

Changes in Retirement Law Urged

Special OSEA Committee Notes Weaknesses

A special committee of the OSEA in a meeting with the state retirement board on August 2 presented a program for improving the retirement system. The committee was composed of Forrest Stewart, executive secretary; P. M. Brandt, laws and legislation director; Roy G. Green, actuary; Loren R. White, past president; and Dr. Roy Sanders of Oregon state college. The committee requested official estimates of the cost to the state and employees in meeting the suggested improvements.

The original objective of the Oregon public employees retirement law was to provide a retirement annuity for each member employee of approximately one-half his last five years average salary after 30 or more years of service, with certain exceptions. The plan as originally presented to the legislature provided an adequate annuity, but certain reservations were adopted which prevented its attainment. These reservations cause the plan to fall short of its original objective and in a manner which was probably not intended by the legislature and which has not been corrected by amendments adopted to date. It fails to cope with the situation brought about by its abrupt application at an unanticipated early date and the application of a fixed retirement age with no provision for those annuitants with adequate prior service.

Specifically, there are several major criticisms of the Act:

1. Inadequate provision is made for those retiring during the transition period.

2. The present retirement annuity is computed on only a limited portion of many employees' salaries (\$2400 from 1946 to 1949; \$3000 since 1949). This limits the amount that can be received by many employees upon retiring, if they receive full benefit, to much less than one-half of their last five year's salary. Few are now receiving as much as a fifty dollar a month pension.
3. If an employee dies after ten years' service but before retirement, his accumulated contributions are not matched by the State.
4. The requirement of 15 years' service before an employee is eligible for disability retirement allowance in case of off-duty disability is excessive and should be reduced to 10.
5. The retirement age should be more flexible.

To properly correct these faults the OSEA is considering appropriate legislative measures. It hopes to have them prepared well in advance of the session. Definite decision cannot be reached on some of the proposals, however, until due consideration has been given to the cost both to the state and to the members of the system. Suggested measures which it is believed are needed to correct the above-mentioned faults are enumerated below in the same order.

1. Two methods are under consideration for correcting item 1.
 - (a) To raise the prior service allowance from \$2.50 to \$4.00 a month for each year of prior service.