PRELIMINARY

HB 2163 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst
Meeting Dates: 3/1

WHAT THE MEASURE DOES:
Allows employer to deduct from employee's pay amounts to be contributed to employee's retirement account as long as employee receives written notice prior to initial deduction and prior to any increase in amount of deduction. Requires public university to contribute four percent of employee's salary to Option Retirement Plan each month after employee contributes maximum amount allowed to tax-deferred retirement plan.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
Eligible faculty and administrators at public universities may choose to participate in the Optional Retirement Plan instead of the Public Employees Retirement System (PERS). For an employee who opts out of PERS and was hired prior to July 1, 2014, both the university and the employee must contribute monthly an amount equal to the percentage of salary that would have been contributed to PERS. For those eligible university employees hired after July 1, 2014, the university must contribute monthly to the Optional Retirement Plan eight percent of the employee's salary and match the employee's contribution to the university's tax-deferred investment plan, capped at four percent of the employee's salary in each pay period. However, if the employee contributes the maximum allowed under the Internal Revenue Code before the year's end, the university is not contributing for the remainder of the year because the statute requires the match only in months that the employee is making a contribution. House Bill 2163 requires the university to continue contributing four percent of the employee's salary to the Optional Retirement Plan after the employee has voluntarily contributed the maximum allowed to their tax-deferred retirement account.

House Bill 2163 also allows any employer to deduct from an employee's pay for purposes of making contributions to the employee's retirement account. Prior to such a deduction, the employer must notify the employee in writing before the initial deduction is made and before any increase in the deduction is made. The notice must describe the benefit of such a contribution and that the employee may cancel or change the amount of the contribution.