

**REVENUE: No revenue impact**

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

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**Action:** Do Pass as Amended and Be Printed Engrossed

**Vote:** 5 - 0 - 0

**Yeas:** Avakian, Beyer, Gordly, Monroe, Prozanski

**Nays:** 0

**Exc.:** 0

**Prepared By:** Anna Braun, Administrator

**Meeting Dates:** 5/30

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**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 (PERS) member by an eligible rollover distribution to either an individual retirement plan or individual retirement annuity. Allows buy back of PERS benefits.

**ISSUES DISCUSSED:**

- No cost to system
- Tax savings from rollover

**EFFECT OF COMMITTEE AMENDMENT:** Allows buy back of PERS benefits.

**BACKGROUND:** The settlement agreement for the court decision of *City of Eugene v. Public Employees Retirement Board* required PERS to reallocate 1999 earnings to Tier One benefit recipient accounts at a lower amount. 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 B 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 B 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.

In addition, HB 2397 B allows a PERS member to buy back PERS benefits.