

HB 2375 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 3/22, 3/29

WHAT THE MEASURE DOES:

Restores forfeited retirement credit under the Oregon Public Service Retirement Program if calendar year 2020 was the member's fifth consecutive year of performing fewer than 600 hours. Provides that such a member forfeits retirement credit on December 31, 2021, if they perform fewer than 600 hours in 2021. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Public Employees Retirement System provides the Oregon Public Service Retirement Program (OPSRP) to eligible employee who were hired on or after August 29, 2003. OPSRP is a hybrid retirement program that provides a defined benefit plan (i.e., a pension) and a defined contribution plan (i.e., the Individual Account Program (IAP)). Membership for both the pension and the IAP begins on the first day of the month after the employee completes six full calendar months of employment. Once membership is established, the member is vested in the IAP employee account immediately; however, if the employer makes the IAP contributions for the member, vesting occurs on the earliest of the following dates: when the member completes 600 hours in each of any five years; when the member reaches normal retirement age; when the IAP program is terminated; when the member becomes disabled; or when the member dies. To vest in the pension program, the member must work at least 600 hours in each of any five calendar years. A member who has not yet vested in the pension program will forfeit all retirement credit if they perform fewer than 600 hours of service in each of five consecutive calendar years. The forfeiture takes effect at the end of the fifth year.

HB 2375 restores the forfeited retirement credit that occurred due to insufficient hours worked in 2020. At the end of 2021, if a member did not work 600 hours, all retirement credit will be forfeited.