

Senate Bill 269

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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**.

Modifies provisions relating to Optional Retirement Plan for administrative and academic employees of Oregon University System.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to an optional retirement plan for employees of the Oregon University System; creating
3 new provisions; amending ORS 243.800; and declaring an emergency.

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

5 **SECTION 1.** ORS 243.800 is amended to read:

6 243.800. (1) Notwithstanding any provision of ORS chapter 238 or 238A or ORS 243.910 to
7 243.945, the State Board of Higher Education shall establish and administer an Optional Retirement
8 Plan for administrative and academic employees of the Oregon University System [*who are eligible*
9 *for membership in the Public Employees Retirement System*]. The Optional Retirement Plan must be
10 a qualified plan under the Internal Revenue Code, capable of accepting funds transferred under
11 subsection (7) of this section without the transfer being treated as a taxable event under the Inter-
12 nal Revenue Code, and willing to accept those funds. Retirement and death benefits shall be pro-
13 vided under the plan by the purchase of annuity contracts, fixed or variable or a combination
14 thereof, or by contracts for investments in mutual funds.

15 [*(2) The State Board of Higher Education shall select at least two life insurance companies pro-*
16 *viding fixed and variable annuities and at least two investment companies providing mutual funds, but*
17 *not more than five companies in total, for the purpose of providing benefits under the Optional Retire-*
18 *ment Plan. The State Board of Higher Education shall establish selection criteria for the purpose of*
19 *this subsection.*]

20 **(2) An administrative or academic employee of the Oregon University System may elect**
21 **to participate in the Optional Retirement Plan upon completion of:**

22 **(a) Six hundred hours of employment, or the equivalent as determined by the State Board**
23 **of Higher Education; and**

24 **(b) Six months of employment that is not interrupted by more than 30 consecutive**
25 **working days.**

26 (3) An administrative or academic employee may make an irrevocable election to participate in
27 the Optional Retirement Plan within six months after being employed. An election under this sub-
28 section is effective on the first day of the month following [*six full months of employment*] **the**
29 **completion of the requirements of subsection (2) of this section.**

30 (4) An administrative or academic employee who does not elect to participate in the Optional

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:

2 (a) Remains or becomes a member of the Public Employees Retirement System in accordance
3 with ORS chapters 238 and 238A; or

4 (b) Continues to be assisted by the State Board of Higher Education under ORS 243.920 if the
5 employee is being so assisted.

6 (5) Except as provided in subsection (6) of this section, employees who elect to participate in the
7 Optional Retirement Plan are ineligible for active membership in the Public Employees Retirement
8 System or for any assistance by the State Board of Higher Education under ORS 243.920 as long as
9 those employees are employed in the Oregon University System and the plan is in effect.

10 (6)(a) An administrative or academic employee who elects to participate in the Optional Retirement
11 Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who
12 is not vested shall be considered by the Public Employees Retirement Board to be a terminated
13 member under the provisions of ORS 238.095 as of the effective date of the election, and the amount
14 credited to the member account of the member shall be transferred directly to the Optional Retirement
15 Plan by the Public Employees Retirement Board in the manner provided by subsection (7) of
16 this section.

17 (b) An administrative or academic employee who elects to participate in the Optional Retirement
18 Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who is
19 vested shall be considered to be an inactive member by the Public Employees Retirement Board and
20 shall retain all the rights, privileges and options under ORS chapter 238 unless the employee makes
21 a written request to the Public Employees Retirement Board for a transfer of the amounts credited
22 to the member account of the member to the Optional Retirement Plan. A request for a transfer
23 must be made at the time the member elects to participate in the Optional Retirement Plan. Upon
24 receiving the request, the Public Employees Retirement Board shall transfer all amounts credited
25 to the member account of the member directly to the Optional Retirement Plan, and shall terminate
26 all rights, privileges and options of the employee under ORS chapter 238.

27 (c) An administrative or academic employee who elects to participate in the Optional Retirement
28 Plan, and who is not a vested member of the pension program of the Oregon Public Service Retirement
29 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall be
30 considered to be a terminated member of the pension program by the Public Employees Retirement
31 Board as of the effective date of the election.

32 (d) An administrative or academic employee who elects to participate in the Optional Retirement
33 Plan, and who is a vested member of the pension program of the Oregon Public Service Retirement
34 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall be consid-
35 ered an inactive member of the pension program by the Public Employees Retirement Board as of
36 the effective date of the election. An employee who is subject to the provisions of this paragraph
37 retains all the rights, privileges and options of an inactive member of the pension program. If the
38 actuarial equivalent of the employee's benefit under the pension program at the time that the
39 election becomes effective is \$5,000 or less, the employee may make a written request to the Public
40 Employees Retirement Board for a transfer of the employee's interest under the pension program to
41 the Optional Retirement Plan. The request must be made at the time the member elects to partic-
42 ipate in the Optional Retirement Plan. Upon receiving the request, the Public Employees Retirement
43 Board shall transfer the amount determined to be the actuarial equivalent of the employee's benefit
44 under the pension program directly to the Optional Retirement Plan, and shall terminate the mem-
45 bership of the employee in the pension program.

1 (e) An administrative or academic employee who elects to participate in the Optional Retirement
2 Plan, and who is a vested member of the individual account program of the Oregon Public Service
3 Retirement Plan as described in ORS 238A.320 on the date that the election becomes effective, shall
4 be considered an inactive member of the individual account program by the Public Employees Re-
5 tirement Board as of the effective date of the election. An employee who is subject to the provisions
6 of this paragraph retains all the rights, privileges and options of an inactive member of the indi-
7 vidual account program. An administrative or academic employee who elects to participate in the
8 Optional Retirement Plan, and who is a member of the individual account program of the Oregon
9 Public Service Retirement Plan, may make a written request to the Public Employees Retirement
10 Board that all amounts in the member's employee account, rollover account and employer account,
11 to the extent the member is vested in those accounts under ORS 238A.320, be transferred to the
12 Optional Retirement Plan. The request must be made at the time the member elects to participate
13 in the Optional Retirement Plan. Upon receiving the request, the Public Employees Retirement
14 Board shall transfer the amounts directly to the Optional Retirement Plan, and shall terminate the
15 membership of the employee in the individual account program upon making the transfer.

16 (f) Notwithstanding paragraphs (b), (d) and (e) of this subsection, the Public Employees Retire-
17 ment Board may not treat any employee as an inactive member under the provisions of this sub-
18 section for the purpose of receiving any benefit under ORS chapter 238 or 238A that requires that
19 the employee be separated from all service with participating public employers and with employers
20 who are treated as part of a participating public employer's controlled group under the federal laws
21 and rules governing the status of the system and the Public Employees Retirement Fund as a qual-
22 ified governmental retirement plan and trust.

23 (7) Any amounts transferred from the Public Employees Retirement Fund under subsection (6)
24 of this section shall be transferred directly to the Optional Retirement Plan by the Public Employees
25 Retirement Board and may not be made available to the employee.

26 (8) An employee participating in the Optional Retirement Plan **who was hired before July 1,**
27 **2014**, shall contribute monthly an amount equal to the percentage of the employee's salary that the
28 employee would otherwise have contributed as an employee contribution to the Public Employees
29 Retirement System if the employee had not elected to participate in the Optional Retirement Plan.

30 (9) **For an employee participating in the Optional Retirement Plan who was hired before**
31 **July 1, 2014**, the State Board of Higher Education shall contribute monthly to the Optional Retire-
32 ment Plan the percentage of salary of *[each] the employee [participating in the plan]* equal to the
33 percentage of salary that would otherwise have been contributed as an employer contribution on
34 behalf of the employee to the Public Employees Retirement System, before any offset under ORS
35 238.229 (2), if the employee had not elected to participate in the Optional Retirement Plan.

36 (10) **For an employee participating in the Optional Retirement Plan who was hired on or**
37 **after July 1, 2014, the State Board of Higher Education shall contribute monthly to the Op-**
38 **tional Retirement Plan:**

39 (a) **Eight percent of the employee's salary; and**

40 (b) **A percentage of the employee's salary equal to the percentage of salary contributed**
41 **by the employee to the Oregon University System Tax-Deferred Investment 403(b) Plan under**
42 **ORS 243.820, up to four percent of the employee's salary in each pay period.**

43 [(10)] (11) Both employee and employer contributions to an Optional Retirement Plan shall be
44 remitted directly to the companies that have issued annuity contracts to the participating employees
45 or directly to the mutual funds.

1 [(11)] (12) Benefits under the Optional Retirement Plan are payable to employees who elect to
2 participate in the plan and their beneficiaries by the selected annuity provider or mutual fund in
3 accordance with the terms of the annuity contracts or the terms of the contract with the mutual
4 fund. Employees electing to participate in the **Optional Retirement** Plan agree that benefits paya-
5 ble under the plan are not obligations of the State of Oregon or of the Public Employees Retirement
6 System.

7 **SECTION 2.** The amendments to ORS 243.800 by section 1 of this 2013 Act do not affect
8 any collective bargaining agreement entered into before the effective date of this 2013 Act.

9 **SECTION 3.** This 2013 Act being necessary for the immediate preservation of the public
10 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect
11 on its passage.

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