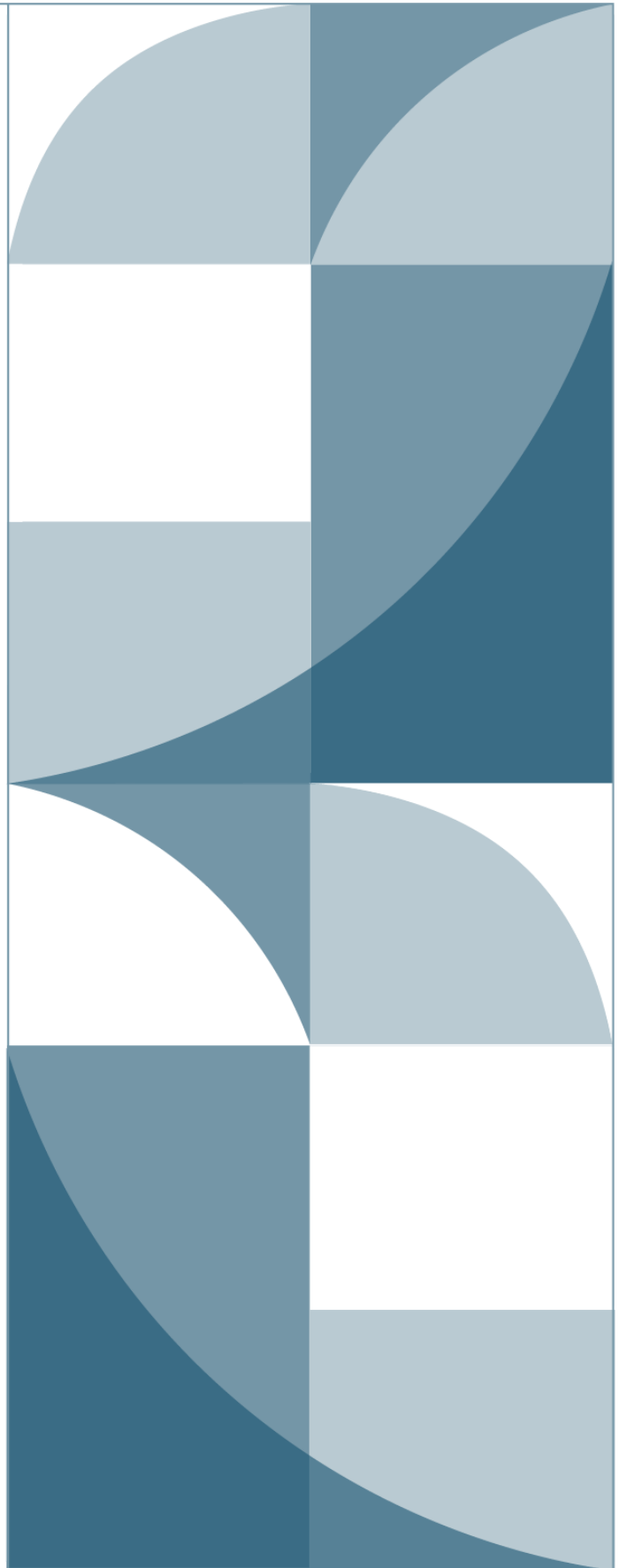




How to (Potentially) **Reduce Your Bill**

Employer Reporting Guide

This guide describes programs, tips, and tools that can help your organization reduce its PERS costs. It also sheds light on options and factors that can stabilize, decrease, or increase your contribution rates.



Contents

Introduction	3
What a PERS retirement is worth	3
What PERS benefits can cost	8
Open a side account	10
How to open (or increase) a side account	11
How to see the credits and offset of your side account(s)	12
Employer Incentive Fund (EIF) side-account program	13
Employer Rate-Projection Tool	13
Join an employer pool (independent employers)	14
The School Districts Pool (SDP)	14
The State and Local Government Rate Pool (SLGRP)	14
Pay your transition liability (SLGRP members)	16
Hire PERS retirees	16
Report on time	17
Regular-report due dates	17
Consequences to employer of late Regular reports	17
Consequences to employees of late reports	17
How to avoid late reports	17
How ESC can help with suspended reports	18
Pay your invoices on time	18
Avoid late-payment penalties	18
Avoid paying prior-year earnings	19
Factors that can affect your rates	20
Side account rate offset decrease	20
Change in transition surplus or liability (SLGRP only)	22
Increase or change in payroll	23
Example of an organization with a large rate increase	23
Takeaways	23
Get help from PERS	24

Revised June 2026

Introduction

The contributions that you pay PERS to fund your employees' future retirement benefits comprise the largest portion of your PERS costs. However, that is not the whole story. Your invoices may include other fees and charges — some of which you may not realize you are paying.

The purpose of this guide is to shed light on fees that PERS charges and how to avoid the fees (e.g., report on time and pay your invoices on time). This guide also:

- Explains why offering your employees a PERS retirement is a boost to your recruitment efforts.
- Describes tools and programs that can help stabilize or even reduce your contribution rates (e.g., employer pooling and side accounts).
- Helps you avoid surprises by showing you factors that can affect your rates (e.g., payroll growth and rate-offset decrease).

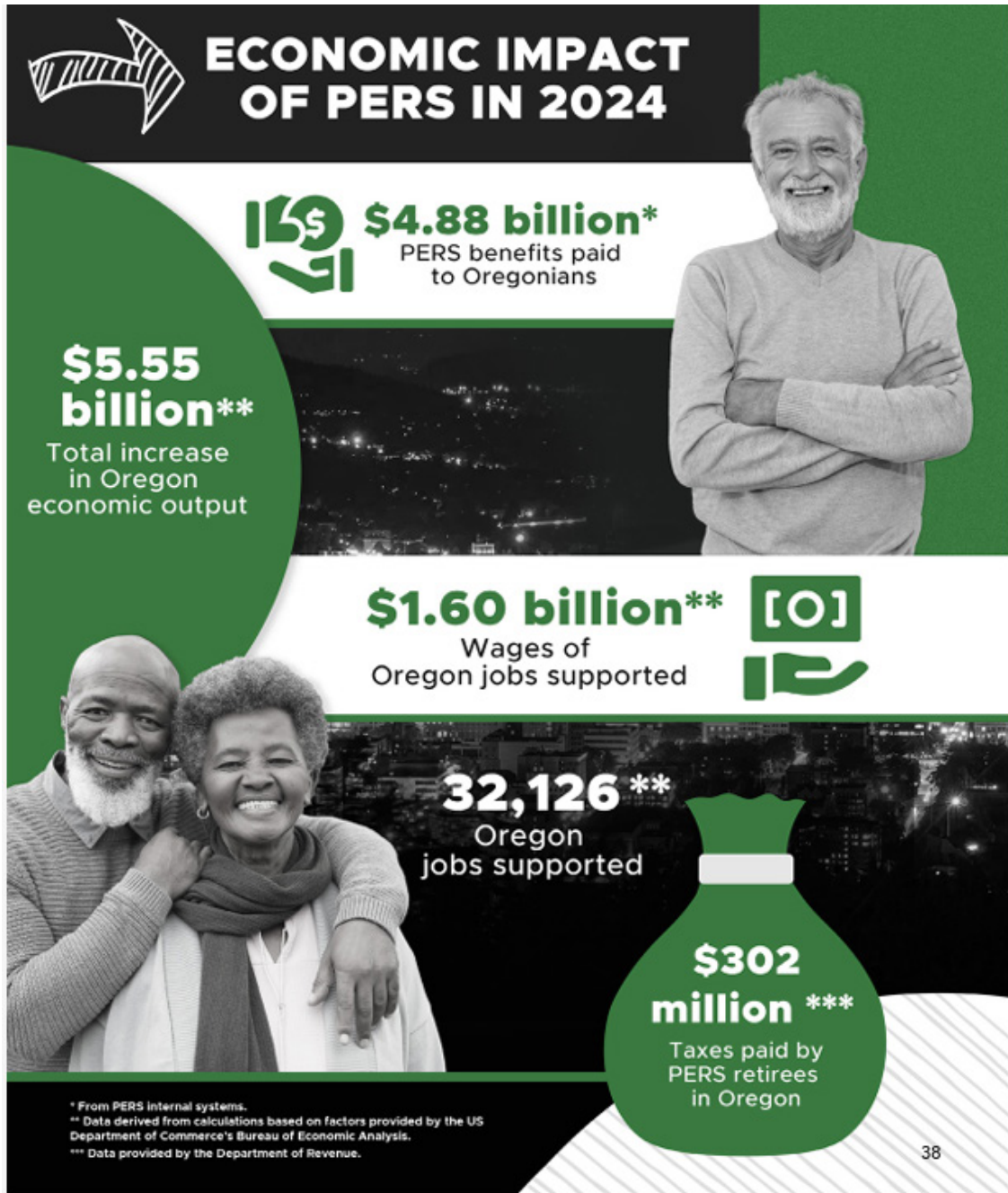
Learn more To understand how PERS actuaries calculate your organization's contribution rates, read the [Guide to Understanding Your Rate](#).

What a PERS retirement is worth

As a PERS-participating employer, you are helping your long-term employees* achieve a secure retirement — a goal that is increasingly difficult in this day and age. In addition, your employees are not the only ones benefitting from PERS. **The benefits are also supporting** retirees' families and communities, the Oregon economy, future generations, and your own organization, as shown by the graphic on the next page.

Including PERS benefits as part of your compensation package for qualifying employees* is a powerful **recruitment tool**. It gives you a leg up over most private sector employers, as explained in the tables on the next pages. And because your PERS benefits include the Individual Account Program (IAP) in addition to the pension — and some employers offer the Oregon Savings Growth Plan, too — **your organization stands out** not only against other local employers but nationally as a highly desirable place to work.

**Employees who work 600 or more hours per calendar year are eligible to earn PERS benefits. Positions that require 600 or more hours/year are called "qualifying." Positions that require fewer than 600 hours/year are called "non-qualifying." A PERS member requires five years of service credit to "vest"; that is, to be guaranteed to receive their pension.*

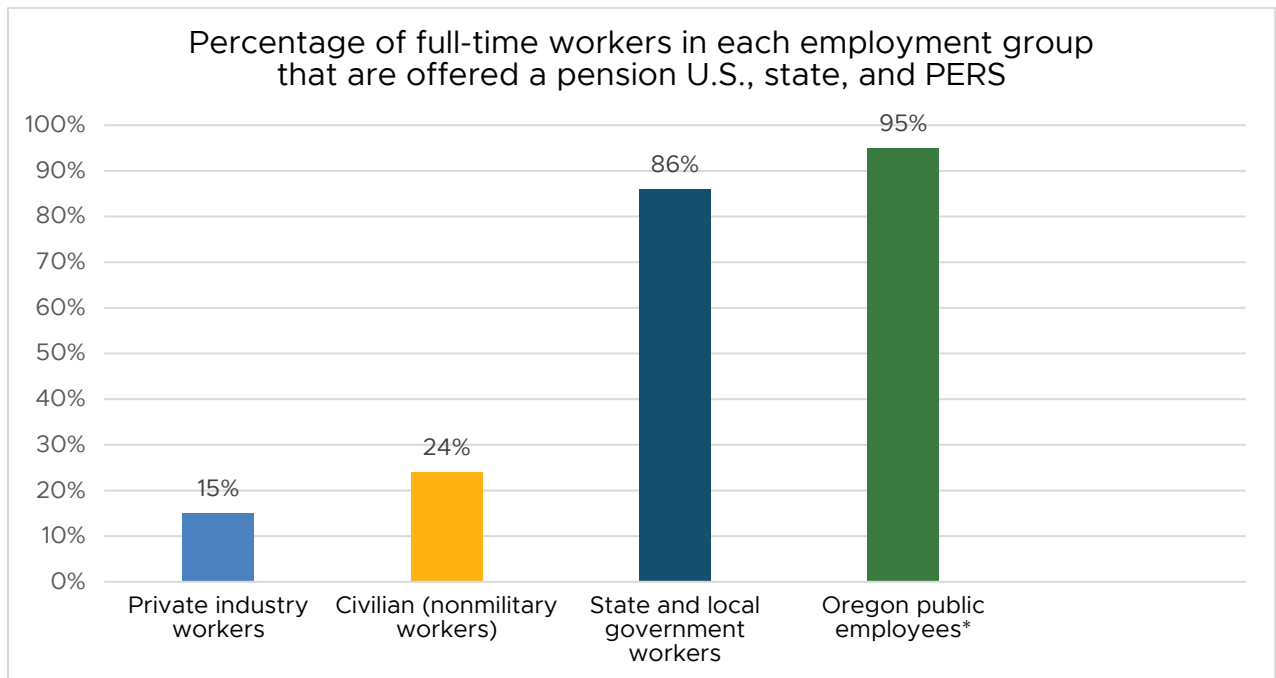


Source: [PERS by the Numbers 2025 report](#)

The three tables in this section detail the **three parts of the PERS retirement benefits package** and how they compare to benefits provided by the private sector, federal government, and other public sector employers in the United States.

1 PENSION

Defined-benefit (DB) plan	A pension provides monthly payments for life. The size of a person's pension payments depends on what kind of job they did, how long they worked, how much they made, and if they chose a beneficiary option at retirement. A pension is called a defined-benefit plan .
Offered to 14% of private industry workers, 86% of state and local government	The US Bureau of Labor Statistics (BLS) 2025 data show that 14% of private industry workers, 24% of nonmilitary workers, and 86% of state and local government workers are offered a defined-benefit plan.
Available to 100% of qualifying, actively working Oregon PERS members whose employers participate*	In 2025, PERS pensions, on average, provided retirees who worked at least 25 years with a PERS-participating provider with 45% of their former salaries.*



US Bureau of Labor Statistics data as of March 2025

*Data provided by Oregon PERS

2 INVESTED ACCOUNT (PERS IAP)

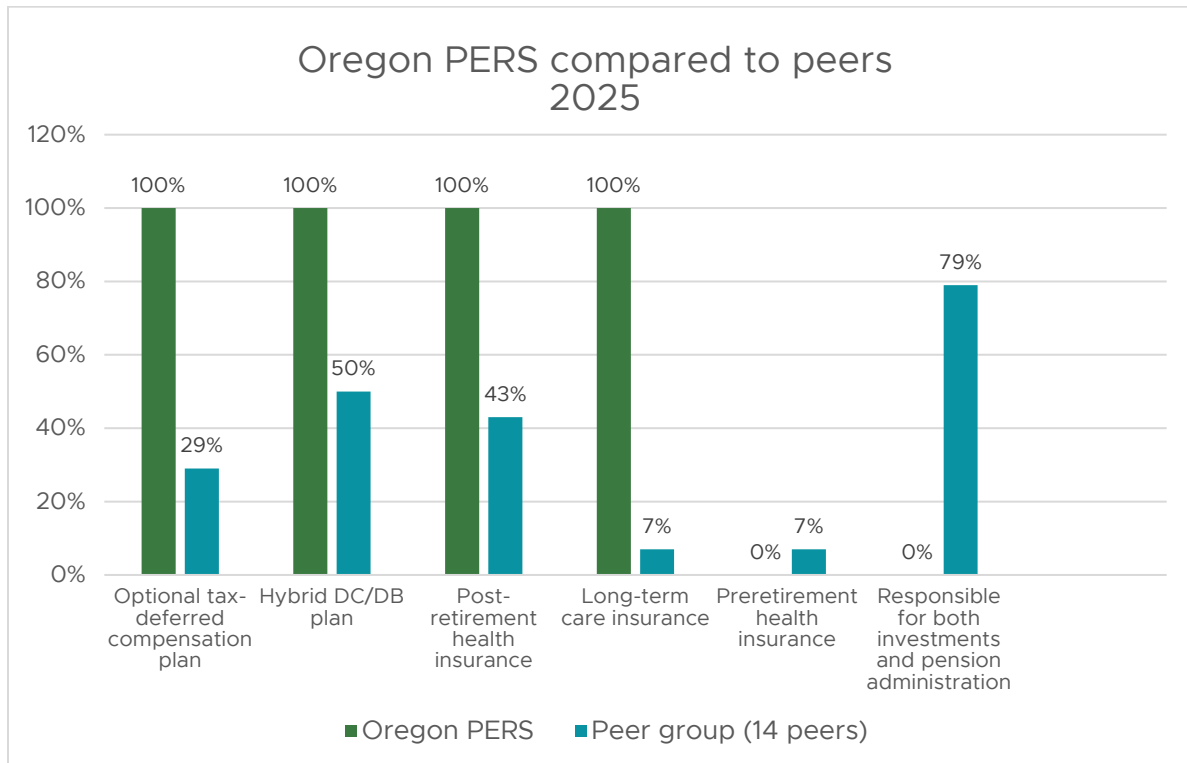
Defined-contribution (DC) plan	An invested account (e.g., a 401(k) account) receives contributions from the employee and sometimes the employer (through matching) every month. The account also receives investment earnings. Employees can access the account at retirement, which they can receive in installments or roll over into another retirement account. This retirement benefit is called a defined-contribution plan. The PERS defined-contribution plan is the Individual Account Program (IAP). A portion of each active member's salary, whether paid by the member or their employer, is deposited into the members' IAP with each paycheck.
DC-only plan offered to 70% of private industry workers	Percent of organizations who offer DC-only plan: According to the US Bureau of Labor Statistics (BLS) 2025 data, 70% of private industry workers had access to a defined-contribution-only retirement plan, 65% of the nonmilitary workforce had access to one, and 38% of state and local government workers had access. Private industry employers tend to offer a DC plan over a defined-benefit plan because of the high cost of providing a pension plan and the amount of turnover in their workforce (employees need to stick around for a pension plan to be worthwhile).
Half of the retirement plans in PERS benchmarking peer group offer a hybrid plan	As shown in the 2026 CEM Benchmarking Report, 50% of the U.S. state retirement plans against which PERS is compared offer a hybrid plan. A hybrid plan is one that offers both a defined-benefit plan (pension) and a defined-contribution plan (separate account like the IAP). The vast majority of organizations in the peer group (93%) offer a traditional, pension-only plan.

*Employees who work 600 or more hours per calendar year are eligible to earn PERS benefits. Positions that require 600 or more hours/year are called "qualifying." Positions that require fewer than 600 hours/year are called "non-qualifying."

**CEM Benchmarking Inc. 2026 Benchmarking Analysis for Oregon Public Employees Retirement System.

3 ADDITIONAL SAVINGS OPTION (OREGON SAVINGS GROWTH PLAN)

Deferred-compensation savings plan	Deferred-compensation savings plan: In addition to a defined-benefit plan (the lifetime pension) and a defined-contribution plan (the IAP), PERS also offers many employers the Oregon Savings Growth Plan (OSGP), a 457(b) savings plan. The OSGP allows participants to save for retirement through payroll deduction either pre- or post-tax. There is no cost for employers, and administrative costs for participants are low.
Available to PERS members whose employers participate	OSGP administers the plan for more than 1,000 state-agency and local-government employers throughout Oregon. Recordkeeping and education are provided by Voya Financial.
Nearly one-third of PERS peer organizations offer an optional tax deferred-compensation plan	In 2025, 29% of PERS peer organizations offered an optional tax deferred-compensation plan (e.g., either a 457, 401(a), 401(k), or 403).



What PERS benefits can cost

Employer contribution rates

Employers pay for their employees' future retirement benefits by paying their "contribution rate" on qualifying* employees' wages plus certain lump-sum payments. (Types of payments and whether they are "subject salary," meaning you owe contributions on them, are listed in the [Payment Categories Chart](#).)

Employer rates range widely, as shown in the sample of employer rates shown to the right. Each employer's rates are affected by a number of factors, explained in the [Guide to Understanding Your Rate](#).

According to PERS actuary Milliman's 2024 advisory valuation, the system-average collared net employer contribution rate is **22.69%**. The lowest 2025 Tier One/Tier Two rate is **0%**. The highest is **62.12%**. For employers who have side accounts, the **system-average side-account rate offset is 4.24%**.

Net Employer Contribution Rate 7/1/25 - 6/30/27		
Tier One / Tier Two Payroll (reflects 2.40% member redirect offset)	OPSRP General Service Payroll (reflects 0.65% member redirect offset)	OPSRP Police and Fire Payroll
0.00%	0.00%	0.00%
12.57%	9.39%	14.66%
14.84%	11.66%	16.93%
17.89%	14.71%	19.98%
15.00%	11.82%	17.09%
12.90%	9.72%	14.99%
28.38%	25.20%	30.47%
20.65%	17.47%	22.74%
27.33%	24.15%	29.42%

How rates got where they are (a brief history)

The Oregon Public Employees Retirement System (PERS) was created in 1946. Over time, the original plan grew to be so generous that, if allowed to continue as the only program, would eventually drive employer rates to an unsustainable range.



The first tier, called Tier One, was joined by Tier Two in 1996, which eased rates slightly.

Seven years later, the Oregon Legislature introduced a third program called the Oregon Public Employees Retirement Plan (OPSRP), which found the right balance between cost and benefits.

*For participating employers.

IMPORTANT

In creating the Oregon Public Service Retirement Plan (OPSRP), the Legislature did not carry forward the costliest aspects of Tier One and Tier Two to bring down future employer rates.

However, OPSRP is **among the top retirement programs in the country**, offering a lifelong pension, an Individual Account Program (IAP) account, and the option for an Oregon Savings Growth Plan deferred-compensation savings account.*

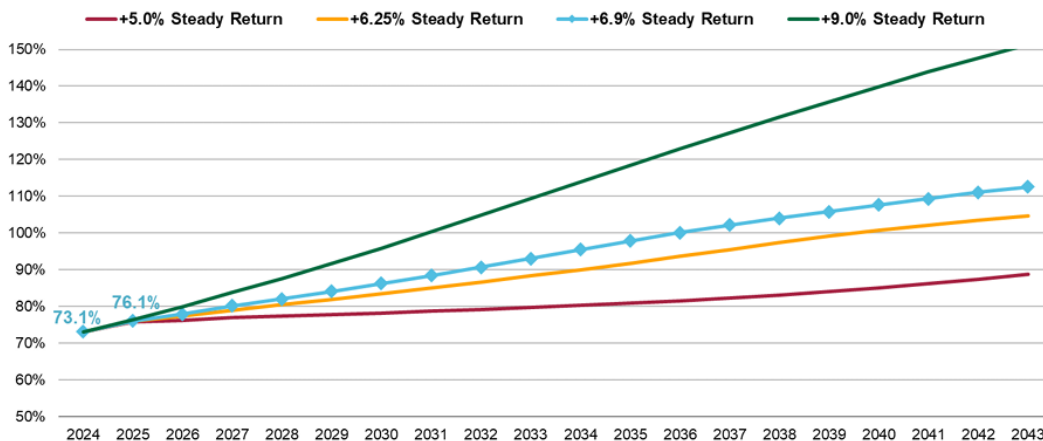
Where rates are headed

Twenty years into OPSRP, the intended results are beginning to show. In 2024, OPSRP members outnumbered Tier One and Tier Two members for the first time, and the first OPSRP members retired.

As more and more members retire from the OPSRP program and fewer from Tier One and Tier Two, the system's funded status will increase. For the next few years, employer rates overall will not decrease to ensure the upward trajectory in funded status continues.

According to PERS actuary Milliman, when **the funded status reaches 87%**, the actuary will begin to reduce all employer rates across the board. As shown on the Milliman chart below, if actual experience matches predictions, this could be in the next few years.

System Funded Status (Excluding Side Accounts)



- 2025 funded status increases due to estimated year-end 2025 investment returns and contributions
- In steady +6.9% return scenario, funded status projected to reach 100% in 2036



This work product was prepared for discussion purposes only and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Any recipient of this work product who desires professional guidance should engage qualified professionals for advice appropriate to its own specific needs.

System funded status could reach 87% between 2030 and 2031 if earnings average 6.9%, as shown in this chart from Milliman's [2025 Financial Modeling presentation](#)

Open a side account

Of all the actions you can take to reduce your contribution rates, depositing funds into a side account is the most effective one.

A side account is an investment account attributed solely to the employer who made the deposit. It is held separately from other employer reserves and, like other PERS income, is invested in the Oregon Public Employees Retirement Fund (OPERF). The OPERF is managed by Oregon Treasury and subject to earnings and losses. You can track the fund's performance on the [Oregon Treasury website](#).

Depositing money into a side account is considered prepayment toward the employer's pension unfunded actuarial liability (UAL), thus increasing the employer's asset-to-liability ratio. The money in the account is applied toward your organization's UAL for the 20-year life of the account. (Deposits of \$10 million or more have the option of a shorter amortization period.) Over the side account's lifetime, the PERS actuary applies an offset to the employer's rate, which appears as credits on your remittance statements.

Side account rate offset

Establishing a side account **decreases** your organization's net contribution rate by the amount of the side account offset.

The average side account rate offset as of the 2024 advisory valuation is 4.24%. But every employer's rate is different. To calculate your offset, the actuary calculates the following:

$$\begin{array}{r} \text{side account balance} \\ \div \\ \text{combined valuation payroll} \\ \div \\ \text{amortization factor} \\ = \\ \text{side account rate offset} \end{array}$$

This results in a rate this will pay down the side account over the lifespan of the account, which is usually 20 years.

To understand more about how your side account rate offset is calculated – and how it can occasionally result in a contribution rate increase -- go to the section, "[Factors That Can Affect Your Rates](#)."

How to open (or increase) a side account

All the information you need about side accounts, the fees involved, and the timing of when rate offsets will begin is on the [PERS Side Accounts webpage](#). The minimum deposit required to open a side account is \$250,000 or 25% of the employer's UAL, whichever is less. To choose a specific offset date or a shorter amortization period, you must get a calculation from Milliman that costs \$1,000.

If you already have a side account, you can make up to two additional payments into that account per year; these payments have no minimum nor maximum dollar restriction.

Opening a new side account
Benefits of a side account
How to establish a side account
How the side account offset rate is calculated
Administrative fees
Amortization options
Side accounts for pool members
Expiration of side accounts
Expiration of side accounts in 2027
Side account reports
Number of employers with side accounts (as of December 31, 2023, valuation)
Number of employers with more than one side account (as of December 31, 2023)
Side account assets (as of December 31, 2023)
Side account summaries by year
Average earnings by year (from 2007 to 2023)

Information available on the side accounts webpage

How to see the credits and offset of your side account(s)

Credits

You can see the credits from your side account (or accounts) on your employer remittance statement in EDX, as shown on the example invoice below. UAL credits on your invoices are portioned per invoice, down to the individual employee level.

Learn more about the items on your statement in [employer guide 26, Understanding Your Statement](#), “Tab 2: Employer Statement,” “Pension Section,” “Items in the Description Column.”

PENSION				
			Pension Beginning Balance	\$157,697.78
DEPOSITS				
Date Posted	Deposit Date	Payment Method	Description	Amount
12/29/2022	12/28/2022	ACH Debit (Pull)	Employer Pension Remittances	(\$157,697.78)
			Deposit Total	(\$157,697.78)
INVOICES				
Date Posted	Invoice	Description	Amount	
12/21/2022	1551450	Employment History Change	(\$962.04)	
12/21/2022	1551451	UAL Contributions	\$1,259.18	
12/21/2022	1551452	UAL Contributions	(\$1,607.78)	
12/22/2022	1551973	Contributions Pension	\$775.38	
12/22/2022	1551974	UAL Credits	(\$821.94)	

Side account credits on your statement

Offset

You can find the rate offset provided by your side account or accounts in your actuarial valuation report, “Side Account Information,” “Reconciliation of Side Accounts” section.

See [the chart on page 22](#) for a breakdown of the type of rate information provided in the Side Account Information section. You can also learn more in the [Guide to Understanding Your Valuation](#) for your employer pool, section “Side Account Information Section.”

Employer valuations are available for download on the [Actuarial Valuations webpage](#).

Employer Incentive Fund (EIF) side-account program

The Oregon Legislature introduced the Employer Incentive Fund program with Senate Bill 1566 (2018) to enable and encourage more employers to open side accounts. The EIF program offers these benefits:

- Allows employers to open a side account with \$25,000 instead of the usual minimum of \$250,000 or 25% of the employer's UAL.
- Provides matching funds of 25% of the lump-sum deposit. The match can be up to either 5% of the employer's UAL or \$300,000, whichever is greater.

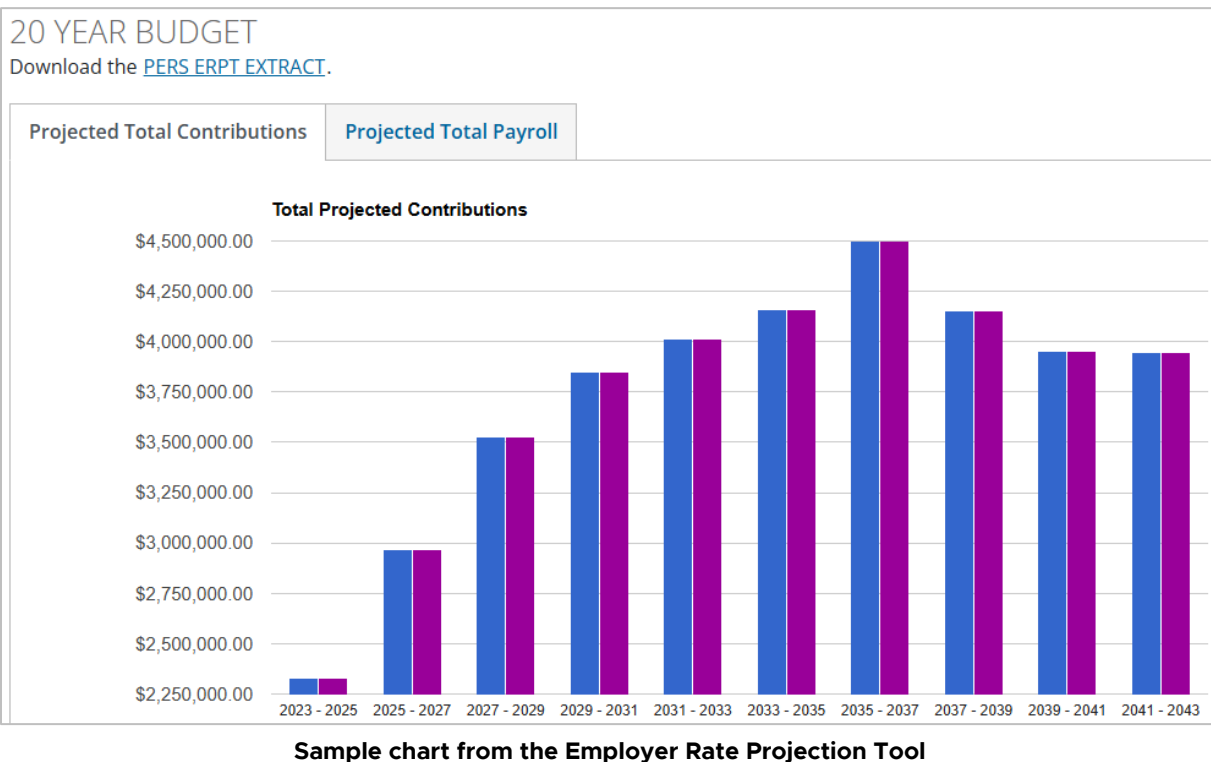
PERS has had two application cycles of the EIF program so far: one in 2019–2023 and one in 2025–2026. Find complete information about the program on the [EIF webpage](#).

Employer Rate-Projection Tool

PERS provides the online [Employer Rate-Projection Tool](#) to help you with long-term budget forecasting. The tool pulls your organization's financial data and, using the current actuarial methods and assumptions,* estimates your PERS contributions and payroll for 20 years.

Employers can change any of the variables in the tool — such as job classification payroll, transition liability or surplus rate, and side account rate — to see the effect on their projected contributions and payroll costs.

Use of the tool is a required step in applying for EIF matching funds because it shows applicants the estimated effects of side accounts on their future employer contribution rates. This can help you decide the best size and timing for your side account deposit.



*Actuarial methods and assumptions are explained in the most recent experience study, published on the [Actuarial Presentations and Reports webpage](#) under the current year.

Join an employer pool (independent employers)

An employer pool merges individual employers with other employers of the same type only for the purpose of determining pension costs and contribution rates.

Pooling provides greater stability in employer rates because individual member actions — such as termination, disability, and retirement — have less influence on employer assets and liabilities.

Independent employers, particularly small employers, can have their actuarial accrued liability change significantly when, for example, a single employee unexpectedly takes a disability retirement and begins to receive benefits sooner than forecast. With the larger group of members provided by pooling, the number of retirements and disability claims in a period is more predictable, and each instance has less effect. This “law of large numbers” is also the fundamental concept of insurance and other types of risk aggregation.

The School Districts Pool (SDP)

Membership in this pool is automatic for common school districts, union high school districts, education service districts, and chartered schools authorized under Oregon Law. All pool members’ Tier One/Tier Two normal cost rates and UAL are pooled.

To learn more, read [Guide to Understanding Pooling — SDP edition](#).

Rate collar

The School District Pool rate collar is currently 3%. Rate collar is explained in the next section.

The State and Local Government Rate Pool (SLGRP)

Membership in the State and Local Government Rate Pool (SLGRP) is optional. Any independent employer wishing to stabilize its rate can join the pool. The new pool member’s normal-cost rate won’t change immediately but joining the pool will stabilize fluctuations in UAL rates and reduce the organization’s rate collar.

To learn more, read [Guide to Understanding Pooling — SLGRP edition](#).

Rate collar

Rate collar is a contribution-rate-setting methodology that stabilizes employer rates by preventing large changes from one biennium to the next. It is applied to all members of an employer pool. Independent employers have a rate collar as well; however, it is currently 1% wider than the rate collar applied to the employer pools.

Rate collars:

SLGRP and School Districts: 3%

Independents: 4%

Example: independent fire department

A small, rural fire department — currently an independent employer — is looking to stabilize its rate. When it increases its payroll, an employee retires early, or an employee takes disability retirement or benefits, the employer experiences a rate spike at the next biennium. This makes budgeting and accurate forecasting very challenging.

Cost of joining the pool

Like every PERS-participating employer, the fire department's rate is made up of its normal cost (the cost of providing PERS benefits for its employees) and its UAL rates, less its offset from member redirect. If it had a side account, the department would have offsets from that as well.

Joining the pool will not necessarily reduce the department's normal cost, which is higher than average because of its payroll. Most of its employees are members of the Police and Fire job classification. These members accrue benefits at a higher rate and are eligible to retire earlier than members of the General Service job classification. Therefore, their PERS benefits cost more.

In addition, the employer's net rate may temporarily rise if they are assessed a transition liability, which is explained in the next section. However, the fire department can pay the transition liability off at any time to cancel that extra payment.

Benefit of joining the pool

As a small employer, the fire department benefits more from joining a pool than a larger employer. Their small size makes them particularly susceptible to the impact of rare events like disability or early retirement. Larger employers still benefit, but they have some protection already even as an independent employer because they benefit (to a lesser degree) from the law of large numbers.

Now that the fire department is sharing its UAL rates with the whole pool, this eases its individual UAL burden. In its next rate-setting valuation report, the department receives a smaller rate increase than expected. In 2029, the department's contribution rate decreases for the first time in a decade.

Pay your transition liability (SLGRP members)

If you are a member of the SLGRP, consider paying off your **transition liability** (see definition below). Paying your transition liability is the only time you can, dollar-for-dollar, pay off a UAL. The transition liability is your own UAL, not the pool's. Once you pay off your transition liability, the rate associated with it is completely removed.

To decide if it makes sense for you, take a look at your most recent valuation (available on the [Actuarial Valuations webpage](#)). It will show how much liability and interest you paid over the last year. Determine whether it is worth it to keep up the monthly payments or if it makes more sense to pay it off in advance. (For instructions on finding this information, read [Guide to Understanding Your Valuation](#): SLGRP, SDP, or Independents edition.)

If you have questions or would like guidance with this process, email [Actuarial Services](#).

Transition liability

When an independent employer joins the State and Local Government Rate Pool (SLGRP), a transition liability or surplus is calculated to ensure that each employer enters the pool on a comparable basis. (If a new employer joined PERS and joined the SLGRP, they would have no transition liability nor surplus because they have no history with PERS. However, they would pay the Tier One/Tier Two UAL rate for the SLGRP.)

The individual employer's funded status is compared to the funded status of the pool at the time of the employer's entry. If the employer is less well-funded than the pool, the employer would have a transition **liability**. This protects the other participants in the pool by ensuring the pool does not take on a newly pooled employer's excess liability.

The transition liability is amortized over 20 years and is expressed as a percentage of the employer's combined (Tier One/Tier Two plus OPSRP) valuation payroll.

Unlike UAL, the employer can pay this line item directly. **This is the only time a UAL can be paid off dollar-for-dollar.**

Hire PERS retirees

Before 2020, employers did not pay contributions on the wages of working retirees. Also, retirees could only work up to a certain number of hours per year and remain retired.

Through Senate Bill 1049 (2019), the Oregon Legislature changed the rules for employing PERS retirees to make it benefit your organization financially as well as provide you with experienced workers. Through 2034, employers are charged contributions on the wages of their working PERS retirees. Unlike contributions you pay on active members, the funds are not collected for benefits. Payroll from retirees is not calculated into your combined valuation payroll or your normal cost but is a separate line item.

Therefore, the contributions you pay on the salaries of working retirees are a "bonus" asset. If these bonus contributions are substantial enough, they can help reduce your contribution rate.

Not all organizations have a reason for or opportunity to hire PERS retirees, but if you do, be aware that there can be a financial benefit to your employer pool and your own organization.

Learn about hiring PERS retirees in [employer guide 8, Hiring a PERS Retiree](#).

Report on time

Regular-report due dates

Regular reports — which include an employee's wages earned, hours worked, IAP contributions, and any special payments — are due on specific due dates assigned to your agency based on your pay schedule. [Regular report due dates](#).

You have a grace period of three business days after the due date to release your report. After four business days, the report is late.

Consequences to employer of late Regular reports

Missing reports or submitting them late causes extra work for the employer. You can expect numerous calls and emails from PERS requesting past employment information that may be difficult and time-consuming to find.

You might also incur a financial penalty for submitting a Regular report after its deadline.

Note about penalties: Refer to [Oregon Administrative Rule \(OAR\) 459-070-0100](#) for late-reporting penalties. PERS is developing the technology to automate the charging of late-reporting penalties.

Consequences to employees of late reports

Your employees' retirement benefits rely on your organization's accurate and timely reporting. When Regular reports are late, missing, or left in an unposted status, this can cause a domino effect of inaccurate historical data at retirement. This leads to a slower retirement process, a longer wait for the employee's first retirement check, and possible corrections to the employee's benefits after retirement, which on rare occasions leads to retirees needing to pay money back to PERS.

This is why it is crucial to report on time and to ensure absolute accuracy in reporting. Remember that the Employer Service Center is here to help any time employer reporters have questions or need assistance. [Employer Service Center contact information](#).

How to avoid late reports

- Remember to **release your report**. When you complete a record and save it, that does not submit it to PERS. You must select "release" next to your report on the Work on Wage and Contribution Reports screen. Regular reports must be in *released* status in EDX to be considered received. For instructions, refer to [employer guide 4, Creating a Report](#), section "Submitting a Report to PERS."
- Make sure to **correct and resave suspended records**. When EDX finds possible errors in a record during the overnight batch run, it "suspends" the report. A suspended report does not post (i.e., it does not get recorded in the system). Fix the error(s) and re-save the record as soon as possible.
- **Check again to ensure your report is posted** the next business day. It is possible to correct the errors in a suspended record and release it only to have it come back the next day with new errors. It is important to check your Unposted Regular Reports list frequently.

How ESC can help with suspended reports

Example

In 2021, an employer-reporting team reached a breaking point. They had suspended records going back 16 years. Their small team struggled to get out from under the mounting list of suspended records, which reached a peak of more than 16,000 in January 2021.

Their finance manager decided they had to make some changes to get on top of this issue. She added two more employer reporters to their team and reached out to PERS Employer Service Center (ESC) for help.

First, ESC held special training sessions with the whole team to teach them how to report properly and avoid errors.

Next, they worked one-on-one with their ESC representative, who sent them reports on the records that they needed to correct. Their rep also corrected some of their reports for them, with their permission.

In six months, they corrected nearly 15,000 suspended records. By year-end 2021 in March, they corrected the remaining 1,500 records.

The employer went from 15,000 suspended records to 0 in 14 months.

They started to notice the benefits of clearing up all the old work:

- Employees retirements posted more quickly.
- Member annual statements were more up to date and accurate.
- They did not get charged prior-year earnings, which was a large financial savings.

The employer said they wished they had come to ESC for help sooner. They had a positive experience working with PERS staff and learned that ESC is here to help them, and all employers, succeed.

Pay your invoices on time

EDX uses the Regular reports you submit to calculate your invoices. Reporting late can cause you to pay your invoice late, which can result in your organization owing interest.

If you submit a report late and pay the resulting invoice right away, the payment is still considered late.

Avoid late-payment penalties

Payment is due within five business days after the statement date, as stated in [OAR 459-070-0110](#). [Payment due dates](#). You might incur a penalty for submitting a payment late. You might also incur a penalty for using a payment method other than Automated Clearing House (ACH). This is explained in [OAR 459-005-0225](#).

Prevent the possibility of both types of penalties by electing to make automatic payments. If you have not already, sign up for ACH debit (pull) as explained in [employer reporting guide 27, Paying Your Invoice](#).

Note about penalties: PERS is still developing the technology to automate the charging of penalties.

Avoid paying prior-year earnings

PERS members' IAP accounts are invested* to enable them to grow in value over time. Earnings (or losses) on these investments are allocated to accounts each year.

For each calendar year, your organization must post all member wage records by the March 5th statement of the following year and pay the invoices for all statements within five business days of each statement date. Your employees' IAP accounts are then credited with earnings for that calendar year (if there are any), paid by the PERS Trust.

If you do not submit all your wage records by March 5, however, and pay the invoices generated by those statements, your organization will not receive earnings paid by the PERS Trust for any wages that were not submitted in time. Instead, you, the employer, will be **invoiced for those earnings**.

If those records are still not submitted the next year or the next, you would owe earnings on those wages for every year since they were earned.

Prior year earnings can add up to a large bill. This is partly why, every fall, the ESC urges employers to correct and post any unposted records before year end. When you receive these reminders in your email, reach out to ESC for help, if needed. [ESC contact information](#).

IMPORTANT

All of your wage records must be successfully posted by official year end on March 5 of the following year.

Prior year earnings (PYE) example 1 — school (fictional):

In 2024, ABC school reported for 7,500 employees. They reported \$42,600,000 gross wages for one month. They did not report wages one month that year. For that month of unposted reports and unpaid contributions:

$\$42,600,000 \times 6\% \text{ IAP} = \$2,556,000$ IAP contributions for one month.

In 2024, earnings on these contributions were 13.89%.

$\$2,556,000 \times 13.89\% = \$355,028.40$.

ABC did not post those reports by March 5, 2025; they were invoiced for PYE in May.

May 2025 invoice: **\$355,028.40 PYE**.

PYE example 2 — local government (fictional):

XYZ water district reported \$42,600,000 in subject salary for one month of payroll in 2024. \$41,500,000 of the subject salary posted on time, and \$1,100,000 in subject salary was suspended and did not post until after the close of the year. XYZ submitted all other reports on time that year. For those unposted reports and unpaid contributions:

$\$41,500,000$ posted wages $\times 6\% \text{ IAP} = \$2,490,000$ IAP contributions.

$\$2,490,000 \times 13.89\% = \$345,861$ earnings that were paid by the PERS Trust.

$\$1,100,000$ unposted wages $\times 6\% \text{ IAP} = \$66,000$ IAP contributions.

$\$66,000 \times 13.89\% = \$9,167.40$ owed in PYE.

May 2025 invoice: **\$9,167.40 PYE**.

*Accounts are invested by Oregon Treasury under the direction of the Oregon Investment Council.

Factors that can affect your rates

There are several factors that can cause an increase in your rates. Sometimes this increase can be substantial. These factors are generally out of your control. Nevertheless, it is good to be aware of their possibility in order to avoid surprises and prepare for future changes.

Side account rate offset decrease

The PERS actuary recalculates your side account rate offset with every actuarial valuation to ensure it is still on track for the originally promised amortization period. This is done to prevent a scenario in which, for example, one of the factors increases and your side account depletes in 18 years instead of 20.

Every year in creating your individual actuarial valuation, the PERS actuary reviews the factors in the side account rate offset calculation and reruns the calculation.

If one of the factors changes and the recalculation of your side account rate offset results in a lower offset being applied to your rate, this could cause your employer contribution rate to increase.

Development of your side account rate

Your side account rate offset and the data that go into calculating your side account rate are shown in your actuarial valuation report in the Reconciliation of Side Accounts section.

See chart on next page for an explanation of the information presented in your actuarial valuation report (using a sample report). You can also learn more in the [Guide to Understanding Your Valuation](#) for your employer pool, section “Side Account Information Section.”

REDUCE YOUR BILL

Side account information presented in your actuarial valuation

December 31, 2024				December 31, 2023			
Combined valuation payroll		A	\$16,522,902	Combined valuation payroll			\$15,424,663
	Side account balance	Amortization factor ^{1, 2}	Side account rate ¹		Side account balance	Amortization factor ^{1, 2}	Side account rate ¹
1.	\$7,782,025	B	0.000	C	0.00%	D	0.00%
2.	11,218,741		11.686		(5.81%)		
3.	0				0.00%		
4.	0				0.00%		
5.	0				0.00%		
Total	\$19,000,766				(5.81%)		
					\$22,001,237		(21.89%)

¹ Amortization factor and side account rate not shown for side accounts with less than two years remaining in the amortization period

² Effective December 31, 2022, includes adjustment for contribution lag as described in the system-wide actuarial valuation report

Side account rate

A	Combined valuation payroll is projected payroll as calculated by the PERS actuary for the calendar year following the valuation date. It is based on the actual payroll your organization reported. Your combined valuation payroll changes if your headcount changes and/or if a significant number of employees change job classification (e.g., because you pay a higher rate for employees in the Police and Fire job classification than those in the General Service job classification). In this example, the employer's payroll increased by more than \$2 million.
B	Your side account balance is the amount of money in your side account at the moment the actuary does your actuarial valuation every year. The balance in your account changes because of earnings on investments and transfers from the side account to your employer reserves.
C	Amortization factor is the outstanding balance of your side account divided by the original amount of your side account expressed as a decimal.
D	Side account rate is the quotient of the above factors. Because this employer had a large payroll increase (A), its side account rate decreased to keep the employer on schedule to deplete its side account on time. This reduced offset could cause the employer to have an overall contribution-rate increase in the next rate-setting biennium.

Change in transition surplus or liability (SLGRP only)

When an independent employer joins the State and Local Government Rate Pool (SLGRP), they are assessed either a transition surplus or liability. This ensures that all employers enter the pool on a comparable basis. This extra charge or offset on your rate can have a substantial effect.

	Transition liability	Transition surplus
Definition	Amount new pool member owes if their funded status is worse than the SLGRP average when they join.	Amount credited to new pool member if their funded status was better than the SLGRP average when they join.
Amortization period	The amount is amortized to be paid for 20 years.	The amount is amortized to be credited for 20 years.
How charge or credit is calculated	The amortization amount (in dollars) for each biennium is expressed as a percentage of payroll.	The amortization amount (in dollars) for each biennium is expressed as a percentage of payroll.
Other charges	Each year, the amount of total transition liability remaining incurs interest.	No charges.
How it affects contribution rate	Transition liability rate increases the employer's net contribution rate.	Transition surplus rate decreases the employer's net contribution rate.
Where to find your balance	In your actuarial valuation report Transition Liability Information section.	Learn more in the Guide to Understanding Your Valuation: SLGRP Edition .
How it can reduce your rate	If payroll is greater than expected, then more transition liability dollars than projected will be coming in. The transition liability rate will decrease in the next biennium to keep the amortization schedule on track. This can reduce net contribution rate.	The offset to your rate from a transition surplus normally reduces your net contribution rate.
How it can increase your rate	Transition liability rate adds an extra payment onto your net contribution rate, in addition to your normal rate and UALs. Email PERS Actuarial Activities to discuss if paying down your transition liability makes sense for your organization.	If payroll increases more than expected, more transition surplus dollars than projected will be coming in. The transition surplus rate will decrease in the next biennium to keep the amortization schedule on track. This reduction in offset can increase net contribution rate.

Other options for payoff or receipt	Employers can directly pay off their transition liability.	Employers cannot receive their transition surplus as a lump sum.
--	--	--

Increase or change in payroll

When an employer hires more new employees than expected, this adds more cost than their current contribution rate was calculated to cover. When PERS actuarial experts look into the reasons behind a rate jump, this is often one of the factors.

Another common factor is a change in the type of employees you employ. Tier One and Tier Two employees' benefits are more expensive than OPSRP employees' benefits; Police and Fire job classification benefits are more expensive than other job classification benefits. Therefore, you pay a higher contribution rate for employees in these job classes.

Example of an organization with a large rate increase

In 2025, an Oregon town jumped from a Tier One/Tier Two 2023-25 contribution rate of 13% to a 2025-27 contribution rate of 30%. The town reached out to PERS Actuarial to find out the reasons behind their more-than-doubled rate. The organization learned that there were two main causes.

1. **Payroll:** Between 2024 and 2026, their Tier One/Tier Two payroll went from a mix of General Service and Police and Fire to completely Police and Fire. This was the sole reason behind the increase in their average normal cost.
2. **Transition surplus decrease:** In the previous biennium, the town had a substantial transition surplus applied to its rate — nearly 14%. The transition surplus rate had to decrease at the next biennium because of higher-than-predicted payroll and lower-than-predicted investment earnings. The decrease in the transition surplus from nearly 14% down to 3.5% removed a large source of rate reduction.

Why didn't the employer's SLGRP membership protect them from this large rate increase? Because the pool shares unfunded actuarial liability (UAL), and the rate collar controls increases in UAL rates from one biennium to the next. For this employer, the rate increases affected their normal cost — the cost of providing benefits to their own employees — and the pool and rate collar do not affect those costs.

Takeaways

- Read your **advisory actuarial valuation** reports to know how your rates might change the next odd year. Be aware of and prepared for changes.
- When you **employ more people**, especially people who receive better benefits (e.g., Police and Fire), your rate can increase.
- When a group of people you employ is **granted greater benefits** from the Legislature — such as a lower retirement age for OPSRP Police and Fire members in 2025 and the new Hazardous Position job classification coming in 2030 — your contribution rate for these employees increases.
- In general, rate offsets are the most effective way to reduce your rates. But when an offset is reduced, your rate can increase. For example:

- When a side account reaches its last year and expires, your rate will probably increase.
- When a temporary rate-relief method ends — such as the School Districts Unfunded Liability Fund money granted to schools in the 2025-27 biennium — your rate will return to its previous level.

Get help from PERS

PERS encourages employers to take advantage of the programs and tools in this guide. However, if your rate is high and difficult to afford, contact [PERS Actuarial Services](#) for insight into factors that are driving up your rate.

If you are overwhelmed by suspended reports and need help correcting them, schedule some time with your [Employer Service Center representative](#).