

HB 2417 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: John Borden, Budget Analyst

Meeting Dates: 5/29, 5/31

WHAT THE MEASURE DOES:

Provides alternative calculation of death benefit for surviving spouse of a Public Employees Retirement System member who dies before retiring.

ISSUES DISCUSSED:

- General provision of the measure
- Minimal fiscal impact

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

If a Tier 1 or Tier 2 member of the Public Employees Retirement System (PERS) dies before retiring, the member's designated beneficiary will receive the amount in the member's pension account. Tier 1 and Tier 2 members have not contributed to their pension member account since 2004, which is the time they began contributing under the Individual Account Program (IAP). If a member dies before retiring, the amount in the IAP account is paid to the member's beneficiary. Members of PERS who began working after August 28, 2003, are members of the Oregon Public Service Retirement Plan (OPSRP). The spouse of an OPSRP member who dies prior to retirement will receive a death benefit that is the actuarial equivalent of 50 percent of the pension that would have been paid as a retirement benefit to the member. The amount in the IAP account is also paid the OPSRP member's beneficiary. The measure provides an alternative method to calculate the death benefit of a Tier 1 or Tier 2 PERS member who dies before retirement. This alternative is only available if the designated beneficiary is the deceased member's spouse. The alternative to the amount in the member's pension account is 50 percent of the pension that would otherwise have been paid to the deceased member. This alternative is equivalent to the death benefit under the OPSRP program.