



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

Headquarters

11410 S.W. 68<sup>th</sup> Parkway, Tigard, OR

Mailing Address:

P.O. Box 23700

Tigard, OR 97281-3700

888-320-7377

TTY (503) 603-7766

[www.oregon.gov/pers](http://www.oregon.gov/pers)

July 25, 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: Notice of Rulemaking for Death and Survivor Benefits:  
OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*

### OVERVIEW

- Action: Adoption of amended Pre-Retirement Designation of Beneficiary rule.
- Reason: Clarify treatment of *Standard Designation of Beneficiary* forms which have become redundant after Legislature updated the statutory default beneficiary standard.
- Policy Issue: None identified.

### BACKGROUND

PERS members are able to designate beneficiaries for certain pre-retirement and post-retirement death benefits. PERS has traditionally accepted the “standard designation” as a beneficiary designation for these purposes; however, while outlined in instructions and forms, the term standard designation has never been defined in PERS’ statutes or rules. The amendment to the rule defines the term as it has been used and applied by PERS for many years. The definition derives from the probate statutes in ORS, which are not directly applicable to PERS, and awards death benefits in the follow 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.

As of January 1, 2024, PERS’ statutory default beneficiary (i.e. who is entitled to a death benefit in the event the member fails to designate a beneficiary) was updated by the Oregon Legislature to be consistent across all programs. The statutory defaults award the benefits first to a surviving spouse, then to any children of the member, then to the member’s estate. Generally, this statutory default is a simplified version of the standard beneficiary designations on prior forms.

Given the similarity between the standard designation and the now consistent statutory default beneficiaries, as of January 1, 2026, staff will no longer be accepting the standard designation. Therefore, it is important to memorialize the definition in rule. Standard designations received before January 1, 2026, will be honored regardless of when the member passes away, unless revoked by the member.

When filling out beneficiary designation forms, members will be required to name specific individuals or entities as beneficiaries. This will make processing death benefits more efficient, as it was sometimes difficult to identify beneficiaries and determine individual death benefits. This can still be an issue with the statutory defaults, but to a lesser extent than with the standard designation.

In response to the notice of this rulemaking presented at the May 30, 2025 Board meeting, PERS received public comments from external stakeholders expressing concern that the new rules have not been made available to the public and asked if there would be a notice period with the opportunity for feedback. Additionally, they expressed concern with the provisions that would preclude any changes not included on forms from being administrable. Generally, PERS does not provide forms for review before change are made.

#### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely, and in person, on June 24, 2025, at 2:00 p.m. The public comment period ended June 27, 2025, 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 have been incorporated in the rules as presented for adoption.

#### IMPACT

Mandatory: No

Benefit: Provides a definition of Standard Designation; provides clarification for members and beneficiaries regarding current and past practice in relation to use of the standard beneficiary designation, and; provides notice of change in practice beginning January 1, 2026.

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

#### RULEMAKING TIMELINE

May 28, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
June 2, 2025:	Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. The public comment period begins.
May 30, 2025:	PERS Board notified that staff began the rulemaking process.
June 24, 2025:	Rulemaking hearing to be held remotely and at the PERS headquarters at 2:00 p.m.

June 27, 2025: Public comment period ends at 5:00 p.m.

July 25, 2025: Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to adopt “Pre-Retirement 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.5. Attachment 1 – OAR 459-014-0030 *Pre-Retirement Designation of Beneficiary*