

For Tier One/Tier Two members planning to retire in more than 3 years

Have you saved enough?

Your PERS Tier One or Tier Two regular retirement account is a defined benefit plan. That means you can receive a monthly benefit for as long as you live.

Your Individual Account Program (IAP) account will provide a supplemental retirement benefit.

You can use [PERS' Online Member Services](#) to estimate your benefit at retirement. You can also estimate your IAP payments using the [IAP Disbursement Forecaster](#).

But, will you have enough money for a secure retirement?

Financial planners suggest that people need 80% of their working income when they retire.

You can estimate your [Social Security benefit](#) online.

Another way to supplement your retirement is with the [Oregon Savings Growth Plan](#) (OSGP), a “457(b)” deferred compensation plan available to all state employees, and to local government and school district employees whose employers have adopted the plan.

OSGP lets participants save for retirement on a pre-tax or after-tax basis through payroll deductions. Savings on a pre-tax basis helps you lower your taxable income now, while contributing on an after-tax basis allows you to take money at retirement tax free.

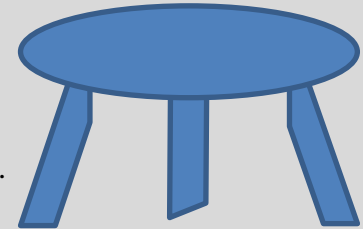
You can save up to \$18,000 per year in OSGP (\$24,000 if age 50 or over). And 457(b) plans are unique in that they offer a Three-Year Catch-Up provision that allows you save up to \$36,000 per year for the last three years of employment if you did not fully take advantage of the plan during your earlier working years.

Complete the Enrollment and Beneficiary Designation form on the OSGP website, or have a hard copy mailed to you by calling 503-378-3730.

The three-legged stool

When the legislature created PERS in 1945, its proponents considered a retirement benefit for service to Oregonians a part of a “three-legged stool.”

The other two legs are Social Security and personal savings.



Documents from the 1945 legislative session show that legislators discussed a system that would provide 50 percent of final salary to a retired member.

The replacement ratio (the amount of salary replaced in retirement) for Tier One and Tier Two members who retired in 2014 averaged 44 percent, not including the Individual Account Program (IAP).

Those Tier One/Tier Two members who retired in 2014 with 30 years of service had an average replacement ratio of 66 percent.

With the changes to PERS in 2003, fewer members are retiring under Money Match (a doubling of the member’s account balance by the employer).

In fact, only 37 percent of members retired under Money Match in 2014 and about 60 percent retired under the Full Formula method (Tier One/Tier Two members are entitled to the retirement calculation method that provides the highest benefit).

The other 3 percent retired under Formula Plus Annuity in 2014.

In this issue...

- *On-line member survey – page 2*
- *Supreme Court decision – page 2*
- *Education Sessions – page 3*

On-line member survey: we want your feedback!

Does PERS' customer service meet your expectations? How can we improve? Please take a short survey [posted on the PERS website](#).

The survey will be available through the end of August 2015 and is anonymous.

We will provide results in a future issue of *Perspectives*.

Supreme Court decision: 2013 legislative changes to PERS

When you retire from PERS, you are entitled to an annual cost-of-living adjustment (COLA) on your monthly benefit.

The Oregon Supreme Court recently ruled that the 2013 legislation that reduced COLAs was unconstitutional as applied to benefits earned before the bills became effective. The Court further ruled that a reduced COLA could be applied to the benefits earned after the bills became effective.

When you retire, you will have a blended COLA rate based on when the benefit was earned. A maximum 2% annual COLA (based on the Consumer Price Index for the Portland area) will be paid annually for service accrued before June 1, 2013. A blended COLA will be paid for accrued service after June 1, 2013.

This blended COLA methodology presents administrative complications for PERS in that it applies the revised COLA tables prospectively, and the allocation method was not clear in the Court's ruling.

PERS is working with Department of Justice counsel to determine the Court's direction on how to administer that blended COLA.

Benefit estimates using PERS' Online Member Services

If you are thinking about retiring, a benefit estimate is a useful planning tool. You can create retirement benefit estimates online in a secure environment using information supplied to PERS by your employer(s).

Members with a divorce that impacts their PERS account must contact the PERS Divorce Unit for a benefit estimate.

After creating a personal account and logging on to [Online Member Services](#) (OMS) from the PERS home page, you can also see your employment history, view your current Tier One or Tier Two account balance, and view information used in your member annual statement.

Inactive members can submit a withdrawal application or change their address via OMS.

Frequently asked questions and answers are posted on the PERS website (<http://oregon.gov/PERS>) for each activity and tool.

Understanding your benefits...

A Tier Two member recently visited PERS to submit his retirement application. He had chosen a lump-sum payment. The one-time payment was just over \$8,000.

A PERS staff member noted that he could take a benefit for life that would be \$845 per month.

So instead of a one-time payment, the member is now enjoying a monthly benefit that is more than \$10,000 per year.

You can get retirement benefit estimates using PERS' [Online Member Services](#).

Fast fact...

Since 1970, more than 73% of PERS funding has come from investment returns.

Education Presentations: Introduction to PERS

(for Tier One/Tier Two members planning to retire in more than 3 years)

Registration is required. Register through the PERS website in the [Education Sessions](#) section. All presentations are free, including the financial planning sessions. Space is limited and the schedule is subject to change. The PERS website has the most current information.

Location	PERS Only Information	PERS with Financial Planning*
Albany	Sep 8	
Bend	Oct 2	
Corvallis	Aug 5	
Eugene/Springfield		Sep 17
Grants Pass		Aug 6
Hood River		Aug 19
John Day		Aug 26

Location	PERS Only Information	PERS with Financial Planning*
Klamath Falls		Aug 25
La Grande		Sep 30
Madras		Aug 18
Medford		Aug 14
Ontario	Sep 15	
Pendleton	Nov 2	
Portland/Tigard	Oct 5 Nov 30	Aug 22 Sep 26
Roseburg	Dec 7	
Salem	Sep 23	Sep 15
Seaside		Oct 15

These sessions cover:

- Individual Account Program (IAP)
- Retirement eligibility and retirement benefit calculations
- Benefit estimate review
- Retirement options
- Variable account after retirement
- Work after retirement provisions
- Taxes
- Retirement application forms review

* These dates add financial planning information presented by PERS' education partner, VALIC.

Additional topics covered at these sessions include:

- Social Security and Medicare;
- Coordinating PERS benefits with other income sources; and
- Planning for changing income and expense needs.

Perspectives is published by the Oregon Public Employees Retirement System for the benefit of members and employers.

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PERS' Internet address is <http://oregon.gov/PERS>.

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