

August 23, 2003

To: PERSLIST Subscribers and other interested parties

From: Marc R. Feldesman

Re: PERS Implementation of the Lipscomb order and the revised variable match calculation

Sometime back, I wrote to several people inside PERS to get an idea of how PERS planned to implement the revised variable match calculation to comply with Judge Lipscomb's order in the City of Eugene et al vs PERS case. Steve Rodeman, Policy, Planning & Legislative Analysis Group Manager for PERS, emailed me back with answers to an array of questions. My questions are in normal type; Steve's answers are in boldface (**bold**) type.

**At this point, the revised variable match calculation method will only apply on a prospective basis as soon as the agency can practicably put the method into practice.**

**How the judge's conclusion that the agency used an "incorrect" match method in the past may or will affect those already retired has not been determined. At this point, only those petitioning employers who challenged the method are entitled to have their rate orders adjusted as if the agency had used the "correct" method. Theoretically, that will mean those employers were overcharged because their rates were too high and are entitled to refunds or reductions in future rates. How those refunds, etc. will be funded has not been determined so we don't know how the effect of the match will be applied retroactively nor whether or how it will affect anyone who has already retired.**

**So, to answer your questions:**

- 1) Does the variable rate match recalculation apply only to the 1999 distribution or does it apply to previous and subsequent distributions as well (I realize that it is moot with respect to '00, '01, '02)?

**1) At this time, the method is not being applied retroactively.**

- 2) If a member successfully effected the one-time variable transfer for 1999 (i.e. in 2000 for 1999), will this mechanism have any impact on the member?

**2) Anyone who successfully effected a one-time variable match prior to retirement is not affected by this ruling as the variable match only occurs if people still have a variable account at retirement.**

- 3) Does this have any effect on any member already retired before July 1, 2003? (i.e. are retirees on the "hook" for this as well as the COLA freeze, or only the COLA freeze).

**3) To be determined.**