



Oregon

Tina Kotek, Governor

January 30, 2026

Public Employees Retirement System

Headquarters

11410 S.W. 68th Parkway, Tigard, OR

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

www.oregon.gov/pers

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: None. This is notice that staff has begun rulemaking.
- 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.
- Policy Issue: None identified.

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

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely, and in the PERS Board Room, on February 24, 2026, at 2:00 p.m. The public comment period ends February 27, 2026, at 5:00 p.m.

LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are 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 EPSA 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.

March 30, 2026: Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

A rulemaking hearing will be held remotely on February 24, 2026. The rule is scheduled to be brought before the PERS Board for adoption at the March 30, 2026, board meeting.

- B.3. Attachment 1 – 459-005-0525
- B.3. Attachment 2 – 459-005-0545
- B.3. Attachment 3 – 459-017-0060
- B.3. Attachment 4 – 459-045-0090
- B.3. Attachment 5 – 459-080-0400
- B.3. Attachment 6 – 459-080-0500