# OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

# BOARD MEETING AGENDA

| Friday<br>October 2, 2020<br>9:00 A.M. | | PERS<br>11410 SW 68th Parkway<br>Tigard, OR |
|---|---|---|
| | **ITEM** | **PRESENTER** |
| **A.** | **Administration** | |
| 1. | July 31, 2020 Board Meeting Minutes | SHENOY |
| 2. | Director's Report | OLINECK |
| | a. Forward-Looking Calendar | |
| | b. OPERF Investment Report | |
| | c. Budget Execution Report | |
| **B.** | **Administrative Rulemaking** | |
| 1. | Notice of Police & Fire Retirement Eligibility Rule | VAUGHN |
| 2. | Notice of SB 1049 EPSA Earnings Crediting and WAR Payroll Rules | |
| 3. | Suspension of Temporary COVID-19 Mitigation Rules and Temporary Adoption and Notice of Rulemaking for PHIP Premium Payment and Employer Incentive Fund (EIF) Rules | |
| 4. | Adoption of Disability Definitions – Gambling Income Rules | |
| **C.** | **Action and Discussion Items** | |
| 1. | Legislative Update | CASE |
| 2. | Employer Incentive Fund Update | SOSNE |
| 3. | SB 1049 Implementation Update | MASANGA |
| 4. | Board Funding Policy | OLINECK |
| 5. | Member & Employer Survey Results | CARSON, BODMAN, DEMPEWOLF |
| 6. | Milliman Actuarial Contract Extension | WINSHIP |
| 7. | 2019 Valuation Results and Adoption of Employer Rates | MILLIMAN |

*PERS Board members will be attending this meeting remotely. The public will not be able to attend the meeting in person. Visit https://www.oregon.gov/pers/Pages/Board/PERS-Board-Information.aspx for listening options. This meeting will be recorded. An audio recording of the meeting will be available on the PERS website following the meeting.*

*Public testimony will be taken on action items at the Chair's discretion.*
*Please submit written testimony to PERS.Board@state.or.us (three days in advance of the meeting is preferred.)*

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

**2020 Meetings: December 4***
**2021 Meetings: February 1, March 29*, June 4, July 23*, October 1, December 3***
***Audit Committee planned for post-Board meeting**

# OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
# BOARD MEETING MINUTES

July 31, 2020

**Board members present:**

Chair Sadhana Shenoy, Vice Chair Lawrence Furnstahl, Stephen Buckley, and Steve Demarest attended by phone.

**Staff present:**

Heather Case, Katie Brogan, Kevin Olineck, Yvette Elledge-Rhodes attended in person.

Greg Gabriel, Jason Stanley, Jordan Masanga, Elizabeth Rossman, Dean Carson, Shawn Dempewolf, Matt Larabee, Mike Reid, Richard Horsford, Sam Paris, Scott Preppernau, Stephanie Vaughn attended by phone.

**Others present:**

A listen-only conference line was made available for the public and PERS staff.

Chair Shenoy called the meeting to order at 9:00 a.m.

## ADMINISTRATION

A.1.A. MEETING MINUTES OF MAY 29, 2020

Board Member Buckley moved to approve the minutes as presented from the May 29, 2020 PERS Board meeting. Board Member Demarest seconded the approval of the minutes. The motion passed unanimously.

A.1.A. MEETING MINUTES OF JUNE 23, 2020

Board Member Buckley moved to approve the minutes as presented from the June 23, 2020 PERS Board meeting. Board Member Demarest seconded the approval of the minutes. The motion passed unanimously.

A.2. DIRECTOR'S REPORT

Director Kevin Olineck presented the Director's Report. The Director's Report contains information on other activities that the organization is working on that do not appear on the agenda. PERS continues to support teleworking while continuing to meet the needs of members.

Olineck presented the forward looking calendar. The dates for the 2021 meetings are included on the calendar.

The Oregon Public Employees Retirement Fund (OPERF) returns, for the period ending June 30, 2020 were -4.50.

Operating expenditures for May, preliminary expenditures for June, and preliminary expenditures for July are $4,001,816, $4,177,330 and $4,034,831 respectively. At this time, the agency's projected variance is $1,052,154.

A.3. CEM BENCHMARKING RESULTS

Mike Reid, Vice President, CEM Benchmarking, presented.

Reid presented the PERS Pension Administration Benchmarking Report for FY 2019. Oregon PERS has the second highest plan design complexity score among CEM's global universe. High complexity negatively impacts service, front office productivity, and back office costs.

No board action was required.

**ADMINISTRATIVE RULEMAKING**

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

B.1. NOTICE OF DISABILITY DEFINITIONS – GAMBLING INCOME RULES

Vaughn presented Notice of Rulemaking for Disability Definitions Rules: *OAR 459-015-0001*, Definitions, *OAR 459-076-0001*, Definitions. No rulemaking hearing will be held because the PERS building is closed to the public due to COVID-19. The public comment period ends September 1, 2020, at 5:00 p.m.

No board action was required.

B.2. ADOPTION OF RULES TO IMPLEMENT THE CARES ACT

Vaughn presented Adoption of Rules to Implement the CARES Act: *OAR 459-050-0075*, Distributions During Employment, *OAR 459-050-0077*, Loan Program, OAR *459-050-0080*, Distribution of Funds After a Severance of Employment, *OAR 459-050-0300*, Required Minimum Distribution Requirements.

No rulemaking hearing was held because the PERS headquarters building was closed to the public. The public comment period ended July 3, 2020, at 5:00 p.m. No public comment was received.

Board Member Demarest moved to adopt rules to implement the federal CARES Act, as presented. Vice Chair Lawrence Furnstahl seconded. The motion passed unanimously.

B.3. ADOPTION OF SB 1049 MEMBER REDIRECT – VOLUNTARY CONTRIBUTIONS RULE

Vaughn presented Adoption of SB 1049 Member Redirect – Voluntary Contributions Rule: *OAR 459-080-0410*, Voluntary Contributions to Individual Account Program (IAP).

No rulemaking hearing was held because the PERS headquarters building was closed to the public. The public comment period ended July 3, 2020, at 5:00 p.m. No public comment was received.

Board Member Stephen Buckley moved to adopt the SB 1049 Member Redirect – Voluntary Contributions rule, as presented. Board Member Demarest seconded. The motion passed unanimously.

**ACTION AND DISCUSSION ITEMS**

C.1. LEGISLATIVE UPDATE

Heather Case, Senior Policy Advisor, presented.

The first special session of 2020 adjourned Friday, June 26. There were no bills specific to PERS. Case outlined a few sections within an omnibus COVID-19 bill (HB 4212) that will effect PERS agency operations.

There will be a second special session in August that will be focusing on rebalancing the state budget for the 2019-2021 biennium. The Joint Ways and Means committee released a recommended rebalance plan that effects the Employer Incentive Fund and School Districts Unfunded Liability Fund.

The legislative concepts approved by the PERS Board at the March 30, 2020 board meeting are currently being drafted into bills by the Office of Legislative Counsel.

No board action was required.

C.2. SB 1049 IMPLEMENTATION UPDATE

Yvette Elledge-Rhodes, Deputy Director, presented.

Elledge-Rhodes reviewed the ongoing activities of the five individual projects that make up the SB 1049 Implementation Program. She highlighted program activities that have been completed, or are in process, since the last board meeting. PERS staff will continue to update the board as project implementation continues throughout the next year.

Employer Programs project and Member Redirect project are in red status. Work After Retirement is in yellow. The other two projects are green status.

No board action was required.

C.3. 2021-2023 AGENCY BUDGET DEVELOPMENT

Richard Horsford, Chief Financial Officer and Greg Gabriel, Budget Officer presented.

Horsford presented the 2021-23 Agency Request Budget (ARB) for the board's approval for submission to the Department of Administrative Services/Chief Financial Office.

Vice Chair Furnstahl motioned to approve the 2021-23 Agency Request Budget as presented for submission to the Department of Administrative Services/Chief Financial Office. The motion was seconded by Board Member Buckley. The motion passed unanimously.

C.4. RATE COLLARING – CONTINUATION OF DISCUSSION

Scott Preppernau and Matt Larrabee of Milliman received feedback from the board on the policies they intend to use to analyze in the annual financial modeling exercise scheduled for the December meeting. The analysis will focus on output smoothing approaches. Milliman will work to research other approaches and report back at a future board meeting.

C.4. 2019 SYSTEM-WIDE VALUATION RESULTS

Actuaries Matt Larrabee and Scott Preppernau of Milliman presented the 2019 System-wide Valuation Report as of December 31, 2019. The employer specific contribution rates will be presented for adoption at the October board meeting and will be effective starting July 1, 2021.

Chair Shenoy adjourned the PERS Board meeting at 12:10 p.m.

Respectfully submitted,

Kevin Olineck, Director

# Director's Report

**OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**
Kevin Olineck, Director

*This October 2020 Director's Report tries to encapsulate, at a high level, noteworthy changes that have taken place since the last board meeting, while highlighting staff accomplishments.*

## COVID-19
### Response

I am proud of the collaborative efforts shown by all areas of the agency in responding to this situation. I am particularly proud of the fact that, operationally, PERS continues to provide our regular services with minimal interruption to normal service levels. With regard to our current mitigation measures, we found out on September 1 that our current work arrangements will extend at least until December 31.

| | |
|---|---|
| Channel messages | 11,149 |
| Reply messages | 11,139 |
| Post messages | 4,395 |
| Chat messages | 257,881 |
| Meetings organized | 6,180 |
| Meetings participated | 6,295 |
| 1:1 calls | 6,665 |
| Group calls | 815 |

Figure 1

To better support staff, either working from home or in our offices, as well as our members and employers, the agency made the below updates.

**Use of Microsoft Teams** In mid-March, when guidance was given to move staff to teleworking, PERS implemented Microsoft Teams as a key element in enabling staff to work collaboratively, yet remotely. PERS' staff were quick to utilize Teams' potential in their everyday work activities. Figure 1 displays the usage statistics for PERS staff on Microsoft Teams for the period May 14 to August 11.

**Remote Online Notarization Process Change** As noted in the July PERS Board Legislative Update, there were a few sections within an omnibus COVID-19 bill (HB 4212) that affected agency operations. One was section 20 within this bill - Notarial Acts. This section allows for remote online notarization of documents using "simultaneous sight and sound technology." The notarial seal is required to declare that the particular notarization took place remotely and is important, as our statutes require notarization of some of our documents. There are specific steps notaries must take before beginning remote notarization, which are outlined in the bill. The agency built out new processes to enable reception of remotely notarized documents, including updating member information on our website.

**Enhanced Virtual Private Network (VPN) Capacity** In August, the Technical Operations Section implemented an enhanced VPN that took us from one to four gigabyte capacity. This greatly improved responsiveness for those staff working from home, including better performance when using Microsoft Teams. This also positively impacted our connections to the State Data Center. The agency is currently working collaboratively with the State to procure and implement software that will enable electronic signatures for staff to use.

**Budgetary Impacts Associated with COVID-19** As noted in my July Report, while PERS is deemed to be an "Other Funds" agency, as we are funded by the PERS System, we did receive $100 million in General Funds this biennium to set up the Employer Incentive Fund. A Special Legislative Session was held on August 10, which removed funds from both the Employer Incentive Fund as well as the School District Unfunded Liability Fund, as well as revenue streams to support both these funds. More details on these changes and their impacts will be discussed during the board meeting.

# Agency Highlights
## and Accomplishments

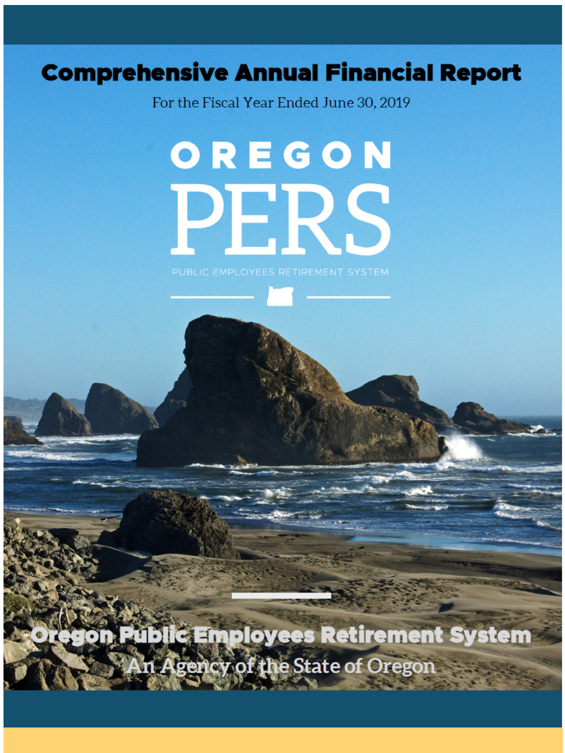
I want to continue to highlight where PERS staff have not only made great progress with standard operational initiatives, but also made significant progress on strategic initiatives. The following are accomplishments that deserve to be highlighted, with staff publicly acknowledged for their efforts.

**Backup Data Center Migration** PERS is required to comply with DAS Statewide Policy #107-001-010, which requires that critical state services will continue despite their interruption by an emergency, disaster, or other unplanned event. Additionally, PERS was required, through budget directives, to develop Business Continuity Recovery Point Objectives in the event of a localized disaster, and to have the ability to ensure business continuity in its fall-back business and/or data center location (via our disaster recovery program and plan). This backup data center location operates when a serious enough disruption occurs that makes it impossible to maintain business continuity in the primary business and/or data center facilities.

PERS was successful in implementing a cloud-based backup data center in early September. Establishing this backup data center supports PERS' compliance with the statewide policy, minimizes downtime in the event of a PERS-affected disaster, and supports flexibility of users who will need to work remotely in the event of a local disaster. The backup data center will enable the resumption of critical business and infrastructure services within 24 hours of a localized catastrophic event.

With the completion of this initiative, the team will now pivot to move our current server infrastructure, which is housed in our headquarters building, to the State Data Center in Salem, by the end of this biennium.

**GFOA Award** We are pleased that, once again, PERS' comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019 qualified for GFOA's Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.



**NAGDCA Award for Oregon Savings Growth Plan** The Oregon Savings Growth Plan (OSGP) was recently recognized by the National Association of Government Defined Contribution Administrators Inc. (NAGDCA). PERS won the 2020 NAGDCA Leadership Award in the Participant Education and Communication category for the agency's work developing and executing a marketing campaign in partnership with the Oregon Savings Growth Plan, a 457(b) voluntary deferred compensation program available to certain public employees to help them save more for retirement.

The campaign focused on increasing financial awareness and retirement education among PERS members, especially those earlier in their careers. A flagship of the effort was PERS Expo 2019, an annual event that aims to help PERS members learn more about their PERS benefits, how OSGP can complement PERS, and other general topics about preparing and saving for retirement. Other components of the campaign included new educational videos and an update to workshop presentations to help public employees understand how easy it is to save more for retirement.

Throughout its components, the campaign maintained a consistent look, messaging, and call to action focused on members taking an active interest in their financial futures and saving more for retirement. A key goal was to increase awareness of OSGP and remove barriers to enrollment in the plan, which can be used by eligible PERS members as a vehicle for additional retirement savings.

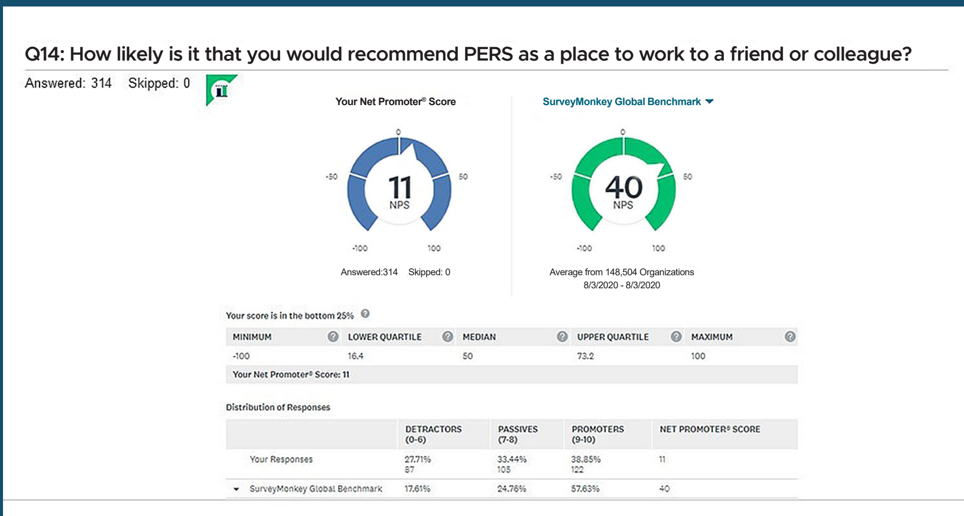
The campaign was the first time that PERS and OSGP, with the support of Voya Financial, the third-party administrator for OSGP, implemented a major marketing strategy together, one that incorporated design ideas, photography, video production, and various communications vehicles.

**Senate Bill 1049 (SB 1049)** Work continues on implementing elements of all five projects associated with SB 1049. More detailed SB 1049 implementation reports on the overall program and projects will be provided in the board packet.

**PHIP Videos** Based on the latest information and recommendations from the Office of the Governor, PERS Health Insurance Program (PHIP) canceled their New Enrollment in-person presentations for the remainder of the year. PERS updated our COVID-19 statement to reflect these cancellations.

Because of the efforts of the PHIP team in accommodating the changes in how we interact, there are now 15 recorded video presentations available on their New Enrollment Videos page.


# Employee Survey Results




Your score is in the bottom 25%

| MINIMUM | LOWER QUARTILE | MEDIAN | UPPER QUARTILE | MAXIMUM |
|---|---|---|---|---|
| -100 | 16.4 | 50 | 73.2 | 100 |
| Your Net Promoter® Score: 11 | | | | |

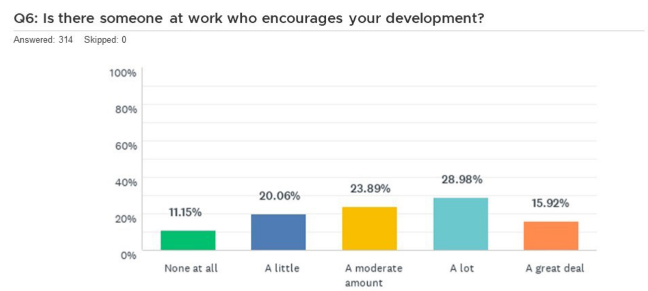
Distribution of Responses

| | DETRACTORS (0-6) | PASSIVES (7-8) | PROMOTERS (9-10) | NET PROMOTER® SCORE |
|---|---|---|---|---|
| Your Responses | 27.71% 87 | 33.44% 105 | 38.85% 122 | 11 |
| SurveyMonkey Global Benchmark | 17.61% | 24.76% | 57.63% | 40 |

In July we conducted the annual PERS Employee Engagement Survey. The response rate was 82%, which is 19 percentage points higher than last year's results. A few changes in this year's survey helped improve insight into staff sentiments, such as switching to a five-point Likert scale and adding a Net Promoter Score. In contrast to dichotomous questions with yes/no answers, a Likert scale allows us to measure attitudes and the degree of agreement about the questions. The Net Promoter Score (NPS) gives us a quick way to understand how staff feel about the agency, helps set internal performance benchmarks, and allows us to compare our agency with others in our industry.

Although scores increased for most of the questions over last year, we identified two areas needing improvement — employee recognition and employee development. The PERS Executive Leadership Team is reviewing the results and formulating plans to address both areas over this next year.

Our Net Promoter Score is 11. To better understand how that compares to other organizations, we used benchmarking. We compared our score against 148,504 other organizations, and our NPS of 11 placed us in the bottom 25% quartile compared to those organizations whose average score was 40. What that means is the majority of respondents are somewhat satisfied at PERS, but would take another position elsewhere if given the opportunity. They do not spread negative word-of-mouth, but they are not enthusiastic enough about the agency to promote it as a place to work to a friend or colleague.



# PERS Board Meeting
# Forward-Looking Calendar

**Friday, December 4, 2020***
Board Governance Assignments
Board Scorecard Report on Agency Performance Measures
Approval to File Agency-Requested Legislative Concepts
Financial Modeling Presentation

**Monday, February 1, 2021**
Annual Report of Director Financial Transactions
Legislative Preview/Update
Preliminary Earnings Crediting and Reserving
SB1566 Reporting Requirements

**Monday, March 29, 2021***
OIC Annual Review
Legislative Update
Final Earnings Crediting

**Wednesday, June 2, 2021, (Joint Meeting with OIC at Treasury)**
*(PERS Board will be joining the second half of the regular OIC Board meeting 9:00am-1:00pm)*

**Friday, June 4, 2021**
Board Scorecard Report on Agency Performance Measures
Propose Board Meeting Dates for Next Year
Annual Report of Board Member Training Activities
Legislative Update
Retiree Health Insurance Plan Renewals and Rates
Overview of Actuarial Methods and Economic Assumptions

**Friday, July 23, 2021***
CEM Benchmarking Results
Director's Performance Evaluation – Comments from Chair
Legislative Session Review
Member and Employer Survey Results
Preliminary Adoption of Valuation Methods and Assumptions Including Assumed Rate of Return
Preliminary Adoption of Assumed Rate OAR

**Friday, October 1, 2021**
Strategic Plan Overview
Legislative Update / Legislative Concepts
Member and Employer Survey Results
Final Adoption of Valuation Methods & Assumptions Including Assumed Rate of Return
Valuation Results – Advisory Employer Rates
Final Adoption of Assumed Rate OAR

**Friday, December 3, 2021***
Board Governance Assignments
Board Scorecard Report on Agency Performance Measures
Strategic Plan Approval
Valuation Update and Financial Modeling Results
Adoption of Actuarial Equivalency Factor Tables

**Audit Committee planned for post-board meeting*

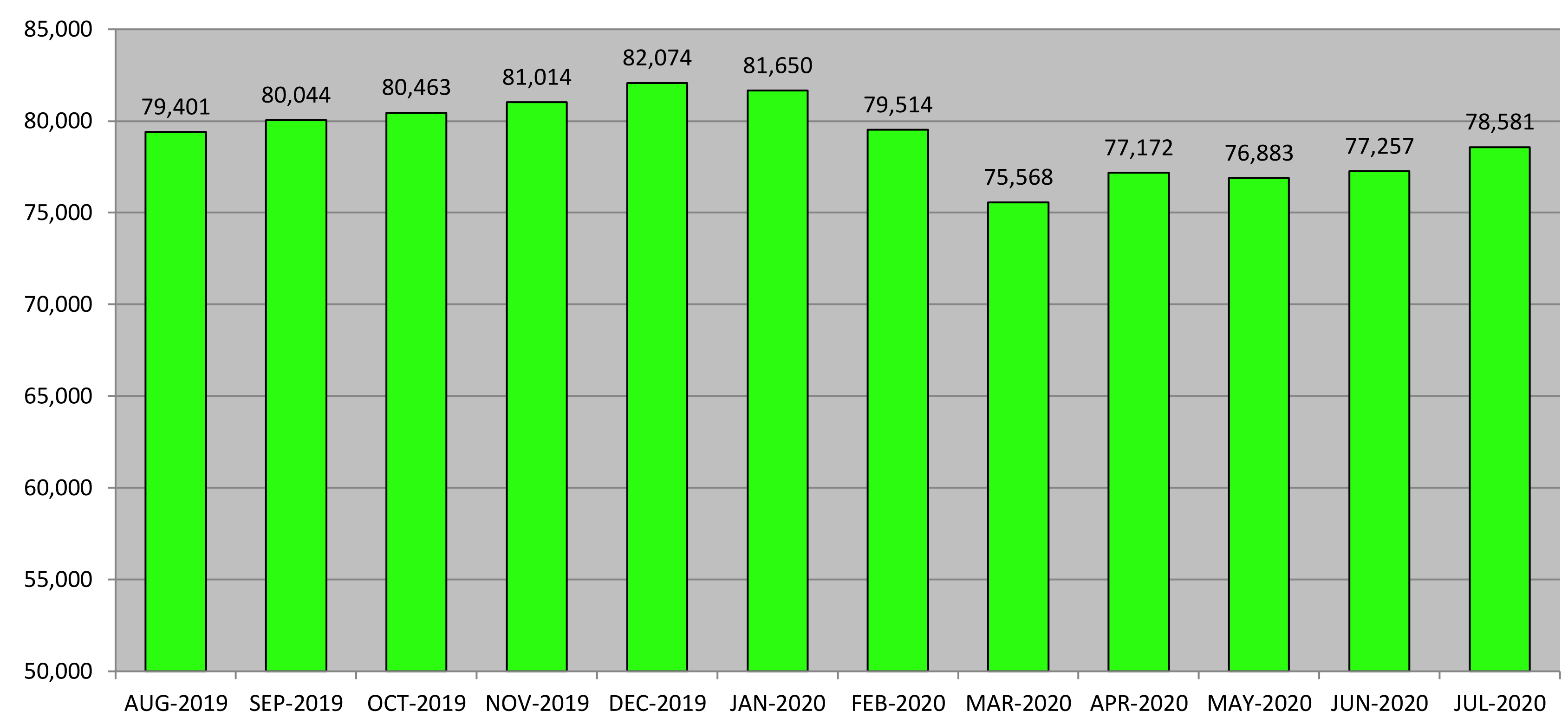
**Returns for periods ending JUL-2020** **Oregon Public Employees Retirement Fund**

| | Regular Account | | | | Historical Performance (Annual Percentage) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERF** | **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 | 27.5-37.5% | 32.5% | $ 23,441,313 | 31.1% | **(5.17)** | **2.61** | **1.97** | **5.10** | **8.23** | **6.48** | **7.39** | **8.93** |
| Private Equity | 13.5-21.5% | 17.5% | $ 17,350,948 | 23.0% | **(2.70)** | **2.71** | **8.13** | **11.28** | **12.04** | **10.40** | **11.43** | **12.03** |
| **Total Equity** | **45.0-55.0%** | **50.0%** | **$ 40,792,260** | **54.2%** | | | | | | | | |
| Opportunity Portfolio | 0-5% | 0% | $ 1,622,345 | 2.2% | **(2.88)** | **1.03** | **2.44** | **4.05** | **5.29** | **5.14** | **5.89** | **7.74** |
| **Total Fixed** | **15-25%** | **20.0%** | **$ 15,276,043** | **20.3%** | **6.88** | **9.31** | **8.35** | **5.49** | **4.35** | **4.32** | **4.05** | **4.68** |
| **Risk Parity** | **0.0-2.5%** | **2.5%** | **$ 1,254,861** | **1.7%** | | | | | | | | |
| **Real Estate** | **9.5-15.5%** | **12.5%** | **$ 8,468,199** | **11.2%** | **0.43** | **4.42** | **4.96** | **6.32** | **6.53** | **7.42** | **8.93** | **10.41** |
| **Alternative Investments** | **7.5-17.5%** | **15.0%** | **$ 7,876,485** | **10.5%** | **(8.36)** | **(9.64)** | **(5.80)** | **(2.73)** | **0.46** | **0.75** | **0.72** | |
| **Cash w/Overlay** | **0-3%** | **0%** | **$ 16,442** | **0.0%** | **1.33** | **2.46** | **2.81** | **2.38** | **2.09** | **1.86** | **1.50** | **1.29** |
| **TOTAL OPERF Regular Account** | | **100.0%** | **$ 75,306,635** | **100.0%** | **(2.31)** | **2.41** | **3.96** | **5.71** | **7.11** | **6.30** | **7.13** | **8.35** |
| **OPERF Policy Benchmark** | | | | | **0.63** | **5.67** | **5.94** | **7.00** | **8.36** | **7.29** | **8.13** | **8.97** |
| Value Added | | | | | **(2.95)** | **(3.25)** | **(1.98)** | **(1.29)** | **(1.24)** | **(0.99)** | **(1.00)** | **(0.62)** |
| **Target Date Funds** | | | **2,873,267** | | | | | | | | | |
| **TOTAL OPERF Variable Account** | | | **$ 400,952** | | **(2.06)** | **6.40** | **4.40** | **6.73** | **9.34** | **7.47** | **8.04** | **9.16** |

**Asset Class Benchmarks:**

| | Year-To-Date | 1 YEAR | 2 YEARS | 3 YEARS | 4 YEARS | 5 YEARS | 7 YEARS | 10 YEARS |
|---|---|---|---|---|---|---|---|---|
| Russell 3000 | 2.01 | 10.93 | 8.97 | 11.39 | 12.56 | 10.89 | 11.71 | 13.59 |
| OREGON MSCI ACWI EX US IMI NET | (7.22) | 0.72 | (1.14) | 1.24 | 5.39 | 3.31 | 3.85 | 4.68 |
| MSCI ACWI IMI NET | (2.23) | 6.11 | 4.06 | 6.38 | 8.95 | 7.07 | 7.67 | 8.80 |
| RUSSELL 3000+300 BPS QTR LAG | (6.16) | (1.29) | 5.18 | 9.15 | 12.47 | 10.43 | 13.32 | 14.21 |
| OREGON CUSTOM FI BENCHMARK | 6.97 | 9.17 | 8.26 | 5.38 | 4.03 | 4.05 | 3.66 | 3.88 |
| OREGON CUSTOM REAL ESTATE BENCHMARK | 1.43 | 3.06 | 4.61 | 5.47 | 6.07 | 7.15 | 8.50 | 9.91 |
| CPI +4% | 3.16 | 5.02 | 5.45 | 5.98 | 5.93 | 5.72 | 5.55 | 5.81 |
| 91 Day Treasury Bill | 0.62 | 1.46 | 1.90 | 1.74 | 1.44 | 1.20 | 0.86 | 0.64 |

**Total OPERF NAV**
**(includes Variable Fund assets)**
**One year ending JUL-2020**
**($ in Millions)**




[1]OIC Policy revised April 2019.
[2]Includes impact of cash overlay management.
[3]For mandates beginning after January 1 (or with lagged performance), YTD numbers are "N/A". Performance is reflected in Total OPERF. YTD is not annualized.

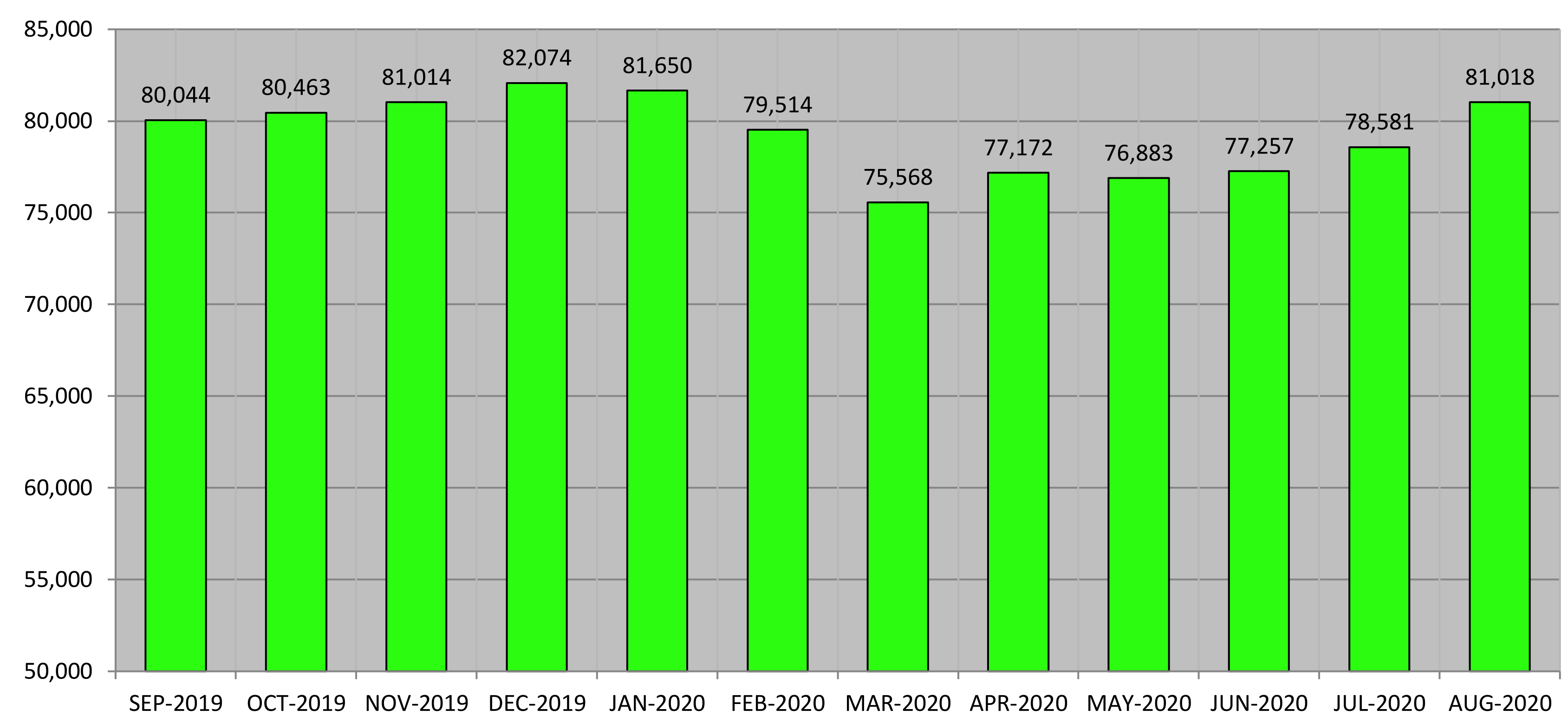
**Returns for periods ending AUG-2020** **Oregon Public Employees Retirement Fund**

| | Regular Account | | | | Historical Performance (Annual Percentage) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERF** | **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 | 27.5-37.5% | 32.5% | $ 24,571,875 | 31.6% | (0.38) | 10.74 | 4.05 | 6.67 | 9.48 | 8.96 | 8.47 | 9.88 |
| Private Equity | 13.5-21.5% | 17.5% | $ 18,311,626 | 23.6% | 3.32 | 5.74 | 9.56 | 12.69 | 13.74 | 11.73 | 12.39 | 12.71 |
| **Total Equity** | **45.0-55.0%** | **50.0%** | **$ 42,883,500** | **55.2%** | | | | | | | | |
| Opportunity Portfolio | 0-5% | 0% | $ 1,672,797 | 2.2% | 0.34 | 3.21 | 2.97 | 4.74 | 5.82 | 5.57 | 6.43 | 7.98 |
| **Total Fixed** | **15-25%** | **20.0%** | **$ 15,441,480** | **19.9%** | 6.42 | 6.30 | 7.78 | 5.06 | 4.21 | 4.30 | 4.06 | 4.51 |
| **Risk Parity** | **0.0-2.5%** | **2.5%** | **$ 1,286,324** | **1.7%** | | | | | | | | |
| **Real Estate** | **9.5-15.5%** | **12.5%** | **$ 8,417,853** | **10.8%** | (0.25) | 1.41 | 3.75 | 5.71 | 6.52 | 7.57 | 9.00 | 10.33 |
| **Alternative Investments** | **7.5-17.5%** | **15.0%** | **$ 8,079,239** | **10.4%** | (7.64) | (8.59) | (5.73) | (3.06) | (0.16) | 0.33 | 0.53 | |
| **Cash w/Overlay** | **0-3%** | **0%** | **$ (77,730)** | **-0.1%** | 1.40 | 2.16 | 2.72 | 2.36 | 2.08 | 1.87 | 1.51 | 1.29 |
| **TOTAL OPERF Regular Account** | | **100.0%** | **$ 77,703,463** | **100.0%** | 0.60 | 4.94 | 4.74 | 6.37 | 7.84 | 7.53 | 7.74 | 8.80 |
| **OPERF Policy Benchmark** | | | | | 4.00 | 9.28 | 7.22 | 7.94 | 9.21 | 8.64 | 8.82 | 9.46 |
| Value Added | | | | | (3.40) | (4.35) | (2.48) | (1.57) | (1.38) | (1.11) | (1.08) | (0.67) |
| **Target Date Funds** | | | **2,895,479** | | | | | | | | | |
| **TOTAL OPERF Variable Account** | | | **$ 418,898** | | 3.88 | 15.73 | 7.00 | 8.71 | 10.85 | 10.23 | 9.27 | 10.20 |

**Asset Class Benchmarks:**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Russell 3000 | 9.39 | 21.44 | 10.92 | 13.95 | 14.47 | 13.86 | 13.29 | 14.94 |
| OREGON MSCI ACWI EX US IMI NET | (2.97) | 8.66 | 2.09 | 2.56 | 6.44 | 5.85 | 4.71 | 5.43 |
| MSCI ACWI IMI NET | 3.69 | 15.44 | 6.67 | 8.36 | 10.48 | 9.85 | 8.90 | 9.84 |
| RUSSELL 3000+300 BPS QTR LAG | 0.51 | 4.07 | 8.04 | 11.21 | 14.42 | 11.96 | 14.43 | 15.00 |
| OREGON CUSTOM FI BENCHMARK | 6.39 | 6.00 | 7.61 | 4.90 | 3.90 | 3.99 | 3.68 | 3.68 |
| OREGON CUSTOM REAL ESTATE BENCHMARK | 0.84 | 2.19 | 3.99 | 5.10 | 5.92 | 7.02 | 8.41 | 9.85 |
| CPI +4% | 3.82 | 5.36 | 5.59 | 5.99 | 5.99 | 5.81 | 5.58 | 5.82 |
| 91 Day Treasury Bill | 0.62 | 1.26 | 1.81 | 1.72 | 1.44 | 1.20 | 0.86 | 0.64 |

**Total OPERF NAV**
**(includes Variable Fund assets)**
**One year ending AUG-2020**
**($ in Millions)**




[1]OIC Policy revised April 2019.
[2]Includes impact of cash overlay management.
[3]For mandates beginning after January 1 (or with lagged performance), YTD numbers are "N/A". Performance is reflected in Total OPERF. YTD is not annualized.

Oregon

Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

FROM: Gregory R. Gabriel, Budget Officer

SUBJECT: October 2020 Board Report

## 2019-21 OPERATING BUDGET

Operating expenditures for July, preliminary expenditures for August, and preliminary expenditures for September are $4,324,696, $4,552,790 and $4,225,037 respectively. Final expenditures for September will close in the Statewide Financial Management System (SFMS) on October 16 and will be included in the December 2020 report to the board.

- Through September 11, 2020, the agency has expended a total of $59,208,000 or 52.6% of PERS' legislatively approved operations budget of $112,657,461.
- At this time, the agency's projected variance is $1,316,543.
- SB 1049 expenditures for July, preliminary August, and preliminary September are $1,674,933, $1,330,823, and $723,932 respectively. As of September 11, the agency has expended $11,540,593 of the legislatively approved budget of $28,559,714.

## 2019-21 NON-LIMITED BUDGET

The adopted budget includes $12,504,627,192 in total estimated non-limited expenditures. Non-limited expenditures include benefit payments, health insurance premiums, and third-party administration payments for both the PERS Health Insurance Program (PHIP) and the Individual Account Program (IAP).

- Preliminary Non-Limited expenditures through September 11, 2020 are $6,761,853,827.

## SPECIAL SESSION AUGUST 2020 – SB 5723

The August 2020 legislative session had the following impacts to the PERS budget:

| Program | Fund Type | Amount |
|---|---|---|
| School Districts Unfunded Liability Fund | Other Funds | (11,539,471) |
| Employer Incentive Fund | General Funds | (35,248,198) |
| Employer Incentive Fund | Other Funds | (35,248,198) |
| Employer Incentive Fund | Other Funds | (1) |
| SB1049 – Technology Applications | Other Funds | (10,000,000) |
| SB1049 – Contingency Reserve | Other Funds | (500,000) |

A.2.c. Attachment – *2019-21, SB1049 Agency-wide Budget Execution Summary Analysis*

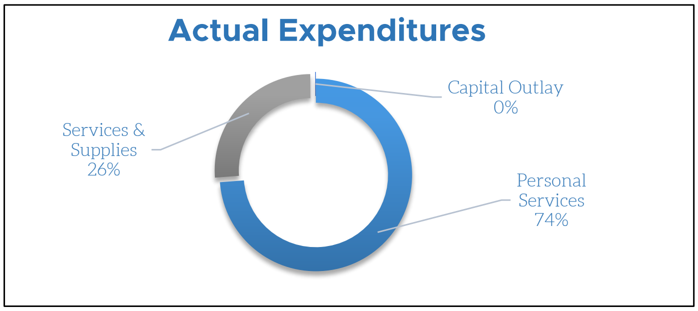
# PERS Monthly Budget Report

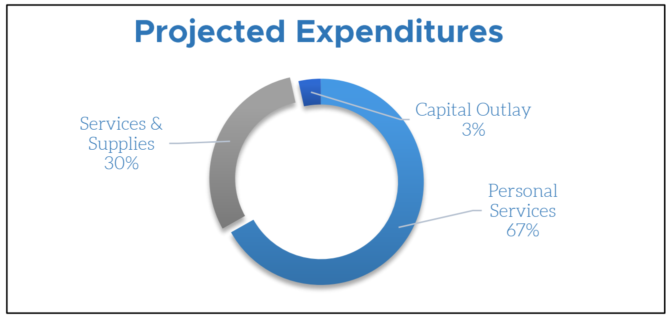
### 2019-21 Agency-wide Budget Execution
### Preliminary Summary for the Month of September 2020

## Limited - Operating Budget

**2019-21 Biennial Summary**

| Category | Actual Exp. To Date | Projected Expenditures | Total Est. Expenditures | 2019-21 LAB | Variance |
|---|---|---|---|---|---|
| Personal Services | 43,694,518 | 34,852,392 | 78,546,910 | 77,726,802 | (820,108) |
| Services & Supplies | 15,446,526 | 15,458,951 | 30,905,477 | 32,757,328 | 1,851,851 |
| Capital Outlay | 66,956 | 1,821,575 | 1,888,531 | 2,173,331 | 284,800 |
| Total | 59,208,000 | 52,132,918 | 111,340,918 | 112,657,461 | 1,316,543 |



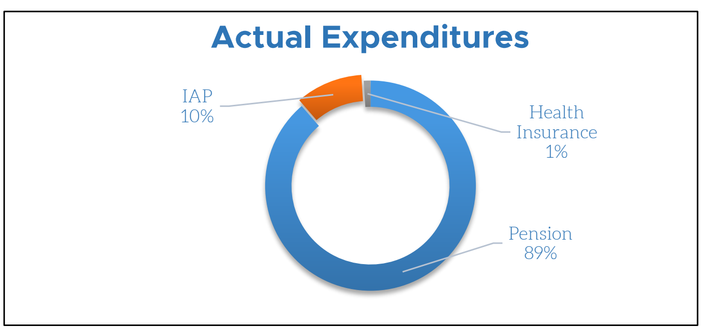

**Monthly Summary**

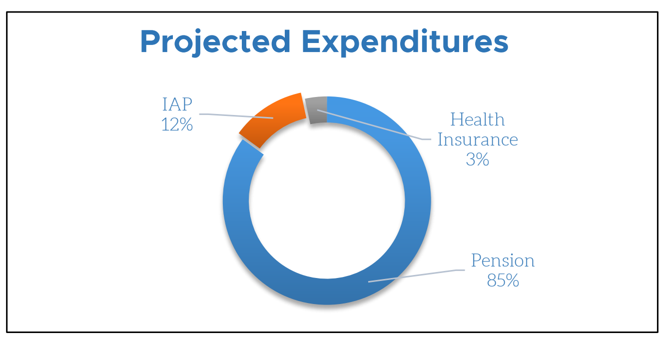
| Category | Actual Exp. | Projections | Variance | Avg. Monthly Actual Exp. | Avg. Monthly Projected Exp. |
|---|---|---|---|---|---|
| Personal Services | 3,279,413 | 3,363,500 | 84,088 | 3,112,106 | 3,465,769 |
| Services & Supplies | 813,654 | 861,537 | 47,883 | 1,126,947 | 1,464,410 |
| Capital Outlay | 131,970 | 142,960 | 10,990 | 5,150 | 165,598 |
| Total | 4,225,037 | 4,367,998 | 142,962 | 4,244,203 | 5,095,778 |

## Non-Limited Budget

**2019-21 Biennial Summary**

| Programs | Actual Exp To Date | Projected Expenditures | Total Est. Expenditures | Non-Limited LAB | Variance |
|---|---|---|---|---|---|
| Pension | 5,996,098,441 | 4,394,583,092 | 10,390,681,533 | 10,347,780,673 | (42,900,860) |
| IAP | 696,116,420 | 599,094,200 | 1,295,210,620 | 1,423,365,167 | 128,154,547 |
| Health Insurance | 69,638,966 | 175,375,526 | 245,014,492 | 733,481,352 | 488,466,860 |
| Total | 6,761,853,827 | 5,169,052,818 | 11,930,906,645 | 12,504,627,192 | 573,720,547 |



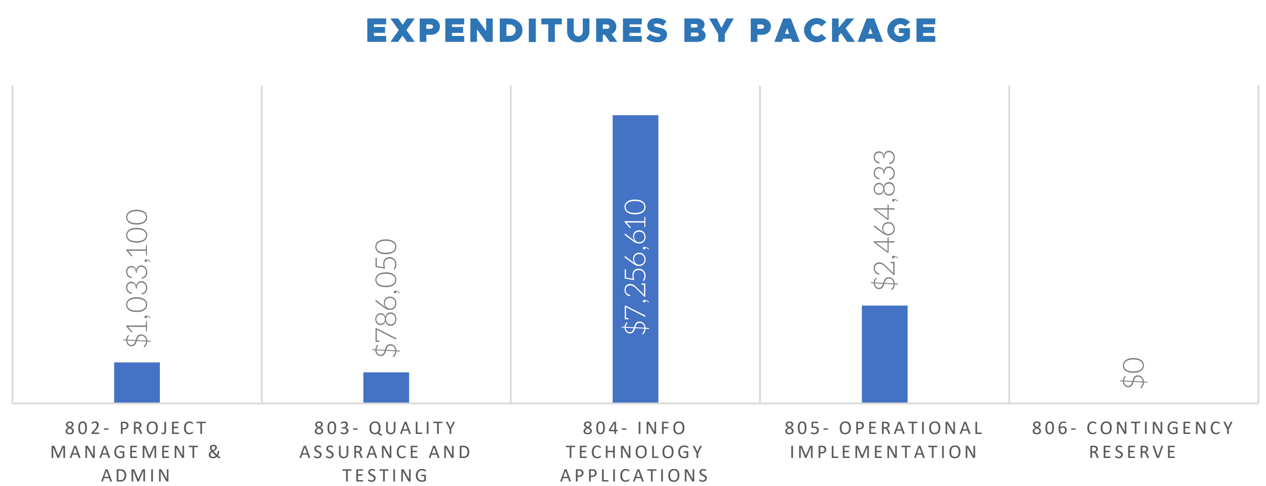



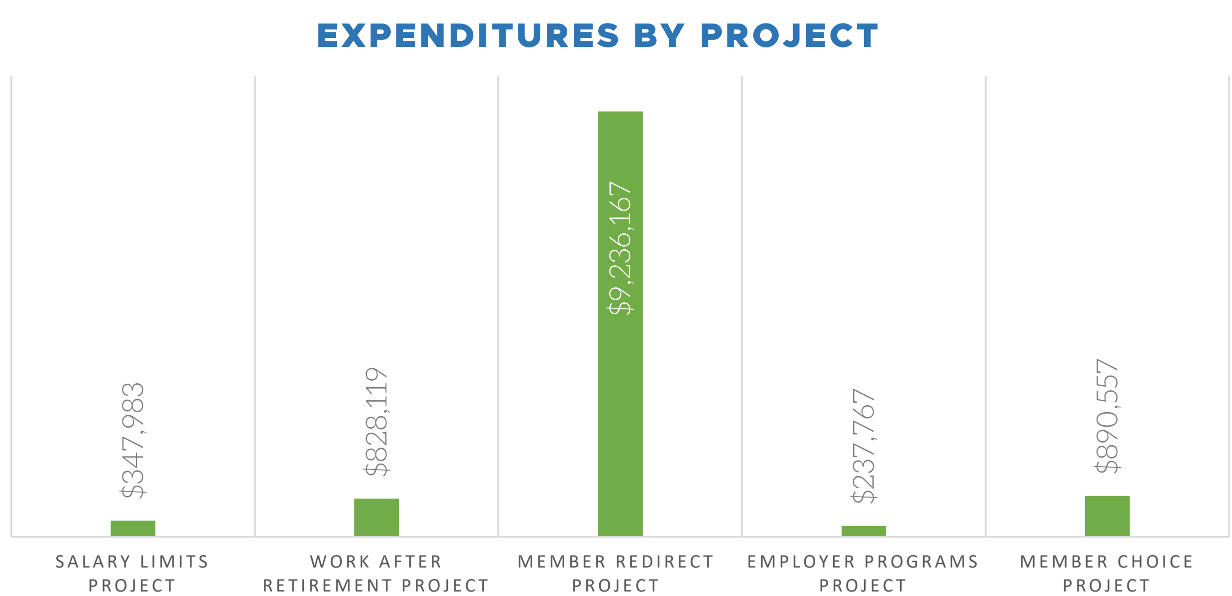
# SB 1049 Budget Report

## Preliminary Summary Budget Analysis
## Preliminary for the Month of September 2020

### Biennial Summary

| Category | Actual Exp. To Date | Projected Expenditures | Total Est. Expend. | 2019-21 LAB | Variance |
|---|---|---|---|---|---|
| Personal Services | 1,709,887 | 1,787,496 | 3,497,383 | 5,646,497 | 2,149,114 |
| Services & Supplies | 9,467,215 | 11,498,656 | 20,965,871 | 22,913,217 | 1,947,346 |
| Capital Outlay | 363,491 | | 363,491 | | (363,491) |
| Total | 11,540,593 | 13,286,152 | 24,826,745 | 28,559,714 | 3,732,969 |



Oregon

Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking for Police Officer and Firefighter Eligibility Rule: OAR 459-075-0200, *Retirement Eligibility for Police Officer and Firefighter Members*

## OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Define "continuously" as a period during which the member is employed in a qualifying position as a police officer or firefighter in consecutive months without interruption. Clarify that Leave Without Pay (LWOP) is not a break in service even for periods of more than a month.
- Policy Issue: None identified.

## BACKGROUND

ORS 238A.160 and 238A.165 pertaining to normal and early retirement age for OPSRP members provide that police officer and firefighter (P&F) members must hold their positions "continuously" for a period of not less than five years immediately preceding their effective retirement date to qualify for P&F retirement timing. When OAR 459-075-0200 was last updated in 2012, a definition for "continuously" was added to provide clarity to the previously undefined term, providing that it meant a "period of employment during which the member accrues retirement credit in consecutive months without interruption."

Over time, however, it became clear that the definition as written inadvertently caused any Leave Without Pay (LWOP) period totaling one month or longer to restart the clock on the five year statutory period to qualify for P&F retirement age eligibility. This was an unintended consequence. We are bringing the rule back to the board to address this LWOP issue. The rule has been edited to clarify that continuous employment is when a member is employed in a qualifying position as a P&F member in consecutive months without interruption.

## PUBLIC COMMENT AND HEARING TESTIMONY

No rulemaking hearing will be held because the PERS building is closed to the public. The public comment period ends November 3, 2020, 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.

Benefit: Clarifies that LWOP is not a break in service, even for periods of more than a month, so long as a member remains employed in one or more qualifying positions as a police officer or firefighter in consecutive months without interruption

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

RULEMAKING TIMELINE

| | |
|---|---|
| September 30, 2020 | Staff began the rulemaking process by filing a Notice of Rulemaking with the Secretary of State. |
| October 2, 2020 | PERS Board notified that staff began the rulemaking process. |
| October 2, 2020 | Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins. |
| November 3, 2020 | Public comment period ends at 5:00 p.m. |
| December 4, 2020 | Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel. |

NEXT STEPS

The rule is scheduled to be brought before the PERS Board for adoption at the December 4, 2020 board meeting.

B.1. Attachment 1 – 459-075-0200, *Retirement Eligibility for Police Officer and Firefighter Members*

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

## 459-075-0200

### Retirement Eligibility for Police Officer and Firefighter Members

(1) For purposes of this rule:

(a) “Police officer” and “firefighter” have the same meaning given them in ORS 238A.005.

(b) “Continuously” means a period *[of employment]* during which the member *[accrues retirement credit]* **is employed in one or more qualifying positions as a police officer or firefighter** in consecutive months without interruption.

(2) For the purpose of establishing eligibility for normal retirement under ORS 238A.160(2) and early retirement under 238A.165(2), an OPSRP Pension Program member will be considered to have held a position as a police officer or firefighter continuously for a period of not less than five years immediately preceding the effective date of retirement if:

(a) The member was employed in a qualifying position as a police officer or firefighter continuously for five years prior to the date of the member’s termination from that employment; and

(b) The member’s effective date of retirement is the first of the month following termination from that employment.

(3) A member who is concurrently employed by two or more employers in qualifying positions as a police officer or firefighter and as other than a police officer or firefighter is employed as a police officer or firefighter for purposes of this rule.

Stat. Auth.: ORS 238A.450

Stats. Implemented: 238A.160 & 238A.165

Oregon

Kate Brown, Governor

**Public Employees Retirement System**
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking for SB 1049 EPSA Earnings Crediting and Work After Retirement Payroll Rules:
OAR 459-007-0370, *Crediting Earnings to the Employee Pension Stability Account on Withdrawal*
OAR 459-009-0070, *Actuarial Pooling of Employer Liability*
OAR 459-017-0060, *Reemployment of Retired Members*
OAR 459-075-0300, *Reemployment of a Retired Member of the OPSRP Pension Program*

## OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Clarify how earnings should be credited to the Employee Pension Stability Account (EPSA) on withdrawal, and clarify terminology used with respect to employer contribution rates for PERS retirees.
- Policy Issue: No policy issues have been identified at this time.

## BACKGROUND

Administrative rules implementing the member redirect and work after retirement provisions of SB 1049 were adopted prior to the effective dates of the respective provisions. Since implementation, staff has been refining processes and making any necessary adjustments to PERS' administration of those provisions. We are now circling back to make a couple of small adjustments in the administrative rules to address concerns that have been identified since our original implementation.

The Employee Pension Stability Account (EPSA) earnings crediting rule OAR 459-007-0370 was initially adopted at the June 2020 board meeting to explain how earnings should be credited upon withdrawal for the EPSA. The rule was initially modeled after the Tier Two withdrawal rule and was drafted using the same concept of an effective date of withdrawal, which is a defined term. Under the Tier Two process, members receive Tier Two earnings up to their effective date of withdrawal and distribution interest from the effective date of withdrawal to the actual date of distribution. Under ORS 238.470, PERS cannot pay interest on payments from the system unless specifically allowed by statute. The EPSA accounts are established and administered under ORS Chapter 238A and there is no provision allowing for interest on the EPSA payments. However, ORS 238A.353 does require the EPSA accounts to receive earnings until distributed. As staff worked through the elaboration process and reflected on the statutory requirements involved, we realized that, in situations where there is a delay in processing a withdrawal, under the current rule, it is possible that an EPSA would not receive full earnings crediting required under the statute. To ensure that members receive earnings to the date of distribution, we have altered the structure of the rule to bring it in line with the IAP withdrawal rule. When withdrawals are processed timely, there is no difference in the effect of the two structures, but the structure of the IAP rule will ensure the member receives earnings to the date of distribution in situations where there is a delay in processing.

The work after retirement provisions of SB 1049 allow retired members in all PERS pension programs (Tier 1/Tier 2 and OPSRP) to work unlimited hours for PERS participating employers in calendar years 2020-2024 without impacting their ability to receive retirement benefits. The bill also included a new provision that required employers to pay additional employer contributions on wages of retirees working post-retirement as if they were active members. The additional contributions would be applied to the employer's liabilities, and could be used to pay down an employer's UAL at an accelerated rate. The rules implementing these provisions were adopted in January 2020.

Employer rates are reflected as a percentage of covered payroll. The OAR amendments adopted in January 2020 used the term active members instead of covered payroll. The amendments presented today correct the terminology for consistency.

In addition, staff is working on addressing a concern regarding employers that have a very small or nonexistent active member payroll. When an employer has no active member payroll when employer rates are set, the employer rate is zero; when an employer has a small active member payroll when employer rates are set, the employer rate tends to be high. Staff is working on the best way to determine what to charge these employers when they hire PERS retirees. To this end, we anticipate additional amendments to the rules prior to adoption.

## PUBLIC COMMENT AND HEARING TESTIMONY

No rulemaking hearing will be held because the PERS building is closed to the public. The public comment period ends November 3, 2020, 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 will be incorporated before the rules are presented for adoption.

## IMPACT

Mandatory: No, but statute authorizes the board to update its rules as necessary to implement Senate Bill 1049 (2019).

Benefit: Clarify how earnings should be credited to the Employee Pension Stability Account (EPSA) on withdrawal, and updates the rules to reflect consistent terminology use with respect to employer rates for retiree wages.

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

RULEMAKING TIMELINE

| | |
|---|---|
| September 30, 2020 | Staff began the rulemaking process by filing a Notice of Rulemaking with the Secretary of State. |
| October 2, 2020 | PERS Board notified that staff began the rulemaking process. |
| October 2, 2020 | Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins. |
| November 3, 2020 | Public comment period ends at 5:00 p.m. |
| December 4, 2020 | Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel. |

NEXT STEPS

The public comment period will end on November 3, 2020. The rules are scheduled to be brought before the PERS Board for adoption at the December 4, 2020 board meeting.

B.2. Attachment 1 – 459-007-0370, *Crediting Earnings to the Employee Pension Stability Account on Withdrawal*
B.2. Attachment 2 – 459-009-0070, *Actuarial Pooling of Employer Liability*
B.2. Attachment 3 – 459-017-0060, *Reemployment of Retired Members*
B.2. Attachment 4 – 459-075-0300, *Reemployment of a Retired Member of the OPSRP Pension Program*

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 7 – EARNINGS AND INTEREST DISTRIBUTION**

**459-007-0370**

**Crediting Earnings to the Employee Pension Stability Account on Withdrawal**

(1) When a member withdraws his or her Employee Pension Stability Account (EPSA) under ORS 238A.375, earnings or losses shall be credited in the manner specified in this rule.

(2) Earnings or losses on the member's EPSA shall be credited as follows:

(a) If earnings or losses for the calendar year prior to the **date of distribution** *[effective date of withdrawal]* have not been credited, earnings or losses for that year shall be credited to the member's EPSA based on the latest year-to-date calculation for that year.

(b) Earnings or losses *[from January 1 of]* **credited for** the calendar year of **distribution** *[the effective date of withdrawal to the effective date of withdrawal]* shall be credited to the member's EPSA based on the latest year-to-date calculation as of the **first day of the calendar month of the date of distribution***[effective date of withdrawal]*.

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

Stats. Implemented: ORS 238.265 & 238A.353

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

## 459-009-0070

## Actuarial Pooling of Employer Liability

(1) Definitions. Definitions as used in this rule:

(a) “Actuarial Surplus” means the excess of the fair market actuarial value of assets over the actuarial liabilities.

(b) “Consolidation” means the uniting or joining of two or more political subdivisions into a single new successor political subdivision.

(c) “Liability” or “Liabilities” means any costs assigned by the Board to a specific employer or to a pool of employers to provide PERS benefits.

(d) “Local government” shall have the same meaning as in subsection (f) of this section.

(e) “Merger” means the extinguishment, termination and cessation of the existence of one or more political subdivisions by uniting with and being absorbed into another political subdivision.

(f) “Political subdivision” means any city, county, municipal or public corporation, any other political subdivision as provided in Oregon Law, or any instrumentality thereof, or an agency created by one or more political subdivisions to provide themselves governmental service. Political subdivision does not mean a school district or a community college.

(g) “Pooled” or “pooling” means the combining or grouping of public employers participating in PERS for the purposes of determining employer liability for retirement or other benefits under ORS Chapter 238.

(h) "School district" means a common school district, a union high school district, or an education service district, including chartered schools authorized under Oregon law.

(i) "Transition Unfunded Actuarial Liabilities or Surplus" means the unfunded actuarial liability or actuarial surplus, attributed to an individual employer for the period of time the employer was not participating in a pool, prior to entry into the Local Government Rate Pool or the State and Local Government Rate Pool.

(j) "Unfunded Actuarial Liabilities" or "UAL" means the excess of the actuarial liabilities over the fair market actuarial value of assets.

(2) Two employer pools. In accordance with ORS 238.225 and only for the purposes of determining the amounts that are actuarially necessary to adequately fund the benefits provided by the contributions of PERS participating employers, employers will be pooled as a single employer as follows:

(a) The State and Local Government Rate Pool, which consists of the following employers:

(A) The State of Oregon, excluding the state judiciary under ORS 238.500;

(B) All community colleges; and

(C) All political subdivisions which elect to join the pool; or

(b) The School District Pool, which consists of all school districts of the state.

(3) The Local Government Rate Pool established as of January 1, 2000, and certified by the Board on June 12, 2001, for political subdivisions was dissolved as of December 31, 2001.

(4) Political subdivision participation. Political subdivisions may elect to participate in the State and Local Government Rate Pool by the adoption of a resolution or ordinance

by the governing body of the political subdivision and submitting a copy of the resolution or ordinance to the Board. The effective date of the election is established as follows:

(a) If the election is received, in accordance with OAR 459-005-0220, by December 31, 2001, the political subdivision will join the pool effective January 1, 2002. Its liability as a member of the pool, from the effective date of entering the pool, will be based on the actuarial valuation period beginning on January 1, 2002; or

(b) If the election is received, in accordance with OAR 459-005-0220, on or after January 1, 2002, the political subdivision will join the pool effective the first day of the next actuarial valuation period following the date of receipt of the election.

(c) Prior to entering the pool, any unfunded actuarial liabilities or surplus of such employers will be actuarially accounted for as provided in section (10) of this rule.

(d) Participation in the pool, as provided in this section, is irrevocable by the employer.

(e) Political subdivisions that do not elect to participate in the State and Local Government Rate Pool, as provided in this section, shall be regarded as individual employers for actuarial purposes.

(5) Employer rates. The basis for any actuarial computation required under ORS 238.225 or this rule will be the actuarial report on PERS prepared in accordance with ORS 238.605.

(6) In determining the amounts to be paid to PERS by a public employer pooled as provided in section (2) of this rule, the PERS consulting actuary will express those amounts as a rate or percentage of PERS covered payroll.

(7) In determining the amounts to be paid to PERS by employer participants in the Local Government Rate Pool, the State and Local Government Rate Pool, and the School District Pool, the PERS Board will issue rate(s) representing the amount necessary to provide benefits as provided in ORS 238.225, for all members of that pooled group. The rates, at a minimum, shall include:

(a) Rates representing the amount necessary to provide benefits as provided in ORS 238.225, for all Tier One and Tier Two police officer and firefighter members of that pooled group.

(b) Rates representing the amount necessary to provide benefits as provided in ORS 238.225, for all Tier One and Tier Two general service members of that pooled group.

(c) In addition to the rate(s) in this section, the State of Oregon will be charged the additional amount necessary to fund the Retiree Health Insurance Premium Account as provided in ORS 238.415(5).

(8) A public employer employing a retired member shall apply the employer's net contribution rate for its *[active members]* **covered payroll** to the wages paid to the retired member based upon the employee's pension program membership at the time of the member's retirement and the job classification of the position in which the retired member is employed. Such employer shall make a payment to the Public Employees Retirement Fund. This payment is in addition to the employer's contribution required under ORS 238.225 or 238A.220.

(a) Retired member wages will not be included in covered payroll for purposes of determining the employer's contribution rate.

(b) The additional payment will be applied to the employer's rate pool's liabilities, including pension benefit costs and retiree medical benefit costs.

(c) If the employer has a side account established under ORS 238.229, or any other individual surplus or liability that applies to the employer's contribution rate for its active members, that surplus or liability will be applied to the employer's contribution rate for its retired members.

(9) For each participant in the State and Local Government Rate Pool:

(a) Each employer's police officer and firefighter payroll as reported for the actuarial valuation will be multiplied times the rate described in subsection (7)(a) of this rule;

(b) Each employer's general service payroll as reported for the actuarial valuation will be multiplied times the rate described in subsection (7)(b) of this rule.

(c) By dividing the sum of the amounts in subsections (a) and (b) of this section by the employer's total payroll as reported for the actuarial valuation, a composite employer contribution rate is derived, which will be the basis for the employer contributions.

(10) Unfunded actuarial liabilities or surplus.

(a) If a political subdivision elected to join the Local Government Rate Pool described in section (3) of this rule, any transition unfunded actuarial liabilities or surplus as of December 31, 1999, will remain part of the actuarial calculation of employer costs for the individual political subdivision, until fully amortized, and will not be pooled with other public employers. However, the political subdivision will continue to be pooled for the purpose of funding the resulting unfunded actuarial liabilities associated with the Local Government Rate Pool from January 1, 2000 to December 31, 2001.

(b) If a political subdivision elects to join the State and Local Government Rate Pool as provided in section (4) of this rule, any transition unfunded actuarial liabilities or surplus as of the day immediately preceding the effective date of entering the pool will remain part of the actuarial calculation of employer costs for each individual political subdivision, until fully amortized, and will not be pooled with other public employers in the State and Local Government Rate Pool.

(c) The pooled unfunded actuarial liability or surplus for the community colleges and the State of Oregon as of December 31, 2001, will remain part of the actuarial calculation of employer costs for community colleges and the State of Oregon combined until fully amortized, and will not be pooled with any political subdivision.

(d) Any unfunded actuarial liability or surplus for the State and Local Government Rate Pool that accrues during a valuation period occurring after December 31, 2001, will become part of the actuarial calculation of employer costs for only those employers who participated in the pool during that valuation period.

(e) Any unfunded actuarial liabilities or surplus of individual employers being amortized as provided for in subsection (a), (b), or (c) of this section, will be amortized based on the Board's adopted assumed earnings rate and amortization period. If at the end of the amortization period a surplus remains, the surplus will continue to be amortized as determined by the Board.

(f) If the PERS Board should change the assumed earnings rate, as it applies to ORS 238.255, in effect at the time of the amortization provided for in subsection (a), (b), or (c) of this section, the actuary will recalculate the remaining liability or surplus being amortized using the new assumed earnings rate. The amortization period provided in subsection (e) of this section will not change due to this recalculation.

(11) Employer UAL lump-sum payment. If an employer elects to make a UAL lump-sum payment to offset the unfunded actuarial liabilities under subsection (10)(a), (b), (c), or (d) of this rule, or as provided under ORS 238.225(8), the payment shall be made in accordance with ORS 238.225 and OAR 459-009-0084.

(12) New employers and integrations. Political subdivisions entering PERS, as provided in ORS 238.015(3), 238.035, or 238.680, will be pooled upon election to join the State and Local Government Rate Pool as follows:

(a) To join the pool upon entering PERS, the election as well as the methods and effective date of entry, must be included in the coverage agreement or contract of integration. If the election is made after the effective date of joining PERS, the political subdivision will join the pool effective the first day of the next actuarial valuation period following the date of receipt of the election.

(b) An election completed by an integrating employer or a partially integrated employer will apply to all current and future groups of employees who are integrated into PERS by the employer. Upon entering the respective pool, any unfunded actuarial liabilities or surplus of such employers will be actuarially accounted for as provided in section (10) of this rule.

(13) Dissolution of an employer or non-participating employer. In the event a public employer is dissolved, no longer has PERS eligible employees, or is no longer eligible to participate in PERS, the employer or its successor will be required to make the contributions necessary to fund any remaining unfunded actuarial liability, as provided

for in subsection (10)(a), (b), or (c) of this rule, for PERS benefits. The Board will determine the method and amount of funding this unfunded actuarial liability or the return of any surplus, as well as the determination of the employer's successor.

(14) Consolidation of political subdivisions. In the event a political subdivision consolidates with another political subdivision, the succeeding employer will determine the status in the pool by election into the pool.

(a) If the succeeding employer has not elected to join the pool as of the effective date of the consolidation, the following will occur:

(A) The pooled and non-pooled assets, liabilities, and employees of the former employers will continue as they were prior to the consolidation;

(B) Any unfunded actuarial liability or surplus of the former employers as of the effective date of the consolidation will be combined and assumed by the succeeding employer;

(C) New hires will not be pooled; and

(D) If the succeeding employer consists of pooled and non-pooled employees, separate payrolls must be maintained for each and reported to PERS.

(E) At any time after the consolidation, the succeeding employer may elect to join the pool and the effective date will be the first day of the next actuarial valuation period following the date of receipt of an election.

(b) If the succeeding employer elects to join the pool as of the effective date of the consolidation, the following will occur:

(A) Any non-pooled assets, liabilities, and employees of the former employers will be added to the pool;

(B) Any unfunded actuarial liability or surplus of the former employers as of the effective date of the consolidation will be combined and assumed by the succeeding employer and provided for as in subsection (10)(a) or (b) of this rule; and

(C) New hires will be pooled.

(c) The succeeding employer must join the pool as of the effective date of the consolidation if it consists of only pooled employers. Any unfunded actuarial liability or surplus of the former employers as of the effective date of the consolidation will be combined and assumed by the succeeding employer.

(15) Merger of political subdivisions. In the event a political subdivision merges with another political subdivision, the status of the surviving employer in the pool depends on its status prior to the merger.

(a) If the surviving employer was not in the pool and has not elected to join the pool as of the effective date of the merger, the following will occur:

(A) The pooled and non-pooled assets, liabilities, and employees of the former employers will continue as they were prior to the merger;

(B) Any unfunded actuarial liability or surplus of the former employers as of the date of the merger will be transferred to the surviving employer;

(C) New hires will not be pooled; and

(D) If the surviving employer consists of pooled and non-pooled employees, separate payrolls must be maintained for each and reported to PERS.

(E) At any time after the merger, the surviving employer may elect to join the pool and the effective date will be the first day of the next actuarial valuation period following the date of receipt of an election.

(b) If the surviving employer was in the pool as of the effective date of the merger, the following will occur:

(A) Any non-pooled assets, liabilities, and employees of the former employers will be added to the pool as of the effective date of the merger;

(B) Any unfunded actuarial liability or surplus of the former employers as of the effective date of the merger will be transferred to the surviving employer and provided for in subsection (10)(a) or (b) of this rule; and

(C) New hires will be pooled.

(16) In the event of any legal mandates or changes adopted by the Board:

(a) If the change provides for an increased or decreased benefit to police officer and firefighter members, but is not applicable to general service members, the PERS Board will direct the actuary to attribute the cost or savings of the change to the rate indicated in subsection (7)(a) of this rule.

(b) If the change provides for an increased or decreased benefit to general service members, but is not applicable to police officer or firefighter members, the PERS Board will direct the actuary to attribute the cost or savings of the change to the rate indicated in subsection (7)(b) of this rule.

(17) Section (8) of this rule is repealed effective January 2, 2025.

Stat. Auth.: ORS 238.650

Stats. Implemented: 2005 OL, Ch. 808, Sec. (12), (13), (14), ORS 238.225 & 238.605, 2019 OL, Ch. 355, Sec. 35 & 37

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 017 – REEMPLOYED RETIRED MEMBERS**

**459-017-0060**

**Reemployment of Retired Members**

(1) For purposes of this rule:

(a) "Bona fide retirement" means that the retired member has been absent from service with all participating employers and all employers in a controlled group with a participating employer for at least six full calendar months between the effective date of retirement and the date of hire.

(b) "Retired member" means a member of the PERS Chapter 238 Program who is retired for service.

(2) A retired member may be employed under ORS 238.082 by a participating employer without loss of retirement benefits provided:

(a) The period or periods of employment with one or more participating employers total less than 1,040 hours in a calendar year; or

(b) If the retired member is receiving retirement, survivors, or disability benefits under the federal Social Security Act, the period or periods of employment total less than either 1,040 hours in a calendar year, or the total number of hours in a calendar year that, at the retired member's specified hourly rate of pay, would cause the annual compensation of the retired member to exceed the following Social Security annual compensation limits, whichever is greater.

(A) For retired members who have not reached full retirement age under the Social Security Act, the annual compensation limit is $18,240; or

(B) For the calendar year in which the retired member reaches full retirement age under the Social Security Act and only for compensation for the months before reaching full retirement age, the annual compensation limit is $48,600.

(3) The limitations on employment in section (2) of this rule do not apply if the retired member has reached full retirement age under the Social Security Act.

(4) The limitations on employment in section (2) of this rule do not apply if:

(a) The retired member meets the requirements of ORS 238.082(4), (5), (6), (7), or (8), and did not retire at a reduced benefit under the provisions of ORS 238.280(1), (2), or (3);

(b) The retired member retired at a reduced benefit under ORS 238.280(1), (2), or (3), is employed in a position that meets the requirements of ORS 238.082(4), the date of hire is more than six months after the member's effective retirement date, and the member's retirement otherwise meets the standard of a bona fide retirement;

(c) The retired member is employed by a school district or education service district as a speech-language pathologist or speech-language pathologist assistant and:

(A) The retired member did not retire at a reduced benefit under the provisions of ORS 238.280(1) or (3); or

(B) The retired member retired at a reduced benefit under the provisions of ORS 238.280(1) or (3), but is not employed by any participating employer until more than six months after the member's effective retirement date, and the member's retirement otherwise meets the standard of a bona fide retirement;

(d) The retired member meets the requirements of section 2, chapter 499, Oregon Laws 2007, as amended by section 1, chapter 108, Oregon Laws 2015;

(e) The retired member meets the requirements of section 2, chapter 475, Oregon Laws 2015;

(f) The retired member is employed for service during a legislative session under ORS 238.092(2);

(g) The retired member meets the requirements of ORS 238.088(2), and did not retire at a reduced benefit under the provisions of ORS 238.280(1), (2), or (3); or

(h) The retired member is on active state duty in the organized militia and meets the requirements under ORS 399.075(8).

(i) The retired member is employed as a special campus security officer commissioned by a public university and meets the requirements under section 5, chapter 152, Oregon Laws 2019.

(j) The retired member is employed as a security officer for a community college and meets the requirements under section 5, chapter 152, Oregon Laws 2019.

(k) The retired member is employed by Harney County Health District as a person licensed, registered or certified to provide health services and meets the requirements under section 2, chapter 496, Oregon Laws 2019.

(5) For purposes of population determinations referenced by statutes listed in this rule, the latest federal decennial census shall first be operative on the first day of the second calendar year following the census year.

(6) For purposes of ORS 238.082(6), a retired member replaces an employee if the retired member:

(a) Is assigned to the position of the employee; and

(b) Performs the duties of the employee or duties that might be assigned to an employee in that position.

(7) If a retired member is reemployed subject to the limitations of ORS 238.082 and section (2) of this rule, the period or periods of employment subsequently exceed those limitations, and employment continues into the month following the date the limitations are exceeded:

(a) If the member has been retired for six or more calendar months:

(A) PERS will cancel the member's retirement.

(i) If the member is receiving a monthly service retirement allowance, the last payment to which the member is entitled is for the month in which the limitations were exceeded.

(ii) If the member is receiving installment payments under ORS 238.305(4), the last installment payment to which the member is entitled is the last payment due on or before the last day of the month in which the limitations were exceeded.

(iii) If the member received a single lump sum payment under ORS 238.305(4) or 238.315, the member is entitled to the payment provided the payment was dated on or before the last day of the month in which the limitations were exceeded.

(iv) A member who receives benefits to which he or she is not entitled must repay those benefits to PERS.

(B) The member will reestablish active membership the first of the calendar month following the month in which the limitations were exceeded.

(C) The member's account must be rebuilt in accordance with the provisions of section (9) of this rule.

(b) If the member has been retired for less than six calendar months:

(A) PERS will cancel the member's retirement effective the date the member was reemployed.

(B) All retirement benefits received by the member must be repaid to PERS in a single payment.

(C) The member will reestablish active membership effective the date the member was reemployed.

(D) The member account will be rebuilt as of the date that PERS receives the single payment. The amount in the member account must be the same as the amount in the member account at the time of the member's retirement.

(8) For purposes of determining period(s) of employment in section (2) of this rule:

(a) Hours of employment are hours on and after the retired member's effective retirement date for which the member receives wages, salary, paid leave, or other compensation.

(b) Hours of employment that are performed under the provisions of section (4) of this rule on or after the later of January 1, 2004, or the operative date of the applicable statutory provision, are not counted.

(9) If a member has been retired for service for more than six calendar months and is reemployed in a qualifying position by a participating employer under the provisions of 238.078(1):

(a) PERS will cancel the member's retirement effective the date the member is reemployed.

(b) The member will reestablish active membership on the date the member is reemployed.

(c) If the member elected a benefit payment option other than a lump sum option under ORS 238.305(2) or (3), the last monthly service retirement allowance payment to which the member is entitled is for the month before the calendar month in which the member is reemployed. Upon subsequent retirement, the member may choose a different benefit payment option.

(A) The member's account will be rebuilt as required by ORS 238.078 effective the date active membership is reestablished.

(B) Amounts from the Benefits-In-Force Reserve (BIF) credited to the member's account under the provisions of paragraph (A) of this subsection will be credited with earnings at the BIF rate or the assumed rate, whichever is less, from the date of retirement to the date of active membership.

(d) If the member elected a partial lump sum option under ORS 238.305(2), the last monthly service retirement allowance payment to which the member is entitled is for the month before the calendar month in which the member is reemployed. The last lump sum or installment payment to which the member is entitled is the last payment due before the date the member is reemployed. Upon subsequent retirement, the member may not choose a different benefit payment option unless the member has repaid to PERS in a single payment an amount equal to the lump sum and installment benefits received and the earnings that would have accumulated on that amount.

(A) The member's account will be rebuilt as required by ORS 238.078 effective the date active membership is reestablished.

(B) Amounts from the BIF credited to the member's account under the provisions of paragraph (A) of this subsection, excluding any amounts attributable to repayment by the member, will be credited with earnings at the BIF rate or the assumed rate, whichever is less, from the date of retirement to the date of active membership.

(e) If the member elected the total lump sum option under ORS 238.305(3), the last lump sum or installment payment to which the member is entitled is the last payment due before the date the member is reemployed. Upon subsequent retirement, the member may not choose a different benefit payment option unless the member has repaid to PERS in a single payment an amount equal to the benefits received and the earnings that would have accumulated on that amount.

(A) If the member repays PERS as described in this subsection the member's account will be rebuilt as required by ORS 238.078 effective the date that PERS receives the single payment.

(B) If any amounts from the BIF are credited to the member's account under the provisions of paragraph (A) of this subsection, the amounts may not be credited with earnings for the period from the date of retirement to the date of active membership.

(f) If the member received a lump sum payment under ORS 238.315:

(A) If the payment was dated before the date the member is reemployed, the member is not required or permitted to repay the benefit amount. Upon subsequent retirement:

(i) The member may choose a different benefit payment option.

(ii) The member's retirement benefit will be calculated based on the member's periods of active membership after the member's initial effective retirement date.

(B) If the payment was dated on or after the date the member is reemployed, the member must repay the benefit amount. Upon subsequent retirement:

(i) The member may choose a different benefit payment option.

(ii) The member's retirement benefit will be calculated based on the member's periods of active membership before and after the member's initial effective retirement date.

(iii) The member's account will be rebuilt as described in ORS 238.078(2).

(g) A member who receives benefits to which he or she is not entitled must repay those benefits to PERS.

(10) If a member has been retired for less than six calendar months and is reemployed in a qualifying position by a participating employer under the provisions of 238.078(2):

(a) PERS will cancel the member's retirement effective the date the member is reemployed.

(b) All retirement benefits received by the member must be repaid to PERS in a single payment.

(c) The member will reestablish active membership effective the date the member is reemployed.

(d) The member account will be rebuilt as of the date that PERS receives the single payment. The amount in the member account must be the same as the amount in the member account at the time of the member's retirement.

(e) Upon subsequent retirement, the member may choose a different benefit payment option.

(11) Upon the subsequent retirement of any member who reestablished active membership under ORS 238.078 and this rule, the retirement benefit of the member must be calculated using the actuarial equivalency factors in effect on the effective date of the subsequent retirement.

(12) The provisions of paragraphs (9)(c)(B), (9)(d)(B), and (9)(e)(B) of this rule are applicable to retired members who reestablish active membership under ORS 238.078 and this rule and whose initial effective retirement date is on or after March 1, 2006.

(13) A participating employer that employs a retired member must notify PERS in a format acceptable to PERS under which statute the retired member is employed.

(a) Upon request by PERS, a participating employer must certify to PERS that a retired member has not exceeded the number of hours allowed under ORS 238.082 and section (2) of this rule.

(b) Upon request by PERS a participating employer must provide PERS with business and employment records to substantiate the actual number of hours a retired member was employed.

(c) Participating employers must provide information requested under this section within 30 days of the date of the request.

(14) Accumulated unused sick leave reported by an employer to PERS upon a member's retirement, as provided in ORS 238.350, may not be made available to a retired member returning to employment under sections (2) or (9) of this rule.

(15) Subsections (4)(c) and (4)(d) of this rule are repealed effective January 2, 2026.

(16) Subsection (4)(e) of this rule is repealed effective June 30, 2023.

(17) A member who is retired for service maintains their status as a retired member of the system, and does not accrue additional benefits during the period of employment. A retired member may not participate in the pension program or the Individual Account Program as an active member, except as provided by ORS 238.092(1) or 237.650.

(18) For calendar years 2020 through 2024, a public employer employing a retired member shall apply the employer's net contribution rate for its *[active members]* **<u>covered payroll</u>** to the wages paid to the retired member. The public employer shall make a payment to the Public Employees Retirement Fund in that amount. This payment is in addition to the employer's contribution required under ORS 238.225, and will be applied

to the employer's liabilities, including pension benefit costs and retiree medical benefit costs. If the employer is a member of a pool established under ORS 238.227, the additional payment will be applied to the employer's rate pool's liabilities.

(19) For calendar years 2020 through 2024, the limitations on employment in section (2) of this rule do not apply to a retired member unless the member retired under the provisions of ORS 238.280(1), (2), or (3), and does not have a bona fide retirement.

(20) For calendar years 2020 through 2024, if the member retired under the provisions of ORS 238.280(1), (2), or (3), and does not have a bona fide retirement, the member is subject to the limitations on employment in section (2) of this rule.

(21) Sections (18), (19), and (20) of this rule are repealed effective January 2, 2025.

Stat. Auth.: ORS 238.650 & ORS 238.630

Stats. Implemented: ORS 238.078, ORS 238.082, ORS 238.088, ORS 238.092, ORS 399.075, 2007 OL Ch. 499 & 774, 2015 OL Ch. 108 & 475, 2018 OL Ch. 48 & 2019 OL Ch. 355

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

## 459-075-0300

## Reemployment of a Retired Member of the OPSRP Pension Program

(1) For purposes of this rule, “bona fide retirement” means that the retired member has been absent from service with all participating employers and all employers in a controlled group with a participating employer for at least six full calendar months between the effective date of retirement and the date of hire.

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

(a) The member’s retirement is canceled effective the first of the month in which the member was hired.

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

(c) The member reestablishes active membership effective the date the member was hired.

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

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

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

(4) A retired member of the OPSRP Pension Program who is hired by a participating public employer in a non-qualifying position may receive pension payments or a lump sum payment under ORS 238A.195 without affecting the member's status as a retired member, provided the period or periods of employment worked as a retired member total less than 600 hours in a calendar year.

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

(A) If the member retired under the provisions of ORS 238A.185 and was retired for six or more calendar months before returning to work for a PERS participating employer, the member's retirement benefits shall end and the member  shall reestablish active membership as of the date the position becomes qualifying under subsection (a) of this section.

(B) If the member retired under the provisions of ORS 238A.185 and was retired for less than six calendar months before returning to work for a PERS participating employer, the member's retirement shall be canceled and the member shall reestablish active membership as of the date the position becomes qualifying under subsection (a) of this section.

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

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

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

(A) The member received a monthly pension; or

(B) The member received a lump sum payment under ORS 238A.195 and repaid the benefit amount under subsection (3)(b) of this rule.

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

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

(B) The member is required to repay the benefit amount under subsection (3)(b) of this rule and, as of the effective retirement date of the member's subsequent retirement, the member has not repaid the benefit amount.

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

(6) A member who is retired for service maintains the member's status as a retired member of the system and does not accrue additional benefits during the period of employment. A retired member may not participate in the pension program or the

Individual Account Program as an active member, except as provided by ORS 238A.250 or 237.650.

(7) For calendar years 2020 through 2024, a public employer employing a retired member shall apply the employer's net contribution rate for its *[active members]* **covered payroll** to the wages paid to the retired member. The public employer shall make a payment to the Public Employees Retirement Fund in that amount. This payment is in addition to the employer's contribution required under ORS 238A.220 and will be applied to the employer's liabilities, including pension benefit costs and retiree medical benefit costs.

(8) For calendar years 2020 through 2024, the limitations on employment in section (4) of this rule do not apply to a retired member unless the member retired under the provisions of ORS 238A.185 and does not have a bona fide retirement.

(9) For calendar years 2020 through 2024, if a member retired under the provisions of ORS 238A.185 and does not have a bona fide retirement, the member is subject to the limitations on employment in section (4) of this rule.

(10) Sections 7, 8, and 9 of this rule are repealed effective January 2, 2025.

Stat. Auth.: ORS 238.630 & 238A.450

Stats. Implemented: ORS 238A.245, 2019 OL, Ch. 355, Sec. 37

Oregon

Kate Brown, Governor

**Public Employees Retirement System**
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

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

SUBJECT: Suspension of Temporary COVID-19 Mitigation Rules:
OAR 459-001-0100, *Temporary Administrative Rule Relating to Executive Order 20-03 Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon*
OAR 459-001-0110, *Temporary Rule Relating to Executive Order 20-03 Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon*

Temporary Adoption and Notice of Rulemaking for PHIP Premium Payment and Employer Incentive Fund (EIF) Rules:
OAR 459-035-0090, *Retiree Health Insurance Premium Payment Process*
OAR 459-009-0092, *Temporary Rule for Employer Incentive Fund Program*
OAR 459-009-0092-1, *Employer Incentive Fund Program*

OVERVIEW

- Actions:
  - Suspend existing temporary rules related to COVID-19 mitigation requirements.
  - Adopt new temporary PHIP Premium Payment rule and new temporary Employer Incentive Fund (EIF) rules containing COVID-19 mitigation requirements and begin permanent rulemaking.
- Reason for Temporary Rule: Adopt temporary administrative rule necessary to mitigate the impact of the Coronavirus (COVID-19) outbreak on PERS members and employers until permanent rules can be adopted.
- Reason for Permanent Rulemaking: Adopt permanent administrative rule necessary to mitigate the impact of the Coronavirus (COVID-19) outbreak on PERS members and employers and amend one provision of the Employer Incentive Fund program.
- Policy Issue: None identified.

BACKGROUND

On March 8, 2020, Governor Kate Brown issued Executive Order 20-03 declaring a state of emergency and instructing state agencies to develop and implement procedures designed to prevent or alleviate the public health threat caused by the COVID-19 outbreak in Oregon.

In response to the COVID-19 outbreak, PERS adopted two temporary rules with mitigating provisions for members and employers. Temporary rules expire after 180 days. The state of emergency has extended longer than anticipated and certain conditions have changed since the original temporary rules where adopted. This memo outlines a course of action to address the provisions of the soon-to-expire temporary rules.

On March 25, 2020, the Insurance Commissioner of the Department of Consumer and Business Services (DCBS) issued an emergency Health Insurance Order requiring health insurance providers in Oregon to indefinitely suspend all policy terminations.

At the April 2020 meeting, the board adopted temporary OAR 459-001-0100 suspending all PERS Health Insurance Program (PHIP) policy terminations during the Governor's state of emergency. The PHIP mitigation provision followed the emergency Health Insurance Order issued by the Department of Consumer and Business Services (DCBS).

At the May 2020 meeting, the board adopted temporary OAR 459-001-0110, which includes the PHIP provision and added provisions concerning mitigation actions with respect to the Employer Incentive Fund (EIF).

In May, DCBS allowed its original emergency order to expire and issued a new emergency Health Insurance Order. The new emergency order requires health insurance providers in Oregon to give policyholders a minimum grace period of 60 days to make any premium payments due. The requirement that health insurance providers indefinitely suspend policy terminations is no longer in effect.

Temporary rules cannot be amended. In order to incorporate the current DCBS provision, the existing temporary rules must be suspended and the provision incorporated into a new temporary rule. Given that the state of emergency is extending longer than anticipated, staff is recommending incorporating a provision into the existing PHIP rule; however, rather than incorporate the precise requirements of the current emergency order, the amendment will instead provide that no person's PERS-sponsored health insurance coverage will be terminated in a manner contrary to any emergency health insurance order and that any payment due dates will be adjusted to the extent required by the emergency order. This framework will allow staff to respond to changing requirements in real time without needing to engage the board in further rulemaking each time requirements change.

This provision has been added to the PHIP rule and staff is presenting it now for temporary adoption to be effective immediately, as well as providing notice of permanent rulemaking. Because temporary OAR 459-001-0110 also impacts EIF mitigation actions, staff are also proposing rulemaking regarding the EIF to ensure these provisions remain in effect. The provision extending the payment date for the current application cycle to December 1 in the temporary COVID-19 rule has been incorporated into OAR 459-009-0092, which staff is also presenting for temporary adoption.

In addition to the COVID-19 mitigating provision, staff has made additional amendments to the EIF rule to be considered in the permanent rulemaking process; these amendments are presented in OAR 459-009-0092-1 and are not included in the temporary EIF rule for adoption today. The current EIF rule allows an employer to change certain aspects of their application. To provide PERS the ability to properly manage funds in the EIF, particularly when there are potential or anticipated changes to the amount of funds available to match employer lump sum payments, staff have edited the rule to require any change in the employer's application to be approved by PERS before the change is effective.

## JUSTIFICATION FOR TEMPORARY RULEMAKING

Due to the nature of the COVID-19 pandemic, exceptions to certain timelines are necessary to accommodate Governor Brown's Executive Order.

## LEGAL REVIEW

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

## IMPACT

Mandatory: No.

Benefit: Updates temporary rules to align with current COVID-19 mitigation requirements and mitigate the impact of the COVID-19 outbreak on PERS members and employers. Aligns PHIP administrative rules with current legal requirements and allows the agency to respond to changing requirements in the future.

Mandatory: No, but the Governor has advised agencies to develop and implement procedures, including waiving rules or adopting temporary rules, within the agency's authority, to prevent or alleviate the public health threat. Also, extending the indefinite suspension of PHIP policy terminations when no longer required creates risks for PERS' continuing relationships with contracted health insurance providers, due to the additional costs these providers will incur by maintaining policies for non-paying members.

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

## RULEMAKING TIMELINE

| | |
|---|---|
| September 30, 2020 | Staff began the permanent rulemaking process by filing Notice of Rulemaking with the Secretary of State. |
| October 2, 2020 | PERS Board may suspend the current temporary COVID-19 mitigation rules and adopt the proposed temporary rule, effective for 180 days; PERS staff will proceed with permanent rulemaking unless otherwise directed. |
| October 2, 2020 | Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins. |
| November 3, 2020 | Public comment period ends at 5:00 p.m. |

| | |
|---|---|
| December 4, 2020 | Staff will propose adopting the permanent rules, including any changes resulting from public comment or reviews by staff or legal counsel. The permanent rules replace the previously adopted temporary rule. |

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to "suspend temporary rules OAR 459-001-0100 and 459-001-0110 and adopt temporary rules OAR 459-035-0090 and 459-009-0092 as presented."
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

- Reason: Suspending the temporary COVID-19 mitigation rules will allow the board to adopt updated temporary rules and begin permanent rulemaking to align with current COVID-19 mitigation requirements.

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

B.3. Attachment 1 – 459-001-0100, *Temporary Administrative Rule Relating to Executive Order 20-03 Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon*
B.3. Attachment 2 – 459-001-0110, *Temporary Rule Relating to Executive Order 20-03 Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon*
B.3. Attachment 3 – 459-035-0090, *Retiree Health Insurance Premium Payment Process*
B.3. Attachment 4 – 459-009-0092-1, *Employer Incentive Fund Program*
B.3. Attachment 5 – 459-009-0092, *Temporary Rule for Employer Incentive Fund Program*

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 1 – PROCEDURAL RULES**

***[459-001-0100***

***Temporary Administrative Rule Relating to Executive Order 20-03 Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon***

*(1) Authorized by Executive Order 20-03 (Section 5), instructing that State agencies shall develop and implement procedures, including waiving rules or adopting temporary rules within the agency's authority, consistent with recommendations from the state Public Health Director, designed to prevent or alleviate the public health threat, and in response to Executive Order 20-03 Section 1(d) limitations put upon employers and members that are affected by guidelines issued by the Governor for private businesses and public buildings regarding appropriate work restrictions, and in response to Executive Order 20-03 Section 3 limitations put on members that are affected by heeding the advice of emergency officials regarding the outbreak, temporary rules are adopted as follows:*

*(2) Health Insurance Premium Payments. During the period in which the Governor's Executive Order No. 20-03 (Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon) remains in effect, no person's PERS-sponsored health insurance coverage shall be terminated under OAR 459-035-0090(4) for failure to make payment of monthly contributions by the applicable due date. Any person whose payments are received in full by the Third Party Administrator within 30 days after the state of emergency is no longer in effect shall be deemed to have submitted timely payments during the state of emergency for purposes of OAR 459-035-0090.*

*Stat. Auth.: ORS Chapters 238 & 238A*

*Stats. Implemented: ORS Chapters 238 & 238A]*

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 1 – PROCEDURAL RULES**

***[459-001-0110***

***Temporary Rule Relating to Executive Order 20-03 Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon***

*Authorized by Executive Order 20-03 (Section 5), instructing that State agencies shall develop and implement procedures, including waiving rules or adopting temporary rules within the agency's authority, consistent with recommendations from the state Public Health Director, designed to prevent or alleviate the public health threat, and in response to Executive Order 20-03 Section 1(d) limitations put upon employers and members that are affected by guidelines issued by the Governor for private businesses and public buildings regarding appropriate work restrictions, and in response to Executive Order 20-03 Section 3 limitations put on members that are affected by heeding the advice of emergency officials regarding the outbreak, temporary rules are adopted as follows:*

*(1) Health Insurance Premium Payments. During the period in which the Governor's Executive Order No. 20-03 (Declaration of Emergency Due to Coronavirus (COVID-19) Outbreak in Oregon) remains in effect, no person's PERS-sponsored health insurance coverage shall be terminated under OAR 459-035-0090(4) for failure to make payment of monthly contributions by the applicable due date. Any person whose payments are received in full by the Third Party Administrator within 30 days after the state of emergency is no longer in effect shall be deemed to have submitted timely payments during the state of emergency for purposes of OAR 459-035-0090.*

*(2) Employer Incentive Fund Payment Due Date Extension. During the August 16, 2019 supplemental PERS Board meeting, the Board established September 3, 2019 as the begin date for the first Employer Incentive Fund (EIF) application cycle.*

*(a) According to OAR 459-009-0092, PERS employers that have successfully submitted their applications and were accepted to participate in the EIF program during the EIF application cycle established on September 3, 2019, must make their lump-sum payment no later than 12 months after the date the application cycle opens; in other words, August 31, 2020.*

*(b) Due to the COVID-19 pandemic and its impact on the budgets of many participating employers, the Board is extending the EIF employer lump-sum payment deadline from August 31, 2020 to December 1, 2020, for the application cycle established on September 3, 2019. Employers that wish to extend their payment deadline under this temporary rule must notify PERS of the new payment date at least five business days before the date the employer indicated it would make the payment, and the new payment date must be no later than December 1, 2020.*

*Stat. Auth.: ORS Chapters 238 & 238A*

*Stats. Implemented: ORS Chapters 238 & 238A]*

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 035 – HEALTH INSURANCE PROGRAMS**

**459-035-0090**

**Retiree Health Insurance Premium Payment Process**

(1) An eligible person who elects to participate in a PERS-sponsored health insurance plan shall choose one of the following methods for the payment of contributions for that coverage:

(a) The direct payment method by an electronic transfer of the monthly contribution for the PERS-sponsored health insurance plan from an eligible person's bank account to the Third Party Administrator; or

(b) The direct payment method by issuing a check or money order for the monthly contribution for the PERS-sponsored health insurance plan to the Third Party Administrator; or

(c) The pension deduction method wherein PERS shall deduct the monthly contribution from the service or disability retirement allowance or other benefit payable to the eligible person and forward the contribution to the Standard Retiree Health Insurance Account.

(A) The total monthly contribution due shall be deducted for the benefit option selected by the eligible person.

(B) If an eligible person’s monthly PERS benefits are not sufficient to cover the monthly contribution for the PERS-sponsored health insurance plan, the deduction method may not be used.

(2) Employee contributions for the PERS-sponsored health insurance plan shall be paid monthly and shall consist of the following:

(a) The premium charged by the carrier for the eligible person's health insurance coverage, less any amount contributed on the eligible person's behalf from the RHIA or RHIPA; and

(b) The eligible person's share of the administrative costs incurred by PERS in administering the health insurance program as provided for in ORS 238.410(4).

(3) If payment is by check or money order, the check or money order must be physically received by the Third Party Administrator on or before the due date.

(4) Failure to make the payment by the due date shall result in termination of a person's PERS-sponsored health insurance coverage.

**(5) Notwithstanding section (4) of this rule, no person's PERS-sponsored health insurance coverage shall be terminated in a manner contrary to the requirements of any emergency order issued by the Governor or the Department of Consumer and Business Services regarding termination of health insurance policies. When any such emergency order is in effect, the due date referenced in section (4) of this rule shall be extended to the extent required by such emergency order.**

*[5]***(6)** On receipt of an eligible person's contribution, the Third Party Administrator shall deposit the contributions in the Standard Retiree Health Insurance Account. Amounts deposited in the Standard Retiree Health Insurance Account shall be used only to pay health insurance premiums on behalf of eligible persons and the costs incurred by PERS in administering the health insurance program.

Stat. Auth.: ORS 238.410 & 238.650

Stats. Implemented: ORS 238.410, 238.415 & 238.420

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

**459-009-0092-1**

**Employer Incentive Fund Program**

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

(1) When the PERS Board determines that a sufficient amount of money has been allocated to the Employer Incentive Fund, it shall open an application period by declaring:

(a) The date upon which the application period shall open; and

(b) The total amount of funds available for matching employer UAL lump-sum payments during the application period.

(2) The application period shall end at the earlier of:

(a) 12 months after the application period start date; or

(b) Once all funds available for matching employer UAL lump-sum payments declared in subsection (1)(b) of this rule have been paid out.

(3) Unless otherwise specified in this rule, all the requirements and timelines established in OAR 459-009-0084, 459-009-0085, and 459-009-0086 apply to UAL lump-sum payments made in association with the Employer Incentive Fund Program.

(4) During the first 90 days of an application period, applications for the Employer Incentive Fund Program will only be open to employers with an unfunded actuarial liability greater than 200 percent of the employer's PERS payroll. After the first 90 days have expired, applications will be open to all PERS participating employers.

(5) A PERS employer seeking participation in the Employer Incentive Fund Program must submit an application to PERS and provide:

(a) The amount of the UAL lump-sum payment. The amount eligible for matching funds excludes:

(A) Side account deposits of less than $25,000; and

(B) Any amount that will be applied to any outstanding transition liability;

(b) The date the employer made, or intends to make, the UAL lump-sum payment. Such date must be:

(A) No earlier than June 2, 2018; and

(B) No later than 12 months after the date the application period opens;

(c) A statement that the UAL lump-sum payment is not sourced from any type of borrowed funds;

(d) The information required under OAR 459-009-0084(2)(c), if the employer is making a UAL lump-sum payment under OAR 459-009-0084(2); and

(e) Proof of participation in the Unfunded Actuarial Liability Resolution Program as provided under OAR 459-009-0091.

(6) PERS shall allocate a match amount equal to 25 percent of the eligible employer UAL lump-sum payment amount indicated in subsection (5)(a) of this rule upon approval of the employer's application; however, such allocated match amount may not exceed the greater of:

(a) Five percent of the unfunded liability attributable to the employer applying to participate in the Employer Incentive Fund Program; or

(b) $300,000.

(7) For the purposes of sections (4) and (6) of this rule, the unfunded actuarial liability calculated by the PERS consulting actuary for the most recent actuarial report prepared under ORS 238.605 as of the application period start date will be used.

(8) Notwithstanding section (6) of this rule, in the event that moneys in the Employer Incentive Fund are not sufficient to match the entire 25% of an employer's UAL lump-sum payment commitment, only available moneys will be used in the match.

(9) PERS shall process the applications and allocate matching funds based upon the order in which the applications are received.

(10) Except as otherwise provided in this rule, an employer will fail to qualify to participate in the Employer Incentive Fund Program, thereby forfeiting any allocated matching funds, if PERS does not receive the UAL lump-sum payment the employer has committed under subsection (5)(a) of this rule on the due date specified in the application. An employer may change**, subject to PERS' discretion and approval**:

(a) The amount of the UAL lump-sum payment indicated in its application.

(A) If the UAL lump-sum payment amount is increased, only the original amount will be eligible for matching funds; and

(B) If the UAL lump-sum payment amount is decreased:

(i) The new amount must be at least $25,000; and

(ii) Any allocated matching funds will be decreased proportionately.

(b) The date of the UAL lump-sum payment indicated in its application.

(A) The employer must notify PERS at least five business days before the date the employer indicated it would make the payment; and

(B) The new payment date must be within 12 months after the date the application period opened.

(c) The rate offset date or UAL lump-sum payment amount for employers making UAL lump-sum payments under OAR 459-009-0084.

(A) The employer will need to request and pay for a new actuarial calculation; and

(B) The UAL lump-sum payment must be made within 12 months after the date the application period opens to remain eligible to receive matching funds.

**(11) An employer must notify PERS and receive approval from PERS if it intends to make the UAL lump-sum payment prior to the payment due date under subsection (5)(b) or (10)(b) of this rule.**

*[(11)]* **(12)** Once all the funds identified in subsection (1)(b) of this rule have been allocated, employers applying for matching funds will be placed on a waiting list.

(a) If moneys become available again during the same application period, the employers on the waiting list will receive matching allocations based upon the order in which their applications were received.

(b) If additional moneys become available on the last day of the application period, employers on the waiting list that are notified they will receive a matching allocation will have an additional five days to submit their UAL lump-sum payment.

**(13) The Board is extending the EIF employer lump-sum payment deadline from August 31, 2020 to December 1, 2020, for the application cycle established on September 3, 2019. Employers that wish to extend their payment deadline under this section of the rule must notify PERS of the new payment date at least five business days before the date the employer indicated it would make the payment, and the new payment date must be no later than December 1, 2020.**

*[(12)]* **(14)** OAR 459-009-0084(8), 459-009-0085(4) and (5), and 459-009-0086(7) do not apply to UAL lump-sum payments receiving matching funds under this rule.

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

Stats. Implemented: ORS 238.225 - 238.229

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

**459-009-0092**

**Temporary Rule for Employer Incentive Fund Program**

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

(1) When the PERS Board determines that a sufficient amount of money has been allocated to the Employer Incentive Fund, it shall open an application period by declaring:

(a) The date upon which the application period shall open; and

(b) The total amount of funds available for matching employer UAL lump-sum payments during the application period.

(2) The application period shall end at the earlier of:

(a) 12 months after the application period start date; or

(b) Once all funds available for matching employer UAL lump-sum payments declared in subsection (1)(b) of this rule have been paid out.

(3) Unless otherwise specified in this rule, all the requirements and timelines established in OAR 459-009-0084, 459-009-0085, and 459-009-0086 apply to UAL lump-sum payments made in association with the Employer Incentive Fund Program.

(4) During the first 90 days of an application period, applications for the Employer Incentive Fund Program will only be open to employers with an unfunded actuarial liability greater than 200 percent of the employer’s PERS payroll. After the first 90 days have expired, applications will be open to all PERS participating employers.

(5) A PERS employer seeking participation in the Employer Incentive Fund Program must submit an application to PERS and provide:

(a) The amount of the UAL lump-sum payment. The amount eligible for matching funds excludes:

(A) Side account deposits of less than $25,000; and

(B) Any amount that will be applied to any outstanding transition liability;

(b) The date the employer made, or intends to make, the UAL lump-sum payment. Such date must be:

(A) No earlier than June 2, 2018; and

(B) No later than 12 months after the date the application period opens;

(c) A statement that the UAL lump-sum payment is not sourced from any type of borrowed funds;

(d) The information required under OAR 459-009-0084(2)(c), if the employer is making a UAL lump-sum payment under OAR 459-009-0084(2); and

(e) Proof of participation in the Unfunded Actuarial Liability Resolution Program as provided under OAR 459-009-0091.

(6) PERS shall allocate a match amount equal to 25 percent of the eligible employer UAL lump-sum payment amount indicated in subsection (5)(a) of this rule upon approval of the employer's application; however, such allocated match amount may not exceed the greater of:

(a) Five percent of the unfunded liability attributable to the employer applying to participate in the Employer Incentive Fund Program; or

(b) $300,000.

(7) For the purposes of sections (4) and (6) of this rule, the unfunded actuarial liability calculated by the PERS consulting actuary for the most recent actuarial report prepared under ORS 238.605 as of the application period start date will be used.

(8) Notwithstanding section (6) of this rule, in the event that moneys in the Employer Incentive Fund are not sufficient to match the entire 25% of an employer's UAL lump-sum payment commitment, only available moneys will be used in the match.

(9) PERS shall process the applications and allocate matching funds based upon the order in which the applications are received.

(10) Except as otherwise provided in this rule, an employer will fail to qualify to participate in the Employer Incentive Fund Program, thereby forfeiting any allocated matching funds, if PERS does not receive the UAL lump-sum payment the employer has committed under subsection (5)(a) of this rule on the due date specified in the application. An employer may change:

(a) The amount of the UAL lump-sum payment indicated in its application.

(A) If the UAL lump-sum payment amount is increased, only the original amount will be eligible for matching funds; and

(B) If the UAL lump-sum payment amount is decreased:

(i) The new amount must be at least $25,000; and

(ii) Any allocated matching funds will be decreased proportionately.

(b) The date of the UAL lump-sum payment indicated in its application.

(A) The employer must notify PERS at least five business days before the date the employer indicated it would make the payment; and

(B) The new payment date must be within 12 months after the date the application period opened.

(c) The rate offset date or UAL lump-sum payment amount for employers making UAL lump-sum payments under OAR 459-009-0084.

(A) The employer will need to request and pay for a new actuarial calculation; and

(B) The UAL lump-sum payment must be made within 12 months after the date the application period opens to remain eligible to receive matching funds.

(11) Once all the funds identified in subsection (1)(b) of this rule have been allocated, employers applying for matching funds will be placed on a waiting list.

(a) If moneys become available again during the same application period, the employers on the waiting list will receive matching allocations based upon the order in which their applications were received.

(b) If additional moneys become available on the last day of the application period, employers on the waiting list that are notified they will receive a matching allocation will have an additional five days to submit their UAL lump-sum payment.

**(12) The Board is extending the EIF employer lump-sum payment deadline from August 31, 2020 to December 1, 2020, for the application cycle established on September 3, 2019. Employers that wish to extend their payment deadline under this section of the rule must notify PERS of the new payment date at least five business days before the date the employer indicated it would make the payment, and the new payment date must be no later than December 1, 2020.**

*[(12)]***(13)** OAR 459-009-0084(8), 459-009-0085(4) and (5), and 459-009-0086(7) do not apply to UAL lump-sum payments receiving matching funds under this rule.

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

Stats. Implemented: ORS 238.225 - 238.229

Oregon

Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

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

SUBJECT: Adoption of Disability Definitions Rules:
OAR 459-015-0001, *Definitions*
OAR 459-076-0001, *Definitions*

## OVERVIEW

- Action: Adopt the disability definitions rules.
- Reason: Include certain forms of gambling winnings under definition of "earned income" for purposes of disability benefit eligibility.
- Policy Issue: None identified.

## BACKGROUND

PERS members who receive a disability retirement allowance (Tiers One and Two) or a disability benefit (OPSRP) are subject to certain limitations regarding the receipt of "earned income" while disabled. Under ORS 238.330(3), PERS must reduce a Tier One or Two member's disability retirement allowance for any month in which the combined total of the disability retirement allowance plus earned income exceeds the member's monthly salary at the time of disability retirement. Under OAR 459-076-0005(7), an OPSRP disability benefit will be discontinued if a member receiving the benefit "becomes employed or receives earned income."

"Earned income" is defined in OAR 459-015-0001 (Tiers One and Two) and 459-076-0001 (OPSRP). These definitions provide that, in addition to salary and wages, "earned income" includes a variety of "self-employment income" sources, such as "hobby income." Historically, PERS has considered most gambling winnings to be a form of "hobby income," and therefore "earned income," for purposes of disability income limitations. Members have raised concerns about this interpretation, noting that the current definition of "earned income" does not specify how PERS treats gambling income in the disability context. In addition, a member recently challenged PERS' interpretation of the rule in a contested case hearing, arguing that gambling income should not be considered earned income. An administrative law judge upheld PERS' interpretation of the rule in that case, noting that many forms of gambling require the application of skill, judgment, and effort, which distinguishes gambling from purely passive forms of income that are excluded from the definition of "earned income."

To ensure that members have adequate notice of PERS' treatment of gambling income in the disability context, the proposed rules modify the definition of "earned income" to explicitly include most forms of gambling income. Staff have recognized a need to exclude certain forms of "unskilled" gambling—such a slot machines and lotteries—from this definition in order to avoid extreme or inequitable outcomes for members, particularly in the OPSRP context where receipt of earned income results in discontinuation of a member's disability benefit. Therefore, the rules exclude gambling income derived from "sweepstakes, lotteries, bingo, keno, or slot machines." These forms of gambling are reported via IRS Form W-2G and can be easily identified, as the nature of the gambling activity will be susceptible to documentary proof during a member's disability income review.

## SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

No modifications were made to the rules.

## PUBLIC COMMENT AND HEARING TESTIMONY

No rulemaking hearing was held because the PERS headquarters building was closed to the public. The public comment period ended September 1, 2020, at 5:00 p.m. No public comment was received.

## LEGAL REVIEW

The attached draft rules were submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rules as presented for adoption.

## IMPACT

Mandatory: No.

Benefit: Clarifies what constitutes "earned income" for purposes of determining disability benefit eligibility.

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

## RULEMAKING TIMELINE

| | |
|---|---|
| July 31, 2020 | PERS Board notified that staff began the rulemaking process. |
| July 31, 2020 | Staff filed a Notice of Rulemaking with the Secretary of State, which was published in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began. |
| September 1, 2020 | Public comment period ended at 5:00 p.m. |
| October 2, 2020 | Board may adopt the rules. |

## BOARD OPTIONS

The PERS Board may:

1. Pass a motion to "adopt the disability definitions rules, as presented."
2. Direct staff to make other changes to the rules or explore other options.

## STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

- Reason: Include certain forms of gambling winnings under definition of "earned income" for purposes of disability benefit eligibility.

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

B.4. Attachment 1 – 459-015-0001, *Definitions*
B.4. Attachment 2 – 459-076-0001, *Definitions*

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 015 – DISABILITY RETIREMENT ALLOWANCES**

## 459-015-0001

## Definitions

The words and phrases used in this division have the same meaning given them in ORS Chapter 238 and OAR 459-005-0001. Additional terms are defined as follows unless the context requires otherwise.

(1) “Any work for which qualified” means a job, not necessarily the last or usual job, which the applicant for a disability retirement allowance:

(a) Is physically and psychologically capable of performing; and

(b) Has, or may obtain with reasonable training the knowledge, skills and abilities, to perform the job.

(2) “Certified vocational consultant” means a person who satisfies the criteria set forth under either of the following:

(a) A Master’s Degree in vocational rehabilitation, and one year of experience in performing vocation evaluations or developing individualized return-to-work plans; or a Bachelor’s Degree and two years of such experience. All degrees must have been earned at an accredited institution; or

(b) Accredited as a Certified Rehabilitation Counselor (CRC) by the Commission on Rehabilitation Counselor Certification; as a Certified Disability Management Specialist (CDMS) by the Certification of Disability Management Specialists Commission; or a Certified Vocational Evaluation Specialist (CVE) or a Certified Work Adjustment Specialist (CWA) by the Commission on Certification of Work Adjustment and Vocational Evaluation Specialists.

(3) "Confidential information" means information of a personal nature such that disclosure would constitute an unreasonable invasion of privacy as defined by state law.

(4) "Date an application for disability retirement is filed" means the receipt date as determined pursuant to OAR 459-005-0220.

(5) "Date of disability" means the later of:

(a) The date an active member ceased to work because of inability to perform any work for which qualified due to injury or disease; or

(b) The date an inactive member became unable to perform any work for which qualified provided such inability occurred within six months after the date of separation from service.

(6) "Date of separation from service" means the later of: the last day worked or the last day of paid leave with a PERS participating employer.

(7) "Date of termination" means the date a member terminates from employment such that an employee/employer relationship no longer exists.

(8) "Earned income" means income that includes, but is not limited to:

(a) Salary or wages received as an employee;

(b) Self-employment income from:

(A) Services industry;

(B) Sales;

(C) Assembly or manufacturing;

(D) Consulting;

(E) Property management;

**(F) Gambling, other than income from sweepstakes, lotteries, bingo, keno, or slot machines;**

*[F]***(G)** Hobby income; or

*[G]***(H)** Book advances.

(c) “Earned income” does not include:

(A) Investment income;

(B) Rent; and

(C) Royalties.

(d) Earned income is deemed to be received by the member on the date it is issued by the payer.

(9) “Effective date of disability retirement” means the first day of the month following the date of disability in which all of the following has been met:

(a) The member is paid no salary from a participating employer, and

(b) The member does not receive paid leave from a participating employer except for any lump sum payment for accrued vacation leave or compensatory time.

(10) “Extended duration” means a period of not less than 90 consecutive calendar days, unless the disability is expected to result in the death of the disabled member in less than 90 days.

(11) “Granted service” means that portion of creditable service used solely to calculate a disability retirement allowance under ORS 238.320 that is not performed or earned.

(12) “Independent medical exam” means an exam or exams conducted by a physician chosen by PERS for purposes other than treatment which results in the issuance of a report or reports based on those exams, giving an opinion regarding the claimed injury or disease.

(13) “Material contributing cause” means the efficient, dominant, and proximate cause of the disability, without which the member would not be disabled.

(14) “Monthly salary” means “salary” as defined in ORS 238.005 that is earned in the last full calendar month of employment, and includes employer payments under ORS 238A.335 and differential wage payments as defined in OAR 459-005-0001.

(a) Retroactive payments or payments made due to clerical errors, paid in accordance with ORS 238.005, are allocated to the period the salary was earned or should have been earned.

(b) Payments of salary paid within 31 days of separation are allocated to the period the salary was earned and should be considered as paid on the last date of employment.

(15) “Monthly salary received” means the greater of the monthly salary paid for the last full calendar month of:

(a) Employment before the date of disability; or

(b) Differential wage payments made before the date of disability. This subsection is effective January 1, 2009.

(16) “Normal retirement age” means the age at which a member can retire without a reduced benefit as set forth under ORS 238.005 and 238.280.

(17) “Performance of duty” means whatever an employee may be directed, required or reasonably expected to do in connection with his or her employment, and not solely the duties particular to his or her position.

(18) “Periodic review” means a review of a member receiving a disability retirement allowance to determine whether or not a continued allowance is warranted.

(19) “Physician” means a medical doctor, a doctor of osteopathy, a doctor of oral surgery, a chiropractic doctor, a naturopathic doctor, or a doctor of psychology practicing only within the purview of their license issued by the designated authority of a state.

(20) “Pre-existing condition” means a condition that was not sustained in actual performance of duty in a qualifying position with a participating employer.

(21) “Protected health information” means health information created or received by a health care provider, health plan, or health care clearinghouse, where an individual has a reasonable belief that the information can identify the individual, which relates to:

(a) The past, present, or future physical or mental health of an individual;

(b) The provision of health care to an individual; or

(c) The past, present, or future payment for the provision of health care to an individual.

(22) “Similar in compensation” means salary or other earned income, excluding overtime, equaling at least 80% of the monthly salary.

(23) “Total disability” means the inability to perform any work for which qualified for an extended duration due to physical or mental incapacitation.

(24) “Training or vocational rehabilitation program” means a comprehensive, coordinated program, usually state or federally funded, to train and assist individuals with disabilities in securing gainful employment commensurate with their abilities and capabilities.

(25) "Vocational evaluation" means an evaluation conducted by a certified vocational consultant, to determine the ability of an applicant to perform any work for which they are qualified.

(26) "Work related stress" means conditions or disabilities resulting from, but not limited to:

(a) Change of employment duties;

(b) Conflicts with supervisors;

(c) Actual or perceived threat of loss of a job, demotion, or disciplinary action;

(d) Relationships with supervisors, coworkers, or the public;

(e) Specific or general job dissatisfaction;

(f) Work load pressures;

(g) Subjective perceptions of employment conditions or environment;

(h) Loss of job or demotion for whatever reason;

(i) Fear of exposure to chemicals, radiation biohazards, or other perceived hazards;

(j) Objective or subjective stresses of employment; or

(k) Personnel decisions.

Stat. Auth.: ORS 238.650

Stats. Implemented: ORS 238.320 - 238.345

**OREGON ADMINISTRATIVE RULE**
**PUBLIC EMPLOYEES RETIREMENT BOARD**
**CHAPTER 459**
**DIVISION 076 – OPSRP DISABILITY BENEFIT**

## 459-076-0001

## Definitions

The words and phrases used in this division have the same meaning given them in ORS Chapter 238A and OAR 459-070-0001. Additional terms are defined as follows unless the context requires otherwise.

(1) “Any work for which qualified” means a job, not necessarily the last or usual job, which the applicant for disability benefits:

(a) Is physically and psychologically capable of performing; and

(b) Has, or may obtain with reasonable training, the knowledge, skills and abilities, to perform the job.

(2) “Certified vocational consultant” means a person who satisfies the criteria set forth under either of the following:

(a) A Master's Degree in vocational rehabilitation, and one year of experience in performing vocation evaluations or developing individualized return-to-work plans; or a Bachelor's Degree and two years of such experience. All degrees must have been earned at an accredited institution; or

(b) Accredited as a Certified Rehabilitation Counselor (CRC) by the Commission on Rehabilitation Counselor Certification; as a Certified Disability Management Specialist (CDMS) by the Certification of Disability Management Specialists Commission; or a Certified Vocational Evaluation Specialist (CVE) or a Certified Work Adjustment Specialist (CWA) by the Commission on Certification of Work Adjustment and Vocational Evaluation Specialists.

(3) "Confidential information" means information of a personal nature such that disclosure would constitute an unreasonable invasion of privacy as defined by state law.

(4) "Date an application for a disability benefit is filed" means the receipt date as determined pursuant to OAR 459-005-0220.

(5) "Date of disability" means the date an active member ceased to work because of inability to perform any work for which qualified due to injury or disease.

(6) "Date of separation from service" means the later of: the last day worked or the last day of paid leave with a PERS participating employer.

(7) "Date of termination" means the date a member terminates from employment such that an employee/employer relationship no longer exists.

(8) "Earned income" includes, but is not limited to:

(a) Salary or wages received as an employee;

(b) Self-employment income from:

(A) Services industry;

(B) Sales;

(C) Assembly or manufacturing;

(D) Consulting;

(E) Property management;

**(F) Gambling, other than income from sweepstakes, lotteries, bingo, keno, or slot machines;**

*[F]* **(G)** Hobby income; or

*[G]* **(H)** Book advances.

(c) "Earned income" does not include:

(A) Investment income;

(B) Rent; and

(C) Royalties.

(d) Earned income is deemed to be received by the member on the date it is issued by the payer.

(9) “Effective date of disability benefit” means the first day of the month following the date of disability, in which:

(a) The member is paid no salary from a participating employer; and

(b) The member does not receive paid leave from a participating employer, except for any lump sum payment for accrued vacation leave or compensatory time.

(10) “Extended duration” means a period of not less than 90 consecutive calendar days unless the disability is expected to result in the death of the disabled member in less than 90 days.

(11) “Independent medical exam” means an exam or exams conducted by a physician chosen by PERS for purposes other than for treatment which results in the issuance of a report or reports based on those exams, giving an opinion regarding the claimed injury or disease.

(12) “Material contributing cause” means the efficient, dominant, and proximate cause of the disability, without which the member would not be disabled.

(13) “Monthly salary” means salary as defined in ORS 238A.005 that is earned in the last full calendar month of employment and includes a differential wage payment, as defined in OAR 459-005-0001.

(a) Retroactive payments or payments made due to clerical errors, paid in accordance with ORS 238A.005, are allocated to the period the salary was earned or should have been earned.

(b) Payments of salary paid within 31 days of separation are allocated to the period the salary was earned and should be considered as paid on the last date of employment.

(14) “Monthly salary received” means the greater of the salary paid for the last full calendar month of:

(a) Employment before the date of disability; or

(b) Differential wage payments made before the date of disability. This subsection is effective January 1, 2009.

(15) “Performance of duty” means whatever an employee may be directed, required or reasonably expected to do in connection with his or her employment, and not solely the duties particular to his or her position.

(16) “Periodic review” means a review of a member receiving a disability benefit to determine whether or not a continued benefit is warranted.

(17) “Physician” means a medical doctor, a doctor of osteopathy, a doctor of oral surgery, a chiropractic doctor, a naturopathic doctor, or a doctor of psychology practicing only within the purview of their license issued by the designated authority of a state.

(18) “Pre-existing condition” means a condition that was not sustained in actual performance of duty in a qualifying position with a participating employer.

(19) “Protected health information” means health information created or received by a health care provider, health plan, or health care clearinghouse, where an individual has a reasonable belief that the information can identify the individual, which relates to:

(a) The past, present, or future physical or mental health of an individual;

(b) The provision of health care to an individual; or

(c) The past, present, or future payment for the provision of health care to an individual.

(20) "Total disability" means the inability to perform any work for which qualified for an extended duration due to physical or mental incapacitation.

(21) "Vocational evaluation" means an evaluation conducted by a certified vocational consultant, to determine the ability of an applicant to perform any work for which they are qualified.

(22) "Work related stress" means conditions or disabilities resulting from, but not limited to:

(a) Change of employment duties;

(b) Conflicts with supervisors;

(c) Actual or perceived threat of loss of a job, demotion, or disciplinary action;

(d) Relationships with supervisors, coworkers, or the public;

(e) Specific or general job dissatisfaction;

(f) Work load pressures;

(g) Subjective perceptions of employment conditions or environment;

(h) Loss of job or demotion for whatever reason;

(i) Fear of exposure to chemicals, radiation biohazards, or other perceived hazards;

(j) Objective or subjective stresses of employment; or

(k) Personnel decisions.

Stat. Auth.: ORS 238A.450

Stats. Implemented: ORS 238A.235

Oregon

Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320 -7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

FROM: Heather Case, Senior Policy Director

SUBJECT: Legislative Advisory Committee and Legislative Updates

## PERS LEGISLATIVE ADVISORY COMMITTEE

ORS 238.660(9) allows the PERS Board to act as policy advisor to the Legislative Assembly on legislative proposals for changes to PERS benefits. ORS 238.660(10) requires the PERS Board to appoint a committee to advise the board on those proposals. The committee must include an equal number of members representing labor and management. In preparation for the 2021 legislative session, staff requests that the board confirm membership of the Legislative Advisory Committee (LAC).

## RECOMMENDED APPOINTMENTS

The proposed membership is balanced between labor and management representatives, and includes members who participated in previous LAC meetings. Members have been contacted and are willing to serve on the committee.

| **Name** | **Representing** |
|---|---|
| Joe Baessler | American Federation of State, County and Municipal Employees |
| Rob Bovett | Association of Oregon Counties |
| Jack Dempsey | Oregon Nurses Association/Oregon Association of Corrections Employees |
| Courtney Graham | Service Employees International Union |
| Karl Koenig | Oregon State Fire Fighters Council |
| Jared Mason-Gere | Oregon Education Association |
| Lori Sattenspiel | Oregon School Boards Association |
| Andrew Stolfi | Oregon Department of Consumer and Business Services |
| Scott Winkels | League of Oregon Cities |
| Hasina Wittenberg | Special Districts Association of Oregon |

## BOARD OPTIONS

1. Approve the recommended appointments, effective immediately.
2. Direct staff to solicit different or additional candidates for appointment.

**Staff Recommendation:**

Staff recommends the PERS Board choose Option #1

## SECOND SPECIAL SESSION OF 2020

The legislature held a second special session, beginning and ending on Monday, August 10, 2020. This session was primarily focused on budget rebalancing, but did address a few bills regarding unemployment and police accountability.

The legislature passed two budget bills that pertain to PERS. HB 4304 contained the policy updates needed to complete the budget reductions passed in SB 5723. In SB 5723, the Employer Incentive Fund (EIF) was reduced by $35,248,198, with that money going back to the general fund. Additionally, all current and future revenue streams for the EIF were eliminated. This reduces the money allocated to EIF to zero and eliminates the program until revenue streams are allocated into the EIF in the future. The School District Unfunded Liability Fund (SDULF) was reduced by $11,539,471, with that money also going back to the general fund. All current and future revenue streams for the SDULF were also eliminated. At the time of writing, Governor Brown has published her intention to line item veto parts of the budget bills that will give both the EIF and the SDULF back their funding streams. While these funding streams currently have no income revenue, this does raise the possibility of both of these programs being funded again in the future.

Also in SB 5723, our SB 1049 implementation funding was reduced by a total of $10,500,000. SB 1049 implementation will continue on as scheduled. Our policy option package in the 2021 agency request budget concerning SB 1049 has not changed.

In the 2020 regular legislative session, PERS had requested an Operations and Policy Analyst 3 position in actuarial services be re-classified to a principal executive manager F to accommodate hiring an actuary. PERS brought Jake Winship on to the team in hopes that this position would be re-classified in a future action following the abrupt end to the 2020 legislative session. The legislature re-classified this position in the Second Special Session of 2020.

Also in HB 4304, PERS was directed to increase the amount of data required when reporting preliminary earnings crediting to the legislature. This is information PERS has always collected, and the agency will have no issues complying with this increased reporting requirement.

## SEPTEMBER LEGISLATIVE DAYS

Currently, September legislative days are scheduled to take place September 22, 2020 through September 25, 2020. While previously there was discussion of a third special session, at the time of this writing, Governor Brown’s office confirmed Governor Brown is not planning on calling a third special session in September.

PERS has no concepts to bring before the legislature during legislative days. Among other items, the legislature will take up Senate confirmation of executive appointments during that time.

PRE-SESSION BILLS

The 2021 legislative session is set to begin on February 1, 2021. While PERS has filed its legislative concepts (as approved by the PERS Board) for this session, the agency is examining a couple of issues around member's changing work arrangements due to COVID-19, and may request pre-session filing around these issues. More information would be brought to the board in December if this is the case. Regarding the upcoming regular legislative session, PERS Director Kevin Olineck will be reporting to the Joint Legislative Committee on Information Management and Technology (JLCIMT) in February regarding implementation of SB 1049, as directed in SB 5723 (2020).

LEGISLATIVE CONCEPTS

Legislative concept drafts have been returned for all three legislative concepts approved by the PERS Board in March 2020. Currently, our policy team is reviewing those drafts and will suggest edits if applicable. The agency has one opportunity to suggest revisions to the bill drafts before they are filed for the 2021 legislative session.

Oregon

Kate Brown, Governor

**Public Employees Retirement System**
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

FROM: MaryMichelle Sosne, Actuarial Business Specialist

SUBJECT: Employer Incentive Fund Update

## BACKGROUND

The Employer Incentive Fund (EIF) provides a 25% match to employers making a lump sum payment into an new or existing side account. On August 10, 2020, during the Legislature's second Special Session, $35.2 million was reallocated from the originally appropriated $100 million and all current and future EIF funding sources were withdrawn, effectively ending the program. However, at the time of writing, Governor Brown, with the use of the line item veto, intends to restore the Oregon Lottery Scoreboard funding source to the EIF. While this does not currently give the EIF any additional funding, it does preserve the possibility that funds could come into the EIF in the future.

## EMPLOYER INCENTIVE FUND

Through August, PERS had matched and deposited just over $62 million into employer side accounts from the EIF. PERS has $2,550,343.20 left to distribute to the remaining employers. This amount is less than the original total approved EIF matches remaining. As a result, PERS will allocate the remaining funds to employers based in the order their application was received. Seven employers will be offered a full EIF match and one employer will receive an offer for a partial match.[1] Nine previously approved employers have been moved to the top of the waitlist.

In the event that any of the eight approved employers rescind their application or reduce their match, the partially matched employer will be made whole first (if they have yet to make their payment) and any remaining funds will be offered to the waitlist according to OAR 459-009-0092.[2] With the addition of these employers, the waitlist now has 48 employers. This waitlist represents a potential of $135 million in new employer payments, with associated EIF matches that would add nearly $47 million to those employer payments, should the EIF fund return or be continued.

PERS will submit final details for the Employer Incentive Fund in the December 4, 2020 PERS Board meeting.

[1] This process is consistent with SB1049 Section 47 (4) (a) and (b), OAR, 459-009-0092(9). Additionally employers had been notified in advance that this would be our process should EIF funding be reduced.

[2] These 17 employers were originally anticipated to make lump sum payments totaling $118,052,536.20 and receive a total EIF match of $29,513,133.80.

Oregon

Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

FROM: Jordan Masanga, Chief Information Officer

SUBJECT: SB 1049 Implementation Update

Senate Bill 1049 was signed into law by the Governor on June 11, 2019. PERS staff continue to focus on completing work in an efficient and effective manner.

## PROGRAM/PROJECT IMPLEMENTATION

The SB 1049 Implementation Program is being managed as one comprehensive program, with the following five individual projects. All projects are going through the Enterprise Information Services (EIS) stage gate process.

| Project | Effective Date | Project Health and Status |
|---|---|---|
| SB 1049 Program | | Program health: Red<br>• Due to lack of an approved 21-23 budget, the program status will remain Red until the Governor's Recommended Budget is submitted to the legislature.<br>• Focused effort on project schedule standardization and effort estimation validation with Deloitte. |
| Employer Programs Project | Effective 7/1/2019 | Project health: Red<br>• Project schedule is in the process of rebaselining, with a projected closure date of 7/31/21.<br>• Legislative Special Session removed current funds and future funding streams for the Employer Incentive Fund.<br>• Employer Rate Projection Tool contract for development resources completed. |
| Salary Limit Project | Effective 1/1/2020 | Project health: Green<br>• Work Package (WP) 3 on track for the 10/22/20 deployment.<br>• Business Functional Testing (BFT) completed without any bugs; User Acceptance Testing (UAT) began on 9/16/20. |
| Work After Retirement Project | Effective 1/1/2020 | Project health: Green<br>• WP2 on track for the 10/22/20 deployment.<br>• BFT completed without any issues or unfixed bugs; UAT began on 9/16/20. |

| | | |
|---|---|---|
| Member Redirect Project | Effective 7/1/2020 | Project health: Green<br>• Voluntary Contributions Release 1 deployed on 9/22/20.<br>• BFT for Release 2 began on 9/8/20 and is expected to be completed on 10/2/20.<br>• Change Request for IAP Data Locking in development. |
| Member Choice Project | Effective 1/1/2021 | Project health: Green<br>• WP1 deployed successfully on 8/20/20.<br>• Member choice election window opened from 9/1-9/30/20. Received over 450 elections in first two weeks of the election period.<br>• Received Stage Gate 3 endorsement. |

**Highlighted activities completed or in progress since July 2020:**

- Program and project activities
    - iQMS activities
        - Finalized the Periodic Quality Status Report on 8/24/20
        - Quarterly QA Status and Improvement Report in progress
    - Deloitte activities:
        - Phase 2 had sixteen deliverables
        - Post-release assessment for Member Choice received 9/14/20
        - Test Execution Planning and Dashboard continue to be supported and utilized
        - Organizational Change Management (OCM) structure developed
        - Resource based project validation in process
        - Will continue support through November 2020 in program, testing and OCM activities
    - Monthly project team meeting held September 14, 2020
- Resources
    - Staff recruitments; 43 total positions
        - Webmaster position in recruitment
        - 34 positions filled
            - Active Recruitments – 8
            - Hold - 1
- EIS Stage Gate process requirements
    - Member Redirect project received conditional Stage Gate 3 approval
    - Member Choice project received State Gate 3 approval
- Budget structure and reporting
    - Continuing monthly meetings with the Chief Financial Office (CFO), Legislative Fiscal Office (LFO), and the Governor's office
        - LFO concerns about Member Redirect efforts projected into the next biennium
    - Impacts to the budget:
        - Employer Programs Rate Projection tool work order (approximately $1.275 million)

        - Change Request for Member Redirect IAP Data Lock (TBD)
- Communications
    - Internal communication activities have focused on:
        - Keeping staff informed of the project progress and various releases
        - Ensuring Member Services staff have talking points for calls and correspondence
    - External Communications activities include:
        - Employer Programs
            - Updating website with EIF changes
            - Preparing communications to impacted employers about the EIF funding changes
            - Drafted a UALRP Communications Plan
        - Member Choice
            - Refreshed our "What is the IAP" webpage and other website updates, including to PERS homepage, member homepage, minor changes to IAP Target-Date Funds page
            - GovDelivery email on 8/18/20 to 21,300+ contacts
            - September 1 GovDelivery email to same list plus key employer contacts
            - Worked with PERS Coalition partners; they  shared and discussed with their constituents
        - Monthly Employer Newsletters
        - Next Employer Advisory Group meeting will be held October 16, 2020
        - Rulemaking for Member Redirect and WAR projects
- Organizational Change Management
    - Deloitte resources set-up foundational change management activities
    - Four work streams in process: Communications, Leadership, Change Impact and Readiness, and Training
    - Goal is to enable PERS staff to support on-going efforts

**PROGRAM/PROJECT BUDGET**

The budget information is contained within Page 2 of the attachment to agenda item A.2.c. PERS staff will continue to update the board as project implementation continues throughout the year.

C.1. Attachment 1 – *Monthly Project Status Report and Roadmap*

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Program information:

**Program start**: July 1, 2019 **| Program end:** April 30, 2024

## Program statement:

SB 1049 is comprehensive legislation intended to address the increasing cost of funding Oregon's Public Employees Retirement System (PERS), reduce system Unfunded Actuarial Liability (UAL) obligations, and provide relief to escalating contribution rate increases for public employers. Implementation will occur across five subprojects.

## Subprojects:

Project 1: Employer Programs

- Project start: July 1, 2019 | Project end September 4, 2020
  - Rebaseline planning in process
- Project status: Red

Project 2: Work After Retirement (WAR)

- Project start: July 1, 2019 | Project end: June 11, 2021
- Project status: Green

Project 3: Salary Limit

- Project start: July 1, 2019 | Project end: April 15, 2021
- Project status: Green

Project 4: Member Redirect

- Project start: July 1, 2019 | Project end: April 24, 2024
- Project status: Green

Project 5: Member Choice

- Project start: October 23, 2019 | Project end: August 4, 2021
- Project status: Green

For details regarding individual project status, please refer to the respective project section(s) below.

## Overall program status: Red

The program status continues to be red. Member Redirect and Member Choice will not be complete in the 2019-2021 biennium, and funding is not yet approved beyond this biennium.

All project teams except Employer Programs continue to execute according to baselined schedules. Recent production deployments by Member Redirect and Member Choice were completed on-time, and upcoming production deployments for Member Redirect, WAR, and Salary Limit remain on-schedule. Development quality appears to be good, with few defects being identified after production releases and few critical and high defects being identified during User Acceptance Testing cycles.

Employer Programs, severely impacted by COVID-19, is in the final stage of review for schedule rebaseline, expected to be complete by 9/21/2020.

Deloitte continues to be engaged, focusing efforts on validating schedule estimates and resources and on planning Organizational Change Management (OCM) activities.

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Budget health: Red

Budget health is red: Activities planned beyond 2019-21 biennium, but 2021-2023 budget has not been approved.

| 29560- SB 1049 Implementation Program by POP | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Other Funds Lmt** | **19-21 Budget** | **Actual to Date** | **Projections** | **19-21 Total** | **Variance** | **21-23 Policy Package** | **Program Cost** |
| **802- Project Management & Admin** | $ 2,500,000 | $ 1,033,100 | $ 1,174,200 | $ 2,207,300 | $ 292,700 | $ 2,044,800 | $ 4,252,100 |
| **803- Quality Assurance and Testing** | $ 2,500,000 | $ 786,050 | $ 1,589,066 | $ 2,375,116 | $ 124,884 | $ 812,500 | $ 3,187,616 |
| **804- Info Technology Applications** | $ 15,992,000 | $ 7,256,610 | $ 8,735,390 | $ 15,992,000 | $ 0 | $ 13,000,000 | $ 28,992,000 |
| **805- Operational Implementation** | $ 7,567,714 | $ 2,499,901 | $ 1,750,996 | $ 4,250,897 | $ 3,316,817 | $ 6,397,673 | $ 10,648,570 |
| **806- Contingency Reserve** | $ - | $ - | | $ - | $ - | | $ - |
| Total | $ 28,559,714 | $ 11,575,662 | $ 13,249,652 | $ 24,825,314 | $ 3,734,401 | $ 22,254,973 | $ 47,080,287 |

| AFN |
|---|
| $ 18,520,573 |

## Schedule health: Red

Member Redirect and Member Choice have activities scheduled beyond the 2019-21 biennium which has not been budgeted yet.
Employer Programs is delayed due to COVID-19 impacts. Change request to rebaseline the schedule approved and schedule updates are in process.

## Scope health: Green

The program and project scope is understood and has been incorporated into program-level plans and schedules.

Quality Assurance activities:

- iQMS Deliverable 3.3.2 Periodic Quality Status Report started on 6/30/2020, completed 8/31/2020.
- iQMS Deliverable 3.3.3 Periodic Quality Status Report to begin on 9/30/2020, due 12/11/2020.
- iQMS Deliverable 4.1.3 Quarterly QA Status and Improvement Report started on 9/9/2020, due 11/3/2020.

Emerging concerns/needs/impacts:

- Member Redirect and Member Choice have activities scheduled beyond the 2019-21 biennium which has not been budgeted yet.
- Resource constraints – resources working on multiple SB 1049 projects is constraining availability for individual projects.

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Program Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: SB 1049 Program Weekly Status Report

| # | Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|---|
| 38 | **Schedule impact due to competing resources:** Critical resources are involved in multiple concurrent SB 1049 projects, limiting availability for individual projects | ➢ Coordinated schedule planning and priorities within the Program and all projects; reassign other staff to help cover absences or help offset extreme workload periods. | Contracted with Deloitte to estimate remaining work and resource assignments to develop an effort-based resource-loaded plan to validate resource assignments and proactively prevent over-allocation of resources. Validation of schedules is in process. |

## Program Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: SB 1049 Program Weekly Status Report

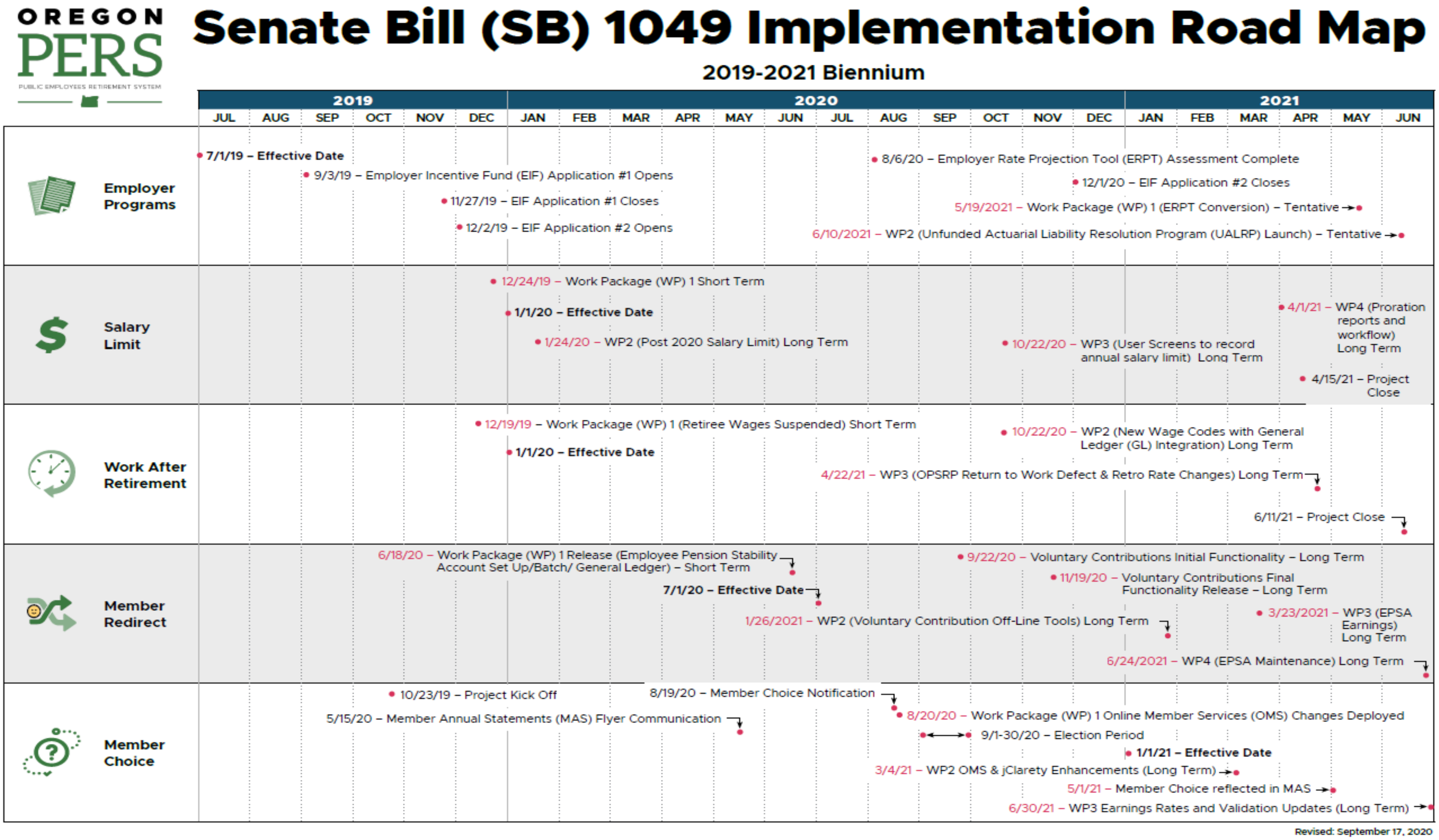
| No | Issue | Resolution / Notes | Estimated Resolution Date |
|---|---|---|---|
| 9 | **Realized Risk #9: Project Budget Not Sufficient:** The approved project budget is not sufficient to cover all required expenses. | ➢ Work is needed beyond the 2019-2021 biennium to complete long-term Member Redirect and Member Choice activities, but budget has not been approved for the 2021-2023 biennium. PERS has submitted a budget business case for the required funding. Deloitte engaged to validate budget estimates for remaining work. | 3/1/2021 |
| 10 | **Realized Risk # 10: Training is inadequate or not timely:** The training needed to use the system or solution is not well understood. | ➢ Deloitte deliverables D2.3.8 and D2.3.9 will put a plan and strategy in place for training creation and execution. | 9/30/2020 |

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Program Schedule



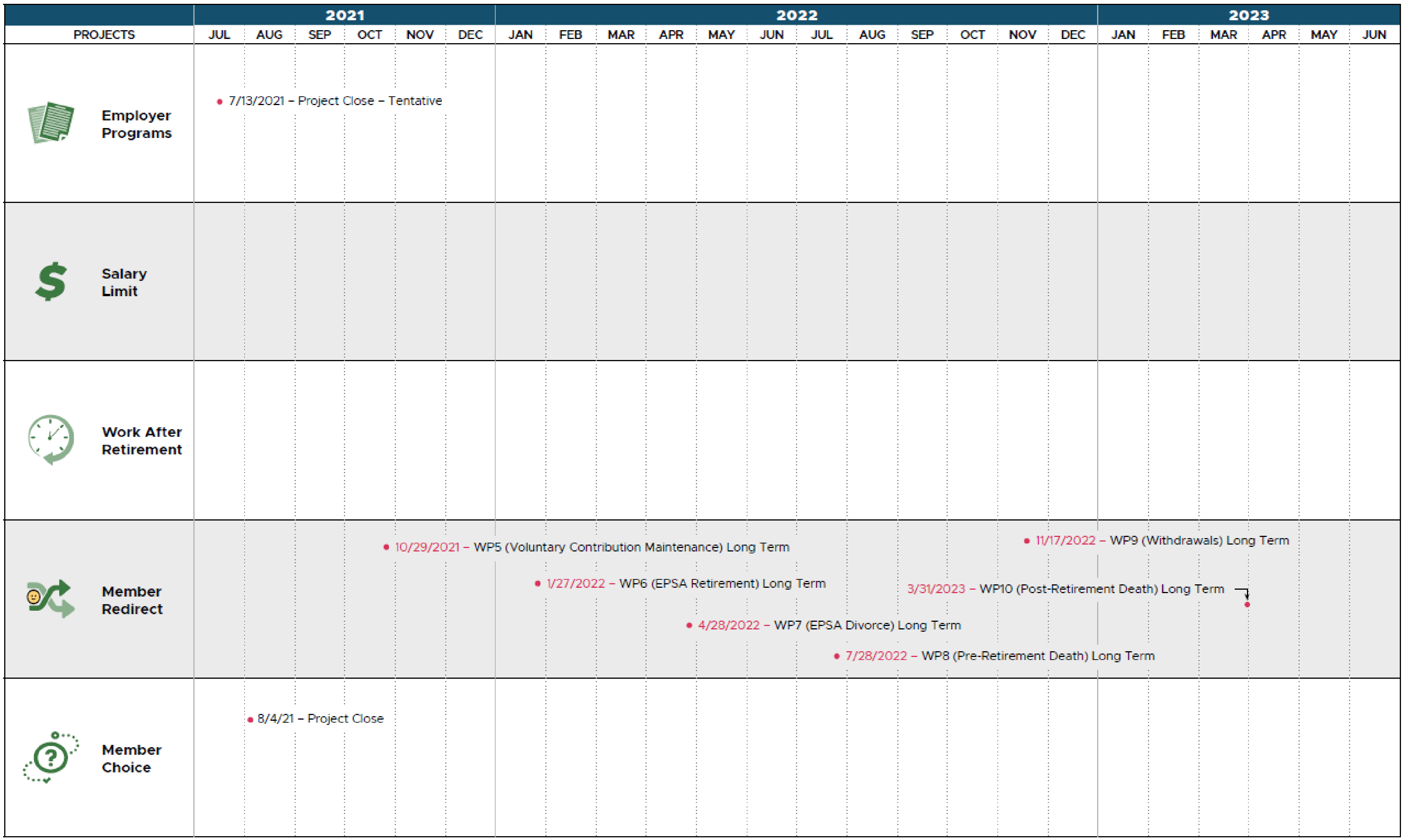
# SB 1049 Implementation Program

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## 2021-2023 Biennium




Revised: September 17, 2020

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## 2023-2025 Biennium

| | 2023 | | | | | | 2024 | | | | | | | | | | | | 2025 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PROJECTS | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
| Employer Programs | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary Limit | | | | | | | | | | | | | | | | | | | | | | | | |
| Work After Retirement | | | | | | | | | | | | | | | | | | | | | | | | |
| Member Redirect | | • 8/24/2023 – WP11 (Maintaining Benefits) Long Term | | | | • 12/21/2023 – WP12 (Full EPSA Set up Screen) Long Term | | | • 3/29/2024 – Migration Finalization | • 4/24/24 – Project Close | | | | | | | | | | | | | | |
| Member Choice | | | | | | | | | | | | | | | | | | | | | | | | |

Revised: September 17, 2020

# SB 1049 Implementation Program

## Status Report for September 18, 2020

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

### Project information: Employer Programs

**Project start:** July 1, 2019 **| Project end:** September 4, 2020
**Project Manager:** Joli Whitney

**Note**: Rebaseline planning in process. Project end date will change once rebaseline planning is complete (planned by 9/15/2020).

### Project objective:

The Employer Programs section of SB 1049 expands the requirements for the Employer Incentive Fund (EIF); and appropriates $100 million from the General Fund to the Employer Incentive Fund; directs net proceeds from Oregon Lottery Sports betting to the Employer Incentive Fund; allows participating public employers who make larger than $10 million deposits to side accounts to determine when they wish to have these funds included in their employer rate assessment; and requires all public employers to participate in the Unfunded Actuarial Liability Resolution Program (UALRP).

### Overall project status: Red

**Project Narrative:** Project schedule rebaseline activities are in process. The schedule is in final quality check point (QCP) scheduled for completion on September 21. Work Order Contract (WOC) to obtain the necessary resources to assist with this tool implementation is under final review at the Department of Justice. The new staff are anticipated to begin work on October 1. The projected IT Professional services budget needed to obtain these contracted resources leaves a total project budget variance of just under 8%.

The August 10 Legislative Special Session removed substantial current funds and redirected future funding sources from the Employer Incentive Fund (EIF) in Senate Bill 5723. Once the bill has been signed by the Governor the team will deploy notification to impacted employers of the status of their previously approved applications. 16 employers will be impacted by this action. Of these, eight more employers will be added to the waitlist. The current status of the EIF is below.

**Employer Incentive Fund (EIF) Status**

- Opened 9/3/2019
- 152 total applications were approved through 8/1/2020
- $ 57,778,890 distributed to employers as of 8/1/2020
- Application period closes 12/1/2020
- 40 employers are currently on the waitlist

**Employer Rate Projection Tool Work Packages**

**WP1**

- Convert tool to use PERS standard platform
  - Move from Oracle to SQL

**WP2**

- Enhance external facing requirements
- Cloud hosting

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Budget health: Green

Employer Programs is currently within the budget allocated by the Legislature. Projected budget for IT Professional expenses has increased to reflect the work order contract for the required technical resources to implement the employer rate projection tool.

| 29560 SB1049 - Employer Programs Project | | | | | |
|---|---|---|---|---|---|
| Expenses | Budget | Actual to Date | Projections | Total | Variance |
| *Personal Services - PERS | $ 463,000 | $ 443,561 | $ 20,000 | $ 463,561 | $ (561) |
| General Overhead Allocation | $ 220,138 | $ 130,454 | $ 88,000 | $ 218,454 | $ 1,684 |
| Personal Services - SB1049 | $ 165,402 | $ 85,850 | $ 79,500 | $ 165,350 | $ 52 |
| Office Expenses | $ 5,000 | $ 77 | $ 4,000 | $ 4,077 | $ 923 |
| IT Professional Services | $ 1,456,083 | $ 17,256 | $ 1,418,536 | $ 1,435,792 | $ 20,291 |
| Professional Services | $ 170,752 | $ - | $ - | $ - | $ 170,752 |
| IT Expendable Prop | $ 10,000 | $ 5,883 | $ 4,000 | $ 9,883 | $ 117 |
| | | | | | |
| SB1049 Expenses | $ 2,027,375 | $ 239,520 | $ 1,594,036 | $ 1,833,556 | $ 193,819 |
| Project Total | $ 2,490,375 | $ 683,081 | $ 1,614,036 | $ 2,297,117 | $ 193,258 |
| Average Monthly Spend (Burn Rate) | | $ 18,424.61 | $ 1,594,036 | | |
| *Not included in SB1049 Expenses | | | | | |

## Schedule health: Red

The schedule is in the final stages of rebaseline. We anticipate this category to return to green status once the QCP is approved and the schedule is rebaselined on Sept 21.

## Scope health: Yellow

The initial scope of requirements for deploying the ERPT into PERS environment has completed elaboration. Elaboration of the second and final work package is in process. We anticipate a return to green in this category in the coming weeks as elaboration continues and the complete scope is better understood.

## Quality Assurance activities:

- QCP of Project schedule will be complete on Sept 21.

## Emerging concerns/needs/impacts:

- None at this time

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: Employer Programs Weekly Status Report

| # | Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|---|
| 1 | **Internal Staffing-** Resource shifting, competing priorities, or over allocation impact the availability of dedicated project resources, or a key resource leaves PERS or is out for an extended period, and/or staff experience levels are inadequate. | ➢ Business Owner or Program Business Owner may reassign other staff to help cover the absence or affected staff may work overtime if needed. | The Actuarial Services Team is very small and specialized. There will be times their participation will be critical to this project when they may have other duties which are also critical. The project schedule will need careful coordination with the Associate Actuary to ensure all needs can be met. |

## Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: Employer Programs Weekly Status Report

| No | Issue | Resolution / Notes | Estimated Resolution Date |
|---|---|---|---|
| 5 | **Schedule Delay or Rebaseline Planning-** The project schedule does not have capacity for all scope needed and is delayed or requires a rebaseline. | ➢ 9/20 Update- The schedule rebaseline is in the final stages of approval. Once the QCP has been accepted, this issue will be resolved. | 9/21/2020 |
| 7 | **EIF Funding Uncertainty-** unclear funding schedule and shifting legislative priorities, leave employers unwilling or unable to participate in EIF and UALRP | ➢ The 8/10 Special Legislative Session passed Senate Bill 5723 which removed over $35m in remaining funds from the EIF. The risk was realized and is now an issue. We will consider this issue resolved once the Governor signs SB 5723 and we officially communicate that the EIF has been depleted. | 9/30/2020 |
| 8 | **COVID 19- Economic Impacts -** Employers withdraw from or do not participate in the EIF due to financial strain of pandemic in providing basic government services | ➢ The 8/10 Special Legislative Session passed Senate Bill 5723 which removed over $35m in remaining funds from the EIF. The risk was realized and is now an issue. We will consider this issue resolved once the Governor signs SB 5723 and we officially communicate that the EIF has been depleted. | 9/30/2020 |

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project Schedule Deliverables and Milestones

| Milestones Schedule | | | | |
|---|---|---|---|---|
| **Milestone** | **Percent Complete** | **Baseline Finish Date** | **Actual / Forecast Finish Date*** | **Status/ Notes** |
| Evaluate Employer Rate Projection Tool (ERPT) | 100% | 5/6/2020 | 8/6/2020 | The tool analysis is complete and has informed the rebaseline schedule. |
| Rebaseline Project Schedule | 0% | n/a | 9/21/2020 | This activity is on track to complete on time |
| Receive EIS Endorsement Memo | 0% | 1/31/2020 | 10/5/2020 | This has been updated to occur after the schedule has been rebaselined. |
| EIF Application Closes (Window #2) | 0% | 9/3/2020 | 12/1/2020 | The PERS Board adopted a temporary OAR change on 5/29/2020 to extend the EIF application closure to 12/1/2020. This milestone date will be updated in the schedule rebaseline. |
| WP1 Development Complete | 0% | n/a | 3/23/2021 | |
| WP1 Business Functional Testing Complete | 0% | n/a | 4/12/2021 | |
| WP1 User Acceptance Testing Complete | 0% | n/a | 5/14/2021 | |
| WP1 Deployment Complete | 0% | n/a | 5/19/2021 | |
| WP2 Development Complete | 0% | n/a | 4/1/2021 | |
| WP2 Business Functional Testing Complete | 0% | n/a | 4/21/2021 | |
| WP2 User Acceptance Testing Complete | 0% | n/a | 5/28/2021 | |
| WP2 Deployment Complete (ERPT Complete) | 0% | n/a | 6/10/2021 | |

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

| Milestones Schedule | | | | |
|---|---|---|---|---|
| **Milestone** | **Percent Complete** | **Baseline Finish Date** | **Actual / Forecast Finish Date*** | **Status/ Notes** |
| Launch UALRP | 0% | 8/31/2020 | 6/10/2021 | This is a new forecast finish date from rebaseline planning. This is subject to change until the rebaseline is approved. |
| Project End | 0% | 9/4/2020 | 7/13/2021 | This is the new project end date with all closure activities following rebaseline |

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project information: Work After Retirement (WAR)

**Project start:** July 1, 2019 | **Project end:** June 11, 2021
**Project Manager:** Susan K. Mundell

## Project objective:

Effective January 1, 2020, the Work After Retirement (WAR) sections of SB 1049 allow most service retirees to work unlimited hours for PERS participating employers in calendar years 2020-2024 while retaining their retirement benefit. It also requires employers to pay employer contributions on retirees' salary during that period.

## Overall project status: Green

**Project Narrative:** Business Functional Testing (BFT) for Work Package 2: New Wage Codes with General Ledger (G/L) Integration began as planned on 8/17/2020 with a couple of known development activities still outstanding. BFT has progressed but remained behind and was not able to complete on the 9/4/2020 deadline as planned. A decision was made to continue BFT until completion including, if necessary, concurrently with UAT. The technical team have really worked hard and have completed BFT two days later on 9/8/2020 with all test scripts passed and no outstanding issues.

The Product Owner team has developed the UAT test scripts and entered them into the PERS test tracking software. UAT began on time on 9/16/2020 and is scheduled to continue until 10/13/2020.

The non-technical team is ready for the 10/22/2020 deployment. Procedures and Processes have been developed and trained against. Communications to employers have been developed and published.

## Work Packages:

**Work Package 1: Suspend DTL2-07 Retiree Wage Codes – Short-term**

- Production Deployment Date: 12/19/2019 (Complete)

**Work Package 2: New Wage Codes with G/L Integration – Long-term**

- Production Deployment Date: 10/22/2020
- Business Functional Testing completed on 9/8/2020
- User Acceptance Testing began on 9/16/2020
- User Acceptance Testing is scheduled for completion on 10/13/2020.

**Work Package 3: OPSRP Return to Work Issue and Retro Rate Change – Long-term**

- Production Deployment Date: 4/22/2021
- Oregon Public Service Retirement Plan (OPSRP) Return to Work Technical Debt Defect: DTL2-07 posting adds an active status to a retiree segment that has to be manually removed.
- Retro Rate Change: Modification of SD610 Batch Job requires significant testing
- Development is scheduled to begin 10/28/2020

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Budget health: Green

The WAR Project is currently within the budget allocated by the Legislature.

| 29560 SB1049 - Work After Retirement (WAR) Project | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Expenses | | Budget | | Actual to Date | | Projections | | Total | | Variance |
| *Personal Services - PERS | $ | 1,214,174 | $ | 693,998 | $ | 500,000 | $ | 1,193,998 | $ | 20,176 |
| General Overhead Allocation | $ | 440,275 | $ | 260,908 | $ | 159,000 | $ | 419,908 | $ | 20,367 |
| Personal Services - SB1049 | $ | 236,253 | $ | 172,527 | $ | 63,500 | $ | 236,027 | $ | 226 |
| Office Expenses | $ | 2,194 | $ | 97 | $ | 500 | $ | 597 | $ | 1,597 |
| Professional Services | $ | 140,000 | $ | - | $ | 140,000 | $ | 140,000 | $ | - |
| IT Professional Services | $ | 931,392 | $ | 392,558 | $ | 489,173 | $ | 881,731 | $ | 49,661 |
| IT Expendable Property | $ | 10,000 | $ | 5,536 | $ | 3,000 | $ | 8,536 | $ | 1,464 |
| | | | | | | | | | | |
| SB 1049 Total Expenses | $ | 1,760,114 | $ | 831,626 | $ | 855,173 | $ | 1,686,799 | $ | 73,315 |
| **Project Total** | **$** | **2,974,288** | **$** | **1,525,624** | **$** | **1,355,173** | **$** | **2,880,797** | **$** | **93,491** |
| Average Monthly Spend (Burn Rate) | | | $ | 63,971.22 | $ | 77,743.00 | | | | |
| *Not included in SB1049 expenses | | | | | | | | | | |

## Schedule Health: Green

BFT is complete with no issues or unfinished bugs. UAT has begun and is reporting a clean test so far. The project is marching toward the 10/22/20 deployment date.

## Scope health: Green

The scope for the remaining Work Packages has been defined and is understood.

Quality Assurance activities:

- The Quality Check Point (QCP) review was completed since our last report for two contractual deliverables: D1.0.12 Contractor Support Log and D3.1.1 Draft Work Package Development.
- A ready for User Acceptance Testing Quality Gate was completed on 9/15/20.
- A ready for Release to Production Quality Gate is planned for 10/21/20.

Emerging concerns/needs/impacts:

- WAR's top concern, at this point, is the over allocation of testing resources. Subject Matter Experts (SME) and Associate Product Owners (APO) are often moving their focus from one project testing cycle to another project testing cycle. This can lead to confusion and mental exhaustion for many of the program staff.

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: WAR Weekly Status Report

| Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|
| **APO & SME User Acceptance Testing Capacity:** The resources, time, and/or tools are not adequate to support user acceptance testing. Over allocation of testers between projects are hindering testing efforts. | ➢ Adding additional resources<br>➢ Extending the scheduled deployment<br>➢ Reduce the scope of testing and rely on BFT<br>➢ Adding overtime<br>➢ Communicate and monitor testing activities on the schedule. | 9/11/20: SMEs and APOs are moving quickly from one project test cycle to another project test cycle. This can lead to confusion and mental exhaustion. Additionally, APOs are tasked with testing M&E functionality in addition to the program UATs. |
| **Competing SB 1049 Resources:** Critical resources are involved in multiple concurrent SB 1049 projects, limiting availability for individual projects. This cross program over allocation can negatively affect the quality of the work being performed. | ➢ Careful coordinated schedule planning and priorities within the Program and all projects.<br>➢ Affected staff are setting priorities and working overtime if needed.<br>➢ Additional staff may be assigned | 9/11/20: POs, APOs and PM have concerns about allocated UAT prep time not being sufficient to the task. Additional assistance is being provided to the APO who is doing the work. |
| **Project Scope:** Change Requests (CR) adding additional scope to project resulting in requiring additional effort from resources, changes to the baselined schedule and/or additional required funding. | ➢ Closely follow the documented CR process to ensure any additional scope is necessary for the success of the project. | 9/11/20: Current CR WAR-03 Side Accounts is under consideration. If this CR is added to the scope of WAR, the WAR schedule may extend beyond the end of the 2019-2021 biennium. |

## Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: WAR Weekly Status Report

| Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|
| No Current Issues | | |

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

**Project Schedule Deliverables and Milestones**

| Milestones Schedule | | | | |
|---|---|---|---|---|
| Milestone | Percent Complete | Baseline Finish Date | Actual / Forecast Finish Date* | Status/ Notes |
| WP1 – Phase Closure Complete | 100% | 2/13/2020 | 2/13/2020 | |
| Baselined Project Schedule | 100% | 2/25/2020 | 2/25/2020 | |
| WP2 – Requirements Complete | 100% | 3/2/2020 | 3/2/2020 | |
| WP2 – Development Complete | 0% | 8/14/2020 | 8/21/2020 | Delayed Development cycle did not affect |
| WP2 – Business Functional Testing (BFT) Complete | 0% | 9/15/2020 | 9/8/2020 | critical path. UAT still started on time. |
| WP2 – Ready for User Acceptance Testing (UAT) Quality Gate | 0% | 09/15/202 | 09/16/2020 | |
| WP2 - User Acceptance Testing (UAT) Complete | 0% | 10/13/202 | 10/13/2020 | |
| WP2 – Quality Assurance Testing Complete | 0% | 10/21/202 | 10/21/2020 | |
| WP2 – Move to Production Quality Gate Complete | 0% | 10/21/202 | 10/21/2020 | |
| WP2 – Deployment Complete | 0% | 10/22/202 | 10/22/2020 | |
| WP3 - Requirements Complete | 0% | 10/27/202 | 10/27/2020 | |
| WP3 – Development Complete | 0% | 2/3/2021 | 1/27/2021 | |
| WP3 – Business Functional Testing (BFT) Complete | 0% | 3/11/2021 | 2/26/2021 | |
| WP3 – Ready for User Acceptance Testing (UAT) Quality Gate | 0% | 4/1/2021 | 3/19/2021 | |
| WP3 – User Acceptance Testing Complete | 0% | 4/1/2021 | 3/29/2021 | |
| WP3 – Quality Assurance Testing Complete | 0% | 4/1/2021 | 4/7/2021 | |
| WP3 – Move to Production Quality Gate Complete | 0% | 4/16/2021 | 4/7/2021 | |
| WP3 – Deployment Complete | 0% | 4/22/2021 | 4/22/2021 | |
| WP3 – Phase Closure Complete | 0% | 6/4/2021 | 4/29/2021 | |
| WAR Project Complete | 0% | 8/6/2021 | 6/11/2021 | |

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project information: Salary Limit

**Project start:** 7/01/ 2019 **| Project end:** 4/15/2021
**Project Manager:** Bruce Rosenblatt

## Project objective:

The Salary Limit Project is necessary because SB 1049 redefined "salary," which changes the calculation method for Final Average Salary, and contributions for members with subject salary greater than $195,000. This limit is on salary for plan purposes, and is not a salary cap. The Salary Limit will be indexed annually to the Consumer Price Index, beginning on or after 1/01/2021. The redefinition impacts the data and business processes used by diverse teams at PERS, including Benefit Calculations, Member Estimates, Data Verifications, Employer Data Reporting, and Account Data Reviews and Reporting.

## Overall project status: Green

**Project Narrative:** The 2020 Salary Limit Project is comprised of four Work Packages. Work Package 1 (WP1) delivered a short-term solution in 2019, delivering new reports so PERS can manually report on impacted members and their employers for Tier 1/Tier 2, and Oregon Public Service Retirement Plan (OPSRP). Work Package 2 (WP2) implemented a Data Change Request (DCR) on 1/23/2020 to post the 2020 limit. Work Package 3 (WP3) provides entry screens and approval roles to record annual salary limit changes and effective dates for all plans. Work Package 4 addresses the proration processes for full and partial year activities. Work Package 4 (WP4) uses the new Wages Codes that will be introduced by the Work After Retirement (WAR) project.

## Work Packages:

**Work Package 3: User screens to record annual salary limit, adding Tier1 to messages for Salary Limit, similar to Tier2 and Oregon Public Service Retirement Plan (OPSRP) – Long-term**

- Production Deployment Date: 10/22/2020
- Completed Business Functional Testing (BFT) on schedule 9/4/2020
- Began User Acceptance Testing (UAT) on schedule 9/16/2020, on target to complete by 10/13/2020

**Work Package 4 – Addresses Proration work processes – Long-term**

- Production Deployment Date: 4/01/2021
- Started WP4 technical elaboration the week of 9/14/2020
- Development to be completed by 1/19/2021

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Budget Health: Green

Salary Limit Project budget projections are currently lower than the budget allocated by the Legislature.

| 29560 SB1049 - Salary Limit | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Expenses | Budget | | Actual to Date | | Projections | | Total | | Variance | |
| *Personal Services - PERS | $ | 970,000 | $ | 589,809 | $ | 375,000 | $ | 964,809 | $ | 5,191 |
| General Overhead Allocation | $ | 220,138 | $ | 130,454 | $ | 88,000 | $ | 218,454 | $ | 1,684 |
| Personal Services - SB1049 | $ | 130,947 | $ | 85,850 | $ | 43,500 | $ | 129,350 | $ | 1,597 |
| Services and Supplies | $ | 1,088 | $ | 240 | $ | 500 | $ | 740 | $ | 348 |
| IT Professional Services | $ | 860,000 | $ | 127,656 | $ | 648,291 | $ | 775,947 | $ | 84,053 |
| IT Expendable Prop | $ | 10,000 | $ | 5,535 | $ | 4,000 | $ | 9,535 | $ | 465 |
| | | | | | | | | | | |
| SB1049 Total Expenses | $ | 1,222,173 | $ | 349,735 | $ | 784,291 | $ | 1,134,026 | $ | 88,147 |
| **Project Total** | **$** | **2,192,173** | **$** | **939,544** | **$** | **1,159,291** | **$** | **2,098,835** | **$** | **93,338** |
| Average Monthly Spend (Burn Rate) | | | $ | 26,903 | $ | 87,143.44 | | | | |
| *Not included in SB1049 Expenses | | | | | | | | | | |

## Schedule health: Green

Completed WP3 Business Functional Testing (BFT) 2 days early on 9/02/2020
Coordinated transition from WP3 BFT to Quality Assurance (QA) for User Acceptance Testing (UAT) due 10/13/2020
Resumed WP4 technical elaboration and other critical path activities are now on schedule.
Deloitte Consultants inspected project plans, to validate our resources assignments, in order to identify any over-allocations of resources that could possibly impact project timelines. WP3 is on track for production deployment on 10/22/2020

## Scope health: Green

Scope, including detailed requirements contained in Business Requirements Documents (BRD), has been defined for all work packages

Quality Assurance activities:

- The Release to Production Quality Gate is being planned for WP3 in mid-October
- Next Quality Check Point (QCP) for Work Package 4 is the Final Functional Design Specification document, due 11/05/2020

Emerging concerns/needs/impacts:

- No emerging concerns

## High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: Salary Limit Weekly Status Report

| # | Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|---|
| 71 | Possible resource constraint for developer tasks when transitioning from Work Package 3 (WP3) to Work Package 4 (WP4) | Release Manager, Product Owner, and Business Sponsor adjusted project activities to accommodate the resource constraint without affecting the project's critical path. | Technical elaboration for WP4 can follow completion of Business Function Testing (BFT) for WP3, on 9/04/2020. Therefore Construction can begin on WP4 on 10/20/2020 |
| 77 | Salary Limit WP3 deploys to production without WAR WP2 | Mitigate by planning the tasks, and time required, to decouple the code, which is currently combined. Allow time to repeat Salary Limit UAT independently from WAR; UAT will identify references to the new Wage Codes, developed specifically for this new version of WAR; Contingency plan could defer Salary Limit release, since the changes are primarily required for January 2021. | Downgraded this risk. Both Salary Limit and WAR were able to complete BFT in sufficient time to start UAT on-time on 9/16/2020 and are on target for the planned production implementation date of 10/22/2020. |

## Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: Salary Limit Weekly Status Report

| No | Issue | Resolution / Notes | Estimated Resolution Date |
|---|---|---|---|
| | No current issues | | |

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

### Project Schedule Deliverables and Milestones

| Milestones Schedule | | | | |
|---|---|---|---|---|
| **Milestone** | **Percent Complete** | **Baseline Finish Date** | **Actual / Forecast Finish Date*** | **Status/ Notes** |
| WP2 – Post New Salary Limit - Release to Production | 100% | 1/23/2020 | 1/23/2020 | |
| WP3 – Requirements Complete | 100% | 3/13/2020 | 3/13/2020 | |
| Change Request Approval (SL_01) | 100% | 5/15/2020 | 5/15/2020 | |
| Baseline the project schedule | 100% | 6/17/2020 | 6/17/2020 | |
| WP4 – Requirements Complete | 100% | 7/14/2020 | 7/14/2020 | |
| WP3 – Development Complete | 100% | 8/14/2020 | 8/14/2020 | |
| WP3 – Business Function Testing (BFT) Complete | 0% | 9/04/2020 | 9/02/2020 | |
| WP3 – User Acceptance Testing (UAT) Complete | 0% | 9/04/2020 | 10/13/2020 | |
| WP3 – Deployment Complete | 0% | 10/22/2020 | 10/22/2020 | |
| WP4 - Signoff User Stories & Acceptance Criteria Complete | 0% | 8/18/2020 | 11/17/2020 | Adjusted schedule to mitigate Risk #71 (above); Not expected to impact critical path |
| WP4 – Development Complete | 0% | 1/19/2021 | 1/19/2021 | |
| WP4 - Business Function Testing (BFT) Complete | 0% | 2/09/2021 | 2/09/2021 | |
| WP4 – User Acceptance Testing (UAT) Complete | 0% | 3/23/2021 | 3/23/2021 | |
| WP4 – Deployment Complete | 0% | 4/01/2021 | 4/01/2021 | |
| Project Complete | 0% | 4/15/2021 | 4/15/2021 | |

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project information: Member Redirect

**Project start**: July 1, 2019 | **Project end:** April 24, 2024
**Project Manager:** Chris Yu

## Project objective:

Effective July 1, 2020 this section of the bill redirects a portion of member contributions to a new Employee Pension Stability Account (EPSA) when the funded status of the plan is below 90% and the member's monthly salary is more than $2,500.

## Overall project status: Green

**Project Narrative:** The User Acceptance Testing was completed on 9/14/2020. The current priority is to deploy the work package VC1: Voluntary Contributions Initial Functionality on 9/22/2020 into production, and continue the tasks for the Final Functionality of Voluntary Contributions, which will deploy on 11/19/2020. As a result, and due to the team continuing to perform as-planned, the project health status continues to be green. The Project Manager and Deloitte resources have updated the project schedule to reflect an effort based duration for each task and will now analyze the schedule for possible resource contention.

## Work Packages:

**Work Package VC1: Voluntary Contributions Initial Functionality - Long-Term**

- Production Deployment Date: 9/22/2020
- User Acceptance Testing was completed on 9/11/2020
- Deployment planning was completed on 9/15/2020
- The Quality Gate to release to production was completed on 9/16/2020

**Work Package 2.1: Voluntary Contributions Off-line Tools SSIS – Long-term**

- Production Deployment Date: 1/26/2021
- Construction is currently in process and will be due on 9/28/2020
- BFT will begin on 9/29/2020

**Work Package VC1: Voluntary Contributions Final Functionality - Long-Term**

- Production Deployment Date: 11/19/2020
- Construction was completed on 8/28/2020
- Business Functional Testing is currently in progress and is due on 10/2/2020
- UAT will begin on 10/5/2020

**Work Package 2.2 Voluntary Contribution Off-line Tools Forecaster Tool Long-Term**

- Production Deployment Date: 1/26/2021
- Construction will begin on 9/14/2020
- BFT will begin on 10/26/2020

**Additional long-term work packages exist. See the Milestones Schedule for a complete list of work packages**

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

## Status Report for September 18, 2020

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

**Budget health: Red** Activities are planned beyond 2019-21 biennium, but the 2021-2023 budget has not been approved.

| 29560 SB1049 - Member Redirect Project | | | | | |
|---|---|---|---|---|---|
| **Expenses** | **Budget** | **Actual to Date** | **Projections** | **Total** | **Variance** |
| *Personal Services - PERS | $ 1,370,000 | $ 738,520 | $ 609,000 | $ 1,347,520 | $ 22,480 |
| General Overhead Allocation | $ 3,302,063 | $ 1,956,814 | $ 1,328,000 | $ 3,284,814 | $ 17,249 |
| Personal Services - SB1049 | $ 5,024,767 | $ 1,288,889 | $ 1,630,777 | $ 2,919,666 | $ 2,105,101 |
| Services and Supplies | $ 426,890 | $ 190,174 | $ 133,958 | $ 324,132 | $ 102,758 |
| IT Professional Services | $ 12,100,000 | $ 5,544,222 | $ 5,462,956 | $ 11,007,178 | $ 1,092,822 |
| IT Expendable Property | $ 200,000 | $ 88,573 | $ 110,000 | $ 198,573 | $ 1,427 |
| Data Processing Hardware | $ 200,000 | $ 193,798 | $ 6,000 | $ 199,798 | $ 202 |
| | | | | | |
| SB1049 Total Expenses | $ 21,253,720 | $ 9,262,469 | $ 8,671,691 | $ 17,934,160 | $ 3,319,560 |
| **Project Total** | **$ 22,623,720** | **$ 10,000,989** | **$ 9,280,691** | **$ 19,281,680** | **$ 3,342,040** |
| Average Monthly Spend (Burn Rate) | | $ 712,497.61 | $ 788,335.55 | | |
| *Not included in SB1049 Expenses | | | | | |

**Schedule Health: Green**

The current project tasks are on schedule for all current milestone dates.

**Scope health: Green**

The project scope is understood for all releases.

Quality Assurance activities:

- The Quality Gate for Voluntary Contributions Release 1 was complete and approved to production on 9/16/2020.
- The Quality Gate Meeting for Voluntary Contributions Release 2 will be on 11/18/2020.

Emerging concerns/needs/impacts:

- No emerging concerns or needs.

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: Member Redirect Weekly Status Report

| # | Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|---|
| 59 | **Staffing risk:** The current Test Analyst retired on 8/31/2020. There is a risk that the Voluntary Contributions Release 1 will not have a facilitator for the Quality Gate meetings. | ➢ Carole Scheck will be coordinating the Quality Gate meetings for the 9/22/2020 Voluntary Contributions Deployment. | The new QA Analyst, Om Raj Singh, is also being trained to conduct future Quality Gate meetings |
| 60 | **Scope Change:** When a change request is approved, there is a likely hood of scope creep and rework on requirements. Any additional scope will also impact schedule and budget because the 2021-2023 biennium is yet to be approved. | ➢ The project manager, program manager and business process analyst will work with the change request authors to ensure that it is indeed critical to SB 1049 and not part of modernization. | There is a change request currently being drafted in regards to the IAP lock data. In order to make a lock of the VC data work correctly, PERS staff would also need to be able to lock the member's IAP and EPSA data at the same time, preventing one account from being locked while another can still be modified. The draft of this CR was submitted to the Core team on 9/17/2020. |

## Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: Member Redirect Weekly Status Report

| No | Issue | Resolution / Notes | Estimated Resolution Date |
|---|---|---|---|
| | No current issues | | |

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project Schedule Deliverables and Milestones

| Milestones Schedule | | | | |
|---|---|---|---|---|
| **Milestone** | **Percent Complete** | **Baseline Finish Date** | **Actual / Forecast Finish Date*** | **Status/ Notes** |
| WPVC – Release 1 – (Capture Election, Collecting Contribution, Retroactive Reporting and General Ledger) – Construction Complete | 100% | 6/30/2020 | 6/30/2020 | |
| WPVC – Release 1- (Capture Election, Collecting Contribution, Retroactive Reporting and General Ledger) – BFT Complete | 100% | 8/7/2020 | 8/7/2020 | |
| WPVC – Release 1 - Capture Election, Collecting Contribution, Retroactive Reporting and General Ledger) – UAT Complete | 100% | 9/11/2020 | 9/14/2020 | |
| WPVC – Release 1 –(Capture Election, Collecting Contribution, Retroactive Reporting and General Ledger) – Deployment complete | 0% | 9/22/2020 | 9/22/2020 | |
| WPVC – Release 2 (Full Functionality) | 0% | 11/19/2020 | 11/19/2020 | |
| WP2 – Voluntary Contribution Off-Line Tools | 0% | 1/26/2021 | 1/26/2021 | |
| WP3 – EPSA Earnings | 0% | 2/25/2021 | 2/25/2021 | |
| WP4 - ESPA Maintenance | 0% | 6/24/2021 | 6/24/2021 | |
| WP5 - Voluntary Contribution maintenance | 0% | 10/29/2021 | 10/29/2021 | |
| WP6 – EPSA Retirement | 0% | 1/27/2022 | 1/27/2022 | |
| WP7 – EPSA Divorce | 0% | 4/28/2022 | 4/28/2022 | |
| WP8 - Pre-Retirement Death | 0% | 7/28/2022 | 7/28/2022 | |
| WP9 - Withdrawals | 0% | 11/17/2022 | 11/17/2022 | |
| WP10 – Post-Retirement Death | 0% | 3/31/2023 | 3/31/2023 | |

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

| Milestones Schedule | | | | |
|---|---|---|---|---|
| **Milestone** | **Percent Complete** | **Baseline Finish Date** | **Actual / Forecast Finish Date*** | **Status/ Notes** |
| WP11 - Maintaining Benefits | 0% | 8/24/2023 | 8/24/2023 | |
| WP12 - Full EPSA Set up screen | 0% | 12/21/2023 | 12/21/2023 | |
| Migration Finalization | 0% | 3/29/2024 | 3/29/2024 | |
| Project Complete | 0% | 4/24/2024 | 4/24/2024 | |

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project information: Member Choice

**Project start**: October 23, 2019 **| Project end:** August 4, 2021
**Project Manager:** Joli Whitney

## Project objective:

The Member Choice sections of SB 1049 give members a say in how their Individual Account Program (IAP) accounts will be invested. Members' regular IAP accounts are currently allocated to Target-Date Funds (TDF) based on their year of birth. Beginning with calendar year 2021, members will be able to elect a TDF other than the default TDF.

## Overall project status: Green

**Project Narrative:** The short term solution to meet the January 1, 2021 legislative mandate for Member Choice launched as scheduled on September 1. PERS provided access for members through Online Member Services (OMS) to make their optional TDF "Member Choice" election. A paper form for members who are unable or unwilling to use OMS was also be available on September 1. In the first week over 250 members submitted a choice for a TDF different than their default fund.

The team has begun construction on the next body of work, Work Package 2.1 (WP2.1) which contains only backlog items from the first work package.

**Short-term Solutions (to meet 1/1/21 Member Choice effective date)**
**WP1: Member Election – Short-term**

**WP1.1 Online Election**

- Production Deployment Date: 8/20/2020 (Complete)
- OMS Election Ability
- jClarety User Interface

**Other Sub-packages of WP1**

- WP1.2 Voya's updates to website and nightly sweep program- Deploys 1/19/2021
- WP1.3 PERS paper form election process including workflow (Complete- Deployed 8/12/2020)
- WP1.4 Development of new reports (to Voya and internal) – Deploys 10/2/2020

**WP2- Refining TDF Processes – Long-term**

**WP2.1** WP1.1 Backlog

- Production Deployment Date: 3/4/2021

**WP2.2** TDF Daily File Validator Tool

- Production Deployment Date: 5/27/21

**WP3- Earnings Rates and Validations Updates in jClarety – Long-term**

- Production Deployment Date: 6/30/2021
- Add IAP Earnings Rate table to jClarety
- Date of Birth (DOB) validation updates for jClarety employer reporting

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Budget health: Green

Member Choice Project is currently within the budget allocated by the Legislature.

| 29560 SB1049 - Member Choice Project Budget | | | | | |
|---|---|---|---|---|---|
| **Expenses** | **Budget** | **Actual to Date** | **Projections** | **Total** | **Variance** |
| *Personal Services - PERS | $ 860,000 | $ 506,020 | $ 350,000 | $ 856,020 | $ 3,980 |
| General Overhead Allocation | $ 220,138 | $ 130,454 | $ 88,000 | $ 218,454 | $ 1,684 |
| Personal Services - SB1049 | $ 569,354 | $ 85,850 | $ 449,500 | $ 535,350 | $ 34,004 |
| Office Expenses | $ 500 | $ 114 | $ 250 | $ 364 | $ 136 |
| Professional Services | 50,000 | $ 50,000 | | $ 50,000 | $ - |
| IT Professional Services | $ 1,450,000 | $ 620,355 | $ 806,211 | $ 1,426,566 | $ 23,434 |
| IT Expendable Prop | $ 6,340 | $ 5,535 | $ 500 | $ 6,035 | $ 305 |
| | | | | | |
| SB1049 Total Expenses | $ 2,296,332 | $ 892,309 | $ 1,344,461 | $ 2,236,770 | $ 59,562 |
| **Project Total** | **$ 3,156,332** | **$ 1,398,329** | **$ 1,694,461** | **$ 3,092,790** | **$ 63,542** |
| Average Monthly Spend (Burn Rate) | | $ 68,639.14 | $ 122,223.73 | | |
| *Not included in SB1049 Expenses | | | | | |

## Schedule Health: Green

Project activities are proceeding according to schedule. Activities continue with Deloitte to perform a detailed assessment to validate the effort estimates and resources for the schedule.

## Scope health: Green

The project scope is well understood.

Quality Assurance activities:

- Quality Check Point (QCP) of System Design Specification (SDS) v2.0 (for WP2) was approved on 9/9/20
- A QCP of the Work Package Construction Development Draft (WPD) was approved on 9/8/2020

Emerging concerns/needs/impacts:

- No emerging concerns

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## High Level Project Risks and Mitigation

Listed below are the most critical risks for this project.
For the complete Risk Log, please see the Risk Log tab in the most recent weekly status report: Member Choice Weekly Status Report

| # | Risk Description | Mitigation and/or Contingency Plan | Notes |
|---|---|---|---|
| 17 | **Competing SB 1049 Resources**: Critical resources are involved in multiple concurrent SB 1049 projects, limiting availability for individual projects | ➢ Careful coordinated schedule planning with Program Manager and Member Redirect Project Manager; affected staff are setting priorities and working overtime if needed. Business Owner or Program Business Owner may reassign other staff to help cover absences or help offset extreme workload periods. Deloitte continues to work with PERS to build an effort-based resource-loaded schedule to validate project assignments across all projects in the program | Shared resources across the SB 1049 Program continue to be a challenge. Schedule assessment from Deloitte should help identify resource contention and proactive planning of activities. Concerns over quality of work have been expressed, but these concerns have not resulted in any issues. |

## Project Issues and Action Plans

Listed below are the most critical issues for this project.
For the complete Issue Log, please see the Issue Log tab in the most recent weekly status report: Member Choice Weekly Status Report

| No | Issue | Resolution / Notes | Estimated Resolution Date |
|---|---|---|---|
| | No current issues | | |

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Project Schedule Deliverables and Milestones

| Milestones Schedule | | | | |
|---|---|---|---|---|
| **Milestone** | **Percent Complete** | **Baseline Finish Date** | **Actual / Forecast Finish Date*** | **Status/ Notes** |
| Baseline Project Schedule | 100% | 7/7/2020 | 7/7/2020 | |
| WP1.1 Development Complete | 100% | 6/26/2020 | 6/26/2020 | |
| WP1.1 Business Functional Testing Complete | 100% | 7/17/2020 | 7/17/2020 | |
| WP1.1 User Acceptance Testing Complete | 100% | 8/14/2020 | 8/14/2020 | |
| WP1.1 Deployment Complete | 100% | 8/20/2020 | 8/20/2020 | |
| Member Choice Election Period Opens | 100% | 9/1/2020 | 9/1/2020 | |
| WP2.1 Requirements Complete | 100% | 7/24/2020 | 8/25/2020 | More detailed business requirements were requested by the technical team |
| Member Choice TDFs Effective (Legislative deadline) | 0% | 1/1/2021 | 1/1/2021 | |
| WP2.1 Development Complete | 0% | 1/5/2021 | 1/20/2021 | More development time was requested following updated requirements |
| WP2.1 Business Functional Testing Complete | 0% | 1/26/2021 | 1/15/2021 | |
| WP2.1 User Acceptance Testing Complete | 0% | 2/4/2021 | 2/19/2021 | |
| WP2.1 Deployment Complete | 0% | 2/23/2021 | 3/4/2021 | The overall impact to schedule is deployment 1 week later than projected |
| WP3 Requirements Complete | 0% | 1/21/2021 | 1/21/2021 | |
| WP3 Development Complete | 0% | 5/4/2021 | 5/4/2021 | |

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# SB 1049 Implementation Program

**Status Report for September 18, 2020**

Executive Sponsor: Kevin Olineck
**Program Manager:** Christa Harrison

## Milestones Schedule

| Milestone | Percent Complete | Baseline Finish Date | Actual / Forecast Finish Date* | Status/ Notes |
|---|---|---|---|---|
| WP3 Business Functional Testing Complete | 0% | 5/24/2021 | 5/24/2021 | |
| WP3 User Acceptance Testing Complete | 0% | 6/23/2021 | 6/23/2021 | |
| WP3 Deployment Complete | 0% | 6/30/2021 | 6/30/2021 | |
| Project Close | 0% | 8/4/2021 | 8/4/2021 | |

*Finish Date Color: Green = on Schedule, Yellow = in Jeopardy, Red = Late

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Senate Bill (SB) 1049 Implementation Road Map

## 2019-2021 Biennium

| 2019 | | | | | | 2020 | | | | | | | | | | | | 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |

### Employer Programs

- **7/1/19 – Effective Date**
- 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens
- 11/27/19 – EIF Application #1 Closes
- 12/2/19 – EIF Application #2 Opens
- 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete
- 12/1/20 – EIF Application #2 Closes
- 5/19/2021 – Work Package (WP) 1 (ERPT Conversion) – Tentative
- 6/10/2021 – WP2 (Unfunded Actuarial Liability Resolution Program (UALRP) Launch) – Tentative

### Salary Limit

- 12/24/19 – Work Package (WP) 1 Short Term
- **1/1/20 – Effective Date**
- 1/24/20 – WP2 (Post 2020 Salary Limit) Long Term
- 10/22/20 – WP3 (User Screens to record annual salary limit) Long Term
- 4/1/21 – WP4 (Proration reports and workflow) Long Term
- 4/15/21 – Project Close

### Work After Retirement

- 12/19/19 – Work Package (WP) 1 (Retiree Wages Suspended) Short Term
- **1/1/20 – Effective Date**
- 9/18/20
- 10/22/20 – WP2 (New Wage Codes with General Ledger (GL) Integration) Long Term
- 4/22/21 – WP3 (OPSRP Return to Work Defect & Retro Rate Changes) Long Term
- 6/11/21 – Project Close

### Member Redirect

- 6/18/20 – Work Package (WP) 1 Release (Employee Pension Stability Account Set Up/Batch/ General Ledger) – Short Term
- **7/1/20 – Effective Date**
- 9/22/20 – Voluntary Contributions Initial Functionality – Long Term
- 11/19/20 – Voluntary Contributions Final Functionality Release – Long Term
- 1/26/2021 – WP2 (Voluntary Contribution Off-Line Tools) Long Term
- 3/23/2021 – WP3 (EPSA Earnings) Long Term
- 6/24/2021 – WP4 (EPSA Maintenance) Long Term

### Member Choice

- 10/23/19 – Project Kick Off
- 5/15/20 – Member Annual Statements (MAS) Flyer Communication
- 8/19/20 – Member Choice Notification
- 8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed
- 9/1-30/20 – Election Period
- **1/1/21 – Effective Date**
- 3/4/21 – WP2 OMS & jClarety Enhancements (Long Term)
- 5/1/21 – Member Choice reflected in MAS
- 6/30/21 – WP3 Earnings Rates and Validation Updates (Long Term)

Revised: September 17, 2020

# 2021-2023 Biennium

| | 2021 | | | | | | 2022 | | | | | | | | | | | | 2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PROJECTS | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
| **Employer Programs** | 7/13/2021 – Project Close – Tentative | | | | | | | | | | | | | | | | | | | | | | | |
| **Salary Limit** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Work After Retirement** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Member Redirect** | | | | 10/29/2021 – WP5 (Voluntary Contribution Maintenance) Long Term | | | 1/27/2022 – WP6 (EPSA Retirement) Long Term | | | 4/28/2022 – WP7 (EPSA Divorce) Long Term | | | 7/28/2022 – WP8 (Pre-Retirement Death) Long Term | | | | 11/17/2022 – WP9 (Withdrawals) Long Term | | | | 3/31/2023 – WP10 (Post-Retirement Death) Long Term | | | |
| **Member Choice** | | 8/4/21 – Project Close | | | | | | | | | | | | | | | | | | | | | | |

Revised: September 17, 2020

# 2023-2025 Biennium

**2023:** JUL, AUG, SEP, OCT, NOV, DEC
**2024:** JAN, FEB, MAR, APR, MAY, JUN, JUL, AUG, SEP, OCT, NOV, DEC
**2025:** JAN, FEB, MAR, APR, MAY, JUN

PROJECTS

**Employer Programs**

**Salary Limit**

**Work After Retirement**

**Member Redirect**

- 8/24/2023 – WP11 (Maintaining Benefits) Long Term
- 12/21/2023 – WP12 (Full EPSA Set up Screen) Long Term
- 3/29/2024 – Migration Finalization
- 4/24/24 – Project Close

**Member Choice**

Revised: September 17, 2020

Oregon

Kate Brown, Governor

**Public Employees Retirement System**
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

FROM: Kevin Olineck, Director

SUBJECT: Board Funding Policy

## OVERVIEW

Action: Adopt the proposed Board Funding Policy

## BACKGROUND

As a follow up to the October 2019 Secretary of State Actuarial Review entitled: *A Review of the Oregon Public Employees Retirement System*, management was to develop a single written funding policy document that incorporates the entire rate setting policy, including rate collaring.

Attachment 1 is the proposed Funding Policy (the "Policy" in this memo) for the board's review and adoption. Management reviewed numerous peer organizations' policies and related professional literature regarding the development of funding policies and is proposing one that reflects the current rate setting process, as well as incorporates the funding guidelines the board adopted in 2005.

This Policy was discussed at the August 7, 2020 Audit Committee meeting. After review, the Committee recommended that it be brought to the October board meeting for review and adoption.

## BOARD OPTIONS

The PERS Board may:

1. Pass a motion to "adopt the Board Funding Policy, as presented."
2. Direct staff to make other changes to the Policy or explore other options

## STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1

Attachment 1 –*Board Funding Policy*

# PERS Funding Policy

**Statutory Authority**

Oregon Revised Statutes Chapter 238 sets out the statutory duties of the PERS Board ("the Board" for the purposes of this document) including:

- Administer the system to create and maintain long-term stability and viability in the system, and shall act to achieve full funding for the benefits provided by the system, giving equal consideration to the interests of the public employer and the employee, to the extent that treatment does not violate the fiduciary duties of the Board.
- Publish an actuarial report at least once every two years, evaluating the system's current and prospective assets and liabilities and its financial condition, including the mortality, disability, and other experience of the members and employers.
- Adopt actuarial equivalency factor tables at least once every two years, using the best actuarial information on mortality available at the time of adoption.

**Funding Policy Background**

A funding policy provides a transparent, dependable and systematic process to ensure System funding objectives are met over the long-term. As fiduciaries of the PERS System, the Board has a fundamental objective to ensure the System is adequately funded, through current plan assets and future contributions and investment earnings, in order to provide the benefits to the members when due.

In 2004, the Board adopted high-level objectives to assist in guiding the funding of the System as follows:

- Transparency of shortfall and funded status calculations
- Predictable and stable employer contribution rates
- Protection of the System's funded status to enhance benefit security for members
- Equity across generations of taxpayers funding the program
- Actuarial soundness – the objective is to craft a funding policy that will fully fund the System over a selected time period if assumptions are met
- Compliance with GASB (Governmental Accounting Standards Board) requirements

While the Board acknowledges there are inherent conflicts and tensions between the objectives noted above, it recognizes that funding policy decisions should be aligned with the long-term nature of the plans and the System's funding objectives.

**The PERS Funding Equation**

The Board, as part of this Funding Policy, acknowledges the fundamental equation of pension plan financing, the role that various entities, including the Board, play within that equation, and the fact that the Board's primary responsibility within the equation is to set a contribution rate that balances this equation.

$$B = C + E$$

| BENEFITS = | CONTRIBUTIONS + | EARNINGS |
|---|---|---|
| present value of earned benefits | employer and member funds to pay pension benefits | future returns on invested funds |
| **Design set by:** Oregon Legislature | **Set by:** PERS Board | **Managed by:** Oregon Investment Council |

**Investment Decisions and Oversight**

The Board is not charged, in Statute, with the investment of the PERS Fund. The Oregon Investment Council (OIC) oversees the investment and allocation of all State of Oregon trust funds, including the Oregon Public Employees Retirement Fund (OPERF). The three primary governance documents that guide the OIC are as follows:

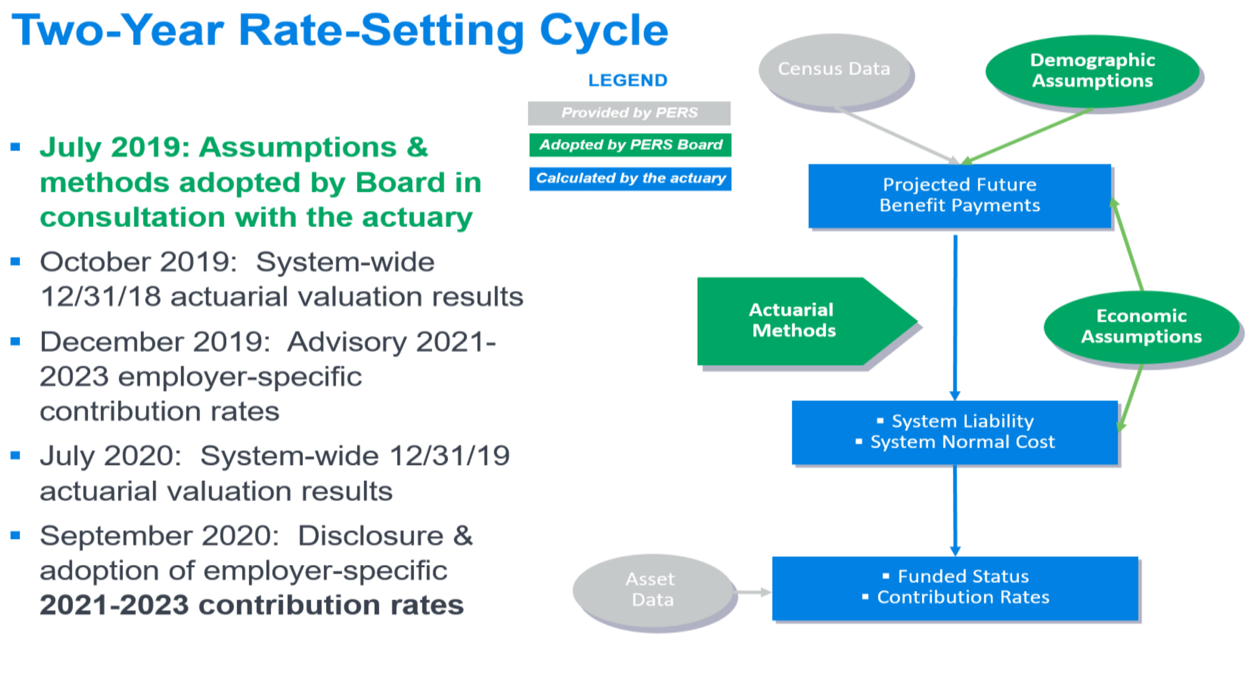
*Statement of OIC Investment Beliefs and Management Beliefs*
*Statement of Funds Governance*
*Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund*

While the Board and the OIC are separate entities and operate accordingly, there is an obvious and necessary requirement for the two entities to be aware of and informed by the other's decisions. To that end, the Board and OIC have instituted regular joint meetings that take place in June of odd-numbered years. This meeting follows the April OIC meeting where the OIC reviews and adopts the OPERF asset allocation policy, including up-to-date market expectations for future investment returns, and precedes the PERS Board meeting where the Board adopts new actuarial assumptions and methodologies, including the actuarial assumed rate of return to be used in future actuarial valuations and actuarial equivalency factors.

Additionally, the PERS Director is an ex-officio member of the OIC and is charged with keeping the OIC informed of any changes to the PERS System that may impact OPERF. As an OIC member, the PERS Director also keeps the PERS Board informed of OIC policies that may impact OPERF.

**Contribution Rate Setting Cycle**

The Board has established a two-year cycle for completing actuarial valuations. The analysis and valuations done in an odd-numbered year (i.e., 2019, with results as of December 31, 2018) are deemed to be "advisory" valuations, in that they do not directly impact employer contribution rates. Instead, these results allow employers an opportunity to understand what their estimated contribution rates are, in order to appropriately budget for future contributions. In the even-numbered years (i.e., 2020, with results as of December 31, 2019) the actuarial results are reviewed and formally adopted by the Board and the next biennium's (i.e. July 1, 2021 through June 30, 2023) employer contribution rates are set based on those results.




**Biennial Actuarial Experience Studies and Adoption of Actuarial Assumptions & Methodologies**

In odd-numbered years, as part of the biennial Contribution Rate Setting Cycle noted above, the Board, over multiple meetings, shall review, and ultimately adopt as necessary, revised actuarial assumptions and methodologies. As part of this review cycle, the consulting actuary will perform an actuarial experience study to assist the Board in reviewing the experience of the System and provide a recommendation on changes to assumptions and methodologies.

The adopted assumptions and methodologies shall remain in effect for the next two-year valuation cycle absent any subsequent action by the Oregon Legislature that would modify either the assumptions and methods or the level of projected System benefits.

Actuarial Methodology

The following are the key actuarial assumptions and methodologies adopted by the Board in 2019.

| **Method** | **December 31, 2018 and 2019 Valuations** |
|---|---|
| Investment Return Assumption | 7.20% |
| Cost Method | Entry Age Normal |
| Funded Status | The actuarial value of assets expressed as a percentage of the actuarial accrued liability. For the purposes of this policy, funded status is determined without taking side account balances into effect. |
| Asset valuation method | Market value of assets, excluding amounts in the Contingency Reserve, Capital Preservation Reserve, and Tier 1 Rate Guarantee Reserve. The Tier 1 Rate Guarantee Reserve will not be excluded if it is in deficit status. |

| | |
|---|---|
| Unfunded Actuarial Liability (UAL) Amortization Method | UAL amortized using closed, layered periods as a level percent of combined Tier 1/Tier 2 and OPSRP payroll. |
| UAL Amortization Period | UAL bases – closed amortization from the first rate-setting valuation in which experience is recognized.<br>• For the December 31, **2019** Valuation only, all existing Tier 1 and Tier 2 UAL will be re-amortized over a 22 year period as per SB 1049 (2019).<br>• For future valuations, new layers of Tier 1 and Tier 2 UAL will revert back to a 20 year amortization period.<br>• OPSRP – 16 year amortization period.<br>• RHIA – 10 year amortization period.<br>• Newly established side accounts – Typically amortized over the remainder of the 20-year period from the most recent rate-setting valuation. Employers who make lump sum payments in accordance with the rules of OAR 459-009-0086(9) may select a shorter amortization period of either 6, 10, or 16 years since the most recent rate-setting valuation.<br>• Newly established transition liabilities or surpluses – 18 years from the date joining the SLGRP (State & Local Government Rate Pool). |
| Rate Collar | Change in the base contribution rate for an experience-sharing pool limited (i.e., collared) to greater of 20% of current base rate or 3% of payroll, when the funded status is 70% or greater. Size of collar doubles if funded percentage excluding side accounts falls below 60% or increases above 140%. 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. Exclude RHIA and RHIPA (retiree medical) rates from the rate collar calculation. |

**Actuarially Determined Contributions & Rate Collaring**

It is the Board's intent to determine, for the next biennium, the actuarially determined contribution rate (ADC). This contribution rate will be calculated in a manner that will, ultimately, fully and systematically fund the long-term costs of promised benefits, while balancing, as best possible, the at-times competing funding objectives noted above.

It is important to note that, for the purposes of describing the ADC, the Board takes into account the rate collaring process set out in the actuarial assumptions and methodologies. The ADC is then described as the collared rate. This policy for determining the ADC has been in effect since it was adopted by the Board for the December 31, 2005 actuarial valuation, which set contribution rates for the 2007-2009 biennium. The collared rate for an experience-sharing pool consists of the normal cost rate and the UAL rate, as limited by the rate collar.

In addition to the pension contributions noted above, all employers contribute to the Retirement Health Insurance Account (RHIA). Further, State Agencies and State Judiciary also contribute to the Retiree

Health Insurance Premium Account (RHIPA). While Only Tier 1 and Tier 2 members are eligible for these benefits, the Board has determined that the normal cost rates are only charged to Tier 1/Tier 2 payroll, but the UAL rates are charged to all payrolls.

Contribution rate volatility under ADC funding can be mitigated using a number of smoothing techniques, either on the inputs (e.g., asset smoothing) or the output, which is the contribution rate, (i.e. rate collaring). Asset smoothing is an actuarial method used to systematically recognize gains and losses in assets over a pre-determined period of time (typically five years) to reduce the effects of market volatility and provide stability to actuarially calculated contribution levels. The net effect is the same: smoothing of contribution rates.

The Conference of Consulting Actuaries has stated that use of the rate collaring methodology is acceptable so long as it is "supported by analysis and projections to show the effect on future funded status and future policy based contribution requirements (prior to the application of the contribution collar). There may also need to be a mechanism to ensure adequate funding following extraordinary actuarial losses." These two elements form part of PERS' rate collaring methodology.

**Funding Risks**

In order to fund the plans at an acceptable projected budgetary contribution cost over the long term, taking on a degree of investment and other funding risks is considered appropriate. The Board is responsible for determining the appropriate overall level of funding risk and determining strategies to mitigate the following funding risks. Examples of these strategies include performing yearly actuarial valuations, yearly stochastic financial modeling exercises, and a full experience study on a biannual basis.

The plans are impacted by a range of economic risk factors, including inflation rates and interest rates. Inflation rates can affect overall salary increases, while interest rates can impact the present value of plan liabilities and investment returns.

Investment risk is a significant risk factor that affects the funding of the plans. Investment performance has a direct influence on the plans' funded status, and changes to future investment return expectations influence both the funded status and the projected level of the plans' actuarially calculated contribution rates. The Board takes into account the OIC's up-to-date market expectations for future investment returns into consideration, which includes investment risk, as part of their overall risk review.

Demographic risk factors for the plans include the general characteristics of the plans' populations, such as member age, sex, marital status, expected longevity, salary progression rates, termination rates, and early retirement rates. These variables directly impact the projected pension liability, and there is a risk that the plans' demographic experience varies from the projection. While demographic factors, in general, change slowly over the short term, they are important drivers of long-term plan funding risk, particularly long-term longevity factors for retiree life expectancy.

The distinction between Tier 1, Tier 2, and OPSRP membership is an important demographic risk factor, since the contribution rates paid by an employer vary by payroll type.

The risks related to having assets readily available to fund benefit payments, when needed, requires effective management of the plans' liquidity. To the extent that the average duration of the plans' liabilities are relatively long, with no immediate net cash outflow, the assets may be managed with a longer time horizon, exhibiting low liquidity and higher equity allocation. When a greater proportion of assets invested by the OIC are expected to directly support near-term benefit payments, managing the liquidity risk related to asset-liability matching will be increasingly important.

Public sector pension plans face a level of scrutiny and attention not faced by other pension plans. There is a risk that funding decisions can become unduly influenced by temporary external pressures or opinions. Adopting a funding policy establishes a solid framework for funding decisions and helps mitigate this risk.

Governance of the plans requires careful coordination between many entities – the PERS Board, OIC and the Oregon Legislature. Authority, accountability, cost monitoring, and reporting related to the plans can be challenging, given the distributed nature of the governance structure.

Confidence in the risk assessment of the plans depends on plan data, computer systems, programs and risk models used to conduct this assessment. Confidence also depends on the transparency, understandability, and soundness of the Board's funding policy. Ensuring accuracy of plan data, systems, and models is important to mitigate risk.

**Review Cycle**

This funding policy will be reviewed biennially as part of the odd-numbered year review of the System's actuarial assumptions and methodologies.

**REFERENCES:**

ACTUARIAL STANDARDS BOARD

Actuarial Standards Board (ASB). (n.d.). *Measuring pension obligations and determining pension plan costs or contributions*. http://www.actuarialstandardsboard.org/asops/measuring-pension-obligations-determining-pension-plan-costs-contributions/

CONFERENCE OF CONSULTING ACTUARIES

Conference of Consulting Actuaries Public Plans Community (CCA PPC). (2014). *Actuarial funding policies and practices for public pension plans*. https://www.ccactuaries.org/Portals/0/pdf/CCA_PPC_White_Paper_on_Public_Pension_Funding_Policy.pdf

GOVERNMENT ACCOUNTING STANDARDS BOARD

Government Accounting Standards Board of the Financial Accounting Foundation (GASB). (2012). *Statement #67 of the Government Accounting Standards Board: Financial reporting for pension plans*. https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160220594&acceptedDisclaimer=true

Government Accounting Standards Board of the Financial Accounting Foundation (GASB). (2012). *Statement #68 of the Government Accounting Standards Board: Statement #68 Accounting and financial reporting for pensions*. https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176160220621&acceptedDisclaimer=true

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Government Finance Officers Association (GFOA). (n.d.). *Core elements of a funding policy.* https://www.gfoa.org/materials/core-elements-of-a-funding-policy

OREGON INVESTMENT COUNCIL

Oregon State Treasury (OST). (2018). *INV 1202: Statement of funds governance*. https://www.oregon.gov/treasury/invested-for-oregon/Documents/Invested-for-OR-OIC-INV/Invested-for-OR-OIC-INV-1202--Statement-of-Funds-Governance.pdf

Oregon State Treasury (OST). (2019). *INV 1201: Statement of OIC investment and management beliefs*. https://www.oregon.gov/treasury/invested-for-oregon/Documents/Invested-for-OR-OIC-INV/Invested-for-OR-OIC-INV-1201--Statement-of-OIC-Invest-and-Mgmt-Beliefs.pdf

Oregon State Treasury (OST). (2020). *INV 1203: Statement of investment objectives and policy framework for the Oregon Public Employees Retirement Fund.* https://www.oregon.gov/treasury/invested-for-oregon/Documents/Invested-for-OR-OIC-INV/Invested-for-OR-OIC-INV-1203--Statement-of-Investment-Objectives-and-Policy-Framework.pdf

PERS

Larrabee, M., & Preppernau, S. (2019). *Oregon Public Employees Retirement System: Actuarial experience study (2018)*. Milliman, Inc. https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

Larrabee, M., & Preppernau, S. (2019). *Oregon Public Employees Retirement System: System wide valuation report (2018)*. Milliman, Inc. https://www.oregon.gov/pers/Documents/Financials/Actuarial/2019/12312018%20Actuarial%20Valuation.pdf

Larrabee, M., & Preppernau, S. (2020). *Oregon Public Employees Retirement System: Overview of rate collaring policy*. Milliman, Inc. https://www.oregon.gov/pers/Documents/Board-Meetings/2020/PERS-Board-Packet-03-30-20.pdf

Oregon

Kate Brown, Governor

**Public Employees Retirement System**
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

| | |
|---|---|
| TO: | Members of the PERS Board |
| FROM: | Dean Carson, Susannah Bodman, and Shawn Dempewolf, PERS Communications Section |
| SUBJECT: | 2020 Member and Employer Satisfaction Survey Results |

In 2005, the Legislature required all agencies to survey for standardized customer service performance measures and report results in their budget presentations. In continued accordance with this requirement, PERS conducted annual satisfaction surveys for members and employers in May 2020. Similar to previous years, PERS informed members and employers about the survey opportunity primarily through GovDelivery emails. Information about the surveys was also made available in the April 2020 member newsletter, *Perspectives*, the May monthly employer newsletter, and on numerous pages on the PERS website.

**2020 MEMBER SATISFACTION SURVEY KEY FINDINGS**

- 7,711 total responses (2,959 total nonretirees, 38% of respondents)
  - Highest response rate in PERS' recent history, most nonretiree responses ever
- Percent rating PERS' overall quality of service as "excellent" or "good" = 89.4% (94.9% among retirees, 78.4% among nonretirees)
- Primary communication channel: GovDelivery (e.g., May 1 email to 38,000 contacts, ~20% response rate)

Overall, PERS' 2020 results for members show an increase in satisfaction from 2019 and were fairly similar to 2018 results, following the trend of higher satisfaction during years when the Legislature is not in regular session. This is notable as overall member response rates continued to increase year-to-year, including from nonretired members.

**2020 EMPLOYER SATISFACTION SURVEY KEY FINDINGS**

- 270 total responses
- Percent rating PERS' overall quality of service as "excellent" or "good" = 88.6%
- Primary communication channels: GovDelivery (e.g., May 1 email to 2,765 contacts, ~9.7% response rate)

2020 results for employers show a small increase in overall satisfaction. The results do reflect a much lower response rate. PERS employers may have been focused on other reporting requirements during the COVID-19 pandemic.

**Analysis and Results:** Included with this memo is a presentation outlining the key survey results, analysis, and discussion of themes from member and employer comments. PERS' Senior Marketing and Communications Specialist, Member Communications Specialist, and Employer Communications Specialist will highlight key data during the presentation to the board.

C.5. Attachment 1 - 2020 Member and Employer Satisfaction Survey Results

OREGON

PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

# 2020 Member and Employer Satisfaction Survey Results

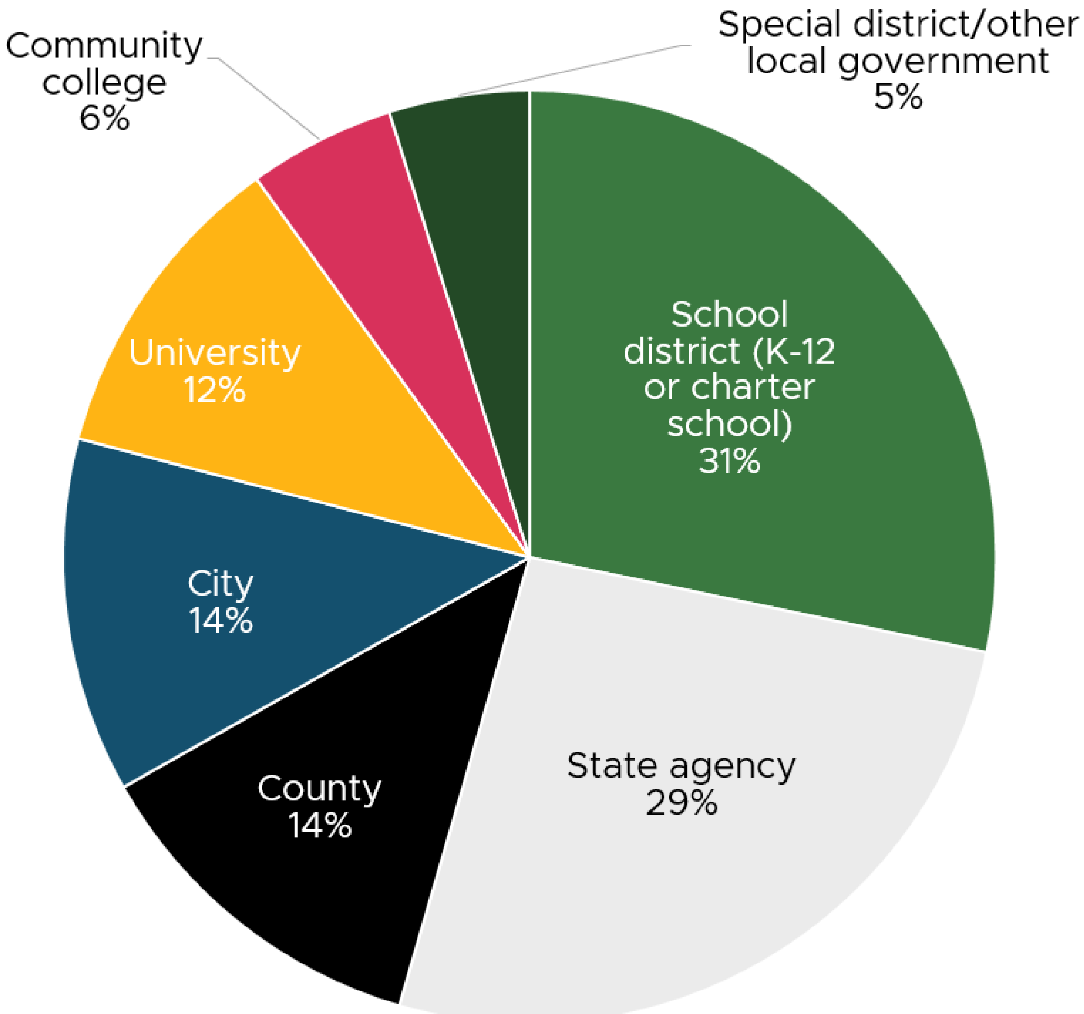
# 2020 Member Satisfaction Survey

## Overview

- Conducted May 2020
- Simpler, shorter survey than in 2019
- More than 38,000 members notified primarily via GovDelivery emails
- **7,711 members responded** (~20% response rate)
- ~60% retirees, ~40% nonretirees (rounded)
    - Tier One members most responsive, especially among retirees
    - Tier One/Tier Two and OPSRP evenly represented (nonretirees)
    - Most nonretiree respondents ever – nearly 3,000

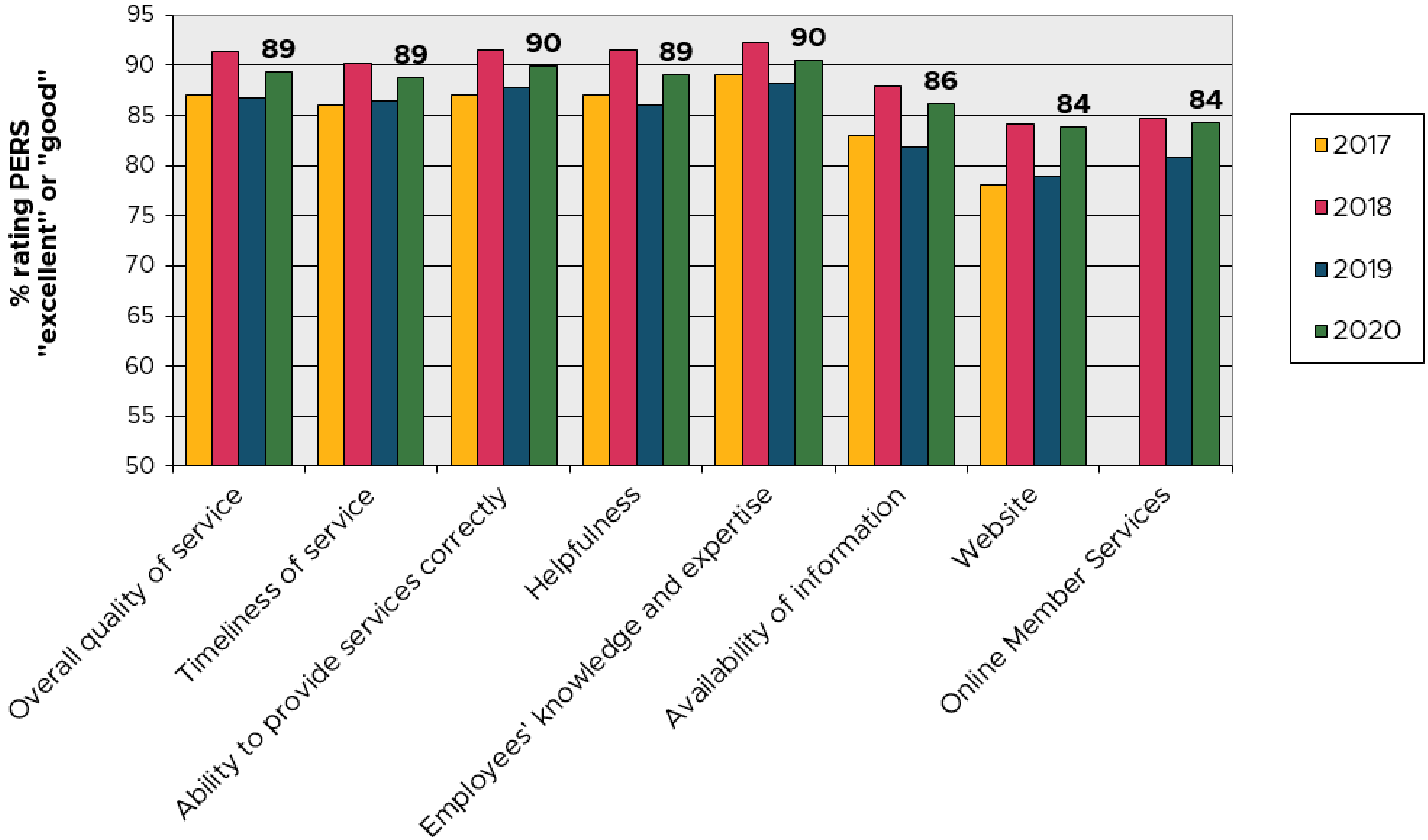
OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Where nonretired members work



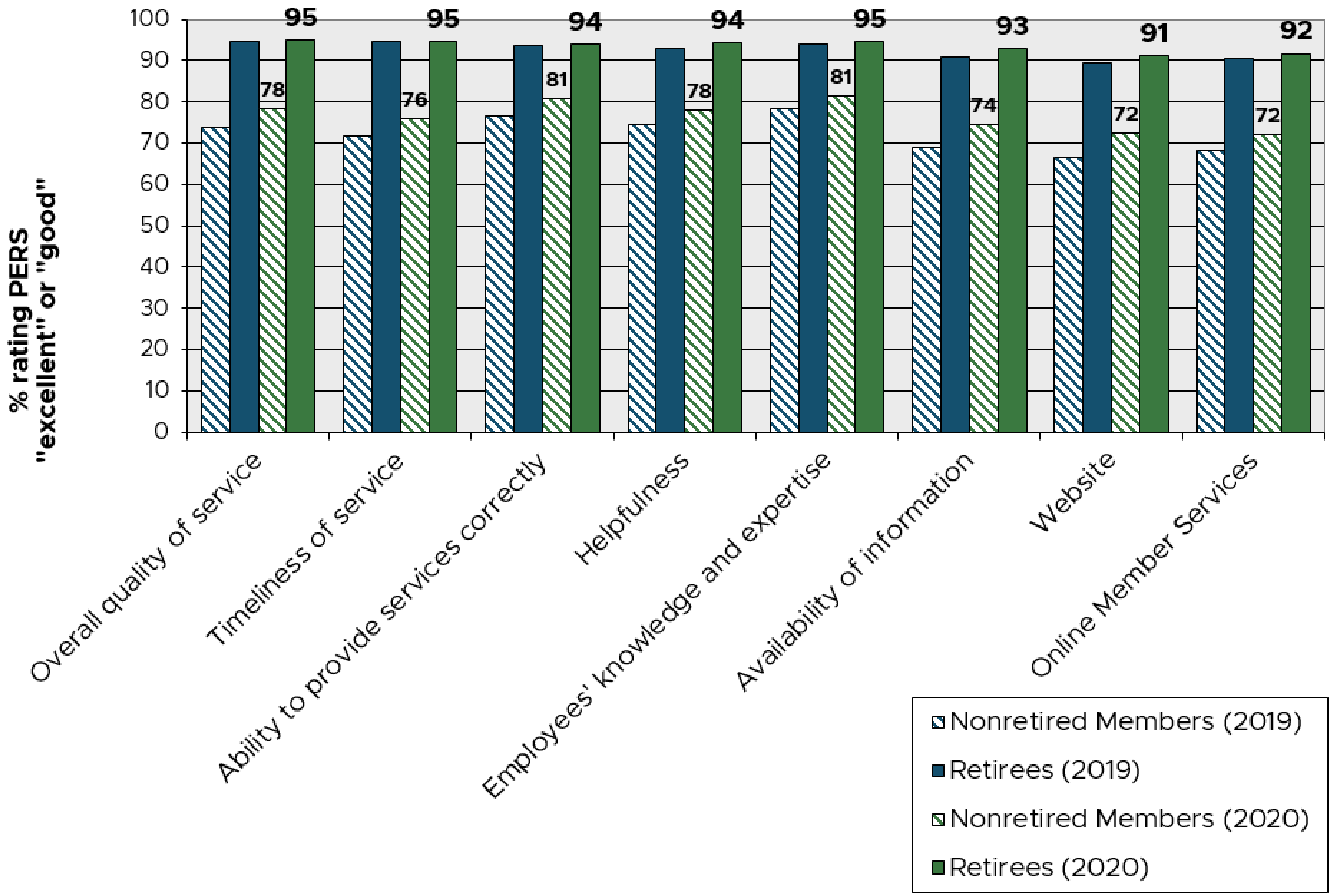

- Percentages rounded up

# Member satisfaction ratings: 2017-20



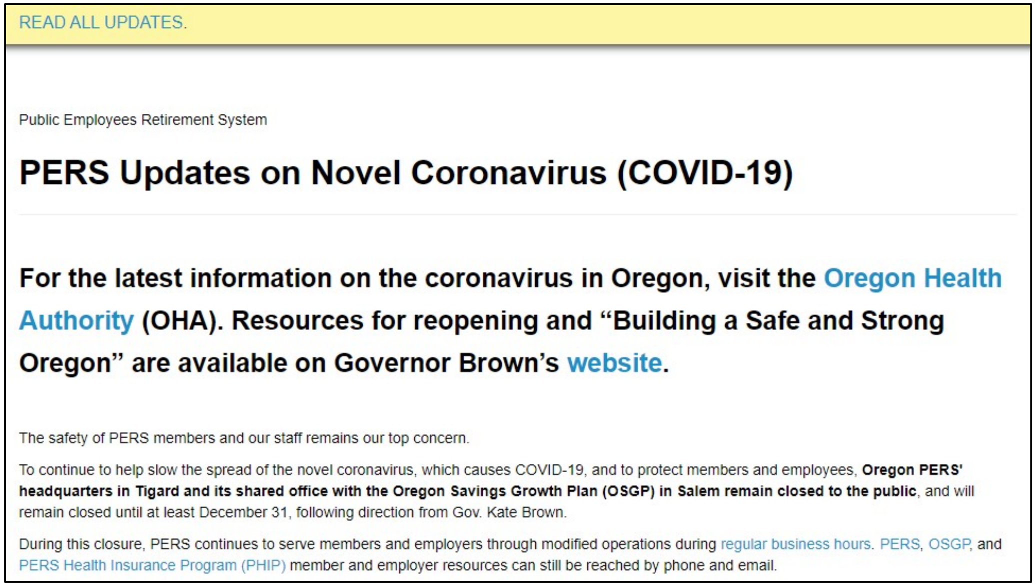

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Nonretired members vs. retirees: 2019-20



# Top member issues in comments

- **Security of retirement benefits** – COVID-19 market volatility and economic concerns
- **Action steps:**
  - Regularly updated PERS website with COVID-19-related information, including links to statements from Oregon Treasury and other resources

READ ALL UPDATES.

Public Employees Retirement System

## PERS Updates on Novel Coronavirus (COVID-19)

**For the latest information on the coronavirus in Oregon, visit the Oregon Health Authority (OHA). Resources for reopening and "Building a Safe and Strong Oregon" are available on Governor Brown's website.**

The safety of PERS members and our staff remains our top concern.

To continue to help slow the spread of the novel coronavirus, which causes COVID-19, and to protect members and employees, **Oregon PERS' headquarters in Tigard and its shared office with the Oregon Savings Growth Plan (OSGP) in Salem remain closed to the public**, and will remain closed until at least December 31, following direction from Gov. Kate Brown.

During this closure, PERS continues to serve members and employers through modified operations during regular business hours. PERS, OSGP, and PERS Health Insurance Program (PHIP) member and employer resources can still be reached by phone and email.

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Top member issues in comments

- **Senate Bill 1049 changes to benefits** – Especially Member Redirect
- **Action steps:**
  - Information provided to members via multiple updates to SB 1049-related PERS webpages, GovDelivery emails, and newsletter articles
  - New materials planned for 2021 to help members understand agency versus Legislature's roles

**IAP Redirect Begins July 1**

Starting July 1, 2020, because of SB 1049, if you earn **more than $2,500 a month**, a **portion** of your 6% IAP contributions will be redirected to a new "Employee Pension Stability Account" (EPSA). Your EPSA will be used to pay for part of **your** future pension benefit. These changes to your IAP contributions will not affect the amount you will receive as your monthly pension benefit when you retire.



**PERSPECTIVES**

*For OPSRP members (hired after August 28, 2003)*

August 2020 edition

OREGON PERS

SENATE BILL 1049

**Member Choice window on horizon, IAP Redirect in effect**

*Find the latest information about Senate Bill (SB) 1049 on the PERS website, and stay informed by signing up for GovDelivery email or text updates.*

**September 1, 2020**

**Member Choice window opens**

Between **September 1** and **September 30**, you can elect, via PERS Online Member Services, to invest your Individual Account Program (IAP) balance in an IAP Target-Date Fund (TDF) that better reflects your retirement savings goals. PERS will provide more

Choice on the PERS website. If you are signed up for the IAP Target-Date Fund/Member Choice Updates topic in GovDelivery, you will receive an email or text alert once the window opens.

**Changes now in effect**

**IAP Redirect**

Watch our new, animated videos that explain the two parts to your retirement and what SB 1049 changed with your IAP contributions. Find full details on our webpage about SB 1049 changes to member contributions.

**COVID-19: PERS remains committed to our members**

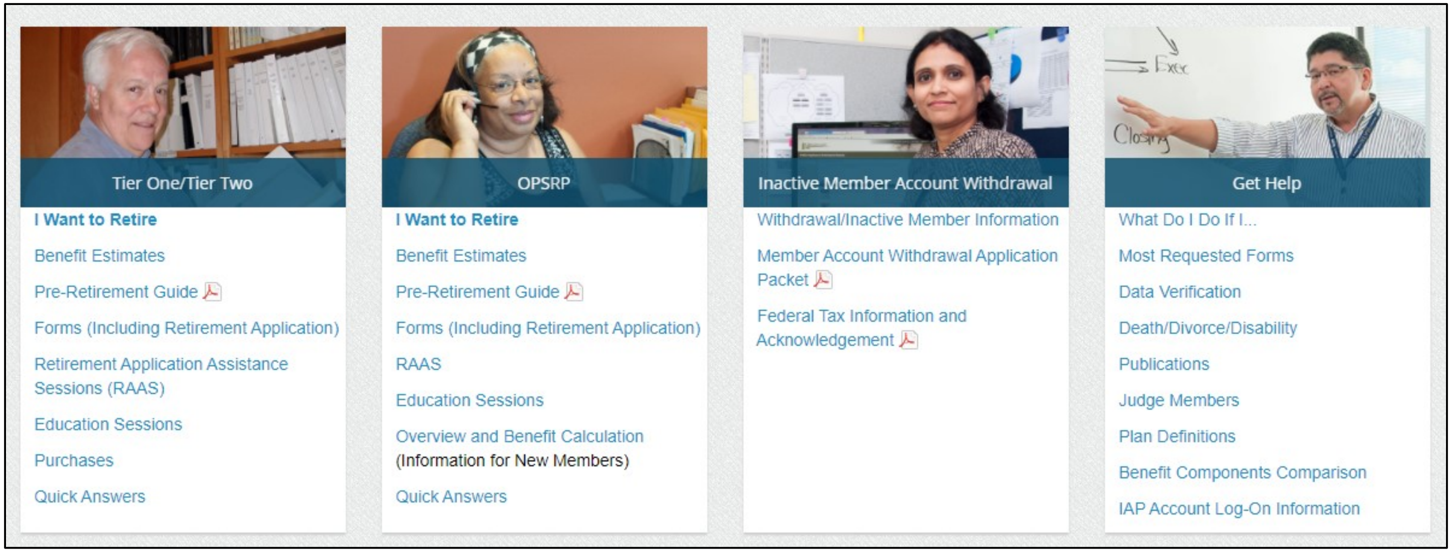
PERS members and staff have weathered many challenges these past few months in the wake of COVID-19. While we have not yet put the pandemic behind us, as PERS director, I wanted to take a moment to express the agency's appreciation for you, our members, during these unprecedented times.

**KEVIN OLINECK**
PERS Director

Thank you for your patience, understanding, and flexibility

# Top member issues in comments

- **Website and member information/account access** – Members want simpler information and better web and account tools
- **Action steps:**
  - Website redesign plans for 2021
  - Continue to work with members, internal subject matter experts to ensure accuracy and clarity of information online




OREGON PERS PUBLIC EMPLOYEES RETIREMENT SYSTEM

# New Communications POBMS measure

- Level of agreement with survey prompt **"PERS sends communications that are relevant to my needs"** now tracked as annual PERS Outcome-Based Management System (POBMS) measure for Communications
  - Retirees: 94% agree
  - Nonretirees: 77% agree

| PROCESS MEASURES: Communicating Internally & Externally | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | | Measure Name | Measure Calculation | RANGE | | | Target | Desired Perform | Data Collectio | Data Source | Measure Owner | Last Status | Status | Trend |
| | | | | Red | Yellow | Green | | | | | | | | |
| Quality | SP1b | Communications Relevance | % of members who agree that PERS sends communications relevant to their needs | <70% | 70-80 | >80% | 90% | ↑ | Annually | Member Sat Survey | D. Carson | 83% | 88% | + |

OREGON PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

# 2020 Employer Satisfaction Survey

## Overview

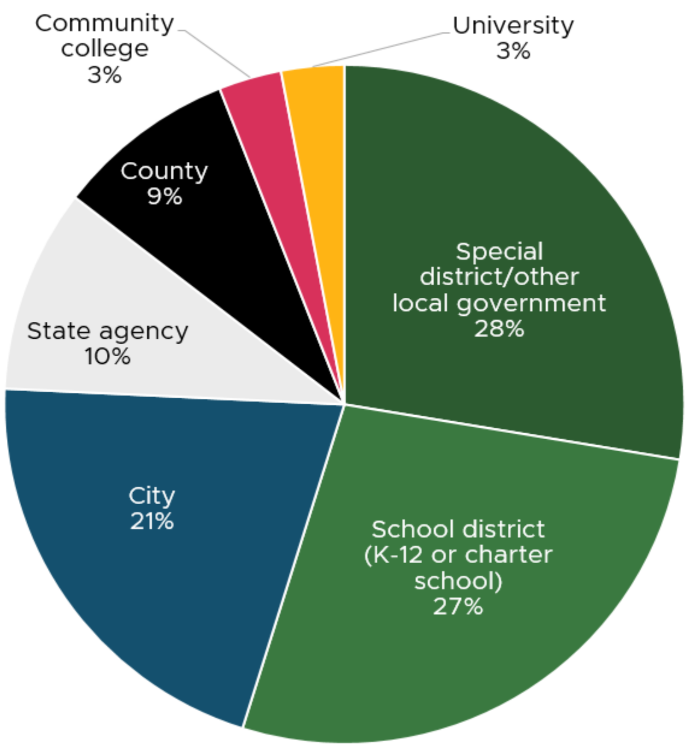
- Conducted May 2020
- Sent to 2,765 employer contacts

## Responses

- **270**
  — ~10% response rate
- Lower than previous two years
  — 377 responses last year

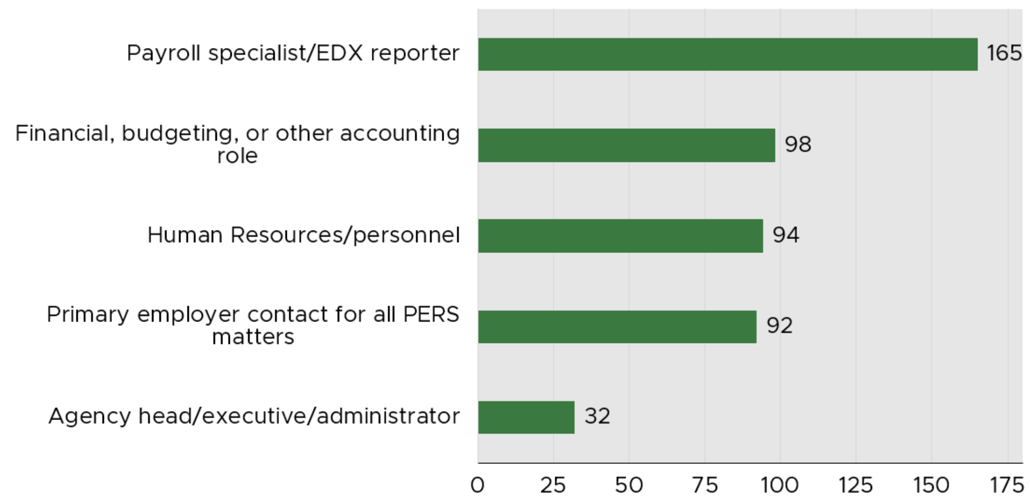
# Employer types and roles

## Employer Category




- Percentages rounded up

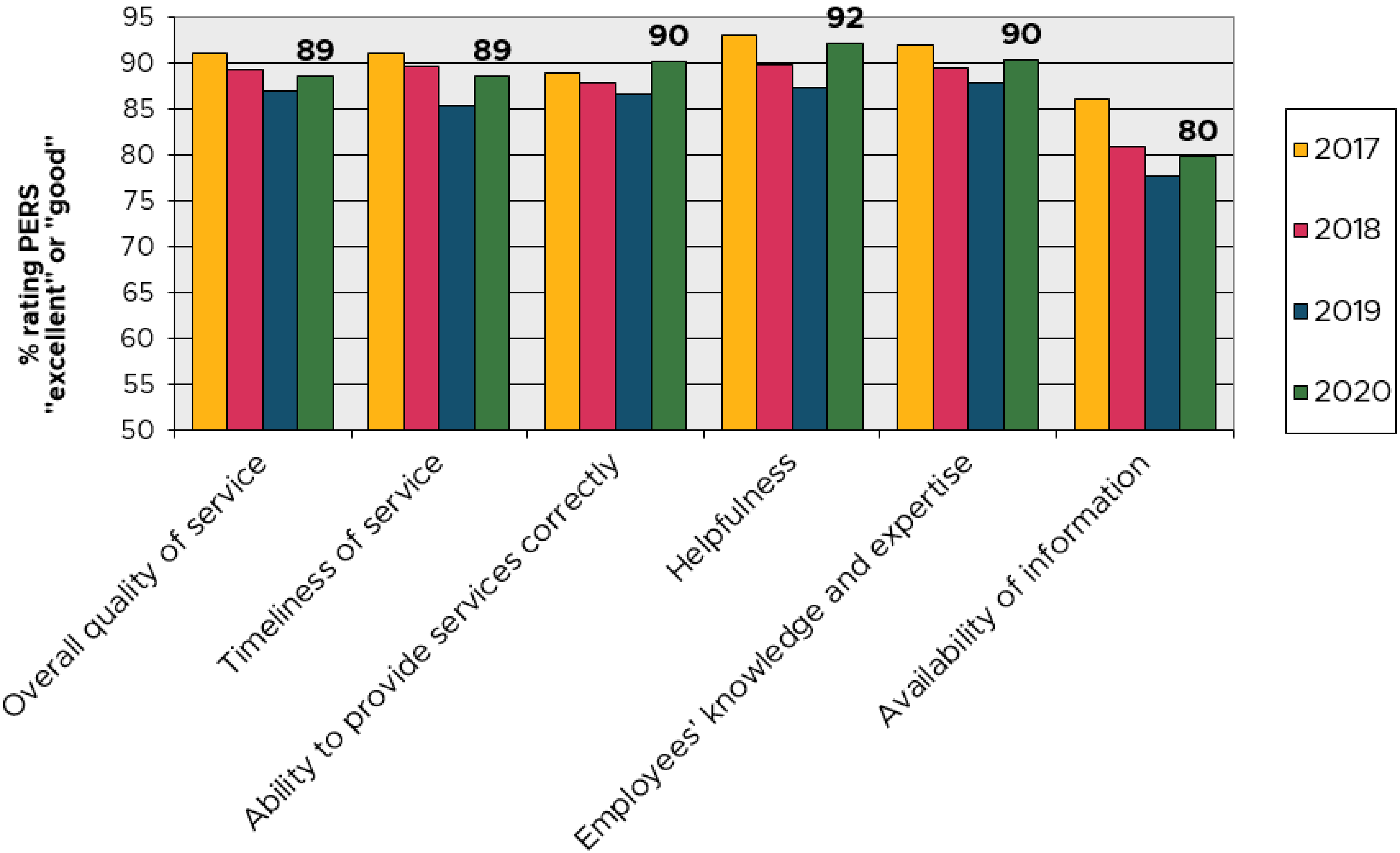
## Job Function




- Designates quantity

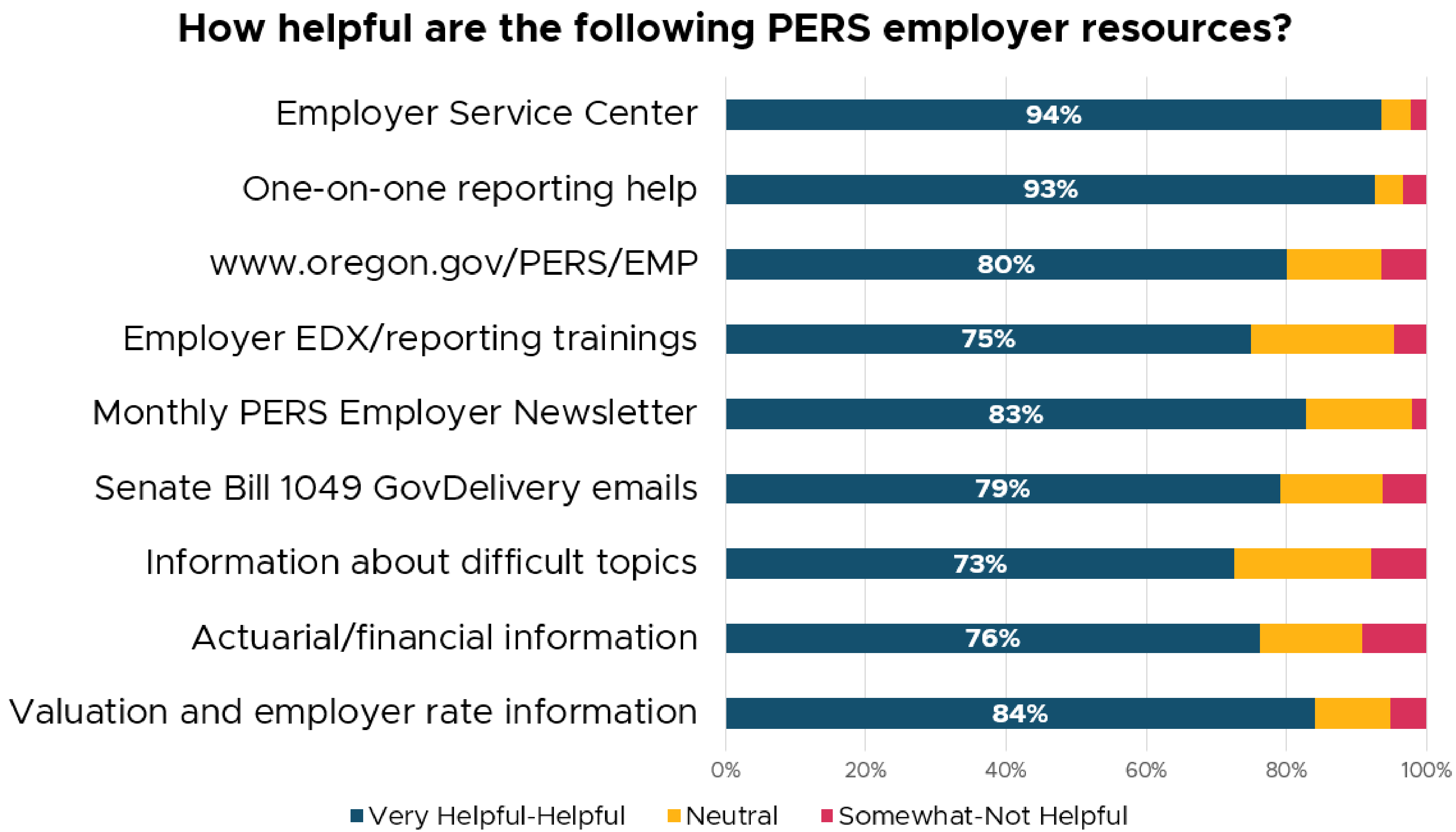
- Similar distribution to 2019 results

# Employer satisfaction ratings 2017-20




OREGON PERS PUBLIC EMPLOYEES RETIREMENT SYSTEM

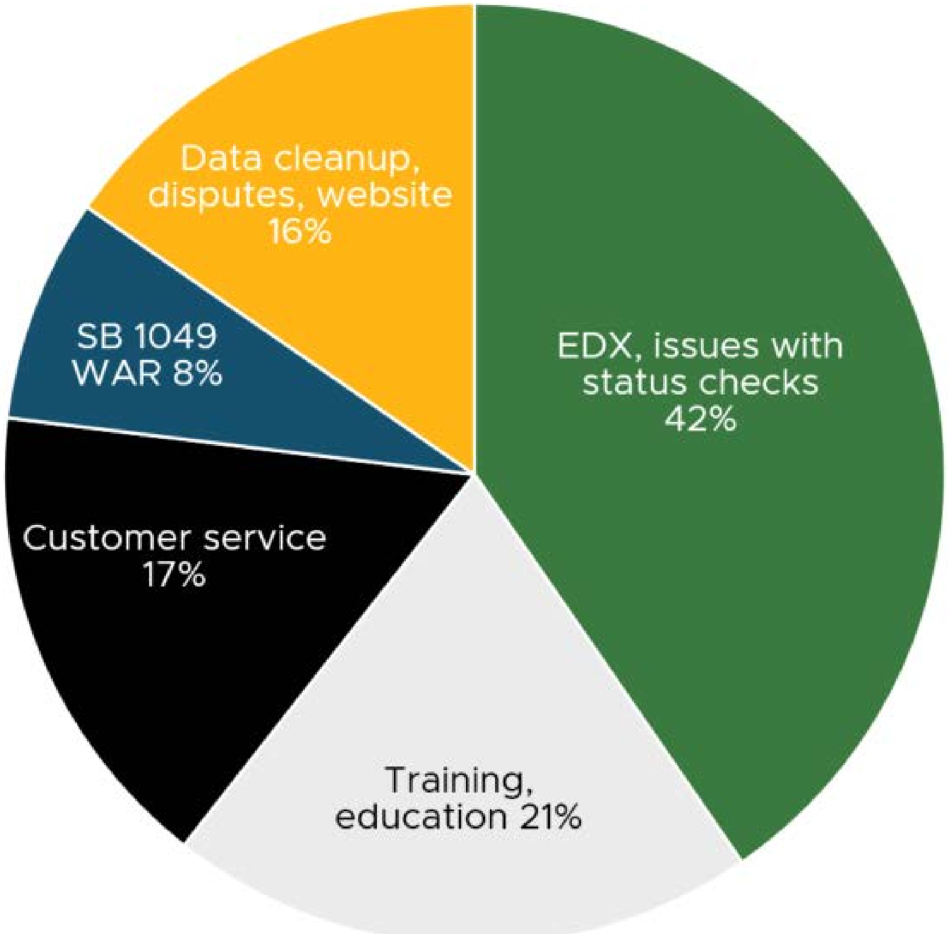
# Employer resource ratings




*N/A (I do not use this PERS employer resource) answers removed*

OREGON PERS PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Top employer comments: Payroll/EDX reporters



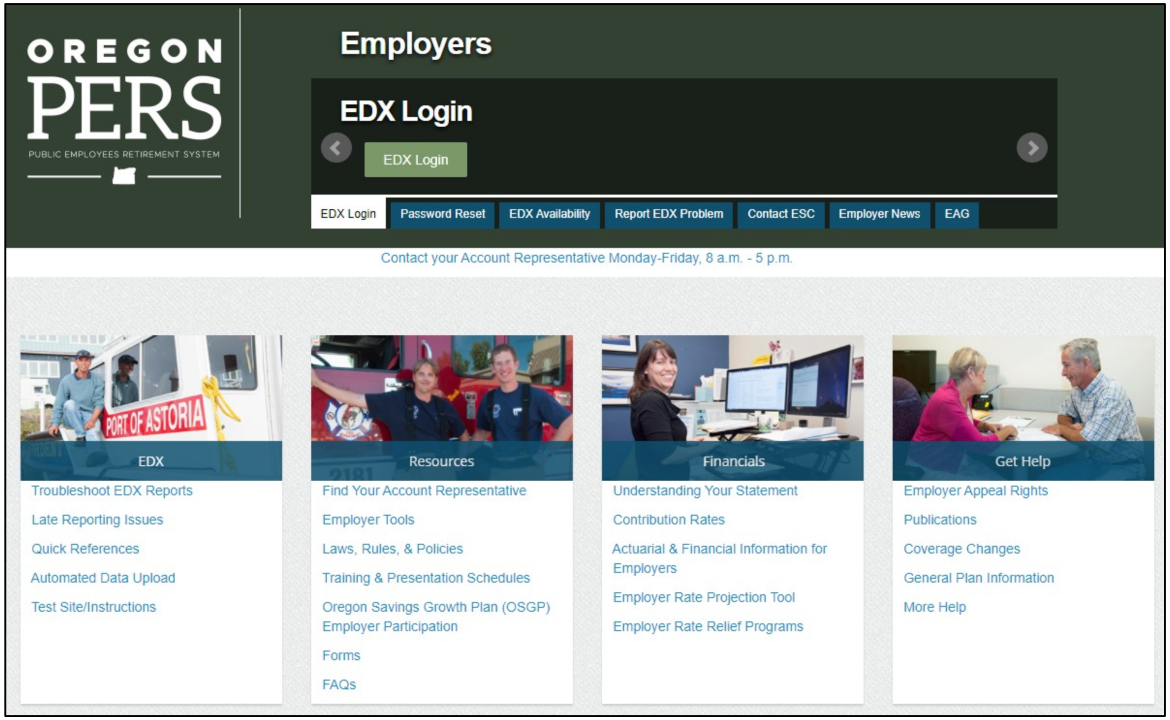

- Customer service comments were mostly positive
- Employers looking for more training, simpler information
- Challenges with known EDX issues, retiree (SB 1049 Work After Retirement) reporting

- Percentages rounded up

# Top issues: Action steps

## Website and employer information

- Website redesign plans for 2021
  - Improved navigation, including simplified information for HR reps and new PERS reporters
  - Better-organized actuarial/financial information and new content through UAL Resolution Program



# Top issues: Action steps

## Senate Bill 1049 Work After Retirement

- October 2020 Work Package will provide wage codes and invoicing

**PERS EMPLOYER NEWSLETTER July 2020**

### New EDX wage codes for rehired retirees coming this fall

This October, once we inform you, employers will begin using new wage codes to report hours worked by their employees who have already retired from PERS. The new codes, which will be available in EDX in late October, reflect changes to Work After Retirement rules established by Senate Bill (SB) 1049. The new codes will be used to report salary and hours for service retirees with pay dates of January 1, 2020, and later.

#### Action you may need to take to prepare for the new wage codes

If you use an automated financial package to create .dat files for report uploads in EDX (or use a third-party reporter), you will need to begin to update your .dat file format this summer to be ready for the EDX update this fall.

For instructions, read the newly revised "EDX File Format and Development Guide" (page 25 contains the new wage codes — no other changes were made). You can also find this document from the PERS Employer website's Quick References and Employer Publications pages.

**EDX File Format and Development Guide**

June 15, 2020

Version 2.4

# Top issues: Action steps

## Training

- EDX tips of the month in the employer newsletter
- Increase communication through website, the employer newsletter, and GovDelivery, educating employers on what trainings are available and for whom they are designed

### EDX tip of the month: How to do a status check

The Status Check Member Search screen allows you to view an employee's contribution status. This information helps you determine if PERS is expecting contributions for the employee or if you should contact PERS to discuss the employee's contribution status.

1. To access the screen, click on the Status Check link. (*See Figure 1 below.*)
2. On the next screen, enter the member's name or Social Security number (SSN). (*See Figure 2 below.*)
3. On the Status Check Member Search screen, check the Plan and Contribution Status columns to know if PERS is expecting contributions for that employee. (*See Figure 3 for examples of results.)*

*Figure 1*

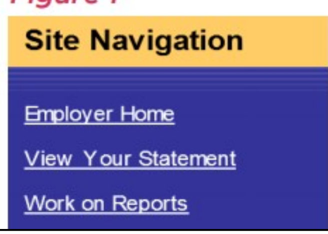



*Figure 2*

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

# Thank you!

# Questions?

Oregon

Kate Brown, Governor

Public Employees Retirement System
Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

October 2, 2020

TO: Members of the PERS Board

FROM: Jake Winship, Associate Actuary
Kevin Olineck, Director

SUBJECT: Milliman Actuarial Contract Renewal

## OVERVIEW

PERS' actuarial services contract with Milliman will terminate December 31, 2021, unless the PERS Board takes specific action to extend the contract. This contract took effect on January 1, 2015, and, after an initial four year period, was further extended for a two-year period that ends on December 31, 2021. The contract allows for an extension of additional two-year periods, for a total term not to exceed 10 years.

## BACKGROUND

Milliman became the PERS Actuary, replacing Mercer, in January 2012, as a result of Mercer assigning their contractual obligation to Milliman. Mercer had decided that they would no longer provide services to public sector entities. Subsequently, Milliman was awarded the current contract, through a request for proposal (RFP) process.

## RECOMMENDATION

Staff recommends that the PERS Board extend the Milliman contract for two additional two-year periods through to the end of the total maximum extension period, December 31, 2025. Staff makes this recommendation based on the following:

1. Milliman has performed more than adequately under the current contract.

2. Changing actuaries at this time would result in a significant disruption in PERS' ability to deliver critical and timely information to the PERS Board, Legislature, and other stakeholders. The learning curve required for a new actuarial firm may not allow for the same level of timeliness or accuracy that Milliman currently provides. This is particularly important, since SB 1049 implementation has significant agency impacts to actuarial services.

   PERS has recently hired an Associate Actuary to head up the Actuarial Activities Section of PERS, however, a significant amount of the Associate Actuary's time will be spent building out the Unfunded Actuarial Liability Reporting Program (UALRP) component of SB 1049 and determining what the future operating model of that area should be. Consequently, PERS will not have the requisite time or resources required to build out a fulsome consulting actuary RFP process in the next few years.

3. There is a scarcity of actuarial firms that: a) have the level of expertise required to properly support PERS, both the system and the agency, b) have a local presence, and c) have the corporate capacity to take on substantial Indemnification and Liability contractual obligations. Consequently, regardless of when the board decides to move forward with an RFP for actuarial services, that decision would need to be made a minimum of 12 to 15 months prior to the end of the term of the contract to allow for a comprehensive transition of information and data, should a new firm be chosen. We propose that an RFP be launched in 2024 in order to provide for a planned handover of actuarial services prior to January 1, 2026.

## BOARD OPTIONS

The PERS Board may:

1. Pass a motion to extend the current actuarial services contract with Milliman to December 31, 2025; or
2. Direct staff to make changes to these terms or explore other options.

## STAFF RECOMMENDATION

Staff recommends the PERS Board approve the contract renewal as presented in Option #1.

# Adoption of 2021-2023 Employer Contribution Rates

## OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Presented by:**

**Matt Larrabee, FSA, EA**
**Scott Preppernau, FSA, EA**

October 2, 2020

# Introduction

- At the July meeting we reviewed summary valuation results as of December 31, 2019 for:
  - Tier 1/Tier 2 & OPSRP retirement programs
  - Retiree Health Insurance Account (RHIA), and
  - Retiree Health Insurance Premium Account (RHIPA)
- In September we published our full detailed December 31, 2019 System-Wide Actuarial Valuation Report
- Based upon that valuation at today's meeting we are presenting 2021-2023 employer contribution rates for adoption by the PERS Board
- PERS staff will provide detailed reports for each employer

# Valuation Process and Timeline

- Actuarial valuations are conducted annually
  - Alternate between "rate-setting" and "advisory" valuations
  - This valuation as of 12/31/2019 is rate-setting
- Board adopts contribution rates developed in rate-setting valuations, and those rates go into effect 18 months after the valuation date

| Valuation Date | Employer Contribution Rates |
|---|---|
| 12/31/2017 → | July 2019 – June 2021 |
| 12/31/2019 → | July 2021 – June 2023 |
| 12/31/2021 → | July 2023 – June 2025 |

# Funded Status & Unfunded Actuarial Liability (UAL)

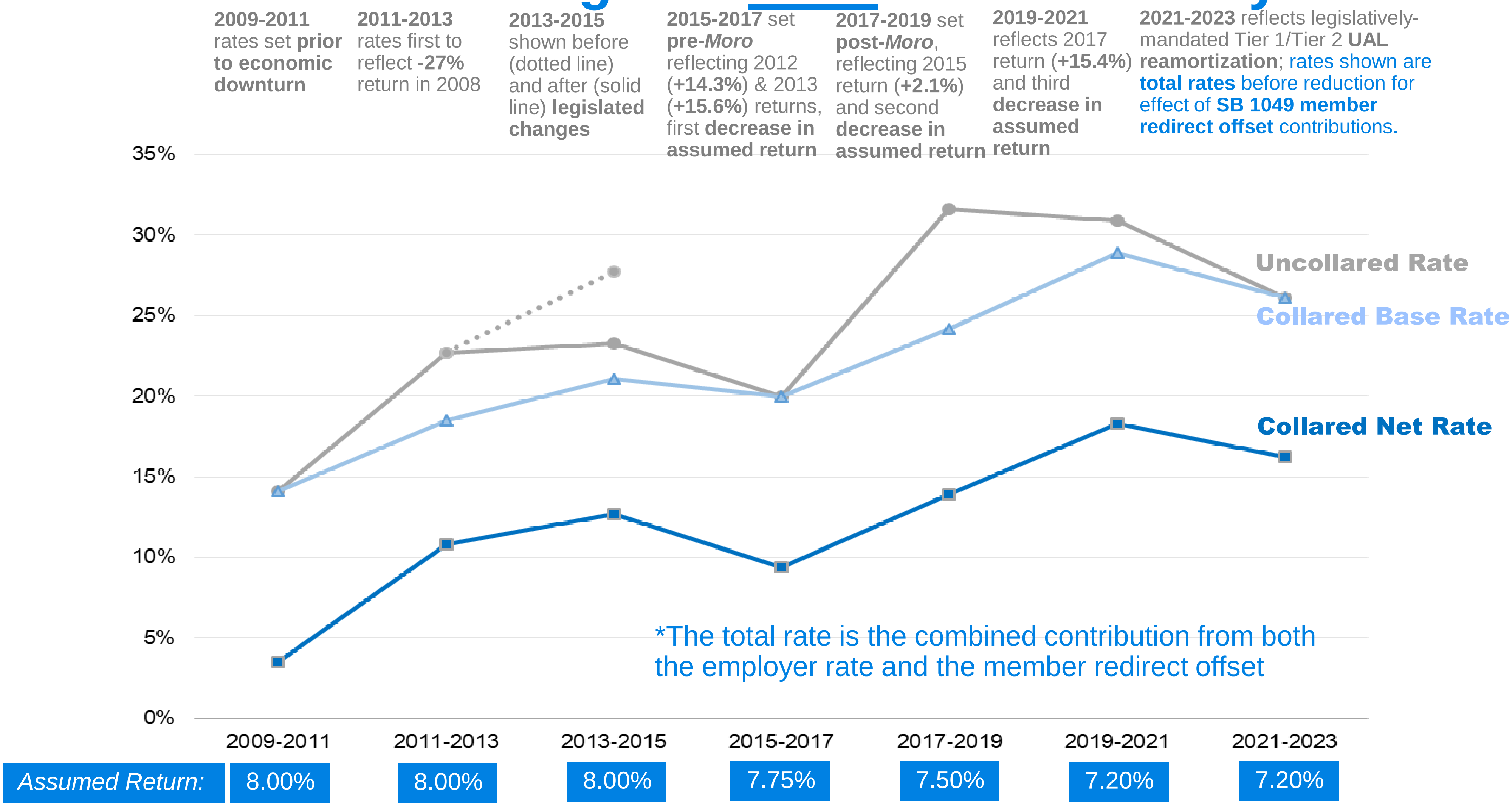
- Comparison of two most recent rate-setting valuations

| | Excluding Side Accounts | | Including Side Accounts | |
|---|---|---|---|---|
| Valuation Date | UAL | Funded Status | UAL | Funded Status |
| 12/31/2017 | $ 22.3 B | 73% | $ 16.7 B | 80% |
| 12/31/2019 | $ 24.6 B | 72% | $ 19.1 B | 79% |

# Summary of Valuation Results - Contributions

- Uncollared Total Base Rate decreased from 19-21 to 21-23
  - Primarily due to reamortization of Tier 1/Tier 2 UAL per Senate Bill 1049
- Collared Total Base Rate decreased for some rate pools, and increased for others
  - Increases tied to “collared off” rate increases deferred from the prior biennium
- SB 1049 introduced member redirect contributions, which partially offsets the “total rate” to arrive at the “employer rate”
  - As discussed in July, employer contribution rates presented for adoption today reflect system-average, tier-specific member redirect offset rates of:
    - **2.45**% of Tier 1/Tier 2 payroll
    - **0.70%** of OPSRP payroll
  - The rates above are 0.05% of payroll lower than the redirect rates noted in statute, reflecting the projected effect that contributions are not redirected for members with monthly pay below $2,500 (indexed)

# School District Weighted Total* Pension-Only Rates



# SLGRP Weighted Total* Pension-Only rates

**2009-2011** rates set **prior to economic downturn**

**2011-2013** rates first to reflect **-27%** return in 2008

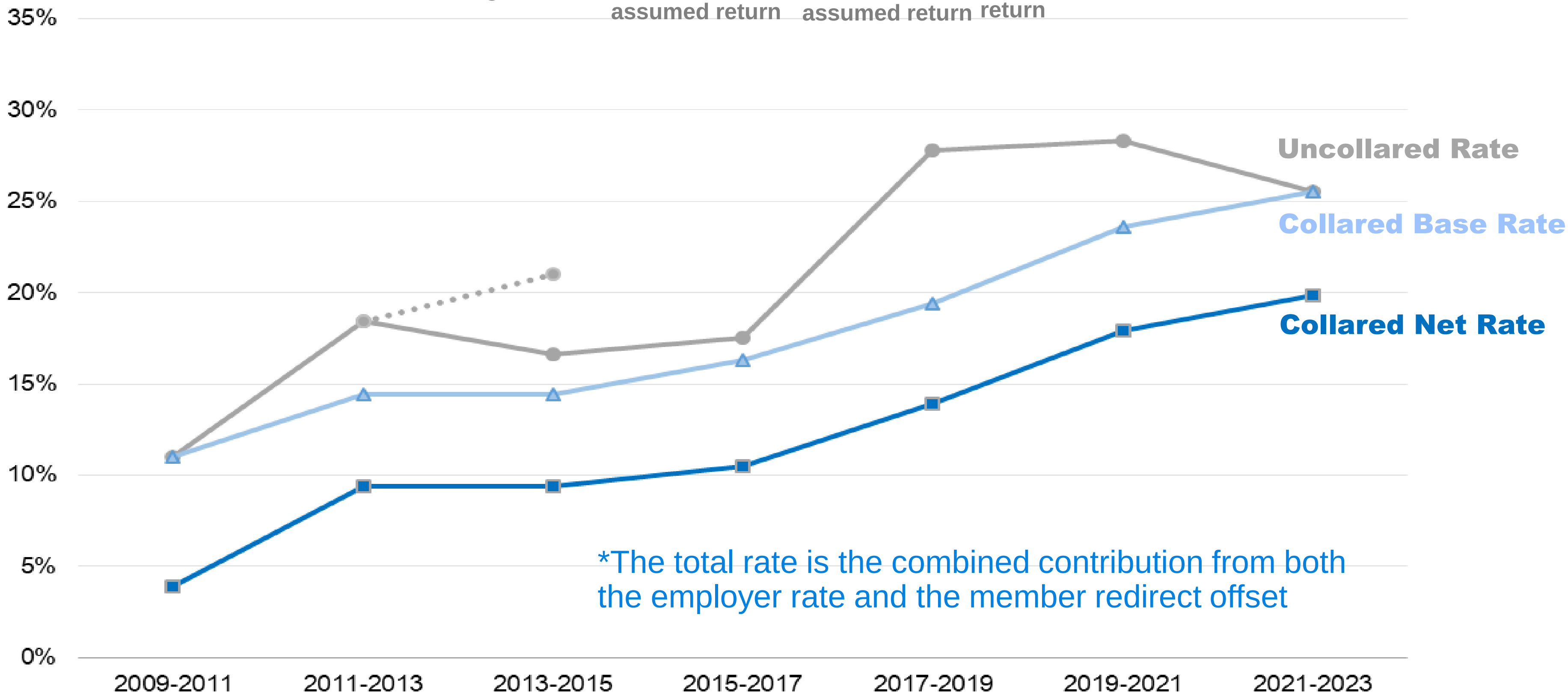
**2013-2015** shown before (dotted line) and after (solid line) **legislated changes**

**2015-2017** set **pre-*Moro*** reflecting 2012 (**+14.3%**) & 2013 (**+15.6%**) returns, first **decrease in assumed return**

**2017-2019** set **post-*Moro***, reflecting 2015 return (**+2.1%**) and second **decrease in assumed return**

**2019-2021** reflects 2017 return (**+15.4%**) and third **decrease in assumed return**

**2021-2023** reflects legislatively-mandated Tier 1/Tier 2 **UAL reamortization**; rates shown are **total rates** before reduction for effect of **SB 1049 member redirect offset** contributions.




| Assumed Return: | 8.00% | 8.00% | 8.00% | 7.75% | 7.50% | 7.20% | 7.20% |
|---|---|---|---|---|---|---|---|

Milliman

This work product was prepared for discussion purposes only and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Any recipient of this work product who desires professional guidance should engage qualified professionals for advice appropriate to its own specific needs.

# System-average Weighted Total* Pension-Only rates

**2009-2011** rates set **prior to economic downturn**

**2011-2013** rates first to reflect **-27%** return in 2008

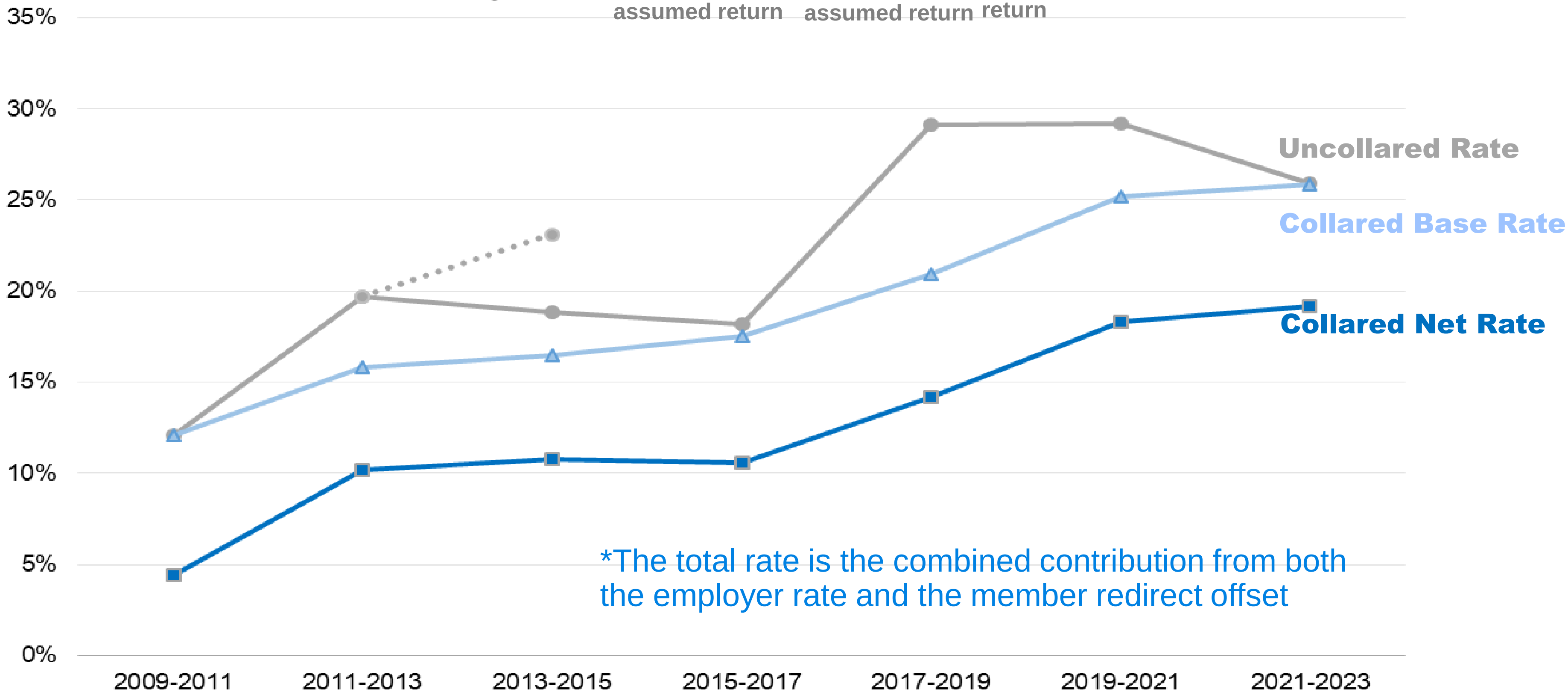
**2013-2015** shown before (dotted line) and after (solid line) **legislated changes**

**2015-2017** set **pre-*Moro*** reflecting 2012 (**+14.3%**) & 2013 (**+15.6%**) returns, first **decrease in assumed return**

**2017-2019** set **post-*Moro***, reflecting 2015 return (**+2.1%**) and second **decrease in assumed return**

**2019-2021** reflects 2017 return (**+15.4%**) and third **decrease in assumed return**

**2021-2023** reflects legislatively-mandated Tier 1/Tier 2 **UAL reamortization**; rates shown are **total rates** before reduction for effect of **SB 1049 member redirect offset** contributions.




| *Assumed Return:* | 8.00% | 8.00% | 8.00% | 7.75% | 7.50% | 7.20% | 7.20% |
|---|---|---|---|---|---|---|---|

# Individual Employer Rates

- Employers pay separate rates on different payrolls:
  - Tier 1/Tier 2 payroll
    - Some SLGRP employers can pay distinct General Service and Police & Fire rates on their Tier 1/Tier 2 payroll
  - OPSRP General Service payroll
  - OPSRP Police & Fire payroll

- Individual rates (and accompanying detailed reports) provided for about 600 employers
  - 361 SLGRP employers
  - 129 Independent employers
  - 109 School District employers with side accounts
    - An additional 188 School District employers without a side account all receive an identical report

- Detail for State Agencies shown on following slides
  - Note that side accounts specific to individual state agencies are reflected separately

# Individual Employer Rates

- From the employer rate listing provided in today's meeting materials
- "State Agencies" in this context includes: the agencies of state government, semi-independent agencies, boards, commissions, public universities and public corporations

## 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.

| | | Net Employer Contribution Rate 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| Employer Number | Employer Name | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | State (excluding Agency specific side accounts) | | | | | | |
| 1000 | State Agencies | 22.24% | 14.75% | 19.38% | 22.38% | 17.29% | 21.65% |

Milliman

# Individual Employer Rates

- From the detailed report PERS will provide to each employer:

***Employer Rates Effective July 1, 2021 for State Agencies***

| | Payroll | | | | |
|---|---|---|---|---|---|
| | Tier 1/Tier 2 | | | OPSRP | |
| | Default | Optional Separate Rates | | | |
| | All T1/T2 Payroll | General Service | Police & Fire | General Service | Police & Fire |
| **Pension** | | | | | |
| Normal cost rate | 15.32% | 14.30% | 20.29% | 8.64% | 13.00% |
| Tier 1/Tier 2 UAL rate[1] | 12.60% | 12.60% | 12.60% | 12.60% | 12.60% |
| OPSRP UAL rate | 1.69% | 1.69% | 1.69% | 1.69% | 1.69% |
| Pre-SLGRP pooled liability rate | 1.52% | 1.52% | 1.52% | 1.52% | 1.52% |
| Transition liability/(surplus) rate[2] | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Side account rate relief [2] | (6.63%) | (6.63%) | (6.63%) | (6.63%) | (6.63%) |
| Member redirect offset [3] | (2.45%) | (2.45%) | (2.45%) | (0.70%) | (0.70%) |
| **Net employer pension contribution rate** | **22.05%** | **21.03%** | **27.02%** | **17.12%** | **21.48%** |
| **Retiree Healthcare** | | | | | |
| Normal cost rate | 0.16% | 0.16% | 0.16% | 0.00% | 0.00% |
| UAL rate | 0.17% | 0.17% | 0.17% | 0.17% | 0.17% |
| **Net retiree healthcare rate** | **0.33%** | **0.33%** | **0.33%** | **0.17%** | **0.17%** |
| **Total net employer contribution rate** | **22.38%** | **21.36%** | **27.35%** | **17.29%** | **21.65%** |
| *Total net rate effective July 1, 2019:* | *22.24%* | | | *14.75%* | *19.38%* |

# Individual Employer Pension Rates

- Focusing on just the Net Employer Pension Rates circled in green from the prior slide, we can illustrate the weighted average rate calculation for State Agencies, reflecting estimated 2021-23 biennium payroll

| State Agencies | Tier 1 / Tier 2 | OPSRP General Service | OPSRP Police & Fire | Total |
|---|---|---|---|---|
| Projected 2021-23 Biennium Payroll ($ millions) | $1,950 | $4,760 | $690 | $7,400 |
| 2021-23 net employer pension contribution rates | 22.05% | 17.12% | 21.48% | 18.85%* |
| Contribution for weighting | $430 | $815 | $150 | $1,395 |

** Weighted average: $1,395 / $7,400 = 18.85%*

- Projected 2021-2023 payroll is based on State Agencies payroll from this valuation increased with the 3.50% annual payroll growth assumption

# Wrap Up / Next Steps

- Adoption of employer-specific rates for 2021-23 biennium
- PERS to distribute detailed valuation reports to employers
- In December, we will present contribution rate and funded status projections
  - Focus on system-average results
  - Will use the latest year-to-date investment return information at the time the projections are made
  - Projections will be developed using two types of models
    - Steady return
    - Variable return

# Appendix

# Certification

This presentation summarizes key preliminary results of an actuarial valuation of the Oregon Public Employees Retirement System ("PERS" or "the System") as of December 31, 2019, for the Plan Year ending December 31, 2019. The results are high-level in nature and may not be relied upon to, for example, prepare the System's Consolidated Annual Financial Report (CAFR). The full development of detailed results is shown in the formal December 31, 2019 System-Wide Actuarial Valuation Report.

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. Our annual financial modeling presentation to the PERS Board should be referenced for additional analysis of the potential variation in future measurements. Our December 31, 2019 Actuarial Valuation Report provides additional discussion of the System's risks. The PERS Board has the final decision regarding the appropriateness of the assumptions.

Actuarial computations presented in this report are for purposes 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. 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.

# Certification

Milliman's work is prepared solely for the internal business use of the Oregon Public Employees Retirement System. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The System may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

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 actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel. The actuaries are independent of the plan sponsors. 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 which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. Assumptions related to the claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

# Data Exhibits

| | December 31, 2019 | | | | December 31, 2018 |
|---|---|---|---|---|---|
| | Tier 1 | Tier 2 | OPSRP | Total | Total |
| **Active Members** | | | | | |
| Count | 17,317 | 32,191 | 131,249 | 180,757 | 176,763 |
| Average age | 56.9 | 52.2 | 43.0 | 46.0 | 46.1 |
| Average total service | 26.5 | 18.8 | 6.7 | 10.7 | 10.9 |
| Average prior year covered salary | $84,259 | $76,946 | $55,279 | $61,914 | $59,632 |
| **Inactive Members**[1] | | | | | |
| Count | 11,237 | 14,189 | 21,366 | 46,792 | 45,945 |
| Average age | 60.8 | 54.7 | 47.8 | 53.0 | 53.1 |
| Average monthly deferred benefit | $2,192 | $833 | $439 | $980 | $983 |
| **Retired Members and Beneficiaries**[1] | | | | | |
| Count | 129,711 | 16,718 | 6,549 | 152,978 | 148,893 |
| Average age | 73.0 | 68.2 | 67.6 | 72.2 | 72.0 |
| Average monthly benefit | $2,995 | $1,138 | $550 | $2,687 | $2,634 |
| **Total Members** | **158,265** | **63,098** | **159,164** | **380,527** | **371,601** |

[1] *Inactive and Retiree counts are shown by lives within the system. In other words, a member is counted once for purposes of this exhibit, regardless of their service history for different rate pools. This contrasts with the method used to count inactive participants in some of the later exhibits of this report.*

# Retirement System Risks

- Oregon PERS, like all defined benefit plans, is subject to various risks that will affect future plan liabilities and contribution requirements, including:
  - **Investment risk**: the potential that investment returns will be different than expected
  - **Demographic risks**: the potential that mortality experience, retirement behavior, or other demographic experience for the plan population will be different than expected
  - **Contribution risk**: the potential that actual future contributions will be materially different than expected, for example if there are material changes in the System's covered payroll
- The results of an actuarial valuation are based on one set of reasonable assumptions, but it is almost certain that future experience will not exactly match the assumptions.
- Further discussion of plan risks and historical information regarding plan experience are shown in our annual actuarial valuations. In addition, our annual financial modeling presentation to the PERS Board illustrates future outcomes under a wide range of future scenarios reflecting variation in key risk factors.

# 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 data exhibits on the preceding slides.

Assets as of December 31, 2019, were based on values provided by Oregon PERS reflecting the Board's earnings crediting decisions for 2019.

## 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. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22 year period at the December 31, 2019 rate-setting valuation which will set actuarially determined contribution rates for the 2021-2023 biennium. 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 1/Tier 2, 16 years for OPSRP, 10 years for Retiree Health Care) from the odd-year valuation in which they are first recognized.

# Actual 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:* Tier 1/Tier 2 administration expenses are assumed to be equal to $32.5M, while OPSRP administration expenses are assumed to be equal to $8.0M.  The assumed expenses are added to the respective normal costs.

*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 2018 Experience Study for Oregon PERS and in the December 31, 2019 Actuarial Valuation Report. The assumptions were presented to the PERS Board in July 2019 and formally adopted in October 2019.

## Provisions

Provisions valued are as detailed in the December 31, 2019 Actuarial Valuation Report.

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **Independent Employers** | | | | | | |
| | **City** | | | | | | |
| 2167 | City of Athena | 13.89% | 12.38% | 17.01% | 14.67% | 14.75% | 19.11% |
| 2106 | City of Beaverton | 21.45% | 12.45% | 17.08% | 24.42% | 17.79% | 22.15% |
| 2107 | City of Bend | 24.22% | 15.54% | 20.17% | 21.52% | 14.71% | 19.07% |
| 2149 | City of Canyonville | 20.88% | 14.84% | 19.47% | 20.29% | 16.77% | 21.13% |
| 2186 | City of Chiloquin | 15.51% | 7.28% | 11.91% | 11.56% | 5.24% | 9.60% |
| 2162 | City of Clatskanie | 23.41% | 15.96% | 20.59% | 27.32% | 16.46% | 20.82% |
| 2152 | City of Coos Bay | 24.50% | 13.41% | 18.04% | 26.88% | 16.75% | 21.11% |
| 2165 | City of Cornelius | 19.16% | 12.95% | 17.58% | 20.47% | 15.83% | 20.19% |
| 2127 | City of Cottage Grove | 25.27% | 13.87% | 18.50% | 27.80% | 20.51% | 24.87% |
| 2257 | City of Culver | 28.12% | 23.67% | 28.30% | 35.31% | 30.26% | 34.62% |
| 2262 | City of Dufur | 23.61% | 15.03% | 19.66% | 27.14% | 20.61% | 24.97% |
| 2282 | City of Eagle Point | 22.91% | 13.10% | 17.73% | 27.11% | 18.80% | 23.16% |
| 2111 | City of Eugene | 25.07% | 16.23% | 20.86% | 27.56% | 21.10% | 25.46% |
| 2112 | City Of Forest Grove | 18.69% | 10.27% | 14.90% | 15.90% | 10.15% | 14.51% |
| 2248 | City of Fossil | 15.92% | 0.00% | 1.74% | 16.70% | 10.17% | 14.53% |
| 2309 | City of Gearhart | 19.22% | 9.43% | 14.06% | 20.54% | 12.91% | 17.27% |
| 2264 | City of Gervais | 17.88% | 13.79% | 18.42% | 16.65% | 17.99% | 22.35% |
| 2250 | City of Gold Beach | 18.93% | 11.62% | 16.25% | 16.13% | 10.47% | 14.83% |
| 2114 | City of Gresham | 18.66% | 8.29% | 12.92% | 23.21% | 15.30% | 19.66% |
| 2210 | City of Helix | 15.86% | 7.28% | 11.91% | 16.64% | 10.11% | 14.47% |
| 2115 | City of Hillsboro | 22.95% | 14.99% | 19.62% | 23.46% | 17.45% | 21.81% |
| 2222 | City of Jacksonville | 21.86% | 12.34% | 16.97% | 24.93% | 19.50% | 23.86% |
| 2232 | City of Joseph | 24.91% | 16.33% | 20.96% | 21.02% | 14.49% | 18.85% |
| 2279 | City of Keizer | 20.65% | 9.49% | 14.12% | 24.18% | 15.04% | 19.40% |
| 2283 | City of Maupin | 15.97% | 6.76% | 11.39% | 17.65% | 10.64% | 15.00% |
| 2246 | City of Merrill | 12.98% | 0.00% | 4.33% | 13.76% | 2.34% | 6.70% |
| 2195 | City of Metolius | 7.45% | 0.00% | 0.00% | 5.24% | 0.00% | 0.00% |
| 2290 | City of Molalla | 17.33% | 10.94% | 15.57% | 16.21% | 11.97% | 16.33% |
| 2174 | City of Mt Angel | 17.05% | 10.33% | 14.96% | 17.94% | 9.03% | 13.39% |
| 2118 | City of Ontario | 32.82% | 22.60% | 27.23% | 35.65% | 26.32% | 30.68% |
| 2218 | City of Prairie City | 16.23% | 14.81% | 19.44% | 18.51% | 18.62% | 22.98% |
| 2146 | City of Prineville | 13.27% | 5.62% | 10.25% | 17.46% | 12.43% | 16.79% |
| 2297 | City of Rainier | 19.22% | 8.75% | 13.38% | 20.54% | 13.64% | 18.00% |
| 2101 | City of Salem | 25.49% | 16.41% | 21.04% | 24.21% | 17.40% | 21.76% |
| 2219 | City of Sheridan | 17.90% | 13.52% | 18.15% | 18.96% | 15.84% | 20.20% |
| 2213 | City of Stanfield | 10.01% | 0.00% | 0.00% | 10.79% | 0.94% | 5.30% |
| 2129 | City of Sweet Home | 12.98% | 3.36% | 7.99% | 13.76% | 5.66% | 10.02% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **Independent Employers** | | | | | | |
| | **City** | | | | | | |
| 2261 | City of Waldport | 15.20% | 7.83% | 12.46% | 15.98% | 10.53% | 14.89% |
| 2189 | City of Willamina | 7.45% | 0.00% | 3.24% | 5.24% | 1.05% | 5.41% |
| 2253 | Town of Butte Falls | 15.92% | 8.58% | 13.21% | 16.70% | 10.17% | 14.53% |
| | **County** | | | | | | |
| 2001 | Clackamas County | 27.07% | 19.22% | 23.85% | 26.81% | 21.26% | 25.62% |
| 2002 | Curry County | 26.06% | 15.46% | 20.09% | 28.75% | 21.66% | 26.02% |
| 2003 | Douglas County | 38.00% | 27.86% | 32.49% | 43.08% | 35.68% | 40.04% |
| 2006 | Jefferson County | 21.97% | 12.20% | 16.83% | 20.10% | 13.61% | 17.97% |
| 2008 | Lane County | 21.87% | 14.22% | 18.85% | 23.72% | 18.09% | 22.45% |
| 2014 | Linn County | 27.17% | 18.55% | 23.18% | 29.86% | 23.43% | 27.79% |
| 2039 | Malheur County | 20.90% | 12.90% | 17.53% | 22.17% | 16.33% | 20.69% |
| 2037 | Polk County | 24.54% | 16.76% | 21.39% | 26.31% | 20.83% | 25.19% |
| 2050 | Wallowa County | 14.03% | 0.00% | 0.75% | 14.81% | 0.00% | 1.88% |
| 2015 | Yamhill County | 19.22% | 10.98% | 15.61% | 20.22% | 14.11% | 18.47% |
| | **Special Districts** | | | | | | |
| 2664 | Applegate Valley Rural Fire Protection District #9 | 20.70% | 10.76% | 15.39% | 26.16% | 14.42% | 18.78% |
| 2702 | Banks Fire District #13 | 27.02% | 13.83% | 18.46% | 26.54% | 15.32% | 19.68% |
| 2596 | Bend Parks & Recreation | 18.82% | 13.75% | 18.38% | 18.10% | 14.92% | 19.28% |
| 2648 | Black Butte Ranch Rural Fire Protection District | 16.13% | 2.53% | 7.16% | 17.36% | 10.83% | 15.19% |
| 2833 | Boardman Rural Fire Protection District | 23.91% | 11.09% | 15.72% | 17.21% | 10.68% | 15.04% |
| 2779 | Brownsville Rural Fire Protection District | 19.11% | 7.33% | 11.96% | 20.41% | 10.90% | 15.26% |
| 2890 | Central Cascades Fire & EMS | N/A | N/A | N/A | 16.30% | 9.77% | 14.13% |
| 2678 | Central Oregon Regional Housing Authority | 15.49% | 12.70% | 17.33% | 14.92% | 13.95% | 18.31% |
| 2645 | Chiloquin Agency Lake Rural Fire Protection District | 22.40% | 13.82% | 18.45% | 26.51% | 16.19% | 20.55% |
| 2693 | City-County Insurance Services | 15.94% | 11.43% | 16.06% | 15.30% | 13.14% | 17.50% |
| 2518 | Clackamas County Housing Authority | 25.27% | 17.75% | 22.38% | 22.24% | 17.54% | 21.90% |
| 2870 | Clackamas River Water Providers | 12.50% | 12.13% | 16.76% | 11.12% | 12.44% | 16.80% |
| 2679 | Columbia River Public Utility District | 20.78% | 16.53% | 21.16% | 26.26% | 23.54% | 27.90% |
| 2828 | Deschutes Public Library District | 19.39% | 14.29% | 18.92% | 17.72% | 14.48% | 18.84% |
| 2527 | Deschutes Valley Water District | 19.47% | 14.17% | 18.80% | 20.76% | 16.82% | 21.18% |
| 2729 | Douglas County Fire District #2 | 44.82% | 32.41% | 37.04% | 59.92% | 49.78% | 54.14% |
| 2743 | Douglas Soil & Water Conservation District | 8.45% | 0.00% | 0.75% | 10.43% | 0.00% | 0.83% |
| 2529 | East Fork Irrigation District | 16.80% | 2.81% | 7.44% | 17.64% | 3.84% | 8.20% |
| 2618 | Estacada Cemetery District | 7.45% | 0.00% | 0.00% | 5.24% | 0.00% | 0.00% |
| 2623 | Evans Valley Fire District #6 | 11.44% | 0.00% | 3.13% | 12.22% | 5.69% | 10.05% |
| 2785 | Fern Ridge Community Library | 13.69% | 2.01% | 6.64% | 14.47% | 7.94% | 12.30% |
| 2608 | Gaston Rural Fire Protection District | 16.73% | 8.15% | 12.78% | 20.59% | 14.06% | 18.42% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **Independent Employers** | | | | | | |
| | **Special Districts** | | | | | | |
| 2891 | Grant County Emergency Communications Agency | N/A | N/A | N/A | 10.73% | 10.01% | 14.37% |
| 2894 | Greater Toledo Pool Recreation District | N/A | N/A | N/A | 16.30% | 9.77% | 14.13% |
| 2698 | Halsey Shedd Rural Fire Protection District | 16.49% | 10.12% | 14.75% | 19.97% | 15.15% | 19.51% |
| 2771 | Harbor Water PUD | 16.55% | 5.50% | 10.13% | 18.85% | 14.12% | 18.48% |
| 2717 | Ice Fountain Water District | 19.22% | 12.83% | 17.46% | 18.32% | 14.00% | 18.36% |
| 2556 | Jackson County Fire District #5 | 32.25% | 19.23% | 23.86% | 40.42% | 30.55% | 34.91% |
| 2575 | Jefferson County Rural Fire Protection District #1 | 20.78% | 13.34% | 17.97% | 20.67% | 14.94% | 19.30% |
| 2841 | Jefferson County Soil & Water Conservation District | 14.01% | 11.52% | 16.15% | 12.35% | 11.59% | 15.95% |
| 2809 | Juntura Road District #4 | N/A | N/A | N/A | 21.44% | 14.91% | 19.27% |
| 2646 | Keno Rural Fire Protection District | N/A | N/A | N/A | 78.37% | 71.84% | 76.20% |
| 2515 | Klamath County Fire District #1 | 34.78% | 23.01% | 27.64% | 44.73% | 35.45% | 39.81% |
| 2760 | Knappa Svensen Burnside Rural Fire Protection District | N/A | N/A | N/A | 23.59% | 23.11% | 27.47% |
| 2881 | Lake Chinook Fire and Rescue District | 18.58% | 10.00% | 14.63% | 16.29% | 9.76% | 14.12% |
| 2644 | Lakeside Water District | 16.41% | 12.90% | 17.53% | 12.56% | 10.90% | 15.26% |
| 2521 | League of Oregon Cities | 25.16% | 22.19% | 26.82% | 25.87% | 24.41% | 28.77% |
| 2597 | Mapleton Water District | 18.12% | 9.41% | 14.04% | 12.78% | 6.79% | 11.15% |
| 2877 | Mid-Columbia Fire And Rescue V1-801 | 19.98% | 10.20% | 14.83% | 16.94% | 10.41% | 14.77% |
| 2889 | Mid-valley Behavioral Care Network | N/A | N/A | N/A | 17.21% | 9.87% | 14.23% |
| 2782 | Millington Rural Fire Protection District | 12.98% | 0.00% | 2.29% | 16.76% | 10.23% | 14.59% |
| 2861 | Mt Angel Fire District | 19.68% | 8.51% | 13.14% | 20.28% | 10.50% | 14.86% |
| 2724 | Nehalem Bay Wastewater Agency | 15.92% | 7.67% | 12.30% | 16.70% | 10.91% | 15.27% |
| 2740 | Neskowin Regional Sanitary Authority | 11.97% | 6.05% | 10.68% | 5.24% | 0.00% | 2.88% |
| 2835 | North Clackamas County Water Commission | 20.14% | 13.26% | 17.89% | 23.02% | 18.96% | 23.32% |
| 2637 | Northeast Oregon Housing Authority | 17.08% | 7.21% | 11.84% | 18.59% | 13.12% | 17.48% |
| 2550 | Nyssa Road Assessment District #2 | 29.33% | 18.42% | 23.05% | 34.28% | 30.86% | 35.22% |
| 2685 | Oregon Community College Association | 12.67% | 8.61% | 13.24% | 13.45% | 5.17% | 9.53% |
| 2876 | Oregon Municipal Electric Utilities Association | 14.72% | 6.14% | 10.77% | 15.50% | 8.97% | 13.33% |
| 2533 | Owyhee Irrigation District | 31.91% | 23.94% | 28.57% | 28.70% | 22.78% | 27.14% |
| 2688 | Polk County Fire District #1 | 26.42% | 15.24% | 19.87% | 25.76% | 16.50% | 20.86% |
| 2613 | Polk Soil & Water Conservation District | 20.77% | 13.14% | 17.77% | 14.70% | 13.55% | 17.91% |
| 2507 | Port of Astoria | 15.70% | 12.83% | 17.46% | 13.36% | 11.64% | 16.00% |
| 2633 | Port of Cascade Locks | 13.26% | 7.44% | 12.07% | 14.04% | 10.43% | 14.79% |
| 2570 | Port of Columbia County | 11.34% | 8.38% | 13.01% | 12.12% | 5.59% | 9.95% |
| 2788 | Port of Hood River | 19.13% | 14.02% | 18.65% | 19.55% | 15.72% | 20.08% |
| 2581 | Port of Umatilla | 25.93% | 9.10% | 13.73% | 28.59% | 18.84% | 23.20% |
| 2689 | Redmond Area Park & Recreation District | 16.33% | 11.27% | 15.90% | 14.80% | 11.48% | 15.84% |
| 2672 | Rockwood Water PUD | 22.65% | 16.76% | 21.39% | 24.65% | 20.50% | 24.86% |

# 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 7/1/19 - 6/30/21: Tier 1/ Tier 2 Payroll | Net Employer Contribution Rate 7/1/19 - 6/30/21: OPSRP General Service Payroll | Net Employer Contribution Rate 7/1/19 - 6/30/21: OPSRP Police and Fire Payroll | Net Employer Contribution Rate 7/1/21 - 6/30/23: Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | Net Employer Contribution Rate 7/1/21 - 6/30/23: OPSRP General Service Payroll (reflects 0.70% member redirect offset) | Net Employer Contribution Rate 7/1/21 - 6/30/23: OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
|---|---|---|---|---|---|---|---|
| | **Independent Employers** | | | | | | |
| | **Special Districts** | | | | | | |
| 2747 | Salem Housing Authority | 23.83% | 19.02% | 23.65% | 26.52% | 23.53% | 27.89% |
| 2675 | Salmon Harbor-Douglas County | 15.92% | 12.87% | 17.50% | 16.10% | 14.89% | 19.25% |
| 2885 | Siletz Rural Fire Protection District | 18.58% | 10.00% | 14.63% | 16.24% | 9.71% | 14.07% |
| 2859 | South Lane County Fire and Rescue | 35.45% | 23.46% | 28.09% | 32.51% | 21.93% | 26.29% |
| 2845 | Sunrise Water Authority | 20.34% | 17.91% | 22.54% | 9.49% | 8.20% | 12.56% |
| 2643 | Sweet Home Cemetery | 20.65% | 11.88% | 16.51% | 17.45% | 9.96% | 14.32% |
| 2722 | Tillamook 9-1-1 | 12.98% | 7.42% | 12.05% | 13.76% | 11.57% | 15.93% |
| 2821 | Tillamook County Soil And Water Conservation District | 19.85% | 14.49% | 19.12% | 15.26% | 13.72% | 18.08% |
| 2783 | Tillamook Fire District | 20.52% | 7.62% | 12.25% | 22.10% | 14.62% | 18.98% |
| 2865 | Tri-County Cooperative Weed Management Area | 18.98% | 10.40% | 15.03% | 17.26% | 10.73% | 15.09% |
| 2610 | Turner Fire District | 22.47% | 5.84% | 10.47% | 28.63% | 0.00% | 0.00% |
| 2887 | Umatilla County Fire District #1 | 30.73% | 19.88% | 24.51% | 27.37% | 17.31% | 21.67% |
| 2874 | Umatilla-Morrow Radio and Data District | 13.70% | 10.92% | 15.55% | 12.47% | 11.16% | 15.52% |
| 2536 | Valley View Cemetery | 7.45% | 0.00% | 0.00% | 5.24% | 0.00% | 0.00% |
| 2797 | Vernonia Fire | 12.02% | 8.98% | 13.61% | 5.87% | 3.51% | 7.87% |
| 2796 | West Side Rural Fire Protection District | 10.27% | 1.69% | 6.32% | 10.48% | 3.95% | 8.31% |
| 2725 | West Valley Fire District | 21.86% | 10.04% | 14.67% | 21.66% | 15.13% | 19.49% |
| 2714 | Winchester Bay Sanitary District | 20.93% | 13.27% | 17.90% | 21.45% | 16.49% | 20.85% |
| 2878 | Yamhill Fire Protection District | 15.00% | 11.11% | 15.74% | 11.97% | 9.81% | 14.17% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | Judiciary - member redirect offset does not apply | | | | | | |
| 2099 | State Judiciary | 20.92% | N/A | N/A | 24.89% | N/A | N/A |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **School Districts** | | | | | | |
| | **School** | | | | | | |
| 4404 | Alliance Charter Academy | 30.59% | 25.14% | 29.77% | 25.44% | 22.33% | 26.69% |
| 4306 | Amity School District | 8.29% | 2.84% | 7.47% | 2.19% | 0.00% | 3.44% |
| 3003 | Baker School District #5J | 20.04% | 14.59% | 19.22% | 16.84% | 13.73% | 18.09% |
| 4035 | Banks School District | 26.91% | 21.46% | 26.09% | 21.96% | 18.85% | 23.21% |
| 4062 | Beaverton School District | 22.86% | 17.41% | 22.04% | 18.20% | 15.09% | 19.45% |
| 3291 | Bend-La Pine Public Schools | 22.76% | 17.31% | 21.94% | 18.19% | 15.08% | 19.44% |
| 3283 | Brookings-Harbor School District #17C | 14.83% | 9.38% | 14.01% | 9.95% | 6.84% | 11.20% |
| 3320 | Camas Valley School District #21 | 32.03% | 26.58% | 31.21% | 24.81% | 21.70% | 26.06% |
| 4333 | Canby School District | 11.46% | 6.01% | 10.64% | 8.04% | 4.93% | 9.29% |
| 4334 | Cascade School District #5 | 14.33% | 8.88% | 13.51% | 11.59% | 8.48% | 12.84% |
| 3859 | Central School District #13J | 17.27% | 11.82% | 16.45% | 13.67% | 10.56% | 14.92% |
| 4259 | Clackamas Education Service District | 18.99% | 13.54% | 18.17% | 15.42% | 12.31% | 16.67% |
| 3179 | Clatsop County School District #1C | 6.11% | 0.66% | 5.29% | 0.05% | 0.00% | 0.94% |
| 3242 | Coos Bay School District #9 | 24.86% | 19.41% | 24.04% | 19.92% | 16.81% | 21.17% |
| 3039 | Corvallis School District #509J | 18.77% | 13.32% | 17.95% | 15.26% | 12.15% | 16.51% |
| 3502 | Creswell School District #40 | 26.82% | 21.37% | 26.00% | 22.17% | 19.06% | 23.42% |
| 3274 | Crook County School District | 9.57% | 4.12% | 8.75% | 5.65% | 2.54% | 6.90% |
| 3843 | David Douglas School District | 28.45% | 23.00% | 27.63% | 23.36% | 20.25% | 24.61% |
| 4291 | Dayton Public Schools | 7.89% | 2.44% | 7.07% | 7.51% | 4.40% | 8.76% |
| 4237 | Douglas Education Service District | 27.16% | 21.71% | 26.34% | 22.48% | 19.37% | 23.73% |
| 4012 | Dufur Schools | 31.58% | 26.13% | 30.76% | 26.42% | 23.31% | 27.67% |
| 3927 | Echo School District | 21.42% | 15.97% | 20.60% | 16.65% | 13.54% | 17.90% |
| 4323 | Estacada School District #108 | 18.48% | 13.03% | 17.66% | 14.29% | 11.18% | 15.54% |
| 3473 | Eugene School District 4J | 26.16% | 20.71% | 25.34% | 21.27% | 18.16% | 22.52% |
| 3887 | Falls City School District | 9.48% | 4.03% | 8.66% | 9.04% | 5.93% | 10.29% |
| 3494 | Fern Ridge School District | 18.14% | 12.69% | 17.32% | 13.90% | 10.79% | 15.15% |
| 4405 | Forest Grove Community School | 32.03% | 26.58% | 31.21% | 26.21% | 23.10% | 27.46% |
| 4313 | Forest Grove School District | 24.20% | 18.75% | 23.38% | 19.01% | 15.90% | 20.26% |
| 4034 | Gaston Public Schools | 15.48% | 10.03% | 14.66% | 7.39% | 4.28% | 8.64% |
| 4329 | Gervais School District #1 | 7.87% | 2.42% | 7.05% | 3.12% | 0.01% | 4.37% |
| 3160 | Gladstone School District #115 | 7.82% | 2.37% | 7.00% | 0.05% | 0.00% | 0.64% |
| 3316 | Glide School District #12 | 20.46% | 15.01% | 19.64% | 17.00% | 13.89% | 18.25% |
| 4260 | Greater Albany School District #8J | 23.14% | 17.69% | 22.32% | 18.67% | 15.56% | 19.92% |
| 4332 | Gresham-Barlow School District #10 | 17.89% | 12.44% | 17.07% | 12.93% | 9.82% | 14.18% |
| 4326 | Harney County School District #3 | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 4258 | Hermiston School District #8R | 22.06% | 16.61% | 21.24% | 17.98% | 14.87% | 19.23% |
| 4252 | High Desert Education Service District | 22.04% | 16.59% | 21.22% | 17.52% | 14.41% | 18.77% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **School Districts** | | | | | | |
| | **School** | | | | | | |
| 4341 | Hillsboro School District #1J | 21.73% | 16.28% | 20.91% | 17.08% | 13.97% | 18.33% |
| 3409 | Hood River County School District | 20.03% | 14.58% | 19.21% | 15.31% | 12.20% | 16.56% |
| 4223 | InterMountain Education Service District | 19.06% | 13.61% | 18.24% | 15.06% | 11.95% | 16.31% |
| 3729 | Jefferson School District #14Cj | 14.27% | 8.82% | 13.45% | 7.18% | 4.07% | 8.43% |
| 4315 | John Day School District | 14.74% | 9.29% | 13.92% | 9.51% | 6.40% | 10.76% |
| 3520 | Junction City School District #69 | 20.85% | 15.40% | 20.03% | 14.81% | 11.70% | 16.06% |
| 3965 | La Grande Public Schools | 19.90% | 14.45% | 19.08% | 15.64% | 12.53% | 16.89% |
| 4268 | Lake Oswego School District | 18.28% | 12.83% | 17.46% | 15.21% | 12.10% | 16.46% |
| 4276 | Lane County Education Service District | 23.54% | 18.09% | 22.72% | 19.40% | 16.29% | 20.65% |
| 3579 | Lincoln County School District | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 3447 | Madras School District | 23.40% | 17.95% | 22.58% | 18.12% | 15.01% | 19.37% |
| 4142 | McMinnville Schools | 23.07% | 17.62% | 22.25% | 17.83% | 14.72% | 19.08% |
| 4288 | Medford School District #549C | 26.96% | 21.51% | 26.14% | 21.88% | 18.77% | 23.13% |
| 4335 | Milton-Freewater Unified School District #7 | 9.80% | 4.35% | 8.98% | 7.05% | 3.94% | 8.30% |
| 4423 | Molalla River Academy | 32.03% | 26.58% | 31.21% | 25.86% | 22.75% | 27.11% |
| 4331 | Molalla River School District | 3.21% | 0.00% | 2.39% | 0.05% | 0.00% | 0.00% |
| 4340 | Monroe School District #1J | 21.95% | 16.50% | 21.13% | 15.83% | 12.72% | 17.08% |
| 3372 | Monument School District #8 | 16.62% | 11.17% | 15.80% | 7.73% | 4.62% | 8.98% |
| 3809 | Morrow County Schools | 23.63% | 18.18% | 22.81% | 19.30% | 16.19% | 20.55% |
| 4238 | Multnomah Education Service District | 14.56% | 9.11% | 13.74% | 13.43% | 10.32% | 14.68% |
| 4336 | Nestucca Valley School District #101 | 22.76% | 17.31% | 21.94% | 18.42% | 15.31% | 19.67% |
| 4135 | Newberg School District #29Jt | 15.88% | 10.43% | 15.06% | 9.06% | 5.95% | 10.31% |
| 3245 | North Bend Public Schools | 22.32% | 16.87% | 21.50% | 18.03% | 14.92% | 19.28% |
| 4321 | North Clackamas School District #12 | 16.75% | 11.30% | 15.93% | 12.88% | 9.77% | 14.13% |
| 3730 | North Marion School District #15 | 17.72% | 12.27% | 16.90% | 12.96% | 9.85% | 14.21% |
| 4342 | North Santiam School District #29J | 13.57% | 8.12% | 12.75% | 9.11% | 6.00% | 10.36% |
| 4381 | North Wasco County School District #21 | 18.17% | 12.72% | 17.35% | 13.34% | 10.23% | 14.59% |
| 3307 | Oakland School District | 32.03% | 26.58% | 31.21% | 25.18% | 22.07% | 26.43% |
| 3684 | Ontario School District #8C | 21.88% | 16.43% | 21.06% | 17.63% | 14.52% | 18.88% |
| 3122 | Oregon City School District #62 | 21.05% | 15.60% | 20.23% | 16.12% | 13.01% | 17.37% |
| 3820 | Parkrose School District | 23.92% | 18.47% | 23.10% | 18.05% | 14.94% | 19.30% |
| 3931 | Pendleton School District #16R | 8.71% | 3.26% | 7.89% | 3.30% | 0.19% | 4.55% |
| 3043 | Philomath School District #17J | 21.25% | 15.80% | 20.43% | 17.97% | 14.86% | 19.22% |
| 3414 | Phoenix-Talent School District | 18.97% | 13.52% | 18.15% | 13.33% | 10.22% | 14.58% |
| 3958 | Pilot Rock School District #2R | 16.97% | 11.52% | 16.15% | 11.13% | 8.02% | 12.38% |
| 3470 | Pleasant Hill School District | 31.48% | 26.03% | 30.66% | 26.26% | 23.15% | 27.51% |
| 3818 | Portland Public Schools | 8.81% | 3.36% | 7.99% | 6.47% | 3.36% | 7.72% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **School Districts** | | | | | | |
| | **School** | | | | | | |
| 4403 | Portland Village School | 30.55% | 25.10% | 29.73% | 25.34% | 22.23% | 26.59% |
| 3370 | Prairie City School District #4 | 25.06% | 19.61% | 24.24% | 19.87% | 16.76% | 21.12% |
| 4320 | Rainier School District #13 | 15.50% | 10.05% | 14.68% | 12.80% | 9.69% | 14.05% |
| 4311 | Redmond School District #2J | 23.28% | 17.83% | 22.46% | 18.82% | 15.71% | 20.07% |
| 4312 | Reedsport School District | 18.09% | 12.64% | 17.27% | 16.02% | 12.91% | 17.27% |
| 3824 | Reynolds School District | 15.44% | 9.99% | 14.62% | 8.97% | 5.86% | 10.22% |
| 3847 | Riverdale School | 21.18% | 15.73% | 20.36% | 14.67% | 11.56% | 15.92% |
| 3310 | Roseburg Public Schools | 15.32% | 9.87% | 14.50% | 9.65% | 6.54% | 10.90% |
| 3735 | Salem-Keizer Public Schools | 20.96% | 15.51% | 20.14% | 16.29% | 13.18% | 17.54% |
| 3665 | Santiam Canyon School District | 13.33% | 7.88% | 12.51% | 13.43% | 10.32% | 14.68% |
| 3000 | School Districts | 32.03% | 26.58% | 31.21% | 26.83% | 23.72% | 28.08% |
| 3187 | Seaside Schools | 21.09% | 15.64% | 20.27% | 16.11% | 13.00% | 17.36% |
| 4144 | Sheridan School District #48J | 32.03% | 26.58% | 31.21% | 25.82% | 22.71% | 27.07% |
| 4317 | Sherwood School District #88J | 27.20% | 21.75% | 26.38% | 22.29% | 19.18% | 23.54% |
| 4270 | Silver Falls School District | 21.21% | 15.76% | 20.39% | 16.66% | 13.55% | 17.91% |
| 3296 | Sisters School District | 12.89% | 7.44% | 12.07% | 6.41% | 3.30% | 7.66% |
| 3537 | Siuslaw School District #97J | 17.12% | 11.67% | 16.30% | 13.09% | 9.98% | 14.34% |
| 3506 | South Lane School District | 12.41% | 6.96% | 11.59% | 6.92% | 3.81% | 8.17% |
| 3319 | South Umpqua School District | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 3487 | Springfield School District #19 | 20.71% | 15.26% | 19.89% | 16.79% | 13.68% | 18.04% |
| 4279 | St Helens School District #502 | 9.07% | 3.62% | 8.25% | 5.09% | 1.98% | 6.34% |
| 3942 | Stanfield School District | 14.08% | 8.63% | 13.26% | 10.35% | 7.24% | 11.60% |
| 3353 | Sutherlin School District #130 | 11.17% | 5.72% | 10.35% | 6.21% | 3.10% | 7.46% |
| 3618 | Sweet Home School District #55 | 8.33% | 2.88% | 7.51% | 7.00% | 3.89% | 8.25% |
| 4380 | The Emerson School | 30.21% | 24.76% | 29.39% | 24.93% | 21.82% | 26.18% |
| 4338 | Three Rivers U J School District | 20.80% | 15.35% | 19.98% | 16.24% | 13.13% | 17.49% |
| 4316 | Tigard-Tualatin School District #23J | 27.59% | 22.14% | 26.77% | 22.82% | 19.71% | 24.07% |
| 3902 | Tillamook Public Schools | 8.49% | 3.04% | 7.67% | 6.22% | 3.11% | 7.47% |
| 3928 | Umatilla School District #6R | 24.08% | 18.63% | 23.26% | 19.88% | 16.77% | 21.13% |
| 3966 | Union County School District | 17.16% | 11.71% | 16.34% | 12.45% | 9.34% | 13.70% |
| 3195 | Warrenton-Hammond School District | 24.49% | 19.04% | 23.67% | 19.43% | 16.32% | 20.68% |
| 3075 | West Linn School District | 24.25% | 18.80% | 23.43% | 20.15% | 17.04% | 21.40% |
| 4254 | Willamette Education Service District | 10.86% | 5.41% | 10.04% | 9.11% | 6.00% | 10.36% |
| 4314 | Willamina School District #30J | 27.35% | 21.90% | 26.53% | 22.62% | 19.51% | 23.87% |
| 3349 | Winston-Dillard Schools | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 4166 | Yamhill-Carlton School District #1 | 0.11% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **CC** | | | | | | |
| 2901 | Blue Mountain Community College | 18.16% | 12.07% | 16.70% | 17.38% | 13.69% | 18.05% |
| 2999 | Central Oregon Community College | 22.54% | 16.45% | 21.08% | 21.60% | 17.91% | 22.27% |
| 2919 | Chemeketa Community College | 15.75% | 9.66% | 14.29% | 15.25% | 11.56% | 15.92% |
| 2908 | Clackamas Community College | 18.15% | 12.06% | 16.69% | 17.89% | 14.20% | 18.56% |
| 2900 | Clatsop Community College | 15.17% | 9.08% | 13.71% | 16.68% | 12.99% | 17.35% |
| 2996 | Columbia Gorge Community College | 19.42% | 13.33% | 17.96% | 18.53% | 14.84% | 19.20% |
| 2906 | Klamath Community College | 27.46% | 21.37% | 26.00% | 27.02% | 23.33% | 27.69% |
| 2904 | Lane Community College | 12.72% | 6.63% | 11.26% | 11.35% | 7.66% | 12.02% |
| 2910 | Linn-Benton Community College | 17.23% | 11.14% | 15.77% | 16.85% | 13.16% | 17.52% |
| 2905 | Mt Hood Community College | 11.81% | 5.72% | 10.35% | 12.41% | 8.72% | 13.08% |
| 2995 | Oregon Coast Community College | 18.44% | 12.35% | 16.98% | 19.32% | 15.63% | 19.99% |
| 2918 | Portland Community College | 8.46% | 2.37% | 7.00% | 6.83% | 3.14% | 7.50% |
| 2922 | Rogue Community College | 17.97% | 11.88% | 16.51% | 17.24% | 13.55% | 17.91% |
| 2998 | Southwestern Community College | 15.73% | 9.64% | 14.27% | 15.51% | 11.82% | 16.18% |
| 2997 | Tillamook Bay Community College | 20.73% | 14.64% | 19.27% | 20.82% | 17.13% | 21.49% |
| 2902 | Treasure Valley Community College | 11.87% | 5.78% | 10.41% | 8.10% | 4.41% | 8.77% |
| 2903 | Umpqua Community College | 17.15% | 11.06% | 15.69% | 16.55% | 12.86% | 17.22% |
| | **City** | | | | | | |
| 2258 | City of Adair Village | 26.57% | 19.08% | 23.71% | 26.23% | 21.16% | 25.52% |
| 2103 | City of Albany | 26.51% | 17.27% | 21.90% | 26.19% | 19.46% | 23.82% |
| 2235 | City of Amity | 14.97% | 7.48% | 12.11% | 10.28% | 3.98% | 8.34% |
| 2104 | City of Ashland | 27.51% | 19.02% | 23.65% | 27.35% | 21.20% | 25.56% |
| 2105 | City of Astoria | 28.91% | 20.55% | 25.18% | 28.41% | 22.52% | 26.88% |
| 2234 | City of Aumsville | 21.77% | 14.38% | 19.01% | 22.74% | 17.19% | 21.55% |
| 2272 | City of Aurora | 10.35% | 2.86% | 7.49% | 18.00% | 12.93% | 17.29% |
| 2159 | City of Baker City | 27.21% | 18.11% | 22.74% | 26.80% | 20.33% | 24.69% |
| 2150 | City of Bandon | 24.76% | 18.23% | 22.86% | 25.16% | 20.45% | 24.81% |
| 2231 | City of Banks | 14.08% | 9.78% | 14.41% | 20.35% | 15.28% | 19.64% |
| 2241 | City of Bay City | 19.33% | 15.03% | 19.66% | 22.58% | 17.51% | 21.87% |
| 2178 | City of Boardman | 26.05% | 17.94% | 22.57% | 25.88% | 20.29% | 24.65% |
| 2216 | City of Brookings | 26.19% | 17.57% | 22.20% | 25.93% | 19.65% | 24.01% |
| 2204 | City of Burns | 22.00% | 14.27% | 18.90% | 20.68% | 15.64% | 20.00% |
| 2109 | City of Canby | 22.37% | 13.60% | 18.23% | 22.33% | 16.40% | 20.76% |
| 2223 | City of Cannon Beach | 23.15% | 16.38% | 21.01% | 24.20% | 19.02% | 23.38% |
| 2198 | City of Carlton | 15.24% | 10.94% | 15.57% | 16.73% | 14.40% | 18.76% |
| 2182 | City of Cascade Locks | 35.28% | 26.44% | 31.07% | 34.77% | 28.47% | 32.83% |
| 2194 | City of Cave Junction | 23.59% | 17.25% | 21.88% | 25.77% | 19.47% | 23.83% |

# 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 7/1/19 - 6/30/21 Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Net Employer Contribution Rate 7/1/21 - 6/30/23 Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
|---|---|---|---|---|---|---|---|
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **City** | | | | | | |
| 2181 | City of Central Point | 24.86% | 17.54% | 22.17% | 25.08% | 19.79% | 24.15% |
| 2201 | City of Coburg | 16.49% | 9.16% | 13.79% | 17.54% | 15.21% | 19.57% |
| 2271 | City of Columbia City | 27.81% | 18.47% | 23.10% | 32.11% | 20.69% | 25.05% |
| 2177 | City of Condon | 22.30% | 18.00% | 22.63% | 22.32% | 19.99% | 24.35% |
| 2110 | City of Coquille | 27.95% | 19.77% | 24.40% | 28.61% | 22.12% | 26.48% |
| 2155 | City of Corvallis | 19.52% | 10.72% | 15.35% | 19.30% | 13.39% | 17.75% |
| 2236 | City of Creswell | 23.50% | 18.48% | 23.11% | 23.67% | 20.74% | 25.10% |
| 2202 | City of Dallas | 26.60% | 18.24% | 22.87% | 26.36% | 20.21% | 24.57% |
| 2252 | City of Dayton | 18.16% | 11.33% | 15.96% | 19.42% | 15.52% | 19.88% |
| 2294 | City of Depoe Bay | 24.32% | 18.43% | 23.06% | 25.18% | 20.67% | 25.03% |
| 2131 | City of Drain | 27.36% | 18.53% | 23.16% | 27.05% | 20.75% | 25.11% |
| 2245 | City of Dundee | 24.73% | 17.18% | 21.81% | 24.05% | 19.26% | 23.62% |
| 2299 | City of Dunes City | 29.78% | 22.29% | 26.92% | 25.97% | 20.90% | 25.26% |
| 2269 | City of Durham | 24.49% | 17.00% | 21.63% | 22.56% | 17.49% | 21.85% |
| 2225 | City of Echo | 32.84% | 24.50% | 29.13% | 42.83% | 36.53% | 40.89% |
| 2205 | City of Elgin | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 2305 | City of Elkton | 22.91% | 18.61% | 23.24% | 23.14% | 20.81% | 25.17% |
| 2180 | City of Enterprise | 26.44% | 20.15% | 24.78% | 25.64% | 22.16% | 26.52% |
| 2179 | City of Estacada | 25.98% | 19.17% | 23.80% | 26.23% | 21.26% | 25.62% |
| 2208 | City of Fairview | 23.20% | 15.74% | 20.37% | 18.68% | 14.72% | 19.08% |
| 2224 | City of Falls City | 21.88% | 15.01% | 19.64% | 24.69% | 18.39% | 22.75% |
| 2291 | City of Florence | 18.85% | 10.14% | 14.77% | 16.82% | 13.18% | 17.54% |
| 2220 | City of Garibaldi | 27.90% | 21.49% | 26.12% | 26.34% | 24.01% | 28.37% |
| 2242 | City of Gaston | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 2304 | City of Gladstone | 25.38% | 15.92% | 20.55% | 24.43% | 18.38% | 22.74% |
| 2274 | City of Gold Hill | 0.06% | 0.00% | 0.00% | 1.54% | 0.00% | 0.83% |
| 2113 | City of Grants Pass | 28.25% | 18.95% | 23.58% | 28.24% | 21.08% | 25.44% |
| 2284 | City of Halsey | 17.37% | 13.07% | 17.70% | 19.00% | 16.67% | 21.03% |
| 2296 | City of Happy Valley | 21.57% | 15.81% | 20.44% | 21.02% | 17.52% | 21.88% |
| 2268 | City of Harrisburg | 23.02% | 17.66% | 22.29% | 22.22% | 19.75% | 24.11% |
| 2193 | City of Heppner | 4.67% | 0.00% | 1.81% | 5.67% | 3.35% | 7.71% |
| 2160 | City of Hermiston | 26.81% | 18.84% | 23.47% | 26.85% | 21.06% | 25.42% |
| 2226 | City of Hines | 24.98% | 17.49% | 22.12% | 24.77% | 19.70% | 24.06% |
| 2138 | City of Hood River | 27.86% | 17.56% | 22.19% | 28.27% | 19.92% | 24.28% |
| 2196 | City of Hubbard | 28.71% | 19.97% | 24.60% | 28.05% | 21.74% | 26.10% |
| 2191 | City of Huntington | 63.86% | 56.37% | 61.00% | 60.45% | 55.38% | 59.74% |
| 2267 | City of Independence | 24.83% | 16.15% | 20.78% | 25.61% | 18.76% | 23.12% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **City** | | | | | | |
| 2266 | City of Irrigon | 22.76% | 17.12% | 21.75% | 22.95% | 19.48% | 23.84% |
| 2211 | City of Jefferson | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 2229 | City of John Day | 17.02% | 9.09% | 13.72% | 10.73% | 8.40% | 12.76% |
| 2256 | City of Jordan Valley | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 2199 | City of Junction City | 25.08% | 17.81% | 22.44% | 24.38% | 20.05% | 24.41% |
| 2287 | City of King City | 28.42% | 16.03% | 20.66% | 27.69% | 18.34% | 22.70% |
| 2148 | City of Klamath Falls | 20.54% | 11.41% | 16.04% | 20.34% | 13.52% | 17.88% |
| 2263 | City of La Grande | 25.50% | 13.01% | 17.64% | 24.72% | 15.00% | 19.36% |
| 2233 | City of Lafayette | 20.73% | 14.64% | 19.27% | 21.54% | 17.45% | 21.81% |
| 2120 | City of Lake Oswego | 28.66% | 19.12% | 23.75% | 28.39% | 21.20% | 25.56% |
| 2244 | City of Lakeside | 8.85% | 4.55% | 9.18% | 6.40% | 1.33% | 5.69% |
| 2140 | City of Lebanon | 23.31% | 14.42% | 19.05% | 23.25% | 16.64% | 21.00% |
| 2298 | City of Lincoln City | 21.66% | 13.43% | 18.06% | 21.85% | 15.96% | 20.32% |
| 2293 | City of Lowell | 24.73% | 17.24% | 21.87% | 24.70% | 19.63% | 23.99% |
| 2270 | City of Lyons | 26.24% | 17.41% | 22.04% | 25.62% | 19.32% | 23.68% |
| 2170 | City of Madras | 27.39% | 16.93% | 21.56% | 26.62% | 19.23% | 23.59% |
| 2247 | City of Malin | 21.38% | 14.91% | 19.54% | 18.21% | 15.44% | 19.80% |
| 2281 | City of Manzanita | 29.09% | 17.38% | 22.01% | 29.07% | 19.72% | 24.08% |
| 2117 | City of McMinnville | 28.39% | 18.53% | 23.16% | 27.81% | 20.75% | 25.11% |
| 2102 | City of Medford | 22.52% | 12.80% | 17.43% | 22.34% | 15.00% | 19.36% |
| 2207 | City of Mill City | 23.04% | 18.74% | 23.37% | 23.23% | 20.90% | 25.26% |
| 2286 | City of Millersburg | 23.09% | 18.79% | 23.42% | 23.64% | 21.31% | 25.67% |
| 2158 | City of Milton-Freewater | 28.23% | 20.30% | 24.93% | 27.57% | 22.46% | 26.82% |
| 2163 | City of Milwaukie | 23.45% | 13.99% | 18.62% | 23.32% | 16.70% | 21.06% |
| 2157 | City of Monmouth | 22.54% | 14.77% | 19.40% | 21.26% | 16.42% | 20.78% |
| 2209 | City of Monroe | 13.89% | 6.40% | 11.03% | 17.20% | 12.13% | 16.49% |
| 2301 | City of Moro | 15.11% | 7.62% | 12.25% | 15.96% | 10.89% | 15.25% |
| 2302 | City of Mt. Vernon | 20.10% | 11.27% | 15.90% | 21.69% | 15.39% | 19.75% |
| 2197 | City of Myrtle Creek | 20.16% | 13.96% | 18.59% | 20.34% | 16.21% | 20.57% |
| 2183 | City of Myrtle Point | 18.60% | 9.91% | 14.54% | 19.42% | 13.00% | 17.36% |
| 2777 | City of Newberg | 21.99% | 12.10% | 16.73% | 22.49% | 15.07% | 19.43% |
| 2276 | City of Newport | 25.49% | 13.16% | 17.79% | 25.07% | 15.20% | 19.56% |
| 2292 | City of North Bend | 25.74% | 15.95% | 20.58% | 24.91% | 18.16% | 22.52% |
| 2192 | City of North Plains | 20.49% | 16.19% | 20.82% | 20.62% | 18.29% | 22.65% |
| 2308 | City of North Powder | 21.67% | 17.37% | 22.00% | 18.09% | 13.02% | 17.38% |
| 2166 | City of Nyssa | 27.15% | 17.74% | 22.37% | 27.10% | 20.06% | 24.42% |
| 2143 | City of Oakland | 33.17% | 28.87% | 33.50% | 32.68% | 30.35% | 34.71% |

# 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.

| | | Net Employer Contribution Rate 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| Employer Number | Employer Name | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **City** | | | | | | |
| 2168 | City of Oakridge | 34.57% | 23.55% | 28.18% | 34.11% | 26.26% | 30.62% |
| 2119 | City of Oregon City | 22.76% | 15.11% | 19.74% | 23.13% | 17.44% | 21.80% |
| 2154 | City of Pendleton | 24.07% | 14.25% | 18.88% | 24.13% | 16.57% | 20.93% |
| 2187 | City of Philomath | 19.45% | 10.81% | 15.44% | 16.27% | 11.08% | 15.44% |
| 2249 | City of Phoenix | 15.57% | 8.80% | 13.43% | 15.48% | 10.35% | 14.71% |
| 2161 | City of Pilot Rock | 30.69% | 23.81% | 28.44% | 29.94% | 25.35% | 29.71% |
| 2184 | City of Port Orford | 26.10% | 17.71% | 22.34% | 26.46% | 20.06% | 24.42% |
| 2121 | City of Portland | 21.86% | 15.53% | 20.16% | 22.35% | 18.36% | 22.72% |
| 2122 | City of Redmond | 23.49% | 15.42% | 20.05% | 24.07% | 18.29% | 22.65% |
| 2139 | City of Reedsport | 14.44% | 6.74% | 11.37% | 12.53% | 6.69% | 11.05% |
| 2260 | City of Riddle | 24.25% | 16.67% | 21.30% | 22.72% | 18.23% | 22.59% |
| 2203 | City of Rockaway Beach | 23.41% | 16.92% | 21.55% | 23.07% | 18.43% | 22.79% |
| 2251 | City of Rogue River | 31.18% | 22.36% | 26.99% | 30.26% | 24.70% | 29.06% |
| 2100 | City of Roseburg | 28.11% | 18.53% | 23.16% | 27.94% | 20.75% | 25.11% |
| 2172 | City of Sandy | 26.40% | 17.87% | 22.50% | 26.54% | 20.21% | 24.57% |
| 2176 | City of Scappoose | 26.28% | 18.87% | 23.50% | 26.62% | 21.06% | 25.42% |
| 2254 | City of Shady Cove | 10.00% | 2.51% | 7.14% | 9.59% | 4.52% | 8.88% |
| 2142 | City of Sherwood | 26.61% | 18.28% | 22.91% | 26.54% | 20.53% | 24.89% |
| 2273 | City of Silverton | 24.84% | 16.02% | 20.65% | 22.88% | 16.83% | 21.19% |
| 2221 | City of Sisters | 18.80% | 14.50% | 19.13% | 19.38% | 17.05% | 21.41% |
| 2278 | City of Springfield | 21.65% | 12.67% | 17.30% | 21.68% | 14.92% | 19.28% |
| 2123 | City of St Helens | 29.62% | 22.22% | 26.85% | 28.88% | 24.08% | 28.44% |
| 2757 | City of Stayton | 29.33% | 17.62% | 22.25% | 25.87% | 16.52% | 20.88% |
| 2217 | City of Sutherlin | 18.29% | 10.88% | 15.51% | 20.05% | 14.86% | 19.22% |
| 2188 | City of Talent | 23.60% | 14.35% | 18.98% | 23.08% | 16.71% | 21.07% |
| 2295 | City of Tigard | 25.25% | 12.99% | 17.62% | 24.74% | 15.08% | 19.44% |
| 2128 | City of Tillamook | 25.06% | 16.46% | 21.09% | 23.93% | 18.31% | 22.67% |
| 2275 | City of Toledo | 15.46% | 6.44% | 11.07% | 15.34% | 8.91% | 13.27% |
| 2237 | City of Troutdale | 14.69% | 8.63% | 13.26% | 16.34% | 13.06% | 17.42% |
| 2288 | City of Tualatin | 26.75% | 17.89% | 22.52% | 26.85% | 20.13% | 24.49% |
| 2228 | City of Turner | 25.93% | 19.67% | 24.30% | 26.46% | 21.76% | 26.12% |
| 2175 | City of Umatilla | 19.07% | 11.02% | 15.65% | 20.63% | 13.86% | 18.22% |
| 2145 | City of Vale | 31.75% | 25.64% | 30.27% | 31.49% | 27.34% | 31.70% |
| 2285 | City of Veneta | 23.29% | 16.02% | 20.65% | 24.32% | 18.54% | 22.90% |
| 2125 | City of Vernonia | 21.70% | 12.87% | 17.50% | 21.65% | 14.91% | 19.27% |
| 2200 | City of Wallowa | 18.29% | 12.97% | 17.60% | 18.20% | 15.13% | 19.49% |
| 2238 | City of Warrenton | 26.80% | 17.62% | 22.25% | 25.72% | 20.03% | 24.39% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **City** | | | | | | |
| 2126 | City of West Linn | 23.39% | 15.80% | 20.43% | 22.65% | 17.77% | 22.13% |
| 2265 | City of Westfir | 18.72% | 11.23% | 15.86% | 10.35% | 5.28% | 9.64% |
| 2206 | City of Weston | 14.96% | 10.66% | 15.29% | 13.28% | 10.95% | 15.31% |
| 2147 | City of Wheeler | 27.70% | 20.21% | 24.84% | 27.30% | 22.23% | 26.59% |
| 2240 | City of Wilsonville | 24.37% | 17.94% | 22.57% | 24.32% | 20.26% | 24.62% |
| 2280 | City of Winston | 17.80% | 8.03% | 12.66% | 18.89% | 11.34% | 15.70% |
| 2185 | City of Wood Village | 20.02% | 15.72% | 20.35% | 23.21% | 18.38% | 22.74% |
| 2303 | City of Woodburn | 21.34% | 13.38% | 18.01% | 21.29% | 15.73% | 20.09% |
| 2300 | City of Yachats | 20.94% | 12.11% | 16.74% | 21.78% | 15.48% | 19.84% |
| 2214 | City of Yamhill | 22.90% | 14.88% | 19.51% | 23.96% | 16.74% | 21.10% |
| 2307 | City of Yoncalla | 22.45% | 18.15% | 22.78% | 22.74% | 20.41% | 24.77% |
| 2255 | Town of Canyon City | 28.19% | 20.70% | 25.33% | 27.86% | 22.79% | 27.15% |
| 2212 | Town of Lakeview | 15.17% | 6.50% | 11.13% | 10.28% | 4.27% | 8.63% |
| | **County** | | | | | | |
| 2021 | Baker County | 23.23% | 15.49% | 20.12% | 23.06% | 17.62% | 21.98% |
| 2040 | Benton County | 19.63% | 12.27% | 16.90% | 19.94% | 14.88% | 19.24% |
| 2036 | Clatsop County | 20.68% | 12.10% | 16.73% | 20.23% | 14.17% | 18.53% |
| 2017 | Columbia County | 20.74% | 12.75% | 17.38% | 21.54% | 16.03% | 20.39% |
| 2018 | Coos County | 29.34% | 21.10% | 25.73% | 28.82% | 23.00% | 27.36% |
| 2044 | Crook County | 25.74% | 13.14% | 17.77% | 26.21% | 16.47% | 20.83% |
| 2027 | Deschutes County | 22.27% | 14.26% | 18.89% | 22.81% | 17.22% | 21.58% |
| 2022 | Gilliam County | 24.78% | 17.66% | 22.29% | 24.85% | 19.96% | 24.32% |
| 2012 | Grant County | 8.47% | 0.72% | 5.35% | 9.97% | 3.62% | 7.98% |
| 2004 | Harney County | 23.86% | 16.31% | 20.94% | 24.21% | 18.68% | 23.04% |
| 2035 | Hood River County | 14.90% | 7.71% | 12.34% | 14.14% | 9.14% | 13.50% |
| 2005 | Jackson County | 25.40% | 17.29% | 21.92% | 25.38% | 19.57% | 23.93% |
| 2042 | Josephine County | 28.58% | 20.85% | 25.48% | 27.54% | 22.42% | 26.78% |
| 2007 | Klamath County | 15.92% | 3.53% | 8.16% | 17.61% | 7.72% | 12.08% |
| 2000 | Lake County | 24.06% | 15.75% | 20.38% | 24.74% | 18.02% | 22.38% |
| 2043 | Lincoln County | 21.39% | 8.76% | 13.39% | 21.78% | 11.54% | 15.90% |
| 2009 | Marion County | 21.18% | 13.01% | 17.64% | 21.07% | 15.39% | 19.75% |
| 2038 | Multnomah County | 20.81% | 12.79% | 17.42% | 20.91% | 15.26% | 19.62% |
| 2016 | Sherman County | 20.90% | 13.98% | 18.61% | 21.76% | 16.88% | 21.24% |
| 2013 | Umatilla County | 19.84% | 11.46% | 16.09% | 20.46% | 14.31% | 18.67% |
| 2020 | Wasco County | 19.77% | 11.94% | 16.57% | 19.55% | 14.45% | 18.81% |
| 2011 | Washington County | 25.91% | 17.74% | 22.37% | 25.47% | 19.88% | 24.24% |
| | **Special Districts** | | | | | | |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **Special Districts** | | | | | | |
| 2742 | Amity Fire District | 25.74% | 12.23% | 16.86% | 0.05% | 0.00% | 0.00% |
| 2631 | Arch Cape Water-Sanitary District | 18.14% | 13.84% | 18.47% | 18.35% | 16.02% | 20.38% |
| 2602 | Aumsville Rural Fire Protection District | 14.72% | 10.42% | 15.05% | 17.40% | 15.07% | 19.43% |
| 2804 | Aurora Rural Fire Protection District | 14.48% | 2.77% | 7.40% | 24.19% | 14.84% | 19.20% |
| 2728 | Baker County Library District | 26.00% | 18.28% | 22.91% | 26.44% | 20.14% | 24.50% |
| 2601 | Baker Valley Irrigation District | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 2749 | Black Butte Ranch Police | 22.67% | 10.96% | 15.59% | 22.17% | 12.82% | 17.18% |
| 2595 | Canby Fire District | 29.54% | 17.76% | 22.39% | 27.87% | 19.95% | 24.31% |
| 2731 | Canby Utility Board | 25.60% | 18.70% | 23.33% | 25.68% | 20.87% | 25.23% |
| 2840 | Cannon Beach Rural Fire Protection District | 31.86% | 18.48% | 23.11% | 29.93% | 20.69% | 25.05% |
| 2820 | Central Oregon Coast Fire & Rescue District | 0.06% | 0.00% | 0.00% | 13.13% | 8.06% | 12.42% |
| 2569 | Central Oregon Intergovernmental Council | 11.92% | 6.38% | 11.01% | 10.34% | 7.66% | 12.02% |
| 2563 | Central Oregon Irrigation District | 27.21% | 21.14% | 25.77% | 27.39% | 23.34% | 27.70% |
| 2567 | Charleston Rural Fire Protection District | 13.21% | 0.00% | 3.92% | 29.03% | 17.64% | 22.00% |
| 2699 | Chetco Library Board | 26.88% | 18.05% | 22.68% | 26.78% | 20.48% | 24.84% |
| 2745 | Clackamas County Fire District | 28.53% | 16.37% | 21.00% | 27.60% | 18.54% | 22.90% |
| 2761 | Clackamas River Water | 23.86% | 18.53% | 23.16% | 24.06% | 20.68% | 25.04% |
| 2538 | Clackamas Vector Control | 29.19% | 21.70% | 26.33% | 28.99% | 23.92% | 28.28% |
| 2707 | Clatskanie Library | 26.43% | 18.95% | 23.58% | 27.51% | 21.21% | 25.57% |
| 2526 | Clatskanie PUD | 20.51% | 13.97% | 18.60% | 18.38% | 16.05% | 20.41% |
| 2588 | Clatskanie Rural Fire Protection District | 29.08% | 16.01% | 20.64% | 30.27% | 19.45% | 23.81% |
| 2617 | Clean Water Services | 16.83% | 10.10% | 14.73% | 16.58% | 12.34% | 16.70% |
| 2681 | Cloverdale Rural Fire Protection District | 35.46% | 21.54% | 26.17% | 35.59% | 24.17% | 28.53% |
| 2801 | Coburg Rural Fire Protection District | 26.20% | 14.53% | 19.16% | 29.25% | 19.69% | 24.05% |
| 2649 | Colton Fire Department | 19.97% | 6.05% | 10.68% | 25.39% | 13.97% | 18.33% |
| 2671 | Columbia 911 Communications District | 22.64% | 17.51% | 22.14% | 22.98% | 19.87% | 24.23% |
| 2687 | Columbia Drainage Vector Control District | 35.70% | 31.40% | 36.03% | 31.03% | 28.70% | 33.06% |
| 2528 | Columbia River Fire & Rescue | 24.33% | 12.24% | 16.87% | 24.29% | 14.34% | 18.70% |
| 2612 | Community Services Consortium | 22.55% | 16.76% | 21.39% | 22.96% | 19.28% | 23.64% |
| 2860 | Coos County Airport District | 18.91% | 14.61% | 19.24% | 18.49% | 16.16% | 20.52% |
| 2806 | Corbett Fire District No. 14 | N/A | N/A | N/A | 25.52% | 20.45% | 24.81% |
| 2603 | Corbett Water District | 22.83% | 18.53% | 23.16% | 25.82% | 20.75% | 25.11% |
| 2545 | Council of Governments | 24.61% | 18.52% | 23.15% | 24.92% | 20.74% | 25.10% |
| 2834 | Crescent Rural Fire Protection District | 24.86% | 17.37% | 22.00% | 26.11% | 21.04% | 25.40% |
| 2844 | Crook County Rural Fire Protection District #1 | 28.59% | 18.34% | 22.97% | 28.52% | 20.61% | 24.97% |
| 2647 | Crooked River Ranch Rural Fire Protection District | 24.94% | 17.45% | 22.08% | 24.85% | 19.78% | 24.14% |
| 2571 | Crystal Springs Water District | 23.31% | 19.01% | 23.64% | 23.87% | 21.54% | 25.90% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **Special Districts** | | | | | | |
| 2718 | Curry Library | 7.80% | 3.50% | 8.13% | 14.54% | 9.47% | 13.83% |
| 2576 | Depoe Bay Rural Fire Protection District | 32.10% | 18.18% | 22.81% | 31.95% | 20.53% | 24.89% |
| 2642 | Dexter Rural Fire Protection District | 21.12% | 13.63% | 18.26% | 24.62% | 19.55% | 23.91% |
| 2557 | Estacada Fire Department | 21.41% | 7.49% | 12.12% | 20.85% | 9.43% | 13.79% |
| 2132 | Eugene Water & Electric Board | 19.35% | 13.79% | 18.42% | 19.16% | 15.94% | 20.30% |
| 2798 | Fairview Water District | 23.01% | 15.52% | 20.15% | 24.24% | 19.17% | 23.53% |
| 2789 | Farmers Irrigation District | 14.48% | 7.03% | 11.66% | 16.10% | 11.04% | 15.40% |
| 2824 | Glide Fire Department | 31.41% | 17.49% | 22.12% | 29.50% | 20.15% | 24.51% |
| 2511 | Grants Pass Irrigation District | 28.31% | 19.48% | 24.11% | 26.96% | 21.89% | 26.25% |
| 2784 | Greater St. Helens Aquatic District | 20.57% | 16.27% | 20.90% | 21.16% | 18.83% | 23.19% |
| 2765 | Green Sanitary | 23.47% | 16.97% | 21.60% | 23.29% | 19.28% | 23.64% |
| 2855 | Harney Hospital | 21.79% | 16.73% | 21.36% | 21.70% | 18.99% | 23.35% |
| 2819 | Harrisburg Fire-Rescue | 29.48% | 17.77% | 22.40% | 30.57% | 20.10% | 24.46% |
| 2838 | High Desert Parks & Recreation District | 26.40% | 18.91% | 23.54% | 26.29% | 21.22% | 25.58% |
| 2519 | Home Forward | 20.69% | 14.96% | 19.59% | 21.06% | 17.54% | 21.90% |
| 2607 | Hoodland Fire District #74 | 29.22% | 17.18% | 21.81% | 29.25% | 19.70% | 24.06% |
| 2510 | Horsefly Irrigation District | 27.70% | 20.21% | 24.84% | 27.30% | 22.23% | 26.59% |
| 2773 | Housing Authority of Jackson County | 23.46% | 18.53% | 23.16% | 23.44% | 20.75% | 25.11% |
| 2829 | Hubbard Rural Fire Protection District | N/A | N/A | N/A | 20.35% | 15.28% | 19.64% |
| 2886 | Idanha-Detroit Rural Fire Protection District | 27.70% | 20.21% | 24.84% | 27.30% | 22.23% | 26.59% |
| 2564 | Illinois Valley Fire District | 22.54% | 10.83% | 15.46% | 23.62% | 14.27% | 18.63% |
| 2651 | Imbler Rural Fire Protection District | 33.06% | 19.14% | 23.77% | 32.82% | 21.40% | 25.76% |
| 2715 | Jackson County Fire District #3 | 24.93% | 12.62% | 17.25% | 24.17% | 14.46% | 18.82% |
| 2620 | Jackson County Fire District #4 | 34.13% | 20.21% | 24.84% | 27.30% | 22.23% | 26.59% |
| 2541 | Jackson County Vector Control District | 23.64% | 16.15% | 20.78% | 24.53% | 19.46% | 23.82% |
| 2712 | Jefferson County EMS | 23.09% | 18.79% | 23.42% | 23.26% | 20.93% | 25.29% |
| 2846 | Jefferson County Library District | 24.38% | 19.60% | 24.23% | 23.48% | 21.15% | 25.51% |
| 2561 | Jefferson Rural Fire Protection District | 19.39% | 8.80% | 13.43% | 18.43% | 10.59% | 14.95% |
| 2763 | Junction City Fire Department | 26.42% | 17.46% | 22.09% | 21.43% | 19.10% | 23.46% |
| 2559 | Keizer Fire Department | 27.63% | 15.96% | 20.59% | 28.39% | 18.41% | 22.77% |
| 2710 | Klamath County Emergency Communications District | 26.41% | 20.54% | 25.17% | 25.59% | 22.15% | 26.51% |
| 2721 | Klamath Housing Authority | 19.65% | 15.35% | 19.98% | 21.25% | 18.92% | 23.28% |
| 2624 | Klamath Vector Control | 30.50% | 23.01% | 27.64% | 29.13% | 24.06% | 28.42% |
| 2579 | La Pine Rural Fire Protection District | 27.36% | 15.50% | 20.13% | 27.54% | 18.08% | 22.44% |
| 2768 | Lake County Library District | 27.11% | 19.34% | 23.97% | 26.35% | 21.49% | 25.85% |
| 2522 | Lane Council of Governments | 25.48% | 18.77% | 23.40% | 25.40% | 20.78% | 25.14% |
| 2883 | Lane Fire Authority | 30.71% | 18.27% | 22.90% | 30.25% | 20.56% | 24.92% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | SLGRP (Default Tier 1/Tier 2 Rates) | | | | | | |
| | Special Districts | | | | | | |
| 2849 | Lebanon Aquatic District | 26.20% | 19.02% | 23.65% | 27.26% | 21.29% | 25.65% |
| 2705 | Lebanon Fire District | 29.96% | 16.67% | 21.30% | 29.99% | 19.33% | 23.69% |
| 2753 | Linn-Benton Housing Authority | 15.44% | 10.11% | 14.74% | 16.61% | 13.35% | 17.71% |
| 2700 | Lowell Rural Fire Protection District | 12.28% | 4.79% | 9.42% | 12.62% | 3.27% | 7.63% |
| 2823 | Lyons Fire District | 31.68% | 24.19% | 28.82% | 27.46% | 22.39% | 26.75% |
| 2580 | Marion County Fire District #1 | 33.99% | 21.88% | 26.51% | 32.92% | 23.62% | 27.98% |
| 2598 | Marion County Housing Authority | 0.06% | 0.00% | 0.00% | 0.05% | 0.00% | 0.00% |
| 2628 | McKenzie Fire And Rescue | 26.19% | 14.48% | 19.11% | 25.58% | 16.23% | 20.59% |
| 2135 | McMinnville Water & Light Department | 24.27% | 18.53% | 23.16% | 24.39% | 20.75% | 25.11% |
| 2592 | Medford Irrigation District | 22.29% | 15.52% | 20.15% | 23.13% | 18.82% | 23.18% |
| 2837 | METCOM | 21.61% | 15.56% | 20.19% | 22.23% | 17.77% | 22.13% |
| 2594 | Metro | 20.25% | 14.15% | 18.78% | 20.50% | 16.76% | 21.12% |
| 2663 | Metropolitan Area Communications Commission | 25.68% | 16.85% | 21.48% | 24.14% | 19.07% | 23.43% |
| 2811 | Mid-Columbia Center For Living | 24.31% | 18.68% | 23.31% | 24.39% | 20.90% | 25.26% |
| 2853 | Mill City Rural Fire Protection District | 20.74% | 9.03% | 13.66% | 20.77% | 11.42% | 15.78% |
| 2752 | Mist-Birkenfeld Rural Fire Protection District | 20.92% | 9.21% | 13.84% | 25.77% | 16.42% | 20.78% |
| 2758 | Mohawk Valley Rural Fire District | 18.38% | 10.89% | 15.52% | 23.02% | 17.95% | 22.31% |
| 2568 | Molalla Rural Fire Protection District #73 | 31.92% | 19.80% | 24.43% | 31.63% | 21.89% | 26.25% |
| 2555 | Monroe Fire Department | 26.00% | 14.29% | 18.92% | 28.01% | 18.66% | 23.02% |
| 2873 | Mosier Fire District | 20.90% | 9.19% | 13.82% | 21.68% | 12.33% | 16.69% |
| 2778 | Mulino Water District #23 | 23.03% | 18.73% | 23.36% | 23.28% | 20.95% | 25.31% |
| 2508 | Multnomah Drainage | 24.90% | 19.79% | 24.42% | 23.88% | 21.55% | 25.91% |
| 2869 | Nehalem Bay Fire & Rescue | 34.13% | 20.21% | 24.84% | 27.30% | 22.23% | 26.59% |
| 2858 | Nesika Beach-Ophir Water District | 20.72% | 16.42% | 21.05% | 21.02% | 18.69% | 23.05% |
| 2716 | Neskowin Water District | 25.99% | 18.50% | 23.13% | 25.80% | 20.73% | 25.09% |
| 2674 | Nestucca Rural Fire District | 23.25% | 11.53% | 16.16% | 25.71% | 16.35% | 20.71% |
| 2818 | Netarts Water District | 20.24% | 15.94% | 20.57% | 20.68% | 18.35% | 22.71% |
| 2830 | Netarts-Oceanside Rural Fire Protection District | 29.74% | 18.03% | 22.66% | 29.90% | 20.55% | 24.91% |
| 2604 | Netarts-Oceanside Sanitary District | 15.23% | 10.93% | 15.56% | 17.65% | 15.32% | 19.68% |
| 2781 | North Bend Coos-Curry Housing Authority | 55.77% | 48.28% | 52.91% | 45.24% | 40.17% | 44.53% |
| 2884 | North Central Public Health District | 28.29% | 20.21% | 24.84% | 28.53% | 22.23% | 26.59% |
| 2638 | North Douglas County Fire and EMS | 26.68% | 14.97% | 19.60% | 30.21% | 20.86% | 25.22% |
| 2793 | North Lincoln Fire & Rescue District #1 | 29.11% | 17.40% | 22.03% | 30.31% | 20.96% | 25.32% |
| 2839 | North Morrow Vector Control District | 22.95% | 18.65% | 23.28% | 23.19% | 20.86% | 25.22% |
| 2792 | North Wasco County Parks And Recreation District | 27.36% | 18.53% | 23.16% | 25.82% | 20.75% | 25.11% |
| 2825 | Northern Oregon Corrections | 17.65% | 9.77% | 14.40% | 17.19% | 12.35% | 16.71% |
| 2657 | Northwest Senior & Disability Services | 22.59% | 16.74% | 21.37% | 23.05% | 19.21% | 23.57% |

# 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 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| | | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | SLGRP (Default Tier 1/Tier 2 Rates) | | | | | | |
| | Special Districts | | | | | | |
| 2888 | Oak Lodge Water Services District | 22.50% | 16.93% | 21.56% | 23.23% | 19.21% | 23.57% |
| 2852 | Ochoco Irrigation District | 17.41% | 13.11% | 17.74% | 20.76% | 15.36% | 19.72% |
| 2816 | Odell Sanitary District | 23.75% | 19.45% | 24.08% | 23.83% | 21.50% | 25.86% |
| 2880 | Oregon Health & Science University | 18.47% | 11.80% | 16.43% | 17.53% | 13.34% | 17.70% |
| 2531 | Oregon School Boards Association | 28.02% | 20.31% | 24.94% | 26.92% | 22.31% | 26.67% |
| 2774 | Oregon Trail Library District | 22.17% | 17.88% | 22.51% | 22.68% | 20.35% | 24.71% |
| 2684 | Parkdale Fire District | 32.40% | 20.69% | 25.32% | 32.02% | 22.67% | 27.03% |
| 2694 | Philomath Fire Department | 29.08% | 17.37% | 22.00% | 25.31% | 20.24% | 24.60% |
| 2893 | Pleasant Hill Goshen Fire & Rescue | N/A | N/A | N/A | 35.59% | 30.52% | 34.88% |
| 2513 | Port of Coos Bay | 25.96% | 19.09% | 23.72% | 26.08% | 21.04% | 25.40% |
| 2741 | Port of Garibaldi | 23.19% | 16.79% | 21.42% | 19.72% | 15.32% | 19.68% |
| 2625 | Port of Newport | 13.99% | 6.14% | 10.77% | 19.69% | 15.56% | 19.92% |
| 2512 | Port of Portland | 17.28% | 10.05% | 14.68% | 17.39% | 12.49% | 16.85% |
| 2501 | Port of The Dalles | 12.55% | 7.17% | 11.80% | 5.65% | 3.32% | 7.68% |
| 2713 | Port of Tillamook Bay | 20.69% | 16.39% | 21.02% | 21.09% | 18.76% | 23.12% |
| 2673 | Port Orford Library | 15.62% | 11.32% | 15.95% | 20.97% | 18.64% | 23.00% |
| 2542 | Rainbow Water District | 29.29% | 20.46% | 25.09% | 28.67% | 22.37% | 26.73% |
| 2776 | Rainier Cemetery District | 6.79% | 0.00% | 3.93% | 5.34% | 0.27% | 4.63% |
| 2590 | Redmond Fire & Rescue | 27.47% | 15.21% | 19.84% | 26.57% | 17.26% | 21.62% |
| 2549 | Rogue River Fire District | 24.68% | 13.17% | 17.80% | 25.21% | 16.06% | 20.42% |
| 2585 | Rogue River Valley Irrigation District | 32.12% | 27.82% | 32.45% | 30.12% | 27.79% | 32.15% |
| 2669 | Roseburg Urban Sanitary Authority | 20.80% | 14.56% | 19.19% | 21.81% | 17.46% | 21.82% |
| 2802 | Rural Road Assessment District #3 | 23.02% | 18.72% | 23.35% | 26.11% | 21.04% | 25.40% |
| 2551 | Sandy Fire Department | 25.08% | 12.95% | 17.58% | 26.89% | 17.08% | 21.44% |
| 2709 | Scappoose Public Library | 13.85% | 6.36% | 10.99% | 20.81% | 15.74% | 20.10% |
| 2739 | Scappoose Rural Fire Protection District | 30.21% | 18.08% | 22.71% | 29.57% | 20.37% | 24.73% |
| 2605 | Scio Fire District | 0.06% | 0.00% | 0.00% | 20.16% | 11.83% | 16.19% |
| 2786 | Seal Rock Rural Fire Protection District | 15.42% | 7.93% | 12.56% | 24.39% | 19.32% | 23.68% |
| 2734 | Seal Rock Water District | 21.62% | 15.39% | 20.02% | 21.64% | 17.59% | 21.95% |
| 2630 | Sheridan Fire District | 23.81% | 14.86% | 19.49% | 29.42% | 20.07% | 24.43% |
| 2790 | Silver Falls Library District | 21.35% | 14.50% | 19.13% | 22.33% | 18.02% | 22.38% |
| 2659 | Silverton Fire District | 27.43% | 15.73% | 20.36% | 27.39% | 18.00% | 22.36% |
| 2701 | Sisters-Camp Sherman Rural Fire Protection District | 40.06% | 27.19% | 31.82% | 32.46% | 23.32% | 27.68% |
| 2692 | Siuslaw Public Library | 21.44% | 16.35% | 20.98% | 21.83% | 18.59% | 22.95% |
| 2794 | Siuslaw Rural Fire Protection District #1 | 33.83% | 19.97% | 24.60% | 23.92% | 18.85% | 23.21% |
| 2599 | South Suburban Sanitary District | 25.64% | 18.12% | 22.75% | 25.67% | 20.51% | 24.87% |
| 2766 | Southwest Lincoln County Water PUD | 22.65% | 17.13% | 21.76% | 22.99% | 19.43% | 23.79% |

# 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.

| | | Net Employer Contribution Rate 7/1/19 - 6/30/21 | | | Net Employer Contribution Rate 7/1/21 - 6/30/23 | | |
|---|---|---|---|---|---|---|---|
| Employer Number | Employer Name | Tier 1/ Tier 2 Payroll | OPSRP General Service Payroll | OPSRP Police and Fire Payroll | Tier 1/ Tier 2 Payroll (reflects 2.45% member redirect offset) | OPSRP General Service Payroll (reflects 0.70% member redirect offset) | OPSRP Police and Fire Payroll (reflects 0.70% member redirect offset) |
| | **SLGRP (Default Tier 1/Tier 2 Rates)** | | | | | | |
| | **Special Districts** | | | | | | |
| 2696 | Stayton Fire District | 29.28% | 18.47% | 23.10% | 27.89% | 19.83% | 24.19% |
| 2799 | Sublimity Fire District | 13.43% | 9.13% | 13.76% | 14.59% | 12.26% | 16.62% |
| 2641 | Suburban East Salem Water District | 24.86% | 17.09% | 21.72% | 24.99% | 19.61% | 23.97% |
| 2857 | Sunriver Service District | 22.81% | 11.10% | 15.73% | 22.31% | 12.96% | 17.32% |
| 2810 | Sutherlin Water Control District | 24.73% | 17.24% | 21.87% | 24.89% | 19.82% | 24.18% |
| 2847 | Sweet Home Fire and Ambulance District | 30.53% | 17.78% | 22.41% | 30.47% | 20.05% | 24.41% |
| 2582 | Talent Irrigation District | 27.56% | 19.59% | 24.22% | 27.28% | 21.74% | 26.10% |
| 2553 | Tangent Rural Fire Protection District | 47.03% | 33.03% | 37.66% | 42.05% | 30.61% | 34.97% |
| 2626 | Tillamook Peoples Utility District | 24.99% | 18.28% | 22.91% | 24.32% | 20.50% | 24.86% |
| 2864 | Tri City Joint Water & Sanitary Authority | 20.87% | 16.57% | 21.20% | 23.58% | 18.51% | 22.87% |
| 2660 | Tualatin Valley Fire & Rescue | 27.75% | 15.68% | 20.31% | 27.51% | 17.99% | 22.35% |
| 2587 | Tualatin Valley Irrigation District | 19.78% | 15.48% | 20.11% | 20.05% | 17.72% | 22.08% |
| 2842 | Tualatin Valley Water District | 14.86% | 8.73% | 13.36% | 14.77% | 11.36% | 15.72% |
| 2772 | Umatilla County Soil & Water District | 18.10% | 10.61% | 15.24% | 22.57% | 17.50% | 21.86% |
| 2732 | Umatilla County Special Library District | 9.42% | 0.59% | 5.22% | 18.87% | 12.57% | 16.93% |
| 2653 | Umatilla Fire Department | 20.52% | 13.03% | 17.66% | 30.02% | 18.60% | 22.96% |
| 2826 | Wasco County Soil-Water Conservation District | 17.40% | 13.10% | 17.73% | 19.56% | 17.23% | 21.59% |
| 2695 | Washington County Consolidated Communications Agency | 25.28% | 19.29% | 23.92% | 25.13% | 21.47% | 25.83% |
| 2540 | West Extension Irrigation District | 16.74% | 12.44% | 17.07% | 17.77% | 15.44% | 19.80% |
| 2867 | West Multnomah Soil And Water Conservation District | 24.51% | 20.21% | 24.84% | 24.29% | 21.96% | 26.32% |
| 2589 | West Slope Water District | 29.04% | 20.21% | 24.84% | 28.53% | 22.23% | 26.59% |
| 2606 | West Valley Housing Authority | 19.87% | 14.80% | 19.43% | 20.66% | 17.19% | 21.55% |
| 2754 | Western Lane Ambulance District | 23.96% | 18.33% | 22.96% | 23.59% | 20.58% | 24.94% |
| 2817 | Wickiup Water District | 25.88% | 18.39% | 23.02% | 25.73% | 20.66% | 25.02% |
| 2552 | Winston-Dillard Fire District | 43.61% | 31.32% | 35.95% | 44.75% | 34.97% | 39.33% |
| 2600 | Winston-Dillard Water District | 23.44% | 17.41% | 22.04% | 21.70% | 19.37% | 23.73% |
| 2676 | Woodburn Fire District | 37.06% | 24.82% | 29.45% | 36.00% | 26.37% | 30.73% |
| 2562 | Wy'East Fire District | 34.24% | 22.53% | 27.16% | 31.27% | 21.92% | 26.28% |
| 2843 | Yachats Rural Fire Protection District | 30.81% | 19.10% | 23.73% | 30.52% | 21.06% | 25.42% |
| 2726 | Yamhill Communications Agency | 24.06% | 18.40% | 23.03% | 24.54% | 20.62% | 24.98% |
| | **State (excluding Agency specific side accounts)** | | | | | | |
| 1000 | State Agencies | 22.24% | 14.75% | 19.38% | 22.38% | 17.29% | 21.65% |

# OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

## TIER 1/TIER 2 AND OPSRP PENSION BENEFITS
## RHIA/RHIPA RETIREE MEDICAL BENEFITS

### December 31, 2019 Actuarial Valuation

**Prepared by:**

**Matt Larrabee, FSA, EA, MAAA**
Principal and Consulting Actuary

**Scott Preppernau, FSA, EA, MAAA**
Principal and Consulting Actuary

1455 SW Broadway, Suite 1600
Portland OR 97201

Tel +1 503 227 0634
Fax +1 503 227 7956

milliman.com

1455 SW Broadway
Suite 1600
Portland, OR 97201
USA

Tel +1 503 227 0634
Fax +1 503 227 7956

milliman.com

September 17, 2020

Retirement Board
Oregon Public Employees Retirement System

Dear Members of the Board,

As part of our engagement with the Board, we performed an actuarial valuation of the Oregon Public Employees Retirement System ("PERS" or "the System") as of December 31, 2019. Our findings are set forth in this actuarial valuation report. This report reflects the benefit provisions in effect as of December 31, 2019.

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, System benefit provisions as defined by statute, member census 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 a reasonable estimate of anticipated experience affecting the System.

This valuation report is only an estimate of the System's financial condition as of a single date. It can neither predict the System's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System 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 System's funded status); and changes in System benefit provisions or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of future measurements. The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated herein in October 2019.

Some of the actuarial computations presented in this report are for purposes of determining contribution rates effective from July 2021 to June 2023 for System employers. Other actuarial computations presented in this report are for purposes of assisting the System and participating employers in fulfilling their financial reporting requirements. The computations prepared for these two 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. The calculations in this report have been made on a basis consistent with our understanding of the System benefit provisions as summarized in this report. This report does not include results determined under GASB Statements Nos. 67 and 68, or under GASB Statements Nos. 74 and 75, which will be provided separately. 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 use and benefit of the Oregon Public Employees Retirement System.

Milliman does not intend to benefit or create a legal duty to any third party recipient of this report. No third party recipient of Milliman's work product should rely upon this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are 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 which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. Assumptions related to the healthcare trend (cost inflation) rates for the RHIPA program discussed in this report were determined by Milliman actuaries qualified in such matters.

Sincerely,

| | |
|---|---|
| Matt Larrabee, FSA, EA, MAAA | Scott Preppernau, FSA, EA, MAAA |
| Principal and Consulting Actuary | Principal and Consulting Actuary |

# Table of Contents

Page

Executive Summary .... 1

System-Wide Assets .... 18

Pension Plan Valuation .... 22

- Tier 1/Tier 2 .... 23
- OPSRP .... 44

Retiree Healthcare Valuation .... 53

Accounting / CAFR Exhibits .... 64

Data Exhibits .... 76

Actuarial Methods and Assumptions .... 95

- Tier 1/Tier 2 .... 96
- OPSRP .... 106

Summary of Plan Provisions .... 109

Risk Disclosure .... 119

Glossary .... 124

# Executive Summary

## Executive Summary

Milliman prepared this report for the Oregon Public Employees Retirement System to:

- Present Milliman's actuarial estimates of the system-wide liabilities and expenses of the Oregon Public Employees Retirement System (PERS), including pension benefits provided through Tier 1/Tier 2 and the Oregon Public Service Retirement Plan (OPSRP), and retiree medical benefits provided through the Retiree Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA), as of December 31, 2019 for PERS to incorporate, as PERS deems appropriate, in its financial statements; and
- Provide information on system-wide average employer contribution rates and employer contribution rates for the School District rate pool and the State and Local Government Rate Pool (SLGRP) for the biennium beginning July 1, 2021.

This valuation does not cover the defined contribution Individual Account Program (IAP). Except where otherwise explicitly noted, contribution rates in this valuation do not include contributions to the IAP. In addition, the valuation does not include an allowance for employer debt service payments on pension obligation bonds.

Summarizing a key result of this report, the system-average collared "net" employer contribution rate for the 2021-2023 biennium decreased by less than 1% of payroll compared to the rate currently in effect for the 2019-2021 biennium. The decrease is primarily due to changes made by Senate Bill 1049 (discussed below), which was passed in June 2019. Further discussion and explanation of the change in collared rates can be found in our July 2020 presentation materials to the PERS Board.

For more information on projections of future rate increases, we encourage readers of this report to review our financial modeling presentations to the PERS Board. The most recent such presentation was given at the December 2019 PERS Board meeting.

**Projected Benefit Payments and the Fundamental Cost Equation**

The actuarial liabilities contained in this report are calculated from a projection of benefit payments. This projection reflects the current plan provisions, assumptions, and demographic information documented herein. The stream of projected future benefit payments is converted to a net present value as of the valuation date based on the valuation's investment return assumption, which currently is 7.20%. The total net present value is then assigned to past, present, and future service according to the actuarial cost method. The portion assigned to the past is called the **actuarial accrued liability**[1], while the portion assigned to the current year is referred to as the **normal cost**.

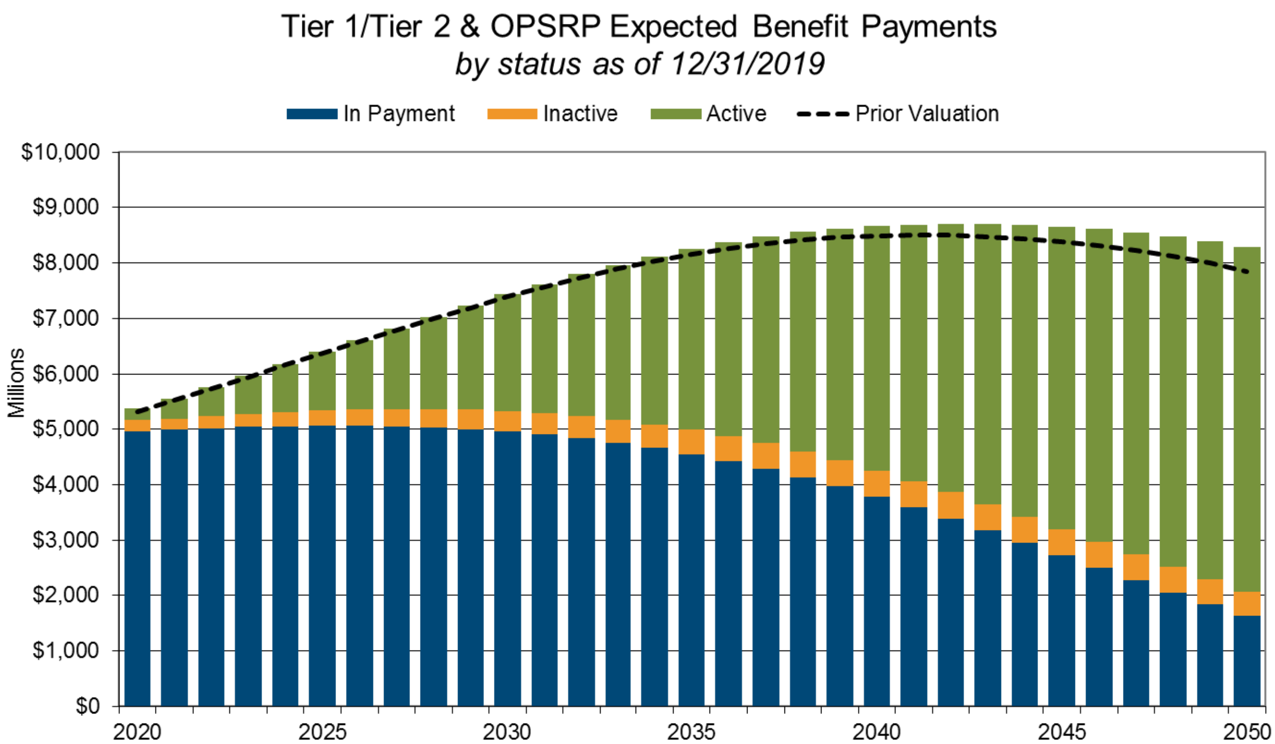
Actuarial valuations provide a tool for measuring a System's progress towards funding its benefit obligations and adjusting budgeted contributions as appropriate to reflect changing circumstances. Even though they affect actuarial funded status and contribution rate calculations, assumptions regarding plan investment returns and participant experience do not affect the ultimate long-term cost of the program, which is governed by the **fundamental cost equation**:

***Benefits + Expenses = Contributions + Investment Earnings***

[1] *Bolded terms from the Executive Summary are defined in the report glossary.*

From a plan funding perspective, contributions are the balancing item in the equation. To the extent actual plan investment earnings underperform compared to assumption, contributions must increase to fund the defined level of benefits; if investments outperform the assumption, contributions can decrease.

The graph below illustrates projected benefit payments from the System calculated in both the current valuation and the prior valuation, organized by member status as of the actuarial valuation date. The graph includes the estimated effects on projected benefits of anticipated future service by current active members, including the assumed effects of future salary increases. The graph does not include expected benefit payments for members hired after the valuation date. The dotted line illustrates the shape of the graph from the prior valuation, which was performed as of December 31, 2018. As shown in the graph, there was little change in the projected benefits calculated in the current valuation.



### Retirement System Risks

Oregon PERS, like all defined benefit plans, is subject to various risks that will affect the future plan liabilities and contribution requirements, including investment risk, demographic risk, and contribution risk. While the results of an actuarial valuation are based on one set of reasonable assumptions, it is almost certain that future experience will not exactly match the assumptions. The section of this report titled *Risk Disclosure* discusses the System's risks in more detail. In addition, our annual financial modeling work provides analysis of the effect of different possible future experience with a key source of risk: future investment performance.

### Employer Contribution Rates

*Pension Contribution Rates*

This report presents system average employer contribution rates calculated as of December 31, 2019. When adopted by the PERS Board, the employer contribution rates presented will be first effective July 1, 2021. The December 31, 2017 valuation presented the employer contribution rates effective from July 1, 2019 through June 30, 2021 that were adopted on October 5, 2018 by the PERS Board.

Employer pension contribution rates consist of a normal cost rate and a rate to amortize the Unfunded Accrued Liability (UAL). Normal cost rates are calculated and charged separately to the Tier 1/Tier 2, OPSRP general service and OPSRP police and fire payrolls. UAL rates are calculated separately for Tier 1/Tier 2 and OPSRP, but each UAL rate so developed is then charged across all payrolls. Rates for individual employers are adjusted if the employer maintains a side account or has a **pre-SLGRP liability or surplus**. The table below compares the average employer contribution rates for each type of payroll calculated for this valuation to the rates in effect from July 1, 2019 through June 30, 2021. In the table below, redirected member contributions under Senate Bill 1049 fund a portion of the normal cost rate effective July 1, 2021, and serve as a partial offset to the employer contribution rate otherwise payable absent that redirection.

| Collared Pension Contribution Rates (Excludes IAP) | | | | | | |
|---|---|---|---|---|---|---|
| | Effective July 1, 2021 | | | Effective July 1, 2019 | | |
| Payroll | Tier 1/Tier 2 | OPSRP General Service | OPSRP Police & Fire | Tier 1/Tier 2 | OPSRP General Service | OPSRP Police & Fire |
| Normal Cost Rate | 14.92% | 8.64% | 13.00% | 15.27% | 8.40% | 13.03% |
| Tier 1/Tier 2 UAL Rate[1] | 13.04% | 13.04% | 13.04% | 12.19% | 12.19% | 12.19% |
| OPSRP UAL Rate | 1.69% | 1.69% | 1.69% | 1.45% | 1.45% | 1.45% |
| **Total Pension Rate** | **29.65%** | **23.37%** | **27.73%** | **28.91%** | **22.04%** | **26.67%** |
| Average Adjustment[2] | (6.64%) | (6.64%) | (6.64%) | (6.91%) | (6.91%) | (6.91%) |
| Member Redirect Offset[3] | (2.45%) | (0.70%) | (0.70%) | N/A | N/A | N/A |
| **Net Employer Pension Rate** | **20.56%** | **16.03%** | **20.39%** | **22.00%** | **15.13%** | **19.76%** |

*[1] Includes Multnomah Fire District #10*

*[2] Adjustments shown are for side accounts and pre-SLGRP liabilities and are shown on system-wide average basis. For this purpose, adjustments are not assumed to be limited when an individual employer reaches a 0% contribution rate.*

*[3] Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2 and 0.75% of payroll for OPSRP) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.*

Average collared UAL rates calculated in this valuation increased compared to the contribution rates calculated in the December 31, 2017 valuation, which produced rates effective July 1, 2019. This is primarily due to continued systematic UAL rate increases via the rate collar methodology, the mechanics of which are detailed later in this report. The Tier 1/Tier 2 UAL rate effective July 1, 2021 reflects a reamortization of the Tier 1/Tier 2 UAL over 22 years, as directed by Senate Bill 1049. The reamortization resulted in smaller increase in the UAL rate, but means the UAL rate will be expected to be paid over a longer period of time, if all assumptions are met. A portion of the Total Pension Rate for each payroll category will be paid by the redirected member contributions, as shown in the table.

Pension contribution rates differ for each Tier 1/Tier 2 rate pool. This report calculates the specific rates for each rate pool. Tier 1/Tier 2 rates for independent employers (employers that do not participate in a Tier 1/Tier 2 rate pool) are calculated in separate reports for each employer. Changes from biennium to biennium in pension contribution rates for each rate pool (or independent employer) are confined to a **rate collar** depending on **funded status**. The table below shows the employer pension contribution rates for each Tier 1/Tier 2 rate pool calculated in this valuation compared to the rates in effect as of July 1, 2019, along with the average adjustment to those rates for side account rate offsets and for pre-SLGRP and Transition Liability/(Surplus) charges and credits and the effect of the offset for redirected member contributions.

| Tier 1/Tier 2 Collared Pension Contribution Rates (Excludes IAP, OPSRP UAL Rates) | Effective July 1, 2021 | | Effective July 1, 2019 | |
|---|---|---|---|---|
| | SLGRP | School Districts | SLGRP | School Districts |
| Tier 1/Tier 2 Normal Cost Rate | 15.41% | 13.45% | 15.83% | 13.79% |
| Tier 1/Tier 2 UAL Rate[1] | 12.67% | 14.09% | 10.43% | 16.73% |
| **Total Tier 1/Tier 2 Pension Rate[2]** | **28.08%** | **27.54%** | **26.26%** | **30.52%** |
| Average Adjustment[3] | (5.68%) | (9.93%) | (5.68%) | (10.66%) |
| Member Redirect Offset[4] | (2.45%) | (2.45%) | N/A | N/A |
| **Net Employer Tier 1/Tier 2 Pension Rate[2]** | **19.95%** | **15.16%** | **20.58%** | **19.86%** |

[1] *Includes Multnomah Fire District #10*

[2] *Excludes OPSRP UAL rate, which is also charged on Tier 1/Tier 2 payroll*

[3] *Adjustments shown are for side accounts and pre-SLGRP liabilities and are shown on a rate pool average basis. For this purpose, adjustments are not assumed to be limited when an individual employer reaches a 0% contribution rate.*

[4] *Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay belowa threshold. The values shown in the table incorporate an estimate of the effect of this limitation.*

The Tier 1/Tier 2 contribution rates shown here are after reflecting the effects of the rate collar. In recent rate-setting valuations, due to the impact of the *Moro* decision and assumption changes (primarily lower investment return), both the SLGRP and the School District rate pool had “before collar” (or “uncollared”) contribution rates that exceeded the maximum single biennium rate increase allowed by the collar. In the December 31, 2019 valuation, the contribution rate increases calculated for both the SLGRP and the School District rate pool are no longer limited by the collar, as shown below. In general, any contribution rate increases deferred by the rate collar will be reflected in future rate-setting periods. For both the SLGRP and School District pools, since the rate collar is not limiting the contribution rate calculated in this valuation, there currently are not any deferred increases beyond the July 1, 2021 contribution rates shown in this valuation. As noted in the table above, the “average adjustment” in the table below quantifies the effects of side accounts and pre-SLGRP liabilities on a rate pool average basis.

| Collar Impact on Tier 1/Tier 2 Pension Contribution Rates (Excludes IAP, OPSRP UAL Rates) | Effective July 1, 2021 | |
|---|---|---|
| | SLGRP | School Districts |
| **Total Tier 1/Tier 2 Pension Rate Before Collar[1]** | 28.08% | 27.54% |
| Collar Adjustment | 0.00% | 0.00% |
| **Total Tier 1/Tier 2 Pension Rate After Collar[1]** | **28.08%** | **27.54%** |
| Average Adjustment | (5.68%) | (9.93%) |
| Member Redirect Offset | (2.45%) | (2.45%) |
| **Net Employer Tier 1/Tier 2 Pension Rate[1]** | **19.95%** | **15.16%** |

[1] *Excludes OPSRP UAL rate, which is also charged on Tier 1/Tier 2 payroll*

*Retiree Healthcare Contribution Rates*

In addition to the pension contribution rates, all employers contribute to the Retirement Health Insurance Account (RHIA). Further, State Agencies and State Judiciary also contribute to the Retiree Health Insurance Premium Account (RHIPA). Only Tier 1 and Tier 2 members are eligible for these benefits, so the normal cost rates are only charged to Tier 1/Tier 2 payroll, but the UAL rates are charged to all payrolls. For each type of payroll used in this valuation the table below compares the employer contribution rates calculated in this valuation to the rates in effect from July 1, 2019 through June 30, 2021. The funded status for both retiree healthcare programs has historically lagged those of the defined benefit pension programs. In response to this, the UAL on the retiree healthcare programs is amortized over a ten-year period, which is shorter than the pension program amortization periods, in an effort to more rapidly improve funded status. Funded status for both programs have materially improved since the amortization change was implemented, with the funded status for the larger RHIA program above 100%. With its funded status over 100%, the RHIA UAL contribution rate was set to 0.00% of payroll for 2021-2023.

| Retiree Healthcare Contribution Rates | | | | | | |
|---|---|---|---|---|---|---|
| | Effective July 1, 2021 | | | Effective July 1, 2019 | | |
| Payroll | Tier 1/Tier 2 | OPSRP General Service | OPSRP Police & Fire | Tier 1/Tier 2 | OPSRP General Service | OPSRP Police & Fire |
| RHIA Normal Cost Rate | 0.05% | 0.00% | 0.00% | 0.06% | 0.00% | 0.00% |
| RHIA UAL Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Total RHIA rate** | **0.05%** | **0.00%** | **0.00%** | **0.06%** | **0.00%** | **0.00%** |
| RHIPA Normal Cost Rate | 0.11% | 0.00% | 0.00% | 0.12% | 0.00% | 0.00% |
| RHIPA UAL Rate | 0.17% | 0.17% | 0.17% | 0.27% | 0.27% | 0.27% |
| **Total RHIPA rate** | **0.28%** | **0.17%** | **0.17%** | **0.39%** | **0.27%** | **0.27%** |

*System-Average Total Pension Contribution Rates*

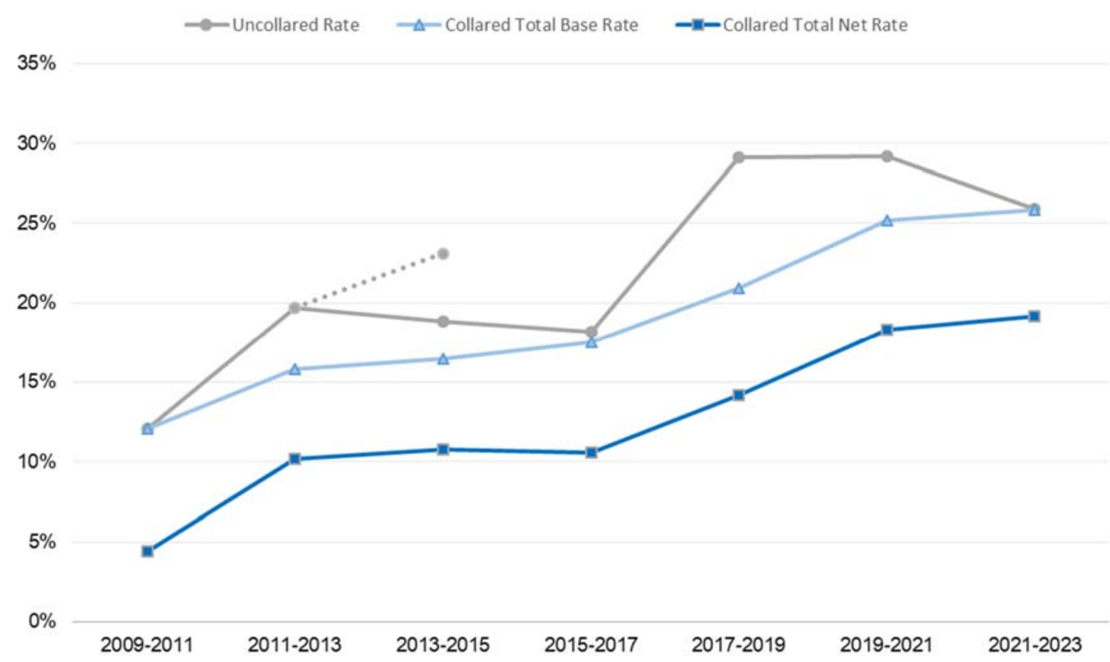
The system-wide weighted average pension contribution rates are shown below for each period since the July 1, 2009 to June 30, 2011 biennium, the rates for which were based on the December 31, 2007 rate-setting valuation. The rates shown reflect a blend of Tier 1/Tier 2 and OPSRP normal costs based on the relative proportions of system-wide payroll between those categories at the relevant rate-setting valuation. Rates shown are for illustration only, as no employer pays the system-wide average contribution rate, but instead each employer pays a rate determined based on its own experience or that of its rate pool.

The graph shows the average level of uncollared rates, collared base rates, and collared net rates over the depicted period. All rates are "Total Pension Rates", and do not reflect the offset to employer contribution rates beginning with the July 1, 2021 to June 30, 2023 biennium due to redirected member contributions.

The uncollared rate is calculated based on the normal cost and UAL rates initially calculated in a valuation and is the starting point of the rate-setting process. If the uncollared rate is well above (or below) the current (collared) rate being paid, the contribution rate stabilization method (the "rate collar") limits the increase (or decrease) in the rate paid in the next biennium. As a result, the collared rate may temporarily be below (or above) the uncollared rate, as the rate collar methodology systematically spreads large adjustments over multiple periods.

For an individual employer, collared base pension rates are adjusted for side account rate offsets to develop collared net pension rates paid by the employer. Side accounts are the result of employer supplemental deposits, often financed through a pension obligation bond. When a supplemental deposit is made, a side account is established (after any Transition Liabilities related to joining the SLGRP have been paid) and used to offset the otherwise required contribution rate. This occurs by having the employer pay part of its collared contribution rate via a transfer from its side account. As of December 31, 2019, the system has approximately $5.5 billion in unamortized side accounts, slightly more than last year. At a system-average level, side accounts now offset employer contribution rates by 6.24% of payroll, but there is wide variation between employers.

For individual employers in the SLGRP, collared base pension rates are also adjusted for amortization charges (or credits) on pre-SLGRP liabilities (or assets). The average adjustment to individual employer rates due to side accounts and pre-SLGRP charges or credits is shown on a combined basis in the table on page 4.




The system-average total pension contribution rates shown above reflect significant recent events affecting the System:

- The 2009-2011 contribution rates were set before the financial crisis (based on the December 31, 2007 rate-setting valuation). Rates increased in 2011-2013, reflecting the asset losses during 2008 and 2009.
- The dotted line shown for the uncollared rate in 2013-2015 illustrates the basis for the initially adopted contribution rates for that biennium. However, legislative changes to the system made in 2013 (most notably to the COLA) reduced projected future benefits. At legislative direction, contribution rates were reduced to reflect the legislated changes, and these rates are shown in the solid lines for 2013-2015.
- The 2015 Oregon Supreme Court ruling in *Moro v. State of Oregon* reversed the majority of the effect of the 2013 legislation. The decision first affected contribution rates for the 2017-2019 biennium, leading to a significant increase in the uncollared rate and the first of multiple scheduled increases in the collared rate to reflect the change.
- The valuation assumed return was 8.00% for contribution rates effective through the 2013-2015 biennium. The rate was lowered to 7.75% for the 2015-2017 biennium, to 7.50% for the 2017-2019 biennium, and then to 7.20% for the 2019-2021 and 2021-2023 biennia. A lower assumed return increases the estimated present value of liabilities and increases near-term calculated contribution rates.
- The contribution rates based on this valuation are shown for the 2021-23 biennium. Based on this valuation at a system-average level, the increase in the collared total base rate is projected to result in a rate equal to the uncollared rate for employers comprising the substantial majority of PERS payroll.

As noted above, rates shown in the graph do not reflect the offset to employer contribution rates beginning with the July 1, 2021 to June 30, 2023 biennium due to redirected member contributions.

*Limits on Future Pension Contribution Rates*

The minimum and maximum of the sum of the Tier 1/Tier 2 Normal Cost Rate and the Tier 1/Tier 2 UAL Rate that can be effective July 1, 2021 for each Tier 1/Tier 2 rate pool (prior to adjustments discussed below) are shown in the next table. The limits are calculated and applied on an individual employer basis for independent employers. The contribution rates for employers in Tier 1/Tier 2 pooling arrangements (i.e., the SLGRP and School Districts rate pool) are adjusted from the rates of the pool to reflect side account rate offsets, charges or credits for pre-SLGRP liabilities, and adjustments to the normal cost rates of SLGRP employers to reflect the employer's ratio of general service to police and fire payroll. These adjustments are not limited by the rate collar.

The size of the rate collar depends on the funded status of a rate pool or employer. When funded status excluding side accounts is less than 60 percent or above 140 percent, the size of the rate collar is twice the size of the "single collar" that applies when funded status excluding side accounts is between 70 percent and 130 percent. The rate collar provides a graded schedule between the single and double rate collars if the funded status excluding side accounts is between 60% and 70% or 130% and 140%.

| Limits on Sum of Tier 1/Tier 2 Normal Cost and UAL Rates | | |
|---|---|---|
| | Effective July 1, 2023 | |
| | SLGRP | School Districts |
| **Between 70% and 130% Funded** | | |
| Minimum Rate | 22.46% | 22.03% |
| Maximum Rate | 33.70% | 33.05% |
| | | |
| **Less than 60% or Greater than 140% Funded** | | |
| Minimum Rate | 16.84% | 16.52% |
| Maximum Rate | 39.32% | 38.56% |

*For Rate Pools funded between 60% and 70% or between 130% and 140% the limits vary linearly between the rates shown above. Rates shown exclude OPSRP UAL rate, which is also charged on Tier 1/Tier 2 payroll*

### Funded Status

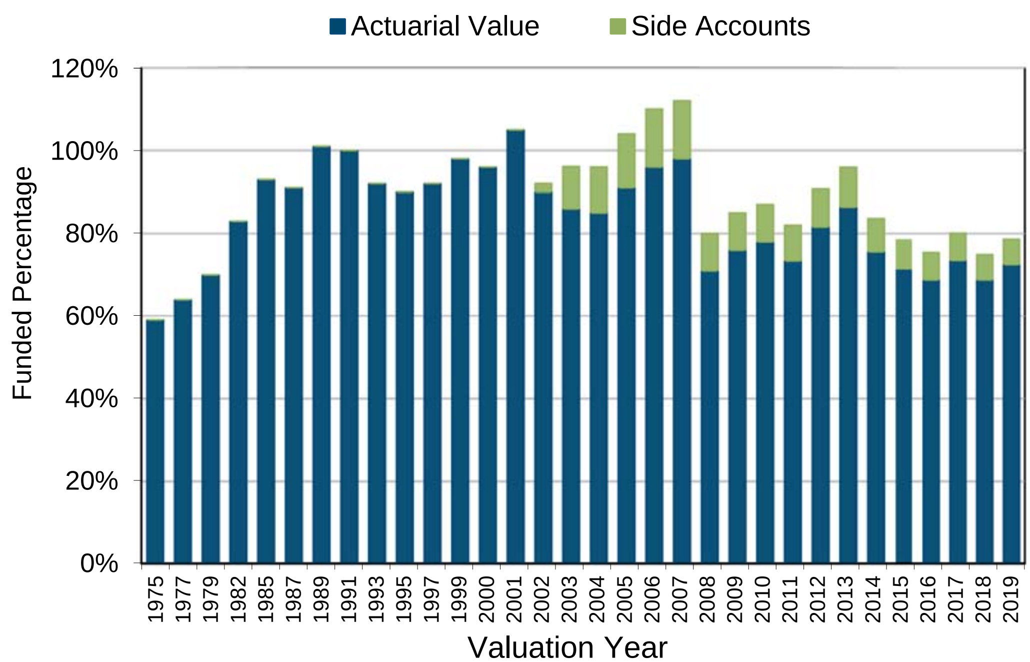
The table below shows the funded status of the various pension rate pools both on the basis used to calculate the contribution rate for each rate pool and after adjustment for side accounts (assuming side accounts offset Tier 1/Tier 2 liabilities). For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | SLGRP | School Districts | Independent Employers | OPSRP | Pension System Totals[1] |
|---|---|---|---|---|---|
| **December 31, 2019** | | | | | |
| Actuarial accrued liability | $44,122.1 | $30,274.5 | $6,916.0 | $8,082.2 | $89,445.7 |
| Actuarial value of assets | $31,384.1 | $22,394.1 | $4,964.6 | $6,190.4 | $64,842.2 |
| **Funded status** | **71.1%** | **74.0%** | **71.8%** | **76.6%** | **72.5%** |
| Side accounts | $2,675.9 | $2,697.4 | $96.7 | $0.0 | $5,470.0 |
| **Funded status reflecting side accounts** | **77.2%** | **82.9%** | **73.2%** | **76.6%** | **78.6%** |
| **December 31, 2018** | | | | | |
| Actuarial accrued liability | $43,149.3 | $29,898.4 | $6,736.3 | $6,738.0 | $86,574.7 |
| Actuarial value of assets | $29,383.7 | $20,846.8 | $4,673.1 | $4,783.0 | $59,593.0 |
| **Funded status** | **68.1%** | **69.7%** | **69.4%** | **71.0%** | **68.8%** |
| Side accounts | $2,415.1 | $2,711.0 | $83.1 | $0.0 | $5,209.3 |
| **Funded status reflecting side accounts** | **73.7%** | **78.8%** | **70.6%** | **71.0%** | **74.9%** |

*Amounts in millions*

*[1] Includes Multnomah Fire District #10*

As shown in the graph below, the funded status of the system generally improved until the market decline of 2000-2002. After the decline, funded status generally improved for several years due to better than expected investment returns until 2008, when it decreased significantly due to investment losses. Funded status then improved through the December 31, 2013 valuation due to legislative changes in plan provisions and investment gains during 2012 and 2013. Funded status declined in the December 31, 2014 valuation due to the combined effects of the *Moro* decision and assumption changes. It continued decreasing in subsequent years due to the combined effects of investment losses and adoption of a lower assumed rate of return, then improved in the December 31, 2017 valuation due to 2017 investment gains, decreased in the December 31, 2018 valuation due to lower than expected investment returns in 2018, and increased in the current valuation due to 2019 investment gains.




The retiree medical benefits are funded using a 401(h) account within the pension trust. The table below shows the funded status of the retiree medical programs. The funded status of the RHIA and RHIPA programs improved since the prior valuation due the effects of employer contributions and actual member plan coverage election experience.

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| | RHIA | RHIPA | Total | RHIA | RHIPA | Total |
| Actuarial accrued liability | $403.9 | $59.3 | $463.2 | $411.7 | $62.7 | $474.4 |
| Actuarial value of assets | $644.1 | $51.9 | $696.0 | $570.7 | $38.5 | $609.2 |
| **Funded status** | **159.5%** | **87.5%** | **150.3%** | **138.6%** | **61.3%** | **128.4%** |

*Amounts in millions*

### Asset Changes

Since December 31, 2018, contributions (including supplemental deposits but excluding side account rate offset transfers) for pension benefits have increased assets by 3.1% while benefit payments decreased assets by about 7.4%. On the whole, assets increased by 8.7%, since the investment returns of approximately 13.0% of beginning of year market value were enough to offset the system's negative non-investment-related cash flow position.

| | Amount | Percentage of Beginning Market Value |
|---|---|---|
| **Market Value of Assets, December 31, 2018** | **$66,537.2** | |
| Contributions | 2,073.5 | 3.1% |
| Investment Income (less administrative expenses) | 8,643.8 | 13.0% |
| Benefit Payments | (4,955.8) | (7.4%) |
| **Market Value of Assets, December 31, 2019** | **$72,298.6** | **108.7%** |

*Amounts in millions*

The Tier 1 Rate Guarantee Reserve that is used to pay for the interest crediting rate guarantee on active Tier 1 member accounts when actual investment earnings are below the assumed rate has increased from a reserve of $258 million as of December 31, 2018 to a reserve of $492 million as of December 31, 2019 due to investment performance and Tier 1 retirement patterns in 2019. Tier 1 non-retired member accounts that are linked to the Rate Guarantee Reserve decreased from $3.8 billion on December 31, 2018 to $3.4 billion on December 31, 2019 due to retirements during the year of Tier 1 active members.

Market values of assets are reported to Milliman by PERS. It is our understanding that the December 31 market values of select real estate and private equity investments are reported on a three-month lag basis. This valuation report does not attempt to quantify the impact of any such lag effects.

### Liability Changes

Since December 31, 2018, the system-wide actuarial accrued liability has increased primarily due to interest on the liability as current active members get closer to retirement. The normal cost for 2019, or the present value of projected future benefits for active members allocated to that year of service, was about one-quarter of the value of benefits paid out during the year. The remaining increase in the actuarial accrued liability was attributable to demographic experience, which includes actual experience differing from assumption, data corrections, and the effect of new members joining the system during the year. The largest demographic experience effects in descending order of magnitude resulted from pay increases differing from assumption, active retirement levels differing from assumption, new members entering the system, and interest crediting on member account balances differing from assumption.

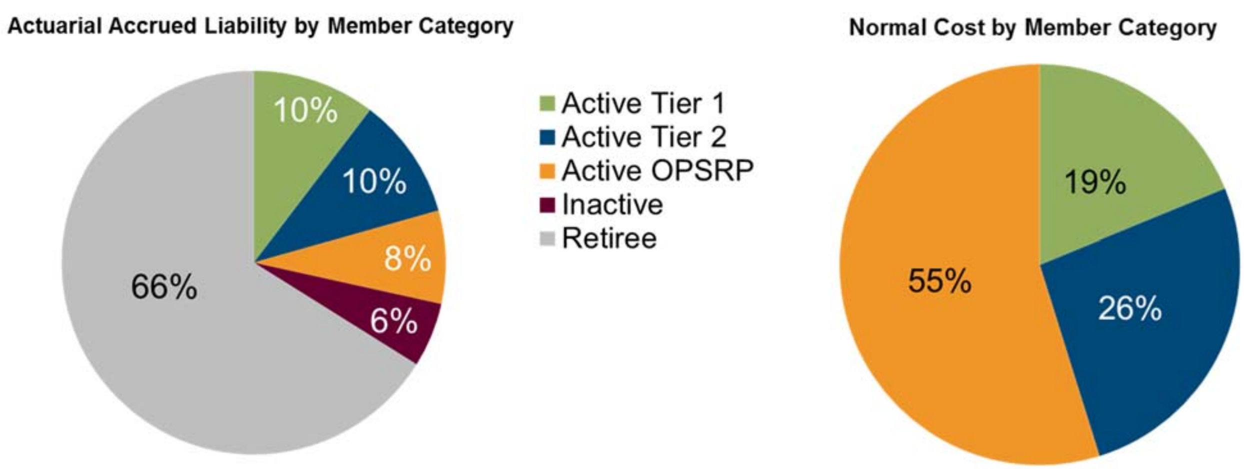
| | Amount | Percentage of Beginning AAL |
|---|---|---|
| **Actuarial Accrued Liability, December 31, 2018** | **$87,049.1** | |
| Normal Cost | 1,207.1 | 1.4% |
| Benefit Payments | (4,955.8) | (5.7%) |
| Interest | 6,132.6 | 7.0% |
| Assumption & Method Changes | 0.0 | 0.0% |
| Plan Changes | 0.0 | 0.0% |
| Demographic Experience | 475.9 | 0.5% |
| **Actuarial Accrued Liability, December 31, 2019** | **$89,909.0** | **103.3%** |

*Amounts in millions*

The Oregon Public Employees Retirement System is a mature system. There are currently 1.18 active members in the system for every annuitant (including retired members and beneficiaries). By comparison, the average ratio in NASRA's December 2019 Public Fund Survey is 1.35. Since contributions to the system are based on active payroll, a lower active-to-annuitant ratio generally means there will be a larger change in contribution rates for any given level of actuarial gain or loss, such as for investment experience varying from assumption by a certain percentage, compared to peer systems. The ratio of active members to annuitants may decline further as a significant portion of active members are currently eligible to retire.

The left-hand chart below illustrates the system's actuarial accrued liability by member pension tier and status. Actuarial accrued liability for active members is divided fairly evenly amongst tiers, but 72% of the system's actuarial accrued liability is due to members who are no longer actively working in covered employment.

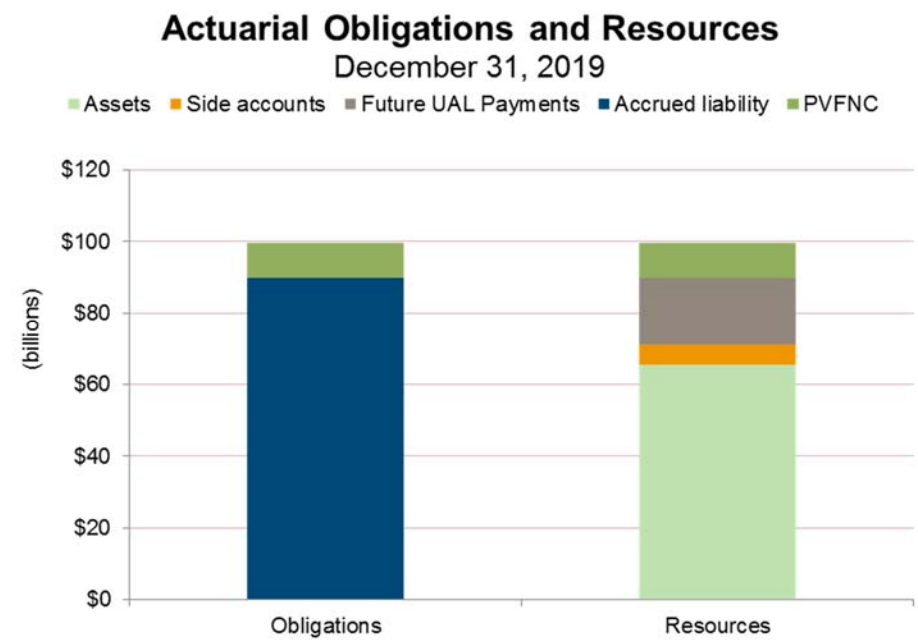
The right-hand chart below illustrates the system's normal cost. Active Tier 2 members account for 26% of the system's normal cost compared to about 10% of the system's actuarial accrued liability. Active OPSRP members account for 55% of the normal cost compared to just 8% of the actuarial accrued liability.



### Actuarial Obligations and Resources

The actuarial accrued liability discussed above is the present value of benefits allocated to past service by the actuarial cost allocation method. The **total actuarial present value of benefits** (also referred to as "total liability") is a broader measure that reflects both the actuarial accrued liability and the **present value of future normal cost** (PVFNC) for current members. Conceptually, the total actuarial present value of benefits can be thought of as the total expected benefit obligation, in today's dollars, associated with members as of the valuation date for service throughout their working careers, including assumed service subsequent to the valuation date. As of December 31, 2019, the total actuarial present value of benefits for the system was $99.5 billion.

The resources to fund this expected obligation include assets the system has set aside as of the valuation date, plus the present value of expected future contributions to normal cost and UAL payments. By design, the resources and obligations are equal in this "actuarial balance sheet", as shown in the graph below.




Contributions to future normal costs and UAL payments are made as a percent of subject member salary, known as valuation payroll. The table below shows the amount of projected salary in the year following the valuation date as well as the present value of all future projected salary amounts for members included in the valuation.

| | Projected Valuation Payroll for Year Subsequent to Valuation Date | Present Value of Future Valuation Payroll[1] |
|---|---|---|
| Tier 1/Tier 2 | $3,873.9 | $22,407.8 |
| OPSRP General Service | 6,740.9 | 66,002.0 |
| OPSRP Police & Fire | 919.0 | 10,979.7 |
| **Total** | **$11,533.7** | **$99,389.5** |

*Amounts in millions*

[1] *For members as of the valuation date.*

### Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods or plan provisions between the two valuations are described after the summary. **Combined valuation payroll** is the projected Tier 1/Tier 2 payroll plus OPSRP payroll for the calendar year subsequent to the actuarial valuation date.

| | Actuarial Valuation as of | | |
|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | Percent Change |
| **Tier 1/Tier 2 Pension** | | | |
| Actuarial accrued liability | $81,363.5 | $79,836.8 | 2% |
| Actuarial value of assets | $58,651.8 | $54,810.0 | 7% |
| Unfunded actuarial accrued liability | $22,711.7 | $25,026.7 | (9%) |
| Funded status | 72% | 69% | |
| UAL as a percentage of combined payroll | 197% | 231% | |
| | | | |
| Normal cost | $578.1 | $619.3 | (7%) |
| Tier 1/Tier 2 valuation payroll | $3,873.9 | $4,076.1 | (5%) |
| Normal cost rate | 14.92% | 15.19% | |
| | | | |
| **OPSRP Pension** | | | |
| Actuarial accrued liability | $8,082.2 | $6,738.0 | 20% |
| Actuarial value of assets | $6,190.4 | $4,783.0 | 29% |
| Unfunded actuarial accrued liability | $1,891.8 | $1,955.0 | (3%) |
| Funded status | 77% | 71% | |
| UAL as a percentage of combined payroll | 16% | 18% | |
| | | | |
| Normal cost | $701.6 | $624.8 | 12% |
| OPSRP valuation payroll | $7,659.8 | $6,775.9 | 13% |
| Normal cost rate | 9.16% | 9.22% | |
| | | | |
| **Combined Pension** | | | |
| Actuarial accrued liability | $89,445.7 | $86,574.7 | 3% |
| Actuarial value of assets | $64,842.2 | $59,593.0 | 9% |
| Unfunded actuarial accrued liability | $24,603.5 | $26,981.7 | (9%) |
| Funded status | 72% | 69% | |
| Combined valuation payroll | $11,533.7 | $10,852.0 | 6% |
| UAL as a percentage of combined payroll | 213% | 249% | |
| | | | |
| Normal cost | $1,279.6 | $1,244.1 | 3% |
| Combined valuation payroll | $11,533.7 | $10,852.0 | 6% |
| Normal cost rate | 11.09% | 11.46% | |

*Amounts in millions*

| | Actuarial Valuation as of | | |
|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | Percent Change |
| **RHIA** | | | |
| Actuarial accrued liability | $403.9 | $411.7 | (2%) |
| Actuarial asset value | $644.1 | $570.7 | 13% |
| Unfunded actuarial accrued liability | ($240.3) | ($159.1) | 51% |
| Funded status | 159% | 139% | |
| Combined valuation payroll | $11,533.7 | $10,852.0 | 6% |
| UAL as a percentage of payroll | (2%) | (1%) | |
| | | | |
| Normal cost | $1.9 | $2.2 | (10%) |
| Tier 1/Tier 2 valuation payroll | $3,873.9 | $4,076.1 | (5%) |
| Normal cost rate | 0.05% | 0.05% | |
| | | | |
| **RHIPA** | | | |
| Actuarial accrued liability | $59.3 | $62.7 | (5%) |
| Actuarial asset value | $51.9 | $38.5 | 35% |
| Unfunded actuarial accrued liability | $7.4 | $24.3 | (69%) |
| Funded status | 87% | 61% | |
| Combined valuation payroll | $3,479.8 | $3,211.6 | 8% |
| UAL as a percentage of payroll | 0% | 1% | |
| | | | |
| Normal cost | $1.2 | $1.3 | (7%) |
| Tier 1/Tier 2 valuation payroll | $1,120.6 | $1,159.5 | (3%) |
| Normal cost rate | 0.11% | 0.11% | |

*Amounts in millions*

## Data Summary

A brief summary of the data underlying the current and prior valuations follows. As shown below, the active member count increased about 2.3%, while the system's total member population increased by about 2.4%. The data section of this report provides additional detail. State Judiciary is included in the Tier 1 counts.

| | December 31, 2019 | | | | December 31, 2018 |
|---|---|---|---|---|---|
| | Tier 1 | Tier 2 | OPSRP | Total | Total |
| **Active Members** | | | | | |
| Count | 17,317 | 32,191 | 131,249 | 180,757 | 176,763 |
| Average age | 56.9 | 52.2 | 43.0 | 46.0 | 46.1 |
| Average total service | 26.5 | 18.8 | 6.7 | 10.7 | 10.9 |
| Average prior year covered salary | $84,259 | $76,946 | $55,279 | $61,914 | $59,632 |
| **Inactive Members**[1] | | | | | |
| Count | 11,237 | 14,189 | 21,366 | 46,792 | 45,945 |
| Average age | 60.8 | 54.7 | 47.8 | 53.0 | 53.1 |
| Average monthly deferred benefit | $2,192 | $833 | $439 | $980 | $983 |
| **Retired Members and Beneficiaries**[1] | | | | | |
| Count | 129,711 | 16,718 | 6,549 | 152,978 | 148,893 |
| Average age | 73.0 | 68.2 | 67.6 | 72.2 | 72.0 |
| Average monthly benefit | $2,995 | $1,138 | $550 | $2,687 | $2,634 |
| **Total Members** | **158,265** | **63,098** | **159,164** | **380,527** | **371,601** |

[1] *Inactive and Retiree counts are shown by lives within the system. In other words, a member is counted once for purposes of this exhibit, regardless of their service history for different rate pools. This contrasts with the method used to count inactive participants in some of the later exhibits of this report.*

## Effects of Changes

Effective with the December 31, 2019 actuarial valuation the following changes were made:

*Assumption Changes*

There were no changes to actuarial assumptions since the December 31, 2018 actuarial valuation.

*Method Changes*

There were no changes to actuarial methods since the December 31, 2018 actuarial valuation.

*Plan Changes*

There were no changes to plan provisions since the December 31, 2018 actuarial valuation.

# System-Wide Assets

## System-Wide Assets

The table below reconciles the market value of assets, as provided by PERS, to the asset values used in this valuation.

| | Tier 1/Tier 2 | OPSRP | Side Accounts | Contingency and Capital Preservation Reserve | Rate Guarantee Reserve | RHIA and RHIPA | System Totals |
|---|---|---|---|---|---|---|---|
| **Amount reported by PERS December 31, 2019** | $59,400.19 | $6,190.4 | $5,470.0 | $50.0 | $492.0 | $696.0 | $72,298.6 |
| Adjustment for Recognized Transition Liability Receivable | (428.5) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (428.5) |
| Adjustment for Negative Rate Guarantee Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Pre-SLGRP Liabilities | (319.8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (319.8) |
| **December 31, 2019 Actuarial Value of Assets** | $58,651.8 | $6,190.4 | $5,470.0 | $50.0 | $492.0 | $696.0 | $71,550.3 |

*Amounts in millions*

PERS calculates the amount that should be transferred from side accounts to employer reserves in Tier 1/ Tier 2 and OPSRP for rate relief on a monthly basis. PERS does not track net Pre-SLGRP liabilities.

Employer supplemental deposits establish individual side accounts within the pension trust. The side accounts are treated as prepaid contributions. Employer contribution rates are first determined excluding side accounts. Then, an amortized portion of the side account is used to offset the contribution otherwise required for the individual employers that have side accounts. While side accounts are excluded from valuation assets in determining contribution rates for each of the rate pools, side accounts are included in valuation assets for financial reporting purposes such as the reporting of funded status.

In addition, pension assets are held in the Contingency Reserve, the Capital Preservation Reserve, and the Tier 1 Rate Guarantee Reserve (RGR). As shown below, at December 31, 2019 the RGR was in surplus status of $492 million. It is possible for the RGR to be in deficit at its year-end measurement date, which occurred most recently at December 31, 2012. It is our understanding that if a RGR deficit arose and then persisted for five years, employers may be required to restore the Tier 1 Rate Guarantee Reserve.

Tier 1/Tier 2 assets are adjusted by the net outstanding balance of pre-SLGRP liabilities to arrive at the actuarial value of assets. These notional employer-specific balances, created at the formation of the SLGRP and at later dates when additional employers join the pool, are treated akin to receivables to the SLGRP from individual employers (for pre-SLGRP liabilities) or payables – in the form of future rate offsets – from the SLGRP assets to individual employers (for pre-SLGRP surpluses). For accounting purposes, PERS recognizes outstanding pre-SLGRP liabilities as receivables in the system financial statements. However, for funding purposes, future contributions associated with pre-SLGRP liabilities are not current assets of the system. The resulting adjustment for Transition Liability receivables is shown above.

Finally, assets are held in separate accounts established under Internal Revenue Code Section 401(h) (the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA)) to provide retiree medical benefits.

## Reconciliation of Pension and Retiree Healthcare Assets

The following table reconciles the changes in the system-wide assets from December 31, 2018 to December 31, 2019. The reconciliation of assets is provided by PERS.

| | Tier 1/Tier 2 | OPSRP | Side Accounts | Contingency Reserve | Capital Preservation Reserve | Rate Guarantee Reserve | RHIA and RHIPA | System Totals |
|---|---|---|---|---|---|---|---|---|
| **Additions** | | | | | | | | |
| 1. Contributions | | | | | | | | |
| a. Employer | $906.1 | $785.7 | $327.4 | - | - | - | $42.9 | $2,062.1 |
| b. Transfer from side accounts[1] | $739.4 | - | ($739.4) | - | - | - | - | - |
| c. Judge member contributions | $1.9 | - | - | - | - | - | - | $1.9 |
| d. Member service purchases | $9.5 | - | - | - | - | - | - | $9.5 |
| **e. Total** | **$1,656.9** | **$785.7** | **($412.0)** | **-** | **-** | **-** | **$42.9** | **$2,073.5** |
| 2. Net investment income | | | | | | | | |
| a. Transfers | - | - | - | - | - | - | - | - |
| b. From investments | $7,026.7 | $672.7 | $672.9 | - | - | $234.4 | $82.0 | $8,688.7 |
| **c. Total** | **$7,026.7** | **$672.7** | **$672.9** | **-** | **-** | **$234.4** | **$82.0** | **$8,688.7** |
| 3. Other[2] | $1.3 | $0.0 | - | - | - | - | - | $1.3 |
| **4. Total additions** | **$8,684.9** | **$1,458.4** | **$260.9** | **-** | **-** | **$234.4** | **$124.9** | **$10,763.5** |
| **Deductions** | | | | | | | | |
| 5. Retirement and survivor benefits | ($4,863.0) | ($42.6) | - | - | - | - | ($36.4) | ($4,942.1) |
| 6. Death Benefits | ($3.0) | - | - | - | - | - | - | ($3.0) |
| 7. Refund of contributions | ($10.7) | - | - | - | - | - | - | ($10.7) |
| 9. Administrative expenses | ($36.1) | ($8.4) | ($0.2) | - | - | - | ($1.6) | ($46.3) |
| **10. Total deductions** | **($4,912.9)** | **($51.0)** | **($0.2)** | **-** | **-** | **-** | **($38.0)** | **($5,002.1)** |
| **11. Net change** | **$3,772.1** | **$1,407.4** | **$260.8** | **-** | **-** | **$234.4** | **$86.8** | **$5,761.5** |
| 12. Net assets held in trust for pension benefits | | | | | | | | |
| a. Beginning of year | $55,628.1 | $4,783.0 | $5,209.3 | $50.0 | - | $257.6 | $609.2 | $66,537.2 |
| **b. End of year** | **$59,400.2** | **$6,190.4** | **$5,470.0** | **$50.0** | **-** | **$492.0** | **$696.0** | **$72,298.6** |

*Amounts in millions*

[1] *Side account transfers shown in this exhibit are all credited to Tier 1/Tier 2 assets. We understand the portion to be credited to OPSRP is credited through the employer contribution line of the exhibit.*

[2] *Includes TRFA transfer from Metlife and adjustments by PERS.*

## Reconciliation of Side Accounts

Side accounts are established for employers who make supplemental payments (a lump sum payment in excess of the required employer contribution). For SLGRP employers, this supplemental payment is first applied toward the employer's Transition Liability, if any, and any excess is established in a Side Account. A reconciliation of the side accounts from December 31, 2018 to December 31, 2019, is shown below on a rate pool basis. For this exhibit, all independent employers are grouped together.

| | SLGRP | School Districts | Independent Employers | System Totals |
|---|---|---|---|---|
| **Side Accounts, December 31, 2018** | **$2,415.1** | **$2,711.0** | **$83.1** | **$5,209.3** |
| Deposits during 2019 | 289.8 | 21.9 | 15.7 | 327.4 |
| Interest | 314.3 | 347.6 | 11.1 | 672.9 |
| Administrative expenses | (0.1) | (0.1) | (0.0) | (0.2) |
| Transfers to employer reserves | (344.7) | (383.0) | (11.6) | (739.4) |
| **Side Accounts, December 31, 2019** | **$2,674.4** | **$2,697.4** | **$98.2** | **$5,470.0** |
| Side accounts for new SLGRP employers | 1.5 | | (1.5) | 0.0 |
| **Side Accounts, January 1, 2020** | **$2,675.9** | **$2,697.4** | **$96.7** | **$5,470.0** |

*Amounts in millions*

## Development of Side Account Rate Relief

The rate relief attributable to an employer's side account is determined by amortizing the side account balance on the valuation date over a fixed period and expressing the result as a percentage of combined valuation payroll. For side accounts established on or before December 31, 2009, the fixed period ends December 31, 2027. For side accounts established at a later date, the default fixed period ends 18 years after the first rate-setting valuation following its creation, though employers can select a shorter period under certain specified circumstances. The table below shows the average rate relief attributable to side accounts for each rate pool. While results are shown at a rate pool level, the rate relief provided by side accounts varies from employer to employer.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | System Totals |
| 1. Side Account | $2,675.9 | $2,697.4 | $96.7 | $5,470.0 |
| 2. Combined valuation payroll | $6,768.8 | $3,740.7 | $1,024.2 | $11,533.7 |
| 3. Average Amortization Factor[1] | 7.919 | 7.260 | 8.510 | 7.605 |
| **4. Average Side Account Rate Relief *(1. ÷ 2. ÷ 3.)*** | **4.99%** | **9.93%** | **1.11%** | **6.24%** |

*Amounts in millions*

[1] *Weighted average*

# Pension Plan Valuation

## Tier 1/Tier 2 Pension Assets

### Summary of Actuarial Value of Assets

This section summarizes the Tier 1/Tier 2 pension valuation assets as of the current and prior actuarial valuation. For valuation purposes, Tier 1/Tier 2 pension assets are divided among the State & Local Government Rate Pool (SLGRP), the School Districts rate pool, and various independent employers to determine employer contribution rates. For this system-wide report, all independent employers, including State Judiciary, have been grouped together as if they were a rate pool.

| | SLGRP | School Districts | Independent Employers | Tier 1/Tier 2 Totals[1] |
|---|---|---|---|---|
| **December 31, 2019** | | | | |
| Member reserves | $2,924.6 | $1,584.7 | $398.1 | $4,907.4 |
| Employer reserves | 17,348.1 | 12,291.4 | 2,777.7 | 32,307.2 |
| Benefit in force reserves | 11,431.3 | 8,518.0 | 1,788.9 | 21,757.1 |
| Net outstanding pre-SLGRP liabilities | (319.8) | | | (319.8) |
| **Total actuarial value of assets** | **$31,384.1** | **$22,394.1** | **$4,964.6** | **$58,651.8** |
| **December 31, 2018** | | | | |
| Member reserves | $3,065.6 | $1,673.7 | $414.3 | $5,153.6 |
| Employer reserves | 15,371.1 | 10,589.4 | 2,491.0 | 28,337.7 |
| Benefit in force reserves | 11,292.8 | 8,583.7 | 1,767.8 | 21,664.5 |
| Net outstanding pre-SLGRP liabilities | (345.7) | | | (345.7) |
| **Total actuarial value of assets** | **$29,383.7** | **$20,846.8** | **$4,673.1** | **$54,810.0** |

*Amounts in millions*

[1] *Includes Multnomah Fire District #10.*

Pre-SLGRP liabilities and surpluses are notional balances specific to individual employers or groups of employers. For contribution rate calculations, pre-SLGRP liabilities are treated akin to receivables to the SLGRP from the individual employers and pre-SLGRP surpluses are treated akin to payables (in the form of future rate offsets) from the SLGRP assets to individual employers. The assets of the SLGRP used to calculate the pooled contribution rate reflect the net outstanding balance of these items.

Side accounts are treated as pre-paid contributions. Consequently, they are not reflected in the actuarial value of assets shown above. The actuarial value of assets for each rate pool is used to develop the contribution rate for that pool. Side accounts are used by employers to pay a portion of the base contribution rate via a side account rate offset and deduction mechanism. The net impact of side accounts is shown in a separate section of this report.

### Reconciliation of Actuarial Value of Assets

The table below shows a reconciliation of the actuarial value of assets from the prior valuation to the current valuation for each of the rate pools. Again, independent employers, including State Judiciary, are treated as if they were a single rate pool for purposes of the system-wide report.

| | SLGRP | School Districts | Independent Employers | Tier 1/Tier 2 Totals[1] |
|---|---|---|---|---|
| **Actuarial value of assets, December 31, 2018** | **$29,383.7** | **$20,846.8** | **$4,673.1** | **$54,810.0** |
| **Contributions** | | | | |
| Employer | $567.9 | $303.9 | $101.3 | $973.1 |
| Side account transfers | 344.7 | 383.0 | 11.6 | 739.4 |
| Member | 0.0 | 0.0 | 1.9 | 1.9 |
| **Total contributions** | **$912.7** | **$686.9** | **$114.8** | **$1,714.4** |
| Investment income | 3,709.4 | 2,637.2 | 588.6 | 6,919.3 |
| Benefit payments and expenses | (2,580.9) | (1,923.5) | (404.4) | (4,913.0) |
| Adjustments[2] | (45.9) | 146.7 | (4.0) | 119.5 |
| **Actuarial value of assets, December 31, 2019** | **$31,378.9** | **$22,394.1** | **$4,968.1** | **$58,650.1** |
| Employers joining the SLGRP | 5.2 | | (3.5) | 1.7 |
| **Actuarial value of assets, January 1, 2020** | **$31,384.1** | **$22,394.1** | **$4,964.6** | **$58,651.8** |

*Amounts in millions*

[1] *Includes Multnomah Fire District #10.*

[2] *Adjustments include a reallocation of the benefits in force reserve, transfers to Multnomah Fire District #10, member service purchases, and other adjustments made by PERS.*

## Employers Joining the SLGRP

Effective January 1, 2020, one independent employer joined the State & Local Government Rate Pool (SLGRP). The employer's experience through December 31, 2019 was maintained independently, but its liabilities and assets are included with the SLGRP in this report in order to develop contribution rates that will become effective July 1, 2021. The table below summarizes the changes to assets and liabilities for the SLGRP due to this employer joining the SLGRP. Note that, by design, the UAL as a percentage of payroll does not change for the SLGRP, ensuring the SLGRP's UAL rate is not affected by employers joining the pool. This is accomplished by calculating a Transition Liability/(Surplus) for each new employer joining the pool.

| | State & Local Government Rate Pool | | |
|---|---|---|---|
| **Tier 1/Tier 2 Pension** | **December 31, 2019** | **Employers Joining Pool** | **January 1, 2020** |
| **Actuarial Accrued Liability** | | | |
| **Active Members** | | | |
| Tier 1 General Service | $4,499.1 | $0.0 | $4,499.1 |
| Tier 1 Police & Fire | 907.7 | 0.9 | 908.6 |
| **Tier 1 Total** | **5,406.7** | **0.9** | **5,407.7** |
| Tier 2 General Service | 3,739.8 | 0.2 | 3,740.0 |
| Tier 2 Police & Fire | 1,487.6 | 0.9 | 1,488.5 |
| **Tier 2 Total** | **5,227.4** | **1.1** | **5,228.5** |
| **Total Active Members** | **$10,634.2** | **$2.0** | **$10,636.2** |
| **Inactive Members** | **2,713.8** | **0.4** | **2,714.2** |
| **Retired Members and Beneficiaries** | **30,766.9** | **4.9** | **30,771.7** |
| **Total Actuarial Accrued Liability** | **$44,114.9** | **$7.2** | **$44,122.1** |
| **Actuarial Value of Assets** | | | |
| Member reserves | $2,924.4 | $0.2 | $2,924.6 |
| Employer reserves | 17,346.6 | 1.5 | 17,348.1 |
| Benefit in force reserves | 11,429.5 | 1.8 | 11,431.3 |
| Net outstanding pre-SLGRP liabilities | (321.5) | 1.7 | (319.8) |
| **Total Actuarial Value of Assets** | **$31,378.9** | **$5.2** | **$31,384.1** |
| **Unfunded Accrued Liability** | **$12,735.9** | **$2.1** | **$12,738.0** |
| Funded Percentage | 71.1% | 71.7% | 71.1% |
| Combined Valuation Payroll | $6,767.7 | $1.1 | $6,768.8 |
| **Unfunded Accrued Liability as % of Combined Valuation Payroll** | **188.2%** | **188.2%** | **188.2%** |

*Amounts in millions*

## Outstanding Balance of Pre-SLGRP Liabilities

In the valuation, pre-SLGRP liabilities are treated as assets of the SLGRP. That is, a pre-SLGRP liability is treated as a receivable owed to the SLGRP by the employer. Pre-SLGRP surpluses are treated as payables from the SLGRP to employers.

Prior to the formation of the SLGRP, the State and Community Colleges were pooled together and some employers participated in the Local Government Rate Pool (LGRP). The UAL attributable to the State and Community Colleges or the LGRP at the time the SLGRP was formed is maintained separately from the SLGRP, and is reduced by contributions and increased for interest charges at the assumed interest rate.

Similarly, when an independent employer joins the SLGRP, a Transition Liability or Surplus is calculated to ensure that each employer enters the pool on a comparable basis. The Transition Liability for each employer is maintained separately from the SLGRP, and is reduced by contributions and increased for interest charges at the assumed interest rate. The Transition Surplus for each employer is also maintained separately from the SLGRP, and is amortized over time through contribution rate offsets and credited with interest at the assumed interest rate. The table below shows the reconciliation of the pre-SLGRP pooled liability attributable to the State and Community Colleges and the LGRP from the last valuation to the current valuation. It also shows the reconciliation of the total Transition Liability or Surplus from the last valuation to the current valuation.

| | State and Community Colleges | Local Government Rate Pool | Transition | Total |
|---|---|---|---|---|
| **Pre-SLGRP liability/(surplus), January 1, 2019** | **$448.8** | **($191.8)** | **($602.7)** | **($345.7)** |
| Employer contributions | (67.6) | 28.6 | 87.8 | 48.9 |
| Supplemental payments | 0.0 | 0.0 | (3.3) | (3.3) |
| Interest | 27.4 | (11.7) | (37.1) | (21.4) |
| Employer mergers/adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| **Pre-SLGRP liability/(surplus), December 31, 2019** | **$408.7** | **($174.9)** | **($555.2)** | **($321.5)** |
| Employers joining the SLGRP | | | 1.7 | 1.7 |
| **Pre-SLGRP liability/(surplus), January 1, 2020** | **$408.7** | **($174.9)** | **($553.5)** | **($319.8)** |

*Amounts in millions*

## Tier 1/Tier 2 Pension Liabilities

### Normal Cost

The normal cost represents the present value of benefits allocated to the next year of service by the actuarial cost method. If all current actuarial assumptions are met in both past and future years, the normal cost represents the percent of payroll that would need to be contributed each year to fully fund plan benefits during each member's working career.

A summary of the normal cost by assumed cause of future termination of service is shown below on a system-wide basis for the Tier 1/Tier 2 pension benefits.

| | December 31, 2019 | December 31, 2018 | Percent Change |
|---|---|---|---|
| **Normal Cost** | | | |
| Service Retirement | $399.8 | $429.0 | (6.8%) |
| Withdrawal | 128.5 | 139.3 | (7.8%) |
| Duty Disability | 2.5 | 2.7 | (6.7%) |
| Nonduty Disability | 11.4 | 12.1 | (5.3%) |
| Death | 3.3 | 3.7 | (10.5%) |
| Administrative Expenses | 32.5 | 32.5 | (0.0%) |
| **Total Normal Cost** | **$578.1** | **$619.3** | **(6.7%)** |

*Amounts in millions*

### Reconciliation of Change in Normal Cost

The decrease in normal cost since the prior valuation is primarily due to the reduction in active Tier 1/Tier 2 members as members retire from the closed Tier 1/Tier 2 group.

The table below reconciles the normal cost from the prior valuation to the current valuation.

| | Tier 1/Tier 2 Pension |
|---|---|
| **Normal Cost, December 31, 2018** | **$619.3** |
| Expected increase (decrease) | (39.9) |
| Assumption and method changes | 0.0 |
| Plan changes | 0.0 |
| **Deviations from expected experience** | |
| Pay increases | $1.6 |
| Interest crediting experience | 3.1 |
| All other sources | (6.1) |
| **Total demographic (gains) and losses** | **($1.3)** |
| **Normal Cost, December 31, 2019** | **$578.1** |

*Amounts in millions*

### Summary of Normal Cost by Group and Tier

A summary of the normal cost by tier and employment category for each rate pool is shown below. Again, independent employers, including State Judiciary, are treated as if they were a single rate pool for purposes of the system-wide report.

| | December 31, 2019 | | | | December 31, 2018 | |
|---|---|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | Tier 1/ Tier 2 Totals | Tier 1/ Tier 2 Totals | Percent Change |
| **Normal Cost[1]** | | | | | | |
| Tier 1 General Service | $114.9 | $71.5 | $18.3 | $204.8 | $232.1 | (11.8%) |
| Tier 2 General Service | 135.0 | 106.8 | 16.8 | 258.6 | 264.5 | (2.2%) |
| Tier 1 Police & Fire | 26.7 | 0.3 | 9.0 | 36.0 | 43.5 | (17.3%) |
| Tier 2 Police & Fire | 60.0 | 0.4 | 18.4 | 78.7 | 79.3 | (0.7%) |
| **Total Normal Cost** | **$336.6** | **$178.9** | **$62.6** | **$578.1** | **$619.3** | **(6.7%)** |

*Amounts in millions*

[1] *Includes assumed administrative expenses. Assumed expenses allocated pro-rata based on normal cost.*

### Actuarial Accrued Liability

The actuarial accrued liability represents the present value of benefits allocated to prior years of service by the actuarial cost method. A summary of the actuarial accrued liability is shown below on a system-wide basis for the Tier 1/Tier 2 pension benefits.

| | December 31, 2019 | December 31, 2018 | Percent Change |
|---|---|---|---|
| Active Members | $18,446.1 | $18,849.3 | (2.1%) |
| Inactive Members | 4,349.7 | 4,452.6 | (2.3%) |
| Retired Members and Beneficiaries | 58,567.8 | 56,534.9 | 3.6% |
| **Total Actuarial Accrued Liability** | **$81,363.5** | **$79,836.8** | **1.9%** |

*Amounts in millions*

### Actuarial Accrued Liability

A summary of actuarial accrued liabilities based on member status, tier and employment category is shown in the table below. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | December 31, 2019 | | | | December 31, 2018 | |
|---|---|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals[1] | Tier 1 / Tier 2 Totals[1] | Percent Change |
| **Active Members** | | | | | | |
| Tier 1 General Service | $4,499.1 | $2,985.2 | $532.1 | $8,016.3 | $8,673.5 | (7.6%) |
| Tier 1 Police & Fire | 907.7 | 5.3 | 333.7 | 1,246.7 | 1,447.6 | (13.9%) |
| **Tier 1 Total** | **5,406.7** | **2,990.4** | **865.8** | **9,263.0** | **10,121.1** | **(8.5%)** |
| Tier 2 General Service | 3,739.8 | 3,006.2 | 480.7 | 7,226.7 | 6,888.5 | 4.9% |
| Tier 2 Police & Fire | 1,487.6 | 6.0 | 462.7 | 1,956.4 | 1,839.7 | 6.3% |
| **Tier 2 Total** | **5,227.4** | **3,012.3** | **943.4** | **9,183.1** | **8,728.2** | **5.2%** |
| **Total Active Members** | **$10,634.2** | **$6,002.7** | **$1,809.2** | **$18,446.0** | **$18,849.3** | **(2.1%)** |
| **Inactive Members** | **2,713.8** | **1,342.1** | **293.8** | **4,349.7** | **4,452.6** | **(2.3%)** |
| **Retired Members and Beneficiaries** | **30,766.9** | **22,929.7** | **4,820.3** | **58,567.8** | **56,534.9** | **3.6%** |
| **Total Tier 1/ Tier 2 Pension Liability, December 31,** | **$44,114.9** | **$30,274.5** | **$6,923.3** | **$81,363.5** | **$79,836.8** | **1.9%** |
| Employers joining the SLGRP | 7.2 | | (7.2) | 0.0 | 0.0 | |
| **Total Tier 1/ Tier 2 Pension Liability, January 1,** | **$44,122.1** | **$30,274.5** | **$6,916.0** | **$81,363.5** | **$79,836.8** | **1.9%** |

*Amounts in millions*

[1] *Includes Multnomah Fire District #10.*

### Reconciliation of Change in Actuarial Accrued Liability

The change in actuarial accrued liability since the last valuation reflects the experience of the system. The actuarial accrued liability is expected to increase due to benefits earned during the year and interest, and to decrease due to benefits paid during the year.

The table below reconciles the actuarial accrued liability from the last valuation to this valuation.

| | Tier 1/Tier 2 Pension |
|---|---|
| **Actuarial Accrued Liability December 31, 2018** | **$79,836.8** |
| Expected change | 1,303.9 |
| Assumption and method changes | 0.0 |
| Plan changes | 0.0 |
| **Deviations from expected experience** | |
| Retirements from active status | $115.7 |
| Disability retirements | 3.3 |
| Active mortality and withdrawal | 14.6 |
| Pay increases | 75.5 |
| Interest crediting experience | 85.7 |
| Inactive mortality | (7.9) |
| Data corrections | 13.6 |
| Other | (82.0) |
| **Total demographic (gains) and losses** | **$218.6** |
| New Entrants | 4.3 |
| **Actuarial Accrued Liability December 31, 2019** | **$81,363.5** |

*Amounts in millions*

## Tier 1/Tier 2 Pension Unfunded Accrued Liability (UAL)

### Calculation of UAL

The Unfunded Accrued Liability (UAL) represents the difference between the actuarial accrued liability and the valuation assets. To determine uncollared and collared base employer contribution rates, the UAL is calculated excluding side accounts. The calculated collared base contribution rate is later offset by an amortized portion of the side accounts for individual employers with such accounts. A summary of the UAL by rate pool is shown on the following table. All independent employers, including State Judiciary, have been grouped together.

| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals[1] |
|---|---|---|---|---|
| **December 31, 2019** | | | | |
| 1. Actuarial accrued liability | $44,122.1 | $30,274.5 | $6,916.0 | $81,363.5 |
| 2. Actuarial value of assets | $31,384.1 | $22,394.1 | $4,964.6 | $58,651.8 |
| 3. Unfunded accrued liability *(2. - 1.)* | $12,738.0 | $7,880.4 | $1,951.4 | $22,711.7 |
| 4. Funded percentage *(2. ÷ 1.)* | 71.1% | 74.0% | 71.8% | 72.1% |
| 5. Combined valuation payroll | $6,768.8 | $3,740.7 | $1,024.2 | $11,533.7 |
| 6. Unfunded accrued liability as % of combined valuation payroll *(3. ÷ 5.)* | 188.2% | 210.7% | 190.5% | 196.9% |
| **December 31, 2018** | | | | |
| 1. Actuarial accrued liability | $43,149.3 | $29,898.4 | $6,736.3 | $79,836.8 |
| 2. Actuarial value of assets | $29,383.7 | $20,846.8 | $4,673.1 | $54,810.0 |
| 3. Unfunded accrued liability *(2. - 1.)* | $13,765.6 | $9,051.6 | $2,063.2 | $25,026.7 |
| 4. Funded percentage *(2. ÷ 1.)* | 68.1% | 69.7% | 69.4% | 68.7% |
| 5. Combined valuation payroll | $6,346.1 | $3,543.5 | $962.4 | $10,852.0 |
| 6. Unfunded accrued liability as % of combined valuation payroll *(3. ÷ 5.)* | 216.9% | 255.4% | 214.4% | 230.6% |

*Amounts in millions*

[1] *Includes Multnomah Fire District #10.*

### Reconciliation of UAL Bases

Beginning with the December 31, 2013 actuarial valuation, the PERS Board established a policy to amortize the Tier 1/Tier 2 UAL over a 20-year period, with each subsequent odd-year valuation establishing a new 20-year closed-period amortization schedule for new Tier 1/Tier 2 UAL amounts based on the total Tier 1/Tier 2 UAL as of that valuation date less the remaining unamortized balance of previously established Tier 1/Tier 2 UAL bases. As part of Senate Bill 1049, passed in 2019, the Legislature directed the PERS Board to enact a one-time re-amortization of Tier 1/Tier 2 UAL over 22 years. This means that, effective with the December 31, 2019 rate-setting valuation, the entire unamortized Tier 1/Tier 2 UAL for each rate pool and independent employer will be re-amortized over a 22 year period as a level percentage of projected future payroll. For the December 31, 2021 and subsequent odd-year valuations, the PERS Board will again have authority to set the amortization schedule. It is anticipated that the policy of 20-year closed-period amortization schedules will be reintroduced at that point.

The UAL amortization schedules are shown for the SLGRP and School District rate pools below. UAL bases for independent employers are developed individually for each employer, and are shown in each employer's individual valuation report.

| SLGRP | | | | | |
|---|---|---|---|---|---|
| **Amortization Base** | **UAL December 31, 2018** | **Payment** | **Interest** | **UAL December 31, 2019** | **Next Year's Payment** |
| December 31, 2019 | N/A | N/A | N/A | 12,738.0 | 843.2 |
| **Total** | | | | **$12,738.0** | **$843.2** |

*Amounts in millions*

| School Districts | | | | | |
|---|---|---|---|---|---|
| **Amortization Base** | **UAL December 31, 2018** | **Payment** | **Interest** | **UAL December 31, 2019** | **Next Year's Payment** |
| December 31, 2019 | N/A | N/A | N/A | 7,880.4 | 521.7 |
| **Total** | | | | **$7,880.4** | **$521.7** |

*Amounts in millions*

## Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is an actuarial gain or loss to the plan. Gains are the result of experience that is more financially favorable to the system than assumed (i.e., serves to reduce the unfunded accrued liability or increase the surplus), while losses are the result of financially unfavorable experience to the system.

The table below shows the development of the actuarial gain (or loss) for the Tier 1/Tier 2 pension benefits for the year ending December 31, 2019. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | SLGRP | School District | Independent Employers | Tier 1/Tier 2 Totals[1] |
|---|---|---|---|---|
| 1. Expected actuarial accrued liability | | | | |
| a. Actuarial accrued liability at January 1, 2019 | $43,149.3 | $29,898.4 | $6,736.3 | $79,836.8 |
| b. Normal cost (excluding expenses) at January 1, 2019 | 343.9 | 180.9 | 62.0 | 586.8 |
| c. Benefit payments (excluding expenses) for year ending December 31, 2019 | (2,561.9) | (1,909.3) | (401.4) | (4,876.7) |
| d. Interest | 3,026.9 | 2,090.5 | 472.8 | 5,593.8 |
| e. Expected actuarial accrued liability before changes *(a. + b. + c. + d.)* | $43,958.2 | $30,260.5 | $6,869.8 | $81,140.6 |
| f. Change in actuarial accrued liability at December 31, 2019, due to assumption, method, and plan changes | 0.0 | 0.0 | 0.0 | 0.0 |
| g. Expected actuarial accrued liability at December 31, 2019 *(e. + f.)* | $43,958.2 | $30,260.5 | $6,869.8 | $81,140.6 |
| 2. Actuarial accrued liability at December 31, 2019 | $44,114.9 | $30,274.5 | $6,923.3 | $81,363.5 |
| **3. Liability gain/(loss) *(1.g. - 2)*** | **($156.6)** | **($14.0)** | **($53.5)** | **($222.9)** |
| 4. Expected actuarial value of assets | | | | |
| a. Actuarial value of assets at January 1, 2019 | $29,383.7 | $20,846.8 | $4,673.1 | $54,810.0 |
| b. Actual contributions for 2019 | 912.7 | 686.9 | 114.8 | 1,714.4 |
| c. Benefit payments and expenses for year ending December 31, 2019 | (2,580.9) | (1,923.5) | (404.4) | (4,913.0) |
| d. Assumed investment return | 2,055.6 | 1,456.5 | 326.0 | 3,831.2 |
| e. Expected actuarial value of assets before changes *(a. + b. + c. + d.)* | $29,771.1 | $21,066.7 | $4,709.6 | $55,442.5 |
| f. Change in actuarial value of assets at December 31, 2019, due to assumption changes | 0.0 | 0.0 | 0.0 | 0.0 |
| g. Expected actuarial value of assets at December 31, 2019 *(e. + f.)* | $29,771.1 | $21,066.7 | $4,709.6 | $55,442.5 |
| 5. Actuarial value of assets as of December 31, 2019 | $31,378.9 | $22,394.1 | $4,968.1 | $58,650.1 |
| **6. Asset gain/(loss) *(5. - 4.g.)*** | **$1,607.9** | **$1,327.4** | **$258.6** | **$3,207.6** |
| **7. Net actuarial gain/(loss) *(3. + 6.)*** | **$1,451.2** | **$1,313.4** | **$205.1** | **$2,984.7** |

*Amounts in millions*

*[1] Includes Multnomah Fire District #10.*

### Reconciliation of the UAL

The table below reconciles the UAL from the last valuation to this valuation. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals[1] |
|---|---|---|---|---|
| **UAL, December 31, 2018** | $13,765.6 | $9,051.6 | $2,063.2 | $25,026.7 |
| Normal cost | 343.9 | 180.9 | 62.0 | 586.8 |
| Administrative expenses | 19.1 | 14.2 | 3.0 | 36.3 |
| Contributions | (912.7) | (686.9) | (114.8) | (1,714.4) |
| Liability (gain) or loss | 156.6 | 14.0 | 53.5 | 222.9 |
| Asset (gain) or loss | (1,607.9) | (1,327.4) | (258.6) | (3,207.6) |
| Assumption, method, and plan changes | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest at 7.20% | 971.3 | 634.0 | 146.8 | 1,762.6 |
| **UAL, December 31, 2019** | **$12,735.9** | **$7,880.4** | **$1,955.1** | **$22,713.4** |
| Employers joining SLGRP | 2.1 | | (3.7) | (1.7) |
| **UAL, January 1, 2020** | **$12,738.0** | **$7,880.4** | **$1,951.4** | **$22,711.7** |

*Amounts in millions*

[1] *Includes Multnomah Fire District #10.*

## Tier 1/Tier 2 Pension Contribution Rate Development

### Normal Cost Rates

The table below shows the development of the system-wide weighted average Tier 1/ Tier 2 normal cost rate.

| | December 31, 2019 | December 31, 2018 | Percent Change |
|---|---|---|---|
| **Normal Cost** | | | |
| a. Service Retirement | $399.8 | $429.0 | (6.8%) |
| b. Withdrawal | 128.5 | 139.3 | (7.8%) |
| c. Duty Disability | 2.5 | 2.7 | (6.7%) |
| d. Nonduty Disability | 11.4 | 12.1 | (5.3%) |
| e. Death | 3.3 | 3.7 | (10.5%) |
| f. Administrative Expenses | 32.5 | 32.5 | (0.0%) |
| **g. Total Normal Cost** | **$578.1** | **$619.3** | **(6.7%)** |
| **Tier 1/Tier 2 Valuation Payroll** | **$3,873.9** | **$4,076.1** | **(5.0%)** |
| **Average Normal Cost Rate** | | | |
| a. Service Retirement | 10.32% | 10.53% | |
| b. Withdrawal | 3.32% | 3.42% | |
| c. Duty Disability | 0.06% | 0.07% | |
| d. Nonduty Disability | 0.29% | 0.30% | |
| e. Death | 0.09% | 0.09% | |
| f. Administrative Expenses | 0.84% | 0.80% | |
| **g. Average Normal Cost Rate** | **14.92%** | **15.19%** | |

*Amounts in millions*

The table below shows the development of the Tier 1/Tier 2 normal cost rate for the various rate pools. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

Normal cost rates shown below are before any offset for redirected member contributions under Senate Bill 1049.

| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals |
|---|---|---|---|---|
| **Normal Cost** | | | | |
| Tier 1 General Service | $114.9 | $71.5 | $18.3 | $204.8 |
| Tier 2 General Service | 135.0 | 106.8 | 16.8 | 258.6 |
| Tier 1 Police & Fire | 26.7 | 0.3 | 9.0 | 36.0 |
| Tier 2 Police & Fire | 60.0 | 0.4 | 18.4 | 78.7 |
| **Total Normal Cost** | **$336.6** | **$178.9** | **$62.6** | **$578.1** |
| **Tier 1/Tier 2 Valuation Payroll** | | | | |
| Tier 1 General Service | $690.5 | $466.9 | $95.1 | $1,252.5 |
| Tier 2 General Service | 1,065.7 | 860.3 | 130.9 | 2,056.9 |
| Tier 1 Police & Fire | 122.7 | 1.3 | 40.4 | 164.3 |
| Tier 2 Police & Fire | 304.6 | 1.8 | 93.9 | 400.3 |
| **Total Valuation Payroll** | **$2,183.5** | **$1,330.2** | **$360.3** | **$3,873.9** |
| **Average Normal Cost Rates** | | | | |
| Tier 1 General Service | 16.64% | 15.32% | 19.28% | 16.35% |
| Tier 2 General Service | 12.67% | 12.41% | 12.84% | 12.57% |
| Tier 1 Police & Fire | 21.76% | 21.13% | 22.34% | 21.90% |
| Tier 2 Police & Fire | 19.69% | 19.57% | 19.60% | 19.66% |
| **Average Rates** | | | | |
| Tier 1 Average | 17.41% | 15.34% | 20.20% | 16.99% |
| Tier 2 Average | 14.23% | 12.43% | 15.66% | 13.73% |
| General Service Average | 14.23% | 13.44% | 15.55% | 14.00% |
| Police & Fire Average | 20.28% | 20.22% | 20.42% | 20.31% |
| **System Average** | **15.41%** | **13.45%** | **17.37%** | **14.92%** |
| Judiciary Member Contributions | | | 0.50% | 0.05% |
| **Adjusted System Average** | **15.41%** | **13.45%** | **16.87%** | **14.87%** |

*Amounts in millions*

### UAL Rates Prior to Application of the Rate Collar

The Tier 1/Tier 2 UAL rate prior to application of the rate collar is determined by calculating the sum of next year's scheduled amortization payments to the Tier 1/Tier 2 UAL as a percentage of combined (Tier 1/Tier 2 plus OPSRP) valuation payroll.

The following table develops the Tier 1/Tier 2 UAL rate separately for each of the rate pools. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals[1] |
|---|---|---|---|---|
| **December 31, 2019** | | | | |
| 1. Total UAL | $12,738.0 | $7,880.4 | $1,951.4 | $22,711.7 |
| 2. Next year's UAL payment | $843.2 | $521.7 | $129.2 | $1,494.1 |
| 3. Combined valuation payroll | $6,768.8 | $3,740.7 | $1,024.2 | $11,533.7 |
| **4. UAL rate *(2 ÷ 3)*** | **12.46%** | **13.95%** | **12.61%** | **12.95%** |
| **December 31, 2018** | | | | |
| 1. Total UAL | $13,765.6 | $9,051.6 | $2,063.2 | $25,026.7 |
| 2. Next year's UAL payment | $911.3 | $599.2 | $136.6 | $1,647.1 |
| 3. Combined valuation payroll | $6,346.1 | $3,543.5 | $962.4 | $10,852.0 |
| **4. UAL rate *(2 ÷ 3)*** | **14.36%** | **16.91%** | **14.19%** | **15.18%** |

*Amounts in millions*

*[1] While the Tier 1/Tier 2 Total UAL amount includes the UAL for Multnomah Fire District #10 (MFD), the UAL rate for MFD is developed separately in this report and is added to the rates shown in this table.*

**Pre-SLGRP Pooled Rate**

Prior to the formation of the SLGRP, the State and Community Colleges were pooled together and some employers participated in the Local Government Rate Pool (LGRP). The Tier 1/Tier 2 UAL attributable to the State and Community Colleges and the LGRP at the time the SLGRP was formed is maintained separately from the Tier 1/Tier 2 UAL for the SLGRP. The balance of the pre-SLGRP pooled liability attributable to the State and Community Colleges or the LGRP on the valuation date is amortized over the period ending December 31, 2027 and expressed as a percentage of the pool's combined (Tier 1/Tier 2 plus OPSRP) valuation payroll.

The following table develops the Pre-SLGRP pooled rate separately for the State and Community College Pool and the LGRP.

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **State and Community College Pool** | | |
| 1. Total pre-SLGRP pooled liability | $408.7 | $448.8 |
| 2. Combined valuation payroll | $3,913.0 | $3,633.6 |
| 3. Amortization Factor | 6.875 | 7.606 |
| **4. Pre-SLGRP pooled rate *(1. ÷ 2. ÷ 3.)*** | **1.52%** | **1.62%** |
| **Local Government Rate Pool** | | |
| 1. Total pre-SLGRP pooled liability | ($174.9) | ($191.8) |
| 2. Combined valuation payroll | $1,716.0 | $1,614.5 |
| 3. Amortization Factor | 6.875 | 7.606 |
| **4. Pre-SLGRP pooled rate *(1. ÷ 2. ÷3.)*** | **(1.48%)** | **(1.56%)** |

*Amounts in millions*

### Transition Liability or Surplus Rate

When an employer joins the SLGRP, a Transition Liability or Surplus is calculated to ensure that each employer enters the pool on a comparable basis. The Transition Liability or Surplus for each employer is maintained separately from the Tier 1/Tier 2 UAL for the SLGRP. The Transition Liability is amortized over a fixed period, and is expressed as a percentage of the employer's combined (Tier 1/Tier 2 plus OPSRP) valuation payroll. The Transition Surplus for each employer is also maintained separately from the SLGRP, and is amortized over a fixed period via contribution rate offsets as a percentage of the employer's combined valuation payroll. For employers joining the SLGRP prior to December 31, 2009, the fixed period ends December 31, 2027. For all others, the fixed period ends 18 years after the date the employer joined the SLGRP.

The following table develops the average rate impact across all employers with outstanding Transition Liabilities or Surpluses as of the valuation date. The amortization factor below reflects the weighted average of the amortization periods for all such employers.

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| 1. Total transition liability/(surplus) | ($553.5) | ($602.7) |
| 2. Combined valuation payroll | $2,464.2 | $2,511.6 |
| 3. Average Amortization Factor[1] | 6.964 | 7.670 |
| **4. Average transition liability/(surplus) rate *(1. ÷ 2. ÷ 3.)*** | **(3.23%)** | **(3.13%)** |

*Amounts in millions*

*[1] Weighted average*

### Multnomah Fire District #10 UAL Rate

The Multnomah Fire District #10 UAL rate is determined by amortizing Multnomah Fire District #10's unfunded accrued liability over the period ending December 31, 2027, and expressing the result as a percentage of combined valuation payroll.

As part of 2003 legislation, the Multnomah Fire District #10 UAL was allocated to all Tier 1/Tier 2 employers. Multnomah Fire District #10 was allocated $50,000 of the outstanding UAL, which was fully paid in November, 2003. Of the remaining UAL, City of Portland is allocated 21.8743%, while all Tier 1/Tier 2 employers, including City of Portland, share in the remaining 78.1257%. Four employers (City of Gresham, City of Fairview, City of Wood Village, and City of Troutdale) are required to pay twice the rate that is determined under item 6.b. below. Thus, the combined valuation payroll for all Tier 1/Tier 2 employers, shown below in item 4.b., includes twice the valuation payroll for those four employers.

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| 1. Actuarial accrued liability | | |
| a. Active members | $0.0 | $0.0 |
| b. Inactive members | 0.0 | 0.0 |
| c. Retired members and beneficiaries | 50.9 | 52.7 |
| d. Total actuarial accrued liability | $50.9 | $52.7 |
| 2. Actuarial value of assets | | |
| a. Employer reserve | ($110.0) | ($113.8) |
| b. Members reserve | 0.0 | 0.0 |
| c. Benefits in force reserve | 18.9 | 20.2 |
| d. Total actuarial value of aseets | ($91.1) | ($93.6) |
| 3. Multnomah FD #10 UAL *(1.d. - 2.d.)* | $141.9 | $146.4 |
| a. Portion allocated to City of Portland *(21.8743% x 3.)* | $31.0 | $32.0 |
| b. Portion allocated to all T1/T2 employers *(78.1257% x 3.)* | $110.9 | $114.3 |
| 4. Combined valuation payroll | | |
| a. City of Portland | $477.1 | $434.2 |
| b. All employers[1] | $11,595.0 | $10,909.3 |
| 5. Amortization factor | 6.875 | 7.606 |
| 6. Multnomah FD #10 UAL Rate | | |
| a. City of Portland *(3.a. ÷ 4.a. ÷ 5.)* | 0.95% | 0.97% |
| b. All Tier 1 / Tier 2 employers *(3.b. ÷ 4.b. ÷ 5.)* | 0.14% | 0.14% |
| 7. Total Multnomah FD #10 UAL Rate | | |
| a. City of Portland *(6.a. + 6.b.)* | 1.09% | 1.11% |
| b. City of Gresham, City of Fairview, City of Wood Village, City of Troutdale *(2 x 6.b.)* | 0.28% | 0.28% |
| c. All other Tier 1 / Tier 2 employers *(6.b.)* | 0.14% | 0.14% |

*Amounts in millions*

[1] *For weighting purposes, includes double valuation payroll for each of the four employers listed in 7.b.*

### Calculated Employer Contribution Rate Summary (Pre-Rate Collar)

The following table summarizes the development of the total Tier 1/Tier 2 contribution rate for each rate pool as of the valuation date. The normal cost rates apply to Tier 1/Tier 2 payroll only, but all other rates are applied to combined (Tier 1/Tier 2 plus OPSRP) valuation payroll. These rates are adjusted on an individual employer basis for side accounts and pre-SLGRP liabilities, if applicable. Weighted average adjustments for side accounts and pre-SLGRP liabilities are shown in the table. For individual employers, these adjustments cannot reduce the pension contribution rate below 0.00%. Note that independent employers, other than the State Judiciary, are subject to a minimum employer contribution rate of 6.00% that is not taken into account in the average rates below.

| July 1, 2021 Rates Calculated as of December 31, 2019 | | | | |
|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals |
| **Tier 1/Tier 2 pension contribution rates** | | | | |
| Normal cost rate | 15.41% | 13.45% | 16.87% | 14.87% |
| Judiciary member contributions | | | 0.50% | 0.05% |
| Uncollared UAL rate | 12.46% | 13.95% | 12.61% | 12.95% |
| Multnomah FD #10 rate | 0.21% | 0.14% | 0.15% | 0.18% |
| **Uncollared total Tier 1/Tier 2 pension rate** | **28.08%** | **27.54%** | **30.13%** | **28.05%** |
| **Average adjustments** | | | | |
| Pre-SLGRP liability/(surplus) rate | (0.69%) | N/A | N/A | (0.40%) |
| Side account rate | (4.99%) | (9.93%) | (1.11%) | (6.24%) |
| **Total average adjustment** | **(5.68%)** | **(9.93%)** | **(1.11%)** | **(6.64%)** |
| **Member redirect offset**[1] | **(2.45%)** | **(2.45%)** | **(2.45%)** | **(2.45%)** |
| **Uncollared net employer Tier 1/Tier 2 pension rate** | **19.95%** | **15.16%** | **26.57%** | **18.96%** |

[1] *Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.*

### Calculation of Rate Collar

Due to the rate collar, employer base contribution rates will not generally change by more than the greater of 3 percent of payroll or 20% of the current contribution rate. However, if the funded percentage is below 60% or above 140%, the size of the rate collar is doubled. If the funded percentage is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale. All rate collar calculations are performed excluding amounts and contribution rates attributable to pre-SLGRP liabilities, side accounts and member IAP contributions. Retiree medical rates are also excluded from the rate collar calculation.

The table below develops the impact of the collar for each of the Tier 1/Tier 2 rate pools. Although the calculation is performed individually for independent employers, the table shows the calculation as if independent employers were a single rate pool. Note that independent employers, other than the State Judiciary, are subject to a minimum employer contribution rate of 6.00% that is not taken into account in the calculation below.

| July 1, 2021 Tier 1/Tier 2 Rates Calculated as of December 31, 2019 | | | | |
|---|---|---|---|---|
| **Calculation of Collar Adjustments** | **SLGRP** | **School Districts** | **Independent Employers** | **Tier 1 / Tier 2 Totals[1]** |
| 1. Current total Tier 1/Tier 2 pension rate | 26.26% | 30.52% | 23.87% | 27.43% |
| 2. Size of rate collar | | | | |
| a. Preliminary size of rate collar (*greater of 3% or 20% x 1.)* | 5.25% | 6.10% | 4.77% | 5.49% |
| b. Funded percentage | 71% | 74% | 72% | 72% |
| **c. Size of rate collar *(If b. < 60% or b. > 140%, 2 x a. If b. is 70%-130%, a. Otherwise, graded rate between a. and 2 x a.)*** | **5.25%** | **6.10%** | **4.77%** | |
| 3. July 1, 2021 Minimum total contribution rate *(1. - 2.c.)* | 21.01% | 24.42% | 19.10% | |
| 4. July 1, 2021 Maximum total contribution rate *(1. + 2.c.)* | 31.51% | 36.62% | 28.64% | |
| 5. July 1, 2021 total contribution rate before collar | 28.08% | 27.54% | 29.63% | |
| 6. July 1, 2021 total contribution rate after collar (5., but not less than 3. or more than 4.) | 28.08% | 27.54% | 28.64% | |
| **7. Impact of collar *(6. - 5.)*[2]** | **0.00%** | **0.00%** | **(0.99%)** | **(0.09%)** |

[1] *The average Tier 1/Tier 2 rate has been recalculated based on current valuation payroll.*

[2] *The impact of collar shown for the system-wide column is the weighted average of the impact shown for each rate pool.*

### Calculated Employer Contribution Rate Summary (Post-Rate Collar)

Any needed adjustment to reflect the effects of the rate collar is made to the UAL rate. The table below summarizes the average rates effective July 1, 2021 by pool and component. Although the rate collar is applied individually for independent employers, the table shows the average rates as if independent employers were a single rate pool. Note that independent employers, other than the State Judiciary, are subject to a minimum employer contribution rate of 6.00% that is not taken into account in the average rates below.

| July 1, 2021 Rates Calculated as of December 31, 2019 | | | | |
|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | Tier 1 / Tier 2 Totals |
| **Tier 1/Tier 2 pension contribution rates** | | | | |
| Normal cost rate | 15.41% | 13.45% | 16.87% | 14.87% |
| Judiciary member contributions | | | 0.50% | 0.05% |
| Collared UAL rate | 12.46% | 13.95% | 11.62% | 12.86% |
| Multnomah FD #10 rate | 0.21% | 0.14% | 0.15% | 0.18% |
| **Collared total Tier 1/Tier 2 pension rate** | **28.08%** | **27.54%** | **29.14%** | **27.96%** |
| **Average adjustments** | | | | |
| Pre-SLGRP liability/(surplus) rate | (0.69%) | N/A | N/A | (0.40%) |
| Side account rate | (4.99%) | (9.93%) | (1.11%) | (6.24%) |
| **Total average adjustment** | **(5.68%)** | **(9.93%)** | **(1.11%)** | **(6.64%)** |
| **Member redirect offset**[1] | **(2.45%)** | **(2.45%)** | **(2.45%)** | **(2.45%)** |
| **Collared net employer Tier 1/Tier 2 pension rate** | **19.95%** | **15.16%** | **25.58%** | **18.87%** |

[1] *Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.*

## OPSRP Assets

Information on OPSRP assets is shown in the section of this report covering the system-wide assets. As of December 31, 2019, the actuarial value of assets for OPSRP is $6,190.4 million.

## OPSRP Liabilities

### Normal Cost

The normal cost represents the present value of projected future benefits allocated to the next year of service by the actuarial cost method. If all current actuarial assumptions are met in past and future years, the normal cost represents the percent of payroll that would need to be contributed each year to fully fund each member's plan benefits during his or her working career.

A summary of the normal cost by assumed cause of future termination of service is shown below for the current and prior year.

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| | General Service | Police & Fire | Total | General Service | Police & Fire | Total |
| **Pre-Retirement Disability** | | | | | | |
| Duty | $0.7 | $1.4 | $2.1 | $0.6 | $1.3 | $1.9 |
| Non-Duty | 10.1 | 1.2 | 11.3 | 8.9 | 1.0 | 9.9 |
| **Total Pre-Retirement Disability** | **$10.8** | **$2.6** | **$13.4** | **$9.5** | **$2.3** | **$11.8** |
| **Other Benefits** | | | | | | |
| Service Retirement | $498.5 | $107.4 | $605.9 | $444.9 | $94.2 | $539.1 |
| Withdrawal | 53.6 | 5.5 | 59.1 | 47.5 | 4.9 | 52.4 |
| Death | 4.8 | 0.7 | 5.4 | 4.3 | 0.6 | 4.9 |
| Duty Disability Retirement | 0.4 | 1.1 | 1.5 | 0.3 | 1.0 | 1.4 |
| Non-Duty Disability Retirement | 7.0 | 1.2 | 8.2 | 6.2 | 1.0 | 7.2 |
| **Total Other Benefits** | **$564.3** | **$115.9** | **$680.2** | **$503.3** | **$101.7** | **$605.0** |
| Assumed Administrative Expenses | 7.0 | 1.0 | 8.0 | 7.1 | 0.9 | 8.0 |
| **Total Normal Cost** | **$582.1** | **$119.5** | **$701.6** | **$519.9** | **$104.9** | **$624.8** |

*Amounts in millions*

### Reconciliation of Change in Normal Cost

The increase in the normal cost since the prior valuation is primarily attributable to the effect of new entrants to the OPSRP program. The table below reconciles the normal cost from the prior valuation to the current valuation.

| | OPSRP |
|---|---|
| **Normal Cost, December 31, 2018** | **$624.8** |
| Expected increase (decrease) | (12.9) |
| Assumption and method changes | 0.0 |
| Plan changes | 0.0 |
| New entrants | 71.0 |
| **Deviations from expected experience** | |
| Pay increases | $16.2 |
| All other sources | 2.5 |
| **Total demographic (gains) and losses** | **$18.7** |
| **Normal Cost, December 31, 2019** | **$701.6** |

*Amounts in millions*

### Actuarial Accrued Liability

The actuarial accrued liability represents the present value of projected future benefits allocated to prior years of service by the actuarial cost method. For active members, a summary of the actuarial accrued liability by assumed cause of future termination of service is shown below for the current and prior year.

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| | General Service | Police & Fire | Total | General Service | Police & Fire | Total |
| **Active Members** | | | | | | |
| Pre-retirement Duty Disability | $1.6 | $3.3 | $4.9 | $1.3 | $2.7 | $4.1 |
| Pre-retirement Non-Duty Disability | 89.2 | 9.2 | 98.4 | 77.6 | 8.0 | 85.6 |
| Service Retirement | 5,409.5 | 1,069.0 | 6,478.4 | 4,546.3 | 881.5 | 5,427.8 |
| Withdrawal | 262.1 | 22.2 | 284.3 | 228.9 | 19.8 | 248.7 |
| Death | 47.0 | 5.9 | 52.9 | 39.8 | 5.0 | 44.8 |
| Duty Disability Retirement | 2.6 | 6.8 | 9.5 | 2.2 | 5.8 | 8.0 |
| Non-Duty Disability Retirement | 69.3 | 10.1 | 79.4 | 59.1 | 8.7 | 67.8 |
| **Total Active Members** | **$5,881.4** | **$1,126.5** | **$7,007.9** | **$4,955.3** | **$931.4** | **$5,886.7** |
| Inactive Members | | | 520.1 | | | 432.2 |
| Retired Members and Beneficiaries | | | 554.3 | | | 419.0 |
| **Total Actuarial Accrued Liability** | | | **$8,082.2** | | | **$6,738.0** |

*Amounts in millions*

### Reconciliation of Change in Actuarial Accrued Liability

The change in actuarial accrued liability since the last valuation reflects the experience of the system. The actuarial accrued liability is expected to increase due to benefits earned during the year and interest, and to decrease due to benefits paid during the year. The table below reconciles the actuarial accrued liability from the last valuation to this valuation.

| | OPSRP |
|---|---|
| **Actuarial Accrued Liability December 31, 2018** | **$6,738.0** |
| Expected change | 1,080.0 |
| Assumption and method changes | 0.0 |
| Plan changes | 0.0 |
| **Deviations from expected experience** | |
| Retirements from active status | $6.0 |
| Disability retirements | (5.7) |
| Active mortality and withdrawal | 23.8 |
| Pay increases | 137.9 |
| Inactive mortality | (4.2) |
| Data corrections | (0.6) |
| Other | 1.1 |
| **Total demographic (gains) and losses** | **$158.3** |
| New entrants | 106.0 |
| **Actuarial Accrued Liability December 31, 2019** | **$8,082.2** |

*Amounts in millions*

## OPSRP Unfunded Accrued Liability (UAL)

### Calculation of UAL

The Unfunded Accrued Liability (UAL) represents the difference between the actuarial accrued liability and the valuation assets. The UAL is amortized over combined (Tier 1/Tier 2 and OPSRP) valuation payroll. The table below shows the OPSRP UAL, funded status, and UAL as a percentage of combined valuation payroll.

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| 1. Actuarial accrued liability | $8,082.2 | $6,738.0 |
| 2. Actuarial value of assets | $6,190.4 | $4,783.0 |
| 3. Unfunded accrued liability *(2. - 1.)* | $1,891.8 | $1,955.0 |
| 4. Funded percentage *(2. ÷ 1.)* | 76.6% | 71.0% |
| 5. Combined valuation payroll | $11,533.7 | $10,852.0 |
| 6. Unfunded accrued liability as % of combined valuation payroll *(3. ÷ 5.)* | 16.4% | 18.0% |

*Amounts in millions*

### Reconciliation of UAL Bases

Beginning with the December 31, 2007, actuarial valuation, each odd-year valuation establishes a 16-year closed-period amortization base for outstanding OPSRP UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base is calculated based on the total OPSRP UAL as of that valuation date less the remaining unamortized balance of any OPSRP UAL bases established at previous odd-year valuation dates. In other words, OPSRP experience from December 31, 2017 to December 31, 2019 is amortized based on a 16-year amortization schedule beginning December 31, 2019.

| Reconciliation of UAL Bases | | | | | |
|---|---|---|---|---|---|
| Amortization Base | UAL December 31, 2018 | Payment | Interest | UAL December 31, 2019 | Next Year's Payment |
| December 31, 2007 | ($40.7) | ($9.0) | ($2.6) | ($34.3) | ($9.3) |
| December 31, 2009 | 113.5 | 18.5 | 7.5 | 102.4 | 19.2 |
| December 31, 2011 | 46.0 | 6.0 | 3.1 | 43.0 | 6.3 |
| December 31, 2013 | 419.3 | 46.6 | 28.4 | 401.0 | 48.2 |
| December 31, 2015 | 719.3 | 69.9 | 49.1 | 698.5 | 72.4 |
| December 31, 2017 | 218.6 | 19.0 | 15.0 | 214.6 | 19.7 |
| December 31, 2019 | N/A | N/A | N/A | 466.6 | 38.7 |
| **Total** | | | | **$1,891.8** | **$195.1** |

*Amounts in millions*

### Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is an actuarial gain or loss to the plan. Gains are the result of experience that is more financially favorable to the system than anticipated (i.e., serves to reduce the unfunded accrued liability or increase the surplus), while losses are the result of experience that is financially unfavorable to the system.

The table below develops the actuarial gain or loss for OPSRP for the year ending December 31, 2019.

| | | OPSRP |
|---|---|---|
| 1. | Expected actuarial accrued liability | |
| | a. Actuarial accrued liability at January 1, 2019 | $6,738.0 |
| | b. Normal cost (excluding expenses) at January 1, 2019 | 616.8 |
| | c. Benefit payments (excluding expenses) for year ending December 31, 2019 | (42.6) |
| | d. Interest | 505.8 |
| | e. Expected actuarial accrued liability before changes *(a. + b. + c. + d.)* | $7,818.0 |
| | f. Change in actuarial accrued liability at December 31, 2019, due to assumption and method changes | 0.0 |
| | g. Change in actuarial accrued liability at December 31, 2019, due to plan changes | 0.0 |
| | h. Expected actuarial accrued liability at December 31, 2019 *(e. + f. + g.)* | $7,818.0 |
| 2. | Actuarial accrued liability at December 31, 2019 | $8,082.2 |
| **3.** | **Liability gain/(loss) *(1.h. - 2)*** | **($264.3)** |
| 4. | Expected actuarial value of assets | |
| | a. Actuarial value of assets at January 1, 2019 | $4,783.0 |
| | b. Actual contributions for 2019 | 785.7 |
| | c. Benefit payments and expenses for year ending December 31, 2019 | (51.0) |
| | d. Assumed investment return | 370.8 |
| | e. Expected actuarial value of assets at December 31, 2019 *(a. + b. + c. + d.)* | $5,888.6 |
| 5. | Actuarial value of assets as of December 31, 2019 | $6,190.4 |
| **6.** | **Asset gain/(loss) *(5. - 4.e.)*** | **$301.8** |
| **7.** | **Net actuarial gain/(loss) *(3. + 6.)*** | **$37.5** |

*Amounts in millions*

## Reconciliation of the UAL

The table below summarizes the changes in UAL since the prior valuation.

The 2019 liability loss shown is primarily due to pay increases differing from assumption and the accrued liability associated with new entrants to the OPSRP program. For a full assessment of the new entrant effect on UAL, the accrued liability associated with new entrants would need to be combined with contributions associated with new entrants.

| | OPSRP |
|---|---|
| **UAL, December 31, 2018** | **$1,955.0** |
| Normal cost (including actual administrative expenses) | 625.2 |
| Contributions | (785.7) |
| Liability (gain) or loss | 264.3 |
| Asset (gain) or loss | (301.8) |
| Assumption and method changes | 0.0 |
| Plan changes | 0.0 |
| Interest at 7.20% | 135.0 |
| **UAL, December 31, 2019** | **$1,891.8** |

*Amounts in millions*

## OPSRP Contribution Rate Development

### Normal Cost Rates

The table below shows the development of the OPSRP normal cost rates. Total normal cost rates shown below are before any offset for redirected member contributions under Senate Bill 1049.

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| | General Service | Police & Fire | Total | General Service | Police & Fire | Total |
| **Normal Cost** | | | | | | |
| Pre-retirement Disability Benefits | $10.8 | $2.6 | $13.4 | $9.5 | $2.3 | $11.8 |
| All Other Benefits | 564.3 | 115.9 | 680.2 | 503.3 | 101.7 | 605.0 |
| Assumed Administrative Expenses | 7.0 | 1.0 | 8.0 | 7.1 | 0.9 | 8.0 |
| **Total Normal Cost** | **$582.1** | **$119.5** | **$701.6** | **$519.9** | **$104.9** | **$624.8** |
| **OPSRP Valuation Payroll** | **$6,740.9** | **$919.0** | **$7,659.8** | **$5,973.4** | **$802.5** | **$6,775.9** |
| **Normal Cost Rate** | | | | | | |
| Pre-retirement Disability Benefits | 0.16% | 0.29% | 0.17% | 0.16% | 0.29% | 0.17% |
| All Other Benefits | 8.37% | 12.61% | 8.88% | 8.43% | 12.67% | 8.93% |
| Assumed Administrative Expenses | 0.10% | 0.10% | 0.10% | 0.12% | 0.12% | 0.12% |
| **Total Normal Cost Rate** | **8.64%** | **13.00%** | **9.16%** | **8.70%** | **13.07%** | **9.22%** |

*Amounts in millions*

### UAL Rates

The UAL rate is determined by calculating the sum of next year's scheduled amortization payments to the UAL as a percentage of combined (Tier 1/Tier 2 and OPSRP) valuation payroll.

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| 1. Total UAL | $1,891.8 | $1,955.0 |
| 2. Next year's UAL payment | $195.1 | $190.8 |
| 3. Combined valuation payroll | $11,533.7 | $10,852.0 |
| **4. UAL rate *(2 ÷ 3)*** | **1.69%** | **1.76%** |

*Amounts in millions*

### Calculated Employer Contribution Rates (Pre-Rate Collar)

The following table summarizes the OPSRP contribution rate for general service and police & fire members as of the valuation date, prior to application of the rate collar.

The normal cost rates apply to OPSRP payroll only, but the UAL rate is applied to combined (Tier 1/Tier 2 and OPSRP) valuation payroll. These rates, after the application of the rate collar, are combined with each employer's Tier 1/Tier 2 rates (other than Tier 1/Tier 2 normal cost rate) to determine each employer's pension contribution rate on OPSRP payroll.

| July 1, 2021 Rates Calculated as of December 31, 2019 | | | |
|---|---|---|---|
| | General Service | Police & Fire | Average Rate |
| **OPSRP pension contribution rates** | | | |
| Normal cost rate | 8.64% | 13.00% | 9.16% |
| Uncollared UAL rate | 1.69% | 1.69% | 1.69% |
| **Uncollared total OPSRP pension rate** | **10.33%** | **14.69%** | **10.85%** |
| **Member redirect offset[1]** | **(0.70%)** | **(0.70%)** | **(0.70%)** |
| **Uncollared net employer OPSRP pension rate** | **9.63%** | **13.99%** | **10.15%** |

[1] *Redirected member contributions under Senate Bill 1049 (0.75% of payroll for OPSRP) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.*

### Calculation of Rate Collar

The rate collar restricts the average OPSRP contribution rate so it generally cannot change by more than the greater of 3 percent of payroll or 20% of the current average OPSRP contribution rate. However, if the funded percentage is below 60% or above 140%, the size of the collar is doubled. If the funded percentage is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale. All collar calculations are performed based on the weighted average OPSRP contribution rate, and any adjustment due to the collar is applied to the OPSRP UAL rate.

The table below shows the calculation of and any adjustment for the rate collar.

| July 1, 2021 Rates Calculated as of December 31, 2019 | | | |
|---|---|---|---|
| | **General Service** | **Police & Fire** | **Average Rate** |
| 1. Current total OPSRP pension rate | 9.85% | 14.48% | 10.37% |
| 2. Size of rate collar | | | |
| a. Preliminary size of rate collar (*greater of 3% or 20% x 1.)* | | | 3.00% |
| b. Funded percentage | | | 77% |
| **c. Size of rate collar *(If b. < 60% or b. > 140%, 2 x a. If b. is 70%-130%, a. Otherwise, graded rate between a. and 2 x a.)*** | | | **3.00%** |
| 3. July 1, 2021 Minimum total contribution rate *(1. - 2.c.)* | | | 7.37% |
| 4. July 1, 2021 Maximum total contribution rate *(1. + 2.c.)* | | | 13.37% |
| 5. July 1, 2021 total contribution rate before collar | 10.33% | 14.69% | 10.85% |
| 6. July 1, 2021 total contribution rate after collar (5., but not less than 3. or more than 4.) | 10.33% | 14.69% | 10.85% |
| **7. Impact of collar *(6. - 5.)*** | **0.00%** | **0.00%** | **0.00%** |

### Calculated Employer Contribution Rates (Post-Rate Collar)

The table below summarizes the OPSRP contribution rate for general service and police & fire members as of the valuation date, after adjustments for the rate collar.

| July 1, 2021 Rates Calculated as of December 31, 2019 | | | |
|---|---|---|---|
| | **General Service** | **Police & Fire** | **Average Rate** |
| **OPSRP pension contribution rates** | | | |
| Normal cost rate | 8.64% | 13.00% | 9.16% |
| Collared UAL rate | 1.69% | 1.69% | 1.69% |
| **Collared total OPSRP pension rate** | **10.33%** | **14.69%** | **10.85%** |
| **Member redirect offset[1]** | (0.70%) | (0.70%) | (0.70%) |
| **Collared net employer OPSRP pension rate** | **9.63%** | **13.99%** | **10.15%** |

[1] *Redirected member contributions under Senate Bill 1049 (0.75% of payroll for OPSRP) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.*

# Retiree Healthcare Valuation

## Retiree Healthcare Assets

### Assets

A reconciliation of retiree healthcare assets is shown below. The reconciliation of assets is provided by PERS.

| | RHIA | RHIPA | Retiree Healthcare Totals |
|---|---|---|---|
| **Additions** | | | |
| 1. Employer contributions | $30.1 | $12.8 | $42.9 |
| 2. Net investment income | 76.7 | 5.3 | 82.0 |
| 3. Other | 0.0 | 0.0 | 0.0 |
| **4. Total additions** | **$106.8** | **$18.1** | **$124.9** |
| **Deductions** | | | |
| 4. Healthcare Premium Subsidies | ($32.1) | ($4.4) | ($36.4) |
| 5. Administrative expenses | (1.3) | (0.3) | (1.6) |
| **6. Total deductions** | **($33.4)** | **($4.7)** | **($38.0)** |
| **7. Net change** | **$73.4** | **$13.4** | **$86.8** |
| 8. Net assets held in trust for benefits | | | |
| a. Beginning of year | $570.7 | $38.5 | $609.2 |
| **b. End of year** | **$644.1** | **$51.9** | **$696.0** |

*Amounts in millions*

## Retiree Healthcare Liabilities

### Normal Cost

A summary of the normal cost by assumed cause of future termination of service is shown below for the current and prior year.

| | RHIA | | | RHIPA | | |
|---|---|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | Percent Change | December 31, 2019 | December 31, 2018 | Percent Change |
| **Normal Cost** | | | | | | |
| Service Retirement | $1.4 | $1.5 | | $1.2 | $1.2 | |
| Withdrawal | 0.5 | 0.5 | | 0.0 | 0.0 | |
| Disability | 0.1 | 0.1 | | 0.1 | 0.1 | |
| Death | 0.0 | 0.0 | | 0.0 | 0.0 | |
| **Total Normal Cost** | **$1.9** | **$2.2** | **(10.5%)** | **$1.2** | **$1.3** | **(6.7%)** |

*Amounts in millions*

The table below reconciles the normal cost from the prior valuation to the current valuation.

| | RHIA | RHIPA |
|---|---|---|
| **Normal Cost December 31, 2018** | **$2.2** | **$1.3** |
| Expected increase (decrease) | (0.1) | (0.0) |
| Assumption and method changes | 0.0 | 0.0 |
| Plan changes | 0.0 | 0.0 |
| **Deviations from expected experience** | | |
| Demographic (gains) or losses | (0.1) | (0.0) |
| **Normal Cost December 31, 2019** | **$1.9** | **$1.2** |

*Amounts in millions*

**Actuarial Accrued Liability**

A summary of the actuarial accrued liability by status is shown below for the current and prior year.

| | RHIA | | | RHIPA | | |
|---|---|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | Percent Change | December 31, 2019 | December 31, 2018 | Percent Change |
| Actives | $58.3 | $62.2 | (6.3%) | $47.2 | $48.8 | (3.2%) |
| Inactive Members | 18.7 | 19.6 | (4.5%) | 0.0 | 0.0 | 0.0% |
| Retired Members and Beneficiaries | 326.9 | 329.8 | (0.9%) | 12.1 | 14.0 | (13.5%) |
| **Total Actuarial Accrued Liability** | **$403.9** | **$411.7** | **(1.9%)** | **$59.3** | **$62.7** | **(5.5%)** |

*Amounts in millions*

The change in actuarial accrued liability since the last valuation reflects the experience of the system. The actuarial accrued liability is expected to increase due to benefits earned during the year and interest, and to decrease due to benefits paid during the year. The table below reconciles the actuarial accrued liability from the last valuation to this valuation.

| | RHIA | RHIPA | Total |
|---|---|---|---|
| **Actuarial Accrued Liability December 31, 2018** | **$411.7** | **$62.7** | **$474.4** |
| Expected change | (1.4) | 1.3 | (0.0) |
| Assumption and method changes | 0.0 | 0.0 | 0.0 |
| Plan changes | 0.0 | 0.0 | 0.0 |
| **Deviations from expected experience** | | | |
| Demographic (gains) or losses | (6.4) | (4.8) | (11.2) |
| **Actuarial Accrued Liability December 31, 2019** | **$403.9** | **$59.3** | **$463.2** |

*Amounts in millions*

## Retiree Healthcare Unfunded Accrued Liability (UAL)

### Calculation of UAL

The Unfunded Accrued Liability (UAL) represents the difference between the actuarial accrued liability and the valuation assets. A summary of the UAL by program is shown on the following table.

| | RHIA | | | RHIPA | | |
|---|---|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | Percent Change | December 31, 2019 | December 31, 2018 | Percent Change |
| 1. Actuarial accrued liability | $403.9 | $411.7 | (1.9%) | $59.3 | $62.7 | (5.5%) |
| 2. Actuarial value of assets | $644.1 | $570.7 | 12.9% | $51.9 | $38.5 | 34.9% |
| 3. Unfunded accrued liability | ($240.3) | ($159.1) | 51.0% | $7.4 | $24.3 | (69.4%) |
| 4. Funded percentage *(2. ÷ 1.)* | 159.5% | 138.6% | 15.0% | 87.5% | 61.3% | 42.7% |
| 5. Combined valuation payroll | $11,533.7 | $10,852.0 | 6.3% | $3,479.8 | $3,211.6 | 8.3% |
| 6. Unfunded accrued liability as % of combined valuation payroll *(3. ÷ 5.)* | (2.1%) | (1.5%) | | 0.2% | 0.8% | |

*Amounts in millions*

### Reconciliation of UAL Bases

Beginning with the December 31, 2007 actuarial valuation, each rate-setting valuation establishes a 10-year amortization base for outstanding RHIA and RHIPA UAL amounts. For odd-year valuations subsequent to December 31, 2007, this amortization base is calculated based on the total UAL as of that valuation date less the remaining unamortized balance of any UAL bases established at previous odd-year valuation dates. In other words, RHIA and RHIPA experience from December 31, 2017 to December 31, 2019 is amortized based on a 10-year amortization schedule beginning December 31, 2019.

| RHIA | | | | | |
|---|---|---|---|---|---|
| Amortization Base | UAL December 31, 2018 | Payment | Interest | UAL December 31, 2019 | Next Year's Payment |
| December 31, 2009 | $10.2 | $10.5 | $0.3 | $0.0 | $0.0 |
| December 31, 2011 | (13.6) | (4.8) | (0.8) | (9.5) | (5.0) |
| December 31, 2013 | (29.6) | (6.6) | (1.9) | (25.0) | (6.8) |
| December 31, 2015 | (5.2) | (0.8) | (0.3) | (4.7) | (0.9) |
| December 31, 2017 | (74.3) | (9.8) | (5.0) | (69.5) | (10.1) |
| December 31, 2019 | N/A | N/A | N/A | (131.6) | (15.8) |
| **Total** | | | | **($240.3)** | **($38.6)** |

*Amounts in millions*

| RHIPA | | | | | |
|---|---|---|---|---|---|
| Amortization Base | UAL December 31, 2018 | Payment | Interest | UAL December 31, 2019 | Next Year's Payment |
| December 31, 2009 | $0.3 | $0.4 | $0.0 | $0.0 | $0.0 |
| December 31, 2011 | 6.3 | 2.3 | 0.4 | 4.4 | 2.3 |
| December 31, 2013 | 20.3 | 4.5 | 1.3 | 17.1 | 4.7 |
| December 31, 2015 | 9.1 | 1.5 | 0.6 | 8.2 | 1.5 |
| December 31, 2017 | (2.1) | (0.3) | (0.1) | (1.9) | (0.3) |
| December 31, 2019 | N/A | N/A | N/A | (20.4) | (2.5) |
| **Total** | | | | **$7.4** | **$5.8** |

*Amounts in millions*

### Actuarial Gain or Loss since Prior Valuation

In every actuarial valuation, assumptions are made as to the future experience of the plan and covered group of participants. Whenever there is a difference between the actual experience and that anticipated by the actuarial assumptions, there is an actuarial gain or loss to the plan. Gains are the result of experience that is more financially favorable to the system than anticipated (i.e., serves to reduce the unfunded accrued liability or increase the surplus), while losses are the result of experience that is financially unfavorable to the system.

The table below shows the development of the actuarial gain (or loss) for RHIA and RHIPA for the plan year ending December 31, 2019.

| | RHIA | RHIPA | Retiree Healthcare Totals |
|---|---|---|---|
| 1. Expected actuarial accrued liability | | | |
| a. Actuarial accrued liability at January 1, 2019 | $411.7 | $62.7 | $474.4 |
| b. Normal cost at January 1, 2019 | 2.2 | 1.3 | 3.5 |
| c. Benefit payments for year ending December 31, 2019 | (32.1) | (4.4) | (36.4) |
| d. Interest | 28.6 | 4.4 | 33.0 |
| e. Expected actuarial accrued liability before changes *(a. + b. + c. + d.)* | $410.3 | $64.1 | $474.4 |
| f. Change in actuarial accrued liability at December 31, 2019, due to assumption and method changes | 0.0 | 0.0 | 0.0 |
| g. Change in actuarial accrued liability at December 31, 2019, due to plan changes | 0.0 | 0.0 | 0.0 |
| h. Expected actuarial accrued liability at December 31, 2019 *(e. + f. + g.)* | $410.3 | $64.1 | $474.4 |
| 2. Actuarial accrued liability at December 31, 2019 | $403.9 | $59.3 | $463.2 |
| **3. Liability gain/(loss) *(1.h. - 2.)*** | **$6.4** | **$4.8** | **$11.2** |
| 4. Expected actuarial value of assets | | | |
| a. Actuarial value of assets at January 1, 2019 | $570.7 | $38.5 | $609.2 |
| b. Actual contributions for 2019 | 30.1 | 12.8 | 42.9 |
| c. Benefit payments and expenses for year ending December 31, 2019 | (33.4) | (4.7) | (38.0) |
| d. Assumed investment return | 41.0 | 3.1 | 44.0 |
| e. Expected actuarial value of assets before changes *(a. + b. + c. + d.)* | $608.4 | $49.6 | $658.0 |
| f. Change in actuarial value of assets at December 31, 2019, due to assumption changes | 0.0 | 0.0 | 0.0 |
| g. Change in actuarial value of assets at December 31, 2019, due to plan changes | 0.0 | 0.0 | 0.0 |
| h. Expected actuarial value of assets at December 31, 2019 *(e. + f. + g.)* | $608.4 | $49.6 | $658.0 |
| 5. Actuarial value of assets at December 31, 2019 | $644.1 | $51.9 | $696.0 |
| **6. Actuarial asset gain/(loss) *(5. - 4.h.)*** | **$35.7** | **$2.3** | **$38.0** |
| **7. Net actuarial gain/(loss) *(3. + 6.)*** | **$42.1** | **$7.0** | **$49.2** |

*Amounts in millions*

**Reconciliation of UAL**

The table below summarizes the changes in UAL since the prior valuation.

The significant decrease in both the RHIA and RHIPA UAL is primarily due to employer contributions, and lower participation than assumed.

| | RHIA | RHIPA |
|---|---|---|
| **UAL, December 31, 2018** | **($159.1)** | **$24.3** |
| Normal Cost (including actual administrative expenses) | 3.5 | 1.6 |
| Contributions | (30.1) | (12.8) |
| Liability (gain) or loss | (6.4) | (4.8) |
| Asset (gain) or loss | (35.7) | (2.3) |
| Assumption and method changes | 0.0 | 0.0 |
| Interest | (12.4) | 1.3 |
| **UAL, December 31, 2019** | **($240.3)** | **$7.4** |

*Amounts in millions*

## Retiree Healthcare Contribution Rate Development

**Normal Cost Rate**

The table below shows the development of the retiree healthcare normal cost rates. For RHIA, valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only.

| | RHIA | | RHIPA | |
|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| Normal Cost | $1.9 | $2.2 | $1.2 | $1.3 |
| Tier 1/Tier 2 Valuation Payroll | $3,873.9 | $4,076.1 | $1,120.6 | $1,159.5 |
| **Normal Cost Rate** | **0.05%** | **0.05%** | **0.11%** | **0.11%** |

*Amounts in millions*

The table below shows the development of the retiree healthcare normal cost rates for the various rate pools. For RHIA, valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | Retiree Healthcare Total |
| 1. Tier 1/ Tier 2 Valuation Payroll | | | | |
| a. All Employers' Payroll | $2,183.5 | $1,330.2 | $360.3 | $3,873.9 |
| b. RHIPA Employers' Payroll | $1,094.8 | $0.0 | $25.9 | $1,120.6 |
| 2. Normal Cost Rate | | | | |
| a. RHIA | 0.05% | 0.05% | 0.05% | 0.05% |
| b. RHIPA | 0.11% | 0.00% | 0.11% | 0.11% |
| **3. Weighted Average Normal Cost Rate *[( 1.a. x 2.a + 1.b. x 2.b. ) / 1.a]*** | **0.11%** | **0.05%** | **0.06%** | **0.08%** |

*Amounts in millions*

### UAL Rate

The UAL rate is determined by calculating the sum of next year's scheduled amortization payments to the UAL as a percentage of combined (Tier 1/Tier 2 and OPSRP) valuation payroll. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only.

For RHIA, the UAL rate calculated under this method was less than 0.00% in this valuation. As a result, the PERS Board decided to apply a minimum UAL rate of 0.00% for the current valuation.

| | RHIA | | RHIPA | |
|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| 1. Total UAL | ($240.3) | ($159.1) | $7.4 | $24.3 |
| 2. Next year's UAL payment | ($38.6) | ($17.1) | $5.8 | $7.2 |
| 3. Combined valuation payroll | $11,533.7 | $10,852.0 | $3,479.8 | $3,211.6 |
| 4. UAL rate | | | | |
| a. Preliminary UAL rate *(2 ÷ 3)* | (0.33%) | (0.16%) | 0.17% | 0.22% |
| **b. Final UAL rate *(greater of a. or 0.00%)*** | **0.00%** | **0.00%** | **0.17%** | **0.22%** |

*Amounts in millions*

The table below shows the development of the retiree healthcare UAL rates for the various rate pools. For RHIA, combined valuation payroll is shown on a system-wide basis. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only. For this exhibit, all independent employers, including State Judiciary, have been grouped together.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | SLGRP | School Districts | Independent Employers | Retiree Healthcare Total |
| 1. Combined Valuation Payroll | | | | |
| a. All Employers' Payroll | $6,768.8 | $3,740.7 | $1,024.2 | $11,533.7 |
| b. RHIPA Employers' Payroll | $3,454.0 | $0.0 | $25.9 | $3,479.8 |
| 2. UAL Rate | | | | |
| a. RHIA | 0.00% | 0.00% | 0.00% | 0.00% |
| b. RHIPA | 0.17% | 0.00% | 0.17% | 0.17% |
| **3. Weighted Average UAL Rate *[( 1.a. x 2.a + 1.b. x 2.b. ) / 1.a]*** | **0.09%** | **0.00%** | **0.00%** | **0.05%** |

*Amounts in millions*

### Calculated Employer Contribution Rate Summary

The following table summarizes the calculated employer contribution rates for the retiree healthcare programs. The normal cost rates are applied against Tier 1/Tier 2 payroll, but the UAL rates are applied against all payroll. For RHIPA, valuation payroll is for the State of Oregon and the State Judiciary only.

| July 1, 2021 Rates Calculated as of December 31, 2019 | State Agencies and Judiciary | All Other Employers | Retiree Healthcare Total |
|---|---|---|---|
| **Normal Cost Rates** | | | |
| RHIA | 0.05% | 0.05% | 0.05% |
| RHIPA | 0.11% | 0.00% | 0.03% |
| **Total normal cost rate** | **0.16%** | **0.05%** | **0.08%** |
| **UAL Rates** | | | |
| RHIA | 0.00% | 0.00% | 0.00% |
| RHIPA | 0.17% | 0.00% | 0.05% |
| **Total UAL rate** | **0.17%** | **0.00%** | **0.05%** |
| **Total retiree healthcare rate** | **0.33%** | **0.05%** | **0.13%** |

# Accounting / CAFR Exhibits

## Accounting/CAFR Exhibits

The following information as of December 31, 2019 has been prepared and provided to Oregon PERS for inclusion in the Actuarial Section of the 2020 Comprehensive Annual Financial Report (CAFR):

- Schedule of Active Member Valuation Data
- Schedule of Retirees and Beneficiaries Added to and Removed from Rolls
- Schedules of Funding Progress by Rate Pool
- Solvency Test
- Analysis of Financial Experience
- Schedules of Funding Progress

These exhibits do not reflect GASB Statements No. 74 and 75, which were issued by GASB in June 2015 to replace Statements No. 43 and 45, and govern financial reporting for postemployment benefits other than pensions. GASB 74 governs plan reporting effective for fiscal years beginning after June 15, 2016, while GASB 75 governs employer reporting for fiscal years beginning after June 15, 2017. Milliman provided results for Oregon PERS under GASB 74 and 75 determined as of a June 30, 2019 measurement date in letters dated December 6, 2019 and March 4, 2020, respectively. The results for a measurement date of June 30, 2020 will be provided separately.

These exhibits do not reflect GASB Statements No. 67 and 68, issued by GASB in June 2012 to replace Statements No. 25 and 27. GASB 67 governs plan financial reporting effective for fiscal years beginning after June 15, 2013, while GASB 68 governs employer financial reporting for fiscal years beginning after June 15, 2014. Milliman provided results for Oregon PERS under GASB 67 and 68 determined as of a June 30, 2019 measurement date in letters dated December 6, 2019 and March 4, 2020, respectively. The results for a measurement date of June 30, 2020 will be provided separately.

Some employers have made supplemental deposits in addition to their regularly scheduled contributions. These deposits are placed in a side account within the pension trust and used to offset future contribution requirements of that employer. The Schedules of Funding Progress and Solvency Test include side accounts as part of the Plan's assets since those amounts are in a restricted trust available exclusively for the benefit of plan members.

Milliman is not an accounting or audit firm and cannot provide accounting advice. Milliman is not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of accounting standards provided in this report are for reference purposes only. The information provided in this section is intended to assist Oregon PERS in completing its financial statements, but any accounting determination should be reviewed by your auditor.

The exhibits are provided on the following pages.

# Actuarial Schedules

## Schedule of Active Member Valuation Data

| Valuation Date | Count | Annual Payroll (Thousands) | Average Annual Pay | % Increase in Average Pay | Number of Participating Employers[1] | |
|---|---|---|---|---|---|---|
| 12/31/1993 | 137,513 | $4,466,797 | $32,483 | | N/A | |
| 12/31/1995 | 141,471 | $4,848,058 | $34,269 | 5.5% | N/A | |
| 12/31/1997 | 143,194 | $5,161,562 | $36,045 | 5.2% | N/A | |
| 12/31/1999 | 151,262 | $5,676,606 | $37,528 | 4.1% | N/A | |
| 12/31/2000 | 156,869 | $6,195,862 | $39,497 | 5.2% | N/A | |
| 12/31/2001 | 160,477 | $6,520,225 | $40,630 | 2.9% | N/A | Old Basis |
| 12/31/2001 | 160,477 | $6,253,965 | $38,971 | --- | N/A | New Basis[2] |
| 12/31/2002 | 159,287 | $6,383,475 | $40,075 | 2.8% | N/A | |
| 12/31/2003 | 153,723 | $6,248,550 | $40,648 | 1.4% | N/A | |
| 12/31/2004 | 142,635 | $6,306,447 | $44,214 | 8.8% | 806 | |
| 12/31/2005 [3] | 156,501 | $6,791,891 | $43,398 | (1.8%) | 810 | |
| 12/31/2006 | 163,261 | $7,326,798 | $44,878 | 3.4% | 758 | |
| 12/31/2007 | 167,023 | $7,721,819 | $46,232 | 3.0% | 760 | |
| 12/31/2008 | 170,569 | $8,130,136 | $47,665 | 3.1% | 766 | |
| 12/31/2009 | 178,606 | $8,512,192 | $47,659 | (0.0%) | 776 | |
| 12/31/2010 | 193,569 | $8,750,064 | $45,204 | (5.2%) | 787 | |
| 12/31/2011 | 170,972 | $8,550,511 | $50,011 | 10.6% | 791 | |
| 12/31/2012 | 167,103 | $8,590,879 | $51,411 | 2.8% | 798 | |
| 12/31/2013 | 162,185 | $8,671,835 | $53,469 | 4.0% | 799 | |
| 12/31/2014 | 164,859 | $9,115,767 | $55,294 | 3.4% | 802 | |
| 12/31/2015 | 168,177 | $9,544,132 | $56,751 | 2.6% | 804 | |
| 12/31/2016 | 172,483 | $9,872,557 | $57,238 | 0.9% | 805 | |
| 12/31/2017 | 173,002 | $10,098,889 | $58,374 | 2.0% | 802 | |
| 12/31/2018 | 176,763 | $10,851,980 | $61,393 | 5.2% | 798 | |
| 12/31/2019 | 180,757 | $11,533,740 | $63,808 | 3.9% | 802 | |

[1] *Effective in 2006, participating employers are defined for this purpose as any employer with covered payroll during the prior year. In prior years, employers with liabilities but without covered payroll were included as well.*

[2] *Effective in 2001, the Annual Payroll excludes the member pick-up, if any.*

[3] *Effective with the 12/31/2005 valuation, OPSRP members and payroll are included.*

## Actuarial Schedules

### Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Annual Allowances are shown in thousands.

| Valuation Date | Added to Rolls | | Removed from Rolls | | Rolls - End of Year | | % Increase in Annual Allowances[2] | Average Annual Allowances |
|---|---|---|---|---|---|---|---|---|
| | Count | Annual Allowances[1] | Count | Annual Allowances | Count | Annual Allowances | | |
| 12/31/1993 | | | | | 60,841 | $564,341 | 27.6% | $9,276 |
| 12/31/1995 | | | | | 64,796 | $700,171 | 24.1% | $10,806 |
| 12/31/1997 | | | | | 69,624 | $919,038 | 31.3% | $13,200 |
| 12/31/1999 | | | | | 82,819 | $1,299,380 | 41.4% | $15,689 |
| 12/31/2000 | | | | | 82,458 | $1,385,556 | 6.6% | $16,803 |
| 12/31/2001 | | | | | 85,216 | $1,514,491 | 9.3% | $17,772 |
| 12/31/2002 | | | | | 89,482 | $1,722,865 | 13.8% | $19,254 |
| 12/31/2003 | | | | | 97,777 | $2,040,533 | 8.4% | $20,869 |
| 12/31/2004 [3] | 6,754 | $149,474 | 2,863 | $35,151 | 101,668 | $2,154,856 | 5.6% | $21,195 |
| 12/31/2005 [3] | 4,472 | $149,127 | 3,217 | $36,784 | 102,923 | $2,267,198 | 5.2% | $22,028 |
| 12/31/2006 [3] | 5,060 | $151,240 | 3,263 | $39,735 | 104,720 | $2,378,704 | 4.9% | $22,715 |
| 12/31/2007 [3] | 5,385 | $183,232 | 3,304 | $40,590 | 106,801 | $2,521,345 | 6.0% | $23,608 |
| 12/31/2008 [3] | 5,963 | $171,484 | 3,626 | $47,062 | 109,138 | $2,645,767 | 4.9% | $24,242 |
| 12/31/2009 [3] | 6,377 | $226,713 | 3,374 | $46,228 | 112,141 | $2,826,252 | 6.8% | $25,203 |
| 12/31/2010 [3] | 6,359 | $217,424 | 3,512 | $51,627 | 114,988 | $2,992,048 | 5.9% | $26,021 |
| 12/31/2011 [3] | 8,715 | $282,098 | 3,679 | $55,633 | 120,024 | $3,218,514 | 7.6% | $26,816 |
| 12/31/2012 [3] | 7,023 | $235,917 | 4,875 | $59,353 | 122,172 | $3,395,079 | 5.5% | $27,789 |
| 12/31/2013 | 9,724 | $307,551 | 3,644 | $66,607 | 128,252 | $3,636,023 | 7.1% | $28,351 |
| 12/31/2014 [4] | 6,910 | $235,250 | 3,524 | $66,621 | 131,638 | $3,804,651 | 4.6% | $28,902 |
| 12/31/2015 [4] | 8,566 | $304,818 | 3,781 | $73,305 | 136,423 | $4,036,165 | 6.1% | $29,586 |
| 12/31/2016 [4] | 6,413 | $242,372 | 3,931 | $80,903 | 138,905 | $4,197,633 | 4.0% | $30,219 |
| 12/31/2017 [4] | 10,075 | $385,197 | 3,878 | $83,921 | 145,102 | $4,498,910 | 7.2% | $31,005 |
| 12/31/2018 | 7,856 | $297,542 | 3,933 | $90,107 | 149,025 | $4,706,345 | 4.6% | $31,581 |
| 12/31/2019 | 8,200 | $322,057 | 4,124 | $95,486 | 153,101 | $4,932,915 | 4.8% | $32,220 |

[1] *Additions to annual allowances reflect the combined effects of new retirements and COLA increases since the previous valuation date.*

[2] *Since last valuation date.*

[3] *Annual allowances reflect estimated adjustments to retiree benefits due to the implementation of the Strunk v. PERB, et al. and City of Eugene v. State of Oregon, PERB, et al. decisions.*

[4] *Annual allowances reflect estimated adjustments to retiree benefits for the Moro v. State of Oregon decision for records that were not already adjusted in the data provided.*

## Actuarial Schedules

### Schedule of Funding Progress by Rate Pool

The liabilities and assets resulting from the last six actuarial valuations are as follows *(dollar amounts in millions)*

| Actuarial Valuation Date | Actuarial Value of Assets[1,2] (a) | Actuarial Accrued Liability (AAL)[2] (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll[3] (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| **Tier 1/Tier 2 State & Local Government Rate Pool** | | | | | | |
| 12/31/2014 [5] | $31,162.6 | $37,169.9 | $6,007.3 | 83.8% | $2,827.9 | 212.4% |
| 12/31/2015 [4] | $30,185.3 | $38,396.8 | $8,211.5 | 78.6% | $2,691.8 | 305.1% |
| 12/31/2016 | $30,417.6 | $40,351.3 | $9,933.7 | 75.4% | $2,546.7 | 390.1% |
| 12/31/2017 [4] | $33,366.0 | $42,150.7 | $8,784.7 | 79.2% | $2,410.6 | 364.4% |
| 12/31/2018 | $31,798.9 | $43,149.3 | $11,350.4 | 73.7% | $2,299.5 | 493.6% |
| 12/31/2019 [4] | $34,060.0 | $44,122.1 | $10,062.1 | 77.2% | $2,183.5 | 460.8% |
| **Tier 1/Tier 2 School District Rate Pool** | | | | | | |
| 12/31/2014 [5] | $23,361.2 | $27,059.9 | $3,698.7 | 86.3% | $1,626.0 | 227.5% |
| 12/31/2015 | $22,728.9 | $27,670.7 | $4,941.8 | 82.1% | $1,578.8 | 313.0% |
| 12/31/2016 | $22,870.2 | $29,152.2 | $6,282.0 | 78.5% | $1,532.7 | 409.9% |
| 12/31/2017 | $24,934.4 | $29,677.4 | $4,743.1 | 84.0% | $1,443.7 | 328.5% |
| 12/31/2018 | $23,557.9 | $29,898.4 | $6,340.6 | 78.8% | $1,401.2 | 452.5% |
| 12/31/2019 | $25,091.5 | $30,274.5 | $5,183.0 | 82.9% | $1,330.2 | 389.6% |
| **Tier 1/Tier 2 Independent Employers and Judiciary** | | | | | | |
| 12/31/2014 [5] | $4,967.4 | $6,104.9 | $1,137.4 | 81.4% | $479.2 | 237.4% |
| 12/31/2015 [4] | $4,807.6 | $6,327.1 | $1,519.5 | 76.0% | $460.3 | 330.1% |
| 12/31/2016 | $4,856.6 | $6,690.8 | $1,834.3 | 72.6% | $437.3 | 419.5% |
| 12/31/2017 [4] | $5,018.2 | $6,536.3 | $1,518.1 | 76.8% | $392.6 | 386.7% |
| 12/31/2018 | $4,756.2 | $6,736.3 | $1,980.1 | 70.6% | $375.4 | 527.5% |
| 12/31/2019 [4] | $5,061.3 | $6,916.0 | $1,854.7 | 73.2% | $360.3 | 514.8% |
| **OPSRP Rate Pool** | | | | | | |
| 12/31/2014 [5] | $2,024.6 | $3,064.1 | $1,039.5 | 66.1% | $4,182.7 | 24.9% |
| 12/31/2015 | $2,389.1 | $3,742.5 | $1,353.5 | 63.8% | $4,813.3 | 28.1% |
| 12/31/2016 | $3,021.4 | $4,717.0 | $1,695.6 | 64.1% | $5,355.8 | 31.7% |
| 12/31/2017 | $4,116.5 | $5,634.7 | $1,518.2 | 73.1% | $5,852.0 | 25.9% |
| 12/31/2018 | $4,783.0 | $6,738.0 | $1,955.0 | 71.0% | $6,775.9 | 28.9% |
| 12/31/2019 | $6,190.4 | $8,082.2 | $1,891.8 | 76.6% | $7,659.8 | 24.7% |
| **Postemployment Healthcare Benefits - Retirement Health Insurance Account** | | | | | | |
| 12/31/2014 | $395.9 | $468.4 | $72.5 | 84.5% | $4,933.1 | 1.5% |
| 12/31/2015 | $419.3 | $465.6 | $46.3 | 90.0% | $4,730.8 | 1.0% |
| 12/31/2016 | $465.0 | $463.7 | ($1.3) | 100.3% | $4,516.7 | (0.0%) |
| 12/31/2017 | $553.3 | $437.6 | ($115.7) | 126.4% | $4,246.9 | (2.7%) |
| 12/31/2018 | $570.7 | $411.7 | ($159.1) | 138.6% | $4,076.1 | (3.9%) |
| 12/31/2019 | $644.1 | $403.9 | ($240.3) | 159.5% | $3,873.9 | (6.2%) |
| **Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account** | | | | | | |
| 12/31/2014 | $7.2 | $70.5 | $63.3 | 10.2% | $1,406.3 | 4.5% |
| 12/31/2015 | $11.2 | $67.8 | $56.6 | 16.5% | $1,339.4 | 4.2% |
| 12/31/2016 | $19.1 | $67.9 | $48.8 | 28.1% | $1,276.0 | 3.8% |
| 12/31/2017 | $29.8 | $69.4 | $39.5 | 43.0% | $1,212.2 | 3.3% |
| 12/31/2018 | $38.5 | $62.7 | $24.3 | 61.3% | $1,159.5 | 2.1% |
| 12/31/2019 | $51.9 | $59.3 | $7.4 | 87.5% | $1,120.6 | 0.7% |

Notes:

1 *Side account assets are included with Tier 1/Tier 2 assets.*

2 *Excludes effect of Multnomah Fire District (net UAAL of $142 million as of 12/31/2019).*

3 *Covered payroll shown is for members of the rate pool benefiting from the specified program. For example, Tier 1/Tier 2 School District payroll is only payroll for Tier 1/Tier 2 members and excludes OPSRP. However, UAL is amortized using combined Tier 1/Tier 2 and OPSRP payroll.*

4 *Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective January 1 following the valuation date.*

5 *The 12/31/2014 valuation reflects benefit changes from the Oregon Supreme Court's ruling in Moro v. State of Oregon, which overturned portions of Senate Bills 822 and 861.*

## Actuarial Schedules

### Solvency Test

### Pension and Retiree Healthcare Plans Combined

*(dollar amounts in millions)*

The schedule below shows results from the defined benefit pension plans and retiree healthcare plans on a consolidated basis. Results are also shown separately for each program: Tier 1/Tier 2, OPSRP, and retiree healthcare. Note that the defined benefit pension plan constitutes over 99% of the consolidated assets and liabilities.

| | Actuarial Accrued Liability[1] | | | | Portion of Actuarial Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| Valuation Date[2] | Active Member Contributions (1) | Retired Members and Beneficiaries (2) | Other Members (3) | Valuation Assets[1,3] | (1) | (2) | (3) |
| 12/31/2010 | $8,407.9 | $34,432.5 | $17,070.2 | $51,821.6 | 100% | 100% | 53% |
| 12/31/2011 [4] | $7,779.7 | $37,362.4 | $16,551.8 | $50,412.4 | 100% | 100% | 32% |
| 12/31/2012 [5] | $7,704.9 | $36,759.3 | $16,473.1 | $55,080.1 | 100% | 100% | 64% |
| 12/31/2013 [4] | $7,120.1 | $39,531.5 | $16,476.8 | $60,372.9 | 100% | 100% | 83% |
| 12/31/2014 [6] | $6,950.4 | $46,576.7 | $20,470.8 | $61,798.3 | 100% | 100% | 40% |
| 12/31/2015 [4] | $6,476.8 | $49,158.7 | $21,094.5 | $60,430.6 | 100% | 100% | 23% |
| 12/31/2016 | $6,168.1 | $52,232.7 | $23,101.0 | $61,543.2 | 100% | 100% | 14% |
| 12/31/2017 [4] | $5,585.9 | $55,636.9 | $23,340.3 | $67,909.2 | 100% | 100% | 29% |
| 12/31/2018 | $5,153.6 | $57,297.7 | $24,597.8 | $65,411.5 | 100% | 100% | 12% |
| 12/31/2019 [4] | $4,907.4 | $59,461.0 | $25,540.5 | $71,008.3 | 100% | 100% | 26% |

[1] *Includes effect of Multnomah Fire District (net UAAL of $142 million as of 12/31/2019).*

[2] *An extensive revision of the actuarial assumptions occurs prior to each even-year valuation; therefore, the figures are not directly comparable.*

[3] *Includes the value of UAL Lump Sum Side Accounts.*

[4] *Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective January 1 following the valuation date.*

[5] *The 12/31/2012 valuation reflects the benefit changes enacted by the 2013 Oregon Legislature in Senate Bills 822 and 861, as well as a change in cost method to Entry Age Normal.*

[6] *The 12/31/2014 valuation reflects benefit changes from the Oregon Supreme Court's ruling in Moro v. State of Oregon, which overturned portions of Senate Bills 822 and 861.*

## Actuarial Schedules

### Solvency Test

### Tier 1/Tier 2 Pension

*(dollar amounts in millions)*

| | Actuarial Accrued Liability[1] | | | | Portion of Actuarial Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| Valuation Date[2] | Active Member Contributions (1) | Retired Members and Beneficiaries (2) | Other Members (3) | Valuation Assets[1,3] | (1) | (2) | (3) |
| 12/31/2012 [4] | $7,704.9 | $36,377.3 | $14,527.4 | $53,594.0 | 100% | 100% | 65% |
| 12/31/2013 [5] | $7,120.1 | $39,116.2 | $14,114.1 | $58,384.0 | 100% | 100% | 86% |
| 12/31/2014 [6] | $6,950.4 | $46,113.5 | $17,331.0 | $59,370.6 | 100% | 100% | 36% |
| 12/31/2015 [5] | $6,476.8 | $48,641.5 | $17,335.7 | $57,611.0 | 100% | 100% | 14% |
| 12/31/2016 | $6,168.1 | $51,655.5 | $18,429.6 | $58,037.6 | 100% | 100% | 1% |
| 12/31/2017 [5] | $5,585.9 | $54,967.4 | $17,868.1 | $63,209.7 | 100% | 100% | 15% |
| 12/31/2018 | $5,153.6 | $56,534.9 | $18,148.3 | $60,019.3 | 100% | 97% | 0% |
| 12/31/2019 [5] | $4,907.4 | $58,567.8 | $17,888.4 | $64,121.8 | 100% | 100% | 4% |

*[1] Includes effect of Multnomah Fire District (net UAAL of $142 million as of 12/31/2019).*

*[2] An extensive revision of the actuarial assumptions occurs prior to each even-year valuation; therefore, the figures are not directly comparable.*

*[3] Includes the value of UAL Lump Sum Side Accounts.*

*[4] The 12/31/2012 valuation reflects the benefit changes enacted by the 2013 Oregon Legislature in Senate Bills 822 and 861, as well as a change in cost method to Entry Age Normal.*

*[5] Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective January 1 following the valuation date.*

*[6] The 12/31/2014 valuation reflects benefit changes from the Oregon Supreme Court's ruling in Moro v. State of Oregon, which overturned portions of Senate Bills 822 and 861.*

### OPSRP Pension

*(dollar amounts in millions)*

| | Actuarial Accrued Liability | | | | Portion of Actuarial Accrued Liabilities Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| Valuation Date[1] | Active Member Contributions (1) | Retired Members and Beneficiaries (2) | Other Members (3) | Valuation Assets | (1) | (2) | (3) |
| 12/31/2012 [2] | $0.0 | $28.6 | $1,766.9 | $1,190.0 | 100% | 100% | 66% |
| 12/31/2013 | $0.0 | $51.2 | $2,192.1 | $1,630.2 | 100% | 100% | 72% |
| 12/31/2014 [3] | $0.0 | $92.4 | $2,971.6 | $2,024.6 | 100% | 100% | 65% |
| 12/31/2015 | $0.0 | $144.6 | $3,597.9 | $2,389.1 | 100% | 100% | 62% |
| 12/31/2016 | $0.0 | $201.1 | $4,515.9 | $3,021.4 | 100% | 100% | 62% |
| 12/31/2017 | $0.0 | $310.1 | $5,324.5 | $4,116.5 | 100% | 100% | 71% |
| 12/31/2018 | $0.0 | $419.0 | $6,318.9 | $4,783.0 | 100% | 100% | 69% |
| 12/31/2019 | $0.0 | $554.3 | $7,527.9 | $6,190.4 | 100% | 100% | 75% |

*[1] An extensive revision of the actuarial assumptions occurs prior to each even-year valuation; therefore, the figures are not directly comparable.*

*[2] The 12/31/2012 valuation reflects the benefit changes enacted by the 2013 Oregon Legislature in Senate Bills 822 and 861, as well as a change in cost method to Entry Age Normal.*

*[3] The 12/31/2014 valuation reflects benefit changes from the Oregon Supreme Court's ruling in Moro v. State of Oregon, which overturned portions of Senate Bills 822 and 861.*

## Retiree Healthcare (RHIA and RHIPA)

*(dollar amounts in millions)*

| Retiree Health Insurance Account (RHIA) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Actuarial Accrued Liability | | | | Portion of Actuarial Accrued Liabilities Covered by Assets | | |
| Valuation Date[1] | Active Member Contributions (1) | Retired Members and Beneficiaries (2) | Other Members (3) | Valuation Assets | (1) | (2) | (3) |
| 12/31/2012 [2] | $0.0 | $338.3 | $133.5 | $291.6 | 100% | 86% | 0% |
| 12/31/2013 | $0.0 | $348.0 | $125.6 | $353.5 | 100% | 100% | 4% |
| 12/31/2014 | $0.0 | $355.1 | $113.3 | $395.9 | 100% | 100% | 36% |
| 12/31/2015 | $0.0 | $357.7 | $107.9 | $419.3 | 100% | 100% | 57% |
| 12/31/2016 | $0.0 | $361.7 | $102.0 | $465.0 | 100% | 100% | 101% |
| 12/31/2017 | $0.0 | $343.9 | $93.7 | $553.3 | 100% | 100% | 224% |
| 12/31/2018 | $0.0 | $329.8 | $81.8 | $570.7 | 100% | 100% | 294% |
| 12/31/2019 | $0.0 | $326.9 | $77.0 | $644.1 | 100% | 100% | 412% |

*[1] An extensive revision of the actuarial assumptions occurs prior to each even-year valuation; therefore, the figures are not directly comparable.*

*[2] The 12/31/2012 valuation reflects a change in cost method to Entry Age Normal.*

| Retiree Health Insurance Premium Account (RHIPA) | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Actuarial Accrued Liability | | | | Portion of Actuarial Accrued Liabilities Covered by Assets | | |
| Valuation Date[1] | Active Member Contributions (1) | Retired Members and Beneficiaries (2) | Other Members (3) | Valuation Assets | (1) | (2) | (3) |
| 12/31/2012 [2] | $0.0 | $15.1 | $45.3 | $4.4 | 100% | 29% | 0% |
| 12/31/2013 | $0.0 | $16.1 | $45.1 | $5.2 | 100% | 33% | 0% |
| 12/31/2014 | $0.0 | $15.7 | $54.9 | $7.2 | 100% | 46% | 0% |
| 12/31/2015 | $0.0 | $14.9 | $52.9 | $11.2 | 100% | 75% | 0% |
| 12/31/2016 | $0.0 | $14.4 | $53.5 | $19.1 | 100% | 100% | 9% |
| 12/31/2017 | $0.0 | $14.4 | $53.5 | $19.1 | 100% | 100% | 9% |
| 12/31/2018 | $0.0 | $14.0 | $48.8 | $38.5 | 100% | 100% | 50% |
| 12/31/2019 | $0.0 | $12.1 | $47.2 | $51.9 | 100% | 100% | 84% |

*[1] An extensive revision of the actuarial assumptions occurs prior to each even-year valuation; therefore, the figures are not directly comparable.*

*[2] The 12/31/2012 valuation reflects a change in cost method to Entry Age Normal.*

## Actuarial Schedules

### Analysis of Financial Experience

The schedule below shows results from the defined benefit pension plans and retiree healthcare plans on a consolidated basis. Results are also shown separately for each program on subsequent pages.

**Gains and Losses in Unfunded Accrued Liability Resulting from Differences Between Assumed Experience and Actual Experience and Assumption Changes**

*(dollar amounts in millions)*

| | $ Gain (or Loss) for Year | |
|---|---|---|
| **Pension and Retiree Healthcare Plans** | **2019** | **2018** |
| ***Type of Activity*** | | |
| Retirements from Active Status | ($119.4) | ($87.6) |
| Active Mortality and Withdrawal | (38.4) | (38.0) |
| Pay Increases | (213.4) | (155.9) |
| Contributions | 111.8 | 208.3 |
| Interest Crediting Experience | (85.7) | 88.5 |
| Investment Income | 3,547.4 | (3,982.7) |
| Retirement, Mortality and Lump Sums from Inactive Status | 7.0 | (4.3) |
| Retiree and Beneficiary Mortality | 5.1 | (41.5) |
| New Entrants[1] | (110.3) | (82.6) |
| Other | 79.1 | 15.2 |
| **Gain (or Loss) During Year from Financial Experience** | **$3,183.2** | **($4,080.5)** |
| ***Non-Recurring Items*** | | |
| Assumption Changes | 0.0 | 67.3 |
| Plan Changes | 0.0 | 52.1 |
| **Composite Gain (or Loss) During Year** | **$3,183.2** | **($3,961.1)** |

[1] *Accrued liability associated with new entrants is shown. For a full assessment of the new entrant effect on UAL, this would need to be combined with contributions associated with new entrants.*

The schedules below show results from the Tier 1/Tier 2 and OPSRP pension programs separately.

**Gains and Losses in Unfunded Accrued Liability Resulting from Differences between Assumed Experience and Actual Experience and Assumption Changes**

*(dollar amounts in millions)*

| Tier 1/Tier 2 Pension Program | $ Gain (or Loss) for Year | |
|---|---|---|
| | 2019 | 2018 |
| ***Type of Activity*** | | |
| Retirements from Active Status | ($119.0) | ($82.2) |
| Active Mortality and Withdrawal | (14.6) | (10.8) |
| Pay Increases | (75.5) | (74.4) |
| Contributions | 60.8 | 143.1 |
| Interest Crediting Experience | (85.7) | 88.5 |
| Investment Income | 3,207.6 | (3,641.3) |
| Retirement, Mortality and Lump Sums from Inactive Status | 4.4 | (8.0) |
| Retiree and Beneficiary Mortality | 3.5 | (42.3) |
| New Entrants | (4.3) | (1.1) |
| Other | 68.4 | 5.8 |
| **Gain (or Loss) During Year from Financial Experience** | **$3,045.5** | **($3,622.6)** |
| ***Non-Recurring Items*** | | |
| Assumption Changes | 0.0 | 60.0 |
| Plan Changes | 0.0 | 41.0 |
| **Composite Gain (or Loss) During Year** | **$3,045.5** | **($3,521.6)** |

| OPSRP Pension Program | $ Gain (or Loss) for Year | |
|---|---|---|
| | 2019 | 2018 |
| ***Type of Activity*** | | |
| Retirements from Active Status | ($0.3) | ($5.4) |
| Active Mortality and Withdrawal | ($23.8) | (27.2) |
| Pay Increases | ($137.9) | (81.4) |
| Contributions | $45.7 | 61.0 |
| Investment Income | $301.8 | (300.2) |
| Retirement, Mortality and Lump Sums from Inactive Status | $2.5 | 3.7 |
| Retiree and Beneficiary Mortality | $1.6 | 0.8 |
| New Entrants[1] | ($106.0) | (81.5) |
| Other | ($0.5) | (4.3) |
| **Gain (or Loss) During Year from Financial Experience** | **$83.2** | **($434.6)** |
| ***Non-Recurring Items*** | | |
| Assumption Changes | $0.0 | (13.7) |
| Plan Changes | $0.0 | 11.1 |
| **Composite Gain (or Loss) During Year** | **$83.2** | **($437.2)** |

*Accrued liability associated with newentrants is shown. For a full assessment of the newentrant effect on UAL, this would need to be combined with contributions associated with newentrants.*

The schedule below shows results from the retiree healthcare programs.

**Gains and Losses in Unfunded Accrued Liability Resulting from Differences Between Assumed Experience and Actual Experience and Assumption Changes**

*(dollar amounts in millions)*

| | $ Gain (or Loss) for Year | | | |
|---|---|---|---|---|
| | RHIA | | RHIPA | |
| **Retiree Healthcare Programs** | **2019** | **2018** | **2019** | **2018** |
| ***Type of Activity*** | | | | |
| Contributions | $4.3 | $3.2 | $1.0 | $0.9 |
| Investment Income | 35.7 | (38.6) | 2.3 | (2.5) |
| Other | 6.4 | 11.7 | 4.8 | 1.9 |
| **Gain (or Loss) During Year from Financial Experience** | **$46.4** | **($23.7)** | **$8.1** | **$0.4** |
| ***Non-Recurring Items*** | | | | |
| Assumption Changes | 0.0 | 14.7 | 0.0 | 6.4 |
| Plan Changes | 0.0 | 0.0 | 0.0 | 0.0 |
| **Composite Gain (or Loss) During Year** | **$46.4** | **($9.0)** | **$8.1** | **$6.8** |

# Actuarial Schedules

## Schedules of Funding Progress

*(dollar amounts in millions)*

| Actuarial Valuation Date | Actuarial Value of Assets[1] (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| **Pension Benefits - Tier 1/Tier 2 and OPSRP[2]** | | | | | | |
| 12/31/2010 | $51,583.6 | $59,329.5 | $7,746.0 | 86.9% | $8,750.1 | 88.5% |
| 12/31/2011 [3] | $50,168.2 | $61,198.4 | $11,030.2 | 82.0% | $8,550.5 | 129.0% |
| 12/31/2012 [4] | $54,784.1 | $60,405.2 | $5,621.1 | 90.7% | $8,590.9 | 65.4% |
| 12/31/2013 [3] | $60,014.1 | $62,593.6 | $2,579.5 | 95.9% | $8,671.8 | 29.7% |
| 12/31/2014 [5] | $61,395.2 | $73,458.9 | $12,063.7 | 83.6% | $9,115.8 | 132.3% |
| 12/31/2015 [3] | $60,000.1 | $76,196.6 | $16,196.5 | 78.7% | $9,544.1 | 169.7% |
| 12/31/2016 | $61,059.0 | $80,970.3 | $19,911.2 | 75.4% | $9,872.6 | 201.7% |
| 12/31/2017 [3] | $67,326.1 | $84,056.1 | $16,730.0 | 80.1% | $10,098.9 | 165.7% |
| 12/31/2018 | $64,802.3 | $86,574.7 | $21,772.4 | 74.9% | $10,852.0 | 200.6% |
| 12/31/2019 [3] | $70,312.3 | $89,445.7 | $19,133.5 | 78.6% | $11,533.7 | 165.9% |
| **Postemployment Healthcare Benefits - Retirement Health Insurance Account** | | | | | | |
| 12/31/2010 | $232.3 | $547.1 | $314.8 | 42.5% | $8,750.1 | 3.6% |
| 12/31/2011 | $239.6 | $461.1 | $221.5 | 52.0% | $8,550.5 | 2.6% |
| 12/31/2012 | $291.6 | $471.8 | $180.2 | 61.8% | $8,590.9 | 2.1% |
| 12/31/2013 | $353.5 | $473.6 | $120.0 | 74.7% | $8,671.8 | 1.4% |
| 12/31/2014 | $395.9 | $468.4 | $72.5 | 84.5% | $9,115.8 | 0.8% |
| 12/31/2015 | $419.3 | $465.6 | $46.3 | 90.0% | $9,544.1 | 0.5% |
| 12/31/2016 | $465.0 | $463.7 | ($1.3) | 100.3% | $9,872.6 | (0.0%) |
| 12/31/2017 | $553.3 | $437.6 | ($115.7) | 126.4% | $10,098.9 | (1.1%) |
| 12/31/2018 | $570.7 | $411.7 | ($159.1) | 138.6% | $10,852.0 | (1.5%) |
| 12/31/2019 | $644.1 | $403.9 | ($240.3) | 159.5% | $11,533.7 | (2.1%) |
| **Postemployment Healthcare Benefits - Retiree Health Insurance Premium Account** | | | | | | |
| 12/31/2010 | $5.7 | $33.9 | $28.2 | 16.8% | $2,379.7 | 1.2% |
| 12/31/2011 | $4.5 | $34.4 | $29.9 | 13.2% | $2,376.9 | 1.3% |
| 12/31/2012 | $4.4 | $60.3 | $55.9 | 7.4% | $2,432.4 | 2.3% |
| 12/31/2013 | $5.2 | $61.2 | $55.9 | 8.6% | $2,531.5 | 2.2% |
| 12/31/2014 | $7.2 | $70.5 | $63.3 | 10.2% | $2,718.9 | 2.3% |
| 12/31/2015 | $11.2 | $67.8 | $56.6 | 16.5% | $2,831.8 | 2.0% |
| 12/31/2016 | $19.1 | $67.9 | $48.8 | 28.1% | $2,881.4 | 1.7% |
| 12/31/2017 | $29.8 | $69.4 | $39.5 | 43.0% | $2,984.5 | 1.3% |
| 12/31/2018 | $38.5 | $62.7 | $24.3 | 61.3% | $3,211.6 | 0.8% |
| 12/31/2019 | $51.9 | $59.3 | $7.4 | 87.5% | $3,479.8 | 0.2% |

*Notes:*

1 *Side account assets are included with pension assets.*

2 *Includes UAAL for Multnomah Fire District ($142 million as of 12/31/2019).*

3 *Reflects the transfer in assets and liabilities for new employers that joined the SLGRP effective January 1 following the valuation date.*

4 *The 12/31/2012 valuation reflects the benefit changes enacted by the 2013 Oregon Legislature in Senate Bills 822 and 861, as well as a change in cost method to Entry Age Normal.*

5 *The 12/31/2014 valuation reflects benefit changes from the Oregon Supreme Court's ruling in Moro v. State of Oregon, which overturned portions of Senate Bills 822 and 861.*

# Data Exhibits

**This valuation is based upon the membership of the System as of December 31, 2019.**

## System Wide Data Exhibits

### Valuation Pay and Census Exhibit

The following tables illustrate the breakdown of member counts and valuation payroll for the SLGRP, School District Pool, and independent employers.

### SLGRP

| | General Service | Police & Fire | Total |
|---|---|---|---|
| Tier 1 | $690.5 | $122.7 | $813.2 |
| Tier 2 | 1,065.7 | 304.6 | 1,370.3 |
| Tier 1/Tier 2 Valuation Payroll | 1,756.2 | 427.3 | 2,183.5 |
| OPSRP Valuation Payroll | 3,853.7 | 731.6 | 4,585.3 |
| **Combined Valuation Payroll** | **$5,609.9** | **$1,158.9** | **$6,768.8** |

*Amounts in millions*

| | December 31 | | | | |
|---|---|---|---|---|---|
| | 2019 | | | | 2018 |
| | Tier 1 | Tier 2 | OPSRP | Total | Total |
| **Active Members in the Pool** | | | | | |
| General Service | 8,000 | 13,333 | 59,889 | 81,222 | 79,351 |
| Police & Fire | 1,165 | 3,083 | 8,806 | 13,054 | 12,908 |
| Total | 9,165 | 16,416 | 68,695 | 94,276 | 92,259 |
| Average Age | 57.2 | 52.5 | 43.1 | 46.1 | 46.2 |
| Average Service | 27.1 | 19.0 | 6.7 | 10.8 | 10.9 |
| Average prior year Covered Salary | $91,916 | $83,988 | $63,110 | $69,546 | $66,670 |
| **Active Members outside the Pool with previous Segments in the Pool** | | | | | |
| General Service | 1,937 | 2,282 | | 4,219 | 4,570 |
| Police & Fire | 194 | 322 | | 516 | 545 |
| Total | 2,131 | 2,604 | | 4,735 | 5,115 |
| Average Age | 55.9 | 50.0 | | 52.7 | 52.3 |
| Average Service in the Pool | 3.2 | 2.9 | | 3.0 | 3.0 |
| **Inactive Members**[1] | | | | | |
| General Service | 6,959 | 7,607 | 11,042 | 25,608 | 25,742 |
| Police & Fire | 488 | 656 | 913 | 2,057 | 1,970 |
| Total | 7,447 | 8,263 | 11,955 | 27,665 | 27,712 |
| Average Age | 60.4 | 54.6 | 47.2 | 52.9 | 53.1 |
| Average Monthly Benefit | $2,073 | $847 | $488 | $1,022 | $1,009 |
| **Retired Members and Beneficiaries**[1] | | | | | |
| General Service | 69,077 | 8,990 | 3,813 | 81,880 | 79,563 |
| Police & Fire | 10,142 | 1,366 | 350 | 11,858 | 11,402 |
| Total | 79,219 | 10,356 | 4,163 | 93,738 | 90,965 |
| Average Age | 72.5 | 68.3 | 67.6 | 71.8 | 71.5 |
| Average Monthly Benefit | $2,542 | $1,155 | $588 | $2,302 | $2,247 |
| **Grand Total Number of Members** | **97,962** | **37,639** | **84,813** | **220,414** | **216,051** |

[1] *In these exhibits, Inactives and Retirees are counted by members with service in each rate pool. As a result, individual members with service segments in more than one rate pool will be included in more than one exhibit.*

## School District Pool

| | General Service | Police & Fire | Total |
|---|---|---|---|
| Tier 1 | $466.9 | $1.3 | $468.1 |
| Tier 2 | 860.3 | 1.8 | 862.1 |
| Tier 1/Tier 2 Valuation Payroll | 1,327.1 | 3.0 | 1,330.2 |
| OPSRP Valuation Payroll | 2,408.6 | 1.9 | 2,410.6 |
| **Combined Valuation Payroll** | **$3,735.8** | **$5.0** | **$3,740.7** |

*Amounts in millions*

| | December 31 | | | | |
|---|---|---|---|---|---|
| | 2019 | | | | 2018 |
| | Tier 1 | Tier 2 | OPSRP | Total | Total |
| **Active Members** | | | | | |
| General Service | 6,800 | 13,238 | 52,733 | 72,771 | 71,152 |
| Police & Fire | 17 | 23 | 30 | 70 | 72 |
| Total | 6,817 | 13,261 | 52,763 | 72,841 | 71,224 |
| Average Age | 56.6 | 51.9 | 43.2 | 46.0 | 46.2 |
| Average Service | 26.1 | 18.4 | 6.8 | 10.7 | 10.8 |
| Average prior year Covered Salary | $69,832 | $65,535 | $43,507 | $49,981 | $48,495 |
| **Active Members outside the Pool with previous Segments in the Pool** | | | | | |
| General Service | 850 | 1,224 | | 2,074 | 2,218 |
| Police & Fire | 4 | 8 | | 12 | 9 |
| Total | 854 | 1,232 | | 2,086 | 2,227 |
| Average Age | 56.9 | 51.2 | | 53.5 | 53.3 |
| Average Service | 5.8 | 4.6 | | 5.1 | 5.1 |
| **Inactive Members**[1] | | | | | |
| General Service | 4,342 | 6,113 | 8,017 | 18,472 | 18,598 |
| Police & Fire | 8 | 17 | 8 | 33 | 33 |
| Total | 4,350 | 6,130 | 8,025 | 18,505 | 18,631 |
| Average Age | 61.2 | 54.5 | 48.6 | 53.5 | 53.5 |
| Average Monthly Benefit | $1,753 | $636 | $358 | $778 | $759 |
| **Retired Members and Beneficiaries**[1] | | | | | |
| General Service | 63,162 | 6,214 | 1,865 | 71,241 | 69,763 |
| Police & Fire | 195 | 39 | 9 | 243 | 244 |
| Total | 63,357 | 6,253 | 1,874 | 71,484 | 70,007 |
| Average Age | 73.7 | 67.6 | 67.5 | 73.0 | 72.7 |
| Average Monthly Benefit | $2,471 | $854 | $444 | $2,277 | $2,241 |
| **Grand Total Number of Members** | **75,378** | **26,876** | **62,662** | **164,916** | **162,089** |

[1] *In these exhibits, Inactives and Retirees are counted by members with service in each rate pool. As a result, individual members with service segments in more than one rate pool will be included in more than one exhibit.*

## Independents

| | General Service | Police & Fire | Total |
|---|---|---|---|
| Tier 1 | $95.1 | $40.4 | $135.5 |
| Tier 2 | 130.9 | 93.9 | 224.7 |
| Tier 1/Tier 2 Valuation Payroll | 226.0 | 134.3 | 360.3 |
| OPSRP Valuation Payroll | 478.5 | 185.4 | 663.9 |
| **Combined Valuation Payroll** | **$704.5** | **$319.7** | **$1,024.2** |

*Amounts in millions*

| | December 31 | | | | |
|---|---|---|---|---|---|
| | 2019 | | | | 2018 |
| | Tier 1 | Tier 2 | OPSRP | Total | Total |
| **Active Members** | | | | | |
| General Service | 1,011 | 1,689 | 7,744 | 10,444 | 10,142 |
| Police & Fire | 324 | 825 | 2,047 | 3,196 | 3,138 |
| Total | 1,335 | 2,514 | 9,791 | 13,640 | 13,280 |
| Average Age | 55.7 | 51.4 | 41.6 | 44.8 | 45.0 |
| Average Service | 24.5 | 18.9 | 6.5 | 10.5 | 10.6 |
| Average prior year Covered Salary | $105,366 | $91,149 | $63,781 | $72,895 | $70,464 |
| **Active Members outside the Pool with previous Segments in the Pool** | | | | | |
| General Service | 710 | 1,073 | | 1,783 | 1,891 |
| Police & Fire | 171 | 292 | | 463 | 489 |
| Total | 881 | 1,365 | | 2,246 | 2,380 |
| Average Age | 55.5 | 49.9 | | 52.1 | 51.8 |
| Average Service | 4.9 | 4.2 | | 4.5 | 4.4 |
| **Inactive Members**[1] | | | | | |
| General Service | 855 | 1,132 | 1,233 | 3,220 | 3,375 |
| Police & Fire | 159 | 172 | 153 | 484 | 501 |
| Total | 1,014 | 1,304 | 1,386 | 3,704 | 3,876 |
| Average Age | 59.3 | 54.2 | 48.2 | 53.4 | 53.3 |
| Average Monthly Benefit | $1,554 | $712 | $484 | $857 | $789 |
| **Retired Members and Beneficiaries**[1] | | | | | |
| General Service | 9,516 | 1,558 | 468 | 11,542 | 11,177 |
| Police & Fire | 3,334 | 223 | 44 | 3,601 | 3,505 |
| Total | 12,850 | 1,781 | 512 | 15,143 | 14,682 |
| Average Age | 70.9 | 67.6 | 67.6 | 70.4 | 70.1 |
| Average Monthly Benefit[2] | $2,375 | $967 | $610 | $2,150 | $2,105 |
| **Grand Total Number of Members** | **16,080** | **6,964** | **11,689** | **34,733** | **34,218** |

[1] *In these exhibits, Inactives and Retirees are counted by members with service in each rate pool. As a result, individual members with service segments in more than one rate pool will be included in more than one exhibit.*

[2] *The average monthly benefit reflects an estimated adjustment for the effect of the Supreme Court decision in Moro v. State of Oregon for records that were not already adjusted in the data provided.*

## Total

| | General Service | Police & Fire | Total |
|---|---|---|---|
| Tier 1 | $1,252.5 | $164.3 | $1,416.8 |
| Tier 2 | 2,056.9 | 400.3 | 2,457.1 |
| Tier 1/Tier 2 Valuation Payroll | 3,309.3 | 564.6 | 3,873.9 |
| OPSRP Valuation Payroll | 6,740.9 | 919.0 | 7,659.8 |
| **Combined Valuation Payroll** | **$10,050.2** | **$1,483.5** | **$11,533.7** |

*Amounts in millions*

| | December 31 | | | | |
|---|---|---|---|---|---|
| | 2019 | | | | 2018 |
| | Tier 1 | Tier 2 | OPSRP | Total | Total |
| **Active Members** | | | | | |
| General Service | 15,811 | 28,260 | 120,366 | 164,437 | 160,645 |
| Police & Fire | 1,506 | 3,931 | 10,883 | 16,320 | 16,118 |
| Total | 17,317 | 32,191 | 131,249 | 180,757 | 176,763 |
| Average Age | 56.9 | 52.2 | 43.0 | 46.0 | 46.1 |
| Average Service | 26.5 | 18.8 | 6.7 | 10.7 | 10.9 |
| Average prior year Covered Salary | $84,259 | $76,946 | $55,279 | $61,914 | $59,632 |
| **Inactive Members**[1] | | | | | |
| General Service | 12,156 | 14,852 | 20,292 | 47,300 | 47,715 |
| Police & Fire | 655 | 845 | 1,074 | 2,574 | 2,504 |
| Total | 12,811 | 15,697 | 21,366 | 49,874 | 50,219 |
| Average Age | 60.6 | 54.5 | 47.8 | 53.2 | 53.3 |
| Average Monthly Benefit | $1,923 | $753 | $439 | $919 | $900 |
| **Retired Members and Beneficiaries**[1] | | | | | |
| General Service | 141,755 | 16,762 | 6,146 | 164,663 | 160,503 |
| Police & Fire | 13,671 | 1,628 | 403 | 15,702 | 15,151 |
| Total | 155,426 | 18,390 | 6,549 | 180,365 | 175,654 |
| Average Age | 72.8 | 68.0 | 67.6 | 72.2 | 71.8 |
| Average Monthly Benefit | $2,499 | $1,035 | $549 | $2,279 | $2,233 |
| **Grand Total Number of Members** | **185,554** | **66,278** | **159,164** | **410,996** | **402,636** |

[1] *In these exhibits, Inactives and Retirees are counted by members with service in each rate pool. As a result, individual members with service segments in more than one rate pool are counted more than once in this exhibit.*

## Age/Service and Prior Year Covered Payroll by Tier and Job Class

### Tier 1 General Service Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 35-39 | | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **4** |
| | $ | 66,140 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **66,140** |
| 40-44 | | 10 | 2 | 4 | 3 | 69 | 5 | 0 | 0 | 0 | **93** |
| | $ | 144,666 | 111,414 | 64,376 | 104,304 | 76,515 | 66,411 | 0 | 0 | 0 | **84,425** |
| 45-49 | | 12 | 26 | 45 | 79 | 770 | 349 | 9 | 0 | 0 | **1,290** |
| | $ | 151,300 | 53,619 | 62,138 | 75,592 | 84,378 | 87,473 | 84,314 | 0 | 0 | **83,904** |
| 50-54 | | 17 | 54 | 76 | 168 | 1,346 | 2,010 | 283 | 4 | 0 | **3,958** |
| | $ | 125,075 | 83,908 | 77,877 | 70,671 | 83,903 | 86,716 | 83,595 | 100,570 | 0 | **84,826** |
| 55-59 | | 10 | 46 | 100 | 175 | 1,189 | 2,211 | 1,115 | 132 | 4 | **4,982** |
| | $ | 111,019 | 71,367 | 62,299 | 71,773 | 78,200 | 83,262 | 86,124 | 80,836 | 86,079 | **81,754** |
| 60-64 | | 2 | 30 | 65 | 103 | 918 | 1,572 | 809 | 293 | 50 | **3,842** |
| | $ | 153,446 | 79,089 | 79,995 | 66,417 | 69,584 | 78,077 | 84,123 | 87,348 | 74,172 | **77,744** |
| 65-69 | | 2 | 10 | 25 | 50 | 297 | 534 | 279 | 109 | 54 | **1,360** |
| | $ | 71,376 | 97,159 | 123,653 | 90,096 | 68,181 | 75,221 | 89,396 | 95,295 | 78,686 | **79,931** |
| 70-74 | | 0 | 1 | 3 | 2 | 46 | 74 | 54 | 24 | 15 | **219** |
| | $ | 0 | 153,446 | 89,712 | 116,167 | 58,779 | 90,402 | 82,557 | 120,131 | 142,127 | **89,140** |
| 75+ | | 0 | 0 | 0 | 1 | 10 | 22 | 9 | 9 | 12 | **63** |
| | $ | 0 | 0 | 0 | 65,889 | 52,998 | 75,984 | 70,937 | 92,370 | 103,561 | **79,048** |
| **Total** | | **57** | **169** | **318** | **581** | **4,645** | **6,777** | **2,558** | **571** | **135** | **15,811** |
| | **$** | **126,543** | **76,500** | **74,725** | **72,912** | **78,262** | **82,709** | **85,433** | **88,909** | **86,493** | **81,670** |

## Tier 2 General Service Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 3 | 5 | 0 | 0 | 0 | 0 | 0 | **8** |
| | $ | 0 | 0 | 81,500 | 59,257 | 0 | 0 | 0 | 0 | 0 | **67,598** |
| 35-39 | | 1 | 13 | 71 | 399 | 18 | 0 | 0 | 0 | 0 | **502** |
| | $ | 6,597 | 52,026 | 66,220 | 68,509 | 71,569 | 0 | 0 | 0 | 0 | **67,745** |
| 40-44 | | 8 | 99 | 380 | 3,066 | 539 | 0 | 0 | 0 | 0 | **4,092** |
| | $ | 34,083 | 43,090 | 66,581 | 80,272 | 78,694 | 0 | 0 | 0 | 0 | **77,803** |
| 45-49 | | 5 | 129 | 378 | 3,579 | 2,334 | 0 | 0 | 0 | 0 | **6,425** |
| | $ | 23,292 | 48,586 | 65,188 | 80,438 | 83,743 | 0 | 0 | 0 | 0 | **80,057** |
| 50-54 | | 9 | 83 | 252 | 3,220 | 2,212 | 0 | 0 | 0 | 0 | **5,776** |
| | $ | 21,241 | 44,861 | 65,844 | 75,587 | 81,002 | 0 | 0 | 0 | 0 | **76,710** |
| 55-59 | | 1 | 45 | 163 | 3,182 | 2,158 | 0 | 0 | 0 | 0 | **5,549** |
| | $ | 9,284 | 44,549 | 62,308 | 67,694 | 73,142 | 0 | 0 | 0 | 0 | **69,457** |
| 60-64 | | 6 | 36 | 103 | 2,320 | 1,711 | 0 | 0 | 0 | 0 | **4,176** |
| | $ | 21,667 | 39,153 | 57,629 | 63,457 | 66,792 | 0 | 0 | 0 | 0 | **64,410** |
| 65-69 | | 3 | 20 | 37 | 786 | 551 | 0 | 0 | 0 | 0 | **1,397** |
| | $ | 22,557 | 36,267 | 54,723 | 64,191 | 66,550 | 0 | 0 | 0 | 0 | **64,381** |
| 70-74 | | 2 | 11 | 11 | 155 | 93 | 0 | 0 | 0 | 0 | **272** |
| | $ | 43,982 | 40,326 | 37,108 | 60,083 | 55,847 | 0 | 0 | 0 | 0 | **56,788** |
| 75+ | | 1 | 2 | 3 | 40 | 17 | 0 | 0 | 0 | 0 | **63** |
| | $ | 10,360 | 23,649 | 30,926 | 60,713 | 53,701 | 0 | 0 | 0 | 0 | **55,426** |
| **Total** | | **36** | **438** | **1,401** | **16,752** | **9,633** | **0** | **0** | **0** | **0** | **28,260** |
| | **$** | **24,783** | **44,666** | **64,310** | **73,415** | **76,117** | **0** | **0** | **0** | **0** | **73,377** |

## Tier 1 Police and Fire Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 35-39 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 40-44 | | 0 | 0 | 0 | 0 | 11 | 0 | 0 | 0 | 0 | **11** |
| | $ | 0 | 0 | 0 | 0 | 98,922 | 0 | 0 | 0 | 0 | **98,922** |
| 45-49 | | 0 | 0 | 0 | 8 | 262 | 127 | 0 | 0 | 0 | **397** |
| | $ | 0 | 0 | 0 | 86,186 | 119,455 | 121,809 | 0 | 0 | 0 | **119,537** |
| 50-54 | | 0 | 2 | 4 | 8 | 255 | 280 | 25 | 0 | 0 | **574** |
| | $ | 0 | 45,773 | 76,395 | 97,973 | 113,073 | 117,346 | 99,551 | 0 | 0 | **113,868** |
| 55-59 | | 0 | 2 | 5 | 4 | 77 | 158 | 87 | 6 | 0 | **339** |
| | $ | 0 | 166,490 | 58,276 | 123,103 | 108,492 | 111,151 | 106,096 | 85,695 | 0 | **108,487** |
| 60-64 | | 1 | 0 | 2 | 1 | 42 | 56 | 32 | 12 | 3 | **149** |
| | $ | 87,697 | 0 | 76,167 | 126,159 | 86,868 | 95,729 | 94,346 | 119,042 | 84,291 | **94,469** |
| 65-69 | | 0 | 1 | 0 | 0 | 6 | 9 | 8 | 2 | 1 | **27** |
| | $ | 0 | 13,788 | 0 | 0 | 78,823 | 85,813 | 85,610 | 88,189 | 78,147 | **81,424** |
| 70-74 | | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 2 | **6** |
| | $ | 0 | 0 | 0 | 0 | 0 | 82,140 | 65,431 | 0 | 144,229 | **97,267** |
| 75+ | | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | **3** |
| | $ | 0 | 0 | 0 | 0 | 75,178 | 104,573 | 0 | 0 | 0 | **94,775** |
| **Total** | | **1** | **5** | **11** | **21** | **654** | **634** | **154** | **20** | **6** | **1,506** |
| | **$** | **87,697** | **87,663** | **68,118** | **99,612** | **112,797** | **114,188** | **100,999** | **105,952** | **103,246** | **111,437** |

### Tier 2 Police and Fire Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 35-39 | | 0 | 1 | 8 | 73 | 4 | 0 | 0 | 0 | 0 | **86** |
| | $ | 0 | 70,329 | 91,362 | 106,477 | 108,105 | 0 | 0 | 0 | 0 | **104,726** |
| 40-44 | | 0 | 3 | 30 | 632 | 178 | 0 | 0 | 0 | 0 | **843** |
| | $ | 0 | 47,040 | 95,110 | 107,748 | 108,970 | 0 | 0 | 0 | 0 | **107,340** |
| 45-49 | | 0 | 0 | 18 | 651 | 712 | 0 | 0 | 0 | 0 | **1,381** |
| | $ | 0 | 0 | 93,510 | 103,862 | 108,272 | 0 | 0 | 0 | 0 | **106,001** |
| 50-54 | | 0 | 2 | 13 | 395 | 527 | 0 | 0 | 0 | 0 | **937** |
| | $ | 0 | 62,342 | 74,670 | 99,581 | 105,834 | 0 | 0 | 0 | 0 | **102,673** |
| 55-59 | | 0 | 1 | 7 | 189 | 222 | 0 | 0 | 0 | 0 | **419** |
| | $ | 0 | 79,032 | 92,233 | 94,174 | 93,225 | 0 | 0 | 0 | 0 | **93,602** |
| 60-64 | | 0 | 0 | 1 | 106 | 93 | 0 | 0 | 0 | 0 | **200** |
| | $ | 0 | 0 | 68,129 | 79,243 | 86,155 | 0 | 0 | 0 | 0 | **82,402** |
| 65-69 | | 0 | 0 | 2 | 30 | 26 | 0 | 0 | 0 | 0 | **58** |
| | $ | 0 | 0 | 72,965 | 88,773 | 80,262 | 0 | 0 | 0 | 0 | **84,413** |
| 70-74 | | 0 | 0 | 1 | 0 | 5 | 0 | 0 | 0 | 0 | **6** |
| | $ | 0 | 0 | 48,853 | 0 | 106,459 | 0 | 0 | 0 | 0 | **96,858** |
| 75+ | | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | **1** |
| | $ | 0 | 0 | 0 | 66,840 | 0 | 0 | 0 | 0 | 0 | **66,840** |
| **Total** | | **0** | **7** | **80** | **2,077** | **1,767** | **0** | **0** | **0** | **0** | **3,931** |
| | **$** | **0** | **59,309** | **89,333** | **101,948** | **104,143** | **0** | **0** | **0** | **0** | **102,602** |

## All Tier 1/Tier 2 Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 3 | 5 | 0 | 0 | 0 | 0 | 0 | **8** |
| | $ | 0 | 0 | 81,500 | 59,257 | 0 | 0 | 0 | 0 | 0 | **67,598** |
| 35-39 | | 5 | 14 | 79 | 472 | 22 | 0 | 0 | 0 | 0 | **592** |
| | $ | 54,232 | 53,333 | 68,766 | 74,381 | 78,212 | 0 | 0 | 0 | 0 | **73,106** |
| 40-44 | | 18 | 104 | 414 | 3,701 | 797 | 5 | 0 | 0 | 0 | **5,039** |
| | $ | 95,518 | 44,517 | 68,627 | 84,983 | 85,546 | 66,411 | 0 | 0 | 0 | **82,912** |
| 45-49 | | 17 | 155 | 441 | 4,317 | 4,078 | 476 | 9 | 0 | 0 | **9,493** |
| | $ | 113,651 | 49,431 | 66,033 | 83,893 | 90,440 | 96,634 | 84,314 | 0 | 0 | **86,005** |
| 50-54 | | 26 | 141 | 345 | 3,791 | 4,340 | 2,290 | 308 | 4 | 0 | **11,245** |
| | $ | 89,133 | 60,076 | 68,950 | 77,916 | 86,802 | 90,461 | 84,890 | 100,570 | 0 | **83,626** |
| 55-59 | | 11 | 94 | 275 | 3,550 | 3,646 | 2,369 | 1,202 | 138 | 4 | **11,289** |
| | $ | 101,770 | 60,634 | 62,993 | 69,368 | 76,761 | 85,122 | 87,570 | 81,047 | 86,079 | **76,952** |
| 60-64 | | 9 | 66 | 171 | 2,530 | 2,764 | 1,628 | 841 | 305 | 53 | **8,367** |
| | $ | 58,288 | 57,306 | 66,409 | 64,264 | 68,676 | 78,684 | 84,512 | 88,595 | 74,745 | **71,498** |
| 65-69 | | 5 | 31 | 64 | 866 | 880 | 543 | 287 | 111 | 55 | **2,842** |
| | $ | 42,085 | 55,184 | 82,219 | 66,538 | 67,589 | 75,397 | 89,291 | 95,167 | 78,676 | **72,393** |
| 70-74 | | 2 | 12 | 15 | 157 | 144 | 76 | 56 | 24 | 17 | **503** |
| | $ | 43,982 | 49,752 | 48,412 | 60,797 | 58,541 | 90,184 | 81,945 | 120,131 | 142,374 | **71,834** |
| 75+ | | 1 | 2 | 3 | 42 | 28 | 24 | 9 | 9 | 12 | **130** |
| | $ | 10,360 | 23,649 | 30,926 | 60,982 | 54,217 | 78,366 | 70,937 | 92,370 | 103,561 | **67,869** |
| **Total** | | **94** | **619** | **1,810** | **19,431** | **16,699** | **7,411** | **2,712** | **591** | **141** | **49,508** |
| | **$** | **87,158** | **53,870** | **67,269** | **76,478** | **81,116** | **85,402** | **86,317** | **89,486** | **87,206** | **79,504** |

## Age/Service and Prior Year Covered Payroll by Rate Pool

### Tier 1/Tier 2 SLGRP Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | **3** |
| | $ | 0 | 0 | 99,435 | 71,702 | 0 | 0 | 0 | 0 | 0 | **80,947** |
| 35-39 | | 0 | 3 | 36 | 271 | 22 | 0 | 0 | 0 | 0 | **332** |
| | $ | 0 | 92,263 | 78,742 | 77,958 | 78,212 | 0 | 0 | 0 | 0 | **78,189** |
| 40-44 | | 2 | 26 | 164 | 1,607 | 509 | 4 | 0 | 0 | 0 | **2,312** |
| | $ | 76,613 | 52,440 | 75,533 | 87,290 | 86,683 | 66,656 | 0 | 0 | 0 | **85,885** |
| 45-49 | | 0 | 54 | 173 | 2,074 | 2,075 | 322 | 7 | 0 | 0 | **4,705** |
| | $ | 0 | 57,723 | 70,404 | 87,441 | 94,008 | 99,861 | 82,538 | 0 | 0 | **90,213** |
| 50-54 | | 7 | 49 | 157 | 1,890 | 2,391 | 1,140 | 217 | 1 | 0 | **5,852** |
| | $ | 24,888 | 59,665 | 77,275 | 85,505 | 90,991 | 94,676 | 88,296 | 158,856 | 0 | **89,139** |
| 55-59 | | 0 | 48 | 144 | 1,734 | 1,948 | 1,230 | 641 | 94 | 4 | **5,843** |
| | $ | 0 | 66,873 | 72,958 | 81,274 | 87,010 | 91,987 | 90,935 | 84,262 | 86,079 | **86,230** |
| 60-64 | | 3 | 32 | 83 | 1,248 | 1,430 | 900 | 541 | 190 | 33 | **4,460** |
| | $ | 57,180 | 65,664 | 77,001 | 75,698 | 82,569 | 91,945 | 90,519 | 90,370 | 82,341 | **83,591** |
| 65-69 | | 2 | 10 | 34 | 488 | 517 | 313 | 198 | 77 | 35 | **1,674** |
| | $ | 29,402 | 39,250 | 98,531 | 75,602 | 78,584 | 88,870 | 98,666 | 104,602 | 82,238 | **83,398** |
| 70-74 | | 1 | 6 | 4 | 95 | 79 | 51 | 40 | 18 | 14 | **308** |
| | $ | 44,622 | 53,745 | 83,337 | 73,469 | 68,621 | 107,110 | 91,686 | 140,086 | 155,614 | **87,439** |
| 75+ | | 1 | 1 | 0 | 33 | 17 | 17 | 6 | 7 | 10 | **92** |
| | $ | 10,360 | 19,473 | 0 | 65,975 | 53,676 | 97,159 | 82,068 | 109,620 | 107,033 | **77,188** |
| **Total** | | **16** | **229** | **796** | **9,442** | **8,988** | **3,977** | **1,650** | **387** | **96** | **25,581** |
| | **$** | **38,298** | **59,941** | **75,646** | **83,240** | **88,229** | **93,331** | **91,329** | **94,556** | **95,717** | **86,828** |

## Tier 1/Tier 2 School District Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | **3** |
| | $ | 0 | 0 | 80,044 | 29,769 | 0 | 0 | 0 | 0 | 0 | **46,528** |
| 35-39 | | 1 | 8 | 37 | 143 | 0 | 0 | 0 | 0 | 0 | **189** |
| | $ | 6,597 | 41,273 | 56,122 | 61,370 | 0 | 0 | 0 | 0 | 0 | **59,202** |
| 40-44 | | 5 | 72 | 232 | 1,783 | 185 | 0 | 0 | 0 | 0 | **2,277** |
| | $ | 16,281 | 40,272 | 61,217 | 80,032 | 73,081 | 0 | 0 | 0 | 0 | **76,153** |
| 45-49 | | 5 | 93 | 238 | 1,893 | 1,629 | 81 | 0 | 0 | 0 | **3,939** |
| | $ | 23,292 | 39,604 | 59,139 | 77,288 | 81,890 | 74,375 | 0 | 0 | 0 | **77,077** |
| 50-54 | | 3 | 70 | 159 | 1,590 | 1,591 | 998 | 71 | 1 | 0 | **4,483** |
| | $ | 11,390 | 38,247 | 55,388 | 66,694 | 77,154 | 82,685 | 71,944 | 76,116 | 0 | **73,169** |
| 55-59 | | 2 | 34 | 108 | 1,582 | 1,424 | 986 | 478 | 36 | 0 | **4,650** |
| | $ | 15,576 | 27,937 | 43,448 | 54,055 | 60,366 | 74,846 | 81,396 | 70,625 | 0 | **62,881** |
| 60-64 | | 4 | 22 | 69 | 1,128 | 1,170 | 632 | 247 | 99 | 16 | **3,387** |
| | $ | 11,539 | 25,051 | 44,879 | 50,170 | 49,883 | 58,262 | 67,977 | 79,853 | 60,108 | **53,477** |
| 65-69 | | 1 | 14 | 20 | 316 | 299 | 199 | 70 | 27 | 17 | **963** |
| | $ | 8,866 | 32,163 | 39,995 | 47,966 | 46,719 | 51,991 | 61,478 | 70,025 | 70,843 | **49,979** |
| 70-74 | | 1 | 4 | 10 | 48 | 51 | 21 | 12 | 5 | 2 | **154** |
| | $ | 43,343 | 13,369 | 23,640 | 34,883 | 38,115 | 45,767 | 33,481 | 50,917 | 52,540 | **36,844** |
| 75+ | | 0 | 1 | 3 | 7 | 10 | 6 | 3 | 2 | 1 | **33** |
| | $ | 0 | 27,826 | 30,926 | 42,595 | 57,787 | 32,673 | 48,673 | 31,993 | 18,953 | **43,080** |
| **Total** | | **22** | **318** | **877** | **8,492** | **6,359** | **2,923** | **881** | **170** | **36** | **20,078** |
| | **$** | **16,734** | **36,550** | **54,913** | **66,312** | **67,697** | **72,072** | **74,526** | **74,902** | **63,614** | **66,994** |

## Tier 1/Tier 2 Independent Employers Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 25-29 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 30-34 | | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | **2** |
| | $ | 0 | 0 | 65,021 | 93,343 | 0 | 0 | 0 | 0 | 0 | **79,182** |
| 35-39 | | 4 | 3 | 6 | 58 | 0 | 0 | 0 | 0 | 0 | **71** |
| | $ | 66,140 | 46,564 | 86,883 | 89,747 | 0 | 0 | 0 | 0 | 0 | **86,351** |
| 40-44 | | 11 | 6 | 18 | 311 | 103 | 1 | 0 | 0 | 0 | **450** |
| | $ | 134,972 | 61,133 | 101,203 | 101,451 | 102,318 | 65,435 | 0 | 0 | 0 | **101,841** |
| 45-49 | | 12 | 8 | 30 | 350 | 374 | 73 | 2 | 0 | 0 | **849** |
| | $ | 151,300 | 107,689 | 95,517 | 98,586 | 107,880 | 107,099 | 90,532 | 0 | 0 | **104,115** |
| 50-54 | | 16 | 22 | 29 | 311 | 358 | 152 | 20 | 2 | 0 | **910** |
| | $ | 131,817 | 130,446 | 98,235 | 89,179 | 101,696 | 109,896 | 93,903 | 83,654 | 0 | **99,691** |
| 55-59 | | 9 | 12 | 23 | 234 | 274 | 153 | 83 | 8 | 0 | **796** |
| | $ | 120,924 | 128,319 | 92,386 | 84,664 | 89,095 | 96,144 | 97,133 | 90,165 | 0 | **91,042** |
| 60-64 | | 2 | 12 | 19 | 154 | 164 | 96 | 53 | 16 | 4 | **520** |
| | $ | 153,446 | 94,151 | 98,324 | 74,836 | 81,612 | 88,815 | 100,259 | 121,598 | 70,627 | **85,158** |
| 65-69 | | 2 | 7 | 10 | 62 | 64 | 31 | 19 | 7 | 3 | **205** |
| | $ | 71,376 | 123,989 | 111,207 | 89,851 | 76,278 | 89,607 | 94,058 | 88,356 | 81,515 | **87,821** |
| 70-74 | | 0 | 2 | 1 | 14 | 14 | 4 | 4 | 1 | 1 | **41** |
| | $ | 0 | 110,540 | 156,438 | 63,660 | 76,069 | 107,574 | 129,930 | 107,020 | 136,696 | **86,036** |
| 75+ | | 0 | 0 | 0 | 2 | 1 | 1 | 0 | 0 | 1 | **5** |
| | $ | 0 | 0 | 0 | 42,947 | 27,719 | 33,053 | 0 | 0 | 153,446 | **60,022** |
| **Total** | | **56** | **72** | **137** | **1,497** | **1,352** | **511** | **181** | **34** | **9** | **3,849** |
| | **$** | **128,784** | **111,062** | **97,692** | **91,499** | **96,941** | **99,932** | **98,020** | **104,697** | **90,799** | **96,080** |

## OPSRP Active General Service Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **103** |
| | $ | 11,179 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **11,179** |
| 20-24 | | 2,619 | 54 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **2,673** |
| | $ | 26,630 | 30,339 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **26,705** |
| 25-29 | | 8,922 | 1,379 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | **10,313** |
| | $ | 39,443 | 45,459 | 45,986 | 0 | 0 | 0 | 0 | 0 | 0 | **40,255** |
| 30-34 | | 9,643 | 5,252 | 1,013 | 25 | 0 | 0 | 0 | 0 | 0 | **15,933** |
| | $ | 45,790 | 54,542 | 58,658 | 49,926 | 0 | 0 | 0 | 0 | 0 | **49,499** |
| 35-39 | | 9,011 | 6,035 | 5,020 | 647 | 0 | 0 | 0 | 0 | 0 | **20,713** |
| | $ | 48,332 | 60,008 | 67,621 | 68,686 | 0 | 0 | 0 | 0 | 0 | **57,045** |
| 40-44 | | 7,451 | 5,328 | 4,887 | 1,243 | 0 | 0 | 0 | 0 | 0 | **18,909** |
| | $ | 48,565 | 60,521 | 69,873 | 74,674 | 0 | 0 | 0 | 0 | 0 | **59,157** |
| 45-49 | | 5,723 | 4,590 | 4,252 | 1,104 | 0 | 0 | 0 | 0 | 0 | **15,669** |
| | $ | 47,305 | 59,183 | 69,238 | 71,174 | 0 | 0 | 0 | 0 | 0 | **58,418** |
| 50-54 | | 4,408 | 3,713 | 3,924 | 1,095 | 0 | 0 | 0 | 0 | 0 | **13,140** |
| | $ | 47,935 | 57,036 | 63,014 | 63,922 | 0 | 0 | 0 | 0 | 0 | **56,342** |
| 55-59 | | 3,380 | 2,906 | 3,260 | 1,188 | 0 | 0 | 0 | 0 | 0 | **10,734** |
| | $ | 46,429 | 54,053 | 59,016 | 56,932 | 0 | 0 | 0 | 0 | 0 | **53,478** |
| 60-64 | | 2,386 | 2,116 | 2,472 | 907 | 0 | 0 | 0 | 0 | 0 | **7,881** |
| | $ | 43,588 | 53,290 | 57,908 | 57,602 | 0 | 0 | 0 | 0 | 0 | **52,298** |
| 65-69 | | 1,016 | 914 | 915 | 342 | 0 | 0 | 0 | 0 | 0 | **3,187** |
| | $ | 38,100 | 48,028 | 56,826 | 52,372 | 0 | 0 | 0 | 0 | 0 | **47,855** |
| 70-74 | | 324 | 233 | 226 | 79 | 0 | 0 | 0 | 0 | 0 | **862** |
| | $ | 26,911 | 34,959 | 48,254 | 57,161 | 0 | 0 | 0 | 0 | 0 | **37,454** |
| 75+ | | 82 | 80 | 70 | 17 | 0 | 0 | 0 | 0 | 0 | **249** |
| | $ | 19,827 | 29,074 | 33,775 | 31,479 | 0 | 0 | 0 | 0 | 0 | **27,515** |
| **Total** | | **55,068** | **32,600** | **26,051** | **6,647** | **0** | **0** | **0** | **0** | **0** | **120,366** |
| | **$** | **44,558** | **56,534** | **64,618** | **64,679** | **0** | **0** | **0** | **0** | **0** | **53,255** |

## OPSRP Active Police and Fire Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| | $ | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| 20-24 | | 309 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **312** |
| | $ | 54,020 | 27,084 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **53,761** |
| 25-29 | | 1,318 | 243 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | **1,563** |
| | $ | 63,927 | 75,839 | 65,039 | 0 | 0 | 0 | 0 | 0 | 0 | **65,780** |
| 30-34 | | 1,121 | 869 | 225 | 3 | 0 | 0 | 0 | 0 | 0 | **2,218** |
| | $ | 66,121 | 85,374 | 89,749 | 109,833 | 0 | 0 | 0 | 0 | 0 | **76,120** |
| 35-39 | | 676 | 704 | 946 | 126 | 0 | 0 | 0 | 0 | 0 | **2,452** |
| | $ | 65,753 | 82,718 | 93,095 | 97,671 | 0 | 0 | 0 | 0 | 0 | **82,813** |
| 40-44 | | 379 | 431 | 715 | 189 | 0 | 0 | 0 | 0 | 0 | **1,714** |
| | $ | 66,201 | 81,616 | 92,649 | 94,409 | 0 | 0 | 0 | 0 | 0 | **84,220** |
| 45-49 | | 266 | 254 | 449 | 142 | 0 | 0 | 0 | 0 | 0 | **1,111** |
| | $ | 64,543 | 79,109 | 88,248 | 94,729 | 0 | 0 | 0 | 0 | 0 | **81,311** |
| 50-54 | | 147 | 182 | 268 | 70 | 0 | 0 | 0 | 0 | 0 | **667** |
| | $ | 69,968 | 74,955 | 84,842 | 93,095 | 0 | 0 | 0 | 0 | 0 | **79,732** |
| 55-59 | | 143 | 105 | 168 | 56 | 0 | 0 | 0 | 0 | 0 | **472** |
| | $ | 75,709 | 79,873 | 80,219 | 89,013 | 0 | 0 | 0 | 0 | 0 | **79,819** |
| 60-64 | | 63 | 61 | 117 | 26 | 0 | 0 | 0 | 0 | 0 | **267** |
| | $ | 72,632 | 77,598 | 74,228 | 76,205 | 0 | 0 | 0 | 0 | 0 | **74,814** |
| 65-69 | | 18 | 20 | 32 | 10 | 0 | 0 | 0 | 0 | 0 | **80** |
| | $ | 72,161 | 73,071 | 79,999 | 68,987 | 0 | 0 | 0 | 0 | 0 | **75,127** |
| 70-74 | | 2 | 8 | 7 | 7 | 0 | 0 | 0 | 0 | 0 | **24** |
| | $ | 49,687 | 89,915 | 94,906 | 60,473 | 0 | 0 | 0 | 0 | 0 | **79,431** |
| 75+ | | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | **3** |
| | $ | 0 | 251,241 | 60,977 | 0 | 0 | 0 | 0 | 0 | 0 | **124,398** |
| **Total** | | **4,442** | **2,881** | **2,931** | **629** | **0** | **0** | **0** | **0** | **0** | **10,883** |
| | **$** | **65,030** | **81,707** | **89,561** | **93,047** | **0** | **0** | **0** | **0** | **0** | **77,671** |

## All OPSRP Active Members

| | | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| <20 | | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **103** |
| | $ | 11,179 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **11,179** |
| 20-24 | | 2,928 | 57 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **2,985** |
| | $ | 29,520 | 30,168 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **29,533** |
| 25-29 | | 10,240 | 1,622 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | **11,876** |
| | $ | 42,595 | 50,010 | 48,708 | 0 | 0 | 0 | 0 | 0 | 0 | **43,615** |
| 30-34 | | 10,764 | 6,121 | 1,238 | 28 | 0 | 0 | 0 | 0 | 0 | **18,151** |
| | $ | 47,907 | 58,919 | 64,309 | 56,344 | 0 | 0 | 0 | 0 | 0 | **52,752** |
| 35-39 | | 9,687 | 6,739 | 5,966 | 773 | 0 | 0 | 0 | 0 | 0 | **23,165** |
| | $ | 49,547 | 62,381 | 71,660 | 73,410 | 0 | 0 | 0 | 0 | 0 | **59,772** |
| 40-44 | | 7,830 | 5,759 | 5,602 | 1,432 | 0 | 0 | 0 | 0 | 0 | **20,623** |
| | $ | 49,418 | 62,100 | 72,780 | 77,279 | 0 | 0 | 0 | 0 | 0 | **61,240** |
| 45-49 | | 5,989 | 4,844 | 4,701 | 1,246 | 0 | 0 | 0 | 0 | 0 | **16,780** |
| | $ | 48,071 | 60,228 | 71,053 | 73,858 | 0 | 0 | 0 | 0 | 0 | **59,934** |
| 50-54 | | 4,555 | 3,895 | 4,192 | 1,165 | 0 | 0 | 0 | 0 | 0 | **13,807** |
| | $ | 48,646 | 57,874 | 64,410 | 65,675 | 0 | 0 | 0 | 0 | 0 | **57,472** |
| 55-59 | | 3,523 | 3,011 | 3,428 | 1,244 | 0 | 0 | 0 | 0 | 0 | **11,206** |
| | $ | 47,618 | 54,953 | 60,055 | 58,376 | 0 | 0 | 0 | 0 | 0 | **54,588** |
| 60-64 | | 2,449 | 2,177 | 2,589 | 933 | 0 | 0 | 0 | 0 | 0 | **8,148** |
| | $ | 44,335 | 53,971 | 58,646 | 58,121 | 0 | 0 | 0 | 0 | 0 | **53,036** |
| 65-69 | | 1,034 | 934 | 947 | 352 | 0 | 0 | 0 | 0 | 0 | **3,267** |
| | $ | 38,693 | 48,564 | 57,609 | 52,844 | 0 | 0 | 0 | 0 | 0 | **48,523** |
| 70-74 | | 326 | 241 | 233 | 86 | 0 | 0 | 0 | 0 | 0 | **886** |
| | $ | 27,050 | 36,784 | 49,655 | 57,430 | 0 | 0 | 0 | 0 | 0 | **38,591** |
| 75+ | | 82 | 81 | 72 | 17 | 0 | 0 | 0 | 0 | 0 | **252** |
| | $ | 19,827 | 31,817 | 34,531 | 31,479 | 0 | 0 | 0 | 0 | 0 | **28,668** |
| **Total** | | **59,510** | **35,481** | **28,982** | **7,276** | **0** | **0** | **0** | **0** | **0** | **131,249** |
| | **$** | **46,087** | **58,578** | **67,141** | **67,131** | **0** | **0** | **0** | **0** | **0** | **55,279** |

## Inactive Member Data Exhibits

For the following exhibits, inactive members are counted by lives, not by segments.

**Total Tier 1/Tier 2**

| Inactive Members | Count | Average Deferred Monthly Benefit |
|---|---|---|
| <20 | 0 | $0 |
| 20-24 | 0 | 0 |
| 25-29 | 0 | 0 |
| 30-34 | 16 | 132 |
| 35-39 | 323 | 562 |
| 40-44 | 1,917 | 916 |
| 45-49 | 3,497 | 1,248 |
| 50-54 | 4,497 | 1,450 |
| 55-59 | 5,363 | 1,444 |
| 60-64 | 4,516 | 1,561 |
| 65-69 | 2,848 | 1,798 |
| 70-74 | 1,178 | 1,404 |
| 75+ | 1,271 | 1,620 |
| **Total** | **25,426** | **$1,434** |

| Retirees and Beneficiaries | Count | Average Monthly Benefit |
|---|---|---|
| <45 | 539 | $1,139 |
| 45-49 | 339 | 1,862 |
| 50-54 | 1,243 | 3,492 |
| 55-59 | 5,177 | 3,206 |
| 60-64 | 16,922 | 2,991 |
| 65-69 | 33,056 | 2,972 |
| 70-74 | 35,356 | 2,932 |
| 75-79 | 24,029 | 2,793 |
| 80-84 | 14,928 | 2,499 |
| 85-89 | 8,722 | 2,134 |
| 90-94 | 4,445 | 1,736 |
| 95-99 | 1,479 | 1,232 |
| 100+ | 194 | 949 |
| **Total** | **146,429** | **$2,783** |

**OPSRP**

| Inactive Members | Count | Average Deferred Monthly Benefit |
|---|---|---|
| <20 | 0 | $0 |
| 20-24 | 19 | 96 |
| 25-29 | 338 | 215 |
| 30-34 | 1,695 | 339 |
| 35-39 | 3,839 | 451 |
| 40-44 | 3,771 | 502 |
| 45-49 | 2,977 | 513 |
| 50-54 | 2,802 | 472 |
| 55-59 | 2,467 | 471 |
| 60-64 | 1,750 | 449 |
| 65-69 | 841 | 275 |
| 70-74 | 426 | 135 |
| 75+ | 441 | 64 |
| **Total** | **21,366** | **$439** |

| Retirees and Beneficiaries | Count | Average Monthly Benefit |
|---|---|---|
| <45 | 21 | $1,796 |
| 45-49 | 13 | 1,905 |
| 50-54 | 38 | 1,722 |
| 55-59 | 319 | 444 |
| 60-64 | 1,083 | 466 |
| 65-69 | 2,857 | 580 |
| 70-74 | 1,780 | 542 |
| 75-79 | 375 | 465 |
| 80-84 | 55 | 473 |
| 85-89 | 8 | 291 |
| 90-94 | 0 | 0 |
| 95-99 | 0 | 0 |
| 100+ | 0 | 0 |
| **Total** | **6,549** | **$550** |

**System-Wide Totals**

| Inactive Members | | |
|---|---|---|
| | Count | Average Deferred Monthly Benefit |
| <20 | 0 | $0 |
| 20-24 | 19 | 96 |
| 25-29 | 338 | 215 |
| 30-34 | 1,711 | 337 |
| 35-39 | 4,162 | 460 |
| 40-44 | 5,688 | 641 |
| 45-49 | 6,474 | 910 |
| 50-54 | 7,299 | 1,075 |
| 55-59 | 7,830 | 1,138 |
| 60-64 | 6,266 | 1,251 |
| 65-69 | 3,689 | 1,451 |
| 70-74 | 1,604 | 1,067 |
| 75+ | 1,712 | 1,219 |
| **Total** | **46,792** | **$980** |

| Retirees and Beneficiaries | | |
|---|---|---|
| | Count | Average Monthly Benefit |
| <45 | 560 | $1,163 |
| 45-49 | 352 | 1,864 |
| 50-54 | 1,281 | 3,439 |
| 55-59 | 5,496 | 3,046 |
| 60-64 | 18,005 | 2,839 |
| 65-69 | 35,913 | 2,782 |
| 70-74 | 37,136 | 2,818 |
| 75-79 | 24,404 | 2,757 |
| 80-84 | 14,983 | 2,491 |
| 85-89 | 8,730 | 2,132 |
| 90-94 | 4,445 | 1,736 |
| 95-99 | 1,479 | 1,232 |
| 100+ | 194 | 949 |
| **Total** | **152,978** | **$2,687** |

## Retiree Healthcare Member Data Exhibits

For the following exhibits, inactive members are counted by lives, not by pool or employer segments.

**RHIA Members**

| | As of December 31, 2019 | As of December 31, 2018 |
|---|---|---|
| **Dormant members** | | |
| Number | 12,149 | 12,954 |
| Average Age | 55.2 | 54.9 |
| **Retired members eligible for deferred RHIA benefits** | | |
| Number | 23,497 | 22,873 |
| Average Age | 60.6 | 60.2 |
| **Retired members receiving RHIA benefits** | | |
| Number | 44,386 | 46,328 |
| Average Age | 76.9 | 76.2 |

**RHIPA Members**

| | As of December 31, 2019 | As of December 31, 2018 |
|---|---|---|
| **Active Tier 1/Tier 2 employees of RHIPA employers** | | |
| Number | 13,452 | 14,688 |
| Average Age | 54.6 | 54.3 |
| Average Service | 22.1 | 21.5 |
| **Retired members receiving RHIPA benefits** | | |
| Number | 842 | 984 |
| Average Age | 61.9 | 61.8 |
| Average Monthly Subsidy Amount | 399 | 382 |

# Actuarial Methods and Assumptions

## Tier 1/Tier 2 (including Retiree Healthcare)

## Actuarial Methods and Valuation Procedures

In October 2019 the Board adopted the following actuarial methods and valuation procedures for the December 31, 2018 and 2019 actuarial valuations of PERS Tier 1/Tier 2 benefits.

| | |
|---|---|
| *Actuarial cost method* | **Entry Age Normal.** Under the Entry Age Normal (EAN) cost method, each active member's **entry age present value of projected benefits** is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases. Thus, the total pension to which each member is expected to become entitled at retirement is broken down into units, each associated with a year of past or projected future credited service. Typically, when this method is introduced, there will be an initial liability for benefits credited for service prior to that date, and to the extent that the liability is not covered by assets of the plan, there is an unfunded accrued liability to be funded over a stipulated period in accordance with an amortization schedule.<br>A detailed description of the calculation follows:<br>• An individual member's **entry age present value of projected benefits** is the sum of the present value of the benefit described under the plan at each possible separation date, determined at the member's entry age using the projected compensation and service at each separation date.<br>• An individual member's **entry age present value of projected salaries** is the sum of the present value of the projected compensation over the member's working career associated with each possible future separation date, determined at the member's entry age.<br>• An individual member's **present value of projected benefits** is the sum of the present value of the benefit described under the plan at each possible separation date, determined at the valuation date using the projected compensation and service at each separation date.<br>• An individual member's **normal cost** for a certain year is the member's **entry age present value of projected benefits** divided by the member's **entry age present value of projected salaries** and multiplied by the member's projected compensation for the year following the valuation date.<br>• An individual member's **actuarial accrued liability** is the member's **present value of projected benefits** less the sum of the present value of the member's **normal costs** for each future year, determined at the valuation date using the projected compensation and service at each future year.<br>– The plan's **normal cost** is the sum of the individual member normal costs, and the plan's **actuarial accrued liability** is the sum of the individual members' actuarial accrued liabilities. |

| | |
|---|---|
| *Tier 1/Tier 2 UAL amortization* | The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations have been amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.<br>Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22 year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium. |
| *Retiree Healthcare UAL amortization* | The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized. |
| *Asset valuation method* | The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status.<br>Market values are reported to Milliman by PERS. It is our understanding that select real estate and private equity investments are reported on a three-month lag basis. This valuation report does not attempt to quantify any effects of the reporting lag. |
| *Contribution rate stabilization method* | Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts rate pool, OPSRP) are confined to a collared range 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 percent of payroll 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. |
| *Offset for Member Redirect Contributions* | Under Senate Bill 1049, a portion of the 6% of pay member contribution otherwise made to the IAP is redirected to fund Tier 1/Tier 2 and OPSRP defined benefits beginning July 1, 2020. For Tier 1/Tier 2 members, the redirected amount will be 2.50% of pay, and for OPSRP it will be 0.75% of pay. Members with less than $2,500 in monthly pay (indexed in future years) will be exempt from the redirection.<br>For employer contribution rates shown in this valuation, member redirect contributions are assumed to offset total contribution rates beginning with the July 2021 – June 2023 biennium. Reflecting the effect of the monthly pay level-based exemption noted above, the offset is assumed to be 2.45% of total payroll for Tier 1/Tier 2 and 0.70% of total payroll for OPSRP. |
| *Allocation of Liability for Service Segments* | For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 10% (0% for police & fire) based on account balance with each employer and 90% (100% for police & fire) based on service with each employer.<br>The entire normal cost is allocated to the current employer. |

| | |
|---|---|
| *Allocation of Benefits-In-Force (BIF) Reserve* | The BIF reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool. |
| *Census Data* | PERS staff provided the data on plan members and beneficiaries upon which this valuation is based. Milliman did not audit the data, but did review it for reasonableness and consistency with data provided for previous years, in accordance with Actuarial Standard of Practice No. 23.<br>PERS staff assisted in resolving questions and inconsistencies discovered in the data review, and provided updated records or direction for adjusting data as needed.<br>The final census data is expected to be sufficiently accurate and complete for purposes of the actuarial valuation, and we are not aware of any significant concerns or unresolved issues that would materially affect results. |
| *Internal Revenue Code 415 Benefit Limits* | Annual benefit limits under Internal Revenue Code 415 are not explicitly reflected in the valuation.<br>In accordance with ORS 238.488, we understand that members whose benefits are restricted by IRC 415 benefit limits are paid the difference between the unrestricted benefit and the IRC 415-restricted benefit from the Public Employee Benefit Equalization Fund. |

## Economic Assumptions

The Board adopted the following economic assumptions for the December 31, 2018 and 2019 actuarial valuations. All assumptions were reviewed and adopted in conjunction with the 2018 Experience Study, published in July 2019. The assumption selection process and rationale is described in detail in that report.

| | |
|---|---|
| *Investment return* | 7.20% compounded annually |
| *Pre-2014 Interest crediting* | 8.00% compounded annually on members' regular account balances<br>8.25% compounded annually on members' variable account balances |
| *Post-2013 Interest crediting* | 7.20% compounded annually on members' regular account balances<br>7.20% compounded annually on members' variable account balances |
| *Inflation* | 2.50% compounded annually |
| *Administrative expenses* | $32.5 million per year is added to the normal cost. |
| *Payroll growth* | 3.50% compounded annually. This assumption represents the sum of the inflation assumption and a real wage growth assumption of 100 basis points. |
| *Healthcare cost trend* | Healthcare cost trend rates are used to estimate increases in the RHIPA Maximum Subsidy. These rates were developed with consideration of the excise tax scheduled to be introduced in 2022 by the Affordable Care Act. The excise tax was repealed in December 2019, and this will be reflected in the trend rates developed with the 2020 Experience Study, and we do not anticipate that update will materially affected calculated rates. |

| Year[1] | Rate | Year | Rate |
|---|---|---|---|
| 2020 | 5.8% | 2046 – 2047 | 5.5% |
| 2021 | 5.2 | 2048 – 2050 | 5.4 |
| 2022 – 2024 | 5.0 | 2051 – 2053 | 5.3 |
| 2025 | 5.1 | 2054 – 2058 | 5.2 |
| 2026 – 2029 | 5.0 | 2059 – 2063 | 5.1 |
| 2030 | 5.4 | 2064 | 5.0 |
| 2031 – 2033 | 5.9 | 2065 | 4.9 |
| 2034 | 5.8 | 2066 – 2067 | 4.8 |
| 2035 | 5.9 | 2068 | 4.7 |
| 2036 – 2039 | 5.8 | 2069 | 4.6 |
| 2040 | 5.7 | 2070 | 4.5 |
| 2041 | 5.8 | 2071 – 2072 | 4.4 |
| 2042 | 5.7 | 2073 | 4.3 |
| 2043 | 5.8 | 2074 – 2093 | 4.2 |
| 2044 | 5.7 | 2094+ | 4.1 |
| 2045 | 5.6 | | |

1 *For valuation purposes, the health cost trend rates are assumed to be applied at the beginning of the plan year.*

## Demographic Assumptions

The Board adopted the following demographic assumptions for the December 31, 2018 and 2019 actuarial valuations. All assumptions were reviewed and adopted in conjunction with the 2018 Experience Study, published in July 2019. The study relied on data from an observation period of January 1, 2015 to December 31, 2018, with the exception of the merit scale assumption, which relied on data from 2010 through 2018. Assumptions selected from the study represent an estimate of future experience based on relevant recent experience and reasonable expectations about the future.

### Mortality

#### Healthy Retired Members and Beneficiaries

The following healthy annuitant mortality tables were first adopted in the December 31 valuation of the years shown.

| Basic Table | Pub-2010 Healthy Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Valuation Year Adopted |
|---|---|---|
| School District male | Teachers, no set back | 2018 |
| Other General Service male* | General Employees, set back 12 months | 2018 |
| Police & Fire male | Public Safety, no set back | 2018 |
| School District female | Teachers, no set back | 2018 |
| Other General Service female** | General Employees, no set back | 2018 |
| Police & Fire female | Public Safety, set back 12 months | 2018 |

** including male beneficiaries of members of all classes*
*** including female beneficiaries of members of all classes*

#### Disabled Retired Members

The following disabled retiree mortality rates were first adopted for the December 31, 2018 actuarial valuation.

| Basic Table | Pub-2010 Disabled Retiree, Sex Distinct, Generational Projection with Unisex Social Security Data Scale |
|---|---|
| Police & Fire male | Blended 50% Public Safety, 50% Non-Safety, no set back |
| Other General Service male | Non-Safety, set forward 24 months |
| Police & Fire female | Blended 50% Public Safety, 50% Non-Safety, no set back |
| Other General Service female | Non-Safety, set forward 12 months |

### Non-Annuitant Members

The following non-annuitant mortality tables were first adopted in the December 31 valuation of the years shown.

| Basic Table | Pub-2010 Employee, Sex Distinct, Generational Projection with Unisex Social Security Data Scale | Valuation Year Adopted |
|---|---|---|
| School District male | 120% of Employee table with same job category and set back as Healthy Retiree assumption | 2018 |
| Other General Service male | 115% of Employee table with same job category and set back as Healthy Retiree assumption | 2018 |
| Police & Fire male | 100% of Employee table with same job category and set back as Healthy Retiree assumption | 2018 |
| School District female | 100% of Employee table with same job category and set back as Healthy Retiree assumption | 2018 |
| Other General Service female | 125% of Employee table with same job category and set back as Healthy Retiree assumption | 2018 |
| Police & Fire female | 100% of Employee table with same job category and set back as Healthy Retiree assumption | 2018 |

### Retirement Assumptions

The retirement assumptions used in the actuarial valuation include the following:

- Retirement from active status/dormant status
- Probability a member will elect a lump sum option at retirement
- Percentage of members who elect to purchase credited service at retirement.

### Rates of Retirement from Active Status

The following retirement rate assumptions were first adopted in the December 31, 2018 valuation.

| | Police & Fire | | | General Service | | | School Districts | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | < 13 yrs | 13-24 yrs | 25+ yrs | < 15 yrs | 15-29 yrs | 30+ yrs | < 15 yrs | 15-29 yrs | 30+ yrs | Judges |
| Less than 50 | | | | | | 15.00% | | | 25.00% | |
| 50 | 1.50% | 2.50% | 27.50% | | | 15.00% | | | 25.00% | |
| 51 | 1.50% | 2.50% | 21.50% | | | 15.00% | | | 25.00% | |
| 52 | 1.50% | 2.50% | 21.50% | | | 15.00% | | | 25.00% | |
| 53 | 1.50% | 2.50% | 21.50% | | | 15.00% | | | 25.00% | |
| 54 | 1.50% | 3.50% | 21.50% | | | 15.00% | | | 25.00% | |
| 55 | 3.00% | 12.00% | 25.00% | 1.50% | 2.50% | 15.00% | 1.50% | 3.50% | 25.00% | |
| 56 | 3.00% | 8.00% | 25.00% | 1.50% | 2.50% | 15.00% | 1.50% | 3.50% | 25.00% | |
| 57 | 3.00% | 8.00% | 25.00% | 1.50% | 2.50% | 15.00% | 1.50% | 3.50% | 25.00% | |
| 58 | 6.00% | 8.00% | 25.00% | 1.50% | 9.00% | 21.00% | 1.50% | 11.00% | 27.50% | |
| 59 | 6.00% | 8.00% | 25.00% | 3.50% | 9.00% | 21.00% | 4.50% | 11.00% | 27.50% | |

| | Police & Fire | | | General Service | | | School Districts | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Age | < 13 yrs | 13-24 yrs | 25+ yrs | < 15 yrs | 15-29 yrs | 30+ yrs | < 15 yrs | 15-29 yrs | 30+ yrs | Judges |
| 60 | 6.00% | 11.00% | 25.00% | 6.00% | 11.00% | 21.00% | 6.50% | 12.50% | 27.50% | 8.50% |
| 61 | 6.00% | 14.00% | 25.00% | 6.00% | 11.00% | 21.00% | 6.50% | 12.50% | 27.50% | 8.50% |
| 62 | 15.00% | 25.00% | 38.00% | 13.00% | 19.50% | 31.00% | 15.00% | 23.50% | 34.00% | 8.50% |
| 63 | 15.00% | 15.00% | 28.00% | 11.50% | 16.50% | 23.00% | 13.00% | 19.50% | 26.50% | 8.50% |
| 64 | 15.00% | 15.00% | 28.00% | 12.50% | 16.50% | 23.00% | 13.00% | 19.50% | 31.50% | 8.50% |
| 65 | 100.00% | 100.00% | 100.00% | 19.50% | 28.00% | 35.50% | 25.50% | 33.50% | 45.00% | 8.50% |
| 66 | | | | 27.50% | 36.00% | 40.50% | 23.00% | 36.50% | 45.00% | 8.50% |
| 67 | | | | 22.50% | 26.50% | 28.50% | 21.00% | 34.50% | 42.00% | 16.00% |
| 68 | | | | 19.50% | 26.50% | 28.50% | 21.00% | 28.00% | 28.50% | 16.00% |
| 69 | | | | 19.50% | 26.50% | 28.50% | 21.00% | 28.00% | 28.50% | 16.00% |
| 70 | | | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

#### Retirement from Dormant Status

Dormant members are assumed to retire at Normal Retirement Age (age 58 for Tier 1, age 60 for Tier 2, age 60 for Judges, and age 55 for Police & Fire) or at the first unreduced retirement age (30 years of service, or age 50 with 25 years of service for Police & Fire).

#### Lump Sum Option at Retirement

Members retiring may elect to receive a full or partial lump sum at retirement. The probability that a retiring member will elect a lump sum at retirement is summarized in the table below. The total lump sum rates were first adopted effective December 31, 2016. The partial lump sum rate was first adopted effective December 31, 2018.

| Lump Sum Option at Retirement | |
|---|---|
| Partial Lump Sum: | 3.0% for all years |
| Total Lump Sum: | 1.0% for 2019, declining by 0.5% per year until reaching 0.0% |
| No Lump Sum: | 96.0% in 2019, increasing by 0.5% per year until reaching 97.0% |

#### Purchase of Credited Service at Retirement

The following percentages of members are assumed to purchase service credit at time of retirement for the six-month waiting period that occurs prior to establishing membership in the system. These rates were first adopted effective December 31, 2018.

| Purchase of Credited Service at Retirement | |
|---|---|
| Money Match Retirements: | 0% |
| Non-Money Match Retirements: | 70% |

The cost of the service purchase is estimated based on assumed salary and contribution rates at entry age.

#### State Judiciary Member Plan Election

All State Judiciary members are assumed to elect to retire under the provisions of Plan B.

### Disability Assumptions

There are two disability assumptions used in the valuation - duty disability and ordinary (non-duty) disability. Duty disability rates are separated between Police & Fire and General Service, while ordinary disability is the same for all members. The rates for ordinary disability and for duty disability for General Service were first adopted effective December 31, 2018. The rates for duty disability for Police & Fire were first adopted effective December 31, 2012.

| | Percentage of the 1985 Disability Class 1 Rates |
|---|---|
| Duty Disability Police & Fire | 20% |
| Duty Disability General Service | 0.8% |
| Ordinary Disability | 30% with 0.18% cap |

Ordinary disability rates are not applied until the minimum service requirement for non-duty disability benefits is met. Disability decrement rates continue to be applied after retirement eligibility.

### Termination Assumptions

The General Service termination assumptions were first adopted effective December 31, 2018. The School District termination assumptions were first adopted effective December 31, 2016. The Police & Fire termination assumption was first adopted effective December 31, 2014.

Sample termination rates are shown for each group below:

| Duration from Hire Date | School District Male | School District Female | General Service Male | General Service Female | Police & Fire |
|---|---|---|---|---|---|
| 0 | 16.63% | 13.50% | 15.00% | 15.50% | 10.00% |
| 1 | 14.25% | 12.50% | 12.50% | 14.50% | 5.97% |
| 5 | 6.86% | 7.13% | 7.19% | 8.04% | 3.31% |
| 10 | 3.31% | 3.85% | 4.13% | 4.77% | 2.23% |
| 15 | 2.30% | 2.68% | 2.93% | 3.43% | 1.50% |
| 20 | 1.62% | 1.95% | 2.08% | 2.47% | 1.01% |
| 25 | 1.20% | 1.50% | 1.47% | 1.78% | 0.80% |
| 30+ | 1.20% | 1.50% | 1.40% | 1.40% | 0.80% |

Termination rates are not applied after a member reaches retirement eligibility. For a complete table of rates, please refer to the 2018 Experience Study report for the System, published in July 2019.

### Oregon Residency Post-Retirement

For purposes of determining eligibility for SB 656/HB 3349 benefit adjustments, 85% of retirees are assumed to remain Oregon residents after retirement. This assumption was first adopted effective December 31, 2012.

### Police & Fire Unit Purchase

Police & Fire members retiring from active service prior to age 65 are assumed to purchase additional benefit units at an estimated employer matching cost of $4,000.

### Salary Increase Assumptions

The salary increase assumptions reflected in the actuarial valuation include:

- Merit scale increases in addition to the payroll growth increase
- Unused Sick Leave adjustments
- Vacation Pay adjustments

### Merit Scale Increases

Merit scale increases are based on duration of service for the following groups with sample rates shown in the following table. These rates were first adopted effective December 31, 2018, except for the Police & Fire assumption, which was adopted December 31, 2016.

| Duration | School District | Other General Service | Police & Fire |
|---|---|---|---|
| 0 | 3.72% | 3.70% | 4.44% |
| 1 | 3.43% | 3.37% | 3.95% |
| 5 | 2.34% | 2.24% | 2.39% |
| 10 | 1.14% | 1.21% | 1.23% |
| 15 | 0.17% | 0.54% | 0.69% |
| 20 | -0.53% | 0.16% | 0.52% |
| 25 | -0.89% | 0.01% | 0.44% |
| 30+ | -0.95% | 0.00% | 0.21% |

The assumed merit scale increase for active State Judiciary members is 0.0%.

For a complete table of rates, please refer to the 2018 Experience Study for the System, published in July 2019.

### Unused Sick Leave

Members covered by the provision allowing unused sick leave to be used to increase final average salary at time of retirement are assumed to receive increases in their final average salary in accordance with the table below. This adjustment is not applied to disability benefits. Effective dates for the current assumption are shown in the table.

| Unused Sick Leave | | Valuation year adopted |
|---|---|---|
| ***Actives*** | | |
| • State General Service Male | 7.00% | 2018 |
| • State General Service Female | 3.75% | 2010 |
| • School District Male | 7.75% | 2018 |
| • School District Female | 5.75% | 2012 |
| • Local General Service Male | 5.25% | 2018 |
| • Local General Service Female | 3.50% | 2018 |
| • State Police & Fire | 4.00% | 2018 |
| • Local Police & Fire | 7.25% | 2016 |
| ***Dormant Members*** | 3.25% | 2016 |

### Vacation Pay

Members eligible to include a lump sum payment of unused vacation pay in their final average salary calculation at time of retirement are assumed to receive increases in their final average salary in accordance with the table below. This adjustment is not applied to disability benefits. These rates were adopted December 31, 2018, except the school district rates which were adopted effective December 31, 2012.

| Vacation Pay | |
|---|---|
| ***Tier 1*** | |
| • State General Service | 2.25% |
| • School District | 0.25% |
| • Local General Service | 3.25% |
| • State Police & Fire | 2.75% |
| • Local Police & Fire | 4.25% |
| ***Tier 2*** | 0.00% |

### Retiree Healthcare Participation

The following percentages of eligible retiring members are assumed to elect RHIPA and RHIA coverage:

| Retiree Healthcare Participation | |
|---|---|
| ***RHIPA*** | |
| • 8 – 9 years of service | 10.0% |
| • 10 – 14 years of service | 10.0% |
| • 15 – 19 years of service | 15.0% |
| • 20 – 24 years of service | 19.0% |
| • 25 – 29 years of service | 26.0% |
| • 30+ years of service | 34.0% |
| ***RHIA*** | |
| • Healthy Retired | 32.0% |
| • Disabled Retired | 20.0% |

The RHIA disabled retired rate was first adopted December 31, 2008. The RHIA healthy retired rate and RHIPA rates for 15 or more years of service were adopted December 31, 2018. RHIPA Rates up through 14 years of service were first adopted effective December 31, 2012

### Spouse Assumptions

Non-annuitant death benefits are valued assuming all members are married. Future participants in RHIA and RHIPA are assumed to have eligible spouses. For these purposes, the spouse is assumed to be three years younger than a male member or three years older than a female member.

### Actuarial Equivalence Assumptions

Early retirement factors and optional form conversion factors are assumed to remain level in all future years.

For members with pop-up annuities, the future amount payable if the spouse predeceases the member is estimated based on an assumed 0.90 optional form conversion factor for 100% contingent annuities and an assumed 0.94 optional form conversion factor for 50% contingent annuities.

## OPSRP

Most of the methods and assumptions adopted for the OPSRP valuation are the same as those used for Tier 1/Tier 2. The methods and assumptions that differ for OPSRP are summarized below. The Board adopted the following methods, procedures and assumptions for the December 31, 2018 and December 31, 2019 actuarial valuations.

### Actuarial Methods and Valuation Procedures

| | |
|---|---|
| *OPSRP UAL amortization* | The UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized. |

### Economic Assumptions

| | |
|---|---|
| *Administrative expenses* | $8.0 million per year is added to the normal cost. |

### Demographic Assumptions

**Rates of Retirement from Active Status**

| | Police & Fire | | | General Service | | | School Districts | | |
|---|---|---|---|---|---|---|---|---|---|
| Age | < 13 yrs | 13-24 yrs | 25+ yrs | < 15 yrs | 15-29 yrs | 30+ yrs | < 15 yrs | 15-29 yrs | 30+ yrs |
| 50 | 0.50% | 1.50% | 5.50% | | | | | | |
| 51 | 0.50% | 1.50% | 5.50% | | | | | | |
| 52 | 0.50% | 1.50% | 5.50% | | | | | | |
| 53 | 0.50% | 1.50% | 25.00% | | | | | | |
| 54 | 0.50% | 1.50% | 21.50% | | | | | | |
| 55 | 2.00% | 5.00% | 25.00% | 1.00% | 2.50% | 5.00% | 1.00% | 2.50% | 5.00% |
| 56 | 2.00% | 5.00% | 25.00% | 1.00% | 2.50% | 5.00% | 1.00% | 2.50% | 5.00% |
| 57 | 2.00% | 5.00% | 25.00% | 1.00% | 2.50% | 7.50% | 1.00% | 2.50% | 7.50% |
| 58 | 5.00% | 5.00% | 25.00% | 1.50% | 3.00% | 30.00% | 1.50% | 3.00% | 30.00% |
| 59 | 5.00% | 5.00% | 25.00% | 2.00% | 3.00% | 25.00% | 1.50% | 3.00% | 25.00% |
| 60 | 5.00% | 15.00% | 25.00% | 3.00% | 3.75% | 20.00% | 2.50% | 3.75% | 20.00% |
| 61 | 5.00% | 8.50% | 25.00% | 3.00% | 5.00% | 20.00% | 3.00% | 5.00% | 20.00% |
| 62 | 10.00% | 25.00% | 38.00% | 8.00% | 12.00% | 30.00% | 6.00% | 12.00% | 30.00% |
| 63 | 7.00% | 15.00% | 28.00% | 7.00% | 10.00% | 20.00% | 6.00% | 10.00% | 20.00% |
| 64 | 7.00% | 15.00% | 28.00% | 7.00% | 10.00% | 20.00% | 6.00% | 10.00% | 20.00% |
| 65 | 100.00% | 100.00% | 100.00% | 14.50% | 35.00% | 20.00% | 11.50% | 35.00% | 20.00% |
| 66 | | | | 18.50% | 33.00% | 20.00% | 12.50% | 33.00% | 20.00% |
| 67 | | | | 17.00% | 22.00% | 30.00% | 11.00% | 22.00% | 30.00% |
| 68 | | | | 13.00% | 17.00% | 20.00% | 9.00% | 17.00% | 20.00% |
| 69 | | | | 13.00% | 17.00% | 20.00% | 9.00% | 17.00% | 20.00% |
| 70 | | | | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

### Retirement from Dormant Status

Dormant members are assumed to retire at their Normal Retirement Age.

### Disability Assumptions

Assumed disability rates are not applied to OPSRP members after they reach Normal Retirement Age.

Cost of living increases for the adjusted salary used to calculate retirement benefits for disabled OPSRP members are estimated based on the valuation inflation assumption.

## Changes in Actuarial Methods and Assumptions — Tier 1/Tier 2 and OPSRP

A summary of key changes implemented since the December 31, 2018 valuation are described briefly below.

### Changes in Actuarial Methods and Allocation Procedures

There were no changes to actuarial methods and procedures since the December 31, 2018 actuarial valuation.

### Changes in Economic Assumptions

There were no changes to economic assumptions since the December 31, 2018 actuarial valuation.

### Changes in Demographic Assumptions

There were no changes to demographic assumptions since the December 31, 2018 actuarial valuation.

# Summary of Plan Provisions

## Summary of Plan Provisions

The following section summarizes the plan provisions considered in the actuarial valuation. A more detailed description of plan provisions is available from PERS.

| | | |
|---|---|---|
| *Membership* | All employees of public employers participating in this System who are in qualifying positions become members of the System after completing six months of service except those who are eligible for and have elected to participate in an optional retirement plan. Different benefit provisions of the plan apply based on date of hire. | |
| | **Tier 1** | Hired prior to 1996 |
| | **Tier 2** | Hired after 1995 and before August 29, 2003 |
| | **OPSRP** | Hired after August 28, 2003, and neither a judge nor a former Tier 1/Tier 2 member eligible to reestablish Tier 1/Tier 2 membership |
| | **Judges** | Members of the State Judiciary |
| *Member Contributions* | **Judges** | 7% of salary |
| | **All others** | None as of valuation date<br>Prior to January 1, 2004, Tier 1/Tier 2 members contributed 6% of salary to member accounts.<br>Effective July 1, 2020: 2.50% of salary for Tier 1/Tier 2 members and 0.75% of salary for OPSRP members (only applicable to members earning at least $2,500 per month, indexed for inflation) will be contributed to Employee Pension Stability Accounts (EPSA). EPSA balances will not affect the calculation of Money Match or Formula Plus Annuity benefits. |
| *Employer Contributions* | Set by the PERS Board based on actuarial calculations that follow Board rate-setting policies for employers. | |

## Summary of Chapter 238 Provisions — Tier 1/Tier 2 and Judges

*Normal Retirement Date*

| | |
|---|---|
| **Police and Fire** | Age 55 |
| **Judges** | Age 65 |
| **Tier 1 General Service** | Age 58 |
| **Tier 2 General Service** | Age 60 |

*Normal Retirement Allowance*

For Members who are not Judges, the greatest of the Full Formula benefit, the Money Match benefit, or the Formula Plus Annuity benefit (only available to Members who made contributions before August 21, 1981). For Members with 15 or more years of creditable service, the benefit will not be less than the minimum service retirement allowance of $100 per month, as described in ORS 238.310.

**Full Formula** The percentage multiplier from the table below multiplied by final average salary and years of creditable service plus a prior service pension, if applicable.

| Percentage Multiplier | Membership Classification |
|---|---|
| 2.00% | Fire, Police and Legislators |
| 1.67% | All other members |

**Money Match** The Member's account balance and a matching employer amount converted to an actuarially equivalent annuity.

**Formula Plus Annuity** The Member's account balance converted to an actuarially equivalent cash refund annuity plus the percentage multiplier from the table below multiplied by final average salary and years of creditable service, plus a prior service pension, if applicable.

| Percentage Multiplier | Membership Classification |
|---|---|
| 1.35% | Fire, Police and Legislators |
| 1.00% | All other members |

**Judges** Final average salary multiplied by the first percentage multiplier from the table below for up to 16 years of service plus the second percentage multiplier for any service in excess of 16 years, but not to exceed the maximum percentage of final average salary also shown below. Judges must elect Plan A or Plan B no later than age 60. A "Plan B" judge must serve as a pro tem judge for a total of 175 days postretirement.

| Plan | Percentage Factor (up to 16 years) | Percentage Factor (after 16 years) | Maximum Percentage of Final Average Salary |
|---|---|---|---|
| A | 2.8125% | 1.67% | 65% |
| B | 3.75% | 2.00% | 75% |

*Final Average Salary*

The greater of:

- Average salary earned during the three calendar years in which the member was paid the highest salary, even if one of those years is less than a full calendar year.
- Total salary earned over the last 36 months of employment divided by the actual months of service during that 36 month period.

Covered salary for this purpose includes the value of member contributions assumed and paid by employers, any payment due to an employer's participation in the Unused Sick Leave program, and, for Tier 1 members, lump sum payment of unused vacation time.

For Tier 2 members, covered salary is limited by Internal Revenue Code 401(a)(17). The limit was $280,000 in 2019. Tier 1 members are not subject to this limit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to $195,000 in 2020, and will be indexed with inflation in later years. For this purpose, payment due to the unused sick leave program will not be affected by the Final Average Salary limit. However, lump sum payments of unused vacation time for Tier 1 members will be included in total salary subject to the limit.

*Creditable Service*

The number of years and months an active Member is paid a salary by a participating PERS employer and PERS benefits are being funded.

*Prior Service Pension*

Benefits payable on account of Prior Service Credit for a member's service with a participating employer prior to the employer's participation in PERS, as described in ORS 238.442.

*SB 656/HB 3349 Adjustment*

All members receive an increase to their monthly retirement benefit equal to the greater of the increase under Senate Bill 656 (SB 656) or House Bill 3349 (HB 3349). The adjustment for SB 656 only applies to members who established membership prior to July 14, 1995. Senate Bill 822, enacted in 2013, limits eligibility for these adjustments to only PERS beneficiaries who pay Oregon state income tax.

**SB 656 Increase**

| Years of Service | General Service | Police & Fire |
|---|---|---|
| 0-9 | 0.0% | 0.0% |
| 10-14 | 1.0 | 1.0 |
| 15-19 | 1.0 | 1.0 |
| 20-24 | 2.0 | 2.5 |
| 25-29 | 3.0 | 4.0 |
| 30 & Over | 4.0 | 4.0 |

**HB 3349 Increase**

$$\left(\frac{1}{1 - \text{maximum Oregon personal income tax rate (limited to 9\%)}} - 1\right) \times \frac{\text{Service prior to October 1, 1991}}{\text{All Service}}$$

| | | |
|---|---|---|
| *Early Retirement Eligibility* | **Police and Fire** | Age 50 or 30 years of service |
| | **Judges** | Age 60 |
| | **General Service** | Age 55 or 30 years of service |
| *Early Retirement Allowance* | Normal retirement allowance, actuarially reduced to early retirement age. However, there is no reduction applied if a member has completed 30 years of service (25 years for police & fire members) or for judges in Plan B. | |
| *Vesting* | Contributions made in any part of five calendar years or attainment of age 50 (45 for police & fire) while working in a qualifying position. | |
| *Termination Benefits* | **Non-Vested** | Payment of member's account balance. |
| | **Vested** | Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date. |
| *Optional Forms of Retirement Allowance* | The normal form of benefit is a cash refund annuity (joint and two-thirds survivor contingent annuity for a married judge). All optional amounts are adjusted to be actuarially equivalent.<br>**Options Available**<br>• Life annuity<br>• Cash refund annuity<br>• Life annuity guaranteed 15 years<br>• Joint and 50% or 100% survivor contingent annuity, with or without pop-up feature<br>• Partial Lump Sum: Refund of member contribution account balance plus a pension (under any optional form) of employer-paid portion of the Full Formula or Money Match annuity.<br>• Total Lump Sum: Refund of member contribution account plus a matching employer amount. | |
| *Preretirement Death Benefit Eligibility* | **Judges** | Six or more years of service. |
| | **All others** | Death occurring while the member is an employee of a participating employer or within 120 days of termination provided the employee does not withdraw the account balance or retire, or a result of injuries received while in the service of a participating employer. |
| *Preretirement Death Benefit* | **Judges** | The spouse shall receive a life pension equal to two-thirds of the service retirement allowance. The beneficiary of an unmarried judge shall receive the member's accumulated contributions with interest. |
| | **All others** | The member's account balance plus a matching employer amount. |
| *Additional Police & Fire Death Benefits* | Upon the death of a retired police officer or firefighter, the surviving spouse or dependent children under age 18 will receive a monthly benefit based on 25% of the cash refund retirement allowance due to police and fire service. | |
| *Disability Benefit Eligibility* | **Duty** | Disability occurring as a direct result of a job-related injury or illness, regardless of length of service. |
| | **Non-Duty** | Disability occurring after ten years of service (six years, if a judge), but prior to normal retirement eligibility. |

| | |
|---|---|
| *Disability Benefits* | The normal retirement allowance calculated based on the service credit that would have been earned if the member had continued working to age 58 (age 55 for police and fire, age 65 for judge members) payable commencing immediately.<br>**Fire and Police Members' Alternative**<br>In lieu of the above, firefighters and police officers who qualify for duty disability may elect to receive a benefit of 50% of final average monthly salary at the time of disablement.<br>**Minimum Monthly Retirement Allowance**<br>**Judges** 45% of final average monthly salary.<br>**All others** $100 for a member with at least 15 years of creditable service, actuarially reduced if an optional form of benefit is chosen.<br>**Reduction of Benefits**<br>Whenever a disabled employee's disability benefit and earned income for any month exceed the monthly salary received at the time of disablement or $400, if greater, the disability benefit will be reduced by the excess.<br>For Tier Two members, the disability benefit may not exceed the member's salary at the time of disablement. |
| *Waiting Time Service Purchases* | Members with at least 10 years of combined credited and/or prior service under PERS may elect to purchase service credit for the six-month "waiting time" period worked prior to establishing membership in the system. The waiting time purchase is interest-free and must be purchased in one payment prior to retirement. |
| *Police & Fire Unit Purchases* | Police & fire members may purchase 60-month annuity benefits (up to $80 per month) that must be paid out by age 65 and cannot commence prior to the earliest retirement age. The amount purchased by the member is matched by the employer. In certain situations, such as termination of employment prior to retiring, or working beyond age 65, the employer's matching purchase is forfeited. |
| *Automatic Postretirement Cost of Living Adjustments (COLAs)* | All monthly pension and annuity benefits except unit purchases are eligible for postretirement adjustments. As a result of the Senate Bills 822 and 861 and the Oregon Supreme Court decision in *Moro v. State of Oregon*, automatic postretirement adjustments are based on a blended COLA as described below.<br>**Automatic COLA prior to SB 822 and SB 861** Benefits were adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics.<br>The maximum adjustment to be made for any year was 2% of the previous year's benefit. Any CPI change in excess of the limit was accumulated for future benefit adjustments which would otherwise be less than the limit. No benefit was decreased below its original amount.<br>**Automatic Adjustments Provided by Senate Bills 822 and 861** This legislation, passed in 2013, provided for that benefits would be increased annually based on a marginal rate schedule. The increase is calculated as 1.25% on the first $60,000 of annual benefit and 0.15% on amounts above $60,000 of annual benefit. |

| | | |
|---|---|---|
| | **Blended COLA after *Moro* decision** | The Supreme Court decision in *Moro* requires that members "will be entitled to receive during retirement a blended COLA rate that reflects the different COLA provisions applicable to benefits earned at different times." The Supreme Court did not articulate a specific methodology for determining the blended COLA. For purposes of this valuation, we have determined the blend based on creditable service earned before and after October 2013. This approach is consistent with OAR 459-005-0510 adopted by the PERS Board in September 2015. |
| *Ad Hoc Adjustments* | From time to time, as granted by the Legislature, retired members and beneficiaries have received increases in their monthly benefits. | |
| *Variable Annuity Program* | **Contributions** | Prior to January 1, 2004, members could elect to have 25, 50 or 75 percent of their contributions invested in the variable account. |
| | **Benefit** | At retirement, members may elect to receive a variable annuity with the funds accumulated in their variable account.<br>Alternatively, members may elect to have all or a portion of the funds in their variable account transferred back to the regular account and receive an annuity from the System as though no variable annuity program existed.<br>The employer-provided benefit, however, is based on the earnings the member would have received in the regular account. |
| *Interest Credit on Member Accounts* | **Tier 1 Regular** | Actuarially assumed rate of return until the rate guarantee reserve has been fully funded for three consecutive years and the Board elects to credit additional interest. |
| | **Tier 2 Regular** | Amount determined by the Board based on actual investment earnings of the regular account. |
| | **Variable** | Actual earnings in variable account. |
| *Retiree Healthcare – Medicare Supplement (RHIA)* | **Retiree Eligibility** | All of the following must be met:<br>(a) Currently receiving a retirement allowance from the System,<br>(b) Covered for eight years before retirement,<br>(c) Enrolled in a PERS-sponsored health plan, and<br>(d) Enrolled in both Medicare Part A and Part B. |
| | **Surviving Spouse or Dependent Eligibility** | A surviving spouse or dependent of a deceased RHIA-eligible retiree is eligible for RHIA benefits if they are enrolled in both Medicare Part A and Part B, and *either* of the following criteria are met:<br>(a) Currently receiving a retirement allowance from the System, or<br>(b) The surviving spouse or dependent was covered under the eligible retiree's PERS-sponsored health insurance at the time of the retiree's death and the deceased retiree retired before May 1, 1991. |

| | | |
|---|---|---|
| | **Benefit Amount** | A monthly contribution of up to $60 per retiree is applied to PERS-sponsored Medicare supplemental insurance costs. |
| *Retiree Healthcare – Under Age 65 (RHIPA)* | **Retiree Eligibility** | Retired PERS members who were state employees at the time of retirement, are enrolled in a PERS-sponsored health plan, and are not eligible for Medicare. |
| | **Surviving Spouse or Dependent Eligibility** | A surviving spouse or dependent of a deceased RHIPA-eligible retiree is eligible for RHIPA benefits if they are not yet eligible for Medicare, and *either* of the following criteria are met:<br>(a) Currently receiving a retirement allowance from the System, or<br>(b) The surviving spouse or dependent was covered under the eligible retiree's PERS-sponsored health plan at the time of the retiree's death and the deceased retiree retired on or after September 29, 1991. |
| | **Benefit** | A percentage (as shown in the table below) of the maximum monthly subsidy based on years of service. The maximum monthly subsidy is calculated annually as the average difference between the health insurance premiums paid by active state employees and the premium retirees would pay if they were rated separately from active state employees.<br>The maximum monthly subsidy for 2020 is $428.17 per month. |

| Years of Service with State Employer | Subsidized Amount |
|---|---|
| Under 8 | 0% |
| 8-9 | 50% |
| 10-14 | 60% |
| 15-19 | 70% |
| 20-24 | 80% |
| 25-29 | 90% |
| 30 & Over | 100% |

| | |
|---|---|
| *Changes in Plan Provisions* | There were no changes in the Tier 1/Tier 2 benefit provisions reflected since the December 31, 2018 actuarial valuation. |

## Summary of Chapter 238A Provisions — OPSRP

| | | |
|---|---|---|
| *Normal Retirement Date* | **Police & Fire** | Age 60 or age 53 with 25 years of retirement credit |
| | **General Service** | Age 65 or age 58 with 30 years of retirement credit |
| | **School Districts** | Age 65 or age 58 with 30 calendar years of active membership |
| *Normal Retirement Allowance* | A single life annuity equal to final average salary times years of retirement credit attributable to service as fire and police times 1.8% plus final average salary times all other years of retirement credit times 1.5%. | |
| *Final Average Salary* | The greater of:<br>• Average salary earned during the three calendar years in which the member was paid the highest salary, even if one of those years is less than a full calendar year.<br>• Total salary earned over the last 36 months of employment divided by the actual months of service during that 36 month period.<br>Covered salary for this purpose includes base pay, plus overtime up to an average amount, plus bonuses, plus member contributions paid by the employer on a salary reduction basis. Excludes payments of unused vacation or accumulated sick leave at retirement, and member contributions “assumed and paid” by the employer.<br>For OPSRP members, covered salary is limited by Internal Revenue Code 401(a)(17) The limit was $280,000 in 2019.<br>Under Senate Bill 1049 passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit will be equal to $195,000 in 2020, and will be indexed with inflation in later years. | |
| *Early Retirement Eligibility* | **Police & Fire** | Age 50 and 5 years of vesting service |
| | **General Service** | Age 55 and 5 years of vesting service |
| *Early Retirement Allowance* | Normal retirement allowance, actuarially reduced to early retirement age. | |
| *Vesting* | Five years or attainment of normal retirement age. | |
| *Vested Termination Benefit* | Same as normal (or early) retirement allowance, but commencement is deferred to normal (or early) retirement date. | |
| *Optional Forms of Retirement Benefit* | The normal form of benefit is a life annuity. All optional amounts are adjusted to be actuarially equivalent.<br>**Options Available**<br>• Life annuity<br>• Joint and 50% or 100% survivor contingent benefit, with or without pop-up feature<br>• Lump sum if monthly normal retirement benefit is less than $200 or if lump sum value is less than $5,000. | |
| *Preretirement Death Benefit Eligibility* | Death of a vested member before retirement benefits begin. | |

| | | |
|---|---|---|
| *Preretirement Death Benefit* | If member was eligible for early retirement, the actuarial equivalent of 50% of the early retirement benefit the participant was eligible to receive at date of death. If member was not eligible for early retirement, the actuarial equivalent of 50% of the early retirement benefit the participant would have been eligible to receive if he terminated employment on his date of death and retired at the earliest possible date. | |
| *Disability Benefit Eligibility* | **Duty** | Disablement occurring as a direct result of a job-related injury or illness, regardless of length of service. |
| | **Non-Duty** | Disablement occurring after ten years of service, but prior to normal retirement eligibility. |
| *Disability Benefit Amounts* | **Preretirement Benefit** | 45% of salary during last full month of employment before disability, reduced if the total benefit exceeds 75% of salary. Benefit is payable monthly until normal retirement age. |
| | **Retirement Benefit** | Same formula as Normal Retirement Benefit, except:<br>Final average salary is adjusted to reflect cost-of-living increases from date of disability to normal retirement age, and<br>Retirement credits continue to accrue from date of disability to normal retirement age. |
| *Postretirement Adjustments* | All monthly pension and annuity benefits except unit purchases are eligible for postretirement adjustments. As a result of the Senate Bills 822 and 861 and the Oregon Supreme Court decision in *Moro v. State of Oregon*, automatic postretirement adjustments are based on a blended COLA as described below. | |
| | **Automatic COLA prior to SB 822 and SB 861** | Benefits were adjusted annually to reflect the increase or decrease in the Consumer Price Index (Portland area - all items) as published by the Bureau of Labor Statistics.<br>The maximum adjustment to be made for any year was 2% of the previous year's benefit. Any CPI change in excess of the limit was accumulated for future benefit adjustments which would otherwise be less than the limit. No benefit was decreased below its original amount. |
| | **Automatic Adjustments Provided by Senate Bills 822 and 861** | This legislation, passed in 2013, provided for that benefits would be increased annually based on a marginal rate schedule. The increase is calculated as 1.25% on the first $60,000 of annual benefit and 0.15% on amounts above $60,000 of annual benefit. |
| *Changes in Plan Provisions* | There were no changes in the OPSRP benefit provisions reflected since the December 31, 2018 actuarial valuation. | |

# Risk Disclosure

## Risk Disclosure

The purpose of this appendix is to identify, assess, and provide illustrations of risks that are significant to Oregon PERS, and in some cases to PERS members.

The results of any actuarial valuation are based on one set of assumptions. Although we believe the current assumptions for the System provide a reasonable estimate of future expectations, it is almost certain that future experience will differ from the assumptions to some extent. It is therefore important to consider the potential impacts of these potential differences between assumptions and experience when making decisions that may affect the future financial health of the System, or of the System's members.

Actuarial Standard of Practice No. 51 (ASOP 51) addresses these issues by providing actuaries with guidance for assessing and disclosing the risk associated with measuring pension liabilities and the determination of pension plan contributions. Specifically, it directs the actuary to:

- Identify risks that may be significant to the plan.
- Assess the risks identified as significant to the plan. The assessment does not need to include numerical calculations.
- Disclose plan maturity measures and historical information that are significant to understanding the plan's risks.

ASOP 51 states that if in the actuary's professional judgment, a more detailed assessment would be significantly beneficial in helping the individuals responsible for the plan to understand the risks identified by the actuary, then the actuary should recommend that such an assessment be performed.

This Section uses the framework of ASOP 51 to communicate important information about significant risks to the System, the System's maturity, and relevant historical data.

**Identification of Risks**

There are a number of factors that affect future valuation results. To the extent actual experience for these factors varies from the assumptions, this will likely cause either increases or decreases in the System's future funding level and calculated contribution rates. Examples of factors that can have a significant impact on valuation results are:

- Investment return, as this will impact the level of assets available to pay benefits
- Change in combined (Tier 1/Tier 2 and OPSRP) valuation payroll, as this will impact the size of contributions received and the ability to finance unfunded amounts as a percent of future pay
- Legislative changes and judicial rulings, as these can impact both benefit levels and contribution rates
- Individual member salary variation, as this will impact the size of benefits members receive as a percent of final earnings
- Mortality, as this will impact how long retirees receive benefits
- Service retirement, as this will impact how long retirees receive benefits, the size of retiree benefits, the amount of time over which employer and employee contributions are received, and the amount of time for investment earnings to accumulate on those contributions
- Termination (members leaving active employment for reasons other than death, disability or service retirement), as this will impact the size of benefits for those members

*Investment Return*

Of the factors listed above, we believe the factor with the greatest potential risk is future investment returns. For this reason, we prepare a financial modeling analysis for the PERS Board each year that illustrates a wide range of potential future investment returns. In that analysis, we perform both deterministic and stochastic projections to study the impact of various investment return scenarios on future system-average contribution rates and funded status compared to the case in which the actual investment rate of return matches the assumed investment rate of return.

*System Payroll Growth*

Under the current funding policy, UAL amounts are amortized as a level percentage of projected combined valuation payroll over the selected amortization period. If the System's payroll grows at the assumed rate, and all other assumptions are met, this would produce a UAL contribution rate that remains level as a percentage of payroll during the amortization period. However, if payroll grows less than assumed, the dollar amount of contributions will be less than projected, and the UAL contribution rate in subsequent valuations would have to increase to make up for those UAL losses.

*Legislative Changes and Judicial Rulings*

Legislative changes and judicial rulings can affect both benefit levels and contribution rates. Examples include 2013 legislative changes, which reduced COLA levels and directed the PERS Board to reduce previously-adopted contribution rates; a 2015 judicial ruling, which overturned much of the previous reduction to COLA levels; and 2019 legislative changes, which directed the PERS Board to re-amortize Tier 1/Tier 2 UAL over a new 22-year period and redirected a portion of Member IAP contributions to offset future employer contribution rates. If future legislative changes limit or reduce short-term contributions, then contribution rates may need to be increased in future to make up the shortfall. And if future judicial rulings overturn past benefit changes, then future contribution rates may need to be increased to cover the resulting impact on liabilities.

*Demographic Experience*

While future investment returns will likely cause the greatest deviation from expected experience, there are many other assumptions made in an actuarial valuation. For these assumptions, differences between actual and assumed experience will also result in actuarial gains and losses. The executive summary of this report provides a look at the impact in the past year of actual experience deviating from assumed.

**Maturity Measures and Historical Information**

The remainder of this section contains historical information concerning the System's Asset Volatility Ratio (AVR) and Liability Volatility Ratio (LVR). Additional historical information can be found in the executive summary and the *Accounting/CAFR Exhibits* section.

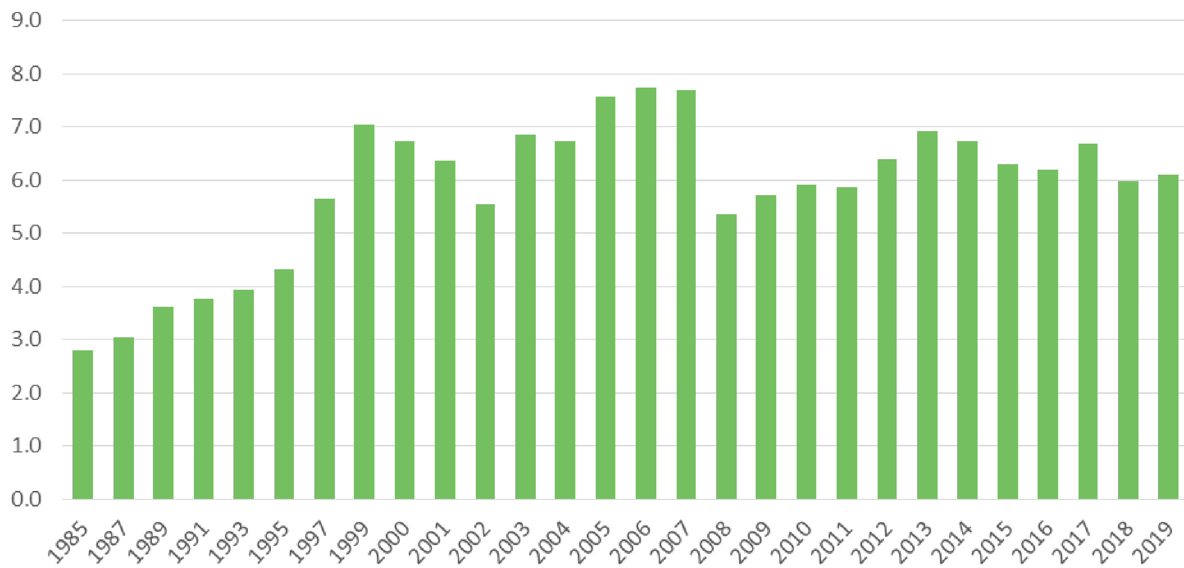
**Asset Volatility Ratios and Liability Volatility Ratios**

The magnitude of any contribution rate increase or decrease is affected by the System's maturity level. As a system matures, its liabilities and assets tend to grow relative to the size of its covered payroll. This creates more volatility in the contributions needed to fund the system.

One indicator of this potential volatility is the Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total valuation payroll. As assets grow compared to valuation payroll, any percentage gain or loss on those assets will be larger compared to valuation payroll. This causes any resulting changes in required contributions from those gains or losses to also be larger when measured as a percentage of valuation payroll. Therefore, plans with a high AVR will be subject to a greater level of volatility in required contributions. The AVR is a current measure since it is based on the current level of assets and will vary from year to year.

The current AVR on a combined basis for Tier 1/Tier 2 and OPSRP (including side accounts) is 6.1. The AVR grew from 2.8 at December 31, 1985 to a high of 7.7 at December 31, 2006. The graph below shows how the System matured during the last 34 years, as represented by the increasing AVR.

**Asset Volatility Ratio (Market Value of Assets ÷ Valuation Payroll)**




The following chart provides an illustration of how increases in the AVR increase the volatility of contributions due to the larger relative size of asset gains and losses.

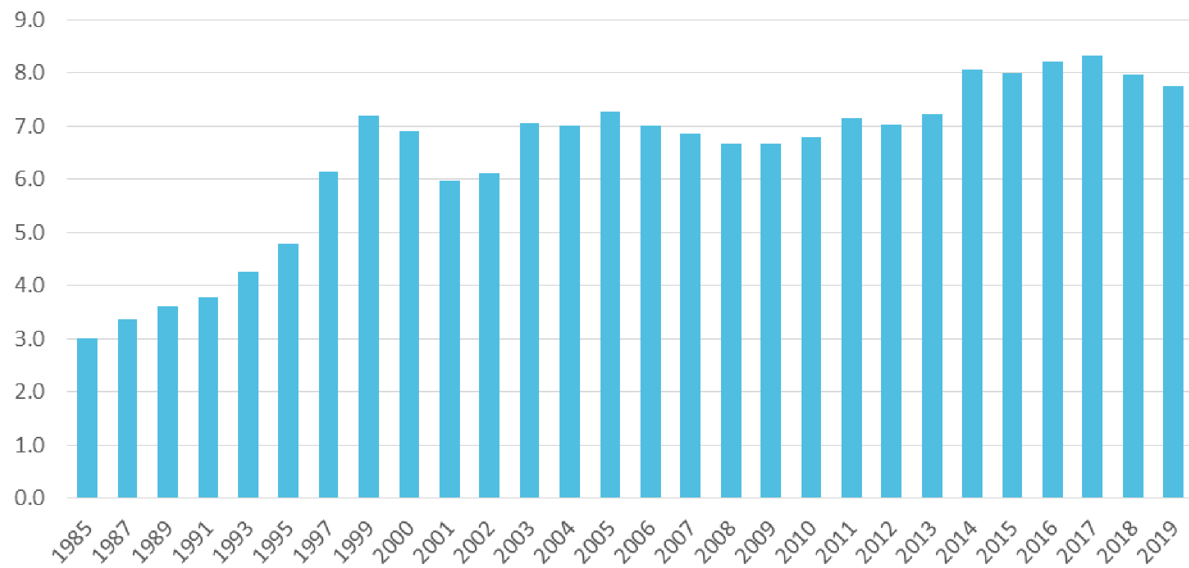
| Illustrative effect of 10% asset loss (compared to assumed rate) with 20 year amortization using PERS assumptions | |
|---|---|
| **Asset Volatility Ratio** | **Uncollared Contribution Rate Increase** |
| 3.0 | 2.12% |
| 4.0 | 2.82% |
| 5.0 | 3.53% |
| 6.0 | 4.24% |
| 7.0 | 4.94% |

A one-year return of negative 2.80% is approximately a 10% asset loss for Oregon PERS because it is 10% below the 7.20% investment return assumption. As shown in the chart, if a return of negative 2.80% is not offset by future gains and the AVR was 3.0, the loss is expected to increase the uncollared contribution rate by 2.12% of pay if amortized over 20 years. However, with an AVR of 6.0, the same return is expected to increase contributions by 4.24% of valuation payroll if amortized over 20 years.

Another measure of a system's maturity is the Liability Volatility Ratio (LVR), which is equal to the AL divided by the total valuation payroll. This ratio provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. In addition, this ratio provides an indication of the potential contribution volatility due to demographic experience (gains and losses) and liability re-measurements (assumption changes). For Oregon PERS, the current LVR is 7.8.

The graph below shows the historical LVR since December 31, 1985. It follows a similar pattern to the Asset Volatility Ratio, except the increase is more gradual and the year-to-year variance is significantly less.

**Liability Volatility Ratio (Actuarial Accrued Liability ÷ Valuation Payroll)**



# Glossary

## Glossary

**Actuarial Accrued Liability.** The portion of the present value of prospective benefits allocated to service and compensation before the valuation date in accordance with the actuarial cost method.

**Actuarial Value of Assets.** The value of assets used in calculating the required contributions. The actuarial value of assets may be equal to the fair market value of assets, or it may spread the recognition of certain investment gains or losses over a period of years in accordance with an asset valuation method.

**Actuarial Assumptions.** Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement; rates of investment earnings and other relevant items.

**Actuarial Cost Method.** Sometimes called "funding method," a particular technique used by actuaries to establish the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded accrued liability. Ordinarily, the annual contribution to the plan comprises the normal cost and an amount for amortization of the unfunded accrued liability.

**Actuarial Gain or (Loss).** A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

**Combined Valuation Payroll.** Projected payroll subject to PERS employer contribution rates for the calendar year following the valuation date for Tier 1, Tier 2 and OPSRP active members. This payroll is used to calculate UAL rates.

**Employer Contribution Rate.** Consists of the normal cost rate and the UAL rates, plus adjustments for items such as side account rate offsets.

**Fundamental Cost Equation**. An expression of the long-term cost of a pension plan, which states that:

*Benefits + Expenses = Contributions + Investment Earnings*

**Funded Status.** The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

**Normal Cost.** The annual cost allocated to the current year, under the actuarial cost method in use. The normal cost divided by the applicable payroll is the normal cost rate.

**OPSRP Valuation Payroll.** Projected payroll subject to PERS employer contribution rates for the calendar year following the valuation date for OPSRP active members. This payroll is used to calculate OPSRP normal cost rates.

**Pre-SLGRP Liability/(Surplus).** The sum of Pre-SLGRP Pooled Liabilities and Transition Liabilities.

**Pre-SLGRP Pooled Liability/(Surplus).** The difference between the total UAL and the UAL attributable to the SLGRP for a pool of employers that joined the SLGRP. There are currently two pre-SLGRP pools. One was created for State Agencies and Community Colleges when the SLGRP was formed. The other one was created when the Local Government Rate Pool joined the SLGRP.

**Present Value.** Sometimes called "actuarial present value," the estimated cost (as of the valuation date) of a series of future payments. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

**Present Value of Future Normal Cost (PVFNC).** The present value (as of the valuation date) of all future annual normal costs for current members expected to be allocated to future years in accordance with the actuarial cost method in use. By definition, this is equal to the difference between the total actuarial present value of benefits less the actuarial accrued liability under the actuarial cost method.

**Rate Collar.** A methodology that defines the maximum permissible period-to-period change in the base employer contribution rate. The width of the rate collar is determined by the current contribution rate and funded status.

**Required Supplementary Information (RSI).** Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

**Statement No. 67 of the Governmental Accounting Standards Board (GASB 67).** The accounting standard establishing financial reporting standards for defined benefit pension plans. The standard replaced GASB Statement 25 for plan fiscal years beginning after June 15, 2013.

**Statement No. 68 of the Governmental Accounting Standards Board (GASB 68).** The accounting standard governing a governmental employer's accounting for pensions. The standard replaced GASB Statement 27 for employer fiscal years beginning after June 15, 2014.

**Statement No. 74 of the Governmental Accounting Standards Board (GASB 74).** The accounting standard establishing financial reporting standards for post-employment benefits other than pensions. The standard replaced GASB Statement 43 for plan fiscal years beginning after June 15, 2016.

**Statement No. 75 of the Governmental Accounting Standards Board (GASB 75).** The accounting standard governing a governmental employer's accounting for post-employment benefits other than pensions. The standard replaced GASB Statement 45 for employer fiscal years beginning after June 15, 2017.

**Tier 1/Tier 2 Valuation Payroll.** Projected payroll subject to PERS employer contribution rates for the calendar year following the valuation date for Tier 1 and Tier 2 active members. This payroll is used to calculate Tier 1/Tier 2 normal cost rates.

**Total Actuarial Present Value of Benefits.** Sometimes referred to simply as "Present Value of Benefits" (PVB) or "Total Liability", the present value of all prospective benefits projected to be paid to current plan members. This amount is equal to the sum of the actuarial accrued liability and the present value of future normal costs, and is unaffected by the choice of actuarial cost method.

**Transition Liability/(Surplus).** The difference between the total UAL and the UAL attributable to the SLGRP for an individual employer that joined the SLGRP or the Local Government Rate Pool. The initial balance of liability or surplus is calculated at the time employer joins the pool. That balance is then amortized over time via employer contribution rate charges (for a liability) or rate offsets (for a surplus).

**Unfunded Accrued Liability (UAL).** The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The UAL is divided by combined valuation payroll and an amortization factor to determine an initial, pre-collar UAL rate. The final UAL rate can be adjusted by the rate collar.