

A-Engrossed
House Bill 2397

Ordered by the House May 10
Including House Amendments dated May 10

Sponsored by Representative KOMP; Representative HUNT (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Allows Public Employees Retirement Board to accept rollover contributions from retired member solely for purpose of paying amounts claimed by board as overpayments or other improperly made payments.

Allows beneficiary, by reason of death of member, to have distribution of death benefit paid as eligible rollover distribution to individual retirement plan or individual retirement annuity.

Allows beneficiary, by reason of death of state employee participating in deferred compensation plan, to have distribution of deferred compensation benefit paid as eligible rollover distribution to individual retirement plan or individual retirement annuity.

A BILL FOR AN ACT

1
2 Relating to rollover contributions.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2007 Act is added to and made a part of ORS chapter 238.**

5 **SECTION 2. (1) The Public Employees Retirement Board may accept rollover contribu-**
6 **tions from a retired member solely for the purpose of paying amounts claimed by the board**
7 **as overpayments or other improperly made payments. The board may accept rollover contribu-**
8 **tions under this section only if the amounts contributed qualify for pretax rollover**
9 **treatment under the federal income tax laws governing qualified retirement plans.**

10 **(2) If the board accepts a rollover contribution under this section, the contribution shall**
11 **be paid into the Public Employees Retirement Fund and credited against the amounts**
12 **claimed by the board as overpayments or other improperly made payments.**

13 **(3) The board shall adopt rules and establish procedures for determining whether a re-**
14 **tired member will be allowed to make a rollover contribution under this section. Rules and**
15 **procedures adopted by the board must ensure that the rollover contributions do not ad-**
16 **versely affect the status of the Public Employees Retirement System and the Public Em-**
17 **ployees Retirement Fund as a qualified governmental plan and trust under federal income**
18 **tax law.**

19 **SECTION 3. Section 4 of this 2007 Act is added to and made a part of ORS chapter 238.**

20 **SECTION 4. (1) If a benefit is payable under this chapter to a beneficiary by reason of**
21 **the death of a member of the system, the beneficiary may elect to have all or part of the**
22 **distribution of the death benefit paid in an eligible rollover distribution to an individual re-**
23 **tirement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than**
24 **an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) Established for the purpose of receiving the eligible rollover distribution on behalf of
2 the designated beneficiary; and

3 (b) Treated as an inherited individual retirement account or individual retirement annu-
4 ity for federal tax purposes.

5 (2) Subsection (1) of this section applies to an eligible rollover distribution of death ben-
6 efits to a beneficiary who is not treated as the spouse of the decedent for federal tax pur-
7 poses and who is the decedent's designated beneficiary for the purposes of the minimum
8 required distribution requirements of 26 U.S.C. 401(a)(9). To the extent provided by rules of
9 the Public Employees Retirement Board, a trust maintained for the benefit of one or more
10 beneficiaries must be treated by the board in the same manner as a trust that is designated
11 as a beneficiary for the purposes of the minimum required distribution requirements of 26
12 U.S.C. 401(a)(9).

13 (3) As used in this section, "eligible rollover distribution" means a distribution of any
14 death benefit payable to the designated beneficiary of a deceased member under this chapter
15 by a series of substantially equal periodic payments made at least annually for the life or life
16 expectancy of the distributee, or for the joint lives or life expectancies of the distributee and
17 a designated beneficiary, that satisfies the requirements of 26 U.S.C. 402(c)(4). To the extent
18 consistent with 26 U.S.C. 402(c), the board by rule may specify distributions of death benefits
19 that are not eligible rollover contributions for the purposes of this section.

20 SECTION 5. Section 6 of this 2007 Act is added to and made a part of ORS chapter 238A.

21 SECTION 6. (1) If a benefit is payable under this chapter to a beneficiary by reason of
22 the death of a member of the system, the beneficiary may elect to have all or part of the
23 distribution of the death benefit paid in an eligible rollover distribution to an individual re-
24 tirement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than
25 an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is:

26 (a) Established for the purpose of receiving the eligible rollover distribution on behalf of
27 the designated beneficiary; and

28 (b) Treated as an inherited individual retirement account or individual retirement annu-
29 ity for federal tax purposes.

30 (2) Subsection (1) of this section applies to an eligible rollover distribution of death ben-
31 efits to a beneficiary who is not treated as the spouse of the decedent for federal tax pur-
32 poses and who is the decedent's designated beneficiary for the purposes of the minimum
33 required distribution requirements of 26 U.S.C. section 401(a)(9). To the extent provided by
34 rules of the Public Employees Retirement Board, a trust maintained for the benefit of one
35 or more beneficiaries must be treated by the board in the same manner as a trust that is
36 designated as a beneficiary for the purposes of the minimum required distribution require-
37 ments of 26 U.S.C. 401(a)(9).

38 (3) As used in this section, "eligible rollover distribution" means a distribution of any
39 death benefit payable to the designated beneficiary of a deceased member under this chapter
40 by a series of substantially equal periodic payments made at least annually for the life or life
41 expectancy of the distributee, or for the joint lives or life expectancies of the distributee and
42 a designated beneficiary, that satisfies the requirements of 26 U.S.C. 402(c)(4). To the extent
43 consistent with 26 U.S.C. 402(c), the board by rule may specify distributions of death benefits
44 that are not eligible rollover contributions for the purposes of this section.

45 SECTION 7. Section 8 of this 2007 Act is added to and made a part of ORS 243.401 to

1 243.507.

2 **SECTION 8. (1) If a benefit is payable under the state deferred compensation plan de-**
3 **scribed in ORS 243.401 to 243.507 to a beneficiary by reason of the death of an eligible state**
4 **employee participating in the plan, the beneficiary may elect to have all or part of the dis-**
5 **tribution of deferred amounts paid as an eligible rollover distribution to an individual re-**
6 **irement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than**
7 **an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is:**

8 (a) Established for the purpose of receiving the eligible rollover distribution on behalf of
9 the designated beneficiary; and

10 (b) Treated as an inherited individual retirement account or individual retirement annu-
11 ity for federal tax purposes.

12 (2) Subsection (1) of this section applies to an eligible rollover distribution of deferred
13 amounts to a beneficiary who is not treated as the spouse of the decedent for federal tax
14 purposes and who is the decedent's designated beneficiary for the purposes of the minimum
15 required distribution requirements of 26 U.S.C. 401(a)(9). To the extent provided by rules of
16 the Public Employees Retirement Board, a trust maintained for the benefit of one or more
17 beneficiaries must be treated by the board in the same manner as a trust that is designated
18 as a beneficiary for the purposes of the minimum required distribution requirements of 26
19 U.S.C. 401(a)(9).

20 (3) As used in this section, "eligible rollover distribution" means a distribution of any
21 deferred amount payable to the designated beneficiary of a deceased member under ORS
22 243.401 to 243.507 by a series of substantially equal periodic payments made at least annually
23 for the life or life expectancy of the distributee, or for the joint lives or life expectancies of
24 the distributee and a designated beneficiary, that satisfies the requirements of 26 U.S.C.
25 402(c)(4). To the extent consistent with 26 U.S.C. 402(c), the board by rule may specify dis-
26 tributions of deferred amounts that are not eligible rollover contributions for the purposes
27 of this section.

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