

# PERSPECTIVES

Active  
Member  
Edition

## Board credits 2014 earnings to member accounts

The PERS Board determined final earnings crediting to member accounts for the 2014 calendar year at its March 30, 2015 meeting.

The PERS Fund had a total market value of approximately \$70 billion as of December 31, 2014.

The Fund is invested through State Treasury with oversight from the Oregon Investment Council. The PERS Board allocates annual investment earnings to administrative expenses, member and employer accounts, and various reserves.

Tier One members, those hired prior to January 1, 1996, were credited with regular account earnings of 7.75 percent. Tier One members receive the actuarial assumed rate of return annually based on statute.

Tier Two members, those hired on or after January 1, 1996, and before August 29, 2003, were credited with regular account earnings of 7.24 percent for 2014.

Tier One and Tier Two member variable accounts were credited with earnings of 4.29 percent.

Variable accounts are invested solely in global equities, while Tier One/Tier Two regular accounts are invested in a more diversified portfolio. As a result, variable account earnings frequently differ from regular account earnings.

The Oregon Public Service Retirement Plan (OPSRP) Pension Program is an employer-funded,

non-contributing pension program that does not have member accounts.

All PERS members also participate in the Individual Account Program (IAP).

Member IAP accounts were credited with earnings of 7.05 percent for calendar year 2014.

Because the PERS Fund earned less than the 7.75 percent annual assumed rate in 2014, PERS' unfunded actuarial liability increased from \$2.6 billion to an estimated \$2.75 billion.

The PERS website (<http://oregon.gov/PERS>) has more information regarding 2014 earnings crediting.

## Perspectives is going green for future issues

Future issues of the active member *Perspectives* newsletters will be available online only. Hard copies will not be mailed to employers.

We will email employers when *Perspectives* is posted online.

We will also target future *Perspectives* issues to diverse PERS members. Those who are close to retirement need different information than those who are in early or mid-career so there will be more than one online version of *Perspectives*.

Our goal is to provide members with pertinent information to make informed retirement decisions and to begin retirement planning earlier in a career.

## PERS upcoming office closures

PERS offices will be closed in Tigard and Salem, and no PERS staff will be available on the following days:

- May 25: Memorial Day • July 3: Independence Day
- September 7: Labor Day • November 11: Veterans Day
- November 26: Thanksgiving Day • December 25: Christmas Day

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# 2014 member annual statements slated for May

Member annual statements for 2014 are scheduled to be mailed by the end of May 2015.

If you are currently employed in a PERS-covered position, your annual statement will be mailed to your address that your employer provided to PERS. Please provide your employer with your new mailing address whenever you move.

For Tier One/Tier Two members, the statement will show your Tier One/Tier Two and Individual Account Program (IAP) account information for the year ending December 31, 2014.

Tier One/Tier Two regular accounts, variable accounts, and IAP accounts will show the amount of earnings credited for 2014.

For OPSRP Pension Program members, the statement will show your current and accrued retirement credit and your IAP account information for the year ending December 31, 2014.

Please use your PERS identification number when contacting PERS with any account questions.

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## PERS: honoring public service with secure retirement benefits for nearly 70 years

On March 26, 1945, Governor Earl Snell signed House Bill (HB) 344 “establishing a system of retirement, disability, and death benefits for certain officers and employees of the state and its political subdivisions.” The legislation was effective July 1, 1946.

That system, the Public Employees Retirement System (PERS), has provided secure retirement benefits to members - in return for their service to Oregonians - for nearly 70 years.

In the early 1940s, public employers could not compete with private industry’s higher wages and the promise of retirement benefits in a wartime economy.

At that time, less than 8% of public employees in Oregon were covered by a retirement system while 46% of public employees in other states were covered.

PERS was created to draw talented people to public service.

Distinguishing features of HB 344 included:

- The new retirement system would be integrated with existing public employee retirement systems;
- The system would be open to all public employees except employees of political subdivisions that chose not to participate, public employees in other pre-existing systems, and employees working

for a public employer with fewer than five full-time employees;

- All members would have separate accounts showing contributions, interest earnings, and deductions;
- The state treasurer would act as custodian and supervise annual audits and an actuarial valuation at least every four years;
- There would be both retirement and disability provisions; and
- Funds would not be subject to taxes or to bankruptcy.

Today, PERS has more than 331,000 active and inactive members, with nearly 131,000 benefit recipients.

PERS pays approximately \$4 billion in benefits annually with about \$3.5 billion paid to people living in Oregon.

Benefit payments in Oregon support nearly 35,000 Oregon jobs, based on economic multipliers from the Bureau of Economic Analysis.

More than 67,000 members are currently eligible to retire.

A history of PERS is posted on the PERS website (<http://oregon.gov/PERS>) in the the About Us section.



Governor Earl Snell signed PERS into law on March 26, 1945.

# OSGP helps members prepare for a financially secure future

An excellent way to save for the long-term is to participate in a plan designed with the future in mind. The Oregon Savings Growth Plan (OSGP) fits that bill. Consider these benefits.

- OSGP is 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.
- State Treasury and the Oregon Investment Council are responsible for choosing and monitoring the investments in OSGP.
- 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.
- OSGP will begin offering financial advice this year.

• OSGP has a provision that lets you transfer money tax-free to your PERS account to purchase service time when you are ready to retire.

• OSGP funds can be used to pay health insurance premiums if you retire before Medicare eligibility begins.

If you start saving \$150 per month at the beginning of your career, with an average 7 percent annual return\*, your account balance could be as much as \$175,000 when you retire. That could mean withdrawals of over \$1,000 per month to supplement your PERS and Social Security payments.

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.

## **I already have a PERS account and Social Security. Do I need more?**

While PERS and Social Security will provide you with income at retirement, studies show that you may need more. If you are an OPSRP member (the retirement plan for PERS-covered employees who began employment on or after August 28, 2003), you will receive approximately 45 percent of your final salary in retirement after 30 years of employment. Your Individual Account Program benefit is estimated to pay approximately 15-20 percent of your final average salary (for a 30-year career) based on an 8 percent investment return each year. Social Security is meant to replace approximately 20 to 30 percent of salary. That leaves a gap and many employees do not work for 30 years so the gap could be larger. OSGP is an

excellent way to fill that gap. And remember, participants can start out saving as little as \$25 per month.

## **What about taxes I will have to pay at retirement that will cut into the savings I am accruing?**

OSGP offers both pre-tax and after-tax savings. The Roth 457 gives you the opportunity to save now on an after-tax basis. You can withdraw the money tax-free when you retire, as long as you meet all requirements. For more information check out our Roth 457 brochure on the OSGP website ([www.oregon.gov/pers/osgp](http://www.oregon.gov/pers/osgp)).

## **What about fees to participate in the plan?**

OSGP’s administrative and investment fees are very competitive. The plan uses index funds in most of the options and our target date funds have some of the lowest cost in the industry. You can check out the fees on our website.

## **What kinds of investments does the plan offer?**

OSGP offers target date funds for those who prefer that someone else worry about rebalancing; core funds for those who like to choose their own portfolio mix; and for the investment savvy, a self-directed brokerage account with hundreds of mutual funds to choose from.

## **How do I sign up?**

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

If you work for a local government or school that does not offer OSGP, we can tell you how to help get your employer on board.

For information on enrolling in OSGP, or if you have questions, please call us at 503-378-3730.

\*This is an estimate; actual returns will depend on your investment allocations and market conditions.

*Perspectives* is published by the Oregon Public Employees Retirement System for the benefit of PERS/OPSRP members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters office is at **11410 SW 68th Parkway, Tigard, Oregon. Phone 888-320-7377; TTY: 503-603-7766**. Telephone hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, except holidays. PERS’ Internet address is <http://oregon.gov/PERS>.

### **BOARD**

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# PERS Presentations: April 2015 - August 2015

Registration is required. Register through the PERS website (<http://oregon.gov/PERS>) 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.

## Tier One/Two Presentations

For those planning to retire in less than 3 years

Ashland/Med.	Apr. 13; May 19; Aug. 11
Baker City	Apr. 1, 29*
Bend	Apr. 6, 21*; May 11; June 18*; Aug. 4*
Coos Bay	May 26; Aug. 5
Corvallis	Apr. 8*, 27; May 6*; Aug. 25
Eugene/Spfgld	Apr. 7*, 21; May 16*, 19; June 2, 18*; Aug. 11*
Florence	Aug. 20*
Gresham	May 22*; June 2, 19*; Aug. 4, 7*
Hillsboro	Apr. 14; May 19*; June 9; Aug. 11
Hood River	Aug. 26
Klamath Falls	Apr. 8; June 10
La Grande	May 18
Ontario	Apr. 28*, May 21
Oregon City	Apr. 2, 9*; May 20, Aug. 17
Pendleton	Apr. 30*; May 4; June 1
Portland/Tigard	Apr. 11*, 13, 25*, 27; May 4, 18; June 1, 6*, 8, 15; July 11*, 20; Aug. 3, 8*, 24
Redmond	June 8
Roseburg	Apr. 6; June 30*; Aug. 3
Salem	Apr. 14*, 18*, 22; May 13, 28; June 6*, 10, 18*; July 18*, 23*; Aug. 12, 27*
Seaside	July 22*
The Dalles	Apr. 20; June 2

### 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
- Cost-of-living adjustments
- Taxes
- Retirement application forms review.

## Tier One/Two Presentations

For those planning to retire in more than 3 years

Albany	July 7
Ashland/Med.	July 21; Aug. 14*
Astoria	July 15
Baker City	Apr. 29*
Bend	Apr. 21*; May 20
Coos Bay	June 24
Corvallis	Aug. 5
Eugene/Spfgld	July 9*, 14
Gresham	Apr; 24*; July 1, 28*
Hillsboro	July 7
Klamath Falls	June 17
La Grande	July 28
Ontario	July 29
Oregon City	July 22*, 30
Pendleton	July 27
Portland/Tigard	Apr. 6; May 2*; June 20*, 22; July 25*; Aug. 22*
Roseburg	June 22
Salem	May 2*, 12*; June 23*; July 8; Aug. 15*

## OPSRP Presentations

For members at any career point

Ashland/Med.	July 21
Bend	June 17
Gresham	Aug. 4
Hillsboro	Aug. 11
Medford	Apr. 29*
Ontario	Apr. 28*
Portland/Tigard	Apr. 20; May 9*; June 29
Salem	Apr. 23*, July 8

### These sessions cover:

- Individual Account Program (IAP)
- Review of website benefit estimate calculator
- Retirement benefit information
- Work after retirement provisions.

\* Dates with an asterisk (\*) 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 // Planning for changing income and expense needs.