



Oregon

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Public Employees Retirement System

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July 26, 2024

TO: Members of the PERS Board

FROM: Melanie Chandler, Research Policy Coordinator, Policy Analysis and Compliance Section
Stephanie Vaughn, Manager, Policy Analysis and Compliance Section

SUBJECT: Notice of Rulemaking for Service Retirement Application Requirements Rules:
OAR 459-013-0250 *Service Retirement Application Requirements*
OAR 459-075-0040 *OPSRP Service Retirement Application Requirements*

OVERVIEW

- Action: None. This is notice that staff has begun rulemaking.
- Reason: To establish a reasonable time limitation for submissions of materials necessary to calculate member benefits.
- Policy Issue: *Should PERS establish a time requirement for how long applications can be held open for members to submit to PERS all documentation necessary to calculate their retirement benefit(s)? If so, is 85 days a reasonable length of time for all necessary materials to be submitted?*

BACKGROUND

Under ORS 238.455, PERS is required to begin monthly benefit payments within 62 days from the date that the member's first monthly payment is due. Because PERS pays benefits in arrears, staff often refer to this requirement as a 92-day deadline to account for the month between a member's effective retirement date and benefits becoming payable. If the agency is unable to calculate a member's actual (i.e., not estimated) monthly benefit amount by the deadline, statute requires that PERS begin monthly payments in an estimated amount until the actual benefit can be established.

On occasion, PERS is unable to calculate a member's actual monthly benefit amount due to the member not providing all required information or documentation. This can be particularly concerning as Oregon Administrative Rules require PERS to receive certain documents and information, such as member and beneficiary verification of age, before the agency establishes benefits.

When required documentation supporting service retirement applications has not been received by PERS, the Intake & Review Team sends members multiple follow-up letters, and the Team One Follow-Up Team makes contact with the member via telephone. Despite these efforts,

there are occasions when members do not provide the required information in time for PERS to calculate the benefit by the statutory deadline.

POLICY ISSUE

Should PERS establish a time requirement for how long applications can be held open for members to submit to PERS all documentation necessary to calculate their retirement benefit(s)? If so, is 85 days a reasonable length of time for all necessary materials to be submitted?

In order for members to receive retirement benefits, they are required to furnish with PERS information and documentation necessary to correctly calculate their benefit(s). This includes satisfactory evidence of their date of birth, their social security number, current address, and citizenship information. And if the member's option selection includes a survivor beneficiary, PERS requires satisfactory evidence of the beneficiary's date of birth, social security number, current address, and citizenship information as well.

In circumstances when a member of the system has submitted an application to retire for service and appears to be entitled to receive a retirement allowance that is payable monthly, PERS is required to calculate an estimated amount for the monthly payment based on the information then available. Once a member is receiving an estimated benefit due to missing information or documentation from the member, however, it can be time-consuming for staff to monitor accounts and follow-up with members to encourage the submission of the remaining items needed to convert an estimated benefit to an actual benefit.

PERS is introducing OAR 459-013-0250 and OAR 459-075-0040 to establish a time limitation for how long members have to submit materials required for the calculation of their retirement benefit(s). The rule provides members 85 days from the presumptive effective retirement date for PERS to receive the required information/documentation from the member, and if not received, the member's application will be cancelled, and the member will have to re-apply for retirement. 85 days was chosen to allow staff sufficient time to properly process the member's retirement before the 92 day requirement to pay a benefit. PERS will move forward with the rule as presented unless the board prefers a different time period, or prefers to continue with the current practice of establishing estimated payments when required information/documentation is not received timely.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing will be held remotely on August 20, 2024, at 2:00 p.m. The public comment period ends August 23, 2024, at 5:00 p.m.

LEGAL REVIEW

The attached rules were 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.

Benefit: Administrative costs will be reduced and promotes administrative efficiency.

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

RULEMAKING TIMELINE

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| July 26, 2024 | PERS Board notified that staff began the rulemaking process. |
| August 1, 2024 | Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State. |
| August 1, 2024 | Secretary of State publishes the Notice in the Oregon Administrative Rules Database. Notice is sent to employers, legislators, and interested parties. Public comment period begins. |
| August 20, 2024 | Rulemaking hearing to be held remotely at 2:00 p.m. |
| August 23, 2024 | Public comment period ends at 5:00 p.m. |
| October 4, 2024 | Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel. |

NEXT STEPS

A rulemaking hearing will be held remotely on August 20, 2024. The rule is scheduled to be brought before the PERS Board for adoption at the October 4, 2024 board meeting.

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| B.3. Attachment 1 – OAR 459-013-0250 | <i>Service Retirement Application Requirements</i> |
| B.3. Attachment 2 – OAR 459-075-0040 | <i>OPSRP Service Retirement Application Requirements</i> |