



Oregon

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Public Employees Retirement System

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April 3, 2026

TO: Members of the PERS Board
 FROM: Stephanie Vaughn, Manager, Policy Analysis & Compliance Section
 SUBJECT: Notice of Rulemaking for Plan Limits Rules:

OAR 459-005-0525, *Ceiling on Compensation for Purposes of Contributions and Benefits*

OAR 459-005-0545, *Annual Addition Limitation*

OAR 459-017-0060, *Reemployment of Retired Members*

OAR 459-045-0090, *PERS Administrative Fee*

OAR 459-080-0400, *Employee Pension Stability Account (EPSA)*

OAR 459-080-0500, *Limitation on Contributions*

OVERVIEW

- **Action:** Adoption of the rules updating plan limits.
- **Reason:** Update rules to reflect the 2026 Internal Revenue Code (IRC), Social Security, salary limit, monthly salary threshold for the Employee Pension Stability Account (EPSA), and the maximum divorce administration fee.

BACKGROUND

The Internal Revenue Service revises various dollar limits annually based on cost-of-living adjustments. These revisions are used throughout the PERS plan's statutes and rules, but revisions to the limits must be adopted by the legislature or PERS Board to be effective.

The proposed rule modifications to OAR 459-005-0545 and 459-080-0500 incorporate the federal adjustments for calendar year 2026 and are necessary to ensure compliance with the federal limits on the amount of contributions. In addition, the proposed modifications to OAR 459-017-0060 adopt the 2026 Social Security earnings limitations.

Under ORS 238.005, 238A.005 and 238A.330, as amended by SB1049 (2019), on January 1 of each year, the PERS Board shall adjust the overall salary limit, and the salary threshold for Employee Pension Stability Account (EPSA) contributions to reflect cost of living increases from the previous year, based on the Consumer Price Index (CPI) for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor. ORS 238.465 was updated by HB 2284 (2023), increasing the maximum administrative fee for administering a divorce decree to \$1,300, to be increased each January 1 according to the CPI as described for the salary and EPSA threshold. PERS has established a three-tiered approach to the administrative fee based on the complexity and administrative cost of administering the court order.

The All Urban Consumers, West Region (All Items) CPI for November 2024-2025 is 3.0%. Accordingly, the amendments to the limits are as follows:

SUMMARY OF PLAN LIMIT UPDATES		
	2025 Limit	2026 Limit
Federal limit on contributions	\$70,000	\$72,000
Social Security compensation limit – before full retirement age	\$23,400	\$24,480
Social Security compensation limit – calendar year reach full retirement age	\$62,160	\$65,160
Salary limit	\$238,567	\$245,724
EPSA threshold	\$3,777	\$3,890
Divorce fee – low cost	\$666	\$686
Divorce fee – moderate cost	\$998	\$1,028
Divorce fee – high cost	\$1,331	\$1,371

At the January meeting, Board Member Scanlon inquired about how staff determines the divorce fee (i.e. what is low, medium, and high). The elements for this determination are captured in Business Rule 3251, which is included as an attachment to this item. Information regarding the fee structure is also provided on our website ([PERS : Divorce : Nonretired members : State of Oregon](#)). The divorce fee is split between the parties in the same proportion as the member’s account division, and each party’s fee is not collected until the party takes a distribution from the system.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in the PERS Board Room, on February 24, 2026, at 2:00 p.m. No members of the public attended. The public comment period ended February 27, 2026, 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 in the rules as presented for adoption.

IMPACT

Mandatory: Yes, statute requires the PERS Board to update its rules to reflect revisions by the IRS and Social Security Administration and to update its rules to reflect cost of living increases from the previous year for salary limit and EPISA contributions salary threshold.

Benefit: Clarifies the 2026 limits for: contributions and benefits under federal law, Social Security earnings limit, salary limit, EPSA contributions salary threshold, and the maximum divorce administrative fee.

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

RULEMAKING TIMELINE

January 26, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 2, 2026:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins.
January 30, 2026:	PERS Board notified that staff began the rulemaking process.
February 24, 2026:	Rulemaking hearing to be held remotely at 2:00 p.m.
February 27, 2026:	Public comment period ends at 5:00 p.m.
April 3, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The Board may:

1. Pass a motion to “adopt modifications to the Plan Limit rules, as presented.”
2. Direct staff to make other changes to the rules or explore other options.

STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- B.1. Attachment 1 - *OAR 459-005-0525, Ceiling on Compensation for Purposes of Contributions and Benefits*
- B.1. Attachment 2 - *OAR 459-005-0545, Annual Addition Limitation*
- B.1. Attachment 3 - *OAR 459-017-0060, Reemployment of Retired Members*
- B.1. Attachment 4 - *OAR 459-045-0090, PERS Administrative Fee*
- B.1. Attachment 5 - *OAR 459-080-0400, Employee Pension Stability Account (EPSA)*
- B.1. Attachment 6 - *OAR 459-080-0500, Limitation on Contributions*
- B.1. Attachment 7 – Business Rule 3251