

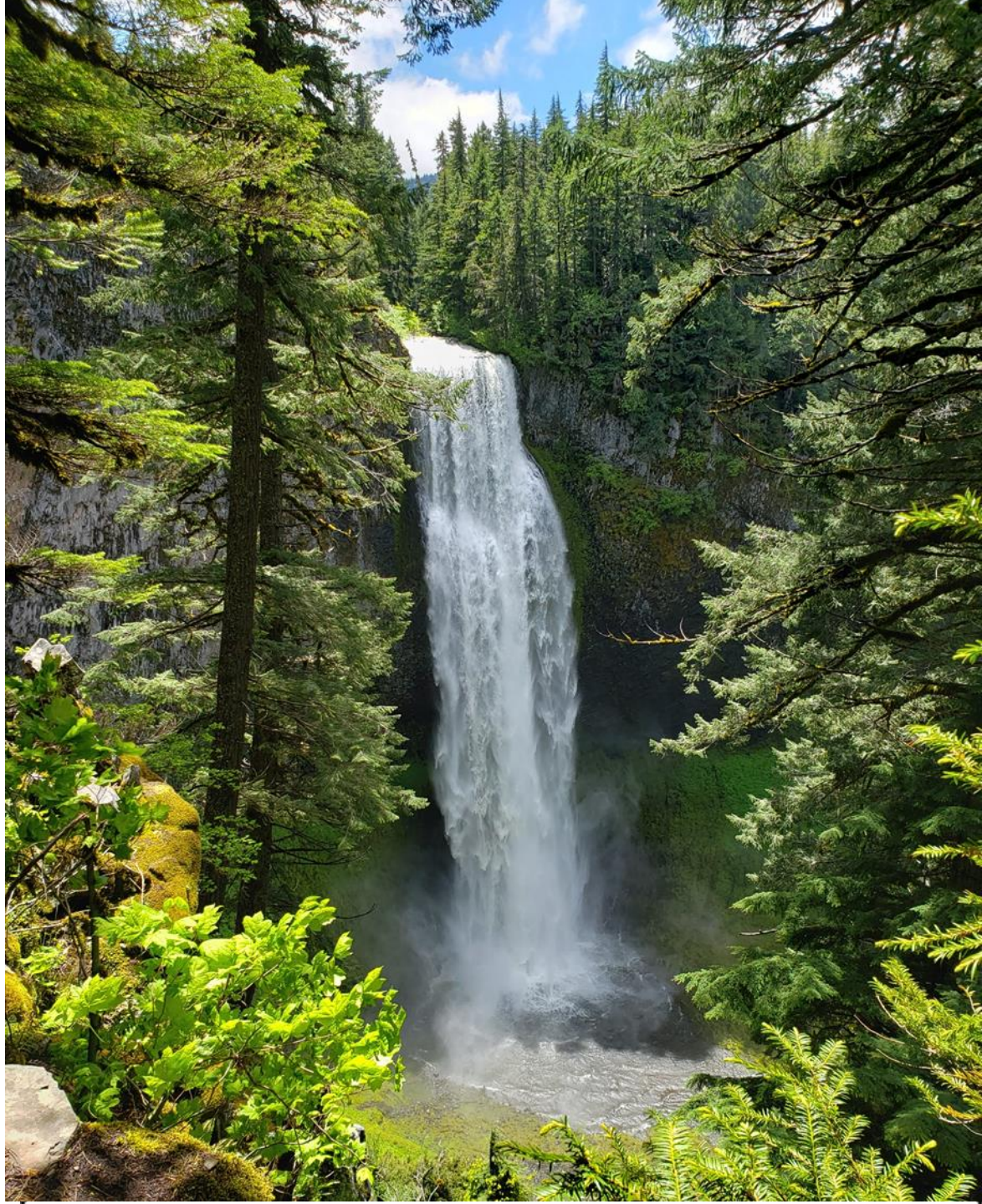
OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Employer Advisory Group

July 17, 2020



Agenda

- Director's Office updates
- Policy updates
- SB 1049 updates
 - Employer Programs
 - Salary Limit
 - Work After Retirement
 - Member (IAP) Redirect
 - Member Choice
- Communications updates
- Additional items
 - OPSRP First Wage Clean-up Project
- Questions

Director's Office

Introductions

- Jake Winship, Associate Actuary
- Heather Case, Senior Policy Advisor

Status of PERS amid COVID-19

- Buildings will remain closed to the public
- Public meetings will be held virtually
- Majority of staff are continuing to work remotely

July 31 Board meeting

- 2019 valuation results
- Rate collar discussion

Policy updates

James case

- Oral arguments held on June 16

Legislative update






- 2020 special session
- Employer Incentive Fund (EIF) update
- 2021 legislative concepts

Work Share program update

- Employers should engage Oregon Employment Department (OED) if they have questions
 - <https://www.oregon.gov/employ/unemployment/pages/work-share-program.aspx>
- PERS providing guidance on employer reporting
 - <https://www.oregon.gov/pers/EMP/Pages/COVID-19.aspx>

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 11/27/19 – EIF Application #1 Closes 12/2/19 – EIF Application #2 Opens 												<ul style="list-style-type: none"> 7/31/20 – Employer Rate Projection Tool Assessment Complete 8/31/20 – Unfunded Actuarial Liability Resolution Program (UALRP) Launch 9/4/20 – Project Close 12/1/20 – EIF Application #2 Closes 										
 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) Long Term 						<ul style="list-style-type: none"> 10/22/20 – WP3 (User Screens to record annual salary limit) Long Term 4/1/21 – WP4 (Proration reports and workflow) Long Term 4/15/21 – 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"> 10/22/20 – WP2 (New Wage Codes with General Ledger (GL) Integration) Long Term 4/22/21 – WP3 (OPSRP Return to Work Defect & Retro Rate Changes) Long Term 6/11/21 – Project Close 										
 Member Redirect							<ul style="list-style-type: none"> 6/18/20 – Work Package (WP) 1 Release (Employee Pension Stability Account Set Up/Batch/ General Ledger) – Short Term 7/1/20 – Effective Date 1/26/2021 – WP2 (Voluntary Contribution Off-Line Tools) Long Term 						<ul style="list-style-type: none"> 9/22/20 – Voluntary Contributions Initial Functionality – Long Term 11/19/20 – Voluntary Contributions Final Functionality Release – Long Term 2/25/2021 – WP3 (EPSA Earnings) Long Term 6/24/2021 – WP4 (EPSA Maintenance) Long Term 										
 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 8/20/20 – Work Package 1 (WP1) Online Member Services (OMS) Changes Deployed 9/1-30/20 – Election Period 1/1/21 – Effective Date 2/23/21 – WP2 OMS & jClarety Enhancements (Long Term) 5/1/21 – Member Choice reflected in MAS 6/30/21 – WP3 Earnings Rates and Validation Updates (Long Term) 																

Senate Bill 1049

Employer Programs

- Employer Incentive Fund (EIF) status update
- UAL Resolution Program update
 - Employer rate-projection tool
 - PERS Employer website updates

Senate Bill 1049

Salary Limit

- Effective January 1, 2020
- Salary used in benefit calculations will be capped at \$195K (indexed annually)
- Members who terminate mid-year will have salary prorated

Impact to employers

- Member and employer contributions are limited to \$195K
- Salary for partial-year employment may be prorated

Senate Bill 1049

Salary Limit

Current status

- Development/implementation of Work Package 3

Future activities

- Elaboration on feasibility of system programming around proration (Work Package 4)

Important considerations

- Resources are available via the Employer website (www.oregon.gov/PERS/EMP)
- Proration is a unique topic; programming constraints may require project team to improve member/employer communication
- Vacation payouts can impact salary limit, especially in earlier months of each calendar year

Senate Bill 1049

Work After Retirement

- Effective January 1, 2020
- Retirees allowed to work unlimited hours for calendar years 2020–2024 under most circumstances

Impact to employers

- Employers will pay contribution rate based on tier
- PERS will leverage the current employer statement and invoice process (more to come in fall 2020)

Work After Retirement

If you choose to hire (or continue employing) any PERS service retiree during 2020 through 2024, most of those retirees (see exceptions below) can work an unlimited number of hours in those calendar years while continuing to receive their pension benefit.

Employer Contributions

Starting in 2020, and through 2024, you are required to pay to PERS your [PERS Employer Contribution Rate](#) on any service retiree's wages (the "PERS rate," which includes applicable Pension and Post-Retirement Healthcare rates, but not any IAP contributions) as if they were an active member.

Senate Bill 1049

Work After Retirement

- All updates posted on PERS Employer SB 1049 website: www.oregon.gov/PERS/EMP/Pages/SB1049.aspx
- Linked in every *Employer Newsletter*

New retiree wage codes

- EDX File Format and Development Guide updated with new 17 and 18 wage codes
 - Employers informed in June 19 email and July 10 *Employer Newsletter*
- Late October 2020 release to begin using 17 and 18 wage codes
- PERS staff will manually change 07s to 17s
- Only action employer needs to take is to prepare for future use of new wage codes
- Additional information will be shared about invoicing after October 2020 release

Senate Bill 1049

Member (IAP) Redirect


- Effective July 1, 2020
- Part of 6% member contribution will go to Employee Pension Stability Account (EPSA) rather than IAP
 - 2.5% for Tier One/Tier Two
 - 0.75% for OPSRP
- Contributions are redirected if combined monthly salary is more than \$2,500
- Member can elect after-tax voluntary contributions

Impact to employers

- Deductions for voluntary contributions must be made by employers

Senate Bill 1049

Member (IAP) Redirect

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	JUN	JUL	AUG	SEP	OCT	NOV	DEC
 Member Redirect																		<ul style="list-style-type: none"> • 6/18/20 – Work Package (WP) 1 Release (Employee Pension Stability Account Set Up/Batch/ General Ledger) – Short Term • 7/1/20 – Effective Date • 9/22/20 – Voluntary Contributions Initial Functionality – Long Term • 11/19/20 – Voluntary Contributions Final Functionality Release – Long Term • 3/1/21 – WP1 Release – Long Term • 5/30/21 – WP2 Release – Long Term • 8/30/21 – WP3 Release – Long Term → • 12/30/21 – WP4 Release – Long Term → • 12/31/21 – Project Close → 											

Employee Pension Stability Account

- Established

Voluntary contributions update

- Effective July 1, 2020
- Release scheduled for September 30, 2020
- FAQs on Employer SB1049 webpage
- Prior year earnings

Senate Bill 1049

Member Choice for IAP Target-Date Funds (TDF)

- Effective January 1, 2021
 - 2020 choice window is September 1-30, 2020
- Members will be able to select an IAP TDF based on their risk tolerance rather than age

Impact to employers

- None (please share information with your staff)

Senate Bill 1049

Member Choice

Current status

- Work Package 1 (OMS programming) being actively developed
 - Functionality grants members ability to elect Member Choice TDF
- Paper election form developed and in approval stages

Future activities

- Working with Voya to make TDF visible on iap.voya.com
- Once Work Package 1 is released, shift focus to Work Package 2
 - Date of birth validation for employer reporting, offline tools, etc.

Senate Bill 1049

Member Choice

Important considerations

- Election window for 2020 will be September 1–30
 - Elections received after will not be processed
 - Member will have to resubmit after the first of the calendar year
- Member Choice elections become effective January 1 of the following calendar year
 - Elections will not be visible on IAP.Voya.com until mid-January of the effective year
- Member will not see gains or losses associated with election until Member Annual Statements are distributed the year **following** the effective year

Communications

2020 Employer Satisfaction Survey

Dates

- May 1 to May 31

Responses

- 270
- Lower response rate than previous two years
- Included optional UALRP survey — 29 responses

Next steps

- Communications, Employer Service Center, and Actuarial Services analyzing results
- Summaries and conclusions to be presented at Oct. 2 Board meeting and Oct. 16 EAG

Communications

2020 Employer Satisfaction Survey feedback highlights

Most helpful employer resources (% rated “very helpful”)

- One-on-one help with PERS reporting (55%)
- ESC phone and email support (53%)
- Monthly Employer newsletter (30%) (48% “helpful”)
- PERS Employer information website (25%) (46% “helpful”)

Opportunities for improvement

“It is easier for me to talk with someone than try and figure out some of the language and rates. Being a small school, I wear many hats and don't have time to read everything and then still not understand the terminology.”

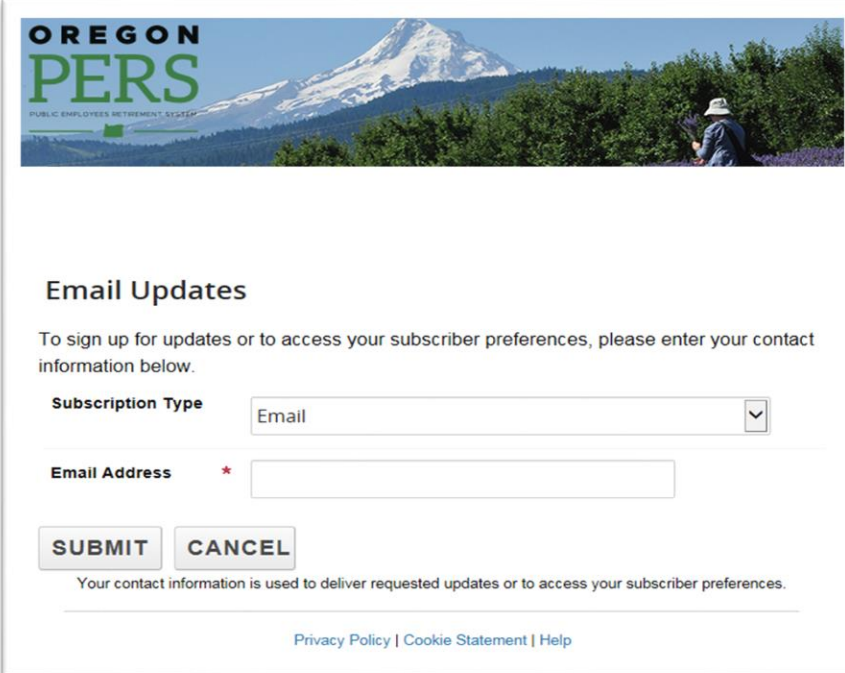
“For first-time PERS reporters, it will be really helpful if the (PERS) support team can deliver the information more thoroughly and with more explanation.”

“The whole retirement process is just plain confusing.”

Communications

SB 1049 communications

- Find the latest information on Employer SB1049 website
<https://www.oregon.gov/pers/EMP/Pages/SB1049.aspx>
- Sign up for GovDelivery: “Senate Bill 1049 Information”



OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

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Additional Items

OPSRP First Wage Clean-up Project

Current status

- OPSRP first wage clean-up data is currently being distilled and prepped by Data Services Section staff

Future plans

- Once the data is ready, PERS will coordinate staff availability and utilize .dat file process to work through adjustments

Questions?

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THANK YOU

