PERS Reform Concepts to be Reviewed

1. **Limit COLAs to the first $24,000 of a retiree's benefit, indexed for inflation.**

   Tie an annual inflator (such as the CPI) to a "minimum pension" figure, initially starting at $24,000, adjusted for inflation annually, and limit the COLA to only that portion of the pension that meets this minimum figure. There are several variations on this theme being considered.

2. **Move all future IAP contributions for all employees (including OPSRP) back into the employee's account to bring up the amount of funding going into the system.**

   Look at whether existing Tier1/Tier2 members would have to have their 6% placed back into their old accounts and potentially be used for money match; an alternative might be to place these monies into a new account to be used as an asset for paying the member's formula pension. The existing IAP balance would be paid out as per current practice.

3. **Decouple the money match rate from the assumed earnings rate.**

   Allow the actuary to develop one assumed rate for the pension system and a separate rate for calculating the annual balance in an employee's account. Variation might be: to maintain same rate for calculating the annual balance, but reduce the rate used to calculate the annuity upon retirement of a money match retiree.

4. **Remove the tax remedy for all out of state employees, including both existing retirees and prospective retirees.**

   In 1992 or 1993, a legislative remedy for lawsuits over the taxation of public employee pensions was to increase the pensions. However, a number of Oregon PERS system retirees do not live in Oregon and are not paying an Oregon income tax. This concept would remove the increased pension amount associated with the income tax for any/all retirees living outside of the State of Oregon.

5. **Increase the number of hours required to be worked to establish PERS membership eligibility from 600 to 1039.**

   The purpose of this option would be to raise the eligibility threshold for certain non-fulltime workers, reducing the number of employees who spend much of their careers working seasonal or less than half-time jobs and then work their last few years full time and get a career pension based on the last three years' Final Average Salary.

6. **Eliminate RHIA and RHIPA.**

   These health care benefit programs have always been underfunded. With large scale changes anticipated in health care legislation, the time for this benefit may be past.

7. **Set a maximum benefit cap at 100% of final average salary, decreasing 2% per year until it reaches 80% in 10 years.**

   No retirement plan has ever been designed for retirees to earn more in retirement than they did during their active working life. Retirees should not receive more than they earned while working; in combination with average social security benefits, 80% of Final Average Salary (FAS) is a close approximation of the average working salary amount.

8. **Increase the retirement age to 56 or 58 and eliminate the 30 years of service. Or, keep the thirty year work life qualification, but not allow a retiree to begin collecting until age 58.**

   The goal of this option would be to raise the age threshold for retirement, delaying the starting point for a number of employees from receiving benefits, and shorten benefit payouts, thus saving money over time. An analogy might be Social Security qualifying age.

9. **Modify the definition of Final Average Salary to avoid pension 'spiking'.**

   Remove overtime payouts from the calculation of final average salary, bringing the salary used for calculating benefits to the base amount only, better matching the pension with regular earnings.