



# What you need to know about Senate Bill 1049 as a PERS employer reporter

Details are updated as PERS implements SB 1049. Find the latest information for PERS-participating employers on <https://www.oregon.gov/pers/EMP/Pages/SB1049.aspx>.

Contact your Employer Service Center (ESC) representative with any questions: <https://www.oregon.gov/pers/EMP/Pages/ESC-Representatives.aspx>

*This information simplifies changes under SB 1049 and may not reflect all situations. Information is subject to change. Updated in January 2022.*

## WORK AFTER RETIREMENT CHANGES (Effective January 1, 2020)

If you choose to hire (or continue employing) a PERS service retiree from 2020 through 2024, most of those retirees (see exception for early retirees below) can work an unlimited number of hours in those calendar years while continuing to receive their PERS pension benefit.

Also from 2020 through 2024, you are required to pay to PERS your employer contribution rate on any service retiree's wages (the "PERS rate," which includes applicable Pension and Post-Retirement Healthcare rates, but not any Individual Account Program (IAP) contributions) as if they were an active member. To trigger an invoice for contributions on retiree wages, PERS added new wage codes to EDX: wage code 17 to report retiree wages and wage code 18 to negatively adjust retiree wages.

**Early retirees:** Employees who retired early can work unlimited hours only after they have had a complete break in all employment with any PERS-participating employer for **at least six months** (including temporary work and work under the existing Work After Retirement limits). If the early retiree has not had a complete break from all PERS-participating employment for at least six months from their effective retirement date, the 1,039-hour limitation (Tier One/Tier Two members) or 600-hour limitation (OPSRP members) applies.

**Disability retirees:** SB 1049 does not affect disability retirements.

**Learn more:** <https://www.oregon.gov/pers/EMP/Pages/Work-After-Retirement.aspx>

## SALARY LIMIT (Effective January 1, 2020)

SB 1049 changed the definition of "salary" for PERS purposes and created a new \$195,000\* limitation on subject salary. The limit impacts what PERS considers "subject salary" paid **after** January 1, 2020, but does not impact salary paid before that date. PERS subject salary is used to determine member IAP contributions, employer contributions to fund the pension program, and the final average salary (FAS) used in calculating retirement benefits under formula methods.

Note that if you employ a member (including a rehired retiree) for less than 12 months in a calendar year, the member's subject salary is limited based upon a "partial year" calculation\* (including any eligible lump-sum payments for Tier One/Tier Two members).

*\*The limit is indexed annually to the Consumer Price Index (CPI) [All Urban Consumers, West Region].*

**Learn more:** Illustrative examples to help members understand how they may or may not be affected by the salary limit are available at:

[www.oregon.gov/pers/MEM/Pages/SB-1049-Changes-Salary-Limit.aspx](http://www.oregon.gov/pers/MEM/Pages/SB-1049-Changes-Salary-Limit.aspx)

**Subject and non-subject salary:** Review the annual salary limits and information about payment categories to confirm what is considered subject and non-subject salary at:

[www.oregon.gov/pers/EMP/Pages/Employer-Tools.aspx](http://www.oregon.gov/pers/EMP/Pages/Employer-Tools.aspx)

**Partial years:** If you have an employee who works fewer than 12 months in a calendar year, their salary limit is prorated based on the number of months they were employed in an active, qualifying position that year.

The Partial Year webpage includes a number of examples to help employers correctly report subject salary. [www.oregon.gov/pers/EMP/Pages/Partial-Year.aspx](http://www.oregon.gov/pers/EMP/Pages/Partial-Year.aspx)

## **MEMBER REDIRECT** *(Effective July 1, 2020)*

**Employee Pension Stability Account:** Starting July 1, 2020, for all currently employed Tier One/Tier Two and OPSRP members earning more than that year's monthly salary threshold\*, a portion of their 6% IAP contributions are being redirected to their Employee Pension Stability Account (EPSA). The member's EPSA will be used to pay for part of their future pension benefit.

### **Tier One/Tier Two members (hired before August 29, 2003)**

- 2.5% of salary that was contributed to the IAP (paid by either the member or the employer) now goes into the member's EPSA. The remaining 3.5% of salary continues to go to the member's existing IAP account.
- Members can elect to make an additional after-tax "voluntary contribution" (to be deducted by their employer) of 2.5% of salary to continue to have a full 6% contribution to their IAP.

### **Oregon Public Service Retirement Plan (OPSRP) members (hired after August 28, 2003)**

- 0.75% of salary that was contributed to the IAP (paid by the member or the employer) now goes into the member's EPSA. The remaining 5.25% of salary continues to go into the member's existing IAP account.
- Members can elect to make an additional after-tax "voluntary contribution" (to be deducted by their employer) of 0.75% of salary to continue to have a full 6% contribution to their IAP.

**More information:** Visit the member webpage at [www.oregon.gov/pers/MEM/Pages/SB1049.aspx](http://www.oregon.gov/pers/MEM/Pages/SB1049.aspx) and the employer webpage at [www.oregon.gov/pers/EMP/Pages/SB1049.aspx#MemberRedirect](http://www.oregon.gov/pers/EMP/Pages/SB1049.aspx#MemberRedirect)

Read instructions for managing an employee's voluntary contribution at:

[www.oregon.gov/pers/EMP/Pages/Voluntary-Contributions-EDX.aspx](http://www.oregon.gov/pers/EMP/Pages/Voluntary-Contributions-EDX.aspx)

*\*The monthly threshold is adjusted each year in accordance with the Consumer Price Index. The current threshold is published on <https://www.oregon.gov/pers/MEM/Pages/SB1049-EPSA.aspx>.*

## **MEMBER CHOICE** *(Effective January 1, 2021)*

Each year, nonretired members can elect to have their IAP balance invested in an IAP Target-Date Fund that better reflects their retirement savings goals.

**Learn more:** [www.oregon.gov/pers/Pages/Financials/IAP-Target-Date-Funds.aspx](http://www.oregon.gov/pers/Pages/Financials/IAP-Target-Date-Funds.aspx).