

Oregon Public Employees Retirement System

**Agency Presentation to the
Joint Ways & Means Committee
General Government Subcommittee**

Day 1 Questions and Answers

March 5, 2013



Contents

Title	Page
Monthly Benefit Payments (as of January 1, 2013)	3
Customer Service Contacts	4
<i>Strunk/Eugene</i> Overpayment Recovery Status (as of February 27, 2013)	5
Salary Definition: Tier One/Tier Two	6
Salary Definition: OPSRP	7
Tier One/Tier Two and OPSRP Payment Categories	8-12

Monthly Benefit Payments (as of January 1, 2013)

Monthly Benefit (\$)	# of Payments	% of Benefits Paid	Monthly Benefit (\$)	# of Payments	% of Benefits Paid
0 - 500	18,734	15.45%	3,001 - 3,500	7,571	6.24%
501 - 1,000	18,645	15.37%	3,501 - 4,000	6,799	5.61%
1,001 - 1,500	15,135	12.48%	4,001 - 4,500	5,955	4.91%
1,501 - 2,000	12,328	10.17%	4,501 - 5,000	4,986	4.11%
2,001 - 2,500	10,478	8.64%	5,001 - 5,500	3,686	3.04%
2,501 - 3,000	8,846	7.29%	5,501 - 6,000	2,617	2.16%
Subtotal	84,166		Subtotal	31,614	
% of total	69.40%	38.04%	% of total	26.07%	47.41%

Monthly Benefit (\$)	# of Payments	% of Benefits Paid	Monthly Benefit (\$)	# of Payments	% of Benefits Paid
6,001 - 6,500	1,801	1.49%	9,001-10,000	270	0.22%
6,501 - 7,000	1,125	0.93%	10,001-11,000	160	0.13%
7,001 - 7,500	786	0.65%	11,001-12,000	73	0.06%
7,501 - 8,000	515	0.42%	12,001-13,000	36	0.03%
8,001 - 8,500	387	0.32%	13,001-14,000	30	0.02%
8,501 - 9,000	249	0.21%	14,001 and up	64	0.05%
Subtotal	4,863		Subtotal	633	
% of total	4.01%	12.04%	% of total	0.52%	2.50%

TOTAL MONTHLY BENEFIT PAYMENTS: 121,276 (includes alternate payees and survivors; excludes lump sum and unit payments)
TOTAL DOLLARS: \$281.2 million

AVERAGE ANNUAL BENEFIT: \$27,820
MEDIAN ANNUAL BENEFIT: \$21,825

Customer Service Contacts

Call Center Statistics

Year	Received	Answered	Abandoned	% Answered	% Abandoned	Wait Time	Call Length
2008	114,650	106,668	7,526	93.04%	6.96%	2:16	4:53
2009	119,061	107,588	11,473	90.36%	9.64%	1:48	3:40
2010	124,014	108,701	15,313	87.65%	12.35%	4:36	3:51
2011	160,364	110,416	49,948	68.85%	31.15%	10:12	5:37
2012	162,726	128,500	34,226	78.97%	21.03%	6:05	5:42

Website volume

Year	Homepage Visits	Online Member Services
2008	389,655	NA
2009	380,494	NA
2010	445,871	NA
2011	425,707	19,622
2012	1,828,110	234,654

Correspondence volume

Year	Email	Correspondence
2008	9,800	1,716
2009	10,725	1,891
2010	10,968	2,559
2011	13,935	3,080
2012	15,776	3,911

Strunk/Eugene Overpayment Recovery Status (as of February 27, 2013)

Completed accounts		
Paid in full	2,268	\$6,641,505.03
On payment plan	18,378	\$129,015,735.89
Accounts sent to third-party collector	883	\$2,475,444.38
Invoices sent in February 2013 (in process)	2,846	\$10,010,469.73
Invoices scheduled for March and April 2013	3,709	\$21,540,849.62
Total	28,084	\$169,684,004.65

Salary Definition: Tier One/Tier Two

ORS 238.005

(26)(a) “Salary” means the remuneration paid an employee in cash out of the funds of a public employer in return for services to the employer, plus the monetary value, as determined by the Public Employees Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and other advantages the employer furnishes the employee in return for services.

(b) “Salary” includes but is not limited to:

(A) Payments of employee and employer money into a deferred compensation plan, which are deemed salary paid in each month of deferral;

(B) The amount of participation in a tax-sheltered or deferred annuity, which is deemed salary paid in each month of participation;

(C) Retroactive payments described in ORS 238.008; and

(D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

(c) “Salary” or “other advantages” does not include:

(A) Travel or any other expenses incidental to employer’s business which is reimbursed by the employer;

(B) Payments for insurance coverage by an employer on behalf of employee or employee and dependents, for which the employee has no cash option;

(C) Payments made on account of an employee’s death;

(D) Any lump sum payment for accumulated unused sick leave;

(E) Any accelerated payment of an employment contract for a future period or an advance against future wages;

(F) Any retirement incentive, retirement severance pay, retirement bonus or retirement gratuitous payment;

(G) Payments for periods of leave of absence after the date the employer and employee have agreed that no future services qualifying pursuant to ORS 238.015 (3) will be performed, except for sick leave and vacation;

(H) Payments for instructional services rendered to public universities of the Oregon University System or the Oregon Health and Science University when such services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months to which the contract pertains; or

(I) Payments made by an employer for insurance coverage provided to a domestic partner of an employee.

Salary Definition: OPSRP

ORS 238A.005

(17)(a) “Salary” means the remuneration paid to an active member in return for services to the participating public employer, including remuneration in the form of living quarters, board or other items of value, to the extent the remuneration is includable in the employee’s taxable income under Oregon law. Salary includes the additional amounts specified in paragraph (b) of this subsection, but does not include the amounts specified in paragraph (c) of this subsection, regardless of whether those amounts are includable in taxable income.

(b) “Salary” includes the following amounts:

- (A) Payments of employee and employer money into a deferred compensation plan that are made at the election of the employee.
- (B) Contributions to a tax-sheltered or deferred annuity that are made at the election of the employee.
- (C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit plan by the employer at the election of the employee and that is not includable in the taxable income of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, 2010.
- (D) Any amount that is contributed to a cash or deferred arrangement by the employer at the election of the employee and that is not included in the taxable income of the employee by reason of 26 U.S.C. 402(e)(3), as in effect on December 31, 2010.

(E) Retroactive payments described in ORS 238.008.

(F) The amount of an employee contribution to the individual account program that is paid by the employer and deducted from the compensation of the employee, as provided under ORS 238A.335 (1) and (2)(a).

(G) The amount of an employee contribution to the individual account program that is not paid by the employer under ORS 238A.335.

(H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS 652.190.

(c) “Salary” does not include the following amounts:

- (A) Travel or any other expenses incidental to employer’s business which is reimbursed by the employer.
- (B) Payments made on account of an employee’s death.
- (C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid leave.
- (D) Any severance payment, accelerated payment of an employment contract for a future period or advance against future wages.
- (E) Any retirement incentive, retirement bonus or retirement gratuitous payment.
- (F) Payment for a leave of absence after the date the employer and employee have agreed that no future services in a qualifying position will be performed.
- (G) Payments for instructional services rendered to public universities of the Oregon University System or the Oregon Health and Science University when those services are in excess of full-time employment subject to this chapter. A person employed under a contract for less than 12 months is subject to this subparagraph only for the months covered by the contract.
- (H) The amount of an employee contribution to the individual account program that is paid by the employer and is not deducted from the compensation of the employee, as provided under ORS 238A.335 (1) and (2)(b).
- (I) Any amount in excess of \$200,000 for a calendar year. If any period over which salary is determined is less than 12 months, the \$200,000 limitation for that period shall be multiplied by a fraction, the numerator of which is the number of months in the determination period and the denominator of which is 12. The board shall adopt rules adjusting this dollar limit to incorporate cost-of-living adjustments authorized by the Internal Revenue Service.

Tier One/Tier Two and OPSRP Payment Categories

Payment Type:	Description (Please determine whether the payment fits a general description below)	Chapter 238 Tier1/Tier2 members (ORS 238)	OPSRP Pension Program members (ORS 238A)	Report this payment in the following EDX DTL2 record field:
		This type of payment is:	This type of payment is:	
Accrued compensatory time	A lump-sum payoff of compensatory time. Compensatory time is paid leave accrued for unpaid time worked above and beyond an employee's regular hours.	Subject	Non-subject	Lump-sum Payoff
Accrued sick leave	A lump-sum payoff of accrued sick leave.	Non-subject	Non-subject	Non-Subject Salary
Accrued vacation leave	A lump-sum payoff of accrued vacation leave. Includes any portion of accrued personal time off (PTO) the employer identifies as vacation leave.	Subject	Non-subject	Lump-Sum Vacation Payoff
Accrued paid leave (other)	A lump-sum payoff of any paid leave other than accrued comp time, sick leave, or vacation leave.	Subject	Non-subject	Lump-sum Payoff
Advance against future wages	Compensation for work not yet performed.	Non-subject	Non-subject	Non-Subject Salary
Allowances, non-taxable	Allowances, excluded from taxable income - includes remuneration in the form of living quarters, lodging, board, or other items of value. See also Expenses .	Subject	Non-subject	Lump-Sum Payoff
Allowance, taxable	Allowances included in taxable income - includes remuneration in the form of living quarters, lodging, board, or other items of value.	Subject	Subject	Subject Salary, Regular
Annuities	Payments to a tax sheltered or deferred annuity made at the election of an employee.	Subject	Subject	Subject Salary, Regular
Back pay	Compensation paid to an employee for a past work period. Example: a payment for a retroactive adjustment of an hourly pay rate arising from collective bargaining. Not a retroactive payment to correct a clerical error or pursuant to a settlement agreement (see Retroactive payments).	Subject	Subject	Subject Salary, Regular (Code 01- Regular Wages)
Bonus - included in employee's Oregon taxable income	A gratuitous payment in addition to regular salary or wages. Does not include a retirement bonus	Subject	Subject	Subject Salary, Regular
Bonus - not included in employee's Oregon taxable income	A gratuitous payment in addition to regular salary or wages. Does not include a retirement bonus	Subject	Non-subject	T1/T2-Subject Salary, Regular; OPSRP- Non-Subject Salary

Tier One/Tier Two and OPSRP Payment Categories

Payment Type:	Description (Please determine whether the payment fits a general description below)	Chapter 238 Tier1/Tier2 members (ORS 238)	OPSRP Pension Program members (ORS 238A)	Report this payment in the following EDX DTL2 record field:
		This type of payment is:	This type of payment is:	
Cafeteria plan 1 - employer paid (26 USC 125)	The number of possible structures for employer paid cafeteria plans make it impossible for PERS to generally categorize employer contributions to a cafeteria plan as subject or non-subject. The employer is in the best position to determine the structure and authority underlying its cafeteria plan and whether employer contributions to the plan are subject salary. ORS 238.005(21) and 238A.005(16) define salary for the PERS Chapter 238 Program and OPSRP Pension Program, respectively. Employers should use these resources and consult their legal advisor, if necessary, to make the determination.	Employer determination	Employer determination	Subject Salary, Regular; or Non-Subject Salary; as determined by the employer.
Cafeteria plan 2 - employee paid (26 USC 125)	Any amount contributed to a cafeteria plan by the employee even if not included in the employee's taxable income.	Subject	Subject	Subject Salary, Regular
Cash or deferred accounts	Any amount contributed to a cash or deferred arrangement by the employer at the election of the employee that is not included in the employee's taxable income by reason of 26 U.S.C. 402(e)(3). Includes 403(b) and 401(k) plans.	Subject	Subject	Subject Salary, Regular
COLA - cost-of-living adjustment, prior period	A payment made as a result of a labor agreement or compensation arrangement applying a cost-of-living adjustment to a prior period. Not a retroactive payment to correct a clerical error or pursuant to a settlement agreement (see Retroactive payments).	Subject	Subject	Subject Salary, Regular (Code 01-Regular Wages)
Death benefits	Payment of life insurance or other death benefits associated with the deceased member's employment. Does not include lump-sum payoffs for accrued wages, sick, vacation, or other accrued leave.	Non-subject	Non-subject	Non-Subject Salary
Deferred compensation	Payment to a deferred compensation plan by an employee or an employer, made at the election of an employee. Includes 457 plans.	Subject	Subject	Subject Salary, Regular
Expenses	Expenses reimbursed by an employer.	Non-subject	Non-subject	Non-Subject Salary

Tier One/Tier Two and OPSRP Payment Categories

Payment Type:	Description (Please determine whether the payment fits a general description below)	Chapter 238 Tier1/Tier2 members (ORS 238)	OPSRP Pension Program members (ORS 238A)	Report this payment in the following EDX DTL2 record field:
		This type of payment is:	This type of payment is:	
IAP contributions (EPPT)	The amount of an employee contribution to the Individual Account Program paid by the employer and not deducted from the employee's compensation.	Non-subject	Non-subject	Non-Subject Salary
IAP contributions (MPPT, MPAT)	The amount of an employee contribution to the Individual Account Program paid by the employee and deducted from the employee's compensation, pre- or post-tax.	Subject	Subject	Subject Salary, Regular
IAP contributions (optional employer contributions)	The amount of any employer contribution to an employee's IAP account that exceeds the amount paid as EPPT, MPPT, or MPAT employee contributions.	Non-subject	Non-subject	Non-Subject Salary
Leave of absence	Payment for a leave of absence after a date the employer and employee have agreed that no future services will be performed. This type of payment is often associated with a delayed termination and/or a settlement agreement.	Non-subject	Non-subject	Non-Subject Salary
LSP/LSVP	Lump sum payments for accrued paid leave or compensatory time. See the Accrued payment types listed above.	See payment type	See payment type	See payment type
Medical premiums for a domestic partner	An amount paid for medical premiums as part of an employer provided benefit package to cover a domestic partner.	Non-subject	Employer determination	T1/T2-Non-Subject Salary; OPSRP-Subject Salary, Regular; or Non-Subject Salary; as determined by the employer.
Overtime pay, generally	Wages paid for time worked beyond a given upper limit for a day or week.	Subject	Subject	Subject Salary, Overtime
Overtime pay for hours exceeding average overtime	Wages paid for overtime that exceeds the average number of hours of overtime established by the employer for that class of employees (for OPSRP members only, this payment type is not included in the calculation for FAS).	Subject	Subject	Subject Salary, Overtime

Tier One/Tier Two and OPSRP Payment Categories

Payment Type:	Description (Please determine whether the payment fits a general description below)	Chapter 238 Tier1/Tier2 members (ORS 238)	OPSRP Pension Program members (ORS 238A)	Report this payment in the following EDX DTL2 record field:
		This type of payment is:	This type of payment is:	
Overtime, Higher Education	Payments for instructional services rendered to Department of Higher Education institutions or the Oregon Health and Science University when those services are in excess of full-time employment. A person employed under a contract for less than 12 months is subject to this restriction only for the months covered by the contract.	Non-subject	Non-Subject	Non-Subject Salary
Qualified transportation fringe benefit plan	Pre-tax payments into a qualified transportation fringe benefit account at the election of an employee for reimbursable expenses for qualified parking, vanpooling, and transit passes.	Subject	Subject	Subject Salary, Regular
Release or Waiver of claims	Payments to an employee in consideration for the employee's release or waiver of claims against the employer.	Non-subject	Non-subject	Non-Subject Salary
Retirement payments or incentives	Any stipend, bonus, severance, or any other type of payment made to encourage retirement or in recognition of retirement from employment. Includes payments made to retirees after retirement.	Non-subject	Non-subject	Non-Subject Salary
Retroactive payments - Clerical Error	Retroactive payments of wages made to an employee to correct a clerical error. These payments are allocated to and deemed paid in the periods the work was done or would have been done.	Subject	Subject	Subject Salary, Regular (Code 04-Retroactive Payment)
Salary limit	Any salary in excess of the amount listed (prorated for partial-years) is non-subject. The salary limits may differ for contributions and final average salary purposes.	Click here for current year limits	Click here for current year limits.	Non-Subject Salary
Severance pay, generally	Lump-sum payment made to an employee upon a voluntary or involuntary termination of employment.	Non-subject	Non-subject	Non-Subject Salary
Severance pay <u>per policy</u>	Lump-sum payment made to an employee upon an involuntary termination of employment and pursuant to a pre-existing, written personnel policy, collective bargaining agreement, or contract.	Subject	Non-subject	Lump-Sum Payoff

Tier One/Tier Two and OPSRP Payment Categories

Payment Type:	Description (Please determine whether the payment fits a general description below)	Chapter 238 Tier1/Tier2 members (ORS 238)	OPSRP Pension Program members (ORS 238A)	Report this payment in the following EDX DTL2 record field:
		This type of payment is:	This type of payment is:	
Stipend (coaches)	A fixed amount paid as compensation for coaching services, regardless of number of hours worked. Example: a school teacher is paid an additional \$1,000 to coach the school's soccer team.	Subject	Subject	Subject Salary, Regular
Travel	Travel expenses reimbursed by an employer.	Non-subject	Non-subject	Non-Subject Salary
Wages paid to a surviving spouse or child	Payment of accrued wages and/or accrued paid leave, except sick leave to a surviving spouse or dependent child of a deceased member who died on or after June 29, 2005.	Subject	Subject	Subject Salary, Regular
Waiting time salary	Salary paid to an employee before the date the employee establishes membership (contribution start date) in the PERS Chapter 238 or the OPSRP Pension Program.	Non-subject	Non-subject	Subject Salary, Regular Qualifying position: wg. code 01 Non-qual. position: wg. code 02 <u>NO contributions</u>
Workers' compensation	Payments made to an employee not performing services due to an injury that qualifies for workers' compensation. It does not matter whether the payments are made by a private insurer or a self-insured employer.	Non-subject	Non-subject	Non-Subject Salary
Workers' compensation gross-up	Payments by the employer to an employee to make up any shortfall between the employee's regular salary and the workers' compensation payment. The member must be still be employed in a qualifying position as defined in OAR Chapter 459.	Subject	Subject	Subject Salary, Regular