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.

Excludes hours of overtime worked for Oregon State Police from limitations on inclusion of overtime in final average salary for purposes of Oregon Public Service Retirement Plan.

A BILL FOR AN ACT

Relating to final average salary under the Oregon Public Service Retirement Plan; creating new provisions; and amending ORS 238A.130.

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

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

ORS 238A.130. (1) Except as provided in subsection (3) of this section, for purposes of the computation of pension program benefits under ORS 238A.125, “final average salary” means whichever of the following is greater:

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

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

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

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

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

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

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

(a) The average salary per calendar year earned by an active member in the three consecutive calendar years of membership that produce the highest average salary, including calendar years in which the member was employed for less than a full calendar year. If the number of consecutive calendar years of active membership before the effective date of retirement of the member is three...
or less, the final average salary for the member is the average salary per calendar year earned by
the member in all of those years, without regard to whether the member was employed for full cal-
endar years.

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

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

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

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

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

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

(5) Subsection (4)(a) of this section does not apply to hours of overtime worked for the
Oregon State Police.

SECTION 2. The amendments to ORS 238A.130 by section 1 of this 2023 Act apply to
members of the Public Employees Retirement System whose effective date of retirement is
on or after the effective date of this 2023 Act.