

An Introduction to Oregon's Pension System

February 9, 2023
Informational Hearing
House Committee on Emergency Management,
General Government and Veterans

State Treasurer Tobias Read
Kevin Olineck, PERS Director
Rex Kim, Chief Investment Officer,
Oregon State Treasury



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STATE
TREASURY





Pension System Partners & Roles



PERS

Maintains Funds Necessary To Pay Out Monthly Benefits And Administer Expenses; Also Provides Treasury With Monthly Forecasts.



Manages Pension Investments Prudently And In Accordance With ORS 293.791.

Oregon Investment Council

Establishes Investment Policies, Including Asset Allocation, Risk Levels, And Targeted Returns.



How Funding Is Established

PERS Calculates The System's Funded Status On An Annual Basis Using A Basic Equation:

$$\text{Benefits} = \text{Employer \& Employee Contributions} + \text{Earnings}$$

Set By:
Oregon
Legislature



Set By*:
OREGON
PERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM



**Adjusted Every
2 Years*

Managed By:



OREGON
STATE
TREASURY

&
Oregon
Investment
Council

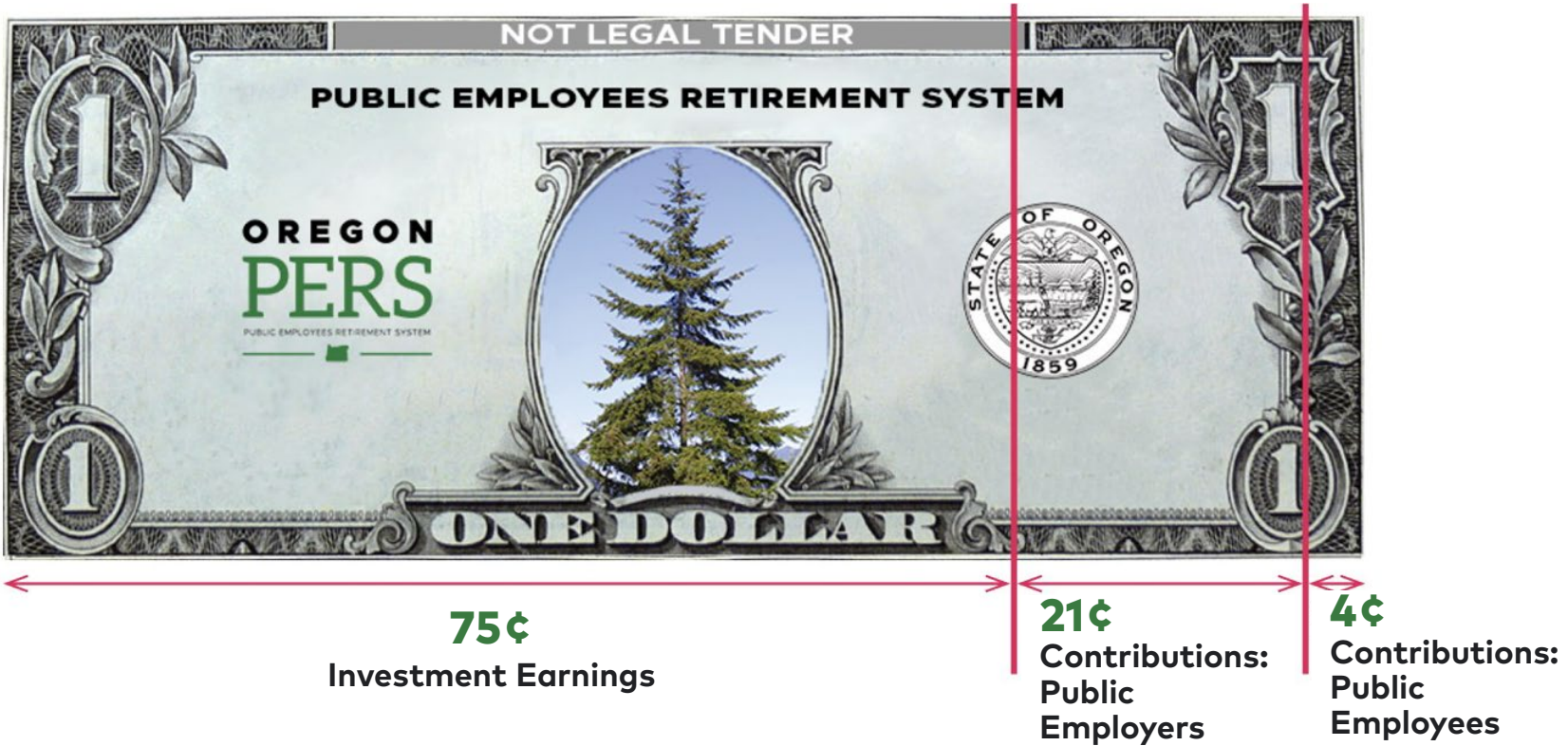
PERS Snapshot

160,326
PERS Retirees

\$33,551
Average Annual Pension

\$435 Million
Monthly PERS Distributions In Oregon

Where PERS Payments Come From





Approach To Pension Fund Management

Investment Earnings Are Generated From Treasury's Management Of The Oregon Public Employees Retirement Fund (OPERF)

As of Dec. 31, 2022, OPERF's Value = \$91.9 Billion

How OPERF Operates

Treasury Manages OPERF To Perform In Various Market Conditions While Supporting Monthly Benefit Payments And Future Retirement Obligations. All Decisions About How The Fund Is Designed, Invested, And Managed Are Guided By Our Fiduciary Responsibilities To Public Employees.

**Treasury's
Approach**

In Order To Meet The Various Operational Needs, Treasury Has Developed A Diversified Portfolio Capable Of Achieving Sustainable Long-Term Success & Fulfilling Short-Term Objectives. This Approach Reflects Guidance Provided In ORS 293.726(3).



Building Resiliency Through Diversification

Treasury Maintains A Complex Portfolio Based On Investment Fundamentals:

- Invest In Diverse Assets To Perform In Various Market Conditions
- Manage Risks & Returns On A Global Scale
- Operate In An Efficient & Cost-Effective Manner

Manage Risks & Returns On A Global Scale

Credit

Market & Recessionary Factors

Environmental, Social & Governance

Political & Geopolitical Forces

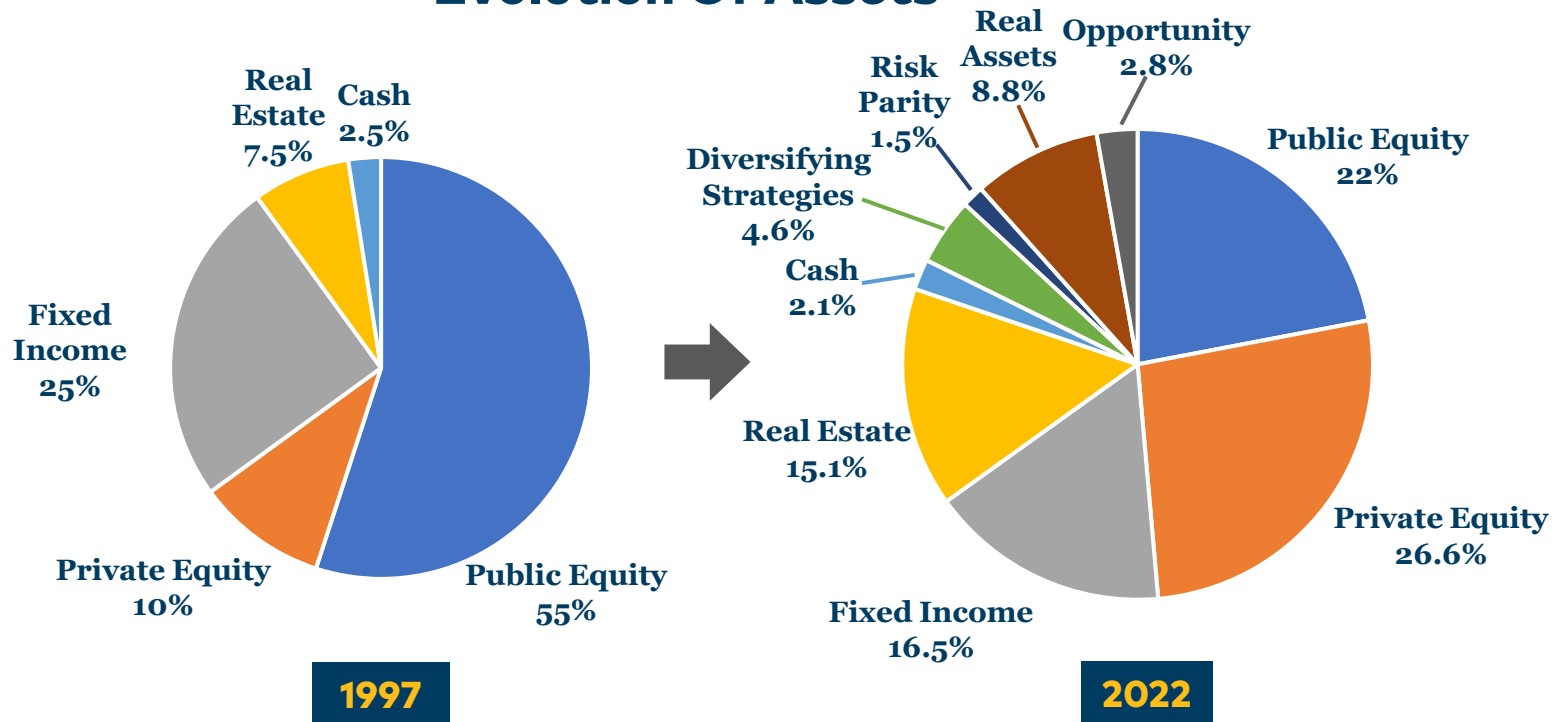
Currency

Liquidity

Inflation

Interest Rates

Evolution Of Assets



1997

2022



How Has Our Approach Worked?

- Increased OPERF Funded Status From 75.6% In 2016 To 86% In 2021.
- OPERF Was Rated:
 - The #1 Performing Fund Amongst Peers In FY2022
 - In the 95th Percentile Over The Past 10 Years
 - The #1 Performing Fund Over The Past 20 Years
- Outperformed Standard "70/30" Market Portfolio By 2.6% Over The Last 10 Years.
 - Treasury's Outperformance Generates An Additional \$1+ Billion To The Fund Per Year.

Public Employee Retirement Fund

As Of 12/31/2022

Value: \$91.9 Billion

	1-Year	10-Year
OPERF Portfolio Performance	-1.6%	8.5%
Standard Market "70/30" Portfolio	-16.6%	6.1%

OREGON PERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM



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