

# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



## Employer Advisory Group

January 20, 2023



# Agenda

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- Director's Office update
- Legislative update
- Senate Bill 1049 update
- Communications update
- Actuarial update
- Additional items
- Open discussion

# Director's Office update

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Kevin Olineck, PERS Director

# Director's Office update

## Upcoming

- February 3 PERS Board meeting
- 2023-25 Governor's Recommended Budget



# Director's Office update

## 2023-28 PERS Strategic Plan update

- Refining Shared Vision, Core Values, and Operating Principles
- Dominant theme: PERS Modernization
- Refining our Six Core Pillars
- Defining Goals, Objectives, Tactics, and Measures



2023-2028  
**Strategic Plan**

# Director's Office update

## Core Values refined

*VISION: Honoring your public service through secure retirement benefits.*

### PERS MISSION

We serve the people of Oregon by administering public employee benefit trusts to pay the right person the right benefit at the right time.

### OPERATING PRINCIPLES



#### Service-Focus

We work together to meet the needs of others with dependability, professionalism, and respect.



#### Accountability

We take ownership for our decisions, actions, and outcomes.



#### Integrity

We inspire trust through transparency and ethical, sound judgment.

### CORE VALUES

#### Professional

We are responsive, respectful, and sensitive to the needs of our members, employers, and staff.

#### Accurate

We ensure data integrity and provide consistent, dependable information and benefits.

#### Judicious

We use sound judgment and prudent, principled decision-making in upholding our fiduciary responsibility.

#### Vigilant

We are constantly vigilant and take ownership in the basic tenets of information security: confidentiality, integrity, and availability.

# Director's Office update

## 2023-28 PERS Strategic Plan theme

“Moving into this five-year planning cycle, 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 PERS-participating 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.**”

“The plan articulates **ambitious goals to achieve through 2028** within these focus areas, with specific, achievable goals and objectives related to each. The plan also links our objectives to the core outcome and process measures documented in PERS’ Fundamentals Map, a key artifact in our PERS Outcome-Based Management System.”

*This evolution is necessary to meet our member and PERS-participating employer needs into the future.*

# Director's Office update

## Strategic Pillars and Focus Areas

### Organizational Management and Development

- Workforce development
- Organizational communication
- PERS Outcome-Based Management System

### Member Services and Communications

- Member engagement
- Omni-channel service delivery

### Data Consistency

- Data analytics
- Data integrity
- Data use

### Information Technology

- ORION system modernization
- IT workforce development

### Financial Management

- Technology upgrades and system integration
- Financial management resource

### Risk Management

- Risk management



# Legislative update

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Heather Case, PERS Senior Policy Advisor

# Legislative update

## Upcoming

2023 Legislative Session began January 17.

PERS has three agency bills:

- HB 2283 — PERS Modernization Fixes
- HB 2284 — Divorce Fee Increase
- HB 2285 — Social Security Statute Updates

We are watching other legislative concepts that may affect PERS.

Questions?



# Senate Bill 1049 update

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Yvette Elledge-Rhodes, PERS Deputy Director

# SB 1049 update

## Remaining projects



### Member Redirect

- Schedule is planned for rebaseline by January 15, 2023, for all work packages.
- Work package 9.1 Employee Pension Stability Account Withdrawal and work package 9.2 Oregon Public Service Retirement Plan Withdrawal deploy March 23, 2023 (estimated).

### Technical Debt

- Work package 6 General Ledger Reversals deploys June 8, 2023.

### Employer impact

- None.

# SB 1049 update

## 2021-23 roadmap



# 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
<b>Employer Programs</b>	● 7/16/21 – Project Close												Dec 23											
<b>Work After Retirement</b>							● 12/16/21 – WP4 Side Account Credit Allocation																	
							● 2/24/22 – Project Close																	
<b>Member Redirect</b>							● 10/14/21 – WP5 Voluntary Contribution Maintenance – Long Term																	
							● 3/24/22 – WP4.3 EPSA Transaction Display – Long Term																	
													● 7/21/22 – WP6.1 EPSA Retirement – Long Term											
													2/23/23 – WP9.1 EPSA Withdrawal – Long Term →●											
													2/23/23 – WP9.2 Alter OPSRP Withdrawal – Long Term →●											
<b>Member Choice</b>	● 8/4/21 – Project Close																							
<b>Technical Debt</b>	● 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											
<b>PROGRAM INITIATIVE</b>																								
<b>Cross Project Effort</b>																								
	● 3/4/22 – WP3 IAP Divorce Tool																							
	● 5/20/22 – WP5.2 PYE Invoicing Tool																							
	● 6/1/22 – WP4.2 IAP Adjustment Calculator																							
	5/15/23 – WP6 IAP Balance Comparison Tool →●																							
	5/11/23 – WP6 General Ledger Reversals →																							




# SB 1049 update

## 2023-25 roadmap



# 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
 <b>Member Redirect</b>	<ul style="list-style-type: none"> <li>7/20/23 – WP8.1 EPSA Pre-Retirement Death – Long Term</li> <li>7/20/23 – WP10 Backlog Implementation – Long Term</li> </ul>						<ul style="list-style-type: none"> <li>3/28/24 – Migration Finalization</li> <li>4/25/24 – Project Close</li> <li>12/21/23 – WP11.1 Reemployment – Long Term</li> <li>12/21/23 – WP11.2 Excess EPSA – Long Term</li> <li>3/28/24 – WP12.2 Final Backlog Implementation – Long Term</li> </ul>																	
 <b>Technical Debt</b>							<ul style="list-style-type: none"> <li>1/18/24 - WP5 Side Account Reversals</li> <li>3/11/24 – Project Close</li> </ul>																	
<b>PROGRAM INITIATIVE</b>																								
 <b>Cross Project Effort</b>													<ul style="list-style-type: none"> <li>3/28/24 – WP7.3 Tier One/Tier Two/OPSRP Payouts Actuarial Extract</li> </ul>											

# SB 1049 update

Questions? Comments?



# Communications update

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Shawn Harper, PERS Employer Communications Specialist



# Communications update

## 11/26 employer reporting guides published

### Welcome to PERS reporting

- 1 Overview of PERS
- 2 Employer Requirements and Support

### Learning the Basics

- 3 Reporter Roles and EDX Access
- 4 Creating a Report
- 5 Creating a Record
- 6 Correcting Suspended Records

### Hiring a New Employee

- 7 Reporting a New Employee
- 8 Hiring a PERS Retiree

### Reporting wages and contributions

- 9 Reporting Wages for a Qualifying (Full-Time) Employee
- 10 Reporting Wages for a Non-Qualifying (Part-Time) Employee

### Reporting status changes

- 11 Reporting a Leave
- 12 Reporting Military Leave
- 13 Reporting a Retirement
- 14 Reporting a Disability Retirement
- 15 Reporting a Termination or Death
- 16 Calculating Unused Sick Leave Hours at Termination or Retirement

Published  
Coming soon

# Communications update

## 11/26 employer reporting guides published

### Confirming and changing information

- 17 Reporting or Changing “Average Overtime”
- 18 Completing Work List Requests
- 19 Creating a DCR
- 20 Viewing Employee Information
- 21 Changing Employee Demographic Information
- 22 Submitting an Adjustment Record
- 23 Running Reports

### Paying for PERS

- 24 Understanding Your Statement
- 25 Paying Your Invoice
- 26 Sending an Encrypted Message to PERS

Published  
Coming soon

# Communications update

## 8 quick-reference guides, 8 actuarial guides

### Quick-reference guides

[EDX Wage Codes](#)

[EDX Job Class Codes](#)

[EDX Status Codes](#)

[Detail 2 Wage and Service Fields](#)

[Choosing the Best Record and Report Types](#)

[Determining Qualification for a Partial Year](#)

[Glossary](#)

[EDX Site Navigation Menu Items](#)

### Actuarial and financial guides

[Guide to Understanding Your Rate](#)

[Guide to Understanding Your Valuation \(three versions\)](#)

[Guide to Understanding Unfunded Actuarial Liability](#)

[Guide to Understanding Pooling \(two versions\)](#)

[Guide to Financial Modeling](#)

# Communications update

## Updated webpages

### Pension Obligation Bonds

#### EXPANDED

To assist employers with required POB reporting, side accounts page has expanded POB section.

Employers can find:

- Average rate of return for side accounts in previous year.
- Cumulative rate of return as of current year.

[oregon.gov/PERS/Pages/General-Information/Side-Accounts-by-the-Numbers.aspx#Bonds](https://oregon.gov/PERS/Pages/General-Information/Side-Accounts-by-the-Numbers.aspx#Bonds)

### Senate Bill 1049

#### SIMPLIFIED

Now that most programs are implemented, page provides program summaries with links to detailed webpages.

Employer can:

- Reference summaries of each program.
- Click to learn more.

[oregon.gov/pers/EMP/Pages/SB1049.aspx](https://oregon.gov/pers/EMP/Pages/SB1049.aspx)

### Rate-Relief Programs

#### REVISED

All programs designed to slow growth in employer rates (including SB 1049 programs) listed here.

Employers can find info on Member Redirect, Salary Limit, Employer Incentive Fund, and more.

[oregon.gov/pers/EMP/Pages/Employer-Rate-Relief-Programs.aspx](https://oregon.gov/pers/EMP/Pages/Employer-Rate-Relief-Programs.aspx)

# Communications update

## Updated webpages

### Salary Limit

#### UPDATED

Annual salary limits and partial-year salary limits explained on one page.

Employers can find:

- Information about the program.
- Current and recent salary limits.
- Prorated, partial-year salary limit amounts.

[oregon.gov/pers/EMP/Pages/Partial-Year.aspx](https://oregon.gov/pers/EMP/Pages/Partial-Year.aspx)

### Member Redirect

#### REVISED

Member Redirect program and annual salary thresholds explained on Rate-Relief Programs webpage.

Employers can find:

- Salary threshold for current year and previous three years.
- Where to see their offset.
- Voluntary contributions responsibilities.

[oregon.gov/pers/EMP/Pages/Employer-Rate-Relief-Programs.aspx](https://oregon.gov/pers/EMP/Pages/Employer-Rate-Relief-Programs.aspx)

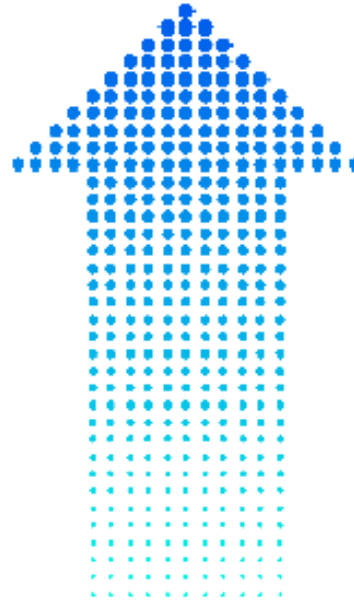
# Communications update

## Salary Limit and Member Redirect

**2022**

Salary Limit: **\$210,582/year**

Member Redirect  
salary threshold: **\$3,333/month**



**2023**

Salary Limit: **\$225,533/year**

Member Redirect  
salary threshold: **\$3,570/month**

Learn more in January  
[Employer News](#)

# Actuarial update

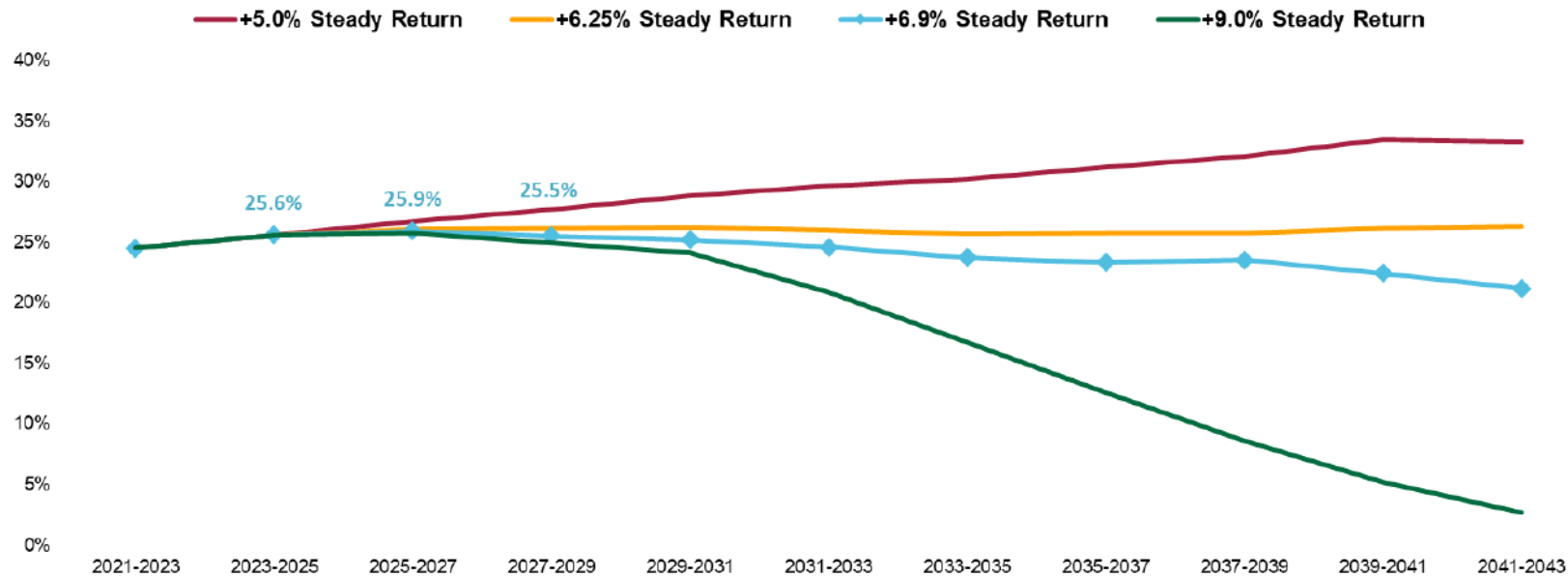
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Jake Winship, Manager of Actuarial Activities

# Actuarial update

## Financial modeling

### Employer Collared Base Pension Rates (System Average)



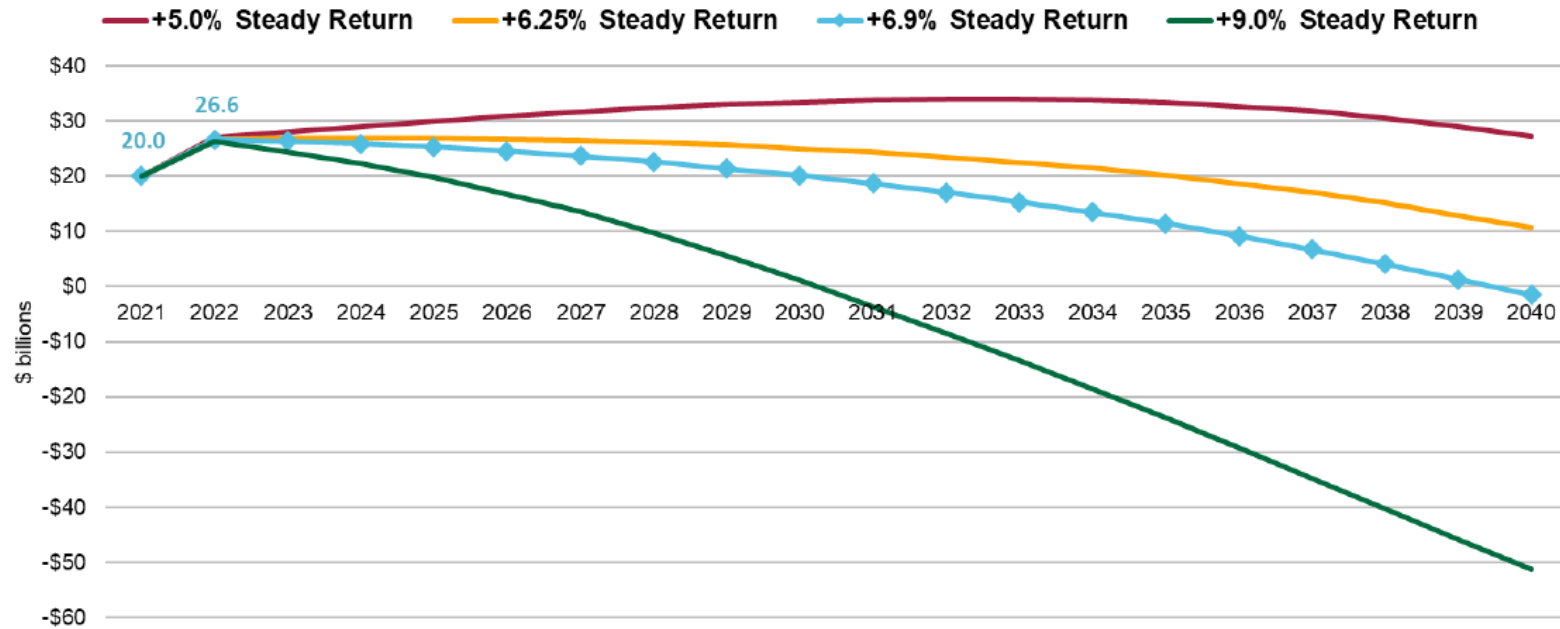
- If future investment results are near assumption, system average employer collared base pension rates in 2025-27 are projected to increase from 2023-25 rates, due to asset underperformance so far in 2022
- Blue line: rates decrease as new OPSRP members replace exiting Tier One / Tier Two members
- 2025-27 rates are based on asset returns through December 31, 2023, along with assumption and methods adopted after the upcoming Experience Study



# Actuarial update

## Financial modeling

### UAL (Unfunded Actuarial Liability) Excluding Side Accounts

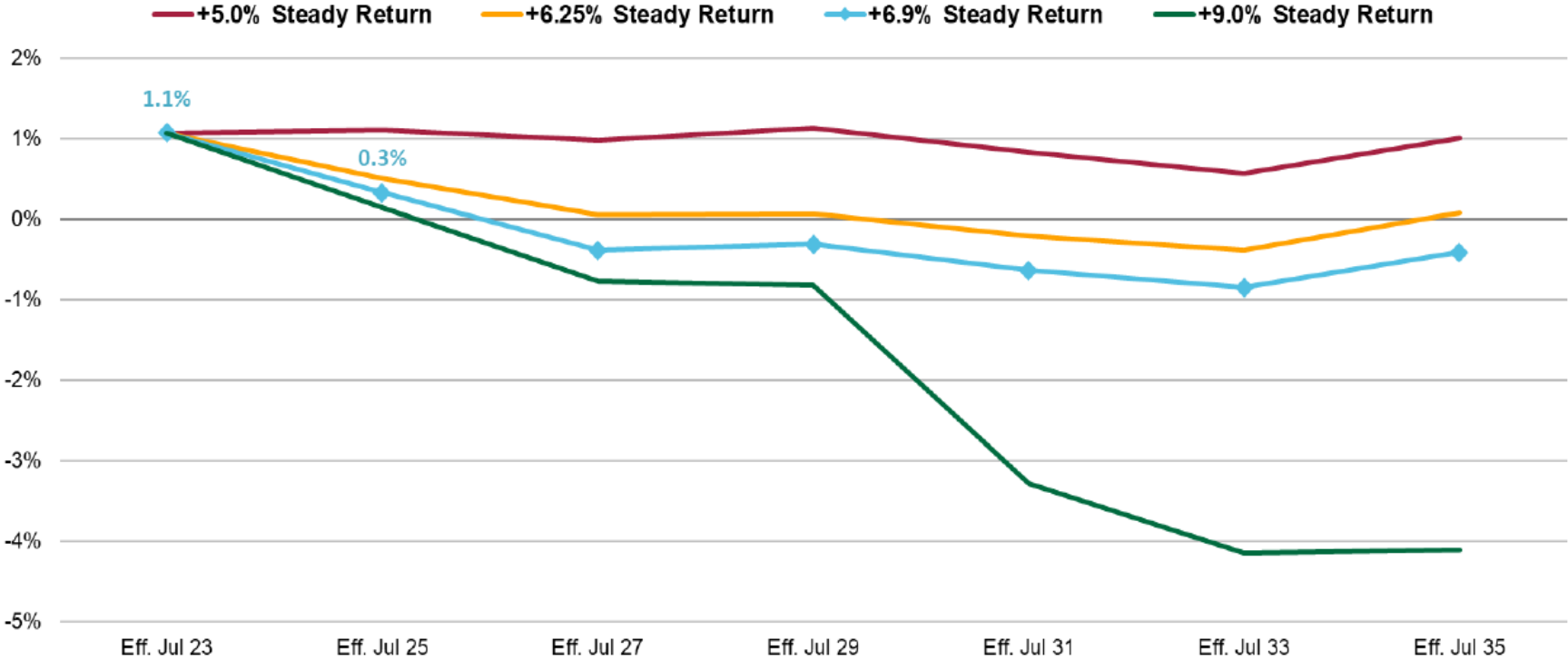


- 2022 UAL increases due to estimated year-end 2022 investment returns
- At steady +6.9% returns, UAL remains relatively level for a couple years before declining to below \$0 at year-end 2040

# Actuarial update

## Financial modeling

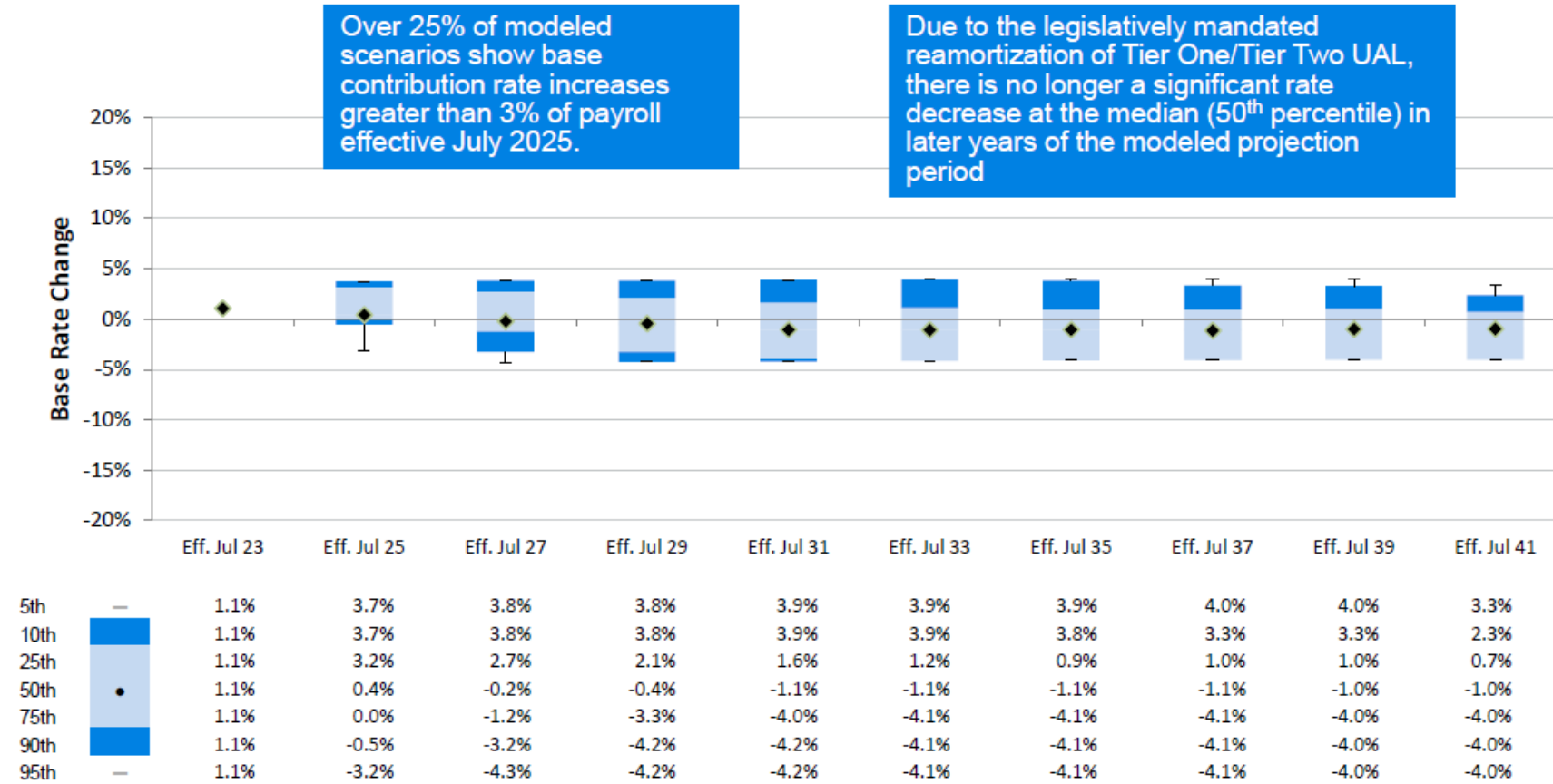
### Biennial Change in Collared Base Rate (System Average)



# Actuarial update

## Financial modeling

### Biennial Change in Employer Collared Base Pension Rate

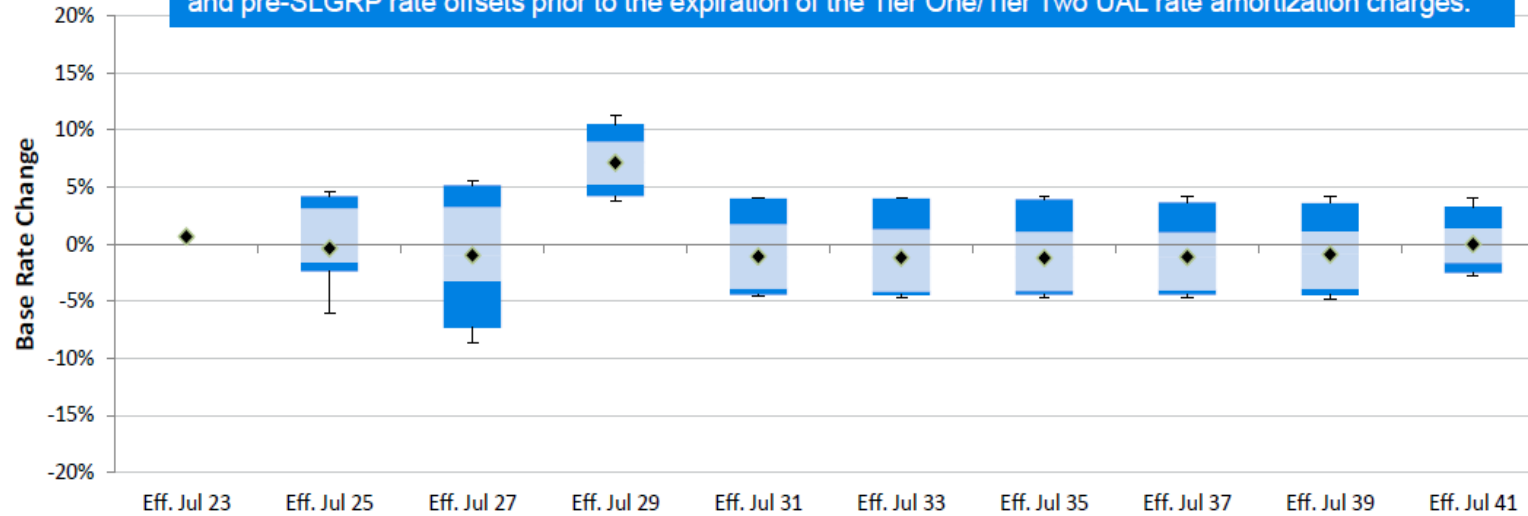


# Actuarial update

## Financial modeling

### Biennial Change in Collared Net Pension Rate

The July 2029 increase is related to the projected exhaustion of a significant portion of current side accounts and pre-SLGRP rate offsets prior to the expiration of the Tier One/Tier Two UAL rate amortization charges.



	Eff. Jul 23	Eff. Jul 25	Eff. Jul 27	Eff. Jul 29	Eff. Jul 31	Eff. Jul 33	Eff. Jul 35	Eff. Jul 37	Eff. Jul 39	Eff. Jul 41
5th	—	0.7%	4.5%	5.6%	11.3%	4.1%	4.1%	4.1%	4.1%	4.2%
10th	—	0.7%	4.2%	5.2%	10.5%	4.0%	4.0%	3.9%	3.7%	3.3%
25th	—	0.7%	3.1%	3.2%	9.0%	1.7%	1.3%	1.1%	1.0%	1.4%
50th	•	0.7%	-0.3%	-1.0%	7.2%	-1.1%	-1.2%	-1.2%	-1.1%	-0.9%
75th	—	0.7%	-1.6%	-3.2%	5.2%	-3.9%	-4.1%	-4.1%	-4.0%	-3.9%
90th	—	0.7%	-2.4%	-7.4%	4.2%	-4.4%	-4.4%	-4.4%	-4.4%	-4.5%
95th	—	0.7%	-6.1%	-8.6%	3.7%	-4.6%	-4.6%	-4.6%	-4.6%	-4.7%

# Actuarial update

## Audit findings

- Based on December 31, 2021, Actuarial Valuation.
- Conducted by Gabriel, Roeder, Smith & Company (GRS) — second audit.
- Broadly affirmed actuarial methods and assumptions.
- Particularly noted output smoothing (rate collar) methodology and change to prevent decrease to rates unless funding targets met.

# Actuarial update

## Audit findings

### Recommendations

- Better address 18-month timing lag between measurement date and rate action.
- Consider actuarial assumptions related to decrement timing, multiple service amounts, and Oregon residency assumptions.
- Documentation of actuarial models (ASOP 56).
- More concise Executive Summary for actuarial valuation.
- Illustration of side accounts:
  - Add remaining period of amortization for each individual base.
  - Currently shows date established, outstanding balance, and next scheduled payment.

# Actuarial update

## Valuation edits

### Modifications to 2022 Valuation Report

- Based on recommendations from EAG and GRS audit.
- Reformatted 2021 State Agency (ER 1000) report will be shared.

### Highlights

- Principal Valuation Results and Range of Potential Tier One/Tier Two Contribution Rates will be moved from Executive Summary.
- Employer Contribution Rates will be reformatted:
  - New contribution rates will be compared to current contribution rates.
  - Multnomah Fire District #10 and rate collar impact to UAL will be shown.
- Side Account Information will include rate offset beginning and end date for each individual side account.

# Actuarial update

## EIF and SDULF status

### Employer Incentive Fund (EIF)

- Balance as of November 30, 2022: **\$2,985,693**.
- Additional transfer anticipated on February 1, 2023: **\$2,117,115**.
- All waitlist matches must be received by March 31, 2023.
- EIF will be adequate to complete all approved matches.

### School District Unfunded Liability Fund (SDULF)

- Balance as of November 30, 2022: **\$46,265,043**.
- No transfers from interest on unclaimed property in 2023.
- Authorization for transfers into SDULF ends on January 2, 2027.
- Fund remains available until June 30, 2042.



# Additional items

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- Governmental Accounting Standards Board schedules — Matt Graves
- Employer Service Center (ESC) support reminder — Laurel Galego

# Additional items

## GASB schedules

- Governmental Accounting Standards Board (GASB) 68 Defined Benefit Plan and GASB 75 Other Postemployment Benefit Plans (OPEB) employer reporting for June 30, 2022, measurement date.
- PERS GASB webpage:  
<https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>
- Send questions to:  
[PERS.GASB.Questions@pers.oregon.gov](mailto:PERS.GASB.Questions@pers.oregon.gov)

# Additional items

## GASB schedules

### GASB 68 schedules

Currently available for June 30, 2022:

- Cash contributions subsequent to June 30, 2021, measurement date.
- Transition liability fiscal year 2022 amortization.

Available in early March for the June 30, 2022, measurement date:

- Audit Report — from PERS auditors.
- Letter from Actuary — from Milliman.
- Exhibits from Actuary — system-wide exhibits A through I.
- Individual employer statements.

# Additional items

## GASB schedules

### GASB 75 schedules

Available in early March for the June 30, 2022, measurement date:

- Audit Reports (RHIA and RHIPA) — from PERS auditors.
- Letter from Actuary — from Milliman.
- Exhibits from Actuary — system-wide exhibits A through H, RHIA and RHIPA.
- RHIA individual employer statements.

# Additional items

## ESC support reminder

### Year-end records reconciliation

The Employer Service Center (ESC) is available to help employers submit records and pay invoices by year end.

### Why is this important?

- If 2022 contributions invoiced through March 3, 2023, are paid when due, employees' PERS accounts will be **credited with 2022 earnings** (if applicable) from the PERS Trust.
- If contributions are not paid when due, employers will be **invoiced for 2022 earnings** (aka prior-year earnings).

# Additional items

## ESC support reminder

### How to reach ESC

- **By email**



ESC representatives are available to answer emailed questions Monday to Friday from 8 a.m. to 5 p.m. Email your assigned representative directly or the [Employer Support inbox](#). Most emails are answered within 24 hours.

- **By phone**



ESC representatives are available to assist by phone Monday to Friday. Call your assigned representative's direct phone line between 8:00 a.m. to 4:00 p.m. or the Employer Call Center line between 8:30 a.m. to 12:00 p.m. at 888-320-7377.

# Open discussion

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# Open discussion





# OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



**Thank you**

