



Oregon

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Public Employees Retirement System

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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 Rulemaking for Service Retirement Application Requirements Rules:
 OAR 459-013-0250 *Service Retirement Application Requirements*
 OAR 459-075-0040 *OPSRP Service Retirement Application Requirements*

OVERVIEW

- Action: Adoption of rulemaking for service retirement application requirements rules.
- Reason: To establish a reasonable time limitation for submissions of materials necessary to calculate member benefits.
- Policy Issue: None identified.

BACKGROUND

PERS members must apply for retirement in order to receive a benefit. PERS requires an application and various documentation (such as verification of date of birth) in order to establish a member's eligibility for a benefit and to correctly calculate that benefit. On occasion, members do not return all required information to PERS in time for PERS to properly process the member's retirement benefit.

When required documentation supporting service retirement applications has not been received by PERS, the Intake and Review Team sends members multiple follow-up letters, and the Team One Follow-Up Team subsequently contacts the member via telephone (and email when an email address is available). Despite staff's multiple efforts to obtain the required documentation, there are occasions when members do not provide the required information.

Under federal law, PERS is required to begin monthly benefit payments within 62 days from the date that the member's first monthly payment is due. Because PERS pays benefits in arrears, staff often refer to this requirement as a 92-day deadline to account for the month between a member's effective retirement date and benefits becoming payable. If the agency is unable to establish a member's eligibility for the benefit or the monthly benefit amount by the 92-day deadline because we have not received the required documentation from the member, PERS should reject the application as incomplete. Note that if PERS is unable to determine eligibility or calculate the benefit because the member's employer(s) have not provided necessary information by the 92-day deadline, the member will be put on estimated payments.

The draft rules were originally noticed at the July 2024 board meeting. PERS received public comment on the original draft rules. On November 7, 2024, staff met with outside stakeholders regarding the public comment submitted. Staff was able to address some of the concerns by providing additional information and clarification in that meeting and agreed to further augment the planned administrative process changes slightly to address other stakeholder concerns.

Staff have edited the rules taking into account stakeholder concerns. As requested by the board at the October 2024 PERS Board meeting, PERS submitted the draft rules to the Department of Justice (DOJ), to assess whether the rules were statutorily permissible. The rules presented today have been updated to comport with the guidance provided by DOJ as to what is permitted under PERS' statutory authority.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on August 20, 2024, at 2:00 p.m. The public comment period ended August 23, 2024, at 5:00 p.m. PERS has received public comment regarding the requested rule modifications, which is provided as an attachment to this memo.

LEGAL REVIEW

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

IMPACT

Mandatory: No.

Benefit: Administrative costs will be reduced and promotes administrative efficiency.

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

RULEMAKING TIMELINE

July 26, 2024	PERS Board notified that staff began the rulemaking process.
August 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
August 1, 2024	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 20, 2024	Rulemaking hearing was held remotely at 2:00 p.m.
August 23, 2024	Public comment period ended at 5:00 p.m.
October 4, 2024	First Reading of the rule.
December 6, 2024	Second Reading of the rule.
January 31, 2025	Third Reading of the rule.
March 31, 2025	Expected adoption of the rule.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt service retirement application requirements 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 459-013-0250 Service Retirement Application Requirements*

B.2. Attachment 2 – *OAR 459-075-0040 OPSRP Service Retirement Application Requirements*

B.2. Attachment 3 – *Public Comment from PERS Coalition*