

SB 852 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 1/23, 2/4

WHAT THE MEASURE DOES:

The measure modifies statutory provisions within the Public Employees Retirement System (PERS) affecting post-retirement death benefits.

Detailed Summary:

Section 1

Modifies existing law to specify that when a member of an individual account program within PERS elects to receive installment payments and dies before all amounts in the employee and vested employer accounts are paid the remaining account balance shall be paid in a lump sum distribution.

Section 2

Specifies that when the additional monthly death benefit payable to surviving spouses or children of specified police officers and firefighters is less than \$200 per month the beneficiary will receive an actuarial lump sum equivalent in lieu of the additional monthly death benefit.

Section 3

Removes provision allowing OPSRP member who elects a survivorship benefit that may be adjusted to a single life option upon specified events to be adjusted to a single life option when "relationship" with the beneficiary is terminated after the member retires.

Section 4

Permits surviving spouse who is also a Tier One or Tier Two member of the Public Employees Retirement System (PERS) beneficiary to elect to receive the amount referred to in ORS 238.390, or Option 2 or Option 3 under ORS 238.005 and designate themselves as the beneficiary thereunder if the member, who has attained normal retirement age and has retired from service, dies prior to the expiration of the time an election could be made by the member to change the member's service retirement benefit option under ORS 238.305 regardless of whether the member made an election under ORS 238.305.

FISCAL: Has minimal fiscal impact

REVENUE: No revenue impact

ISSUES DISCUSSED:

- Actuarial adjusted lumpsum distribution if additional death benefit payable to surviving spouses or children of police and firefighters is less than \$200 per month
- Impetus for actuarial adjusted lumpsum distribution when additional death benefit is less than \$200
- Calculation of additional death benefit

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

SB 852 STAFF MEASURE SUMMARY

The Public Employees Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations, including the management of benefits for more than 393,000 active, inactive, and retired members and beneficiaries. PERS members are in one of three plans, depending on when they first became a member. The three plans are: Tier One, Tier Two, and the Oregon Public Service Retirement Plan (OPSRP). An Individual Account Program (IAP) is an account-based benefit for all Tier One, Tier Two, and OPSRP members who have worked in a qualifying position since January 1, 2004. An IAP receives funding through employer contributions.

Senate Bill 852 modifies statutory provisions within the Public Employees Retirement System affecting post-retirement death benefits.