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Employer Announcement #43

September 4, 2007

2007 Legislation Affecting PERS Employers

This is a review of 2007 Legislation that affects PERS employers. The descriptions highlight the key provisions of each bill. The full text of each bill is posted at: http://www.leg.state.or.us/bills_laws/

Note: Exceptions to the work after retirement limit of 1039 hours per calendar year that are created or referenced in the following bills refer **ONLY** to Tier One and Tier Two retirees and ARE NOT available to OPSRP Pension Program retirees.

HB 2184: 1039 exception for Deputy Director/Assistant Director, Department of Human Services

Adds an exception to ORS 238.082 to allow a retired member employed as Deputy Director or Assistant Director of the Department of Human Services to exceed the 1039-hour limitation if the Governor approves the exception for the specific person in the position.

Effect: This is a very limited exception to the work after retirement limits of 1039 hours per calendar year. It applies to the individual occupying a single position with the Department of Human Services.

Effective date: June 7, 2007.

HB 2401: 9-1-1 Operators

Allows a Tier One or Tier Two member who is a telecommunicator (9-1-1 operator) and who has 25 years or more of creditable service as a telecommunicator to retire with an actuarially reduced benefit. Allows an OPSRP Pension Program member who is a telecommunicator (9-1-1 operator) and who has 25 years or more of retirement credit as a telecommunicator to retire with an actuarially reduced benefit. Provides that member who retires under this eligibility standard(s) may not receive a COLA until age 55. Establishes that a Tier One or Tier Two member who retires under this standard is NOT eligible for certain "work after retirement" restrictions in ORS 238.078, .082 and .088.

Effect: This bill DOES NOT extend Police and Fire job classification to 9-1-1 operators. It creates a separate retirement eligibility standard. The bill allows a 9-1-1 operator to retire at any age with 25 years service as a 9-1-1 operator, but the retirement benefit will be actuarially reduced for early retirement. These retirees will not receive cost-of-living adjustments (COLAs) until reaching age 55.

Retirement under these standards is "early retirement" and may preclude a Tier One/Tier Two retiree from being eligible for exceptions to work after retirement restrictions.

Effective date: January 1, 2008.

HB 2285: “Break in Service”

Eliminates “Break in Service” statutory provisions retroactively. Applies to all service by members of the system, whether performed before, on, or after the effective date of the Act. All exceptions to “Break in Service” are eliminated and the bill effectively treats “Break in Service” as if it never existed.

Previously, if a member left PERS-qualifying service on or after August 29, 2003 and was absent from paid service for six consecutive full months (or 12 months in some cases) a “break in service” occurred and the member was only eligible for OPSRP membership if they returned to employment with a PERS-participating employer.

Directs PERS, as soon as possible after the effective date of the Act, to:

- 1) Recalculate the retirement benefit of any member who retired before the effective date of the Act if the benefit was affected by “break in service.”
- 2) Adjust the service credit of any active or inactive member who was affected by “break in service.”
- 3) Adjust IAP contributions and accounts of any active or inactive member who was affected by “break in service.” Permits PERS to refund or require additional contributions to adjust account balances.

Effect: This requirement means extensive reprogramming of EDX and should be complete late in 2008. PERS is currently identifying procedures and policies needed to meet legislative mandates until EDX can be modified. Those procedures and policies will be made known as they are defined.

Effective date: January 1, 2008.

HB 2285: OPSRP Pension Retirement Credit accrual (FTE elimination)

Eliminates provisions in ORS 238A.140 regarding full-time equivalency (FTE), hours, proration, and accrual of retirement credit. Provides for accrual of retirement credit in the same manner as in the Tier One/Tier Two (Chapter 238 program).

Provides that an active member of the OPSRP Pension Program accrues one year of retirement credit for each complete year of service and one-twelfth of a year of retirement credit for each full month or major fraction of a month.

Eliminates the requirement that a member must have 600 hours of service in a calendar year to accrue retirement credit.

Provides that school employees are credited with six months of retirement credit if they perform service for the major fraction of each month of the school year that falls within the six months.

Retains crediting of retirement credit upon completion of the waiting period; allows a maximum of one year of retirement credit for any calendar year.

Eliminates the equivalency of 1.0 FTE to 1200 hours for academic employees of community colleges.

Effect: FTE is eliminated for accrual of OPSRP Pension Program retirement credit. OPSRP Pension Program retirement credit and Tier One/Tier Two creditable service will be awarded for each full month or major fraction of a month.

There will be no change in the way wages, hours and contributions are reported by employers.

The bill requires PERS to recalculate retirement benefits and adjust service credit, IAP contributions, and accounts for any active/inactive member affected by this bill. This requirement means extensive reprogramming of EDX and should be complete late in 2008.

PERS is currently identifying procedures and policies needed to meet legislative mandates until EDX can be modified. Those procedures and policies will be made known as they are defined.

Continue to report FTE on new hires and members changing job class as you currently do. Your ESC account representative can assist you with this effort.

Effective date: January 1, 2008.

HB 2585: Reemployed retirees - Community Colleges and Education Service Districts

Creates an exception to the 1039-hour per calendar year work after retirement limitation for a retired member who is employed as a:

- 1) Teacher or administrator by a community college district located in a county of 35,000 inhabitants or less.
- 2) Teacher or administrator by an education service district (ESD) and whose primary duties are performed in a county of 35,000 inhabitants or less.
- 3) Speech-language pathologist or speech-language pathologist assistant by a school district or education service district (ESD) (this provision sunsets January 2, 2016).

Provides that these exceptions to the 1039-hour limit, and the current exception for employment as a teacher or administrator by a school district located in a county of 35,000 inhabitants or less, are available to members who took early retirement if the date of employment in the position is at least six month later than the member's retirement date.

Effect: Previously, exceptions to the 1039-hour per calendar year work after retirement limitation were not available to Tier One/Tier Two retirees who took early retirement. This bill provides specific conditions under which specific exceptions may be available to early retirees.

Effective date: July 16, 2007.

HB 2619: PERS Omnibus Bill

A) Clarifies that hours worked by a retired member employed by the Legislative Assembly or the Oregon State Police for service during the legislative session are not counted toward the 1039-hour per calendar year work after retirement limitation. Removes the requirement that retired member must be age 65 or older.

B) Provides for net earning and losses to be credited to member accounts in Loss of Membership status during subsequent periods of active membership. Crediting is permitted only for active membership periods **served on or after the effective date of this Act, July 16, 2007.**

Effect: A) The “clock stops” (hours stop accumulating toward the 1039 limit) for hours worked by Tier One/Tier Two retirees working for the Legislative Assembly or the Oregon State Police while the Legislature is in session. Hours worked for other participating employers during this period are counted toward the 1039 limit. The “clock starts” (hours again begin to accumulate towards the 1039 limit) if the Tier One/Tier Two retiree continues working for the Legislative Assembly, Oregon State Police, or any other PERS-participating employer, once the Legislative session has ended.

B) Loss of Membership (LOM) occurs when a “non-vested” Tier One/Tier Two member is inactive (does not work in a qualified position) for five or more years. A PERS member account in LOM status receives no further earnings.

Prior to HB 2619, an “LOM” member returning to PERS-covered employment could not withdraw the LOM account, and the LOM account continued to accrue no earnings. With HB 2619 (effective July 16, 2007), if the member returns to PERS-covered employment, the LOM account still cannot be withdrawn, but will begin to accrue earnings/losses from the date the former member establishes active membership in the system. A Tier One/Tier Two former member with an LOM account who establishes active membership in the OPSRP Pension Program is eligible for earnings and losses on the LOM account.

Regardless of when a member went into LOM or when they returned to active membership, earnings and losses to LOM accounts are available only for periods of active membership served on or after July 16, 2007. If the member becomes an inactive member, LOM account earnings/losses will stop. If the member separates from all PERS-covered employment, the member may withdraw the LOM account.

Effective date: July 16, 2007.

SB 4: 1039 exception for retired nurses if a nursing workforce shortage exists

Creates an exception to the 1039-hours per calendar year work after retirement limitation for a retired member who is a nurse and is hired as a nurse or for the purpose of teaching nursing during a nursing workforce shortage declared by the Governor or the Legislative Assembly.

The bill declares a nursing workforce shortage.

Effect: A Tier One/Tier Two retiree who is a nurse may return to work as a nurse or nursing instructor during a nursing workforce shortage declared by the governor and exceed the 1039-hours per calendar year work after retirement limitation. The Governor has declared a nursing workforce shortage.

Effective date: July 1, 2007.

SB 342: 1039 exception for retired nurses hired as a nursing instructor

Exempts a retired member who is a registered nurse and is hired by a public employer as a nursing instructor from the 1039-hours per calendar year work after retirement limitation. The bill also exempts a retired member hired by the Department of Public Safety Standards and Training to

provide training under ORS 181.610-181.712. These exemptions are not available to members who take early retirement. Sunsets January 2, 2016.

Effect: Applies to registered nurses employed as nursing instructors. The bill is similar, but not the same as SB 4. Also exempts any retired member hired by the Department of Public Safety Standards and Training to provide training under ORS 181.610-712.

These exemptions ARE NOT available to Tier One/Tier Two retirees who take early retirement.

Effective date: January 1, 2008.

Please e-mail questions about 2007 Legislation to:

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