

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Employer Advisory Group

October 20, 2023



Agenda

- Director's Office update
- Modernization update
- Senate Bill 1049 update
- Actuarial update
- Employer Service Center update
- Communications update
- Additional items
 - 2024 EAG dates
- Open discussion

Director's Office update

Kevin Olineck, PERS' Director

Director's Office update

- September 29 PERS Board meeting.
- 2025-27 budget planning.



Modernization update

Rebecca Craven, Modernization Program Director

Modernization update

Current and upcoming work

Current work

- Program establishment.
- Telephony modernization project.

Upcoming work

- Early planning activities for 2025-27 projects, including:
 - Client relationship management system implementation.
 - Online service provision planning.
- Establishing employer engagement channels.



Modernization update

Telephony modernization project

The PERS team will use Teams for a few survey questions

- If you are calling into the meeting or not able to attend, please send an email to Modernization.Program@pers.oregon.gov with answers to the following:
 1. It's easy to navigate the options when calling into PERS.
Agree or disagree
 2. An option to hear recorded FAQs related to employer activities would be helpful/useful.
Agree or disagree
 3. I have experienced a technical issue when trying to contact PERS via phone.
Agree or disagree
 4. I primarily communicate with PERS using a phone (rather than virtual meetings or email).
Yes or no

Modernization update

Telephony modernization project

Please reach out if you or your employees have questions about modernization.

Modernization.Program@pers.oregon.gov



Senate Bill 1049 update

Elli Probasco, Product Owner

Senate Bill 1049 update

Employer statements

Employer statement download functionality is coming

- Deploys to production February 15, 2024.
- Preview opportunity in late November or early December.
 - For those who have already stated interest in participating in the preview, expect to hear from PERS soon with more details.

It's not too late to participate in the preview. If you would like to be included, email Product.Owner.Team@pers.Oregon.gov.

IAP					
				IAP Beginning Balance	\$1,659,623.50
DEPOSITS					
Date Posted	Deposit Date	Payment Method	Description	Amount	
09/13/2023	09/12/2023	ACH Debit (Pull)	Employer IAP Remittances	(\$1,659,623.50)	
				Deposit Total	(\$1,659,623.50)
INVOICES					
Date Posted	Invoice	Description		Amount	
09/06/2023	1623584	IAP ER Prior Year Earnings		\$665.94	
09/06/2023	1623627	Contributions Pension		(\$231.09)	
09/06/2023	1623942	Contributions Pension		\$887.02	
09/11/2023	1624790	Employment History Change		\$45.00	
09/12/2023	1625051	Employment History Change		\$143.36	
09/13/2023	1625731	IAP Voluntary Contributions		\$10,172.67	
09/15/2023	1626263	Contributions Pension		\$204.71	
				Invoice Total	\$11,887.61
				IAP Ending Balance	\$11,887.61

Actuarial update

Troy Phillips, Actuarial Business Specialist

Actuarial update

Changes since last valuation

- PERS Board maintained the investment return assumption at **6.90%**.
 - 2022 asset returns were below the assumed rate: -1.55% vs. 6.90% assumed.
 - 2023 year-to-date returns as of July 31 are 3.79%. The actual year-end gain or loss will be reflected in the next valuation.
- System projected payroll **increased over 9%** vs. assumed increase of 3.4%.
- Change the amortization of side accounts:
 - Currently, amortization is calculated as a level percent of projected pay through December 31 of scheduled end year.
 - Majority of current side accounts amortize to **December 31, 2027**.
 - PERS will continue to amortize side accounts to December 31; however, PERS will add a lag adjustment to allow us to manage expiring amortizations through the 2027 period.

Actuarial update

Change in base rate

Average uncollared total base rate	Final 2023-25	Advisory 2025-27	Percent change 2023-25 to 2025-27
School Districts	22.38%	26.73%	4.35%
SLGRP	23.89%	27.71%	3.82%
System-wide	23.73%	27.76%	4.03%

Average collared net employer rate	Final 2023-2025	Advisory 2025-2027	Percent change 2023-25 to 2025-27
School Districts	15.16%	19.08%	3.92%
SLGRP	19.51%	22.07%	2.56%
System-wide	18.61%	21.69%	3.08%

Actuarial update

System-total pension funded status

Pension Funded Status (\$ billions) at 12/31/2022 <i>totals may not add due to rounding</i>			
	Tier One/ Tier Two	OPSRP	Combined
Actuarial liability	\$ 88.4	\$ 14.5	\$ 102.9
Assets (excluding side accounts)	<u>\$ 63.8</u>	<u>\$ 11.1</u>	<u>\$ 74.9</u>
UAL (excluding side accounts)	\$ 24.6	\$ 3.5	\$ 28.0
Funded status (excluding side accounts)	72%	76%	73%
Side account assets			<u>\$ 6.2</u>
UAL (including side accounts)			\$21.8
Funded status (including side accounts)			79%



Actuarial update

Projected 2025-27 total (employer + member) contributions

(\$ millions)	Projected 2023-25 Payroll*	(A) Projected 2023-25 Total Contribution	Projected 2025-27 Payroll*	(B) Projected 2025-27 Total Contribution	(B - A) Projected Total Contribution Increase / (Decrease)
State Agencies	\$ 8,360	\$ 1,820	\$ 9,395	\$ 2,160	\$ 340
School Districts	8,860	1,530	10,210	2,020	490
All Others	<u>9,910</u>	<u>2,210</u>	<u>11,040</u>	<u>2,680</u>	<u>470</u>
Total	\$27,130	\$ 5,560	\$30,645	\$ 6,860	\$ 1,300

- Collared net rates are used to project 2025-2027 contributions
 - Projections do not reflect the effects of 2023 investment returns
- Projected 2023-25 contributions increased by \$285 million compared to prior estimate (based on the 12/31/2021 valuation) as a result of a larger-than-expected increase in system payroll

* Assumes total payroll grows at 3.40% annually based on 12/31/2022 active member census. The collared net rate applied to this payroll reflects the projected change over time in payroll composition as new OPSRP members are hired to replace retiring Tier One/Tier Two members

Actuarial update

Factors driving increase

Factors Driving the Projected Contribution Increase

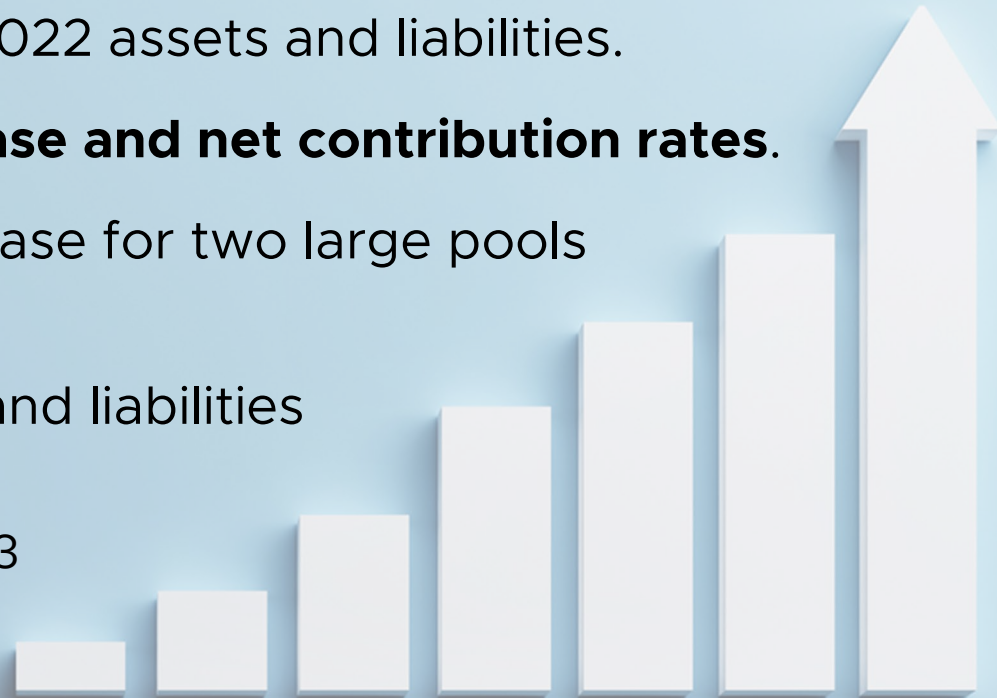
- The projected \$1.3 billion 2025 - 2027 total contribution increase consists of:
 - \$0.9 billion due to system-wide average increase in collared net employer contribution rates
 - Primarily driven by 2022 investment losses along with higher liabilities due to recent and assumed future salary growth
 - Includes impact on average contribution rate of projected change over time in payroll distribution between Tier One/Tier Two and OPSRP
 - \$0.4 billion due to projected system payroll growth between 2023-2025 and 2025-2027
 - Assumed system payroll growth of 3.4% per year / 6.9% per biennium means the collared net employer rate increase is applied to a larger payroll base in non-inflation-adjusted dollars
 - Does not reflect projected change in payroll distribution between Tier One/Tier Two and OPSRP
- In 2025-2027, redirected member EPSA contributions expected to continue to pay a portion of total contribution rates



Actuarial update

Effect of 2023 returns on final 2025-27 rates

- The advisory valuation uses 12/31/2022 assets and liabilities.
- Shows an **increase in uncollared base and net contribution rates.**
- Rate collar will not limit size of increase for two large pools or OPSRP.
- Final 2025-27 rates will use assets and liabilities as of 12/31/2023.
 - These will include actual full-year 2023 investment returns.





Actuarial update

Effect of 2023 returns on final 2025-27 rates

- Through July, OPERF year-to-date regular account returns are 3.79%.
- If year-to-date 2023 returns persist until the end of year, it is expected that in 2025-27:
 - System-average unfunded actuarial liability (UAL) would **remain steady** from 2023-25 biennium.
 - Normal cost rates would **increase** because of updated assumed rates.
- If returns do not persist and end up near or below the assumed rate, rate increases could exceed those shown in this year's advisory employer reports.

Actuarial update

Side account example

A	Side account balance as of 12/31/2026 before earnings	\$1,000,000
B	Earnings credited for calendar year 2026 (March/April 2027) <i>In this example, 2026 earnings are 8%</i>	\$80,000
C	Side account balance as of 12/31/2026 (A + B)	\$1,080,000
D	30% of side account balance of as 12/31/2026 (C x 30%) <i>*This amount will become a pension credit on 7/1/2027 for the employer</i>	\$324,000
E	Amortization of side account 1/1/2027 – 6/30/2027 (C x 45%)	(\$486,000)
F	Remaining side account balance as of 7/1/2027 before earnings (C - E)	\$594,000
G	Earnings crediting through June 2027 to be done in September <i>In this example, 2027 earnings through June are 5%</i>	\$29,700
D	Less 30% already credited as of 7/1/2027	(\$324,000)
H	Less side account administrative costs	(\$500)
I	Remaining amount to be credited in October (F + G - D - H)* <i>*This amount will become a pension credit in October 2027 for the employer</i>	\$299,200
	Total credits (D + I)	\$623,200



Actuarial update

Side account details (the fine print)

1	12/31/2026 side account balances with 2026 earnings will be determined and confirmed at the spring 2027 PERS Board meeting when earnings are adopted.
2	PERS will calculate an employer statement pension credit of 30% of the value of the side account balance determined in step 1 (above).
3	The statement credit from step 2 will be credited to employers as of 7/1/2027 to apply to future pension invoices.*
4	The applicable side account rate offset will be shut off as of 7/1/2027 so that no further benefit can be derived from the side account.
5	In September, PERS will calculate earnings through 6/30/2027 and apply those to the remaining side account balance as of 6/30/2027 after amortization that occurred during the period of 1/1/2027 – 6/30/2027.
6	In October, PERS will complete the final true-up. The net amount of the side account balance as of 6/30/2027 – including mid-year earnings, less the 30% of the 12/31/2026 balance already credited – will be credited to employer statements as a pension credit.*

*Employers may also have the option to convert their remaining balance as of 6/30/2027 to a new side account in lieu of a statement credit.

Employer Service Center update

Laurel Galego, Employer Service Center Manager

Heather Case, Senior Policy Advisor

Employer Service Center (ESC) update

Year-end reconciliation

Annual push to get all reports posted — current and past years.

Involves:

- Running eligibility reports.
- Checking for and terminating inactive employees.
- Correcting suspended records.

SITE NAVIGATION

- Employer Home
- View Your Statement
- Work on Reports
- View Employee Info
- View Year-to-Date Wage and Contribution Summary
- Update My Profile
- Work with Contacts
- Admin Web Accounts
- Work List
- Request Information
- > Eligibility Reports**
- Status Check
- Inactive Employment Report
- View IAP Voluntary Contribution Report

BS BIG SCHOOL #1
Employer Number: 06000

EMPLOYEE ELIGIBILITY EXCEPTION REPORTS [? Tell Me More](#)

The reports below can be used to determine if corrective action is required to report an employee for regular wages and contributions (qualifying hours) or non-qualifying wages without contributions.

Please note that these reports are only updated once a week. When viewing the CSV file, the header row will state the date the information was pulled from the system.

Filter your report by year
Enter a year (YYYY)

Members Approaching Qualifying Hours [Download CSV File](#)

Members with Contributions Who may not Qualify [Download CSV File](#)

? TELL ME MORE

Employees listed in these reports are displayed for informational purposes only. No action is taken by PERS.

These reports will run for the current year and two years prior.

Employer Service Center (ESC) update

Year-end reconciliation

Goal: To have all employers post all records by year end in March.

Benefits:

- 2023 earnings (if any) paid by PERS instead of employer.
- Faster retirement processing.
- More accurate annual statements and retirement estimates for employees.
- Faster and less frustrating reporting.

UNPOSTED REGULAR REPORTS

You have no UnPosted Reports.

UNPOSTED DEMOGRAPHICS AND ADJUSTMENT REPORTS

You have no UnPosted Demographics and Adjustment Reports.



Employer Service Center (ESC) update

Year-end reconciliation

Resources

Guides:

- 6, *Correcting Suspended Records.*
- 19, *Completing Work List Requests.*
- 24, *Running Reports.*

One-on-one help:

- Quick questions — ESC call center 888-320-7377.
- Help with reporting — [ESC representative](#).

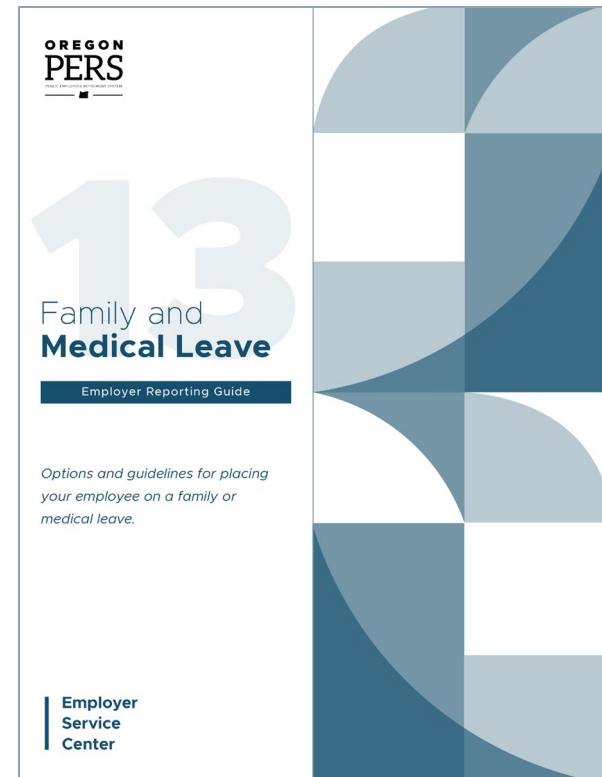


Employer Service Center (ESC) update

Paid Leave Oregon reporting

Employer communications

- NewsBite email.
- Guide 13, *Family and Medical Leave*, Paid Leave Oregon section.
- Website, FAQ.
- Employer announcement 102.
- Webinar.



Employer Service Center update

HB 2054: Deputy district attorneys Police & Fire

- House Bill (HB) 2054 adds deputy district attorneys to the definition of “police officer” under ORS 238.005(19).
- This means, as of January 1, 2024, deputy district attorneys will be considered **Police & Fire PERS members** rather than General Service.
- Bill is effective for all service provided on or after 1/1/2024. There is **no retroactivity**.

Employer Service Center update

HB 2054: Deputy district attorneys Police & Fire

ESC action

- Employer Service Center will send a **targeted communication** to county employers.
 - If any county employers have questions, advise them to contact their ESC employer representative or the ESC manager.

EAG action

- **Notify counties** you have contact with that this bill is coming.

Communications update

Shawn Harper, PERS' Employer Communications Specialist

Communications update

New resources

ESC guides

9, *Reporting Wages for a Qualifying (Full-Time) Employee.*

11, *Reporting a Leave.*

13, *Family and Medical Leave (including Paid Leave Oregon).*

20, *Creating a Demographic Correction Request (DCR).*



Communications update

New resources

Training videos

“Reporting a New Employee.”

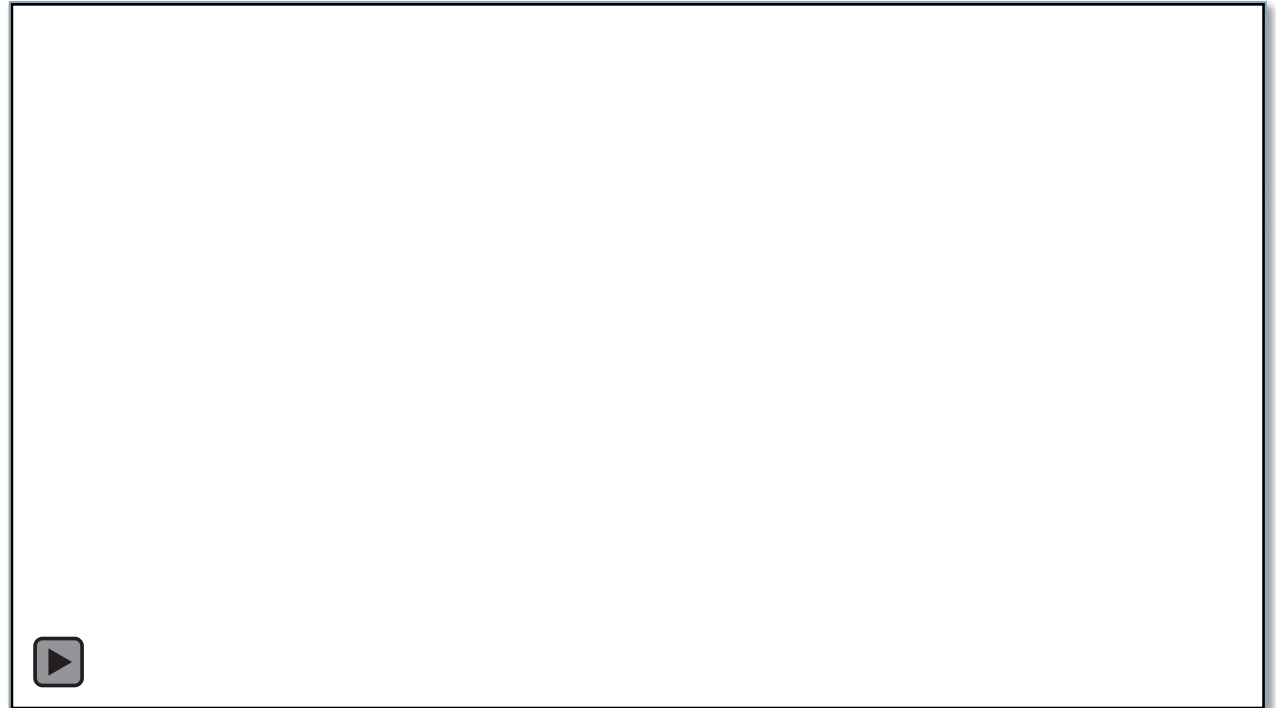
“The Role of the Web Administrator.”

“The Role of the Employer Reporter.”

Live, virtual training classes

Beginner Employer Reporting

- Includes two manuals for reference or independent learning.



Snippet of “Reporting a New Employee”

Additional items

- Proposed 2024 EAG meeting dates

Additional items

2024 EAG dates

Proposed dates:

- January 19, 2024
- April 19, 2024
- July 19, 2024
- October 18, 2024

January						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

October						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Open discussion

Open discussion

Any questions or comments
for PERS?

Questions for each other?



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



Thank you!

