

OREGON PUBLIC EMPLOYEES RETIREMENT BOARD

Friday
May 18, 2007
11:30 A.M. & 1:00 P.M.

PERS
11410 SW 68th Parkway
Tigard, OR

	ITEM	PRESENTER
A. Contested Case Hearings – 11:30 A.M.		
1. 2. 3.	Contested Case Hearing for Colleen Walker Contested Case Hearings for Katharine English and Barbara Pinkerton Status of Contested Cases	RODEMAN/KUTLER
Break		
B. Administration – 1:00 P.M.		
1. 2.	March 30, 2007 Board Meeting Minutes Director's Report <ul style="list-style-type: none"> a. Forward-Looking Calendar b. OIC Investment Report c. HB2020 Report d. Budget Report 	CLEARY
C. Consent Action and Information Items		
1. 2. 3. 4. 5. 6.	Action on Contested Cases First Reading for Direct Rollover Rules Notice of Judge Member Rules Notice of Administrative Review and Appeal Processes Rules Notice of OAR 459-005-0220, Document Receipt Date Notice of OAR 459-050-0077, OSGP Loan Program	RODEMAN
D. Action and Discussion Items		
1.	2007 Legislative Update	RODEMAN
E. Executive Session Pursuant to ORS 192.660(2)(f), (h), and/or ORS 40.225		
1.	Litigation Update	LEGAL COUNSEL

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<i>Note: If you have a disability that requires any special materials, services or assistance, call (503) 603-7575 at least 48 hours before the meeting.</i>
Michael Pittman, Chair * James Dalton * Thomas Grimsley * Eva Kripalani * Brenda Rocklin * Paul R. Cleary, Executive Director
Level 1 - Public

PUBLIC EMPLOYEES RETIREMENT BOARD

PERS Board Meeting
1:00 P.M., March 30, 2007
Tigard, Oregon

DRAFT

MINUTES

Board Members:

Mike Pittman, Chair
Brenda Rocklin
Eva Kripalani
Thomas Grimsley
Excused: James Dalton

Staff:

Steve Delaney
Donna Allen
Steve Rodeman
Eric Sokol

Patrick Teague
Joe DeLillo
David Crosley
David Tyler

Jason Stanley
Dale Orr
Kyle Knoll
Rick Howitt

Others:

Deborah Tremblay
Joseph Dunne
David Wimmer
Greg Hartman
P. Peg
Frank Gaylord
Paul Gornick

Myrnie Daut
DeeAnn Raile
Victor Nolan
Steve Manton
Greg Smith
Angela Schiebout
Matt Larrabee

Bill Hallmark
Pat West
Linda Ely
Dallas Weyand
Maria Keltner
Mike Delaune
Scott Preppernan

Greg Chamoiv
Mark Johnson
David Heynderickx
Martha Sartain
Karla Alderman
Thomas Perry
Bruce Adams

Chair Mike Pittman called the meeting to order at 1:00 P.M.

James Dalton and Director Paul Cleary were excused from the meeting.

ADMINISTRATION

B.1. BOARD MEETING MINUTES OF FEBRUARY 16, 2007

Brenda Rocklin moved and Eva Kripalani seconded to approve the minutes of the February 16, 2007 Board meeting. The motion passed unanimously.

B.2. DIRECTOR'S REPORT

Deputy Director Steve Delaney presented the Forward-Looking Calendar and noted that there will be a joint PERS Board - Oregon Investment Council (OIC) meeting on April 25, 2007. Delaney presented the OIC report and noted the 5-year annualized average return is 11.5%, with more in-depth information to be presented at the joint Board – OIC meeting. Delaney gave an update on the status of the HB2020 Employer Reporting and Accounts Receivable Programs and said that the majority of employers have submitted 2006 reports. Delaney said that individual employers now have specific assigned PERS staff which has improved the reporting process. Delaney presented an update on the 2005 – 2007 budget execution, projecting a positive variance for the end of the biennium. Delaney said the General Government subcommittee approved the 2007 – 2009 PERS budget on March 20, 2007, which was then approved by the Joint Ways and Means Committee on March 23. Delaney introduced Eric Sokol, PERS' new Information Systems Division (ISD) Administrator, replacing Jeff Marecic.

CONSENT ACTION AND INFORMATION ITEMS

C.1. ACTION ON CONTESTED CASE HEARINGS

Steve Rodeman, Policy, Planning, and Legislative Analysis Division (PPLAD) administrator, presented the staff recommendations as detailed below in the contested case hearings of Colleen Walker, and Katharine English and Barbara Pinkerton.

The Board acted on each contested case item and directed staff as follows:

ITEM A.1. CONTESTED CASE HEARING FOR COLLEEN WALKER

Rodeman requested that the Board extend the decision on the final proposed order to May 31, 2007. Rodeman said that extension would provide the Board an opportunity to take further action at its May 18, 2007 meeting before the proposed order becomes a final order by operation of law.

It was moved by Brenda Rocklin and seconded by Tom Grimsley to extend the time after which the proposed order in the contested case of Colleen Walker will become final until May 31, 2007. The motion passed unanimously.

ITEM A.2. CONTESTED CASE HEARINGS FOR KATHARINE ENGLISH AND BARBARA PINKERTON

The Board continued deliberation of the proposed order in the contested case hearings of Katharine English and Barbara Pinkerton. At its February 16, 2007 meeting, the Board delayed the date on which the proposed order will become final until the May Board meeting.

It was moved by Mike Pittman and seconded by Tom Grimsley to adopt an amended proposed order and give the appellants an opportunity to file exceptions for consideration at the May 18, 2007 Board meeting. The motion passed unanimously.

C.2. FIRST READING FOR WITHDRAWAL OF CONTRIBUTIONS RULES

Rodeman presented the first reading of proposed rules regarding withdrawal of Tier One/Tier Two member accounts that would provide consistent administration of withdrawals in PERS programs. Rodeman said that public comment is open through April 6, 2007 and no public comment has been received to date.

C.3. ADOPTION OF NON-SUBSTANTIVE MODIFICATIONS TO OPSRP DISABILITY BENEFIT RULES

Rodeman presented the proposed adoption of the OPSRP Disability rule modifications to improve the accuracy and consistency of terminology within the Division 76 rules. Rodeman said that staff had received no public comment.

It was moved by Brenda Rocklin and seconded by Eva Kripalani to adopt the permanent rule modifications to OAR 459-076-0001, 459-076-0020, 459-076-0050, 459-076-0060, OPSRP Disability Benefit Rules, as presented. The motion passed unanimously.

D.1. TIER ONE RATE GUARANTEE RESERVE FINANCIAL MODELING RESULTS

Bill Hallmark and Greg Smith of Mercer presented the results of the financial modeling of the Tier One Rate Guarantee Reserve. Hallmark and Smith reviewed the key findings; the statutory structure of the Rate Guarantee Reserve; the baseline results and policy objectives; the development of policy alternatives; the alternative policy results; the limitations of the analysis; and various issues deserving further study. The Board concurred with the key finding that the Rate Guarantee Reserve is not currently "Fully Funded" under any of the policy alternatives

PERS Board meeting

3/30/2007

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considered. The Board also agreed to provide an opportunity for stakeholder review and feedback on the modeling results and findings at a subsequent Board meeting.

D.2. FINAL 2006 EARNINGS CREDITING AND RESERVING

Dale Orr, Actuarial Analysis Coordinator, presented the staff recommendations and Board options for regular account final earnings crediting for 2006. Orr presented three reserve funding options based on the Board's February 16, 2007 preliminary approval of crediting of the 2006 regular account earnings. Orr then described staff's revised recommendation to add \$50 million to the Contingency Reserve, bringing the balance to \$300 million which would maintain a Contingency Reserve equal to approximately 50 basis points (0.5%) of PERS Fund assets.

It was moved by Brenda Rocklin and seconded by Eva Kripalani to adopt the staff's recommended reserve funding and crediting allocation for calendar year 2006 earnings. The motion passed unanimously.

D.2. LEGISLATIVE UPDATE

Delaney provided an update regarding current proposed legislation affecting PERS, including the following proposed bills:

HB 2280 - Eliminates mandatory biennial Equal to or Better Than testing

HB 2285 - Individuals taking total lump sum retirement may not return to work for six months

HB 2593 - Allows retired nurses and nurse instructors to exceed the 1039 hour limitation

HB 2623 - Elimination of Break in Service provisions

HB 3385 - Provides Police and Fire status to dog control officers and others

EXECUTIVE SESSION

Pursuant to ORS 192.660 (2) (f), (h), and ORS 40.255, the Board went into executive session at 3:10 P.M.

The Board reconvened to open session.

Chair Pittman adjourned the meeting at 3:30 P.M.

Respectfully submitted,



Paul R. Cleary
Executive Director

MEETING	5-18-07
DATE	
AGENDA	B.2.a
ITEM	Calendar

PERS Board Meeting Forward-Looking Calendar

June 2007

1:00 P.M. June 15, 2007

Contested Case Hearing for Marilyn Bowen
Contested Case Hearing for Elaine Mahoney
Contested Case Hearing for Paul Sundermier
Adoption of Withdrawal Rules
Adoption of Direct Rollover Rules
First Reading for Judge Member Rules
First Reading for Administrative Review and Appeal Processes Rules
First Reading for OAR 459-005-0220, Receipt Date for Reports, Documents, and Remittances
First Reading for OAR 459-050-0077, OSGP Loan Program
2007 Legislative Update

July 2007

1:00 P.M. July 20, 2007

Contested Case Hearing for Wayne Logemann
Adoption of Judge Member Rules
Adoption of Administrative Review and Appeal Processes Rules
Adoption of OAR 459-005-0220, Receipt Date for Reports, Documents, and Remittances
Adoption of OAR 459-050-0077, OSGP Loan Program
Notice of OAR 459-007-0530, Crediting Earnings to Employer Lump-Sum Payments
Notice of OAR 459-009-0090, Lump-Sum Payments by Employers
2006 Experience Study

August 2007

No Meeting Scheduled

Returns for periods ending 3/31/07

Oregon Public Employees Retirement Fund

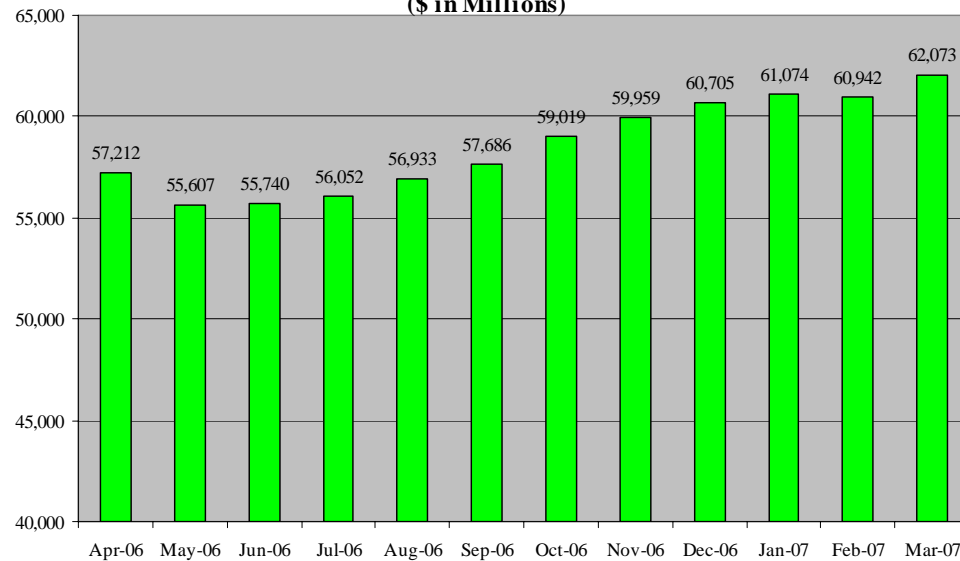
B.2.b. OIC

OPERF	Regular Account				Historical Performance					
	Policy ¹	Target ¹	\$ Thousands ²	Actual	Year-To-Date	1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS
Domestic Equity	24-34%	29%	\$ 19,065,769	31.6%	1.83	10.10	13.33	11.18	17.88	7.79
Non-US Equity	11-21%	16%	10,231,796	17.0%	3.93	19.30	24.98	21.76	30.52	17.71
Global Equity	5-11%	8%	3,579,979	5.9%	N/A					
Alternative Equity	9-15%	12%	6,473,265	10.7%	10.33	24.82	25.86	28.24	24.08	17.12
Total Equity	60-70%	65%	39,350,809	65.2%						
Opportunity Portfolio			58,660	0.1%	4.52					
Total Fixed	22-32%	27%	16,501,003	27.3%	1.63	7.57	5.78	4.88	5.99	7.06
Real Estate	5-11%	8%	4,400,714	7.3%	9.75	23.98	32.44	28.02	27.50	22.62
Cash	0-3%	0%	29,751	0.0%	1.33	5.34	4.50	3.54	2.97	2.77
TOTAL OPERF Regular Account		100%	\$ 60,340,937	100.0%	3.38	13.39	15.78	14.00	17.88	11.56
OPERF Policy Benchmark					2.77	13.07	13.48	12.02	16.33	10.07
Value Added					0.61	0.32	2.30	1.98	1.55	1.49

Asset Class Benchmarks:

Russell 3000 Index	1.28	11.28	12.77	10.84	17.12	7.23
MSCI ACWI Free Ex US	3.83	20.29	24.14	21.42	30.07	17.37
Russell 3000 Index + 300 bps--Quarter Lagged	7.73	18.79	14.04	15.06	20.06	11.93
LB Universal--Custom FI Benchmark	1.53	6.82	4.89	3.90	4.49	5.80
NCREIF Property Index--Quarter Lagged	4.51	16.59	18.31	17.02	14.96	13.27
91 Day T-Bill	1.25	5.08	4.30	3.42	2.83	2.59

TOTAL OPERF NAV
 (includes variable fund assets)
 One year ending March 2007
 (\$ in Millions)



¹OIC Policy 4.01.18

²Includes impact of cash overlay management.



Oregon

Theodore R. Kulongoski, Governor

Public Employees Retirement System

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May 18, 2007

TO: Members of the PERS Board
FROM: Paul R. Cleary, Director
SUBJECT: HB2020 Employer Reporting

MEETING	05-18-07
DATE	
AGENDA	
ITEM	B.2.c. HB2020 Update

PERS is working with 871 employer-reporting units to process outstanding 2006 and 2007 employer reports. In addition, PERS implemented an accounts receivable process and revised its employer outreach program in 2006. Updates on each are provided below.

EMPLOYER REPORTING

The table below shows the status as of April 27, 2007 of employer reports and member records for calendar years 2006 and 2007.

	Calendar Year 2006	Calendar Year 2007
Reports due:		
▪ Number expected	13,020	3,615
▪ Number received	12,910	3,515
▪ Percent received	99.1%	97.1%
▪ Annual Key Performance Measure	99.0%	N/A
Reports fully posted at 100%:		
▪ Number	12,261	2,890
▪ Percent received	95.0 %	82.2%
▪ Key Performance Measure	95.0 %	95.0%
Records due (estimated)	3,127,136	955,831
Records not posted:		
▪ Number	3,321	16,645
▪ Percent not posted	≤ .1%	1.7%
▪ Key Performance Measure	≤ .2%	≤ .2%
Contributions posted	\$ 426,723,720	\$124,135,387
Contributions not posted	\$ 89,902	\$542,257

As of the close of Annuals, employers submitted 99.1 % of the reports due for 2006. Of the reports submitted, less than .1% of records remain suspended (representing less than .02% of total contributions anticipated for 2006). For 2006, PERS met all three of its key performance measures, and in the case of reports submitted and records posted, PERS slightly exceeded them.

For 2007, employers have submitted 97.1% of the reports due. Of those reports submitted, 82.2% are 100% posted. In addition, our last report indicated that reporting performance for 2007 was slightly down because of the focus on completing Annuals. We are pleased to announce that as of the end of April, our year-over-year performance is similar to last year's, and that we are well on our way to meeting our 2007 targets.

EMPLOYER OUTREACH PROGRAM

Since the inception of the employer outreach program, PERS has seen a significant improvement in the employers' timely and complete submission of payroll reports and records. However, the accuracy of the reported data needs to be improved. To meet this data accuracy void, in November 2006 PERS escalated its outreach efforts by scheduling aggressive statewide data quality training sessions. The sessions covered subject-specific training and focused on data quality reporting issues. A total of 19 presentation sessions were completed during the last quarter 2006. Approximately 400 employer staff attended these sessions, representing more than 250 employers.

For 2007, we are continuing to tackle the data quality issue as well as we are trying to simplify and educate the employers on sticky reporting areas such as plan eligibility. Over the past year our Policy, Planning and Legal Analysis Division (PPLAD) has worked to simplify the administration of the plan eligibility rules, and PERS has scheduled 31 presentations to present our new and simplified approach to employers. The first presentation was held on April 13th and our last presentation will be held on June 14. To date, 12 presentations have been conducted with 151 attendees (representing 108 employers). Feedback has been positive, with the majority of attendees indicating their questions were answered. Also, the employer feedback indicated they were appreciative of the eligibility presentation, and that they really liked the eligibility principles "cheat sheet" authored by PPLAD.

ACCOUNTS RECEIVABLE PLAN

Besides assisting employers with overdue reports and electronic payments, PERS' accounts receivable department proactively collects receivable balances that are more than 30 days overdue. As of May 1, 2007, we have 578 outstanding invoices (15 employers) with an aggregate balance of less than \$373,000. Our goal is to collect all outstanding invoices that exceed 30 days by following up with these employers by phone and letters each month.



Oregon

Theodore R. Kulongoski, Governor

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May 18, 2007

MEETING DATE	5/18/07
AGENDA ITEM	B. 2. d. Budget

TO: Members of the PERS Board
FROM: Kyle J. Knoll, Budget and Fiscal Operations Manager
SUBJECT: May 2007 Budget Report

Attached is the PERS budget report for the period ending April 30, 2007.

2005-07 ACTUAL EXPENDITURES AND PROJECTIONS

Operating expenditures for the months of March and April 2007 totaled \$2,672,847, and \$3,048,274 respectively. Through 22 months (91.67%) of the biennium, the Agency has expended a total of \$64,325,910, or 85.75% of our operating budget. The positive budget variance for the biennium is currently projected at \$210,766, down from \$259,899 on February 28, 2007. The expenditure rate is expected to increase slightly over the remaining two months of the biennium. Budget and Fiscal Operations is working closely with Division Administrators and Section Managers to monitor those expenditures and ensure program needs are met within the existing limitation.

2007-09 BUDGET REQUEST

Since the March 30, 2007 report to the Board, PERS' 2007-09 Governor's Recommended Budget has continued to progress through the Legislative Adoption process:

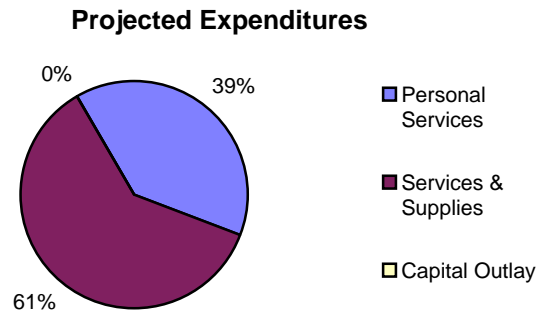
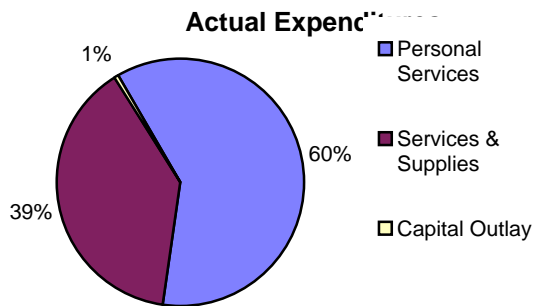
- Approved by the House on April 3, 2007.
- Approved by the Senate on April 24, 2007.
- Now pending signature by the Governor.

As reported previously, the PERS 2007-09 operating budget pending the Governor's signature is approximately \$81.4 million.

**2005-07 Agency-wide Operations - Budget Execution
Summary Budget Analysis
For the Month of: April 2007**

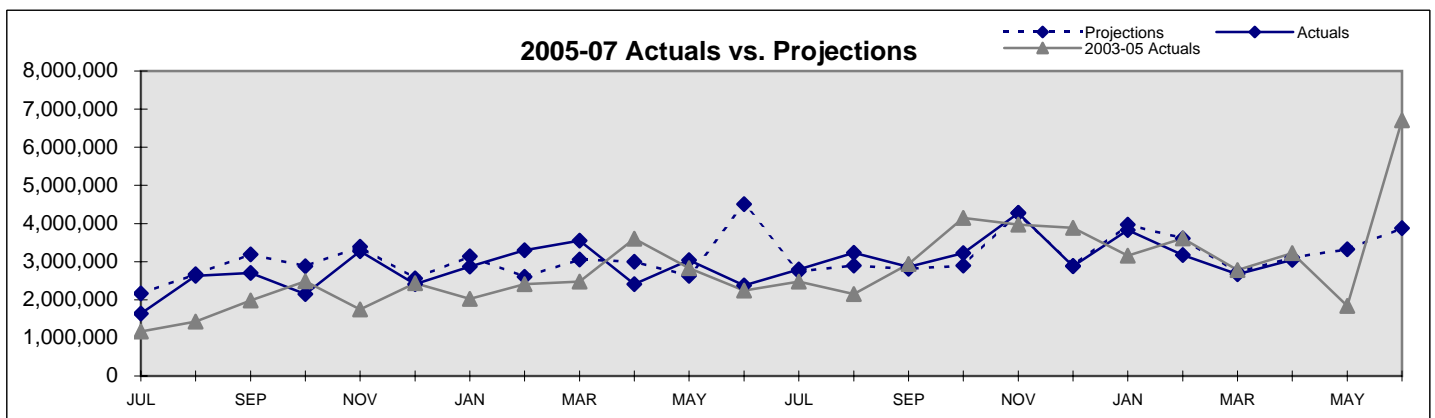
Biennial Summary

Category	Actual Exp. To Date	Projected Expenditures	Total Est. Expend.	2005-07 LAB	Variance
Personal Services	38,868,975	4,116,438	42,985,414	46,875,869	3,890,455
Services & Supplies	25,125,820	6,362,314	31,488,134	27,794,941	(3,693,193)
Capital Outlay	331,114		331,114	344,618	13,504
Special Payments					
Total	64,325,910	10,478,752	74,804,662	75,015,428	210,766



Monthly Summary

Category	Actual Exp.	Projections	Variance	Avg. Monthly Actual Exp.	Avg. Projected Expenditures
Personal Services	1,925,710	1,979,813	54,103	1,766,772	2,058,219
Services & Supplies	1,122,564	1,122,233	(331)	1,142,083	3,181,157
Capital Outlay				15,051	
Special Payments					
Total	3,048,274	3,102,046	53,772	2,923,905	5,239,376



2005-07 Agency-wide Operations - Budget Execution

Spending Plan - Actual and Estimated Expenditures

2005-07 Summary as of April 30, 2007

	1st QTR	2nd QTR	3rd QTR	4th QTR	5th QTR	6th QTR	7th QTR	8th QTR	ACTUAL EXPEND. TO DATE	EST. EXPEND.	ENC. & PRE-ENC.	TOTAL ESTIMATED EXPEND.	05-07 LAB BUDGET	VARIANCE	
Personal Services															
3110 Salaries & Wages	3,102,084	3,128,099	3,252,118	3,275,416	3,362,077	3,477,280	3,572,853	3,739,304	24,376,320	2,532,911		26,909,232	29,846,673	2,937,441	
3160 Temporary Appointments	40,406	43,071	29,041	36,809	42,700	39,823	37,837	47,936	278,392	39,230		317,622	156,922	(160,700)	
3170 Overtime	33,466	71,029	79,550	56,890	66,858	57,134	88,736	66,699	479,550	40,812		520,362	540,505	20,143	
3180 Shift Differential	1,326	1,615	2,139	1,878	1,820	1,527	2,159	1,850	13,234	1,080		14,314	1,980	(12,334)	
3190 All Other Differential	34,599	54,556	65,171	63,587	73,959	71,712	68,646	81,852	457,463	56,620		514,083	209,350	(304,733)	
3210 ERB Assessment	1,289	1,311	1,341	1,352	1,340	1,386	1,413	1,776	9,905	1,303		11,208	12,700	1,492	
3215 Wokers' Comp. Insurance (SA															
3220 PERS	449,000	451,927	439,938	427,041	444,369	456,753	471,181	543,485	3,298,716	384,977		3,683,694	4,481,716	798,022	
3221 Pension Bond Contribution	207,759	205,184	207,139	201,975	208,270	215,059	222,822	231,878	1,543,045	157,041		1,700,086	1,756,591	56,505	
3230 Social Security Taxes	243,827	249,974	261,324	262,386	269,096	276,196	287,695	300,975	1,947,169	204,305		2,151,474	2,356,099	204,625	
3240 Unemployment Comp.		16,576		4,077					20,654			20,654	37,388	16,734	
3250 Workers' Comp. Assess.	2,484	2,335	2,370	2,358	2,266	2,266	2,294	3,127	17,134	2,366		19,500	26,833	7,333	
3260 Mass Transit Tax	19,249	19,844	20,556	20,687	21,389	21,912	22,623	22,807	153,870	15,197		169,067	185,833	16,766	
3270 Flexible Benefits	756,424	772,987	849,681	861,809	858,832	891,308	962,618	1,000,461	6,273,524	680,596		6,954,119	7,308,467	354,348	
3455 Vacancy Savings													(155,537)	(155,537)	
3465 Reconciliation Adj.													188,451	188,451	
Unscheduled P.S.													(78,102)	(78,102)	
Total Personal Services	4,891,915	5,018,508	5,210,367	5,216,265	5,352,978	5,512,356	5,740,876	6,042,149	38,868,975	4,116,438		42,985,414	46,875,869	3,890,455	
		<i>actual</i>				<i>estimated</i>									
Services & Supplies															
4100 Instate Travel	12,995	24,326	14,906	19,723	11,981	19,651	12,024	22,566	123,273	14,900		138,173	116,894	(21,279)	
4125 Out-of-state Travel			40	11,252	339	(111)		300	11,520	300		11,820	31,127	19,307	
4150 Employee Training	30,385	44,332	39,369	36,044	60,420	58,219	26,551	129,721	314,988	110,054	10,375	435,417	513,069	77,652	
4175 Office Expenses	91,727	121,888	283,010	200,313	240,166	181,982	284,794	322,190	1,455,770	270,300		1,726,070	2,038,722	312,652	
4200 Telecommunications	25,713	69,518	65,443	62,725	58,881	51,692	53,879	75,018	400,119	62,750		462,869	537,685	74,816	
4225 St. Gov. Svc. Chg.	595,854	135,567	109,154	43,618	574,579	194,313	113,329	75,041	1,780,654	60,800		1,841,454	1,504,171	(337,283)	
4250 Data Processing	266,701	506,983	426,702	317,110	474,884	875,768	455,924	1,226,875	3,765,832	785,115		4,550,947	5,256,990	706,043	
4275 Publicity/Publications	7,318	6,251	18,487	27,825	17,017	10,125	9,109	34,190	96,324	34,000		130,324	292,704	162,380	
4300 Professional Services	545,896	1,213,796	1,640,303	695,945	815,605	684,518	647,595	1,345,704	6,644,328	945,034		7,589,362	3,282,534	(4,306,828)	
4315 IT Professional Services		360,233	1,343,483	795,597	842,976	2,156,491	1,851,061	439,475	7,412,516	376,800	3,232,924	11,022,240	14,532,868	3,510,628	
4325 Attorney General	48,913	72,187	113,494	96,841	105,384	84,347	59,673	120,526	603,365	98,000		701,365	947,681	246,316	
4350 Dispute Res. Svc.	957	3,910	16,510	13,525	7,157	3,843	4,692	8,500	50,594	8,500		59,094	73,736	14,642	
4375 Empl. Recruit./Devel.	8,863	24,770	12,469	16,325	7,315	12,515	12,182	11,615	98,905	7,150		106,055	58,036	(48,019)	
4400 Dues & Subscriptions	4,943	10,106	5,799	5,388	3,871	9,282	10,242	2,900	49,932	2,600		52,532	50,702	(1,830)	
4425 Facility Rental	104,691	95,696	96,140	96,223	96,166	99,904	77,379	127,509	701,597	92,112		793,709	703,597	(90,112)	
4450 Fuels/Utilities	23,497	25,490	30,773	27,089	30,229	27,233	22,251	38,891	195,453	30,000		225,453	121,063	(104,390)	
4475 Facility Maint.	47,868	43,335	47,231	86,504	113,561	97,841	98,902	119,859	564,801	90,300		655,101	724,698	69,597	
4575 Agency/Program S & S															
4625 Other COP Costs		371	1,090	765	1,511	573	736		5,045			5,045	6,500	1,455	
4650 Other S & S	1,095	8,915	(3,237)	5,246	13,493	(2,730)	(2,036)	7,991	28,137	600		28,737	2,700	(26,037)	
4700 Expendable Property	72,658	19,094	16,087	16,353	33,318	45,467	6,729	13,288	211,143	11,850	28,400	251,393	193,465	(57,928)	
4715 IT Expendable Property		23,267	35,037	161,673	82,198	204,727	100,050	94,020	611,521	89,450		700,971	450,300	(250,671)	
Unscheduled S & S													(3,644,301)	(3,644,301)	
Total Services & Supplies	1,890,074	2,810,037	4,312,289	2,736,087	3,591,051	4,815,649	3,845,068	4,216,179	25,125,820	3,090,615	3,271,699	31,488,134	27,794,941	(3,693,193)	
Capital Outlay															
5100 Office Furn./Fixture													30,868	30,868	
5150 Telecomm. Equip.													5,589	5,589	
5200 Technical Equipment													57,161	57,161	
5550 Data Proc.-Software			197,783	(129,701)	(73,034)	15,749	73,034		83,831			83,831	147,000	63,169	
5600 Data Proc.-Hardware	181,877				16,516	26,890	22,000		247,283			247,283	104,000	(143,283)	
5700 Building & Structure															
Total Capital Outlay	181,877		197,783	(129,701)	(56,518)	42,639	95,034		331,114			331,114	344,618	13,504	
Special Payments															
Total Special Payments															
Total Expenditures	6,963,866	7,828,545	9,720,439	7,822,652	8,887,511	10,370,645	9,680,979	10,258,327	64,325,910	7,207,053	3,271,699	74,804,662	75,015,428	210,766	

Percent of 2005-07 LAB Expended:	85.75%
Percent of Biennium Expired:	91.67%



Oregon

Theodore R. Kulongoski, Governor

Public Employees Retirement System

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May 18, 2007

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Administrator, PPLAD
SUBJECT: Action on Contested Cases

MEETING DATE	5/18/07
AGENDA ITEM	C.1. Contested Cases

OVERVIEW

Actions: Staff recommends the following action be taken in relation to the cases scheduled for deliberation at this meeting:

1. Adopt the Draft Final Orders as presented in the contested cases of Colleen Walker and Katharine English/Barbara Pinkerton.

BOARD OPTIONS

The Board may:

1. Adopt the staff recommendation as presented above.
2. Adopt one of the alternative directions specified in the memos related to each of the contested cases.
3. Take no action. The proposed orders would become final as their deadlines are passed.

STAFF RECOMMENDATION

Staff recommends the Board choose Option #1.

- If the Board does not adopt: The specific outcomes and alternatives vary but are more fully explained in the memos accompanying each case.



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May 18, 2007

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Administrator, PPLAD
SUBJECT: First Reading for Direct Rollover Rules
OAR 459-005-0591, *Definitions – Direct Rollovers*
OAR 459-005-0595, *Limitations – Direct Rollovers*
OAR 459-005-0599, *Election Procedures – Direct Rollovers*
OAR 459-050-0090, *Direct Rollover (OSGP)*

MEETING DATE	5/18/07
AGENDA ITEM	C. 2. Direct Rollovers

OVERVIEW

- Action: None. This is the first reading for the Direct Rollover Rules.
- Reason: The recent federal Pension Protection Act of 2006 changed the law on beneficiaries who are eligible to roll over benefit payments. In compliance with our statute's direction to adopt rules to conform the plan to federal tax laws, these rules were developed to implement the changes directed by the new federal law.
- Subject: Beneficiaries eligible to roll over PERS Plan benefit payments.
- Policy Issue: Should PERS offer non-spouse beneficiaries the option of rolling lump sum benefits to an individual account or annuity?

BACKGROUND

On August 17, 2006, the federal Pension Protection Act of 2006 was signed into law. A number of provisions in the new law affect the administration of PERS. One provision, which went into effect January 1, 2007, allows plans to offer non-spouse beneficiaries the option of directing rollover eligible distributions to an individual retirement account or annuity in a trustee-to-trustee transfer. This change occasioned the need to update our administrative rules. Two other changes from the federal law, also effective January 1, 2007, are reflected in these rule modifications. One provision extends the time for providing the federal tax information disclosure from 90 days to 180 days. Another allows distributees to roll after-tax dollars to certain types of plans that will accept and account for the after-tax dollars separately.

POLICY ISSUE

Should PERS offer non-spouse beneficiaries the option of rolling lump sum benefits to an individual retirement account or annuity?

The federal law changes added a category of persons, non-spouse beneficiaries, to those allowed to request that an eligible distribution from a retirement plan be rolled over to an

individual retirement account or annuity (IRA). Providing this option gives these beneficiaries more flexibility in deciding how to receive a rollover-eligible distribution.

There is only a minimal administrative burden for PERS to allow non-spouse beneficiaries to roll their distributions, as the procedures for processing rollovers are already in place. Staff just needs to be educated that this option is available and forms and procedures changed to conform accordingly.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held on April 24, 2007 at 2:00 p.m. at PERS headquarters in Tigard. No members of the public attended. The public comment period ends on May 25, 2007 at 5:00 p.m. To date, PERS has not received public comment.

SUMMARY OF MODIFICATIONS TO RULES SINCE NOTICE

These rules have not been modified since the Board's last meeting.

LEGAL REVIEW

The attached draft rules have been submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for adoption.

IMPACT

Mandatory: Yes, some of these updates are required by federal law. Others (for example, allowing non-spouses to roll distributions) are not required but the rule modifications are within the authority granted by statute.

Impact: Extending the federal tax information notice to 180 days eases an administrative burden on procedures that already exist for trustee-to-trustee transfers (rollovers).

Cost: There is no substantial cost to stakeholders or the Fund as a result of the adoption of these rules. Members will bear no cost from these rules. Employers will not bear any additional cost from these rules. There will be a small administrative cost to implement these rules in the form of system programming and operational form changes. There is no direct cost to the Fund other than the administrative expenses associated with incorporating these provisions into PERS plan operations.

RULEMAKING TIMELINE

February 16, 2007	PERS Board adopted the temporary rules and directed PERS staff to file a Notice of Proposed Rulemaking.
March 15, 2007	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State. Notice mailed to employers, legislators, and interested parties. Public comment period began.
April 1, 2007	<i>Oregon Bulletin</i> published the Notice.

First Reading – Direct Rollover Rules

5/18/07

Page 3 of 3

April 24, 2007	Rulemaking hearing held at PERS headquarters in Tigard.
May 18, 2007	First reading of the proposed rules.
May 25, 2007	Public comment period ends at 5:00 PM
June 15, 2007	Permanent rules to be presented to the PERS Board for adoption, including any changes resulting from public comment or reviews by staff or legal counsel.

NEXT STEPS

The rules are scheduled to be brought before the PERS Board for adoption at the June 15, 2007 meeting.

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 5 – ADMINISTRATION**

1 **459-005-0591**

2 **Definitions -- Direct Rollovers**

3 As used in OAR 459-005-0590 to 459-005-0599 the following words and phrases
4 shall have the following meanings:

5 (1) "Code" means the Internal Revenue Code of 1986, as amended.

6 (2) A "direct rollover" means the payment of an eligible rollover distribution by
7 PERS to an eligible retirement plan specified by the distributee.

8 (3) A "distributee" includes a PERS member, the surviving spouse of a deceased
9 PERS member, a non-spouse beneficiary of the member that is a designated
10 beneficiary under Code Section 402(c)(11), and the current or former spouse of a PERS
11 member who is the alternate payee under a domestic relations order that satisfies the
12 requirements of ORS 238.465 and the rules adopted thereunder.

13 (4) An "eligible retirement plan" means any one of the following:

14 (a) An individual retirement account or annuity described in Code Section 408(a) or
15 (b), but shall not include a Roth IRA as described in Code Section 408A;

16 (b) An annuity plan described in Code Section 403(a) that accepts the distributee's
17 eligible rollover distribution;

18 (c) A qualified trust described in Code Section 401(a) that accepts the distributee's
19 eligible rollover distribution;

20 (d) An eligible deferred compensation plan described in Code Section 457(b) which
21 is maintained by an eligible employer described in Code Section 457(e)(1)(A) and
22 accepts the distributee's eligible rollover distribution.

1 (e) An annuity contract described in Code Section 403(b) that accepts the
2 distributee's eligible rollover distribution.

3 (f) For the purposes of ORS 237.650(3), the individual employee account maintained
4 for a member under the Individual Account Program as set forth under ORS
5 238A.350(2); and

6 (g) For the purposes of ORS 237.655(2), the state deferred compensation program.

7 (5) An "eligible rollover distribution" means any distribution of all or any portion of
8 a distributee's PERS benefit, except that an eligible rollover distribution shall not include:

9 (a) Any distribution that is one of a series of substantially equal periodic payment
10 made no less frequently than annually for the life (or life expectancy) of the distributee or
11 the joint lives (or life expectancies) of the distributee and the distributee's designated
12 beneficiary, or for a specified period of ten years or more;

13 (b) Any distribution to the extent that it is a required or minimum distribution under
14 Code Section 401(a)(9).

15 (6) A "recipient plan" means an eligible retirement plan that is designated by a
16 distributee to receive a direct rollover.

17 (7) The provisions of this rule are effective on January 1, ~~2004~~ 2007.

18 Stat. Auth.: ORS 238.650 & 238A.450

19 Stats. Implemented: ORS 238.005 - 238.715

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 5 – ADMINISTRATION**

1 **459-005-0595**

2 **Limitations -- Direct Rollovers**

3 (1) Notwithstanding any provision to the contrary in OAR 459-005-0590 to 459-
4 005-0599, a distributee's right to elect a direct rollover is subject to the following
5 limitations:

6 ~~[(1)]~~ (a) A distributee may elect to have an eligible rollover distribution paid in a
7 direct rollover to only one eligible retirement plan.

8 ~~[(2)]~~ (b) A distributee may elect a direct rollover only when his or her eligible
9 rollover distribution(s) during a calendar year is reasonably expected to total \$200 or
10 more.

11 ~~[(3)]~~ (c) A distributee may elect to have part of an eligible rollover distribution be
12 paid directly to the distributee, and to have part of the distribution paid as a direct
13 rollover only if the member elects to have at least \$500 transferred to the eligible
14 retirement plan.

15 ~~[(4)]~~ (2)(a) The provisions of subsection (1)(a) apply to any portion of a
16 distribution, including after-tax employee contributions that are not includible in gross
17 income.

18 (b) Any portion of a distribution that consists of after-tax employee contributions
19 that are not includible in gross income may be transferred only to:

20 (A) An individual retirement account or annuity described in Code Section 408(a) or
21 (b)~~[(1)]~~; or

1 (B) An annuity contract described in Code Section 403(b) or [to] a qualified
2 defined contribution or defined benefit plan that agrees to separately account for the
3 amounts transferred, including separate accounting for the pre-tax and post-tax amounts.

4 (c) The amount transferred shall be treated as consisting first of the portion of the
5 distribution that is includible in gross income, determined without regard to Code Section
6 402(c)(1).

7 ~~[(5)]~~ (3) The provisions of this rule are effective on January 1, ~~[2004]~~ 2007.

8 Stat. Auth.: ORS 238.650 & 238A.450

9 Stats. Implemented: ORS 238.005 - 238.715

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 5 – ADMINISTRATION**

1 **459-005-0599**

2 **Election Procedures -- Direct Rollovers**

3 (1) PERS staff shall provide each distributee with a written explanation of the direct rollover
4 rules for any eligible distribution, as required by Code Section 402(f). In addition to the general
5 explanation required by Code Section 402(f), the written explanation shall include the following
6 information:

7 (a) A statement that the distributee has the right to consider the decision of whether or not to
8 elect a direct rollover for at least 30 days after the notice is provided;

9 (b) An explanation of the default rule set forth in section (5) of this rule;

10 (c) An explanation of the notice and election rules for periodic payments that are eligible
11 rollover distributions.

12 (2) Except as otherwise provided in sections (4) and (6) of this rule, an eligible rollover
13 distribution shall not be paid, either to the distributee or to a recipient plan, less than 30 days or
14 more than ~~90~~ 180 days after the distributee has been provided with the written explanation
15 described in section (1) of this rule.

16 (3)(a) Any direct rollover election shall be in writing and must be signed by the distributee
17 or by his or her authorized representative pursuant to a valid power of attorney as described in
18 OAR 459-005-0100 to 459-005-0140. The direct rollover election may be on forms furnished by
19 PERS, or on forms submitted by recipient plan which shall include:

20 (A) ~~Member's~~ Distributee's full name;

21 (B) ~~Member's~~ Distributee's social security number;

22 (C) Percentage of amount eligible for transfer (whole percent), or the dollar amount (in
23 whole dollars);

1 (D) The distributee's account number with recipient plan, if available;

2 (E) Name and complete mailing address of recipient plan; and

3 (F) If the distributee is a non-spouse beneficiary of the member, the title of the
4 recipient IRA account.

5 (b) The election shall include or be accompanied by a statement by the recipient plan's plan
6 administrator that the plan will accept the direct rollover for the benefit of the distributee,

7 including whether or not the recipient plan will accept, and account for separately, after-
8 tax dollars.

9 (4) If a distributee affirmatively elects a distribution after having received the written
10 election described in section (1) of this rule, PERS may make the distribution even if the initial
11 30-day period described in section (2) of this rule has not expired.

12 (5) If a distributee fails to affirmatively elect to make or not to make a direct rollover within
13 at least 30 and no more than ~~[90]~~ 180 days after notice is provided as described in section (1) of
14 this rule, PERS shall pay the eligible rollover distribution directly to the distributee.

15 (6) Any series of payments that are eligible rollover distributions shall be governed by the
16 provisions of sections (1), (2), (3), (4), and (5) of this rule for each payment made.

17 (7) For the purposes of this rule, "effective date of payment" means:

18 (a) The date inscribed on check or warrant; or

19 (b) The date of an electronic transfer/transaction to the recipient plan.

20 (8) The provisions of this rule are effective on January 1, 2007.

21 Stat. Auth.: ORS 238.650 & 238A.450

22 Stats. Implemented: ORS 238.005 - 238.715

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 5 – ADMINISTRATION**

1 **459-050-0090**

2 **Direct Rollover**

3 The purpose of this rule is to establish the criteria and process for a direct rollover (a
4 transfer made from trustee to trustee) by the Deferred Compensation Program to an
5 eligible retirement plan and to establish the criteria and process for the Deferred
6 Compensation Program to accept an eligible rollover distribution from another eligible
7 retirement plan. This rule shall apply to any direct rollover distribution received by the
8 Deferred Compensation Program on behalf of a participant and any request for
9 distribution from a Deferred Compensation Program account processed on or after
10 January 1, 2002.

11 (1) Definitions. The following definitions apply for the purpose of this rule:

12 (a) "Code" means the Internal Revenue Code of 1986, as amended.

13 (b) "Direct Rollover" means:

14 (A) The payment of an eligible rollover distribution by the Deferred Compensation
15 Plan to an eligible retirement plan specified by the distributee; or

16 (B) The payment of an eligible rollover distribution by an eligible retirement plan to
17 the Deferred Compensation Program.

18 (c) "Distributee" means:

19 (A) A Deferred Compensation Plan participant who has a severance of employment;

20 (B) A Deferred Compensation Plan participant who is approved for a de minimis
21 distribution under OAR 459-050-0075(1);

22 (C) The surviving spouse of a deceased participant; *[or]*

1 (D) The spouse or former spouse who is the alternate payee under a domestic
2 relations order that satisfies the requirements of ORS 243.507 and OAR 459-050-0200 to
3 459-050-0250; or

4 (E) The non-spouse beneficiary of a deceased participant who is a designated
5 beneficiary under Code Section 402(c)(11).

6 (d) "Distributing Plan" means an eligible retirement plan that is designated to
7 distribute a direct rollover to another eligible plan (recipient plan).

8 (e) "Eligible Retirement Plan" means any one of the following that accepts the
9 distributee's eligible rollover distribution:

10 (A) An individual retirement account or annuity described in Code Section 408(a) or
11 (b), but shall not include a Roth IRA as described in Code Section 408(A);

12 (B) An annuity plan described in Code Section 403(a);

13 (C) An annuity contract described in Code Section 403(b);

14 (D) A qualified trust described in Code Section 401(a);

15 (E) An eligible deferred compensation plan described in Code Section 457(b) that is
16 maintained by a state, political subdivision of a state, or any agency or instrumentality of
17 a state or political subdivision of a state; or

18 (F) A plan described in Code Section 401(k).

19 (f) "Eligible Rollover Distribution" means a distribution of all or a portion of a
20 distributee's Deferred Compensation account. An eligible rollover distribution shall not
21 include:

22 (A) A distribution that is one of a series of substantially equal periodic payments
23 made no less frequently than annually for the life (or life expectancy) of the distributee or

1 the joint lives (or life expectancies) of the distributee and the distributee's designated
2 beneficiary, or for a specified period of ten years or more;

3 (B) A distribution that is a required or minimum distribution under Code Section
4 401(a)(9);

5 (C) An amount that is distributed due to an unforeseen emergency under OAR 459-
6 050-0075(2).

7 (g) "Recipient Plan" means an eligible retirement plan that is designated by a
8 distributee to receive a direct rollover.

9 (2) Direct rollover to an eligible retirement plan. The direct rollover of an eligible
10 rollover distribution by the Deferred Compensation Program to an eligible retirement
11 plan shall be interpreted and administered in accordance with Code Section 457(d)(1)(C)
12 and all applicable regulations. A distributee may elect to have an eligible rollover
13 distribution paid by the Deferred Compensation Program directly to an eligible retirement
14 plan specified by the distributee.

15 (a) The Deferred Compensation Program staff shall provide each distributee with a
16 written explanation of the direct rollover rules for an eligible distribution, as required by
17 *[Internal Revenue]* [the](#) Code.

18 (b) A distributee's right to elect a direct rollover is subject to the following
19 limitations:

20 (A) A distributee may elect to have an eligible rollover distribution paid as a direct
21 rollover to only one eligible retirement plan.

22 (B) A distributee may elect to have part of an eligible rollover distribution be paid
23 directly to the distributee, and to have part of the distribution paid as a direct rollover

1 only if the *[member]* **distributee** elects to have at least \$500 transferred to the eligible
2 retirement plan.

3 (c) A direct rollover election shall be in writing and must be signed by the distributee
4 or by his or her authorized representative pursuant to a valid power of attorney. The
5 direct rollover election may be on forms furnished by the Deferred Compensation
6 Program, or on forms submitted by recipient plan which must include:

7 (A) The distributee's full name;

8 (B) The distributee's social security number;

9 (C) The distributee's account number with recipient plan, if available; *[and]*

10 (D) The name and complete mailing address of recipient plan; **and**

11 **(E) If the distributee is a non-spouse beneficiary of the member, the title of the**
12 **recipient IRA account.**

13 (d) The distributee is responsible for determining that the recipient plan's
14 administrator will accept the direct rollover for the benefit of the distributee. Any taxes or
15 penalties that are the result of the distributee's failure to ascertain that the recipient plan
16 will accept the direct rollover shall be the sole liability of the distributee.

17 (3) Direct rollover from an eligible retirement plan. On or after January 1, 2002, the
18 Deferred Compensation Program shall only accept rollover contributions from
19 participants and direct rollovers of distributions from an eligible retirement plan on behalf
20 of a participant. Section (3) of this rule shall be interpreted and administered in
21 accordance with Code Section 402(c) and all applicable regulations.

1 (a) The Deferred Compensation Program shall only accept pre-tax assets *[from pre-*
2 *tax accounts. Accounts that contain]*. After-tax employee contributions are not eligible
3 for rollover into the Deferred Compensation Program.

4 (A) The Deferred Compensation Program may require that a direct rollover from an
5 eligible deferred compensation plan described in Code Section 457(b) plan include or be
6 accompanied by a statement by the participant's previous employer or the plan
7 administrator that the distribution is eligible for rollover treatment.

8 (B) A direct rollover from an eligible retirement plan other than a Deferred
9 Compensation Plan described in Code Section 457(b) must be an eligible rollover
10 distribution. It is the participant's responsibility to determine that the assets qualify for
11 rollover treatment. Any taxes or penalties that are the result of the participant's failure to
12 ascertain that the distributing plan assets qualify for a direct rollover to a deferred
13 compensation plan described in Code Section 457(b), shall be the sole liability of the
14 distributee.

15 (b) Subject to the requirements of subsections (3)(b)(A) and (B) below, eligible
16 rollover distribution(s) shall be credited to the participant's Deferred Compensation
17 account established pursuant to the Plan and Agreement on file with the Deferred
18 Compensation Program and shall be subject to all the terms and provisions of the Plan
19 and Agreement. Account assets received from the distributing plan will be invested by
20 the Deferred Compensation Plan record keeper in accordance with the terms and
21 conditions of the Deferred Compensation Program according to the asset allocation the
22 participant has established for monthly contributions unless instructed otherwise in
23 writing on forms provided by the Deferred Compensation Program.

1 (A) Assets from an eligible deferred compensation plan account described in Code
2 Section 457(b) will be aggregated with the participant's accumulated Deferred
3 Compensation Plan account.

4 (B) Assets from an eligible retirement plan other than a Deferred Compensation Plan
5 described in Code Section 457(b) will be segregated into a separate account established
6 by the Deferred Compensation Program for tax purposes only, but not for investment
7 purposes. For investment purposes, the participant's assets are treated as a single account.
8 If a participant changes the allocation of existing assets among investment options within
9 the plan, the transfer or reallocation shall apply to and will occur in all accounts
10 automatically.

11 (c) Assets directly rolled over to the Deferred Compensation Program may be
12 subject to the 10 percent penalty on early withdrawal to the extent that the funds directly
13 rolled over are attributable to rollovers from a qualified plan, a 403(b) annuity, or an
14 individual retirement account.

15 Stat. Auth.: ORS 243.470

16 Stats. Implemented: ORS 243.401 - 243.507



Oregon

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May 18, 2007

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Administrator, PPLAD
SUBJECT: Notice of Rulemaking for Judge Member rules
OAR 459-040-0001, *Definitions*
OAR 459-040-0010, *General Administration*
OAR 459-040-0020, *Judge Member Disability Retirement*
OAR 459-040-0030, *Plan A Service Retirement Allowance*
OAR 459-040-0040, *Plan B Service Retirement Allowance*
OAR 459-040-0050, *Variable Annuity Adjustments for Judge Members*
OAR 459-040-0060, *Judge Member Death Before Retirement*
OAR 459-040-0070, *Judge Member Death After Retirement*
OAR 459-040-0080, *Required Minimum Distribution of Judge Member Death Benefits*

MEETING DATE	5/18/07
AGENDA ITEM	C. 3. Judge Members

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: To clarify administration of the judge member retirement program under ORS 238.500 to 238.585.
- Subject: Administration of the judge member retirement program.
- Policy Issue: No policy issues have been identified at this time.

BACKGROUND

Legislation in 1983 (ORS 238.500 to 238.585) created the PERS Judge Member Program and transferred all sitting judges covered under the Judges Retirement Fund to the Judge Member Program. It also transferred district court judges who were previously regular PERS members. The Judge Member Program now automatically includes any judge of the Oregon Supreme Court, Court of Appeals, Oregon Tax Court, and Circuit Courts. Any judge elected or appointed on or after January 1, 1984 automatically becomes a judge member of PERS on the date they take office and are not subject to the original Judges Retirement System under ORS 1.314 to 1.380 (ORS 238.505(1)).

Administrative rules are being adopted to publicize and clarify the administration of judge member retirement benefits under ORS 238.500 to 238.585. These rules will explain the benefit program more completely and inform the program's members of how PERS will administer certain provisions.

POLICY ISSUE

No policy issues have been identified at this time. These rules conform to the long-standing administrative practices that PERS has applied to the Judge Member Program.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held on May 22, 2007 at 2:00 p.m. at PERS headquarters in Tigard. The public comment period ends on June 22, 2007 at 5:00 p.m.

LEGAL REVIEW

The attached draft rules have been submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for adoption.

IMPACT

Mandatory: No, the Board need not adopt the rules.

Impact: Clarification of procedures in administration of judge member retirement will benefit members, employers, and staff.

Cost: There are no discrete costs attributable to the rules.

RULEMAKING TIMELINE

April 13, 2007	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2007	<i>Oregon Bulletin</i> published the Notice.
May 18, 2007	PERS Board notified that staff began the rulemaking process.
May 22, 2007	Rulemaking hearing to be held at 2:00 p.m. in Tigard.
June 15, 2007	First reading of the rules.
June 22, 2007	Public comment period ends at 5:00 p.m.
July 20, 2007	Staff proposes adopting the permanent rules, including any amendments warranted by public comment or further research.

NEXT STEPS

A hearing will be held on May 22, 2007. The rules are scheduled to be brought before the PERS Board for adoption at the July 20, 2007 meeting.

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0001

2 Definitions

3 The words and phrases used in this Division have the same meaning given them
4 in ORS Chapter 238, particularly as defined in ORS 238.500 to 238.585. Additional
5 terms are defined as follows unless context requires otherwise:

6 (1) “Life pension” means an allowance paid monthly for:

7 (a) The life of a retired judge member as either a service or disability
8 retirement allowance, as described in ORS 238.535 and 238.555; or

9 (b) The life of a surviving spouse of a deceased judge member or a deceased
10 retired judge member as described in ORS 238.565.

11 (2) “Plan A” means the service retirement allowance payable under ORS
12 238.535(1)(a).

13 (3) “Plan B” means the service retirement allowance payable under ORS
14 238.535(1)(b).

15 (4) “Pro tem judge” means a retired judge member performing temporary
16 service as a judge without pay as a condition of retirement under the Plan B
17 retirement option.

18 (5) “Surviving spouse” means the spouse of the judge member at the date of the
19 judge member’s death.

20 Stat. Auth.: ORS 238.650

21 Stats. Implemented: ORS 238.500 - 238.585

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0010

2 General Administration

3 (1) A person age 71 or younger becomes a judge member on the date that the
4 person takes office as a judge. A judge member does not serve a waiting period.

5 (2) A judge member may retire under:

6 (a) Plan A, as provided in OAR 459-040-0030; or

7 (b) Plan B, as provided in OAR 459-040-0040.

8 (3) Before attaining age 60, a judge member must elect in writing, on forms
9 furnished by the Judicial Department, whether to retire under Plan A or Plan B. A
10 judge member who fails to make the election must retire under Plan A.

11 (4) A judge member who has service as other than a judge member must elect a
12 retirement option available for service in other classifications.

13 (5) Lump sum options are not available for judge member retirement benefits.

14 (6) For purchases of creditable service, a judge member is subject to the same
15 requirements as a general service member.

16 (7) A judge member’s contributions to PERS must cease at the end of the
17 calendar year that the judge member attains age 75. The judge member shall be
18 retired from judicial office and receive a service retirement allowance effective
19 January 1 of the following calendar year.

20 (8) A person older than age 71 who becomes a judge is not eligible to become a
21 judge member. The judge may establish membership in PERS as a general service

1 member; see generally OAR Chapter 459, Division 10 for membership eligibility

2 guidelines for the PERS Plan.

3 Stat. Auth: ORS 238.650

4 Stats. Implemented: ORS 238.500 - 238.585

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0020

2 Judge Member Disability Retirement

3 A judge member who meets the requirements of ORS 238.555 may apply for
4 disability retirement. The provisions of OAR chapter 459, Division 15 apply to
5 judge member disability retirement with the following exceptions:

6 (1) The terms “member” and “employee member” in Division 15 mean a judge
7 member as defined in ORS 238.500.

8 (2) “Normal retirement age” means the age at which a judge member may
9 retire without a reduced benefit as set forth under ORS 238.535.

10 (3) “Qualifying position” as defined in OAR 459-015-0001(18) does not apply to
11 judge members.

12 (4) A judge member’s effective disability retirement date is the first day of the
13 month following the month in which the judge member’s disability retirement
14 application is approved.

15 (5) A judge member must have six years of service as a judge member to be
16 eligible for non-duty disability retirement.

17 (6) If a judge member meets the eligibility criteria for disability retirement, the
18 member’s disability retirement allowance shall be based on creditable service time
19 as though the member had continuously worked as a judge pursuant to ORS
20 238.555(1) or (2).

21 (7) PERS judge membership is terminated by withdrawal of the member
22 account balance as provided in ORS 238.545. Therefore, former PERS judge

1 members who have terminated their membership through withdrawal are not
2 eligible to receive PERS disability retirement allowances.

3 (8) OAR 459-015-0060 does not apply to judge members.

4 Stat. Auth: ORS 238.650

5 Stats. Implemented: ORS 238.555

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0030

2 Plan A Service Retirement Allowance

3 (1) The Plan A service retirement allowance is a life pension calculated in
4 accordance with ORS 238.535(1)(a).

5 (2) A judge member is not eligible to receive a service retirement allowance
6 under Plan A before the judge member turns age 60.

7 (3) A judge member may retire under Plan A upon written application on a
8 form furnished by PERS:

9 (a) At age 65 or thereafter with an unreduced service retirement allowance.

10 (b) At or after age 60 but before age 65, with an actuarially reduced service
11 retirement allowance. The service retirement allowance shall be reduced by 8% for
12 each full year and 8% prorated for each partial year the effective retirement date
13 precedes the date the judge member attains age 65.

14 (4) If a judge member, retiring at age 70 or thereafter, was formerly
15 contributing to the Judges’ Retirement Fund and established membership in PERS
16 pursuant to ORS 237.215(3) (1989 Edition), the judge member shall be entitled to a
17 service retirement allowance as provided for in ORS 238.535(4).

18 Stat. Auth: ORS 238.650

19 Stats. Implemented: ORS 238.535

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS**

1 **459-040-0040**

2 **Plan B Service Retirement Allowance**

3 **(1) The Plan B service retirement allowance is a life pension calculated in**
4 **accordance with ORS 238.535(1)(b).**

5 **(2) A judge member is not eligible to receive a service retirement allowance**
6 **under Plan B before age 60.**

7 **(3) A judge member may retire under Plan B at age 60 or thereafter upon**
8 **written application on a form furnished by PERS.**

9 **(4) A judge member who retires under Plan B must serve as a pro-tem judge**
10 **for 35 days per calendar year for five years following the judge member’s**
11 **retirement date. Appointment and service as a pro-tem judge is administered by the**
12 **Office of the State Court Administrator under rules adopted by order of the Chief**
13 **Justice of the Oregon Supreme Court.**

14 **(5) In the event of the death of a retired judge member, benefits must be paid to**
15 **a surviving spouse, or to the beneficiary of the retired judge member, in accordance**
16 **with ORS 238.565(3)(c) and OAR 459-040-0150 and 459-040-0170.**

17 **(6) If a judge member, retiring at age 70 or thereafter, was formerly**
18 **contributing to the Judges’ Retirement Fund and established membership in PERS**
19 **pursuant to ORS 237.215(3) (1989 Edition), the judge member shall be entitled to a**
20 **service retirement allowance as provided for in ORS 238.535(4).**

21 **Stat. Auth: ORS 238.650**

22 **Stats. Implemented: ORS 238.535**

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0050

2 Variable Annuity Adjustments for Judge Members

3 (1) A judge member may have elected to have a portion of the judge member’s
4 contributions paid into the Variable Annuity Account in the Fund as provided in
5 ORS 238.260(3) before June 30, 2003. A judge member who was participating in the
6 Variable Annuity Account on that date may continue to make contributions to the
7 Variable Annuity Account for service as a judge member performed on or after
8 January 1, 2004.

9 (2) For a judge member who has an account in the Variable Annuity Account,
10 the judge member’s allowance, whether receiving a service or disability retirement,
11 shall be adjusted in accordance with ORS 238.260(12).

12 (3) A retiring judge member participating in the Variable Annuity Account
13 must elect at retirement to transfer the variable account balance to the judge
14 member’s regular account in the fund, as of the effective date of retirement under
15 the provisions of ORS 238.260(9), or to maintain an account in the Variable Annuity
16 Account under the provisions of ORS 238.260(10) and (11).

17 (4) A judge member who meets the criteria of ORS 238.260(14)(a) may elect at
18 any time before retirement to make a one-time transfer of the balance of the judge
19 member’s variable account to the judge member’s regular account in accordance
20 with ORS 238.260(14).

21 Stat. Auth: ORS 238.650

22 Stats. Implemented: ORS 238.260, 238.535 & OL 2003 Ch. 625 § 3

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0060

2 Judge Member Death Benefits – Death Before Retirement

3 Benefits for a judge member shall be distributed and calculated as follows:

4 (1) For a judge member who on the date of death has a surviving spouse and

5 has six or more years of service as a judge:

6 (a) If the judge member is not an inactive judge member performing pro tem

7 service under ORS 238.545(5), the surviving spouse shall receive a life pension equal

8 to two-thirds of the retirement allowance the judge member would have received

9 under Plan A, had the judge member retired on the date of death; or

10 (b) If the judge member is an inactive member performing pro tem service

11 under ORS 238.545(5), the surviving spouse shall receive a life pension equal to two-

12 thirds of the service retirement allowance the judge member would have received

13 under Plan B, had the judge member retired on the date of death.

14 (2) For purposes of computing a surviving spouse’s life pension under section

15 (1) of this rule, a judge member who dies before age 60 is deemed to have died at age

16 60.

17 (3) If a surviving spouse receiving a life pension under subsection (1) of this rule

18 dies and the total amount of pension payments received by the surviving spouse is

19 less than the amount that had been credited to the deceased judge member’s

20 account as of the date of death of the judge member, the designated beneficiary of

21 the judge member qualifies to receive a lump sum payment equal to the difference

22 between these amounts.

1 (4) For a judge member who on the date of death has a surviving spouse and
2 less than six years of service as a judge, the surviving spouse shall receive a lump
3 sum payment equal to the amount credited to the judge member account in the
4 Fund on the first of the month following the date of death.

5 (5) For a judge member who on the date of death does not have a surviving
6 spouse and has six or more years of service as a judge, the designated beneficiary
7 shall receive a lump sum payment equal to the amount credited to the judge
8 member account in the Fund on the first of the month following the date of death.

9 (6) For a judge member who on the date of death has no surviving spouse and
10 no designated beneficiary, a lump sum payment equal to the amount credited to the
11 judge member’s account on the date of death shall be paid to the judge member’s
12 estate.

13 Stat. Auth: ORS 238.650

14 Stats. Implemented: ORS 238.565

OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS

1 459-040-0070

2 Judge Member Death After Retirement

3 If a judge member dies after the effective retirement date, benefits shall be
4 distributed and calculated as follows:

5 (1) Surviving spouse Standard Two-thirds Benefit. The surviving spouse of a
6 judge member shall receive a life pension equal to two-thirds of the service
7 retirement allowance the judge member is receiving or is entitled to receive on the
8 date of death.

9 (2) Additional benefit for surviving spouse. The surviving spouse may be
10 entitled to an addition to the pension described in section (1) of this rule if:

11 (a) The judge member selected a reduced retirement allowance under ORS
12 238.565(4); and

13 (b) The surviving spouse is the spouse of record on the effective date of
14 retirement. The additional benefit for a surviving spouse shall be void upon the
15 death or divorce of the spouse of record.

16 (3) No surviving spouse. If the judge member has no surviving spouse and the
17 total amount of retirement allowance received by the retired judge member is less
18 than the amount credited to the judge member account on the judge member's
19 effective retirement date, the designated beneficiary shall receive a lump sum
20 payment equal to the difference.

21 (4) Death of surviving spouse. If a surviving spouse receiving a pension under
22 section (1) of this rule dies and the total amount received as retirement allowance by

1 the retired judge member and as pension by the surviving spouse is less than the
2 amount credited to the judge member account on the effective date of retirement of
3 the judge member, the designated beneficiary of the judge member shall receive a
4 lump sum payment equal to the difference.

5 (5) Default beneficiary. If the judge member has no valid written designation of
6 beneficiary filed with the PERS Board before the judge member's death, the
7 beneficiary of the judge member shall be the personal representative of the judge
8 member's estate.

9 (6) Unpaid accrued retirement allowance. Any accrued retirement allowance
10 due a retired judge member that is unpaid at the time of death of the judge member
11 shall be paid as follows:

12 (a) To the surviving spouse of the judge member;

13 (b) If there is no surviving spouse of the judge member, to the beneficiary of the
14 judge member;

15 (c) If there is no surviving spouse or beneficiary of the judge member, to the
16 personal representative of the estate of the judge member; or

17 (d) If there is no surviving spouse or beneficiary of the judge member, in the
18 manner provided for payments under ORS 238.390(2).

19 Stat. Auth: ORS 238.650

20 Stats. Implemented: ORS 238.565

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 040 – JUDGE MEMBERS**

1 **459-040-0080**

2 **Required Minimum Distribution of Judge Member Death Benefits**

3 **(1) In the event an active or inactive judge member dies before retiring, the**
4 **required minimum distribution of death benefits attributable to the deceased judge**
5 **member shall be made in accordance with OAR 459-014-0100.**

6 **(2) In the event a retired judge member dies, the required minimum**
7 **distribution(s) to a surviving spouse and/or to a beneficiary of the deceased judge**
8 **member shall be made in accordance with OAR 459-013-0200.**

9 **(3) A lump sum distribution of death benefits of a deceased judge member may**
10 **be eligible for a rollover in accordance with OAR 459-005-0590 to 459-005-0599.**

11 **Stat. Auth: ORS 238.650**

12 **Stats. Implemented: ORS 238.565**



Oregon

Theodore R. Kulongoski, Governor

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May 18, 2007

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Administrator, PPLAD
SUBJECT: Notice of Rulemaking for OAR 459-001-0030, *Review of Staff Actions and Determination*, 459-001-0035, *Contested Case Hearing*, and 459-001-0040, *Petitions for Reconsideration*

MEETING DATE	5/18/07
AGENDA ITEM	C. 4. Review/Appeals Processes

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: Changes are necessary because employer grievance procedures are not spelled out in the rules.
- Subject: PERS administrative review and hearing processes.
- Policy Issue: Should employers have a specific process to follow to seek review or appeal of staff actions and determinations?

BACKGROUND

Employers have asked staff to begin rulemaking on the staff determination, contested case, and appeal rules to allow for modifications that would create a different dispute review and resolution process from that used for member disputes. These modifications to the review and hearing processes would include addressing disputes raised by PERS participating employers in connection with determinations made in regards to their obligations (e.g., paying contributions for prior years, being charged for associated earnings, etc.) that raise distinct issues from those posed by member contests.

Through the public comment process, staff expects employer groups to provide the rule modifications that they believe to be more efficient to resolve their concerns. So, the rules as presented do not describe that process beyond a suggested addition in OAR 459-001-0030(10) about employers having their own process and one possible idea about resolving disputes through an arbitration process. This concept is just a placeholder and staff encourages further dialogue and development on a specific process for employers.

While the rules are open, staff is also proposing some modifications to conform to the DOJ model rules and eliminate overlap and duplicative authorities.

LEGAL REVIEW

The attached draft rules have been submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rules are presented for adoption.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held on May 22, 2007 at 2:00 p.m. at PERS headquarters in Tigard. The public comment period ends on June 22, 2007 at 5:00 p.m.

IMPACT

Mandatory: No, the Board need not adopt the rules.

Impact: Clarification of the process employers should follow to challenge a staff determination will benefit employers and staff.

Cost: There are no discrete costs attributable to the rules.

RULEMAKING TIMELINE

April 13, 2007	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2007	<i>Oregon Bulletin</i> published the Notice.
May 18, 2007	PERS Board notified that staff began the rulemaking process.
May 22, 2007	Rulemaking hearing to be held at 2:00 p.m. in Tigard.
June 15, 2007	First Reading of the rules.
June 22, 2007	Public comment period ends at 5:00 p.m.
July 20, 2007	Staff proposes adopting the permanent rule modifications, including any amendments warranted by public comment or further research.

NEXT STEPS

A hearing is scheduled for May 22, 2007. The rules are scheduled to be brought before the PERS Board for adoption at the July 20, 2007 meeting.

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 001 – PROCEDURAL RULES**

1 **459-001-0030**

2 **Review of Staff Actions and Determination**

3 (1) Request for review. Any person *[or public employer]* may file with the Director, or an administrator appointed by the Director, a request for review of a staff action or
4 determination. Except as provided for in ORS 238.450 or in Board rules on disability
5 retirement, oral or written staff actions or determinations s that are subject to review under
6 this rule include but are not limited to:

8 (a) Establishing membership;

9 (b) Determining service credit and final average salary;

10 (c) Refund of contributions;

11 (d) Eligibility for benefits;

12 (e) Computation of benefits; *[or]* and

13 (f) Penalty for late reporting.

14 The request *[shall]* must be filed within 60 days following the date of the staff
15 action or determination. *[Late requests may be considered only if facts constituting good
16 cause are alleged in the request.]*

17 (2) Informal conferences. Informal conferences are available as an alternative means
18 that may achieve resolution of any matter under review. *[A request for an informal
19 conference does not relieve a person of the requirements for timely filing of a review
20 request.]*

21 (3) Criteria for request. A request for review of a staff action or determination
22 *[shall]* must be in writing and set forth:

- 1 (a) A description of the staff action or determination for which review is requested;
- 2 (b) A short statement of the manner in which the action is alleged to be in error;
- 3 (c) A statement of facts that are the basis of the request;
- 4 (d) Reference to applicable statutes, rules or court decisions upon which the person
- 5 relies;
- 6 (e) A statement of the relief the request seeks; and
- 7 (f) A request for review.

8 (4) Denial of request. The Director, or an administrator appointed by the Director,
9 may deny any request made pursuant to this rule:

- 10 (a) Which does not contain the information required under section (3) of this rule; or
- 11 (b) Regarding which, in the Director's view, there is no bona fide dispute of material
- 12 fact, the pertinent statutes and rules are clear in their application to the facts, and there
- 13 *[was]* is not a material administrative error.

14 (c) The denial of the request shall be made within 45 days of receipt of the member's
15 request.

16 (5) If a request is denied by the Director, or an administrator appointed by the
17 Director, because it does not contain the information required under section (3) of this
18 rule, a person shall have one opportunity to correct that deficiency and resubmit a request
19 for review within 45 days of the date of denial.

20 (6) Approval of request. If the request for review is granted, the Director, or an
21 administrator appointed by the Director, *[shall]*must issue a written determination within
22 45 days of receipt of the member's request after:

- 23 (a) Considering the request;

1 (b) Directing staff to reconsider; or

2 (c) Directing staff to schedule an informal hearing.

3 (7) Contested case hearing. In lieu of issuing a written determination, the Director
4 may direct the staff to schedule a formal contested case hearing. Such hearing *[shall]*
5 must be conducted in accordance with *[OAR 459-001-0035]*ORS 183.415 and the
6 Attorney General’s Model Rules of Procedure.

7 (8) If a request is denied or the Director's determination is not the relief sought by
8 the requester, and the Director did not cause a contested case hearing to be scheduled, a
9 person may file with the Board a request for a contested case hearing pursuant to *[OAR*
10 *459-001-0035]*ORS 183.415 and the Attorney General’s Model Rules of Procedure.

11 (9) Extension of deadline. Any 45-day deadline within this rule may be extended
12 upon request in writing for an additional 45 days. *[Additional time may be requested, but*
13 *shall only be granted upon approval by both parties.]*

14 (10) An employer may appeal a staff determination of a member account or an
15 invoice amount. If PERS and the employer cannot resolve the disagreement then the
16 issue shall be subject to an arbitration process.

17 Stat. Auth.: ORS 237.263

18 Stats. Implemented: ORS 183.413 - 183.470

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 001 – PROCEDURAL RULES**

1 **459-001-0035**

2 **Contested Case Hearing**

3 (1) Request for a contested case hearing. To obtain review of any determination *[by*
4 *the Director,]*made under OAR 459-001-0030 for which a contested case hearing has
5 not been held, the party *[shall]*must file with the Board a *[petition]*request for a
6 contested case hearing. The *[petition shall]* request must be filed within 45 days
7 following the date of the Director's determination. *[Late petitions may be considered only*
8 *if facts constituting a good cause are alleged in the petition.]*

9 (2) Informal conferences. Informal conferences are available as an alternative means
10 that may achieve resolution of any matter under review. *[A request for an informal*
11 *conference does not relieve a person of the requirements for timely filing of a request for*
12 *a contested case hearing.]*

13 (3) Criteria for request. The *[petition]*request for a contested case hearing *[shall]*
14 must be in writing and set forth:

15 (a) A description of the determination for which review is requested;

16 (b) A short statement of the manner in which the determination is alleged to be in
17 error;

18 (c) A statement of facts that are the basis of the *[petition]*request;

19 (d) Reference to applicable statutes, rules or court decisions upon which the
20 *[petitioner]*requester relies;

21 (e) A statement of the action the *[petition]*request seeks; and

22 (f) A request for a hearing.

1 *[(4) Contested case hearing. The Board shall acknowledge receipt of a petition for a*
2 *contested case hearing within 15 days of filing.]*

3 *[(5)](4)* The Director, or an administrator appointed by the Director, may direct the
4 staff to schedule a formal contested case hearing or develop a recommendation to deny
5 the member's request to be presented to the Board. The Board may then deny a request
6 for a hearing when it has decided, in consultation with legal counsel, that the Board has
7 no authority to grant the relief requested.

8 *[(6)](5)* The hearing *[shall] must* be conducted in accordance with the Attorney
9 General's Model Rules of Procedure.

10 *[(7) Proposed order. The administrative law judge's proposed order becomes final*
11 *90 days following service upon the petitioner, the Director and the Board through the*
12 *Director. Exceptions to the proposed order by the Director or the petitioner must be filed*
13 *with the Hearing Officer administrative law judge within 45 days of service. If the Board*
14 *determines additional time is necessary to review a proposed order and issue an*
15 *amended order, the Board may extend the time after which the proposed order will*
16 *become final in accordance with ORS 183.464(3).]*

17 *[(8) In accordance with the Attorney General's Model Rules of Procedure, the Board*
18 *may reject the order and direct the Hearings Officer to conduct further proceedings and*
19 *prepare an amended order within the time specified by the Board.]*

20 *[(9) Extension of deadline. Any 45-day deadline within this rule may be extended*
21 *upon request in writing for an additional 45 days. Additional time may be requested, but*
22 *shall only be granted upon approval by both parties.]*

1 ~~[(10)]~~(6) The Board *[will]* generally deliberates~~s~~ and decides~~s~~ on final orders during
2 regularly scheduled board meetings. The Board may instead deliberate and decide at any
3 other time and place allowed by law, as determined on a case-by-case basis, such as
4 electronically or via a telephone conference.

5 Stat. Auth.: ORS 238.650, 183.464 & 183.600 - 183.690

6 Stats. Implemented: ORS 183.413 - 183.470

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 001 – PROCEDURAL RULES**

1 **459-001-0040**

2 **Petitions for Reconsideration**

3 (1) *[Request for a]* Petition for reconsideration. *[Prior to]* **Before** initiating any
4 judicial review of a final order in a contested case, a party may file with the Board a
5 petition for reconsideration. If the party chooses to file a petition, it *[shall]* **must** be filed
6 within 60 days following the date the order becomes final. *[Late petitions may be*
7 *considered only if facts constituting good cause are alleged in the petition.]*

8 *[(2) Criteria for request. The petition for reconsideration shall be in writing and set*
9 *forth:]*

10 *[(a) A short statement of the manner in which the final order is alleged to be in*
11 *error;]*

12 *[(b) Reference to applicable statutes, rules or court decisions on which the party*
13 *relies;]*

14 *[(c) A suggested alternative form of order; and]*

15 *[(d) A request for reconsideration.]*

16 *[(3)]***(2)** Board action. The Board *[shall]* **must** either grant or deny a petition for
17 reconsideration within 60 days of filing. *[A petition may be denied if it does not contain*
18 *the information required under section (2) of this rule. If the petition for reconsideration*
19 *is granted, the Board may:]*

20 *[(a) Affirm the original order; or]*

21 *[(b) Reconsider and issue an amended order.]*

1 *[(4)](3)* Staff action. If the petition for reconsideration is granted *[and the Board*
2 *reconsiders]*, the *[Director shall submit]* Board must enter a new final order in
3 accordance with OAR 137-003-0675 and may consider written argument from the
4 Director on the merits of the petition *[for Board consideration]*.

5 *[(5)](4)* Petitioner action. Written argument from a petitioner *[shall]* must be
6 submitted together with the petition. The Board may schedule oral argument in its
7 discretion.

8 *[(6) Extension of deadline. Any 60-day deadline within this rule may be extended*
9 *upon request in writing for an additional 45 days. Additional time may be requested, but*
10 *shall only be granted upon approval by both parties.]*

11 Stat. Auth.: ORS 238.650

12 Stats. Implemented: ORS 183.413 - 183.470



Oregon

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May 18, 2007

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Administrator, PPLAD
SUBJECT: Notice of Rulemaking for OAR 459-005-0220, *Receipt Date for Reports, Documents, and Remittances*

MEETING DATE	5/18/07
AGENDA ITEM	C. 5. Document Receipt

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: The provisions dealing with having a document deemed to be received by PERS require changes in response to the agency converting to workflows and digital document handling.
- Subject: Modifications to make the agency record filing process more definite and certain.
- Policy Issue: Should the date on which an item is received and processed by PERS be considered the receipt date?

BACKGROUND

OAR 459-005-0220 provides guidelines for document receipt by PERS. The provision dealing with having a document deemed to be received by PERS on its postmark date leads to problems as PERS converts to workflows and digital document handling. Staff recommends instead going by the received or scanned date of the document, with a built-in grace period to allow for delivery of the document to PERS after having been posted.

POLICY ISSUE

Should the date on which an item is received and processed by PERS be considered the receipt date?

The current rule considers a document's postmark date as the date the item is filed and received by PERS. Using this standard creates administrative difficulties as the agency moves towards workflows and digital document handling. The postmark date is often not legible on the envelope, meaning the envelope must be notated or stamped by hand. Then, the envelope must be digitally captured and related to the document in question to establish its timely arrival.

PERS would rather consider the date an item is received and processed by PERS as the receipt date. The draft rule provides a five-day grace period, so if the member did in fact deposit the item before the due date, the grace period should operate to deem the item received within the required time line.

LEGAL REVIEW

The attached draft has been submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rule is presented for adoption.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held on May 22, 2007 at 2:00 p.m. at PERS headquarters in Tigard. The public comment period ends on June 22, 2007 at 5:00 p.m.

IMPACT

Mandatory: No, the Board need not adopt the rule.

Impact: Streamlines and simplifies process for determining document receipt.

Cost: There are no discrete costs attributable to the rule.

RULEMAKING TIMELINE

April 13, 2007	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2007	<i>Oregon Bulletin</i> published the Notice.
May 18, 2007	PERS Board notified that staff began the rulemaking process.
May 22, 2007	Rulemaking hearing to be held at 2:00 p.m. in Tigard.
June 15, 2007	First reading of the rule.
June 22, 2007	Public comment period ends at 5:00 p.m.
July 20, 2007	Staff proposes adopting the permanent rule, including any amendments warranted by public comment or further research.

NEXT STEPS

A hearing will be held May 22, 2007. The rule is scheduled to be brought before the PERS Board for adoption at the July 20, 2007 meeting.

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 005 – ADMINISTRATION**

1 **459-005-0220**

2 **Receipt Date for Reports, Documents, and Remittances**

3 (1) As used in this rule~~[,.]~~:

4 **(a)** “Private express carrier” ~~[shall have]~~ **has** the same meaning as in ORS

5 293.660(2).

6 **(b) “Settlement date” means the date on which the participating Depository**

7 **Financial Institution (DFI) or its correspondent is scheduled to be debited or**

8 **credited by the Federal Reserve.**

9 (2) If the due date of a report, document, remittance, or payment falls on a weekend
10 or ~~[a]~~ legal holiday, the due date is deemed to be the ~~[next regular]~~ **following** business
11 day ~~[following]~~.

12 (3)~~[(a) Except as provided for in sections (3), (4), and (5) of this rule,]~~ Any report,
13 ~~[or]~~ document, **remittance, or payment** required by PERS shall be deemed filed and
14 received based on ~~[the receipt stamp affixed to the report or document when received by~~
15 ~~PERS]~~ **the date received by PERS, or the scanned date if the date received by PERS**
16 **cannot be determined.**

17 ~~[(b) A remittance or payment and a remittance advice or a payment advice, as~~
18 ~~described in OAR 459-005-0215, shall be deemed filed and received as provided in~~
19 ~~sections (4), (5) and (6) of this rule.]~~

20 ~~[(4) Any report, document, remittance or payment required by PERS which is:]~~

1 *[(a) Transmitted through the United States Postal Service (USPS) or by private*
2 *express carrier, shall be deemed filed or received on the date shown by the post office*
3 *cancellation mark or other record of transmittal;]*

4 **(4) Any report, document, remittance, or payment filed and received by PERS**
5 **within five business days before or after the due date shall be deemed filed and**
6 **received on the due date.**

7 **(5) Any report, document, remittance, or payment required by PERS which is**
8 *[(b)]* lost in transmission through USPS or by a private express carrier, shall be deemed
9 filed and received on the date it was mailed or deposited for transmittal if the sender:

10 *[(A)](a)* Can establish by evidence satisfactory to PERS, which includes but is not
11 limited to documentation provided by USPS or the private express carrier, that the report,
12 document or remittance was deposited in the USPS or with a private express carrier on or
13 before the date due for filing, and was correctly addressed to PERS;

14 *[(B)](b)* Files with PERS a duplicate of the lost report, document, or remittance, in
15 accordance with the requirements specified in OAR 459-005-0210; and

16 *[(C)](c)* Satisfies the requirements of *[paragraphs]***subsections [(A)](a) and [(B)](b)**
17 of this *[sub]*section within 30 days after PERS notifies the sender in writing of *[its]*
18 failure to receive the report, document, or remittance.

19 *[(5) For purposes of this rule:]*

20 *[(a) "Settlement date" is the date on which the participating Depository Financial*
21 *Institution (DFI) or its correspondent is scheduled to be debited or credited by the*
22 *Federal Reserve.]*

1 *[(b) “Pay date” means the date inscribed on a pay check or settlement date if paid*
 2 *by EFT, whichever is the later.]*

3 (6) An electronic funds transfer (EFT) shall be deemed received on the settlement
 4 date of the transfer. A settlement date specified by an employer for an EFT shall be no
 5 later than the due date specified by PERS for a remittance or a payment.

6 (7) Any report or document that PERS *[will]* accepts by *[telephonic facsimile*
 7 *communication (fax)]* fax as provided in OAR 459-005-0210 or 459-005-0215 which is:

8 (a) Transmitted by a fax device to any office of PERS shall be deemed filed or
 9 received on the date of transmission as inscribed by the PERS fax device.

10 (b) Lost in transmission through a fax communication shall be deemed filed and
 11 received when originally transmitted if the sender can establish by affidavit the proof of
 12 sending and correct addressing, together with a copy of any activity report from the
 13 sender’s fax device, and a duplicate of the original report or document.

14 (8) A fax shall be accepted on weekends and holidays as long as the fax is otherwise
 15 in compliance with due dates specified in *[law and]* administrative rule.

16 (9) A report, document, remittance, or payment shall be transmitted in accordance
 17 with the provisions of this rule and OAR 459-005-0215 *[prior to]* before midnight *[of]*
 18 on the due date *[due to be considered by PERS as received timely]*.

19 (10) Any report or document that PERS *[will]* accepts by e-mail transmission as
 20 specified in OAR 459-005-0210(5) which is:

21 (a) Transmitted by e-mail to any office of PERS shall be deemed received as of the
 22 date PERS receives the transmission *[is received by PERS]*.

1 (b) Lost in transmission by e-mail shall be deemed filed and received when
2 originally transmitted if the sender can establish by affidavit the proof of sending and
3 correct addressing, together with a copy of any activity report from the sender's
4 electronic device, and a duplicate of the original report or document.

5 (11) When transmitting a document or report by use of fax or e-mail, the sender
6 bears the risk of failure of the transmission.

7 Stat. Auth.: ORS 238.650

8 Stats. Implemented: ORS 238.005 - 238.750



Oregon

Theodore R. Kulongoski, Governor

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May 18, 2007

TO: Members of the PERS Board
FROM: Steven Patrick Rodeman, Administrator, PPLAD
SUBJECT: Notice of Rulemaking for OAR 459-050-0077, *Loan Program*

MEETING DATE	5/18/07
AGENDA ITEM	C. 6. Loan Program

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: To clarify administration and tax reporting requirements of loan program.
- Subject: Modifies provisions of Oregon Savings Growth Plan Loan Program.
- Policy Issues: None.

BACKGROUND

OAR 459-050-0077, establishing a loan program for Oregon Savings Growth Plan (OSGP) participants, was adopted by the Board on January 12, 2007, with an effective date of May 1, 2007. The delayed effective date was to permit the third party administrator, CitiStreet, and OSGP to develop the processes to administer the program. In the course of that development, it became evident that the rule should be modified to more clearly address federal tax reporting requirements.

Under the rule as drafted, the OSGP participant with a loan in default may cure the default by resuming payments or repaying the loan balance in full before the end of a limited cure period. If the default is not cured, the loan balance is reported as a taxable distribution to the participant. The rule modifications more clearly distinguish between those participants who are eligible for an actual distribution and those who are not. If the participant is eligible for an actual distribution from the plan, the rule modifications clarify that the loan will be canceled and the balance reported as a taxable distribution. If the participant is not eligible for an actual distribution, the loan will not be cancelled but will be a deemed distribution for tax reporting purposes. The loan balance deemed distributed will continue to accrue interest until it is repaid or until it is cancelled when the participant becomes eligible for an actual distribution from the plan.

The proposed rule modifications also eliminate reamortization on loans that go into default but are cured by the participant resuming payments. Staff determined that reamortizing payments on these defaulted loans was administratively burdensome and disproportionately costly, since it would have generally resulted in a small change to the loan payment amount. Instead, the payments missed would be repaid before the end of the repayment period. Loans suspended for approved leaves of absence and absences due to military service would continue to be reamortized.

Lastly, requirements of the state payroll system (OSPS) needed to be accommodated. OSPS requires a signed authorization for payroll deduction. The rule modifications establish that a promissory note or other document that includes the payroll deduction amount and is signed by a participant as a requirement for obtaining the loan is acceptable as a payroll deduction agreement. Copies or images of these documents will be made available to OSPS on request. This accommodation arose from the coordinated efforts of OSGP, Department of Justice, and OSPS.

SUMMARY OF MODIFICATIONS TO RULE

The following modifications have been made to the rule.

In subsection (9)(a), text was added to establish that a promissory note or other document that includes the loan payment amount and is signed by the participant as a requirement to obtain the loan is a payroll deduction agreement.

Subsection (11)(d) was edited to clarify the requirements for cancellation of a loan balance reported as a taxable distribution. The edit also clarifies a cancelled loan is a distribution and that the loan balance is no longer outstanding.

Subsection (11)(e) was added to clarify the requirements for a deemed distribution of a loan balance reported as a taxable distribution. It also clarifies that a deemed distribution remains an outstanding loan balance and continues to accrue interest until such time as the loan is cancelled by repayment or the participant's attaining eligibility for a distribution from the plan.

Subsection (12)(c) was edited to eliminate the reamortization requirement and provide for repayment of missed payments before the end of the loan repayment period.

Subsection (12)(d) was edited to eliminate the cancellation provision and reference the appropriate section of the rule.

LEGAL REVIEW

The attached draft has been submitted to the Department of Justice for legal review and any comments or changes will be incorporated before the rule is presented for adoption.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing is scheduled for May 22, 2007 at 2:00 p.m. at PERS headquarters in Tigard. The public comment period ends on June 22, 2007 at 5:00 p.m.

IMPACT

Mandatory: No. The Board need not adopt these rule modifications. However, OSGP staff is seeking these changes to improve the program's administration and accommodate the need of the plan's stakeholders.

Impact: Clarification of tax reporting requirements will more effectively comply with federal tax law. Streamlining of administration will enhance efficiency and avoid additional costs.

Cost: There are no discrete costs attributable to the rule.

RULEMAKING TIMELINE

April 13, 2007	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
May 1, 2007	<i>Oregon Bulletin</i> published the Notice.
May 18, 2007	PERS Board notified that staff began the rulemaking process.
May 22, 2007	Rulemaking hearing to be held at 2:00 p.m. in Tigard.
June 15, 2007	First Reading of the rule.
June 22, 2007	Public comment period ends at 5:00 p.m.
July 20, 2007	Staff proposes adopting the permanent rule, including any amendments warranted by public comment or further research.

NEXT STEPS

A hearing is scheduled for May 22, 2007. The rule is scheduled to be brought before the PERS Board for adoption at the July 20, 2007 meeting.

**OREGON ADMINISTRATIVE RULE
PUBLIC EMPLOYEES RETIREMENT BOARD
CHAPTER 459
DIVISION 050 – DEFERRED COMPENSATION**

1 **459-050-0077**

2 **Loan Program**

3 (1) Definitions. For purposes of this rule:

4 (a) "Cure period" is that time from when a default occurs until the end of the quarter
5 following the quarter in which the default occurred.

6 (b) "Loan balance" means the outstanding principal and accrued interest due on the
7 loan.

8 (c) "Participant Loan" means a loan that only affects the deferred compensation
9 account of a participant.

10 (d) "Promissory note" means the agreement of loan terms between the Program and a
11 participant.

12 (e) "Third Party Administrator (TPA)" means the entity providing record keeping
13 and administrative services to the Program.

14 (2) Eligibility for loan. Participants who are currently employed by a Plan Sponsor
15 that has agreed to participate in a Participant Loan program are eligible for a Participant
16 Loan. Retired participants, participants separated from employment, designated
17 beneficiaries, and alternate payees are not eligible.

18 (3) Application for loan: A participant must apply for a loan and meet the
19 requirements set forth in this rule.

20 (a) Once a loan is approved, a participant must execute a promissory note in the form
21 prescribed by the Program.

1 (b) If a participant is deceased prior to the disbursement of the proceeds of a loan,
2 the participant's loan application shall be void as of the date of death.

3 (4) Loan Types:

4 (a) General purpose loan -- a loan not taken for the purpose of acquiring a principal
5 residence. General purpose loans must be repaid over a non-renewable repayment period
6 of up to five years.

7 (b) Residential loan -- a loan made for the purpose of acquiring a principal residence,
8 which is, or within a reasonable time shall be, the principal residence of the participant.
9 Residential loans must be repaid over a non-renewable repayment period of up to 15
10 years. A refinancing does not qualify as a residential loan. However, a loan from the
11 Program that will be used to repay a loan from a third party will qualify as a residential
12 loan if the loan would qualify as a residential loan without regard to the loan from the
13 third party.

14 (5) Interest Rate: The rate of interest for a loan shall be fixed at one percent (1%)
15 above the prime interest rate as published by the Wall Street Journal on the last business
16 day of the month prior to the month in which the loan is requested.

17 (6) Loan Fees: A loan fee of \$50.00 shall be assessed when the loan is approved. The
18 fee shall be deducted from a participant's deferred compensation account on a pro-rata
19 basis from existing investments.

20 (7) Loan Limitations:

21 (a) The maximum loan amount is the lesser of:

22 (A) \$50,000; or

1 (B) One-half of the value of the participant's deferred compensation account on the
2 date the loan is made.

3 (b) The minimum loan amount is \$1000.

4 (c) A participant may only have one outstanding loan.

5 (d) A participant who has received a loan may not apply for another loan until 12
6 months from the date the previous loan was paid in full.

7 (8) Source of Loan: The loan amount will be deducted from a participant's deferred
8 compensation account.

9 (a) Loan amounts will be deducted pro-rata from existing investments in a
10 participant's deferred compensation account.

11 (b) A participant may not transfer a loan to or from another retirement or deferred
12 compensation plan.

13 (9) Repayment Terms: The loan amount will be amortized over the repayment period
14 of the loan with interest compounded daily to calculate a level payment for the duration
15 of the loan.

16 (a) Loan payments must be made by payroll deduction. To receive a loan from the
17 Program a participant must enter into a payroll deduction agreement. For the purposes
18 of this rule, a promissory note or other document that includes the payroll
19 deduction amount and is signed by a participant as a requirement to obtain a loan
20 may be a payroll deduction agreement. Except as provided in this rule, a participant
21 may not submit a loan payment directly to the Program or the Third Party Administrator.

22 (b) A participant is responsible for loan repayment even if the employer fails to
23 deduct or submit payments as directed under the payroll deduction agreement. To avoid

1 defaulting on a loan by reason of the employer's failure to deduct or submit a payment a
2 participant may submit a loan payment by sending a money order or certified check to the
3 Third Party Administrator.

4 (c) A participant may repay the loan balance in a single payment at any time before
5 the date the final loan payment is due.

6 (d) Partial payment of a scheduled payment and partial prepayment or advance
7 payment of future payments shall not be permitted.

8 (e) Loan payments will be allocated in a participant's deferred compensation account
9 in the same manner as the participant's current contribution allocation. If, for any reason,
10 the allocation is not known, the payment will be allocated to the Short-Term Fixed
11 Income Option.

12 (f) Any overpayment will be refunded to the participant.

13 (10) Leave of Absence. Terms of outstanding loans are not subject to revision except
14 as provided in this section.

15 (a) Loan payments may be suspended up to one year during an authorized leave of
16 absence if a participant's pay from the employer does not at least equal the payment
17 amount.

18 (A) Interest on a loan continues to accrue during a leave of absence.

19 (B) A participant must immediately resume payments by payroll deduction upon
20 return to work.

21 (C) The loan balance will be re-amortized upon the participant's return to work to be
22 repaid within the remaining loan repayment period.

1 (D) Loan payments may be revised to extend the remaining loan repayment period to
2 the maximum period allowed in the event the loan originally had a term shorter than the
3 maximum period allowed under section (4) of this rule.

4 (E) If a participant is on a leave of absence that exceeds one year, the loan shall be in
5 default unless repayment begins one year from the participant's last date worked or the
6 date the final payment is due under the promissory note, whichever is earlier.

7 (b) Military Leave. Loan payments for participants on military leave may be
8 suspended for the period of military service.

9 (A) A leave of absence for military service longer than one year will not cause a loan
10 to be in default.

11 (B) Loan payments by payroll deduction must resume upon the participant's return to
12 work.

13 (C) The original repayment period of a loan will be extended for the period of
14 military service or to the maximum repayment period allowed for that type of loan,
15 whichever is greater.

16 (D) Interest on a loan continues to accrue during a leave of absence for military
17 service. If the interest rate on the loan is greater than 6%, then under the provisions of the
18 Servicemembers Civil Relief Act of 2003, the rate shall be reduced to 6% during the
19 period of military service.

20 (E) The loan balance will be re-amortized upon the participant's return to work to be
21 repaid within the remaining loan repayment period as determined under paragraph (C) of
22 this subsection.

1 (c) A participant on an authorized leave of absence or military leave may submit
2 loan payments by sending a money order or certified check to the Third Party
3 Administrator.

4 (11) Tax Reporting.

5 (a) The loan balance of a general purpose loan will be reported as a taxable
6 distribution to the participant on the earlier of the last day of the loan repayment period,
7 as adjusted under paragraphs (10)(a)(D) or (10)(b)(C) of this rule, if applicable, or if the
8 loan is in default, the last day of the cure period.

9 (b) The loan balance of a residential loan will be reported as a taxable distribution to
10 the participant on the earlier of the last day of the loan repayment period, as adjusted
11 under paragraphs (10)(a)(D) or (10)(b)(C) of this rule, if applicable, or if the loan is in
12 default, the last day of the cure period.

13 (c) If a participant dies prior to the loan balance being repaid, and the participant's
14 beneficiary does not repay the loan balance in a single payment within 90 days of the
15 participant's death, the loan balance will be reported as a taxable distribution to the estate
16 of the participant.

17 (d) If a participant is eligible to receive a distribution under the Program, [T]the
18 reporting of a loan balance as a taxable distribution under this section will cancel the loan
19 at the time the taxable distribution is reported. A canceled loan is a distribution and is
20 no longer outstanding in a participant's account.

21 (e) If a participant is not eligible to receive a distribution under the Program, a
22 loan balance reported as a taxable distribution under this section will be a deemed
23 distribution for tax reporting purposes. A loan deemed distributed may not be

1 canceled until the loan balance is repaid or the participant becomes eligible to
2 receive a distribution. The loan balance will remain outstanding in the participant's
3 account and will continue to accrue interest until repaid or canceled.

4 (12) Default.

5 (a) A loan is in default if a payment is not paid as scheduled or under any of the
6 provisions set forth in this rule, the promissory note, or any related loan agreement.

7 (b) A loan is in default if the participant separates from employment with the plan
8 sponsor that administers the loan payment payroll deductions.

9 (c) If a participant with a loan in default resumes loan payments by payroll deduction
10 before the end of the cure period, the default will be cured. The participant must pay

11 any missed payments and accrued interest before the end of the loan repayment
12 period. *[and the participant's loan balance will be re-amortized as if the participant had*
13 *been on a leave of absence under the provisions of paragraph (10)(a)(C) of this rule.]*

14 (d) Except as provided in subsection (c) of this section, if the participant does not
15 cure a default by repaying the loan balance before the end of the cure period, the loan
16 balance will be reported as a taxable distribution to the participant as provided in section
17 (11) of this rule*[and the loan will be canceled].*

18 (13) The effective date of this rule is May 1, 2007.

19 Stat. Auth.: ORS 243.470

20 Stats. Implemented: ORS 243.401 - 243.507



Oregon

Theodore R. Kulongoski, Governor

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May 18, 2007

TO: Members of the PERS Board
FROM: Steve Delaney, PERS Deputy Director
SUBJECT: 2007 Legislative Update

MEETING DATE	05-18-07
AGENDA ITEM	D.1. Legislative

As of May 16, 2007, 31 bills have been introduced during the 2007 session that directly impact PERS or the Oregon Savings Growth Plan.

NEW BILLS INTRODUCED SINCE THE MARCH 30 BOARD MEETING

HB 2585A Exempts ESD employees whose “primary work duties” are in a county of 35,000 inhabitants or less from the 1039-hour limitation on reemployment as a retiree.

HB 3536 Amends PERS ORS 238 and 238A, adding to any statutory standard pertaining to “spouse” to also include “surviving reciprocal beneficiary.”

Bill Numbers	Basic Concept	Last Action	Hearings Scheduled
HB 2007	Domestic Partnerships Procedures and privileges for entering into a domestic partner contract.	May 9 Signed by the Governor	
HB 2280	Equal To Or Better Than Remove requirement that ETOB study be conducted every two years. Allows PERS by administrative rule to determine when an ETOB study is to be conducted.	May 14 Referred to the Senate Commerce Committee	May 21 Public hearing & work session – Senate Commerce
HB 2281	Withdrawals Require that a member who wishes to withdraw (not retire) from any one PERS program must withdraw from all PERS programs at the same time.	April 17 Signed by the Governor	
HB 2282	Notice of Contest Change the statutory term “Notice of Contest” to another term less likely to cause confusion - “Notice of Dispute.”	April 17 Signed by the Governor	

Bill Numbers	Basic Concept	Last Action	Hearings Scheduled
HB 2283A	Oregon Investment Council Membership Remove requirement that the Governor appoint one PERS Board member to serve on the Oregon Investment Council (OIC).	March 13 Referred to the Senate Commerce Committee	May 21 Public hearing & work session—Senate Commerce
HB 2284A	"Break In Service" (an exception) Exempt individuals who are absent from employment for more than six months from the Break In Service provisions, if the individual is reinstated to employment by judgment, administrative order, arbitration, settlement, or other resolution.	March 12 Referred to the Senate Commerce Committee	May 21 Public hearing & work session—Senate Commerce
HB 2285	Total Lump Sum Retirement Option Prohibit reemployment of members who retire with a total lump sum option for the first six months following retirement.	March 7 Public Hearing by the Senate Commerce Committee	Nothing presently scheduled
HB 2286	Oregon Savings Growth Plan Clarifies that an order creating an Alternate Payee of an Oregon Savings Growth Plan (OSGP) participant may provide that the Alternate Payee may commence payments from the Alternate Payee account earlier than the participant would be eligible to commence payments.	April 17 Signed by the Governor	
HB 2358	Oregon Savings Growth Plan Allow Oregon State Bar employees to participate in the OSGP	April 17 Signed by the Governor	
HB 2397	Rollovers Allow PERS to accept rollover contribution payments for benefit overpayments	May 10 House Business & Labor. Passed out with -5 amendment – recommendation of do-pass A-Engrossed version	Nothing presently scheduled

Bill Numbers	Basic Concept	Last Action	Hearings Scheduled
HB 2401B	Early Retirement for Telecommunicators (9-1-1 Operators) Allow 9-1-1 operators with 25 years of service as a telecommunicator to retire with a reduced benefit if not yet age eligible.	May 7 Referred to the Senate Commerce Committee	May 21 Public hearing & work session – Senate Commerce
HB 2492	Benefits Paid To Felons Makes pension benefits subject to execution if the individual is convicted of a felony.	February 12 Public hearing by the House Judiciary Committee	*
HB 2585A	Reemployed Retirees Exempts ESD employees whose “primary work duties” are in a county of 35,000 inhabitants or less from the 1039-hour limitation on employment.	May 5 Referred to the Senate Commerce Committee	May 21 Public hearing & work session – Senate Commerce
HB 2593	Reemployed Retirees Exempts PERS retirees rehired as nurses or nurse instructors from the 1039-hour limitation on employment.	March 21 Referred to the Joint Ways & means Committee	Nothing presently scheduled
HB 2619	Police Officer Full Cost Purchase Allows police officers to purchase up to four years of service time served as a police officer out-of-state.	March 22 Referred to the Senate Commerce Committee	May 30 Public hearing & work session – Senate Commerce
HB 2623	Elimination of Break In Service Retroactively eliminates the Break in Service provisions.	April 30 Referred to the Joint Ways and Means Committee.	Nothing presently scheduled
HB 2679	Individual Account Program Allows payout of IAP over the life expectancy of the member, in addition to the current 5, 10, 15 or 20-year payout periods.	March 22 Referred to the Senate Commerce Committee	May 21 Public hearing & work session – Senate Commerce

Bill Numbers	Basic Concept	Last Action	Hearings Scheduled
HB 2724	Exemption to the 1039 Hour Limitation Allow any retiree rehired by a school district, ESD, or Community College as other than management or a teacher to work unlimited hours.	February 19 Referred to the House Business and Labor Committee	*
HB 3061	Voluntary Deductions Requires PERS to allow retired members and beneficiaries to make voluntary monthly contributions to labor organizations.	April 20 Public hearing by the House Business and Labor Committee	*
HB 3183	403(B) Employer Contribution Educational institution may make non-collective employer contributions to tax sheltered annuity or custodial account on behalf of employees.	May 9 Referred to the Senate Commerce Committee	Nothing presently scheduled
HB 3318	P & F Status Re-Classifies OUS Campus security as Public Safety Officers.	May 7 Referred to the Joint Ways & Means Committee	Nothing presently scheduled
HB 3361	Exemption to the 1039 Limitation Allows retired member to work for legislative assembly, any or all parts of session with no effect on their retirement status.	April 26 Referred to the Joint Ways & Means Committee	Nothing presently scheduled
HB 3385	Police & Fire Status Grants police and fire status to (1) Dog Control officers (2) OHSU Campus Security; and (3) Judicial Dept. employees providing court security	March 19 Referred to the House Business and Labor Committee	*
HB 3451A	OPSRP Gross-up Elimination Provides that retirement credit be calculated in the same manner as Tier One/Two.	May 8 House Business and Labor passed with do-pass recommendation and referral to the Ways & Means Committee	Nothing presently scheduled
HB 3536	Domestic Partnerships Pertaining to the rights of individuals not allowed to marry but with significant emotional, personal and economic relationships.	April 17 Referred to the House Elections, Ethics & Rules Committee	*

Bill Numbers	Basic Concept	Last Action	Hearings Scheduled
HB 5040	PERS Budget	April 24 Senate vote - passed 26-4	
SB 4	Exemption to the 1039 Limitation Declares nursing workforce shortage. Among other provisions, allows retired nurses to exceed 1039 hour limitation.	April 24 Senate vote – passed 26-4	Nothing presently scheduled
SB 342	Exemption to the 1039 Hour Limitation Allow registered nurses who have retired to work unlimited hours as a “nurse instructor.”	May 14 Referred to the House Business & Labor Committee	Nothing presently scheduled
SB 384A	Optional Retirement Plan for School Administrators Allows a school administrator who is not a PERS member to choose an alternate retirement plan in lieu of PERS.	March 21 Referred to the Education Committee. NOTE: Amendments passed removing all reference to PERS	CLOSED
SB 478	Judge Members Provides that PERS judge members may not be required to remain a resident of Oregon as a condition of retirement under the retirement option requiring 35 days of pro tem service for five years.	February 12 Referred to the Senate Commerce Committee	*
SB 872A	Judge Members Provides that Judge Member’s may designate ex-spouse as PERS beneficiary.	May 14 Referred to the House Business & Labor Committee	May 21 Public hearing & work session – House Business & Labor



Bill is still in the committee and the chamber it was introduced, has not been referred to one of five committees that can continue to work on the bill by April 30th deadline.