



Oregon

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Public Employees Retirement System

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September 29, 2023

TO: Members of the PERS Board

FROM: Melanie Chandler, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption of Retirement Benefits Rules

OAR 459-013-0060 *Payment of Retirement Benefits*
OAR 459-075-0170 *Payment of OPSRP Pension Program Benefits*

OVERVIEW

- Action: Adoption of changes to Retirement Benefits Rules.
- Reason: Clarify how PERS administers the conversion of survivorship retirement benefits to single life (Option 1) retirement benefits in event of death or divorce.
- Policy Issue: None identified.

BACKGROUND

Tier One and Tier Two members have 13 retirement options, including a 100 percent survivorship option (Option 2) and a 50 percent survivorship option (Option 3). Options 2A and 3A provide similar benefits as Options 2 and 3, but provide that, if the member's beneficiary should die before the member, or the beneficiary is the member's spouse and they divorce after member's retirement, the member may elect to convert ("pop-up") their benefit to a single life benefit (Option 1). In both scenarios, the change to the higher Option 1 benefit is not processed until PERS has been notified in a format acceptable to PERS.

OPSRP members have five retirement options, including similar pop-up options. An OPSRP member who elects to receive a conditional joint and survivor pension may convert their benefit to the single life option if the member's beneficiary dies after the member retires or the marriage relationship with the beneficiary is terminated after the member retires.

Administration of pop-up requests is generally straightforward; however, staff has identified two aspects where clarification of PERS' application of the statutes would benefit members and beneficiaries. First, in order to convert a member's benefit to the higher paying Option 1 or Single Life Option, PERS must receive the member's request prior to the member's date of death. Second, in order for PERS to comport with federal law, in cases where the conversion is triggered by the termination of the member's marriage, a member is only eligible to convert their benefit if the member was married to the beneficiary on the member's date of retirement.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on August 22, 2023, at 2:00 p.m. No members of the public attended. The public comment period ended September 5, 2023, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes were incorporated before the rules were presented for adoption.

IMPACT

Mandatory: No.

Benefit: Updates the rules to reflect current agency practice and provides clarification for members.

Cost: There are no discrete costs attributable to the rules.

RULEMAKING TIMELINE

July 28, 2023	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
July 28, 2023	PERS Board notified that staff began the rulemaking process.
August 1, 2023	Secretary of State published the notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
August 22, 2023	Rulemaking hearing was held remotely at 2:00 p.m.
September 5, 2023	Public comment period ended at 5:00 p.m.
September 29, 2023	Board may adopt the rule modifications.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the changes to Retirement Benefits Rules as presented.”
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

B.2. Attachment 1 – OAR 459-013-0060 *Payment of Retirement Benefits*
B.2. Attachment 2 – OAR 459-075-0170 *Payment of OPSRP Pension Program Benefits*