



Senate Bill 784

Sponsored by Senator KNOPP; Senator KRUSE, Representative 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 exclude amounts exceeding \$100,000 of salary paid or earned in any year in computing final average salary for purposes of retirement benefits.
Declares emergency, effective on passage.

A BILL FOR AN ACT.

1
2 Relating to capping final average salary for purposes of the Oregon Public Service Retirement Plan;
3 creating new provisions; amending ORS 238A.130; and declaring an emergency.

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

5 **SECTION 1.** ORS 238A.130 is amended to read:

6 238A.130. (1) Except as provided in subsection (3) of this section, for purposes of the computa-
7 tion of pension program benefits under ORS 238A.125, "final average salary" means whichever of the
8 following is greater:

9 (a) The average salary per calendar year paid to an active member in the three consecutive
10 calendar years of membership that produce the highest average salary, including calendar years in
11 which the member was employed for less than a full calendar year. If the number of consecutive
12 calendar years of active membership before the effective date of retirement of the member is three
13 or less, the final average salary for the member is the average salary per calendar year paid to the
14 member in all of those years, without regard to whether the member was employed for full calendar
15 years.

16 (b) One-third of the total salary paid to an active member in the last 36 calendar months of
17 membership before the effective date of retirement of the member.

18 (2) For the purposes of calculating the final average salary of a member under subsection (1)
19 of this section, the Public Employees Retirement Board shall:

20 (a) Include any salary paid in or for the calendar month of separation from employment;

21 (b) Exclude any salary for any pay period before the first full pay period that is included in the
22 three consecutive calendar years of membership under subsection (1)(a) of this section; and

23 (c) Exclude any salary for any pay period before the first full pay period that is included in the
24 last 36 calendar months of membership under subsection (1)(b) of this section.

25 (3) For purposes of the computation of pension program benefits under ORS 238A.125 of a person
26 employed by a local government as defined in ORS 174.116, "final average salary" means whichever
27 of the following is greater:

28 (a) The average salary per calendar year earned by an active member in the three consecutive
29 calendar years of membership that produce the highest average salary, including calendar years in
30 which the member was employed for less than a full calendar year. If the number of consecutive
31 calendar years of active membership before the effective date of retirement of the member is three

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 or less, the final average salary for the member is the average salary per calendar year earned by
2 the member in all of those years, without regard to whether the member was employed for full cal-
3 endar years.

4 (b) One-third of the total salary earned by an active member in the last 36 calendar months of
5 membership before the effective date of retirement of the member.

6 (4) For the purposes of calculating the final average salary of a member under this section, the
7 salary of the member does not include:

8 (a) Any amounts attributable to hours of overtime that exceed the average number of hours of
9 overtime for the same class of employees as established by rule of the Public Employees Retirement
10 Board. The Oregon Department of Administrative Services shall establish by rule more than one
11 overtime average for a class of state employees based on the geographic placement of the employees.

12 (b) Any increases in salary during the last 36 calendar months of membership before the effec-
13 tive date of retirement of the member that:

14 (A) Are made by an employer to pay for insurance coverage previously paid for by the employer;
15 and

16 (B) Are not offered to all employees in the same class of employees as established by rule of the
17 board under paragraph (a) of this subsection.

18 (c) Any amounts exceeding \$100,000 of salary paid or earned in any year.

19 **SECTION 2.** The amendments to ORS 238A.130 by section 1 of this 2015 Act apply only
20 to members of the Public Employees Retirement System whose effective date of retirement
21 is on or after the effective date of this 2015 Act.

22 **SECTION 3.** This 2015 Act being necessary for the immediate preservation of the public
23 peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect
24 on its passage.

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