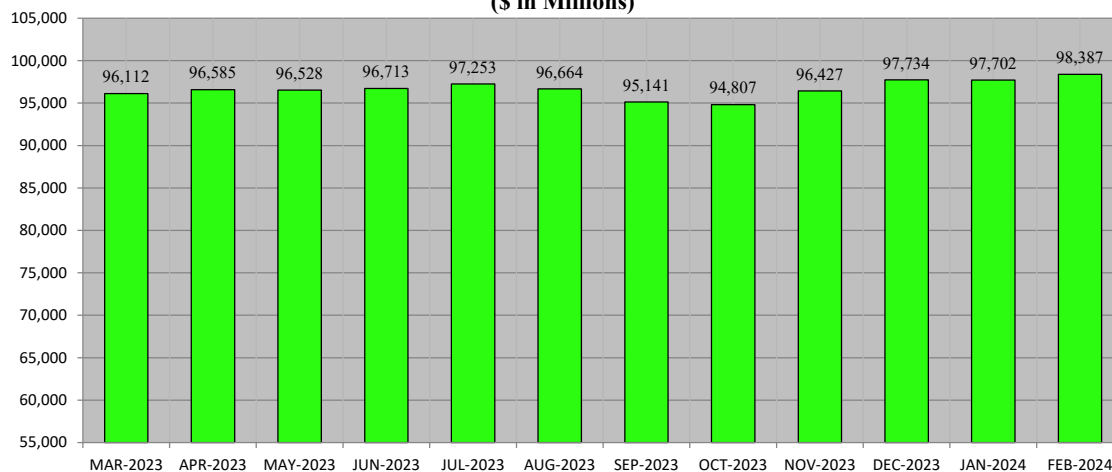
²Includes impact of cash overlay management.

³For mandates beginning after January 1 (or with lagged performance), YTD numbers are "N/A". Performance is reflected in Total OPERF. YTD is not annualized.

OPERF	Regular Account				Historical Performance (Annual Percentage)							
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date ³	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
TOTAL OPERF Regular Account			\$ 93,561,481		1.15	6.12	3.15	7.35	8.74	8.32	8.36	7.62
<i>OPERF Policy Benchmark</i>					2.27	11.30	2.50	5.45	8.23	8.45	8.42	7.95
Value Added					(1.12)	(5.18)	0.65	1.90	0.51	(0.13)	(0.06)	(0.32)
<i>Oregon Reference Portfolio</i>					2.43	15.49	2.89	3.27	7.74	7.36	7.11	6.25
Public Equity	22.5-32.5%	27.5%	\$ 15,113,866	16.2%	5.72	22.32	7.70	7.79	13.03	10.59	9.98	8.48
<i>MSCI ACWI IMI Net</i>					4.41	21.62	5.74	6.12	11.96	10.11	9.60	8.13
Private Equity	17.5-27.5%	20.0%	\$ 26,742,251	28.6%	1.05	7.54	2.14	13.60	14.43	14.40	15.13	13.47
<i>Russell 3000+300 Bps Qtr Lag</i>					8.41	27.76	3.47	12.07	14.57	16.48	16.30	15.52
Total Equity	45.0-55.0%	47.5%	\$ 41,856,118	44.7%								
Total Fixed	20-30%	25.0%	\$ 21,723,065	23.2%	(0.89)	5.04	(1.65)	(1.57)	(0.73)	1.49	1.68	1.84
<i>Oregon Custom Fixed Income Benchmark</i>					(1.68)	3.33	(3.42)	(3.08)	(1.87)	0.50	0.93	1.19
Real Estate	9.0-16.5%	12.5%	\$ 13,129,167	14.0%	(1.68)	(10.55)	1.51	7.56	6.27	6.52	7.30	8.28
<i>Oregon Custom Real Estate Benchmark</i>					(3.36)	(12.78)	(1.54)	4.73	3.63	3.80	4.91	6.76
Real Assets	2.5-10.0%	7.5%	\$ 9,534,882	10.2%	0.58	7.05	12.99	14.76	10.76	8.21	7.64	5.50
<i>CPI +4%</i>					1.83	7.27	8.75	9.88	8.83	8.34	7.65	6.93
Diversifying Strategies	2.5-10.0%	7.5%	\$ 4,716,932	5.0%	3.47	3.40	11.78	10.07	5.77	3.63	1.78	2.93
<i>HFRI FOF: Conservative Index</i>					1.44	5.48	3.62	3.88	5.36	4.90	4.20	3.41
Opportunity Portfolio	0-5%	0%	\$ 2,599,438	2.8%	1.84	12.27	7.62	11.93	11.73	10.91	9.83	8.65
<i>Opportunity Custom Benchmark</i>					2.27	10.22	10.77	11.58	10.35	9.77	8.95	8.15
Cash w/Overlay	0-3%	0%	\$ 1,879	0.0%	0.91	5.61	3.56	2.27	1.97	2.21	2.12	1.71
<i>91 Day Treasury Bill</i>					0.84	5.22	3.65	2.43	1.92	1.97	1.84	1.33
Target Date Funds			\$ 4,586,638									
TOTAL OPERF Variable Account			\$ 238,507									
					4.48	21.81	6.11	6.40	12.22	10.42	9.94	8.48

Total OPERF NAV
(includes Variable Fund assets)
One year ending FEB-2024

(\$ in Millions)



¹OIC Policy revised April 2023.

²Includes impact of cash overlay management.

³For mandates beginning after January 1 (or with lagged performance), YTD numbers are "N/A". Performance is reflected in Total OPERF. YTD is not annualized.



Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

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Tigard, OR 97281-3700

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www.oregon.gov/pers

April 1, 2024

TO: Members of the PERS Board FROM:
Gregory R. Gabriel, Budget Officer

SUBJECT: April 2024 Budget Report

2023-25 OPERATING BUDGET

Operating expenditures for January, February, and preliminary expenditures for March are \$4,961,237, \$5,445,145, and \$7,444,116, respectively. Final expenditures for March will close in the Statewide Financial Management System on April 19 and will be included in the May 2024 report to the board.

- Through March 10, 2024, the agency has expended a total of \$43,638,151, or 32.1%, of PERS' legislatively approved operations budget of \$135,781,649.
- At this time, the agency's projected variance is (\$3,348,280), or -2.47%. It should be noted that statewide compensation adjustments will be allocated to agencies at the conclusion of the February 2024 legislative session. PERS is expecting \$9.5M in compensation adjustments effective April 1, 2024.
- Core Retirement Systems Applications (CRSA) expenditures for January, February, and preliminary expenditures for March are \$1,087,814, \$432,876, and \$1,981,988, respectively. As of March 10, the agency has expended \$5,416,668, or 18.2%, of the legislatively approved budget of \$29,704,845.
- At this time, the CRSA projected variance is \$2,978,015, or 10.0%.

2023-25 NON-LIMITED BUDGET

The adopted budget includes \$13,523,120,517 in total estimated non-limited expenditures. Non-limited expenditures include benefit payments, health insurance premiums, and third-party administration payments for both the PERS Health Insurance Program (PHIP) and the Individual Account Program (IAP).

- Non-Limited expenditures through March 10, 2024 are \$4,440,051,913.

A.2.c. Attachment – 2023-25 CRSA, Agency-wide Budget Execution Summary Analysis

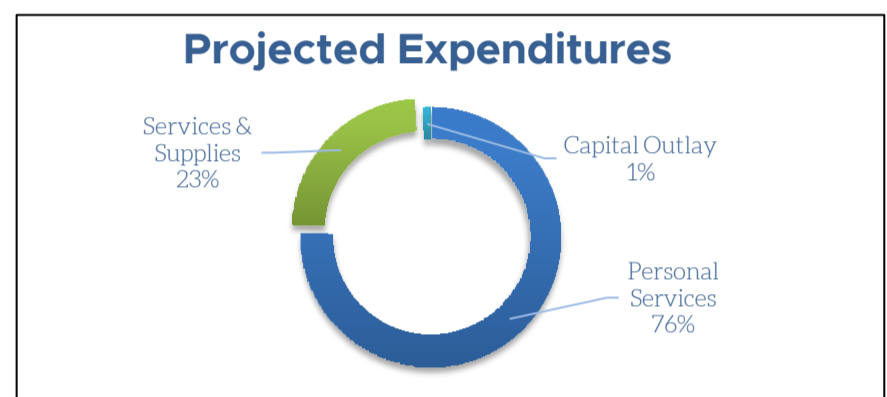
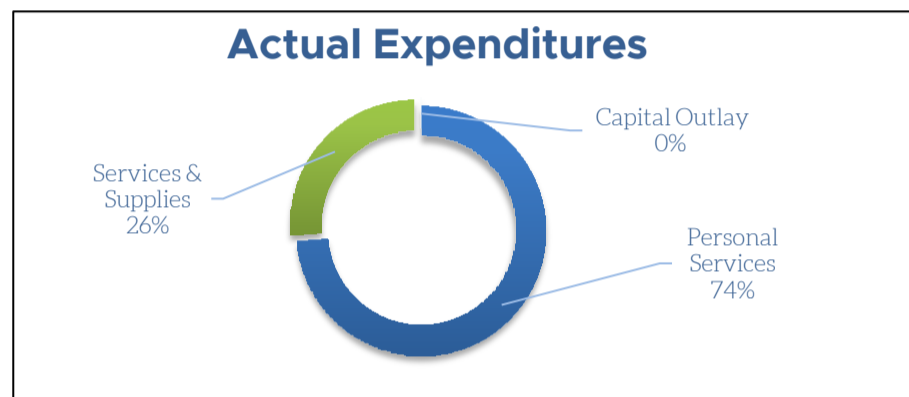
PERS Monthly Budget Report

2023-25 Agency-Wide Budget Execution
Preliminary for the Month of March 2024

Limited - Operating Budget

2023-25 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2023-25 LAB	Variance
Personal Services	32,161,034	72,164,731	104,325,765	98,372,912	(5,952,853)
Services & Supplies	11,440,773	22,431,047	33,871,820	36,267,336	2,395,516
Capital Outlay	36,344	941,000	932,344	1,141,401	209,057
Total	43,638,151	95,536,777	139,129,929	135,781,649	(3,348,280)



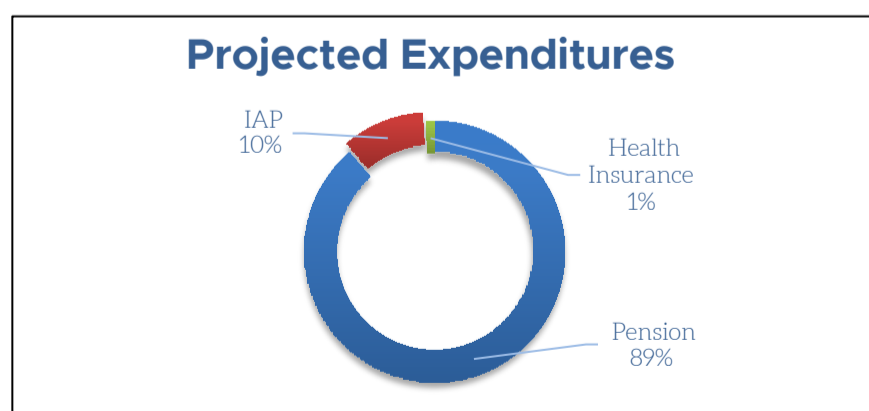
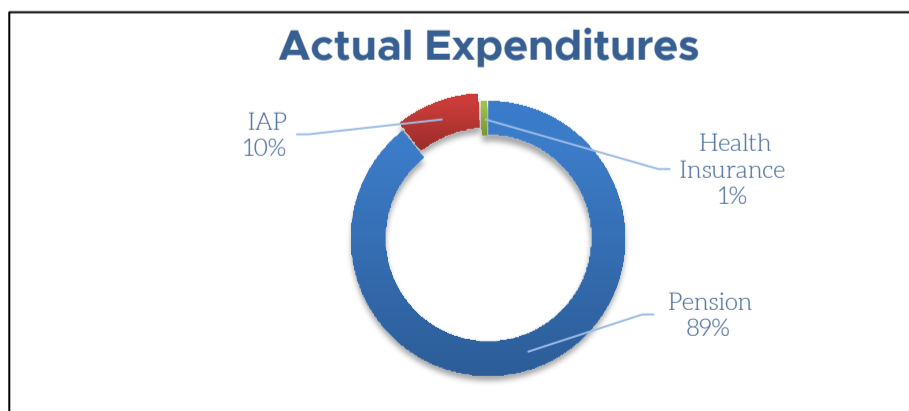
Monthly Summary

Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	4,226,552	4,379,847	153,295	4,594,433	4,244,984
Services & Supplies	2,352,924	2,438,263	85,339	1,634,396	1,319,473
Capital Outlay	864,640	896,000	31,360	5,192	55,353
Total	7,444,116	7,714,110	269,993	6,234,022	5,619,810

Non-Limited Budget

2023-25 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	3,964,543,232	7,830,923,347	11,795,466,579	11,823,032,167	27,565,588
IAP	436,589,633	920,198,366	1,356,787,999	1,482,829,663	126,041,664
Health Insurance	38,919,048	103,489,463	142,408,511	217,258,687	74,850,176
Total	4,440,051,913	8,854,611,177	13,294,663,090	13,523,120,517	228,457,428



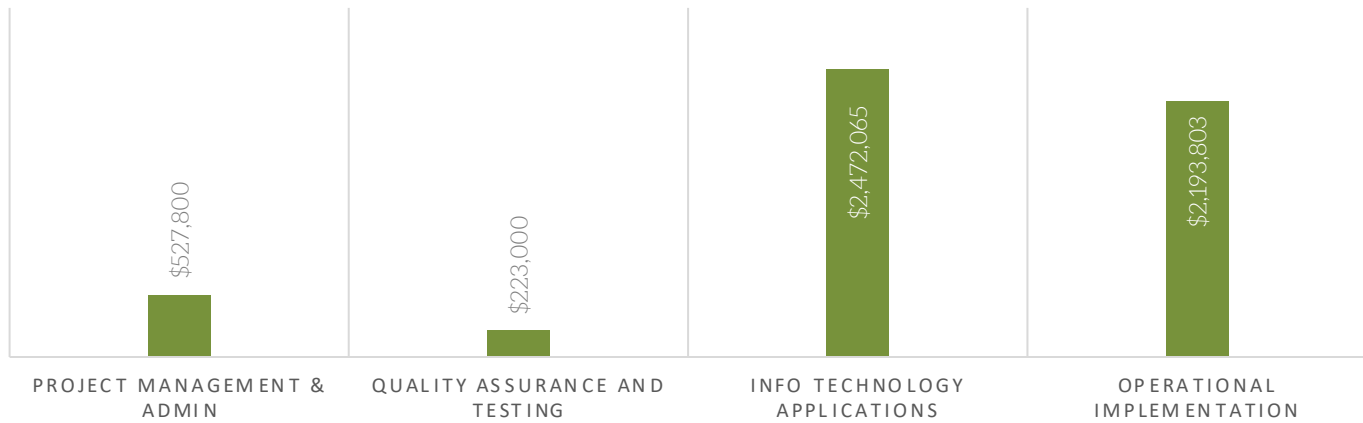
Core Retirement Systems Application

Summary Budget Analysis Preliminary for the Month of March 2024

Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2023-25 LAB	Variance
Personal Services	1,588,445	6,043,134	7,631,579	6,866,475	(765,104)
Services & Supplies	3,828,223	15,267,029	19,095,252	22,838,370	3,743,118
Capital Outlay					
Total	5,416,668	21,310,162	26,726,830	29,704,845	2,978,015

EXPENDITURES BY PACKAGE



EXPENDITURES BY PROJECT



PERS BOARD MEETING FORWARD-LOOKING CALENDAR

Friday, May 31, 2024

PERS Modernization Program update
Agency Budget development
Board Scorecard Report on agency performance measures
PERS Health Insurance Program (PHIP) renewals and rates
PHIP annual report
Review Board Education Policy and training

Friday, July 26, 2024*

Senate Bill 1049 update
Approval to submit Agency Request Budget
CEM Benchmarking presentation
Presentation of December 31, 2023 System Valuation Results

Friday, October 4, 2024

PERS Modernization Program update
Board Adoption of Actual 2025– 27 Contribution Rates
PERS Strategic Plan update
Member and Employer Survey results

Friday, December 6, 2024*

Senate Bill 1049 update
Presentation of legislative concept drafts before filing
Board Scorecard Report on agency performance measures

Friday, January 31, 2025

Monday, March 31, 2025*

Friday, May 30, 2025

Friday, July 25, 2025*

Friday, September 26, 2025

Friday, December 5, 2025*

**Audit and Risk Committee planned for post-board meeting*

A. Administration

1. February 2, 2024 PERS Board Meeting Minutes
2. Director's Report
- 3. Oregon Public Employees Retirement Fund (OPERF) performance review**
4. Oregon Savings Growth Plan annual report

B. Administrative rulemaking

1. Adoption of rules to implement HB 2740 (2023)
2. Adoption of annual plan limits rules
3. Adoption of Distributions During Employment (OSGP) rule

C. Action and discussion items

1. SB 1049 Program update
2. Legislative session review
3. Legislative concept proposals – 2025 session
4. Final 2023 earnings crediting and reserving
5. 2025-27 budget development

April 1, 2024

PERS Board Presentation

Rex T. Kim, Chief Investment Officer
Oregon State Treasury

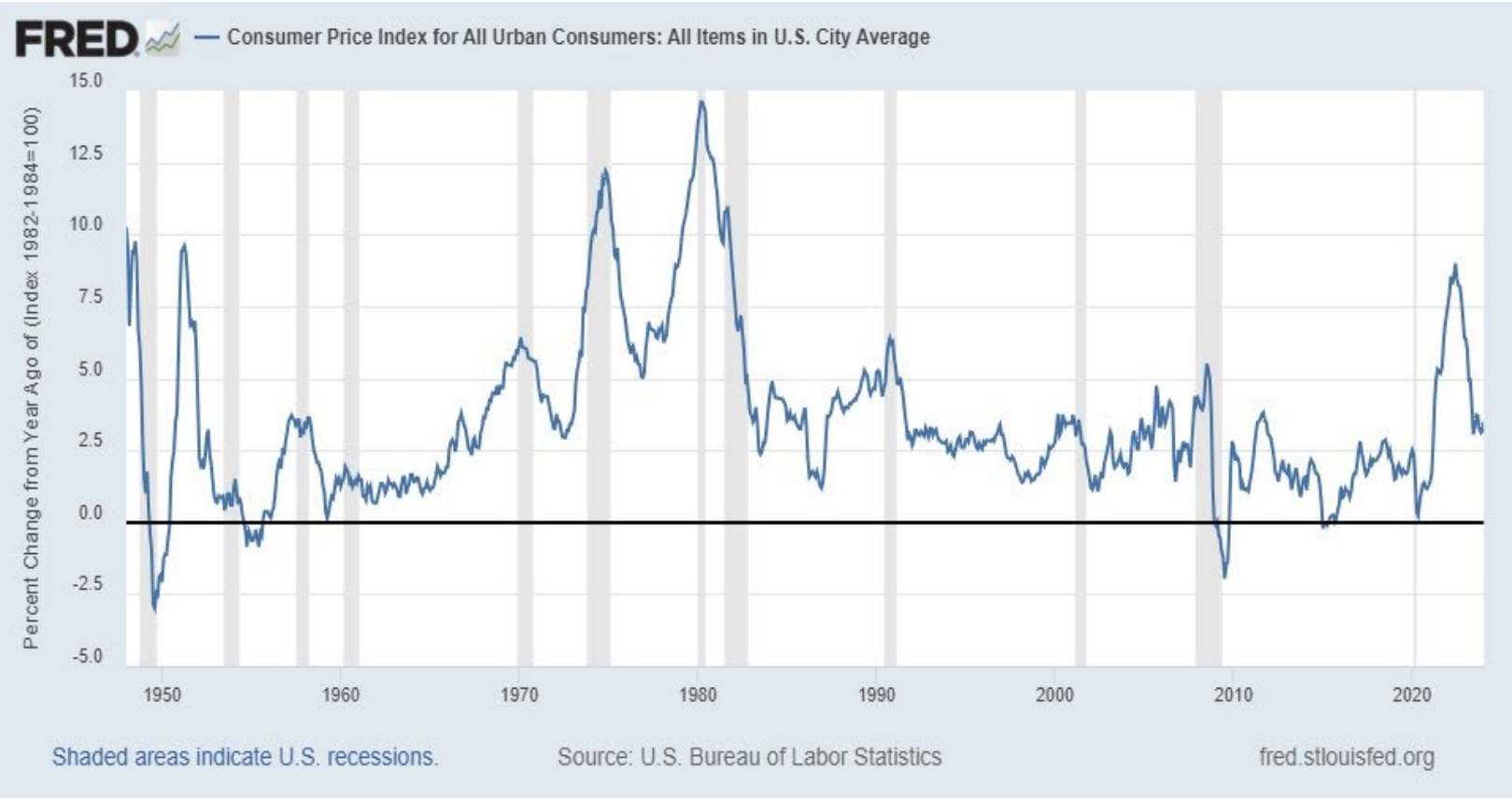


OREGON
STATE
TREASURY

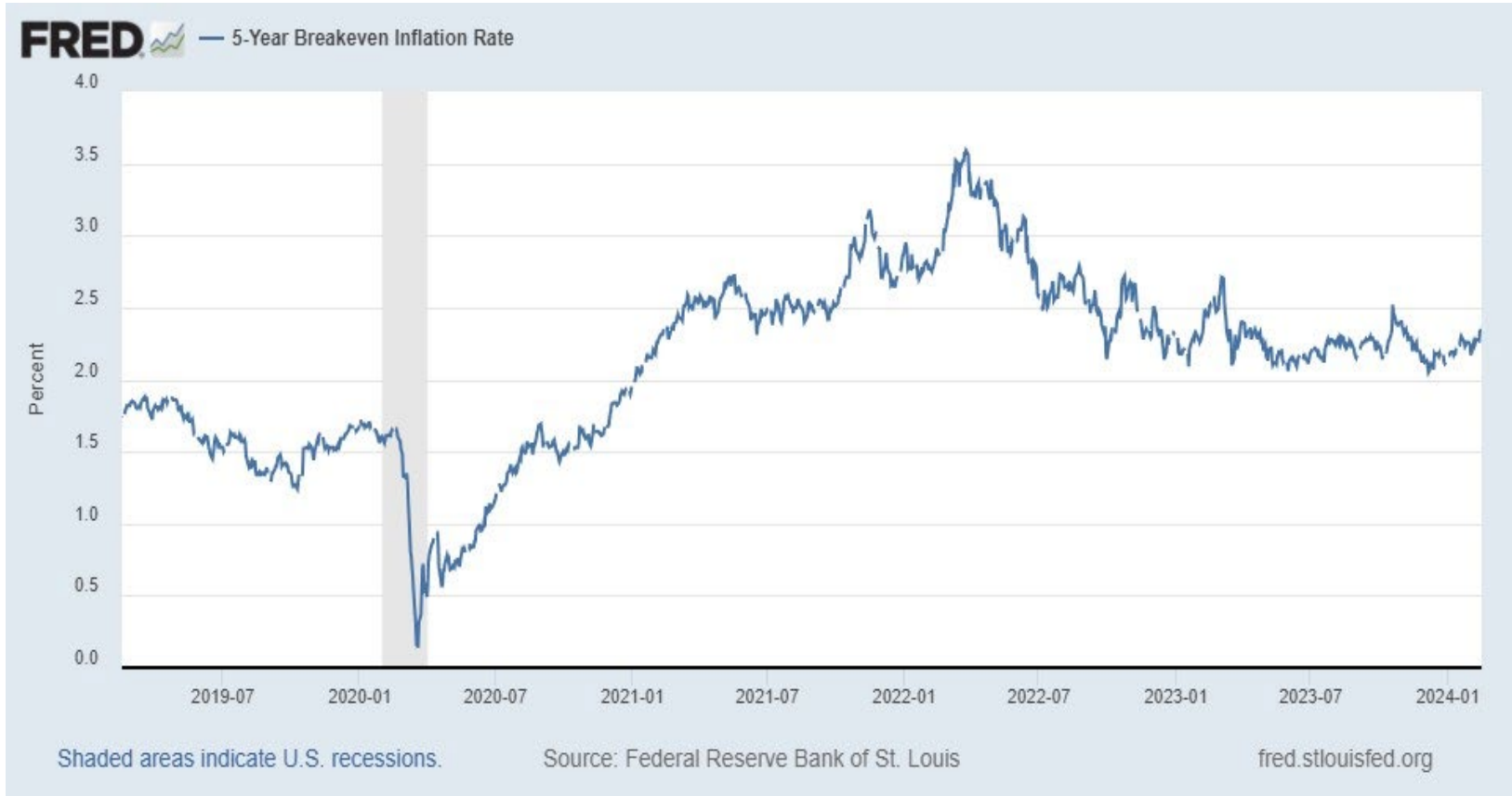
Agenda

- Market Environment
- 2023 Performance
- Asset Allocation

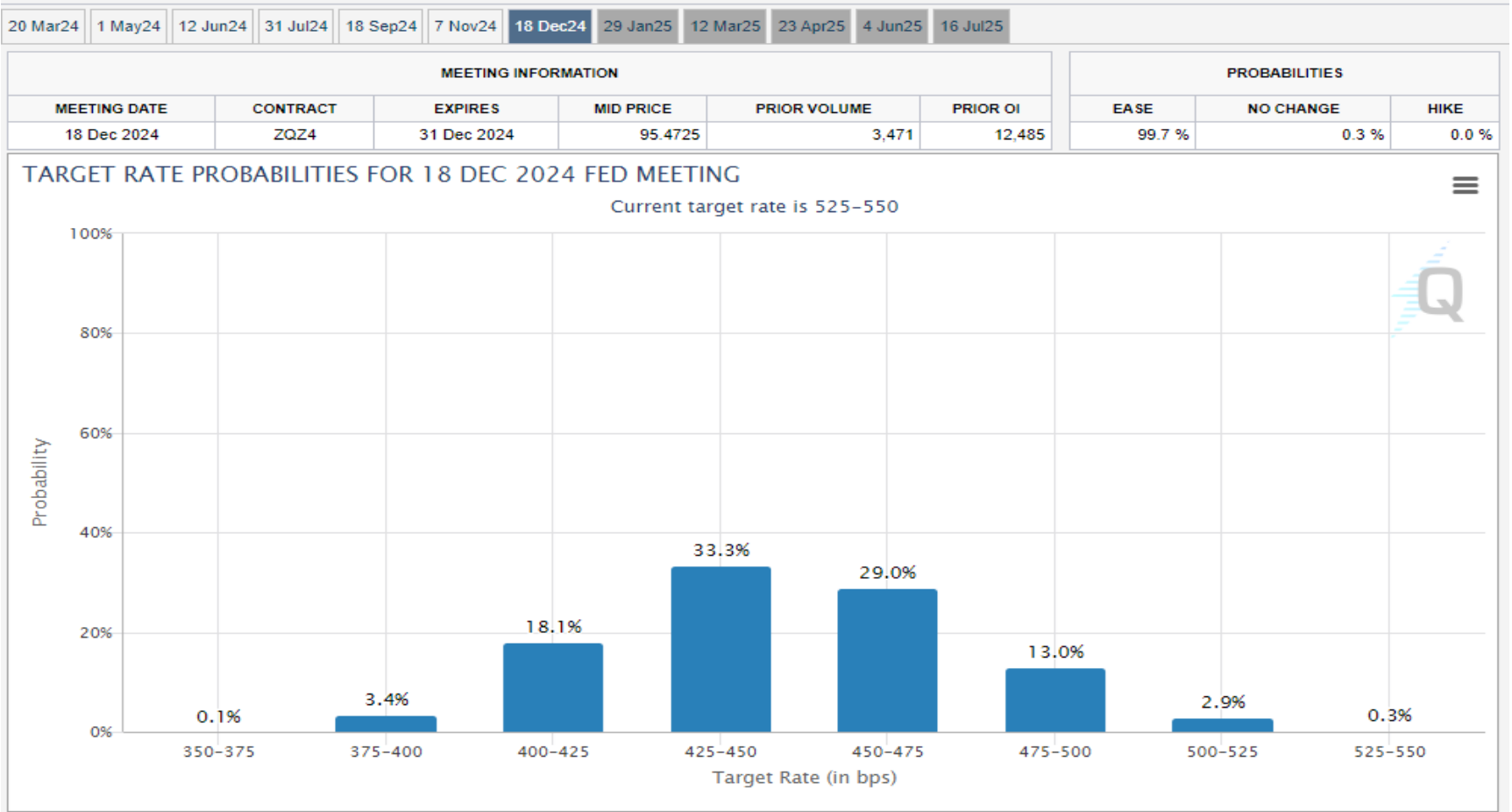
Market Environment: Inflation Moving Towards Target



Market Environment : Next 5 Years (Years 1-5)



Market Environment : Path for Rates

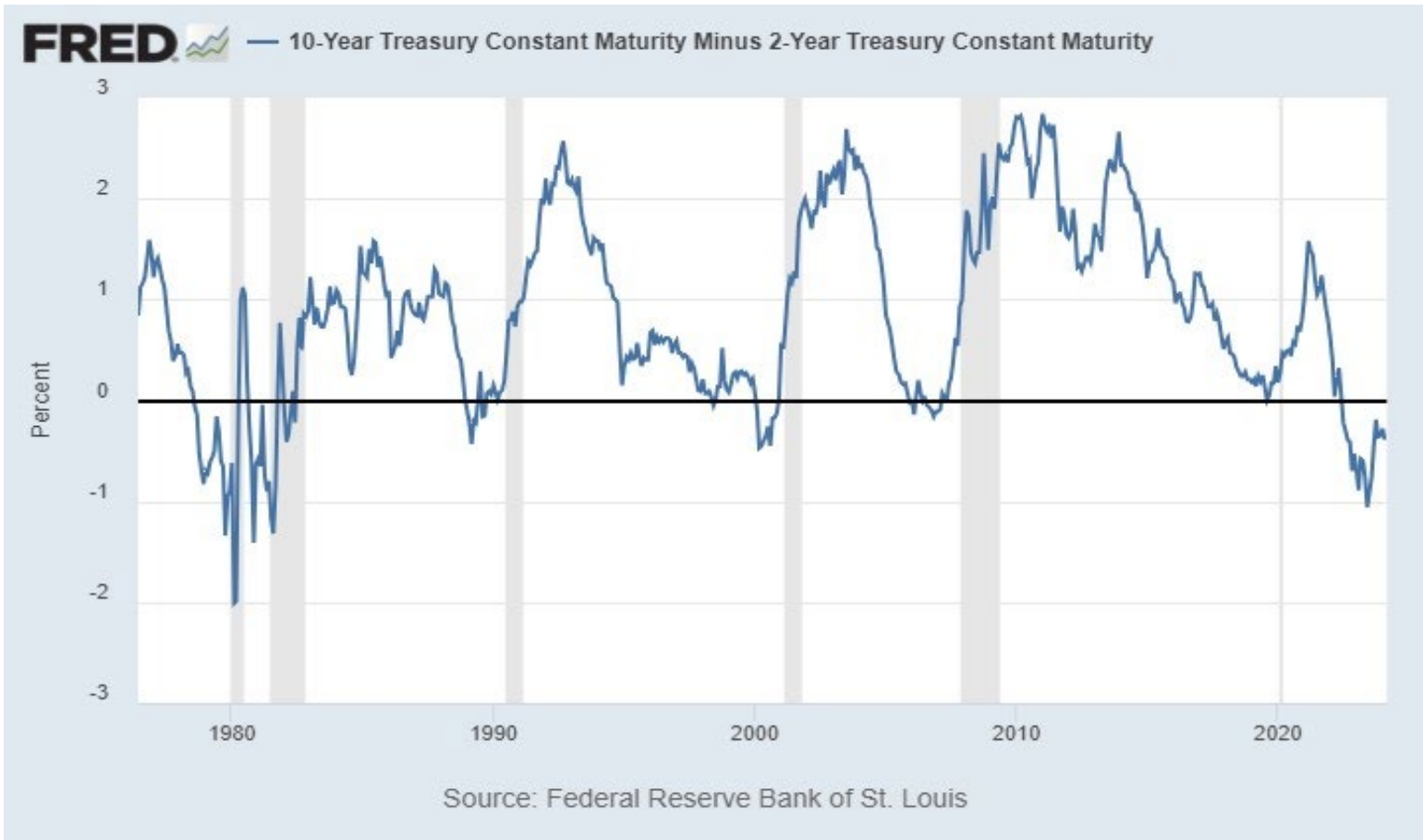


Source: CME Fedwatch, 3/1/2024

Market Environment : Interest Rates Up



Market Environment : Interest Rates Still Inverted



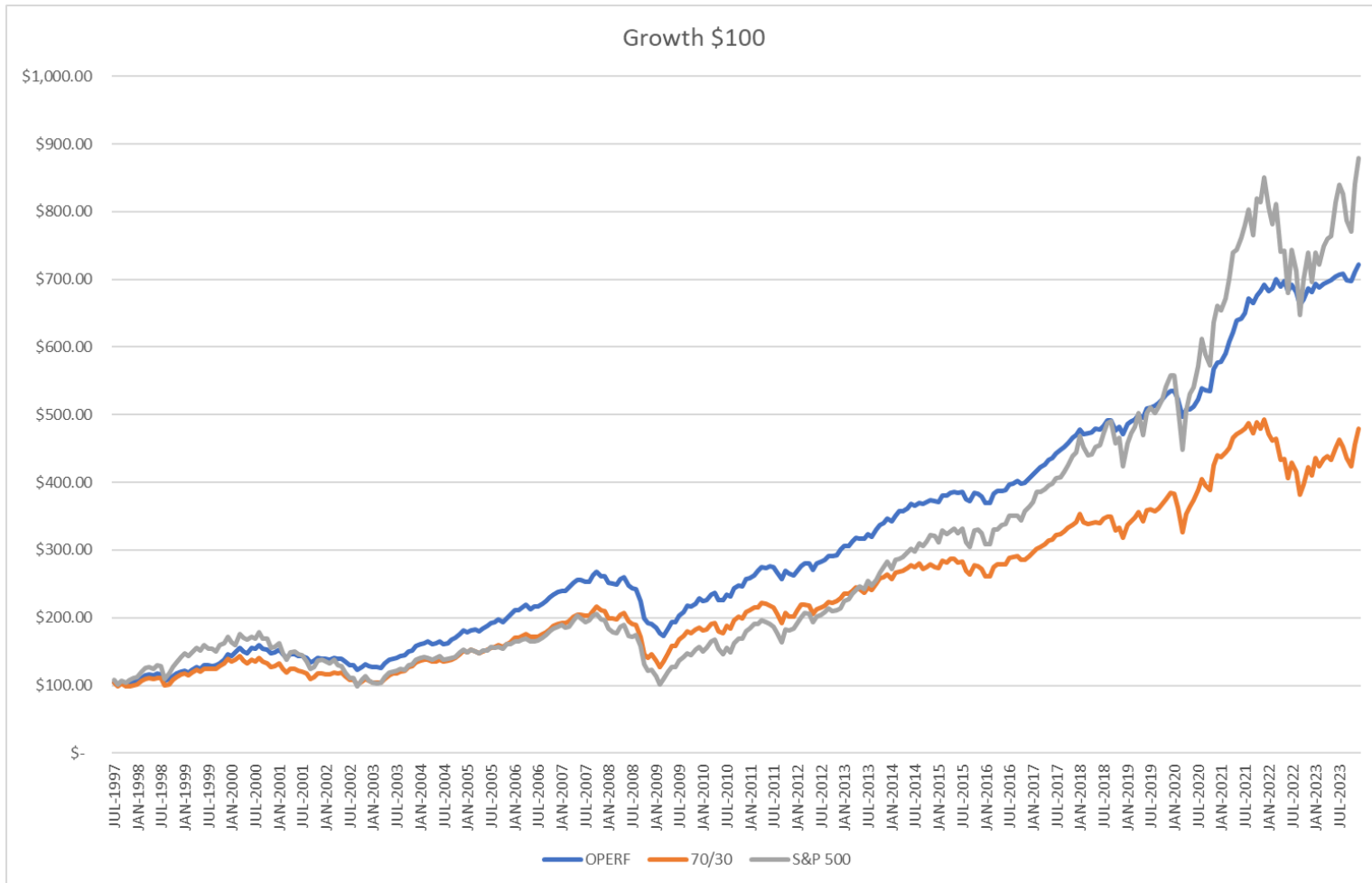
2023 Performance

(as of December 31, 2023)

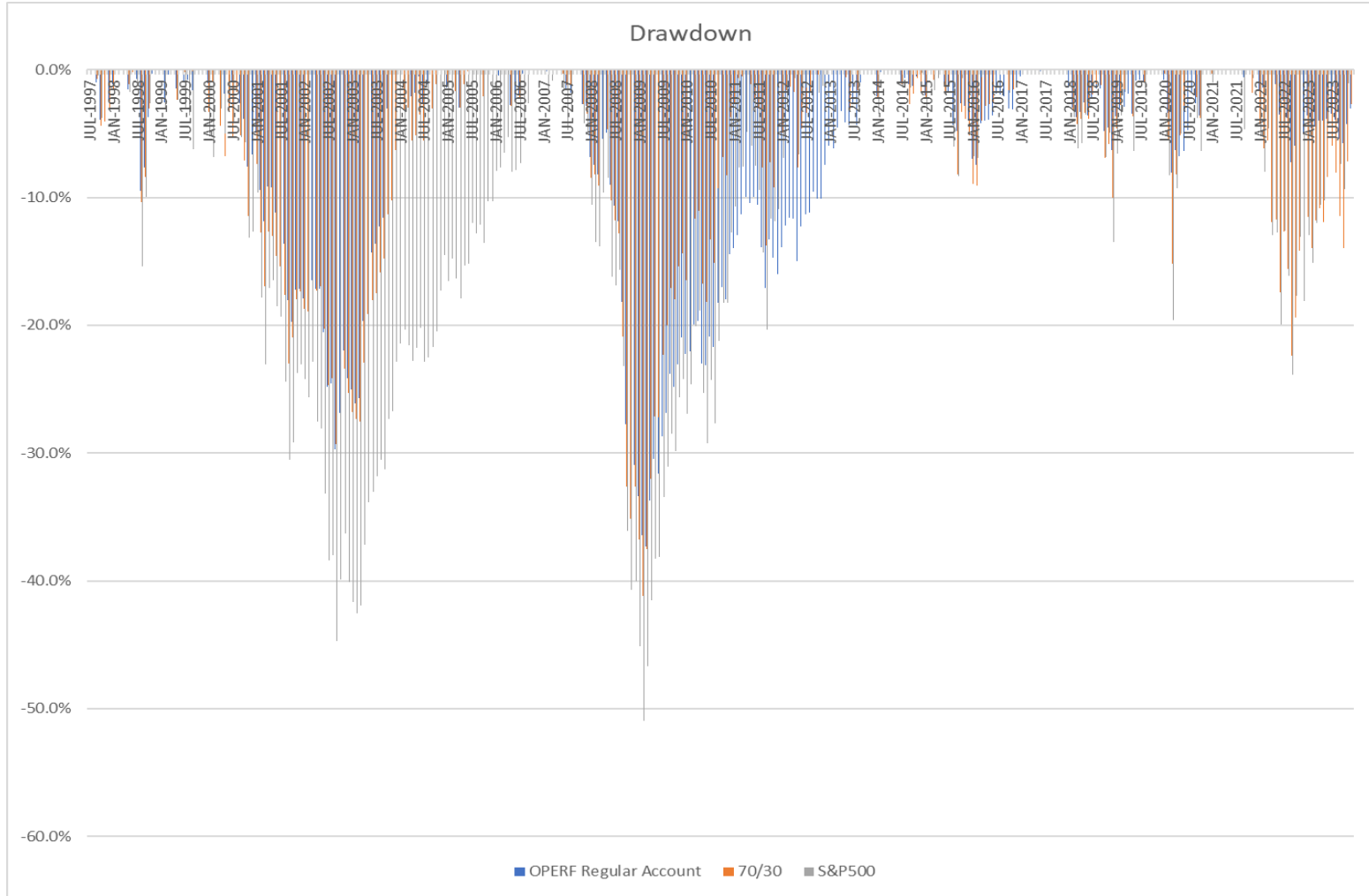
Annualized Return	1-Year	3-Year	5-Year	7-Year	10-Year	20-Year
Russell 3000	25.96%	8.54%	15.16%	12.81%	11.48%	9.67%
S&P 500	26.29%	10.00%	15.69%	13.42%	12.03%	9.69%
Russell 2000	16.93%	2.22%	9.97%	7.33%	7.16%	8.11%
MSCI ACWI ex-US IMI	15.62%	1.53%	7.19%	6.38%	3.97%	5.92%
MSCI Emerging Markets	9.83%	-5.08%	3.68%	4.98%	2.66%	6.91%
Bloomberg Barclays U.S. Aggregate	5.53%	-3.31%	1.10%	1.29%	1.81%	3.17%
Fund Performance (Net of Fees)	1-Year	3-Year	5-Year	7-Year	10-Year	20-Year
OPERF (Ranking¹)	5.98% (99)	7.80% (8)	8.90% (45)	8.55% (25)	7.61% (17)	7.90% (7)
Domestic Equity	20.45%	8.79%	13.54%	11.12%	10.09%	9.07%
International Equity	19.53%	4.91%	9.94%	8.61%	5.84%	7.41%
Fixed Income	7.04%	-2.01%	1.97%	1.97%	2.09%	4.09%
Private Equity	6.38%	15.12%	13.83%	14.93%	13.35%	14.67%
Real Estate	-10.21%	8.67%	7.16%	7.69%	8.56%	9.16%

¹ Relative to Wilshire Trust Universe Comparison Service (TUUS) Public Funds > \$10 Billion peer group. Percentile rankings based on estimated gross returns for Fund and peer group.

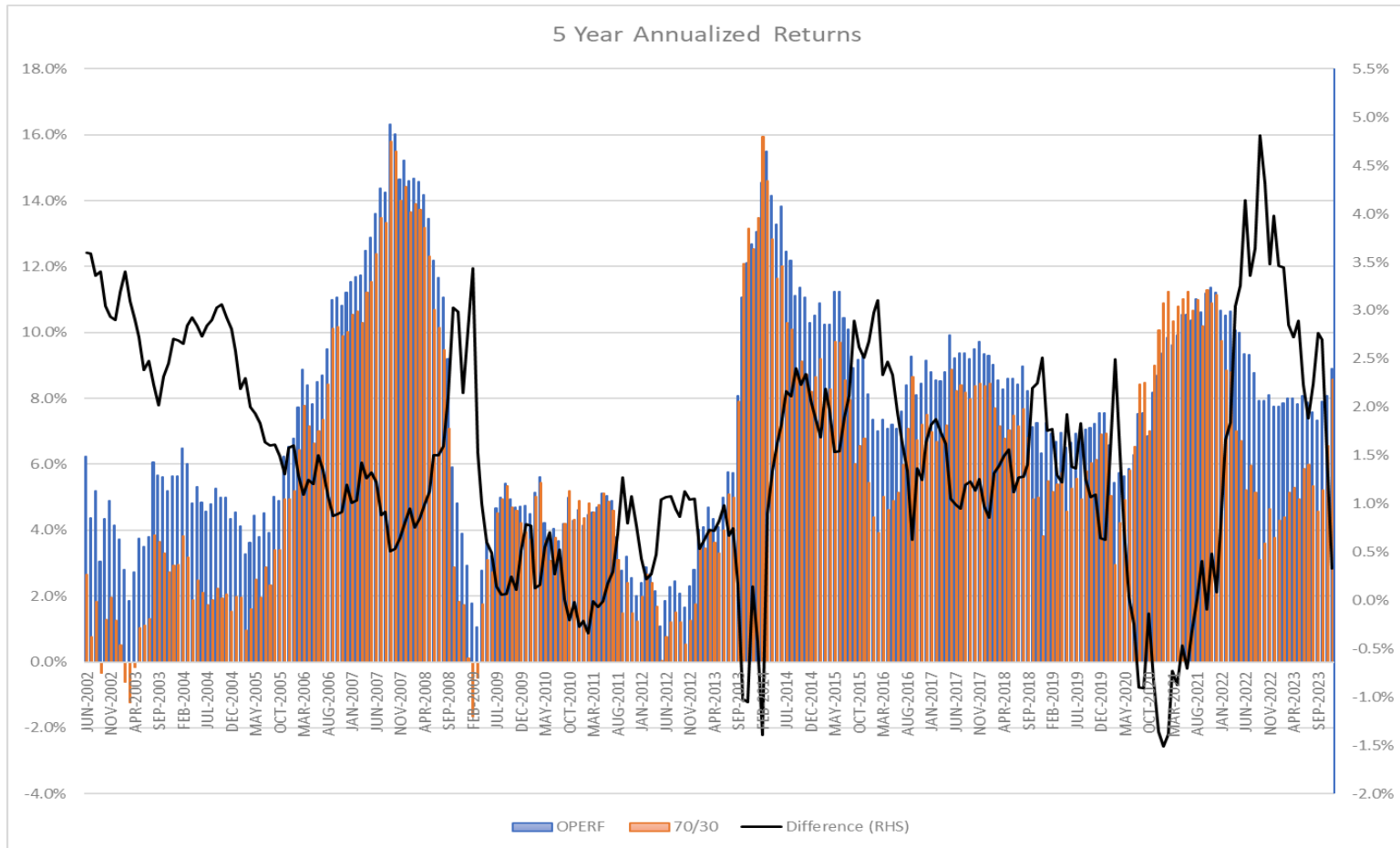
Asset Allocation: Historical Perspective



Asset Allocation: Historical Drawdown



Asset Allocation: Adding Value



Asset Allocation: Current Targets

	OIC Targets %	Current %
Public Equity	27.5%	15.9%
Private Equity	20.0%	28.6%
Total Equity	47.5%	44.5%
Real Estate	12.5%	14.1%
Real Assets	7.5%	10.2%
Fixed Income	25.0%	23.3%
Diversifying Strategies	7.5%	5.0%
Opportunity Portfolio	0.0%	2.8%



OREGON STATE TREASURY

Tobias Read
Oregon State Treasurer

350 Winter St NE, Suite 100
Salem, OR 97301-3896

oregon.gov/treasury

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Oregon

Tina Kotek, Governor

Public Employees Retirement System

Headquarters

11410 S.W. 68th Parkway, Tigard, OR

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www.oregon.gov/pers

April 1, 2024

TO: Members of the PERS Board
FROM: Jack Schafroth, Interim Deferred Compensation Program Manager
SUBJECT: Oregon Savings Growth Plan (OSGP) Annual Report

OVERVIEW

1. Oregon Administrative Rule 459-050-00330(15) directs that the OSGP Program Manager shall prepare an annual report to the PERS Board.

The attached presentation reflects information for the 2023 calendar year and includes information regarding governance, administrative support, and plan and participant demographics. The report summarizes assets, cash flow and investment composition, as well as investment performance, options, and fees.

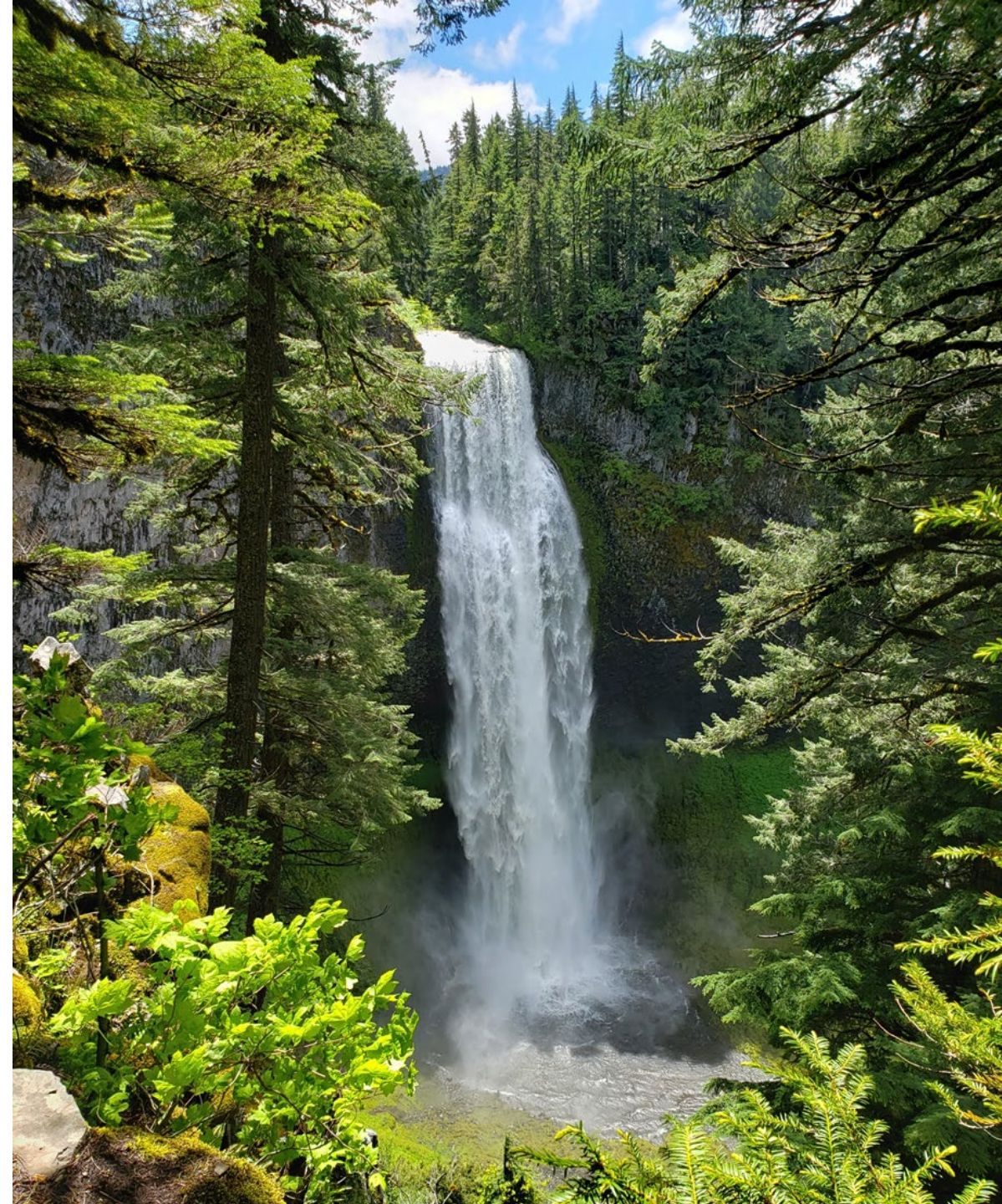
A.4. Attachment 1 – *Oregon Savings Growth Plan 2023 Annual Report*

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Oregon Saving Growth Plan (OSGP) Annual Report Calendar year 2023



Governance

Advisory Committee

Christine Valentine, Chair – State of Oregon

Jeff Gibbs, Vice Chair – Local Government

Frank Goulard – Local Government

Colin Benson – State of Oregon

Zachariah Heck – State of Oregon

Kyle Niemeyer – State of Oregon

Gene Bentley – Retired

Treasury

Kenny Bao – Public Equity Investment Analyst

Claire Illo – Public Equity Investment Officer

Jamie McCreary- Service Model Program Manager

Callan Investment Consultant

Anne Heaphy – Senior Vice President

Uvan Tseng – Senior Vice President

Administrative support

OSGP staff

Jack Schafroth – Interim Program
Manager

Dee Monday – Operations
Coordinator

John Bennett – Administrative
Assistant

Karen Blanton – Retirement Counselor

Karen Harlow – Retirement Counselor

Vacant – Retirement Counselor

Recordkeeper: Voya Financial

Deirdre Jones – Relationship Manager

Carol Cann – Operations Manager

Jennifer Moran – Communication
Consultant

Gladys Salguero – Education Team
Manager

Plan summary

Assets and cash flow (for year ending December 31, 2023)

Total plan assets	\$3.4 billion
Net cash flow	\$26 million
Pre-tax contributions	\$131 million+
Rollover-in contributions	\$76 million+
Roth contributions	\$24 million+
Participants with Roth elections	6,674

Investment composition

LifePath options	31% of plan assets
Large Company Growth stock option	15% of plan assets
Stock Index option	12% of plan assets
Schwab Brokerage account	605 participants with an average balance of \$99,053

OSGP fees - current

Administrative fees	Percentage of assets
State of Oregon Administrative Fee	0.085%
Recordkeeping/Custody/Trust/Communications	0.05%
Total Administrative Fees	0.135%

By investment option	Weighted average (%)
LifePath® Portfolios	0.07%
Stable Value	0.30%
Active Fixed Income Option	0.17%
Real Return Fund	0.22%
Large Company Value Stock	0.02%
Stock Index	0.02%
Socially Responsible Investment Option	0.18%
Large Company Growth Stock	0.02%
Active International Stock	0.57%
Passive International Stock	0.06%
Small Company Stock	0.32%

Investment options and performance

As of December 31, 2023

Investment options	Ending balance as of 12/31/23	Annual performance	Contribution by fund option
Large Company Growth Stock Option	\$501,912,656	42.50%	\$23,619,245
Stock Index Option	\$437,052,800	25.91%	\$22,769,830
Socially Responsible Investment Option	\$49,516,702	22.31%	\$4,451,610
Small Company Stock Option	\$273,994,252	15.88%	\$12,344,143
Active International Stock Option	\$136,412,701	18.69%	\$13,036,039
Passive International Stock Option	\$65,733,358	N/A	\$592,123
Active Fixed Income Option	\$200,675,516	6.20%	\$10,190,466
Real Return Option	\$23,068,573	0.85%	\$4,778,749
Large Company Value Stock Option	\$262,486,988	11.33%	\$14,697,869
Stable Value Option	\$354,264,785	2.63%	\$15,176,928.90

Target-date fund options and performance

As of December 31, 2023

Investment options	Ending balance	Annual performance	Contribution by fund option
LifePath® Retirement	\$299,170,059	10.96%	\$10,948,662
LifePath® 2025	\$169,370,478	11.83%	\$16,942,944
LifePath® 2030	\$161,647,046	14.06%	\$17,705,171
LifePath® 2035	\$132,657,995	16.11%	\$17,628,558
LifePath® 2040	\$114,032,038	18.12%	\$14,549,856
LifePath® 2045	\$82,263,076	19.96%	\$12,611,874
LifePath® 2050	\$60,372,396	21.07%	\$9,610,770
LifePath® 2055	\$31,021,481	21.37%	\$6,572,769
LifePath® 2060	\$17,725,181	21.39%	\$3,157,934
LifePath® 2065	\$5,686,315	21.42%	\$1,501,044

Rollovers

OSGP rollovers - out for calendar year 2023

Institution	# of rollovers	% of total	\$ rolled
OREGON PERS	236	22%	\$8,327,023
EDWARD JONES	111	10%	\$14,975,435
CHARLES SCHWAB	75	7%	\$15,396,044
FIDELITY	67	6%	\$8,780,824
VANGUARD	43	4%	\$8,441,541
All others	552	51%	\$70,144,561

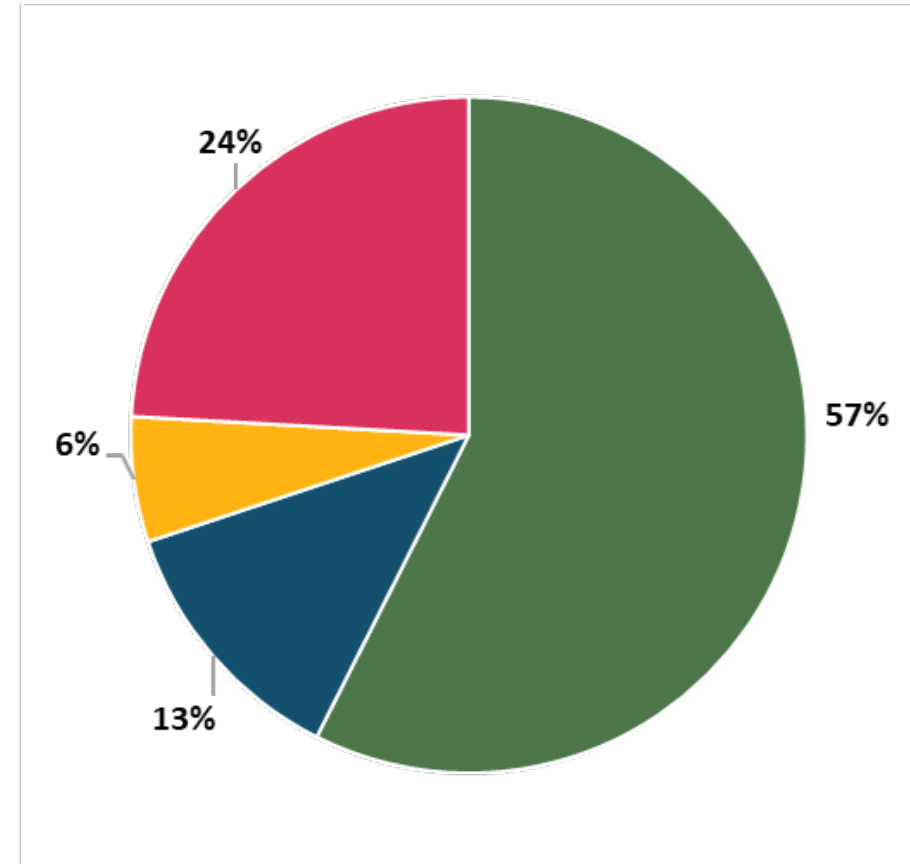
OSGP rollovers - in for calendar year 2023

Institution	# of rollovers	% of total	\$ rolled
IAP	486	59%	\$62,158,850
All others	338	41%	\$13,343,307

Participant status summary

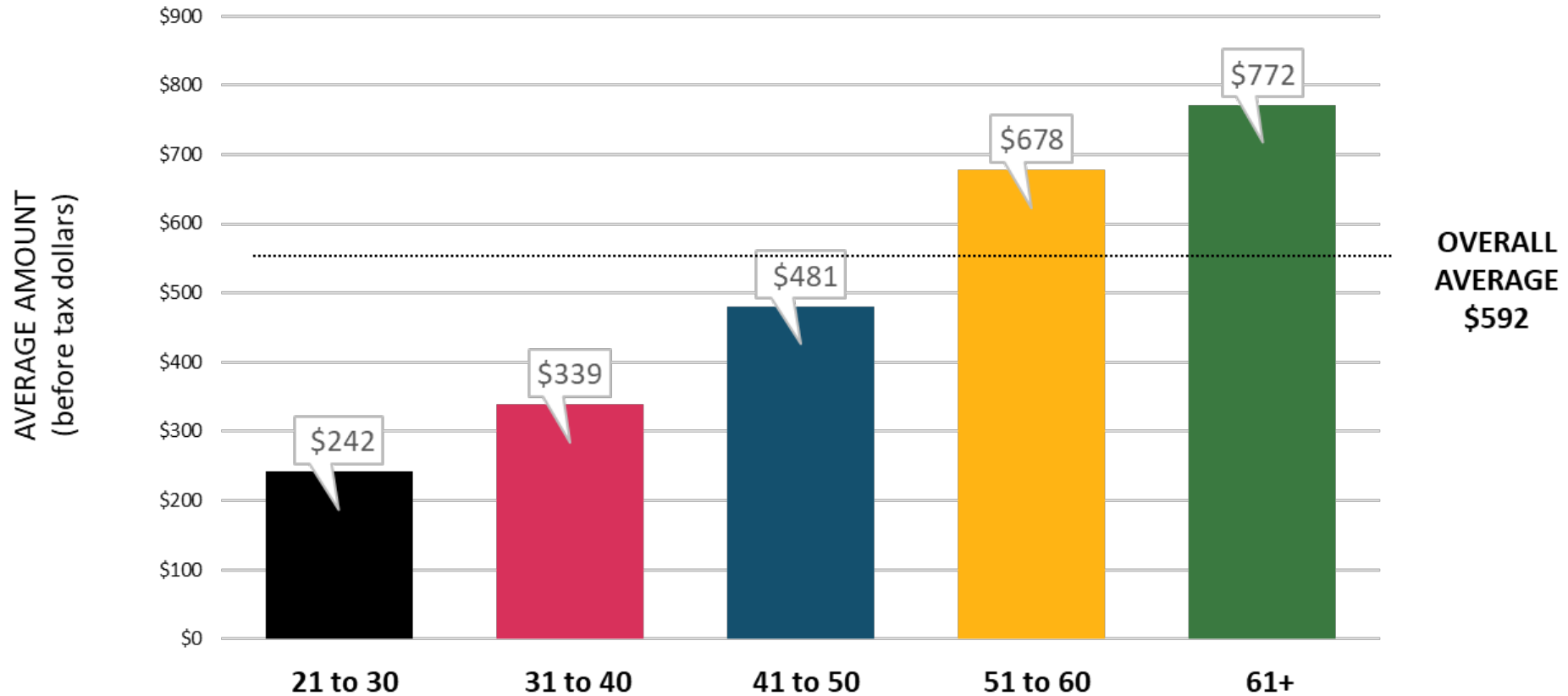
Calendar year 2023

	Participant status	Number of participants
■	Active, Contributing	22,878
■	Active Not Contributing	4,966
■	Terminated Receiving Installments	2,383
■	Terminated with a Balance	9,610
	Total	39,837



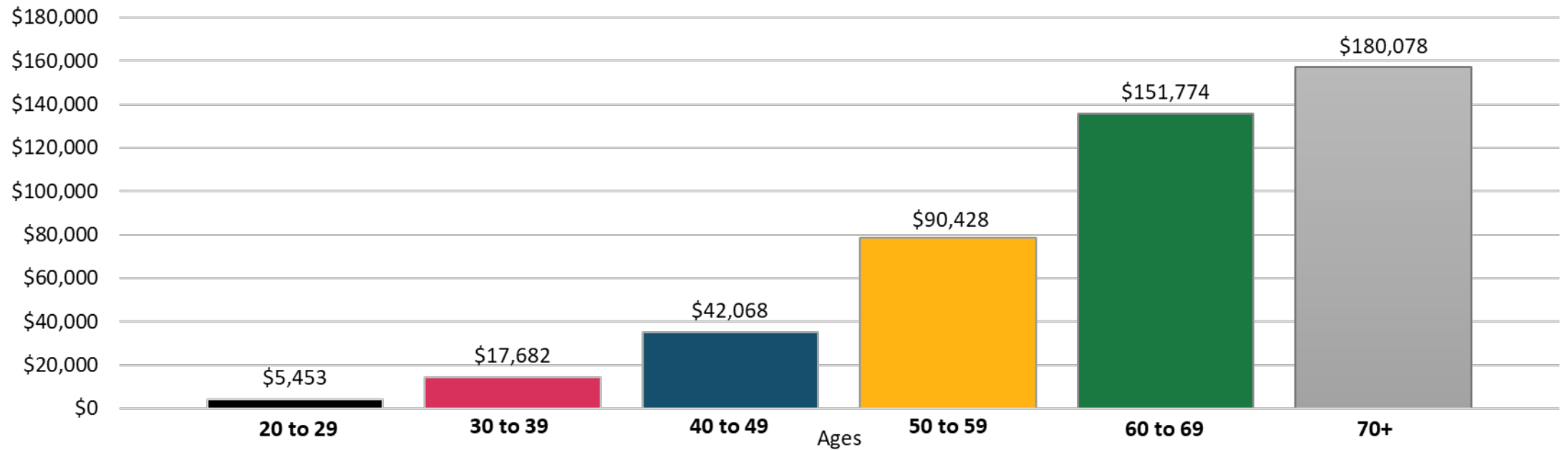
Participant status summary – average OSGP monthly contributions by age

Calendar year 2023



Participant status summary – average OSGP balance by age

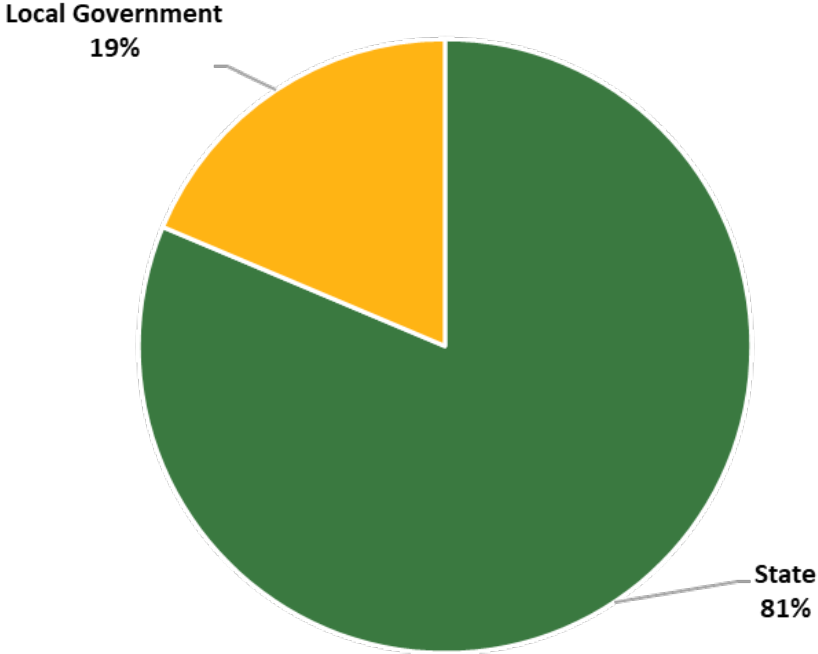
Calendar year 2023



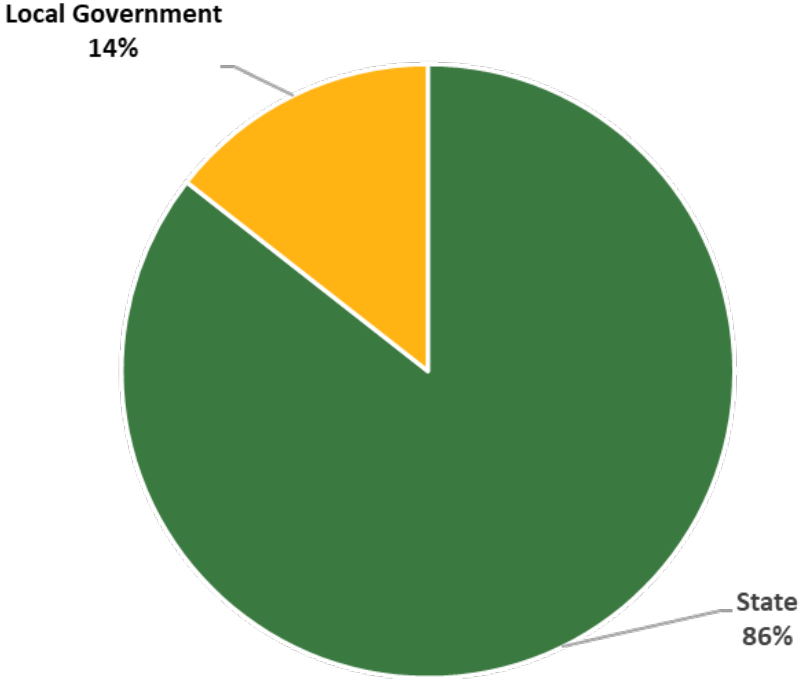
State and local government breakdown

Calendar year 2023

Participants



Assets



Communications accomplishments

Calendar year 2023

Communications assists with overall OSGP goals through a variety of campaigns while providing a cohesive, professional, and educational overall look and feel to all OSGP materials and the website.

2023 Accomplishments:

Built upon the America Saves Week (ASW) campaign launched in February 2022 covering five days of financial wellness and retirement education for participants and unenrolled employees. The updated 2023 America Saves Week campaign resulted in over 13,000 visitors to the ASW site, compared to only a few hundred in 2022.

Completed a campaign supporting the percent-of-pay rollout in OSGP, which included the use of the Voya Pennies whitepaper. The whitepaper supported the use of different language (pennies vs. percent) for different income groups which allowed OSGP to be inclusive of those that may otherwise overlook the positive impact that switching to percent contributions could have on retirement income. This resulted in a 2023 National Association of Government Defined Contribution Administrators award for Participant Communication.

Supported the PERS Expo by sending out a series of journey-based emails promoting the expo, and then follow-up emails with a set of challenge questions based on their journey. Journey groups were split into early-career, mid-career, near-retirement and in-retirement. Over 2,000 challenge questions were answered. All groups achieved open rates of over 15%.

Education and outreach team

Calendar year 2023

OSGP's team includes a manager and four local representatives.

Four different workshops offered all year:

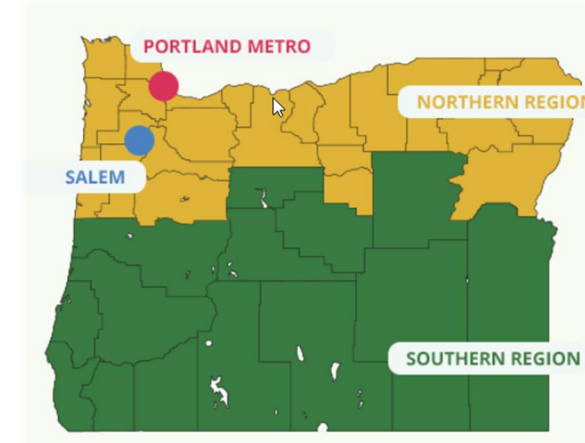
- 330 workshops and group meetings conducted.
- 6837 total attendance.
- All workshops recorded and available on growyourtomorrow.com website.

In 2023, virtual question and answer (Q&A) sessions were conducted:

- Seven sessions were conducted throughout the year including expo
- Session topics included percent-of-pay, risk tolerance, and auto rebalancing

Workshops and marketing:

- Workshops and individual meetings offered both in-person and virtually.
- Marketing materials encourage participants to engage with representatives and register for workshops, Q&A sessions, and individual meetings.
- In 2023, 96% satisfaction was recorded for workshop content.
- 45% of attendees took an action after attending a workshop.



Employer outreach

Calendar year 2023

EMPLOYER CATEGORY	NUMBER
Total employers who have adopted OSGP	368
Total employers who were new in 2023	10
Total local-government employers who stopped using OSGP in 2023	0

Looking ahead

- Continue to increase enrollment by developing Plan Advocates in state agencies and local governments.
- Increase plan assets through percent-of-pay and rollovers into OSGP.
- Educate participants, as well as unenrolled employees, through the PERS Expo, America Saves Week, and the quarterly newsletter.
- Continue to utilize our holistic career checklists to interact with participants throughout their time in OSGP.
- Update our website to make it more informative, easy to navigate, and a true resource for participants and employers.



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Questions?



A. Administration

1. February 2, 2024 PERS Board Meeting Minutes
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April 1, 2024

TO: Members of the PERS Board

FROM: AnneMarie Vu, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption/Repeal of Rules to Implement House Bill (HB) 2740 (2023):
OAR 459-010-0012 *Membership of Community College Employees (Repeal)*
OAR 459-005-0012 *Membership of Academic Employees of Community Colleges and Public Universities (Adopt)*

OVERVIEW

- Action: Adopt OAR 459-005-0012 to implement HB 2740 (2023); repeal OAR 459-010-0012.
- Reason: Implement HB 2740 (2023).
- Policy Issue: None identified.

BACKGROUND

During the 2023 legislative session, HB 2740 was passed amending ORS 238.074 and 238A.142. Prior to HB 2740's passage, these statutory provisions provided a special method to calculate hours used to determine PERS membership eligibility for academic employees of community colleges. They allowed community colleges to convert an academic employee's full-time equivalency (FTE) to hours. Such converted hours were subsequently reported to PERS and used to determine whether the academic employee has worked the requisite 600 hours in a calendar year to be considered employed in a "qualifying position," entitling them to any PERS benefits that require 600 hours of service in the calendar year. These statutory provisions previously did not apply to employees of public universities.

HB 2740 became effective January 1, 2024, and made three specific changes to the statute. First, HB 2740 removed the general FTE hour conversion method and replaced it with a new method that only converts hours of lecture or classroom time worked by an academic employee. Each assigned hour of lecture time or hour of classroom time is multiplied by 2.67. Second, HB 2740 limits the multiplier conversion method *only* to hours of lecture or classroom time. Other hours of employment are reported without any conversion. Lastly, HB 2740 expanded the special conversion method to apply to academic employees of public universities (who previously were not covered under ORS 238.074 or 238A.142) as well as community colleges. These proposed rule amendments clarify how the revised statutory provisions work, providing guidance to employers on their reporting obligations.

As part of rulemaking, PERS is presenting this clarification in a new rule in Division 5, because the rule applies to all PERS programs including Chapter 238 Programs (Tier One and Tier Two), and the Oregon Public Service Retirement Plan (OPSRP). The existing rule (OAR 459-010-0012) is a part of Division 10 and only applies to the Chapter 238 Programs. As such, it will be repealed to avoid any potential confusion.

CHANGES MADE SINCE NOTICE

None.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on February 20, 2024, at 2:00 p.m. The public comment period ended February 29, 2024, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

IMPACT

Mandatory: No.

Benefit: Provides clarification on PERS administration of revised ORS 238.074 and 238A.142.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

February 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 1, 2024	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
February 2, 2024	PERS Board notified that staff began the rulemaking process.
February 20, 2024	Rulemaking hearing was held remotely at 2:00 p.m.
February 29, 2024	Public comment period ended at 5:00 p.m.
April 1, 2024	Board may adopt the rule modifications.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt OAR 459-005-0012 and repeal OAR 459-010-0012 to Implement HB 2740 (2023), as presented.”
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.1. Attachment 1 – OAR 459-010-0012	<i>Membership of Community College Employees</i>
B.1. Attachment 2 – OAR 459-005-0012	<i>Membership of Academic Employees of Community Colleges and Public Universities</i>

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 010 – MEMBERSHIP**

1 **[459-010-0012]**

2 **[Membership of Community College Employee]**

3 *[(1) For purposes of this rule, “academic year” means 12 consecutive calendar*
4 *months beginning July 1 and ending the following June 30.]*

5 *[(2) For purposes of establishing membership in the system, effective July 1, 1988, an*
6 *academic employee of a community college who is employed .375 full-time equivalent*
7 *(FTE) on a 12-month basis or .50 FTE on a 9-month basis for the academic year is deemed*
8 *to be employed 600 hours or more for purposes of determining a “qualifying position”*
9 *under OAR 459-010-0003.]*

10 *[(3) For an academic employee of a community college, an FTE shall be measured*
11 *against an academic year.]*

12 *[(4) For purposes of determining a “qualifying position” under OAR 459-010-0003*
13 *for an academic employee of a community college, the following definitions apply:]*

14 *[(a) “Partial year of hire” means a period in the academic year the employee begins*
15 *employment after the first working day of the academic year, and continues employment*
16 *through the last day of the academic year.]*

17 *[(b) “Partial year of separation” means a period in the academic year the employee is*
18 *employed as of the beginning of the academic year, and separates from employment before*
19 *the last working day of the academic year.]*

20 *[(c) “Short segment” means a period in the academic year during which the employee*
21 *is hired after the first working day of the academic year, and separated from employment*
22 *before the last working day of the same academic year.]*

1 *[(5) An academic employee of a community college is an instructor who teaches*
2 *classes offered for college-approved credit or on a non-credit basis. Librarians,*
3 *counselors, and aides in non-teaching positions, tutors, or other non-teaching faculty, and*
4 *classified, professional or nonprofessional support staff are not academic employees for*
5 *the purposes of ORS 238.074; but are subject to the membership requirements under ORS*
6 *238.015.]*

7 *[(6) Each community college shall determine who is an academic employee in its*
8 *employ under this rule. In making that determination, a community college shall consider*
9 *all disciplines (academic activity) collectively when an employee's assignment includes*
10 *multiple disciplines.]*

11 *[(7) For persons concurrently employed in academic positions in two or more*
12 *community colleges, the combined FTE shall be used in determining eligibility for*
13 *membership. If the combined FTE is less than the criteria in section (2) of this rule, the*
14 *combination of hours of service shall be considered in determining eligibility for*
15 *membership pursuant to ORS 238.015.]*

16 *[(8) For academic employees concurrently employed in an academic and a non-*
17 *academic position in one or more community colleges during an academic year, the*
18 *combination of academic and non-academic duties shall be considered in determining*
19 *eligibility for membership pursuant to ORS 238.015.]*

20 *[(9) Employment of retired members of the system in academic or non-academic*
21 *positions is subject to the limitations in ORS 238.082.]*

22 *[Stat. Auth.: ORS 238.650]*

23 *[Stats. Implemented: ORS 238.074]*

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION

1 459-005-0012

2 Membership of Academic Employees of Community Colleges and Public Universities

3 (1) For purposes of this rule, an “academic employee” of a community college or
4 a public university means an instructor who teaches classes offered for college-
5 approved credit, or on a non-credit basis.

6 (2) Librarians, counselors, and aides in non-teaching positions, tutors, or other
7 non-teaching faculty, and classified, professional or nonprofessional support staff are
8 not academic employees for the purposes of ORS 238.074 or 238A.142.

9 (3) Effective January 1, 2024, each hour for lecture time or classroom time shall
10 be converted to 2.67 hours of employment. Other hours of employment shall be
11 reported with no conversion.

12 (4) Each community college or public university shall determine who is an
13 academic employee in its employ under this rule. In making that determination, the
14 employing community college or public university shall consider all disciplines
15 (academic activity) collectively when an employee’s assignment includes multiple
16 disciplines.

17 (5) For academic employees concurrently employed in an academic and a non-
18 academic position in one or more community colleges during an academic year, the
19 combination of academic and non-academic duties shall be considered in determining
20 eligibility for membership pursuant to ORS 238.015 or 238A.100.

21 (6) Upon request by PERS, the employer shall submit an official copy of the
22 employee’s position description or other employment document that describes the

1 employee’s duties and disciplines to support their determination under section (4) of
2 this rule.

3 (7) Employment of retired members of the system in academic or non-academic
4 positions is subject to the limitations in ORS 238.082 or 238A.245.

5 Stat. Auth.: ORS 238.650

6 Stats. Implemented: ORS 238.074, 238A.142, House Bill 2740 (2023)

A. Administration

1. February 2, 2024 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report

B. Administrative rulemaking

1. Adoption of rules to implement HB 2740 (2023)
- 2. Adoption of annual plan limits rules**
3. Adoption of Distributions During Employment (OSGP) rule

C. Action and discussion items

1. SB 1049 Program update
2. Legislative session review
3. Legislative concept proposals – 2025 session
4. Final 2023 earnings crediting and reserving
5. 2025-27 budget development



Oregon

Tina Kotek, Governor

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April 1, 2024

TO: Members of the PERS Board

FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption of Annual Plan Limits Rules:

 OAR 459-005-0525 *Ceiling on Compensation for Purposes of Contributions and Benefits*

 OAR 459-005-0545 *Annual Addition Limitation*

 OAR 459-017-0060 *Reemployment of Retired Members*

 OAR 459-080-0400 *Employee Pension Stability Account (EPSA)*

 OAR 459-080-0500 *Limitation on Contributions*

OVERVIEW

- Action: Adoption of Rulemaking for Annual Plan Limits Rules.
- Reason: Update rules to reflect the 2024 Internal Revenue Code (IRC), salary limit, and monthly salary threshold for the Employee Pension Stability Account (EPSA).
- Policy Issue: None identified.

BACKGROUND

The Internal Revenue Service revises various dollar limits annually based on cost-of-living adjustments. These revisions are used throughout the PERS plan's statutes and rules, but revisions to the limits must be adopted by the Legislature or PERS Board to be effective.

The proposed rule modifications incorporate these federal adjustments for calendar year 2024 and are necessary to ensure compliance with the federal limits regarding the amount of annual compensation allowed for determining contributions and benefits.

Under ORS 238.005, 238A.005 and 238A.330, as amended by Senate Bill (SB) 1049 (2019), on January 1 of each year, the PERS Board shall adjust the overall salary limit, and the salary threshold for EPSA contributions, to reflect cost-of-living increases from the previous year, based on the Consumer Price Index (CPI) for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor. The 12-month CPI for December 2023 was 3.3%. The amendments to the rules reflect the 3.3% increase, updating these amounts to \$232,976 for the calendar year salary limit, and \$3,688 for the monthly threshold for contributions to the EPSA for 2024.

Lastly, we have updated the income limits for retirees who receive Social Security payments and return to work. Note that the Social Security income limits are rarely, if ever, applied under the work-after-retirement provisions of SB 1049 (2019).

CHANGES MADE SINCE NOTICE

None.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on February 20, 2024, at 2:00 p.m. The public comment period ended February 29, 2024, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

IMPACT

Mandatory: Yes, statute requires the PERS Board to update its rules to reflect revisions by the IRS and Social Security Administration and to update its rules to reflect cost-of-living increases from the previous year for salary limit and EPSA contributions salary threshold.

Benefit: Clarifies the limits for contributions and benefits under federal law for calendar year 2024 and clarifies salary limit and EPSA contributions salary threshold for calendar year 2024.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

February 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 1, 2024	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
February 2, 2024	PERS Board notified that staff began the rulemaking process.
February 20, 2024	Rulemaking hearing was held remotely at 2:00 p.m.
February 29, 2024	Public comment period ended at 5:00 p.m.
April 1, 2024	Board may adopt the rule modifications.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt changes to Annual Plan Limits Rules, as presented.”
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.2. Attachment 1 – OAR 459-005-0525	<i>Ceiling on Compensation for Purposes of Contributions and Benefits</i>
B.2. Attachment 2 – OAR 459-005-0545	<i>Annual Addition Limitation</i>
B.2. Attachment 3 – OAR 459-017-0060	<i>Reemployment of Retired Members</i>
B.2. Attachment 4 – OAR 459-080-0400	<i>Employee Pension Stability Account (EPSA)</i>
B.2. Attachment 5 – OAR 459-080-0500	<i>Limitation on Contributions</i>

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION**

1 **459-005-0525**

2 **Ceiling on Compensation for Purposes of Contributions and Benefits**

3 (1) This administrative rule shall be construed consistently with the requirements of
4 the Internal Revenue Code (IRC) Section 401(a)(17) relating to the limitation on annual
5 compensation allowable for determining contribution and benefits under ORS Chapters
6 238 and 238A.

7 (2) For purposes of this rule:

8 (a) “Annual compensation” means “salary,” as defined in ORS 238.005 and 238.205
9 with respect to Chapter 238 and in 238A.005 with respect to Chapter 238A paid to the
10 member during a calendar year or other 12-month period, as specified in this rule.

11 (b) “Eligible participant” means a person who first becomes a member of PERS
12 before January 1, 1996.

13 (c) “Employer” means a “public employer” as defined in ORS 238.005, for the
14 purposes of this rule as it applies to Chapter 238. For the purposes of this rule as it
15 applies to Chapter 238A, an “employer” means a “participating public employer” as
16 defined in 238A.005.

17 (d) “Noneligible participant” means a person who first becomes a member of PERS
18 after December 31, 1995.

19 (e) “Participant” means an active or inactive member of PERS.

20 (3) For eligible participants, the limit set forth in IRC Section 401(a)(17) shall not
21 apply for purposes of determining the amount of employee or employer contributions that
22 may be paid into PERS, and for purposes of determining benefits due under ORS

1 Chapters 238 and 238A. The limit on annual compensation for eligible participants shall
2 be no less than the amount which was allowed to be taken into account for purposes of
3 determining contributions or benefits under former ORS 237.001 to 237.315 as in effect
4 on July 1, 1993, for calendar years before 2020. Beginning in ~~[2023]~~2024, the limit on
5 annual compensation taken into account for purposes of determining contributions or
6 benefits under ORS Chapter 238 or 238A for eligible participants shall be measured on a
7 calendar year basis, and shall not exceed ~~[\$225,533]~~\$232,976 per calendar year.

8 (4) For noneligible participants, the annual compensation taken into account for
9 purposes of determining contributions or benefits under ORS Chapters 238 and 238A
10 shall be measured on a calendar year basis, and shall not exceed ~~[\$225,533]~~ \$232,976 per
11 calendar year beginning in ~~[2023]~~ 2024.

12 (5) A participant employed by two or more agencies or instrumentalities of a PERS
13 participating employer in a calendar year, whether concurrently or consecutively, shall
14 have all compensation paid by the employer combined for determining the allowable
15 annual compensation under this rule.

16 (6) PERS participating employers shall monitor annual compensation and
17 contributions to assure that reports and remitting are within the limits established by this
18 rule and IRC Section 401(a)(17).

19 (7) For a participant, Final Average Salary under ORS 238.005 with respect to
20 Chapter 238 and under 238A.130 with respect to Chapter 238A shall be calculated based
21 on the amount of compensation that is allowed to be taken into account under this rule.

22 (8) With respect to ORS Chapter 238, creditable service, as defined in 238.005, shall
23 be given for each month that an active member is paid salary or wages and allowable

1 contributions have been remitted to PERS, or would be remitted but for the annual
2 compensation limit in this rule. With respect to Chapter 238A, retirement credit as
3 determined in 238A.140, shall be given for each month that an active member is paid
4 salary or wages and allowable contributions have been remitted to PERS, or would be
5 remitted but for the annual compensation limit in this rule.

6 (9) Beginning in 2020, the limitation on annual compensation under sections (3) and
7 (4) of this rule will be indexed by cost-of-living adjustments in subsequent years as
8 provided in the Consumer Price Index for All Urban Consumers, West Region (All
9 Items), as published by the Bureau of Labor Statistics of the United States Department of
10 Labor.

11 Stat. Auth.: ORS 238.630, 238.650, 238A.370 & 238A.450

12 Stats. Implemented: ORS 238.005 & 238A.005

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION**

1 **459-005-0545**

2 **Annual Addition Limitation**

3 (1) This administrative rule shall be construed consistently with the requirements of
4 the Internal Revenue Code (IRC) Section 415(c) and the Treasury regulations and
5 Internal Revenue Service rulings and other interpretations issued thereunder.

6 (2) Except as otherwise provided in this rule, a member’s annual additions to PERS
7 for any calendar year after ~~2022~~ 2023 may not exceed ~~[\$66,000]~~ \$69,000 as adjusted
8 under IRC Section 415(d)).

9 (3) For purposes of this rule, the term “annual additions” has the same meaning as
10 under IRC Section 415(c)(2).

11 (4) The following special rules shall apply with respect to purchases of permissive
12 service credit, as defined in OAR 459-005-0540, Permissive Service Credit:

13 (a) If a member’s after-tax contributions to purchase permissive service credit are
14 included in the member’s annual additions under section (3) of this rule, the member
15 shall not be treated as exceeding the limitation under section (2) of this rule solely
16 because of the inclusion of such contributions.

17 (b) With respect to any eligible participant, the annual addition limitation in section
18 (2) of this rule shall not be applied to reduce the amount of permissive service credit to an
19 amount less than the amount that could be purchased under the terms of the plan as in
20 effect on August 5, 1997. As used in this subsection, the term “eligible participant”
21 includes any individual who became an active member before January 1, 2000.

1 (5) If a member makes a payment to PERS to purchase retirement credit for service
2 in the Armed Forces pursuant to 238.156(3)(c) or 238A.150 and the service is covered
3 under Internal Revenue Code Section 414(u), the following special rules shall apply for
4 purposes of applying the annual addition limitation in section (2) of this rule:

5 (a) The payment shall be allocated as an annual addition to the calendar year to
6 which it relates; and

7 (b) The member shall be treated as having received the following amount of
8 compensation for the period of service in the Armed Forces to which the payment relates:

9 (A) The amount of compensation the member would have received from a
10 participating employer had the member not been in the Armed Forces; or

11 (B) If the amount in paragraph (A) of this subsection is not reasonably certain, the
12 member's average compensation from the participating employer during the 12-month
13 period immediately preceding the period of service in the Armed Forces (or, if shorter,
14 the period of employment immediately preceding the period of service in the Armed
15 Forces).

16 (6) The provisions of this rule are effective on January 1, 2004.

17 Stat. Auth.: ORS 238.630, 238.650, 238A.370 & 238A.450

18 Stats. Implemented: ORS 238.005 - 238.715, 238A.370

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 017 – REEMPLOYED RETIRED MEMBERS**

1 **459-017-0060**

2 **Reemployment of Retired Members**

3 (1) For purposes of this rule:

4 (a) “Bona fide retirement” means that the retired member has been absent from
5 service with all participating employers and all employers in a controlled group with a
6 participating employer for at least six full calendar months between the effective date of
7 retirement and the date of hire.

8 (b) “Retired member” means a member of the PERS Chapter 238 Program who is
9 retired for service.

10 (2) A retired member may be employed under ORS 238.082 by a participating
11 employer without loss of retirement benefits provided:

12 (a) The period or periods of employment with one or more participating employers
13 total less than 1,040 hours in a calendar year; or

14 (b) If the retired member is receiving retirement, survivors, or disability benefits
15 under the federal Social Security Act, the period or periods of employment total less than
16 either 1,040 hours in a calendar year, or the total number of hours in a calendar year that,
17 at the retired member’s specified hourly rate of pay, would cause the annual
18 compensation of the retired member to exceed the following Social Security annual
19 compensation limits, whichever is greater.

20 (A) For retired members who have not reached full retirement age under the Social
21 Security Act, the annual compensation limit is ~~[\$21,240]~~ \$22,320; or

1 (B) For the calendar year in which the retired member reaches full retirement age
2 under the Social Security Act and only for compensation for the months before reaching
3 full retirement age, the annual compensation limit is [~~\$51,960~~] \$59,520.

4 (3) The limitations on employment in section (2) of this rule do not apply if the
5 retired member has reached full retirement age under the Social Security Act.

6 (4) The limitations on employment in section (2) of this rule do not apply if:

7 (a) The retired member meets the requirements of ORS 238.082(4), (5), (6), (7), or
8 (8), and did not retire at a reduced benefit under the provisions of ORS 238.280(1), (2), or
9 (3);

10 (b) The retired member retired at a reduced benefit under ORS 238.280(1), (2), or
11 (3), is employed in a position that meets the requirements of ORS 238.082(4), the date of
12 hire is more than six months after the member’s effective retirement date, and the
13 member’s retirement otherwise meets the standard of a bona fide retirement;

14 (c) The retired member is employed by a school district or education service district
15 as a speech-language pathologist or speech-language pathologist assistant and:

16 (A) The retired member did not retire at a reduced benefit under the provisions of
17 ORS 238.280(1) or (3); or

18 (B) The retired member retired at a reduced benefit under the provisions of ORS
19 238.280(1) or (3), but is not employed by any participating employer until more than six
20 months after the member’s effective retirement date, and the member’s retirement
21 otherwise meets the standard of a bona fide retirement;

22 (d) The retired member meets the requirements of section 2, chapter 499, Oregon
23 Laws 2007, as amended by section 1, chapter 108, Oregon Laws 2015;

1 (e) The retired member meets the requirements of section 2, chapter 475, Oregon
2 Laws 2015;

3 (f) The retired member is employed for service during a legislative session under
4 ORS 238.092(2);

5 (g) The retired member meets the requirements of ORS 238.088(2), and did not
6 retire at a reduced benefit under the provisions of ORS 238.280(1), (2), or (3); or

7 (h) The retired member is on active state duty in the organized militia and meets the
8 requirements under ORS 399.075(8).

9 (i) The retired member is employed as a special campus security officer
10 commissioned by a public university and meets the requirements under section 5, chapter
11 152, Oregon Laws 2019.

12 (j) The retired member is employed as a security officer for a community college and
13 meets the requirements under section 5, chapter 152, Oregon Laws 2019.

14 (k) The retired member is employed by Harney County Health District as a person
15 licensed, registered or certified to provide health services and meets the requirements
16 under section 2, chapter 496, Oregon Laws 2019.

17 (5) For purposes of population determinations referenced by statutes listed in this
18 rule, the latest federal decennial census shall first be operative on the first day of the
19 second calendar year following the census year.

20 (6) For purposes of ORS 238.082(6), a retired member replaces an employee if the
21 retired member:

22 (a) Is assigned to the position of the employee; and

1 (b) Performs the duties of the employee or duties that might be assigned to an
2 employee in that position.

3 (7) If a retired member is reemployed subject to the limitations of ORS 238.082 and
4 section (2) of this rule, the period or periods of employment subsequently exceed those
5 limitations, and employment continues into the month following the date the limitations
6 are exceeded:

7 (a) If the member has been retired for six or more calendar months:

8 (A) PERS will cancel the member’s retirement.

9 (i) If the member is receiving a monthly service retirement allowance, the last
10 payment to which the member is entitled is for the month in which the limitations were
11 exceeded.

12 (ii) If the member is receiving installment payments under ORS 238.305(4), the last
13 installment payment to which the member is entitled is the last payment due on or before
14 the last day of the month in which the limitations were exceeded.

15 (iii) If the member received a single lump sum payment under ORS 238.305(4) or
16 238.315, the member is entitled to the payment provided the payment was dated on or
17 before the last day of the month in which the limitations were exceeded.

18 (iv) A member who receives benefits to which he or she is not entitled must repay
19 those benefits to PERS.

20 (B) The member will reestablish active membership the first of the calendar month
21 following the month in which the limitations were exceeded.

22 (C) The member’s account must be rebuilt in accordance with the provisions of
23 section (9) of this rule.

1 (b) If the member has been retired for less than six calendar months:

2 (A) PERS will cancel the member’s retirement effective the date the member was
3 reemployed.

4 (B) All retirement benefits received by the member must be repaid to PERS in a
5 single payment.

6 (C) The member will reestablish active membership effective the date the member
7 was reemployed.

8 (D) The member account will be rebuilt as of the date that PERS receives the single
9 payment. The amount in the member account must be the same as the amount in the
10 member account at the time of the member’s retirement.

11 (8) For purposes of determining period(s) of employment in section (2) of this rule:

12 (a) Hours of employment are hours on and after the retired member’s effective
13 retirement date for which the member receives wages, salary, paid leave, or other
14 compensation.

15 (b) Hours of employment that are performed under the provisions of section (4) of
16 this rule on or after the later of January 1, 2004, or the operative date of the applicable
17 statutory provision, are not counted.

18 (9) If a member has been retired for service for more than six calendar months and is
19 reemployed in a qualifying position by a participating employer under the provisions of
20 238.078(1):

21 (a) PERS will cancel the member’s retirement effective the date the member is
22 reemployed.

1 (b) The member will reestablish active membership on the date the member is
2 reemployed.

3 (c) If the member elected a benefit payment option other than a lump sum option
4 under ORS 238.305(2) or (3), the last monthly service retirement allowance payment to
5 which the member is entitled is for the month before the calendar month in which the
6 member is reemployed. Upon subsequent retirement, the member may choose a different
7 benefit payment option.

8 (A) The member’s account will be rebuilt as required by ORS 238.078 effective the
9 date active membership is reestablished.

10 (B) Amounts from the Benefits-In-Force Reserve (BIF) credited to the member’s
11 account under the provisions of paragraph (A) of this subsection will be credited with
12 earnings at the BIF rate or the assumed rate, whichever is less, from the date of retirement
13 to the date of active membership.

14 (d) If the member elected a partial lump sum option under ORS 238.305(2), the last
15 monthly service retirement allowance payment to which the member is entitled is for the
16 month before the calendar month in which the member is reemployed. The last lump sum
17 or installment payment to which the member is entitled is the last payment due before the
18 date the member is reemployed. Upon subsequent retirement, the member may not
19 choose a different benefit payment option unless the member has repaid to PERS in a
20 single payment an amount equal to the lump sum and installment benefits received and
21 the earnings that would have accumulated on that amount.

22 (A) The member’s account will be rebuilt as required by ORS 238.078 effective the
23 date active membership is reestablished.

1 (B) Amounts from the BIF credited to the member’s account under the provisions of
2 paragraph (A) of this subsection, excluding any amounts attributable to repayment by the
3 member, will be credited with earnings at the BIF rate or the assumed rate, whichever is
4 less, from the date of retirement to the date of active membership.

5 (e) If the member elected the total lump sum option under ORS 238.305(3), the last
6 lump sum or installment payment to which the member is entitled is the last payment due
7 before the date the member is reemployed. Upon subsequent retirement, the member may
8 not choose a different benefit payment option unless the member has repaid to PERS in a
9 single payment an amount equal to the benefits received and the earnings that would have
10 accumulated on that amount.

11 (A) If the member repays PERS as described in this subsection the member’s
12 account will be rebuilt as required by ORS 238.078 effective the date that PERS receives
13 the single payment.

14 (B) If any amounts from the BIF are credited to the member’s account under the
15 provisions of paragraph (A) of this subsection, the amounts may not be credited with
16 earnings for the period from the date of retirement to the date of active membership.

17 (f) If the member received a lump sum payment under ORS 238.315:

18 (A) If the payment was dated before the date the member is reemployed, the member
19 is not required or permitted to repay the benefit amount. Upon subsequent retirement:

20 (i) The member may choose a different benefit payment option.

21 (ii) The member’s retirement benefit will be calculated based on the member’s
22 periods of active membership after the member’s initial effective retirement date.

1 (B) If the payment was dated on or after the date the member is reemployed, the
2 member must repay the benefit amount. Upon subsequent retirement:

3 (i) The member may choose a different benefit payment option.

4 (ii) The member’s retirement benefit will be calculated based on the member’s
5 periods of active membership before and after the member’s initial effective retirement
6 date.

7 (iii) The member’s account will be rebuilt as described in ORS 238.078(2).

8 (g) A member who receives benefits to which he or she is not entitled must repay
9 those benefits to PERS.

10 (10) If a member has been retired for less than six calendar months and is
11 reemployed in a qualifying position by a participating employer under the provisions of
12 238.078(2):

13 (a) PERS will cancel the member’s retirement effective the date the member is
14 reemployed.

15 (b) All retirement benefits received by the member must be repaid to PERS in a
16 single payment.

17 (c) The member will reestablish active membership effective the date the member is
18 reemployed.

19 (d) The member account will be rebuilt as of the date that PERS receives the single
20 payment. The amount in the member account must be the same as the amount in the
21 member account at the time of the member’s retirement.

22 (e) Upon subsequent retirement, the member may choose a different benefit payment
23 option.

1 (11) Upon the subsequent retirement of any member who reestablished active
2 membership under ORS 238.078 and this rule, the retirement benefit of the member must
3 be calculated using the actuarial equivalency factors in effect on the effective date of the
4 subsequent retirement.

5 (12) The provisions of paragraphs (9)(c)(B), (9)(d)(B), and (9)(e)(B) of this rule are
6 applicable to retired members who reestablish active membership under ORS 238.078
7 and this rule and whose initial effective retirement date is on or after March 1, 2006.

8 (13) A participating employer that employs a retired member must notify PERS in a
9 format acceptable to PERS under which statute the retired member is employed.

10 (a) Upon request by PERS, a participating employer must certify to PERS that a
11 retired member has not exceeded the number of hours allowed under ORS 238.082 and
12 section (2) of this rule.

13 (b) Upon request by PERS a participating employer must provide PERS with
14 business and employment records to substantiate the actual number of hours a retired
15 member was employed.

16 (c) Participating employers must provide information requested under this section
17 within 30 days of the date of the request.

18 (14) Accumulated unused sick leave reported by an employer to PERS upon a
19 member's retirement, as provided in ORS 238.350, may not be made available to a
20 retired member returning to employment under sections (2) or (9) of this rule.

21 (15) Subsections (4)(c) and (4)(d) of this rule are repealed effective January 2, 2026.

22 (16) Subsection (4)(e) of this rule is repealed effective June 30, 2023.

1 (17) A member who is retired for service maintains their status as a retired member
2 of the system, and does not accrue additional benefits during the period of employment.
3 A retired member may not participate in the pension program or the Individual Account
4 Program as an active member, except as provided by ORS 238.092(1) or 237.650.

5 (18) For calendar years 2020 through 2024, a public employer employing a retired
6 member shall apply the employer’s contribution rate for its covered payroll to the wages
7 paid to the retired member. The public employer shall make a payment to the Public
8 Employees Retirement Fund in that amount. This payment is in addition to the
9 employer’s contribution required under ORS 238.225, and will be applied to the
10 employer’s liabilities, including pension benefit costs and retiree medical benefit costs. If
11 the employer is a member of a pool established under ORS 238.227, the additional
12 payment will be applied to the employer’s rate pool’s liabilities.

13 (19) For calendar years 2020 through 2024, the limitations on employment in section
14 (2) of this rule do not apply to a retired member unless the member retired under the
15 provisions of ORS 238.280(1), (2), or (3), and does not have a bona fide retirement.

16 (20) For calendar years 2020 through 2024, if the member retired under the
17 provisions of ORS 238.280(1), (2), or (3), and does not have a bona fide retirement, the
18 member is subject to the limitations on employment in section (2) of this rule.

19 (21) Sections (18), (19), and (20) of this rule are repealed effective January 2, 2025.

20 Stat. Auth.: ORS 238.650 & ORS 238.630

21 Stats. Implemented: ORS 238.078, ORS 238.082, ORS 238.088, ORS 238.092, ORS
22 399.075, 2007 OL Ch. 499 & 774, 2015 OL Ch. 108 & 475, 2018 OL Ch. 48 & 2019 OL
23 Ch. 355

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 080 – OPSRP INDIVIDUAL ACCOUNT PROGRAM**

1 **459-080-0400**

2 **Employee Pension Stability Account (EPSA)**

3 (1) The Employee Pension Stability Account (EPSA) is a member account under the
4 IAP as established in ORS 238A.353. A portion of the member contributions is credited
5 to the member's EPSA when the member's monthly salary exceeds the threshold amount
6 and the system funded status is below 90%.

7 (2) The monthly salary threshold amount:

8 (a) Is [~~\$3,570~~] \$3,688 for calendar year [~~2023~~] 2024;

9 (b) Includes salary from all PERS covered employment during the calendar month;

10 and

11 (c) Is determined based on the date the salary is paid except for retroactive salary
12 payments, which are allocated to the period when the salary was earned or would have
13 been earned.

14 (3) Though part of the IAP, EPSA funds are not invested in target date funds. EPSA
15 funds are held in a separate member account that will be credited annually with earnings
16 or losses in accordance with OAR 459-007-0005. There is no guaranteed rate of return on
17 a member's EPSA.

18 (4) Unless withdrawn prior to earliest retirement age, a member's EPSA will be
19 applied to the cost of the member's retirement or other pension benefit attributable to
20 service on and after July 1, 2020. The portion of the member's benefit attributable to
21 service on and after July 1, 2020 will be determined by dividing the number of months of
22 service after July 1, 2020 by the total months of service.

1 (5) If the amount in the EPSA exceeds the cost of the pension or other retirement
2 benefits that are payable to the member or the member’s beneficiary determined
3 according to section (4) of this rule, the board shall pay the excess amounts in a lump
4 sum to the member or the member’s IAP beneficiary.

5 Stat. Auth.: ORS 238A.450

6 Stats. Implemented: ORS 238A.050, 238A.330, OL 2021, Ch. 298, OL 2019, Ch.
7 355, Sec. 2, & OL 2018, Ch. 118

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 080 – OPSRP INDIVIDUAL ACCOUNT PROGRAM**

1 **459-080-0500**

2 **Limitation on Contributions**

3 (1) For purposes of this rule, “annual addition” has the same meaning given the term
4 in 26 U.S.C. 415(c)(2).

5 (2) Except as otherwise provided in this rule, the annual addition to a member
6 account for any calendar year may not exceed [~~\$66,000~~] \$69,000 effective January 1,
7 ~~[2023]~~ 2024.

8 (3) If a payment of employee contributions for a period of military service is made
9 under OAR 459-080-0100:

10 (a) The payment shall be allocated as an annual addition to the calendar year(s) of
11 military service to which it relates; and

12 (b) For the purpose of determining the amount of the payment under this section, the
13 member’s compensation shall be determined under OAR 459-080-0100(3)(d).

14 Stat. Auth.: ORS 238A.450

15 Stats. Implemented: ORS 238A.370

A. Administration

1. February 2, 2024 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report

B. Administrative rulemaking

1. Adoption of rules to implement HB 2740 (2023)
2. Adoption of annual plan limits rules
- 3. Adoption of Distributions During Employment (OSGP) rule**

C. Action and discussion items

1. SB 1049 Program update
2. Legislative session review
3. Legislative concept proposals – 2025 session
4. Final 2023 earnings crediting and reserving
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April 1, 2024

TO: Members of the PERS Board

FROM: Yong Yang, Tax Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption of Distributions During Employment (Oregon Savings Growth Plan)
Rule:
OAR 459-050-0075 *Distributions During Employment*

OVERVIEW

- Action: Adoption of Distributions During Employment (Oregon Savings Growth Plan) Rule.
- Reason: Staff recommendation.
- Policy Issue: None identified.

BACKGROUND

The Oregon Savings Growth Plan (OSGP) is a voluntary 457(b) deferred compensation plan. It can, and does, receive rollover funds from other qualified retirement plans, including Individual Account Program (IAP) accounts from PERS. For rollovers coming from non-457(b) plans, OSGP is required under federal law to account for the funds separately under the plan. Except for the specific distributions outlined in OAR 459-050-0075, distributions from OSGP while the participant is employed with a participating employer are not allowed. Under IRS Revenue Ruling 2004-12, if a 457(b) plan such as the OSGP separately accounts for amounts attributable to rollover contributions to the plan, the plan document may permit the distribution of such amounts at any time pursuant to a plan participant's request. Note that the OSGP plan document consists of the statute (ORS 243.401-.507) and OARs (Chapter 459, Division 50).

OSGP staff is seeking to amend OAR 459-050-0075 so that any rollover amount in a separate account established under OAR 459-050-0090(4)(c)(A) can be distributed while a plan participant is still employed by a participating employer. Providing this distribution option will promote asset retention and increase participation in OSGP, as it is an option widely available in other 457(b) plans. Retirees who may want to work after retirement will be more likely to roll their funds to an account from which they will be able to access the funds.

Lastly, we made a minor edit to subsection (1)(b) of the rule and deleted the existing section (5) of the rule that prohibits the use of rollover amounts to be included for the purpose of permissible *de minimis* distribution and unforeseen emergency withdrawals.

CHANGES MADE SINCE NOTICE

None.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on February 20, 2024, at 2:00 p.m. The public comment period ended February 29, 2024, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached rule was submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rule as presented for adoption.

IMPACT

Mandatory: No.

Benefit: Attract rollover funds into OSGP as they can be accessed by plan participants at any time.

Cost: There are no discrete costs attributable to the rule.

RULEMAKING TIMELINE

February 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 1, 2024	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
February 2, 2024	PERS Board notified that staff began the rulemaking process.
February 20, 2024	Rulemaking hearing was held remotely at 2:00 p.m.
February 29, 2024	Public comment period ended at 5:00 p.m.
April 1, 2024	Board may adopt the rule modifications.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt changes to Distributions During Employment (OSGP) Rule, as presented.”
2. Direct staff to make other changes to the rule or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.3. Attachment 1 – OAR 459-050-0075 *Distributions During Employment*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 050 – DEFERRED COMPENSATION**

1 **459-050-0075**

2 **Distributions During Employment**

3 The purpose of this rule is to describe the types of distributions available to a
4 participant who has not had a severance of employment. Distributions made while a
5 participant is still employed are in-service distributions.

6 (1) De minimis distribution. A de minimis distribution is an in-service distribution of
7 the entire balance of a small account before the date a participant has a severance of
8 employment. A de minimis distribution may be made if all of the following conditions
9 are satisfied:

10 (a) No prior de minimis distribution was made to the participant;

11 (b) The total balance of the participant's account(s) within the Deferred
12 Compensation Program do(es) not exceed the limitations in the Internal Revenue Code
13 Section (IRC) 457(e)(9)(A) [*which is \$5,000*];

14 (c) Participant has not made any contributions to the Deferred Compensation
15 Program in the two-year period before the date of distribution; and

16 (d) Participant has applied for a de minimis distribution by using online account
17 access or other methods approved by the Deferred Compensation Program. No
18 distribution will be paid unless a complete application is filed with, and approved by, the
19 Deferred Compensation Program.

20 (2) Unforeseeable emergency withdrawal. An unforeseeable emergency withdrawal
21 is an in-service distribution made to a participant due to an unforeseeable emergency.

22 This withdrawal may be made before the date a participant has a severance of

1 employment and as defined in OAR 459-050-0150. A participant must apply for an
2 unforeseeable emergency withdrawal by using online account access or other methods
3 approved by the Deferred Compensation Program as provided for in OAR 459-050-0150.

4 (3) Military distribution. A participant is treated as having been severed from
5 employment during any period the participant is performing service in the uniformed
6 services while on active duty for a period of more than 30 days for the purposes of the
7 limitation on in-service distributions. For purposes of this rule, “uniformed services” has
8 the same meaning as given in OAR 459-050-0072. This section applies to distributions
9 made on or after January 1, 2009.

10 (4) Trustee-to-Trustee Transfers. A Trustee-to-Trustee Transfer for the purpose of
11 purchasing permissive service credit as described in Code Section 415(n) or a Trustee-to-
12 Trustee Transfer that meets the requirements of 26 CFR 1.457.10(b)(4) may be made
13 while a participant is still employed.

14 (5) *[Funds available for in-service distribution. Funds contributed to the Deferred*
15 *Compensation Program, and earnings on those contributions may be distributed in a de*
16 *minimis distribution or unforeseeable emergency withdrawal. Any funds directly*
17 *transferred or rolled over to the Deferred Compensation Program from any plan other*
18 *than an IRC 457 deferred compensation plan may not be distributed for a de minimis*
19 *distribution or an unforeseeable emergency withdrawal.] Rollover amount distribution.*
20 Any rollover amount in a separate account established under OAR 459-050-
21 0090(4)(c)(A) can be distributed while a plan participant is still employed.

22 (6) Notwithstanding any other sections of this rule, a participant who self-certifies
23 through a process provided by the Deferred Compensation Program as a “qualified

1 individual” as that term is defined in the Coronavirus Aid, Relief, and Economic Security
2 Act of 2020, may take an in-service distribution of no more than \$100,000 during
3 calendar year 2020.

4 (a) A qualified individual means an individual:

5 (A) Who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019
6 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;

7 (B) Whose spouse or dependent (as defined in section 152 of the Internal Revenue
8 Code of 1986) is diagnosed with such virus or disease by such a test; or

9 (C) Who experiences adverse financial consequences as a result of being
10 quarantined, being furloughed or laid off or having work hours reduced due to such virus
11 or disease, being unable to work due to lack of child care due to such virus or disease,
12 closing or reducing hours of a business owned or operated by the individual due to such
13 virus or disease, or other factors as determined by the Secretary of the Treasury (or the
14 Secretary’s delegate).

15 (b) A distribution taken under this section, or any portion thereof, may be
16 redeposited by the plan participant back into the participant’s Deferred Compensation
17 Account within three years beginning on the day after the date of the withdrawal.

18 Statutory/Other Authority: ORS 243.470

19 Statutes/Other Implemented: ORS 243.401 - 243.507 & Pub. L. No. 116-136

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April 1, 2024

TO: Members of the PERS Board
 FROM: Yvette Elledge-Rhodes, Deputy Director
 SUBJECT: Senate Bill 1049 Implementation Update

BACKGROUND

Senate Bill (SB) 1049 was signed into law by the Governor on June 11, 2019. PERS' staff continue to focus on completing work in an efficient and effective manner and are in the last 18 months of the program.

PROGRAM AND PROJECT IMPLEMENTATION

The SB 1049 Implementation Program is being managed as one comprehensive program, with the following six individual projects. All projects go through the Enterprise Information Services (EIS) stage-gate process.

Project	Effective Date	Project Health and Status (as of 3/8/24)
SB 1049 Program		Program health: Yellow <ul style="list-style-type: none"> The program will remain in yellow status until the Cross Project Effort (CPE) red status is resolved. CPE health continues to be in red status due to delays in Work Package (WP) 6. Development of the tool was completed; however, user acceptance testing (UAT) was delayed due to resource constraints. The new target-date fund was incorporated into the tool and testing is scheduled to begin 4/22/24. Deployment is planned for 6/6/24.
Employer Programs Project	Effective 7/1/2019	Project ended 7/16/21.
Salary Limit Project	Effective 1/1/2020	Project ended 5/28/21.
Work After Retirement Project	Effective 1/1/2020	Project ended 2/24/22.
Member Redirect Project	Effective 7/1/2020	Project health: Yellow <ul style="list-style-type: none"> The Member Redirect Project status moved from green to yellow status on 2/15/24 as the project team analyzes the size, scope, and complexity of

		<p>WP 11.1B (Withdrawal Cancellation and Adjustments) and 11.1C (EPSA Death Cancellation and Adjustments), which are both scheduled to deploy in February 2025. Design and development of both work packages has begun.</p> <ul style="list-style-type: none"> • WP 8 (EPSA Death) and WP 10 (Mid-Project Clean up) successfully deployed to production on 2/15/24. • Business functional testing has begun for WP 11.1A (EPSA Retirement Cancellation and Adjustments) and WP 11.2B (Death Excess EPSA), scheduled to deploy on 8/15/24.
Member Choice Project	Effective 1/1/2021	Project ended 8/4/21.
Technical Debt		<p>Project health: Green</p> <ul style="list-style-type: none"> • UAT for WP 5 (Side Account Reversals) successfully deployed to production on 2/15/24. • The project has initiated closure activities and is expected to end on 4/29/24.

HIGHLIGHTED ACTIVITIES

- Knowledge and transition activities to the new Program Manager, Prashant Jaiswal, have been completed.
- iQMS activities:
 - Final Periodic Quality Status Report (February 2024) is expected on 3/12/24.
 - Final Quarterly Quality Assurance Status and Improvement Report (January 2024) was received on 2/15/24.
- The next bi-monthly meeting with the Chief Financial Office, Legislative Fiscal Office, and the Governor’s Office is scheduled for 3/27/24.

PROGRAM/PROJECT BUDGET

The high-level budget information is contained within page three of the attachment to agenda item A.2.c. The detailed budget can be viewed in the attached Monthly Status Report.

We will continue to update the board as program implementation continues throughout the year.

C.1. Attachment 1 – *Monthly Project Status Report and Road Map*

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Program information:

Program start: July 1, 2019 | **Program end:** June 30, 2025

Subprojects:

Project 1: Employer Programs

Project start: July 1, 2019 | Project end: July 16, 2021

Project status: **Complete**

Project 2: Work After Retirement (WAR)

Project start: July 1, 2019 | Project end: February 24, 2022

Project status: **Complete**

Project 3: Salary Limit

Project start: July 1, 2019 | Project end: May 28, 2021

Project status: **Complete**

Program statement:

SB 1049 is comprehensive legislation intended to address the increasing cost of funding Oregon’s Public Employees Retirement System (PERS), reduce system Unfunded Actuarial Liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers. Implementation will occur across six subprojects.

Project 4: Member Redirect

Project start: July 1, 2019 | Project end: May 9, 2025

Project status: **Yellow**

Project 5: Member Choice

Project start: October 23, 2019 | Project end: August 4, 2021

Project status: **Complete**

Project 6: Technical Debt

Project start: June 22, 2021 | Project end: April 29, 2024

Project status: **Green**

Overall program status: Yellow

The program status continues to be yellow. Due to the size/scope/coplexity of Member Redirect WP11.1B/WP11.1C, project health has been turned to yellow. The Cross Project Effort (CPE) continues to remain red until the UAT completion in June 2024 (details in the Cross Project Effort section below).

Release 9.20.0 (Member Redirect and Technical Debt project functionality) was successfully deployed to production on February 15, 2024. This was the last release of the Technical Debt project and Technical Debt project closing activites are in progress.

Continued with risk analysis/recommendation for WP11.1B/WP11.1C (February 2025 Release) scope/size/complexity.

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget health: **Green**

Budget information by Project:

29560- SB 1049 Implementation Program by Project					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Member Redirect	\$ 19,566,232	\$ 3,753,514	\$ 13,360,952	\$ 17,114,467	(2,451,765)
Technical Debt	\$ 1,258,122	\$ 552,906	\$ 590,345	\$ 1,143,251	(114,871)
				\$ -	-
Total	\$ 20,824,354	\$ 4,306,420	\$ 13,951,297	\$ 18,257,718	\$ (2,566,636)

Project	Report as of Date	Budget Variance								
		Current Budget Variance				Projected Budget Variance at Completion				
		Actual Expenditures	Planned Expenditures	Variance Amount	Variance Percentage	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Member Redirect	3/15/2024	\$ 42,615,451	\$ 45,442,003	\$ (2,826,552)	-6%	Jul-23	\$60,680,760	\$ 56,137,812	\$ (4,542,948)	-7.5%
Technical Debt	3/15/2024	\$ 2,489,970	\$ 2,965,990	\$ (476,020)	-16%	Jul-23	\$3,823,863	\$ 3,080,315	\$ (743,548)	-19.4%
Salary Limit	3/15/2024	\$ 1,041,140	\$ 1,270,789	\$ (229,649)	-18%	Jul-19	\$1,422,027	\$ 1,386,315	\$ (35,712)	-2.5%
Employer Programs	3/15/2024	\$ 1,859,883	\$ 2,051,084	\$ (191,201)	-9%	Jul-19	\$2,051,084	\$ 2,006,740	\$ (44,344)	-2.2%
Member Choice	3/15/2024	\$ 2,048,551	\$ 2,337,814	\$ (289,263)	-12%	Jul-19	\$2,337,814	\$ 2,282,274	\$ (55,540)	-2.4%
WAR	3/15/2024	\$ 2,513,353	\$ 2,709,915	\$ (196,562)	-7%	Jul-19	\$3,310,580	\$ 2,513,353	\$ (797,227)	-24.1%
Program Total	3/15/2024	\$ 52,568,348	\$ 56,777,595	\$ (4,209,247)	-7%	Jul-19	\$73,626,128	\$ 67,406,809	\$ (6,219,319)	-8.4%

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget information by POP:

29560- SB 1049 Implementation Program by POP					
Other Funds Lmt	23-25 Budget	Actual to Date	Projections	23-25 Total	Variance
Project Management & Admin	\$ 1,876,800	\$ 527,800	\$ 1,275,010	\$ 1,802,810	(73,990)
Quality Assurance and Testing	\$ 1,062,600	\$ 223,000	\$ 143,500	\$ 366,500	(696,100)
Info Technology Applications	\$ 13,423,000	\$ 2,341,970	\$ 9,522,999	\$ 11,864,969	(1,558,031)
Operational Implementation	\$ 4,461,954	\$ 1,213,650	\$ 3,009,789	\$ 4,223,440	(238,514)
Total	\$ 20,824,354	\$ 4,306,420	\$ 13,951,298	\$ 18,257,719	\$ (2,566,636)

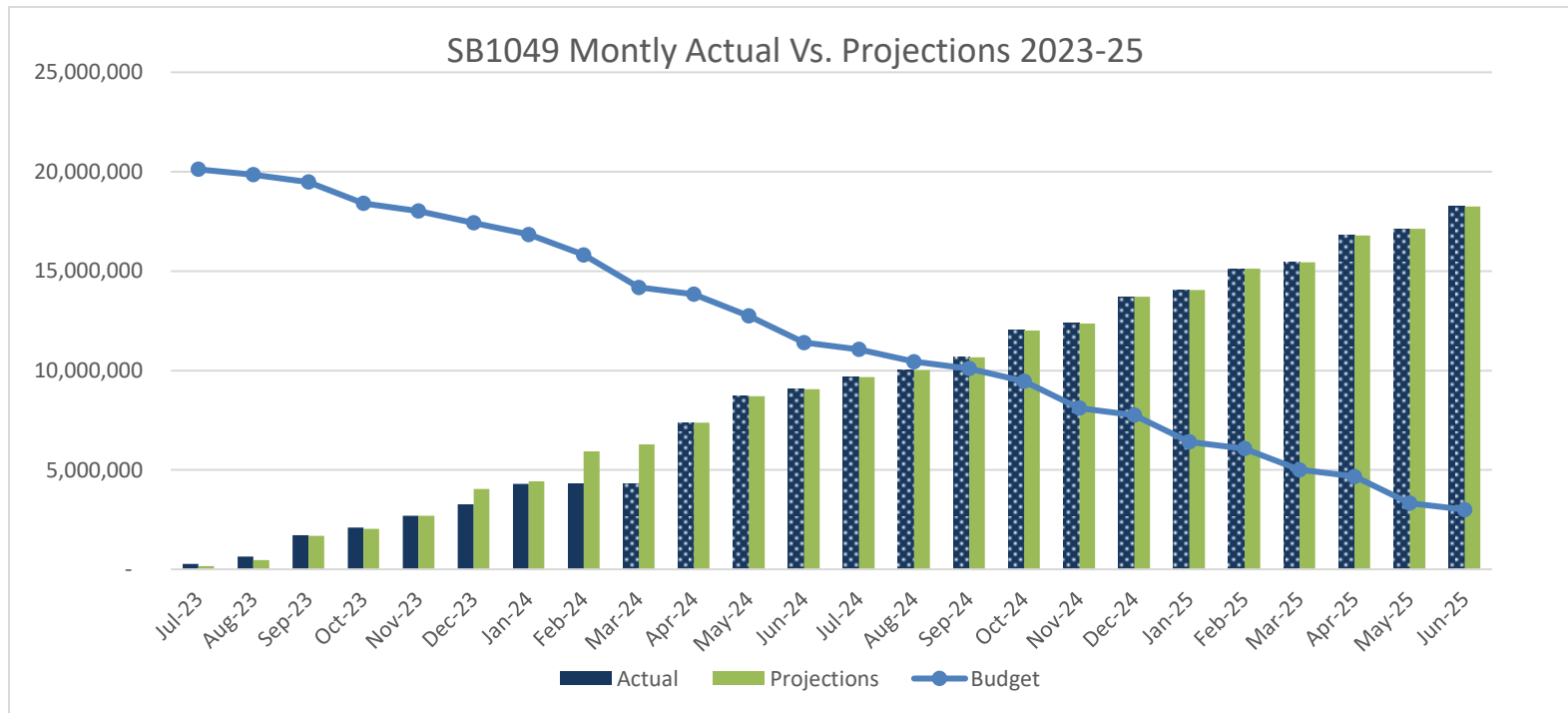
Projected Budget Variance at Completion					
Other Funds Lmt	Date Baseline Occurred	Baseline Budget	Estimate At Complete	Variance Amount	Variance Percentage
Project Management & Admin	7/1/2019	\$ 6,421,600	\$ 5,515,636	\$ (905,964)	-14.1%
Quality Assurance and Testing	7/1/2019	\$ 4,375,100	\$ 3,260,300	\$ (1,114,800)	-25.5%
Info Technology Applications	7/1/2019	\$ 42,752,000	\$ 41,582,147	\$ (1,169,853)	-2.7%
Operational Implementation	7/1/2019	\$ 19,476,763	\$ 17,048,726	\$ (2,428,037)	-12.5%
		\$ 73,025,463	\$ 67,406,809	\$ (5,618,654)	-7.7%

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget Spend Down trend:



SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Program information: Cross Project Effort (CPE)

Start: May 28, 2020. | **End:** May 9, 2025
Project Manager: Susan K. Mundell

Cross Project Effort objective:

The Cross Project Effort (CPE) is focused on technical tools, and extracts that are used across multiple SB 1049 projects. Originally, these efforts were included as Work Packages within the individually impacted projects. The scope of this effort has not changed, but the work has been restructured to ensure it receives an appropriate level of coordination and ensure the success of the necessary inter-project integrations.

Overall status: Red

Narrative: The Pre-User Acceptance Testing (UAT) Functional Validation Testing for WP 6 (IAP Balance Comparison Tool) has begun to ensure the tool continues to function as intended. The PowerApps Governance, Support and Maintenance Plan, RACI and IAP Balance Comparison Security Support Plan have been finalized. UAT for WP 6 (IAP Balance Comparison Tool) is planned to begin on 4/22/2024.

Once WP 6 is deployed to production, the project can return to a green status.

Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	Percent Complete	Baseline Finish Date	Actual / Forecast Finish Date*	Status/ Notes
WP 6: IAP Balance Comparison Rework 2 BFT Complete	100%	N/A	10/31/2023	
WP 6: Functional Validation Testing	100%	N/A	2/28/2024	Date extended
WP 6: Functional Validation Testing (Pre-UAT Check)	0%	N/A	4/5/2024	
WP 6: IAP Balance Comparison Rework 2 UAT Complete	0%	N/A	5/17/2024	
WP 6: IAP Balance Comparison Production Release	0%	10/04/2022	6/6/2024	
WP 7.3: Payouts Actuarial Extract Development Ends	0%	1/2/2025	1/2/2025	
WP 7.3: Payouts Actuarial Extract Production Release	0%	4/17/2025	4/17/2025	
Cross Project Effort Closure	0%	5/9/2025	5/9/2025	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal



Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

	2019						2020						2021										
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Employer Programs	<ul style="list-style-type: none"> 7/1/19 – Effective Date 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens 						<ul style="list-style-type: none"> 11/27/19 – EIF Application #1 Closes 12/2/19 – EIF Application #2 Opens 						<ul style="list-style-type: none"> 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete 12/1/20 – EIF Application #2 Closes 3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT → 6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment → 										
Salary Limit							<ul style="list-style-type: none"> 12/24/19 – Work Package (WP) 1 – Short Term 1/1/20 – Effective Date 1/24/20 – WP2 Post 2020 Salary Limit 						<ul style="list-style-type: none"> 11/19/20 – WP3 User Screens to Record Annual Salary Limit 5/13/21 – WP4 Proration Reports and Workflow → 5/28/21 – Project Close → 										
Work After Retirement							<ul style="list-style-type: none"> 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term 1/1/20 – Effective Date 						<ul style="list-style-type: none"> 11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration 5/13/21 – WP3 Retro Rate Change → 										
Member Redirect	<ul style="list-style-type: none"> 6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term 						<ul style="list-style-type: none"> 7/1/20 – Effective Date 1/21/21 – WP5.2 Online Member Services User Interface → 1/26/21 – WP2 TIED SSIS – Non-jClarety → 6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen → 						<ul style="list-style-type: none"> 9/22/20 – Voluntary Contributions Initial Functionality 10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety 11/19/20 – Voluntary Contributions Final Functionality Release 3/23/21 – WP3 EPSA Earnings 										
Member Choice	<ul style="list-style-type: none"> 10/23/19 – Project Kick Off 5/15/20 – Member Annual Statements (MAS) Flyer Communication 						<ul style="list-style-type: none"> 8/19/20 – Member Choice Notification 						<ul style="list-style-type: none"> 8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed 9/1-30/20 – Election Period 1/1/21 – Effective Date 3/23/21 – WP2 OMS & jClarety Enhancements → 5/1/21 – Member Choice reflected in MAS → 6/24/21 – WP3 Online Member Services (OMS) Election and Bugs → 										
PROGRAM INITIATIVE													<ul style="list-style-type: none"> 1/26/21 – WP2.1 IAP Payment Recon (short-term) → 3/18/21 – WP1.2 IAP Validator Tool → 4/27/21 – WP2.2 IAP Payment Recon → 5/13/21 – WP7.2 Employer Information Actuarial Extract → 6/18/21 – WP5.1 PYE Invoicing Tool → 6/24/21 – WP7.1 Non-Retired Census Actuarial Extract → 6/28/21 – WP4.1 IAP Adjustment Calculator → 										
Cross Project Effort							<ul style="list-style-type: none"> 9/17/20 – WP1.1 IAP Validator Tool (short-term) → 																

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

	2021						2022						2023											
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Employer Programs	● 7/16/21 – Project Close																							
Work After Retirement							● 12/16/21 – WP4 Side Account Credit Allocation ● 2/24/22 – Project Close																	
Member Redirect	● 10/14/21 – WP5 Voluntary Contribution Maintenance						● 3/24/22 – WP4.3 EPSPA Transaction Display						● 7/21/22 – WP6.1 EPSPA Retirement 6/29/23 – WP9.1 EPSPA Withdrawal → ● 6/29/23 – WP9.2 Alter OPSRP Withdrawal → ●											
Member Choice	● 8/4/21 – Project Close																							
Technical Debt	● 7/1/21 – Project Kickoff						4/30/22 – WP3 General Ledger Reversals, Including Side Accounts – Functional Design Specification Completed → ● ● 3/31/22 – WP2 Benefit Account Transition Status – Functional Design Specification Completed						● 7/21/22 – WP1 Employer Statements ● 10/20/22 – WP4 Hyperion Replacement 6/29/23 - WP6 General Ledger Reversals → ●											
PROGRAM INITIATIVE																								
Cross Project Effort	● 3/4/22 – WP3 IAP Divorce Tool ● 5/20/22 – WP5.2 PYE Invoicing Tool ● 6/1/22 – WP4.2 IAP Adjustment Calculator																							




SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Senate Bill (SB) 1049 Implementation Road Map

2023-2025 Biennium

PROJECTS	2023						2024												2025						
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
 Member Redirect									Mar 22																
 Technical Debt																									
PROGRAM INITIATIVE																									
 Cross Project Effort																									

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Member Redirect

Project start: July 1, 2019, | **Project end:** May 9, 2025
Project Manager: Chris Yu

Project objective:

Effective July 1, 2020, this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member’s monthly salary is more than \$2,500.

Overall project status: Yellow

Project Narrative:

The overall project schedule is on track and the health status is yellow due to the complexity of WP11.1B (Withdrawal Cancellation and Adjustments) and WP11.1C (EPSA Death Cancellation and Adjustments). Change Request-015 is being drafted in order to mitigate this risk and provide updated schedule impacts.

CHG 7155 and 7175 are also in progress to resolve production defects post 9.20.0 release.

Business Functional Testing for WP 11.1A (EPSA Retirement Cancellation and Adjustments) and WP 11.2B (Death Excess EPSA) is progressing towards the 5/3/2024 completion date.

Work Package 11.1A: EPSA Retirement Cancellation and Adjustments

- Production Deployment Date: 8/15/2024
- Construction was completed on 3/1/2024
- Business Functional Testing will be completed on 5/3/2024
- User Acceptance Testing will begin on 5/23/2024

Work Package 11.2B: Death Excess EPSA

- Production Deployment Date: 8/15/2024
- Construction was completed 3/1/2024
- Business Functional Testing will be completed on 5/3/2024
- User Acceptance Testing will begin on 5/23/2024

Work Package 11.1B: Withdrawal Cancellation and Adjustments

- Production Deployment Date: 2/6/2025
- Construction will be completed on 8/21/2024
- Business Functional Testing will begin on 8/22/2024
- User Acceptance Testing will begin on 10/24/2024

Work Package 11.1C: Death Cancellations and Adjustments

- Production Deployment Date: 2/6/2025
- Construction will be completed on 8/21/2024
- Business Functional Testing will begin on 8/22/2024
- User Acceptance Testing will begin on 10/24/2024

Additional long-term work packages exist. See the Milestones Schedule for a complete list of work packages

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget health: **Green**

29560 SB1049 - Member Redirect Project					
Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS	\$ 1,600,000	\$ 267,379	\$ 1,332,621	\$ 1,600,000	\$ -
Personal Services - SB1049	\$ 4,069,311	\$ 1,043,807	\$ 2,657,851	\$ 3,701,657	\$ 367,654
Professional Services	\$ 2,633,212	\$ 510,873	\$ 1,523,824	\$ 2,034,697	\$ 598,516
IT Professional Services	\$ 9,763,709	\$ 1,727,967	\$ 8,035,742	\$ 9,763,709	\$ 0
Contingency	\$ 3,100,000	\$ 470,868	\$ 1,143,536	\$ 1,614,404	\$ 1,485,596
SB1049 Total Expenses	\$ 19,566,232	\$ 3,753,514	\$ 13,360,952	\$ 17,114,467	\$ 2,451,765
Project Total	\$ 21,166,232	\$ 4,020,893	\$ 14,693,573	\$ 18,714,467	\$ 2,451,765
Average Monthly Spend (Burn Rate)		\$ 156,396.42	\$ 556,706.35		
*Not included in SB1049 Expenses					

Biennium	Baseline Budget	Total Project Actual	Project Total	Project Planned	
				Expenditure	Variance
2019-2021	\$ 21,040,133	\$ 18,938,518	\$ 19,238,518	\$ 19,238,518	\$ 1,801,615
2011-2023	\$ 20,074,395	\$ 19,785,560	\$ 19,785,560	\$ 19,785,560	\$ 288,835
2023-2025	\$ 19,566,232	\$ 3,753,514	\$ 17,114,467	\$ 6,417,925	\$ 2,451,765
Project Total	\$ 60,680,760	\$ 42,477,592	\$ 56,138,544	\$ 45,442,003	\$ 4,542,216

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

<p>Schedule Health: Green</p> <p>The team continues to successfully execute according to the baselined schedule. Awaiting reviews for backlog and defect schedules</p>
<p>Scope health: Yellow</p> <p>The project scope of Work Package 11.1B and WP11.1C is complex. The Project Team is reviewing mitigation plans</p>
<p>Quality Assurance activities:</p> <ul style="list-style-type: none"> The Monthly Release Management Report will be submitted for Quality Check Point review on 3/29/2024.
<p>Emerging concerns/needs/impacts:</p> <ul style="list-style-type: none"> Reviewing upcoming schedule and impacts from CHG 7175

High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.

For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: [Member Redirect Weekly Status Report](#)

#	Risk Description	Mitigation and/or Contingency Plan	Notes
93	WP11.1B/WP11.1C Complexity and Size: Based on current progress, there is a concern that the size and scope of this work package will impact the current schedule.	➤ Need development to validate the impact to their work. Also need to confirm if the work can be done in the current schedule.	CR-015 will be presented to the Steering Team on 3/26/2024.
92	Impact of Non SB1049 Projects: There are critical SB1049 resources that are also allocated to non SB1049 projects, which could cause schedule delays, technical environmental issues and additional builds for the code line	➤ Work with the release manager to update the deployment dates if necessary.	There is more analysis to come as there will be bug fixes that may impact this release period.

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project Issues and Action Plans

Listed below are the most critical issues for this project.

For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: [Member Redirect Weekly Status Report](#)

No	Issue	Resolution / Notes	Estimated Resolution Date
	None		

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	Percent Complete	Baseline Finish Date	Actual / Forecast Finish Date*	Status/ Notes
WP 5.1 - Voluntary Contribution maintenance	100%	10/14/2021	10/14/2021	
WP 4.3 - EPSA Correct Member Account	100%	3/24/2022	3/24/2022	
WP 6.1 - EPSA Retirement	100%	7/21/2022	7/21/2022	
WP 9.1 - EPSA Withdrawal	100%	6/29/2023	6/29/2023	
WP 9.2 - Alter OPSRP Withdrawal	100%	6/29/2023	6/29/2023	
WP 8.1 - EPSA Death	100%	2/15/2024	2/15/2024	
WP 10 - Mid-Project Clean up	100%	2/15/2024	2/15/2024	
WP 11.1A - EPSA Retirement Cancelation and Adjustments	0%	8/15/2024	8/15/2024	
WP 11.2B - Death Excess EPSA	0%	8/15/2024	8/15/2024	
WP 11.1B - Withdrawal Cancelation and Adjustments	0%	2/6/2025	2/6/2025	
WP 11.1C - EPSA Death Cancelation and Adjustments	0%	2/6/2025	2/6/2025	
Project Complete	0%	5/9/2025	5/9/2025	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

Project information: Technical Debt

Project start: June 22, 2021. | Project end: April 29, 2024

Project Manager: Susan Mundell

Project objective:

The SB 1049 Technical Debt Project will address areas of technical debt which have been encountered and identified in the SB 1049 Implementation Program and prioritized for resolution. Resolution of technical debt will be limited to those items that are created by SB 1049, are exacerbated by SB 1049, or inhibit PERS' ability to complete SB 1049 requirements.

Overall project status: **Green**

Project Narrative:

The Technical Debt project continues the project closure activities. The Project Retrospective and updated Data Model have been completed. The Transition to Operations and Maintenance Plan, Project Budget Closure, and Project Closure Report are in progress. These will be followed shortly by a Project Closure Quality Gate. The full project closure is planned for April 29, 2024.

Work Packages:

Work Package 1: Employer Statements

- Production Deployment Date: 7/21/2022 (complete)

Work Package 2: Benefit Account Status Transition

- Functional Design Specification 3/31/2022 (complete)

Work Package 3: General Ledger and Side Account Reversals

- Functional Design Specification 4/30/2022 (complete)

Work Package 4: Hyperion Replacement

- Production Deployment: 10/20/2022 (complete)

Work Package 5: Side Account Reversals

- Production Deployment Date: 2/15/2024 (complete)

Work Package 6: General Ledger Reversals

- Production Deployment Date: 6/29/2023 (complete)

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

CR or WP#	Description	Status	SB 1049 Technical Debt Qualification	Other Considerations/Notes
WP 1	Employer Statements	Closed	Exacerbated by SB 1049: New financial components from Member Redirect and WAR projects have made employer statements inaccurate and difficult for employers to understand and reconcile.	The enhancements will make statements easier to read- like a bank statement- and correct the inaccurate information. This work package deployed on 7/21/2022.
WP 2	Benefit Account Status Transition	Closed	Exacerbated by SB 1049: SB 1049 introduced changes to the way employers report retiree salary and downstream inconsistent activity in recipient and benefit accounts was discovered.	The functional design specification document identified which statuses are correct and information has been updated for developers to utilize in future programming. This work package completed on 3/31/2022.
WP 3	General Ledger and Side Account Reversals	Closed	Exacerbated by SB 1049: Two issues impacting General Ledger were discovered during the WAR project related to transaction reversals. Although these issues existed before SB 1049, the additional functionality added to implement the WAR project have exacerbated these issues.	Through the functional design specification document, it has been determined that although these issues are both related to reversals, the solutions will be different. A decision was made to develop two change requests (CR006 & CR007) to explore adding solutions to these issues to the project scope in future work packages. This work package completed on 4/30/2022.
WP 4	Hyperion Replacement	Closed	Inhibit PERS' ability to complete SB 1049: Oracle Hyperion is end of life and a decision was made to discontinue developing new reports in a deprecated product. Member Redirect WP 9.1 has a dependency on the reporting features of Hyperion so the solution must be in place to support this WP. The scope of this WP delivers the solution in SSRS, a Microsoft product, as well	There are two other non-SB 1049 work streams to complete the Hyperion replacement: <ul style="list-style-type: none"> • A Maintenance and Enhancement effort to convert approximately 80 reports • A Central Data Management effort to convert BRIO based reports which

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

			as one report to be used as a test case for developers when addressing other reports used by the agency.	are utilized by the Financial Services Division. This work must be completed by 6/30/22 to comply with Oracle's mandate. This work package deployed on 10/20/2022.
WP 5	Side Account Reversals	In Process	Exacerbated by SB 1049: Issues impacting Side Account Reversals were discovered during the WAR project.	Through the As-Is documentation produced in WP 3, we have found that Side Account Reversals are a complex issue to address. This work package deployed on 2/15/2024.
WP 6	General Ledger Reversals	Closed	Exacerbated by SB 1049: Issues impacting General Ledger transaction reversals were discovered during the WAR project.	Through the As-Is documentation produced in WP 3, we have found that the issues causing incorrect General Ledger is a technical debt item which should be addressed by SB 1049 Technical Debt Project. This work package deployed on 6/29/2023.

***Note:** Change requests will be transitioned to work packages if/when the CR is approved by the SB 1049 Steering Team. No more change requests are anticipated for this project.

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Budget health: Green

29560 SB1049 - Technical Debt Project					
Expenses	Budget	Actual to Date	Projections	Total	Variance
*Personal Services - PERS	\$ 500,000	\$ 103,053	\$ 396,947	\$ 500,000	\$ -
Personal Services - SB1049	\$ 392,643	\$ -	\$ 430,425	\$ 430,425	\$ (37,782)
Professional Services	\$ 306,188	\$ 243,450	\$ (17,480)	\$ 225,970	\$ 80,218
IT Professional Services	\$ 559,292	\$ 309,456	\$ 177,400	\$ 486,856	\$ 72,436
Contingency	\$ -		\$ -		
SB1049 Expenses	\$ 1,258,122	\$ 552,906	\$ 590,345	\$ 1,143,251	\$ 114,871
Project Total	\$ 1,758,122	\$ 655,959	\$ 987,292	\$ 1,643,251	\$ 114,871
Average Monthly Spend (Burn Rate)		\$ 23,037.75	\$ 24,597.71		
*Not included in SB1049 Expenses					
Biennium	Baseline Budget	Total Project Actual	Project Total	Project Planned Expenditure	Variance
2019-2021	\$ -	\$ -	\$ -	\$ -	\$ -
2011-2023	\$ 2,565,741	\$ 1,937,064	\$ 1,973,064	\$ 1,937,064	\$ 592,677
2023-2025	\$ 1,258,122	\$ 552,906	\$ 1,143,251	\$ 1,028,926	\$ 114,871
Project Total	\$ 3,823,863	\$ 2,489,970	\$ 3,116,315	\$ 2,965,990	\$ 707,548

Schedule Health: Green

The team continues to successfully execute according to the baselined schedule.

Scope health: Green

The project scope is well understood.

Quality Assurance activities:

- A Quality Check Point review for Contractual Document D3.7.1 Final Work Package Development was completed on 3/6/2024.
- A Quality Check Point review for the Contractor Support Log was completed on 3/11/2024.
- A Project Closure Retrospective was held on 3/12/2024.

Emerging concerns/needs/impacts:

- Nothing to report

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.

For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: [Technical Debt Weekly Status Report](#)

#	Risk Description	Mitigation and/or Contingency Plan	Notes
	No current risks.		All risks are being closed out.

Project Issues and Action Plans

Listed below are the most critical issues for this project.

For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: [Technical Debt Weekly Status Report](#)

No	Issue	Resolution / Notes	Estimated Resolution Date
	No current issues.		

SB 1049 Implementation Program

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project Schedule Deliverables and Milestones

Milestones Schedule				
Milestone	Percent Complete	Baseline Finish Date	Actual / Forecast Finish Date*	Status/ Notes
WP 5 - Development Complete	100%	8/9/2023	8/17/2023	
WP 5 - Business Functional Testing complete	100%	9/21/2023	9/21/2023	
WP 5 - User Acceptance Testing complete	100%	1/22/2024	1/22/2024	
WP 5 - Release to production Quality Gate complete	100%	1/25/2024	1/25/2024	
WP 5 - Production Deployment complete	100%	2/15/2024	2/15/2024	
Project Closure Quality Gate	0%	4/29/2024	4/29/2024	
Project ends	0%	4/29/2024	4/29/2024	

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

Project information: Salary Limit

Project start: July 1, 2019 | **Project end:** May 28, 2021

Project Manager: Bruce Rosenblatt

Project objective:

The Salary Limit Project is necessary because SB 1049 redefined "salary," which changes the calculation method for Final Average Salary, and contributions for members with subject salary greater than \$195,000. This limit is on salary for plan purposes, and is not a salary cap. The Salary Limit was adjusted for the Consumer Price Index, on 1/04/2021. The redefinition impacts the data and business processes used by diverse teams at PERS, including Benefit Calculations, Member Estimates, Data Verifications, Employer Data Reporting, and Account Data Reviews and Reporting.

Overall project status: Complete

Project Narrative: The Salary Limit Project was successfully closed on 5/28/2021.

Work Packages:

Work Package 1: Short-term Minimum Viable Product (MVP)

- Production Deployment Date: 12/24/2019 (Complete)

Work Package 2: Annual Implementation of New Salary Limit

- Production Deployment Date: 1/23/2020 (Complete)

Work Package 3: Adding self-service screens to jClarety system to record annual changes and effective dates - Long-term

- Production Deployment Date: 11/19/2020 (Complete)

Work Package 4 - Enhances proration work processes when partial year calculations may apply - Long-term

- Production Deployment Date: 5/13/2021 (Complete)

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Employer Programs

Project start: July 1, 2019 | Project end: July 16, 2021

Project Manager: Joli Whitney

Project objective:

The Employer Programs section of SB 1049 expands the requirements for the Employer Incentive Fund (EIF); and appropriates \$100 million from the General Fund to the Employer Incentive Fund; directs net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allows participating public employers who make larger than \$10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and requires all public employers to participate in the Unfunded Actuarial Liability Resolution Program (UALRP).

Overall project status: Complete

Project Narrative: The Employer Programs project was successfully closed on 7/16/2021.

Work Packages:

WP 1 Migrate and Adapt ERPT

- Acceptance Quality Gate: 3/23/2021 (this WP was not released to production) (Complete)

WP 2 ERPT Stakeholder Acceptance and Deployment to Cloud

- Production Deployment Date: 6/3/2021 (Complete)

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Member Choice

Project start: October 23, 2019 | Project end: August 4, 2021

Project Manager: Joli Whitney

Project objective:

The Member Choice sections of SB 1049 give members a say in how their Individual Account Program (IAP) accounts will be invested. Members' regular IAP accounts are currently allocated to Target-Date Funds (TDF) based on their year of birth. Beginning with calendar year 2021, members will be able to elect a TDF other than the default TDF.

Overall project status: Complete

Project Narrative: The Member Choice project was successfully closed on 8/4/2021.

Work Packages:

WP 1.1 Online Election

- Production Deployment Date: 8/20/2020 (Complete)

WP 1.2 Voya's updates to website and nightly sweep program

- Production Deployment Date: 1/19/2021 (Complete)

WP 1.3 PERS paper form election process including workflow

- Production Deployment Date: 8/12/2020 (Complete)

WP 1.4 Development of new reports (to Voya and internal)

- Production Deployment Date 9/29/2020 (Complete)

WP 2- Refining TDF Processes - Long-term

WP 2.1 -Online Member Services and jClarety Enhancements

- Production Deployment Date: 3/23/2021 (Complete)

WP 2.2 -Central Data Management Reports

- Production Deployment Date: 6/15/2021 (Complete)

WP 3- Online Member Services Election and Bugs

- Production Deployment Date: 6/24/2021 (Complete)

Status Report for March 22, 2024

Executive Sponsor: Kevin Olineck
Program Manager: Prashant Jaiswal

Project information: Work After Retirement (WAR)

Project start: July 1, 2019 | **Project end:** 2/24/2022

Project Manager: Susan K. Mundell

Project objective:

Effective January 1, 2020, the Work After Retirement (WAR) sections of SB 1049 allow most service retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024 while retaining their retirement benefit. It also requires employers to pay employer contributions on retirees' salary during that period.

Overall project status: Complete

Project Narrative: The Work After Retirement Project was successfully closed on 2/24/2022.

Work Packages:

Work Package 1: Suspend DTL2-07 Retiree Wage Codes – Short-term

- Production Deployment Date: 12/19/2019 (Complete)

Work Package 2: New Wage Codes with General Ledger Integration – Long-term

- Production Deployment Date: 11/19/2020 (Complete)

Work Package 3: Retro Rate Change – Long-term







- Production Deployment Date: 5/13/2021 (Complete)

Work Package 4: Side Account Credit Allocation

- Production Deployment Date: 12/16/2021 (Complete)







Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

	2019						2020						2021										
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
 Employer Programs	<ul style="list-style-type: none"> 7/1/19 – Effective Date 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens 						<ul style="list-style-type: none"> 11/27/19 – EIF Application #1 Closes 12/2/19 – EIF Application #2 Opens 						<ul style="list-style-type: none"> 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete 12/1/20 – EIF Application #2 Closes 3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT → 6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment → 										
 Salary Limit							<ul style="list-style-type: none"> 12/24/19 – Work Package (WP) 1 – Short Term 1/1/20 – Effective Date 1/24/20 – WP2 Post 2020 Salary Limit 						<ul style="list-style-type: none"> 11/19/20 – WP3 User Screens to Record Annual Salary Limit 5/13/21 – WP4 Proration Reports and Workflow → 5/28/21 – Project Close → 										
 Work After Retirement							<ul style="list-style-type: none"> 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term 1/1/20 – Effective Date 						<ul style="list-style-type: none"> 11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration 5/13/21 – WP3 Retro Rate Change → 										
 Member Redirect							<ul style="list-style-type: none"> 6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term 7/1/20 – Effective Date 						<ul style="list-style-type: none"> 9/22/20 – Voluntary Contributions Initial Functionality 10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety 11/19/20 – Voluntary Contributions Final Functionality Release 1/21/21 – WP5.2 Online Member Services User Interface → 1/26/21 – WP2 TIED SSIS – Non-jClarety → 6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen → 3/23/21 – WP3 EPSA Earnings 										
 Member Choice	<ul style="list-style-type: none"> 10/23/19 – Project Kick Off 5/15/20 – Member Annual Statements (MAS) Flyer Communication 						<ul style="list-style-type: none"> 8/19/20 – Member Choice Notification 						<ul style="list-style-type: none"> 8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed 9/1-30/20 – Election Period 1/1/21 – Effective Date 3/23/21 – WP2 OMS & jClarety Enhancements → 5/1/21 – Member Choice reflected in MAS → 6/24/21 – WP3 Online Member Services (OMS) Election and Bugs → 										
PROGRAM INITIATIVE													<ul style="list-style-type: none"> 1/26/21 – WP2.1 IAP Payment Recon (short-term) → 										
 Cross Project Effort							<ul style="list-style-type: none"> 9/17/20 – WP1.1 IAP Validator Tool (short-term) → 						<ul style="list-style-type: none"> 3/18/21 – WP1.2 IAP Validator Tool → 4/27/21 – WP2.2 IAP Payment Recon → 5/13/21 – WP7.2 Employer Information Actuarial Extract → 6/18/21 – WP5.1 PYE Invoicing Tool → 6/24/21 – WP7.1 Non-Retired Census Actuarial Extract → 6/28/21 – WP4.1 IAP Adjustment Calculator → 										




Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

	2021						2022												2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
 Employer Programs	● 7/16/21 – Project Close																							
 Work After Retirement							● 12/16/21 – WP4 Side Account Credit Allocation						● 2/24/22 – Project Close											
 Member Redirect							● 10/14/21 – WP5 Voluntary Contribution Maintenance						● 3/24/22 – WP4.3 EPSA Transaction Display						● 7/21/22 – WP6.1 EPSA Retirement					
																			6/29/23 – WP9.1 EPSA Withdrawal → ●					
																			6/29/23 – WP9.2 Alter OPSRP Withdrawal → ●					
 Member Choice	● 8/4/21 – Project Close																							
 Technical Debt	● 7/1/21 – Project Kickoff						4/30/22 – WP3 General Ledger Reversals, Including Side Accounts – Functional Design Specification Completed						● 3/31/22 – WP2 Benefit Account Transition Status – Functional Design Specification Completed						6/29/23 – WP6 General Ledger Reversals → ●					
													● 7/21/22 – WP1 Employer Statements						● 10/20/22 – WP4 Hyperion Replacement					
PROGRAM INITIATIVE													● 3/4/22 – WP3 IAP Divorce Tool											
 Cross Project Effort													● 5/20/22 – WP5.2 PYE Invoicing Tool											
													● 6/1/22 – WP4.2 IAP Adjustment Calculator											

Senate Bill (SB) 1049 Implementation Road Map

2023-2025 Biennium

PROJECTS	2023						2024						2025													
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN		
 Member Redirect								Mar 22						<ul style="list-style-type: none"> 8/15/24 – WP11.1A EPSA Retirement Cancellation and Adjustment 8/15/24 – WP11.2B Death Excess EPSA 										5/9/25 – Project Close →		
 Technical Debt			2/15/24 – WP5 Side Account Reversals →																							4/29/24 – Project Close
PROGRAM INITIATIVE																										
 Cross Project Effort														6/6/24 – WP6 IAP Balance Comparison Tool												4/17/25 – WP7.3 Payouts Actuarial Extract →

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April 1, 2024

TO: Members of the PERS Board
 FROM: Heather Case, Senior Policy Advisor
 SUBJECT: Review of 2024 Legislative Session

2024 LEGISLATIVE SESSION

The 2024 legislative session adjourned *sine die* on Thursday, March 7. During the session, PERS made required reports related to Preliminary Earnings Crediting, Senate Bill (SB) 1566 (2018) Employer Programs, implementation of SB 1049 (2019), status of the PERS Modernization Program, and information regarding the PERS Health Insurance Program (PHIP). We also followed the progress of bills that would have an impact on PERS, the agency, or PERS, the system, if passed. Four policy and budget bills will have an impact on PERS, the system, which the agency will work on implementing in the coming months. Those are outlined below.

REPORTING REQUIREMENTS

PERS' latest budget bill, SB 5033 (2023), included direction to report to the Joint Committee on Information Management and Technology regarding implementation of SB 1049. This report was submitted in January and PERS presented the report to the committee on February 21, 2024. The report was acknowledged by the committee on February 21, 2024. The committee directed PERS that, unless something substantive changes with implementation, the agency does not have to come back and report to the Legislature regarding SB 1049.

SB 5033 directed PERS to report to the Joint Committee on Information Management and Technology regarding the status of the PERS Modernization program. This report was submitted in January and PERS presented the report to the committee on February 21, 2024. The report was acknowledged by the committee on February 21, 2024.

SB 5033 also directed PERS to submit a one-time report to the Joint Committee on Ways and Means regarding the declining population in the pre-Medicare part of PHIP. PERS, in consultation with our health care consultant Segal and our consulting actuaries at Milliman, prepared the budget note and submitted it to the Legislature in January. This report was heard by the Joint Committee on Ways and Means, who acknowledged the receipt of the report on February 16.

In compliance with SB 1566 (2018), PERS also submitted required reporting regarding implementation and status of the Employer Incentive Fund (EIF) and the School District Unfunded Actuarial Liability Fund (SDULF). This report was heard by the Joint Committee on Ways and Means, who acknowledged the receipt of the report on February 16.

Finally, each year, PERS reports to the Legislature on board action related to Preliminary Earnings Crediting. PERS submitted this report after the PERS Board meeting in January. The Joint Committee on Ways and Means acknowledged receipt of this report on February 16. Final Earnings Crediting action taken by the PERS Board today will also be reported to the Legislature. Meeting materials and analysis from the Legislative Fiscal Office regarding the SB 1566 report and the Preliminary Earnings Crediting Report are available [online](#).

2024 LEGISLATION

Four bills that have an impact on PERS’ statutes or programs were passed during the 2024 legislative session.

Bill Number	Relating Clause	Of Interest to PERS
House Bill (HB) 4034	Relating to connection to federal tax law; prescribing an effective date.	This bill, introduced every year by the Legislative Revenue Office, updates the date for PERS’ statutory connections to the internal revenue code.
HB 4045	Relating to adjustments in classifications under the Public Employees Retirement System.	This bill reduces the Oregon Public Service Retirement Plan (OPSRP) Police and Fire (P&F) normal retirement age from 60 to 55. (Service retirement age remains unchanged at 53 with 25 years of service.) Effective beginning 1/1/2025. This bill also adds elected District Attorneys and Forensic Scientists at the Oregon State Police to the definition of “police officer” in ORS 238.005 for the purposes of receiving P&F PERS benefits. Effective 1/1/2025. Finally, this bill creates a new member classification: “Hazardous Position,” in addition to General Service, and Police and Fire, for OPSRP members. This member classification will receive a 1.8% multiplier for calculating pension benefits, and a lower retirement age than General Service members, age 60, or age 58 with 25 years of service. This new member classification becomes operative 1/1/2030, however, members can use their service credit anytime from 2019 onward to count towards their required 60 months of Hazardous Position retirement credit required before retirement. This bill also mandates an experience study be conducted by PERS’ consulting actuaries,

		and requires PERS to report both the results of that study and progress on implementation of the Hazardous Position member classification creation to the legislature.
HB 4083	Relating to the removal of thermal coal from the State Treasury investment portfolio.	While this bill does not directly affect PERS' operation, this does affect the Oregon Investment Counsel's investments of the Oregon PERS Fund (OPERF), which funds the agency and members' retirement benefits.
SB 5701	Relating to state financial administration; declaring an emergency.	While a comprehensive agency budget bill is only passed during odd-numbered years, this bill includes a multiple position adjustments and program rebalancing requested by the agency.

NEXT STEPS

PERS has an internal Legislative Action Team, made up of staff and administrators from across the agency. This team held an implementation meeting in late March to discuss implementation of HB 4045, in particular. The agency will continue planning to implement this bill by the mandated effective and operative dates.

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April 1, 2024

TO: Members of the PERS Board
 FROM: Heather Case, Senior Policy Advisor
 SUBJECT: Legislative Concept Proposals - 2025 Legislative Session

2023 LEGISLATIVE CONCEPTS

State agencies are developing requests for legislation to be considered during the 2025 legislative session. PERS has spent our time since the last board meeting refining these concepts, meeting with stakeholders (including member and employer groups, and the Governor's Office), and we are now working on specific suggested statutory language as well as preliminary fiscal impacts to the agency, members, or employers.

Today, we are asking the board to vote to approve continuing forward with the legislative concepts below, which will allow us to make the formal request to the Department of Administrative Services (DAS) and the Governor's Office to move forward with drafting these bills.

What follows are four bills. One bill is concerned with cleaning up and aligning our statutes regarding death benefits, while another other bill deals with corrections to statutes regarding employer reporting, to reduce corrections needed to employer reporting. The final two bills are standalone concepts.

4 Possible Bills:

1. Alignment/Clean up of Death Benefits
2. Alignment/Clean up of Employer Reporting
3. PERS Health Insurance Program Concepts
4. Treatment of School District Unfunded Liability Fund (SDULF)

Alignment/Clean up of Death Benefits

This bill will contain the following concepts:

- Individual Account Program (IAP) post-retirement death benefit payout. Currently, IAP post-retirement beneficiaries may elect a lump-sum distribution of the remaining balance or elect to continue to receive installment payments which must satisfy the IRS' complex new Required Minimum Distribution (RMD) standards. Currently, an average of 400 post-retirement death benefits are processed each year, and out of those, one beneficiary will select the installment payment option. The proposed concept would amend ORS 238A.400(3) and require all IAP post-retirement beneficiaries to take a lump-sum distribution of the remaining balance.
- Increase minimum monthly payment for additional Police and Fire (P&F) death benefit. The additional benefit provided for survivors of retired P&F members still has a minimum

monthly payment amount of \$30 to receive a monthly benefit. This proposed concept brings this minimum in line with all other monthly benefit thresholds to \$200 a month. Survivors will still receive an actuarial lump sum if monthly benefit is less than this amount.

- Correct statutory language regarding the Oregon Public Service Retirement Plan (OPSRP) “pop-up” options.
For retired OPSRP members who elected a “pop-up” retirement option, statute states the retiree may convert their benefit to a single life option in the event the “marriage relationship or *other relationship with the beneficiary* is terminated after the member retires.” This description is overly broad and may lead to confusion. This concept narrows the language to align with federal law and current practice. This concept will not change current agency practice that complies with federal law.
- Correct unintended limitation on allowing a surviving spouse beneficiary to make an option change for member.
A rarely used statutory provision allows a surviving spouse who is the designated beneficiary of a retiree to elect an option change if the retiree dies within the 60-day period to make an option change for a new retirement benefit. Due to changes in benefit administration, very few beneficiaries would be eligible for this option change under current practice. This is a technical change to the statutory language that would allow surviving spouses to make the option change as originally intended by the Legislature.

Alignment/Clean up of Employer Reporting

This bill will contain the following concepts:

- Waiver on overpayment recovery.
Currently, ORS 238.715(6) allows the PERS Board to waive any invoice amount less than \$50 resulting from overpayment to a member. The \$50 amount threshold was put in place back in 1993 and has not been updated since. This proposed concept increases this waiver amount to \$200.
- Repeal ORS 238A.010- 238A.010, which is a hold-over statute from when retirement credit was based on a *pro rata* share of 2080 hours in a year. It credits employees with 40 hours of service for each calendar week unless the employer reports otherwise. PERS relies solely on employer reporting; we do not automatically credit members with hours of service.
- Clean up data locking language in ORS 238.450.
Clarifies that changes may be made to data locked by a Notice of Entitlement (NOE): (1) to process a member’s pending data verification request; or (2) in response to a member’s data verification dispute. This addresses the rare circumstance when a member has a pending data verification or data verification dispute that is not completed until after the NOE is issued and the deadline for making changes to the NOE has expired.
- Clarifying language for credible service accrual in a partial month.
Current statutory language uses the term “major fraction of a month.” This concept clarifies the language for creditable service accrual in a partial month by basing it upon dates of employment.

PERS Health Insurance Program Concepts

This bill will deal with two different, but related concepts. For background, in PERS' budget bill, House Bill (HB) 5033 (2023), the agency was asked to report on different suggestions for dealing with the declining enrollment of the pre-Medicare population in the PERS Health Insurance Program (PHIP). The agency reported to the Legislature that it is likely, due to other competition for pre-Medicare programs offered through former employers and the Oregon Health Insurance Marketplace, that the plan offerings by PHIP are being selected against. The agency presented multiple solutions, including moving pre-Medicare members to their former employers or the Oregon Health Insurance Marketplace. There are multiple challenges with these approaches, including the transfer of higher risk to these pools (and their expected hesitance to take on this higher risk), and administrative concerns about how to continue to pay health care subsidies from PHIP to retirees who would no longer be a part of the PHIP program.

PHIP has two subsidies currently. The first is the Retirement Health Insurance Account (RHIA). This subsidy is a \$60 flat amount that has not changed since this subsidy was first offered. It is available to all Tier One/Tier Two PHIP plan members. The second subsidy is the Retiree Health Insurance Premium Account (RHIPA). This subsidy is available to Tier One/Tier Two state of Oregon employees who are enrolled in a PHIP plan. The amount per month varies based on years of state service.

Potential alternatives the agency presented to the Legislature, which were well received regarding maintaining the viability of PHIP programs, were to raise the RHIA subsidy above \$60/month, and to open up both the RHIA and RHIPA subsidies to OPSRP members. The agency also proposed eliminating the RHIPA subsidy altogether, which was not as well received by the Legislature. Therefore the two concepts PERS is proposing are as follows:

- Raise RHIA subsidy above \$60, to anywhere from 50% to 100% of the five-year average (and to tie it to the changing five-year average instead of a specific amount). The current five-year average of health care premiums across all PHIP plans is \$271. 50% of this average would be about \$135. Based on the December 31, 2022 actuarial valuation, the RHIA fund is currently 209% funded. However, due to the eventual drawdown of the funding status by raising the premium amount, raising the premium amount to \$135 would cost employers approximately 0.14% to their total contribution rate.
- Open up participation for both the RHIA and the RHIPA subsidies to OPSRP retirees. As the board is aware, participation in OPSRP is rising, while Tier One/Tier Two participation is declining. The viability of both of these PHIP subsidies would be protected more by allowing ongoing new enrollment from OPSRP retirees. This would likely also cost employers, although due to the higher covered payroll amount if OPSRP retirees were allowed to enroll, this is estimated to be a 0% increase in the RHIA rate, and a .04% increase in the RHIPA rate.

It should be noted that analysis by Milliman of the costs of this concept was done with both concepts siloed. The effects of these concepts both together have not yet been analyzed. However, PERS is intending to introduce these concepts in the same bill to reduce the number of bills introduced by the agency, and because they are both relating to retiree health care plans.

Employer stakeholders are understandably concerned with any PERS concept that raises employers' PERS contribution rates. The agency has heard and understands these concerns, however, as the both the board and legislature have been made aware, the future viability of PHIP plans have a poor prognosis, and the agency believes increasing access to these funds, and making them more competitive among other retiree health care options will both sustain the plan and ensure that retirees who are unable to be insured with another option (or if another option is cost-prohibitive) will continue to have the PHIP plans available to them for enrollment.

Treatment of School District Unfunded Liability Fund

This bill will address use of the money residing in the SDULF at Treasury. This fund was created in 2018 by SB 1566. PERS and School District Rate Pool employers have been unable to take advantage of SDULF funds because they are not sufficient to establish a school district side account; the funds are insufficient to provide an employer rate offset, particularly over an amortization period (required for side accounts). Instead of a school district side account, this concept repurposes the SDULF funds to apply them directly to the school district pool Tier One/Tier Two unfunded actuarial liability and will benefit the entire school district pool. The last remaining revenue stream for the SDULF will end on January 2, 2027. Funds remain available until June 30, 2042. The current balance is approximately \$85 million. Stakeholders have expressed desire to apply these funds in a way that would favor school districts in greater need. While the agency will stand in a position to advise those groups of potential criteria, PERS does not have enough knowledge of the financial position of school districts to propose specific criteria ourselves.

NEXT STEPS

Upon PERS Board approval of the 2025 legislative concepts at this meeting, DAS and the Governor's Office will give a final review of the agency's request for legislation in May and determine which will move forward to Legislative Counsel for drafting. Bill drafts will be developed over the summer and PERS will be able to review these drafts to ensure the bill will achieve the desired intent. Bill drafts will be available for the December board meeting when we will seek approval from the PERS Board to ask the Governor for bill introduction. Due to a revision of the legislative concept schedule, the exact date of final agency requests for introduction is unknown but assumed to be at some point in the month of December 2024.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to "recommend approval to submit requests to DAS for drafting legislative concepts for the 2025 legislative session."
2. Direct staff to explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

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April 1, 2024

TO: Members of the PERS Board

FROM: Richard Horsford, Chief Financial Officer
Matt Graves, Financial Reporting Manager

SUBJECT: 2023 Final Earnings Crediting and Reserving

OVERVIEW

- Action: Allocate 2023 final earnings crediting.
- Subject: Crediting earnings for calendar year 2023 to the PERS Fund's accounts and reserves.

The PERS Board is charged with crediting the earnings from the PERS Fund each calendar year. Some of those allocations are directed by statute or rule; allocation of the balance, if any, is at the PERS Board's discretion.

2023 FINAL ALLOCATIONS

After fulfilling the Tier One conditions set out in ORS 238.255 (*Credits to regular accounts when earnings less than assumed interest rate*), the PERS Board's Annual Earnings Crediting rule, OAR 459-007-0005 (12) through (18), directs the crediting to the Judge and Tier Two member regular accounts, as well as the Employee Pension Stability Accounts (EPSA), OPSRP Pension Program, Benefits-in-Force, and Employer reserves. Staff recommends the following allocations be adopted by the PERS Board:

NON-DISCRETIONARY ALLOCATIONS

1. Tier One Member Regular Accounts Reserve and Judge Member Accounts

Credit Tier One Member Regular Accounts and Judge Member Accounts with the assumed earnings rate of 6.90% in effect during 2023.

Tier One Rate Guarantee Reserve: This reserve, established under ORS 238.255(1), is used to fund crediting of the assumed rate to Tier One member regular accounts and Judge member accounts when earnings are less than the assumed rate. Because earnings on Tier One member regular accounts for 2023 are less than the assumed rate, the earnings credited to this reserve will be reduced by the amount needed to bring the earnings rate credited to Tier One member regular accounts and Judge member accounts to the assumed rate of 6.9%. The net earnings credited to this reserve are \$13.5 million, or 1.83%, bringing the ending reserves after crediting to \$750.0 million.

2. Tier Two Member Regular Accounts

Credit Tier Two member regular accounts with a proportional share of available PERS Fund Regular Account earnings, which will result in a final rate of 5.52%.

3. Benefits-in-Force and Employer Reserves

Credit the Benefits-in-Force and Employer Reserves evenly with the remaining available PERS Fund Regular Account earnings, which will result in a final rate of 5.52%.

4. OPSRP Pension Plan Member Accounts

OPSRP member accounts usually are credited with a proportional share of available PERS Fund Regular Account earnings or losses, which will result in a final rate of 5.55%.

EARNINGS ALLOCATIONS DIRECTED BY STATUTE OR RULE

The following reserves and accounts are allocated earnings by applicable statute or rule. In compliance with these restrictions, the final earnings allocation reflects the following:

5. Individual Account Program (IAP)

These member accounts are credited with actual earnings or losses of the PERS Fund Regular Account as required by ORS 238A.350 (1). The overall final IAP earnings for 2023 are 6.68% after deducting IAP expenses. The table below illustrates the IAP earnings by tranche.

Oregon Public Employees Retirement System Preliminary IAP TDF Earnings (All dollar amounts in thousands)				
TDF Fund	Reserves Before Crediting	2023 Crediting	Reserves After Crediting	2023 Rates
Retirement Allocation Fund	\$ 439,815.3	\$ 40,409.7	\$ 480,225.0	9.18%
2025 Fund	1,212,359.3	78,499.1	1,290,858.4	6.47%
2030 Fund	1,946,822.0	137,812.0	2,084,634.0	7.07%
2035 Fund	2,520,933.7	171,064.1	2,691,997.8	6.78%
2040 Fund	2,355,419.1	139,021.8	2,494,440.9	5.90%
2045 Fund	1,815,761.1	117,968.0	1,933,729.1	6.49%
2050 Fund	1,024,195.9	86,138.8	1,110,334.7	8.41%
2055 Fund	476,665.2	37,135.4	513,800.6	7.79%
2060 Fund	170,892.1	11,549.8	182,441.9	6.75%
2065 Fund	46,720.0	3,205.7	49,925.7	6.86%
Total	\$12,009,583.7	\$822,804.4	\$12,832,388.1	

In accordance with Senate Bill 1049 (2019), effective July 1, 2020, for all currently employed Tier One/Tier Two and OPSRP members earning \$3,570/month or more (\$3,688 in 2024), a portion of their 6% monthly IAP contributions will be redirected to an “Employee Pension Stability Account.” The Employee Pension Stability Account (EPSA) will be used to pay for part of the member’s future pension benefit.

For earnings crediting purposes, Tier One/Tier Two member EPSA accounts will be credited with the same rate as Tier Two Regular Member accounts, which will result in a final rate of 5.52%.

For earnings crediting purposes, OPSRP member EPSA accounts will be credited with the same rate as OPSRP Pension Member Accounts, which will result in a final rate of 5.55%.

6. Employer Lump Sum Payment Accounts

These accounts are credited with actual earnings or losses of the PERS Fund Regular Account less administrative expenses, as authorized by ORS 238.225. For 2023, the final crediting rate for the side accounts established before 1/1/2023 is 5.72%. The final crediting rate for new lump sum payment accounts varies depending on the time of payments.

7. Health Insurance Accounts

These accounts are created as part of the PERS Fund and directed by statute to be credited with actual earnings or losses, less the expense related to the administration of the programs (ORS 238.410(7); 238.415(4); 238.420(4)). For 2023, the final crediting rates for these accounts are listed in the table below:

Oregon Public Employees Retirement System Health Insurance Accounts Preliminary Rates	
Health Insurance Fund	2023
RHIA	5.65%
RHIPA	4.70%
SRHIA *	2.96%

* Invested in the Treasury Short-Term Fund

8. Variable Annuity Account

This account is credited with earnings and losses on its distinct asset allocation of the PERS Fund. The Variable Annuity Account is only invested in equities and therefore its earnings are discrete from those of the more diversified PERS Fund Regular Account. For 2023, the final Variable Annuity Account earnings is 21.37%. The final earnings rate differs from the preliminary rate by 6.01%, primarily due to accounting entries related to undistributed earnings and the Variable Benefit-in-Force account. These were discovered during the process of closing out the calendar year general ledger after the preliminary earnings crediting calculations were completed.

Administrative Expenses

PERS administrative costs are funded by earnings when they are sufficient, as they were in 2023 (ORS 238.610(1)).

The following charts present final earnings crediting and reserving for 2023:

Oregon Public Employees Retirement System Calendar Year 2023 Final 2023 Crediting and Reserving No Contingency Reserve Funding (All dollar amounts in millions)								
	Reserves Before Crediting	Gross Investment Income (a)	Investment Expense (b)	Administrative Expenses (c)	Other Adjustments ⁴ (d)	Net 2023 Crediting (a+b+c+d)	Reserves After Crediting	2023 Rates
Tier One Member Regular Accounts	\$1,971.0	\$187.1	(\$30.4)	(\$3.1)	(\$17.5)	\$136.1	\$2,107.1	6.90%
Tier One Rate Guarantee Reserve	736.5	-	-	-	13.5	13.5	750.0	1.83%
Tier Two Member Regular Accounts	981.5	67.8	(11.0)	(1.1)	(1.5)	54.2	1,035.7	5.52%
Benefits In Force Reserve	15,035.0	1,038.6	(168.8)	(17.3)	(22.4)	830.1	15,865.1	5.52%
Employer Reserves	42,696.2	2,952.2	(479.8)	(49.2)	(63.7)	2,359.5	45,055.7	5.52%
Tier One/Two Employee Pension Stability Account ¹	278.3	17.8	(2.9)	-	0.3	15.2	293.5	5.52%
OPSRP Pension	12,020.9	774.9	(126.1)	(18.0)	37.1	667.9	12,688.8	5.55%
OPSRP Employee Pension Stability Account ²	249.5	14.2	(2.3)	-	2.2	14.1	263.6	5.55%
IAP Accounts, as a whole ³	12,446.2	983.2	(105.4)	(18.7)	(26.8)	832.3	13,278.5	6.68%
UAL Lump-Sum Pmt. Side Accounts ³	5,091.6	385.5	(62.6)	(0.2)	-	322.7	5,414.3	Various ⁵
Contingency Reserve ⁶	50.0	-	-	-	-	-	50.0	N/A
Total	\$91,556.7	\$6,421.3	(\$989.3)	(\$107.6)	(\$78.8)	\$5,245.6	\$96,802.3	

¹ Per OAR 459-007-0005 (14)(a), Tier One/Two Employee Pension Stability Account will receive the Tier Two Member rate.

² Per OAR 459-007-0005 (14)(b), OPSRP Employee Pension Stability Account will receive the OPSRP Pension rate.

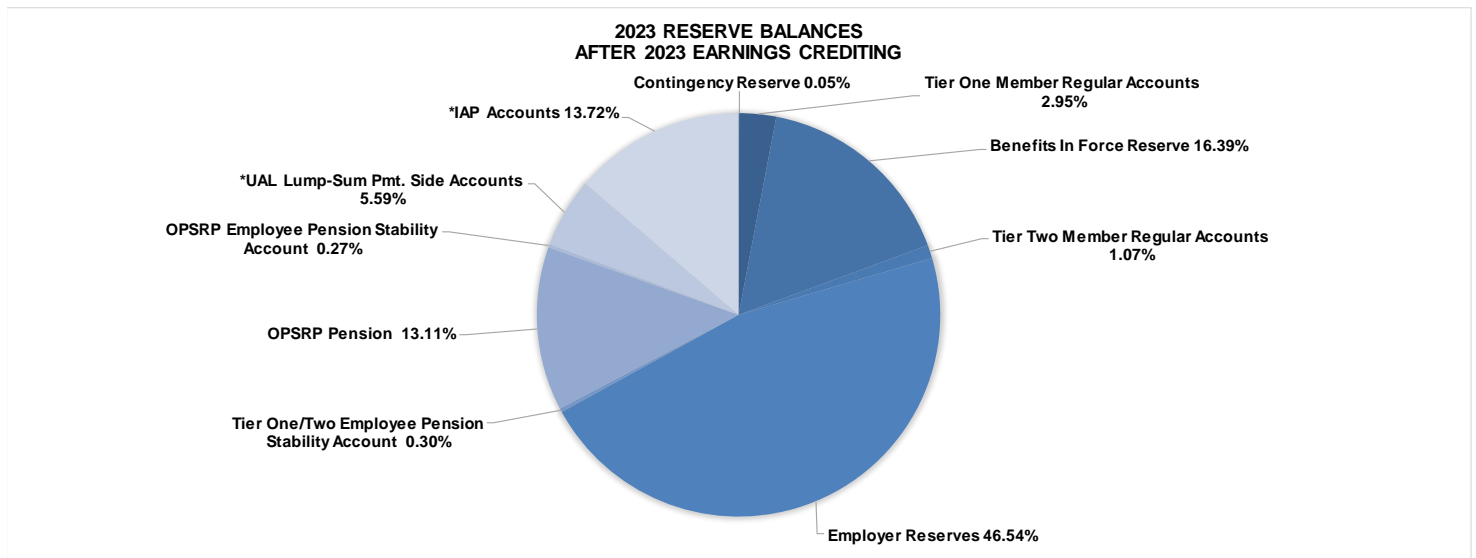
³ Informational only. Not affected by Board reserving or crediting decisions.

⁴ Primarily due to defined benefit commingled earnings transfer and the earnings credited to mid-year retirements.

⁵ The final earnings rate for the pre-2023 Side Accounts is 5.72%.

⁶ The contingency reserve balance is \$49,978,971.08.

Note: The actual market returns for private equity investments are reported on a three-month lag as additional time is needed to value these non-public assets and returns. Private equity returns for the fourth quarter will be reflected in the following year earnings crediting.



*Informational only. Not affected by Board reserving or crediting decisions. IAP accounts receiving installments have already received 2023 earnings.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the final crediting of earnings as presented for calendar year 2023.”
2. Pass a motion adopting an alternative final allocation of 2023 earnings.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.4. Attachment 1: ORS 238.670 – *Reserve Accounts in Fund*

C.4. Attachment 2: OAR 459-007-0005 – *Annual Earnings Crediting Rule*

C.4. Attachment 3: ORS 238.610 – *Administrative Expenses of System, Rules*

C.4. Attachment 4: ORS 238.610 – *Administrative Expenses of System, Rules*

238.670 Reserve accounts in fund.

(1) At the close of each calendar year in which the earnings on the Public Employees Retirement Fund equal or exceed the assumed interest rate established by the Public Employees Retirement Board under ORS 238.255, the board shall set aside, out of interest and other income received through investment of the Public Employees Retirement Fund during that calendar year, such part of the income as the board may deem advisable, not exceeding seven and one-half percent of the combined total of such income, which moneys so segregated shall remain in the fund and constitute therein a reserve account. The board shall continue to credit the reserve account in the manner required by this subsection until the board determines that the reserve account is adequately funded for the purposes specified in this subsection, but the board may not credit further amounts to the reserve account if the amounts in the reserve account exceed \$50 million. Such reserve account shall be maintained and used by the board to prevent any deficit of moneys available for the payment of retirement allowances, due to interest fluctuations, changes in mortality rate or, except as provided in subsection (3) or (4) of this section, other contingency. In addition, the reserve account may be used by the board for the following purposes:

- (a) To prevent any deficit in the fund by reason of the insolvency of a participating public employer. Reserves under this paragraph may be funded only from the earnings on employer contributions made under ORS 238.225.
- (b) To pay any legal expenses or judgments that do not arise in the ordinary course of adjudicating an individual member's benefits or an individual employer's liabilities.

(2) At the close of each calendar year, the board shall set aside, out of interest and other income received during the calendar year, after deducting the amounts provided by law and to the extent that such income is available, a sufficient amount to credit to the reserves for pension accounts and annuities varying percentage amounts adopted by the board as a result of periodic actuarial investigations. If total income available for distribution exceeds those percentages of the total accumulated contributions of employees and employers, the reserves for pensions and annuities shall participate in such excess.

(3) The board may set aside, out of interest and other income received through investment of the fund, such part of the income as the board considers necessary, which moneys so segregated shall remain in the fund and constitute one or more reserve accounts. Such reserve accounts shall be maintained and used by the board to offset gains and losses of invested capital. The board, from time to time, may cause to be transferred from the reserve account provided for in subsection (1) of this section to a reserve account provided for in this subsection such amount as the board determines to be unnecessary for the purposes set forth in subsection (1) of this section and to be necessary for the purposes set forth in this subsection.

(4) The board may provide for amortizing gains and losses of invested capital in such instances as the board determines that amortization is preferable to a reserve account provided for in subsection (3) of this section.

(5) At least 30 days before crediting any interest and other income received through investment of the Public Employees Retirement Fund to any reserve account in the fund, the board shall submit a preliminary proposal for crediting to the appropriate legislative review agency, as defined in ORS 291.371

(1), for its review and comment. [Formerly 237.281; 2001 c.945 §5; 2017 c.746 §11]

OAR 459-007-0005**Annual Earnings Crediting**

- (1) For purposes of this rule, “remaining earnings” means earnings available for distribution to a particular account or reserve after deduction of amounts required or authorized by law for other purposes.
- (2) Except as otherwise specified in this division, earnings on all accounts and reserves in the Fund shall be credited as of December 31 of each calendar year in the manner specified in this rule.
- (3) Health insurance accounts. All earnings attributable to the Standard Retiree Health Insurance Account (SRHIA), Retiree Health Insurance Premium Account (RHIPA) or Retirement Health Insurance Account (RHIA) shall be credited to the account from which they were derived, less administrative expenses incurred by each account, as provided in ORS 238.410, 238.415 and 238.420, respectively.
- (4) Employer lump sum payments. All earnings or losses attributable to the employer lump sum payment accounts established under ORS 238.229 shall be credited to the accounts from which they were derived.
- (5) Member variable accounts. Earnings on the Variable Annuity Account shall first be used to pay a pro rata share of administrative expenses in accordance with ORS 238.260(6). If the annual earnings from the Variable Annuity Account are insufficient to pay for the pro rata share of administrative expenses, those administrative expenses shall be paid from earnings on other accounts within the Public Employees Retirement Fund (PERF), if available. If earnings from those accounts within the PERF are insufficient to pay for the administrative expenses, those expenses shall be paid from employer accounts as required by ORS 238.610. All remaining earnings or losses attributable to the Variable Annuity Account shall be credited to the participants of that account, as provided under 238.260(6) and (7)(b).
- (6) Individual Account Program accounts. Earnings on the Individual Account Program accounts established under ORS 238A.350 shall first be used to pay a pro rata share of administrative expenses in accordance with ORS 238A.350(1). Losses on Individual Account Program target date funds shall be increased by a pro rata share of administrative expenses. After administrative expenses, each Individual Account Program account established under ORS 238A.350 shall be credited with the earnings or losses of the specific target date fund to which the account is allocated, except for account balances allocated to the retirement installments fund, which shall be credited with earnings or losses on a monthly basis.
- (7) Administrative expenses. Earnings attributable to Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two member regular accounts, judge member regular accounts, the OPSRP Pension Program reserve, Employee Pension Stability Accounts, employer contribution accounts, the Contingency Reserve, the Benefits-in-Force Reserve and the Capital Preservation Reserve shall first be used to pay the system’s remaining administrative expenses under ORS 238.610.
- (8) Contingency Reserve.
- (a) In any year in which total earnings on the Fund equal or exceed the assumed rate, an amount not exceeding seven and one-half percent of remaining earnings attributable to Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two regular accounts, judge member regular

accounts, the OPSRP Pension Program reserve, Employee Pension Stability Accounts, the Benefits-in-Force Reserve, employer contribution accounts, the Capital Preservation Reserve and the Contingency Reserve shall be credited to the Contingency Reserve to the level at which the Board determines it is adequately funded for the purposes specified in ORS 238.670(1).

(b) The portion of the Contingency Reserve allowed under ORS 238.670(1)(a) for use in preventing a deficit in the fund due to employer insolvency may only be credited using earnings attributable to employer contribution accounts.

(9) Tier One Member Rate Guarantee Reserve. All remaining earnings attributable to Tier One regular accounts, the Tier One Member Rate Guarantee Reserve, judge member regular accounts, the Benefits-in-Force Reserve, and the Contingency Reserve may be credited to the Tier One Member Rate Guarantee Reserve established under ORS 238.255(1).

(10) Capital Preservation Reserve. Remaining earnings attributable to the Tier Two member regular accounts, judge member regular accounts, OPSRP Pension Program reserve, Employee Pension Stability Accounts, employer contribution accounts, the Benefits-in-Force Reserve, the Contingency Reserve and the Capital Preservation Reserve may be credited from those sources to one or more reserve accounts that may be established under ORS 238.670(3) to offset gains and losses of invested capital.

(11) Tier One regular accounts. All remaining earnings attributable to Tier One regular accounts and the Tier One Rate Guarantee Reserve shall be credited to Tier One member regular accounts at the assumed rate in any year in which the conditions set out in ORS 238.255 have not been met. Crediting under this subsection shall be funded first by all remaining earnings attributable to Tier One regular accounts and the Tier One Rate Guarantee Reserve, then moneys in the Tier One Rate Guarantee Reserve.

(12) Judge member regular accounts. All remaining earnings attributable to judge member regular accounts shall be credited to all active and inactive judge member regular accounts at the judge member rate. Crediting under this subsection shall be funded first by all remaining earnings attributable to the judge member regular accounts and the Tier One Rate Guarantee Reserve, then moneys in the Tier One Rate Guarantee Reserve.

(13) Tier Two member regular accounts. All remaining earnings or losses attributable to Tier Two member regular accounts shall be credited to all active and inactive Tier Two member regular accounts under ORS 238.250.

(14) Employee Pension Stability Account (EPSA). All remaining earnings or losses attributable to the EPSAs shall be credited to all active and inactive EPSAs under ORS 238A.353. For administrative expenses:

(a) EPSA accounts of Tier One and Tier Two members will be treated as Tier Two funds.

(b) EPSA accounts of OPSRP members will be treated as OPSRP Pension Program Reserve funds.

(15) OPSRP Pension Program Reserve. Remaining earnings attributable to the OPSRP Pension Program Reserve, the Contingency Reserve, and the Capital Preservation Reserve may be used to credit the OPSRP Pension Program reserve.

(16) Benefits-in-Force Reserve. Remaining earnings attributable to the Benefits-in-Force Reserve, the Contingency Reserve, the Capital Preservation Reserve and employer contribution accounts, in

that order, shall be used, to the extent available, to credit the Benefits-in-Force Reserve with earnings for that calendar year in accordance with ORS 238.670(2).

(17) Employer contribution accounts. All remaining earnings attributable to employer contribution accounts shall be credited to employer contribution accounts.

(18) Remaining earnings. Any remaining earnings shall be credited to accounts and reserves in the Fund at the Board's discretion.

Statutory/Other Authority: ORS 238.650 & 238A.450

Statutes/Other Implemented: ORS 238 & 238A.350

History:

PERS 1-2022, amend filed 01/31/2022, effective 01/31/2022
PERS 9-2020, amend filed 06/23/2020, effective 06/23/2020
PERS 9-2019, amend filed 12/06/2019, effective 12/06/2019
PERS 2-2018, amend filed 02/02/2018, effective 02/02/2018
PERS 7-2017, temporary amend filed 12/01/2017, effective 12/01/2017 through 05/29/2018
PERS 9-2012, f. & cert. ef. 5-24-12
PERS 4-2009, f. & cert. ef. 4-6-09
PERS 1-2006, f. & cert. ef. 2-1-06
PERS 18-2005(Temp), f. & cert. ef. 10-26-05 thru 4-19-06
PERS 8-2004, f. & cert. ef. 4-15-04

238.610 Administrative expenses of system; rules.

(1)(a) The administrative expenses of the Public Employees Retirement System shall be paid from interest earned by the Public Employees Retirement Fund; provided, that if such interest be insufficient the expense in excess thereof shall be paid from the contributions which this chapter and ORS 238A.220 and 238A.240 require participating employers to pay into the Public Employees Retirement Fund. The Public Employees Retirement Board by rule may establish procedures for recovering administrative costs from members for services provided in estimating retirement benefit amounts and processing payments if the board determines that the services requested by an individual member result in extraordinary costs to the system.

(b) The board may adopt rules establishing procedures for recovering administrative costs from participating public employers for providing to those employers information or services needed to report in compliance with generally accepted accounting principles. Administrative costs recovered under this paragraph may be recovered only from interest earned on employer contributions made under ORS 238.225 or 238A.220.

(2) In order to facilitate financing the establishment and administration of the system the board may designate fiscal periods and may provide that extraordinary expenses incurred during one such period, such as expenses for equipment and actuarial studies, may, for purposes of equitably distributing part of the burden of the expenses, be apportioned to subsequent fiscal periods in such manner as to the board seems equitable.

(3) For each fiscal period designated by the board there shall be deducted from the interest earned by the fund, the administrative expenses of the system for that period; provided, that if such interest be insufficient for such purpose, the excess expense shall be paid by deducting from the account of each employer participating in the system that fraction of the administrative expense of the system for that period which the employer's total contribution to the fund for the period is of the sum of all the employers' contributions to the fund for the period.

(4) Amounts payable as refunds and retirement allowances shall not for any purpose be deemed expenses of the board and shall not be included in its biennial departmental budget.

[Formerly 237.291; 2003 c.105 §5; 2003 c.733 §56; 2014 c.105 §1]

A. Administration

1. February 2, 2024 PERS Board Meeting Minutes
2. Director's Report
3. Oregon Public Employees Retirement Fund (OPERF) performance review
4. Oregon Savings Growth Plan annual report

B. Administrative rulemaking

1. Adoption of rules to implement HB 2740 (2023)
2. Adoption of annual plan limits rules
3. Adoption of Distributions During Employment (OSGP) rule

C. Action and discussion items

1. SB 1049 Program update
2. Legislative session review
3. Legislative concept proposals – 2025 session
4. Final 2023 earnings crediting and reserving
- 5. 2025-27 budget development**



Oregon

Tina Kotek, Governor

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April 1, 2024

TO: Members of the PERS Board
 FROM: Richard Horsford, Chief Financial Officer
 SUBJECT: 2025-27 Budget Development

OVERVIEW

The 2025-27 State Agency Budget Kick-Off Meeting occurred March 14, 2024. Agencies received guidance regarding budget preparation for the upcoming biennium. As PERS emerges from its 77th year as an agency, we recognize that we must reimagine how we evolve and deploy our business capabilities via our people, processes, and technologies. This evolution is necessary to meet our member and employer needs into the future. Members and employers have a desire for more personalized and updated service delivery such that they can be informed, interact, and transact with PERS at the time of their choosing using the channel of their choosing. This reimagining of our service delivery model will be accomplished, in alignment with our strategic plan, via an overarching modernization program that, ultimately, ensures that we are meeting those future stakeholder needs in the most effective and efficient means to do so.

BUDGET DEVELOPMENT ACTIVITIES

The Agency Request Budget (ARB), one of three phases of budget development for the 2025-27 biennium, is officially underway. During this first phase, the agency carefully evaluates its operations and puts forth policy package requests in an effort to improve efficiency and increase value to its members. The agency is considering the following policy package requests for the 25-27 budget cycle, which increases our current operating budget.

Division	Staff	Position Re/class	Total
Central Administration	4	1	917,362
Financial Services	1	-	182,375
Information Services	-	3	2,426,394
Operations	4	1	715,537
Compliance, Audit, and Risk	7	-	2,380,109
Core Retirement / SB1049	9	-	1,913,189
Core Retirement / Modernization	31	-	34,218,000
Agency Request Total	56	5	42,752,966

The proposed policy packages are to be considered preliminary as the agency is reviewing these to gain a better understanding of our future needs and will use this information to finalize

our budget requests. This includes reviewing which resource requests are full-time versus limited duration as well as if there is an opportunity to offset contractor costs for full-time resources. The agency will present an updated request at the May 31, 2024 board meeting.

Final board approval of the 2025-27 ARB will occur during the PERS Board meeting on July 26, 2024.

Central Administration Division

Human Resource Workload: 1 position | \$244,766

This request is to better prepare and align our human capital management plans to PERS' mission and strategic goals. This will enable the executive team to leverage our workforce to achieve our agency objectives. The agency is requesting to hire a Human Resource Analyst 3.

Facilities Staffing: 1 position | \$187,342

PERS relocated the Electronic Content Management Section (ECMS) within the Information Services Division to the Central Administration Division in the February 2024 session. This request is for one additional supervisor to oversee this team now that the previous manager has retired.

Communications Staffing: 2 positions, 1 reclassification | \$485,254

This improvement package would allow the Communications Section to improve its support of agency operations and needs, making the section personnel more skilled and processes more efficient. This transitions two limited duration (LD) web developers to permanent FTE, adds a training budget to the Current Service Level budget, and reclassifies one position that will provide the needed structure and resources to maintain and support the current communication strategy.

Financial Services Division

Actuarial Analyst: 1 position | \$182,375

Current actuarial staff are often called upon to manage many routine data collection tasks, causing them to rely upon external consulting actuaries to manage more complex items. This request adds a lower level staff position (OPA1) that could take on routine tasks and broaden the pool for sharing knowledge and responsibilities. This would, in turn, free up higher level resources to focus on more complex value-added tasks.

Information Services Division

Software Renewals: 0 positions | \$2,374,280

This request is for a permanent increase in funding for annual software subscriptions and dues from cloud resources consumption, and the newly implemented Member Identity Access solution. This is due to significant cost increases by vendors and technologies which are outpacing inflation.

Reclass Package: 3 position reclassifications | \$52,114

The agency is requesting to update two ISS4 developer positions to align with the enterprise application development needs and one ISS6 Software Application Developer that involve working with new technologies in the Azure Cloud, as per the agency's strategic vision. The positions are currently requested as work out of class, but they need permanent funding to support the ongoing work requirements that meet the agency Software Development Life Cycle Policy for application development.

Operations Division**Assistant Chief Operations Officer: 1 position | \$299,095**

Due to the number of programs, sections, and projects in the Operations Division, the Chief Operations Officer has limited time to focus on strategic planning, tactical implementation, succession planning, employee engagement, directing and overseeing programs, and coaching and mentoring. This request is for one Assistant Chief Operations Officer.

Data Services Staffing: 1 position reclassification | \$6,948

This request is to convert a current Retirement Counselor 1 in the Data Analysis and Reconstruction Team (DART) to a Retirement Counselor 2. The work that resulted from Senate Bill (SB) 1049, as well as other more refined or established processes, created an increase in workload for DART.

Intake and Review Service Level: 3 positions | \$409,494

This request is to hire two permanent Office Specialist 2 positions and one permanent Office Assistant 1. These staff will replace the need for revolving temporary staff and replace the current Retirement Counselor 1 Limited Duration.

Compliance, Audit and Risk Division**Enterprise Risk Management Program: 2 positions | \$1,427,427**

This proposal is intended to enhance the capabilities of the agency by implementing an Enterprise Risk Management Program, which ties together strategy and business plans using risk management methodologies as one of the key decision-making criteria. It also includes one position to further enhance our Information Security Program.

Policy and Compliance Service Level: 5 positions | \$952,682

The Policy Analysis and Compliance section (PACS) has seen an increase in workload, especially in the area of appeals. This section has not had an increase in requests for staffing for many years, which has caused backlogs resulting in slower customer service. PACS also has not been able to take on additional workloads that it should be covering due to the limited resources.

Core Retirement Systems Applications**Modernization: 31 positions | \$ 34,218,000**

This proposal is to achieve funding to support implementation of Customer Relationship Management capabilities, implementation of new agency data infrastructure, planning for Online Member Services portal and core pension system modernization projects in 2027-29. This staffing request is the continuation of the program's current 16 LD positions, and 15 new LD positions.

SB 1049 Resources: 9 positions | \$1,913,189

This request continues the agency's efforts to implement SB 1049. The request includes nine positions for various operational duties, of which three will become permanent staff of the agency, with six limited duration staff to assist with workload backlogs as the implementation efforts finish over the course of this biennia.

THANK YOU