

# Senate Bill 656

Sponsored by Senator WHITSETT

## 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**.

Directs Public Employees Retirement Board to use assumed interest rate of five 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 for  
16 disposal of an amount credited to the member account of a member at the time of death in the event  
17 the member designates no beneficiary to receive the amount or no such beneficiary is able to receive  
18 the amount. If death of the member occurs before the first payment is due, the member account of  
19 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 shall use an assumed**  
5 **interest rate of five percent.** A person establishes membership in the system before July 1, 2003,  
6 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.

