

## STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 2486

By: Frix

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; amending 62 O.S. 2011, Section 3103, as last amended by Section 1 Chapter 121, O.S.L. 2020 (62 O.S. Supp. 2020, Section 3103), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; imposing conditions related to approvals by the Internal Revenue Service; providing for termination of provisions of the Retirement Freedom Act; providing for cessation of certain employee contributions; requiring employee contributions pursuant to provisions of defined benefit plan; providing for cessation of certain employer contributions; requiring employer contributions pursuant to provisions of defined benefit plan; authorizing management of defined contribution plan accounts for certain period of time; requiring irrevocable election with regard to defined contribution plan account balances; providing for termination of effect of provisions of the Retirement Freedom Act; providing exceptions; providing for vesting treatment of defined contribution plan account balances as of designated date; providing for computation of service credit in defined benefit plan based on purchase of service at actuarial cost; amending 74 O.S. 2011, Sections 902, as last amended by Section 1, Chapter 112, O.S.L. 2020, 913.4, as last amended by Section 47, Chapter 25, O.S.L. 2019, 920, as last amended by Section 13, Chapter 375, O.S.L. 2014 and 1707, as last amended by Section 14, Chapter 375, O.S.L. 2014 (74 O.S. Supp. 2020, Sections 902, 913.4, 920 and 1707), which relate to the Oklahoma Public Employees Retirement System and the Deferred Savings Incentive Plan; modifying

1 provisions related to participation in defined  
2 contribution plan; providing for participating  
3 service credit resulting from purchase at actuarial  
4 cost; modifying provisions related to membership of  
5 elected officials in defined contribution plan;  
6 modifying provisions related to payment of employer  
7 contributions; modifying provisions related to  
8 participation in deferred compensation plan;  
9 providing for codification; and providing effective  
10 dates.

11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY 62 O.S. 2011, Section 3103, as  
13 last amended by Section 1, Chapter 121, O.S.L. 2020 (62 O.S. Supp.  
14 2020, Section 3103), is amended to read as follows:

15 Section 3103. As used in the Oklahoma Pension Legislation  
16 Actuarial Analysis Act:

17 1. "Amendment" means any amendment, including a substitute  
18 bill, made to a retirement bill by any committee of the House or  
19 Senate, any conference committee of the House or Senate or by the  
20 House or Senate;

21 2. "RB number" means that number preceded by the letters "RB"  
22 assigned to a retirement bill by the respective staffs of the  
23 Oklahoma State Senate and the Oklahoma House of Representatives when  
24 the respective staff office prepares a retirement bill for a member  
of the Legislature;

1       3. "Legislative Actuary" means the firm or entity that enters  
2 into a contract with the Legislative Service Bureau pursuant to  
3 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the  
4 actuarial services and other duties provided for in the Oklahoma  
5 Pension Legislation Actuarial Analysis Act;

6       4. "Nonfiscal amendment" means an amendment to a retirement  
7 bill having a fiscal impact, which amendment does not change any  
8 factor of an actuarial investigation specified in subsection A of  
9 Section 3109 of this title;

10       5. "Nonfiscal retirement bill" means a retirement bill:

11       a. which does not affect the cost or funding factors of a  
12 retirement system,

13       b. which affects such factors only in a manner which does  
14 not:

15           (1) grant a benefit increase under the retirement  
16 system affected by the bill,

17           (2) create an actuarial accrued liability for or  
18 increase the actuarial accrued liability of the  
19 retirement system affected by the bill, or

20           (3) increase the normal cost of the retirement system  
21 affected by the bill,

22       c. which authorizes the purchase by an active member of  
23 the retirement system, at the actuarial cost for the  
24 purchase as computed pursuant to the statute in effect

1 on the effective date of the measure allowing such  
2 purchase, of years of service for purposes of reaching  
3 a normal retirement date in the applicable retirement  
4 system, but which cannot be used in order to compute  
5 the number of years of service for purposes of  
6 computing the retirement benefit for the member,

7 d. which provides for the computation of a service-  
8 connected disability retirement benefit for members of  
9 the Oklahoma Law Enforcement Retirement System  
10 pursuant to Section 2-305 of Title 47 of the Oklahoma  
11 Statutes if the members were unable to complete twenty  
12 (20) years of service as a result of the disability,

13 e. which requires membership in the defined benefit plan  
14 authorized by Section 901 et seq. of Title 74 of the  
15 Oklahoma Statutes for persons whose first elected or  
16 appointed service occurs on or after November 1, 2018,  
17 if such persons had any prior service in the Oklahoma  
18 Public Employees Retirement System prior to November  
19 1, 2015,

20 f. which provides for a one-time increase in retirement  
21 benefits if the increase in retirement benefits is not  
22 a permanent increase in the gross annual retirement  
23 benefit payable to a member or beneficiary, occurs  
24

1 only once pursuant to a single statutory authorization  
2 and does not exceed:

3 (1) the lesser of two percent (2%) of the gross  
4 annual retirement benefit of the member or One  
5 Thousand Dollars (\$1,000.00) and requires that  
6 the benefit may only be provided if the funded  
7 ratio of the affected retirement system would not  
8 be less than sixty percent (60%) but not greater  
9 than eighty percent (80%) after the benefit  
10 increase is paid,

11 (2) the lesser of two percent (2%) of the gross  
12 annual retirement benefit of the member or One  
13 Thousand Two Hundred Dollars (\$1,200.00) and  
14 requires that the benefit may only be provided if  
15 the funded ratio of the affected retirement  
16 system would be greater than eighty percent (80%)  
17 but not greater than one hundred percent (100%)  
18 after the benefit increase is paid,

19 (3) the lesser of two percent (2%) of the gross  
20 annual retirement benefit of the member or One  
21 Thousand Four Hundred Dollars (\$1,400.00) and  
22 requires that the benefit may only be provided if  
23 the funded ratio of the affected retirement  
24

1 system would be greater than one hundred percent  
2 (100%) after the benefit increase is paid, or  
3 (4) the greater of two percent (2%) of the gross  
4 annual retirement benefit of the volunteer  
5 firefighter or One Hundred Dollars (\$100.00) for  
6 persons who retired from the Oklahoma  
7 Firefighters Pension and Retirement System as  
8 volunteer firefighters and who did not retire  
9 from the Oklahoma Firefighters Pension and  
10 Retirement System as a paid firefighter.

11 As used in this subparagraph, "funded ratio" means the  
12 figure derived by dividing the actuarial value of  
13 assets of the applicable retirement system by the  
14 actuarial accrued liability of the applicable  
15 retirement system, ~~or~~

16 g. which provides a cost-of-living benefit increase  
17 pursuant to the provisions of Sections 2 through 7 of  
18 this act, or

19 h. which provides for the termination of the defined  
20 contribution retirement plan created pursuant to  
21 Section 935.1 et seq. of Title 74 of the Oklahoma  
22 Statutes pursuant to the provisions of Sections 2  
23 through 9 of this act together with provisions for  
24 conversion of defined contribution plan account

1 balances into participating service in the Oklahoma  
2 Public Employees System defined benefit plan created  
3 pursuant to Section 901 et seq. of Title 74 of the  
4 Oklahoma Statutes or such other disposition of defined  
5 contribution plan account balances as may be  
6 authorized pursuant to the provisions of this act.

7 A nonfiscal retirement bill shall include any retirement bill that  
8 has as its sole purpose the appropriation or distribution or  
9 redistribution of monies in some manner to a retirement system for  
10 purposes of reducing the unfunded liability of such system or the  
11 earmarking of a portion of the revenue from a tax to a retirement  
12 system or increasing the percentage of the revenue earmarked from a  
13 tax to a retirement system;

14 6. "Reduction-in-cost amendment" means an amendment to a  
15 retirement bill having a fiscal impact which reduces the cost of the  
16 bill as such cost is determined by the actuarial investigation for  
17 the bill prepared pursuant to Section 3109 of this title;

18 7. "Retirement bill" means any bill or joint resolution  
19 introduced or any bill or joint resolution amended by a member of  
20 the Oklahoma Legislature which creates or amends any law directly  
21 affecting a retirement system. A retirement bill shall not mean a  
22 bill or resolution that impacts the revenue of any state tax in  
23 which a portion of the revenue generated from such tax is earmarked  
24 for the benefit of a retirement system;

1 8. "Retirement bill having a fiscal impact" means any  
2 retirement bill creating or establishing a retirement system and any  
3 other retirement bill other than a nonfiscal retirement bill; and

4 9. "Retirement system" means the Teachers' Retirement System of  
5 Oklahoma, the Oklahoma Public Employees Retirement System, the  
6 Uniform Retirement System for Justices and Judges, the Oklahoma  
7 Firefighters Pension and Retirement System, the Oklahoma Police  
8 Pension and Retirement System, the Oklahoma Law Enforcement  
9 Retirement System, or a retirement system established after January  
10 1, 2006.

11 SECTION 2. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 935.101 of Title 74, unless  
13 there is created a duplication in numbering, reads as follows:

14 The provisions of this act shall be contingent upon final  
15 approval by the Internal Revenue Service with respect to the  
16 distribution of monies from member accounts in the defined  
17 contribution plan established pursuant to Section 935.1 et seq. of  
18 Title 74 of the Oklahoma Statutes. The Oklahoma Public Employees  
19 Retirement System shall make such applications to the Internal  
20 Revenue Service as may be required in order to implement the  
21 provisions of this act.

22 SECTION 3. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 935.102 of Title 74, unless  
24 there is created a duplication in numbering, reads as follows:



1       A. Except as may be required by the provisions of this act, the  
2 provisions of Section 935.1 et seq. of Title 74 of the Oklahoma  
3 Statutes shall cease to have the force and effect of law on November  
4 1, 2021.

5       B. Effective November 1, 2021, each member maintaining an  
6 account established pursuant to the provisions of Section 935.1 et  
7 seq. of Title 74 of the Oklahoma Statutes shall cease making  
8 employee contributions to their account and shall begin  
9 participating service in the defined benefit plan created pursuant  
10 to the provisions of Section 902 et seq. of Title 74 of the Oklahoma  
11 Statutes. Effective November 1, 2021, each member who maintains an  
12 account established pursuant to the provisions of Section 935.1 et  
13 seq. of Title 74 of the Oklahoma Statutes shall make employee  
14 contributions to the defined benefit plan as required by Section  
15 919.1 of Title 74 of the Oklahoma Statutes.

16       C. Employer contributions and matching amounts otherwise  
17 required by the provisions of Section 935.5 of Title 74 of the  
18 Oklahoma Statutes shall cease and employer contributions with  
19 respect to employee compensation shall be made as provided by  
20 Section 920 or 920A of Title 74 of the Oklahoma Statutes.

21       D. Employees maintaining a plan account established pursuant to  
22 the provisions of Section 935.1 et seq. of Title 74 of the Oklahoma  
23 Statutes may continue to actively manage the plan account, including  
24 any gains or losses resulting from such active management, until

1 final disposition of the plan account balance by acquisition of  
2 service credit in the defined benefit plan created pursuant to the  
3 provisions of Section 901 et seq. of Title 74 of the Oklahoma  
4 Statutes, a transfer of the account balance to a tax-qualified  
5 retirement plan or such other disposition as may be authorized  
6 pursuant to the Internal Revenue Code of 1986, as amended, and rules  
7 and regulations promulgated pursuant thereto.

8 E. Each person maintaining a plan account pursuant to the  
9 provisions of Section 935.1 et seq. of Title 74 of the Oklahoma  
10 Statutes shall make an election, which shall be irrevocable, within  
11 one hundred twenty (120) days from the effective date of this act to  
12 transfer the account balance to acquire participating service credit  
13 in the defined benefit plan created pursuant to the provisions of  
14 Section 901 et seq. of Title 74 of the Oklahoma Statutes using the  
15 actuarial cost provisions of Section 913.5 of Title 74 of the  
16 Oklahoma Statutes, to transfer the balance to a tax-qualified plan  
17 or such other disposition as may be allowed pursuant to the Internal  
18 Revenue Code of 1986, as amended, or any rules or regulations  
19 promulgated pursuant thereto.

20 SECTION 4. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 935.103 of Title 74, unless  
22 there is created a duplication in numbering, reads as follows:

23 A. Subject to the conditions imposed pursuant to this act, the  
24 provisions of the Retirement Freedom Act, Section 935.1 et seq. of

1 Title 74 of the Oklahoma Statutes, shall cease to have the force and  
2 effect of law upon November 1, 2022, or the last date required for  
3 distribution of the plan account balances to acquire service credit  
4 in the defined benefit plan created and maintained by the Oklahoma  
5 Public Employees Retirement System pursuant to Section 901 et seq.  
6 of Title 74 of the Oklahoma Statutes, transfer of the account  
7 balances to a tax-qualified retirement plan as defined by the  
8 Internal Revenue Code of 1986, as amended, or such other disposition  
9 as may be required in order to terminate the defined contribution  
10 plan and make final disposition of account balances created and  
11 maintained pursuant to the provisions of Section 935.1 et seq. of  
12 Title 74 of the Oklahoma Statutes, whichever date last occurs.

13 B. Effective November 1, 2021, notwithstanding the provisions  
14 of Section 935.7 of Title 74 of the Oklahoma Statutes, a member  
15 maintaining a defined contribution plan account pursuant to the  
16 provisions of the Retirement Freedom Act shall be one hundred  
17 percent (100%) vested in their account balance as of that date,  
18 including employer matching amounts and any gains resulting from  
19 management of the account pursuant to the provisions of the  
20 Retirement Freedom Act.

21 SECTION 5. NEW LAW A new section of law to be codified  
22 in the Oklahoma Statutes as Section 935.104 of Title 74, unless  
23 there is created a duplication in numbering, reads as follows:  
24

1 Any service credit in the Oklahoma Public Employees Retirement  
2 System as provided by Section 901 et seq. of Title 74 of the  
3 Oklahoma Statutes acquired by transfer of an account balance  
4 pursuant to the provisions of this act shall not exceed the total  
5 period of participating service accrued by the member while a  
6 participant in the defined contribution plan created by Section  
7 935.1 et seq. of Title 74 of the Oklahoma Statutes.

8 SECTION 6. AMENDATORY 74 O.S. 2011, Section 902, as last  
9 amended by Section 1, Chapter 112, O.S.L. 2020 (74 O.S. Supp. 2020,  
10 Section 902), is amended to read as follows:

11 Section 902. As used in Section 901 et seq. of this title:

12 (1) "System" means the Oklahoma Public Employees Retirement  
13 System as established by this act and as it may hereafter be  
14 amended;

15 (2) "Accumulated contributions" means the sum of all  
16 contributions by a member to the System which shall be credited to  
17 the member's account;

18 (3) "Act" means Sections 901 to 932, inclusive, of this title;

19 (4) "Actuarial equivalent" means a deferred income benefit of  
20 equal value to the accumulated deposits or benefits when computed  
21 upon the basis of the actuarial tables in use by the System;

22 (5) "Actuarial tables" means the actuarial tables approved and  
23 in use by the Board at any given time;

24

1 (6) "Actuary" means the actuary or firm of actuaries employed  
2 by the Board at any given time;

3 (7) "Beneficiary" means any person named by a member to receive  
4 any benefits as provided for by Section 901 et seq. of this title.  
5 If there is no beneficiary living at time of member employee's  
6 death, the member's estate shall be the beneficiary;

7 (8) "Board" means the Oklahoma Public Employees Retirement  
8 System Board of Trustees;

9 (9) "Compensation" means all salary and wages, as defined by  
10 the Board of Trustees, including amounts deferred under deferred  
11 compensation agreements entered into between a member and a  
12 participating employer, but exclusive of payment for overtime,  
13 payable to a member of the System for personal services performed  
14 for a participating employer but shall not include compensation or  
15 reimbursement for traveling, or moving expenses, or any compensation  
16 in excess of the maximum compensation level, provided:

17 (a) For compensation for service prior to January 1, 1988,  
18 the maximum compensation level shall be Twenty-five  
19 Thousand Dollars (\$25,000.00) per annum.

20 For compensation for service on or after January 1,  
21 1988, through June 30, 1994, the maximum compensation  
22 level shall be Forty Thousand Dollars (\$40,000.00) per  
23 annum.

24

1 For compensation for service on or after July 1, 1994,  
2 through June 30, 1995, the maximum compensation level  
3 shall be Fifty Thousand Dollars (\$50,000.00) per  
4 annum; for compensation for service on or after July  
5 1, 1995, through June 30, 1996, the maximum  
6 compensation level shall be Sixty Thousand Dollars  
7 (\$60,000.00) per annum; for compensation for service  
8 on or after July 1, 1996, through June 30, 1997, the  
9 maximum compensation level shall be Seventy Thousand  
10 Dollars (\$70,000.00) per annum; and for compensation  
11 for service on or after July 1, 1997, through June 30,  
12 1998, the maximum compensation level shall be Eighty  
13 Thousand Dollars (\$80,000.00) per annum. For  
14 compensation for services on or after July 1, 1998,  
15 there shall be no maximum compensation level for  
16 retirement purposes.

17 (b) Compensation for retirement purposes shall include any  
18 amount of elective salary reduction under Section 457  
19 of the Internal Revenue Code of 1986 and any amount of  
20 nonelective salary reduction under Section 414(h) of  
21 the Internal Revenue Code of 1986.

22 (c) Notwithstanding any provision to the contrary, the  
23 compensation taken into account for any employee in  
24 determining the contribution or benefit accruals for

1 any plan year is limited to the annual compensation  
2 limit under Section 401(a)(17) of the federal Internal  
3 Revenue Code.

4 (d) Current appointed members of the Oklahoma Tax  
5 Commission whose salary is constitutionally limited  
6 and is less than the highest salary allowed by law for  
7 his or her position shall be allowed, within ninety  
8 (90) days from the effective date of this act, to make  
9 an election to use the highest salary allowed by law  
10 for the position to which the member was appointed for  
11 the purposes of making contributions and determination  
12 of retirement benefits. Such election shall be  
13 irrevocable and be in writing. Reappointment to the  
14 same office shall not permit a new election. Members  
15 appointed to the Oklahoma Tax Commission after the  
16 effective date of this act shall make such election,  
17 pursuant to this subparagraph, within ninety (90) days  
18 of taking office;

19 (10) "Credited service" means the sum of participating service,  
20 prior service and elected service;

21 (11) "Dependent" means a parent, child, or spouse of a member  
22 who is dependent upon the member for at least one-half (1/2) of the  
23 member's support;

1 (12) "Effective date" means the date upon which the System  
2 becomes effective by operation of law;

3 (13) "Eligible employer" means the state and any county, county  
4 hospital, city or town, conservation districts, circuit engineering  
5 districts and any public or private trust in which a county, city or  
6 town participates and is the primary beneficiary, is to be an  
7 eligible employer for the purpose of this act only, whose employees  
8 are covered by Social Security and are not covered by or eligible  
9 for another retirement plan authorized under the laws of this state  
10 which is in operation on the initial entry date. Emergency medical  
11 service districts may join the System upon proper application to the  
12 Board. Provided affiliation by a county hospital shall be in the  
13 form of a resolution adopted by the board of control.

14 (a) If a class or several classes of employees of any  
15 above-defined employers are covered by Social Security  
16 and are not covered by or eligible for and will not  
17 become eligible for another retirement plan authorized  
18 under the laws of this state, which is in operation on  
19 the effective date, such employer shall be deemed an  
20 eligible employer, but only with respect to that class  
21 or those classes of employees as defined in this  
22 section.

23 (b) A class or several classes of employees who are  
24 covered by Social Security and are not covered by or



1 eligible for and will not become eligible for another  
2 retirement plan authorized under the laws of this  
3 state, which is in operation on the effective date,  
4 and when the qualifications for employment in such  
5 class or classes are set by state law; and when such  
6 class or classes of employees are employed by a county  
7 or municipal government pursuant to such  
8 qualifications; and when the services provided by such  
9 employees are of such nature that they qualify for  
10 matching by or contributions from state or federal  
11 funds administered by an agency of state government  
12 which qualifies as a participating employer, then the  
13 agency of state government administering the state or  
14 federal funds shall be deemed an eligible employer,  
15 but only with respect to that class or those classes  
16 of employees as defined in this subsection; provided,  
17 that the required contributions to the retirement plan  
18 may be withheld from the contributions of state or  
19 federal funds administered by the state agency and  
20 transmitted to the System on the same basis as the  
21 employee and employer contributions are transmitted  
22 for the direct employees of the state agency. The  
23 retirement or eligibility for retirement under the  
24 provisions of law providing pensions for service as a

1 volunteer firefighter shall not render any person  
2 ineligible for participation in the benefits provided  
3 for in Section 901 et seq. of this title. An employee  
4 of any public or private trust in which a county, city  
5 or town participates and is the primary beneficiary  
6 shall be deemed to be an eligible employee for the  
7 purpose of this act only.

8 (c) All employees of the George Nigh Rehabilitation  
9 Institute who elected to retain membership in the  
10 System, pursuant to Section 913.7 of this title, shall  
11 continue to be eligible employees for the purposes of  
12 this act. The George Nigh Rehabilitation Institute  
13 shall be considered a participating employer only for  
14 such employees.

15 (d) All employees of CompSource Mutual Insurance Company  
16 who retain membership in the Oklahoma Public Employees  
17 Retirement System pursuant to Section 913.9 of this  
18 title shall continue to be eligible employees for the  
19 purposes of the Oklahoma Public Employees Retirement  
20 System. CompSource Mutual Insurance Company shall be  
21 considered a participating employer only for such  
22 employees.

23 (e) All employees of a successor organization, as defined  
24 by Section 5-60.12 of Title 2 of the Oklahoma

1 Statutes, who retain membership in the Oklahoma Public  
2 Employees Retirement System pursuant to Section 5-  
3 60.35 of Title 2 of the Oklahoma Statutes shall  
4 continue to be eligible employees for the purposes of  
5 the Oklahoma Public Employees Retirement System. A  
6 successor organization shall be considered a  
7 participating employer only for such employees.

8 (f) A participating employer of the Teachers' Retirement  
9 System of Oklahoma, who has one or more employees who  
10 have made an election pursuant to enabling legislation  
11 to retain membership in the System as a result of  
12 change in administration, shall be considered a  
13 participating employer of the Oklahoma Public  
14 Employees Retirement System only for such employees;

15 (14) "Employee" means any officer or employee of a  
16 participating employer, whose employment is not seasonal or  
17 temporary and whose employment requires at least one thousand  
18 (1,000) hours of work per year and whose salary or wage is equal to  
19 the hourly rate of the monthly minimum wage for state employees.  
20 For those eligible employers outlined in Section 910 of this title,  
21 the rate shall be equal to the hourly rate of the monthly minimum  
22 wage for that employer. Each employer, whose minimum wage is less  
23 than the state's minimum wage, shall inform the System of the  
24

1 minimum wage for that employer. This notification shall be by  
2 resolution of the governing body.

3 (a) Any employee of the county extension agents who is not  
4 currently participating in the Teachers' Retirement  
5 System of Oklahoma shall be a member of this System.

6 (b) Eligibility shall not include any employee who is a  
7 contributing member of the United States Civil Service  
8 Retirement System.

9 (c) It shall be mandatory for an officer, appointee or  
10 employee of the office of district attorney to become  
11 a member of this System if he or she is not currently  
12 participating in a county retirement system. Provided  
13 further, that if an officer, appointee or employee of  
14 the office of district attorney is currently  
15 participating in such county retirement system, he or  
16 she is ineligible for this System as long as he or she  
17 is eligible for such county retirement system. Any  
18 eligible officer, appointee or employee of the office  
19 of district attorney shall be given credit for prior  
20 service as defined in this section. The provisions  
21 outlined in Section 917 of this title shall apply to  
22 those employees who have previously withdrawn their  
23 contributions.

1 (d) Eligibility shall also not include any officer or  
2 employee of the Oklahoma Employment Security  
3 Commission, except for those officers and employees of  
4 the Commission electing to transfer to this System  
5 pursuant to the provisions of Section 910.1 of this  
6 title or any other class of officers or employees  
7 specifically exempted by the laws of this state,  
8 unless there be a consolidation as provided by Section  
9 912 of this title. Employees of the Oklahoma  
10 Employment Security Commission who are ineligible for  
11 enrollment in the Employment Security Commission  
12 Retirement Plan, that was in effect on January 1,  
13 1964, shall become members of this System.

14 (e) Any employee employed by the Legislative Service  
15 Bureau, State Senate or House of Representatives for  
16 the full duration of a regular legislative session  
17 shall be eligible for membership in the System  
18 regardless of classification as a temporary employee  
19 and may participate in the System during the regular  
20 legislative session at the option of the employee.  
21 For purposes of this subparagraph, the determination  
22 of whether an employee is employed for the full  
23 duration of a regular legislative session shall be  
24 made by the Legislative Service Bureau if such

1 employee is employed by the Legislative Service  
2 Bureau, the State Senate if such employee is employed  
3 by the State Senate, or by the House of  
4 Representatives if such employee is employed by the  
5 House of Representatives. Each regular legislative  
6 session during which the legislative employee or an  
7 employee of the Legislative Service Bureau  
8 participates full time shall be counted as six (6)  
9 months of full-time participating service.

10 (i) Except as otherwise provided by this  
11 subparagraph, once a temporary session employee  
12 makes a choice to participate or not, the choice  
13 shall be binding for all future legislative  
14 sessions during which the employee is employed.

15 (ii) Notwithstanding the provisions of division (i) of  
16 this subparagraph, any employee, who is eligible  
17 for membership in the System because of the  
18 provisions of this subparagraph and who was  
19 employed by the State Senate or House of  
20 Representatives after January 1, 1989, may file  
21 an election, in a manner specified by the Board,  
22 to participate as a member of the System prior to  
23 September 1, 1989.  
24

1 (iii) Notwithstanding the provisions of division (i) of  
2 this subparagraph, a temporary legislative  
3 session employee who elected to become a member  
4 of the System may withdraw from the System  
5 effective the day said employee elected to  
6 participate in the System upon written request to  
7 the Board. Any such request must be received by  
8 the Board prior to October 1, 1990. All employee  
9 contributions made by the temporary legislative  
10 session employee shall be returned to the  
11 employee without interest within four (4) months  
12 of receipt of the written request.

13 (iv) A member of the System who did not initially  
14 elect to participate as a member of the System  
15 pursuant to this subparagraph shall be able to  
16 acquire service performed as a temporary  
17 legislative session employee for periods of  
18 service performed prior to the date upon which  
19 the person became a member of the System if:  
20 a. the member files an election with the System  
21 not later than December 31, 2000, to  
22 purchase the prior service; and  
23 b. the member makes payment to the System of  
24 the actuarial cost of the service credit

1                   pursuant to subsection A of Section 913.5 of  
2                   this title. The provisions of Section 913.5  
3                   of this title shall be applicable to the  
4                   purchase of the service credit, including  
5                   the provisions for determining service  
6                   credit in the event of incomplete payment  
7                   due to cessation of payments, death,  
8                   termination of employment or retirement, but  
9                   the payment may extend for a period not to  
10                  exceed ninety-six (96) months;

11           (15) "Entry date" means the date on which an eligible employer  
12 joins the System. The first entry date pursuant to Section 901 et  
13 seq. of this title shall be January 1, 1964;

14           (16) "Executive Director" means the managing officer of the  
15 System employed by the Board under Section 901 et seq. of this  
16 title;

17           (17) "Federal Internal Revenue Code" means the federal Internal  
18 Revenue Code of 1954 or 1986, as amended and as applicable to a  
19 governmental plan as in effect on July 1, 1999;

20           (18) "Final average compensation" means the average annual  
21 compensation, including amounts deferred under deferred compensation  
22 agreements entered into between a member and a participating  
23 employer, up to, but not exceeding the maximum compensation levels  
24 as provided in paragraph (9) of this section received during the



1 highest three (3) of the last ten (10) years of participating  
2 service immediately preceding retirement or termination of  
3 employment and with respect to members whose first participating  
4 service occurs on or after July 1, 2013, the compensation received  
5 during the highest five (5) of the last ten (10) years of  
6 participating service immediately preceding retirement or  
7 termination of employment. Provided, no member shall retire with a  
8 final average compensation unless the member has made the required  
9 contributions on such compensation, as defined by the Board of  
10 Trustees;

11 (19) "Fiscal year" means the period commencing July 1 of any  
12 year and ending June 30 of the next year. The fiscal year is the  
13 plan year for purposes of the federal Internal Revenue Code;  
14 however, the calendar year is the limitation year for purposes of  
15 Section 415 of the federal Internal Revenue Code;

16 (20) "Fund" means the Oklahoma Public Employees Retirement Fund  
17 as created by Section 901 et seq. of this title;

18 (21) "Leave of absence" means a period of absence from  
19 employment without pay, authorized and approved by the employer and  
20 acknowledged to the Board, and which after the effective date does  
21 not exceed two (2) years;

22 (22) "Member" means an eligible employee or elected official  
23 who is in the System and is making the required employee or elected  
24 official contributions, or any former employee or elected official

1 who shall have made the required contributions to the System and  
2 shall have not received a refund or withdrawal;

3 (23) "Military service" means service in the Armed Forces of  
4 the United States by an honorably discharged person during the  
5 following time periods, as reflected on such person's Defense  
6 Department Form 214, not to exceed five (5) years for combined  
7 participating and/or prior service, as follows:

8 (a) during the following periods, including the beginning  
9 and ending dates, and only for the periods served,  
10 from:

11 (i) April 6, 1917, to November 11, 1918, commonly  
12 referred to as World War I,

13 (ii) September 16, 1940, to December 7, 1941, as a  
14 member of the 45th Division,

15 (iii) December 7, 1941, to December 31, 1946, commonly  
16 referred to as World War II,

17 (iv) June 27, 1950, to January 31, 1955, commonly  
18 referred to as the Korean Conflict or the Korean  
19 War,

20 (v) February 28, 1961, to May 7, 1975, commonly  
21 referred to as the Vietnam era, except that:

22 a. for the period from February 28, 1961, to  
23 August 4, 1964, military service shall only  
24

1 include service in the Republic of Vietnam  
2 during that period, and

3 b. for purposes of determining eligibility for  
4 education and training benefits, such period  
5 shall end on December 31, 1976, or

6 (vi) August 1, 1990, to December 31, 1991, commonly  
7 referred to as the Gulf War, the Persian Gulf  
8 War, or Operation Desert Storm, but excluding any  
9 person who served on active duty for training  
10 only, unless discharged from such active duty for  
11 a service-connected disability;

12 (b) during a period of war or combat military operation  
13 other than a conflict, war or era listed in  
14 subparagraph (a) of this paragraph, beginning on the  
15 date of Congressional authorization, Congressional  
16 resolution, or Executive Order of the President of the  
17 United States, for the use of the Armed Forces of the  
18 United States in a war or combat military operation,  
19 if such war or combat military operation lasted for a  
20 period of ninety (90) days or more, for a person who  
21 served, and only for the period served, in the area of  
22 responsibility of the war or combat military  
23 operation, but excluding a person who served on active  
24 duty for training only, unless discharged from such

1 active duty for a service-connected disability, and  
2 provided that the burden of proof of military service  
3 during this period shall be with the member, who must  
4 present appropriate documentation establishing such  
5 service.

6 An eligible member under this paragraph shall include only those  
7 persons who shall have served during the times or in the areas  
8 prescribed in this paragraph, and only if such person provides  
9 appropriate documentation in such time and manner as required by the  
10 System to establish such military service prescribed in this  
11 paragraph, or for service pursuant to subdivision a of division (v)  
12 of subparagraph (a) of this paragraph those persons who were awarded  
13 service medals, as authorized by the United States Department of  
14 Defense as reflected in the veteran's Defense Department Form 214,  
15 related to the Vietnam Conflict for service prior to August 5, 1964;

16 (24) "Normal retirement date" means the date on which a member  
17 may retire with full retirement benefits as provided in Section 901  
18 et seq. of this title, such date being whichever occurs first:

19 (a) the first day of the month coinciding with or  
20 following a member's:

21 (1) sixty-second birthday with respect to members  
22 whose first participating service occurs prior to  
23 November 1, 2011, or  
24

1 (2) sixty-fifth birthday with respect to members  
2 whose first participating service occurs on or  
3 after November 1, 2011, or with respect to  
4 members whose first participating service occurs  
5 on or after November 1, 2011, reaches a minimum  
6 age of sixty (60) years and who also reaches a  
7 normal retirement date pursuant to subparagraph c  
8 of this paragraph,

9 (b) for any person who initially became a member prior to  
10 July 1, 1992, and who does not reach a normal  
11 retirement date pursuant to division (1) of  
12 subparagraph (a) of this paragraph, the first day of  
13 the month coinciding with or following the date at  
14 which the sum of a member's age and number of years of  
15 credited service total eighty (80); such a normal  
16 retirement date will also apply to any person who  
17 became a member of the sending system as defined in  
18 Section 901 et seq. of this title, prior to July 1,  
19 1992, regardless of whether there were breaks in  
20 service after July 1, 1992,

21 (c) for any person who became a member after June 30,  
22 1992, but prior to November 1, 2011, and who does not  
23 reach a normal retirement date pursuant to division  
24 (1) of subparagraph (a) of this paragraph, the first

1 day of the month coinciding with or following the date  
2 at which the sum of a member's age and number of years  
3 of credited service total ninety (90),

4 (d) in addition to subparagraphs (a), (b) and (c) of this  
5 paragraph, the first day of the month coinciding with  
6 or following a member's completion of at least twenty  
7 (20) years of full-time-equivalent employment as:

8 (i) a correctional or probation and parole officer  
9 with the Department of Corrections and at the  
10 time of retirement, the member was a correctional  
11 or probation and parole officer with the  
12 Department of Corrections, or

13 (ii) a correctional officer, probation and parole  
14 officer or fugitive apprehension agent with the  
15 Department of Corrections who is in such position  
16 on June 30, 2004, or who is hired after June 30,  
17 2004, and who receives a promotion or change in  
18 job classification after June 30, 2004, to  
19 another position in the Department of  
20 Corrections, so long as such officer or agent has  
21 at least five (5) years of service as a  
22 correctional officer, probation and parole  
23 officer or fugitive apprehension agent with the  
24 Department, has twenty (20) years of full-time-

1 equivalent employment with the Department and was  
2 employed by the Department at the time of  
3 retirement, or

4 (iii) a firefighter with the Oklahoma Military  
5 Department either employed for the first time on  
6 or after July 1, 2002, or who was employed prior  
7 to July 1, 2002, in such position and who makes  
8 the election authorized by division (2) of  
9 subparagraph b of paragraph (9) of subsection A  
10 of Section 915 of this title and at the time of  
11 retirement, the member was a firefighter with the  
12 Oklahoma Military Department, and such member has  
13 at least twenty (20) years of credited service  
14 upon which the two and one-half percent (2 1/2%)  
15 multiplier will be used in calculating the  
16 retirement benefit, or

17 (iv) a public safety officer employed by the Grand  
18 River Dam Authority for the first time on or July  
19 1, 2016, or

20 (v) a deputy sheriff or jailer employed by any county  
21 that is a participating employer in the System  
22 for the first time as a deputy sheriff or jailer  
23 on or after November 1, 2020,  
24

1 (e) for those fugitive apprehension agents who retire on  
2 or after July 1, 2002, the first day of the month  
3 coinciding with or following a member's completion of  
4 at least twenty (20) years of full-time-equivalent  
5 employment as a fugitive apprehension agent with the  
6 Department of Corrections and at the time of  
7 retirement, the member was a fugitive apprehension  
8 agent with the Department of Corrections, or

9 (f) for any member who was continuously employed by an  
10 entity or institution within The Oklahoma State System  
11 of Higher Education and whose initial employment with  
12 such entity or institution was prior to July 1, 1992,  
13 and who without a break in service of more than thirty  
14 (30) days became employed by an employer participating  
15 in the Oklahoma Public Employees Retirement System,  
16 the first day of the month coinciding with or  
17 following the date at which the sum of the member's  
18 age and number of years of credited service total  
19 eighty (80);

20 (25) "Participating employer" means an eligible employer who  
21 has agreed to make contributions to the System on behalf of its  
22 employees;

23 (26) "Participating service" means the period of employment  
24 after the entry date for which credit is granted a member and for



1 purposes of this act shall include any period of service purchased  
2 at actuarial cost according to the requirements of Section 913.5 of  
3 this title as a result of an election made by a person having a  
4 defined contribution plan account created pursuant to the provisions  
5 of Section 935.1 et seq. of this title as provided by Section 3 of  
6 this act;

7 (27) "Prior service" means the period of employment of a member  
8 by an eligible employer prior to the member's entry date for which  
9 credit is granted a member under Section 901 et seq. of this title;

10 (28) "Retirant" or "retiree" means a member who has retired  
11 under the System;

12 (29) "Retirement benefit" means a monthly income with benefits  
13 accruing from the first day of the month coinciding with or  
14 following retirement and ending on the last day of the month in  
15 which death occurs or the actuarial equivalent thereof paid in such  
16 manner as specified by the member pursuant to Section 901 et seq. of  
17 this title or as otherwise allowed to be paid at the discretion of  
18 the Board;

19 (30) "Retirement coordinator" means the individual designated  
20 by each participating employer through whom System transactions and  
21 communication shall be directed;

22 (31) "Social Security" means the old-age survivors and  
23 disability section of the Federal Social Security Act;

24

1 (32) "Total disability" means a physical or mental disability  
2 accepted for disability benefits by the Federal Social Security  
3 System;

4 (33) "Service-connected disability benefits" means military  
5 service benefits which are for a service-connected disability rated  
6 at twenty percent (20%) or more by the Veterans Administration or  
7 the Armed Forces of the United States;

8 (34) "Elected official" means a person elected to a state  
9 office in the legislative or executive branch of state government or  
10 a person elected to a county office for a definite number of years  
11 and shall include an individual who is appointed to fill the  
12 unexpired term of an elected state official;

13 (35) "Elected service" means the period of service as an  
14 elected official;

15 (36) "Limitation year" means the year used in applying the  
16 limitations of Section 415 of the Internal Revenue Code of 1986,  
17 which year shall be the calendar year; and

18 (37) "Public safety officers of the Grand River Dam Authority"  
19 means those persons hired by the Grand River Dam Authority on or  
20 after the effective date of this act who are certified by the  
21 Council on Law Enforcement Education and Training or an equivalent  
22 certifying entity for law enforcement personnel training and who  
23 perform law enforcement functions as part of their regularly  
24 assigned duties and responsibilities on a full-time basis. With

1 respect to any public safety officer hired by the Grand River Dam  
2 Authority on or after the effective date of this act, any earned  
3 benefits or credits toward retirement benefits from previous  
4 participation within the Oklahoma Public Employees Retirement System  
5 or the Oklahoma Law Enforcement Retirement System shall remain  
6 within that system.

7 SECTION 7. AMENDATORY 74 O.S. 2011, Section 913.4, as  
8 last amended by Section 47, Chapter 25, O.S.L. 2019 (74 O.S. Supp.  
9 2020, Section 913.4), is amended to read as follows:

10 Section 913.4 A. 1. Except as otherwise provided in this  
11 subsection, an elected official may elect to participate in the  
12 System and if he or she elects to do so shall have the option of  
13 participating at any one of the computation factors set forth in  
14 paragraph 3 or 4 of this subsection and will receive retirement  
15 benefits in accordance with the computation factor chosen. The  
16 election on participation in the System must be in writing, must  
17 specify the computation factor chosen, and must be filed with the  
18 System within ninety (90) days after the elected official takes  
19 office. The election to participate and the election of a  
20 computation factor shall be irrevocable. Reelection to the same  
21 office will not permit new elections. Failure of an elected  
22 official to file such election form within the ninety-day period  
23 shall be deemed an irrevocable election to participate in the System  
24 at the maximum computation factor.

2. Contributions and benefits will be based upon the elected official's annual compensation as defined in Section 902 of this title. Employer and elected official contributions shall be remitted at least monthly, or as the Board may otherwise provide, to the System for deposit in the Oklahoma Public Employees Retirement Fund. Effective July 1, 1994, and thereafter, the participating employer shall contribute as provided in Section 920 of this title.

3. Except as provided in paragraph 4 of this subsection, effective July 1, 1994, the computation factor selected and the corresponding elected official contribution rate shall be as follows:

| Elected official<br>Contribution Rate | Computation<br>Factor | Alternate<br>Formula |
|---------------------------------------|-----------------------|----------------------|
| 4.5%                                  | 1.9%                  | \$12.50              |
| 6%                                    | 2.5%                  | \$20.00              |
| 7.5%                                  | 3.0%                  | \$25.00              |
| 8.5%                                  | 3.4%                  | \$27.50              |
| 9%                                    | 3.6%                  | \$30.00              |
| 10%                                   | 4.0%                  | \$40.00              |

4. Elected officials who are first elected or appointed to an elected office on or after November 1, 2010, shall elect a computation factor of either 1.9% or 4%. The elected official contribution rate for the 1.9% computation factor is currently 4.5% and the contribution rate for the 4% computation factor is currently

1 10%. All other computation factors and contribution rates set forth  
2 in paragraph 3 of this subsection shall not be available to any  
3 person first elected or appointed to an elected office on or after  
4 November 1, 2010.

5 5. The contribution rate for elected officials who are first  
6 elected or appointed to an elected office on or after November 1,  
7 2011, shall be in the amount specified in paragraph (a) of  
8 subsection (1) of Section 919.1 of this title. The amount of the  
9 retirement benefit for elected officials who are first elected or  
10 appointed to an elected office on or after November 1, 2011, shall  
11 be based on the provisions of paragraph (1) of subsection A of  
12 Section 915 of this title.

13 6. The computation factors and corresponding elected official  
14 contribution rates provided for in paragraphs 3 and 4 of this  
15 subsection shall be based on the entire compensation as an elected  
16 official subject to the definition and maximum compensation levels  
17 as set forth in paragraph (9) of Section 902 of this title.

18 7. Elected officials who are first elected or appointed on or  
19 after November 1, 2011, shall also be eligible to make the election  
20 of an alternate multiplier and contribution rate pursuant to  
21 paragraph 2 of subsection A of Section 915 of this title.

22 ~~8. A statewide elected official or legislator whose first~~  
23 ~~service as an elected official occurs on or after November 1, 2015,~~  
24 ~~shall become a participant in the defined contribution system~~

1 ~~created by Sections 935.1 through 935.11 of this title and such~~  
2 ~~elected official shall not accrue any service credit in the defined~~  
3 ~~benefit plan of the Oklahoma Public Employees Retirement System~~  
4 ~~created pursuant to Section 901 et seq. of this title.~~

5 ~~9. Notwithstanding the provisions of paragraph 8 of this~~  
6 ~~subsection, a statewide elected official or legislator who is first~~  
7 ~~elected or appointed on or after November 1, 2018, and who has~~  
8 ~~participating service in the defined benefit plan prior to November~~  
9 ~~1, 2015, shall be a member of the defined benefit plan.~~

10 B. The normal retirement date for an elected official shall be  
11 the first day of the month coinciding with or following the  
12 official's sixtieth birthday or the first day of the month  
13 coinciding with or following the date at which the sum of the  
14 elected official's age and number of years of credited service total  
15 eighty (80). The normal retirement date for an elected official  
16 first elected or appointed to an elected office on or after November  
17 1, 2011, shall be the first day of the month coinciding with or  
18 following the official's sixty-fifth birthday or the date upon which  
19 the elected or appointed official attains the age of sixty-two (62)  
20 and who has at least ten (10) years of elected or appointed service.  
21 Any elected official first elected or appointed to an elected office  
22 before November 1, 2011, who has a minimum of ten (10) years'  
23 participating service may retire under the early retirement  
24 provisions of this act, including those electing a vested benefit

1 and shall receive an adjustment of annual benefits in accordance  
 2 with the following percentage schedule:

|   | Age | Percentage of Normal Retirement Benefits |
|---|-----|--|
| 3 | 60  | 100%                                     |
| 4 | 59  | 94%                                      |
| 5 | 58  | 88%                                      |
| 6 | 57  | 82%                                      |
| 7 | 56  | 76%                                      |
| 8 | 55  | 70%                                      |

11 Any elected official first elected or appointed to an elected  
 12 office on or after November 1, 2011, who has a minimum of ten (10)  
 13 years' elected or appointed service may retire under the early  
 14 retirement provisions of this act, including those electing a vested  
 15 benefit and shall receive an adjustment of annual benefits in  
 16 accordance with the following percentage schedule:

|    | Age | Percentage of Normal Retirement Benefits |
|----|-----|--|
| 17 | 62  | 100%                                     |
| 18 | 61  | 93.33%                                   |
| 19 | 60  | 86.67%                                   |

22 C. 1. Any elected official shall receive annual benefits  
 23 computed based upon the computation factor selected multiplied by  
 24 the member's highest annual compensation received as an elected

1 official prior to retirement or termination of employment multiplied  
2 by the number of years of credited service. No elected official  
3 shall retire using such highest annual compensation unless the  
4 elected official has made the required election and has paid the  
5 required contributions on such salary.

6 2. The retirement benefit may be computed pursuant to the  
7 provisions of paragraph (1) of subsection A of Section 915 of this  
8 title if the benefit would be higher. Elected officials who have a  
9 vested benefit prior to July 1, 1980, may elect to receive annual  
10 benefits based on the alternate formula provided above. Such annual  
11 benefits shall be paid in equal monthly installments.

12 3. Elected officials who become members of the Oklahoma Public  
13 Employees Retirement System on or after August 22, 2008, will  
14 receive retirement benefits in accordance with the computation  
15 factor selected pursuant to subsection A of this section multiplied  
16 by the member's highest annual compensation received as an elected  
17 official and only for those years of credited service the member  
18 served as an elected official. If such elected official has  
19 participating service as a nonelected member, then such nonelected  
20 service shall be computed separately pursuant to the provisions of  
21 paragraph (1) of subsection A of Section 915 of this title with the  
22 final benefit result added to the final benefit result for elected  
23 service. In no event shall the elected official be entitled to  
24 apply the computation factor selected pursuant to subsection A of



1 this section or the compensation received as an elected official to  
2 the computation of nonelected service.

3 4. Elected officials who are first elected or appointed to an  
4 elected office on or after August 22, 2008, may not receive a  
5 maximum benefit greater than their single highest annual  
6 compensation received as a member of the Oklahoma Public Employees  
7 Retirement System.

8 D. Any elected official making an election to participate at a  
9 computation factor less than the maximum and later selecting a  
10 higher computation factor shall contribute to the System a sum equal  
11 to the amount which the elected official would have contributed if  
12 the elected official had made such election at the time the elected  
13 official first became eligible, plus interest as determined by the  
14 Board, in order to receive the additional benefits for all service  
15 as an elected official; otherwise, the additional benefits shall be  
16 applicable only to service for which the elected official pays the  
17 appropriate percent of contributions to the System.

18 E. The surviving spouse of a deceased elected official who was  
19 first elected or appointed to an elected office before November 1,  
20 2011, and who has at least six (6) years of participating service  
21 and the surviving spouse of a deceased elected official who was  
22 first elected or appointed to an elected office on or after November  
23 1, 2011, and who has at least eight (8) years of participating  
24 service shall be entitled to receive survivor benefits in the amount

1 herein prescribed, if married to the decedent continuously for a  
2 period of at least three (3) years immediately preceding the elected  
3 official's death. Provided the elected official had met the service  
4 requirements, survivor benefits shall be payable when the deceased  
5 member would have met the requirements for normal or early  
6 retirement. The amount of the benefits the surviving spouse may  
7 receive shall be fifty percent (50%) of the amount of benefits the  
8 deceased elected official was receiving or will be eligible to  
9 receive. Elected officials may elect a retirement option as  
10 provided in Section 918 of this title in lieu of the survivors  
11 benefit provided above.

12 F. Any elected official who served in the Armed Forces of the  
13 United States, as defined in paragraph (23) of Section 902 of this  
14 title, prior to membership in the Oklahoma Public Employees  
15 Retirement System shall be granted credited service of not to exceed  
16 five (5) years for those periods of active military service during  
17 which the elected official was a war veteran.

18 G. Anyone appointed or elected to an elected position after  
19 July 1, 1990, shall not be eligible to receive benefits as provided  
20 in this section until such person has participated as an elected  
21 official for six (6) years. Anyone appointed or elected to an  
22 elected position on or after November 1, 2011, shall not be eligible  
23 to receive benefits as provided in this section until such person  
24 has participated as an elected official for eight (8) years.

1 H. Elected officials who terminate participation in the System  
2 and who have a minimum of six (6) years of participating service  
3 shall be entitled to elect a vested benefit and shall be entitled to  
4 the retirement options as provided in Section 918 of this title in  
5 lieu of the survivors benefit provided in subsection E of this  
6 section. Elected officials, first elected or appointed to an  
7 elected office on or after November 1, 2011, who terminate  
8 participation in the System and who have a minimum of eight (8)  
9 years of participating service shall be entitled to elect a vested  
10 benefit and shall be entitled to retirement options as provided in  
11 Section 918 of this title in lieu of the survivors benefits provided  
12 in subsection E of this section.

13 I. In determining the number of years of credited service, a  
14 fractional year of six (6) months or more shall be considered as one  
15 (1) year, and less than six (6) months or more shall be disregarded.  
16 For members who joined the System on or after November 1, 2011, the  
17 number of years of credited service shall be based on actual years  
18 and months of credited service without rounding up or down.

19 SECTION 8. AMENDATORY 74 O.S. 2011, Section 920, as last  
20 amended by Section 13, Chapter 375, O.S.L. 2014 (74 O.S. Supp. 2020,  
21 Section 920), is amended to read as follows:

22 Section 920. (1) Effective July 1, 1994, every state agency  
23 which is a participating employer shall contribute to the System an  
24 amount equal to eleven and one-half percent (11 1/2%) of the monthly

1 compensation of each member, but not in excess of Forty Thousand  
2 Dollars (\$40,000.00).

3 (2) Effective July 1, 1995, every state agency which is a  
4 participating employer shall contribute to the System an amount  
5 equal to eleven and one-half percent (11 1/2%) of the monthly  
6 compensation of each member, not to exceed the allowable annual  
7 compensation as defined in paragraph (9) of Section 902 of this  
8 title.

9 (3) Effective July 1, 1996, every state agency which is a  
10 participating employer shall contribute to the System an amount  
11 equal to twelve percent (12%) of the monthly compensation of each  
12 member, not to exceed the allowable annual compensation defined in  
13 paragraph (9) of Section 902 of this title.

14 (4) Effective July 1, 1999, and through the fiscal year ending  
15 June 30, 2005, every state agency which is a participating employer  
16 shall contribute to the System an amount equal to ten percent (10%)  
17 of the monthly compensation of each member, not to exceed the  
18 allowable annual compensation defined in paragraph (9) of Section  
19 902 of this title.

20 (5) Effective July 1, 2005, except as otherwise provided by  
21 subsection (11) of this section, every state agency which is a  
22 participating employer shall contribute an amount to the System  
23 equal to a percentage of monthly compensation of each member, not to  
24

1 exceed the allowable annual compensation defined in paragraph (9) of  
 2 Section 902 of this title as follows:

|   |                              |         |
|---|------------------------------|---------|
| 3 | July 1, 2005 - June 30, 2006 | 11 1/2% |
| 4 | July 1, 2006 - June 30, 2007 | 12 1/2% |
| 5 | July 1, 2007 - June 30, 2008 | 13 1/2% |
| 6 | July 1, 2008 - June 30, 2009 | 14 1/2% |
| 7 | July 1, 2009 - June 30, 2011 | 15 1/2% |
| 8 | July 1, 2011 - June 30, 2012 |         |
| 9 | and each year thereafter     | 16 1/2% |

10 (6) The Board shall certify, on or before November 1 of each  
 11 year, to the Office of Management and Enterprise Services an  
 12 actuarially determined estimate of the rate of contribution which  
 13 will be required, together with all accumulated contributions and  
 14 other assets of the System, to be paid by each participating  
 15 employer to pay all liabilities which shall exist or accrue under  
 16 the System, including amortization of the past service cost over a  
 17 period of not to exceed forty (40) years from June 30, 1987, and the  
 18 cost of administration of the System, as determined by the Board,  
 19 upon recommendation of the actuary.

20 (7) The Office of Management and Enterprise Services and the  
 21 Governor shall include in the budget and in the budget request for  
 22 appropriations the sum required to satisfy the state's obligation  
 23 under this section as certified by the Board and shall present the  
 24 same to the Legislature for allowance and appropriation.

1 (8) Each other participating employer shall appropriate and pay  
2 to the System a sum sufficient to satisfy the obligation under this  
3 section as certified by the Board.

4 (9) Each participating employer is hereby authorized to pay the  
5 employer's contribution from the same fund that the compensation for  
6 which said contribution is paid from or from any other funds  
7 available to it for such purpose.

8 (10) Forfeitures arising from severance of employment, death or  
9 for any other reason may not be applied to increase the benefits any  
10 member would otherwise receive under the System's law. However,  
11 forfeitures may be used to reduce an employer's contribution.

12 ~~(11) Effective November 1, 2015, an employer shall be required~~  
13 ~~to make payment to the Oklahoma Public Employees Retirement System~~  
14 ~~of the amount described by subsection A of Section 10 of this act~~  
15 ~~with respect to any employee who is a participant in the defined~~  
16 ~~contribution system created pursuant to the provisions of Sections 1~~  
17 ~~through 11 of this act. The employer shall be required to make the~~  
18 ~~required matching contribution amount for all employees that~~  
19 ~~participate in the defined contribution system and to remit the~~  
20 ~~difference between such amount and the amount the employer would~~  
21 ~~otherwise have paid pursuant to the provisions of this section to~~  
22 ~~the Oklahoma Public Employees Retirement System.~~

1 SECTION 9. AMENDATORY 74 O.S. 2011, Section 1707, as  
2 last amended by Section 14, Chapter 375, O.S.L. 2014 (74 O.S. Supp.  
3 2020, Section 1707), is amended to read as follows:

4 Section 1707. A. Effective January 1, 1998, for each qualified  
5 participant as defined in this section who is a state employee as  
6 defined in this section, the Oklahoma Public Employees Retirement  
7 System shall pay each month from funds appropriated or deposited to  
8 the Oklahoma State Employees Deferred Savings Incentive Plan Fund  
9 created pursuant to this section the sum of Twenty-five Dollars  
10 (\$25.00) to a plan established pursuant to the Internal Revenue  
11 Code, Section 401(a), for the benefit of the employee; provided, if  
12 monies in the fund are insufficient to fully fund the contributions  
13 in any month, payments shall be suspended until such time as  
14 sufficient monies are available. Employees receiving payroll other  
15 than monthly shall have an amount contributed which is equivalent to  
16 Twenty-five Dollars (\$25.00) per month.

17 B. For the purposes of this section, "qualified participant"  
18 means a state employee as defined in this section who is an active  
19 participant in the Oklahoma State Employees Deferred Compensation  
20 Plan making deferrals of at least Twenty-five Dollars (\$25.00) per  
21 month. ~~A qualified participant shall not include an employee who~~  
22 ~~participates in the defined contribution system administered by the~~  
23 ~~Oklahoma Public Employees Retirement System on or after November 1,~~  
24 ~~2015.~~ Effective July 1, 2000, each qualified participant shall be

1 eligible for a contribution of Twenty-five Dollars (\$25.00) to the  
2 Oklahoma State Employees Deferred Savings Incentive Plan beginning  
3 with the first employee deferral into the Oklahoma State Employees  
4 Deferred Compensation Plan. The Director of the Office of  
5 Management and Enterprise Services shall be responsible for the  
6 provision of such information and assistance as may be necessary to  
7 determine which employees are qualified participants and shall  
8 provide for appropriate payroll transactions to accomplish  
9 contributions to the Oklahoma State Employees Deferred Savings  
10 Incentive Plan and the Oklahoma State Employees Deferred  
11 Compensation Plan. The Oklahoma Public Employees Retirement System  
12 shall be responsible for establishing rules and plan documents for  
13 administration of such contributions. Funds so credited shall be  
14 held and invested in the same manner as the Oklahoma State Employees  
15 Deferred Compensation Plan, as provided in Section 1701 of this  
16 title.

17 C. For the purposes of this section, "state employee" means any  
18 officer or employee of the executive, legislative, or judicial  
19 branches of the government of this state who is an active member of  
20 a public retirement system of this state, but does not include:

21 1. Employees of the public elementary, secondary, or area  
22 vocational school districts;

23 2. Employees of The Oklahoma State System of Higher Education  
24 except employees of the Oklahoma State Regents of Higher Education,



1 employees of the governing boards and employees of the Board of  
2 Regents of the University of Oklahoma who are participating members  
3 of the Oklahoma Public Employees Retirement System;

4 3. Persons on temporary, student, internship, or other limited-  
5 term appointments except for Executive Fellows in the Carl Albert  
6 Public Internship Program created in Section 840-3.4 of this title;  
7 or

8 4. Persons employed pursuant to Section 1.6a of Title 53 of the  
9 Oklahoma Statutes.

10 D. No public official shall be able to make contributions to  
11 the Section 401(a) plan described by this section during a term of  
12 office which commenced prior to July 1, 1997. A public official may  
13 make contributions to the Section 401(a) plan described by this  
14 section during a term of office which commences after July 1, 1997.  
15 No legislator shall be eligible to make contributions to the Section  
16 401(a) plan described by this section until such contributions have  
17 been approved by the Board on Legislative Compensation. The  
18 provisions of this subsection shall be applicable only in the event  
19 that the Plan permits employee contributions.

20 E. There is hereby created in the State Treasury a revolving  
21 fund to be designated the "Oklahoma State Employees Deferred Savings  
22 Incentive Plan Fund". The fund shall be a continuing fund, not  
23 subject to fiscal year limitations, and shall consist of any monies  
24 the Legislature may appropriate or transfer to the fund and any

1 monies contributed for the fund from any other sources, public or  
2 private. All monies accruing to the credit of said fund are hereby  
3 appropriated and may be budgeted and expended by the Oklahoma Public  
4 Employees Retirement System for the matching of deferred  
5 compensation contributions pursuant to this section and in  
6 accordance with rules promulgated by the Oklahoma Public Employees  
7 Retirement System and for reimbursement of expenses for  
8 administration of the Deferred Savings Incentive Plan and the  
9 Oklahoma State Employees Deferred Compensation Plan. Expenditures  
10 from the fund shall be made by warrants issued by the State  
11 Treasurer against claims filed as prescribed by law with the  
12 Director of the Office of Management and Enterprise Services for  
13 approval and payment.

14 F. Effective July 1, 2000, every employer which has state  
15 employees participating in the Oklahoma State Employees Deferred  
16 Savings Incentive Plan shall pay to the Fund an amount equal to  
17 Twenty-five Dollars (\$25.00) each month for each qualified  
18 participant as defined in this section, along with an amount to  
19 reimburse the cost of administration of the Oklahoma State Employees  
20 Deferred Savings Incentive Plan and the Oklahoma State Employees  
21 Deferred Compensation Plan for each qualified participant, as  
22 determined by the Board.

23 1. The Board shall certify each year to the Office of  
24 Management and Enterprise Services the determined amount for the

1 administrative cost of the Oklahoma State Deferred Savings Incentive  
2 Plan and the Oklahoma State Employees Deferred Compensation Plan  
3 which will be required to be paid for each qualified participant.  
4 The Board of Trustees shall promulgate such rules as are necessary  
5 to implement the provisions of this subsection and provide the  
6 methodology for the determination.

7       2. Each employer shall pay at least monthly to the Fund the sum  
8 sufficient to satisfy the obligation under this section as certified  
9 by the Board.

10       3. Each employer is hereby authorized to pay the employer's  
11 contribution from the same fund that the compensation for which said  
12 contribution is paid from or from any other funds available to it  
13 for such purpose.

14       SECTION 10. Section 1 of this act shall become effective  
15 October 1, 2021.

16       SECTION 11. Sections 2 through 9 of this act shall become  
17 effective November 1, 2021.

18

19       58-1-7825       MAH       02/25/21

20

21

22

23

24