

PERSPECTIVES

Active
Member
Edition

Board credits 2006 earnings to member accounts

The PERS Board determined final investment earnings crediting to accounts for the 2006 calendar year at its March 30, 2007 meeting.

The PERS fund had a total market value of approximately \$60.7 billion as of December 31, 2006. The fund is invested through the Oregon Investment Council with the earnings net of program expenses and reserving then allocated by the PERS Board.

Tier One members, who were employed by a PERS-covered employer prior to January 1, 1996, were credited with regular account earnings of 8 percent. Tier One members are currently guaranteed 8 percent annual earnings to their regular accounts.

The Tier One regular account earnings in excess of 8 percent (totaling some \$655.6 million) were deposited in the Tier One Rate Guarantee Reserve bringing that reserve to a total balance of \$1,637.1 million.

Tier Two members, who were employed by a PERS-covered employer on or after January 1, 1996, and before August 29, 2003, were credited with 15.45 percent regular account earnings.

Tier One and Tier Two member variable accounts earned 15.61 percent. Variable accounts are invested solely in domestic equities, while Tier One/Tier Two regular accounts are invested in a diversified portfolio. As a result, variable account earnings frequently differ from regular account earnings.

The Oregon Public Service Retirement Plan (OPSRP) Pension Program (for members employed by a PERS-covered employer on or after August 29, 2003) is a

defined benefit formula-only plan that does not utilize individual member accounts or related account crediting.

All active Tier One, Tier Two, and OPSRP members also participate in the separate Individual Account Program (IAP). Member IAP accounts were credited with 14.98 percent for calendar year 2006.

Employer accounts and the Benefits-In-Force Reserve were credited with 15.45 percent earnings. The OPSRP Pension employer reserve was credited with 10.55 percent.

2006 annual statements

PERS anticipates mailing 2006 Tier One/Tier Two, OPSRP, and IAP annual statements to members in May 2007.

A sample of each statement is posted on the PERS website (<http://oregon.gov/PERS>).

Inactive PERS accounts

Do you know someone who left Oregon public service before vesting in PERS? He or she may have an inactive PERS account and be entitled to a one-time payout of the account balance.

Tier One or Tier Two members who leave public service without vesting in their retirement accounts go into loss-of-membership (LOM) status after five years. A non-vested member's account stops accruing earnings in LOM status.

If you know someone who may have an inactive PERS account, direct him/her to the Unclaimed Property section of the State Lands' website: <http://www.oregon.gov/DSL/index.shtml>.

In This Issue

- Work after retirement provisions 2
- PERS recognized by *PlanSponsor* Magazine. . . 3
- Group Counseling sessions. 4

Work after retirement for Tier One/Tier Two members

If you decide to work for an Oregon public employer after retiring, Oregon statutes and rules impose certain reemployment restrictions on retired Tier One/Tier Two members.

These restrictions don't apply to employment with a private or non-PERS covered employer; you can work for any number of hours for a private or non-PERS employer without affecting your PERS retirement benefits.

If you are a PERS Tier One/Tier Two retiree receiving a monthly retirement allowance (instead of having retired and taking the total lump-sum option), you can work for one or more Oregon PERS public employers for no more than 1,039 hours in a calendar year unless your position meets certain exceptions.

Exceptions to this limit that may allow you to work more hours are explained below. Working under these exceptions after retirement will not affect your benefit and you will not accrue any additional retirement benefits for this work.

First, if you are receiving Social Security benefits but have not reached full retirement age for Social Security, your maximum hours in a calendar year is either 1,039 hours or the number of hours at your rate of pay that would not exceed the Social Security earnings limitation.

Those limits are set annually by the Social Security Administration and

are effective once PERS adopts the new limits into its administrative rule, OAR 459-017-0060. Check the most recent version of that rule for the applicable limits.

If you are receiving Social Security benefits and have reached full retirement age for Social Security, you can work an unlimited number of hours without affecting your PERS benefits.

Second, certain PERS-covered employers are allowed to hire retired members for an unlimited number of hours.

To be eligible to work under these exceptions, the retired member must not have taken a reduced, early retirement. The exceptions apply to a retired member that is employed as (or by) a:

- teacher or administrator by a school district or education service district that has its administrative office located within a county with a population of not more than 35,000 inhabitants,
- sheriff of a county with a population of fewer than 75,000 inhabitants,
- municipal police department of a city with less than 15,000 inhabitants,
- state or county for work in a correctional institution located in a county with less than 75,000 inhabitants, or
- Oregon State Police for work in a county with less than 75,000 inhabitants, or

- reemployed by the Black Butte Ranch Rural Fire Protection District, the Black Butte Ranch Service District or the Sunriver Service District, or

- any participating employer where the retired member is employed to temporarily replace an employee serving in the National Guard or in a reserve unit of the United States Armed Forces who is called to federal active duty.

If you are employed in two or more public sector jobs and one of them does not meet these exclusions, the hours worked for all public employers count toward the 1,039 hour limit and you must stop working in the non-exempt position(s) before exceeding the limit if you do not want your PERS retirement benefit affected.

Please note that hours are deemed to be worked in the month which the service was performed, not in the year in which the hours were reported.

Group Sessions

You can register online for PERS group counseling sessions. It's simple: choose the session, city, and date you want to attend. You will be asked for your name and an email address.

You will receive an email confirmation message once you register for a session. You will receive a reminder message the day before
(continued on page 3)

PlanSponsor magazine recognizes Oregon PERS

PlanSponsor magazine has recognized the Oregon Public Employees Retirement System (PERS) for closing its \$17 billion pension funding gap. The national publication has named PERS as its 2007 Public Plan Sponsor of the Year. The announcement was made in the cover story of the magazine's February issue.

"Public plan sponsors have a unique set of challenges," noted Nevin E. Adams, Editor-in-Chief of *PlanSponsor* magazine. "OPERS made tough decisions and confronted the issues head on."

The magazine recognized both the successful PERS reforms and the \$60 billion retirement fund investment by the Office of the State Treasurer and the Oregon Investment Council.

In 2003 the PERS system was facing a \$17 billion unfunded actuarial liability. Because of PERS reform, good investment returns, and pension obligation bond investments PERS now has a \$1.75 billion surplus.

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 is located 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 5:00 p.m., Monday through Friday, except holidays. PERS' Internet address is <http://oregon.gov/PERS>.

BOARD

Chair: Michael Pittman

Vice Chair: Brenda Rocklin

Members: James Dalton, Thomas Grimsley, Eva Kripalani

STAFF

Executive Director: Paul R. Cleary

Deputy Director: Steve Delaney

Administrator, Benefit Payments Division: Patrick Teague

Administrator, Fiscal Services Division: David Tyler

Administrator, Customer Service Division: Jeannette Zang

Administrator, Information Services Division: Eric Sokol

Administrator, Policy, Planning, and Legislative Analysis Division: Steven P. Rodeman

Administrator, Personnel Services: Helen Bamford

Perspectives Editor: David Crosley

Governor Ted Kulongoski noted, "This is a great honor for Oregon. It recognizes our collective effort to reform our public retirement system to deliver fairness and sustainability for both Oregon taxpayers and PERS members, while maintaining a defined benefit program."

"Oregon has a long history of innovative and prudent investing," said State Treasurer Randall Edwards, whose staff manages the PERS fund for the Oregon Investment Council. "I'm proud of the state for receiving this honor, and I credit a great team effort by the Oregon Investment Council and the investment staff in the State Treasurer's Office."

In its cover story, *PlanSponsor* quoted a number of financial experts who said Oregon had found a way to preserve traditional pension benefits while at the same time making hard choices to keep the plan viable.

Ron Schmitz, Chief Investment Officer for the State Treasurer's Office, said, "We have a willingness to be a pioneer. I guess that is part of being an Oregonian."

"America's workforce faces some daunting challenges in the years to come," noted Adams. "It is a pleasure to be able to acknowledge the efforts of plan sponsors such as the Oregon Public Employees Retirement System in helping them prepare for a financially secure retirement."

Each year, *PlanSponsor* magazine chooses a plan sponsor that demonstrates leadership in providing a more secure retirement for workers.

Group (continued from page 2)

your session. If a session is cancelled you will be sent a cancellation notice. Our new automated system also prevents over bookings of sessions by closing the registration link when the class is full.

PERS' education partner, AGFA, schedules the 1-year with financial planning and 5-year with financial planning presentations. There is a link to AGFA sessions on the PERS website.

PERS Presentations: May - September 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. June 7; Aug. 22, 23
Astoria Sept. 26
Baker City July 19
Bend May 8; July 10*; Aug. 13, 14
Coos Bay June 26; Sept. 17
Corvallis July 12*; Aug. 8
Eugene/Spgfld June 20; July 17*; Aug. 15; Sept 19
Gresham June 5; Aug. 9*
Hillsboro June 12; Sept. 11
Hood River May 21; Sept. 10
Klamath Falls Aug. 15
La Grande May 23; July 18
Ontario July 20
Pendleton July 17; Sept. 11
Roseburg Aug. 20
Salem May 15*; June 27; July 11; Aug. 8, 16*
The Dalles Sept. 6
Tigard May 12; June 2*, 4, 11, 18, 25; July 9, 14*, 16, 23; Aug. 11*, 13, 20, 27; Sept. 8*, 17 (dates in bold type are for education staff; under lined dates are for P&F staff)

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 // Review of retirement application forms.

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.

Five-Year PERS Presentations

For members within *five* years of retirement

Ashland/Med. June 6; Aug. 22
Astoria Aug. 28
Bend May 8; Aug. 14
Coos Bay June 26; Sept. 18
Corvallis May 30; Sept. 6
Eugene/Spgfld May 17*; July 18; Aug. 17*; Sept. 19
Gresham May 10*; Aug. 7
Hillsboro July 10
Hood River July 16
Klamath Falls Aug. 16
La Grande Sept. 12
Medford Aug. 2*
Ontario Sept. 13
Oregon City June 28
Pendleton July 17
Roseburg Aug. 21
Salem June 14*, 27; Aug. 8; Sept. 11*
Tigard May 19*; June 16*; July 2, 28*; Aug. 6, 25*; Sept. 22*, 24

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.