

# PERSPECTIVES

Retired  
Member  
Edition

## Higher benefit may be available to age 80 or older

You may be able to convert to a higher benefit option.

You must meet the following conditions:

- retired before October 3, 1989,
- be at least 80 years old,
- your beneficiary must be deceased, and
- you selected retirement Option 2 or 3, or Lump-Sum Option 2 or 3 when you retired.

Statute allows you to convert from the current benefit option to Option 1 (single life annuity), the highest benefit level available, if you meet all the conditions shown above.

If you meet all these conditions, and would like to convert to Option 1, please notify PERS in writing of your decision.

Please include a copy of your beneficiary's death certificate with the notification letter you send to PERS.

## Health insurance and medical expenses may be tax deductible

The 2006 tax season is quickly approaching. Every January through March, phones are busy at the PERS Health Insurance Program with questions from members regarding premium payments for the prior year.

You may be eligible to claim health insurance premiums and medical expenses on your tax return. If you are unsure whether you qualify to deduct these medical expenses, please consult your tax accountant.

The information you need to determine the health insurance premiums in 2006 is at your fingertips! Here are sources to track and retain this information:

- **Pension deduction:** If you have your premiums deducted from your monthly PERS benefit check, the insurance deductions will be reflected on your quarterly benefit check stub. Save your stubs and you will be ready to provide this information to your tax accountant in January.
- **Electronic Fund Transfer (EFT):** If you have your insurance premiums deducted from your checking account, your monthly bank statement will reflect the electronic debit from your account. Save your monthly bank statements and you will be ready to provide this information to your tax accountant in January.
- **Monthly invoices:** Copies of canceled checks, bank statements, and money order stubs can be provided to your tax accountant, reflecting the insurance premiums you paid for the year.

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## Notify PERS of a death

Please remember that you must notify PERS of the death of a member, alternate payee, and/or beneficiary receiving PERS benefits. Send a copy of the death certificate to:

PERS  
P.O. Box 23700  
Tigard, OR 97281-3700

*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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## Long term care meetings continue. Pre-registration is not required.

Long term care is the type of care received when someone needs assistance, either at home or in a facility, with daily living activities. This can be due to an accident, an illness, or advancing age. The need for long term care is not limited to the elderly. Anyone who cannot function independently may need the protection of long term care insurance. Accidents and unexpected illness can happen at any time and at any age. These meetings explain the options available to PERS retirees.

Date	Location	Meeting Times	Seats
Nov 7	Rivershore Grill 1900 Clackamette Dr. Oregon City	10:30 - 11:30 a.m.	50
Dec 12	Roth's Hospitality Center 1130 Wallace Rd. NW Salem	10:30 - 11:30 a.m.	50
Jan 12	Rivershore Grill 1900 Clackamette Dr. Oregon City	9:30 - 10:30 a.m.	50
Feb 8	Benton County Fairgrounds 110 SW 53rd St. Corvallis	9:30 - 10:30 a.m.	50

## PERS Health Insurance Program

The Oregon PERS Retiree Health Insurance Program provides medical and dental insurance plan options and long term care insurance for Oregon PERS retirees. These plans offer coverage for retirees, their spouses, and eligible dependents.

The retiree can select from one of four health care providers: Clear Choice Health Plans, Kaiser Permanente, ODS, and Providence Health Plan.

New retirees can enroll up to 90 days after their effective retirement date.

For more information, visit the PERS Health Insurance Program website at: <http://www.pershealth.com> or call 1-800-768-7377 or 503-224-7377 (in the Portland area).

# 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.

## 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*.

## Working after retirement

Oregon statute imposes some restrictions on members who continue to work for PERS employers after retirement.

If you return to employment with a private or non-PERS covered employer, your PERS retirement benefits will continue unchanged.

PERS' website (<http://oregon.gov/PERS>) has information in the Retirees' section.

# Strunk/Eugene account processing underway

The *Strunk/Eugene* project affects approximately 38,000 benefit recipients who received benefits based on the now-revised 1999 Tier One regular account earnings crediting (revised from 20% to 11.33%). These individuals were notified of the benefit adjustment process in March 2006.

The *Strunk/Eugene* account processing project is underway and PERS has created core principles and success criteria for the task.

## Core Principles

- Negative adjustments to a retiree’s monthly payment are as small as possible, but collect the required funds.
- The account processing priority and order is transparent and communicated to stakeholders for input.
- Communications are complete, understandable, concise, and proactively answer potential questions.
- The project is executed efficiently, but does not put undue burden on other PERS operations.
- The impact to the RIMS Conversion Project is planned and managed for success.

- All adjustments to an account are incorporated into a “one touch” calculation.

## Success Criteria

- Recipients incur no disruption to monthly benefits.
- All accounts are identified and adjusted.
- Account and benefit adjustments are complete, accurate, and fully auditable.
- Invoicing and accounts receivable processes optimize collections.
- No data is lost or corrupted due to adjustments.
- The project is completed within the approved budget and timeline.

An estimated timeline to recalculate benefits and notify individual benefit recipients of the specific effect on their benefit payments is shown below.

Additional *Strunk/Eugene* implementation information is available on the PERS website:  
<http://oregon.gov/PERS>.

## BENEFIT TYPE AFFECTED BY STRUNK/EUGENE

### Recipients with estimated benefits

Convert to actual benefits

### Recipients with monthly benefit payments

Divorce

Non-COLA freeze benefits<sup>1</sup>

COLA freeze benefits<sup>2</sup>

Death benefits

Police and Fire units

### Recipients who had a lump-sum benefit payment(s)

Lump-sum benefits<sup>3</sup>

Total lump-sum benefits<sup>3</sup>

Death benefits (post-retirement deaths)

Withdrawals<sup>4</sup>

## BENEFIT ADJUSTMENT TIMELINE

February 2006 – September 2006

April 2006 - June 2009

September 2006 – March 2007

April 2007 - June 2009

January 2007 - June 2009

April 2007 - June 2009

April 2006 – December 2007

September 2006 - March 2007

April 2007 – June 2009

April 2007 – December 2008

1. This is the group of benefit recipients who were not affected by the COLA freeze effective July 1, 2003.
2. This is the group of benefit recipients who were affected by the COLA freeze effective July 1, 2003.
3. Those benefit recipients who took a partial or total lump-sum retirement.
4. Those recipients who withdrew their PERS accounts.