



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

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September 29, 2023

TO: Members of the PERS Board  
 FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section  
 SUBJECT: Adoption of Assumed Rate Rule:  
 OAR 459-007-0007, *Assumed Rate*

### OVERVIEW

- Action: Adoption of changes to Assumed Rate Rule
- Reason: Review and establish the assumed rate beginning January 1, 2024.

### BACKGROUND

The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate is then adopted in an administrative rule. The rule reflects the 6.9 percent rate adopted preliminarily by the Board at the July meeting.

The rule specifies that the new assumed rate will be effective for PERS transactions with an effective date of January 1, 2024, consistent with this board's policy decision from 2013 that changes to the assumed rate will be effective January 1 following the board's adoption of the new rate. This decision gives staff ample time to perform the necessary preparations and communicate with members and employers. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter in which month they retire. The new assumed rate will be aligned with the new actuarial equivalency factors (AEF), which will allow for a clear effective date for all transactions that involve calculations using both the latest year-to-date rate and AEF components.

### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on August 22, 2023, at 2:00 p.m. The public comment period ended September 5, 2023, at 5:00 p.m. Public comment was received August 30, 2023, from Steven Demarest via email encouraging the Board to increase the assumed rate to 7.0% to increase the lifetime pensions for members who retire under Money Match or Formula Plus Annuity.

### LEGAL REVIEW

The attached draft rule was submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rule is presented for adoption.

### IMPACT

**Mandatory:** Yes, the assumed rate determined by the board must be adopted by rule and clearly describe the effective date of the assumed rate change on PERS transactions.

**Benefit:** The proposed rule benefits members, employers, and staff by setting forth the assumed rate and a clear effective date for implementing a change in the rate.

**Cost:** There are no discrete costs directly attributable to specifying the assumed rate in rule.

### RULEMAKING TIMELINE

July 28, 2023	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
July 28, 2023	PERS Board notified that staff began the rulemaking process.
August 1, 2023	Secretary of State published the notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
August 22, 2023	Rulemaking hearing was held remotely at 2:00 p.m.
September 5, 2023	Public comment period ended at 5:00 p.m.
September 29, 2023	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the changes to Assumed Rate Rule as presented.”
2. Direct staff to make other changes to the rules or explore other options.

### STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

C.5. Attachment 1 – 459-007-0007, *Assumed Rate*  
C.5. Attachment 2 – Public Comment - *Demarest*