

OFFICE OF THE SECRETARY OF STATE
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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 459
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

FILED

05/29/2025 10:14 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Clarify treatment of beneficiaries

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 06/27/2025 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
Joel Mellor
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 06/24/2025

TIME: 2:00 PM - 3:00 PM

OFFICER: Joel Mellor

IN-PERSON HEARING DETAILS

ADDRESS: OAR Headquarters Boardroom, 11410 SW 68th Parkway, Tigard, OR 97223

REMOTE HEARING DETAILS

PHONE NUMBER: 971-300-4342

CONFERENCE ID: 455189009

SPECIAL INSTRUCTIONS:

Microsoft Teams

Meeting ID: 247 233 936 754 1

Passcode: Nq7qL7n7

NEED FOR THE RULE(S)

Clarify treatment of Standard Designation of Beneficiary forms which have become redundant after Legislature codified intestate standard.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

ORS 238.005, 238.300, 238.305, 238.325, 238.390, 238.440, 238A.230, 238A.410, 238A.450.

All are available online

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

Adoption of the rule will not affect racial equity.

FISCAL AND ECONOMIC IMPACT:

There are no discrete costs attributable to the rules

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

None

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The rules do not affect small businesses and therefore small businesses were not involved in the development of the rules.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

A public hearing will be held and the PERS Board solicits input on rules from any interested or affected parties.

AMEND: 459-014-0030

RULE SUMMARY: Clarify treatment of Standard Designation of Beneficiary forms which have become redundant after Legislature codified intestate standard.

CHANGES TO RULE:

459-014-0030

~~Pre-Retirement~~ Designation of Beneficiary ¶¶

- (1) ~~At any time m~~before the effective date of retirement, a member or an alternate payee with a separate account may designate a new beneficiary or revoke a previous designation of beneficiary: ¶¶
- (a) At any time before the effective date of retirement for the purposes of paying benefits under ORS 238.390 and 238A.410.¶¶
- (b) At any time on or after the effective date of retirement for the purposes of paying benefits under ORS 238.300, 238.305(1)(Option 4), 238.325(1)(Option 4), or 238A.400.¶¶
- (2) A designation of beneficiary must be:¶¶
- (a) In a written format acceptable to PERS;¶¶
- (b) Signed and dated by the member or alternate payee; and¶¶
- (c) Received by PERS before the member or alternate payee's death.¶¶
- (3) For forms received prior to January 1, 2026, the "standard designation" option selected shall indicate that PERS will pay benefits in the order listed below:¶¶
- (a) To the spouse. If not married at time of death, then to¶¶
- (b) The child or children, in equal shares. If any child is deceased, their portion is equally divided between that child's children. If all decedent's children are predeceased, benefits will be paid, in equal shares, to decedent's grandchildren. If there is no one in this group, then to¶¶
- (c) The mother and father in equal shares. If one parent is predeceased, their share is paid to the other parent. If both parents are predeceased, then to¶¶
- (d) The siblings in equal shares. If any sibling has predeceased, their share will be paid to that sibling's children equally. If all siblings are predeceased, all of their children will share equally. If there is no one in this group, then¶¶
- (e) Payment will be made to decedent's estate.¶¶
- (4) PERS will honor all standard designations received and accepted prior to January 1, 2026 unless revoked. After

January 1, 2026, PERS will no longer accept standard designations.¶

(5) The receipt by PERS of a new beneficiary designation revokes all previous designations.¶

(46) A member who has a member account and IAP account or an alternate payee with separate accounts must file a designation of beneficiary for each account.¶

(57) If the designation of beneficiary on file with PERS at the time of death is not administrable, distributions will be paid as if no designation of beneficiary had been made in accordance with ORS 238.390 and 238A.410.¶

(68) If a trustee of a trust is named as beneficiary, the individual beneficiary or beneficiaries of the trust will be treated as designated beneficiaries for the purpose of federal Required Minimum Distribution rules pursuant to 26 CFR 1.401(a)(9)-4, if the trust satisfies the following requirements:¶

(a) The trust is a valid trust under state law, or would be but for the fact it is not funded;¶

(b) The trust is irrevocable or will become irrevocable upon the death of the member or alternate payee;¶

(c) The beneficiaries of the trust, with respect to the trust's interest in the account, are identifiable from the trust instrument. The beneficiaries will be considered identifiable as long as it is possible to identify the beneficiary with the shortest life expectancy; and¶

(d) PERS is provided:¶

(A) A copy of the trust document; or¶

(B) A certification of trust containing the following:¶

(i) A list of all beneficiaries of the trust;¶

(ii) Certification that the list is correct and complete to the best of the member or alternate payee's knowledge and the trust satisfies the requirements in subsections (a), (b) and (c) of this section; and¶

(iii) A statement agreeing to provide a copy of the trust document upon demand.¶

(79) If a trust fails to satisfy the requirements in section (68) of this rule, the member will be deemed as having no beneficiary for purposes of Required Minimum Distributions and the entire death benefit must be distributed to the trust by December 31 of the calendar year containing the fifth anniversary of the death of the member or alternate payee pursuant to 26 CFR 1.401(a)(9)-3.¶

(810) The beneficiary designation made by a Tier One or Tier Two member will apply to the member account as defined in ORS 238.005 and any optional unit account under ORS 238.440.¶

(911) A pre-retirement designation of beneficiary may not be made for the OPSRP Pension Program as ORS 238A.230 determines who is eligible to receive a pre-retirement death benefit.¶

(102) The right of a beneficiary to receive a death benefit payment may not be deemed nullified or waived by any agreement or property settlement between the member and the beneficiary, or on behalf of either of them, which does not specifically mention such right and waive it on the part of the beneficiary or vacate and set aside the designation of said beneficiary by such member.

Statutory/Other Authority: ORS 238.650, 238A.450

Statutes/Other Implemented: ORS 238.390, 238A.230, 238A.410