



Oregon
PERS
RETIRES INC.

OPRI Newsletter | Issue #39 | Summer 2021

RETIREMENT NEWS YOU CAN USE



LEGISLATURE PASSES KEY OPRI BILL

Against the back drop of a global pandemic, a closed economy, and a state reeling from a disastrous 2020 wildfire season, the 2021 legislative session was unlike any other.

From a policy perspective, the legislature remained focused on responding to the major issues brought to the forefront in 2020 — pandemic recovery, wildfire recovery, policing reforms and racial equity initiatives.

Despite the fact that the capitol building never opened to the public and

all committee hearings were conducted virtually, OPRI was hard at work educating legislators on key PERS bills that would protect retiree benefits. OPRI also engaged with members, encouraging them to contact their representatives about the importance of these bills. It worked.

OPRI released its legislative report in late June. **You can find a summary of PERS bills that passed during this legislative session beginning on Page 2.**

The Oregon PERS Retirees, Inc. (OPRI) is the state's largest organization that exists solely to protect the rights and benefits of Oregon's retired public employees. We serve retirees like you by monitoring PERS disbursements, advocating for you at the Legislature and, when necessary, defending you in court. To learn more, please visit our website: www.opri.org

2021 PERS LEGISLATIVE BILLS

Income Tax Remedy Payment Fix (HB 2867/HB 2375/HB 2875):

OPRI worked with Representative Paul Evans (D-Monmouth) to introduce **HB 2867**. This bill would more quickly reinstate Tax Remedy Payments for retirees who are unable to timely confirm their Oregon residency prior to the December 31st deadline. This was the second time OPRI introduced a bill to address the Tax Remedy Payment. In the 2018 short session, OPRI also introduced a bill, which ultimately did not advance.

HB 2375 was another priority OPRI bill. Introduced by Representative Ken Helm (D-Beaverton), it was designed to protect part-time employees working to become vested in the PERS system, but were unable to achieve the 600 hours per year threshold due to the pandemic.

HB 2375 and HB 2867 were ultimately combined into a single bill – **HB 2875**.

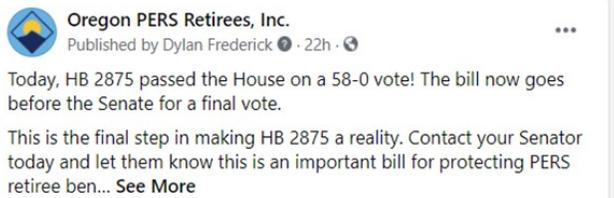
The newly combined bill received bipartisan support throughout the process. OPRI utilized grassroots efforts for the bill, encouraging PERS retirees and OPRI members to write their legislators in support of the bill. It worked.

⇒ **Final Outcome: HB 2875 received strong support and passed the House 58-0 and the Senate 25-4.** The passage of this bill was the culmination of several years of working with the PERS Agency and multiple legislative sessions.

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OPRI Grassroots Efforts

OPRI engaged with members through an online campaign on Facebook, encouraging retirees to contact their legislators on the importance of HB 2875. Below are examples of messages that were posted.



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HB 2875 Passes the House – Oregon PERS Retirees, Inc. [Learn More](#)



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MEET THE BOARD: JAY OSBORNE

Long-time OPRI Board chair, Jay Osborne, got his start in advocacy while working at the North Clackamas School District. But what started out as a stopgap job became a career and led to a lifetime of representing the interests of state employees, and now retirees.

After spending 20 years as a home furnishings coordinator, Jay decided to make a career change. When a friend suggested he apply for a job at the School District, he did. This was the catalyst to his involvement in advocacy.

During his 27 years as a Custodial Supervisor and Head Custodian, Jay was actively involved in the Oregon School Employees Association (OSEA). After his first year on the job, he got involved in the union, and was elected to serve as chapter president for 15 years. During that time, he was also elected as Zone II Director on the OSEA Board of Directors, where he chaired several different union committees.



Jay with Oregon State Representative Rachel Prusak

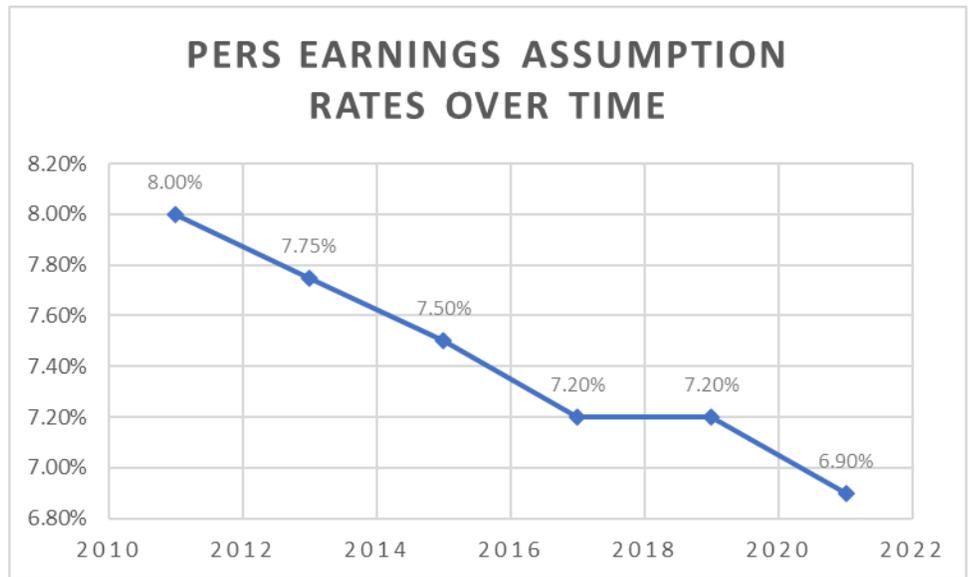
“ I believe in OPRI’s mission. OPRI’s main strength is that we are the only organization whose primary focus is representing PERS retirees on individual concerns and on issues which affect PERS retirees as a whole. ”

Jay continues to serve as an advocate, now for retirees through his service on the OPRI Board. He joined the Board in 2010 after being recommended to then OPRI chair Kathleen Beaufait. Participating on the OPRI Board, he says, seemed like a natural extension of his years of volunteering at OSEA.

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PERS Board Reduces Earnings Assumption

On July 23rd, the Oregon PERS Board unanimously voted to reduce the expected earnings assumption rate for the state's pension fund from 7.2% to 6.9%. This will increase contributions for public employers by 2.7% of payroll over the 2023 biennium. That equates to about \$715 million.



The chart above shows the earnings assumption rates set by the PERS Board since 2011.

Rate adjustments

happen every two years and the Board bases them on recommendations from its financial advisors. The latest adjustment to 6.9% came in higher than the two advisors' forecasts - Oregon Investment Council forecasted returns at 6.6% over the next 20 years, while Milliman forecasted 6.27%.

Rates have declined over the last 10 years. This reduction will also lower benefit calculations for future retirees under both the money match formula, as well as those who choose a beneficiary under the full formula method.

Board — Continued from Page 3

"I believe in OPRI's mission," he says. "OPRI's main strength is that we are the only organization whose primary focus is representing PERS retirees on individual concerns and on issues which affect PERS retirees as a whole."

Since his retirement in 2009, Jay has been enjoying an active life. He still serves as an OSEA Government Relations Activist at both the state and national level in addition to his work on the OPRI Board.

Jay was married to his wife, Margie, for 52 years. Together, they had two children – a son, who lives in Germany with his family, and a daughter, who he shares a multi-generational household with. He also has four grown grandchildren and three great grandchildren. He enjoys gardening and working on his physical fitness, as well as remodeling and decorating his home.

2021 PERS LEGISLATIVE BILLS - CONTINUED

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Clarification of SB 1049 and Spouse Death Benefits (SB 111): SB 111 was a PERS agency-sponsored bill designed to clarify pieces of SB 1049, which passed in 2019. Among those clarifications: work after retirement provisions, member redirect provisions, and employer programs provisions.

In addition, SB 111 updated the definition of salary for OPSRP members to include income earned that was not subject to Oregon income tax. For those working remotely outside of the state, income was not subject to Oregon income tax, and therefore was not considered salary for PERS purposes. This issue was highlighted during the COVID-19 pandemic, as more people were working remotely.

SB 111's provision to allow this income to be counted for PERS purposes would be retroactive to January 2020 to avoid any unintended consequences that may have been a result of the pandemic.

An amendment was also added to the bill to increase the optional spouse death benefit from 50% to full equivalent for OPSRP as well as Tier 1 & 2.

⇒ **Final Outcome:** SB 111 passed the House 46-11 and the Senate 24-6, and was signed into law.

Definition of Employee (SB 112): Another PERS agency bill, SB 112 would align the definition of employee for PERS with the IRS definition. While this is something the agency has already been doing, a recent lawsuit had called the definition into question, highlighting the need to put this into statute to resolve uncertainty.

⇒ **Final Outcome:** SB 112 passed the House 36-21 and the Senate 22-6, and takes effect immediately.

Late Contributions for Individual Account Contributions (SB 113): The final PERS agency bill introduced this session was SB 113. The PERS agency has a policy and practice of charging employers for earnings on late IAP contributions; however, there was not statutory support for this administrative practice. SB 113 would put this into statute, aligning it with the current practice.

⇒ **Final Outcome:** SB 113 passed the House 53-0 and the Senate 23-0, becoming effective immediately.

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