SB 113 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Tyler Larson, LPRO Analyst
Meeting Dates: 1/28

WHAT THE MEASURE DOES:
Allows Public Employee Retirement Board to charge participating public employer accrued earnings for late payment of contributions to member account.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
The Public Employee Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations including the management of benefits for more than 378,000 active, inactive, and retired members and beneficiaries. PERS is a hybrid pension plan that includes a defined benefit plan and a defined contribution plan. Upon retirement, all PERS members receive both a life pension (defined benefit) and the balance of the member’s individual account (defined contribution). The pension is funded primarily by employer contributions. Members contribute six percent of their monthly salary to their PERS retirement, with up to two and one-half percent used to offset the cost of member pensions and the remainder going to the member's individual account.

Current law requires all PERS employers to contribute six percent of each member employee's salary to the board for distribution to the member's individual account and the pension stability account. The board does not have express statutory authority to recover lost earnings if an employer makes late contributions that deprive the member of accrued earnings.

Senate Bill 113 grants the board express authority to charge a participating public employer accrued earnings for the late payment of contributions to a member account.