RETIREMENT (From Page 1)

paying the same total amounts as the others but were retiring on 26 to 30 percent of salary, much less than the objective of the act.

In 1953 the legislature, at the request of OSEA and other public employee groups, directed an interim committee to make a thorough study of the whole retirement program and to bring back recommendations to the 1955 session.

The interim committee has made its report and the Joint Ways and Means Committee has introduced Senate Bill 47. Each chapter president has a copy of the bill and of the report.

Senate Bill No. 47

An attempt is made in Senate Bill 47 to soften further the impact of contributions in the lower income brackets and to equalize benefits in order that all employees may realize the objectives of the act, i. e., 50 percent of average salary at age 65 after 30 years service.

To accomplish this the bill proposes to exempt the first $600 of salary before applying the contribution rate (actually this is an exemption of $300 because contributions are on one-half salary now). This means that all public employees, including teachers, who are participating in the system, and state employees, who make $300 per month or less contribute $1.50 less per month with an actuarially determined reduction in ultimate benefits.

This reduction amounts to about 42 cents per month for each year of service after 1956. This means that those in service now who have 10 or 15 years to go before the retirement age of 65 would realize about $4 to $6 smaller monthly benefits than under present provisions. Only those employees who would begin work on or after January 1, 1956 and who remained in service for 30 years or until 1986, and whose salary averages $300 per month or less, contributing at the average rate of 6 percent during that time, would realize the full $12.50 reduction in benefits at age 65. This plan would still provide 54 to 58 percent of salary at retirement age of 65 after 30 years of service in brackets below $300 per month.

For those who make more than $350 per month the opposite would be true. An employee earning $400 per month, contributing at the average rate of 6 percent, would pay $2.33 more per month and get $12.50 a month increase which would be about 49 percent of salary at age 65 after 30 years of service.

Employees who make $400 or more per month would pay their full contribution rate on all salary in excess of $400, unless they had chosen the 5 percent rate.

This brings up the question of what constitutes half salary. Should the benefits, or objective of the act be realized under PERS or by a combination of this and OASI?

Again there is a difference of opinion. The former would increase the cost to employee and state alike but would increase benefits. The latter is the principle being applied under SB 47.

Other Changes Affecting PERS Members

1. Contributions would be on a calendar year instead of a fiscal year. Same as OASI.
2. Benefits will be figured on average salary.
3. Allow employees at age 65 to select an option and terminate contributions thus protecting their dependents in case of premature death.
4. Permit the payment of industrial accident benefits and also retirement benefits to employees injured on duty.
5. Provides that in case death occurs after retirement but before first retirement check arrives the account will be treated as though death occurred before retirement, thus protecting the dependent.
6. Provides for a cut-back in "compulsory" retirement age as follows: Effective July 1, 1956 it will be 71; 1957, 70; 1958, 69; and 1959, 68.

Reduced Contributions and Withdrawals

About 44 percent of the state employees have selected the reduced contribution rate of 5 percent rather than the established age rate. This does not include those whose age rate is less than 5 percent (male employees 27 years old or under or females 24 and under).

Of the teachers, 51 percent chose the 5 percent contribution rate as did 55 percent of the employees of cities and counties.

In 1953, when public employees were given the option of withdrawing previous contributions, 20 percent of the state employees withdrew their money amounting to about $1,288,000, as did 10 percent of the teachers and 36 percent of the city and county employees.

Since April 1953, there have been 451 requests to remain in service from state employees who have reached retirement age, 334 are still in service and 117 have died or retired.

Officers of the Association have instructed its Laws and Legislation Committee to work for the enactment of Senate Bill 47 with the request that the State's contribution and that of the employee be increased in an amount sufficient to avoid the reduction in benefits to those in the lower salaried groups.

LEGISLATIVE REPRESENTATIVE

Forrest Stewart, Executive Secretary, is again representing OSEA at the 48th session of the state legislature. This is the 6th consecutive session at which OSEA has had a representative.

Forrest Stewart

Stewart will be working under the direction of the OSEA committee on Law and Legislation. This committee is composed of Don Parker (Accident Commission) Salem, Director of Law and Legislation, chairman; James B. May (Game Commission) Portland; Gertrude Chamberlin (Highway) Salem; E. A. Bamford (Agriculture Salem; Gordon Shattuck (Unemployment Compensation Commission) Salem.

As in previous sessions, this committee will review all legislation affecting state employees and advise the executive secretary as to the position OSEA will take on the measures.