Oregon

Theodore R. Kulongoski, Governor

Testimony of
Steve Delaney, Legislative Liaison
Oregon Public Employees Retirement System

Before the

Joint Ways & Means
Subcommittee on General Government
Thursday, April 24, 2003

On

HB 2004-B

Page 2, lines 35-37 of HB 2004-B, directs the PERS Board to use actuarial equivalency factor tables based on the mortality assumptions adopted by the board on September 10, 2002. The assumptions so adopted were derived from the 2001 Experience Study of the Oregon Public Employees Retirement System conducted by our actuary, Milliman USA.

The purpose of this testimony is to clarify the process by which the actuary calculated actuarial factors based on the mortality information referenced. In the 2001 Experience Study at page 4.3, the actuary states that they "have used the RP-2000 Mortality Tables published by the Society of Actuaries as the basis for all new mortality assumptions." The figures in those tables were then adjusted to reflect the specific characteristics of PERS-related groups listed in the table.

As an example, the table shows that the RP-2000 factor is to be adjusted –1.5 years for males in the State & Local Group. The process used by the actuary is to adjust the factor used from the RP-2000 table for members at a certain age (say, 60 years old for example) downward to select the correct factor (in this example, use the factor for someone aged 58.5 years because the adjustment is –1.5 years). After making these adjustments to the mortality factors and other adjustments (such as allowing for the PERS assumed rate of return), the actuary develops specific actuarial factor tables that are applied by PERS in calculating member retirements.

Attached to this testimony for the record is a copy of page 4.3 from the Oregon Public Employees Retirement System 2001 Experience Study and a letter dated February 24, 2003, from Mark Johnson on behalf of Milliman USA explaining the process more fully. I'd be happy to answer any questions you have on this issue.