

PERSPECTIVES

Retired
Member
Edition

Working after retirement for a PERS-covered employer

If you return to employment with a PERS-covered employer after you retire, Oregon statutes impose certain limitations. If you do not comply with these limitations, your retirement benefits may stop and you may be required to pay back benefits previously received.

If you retire from PERS and return to employment with a private employer, your PERS retirement benefits will not be affected.

Tier One and Tier Two retired members returning to work for an Oregon public employer may continue to receive retirement benefits as long as the period (or periods) of employment with one or more public employers do not total 1,040 hours or more in a calendar year.

Also, within the first six months of retirement, you cannot exceed 1,040 hours even if it crosses into a new calendar year. Some exceptions allow retired Tier One/Tier Two members to exceed the yearly limit. Exceptions are posted on the PERS website.

2017 COLA increase

The 2017 cost-of-living adjustment (COLA) for PERS benefit recipients receiving a monthly benefit is effective July 1, 2017, and will be part of your August 1, 2017 benefit payment.

Those who retired before October 1, 2013, will receive a COLA that is 2 percent of the current monthly benefit.

Those who retired on or after October 1, 2013, have a blended COLA: 2 percent for accrued service time before that date and a tiered COLA for service time after that date.

The COLA for service time after October 1, 2013, is 1.25 percent on the first \$60,000 of a benefit and 0.15 percent on benefit amounts over \$60,000.

OPSRP members who retired after August 1, 2016, will have a pro-rated COLA depending on the number of months the benefit was received before July 1, 2017 and will include a “blended” COLA.

Tier One/Tier Two retired members who have reached full retirement age under Social Security may work an unlimited number of hours. Full retirement age under Social Security varies by birth date.

Tier One or Tier Two retired members who are receiving Social Security benefits and have not reached full retirement age under Social Security may work either less than 1,040 hours in a calendar year or, if greater, the total number of hours, at their hourly rate of pay, that would not exceed the annual earnings limit set by the Social Security Administration (SSA).

SSA annually establishes earnings limits for recipients of Social Security benefits. The calendar year earnings limits for Tier One/Tier Two retired members are:

- For retired members who have not reached full retirement age under the Social Security Act, the annual compensation limit is \$16,920 in 2017.
- For the calendar year in which a retired member reaches full retirement age under the Social Security Act and only for compensation for the months before reaching full retirement age, the annual compensation limit is \$44,880 in 2017.

Different rules apply to members who retired due to disability, those who retired early, and OPSRP Pension Program retired members.

A retired OPSRP Pension Program member can work up to 599 hours annually for a PERS-covered employer. The limit includes the hours worked after retirement in the year the member retires. Within the first six months of retirement, you cannot exceed 599 hours even if it crosses into a new calendar year.

There is no Social Security earnings limit for OPSRP Pension Program retirees.

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Investment returns in 2016 fall short of assumed rate

The PERS Fund experienced positive investment results for the eighth consecutive year, with a return of 6.9 percent in 2016. However, earnings fell short of the 7.5 percent assumed rate of return.

After taking in employer contributions of approximately \$1 billion and paying out approximately \$4 billion in retiree benefits in 2016, the PERS Fund was valued at \$70.5 billion as of December 31, 2016, up from approximately \$68.7 billion at the end of 2015.

PERS' funded status—the amount of money in the Fund compared to benefit obligations—was 71 percent as of December 31, 2015. This funded status does not include employer side accounts (pre-payments made to PERS), which brings the Fund's status to 75 percent funded.

Funded status as of December 31, 2016, has not yet been determined.

Automatic deposit

Identity theft is increasing. One way thieves can steal your identity is by stealing mail from your mailbox.

Having your PERS benefit payment directly deposited into your checking or savings account can help protect you from identity theft.

The direct deposit form is available in the Retiree section of the PERS website (<http://oregon.gov/PERS>) or by contacting PERS Member Services toll free at 888-320-7377. We will be happy to mail the form to you.

Mail the completed form to:

PERS
P.O. Box 23700
Tigard, OR 97281-3700

At the end of 2015, PERS' unfunded actuarial liability (UAL)—the shortfall in what will be needed to pay benefits over the life of the existing PERS program—was \$21.8 billion, not including employer side accounts. This is an increase of approximately \$13 billion since 2013.

The increase in UAL is due to:

- the Oregon Supreme Court's decision in the *Moro* case that restored an annual cost-of-living adjustment (COLA) of up to 2 percent to benefit recipients;
- lower earnings than expected in 2014 and 2015;

- the decrease in the assumed rate of return on the PERS Fund from 7.75 percent annually to 7.5 percent;
- updates to mortality assumptions;
- the expected annual UAL increase; and
- all other assumption changes and actual experience.

PERS' UAL as of December 31, 2016, has not been determined yet.

Want to know more about PERS earnings? Check out "The PERS Funding Equation" on page 4.

Use Online Member Services to print paystubs or benefit confirmations

Through Online Member Services (OMS), you can print copies of your PERS benefit paystubs or a benefit confirmation letter.

Here's how to print a paystub:

1. Login to your OMS account from the PERS homepage (<http://oregon.gov/PERS>). You will need to create an OMS account if you have not done so already.
2. Click on your account type (example: "Retired – General Service/P&F").
3. Click on "View Payment History."
4. Click on the appropriate year.
5. Click on the "Details" hyperlink for the payment date for the stub you want to print.
6. Click on the "Printer-friendly Paystub" button.
7. Use the print function on your browser to print the paystub.

To print a benefit confirmation letter (the letter will be based on your last benefit payment information):

1. Login to your OMS account from the PERS homepage.
2. Click on your account type (example: "Retired – General Service/P&F").
3. Click on "Create Benefit Confirmation Letter."
4. Click on the "Create Document" button.
5. Use the print function on your browser to print the document.

Note: This functionality may not work for some accounts.

If you receive an error message, please call PERS Member Services at 888-320-7377.

Notify PERS of a death

Please remember that you must notify PERS of the death of a member, alternate payee, and/or beneficiary receiving PERS benefits. Failure to report a death in a timely manner may result in overpayments and invoicing. Send a copy of the death certificate to:

PERS
P.O. Box 23700
Tigard, OR 97281-3700

Perspectives is published by the Oregon Public Employees Retirement System for the benefit of PERS members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters is located at **11410 SW 68th Parkway, Tigard, Oregon**.

Phone: 888-320-7377; TTY: 503-603-7766. Telephone hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, except holidays.

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

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***Perspectives* Editors:** David Crosley and Dean Carson

PERS Health enrollment meetings

The PERS Health Insurance Program (PHIP) has scheduled new enrollment meetings throughout the year for those retirees who will become Medicare eligible (due to turning 65 years of age or due to disability) within the next 12 months.

Presentations include:

- Introduction to PHIP
- Medicare basics and enrollment timelines
- PHIP eligibility and enrollment timelines
- Overview of PHIP medical and dental plans
- Carrier representatives available to answer questions (see Represented Plans)

Meetings held at PERS HQ

11410 SW 68th Parkway, Tigard, OR 97223

Space is limited; registration required

Doors unlock at 5:30 p.m. and re-lock at 6:30 p.m.

Register at oregon.gov/PERS – click on “Education Sessions.” If you need to cancel a registration, please call 888-320-7377 or email PERS.CANCELLATIONS@PERS.STATE.OR.US

Date	Time	Represented Plans
April 5	6 p.m. - 8 p.m.	Kaiser, Moda, Providence
May 3	6 p.m. - 8 p.m.	Kaiser, Moda, Providence
June 7	6 p.m. - 8 p.m.	Kaiser, Moda, Providence, PacificSource
July 12	6 p.m. - 8 p.m.	Kaiser, Moda, Providence
August 2	6 p.m. - 8 p.m.	Kaiser, Moda, Providence
September 6	6 p.m. - 8 p.m.	Kaiser, Moda, Providence, PacificSource
October 4	6 p.m. - 8 p.m.	Kaiser, Moda, Providence
November 1	6 p.m. - 8 p.m.	Kaiser, Moda, Providence
December 6	6 p.m. - 8 p.m.	Kaiser, Moda, Providence

PERS benefit checks mailing dates

2017 pay date	Checks mail from Salem	Direct deposit effective date
April 1	March 30 (Thursday)	March 31 (Friday)
May 1	April 28 (Friday)	May 1 (Monday)
June 1	May 31 (Wednesday)	June 1 (Thursday)
July 1	June 29 (Thursday)	June 30 (Friday)
August 1	July 31 (Monday)	August 1 (Tuesday)
September 1	August 31 (Thursday)	September 1 (Friday)
October 1	September 28 (Thursday)	September 29 (Friday)
November 1	October 31 (Tuesday)	November 1 (Wednesday)
December 1	November 30 (Thursday)	December 1 (Friday)

The PERS funding equation

Remember high school algebra? One side of an equation has to equal the other side. PERS is required to assess its financial position at least every two years which it does by retaining an actuary to conduct a System Valuation. The Valuation reviews each component of this equation at the close of the calendar year. The PERS actuary calculates the system's funded status using this basic equation:

$$B = C + E$$

Benefits = **Contributions** + **Earnings**

Benefits: This is the present value of benefits earned by PERS members.

Benefit levels are set by the Legislature, not the PERS Board. As such, the PERS Board does not advocate for changes (enhancements or reductions) to PERS benefits.

Based on the December 31, 2015 system valuation, retired PERS members account for approximately 64 percent of PERS liabilities or payment obligations.

Non-retired Tier One members account for approximately 16 percent of PERS liabilities or payment obligations.

There are more than 41,000 Tier One members (those who began working for a PERS-covered employer before January 1, 1996) who have yet to retire.

Tier One members are a higher-cost group for retirement benefits. As these Tier One members retire and receive benefit payments, the PERS actuary estimates that payments to Tier One retirees will increase annually until about 2032. Eventually, employer contribution rates will decrease because OPSRP, the Oregon Public Service Retirement Plan (for PERS-covered employees hired after August 28, 2003), is a lower-cost system.

When earnings on the PERS Fund are insufficient to pay for retirement benefits, then contributions by employers increase.

Contributions: PERS employers pay a percent of every salary dollar to fund member benefits. The amount an employer pays is based on the mix of PERS employees it has (general service or police and fire; Tier One, Tier Two, or OPSRP members) and any unfunded liability. Employer contribution rates are set by the PERS Board.

Every two years, the PERS Board adjusts contributions so that, over time, those contributions will be sufficient to fund the benefits earned by PERS members.

When earnings on the PERS Fund are not enough to cover promised benefits, then employer contribution rates increase.

In the 2015-17 biennium, PERS employers paid approximately \$2 billion to fund retirement benefits for PERS members.

In the 2017-19 biennium, that amount will increase to approximately \$2.85 billion. Increases of similar magnitude are expected in the 2019-21 and 2021-23 bienniums.

Systemwide, PERS employers will pay 20.8 percent of payroll to fund retirement benefits in the 2017-19 biennium. When side account offsets are added in (pre-payments by PERS employers to lower their liability), the systemwide rate in 2017-19 will be 14.2 percent of payroll.

Employer contribution rates for individual employers are posted on the PERS website.

Earnings: The PERS Fund is managed by the Oregon State Treasury under the direction of the Oregon Investment Council (OIC).

The seven-member OIC is charged, by statute, to ensure that "moneys in the investment funds shall be invested and reinvested to achieve the investment objective of the investment funds, which is to make the moneys as productive as possible."

Currently, the PERS Board has set an assumed earnings rate of 7.5 percent annually, based on the OIC's allocation of Fund assets in different investment types (e.g., stocks, bonds, real estate, etc.).

If actual earnings fall below this mark, then employer contribution rates must increase to make up for the shortfall.

Since 1970 nearly 74 percent of all PERS revenue has come from investment returns, with employers contributing approximately 21 percent, and the remainder coming from PERS members.

The PERS Fund experienced positive investment results for the eighth consecutive year, with a return of 6.9 percent in 2016.

After taking in employer contributions of approximately \$1 billion and paying out approximately \$4 billion in retiree benefits in 2016, the PERS Fund was valued at \$70.5 billion as of December 31, 2016, up from approximately \$68.7 billion at the end of 2015.