

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

---

<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed
<b>Vote:</b>	6 - 0 - 1
<b>Yeas:</b>	Berger, Edwards C., Esquivel, Rosenbaum, Smith P., Schaufler
<b>Nays:</b>	0
<b>Exc.:</b>	Holvey
<b>Prepared By:</b>	Theresa Van Winkle, Administrator
<b>Meeting Dates:</b>	3/23, 4/27

---

**WHAT THE MEASURE DOES:** Allows the Public Employees Retirement Board to accept rollover contributions from a retired member solely for the purpose of paying amounts claimed by board as overpayments or other improperly made payments. Allows a beneficiary to be paid for death benefits from a Public Employees Retirement System member by an eligible rollover distribution to either an individual retirement plan or individual retirement annuity.

**ISSUES DISCUSSED:**

- Background on *City of Eugene v. Public Employees Retirement Board*
- Ease of repaying the Public Employees Retirement System
- Pension Protection Act of 2006

**EFFECT OF COMMITTEE AMENDMENT:** Allows death benefits from the account of a Public Employee Retirement System (PERS), Oregon Public Service Retirement Plan (OPSRP), or Oregon Savings Growth Plan (OSGP) member to be paid in part or in whole to a beneficiary by an eligible rollover distribution to either an individual retirement plan or individual retirement annuity, if the plan or annuity is established for the purpose of receiving the rollover distribution and is treated as an inherited individual retirement account or annuity for federal tax purposes. Applies to a beneficiary who is not the spouse of the deceased member for federal tax purposes and is the designated beneficiary for the purposes of minimum distribution requirements of US code relating to qualified pension, profit-sharing and stock bonus plans.

**BACKGROUND:** The central issue of *City of Eugene v. Public Employees Retirement Board* was the decision of the Public Employees Retirement Board to credit 20% earnings to members' regular accounts in 1999, and the method used to match variable account balances for retirees. The settlement agreement required the Public Employees Retirement System (PERS) to reallocate 1999 earnings to Tier One benefit recipient accounts at 11.33 percent instead of 20 percent. As a result, a financial obligation was created for some PERS retirees.

Currently, PERS is required to recover any improperly made payment, including overpayment of benefits, either through voluntary or involuntary means. Recovery may take the form of reducing benefit payments by either a lump-sum recovery or monthly recovery, or through a collection agency or other means available under applicable law. HB 2397 A allows PERS to accept rollover contributions for recovering benefits, and directs PERS to establish administrative rules and procedures for determining if a member can utilize rollover contributions as a payment arrangement. Furthermore, the measure directs that the PERS board must ensure that implementing the measure does not adversely affect the status of the system and the Public Employees Retirement Fund as a qualified governmental plan and trust under federal income tax law.

One of the provisions of the Pension Protection Act of 2006 expanded the availability of rollover distributions for death beneficiaries. HB 2397 A allows PERS members' beneficiaries, except for the members' spouse, to have death benefits distributed directly through a tax-free rollover to an individual retirement account (IRA) or a subsequent employer retirement plan.

5/9/2007 4:00:00 PM

***This summary has not been adopted or officially endorsed by action of the committee.***