

SB 761 STAFF MEASURE SUMMARY

Senate Committee On Workforce

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Meeting Dates: 3/20

WHAT THE MEASURE DOES:

Establishes alternate death benefit to surviving spouse beneficiary of Tier One and Tier Two members of Public Employees Retirement System (PERS) who die before retirement. Provides spouse option to receive 50 percent of service retirement allowance otherwise payable to deceased member.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

PERS enables public employers to provide their employees with retirement benefits. State government, public schools, community colleges, and many local governments participate in PERS, including approximately 925 employers and covering about 95 percent of all public employees in Oregon. PERS contains approximately 347,000 members, including 168,000 active, 43,000 inactive, and 136,000 retired. Approximately 32 percent of members are currently eligible to retire by age or service. PERS is a hybrid pension plan that includes a defined benefit and a defined contribution. Upon retirement, all PERS members receive both a life pension (defined benefit) and the balance of the member's individual account (defined contribution).

Under current law, the spouse beneficiary of a Tier One or Tier Two PERS member who is eligible to retire but dies before retiring is entitled to receive the money that remains in the member's pension account. Tier One and Tier Two PERS members do not have the alternative option available to a spouse beneficiary of a similarly situated OPSRP member of a monthly pension for the life of the spouse at one-half of the monthly amount that would have been paid to the member.

Senate Bill 761 allows the spouse beneficiary of a Tier One or Tier Two PERS member to elect as an alternative benefit the actuarial equivalent of 50 percent of the service retirement allowance that would otherwise have been paid to the deceased member.