

PERSPECTIVES

Active
Member
Edition

IAP Remediation update

PERS has completed the Individual Account Program (IAP) Remediation project.

Remediation project highlights include:

1. Member IAP accounts are now credited with earnings annually instead of monthly.

Annual earnings are credited with the same structures and timeframes used for Tier One and Tier Two accounts. Originally, IAP accounts were credited monthly with a “unit value” that was confusing.

Annual earnings crediting to member accounts allows PERS to work with employers to ensure that member contributions are accurate and complete before allocating earnings on a year-end balance basis so members are not adversely affected by posting delays or corrections.

2. Administrative fees have been restored to member IAP accounts and are now deducted from earnings on the IAP fund instead of directly from member accounts, as part of the annual crediting process.

3. PERS recalculated member IAP account data for 2004 and 2005 (and will do the same for 2006), so all member contributions received in a calendar year received the same earnings percentage for each year.

The new earnings structure credits all contributions received for a calendar year with the same annual percentage, so all members have the same annual earnings crediting rate. Any subsequent contribution adjustments will also be credited with the appropriate annual earnings rate(s).

The IAP is invested in the same diversified portfolio as most other PERS assets and reserves, known as the “regular account.”

The IAP earnings crediting rate for 2004 was 12.77 percent, and the rate for 2005 was 12.80 percent.

IAP annual statements

Corrected IAP annual statements for 2004 and 2005 (showing adjusted total contributions and earnings for each year) will be mailed to members at their address on file at PERS by the end of November 2006.

The IAP annual statement will show contributions (reported by your employer to PERS) and earnings through December 31, 2005.

The 2004/2005 statement will not show contributions for 2006. You can view 2006 contributions on the IAP website at: iap.csplans.com. The IAP website will be active when statements are mailed.

Personal identification numbers (PINs) were sent to participants in May 2005. If you have misplaced your PIN, use the “Forgot Your PIN” function on the IAP website and CitiStreet, our third-party administrator for the IAP, will mail it to you.

The account balance shown on the IAP website is your December 31, 2005 balance with 2006 contributions added. IAP annual earnings for 2006 will be credited in March 2007; earnings for 2007 and beyond will be credited in the same manner.

Your 6 percent PERS member contribution has been directed into your IAP account as of January 1, 2004. The IAP benefit is in addition to any other PERS retirement program benefit for which you are entitled (i.e., Tier One, Tier Two, or OPSRP).

Tier One/Tier Two and OPSRP annual statements for 2005 were mailed to members earlier this year.

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Retirement planning check list

Maybe you've been thinking about retirement since your first day on the job. Or maybe you've only recently recently begun to think about retiring.

It is one of life's big decisions and it is never too early to start thinking and planning for retirement.

More than 49,000 Tier One/Tier Two members are currently eligible to retire.

The forms and other tools you need to retire are posted on the PERS website at <http://oregon.gov/PERS>.

Here are some guidelines, in check list form, to help you plan for a successful retirement.

Five years before retiring

- Organize your financial statements and take an inventory of your savings, assets, and liabilities.
- Attend a financial planning workshop, or do individual research to determine what your financial needs will be during retirement.
- Register and attend a PERS Five-Year Group Counseling session.

One year before retiring

- Use the benefit estimate calculator on the PERS website (<http://oregon.gov/PERS>) to estimate your retirement benefit.

One year before retiring (continued)

- Review your financial holdings and compare them to what your needs will be during retirement. You may wish to attend a financial planning workshop.
- Register and attend a PERS One-Year Group Counseling session (you can register on the PERS website).

Nine months before retiring

- Verify with your employer that all of the current personal information PERS has for you is accurate, including your name, birth date, and, if applicable, any court order(s).
- Make sure you have copies of officially accepted age verification documents.
- Make sure you have necessary verification for special purchases, such as out-of-state teaching or military purchases (if applicable).

Six months before retiring

- Complete and submit a benefit estimate request form (available on the PERS website) or prepare your own estimate using the benefit estimate calculator on the PERS website.

Three months before retiring

- We encourage you to submit your retirement application to PERS 60 - 90 days before your effective retirement date. Your retirement date is either the first day of the month following the last day you worked or were on vacation or paid leave; or the first of the month in which you file your application, whichever is later. You will receive your first benefit payment within 92 days of your retirement date.
- If you want to purchase retirement credit (waiting time, military, educational, etc.), you must do so within 90 days before your effective retirement date. Visit the PERS website for more information.

59 days after your first benefit payment is issued

- This is the last day you can change your retirement option choice or your beneficiaries to joint and survivorship options.
- If you choose a lump-sum option and want to change it, you must repay any lump-sum funds distributed to you.

Perspectives is published quarterly by the Oregon Public Employees Retirement System for the benefit of PERS/OPSRP members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters office is at **11410 SW 68th Parkway, Tigard, Oregon**. **Phone 503-598-PERS** or toll-free **888-320-7377**; **TTY: 503-603-7766**. Telephone hours are 8:30 a.m. to 5 p.m., Monday through Friday, except holidays. PERS' Internet address is <http://oregon.gov/PERS>.

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PERS funded status continues to improve

PERS' actuary, Mercer, has completed the 2005 systemwide valuation for the Tier One/Tier Two Programs and, for the first time, the Oregon Public Service Retirement Plan (OPSRP) Pension Program.

The valuation results for 2005 show that the pension programs are now fully funded when counting employer side accounts containing lump-sum payments that employers make to reduce or offset their unfunded actuarial liability (UAL) which now total about \$6.7 billion.

When conducting the systemwide valuation, Mercer first determines the cost of accrued pension liabilities (the money PERS will pay out in benefits) for retirees and members. The actuary then determines if PERS has sufficient assets on hand to cover those liabilities.

Then Mercer calculates employer contribution rates, which the Board must approve, to pay for any shortfall in assets and to cover future accrual of benefits.

The funded status of individual employers will differ based on employer-specific factors, including any lump-sum payments. As a result, some employers will be fully funded, while others have a UAL.

Overall improvement in the valuation from 2004 to 2005 is due to two main reasons: the Board released \$1.6 billion in reserves (Capital Preservation Reserve and the Contingency Reserve) to the PERS fund and PERS earned good returns on its investments through the Oregon Investment Council (OIC).

The valuation has a direct effect on employer rates. Employer rates were previously expected to increase on July 1, 2007, to an average of 16.1 percent for Tier One/Tier Two accounts based on the 2004 valuation.

The 2005 systemwide valuation shows an average employer rate of 14.8 percent before factoring in the side account offsets.

After factoring in employer side accounts, the valuation shows an average employer rate of 8.1 percent for the Tier One/Tier Two Programs.

For the OPSRP Pension Program the 2005 valuation shows the general service employer rate decreasing from 8.04 to 5.82 percent and the police and fire employer rate dropping from 11.65 to 9.09 percent. These are average systemwide rates.

The Board is expected to adopt employer rates, based on this valuation, at its November 17, 2006 meeting. Those rates will take effect July 1, 2007.

The 2005 valuation is posted on the PERS website (<http://oregon.gov/PERS>) in the "Financials" section.

Ready to retire?

Are you retiring soon? PERS is offering Internet-based presentations to help you complete your retirement forms.

These one-hour presentations provide a review of the forms required to retire from PERS or the IAP, and provide an overview of the correct way to fill out the paperwork.

You will need speakers or headset to participate. A microphone is recommended to pose questions, but you can use text messaging.

Several sessions are scheduled and registration is required.

To register, go to Education Sessions on the PERS website at <http://oregon.gov/PERS>.

Program Funded Status:

Valuation Date	OPSRP	Tier One/Tier Two	
		Excluding Side Accounts	Including Side Accounts
December 31, 2004	N/A	84%	95%
December 31, 2005	102%	91%	104%

Survey results coming in February issue

PERS recently surveyed current members and retirees regarding the services it provides. We are currently reviewing the responses and comments (almost 2,000 people completed the survey) to determine how we can improve our customer service.

The survey results will be printed in the February 2007 *Perspectives*.

PERS Presentations: November 2006 - March 2007

Registration is required. Register through the PERS Website (<http://oregon.gov/PERS>) in the Education Sessions section. All presentations are free, including the financial planning sessions. Space is limited.

One-Year PERS Presentations

For members within *one* year of retirement

Ashland/Med.	Mar. 7, 8
Baker City	Feb. 27
Coos Bay	Mar. 22
Corvallis	Nov. 16
Eugene/Spgfld	Nov. 15; Dec 20; Feb. 21; Mar. 21
Gresham	Dec. 5; Feb. 6
Hillsboro	Nov. 14; Dec. 12; Feb. 13; Mar. 13
Klamath Falls	Feb. 28
Oregon City	Jan. 4
Redmond	Feb. 26
Salem	Nov. 8; Dec. 13; Jan. 24; Mar. 14
Tigard	Nov. 6, 13 , 18*, 27; Dec. 4 , 18; Jan. 8, 29; Feb. <u>5</u> , 19, 26 ; March 12, 26

These sessions cover:

Individual Account Program (IAP) // Retirement eligibility and calculating the retirement benefit // Review of benefit estimate // Retirement option choices // Variable account after retirement // Work after retirement provisions // Health insurance // Cost-of-living adjustments // Taxes.

Dates followed by an asterisk (*) add financial planning information presented by PERS' education partner, American General Financial Advisors (AGFA). Additional topics covered at these sessions include: Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs // Investment strategies for retirement.

Tigard dates in **bold** are for education staff; dates underlined are for police officers and firefighters.

Five-Year PERS Presentations

For members within *five* years of retirement

Albany	Mar. 20
Ashland/Med.	Mar. 7
Astoria	Nov. 6; Mar. 1
Bend	Feb. 27
Corvallis	Nov. 9*, 16; Feb. 20
Eugene/Spgfld	Dec. 5*; Jan. 17
Gresham	Mar. 6
Hillsboro	Jan. 9
Hood River	Mar. 15
Klamath Falls	Mar. 1
Oregon City	Nov. 20; Jan. 25
Roseburg	Mar. 6
Salem	Nov. 8; Feb. 14
Tigard	Dec. 9*, 11; Feb. 12; Mar. 5

These sessions cover:

Individual Account Program (IAP) // Review of Benefit Estimate Calculator // Retirement benefit information // Work after retirement provisions.

Dates followed by an asterisk (*) add financial planning information presented by PERS' education partner, American General Financial Advisors (AGFA). Additional topics covered at these sessions include: Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs.

Other group counseling sessions...

Early Career: retirement benefit information for PERS/OPSRP members hired January 1, 1996 or after.

Completing Your Retirement Forms: for those retiring within one year, this online session is an overview of the PERS and IAP service retirement application forms.

Oregon Growth Savings Plan Workshops: learn about the benefits of tax-deferred investing.

Visit the Education Sessions section of the PERS website (<http://oregon.gov/PERS>) for more information.