



Oregon

Theodore R. Kulongoski, Governor

MEMORANDUM

MEETING 6-30-03 DATE

AGENDA A.10. ITEM

Public Employees Retirement System

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June 26, 2003

TO: Members of the PERS Board

FROM: Yvette Elledge, Rules Coordinator

SUBJECT: Reconsideration of Temporary Rule
OAR 459-013-0300, *HB 2003 Retirement Allowance Recalculations*

BACKGROUND

The Board adopted this rule as a temporary rule at its June 10, 2003 Board meeting and authorized staff to begin the permanent rulemaking process. Staff had also planned on revising the temporary rule to reflect changes due to HB 3020 and presenting it to the Board at the June 30, 2003 meeting. However, in light of the uncertainty of HB 3020, staff is concerned about the effect of this temporary rule if HB 3020 does not pass by the date of the Board meeting.

As a result, staff recommends that the Board reconsider its previous motion to adopt temporary OAR 459-013-0300 for the following reasons:

1. The temporary rule contains the same problematic provisions of HB 2003 that the proposed language in HB 3020 will fix or clarify.
2. Repealing this rule will give the Board and staff greater flexibility in the implementation of HB 3020 if it passes and is effective on or after July 1, 2003.

ACTION ITEM

For the reasons listed above, staff recommends that the Board repeal the current temporary rule. Staff also recommends that the permanent rulemaking process authorized at the last Board meeting continue and if HB 3020 passes, staff can re-introduce amendments due to HB 3020 at a later Board meeting.

OREGON ADMINISTRATIVE RULE

PUBLIC EMPLOYEES RETIREMENT BOARD

CHAPTER 459

DIVISION 013 – RETIREMENT BENEFITS

459-013-0300

HB 2003 Retirement Allowance Recalculations

(1) The provisions of this section apply to Tier One members who receive a service retirement allowance calculated under ORS 238.300(2)(b)(A) and who have an effective retirement date that is on or after April 1, 2000, and before April 1, 2004.

(2) **Revised service retirement allowance.** The “revised service retirement allowance” provided for in section 10 of chapter 67, Oregon Laws 2003 (Enrolled HB 2003) shall be calculated as follows:

(a) An account balance for the member as of the member’s effective date of retirement shall be determined as though the balance in member’s regular account as of December 31, 1999, had been credited with 11.33 percent earnings for that year.

(b) A service retirement allowance shall then be calculated under ORS 238.300 for that member as of his or her effective date of retirement using the account balance established in subsection (a) of this section and converted to form of benefit selected by the member under ORS 238.305, if any.

(c) The allowance calculated under subsection (b) of this section will then be adjusted as if the cost of living adjustment provided for in ORS 238.360 had applied to that benefit from the member’s effective date of retirement forward.

(3) **Fixed service retirement allowance.** The “fixed service retirement allowance” provided for in section 10 of chapter 67, Oregon Laws 2003 (Enrolled HB 2003) shall be the amount payable to or on account of the member on July 1, 2003. The fixed service retirement allowance includes any benefit increases such as those provided by ORS 238.375, 238.385, or 238.387, and cost of living adjustments that have been made to the member’s actual retirement allowance prior to July 1, 2003.

(4) As of the first day of the month following the date when the revised service retirement allowance determined under section (3) above would exceed the fixed service retirement allowance determined under section (4) above, the member shall be entitled to the revised service retirement allowance.

(5) The provisions of this rule are effective July 1, 2003.

Stat. Auth: ORS 238.650

Stats. Implemented: OL 2003 Ch. 67