

**Public Employees Retirement System  
2014 Preliminary Earnings Crediting Report**

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The General Government Subcommittee recommends that the Joint Committee on Ways and Means acknowledge receipt of a report from the Public Employees Retirement System on the preliminary crediting of 2014 investment earnings.

The PERS Board approved preliminary earnings crediting of \$4.6 billion for 2014, which increases reserves from \$64.3 billion to \$68.9 billion. PERS' funded status would be 96%.

The overall investment return was 7.2%, which is below both the assumed earnings rate of 7.75% and the Oregon Investment Council Policy Benchmark of 8.24%.

- Tier One regular accounts were credited at 7.75%, with reserves making up the difference between actual earnings of 7.25% and the 7.75% assumed earnings rate;
- Tier Two regular accounts were crediting at 7.25%;
- Oregon Public Service Retirement Plan accounts were crediting at 7.11%;
- Variable accounts were crediting at 4.30%; and
- Individual Account Program accounts were crediting at 6.93%.

Earnings crediting is net of an estimated \$505.4 million in investment expenses, brokerage commissions, and other administrative costs.

In July of 2014, the PERS Board transferred \$6.7 million from the Contingency Reserve Fund to cover the costs of an administrative error that occurring in the calculation of some member's final average salary.

Your General Government Subcommittee recommends acknowledging receipt of the report.