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EMPLOYER NEWSLETTER

Senate Bill 1049 reminder

You can find the latest information about SB 1049 for employers on the PERS website:

<https://www.oregon.gov/pers/EMP/Pages/SB1049.aspx>.

2019 year-end reconciliation phase 2 begins January 2, 2020

There are two phases to year-end reconciliation. The first phase focuses on correcting and posting suspended records for calendar year 2019. The second phase is PERS' final push to get records posted before the official close of the 2019 calendar year. The second phase of 2019 year-end reconciliation begins January 2, 2020. Although 2019 year-end reconciliation will officially close February 28, 2020, employers are encouraged to continue correcting and posting records for the 2019 calendar year through the first March 2020 statement date, which is March 5, 2020. Contributions invoiced through March 5, 2020, and paid when due, will be credited with earnings from the PERS trust for calendar year 2019. If contributions are not paid when due, earnings for 2019 will be invoiced to the employer.

2018 advisory actuarial valuation reports

On Friday, December 20, 2019, individual valuation reports were sent to employers. The email was sent from "Actuarial.Services@pers.state.or.us." If you need a copy of your valuation, you can visit the [Actuarial/Financial Information page](#) on the PERS website and click on "Actuarial Valuations," or contact your [ESC Account Representative](#).

As a reminder, the 2021-2023 employer contribution rates in your valuation reports are **advisory only** and are based off employer data through December 31, 2018. The **2019** actuarial valuation, which will be presented in fall 2020, will set actual 2021-2023 employer contribution rates.

The advisory employer contribution rates and the actuarial assumptions and methods used for the advisory valuation reports reflect the following changes from Senate Bill 1049:

- Starting in 2020, annual salary included in the calculation of final average salary will be limited to \$195,000. The reduction in annual salary reduces the actuarial accrued liability.
- The Tier One/Tier Two unfunded actuarial liability (UAL) was re-amortized over a closed 22-year period. The effect of this change is incorporated into the Tier One/Tier Two UAL rate.
- Redirected member IAP contributions will be calculated as a direct offset of your employer pension contribution rate.

Additional impacts from Senate Bill 1049, such as the Employer Incentive Fund, will be reflected in the 2021-2023 actual employer contribution rates set by the 2019 actuarial valuation.

If you would like more information about how these rates are calculated at a system-level, or to review the PERS actuary's analysis of anticipated future rates, please review Milliman's recent presentations to the PERS Board:

- October 4, 2019 (pages 135-180) – [December 31, 2018 System-wide Valuation Results](#)
- December 6, 2019 (pages 273-341) – [Financial Modeling](#)

If you have questions about employer contribution rates or your individual valuation reports, please contact your [ESC Account Representative](#).

How to report a PERS retiree as a new hire

Are you hiring a PERS retiree after January 1, 2020?

As PERS [works on long-term implementation](#) of Senate Bill 1049, we are asking employers to continue to report retired members who return to work as retirees under the same guidelines prior to the passage of Senate Bill 1049. Due to the efforts needed to change technology solutions, employer reporting under existing guidelines will allow the agency to meet short-term reporting needs:

- If the retiree was restricted to an hour limit, then report the position as “retiree with hour limit” by submitting a DTL1 record with status code 11, “retiree new hire with hour limit.”
- If the retiree would have fallen under an [exception](#), then report the position as “retiree without hour limit” by submitting a DTL1 record with status code 12, “retiree new hire without hour limit.” Note: Prior to the passage of SB 1049, there were no hour limit exceptions for an OPSRP retiree.

The screenshot shows a web-based form titled "Process W&C Information >> Employer Reporting >> Edit". Below the title, it says "The status of this member record is: Added". The main section is "Detail 1 - Member Demographics". The form includes fields for: SSN, Status Code (with a dropdown menu showing options like "01 - No Change in Status", "02 - Terminated", etc., and "11 - Retiree New Hire with Hr Limit" highlighted in yellow), Status Date, Last Day Service, Old SSN, First Name, Last Name, Middle Name, Name Change Indicator, Address (1-3), City, State (dropdown), Zip (1-2), Province, Country Code (dropdown), Postal Code, Date of Birth, Gender, PERS Job Class Code, Average Overtime Hours, Unused Sick Leave Hours, Contract No. of Months, Employer Site Distribution Code, and Non-PERS Data Memo. There are "Save" and "Cancel" buttons at the bottom.

SB 1049 reporting: Employer contributions on retiree wages

If you choose to hire (or continue employing) any PERS service retiree during 2020 through 2024, most of those retirees can work an unlimited number of hours during those calendar years while continuing to receive their pension benefit.

During this period, employers will also be [required to pay employer contributions](#) on any hired retirees' salary. PERS will invoice the employer contribution rate on the retirees' salary just as if the retiree were an active member (note that this is the **employer** contribution rate, **not** the 6% member contribution rate). However, please note that due to PERS' timeline of making required technology changes for records to post for service retirees, **invoicing employer contributions on retirees' salary will be delayed**. Employers can choose to push/credit money to PERS, creating a potential credit on their account, or

set aside estimated employer contributions for retiree wages. We appreciate your flexibility with these extra steps while we work to align system functionality with the requirements of SB 1049. PERS is here to assist you through this process.

Employer contribution rates on retiree salaries are based on the member's retirement plan (Tier One, Tier Two, or OPSRP) at retirement and current reported job class code. Please be sure the correct job class codes have been reported on all employment segments.

Reminder: If you employ a PERS service retiree, all hours and wages **must be reported**. This is started by submitting a DTL1 demographic record with an 11 or 12 status code indicating with or without hour limits.

To assist you in reviewing reported employment information, an "Active EE by ER Comprehensive" report is available from your Employer Service Center representative. This report identifies all open employment segments, the member's retirement plan, and their job class code. If a correction is needed, please submit a demographic correction request.

For assistance, please contact your ESC Account Representative: <https://www.oregon.gov/pers/EMP/Pages/ESC-Representatives.aspx>.

Reminder: How to report the correct job class code

Job class information must be entered with each DTL1 new hire record. The "Job Class" code describes the type of job the employee performs for you, the employer.

The most common job class codes are:

01: General Service

02: Police and Fire

09: School Employee

It is important to code your employees with the correct job class code, as it can directly impact a member's PERS retirement eligibility, survivors' death benefit eligibility, the statutory factor used to calculate members' benefits, and the job class code is the main determination of which employer contribution rate applies to active members and retirees.

You can view your employees' current job class on file by going to View Employee Info in the Site Navigation of any EDX page. You can enter a last name, SSN, or PERS ID to access individual employee data. The job class can be confirmed on the Employee Employment History Details page.

If a reported job class is incorrect or an employee's type of job has changed during an employment segment, please submit a demographic correction request (DCR) to update your employees' information.

The screenshot shows the 'Process W&C Information >> Employer Reporting >> Edit' interface. At the top, it states 'The status of this member record is: Added'. Below this is a section titled 'Detail 1 - Member Demographics:'. The form contains various fields for member information, including SSN, Status Code (set to '00 - No Change in Status'), Status Date, Last Day Service, Old SSN, First Name, Last Name, Middle Name, Name Change Indicator (set to 'N'), Address (1-3), City, State (set to 'NONE'), Zip (1-2), Province, Country Code (set to 'USA'), Postal Code, Date of Birth, Gender, PERS Job Class Code (highlighted with a red circle), Average Overtime Hours, Unused Sick Leave Hours, Contract No. of Months (set to '00'), Employer Site Distribution Code, and Non PERS Data Mem o. At the bottom of the form are 'Save' and 'Cancel' buttons.

If you have 10 or more job class corrections to make, or if you have any other questions or need additional support, please contact Employer.Support@pers.state.or.us for further assistance.

Member education and retirement planning sessions

PERS offers a number of opportunities to help PERS-participating employees understand their PERS retirement benefits, including free education sessions throughout the state for members in all stages of their careers. PERS also offers help reviewing retirement forms when it is time to retire.

Please share the following information about our education and retirement planning sessions with your staff.

We offer sessions on the following topics:

Retirement Readiness

This session is for Tier One and Tier Two members within three years of retirement.

Introduction to PERS Retirement

This session is for Tier One and Tier Two members more than three years from retirement.

All About OPSRP (Oregon Public Service Retirement Plan)

This session is for OPSRP members (hired after August 28, 2003) at any stage of their career.

Staff can register for a session by going to the following link: <https://www.oregon.gov/pers/MEM/Pages/index.aspx>.

Once there, click on “Education Sessions” under either the Tier One/Tier Two or the OPSRP headings. Class size is limited, so registration is required.

Please note the cities listed below may have sessions both with and without financial planning, so check both links to find the session that meets your needs.

Retirement Application Assistance Sessions (RAAS)

PERS also offers individual appointments with a PERS staff member where retiring members can have their PERS retirement paperwork reviewed for accuracy and completeness within the 90 days before their PERS retirement date. Members can also have their paperwork notarized during the session at no cost.

Registration can be found through this link: <http://www.oregon.gov/pers/MEM/Pages/RAAS/Retirement-Application-Assistance-Sessions.aspx>.

PERS will be conducting retirement education sessions and RAAS in the following cities in January, February, and March 2020:

- Albany
- Ashland
- Astoria
- Beaverton
- Bend
- Clackamas
- Coos Bay
- Eugene
- Gresham
- Hillsboro
- Hood River
- Klamath Falls
- Lincoln City
- Medford
- Oregon City
- Portland
- Redmond
- Roseburg
- Salem
- Tigard

Need help registering for a session? Call and speak with a PERS staff member, toll-free 888-320-7377. PERS Member Services call agents are available Monday through Friday, 8:30 a.m. to 5 p.m., except holidays.