

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: SB 370 - 5**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

---

Prepared by: John Terpening  
Reviewed by: John Borden, Steve Bender, Bob Cummings  
Date: 4-10-2015

---

**Measure Description:**

Provides that certain death benefits available to members of Public Employees Retirement System and other public employer retirement plans may be paid to former spouse as provided in judgment of annulment or dissolution of marriage or of separation.

**Government Unit(s) Affected:**

Cities, Counties, Judicial Department, Public Employees Retirement System (PERS)

**Summary of Expenditure Impact:** See Analysis

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The Oregon Public Service Retirement Plan (OPSRP) is the retirement plan for employees who first entered public employment on or after August 29, 2003. After a six-month waiting period, the employee becomes an OPSRP member as of the first of the next month and employer contributions begin. This measure would provide certain death benefits available to OPSRP members be paid to former spouse under certain circumstances. Currently, OPSRP comprises approximately half of active PERS employees and will continue to grow over time. There are approximately 50 pre-retired OPSRP death notices per year.

This measure creates a new benefit that will increase employer contribution rates for all PERS employers; however that increase is indeterminate at this time. Actuarial studies do not provide information on marital status of PERS members and therefore that status may not be known until a member or beneficiary applies for a benefit.

The Public Employees Retirement System (PERS) may have a fiscal impact to make changes to the jClarety system. The system may need to be upgraded in order to allow for PERS to split accounts for OPSRP members. PERS estimates the cost for such an upgrade at approximately \$225,000 Other Funds to hire an outside contractor to complete the necessary changes. However, given the relatively low number of impacted PERS members or beneficiaries, a cost/benefit analysis will need to be undertaken to evaluate whether a lower cost alternative is available, including the continuation of a manual process.

The PERS 2015-17 budget request includes funds for system changes, but the agency believes that the funds identified above would be needed even if all of the projects and funds included in their budget request are approved. It should be noted that further analysis will be needed at the end of this legislative session to determine the net fiscal impact to PERS of law changes requiring modifications to the agency's technology systems.