

# House Bill 3304

Sponsored by Representative SCHAUFLER (at the request of Oregon PERS Retirees, Inc.)

## 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 **as introduced**.

Provides for ad hoc increase in retirement allowance of certain retired members of Public Employees Retirement System. Specifies that increase be based on years of service and determinations by Public Employees Retirement Board relating to funding of liabilities of system. Allows payment of increased allowances from reserve account in Public Employees Retirement Fund.

## A BILL FOR AN ACT

1  
2 Relating to public employee retirement; creating new provisions; and amending ORS 238.670.

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

4 **SECTION 1. Sections 2 to 8 of this 2009 Act are added to and made a part of ORS chapter**  
5 **238.**

6 **SECTION 2. (1) The monthly retirement allowance payable to or on account of a person**  
7 **described in subsection (2) of this section shall be increased by the amount specified in sec-**  
8 **tion 6 of this 2009 Act if the Public Employees Retirement Board determines at any time that**  
9 **the liabilities of the Public Employees Retirement System are \_\_\_\_\_ percent funded.**

10 **(2) The provisions of this section apply to a person whose effective date of retirement**  
11 **from the system was before \_\_\_\_\_, and who:**

12 **(a) Was serving as other than a police officer or firefighter at the time of retirement,**  
13 **and has a combined total of 30 or more years of creditable service in the system and prior**  
14 **service credit; or**

15 **(b) Was serving as a police officer or firefighter at the time of retirement, and has a**  
16 **combined total of 25 or more years of creditable service in the system and prior service**  
17 **credit.**

18 **SECTION 3. (1) The monthly retirement allowance payable to or on account of a person**  
19 **described in subsection (2) of this section shall be increased by the amount specified in sec-**  
20 **tion 6 of this 2009 Act if the Public Employees Retirement Board determines at any time that**  
21 **the liabilities of the Public Employees Retirement System are \_\_\_\_\_ percent funded.**

22 **(2) The provisions of this section apply to a person whose effective date of retirement**  
23 **from the system was before \_\_\_\_\_, and who:**

24 **(a) Was serving as other than a police officer or firefighter at the time of retirement,**  
25 **and has a combined total of 20 or more years, but less than 30 years, of creditable service**  
26 **in the system and prior service credit; or**

27 **(b) Was serving as a police officer or firefighter at the time of retirement, and has a**  
28 **combined total of 10 or more years, but less than 25 years, of creditable service in the system**  
29 **and prior service credit.**

30 **SECTION 4. (1) The monthly retirement allowance payable to or on account of a person**

**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 described in subsection (2) of this section shall be increased by the amount specified in sec-  
 2 tion 6 of this 2009 Act if the Public Employees Retirement Board determines at any time that  
 3 the liabilities of the Public Employees Retirement System are \_\_\_\_\_ percent funded.

4 (2) The provisions of this section apply to a person whose effective date of retirement  
 5 from the system was before \_\_\_\_\_, and who:

6 (a) Was serving as other than a police officer or firefighter at the time of retirement,  
 7 and has a combined total of 30 or more years of creditable service in the system and prior  
 8 service credit; or

9 (b) Was serving as a police officer or firefighter at the time of retirement, and has a  
 10 combined total of 25 or more years of creditable service in the system and prior service  
 11 credit.

12 **SECTION 5.** (1) The monthly retirement allowance payable to or on account of a person  
 13 described in subsection (2) of this section shall be increased by the amount specified in sec-  
 14 tion 6 of this 2009 Act if the Public Employees Retirement Board determines at any time that  
 15 the liabilities of the Public Employees Retirement System are \_\_\_\_\_ percent funded.

16 (2) The provisions of this section apply to a person whose effective date of retirement  
 17 from the system was before \_\_\_\_\_, and who:

18 (a) Was serving as other than a police officer or firefighter at the time of retirement,  
 19 and has a combined total of 20 or more years, but less than 30 years, of creditable service  
 20 in the system and prior service credit; or

21 (b) Was serving as a police officer or firefighter at the time of retirement, and has a  
 22 combined total of 10 or more years, but less than 25 years, of creditable service in the system  
 23 and prior service credit.

24 **SECTION 6.** (1) The amount of the increase in the monthly retirement allowance payable  
 25 under sections 2, 3, 4 and 5 of this 2009 Act is equal to the difference between the monthly  
 26 retirement allowance being paid to the member on the date the determination is made under  
 27 section 2 (1), 3 (1), 4 (1) or 5 (1) of this 2009 Act and the monthly retirement allowance that,  
 28 except for the limit on cost-of-living increases imposed under ORS 238.360, the member would  
 29 have received with cost-of-living adjustments under ORS 238.360 since the effective date of  
 30 the member's retirement or January 1, 1990, whichever is later.

31 (2) Increases in monthly retirement allowances under sections 2, 3, 4 and 5 of this 2009  
 32 Act are first effective for the first full month after the determination is made under section  
 33 2 (1), 3 (1), 4 (1) or 5 (1) of this 2009 Act and payable the first day of the following month.

34 **SECTION 7.** (1) Except as provided in subsection (2) of this section, five years after an  
 35 increase in monthly retirement allowance is made under section 2, 3, 4 or 5 of this 2009 Act,  
 36 and every five years thereafter, the Public Employees Retirement Board shall increase the  
 37 monthly retirement allowance payable to the account of a member who receives the increase  
 38 under section 2, 3, 4 or 5 of this 2009 Act by an amount equal to the difference between the  
 39 monthly retirement allowance being paid to the member at that time and the monthly re-  
 40 tirement allowance that, except for the limit on cost-of-living increases imposed under ORS  
 41 238.360, the member would have received with cost-of-living adjustments under ORS 238.360  
 42 made by the board since the last increase under section 2, 3, 4 or 5 of this 2009 Act.

43 (2) The board shall increase monthly retirement allowances under subsection (1) of this  
 44 section only if the board determines that the liabilities of the Public Employees Retirement  
 45 System are at least \_\_\_\_\_ percent funded at the time the increases would be made. If the

1 **board determines that the liabilities of the system are less than \_\_\_\_\_ percent funded at**  
 2 **that time, the increases provided for in subsection (1) of this section shall be made by the**  
 3 **board if the board determines at any time thereafter that the liabilities of the system are**  
 4 **\_\_\_\_\_ percent funded. Increases in monthly retirement allowances under subsection (1) of**  
 5 **this section are first effective for the first full month after the determination is made under**  
 6 **this subsection and payable the first day of the following month.**

7 **SECTION 8. (1) Increases in monthly retirement allowances under sections 2 to 8 of this**  
 8 **2009 Act are in addition to any increases under ORS 238.360.**

9 **(2) The Public Employees Retirement Board shall fund the increased allowance provided**  
 10 **for in sections 2 to 8 of this 2009 Act from the reserve account established under ORS 238.670**  
 11 **(1).**

12 **SECTION 9.** ORS 238.670 is amended to read:

13 238.670. (1) At the close of each calendar year in which the earnings on the Public Employees  
 14 Retirement Fund equal or exceed the assumed interest rate established by the Public Employees  
 15 Retirement Board under ORS 238.255, the board shall set aside, out of interest and other income  
 16 received through investment of the Public Employees Retirement Fund during that calendar year,  
 17 such part of the income as the board may deem advisable, not exceeding seven and one-half percent  
 18 of the combined total of such income, which moneys so segregated shall remain in the fund and  
 19 constitute therein a reserve account. The board shall continue to credit the reserve account in the  
 20 manner required by this subsection until the board determines that the reserve account is ade-  
 21 quately funded for the purposes specified in this subsection. Such reserve account shall be main-  
 22 tained and used by the board to prevent any deficit of moneys available for the payment of  
 23 retirement allowances, due to interest fluctuations, changes in mortality rate or, except as provided  
 24 in subsection (3) or (4) of this section, other contingency. In addition, the reserve account may be  
 25 used by the board for the following purposes:

26 (a) To prevent any deficit in the fund by reason of the insolvency of a participating public em-  
 27 ployer. Reserves under this paragraph may be funded only from the earnings on employer contribu-  
 28 tions made under ORS 238.225.

29 (b) To pay any legal expenses or judgments that do not arise in the ordinary course of adjudi-  
 30 cating an individual member's benefits or an individual employer's liabilities.

31 **(c) To pay increases in retirement allowances under sections 2 to 8 of this 2009 Act.**

32 [(c)] **(d)** To provide for any other contingency that the board may determine to be appropriate.

33 (2) At the close of each calendar year, the board shall set aside, out of interest and other income  
 34 received during the calendar year, after deducting the amounts provided by law and to the extent  
 35 that such income is available, a sufficient amount to credit to the reserves for pension accounts and  
 36 annuities varying percentage amounts adopted by the board as a result of periodic actuarial inves-  
 37 tigations. If total income available for distribution exceeds those percentages of the total accumu-  
 38 lated contributions of employees and employers, the reserves for pensions and annuities shall  
 39 participate in such excess.

40 (3) The board may set aside, out of interest and other income received through investment of  
 41 the fund, such part of the income as the board considers necessary, which moneys so segregated  
 42 shall remain in the fund and constitute one or more reserve accounts. Such reserve accounts shall  
 43 be maintained and used by the board to offset gains and losses of invested capital. The board, from  
 44 time to time, may cause to be transferred from the reserve account provided for in subsection (1)  
 45 of this section to a reserve account provided for in this subsection such amount as the board de-

1 termines to be unnecessary for the purposes set forth in subsection (1) of this section and to be  
2 necessary for the purposes set forth in this subsection.

3 (4) The board may provide for amortizing gains and losses of invested capital in such instances  
4 as the board determines that amortization is preferable to a reserve account provided for in sub-  
5 section (3) of this section.

6 (5) At least 30 days before crediting any interest and other income received through investment  
7 of the Public Employees Retirement Fund to any reserve account in the fund, the board shall submit  
8 a preliminary proposal for crediting to the appropriate legislative review agency, as defined in ORS  
9 291.371 (1), for its review and comment.

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