

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass
Vote:	9 - 0 - 1
Yeas:	Barton, Holvey, Kenemer, Matthews, Thatcher, Thompson, Weidner, Witt, Doherty
Nays:	0
Exc.:	Fagan
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	4/24, 5/6

WHAT THE MEASURE DOES: Allows supplemental retirement benefit amount contributed for employee by State Board of Higher Education or Oregon Health and Science University Board of Directors to be transferred to Public Employees Retirement Fund to offset liabilities for employer contributions if employee separates from service before required period for vesting elapses. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Need to transfer forfeited assets of plan closed to new employees in 1995
- Impact of one-time transfer on Public Employees Retirement System employer contribution rates

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: In 1995, the Oregon University System (OUS) closed its supplemental retirement plan to new employees. In that plan, which was created in 1966, each participant established a Public Employees Retirement System (PERS) account and a supplemental annuity account. When an employee accrued five years in the annuity account plan, the funds became vested. Until vesting, however, PERS held the employer contributions intended for the annuity plan in a segregated account. Each year, contributions held in the segregated account received PERS interest earnings. If an employee separated from employment before vesting, the contributions and earnings that had not vested were forfeited and those funds remained in the segregated account. The supplemental annuity account was also available to employees of Oregon Health and Science University (OHSU).

In 2008, when PERS requested that OUS take possession of the segregated account assets, no governing statutory provision existed that permitted the disbursement of those forfeited, non-vested assets held by PERS. Senate Bill 268 provides a mechanism for a one-time transfer of forfeited retirement contributions and earnings, and allows the forfeited funds to be used to offset employer contributions to PERS.