

Senate Bill 214

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SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that post-doctoral scholars at public universities and Oregon Health and Science University are not eligible to participate in Public Employees Retirement System or optional retirement plans offered by universities.

A BILL FOR AN ACT

1
2 Relating to the eligibility of post-doctoral scholars for retirement benefits; creating new provisions;
3 and amending ORS 243.800 and 353.250.

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

5 **SECTION 1. Notwithstanding ORS 352.138 (6), a post-doctoral scholar employed by a**
6 **public university listed in ORS 352.002 or the Oregon Health and Science University is not**
7 **eligible to become a member of the Public Employees Retirement System under ORS chapter**
8 **238 or 238A. As used in this section, "post-doctoral scholar" means a person whose position:**

9 (1) **Includes formal mentorship supervision by a faculty member employed by the uni-**
10 **versity;**

11 (2) **Is limited to no more than five years; and**

12 (3) **Requires that the person received a terminal degree in a related field within five years**
13 **prior to placement in the position.**

14 **SECTION 2. ORS 243.800 is amended to read:**

15 243.800. (1) Notwithstanding any provision of ORS chapter 238 or 238A or ORS 243.910 to
16 243.945, the governing board of a public university listed in ORS 352.002 shall establish and admin-
17 ister an Optional Retirement Plan for administrative and academic employees of the public univer-
18 sity. The Optional Retirement Plan must be a qualified plan under the Internal Revenue Code,
19 capable of accepting funds transferred under subsection (7) of this section without the transfer being
20 treated as a taxable event under the Internal Revenue Code, and willing to accept those funds.
21 Retirement and death benefits shall be provided under the plan by the purchase of annuity contracts,
22 fixed or variable or a combination thereof, or by contracts for investments in mutual funds.

23 (2) An administrative or academic employee may elect to participate in the Optional Retirement
24 Plan upon completion of:

25 (a) Six hundred hours of employment, or the equivalent as determined by the governing board;
26 and

27 (b) Six months of employment that is not interrupted by more than 30 consecutive working days.

28 (3) An administrative or academic employee may make an irrevocable election to participate in
29 the Optional Retirement Plan within six months after being employed. An election under this sub-
30 section is effective on the first day of the month following the completion of the requirements of

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 subsection (2) of this section.

2 (4) An administrative or academic employee who does not elect to participate in the Optional
3 Retirement Plan:

4 (a) Remains or becomes a member of the Public Employees Retirement System in accordance
5 with ORS chapters 238 and 238A; or

6 (b) Continues to be assisted by the governing board under ORS 243.920 if the employee is being
7 so assisted.

8 (5) Except as provided in subsection (6) of this section, employees who elect to participate in the
9 Optional Retirement Plan are ineligible for active membership in the Public Employees Retirement
10 System or for any assistance by the governing board under ORS 243.920 as long as those employees
11 are employed in the public university and the plan is in effect.

12 (6)(a) An administrative or academic employee who elects to participate in the Optional Retirement
13 Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who
14 is not vested shall be considered by the Public Employees Retirement Board to be a terminated
15 member under the provisions of ORS 238.095 as of the effective date of the election, and the amount
16 credited to the member account of the member shall be transferred directly to the Optional Retirement
17 Plan by the Public Employees Retirement Board in the manner provided by subsection (7) of
18 this section.

19 (b) An administrative or academic employee who elects to participate in the Optional Retirement
20 Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who is
21 vested shall be considered to be an inactive member by the Public Employees Retirement Board and
22 shall retain all the rights, privileges and options under ORS chapter 238 unless the employee makes
23 a written request to the Public Employees Retirement Board for a transfer of the amounts credited
24 to the member account of the member to the Optional Retirement Plan. A request for a transfer
25 must be made at the time the member elects to participate in the Optional Retirement Plan. Upon
26 receiving the request, the Public Employees Retirement Board shall transfer all amounts credited
27 to the member account of the member directly to the Optional Retirement Plan, and shall terminate
28 all rights, privileges and options of the employee under ORS chapter 238.

29 (c) An administrative or academic employee who elects to participate in the Optional Retirement
30 Plan, and who is not a vested member of the pension program of the Oregon Public Service Retirement
31 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall be
32 considered to be a terminated member of the pension program by the Public Employees Retirement
33 Board as of the effective date of the election.

34 (d) An administrative or academic employee who elects to participate in the Optional Retirement
35 Plan, and who is a vested member of the pension program of the Oregon Public Service Retirement
36 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall be consid-
37 ered an inactive member of the pension program by the Public Employees Retirement Board as of
38 the effective date of the election. An employee who is subject to the provisions of this paragraph
39 retains all the rights, privileges and options of an inactive member of the pension program. If the
40 actuarial equivalent of the employee's benefit under the pension program at the time that the
41 election becomes effective is \$5,000 or less, the employee may make a written request to the Public
42 Employees Retirement Board for a transfer of the employee's interest under the pension program to
43 the Optional Retirement Plan. The request must be made at the time the member elects to partic-
44 ipate in the Optional Retirement Plan. Upon receiving the request, the Public Employees Retirement
45 Board shall transfer the amount determined to be the actuarial equivalent of the employee's benefit

1 under the pension program directly to the Optional Retirement Plan, and shall terminate the mem-
2 bership of the employee in the pension program.

3 (e) An administrative or academic employee who elects to participate in the Optional Retirement
4 Plan, and who is a vested member of the individual account program of the Oregon Public Service
5 Retirement Plan as described in ORS 238A.320 on the date that the election becomes effective, shall
6 be considered an inactive member of the individual account program by the Public Employees Re-
7 tirement Board as of the effective date of the election. An employee who is subject to the provisions
8 of this paragraph retains all the rights, privileges and options of an inactive member of the indi-
9 vidual account program. An administrative or academic employee who elects to participate in the
10 Optional Retirement Plan, and who is a member of the individual account program of the Oregon
11 Public Service Retirement Plan, may make a written request to the Public Employees Retirement
12 Board that all amounts in the member's employee account, rollover account and employer account,
13 to the extent the member is vested in those accounts under ORS 238A.320, be transferred to the
14 Optional Retirement Plan. The request must be made at the time the member elects to participate
15 in the Optional Retirement Plan. Upon receiving the request, the Public Employees Retirement
16 Board shall transfer the amounts directly to the Optional Retirement Plan, and shall terminate the
17 membership of the employee in the individual account program upon making the transfer.

18 (f) Notwithstanding paragraphs (b), (d) and (e) of this subsection, the Public Employees Retire-
19 ment Board may not treat any employee as an inactive member under the provisions of this sub-
20 section for the purpose of receiving any benefit under ORS chapter 238 or 238A that requires that
21 the employee be separated from all service with participating public employers and with employers
22 who are treated as part of a participating public employer's controlled group under the federal laws
23 and rules governing the status of the Public Employees Retirement System and the Public Employees
24 Retirement Fund as a qualified governmental retirement plan and trust.

25 (7) Any amounts transferred from the Public Employees Retirement Fund under subsection (6)
26 of this section shall be transferred directly to the Optional Retirement Plan by the Public Employees
27 Retirement Board and may not be made available to the employee.

28 (8) An employee participating in the Optional Retirement Plan who was hired before July 1,
29 2014, shall contribute monthly an amount equal to the percentage of the employee's salary that the
30 employee would otherwise have contributed as an employee contribution to the Public Employees
31 Retirement System if the employee had not elected to participate in the Optional Retirement Plan.

32 (9) For an employee participating in the Optional Retirement Plan who was hired before July
33 1, 2014, the governing board shall contribute monthly to the Optional Retirement Plan the percent-
34 age of salary of the employee equal to the percentage of salary that would otherwise have been
35 contributed as an employer contribution on behalf of the employee to the Public Employees Retire-
36 ment System, before any offset under ORS 238.229 (2), if the employee had not elected to participate
37 in the Optional Retirement Plan.

38 (10) For an employee participating in the Optional Retirement Plan who was hired on or after
39 July 1, 2014, the governing board shall contribute monthly to the Optional Retirement Plan:

40 (a) Eight percent of the employee's salary; and

41 (b) A percentage of the employee's salary equal to the percentage of salary contributed by the
42 employee to the public university's Tax-Deferred Investment 403(b) Plan under ORS 243.820, up to
43 four percent of the employee's salary in each pay period.

44 (11) Both employee and employer contributions to an Optional Retirement Plan shall be remitted
45 directly to the companies that have issued annuity contracts to the participating employees or di-

1 rectly to the mutual funds.

2 (12) Benefits under the Optional Retirement Plan are payable to employees who elect to partic-
 3 ipate in the plan and their beneficiaries by the selected annuity provider or mutual fund in accord-
 4 ance with the terms of the annuity contracts or the terms of the contract with the mutual fund.
 5 Employees electing to participate in the Optional Retirement Plan agree that benefits payable under
 6 the plan are not obligations of the State of Oregon or of the Public Employees Retirement System.

7 **(13) Post-doctoral scholars are not eligible to participate in the Optional Retirement Plan.**
 8 **As used in this subsection, “post-doctoral scholar” means a person whose position:**

9 **(a) Includes formal mentorship supervision by a faculty member employed by the public**
 10 **university;**

11 **(b) Is limited to no more than five years; and**

12 **(c) Requires that the person received a terminal degree in a related field within five years**
 13 **prior to placement in the position.**

14 **SECTION 3.** ORS 353.250 is amended to read:

15 353.250. (1) Notwithstanding the provisions of ORS chapters 238 and 238A, **and except as pro-**
 16 **vided in subsection (2) of this section,** the Oregon Health and Science University may offer to its
 17 employees, in addition to the Public Employees Retirement System, alternative retirement programs.

18 **(2) The Oregon Health and Science University may not offer an alternative retirement**
 19 **program to a post-doctoral scholar. As used in this subsection, “post-doctoral scholar”**
 20 **means an employee of the Oregon Health and Science University whose position:**

21 **(a) Includes formal mentorship supervision by a faculty member employed by the uni-**
 22 **versity;**

23 **(b) Is limited to no more than five years; and**

24 **(c) Requires that the person received a terminal degree in a related field within five years**
 25 **prior to placement in the position.**

26 **SECTION 4.** Section 1 of this 2017 Act and the amendments to ORS 243.800 and 353.250
 27 **by sections 2 and 3 of this 2017 Act apply only to a post-doctoral scholar who begins em-**
 28 **ployment as a post-doctoral scholar on or after the effective date of this 2017 Act.**

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