

**OREGON PUBLIC EMPLOYEES
RETIREMENT SYSTEM
BOARD MEETING**

**Thursday
July 16, 2009
1:00 P.M.**

**PERS
11410 SW 68th Parkway
Tigard, OR**

ITEM	PRESENTER
A. Administration – 1:00 P.M.	
1. May 29, 2009 Board Meeting Minutes 2. Director's Report a. Forward-Looking Calendar b. OIC Investment Report c. Budget Report d. Employer Reporting e. Project Status Reports (SEAS, Young Case, RCP)	CLEARY
B. Consent Items	
1. Adoption of Reemployment of Retirees for OPSRP and IAP Rules 2. Adoption of Recovery of Administrative Costs Rule 3. Adoption of Vesting in OPSRP Pension and IAP Employer Account Rules 4. Adoption of Actuarial Equivalency Factors Rules	RODEMAN
C. Action and Discussion Items	
1. 2008 Experience Study Demographic and Economic Assumptions 2. 2009 Legislative Update – Final Report	MERCER RISWICK
D. Executive Session Pursuant to ORS 192.660(2)(f), (h), and/or ORS 40.225	
1. Litigation Update	LEGAL COUNSEL

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Note: If you have a disability that requires any special materials, services or assistance, call (503) 603-7575 at least 48 hours before the meeting.

James Dalton, Chair * Thomas Grimsley, Vice-Chair * Eva Kripalani * Mike Pittman * Brenda Rocklin
Paul R. Cleary, Executive Director

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Item A.1.a.

PERS Board Meeting

May 29, 2009

Tigard, Oregon

MINUTES

Board Members:

James Dalton, Chair
Tom Grimsley, Vice-Chair
Eva Kripalani
Mike Pittman
Brenda Rocklin

Staff:

Donna Allen	Brian Harrington	Steve Rodeman
Helen Bamford	Kyle Knoll	Susan Sjordal
Gay Lynn Bath	Jeff Marecic	Jason Stanley
Paul Cleary	Zue Matchett	Dave Tyler
David Crosley	David Nowacki	Carol Thornbrue
Jon DuFrene	Dale Orr	Stephanie Vaughn
Yvette Elledge	Susan Riswick	

Others:

Bruce Adams	Joe Dunne	George Kimble	Laurneen Tracy
Karen Artiaco	Linda Ely	E. Marie Laird	Deborah Tremblay
Kay Bell	Janice Essenberg	Cheryll Luth	Jannel Vachter
Tom Breitbarth	Marc Feldesman	P. Peg	Denise Yunker
Molly Butler	Paul Gornick	Bill Robertson	Pat West
D. Chavez	Bill Hallmark	Barb Sandoval	Brad Westphal
Kris Day	Greg Hartman	Steve Schmidt	David Wimmer
D. Dickens	Steve Haynes	Diane Smalley	

Chair James Dalton called the meeting to order at 1:05 P.M.

ADMINISTRATION

A.1. BOARD MEETING MINUTES OF MARCH 31, 2009

The Board unanimously approved the minutes from the March 31, 2009 Board meeting.

A.2. DIRECTOR'S REPORT

Director Cleary presented the Board's forward-looking calendar, noting that the July Board meeting has been rescheduled to Thursday, July 16, 2009. Cleary reported the agency will be deploying one of the largest stages of the RIMS Conversion Project, migrating the membership database and adding functionality, starting Friday, June 5, 2009. Cleary said there would be limited information available to members and employers during the week-long conversion. Cleary reviewed Oregon Investment Council (OIC) activities and the reports on investment returns for March and April. Cleary noted significant improvement in April, and a positive year-to-date return in the variable account. Cleary presented the agency operating budget report and noted a positive variance of about \$2.6 million for this biennium. The PERS budget for next biennium has passed the Legislature and been signed by the Governor. Cleary reported on an agency website use survey, completed by over 800 retirees and members who contacted PERS Customer Service Call Center. Cleary said approximately 40% of the survey respondents had visited the website prior to phoning the Call Center. Cleary said the survey was designed to assess accessibility and usefulness of website information. Cleary noted that

the annual customer satisfaction survey will be posted on the PERS website and available via the retiree newsletter starting August 1, 2009.

Cleary announced that all retirees will receive a 2% COLA (cost-of-living adjustment) in August 2009. Cleary said that Mercer's 2009 purchasing power study reported the Consumer Price Index (CPI) for Portland increased 3.28% in 2008.

CONSENT ACTION AND INFORMATION ITEMS

B.1. NOTICE OF REEMPLOYMENT OF RETIREES FOR OPSRP AND IAP RULES

Deputy Director Steve Rodeman presented two new proposed rules to address the implications of a retired OPSRP Pension Program member and an IAP member who is receiving benefits returning to employment with a PERS-covered employer. A public hearing will be held June 16, 2009, with the comment period ending July 1, 2009. The rules are scheduled to be brought before the PERS Board for adoption at the July 16, 2009 Board meeting.

B.2. NOTICE OF RECOVERY OF ADMINISTRATIVE COSTS RULE

Rodeman described the current policy used to recover administrative costs for service retirement estimate requests; providing two free estimates each calendar year, and charging \$60 for each additional estimate. Rodeman said the proposed rule changes specifically address disability retirement estimates, waiving any fees for requesting those estimates but specifying that a disability application must be on file at PERS to request a disability estimate. The proposed changes will clarify the rule's application to members who have submitted a disability retirement application and help streamline the workflow process between the Account Reconciliation Team and Disability Unit. A public hearing will be held June 16, 2009 with the public comment period ending July 1, 2009. The rules are scheduled to be brought before the PERS Board for adoption at the July 16, 2009 Board meeting.

B.3. NOTICE OF RULEMAKING FOR VESTING IN THE OPSRP PENSION PROGRAM AND IAP EMPLOYER ACCOUNT

Rodeman presented the notice of rulemaking on the above rule. This rule clarifies that members must be vested in the OPSRP Pension Program and in the account(s) of the Individual Account Program (IAP) to receive benefits under those programs. ORS 238A.115 and 238A.320 provide a common standard by which a member vests in those programs: by completing 600 hours of service in each of five calendar years. The proposed new rules clarify the application of this standard for each program. A public hearing will be held June 16, 2009, with the comment period ending July 1, 2009. The rules are scheduled to be brought before the PERS Board for adoption at the July 16, 2009 Board meeting.

B.4. NOTICE OF ACTUARIAL EQUIVALENCY FACTORS RULE

Rodeman presented the notice of rulemaking on recommended rule changes to OAR 459-005-0055 which aligns the approval and implementation dates for actuarial equivalency factors (AEFs) with PERS Board practice. Because the AEFs are based on the Experience Study, this rule needed to be changed to conform to the shift in the timing of the Experience Study. This rule change conforms to the actuary's new schedule by having future AEFs become effective

as of January 1 of the subsequent even-numbered year. A rulemaking hearing will be held on June 16, 2009 with the public comment period ending July 1, 2009. The rules are scheduled to be brought before the PERS Board for adoption at the July 16, 2009 Board meeting.

B.5. ADOPTION OF TERMINATION OF MEMBERSHIP RULES

Rodeman presented proposed rule adoption for the PERS Board to delegate authority to terminate membership in limited circumstances to the Executive Director. The proposed rule would allow the Director to terminate membership only if the member chose a total lump-sum retirement option, exceeded the allowed hourly limitations within six months after returning to work, and refused to re-retire in compliance with those limitations, which would otherwise remedy the plan qualification breach. Rodeman said the draft rules were submitted to the Department of Justice for legal review. A rulemaking hearing was held May 26, 2009, and the public comment period ended May 29, 2009 at the PERS Board meeting.

It was moved by Eva Kripalani and seconded by Tom Grimsley to adopt the Involuntary Termination of Membership Rule, as presented. The motion passed unanimously.

B.6. OSGP ADVISORY COMMITTEE APPOINTMENTS

Gay Lynn Bath, Deferred Compensation Manager for the Oregon Savings Growth Plan (OSGP), presented recommendations to fill vacancies on the OSGP Advisory Committee. Bath recommended that, effective immediately, Keith Baldwin, the Stewardship Forester at the Oregon Department of Forestry, Molalla, be appointed to fill an open position. Bath noted that two additional member terms will expire on June 30, 2009 and recommended that Robert Swank, the Associate Director at Lane Council of Government in Eugene and John Lattimer, Chief Administrative Officer for Marion County, fill the vacated local government positions. These positions are effective July 1, 2009. The Board asked questions about the member interest solicitation process and encouraged staff to expand those efforts in future solicitations to enhance committee diversity.

It was moved by Brenda Rocklin and seconded by Tom Grimsley to accept the recommendation to appoint Keith Baldwin, Robert Swank and John Lattimer as the new OSGP Advisory Committee members, effective July 1, 2009. The motion passed unanimously.

ACTION AND DISCUSSION ITEMS

C.1. APPROVAL OF RETIREE HEALTH INSURANCE 2010 PLAN RENEWALS AND RATES

Zue Matchett, Retiree Health Insurance Program Manager, reviewed the four contracted plans offered by the Oregon PERS retiree health insurance program that is a voluntary insurance group where eligible members pay premiums for the insurance plan of their choice. Matchett described the contract renewal process and the role of the plan consultants and retiree advisory committee. Matchett then presented the 2010 plan proposals and recommended the Board approve the proposed PERS Retiree Health Insurance Plan contracts, conditions, and rate changes for 2010.

It was moved by Mike Pittman and seconded by Tom Grimsley to approve the proposed PERS Retiree Health Insurance Plan contracts, conditions and rate changes for 2010. The motion passed unanimously.

C.2. FINANCIAL MODEL-ECONOMIC PROJECTIONS

Bill Hallmark and Matt Larrabee with Mercer presented a financial modeling analysis of a range of economic assumptions and reviewed the impacts of the 2008 and first quarter 2009 market downturn. The analysis projections were based on the data, methods, assumptions, and plan provisions provided in the December 31, 2007 PERS actuarial valuation report. The analysis also covered the potential impacts of capping employer rates, changing amortization schedules for unfunded actuarial liabilities, and modifying the assumed earnings rate.

C.3. EXPERIENCE STUDY METHODS AND ASSUMPTIONS

Hallmark and Larrabee presented the first phase of the 2008 experience study, and reviewed PERS economic and actuarial assumptions. Mercer recommended changes for several actuarial methods and allocation procedures, and for two economic assumptions. Mercer also discussed the preliminary analysis of the investment return assumption, or “assumed earnings rate.” Chair Dalton said the Board would like to review the actuarial, economic, and demographic assumption recommendations as a package, and that adoption of changes would be on the July 2009 Board meeting agenda.

David Wimmer, Oregon City Finance Director, asked Mercer if possible staff reductions and salary freezes were factored in the actuarial payroll growth assumption. Hallmark said actuarial standards do not consider changes in staffing levels but an impact would be felt if total payroll contracts. This payroll contraction would reduce anticipated contributions, thus increasing unfunded actuarial liabilities and future employer rates.

Tom Breitbarth, Washington County representative, asked if there was a possibility of lowering the Tier One member regular account guaranteed return rate of 8% to 7.5% in 2009. Director Cleary said that the assumed earnings rate is reviewed every two years as part of the actuary’s experience study, and the rate has been held at 8% since 1989 over a full range of market fluctuations, but a change is always possible.

Diane Smalley, teacher, asked if there were rate changes that would have significant impact on retirement benefits, how much notice would be given to retiring members. Director Cleary said that changes, if any, in the actuarial equivalency factors would take effect on January 1st of the following year. Cleary said PERS would communicate fully with PERS members regarding any change, included posting the Mercer analysis and a staff-prepared “frequently asked questions” document on the PERS website following this meeting.

Member Bill Robertson asked for clarification of possible effects in changing the assumed earnings rate from 8% to 7.5%. Hallmark said that depending on the individual member’s age and account balance, members would have to delay their retirement by seven to fifteen months in order to receive the same starting benefit if they retire under Money Match or Formula Plus Annuity.

C.4 LEGISLATIVE UPDATE

Susan Riswick, Interim Policy, Planning, and Legislative Analysis Division Administrator, provided the Board with a written report on legislative activities and schedules.

Chair Dalton asked if any stakeholders wanted to share their perspectives on pending legislation, with no audience response. The Board then reiterated its concerns with and opposition to the “guarantee” provision of the data verification portion of SB 897, noting that any guarantee was inconsistent with the Board’s policy direction that had been previously approved and shared with stakeholder groups, the Governor’s office, and the Legislature.

Chair Dalton adjourned the meeting at 3:35 P.M.

Respectfully submitted,

A handwritten signature in cursive script that reads "Paul R. Cleary".

Paul R. Cleary

Executive Director

PERS Board Meeting Forward-Looking Calendar

August 2009

No meeting scheduled

September 25, 2009

Notice of Divorce Rules
Notice of Combined Service Rules
Notice of OARs Related to Legislation
2008 Valuation Report
Legislative Implementation Plan
Audit Committee Meeting

October 2009

No meeting scheduled

November 20, 2009

Adoption of Divorce Rules
Adoption of Combined Service Rules
Adoption of OARs Related to Legislation
Employer Reporting
Actuarial Equivalency Factors
Equal to or Better Than Determination

December 2009

No meeting scheduled

Returns for periods ending 5/31/09

Oregon Public Employees Retirement Fund

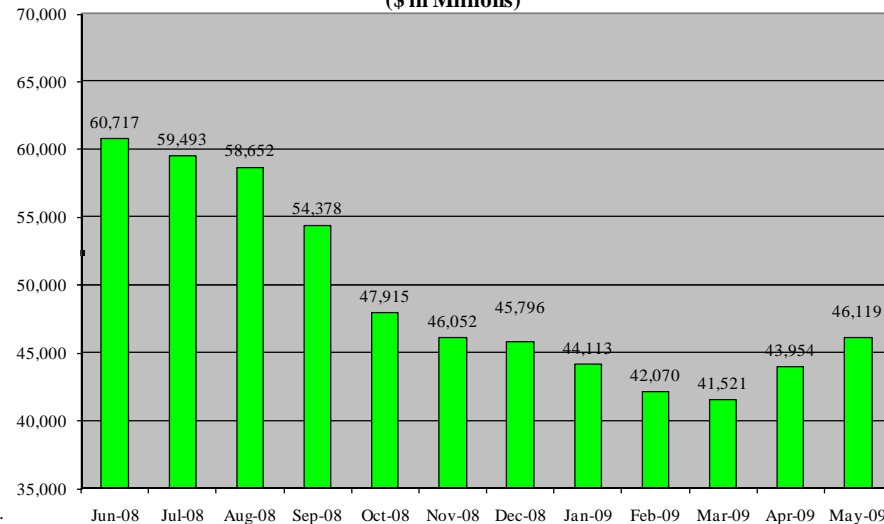
A.2.b.

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
Public Equity	41-51%	46%	\$ 19,072,243	42.1%	10.71	(34.98)	(20.69)	(7.99)	(1.74)	0.94
Private Equity	12-20%	16%	8,793,938	19.4%	(15.72)	(24.09)	(6.37)	3.05	8.56	13.08
Total Equity	57-67%	62%	27,866,181	61.5%						
Opportunity Portfolio			864,707	1.9%	9.62	(16.95)	(9.78)			
Total Fixed	22-32%	27%	11,674,793	25.8%	10.02	(0.82)	1.10	3.30	2.85	3.96
Real Estate	8-14%	11%	4,879,710	10.8%	(15.49)	(29.07)	(14.46)	(2.66)	5.79	9.53
Cash	0-3%	0%	8,812	0.0%	1.31	1.16	2.86	3.71	3.76	3.43
TOTAL OPERF Regular Account		100%	\$ 45,294,203	100.0%	1.57	(25.25)	(13.11)	(3.37)	1.11	3.50
OPERF Policy Benchmark					1.35	(21.07)	(10.27)	(1.51)	1.73	3.68
Value Added					0.22	(4.18)	(2.84)	(1.86)	(0.62)	(0.18)
TOTAL OPERF Variable Account			\$ 825,173		9.97	(34.42)	(22.50)	(10.24)	(5.19)	(2.24)

Asset Class Benchmarks:

Russell 3000 Index	3.84	(32.85)	(20.81)	(8.40)	(4.08)	(1.52)
MSCI ACWI Ex US IMI Net	16.42	(35.66)	(18.58)	(5.10)	2.85	5.59
Russell 3000 Index + 300 bps--Quarter Lagged	(20.34)	(33.09)	(14.87)	(4.88)	(1.47)	1.99
BC Universal--Custom FI Benchmark	2.23	4.17	5.04	5.68	4.32	4.94
NCREIF Property Index--Quarter Lagged	(8.29)	(6.46)	4.09	8.10	10.98	11.67
91 Day T-Bill	0.09	1.12	2.47	3.37	3.49	3.19

TOTAL OPERF NAV
(includes variable fund assets)
One year ending May 2009
(\$ in Millions)



¹OIC Policy 4.01.18, as revised September 2007.

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.



Oregon

Theodore R. Kulongoski, Governor

Public Employees Retirement System

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July 16, 2009

TO: Members of the PERS Board
FROM: Kyle J. Knoll, Business Operations Manager
SUBJECT: July 2009 Budget Report

2007-09 BUDGET UPDATE

Operating expenditures for the month of May 2009 were \$2,296,256.

- To date, through the first 23 months (95.83%) of the biennium, the Agency has expended a total of \$70,284,120, or 87% of PERS' 2007-09 operating budget.
- The Agency's positive budget variance for the biennium is currently projected at \$2,790,529, of which \$427,621 is RIMS Conversion Project (RCP) budget that will be expended in the next biennium.

June 2009 expenditures will close in the Statewide Financial Management System (SFMS) on July 17, 2009 and be included in the September 25, 2009 Budget Report to the Board. Remaining expenditures for the 2007-09 biennium will close December 31, 2009, and be included in the final 2007-09 Budget Report to the Board in January 2010.

2009-11 BUDGET UPDATE

The Agency's initial 2009-11 Budget Report will also be submitted at the September 25, 2009 Board Meeting. This report will include:

- The 2009-11 Other Funds Limitation after incorporating any final statewide adjustments made by the Legislature during June 2009; and
- Expenditures for the month of July, 2009.

**2007-09 Agency-wide less RCP - Budget Execution
Summary Budget Analysis
For the Month of: May 2009**

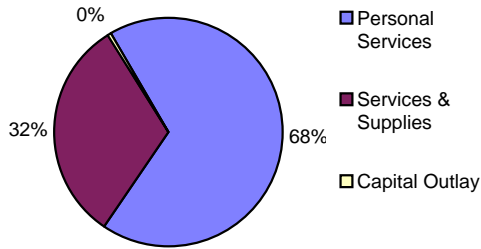
Biennial Agency-wide Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2007-09 LAB	Variance
Personal Services	47,706,759	2,366,008	50,072,767	53,288,261	3,215,494
Services & Supplies	22,273,723	5,151,025	27,424,748	26,553,000	(871,748)
Capital Outlay	303,638	197,280	500,918	947,701	446,783
Special Payments					
Total	70,284,120	7,714,313	77,998,433	80,788,962	2,790,529

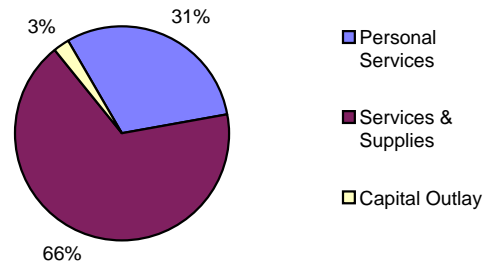
Less RCP projected variance: 427,621

Net projected Agency-wide variance less RCP: 2,362,908

Actual Expenditures

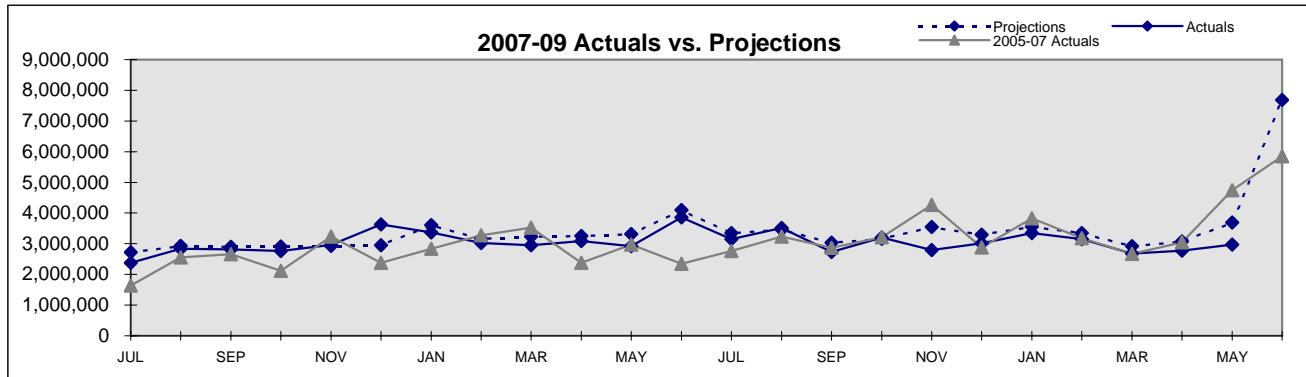


Projected Expenditures



Monthly Summary less RCP

Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Projected Expenditures
Personal Services	2,096,218	2,314,222	218,003	2,036,487	2,326,370
Services & Supplies	200,038	359,181	159,143	587,240	1,977,794
Capital Outlay				3,572	155,638
Special Payments					
Total	2,296,256	2,673,403	377,147	2,627,298	4,459,802



2005-07 Biennium Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2005-07 LAB	Variance
Personal Services	42,804,552		42,804,552	46,875,869	4,071,317
Services & Supplies	31,107,541		31,107,541	27,460,026	(3,647,515)
Capital Outlay	534,468		534,468	679,533	145,065
Special Payments					
Total	74,446,561		74,446,561	75,015,428	568,867



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July 16, 2009

TO: Members of the PERS Board
 FROM: Paul R. Cleary, Director
 SUBJECT: Employer Reporting and Outreach Program

PERS is currently working with 877 employer reporting units to process all outstanding employer reports and suspended records. In addition, PERS continues to monitor all employer accounts receivables and conduct its Employer Outreach Program.

EMPLOYER REPORTING

The table below shows the status as of June 29, 2009 of employer reports and member records for calendar years 2007, 2008, and 2009.

	Calendar Year 2007	Calendar Year 2008	Calendar Year 2009
Reports due:			
▪ Number expected	12,856	13,045	5,783
▪ Number received	12,836	12,936	5,612
▪ Percent received	99.84%	99.16%	97.04%
▪ Key Performance Measure	99.0%	99.0%	
Reports fully posted at 100%:			
▪ Number	12,676	12,567	4,810
▪ Percent fully posted at 100%	98.60%	96.34%	83.17%
▪ Key Performance Measure	95.0%	95.0%	
Records due (estimated)	3,608,855	3,656,895	1,572,831
Records not posted:			
▪ Number	614	14,665	36,130
▪ Percent not posted	≤ .1%	0.4%	2.30%
▪ Key Performance Measure	≤ .2%	≤ .2%	
Contributions posted	\$ 452,719,397	\$ 482,603,408	\$ 227,988,468
Contributions not posted	\$ 18,908	\$ 585,825	\$ 1,787,758

As of June 29, 2009, employers submitted 99.84 % of the reports due for 2007. Of the reports submitted, less than 0.1% of records remain suspended (representing less than 0.01% of total contributions anticipated for 2007). For 2008, employers have submitted approximately 99.16% of the reports due. Of the total reports expected, approximately 96.34% are 100% posted. For 2009, employers have submitted approximately 97.04% of the reports due. Of the total reports expected as of June 29, 2009, approximately 83.17% are 100% posted. We are pleased to announce that the year-over-year performance is slightly better than last year's, and that we are well on the way to meeting our key performance targets.

EMPLOYER OUTREACH PROGRAM

We are continuing our employer outreach with presentations being offered at least once a year. This past spring, our presentation focused primarily on EDX Release 5.0 and the features that directly affected employers which included the migration of nearly all employer forms from paper to an online, interactive format. The presentation also covered the most common EDX errors over the past two years, identifying potential causes and offering suggested remedies, hints for avoiding errors, along with a review of status codes used when reporting retirees returning to work part-time. Thirty-four presentations were given at sites throughout the state, with 355 attendees representing 269 individual employers.

Regular EDX training continues to be held about once or twice a month. From March through June 2009, 25 employers have participated in this class. We also continue to inform and educate the employer community through Employer Announcements via email and the PERS website. In the last two months, four employer announcements have been generated covering topics such as the "Break-in-Service" Removal from EDX, Furlough Days and Service Time, Managing Consolidated Employers, and EDX Release 5.0.

One area that Employer Service Center staff is currently focusing on is charter school participation in PERS. There are three issues that we are directing resources to: complete and timely reporting for current charter schools; ensuring that all Oregon charter schools are reporting to PERS; and improving our education in this area. Last year we began to work with the Oregon Department of Education to reach out to new charter schools and will continue to do this but we also may need to communicate to the sponsoring school district to provide oversight to ensure that all data and contributions are submitted timely.

ACCOUNTS RECEIVABLE PLAN

Besides assisting employers with overdue reports and electronic payments, PERS' accounts receivable section proactively collects receivable balances that are more than 30 days overdue. As of June 29, 2009, we had 252 outstanding invoices (45 employers) with an aggregate balance of less than \$ 1,246,930. Our goal is to collect all outstanding invoices that exceed 30 days by following up with these employers by phone and letters each month.



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July 16, 2009

TO: Members of the PERS Board

FROM: Brian Harrington, Administrator Benefit Payments Division

SUBJECT: Strunk/Eugene Adjustment Project Closeout Report

PROJECT

Thank you for the opportunity to present this report on the successful closure of the Strunk/Eugene Adjustment Project. The project's 43 month duration ended as scheduled on June 30, 2009.

TOTAL TRANSACTIONS

Project staff successfully performed a total of 49,732 benefit adjustments in the following areas to recalculate the benefits based on the corrected Tier One member regular account 11.33 percent earnings crediting rate for 1999:

- 36,269 non-divorced retirees;
- 760 divorced retirees;
- 955 alternate payees (ex-spouses);
- 2,124 pre-retirement death beneficiaries;
- 825 post-retirement beneficiaries;
- 7,136 withdrawals;
- 1,500 Police and Fire Unit payments; and
- 163 reemployed service and disability retirees.

In addition, 182,600 active and inactive member accounts were adjusted to reflect the Strunk/Eugene court rulings and settlement agreement.

The project involved more than applying a simple mathematical calculation to the current benefit at the time of adjustment. The 11.33 percent earnings rate needed to be applied to the original account balance and then brought forward to the date of the original benefit calculation. That calculation was then verified for accuracy and rolled forward to the re-calculation date, taking into account any cost of living increases, annual variable adjustments, and adjustments for any deaths, divorces, or other changes. The benefits actually paid were then compared to what should have been paid under the corrected earnings crediting rate and processed accordingly.

SUCCESS CRITERIA

When the project was launched in December 1995, various success criteria were adopted. Those criteria are re-stated below along with our evaluation of how successful we were in meeting them:

1. Benefit payees incurred no disruption in the receipt of monthly benefits.
Evaluation: No recipients of ongoing, monthly benefit payments experienced any payment disruption.
2. The identified project population includes all affected accounts and benefit payments.
Evaluation: All members and other benefit recipients who received a benefit payment affected by the 1999 earnings crediting decision were identified and adjusted.
3. All account balance and payment adjustments were completed, accurate, and auditable.
Evaluation: All adjustments were completed. Project staff built in a review period and determined there was an initial 99.5 percent accuracy rate, with remaining errors corrected upon a subsequent review. All adjustments are documented and archived for audit purposes.
4. No data was corrupted or lost.
Evaluation: Project staff did not corrupt or lose any data. All internal stakeholders were contacted and none reported any corruption or loss of data as a result of project activities.
5. The invoicing and accounts receivable processes optimize collections.
Evaluation: Judge Kantor's opinion and order in the *Robinson* case suspended these activities in June 2007 pending further court review and direction.
6. Calendar year 2004 member statements could be created.
Evaluation: Updated 2004 and 2005 Member Annual Statements were created and mailed in May 2006 that reflected the corrected 1999 earnings crediting.
7. The project is on time and under budget:
Evaluation: Managing vacation, sick leave and overtime resulted in the project being completed on the deadline of June 30, 2009. The project came in under budget due to efficient management and vacancy savings as staff was reduced over the course of the project.

LESSONS LEARNED

Weaknesses

- Project staffing was weighted too heavily toward retirement counselor expertise when more technical skills were needed. Due to the limited functionality available through the enterprise system, project staff built almost all automated adjustment tools internally, exacerbating time constraints and limiting productivity until the tools were developed.

- As a major project, this project competed against daily operations and other projects for resources. Deliverables from those outside the project were sometimes late or only partially completed. The agency has improved its multi-project management to better anticipate such bottlenecks and conflicts.
- Establishing calculation tools and procedures took longer than originally planned due to the abundance and complexity of statutes, rules, and procedures concerning divorce, disability, death, and second retirement calculations.

Strengths

- Project staff were 100 percent allocated to the project and were not diverted to other priorities.
- Automated calculation tools were used to adjust 98 percent of the project's adjustment population.
- Detailed procedures were developed for each step of the adjustment calculation process.

Next Steps

As a result of the Strunk/Eugene project, a total of 1043 appeals have been filed as of June 30, 2009. Of those appeals, 39 have requested a contested case hearing. Of the 39 requests contested case hearing, two of the appellants have cancelled their hearing requests. 12 members have asked that their hearings be held in abeyance pending resolution of the *Arken/Robinson* cases. As noted above, Strunk/Eugene invoicing and accounts receivable collections were suspended in June 2007 pursuant to Judge Kantor's ruling in the *Robinson* case. That case, along with the *Arken* case, is now on appeal to the Oregon Court of Appeals. Judge Kantor also ruled in the *White* case on June 11, 2009.



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July 16, 2009

TO: Members of the PERS Board
 FROM: Brian Harrington, Administrator Benefit Payments Division
 SUBJECT: Young Case 2 Project Closeout Report

PROJECT

Thank you for the opportunity to report on the successful completion of the Young Case 2 "Exempt" Employee Overtime Project, which was completed on June 1, 2009.

TOTAL TRANSACTIONS

Project staff successfully processed 1,858 claims concerning salaried state employees from the following areas who were entitled to be paid time and a half for overtime worked between June 1995 and August 1997 rather than half time pay, as had been the case in the first Young Case project.

- 844 non-divorced retirees
- 752 non-divorced active and inactive members
- 32 divorced retirees
- 37 divorced active and inactive members
- 9 alternate payees
- 77 member withdrawals
- 2 alternate payee withdrawals
- 59 post-retirement death beneficiaries
- 27 pre-retirement death beneficiaries
- 9 reemployed service and disability retirees
- 9 loss of membership
- 1 second retirement

The project involved adjusting salary and posting additional contributions based on the unique adjusted overtime pay for each member or retiree, and then corresponding with members and retirees concerning their adjustments. After additional contributions and earnings were applied to the original account balance it was then brought forward to the date of the original benefit calculation for claimants in payout status. That calculation was then verified for accuracy, and rolled forward to the recalculation date taking into account any cost of living increases, annual variable adjustments, and adjustments for any deaths, divorces, or other changes. The benefits actually paid were then compared to what should have been paid and benefit payments and member account balances were trued up. Employers were invoiced for the additional contributions and earnings.

SUCCESS CRITERIA

PERS entered into an interagency agreement with the Department of Administrative Services (DAS) to administer the Young Case 2 Adjustment Project, which outlined the project success criteria. Those criteria are re-stated below along with our evaluation of how successful we were in meeting them:

1. PERS shall assemble and train project staff, and develop, modify, and test project processes and tools. *Evaluation:* The agency put together and trained project staff that successfully developed modified and tested all project processes and tools.
2. Accurately compute additional contributions and interest charges owed by state agency or agencies for each member and retiree in the project. PERS shall then invoice affected state agency employer(s) for additional contributions and interest. *Evaluation:* All 1,858 cases were accurately computed and invoices were issued to employers for all cases totaling \$3,094,682.
3. PERS shall track invoices and payments and make applicable updates to the system of record. *Evaluation:* All invoices were tracked and all payments have been updated on the system of record.
4. All calculations, adjustments and relating invoices are to be prepared on or before June 30, 2009 and total cost of the project is not to exceed \$557,636. *Evaluation:* The project was completed 30 days ahead of schedule on June 1, 2009 and \$175,000 under budget.

LESSONS LEARNED

Weaknesses

- Project staffing was weighted too heavily toward retirement counselors' expertise when more technical skills were needed. Due to the limited functionality available through the enterprise system, project staff had to modify existing off line tools, exacerbating time constraints and limiting productivity until the tools were modified.
- Modifying calculation tools and establishing procedures took longer than originally planned due to the abundance and complexity of statutes, rules, and procedures concerning divorce, disability, death, and second retirement calculations.

Strengths

- Project staff was 100 percent allocated to the project and were responsible for all facets of the project, from collecting and posting additional contributions and interest, to adjusting accounts and benefits, to invoicing employers. This eliminated reliance or resources from other divisions outside the project, which avoided conflicts with daily operations and competition with other projects.
- Automated calculation tools were used to adjust 98 percent of the project's caseload.



Oregon

Theodore R. Kulongoski, Governor

Public Employees Retirement System

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July 16, 2009

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Deputy Director
SUBJECT: Report on RCP Stage 2A Deployment

The RIMS Conversion Project (RCP) passed another significant milestone with the deployment of Stage 2A last month. This phase of the project was the largest hurdle in the incremental roll-out of the new Oregon Retirement Information On-Line Network (“ORION”), the agency’s enterprise-level retirement system administration tool set.

As conceived, RCP was designed to integrate these new tool sets by functional area, generally along the lines of Data Reporting, Eligibility, and Benefit Payments. Stage 2A was the completion of the Eligibility portion of this project, shifting the agency’s system of record to the new jClarety platform and migrating the agency’s focus to ORION’s other components for a member’s work history, demographics, and other information.

Specifically, this deployment involved making the following major shifts in how PERS does its day-to-day work:

- Decommissioning a majority of RIMS functionality and migrating 25 million rows of data from RIMS to jClarety.
- Developing FileNet into an agency-wide workflow and document management platform, including deploying 37 workflows to improve agency processes.
- Shifting several important agency processes from RIMS to jClarety: generating benefit estimates; performing member account maintenance; processing retirement applications, purchases, withdrawals, and cash disbursements; and a host of other new functions.

The new system automates many of these tasks that, under RIMS, required manual steps or supplemental programs. Importantly, using jClarety greatly enhances the ability to track, review, and audit this work. This deployment also included new functionality required by recent law changes as well as maintenance and enhancement improvements based on employer requests and agency initiatives.

The success of this deployment is really shared by everyone in the agency. While this enormous undertaking proceeded over the course of the last two years, PERS continued “business as usual,” continuously improving existing processes to deliver improved stakeholder services. Everyone supported this effort, either directly or indirectly, and I’d like to recognize their contributions.

Already, however, we’ve begun Elaboration for the next and final RCP phase, Stage 2B. When this phase is complete by July 2010, RIMS will be fully decommissioned, all functionality (including benefit payments) will be migrated to jClarety, and the ORION system will be the agency’s sole operating platform.



Oregon

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Item B.1.

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July 16, 2009

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Deputy Director
SUBJECT: Adoption of Rules for Reemployment of Retired Members of the OPSRP Pension Program and Receipt of Payments by a Reemployed Member of the IAP:
OAR 459-075-0300, *Reemployment of a Retired Member of the OPSRP Pension Program*
OAR 459-080-0300, *Receipt of Payments by a Reemployed Member of the IAP.*

OVERVIEW

- Action: Adopt new rules for Reemployment of Retired Members of the OPSRP Pension Program and Receipt of Payments by a Reemployed Member of the IAP.
- Reason: The rules are needed to clarify limitations on the reemployment of OPSRP Pension Program retired members and receipt of payments by reemployed IAP members.
- Subject: Reemployment of OPSRP Pension Program retired members and IAP members.
- Policy Issue: Should the limitations on employment for retired members of the IAP parallel those of the PERS Tier One/Tier Two Program and the OPSRP Pension Program?

BACKGROUND

Staff is proposing that two new rules be adopted to address the implications of a retired OPSRP pension member and an IAP member who is receiving benefits returning to employment with a PERS-covered employer.

OAR 459-075-0300

The reemployment limitations of the OPSRP Pension Program are considerably more restrictive than those of the PERS Tier One/Tier Two Program. ORS 238A.245 states that a member who retires and is then employed in a qualifying position must stop receiving pension payments and return to active membership. A retired member employed in a non-qualifying position may continue to receive payments. If that retired member starts in a non-qualifying position but then works 600 or more hours in a calendar year, by law that becomes a qualifying position and the rule sets out those consequences. Also, a retired member may receive a lump sum benefit in lieu of a small pension (cash out). The new rule clarifies the application of the statutory provisions and provides additional guidance to ensure continued compliance with federal tax law.

OAR 459-080-0300

There are no specific statutory provisions in ORS Chapter 238A on reemployment of IAP members receiving benefit payments. Note that, upon retirement, an IAP member can elect to receive their distribution in a lump sum or installments. This rule explains the limitations on IAP

members who retire and then return to PERS-covered employment. These limits are based on federal tax law standards on distributing benefits only after a separation or bona fide retirement.

POLICY ISSUE

Should the limitations on employment for retired members of the IAP parallel those of the PERS Tier One/Tier Two Program and the OPSRP Pension Program?

Retired members of the PERS Tier One/Tier Two Program and the OPSRP Pension Program can also receive IAP benefit payments. ORS Chapter 238A contains no specific reemployment limitations for the IAP, but generally federal tax law limitations on making payments from a retirement plan must be followed. As those limitations are more defined in the OPSRP Pension and Tier One/Tier Two Programs, applying those program's restrictions to the IAP (based on the member's parallel membership in one or the other) allows members to follow one set of standards for both of their benefit programs. Establishing separate or inconsistent limitations for the IAP creates unnecessary administrative costs and complications, making the return to work process more incomprehensible for members. Instead, applying standards from the Tier One/Tier Two or OPSRP Pension Program respectively that conform to the federal standards to receipt of payments from the IAP will provide predictability, consistency, and clarity for members, employers, and staff.

Staff recommends and the proposed IAP rule expressly provides that retired members of the PERS Tier One/Tier Two Program are subject to the same limitations on reemployment for payments from the IAP. The OPSRP Pension Program reemployment rule parallels the provisions of the IAP rule, so the same limitations will apply to members of those programs.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

OAR 459-075-0300

Subsection (1)(b) was edited to clarify the last pension payment to which the member is entitled is for the month before the month in which the member was employed. A statement was added citing the member's obligation to repay benefits the member is not entitled to receive.

OAR 459-080-0300

In Subsection (2)(a), a statement was added citing the member's obligation to repay benefits the member is not entitled to receive.

Minor non-substantive edits in both rules.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held on June 16, 2009 at 2:00 p.m. at PERS headquarters in Tigard. No one presented comment on these rules. The public comment period ended on July 1, 2009 at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached draft 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, the Board need not adopt the rules.

Impact: Members, employers, and staff will benefit from more comprehensive guidance and consistency in the administration of work after retirement limitations.

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

RULEMAKING TIMELINE

April 15, 2009	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2009	<i>Oregon Bulletin</i> published the Notice. Notice was mailed to employers, legislators, and interested parties. Public comment period began.
May 29, 2009	PERS Board notified that staff began the rulemaking process.
June 16, 2009	Rulemaking hearing held at 2:00 p.m. in Tigard.
July 1, 2009	Public comment period ended at 5:00 p.m.
July 16, 2009	Board may adopt the permanent rules.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt new rules for Reemployment of Retired Members of the OPSRP Pension Program and Receipt of Payments by a Reemployed Member of the IAP, as presented.”
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- Reason: The new rules are needed to clarify limitations on the reemployment of OPSRP Pension Program retired members and receipt of payments by reemployed IAP members.

If the Board does not adopt: Staff would return with rule modifications that more closely fit the Board’s policy direction if the Board determines that a change is warranted.

B.1. Attachment 1 – OAR 459-075-0300, *Reemployment of a Retired Member of the OPSRP Pension Program*

B.1. Attachment 2 – OAR 459-080-0300, *Receipt of Payments by a Reemployed Member of the IAP*

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 075 – OPSRP PENSION PROGRAM

1 459-075-0300

2 Reemployment of a Retired Member of the OPSRP Pension Program

3 (1) If a retired member of the OPSRP Pension Program who is receiving
4 monthly pension payments is employed by a participating public employer in a
5 qualifying position:

6 (a) The member's retirement is canceled effective the first of the month in
7 which the member was employed.

8 (b) The last pension payment the member is entitled to receive is for the month
9 before the calendar month in which the member was employed. A member who
10 receives benefits to which he or she is not entitled must repay those benefits to
11 PERS.

12 (c) The member reestablishes active membership effective the date the member
13 was employed.

14 (2) If a retired member of the OPSRP Pension Program who received a lump
15 sum benefit in lieu of a small pension under ORS 238A.195 is employed by a
16 participating public employer in a qualifying position, the member reestablishes
17 active membership effective the date of employment.

18 (a) If the member was employed after the date of the payment, the member is
19 not required or permitted to repay the benefit amount.

20 (b) If the member was employed on or before the date of the payment, the
21 member must repay the gross benefit amount.

1 (3) A retired member of the OPSRP Pension Program who is employed by a
2 participating public employer in a non-qualifying position may receive pension
3 payments or a lump sum payment under ORS 238A.195 without affecting the
4 member’s status as a retired member.

5 (a) If, by reason of hours of service performed by the retired member, the non-
6 qualifying position becomes qualifying in a calendar year, the position is qualifying
7 effective the later of the first day of the calendar year or the date the member was
8 employed.

9 (b) If a position becomes qualifying under subsection (a) of this section, the
10 retired member is subject to the provisions of sections (1) and (2) of this rule.

11 (4) A retired member who reestablishes active membership may, at subsequent
12 retirement, elect any option provided in ORS 238A.180 and 238A.190, subject to the
13 provisions of ORS 238A.195.

14 (a) The member’s subsequent retirement benefit will be calculated based on the
15 member’s periods of active membership before and after the member’s initial
16 effective retirement date if at the initial retirement:

17 (A) The member received a monthly pension; or

18 (B) The member received a lump sum payment under ORS 238A.195 and
19 repaid the benefit amount under subsection (2)(b) of this rule.

20 (b) The member’s subsequent retirement benefit will be calculated based on the
21 member’s periods of active membership after the member’s initial effective
22 retirement date if:

1 (A) At initial retirement, the member received a lump sum payment under ORS
2 238A.195 and was not required to repay the benefit amount under subsection (2)(b)
3 of this rule; or

4 (B) The member is required to repay the benefit amount under subsection
5 (2)(b) of this rule and, as of the effective retirement date of the member's
6 subsequent retirement, the member has not repaid the benefit amount.

7 (c) The member's subsequent retirement benefit will be calculated using the
8 actuarial equivalency factors in effect on the effective retirement date of the
9 subsequent retirement.

10 Stat. Auth.: ORS 238A.450

11 Stats. Implemented: ORS 238A.245

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

1 459-080-0300

2 Receipt of Payments by a Reemployed Member of the IAP

3 (1) A member who received a lump sum distribution under ORS 238A.400 or
4 OAR 459-080-0250 who is employed by a participating public employer in a
5 qualifying position becomes an active member as of the date of employment.

6 (a) If the member was employed after the date of the payment, the member is
7 not required or permitted to repay the payment.

8 (b) If the member was employed on or before the date of the payment, the
9 member must repay the gross amount of the payment.

10 (2) A member receiving installment payments under 238A.400 and OAR 459-
11 080-0250 who is employed by a participating public employer in a qualifying
12 position becomes an active member as of the date of employment.

13 (a) The last installment payment to which the member is entitled is the last
14 installment payment paid before the date of employment. A member who receives
15 benefits to which he or she is not entitled must repay those benefits to PERS.

16 (b) The member is not required or permitted to repay installment payments
17 paid before the date of employment.

18 (3) A member who is employed by a participating public employer in a non-
19 qualifying position may receive a lump sum payment or installment payments.

20 (a) If, by reason of hours of service performed by the member, the non-
21 qualifying position becomes qualifying in a calendar year, the position is qualifying

1 effective the later of the first day of the calendar year or the date the member was
2 employed.

3 (b) If a position becomes qualifying under subsection (a) of this section, the
4 member is subject to the provisions of sections (1) and (2) of this rule.

5 (4) Notwithstanding sections (1) to (3) of this rule, a member of the IAP who is a
6 retired member of the PERS Chapter 238 Program and is employed by a
7 participating public employer may receive payment(s) from the IAP subject to the
8 limitations on employment of retired members of the PERS Chapter 238 Program.

9 (5) A member of the IAP who reestablishes active membership may, at
10 subsequent retirement, elect any payment option provided in ORS 238A.400,
11 subject to the provisions of OAR 459-080-0250.

12 Stat. Auth.: 238A.450

13 Stats. Implemented: ORS chapters 238 & 238A



Oregon

Theodore R. Kulongoski, Governor

Item B.2.

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July 16, 2009

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Deputy Director
SUBJECT: Adoption of Recovery of Administrative Costs rule:
OAR 459-005-0250, *Recovery of Administrative Costs*

OVERVIEW

- Action: Adopt modifications to Recovery of Administrative Costs rule.
- Reason: Address disability estimates in the recovery of administrative costs.
- Subject: Recovering administrative costs for disability estimates.
- Policy Issues: No policy issues were identified.

BACKGROUND

Currently, this OAR addresses recovering administrative costs for service retirement estimate requests. Generally, a member can receive two free estimates each calendar year, and must pay \$60 for each additional estimate. The proposed changes specifically address disability estimates, waiving any fees for requesting those estimates but specifying that a disability application must be on file at PERS to request a disability estimate.

The proposed changes clarify the rule's application to members who have submitted a disability retirement application and help streamline the workflow process between the Account Reconciliation Team and Disability Unit. These changes will also help to limit the number of disability retirement estimate requests to only those members who have applied for benefits and make others who are "forum shopping" take the initiative to apply.

Amendments also were made to cite all the statutes related to full-cost purchases.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

In subsection (1)(b), the existing term "shall" was retained instead of changing to "must" as the two free estimates standard is not mandated but is a policy choice.

Subsection (1)(f) was rewritten to clarify that a member must have a completed disability application on file with PERS to receive a disability estimate.

On the "Stats. Implemented" line, all statutes except ORS 238.610 were removed since the scope of this rule is to implement administrative costs and the substantive provisions are not addressed.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held on June 16, 2009 at 2:00 p.m. at PERS headquarters in Tigard. No one provided comment on this rule. The public comment period ended on July 1, 2009 at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached draft 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, but the proposed changes will help members who have filed a disability application.

Impact: The rule modifications will reduce the number of disability estimate requests.

Cost: No cost.

RULEMAKING TIMELINE

April 15, 2009	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2009	<i>Oregon Bulletin</i> published the Notice. Notice was mailed to employers, legislators, and interested parties. Public comment period began.
May 29, 2009	PERS Board notified that staff began the rulemaking process.
June 16, 2009	Rulemaking hearing held at 2:00 p.m. in Tigard.
July 1, 2009	Public comment period ended at 5:00 p.m.
July 16, 2009	Board may adopt the permanent rule modifications.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt the Recovery of Administrative Costs rule, as presented.”
2. Direct staff to make other changes to the rule or explore other options.

STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- Reason: The rule modifications are needed to address disability estimates in the recovery of administrative costs.

If the Board does not adopt: Staff would return with rule modifications that more closely fit the Board’s policy direction if the Board determines that a change is warranted.

B.2. Attachment 1 – OAR 459-005-0250, Recovery of Administrative Costs

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

1 **459-005-0250**

2 **Recovery of Administrative Costs**

3 (1) Estimates.

4 (a) Any active or inactive member within two years of eligibility for service retirement
5 may request from PERS an estimate of service retirement benefits (*[“]estimate[”]*).

6 (b) Upon request, PERS shall provide a member with a maximum of two estimates in a
7 calendar year at no cost.

8 (c) PERS shall charge a fee of \$60 for each estimate that exceeds the limit specified in
9 subsection (b) of this *[rule]* section.

10 (d) A fee charged under subsection (c) of this *[rule]* section *[shall]* **must** be paid in full
11 *[prior to]* **before** receipt of the requested estimate(s). Payment *[shall]* **must** be made by
12 check or money order payable to the Public Employees Retirement System.

13 (e) The provisions of *[this rule]* subsections (a) to (d) of this section do not apply to
14 current judge members during their term of office.

15 **(f) A disability estimate shall be provided to a member if a completed disability**
16 **application is on file with PERS. A disability estimate is provided at no charge.**

17 (2) Full cost purchases. If a member purchases retirement credit under section 2,
18 chapter 971, Oregon Laws 1999, ORS 238.148, 238.157, 238.162, or 238.175, a fee of \$145
19 *[will]* **shall** be added to the cost of the purchase to cover the administrative costs incurred by
20 PERS in processing the request.

21 Stat. Auth: ORS 238.650, 238.610

22 Stats. Implemented: ORS 238.610*[, 238.157, 238.162 & 238.175]*



Oregon

Theodore R. Kulongoski, Governor

Item B.3.

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July 16, 2009

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Deputy Director
SUBJECT: Adoption of Rules for Vesting in the OPSRP Pension Program and in an IAP Employer Account:
OAR 459-075-0060, *Vesting in the OPSRP Pension Program*
OAR 459-080-0060, *Vesting in an IAP Employer Account*

OVERVIEW

- Action: Adopt rules for vesting in the OPSRP Pension Program and in an IAP employer account.
- Reason: Clarification of hours of service that may be considered for vesting in the OPSRP Pension Program and in an IAP employer account.
- Subject: Vesting in the OPSRP Pension Program and in an IAP employer account.
- Policy Issue: What standards should be used to determine hours of service before January 1, 2004 for the purpose of vesting in the OPSRP Pension Program and in an IAP employer account?

BACKGROUND

A member must be vested in the OPSRP Pension Program and in the account(s) of the Individual Account Program (IAP) to receive benefits under those programs. ORS 238A.115 and 238A.320 provide a common standard by which a member vests in the pension program and in the IAP Employer Account, if one is provided: by completing 600 hours of service in each of five calendar years. The proposed new rules clarify the application of this standard for each program.

OAR 459-075-0060, *Vesting in the OPSRP Pension Program*, clarifies that the determination of hours of service within a calendar year will include hours served during the member's waiting time and hours served by the member with all PERS employers during a calendar year. For calendar years 2004 and later, hours of service will be determined based on hours reported by employers (Once the electronic reporting system, EDX, was implemented, employers started reporting hours worked). The rule also incorporates statutory restrictions on hours that may be considered.

OAR 459-080-0060, *Vesting in an IAP Employer Account*, similarly clarifies the hours of service to be included in the vesting determination. It also clarifies that hours of service performed before an employer account is established are included in the determination. A member who has performed 600 hours of service in each of five calendar years before the employer account is established will vest in the employer account on the date it is established.

ORS 238A.320 does not limit hours of service to hours served after the establishment of an IAP employer account.

POLICY ISSUE

What standards should be used to determine hours of service before January 1, 2004 for the purpose of vesting in the OPSRP Pension Program and in an IAP employer account?

Employers could not report hours of service before electronic reporting was imposed for service performed as of January 1, 2004 and forward. Therefore, PERS does not have records to determine whether an employee worked the requisite 600 hours in a calendar year to have that year count towards their vesting in the OPSRP Pension Program or IAP employer account. The statutes do not provide a standard for converting creditable service to hours of service for the purpose of vesting. However, creditable service is accrued by an active member, who is a member employed in a position normally requiring 600 hours of service in a calendar year. The proposed rules address several specific situations, generally using that presumption about active members working at least 600 hours in a calendar year. This is the same standard PERS applies to eligibility determinations conducted for this earlier period. Similarly, these rules would allow for an exception to this presumption if records provided to PERS demonstrate that the member did not in fact work the requisite 600 hours in that calendar year.

For example, ORS 238A.320(5) provides for the inclusion of creditable service accrued in the PERS Tier One/Tier Two Program as hours of service for the purpose of vesting in an IAP employer account. Unlike the similar provision for vesting in the OPSRP Pension Program, this provision is relevant for all Tier One/Tier Two Program members who accrued creditable service before January 1, 2004. Accordingly, staff recommends and the proposed rule provides that an IAP member is presumed to have worked at least 600 hours in any calendar year before 2004 in which the member was an active member, absent some records provided to PERS which establish that the employee did not work at least 600 hours.

Similarly, ORS 238A.115(3) provides for the inclusion of creditable service accrued in the PERS Tier One/Tier Two Program as hours of service for the purpose of vesting in the OPSRP Pension Program. With the elimination of “Break in Service,” this provision became moot for most employees but is still relevant for a member of the Tier One/Tier Two Program who becomes a member of the Legislative Assembly and elects to participate in OPSRP. Staff recommends and the proposed rule provides that the legislative member is presumed to have worked at least 600 hours in any calendar year before 2004 in which the member was an active member, absent some records provided to PERS that establishes that the employee did not work at least 600 hours.

Conversely, employees hired on or after August 29, 2003 and before December 31, 2003 have hours of service during calendar year 2003 that may be relevant to a vesting determination. Unless an employee was hired during the first few days of this period and worked full-time for the entire period, it is very unlikely that the employee performed 600 hours of service in 2003. Staff recommends and the proposed rule provides that an employee hired during the period August 29, 2003 to December 31, 2003 is presumed to have worked less than 600 hours in calendar year 2003, but that the employee or the employer may provide records to PERS to establish that the employee worked at least 600 hours.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

OAR 459-075-0060:

Section (1) was deleted as unnecessary and subsequent sections renumbered. References are to the renumbered sections.

In section (5), the word “unless” was added before “records.”

In section (6), the “notwithstanding” clause was deleted as unnecessary.

Minor edits were made in sections (4) and (5) for clarity.

OAR 459-080-0060:

Section (1) was deleted as unnecessary and subsequent sections renumbered. References are to the renumbered sections.

In subsection (1)(c), changed citation to “238A.300.”

In subsection (1)(e), the word “unless” was added before “records.” Minor edits were made in the subsequent text for clarity.

In subsection (1)(f), the “notwithstanding” clause was deleted as unnecessary.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held on June 16, 2009 at 2:00 p.m. at PERS headquarters in Tigard. No one presented comment on these rules. The public comment period ended on July 1, 2009 at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached draft 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, the Board need not adopt the rules.

Impact: Members, employers, and staff will benefit from the clarification of vesting standards.

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

RULEMAKING TIMELINE

April 15, 2009	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2009	<i>Oregon Bulletin</i> published the Notice. Notice was mailed to employers, legislators, and interested parties. Public comment period began.
May 29, 2009	PERS Board notified that staff began the rulemaking process.
June 16, 2009	Rulemaking hearing held at 2:00 p.m. in Tigard.

July 1, 2009

Public comment period ended at 5:00 p.m.

July 16, 2009

Board may adopt the permanent rules.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt rules for Vesting in the OPSRP Pension Program and in an IAP Employer Account, as presented.”
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- Reason: Clarification of hours of service that may be considered for vesting in the OPSRP Pension Program and in an IAP employer account

If the Board does not adopt: Staff would return with rule modifications that more closely fit the Board’s policy direction if the Board determines that a change is warranted.

B.3. Attachment 1 – OAR 459-075-0060, *Vesting in the OPSRP Pension Program*

B.3. Attachment 2 – OAR 459-080-0060, *Vesting in an IAP Employer Account*

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 075 – OPSRP PENSION PROGRAM

1 459-075-0060

2 Vesting in the OPSRP Pension Program

3 For the purpose of determining vesting under ORS 238A.115(1)(a):

4 (1) Hours of service performed for all participating public employers during a
5 calendar year are included.

6 (2) Hours of service performed during the six-month period required to
7 establish membership under ORS 238A.100 are included.

8 (3) For calendar years beginning on or after January 1, 2004, hours of service
9 will be determined based on hours reported to PERS by the member's employer(s)
10 pursuant to OAR 459-070-0100.

11 (4) An eligible employee first employed by a participating public employer on
12 or after August 29, 2003 and before January 1, 2004 is presumed to have performed
13 less than 600 hours of service in calendar year 2003 unless records provided to
14 PERS establish that the eligible employee performed at least 600 hours of service in
15 the calendar year.

16 (5) If a member of the PERS Chapter 238 Program is elected or appointed to
17 the Legislative Assembly and elects under ORS 237.650 to participate in the Oregon
18 Public Service Retirement Plan for the member's legislative service, for calendar
19 years beginning before January 1, 2004, the member is presumed to have performed
20 600 hours of service in any calendar year in which the member was an active
21 member of the system unless records provided to PERS establish that the eligible
22 employee did not perform at least 600 hours of service in the calendar year.

1 (6) Hours of service attributable to periods of active membership before
2 termination of membership under ORS 238.095 and hours of service excluded under
3 ORS 238A.120 and 238A.145 may not be included.

4 Stat. Auth.: ORS 238A.450

5 Stats. Implemented: ORS 238A.010, 238A.115

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

1 459-080-0060

2 Vesting in an IAP Employer Account

3 (1) For the purpose of determining vesting under ORS 238A.320(3)(a):

4 (a) Calendar years before the calendar year in which the IAP employer account
5 is established are included.

6 (b) Hours of service performed for all participating public employers during a
7 calendar year are included.

8 (c) Hours of service performed during the six-month period required to
9 establish membership under ORS 238A.300 are included.

10 (d) For calendar years beginning on or after January 1, 2004, hours of service
11 will be determined based on hours reported to PERS by the member's employer(s)
12 pursuant to OAR 459-070-0100.

13 (e) For calendar years before January 1, 2004, a member is presumed to have
14 performed 600 hours of service in any calendar year in which the member was an
15 active member unless records provided to PERS establish that the eligible employee
16 did not perform at least 600 hours of service in the calendar year.

17 (f) Hours of service attributable to periods of active membership before
18 termination of membership under ORS 238.095 and hours of service excluded under
19 ORS 238A.320 and 238A.375 may not be included.

20 (2) If a member has completed at least 600 hours of service in each of five
21 calendar years pursuant to section (1) of this rule before the date the employer

1 account is established, the member becomes vested in the IAP employer account on
2 the date the account is established.

3 Stat. Auth.: 238A.450

4 Stats. Implemented: ORS 238A.010, 238A.320



Oregon

Theodore R. Kulongoski, Governor

Item B.4.

Public Employees Retirement System

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July 16, 2009

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Deputy Director
SUBJECT: Adoption of Actuarial Equivalency Factors Rules:
OAR 459-005-0055, *Actuarial Equivalency Factors*
OAR 459-005-0058, *Adoption of New Actuarial Equivalency Factors*
OAR 459-005-0060, *Standards for the Adoption of New Actuarial Equivalency Factors*

OVERVIEW

- Action: Adopt modifications to Actuarial Equivalency Factors rules.
- Reason: Align the approval and implementation dates for actuarial equivalency factors with Board practice.
- Subject: Process for adopting actuarial equivalency factors.
- Policy Issues: None at this time.

BACKGROUND

The proposed modifications to OAR 459-005-0055 align the approval and implementation dates for actuarial equivalency factors (AEFs) with PERS Board practice. Starting with the 2006 valuation, the PERS Board shifted the timing of the Experience Study, which is the basis for the new AEF tables, from odd numbered years to even numbered years so the odd-year valuations used to set rates can be conducted in a more timely manner. This allows PERS to provide new rates to employers several months earlier. Because the AEFs are based on the Experience Study, this rule needed to be changed to conform to the shift in the timing of the Experience Study. This rule change conforms to the actuary's new schedule by having future AEFs become effective as of January 1 of the subsequent even numbered year.

This rulemaking also repeals the obsolete rule 459-005-0058 and changes a citation in 459-005-0060 from 459-005-0055(4) to 459-005-0055(3).

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

The rules as presented have not been changed since the PERS Board's May 29, 2009 meeting.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held on June 16, 2009 at 2:00 p.m. at PERS headquarters in Tigard. Jeanine Keller, City of Portland, and Steve Keller attended. Mrs. Keller asked questions regarding possible changes to the assumed earnings rate, which did not pertain to the substance of the proposed rule changes. Dale Orr explained that the proposed changes to OAR 459-005-

0055 change the year in which actuarial equivalency factors are adopted by the Board, and that the Board is going to be adopting new factors in November of this year, effective January 1, 2010. No other public comments were received by the close of the public comment period on July 1, 2009 at 5:00 p.m.

LEGAL REVIEW

The attached draft 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, but the changes will codify the Board's practice.

Impact: Allows PERS to provide new contribution rates to employers several months earlier so as to aid their budget setting needs

Cost: No cost.

RULEMAKING TIMELINE

April 15, 2009	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2009	<i>Oregon Bulletin</i> published the Notice. Notice was mailed to employers, legislators, and interested parties. Public comment period began.
May 29, 2009	PERS Board notified that staff began the rulemaking process.
June 16, 2009	Rulemaking hearing held at 2:00 p.m. in Tigard.
July 1, 2009	Public comment period ended at 5:00 p.m.
July 16, 2009	Board may adopt the permanent rule modifications.

STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- Reason: The rule modifications are needed to align the approval and implementation dates for actuarial equivalency factors with Board practice.

If the Board does not adopt: Staff would return with rule modifications that more closely fit the Board's policy direction if the Board determines that a change is warranted.

B.4. Attachment 1 – OAR 459-005-0055, *Actuarial Equivalency Factors*

B.4. Attachment 2 – OAR 459-005-0058, *Adoption of New Actuarial Equivalency Factors*

B.4. Attachment 3 – OAR 459-005-0060, *Standards for the Adoption of New Actuarial Equivalency Factors*

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

1 **459-005-0055**

2 **Actuarial Equivalency Factors**

3 (1) Experience Study. The Director shall take steps to assure that the Board's
4 consulting actuary shall present the Experience Study required by ORS 238.605 to the
5 Board by September 1 of each *[even]* **odd** numbered year.

6 (2) Actuarial Equivalency Study. The Director shall take steps to assure, pursuant to
7 ORS 238.630(3)(g), that the Board's consulting actuary shall present an Actuarial
8 Equivalency Study to the Board as soon as practicable, but no later than the December 15
9 next following the presentation of the Experience Study described in section (1) of this
10 rule. Such Actuarial Equivalency Study shall review the assumptions and the actuarial
11 factors used to:

- 12 (a) Convert account balances to monthly allowances;
- 13 (b) Convert the standard form of benefit (ORS 238.300) to elective options with
14 various survivorship features (ORS 238.305); and
- 15 (c) Reduce service retirement allowances for early retirement (ORS 238.280).
- 16 (3) Adoption of actuarial equivalency factors.

17 *[(a) In computing the retirement allowance of members and alternate payees with*
18 *retirement dates from July 1, 2003, to January 1, 2005, the Board shall use actuarial*
19 *equivalency factor tables that are based on the mortality assumptions of the actuary's*
20 *2001 experience study adopted by the Board on September 10, 2002.]*

21 *[(b) Beginning effective January 1, 2005, the Board shall adopt actuarial*
22 *equivalency factor tables to be effective for January 1 of each odd numbered year.]*

1 (a) The Board shall adopt actuarial equivalency factor tables to be effective
2 January 1 of each even numbered year.

3 (b) Actuarial equivalency factor tables adopted under this section shall comply with
4 the standards set forth in OAR 459-005-0060.

5 (4) Calculation of retirement allowance under the Chapter 238 Program.

6 (a) The provisions of this section apply to any member or alternate payee with an
7 effective date of retirement on or after July 1, 2003, except for a person who is a judge
8 member on June 30, 2003, and who makes an election under ORS 238.565(4).

9 (b) PERS shall establish years of service, an account balance and final average salary
10 as of June 30, 2003, for each person described in subsection (a) of this section. The years
11 of service, account balance and final average salary shall be determined as provided in
12 section 40 of chapter 67, Oregon Laws 2003 (Enrolled HB 2003).

13 (c) For each person described in subsection (a) of this section, the Board shall
14 perform the following two calculations:

15 (A) "Regular" calculation. The Board shall calculate the retirement allowance using:

16 (i) The years of service, account balance and final average salary as of the effective
17 date of retirement;

18 (ii) All calculations applicable to the member under ORS 238.300(2);

19 (iii) The optional form of retirement allowance selected by the member at retirement
20 under ORS 238.300, 238.305, 238.320 or 238.325; and

21 (iv) The actuarial equivalency factor tables in effect on the effective date of
22 retirement.

1 (B) “Look-back” calculation. The Board shall calculate the retirement allowance
2 using:

3 (i) The years of service, account balance and final average salary described in
4 subsection (b) of this section;

5 (ii) All calculations applicable to the member under ORS 238.300(2);

6 (iii) The optional form of retirement allowance selected by the member under ORS
7 238.300, 238.305, 238.320 or 238.325; and

8 (iv) The actuarial equivalency factor tables in effect on June 30, 2003.

9 (d) The retirement allowance shall be the higher of the amounts described in
10 paragraphs (c)(A) and (c)(B) of this section, payable as of the effective date of retirement.

11 (5) Death benefit payments. Any monthly payments to be made to a beneficiary
12 under ORS 238.390, 238.395 or 238.405 for a member who dies on or after May 9, 2003,
13 shall be calculated using the actuarial equivalency factor tables that are in effect on the
14 date that the first payment is due the beneficiary.

15 (6) Judge members. The actuarial equivalency factor tables in effect on June 30,
16 2003, shall be used to calculate the retirement allowance and surviving spouse pension of
17 a person who is a judge member on June 30, 2003, and who makes an election under
18 ORS 238.565(4), whether that election is made before, on or after June 30, 2003.

19 Stat. Auth: ORS 238.630 & 238.650

20 Stats. Implemented: ORS 238.605, 238.607 & 238.630~~[(3)(g)]~~

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

1 ***[459-005-0058***

2 ***Adoption of New Actuarial Equivalency Factors***

3 *Pursuant to OAR 459-005-0055, the Board adopts the factors as described in the*
4 *2001 Actuarial Equivalency Factors report to be effective on July 1, 2003.*

5 *Stat. Auth: ORS 238.630 & ORS 238.650*

6 *Stats. Implemented: ORS 238.630(3)(g)]*

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

1 **459-005-0060**

2 **Standards for the Adoption of New Actuarial Equivalency Factors**

3 *[The Board shall adopt the actuarial equivalency factors used by PERS as described*

4 *in] **(1) When the Board adopts actuarial equivalency factors pursuant to** OAR 459-*

5 *005-0055*~~[(4)]~~**(3)**, *[according to the following]***the Board must consider:**

6 *[(1)]***(a)** Changes in mortality to reflect the best actuarial information on mortality

7 available at the time that new actuarial tables are adopted; **and**

8 *[(2)]***(b)** Changes in the assumed rate adopted by the Board for the latest actuarial

9 valuation if they are determined by the Board, in consultation with the PERS actuary, to

10 be statistically significant.*[: and]*

11 *[(3)]***(2)** The mortality tables *[shall]* **must** be combined with respect to gender and

12 membership classification to derive unisex actuarial equivalency factors. The blending of

13 the mortality assumptions shall be performed by the Board's consulting actuary in

14 accordance with generally recognized and accepted actuarial principles and practices.

15 Stat. Auth: ORS 238.630 & ORS 238.650

16 Stats. Implemented: ORS **238.607 &** 238.630~~[(3)(g)]~~



Oregon

Theodore R. Kulongoski, Governor

Public Employees Retirement System

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July 16, 2009

TO: Members of the PERS Board

FROM: Dale S. Orr, Manager, Actuarial Analysis Section

SUBJECT: 2008 Experience Study Demographic and Economic Assumptions

Bill Hallmark and Matthew Larrabee, of Mercer, will present the second part of the 2008 experience study results and their recommendations. The first part was covered at the May 29, 2009 Board meeting.

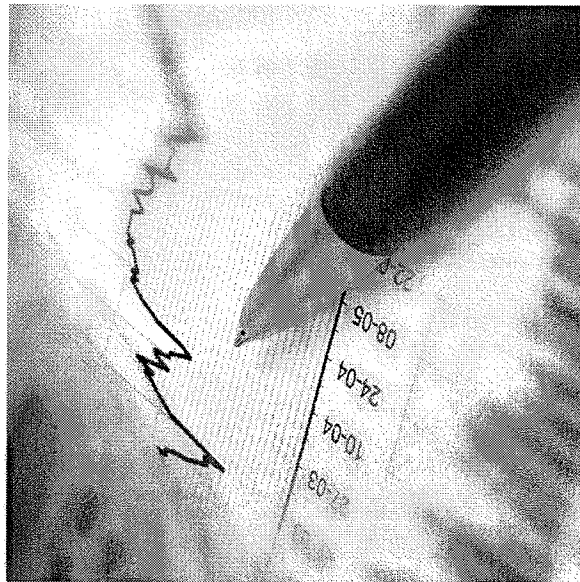
Every two years PERS' actuary conducts a study of the actuarial assumptions and methods of PERS defined benefit programs by reviewing the programs' economic and demographic experience. Based on this experience study, the actuary recommends to the Board whether to retain or change the methodologies and assumptions that will be used to cost the pension programs, calculate employer rates and determine actuarial equivalency factors.

MERCER



MARSH MERCER KROLL
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July 16, 2009

Oregon Public Employees' Retirement System Experience Study for December 31, 2008 Actuarial Valuation

- Demographic Assumptions
- Investment Return Assumptions

Bill Hallmark and Matt Larrabee



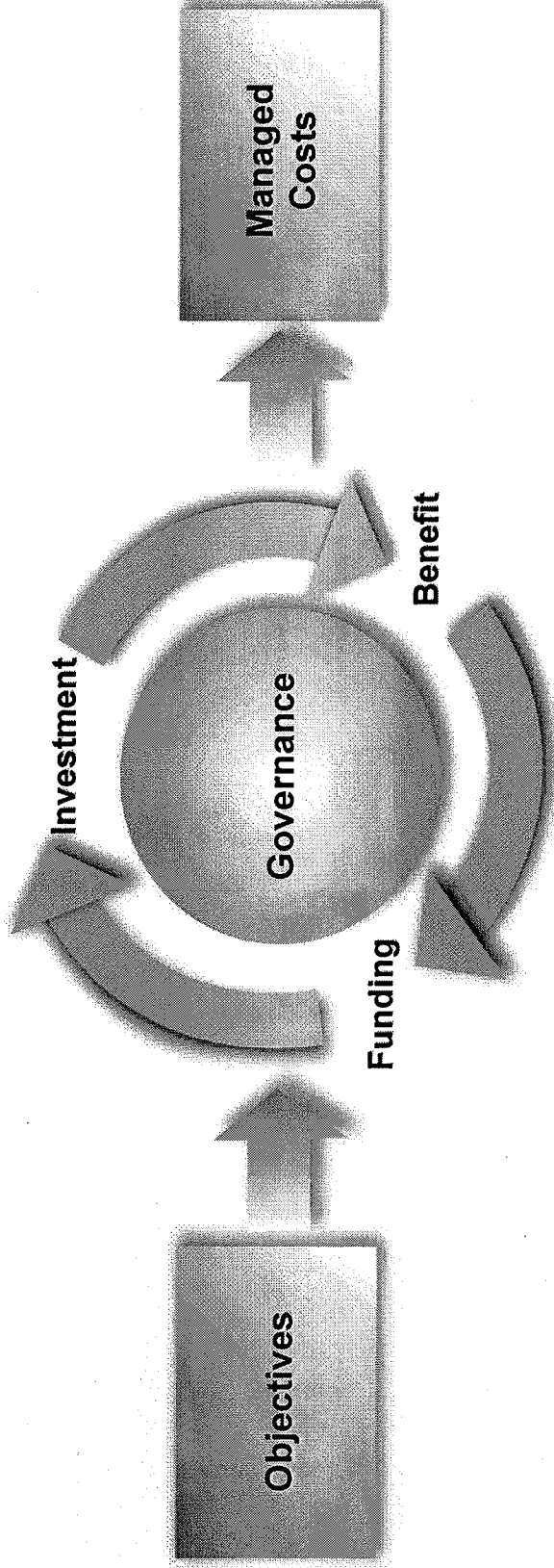
Contents

- Introduction
- Demographic Assumptions
- Investment Return Assumptions
- Decisions (Selection of Economic and Demographic Assumptions)
- Next Steps
- Appendix

Introduction

Retirement Plan Financial Management Framework

$$\text{Total Contributions} = \text{Benefits Paid} - \text{Investment Earnings}$$



Actuarial methods/assumptions primarily affect the timing of contributions



Introduction

Objectives for Actuarial Methods and Assumptions

- **Transparent**
- **Predictable and stable rates**
- **Protect funded status**
- **Equitable across generations**
- **Actuarially sound**
- **GASB compliant**

Introduction

Summary of Recommendations

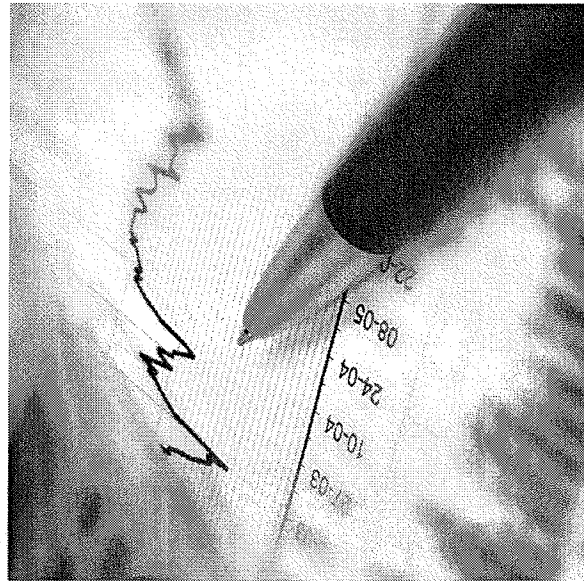
- Two Significant Assumptions to Address
 - Investment Return
 - Mercer capital market assumptions and Strategic Investment Solutions (SIS) capital market assumptions differ significantly
 - Mercer assumptions suggest **decreasing** the investment return assumption to **7.5%**
 - SIS assumptions suggest **increasing** the investment return assumption to at least **8.5%**
 - Healthy Mortality
 - Current assumption is based on a static mortality table adjusted for projected improvements in mortality beyond the experience period
 - Recommendation is to base the assumption on a generational mortality table and match the experience during the study period
 - Generational mortality tables build in projections for future improvement in mortality by creating a separate mortality table for each year of birth
 - A generational mortality table should match future experience more closely than a static table

Introduction

Summary of Recommendations

- Additional assumptions with minor aggregate impact
 - Retirement rates – Added additional service band with different rates
 - Disability rates – Reduced rates to match continued reduction in disability incidence
 - Termination rates – Reduced school district rates and increased SLGRP rates
 - Merit salary increases – Slight increase in long-term rates, but added a two-year freeze on merit increases to reflect the current economic environment
 - Other assumptions
 - Lump sum at retirement – slight reduction in partial lump sum rate
 - Purchase service – increase in waiting time purchases for non-Money Match retirements
 - Refund – reduction in probability of refund before retirement
 - Unused sick leave – minor adjustments to current assumptions for some groups

Demographic Assumptions



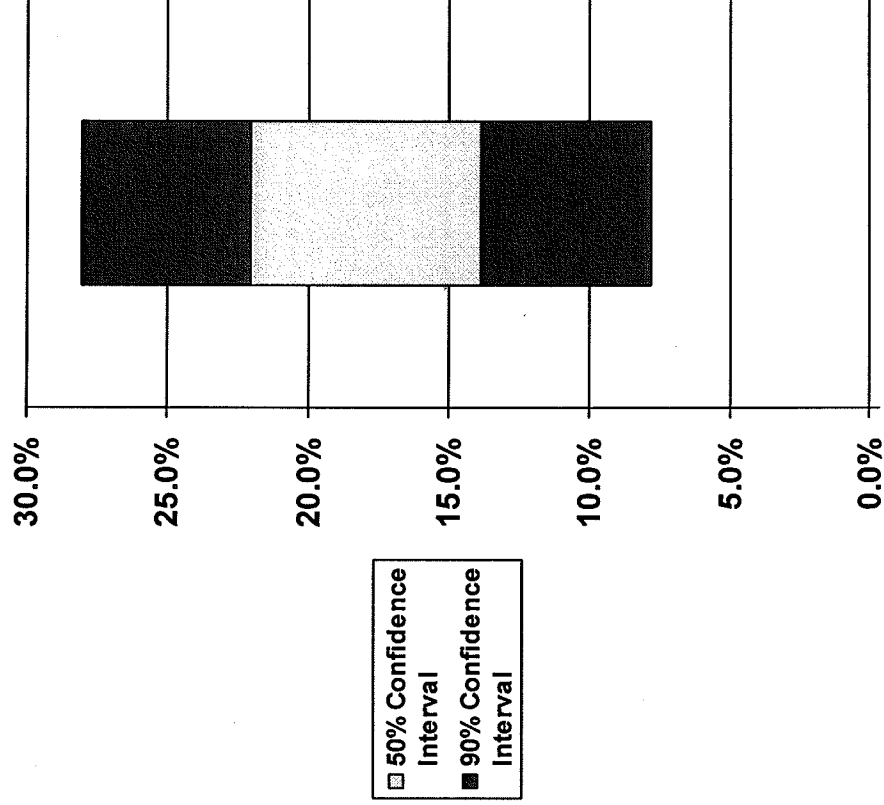


Demographic Assumptions Overview

- Compared actual experience from January 1, 2005 through December 31, 2008 to expected experience based on assumptions from the December 31, 2007 actuarial valuation
- Actual experience, combined with future expectations, are used to develop recommended assumptions for December 31, 2008 actuarial valuation
- The presentation summarizes those results, primarily for assumptions where significant changes are recommended.
- More details are available in:
 - Our forthcoming written report
 - The appendix of this presentation

Demographic Assumptions Confidence Intervals

- We have used 50% and 90% confidence intervals in our analysis.
- The 90% confidence interval represents the range around the observed rate that contains the true rate during the period of study with 90% probability
- The size of the confidence interval depends on the number of observations
- If an assumption is outside the 90% confidence interval and there is no other information to explain the observed experience, a change in assumption should be considered.



Mortality Assumptions

Summary of Recommendations

Note that "white collar" and "blue collar" are terms used in the RP 2000 mortality table to adjust levels of mortality. They are used here to identify the adjustments made and are not intended to classify any employees as either "blue collar" or "white collar."

	Current Assumption	Recommended Changes
Healthy Retired	RP 2000, Static Combined Active/Healthy Retired, Sex distinct	RP 2000, Generational Combined Active/Healthy Retired, Sex distinct
<ul style="list-style-type: none"> ▪ School district male ▪ Other GS male ▪ P&F male 	<ul style="list-style-type: none"> No collar, set back 36 months No collar, set back 24 months No collar, set back 12 months 	<ul style="list-style-type: none"> White collar, set back 12 months White collar, no set back Blend 33% blue collar, no set back
<ul style="list-style-type: none"> ▪ School district female ▪ Other female 	<ul style="list-style-type: none"> No collar, set back 36 months No collar, set back 18 months 	<ul style="list-style-type: none"> White collar, set back 18 months Blend 33% blue collar, no set back
Disabled Retired	RP 2000, Static, No Collar Combined Active/Healthy Retired, Sex distinct	RP 2000, Static, No Collar Combined Active/Healthy Retired, Sex distinct
<ul style="list-style-type: none"> ▪ Male ▪ Female 	<ul style="list-style-type: none"> Set forward 36 months, min of 2.50% Set forward 36 months, min of 2.75% 	<ul style="list-style-type: none"> Set forward 60 months, min of 2.25% Set forward 48 months, min of 2.25%
Non-Retired Mortality	% of Healthy Retired Mortality	% of Healthy Retired Mortality
<ul style="list-style-type: none"> ▪ School district male ▪ Other GS male ▪ P&F male 	<ul style="list-style-type: none"> 65% 65% 70% 	<ul style="list-style-type: none"> 75% 75% 70%
<ul style="list-style-type: none"> ▪ School district female ▪ Other female 	<ul style="list-style-type: none"> 50% 55% 	<ul style="list-style-type: none"> 50% 50%

Mortality Assumptions Healthy Retired Mortality

	Exposures	Actual		Current Assumption		Recommended Assumption	
		Deaths	A/E Ratio	Expected Deaths	A/E Ratio	Expected Deaths	A/E Ratio
School District Male	58,543	1,614	105%	1,541	105%	1,613	100%
Other General Service Male*	86,441	2,735	104%	2,632	104%	2,751	99%
Police & Fire Male	19,758	331	98%	337	98%	331	100%
School District Female	113,269	2,683	106%	2,541	106%	2,676	100%
Other Female*	108,247	3,232	110%	2,939	110%	3,196	101%

* Includes beneficiaries.

- The Actual/Expected ratio for healthy retirees under a static table should be approximately 110% in order to anticipate mortality improvement in the future.
- The Actual/Expected ratio for most groups is below 110%.
- The gold standard in mortality assumptions is to use a generational table that anticipates mortality improvements on a generational basis. Because the table has mortality improvements built into it, we can target an A/E ratio of 100%.
- We used “white collar”/“blue collar” adjustments and age set backs to adjust the standard table to match Oregon PERS experience.

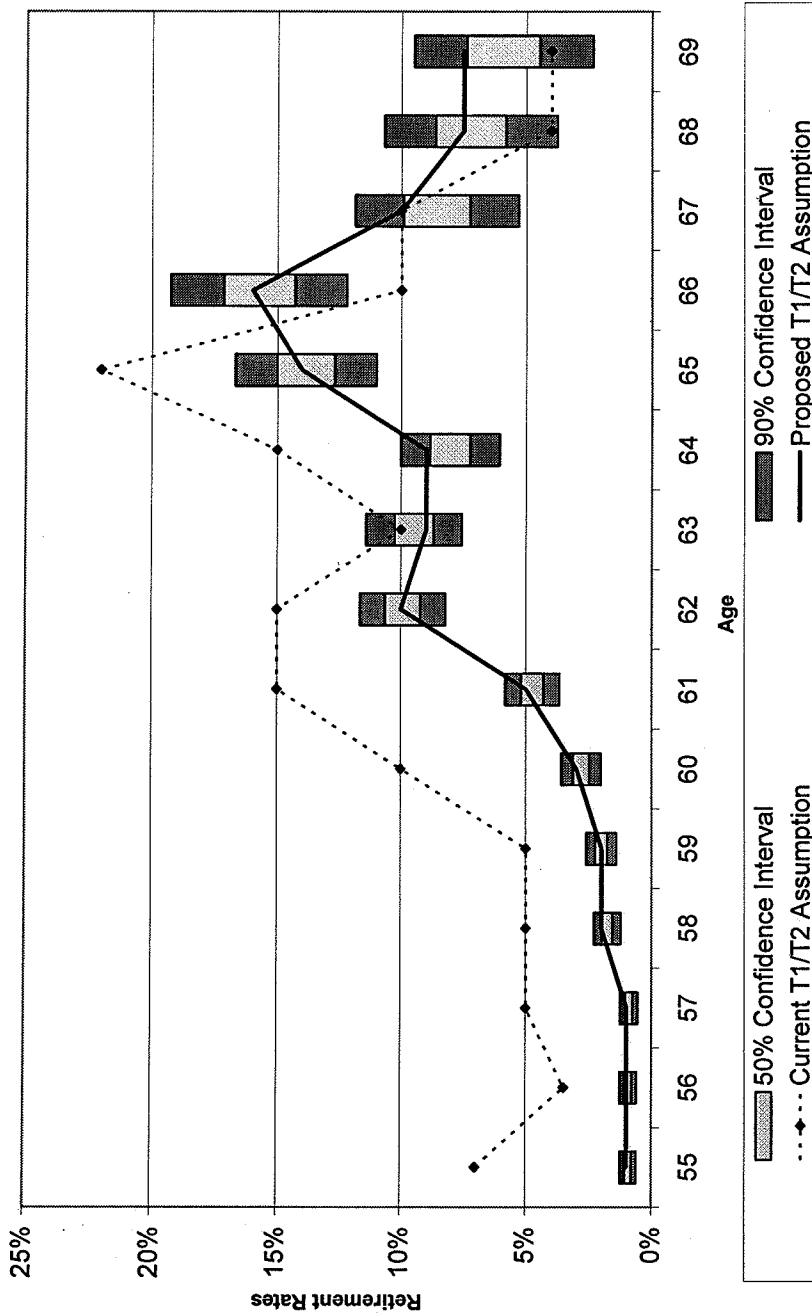
Retirement Assumptions Structure for General Service Members

		Current Structure			Proposed Structure		
Groupings		<15 Years	15 to 29 Years	30+ Years	<15 Years	15 to 29 Years	30+ Years
School Districts	Tier 1						
	Tier 2						
SLGRP / Independent Employers	Tier 1						
	Tier 2						
OPSRP							

- Instead of structuring retirement rates based on Tier, we recommend dividing the less than 30 year assumption into a less than 15 year assumption and a 15 to 29 year assumption (For P&F members, 0 to 12 years and 13 to 24 years).
- This structure will likely track member retirement decisions more closely to the extent those decisions contemplate the amount of the retirement benefit and the affordability of retirement.

Retirement Assumptions General Service -- Less than 15 Years of Service

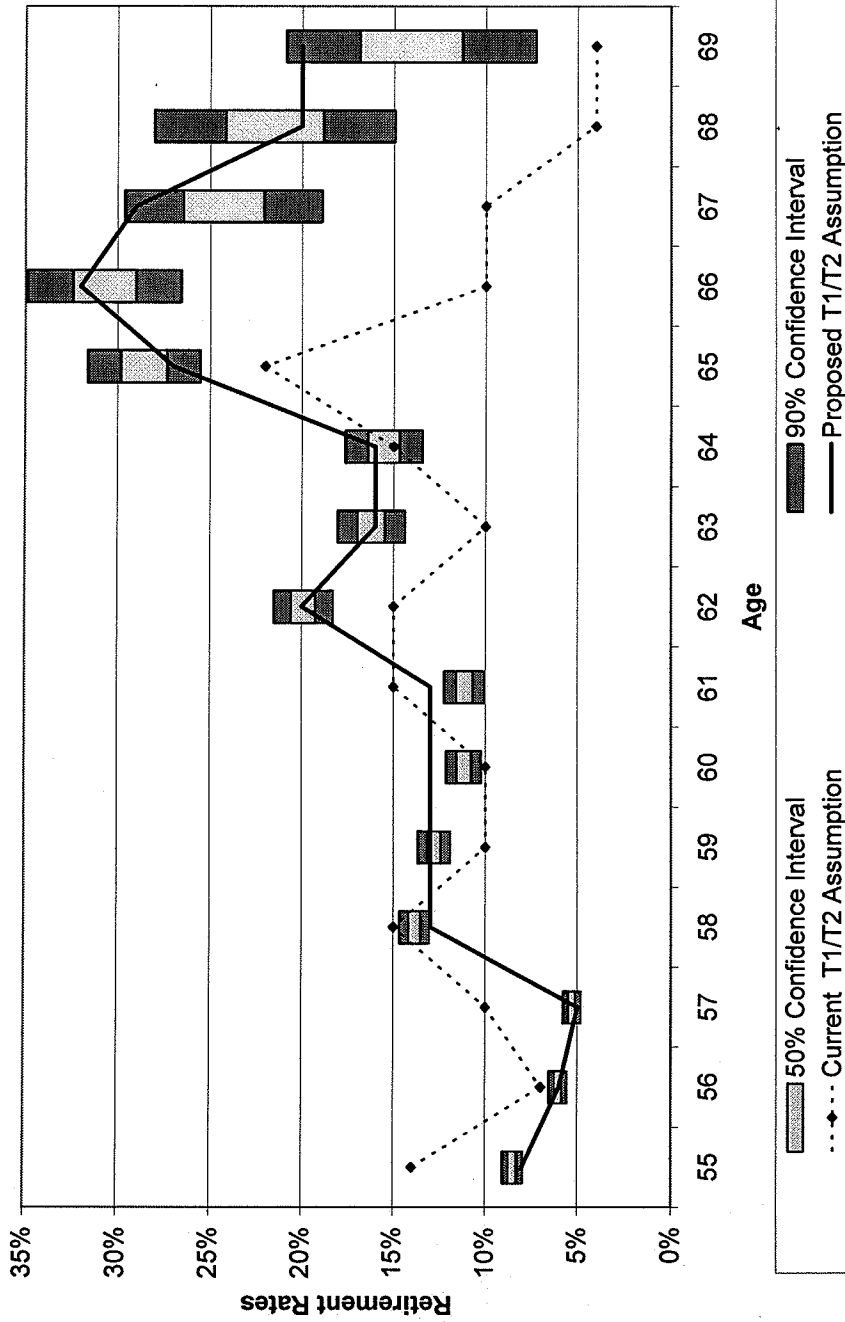
Tier 1/Tier 2 - School Districts Members with less than 15 Years of Service



- Retirement decisions by members with less than 15 years of service are likely to be heavily influenced by the availability of resources other than PERS benefits, including:
 - Social Security
 - Prior employment
 - Spousal benefits
 - Savings
- Charts for additional groups can be found in the appendix.

Retirement Assumptions General Service -- 15 to 29 Years of Service

Tier 1/Tier 2 - School Districts Members with 15 - 29 Years of Service



- Retirement decisions by members with 15 to 29 years of service are likely to be influenced by the structure of PERS benefits as well as the availability of other resources, including:
 - Social Security
 - Prior employment
 - Spousal benefits
 - Savings
- Charts for additional groups can be found in the appendix.

Salary Increase Assumptions Summary of Recommendations

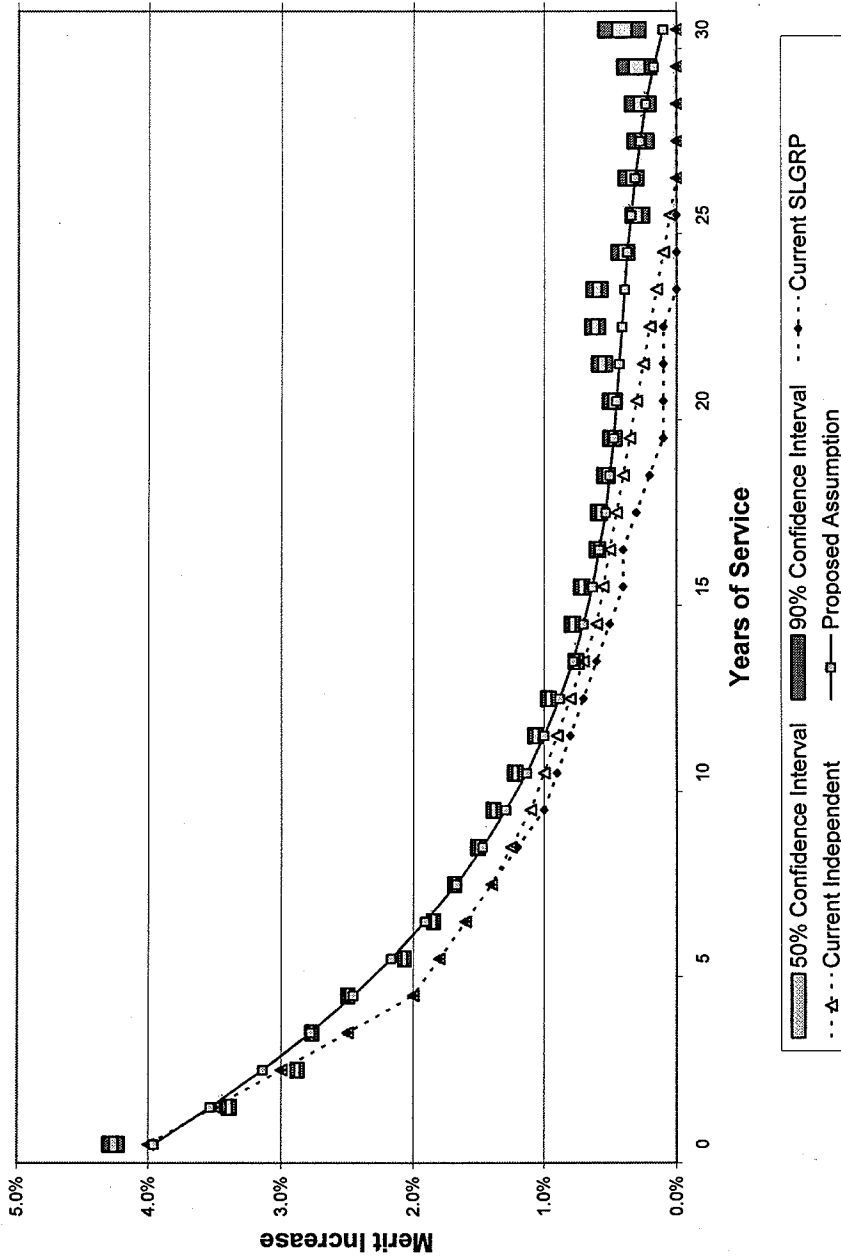
Other General Service

Current assumptions are set for the following groups:

- School Districts
- OHSU
- SLGRP (GS and P&F)
- Independent (GS and P&F)

Recommended changes:

- Assume 0% merit increase for 2009 and 2010
- Consolidate SLGRP and Independent Employer assumptions
- Eliminate separate OHSU assumption

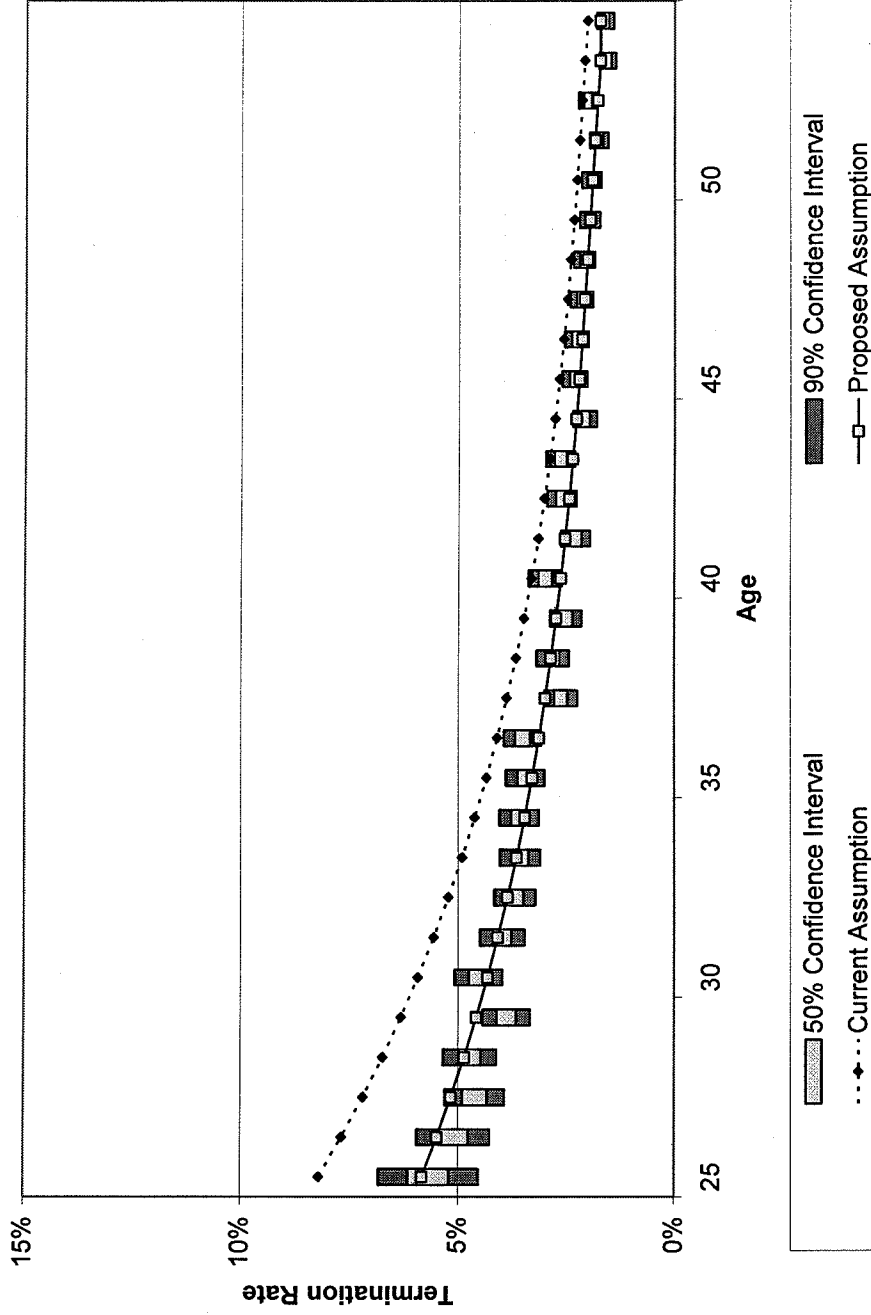


For the merit scale, we studied experience from 2001 through 2008.

Termination Assumptions Summary of Recommendations

- Adjustments to ultimate termination rates:
 - Modest downward adjustment for School Districts
 - Modest increase for SLGRP
- Adjustment to 3-year select rates:
 - Downward adjustment for all groups to reflect recent experience
- See appendix for additional graphs.

School Districts

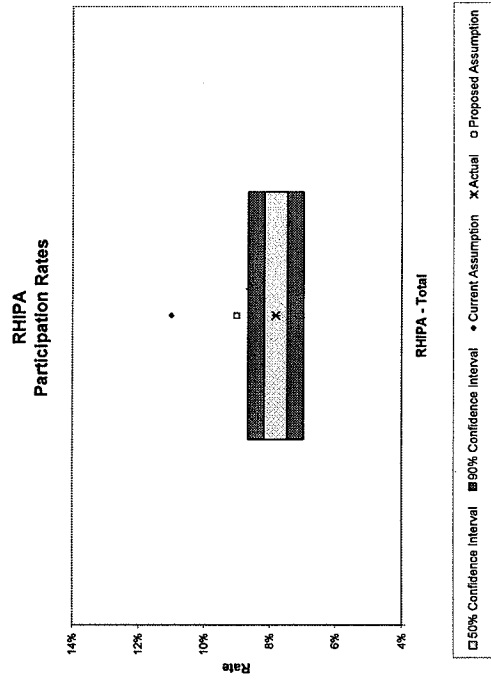
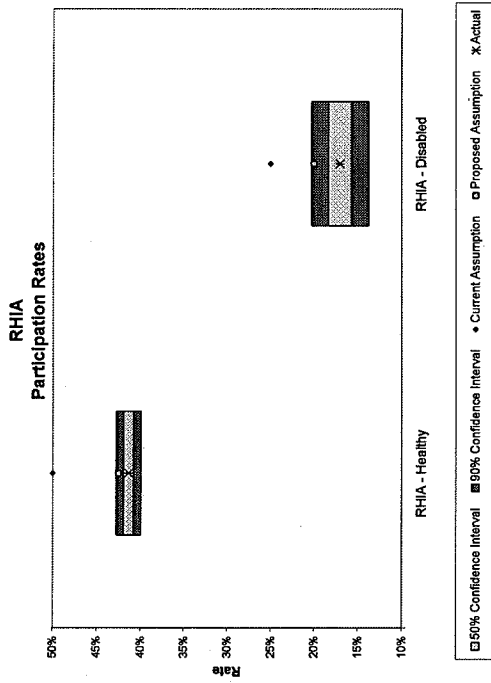


Other Assumptions

Summary of Recommendations

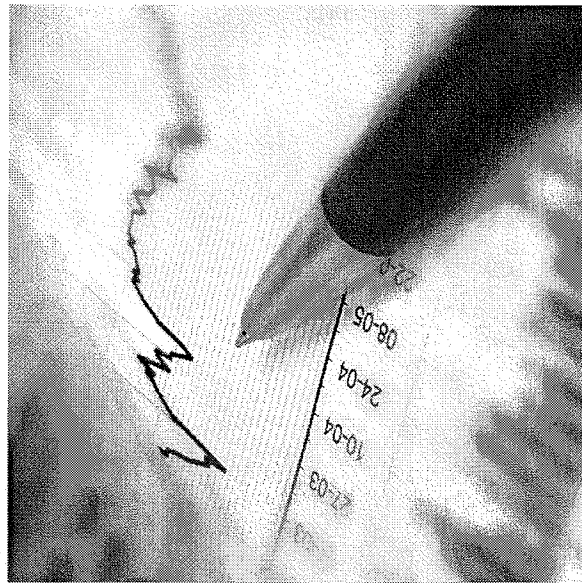
	Current Assumption	Recommended Changes
Duty Disability	Age based rates	Percentage of the 1985 Disability Class 1 Rates
▪ Police & Fire	▪ 0.020% - 0.15%	▪ 15% (0.0005% -- 0.127%)
▪ General Service	▪ 0.002% - 0.015%	▪ 1.5% (0.0005% -- 0.013%)
Ordinary Disability	Age based rates	50% of 1985 Disability Class 1 Rates w/ 0.2% cap
▪	▪ 0.050% - 0.300%	▪ 0.015% -- 0.200%
Partial Lump Sum	7% for all years	6% for all years
Total Lump Sum	7% for 2007, declining 0.5% per year until reaching 0%	No Change
Purchase of Credited Service	Non-Money Match Retirements: 45%	Non-Money Match Retirements: 55%
Probability of Refund	General Service: 0% - 22.5% Police & Fire: 0% - 40%	General Service: 0% -- 17.5% Police & Fire: 0% -- 30%
Unused Sick Leave		
▪ School District (M)	7.25%	7.50%
▪ School District (F)	6.75%	No change
▪ State General (M)	5.75%	No change
▪ State General (F)	4.75%	4.25%
▪ Local General (M)	3.50%	4.25%
▪ Local General (F)	3.00%	No change
▪ State P&F	8.75%	7.25%
▪ Local P&F	8.75%	8.25%
▪ Dormant	3.50%	No change

Retiree Healthcare Assumptions Summary of Recommendations



- Participation rates in both RHIA and RHIPA continue to decline.
- The decline for RHIA may be due to the diminishing relevance of the flat dollar subsidy.
- The decline for RHIPA may be due to competition from the PEBB alternative. Changes in the competitive relationship could make participation rates in RHIPA change quickly.
- To remain conservative on these assumptions, we recommend rates at or above the top of the 90% confidence interval.

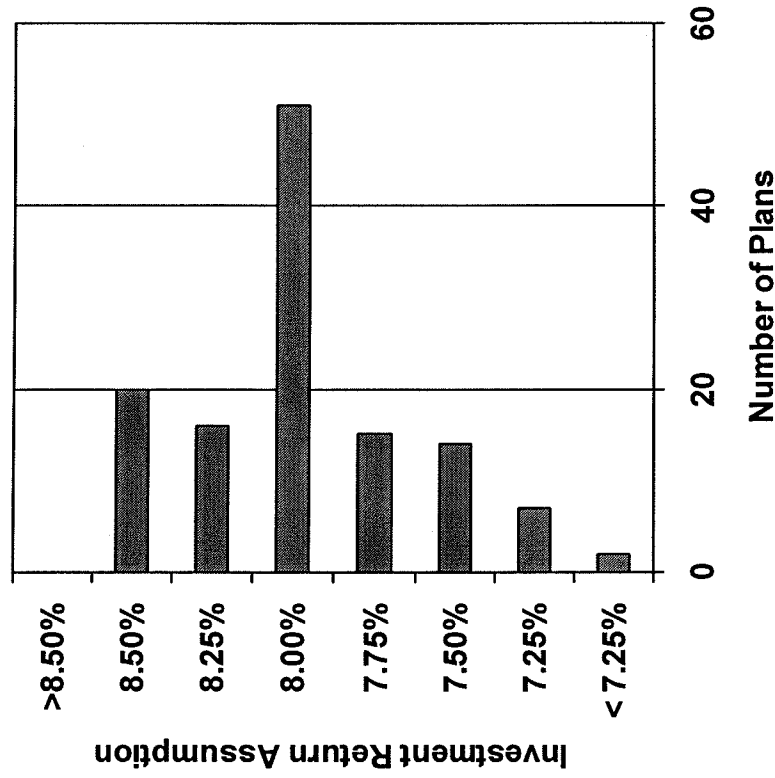
Investment Return Assumptions



Economic Assumptions Investment Return

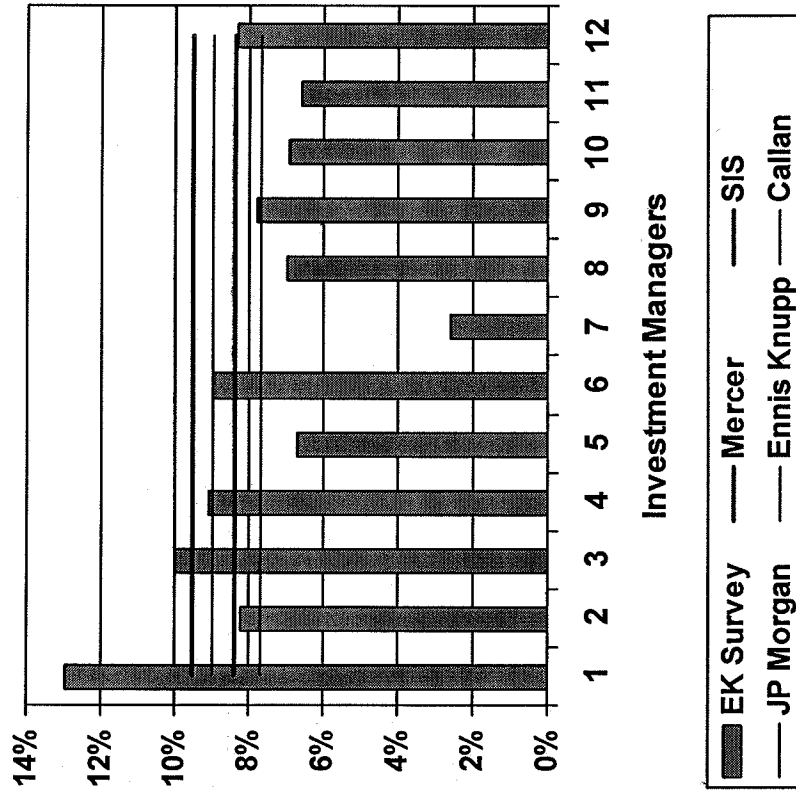
- In our May 29, 2009 Board presentation, we deferred a recommendation on the investment return assumption until the OIC's investment consultant completed their review of capital market assumptions.
- In order to add a broader perspective to the discussion, the chart on the right shows the assumptions used by the 125 large public sector systems in NASRA's survey.
- The current assumption of 8.0% is the median and most common assumption in the survey.

Distribution of Investments
Return Assumptions
2007 NASRA Survey Data



Economic Assumptions Investment Return

Capital Market Expectations
Investment Managers/Consultants
Broad US Equity



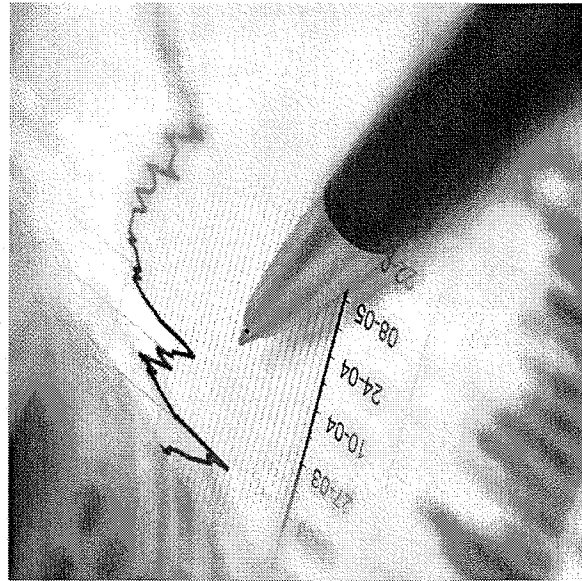
- In March 2009, EnnisKnupp conducted a survey of leading investment management firms on long-term market return expectations. The broad US Equity expectations for the 12 managers in the survey are shown in the bars of the chart.
 - Assumptions range from 2.6% to 13.0%.
 - The median assumption is 8.0%.
- The lines on the graph represent the broad US equity expectations for Mercer (8.4%), SIS (9.5%), Callan (9.5%), JP Morgan (9.0%), and EnnisKnupp (7.7%).

Economic Assumptions Investment Return – Regular Account

- The table compares the distribution of expected annualized returns over 20 years for the regular account based on Mercer's and SIS' capital market assumptions.
 - Assumes 25 basis points in expenses and no return for active management.
 - SIS expects an additional 80 basis points of return for active management.
- There is a range of acceptable assumptions. In general, actuaries tend to round their estimates down to be conservative.
 - Improves benefit security
 - Reduces likelihood of contributions increasing to unaffordable levels
- Consequently, based on Mercer's capital market outlook, we recommend 7.5%. However, SIS' capital market outlook would suggest an assumption of at least 8.5%.

Percentile	Mercer	SIS
25 th	5.9%	7.0%
35 th	6.7%	7.8%
50 th	7.7%	8.9%
65 th	8.8%	10.0%
75 th	9.6%	10.9%

Decisions



Estimated Impact of Changes Ignoring Rate Collar

	Tier 1/Tier 2		OPSRP		RHIA/RHIPA	
	Normal Cost Rate	UAL Rate	Normal Cost Rate	UAL Rate	Normal Cost Rate	UAL Rate
Mortality	0.2%	0.5%	0.2%	0.0%	0.0%	0.0%
Other Demographic Assumptions	0.0%	(0.1%)	(0.2%)	0.0%	0.0%	0.0%
Economic Assumptions and Methods	0.0%	(2.9%)	(0.1%)	0.0%	0.0%	0.3%
Total	0.2%	(2.5%)	(0.1%)	0.0%	0.0%	0.3%
7.5% Assumption	1.5%	1.5%	0.7%	0.0%	0.0%	0.0%
Total	1.7%	(1.0%)	0.6%	0.0%	0.0%	0.3%

- Estimated impact is shown on a systemwide basis. The impact from rate pool to rate pool (or among individual independent employers) will vary.
- The decrease in the Tier 1/Tier 2 UAL rate is primarily due to the elimination of the 3-year PUC change amortization.

Decisions

Summary of Recommendations – Methods and Economic Assumptions

	Current Assumption	Recommended Assumption
PUC Change Amortization	3-Year Rolling	Eliminate
RHIA/RHIPA UAL Amortization	20-Year Layered	10-Year Layered
Regular Investment Return	8.00%	7.50% - 8.50%*
Variable Investment Return	8.50%	8.25% - 9.00%**
Health Cost Trend Rate		
▪ 2009 Trend Rate	9.00%	7.00%
▪ Ultimate Trend Rate	5.00%	4.50%
▪ Year Reaching Ultimate Trend	2013	2029
OPSRP Administrative Expenses	\$8.5 million	\$6.6 million
Percentage of Money Match retirements for allocation between employers	General: 65% P&F: 25%	General: 50% P&F: 15%

* Based on Mercer's capital market assumptions, we recommend 7.5%. However, SIS' capital market assumptions would suggest an assumption of at least 8.5%

** At least 50 basis points greater than regular investment return assumption.

Decisions

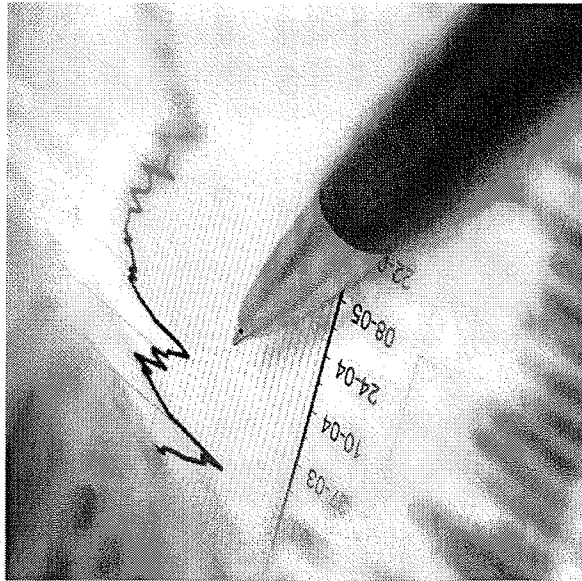
Summary of Recommendations – Demographic Assumptions

	Current Assumption	Recommended Assumption
Mortality	Static Tables	Generational Tables
Retirement	2 Service Levels	3 Service Levels
Merit Salary Increases	Ultimate only	0% for 2009 and 2010, then slightly higher ultimate rates
RHIA Participation Rate	Healthy: 50% Disabled: 25%	Healthy: 42.5% Disabled: 20%
RHIPA Participation Rate	11%	9%
Other demographic changes shown in presentation		

Next Steps

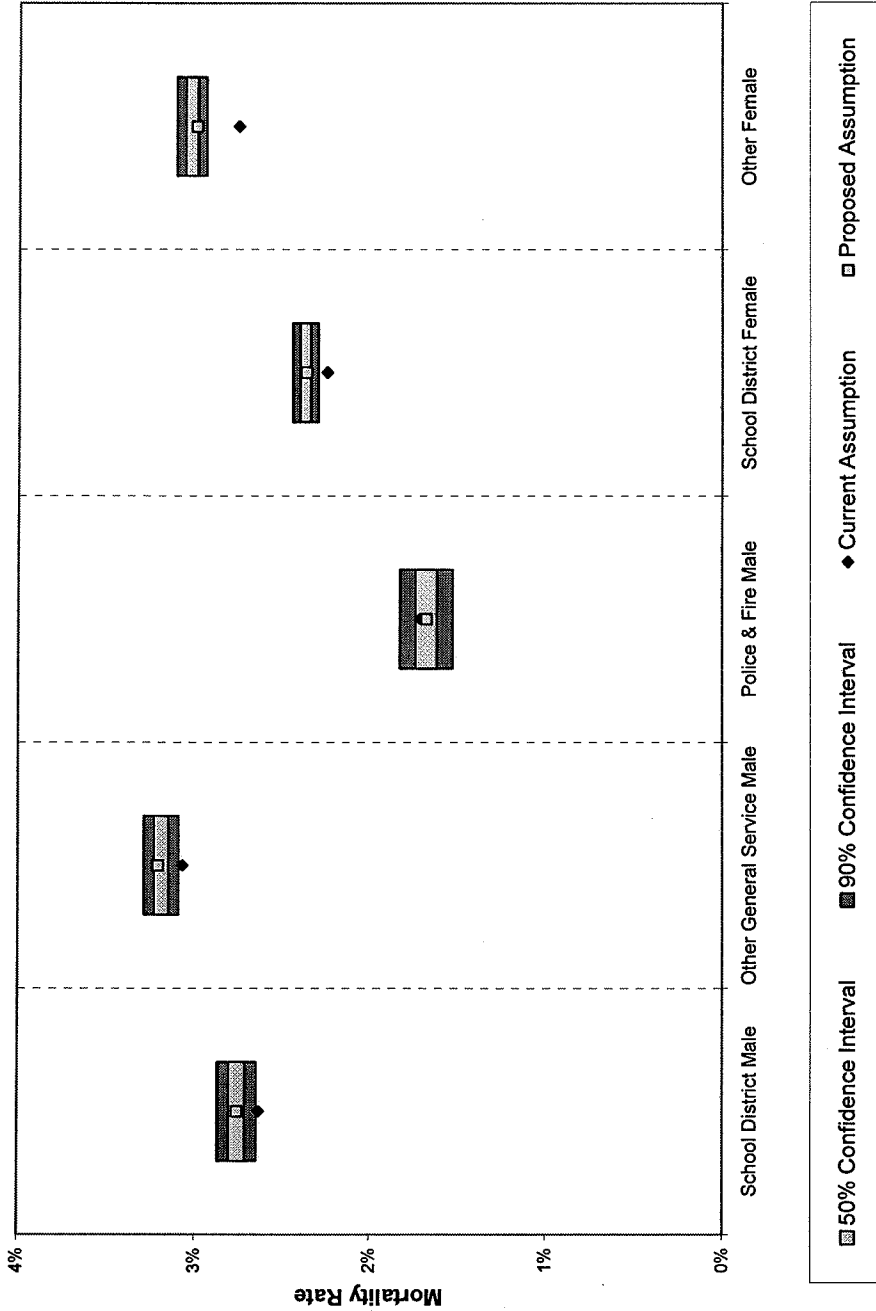
- May Board Meeting
 - Experience Study – Methods and Economic Assumptions
- July Board Meeting
 - Experience Study – Investment Return and Demographic Assumptions
 - Board Adoption of Methods and Assumptions for 12/31/2008 and 12/31/2009 Actuarial Valuations
- September Board Meeting
 - 12/31/2008 system-wide actuarial valuation results
- October
 - 12/31/2008 Individual Employer Reports
- November Board Meeting
 - Adoption of actuarial equivalence factors for 2010 and 2011

Appendix



Appendix Healthy Retiree Mortality

Healthy Retiree Mortality
Aggregate Confidence Intervals and Rates

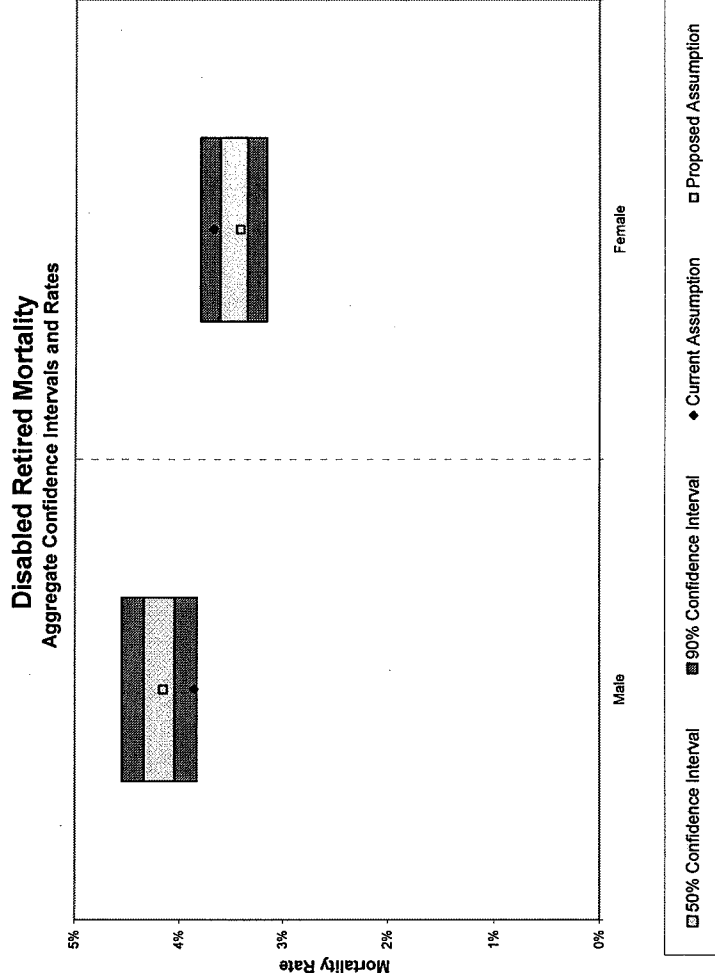


- There are many adjustments that can be applied to the generational mortality table.
- We used an aggregate confidence interval to verify that the adjustments we applied fit each group.
- Note that the aggregate mortality rate is a function of both the group mortality rates and the ages of the members in the group.
- That is, you cannot conclude from this graph that Other General Service Males have the highest mortality and Police & Fire males have the lowest mortality.

Appendix Disabled Retiree Mortality

	Exposures	Actual Deaths	Expected Deaths	A/E Ratio	Current Assumption	Expected Deaths	A/E Ratio	Recommended Assumption
Male	8,350	350	322	109%	109%	347	101%	101%
Female	8,841	308	325	95%	95%	303	102%	102%

- Although the current rates fall within the aggregate confidence intervals, we are recommending minor adjustments to the disabled mortality tables to bring the A/E ratios closer to 100% and to better fit the experience by age group.
- In particular, the proposed mortality rates are lower at younger ages and higher at older ages.

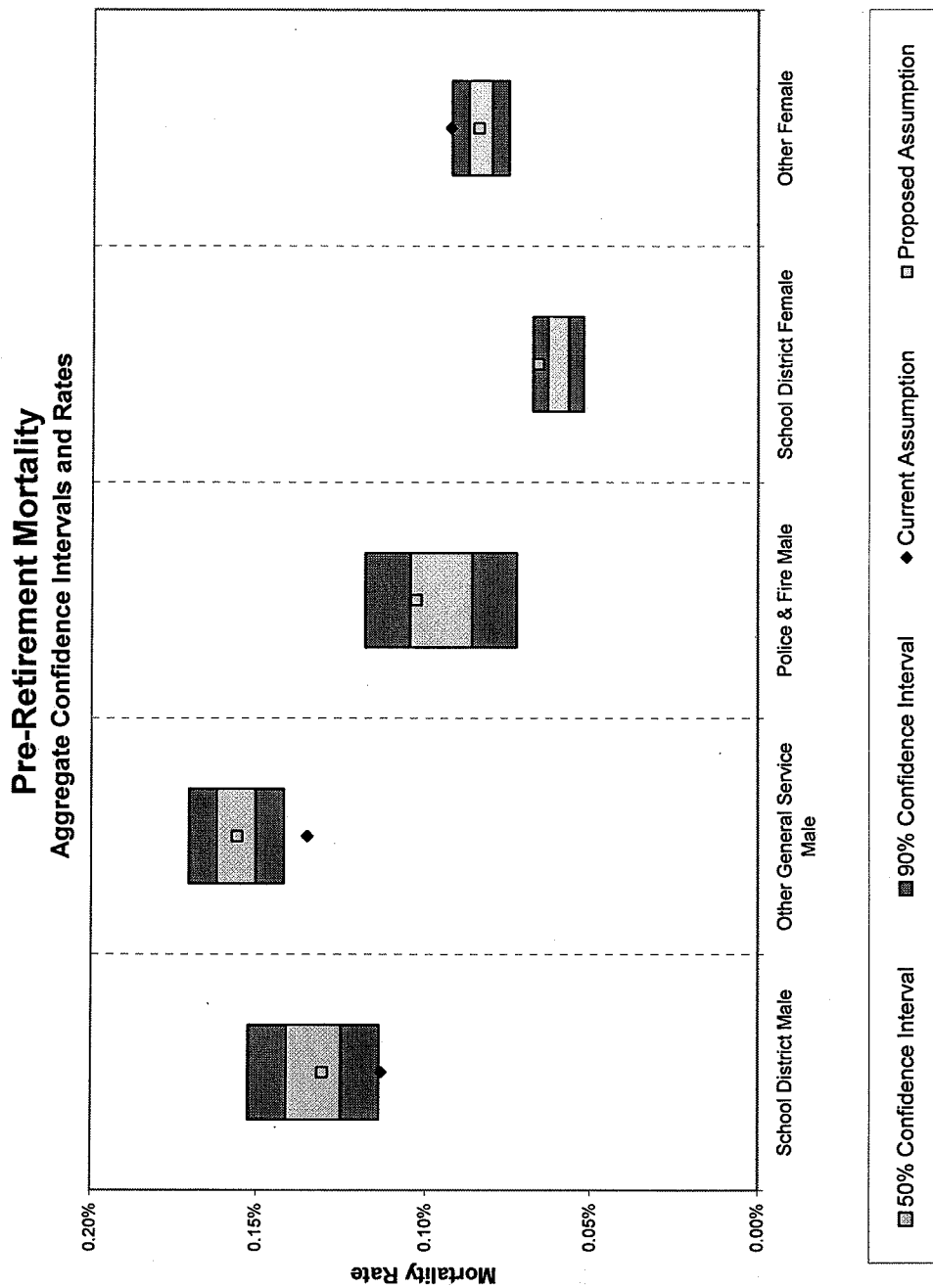


Appendix Pre-Retirement Mortality

	Exposures	Actual		Current Assumption		Recommended Assumption	
		Deaths	Expected Deaths	A/E Ratio	Expected Deaths	A/E Ratio	
School District Male	96,122	128	109	118%	126	102%	
Other General Service Male	206,228	322	278	116%	321	100%	
Police & Fire Male	49,316	47	51	92%	51	92%	
School District Female	274,509	165	181	91%	181	91%	
Other Female	303,396	254	281	90%	256	99%	

- Pre-retirement mortality is set based on a percentage of the healthy retiree mortality rates. The "Current Assumption" is analyzed by applying the current percentage to the new recommended healthy retiree mortality rates.
- The analysis is based on experience for active employees under age 70.
- The target Actual/Expected ratio is 100%.
- Although Police & Fire Male and School District Female are below 100%, the current rates fall within the aggregate confidence interval and thus no changes are recommended for those two groups. For the other groups, we are recommending a change to the percentage applied to the new recommended healthy retiree mortality rates.

Appendix Pre-Retirement Mortality (continued)



- Changes are recommended to School District Male, Other GS Male, and Other Female so the aggregate rate falls within the confidence interval.
- Note that the aggregate mortality rate is a function of both the group mortality rates and the ages of the members in the group.

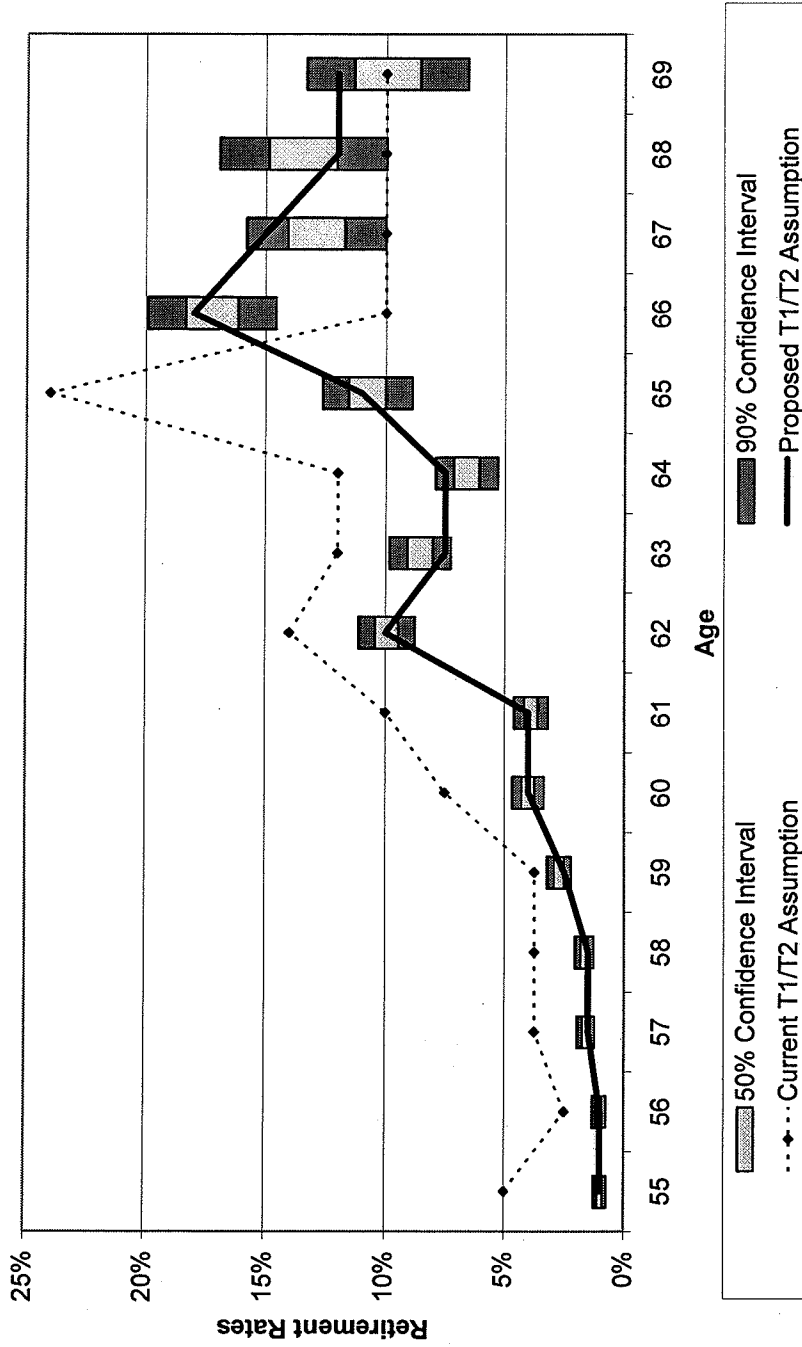
Appendix

Retirement Rates -- General Service with less than 15 Years of Service

Tier 1/Tier 2 - Other General Service

Members with less than 15 Years of Service

- Retirement decisions by members with less than 15 years of service are likely to be heavily influenced by the availability of resources other than PERS benefits, including:
 - Social Security
 - Prior employment
 - Spousal benefits
 - Savings

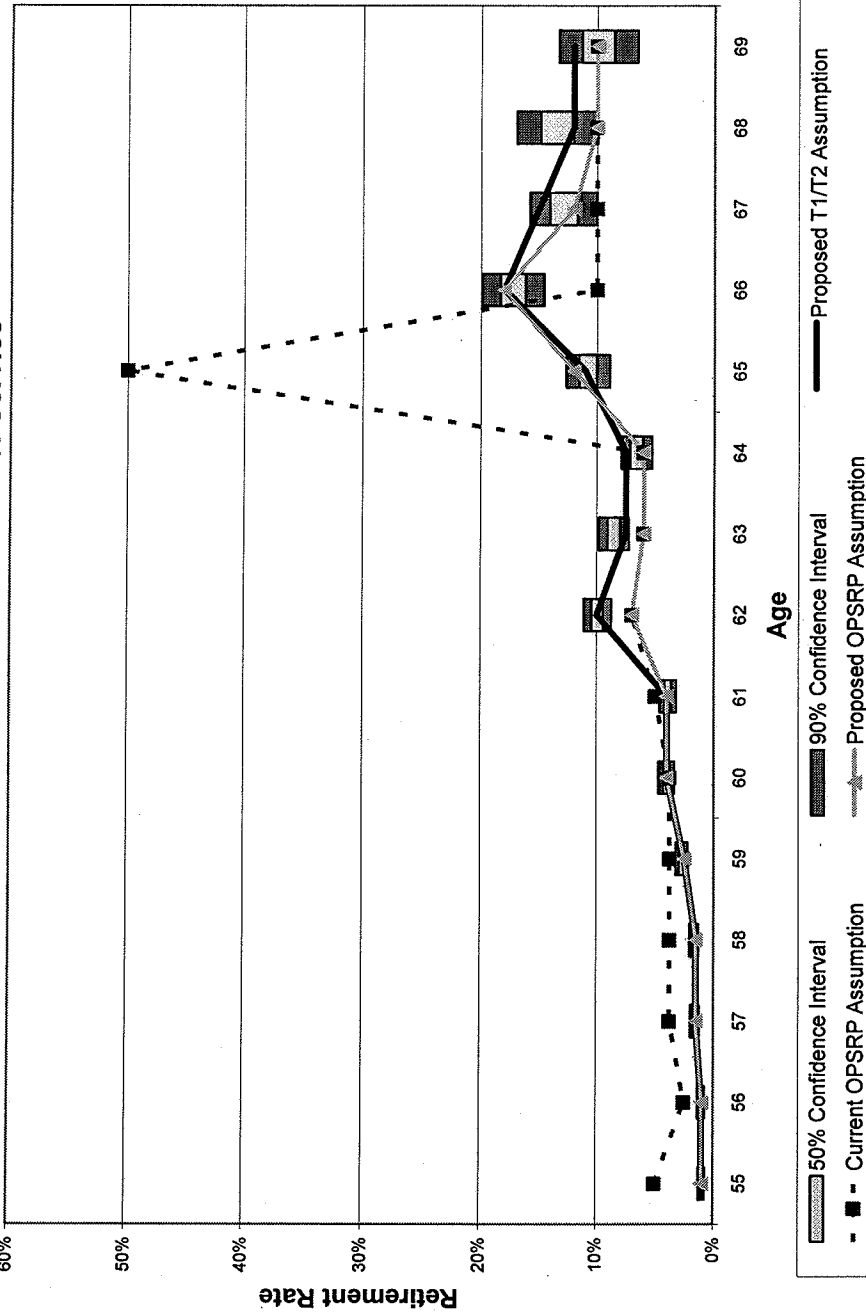


Appendix

Retirement Rates -- General Service with less than 15 Years of Service

OPSRP - General Service

Members with less than 15 Years of Service



- Retirement decisions by members with less than 15 years of service are likely to be heavily influenced by the availability of resources other than PERS benefits, including:
 - Social Security
 - Prior employment
 - Spousal benefits
 - Savings

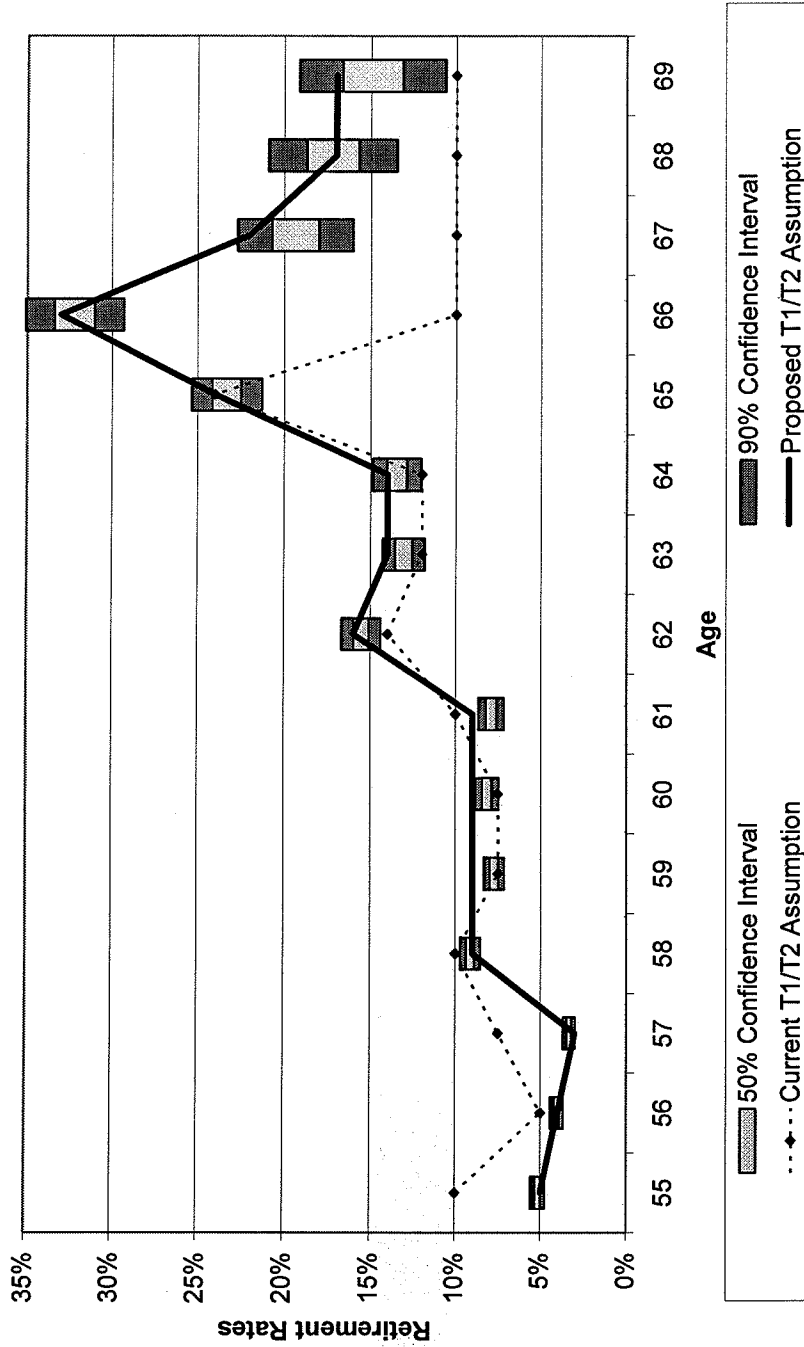
Appendix

Retirement Rates -- General Service with 15 to 29 Years of Service

Tier 1/Tier 2 - Other General Service

Members with 15 - 29 Years of Service

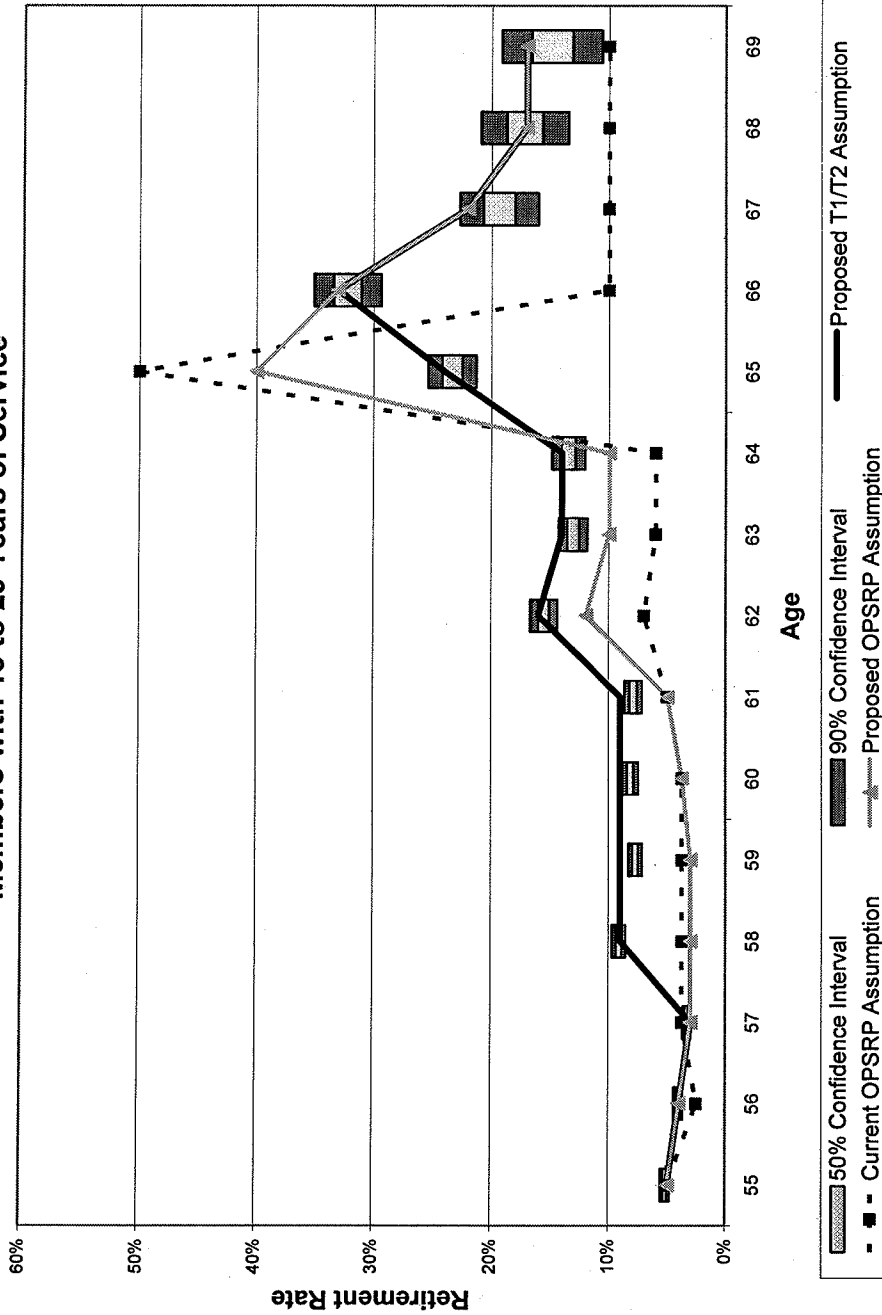
- Retirement decisions by members with 15 to 29 years of service are likely to be influenced by the structure of PERS benefits as well as the availability of other resources, including:
 - Social Security
 - Prior employment
 - Spousal benefits
 - Savings



Appendix

Retirement Rates -- General Service with 15 to 29 Years of Service

OPSRP - General Service Members with 15 to 29 Years of Service



- Retirement decisions by members with 15 to 29 years of service are likely to be influenced by the structure of PERS benefits as well as the availability of other resources, including:

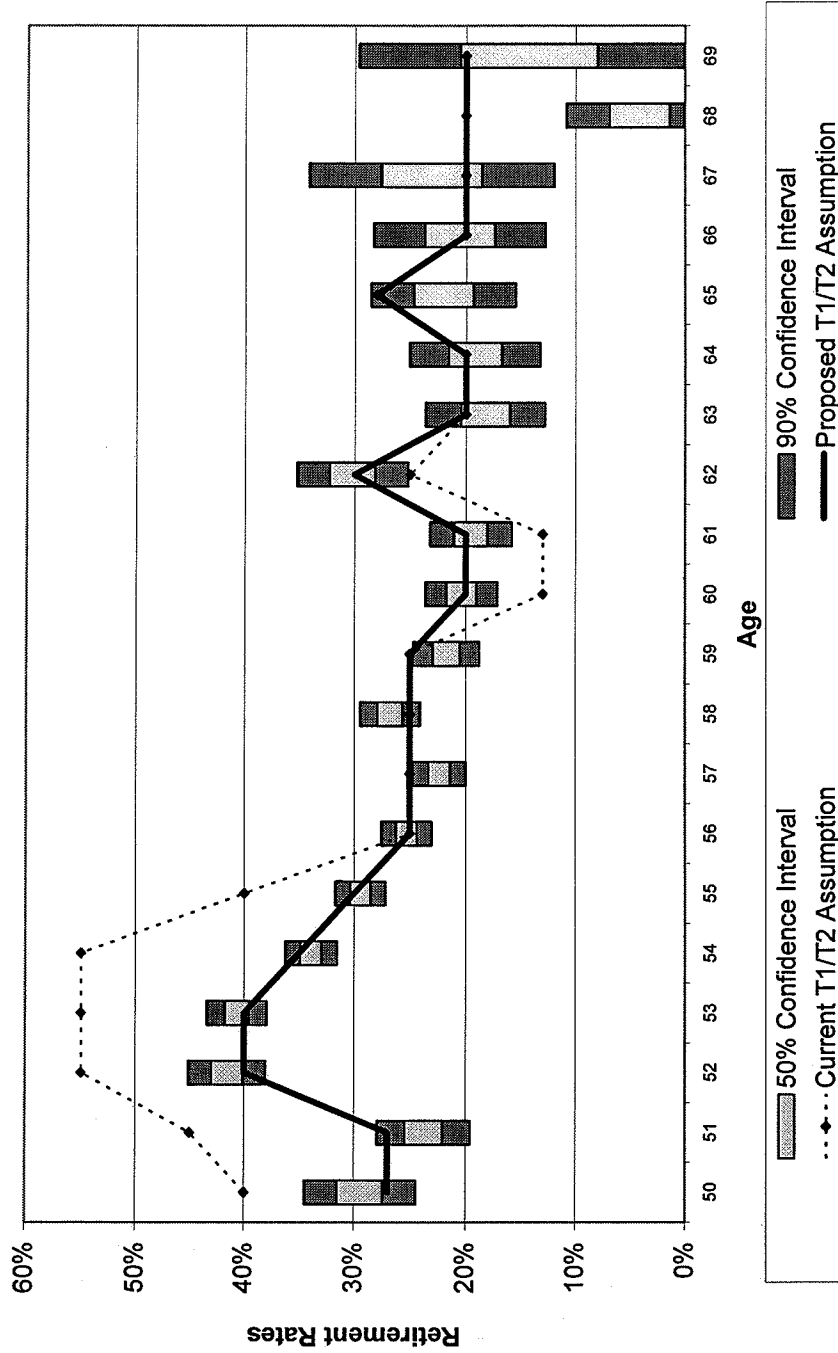
- Social Security
- Prior employment
- Spousal benefits
- Savings

Appendix

Retirement Rates -- General Service with 30 or More Years of Service

Tier 1/Tier 2 - General Service

Members with 30+ Years of Service



- Retirement decisions by members with 30 or more years of service are heavily influenced by the immediate unreduced benefits available through PERS (after age 58 for OPSRP benefits)

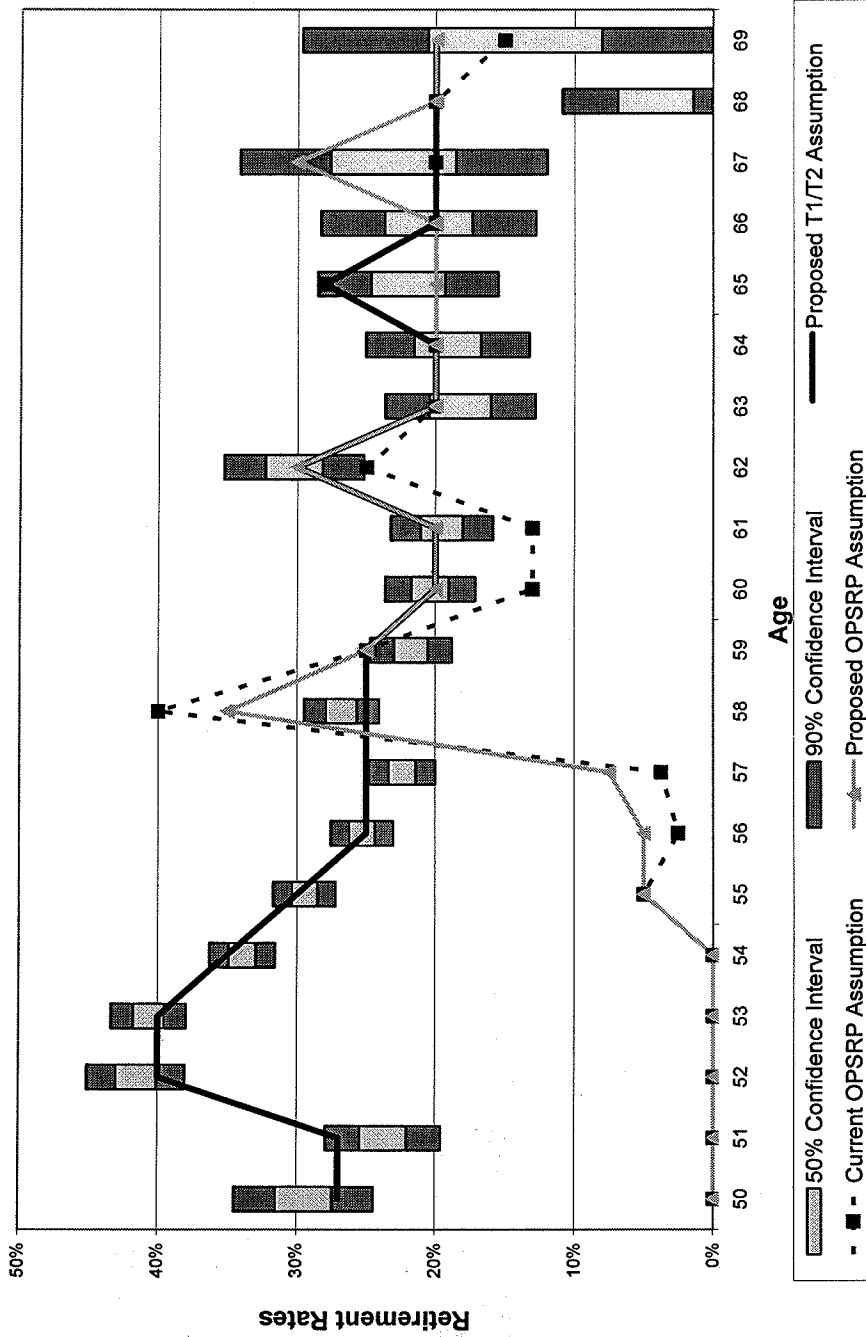
- There has been a continued decline in retirements among this group at the earliest ages, possibly due to the decline in average replacement income from Money Match benefits over the last 5 years

Appendix

Retirement Rates -- General Service with 30 or More Years of Service

OPSRP - General Service

Members with 30+ Years of Service



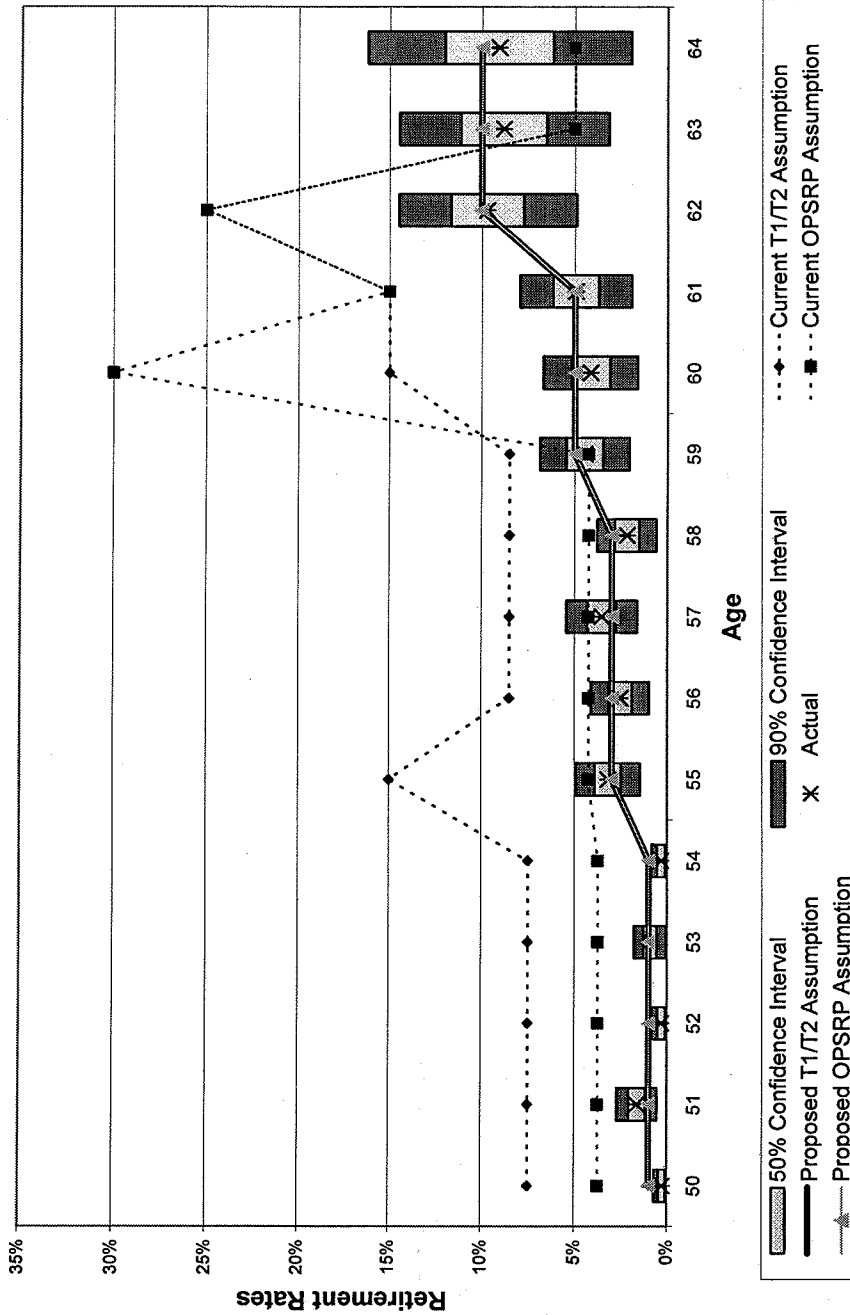
- Retirement decisions by members with 30 or more years of service are heavily influenced by the immediate unreduced benefits available through PERS (after age 58 for OPSRP benefits)
- There has been a continued decline in retirements among this group at the earliest ages, possibly due to the decline in average replacement income from Money Match benefits over the last 5 years

Appendix

Retirement Rates – Police & Fire with less than 13 Years of Service

Police & Fire Members

Members with less than 13 Years of Service



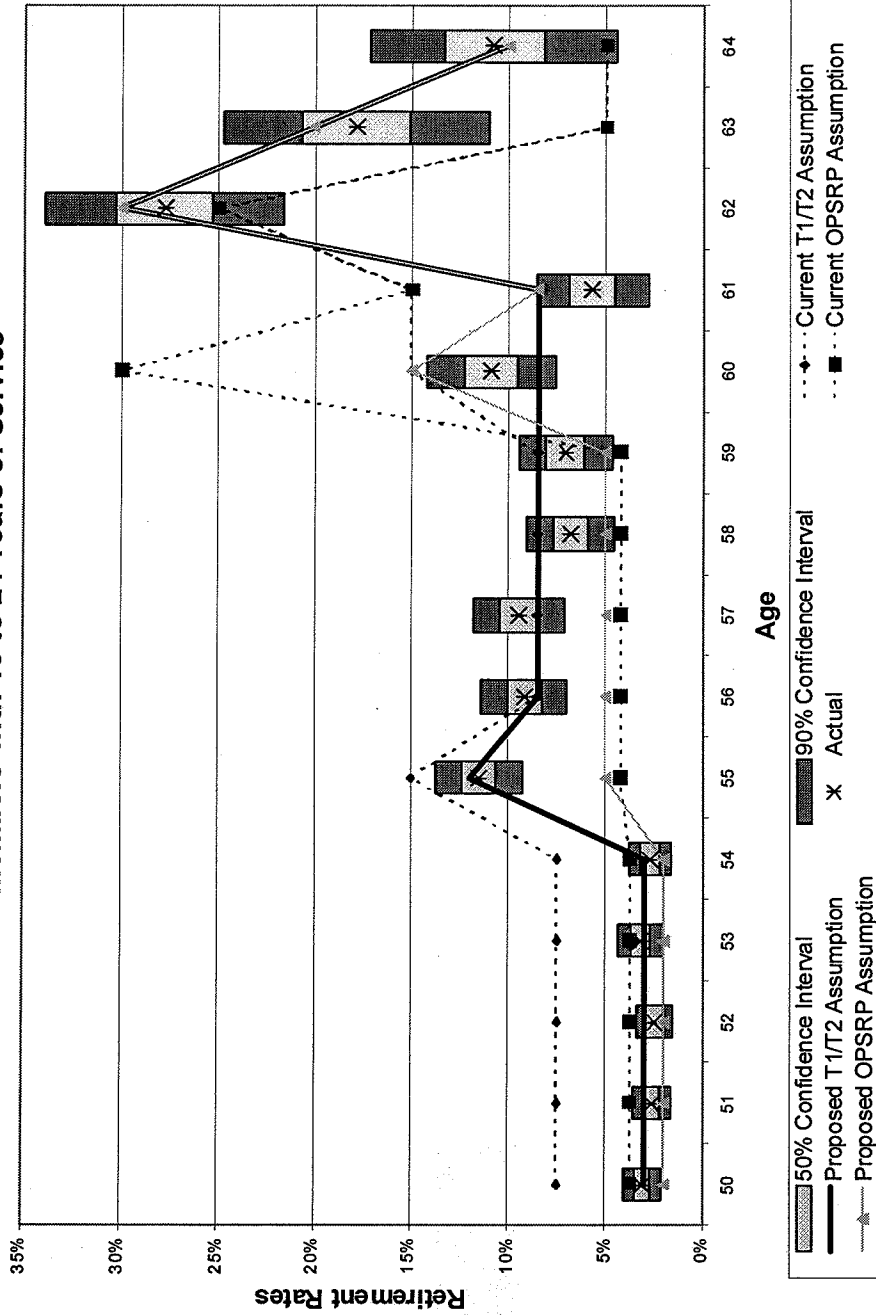
- Retirement decisions by members with less than 13 years of service are likely to be heavily influenced by the availability of resources other than PERS benefits, including:
 - Social Security
 - Prior employment
 - Spousal benefits
 - Savings
- These retirement rates are significantly lower than the prior assumption

Appendix

Retirement Rates – Police & Fire with 13 to 24 Years of Service

Police & Fire Members

Members with 13 to 24 Years of Service

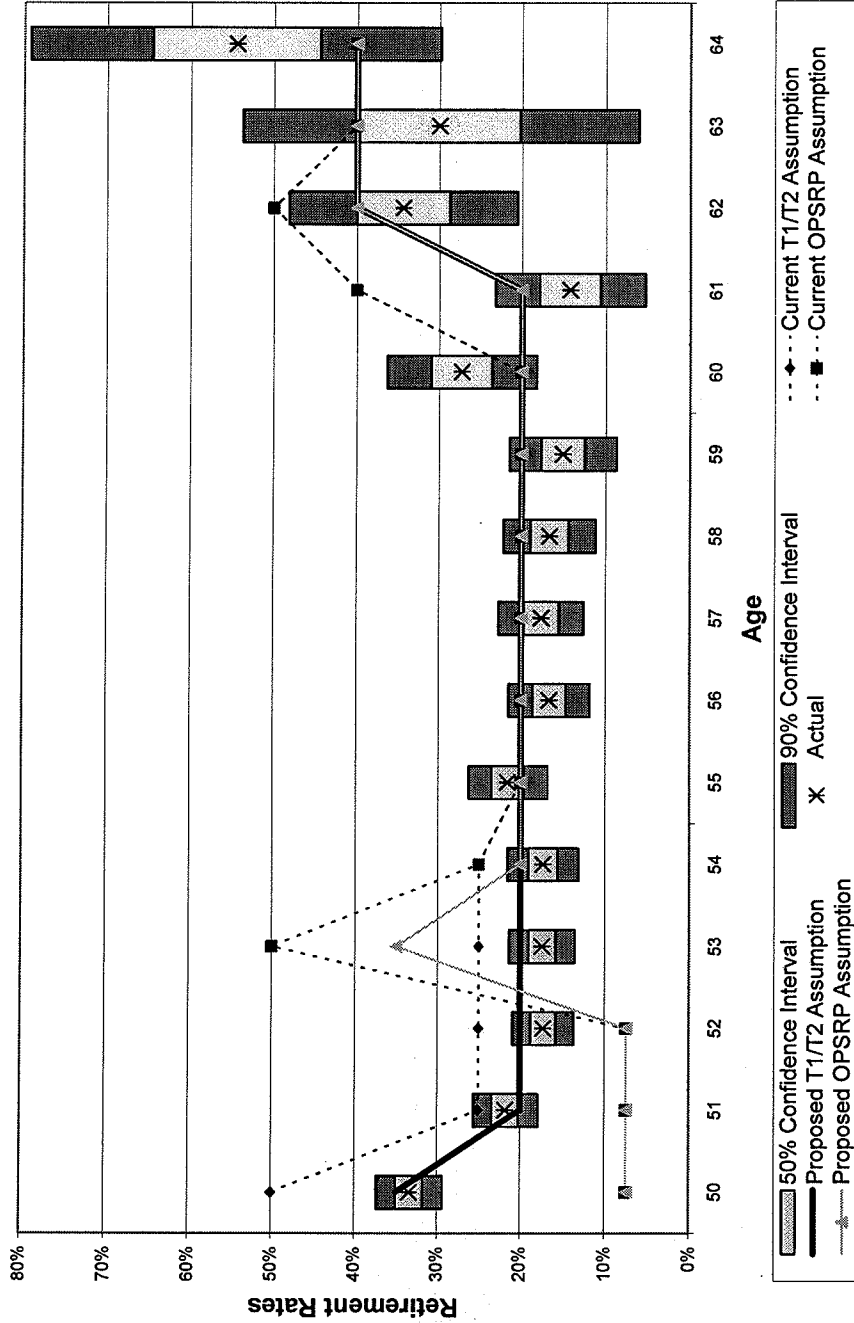


- Retirement rates for members with more than 12 years of service are influenced by the availability of unreduced benefits
- Since there is no reliable OPSRP data, OPSRP assumptions are based on the Tier 1 / Tier 2 patterns and judgments about how the different normal retirement age will affect retirement rates

Appendix

Retirement Rates – Police & Fire with 25 or More Years of Service

Police & Fire Members Members with 25+ Years of Service

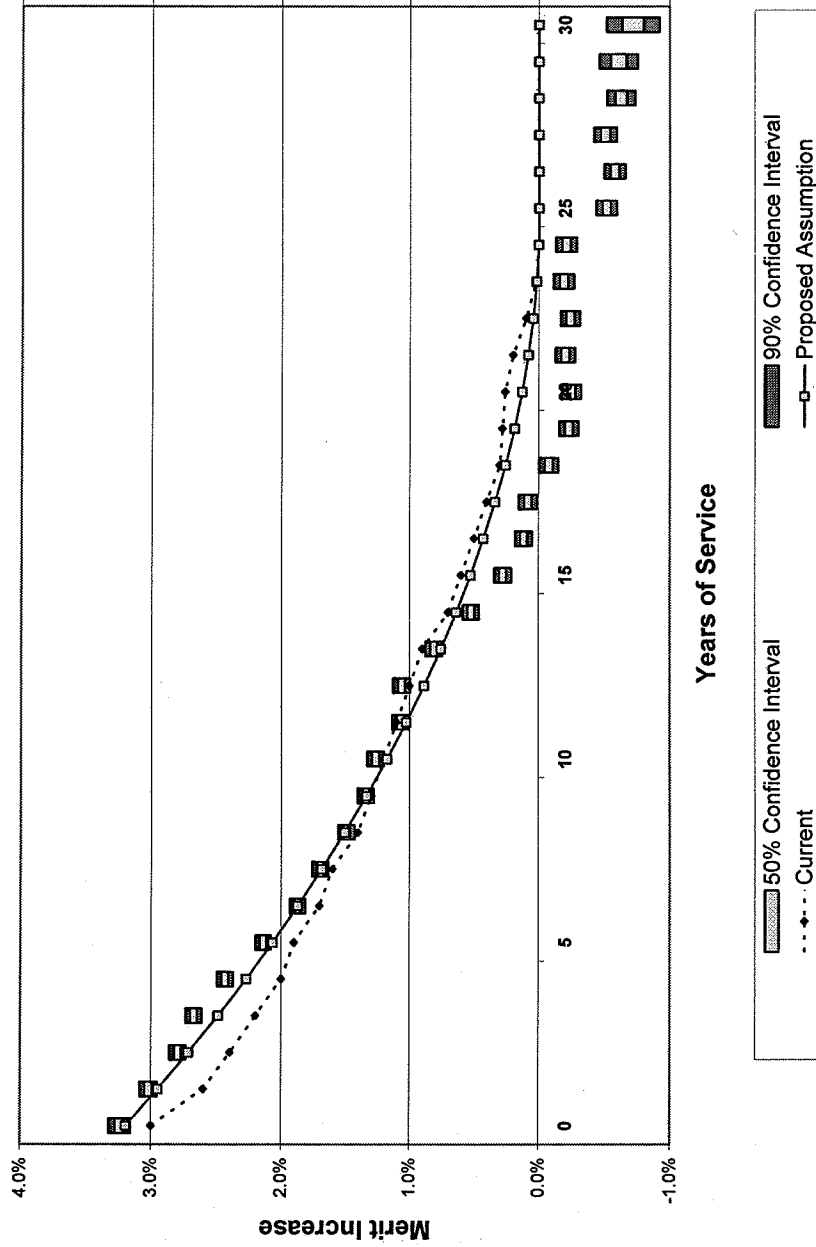


- Retirement rates for members with 25 or more years of service are influenced by the availability of unreduced benefits
- Since there is no reliable OPSRP data, OPSRP assumptions are based on the Tier 1 / Tier 2 patterns and judgments about how the different normal retirement age will affect retirement rates

Appendix Merit Salary Increases

School Districts

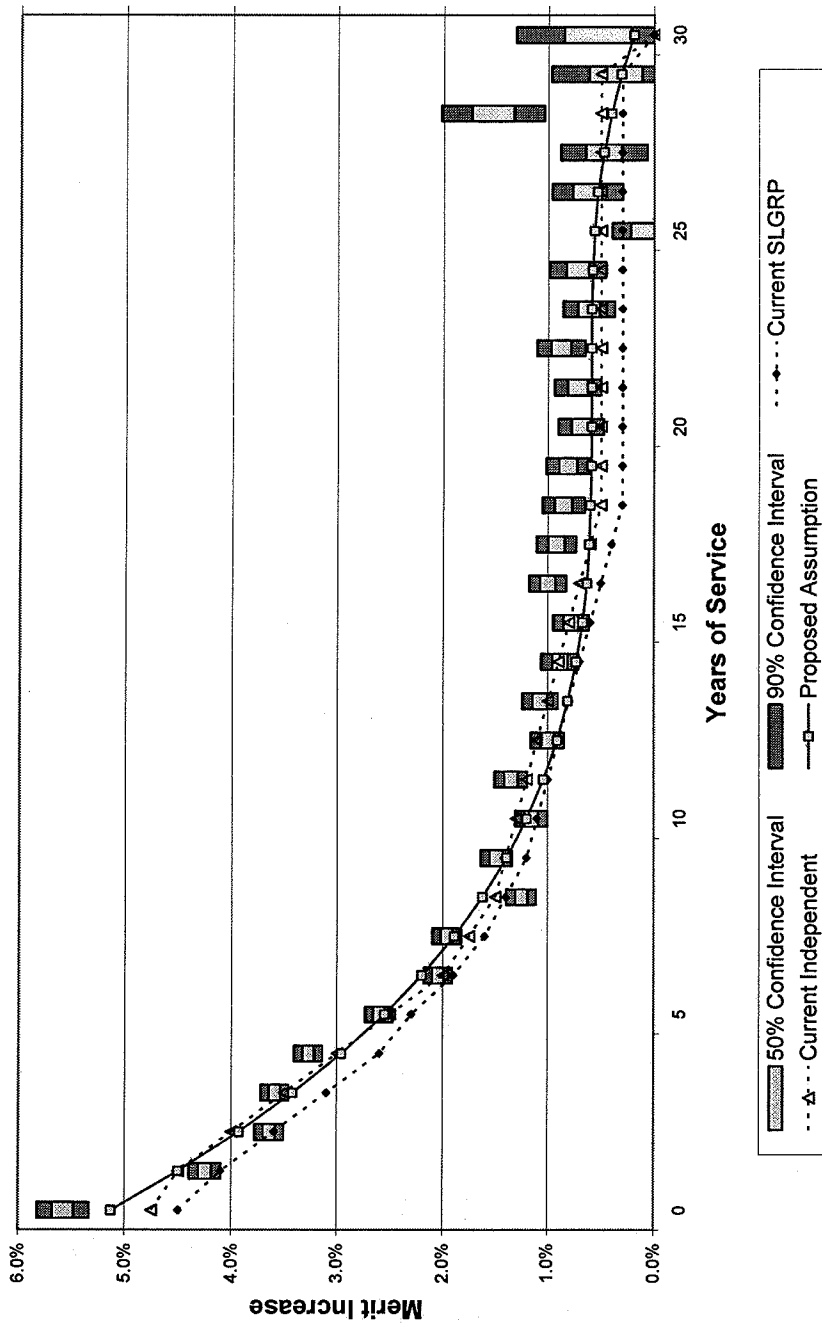
- Current assumptions are set for the following groups:
 - School Districts
 - OHSU
 - SLGRP (GS and P&F)
 - Independent (GS and P&F)
- Recommended changes:
 - Assume 0% merit increase for 2009 and 2010
 - Consolidate SLGRP and Independent Employer assumptions
 - Eliminate separate OHSU assumption



For the merit scale, we studied experience from 2001 through 2008.

Appendix Merit Salary Increases

Police & Fire



For the merit scale, we studied experience from 2001 through 2008.

Current assumptions are set for the following groups:

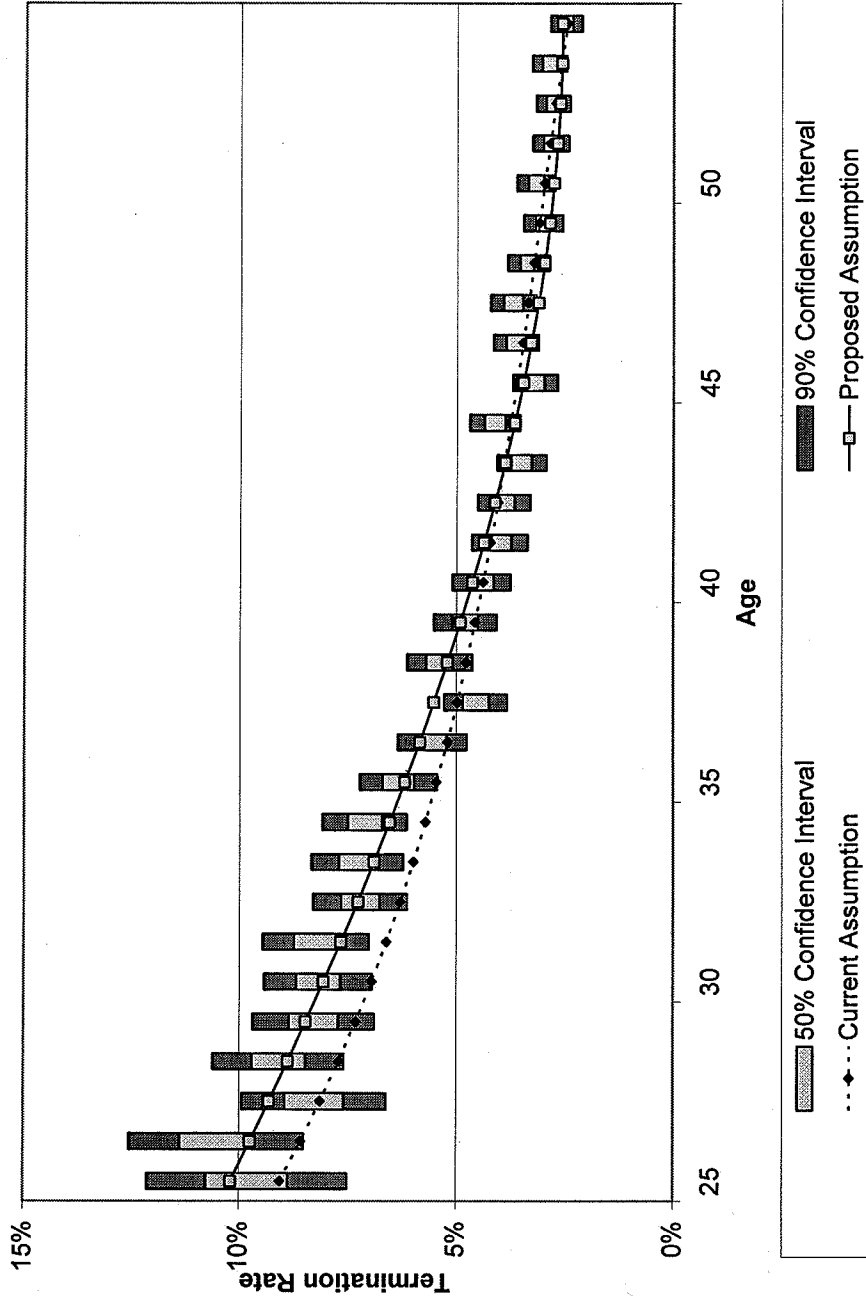
- School Districts
- OHSU
- SLGRP (GS and P&F)
- Independent (GS and P&F)

Recommended changes:

- Assume 0% merit increase for 2009 and 2010
- Consolidate SLGRP and Independent Employer assumptions
- Eliminate separate OHSU assumption

Appendix Ultimate Termination Rates

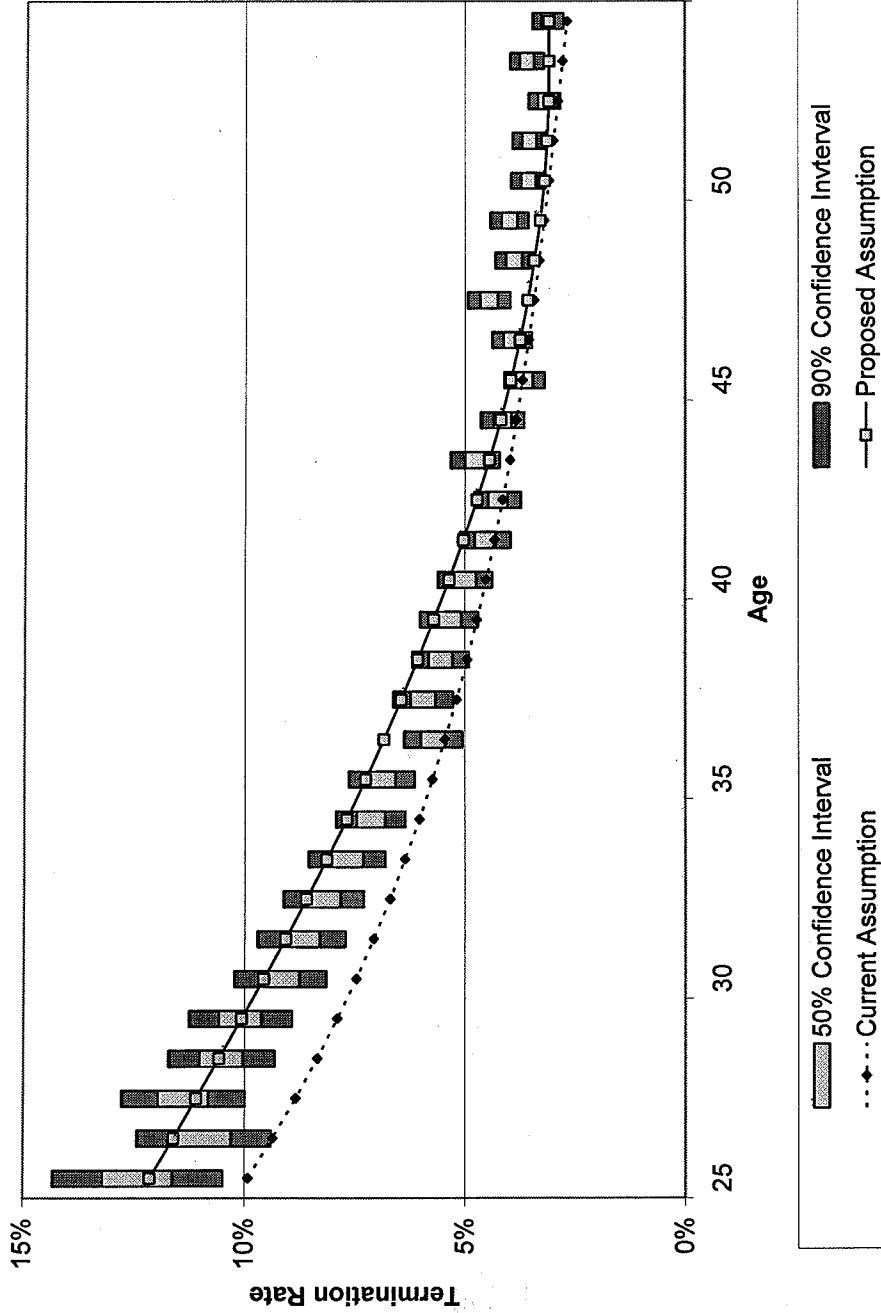
SLGRP General Service Male



- Adjustments to ultimate termination rates:
 - Modest downward adjustment for School Districts
 - Modest increase for SLGRP General Service
 - No changes for Independent Employer General Service
 - No changes for Police & Fire

Appendix Ultimate Termination Rates

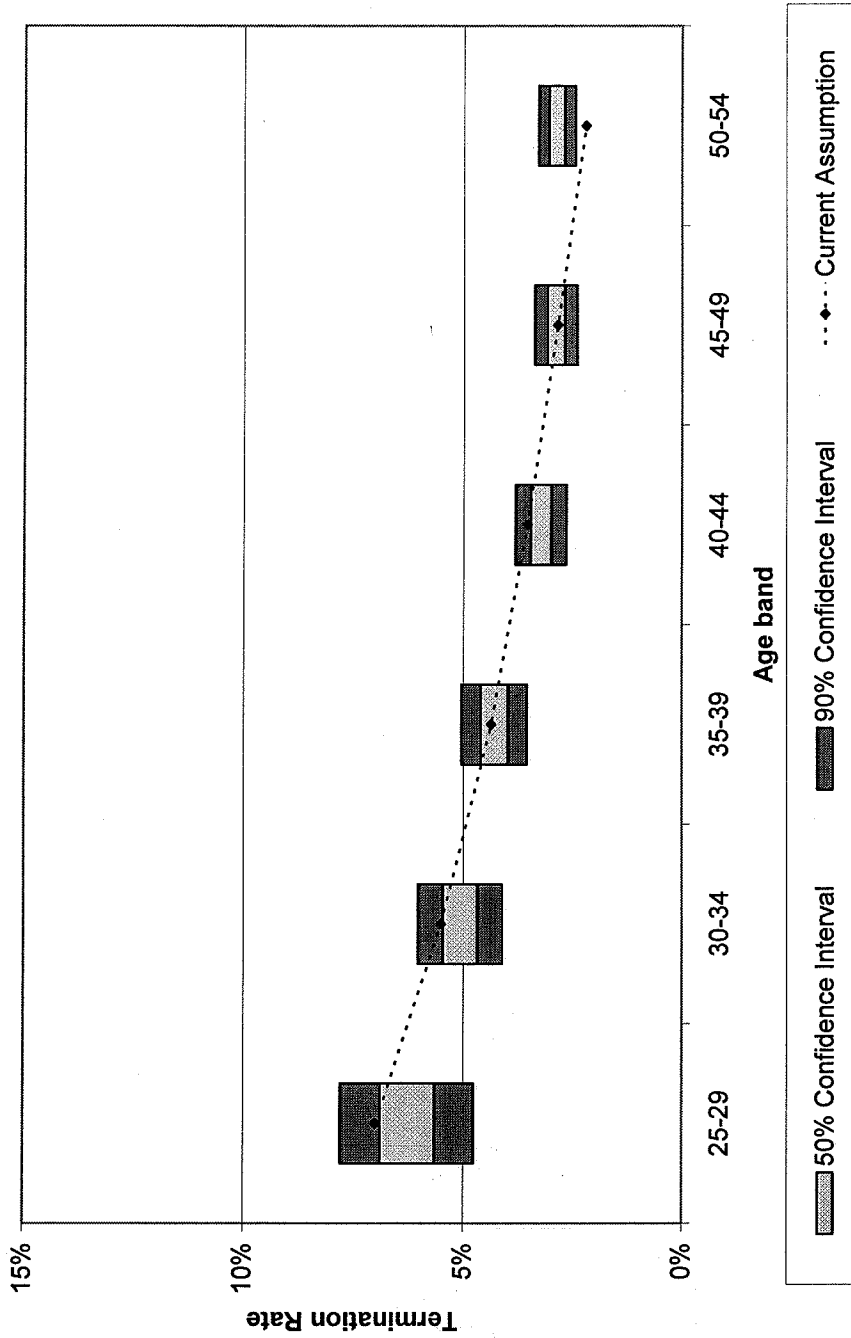
SLGRP General Service Female



- Adjustments to ultimate termination rates:
 - Modest downward adjustment for School Districts
 - Modest increase for SLGRP General Service
 - No changes for Independent Employer General Service
 - No changes for Police & Fire

Appendix Ultimate Termination Rates

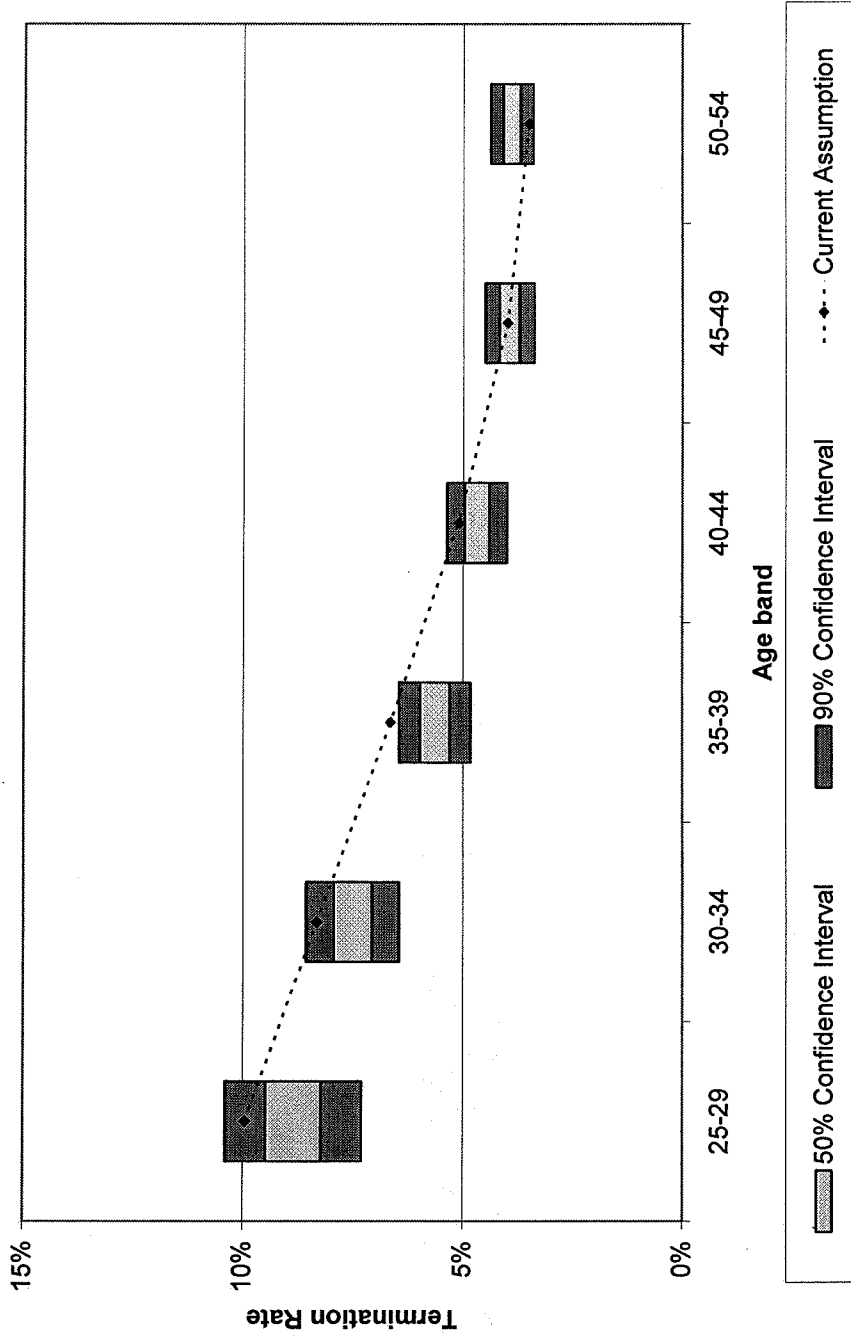
Independent General Service Male



- Adjustments to ultimate termination rates:
 - Modest downward adjustment for School Districts
 - Modest increase for SLGRP General Service
 - No changes for Independent Employer General Service
 - No changes for Police & Fire

Appendix Ultimate Termination Rates

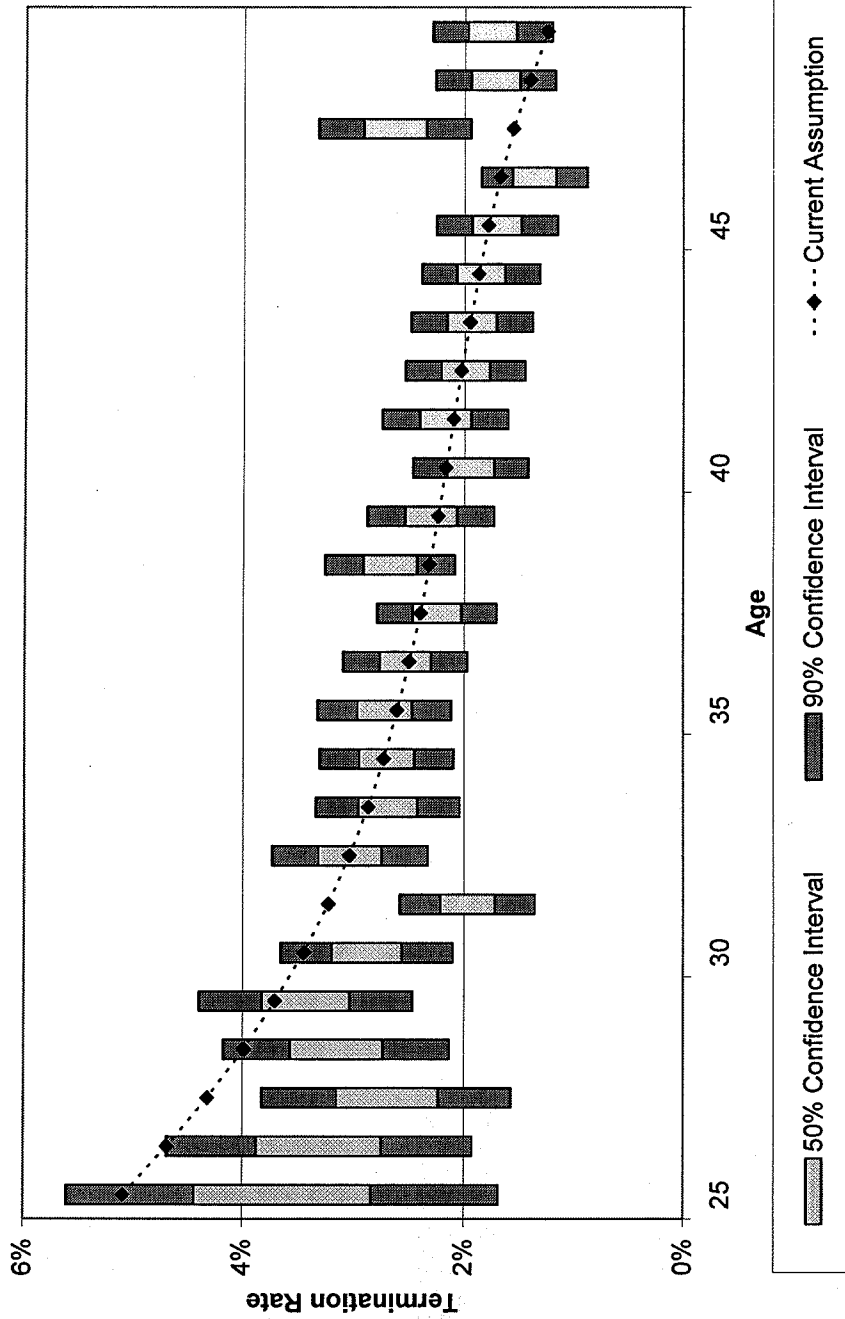
Independent General Service Female



- Adjustments to ultimate termination rates:
 - Modest downward adjustment for School Districts
 - Modest increase for SLGRP General Service
 - No changes for Independent Employer General Service
 - No changes for Police & Fire

Appendix Ultimate Termination Rates

Police & Fire



- Adjustments to ultimate termination rates:
 - Modest downward adjustment for School Districts
 - Modest increase for SLGRP General Service
 - No changes for Independent Employer General Service
 - No changes for Police & Fire

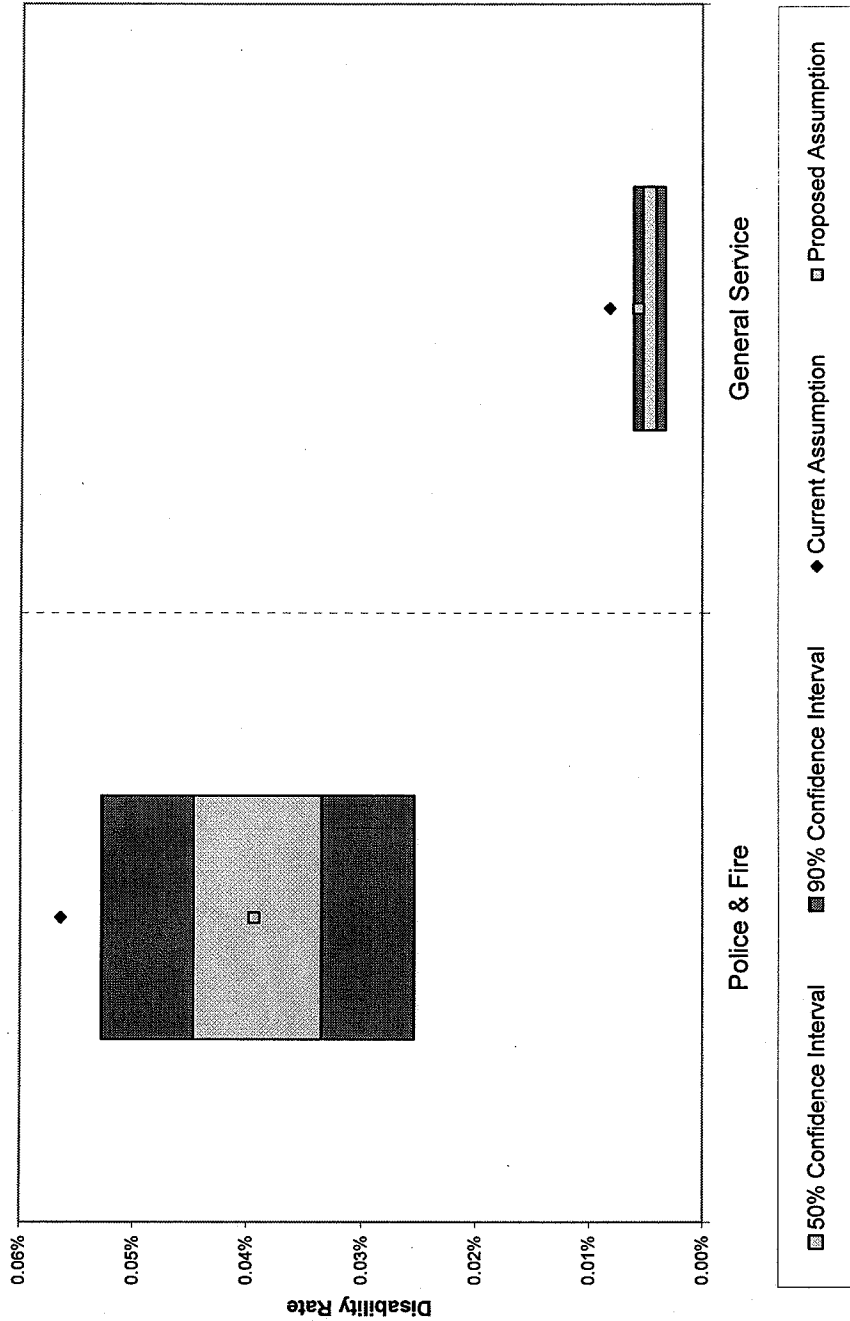


Termination Assumptions 3-Year Select Rates

- Select rates for all groups have been reduced to more closely align with recent experience.
- Additional details are provided in the full report.

Appendix Duty Disability Incidence

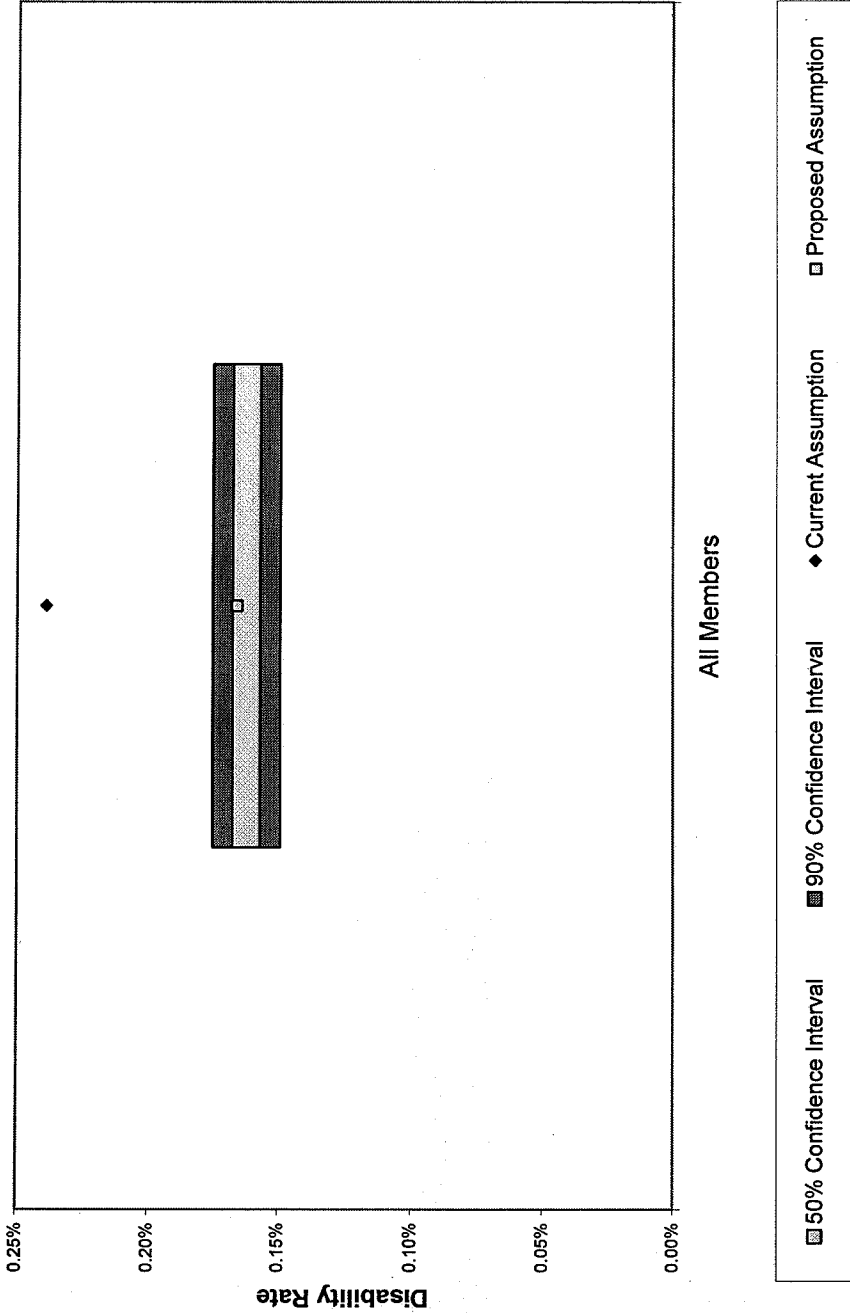
Duty Disability Incidence Aggregate Confidence Intervals and Rates



- Duty disability rates have declined since the prior study.
- With limited experience for all 5-year age bands, we recommend adopting a standard table, adjusted to fit within the aggregate confidence interval.

Appendix Ordinary Disability Incidence

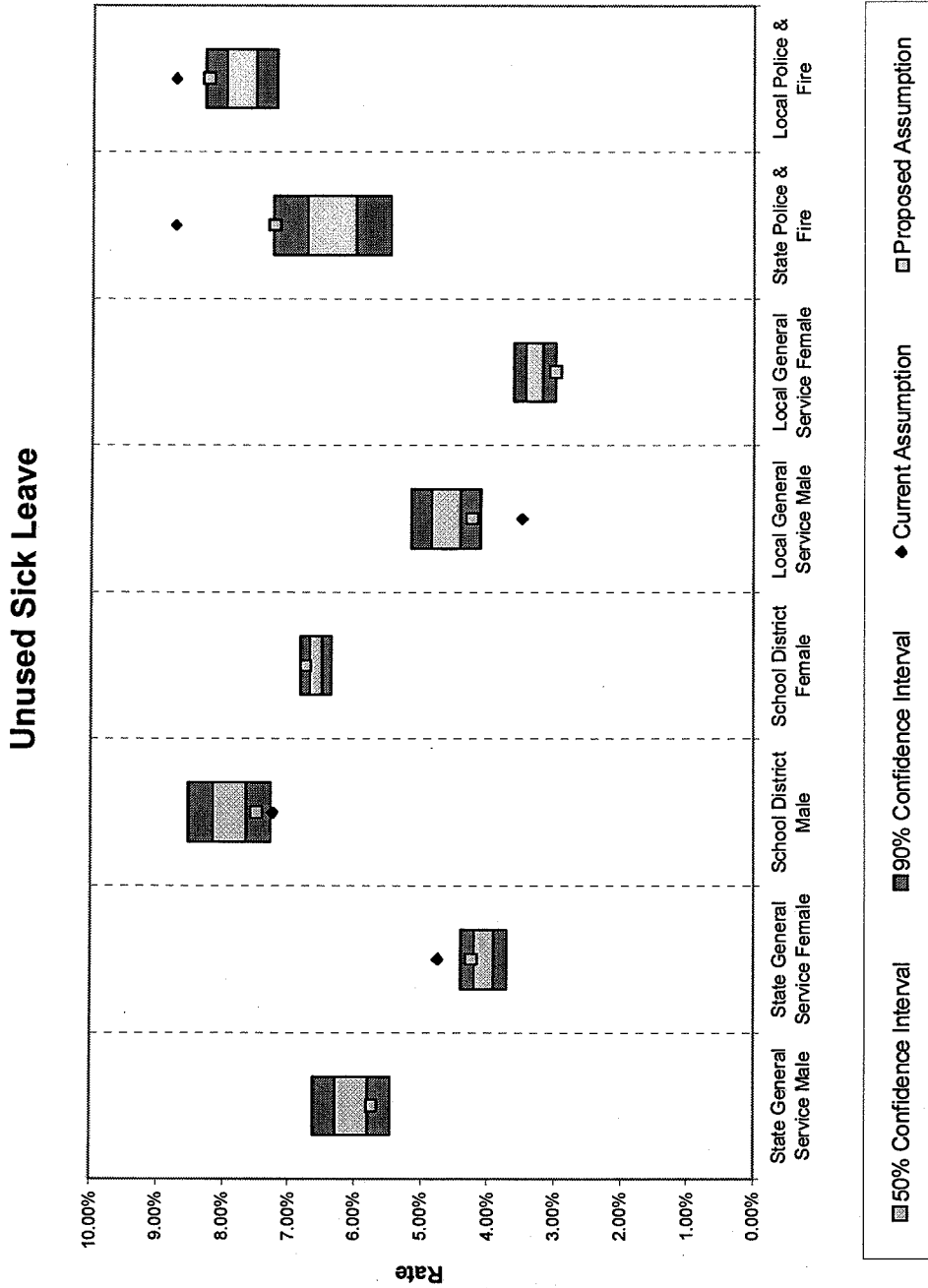
Ordinary Disability Incidence Aggregate Confidence Intervals and Rates



- Ordinary disability rates have declined since the prior study.
- With limited experience for all 5-year age bands, we recommend adopting a standard table, adjusted to fit within the aggregate confidence interval.

Appendix Unused Sick Leave

- Based on recent experience, we recommend adjusting rates for State General Service Female, School District Male, Local General Service Male, State and Local Police & Fire.



Appendix Lump Sum Option at Retirement

- When a member elects a partial lump sum at retirement, they receive their account balance and a reduced annuity.
- When a member elects a total lump sum at retirement, they receive two times their account balance.
- In both cases, the member gives up the value of the COLA on the portion of the annuity they receive in a lump sum.
- If the member's benefit is determined under Full Formula, electing a total lump sum may cause the member to give up a substantial portion of the benefit.
- Consequently, the assumption phases out the total lump sum assumption over a period of time reflecting the transition from Money Match to Full Formula benefits.

Lump Sum Election	Count	Actual %	Current Assumption
Partial LS	824	6.04%	7.00%
Total LS	1,095	8.03%	7.25%*
Annuity	11,720	85.93%	85.25%*
Total Elections	13,639	100%	100%

* "Total" lump sum elections are assumed to decrease 0.5% per year. Amount shown is the average over the experience study period.

Lump Sum Election	Recommended Assumption
Partial LS	6% for all years
Total LS	No Change. 6% for 2009, declining by 0.5% per year until reaching 0.0%

Appendix Purchase of Credited Service

- For Money Match retirements, purchasing service credits is roughly cost neutral to the system, so no assumption is recommended for Money Match benefits.

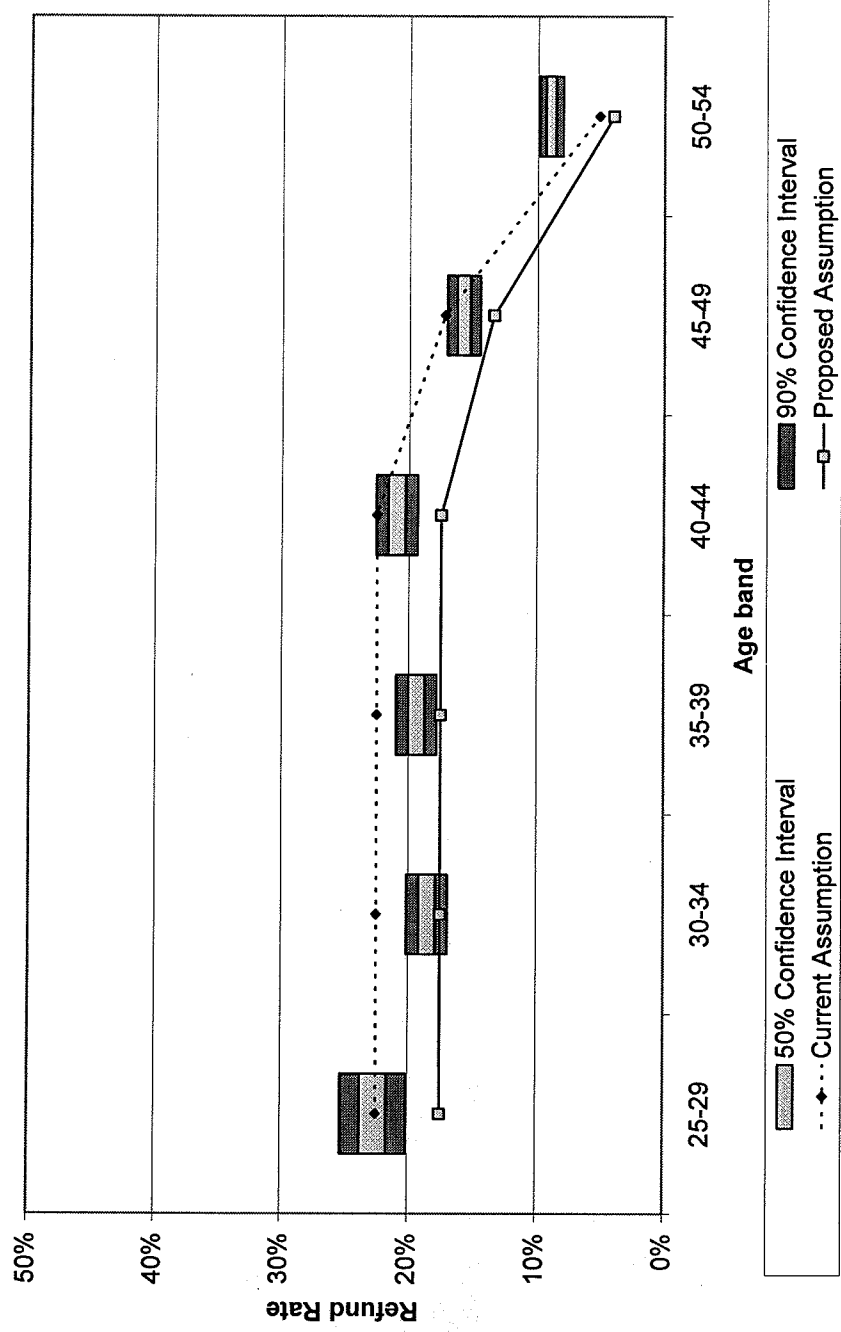
	Count	Number Electing to Purchase Service	Actual %	Current Assumption
Money Match Retirements	5,527	1,742	31%	0%
Non-Money Match Retirements	3,281	1,792	55%	45%

- We recommend increasing the assumed percentage of non-Money Match retirees that elect to purchase service to 55%.

Appendix Probability of Refund

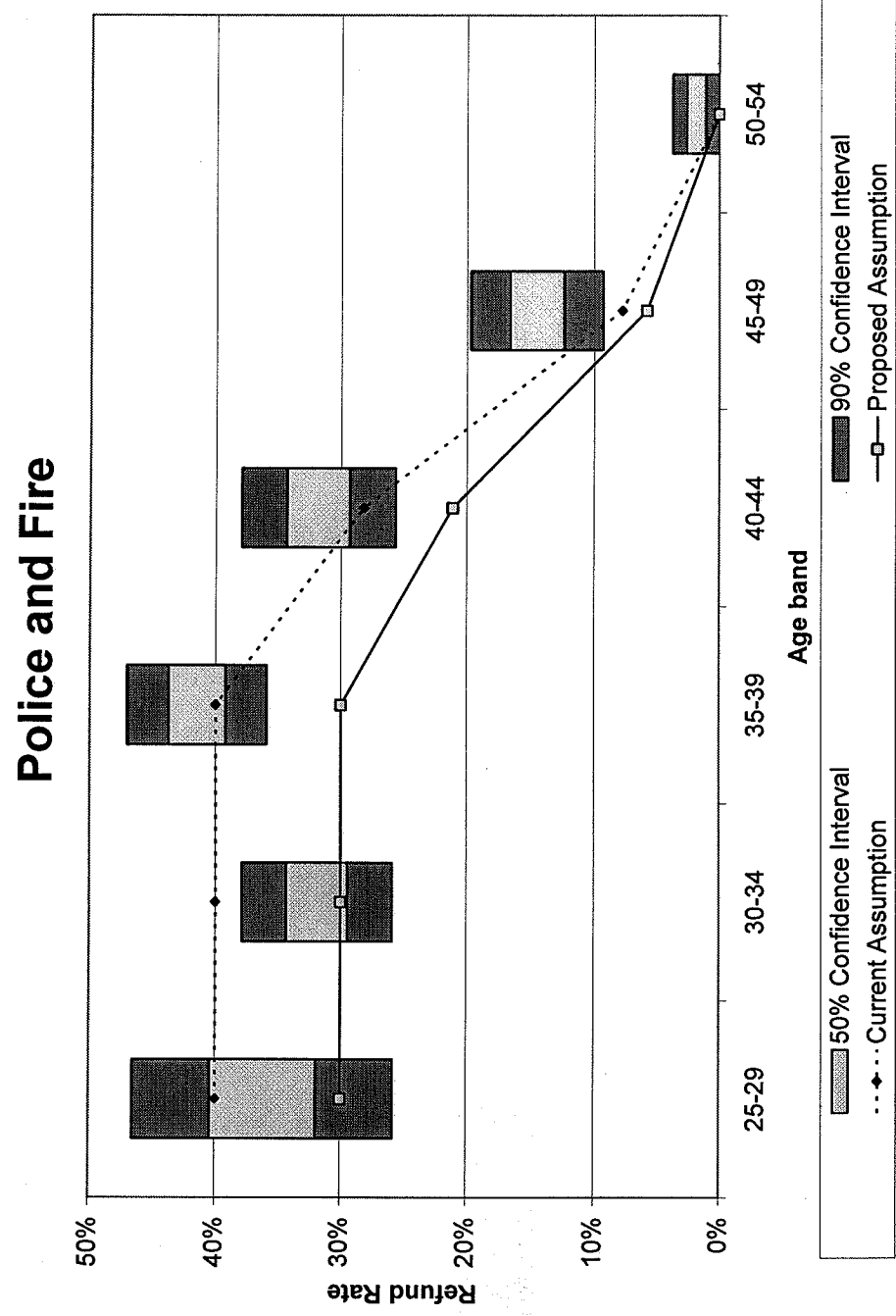
General Service

- This assumption represents the probability that a dormant member will withdraw his/her account balance in the plan before retirement.
- We recommend reduced rates to follow current and anticipated trends.



Appendix Probability of Refund

- This assumption represents the probability that a dormant member will withdraw his/her account balance in the plan before retirement.
- We recommend reduced rates to follow current and anticipated trends.



MERCER



MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN



Oregon

Theodore R. Kulongoski, Governor

Item C.2.

Public Employees Retirement System

Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
(503) 598-7377
TTY (503) 603-7766
www.oregon.gov/pers

July 16, 2009

TO: Members of the PERS Board
FROM: Susan Riswick, Administrator
Policy, Planning and Legislative Analysis Division
SUBJECT: 2009 Legislative Update – Post-Adjournment Report

The 75th Legislative Assembly adjourned on June 29, 2009 at 9:45 p.m. In total, eight PERS-related bills passed and have either been signed or are awaiting action by the Governor. These bills are summarized below. Bills that have passed and been signed by the Governor become effective on January 1, 2010, unless the bill had an emergency clause, in which case it will become effective upon signing by the Governor. Also included is a list of bills considered but not adopted during the 2009 session that would have amended the PERS Plan.

PERS-RELATED BILLS SIGNED BY THE GOVERNOR

HB 2157 **FEDERAL RECONNECT BILL**
Updates connection date to federal Internal Revenue Code .

HB 2704 **ELIMINATION OF WORKERS' COMP OFFSET**
Removes the offset for Workers' Compensation benefits in calculating disability retirement allowances payable to Tier Two and OPSRP members.

SB 112 **RETURN TO WORK RETIREES**
Allows a retired PERS member who elects a total lump sum payment to be re-employed by a public employer under the same provisions as a retired member receiving a monthly benefit.

Provides that if a retired member is reemployed by public employer in position that is not subject to limitations on hours of employment, hours worked by that retired member in that position do not count toward limitations on hours of employment with other public employers. *Note: This provision of the bill has an emergency clause, and is retroactive back to 2004.*

SB 5539 **PERS 2009-11 BUDGET**

PERS-RELATED BILLS AWAITING GOVERNOR’S ACTION

HB 2873 PUBLIC EMPLOYEES RETIREMENT BENEFITS

Modifies method by which Public Employees Retirement Board calculates certain retirement benefit increases. Corrects a technical error in Enrolled SB 112 due to multiple amendments that changed the numbering of paragraphs in the final bill.

Note: This bill has an emergency clause

HB 3401 USE OF EXCESS AMOUNTS IN SIDE ACCOUNTS

Allows public employer participating in PERS to request excess side account dollars be used to offset IAP contributions. Requires the PERS Board to seek a ruling from the IRS on whether the use of side accounts in this manner is permissible given the tax status of the PERS Plan as a qualified governmental retirement plan.

Note: This bill has an emergency clause

SB 399 TRUSTEE TO TRUSTEE TRANSFER FOR ELIGIBLE PURCHASES AT RETIREMENT

Allows members who are eligible to make purchases to pay for those purchases with pre-tax dollars transferred from certain other retirement plans. The bill has an operative date of September 1, 2011.

SB 897 PERS COALITION OMNIBUS BILL

Allows one member of the PERS Board to be a current or retired public employee of an appropriate bargaining unit; allows members of PERS to request verification of certain retirement data prior to retirement and provides for data “lock-downs”; provides that a retired member of OPSRP is eligible for coverage under health insurance plans contracted by PERS; requires that members receive retirement credit for certain retroactive payments of salary. The data verification component of this bill has an operative date of July 1, 2011.

Note: This bill has an emergency clause

PERS-RELATED BILLS INTRODUCED THAT DID NOT PASS

HB 2411 NOTICE OF LOSS OF MEMBERSHIP IN PERS

Provides that PERS members go into LOM only if the PERS Board provides prior notification.

HB 2593 VOLUNTARY CONTRIBUTIONS TO LABOR ORG

Allows members or their beneficiaries to make voluntary monthly contributions to labor organizations.

HB 2775 P&F STATUS FOR CERTAIN JUVENILE CASEWORKERS AND DETENTION WORKERS

Classifies certain juvenile caseworkers and juvenile detention workers as police officers for purposes of benefits under PERS.

HB 2776 OPSRP P&F UNIT PURCHASES

Allows OPSRP police and firefighter (P&F) members to purchase Units in the same manner as Tier 1/Tier 2 P&F members.

HB 2975 1039 EXCEPTION – FIRE CHIEF/DEPUTY FIRE CHIEF

Provides an exception to the 1039-hour limit for retired members employed as a fire chief, deputy fire chief, or assistant fire chief employed by a city or fire district.

HB 3029 OPSRP RETIREE HEALTH INSURANCE COVERAGE

Provides that a retired member of OPSRP is eligible for coverage under health insurance plans contracted by PERS.

HB 3132 P&F STATUS FOR PHYSICIANS AND NURSES EMPLOYED BY THE OREGON STATE HOSPITAL

Classifies physicians and nurses employed by the Oregon State Hospital as police officers for purposes of benefits under PERS.

HB 3304 AD HOC INCREASES

Provides for an ad hoc increase in retirement allowance of certain retired members of PERS.

SB 343 1039 EXCEPTION – CLASSIFIED SCHOOL DISTRICT, ESD AND COMMUNITY COLLEGE EMPLOYEES

Provides an exception to the 1039-hour limit for all retired members (including OPSRP) employed in a classified position with a school district, Education Service District, and community college, excluding teachers and management service employees.

SB 770 1039 EXCEPTION – PHYSICIANS EMPLOYED BY A PUBLIC EMPLOYER

Provides an exception to the 1039-hour limit for retired members employed by a public employer as a physician or for the purposes of teaching medicine.

SB 968 ENFORCEMENT OF JUDGMENT

Requires that PERS place a hold on payments to current or former public employees charged with a crime while engaged in the performance of duties, or in a position that would allow the employee to commit the crime.