



# Oregon

Kate Brown, Governor

## Public Employees Retirement System

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February 2, 2015

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Peter Buckley, Co-Chair  
Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

### **Nature of the Request**

The Public Employees Retirement System (PERS) requests acknowledgement of receipt of this report on the PERS Board's preliminary crediting of 2014 earnings received through investment of the Oregon Public Employees Retirement Fund (OPERF) Regular Account. This report is provided in accordance with ORS 238.670(5), which requires PERS to submit a preliminary earnings crediting report to the appropriate legislative committee at least 30 days prior to the final allocation of earnings to member and employer accounts and other reserves.

### **Agency Action**

On January 30, 2015, the PERS Board preliminarily approved the allocation of approximately \$4.6 billion in OPERF Regular Account 2014 earnings to member and employer accounts and other reserves.

In this preliminary action, the Board allocated earnings (net of expenses and other adjustments) at a rate of 7.25% to the Benefits-In-Force Reserve, 7.25% to Employer Reserves, 7.25% to Tier Two member regular accounts, 7.09% to Individual Account Program accounts, and 7.10% to the OPSRP Pension Reserve. When earnings exceed the assumed rate, the PERS Board may make an allocation to the Contingency Reserve. 2014 earnings did not exceed the assumed earnings rate of 7.75%, so the Board could not make an allocation.

The Board also preliminarily approved crediting earnings at the assumed rate of 7.75% to Tier One member regular accounts. Earnings available from these accounts over the assumed rate, totaling \$5.6 million, are required by ORS 238.255(1) to be deposited in the Tier One Rate Guarantee Reserve.

A summary of the Board's preliminary decisions is reflected in the attached exhibit.

PERS staff is available to report to the Legislature and answer questions regarding the Board's preliminary decisions at your discretion.

Joint Committee on Ways and Means

2/2/15

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**Action Requested**

PERS requests the Committee acknowledge receipt of the report.

**Legislation Affected**

No legislation is affected by this request.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Rodeman", written over a light gray rectangular background.

Steven Patrick Rodeman  
Executive Director

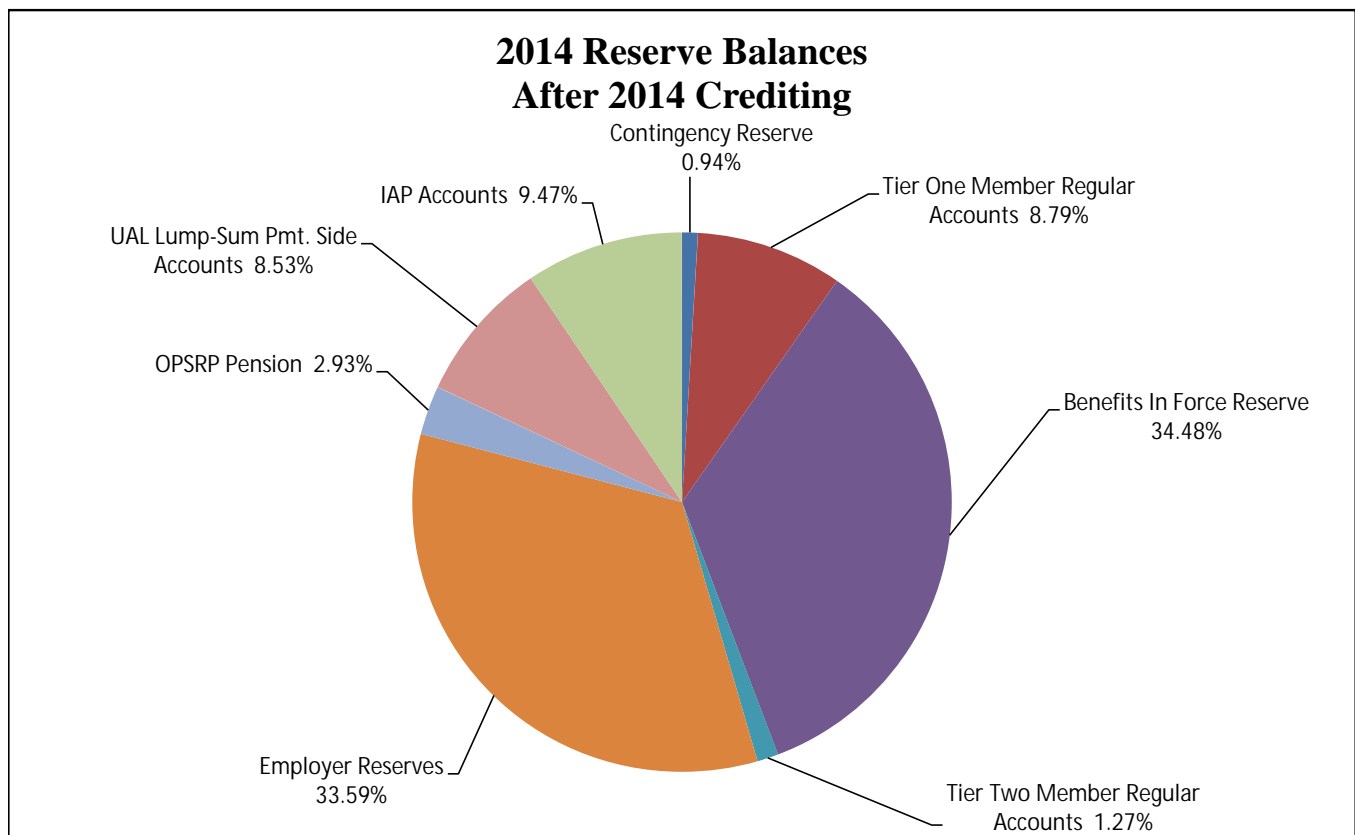
**Attachment**

Preliminary 2014 Crediting and Reserving

## Oregon Public Employees Retirement System Preliminary 2014 Crediting and Reserving

(All dollar amounts in millions)

	Reserves Before Crediting	2014 Crediting	Reserves After Crediting	2014 Rates
Contingency Reserve	\$651.1		\$651.1	N/A
Tier One Member Regular Accounts	5,214.0	404.1	5,618.1	7.75%
Tier One Rate Guarantee Reserve	434.2	5.6	439.8	1.29%
Benefits In Force Reserve	22,159.2	1,607.4	23,766.6	7.25%
Tier Two Member Regular Accounts	815.2	59.1	874.3	7.25%
Employer Reserves	21,589.4	1,566.1	23,155.5	7.25%
OPSRP Pension	1,886.6	134.1	2,020.7	7.10%
*UAL Lump-Sum Pmt. Side Accounts	5,452.1	424.6	5,876.7	Various
*IAP Accounts	6,103.3	422.8	6,526.1	7.09%
<b>Total</b>	<b>\$64,305.1</b>	<b>\$4,623.8</b>	<b>\$68,928.9</b>	



\*Informational only. Not affected by Board reserving or crediting decisions.  
IAP accounts receiving installments have already received 2014 earnings.