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NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 459

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

FILED: 09/23/2026 3:43 PM

ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Updates to deferred compensation plan enrollment

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 10/23/2026 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: 10/20/2026
TIME: 2:00 PM
OFFICER: Joel Mellor

IN-PERSON HEARING DETAILS
ADDRESS: OAR Headquarters Board Room, 11410 SW 68th Parkway, Tigard, OR 97223

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 971-300-4342
SPECIAL INSTRUCTIONS:
Meeting ID: 220 333 165 467 609
Passcode: 6rC6uA7g

Dial in by phone
+1 971-300-4342,,190953872#
Phone conference ID: 190 953 872#

NEED FOR THE RULE(S):

OAR 459-050-0050 establishes the eligibility and enrollment requirements for the Oregon Savings and Growth Plan (OSGP). Portions of the rule were written around monthly payroll administration and fixed-dollar deferral elections. Participating employers, however, may use different payroll schedules, including biweekly and semimonthly schedules, and OSGP administration permits participants to elect deferrals as either a dollar amount or a percentage of compensation.

The existing rule also ties the effective date of an enrollment election to receipt of a complete application by the twenty-fifth of a calendar month, with salary reduction beginning in the following calendar months. That monthly standard does not align well with employer-specific payroll process deadlines and may delay implementation even when an election can be processed for an earlier pay period.

In addition, when an employer changes payroll frequency, continuing the same fixed-dollar deduction for each pay period can materially increase or decrease the participant's total contribution for the calendar year. The rule does not currently state how OSGP should convert the deduction to account for that change.

The proposed amendments address these administrative issues as follows:

- Replace monthly terminology with pay-period terminology and expressly recognize both dollar-amount and percentage elections;
- Provide that an enrollment election becomes effective with the first pay period that can be administratively processed after OSGP determines that the application is complete and acceptable under the employer's applicable payroll deadline;
- Describe the minimum deferral as a minimum contribution amount established under the plan, rather than as a monthly minimum; and
- Authorize OSGP, when an employer changes payroll frequency, to adjust a participant's payroll deduction to maintain substantially equivalent contributions over the calendar year unless the participant elects a different amount or percentage.

The payroll-frequency adjustment preserves the participant's existing annual contribution intent; it does not create a new participant election. Participants remain free to change their deferral amount or percentage in accordance with plan procedures.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

ORS 243.470

These documents are available on the Internet at: https://www.oregonlegislature.gov/bills_laws/Pages/ORS.aspx

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: 459-050-0050

RULE SUMMARY: Clarifying eligibility and enrollment of OSGP

CHANGES TO RULE:

459-050-0050
Eligibility and Enrollment ¶

The purpose of this rule is to establish eligibility criteria and the process for an eligible employee to enroll in the Deferred Compensation Plan established in accordance with section 457 of the Internal Revenue Code and ORS Chapter 243.¶
(1) Eligible employee. Eligible employee shall have the same meaning as in OAR 459-050-0001, and as defined by section 457 of the Internal Revenue Code.¶
(2) Application for enrollment. Subject to the requirements of subsections (a) through (c) of this section, an eligible employee may enroll to participate in the Deferred Compensation Program by entering into a written agreement as specified herein with the plan sponsor. The written agreement must specify that a portion of the eligible employee's future compensation will be reducedfrom each ~~month~~applicable pay period, the amount o~~f thr~~r percentage reduction, and that the amount of the reduction will be contributed to account(s) established for the employee in the Deferred Compensation Plan.¶
(a) An eligible employee may enter into an agreement to participate in the plan on or before the first day of employment or anytime while employed; provided, however, that the requirements of subsection (b) of this section must be satisfied.¶
(b) In order for an eligible employee to be enrolled, an enrollment form, as defined in OAR 459-050-0001 and provided by the Deferred Compensation Program, must be properly completed and filed with the Deferred Compensation Program. ¶
(c) If the form is incomplete, does not comply with plan provisions in any manner whatsoever, or the Plan is unable to process the application, then staff will notify the eligible employee within 30 calendar days from the date the enrollment form is received with the reasons the Deferred Compensation Program cannot accept the enrollment as submitted.¶
(3) Deferral effective date. The Deferred Compensation Program must receive an application for enrollment and ~~be able to~~ determine that the application is complete and ~~may be processed no later than the 25th day of any calendar month for salary reduction of future earnings to begin from compensation paid for services performed during the calendar month following receipt of enrollment~~acceptable before the payroll processing deadline applicable to the employee's employer. Salary reduction shall begin with the first pay period that can be administratively processed.¶
(4) Investment option preference(s): Except for account balances invested in the Self-Directed Brokerage Option as provided under OAR 459-050-0120, Plan participants may only invest their account balances by choosing from investment options provided by the plan sponsor.¶
(5) Disclosure statement. Before the deferral of any part of an eligible employee's salary, the employee shall be provided information about the investment options including, but not limited to, the probable income and safety of the moneys deferred. Statements about the relative risk and returns of investment options do not represent predictions of how the investments will perform in the future, but rather provide only a general description of the current investment and how it has performed in the past. The Deferred Compensation Program does not provide investment advice, fund analysis or research. Investment options are not guaranteed nor FDIC insured.¶
(6) Deferral amount. A participant's salary shall be reduced each pay period in an amount or percentage specified by the participant for the purpose of contribution to the participant's account(s) in the Deferred Compensation Program. The amount of the salary reduction may not be less than the minimum ~~per~~ contribution amount~~h~~ established ~~by~~under the plan ~~sponsor~~ and may not exceed the maximum applicable allowable contribution to a

Deferred Compensation Plan as defined in section 457(b)(2) of the Internal Revenue Code.¶
(a) A new participant who enrolls after the first pay period in a calendar year may elect to defer the maximum allowable contribution for the year from future compensation for the remainder of the year.¶
(b) The participant's maximum deferral limit is determined without regard to amounts rolled over from an eligible retirement plan to the participant's Deferred Compensation account.¶
(c) If an employer changes its payroll frequency, the Deferred Compensation Program shall adjust the participant's payroll deduction amount to maintain substantially equivalent contributions over the course of a calendar year, unless the participant elects a different amount or percentage.
Statutory/Other Authority: ORS 243.470
Statutes/Other Implemented: ORS 243.401-243.507