OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

EMPLOYER NEWS

SEPTEMBER 2022

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- SB 1049 programs
- PERS employer website

SUPPORT

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Reminder for your employees: **Member Choice open September 1–30**

MEMBER CHOICE

This month, nonretired members can elect to invest their Individual Account Program (IAP) balance in an IAP Target-Date Fund (TDF) that better reflects their retirement savings goals or their personal risk tolerance.

Member Choice is optional, and employees do not have to take any action. If an employee does nothing, they will continue to be invested in their current TDF.

Learn more

- PERS IAP Target-Date-Funds webpage.
- Oregon State Treasury "Understanding IAP Target-Date Funds and Member Choice."
- PERS How to Make an IAP Target-Date Fund Election Online webpage.

Please share with your employees: **2022 PERS Expo coming next month**

PERS will offer its annual member-education event, Expo, online again this year. This year's theme is "Aspire to Retire."

At Expo in October, will find checklists, videos, and other digital resources to help guide you on your journey toward retirement — whether you are just getting started with PERS, are midway through your career, or see retirement just around the corner.

Information will be available from PERS, Oregon Savings Growth Plan, and the PERS Health Insurance Program (PHIP).

Register for Expo online.

For updates, sign up for the PERS Expo mailing list.

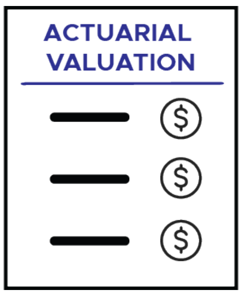
2021 actuarial valuations available this fall

At the July 22 PERS Board meeting, consulting actuary Milliman explained the results of their PERS system-wide actuarial valuation. They will use the valuation to set new employer contribution rates for the 2023-25 biennium.

Next, Milliman will prepare employer-specific contribution rates and present them to the PERS Board for approval at the September 30 meeting. If the rates are adopted, individual valuations will also be available on the PERS website in October.

About actuarial valuations

Milliman conducts actuarial valuations every year. Valuations alternate between “rate-setting” and “advisory” valuations. Milliman explains its valuations in two types of reports:



System-wide valuation report.
Overviews the financial health of the PERS system and presents actuarial estimates of the system-wide liabilities and expenses of PERS, including pension benefits and retiree medical benefits. This report also provides information on system-wide average employer contribution rates and employer rates by pool.

Employer valuation report.
Provides details about each individual employer’s contribution rate and the data used to calculate the rate. Supplements the system-wide report.

Timeline

Every even year in the fall, the PERS consulting actuary calculates the employer contribution rates for the upcoming biennium. Calculating the new contribution rates is a complex process that begins after year-end data are available, as shown in the table below.

Date	Actuarial valuation step
As of May 2022	Milliman began calculating the rate-setting system-wide valuation using calendar-year 2021 data that were compiled and tested by PERS staff.
July 2022	Milliman presented the system-wide December 31, 2021, actuarial valuation results to the PERS Board.
September 2022	PERS Board votes to adopt the employer-specific 2021-23 contribution rates at their meeting on September 30.
October 2022	If the new rates are adopted by the board, PERS staff members post the rates and individual employers’ actuarial reports to the PERS Employer website.
July 2023	New rates become effective July 1, 2023, through June 30, 2025.

To learn more, attend the September PERS Board meeting (either in person or online) to hear Milliman present the new contribution rates, read the *Guide to Understanding Your Actuarial Valuation*, or email the Actuarial Services team with questions about employer rates or the system-wide valuation.

Preview of Paid Leave Oregon and PERS reporting

Paid Leave Oregon is a new program passed in 2019 (under House Bill 2005) that allows employees to take a paid leave of absence to care for themselves or their families. It also ensures that employees on leave can return to their job (if they have already been with that employer for at least 90 days).

Beginning in 2023, the program will allow Oregon employees to take up to 12 weeks of paid family, medical, or safe leave in addition to any other paid sick time (under Oregon Revised Statute 653.606), vacation leave, or other paid leave already available to the employee.

Note: Paid Leave Oregon also offers employees two additional weeks of paid leave related to pregnancy, childbirth, or a related medical condition for up to 14 weeks of paid benefits.

On January 1, 2023, all employers* and employees will begin paying into the new program, and on September 3, 2023, employees can start applying for benefits.

Learn more on the Oregon Paid Leave Program website for employers or email paidleave@oregon.gov.

How Paid Leave Oregon payments to employees will be treated by PERS

If you have an employee who takes a leave under the Paid Leave Oregon plan, whether the leave payments are treated as subject salary or non-subject salary depends on the source of the payment.

Per the Oregon Employment Department, employers have three choices for participating in the program. The plan you choose determines how you will treat leave payments from a PERS perspective. The determining factor is whether the payments come directly from the employer or from another source.

Specific guidance for how to report a leave in EDX will be provided next year before the program begins.

Paid leave program	Definition	Payments treated by PERS as	Service time earned during leave?
State-run plan	The Paid Leave Oregon plan. Payments are made by the Oregon Employment Department.	Non-subject salary. Do not report payments to PERS.	No.
Employer-run equivalent plan	Your own plan, approved by the Oregon Employment Department, that provides benefits that are equal to or greater than the benefits Paid Leave Oregon provides. Payments are made directly by your organization.	Subject salary. Report payments to PERS.	Yes. Specific reporting guidance will be provided before program begins.
Third party–run equivalent plan	Your own plan, approved by the Oregon Employment Department, that is contracted through a third party. Payments are made by the third party (e.g., an insurance company).	Non-subject salary. Do not report payments to PERS.	No.

*Small employers (with fewer than 25 employees) do not have to pay for the program, but they still need to collect and submit their employees' contributions.

Continued

Reporting other paid time to PERS during family leave

If an employee uses any paid sick leave, vacation, or compensatory time during their paid family leave time, you will report that salary to PERS as subject salary, like usual.

Examples

State-run program

Jane takes four weeks of family leave to care for her newly adopted child from January 2, 2023, to January 27, 2023. This is how she is paid during her leave:

First two weeks: paid sick leave.
Remaining two weeks: benefits paid under the state-run Paid Leave Oregon program.

Jane's employer reports the salary paid during her first two weeks of paid sick leave as **subject salary** and reports the corresponding 80 hours. Because paid sick leave hours count as hours of service, and she has least 50 hours of service for January 2023 (a requirement for receiving a month of service credit), she receives **service credit** for the month of January.

Her employer **does not report state-paid Paid Leave Oregon benefits** to PERS. State-paid benefits are non-subject salary and do not provide creditable service. The employer only owes contributions on Jane's subject salary paid for the two weeks of employer-paid sick leave.

Employer-run program

Joe takes four weeks of paid family leave to care for his sick mother from January 2, 2023, to January 27, 2023. This is how he is paid during his leave:

First two weeks: paid sick leave.
Remaining two weeks: benefits paid under his employer-paid Paid Leave Oregon program.

Joe's employer reports Joe's paid sick leave as **subject salary** and reports the corresponding 80 hours. The employer also **reports Joe's Paid Leave Oregon benefits** to PERS as subject salary because they are paid directly by his employer. Because authorized paid leave counts as hours of service, Joe receives **service credit** for the month of January. The employer owes contributions based on Joe's subject salary paid for all four weeks of his employer-paid leave.

Third party–run program

Jahnu is employed in a qualifying position for 2023. He takes six weeks of family leave to receive medical treatment from January 2, 2023, to February 13, 2023, and works his regular schedule from February 14 through the rest of the year. This is how he is paid during his leave:

First week: paid sick leave.
Remaining five weeks: benefits paid under the Paid Leave Oregon program run by an insurance company.

Jahnu's employer reports his 40 hours of paid sick leave to PERS as **subject salary**. The employer **does not report his Paid Leave Oregon benefits** to PERS. Because third-party-paid benefits do not provide creditable service, Jahnu **does not receive service credit** for January. During his leave under the Paid Leave Oregon program, his employer only owes contributions on Jahnu's week of employer-paid sick leave. The employer will owe contributions for his hours worked in February, and the remainder of the calendar year, under regular PERS rules.

To learn more, visit the Paid Leave program website. Questions about the program? Contact the Oregon Employment Department at paidleave@oregon.gov or 833-854-0166.

Tip to help working retirees avoid repaying their retirement payments

When a PERS retiree chooses to stop their retirement and return to work full time as an active PERS member, any pension payments received after their date of hire must be repaid.

To minimize the number of retirement payments the retiree must pay back to PERS, the employer reporter should report the new hire as soon as possible.

Example 1 — timely reporting

ABC School hires PERS retiree Jane as a full-time custodian on August 15. Jane's next pension payment is scheduled for September 1. ABC's employer reporter sends two Detail 1 records to PERS on August 16, giving PERS enough time to cancel her September 1 retirement check. Because Jane's August 1 retirement check was for July, she does not need to repay any of that payment.

Example 2 — delayed reporting

ABC School hires PERS retiree Jane as a full-time custodian on August 20. ABC's employer reporter does not submit the Detail 1 records until September 28. This does not give PERS enough time to cancel Jane's September and October retirement payments, so she is invoiced for those payments by PERS.

Note about Individual Account Program (IAP) distributions: Paid-out IAP distributions can generally be kept, but any future IAP distributions (i.e., installments) would stop during the period of active membership.

How to report a retirement cancellation and a return to full-time work

1. Fill out a Detail 1 Member Demographics record with a 13 New Hire – Retiree Return to Service status code. This stops the retiree's retirement.
2. Fill out another Detail 1 record with a 01 Qualifying New Hire status code. The Status Date is their first day on your payroll, whether that is working, onboarding, or training.
3. Report your new hire's wages as you normally would. You will pay contributions on the wages as you would for any full-time employee.

For assistance

Contact your Employer Service Center (ESC) representative. Access the list of ESC representatives on the PERS employer website.