

# PERSPECTIVES

For Tier One/Tier Two members (hired before August 29, 2003)

April 2019 Edition



## 2018 Member Annual Statements: Coming in May

Get the latest information about your PERS retirement benefits. 2018 Member Annual Statements are scheduled to be mailed by the end of May 2019.

Reviewing your statement each year is a great opportunity to ensure all of your personal information is correct and to understand how your retirement benefits will be calculated. All Tier One/Tier Two members who have worked in a qualifying position after January 1, 2004, have **two parts to their PERS retirement**: a Tier One/Tier Two pension and an Individual Account Program (IAP) account-based benefit. The latest information about both should be included on your statement.

### Why does PERS send 2018 Member Annual Statements in May?

PERS cannot finalize calendar year 2018 statements until **after** the PERS Board adopts 2018 final earnings crediting, which occurred at its [April 1, 2019 meeting](#). In addition, PERS works with 900+ employers to ensure that member contributions are accurate and complete before allocating earnings on a year-end balance basis so members are not adversely affected by posting delays or corrections.

### What resources do you have to help me understand my Member Annual Statement?

Sign up for [GovDelivery](#) “Tier One/Tier Two Member News” to be alerted when Member Annual Statements are mailed. We will also have FAQs and resources on the PERS [Member homepage](#) at that time.

Review an example statement and learn the basics on the following page.  
(continued on page 2)

## 2019 Member Satisfaction Survey: May 1-May 31

Share your feedback and help PERS improve. Please take PERS’ annual member satisfaction survey during the month of May. PERS is moving the survey from August to May in order to reach more school employees, PERS’ largest membership group. We also want to reach more non-retired members, so we can receive more actionable feedback on our [Strategic Plan](#) efforts to become your retirement education and planning resource.

Starting **Wednesday, May 1**, you can find the survey online at the following link:  
[www.surveymonkey.com/r/PERS2019](http://www.surveymonkey.com/r/PERS2019)

If you are signed up to receive PERS email or text updates through [GovDelivery](#), we will send a survey link to subscribers on May 1. The survey will be open through Friday, May 31.

The survey link will also be listed on the PERS homepage at <https://oregon.gov/PERS> and in the [News](#) section of the website. There will also be a link under Messages From PERS when you are logged in to [Online Member Services](#).

Thank you for taking the time to provide your feedback when the survey opens in May.

**Sign up for GovDelivery email or text updates to stay informed!**

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# Three things to review on your Member Annual Statement

Your Member Annual Statement is an important document to review as part of career-long retirement planning. Here are **three of the most important actions** to take when your 2018 Member Annual Statement arrives.

**1** **Make sure your date of birth is correct.** Your IAP is now invested in an age-based Target-Date Fund, so it is critically important to make sure your employer accurately submitted your date of birth to PERS, so you are enrolled in the correct Target-Date Fund.



# 2018

## Member Annual Statement

PREPARED FOR

PERS ID: [REDACTED] **1** DATE OF BIRTH: September 1, 1978

TIER2\_1

IMA MEMBER  
11410 SW 68TH PKWY  
TIGARD OR 97223

### EMPLOYMENT INFORMATION

FIRST HIRE DATE  
August 30, 2000

MEMBERSHIP DATE  
March 1, 2001

JOB CLASSIFICATION  
School Employee

### 2018 TIER TWO PENSION INFORMATION

This is the first part of your retirement benefit. You can produce a pension benefit estimate for a future retirement date on Online Member Services (OMS), located on the PERS website.

#### REGULAR ACCOUNT

Account balance December 31, 2017: \$20,000.00  
2018 earnings rate: 0.23%  
Earnings for 2018: \$46.00  
Account balance December 31, 2018: \$20,046.00

#### VARIABLE ACCOUNT

*You did not participate in the Variable Account as of December 31, 2018.*

**Your 2018 Tier Balance: \$20,046.00**

#### YEARS OF SERVICE

2018 service credit: 1 year  
Total service credit: 17 years, 10 months

#### POLICE OFFICER & FIREFIGHTER UNIT ACCOUNT

*You were not eligible for or did not participate in the Unit Account as of December 31, 2018.*

### 2018 INDIVIDUAL ACCOUNT PROGRAM (IAP) INFORMATION

The IAP is the second part of your retirement benefit. Your IAP is credited with earnings or losses annually based on the investment returns of your IAP Target-Date Fund. The benefit you will receive from your IAP at retirement is based on your account balance and the distribution option you select. To review IAP information, visit [IAPVoya.com](http://IAPVoya.com).

#### IAP Target-Date Fund: 2045

Account balance December 31, 2017: \$45,000.00  
Employee contributions in 2018: \$3,000.00  
2018 earnings rate: -2.03%  
Earnings for 2018: -\$974.40  
Account balance December 31, 2018: \$47,025.60

**IMPORTANT:** This annual statement is based on information available to PERS as of December 31, 2018. Please see the reverse side for instructions about correcting information.

This statement does not entitle you to any benefits. Your benefits are determined in accordance with Oregon Revised Statutes Chapters 238 and 238A. PERS is required to correct any errors in account or membership information and to make any adjustments that are required by law when it becomes aware of such errors or law changes.

11410 SW 68th Parkway, Tigard OR 97223

Mailing Address - PO Box 23700, Tigard OR 97281-3700

SL3

Phone - toll free 888-320-7377 Fax - 503-598-0561 Website - <https://oregon.gov/PERS>

**3** **Review information about your IAP, now invested in a Target-Date Fund.** Your 2018 statement will be the first time you will see investment returns for your new, age-based IAP Target-Date Fund. The Oregon Investment Council (OIC) [changed the IAP investment strategy](#) from a one-size-fits-all approach to an age-based approach in 2018. This change is intended to reduce investment risk and volatility as members age.

Each PERS member has their IAP invested in a single Target-Date Fund based on their birth year. The investment mix for each fund is different, so if you do not share the same birth year range with your co-worker, neighbor, or spouse, your investment returns will be different.

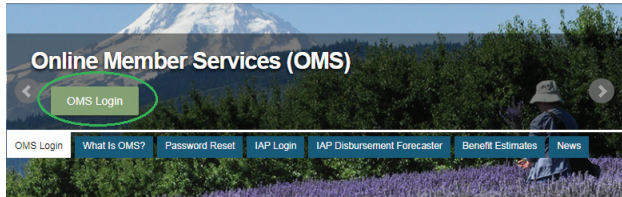
Statements will be mailed with a special [IAP information sheet](#) with further information.

**2** **Verify your service credit.** Because most Tier One/Tier Two members now retire under the [Full Formula Method](#), it is important to make sure you have the correct years of service. If you retire under the Full Formula Method, your pension will be calculated based on your total years of service and your final average salary, rather than your account balance. Use [Online Member Services](#) (OMS) to create a retirement benefit estimate and gain an understanding of what method might be used to calculate your benefit at retirement. This will help you consider, for example, whether your years of total service or account balance will make the biggest impact. Keep in mind you only receive service credit for work in a [qualifying position](#).

# Need help understanding or accessing your benefits? Use these resources and self-service tools

Have you set up online accounts with PERS? Attended an education session? Make sure you take advantage of these PERS resources.

## Online Member Services (OMS)



You can reach OMS from the PERS homepage by clicking the green OMS Login button.

[OMS](#) is your self-service portal for your pension:

- Review your employment history, including your salary and service credit.
- Generate online benefit estimates to see how much your pension could be.
- Update your email address and phone number (if you are inactive, you can also update your mailing address; otherwise, if you are actively employed, you must request address changes through your employer).

PERS' [What Can I Do in OMS?](#) webpage has some helpful tips on navigating OMS and guidance on creating an account. [This flyer](#) illustrates the steps to create an OMS account. Keep in mind your member data reflects what your employer has submitted to PERS.

When setting up your OMS account, you should use an email address you have access to, so that form receipt confirmation emails and other information are always secure.

Please be aware that OMS does have some limitations for certain account types. If you receive error messages, you can [contact Member Services](#), and they can work with you to facilitate your request. While we do have long-term plans to enhance and modernize OMS, Member Services will always be a resource available to you.

### **Saving enough for retirement?**

Learn how you could supplement your retirement through the Oregon Savings Growth Plan (OSGP) at [www.growyourtomorrow.com](http://www.growyourtomorrow.com).

## [IAP.Voya.com](http://IAP.Voya.com)



Online access to IAP information is hosted on a separate website at [IAP.Voya.com](http://IAP.Voya.com).

Information about your Individual Account Program (IAP), the account-based benefit that includes your 6 percent contributions, is accessed separately through [IAP.Voya.com](http://IAP.Voya.com). After logging in to that website, you can review your total IAP balance and ongoing contributions. Please be aware there is sometimes a delay in information posting to Voya, PERS' third-party IAP administrator.

If you have never logged in to the IAP website before, you will need to contact PERS Member Services via [phone](#) or [email](#) to request an initial login PIN.

### **Member forms**

Does PERS have your beneficiary information on file? Are you getting ready to retire and need the retirement application? Check out PERS' [Most Requested Forms](#) page. Other forms are located [here](#).

### **Steps to retire**

Are you thinking about retiring in the near future? Make sure you review all of the [steps to retire](#) on the PERS website. PERS strongly recommends you prepare early, including getting a [written benefit estimate](#) so you can consider if you want to make any [purchases](#), and attending at least one [PERS education session](#), which are held around the state.

### **Are you covered?**

Learn about post-retirement health and dental insurance options, including Medicare plans, through the PERS Health Insurance Program (PHIP) at [www.pershealth.com](http://www.pershealth.com).

*Read more about OSGP and PHIP on page 6.*

## PERS Fund investment information

The following article was submitted by Oregon State Treasury Chief Investment Officer John D. Skjervem

The baseball legend Yogi Berra once mused that “It’s dangerous to make forecasts, especially about the future.”

That seems like especially good advice in the world of investing, where recently it has become commonplace to see markets spike up by hundreds of points one day, only to reverse and lurch downward the next.

Yet here’s an important fact to remember about the Investment Division of the Oregon State Treasury, which invests the Oregon Public Employees Retirement Fund (OPERF) on your behalf: we don’t focus on day-to-day, monthly or quarterly fluctuations in fund value. Instead, our investment horizon is measured in years and decades, and we design and implement OPERF investment strategies accordingly.

In portfolio construction, we balance the competing goals of short-term resilience and long-term sustainability, while in our daily asset management activities, we adhere to strict standards of fiduciary care and rigorously apply industry best practices to all our processes and procedures.

With that overview, I am delighted to share with you a real-time report card on our efforts, namely investment results for the annual and cumulative periods ended December 31, 2018. Last year, despite negative returns across global financial markets, OPERF realized a positive 0.48 percent return. In nominal terms, this result was disappointing; however, the median return among public pension fund

peers last year was *negative* 2.3 percent. In fact, our modestly positive results placed OPERF in the top 10 percent of our peers, a group comprised of 45 U.S. public pension funds each with assets of at least \$10 billion. More importantly, our 10-year results for the period ended December 31, 2018, ranked OPERF as *the* top performing fund in that same peer group with a 9.5 percent average annual return.

These terrific results didn’t happen by accident. Instead, they reflect the power of the Oregon investment brand as well as the dividends from a series of important strategy and process changes both the Oregon Investment Council (OIC) and Treasury investment team have worked diligently to implement and refine over the past several years.

For example, following the 2008-09 Global Financial Crisis, Treasury and the OIC fortified OPERF’s diversification profile by expanding the fund’s exposure to alternative investments in areas such as infrastructure, agriculture, timberland and television royalties. More recently, Treasury’s investment team reconstituted OPERF’s allocation to listed equities (i.e., stocks) to include a higher exposure to defensive or “low volatility” strategies. This move proved particularly prescient given the significant drawdown realized in global stock markets just last quarter.

In addition, several elements of OPERF’s asset allocation are now managed internally by Treasury staff. This “insourcing” initiative has

lowered costs by reducing the number and degree of (more expensive) external management services otherwise provided by commercial firms and consultants. Our internal management activities have not only lowered costs, but Treasury staff have also produced performance improvements relative to corresponding investment benchmarks. Over the last three years, the cost reductions and performance improvements associated with our insourcing efforts have generated \$160 million in annual, additional funding for OPERF.

Finally, 2018 was a watershed year in terms of the important changes the OIC and Treasury staff made to PERS’ Individual Account Program (IAP). Similar to other recent changes within OPERF, our timing for evolving IAP and its previous one-size-fits-all structure could not have been better.

Instead of all participants facing the same level of investment risk on their personal IAP account balances, a new Target-Date Fund (TDF) framework was implemented in early 2018 that allocates risk as a function of each participant’s age. We didn’t forecast December’s sell-off in global financial markets, but we knew when markets did eventually decline, the TDF structure would better protect older workers from losses, and provide younger workers an opportunity to gain more exposure to stocks at lower prices. Little did we know, that exact scenario would emerge within the same year that the new TDF structure was launched.

Want to learn more? Please see our newsletter, [Invested for You](#).

## 2018 earnings crediting approved by PERS Board

Annual investment returns from the Oregon PERS Fund (OPERF) were 0.48 percent in 2018. OPERF is managed by the Oregon State Treasury under the direction of the Oregon Investment Council (OIC).

Annual earnings credited to member accounts are different than the amount earned by OPERF investments. This is due to administrative expenses and reserving requirements provided in statutes, administrative rules, and PERS Board actions.

[Final earnings crediting](#) was determined by the PERS Board at its April 1, 2019 meeting.

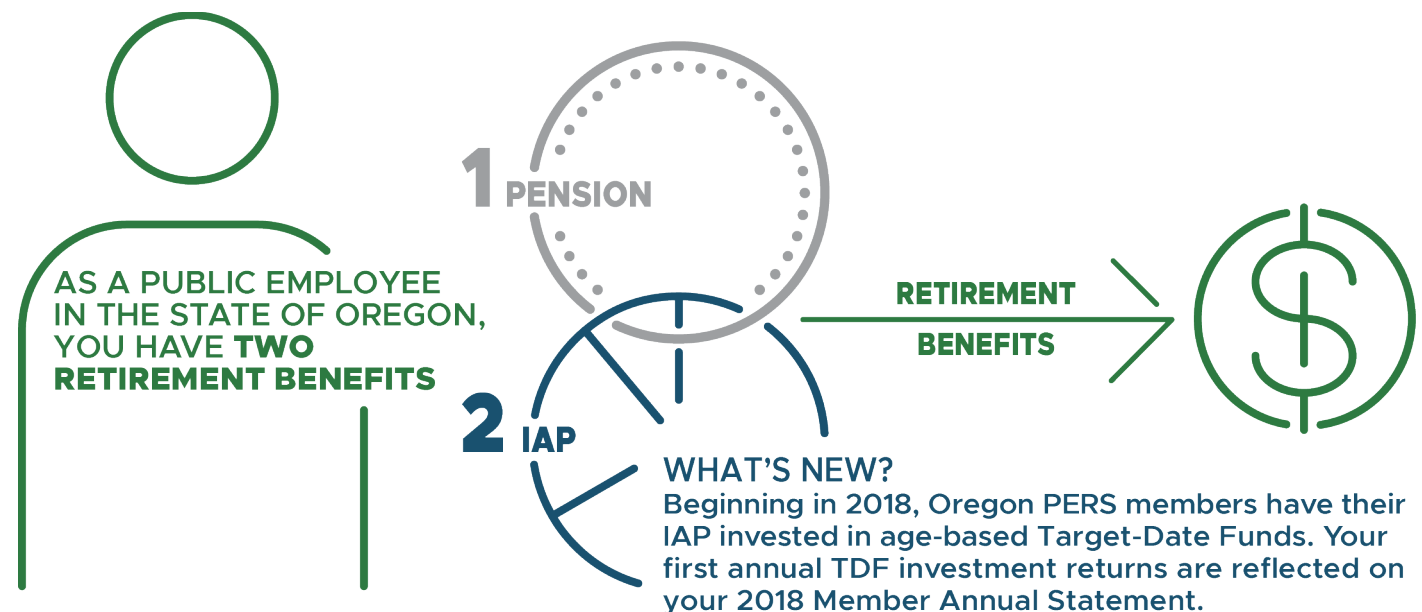
**Tier One** member accounts were credited with the assumed earnings rate in effect for 2018, 7.2 percent. **Tier Two** member accounts received actual earnings of 0.23 percent.

Due to the OIC's 2018 change in the investment strategy of the **Individual Account Program (IAP)** to target-date funds (TDF), the PERS Board also approved final earnings crediting for each of the [10 different TDFs](#). See the chart below.

This information will be reflected on your 2018 Member Annual Statement received in May 2019.

### 2018 Individual Account Program (IAP) Annual Earnings

BIRTH YEAR	IAP TARGET-DATE FUND (TDF)	BOARD-APPROVED EARNINGS
In 1952 or before	Retirement Allocation Fund	1.74%
Between 1953 and 1957	2020	0.16%
Between 1958 and 1962	2025	-0.70%
Between 1963 and 1967	2030	-0.80%
Between 1968 and 1972	2035	-0.23%
Between 1973 and 1977	2040	-0.42%
Between 1978 and 1982	2045	-2.03%
Between 1983 and 1987	2050	-2.05%
Between 1988 and 1992	2055	-2.14%
In 1993 or after	2060	-2.12%



## Retirement planning: Are you saving enough?

Your retirement future is up to you. Your planning and saving strategy will help prepare you for the retirement you dream of. Taking stock of your situation and fully understanding your retirement benefits with PERS will go a long way in helping plan your future. Your **Tier One/Tier Two pension** is a defined benefit (pension) program. That means you or a beneficiary may receive a monthly benefit for life. Your **Individual Account Program (IAP)** is the second part of your retirement benefit. The benefit you will receive from your IAP at retirement is based on your total account balance and the distribution option you select.

Once you have estimated your pension benefit (using [OMS](#)), your potential IAP payments (use the [IAP Disbursement Forecaster](#)), and [Social Security](#), have you considered if you will have enough money for a secure retirement?

Financial planners suggest that people need 80 percent of their working income when they retire.

One way to supplement your retirement is through the Oregon Savings Growth Plan (OSGP), a 457(b) deferred compensation plan available to all state

employees as well as local government and school employees whose employers have adopted the plan.

OSGP lets participants save for retirement on a pre-tax or after-tax basis through payroll deductions. Saving on a pre-tax basis helps you lower your taxable income now, while contributing on an after-tax basis allows you to take money at retirement tax free.

You can save as little as \$25 a month, up to \$19,000 per year (\$25,000 if age 50 or older). 457(b) plans are unique in offering a Special Three-Year Catch-Up provision that allows you to save up to \$38,000 per year for the last three years of employment if you did not take full advantage of the plan earlier. OSGP offers a choice of investments, including easy-to-use target-date funds.

OSGP holds a variety of free [education sessions](#) around the state. You can learn the basics about OSGP, calculate your future retirement income, and understand strategies to prepare for retirement. Learn more at [www.growyourtomorrow.com](http://www.growyourtomorrow.com), and enroll now.



## Are you prepared for health care costs in retirement?

Many public employers pay for the majority of health care costs for employees, with the remaining portion of health care premiums coming out of employee paychecks. For example, under the [Public Employees' Benefit Board \(PEBB\)](#), which serves state employees, most agencies contribute 95 or 99 percent of premiums for the core benefits of medical, dental, vision, and basic employee life coverage, with the employee share at 1 percent or 5 percent.

The problem? Some people, when considering whether they will have sufficient income to cover their monthly expenses in retirement, do not take into account that they will likely be responsible for paying the full amount of their health care premiums once they retire.

Health insurance premiums are just part of the cost of health care you will have in retirement. According to Fidelity's latest [Retiree Health Care Cost Estimate](#), a 65-year-old couple who retired in 2018 will need an estimated \$280,000 to cover health care costs in retirement.

Once you are a PERS retiree, the PERS Health Insurance Program (PHIP) is one option available to provide health insurance in retirement. PHIP offers both Medicare and non-Medicare plans, as well as dental plans.

For more information on the plans offered by PHIP, visit [pershealth.com](http://pershealth.com) or call 800-768-7377.



## Retirement process reminders

Are you planning to retire in the near future? Don't leave planning to the last minute! Note that June (July 1 effective retirement dates) is traditionally PERS' highest retirement month.

Make sure you review PERS' [Steps to Retire](#) page and follow all of the instructions. PERS is here as your retirement education and planning resource if you have any questions or need support.

We offer:

- [Education sessions](#) across the state, including special "Retirement Readiness" presentations with an additional overview on how to complete PERS retirement forms.
- [Retirement Application Assistance Sessions \(RAAS\)](#) – A 45-minute, one-on-one appointment with a PERS staff member to review your Retirement Application.
- PERS Member Services team members are available Monday through Friday from 8:30 a.m. to 5 p.m. to answer your retirement questions via [phone](#) or [email](#).

Please remember, as you are planning for your future retirement, it can take **up to 92 days from your retirement date** (not the date you submit your application) **for your first Tier One/Tier Two pension benefit to be paid**. Once we receive your application, PERS must review all of your account information, including reconciling data as needed from your employer(s). Filling out your application correctly, reviewing your data in Online Member Services or on your Member Annual Statement (and alerting your employer if anything is incorrect), and getting estimates from PERS are some ways to make sure your application is processed quickly and everything goes smoothly.

IAP retirement benefits can typically take from 90 to 120 days to process and complete payment. Once PERS has completed your IAP retirement processing, we must submit your account information to Voya, our third-party administrator, to issue payments or rollovers.

### 2019 Education Sessions Added!

[Sign up to learn about your PERS benefits at any stage of your career](#)

### PERS Contact Information

Address correspondence to: **PERS, PO Box 23700, Tigard, OR, 97281-3700.**

PERS' headquarters is located at: **11410 SW 68th Parkway, Tigard, Oregon, 97223.**

**Phone: 888-320-7377, TTY: 503-603-7766.** Telephone hours are 8:30 a.m. to 5 p.m., Monday through Friday, except holidays.

**Website and Online Member Services:** <https://oregon.gov/PERS>.

Email PERS Member Services at: [PERS.Member.Services@state.or.us](mailto:PERS.Member.Services@state.or.us).

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