

# PERSPECTIVES

Active  
Member  
Edition

## Board credits 2007 earnings to member accounts

The PERS Board determined final investment earnings crediting to accounts for the 2007 calendar year at its March 28, 2008 meeting.

The PERS fund had a total market value of approximately \$65 billion as of December 31, 2007.

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, those who established PERS membership prior to January 1, 1996, were credited with regular account earnings of 7.97 percent. Although Tier One members are currently guaranteed 8 percent annual earnings to their regular accounts, Tier One final crediting for 2007 was reduced by the Oregon Supreme Court’s October 2007 award of attorney fees and costs for the March 2005 *Strunk* case to attorneys representing Tier One members.

The court ordered that a portion of those fees and costs (approximately \$1.4 million) be deducted from the 2007 earnings otherwise credited to Tier One members.

PERS calculated the gross amount that all Tier One members would receive if they were credited with the current assumed rate, 8 percent, and then subtracted the \$1.4 million attorney fee award from that gross amount. The remaining earnings were credited to Tier One members, bringing the effective crediting rate to 7.97 percent.

The Tier One regular account earnings in excess of 8 percent (totaling some \$253.8 million) were deposited in the Tier One Rate Guarantee Reserve, bringing that reserve to a total balance of \$1,889.2 million.

The Tier One Rate Guarantee Reserve is used to cover the 8 percent crediting to Tier One members in years when investment returns fall below that threshold.

Tier Two members, those who established PERS membership on or after January 1, 1996, and before August 29, 2003, were credited with 9.47 percent regular account earnings.

Tier One and Tier Two member variable accounts earned 1.75 percent. Variable accounts are invested solely in 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 those who established membership on or after August 29, 2003) is a defined benefit formula-only plan that does not have individual member account balances or related account crediting. OPSRP Pension Program members retire under a formula based on years of accrued retirement credit x final average salary x a factor set in statute.

All Tier One, Tier Two, and OPSRP Pension Program members also participate in the Individual Account Program (IAP). Member IAP accounts were credited with 9.46 percent for calendar year 2007.

Employer accounts and the Benefits-In-Force Reserve (the reserve from which retiree benefits are paid) were credited with 9.47 percent earnings.

The OPSRP Pension Program employer reserve was credited with 6.7 percent.

See the article on page 2 regarding 2007 member annual statements.

### In This Issue

- 2007 annual statements . . . . . 2
- Retiring within 90 days? . . . . . 3
- Group counseling sessions . . . . . 4

# Combined member annual statements slated for May

Member annual statements for 2007 are scheduled to be mailed by the end of May 2008. Active members should receive a 2007 annual statement by June 6.

Annual statements to active members are mailed to addresses provided to PERS by employers. Please provide your employer with your new address if you move.

For Tier One/Tier Two members, the statement will show your Tier One/Tier Two and Individual Account Program (IAP) account information for the year ending December 31, 2007.

For Oregon Public Service Retirement Plan (OPSRP) Pension Program members, the statement will show your accrued retirement credit and your IAP account information for the year ending December 31, 2007.

In past years, IAP account information was sent in a separate statement.

Each annual statement will have an individual PERS identification number instead of the last four digits of a member's Social Security number. Please use your PERS identification number when contacting PERS.

The PERS website has sample annual statements with pop-up boxes (see the "What's News" section). If you move your mouse to a field on the sample statement (i.e., name, total 2007 account balance, classification, etc.), a

pop-up box appears describing the field.

You can use your Tier One or Tier Two annual statement account balance for an on-line retirement benefit estimate. Go to the PERS

website (<http://oregon.gov/PERS>) and select "Benefit Estimate Calculator" on the homepage.

You can request a written benefit estimate from PERS if you are eligible to retire within two years.

---

## Top 10 errors completing Tier One/Tier Two retirement applications

Getting ready to retire? Avoiding the 10 most common mistakes when completing the Tier One/Tier Two retirement application can help ensure a smooth retirement process.

### 1. Retirement date is invalid or missing

Section B.

If you are an active member, your retirement date can be no earlier than the first day of the month following the last day you worked. Your retirement application must be received before the end of your designated retirement month (example, applications for a retirement date of July 1 must be received before August 1).

If you are an inactive member, your retirement date must be the first day of the current month or any future month. Your retirement application must be received before the end of that month (example, applications for a retirement date of July 1 must be received before August 1).

### 2. Retirement option is altered or missing

Section C: the option selection must be clearly marked and cannot be altered.

### 3. Signature is missing on bottom of page for beneficiary designation

Section D must be signed.

### 4. Beneficiary information is invalid (Part 1 versus Part 2)

Complete Section D Part 1 or Part 2 (but not both) based on the benefit option you choose.

In Part 2, check D2a or D2b (but not both).

If you check D2a (standard beneficiary designation) do not list beneficiaries under D2b. Only list beneficiaries if you check D2b.

### 5. Tax acknowledgment is not signed

Section E must be signed.

*continued on page 3*

# Comprehensive Annual Financial Report highlights

PERS' 2007 Comprehensive Annual Financial Report (CAFR), for the period July 1, 2006 through June 30, 2007, is posted on the PERS website (<http://oregon.gov/PERS>) in the "Financials" section.

Highlights include:

- PERS' assets exceed its liabilities at the close of fiscal year 2007, with \$66,009.3 million held in trust
- Net assets increased by \$9,454.5 million, or 16.7 percent, during the fiscal year due primarily to continued strong investment returns.
- PERS' funding objective is to meet long-term benefit obligations. As of December 31, 2006, the date of the latest actuarial valuation, the funded ratio of the defined benefit pension plan was 110.5 percent. In general, this means that for every dollar of pension benefits due, PERS had approximately \$1.10 of

net assets available for payment as of the valuation date.

- Revenues (additions to net assets) for fiscal year 2007 rose 43.2 percent to \$12,318.5 million, which includes member and employer contributions of \$1,249.3 million

and net gains from investment activities totaling \$11,066.3 million.

- Benefit payments and other expenses increased slightly to \$2,864.0 million during fiscal year 2007, from \$2,659.8 million during fiscal year 2006.

---

## Top 10 errors (continued from page 2)

### 6. Lump-sum percentage is not designated

Section F Part 1: you must complete this section if you choose a lump-sum option.

### 7. Distribution authorization section is not initialed

Section F2 must be initialed if you want the lump-sum payment sent directly to you.

### 8. Incorrect information filled out for rollover information

Section G and H: if you elect to rollover your lump-sum payment, Section I must be completed.

### 9. Box denoting Checking or Savings account for Direct Deposit is not checked

Section J: you must indicate if this is a checking or savings account.

### 10. Spousal consent is invalid or missing

Section K or L must be signed and notarized.

*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 5:00 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:** Vacant

**Administrator, Benefit Payments Division:** Patrick Teague

**Administrator, Fiscal Services Division:** David Tyler

**Administrator, Customer Service Division:** Yvette Elledge

**Administrator, Information Services Division:** Jeff Marecic

**Administrator, Policy, Planning, and Legislative Analysis Division:** Steve Rodeman

**Administrator, Human Resources Division:** Helen Bamford

**Perspectives Editor:** David Crosley

---

## Retiring within 90 days?

PERS is offering Retirement Application Assistance Sessions statewide for members retiring within 90 days. This is a one-hour meeting with a PERS Retirement Counselor and is for members who:

1. Have already attended a One-Year Group Counseling presentation,
2. Are within 90 days of retirement, and
3. Are prepared to submit their retirement application(s).

At the session, a Retirement Counselor will:

- Explain the retirement application process,
- Provide a comprehensive review of application(s), forms, and supporting documents for accuracy and completeness,
- Notarize forms (optional), and
- Answer your questions regarding the retirement process and forms.

To register, go to PERS website home page at <http://oregon.gov/PERS>.

# PERS Presentations: April 2008 - August 2008

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.	May 14, 16; June 13; July 18*; Aug. 22
Baker City	May 8*, June 19
Bend	May 5; June 14*, Aug. 4, 6
Canyon City/ John Day	Apr. 24
Coos Bay	Apr. 30*, May 7; July 16
Corvallis	May 10*, 28
Eugene/Spgfld	May 10*, 21; June 18; July 15*, Aug. 20
Grants Pass	May 27
Gresham	May 24*; June 3; Aug. 5
Hillsboro	May 13; June 10; Aug. 12
Klamath Falls	June 3, 26*
LaGrande	Apr. 17
Lakeview	June 5
Ontario	Apr. 18
Pendleton	Apr. 15; May 20
Redmond	Apr. 21
Roseburg	June 5*, July 14
Salem	May 14*, 15; June 11, 21*; Aug. 12*, 13
Tigard	Apr. 7, 14, 26*; May 3*, 5, <b>12</b> , 19, 24*; June 2, <b>9</b> , 16, 23, 28*; July 12*, <b>21</b> , 26*, 28; Aug. <u>4</u> , 9*, 11, <b>18</b> , 25 (dates in bold type are for education staff; underlined 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, AIG Retirement. 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

Albany	June 4
Ashland/Med.	May 22*; June 10; Aug. 19
Astoria	Apr. 28
Bend	Aug. 6, 7*
Coos Bay	July 18
Corvallis	July 10*, 22
The Dalles	Apr. 22*
Eugene/Spgfld	Apr. 16; June 18*; July 16; Aug. 11*
Grants Pass	Aug. 20*
Gresham	July 1, 16*
Hillsboro	July 8
Hood River	July 8
Klamath Falls	Aug. 7
LaGrande	June 18
Ontario	May 9*, 22
Oregon City	May 22; June 5*
Pendleton	June 17
Roseburg	May 5
Salem	Apr. 19*; May 15; July 9, 17*
Tigard	Apr. 21; May 17*; June 14*; July 14; Aug. 16*

### 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, AIG Retirement. 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.