2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 872 STATUS: A-Engrossed

SUBJECT: Judge's option to designate pension benefit to former spouse, regardless of judge's marital

status

GOVERNMENT UNIT AFFECTED: Public Employees Retirement System, State of Oregon

PREPARED BY: Adrienne Sexton **REVIEWED BY:** Dallas Weyand

DATE: April 28, 2008

<u>2007-2009</u> <u>2009-2011</u>

EXPENDITURES: See Comments.

EFFECTIVE DATE: On passage.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The measure would allow a judge member of the Public Employees Retirement System (PERS) to elect to have any or all lifetime pension benefits that would otherwise be payable to a surviving spouse, distributed to a former spouse. This provision would also apply to a judge member who is not married at the time of the designation. Because it is not currently allowed, if a judge dies without a surviving spouse, any remaining account balance goes to the named beneficiary. The change would create a payable benefit that could exceed the amount in the judge member's account.

PERS reports that under current law, there would be an actuarial gain. However, the impact of any loss to this gain because of SB 872-A is limited by the number of judge members, and would be on only the state of Oregon as the employer.

PERS also notes that certain Internal Revenue Service code rules may over-ride a judge's election depending on the relative age of the former spouse.