Explanation of Variable Match Calculations

Account Balances

Variable Account PLUS   = $70,000 (Actual Variable Account balance based on actual earnings in Variable > Regular)

Variable Account NEG   = $50,000 (Actual Variable Account balance based on actual earnings when Variable < Regular)

Variable @ Regular   = $60,000 (What contributions to the Variable Account would have earned if in Regular Account)

Lipscomb: "ORS 238.260(12) and ORS 238.300(2)(a) require that the PERB initially calculate the Variable Annuity Account earnings on the same basis as the regular annuity account earnings…"

Regular Account Balance   = $60,000

Pension Calculation (Money Match)

Regular Annuity ($60,000 x RA Factor)	$ 474.60
Variable @ Regular ($60,000 x RA Factor)	$ 474.60
Money Match Pension ORS 238.300(2)(a)(A)	$ 949.20

Lipscomb (Cont'd): "…and both the regular account and Variable Account annuities must then be compiled together to determine the regular service retirement allowance under all retirement alternatives…"

Annuity Calculation (Money Match)

OPTION 1: Use Annuity @ Regular Figures from above: $ 949.20

	Variable **PLUS**	Variable **NEG**
OPTION 2: Calculate Annuity using actual account balances:	$1028.30	$ 870.10

[Reg. Acc't ($60,000) + Variable Actual ($70,000 or $50,000) x RA Factor]

{Note: The crucial decision point is between Option 1 and 2 – which is required by Lipscomb?}

Allowance Calculation

		Variable PLUS	Variable NEG
Pension + Option 1 Annuity	$1898.40		
Pension + Option 2 Annuity		$1977.50	$1819.30
Variable Adjustment	+$ 79.10	$ 79.10	$ (79.10)

[ORS 238.260(12): Variable Actual ($70,000) – Variable @ Reg ($60,000) x RA Factor]

(Cont'd): "…before that retirement allowance is subjected to ORS 238.260(12)'s adjustment for participation in the variable."

		Variable PLUS	Variable NEG
Final Allowance Option 1	**$1977.50 or $1819.30**		
Final Allowance Option 2		**$2056.60**	**$1740.20**
Current Variable Match Method ([Regular + Variable] X 2 X RA Factor)		**$2056.60**	**$1740.20**