

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



2021-2023
Budget Presentation

Ways and Means
General Government
Subcommittee
February 22, 2021

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Director

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Chief Financial Officer



PERS: Agency Presentation Schedule

Day One

System Overview

- Overview and Partnerships
- PERS Board
- Governance and Interdependencies
- Benefit Components
- Benefits and Funding
- Funded Status and Liabilities
- System-Wide Rates and Projections
- Appendix/Additional Resources

Day Two

Agency Overview

- System & Agency Funding
- Summary of Programs Services
- Organizational Structure and Divisional Budgets
- Major Budget Drivers 2021-2023
- Budget Risks & Environmental Factors
- Agency Changes Past 6 Years
- Agency Program Changes and Service Delivery 2019-2021
- 2021-2023 Proposed Technology Projects
- Key Legislation 2021 Session
- Agency Changes Cost Containing Measures
- 10% Budget Reduction Options

Day 2 Reference Materials (Appendix)

- Mission, Vision Values
- Strategic Plan & Themes
- Performance & Outcome Measures
- Audit Response Reports
- Recent Changes to Agency Budget & Management
- 2019-21 Long-Term Vacancies
- Supervisory Span of Control
- Statewide Policy Packages
- Other Funds Ending Balances
- Additional Agency Budget Information
- Summary of 2021-2023 Policy Option Packages
- Additional Resources

Day Three

Statutory Reporting

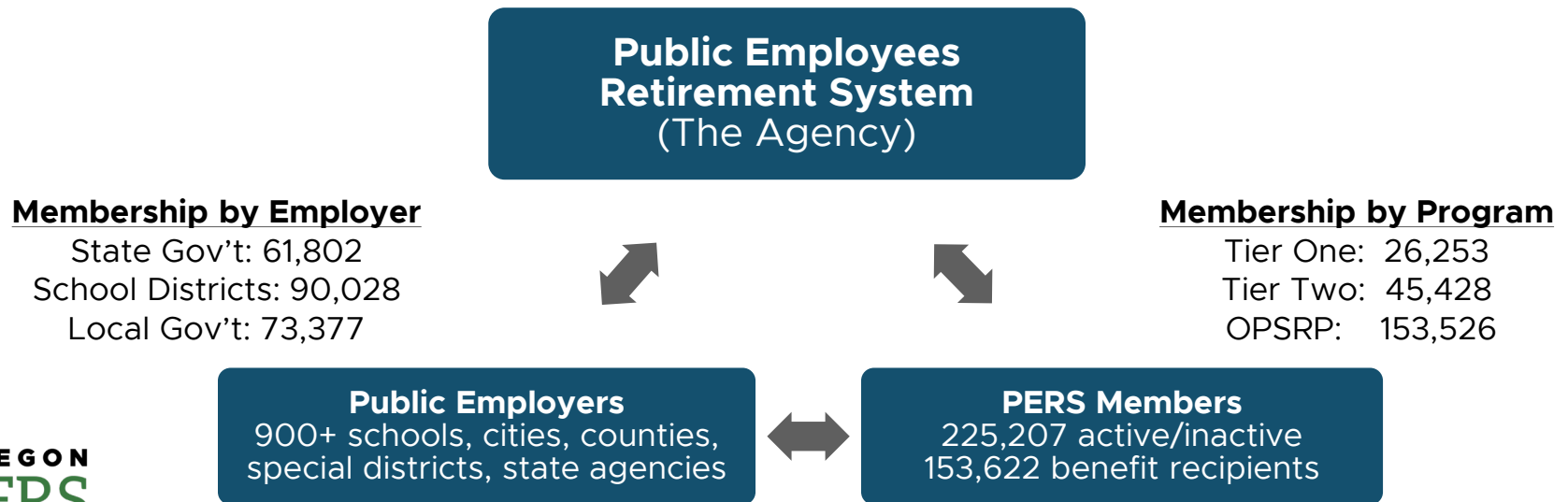
- Preliminary Earnings Crediting Report for Calendar Year 2020
- Senate Bill 1566 (2018) Reports:
 - General Status Update
 - SDULF Update

PERS Overview and Partnerships

(as of June 30, 2020)

The Oregon Legislative Assembly is the “Plan Sponsor” for the Oregon Public Employees Retirement System. The legislature determines the benefit structure for participating public employees. Those benefits have been modified over time, generally with benefit enhancements through 1995, but then reducing benefits since, including the creation of the Tier Two program for employees starting in 1996 and then the Oregon Public Service Retirement Program (OPSRP) for employees that started after August 28, 2003.

The legislature established PERS, the agency, to administer the retirement system in partnership with more than 900 public employers, including school districts, special districts, cities, counties, community colleges, universities, and state agencies. PERS collects records and maintains relationships with over 378,000 current and former public employees or their beneficiaries.



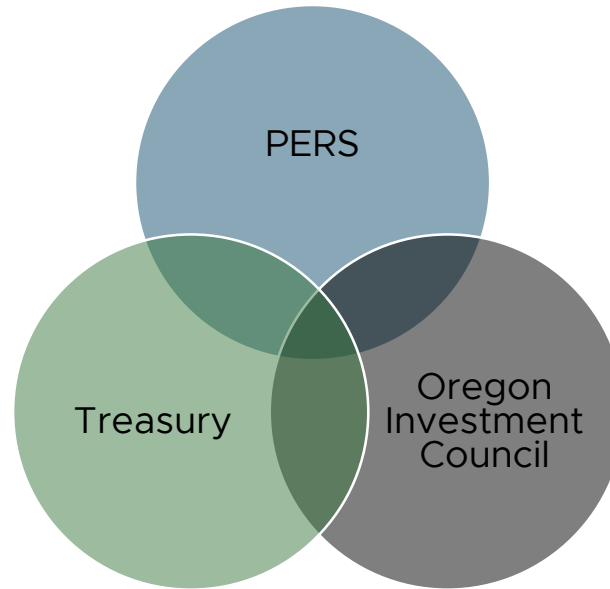
PERS: A System Comprised of Trusts

- The Oregon Public Employees Retirement System was created by the Oregon Legislative Assembly in 1945.
- Operations commenced on July 1, 1946

Statutory References for the Agency	
Statute & Chapter	Program
ORS 237 & 238	Tier 1/Tier 2
ORS 238A	Oregon Public Service Retirement Program (OPSRP)
ORS 238A.300 to ORS 238A.457	Individual Account Program (IAP)
ORS 238.500 to 238.585	Judge Member Retirement Program
ORS 238.485 to 238.492	Public Employees Benefit Equalization Fund
ORS 243.410 to 238.420	Retiree Health Insurance Program
ORS 243.401 to 243.507	Deferred Compensation Program: Oregon Savings Growth Plan (OSGP)
ORS 237.414 and 237.470	Social Security Administration Program

Oregon Administrative Rules (Ch. 459) govern the implementation of PERS' statutory responsibilities.

Interdependencies with Other Entities



- For the Tier I, Tier II, OPSRP and IAP Programs, PERS is responsible for maintaining an adequate balance of funds for estimated benefit payments and administrative costs, while being able to maximize amounts invested. PERS provides Treasury with cash flow forecasts, which include an estimated investment buy and sell on each month. Treasury is responsible for managing PERS investments according to policies established by Oregon Investment Council (OIC).
- Similarly, for the Oregon Savings Growth Plan (OSGP), the PERS Board provides oversight of the administration and the OIC is responsible for the oversight of the investment program.

PERS: A History of Complexity

- Between 1945 and 2020 the legislature has approved over 75 changes to PERS plans with these changes continuously increasing the complexity of the plans and plan administration
- Major recent changes have included:
 - 2003: Establishment of the OPSRP program , 2005 -2007: refinement and modification to the 2003 plan changes
 - 2009-2010: changes to data verification processes and the allowance of purchases using pre-tax funds
 - 2011: changes to tax remedy – prohibiting PERS from paying a tax remedy increase if a person is not a resident of Oregon or not subject to Oregon personal income tax for those eligible members who retire on or after January 1, 2012
 - 2013: COLA reductions, addition of a temporary annual supplementary payment and elimination of all tax remedy payments for retirees who do not pay Oregon income taxes because they do not live in Oregon
 - 2015: *Moro Decision* – Oregon Supreme Court ruling which declared most of the 2013 reforms unconstitutional
 - This decision resulted in the recalculation of 120,000 benefit accounts
 - 2018: reform efforts focused on creating relief programs for employer rate increases. Establishment of the Employer Incentive Fund, the UAL Resolution Program and a side account, funded by various revenue streams, for school district rate relief
 - 2019: SB 1049 - a comprehensive piece of legislation intended by the Oregon Legislature to address the increasing cost of funding Oregon PERS, by providing relief to public employers for escalating PERS contribution rate increases.

System Overview – Benefit Components

Tier One: Members hired before January 1, 1996

Tier Two: Members hired between January 1, 1996 and August 28, 2003

OPSRP: Members hired after August 28, 2003

IAP Account: All members with service after January 1, 2004

	Tier One Pension	Tier Two Pension	OPSRP Pension	IAP Account
Normal retirement age	58 (or 30 yrs); P&F* = age 55 or 50 w/ 25 yrs	60 (or 30 yrs); P&F = age 55 or 50 w/ 25 yrs	65 (58 w/ 30 yrs); P&F = age 60 or 53 w/ 25 yrs	Members receive IAP account at the time of retirement – may select distribution option
Early retirement	55 (50 for P&F)	55 (50 for P&F)	55, if vested	
Benefit calculation methods	Money Match Full Formula Formula +Annuity	Money Match Full Formula	Full Formula	Six account distribution options
Full Formula benefit factor	1.67% general 2.0% P&F	1.67% general 2.0% P&F	1.50% general 1.80% P&F	N/A
Lump-sum vacation payout Included in covered salary for contributions (6%)?	Yes	Yes	No	N/A
Included in Final Average Salary?**	Yes	No	No	
Unused sick leave included in Final Average Salary?**	Yes	Yes	No	N/A

*“P&F” refers to members who meet statutory definitions of “Police” or “Firefighter” as determined by their employer.

** Subject to SB 1049 Salary Limits

Who Gets Paid How Much?

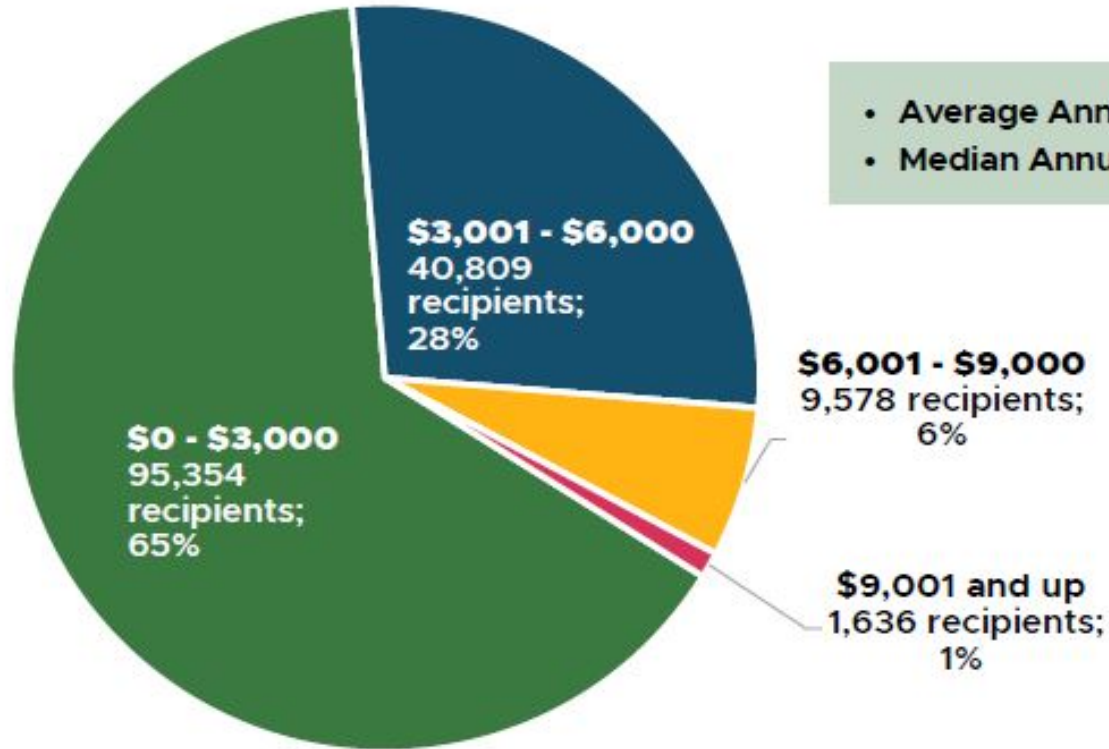
(as of January 1, 2020)

Monthly Benefit (\$)	Number of Retirees	Percent of Benefits Paid	Monthly Benefit (\$)	Number of Retirees	Percent of Benefits Paid
0 - 500	17,372	1.32%	3,001 - 3,500	9,391	7.82%
501 - 1,000	20,836	3.99%	3,501 - 4,000	8,289	7.97%
1,001 - 1,500	17,642	5.64%	4,001 - 4,500	7,211	7.86%
1,501 - 2,000	15,091	6.76%	4,501 - 5,000	6,318	7.70%
2,001 - 2,500	13,204	7.61%	5,001 - 5,500	5,401	7.27%
2,501 - 3,000	11,209	7.89%	5,501 - 6,000	4,199	6.19%
Subtotal	95,354		Subtotal	40,809	
% of total	64.70%	33.21%	% of total	27.69%	44.81%

Monthly Benefit (\$)	Number of Retirees	Percent of Benefits Paid	Monthly Benefit (\$)	Number of Retirees	Percent of Benefits Paid
6,001 - 6,500	3,130	5.02%	9,001 - 10,000	728	1.76%
6,501 - 7,000	2,314	4.00%	10,001 - 11,000	354	0.95%
7,001 - 7,500	1,595	2.96%	11,001 - 12,000	202	0.59%
7,501 - 8,000	1,122	2.23%	12,001 - 13,000	117	0.37%
8,001 - 8,500	857	1.81%	13,001 - 14,000	66	0.23%
8,501 - 9,000	560	1.26%	14,001 and up	169	0.80%
Subtotal	9,578		Subtotal	1,636	
% of total	6.50%	17.28%	% of total	1.11%	4.70%

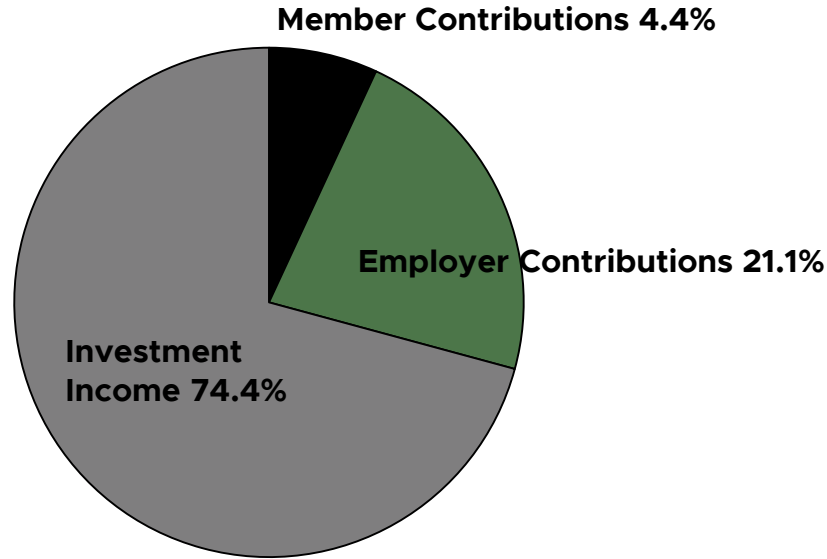
Who Gets Paid How Much?

(as of January 1, 2020)



- Average Annual Benefit: \$31,719
- Median Annual Benefit: \$25,178

PERS Funding Sources and Funded Status



Revenue by source (1970-2010)

	Calendar Year (as of December 31)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Funded Status										
Including side accounts	87%	82%	91%	96%	84%	79%	75%	80%	75%	79%
Excluding side accounts	78%	73%	82%	86%	76%	71%	69%	73%	69%	72%

Who Is Eligible to Retire?*

(as of December 31, 2020)

Employer Group	Tier One		Tier Two		OPSRP		Eligible to Retire by Employer Group	Total Members in Employer Group	% of Members Eligible to Retire
	Actives	Inactives	Actives	Inactives	Actives	Inactives			
State Agencies & Universities	3,382	3,022	3,579	3,195	7,038	1,753	19,682	63,224	31.13%
School Districts	3,671	3,492	4,512	2,571	9,965	3,217	26,567	91,542	29.02%
Local Govt.	2,876	2,086	3,408	1,917	6,096	1,876	18,259	64,174	28.45%
Community Colleges	395	470	624	477	1,626	682	4,274	11,114	38.46%
Eligible to retire	10,324	9,070	12,123	8,160	24,725	7,528	---	---	---
Judges	---	---	---	---	---	---	65	203	32.02%
TOTAL	19,394		20,283		32,253		68,847	230,257	29.90%

* Reflects the number of members eligible to retire (including those eligible for reduced benefits) based on: age 55 or 30 years of service for general service members; age 50 or 25 years of service for police & firefighters; and age 60 for judge members.

The PERS Funding Equation

At the end of each calendar year, the PERS actuaries calculate the system's funded status using the following basic equation:

$$B = C + E$$

BENEFITS = CONTRIBUTIONS + EARNINGS

present value of
earned benefits

Design set by:
Oregon Legislature

employer and member funds to
pay pension benefits

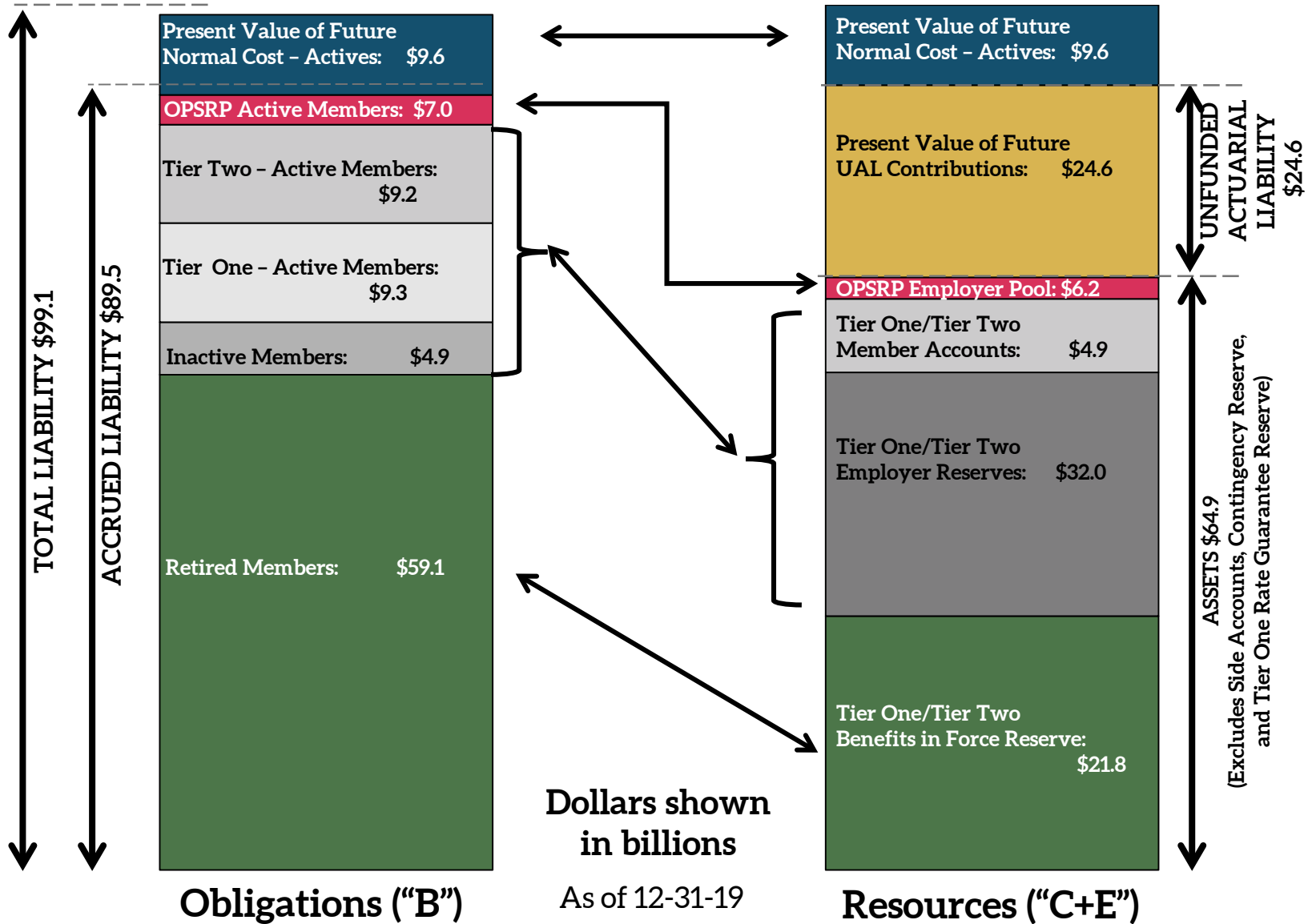
Set by:
PERS Board

future returns on
invested funds

Managed by:
Oregon Investment Council
Oregon State Treasury

Every two years, the PERS Board adjusts contributions so that, over time, those contributions will be sufficient to fund the benefits earned, if earnings follow assumptions.

Problem: the “B” and “C+E” Don’t Align



Funded Status and Unfunded Actuarial Liability (UAL)

System-total Pension Funded Status (\$ billions)			
<i>Valuation date:</i>	12/31/2017	12/31/2018	12/31/2019
<i>Assumed return:</i>	7.20%	7.20%	7.20%
Actuarial liability	\$ 84.1	\$ 86.6	\$ 89.4
Assets (excluding side accounts)	<u>61.8</u>	<u>59.6</u>	<u>64.8</u>
UAL (excluding side accounts)	\$ 22.3	\$ 27.0	\$ 24.6
Funded status (excluding side accounts)	73%	69%	72%
Side account assets	\$ 5.6	\$5.2	\$5.5
UAL (including side accounts)	\$ 16.7	\$ 21.8	\$ 19.1
Funded status (including side accounts)	80%	75%	79%

Funded Status and UAL by Program

Pension Funded Status (\$ billions) at 12/31/2019
totals may not add due to rounding

	Tier 1/Tier 2	OPSRP	Combined
Actuarial liability	\$81.4	\$8.1	\$89.4
Assets (excluding side accounts)	<u>\$58.7</u>	<u>\$6.2</u>	<u>\$64.8</u>
UAL (excluding side accounts)	\$22.7	\$1.9	\$24.6
Funded status (excluding side accounts)	72%	77%	72%
Side account assets			<u>\$5.5</u>
UAL (including side accounts)			\$19.1
Funded status (including side accounts)			79%

Side Accounts Explained

When an employer makes a lump-sum payment to prepay part or all of its unfunded actuarial liability (UAL), the money is placed in a special account called a “side account.”

This account is attributed solely to the employer making the payment and is held separate from other employer reserves. Most employers with side accounts issued pension obligation bonds (POBs) and provided the bond proceeds to PERS as a UAL lump-sum deposit to fund their side account.

A few employers funded their side accounts with lump-sum payments from other sources, such as savings from internal operations. PERS does not track individual employer costs associated with POBs.

Side accounts become a part of the “trust” and, consequently, these accounts can not be refunded to the employer.

As of December 31, 2020, 219 employers have side accounts. Of these, 60 employers have multiple side accounts: five counties, three community colleges, six special districts, seven cities, and thirty-nine school districts.

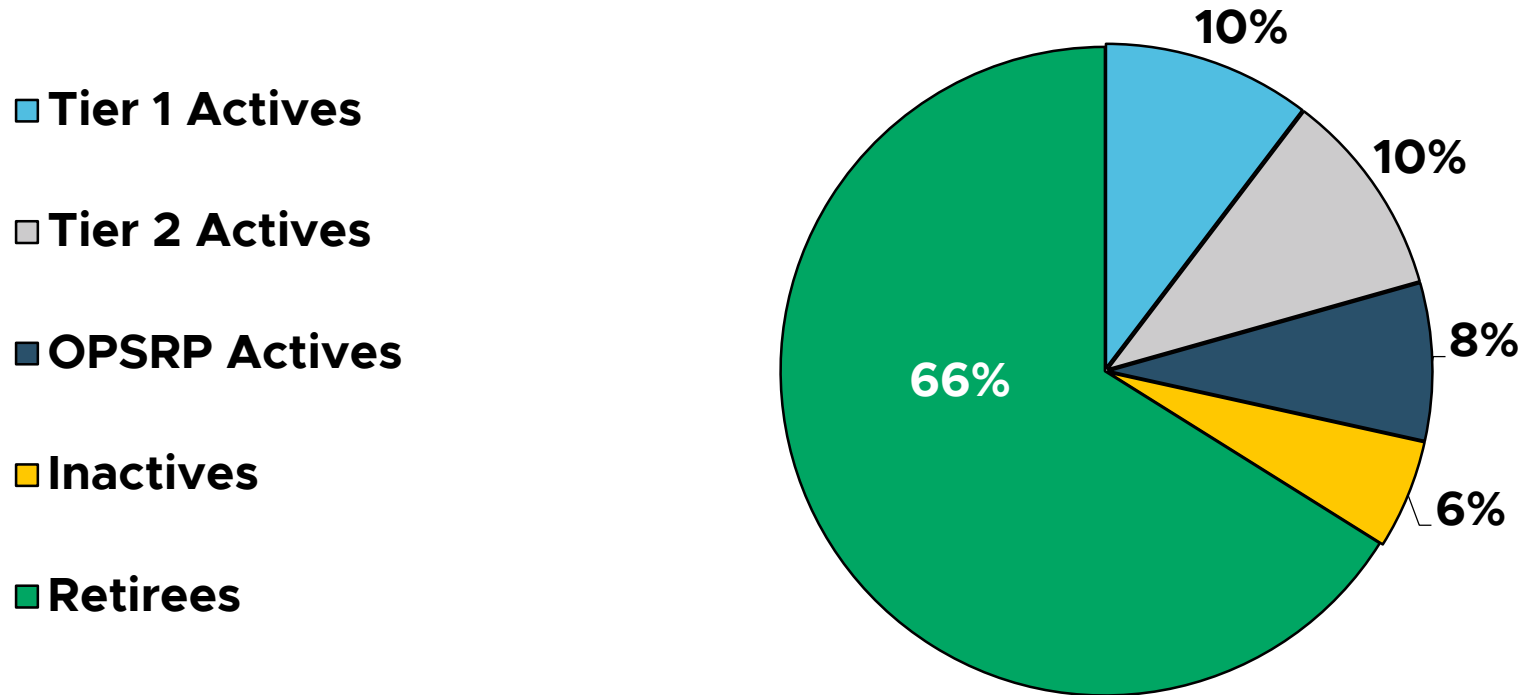
Sources of 2019 UAL (Excl. Side Account) Change

(\$ billions)	UAL Increase
Expected UAL increase/(decrease) during 2019	\$ 0.6
2019 actual investment performance	(3.5)
Actual demographic experience different than assumed	<u>0.5</u>
Total	\$ 2.4

- The expected UAL increase/(decrease) is the change, based on 12/31/2018 valuation results, projected to occur during 2019 if actual 2019 experience followed that valuation's assumptions; this is primarily due to the effects of the rate collar, the level of employer rates, and the timing and magnitude of employer rate increases
- The 2019 investment gain is about 6.4% of assets, reflecting actual 2019 OPERF returns of approximately +13.6% compared to the assumed 7.20% return
- The increase from actual demographic experience different than assumed was largely the result of individual member salary increase experience versus assumption

Division of Actuarial Accrued Liability by Category

12/31/2019 Tier 1/Tier 2 and OPSRP Actuarial Liability

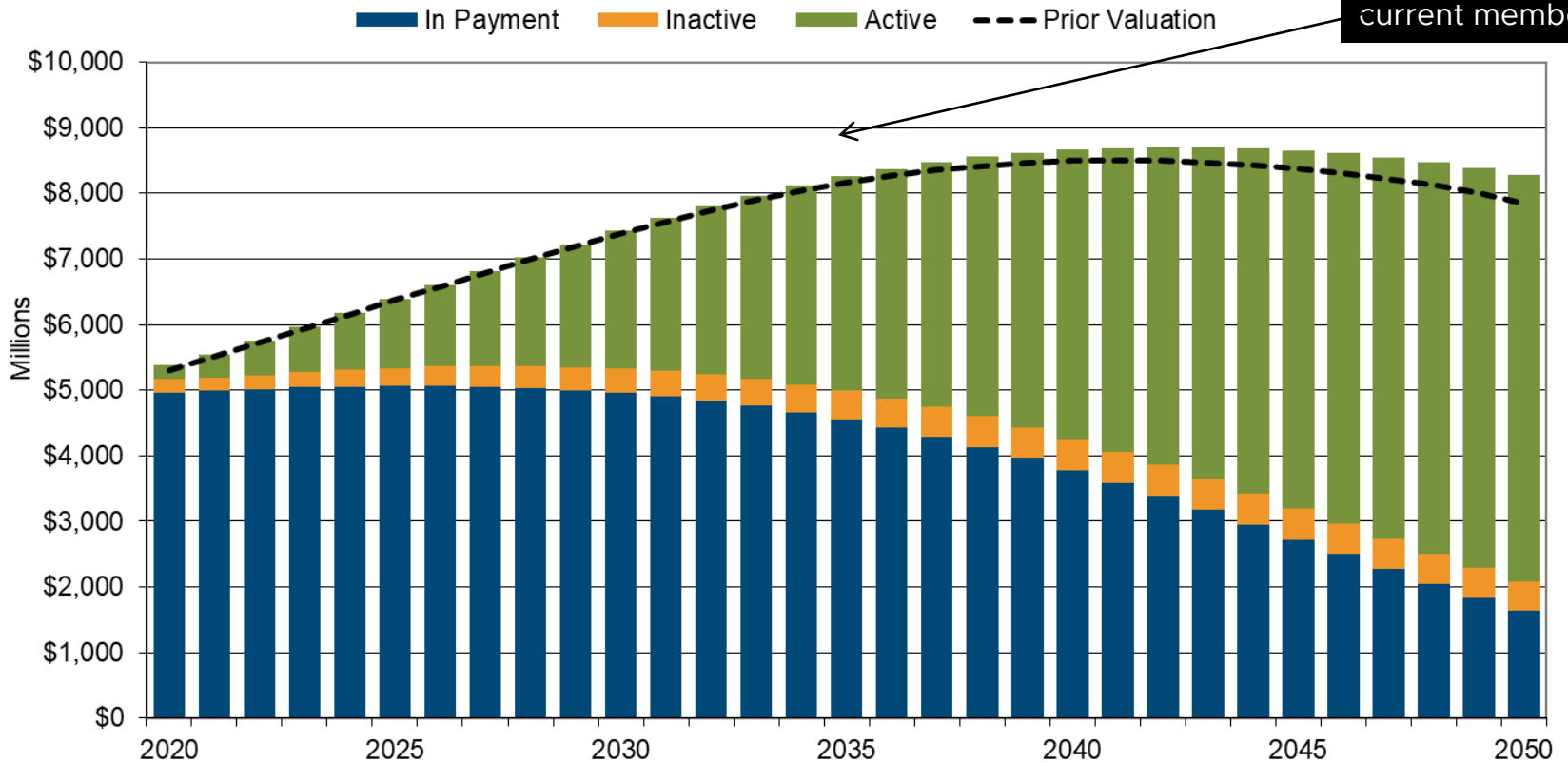


Accrued Actuarial Liability represents the present value of projected future benefits allocated to service performed through December 31, 2019

Projected Benefit Payments

Tier 1/Tier 2 & OPSRP Expected Benefit Payments
by status as of 12/31/2019

By 2034, projected to be \$8 billion in benefit payments to current members



As illustrated by the dotted line, projected benefit payments did not change significantly between the prior and current actuarial valuation

Board Principles on Rate Setting

When setting employer contribution rates, the PERS Board considers the following objectives and principles:

- Transparent process and inputs
- Predictable and stable employer contribution rates
- Protect funded status to secure future benefit payments
- Equitable across generations of taxpayers funding the system
- Actuarially sound – fully fund the system if assumptions are met
- GASB compliant

Some of the objectives can conflict, particularly in periods with significant volatility in investment return or projected benefit levels. Overall system funding policies should seek an appropriate balance between conflicting objectives.

Employer Contribution Rate Setting Cycle

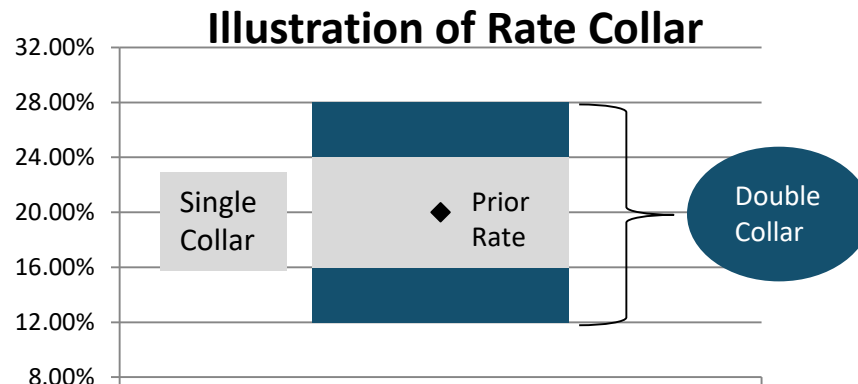
Actuarial valuations are conducted annually, but alternate between “advisory” and “rate setting”: e.g., the December 31, 2018, valuation results were used to project employer rates, but the December 31, 2019, valuation was used to set actual rates for the 2021-2023 biennium.

Once employer rates are adopted by the PERS Board (in the fall of the even-numbered year), they become effective the following July 1 of the odd-numbered year (18 months after the valuation date).

Valuation Date	Employer Contribution Rates
12/31/2017	July 2019 – June 2021
12/31/2019	July 2021 – June 2023
12/31/2021	July 2023 – June 2025

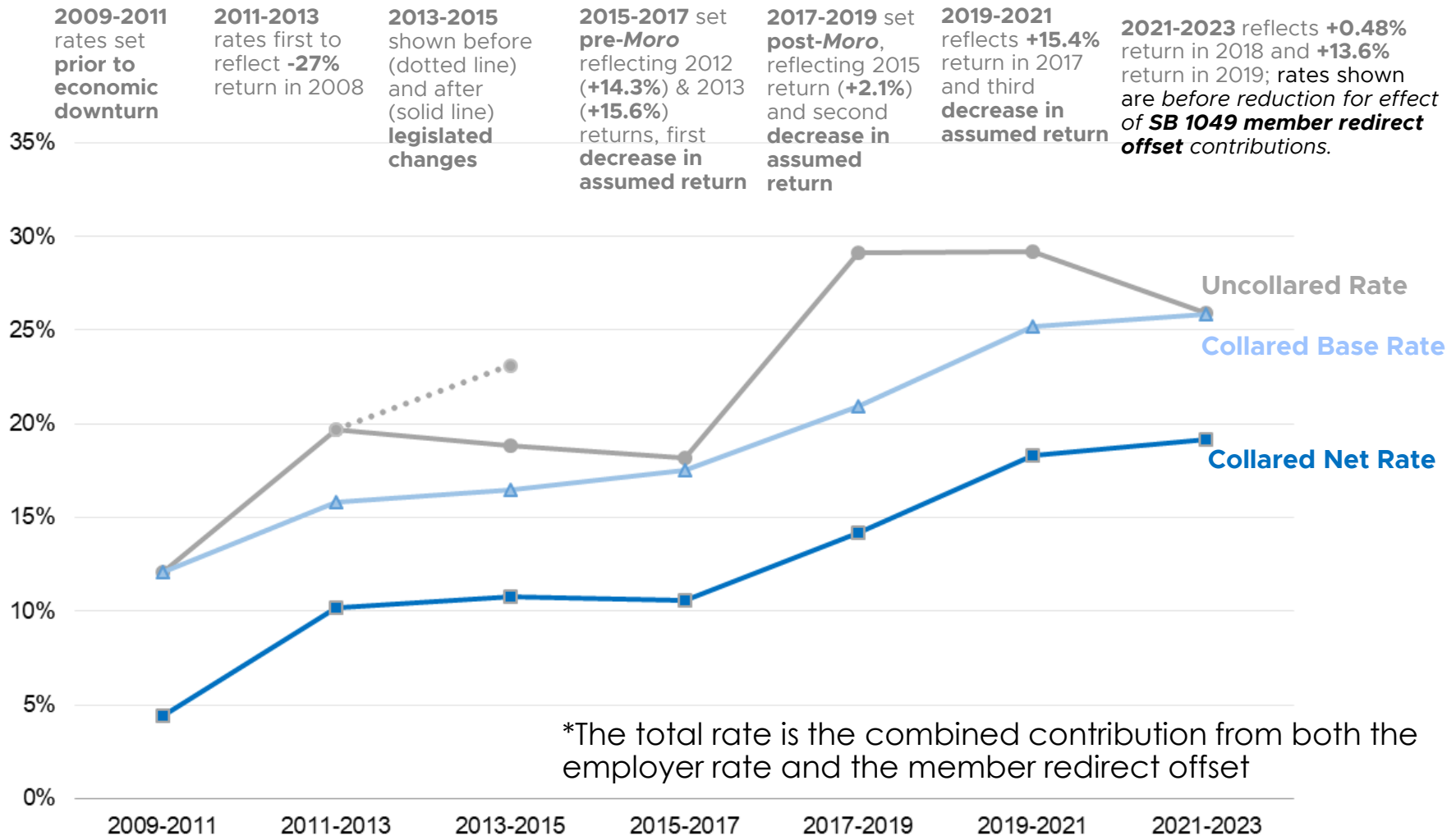
Current Rate Collar Design

- The maximum change typically permitted by the rate collar is: 20% of the rate currently in effect (3% of payroll minimum collar width)
- If funded status is 60% or lower, the width of the rate collar doubles 40% of rate currently in effect (6% of payroll minimum collar width)
- If the funded status is between 60% and 70%, the rate collar's width is pro-rated between the single-collar and double-collar widths



- Collars limit the biennium to biennium increase in the UAL Rate for each individual employer (or pool, if an employer participates in one)

System-average Weighted Total* Pension-Only rates



*The total rate is the combined contribution from both the employer rate and the member redirect offset

Assumed return:

Uncollared Total Pension Rates – System-Wide

Excludes Retiree Health Care, IAP Contributions, Rate Collar, Side Accounts

	12/31/2017 Valuation 2019 – 2021 Final Rates			12/31/2019 Valuation 2021 – 2023 Final Rates		
	Tier 1 / Tier 2	Payroll OPSRP	Weighted Average ¹	Tier 1 / Tier 2	Payroll OPSRP	Weighted Average ¹
Normal Cost	15.27%	8.92%	11.59%	14.92%	9.16%	11.09%
Tier 1/Tier 2 UAL	16.18%	16.18%	16.18%	13.13%	13.13%	13.13%
OPSRP UAL	1.45%	1.45%	1.45%	1.69%	1.69%	1.69%
Uncollared Total Rate	32.90%	26.55%	29.22%	29.74%	23.98%	25.91%
Increase				(3.16%)	(2.57%)	(3.31%)

Rates shown on this slide are “total” rates, and do not incorporate any treatment of redirected member contributions as an offset

¹ Weighting based on system-wide payroll levels (Tier 1/Tier 2, OPSRP) as of the valuation date.

Collared Total Pension Base Rates – System-Wide

Excludes Retiree Health Care & IAP Contributions, Side Account Offsets

	12/31/2017 Valuation 2019 – 2021 Final Rates			12/31/2019 Valuation 2021 – 2023 Final Rates		
	Payroll			Payroll		
	Tier 1 / Tier 2	OPSRP	Weighted Average ¹	Tier 1 / Tier 2	OPSRP	Weighted Average ¹
Uncollared Total Rate	32.90%	26.55%	29.22%	29.74%	23.98%	25.91%
Collar Limitation	(3.99%)	(3.99%)	(3.99%)	(0.09%)	(0.09%)	(0.09%)
Collared Total Base Rate	28.91%	22.56%	25.23%	29.65%	23.89%	25.82%
Increase				0.74%	1.33%	0.59%

Increases that will be effective July 2021 are limited by the collar for some employers

¹ Weighting based on system-wide payroll levels (Tier 1/Tier 2, OPSRP) as of the valuation date.

Collared Employer Pension Rates – System-Wide

Excludes Retiree Health Care & IAP Contributions

	12/31/2017 ¹ Valuation 2019 – 2021 Final Rates			12/31/2019 ¹ Valuation 2021 – 2023 Final Rates		
	Tier 1 / Tier 2	Payroll		Tier 1 / Tier 2	Payroll	
		OPSRP	Weighted Average ²		OPSRP	Weighted Average ²
Collared Base Rate	28.91%	22.56%	25.23%	29.65%	23.89%	25.82%
Member redirect offset	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(2.45%)</u>	<u>(0.70%)</u>	<u>(1.25%)</u>
Collared Base Employer Rate	28.91%	22.56%	25.23%	27.20%	23.19%	24.57%
Side Account (Offset)	(6.51%)	(6.51%)	(6.51%)	(6.24%)	(6.24%)	(6.24%)
SLGRP Charge/(Offset)	(0.40%)	(0.40%)	(0.40%)	(0.40%)	(0.40%)	(0.40%)
Collared Net Rate	22.00%	15.65%	18.32%	20.56%	16.55%	17.93%
Increase				(1.44%)	0.90%	(0.39%)

Rates vary by employer, as only some employers have side accounts

Changes in side account offsets are not collared

1 For this exhibit, adjustments are assumed not to be limited due to an individual employer reaching a 0.00% contribution rate.

2 Weighting based on system-wide payroll levels (Tier 1/Tier 2, OPSRP) as of the valuation date

Projected 2021-2023 Total Contributions

(\$ millions)	Projected 2019-21 Payroll*	(A) Projected 2019-21 Contribution	Projected 2021-23 Payroll*	(B) Projected 2021-23 Total Contribution	(B - A) Projected Total Contribution Increase / (Decrease)
State Agencies	\$ 6,910	\$ 1,185	\$ 7,400	\$ 1,480	\$ 295
School Districts	7,485	1,335	8,015	1,275	(60)
All Others	<u>8,680</u>	<u>1,585</u>	<u>9,300</u>	<u>1,910</u>	<u>325</u>
Total	\$23,075	\$ 4,105	\$24,715	\$ 4,665	\$ 560

- Collared net rates are used to project 2021-2023 contributions
- The advisory valuation projected a total contribution increase of \$1,160 million between the 2019-21 and 2021-23 biennia, compared to a projected \$560 million increase in this valuation
- Projected 2019-21 contributions increased by \$100 million compared to prior estimate (based on 12/31/2018 valuation) as a result of a larger-than-expected increase in system payroll

**Assumes total payroll grows at 3.50% annually based on 12/31/2019 active member census. The collared net rate applied to this payroll reflects the projected change over time in payroll composition as new OPSRP members are hired to replace retiring Tier 1/Tier 2 members*

Factors Driving the Projected Contribution Increase

The projected \$0.6 billion 2021 - 2023 total contribution increase consists of:

- \$0.3 billion - system-wide average increase in contributions of 0.86% of payroll, consisting of a 0.39% of payroll decrease in the collared net employer rate and the addition of a 1.25% of payroll contribution from member redirect
 - Includes impact on average contribution rate of projected change over time in payroll distribution between Tier 1/Tier 2 and OPSRP
- \$0.3 billion - projected system payroll growth between 2019-2021 and 2021-2023
 - Assumed system payroll growth of 3.5% per year / 7.1% per biennium means the collared net rate increase is applied to a larger payroll base
 - Assumes no change in payroll distribution between Tier 1/Tier 2 and OPSRP

Redirected member contributions will serve to offset employer contribution rates in the 2021-2023 biennium

- This can either partially or fully mitigate an employer's effective increase
- An estimate of this effect is shown on the next slide

Projected Split of 2021-2023 Total Contributions

(\$ millions)	(A) Projected 2019-21 Contribution	(B) Projected 2021-23 Total Contribution	(C) Estimated Member Redirected Contributions*	(B - C) Projected 2021-23 Employer Contribution	(B - C - A) Projected Employer Contribution Increase / (Decrease)
State Agencies	\$ 1,185	\$ 1,480	\$ 85	\$ 1,395	\$ 210
School Districts	1,335	1,275	100	1,175	(160)
All Others	<u>1,585</u>	<u>1,910</u>	<u>110</u>	<u>1,800</u>	<u>215</u>
Total	\$ 4,105	\$ 4,665	\$ 295	\$ 4,370	\$ 265

* Reflects member redirect offset of 2.45% of payroll for Tier 1 and Tier 2, and 0.70% for OPSRP; the statutory 2.50% and 0.75% redirection levels were adjusted downward by 0.05% to estimate the anticipated effect of members below the statutory pay threshold who will not have contributions redirected

SB 1049 Implementation 2019-21

Majority of Legislative Intent Achieved

- Tier One/Tier Two – reamortization of UAL over 22 years. **IMPLEMENTED**
- Employer Programs – A \$**65M** GF appropriation into the Employer Incentive Fund (EIF) encouraged employers to set up, or make new contributions to, side accounts used to offset future contribution payments. Formalize Unfunded Actuarial Liability Resolution Program. **IMPLEMENTED**
- Salary Limits – This provision limits the amount of subject salary used in benefit calculations for all program members. In 2020, the limit is \$197,730. **IMPLEMENTED**
- Work After Retirement – Provisions allow PERS retirees to work unlimited hours for PERS-participating employers in calendar years 2020-2024 without losing their pension benefit. Employers are required to pay the contribution rate on retiree salary as if they were an active member. **SUBSTANTIVELY IMPLEMENTED**
- Member Redirect – Beginning July 1, 2020, a portion of member contributions (6% of salary) will be directed to a new Employee Pension Stability Account (EPSA) to be used for future pension payments. **PARTIALLY IMPLEMENTED**
- Member Choice – As of January 1, 2021, investment of member IAP accounts may be directed by members to a Target Date Fund other than one based on their birth year. **IMPLEMENTED**

Cumulative Actuarial Impact (Updated)

Contribution Rate Impact (based on 2019 valuation)

SB 1049 Change	Estimated 2021-23 Rate Effect 5/9/2019 analysis	Estimated 2021-23 Rate Effect 12/31/2019 valuation
T1T2 UAL reamortization (uncollared rate)	(3.90%)	(3.50%)
Rate collar effect on UAL re-amortization	0.50%	0.00%
FAS Limit of \$195K	(0.03%)	(0.02%)
IAP Redirect	(1.20%)	(1.20%)
Contributions on Rehired Retiree Members	(0.80%)	(0.50%) – (0.60%)

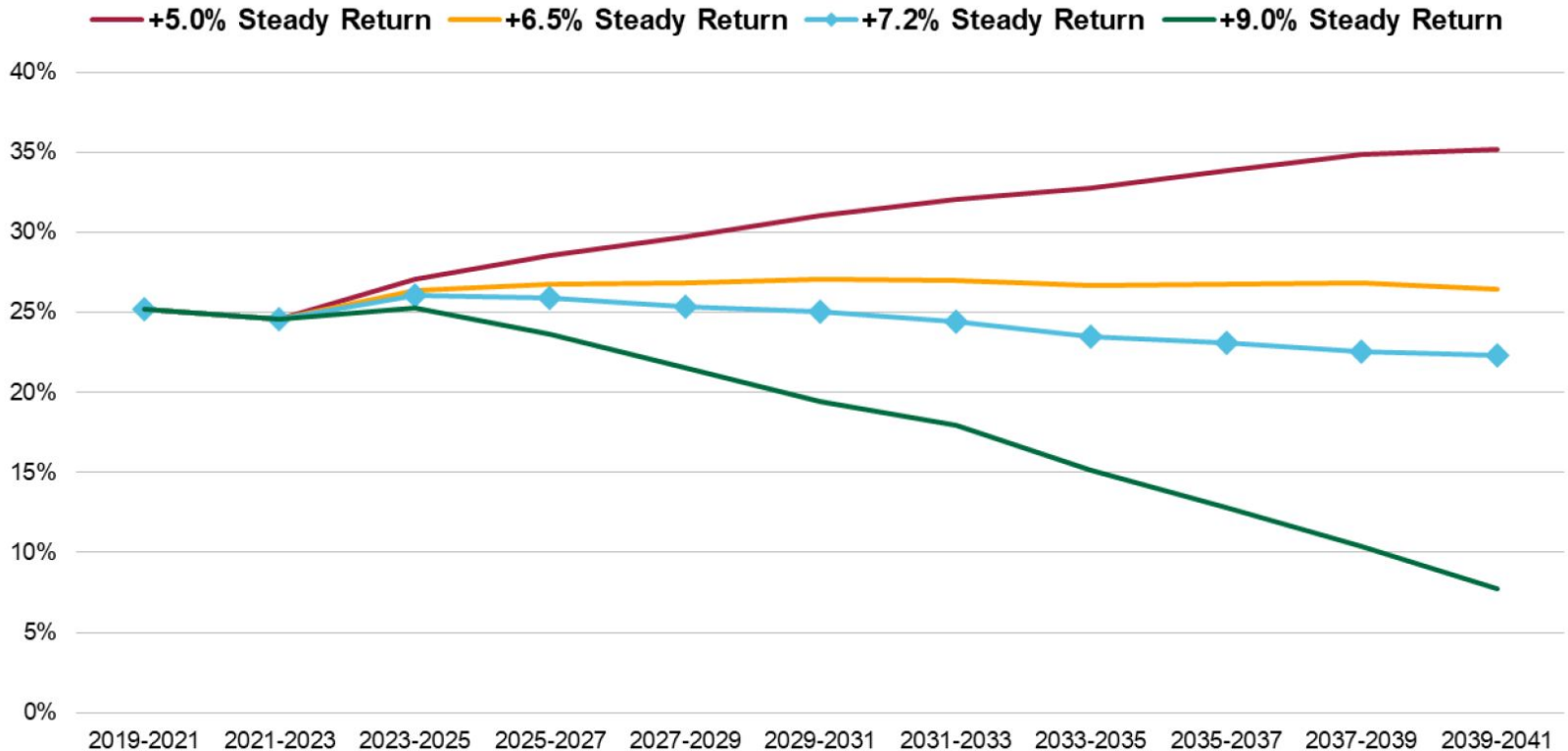
Employer Incentive Fund Update

Employers who received EIF Match			
Number of Employers	Employer Funds	EIF Match	Total
89	\$ 272,807,856.40	\$ 64,751,661.80	\$ 337,559,518.20
Transitional Liabilities Paid Off			
Number of Employers	Employer Funds		Total
4 ¹	\$ 35,170,251.00		\$ 35,170,251.00
9 ²	\$ 4,865,293.00		\$ 4,865,293.00
5 ³	\$ 565,505.00		\$ 565,505.00
Deferred Rate Offset or Revised Amortization Schedule			
Number of Employers	Employer Funds		Total
2	\$ 107,000,000.00		\$ 107,000,000.00
New Side Accounts Established - No EIF Match			
Number of Employers	Employer Funds		Total
12 ⁴	\$ 56,652,000.00		\$ 64,051,839.20
<i>SIDE ACCOUNT TOTALS</i>			<u>\$ 549,212,406.40</u>
1 - SB 1566 (2018) Launch to EIF Launch - September 2019			
2 - EIF Launch to December 1, 2020			
3 - Non EIF Matched Employers			
4- Includes Employers on the wait list that pre-emptively made a payment or applied with a side account established in June 2018			

Collared Base Pension Rates

Current Rate Setting Structure

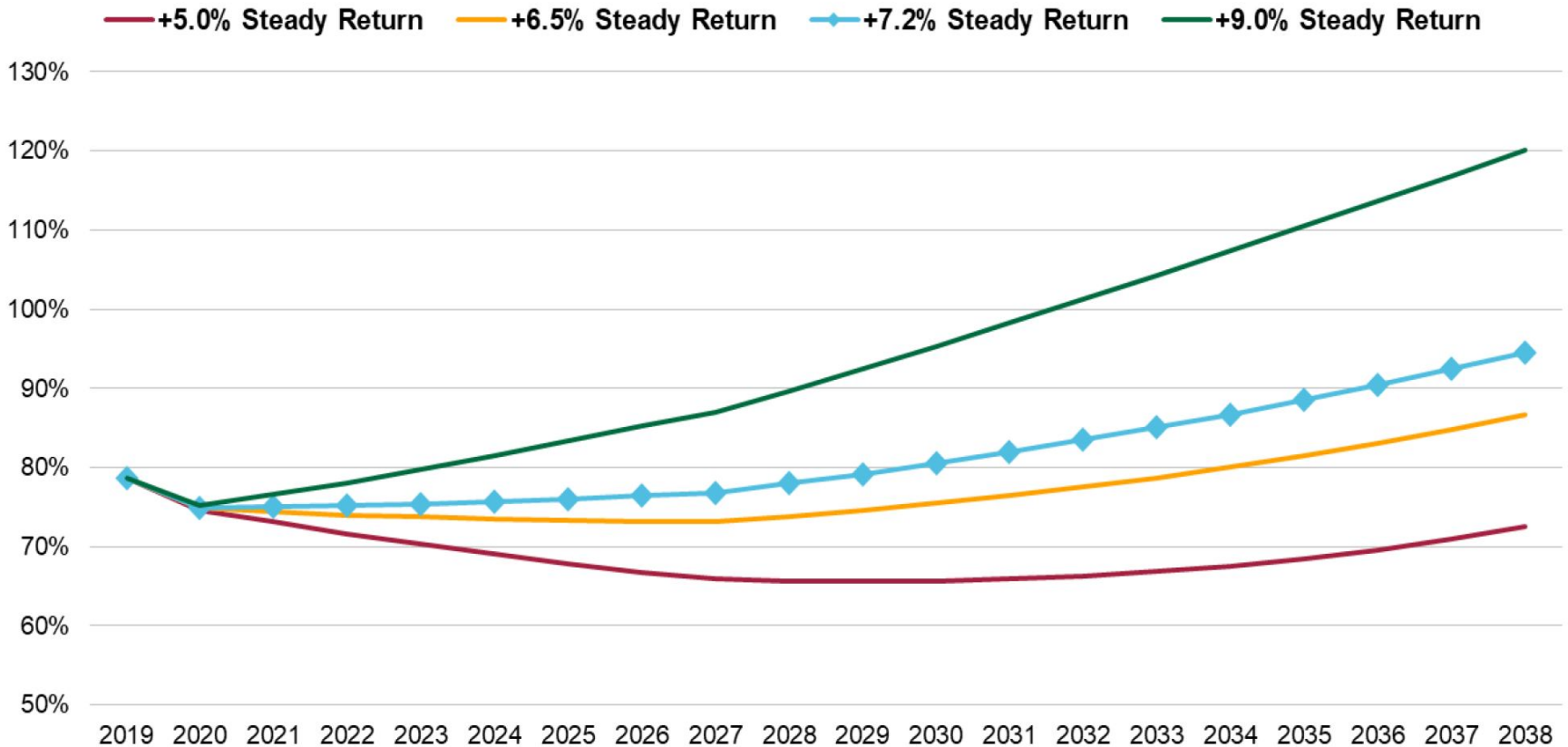
The steady return model illustrates impact of consistently achieving the assumed 7.20% return (blue line) and three alternative returns



System Funded Status (with side accounts)

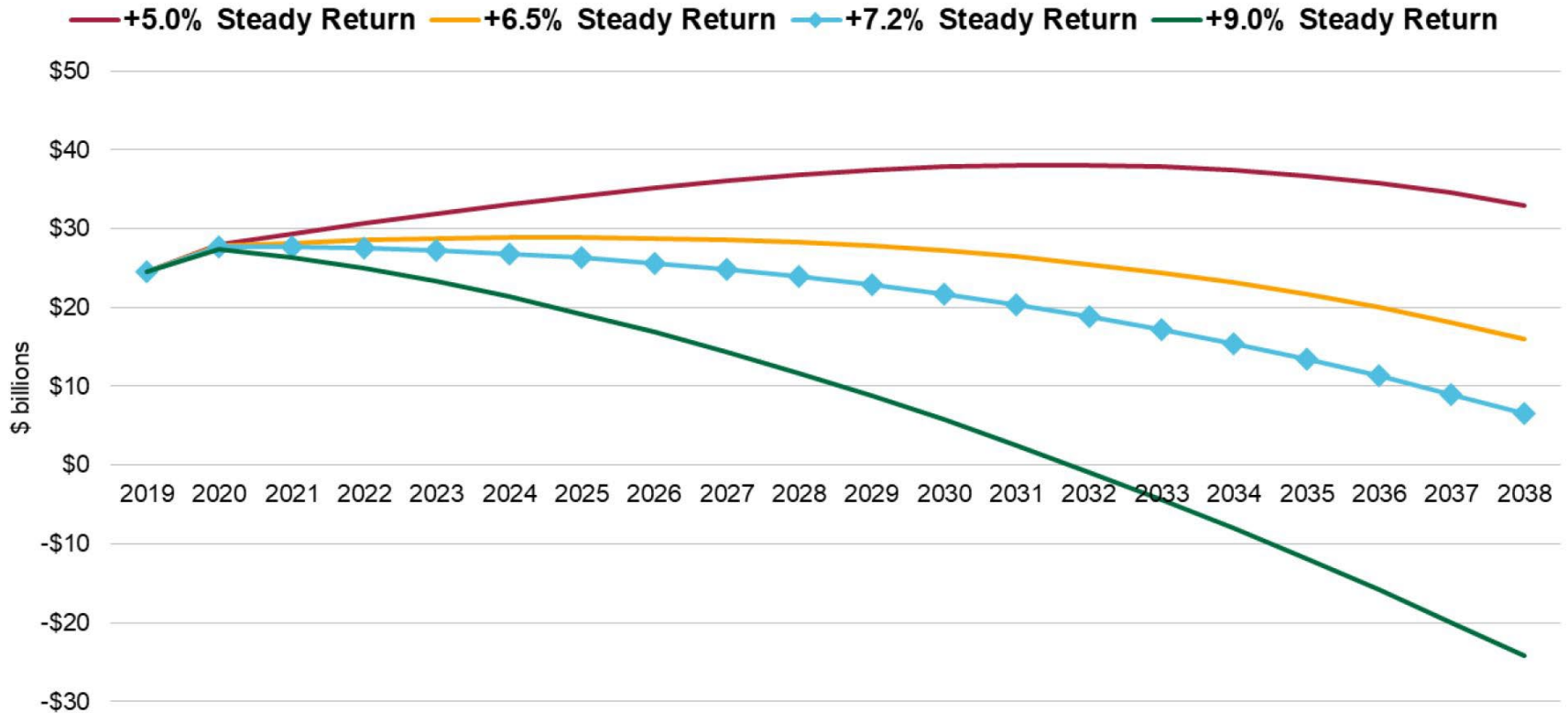
Current Rate Setting Structure

The steady return model illustrates impact of consistently achieving the assumed 7.20% return (blue line) and three alternative returns



UAL (Unfunded Actuarial Liability)

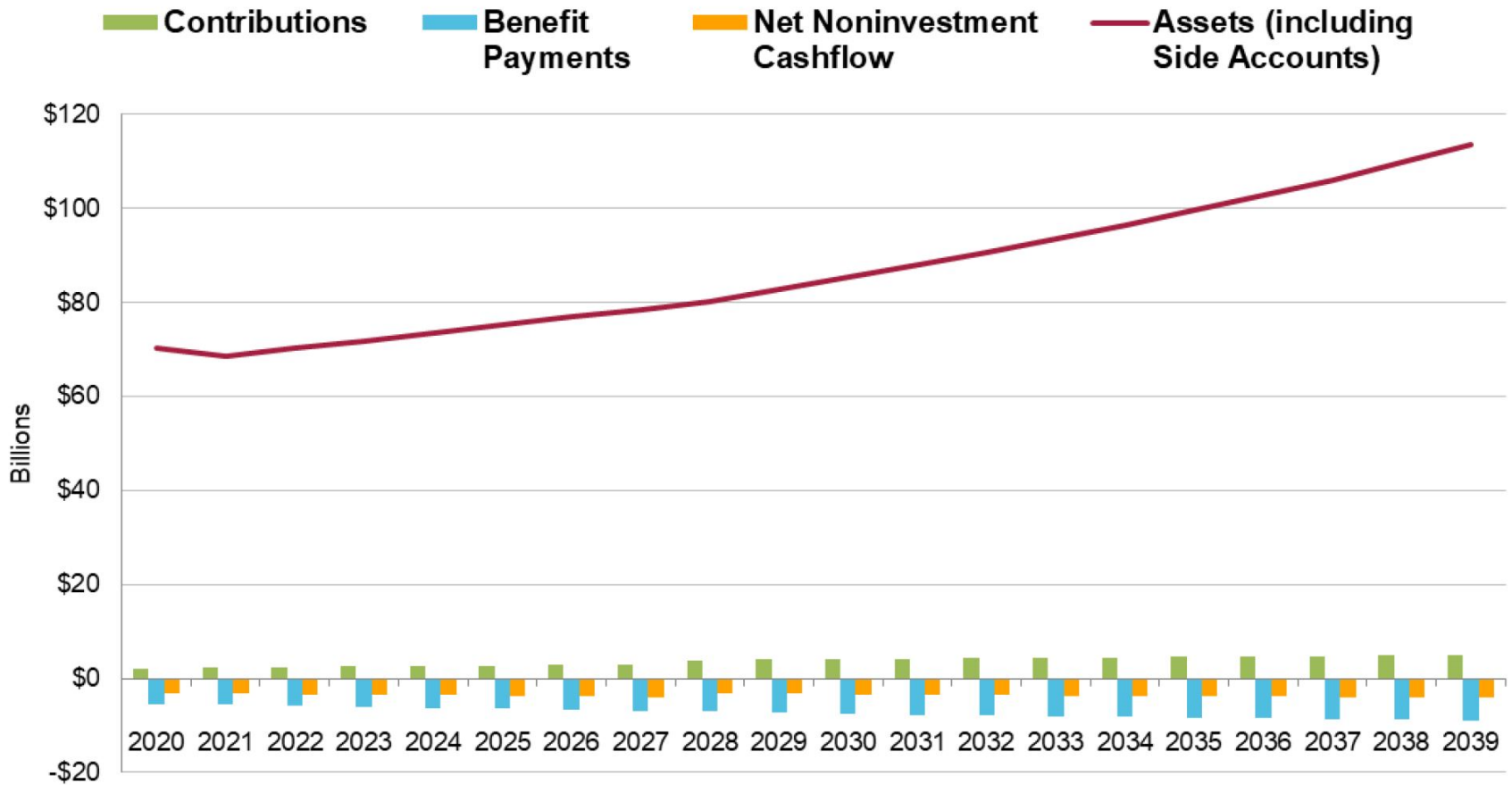
Current Rate Setting Structure



- 2020 UAL increases due to estimated year-end 2020 investment returns
- At steady +7.2% returns, UAL remains relatively level for several years before declining to below \$7 billion at year-end 2038

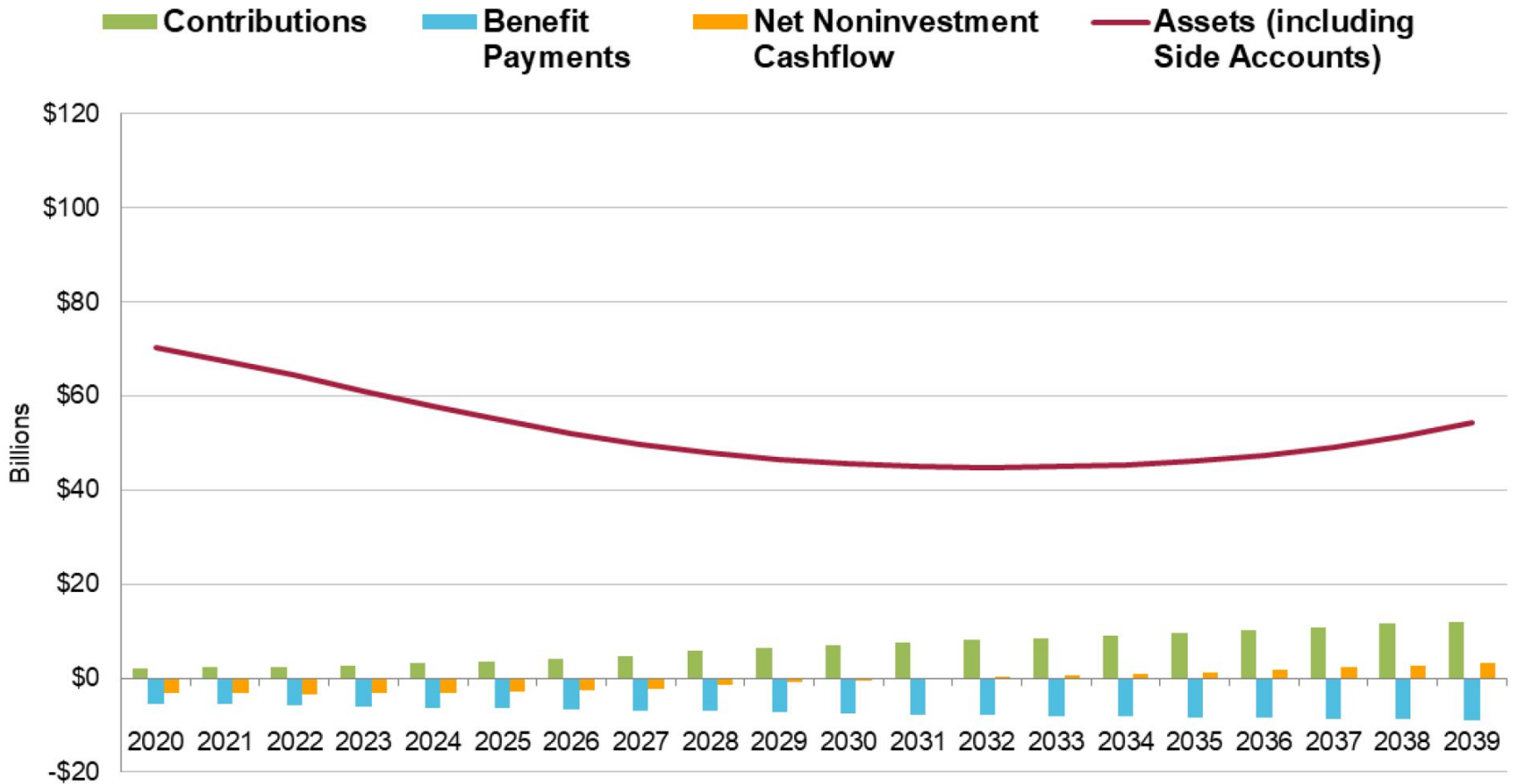
Cash Flow and Asset Balance Analysis

Current Rate Setting Structure with 7.2% assumed return



Cash Flow and Asset Balance Analysis

Current Rate Setting Structure and 0% assumed return



OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



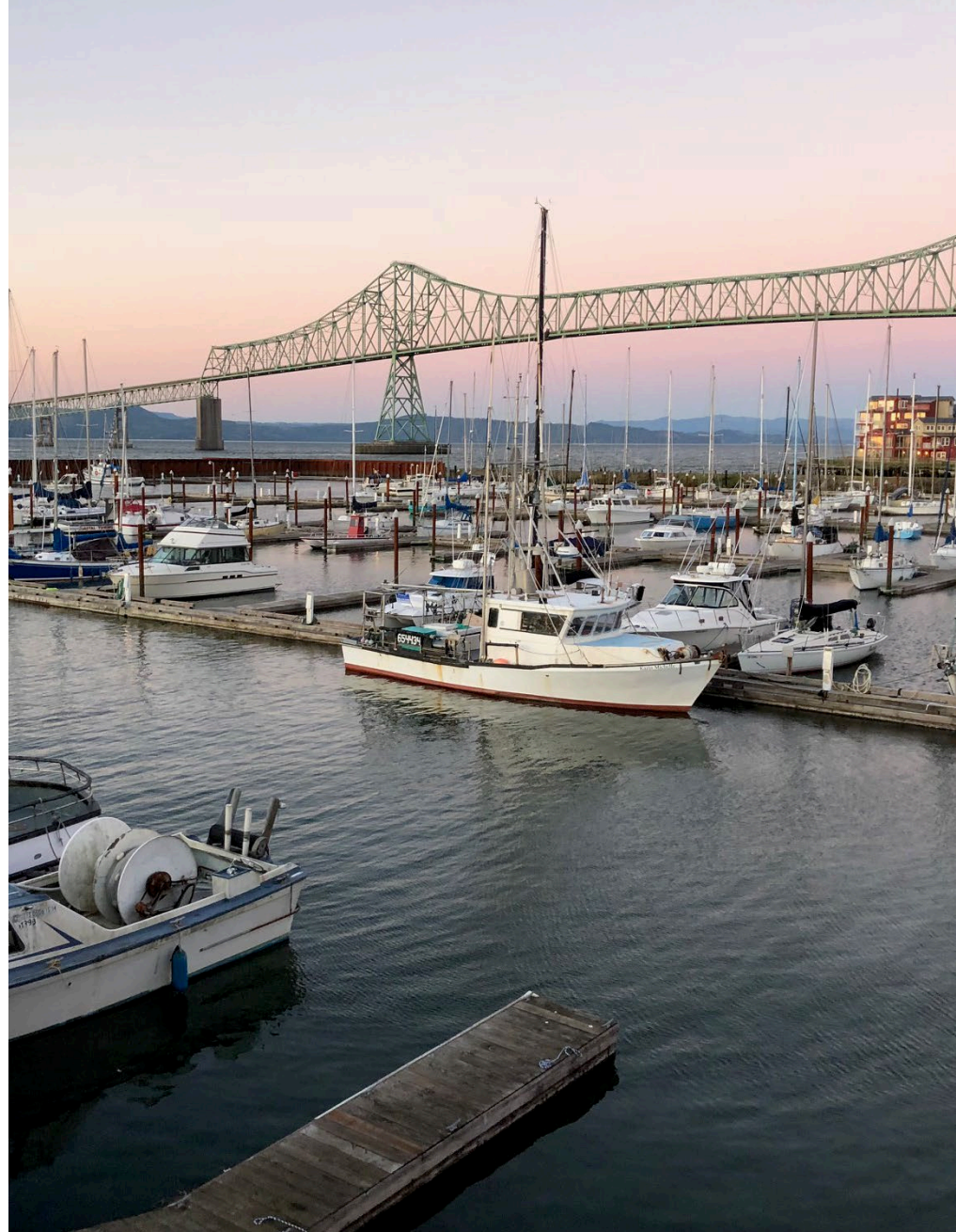
Thank You

www.oregon.gov/pers



APPENDIX

- PERS Board Constitution, Membership & Duties & Authority
- Additional Resources



PERS Board – How Is It Constituted

(Oregon Revised Statutes Chapter 238.640)

Five members, appointed by the Governor and confirmed by the Senate (Governor designates who will serve as Board Chair):

- One member is an employee of the state in a management position or holds an elective office in a governing body of a public employer
- One member is retired from a bargaining unit or is currently employed and in a bargaining unit
- Three members with experience in business management, pension management, or investing

PERs: Board of Trustees



Board Chair:
Sadhana Shenoy



Vice Chair:
Lawrence J. Furnstahl



Jardon Jaramillo



Stephen Buckley



Steve Demarest

PERS Board – Duties and Authority

(Oregon Revised Statutes Chapters 238.630)

- As trustees of the Public Employees Retirement Fund, directed to administer the system to create and maintain long-term stability and viability
- Publish an actuarial report at least once every two years, evaluating the system's current and prospective assets and liabilities and its financial condition, including the mortality, disability, and other experience of the members and employers
- Adopt actuarial equivalency factor tables at least once every two years, using the best actuarial information on mortality available at the time of adoption
- Publish a Comprehensive Annual Financial Report (CAFR) on an annual basis
- Adopt rules and take all actions necessary to maintain PERS as a federal tax qualified retirement plan
- Employ the Director and set up any other positions under the Director deemed necessary to carry on the duties of the administration of PERS

Translating Duties to Governance

The Board meets six times per year (bi-monthly).

- Set the economic assumptions and rate of return assumption biannually
- Based on results of the actuarial valuation, the board sets the employer contribution rates for the subsequent biennia
- Adopts actuarial equivalency factor tables which define the difference between the normal form of pension and other pension options
- Approves Fund Earnings and Interest Crediting annually
- Sets the Contingency Reserve Allocation annually
- Reviews and approves changes to the plan rules to ensure ongoing compliance with updates to applicable laws and regulations
- Hires the Director and conducts regular performance reviews
- Ensures there is adequate staffing under the Director to carry on the duties of the administration of PERS through adoption of budget requests
- Reviews the PERS Objective Based Management System on a semi-annual basis to ensure the administration of the agency meets its objectives

The Audit Committee meets three times per year.

- The Audit Committee reviews all internal and external audit reports and follows up on action items to address audit findings
- The Audit Committee ensures the Comprehensive Annual Financial Report (CAFR) is published annually

Additional Resources

Agency 2021-2023 Governor's Recommended Budget

- <https://www.oregon.gov/pers/Documents/Financials/Budgets/2021-23-GB.pdf>

Milliman December 31, 2019 System Valuation

- Annual actuarial report of the system assets and liabilities
https://www.oregon.gov/pers/Documents/Financials/Actuarial/2020/12-31-2019_Actuarial_Valuation.pdf

Comprehensive Annual Financial Report (CAFR) – Fiscal Year End June 30, 2020

- Report of all funds over which the PERS Board exercises authority
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

PERS by the Numbers – Updated December 2020

- Summary of information about system demographics, benefits, funding, revenue, and history
<https://www.oregon.gov/pers/Documents/General-Information/PERS-by-the-Numbers.pdf>

PERS Economic Impact Study

- Summary of the economic impact of PERS pension payments on the Oregon economy
<https://www.oregon.gov/pers/Documents/General-Information/Economic-Impact-Study.pdf>

PERS Agency Strategic Plan – 2018-2023

- Agency-established priorities and plan to achieve the core mission
<https://www.oregon.gov/pers/Documents/Strategic-Plan.pdf>

PERS Agency Website

- PERS website
<https://www.oregon.gov/pers/Pages/index.aspx>