



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

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TO: Members of the PERS Board

FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Adoption 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: Adoption of rulemaking for plan limits rules.
- Reason: Update rules to reflect the 2025 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 2025 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 2025 Social Security earnings limitations.

Under ORS 238.005, 238A.005, and 238A.330, as amended by Senate Bill 1049 (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 House Bill 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 2023-2024 is 2.4%. Accordingly, the amendments to the limits are as follows:

SUMMARY OF PLAN LIMIT UPDATES		
	2024 Limit	2025 Limit
Federal limit on contributions	\$69,000	\$70,000
Social Security compensation limit – before full retirement age	\$22,320	\$23,400
Social Security compensation limit – calendar year reach full retirement age	\$59,520	\$62,160
Salary limit	\$232,976	\$238,567
EPSA threshold	\$3,688	\$3,777
Divorce fee – low cost	\$650	\$666
Divorce fee – moderate cost	\$975	\$998
Divorce fee – high cost	\$1,300	\$1,331

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely and in the PERS boardroom on February 25, 2025, at 2:00 p.m. The public comment period ends February 28, 2025, at 5:00 p.m. No public comments were received.

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: 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 2025 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 27, 2025:	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 3, 2025:	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 31, 2025:	PERS Board notified that staff began the rulemaking process.
February 25, 2025:	Rulemaking hearing to be held remotely at 2:00 p.m.
February 28, 2025:	Public comment period ends at 5:00 p.m.
March 31, 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 the annual plan limits 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.3. Attachment 1 – *459-005-0525 Ceiling on Compensation for Purposes of Contributions and Benefits*

B.3. Attachment 2 – *459-005-0545 Annual Addition Limitation*

B.3. Attachment 3 – *459-017-0060 Reemployment of Retired Members*

B.3. Attachment 4 – *459-045-0090 PERS Administrative Fee*

B.3. Attachment 5 – *459-080-0400 Employee Pension Stability Account (EPSA)*

B.3. Attachment 6 – *459-080-0500 Limitation on Contributions*