

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



EMPLOYER NEWS

MAY
2021

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COVID-19 and paid leave
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PERS employer website

PERS MEMBER SATISFACTION SURVEY MAY 1 – 31

Share your thoughts on how PERS, the agency, serves you as a member. And please share the link with your coworkers.

Open member survey



FYI: entering retroactive payroll

The PERS' system automatically applies the past applicable contribution rate when you enter retroactive payroll for a period outside of the current biennium.

For example, if an employer posts a member wage adjustment for a pay date of September 15, 2015, the system will apply the employer contribution rate that was in effect in September 2015. That rate may differ significantly from the employer's current rate.

Most employers will notice this difference during the upcoming employer contribution rate change on July 1, 2021. The employer contribution-rate change is effective for salary **paid on or after July 1, 2021**. It is based on pay date, not work-period date or statement date.

Virtual education sessions

PERS can present PERS Education Sessions to your office staff via your agency webinar platform, such as Zoom, Microsoft Teams, or Google. You can schedule one of the presentations below or request a tailored presentation to fit your agency's needs.

Tier One/Tier Two

- Retirement Readiness with Financial Planning (for members within three years of retirement).
- Introduction to PERS Retirement with Financial Planning (for members who are more than three years from retirement).

OPSRP

- All About OPSRP with Financial Planning (for members at any stage in their career).

For more information

To schedule a session or learn more, contact Debbie Foote at debbie.foote@pers.state.or.us.

For more information about what information is covered, go to [OPSRP Education Presentations](#) or [Tier One/Tier Two Education Presentations](#).

Annual employer satisfaction survey is open May 1 through 31

[Open employer survey](#)

Or enter https://www.surveymonkey.com/r/PERS_Employer_2021 into your browser.

Please take a few minutes between **May 1 and May 31** to fill out PERS' Employer Satisfaction Survey. Your feedback will help us prioritize our greatest areas for improvement, such as:

- Ease of working with PERS.
- Customer service.
- The PERS employer website, including ease of finding and understanding information.
- Employer training sessions and other tools.
- Online resources, such as instructional documents.

We want to hear from anyone at your agency or school who interacts with PERS. Feel free to forward the survey link to any coworker who works with PERS, including:

- Payroll specialists and EDX reporters who submit member data.
- HR, benefits, and internal communications specialists who help your employees understand PERS.
- Budget officers, finance officials, and other accounting roles.
- Agency heads, executives, and administrators.

Understanding Member (IAP) Redirect

Let's take a closer look at Member Redirect, one of the aspects of Senate Bill (SB) 1049 intended to save employers money.

Purpose

The section of the senate bill that outlines Member Redirect is called "Employee Contributions." The purpose is to have PERS members contribute a small percentage toward the cost of their pension to help ease employers' rising contribution rates. Tier One/Tier Two members contribute a higher percentage because they receive greater benefits (and higher fund earnings) and will contribute for fewer years than OPSRP members.

The employee contribution is a small percentage of their 6% Individual Account Program (IAP) deduction. Instead of going into the employee's IAP, that money is redirected into the employee's Employee Pension Stability Account (EPSA).

Most PERS members automatically get an EPSA as soon as they earn more than the salary threshold. The redirect into that account occurs each month that an employee earns more than the threshold (more information on the next page). When and if PERS becomes at least 90% funded, Member Redirect will stop.

Continued

Benefits of Member Redirect

Member Redirect benefits employers by reducing their normal cost rate beginning on July 1, 2021. The reduction will be calculated into the normal cost rate; employers won't see a separate item for the offset on their invoices.

The offset was included in the [2019 system-wide valuation](#). Below is an example of a chart showing the offset (pre-rate collar, Tier One/Tier Two).

July 1, 2021 Rates Calculated as of December 31, 2019				
	SLGRP	School Districts	Independent Employers	Tier 1 / Tier 2 Totals
Tier 1/Tier 2 pension contribution rates				
Normal cost rate	15.41%	13.45%	16.87%	14.87%
Judiciary member contributions			0.50%	0.05%
Uncollared UAL rate	12.46%	13.95%	12.61%	12.95%
Multnomah FD #10 rate	0.21%	0.14%	0.15%	0.18%
Uncollared total Tier 1/Tier 2 pension rate	28.08%	27.54%	30.13%	28.05%
Average adjustments				
Pre-SLGRP liability/(surplus) rate	(0.69%)	N/A	N/A	(0.40%)
Side account rate	(4.99%)	(9.93%)	(1.11%)	(6.24%)
Total average adjustment	(5.68%)	(9.93%)	(1.11%)	(6.64%)
Member redirect offset¹	(2.45%)	(2.45%)	(2.45%)	(2.45%)
Uncollared net employer Tier 1/Tier 2 pension rate	19.95%	15.16%	26.57%	18.96%

¹ Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2) will offset employer contribution rates beginning July 1, 2021. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.

For example, say an employer's normal cost rate in 2018 was 13%. Because of Member Redirect, the employer's normal cost rate for the 2021–23 biennium drops by 0.7% making their rate 12.3%. The funds that were redirected into members' EPSAs pay that 0.7%.

Although it reduces the normal cost rate, the redirect does not reduce the unfunded actuarial liability (UAL). The same amount of money is coming into the Fund, it's just that a small percentage of it is being paid by members. Using the example above, 13% is still being paid, but a portion of the 13% is coming from a different source. Therefore, the UAL remains the same.

Who is affected

Members

Only those active members who earn above a certain salary per month from all their PERS-participating employers are affected. The salary threshold for 2021 is \$2,535 (the limit is indexed annually to the Consumer Price Index by the PERS Board on January 1 of each year). There is no action required from members other than to decide if they want to make voluntary contributions and, if they do, to fill out the election form.

Members will see the amount in their EPSA on their member annual statement every spring; however, it is merely informational and does not affect them.

Continued

Employers

All PERS-participating employers who have employees making more than \$2,535 a month are affected. There is no action required from employers other than to know which employees have elected to start (or stop) making voluntary contributions and to deduct that amount from employees' paychecks.

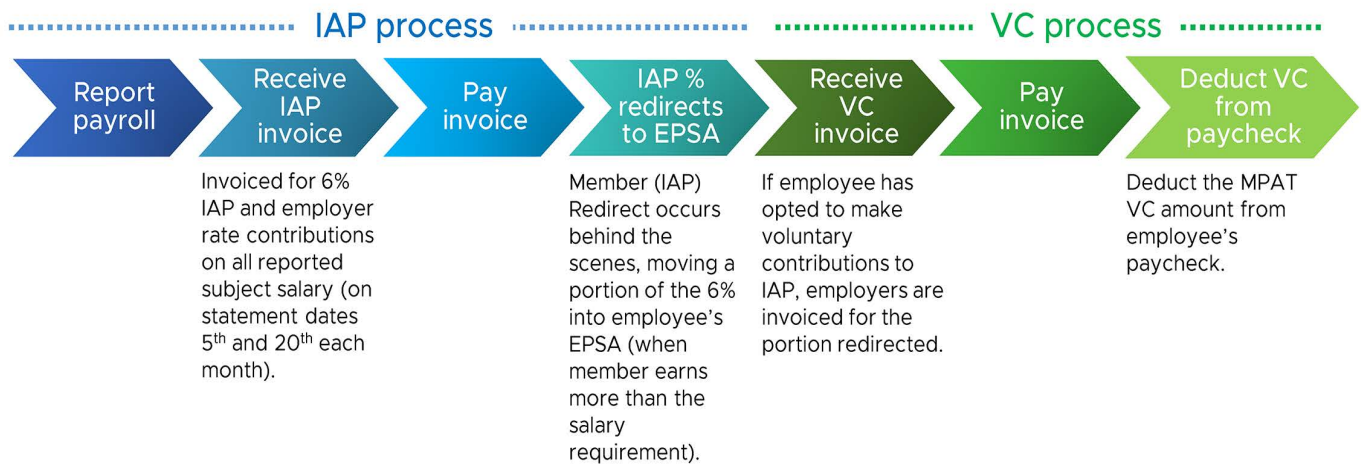
How it works

- ER*** Submit your payroll data to PERS via EDX.
- PERS** Calculate contributions due and prepare an invoice.
PERS invoices you for the IAP portion (6%) in the same manner as before SB 1049. Employers are not responsible for the redirect and should not divert IAP contributions.
- ER** Remit payments for IAP contributions to PERS in the same manner as you did before SB 1049.
- PERS** Automatically analyze payroll information submitted by all PERS employers to determine who meets the minimum salary for that month (the PERS system automatically collects salary reported from all of a member's employers and uses that total).
- Members who earn equal to or less than \$2,535 that month will have the full 6% deposited into their IAP.
 - Those who earn more than \$2,535 will have a portion of their IAP contribution redirected into their EPSA (i.e., 2.5% for Tier One/Tier Two and 0.75% for OPSRP members).
- PERS** Look at all members who qualify for a redirect that month to find those who have elected to make a voluntary contribution (i.e., 2.5% for Tier One/Tier Two and 0.75% for OPSRP members). Invoice the employer for those voluntary contributions.
- ER** Check your invoice to find the members who elected to make voluntary contributions that month and deduct the after-tax voluntary contribution amount from their paycheck. For a full explanation of the VC process, [read this webpage](#).
- PERS** When the member retires (or if the member dies before retirement), apply the amount that has accumulated in the member's individual EPSA (deposits + earnings) to go toward that member's pension. Pension benefits paid to the member (or beneficiary) are not increased by the EPSA; the EPSA is simply another funding source used to pay pension benefits.

*Employer

Continued

This employer process is illustrated below.



Exception: If the amount in a member's EPSA account at retirement is greater than the value of their future pension, the member (or beneficiary) will receive the excess amount as a lump sum.

If the member withdraws from PERS: The member will receive the amount in their EPSA as a lump sum. If the member returns to PERS membership in the future, they may have to pay that amount back to re-fund their EPSA.

For more information

Members

[EPSA overview](#)

[How to Elect and Update IAP Voluntary Contributions Online](#)

Contact [Member Services](#)

Employers

[How to Manage an Employee's Voluntary Contribution](#)

[Voluntary contributions FAQ](#)

[Voluntary contributions process flow](#)

Contact the [Employer Service Center](#)

Employer communications survey has closed

Thank you for participating!

Thank you to everyone who completed the employer communications survey in April. We are analyzing the results and discussing ways to improve how you receive information from PERS. We greatly appreciate your thoughtful feedback.