

PERSPECTIVES

Retired
Member
Edition

Long term care insurance can help provide for needs

Have you ever thought about what you would do if you lost the ability to take care of yourself? What if you could not bathe or dress yourself? If you needed help getting from place to place, who would help you and how would you pay for that assistance?

In Oregon there were 18,433 individuals over the age of 65 in care facilities or receiving care at home as of July 2005.¹

Americans are living longer today than ever before. As we age, our needs change, and we may need assistance in our daily activities.

For many, the expense of long term care could have a significant impact on their financial security:

- The average nursing home stay can cost more than \$50,000 per year, and in some areas, it can easily cost twice that amount.²
- Today, bringing an aide into your home just three times a week (two to three hours per visit) to help with dressing, bathing, preparing meals, and similar household chores can easily cost \$12,000 a year.³

Long term care insurance can help meet the financial and personal needs a long term care situation presents.

PERS offers long term care insurance to its retirees and eligible dependents through UnumProvident. The plan pays up to \$8,000 per month. The long

term care plan is flexible and offers you a variety of options. You can customize the plan to meet your needs.

You have the option of choosing where you would like to receive care: at home, in a nursing home, assisted living facility, or at an adult foster care facility.

If you are interested in learning more about this insurance, UnumProvident provides informational meetings for PERS retirees. These meetings are held around the state and are listed at the top of page 2.

Information, including the enrollment form, is also posted at: <http://w3.unumprovident.com/enroll/PERS>.

If you have any questions, or want to order enrollment forms, call 800-227-4165.

1. Oregon Department of Human Resources, July, 2005.
2. Health Insurance Association of America (HIAA), "Guide to Long Term Care Insurance," May 2003.
3. Health Insurance Association of America (HIAA), "Guide to Long Term Care Insurance," May 2003.

Benefits of automatic check deposit

Identity theft is increasing. One way thieves can steal your identity is by stealing mail from your mailbox.

Having your PERS benefit payment directly deposited into your checking or savings account can help protect you from identity theft.

The form for direct deposit is

available in the Retiree section of the PERS website (<http://oregon.gov/PERS>) or by contacting Customer Service at 503-598-7377 or toll free 888-320-7377.

Mail the completed form to:

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

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Notify PERS of a death

Please remember that PERS must be notified of the death of a member, alternate payee, and/or beneficiary receiving PERS benefits.

Send a copy of the death certificate to PERS at:

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

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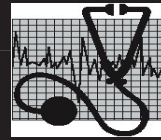
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Health Beat



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
June 2	Holiday Inn Express 20615 Grandview Dr., Bend	10:30 - 11:30 a.m.	50
July 7	Best Western - Landmark Inn 4430 SW Hwy 101 Lincoln City	10:30 - 11:30 a.m.	50
August 1	Roth's Hospitality Center 1130 Wallace Rd. NW, Salem	10:30 - 11:30 a.m.	50

Address change

Please keep PERS informed of your correct mailing address. Address changes must be submitted in a signed and dated letter, or you can use the Retiree's Name/Address Change/Duplicate 1099R form available on the PERS website in the Retiree section at <http://oregon.gov/PERS>.

You can also contact Customer Service at 503-598-7377 or toll free 888-320-7377 to have the form mailed to you.

Fax the completed form to 503-598-0561 or mail the form to:

PERS

P.O. Box 23700

Tigard, OR 97281-3700

Did you know...?

- PERS pays approximately \$2.5 billion to retirees and beneficiaries each year. About 85 percent of that amount stays in Oregon.
- The PERS fund, invested through the Oregon Investment Council, has grown to approximately \$54 billion as of December 31, 2005.
- 4,560 PERS members retired in 2005.
- There are approximately 192,000 active and inactive Tier One/Tier Two members, and approximately 46,000 are eligible to retire.

Strunk/Eugene account processing estimated timeline

PERS sent a Board Order and explanation letter in March 2006 to approximately 38,000 benefit recipients who may be affected by the *Strunk/Eugene* court cases and associated Settlement Agreement.

Pursuant to those decisions, PERS reallocated 1999 earnings crediting to Tier One member regular accounts at 11.33 percent instead of 20 percent.

PERS will also reinstate all applicable cost-of-living adjustments (COLAs) and apply the minimum annual earnings crediting (currently 8 percent) to Tier One member regular accounts for 2003 and beyond.

Affected benefit recipients include those Tier One members who retired from April 1, 2000, through March 31, 2004, and those with a Tier One regular account who received a 20 percent earnings allocation for 1999 (e.g., a member who retired prior to April 1, 2000, with a partial lump sum payable in

installments beyond 1999; withdrawals occurring after April 1, 2000, etc.).

There is no impact on variable account earnings crediting, and Tier Two members are not affected.

An estimated timeline to recalculate and notify groups of benefit recipients is shown below. It is PERS' current estimate of the recalculation and processing of various types of accounts affected by the 1999 overcrediting and is subject to change.

The recalculation and processing of some accounts in each category shown below may be delayed due to data cleanup issues, eligibility determination, etc.

Benefit recalculation examples are printed on page 4 of this newsletter.

Additional *Strunk/Eugene* implementation information is available on the PERS website:

<http://oregon.gov/PERS>.

BENEFIT TYPE

Estimated benefits (convert to actual benefits)¹

Non-COLA freeze benefits²

COLA freeze benefits³:

Accounts with Variable

Regular accounts only (no Variable)

Lump-sum benefits⁴

Death benefits (post-retirement deaths)⁵

Withdrawals⁶

BENEFIT ADJUSTMENT TIMELINE

December 2005 – August 2006

July 2006 – January 2007

December 2006 – September 2007

September 2007 – February 2009

September 2006 – November 2007

October 2007 – February 2009

March 2007 – February 2009

1. Some benefit recipients are receiving estimated benefits based on their retirement date. These estimated amounts will be finalized.

2. This is the group of benefit recipients that were not affected by the COLA freeze effective July 1, 2003.

3. This is the group of benefit recipients that were affected by the COLA freeze effective July 1, 2003.

4. Those benefit recipients who took a partial or total lump-sum retirement.

5. This applies to benefit recipients that passed away with a beneficiary.

6. Those recipients who withdrew their PERS accounts.

Strunk/Eugene recalculation examples for affected benefit recipients

Examples of the effect of the *Strunk/Eugene (S/E)* recalculation are shown below for three retirement dates. The PERS website (<http://oregon.gov/PERS>) has examples for six retirement dates, including examples for benefit recipients who had a portion of their account in the variable.

Retirement Date: April 1, 2000 **Retirement Date:** October 1, 2003 **Retirement Date:** April 1, 2004

	Adjustment Date		Adjustment Date		Adjustment Date	
	9/1/06	9/1/07	9/1/06	9/1/07	9/1/06	9/1/07
Account Information (100 percent in regular account)						
Account balance at retirement (with 20 percent earnings in 1999)	\$132,211	\$132,211	\$135,366	\$135,366	\$140,306	\$140,306
Monthly benefit at retirement	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200	\$2,200
Monthly benefit at adjustment date (including any cost-of-living adjustments - COLAs – up to 8-1-03, the COLA freeze date)	\$2,335	\$2,335	\$2,200	\$2,200	\$2,321	\$2,367
Recalculated S/E account balance (with 11.33 percent earnings in 1999)	\$122,700	\$122,700	\$126,208	\$126,208	\$144,171	\$144,171
Recalculated S/E benefit at retirement	\$2,042	\$2,042	\$2,051	\$2,051	\$2,261	\$2,261
Recalculated S/E benefit at adjustment date (including all COLAs and earnings crediting)	\$2,346	\$2,393	\$2,162	\$2,206	\$2,384	\$2,431
Amount of overpayment	\$(9,353)	\$(9,174)	\$(3,948)	\$(4,356)	----	----
Amount of underpayment*	----	----	----	----	\$1,856	\$2,616
Actuarial Reduction Method (ARM)** amount per month	\$(29)	\$(30)	\$(10)	\$(12)	----	----
New S/E ARM benefit as of adjustment date	\$2,317	\$2,363	\$2,152	\$2,194	\$2,384	\$2,431
Change in benefit at adjustment date	\$(18)	\$28	\$(48)	\$(6)	\$63	\$65

* PERS will pay a lump-sum payment in this amount to the benefit recipient at the adjustment date.

** A benefit recipient can choose to repay the overpayment via an actuarial reduction to the recalculated monthly benefit based on the length of time the benefit is expected to be paid. No interest or fees will be charged to the member under either repayment process.