



Oregon

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July 24, 2026

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: Adoption the Oregon Savings Growth Plan (OSGP) Loan Program Rule

OAR 459-050-0077 *Loan Program*

OVERVIEW

- Action: Adoption of OSGP Loan Program update.
- Reason: To allow members to repay their OSGP loans using ACH (automated clearing house) payment method.

BACKGROUND

The Oregon Savings Growth Plan (OSGP) includes a participant loan program that allows eligible participants to borrow against their vested account balances in accordance with IRC 72(p). Under the current rule, loan repayments are required to be made through employer payroll deduction.

Reliance on payroll deduction as the sole repayment mechanism creates several operational and compliance challenges. When a participant separates from employment with the employer responsible for processing payroll deductions, loan repayment ceases, and the loan is treated as in default unless repaid within the applicable cure period. In addition, the payroll-based repayment model requires ongoing coordination between participating employers, their payroll systems, and the Plan's third-party administrator (TPA), increasing administrative complexity and the risk of missed or delayed payments.

The proposed amendments to OAR 459-050-0077 introduce automated clearing house (ACH) debits as an additional repayment option. Allowing ACH repayment provides participants with a continuous repayment mechanism that is not dependent on employer payroll system. This change is intended to reduce the likelihood of loan defaults due to employment separation and to streamline administration by reducing reliance on employer payroll processes and data exchange.

The amendments also clarify participant responsibility for timely loan repayment regardless of the repayment method, establish procedures for addressing missed or failed ACH payments, and authorize the Program or TPA to reinstate ACH debits consistent with applicable operating rules. In addition, the rule clarifies that participants who have an outstanding loan that has been treated as a deemed distribution and not repaid are ineligible for a new loan.

Finally, the amendments modify the current restriction that requires a 12-month waiting period after repayment of a loan before a participant may obtain a new loan. Under the proposed rule

amendment, participants who have fully repaid an existing loan may apply for a new loan without a waiting period, aligning the program more closely with participant needs while maintaining appropriate safeguards.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on June 23, 2026, at 2:00 p.m. The public comment period ended June 26, 2026, at 5:00 p.m. No comments were received.

IMPACT

Mandatory: No

Benefit: Providing greater flexibility in loan repayment options for the plan participants and reducing administrative burden for the employers

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

RULEMAKING TIMELINE

May 25, 2026:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 29, 2026:	PERS Board notified that staff began the rulemaking process.
June 1, 2026:	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. The public comment period began.
June 23, 2026:	Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m.
June 26, 2026:	Public comment period ended at 5:00 p.m.
July 24, 2026:	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff.

BOARD OPTIONS

The Board may:

1. Pass a motion to adopt modifications to the OSGP loan program 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.3. Attachment 1 – OAR 459-050-0077 *Loan Program*