



Oregon

Tina Kotek, Governor

Public Employees Retirement System

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July 28, 2023

TO: Members of the PERS Board

FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section
Yong Yang, Tax Policy Coordinator

SUBJECT: Adoption of Oregon Savings Growth Plan (OSGP) Self-Directed Brokerage Option Rule
OAR 459-050-0120, Self-Directed Brokerage Option

OVERVIEW

- Action: Adoption of changes to self-directed brokerage account requirements.
- Reason: Recommendation from both the OSGP Advisory Committee and the Oregon Investment Council

BACKGROUND

The self-directed brokerage option (SDBO) within OSGP has been available since 2011 and offers participants flexibility, increased diversification, and the ability to manage specific investments within their OSGP account. Currently, to take advantage of the SDBO, participants must have a minimum OSGP balance of \$10,000, and can transfer a maximum of 50% of their account to the SDBO. With recommendation from both the OSGP Advisory Committee and the Oregon Investment Council, PERS staff is seeking to amend OAR 459-050-0120 to lower the minimum account balance requirement for trading into the self-directed brokerage option to \$5,000 and increase the maximum percentage of account balance that can be traded into the self-directed brokerage option to 90%.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on June 28, 2023, at 2:00 p.m. The public comment period ended July 3, 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. The board may choose to follow the advisory committee recommendations, choose other presented options, or to leave the rule as is.

Benefit: Allows greater flexibility for members who elect to manage a portion of their account themselves.

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

RULEMAKING TIMELINE

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| May 29, 2023 | Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State. |
| June 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. |
| June 2, 2023 | PERS Board notified that staff began the rulemaking process. |
| June 28, 2023 | Rulemaking hearing was held remotely at 2:00 p.m. |
| July 3, 2023 | Public comment period ended at 5:00 p.m. |
| July 28, 2023 | Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel. |

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the changes to OAR 459-050-0120 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.3. Attachment 1 – *OAR 459-050-0120, Self-Directed Brokerage Option*

B.3. Attachment 2 – *OSGP Advisory Committee Recommendations*