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**VIA E-MAIL**

Debra Hembree  
Manager  
Actuarial Analysis Section  
Oregon PERS

**Re: 2012 Purchasing Power Study**

Dear Debra:

As requested, we updated the annual purchasing power study for 2012 to compare how well monthly benefits paid to retirees and beneficiaries have kept up with inflation since retirement. Since the last study, the Consumer Price Index for Portland increased 2.86% in 2011. All Tier 1/Tier 2 participants received a 2.00% annual cost-of-living adjustment, experiencing a decrease in purchasing power over the year.

Purchasing power in this report is defined as the cumulative post-retirement benefit increases in Tier 1/Tier 2 benefits compared to the cumulative CPI increases since the year of retirement. The chart below shows the change in purchasing power from 2011 to 2012 by year of retirement.

Year Retired	Purchasing Power	
	2011	2012
8/1/1980 – 7/1/1981 & prior	77.2%	76.5%
8/1/1981 – 7/1/1982	79.8%	79.2%
8/1/1982 – 7/1/1983	81.9%	81.2%
8/1/1983 – 7/1/1984	82.0%	81.3%
8/1/1984 – 7/1/1985	79.8%	79.1%
8/1/1985 – 7/1/1986	78.8%	78.1%
8/1/1986 – 7/1/1987	79.7%	79.0%
8/1/1987 – 7/1/1988	79.7%	79.0%
8/1/1988 – 7/1/1989	80.1%	79.4%
8/1/1989 – 7/1/1990	81.2%	80.5%
8/1/1990 – 7/1/1991	83.6%	82.9%
8/1/1991 – 7/1/1992	86.7%	86.0%
8/1/1992 – 7/1/1993	89.3%	88.6%
8/1/1993 – 7/1/1994	91.4%	90.7%
8/1/1994 – 7/1/1995	92.8%	92.0%
8/1/1995 – 7/1/1996	93.6%	92.8%

Year Retired	Purchasing Power	
	2011	2012
8/1/1996 – 7/1/1997	94.4%	93.6%
8/1/1997 – 7/1/1998	95.8%	95.0%
8/1/1998 – 7/1/1999	97.1%	96.2%
8/1/1999 – 7/1/2000	97.1%	96.2%
8/1/2000 – 7/1/2001	98.0%	97.2%
8/1/2001 – 7/1/2002	98.0%	97.2%
8/1/2002 – 7/1/2003	98.0%	97.2%
8/1/2003 – 7/1/2004	98.0%	97.2%
8/1/2004 – 7/1/2005	98.0%	97.2%
8/1/2005 – 7/1/2006	98.6%	97.7%
8/1/2006 – 7/1/2007	99.1%	98.3%
8/1/2007 – 7/1/2008	99.7%	98.9%
8/1/2008 – 7/1/2009	100.0%	99.2%
8/1/2009 – 7/1/2010	100.0%	99.2%
8/1/2010 – 7/1/2011	100.0%	99.2%
8/1/2011 – 7/1/2012	100.0%	99.2%

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	LESS THAN		AVERAGE "AT RETIREMENT" MONTHLY BENEFIT		AT LEAST 30		ALL RETIREES	# OF MEMBERS
	30 YRS	SERVICE	# OF MEMBERS	YRS SERVICE	# OF MEMBERS	# OF MEMBERS		
1/1/1980 - 12/1/1984	\$392.86		3,054	\$1,417.37	520	\$547.08	3,574	
1/1/1985 - 12/1/1989	\$647.94		5,756	\$1,771.63	1,344	\$860.64	7,100	
1/1/1990 - 12/1/1994	\$994.63		8,688	\$2,336.66	2,740	\$1,310.46	11,428	
1/1/1995 - 12/1/1999	\$1,515.91		17,014	\$3,278.41	4,276	\$1,864.34	21,290	
1/1/2000 - 12/1/2004	\$2,012.59		21,764	\$4,225.37	5,129	\$2,430.63	26,893	
1/1/2005 - 12/1/2009	\$1,844.29		16,766	\$4,130.62	3,988	\$2,282.75	20,754	
1/1/2010 -	\$1,831.19		14,164	\$4,473.88	3,684	\$2,374.92	17,848	

\*INCLUDES ONLY MEMBERS AND BENEFICIARIES WHERE SERVICE CREDIT AND "AT RETIREMENT" GROSS BENEFIT COULD BE EXTRAC

Information from the 3/1/2013 pension roll. Includes PERS retirees and beneficiaries of PERS retirees. Does not include Alternate Payees. If the payee is a beneficiary, then the member's original retirement date was used. If the payee is both a PERS Retiree and a beneficiary then only their member information was used. INCLUDES ONLY MEMBERS AND BENEFICIARIES WHERE SERVICE CREDIT AND "AT RETIREMENT" GROSS BENEFIT COULD BE EXTRACTED FROM THE SYSTEM