

PERS EMPLOYER ADVISORY GROUP MEETING

Date: 10/16/2020

Time: 10:00 a.m. – 12:00 p.m.

Location: GoToMeeting

TYPE OF MEETING	EAG meeting
FACILITATOR	Sam Paris
NOTE TAKER	Tamie Johnson
CALL-IN NUMBER	(866) 899-4679; participant code: 781304501
ATTENDEES	<p>EAG Members: David Moore, Tigard-Tualatin School District; Jeff Rasmussen, Jefferson County; Jeff White, Marion County; Jennifer Palmer, Deschutes Public Library; Michelle Kirby, City of Portland; Michelle Morrison, Hillsboro School District; Nancy Brewer, City of Lebanon; Shauna Tobiasson, Department of Administrative Services; Trudy Vidal, Department of Administrative Services</p> <p>PERS: Brandon Armatas; Carole Anne Boal; Cynthia Kirkwood; Dean Carson; Eleanor Probasco; Elizabeth Rossman; Heather Case; Jake Winship; Kelley Raz; Kevin Olineck; Laurel Galego; Lindsay Partain; MaryMichelle Sosne; Sam Paris; Stephanie Vaughn; Tamie Johnson; Yvette Elledge-Rhodes</p> <p>Guests: Carole Samuels; Claire Havener; Debbie Diener; Gina Turner; Katie Kicza; Maria McEldowney; Matthew Apken; Rhonda Miller; Sarona-Lee Wilde; Tahni Fagerberg</p>

NOTES

TOPIC	Welcome	Sam Paris
TIME: 10:00–10:02 AM		
<p>Sam Paris, PERS Interim Chief Operations Officer, welcomed the Employer Advisory Group. Sam thanked Tamie Johnson for her administrative support for over two years, and informed the group Tamie has taken a new role within the agency. Sam introduced Administrative Specialist Lindsay Partain, who will provide support to the EAG going forward.</p>		

TOPIC	Director's Office update	Kevin Olineck
TIME: 10:02–10:06 AM		
<p>Kevin Olineck, PERS Director, provided an update that the PERS buildings will remain closed to the public because of COVID-19 until at least December 31, 2020. During this time, PERS will continue to host public meetings virtually.</p>		

Seventy-five percent of PERS staff are continuing to **work remotely**. Kevin is happy to see how well staff continue to maintain productivity.

At the October Board meeting, consultants from Milliman, the PERS actuary, presented the results of its 2019 actuarial valuation and 2021–2023 employer contribution rates. The Board voted to accept the rates.

TOPIC	Legislative update	Heather Case
TIME: 10:06–10:13 AM		
Heather Case, PERS Senior Policy Advisor, provided a Legislative update.		
The Legislature held its second special session of 2020, which started and ended on August 10, 2020. This session focused mainly on budget balancing and police accountability.		
In the session, the Legislature reduced the Employer Incentive Fund (EIF) budget by \$35 million, essentially pausing the program. However, a later line-item veto by the governor preserved future funding sources. PERS will consider options for how to handle the waitlist from the first round of EIF, which ends in early December. PERS will give a full report on the EIF program at the December Board meeting.		
Also during the second special session of 2020, the Legislature mandated that PERS provide more information in our preliminary earnings crediting reporting and how we get to that number. This should not be a problem for PERS because this is information we are already collecting.		

TOPIC	SB 1049 update: Project Overview	Yvette Elledge-Rhodes
TIME: 10:13–10:16 AM		
Yvette Elledge-Rhodes, Deputy Director, gave a general update about the SB 1049 Program .		
PERS has been working with consultant Deloitte to help mature our program efforts. We've been working with the SB 1049 project managers to validate our project schedules against resources, not just validating against legislative implementation dates as we initially were. PERS Organizational Change Management is going well.		
Yvette would like group to consider this: Have we communicated clearly in the project areas? If you have comments or have identified any gaps, especially from employers' perspectives, please let us know.		

TOPIC	SB 1049 update: Employer Programs	Yvette Elledge-Rhodes
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TIME: 10:16–10:29 AM

MaryMichelle Sosne, Actuarial Business Specialist, commented about reduced EIF funding caused by the Legislative changes from the special session. To prioritize the remaining **EIF Program** funds, we prioritized applications based on their original application approval date. Eight previously approved employers were moved to the waitlist. Five employers are making a payment before December 1, 2020. Eighty-nine employers have received an EIF match; 96 total EIF matches have been made (some employers received multiple matches). There is no additional funding for the cycle ending December 1, 2020. However, sports-betting revenue for the upcoming biennium is anticipated and we're beginning to discuss triggers for future cycles. We will have a full report on this cycle of EIF in our upcoming December Board meeting.

Jake Winship, Manager of Actuarial Activities section, gave an update on the **UAL Resolution Program (UALRP)**.

The **employer rate-projection tool** will be updated with the current data based on the 2019 valuation and will incorporate the rates approved by the PERS Board in October. We anticipate it will be available in early January 2021. We are developing an updated version of the tool and the plan is to provide that in the summer of 2021. It will have some added functionality.

In 2021, we will be working to redesign the **Employer Website** to make it easier to navigate and help employers find the information they need. We are continuing to develop UALRP guides, and plan to release the *Guide to Understanding Your Rate*, in November. Our eventual goal is to have a library of tools to give employers better understanding of how their rates are calculated.

Question: What are you looking to provide as far as additional info in the Employer Rate Projection Tool?

Response: We want to provide the ability to show the impact of changes in the actuarial assumptions; for instance, to display the impact of a different earnings rate instead of the assumed investment rate of 7.2%. We will have a few pre-selected values calculated to see the effect of a different earnings rate. It will also allow selection of a different projection period than the standard 10 biennia or 20 years. The new tool will allow amortization for shorter periods of time for side account deposits of \$10 billion or more, and it will have the capacity to handle multiple side accounts and calculate accordingly.

Question: Will it handle dynamic rate assumptions for multiple side accounts and rates that change over time?

Response: This feature may not make it in to the initial release. We want to collect suggestions from employers and build added functionality into subsequent releases.

Statement: Did not know valuation statements were posted on website; have asked for comparison to prior rates. Can't see what 2019 valuation is going to produce rate wise, it would be helpful in rework of valuation reports and how to read them. Improvements showing totals and prior years comparisons.

Response: We will address the valuation reports in a later section of today's presentation and can go into more detail.

TOPIC	SB 1049 update: Member Choice	Yvette Elledge-Rhodes
TIME: 10:29–10:32 AM		
Cynthia Kirkwood, Data Integrity Group Manager and Business Owner for IAP Target-Date Funds provided an update on Member Choice .		
<p>We moved through the first open election period for members to choose a different IAP Target-Date Fund (TDF) than the default one based on birthdate. The window was September 1, 2020, through October 1, 2020. TDF changes will be applied in January 2021. Just over 1,300 members elected to make changes to their TDF. There is no impact to employers.</p> <p>This information will not be visible on IAP.Voya.com until mid-January. Members will not see gains or losses until Member Annual Statements (MAS) in spring of 2022 because the choice goes into effect January 1, 2021.</p> <p>The next opportunity to choose a different TDF will be in September 2021. Only one election – whether by paper form or online – is allowed each calendar year.</p>		

TOPIC	SB 1049 update: Member (IAP) Redirect	Yvette Elledge-Rhodes
TIME: 10:32–11:01 AM		
Sam Paris, Interim Chief Operations Officer and Business Owner, provided an update on the Member Redirect project.		
<p>Member Redirect takes part of the 6% contribution that would go into employee's Individual Account Program (IAP) into a new Employee Pension Stability Account (ESPA) for each member. The percentage being redirected depends on the plan: 2.5% for Tier One/Tier Two and 0.75% for OPSRP. Contributions are redirected only for those members with a combined monthly salary of more than \$2,500. Members can elect after-tax voluntary contributions equal to the amount of the redirect.</p> <p>Highlighting a couple of milestones, we deployed the Employee Pension Stability Accounts to the system back in June and that process is working as anticipated.</p> <p>Voluntary contribution elections became available on September 22, 2020, through Online Member Services allowing retroactive elections back to July 1, 2020. This retroactive window closes October 31, 2020. A member can elect a future date for voluntary contributions at any time.</p> <p>As of October 14, 2020, we have received a total of 1,743 elections with 1,170 retroactive to July 1, 2020. Just over 570 are for a future date. After the GovDelivery announcement went out, we received 384 requests for voluntary contributions, and are currently averaging about 50 a day.</p>		

We have run into a few situations where a member has made an error with their election. This is creating some challenges. Once they elect to begin a voluntary contribution, it cannot be undone. Members' only option is to cancel future elections. They cannot go back and select a retro election if they first selected a future date. We are working on updating our communications to help members understand, and we are aware employers have reached out about member errors. Once the window for choosing retroactive contributions closes, the process will be easier.

We are continuing to work on how to handle **prior year earnings** for adjustments on the voluntary contributions. In exploring options like a lock, it is important for the data to stay in-sync as salary and contributions are linked together. We are analyzing an approach of locking all data.

Question: The redirect amount that goes into the EPSA is for the individual employee, not all members?

Response: That is correct. It goes into a separate account tied to that member.

Question: How will they know how their contributions are being distributed? Will the employee statements they will get next spring have it broken down into what went into redirect, IAP, and voluntary contributions?

Response: We are actively working to adjust Member Annual Statements (MAS) to add the EPSA and voluntary contributions. We are drafting templates that will show that information. Dean Carson, Senior Marketing & Communications Specialist, said the MAS game plan is to have a new account listed to show EPSA account information. Members will see less money is going into their IAP, and if someone makes voluntary contributions they can see that in their IAP. The EPSA will be on the 2020 MAS sent in May 2021. There is also messaging on the member webpages, animated videos that explain these differences, and messaging to explain that your EPSA is used to pay for your pension benefit.

Question: On the billing side, seen for the ones already signed up for it. For the 5th of October statement, noticed they have already been billed for the month of September. If they sign up in September for October, we won't see until November 5th statement, is that correct?

Response: When employers report their normal contribution amount, the system will check for \$2,500 eligible income requirement. The contribution amount will generate unbilled activity in their next statement if all of their IAP requirements have been satisfied at that point.

Discussed arbitration, mentioned by one employer representative that required the employer to make additional contributions to the members' IAP accounts. Concern was expressed that employers cannot make the voluntary contributions for members. After additional conversation, and given that the contributions would have to be made in whole percentages, it is likely the additional contributions would be made as optional employer contributions under ORS 238A.340. This employer had to send PERS a copy of the arbitration to get it set up. An EAG member clarified because it was arbitration there were multiple things being negotiated, it was an entire package.

Action item: PERS will review the arbitration agreement to make sure there are no issues.

Question: When an employee elects voluntary contributions redirect, does the employer have to report those voluntary contributions back to PERS?

Response: Once you satisfy the invoice that is all that is needed.

Question: Will the member see the EPSA account balance at some point?

Response: We plan to put it on statements.

Question: For Tier One/Tier Two employees, they will now have three accounts (pension, IAP, and EPSA)? And, they will have more than 6% contributed. Is this something that is ok? So they would have a potential total of 8.5%.

Response: For the three accounts, that is correct — they will have pension, IAP, EPSA. They will not have more than a 6% contribution going to IAP; the voluntary contribution matches what is being redirected. The redirect amount is reducing what would go into IAP. For Tier One/Tier Two members, for example, the 2.5% that would be going into IAP, that 2.5% will go into the EPSA account; if they elect voluntary contributions, that would be 2.5% of post-tax salary going into the IAP, which brings their total back to the 6%.

Question: If there is concurrent employment, will we be billed a month late after the test for concurrency shows \$2,500 in the month? If they terminate, and we didn't know their other employment took them over \$2,500, will the first employer still be billed for that?

Response: If you have someone earning less than \$2,500 per month, yet working for someone else and making more, you would see it coming in later based on other employers reporting if they report later in the month. There are some aspects we are still working on as far as locking data and how it impacts when the year is closed. We have talked about hoping members are understanding when they elect for contributions, and when they have \$2,500 or more, we are trying to send employers that information. If they are making less, it might be better to take that money out and be able to return that rather than having to invoice.

Question: If an employee elects the retroactive post-tax election, how are employers supposed to deduct the retroactive amount? All in one check as an arrears amount? How will employers know what that arrears amount is?

Response: Once the member makes the election, EDX email indicates the 7/1/2020 effective date, so it would be up to the employer on to deduct that based on that calculation. Will be another Work List Item.

TOPIC	SB 1049 update: Salary Limit	Yvette Elledge-Rhodes
TIME: 11:02–11:05 AM		
<p>Brandon Armatas, Data Services Section Manager and Business Owner for Salary Limit project, provided a recap of and update on the project.</p> <p>On the concept of proration on partial-year termination, members will have Salary Limit prorated based off \$16,250 per month. The big change is to the upcoming system deployment. Recently, testing has hit several snags; as a result, the change to the deployment schedule will impact Salary Limit and Work After Retirement projects.</p> <p>For Salary Limit, this delay will push back functionality to Tier One members. This functionality will additionally build a screen on our end to allow updates to the limit annually. We are anticipating being able to release about one month later, in November.</p>		

TOPIC	SB 1049 update: Work After Retirement	Yvette Elledge-Rhodes
TIME: 11:05–11:08 AM		
<p>Laurel Galego, Employer Service Center Manager and Business Owner for Work After Retirement, provided an overview of the project.</p> <p>Work After Retirement was effective January 1, 2020. Full information for employers can be found on our SB 1049 Employer website at: www.oregon.gov/PERS/EMP/Pages/SB1049.aspx</p> <p>The new wage codes have been pushed out to November. Employer Service Center (ESC) will be changing the 07 codes to 17. Many employers' reports are suspended but will post once changed. The system will generate invoices back to January when corrected. Our goal is to have corrected by year end. The corrections will show up on December or January invoices once we are done.</p> <p>Employers who have limits on ACH debits, we recommend to check limits to make sure employers will have enough to cover these.</p>		

TOPIC	Communications update	Dean Carson
TIME: 11:08–11:19 AM		
<p>Dean Carson, Senior Marketing & Communications Specialist, reminded the group we regularly update various SB 1049 webpages. Recently, the employer SB 1049 page was updated with a step-by-step “how to” for what retro and non-retro contributions look like, including screenshots of EDX. There is also a “how to” for OMS you can share with your members.</p> <p>Remember to make sure you are signed up for the SB 1049 topic, and remind your members about GovDelivery sign up. If you are signed up in EDX, and your contact information is correct, we run a report every month. You should be signed up for the</p>		

Employer news/Employer announcements topic. You can find the signup link on both the PERS and Employers homepages. Key is to sign up for the topic and optional questions.

A GovDelivery about valuations and 2021–23 rates went out Monday, and was sent to primary contacts and finance roles. We also share a number of GovDelivery messages that we ask you to share with your staff. We use targeting to make sure you are getting the information you need. For instance, when we sent SB 1049 updates, we included primary and Human Resource representatives in GovDelivery.

Employer satisfaction survey results were shared by Employer Communications Specialist Shawn Dempewolf at the July EAG meeting and the October Board meeting. We sent the employer satisfaction survey in May and received 270 responses, compared with 377 last year. Dean shared a chart on how employers rate our services. We are glad to see increases in satisfaction ratings.

We will be updating the **employer website** through a redesign effort starting in 2021 and are also creating educational guides as part of the UAL Resolution Program, which we are hoping to launch in November. We'd appreciate your feedback. The first guide will be understanding your rates, then your valuation. We also have plans to improve awareness of trainings. We have plans to boost communications to inform self-guided and live training. The Communications Team and Employer Service Center are working together to make sure members are informed about regular trainings that are available.

Mentioned in the October 9, 2020, issue of the *Employer Newsletter*, starting on October 19, **PERS Expo 2020** kicks off and will offer a virtual Expo experience. PERS, Oregon Savings Growth Plan (OSGP), and PERS Health Insurance Program (PHIP) have built a virtual education experience we hope you will share. It contains three pathways (new employees, mid-career employees, and those approaching retirement), providing valuable information to guide them along their journey. Thank you employers for sharing with your members.

Sam mentioned PERS is excited about the Expo. It was a big effort, and we are looking forward to hearing feedback about member's virtual experience.

TOPIC	Additional items	Sam Paris
TIME: 11:19:–11:30 AM		
<p>OPSRP First Wage Clean-up Project: Brandon Armatas provided an update on the project. We are close to having data distilled and prepped to work with. We need the data prepped in a way that allows us, as easily as we can, to work through that information. We plan on using .dat files to clean up. When we're performing these corrections with each employer, we will be building in steps to work with employers. Getting close to planning the next step.</p> <p>A question was asked about the timing and Brandon said the hope is to have this work completed prior to earnings being adopted by the PERS Board in 2021. Brandon, however, did also acknowledge that competing priorities for both PERS and employers may impact that date.</p>		

2021–2023 Valuation and Employer Contribution Rates: MaryMichelle Sosne informed the group about a couple of changes with valuations and contribution rates.

Valuations were not directly emailed to employers this year and will not be directly emailed going forward. We included a link to the new landing page for the 2021–2023 valuations in the October 9, 2020, issue of the *Employer Newsletter* and in the GovDelivery email that went out on Monday, October 12, 2020.

For your reference, you can find the 2021–2023 actuarial valuations here: [Actuarial Valuations](#).

We have also changed the way valuations are posted to the website:

- There is a landing page for just the 2021–2023 valuations along with frequently referenced links:
 - The Contribution Rates page, which references your current net contribution rates and your 2021–23 net contribution rates.
 - Previous years' valuations for reference.
- Instead of having a gigantic .pdf you have to search through, you can now download a .zip file and have your own .pdf.

We incorporated this group's feedback about separating side accounts to show individual side account offset amounts and amortization factors. We're continuing to work on a rate-collar guide for pooled employers, though this is not an issue for 2021–2023. We can walk through it with anyone who has questions in the meantime.

We talked to Milliman about including the side-by-side comparison in their report; it is difficult to display in the space allowed in their document. The text would have to be made incredibly small.

Statement: As a user of valuation reports, it would be most helpful to have details side by side within the report, not separately.

Response: We can look at having this available.

Rate-wise, a common reason for an increase in rates is an increase in payroll. If you notice a significant increase in rates, compare your payroll from your 2017 valuation to your 2019 valuation. Combined valuation payroll is a significant variable in the calculation for normal cost, in addition to transition surplus/liability and side account offsets.

For employers who've made transition liability or side account contributions in 2020, those are not going to show until the next valuation. This valuation only captures data for 2019. To get your accurate rate, just subtract the transition liability amount showing in your current valuation and your side account offset amount. Actuarial Services will be happy to help. Email actuarial.services@pers.state.or.us with any questions.

Actuarial Services will rely on GovDelivery going forward for updates and future legislation that may affect contribution rates or actuarial assumptions. This allows us to send updates to a targeted audience of informed decision makers, ensuring our message lands with those who need this information the most. Make sure you're signed up so you can stay informed.

2021 EAG Meeting dates: January 15, April 16, July 16, and October 15: Sam Paris informed the group of the proposed 2021 meeting dates. EAG meetings will be held at the same time, 10 a.m. to 12 p.m. Email Employer_Advisory_Group@pers.state.or.us if you have conflicts; we will do our best to ensure the majority of the EAG members can attend.

TOPIC	Questions	Sam Paris
TIME: 11:31–11:34 AM		
Sam opened the floor to allow EAG members to ask any other follow-up questions. Question: What is the timeline for the OPSRP First Wage Clean-up project? Response: Hope to have data prepped by end of this month, then prepare the next steps on our end. Our hope is to have the clean-up done before earnings are adopted next year. We have a lot of competing priorities, but will do our best to try to get this done.		

Next meeting facilitator: Sam Paris

Next meeting date and time: January 15, 2021 10:00 a.m. – 12:00 p.m.