



Oregon

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Public Employees Retirement System

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April 1, 2024

TO: Members of the PERS Board

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

SUBJECT: Adoption of Annual 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 459-080-0400 *Employee Pension Stability Account (EPSA)*
 OAR 459-080-0500 *Limitation on Contributions*

OVERVIEW

- Action: Adoption of Rulemaking for Annual Plan Limits Rules.
- Reason: Update rules to reflect the 2024 Internal Revenue Code (IRC), salary limit, and monthly salary threshold for the Employee Pension Stability Account (EPSA).
- 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 incorporate these federal adjustments for calendar year 2024 and are necessary to ensure compliance with the federal limits regarding the amount of annual compensation allowed for determining contributions and benefits.

Under ORS 238.005, 238A.005 and 238A.330, as amended by SB 1049 (2019), on January 1 of each year, the PERS Board shall adjust the overall salary limit, and the salary threshold for 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. The 12-month CPI for December 2023 was 3.3%. The amendments to the rules reflect the 3.3% increase, updating these amounts to \$232,976 for the calendar year salary limit, and \$3,688 for the monthly threshold for contributions to the EPSA for 2024.

Lastly, we have updated the income limits for retirees who receive Social Security payments and return to work. Note that the Social Security income limits are rarely, if ever, applied under the work after retirement provisions of SB 1049 (2019).

CHANGES MADE SINCE NOTICE

None.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on February 20, 2024, at 2:00 p.m. The public comment period ended February 29, 2024, at 5:00 p.m. No public comment was 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 limits for contributions and benefits under federal law for calendar year 2024 and clarifies salary limit and EPSA contributions salary threshold for calendar year 2024.

Cost: There are no discrete costs attributable to these rules.

RULEMAKING TIMELINE

February 1, 2024	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
February 1, 2024	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
February 2, 2024	PERS Board notified that staff began the rulemaking process.
February 20, 2024	Rulemaking hearing was held remotely at 2:00 p.m.
February 29, 2024	Public comment period ended at 5:00 p.m.
April 1, 2024	Board may adopt the rule modifications.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt changes to 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.2. Attachment 1 – OAR 459-005-0525	<i>Ceiling on Compensation for Purposes of Contributions and Benefits</i>
B.2. Attachment 2 – OAR 459-005-0545	<i>Annual Addition Limitation</i>
B.2. Attachment 3 – OAR 459-017-0060	<i>Reemployment of Retired Members</i>
B.2. Attachment 4 – OAR 459-080-0400	<i>Employee Pension Stability Account (EPSA)</i>
B.2. Attachment 5 – OAR 459-080-0500	<i>Limitation on Contributions</i>