

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING

**Friday
December 1, 2017
1:00 P.M.**

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

ITEM	PRESENTER
A. Administration	
1. September 29, 2017 Board Meeting Minutes	THOMAS
2. Board Governance Assignments	
3. Director's Report	RODEMAN
a. Forward-Looking Calendar	
b. OPERF Investment Report	
c. Budget Execution Report	
4. Board Scorecard Report on Agency Performance Measures	RICKARD/SOSNE
B. Administrative Rulemaking	
1. Notice of Post-Doctoral Scholar Rule	VAUGHN
2. Temporary Adoption of IAP Target Date Fund Rules	
3. Adoption of Annual Benefit Limitation Rule	
4. Adoption of Employer Side Accounts Rules	
C. Action and Discussion Items	
1. IAP/TDF Implementation Update	ELLEDGE-RHODES
2. Final Contingency Reserve Allocation	DUNN
3. IT Disaster Recovery/Business Continuity Update	MASANGA/STANLEY
4. 2016 Valuation Update and Financial Modeling Results	MILLIMAN
5. Adoption of Actuarial Equivalency Factor Tables	

*Please contact 503.603.7621 in advance of the meeting to notify staff of your request to provide testimony at the meeting.
Public testimony will be taken on action items at the Chair's discretion.*

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

2018 Meetings: February 2 April 2* June 1 August 3* October 5 December 7* * Audit Committee

(all meetings will start at 10:00 a.m. in 2018)

Stephen Buckley Steve Demarest Lawrence Furnstahl, Vice Chair Krystal Gema John Thomas, Chair Steve Rodeman, Executive Director
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OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD MEETING MINUTES

September 29, 2017

Board members present:

Chair John Thomas, Stephen Buckley, Steve Demarest, Lawrence Furnstahl, and Krystal Gema were present.

Staff present:

Dean Carson, Mary Dunn, Brian Harrington, Neal Jones, Kyle Knoll, Jordan Masanga, Steve Rodeman, Jason Stanley, Marjorie Taylor, Stephanie Vaughn, AnneMarie Vu, Joli Whitney, Yong Yang

Others present:

Kelli Blechschmidt, John Borden, Alison Chan, Lance Colley, Jeff Gudman, Greg Hartman, Claire Hertz, Judy Jansen, Matt Larrabee, Richard Metz, Bill Parrish, Scott Preppernau Dave Randall, Jeremy Rogers, Carol Samuels, Ted Sickenger, James Sinks, Peter Wong, James Young

Chair John Thomas called the meeting to order at 1:00 p.m. He made opening remarks about the decisions that are before them today and the background and research that has been provided to help inform those decisions.

Before starting with the scheduled meeting agenda, Chair Thomas asked the Board for a nomination for a new vice chair of the Board as the previous vice chair, Pat West, has been replaced on the board by a new member, Steve Demarest. Demarest moved to appoint Lawrence Furnstahl as the new vice chair. Buckley seconded the motion. The motion passed unanimously.

ADMINISTRATION

A.1. MEETING MINUTES OF JULY 28, 2017

Board member Buckley moved and Vice Chair Furnstahl seconded approval of the minutes submitted from the July 28, 2017 Board meeting. The motion passed unanimously.

A.2. DIRECTOR'S REPORT

Executive Director Steve Rodeman began by acknowledging former Vice Chair Pat West's service and welcoming Steve Demarest in his new Board member role. He reviewed the Forward Looking Calendar and highlighted the important items to be considered by the Board during the year. The proposed April meeting reflects a new date – moved to Monday that week instead of the usual Friday meeting date. This is to give staff as much time as possible to work on final earnings crediting. Meetings in 2018 will start at 10:00 a.m. instead of 1:00 p.m.

Rodeman presented the Oregon Investment Council (OIC) Investment Report of the Oregon Public Employees Retirement Fund (OPERF) for the period ending August 2017.

Rodeman presented the Budget Execution Report. Final expenditures were not available in time for this meeting and will be included in the December 2017 meeting materials.

ADMINISTRATIVE RULEMAKING

Stephanie Vaughn, Policy Analysis and Compliance Section Manager, presented.

B.1. NOTICE OF ANNUAL BENEFIT LIMITATION RULE

Vaughn presented notice of rulemaking for the Annual Benefit Limitation rule, OAR 459-005-0535. This rule is being modified to respond to an audit finding to clarify compliance with Internal Revenue Code's Section 415 limitations. A rulemaking hearing will be held October 25, 2017, at PERS Headquarters. The public comment period ends on November 3, 2017. No Board action was required.

B.2. ADOPTION OF MEMBERSHIP OF ELECTED OR APPOINTED OFFICERS RULE

Vaughn presented the modifications for the Membership of Elected or Appointed Officers rule, OAR 459-010-0180. This rule is being modified to clarify that a Tier One or Tier Two member who is appointed or elected to a term of office as described under ORS 238.015(5) can maintain membership during that term in the absence of an election form if contributions are made on the member's behalf for more than one pay period. A rulemaking hearing was held August 22, 2017. No members of the public attended. The public comment period ended September 1, 2017. No public comment was received. Board member Gema moved to adopt modifications to the Membership of Elected or Appointed Officers rule as presented. Furnstahl seconded the motion. The motion passed unanimously.

B.3. POLICY CONSIDERATIONS REGARDING EMPLOYER SIDE ACCOUNTS

Vaughn presented several policy considerations which staff has developed as revisions to the relevant employer side account rules are under review. The staff recommendations will be used unless directed otherwise by the Board. The policy recommendations are to lower the minimum payment requirement to establish a new side account to \$250,000; lower the administrative fees for employer side accounts to \$1,500 for the first year and \$500 per subsequent years; and limit the number of additional payments into an employer side account to two per year per side account. The Board discussed the current 20 year amortization schedule and whether that was the best methodology. The Board did not make any changes to the staff recommendations.

No Board action was required.

ACTION AND DISCUSSION ITEMS

C.1. IAP TARGET DATE FUNDS

John Skjverem, Chief Investment Officer, and Karl Cheng, Portfolio Risk and Research, from Treasury's Investment Division presented. Skjverem introduced the background behind the decision made by the Oregon Investment Council on September 20, 2017 to implement a target date funding investment structure on the Individual Account Program (IAP).

Board members had several questions and discussed the communication and member education challenges in the future, and the implications of the statutory requirements for members to retire from all accounts at retirement.

No Board action was required,

C.2. LEGISLATIVE UPDATE

Senior Policy Director Marjorie Taylor provided an update on current agency activities with the legislature. Regarding executive recruitments, the new Chief Financial Officer position has been posted and Rodeman noted that the Deputy Director position has been filled by the incumbent, Yvette Elledge-Rhodes.

The agency budget bill contained four budget notes, specifically requiring reports on the implementation of a Cyber Security program; progress on the Individual Account Program project; State Data Center usage analysis; and implementation of our Disaster Recovery and Business Continuity programs. These reports will be made to the Joint Legislative Committee on Information and Management Technology during legislative days in the interim period. A presentation made to this committee was included in the Board meeting materials.

No Board action was required.

C.3. CONTINGENCY RESERVE

Assistant Chief Administration Officer Mary Dunn presented policy issues for consideration regarding the Contingency Reserve, given statutory modifications which limit the Board's discretion in how the funds may be used as well as limit the reserve's balance. The current excess funds must be allocated within the new parameters. Staff will also seek stakeholder input on the policy issues and present a final recommendation to the Board at the December 1, 2017 meeting.

No Board action was required.

C.4. MEMBER AND EMPLOYER SURVEY RESULTS

Dean Carson, Member Engagement and Communications Director, shared results from recent member and employer satisfaction surveys. Carson reported a record number of responses to this year's survey as a direct result of expanded solicitation using the new GovDelivery tool. Over 3000 more responses were received than in previous years. Carson reviewed the results and highlighted key issues and suggestions to resolve these issues. Survey data will be used to further develop and enhance the best communication strategies to serve our member and employer stakeholder needs.

No Board action was required.

C.5. 2016 VALUATION

Matt Larrabee and Scott Preppernau of Milliman presented. The presentation reviewed an advisory valuation of results. Formal, detailed results will be issued in the December 31, 2016 System-Wide Actuarial Valuation Report.

Milliman will return to the December 1, 2017 Board meeting with advisory employer contribution rates and funded status projections.

No Board action was required.

Thomas adjourned the Board meeting at 2:48 p.m.

Respectfully submitted,



Steven Patrick Rodeman
Executive Director

PERS Board Governance Assignments

Proposed for 2018

Stephen Buckley	Audit Committee
Steve Demarest	Legislative Advisory Committee Retiree Health Insurance Advisory Committee
Lawrence Furnstahl	Board Vice-Chair Legislative Advisory Committee
Krystal Gema	Audit Committee (Chair)
John Thomas	Board Chair Audit Committee

PERS Board Meeting Forward-Looking Calendar

Friday, February 2, 2018

Adoption of IAP Target Date Fund Rules
Adoption of Post-Doctoral Scholar Rule
Adoption of Disability Rules
Preliminary 2017 Earnings Crediting and Reserving
2018 Legislative Session Preview
Agency Strategic Plan Update
Audit Committee Meeting

Monday, April 2, 2018

Final 2017 Earnings Crediting and Reserving
2018 Legislative Session Review
Overview of 2019-21 Agency Strategic Initiatives
Annual Report of Executive Director's Financial Transactions
Audit Committee Meeting

Friday, June 1, 2018

Board Scorecard Report on Agency Performance Measures
2019-21 Agency Budget Development
2019 Retiree Health Insurance Plan Renewals and Rates
OSGP Advisory Committee Appointments

Friday, August 3, 2018

2019-21 Agency Request Budget
2017 System Wide Valuation Results
Audit Committee Meeting

Friday, October 5, 2018

Member & Employer Survey Results
2017 Actuarial Valuation and 2019-21 Employer Rates

Friday, December 7, 2018

Board Scorecard Report on Agency Performance Measures
Financial Modeling
Audit Committee Meeting

Returns for periods ending OCT-2017

Oregon Public Employees Retirement Fund

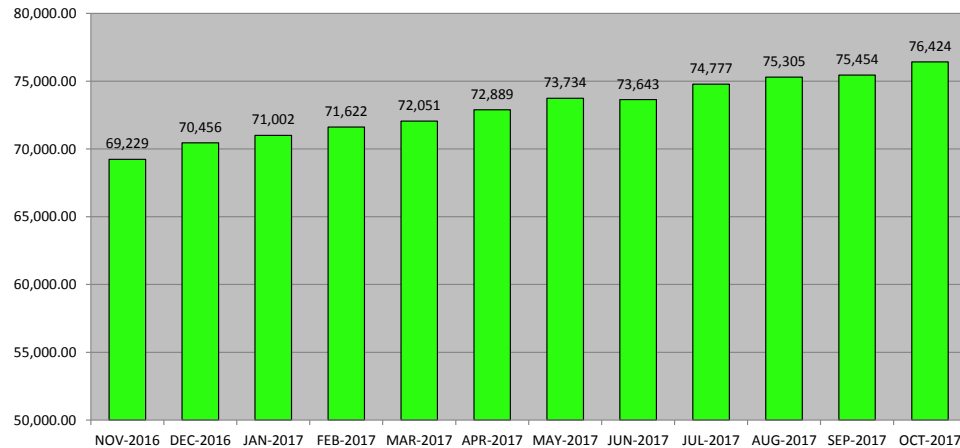
Item A.3.b.

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	7 YEARS	10 YEARS
Public Equity	32.5-42.5%	37.5%	\$ 30,656,157	40.4%	19.97	24.94	13.35	9.07	8.52	12.05	9.85	4.60
Private Equity	13.5-21.5%	17.5%	\$ 14,811,846	19.5%	13.90	17.67	9.87	9.45	12.35	12.82	12.99	8.76
Total Equity	50.0-60.0%	55.0%	\$ 45,468,003	60.0%								
Opportunity Portfolio	0-3%	0%	\$ 1,559,783	2.1%	5.84	6.36	4.68	4.25	4.83	7.44	8.19	6.68
Total Fixed	15-25%	20.0%	\$ 16,809,471	22.2%	3.41	1.63	2.77	2.31	2.56	2.49	3.92	5.21
Real Estate	9.5-15.5%	12.5%	\$ 7,567,887	10.0%	7.97	8.89	7.84	9.04	10.12	11.06	11.79	4.80
Alternative Investments	0-12.5%	12.5%	\$ 4,393,393	5.8%	5.99	9.61	5.11	2.47	3.41	3.92		
Cash w/Overlay	0-3%	0%	\$ 18,094	0.0%	1.18	1.28	1.18	0.97	0.87	0.84	0.84	1.11
TOTAL OPERF Regular Account		100.0%	\$ 75,816,630	100.0%	12.52	14.89	9.04	7.27	7.89	9.47	9.14	5.46
OPERF Policy Benchmark					12.95	15.41	9.70	7.85	8.65	10.06	9.73	5.96
Value Added					(0.43)	(0.52)	(0.66)	(0.58)	(0.76)	(0.59)	(0.59)	(0.50)
TOTAL OPERF Variable Account			\$ 607,711		19.97	23.97	12.87	8.58	8.36	11.38	9.47	4.26

Asset Class Benchmarks:

Asset Class	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	7 YEARS	10 YEARS
Russell 3000	16.40	23.98	13.68	10.53	11.89	15.12	7.61
OREGON MSCI ACWI EX US IMI NET	23.75	23.79	11.68	6.23	4.61	7.65	1.30
MSCI ACWI IMI NET	19.61	23.52	12.43	8.16	7.97	11.02	3.98
RUSSELL 3000+300 BPS QTR LAG	18.05	24.15	14.28	13.01	16.79	18.39	11.09
OREGON CUSTOM FI BENCHMARK	3.03	1.16	2.31	1.91	2.09	1.97	4.19
OREGON CUSTOM REAL ESTATE BENCHMARK	5.55	7.48	8.84	10.20	10.45	10.51	6.43
CPI +4%	5.55	6.12	5.91	5.33	5.43	5.34	5.71
91 Day Treasury Bill	0.66	0.72	0.51	0.35	0.27	0.24	0.45

Total OPERF NAV
(includes Variable Fund asset)
One year ending OCT-2017
(\$ in Millions)



¹OIC Policy revised June 2015.

²Includes impact of cash overlay management.

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

December 1, 2017

PERS Board Meeting



Oregon

Kate Brown, Governor

Public Employees Retirement System

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December 1, 2017

TO: Members of the PERS Board
FROM: Linda M. Barnett, Budget Officer
SUBJECT: December 2017 Board Report

2017-19 OPERATIONS BUDGET

Operating expenditures for August 2017, September 2017, and preliminary expenditures for October 2017 were \$3,026,703, \$3,611,151, and \$4,697,890 respectively. Final expenditures for October closed in the Statewide Financial Management System (SFMS) on November 17, 2017, and will be included in the February 2, 2018 report to the Board.

- To date, through the first four months (or 16.7%) of the 2017-19 biennium, the Agency has expended a total of \$14,161,988 or 14.4% of PERS' legislatively approved operations budget of \$98,448,004.
- The current projected positive variance is \$3,811,272 or approximately 3.9% of the operations budget.

2015-17 OPERATIONS BUDGET

Remaining 2015-17 expenditures paid in September 2017 and October 2017 were \$705,391 and \$78,597 respectively. PERS has now expended a total of \$97,410,389 or 91.1% of PERS' legislatively approved 2015-17 operations budget of \$106,949,449.

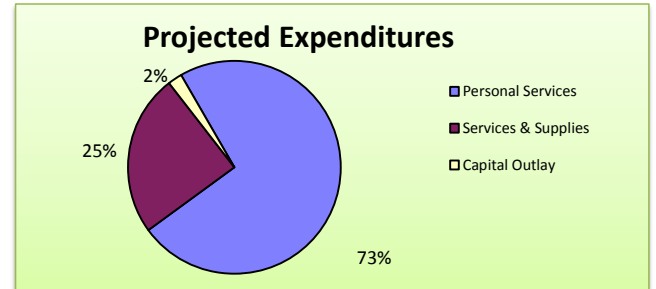
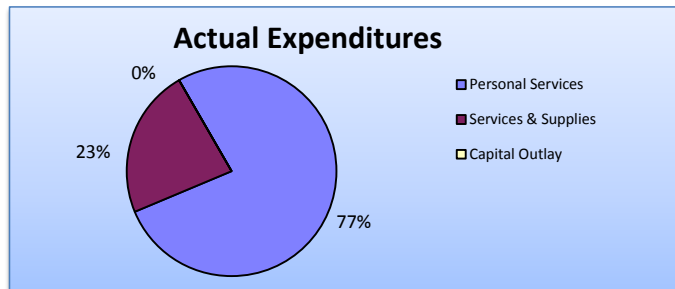
- The current projected positive variance is \$7,047,884, or 6.7% of the operations budget that was made available for expenditure. In addition to this variance, PERS was unable to spend \$2,491,176 of the Legislatively Approved Budget due to un-scheduling of funds by the Department of Administrative Services.
- The 2015-17 operations budget will close in SFMS by December 31, 2017. A final report on 2015-17 expenditures will be submitted at the Board's February 2, 2018 meeting.

**2017-19 Agency-wide Budget Execution
Summary Budget Analysis
Preliminary For the Month of October 2017**

Limited - Operating Budget

2017-19 Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expenditures	2017-19 LAB	Variance
Personal Services	10,908,180	58,988,234	69,896,414	70,836,969	940,555
Services & Supplies	3,253,808	19,740,884	22,994,692	26,316,683	3,321,991
Capital Outlay	0	1,745,626	1,745,626	1,294,352	(451,274)
Total	14,161,988	80,474,744	94,636,732	98,448,004	3,811,272



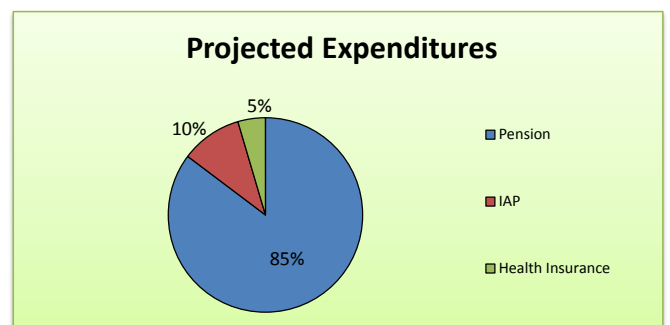
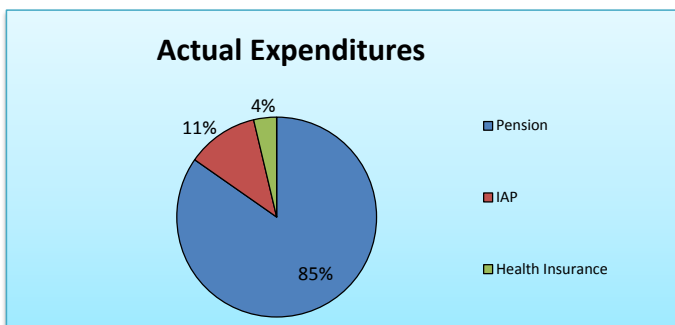
Monthly Summary

Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Monthly Projected Exp.
Personal Services	2,728,479	2,940,131	211,652	2,727,045	2,949,412
Services & Supplies	1,969,411	2,182,219	212,808	813,452	987,044
Capital Outlay	0	55,700	55,700	0	87,281
Total	4,697,890	5,178,050	480,160	3,540,497	4,023,737

Non-Limited Budget

2017-19 Biennial Summary

Programs	Actual Exp To Date	Projected Expenditures	Total Est. Expenditures	Non-Limited LAB	Variance
Pension	1,201,060,295	7,852,402,412	9,053,462,707	9,122,000,000	68,537,293
IAP	164,123,021	935,111,707	1,099,234,728	1,056,900,000	(42,334,728)
Health Insurance	52,646,170	421,037,407	473,683,577	815,271,000	341,587,423
Total	1,417,829,486	9,208,551,526	10,626,381,012	10,994,171,000	367,789,988





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December 1, 2017

TO: Members of the PERS Board
FROM: POBMS Council
SUBJECT: Board Scorecard Report on Agency Performance Measures

A key part of PERS' Outcome-Based Management System is a Quarterly Target Review of scorecards that evaluate our effectiveness in a number of Outcome and Process Measures. These measures foster accountability and transparency in key operating areas. The scorecard results help direct strategic planning, resource allocation, and risk assessment.

The attached Board Scorecard Report for the third quarter 2017 focuses on several measures we currently track based on essential business operations. A targeted performance range is created for each measure:

- Green – performance is at or above acceptable levels.
- Yellow – performance is marginally below acceptable levels.
- Red – performance is significantly below; corrective action such as assigning a problem solving team should be directed.

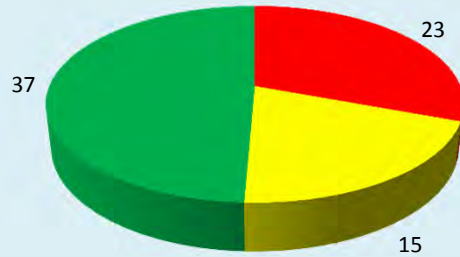
Highlights include:

- Our Estimate KPM improved 10% since last quarter
- Our Timely Benefit Calculation has improved 5%, moving from the red to the yellow range

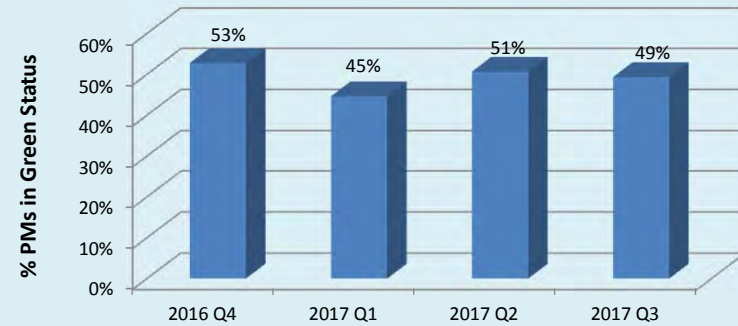
The next report will be presented at the June 1, 2018 meeting, showing the scorecard results for the first quarter 2018. If you would like to have us report on any different measures, please let us know.

PERS Board Scorecard Report - QTR: 2017 Q3 - Quarter ended September 30, 2017

Outcome & Process Measure Performance



Quarterly Green Performance



Operating Processes - Highlighted Measures

	Measure Name	Measure Calculation	RANGE			Target	Desired Perform Trend	Data Collection Frequency	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Trend	Corrective Action & Comments
			Red	Yellow	Green									
OP3c	Estimate KPM	% of estimate requests completed within 30 days of receipt	<75%	75-85	>85%	95%	↑	Quarterly	60.5%	57.7%	23.6%	34.4%	+	<ul style="list-style-type: none"> 2 vacant RC1 positions 4 staff are in training or cross training Recovering from high volume of estimate requests from last quarter
OP4a	Eligibility review completed	% of applications completed by the eligibility team within 30 days of the effective retirement	<50%	50-70	>70%	80%	↑	Monthly	83.0%	82.4%	83.7%	84.0%	+	
OP5b	Accuracy of calculations	% of sample calculations that are accurate within plus or minus \$5	<95%	95-99	>99%	100%	↑	Monthly	99.8%	100.0%	100.0%	100.0%	=	
OP5c	Timely benefit calculation	% of calculations completed within 15 calendar days from completed application date	<95%	95-99	>99%	100%	↑	Monthly	97.0%	95.4%	91.5%	96.6%	+	<ul style="list-style-type: none"> 1 vacant RC1 position Resources moved to help 238 Adjustments (Back logs:Pop Up, Option Changes and Estimated Payments)

Supporting Processes - Highlighted Measures

	Measure Name	Measure Calculation	RANGE			Target	Desired Perform Trend	Data Collection Frequency	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Trend	Corrective Action & Comments
			Red	Yellow	Green									
OP1f	Call Wait Time	Average length of wait before caller reaches live person	>6 minutes	6-4 minutes	<4 minutes	2 minutes	↓	Monthly	4.0	6.9	9.9	10.0	-	Heavy call volumes continue to be a daily occurrence; troubleshooting technical issues with ACD software; Currently have 3 vacancies on team
SP2c	Appeal reversal rate	% of staff determinations that are reversed on appeal	>15%	15-10	<10%	5%	↓	Quarterly	9.0%	11.0%	1.0%	8.0%	-	
SP3h	System uptime	% of time systems are available during the service window	<97%	97-98	>98%	100%	↑	Monthly	99.22%	97.71%	99.03%	99.03%	=	
SP5c	Recruiting / Onboarding	% of employees completing trial service	<85%	85-94	>94%	100%	↑	Quarterly	100%	92%	91%	78%	-	Out of 18 hires/promotions, there were four trial service removals



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December 1, 2017

TO: Members of the PERS Board
FROM: Stephanie Vaughn, Manager, Policy Analysis & Compliance Section
SUBJECT: Notice of Post-Doctoral Scholar Rule:
OAR 459-005-0300, *Post-Doctoral Scholar*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking
- Reason: Implement provisions of SB 214 (2017) relating to post-doctoral scholars
- Policy Issue: No policy issues have been identified at this time

BACKGROUND

The Oregon public universities and Oregon Health and Science University put forth Senate Bill 214 (2017), which excludes individuals who provide services to the universities as part of a post-doctoral research program from PERS membership. The bill becomes effective on January 1, 2018, and provides that individuals hired into positions classified by the universities as post-doctoral scholar positions are not considered “employees” or “eligible employees” for PERS purposes and therefore are ineligible for membership in any programs administered under ORS Chapters 238 and 238A. Prior to the bill passage, such individuals were eligible for PERS membership.

Post-doctoral scholar positions are positions designed to provide short-term experience, training, and mentoring to new graduates before they transition to permanent employment in higher education or in the private sector. These positions are typically funded by federal research or training grants. By eliminating or reducing contributions to retirement programs, in which post-doctoral scholars will likely never vest, the universities hope to be able to attract more post-doctoral scholars to their institutions. In this effort, the bill excludes post-doctoral scholars hired on or after January 1, 2018, from participation in PERS based upon the employment as a post-doctoral scholar, and provides them a separate retirement benefit option under an Optional Retirement Plan.

While statute provides the general requirements for a post-doctoral scholar position classification, further clarification in rule is necessary to ensure consistent administration. This rule further clarifies certain statutory provisions, ensuring that all universities use consistent standards in classifying a position as a “post-doctoral scholar” position.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held December 20, 2017, at 2:00 p.m. at PERS headquarters in Tigard. The public comment period ends January 5, 2018, at 5:00 p.m.

LEGAL REVIEW

The attached draft rule was submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rule is presented for adoption.

IMPACT

Mandatory: No.

Impact: Recent legislative amendments to PERS statutes created a new exclusion excluding individuals employed in post-doctoral scholar positions from membership in PERS. The proposed rule sets forth how the exclusion will be administered; and provides clarity and uniformity to ensure equitable and efficient administration of the new statutory provisions.

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

RULEMAKING TIMELINE

November 22, 2017	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
December 1, 2017	PERS Board notified that staff began the rulemaking process.
December 1, 2017	<i>Oregon Bulletin</i> publishes the Notice. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
December 20, 2017	Rulemaking hearing to be held at 2:00 p.m. at PERS in Tigard.
January 5, 2018	Public comment period ends at 5:00 p.m.
February 2, 2018	Staff will propose adopting the new rule, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

A rulemaking hearing will be held December 20, 2017, at 2:00 p.m. at PERS headquarters in Tigard. The rule is scheduled to be brought before the PERS Board for adoption at the February 2, 2018 Board meeting.

B.1. Attachment 1 – 459-005-0300, *Post-Doctoral Scholar*

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

1 **459-005-0300**

2 **Post-Doctoral Scholar**

3 **(1) For purposes of this rule:**

4 **(a) “Employing institution of education” means a public university listed in**
5 **ORS 352.002 or the Oregon Health and Science University.**

6 **(b) “Equivalent degree” means a terminal degree, the highest degree awarded**
7 **in a given field of study, or a degree that under the facts and circumstances is**
8 **equivalent to a doctoral degree.**

9 **(c) “Post-doctoral scholar” means a person employed in a position that meets**
10 **the requirements of section 1 of Chapter 569, Oregon Laws 2017, and this rule.**

11 **(2) Under ORS 238.005(8)(f) and 238A.005(4)(i), post-doctoral scholars are not**
12 **eligible for membership in the system. An employing institution of education is**
13 **responsible for determining whether a person is employed as a post-doctoral**
14 **scholar. An employing institution of education may reasonably classify a person as a**
15 **post-doctoral scholar if:**

16 **(a) The position requires a doctoral or equivalent degree;**

17 **(b) The position is limited to a temporary and defined period of employment**
18 **that shall not exceed five cumulative calendar years; and**

19 **(c) The faculty member of the employing institution of education provides the**
20 **post-doctoral scholar with clinical or academic research training under formal**
21 **mentorship.**

1 (3) The post-doctoral scholar appointment shall be evidenced in writing by a
2 letter of appointment, signed and dated by the post-doctoral scholar and the
3 employing institution of education.

4 (a) The letter of appointment and related documentation shall reflect the
5 following information:

6 (A) The duties and responsibilities of the training; and

7 (B) The period of appointment with starting and ending dates. If any changes
8 such as renewals, extensions or early terminations are made during the
9 appointment, the period of appointment shall be updated to reflect such changes.

10 (b) The letter of appointment shall be finalized no later than six months from
11 the date of hire.

12 (c) The employing institution of education shall provide PERS with a copy of
13 the letter of appointment and related documentation upon request.

14 (4) The provisions of this rule apply to persons hired on or after January 1,
15 2018.

16 Stat. Auth.: ORS 238.650 & 238A.450

17 Stats. Implemented: ORS 243.800, OL 2017, Ch. 569



Oregon

Kate Brown, Governor

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December 1, 2017

TO: Members of the PERS Board

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

SUBJECT: Temporary Adoption and Notice of Rulemaking for IAP Target Date Fund Rules:
 OAR 459-007-0001, *Definitions*
 OAR 459-007-0005, *Annual Earnings Crediting*
 OAR 459-007-0320, *Crediting Earnings for IAP Account Lump Sum Payments*
 OAR 459-007-0330, *Crediting Earnings for IAP Account Installment Payments*
 OAR 459-080-0015, *Investment of IAP Account Balance*

OVERVIEW

- Action: Adopt temporary modifications to the IAP Target Date Fund rules, and begin permanent rulemaking.
- Reason for Temporary Rules: The new rule and rule modifications are needed to implement the Target Date Fund (TDF) investment structure for the Individual Account Program adopted by the Oregon Investment Council. These administrative rules must be in place by the end of this calendar year to support the TDF investment structure effective January 1, 2018.
- Policy Issues:
 - (1) *Should a separate IAP account for an alternate payee (AP) be allocated to a TDF based on the associated member's year of birth or the AP's year of birth?*
 - (2) *When should PERS move an AP's IAP separate account to the appropriate TDF when PERS receives the divorce decree in a year other than the year in which the divorce was final?*
 - (3) *When a retired member who elected to receive their IAP in installments returns to active PERS membership, should their IAP account remain allocated to the Retirement Allocation Fund (RAF), or should it be moved to a TDF based on the member's year of birth?*
 - (4) *For pre-retirement deaths, should PERS allocate the deceased member's IAP account balance to the RAF, or leave it in the TDF based on the member's year of birth?*
 - (5) *Should a member's IAP be moved to the RAF when the member begins receiving either a disability retirement (Tier One/Tier Two) or a disability benefit (OPSRP)?*

BACKGROUND

On September 20, 2017, the Oregon Investment Council (OIC) adopted a Target Date Fund (TDF) investment structure. This new investment structure groups member accounts together in TDFs based on the year of birth of the member and adjusts the investment allocation as each

group approaches retirement. While the OIC has established the investment structure, PERS is responsible for administering the individual member accounts. To that end, PERS will allocate each member account to the appropriate TDF based on the member's year of birth, or other factors as described below.

Currently, the IAP has one investment allocation across the fund and all members receive the same rate of return. With different investment allocations for each TDF, each TDF will have a different rate of return. The purpose of the new rule and amendments to the existing rules is to explain how and when a member's IAP account will be allocated to a particular TDF. The rules must be in place by the end of this calendar year to implement the OIC's TDF investment structure beginning January 1, 2018.

SUMMARY OF RULES MODIFICATIONS AND ADDITIONS

OAR 459-007-001: "Retirement allocation fund" and "Target date fund" are new terms that have been defined and added to this rule.

OAR 459-007-0005: Section (6) of the rule has been amended to reflect the change from a single investment allocation structure where the entire IAP program experiences one rate of return to an investment structure where there will be different rates of return within each TDF. The amended and new language to the rule further clarify that each IAP account balance will only be credited with earnings or losses of the TDF it is invested in and will only be responsible for a pro rata share of the administrative expenses of that target date fund.

OAR 459-007-0320: Section (2) of this rule has been deleted so that the concept of earnings crediting for when a member elects a lump-sum retirement or withdrawal under the IAP can be combined into a single section under section (1) of the rule. By adding the words "member's target date fund's" to both paragraphs (1)(a) and (b), PERS is acknowledging the new TDF investment structure and clarifying that earnings crediting on the IAP account balance prior to either a lump-sum retirement or a withdrawal will be based upon the returns experienced by the target date fund the member was invested in.

OAR 459-007-0330: This rule deals with earnings crediting of the IAP account balance when a member elects an installment retirement option. The amendments to the rule make it clear that the member's IAP account balance earnings crediting for both the calendar year immediately prior to retirement and for the calendar year of retirement up to the first installment payment will be based upon the rate of return experienced by the target date fund the member was invested in during that time. After the first retirement installment payment, the member's IAP account balance will be invested in the retirement allocation fund and all future earnings crediting will be based on the rate of return experienced by the retirement allocation fund.

OAR 459-080-0015: This is a brand new rule acknowledging that members' IAP account balances will now be invested in target date funds based upon their respective birth years. In order to further facilitate the implementation of the target date fund structure, the rule also lays out how target date fund investing would be handled in the following three specific factual scenarios:

(1) In the event of a divorce decree that creates a separate IAP account for an alternate payee, the AP's account balance will be invested in a target date fund based on the alternate payee's birth year in the calendar year that PERS administers the divorce decree.

(2) Retired members who took an installment payment option will have their remaining IAP account balance and any new contributions invested in the retirement allocation fund if they reestablish active membership by returning to PERS employment.

(3) The IAP account balance of a member who dies pre-retirement will be moved to the retirement allocation fund until the money is paid out to a beneficiary or beneficiaries.

JUSTIFICATION FOR TEMPORARY RULEMAKING

At its meeting on September 20, 2017, the OIC adopted the TDF investment structure effective on January 1, 2018. There was not enough time between then and January 1, 2018, to complete a permanent rulemaking as indicated by the rulemaking timeline below. For PERS to have administrative rules in place on January 1, 2018, we must proceed with temporary rulemaking; otherwise, PERS would lack the directions needed to implement the TDF investment structure.

POLICY ISSUES

In considering these policy questions, first understand PERS' general administrative structure for the IAP TDFs. To accommodate the new structure, much of the tracking of accounts will be done manually by PERS staff. This internal administration has been designed in anticipation of the typical life of a member's account: contributions to the account are received and invested in the TDF appropriate to that member's year of birth; accumulate earnings (or incur losses) until retirement or withdrawal; and are then are paid out either in a lump sum or in installments. The Retirement Allocation Fund (RAF) has the most conservative investment allocation (and is used for active and inactive members aged 65 and older as well). Members who withdrawal or retire and take a lump sum will be paid directly from the member's TDF (if, by age, they have not already moved into the RAF). When, however, a retired member elects to receive their IAP in installments, their IAP account will be allocated to the RAF regardless of their age at retirement. Moving an account between TDFs mid-year is another manual, administrative step in crediting earnings from the prior TDF through retirement.

The following are policy issues identified and considered by PERS staff. Staff recommendations on these issues have been incorporated into both the temporary and draft permanent rules. Modifications to these rules will need to be made should the Board adopt a different policy direction than staff recommends on the issues presented below.

- *Should a separate IAP account for an alternate payee (AP) be allocated to a TDF based on the associated member's year of birth or the AP's year of birth?*

PERS will be allocating IAP accounts to the appropriate TDF based on the member's year of birth. When a divorce decree awards a portion of a non-retired member's IAP account to a former spouse (the AP), staff considered whether the AP's IAP account should be allocated a TDF based on the member's year of birth or the AP's year of birth.

Allocating the AP's IAP account to a TDF based on the member's year of birth raised many questions. Theoretically, if the AP's account is tied to the member's, when the member's account

is moved to a different TDF (i.e. at retirement), the AP's should be moved as well. Currently there is no link between an AP's IAP account and their associated member's account, which raises administration issues and concerns if the two accounts are allocated to the same TDF.

Allocating the AP's IAP account to a TDF based on the AP's year of birth is more efficient in that it can be administered in the same manner as a member account. Staff could find no restrictions that would require the AP's account to be linked to the member's IAP account. Therefore, staff recommends that an AP's IAP account be allocated to the appropriate TDF based on the AP's year of birth.

- *When should PERS move an AP's IAP separate account to the appropriate TDF when PERS receives the divorce decree in a year other than the year in which the divorce was final?*

Once PERS is notified of a divorce decree to award a separate account to the AP, PERS will administer the member's IAP account in accordance with the decree and administrative rules. Specifically, PERS will establish a separate account for the AP as of December 31 of the year stated in the decree, or December 31 of the year prior to the year the decree is signed. It is not uncommon for PERS to receive a divorce decree years after it is finalized. Establishing a separate account years after the fact has not been an issue as earnings would have been credited equally; however, TDFs present a situation where the separate account could receive different earnings crediting when the AP is in a different TDF than the member. Staff's recommendation is predicated on the AP's separate account receiving earnings according to how the account was actually invested, rather than retroactively allocating the separate account to a different TDF and adjusting the earnings. Staff recommends that, when a decree is received in a later year, the separate account be established according to the decree or administrative rule, but that it not be allocated to the AP's TDF until December 31 of the last closed year as of the date PERS administers the decree; the separate account will receive earnings in the member's TDF until the date that the account is allocated to the AP's TDF.

- *When a retired member who elected to receive their IAP in installments returns to active PERS membership, should their IAP account remain allocated to the Retirement Allocation Fund (RAF), or should it be moved to a TDF based on the member's year of birth?*

Staff anticipates that the number of accounts in this category will be very small. Currently, only 20% of IAP retirees elect to receive their IAP in installments. Of those, few return to active membership. To be eligible for retirement, even early retirement, these members are already in the RAF, or are only one or two TDFs away from the RAF. The current administrative structure does not accommodate moving accounts from the RAF to another TDF. The benefit to the member is not likely to be significant, particularly when weighed against the administrative burden of manual tracking. Therefore, staff recommends that these accounts remain in the RAF.

- *For pre-retirement deaths, should PERS allocate the deceased member's IAP account balance to the RAF, or leave it in the TDF based on the member's year of birth?*

For pre-retirement deaths, staff considered whether the member's account should be left in the TDF based on the member's year of birth, or whether it should be moved to the RAF. Leaving the account in the TDF based on the member's year of birth would allow the account to continue to accumulate as it would have for the member until payout; however, moving the account to the RAF is more likely to preserve the account for the beneficiaries. Considering that death benefits

are not always claimed immediately, this can be a prudent move for the beneficiaries. Also, when a member names multiple beneficiaries for their IAP, partial payments are made from the account, often at different times. Given the preservation and administrative advantages, staff recommends that, when a member dies pre-retirement, the member's account be moved from the member's TDF to the RAF upon notice to PERS of the member's death.

- *Should a member's IAP be moved to the RAF when the member begins receiving either a disability retirement (Tier One/Tier Two) or a disability benefit (OPSRP)?*

There is no disability benefit under the IAP. Members receiving a disability retirement (Tier One/Two) or benefit (OPSRP) can either withdraw their IAP or wait until earliest retirement age to retire from the IAP (and, if desired, elect installments). If a member returns to work or is no longer disabled, their disability retirement/benefit is discontinued and any future PERS-eligible employment would general additional IAP contributions. The general administrative structure is not designed to move accounts back and forth between TDFs and the RAF. When one of these members withdraws or takes a lump sum retirement, their distribution will be from their TDF; if the member elects at retirement to receive installment payments, their account will be moved to the RAF under the usual course of administration. Therefore, staff does not recommend any special rules for members receiving a disability retirement or benefit.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held December 20, 2017, at 2:00 p.m. at PERS headquarters in Tigard. The public comment period ends January 5, 2018, at 5:00 p.m.

LEGAL REVIEW

The attached rules have been submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for permanent adoption.

EFFECTIVE DATE

The temporary rules will become effective upon filing. The maximum period they can remain in effect is 180 days, so staff has initiated permanent rulemaking to replace the temporary rules.

IMPACT

Mandatory: Yes, to clarify implementation of the TDF investment structure adopted by the OIC.

Impact: The proposed rules benefit members by clearly explaining the new method of earnings crediting to member IAP accounts through TDFs.

Cost: There are no discrete costs attributable to stating in rule how the target date funds will be administered.

RULEMAKING TIMELINE

November 30, 2017	Staff began the permanent rulemaking process by filing Notice of Rulemaking with the Secretary of State.
December 1, 2017	<i>Oregon Bulletin</i> publishes the Notice. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
December 1, 2017	PERS Board may adopt the proposed new temporary rule and rule modifications; PERS staff will proceed with permanent rulemaking unless otherwise directed.
December 20, 2017	Rulemaking hearing to be held at 2:00 p.m. at PERS in Tigard.
January 5, 2018	Public comment period ends at 5:00 p.m.
February 2, 2018	Staff will propose adopting the permanent rule and rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt temporary modifications to the IAP Target Date Fund Rules, 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 rule and rule modifications are needed to implement the Target Date Fund investment structure adopted by the Oregon Investment Council. These administrative rules must be in place by the end of this calendar year to support the TDF investment structure effective January 1, 2018.

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 - 459-007-0001, *Definitions*

B.2. Attachment 2 - 459-007-0005, *Annual Earnings Crediting*

B.2. Attachment 3 - 459-007-0320, *Crediting Earnings for IAP Account Lump Sum Payments*

B.2. Attachment 4 - 459-007-0330, *Crediting Earnings for IAP Account Installment Payments*

B.2. Attachment 5 - 459-080-0015, *Investment of IAP Account Balance*

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 007 – EARNINGS AND INTEREST DISTRIBUTION**

1 **459-007-0001**

2 **Definitions**

3 The words and phrases used in this division have the same meaning given them in
4 ORS Chapter 238, 238A and OAR 459-005-0001. Specific and additional terms for
5 purposes of this division are defined as follows unless context requires otherwise:

6 (1) “Annual rate” means the rates determined by the Board for crediting earnings to
7 Tier One regular accounts, Tier Two regular accounts, IAP accounts, judge member
8 regular accounts and member variable accounts, effective as of December 31 of each
9 year.

10 (2) “Assumed rate” means the actuarial assumed rate of return on investments as
11 adopted by the Board for the most recent actuarial valuation.

12 (3) “Average annualized rate” means the monthly rate provided by the Oregon State
13 Treasury representing the rate credited to cash accounts.

14 (4) “Benefits-in-Force Reserve” or “BIF Reserve” means the reserve established
15 under ORS 238.670(2).

16 (5) “Capital Preservation Reserve” means the reserve established under ORS
17 238.670(3).

18 (6) “Contingency Reserve” means the reserve established under ORS 238.670(1).

19 (7) “Date of distribution” is the date inscribed on the check, warrant, or electronic
20 transfer issued to or on behalf of the member, the member’s beneficiary, or an alternate
21 payee.

22 (8) “Date of payment” means the date a payment is received by PERS.

1 (9) “Earnings” means all income or losses to the Fund from investments and other
2 sources, but does not include member or employer contributions.

3 (10) “Retirement allocation fund” means the particular target date fund so
4 designated by the Oregon State Treasury when it determines the investment
5 allocation for all the target date funds.

6 (11) “Target date fund” means a fund with an investment allocation that is
7 aligned with the member’s birth year.

8 ~~[(10)]~~(12) “Tier One Member Rate Guarantee Reserve” and “Rate Guarantee
9 Reserve” mean the reserve referenced in ORS 238.255(1) that enables the Board to credit
10 earnings at or above the assumed rate under the conditions specified in 238.255.

11 ~~[(11)]~~(13) “Year-to-date calculation” means the rates used to credit a pro-rata
12 distribution of year-to-date earnings, allowing for reserves and expenses, to Tier One
13 regular accounts, Tier Two regular accounts, IAP accounts, judge member regular
14 accounts or member variable accounts. These rates are calculated by staff on a monthly
15 basis using the market value of investments in the Fund as supplied by the Oregon State
16 Treasury. Year-to-date calculations for Tier One member regular accounts will be
17 determined in accordance with OAR 459-007-0003.

18 Stat. Auth.: ORS 238.650

19 Stats. Implemented: ORS 238

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 007 – EARNINGS AND INTEREST DISTRIBUTION**

1 **459-007-0005**

2 **Annual Earnings Crediting**

3 (1) For purposes of this rule, “remaining earnings” means earnings available for
4 distribution to a particular account or reserve after deduction of amounts required or
5 authorized by law for other purposes.

6 (2) Except as otherwise specified in this division, earnings on all accounts and
7 reserves in the Fund shall be credited as of December 31 of each calendar year in the
8 manner specified in this rule.

9 (3) Health insurance accounts. All earnings attributable to the Standard Retiree
10 Health Insurance Account (SRHIA), Retiree Health Insurance Premium Account
11 (RHIPA) or Retirement Health Insurance Account (RHIA) shall be credited to the
12 account from which they were derived, less administrative expenses incurred by each
13 account, as provided in ORS 238.410, 238.415 and 238.420, respectively.

14 (4) Employer lump sum payments. All earnings or losses attributable to the
15 employer lump sum payment accounts established under ORS 238.229 shall be credited
16 to the accounts from which they were derived.

17 (5) Member variable accounts. Earnings on the Variable Annuity Account shall first
18 be used to pay a pro rata share of administrative expenses in accordance with ORS
19 238.260(6). If the annual earnings from the Variable Annuity Account are insufficient to
20 pay for the pro rata share of administrative expenses, those administrative expenses shall
21 be paid from earnings on other accounts within the Public Employees Retirement Fund
22 (PERF), if available. If earnings from those accounts within the PERF are insufficient to

1 pay for the administrative expenses, those expenses shall be paid from employer accounts
2 as required by ORS 238.610. All remaining earnings or losses attributable to the Variable
3 Annuity Account shall be credited to the participants of that account, as provided under
4 238.260(6) and (7)(b).

5 (6) Individual Account Program accounts. Earnings on the Individual Account
6 Program accounts shall first be used to pay a pro rata share of administrative expenses in
7 accordance with ORS 238A.350(1). *[If the]* Losses on Individual Account
8 Program target date funds *[experiences a loss, the loss]* shall be increased *[to pay]* by a
9 pro rata share of administrative expenses. After administrative expenses, each
10 Individual Account Program account shall be credited with the earnings or losses of
11 the specific target date fund to which the account is allocated. *[All remaining*
12 *earnings or losses attributable to the Individual Account Program shall be credited to the*
13 *participant accounts of that program, as provided under 238A.350.]*

14 (7) Administrative expenses. Earnings attributable to Tier One regular accounts, the
15 Tier One Rate Guarantee Reserve, Tier Two member regular accounts, judge member
16 regular accounts, the OPSRP Pension Program reserve, employer contribution accounts,
17 the Contingency Reserve, the Benefits-in-Force Reserve and the Capital Preservation
18 Reserve shall first be used to pay the system's remaining administrative expenses under
19 ORS 238.610.

20 (8) Contingency Reserve.

21 (a) In any year in which total earnings on the Fund equal or exceed the assumed rate,
22 an amount not exceeding seven and one-half percent of remaining earnings attributable to
23 Tier One regular accounts, the Tier One Rate Guarantee Reserve, Tier Two regular
24 accounts, Judge member regular accounts, the OPSRP Pension Program reserve, the

1 Benefits-in-Force Reserve, employer contribution accounts, the Capital Preservation
2 Reserve and the Contingency Reserve shall be credited to the Contingency Reserve to the
3 level at which the Board determines it is adequately funded for the purposes specified in
4 ORS 238.670(1).

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

8 (9) Tier One Member Rate Guarantee Reserve. All remaining earnings attributable to
9 Tier One regular accounts, the Tier One Member Rate Guarantee Reserve, Judge member
10 regular accounts, the Benefits-in-Force Reserve, and the Contingency Reserve may be
11 credited to the Tier One Member Rate Guarantee Reserve established under ORS
12 238.255(1).

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

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

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

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

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

13 (15) Benefits-in-Force Reserve. Remaining earnings attributable to the Benefits-in-
14 Force Reserve, the Contingency Reserve, the Capital Preservation Reserve and employer
15 contribution accounts, in that order, shall be used, to the extent available, to credit the
16 Benefits-in-Force Reserve with earnings up to the assumed rate for that calendar year in
17 accordance with ORS 238.670(2).

18 (16) Employer contribution accounts. All remaining earnings attributable to
19 employer contribution accounts shall be credited to employer contribution accounts.

20 (17) Remaining earnings. Any remaining earnings shall be credited to accounts and
21 reserves in the Fund at the Board’s discretion.

22 Stat. Auth.: ORS 238.650, 238A.450

23 Stats. Implemented: ORS 238, 238A.350

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 007 – EARNINGS AND INTEREST DISTRIBUTION**

1 **459-007-0320**

2 **Crediting Earnings for IAP Account Lump Sum Payments**

3 (1) When an IAP member elects to withdraw their account(s) under ORS
4 238A.375 or retires and elects to receive a lump sum payment of their account(s) under
5 ORS 238A.400(1), earnings will be credited in the manner specified in this section.

6 (a) If earnings for the calendar year before the date of distribution have not been
7 credited, earnings for that year will be credited based on the member's target date
8 fund's latest IAP year-to-date calculation available for that year.

9 (b) Earnings credited for the calendar year of distribution will be credited based on
10 the member's target date fund's latest IAP year-to-date calculation as of the first day of
11 the calendar month of the date of distribution.

12 *[(2) When an IAP member elects to withdraw their account(s) under ORS 238A.375,*
13 *earnings will be credited in the manner specified in this section.]*

14 *[(a) If earnings for the calendar year before the date of distribution have not been*
15 *credited, earnings for that year will be credited based on the latest IAP year-to-date*
16 *calculation available for that year.]*

17 *[(b) Earnings credited for the calendar year of distribution will be credited based on*
18 *the latest IAP year-to-date calculation as of the first day of the calendar month of the*
19 *date of distribution.]*

20 Stat. Auth.: ORS 238A.450

21 Stats. Implemented: ORS 238A.350, 238A.375 & 238A.400

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 007 – EARNINGS AND INTEREST DISTRIBUTION**

1 **459-007-0330**

2 **Crediting Earnings for IAP Account Installment Payments**

3 (1) For the purposes of this rule, “monthly change rate” means the monthly earnings
4 rate for IAP account(s) invested in the retirement allocation fund when a retiree elects
5 installment payments.

6 (2) When an IAP member retires and elects to receive installment payments under
7 ORS 238A.400(2), earnings will be credited in the manner specified in this rule:

8 (a) For the initial installment payment:

9 (A) If earnings for the calendar year before the date of distribution have not been
10 credited, earnings for that year shall be credited based on the member’s target date
11 fund’s latest IAP year-to-date calculation available for that year.

12 (B) Earnings credited for the calendar year of distribution will be credited based on
13 the member’s target date fund’s latest IAP year-to-date calculation as of the first day of
14 the calendar month of the initial date of distribution.

15 (b) After the initial installment payment is made, the member’s IAP account
16 balance(s) will be transferred to the retirement allocation fund. E^[e]arnings will be
17 credited monthly using the latest monthly change rate beginning with the first of the
18 month after the initial date of distribution.

19 Stat. Auth.: ORS 238A.450

20 Stats. Implemented: ORS 238A.350 & 238A.400

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

1 459-080-0015

2 Investment of IAP Account Balance

3 (1) Definitions. For the purposes of this rule:

4 (a) “Retirement allocation fund” has the same meaning as defined in OAR 459-
5 007-0001(10).

6 (b) “Target date fund” has the same meaning as defined in OAR 459-007-0001(11).

7 (2) Each member’s IAP account balance will be invested in one of the target date
8 funds based upon the member’s birth year.

9 (3) Once PERS accepts as administrable a divorce decree that awards a portion of
10 a non-retired member’s IAP account to an alternate payee, PERS will administer the
11 decree accordingly and the alternate payee IAP account will be allocated to a target
12 date fund based on the alternate payee’s birth year. PERS will allocate the alternate
13 payee’s IAP account to the appropriate target date fund effective December 31 of the
14 last closed year for earnings crediting, as of the date PERS administers the decree.

15 (4) When a retired member who elected IAP installment payments reestablishes
16 active membership, the member’s IAP account balance and any new IAP contributions
17 will be allocated in the retirement allocation fund.

18 (5) When PERS is notified of the death of a non-retired member, the deceased
19 member’s IAP account balance will be moved to the retirement allocation fund,
20 effective December 31 of the last closed year for earnings crediting.

21 Stat. Auth.: ORS 238A.450

22 Stats. Implemented: ORS 238A.050



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December 1, 2017

TO: Members of the PERS Board
FROM: Stephanie Vaughn, Manager, Policy Analysis & Compliance Section
SUBJECT: Adoption of Annual Benefit Limitation Rule:
OAR 459-005-0535, *Annual Benefit Limitation*

OVERVIEW

- Action: Adopt modifications to the Annual Benefit Limitation rule
- Reason: To respond to an audit finding on administration of determining compliance with the Internal Revenue Code's Section 415 limitations
- Policy Issue: None identified

BACKGROUND

The benefit amount payable to any PERS member for a calendar year is limited by Internal Revenue Code Section 415(b). The applicable dollar limitation may be increased by a cost-of-living adjustment, as determined by the IRS. Currently, OAR 459-005-0535 allows for such an adjustment; however, to provide further clarity, PERS staff seek to amend the rule to include language specifying that the cost-of-living adjustment is applied to the applicable dollar limitation for years between a member's separation from employment and retirement, as well as to the years after the member begins receiving benefits. This clarity is being provided in response to an internal audit that reviewed compliance with the IRS' Section 415 limitations.

SUMMARY OF MODIFICATIONS TO RULE SINCE NOTICE

No modifications were made to the rule.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held October 25, 2017, at 2:00 p.m. at PERS headquarters in Tigard. No members of the public attended. The public comment period ended November 3, 2017, 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.

Impact: None; provides transparency to PERS' current practices.

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

RULEMAKING TIMELINE

September 15, 2017	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
September 29, 2017	PERS Board notified that staff began the rulemaking process.
October 1, 2017	<i>Oregon Bulletin</i> published the Notice. Notice sent to employers, legislators, and interested parties. Public comment period began.
October 25, 2017	Rulemaking hearing held at 2:00 p.m. at PERS in Tigard.
November 3, 2017	Public comment period ended at 5:00 p.m.
December 1, 2017	Board may adopt the permanent rule modifications.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt modifications to the Annual Benefit Limitations 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: To respond to an audit finding on administration of determining compliance with the Internal Revenue Code’s Section 415 limitations.

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 – 459-005-0535, *Annual Benefit Limitation*

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

1 **459-005-0535**

2 **Annual Benefit Limitation**

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

6 (2) Annual Benefit Limitation. The benefits payable to any member for a calendar year,
7 when expressed as an annual benefit, shall not exceed the applicable dollar limitation for that
8 year.

9 (3) Applicable Dollar Limitation. For purposes of this rule, the “applicable dollar
10 limitation” for each calendar year is the limitation in effect under IRC Section 415(b)(1)(A),
11 with the adjustment described as follows:

12 (a) Cost-of-Living Adjustments. The limitation under IRC Section 415(b)(1)(A) shall be
13 adjusted for cost of living in accordance with IRC Section 415(d) and Treasury Regulation
14 Section 1.415(a)-1(d)(3)(v)(C). The adjustment applies to the applicable dollar limitation
15 for years:

16 (A) Between separation and retirement of a member; and

17 (B) After the member’s effective retirement date.

18 (b) Reduction for Retirement Before Age 62. Except as otherwise provided in the
19 paragraphs (A), (B), and (C) of this subsection, if the member’s benefit begins before the
20 member reaches 62 years of age, the applicable dollar limitation shall be adjusted as provided
21 for in IRC Section 415(b)(2)(C).

1 (A) This reduction shall not apply to any member who has at least 15 years of creditable
2 service as a full-time employee of a police department or fire department which is organized
3 and operated by the state or a political subdivision of the state to provide police protection,
4 firefighting services, or emergency medical services for any area within the jurisdiction of the
5 state or political subdivision.

6 (B) This reduction shall not apply to disability retirement allowances or death benefits.

7 (C) This reduction shall not apply to any portion of a member’s annual benefit that is
8 derived from contributions to purchase service credit, as defined in OAR 459-005-0540,
9 Permissive Service Credit.

10 (c) Reduction for Less than 10 Years of Membership. Except as provided in paragraphs
11 (A) and (B) of this subsection, if the member has less than 10 years of active membership in
12 PERS, the applicable dollar limitation shall be reduced as provided for under IRC Section
13 415(b)(5)(A).

14 (A) For the purposes of this section, a member with less than one year of active
15 membership shall be treated as having one year of active membership.

16 (B) The reduction under this section shall not apply to disability retirement allowances or
17 death benefits.

18 (d) Increase for Retirement After Age 65. If the member’s benefit begins after the
19 member reaches 65 years of age, the applicable dollar limitation shall be increased as
20 provided for under IRC Section 415(b)(2)(D).

21 (4) Annual Benefit. For purposes of this rule, the “annual benefit” is the benefit payable
22 to a member under ORS Chapter 238 and the pension program under Chapter 238A for a
23 calendar year, excluding any benefit payable under 238.485 through 238.492, and adjusted as
24 described in this section.

1 (a) Excludable Benefits. The annual benefit shall not include the portion of the member’s
2 benefit that is attributable to:

3 (A) After-tax member contributions, other than member payments to purchase permissive
4 service credit as defined in OAR 459-005-0540, Permissive Service Credit;

5 (B) Rollover contributions, if such contributions are permitted;

6 (C) A transfer of assets from another qualified retirement plan; and

7 (D) Purchases of permissive service credit, as defined in OAR 459-005-0540, Permissive
8 Service Credit, if all of the member’s payments to purchase permissive service credit are
9 treated as annual additions for purposes of 459-005-0545, Annual Addition Limitation, in the
10 year purchased.

11 (b) Adjustment to Straight Life Annuity. The member’s benefit shall be adjusted to an
12 actuarially equivalent straight life annuity beginning at the same age. For purposes of this
13 adjustment, the following values are not taken into account:

14 (A) The value of a qualified spouse joint and survivor annuity to the extent that the value
15 exceeds the sum of the value of a straight life annuity beginning on the same day, and the
16 value of any post-retirement death benefits that would be payable even if the annuity was not
17 in the form of a joint survivor annuity.

18 (B) The value of benefits that are not directly related to retirement benefits, such as pre-
19 retirement disability benefits and post-retirement medical benefits.

20 (C) The value of post-retirement cost of living increases, to the extent they do not exceed
21 the increase provided under IRC Section 415(d) and Treasury Regulation Section 1.415(d)-1.

22 (5) Interest Rates. The following interest rates shall apply for purposes of adjusting the
23 applicable dollar limitation under section (3) of this rule and the annual benefit under section

24 (4) of this rule.

1 (a) For purposes of reducing the applicable dollar limitation for retirement before 62
2 years of age under subsection (3)(b) of this rule, the interest rate shall be the greater of five
3 percent or PERS' assumed earnings rate.

4 (b) For purposes of determining the portion of a member's benefits attributable to after-
5 tax member contributions under paragraph (4)(a)(A) of this rule, the interest rate shall be the
6 greater of 5 percent or the PERS' assumed earnings rate.

7 (c) For purposes of adjusting the member's annual benefits under section (4) of this rule
8 (other than the adjustment for after-tax member contributions), the interest rate shall be the
9 greater of five percent or PERS' assumed earnings rate.

10 (d) For purposes of increasing the applicable dollar limitation for retirement after 65
11 years of age under subsection (3)(d) of this rule, the interest rate shall be the lesser of five
12 percent or PERS' assumed earnings rate.

13 (6) Mortality Table. For purposes of adjusting the applicable dollar limitation and annual
14 benefit under sections (3) and (4) of this rule, the mortality table used shall be the table
15 prescribed pursuant to the Internal Revenue Code.

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

17 Stat. Auth.: ORS 238.630, 238.650 & 238A.125

18 Stats. Implemented: ORS 238.005 - 238.715



Oregon

Kate Brown, Governor

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December 1, 2017

TO: Members of the PERS Board

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

SUBJECT: Adoption of Employer Side Accounts Rules:
OAR 459-009-0084, *Employer Unfunded Actuarial Liability Lump-Sum Payments With an Actuarial Calculation*
OAR 459-009-0085, *Employer Unfunded Actuarial Liability Lump-Sum Payments Without an Actuarial Calculation*
OAR 459-009-0086, *Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally*
OAR 459-009-0090, *Surplus Lump-Sum Payments by Employers*

OVERVIEW

- Action: Adopt modifications to the Employer Side Accounts Rules
- Reason: Establishes new policies and clarifies existing policies regarding employer lump-sum payments and employer side accounts
- Policy Issue: None

BACKGROUND

Employers can make lump-sum payments to PERS in addition to the regular employer contributions calculated as a percent of payroll. These lump-sum payments are put into side accounts that are then applied to offset a portion of the employer's PERS contribution rate.

On March 31, 2017, Governor Kate Brown submitted a letter asking the PERS Board to consider revising the rules around employer side accounts to give employers more flexibility. On April 21, 2017, PERS staff met with the Employer Advisory Group to discuss questions and concerns about the current side-account process and solicit employer input on how the process could be improved. In addition, Senate Bill 1067 (2017) amended ORS 238.229, allowing additional deposits to existing side accounts and impacting these employer side account rules. Based on SB 1067 and employer input, staff proposes to modify the rules and processes governing lump-sum payments and side accounts.

Staff presented policy recommendations at the September Board meeting as to where the current constraints should be eased to facilitate side account payments. Specific changes include: lowering the minimum payment required to establish a new side account, lowering the administrative fees, and limiting additional deposits into existing side accounts to two per year, per account. These changes have been incorporated into the rules that are presented for adoption.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

Previously, the rules were divided between employers who participate in an actuarial pool and those who do not. PERS has revamped the rules and structured them based on whether an actuarial calculation will be performed for a lump-sum UAL payment, and added a new rule with general provisions for employer side accounts. This better reflects how these payments are handled operationally at PERS.

OAR 459-009-0086, Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally

This rule defines frequently used terms, establishes the minimum required payment to create a new side account, describes how payments can be made, explains that payments are applied against transition liability first, outlines the circumstances under which an actuarial calculation must be performed prior to an employer making a UAL lump-sum payment, and incorporates the following policy issues that were discussed at the September 29, 2017 board meeting:

- Establishes minimum UAL lump-sum payment required to establish a new side account at the lesser of 25 percent of the individual employer's UAL or \$250,000;
- Sets the administration fee charged on each employer side account at \$1,500 for the year in which the side account is established, and \$500 per year thereafter; and
- Limits employers to no more than two additional UAL lump-sum payments per side account per calendar year.

OAR 459-009-0084, Employer Unfunded Actuarial Liability Lump-Sum Payments With an Actuarial Calculation

This rule states the types of UAL lump-sum payments that require an actuarial calculation prior to the payment. It also outlines the actions an employer must take in order to make a UAL lump-sum payment with an actuarial calculation, including proper notices to PERS and timely payment for the actuarial calculation service. Finally, the rule includes actions that PERS must take to accomplish the actuarial calculation and timely notify the employer of the result.

OAR 459-009-0085, Employer Unfunded Actuarial Liability Lump-Sum Payment Without an Actuarial Calculation

This rule states the types of UAL lump-sum payments that do not require an actuarial calculation. It also outlines the actions an employer must take to make a UAL lump-sum payment without an actuarial calculation, including proper notice to PERS. Finally, the rule includes actions that PERS must take to calculate required minimum payment amount and provide timely notices to the employer.

OAR 459-009-0090, Surplus Lump-Sum Payments by Employers

No modifications were made to the rule.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held June 27, 2017, at 2:00 p.m. at PERS headquarters in Tigard. The first public comment period ended July 7, 2017, at 5:00 p.m. Nancy Brewer, City of Corvallis,

provided testimony that is summarized in her public comment email received on June 29, 2017. A copy of her email is included as Attachment 5.

Ms. Brewer asked for clarification as to whether OAR 459-009-0090 regarding lump-sum payments would apply only to individually rated employers with no UAL, or if it would also apply to pooled entities with no UAL. If it applies to pooled entities, she asked that the rule be clear about how existing side accounts will be treated in relation to each entity's share of the pooled UAL. She also thought PERS was trying to allow deposits more frequently, therefore asked that section (3) of the rule be modified to accept one extra deposit per year.

In OAR 459-009-0084, Ms. Brewer stated she had expected the amount of lump-sum payments would be lower than the 25% of the UAL or \$1 million, whichever is less. She noted that small employers in particular were hoping to make smaller payments that may be well below the 25% threshold. She had hoped that the rule would allow for more than one deposit into a side account.

Finally, Ms. Brewer asked that the rules provide guidance to an employer on where to find a proxy figure for what the actuary would determine to be the UAL/transition liability. As the rule stands, an employer would need to advise PERS Actuarial Services of two potential dates for making payment and pay costs for the actuary before they have an idea of whether they can or will make a supplemental payment. Part of the discussion about this issue included a desire for an employer to use unexpected operating funds, in smaller dollar increments, to make a supplemental deposit. She states it would be helpful to remind employers that a close estimate for Transition Liabilities can be found in the employer's most recent rating. She also believes that the employer's most recent GASB 68 information would be a starting approximation for the employer's share of the pooled UAL. If an employer was considering making a supplemental payment with unexpected resources, they would want to know what the ballpark payment would be before incurring costs for an actuarially accurate amount and discovering they do not have anywhere near the resources to meet the thresholds for payment.

Ms. Brewer's June 29, 2017 comments were based on the first version of the rules presented at Notice; these rules only included housekeeping edits. Subsequent drafts incorporated substantive changes in response to legislative changes and employer feedback, including Ms. Brewer's.

Ms. Brewer submitted additional comments via email on November 3, 2017. A copy of her email is included as Attachment 6. In those comments, Ms. Brewer asked that the rules provide specific contact information for employers to contact PERS staff on issues related to side accounts. Ms. Brewer also asked that the rules specify how employers with multiple side accounts should designate the side account to which an additional deposit should be posted, and that OAR 459-009-0085 provide a specific timeline for when PERS staff shall notify an employer of the results of staff's calculations. Finally, Ms. Brewer requested further clarification in the rules about whether the valuation to which a rate-adjustment date was tied was to be a rate-setting valuation, or an advisory valuation.

Carol Samuels, Managing Director of Public Finance, Piper Jaffray & Co., also submitted public comment via email on November 4, 2017. A copy of her email and attached comments for each rule are included as Attachment 7. PERS recognizes that the public comment period ended November 3, 2017, but, due to technical difficulties, accepted Ms. Samuels' comments. Ms. Samuels raised some of the same issues as Ms. Brewer. In addition, Ms. Samuels requested that

the rules specify that the PERS actuary can run multiple analyses for different deposit amounts. Ms. Samuels also requested that the rules include information on how the actuary's fee will be calculated. Finally, Ms. Samuels asked that these rules address the ability for an independent employer considering joining the State and Local Government Rate Pool to request an actuarial calculation of the transition liability and rate impact of joining the pool on the independent employer.

PERS staff reviewed all the comments received, and determined that the issues raised are either procedural concerns, or are sufficiently addressed in the proposed rule language. Staff has not made any changes to the rules based on these public comments, but will bear them in mind when developing future communications with employers.

A second rulemaking hearing was held October 25, 2017, at 2:00 p.m. at PERS headquarters in Tigard. No members of the public attended. The second public comment period ended November 3, 2017, 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.

Impact: Establishes new policies and clarifies existing policies, regarding employer lump-sum payments and employer side accounts.

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

RULEMAKING TIMELINE

May 15, 2017	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 26, 2017	PERS Board notified that staff began the rulemaking process.
June 1, 2017	<i>Oregon Bulletin</i> published the Notice. Notice sent to employers, legislators, and interested parties. Public comment period began.
June 27, 2017	Rulemaking hearing held at 2:00 p.m. at PERS in Tigard.
July 7, 2017	First public comment period ended at 5:00 p.m.
September 15, 2017	Staff extended the rulemaking process by filing a second Notice of Rulemaking with the Secretary of State.
September 29, 2017	Policy considerations presented to PERS Board.
October 1, 2017	<i>Oregon Bulletin</i> published a new Notice. Notice sent to employers, legislators, and interested parties. Public comment period extended.
October 25, 2017	Rulemaking hearing held at 2:00 p.m. at PERS in Tigard.
November 3, 2017	Extended public comment period ended at 5:00 p.m.

December 1, 2017

Board may adopt the permanent rule modifications.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt new permanent rule and modifications to the Employer Side Accounts rules, 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: Establishes new policies and clarifies existing policies regarding employer lump-sum payments and employer side accounts. Adoption of the rules will allow employers to make payments into existing side accounts before the end of 2017 and begin receiving rate relief beginning July 1, 2019. A delay in adoption of the rules to February 2018 will delay any rate relief on additional payments into side accounts until July 1, 2020.

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 – 459-009-0084, *Employer Unfunded Actuarial Liability Lump-Sum Payments With an Actuarial Calculation*

B.4. Attachment 2 – 459-009-0085, *Employer Unfunded Actuarial Liability Lump-Sum Payments Without an Actuarial Calculation*

B.4. Attachment 3 – 459-009-0086, *Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally*

B.4. Attachment 4 – 459-009-0090, *Surplus Lump-Sum Payments by Employers*

B.4. Attachment 5 – Public Comment Email dated 6-29-17 from Nancy Brewer, City of Corvallis

B.4. Attachment 6 – Public Comment Email dated 11-3-17 from Nancy Brewer, City of Corvallis

B.4. Attachment 7 – Public Comment Email dated 11-4-17 from Carol Samuels, Piper Jaffray & Co.

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER

1 459-009-0084

2 Employer Unfunded Actuarial Liability Lump-Sum Payments With an Actuarial
3 Calculation *[by Employers Participating in an Employer Actuarial Pool]*

4 The words and phrases used in this rule have the same meaning given them in
5 OAR 459-009-0086.

6 (1) An actuarial calculation is required before an employer may make a UAL
7 lump-sum payment if the employer:

8 (a) Has a transition liability;

9 (b) Intends to establish a new side account with a new employer contribution rate
10 as of a date specified by the employer; or

11 (c) Has requested an actuarial calculation where a calculation is not otherwise
12 required.

13 (2) At least 45 calendar days before the date the employer intends to make a UAL
14 lump-sum payment with an actuarial calculation, the employer must notify PERS
15 Actuarial Services in writing that it intends to make such a UAL lump-sum payment.

16 The notification must specify:

17 (a) The amount of the intended lump-sum payment;

18 (b) No more than two potential dates for the payment; and

19 (c) If the employer so elects, a specific effective date for the contribution rate
20 change resulting from the UAL lump-sum payment. Such date must be the first of
21 any month following the employer's intended payment date but may not be more
22 than 12 months after the employer's intended payment date.

1 (3) PERS staff must notify the employer within five business days of receipt of a
2 notification in section (2) of this rule if the notification is incomplete or the process
3 cannot be completed by the earliest intended date of the UAL lump-sum payment.

4 (4) The PERS consulting actuary must provide an invoice charging the employer
5 for the cost of the UAL calculation requested by the employer. At least 30 calendar
6 days before the date the employer intends to make a UAL lump-sum payment, the
7 employer must remit payment for the cost of the UAL calculation directly to the
8 PERS consulting actuary according to the instructions on the invoice. Failure to remit
9 payment according to the terms of this section may result in the PERS consulting
10 actuary not completing the employer’s UAL calculation by the proposed UAL lump-
11 sum payment date.

12 (5) Upon receipt of notification that an employer has made payment in full for
13 the requested UAL calculation, PERS staff shall request that the PERS consulting
14 actuary calculate:

15 (a) For an employer participating in an employer actuarial pool, 100 percent of
16 the employer’s share of the UAL for the employer actuarial pool. This calculation will
17 be:

18 (A) Based on the fair value UAL of the employer actuarial pool, from the most
19 recent actuarial valuation;

20 (B) Based on the employer’s covered salary, as a proportion of the pool, as
21 reported in the most recent actuarial valuation; and

22 (C) Adjusted to reflect the effect of time from the most recent actuarial valuation
23 to the intended date(s) of payment, using generally recognized and accepted actuarial
24 principles and practices.

1 (b) For an employer not participating in an employer actuarial pool, 100 percent
2 of the individual employer’s UAL. This calculation will be:

3 (A) Based on the fair value UAL of the individual employer, from the most recent
4 actuarial valuation; and

5 (B) Adjusted to reflect the effect of time from the most recent actuarial valuation
6 to the intended date(s) of payment, using generally recognized and accepted actuarial
7 principles and practices.

8 (c) For a UAL lump-sum payment to establish a new side account, the effect of
9 the following UAL lump-sum payment amounts on the individual employer’s
10 contribution rates using the one or two potential dates for payment specified by the
11 employer in its notification in section (2) of this rule:

12 (A) 100 percent of the individual employer’s UAL calculated in subsection (5)(a)
13 or (b) of this rule;

14 (B) The UAL lump-sum payment amount specified by the employer in its
15 notification, if provided; and

16 (C) The minimum amount of the UAL lump-sum payment, if any.

17 (d) For a UAL lump-sum payment into an existing side account, the estimated
18 effect of the additional deposit on the individual employer’s contribution rates
19 effective July 1 of the year following publication of the actuarial valuation for the
20 year in which the additional deposit is made.

21 (6) PERS staff must notify the employer in writing of the results of the individual
22 employer’s calculation in section (5) of this rule otherwise designated by the employer
23 under subsection (2)(c) of this rule. In addition, PERS must send the employer a

1 notification describing risks and uncertainties associated with the calculation of the
2 individual employer’s UAL if such notification has not already been provided.

3 (7) The employer must notify PERS Actuarial Services in writing at least three
4 business days before making a UAL lump-sum payment. This notification shall be in
5 addition to the notification in section (2) of this rule and must specify:

6 (a) The amount of the payment;

7 (b) The date the employer intends to make the payment;

8 (c) Whether the payment is to establish a new side account or to be deposited into
9 an existing side account; and

10 (d) If the payment is to be deposited into an existing side account and the
11 employer has more than one side account, which side account is to receive the deposit.

12 (8) For a UAL lump-sum payment to establish a new side account, PERS must
13 receive the correct funds no later than five business days after the intended date of
14 the UAL lump-sum payment specified by the employer in the notification described
15 in section (7) of this rule in order to adjust the employer contribution rate to that
16 reported by PERS in section (6) of this rule.

17 (a) If the UAL lump-sum payment is received by PERS on or before the intended
18 payment date specified in the notification described in section (7) of this rule or
19 within the five business days following the intended payment date, the new employer
20 contribution rate shall be effective for payrolls dated on or after:

21 (A) The first of the month following receipt of the UAL lump-sum payment by
22 PERS; or

23 (B) The date specified by the employer in subsection (2)(c) of this rule, whichever
24 is later.

1 (b) If the UAL lump-sum payment is received by PERS more than five business
2 days after the intended payment date, the employer’s contribution rate shall be
3 adjusted based on the next actuarial valuation after the date of receipt of the UAL
4 lump-sum payment and effective July 1 of the year following publication of that
5 valuation.

6 (c) If the UAL lump-sum payment received is other than any amount specified in
7 the notification under section (7) of this rule, the employer’s contribution rate shall
8 be adjusted to the rate the payment amount fully funds using the actuarial calculation
9 in subsection (5)(c) of this rule.

10 (d) If the UAL lump-sum payment received is less than the minimum amount
11 described in OAR 459-009-0086, the payment will be returned to the employer and no
12 adjustment will be made to the employer contribution rate.

13 (9) When an employer makes a UAL lump-sum payment into an existing side
14 account:

15 (a) The final rate adjustment from the additional UAL lump-sum payment(s) will
16 be calculated in the actuarial valuation for the year in which the payment is made,
17 and will be effective on July 1 of the year following publication of that valuation.

18 (b) The calculation in subsection (9)(a) of this section will supersede any estimate
19 provided in an actuarial calculation under subsection (5)(d) of this rule.

20 (10) Nothing in this rule shall be construed to prevent the Board from:

21 (a) Adjusting employer contribution rates based upon the date of receipt of funds
22 or errors in the notification described in section (7) of this rule; or

23 (b) Taking action pursuant to ORS 238.225.

1 *[Purpose. The purpose of this rule is to establish procedures and requirements for the*
 2 *adjustment of employer contribution rates when an individual public employer*
 3 *participating in an employer actuarial pool makes an unfunded actuarial liability lump-*
 4 *sum payment.*

5 *(1) Definitions. For the purposes of this rule:*

6 *(a) "Amortized Amount" means the amount of a Side Account used to offset*
 7 *contributions due from the employer.*

8 *(b) "Employer Actuarial Pool" means a grouping of employers for actuarial purposes*
 9 *such as the School District and the State and Local Government Rate Pools.*

10 *(c) "Fair Value UAL" means the unfunded actuarial liability calculated using the fair*
 11 *market value of assets.*

12 *(d) "Transition Unfunded Actuarial Liabilities" means the unfunded actuarial*
 13 *liabilities attributed to an individual employer for the period before entry into the Local*
 14 *Government Rate Pool, or the State and Local Government Rate Pool if the employer did*
 15 *not participate in the Local Government Rate Pool.*

16 *(e) "Unfunded Actuarial Liability" or "UAL" means the excess of the actuarial*
 17 *liability over the actuarial value of assets.*

18 *(f) "Unfunded Actuarial Liability Lump-Sum Payment" means any employer payment*
 19 *that is:*

20 *(A) Not regularly scheduled;*

21 *(B) Not paid as a percentage of salary;*

22 *(C) Made for the express purpose of reducing the employer's unfunded actuarial*
 23 *liability; and*

24 *(D) Paid at the employer's election instead of at the PERS Board's direction.*

1 (2) *Lump-sum payment amount. If an individual employer elects to make a UAL lump-*
2 *sum payment under this rule, the payment must be at least 25 percent of the individual*
3 *employer's UAL calculated under section (6) of this rule or \$1 million, whichever is less.*
4 *Alternatively, an employer may elect to pay 100 percent of the individual employer's UAL*
5 *calculated under section (6) of this rule.*

6 (3) *Requirements. In order to make a UAL lump-sum payment, an employer must*
7 *comply with the process described in sections (4) through (10) of this rule.*

8 (4) *Initiating UAL lump-sum payment process. At least 45 calendar days before the*
9 *date the employer intends to make a UAL lump-sum payment, the employer must notify the*
10 *PERS Employer Liability Coordinator in writing that it intends to make a UAL lump-sum*
11 *payment. The notification must specify:*

12 (a) *The amount of the intended lump-sum payment;*

13 (b) *Whether the intended payment is to be for 100 percent of the individual employer's*
14 *calculated UAL; and*

15 (c) *No more than two potential dates for the payment. PERS staff must notify the*
16 *employer within five business days of receipt of the notification if the notification is*
17 *incomplete or the process cannot be completed by the intended dates of the UAL lump-sum*
18 *payment.*

19 (5) *Payment to the actuary. The PERS consulting actuary must provide an invoice*
20 *charging the employer for the cost of the actuarial liability calculation requested by the*
21 *employer. At least 30 calendar days before the date the employer intends to make a UAL*
22 *lump-sum payment, the employer must remit payment for the cost of the UAL calculation*
23 *directly to the PERS consulting actuary according to the instructions on the invoice.*

24 *Failure to remit payment according to the terms of this section may result in the PERS*

1 consulting actuary not completing the employer's UAL calculation by the proposed UAL
2 lump-sum payment date.

3 (6) Calculation of the individual employer's UAL. Upon receipt of a complete
4 notification and verification of payment to the actuary for actuarial services, PERS staff
5 shall request that the PERS consulting actuary calculate:

6 (a) 100 percent of the employer's share of the UAL for the employer actuarial pool in
7 which the employer is participating. This calculation must be:

8 (A) Based on the fair value UAL of the actuarial pool in which the employer
9 participates, from the most recent actuarial valuation;

10 (B) Based on the covered salary, as a proportion of the pool, reported by the employer
11 for the year of most recent actuarial valuation; and

12 (C) Adjusted to reflect the effect of time from the most recent actuarial valuation to
13 the intended date(s) of payment, using generally recognized and accepted actuarial
14 principles and practices.

15 (b) The effect of the following UAL lump-sum payment amounts on the individual
16 employer's contribution rate using the one or two potential dates for payment specified by
17 the employer in its notification in section (4) above:

18 (A) 100 percent of the individual employer's UAL calculated in subsection (6)(a) of
19 this rule;

20 (B) The UAL lump-sum payment amount specified by the employer in its notification,
21 if provided; and

22 (C) The minimum amount of the UAL lump-sum payment under section (2) of this rule.

23 (7) Notification of calculation. PERS staff must notify the employer in writing of the
24 results of the individual employer's calculation in section (6) above, including the effective

1 *date(s) for the reduced employer contribution rates based on the one or two potential dates*
 2 *for payment. In addition, PERS must send the employer a notification describing risks and*
 3 *uncertainties associated with the calculation of the individual employer's UAL.*

4 *(8) Notification of UAL lump-sum payment. The employer or its agent must notify the*
 5 *PERS Employer Liability Coordinator in writing at least three business days before*
 6 *making a UAL lump-sum payment. This notification shall be in addition to the notification*
 7 *in section (4) of this rule and must specify the amount of the payment and the date it*
 8 *intends to make the payment.*

9 *(9) Method of payment. A UAL lump-sum payment must be made by either electronic*
 10 *transfer or check payable to the Public Employees Retirement System.*

11 *(10) Receipt of UAL lump-sum payment. In order to adjust the employer contribution*
 12 *rate to that reported by PERS in section (7) of this rule, PERS must receive the correct*
 13 *funds no later than five business days after the corresponding intended date of the UAL*
 14 *lump-sum payment specified in the notification described in section (8) of this rule.*

15 *(a) If the UAL lump-sum payment is received by PERS on or before the intended date*
 16 *specified in the notification described in section (8) of this rule or within the five business*
 17 *days following the intended date, the new employer contribution rate shall be effective for*
 18 *payrolls dated on or after:*

19 *(A) The date specified in the notification; or*

20 *(B) The first of the month following receipt of the UAL lump-sum payment by PERS,*
 21 *whichever is later.*

22 *(b) If the UAL lump-sum payment is received by PERS more than five business days*
 23 *after the intended payment date, the employer's contribution rate shall be adjusted in the*
 24 *next actuarial valuation based on the date of receipt of the UAL lump-sum payment.*

1 (c) If the UAL lump-sum payment received is other than any amount specified in the
2 notification under section (8) of this rule, the employer's contribution rate shall be
3 adjusted to the rate the payment amount fully funds using the actuarial calculation in
4 subsection (6)(b) of this rule.

5 (d) If the UAL lump-sum payment received is less than the minimum amount described
6 in section (2) of this rule, the funds will be returned to the employer and no adjustment will
7 be made to the employer contribution rate.

8 (e) Nothing in this rule shall be construed to prevent the Board from:

9 (A) Adjusting employer contribution rates based upon the date of receipt of funds or
10 errors in the notification described in section (7) of this rule; or

11 (B) Taking action pursuant to ORS 238.225.

12 (11) Actuarial treatment of the UAL lump-sum payment. For actuarial purposes, the
13 UAL lump-sum payment made by the employer shall first be applied to any transition
14 unfunded actuarial liabilities. The remainder of the payment shall be held in a side
15 account to offset any pooled unfunded actuarial liabilities and shall be treated as pre-
16 funded contributions and additional assets for the payment of obligations of the employer
17 under ORS chapters 238 or 238A, rather than as a reduction of those obligations of that
18 employer.

19 (12) Side Account. The amount of an UAL lump-sum payment shall be held in a Side
20 Account for the benefit of the employer making the UAL lump-sum payment. The amortized
21 amount for each payroll reporting period shall be transferred from the Side Account to the
22 appropriate employer actuarial pool in which the employer is participating.

23 (13) Crediting earnings or losses. Side accounts shall be credited with earnings and
24 losses in accordance with OAR 459-007-0530.

1 *(14) Nothing in this rule shall be construed to convey to an employer making a UAL*
2 *lump-sum payment any proprietary interest in the Public Employees Retirement Fund or in*
3 *the UAL lump-sum payment made to the fund by the employer.]*

4 Stat. Auth.: ORS 238.650

5 Stats. Implemented: ORS 238.225 - 238.229

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER

1 459-009-0085

2 Employer Unfunded Actuarial Liability Lump-Sum Payments Without an Actuarial
3 Calculation *[by Employers Not Participating in an Employer Actuarial Pool]*

4 The words and phrases used in this rule have the same meaning given them in
5 OAR 459-009-0086.

6 (1) An actuarial calculation is not required if an employer intends to make a
7 UAL lump-sum payment:

8 (a) Into an existing side account; or

9 (b) Into a new side account without specifying a new employer contribution rate
10 effective date.

11 (2) An employer intending to make a UAL lump-sum payment to establish a
12 new side account under this rule must notify PERS Actuarial Services of the amount
13 of the intended lump-sum payment at least 30 calendar days before the date of the
14 payment.

15 (3) PERS staff must notify the employer within five business days of receipt of
16 the notification if the notification is incomplete.

17 (4) Upon receipt of the notification required under section (2) of this rule, PERS
18 staff shall calculate the minimum payment required under OAR 459-009-0086 based
19 on:

20 (a) For employers participating in an employer actuarial pool, 100 percent of
21 the employer’s share of the UAL for the employer actuarial pool. This calculation
22 will be determined by:

1 (A) The fair value UAL of the employer actuarial pool, from the most recent
2 actuarial valuation; and

3 (B) The employer’s covered salary, as a proportion of the pool, as reported in
4 the most recent actuarial valuation.

5 (b) For employers not participating in an employer actuarial pool, the
6 individual employer’s fair value UAL from the most recent actuarial valuation.

7 (5) Notification of calculation. PERS staff must notify the employer in writing
8 of the results of PERS staff’s calculation in subsection (4)(a) or (b) of this rule. In
9 addition, PERS must send the employer a notification describing risks and
10 uncertainties associated with the calculation of the individual employer’s UAL if
11 such notification has not already been provided.

12 (6) Employers making a UAL lump-sum payment into an existing side account
13 and employers making a UAL lump-sum payment into a new side account as
14 noticed under section (2) of this rule must notify PERS Actuarial Services in writing
15 at least three business days before making a UAL lump-sum payment and specify:

16 (a) The amount of the payment;

17 (b) The date the employer intends to make the payment;

18 (c) Whether the payment is to establish a new side account or to be deposited
19 into an existing side account; and

20 (d) If the payment is to be deposited into an existing side account and the
21 employer has more than one side account, which side account is to receive the
22 deposit.

23 (7) For a UAL lump-sum payment under this rule, whether the payment is to
24 establish a new side account or is added to an existing side account, the adjustment

1 to the employer rates will be calculated in the actuarial valuation for the year in
2 which the UAL lump-sum payment is made, and will be effective on July 1 of the
3 year following publication of that valuation.

4 (8) Nothing in this rule shall be construed to prevent the PERS Board from
5 taking action pursuant to ORS 238.225.

6 *[Purpose. The purpose of this rule is to establish procedures and requirements for*
7 *the adjustment of employer contribution rates when an individual public employer not*
8 *participating in an actuarial group makes an unfunded actuarial liability lump-sum*
9 *payment.*

10 *(1) Definitions. For the purposes of this rule:*

11 *(a) "Amortized Amount" means the amount of a Side Account used to offset*
12 *contributions due from the employer.*

13 *(b) "Fair Value UAL" means the unfunded actuarial liability calculated using the*
14 *fair market value of assets.*

15 *(c) "Unfunded Actuarial Liability" or "UAL" means the excess of the actuarial*
16 *liability over the actuarial value of assets.*

17 *(d) "Unfunded Actuarial Liability Lump-Sum Payment" means any employer*
18 *payment that is:*

19 *(A) Not regularly scheduled;*

20 *(B) Not paid as a percentage of salary;*

21 *(C) Made for the express purpose of reducing the employer's unfunded actuarial*
22 *liability; and*

23 *(D) Paid at the employer's election instead of at the PERS Board's direction.*

1 (2) Lump-sum payment amount. If an employer elects to make a UAL lump-sum
2 payment under this rule, the payment must be at least 25 percent of the employer's UAL
3 calculated under section (6) of this rule or \$1 million, whichever is less. Alternatively, an
4 employer may elect to pay 100 percent of the employer's UAL calculated under section
5 (6) of this rule.

6 (3) Requirements. In order to make a UAL lump-sum payment, an employer must
7 comply with the process described in sections (4) through (10) of this rule.

8 (4) Initiating UAL lump-sum payment process. At least 45 calendar days before the
9 date the employer intends to make a UAL lump-sum payment, the employer shall notify
10 the PERS Employer Liability Coordinator in writing that it intends to make a UAL lump-
11 sum payment. The notification shall specify:

12 (a) The amount of the intended lump-sum payment;

13 (b) Whether the intended payment is to be for 100 percent of the employer's
14 calculated UAL; and

15 (c) No more than two potential dates for the payment. PERS staff must notify the
16 employer within five business days of receipt of the notification if the notification is
17 incomplete or the process cannot be completed by the intended dates of the UAL lump-
18 sum payment.

19 (5) Payment to the actuary. The PERS consulting actuary must provide an invoice
20 charging the employer for the cost of the actuarial liability calculation requested by the
21 employer. At least 30 calendar days before the date the employer intends to make a UAL
22 lump-sum payment, the employer must remit payment for the cost of the UAL calculation
23 directly to the PERS consulting actuary according to the instructions on the invoice.

24 Failure to remit payment according to the terms of this section may result in the PERS

1 consulting actuary not completing the employer's UAL calculation by the proposed UAL
2 lump-sum payment date.

3 (6) Calculation of an employer's UAL. Upon receipt of a complete notification and
4 verification of payment to the actuary for actuarial services, PERS staff shall request that
5 the PERS consulting actuary calculate:

6 (a) 100 percent of the employer's UAL. This calculation must be:

7 (A) Based on the fair value UAL from the most recent actuarial valuation; and

8 (B) Adjusted to reflect the effect of time from the most recent actuarial valuation to
9 the intended date(s) of payment, using generally recognized and accepted actuarial
10 principles and practices.

11 (b) The effect of the following UAL lump-sum payment amounts on the employer's
12 contribution rate using the one or two potential dates for payment specified by the
13 employer in its notification in section (4) above:

14 (A) 100 percent of the employer's UAL calculated in subsection (6)(a) of this rule;

15 (B) The UAL lump-sum payment amount specified by the employer in its notification,
16 if provided; and

17 (C) The minimum amount of the UAL lump-sum payment under section (2) of this
18 rule.

19 (7) Notification of calculation. PERS staff must notify the employer in writing of the
20 results of the employer's calculation in section (6) above, including the effective date(s)
21 for the reduced employer contribution rates based on the one or two potential dates for
22 payment. In addition, PERS must send the employer a notification describing risks and
23 uncertainties associated with the calculation of the individual employer's UAL.

1 (8) Notification of UAL lump-sum payment. The employer or its agent must notify the
2 PERS Employer Liability Coordinator in writing at least three business days before
3 making a UAL lump-sum payment. This notification shall be in addition to the
4 notification in section (4) of this rule and must specify the amount of the payment and the
5 date it intends to make the payment.

6 (9) Method of payment. A UAL lump-sum payment must be made by either electronic
7 transfer or check payable to the Public Employees Retirement System.

8 (10) Receipt of UAL lump-sum payment. In order to adjust the employer contribution
9 rate to that reported by PERS in section (7) of this rule, PERS must receive the correct
10 funds no later than five business days after the corresponding intended date of the UAL
11 lump-sum payment specified in the notification described in section (8) of this rule.

12 (a) If the UAL lump-sum payment is received by PERS on or before the intended
13 date specified in the notification described in section (8) of this rule or within the five
14 business days following the intended date, the new employer contribution rate will be
15 effective for payrolls dated on or after:

16 (A) The date specified in the notification; or

17 (B) The first of the month following receipt of the UAL lump-sum payment by PERS,
18 whichever is later.

19 (b) If the UAL lump-sum payment is received by PERS more than five business days
20 after the intended payment date, the employer's contribution rate shall be adjusted in the
21 next actuarial valuation based on the date of receipt of the UAL lump-sum payment.

22 (c) If the UAL lump-sum payment received is other than any amount specified in the
23 notification under section (8) of this rule, the employer's contribution rate shall be

1 *adjusted to the rate the payment amount fully funds using the actuarial calculation in*
2 *subsection (6)(b) of this rule.*

3 *(d) If the UAL lump-sum payment received is less than the minimum amount*
4 *described in section (2) of this rule, the funds will be returned to the employer and no*
5 *adjustment will be made to the employer contribution rate.*

6 *(e) Nothing in this rule shall be construed to prevent the Board from:*

7 *(A) Adjusting employer contribution rates based upon the date of receipt of funds or*
8 *errors in the notification described in section (7) of this rule; or*

9 *(B) Taking action pursuant to ORS 238.225.*

10 *(11) Actuarial treatment of the UAL lump-sum payment. For actuarial purposes, the*
11 *UAL lump-sum payment made by the employer shall be treated as pre-funded*
12 *contributions and additional assets for the payment of obligations of the employer under*
13 *ORS chapters 238 or 238A, rather than as a reduction of those obligations.*

14 *(12) Side Account. The UAL lump-sum payment shall be held in a Side Account for*
15 *the benefit of the employer making the UAL lump-sum payment. The amortized amount*
16 *for each payroll reporting period shall be transferred from the Side Account to the*
17 *employer's Employer Contribution Account.*

18 *(13) Crediting earnings or losses. Side accounts shall be credited with earnings and*
19 *losses in accordance with OAR 459-007-0530.*

20 *(14) Nothing in this rule shall be construed to convey to an employer making a UAL*
21 *lump-sum payment any proprietary interest in the Public Employees Retirement Fund or*
22 *in the UAL lump-sum payment made to the fund by the employer.]*

23 **Stat. Auth.: ORS 238.650**

24 **Stats. Implemented: ORS 238.225 - 238.229**

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER

1 459-009-0086

2 Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally

3 (1) Definitions. For the purposes of this rule:

4 (a) “Amortized amount” means the amount of a side account used to offset
5 pension contributions due from the employer.

6 (b) “Employer actuarial pool” means a grouping of employers for actuarial
7 purposes such as the School District Pool and the State and Local Government Rate
8 Pool.

9 (c) “Fair value UAL” means the unfunded actuarial liability calculated using the
10 fair market value of assets.

11 (d) “Side account” means an account in the Public Employees Retirement Fund
12 into which a UAL lump-sum payment that is not used to satisfy a transition liability is
13 deposited.

14 (e) “Transition liability” means the unfunded actuarial liability attributed to an
15 individual employer for the period before entry into the State and Local Government
16 Rate Pool.

17 (f) “Transition surplus” means the actuarial surplus attributed to an individual
18 employer for the period before entry into the State and Local Government Rate Pool.

19 (g) “Unfunded actuarial liability” or “UAL” means the excess of the actuarial
20 liability over the actuarial value of assets for the specified pension program.

21 (h) “UAL lump-sum payment” means any employer payment that is:

22 (A) Not regularly scheduled;

1 (B) Not paid as a percentage of salary;

2 (C) Made for the express purpose of reducing the pension contributions that
3 would otherwise be required from the employer, or reducing or paying off the
4 employer's transition liability; and

5 (D) Paid at the employer's election instead of at the PERS Board's direction.

6 (2) A UAL lump-sum payment must be made by either wire transfer or check
7 payable to the Public Employees Retirement System.

8 (3) An employer may make a UAL lump-sum payment to pay 100 percent of its
9 transition liability.

10 (4) A UAL lump-sum payment shall first be applied to the employer's transition
11 liability, if any. The remainder of the payment, if any, shall be held in a side account.

12 (5) An actuarial calculation must be performed prior to an employer making a
13 UAL lump-sum payment if the employer:

14 (a) Has a transition liability;

15 (b) Intends to establish a new side account with rate relief beginning on a date
16 specified by the employer; or

17 (c) Requests an actuarial calculation where a calculation is not otherwise
18 required.

19 (6) The amount of a UAL lump-sum payment that is held in a side account will
20 be used to reduce the pension contributions that would otherwise be required from
21 the employer making the UAL lump-sum payment. The amortized amount for each
22 payroll reporting period shall be transferred from the side account to the appropriate
23 employer reserve account.

1 (7) The minimum UAL lump-sum payment required to establish a new side
2 account is the lesser of:

3 (a) 25 percent of the individual employer’s UAL calculated under OAR 459-009-
4 0084 or 459-009-0085; or

5 (b) \$250,000.

6 (8) An employer with one or more existing side accounts may make additional
7 UAL lump-sum payments into such side account(s).

8 (a) An employer may not make more than two additional UAL lump-sum
9 payments per side account in a calendar year.

10 (b) Additional UAL lump-sum payments into an existing side account will not
11 affect the amortization period of the existing side account.

12 (c) Adjustment to the employer’s contribution rates from a UAL lump-sum
13 payment into an existing side account will be effective on July 1 of the calendar year
14 following completion of the actuarial valuation for the year in which the additional
15 deposit is made.

16 (9) Each employer side account shall be charged an administration fee of \$1,500
17 for the year in which the side account is established, and \$500 per year thereafter.

18 (10) Side accounts shall be credited with earnings and losses in accordance with
19 OAR 459-007-0530.

20 (11) Nothing in this rule shall be construed to prevent the PERS Board from
21 taking action pursuant to ORS 238.225.

22 (12) Nothing in this rule shall be construed to convey to an employer making a
23 UAL lump-sum payment any proprietary interest in the Public Employees

1 Retirement Fund or in the UAL lump-sum payment made to the fund by the
2 employer.

3 Stat. Auth.: ORS 238.650

4 Stats. Implemented: ORS 238.225 - 238.229

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER**

1 **459-009-0090**

2 **Surplus Lump-Sum Payments by Employers**

3 Purpose. The purpose of this rule is to establish procedures and requirements for the
4 adjustment of employer contribution rates when an individual public employer that does
5 not have an existing unfunded actuarial liability (UAL) makes a lump-sum payment. An
6 employer with an existing unfunded actuarial liability must first submit a lump-sum
7 payment for the full amount of that unfunded actuarial liability under OAR 459-009-0084
8 or 459-009-0085, as applicable, before the employer may make a payment under this
9 rule.

10 (1) Definitions. For the purposes of this rule:

11 (a) “Actuarial **[S]**urplus” means the excess of the actuarial value of an employer’s
12 assets over the employer’s actuarial liability.

13 (b) “Allocated **[A]**ctuarial **[L]**iability” means the actuarial liability calculated using
14 the fair market value of assets.

15 (c) “Amortized **[A]**mount” means the amount of a **[S]**ide **[A]**ccount used to offset
16 contributions due from the employer.

17 (d) “IAP” means the Individual Account Program of the Oregon Public Service
18 Retirement Plan.

19 (e) “Pension **[P]**rogram **[C]**ontribution~~**[s]**~~” means the total calculated employer
20 contribution due in any reporting period for both the Chapter 238 and OPSRP pension
21 programs, excluding any IAP or retiree health insurance program contribution due.

1 (f) “Side account” means an account in the Public Employees Retirement Fund
2 into which a UAL lump-sum payment is deposited.

3 ~~[(f)](g)~~ “Surplus ~~[L]~~lump-~~[S]~~sum ~~[P]~~payment” means any employer payment that
4 is:

- 5 (A) Not regularly scheduled;
- 6 (B) Not paid as a percentage of salary;
- 7 (C) Made for the express purpose of creating an actuarial surplus or increasing an
8 existing actuarial surplus; and
- 9 (D) Paid at the employer’s election instead of at the PERS Board’s direction.

10 ~~[(g)](h)~~ “UAL” or “Unfunded ~~[A]~~actuarial ~~[L]~~liability” means the excess of the
11 actuarial liability over the actuarial value of assets.

12 ~~[(h)](i)~~ “UAL ~~[L]~~lump-~~[S]~~sum ~~[P]~~payment” means any employer payment:

- 13 (A) That is not regularly scheduled;
- 14 (B) That is not paid as a percentage of salary;
- 15 (C) That is made for the express purpose of reducing the employer’s unfunded
16 actuarial liability; and
- 17 (D) Where the employer has control over the timing or whether to make the
18 payment.

19 (2) For employers with an existing UAL that wish to make a payment in excess of
20 the existing UAL, the surplus lump-sum payment must be made after and separately from
21 the UAL lump-sum payment. ~~[and t]~~The provisions of this rule apply only to the surplus
22 lump-sum payment.

1 (3) Limitation on surplus lump-sum payments. An employer may make only one
2 payment per every three calendar years under the provisions of this rule.

3 (4) Minimum surplus lump-sum payment amount. If an individual employer elects to
4 make a surplus lump-sum payment under this rule, the payment must result in a 50 basis
5 point reduction in the employer’s pension program contribution rate based on the
6 individual employer’s reported payroll in the most recent actuarial valuation.

7 (5) Maximum surplus lump-sum payment amount. If an individual employer elects
8 to make a surplus lump-sum payment under this rule, the payment may not be greater
9 than the amount required to bring the employer’s lowest pension program contribution
10 rate to zero based upon the individual employer’s reported payroll in the most recent
11 actuarial valuation.

12 (6) Requirements. In order to make a surplus lump-sum payment, an employer must
13 comply with the process described in sections (7) through (15) of this rule.

14 (7) Initiating surplus lump-sum payment process. At least 45 calendar days before
15 the date the employer intends to make a surplus lump-sum payment, the employer must
16 notify *[the]* PERS Actuarial Services *[Employer Liability Coordinator]* in writing that it
17 intends to make a surplus lump-sum payment. The notification must specify:

18 (a) Whether the intended payment shall be for the maximum payment amount as
19 provided in section (5) of this rule, or, if other than the maximum amount, the percent of
20 payroll reduction in the individual employer’s rate or dollar amount of the intended
21 payment; and

22 (b) No more than two potential dates for the payment.

1 (8) PERS staff must notify the employer within five business days of receipt of the
2 notification if the notification is incomplete or the process cannot be completed by
3 the earliest intended date~~[(s)]~~ of the surplus lump-sum payment.

4 (9) Payment to the actuary. The PERS consulting actuary must provide an invoice
5 charging the employer for the cost of the rate reduction calculation requested by the
6 employer. At least 30 calendar days before the date the employer intends to make a
7 surplus lump-sum payment, the employer must remit payment for the cost of the rate
8 reduction calculation directly to the PERS consulting actuary according to the
9 instructions on the invoice. Failure to remit payment according to the terms of this
10 section may result in the PERS consulting actuary not completing the employer’s rate
11 reduction calculation by the proposed surplus lump-sum payment date.

12 (10) Calculation of the individual employer’s actuarial liability. Upon receipt of *[a*
13 *complete notification and verification of payment to the actuary for actuarial*
14 *services]* notification that the employer has submitted payment in full to the PERS
15 actuary for the requested UAL calculation, PERS staff shall request that the PERS
16 consulting actuary calculate:

17 (a) The minimum amount of the surplus lump-sum payment under section (4) of this
18 rule;

19 (b) The maximum amount of the surplus lump-sum payment under section (5) of this
20 rule;

21 (c) The alternative percentage or dollar amount specified by the employer in its
22 notification under section (7) of this rule; and

1 (d) The effect of each of the amounts calculated in subsections (a) to (d) of this
2 section on the individual employer’s contribution rate using the potential date(s) for
3 payment specified by the employer in its notification.

4 (11) The calculations described in section (10) of this rule must be:

5 (a) Based on the individual employer’s *[pension]* PERS Chapter 238 and OPSRP
6 Pension program contribution rates from the most recent rate setting actuarial valuation;

7 (b) Based on the covered salary, for the individual employer or as a proportion of
8 the actuarial pool in which the employer participates, as applicable, reported by the
9 employer for the year of the most recent actuarial valuation; and

10 (c) Adjusted to reflect the effect of time from the most recent actuarial valuation to
11 the intended date(s) of payment, using generally recognized and accepted actuarial
12 principles and practices.

13 (12) Notification of calculation. PERS staff must notify the employer in writing of
14 the results of the individual employer’s calculation under section (10). In addition, PERS
15 must send the employer a notification describing risks and uncertainties associated with
16 making a lump-sum payment.

17 (13) Notification of payment. The employer *[or its agent]* must notify *[the]*
18 PERS Actuarial Services *[Employer Liability Coordinator]* in writing at least
19 *[three]* five business days before making a surplus lump-sum payment. This notification
20 must be in addition to the notification in section (7) of this rule and must specify the
21 dollar amount of the payment and the date the employer intends to make the payment.

22 (14) Method of payment. A surplus lump-sum payment must be made by either
23 *[electronic]* wire transfer or check payable to the Public Employees Retirement System.

1 (15) Receipt of payment. In order to adjust the employer contribution rate to that
2 reported by PERS in section (12) of this rule, PERS must receive the correct funds no
3 later than five business days after the corresponding intended date of the surplus lump-
4 sum payment specified in the notification described in section (13) of this rule.

5 (a) If the surplus lump-sum payment is received by PERS on or before the intended
6 date specified in the notification described in section (13) of this rule or within the five
7 business days following the intended date, the new employer contribution rate shall be
8 effective for payrolls dated on or after the first of the month following receipt of the
9 payment by PERS.

10 (b) If the surplus lump-sum payment is received by PERS more than five business
11 days after the intended payment date, the employer’s contribution rate shall be adjusted
12 *[in] based on* the next actuarial valuation *[based on] after* the date of receipt of the
13 payment and will be effective on July 1 of the year following publication of the
14 actuarial valuation.

15 (c) Except as provided in subsection (15)(d), if the surplus lump-sum payment
16 received by PERS is other than any amount specified in the notification under section
17 (13) of this rule, the employer’s contribution rate shall be adjusted to the rate the payment
18 amount fully funds using the actuarial calculation in section (10) of this rule.

19 (d) If the surplus lump-sum payment received by PERS is less than the minimum
20 amount described in section (4) of this rule, or greater than the maximum amount
21 described in section (5) of this rule, the *[funds] payment* shall be returned to the
22 employer and no adjustment shall be made to the employer contribution rate.

23 (e) Nothing in this rule shall be construed to prevent the Board from:

1 (A) Adjusting employer contribution rates based upon the date of receipt of funds or
2 errors in the notification described in section (12) of this rule; or

3 (B) Taking action pursuant to ORS 238.225.

4 (16) Actuarial treatment of the payment. For actuarial purposes, the surplus lump-
5 sum payment made by the employer shall be treated as pre-funded contributions and
6 additional assets for the payment of obligations of the employer under ORS Chapters 238
7 or 238A, rather than as a reduction of those obligations.

8 (17) Side *[A]*account. The surplus lump-sum payment shall be held in a *[S]*side
9 *[A]*account for the benefit of the employer making the surplus lump-sum payment. The
10 amortized amount for each payroll reporting period shall be applied from the *[S]*side
11 *[A]*account to the **employer reserve**. *[Employer Contribution Account of the individual*
12 *employer or of the employer actuarial pool in which the employer is participating, as*
13 *applicable. The side account amortization period shall be equal to the remaining period*
14 *that new Tier One and Tier Two gains and losses were amortized in the last rate-setting*
15 *valuation.]*

16 (18) Crediting earnings or losses. Side accounts shall be credited with earnings and
17 losses in accordance with OAR 459-007-0530.

18 (19) Nothing in this rule shall be construed to convey to an employer making a
19 surplus lump-sum payment any proprietary interest in the Public Employees Retirement
20 Fund or in the surplus lump-sum payment made to the fund by the employer.

21 Stat. Auth.: ORS 238.650

22 Stats. Implemented: ORS 238.225 - 238.229

From: Brewer, Nancy <Nancy.Brewer@corvallisoregon.gov>
Sent: Thursday, June 29, 2017 11:32 AM
To: Daniel Rivas
Subject: Comments on Admin Rules regarding side accounts

As requested at the hearing on Tuesday, here are my written comments:

OAR 459-009-0090 – Surplus Lump-Sum Payments by Employers

This rule has a stated purpose of applying only to employers who do not have a UAL. It is not clear to me whether this would apply only to individually rated employers with no UAL, or if it would also apply to pooled entities with no UAL. If it applies to pooled entities, I think the rule needs to be clear about how existing side accounts will be treated in relation to each entities' share of the pooled UAL. For example, if an employer has existing side account balance(s) that equal or exceed their calculated share of the UAL, would an additional deposit fall under this OAR?

Second comment – Page 2 line 19 – this states an employer can only make one deposit every three years. However, I thought we were trying to allow deposits more frequently. Is there a reason to keep this clause? Could it be modified to only accept one extra deposit per year?

OAR 459-009-0084 – Unfunded Actuarial Liability Lump-Sum Payments by Employers Participating in an Employer Actuarial Pool

I had expected the amount of lump-sum payments (section begins on page 2, line 8) would be lower than the 25% of the UAL/\$1 million whichever is less. I believe small employers, in particular, were hoping to be able to make smaller payments that may be well below the 25% threshold.

I had hoped that this rule would allow for more than one deposit into a side account, but understand that since no bill changing the language in ORS 239.229 has moved in this year's legislative session (at least as of today) this will not happen.

Finally, I believe there would be some benefit in providing guidance to an employer on where to find a proxy figure for what the Actuary would determine to be the UAL/Transition Liability. As the rule stands now, an employer would need to advise PERS Actuarial Services of 2 potential dates for making payment and pay costs for the Actuary BEFORE they may have an idea of whether they can/will make a supplemental payment. This process works OK when entities plan to issue pension obligation bonds

to make large supplemental payments. However, part of the discussion around this issue has included a desire for an employer to use unexpected operating funds, in smaller dollar increments, to make a supplemental deposit. I believe it would be helpful to remind employers that a close estimate for Transition Liabilities can be found in the employer's most recent rating. I also believe, and hope this is correct, that the employer's most recent GASB 68 information would be a starting approximation for the employer's share of the pooled UAL. Perhaps this is done by Actuarial Services when a call is made, but if I was looking at making a supplemental payment with unexpected resources, I would want to know what my ballpark payment would be before incurring costs for an actuarially accurate amount and discovering I do not have anywhere near the resources to meet the thresholds for payment. Perhaps adding this information would be helpful.

Thank you for your time.

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From: Brewer, Nancy [mailto:Nancy.Brewer@corvallisoregon.gov]

Sent: Friday, November 03, 2017 4:36 PM

To: 'Daniel Rivas'

Cc: 'stephanie.vaughn@pers.state.or.us'; 'yong.yang@pers.state.or.us'; 'debra.hembree@pers.state.or.us'; Samuels, Carol

Subject: RE: PERS Employer Side Account administrative rules [EXTERNAL]

I have the following comments on the draft rules:

Communications in writing:

Cited in 459-009-0085 Section 2; 459-009-0084 Section 2; 459-009-0084 Section 7.

Is it possible to clarify in the rules whether email is an acceptable form of communication and if so to add an email address? If not, and it needs to be a formal letter, can an address be added so we don't have to look it up?

Timing:

Cited in 459-009-0085 Section 5 – is there a timeline for when PERS staff will notify employers of the results of the calculation? There seem to be timelines on other steps.

Cited in 459-009-0084 Section 4 – if employers file the request 45 days before payment (section 2), but have to receive and pay the invoice to the actuary at least 30 days before payment, there will only be 15 calendar days (10-11 working days) for PERS staff to approve (up to 5 days) and for the Actuary to issue an invoice and the employer to pay. This seems fairly short to me.

Side Accounts:

Cited in 459-009-0085 Section 6(d); 459-009-0084 Section 7(d) – How would an employer designate which existing side account to deposit monies into? Maybe I have not paid attention – are they named or dated or something?

Actuarial Valuation:

Cited in 459-009-0085 Section 7; 459-009-0086 Section 8(c); 459-009-0084 Section 5(d), Section 8 (b), and 9(a)

Is the actuarial valuation used in this case the rate setting valuation or would it also include the interim advisory valuation? I think the rules should be clear.

Thank you for the opportunity to comment.

Nancy Brewer

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From: Samuels, Carol <Carol.E.Samuels@pjc.com>
Sent: Saturday, November 04, 2017 9:56 AM
To: Brewer, Nancy; Daniel Rivas
Cc: Stephanie Vaughn; Yong Yang; Debra E. Hembree; Spengler, Jeb
Subject: RE: PERS Employer Side Account administrative rules [EXTERNAL]
Attachments: 459-009-0086 - Piper Jaffray comments.docx; Revisions to 459-009-0084 - Piper Jaffray Comments.docx; Revisions to 459-009-0085 - Piper Jaffray Comments.docx

I am not certain of the protocol on making comments, so have attached marked versions of my comments for each rule. In some cases, I have simply added what seemed to me to be clarifying language. My more substantive comments can be summarized as follows:

0086

- Mostly clarifying comments and explanations, see attached.
- Would these rules apply if an employer did not have a UAL? I believe there was an opportunity for employers to make lump sum payments previously, and I didn't see that option in any of these rules.

0084

- Clarifying that the employer may request the actuary run multiple analyses for different deposits (with fees for that calculation)
- Echoing Nancy's comment below, it would be helpful to have PERS provide a timeline for delivery of the actuarial calculation if the employer's requested timeline will not work. This is particularly important if the employer is planning on using bonds to fund the account and wants to time the bond sale to when the actuarial calculation will be available. However, I disagree with the assessment that the 45 days/30 days/5 days timeline is too short – in the past, this has worked well as a target, and when it hasn't worked, employers have adjusted to what was possible from the actuary. I would hate to see a longer timeline in the rule. This seems like a good goal to me.
- There is no detail about how the actuary's fees will be calculated. I seem to recall in the past that there was a fixed fee for a certain amount of calculations, with additional fees for additional calculations.
- I've suggested that an employer in the SLGRP, or considering joining the SLGRP can request that the TL be calculated. I don't know if the actuary needs to do that or if that's something staff can do?
- The existing text states that only those employers setting up a new side account can receive the rate reduction information from the actuary. That should be changed to cover all deposits, whether to a new or an existing side account, or if they want to pay off the TL, if an employer is willing to pay for the analysis.

0085

- There is a mention here of a statement of risks of the sizing of the lump sum deposit. It used to be that PERS would send out a broader statement of risks of making lump sum deposits (i.e., investment risks) that was largely targeted at bond funded deposits, but I would think would be appropriate to send in all cases.
- The language of the calculation seems to suggest that it will result in what 100% of the UAL, not the minimum. I think that is not the intent?

Thank you for the opportunity to comment. I apologize again for the lateness of this submission.

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OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER

1 **459-009-0084**

2 **Employer Unfunded Actuarial Liability Lump-Sum Payments With an Actuarial**
3 **Calculation *[by Employers Participating in an Employer Actuarial Pool]***

4 **The words and phrases used in this rule have the same meaning given them in**
5 **OAR 459-009-0086.**

6 **(1) An actuarial calculation is required before an employer may make a UAL**
7 **lump-sum payment if the employer:**

8 **(a) Has a transition liability;**

9 **(b) Intends to establish a new side account with a new employer contribution rate**
10 **as of a date specified by the employer; or**

11 **(c) Has requested an actuarial calculation where a calculation is not otherwise**
12 **required.**

13 **(2) At least 45 calendar days before the date the employer intends to make a UAL**
14 **lump-sum payment with an actuarial calculation, the employer must notify PERS**
15 **Actuarial Services in writing that it intends to make such a UAL lump-sum payment.**

16 **The notification must specify:**

17 **(a) The *estimated* amount of the intended lump-sum payment. The employer**
18 **may request the actuary calculate multiple amounts in accordance with the actuarial**
19 **fee schedule;**

20 **(b) No more than two potential dates for the payment; and**

21 **(c) If the employer so elects, a specific effective date for the contribution rate**
22 **change resulting from the UAL lump-sum payment. Such date must be *no earlier***

Comment [SC1]: What if want to pay more for more calculations?

1 than the first of any month following the employer’s intended payment date but may
2 not be more than 12 months after the employer’s intended payment date.

3 (3) PERS staff must notify the employer within five business days of receipt of a
4 notification in section (2) of this rule if the notification is incomplete or the process
5 cannot be completed by the earliest intended date of the UAL lump-sum payment.

6 Should the process not be able to be completed by the earliest intended date, PERS
7 staff must notify the employer of the expected timeline for completion.

8 (4) The PERS consulting actuary must provide an invoice to the employer
9 charging the employer for the cost of the UAL calculation requested by the employer.

10 At least 30 calendar days before the date the employer intends to make a UAL lump-
11 sum payment, the employer must remit payment for the cost of the UAL calculation
12 directly to the PERS consulting actuary according to the instructions on the invoice.

13 Failure to remit payment according to the terms of this section may result in the
14 PERS consulting actuary not completing the employer’s UAL calculation by the
15 proposed UAL lump-sum payment date.

16 (5) Upon receipt of notification that an employer has made payment in full for
17 the requested UAL calculation, PERS staff shall request that the PERS consulting
18 actuary calculate:

19 (a) For an employer participating in an employer actuarial pool, 100 percent of
20 the employer’s share of the UAL for the employer actuarial pool. This calculation will
21 be:

22 (A) Based on the fair value UAL of the employer actuarial pool, from the most
23 recent actuarial valuation;

Comment [SC2]: Of how much? How will it be determined?

1 (B) Based on the employer’s covered salary, as a proportion of the pool, as
2 reported in the most recent actuarial valuation; and

3 (C) Adjusted to reflect the effect of time from the most recent actuarial valuation
4 to the intended date(s) of payment, using generally recognized and accepted actuarial
5 principles and practices.

6 (b) For an employer participating in an employer actuarial pool, or for an
7 employer considering joining an employer actuarial pool, 100% of the Transition
8 Liability or projected Transition Liability attributable or projected to be attributable
9 to that employer.

10 (cb) For an employer not participating in an employer actuarial pool, 100
11 percent of the individual employer’s UAL. This calculation will be:

12 (A) Based on the fair value UAL of the individual employer, from the most recent
13 actuarial valuation; and

14 (B) Adjusted to reflect the effect of time from the most recent actuarial valuation
15 to the intended date(s) of payment, using generally recognized and accepted actuarial
16 principles and practices.

17 (d) For all employers, the minimum amount of the UAL lump sum payment.

18 (ee) For a UAL lump-sum payment to establish a new side account, the effect of
19 the following UAL lump-sum payment amounts on the individual employer’s
20 contribution rates using the one or two potential dates for payment specified by the
21 employer in its notification in section (2) of this rule:

22 (A) 100 percent of the individual employer’s UAL or Transition Liability
23 calculated in subsection (5)(a) or (b) of this rule;

Comment [SC3]: ALL side account deposits should get this if that’s what is desired – the only reason an employer might go through an actuarial request where not otherwise required would be to get this information. Those interested in obtaining their TL will also want this info.

1 (B) The UAL lump-sum payment amount or amounts specified by the employer
2 in its notification, if provided; and

3 (C) The minimum amount of the UAL lump-sum payment, if any.

4 (d) For a UAL lump-sum payment into an existing side account, the estimated
5 effect of the additional deposit on the individual employer's contribution rates
6 effective July 1 of the year following publication of the actuarial valuation for the
7 year in which the additional deposit is made.

8 (6) PERS staff must notify the employer in writing of the results of the individual
9 employer's calculation in section (5) of this rule otherwise designated by the employer
10 under subsection (2)(c) of this rule. In addition, PERS must send the employer a
11 notification describing risks and uncertainties associated with the calculation of the
12 individual employer's UAL if such notification has not already been provided.

13 (7) The employer must notify PERS Actuarial Services in writing at least three
14 business days before making a UAL lump-sum payment. This notification shall be in
15 addition to the notification in section (2) of this rule and must specify:

16 (a) The amount of the payment;

17 (b) The date the employer intends to make the payment;

18 (c) Whether the payment is to establish a new side account or to be deposited into
19 an existing side account; and

20 (d) If the payment is to be deposited into an existing side account and the
21 employer has more than one side account, which side account is to receive the deposit.

22 (8) For a UAL lump-sum payment to establish a new side account, PERS must
23 receive the correct funds no later than five business days after the intended date of
24 the UAL lump-sum payment specified by the employer in the notification described

1 in section (7) of this rule in order to adjust the employer contribution rate to that
2 reported by PERS in section (6) of this rule.

3 (a) If the UAL lump-sum payment is received by PERS on or before the intended
4 payment date specified in the notification described in section (7) of this rule or
5 within the five business days following the intended payment date, the new employer
6 contribution rate shall be effective for payrolls dated on or after:

7 (A) The first of the month following receipt of the UAL lump-sum payment by
8 PERS; or

9 (B) The date specified by the employer in subsection (2)(c) of this rule, whichever
10 is later.

11 (b) If the UAL lump-sum payment is received by PERS more than five business
12 days after the intended payment date, the employer's contribution rate shall be
13 adjusted based on the next actuarial valuation after the date of receipt of the UAL
14 lump-sum payment and effective July 1 of the year following publication of that
15 valuation.

16 (c) If the UAL lump-sum payment received is other than any amount specified in
17 the notification under section (7) of this rule, the employer's contribution rate shall
18 be adjusted to the rate the payment amount fully funds using the actuarial calculation
19 in subsection (5)(c) of this rule.

20 (d) If the UAL lump-sum payment received is less than the minimum amount
21 described in OAR 459-009-0086, the payment will be returned to the employer and no
22 adjustment will be made to the employer contribution rate.

23 (9) When an employer makes a UAL lump-sum payment into an existing side
24 account:

Comment [SC4]: This is slightly different language than the timing identified in 0086 and below. I think it means the same thing, but it might be good to have the same language

Comment [SC5]: Will you be able to do this without another actuarial calculation?

1 (a) The final rate adjustment from the additional UAL lump-sum payment(s) will
2 be calculated in the actuarial valuation for the year in which the payment is made,
3 and will be effective on July 1 of the year following publication of that valuation.

4 (b) The calculation in subsection (9)(a) of this section will supersede any estimate
5 provided in an actuarial calculation under subsection (5)(f~~d~~) of this rule.

6 (10) Nothing in this rule shall be construed to prevent the Board from:

7 (a) Adjusting employer contribution rates based upon the date of receipt of funds
8 or errors in the notification described in section (7) of this rule; or

9 (b) Taking action pursuant to ORS 238.225.

10 *[Purpose. The purpose of this rule is to establish procedures and requirements for the*
11 *adjustment of employer contribution rates when an individual public employer*
12 *participating in an employer actuarial pool makes an unfunded actuarial liability lump-*
13 *sum payment.*

14 *(1) Definitions. For the purposes of this rule:*

15 *(a) "Amortized Amount" means the amount of a Side Account used to offset*
16 *contributions due from the employer.*

17 *(b) "Employer Actuarial Pool" means a grouping of employers for actuarial purposes*
18 *such as the School District and the State and Local Government Rate Pools.*

19 *(c) "Fair Value UAL" means the unfunded actuarial liability calculated using the fair*
20 *market value of assets.*

21 *(d) "Transition Unfunded Actuarial Liabilities" means the unfunded actuarial*
22 *liabilities attributed to an individual employer for the period before entry into the Local*
23 *Government Rate Pool, or the State and Local Government Rate Pool if the employer did*
24 *not participate in the Local Government Rate Pool.*

1 *(e) "Unfunded Actuarial Liability" or "UAL" means the excess of the actuarial*
2 *liability over the actuarial value of assets.*

3 *(f) "Unfunded Actuarial Liability Lump-Sum Payment" means any employer payment*
4 *that is:*

5 *(A) Not regularly scheduled;*

6 *(B) Not paid as a percentage of salary;*

7 *(C) Made for the express purpose of reducing the employer's unfunded actuarial*
8 *liability; and*

9 *(D) Paid at the employer's election instead of at the PERS Board's direction.*

10 *(2) Lump-sum payment amount. If an individual employer elects to make a UAL lump-*
11 *sum payment under this rule, the payment must be at least 25 percent of the individual*
12 *employer's UAL calculated under section (6) of this rule or \$1 million, whichever is less.*
13 *Alternatively, an employer may elect to pay 100 percent of the individual employer's UAL*
14 *calculated under section (6) of this rule.*

15 *(3) Requirements. In order to make a UAL lump-sum payment, an employer must*
16 *comply with the process described in sections (4) through (10) of this rule.*

17 *(4) Initiating UAL lump-sum payment process. At least 45 calendar days before the*
18 *date the employer intends to make a UAL lump-sum payment, the employer must notify the*
19 *PERS Employer Liability Coordinator in writing that it intends to make a UAL lump-sum*
20 *payment. The notification must specify:*

21 *(a) The amount of the intended lump-sum payment;*

22 *(b) Whether the intended payment is to be for 100 percent of the individual employer's*
23 *calculated UAL; and*

1 *(c) No more than two potential dates for the payment. PERS staff must notify the*
2 *employer within five business days of receipt of the notification if the notification is*
3 *incomplete or the process cannot be completed by the intended dates of the UAL lump-sum*
4 *payment.*

5 *(5) Payment to the actuary. The PERS consulting actuary must provide an invoice*
6 *charging the employer for the cost of the actuarial liability calculation requested by the*
7 *employer. At least 30 calendar days before the date the employer intends to make a UAL*
8 *lump-sum payment, the employer must remit payment for the cost of the UAL calculation*
9 *directly to the PERS consulting actuary according to the instructions on the invoice.*

10 *Failure to remit payment according to the terms of this section may result in the PERS*
11 *consulting actuary not completing the employer's UAL calculation by the proposed UAL*
12 *lump-sum payment date.*

13 *(6) Calculation of the individual employer's UAL. Upon receipt of a complete*
14 *notification and verification of payment to the actuary for actuarial services, PERS staff*
15 *shall request that the PERS consulting actuary calculate:*

16 *(a) 100 percent of the employer's share of the UAL for the employer actuarial pool in*
17 *which the employer is participating. This calculation must be:*

18 *(A) Based on the fair value UAL of the actuarial pool in which the employer*
19 *participates, from the most recent actuarial valuation;*

20 *(B) Based on the covered salary, as a proportion of the pool, reported by the employer*
21 *for the year of most recent actuarial valuation; and*

22 *(C) Adjusted to reflect the effect of time from the most recent actuarial valuation to*
23 *the intended date(s) of payment, using generally recognized and accepted actuarial*
24 *principles and practices.*

1 *(b) The effect of the following UAL lump-sum payment amounts on the individual*
2 *employer's contribution rate using the one or two potential dates for payment specified by*
3 *the employer in its notification in section (4) above:*

4 *(A) 100 percent of the individual employer's UAL calculated in subsection (6)(a) of*
5 *this rule;*

6 *(B) The UAL lump-sum payment amount specified by the employer in its notification,*
7 *if provided; and*

8 *(C) The minimum amount of the UAL lump-sum payment under section (2) of this rule.*

9 *(7) Notification of calculation. PERS staff must notify the employer in writing of the*
10 *results of the individual employer's calculation in section (6) above, including the effective*
11 *date(s) for the reduced employer contribution rates based on the one or two potential dates*
12 *for payment. In addition, PERS must send the employer a notification describing risks and*
13 *uncertainties associated with the calculation of the individual employer's UAL.*

14 *(8) Notification of UAL lump-sum payment. The employer or its agent must notify the*
15 *PERS Employer Liability Coordinator in writing at least three business days before*
16 *making a UAL lump-sum payment. This notification shall be in addition to the notification*
17 *in section (4) of this rule and must specify the amount of the payment and the date it*
18 *intends to make the payment.*

19 *(9) Method of payment. A UAL lump-sum payment must be made by either electronic*
20 *transfer or check payable to the Public Employees Retirement System.*

21 *(10) Receipt of UAL lump-sum payment. In order to adjust the employer contribution*
22 *rate to that reported by PERS in section (7) of this rule, PERS must receive the correct*
23 *funds no later than five business days after the corresponding intended date of the UAL*
24 *lump-sum payment specified in the notification described in section (8) of this rule.*

1 *(a) If the UAL lump-sum payment is received by PERS on or before the intended date*
2 *specified in the notification described in section (8) of this rule or within the five business*
3 *days following the intended date, the new employer contribution rate shall be effective for*
4 *payrolls dated on or after:*

5 *(A) The date specified in the notification; or*

6 *(B) The first of the month following receipt of the UAL lump-sum payment by PERS,*
7 *whichever is later.*

8 *(b) If the UAL lump-sum payment is received by PERS more than five business days*
9 *after the intended payment date, the employer's contribution rate shall be adjusted in the*
10 *next actuarial valuation based on the date of receipt of the UAL lump-sum payment.*

11 *(c) If the UAL lump-sum payment received is other than any amount specified in the*
12 *notification under section (8) of this rule, the employer's contribution rate shall be*
13 *adjusted to the rate the payment amount fully funds using the actuarial calculation in*
14 *subsection (6)(b) of this rule.*

15 *(d) If the UAL lump-sum payment received is less than the minimum amount described*
16 *in section (2) of this rule, the funds will be returned to the employer and no adjustment will*
17 *be made to the employer contribution rate.*

18 *(e) Nothing in this rule shall be construed to prevent the Board from:*

19 *(A) Adjusting employer contribution rates based upon the date of receipt of funds or*
20 *errors in the notification described in section (7) of this rule; or*

21 *(B) Taking action pursuant to ORS 238.225.*

22 *(11) Actuarial treatment of the UAL lump-sum payment. For actuarial purposes, the*
23 *UAL lump-sum payment made by the employer shall first be applied to any transition*
24 *unfunded actuarial liabilities. The remainder of the payment shall be held in a side*

1 *account to offset any pooled unfunded actuarial liabilities and shall be treated as pre-*
2 *funded contributions and additional assets for the payment of obligations of the employer*
3 *under ORS chapters 238 or 238A, rather than as a reduction of those obligations of that*
4 *employer.*

5 *(12) Side Account. The amount of an UAL lump-sum payment shall be held in a Side*
6 *Account for the benefit of the employer making the UAL lump-sum payment. The amortized*
7 *amount for each payroll reporting period shall be transferred from the Side Account to the*
8 *appropriate employer actuarial pool in which the employer is participating.*

9 *(13) Crediting earnings or losses. Side accounts shall be credited with earnings and*
10 *losses in accordance with OAR 459-007-0530.*

11 *(14) Nothing in this rule shall be construed to convey to an employer making a UAL*
12 *lump-sum payment any proprietary interest in the Public Employees Retirement Fund or in*
13 *the UAL lump-sum payment made to the fund by the employer.]*

14 Stat. Auth.: ORS 238.650

15 Stats. Implemented: ORS 238.225 - 238.229

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OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER

1 | **459-009-0085 Statement of risks. Making deposits over UAL. -**

2 | **Employer Unfunded Actuarial Liability Lump-Sum Payments Without an Actuarial**
3 | **Calculation [by Employers Not Participating in an Employer Actuarial Pool]**

4 | **The words and phrases used in this rule have the same meaning given them in**
5 | **OAR 459-009-0086.**

6 | **(1) An actuarial calculation is not required if an employer intends to make a**
7 | **UAL lump-sum payment:**

8 | **(a) Into an existing side account; or**
9 | **(b) Into a new side account without specifying a new employer contribution rate**
10 | **effective date.**

11 | **(2) At least 30 calendar days before the date the employer intends to make a**
12 | **UAL lump-sum payment under this rule, the employer shall notify PERS Actuarial**
13 | **Services in writing that it intends to make a UAL lump-sum payment. The**
14 | **notification shall specify:**

15 | **(a) The amount of the intended lump-sum payment; and**
16 | **(b) Whether the lump-sum payment will be placed into a new side account or an**
17 | **existing side account.**

18 | **(3) PERS staff must notify the employer within five business days of receipt of**
19 | **the notification if the notification is incomplete.**

20 | **(4) Upon receipt of the notification required under section (2) of this rule, if the**
21 | **employer indicates the payment will be placed in a new side account, PERS staff**
22 | **shall calculate the minimum payment required under OAR 459-009-0086 based on:**

1 (a) For employers participating in an employer actuarial pool, 100 percent of
2 the employer's share of the UAL for the employer actuarial pool. This calculation
3 will be determined by:

4 (A) The fair value UAL of the employer actuarial pool, from the most recent
5 actuarial valuation; and

6 (B) The employer's covered salary, as a proportion of the pool, as reported in
7 the most recent actuarial valuation.

8 (b) For employers not participating in an employer actuarial pool, the
9 individual employer's fair value UAL from the most recent actuarial valuation.

Comment [SC1]: This is not the minimum?

10 (5) Notification of calculation. PERS staff must notify the employer in writing
11 of the results of PERS staff's calculation in subsection (4)(a) or (b) of this rule. In
12 addition, PERS must send the employer a notification describing risks and
13 uncertainties associated with the calculation of the individual employer's UAL if
14 such notification has not already been provided.

Comment [SC2]: Should this be part of any lump sum deposit? Perhaps expand to describe the risks of making a deposit at all?

15 (6) The employer must notify PERS Actuarial Services in writing at least three
16 business days before making a UAL lump-sum payment. This notification shall be in
17 addition to the notification required under section (2) of this rule and must specify:

18 (a) The amount of the payment;

19 (b) The date the employer intends to make the payment;

20 (c) Whether the payment is to establish a new side account or to be deposited
21 into an existing side account; and

22 (d) If the payment is to be deposited into an existing side account and the
23 employer has more than one side account, which side account is to receive the
24 deposit.

1 (7) For a UAL lump-sum payment under this rule, whether the payment is to
2 establish a new side account or is added to an existing side account, the adjustment
3 to the employer rates will be calculated in the actuarial valuation for the year in
4 which the UAL lump-sum payment is made, and will be effective on July 1 of the
5 year following publication of that valuation.

6 (8) Nothing in this rule shall be construed to prevent the PERS Board from
7 taking action pursuant to ORS 238.225.

8 *[Purpose. The purpose of this rule is to establish procedures and requirements for*
9 *the adjustment of employer contribution rates when an individual public employer not*
10 *participating in an actuarial group makes an unfunded actuarial liability lump-sum*
11 *payment.*

12 *(1) Definitions. For the purposes of this rule:*

13 *(a) "Amortized Amount" means the amount of a Side Account used to offset*
14 *contributions due from the employer.*

15 *(b) "Fair Value UAL" means the unfunded actuarial liability calculated using the*
16 *fair market value of assets.*

17 *(c) "Unfunded Actuarial Liability" or "UAL" means the excess of the actuarial*
18 *liability over the actuarial value of assets.*

19 *(d) "Unfunded Actuarial Liability Lump-Sum Payment" means any employer*
20 *payment that is:*

21 *(A) Not regularly scheduled;*

22 *(B) Not paid as a percentage of salary;*

23 *(C) Made for the express purpose of reducing the employer's unfunded actuarial*
24 *liability; and*

- 1 *(D) Paid at the employer's election instead of at the PERS Board's direction.*
- 2 *(2) Lump-sum payment amount. If an employer elects to make a UAL lump-sum*
3 *payment under this rule, the payment must be at least 25 percent of the employer's UAL*
4 *calculated under section (6) of this rule or \$1 million, whichever is less. Alternatively, an*
5 *employer may elect to pay 100 percent of the employer's UAL calculated under section*
6 *(6) of this rule.*
- 7 *(3) Requirements. In order to make a UAL lump-sum payment, an employer must*
8 *comply with the process described in sections (4) through (10) of this rule.*
- 9 *(4) Initiating UAL lump-sum payment process. At least 45 calendar days before the*
10 *date the employer intends to make a UAL lump-sum payment, the employer shall notify*
11 *the PERS Employer Liability Coordinator in writing that it intends to make a UAL lump-*
12 *sum payment. The notification shall specify:*
- 13 *(a) The amount of the intended lump-sum payment;*
- 14 *(b) Whether the intended payment is to be for 100 percent of the employer's*
15 *calculated UAL; and*
- 16 *(c) No more than two potential dates for the payment. PERS staff must notify the*
17 *employer within five business days of receipt of the notification if the notification is*
18 *incomplete or the process cannot be completed by the intended dates of the UAL lump-*
19 *sum payment.*
- 20 *(5) Payment to the actuary. The PERS consulting actuary must provide an invoice*
21 *charging the employer for the cost of the actuarial liability calculation requested by the*
22 *employer. At least 30 calendar days before the date the employer intends to make a UAL*
23 *lump-sum payment, the employer must remit payment for the cost of the UAL calculation*
24 *directly to the PERS consulting actuary according to the instructions on the invoice.*

1 *Failure to remit payment according to the terms of this section may result in the PERS*
2 *consulting actuary not completing the employer's UAL calculation by the proposed UAL*
3 *lump-sum payment date.*

4 *(6) Calculation of an employer's UAL. Upon receipt of a complete notification and*
5 *verification of payment to the actuary for actuarial services, PERS staff shall request that*
6 *the PERS consulting actuary calculate:*

7 *(a) 100 percent of the employer's UAL. This calculation must be:*

8 *(A) Based on the fair value UAL from the most recent actuarial valuation; and*

9 *(B) Adjusted to reflect the effect of time from the most recent actuarial valuation to*
10 *the intended date(s) of payment, using generally recognized and accepted actuarial*
11 *principles and practices.*

12 *(b) The effect of the following UAL lump-sum payment amounts on the employer's*
13 *contribution rate using the one or two potential dates for payment specified by the*
14 *employer in its notification in section (4) above:*

15 *(A) 100 percent of the employer's UAL calculated in subsection (6)(a) of this rule;*

16 *(B) The UAL lump-sum payment amount specified by the employer in its notification,*
17 *if provided; and*

18 *(C) The minimum amount of the UAL lump-sum payment under section (2) of this*
19 *rule.*

20 *(7) Notification of calculation. PERS staff must notify the employer in writing of the*
21 *results of the employer's calculation in section (6) above, including the effective date(s)*
22 *for the reduced employer contribution rates based on the one or two potential dates for*
23 *payment. In addition, PERS must send the employer a notification describing risks and*
24 *uncertainties associated with the calculation of the individual employer's UAL.*

1 *(8) Notification of UAL lump-sum payment. The employer or its agent must notify the*
2 *PERS Employer Liability Coordinator in writing at least three business days before*
3 *making a UAL lump-sum payment. This notification shall be in addition to the*
4 *notification in section (4) of this rule and must specify the amount of the payment and the*
5 *date it intends to make the payment.*

6 *(9) Method of payment. A UAL lump-sum payment must be made by either electronic*
7 *transfer or check payable to the Public Employees Retirement System.*

8 *(10) Receipt of UAL lump-sum payment. In order to adjust the employer contribution*
9 *rate to that reported by PERS in section (7) of this rule, PERS must receive the correct*
10 *funds no later than five business days after the corresponding intended date of the UAL*
11 *lump-sum payment specified in the notification described in section (8) of this rule.*

12 *(a) If the UAL lump-sum payment is received by PERS on or before the intended*
13 *date specified in the notification described in section (8) of this rule or within the five*
14 *business days following the intended date, the new employer contribution rate will be*
15 *effective for payrolls dated on or after:*

16 *(A) The date specified in the notification; or*

17 *(B) The first of the month following receipt of the UAL lump-sum payment by PERS,*
18 *whichever is later.*

19 *(b) If the UAL lump-sum payment is received by PERS more than five business days*
20 *after the intended payment date, the employer's contribution rate shall be adjusted in the*
21 *next actuarial valuation based on the date of receipt of the UAL lump-sum payment.*

22 *(c) If the UAL lump-sum payment received is other than any amount specified in the*
23 *notification under section (8) of this rule, the employer's contribution rate shall be*

1 *adjusted to the rate the payment amount fully funds using the actuarial calculation in*
2 *subsection (6)(b) of this rule.*

3 *(d) If the UAL lump-sum payment received is less than the minimum amount*
4 *described in section (2) of this rule, the funds will be returned to the employer and no*
5 *adjustment will be made to the employer contribution rate.*

6 *(e) Nothing in this rule shall be construed to prevent the Board from:*

7 *(A) Adjusting employer contribution rates based upon the date of receipt of funds or*
8 *errors in the notification described in section (7) of this rule; or*

9 *(B) Taking action pursuant to ORS 238.225.*

10 *(11) Actuarial treatment of the UAL lump-sum payment. For actuarial purposes, the*
11 *UAL lump-sum payment made by the employer shall be treated as pre-funded*
12 *contributions and additional assets for the payment of obligations of the employer under*
13 *ORS chapters 238 or 238A, rather than as a reduction of those obligations.*

14 *(12) Side Account. The UAL lump-sum payment shall be held in a Side Account for*
15 *the benefit of the employer making the UAL lump-sum payment. The amortized amount*
16 *for each payroll reporting period shall be transferred from the Side Account to the*
17 *employer's Employer Contribution Account.*

18 *(13) Crediting earnings or losses. Side accounts shall be credited with earnings and*
19 *losses in accordance with OAR 459-007-0530.*

20 *(14) Nothing in this rule shall be construed to convey to an employer making a UAL*
21 *lump-sum payment any proprietary interest in the Public Employees Retirement Fund or*
22 *in the UAL lump-sum payment made to the fund by the employer.]*

23 Stat. Auth.: ORS 238.650

24 Stats. Implemented: ORS 238.225 - 238.229

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OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 009 – PUBLIC EMPLOYER

1 459-009-0086

2 Employer Unfunded Actuarial Liability Lump-Sum Payments, Generally

Comment [SC1]: Can employers make extra payments even if they do not have a UAL? I believe this was possible previously.

3 (1) Definitions. For the purposes of this rule:

4 (a) “Amortized amount” means the amount of a side account used to offset
5 pension contributions due from the employer.

6 (b) “Employer actuarial pool” means a grouping of employers for actuarial
7 purposes such as the School District Pool and the State and Local Government Rate
8 Pool.

9 (c) “Fair value UAL” means the unfunded actuarial liability calculated using the
10 fair market value of assets.

11 (d) “Side account” means an account in the Public Employees Retirement Fund
12 into which a UAL lump-sum payment that is not used to satisfy a transition liability is
13 deposited.

14 (e) “Transition liability” means the unfunded actuarial liability attributed to an
15 individual employer for the period before entry into the State and Local Government
16 Rate Pool.

17 (f) “Transition surplus” means the actuarial surplus attributed to an individual
18 employer for the period before entry into the State and Local Government Rate Pool.

19 (g) “Unfunded actuarial liability” or “UAL” means the excess of the actuarial
20 liability over the actuarial value of assets for the specified pension program.

21 (h) “UAL lump-sum payment” means any employer payment that is:

22 (A) Not regularly scheduled;

1 (B) Not paid as a percentage of salary;

2 (C) Made for the express purpose of reducing the pension contributions that
3 would otherwise be required from the employer, or reducing or paying off the
4 employer's transition liability; and

5 (D) Paid at the employer's election instead of at the PERS Board's direction.

6 (2) A UAL lump-sum payment must be made by either wire transfer or check
7 payable to the Public Employees Retirement System.

8 (3) An employer may make a UAL lump-sum payment to pay 100 percent of its
9 transition liability.

10 (4) A UAL lump-sum payment shall first be applied to the employer's transition
11 liability, if any. The remainder of the payment, if any, shall be held in a side account.

12 (5) An actuarial calculation that determines the impact of making a UAL lump
13 sum payment on payroll rates must be performed prior to an employer making a
14 UAL lump-sum payment if the employer:

15 (a) Has a transition liability;

16 (b) Intends to establish a new side account with rate relief beginning on a date
17 specified by the employer; or

18 (c) Requests an actuarial calculation where a calculation is not otherwise
19 required.

20 (6) The amount of a UAL lump-sum payment that is held in a side account will
21 be used to reduce the pension contributions that would otherwise be required from
22 the employer making the UAL lump-sum payment. The amortized amount for each
23 payroll reporting period shall be transferred from the side account to the appropriate
24 employer reserve account. The amount to be amortized shall be calculated as part of

Comment [SC2]: Or for other purposes? Not sure this specificity is needed when you do not identify other reasons they might make one.

1 the system-wide valuation and shall be adjusted as necessary with each valuation
2 cycle.

3 (7) The minimum UAL lump-sum payment required to establish a new side
4 account is the lesser of:

5 (a) 25 percent of the individual employer's UAL calculated under OAR 459-009-
6 0084 or 459-009-0085; or

7 (b) \$250,000.

8 (8) An employer with one or more existing side accounts may make additional
9 UAL lump-sum payments into such side account(s).

10 (a) An employer may not make more than two additional UAL lump-sum
11 payments per side account in a calendar year.

12 (b) Additional UAL lump-sum payments into an existing side account will not
13 affect the amortization period of the existing side account.

14 (c) Adjustment to the employer's contribution rates from a UAL lump-sum
15 payment into an existing side account will be effective on July 1 of the calendar year
16 following completion of the actuarial valuation for the year in which the additional
17 deposit is made. For example, with a 2018 deposit, the 2018 valuation is released in
18 Sept 2019. The rate adjustment would occur in July 2020. For a 2019 deposit, the
19 2019 valuation would be released in September 2020. The rate adjustment would
20 occur in July 2021.

21 (9) Each employer side account shall be charged an administration fee of \$1,500
22 for the year in which the side account is established, and \$500 per year thereafter. No
23 additional administrative fees will be charged on additional deposits to existing side
24 accounts.

Comment [SC3]: I think this would help clarify – if I've gotten it correct, that is! ☺

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1 (10) Side accounts shall be credited with earnings and losses in accordance with
2 OAR 459-007-0530.

3 (11) Nothing in this rule shall be construed to prevent the PERS Board from
4 taking action pursuant to ORS 238.225.

5 (12) Nothing in this rule shall be construed to convey to an employer making a
6 UAL lump-sum payment any proprietary interest in the Public Employees
7 Retirement Fund or in the UAL lump-sum payment made to the fund by the
8 employer.

9 Stat. Auth.: ORS 238.650

10 Stats. Implemented: ORS 238.225 - 238.229



Oregon

Kate Brown, Governor

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December 1, 2017

TO: Members of the PERS Board
FROM: Yvette Elledge-Rhodes, Deputy Director
SUBJECT: IAP Target-Date Fund Implementation Update

BACKGROUND

At the September 20, 2017 Oregon Investment Council (OIC) meeting, the OIC adopted a new target-date fund (TDF) investment strategy for the Individual Account Program (IAP) effective January 1, 2018. This investment strategy will:

- Result in changes to the IAP investment structure by establishing target-date funds in five-year vintages that reflect gradually more conservative investment mixes as a member ages;
- Create a Retirement Allocation Fund for all members aged 65 and above as well as those retired members who elect to receive installment payments;
- Modify the process for annual earnings crediting to member IAP accounts;
- Modify the earnings crediting processes for death, divorce, and all other distributions; and
- Increase the required details in data reporting to and from PERS, the Oregon Investment Division, and VOYA.

As a result of this administrative change, and the short implementation timeline, this is the top priority of the agency and has been established as a formal project.

PROJECT ACTIVITIES

PERS staff have been meeting with Alliance Bernstein (Target Date Fund Glide Path Manager), Oregon State Treasury, and Voya regularly since July 2017 in an effort to define milestones and deliverables for all stakeholders, but our effort had focused primarily on planning within PERS, not execution, until the OIC made its decision in September. We are currently working on prioritizing and completing any work that is needed by mid- to late-December so that we are ready for the initial go-live date of December 29, 2017.

We have formed work groups to work concurrently on the following areas:

- Technology Solutions
- Communications & Education
- Data
- Policy
- Financial Administration

PERS staff will continue to update the Board as project implementation progresses.



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December 1, 2017

TO: Members of the PERS Board
FROM: Mary Dunn, Assistant Chief Administration Officer
SUBJECT: Final Contingency Reserve Allocation

OVERVIEW

Senate Bill 1067 amended ORS 238.670 (1) to limit the Board's crediting of funds to the Contingency Reserve; specifically, "...the board may not credit further amounts to the reserve account if the amounts in the reserve account exceed \$50 million." The Contingency Reserve, as part of the PERS Fund which, under ORS 238.660(2), "may not be diverted or otherwise put to any use that is not for the exclusive benefit of members and their beneficiaries."

ALLOCATION OPTIONS

In April 2017, the PERS Board preliminarily approved allocating \$345.8 million from the Contingency Reserve to the Benefits in Force Reserve (BIF). To align with SB 1067, there is an additional \$186.9 million which could be transferred from the Contingency Reserve; if done so in line with the Board's previous allocation, this additional amount would be credited to the BIF. These two allocations would bring the balance of the Contingency Reserve to \$50 million and result in a transfer out to the BIF totaling \$532.7 million.

One remaining permitted use of the Contingency Reserve is to resolve employer insolvencies, which must be funded solely from earnings on employer reserves. The reserve currently has an earmarked amount of \$25 million for this purpose. Based on staff's analysis, that amount is excessive. Reducing it to 5% of the lowered balance would result in a \$2.5 million set aside and, based on the historic use of these funds, should be sufficient given projected uses.

If the Board adopts the allocations outlined above, the transfers can be accomplished in this calendar year and be reflected in the 2017 system valuation, which will increase the assets available when calculating employer contribution rates to take effect July 1, 2019.

No stakeholder input has been received since my last report to the Board in September.

BOARD ACTION

The Board's options for Allocating the Contingency Reserve include:

1. Pass a motion to "move the balance of the Contingency Reserve above \$50 million to the Benefits in Force Reserve (BIF), earmarking \$2.5 million of the remaining reserve for resolving employer insolvencies."
2. Pass a motion to allocate that amount, or less, of the Contingency Reserve to another reserve or account within the PERS Fund other than the BIF.
3. Do nothing; the Contingency Reserve balance will remain until a future allocation is made.

STAFF RECOMMENDATION

Staff recommends the Board choose Option 1.



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December 1, 2017

TO: Members of the PERS Board
FROM: Jordan Masanga, Chief Information Officer
Jason Stanley, Chief Compliance, Audit, and Risk Officer
SUBJECT: Disaster Recovery and Business Continuity Update

Background

PERS has been in process of strengthening resiliency programs to ensure important services to our members continue in the event of a business interruption. During the 2017 legislative session, PERS received a budget note to report progress on developing and implementing an industry standard Disaster Recovery Program, Business Continuity Program, and backup data center warm site. Updates were to be jointly reported, along with the Department of Administrative Services – Office of the State Chief Information Officer (OSCIO), to the Interim Joint Legislative Committee on Information Management and Technology (JLCIMT) in September and November. An update and potential budget request will also be provided to the Legislature during the 2018 session.

Current Disaster Recovery

PERS has an established plan to ensure retired members continue to receive their benefits in the event of a disaster. We are partnering with the Oregon State Treasury to re-run the prior month's pension roll in the event that PERS systems are down at that critical time. This addresses our highest disaster risk until an ORION (Oregon Retirement Information Online Network) Disaster Recovery Program (DR) is developed and DR capabilities are improved.

The current PERS Disaster Recovery Plan was approved by PERS and accepted by OSCIO on September 6, 2017. Further work is required to create a full Disaster Recovery Program for the ORION system to support PERS' critical business functions in the event of a disaster impacting the Tigard Data Center. We are working with OSCIO to develop an ORION DRP with a target for completion by December 31, 2018.

Future Disaster Recovery – Backup/Warm Site

The Backup Data Center (DR/Warm Site) project includes planning and implementation of a Backup Data Center/DR capability for PERS to support continuity of critical IT services in the case of a disaster impacting the ability to operate the current data center, located at PERS' headquarters in Tigard. Project plan development is currently in progress. The plan includes two phases:

- Phase 1: Requirements, design, and testing using external consulting services to assist PERS with the DR solution and co-location services at the State Data Center in Salem. PERS will procure the related infrastructure. We have awarded an RFP to an external consultant for requirements, design, and testing of this phase.

- Phase 2: Scaling of infrastructure, deployment, and testing at the State's Backup Data Center in Montana or State Data Center-brokered cloud hosting provider.

Business Continuity

PERS has completed a Business Continuity Plan (BCP) to identify resources required for business resumption for critical agency processes. The plan has been reviewed by the OSCIO and PERS Executive Leadership Team.

The next steps in this process are to:

- Provide awareness training and incident response guidance for all staff;
- Conduct training to staff with key responsibilities;
- Perform table-top exercises to test the plan and update it to reflect lessons learned; and
- Receive an external assessment.

We are also designing a comprehensive Business Continuity Management System, which is an ongoing holistic management and governance process and provides a framework for building and maintaining the agency's resiliency.

PERS plans to contract with an industry expert to evaluate and enhance the development of a comprehensive Business Continuity Management System and its interconnection to the Disaster Recovery Program, Information Security Program, and an overarching Enterprise Risk Management Program. A Request for Information (RFI) is in process to collect information about the capabilities of potential vendors who may be able to support this development.



FINANCIAL MODELING

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presented by:

Matt Larrabee, FSA, EA

Scott Preppernau, FSA, EA

December 1, 2017

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Introduction

- July: Board adopted updated valuation methods and assumptions, including 7.20% rate of return
- September: Milliman presented system-average results from the advisory December 31, 2016 valuation
 - December 31, 2017 actuarial valuation will develop rates for July 2019 – June 2021
- Today: Long-term financial modeling projections reflecting published investment results through September 30
 - System average contribution rates
 - System funded status
 - System unfunded actuarial liability (UAL)

Models and Inputs

- System financials are projected using two different models
 - Steady return model – consistent year-to-year future investment returns
 - Variable return model – future investment returns vary from year to year
- Modeling starts with liabilities and actuarial assumptions from the 12/31/2016 system-wide actuarial valuation report
 - This includes the current Board-adopted 7.20% return assumption for valuing liabilities
- Modeling uses 12/31/2016 assets adjusted for published regular account returns of +11.05% through September 2017
 - Returns for October through December 2017 vary in our models based on scenario

Financial Modeling

Comments on System Average Rates

- Projections depict system average funded status and contribution rates
 - Comparable to system average rates shown in September 2017 presentation
- No single employer pays the system average rate
 - Contribution rates vary both by employer and by type of payroll
- Under most scenarios, the maximum rate increases allowed by the rate collar are anticipated for the next two biennia
 - Primarily driven by projected benefit changes from *Moro* Supreme Court decision
- Rates shown do not include:
 - Contribution rates for the Individual Account Plan (IAP)
 - Employer contribution rates for the RHIA & RHIPA retiree healthcare programs
 - Debt service payments on employer-specific pension obligation bonds

Steady Return Model with Current Rate- Setting Policy

Steady Return Model

Current Rate Setting Structure

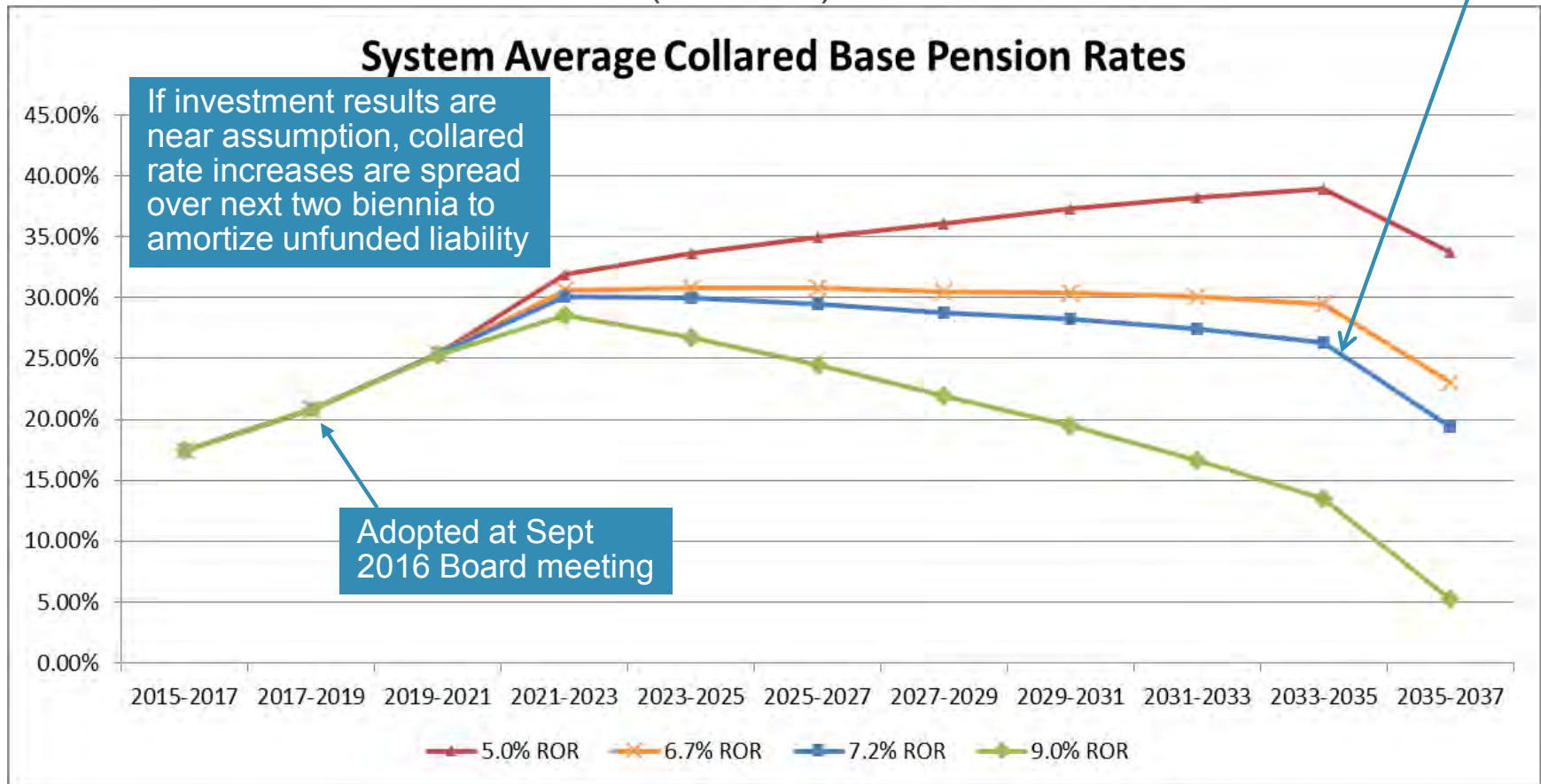
- The next four slides show financial projections under the current rate setting structure
 - Employer rates adjust each biennium, with changes limited by the rate collar
- Four scenarios for steady annual actual future investment return are shown
 - +5.0%; +6.7%; +7.2%; +9.0%
- While actual future returns won't be steady year-to-year, the steady return model clearly illustrates the financial dynamics
 - More realistic “noisy” future returns will be shown in the variable return model later in this presentation
 - The effects of near-term and/or long-term future returns worse than +5.0% are captured in the variable return model
- Model incorporates published returns through September 2017

Collared Base Pension Rates Current Rate Setting Structure

At assumed return:

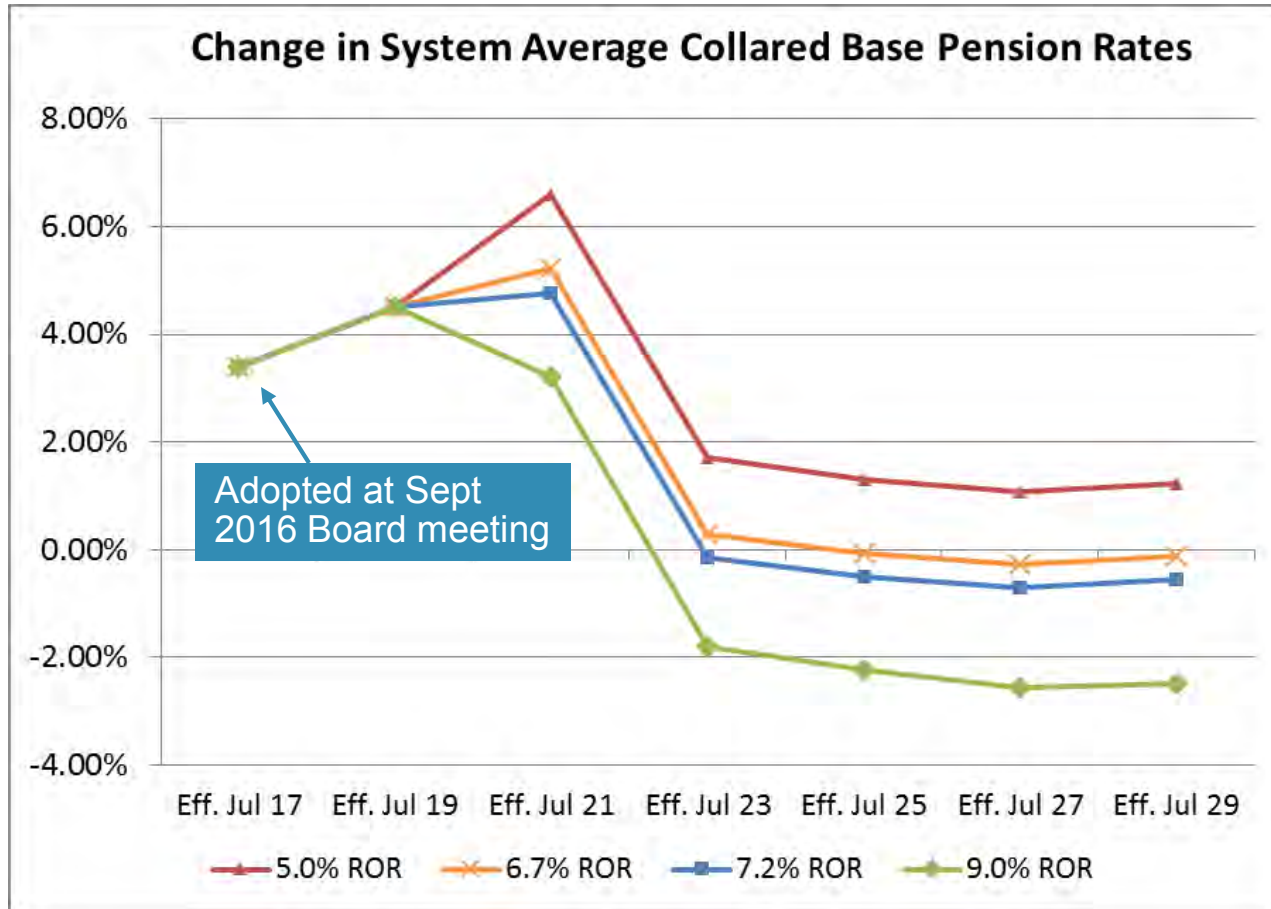
- Rate declines after 2021-2023 as new OPSRP members replace retiring Tier 1/Tier 2 members
- Significant rate drops at 7/1/2035 after large portion of current UAL completes amortization

The steady return model illustrates impact of consistently achieving the assumed 7.20% return (blue line) and three alternative returns



Biennial Collared Base Rate Changes

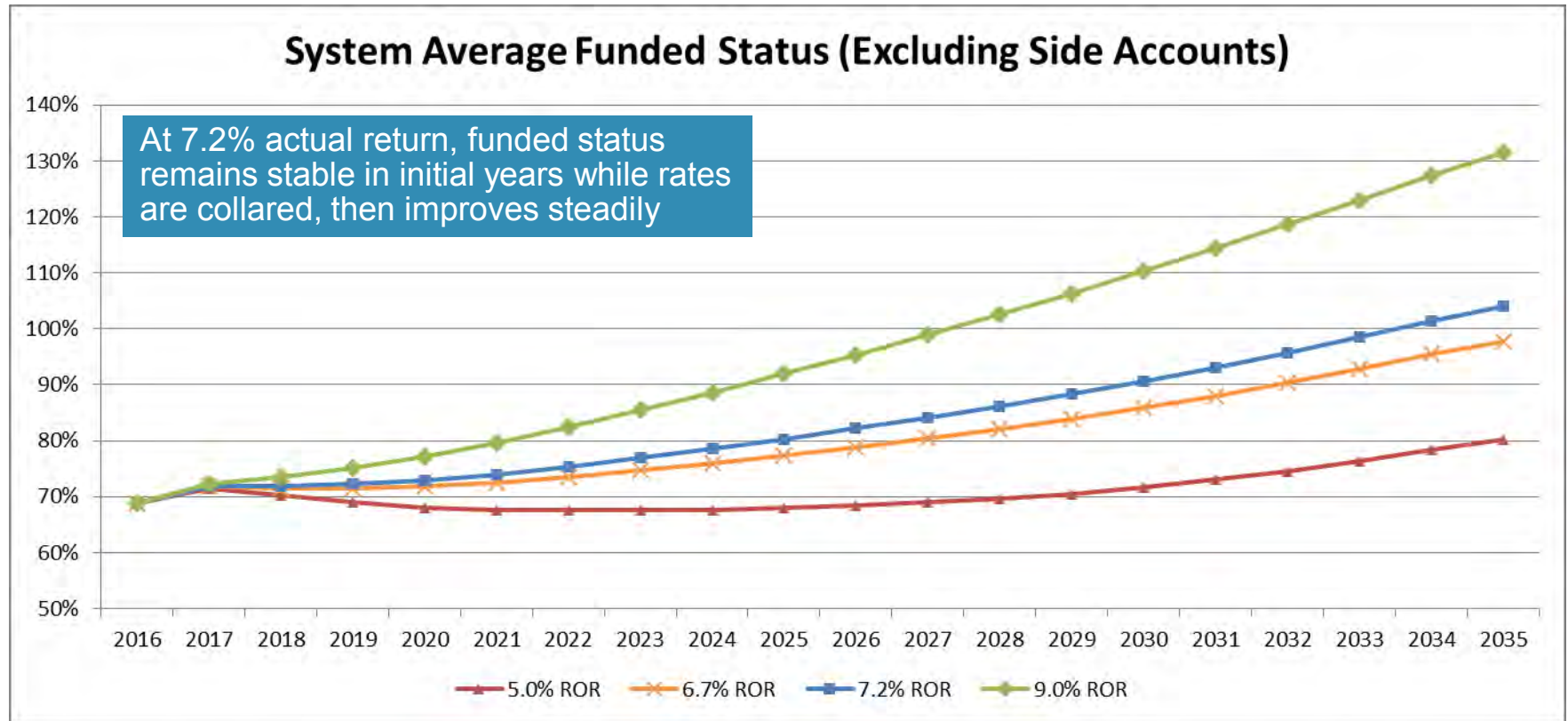
Current Rate Setting Structure



If actual investment returns are near assumption, base contribution increases of over 4.5% of payroll occur in each of the next two biennia, with those increases being necessary to position the system to return to 100% funded status over 20 years if future experience follows assumptions

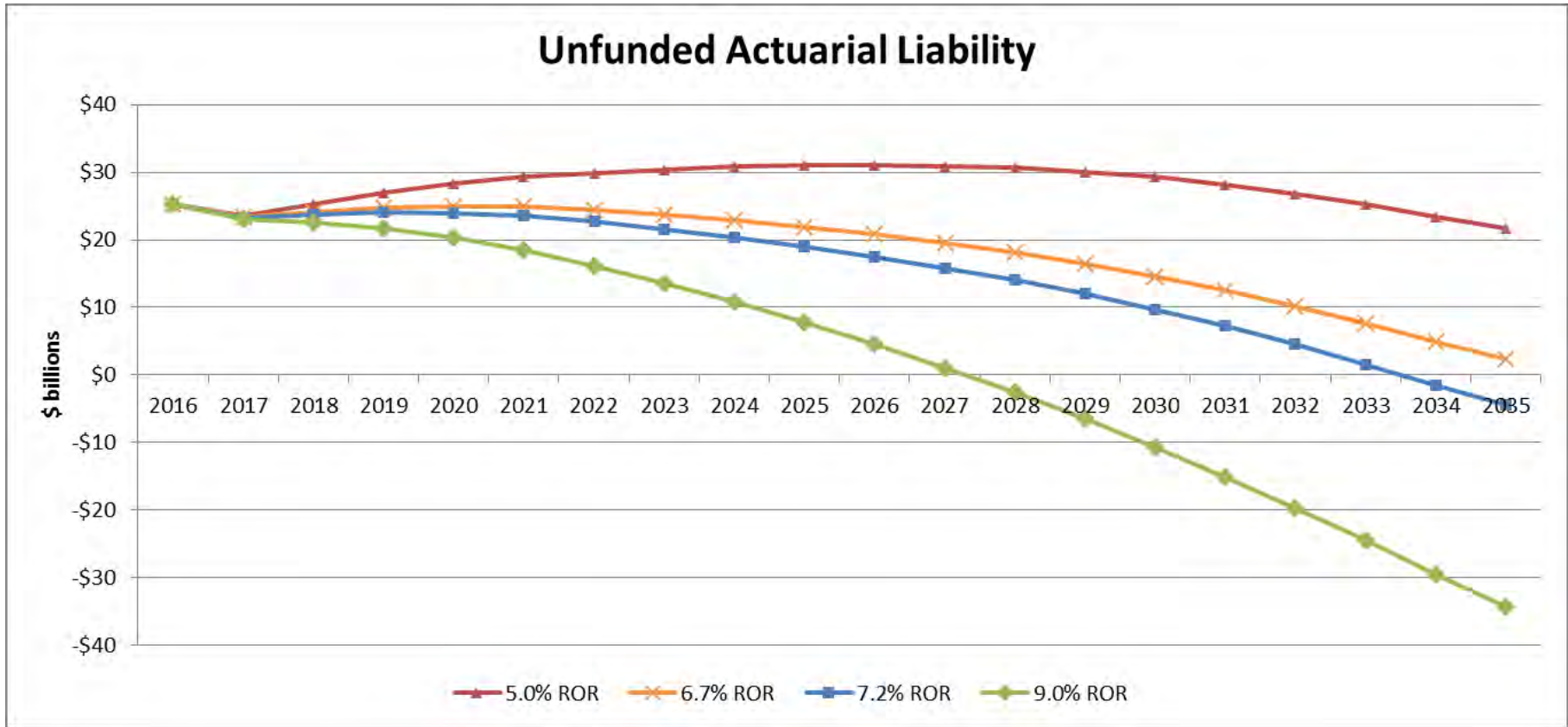
System Funded Status Current Rate Setting Structure

Funded status reaches 100% in 2034 in the model when actual investment returns equal 7.2%



UAL (Unfunded Actuarial Liability) Current Rate Setting Structure

With a 7.2% actual return, UAL in dollar terms grows slightly, before declining and being fully amortized by 2034



Steady Return Model without Post-2017 Rate Increases

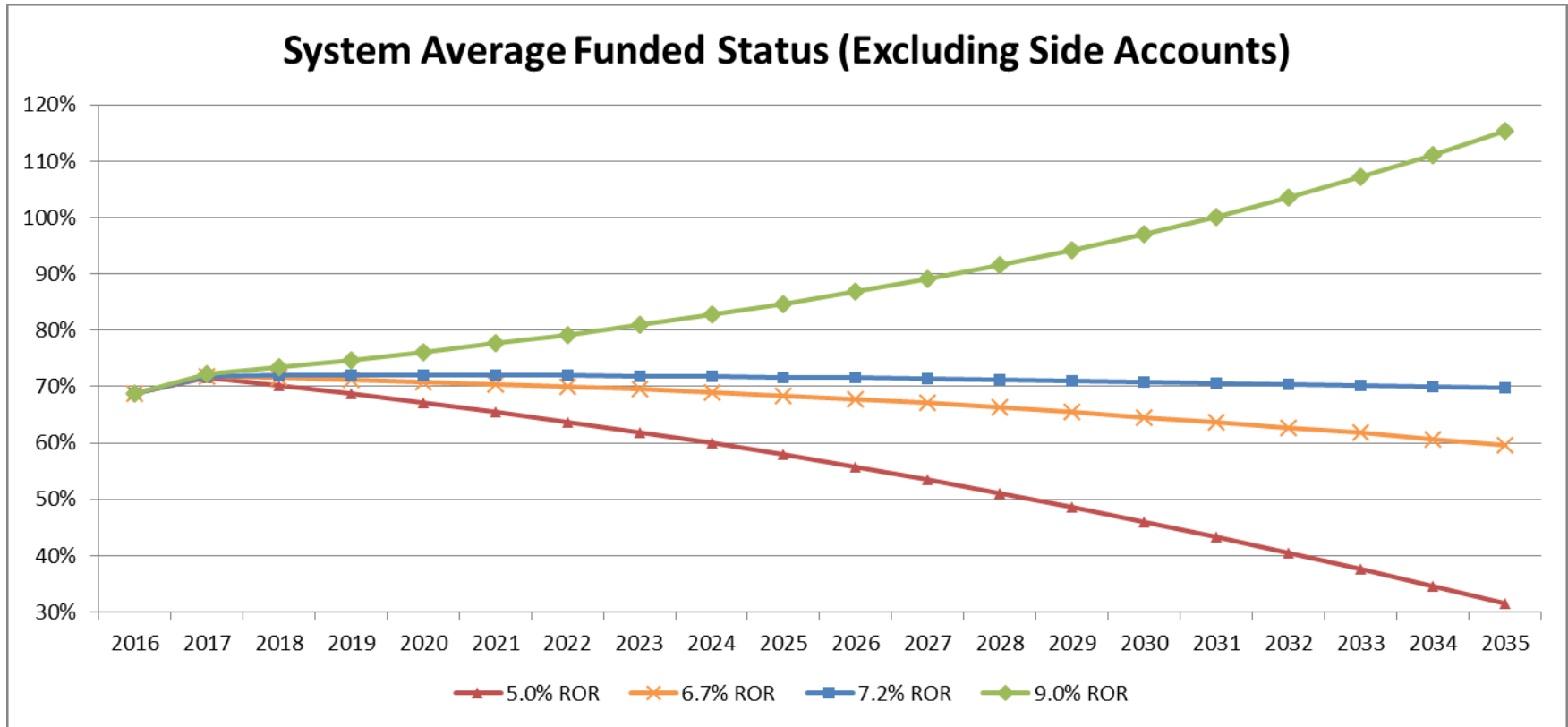
Steady Return Model

Projections Absent Future Rate Increases

- Large contribution rate increases were adopted for 2017-2019
- Our modeling in the prior section projects large increases for the two subsequent biennia if actual returns are near or below assumption
- In those scenarios of future actual investment return experience near or below the current 7.20% assumption, the modeled increases are needed to allow funded status to systematically recover to 100% over time
- The following two slides project the long-term effects of not having future rate increases
 - Illustrates the effect if the 2017-2019 collared base rates by payroll were held steady subsequent to the biennium, rather than having subsequent increases

2017-2019 Rates Held Steady Funded Status

If base contribution rates for 2017-19 are held steady, with 7.2% actual return funded status declines slightly to 70% over the projection period.

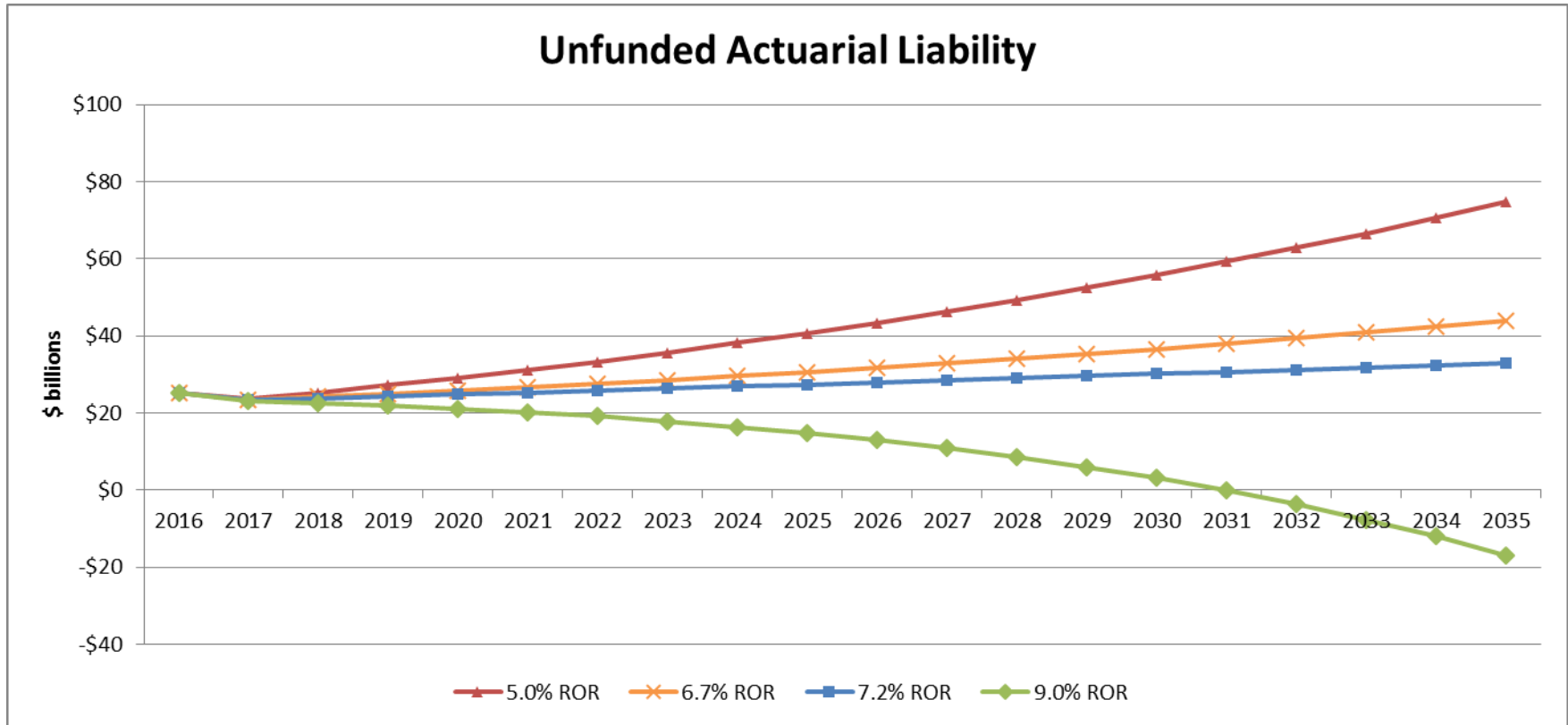


Shows projected funded status under steady return projections if collared base contribution rates remain at 2017-2019 levels subsequent to that biennium

2017-2019 Rates Held Steady

UAL (Unfunded Actuarial Liability)

With contribution rates at 2017-19 levels, UAL exceeds \$30 billion at the end of the projection period in the 7.2% actual return scenario.



Shows projected UAL under steady return projections if collared base contribution rates remain at 2017-2019 levels subsequent to that biennium

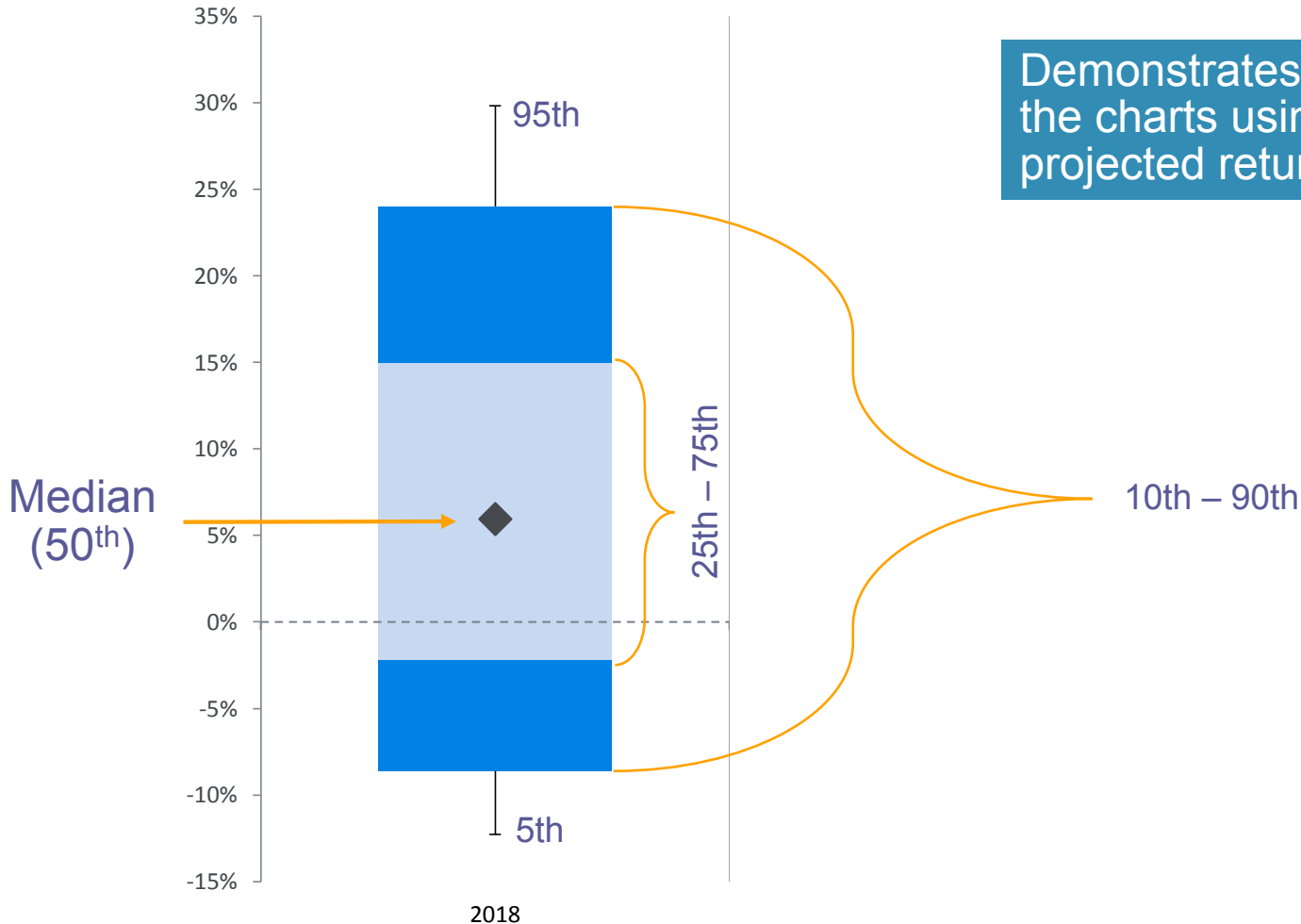
Variable Return Model

Variable Return Model

- Model results are likelihood ranges instead of a single amount
 - The distribution is based on a stochastic simulation using 10,000 trials
 - Scenarios were developed by our national capital market specialists, and use the current OPERF target asset allocation policy; for these scenarios, the median annualized average geometric 20-year return is **6.72%**
 - When the PERS Board last reviewed the return assumption in July 2017, the median annualized future return was 6.70% using Milliman's capital market outlook assumptions
 - In that review, median 10-year annualized future returns using outlook assumptions of the two outside advisors to Oregon Investment Council ranged from **7.05%** to **7.40%**
 - Model incorporates published returns through September 2017
- In our results charts, the dots represent median outcomes
- We display model results from the 5th to 95th percentiles
 - Ten percent of model outcomes fall outside of the depicted range
- The chart format is demonstrated on the next slide

PERS Fund Rate of Return

Projected 2018 Investment Returns

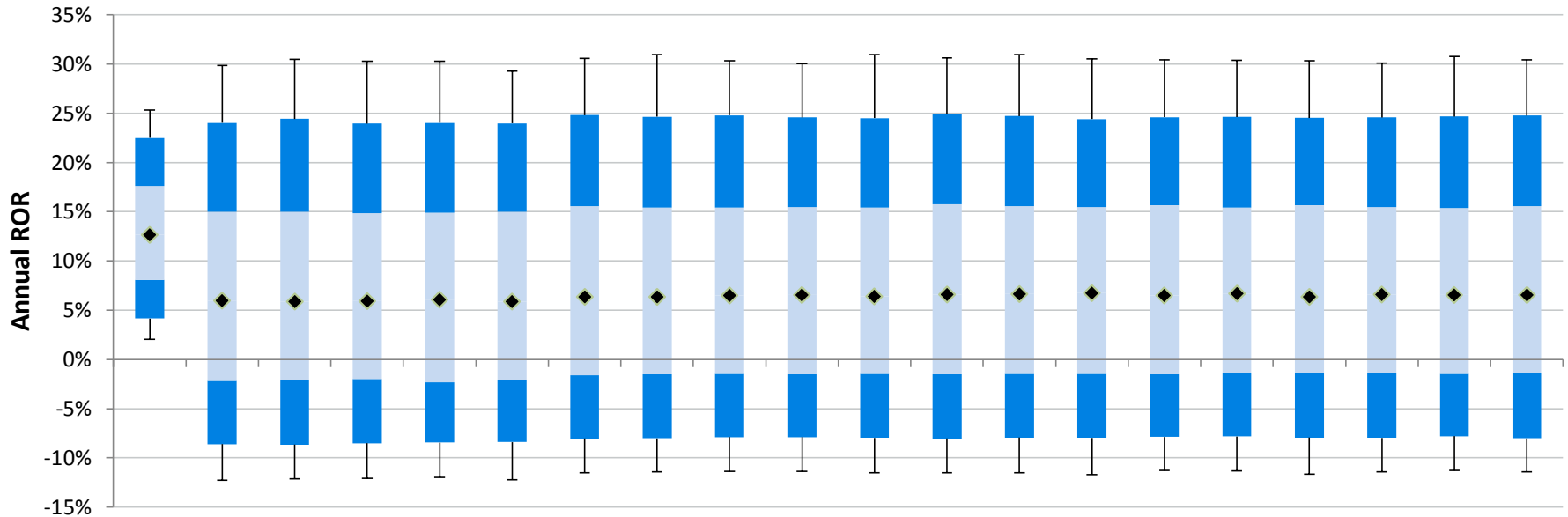


Demonstrates the format of the charts using single year projected returns in 2018.

Our capital market outlook model projects lower median returns in the first five years following 2017 due to current low yields on fixed income. Higher median returns are projected in the latter portion of the modeling period.

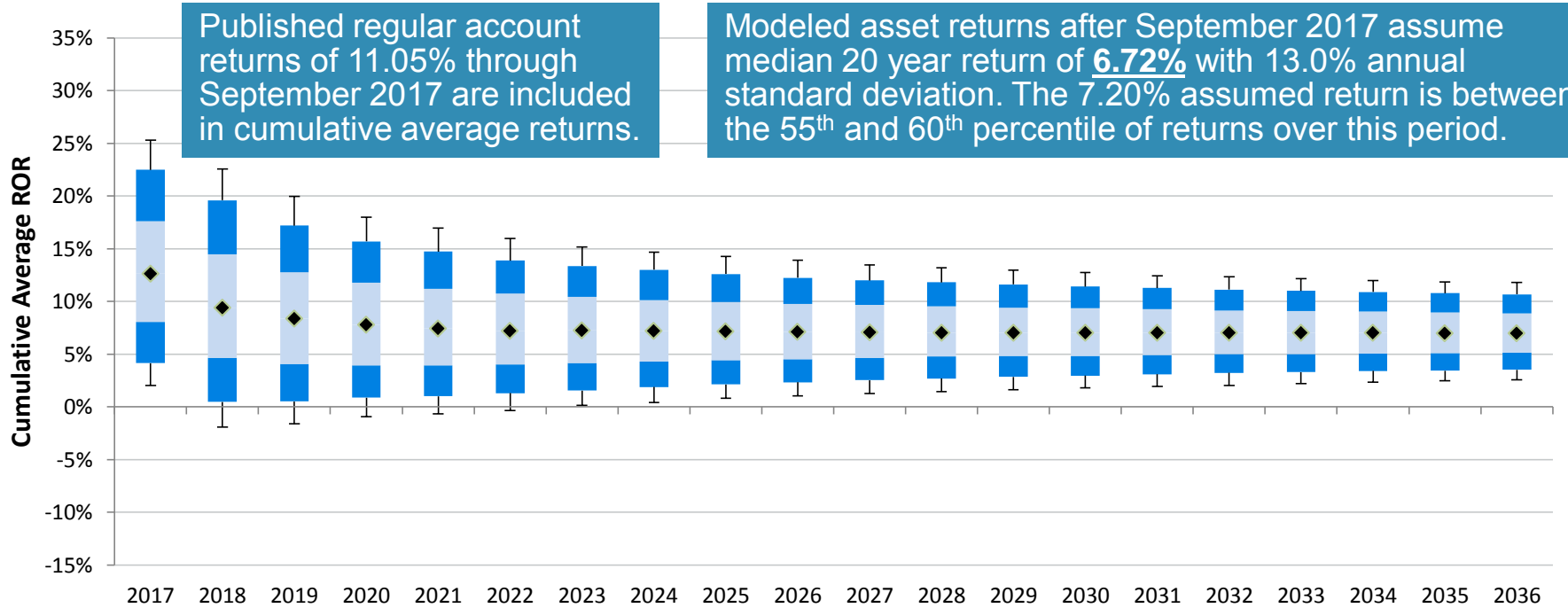
PERS Fund Rate of Return

Single Calendar Year Investment Returns



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
95th	25.3%	29.8%	30.5%	30.3%	30.3%	29.3%	30.6%	31.0%	30.3%	30.0%	31.0%	30.6%	31.0%	30.5%	30.4%	30.4%	30.3%	30.1%	30.7%	30.4%
90th	22.5%	24.0%	24.4%	24.0%	24.0%	24.0%	24.8%	24.6%	24.8%	24.6%	24.5%	24.9%	24.7%	24.4%	24.6%	24.6%	24.5%	24.6%	24.7%	24.8%
75th	17.6%	15.0%	15.0%	14.9%	14.9%	15.0%	15.6%	15.4%	15.4%	15.5%	15.4%	15.7%	15.5%	15.5%	15.7%	15.4%	15.6%	15.5%	15.4%	15.6%
50th	12.6%	6.0%	5.9%	5.9%	6.1%	5.9%	6.4%	6.3%	6.5%	6.5%	6.4%	6.6%	6.7%	6.8%	6.5%	6.7%	6.4%	6.6%	6.5%	6.6%
25th	8.1%	-2.2%	-2.1%	-2.0%	-2.3%	-2.1%	-1.6%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%	-1.4%	-1.4%	-1.4%	-1.5%	-1.4%
10th	4.2%	-8.6%	-8.7%	-8.5%	-8.5%	-8.4%	-8.0%	-8.0%	-7.9%	-7.9%	-8.0%	-8.0%	-8.0%	-8.0%	-7.9%	-7.8%	-7.9%	-8.0%	-7.8%	-8.0%
5th	2.0%	-12.3%	-12.2%	-12.1%	-12.0%	-12.2%	-11.5%	-11.4%	-11.4%	-11.4%	-11.5%	-11.5%	-11.5%	-11.7%	-11.3%	-11.3%	-11.7%	-11.4%	-11.3%	-11.4%

Average Annualized Rate of Investment Return Post-2016 Modeled Returns (Geometric Average)

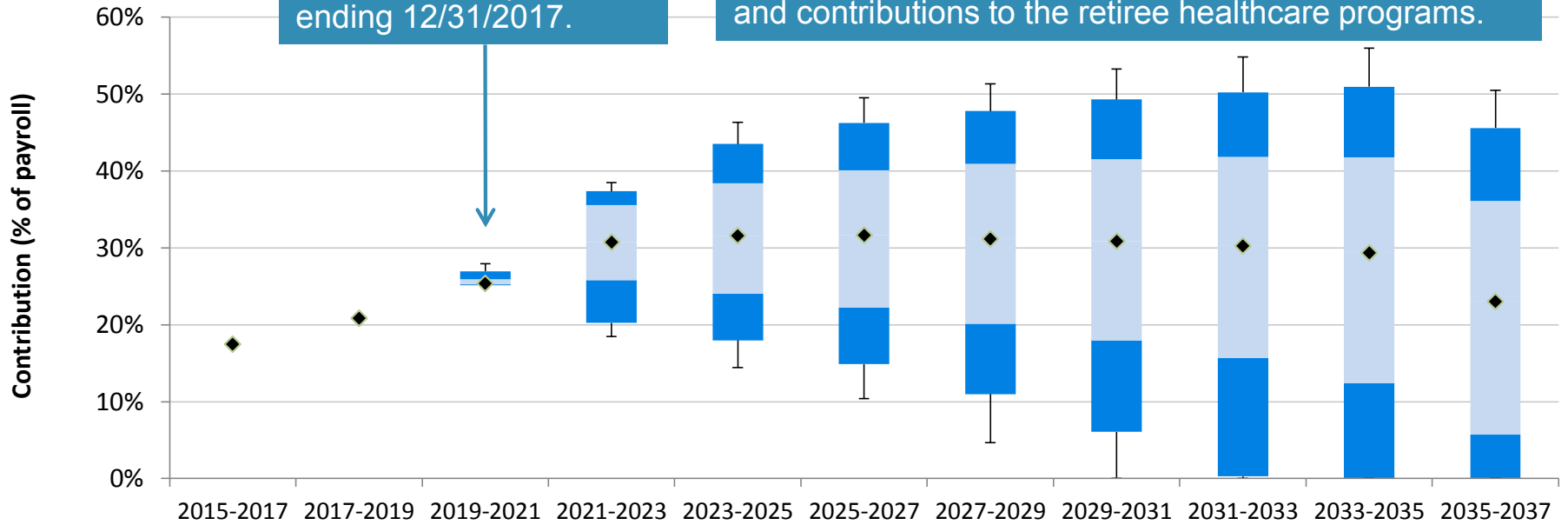


	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
95th	—	25.3%	22.6%	20.0%	18.0%	17.0%	16.0%	15.2%	14.7%	14.3%	13.9%	13.5%	13.2%	13.0%	12.7%	12.4%	12.3%	12.2%	12.0%	11.9%	11.8%
90th	—	22.5%	19.6%	17.2%	15.7%	14.7%	13.9%	13.4%	13.0%	12.6%	12.3%	12.0%	11.8%	11.6%	11.4%	11.3%	11.1%	11.0%	10.9%	10.8%	10.7%
75th	—	17.6%	14.5%	12.8%	11.8%	11.2%	10.8%	10.4%	10.1%	9.9%	9.8%	9.7%	9.5%	9.4%	9.3%	9.3%	9.1%	9.1%	9.0%	9.0%	8.9%
50th	●	12.6%	9.4%	8.4%	7.8%	7.4%	7.2%	7.3%	7.2%	7.1%	7.1%	7.1%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
25th	—	8.1%	4.7%	4.1%	3.9%	3.9%	4.0%	4.1%	4.3%	4.4%	4.5%	4.6%	4.8%	4.8%	4.8%	4.9%	5.0%	5.0%	5.0%	5.1%	5.1%
10th	—	4.2%	0.5%	0.5%	0.9%	1.0%	1.3%	1.5%	1.9%	2.1%	2.3%	2.5%	2.7%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%	3.4%	3.5%
5th	—	2.0%	-1.9%	-1.6%	-0.9%	-0.7%	-0.4%	0.1%	0.4%	0.8%	1.0%	1.3%	1.4%	1.6%	1.8%	1.9%	2.0%	2.2%	2.4%	2.5%	2.6%

System Average Collared Base Contribution Rates

Rates for 2019-2021 are based on the modeled returns for the period ending 12/31/2017.

“Base” rates are system average Tier 1/Tier 2/OPSRP contribution rates excluding IAP contributions, the effect of side accounts & pension bond debt service, and contributions to the retiree healthcare programs.



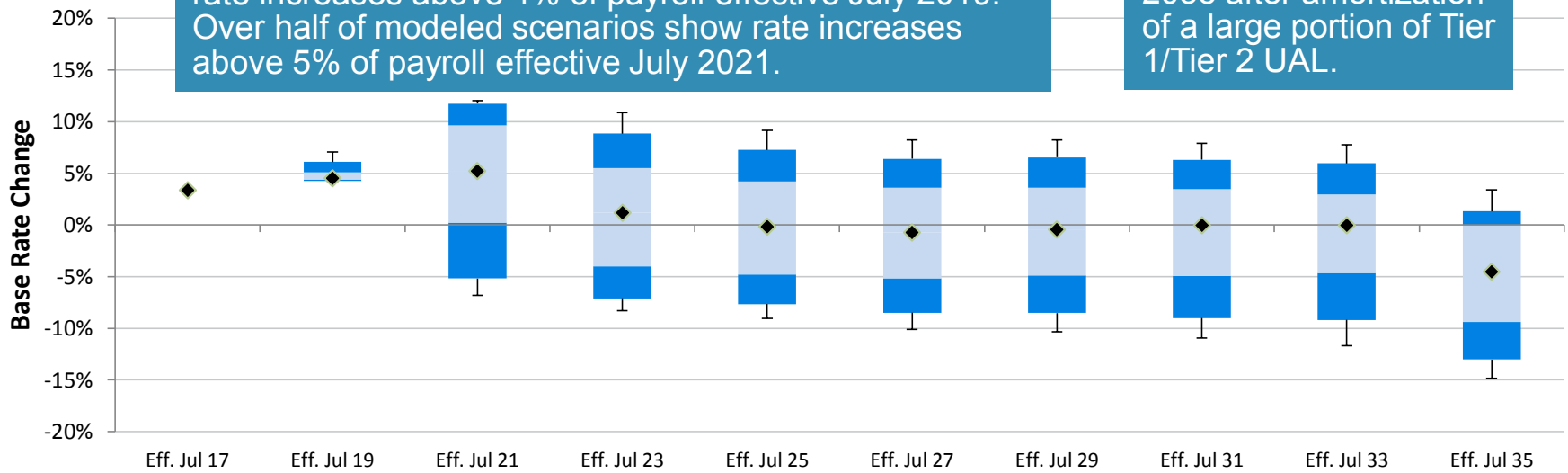
	2015-2017	2017-2019	2019-2021	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031	2031-2033	2033-2035	2035-2037	
5th	—	17.5%	20.8%	27.9%	38.5%	46.3%	49.5%	51.3%	53.2%	54.8%	55.9%	50.5%
10th	—	17.5%	20.8%	27.0%	37.4%	43.5%	46.2%	47.8%	49.3%	50.2%	50.9%	45.6%
25th	—	17.5%	20.8%	25.9%	35.6%	38.4%	40.1%	40.9%	41.6%	41.8%	41.8%	36.1%
50th	—	17.5%	20.8%	25.4%	30.7%	31.6%	31.6%	31.2%	30.9%	30.2%	29.4%	23.0%
75th	—	17.5%	20.8%	25.2%	25.8%	24.1%	22.3%	20.1%	18.0%	15.7%	12.4%	5.7%
90th	—	17.5%	20.8%	25.1%	20.2%	18.0%	14.9%	11.0%	6.1%	0.3%	0.0%	0.0%
95th	—	17.5%	20.8%	25.0%	18.5%	14.5%	10.4%	4.7%	0.0%	0.0%	0.0%	0.0%

Biennial Collared Base Rate Changes

System Average Rates

Over 95% of modeled scenarios show base contribution rate increases above 4% of payroll effective July 2019. Over half of modeled scenarios show rate increases above 5% of payroll effective July 2021.

Rates decrease in July 2035 after amortization of a large portion of Tier 1/Tier 2 UAL.

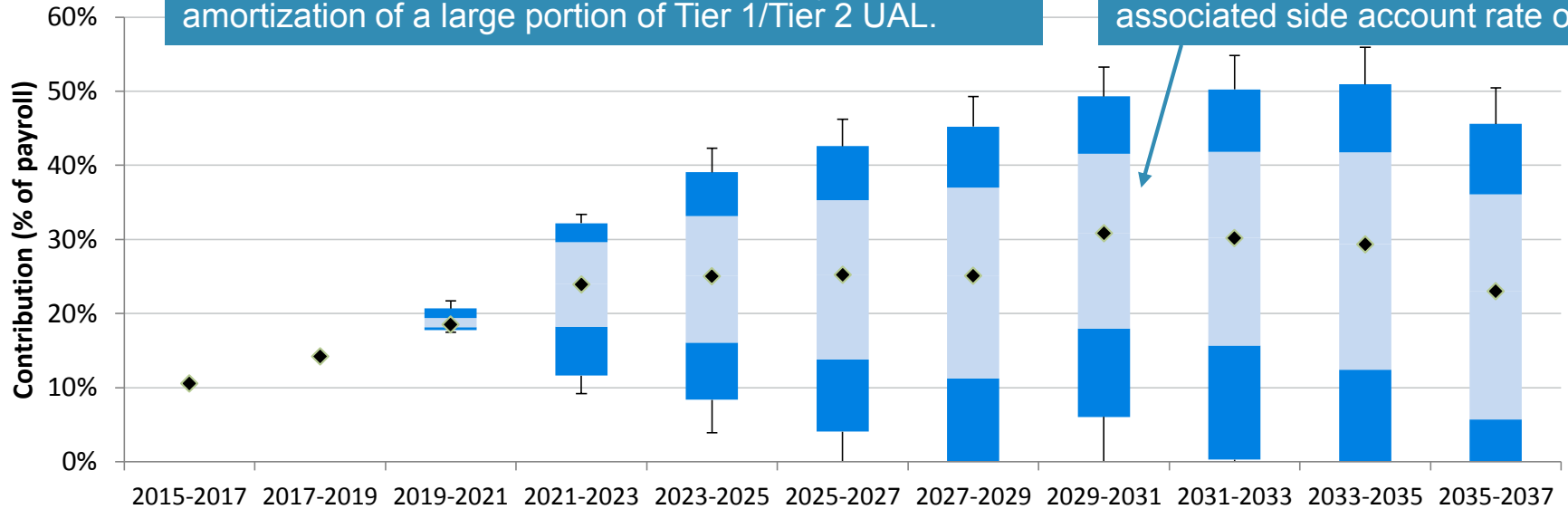


	Eff. Jul 17	Eff. Jul 19	Eff. Jul 21	Eff. Jul 23	Eff. Jul 25	Eff. Jul 27	Eff. Jul 29	Eff. Jul 31	Eff. Jul 33	Eff. Jul 35	
5th	—	3.4%	7.1%	12.0%	10.9%	9.2%	8.2%	8.2%	7.9%	7.8%	3.4%
10th	—	3.4%	6.1%	11.7%	8.8%	7.3%	6.4%	6.5%	6.3%	6.0%	1.3%
25th	—	3.4%	5.1%	9.7%	5.5%	4.2%	3.6%	3.6%	3.5%	3.0%	0.0%
50th	●	3.4%	4.5%	5.2%	1.2%	-0.2%	-0.7%	-0.4%	0.0%	0.0%	-4.5%
75th	—	3.4%	4.4%	0.2%	-4.0%	-4.8%	-5.1%	-4.9%	-4.9%	-4.6%	-9.4%
90th	—	3.4%	4.3%	-5.2%	-7.1%	-7.7%	-8.5%	-8.5%	-9.0%	-9.2%	-13.0%
95th	—	3.4%	4.2%	-6.8%	-8.3%	-9.0%	-10.1%	-10.3%	-10.9%	-11.7%	-14.8%

System Average Collared Net Contribution Rates

“Net” rates are collared base rates adjusted to reflect the projected effect of side account rate offsets and pre-SLGRP rate offsets. Rates decrease in July 2035 after amortization of a large portion of Tier 1/Tier 2 UAL.

Net rate increases in 2029-2031 reflect projected exhaustion of current side accounts and their associated side account rate offsets.

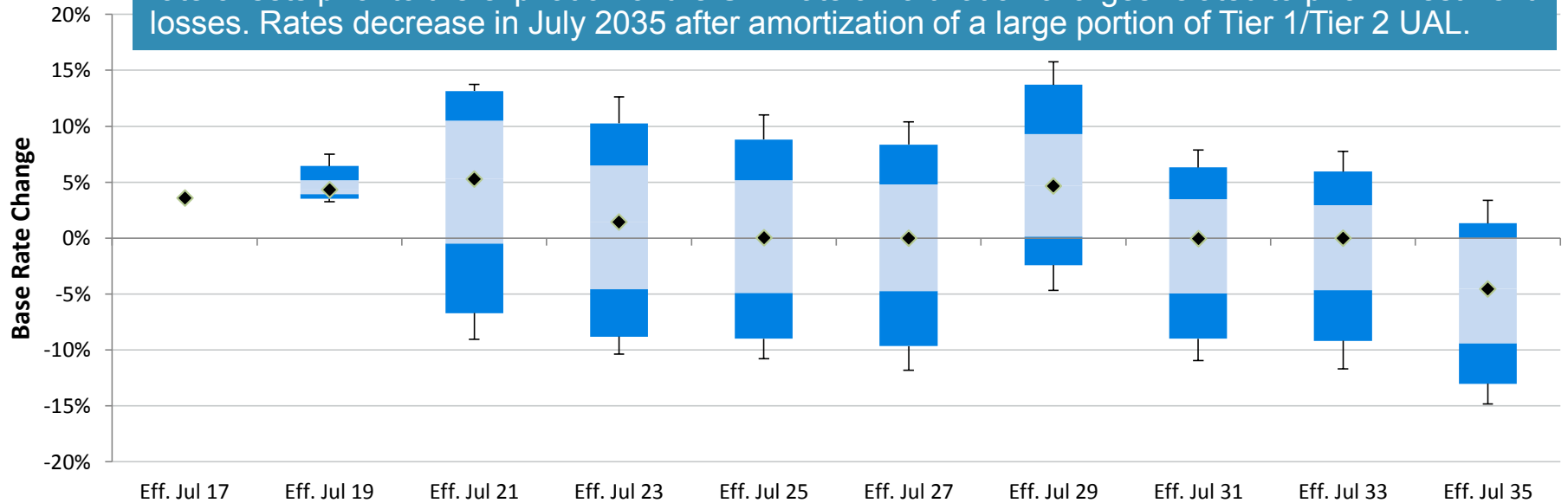


	2015-2017	2017-2019	2019-2021	2021-2023	2023-2025	2025-2027	2027-2029	2029-2031	2031-2033	2033-2035	2035-2037	
5th	—	10.6%	14.2%	21.7%	33.4%	42.3%	46.2%	49.3%	53.2%	54.8%	55.9%	50.5%
10th	■	10.6%	14.2%	20.7%	32.2%	39.1%	42.6%	45.2%	49.3%	50.2%	50.9%	45.6%
25th	■	10.6%	14.2%	19.4%	29.6%	33.1%	35.3%	37.0%	41.6%	41.8%	41.8%	36.1%
50th	●	10.6%	14.2%	18.6%	24.0%	25.1%	25.3%	25.1%	30.9%	30.2%	29.4%	23.0%
75th	■	10.6%	14.2%	18.1%	18.2%	16.1%	13.8%	11.3%	18.0%	15.7%	12.4%	5.7%
90th	■	10.6%	14.2%	17.7%	11.6%	8.3%	4.1%	0.0%	6.1%	0.3%	0.0%	0.0%
95th	—	10.6%	14.2%	17.5%	9.2%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Biennial Collared Net Rate Changes

System Average Rates

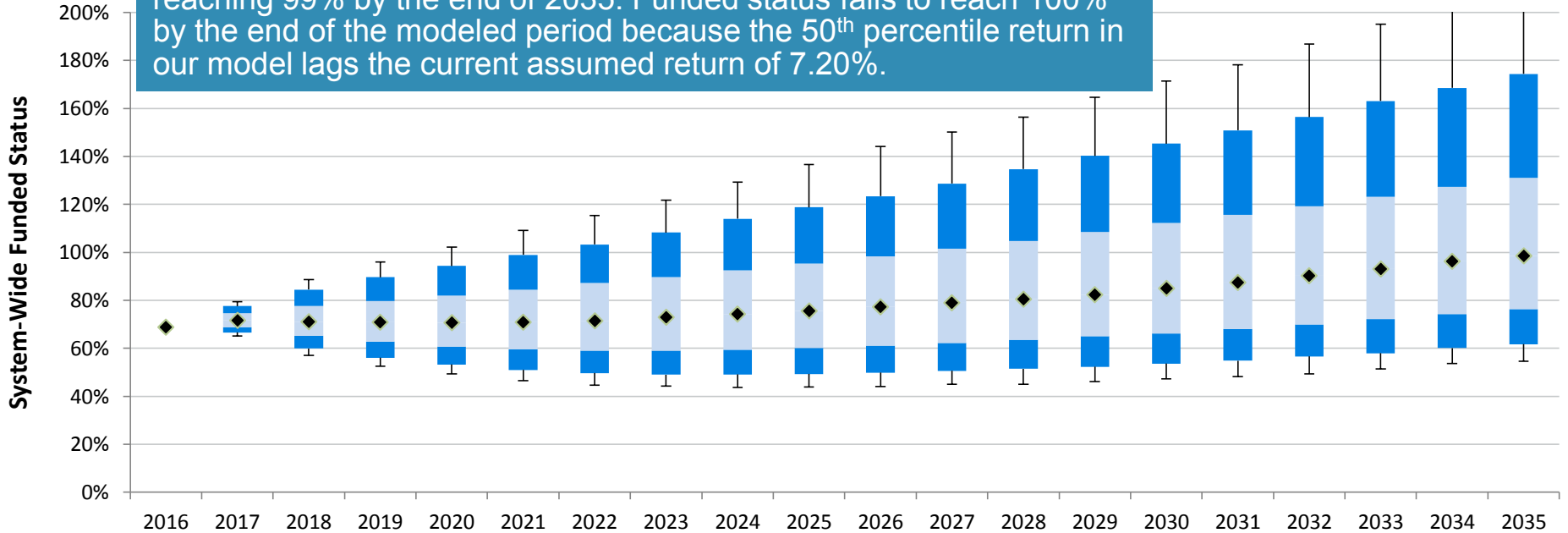
The July 2029 increase is related to the projected exhaustion of side accounts and pre-SLGRP rate offsets prior to the expiration of the UAL rate amortization charges related to prior investment losses. Rates decrease in July 2035 after amortization of a large portion of Tier 1/Tier 2 UAL.



	Eff. Jul 17	Eff. Jul 19	Eff. Jul 21	Eff. Jul 23	Eff. Jul 25	Eff. Jul 27	Eff. Jul 29	Eff. Jul 31	Eff. Jul 33	Eff. Jul 35	
5th	—	3.6%	7.5%	13.7%	12.6%	11.0%	10.4%	15.8%	7.9%	7.8%	3.4%
10th	—	3.6%	6.4%	13.1%	10.3%	8.8%	8.4%	13.7%	6.3%	6.0%	1.3%
25th	—	3.6%	5.2%	10.5%	6.5%	5.2%	4.8%	9.3%	3.5%	3.0%	0.0%
50th	•	3.6%	4.3%	5.3%	1.4%	0.1%	0.0%	4.7%	0.0%	0.0%	-4.5%
75th	—	3.6%	3.9%	-0.5%	-4.6%	-4.9%	-4.7%	0.1%	-4.9%	-4.6%	-9.4%
90th	—	3.6%	3.5%	-6.7%	-8.8%	-9.0%	-9.7%	-2.4%	-9.0%	-9.2%	-13.0%
95th	—	3.6%	3.3%	-9.1%	-10.4%	-10.8%	-11.8%	-4.7%	-10.9%	-11.7%	-14.8%

Funded Status (Excluding Side Accounts)

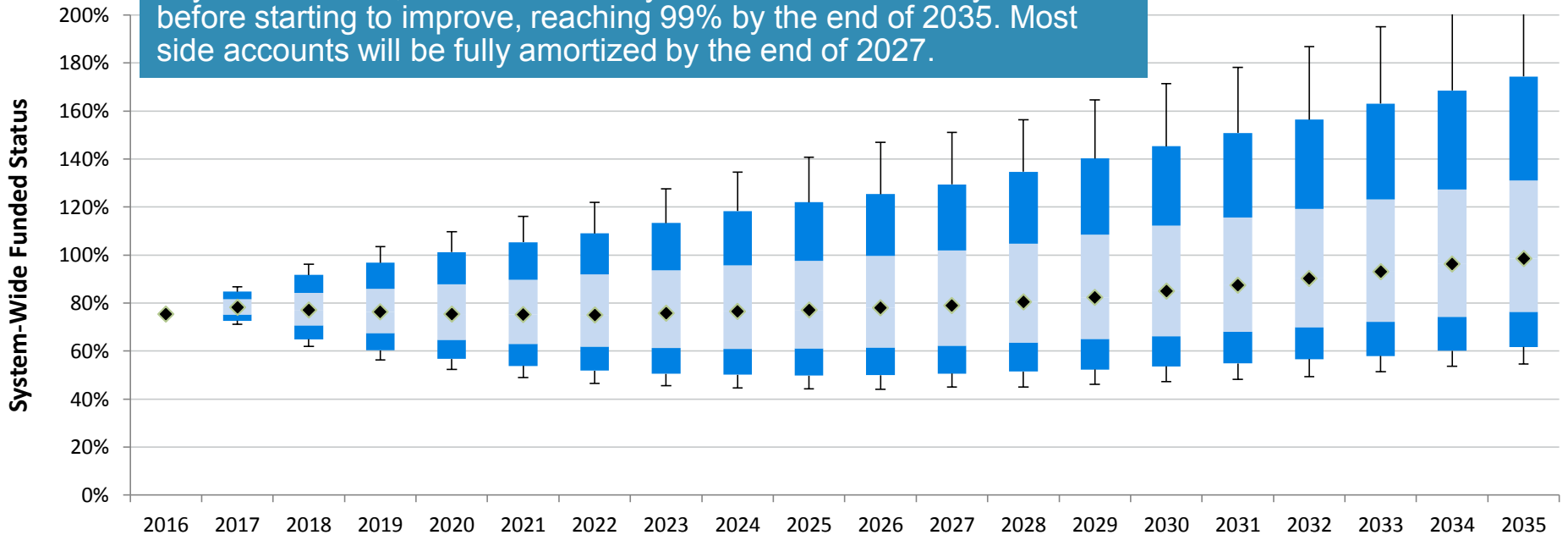
At the 50th percentile, funded status is 71.7% at year-end 2017, and decreases by 1% over the next three years before starting to improve, reaching 99% by the end of 2035. Funded status fails to reach 100% by the end of the modeled period because the 50th percentile return in our model lags the current assumed return of 7.20%.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
95th	—	68.7%	79.4%	88.6%	95.9%	102.2%	109.1%	115.4%	121.7%	129.3%	136.6%	144.1%	150.1%	156.3%	164.7%	171.3%	178.3%	186.8%	195.0%	204.6%	211.6%
90th	—	68.7%	77.6%	84.5%	89.6%	94.3%	99.0%	103.3%	108.2%	114.0%	118.8%	123.4%	128.7%	134.7%	140.2%	145.3%	150.8%	156.4%	163.1%	168.5%	174.3%
75th	—	68.7%	74.7%	77.6%	79.8%	82.0%	84.3%	87.2%	89.7%	92.5%	95.3%	98.3%	101.6%	104.8%	108.6%	112.3%	115.7%	119.2%	123.1%	127.4%	131.0%
50th	•	68.7%	71.7%	71.1%	70.8%	70.6%	70.9%	71.4%	72.9%	74.3%	75.6%	77.4%	79.0%	80.4%	82.4%	85.0%	87.5%	90.2%	93.1%	96.3%	98.6%
25th	—	68.7%	68.9%	65.3%	62.7%	60.7%	59.6%	59.0%	59.1%	59.5%	60.2%	61.1%	62.2%	63.6%	65.0%	66.1%	68.1%	69.9%	72.2%	74.3%	76.3%
10th	—	68.7%	66.6%	59.9%	56.1%	53.2%	51.0%	49.7%	49.0%	49.1%	49.3%	49.9%	50.6%	51.5%	52.4%	53.6%	54.9%	56.6%	58.0%	60.1%	61.7%
5th	—	68.7%	65.2%	57.1%	52.5%	49.3%	46.6%	44.6%	44.2%	43.8%	44.0%	44.0%	45.0%	45.1%	46.1%	47.2%	48.1%	49.3%	51.4%	53.7%	54.6%

Funded Status (Including Side Accounts)

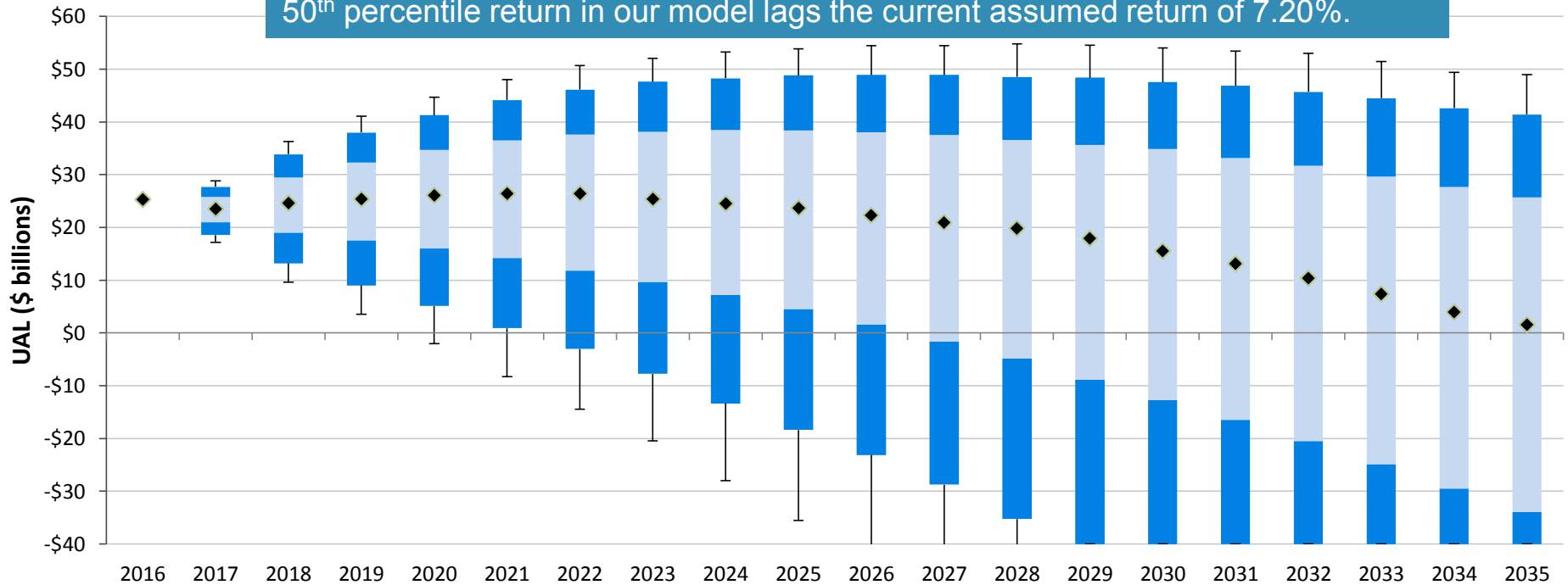
At the 50th percentile, funded status including side accounts is 78.2% at year-end 2017, and decreases by 3% over the next five years before starting to improve, reaching 99% by the end of 2035. Most side accounts will be fully amortized by the end of 2027.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
95th	—	75.4%	86.7%	96.3%	103.6%	109.7%	116.2%	122.0%	127.6%	134.5%	140.7%	147.0%	151.2%	156.3%	164.7%	171.3%	178.3%	186.8%	195.0%	204.6%	211.6%
90th	—	75.4%	84.7%	91.7%	96.7%	101.2%	105.3%	109.0%	113.3%	118.3%	122.0%	125.4%	129.5%	134.7%	140.2%	145.3%	150.8%	156.4%	163.1%	168.5%	174.3%
75th	—	75.4%	81.5%	84.2%	86.0%	87.7%	89.6%	91.9%	93.6%	95.6%	97.5%	99.7%	101.8%	104.8%	108.6%	112.3%	115.7%	119.2%	123.1%	127.4%	131.0%
50th	•	75.4%	78.2%	77.1%	76.3%	75.5%	75.1%	74.9%	75.8%	76.5%	77.0%	78.1%	79.0%	80.4%	82.4%	85.0%	87.5%	90.2%	93.1%	96.3%	98.6%
25th	—	75.4%	75.1%	70.7%	67.5%	64.8%	63.0%	61.8%	61.2%	61.0%	61.1%	61.4%	62.2%	63.6%	65.0%	66.1%	68.1%	69.9%	72.2%	74.3%	76.3%
10th	—	75.4%	72.6%	64.9%	60.3%	56.7%	53.8%	51.8%	50.5%	50.1%	49.8%	50.0%	50.6%	51.5%	52.4%	53.6%	54.9%	56.6%	58.0%	60.1%	61.7%
5th	—	75.4%	71.1%	61.9%	56.4%	52.4%	49.0%	46.5%	45.5%	44.6%	44.3%	44.1%	45.0%	45.1%	46.1%	47.2%	48.1%	49.3%	51.4%	53.7%	54.6%

UAL (Excluding Side Accounts)

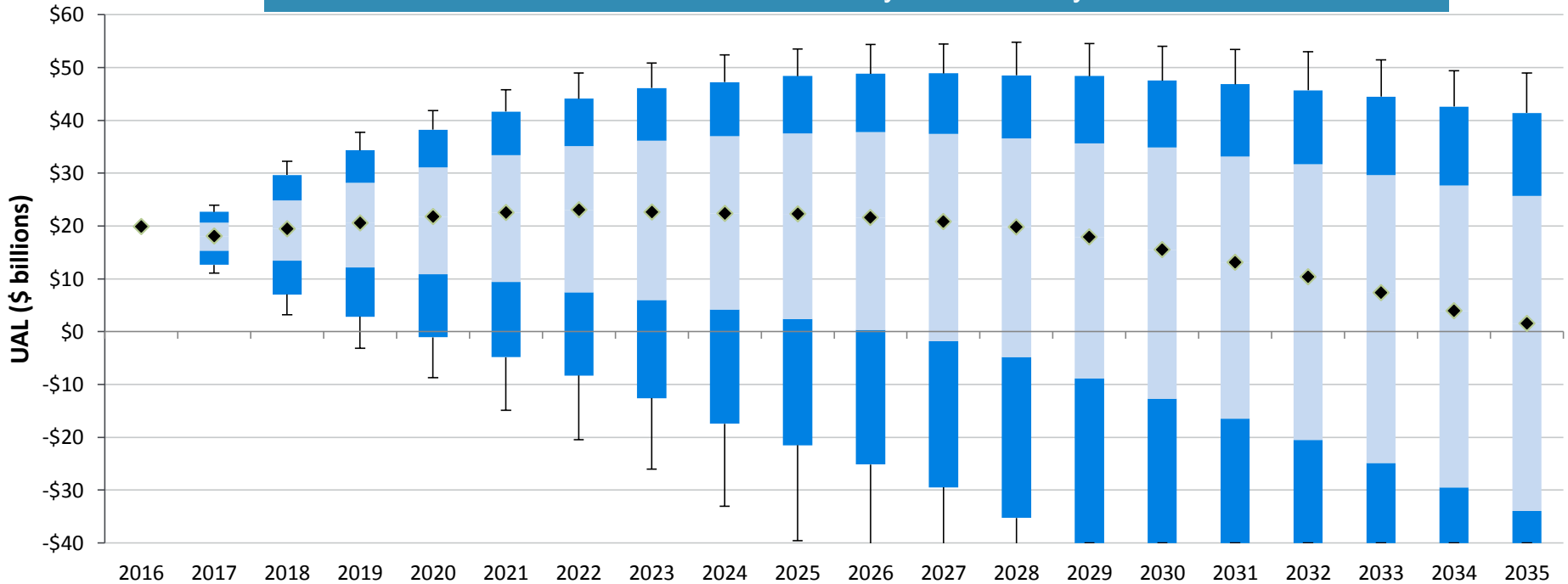
At the 50th percentile, the UAL excluding side accounts is \$23.5 billion at year-end 2017, grows to \$26.4 billion at the end of 2021, then declines to \$1.6 billion by the end of 2035. UAL fails to reach \$0 by the end of the modeled period because the 50th percentile return in our model lags the current assumed return of 7.20%.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
5th	—	25.3	28.8	36.3	41.1	44.7	48.0	50.7	52.1	53.2	53.9	54.5	54.5	54.8	54.6	54.0	53.4	53.0	51.5	49.4	49.0
10th	—	25.3	27.7	33.9	38.0	41.3	44.1	46.1	47.6	48.3	48.8	48.9	48.9	48.5	48.4	47.5	46.9	45.7	44.5	42.6	41.4
25th	—	25.3	25.8	29.5	32.3	34.7	36.5	37.6	38.2	38.4	38.4	38.1	37.5	36.6	35.7	34.9	33.2	31.7	29.6	27.6	25.7
50th	•	25.3	23.5	24.6	25.3	26.0	26.4	26.4	25.4	24.5	23.6	22.3	20.9	19.8	17.9	15.5	13.1	10.3	7.3	4.0	1.6
75th	—	25.3	21.0	19.1	17.6	16.0	14.2	11.8	9.7	7.2	4.5	1.6	-1.6	-4.8	-8.8	-12.7	-16.5	-20.5	-24.9	-29.5	-34.0
90th	—	25.3	18.6	13.2	9.0	5.1	0.9	-3.0	-7.7	-13.4	-18.4	-23.1	-28.7	-35.2	-41.5	-47.2	-53.4	-60.3	-67.8	-74.5	-81.9
95th	—	25.3	17.1	9.7	3.6	-2.0	-8.3	-14.4	-20.4	-28.0	-35.5	-43.7	-50.4	-57.3	-66.7	-74.5	-82.6	-93.6	-103.3	-114.5	-122.5

UAL (Including Side Accounts)

At the 50th percentile, the UAL including side accounts is \$18.1 billion at year-end 2017, grows to \$23.1 billion at the end of 2022, then declines to \$1.6 billion by the end of 2035. Most side accounts will be fully amortized by the end of 2027.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
5th	—	19.9	24.0	32.3	37.7	41.9	45.8	49.0	50.8	52.4	53.5	54.4	54.5	54.8	54.6	54.0	53.4	53.0	51.5	49.4	49.0
10th	—	19.9	22.7	29.7	34.4	38.3	41.7	44.1	46.1	47.2	48.4	48.8	48.9	48.5	48.4	47.5	46.9	45.7	44.5	42.6	41.4
25th	—	19.9	20.6	24.9	28.2	31.1	33.4	35.1	36.2	37.0	37.6	37.8	37.5	36.6	35.7	34.9	33.2	31.7	29.6	27.6	25.7
50th	●	19.9	18.1	19.5	20.6	21.7	22.5	23.1	22.6	22.4	22.2	21.6	20.8	19.8	17.9	15.5	13.1	10.3	7.3	4.0	1.6
75th	—	19.9	15.3	13.4	12.2	10.9	9.4	7.5	6.0	4.2	2.4	0.3	-1.8	-4.8	-8.8	-12.7	-16.5	-20.5	-24.9	-29.5	-34.0
90th	—	19.9	12.7	7.1	2.8	-1.0	-4.8	-8.3	-12.6	-17.4	-21.5	-25.2	-29.5	-35.2	-41.5	-47.2	-53.4	-60.3	-67.8	-74.5	-81.9
95th	—	19.9	11.1	3.2	-3.1	-8.7	-14.9	-20.5	-26.0	-33.0	-39.6	-46.4	-51.4	-57.4	-66.7	-74.5	-82.6	-93.6	-103.3	-114.5	-122.5

Variable Return Model Stress Test

- As in recent years, we also used the variable return model to do a “stress test” of the likelihood of certain events in the 10,000 scenarios modeled
- The likelihood of specified events occurring at some point during the 20 year projection period is shown below

Likelihood of Event Occurring at Some Point in Next 20 Years	
Funded Status (Excluding Side Accounts) > 100%	66%
Funded Status (Excluding Side Accounts) < 60%	56%
Funded Status (Excluding Side Accounts) < 40%	8%

Variable Return Model Stress Test

- The likelihood of specified events occurring at some point during the 20 year projection period is shown below

Likelihood of Event Occurring at Some Point in Next 20 Years	
Base Rate (Excluding Retiree Healthcare) < 10% of Pay	32%
Base Rate (Excluding Retiree Healthcare) > 30% of Pay	79%
Base Rate (Excluding Retiree Healthcare) > 40% of Pay	47%

- The system-average base rate for the 2017-2019 biennium is between 20% and 21%, per the December 31, 2015 valuation

Variable Return Model Stress Test

- As shown earlier, over 95% of modeled scenarios show increase in collared rate above 4% of payroll at July 2019
- Table shows likelihood in the model of a collared rate increase exceeding a selected threshold at the July 2021 rate change

Likelihood of the July 2021 Collared Rate Increase Exceeding Threshold

<u>Threshold Increase</u>	<u>Base Rate</u>	<u>Net Rate</u>
3% of Pay	62%	61%
4% of Pay	57%	57%
5% of Pay	52%	52%
6% of Pay	45%	47%

Variable Return Model Stress Test

- Likelihood in the model of cumulative July 2019 and July 2021 collared rate increases exceeding a selected threshold
 - For example, a scenario with increases of 4% of pay at July 2019 and 2% of pay in July 2021 would reach the 6% of pay cumulative threshold

Likelihood of Cumulative July 2019 and July 2021 Collared Rate Increases Exceeding Threshold

<u>Threshold Increase</u>	<u>Base Rate</u>	<u>Net Rate</u>
6% of Pay	71%	68%
8% of Pay	61%	59%
10% of Pay	49%	49%
12% of Pay	40%	40%

Advisory 2019-2021 Individual Employer Rates

- Advisory 2019-2021 employer-specific contribution rates from the December 31, 2016 actuarial valuation will be made available
 - PERS is distributing full reports to each individual employer
- Individual employer rate changes can vary from behavior of system-average results for several reasons, including:
 - Side accounts
 - Changes in payroll significantly different than assumed
 - Affects rate offset for side accounts, and rate charge/offset for Transition Liability/Surplus amounts for SLGRP employers
 - Employer demographic changes
 - Especially for independent employers or SLGRP employers with a change in the proportional split between Police & Fire versus General Service payroll

Wrap Up / Next Steps

- At the January meeting, preliminary year-end 2017 investment results will be available
 - We can then comment as warranted on estimated impact on the 12/31/2017 actuarial valuation results, which will develop 2019 – 2021 contribution rates

Appendix

Certification

This presentation summarizes deterministic and stochastic modeling for the Oregon Public Employees Retirement System (“PERS” or “the System”) over a 20 year period beginning December 31, 2016 under a wide range of potential economic scenarios. The results are based upon the same assumptions, methods, and plan provisions as described in the December 31, 2016 System-Wide Actuarial Valuation Report, except where noted otherwise.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System’s staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan’s funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements. The PERS Board has the final decision regarding the appropriateness of the assumptions.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. The computations prepared for other purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System’s funding requirements and goals.

Certification

The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in the appendix of this report. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the Oregon Public Employees Retirement System. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the System. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Appendix

Actuarial Basis

Data

We have based our calculation of the liabilities on the data supplied by the Oregon Public Employees Retirement System and summarized in the Valuation Report.

Assets as of December 31, 2016, were based on values provided by Oregon PERS reflecting the Board's earnings crediting decisions for 2016, as shown in the Valuation Report. Financial model projections reflect September 30, 2017 investment results for regular and variable accounts as published by Oregon State Treasury.

Methods / Policies

Actuarial Cost Method: Entry Age Normal, adopted effective December 31, 2012.

UAL Amortization: The UAL for OPSRP and Retiree Health Care as of December 31, 2007 are amortized as a level percentage of combined valuation payroll over a closed 16 year period for OPSRP and a closed 10 year period for Retiree Health Care. For the Tier 1/Tier 2 UAL, the amortization period was reset at 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over the amortization period (20 years for Tier/Tier 1, 16 years for OPSRP, 10 years for Retiree Health Care) from the odd-year valuation in which they are first recognized.

Appendix

Actuarial Basis

Methods / Policies (cont'd)

Contribution rate stabilization method: Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collar based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

Expenses: Annual administration expenses are assumed to be \$37.5M for Tier 1/Tier 2 and \$6.5M for OPSRP, as described in the 2016 Experience Study Report, and are added to the corresponding normal cost for the year in which they are incurred. Administration expenses for each year after 2017 are assumed to increase with inflation, which varies by scenario based on capital market assumptions.

Actuarial Value of Assets: Equal to Market Value of Assets excluding Contingency and Tier 1 Rate Guarantee Reserves. The Tier 1 Rate Guarantee Reserve is not excluded from assets if it is negative (i.e. in deficit status).

Assumptions

Assumptions for valuation calculations are as described in the 2016 Experience Study Report.

Provisions

Provisions valued are as detailed in the December 31, 2016 System-Wide Actuarial Valuation Report.



Appendix

Rate Projection Basis

Assumptions

In general, all assumptions are as described in the 2016 Experience Study Report.

The major actuarial valuation assumptions used in our projections are shown below. They are aggregate average assumptions that apply to the whole population and were held constant throughout the projection period. The economic experience adjustments were allowed to vary in future years given the conditions defined in each economic scenario.

- Valuation interest rate – 7.20%
- Tier 1 Regular account growth – 7.20%
- Actual fund investment return – Varies by scenario according to capital market assumptions
- Variable account growth – Equal to investment return on public equity portion of the fund
- Inflation assumption – 2.50%
- Inflation experience – Varies by scenario according to capital market assumptions
- Wage growth assumption – 3.50%
- Wage growth experience – 1.00% greater than inflation experience
- Demographic experience – as described in 2016 Experience Study Report
- New entrant experience – New members are assumed to be hired at the rate necessary to keep the total number of members in each job class (General Service, School District, Police & Fire, and Judges) constant over the duration of the projection. All new entrants other than judges are assumed to join as OPSRP members. New entrant pay is assumed to grow at the rate necessary for overall system payroll to increase with wage growth experience, as described above.

Appendix

Rate Projection Basis

Reserve Projection

Contingency Reserve as of 12/31/2016 was assumed to be \$583.7M. No future increases or decreases to this reserve were assumed.

The Tier 1 Rate Guarantee Reserve (“RGR”) was assumed to be \$180.8M as of 12/31/2016. The RGR was assumed to grow with excess returns above the 7.20% target growth on Tier 1 Member Accounts. When modeled aggregate returns were below 7.20%, applicable amounts from the RGR were assumed to transfer to Tier 1 Member Accounts to maintain the 7.20% target growth rate. The RGR is allowed to be negative, but the reserve is not excluded from valuation assets when it is negative. We did not include in rates any potential additional employer levy that could be required to eliminate a persistent negative RGR.

Appendix

Rate Projection Basis

Capital Market Model

For each 20-year projection, we ran 10,000 stochastic scenarios for inflation and asset class rates of return. The scenarios were calibrated to represent Milliman’s capital market assumptions in terms of expected average real returns, the expected year-to-year volatility of the returns, and the expected correlation between the returns of different asset classes. Annual rates of return for each of the asset classes and inflation are generated from a multivariate lognormal probability distribution. Rates of return are independent from year to year.

For this purpose, we considered the Oregon PERS Fund to be allocated among the model’s asset classes as shown below. This allocation is based on the OIC’s Statement of Investment Objectives and Policy Framework for the Oregon PERS Fund, as revised June 7, 2017.

	Annual Arithmetic Mean	20-Year Annualized Geometric Mean	Annual Standard Deviation	Policy Allocation
US Broad Equity	7.31%	6.13%	16.45%	18.37%
Non-US Developed Large/Mid-Cap Equity	8.24%	6.73%	18.70%	15.00%
Emerging Markets Equity	10.51%	7.43%	27.35%	4.13%
Private Equity	11.33%	7.68%	30.00%	17.50%
US Universal Fixed Income	4.27%	4.17%	4.55%	8.00%
US Short Duration Bonds	3.60%	3.56%	2.70%	8.00%
Leveraged Loans	5.17%	4.91%	7.50%	3.00%
High Yield	7.02%	6.58%	10.00%	1.00%
Real Estate	6.32%	5.68%	12.00%	10.00%
Global REITs	8.17%	6.28%	21.00%	2.50%
Natural Resources	6.53%	5.78%	13.00%	2.81%
Infrastructure	7.52%	6.58%	14.65%	3.75%
Commodities	5.52%	3.93%	18.95%	2.81%
Hedge Funds	6.03%	5.68%	8.85%	3.13%
US Inflation (CPI-U)	2.50%	2.50%	1.85%	N/A
Fund Total (reflecting asset class correlations)	7.50%	6.75%*	12.95%	100%

* The model’s 20-year annualized geometric median is **6.72%**.



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Oregon

Kate Brown, Governor

Public Employees Retirement System

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December 1, 2017

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Executive Director
SUBJECT: Adoption of Actuarial Equivalency Factor Tables

ORS 238.607 directs the PERS Board to adopt updated actuarial equivalency factor tables at least every two years. As explained in the attached memo from Milliman, the new tables are based upon the methods and assumptions that the PERS Board adopted in the development of the 2016 Actuarial Valuation and Experience Study.

The tables themselves are posted to the PERS website for reference by interested parties.
(<http://www.oregon.gov/pers/Documents/Financials/AEFs/AEFs-2018.pdf>)

BOARD OPTIONS

The Board may:

1. Pass a motion to “Adopt the actuarial equivalency factor tables as prepared by Milliman based on the 2016 Valuation and Experience Study.”
2. Direct Milliman to review one or more of their methods or assumptions and return with new tables that more closely align with the Board’s direction.

STAFF RECOMMENDATION

Staff recommends that the PERS Board choose Option #1 above. These tables must be adopted for use effective January 1, 2018 in accordance with the implementation of the PERS Board’s adoption of methods and assumptions, including reducing the assumed rate to 7.20%.

If the Board does not adopt: If the PERS Board does not adopt the new tables at today’s meeting, calculation and processing of member retirements effective January 1, 2018, will be delayed.



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MEMO

November 22, 2017

To: Public Employees Retirement Board
From: Matt Larrabee, FSA; Scott Preppernau, FSA
Re: Adoption of Actuarial Equivalency Factors Proposed Effective January 1, 2018

As a follow-up item to the PERS Board's July 2017 adoption of assumptions and methods for use in the December 31, 2016 and December 31, 2017 actuarial valuations, Milliman has prepared Actuarial Equivalency Factors (AEFs) which are proposed first effective January 1, 2018.

The AEFs are intended for use during calendar year 2018 and 2019. They are based on the assumptions and methods formally adopted by the PERS Board in July 2017 including, most prominently, a 7.20% assumed future investment return and updates to projection of future mortality improvement using on a unisex projection scale based on average Social Security experience over a 60-year observation period.

The AEFs for members other than telecommunicators were provided to PERS staff on October 31. The AEFs for telecommunicators were provided to PERS staff on November 2.

We recommend formal Board adoption of the provided AEFs as noted above, and would be happy to address any Board questions or concerns about the AEFs at the December 1, 2017 Board meeting.

Summary of PERS Employer Contribution Rates

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions,
and exclude contributions to the IAP and debt service for pension obligation bonds.

Employer Number	Employer Name	Net Employer Contribution Rate 7/1/17 - 6/30/19			Advisory Net Employer Contribution Rate 7/1/19 - 6/30/21				
		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll
----- Independent Employers -----									
City									
2167	City of Athena		11.15%	8.92%	13.69%		14.43%	12.66%	17.39%
2106	City of Beaverton		18.39%	9.72%	14.49%		22.32%	13.49%	18.22%
2107	City of Bend		20.73%	12.13%	16.90%		26.46%	17.64%	22.37%
2149	City of Canyonville		17.91%	9.63%	14.40%		21.42%	15.28%	20.01%
2186	City of Chiloquin		14.59%	6.56%	11.33%		16.96%	8.92%	13.65%
2162	City of Clatskanie		19.43%	10.98%	15.75%		25.01%	17.01%	21.74%
2152	City of Coos Bay		20.93%	9.74%	14.51%		25.04%	14.07%	18.80%
2165	City of Cornelius		16.42%	10.37%	15.14%		19.70%	14.00%	18.73%
2127	City of Cottage Grove		21.57%	11.10%	15.87%		25.81%	15.02%	19.75%
2257	City of Culver		20.78%	15.72%	20.49%		28.66%	24.27%	29.00%
2262	City of Dufur		20.19%	12.98%	17.75%		24.15%	15.62%	20.35%
2282	City of Eagle Point		19.60%	10.44%	15.21%		25.59%	16.12%	20.85%
2111	City of Eugene		21.40%	12.38%	17.15%		25.61%	16.68%	21.41%
2112	City Of Forest Grove		N/A	N/A	N/A		19.67%	11.01%	15.74%
2248	City of Fossil		13.18%	7.29%	12.06%		16.46%	10.43%	15.16%
2309	City of Gearhart		16.48%	6.32%	11.09%		19.76%	9.06%	13.79%
2264	City of Gervais		15.14%	11.22%	15.99%		18.16%	14.19%	18.92%
2250	City of Gold Beach		17.75%	11.01%	15.78%		20.26%	13.31%	18.04%
2114	City of Gresham		15.39%	4.96%	9.73%		20.17%	9.88%	14.61%
2115	City of Hillsboro		19.64%	11.57%	16.34%		23.85%	15.93%	20.66%
2222	City of Jacksonville		18.73%	7.32%	12.09%		22.40%	11.70%	16.43%
2232	City of Joseph		21.27%	16.93%	21.70%		26.23%	22.03%	26.76%
2279	City of Keizer		17.72%	7.30%	12.07%		21.19%	10.25%	14.98%
2283	City of Maupin		13.23%	3.90%	8.67%		17.41%	8.49%	13.22%
2246	City of Merrill		10.24%	0.43%	1.63%		13.52%	0.42%	4.68%
2195	City of Metolius		7.27%	0.43%	0.43%		7.56%	0.42%	1.19%
2290	City of Molalla		15.19%	8.04%	12.81%		18.47%	12.21%	16.94%
2174	City of Mt Angel		14.31%	6.42%	11.19%		17.59%	10.42%	15.15%
2118	City of Ontario		28.49%	17.72%	22.49%		37.31%	27.28%	32.01%
2215	City of Powers		7.27%	0.43%	1.07%		7.62%	0.42%	3.82%
2218	City of Prairie City		12.89%	9.53%	14.30%		16.17%	13.35%	18.08%
2146	City of Prineville		12.17%	3.94%	8.71%		15.68%	7.77%	12.50%
2297	City of Rainier		16.48%	6.67%	11.44%		19.76%	10.19%	14.92%
2101	City of Salem		21.07%	11.97%	16.74%		28.31%	19.37%	24.10%
2219	City of Sheridan		15.16%	7.31%	12.08%		18.44%	13.26%	17.99%
2213	City of Stanfield		7.27%	0.45%	5.22%		10.55%	0.42%	4.32%
2129	City of Sweet Home		10.24%	1.22%	5.99%		13.52%	4.23%	8.96%
2261	City of Waldport		12.46%	5.07%	9.84%		15.74%	8.52%	13.25%

Summary of PERS Employer Contribution Rates

Rates shown reflect the effect of side account rate offsets and retiree healthcare contributions,
and exclude contributions to the IAP and debt service for pension obligation bonds.

Employer Number	Employer Name	Net Employer Contribution Rate 7/1/17 - 6/30/19			Advisory Net Employer Contribution Rate 7/1/19 - 6/30/21			
		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll
Independent Employers								
City								
2189	City of Willamina		7.27%	0.43%	3.52%	7.56%	0.42%	5.04%
2253	Town of Butte Falls		13.18%	6.09%	10.86%	16.46%	8.98%	13.71%
County								
2001	Clackamas County		23.07%	14.82%	19.59%	27.61%	19.62%	24.35%
2002	Curry County		22.23%	11.21%	15.98%	26.60%	16.03%	20.76%
2003	Douglas County		32.18%	20.55%	25.32%	38.54%	27.54%	32.27%
2006	Jefferson County		19.85%	10.57%	15.34%	23.75%	14.05%	18.78%
2008	Lane County		18.74%	10.34%	15.11%	22.41%	14.46%	19.19%
2014	Linn County		23.15%	14.10%	18.87%	27.71%	18.96%	23.69%
2039	Malheur County		17.93%	8.52%	13.29%	21.44%	11.98%	16.71%
2037	Polk County		20.96%	12.44%	17.21%	25.08%	17.29%	22.02%
2050	Wallowa County		11.29%	0.43%	4.85%	14.57%	0.42%	0.42%
2015	Yamhill County		16.48%	8.74%	13.51%	19.76%	11.91%	16.64%
Special Districts								
2664	Applegate Valley Rural Fire Protection District #9		17.76%	8.01%	12.78%	21.88%	10.86%	15.59%
2702	Banks Fire District #13		23.03%	11.41%	16.18%	27.56%	14.74%	19.47%
2596	Bend Parks & Recreation		16.08%	10.94%	15.71%	20.26%	15.13%	19.86%
2648	Black Butte Ranch Rural Fire Protection District		16.48%	3.15%	7.92%	19.76%	5.65%	10.38%
2833	Boardman Rural Fire Protection District		22.30%	9.34%	14.11%	25.01%	11.51%	16.24%
2779	Brownsville Rural Fire Protection District		16.37%	4.78%	9.55%	19.65%	7.45%	12.18%
2678	Central Oregon Regional Housing Authority		12.75%	10.84%	15.61%	16.03%	14.23%	18.96%
2645	Chiloquin Agency Lake Rural Fire Protection District		19.18%	7.71%	12.48%	25.03%	15.09%	19.82%
2518	Clackamas County Housing Authority		21.57%	14.19%	18.96%	25.81%	18.71%	23.44%
2870	Clackamas River Water Providers		11.67%	11.20%	15.97%	12.79%	12.66%	17.39%
2679	Columbia River Public Utility District		17.31%	12.24%	17.01%	21.63%	17.39%	22.12%
2828	Deschutes Public Library District		16.65%	11.18%	15.95%	20.53%	15.28%	20.01%
2527	Deschutes Valley Water District		24.38%	18.20%	22.97%	29.18%	23.44%	28.17%
2729	Douglas County Fire District #2		32.70%	21.04%	25.81%	45.36%	33.28%	38.01%
2743	Douglas Soil & Water Conservation District		7.27%	0.43%	0.43%	10.89%	0.42%	2.85%
2529	East Fork Irrigation District		14.06%	1.25%	6.02%	17.34%	3.96%	8.69%
2618	Estacada Cemetery District		7.27%	0.43%	0.43%	7.56%	0.42%	0.42%
2132	Eugene Water & Electric Board		27.51%	21.33%	26.10%	35.33%	29.72%	34.45%
2623	Evans Valley Fire District #6		10.72%	0.43%	2.95%	13.18%	0.42%	5.01%
2785	Fern Ridge Community Library		10.95%	1.44%	6.21%	14.23%	4.54%	9.27%
2608	Gaston Rural Fire Protection District		18.68%	12.87%	17.64%	22.34%	14.05%	18.78%
2698	Halsey Shedd Rural Fire Protection District		13.15%	0.43%	5.15%	13.50%	7.91%	12.64%
2771	Harbor Water PUD		13.81%	3.78%	8.55%	17.09%	6.74%	11.47%
2717	Ice Fountain Water District		16.48%	9.71%	14.48%	19.76%	13.49%	18.22%

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		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll
Independent Employers							
Special Districts							
2556	Jackson County Fire District #5	25.41%	12.93%	17.70%	35.15%	22.30%	27.03%
2575	Jefferson County Rural Fire Protection District #1	17.83%	10.94%	15.71%	21.32%	14.14%	18.87%
2841	Jefferson County Soil & Water Conservation District	13.18%	10.85%	15.62%	15.42%	13.83%	18.56%
2515	Klamath County Fire District #1	28.18%	16.67%	21.44%	36.91%	24.76%	29.49%
2760	Knappa Svensen Burnside Rural Fire Protection District	16.13%	4.26%	9.03%	19.41%	6.31%	11.04%
2879	LaGrande Rural Fire Protection District	18.63%	9.87%	14.64%	19.14%	10.61%	15.34%
2881	Lake Chinook Fire and Rescue District	18.63%	9.87%	14.64%	19.14%	10.61%	15.34%
2644	Lakeside Water District	16.98%	12.96%	17.73%	18.92%	15.56%	20.29%
2521	League of Oregon Cities	18.66%	14.37%	19.14%	21.60%	17.64%	22.37%
2597	Mapleton Water District	16.79%	8.16%	12.93%	20.07%	11.66%	16.39%
2877	Mid-Columbia Fire And Rescue V1-801	18.72%	9.98%	14.75%	19.91%	10.79%	15.52%
2782	Millington Rural Fire Protection District	10.24%	0.43%	0.45%	7.56%	0.42%	0.42%
2861	Mt Angel Fire District	16.91%	6.25%	11.02%	20.52%	9.64%	14.37%
2724	Nehalem Bay Wastewater Agency	13.18%	4.48%	9.25%	16.46%	8.40%	13.13%
2740	Neskowin Regional Sanitary Authority	12.80%	7.23%	12.00%	12.90%	7.16%	11.89%
2835	North Clackamas County Water Commission	16.20%	9.68%	14.45%	22.48%	16.08%	20.81%
2637	Northeast Oregon Housing Authority	14.34%	4.78%	9.55%	17.62%	8.07%	12.80%
2550	Nyssa Road Assessment District #2	36.55%	25.14%	29.91%	35.77%	25.50%	30.23%
2524	Oak Lodge Sanitary District	17.05%	12.35%	17.12%	20.39%	17.89%	22.62%
2685	Oregon Community College Association	10.24%	6.59%	11.36%	13.52%	10.22%	14.95%
2876	Oregon Municipal Electric Utilities Association	13.44%	9.37%	14.14%	14.76%	11.05%	15.78%
2533	Owyhee Irrigation District	28.28%	19.95%	24.72%	33.86%	25.69%	30.42%
2688	Polk County Fire District #1	22.53%	11.91%	16.68%	26.96%	15.95%	20.68%
2613	Polk Soil & Water Conservation District	18.28%	9.52%	14.29%	21.86%	13.33%	18.06%
2507	Port of Astoria	15.01%	9.70%	14.47%	17.26%	14.70%	19.43%
2633	Port of Cascade Locks	10.52%	4.71%	9.48%	13.80%	8.23%	12.96%
2788	Port of Hood River	16.39%	11.47%	16.24%	19.67%	14.75%	19.48%
2570	Port of St Helens	12.76%	9.71%	14.48%	13.53%	10.57%	15.30%
2581	Port of Umatilla	22.12%	10.12%	14.89%	26.47%	13.85%	18.58%
2689	Redmond Area Park & Recreation District	13.73%	8.19%	12.96%	16.89%	11.43%	16.16%
2672	Rockwood Water PUD	19.39%	13.50%	18.27%	23.54%	18.05%	22.78%
2747	Salem Housing Authority	20.37%	14.11%	18.88%	24.37%	18.89%	23.62%
2675	Salmon Harbor-Douglas County	13.18%	9.28%	14.05%	16.46%	13.31%	18.04%
2885	Siletz Rural Fire Protection District	18.63%	9.87%	14.64%	19.14%	10.61%	15.34%
2701	Sisters-Camp Sherman Rural Fire Protection District	29.30%	17.90%	22.67%	40.60%	28.31%	33.04%
2859	South Lane County Fire and Rescue	34.03%	22.07%	26.84%	38.17%	25.34%	30.07%
2803	Southwestern Polk County Rural Fire Protection District	15.38%	6.62%	11.39%	17.60%	9.07%	13.80%
2767	Springfield Utility Board	13.18%	5.26%	10.03%	16.46%	8.16%	12.89%

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		Independent Employers							
Special Districts									
2845	Sunrise Water Authority	20.93%	17.94%	22.71%	22.87%	20.44%	25.17%		
2643	Sweet Home Cemetery	22.16%	13.38%	18.15%	23.31%	14.58%	19.31%		
2722	Tillamook 9-1-1	10.24%	4.59%	9.36%	13.52%	8.38%	13.11%		
2821	Tillamook County Soil And Water Conservation District	17.05%	11.93%	16.70%	20.39%	15.87%	20.60%		
2783	Tillamook Fire District	17.61%	5.67%	10.44%	21.06%	8.37%	13.10%		
2865	Tri-County Cooperative Weed Management Area	16.24%	7.48%	12.25%	19.52%	10.99%	15.72%		
2610	Turner Fire District	19.24%	0.43%	3.50%	23.01%	6.45%	11.18%		
2887	Umatilla County Fire District #1	N/A	N/A	N/A	30.34%	18.53%	23.26%		
2874	Umatilla-Morrow Radio and Data District	12.49%	9.89%	14.66%	14.02%	11.53%	16.26%		
2536	Valley View Cemetery	7.27%	0.43%	0.43%	7.56%	0.42%	0.42%		
2797	Vernonia Fire	10.24%	7.37%	12.14%	13.09%	10.21%	14.94%		
2796	West Side Rural Fire Protection District	13.53%	4.77%	9.54%	14.18%	5.65%	10.38%		
2725	West Valley Fire District	18.73%	4.18%	8.95%	22.40%	11.80%	16.53%		
2714	Winchester Bay Sanitary District	18.68%	12.36%	17.13%	21.98%	15.55%	20.28%		
2878	Yamhill Fire Protection District	18.63%	9.87%	14.64%	15.54%	12.07%	16.80%		

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..... Judiciary									
2099	State Judiciary		18.05%	N/A	N/A		21.46%	N/A	N/A

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School Districts									
School									
4306	Amity School District		5.10%	0.43%	4.54%		11.56%	5.94%	10.67%
3003	Baker School District #5J		15.68%	10.35%	15.12%		22.78%	17.16%	21.89%
4035	Banks School District		22.27%	16.94%	21.71%		28.37%	22.75%	27.48%
4062	Beaverton School District		17.52%	12.19%	16.96%		24.73%	19.11%	23.84%
3291	Bend-La Pine Public Schools		17.99%	12.66%	17.43%		24.77%	19.15%	23.88%
3283	Brookings-Harbor School District #17C		10.58%	5.25%	10.02%		17.57%	11.95%	16.68%
4333	Canby School District		6.93%	1.60%	6.37%		14.79%	9.17%	13.90%
4334	Cascade School District #5		9.35%	4.02%	8.79%		16.68%	11.06%	15.79%
3859	Central School District #13J		12.47%	7.14%	11.91%		19.86%	14.24%	18.97%
3414	City of Phoenix School District		14.72%	9.39%	14.16%		21.23%	15.61%	20.34%
4259	Clackamas Education Service District		15.09%	9.76%	14.53%		21.73%	16.11%	20.84%
3179	Clatsop County School District #1C		3.18%	0.43%	2.62%		9.77%	4.15%	8.88%
3242	Coos Bay School District #9		20.18%	14.85%	19.62%		26.70%	21.08%	25.81%
3039	Corvallis School District #509J		14.56%	9.23%	14.00%		22.37%	16.75%	21.48%
3502	Creswell School District #40		22.48%	17.15%	21.92%		28.97%	23.35%	28.08%
3274	Crook County School District		6.28%	0.95%	5.72%		12.94%	7.32%	12.05%
3843	David Douglas School District		23.65%	18.32%	23.09%		30.29%	24.67%	29.40%
4291	Dayton Public Schools		8.73%	3.40%	8.17%		15.62%	10.00%	14.73%
4237	Douglas Education Service District		22.18%	16.85%	21.62%		29.03%	23.41%	28.14%
3927	Echo School District		15.52%	10.19%	14.96%		22.13%	16.51%	21.24%
4323	Estacada School District #108		13.82%	8.49%	13.26%		21.44%	15.82%	20.55%
3473	Eugene School District 4J		21.57%	16.24%	21.01%		28.11%	22.49%	27.22%
3887	Falls City School District		6.59%	1.26%	6.03%		9.56%	3.94%	8.67%
3494	Fern Ridge School District		13.96%	8.63%	13.40%		20.52%	14.90%	19.63%
4313	Forest Grove School District		19.20%	13.87%	18.64%		26.19%	20.57%	25.30%
4034	Gaston Public Schools		11.28%	5.95%	10.72%		18.76%	13.14%	17.87%
4329	Gervais School District #1		5.99%	0.66%	5.43%		10.94%	5.32%	10.05%
3160	Gladstone School District #115		2.95%	0.43%	2.39%		10.94%	5.32%	10.05%
3316	Glide School District #12		15.72%	10.39%	15.16%		23.18%	17.56%	22.29%
4260	Greater Albany School District #8J		18.27%	12.94%	17.71%		25.14%	19.52%	24.25%
4332	Gresham-Barlow School District #10		13.89%	8.56%	13.33%		21.00%	15.38%	20.11%
4326	Harney County School District #3		0.50%	0.43%	0.43%		0.49%	0.42%	0.42%
4258	Hermiston School District #8R		17.12%	11.79%	16.56%		24.16%	18.54%	23.27%
4252	High Desert Education Service District		16.76%	11.43%	16.20%		24.15%	18.53%	23.26%
4341	Hillsboro School District #1J		16.88%	11.55%	16.32%		23.99%	18.37%	23.10%
3409	Hood River County School District		16.03%	10.70%	15.47%		22.57%	16.95%	21.68%
4223	InterMountain Education Service District		13.81%	8.48%	13.25%		20.79%	15.17%	19.90%
3729	Jefferson School District #14Cj		9.36%	4.03%	8.80%		17.65%	12.03%	16.76%

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School Districts								
School								
4315	John Day School District		14.18%	8.85%	13.62%	19.20%	13.58%	18.31%
3965	La Grande Public Schools		14.54%	9.21%	13.98%	21.81%	16.19%	20.92%
4268	Lake Oswego School District		13.02%	7.69%	12.46%	20.29%	14.67%	19.40%
4276	Lane County Education Service District		18.64%	13.31%	18.08%	25.40%	19.78%	24.51%
3579	Lincoln County School District		0.50%	0.43%	0.43%	0.49%	0.42%	0.42%
3447	Madras School District		18.79%	13.46%	18.23%	25.70%	20.08%	24.81%
4142	McMinnville Schools		18.33%	13.00%	17.77%	25.23%	19.61%	24.34%
4288	Medford School District #549C		22.35%	17.02%	21.79%	28.99%	23.37%	28.10%
4335	Milton-Freewater Unified School District #7		5.86%	0.53%	5.30%	12.63%	7.01%	11.74%
4331	Molalla River School District		0.50%	0.43%	0.43%	8.72%	3.10%	7.83%
4340	Monroe School District #1J		18.92%	13.59%	18.36%	25.42%	19.80%	24.53%
3809	Morrow County Schools		18.55%	13.22%	17.99%	25.54%	19.92%	24.65%
4238	Multnomah Education Service District		9.23%	3.90%	8.67%	17.04%	11.42%	16.15%
4336	Nestucca Valley School District #101		19.15%	13.82%	18.59%	25.39%	19.77%	24.50%
4135	Newberg School District #29Jt		11.69%	6.36%	11.13%	19.05%	13.43%	18.16%
3245	North Bend Public Schools		17.90%	12.57%	17.34%	24.66%	19.04%	23.77%
4321	North Clackamas School District #12		11.09%	5.76%	10.53%	19.20%	13.58%	18.31%
3730	North Marion School District #15		13.76%	8.43%	13.20%	20.20%	14.58%	19.31%
4342	North Santiam School District #29J		10.15%	4.82%	9.59%	16.89%	11.27%	16.00%
4381	North Wasco County School District #21		14.69%	9.36%	14.13%	21.53%	15.91%	20.64%
3684	Ontario School District #8C		17.98%	12.65%	17.42%	24.09%	18.47%	23.20%
3122	Oregon City School District #62		17.00%	11.67%	16.44%	23.74%	18.12%	22.85%
3931	Pendleton School District #16R		5.68%	0.43%	5.12%	13.35%	7.73%	12.46%
3043	Philomath School District #17J		15.32%	9.99%	14.76%	22.49%	16.87%	21.60%
3958	Pilot Rock School District #2R		12.69%	7.36%	12.13%	19.87%	14.25%	18.98%
3818	Portland Public Schools		6.66%	1.33%	6.10%	13.07%	7.45%	12.18%
4320	Rainier School District #13		12.77%	7.44%	12.21%	19.70%	14.08%	18.81%
4311	Redmond School District #2J		18.52%	13.19%	17.96%	25.28%	19.66%	24.39%
4312	Reedsport School District		10.97%	5.64%	10.41%	21.22%	15.60%	20.33%
3824	Reynolds School District		13.20%	7.87%	12.64%	19.20%	13.58%	18.31%
3847	Riverdale School		16.05%	10.72%	15.49%	23.24%	17.62%	22.35%
3310	Roseburg Public Schools		12.47%	7.14%	11.91%	19.80%	14.18%	18.91%
3735	Salem-Keizer Public Schools		16.38%	11.05%	15.82%	23.40%	17.78%	22.51%
3665	Santiam Canyon School District		8.18%	2.85%	7.62%	16.80%	11.18%	15.91%
3000	School Districts		27.20%	21.87%	26.64%	33.59%	27.97%	32.70%
3187	Seaside Schools		16.64%	11.31%	16.08%	23.57%	17.95%	22.68%
4317	Sherwood School District #88J		22.47%	17.14%	21.91%	29.08%	23.46%	28.19%
4270	Silver Falls School District		17.08%	11.75%	16.52%	23.95%	18.33%	23.06%

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		School Districts							
School									
3296	Sisters School District		8.66%	3.33%	8.10%		15.22%	9.60%	14.33%
3537	Siuslaw School District #97J		14.16%	8.83%	13.60%		21.09%	15.47%	20.20%
3506	South Lane School District		9.59%	4.26%	9.03%		16.16%	10.54%	15.27%
3319	South Umpqua School District		0.50%	0.43%	0.43%		4.61%	0.42%	3.72%
3487	Springfield School District #19		16.60%	11.27%	16.04%		23.34%	17.72%	22.45%
4279	St Helens School District #502		5.61%	0.43%	5.05%		12.25%	6.63%	11.36%
3942	Stanfield School District		8.17%	2.84%	7.61%		17.06%	11.44%	16.17%
3353	Sutherlin School District #130		7.06%	1.73%	6.50%		13.65%	8.03%	12.76%
3618	Sweet Home School District #55		5.89%	0.56%	5.33%		12.14%	6.52%	11.25%
4338	Three Rivers U J School District		16.37%	11.04%	15.81%		23.17%	17.55%	22.28%
4316	Tigard-Tualatin School District #23J		22.69%	17.36%	22.13%		29.41%	23.79%	28.52%
3902	Tillamook Public Schools		5.55%	0.43%	4.99%		11.99%	6.37%	11.10%
3928	Umatilla School District #6R		20.20%	14.87%	19.64%		26.44%	20.82%	25.55%
3966	Union County School District		12.89%	7.56%	12.33%		19.54%	13.92%	18.65%
3195	Warrenton-Hammond School District		18.82%	13.49%	18.26%		25.99%	20.37%	25.10%
3075	West Linn School District		18.56%	13.23%	18.00%		25.84%	20.22%	24.95%
4254	Willamette Education Service District		7.94%	2.61%	7.38%		14.98%	9.36%	14.09%
4314	Willamina School District #30J		22.70%	17.37%	22.14%		29.06%	23.44%	28.17%
3349	Winston-Dillard Schools		0.50%	0.43%	0.43%		0.49%	0.42%	0.42%
4166	Yamhill-Carlton School District #1		1.56%	0.43%	1.00%		5.71%	0.42%	4.82%

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		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll
----- SLGRP (Default Tier 1/Tier 2 Rates) -----									
CC									
2901	Blue Mountain Community College		14.75%	8.17%	12.94%		19.84%	13.67%	18.40%
2999	Central Oregon Community College		19.09%	12.51%	17.28%		24.17%	18.00%	22.73%
2919	Chemeketa Community College		12.88%	6.30%	11.07%		18.00%	11.83%	16.56%
2908	Clackamas Community College		14.49%	7.91%	12.68%		19.54%	13.37%	18.10%
2900	Clatsop Community College		12.40%	5.82%	10.59%		16.88%	10.71%	15.44%
2996	Columbia Gorge Community College		16.72%	10.14%	14.91%		21.59%	15.42%	20.15%
2906	Klamath Community College		23.40%	16.82%	21.59%		28.51%	22.34%	27.07%
2904	Lane Community College		11.79%	5.21%	9.98%		15.74%	9.57%	14.30%
2910	Linn-Benton Community College		13.81%	7.23%	12.00%		18.75%	12.58%	17.31%
2905	Mt Hood Community College		8.15%	1.57%	6.34%		13.64%	7.47%	12.20%
2995	Oregon Coast Community College		13.25%	6.67%	11.44%		19.71%	13.54%	18.27%
2918	Portland Community College		14.99%	8.41%	13.18%		19.90%	13.73%	18.46%
2922	Rogue Community College		15.24%	8.66%	13.43%		20.40%	14.23%	18.96%
2998	Southwestern Community College		12.78%	6.20%	10.97%		17.79%	11.62%	16.35%
2997	Tillamook Bay Community College		15.77%	9.19%	13.96%		21.76%	15.59%	20.32%
2902	Treasure Valley Community College		12.00%	5.42%	10.19%		15.89%	9.72%	14.45%
2903	Umpqua Community College		15.55%	8.97%	13.74%		20.00%	13.83%	18.56%
City									
2258	City of Adair Village		22.52%	14.69%	19.46%		27.56%	20.02%	24.75%
2103	City of Albany		21.87%	12.79%	17.56%		27.12%	18.17%	22.90%
2235	City of Amity		8.33%	4.02%	8.79%		14.60%	10.48%	15.21%
2104	City of Ashland		23.08%	14.49%	19.26%		28.54%	19.93%	24.66%
2105	City of Astoria		24.66%	15.79%	20.56%		30.26%	21.38%	26.11%
2234	City of Aumsville		17.02%	8.95%	13.72%		22.93%	15.03%	19.76%
2272	City of Aurora		8.14%	0.43%	3.31%		17.51%	8.45%	13.18%
2159	City of Baker City		22.77%	13.63%	18.40%		28.09%	19.04%	23.77%
2150	City of Bandon		20.65%	13.74%	18.51%		25.94%	19.19%	23.92%
2231	City of Banks		9.57%	5.26%	10.03%		13.10%	8.98%	13.71%
2241	City of Bay City		14.52%	10.21%	14.98%		20.26%	16.14%	20.87%
2178	City of Boardman		20.43%	13.54%	18.31%		26.85%	18.86%	23.59%
2216	City of Brookings		21.78%	13.21%	17.98%		26.81%	18.58%	23.31%
2204	City of Burns		17.18%	8.80%	13.57%		23.17%	15.35%	20.08%
2109	City of Canby		18.89%	9.77%	14.54%		23.97%	15.15%	19.88%
2223	City of Cannon Beach		19.26%	11.73%	16.50%		24.87%	17.52%	22.25%
2198	City of Carlton		10.34%	4.26%	9.03%		17.89%	11.81%	16.54%
2182	City of Cascade Locks		31.17%	21.57%	26.34%		38.42%	29.36%	34.09%
2194	City of Cave Junction		20.53%	12.85%	17.62%		25.52%	18.11%	22.84%
2181	City of Central Point		20.60%	13.01%	17.78%		25.44%	18.54%	23.27%

Summary of PERS Employer Contribution Rates

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Employer Number	Employer Name	Net Employer Contribution Rate 7/1/17 - 6/30/19			Advisory Net Employer Contribution Rate 7/1/19 - 6/30/21				
		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll
SLGRP (Default Tier 1/Tier 2 Rates)									
City									
2201	City of Coburg		12.50%	6.41%	11.18%		17.48%	11.43%	16.16%
2271	City of Columbia City		23.55%	13.95%	18.72%		28.45%	19.39%	24.12%
2177	City of Condon		31.24%	26.68%	31.45%		35.20%	31.08%	35.81%
2110	City of Coquille		23.35%	15.14%	19.91%		29.65%	20.78%	25.51%
2155	City of Corvallis		16.91%	7.93%	12.70%		21.92%	13.11%	17.84%
2236	City of Creswell		18.39%	13.25%	18.02%		24.01%	19.10%	23.83%
2202	City of Dallas		22.03%	13.74%	18.51%		27.28%	19.19%	23.92%
2252	City of Dayton		14.18%	6.90%	11.67%		20.48%	13.56%	18.29%
2294	City of Depoe Bay		20.65%	13.95%	18.72%		25.66%	19.39%	24.12%
2131	City of Drain		20.48%	14.02%	18.79%		28.52%	19.46%	24.19%
2245	City of Dundee		20.39%	12.68%	17.45%		25.66%	18.14%	22.87%
2299	City of Dunes City		N/A	N/A	N/A		84.08%	76.54%	81.27%
2269	City of Durham		19.02%	11.19%	15.96%		24.73%	17.19%	21.92%
2225	City of Echo		29.22%	20.17%	24.94%		34.05%	25.52%	30.25%
2205	City of Elgin		0.50%	0.43%	0.43%		0.49%	0.42%	0.42%
2305	City of Elkton		18.40%	14.09%	18.86%		23.66%	19.54%	24.27%
2180	City of Enterprise		22.34%	15.68%	20.45%		27.32%	21.07%	25.80%
2179	City of Estacada		22.26%	14.87%	19.64%		27.00%	20.18%	24.91%
2208	City of Fairview		20.55%	12.23%	17.00%		25.40%	17.68%	22.41%
2224	City of Falls City		17.05%	10.19%	14.96%		22.84%	15.87%	20.60%
2291	City of Florence		14.98%	5.93%	10.70%		20.24%	11.31%	16.04%
2220	City of Garibaldi		23.08%	17.00%	21.77%		28.73%	22.42%	27.15%
2242	City of Gaston		0.50%	0.43%	0.43%		0.49%	0.42%	0.42%
2304	City of Gladstone		19.19%	10.00%	14.77%		25.24%	16.08%	20.81%
2274	City of Gold Hill		5.96%	1.65%	6.42%		3.44%	0.42%	4.05%
2113	City of Grants Pass		23.81%	14.46%	19.23%		29.21%	19.90%	24.63%
2284	City of Halsey		12.91%	8.60%	13.37%		18.62%	14.50%	19.23%
2296	City of Happy Valley		20.07%	14.02%	18.79%		24.79%	19.46%	24.19%
2268	City of Harrisburg		18.56%	13.11%	17.88%		23.62%	18.53%	23.26%
2193	City of Heppner		1.37%	0.43%	0.43%		9.66%	2.12%	6.85%
2160	City of Hermiston		22.23%	14.42%	19.19%		27.81%	19.83%	24.56%
2226	City of Hines		17.01%	12.70%	17.47%		25.83%	18.29%	23.02%
2138	City of Hood River		23.21%	12.98%	17.75%		28.64%	18.46%	23.19%
2196	City of Hubbard		25.85%	15.58%	20.35%		31.10%	20.97%	25.70%
2191	City of Huntington		50.59%	42.76%	47.53%		63.14%	55.60%	60.33%
2306	City of Imbler		N/A	N/A	N/A		27.53%	19.99%	24.72%
2267	City of Independence		21.10%	11.43%	16.20%		26.35%	17.00%	21.73%
2266	City of Irrigon		18.41%	12.59%	17.36%		23.59%	18.04%	22.77%

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		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll
SLGRP (Default Tier 1/Tier 2 Rates)								
City								
2211	City of Jefferson		0.50%	0.43%	0.43%	0.49%	0.42%	0.42%
2229	City of John Day		13.20%	5.31%	10.08%	16.00%	8.27%	13.00%
2256	City of Jordan Valley		0.50%	0.43%	0.43%	0.49%	0.42%	0.42%
2199	City of Junction City		21.16%	13.34%	18.11%	25.80%	18.77%	23.50%
2287	City of King City		22.29%	11.29%	16.06%	27.72%	16.41%	21.14%
2148	City of Klamath Falls		16.09%	7.09%	11.86%	21.52%	12.59%	17.32%
2263	City of La Grande		21.11%	9.00%	13.77%	26.79%	14.54%	19.27%
2233	City of Lafayette		17.34%	11.47%	16.24%	22.34%	16.72%	21.45%
2120	City of Lake Oswego		24.31%	14.69%	19.46%	29.37%	20.08%	24.81%
2244	City of Lakeside		10.11%	5.80%	10.57%	12.64%	8.52%	13.25%
2140	City of Lebanon		19.24%	9.95%	14.72%	24.65%	15.58%	20.31%
2298	City of Lincoln City		17.89%	9.33%	14.10%	23.14%	14.81%	19.54%
2293	City of Lowell		19.33%	11.50%	16.27%	24.82%	17.28%	22.01%
2270	City of Lyons		22.56%	12.96%	17.73%	27.29%	18.23%	22.96%
2170	City of Madras		22.29%	12.33%	17.10%	26.97%	17.60%	22.33%
2247	City of Malin		17.37%	10.46%	15.23%	22.33%	15.82%	20.55%
2281	City of Manzanita		23.40%	13.01%	17.78%	29.51%	18.20%	22.93%
2117	City of McMinnville		25.98%	17.01%	21.78%	28.36%	19.46%	24.19%
2102	City of Medford		18.49%	8.94%	13.71%	23.88%	14.30%	19.03%
2207	City of Mill City		18.51%	14.20%	18.97%	23.76%	19.64%	24.37%
2286	City of Millersburg		21.48%	14.19%	18.96%	22.95%	18.83%	23.56%
2158	City of Milton-Freewater		23.83%	15.58%	20.35%	28.80%	21.03%	25.76%
2163	City of Milwaukie		19.14%	9.72%	14.49%	24.81%	15.37%	20.10%
2157	City of Monmouth		19.09%	10.81%	15.58%	24.56%	16.36%	21.09%
2209	City of Monroe		6.31%	0.43%	3.25%	9.91%	2.37%	7.10%
2301	City of Moro		15.97%	6.37%	11.14%	17.32%	9.78%	14.51%
2302	City of Mt. Vernon		18.46%	8.86%	13.63%	23.48%	14.42%	19.15%
2197	City of Myrtle Creek		17.78%	9.87%	14.64%	20.88%	14.56%	19.29%
2183	City of Myrtle Point		16.11%	7.19%	11.96%	20.41%	12.01%	16.74%
2777	City of Newberg		20.32%	10.02%	14.79%	23.05%	13.36%	18.09%
2276	City of Newport		19.43%	7.48%	12.25%	25.73%	13.65%	18.38%
2292	City of North Bend		20.57%	11.16%	15.93%	26.35%	16.74%	21.47%
2192	City of North Plains		17.85%	11.59%	16.36%	20.93%	16.81%	21.54%
2308	City of North Powder		16.78%	12.47%	17.24%	21.99%	17.87%	22.60%
2166	City of Nyssa		23.42%	13.52%	18.29%	28.37%	18.90%	23.63%
2143	City of Oakland		26.17%	21.86%	26.63%	32.46%	28.34%	33.07%
2168	City of Oakridge		29.63%	19.52%	24.29%	34.75%	24.23%	28.96%
2119	City of Oregon City		18.18%	10.67%	15.44%	23.53%	16.16%	20.89%

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		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll
SLGRP (Default Tier 1/Tier 2 Rates)									
City									
2154	City of Pendleton		19.88%	10.09%	14.86%		25.04%	15.33%	20.06%
2187	City of Philomath		19.95%	11.06%	15.83%		25.45%	16.77%	21.50%
2249	City of Phoenix		12.70%	5.23%	10.00%		14.37%	7.79%	12.52%
2161	City of Pilot Rock		26.04%	18.26%	23.03%		31.86%	24.92%	29.65%
2184	City of Port Orford		21.01%	13.17%	17.94%		26.63%	18.54%	23.27%
2121	City of Portland		17.62%	10.69%	15.46%		22.76%	16.25%	20.98%
2122	City of Redmond		18.46%	10.38%	15.15%		24.03%	16.35%	21.08%
2139	City of Reedsport		9.71%	1.78%	6.55%		14.96%	7.34%	12.07%
2260	City of Riddle		20.11%	11.96%	16.73%		25.22%	17.55%	22.28%
2203	City of Rockaway Beach		17.32%	11.98%	16.75%		23.86%	17.93%	22.66%
2251	City of Rogue River		26.09%	17.97%	22.74%		31.26%	23.34%	28.07%
2100	City of Roseburg		23.99%	14.02%	18.79%		29.23%	19.46%	24.19%
2172	City of Sandy		21.86%	13.28%	18.05%		27.13%	18.78%	23.51%
2176	City of Scappoose		22.43%	14.32%	19.09%		27.88%	19.84%	24.57%
2254	City of Shady Cove		7.22%	0.43%	4.16%		9.07%	1.53%	6.26%
2142	City of Sherwood		21.76%	13.77%	18.54%		27.23%	19.21%	23.94%
2273	City of Silverton		20.41%	11.69%	16.46%		25.98%	17.10%	21.83%
2221	City of Sisters		14.28%	9.97%	14.74%		20.15%	14.82%	19.55%
2278	City of Springfield		16.85%	8.31%	13.08%		22.33%	13.75%	18.48%
2123	City of St Helens		25.72%	18.01%	22.78%		30.46%	23.34%	28.07%
2757	City of Stayton		24.07%	13.07%	17.84%		29.85%	18.54%	23.27%
2217	City of Sutherlin		13.42%	4.92%	9.69%		19.59%	11.46%	16.19%
2188	City of Talent		19.25%	9.88%	14.65%		25.21%	16.05%	20.78%
2295	City of Tigard		20.51%	8.62%	13.39%		26.37%	14.22%	18.95%
2128	City of Tillamook		20.08%	12.27%	17.04%		25.41%	17.77%	22.50%
2275	City of Toledo		13.74%	4.49%	9.26%		17.66%	9.40%	14.13%
2237	City of Troutdale		11.11%	4.39%	9.16%		15.09%	9.03%	13.76%
2288	City of Tualatin		24.29%	15.52%	20.29%		29.48%	20.91%	25.64%
2228	City of Turner		22.17%	14.99%	19.76%		26.54%	20.50%	25.23%
2175	City of Umatilla		13.42%	5.61%	10.38%		18.93%	11.12%	15.85%
2145	City of Vale		26.40%	19.60%	24.37%		32.55%	25.33%	30.06%
2285	City of Veneta		19.27%	11.46%	16.23%		24.44%	17.05%	21.78%
2125	City of Vernonia		15.78%	7.98%	12.75%		22.97%	13.91%	18.64%
2200	City of Wallowa		13.66%	8.19%	12.96%		18.53%	13.34%	18.07%
2238	City of Warrenton		22.49%	13.42%	18.19%		27.82%	18.82%	23.55%
2126	City of West Linn		20.48%	11.68%	16.45%		25.45%	17.09%	21.82%
2265	City of Westfir		13.67%	5.84%	10.61%		13.09%	5.55%	10.28%
2206	City of Weston		9.68%	5.37%	10.14%		15.39%	11.27%	16.00%

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SLGRP (Default Tier 1/Tier 2 Rates)									
City									
2147	City of Wheeler		23.58%	15.75%	20.52%		28.68%	21.14%	25.87%
2240	City of Wilsonville		20.73%	13.46%	18.23%		25.44%	18.86%	23.59%
2280	City of Winston		14.65%	4.43%	9.20%		16.98%	8.43%	13.16%
2185	City of Wood Village		20.04%	12.20%	16.97%		25.28%	17.88%	22.61%
2303	City of Woodburn		20.65%	11.98%	16.75%		25.36%	17.19%	21.92%
2300	City of Yachats		17.48%	9.93%	14.70%		21.42%	14.04%	18.77%
2214	City of Yamhill		17.71%	9.90%	14.67%		23.55%	15.74%	20.47%
2307	City of Yoncalla		17.94%	13.63%	18.40%		23.27%	19.15%	23.88%
2255	Town of Canyon City		24.20%	16.37%	21.14%		29.21%	21.67%	26.40%
2212	Town of Lakeview		13.22%	3.78%	8.55%		19.11%	9.08%	13.81%
County									
2021	Baker County		19.00%	11.24%	16.01%		23.91%	16.42%	21.15%
2040	Benton County		16.37%	9.00%	13.77%		22.29%	14.98%	19.71%
2036	Clatsop County		16.28%	7.59%	12.36%		22.00%	13.46%	18.19%
2017	Columbia County		15.36%	7.19%	11.96%		21.56%	13.46%	18.19%
2018	Coos County		25.23%	16.67%	21.44%		30.36%	22.03%	26.76%
2044	Crook County		16.83%	5.02%	9.79%		24.84%	12.60%	17.33%
2027	Deschutes County		17.96%	9.68%	14.45%		23.36%	15.32%	20.05%
2022	Gilliam County		20.71%	13.22%	17.99%		25.93%	18.63%	23.36%
2012	Grant County		5.55%	0.43%	2.12%		9.86%	2.20%	6.93%
2004	Harney County		19.65%	11.89%	16.66%		25.05%	17.29%	22.02%
2035	Hood River County		11.08%	3.51%	8.28%		16.38%	9.18%	13.91%
2005	Jackson County		21.01%	12.96%	17.73%		26.34%	18.50%	23.23%
2042	Josephine County		23.54%	16.04%	20.81%		29.04%	21.62%	26.35%
2007	Klamath County		12.24%	0.54%	5.31%		16.83%	4.83%	9.56%
2000	Lake County		19.90%	11.61%	16.38%		24.84%	16.72%	21.45%
2043	Lincoln County		16.59%	4.23%	9.00%		22.60%	10.05%	14.78%
2009	Marion County		17.09%	8.76%	13.53%		22.34%	14.07%	18.80%
2038	Multnomah County		19.55%	11.29%	16.06%		24.86%	16.81%	21.54%
2016	Sherman County		23.22%	15.68%	20.45%		28.16%	21.08%	25.81%
2013	Umatilla County		15.94%	7.61%	12.38%		21.48%	13.21%	17.94%
2020	Wasco County		19.80%	11.52%	16.29%		25.18%	17.20%	21.93%
2011	Washington County		22.36%	14.05%	18.82%		27.65%	19.49%	24.22%
Special Districts									
2742	Amity Fire District		19.62%	6.54%	11.31%		26.67%	13.51%	18.24%
2631	Arch Cape Water-Sanitary District		13.83%	9.52%	14.29%		19.60%	15.48%	20.21%
2602	Aumsville Rural Fire Protection District		23.12%	9.70%	14.47%		18.79%	14.67%	19.40%
2804	Aurora Rural Fire Protection District		16.34%	5.34%	10.11%		21.72%	10.41%	15.14%

Summary of PERS Employer Contribution Rates

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		Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll	Tier 1/ Payroll	Tier 2 Payroll	OPSRP General Service Payroll	OPSRP Police and Fire Payroll
SLGRP (Default Tier 1/Tier 2 Rates)									
Special Districts									
2728	Baker County Library District		21.12%	13.96%	18.73%		26.46%	19.11%	23.84%
2601	Baker Valley Irrigation District		0.50%	0.43%	0.43%		0.49%	0.42%	0.42%
2749	Black Butte Ranch Police		17.61%	6.61%	11.38%		23.16%	11.85%	16.58%
2595	Canby Fire District		24.00%	12.90%	17.67%		29.51%	18.21%	22.94%
2731	Canby Utility Board		21.86%	14.18%	18.95%		26.92%	19.63%	24.36%
2840	Cannon Beach Rural Fire Protection District		24.97%	13.97%	18.74%		33.12%	19.40%	24.13%
2820	Central Oregon Coast Fire & Rescue District		16.42%	8.59%	13.36%		0.49%	0.42%	0.42%
2569	Central Oregon Intergovernmental Council		10.78%	4.97%	9.74%		13.64%	8.17%	12.90%
2563	Central Oregon Irrigation District		23.61%	16.75%	21.52%		28.49%	21.98%	26.71%
2567	Charleston Rural Fire Protection District		22.69%	9.99%	14.76%		25.26%	12.52%	17.25%
2699	Chetco Library Board		22.57%	13.57%	18.34%		27.50%	19.00%	23.73%
2745	Clackamas County Fire District		23.83%	12.01%	16.78%		29.67%	17.63%	22.36%
2761	Clackamas River Water		22.87%	17.17%	21.94%		27.36%	22.20%	26.93%
2538	Clackamas Vector Control		27.34%	19.51%	24.28%		29.87%	22.33%	27.06%
2707	Clatskanie Library		22.72%	14.51%	19.28%		27.53%	19.90%	24.63%
2526	Clatskanie PUD		26.29%	19.73%	24.50%		31.47%	25.19%	29.92%
2588	Clatskanie Rural Fire Protection District		22.81%	10.29%	15.06%		29.33%	16.55%	21.28%
2617	Clean Water Services		16.79%	9.33%	14.10%		22.03%	15.08%	19.81%
2681	Cloverdale Rural Fire Protection District		30.74%	17.32%	22.09%		35.60%	21.88%	26.61%
2801	Coburg Rural Fire Protection District		20.24%	9.25%	14.02%		26.15%	14.62%	19.35%
2649	Colton Fire Department		23.23%	9.81%	14.58%		17.54%	3.82%	8.55%
2671	Columbia 911 Communications District		19.22%	13.13%	17.90%		24.19%	18.54%	23.27%
2687	Columbia Drainage Vector Control District		31.78%	27.47%	32.24%		37.08%	32.96%	37.69%
2528	Columbia River Fire & Rescue		19.06%	7.35%	12.12%		24.65%	12.78%	17.51%
2612	Community Services Consortium		18.36%	12.26%	17.03%		23.41%	17.76%	22.49%
2860	Coos County Airport District		14.55%	10.24%	15.01%		19.26%	15.14%	19.87%
2603	Corbett Water District		21.85%	14.02%	18.79%		27.00%	19.46%	24.19%
2545	Council of Governments		20.58%	14.01%	18.78%		25.81%	19.45%	24.18%
2834	Crescent Rural Fire Protection District		20.87%	13.04%	17.81%		26.84%	19.30%	24.03%
2844	Crook County Rural Fire Protection District #1		23.60%	13.79%	18.56%		28.76%	19.24%	23.97%
2647	Crooked River Ranch Rural Fire Protection District		20.09%	12.26%	17.03%		25.84%	18.30%	23.03%
2571	Crystal Springs Water District		18.26%	13.95%	18.72%		23.82%	19.70%	24.43%
2718	Curry Library		2.98%	0.43%	3.44%		8.65%	4.53%	9.26%
2576	Depoe Bay Rural Fire Protection District		26.59%	13.17%	17.94%		32.72%	19.00%	23.73%
2822	Deschutes County Rural Fire Protection District #2		17.93%	13.62%	18.39%		23.18%	19.06%	23.79%
2642	Dexter Rural Fire Protection District		17.31%	9.48%	14.25%		21.75%	14.21%	18.94%
2851	East Umatilla County Rural Fire Protection District		21.18%	10.18%	14.95%		23.20%	11.19%	15.92%
2784	Eisenschmidt Pool		16.23%	11.92%	16.69%		20.89%	16.77%	21.50%

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SLGRP (Default Tier 1/Tier 2 Rates)									
Special Districts									
2557	Estacada Fire Department		12.55%	0.43%	3.90%		19.57%	5.85%	10.58%
2798	Fairview Water District		20.91%	11.31%	16.08%		24.13%	16.59%	21.32%
2789	Farmers Irrigation District		8.15%	0.43%	4.88%		15.69%	8.13%	12.86%
2824	Glide Fire Department		25.09%	11.67%	16.44%		30.96%	17.24%	21.97%
2573	Goshen Fire District		44.00%	36.17%	40.94%		68.25%	60.71%	65.44%
2511	Grants Pass Irrigation District		24.62%	15.02%	19.79%		29.31%	20.35%	25.08%
2765	Green Sanitary		19.45%	12.64%	17.41%		24.58%	18.05%	22.78%
2855	Harney Hospital		18.08%	11.88%	16.65%		23.12%	17.50%	22.23%
2819	Harrisburg Fire/Rescue		24.20%	13.20%	17.97%		29.95%	18.64%	23.37%
2838	High Desert Parks & Recreation District		22.27%	14.44%	19.21%		27.38%	19.84%	24.57%
2607	Hoodland Fire District #74		24.25%	12.26%	17.03%		29.90%	17.68%	22.41%
2510	Horsefly Irrigation District		30.54%	22.71%	27.48%		34.62%	27.08%	31.81%
2773	Housing Authority of Jackson County		20.98%	15.69%	20.46%		25.99%	21.00%	25.73%
2829	Hubbard Rural Fire Protection District		0.50%	0.43%	0.43%		20.25%	8.94%	13.67%
2886	Idanha-Detroit Rural Fire Protection District		N/A	N/A	N/A		34.86%	21.14%	25.87%
2564	Illinois Valley Fire District		17.44%	6.44%	11.21%		23.98%	12.67%	17.40%
2651	Imbler Rural Fire Protection District		27.87%	14.45%	19.22%		33.65%	19.93%	24.66%
2715	Jackson County Fire District #3		19.91%	8.34%	13.11%		25.15%	13.46%	18.19%
2620	Jackson County Fire District #4		29.17%	15.75%	20.52%		34.86%	21.14%	25.87%
2541	Jackson County Vector Control District		19.92%	12.09%	16.86%		24.14%	16.60%	21.33%
2712	Jefferson County EMS		18.71%	14.40%	19.17%		23.84%	19.72%	24.45%
2846	Jefferson County Library District		19.97%	15.06%	19.83%		25.19%	20.51%	25.24%
2561	Jefferson Rural Fire Protection District		16.47%	4.83%	9.60%		20.56%	10.13%	14.86%
2763	Junction City Fire Department		19.76%	11.19%	15.96%		26.02%	17.40%	22.13%
2559	Keizer Fire Department		22.48%	10.82%	15.59%		27.92%	16.15%	20.88%
2710	Klamath County Emergency Communications District		22.19%	15.80%	20.57%		27.50%	21.37%	26.10%
2721	Klamath Housing Authority		14.71%	10.40%	15.17%		20.33%	16.21%	20.94%
2624	Klamath Vector Control		26.19%	18.36%	23.13%		31.34%	23.80%	28.53%
2579	La Pine Rural Fire Protection District		21.45%	10.15%	14.92%		28.20%	16.64%	21.37%
2768	Lake County Library District		23.65%	14.77%	19.54%		28.53%	20.20%	24.93%
2522	Lane Council of Governments		21.46%	14.11%	18.88%		26.35%	19.70%	24.43%
2883	Lane Fire Authority		25.45%	13.38%	18.15%		31.08%	18.88%	23.61%
2849	Lebanon Aquatic District		20.88%	14.16%	18.93%		26.10%	19.85%	24.58%
2705	Lebanon Fire District		25.04%	12.16%	16.93%		30.57%	17.50%	22.23%
2753	Linn-Benton Housing Authority		13.06%	7.40%	12.17%		17.45%	11.96%	16.69%
2572	Local Government Personnel Institute		19.07%	14.76%	19.53%		27.45%	19.96%	24.69%
2700	Lowell Rural Fire Protection District		N/A	N/A	N/A		0.49%	0.42%	0.42%
2580	Marion County Fire District #1		28.96%	17.41%	22.18%		34.82%	23.06%	27.79%

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SLGRP (Default Tier 1/Tier 2 Rates)								
Special Districts								
2598	Marion County Housing Authority		0.50%	0.43%	0.43%	0.49%	0.42%	0.42%
2628	McKenzie Fire And Rescue		18.79%	7.79%	12.56%	25.60%	14.29%	19.02%
2592	Medford Irrigation District		21.29%	12.67%	17.44%	22.98%	16.39%	21.12%
2594	Metro		16.30%	9.71%	14.48%	21.41%	15.31%	20.04%
2663	Metropolitan Area Communications Commission		22.35%	12.75%	17.52%	27.33%	18.27%	23.00%
2811	Mid-Columbia Center For Living		20.20%	14.20%	18.97%	25.29%	19.60%	24.33%
2657	Mid-Willamette Valley Senior Service Agency		17.88%	11.51%	16.28%	23.35%	17.46%	22.19%
2853	Mill City Rural Fire Protection District		16.13%	5.13%	9.90%	20.90%	9.59%	14.32%
2752	Mist-Birkenfeld Rural Fire Protection District		8.99%	0.53%	5.30%	21.28%	9.97%	14.70%
2758	Mohawk Valley Rural Fire District		12.19%	4.36%	9.13%	18.07%	10.53%	15.26%
2568	Molalla Rural Fire Protection District #73		29.33%	17.91%	22.68%	34.78%	23.04%	27.77%
2555	Monroe Fire Department		17.73%	6.73%	11.50%	26.13%	14.82%	19.55%
2873	Mosier Fire District		9.17%	1.34%	6.11%	17.39%	9.85%	14.58%
2778	Mulino Water District #23		18.52%	14.21%	18.98%	23.78%	19.66%	24.39%
2806	Multnomah County Rural Fire Protection District #14		18.23%	13.92%	18.69%	23.47%	19.35%	24.08%
2508	Multnomah Drainage		21.06%	15.79%	20.56%	25.87%	20.89%	25.62%
2869	Nehalem Bay Fire & Rescue		29.15%	15.75%	20.52%	34.84%	21.14%	25.87%
2780	Nehalem Bay Health District		18.93%	11.10%	15.87%	15.00%	7.46%	12.19%
2858	Nesika Beach-Ophir Water District		20.71%	12.41%	17.18%	19.74%	15.62%	20.35%
2716	Neskowin Water District		21.81%	13.98%	18.75%	26.97%	19.43%	24.16%
2674	Nestucca Rural Fire District		17.46%	6.44%	11.21%	23.90%	12.57%	17.30%
2818	Netarts Water District		16.31%	12.00%	16.77%	21.68%	17.56%	22.29%
2830	Netarts-Oceanside Rural Fire Protection District		24.45%	13.45%	18.22%	29.98%	18.67%	23.40%
2604	Netarts-Oceanside Sanitary District		10.99%	6.68%	11.45%	14.72%	10.60%	15.33%
2837	NORCOM		17.18%	10.70%	15.47%	22.48%	16.42%	21.15%
2781	North Bend/Coos-Curry Housing Authority		57.35%	47.75%	52.52%	52.13%	43.07%	47.80%
2884	North Central Public Health District		24.57%	15.75%	20.52%	29.38%	21.14%	25.87%
2638	North Douglas County Fire and EMS		12.92%	1.59%	6.36%	27.06%	15.75%	20.48%
2793	North Lincoln Fire & Rescue District #1		23.94%	12.15%	16.92%	28.00%	16.64%	21.37%
2839	North Morrow Vector Control District		18.46%	14.15%	18.92%	23.70%	19.58%	24.31%
2792	North Wasco County Parks And Recreation District		21.10%	14.02%	18.79%	28.52%	19.46%	24.19%
2825	Northern Oregon Corrections		14.57%	6.44%	11.21%	19.02%	10.92%	15.65%
2504	Oak Lodge Water District		25.25%	17.94%	22.71%	30.10%	23.18%	27.91%
2852	Ochoco Irrigation District		13.23%	8.92%	13.69%	18.50%	14.38%	19.11%
2562	Odell Rural Fire Protection District		29.69%	18.69%	23.46%	35.38%	24.07%	28.80%
2816	Odell Sanitary District		19.27%	14.96%	19.73%	24.48%	20.36%	25.09%
2880	Oregon Health & Science University		15.48%	8.29%	13.06%	21.45%	14.67%	19.40%
2531	Oregon School Boards Association		23.53%	15.85%	20.62%	29.22%	21.24%	25.97%

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SLGRP (Default Tier 1/Tier 2 Rates)									
Special Districts									
2774	Oregon Trail Library District		20.77%	12.94%	17.71%		22.78%	18.68%	23.41%
2684	Parkdale Fire District		27.28%	16.28%	21.05%		32.93%	21.62%	26.35%
2694	Philomath Fire Department		21.20%	10.20%	14.97%		29.03%	17.72%	22.45%
2650	Pleasant Hill Fire Department		19.34%	11.51%	16.28%		24.51%	16.97%	21.70%
2513	Port of Coos Bay		21.17%	14.00%	18.77%		26.46%	19.74%	24.47%
2741	Port of Garibaldi		18.26%	11.49%	16.26%		23.93%	17.52%	22.25%
2625	Port of Newport		13.54%	4.61%	9.38%		18.35%	10.35%	15.08%
2512	Port of Portland		16.34%	8.79%	13.56%		21.77%	14.45%	19.18%
2501	Port of The Dalles		8.28%	2.80%	7.57%		13.79%	8.49%	13.22%
2713	Port of Tillamook Bay		18.15%	12.06%	16.83%		23.80%	17.59%	22.32%
2673	Port Orford Library		3.81%	0.43%	4.27%		16.81%	12.69%	17.42%
2519	Portland Housing Authority		17.01%	10.94%	15.71%		21.85%	16.12%	20.85%
2542	Rainbow Water District		25.71%	16.11%	20.88%		30.51%	21.45%	26.18%
2776	Rainier Cemetery District		2.86%	0.43%	0.43%		7.52%	0.42%	4.71%
2590	Redmond Fire & Rescue		22.46%	10.70%	15.47%		27.89%	15.91%	20.64%
2549	Rogue River Fire District		20.26%	9.00%	13.77%		25.72%	14.23%	18.96%
2585	Rogue River Valley Irrigation District		28.22%	23.91%	28.68%		33.11%	28.99%	33.72%
2669	Roseburg Urban Sanitary Authority		18.32%	10.73%	15.50%		22.84%	16.07%	20.80%
2802	Rural Road Assessment District #3		18.56%	14.25%	19.02%		23.76%	19.64%	24.37%
2551	Sandy Fire Department		19.77%	8.18%	12.95%		25.58%	13.75%	18.48%
2544	Santa Clara Rural Fire Protection District		27.43%	14.01%	18.78%		33.67%	19.95%	24.68%
2709	Scappoose Public Library		15.29%	6.15%	10.92%		20.54%	12.77%	17.50%
2739	Scappoose Rural Fire Protection District		24.87%	13.38%	18.15%		30.75%	18.95%	23.68%
2605	Scio Fire District		16.00%	3.61%	8.38%		23.10%	10.73%	15.46%
2786	Seal Rock Rural Fire Protection District		N/A	N/A	N/A		16.23%	8.69%	13.42%
2734	Seal Rock Water District		17.21%	10.71%	15.48%		22.59%	16.35%	21.08%
2630	Sheridan Fire District		22.82%	11.20%	15.97%		28.53%	17.10%	21.83%
2790	Silver Falls Library District		18.84%	13.68%	18.45%		24.97%	19.16%	23.89%
2659	Silverton Fire District		22.83%	11.16%	15.93%		28.23%	16.41%	21.14%
2692	Siuslaw Public Library		17.93%	11.73%	16.50%		23.00%	17.12%	21.85%
2794	Siuslaw Rural Fire Protection District #1		28.73%	15.35%	20.12%		34.42%	20.78%	25.51%
2599	South Suburban Sanitary District		21.48%	13.89%	18.66%		26.13%	19.29%	24.02%
2766	Southwest Lincoln County Water District		18.20%	12.83%	17.60%		23.51%	18.03%	22.76%
2696	Stayton Fire District		24.45%	14.12%	18.89%		29.85%	19.40%	24.13%
2799	Sublimity Fire District		9.55%	5.24%	10.01%		14.45%	10.33%	15.06%
2641	Suburban East Salem Water District		20.90%	13.45%	18.22%		25.87%	18.84%	23.57%
2857	Sunriver Service District		17.84%	6.98%	11.75%		23.55%	12.24%	16.97%
2810	Sutherlin Water Control District		20.29%	12.46%	17.23%		25.49%	17.95%	22.68%

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		SLGRP (Default Tier 1/Tier 2 Rates)							
Special Districts									
2847	Sweet Home Fire and Ambulance District		25.58%	13.13%	17.90%		31.07%	18.54%	23.27%
2582	Talent Irrigation District		23.82%	15.23%	20.00%		28.68%	20.58%	25.31%
2553	Tangent Rural Fire Protection District		41.76%	28.38%	33.15%		47.05%	33.35%	38.08%
2626	Tillamook Peoples Utility District		21.19%	13.80%	18.57%		25.98%	19.22%	23.95%
2864	Tri-City Water and Sanitary Authority		16.33%	12.02%	16.79%		21.60%	17.48%	22.21%
2660	Tualatin Valley Fire & Rescue		22.04%	10.48%	15.25%		28.09%	16.33%	21.06%
2587	Tualatin Valley Irrigation District		12.38%	8.07%	12.84%		19.74%	15.62%	20.35%
2842	Tualatin Valley Water District		17.78%	11.20%	15.97%		23.03%	16.79%	21.52%
2772	Umatilla County Soil & Water District		15.98%	8.15%	12.92%		17.14%	9.60%	14.33%
2732	Umatilla County Special Library District		17.08%	7.48%	12.25%		21.92%	12.86%	17.59%
2653	Umatilla Fire Department		23.96%	10.54%	15.31%		16.78%	9.24%	13.97%
2826	Wasco County Soil-Water Conservation District		13.50%	9.19%	13.96%		18.86%	14.74%	19.47%
2695	Washington County Consolidated Communications Agency		21.75%	14.74%	19.51%		27.07%	20.18%	24.91%
2540	West Extension Irrigation District		10.86%	6.55%	11.32%		17.75%	13.63%	18.36%
2867	West Multnomah Soil And Water Conservation District		20.06%	15.75%	20.52%		25.26%	21.14%	25.87%
2589	West Slope Water District		30.98%	21.38%	26.15%		34.93%	25.87%	30.60%
2606	West Valley Housing Authority		16.50%	11.56%	16.33%		21.65%	16.94%	21.67%
2754	Western Lane Ambulance District		19.68%	13.79%	18.56%		24.77%	19.24%	23.97%
2686	Weston Cemetery		8.94%	4.63%	9.40%		13.24%	9.12%	13.85%
2817	Wickiup Water District		21.72%	13.89%	18.66%		26.86%	19.32%	24.05%
2552	Winston-Dillard Fire District		36.86%	24.74%	29.51%		43.16%	31.12%	35.85%
2600	Winston-Dillard Water District		19.27%	12.87%	17.64%		24.41%	18.36%	23.09%
2676	Woodburn Fire District		31.93%	20.31%	25.08%		37.78%	25.84%	30.57%
2843	Yachats Rural Fire Protection District		25.64%	14.64%	19.41%		31.03%	19.72%	24.45%
2726	Yamhill Communications Agency		20.46%	13.87%	18.64%		25.69%	19.33%	24.06%
State									
1000	State Agencies		18.67%	10.78%	15.55%		23.83%	16.25%	20.98%