OREGON
PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Employer Advisory Group

October 15, 2021

Agenda

Director's Office Update

Senate Bill 1049 Update

Actuarial Update

Communications Update

Additional Items

- First Wage Clean-Up Project

Director's Office Update

PERS reopening plans

- HQ building open to public – new date January 1, 2022.

Legislative implementation

Modernization project kick-off

October 1, 2021, board meeting

SB 1049 Update

Remaining projects

Member Redirect

- Work packages run through February 2024.

WAR

- Work Package 4: Side account credit allocation.

SB 1049 Technical Debt

- Work Package 1: Employer statements.

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Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium

		2019						2020											2021					
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN

Employer Programs
- 7/1/19 – Effective Date
- 9/3/19 – Employer Incentive Fund (EIF) Application #1 Opens
- 11/27/19 – EIF Application #1 Closes
- 12/2/19 – EIF Application #2 Opens
- 8/6/20 – Employer Rate Projection Tool (ERPT) Assessment Complete
- 12/1/20 – EIF Application #2 Closes
- 3/30/21 – Work Package (WP) 1 Migrate and Adapt ERPT →
- 6/30/21 – WP2 ERPT Stakeholder Acceptance and Deployment →

Salary Limit
- 12/24/19 – Work Package (WP) 1 – Short Term
- 1/1/20 – Effective Date
- 1/24/20 – WP2 Post 2020 Salary Limit – Long Term
- 11/19/20 – WP3 User Screens to Record Annual Salary Limit – Long Term
- 5/13/21 – WP4 Proration Reports and Workflow – Long Term →
- 5/28/21 – Project Close →

Work After Retirement
- 12/19/19 – Work Package (WP) 1 Retiree Wages Suspended – Short Term
- 1/1/20 – Effective Date
- 11/19/20 – WP2 New Wage Codes with General Ledger (GL) Integration – Long Term
- 5/13/21 – WP3 Retro Rate Change – Long Term

Member Redirect
- 6/18/20 – Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger – Short Term
- 7/1/20 – Effective Date
- 9/22/20 – Voluntary Contributions Initial Functionality – Long Term
- 10/30/20 – WP2.2 IAP Forecaster Tool – non-jClarety – Long Term
- 11/19/20 – Voluntary Contributions Final Functionality Release – Long Term
- 1/21/21 – WP5.2 Online Member Services User Interface – Long Term →
- 1/26/21 – WP2 TIED SSIS – Non-jClarety – Long Term →
- 3/23/21 – WP3 EPSA Earnings – Long Term
- 6/24/21 – WP4.2 EPSA Display, and WP12 Full EPSA Set up Screen – Long Term →

Member Choice
- 10/23/19 – Project Kick Off
- 5/15/20 – Member Annual Statements (MAS) Flyer Communication →
- 8/19/20 – Member Choice Notification
- 8/20/20 – Work Package (WP) 1 Online Member Services (OMS) Changes Deployed
- 9/1-30/20 – Election Period
- 1/1/21 – Effective Date
- 3/23/21 – WP2 OMS & jClarety Enhancements – Long Term →
- 5/1/21 – Member Choice reflected in MAS →
- 6/24/21 – WP3 Online Member Services (OMS) Election and Bugs →

PROGRAM INITIATIVE

Cross Project Effort
- 1/26/21 – WP2.1 IAP Payment Recon (short-term) →
- 3/18/21 – WP1.2 IAP Validator Tool (long-term) →
- 9/17/20 – WP1.1 IAP Validator Tool (short-term) →
- 4/27/21 – WP2.2 IAP Payment Recon (long-term) →
- 5/13/21 – WP7.2 Employer Information Actuarial Extract →
- 6/18/21 – WP5.1 PYE Invoicing Tool →
- 6/24/21 – WP7.1 Non-Retired Census Actuarial Extract →
- 6/28/21 – WP4.1 IAP Adjustment Calculator →

Senate Bill (SB) 1049 Implementation Road Map

2021-2023 Biennium

Employer Programs
- 7/16/21 – Project Close

Work After Retirement
- 12/16/21 – WP4 Side Account Credit Allocation
- 2/28/22 – Project Close

Member Redirect
- 10/14/21 – WP5 Voluntary Contribution Maintenance – Long Term
- 3/24/22 – WP4.3 EPSA Transaction Display – Long Term
- 7/21/22 – WP6.1 EPSA Retirement – Long Term
- 2/23/23 – WP9.1 EPSA Withdrawal – Long Term →●
- 2/23/23 – WP9.2 Alter OPSRP Withdrawal – Long Term →●

Sept. 17

Member Choice
- 8/4/21 – Project Close

Technical Debt
- 7/1/21 – Project Kickoff
- 7/21/22 – WP1 Employer Statements

PROGRAM INITIATIVE

Cross Project Effort
- 2/25/22 – WP3 IAP Divorce Tool
- 5/20/22 – WP5.2 PYE Invoicing Tool
- 6/1/22 – WP4.2 IAP Adjustment Calculator
- TBD – WP6 IAP Balance Comparison Tool
- TBD – WP7.3 Tier One/Tier Two/OPSRP Payouts Actuarial Extract

2023-2025 Biennium

PROJECTS

Member Redirect
- 7/20/23 – WP8.1 EPSA Pre-Retirement Death – Long Term
- 2/29/24 – Migration Finalization
- 7/20/23 – WP10 Backlog Implementation – Long Term
- 4/25/24 – Project Close
- 12/14/23 – WP11.1 Reemployment – Long Term
- 12/14/23 – WP11.2 Excess EPSA – Long Term
- 2/22/24 – WP12.2 Final Backlog Implementation – Long Term

SB 1049 Update

Member Redirect

Work Package 5

- Voluntary contribution maintenance.
- Deployment October 14, 2021.

Details:

- DTL1-01 and DTL1-15 new-hire records generate a work item email if employee has an active voluntary contribution election.
- New column added to YTD View Totals and YTD Summary screen for 'Total IAP.'

SB 1049 Update

Work After Retirement & Technical Debt

Work After Retirement Work Package 4

- Side account credit allocation.
- Deployment December 16, 2021.

Details:

- Will correct side account crediting for WAR receivables.

Technical Debt Work Package 1

- Employer statements.
- Deployment July 21, 2022.

Details:

- Will provide a bank statement-type document that employers and internal staff can easily read and reconcile.

Actuarial Update

Changes since the last valuation

PERS Board reduced the investment return assumption from 7.20% to 6.90%:

- 2020 asset returns were close to expected: 7.18% vs. 7.20% assumed.
- 2021 YTD returns as of August 31 are 16.45% and will be reflected in the next valuation.

System payroll increased nearly 4.4% vs. assumed increase of 3.5%.

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Actuarial Update

Changes since the last valuation

New methodology for rate collaring.

Senate Bill 111A and House Bill 2906 signed into law in June 2021:

- SB 111A provisions include increased death benefits in specific circumstances.

- HB 2906 increases salary threshold for member EPSA contributions.

Actuarial Update

Average Uncollared Total Base Rate	Final 2019–2021	Final 2021–2023	Preliminary 2023–2025	Percent Change 21–23 to 23–25
School districts	30.86%	26.13%	29.03%	2.90%
SLGRP	28.30%	25.54%	28.38%	2.84%
System-wide	29.22%	25.91%	28.86%	2.95%

Average Collared Net Employer Rate	Final 2019–2021	Final 2021–2023	Preliminary 2023–2025	Percent Change 21–23 to 23–25
School districts	20.20%	14.95%	18.14%	3.19%
SLGRP	22.62%	18.61%	21.86%	3.25%
System-wide	22.31%	17.93%	21.34%	3.41%

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Actuarial Update

System-total pension funded status (in $billions)

Valuation Date	12/31/2018	12/31/2019	12/31/2020
Assumed return	7.20%	7.20%	6.90%
Actuarial liability	$ 86.6	$ 89.4	$ 95.3
Assets (excluding side accounts)	59.6	64.8	67.3
UAL (excluding side accounts)	**$ 27.0**	**$ 24.6**	**$ 28.0**
Funded status (excl. side accounts)	**69%**	**72%**	**71%**
Side account assets	$ 5.2	$ 5.5	$ 5.1
UAL (including side accounts)	$ 21.8	$ 19.1	$ 22.9
Funded status (incl. side accounts)	75%	79%	76%

Actuarial Update

Rate collar design

Focuses on biennium-to-biennium change in UAL rate component.

Normal cost rate component is always paid in full.

Maximum change to UAL rate permitted by rate collar is:

- OPSRP UAL rate: 1% of pay.

- Tier One/Tier Two UAL rates.

- SLGRP and School District Pool: 3% of pay.

- Independent employers: Greater of 4% of pay or 1/3rd of the difference between collared and uncollared Tier One/Tier Two UAL rates at last rate-setting valuation.

UAL rate not allowed to decrease unless funded status excluding side accounts is at least 87% (grading to full width at 90%).

Actuarial Update

Effect of 2021 returns on final 2023–25 rates

Advisory valuation uses 12/31/2020 assets and liabilities:

- Shows an increase in uncollared base and net contribution rates.

- Rate collar will not limit size of increase for two large pools or OPSRP.

Final 2023–25 rates will use assets and liabilities as of 12/31/2021:

- These will include actual full-year 2021 investment returns.

- Through August 31, OPSRP year-to-date regular account returns are 16.45%.

Actuarial Update

Effect of 2021 returns on final 2023–25 rates

If year-to-date 2021 returns persist until end of year, it is expected that in 2023–25:

- System-average UAL would remain steady from 2021–23 biennium.

- Normal-cost rates would increase because of updated assumed rates.

If returns do not persist and end up near or below the assumed rate, rate increases could exceed those shown in this year's advisory employer reports.

Communications Update

1   **2021 Employer Satisfaction Survey communications results**

2   **EDX training refresh**

3   **Communicating updated actuarial assumptions and legislative changes**

Communications Update

1 **Employer Satisfaction Survey**

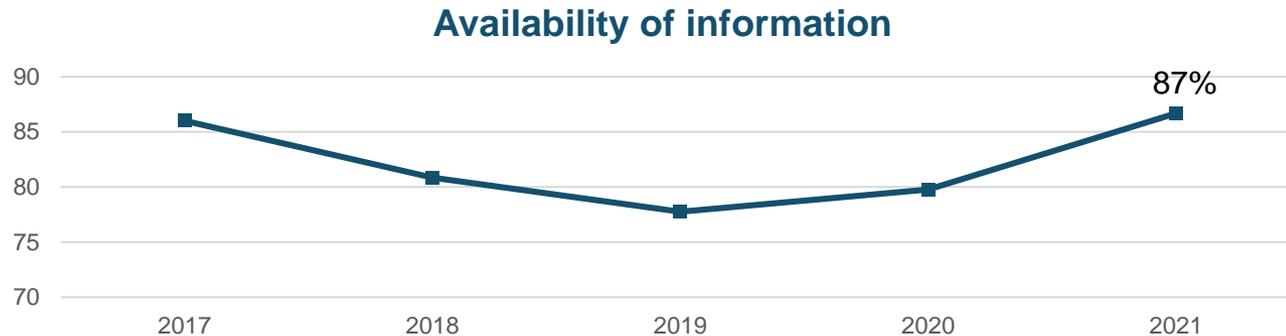Sent to 6,347 recipients

- 287 responses

- 4.5% response rate

Very satisfied	Somewhat satisfied	Somewhat dissatisfied	Very dissatisfied	N/A (I have not contacted PERS about this topic.)
◯	◯	◯	◯	◯

Communications Update

Employer Satisfaction Survey

"Availability of information" 2017 to 2021

- Increased nearly 10% in last two years.

Availability of information

87%

	2017	2018	2019	2020	2021

(Line chart: y-axis from 70 to 90. Values approximately: 2017 = 86, 2018 = 81, 2019 = 78, 2020 = 80, 2021 = 87)

Communications Update

Employer Satisfaction Survey

How helpful are the following?

	Very helpful/Helpful	Neutral	Somewhat/not helpful
Employer Service Center	196 (92%)	11	6
One-on-one reporting help	176 (90%)	10	9
Monthly employer newsletter	203 (85%)	29	9
EDX/reporting trainings	145 (81%)	20	13

Legend: ■ Very helpful/Helpful ■ Neutral ■ Somewhat/not helpful
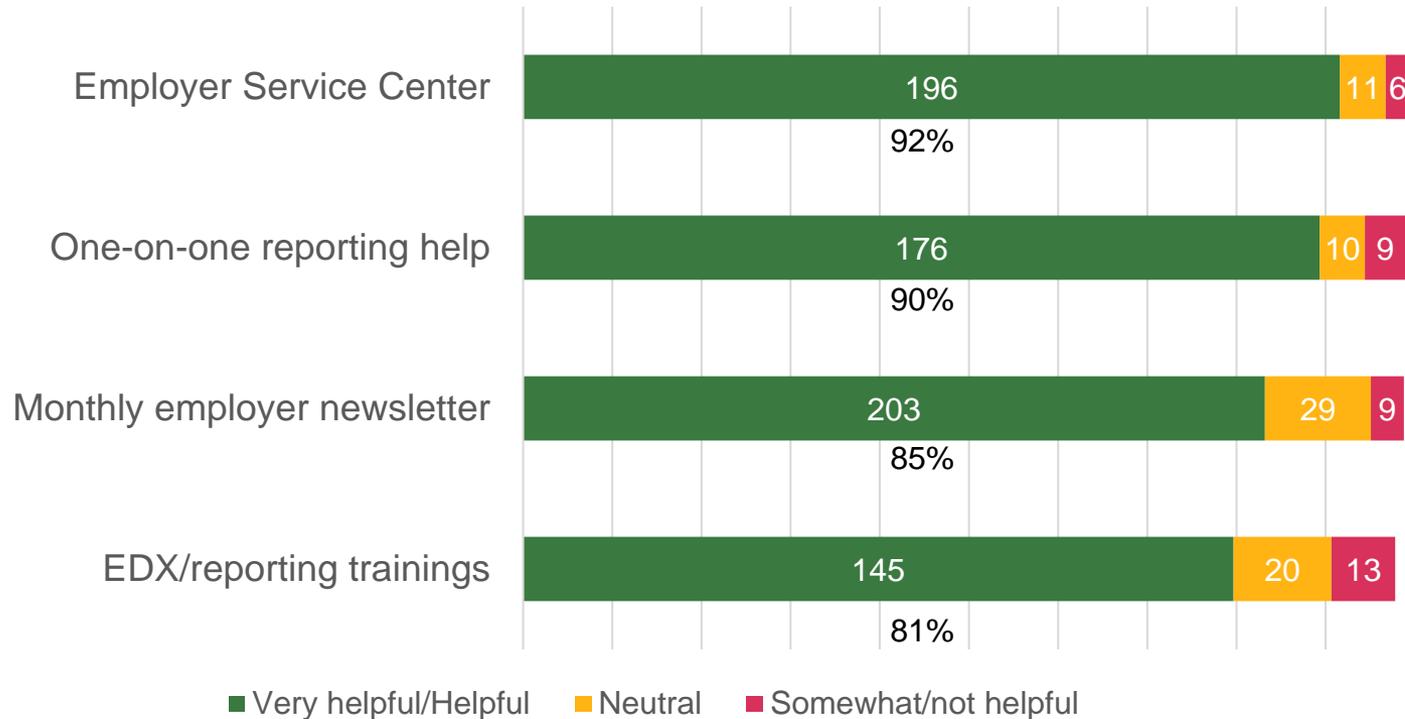
Communications Update

Comments — top concerns

Want **more** —

- Information about actuarial and financial topics
  - How to affect contribution rate
  - How to budget and forecast
  - How to calculate the numbers

- Training
  - Using EDX
  - Understanding PERS

Want **better** —

- Website navigation

- ESC responsiveness

Want **easier** —

- Invoicing in EDX

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Communications Update

Comments — kudos

" I know you all are working on the constant changes as fast as you can. It's appreciated!

The increased side account breakdowns have been helpful in modeling, thanks.

I'm thankful that the board meeting and employer advisory groups are available resources to listen to. That is super helpful to understand the work that PERS does.

The rep for our district is very helpful and very knowledgeable! (We're) lucky to have her! "

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Communications Update

2   **EDX training refresh**

PERS Employer Outreach,
Communication and Education

Welcome!

EDX Basic Concepts

V23 October 27, 2016

PERS Employer Outreach,
Communication and Education

Welcome!

Advanced Reporting Topics

V14 October 17, 2016

Communications Update

EDX training refresh

BEGINNER
Reporting Wages, Hours,
and Demographics

INTERMEDIATE
Eligibility and Errors

INTERMEDIATE
Reporting for Special Groups

ADVANCED
Statements, Work Lists,
and Retirement

Reporting for PERS Training Series

Communications Update

3 **Communicating updated actuarial assumptions and legislative changes**

Communications Update

Communicating updated actuarial assumptions

Rate	Current rate for 2021–23	Proposed rate for 2023–25	Next steps
Assumed rate	7.2%	6.9%	Legislative notice given 30 days before adoption of new rate. Formal adoption of new rate at October 1, 2021, board meeting.

Effects on other rates from reduced assumed rate and other assumption changes

The Milliman chart below compares expected cost increases of keeping the 7.2% assumed rate and adopting the 6.9% assumed rate.

	Assumed return 7.2%		Assumed return 6.9%	
	UAL	**Normal cost**	**UAL**	**Normal cost**
Salary/sick leave/vacation	0.2%	0.4%	0.2%	0.4%
Other assumptions	(0.1%)	0.0%	(0.1%)	0.0%
Assumed return	0.0%	0.0%	1.4%	0.8%
Total	0.1%	0.4%	1.5%	1.2%
Combined total	0.4%		2.7%	

Source: Milliman

Communications Update

Communicating legislative changes

Senate Bill 111A

- October *Employer News*

- Website (2021 PERS legislation)

- Employer announcements (updated #92, new #101)

- Email

- Employer Manual

Additional Items

OPSRP First Wage Clean-up Project

Current status

- Standard process procedures have been completed (.dat file approach).

Next steps

- Continue drafting procedures for when anomalies arise (if records suspend).

- Address logistics/staffing constraints in preparation for implementation.

- Notify impacted employers.

- Initiate implementation.

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THANK YOU