

Enrolled
House Bill 2397

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

CHAPTER

AN ACT

Relating to rollover contributions.

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

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

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

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

(3) The board shall adopt rules and establish procedures for determining whether a retired member will be allowed to make a rollover contribution under this section. Rules and procedures adopted by the board must ensure that the rollover contributions do not adversely affect the status of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental plan and trust under federal income tax law.

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

SECTION 4. (1) If a benefit is payable under this chapter to a beneficiary by reason of the death of a member of the system, the beneficiary may elect to have all or part of the distribution of the death benefit paid in an eligible rollover distribution to an individual retirement plan described in 26 U.S.C. 408(a), or an individual retirement annuity, other than an endowment contract, described in 26 U.S.C. 408(b), if the plan or annuity is established for the purpose of receiving the eligible rollover distribution on behalf of the designated beneficiary.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Make the lump sum payment described in ORS 238.125 necessary to acquire retirement credit under ORS 238.125.

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

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

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

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

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

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

Passed by House May 15, 2007

Received by Governor:

Repassed by House June 8, 2007

.....M,....., 2007

Approved:

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Chief Clerk of House

.....M,....., 2007

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Speaker of House

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Governor

Passed by Senate June 7, 2007

Filed in Office of Secretary of State:

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President of Senate

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Secretary of State