



Oregon

Kate Brown, Governor

Public Employees Retirement System

Headquarters:
11410 S.W. 68th Parkway, Tigard, OR
Mailing Address:
P.O. Box 23700
Tigard, OR 97281-3700
888-320-7377
TTY (503) 603-7766
www.oregon.gov/pers

May 27, 2022

TO: Members of the PERS Board
FROM: Stephanie Vaughn, Manager, Policy Analysis & Compliance Section
SUBJECT: Adoption of Death and Survivor Benefits Rule:
OAR 459-014-0050, *Designation of Beneficiary at Retirement and Survivor Benefits*

OVERVIEW

- Action: Adopt the Death and Survivor Benefits rule.
- Reason: Clarify how outstanding invoices are handled with respect to death benefits.
- Policy Issue: None identified.

BACKGROUND

Staff is recommending amendments to Oregon Administrative Rule (OAR) 459-014-0050, the rule pertaining to the designation of beneficiaries at retirement, to provide additional transparency and clarification to members, alternate payees, and their beneficiaries. This rule affects only Tier One and Tier Two members.

When a Tier One/Tier Two member applies for retirement, the application requires they designate a beneficiary. That beneficiary designation is effective as of the member's effective retirement date and revokes all prior beneficiary designations. However, if the member dies between submitting their application for retirement and their effective retirement date, the new beneficiary designation has not taken effect and is invalid. The death benefit provided is a pre-retirement death benefit, paid to the beneficiary on file prior to receipt of the retirement application, which may be different than the beneficiary the member designated on their retirement application. Some beneficiaries have been unclear on this point, so staff have amended the rule to provide clarity.

When a retiree's benefit is adjusted and amounts that should have been paid or invoiced to the member are due after the member's death, they are paid out or invoiced to the member's beneficiary or estate. The rule has been amended to provide clarity as to what happens when a member has an outstanding invoice at the time of their death. The change in section (4) explains that any unpaid benefits accrued by the member before death will be offset by any outstanding invoice amount(s) before being paid out to a designated beneficiary or the member's estate.

SUMMARY OF MODIFICATIONS TO RULE SINCE NOTICE

No modifications were made to the rule since notice.

PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on April 26, 2022, at 2:00 p.m. No members of the public attended. The public comment period ended May 2, 2022, at 5:00 p.m. No public comment was received.

LEGAL REVIEW

The attached draft rule was submitted to the Department of Justice for legal review and any comments or changes are incorporated in the rule as presented for adoption.

IMPACT

Mandatory: No, the PERS Board need not adopt the rule modifications.

Benefit: The rule modifications add further transparency and clarification regarding how outstanding invoices are handled with respect to death benefits.

Cost: There are no discrete costs attributable to the rule.

RULEMAKING TIMELINE

March 28, 2022	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
March 28, 2022	PERS Board notified that staff began the rulemaking process.
April 1, 2022	Secretary of State published the Notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
April 26, 2022	Rulemaking hearing held remotely at 2:00 p.m.
May 2, 2022	Public comment period ended at 5:00 p.m.
May 27, 2022	Board may adopt the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the Death and Survivor Benefits rule, as presented.”
2. Direct staff to make other changes to the rule or explore other options.

STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

Adoption – Death and Survivor Benefits Rule

05/27/22

Page 3 of 3

B.2. Attachment 1 - 459-014-0050, *Designation of Beneficiary at Retirement and Survivor Benefits*