

The example sheet includes a detailed calculation of the "minimum account balance" that PERS will compute at the time a Tier 1 member retires.

There are several areas to note here:

1. The "assumed interest rate" is the interest rate the actuary recommends and the PERS Board adopts for the year in question. The "guaranteed rate" was set at 7.5% from 1979 through 1988. Before that it was 7% and 5.5%. The "assumed interest rate" guarantee was adopted as statute by the 1975 legislature.

2. The salary examples given are purely hypothetical and reflect an increase of 4.25% per year (the same as the PERS actuary assumes). If you think this is too high, you'd be stunned to find out how close it really is.

3. The column labelled "Actual Earnings" represents the earnings paid to Tier 1 accounts for the calendar year represented.

4. For simplicity, I've assumed that the example employee began work on 7/1/80 and entered PERS 6 months later on 1/1/81.

5. I've also assumed a constant 6% "employee" contribution during the period through 12/31/03 after which "old PERS" is closed to new contributions.

6. The "minimum account balance" calculation does not relate in any way to the Individual Account Program ("transition account") that begins on 1/1/04.

7. The "actual earnings rate" for the years 2003 - 2007 based on assumptions derived from HB 2003 and various requirements of HB 2001. I'm assuming that it will take about 5 years before the deficit is eliminated, the "no earnings paid that produce a deficit" condition is met, and the reserving requirements set out in HB 2001 are met. The 0% for the new few years is probably accurate, the sub 8% earnings for a few years after is purely a guess. NOTE THAT THESE ARE NOTHING BUT ASSUMPTIONS. ONLY TIME WILL TELL WHETHER THEY ARE ACCURATE.

**8. MINIMUM ACCOUNT BALANCE IS AMOUNT IN RED.**

9. ACTUAL ACCOUNT BALANCE IS IN GREEN

10. Employee RECEIVES HIGHER OF Minimum Account Balance OR Actual Account Balance

Earn Year	Salary Base	Employee Contribs	Assumed Int Rate	Assumed earn	Assumed Bal
1981	\$25,000	\$1,500	7.50%	\$112.50	\$1,612.50
1982	\$26,063	\$1,564	7.50%	\$238.22	\$3,350.72
1983	\$27,170	\$1,630	7.50%	\$373.57	\$5,288.04
1984	\$28,325	\$1,699	7.50%	\$524.06	\$7,442.31
1985	\$29,529	\$1,772	7.50%	\$691.05	\$9,832.86
1986	\$30,784	\$1,847	7.50%	\$875.99	\$12,480.57
1987	\$32,092	\$1,926	7.50%	\$1,080.46	\$15,408.05
1988	\$33,456	\$2,007	7.50%	\$1,306.16	\$18,639.72
1989	\$34,878	\$2,093	8.00%	\$1,658.59	\$22,305.66
1990	\$36,360	\$2,182	8.00%	\$1,958.98	\$26,357.31
1991	\$37,905	\$2,274	8.00%	\$2,290.53	\$30,829.45
1992	\$39,516	\$2,371	8.00%	\$2,656.03	\$35,759.80
1993	\$41,196	\$2,472	8.00%	\$3,058.52	\$41,189.31
1994	\$42,947	\$2,577	8.00%	\$3,501.29	\$47,162.34
1995	\$44,772	\$2,686	8.00%	\$3,987.89	\$53,727.03
1996	\$46,675	\$2,800	8.00%	\$4,522.20	\$60,935.54
1997	\$48,658	\$2,919	8.00%	\$5,108.40	\$68,844.42
1998	\$50,726	\$3,044	8.00%	\$5,751.04	\$77,514.96
1999	\$52,882	\$3,173	8.00%	\$6,455.03	\$87,013.57
2000	\$55,130	\$3,308	8.00%	\$7,225.71	\$97,412.21
2001	\$57,473	\$3,448	8.00%	\$8,068.85	\$108,788.83
2002	\$59,915	\$3,595	8.00%	\$8,990.70	\$121,227.89
2003	\$62,462	\$3,748	8.00%	\$9,998.05	\$134,820.85
2004	\$65,116	\$0	8.00%	\$10,785.67	\$149,354.22
2005	\$67,884	\$0	8.00%	\$11,948.34	\$161,302.55
2006	\$70,769	\$0	8.00%	\$12,904.20	\$174,206.76
2007	\$73,776	\$0	8.00%	\$13,936.54	\$188,143.30
2008	\$76,912	\$0	8.00%	\$15,051.46	\$203,194.76
2009	\$80,181	\$0	8.00%	\$16,255.58	\$219,450.34
2010	\$83,588	\$0	8.00%	\$17,556.03	\$237,006.37
2011	\$87,141	\$0	8.00%	\$18,960.51	<b>\$255,966.88</b>

Act Earn Rate	Act Earnings	Act Bal	Year
7.50%	\$112.50	\$1,612.50	1981
11.50%	\$365.27	\$3,541.52	1982
13.00%	\$672.32	\$5,844.05	1983
7.50%	\$565.77	\$8,109.31	1984
15.00%	\$1,482.16	\$11,363.19	1985
18.37%	\$2,426.72	\$15,636.92	1986
7.50%	\$1,317.18	\$18,879.63	1987
13.50%	\$2,819.74	\$23,706.72	1988
14.50%	\$3,740.91	\$29,540.30	1989
8.00%	\$2,537.75	\$34,259.65	1990
15.00%	\$5,480.10	\$42,014.07	1991
8.00%	\$3,550.80	\$47,935.85	1992
12.00%	\$6,048.91	\$56,456.51	1993
8.00%	\$4,722.66	\$63,755.97	1994
12.50%	\$8,305.29	\$74,747.57	1995
21.00%	\$16,285.09	\$93,833.14	1996
18.70%	\$18,092.74	\$114,845.38	1997
14.10%	\$16,622.34	\$134,511.30	1998
20.00%	\$27,536.85	\$165,221.08	1999
8.00%	\$13,482.31	\$182,011.16	2000
8.00%	\$14,836.76	\$200,296.29	2001
8.00%	\$16,311.30	\$220,202.50	2002
0.00%	\$0.00	\$223,950.19	2003
0.00%	\$0.00	\$223,950.19	2004
0.00%	\$0.00	\$223,950.19	2005
0.00%	\$0.00	\$223,950.19	2006
5.00%	\$11,197.51	\$235,147.70	2007
8.00%	\$18,811.82	\$253,959.52	2008
8.00%	\$20,316.76	\$274,276.28	2009
8.00%	\$21,942.10	\$296,218.38	2010
8.00%	\$23,697.47	\$319,915.86	2011