



Oregon

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Public Employees Retirement System

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TO: Members of the PERS Board

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

SUBJECT: Notice of Rulemaking to implement 2025 legislation:

Senate Bill 849
OAR 459-009-0095 *Pooled School District Employers Side Account*

Senate Bill 851
OAR 459-005-0610 *Recovery of Overpayments*

Senate Bill 852
OAR 459-005-0570 *Required Minimum Distributions, Individual Account Program (IAP)*

House Bill 3968
OAR 459-011-0110 *Credit for Military Service under USERRA*
OAR 459-011-0115 *Credit for Military Service under ORS 238.156(3)*

Aligning with Federal Statutory Definition
OAR 459-050-0072 *Military Leave Catch-up*

OVERVIEW

- Action: Adoption of the rulemaking to implement 2025 legislation.
- Reason: Updating rules to implement new 2025 legislative changes.

BACKGROUND

The Oregon Legislature passed the following bills during the 2025 legislative session that impact PERS and require rulemaking:

SB 849 – Regarding the School Districts Unfunded Liability Fund (SDULF). This bill amended how SDULF dollars are used. The earlier statutory law contemplated using SDULF dollars as a pooled account with proportional distributions and amortization. SB 849 removed the pooled account framework and replaced it with a simple, equal per-employer rate offset. Specifically, all money in the SDULF as of February 28, 2025, must be applied in equal amounts against every school-district employer's 2025-27 PERS contribution rate by June 30, 2025, which this Board has already implemented. Any money credited to the SDULF after February 28, 2025,

must be applied, again in equal amount, to all school district employers' rate in the next biennium. Due to this legislative change, the existing OAR 459-009-0095 for Pooled School District Employers Side Account is no longer needed and will be repealed.

SB 851 – Section 1 of this bill amends Oregon Revised Statute (ORS) 238.715 by increasing the statutory threshold under which the PERS Board may waive recovery of PERS overpayment amounts from “less than \$50” to “less than \$200”. Staff is updating the increased threshold amount in our recovery of overpayment rule. Overpayment recovery policies and procedures have not changed for the agency.

SB 852 – Section 1 of this bill amends ORS 238A.400 so that if a retired Individual Account Program (IAP) member elected the installment payment option and died before all amounts are paid, the remaining account balance must be paid in a lump sum to the designated beneficiary (or beneficiaries). Under prior law, remaining installment payments would continue with an option for the beneficiary to elect a lump sum. This bill amendment simplified the administration of required minimum distribution (RMD) rules for IAP post-retirement death benefit. Staff is updating the IAP RMD rule to account for the simplified distribution method of a mandatory lump sum payment option for the beneficiary.

HB 3968 – Section 5 of this bill amends ORS 238.156(5)(a) definition of “Armed Forces” to include “Space Force” in order to align with the federal statutory definition. Staff is making corresponding updates to the definition of “Armed Forces” in both OAR 459-011-0110 and 459-011-0115. Although not impacted by HB 3968, staff is also updating the definition of “Uniformed services” in our Military Leave Catch-Up rule to include “Space force” to align with federal statutory definition.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on October 28, 2025, at 2:00 p.m. The public comment period ended October 31, 2025, at 5:00 p.m. No public comments were received.

LEGAL REVIEW

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

IMPACT

Mandatory: Yes.

Benefit: Updates multiple rules to conform with legislative changes.

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

RULEMAKING TIMELINE

September 23, 2025: Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.

October 1, 2025: Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.

September 26, 2025:	PERS Board notified that staff began the rulemaking process.
October 28, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.
October 31, 2025:	Public comment period ends at 5:00 p.m.
December 5, 2025:	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 2025 legislative implementation rulemaking.
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommend the PERS Board choose Option #1.

B.2.a Attachment 1 – OAR 459-005-0570 *Required Minimum Distributions, Generally*
B.2.a Attachment 2 – OAR 459-005-0610 *Recovery of Overpayments*
B.2.a Attachment 3 – OAR 459-009-0095 *Pooled School District Employers Side Account*
B.2.a Attachment 4 – OAR 459-011-0110 *Credit for Military Service under USERRA*
B.2.a Attachment 5 – OAR 459-011-0115 *Credit for Military Service under ORS 238.156(3)*
B.2.a Attachment 6 – OAR 459-050-0072 *Military Leave Catch-up*