

# Statewide experience with the defined contribution - based Oregon Savings Growth Plan

Jim Voytko  
PERS Executive Director  
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Final

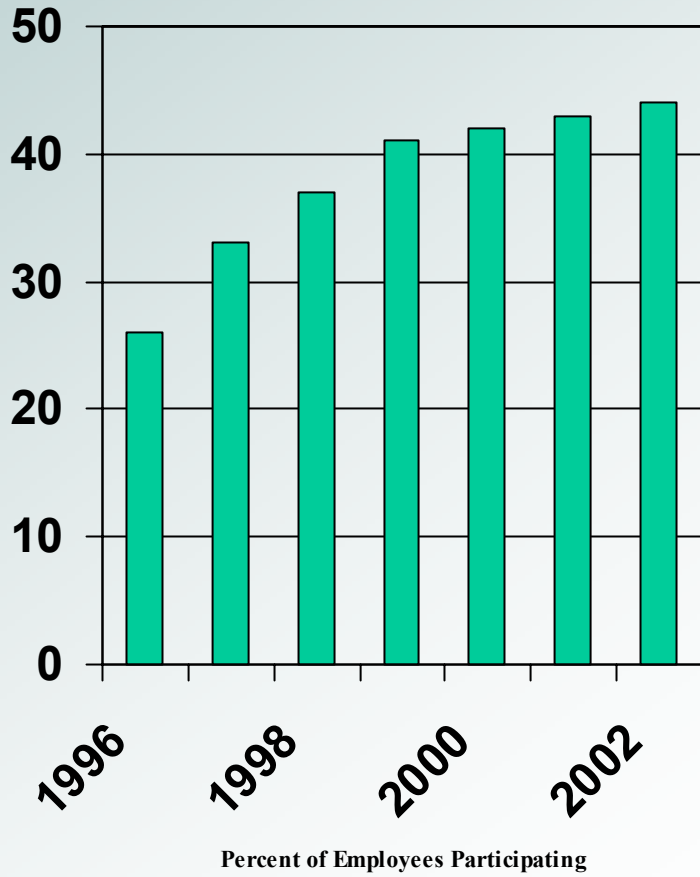
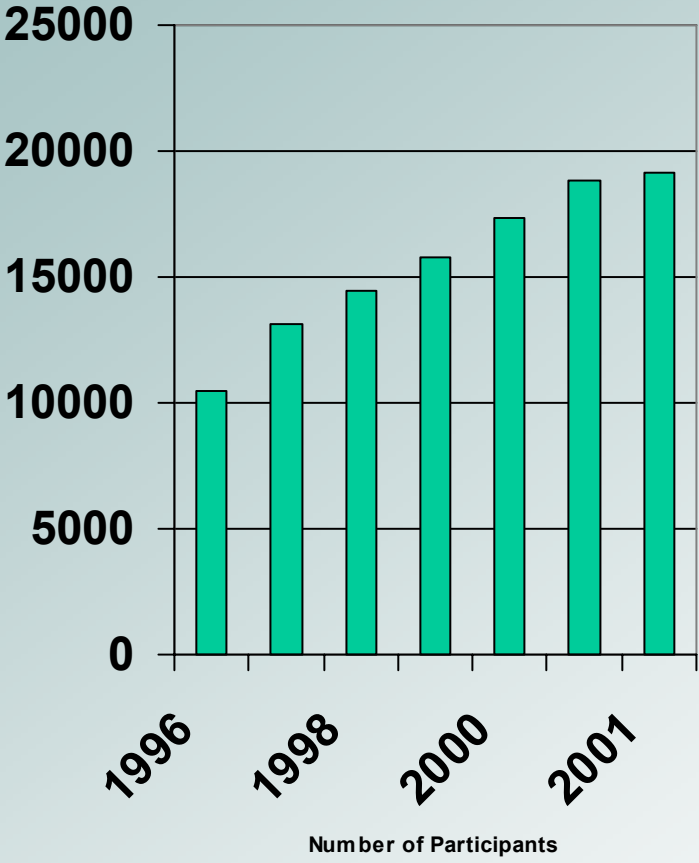


# The Oregon Savings Growth Plan

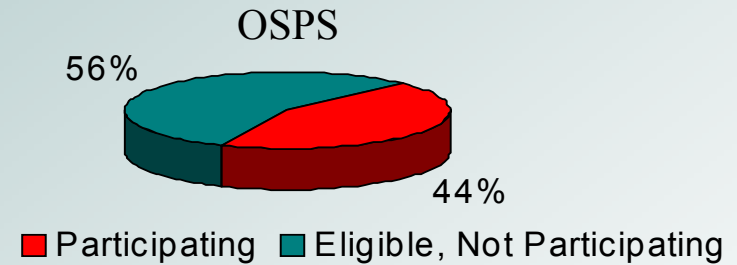
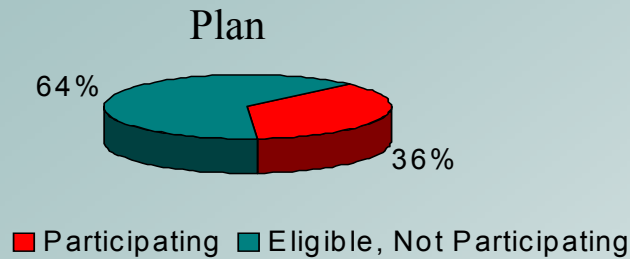
1. PERS assumed responsibility for OSGP in 1996
2. OSGP is a defined contribution-based plan for protecting deferred compensation until retirement
3. OSGP offers nine investment options with varying levels of risk drawn exclusively from the private sector. Each individual investment manager is selected in open competition by the Oregon Investment Council and monitored by Treasury staff under OIC direction.
4. OSGP client service and record keeping are provided by a competitively chosen private sector third party administrator (CitiStreet, Boston, MA), selected and monitored by PERS.



# State employee participation in the OSGP has climbed steadily



## Participation rates in the OSGP DC program are rising...



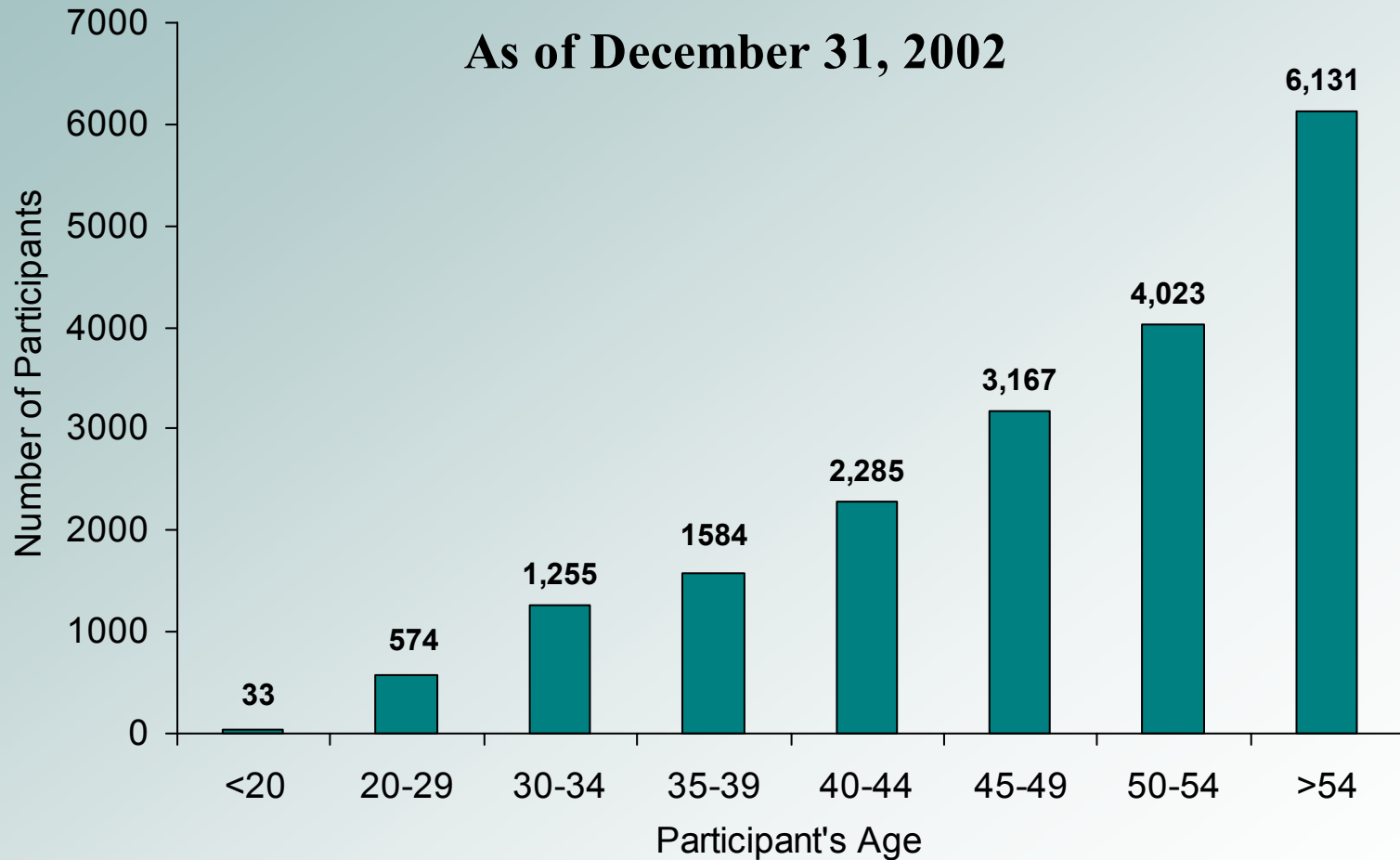
...even though OSGP participation is voluntary and “in addition” to PERS membership.



## OSGP participation increases with age

### Number of participants per age group

As of December 31, 2002



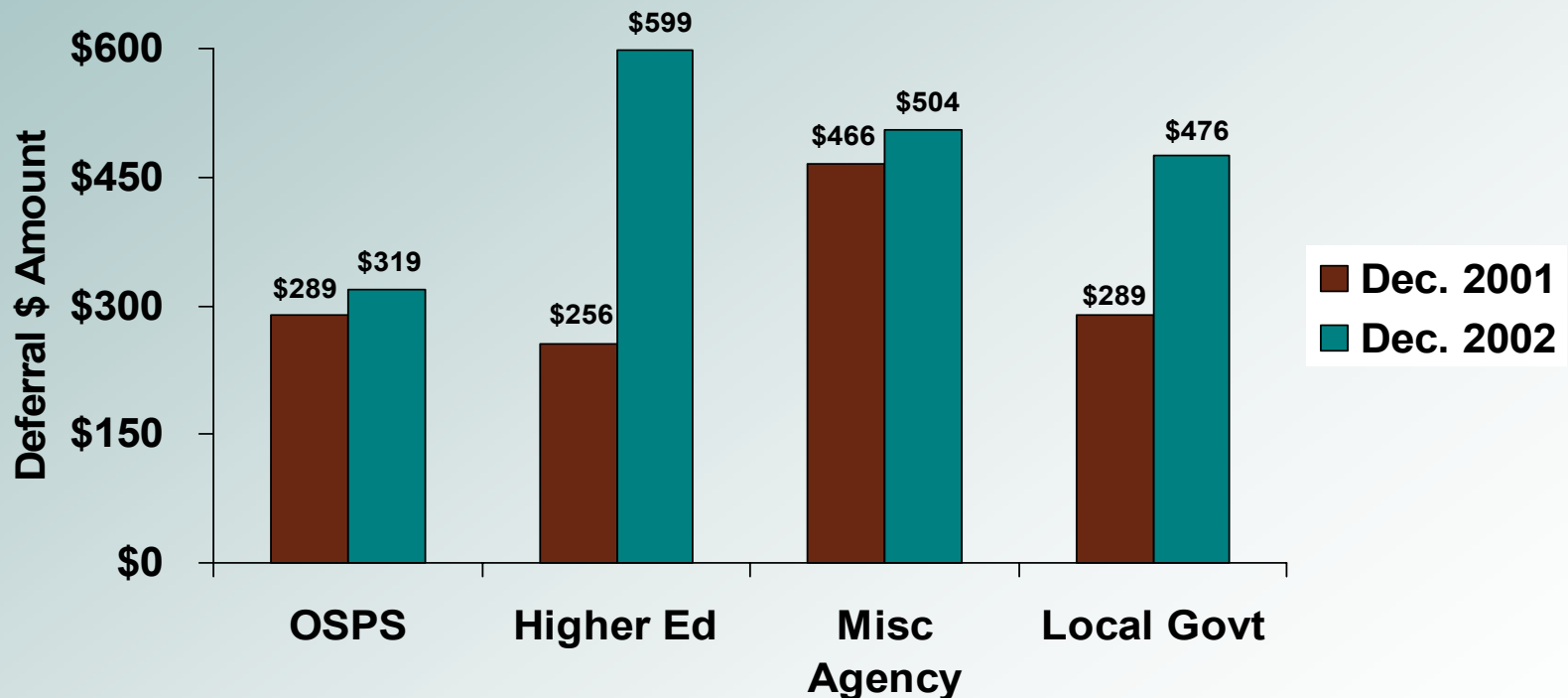
Total Number of Participants = 19,127  
Median Age = 47 years



# Monthly dollar contribution by location

OSGP participant voluntary contribution levels are high relative to public sector wage scales...

...despite the fact that no employer match has yet been instituted



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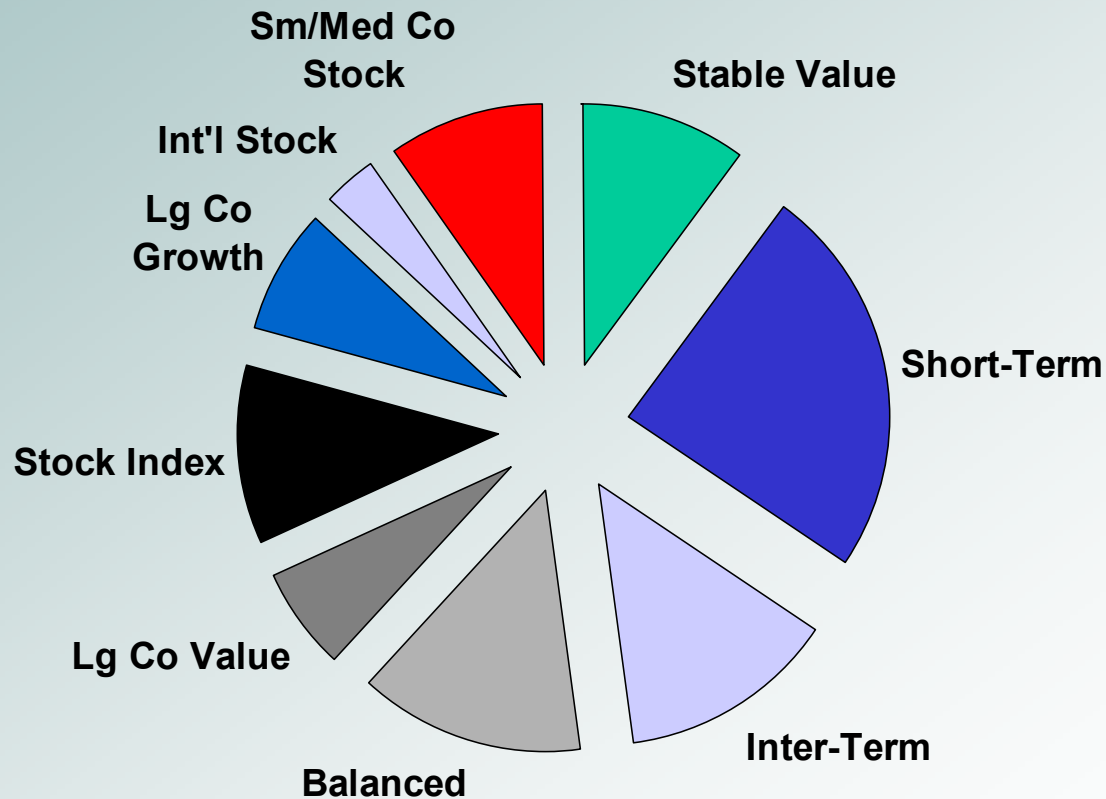
December 2002 overall average monthly contribution = \$335/annualized = \$4,020  
Average 401(k) monthly contribution in 2001 was \$3,806\*

\* Profit Sharing Council of America



# Participant asset choice by option

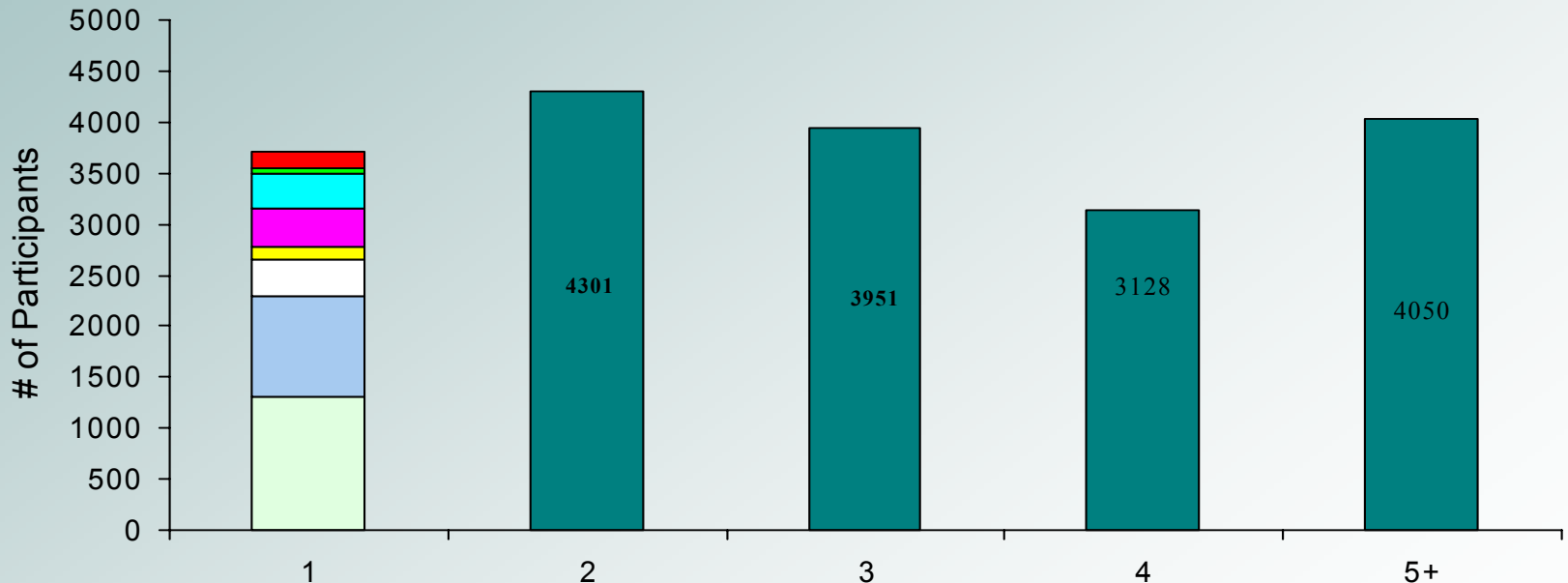
**OSGP focuses employee investment decisions on assets and risk rather than “manager x” or “manager y”**



# The Oregon Savings Growth Plan

## Investment choices per participant

Four of every five OSGP participants direct their voluntary contributions to at least two and as many as five different investment options.

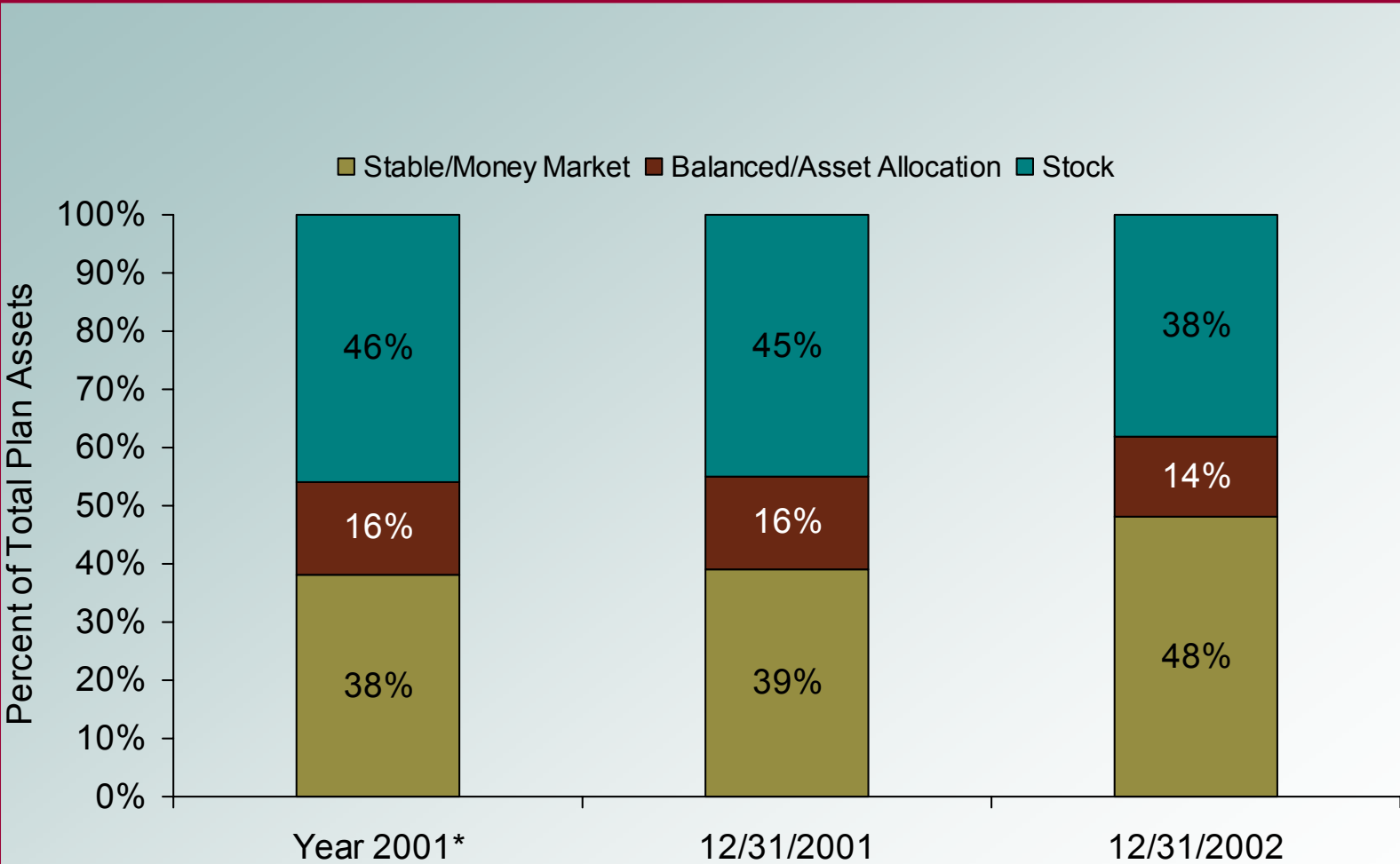


- Short-Term Fixed
- Stable Value
- Inter-Term Fixed
- Lg Co Value
- Stock Index
- Lg Co Growth
- Int'l Stock
- S/Ms Co Stock
- Mix of Funds





**OSGP participants have directed a substantial portion of their accounts to highly conservative, low-risk stable-value/money market investment options.**



## The OSGP's nine investment options are built using

- 15 different private sector money managers
- 28 different investment products
- 0 “assemblers,” “overhead managers,” “fund of fund managers,” or other financial intermediaries.

1. American Funds
2. BGI Global Inv.
3. Fidelity Funds
4. Smith Barney
5. Artisan International
6. GMO Investments
7. Oakmark International
8. Liberty Acorn
9. T. Rowe Price
10. Dodge & Cox
11. MFS Investment Mgmt
12. Van Kampen
13. Wellington
14. Invesco
15. SSgA Management



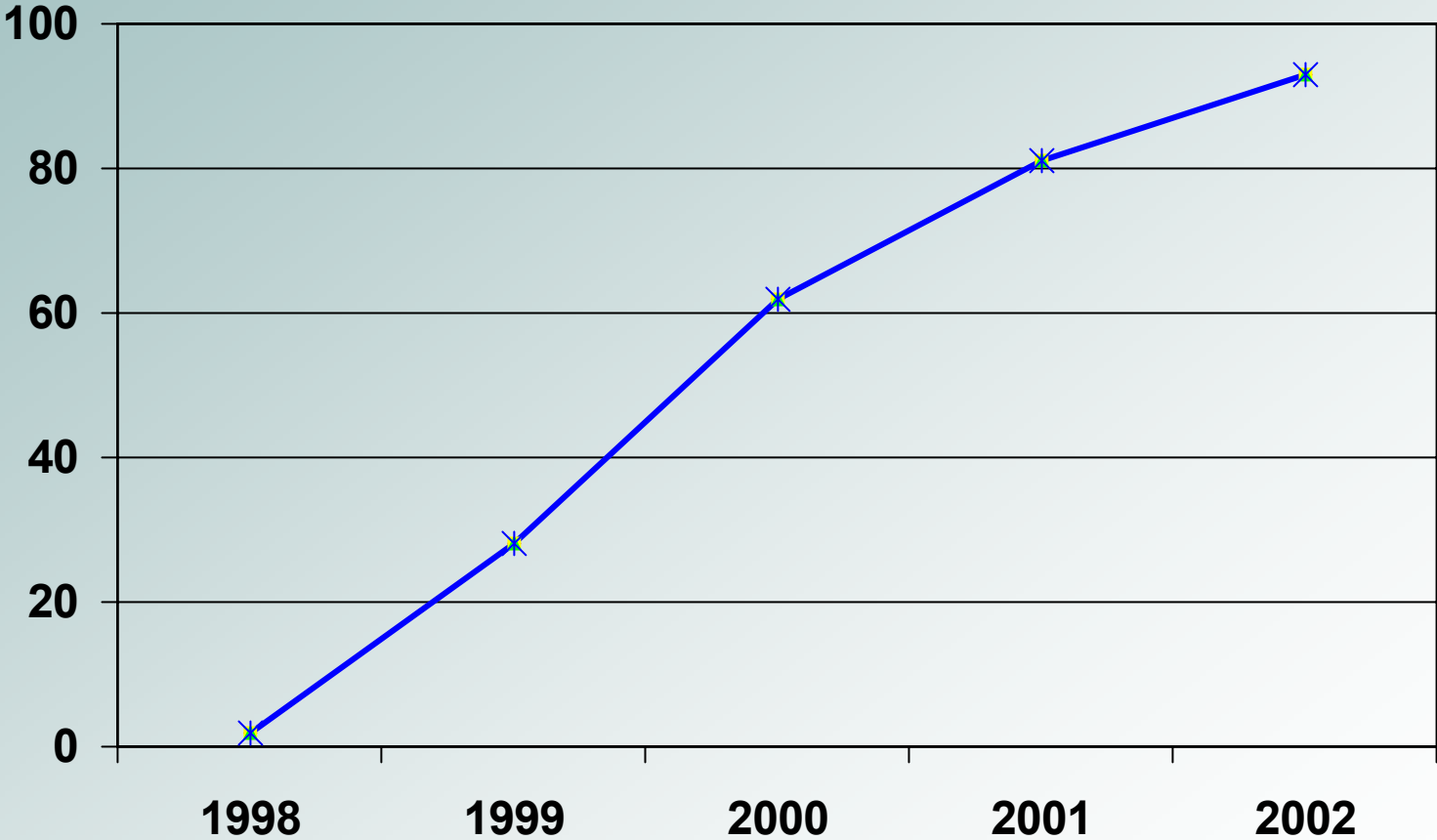
**The OSGP is spreading beyond the state and into the universe of local Oregon public employers, including:**

- School districts**
- Counties**
- Cities**
- Special districts**

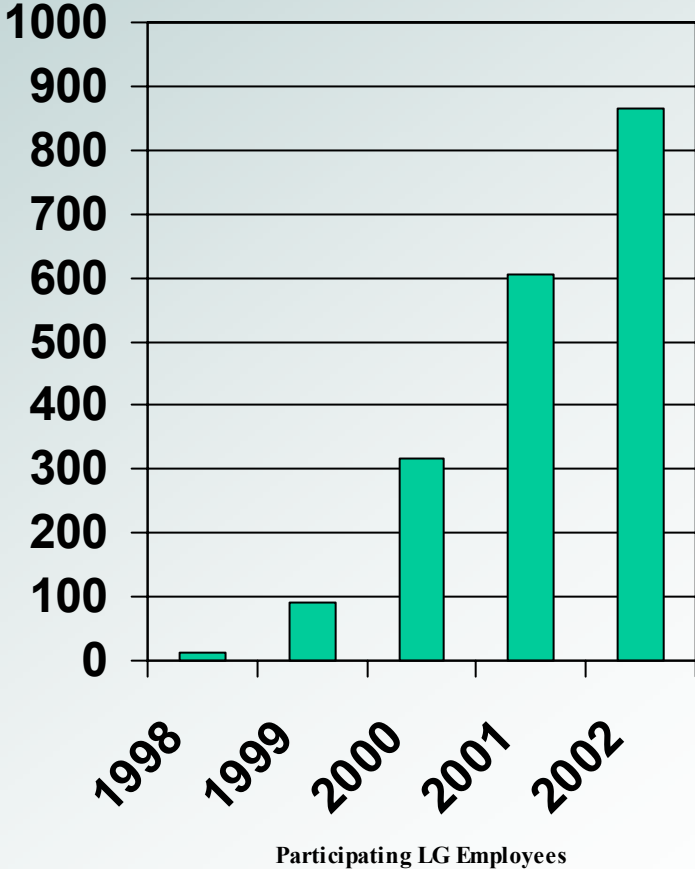
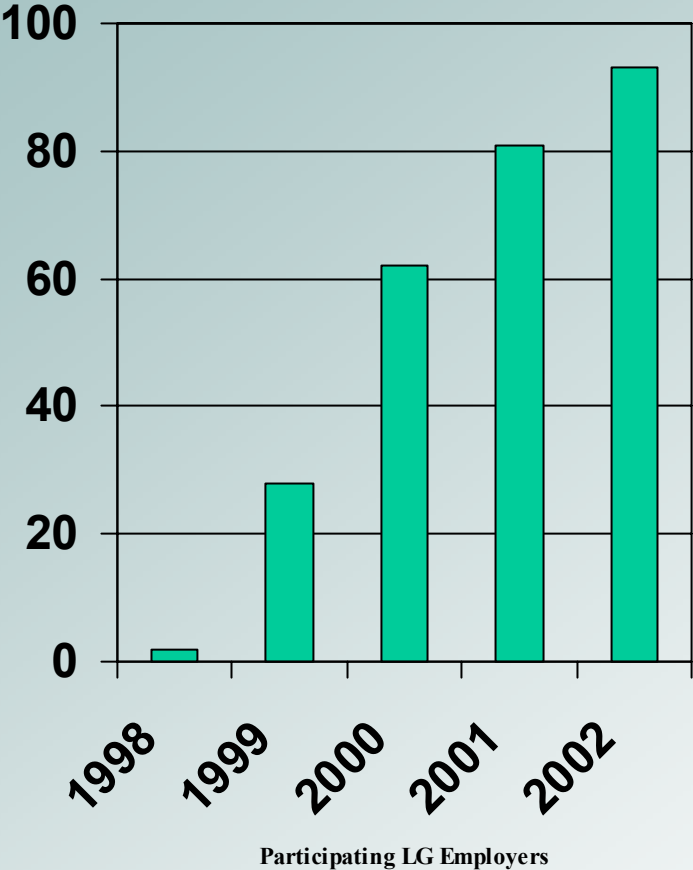


# The OSGP recently added its 100<sup>th</sup> local public employer

## LG participating employees

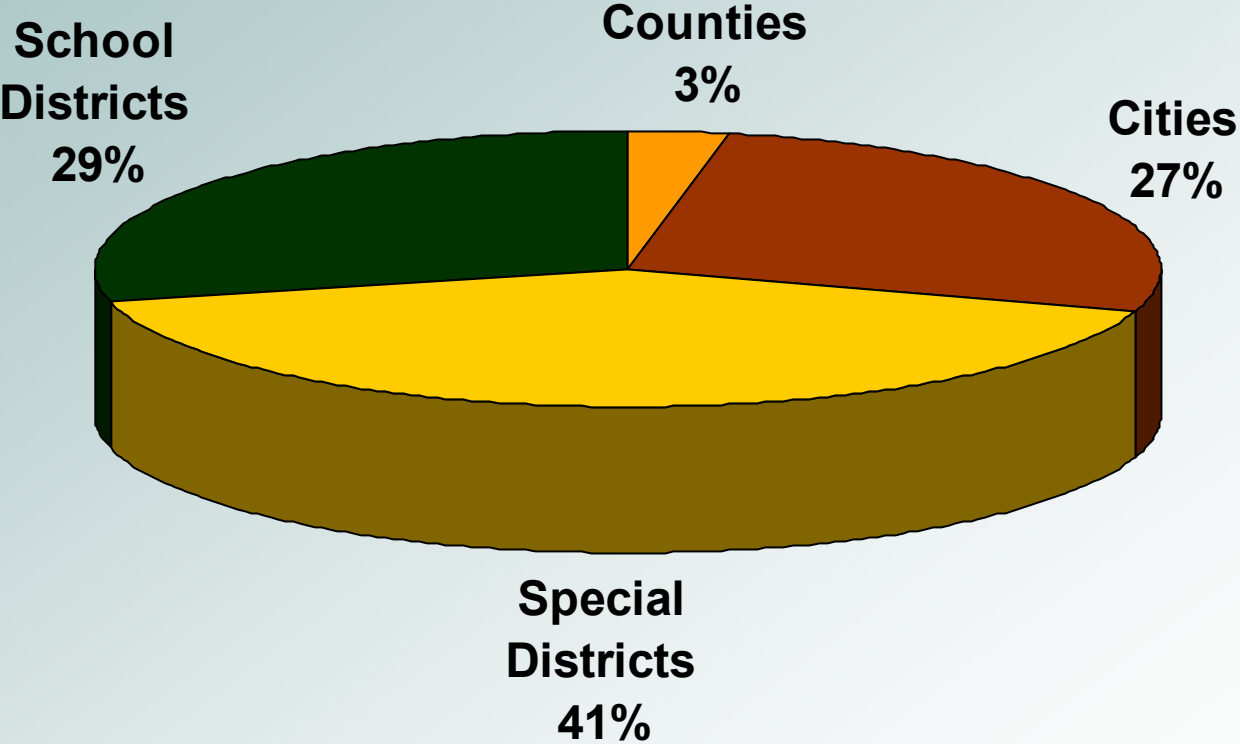


# Growth in OSGP local employer participation is now being matched by growth in local employee participants



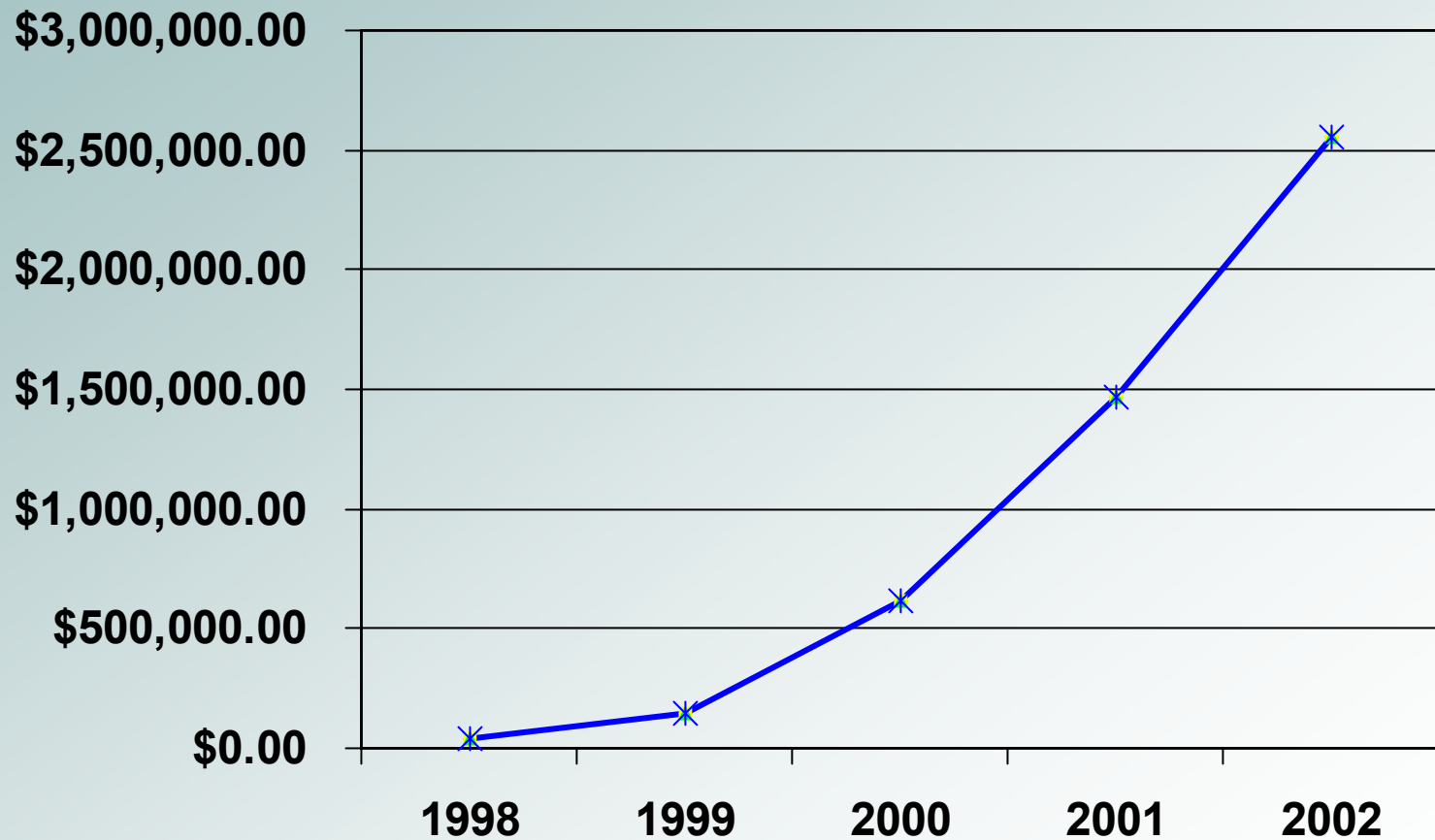
# The OSGP has proved especially attractive to smaller local employers

## LG participating ER demographics



**Local public employees participating in OSGP are presently deferring current income into the plan at a near-exponential rate.**

## **LG annual plan deferrals**



## Public employees have a growing asset in OSGP accounts

- Total OSGP participant account assets are \$540 million.
- The average participating public employee's account is \$28,137.
- We project total OSGP account assets to reach \$1 billion by 2009





## OSGP participants like the program

### November 2002 survey summary:

- ▼ Nearly 900 respondents
- ▼ Customer service overall: 88% satisfied/ very satisfied
- ▼ Communication of plan features: 89% well/ very well
- ▼ Completeness of PERS/OSGP web: 86% satisfied/ very satisfied
- ▼ Value of quarterly newsletters: 95% useful/very valuable
- ▼ Value of educational seminars: 99% useful/very valuable



## OSGP: A model DC plan structure

- Research-based number of investment choices
- Nine asset classes simplifies investment decision making and leads to higher participation
- Clearly defined investment policy determined by OIC
- Third party record keeper centralizes accounting, customer service, and investment transfers
- Efficient balance of state oversight and economies of scale provided by private sector vendor

