

Senate Bill 852

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Tina Kotek for Public Employees Retirement System)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Changes some death benefits under PERS. (Flesch Readability Score: 71.8).
Modifies certain post-retirement death benefits under the Public Employees Retirement System.

A BILL FOR AN ACT

1
2 Relating to post-retirement death benefits under the Public Employees Retirement System; amending
3 ORS 238.400, 238.405, 238A.190 and 238A.400.

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

5 **SECTION 1.** ORS 238A.400, as amended by section 9, chapter 75, Oregon Laws 2024, is amended
6 to read:

7 238A.400. (1) Upon retirement on or after the earliest retirement date, as described in ORS
8 238A.165, a member of the individual account program shall receive in a lump sum the amounts in
9 the member's employee account, rollover account and employer account to the extent the member
10 is vested in those accounts under ORS 238A.320.

11 (2) In lieu of a lump sum payment under subsection (1) of this section, a member of the individ-
12 ual account program may elect to receive the amounts in the member's employee account and em-
13 ployer account, to the extent the member is vested in those accounts under ORS 238A.320, in
14 substantially equal installments paid over a period of 5, 10, 15 or 20 years, or over a period that is
15 equal to the anticipated life span of the member as actuarially determined by the Public Employees
16 Retirement Board. Installments may be made on a monthly, quarterly or annual basis. In no event
17 may the period selected by the member exceed the time allowed by the minimum distribution re-
18 quirements described in subsection (5) of this section. The board shall by rule establish the manner
19 in which installments will be adjusted to reflect investment gains and losses on the unpaid balance
20 during the payout period elected by the member under this subsection. The board by rule may es-
21 tablish minimum monthly amounts payable under this subsection. The board may require that a
22 lump sum payment, or an installment schedule different than the schedules provided for in this
23 subsection, be used to pay the vested amounts in the member's accounts if those amounts are not
24 adequate to generate the minimum monthly amounts specified by the rule.

25 (3) A member of the individual account program electing to receive installments under sub-
26 section (2) of this section must designate a beneficiary or beneficiaries. In the event the member dies
27 before all amounts in the employee and vested employer accounts are paid, [*all remaining installment*
28 *payments shall be made*] **the remaining account balance shall be paid in a lump sum distrib-**
29 **ution** to the beneficiary or beneficiaries designated by the member. [*A beneficiary may elect to re-*
30 *ceive a lump sum distribution of the remaining amounts.*]

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 (4) A member who is entitled to receive retirement benefits under ORS chapter 238 may receive
2 vested amounts in the member's employee account, rollover account and employer account in the
3 manner provided by this section when the member retires for service under the provisions of ORS
4 chapter 238.

5 (5) Notwithstanding any other provision of ORS 238A.300 to 238A.415, the entire interest of a
6 member of the individual account program must be distributed over a time period commencing no
7 later than the latest retirement date set forth in ORS 238A.170, and must be distributed in a manner
8 that satisfies all other minimum distribution requirements of 26 U.S.C. 401(a)(9) and regulations im-
9 plementing that section, as in effect on January 1, 2024. The board shall adopt rules implementing
10 those minimum distribution requirements.

11 **SECTION 2.** ORS 238.405 is amended to read:

12 238.405. (1) The surviving spouse or child of a police officer or firefighter, who died a member
13 of the Public Employees Retirement System while retired either for service or disability and while
14 receiving or being entitled to receive a benefit under ORS 238.345 or under this chapter, is entitled
15 to a benefit under this section. The benefit shall be equal to 25 percent of the unmodified retirement
16 allowance the police officer or firefighter was receiving or was entitled to receive at the time of
17 death under ORS 238.345 or under this chapter. The benefit authorized by this section is in addition
18 to any other benefit the surviving spouse or child is entitled to and is available to the child until
19 the child attains 18 years of age.

20 (2) For the purpose of this section, the unmodified retirement allowance is that allowance de-
21 scribed in ORS 238.300, or if election to receive the benefits authorized under ORS 238.345 has been
22 made, the unmodified retirement allowance is 50 percent of the final average salary of the police
23 officer or firefighter as determined on the date of the injury causing disability.

24 (3) The board shall pay to a surviving spouse or child entitled to a benefit under this section a
25 lump sum amount equal to the actuarial value of the allowance provided under this section if the
26 allowance is less than [~~\$30~~] **\$200** per month. The lump sum amount shall be in lieu of the allowance
27 provided for under this section.

28 **SECTION 3.** ORS 238A.190 is amended to read:

29 238A.190. (1) Before the effective date of retirement of a member of the pension program, the
30 member may elect to convert the pension calculated under ORS 238A.180 or 238A.185 into the
31 actuarial equivalent pension as follows:

32 (a) A pension payable monthly during the member's life and, after the death of the member,
33 continuing at the same monthly amount for the life of a beneficiary named by the member in a
34 written designation filed with the Public Employees Retirement Board at the time of election.

35 (b) A pension payable monthly during the member's life and, subject to modification under sub-
36 section (2) of this section, after the death of the member, continuing at the same monthly amount
37 for the life of a beneficiary named by the member in a written designation filed with the board at
38 the time of election.

39 (c) A pension payable monthly during the member's life and, after the death of the member,
40 continuing at one-half of the monthly amount paid to the member for the life of a beneficiary named
41 by the member in a written designation filed with the board at the time of election.

42 (d) A pension payable monthly during the member's life and, subject to modification under sub-
43 section (2) of this section, after the death of the member, continuing at one-half of the monthly
44 amount paid to the member for the life of a beneficiary named by the member in a written desig-
45 nation filed with the board at the time of election.

1 (2) A retired member who elects to receive a pension under subsection (1)(b) or (d) of this sec-
 2 tion shall receive the pension that the member would have received on the effective date of retire-
 3 ment under ORS 238A.180 or 238A.185 adjusted by the actual amount of any cost-of-living or other
 4 post-retirement adjustments made to the original allowance since the effective date of retirement,
 5 if:

6 (a) The spouse or other beneficiary dies after the member retires; or

7 (b) The marriage relationship [*or other relationship*] with the beneficiary is terminated after the
 8 member retires.

9 (3) An increased benefit under subsection (2) of this section is first effective on the first day of
 10 the month following the date on which one of the events specified in subsection (2) of this section
 11 occurs.

12 (4) If a member of the pension program is married on the effective date of retirement, or there
 13 exists any other person on the effective date of retirement who is constitutionally required to be
 14 treated in the same manner as a spouse for the purpose of retirement benefits, the pension payable
 15 to the member shall be as provided in subsection (1)(c) of this section with the spouse or other
 16 person as beneficiary, unless:

17 (a) The member has selected a different pension provided for in subsection (1) of this section
 18 with the spouse or other person as beneficiary; or

19 (b) The member submits to the board a document signed by the spouse or other person, ac-
 20 knowledged by a notary public, consenting to a different option or a different beneficiary.

21 (5) Subsection (4) of this section does not apply to a pension benefit that is paid in a lump sum
 22 under ORS 238A.195.

23 **SECTION 4.** ORS 238.400 is amended to read:

24 238.400. [*If a person who is a member of the system, who has attained normal retirement age and*
 25 *who has retired from service, dies without making an election under ORS 238.305 and prior to the*
 26 *expiration of the time within which such an election could be made by the person, and the records of*
 27 *the Public Employees Retirement Board indicate that the person has designated the surviving spouse*
 28 *as the beneficiary under ORS 238.390 (1), such] **If a member of the system, who has attained***

29 **normal retirement age and has retired from service, dies prior to the expiration of the time**
 30 **an election could be made by the member to change the member's service retirement benefit**
 31 **option under ORS 238.305, and the records of the Public Employees Retirement Board indi-**
 32 **cate that the member's surviving spouse is the member's beneficiary under ORS 238.390, the**
 33 surviving spouse may, not more than 60 days after the date of the death of such deceased member,
 34 elect to receive the amount referred to in ORS 238.390 [(1)], or elect Option 2 or Option 3 under
 35 ORS 238.305 and designate self as the beneficiary thereunder with the same force and effect as if
 36 the election and designation had been properly made by the deceased member.