

# **PERS Realignment for Oregon**

**Testimony provided to the Senate Committee on Workforce by Jessica Gomez**

March 13<sup>th</sup>, 2017

To the Distinguished Members of the Senate Workforce Committee:

First, and foremost, I would like to thank each of you for your efforts in resolving the PERS unfunded liability. I would also like to thank Representative Pam Marsh and her staff for helping to facilitate my participation at this hearing. Many have tried to place blame for the current situation on each other, which is not helpful and has only diminished our ability to work together. What is important is that we have the courage and the ingenuity to resolve this financial burden before it consumes all of the resources we rely on. I am here today to present a concept that achieves this goal.

Public employees have been promised a secure retirement. That is one of the reasons for working in the public sector. They have in affect, signed a contract with the State. The State cannot break that contract. The State, however, has the right to re-negotiate the terms of that agreement in a way that is mutually beneficial to both parties. After careful consideration of several concepts, I, along with a group of distinguished business leaders, have developed the "PERS Realignment Strategy for Oregon". Today, I will focus on the cornerstone of that strategy, The Accelerated Disbursement Option (ADO).

## **Here is how it works:**

For a period of time, those receiving, or about to receive, retirement benefits will be given the option to receive a one-time cash disbursement in place of monthly benefits. The collective disbursements will be funded by a bond measure that will be amortized over a period of thirty years. This will allow cash to remain in the PERS investment system, and, in effect, amortize this debt over thirty years at a lower interest rate than the interest earned by the PERS investments. If the beneficiary chooses, they can roll over some or all of their disbursement into their own 401K plan or investment of their choice, thereby reducing or eliminating their tax liability.

## **Positive Impact:**

The advantage of this program to the beneficiary is immediate access to their retirement benefits and the flexibility to invest or use it in a way that is most beneficial to them.

The advantage to the State is that it will be able to meet its obligations to its' PERS beneficiaries, retain current assets in the PERS fund for future investment, and amortize the liability over an extended time period.

As a citizen of this great State, I am honored to have the opportunity to contribute in a small way to its success. I wish all of you the best, as I understand the challenges ahead.

With warm regards,

A handwritten signature in blue ink that reads "Jessica Gomez". The signature is written in a cursive style with a small dot above the 'i' in Gomez.

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