



Oregon PERS New Side Account

Side Account Basics

- Employer makes lump-sum deposit to pre-pay part of unfunded actuarial liability (UAL)
- Money is invested in the same manner as other PERS funds, and is subject to both earnings and losses
- Side account is amortized over a specific number of years.
- Draws from the side account, including any investment earnings, reduce the employer's PERS contribution rates over the term of the amortization

Earnings History/Comparison

PERS	
Calendar Year	Average Gain/Loss
2007	10.22%
2008	-27.83%
2009	19.52%
2010	13.13%
2011	2.96%
2012	15.39%
2013	16.67%
2014	7.79%
2015	2.25%
2016	7.65%
2017	16.71%
2018	0.56%
2019	13.92%
Average	7.61%

OSTF	
Calendar Year	Average Gain/Loss
2007	5.18%
2008	3.26%
2009	1.06%
2010	0.55%
2011	0.50%
2012	0.58%
2013	0.55%
2014	0.54%
2015	0.53%
2016	0.89%
2017	1.39%
2018	2.23%
2019	2.60%
2020	1.34%
2021	0.58%
Average	1.45%

UO Tier 2 - Fixed Income	
Calendar Year	Average Gain/Loss
2014	1.01%
2015	0.79%
2016	0.98%
2017	1.17%
2018	1.93%
2019	3.39%
2020	2.19%
2021	0.27%
Average	1.47%

UOF Endowment Return	
Fiscal Year	Average Gain/Loss
2007	19.80%
2008	1.60%
2009	-16.50%
2010	8.60%
2011	14.50%
2012	2.00%
2013	13.80%
2014	15.40%
2015	7.40%
2016	2.40%
2017	9.70%
2018	8.60%
2019	4.70%
2020	1.10%
2021	27.90%
Average	8.07%

Employer Incentive Fund (EIF)

- Introduced in 2019 – Rescinded in 2020 – Re-established in 2022
- State of Oregon matches 25% of employer deposit
- Employer deposit cannot be debt proceeds
- If the deposit is \$10 million or greater, and employer pays for individual actuarial study (\$1,000), employer can choose the amortization period (6, 10, 16, or 20 years) and the start date
- Side account rate offset is recalculated each biennium by the PERS actuaries

New UO Side Account

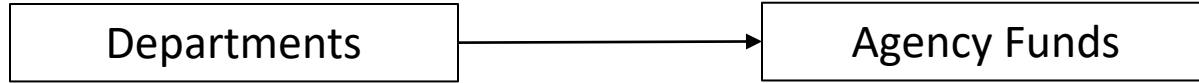
- \$60 million deposit
- \$15 million state match
- 20-year amortization period
- Initial rate reduction = 2.11 percentage points
 - T1/T2 General Service 21.36% → 19.25%
 - OPSRP General Service 17.29% → 15.18%
 - [Above rates don't include debt repay or employee pickup]
- Rate reduction on wages earned starting 09/01/2022 – Because blended rates are negotiated with the feds in advance, the impact of the 22/23 PERS rate reduction will be factored into the 24/25 blended rates

Mechanics

Departments

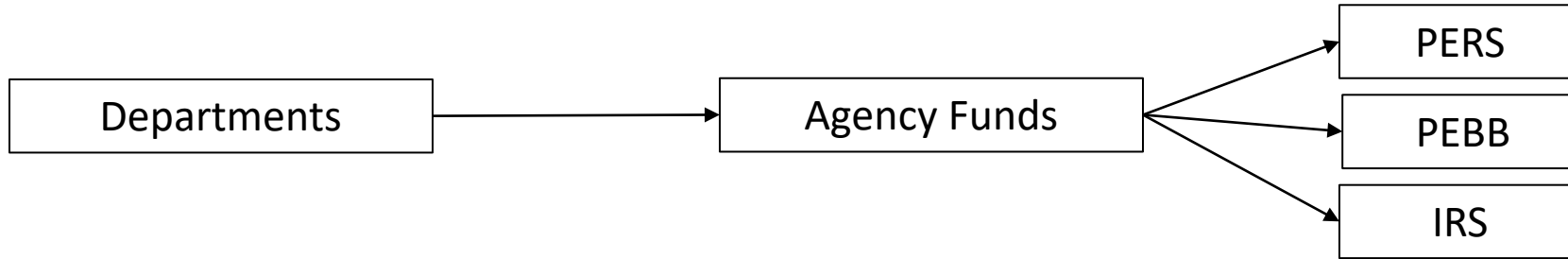
Departments are charged a percentage of each salary dollar for Other Payroll Expenses (OPE). OPE includes medical insurance, taxes, retirement expense, etc. The percentage (aka Blended Rate) is calculated annually and approved by the federal government (since federal grants will be charged).

Mechanics



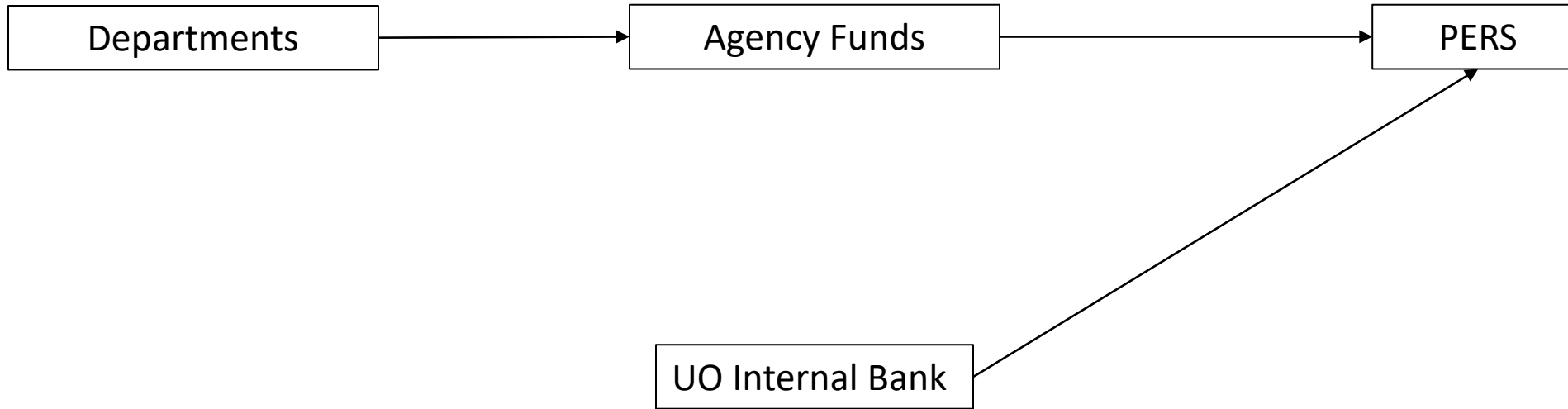
The money from the departments is collected in Agency Funds.

Mechanics



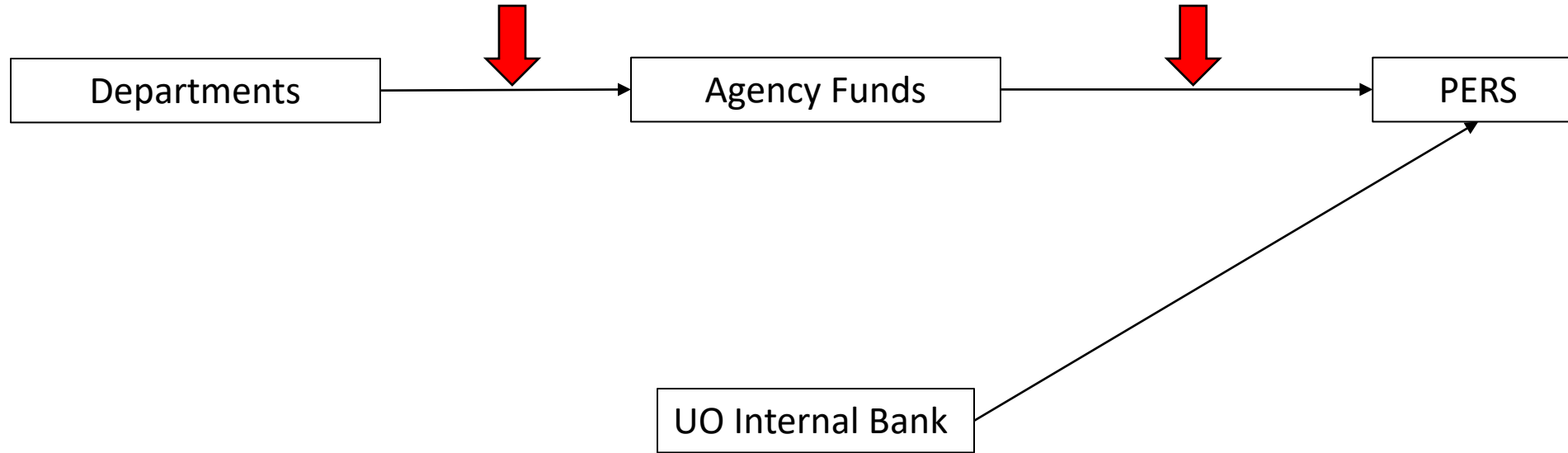
Payments to external agencies (PERS, PEBB, IRS) are made from the Agency Funds.

Mechanics



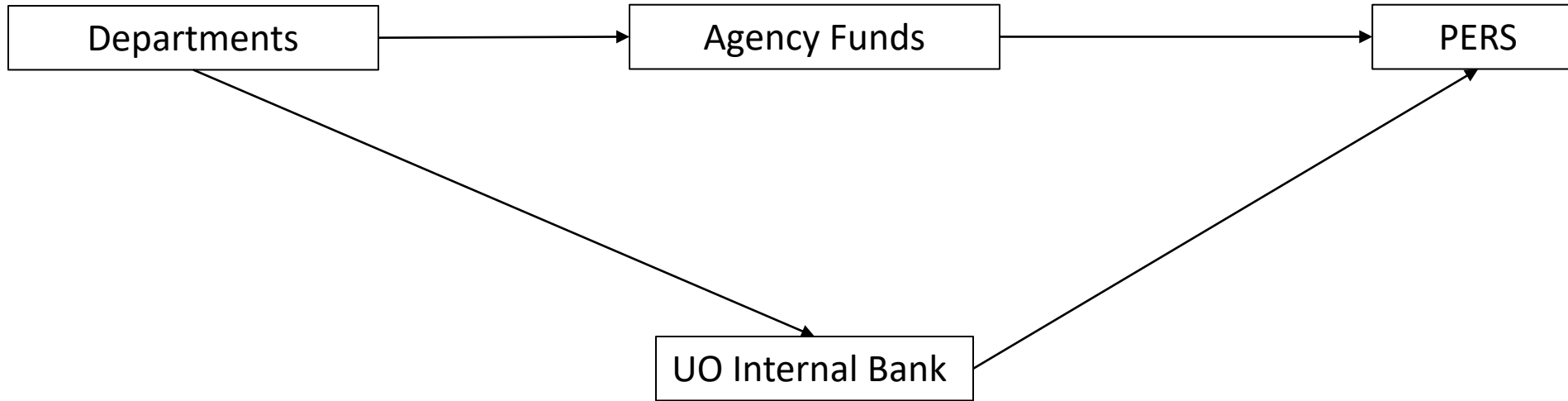
To fund the new side account, the UO Internal Bank invested \$60 million with PERS.

Mechanics



The side account will reduce both the Blended Rate charged to departments and the amount sent to PERS.

Mechanics



In order to repay the Internal Bank, we will post an entry that charges departments their proportional share (exempting Federal Grant Funds and Restricted Gift Funds). The amount of the repay entry will be less than the savings on the Blended Rates, so the departments will see benefits from the new side account.

Effect on Blended Rates

	Athletics	Fac/Staff A	Fac/Staff B	Fac/Staff C	Classified Service	Classified Skilled/ Clerical	Classified Technical	Temps	Total
FY24 Rate w/o Side Account	38.0%	81.7%	53.2%	33.3%	113.9%	100.4%	88.0%	31.8%	
FY24 Rate w/Side Account	37.1%	80.0%	52.2%	32.3%	111.7%	98.1%	85.7%	30.8%	
Projected FY24 OPE w/o Side	15,536,003	88,100,900	82,356,172	8,827,884	14,356,391	24,202,851	23,985,520	900,514	258,266,235
Projected FY24 OPE w/ Side	15,176,205	86,271,548	80,768,551	8,558,598	14,076,023	23,646,712	23,362,675	872,483	252,732,795
Savings due to Side Account	359,798	1,829,352	1,587,621	269,286	280,368	556,139	622,845	28,031	5,533,440

Effect on Fund Types

Fund Type	Description	Projected Savings	Bank Repayment	Net Savings	Projected FY24 Salary/Wages (AT 61-64)	Repay %
FT 11	E&G	3,349,069	3,064,946	284,123	243,750,702	1.26%
FT 12	Designated Ops	127,252	116,457	10,796	7,419,962	1.57%
FT 13	Service Center	286,512	262,206	24,307	13,890,256	1.89%
FT 15	Internal Bank	3,007	2,752	255	240,319	1.15%
FT 21	Housing	258,666	236,721	21,944	12,847,535	1.84%
FT 22	Student Services	123,808	113,304	10,503	5,410,566	2.09%
FT 23	Athletics	304,376	278,554	25,822	35,122,147	0.79%
FT 24	Health Center	133,614	122,279	11,335	8,276,309	1.48%
FT 25	Parking	8,894	8,139	755	472,968	1.72%
FT 29	Other Aux	8,026	7,345	681	389,853	1.88%