

House Bill 3209

Sponsored by Representative CONGER

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**.

Prohibits Public Employees Retirement Board from using assumed interest rate of more than six percent in determining amount of annuity for money match calculation of retirement benefits.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to public employee retirement; creating new provisions; amending ORS 238.300; and de-
3 claring an emergency.

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

5 **SECTION 1.** ORS 238.300 is amended to read:

6 238.300. Upon retiring from service at normal retirement age or thereafter, a member of the
7 system shall receive a service retirement allowance which shall consist of the following annuity and
8 pensions:

9 (1) A refund annuity which shall be the actuarial equivalent of accumulated contributions, if
10 any, by the member and interest thereon credited at the time of retirement, which annuity shall
11 provide an allowance payable during the life of the member and at death a lump sum equal in
12 amount to the difference between accumulated contributions at the time of retirement and the sum
13 of the annuity payments actually made to the member during life shall be paid to such person, if any,
14 as the member nominates by written designation duly acknowledged and filed with the **Public Em-**
15 **ployees Retirement** Board or shall otherwise be paid according to the provisions of this chapter
16 for disposal of an amount credited to the member account of a member at the time of death in the
17 event the member designates no beneficiary to receive the amount or no such beneficiary is able to
18 receive the amount. If death of the member occurs before the first payment is due, the member ac-
19 count of the member shall be treated as though death had occurred before retirement.

20 (2)(a) A life pension (nonrefund) for current service provided by the contributions of employers,
21 which pension, subject to paragraph (b) of this subsection, shall be an amount which, when added
22 to the sum of the annuity, if any, under subsection (1) of this section and the annuity, if any, pro-
23 vided on the same basis and payable from the Variable Annuity Account, both annuities considered
24 on a refund basis, results in a total of:

25 (A) For service as a police officer or firefighter, two percent of final average salary multiplied
26 by the number of years of membership in the system as a police officer or firefighter before the ef-
27 fective date of retirement.

28 (B) For service as other than a police officer or firefighter, including service as a member of the
29 Legislative Assembly, 1.67 percent of final average salary multiplied by the number of years of
30 membership in the system as other than a police officer or firefighter before the effective date of
31 retirement.

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 (b) A pension under this subsection shall be at least:

2 (A) For a member who first establishes membership in the system before July 1, 2003, the
3 actuarial equivalent of the annuity provided by the accumulated contributions of the member. **For**
4 **purposes of calculating an annuity under this subparagraph, the board may not use an as-**
5 **sumed interest rate of more than six percent.** A person establishes membership in the system
6 before July 1, 2003, for the purposes of this subparagraph if:

7 (i) The person is a member of the system, or a judge member of the system, on the day imme-
8 diately before July 1, 2003; or

9 (ii) The person performed any period of service for a participating public employer before July
10 1, 2003, that is credited to the six-month period of employment required of an employee under ORS
11 238.015 before an employee may become a member of the system.

12 (B) For a member who made contributions before August 21, 1981, the equivalent of a pension
13 computed pursuant to this subsection as it existed immediately before that date.

14 (c) As used in this subsection, "number of years of membership" means the number of full years
15 of creditable service plus any remaining fraction of a year of creditable service. Except as other-
16 wise provided in this paragraph, in determining a remaining fraction a full month shall be consid-
17 ered as one-twelfth of a year and a major fraction of a month shall be considered as a full month.
18 Membership of a school district employee, an employee of an institution of higher education engaged
19 in teaching or other school activity or an employee of the Department of Human Services, the
20 Oregon Youth Authority, the Department of Corrections or the State Board of Education engaged
21 in teaching or other school activity at an institution supervised by the authority, board or depart-
22 ment, for all portions of a school year in a calendar year in which the district school, institution
23 of higher education or school activity at an institution so supervised in which the member is em-
24 ployed is normally in session shall be considered as a full one-half year of membership. The number
25 of years of membership of a member who received a refund of contributions as provided in ORS
26 237.976 (2) is limited to the number of years after the day before the date on which the refund was
27 received. The number of years of membership of a member who is separated, for any reason other
28 than death or disability, from all service entitling the member to membership in the system, who
29 withdraws the amount credited to the member account of the member in the fund during absence
30 from such service and who thereafter reenters the service of an employer participating in the system
31 but does not repay the amount so withdrawn as provided in this chapter, is limited to the number
32 of years after the day before the date of so reentering.

33 (3) An additional life pension (nonrefund) for prior service credit, including military service,
34 credited to the member at the time of first becoming a member of the system, as elsewhere provided
35 in this chapter, which pension shall be provided by the contributions of the employer.

36 **SECTION 2. (1) Jurisdiction is conferred on the Supreme Court to determine in the**
37 **manner provided by this section whether this 2013 Act breaches any contract between**
38 **members of the Public Employees Retirement System and their employers or violates any**
39 **constitutional provision, including but not limited to impairment of contract rights of mem-**
40 **bers of the Public Employees Retirement System under Article I, section 21, of the Oregon**
41 **Constitution, or Article I, section 10, clause 1, of the United States Constitution.**

42 (2) A person who is adversely affected by this 2013 Act or who will be adversely affected
43 by this 2013 Act may institute a proceeding for review by filing with the Supreme Court a
44 petition that meets the following requirements:

45 (a) The petition must be filed within 60 days after the effective date of this 2013 Act.

- 1 **(b) The petition must include the following:**
2 **(A) A statement of the basis of the challenge; and**
3 **(B) A statement and supporting affidavit showing how the petitioner is adversely af-**
4 **ected.**
5 **(3) The petitioner shall serve a copy of the petition by registered or certified mail upon**
6 **the Public Employees Retirement Board, the Attorney General and the Governor.**
7 **(4) Proceedings for review under this section shall be given priority over all other mat-**
8 **ters before the Supreme Court.**
9 **(5) The Supreme Court shall allow public employers participating in the Public Employees**
10 **Retirement System to intervene in any proceeding under this section.**
11 **(6) In the event the Supreme Court determines that there are factual issues in the peti-**
12 **tion, the Supreme Court may appoint a special master to hear evidence and to prepare re-**
13 **commended findings of fact.**
14 **SECTION 3.** **The amendments to ORS 238.300 by section 1 of this 2013 Act apply only to**
15 **members of the Public Employees Retirement System whose effective date of retirement is**
16 **on or after the effective date of this 2013 Act.**
17 **SECTION 4.** **This 2013 Act being necessary for the immediate preservation of the public**
18 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
19 **on its passage.**

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