

**B-Engrossed**  
**House Bill 2397**

Ordered by the Senate June 5  
Including House Amendments dated May 10 and Senate Amendments  
dated June 5

Sponsored by Representative KOMP; Representative HUNT (Pre-session 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.

**Allows certain members of Public Employees Retirement System who participate in deferred compensation plan to request, within 60 days of effective date of Act, that payment of all or part of deferred amount be paid to Public Employees Retirement Board for purpose of restoring forfeited creditable service or credit for probationary period of employment.**

**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-**

**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 retirement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than  
2 an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is established for  
3 the purpose of receiving the eligible rollover distribution on behalf of the designated benefi-  
4 ciary.

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" has the meaning given that  
14 term in 26 U.S.C. 402(c)(4), as in effect on the effective date of this 2007 Act.

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

16 **SECTION 6.** (1) If a benefit is payable under this chapter to a beneficiary by reason of  
17 the death of a member of the system, the beneficiary may elect to have all or part of the  
18 distribution of the death benefit paid in an eligible rollover distribution to an individual re-  
19 tirement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than  
20 an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is established  
21 for the purpose of receiving the eligible rollover distribution on behalf of the designated  
22 beneficiary.

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

31 (3) As used in this section, "eligible rollover distribution" has the meaning given that  
32 term in 26 U.S.C. 402(c)(4), as in effect on the effective date of this 2007 Act.

33 **SECTION 7.** Section 8 of this 2007 Act is added to and made a part of ORS 243.401 to  
34 243.507.

35 **SECTION 8.** (1) If a benefit is payable under the state deferred compensation plan de-  
36 scribed in ORS 243.401 to 243.507 to a beneficiary by reason of the death of an eligible state  
37 employee participating in the plan, the beneficiary may elect to have all or part of the dis-  
38 tribution of deferred amounts paid as an eligible rollover distribution to an individual re-  
39 tirement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than  
40 an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is established  
41 for the purpose of receiving the eligible rollover distribution on behalf of the designated  
42 beneficiary.

43 (2) Subsection (1) of this section applies to an eligible rollover distribution of deferred  
44 amounts to a beneficiary who is not treated as the spouse of the decedent for federal tax  
45 purposes and who is the decedent's designated beneficiary for the purposes of the minimum

1 required distribution requirements of 26 U.S.C. 401(a)(9). To the extent provided by rules of  
2 the Public Employees Retirement Board, a trust maintained for the benefit of one or more  
3 beneficiaries must be treated by the board in the same manner as a trust that is designated  
4 as a beneficiary for the purposes of the minimum required distribution requirements of 26  
5 U.S.C. 401(a)(9).

6 (3) As used in this section, “eligible rollover distribution” has the meaning given that  
7 term in 26 U.S.C. 402(c)(4), as in effect on the effective date of this 2007 Act.

8 **SECTION 9.** Section 10 of this 2007 Act is added to and made a part of ORS chapter 238.

9 **SECTION 10.** (1) A member of the system described in subsection (5) of this section who  
10 participates in the state deferred compensation plan under ORS 243.401 to 243.507 may give  
11 written notice to the Public Employees Retirement Board requesting that payment of all or  
12 part of the deferred amount be made to the board for the purpose of acquiring creditable  
13 service under ORS 238.115 and 238.125. Written notice under this section must be given no  
14 later than 60 days after the effective date of this 2007 Act. Upon receiving the notice, the  
15 board shall immediately take any action necessary to effectuate the transfer of the requested  
16 amount. The board may not make the amount available to the member, and shall use the  
17 amount only for the purposes described in this section. The amount transferred under this  
18 section may not exceed the amount needed to:

19 (a) Make the lump sum payment described in ORS 238.115 (1)(a)(B) that is required to  
20 restore forfeited creditable service for which the member is eligible at the time of the  
21 transfer; and

22 (b) Make the lump sum payment described in ORS 238.125 necessary to acquire retire-  
23 ment credit under ORS 238.125.

24 (2) Notwithstanding ORS 238.220, moneys transferred under this section may be used to  
25 restore forfeited creditable service under ORS 238.115 (1) in the manner provided by this  
26 section. Notwithstanding ORS 238.115 (1)(a), the amount transferred under this section must  
27 be applied to the restoration of forfeited creditable service under ORS 238.115 (1) immediately  
28 after the transfer is made.

29 (3) If a member does not obtain restoration of all forfeited creditable service by reason  
30 of the payment under subsection (2) of this section, the member may obtain restoration of  
31 any remaining forfeited creditable service by making the application required by ORS 238.115  
32 (1)(a)(A), and the lump sum payment required by ORS 238.115 (1)(a)(B), within 90 days before  
33 the effective date of retirement of the member.

34 (4) Notwithstanding ORS 238.220, moneys transferred under this section may be used to  
35 acquire retirement credit under ORS 238.125 in the manner provided by this section.  
36 Notwithstanding ORS 238.125, the amount transferred under this section must be applied to  
37 acquisition of retirement credit under ORS 238.125 immediately after the transfer is made.

38 (5) A member may give written notice under subsection (1) of this section only if:

39 (a) The member is 60 years of age or older; and

40 (b) The member will have 35 years or more of creditable service after restoration of  
41 forfeited creditable service under ORS 238.115 (1), and acquisition of retirement credit under  
42 ORS 238.125, by reason of the transfer and application of amounts under this section.

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