



Oregon

Tina Kotek, Governor

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

September 26, 2025

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 OSGP Designation of Beneficiary Rule:
OAR 459-050-0060 OSGP Designation of Beneficiary

OVERVIEW

- Action: Adoption of amended OSGP Designation of Beneficiary Rule.
- Reason: Update the Oregon Savings Growth Plan's (OSGP) treatment of Standard Designation of Beneficiary to be consistent with the PERS plan. Update the OSGP's process to align with the PERS plan when the participant has no named beneficiary on file.

BACKGROUND

Oregon Savings Growth Plan (OSGP) participants are able to designate beneficiaries for their OSGP accounts. OSGP has traditionally accepted a "standard designation" option as a beneficiary designation; however, while outlined in instructions and forms, the term standard designation has never been defined in OSGP statutes or rules.

As of January 1, 2024, the statutory default beneficiary (i.e., who is entitled to a death benefit in the event the member fails to designate a beneficiary) for the PERS plan (i.e., pension programs and IAP) was updated by the Oregon Legislature to be consistent across ORS 238 and ORS 238A programs. Although PERS and OSGP are both administered by the PERS Board, OSGP is a separate deferred compensation plan, contained in Oregon Revised Statute (ORS) Chapter 243. However, OSGP and its third-party administrator, Voya, have used the standard beneficiary designation used by the PERS plan as a template for OSGP's forms. As the standard beneficiary designation is being phased out for the PERS plan, the amendments to this rule provide consistent treatment for OSGP participants.

The amendment to the rule defines the term as it has been used and applied by OSGP, determining the account beneficiary in the following order:

- to the spouse, if married at the time of death;
- if not married then to the child/children, in equal shares;
- if no children, to the parents in equal shares;
- if parents both predeceased, to the member's siblings; and
- if no siblings alive; then, finally,
- payment would be made the decedent's estate.

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To maintain alignment with the PERS plan with respect to the standard beneficiary designation, as of January 1, 2026, OSGP staff will no longer be accepting the standard designation for OSGP participants. Standard designations received before January 1, 2026, will be honored regardless of when the participant passes away, unless revoked by the participant. Going forward, when filling out beneficiary designation forms, participants will be required to name specific individuals or entities as beneficiaries. This will make processing death benefits more efficient, as it is often difficult to identify beneficiaries and determine individual death benefits.

Additionally, the rule has been amended to align with the PERS plan by establishing a default beneficiary, according to the following order: The participant's surviving spouse or other person who is constitutionally required to be treated in the same manner as a spouse; the participant's surviving children, in equal shares; or the participant's estate.

Finally, the rule includes a minor edit to correct a reference in another Oregon Administrative Rule where the numbering has been updated.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely and in person on August 26, 2025, at 2:00 p.m. The public comment period ended August 29, 2025, at 5:00 p.m. PERS did not receive any public comments.

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: No

Benefit: Updates the OSGP rules to align with the PERS plan; provides clarification for participants and beneficiaries.

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

RULEMAKING TIMELINE

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| July 21, 2025: | Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State. |
| August 1, 2025: | 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. |
| July 25, 2025: | PERS Board notified that staff began the rulemaking process. |
| August 26, 2025: | Rulemaking hearing was held remotely and at the PERS headquarters at 2:00 p.m. |
| August 29, 2025: | Public comment period ended at 5:00 p.m. |
| September 26, 2025: | Staff will propose adopting the rule modifications, including any changes resulting from public comments or reviews by staff or legal counsel. |

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt amendments to the OSGP Designation of Beneficiary Rule, 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.4. Attachment 1 – OAR 459-050-0060 *OSGP Designation of Beneficiary*