

An Act

ENROLLED HOUSE
BILL NO. 2458

By: Lepak and Davis of the
House

and

Montgomery of the Senate

An Act relating to public retirement systems; amending 20 O.S. 2011, Sections 1102C and 1103.1, which relate to the Uniform Retirement System for Justices and Judges; amending 74 O.S. 2011, Sections 906, as amended by Section 3, Chapter 312, O.S.L. 2017, 909.1, as amended by Section 1, Chapter 109, O.S.L. 2012, 915, as last amended by Section 2, Chapter 112, O.S.L. 2020, 918 and 932 (74 O.S. Supp. 2020, Sections 906, 909.1 and 915), which relate to the Oklahoma Public Employees Retirement System; modifying references; authorizing release of certain information; and providing an effective date.

SUBJECT: Public retirement systems

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

SECTION 1. AMENDATORY 20 O.S. 2011, Section 1102C, is amended to read as follows:

Section 1102C. A. Except as otherwise provided for in this section and Section 1104.2 of ~~Title 20 of the Oklahoma Statutes~~ this title, members who join the Uniform Retirement System for Justices and Judges on September 1, 2005, or thereafter, may elect to have the retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in Section 1104 of ~~Title 20 of the Oklahoma Statutes~~ this title. The election of an option must be made prior to the member's retirement date or to receipt of a benefit after termination of service with a vested benefit. A specific person must be designated as joint annuitant at the time of the election of Option A or B. Election of an option is

available with respect to the vested benefit. All retirement benefits of a married member shall be paid pursuant to the Option A plan or Option B plan as provided for in this section unless the spouse of a member consents in writing for the unreduced benefits to be paid as provided for in Section 1104 of ~~Title 20 of the Oklahoma Statutes~~ or pursuant to ~~Option B as provided for in this section~~ title.

B. The amount of retirement benefit payable under an option shall be based on the age and sex of the member and the age and sex of the joint annuitant at the retirement date, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under Section 1104 of ~~Title 20 of the Oklahoma Statutes~~ this title.

C. The retirement options are:

Option A. Joint and one-half to joint annuitant survivor. A reduced retirement benefit is payable to the retiree during his or her lifetime with one-half (1/2) of that amount continued to the joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retiree. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retiree, the retiree shall return to the unreduced retirement benefit, including any postretirement benefit increases, the member would have received had the member not selected Option A. The benefit shall be determined at the date of death of the named joint annuitant. This increase shall become effective the first day of the month following the date of death of the named joint annuitant, and shall be payable for the retiree's remaining lifetime. The retiree shall notify the Uniform Retirement System for Justices and Judges of the death of the named joint annuitant in writing. In the absence of the written notice being filed by the member notifying the Uniform Retirement System for Justices and Judges of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Uniform Retirement System for Justices and Judges to pay more than six (6) months of retrospective benefits increase.

Option B. Joint and survivor. A reduced retirement benefit is payable to the retiree during his or her lifetime with that amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of the retiree. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retiree, the retiree shall return

to the unreduced retirement benefit, including any postretirement benefit increases, the member would have received had the member not selected Option B. The benefit shall be determined at the date of death of the named joint annuitant. This increase shall become effective the first day of the month following the date of death of the named joint annuitant, and shall be payable for the retiree's remaining lifetime. The retiree shall notify the Uniform Retirement System for Justices and Judges of the death of the named joint annuitant in writing. In the absence of such written notice being filed by the member notifying the Uniform Retirement System for Justices and Judges of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Uniform Retirement System for Justices and Judges to pay more than six (6) months of retrospective benefits increase.

D. If a member who is eligible to retire in accordance with the provisions of this section or Section 1104 of ~~Title 20 of the Oklahoma Statutes~~ this title but is not actually retired or is eligible to vest or has elected a vested benefit dies, the member's spouse may elect to receive benefits as a joint annuitant under Option B, calculated as if the member retired on the date of death, in lieu of receiving the member's accumulated contributions. However, no benefits shall be payable before the date the deceased member would have met the requirements for a normal or early retirement. The provisions of this paragraph shall be applicable to a surviving spouse of a deceased member who died prior to the effective date of this act, but only if no benefits or distributions have been previously paid.

SECTION 2. AMENDATORY 20 O.S. 2011, Section 1103.1, is amended to read as follows:

Section 1103.1 A. On and after January 1, 2001, the Administrative Director of the Courts, in addition to the members' contributions, shall transfer monthly amounts for deposit in the State Judicial Retirement Fund as set out in Section 1309 of this title equal to two percent (2.0%) of the monthly total actual paid gross salaries of the members of the Uniform Retirement System for Justices and Judges. Effective July 1, 2005, such amounts transferred by the Administrative Director of the Courts shall be as follows:

Fiscal Year Ending	Percentage of Contribution
June 30, 2006	3.0%

June 30, 2007	4.0%
June 30, 2008	5.5%
June 30, 2009	7.0%
June 30, 2010	8.5%
June 30, 2011	10.0%
June 30, 2012	11.5%
June 30, 2013	13.0%
June 30, 2014	14.5%
June 30, 2015	16.0%
June 30, 2016	17.5%
June 30, 2017	19.0%
June 30, 2018	20.5%
June 30, 2019 and thereafter	22.0%

B. The State Judicial Retirement Fund should have a funded ratio at or near ninety percent (90%) or be receiving sufficient contributions to amortize any unfunded liability of the fund according to the amortization schedule adopted by the Board of Trustees of the Oklahoma Public Employees Retirement System. The Board of Trustees shall provide a copy of the annual actuarial report to the Governor, the Chief Justice of the Supreme Court, ~~the Legislative Service Bureau,~~ the Speaker of the House of Representatives and the President Pro Tempore of the Senate. In addition to this report, the Board shall provide a letter setting forth the amount of the actuarially required contributions for the System and any other recommendations that the Board may deem necessary.

C. The Administrative Director of the Courts shall remit to the System all statutorily required retirement contributions due on a monthly basis. All required court and employee contributions and supporting documentation are due and must be received by the System

on or before the fifteenth day of the month following the month for which the contributions are due. Court and employee contributions remitted to the System after thirty (30) days from the above due date shall be subject to a monthly late charge of one and one-half percent (1.5%) of the unpaid balance to be paid by the Administrative Director of the Courts to the System.

SECTION 3. AMENDATORY 74 O.S. 2011, Section 906, as amended by Section 3, Chapter 312, O.S.L. 2017 (74 O.S. Supp. 2020, Section 906), is amended to read as follows:

Section 906. (1) The Board shall hold regular meetings in Oklahoma City at least once each quarter, the dates, time, and place thereof to be fixed by the Board. The Board shall hold a regular meeting in July of each year which meeting shall be the annual meeting and at which meeting it shall elect its ~~Chairman~~ chair. Special meetings may be called upon written call of the ~~Chairman~~ chair or by agreement of any ~~seven~~ eight members of the Board. Notice of a special meeting shall be delivered to all trustees in person ~~or~~, by registered or certified United States mail, or by electronic mail not less than seven (7) days prior to the date fixed for the meeting; provided, however, that notice of such meeting may be waived by any member either before or after such meeting and attendance at such meeting shall constitute a waiver of notice of such meeting, unless a member participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened.

(2) Eight (8) trustees shall constitute a quorum for the transaction of business, but any official action of the Board shall be based upon a favorable vote by at least eight (8) trustees at a regular or special meeting of the Board.

(3) The trustees shall serve the System without compensation but shall receive their actual and necessary expenses, subject to statutory limitations applying to other state employees, as are incurred in the performance of their duties, which shall be paid as an operating expense from the appropriate operating fund of the System.

SECTION 4. AMENDATORY 74 O.S. 2011, Section 909.1, as amended by Section 1, Chapter 109, O.S.L. 2012 (74 O.S. Supp. 2020, Section 909.1), is amended to read as follows:

Section 909.1 A. The Oklahoma Public Employees Retirement System Board of Trustees shall discharge their duties with respect to the System solely in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:
 - a. providing benefits to participants and their beneficiaries, and
 - b. defraying reasonable expenses of administering the System;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. In accordance with the laws, documents and instruments governing the System.

B. The Board of Trustees may procure insurance indemnifying the members of the Board of Trustees from personal loss or accountability from liability resulting from a member's action or inaction as a member of the Board of Trustees.

C. The Board of Trustees may establish an investment committee. The investment committee shall be composed of not more than five (5) members of the Board of Trustees appointed by the chairman of the Board of Trustees. The committee shall make recommendations to the full Board of Trustees on all matters related to the choice of custodians and managers of the assets of the System, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the Board of Trustees in any circumstances whatsoever. No recommendation of the committee shall have effect as an action of the Board of Trustees nor take effect without the approval of the Board of Trustees as provided by law.

D. The Board of Trustees shall retain qualified investment managers to provide for the investment of the monies of the System.

The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board of Trustees. Subject to the overall investment guidelines set by the Board of Trustees, the investment managers shall have full discretion in the management of those monies of the System allocated to the investment managers. The Board of Trustees shall manage those monies not specifically allocated to the investment managers. The monies of the System allocated to the investment managers shall be managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

E. Funds and revenues for investment by the investment managers or the Board of Trustees shall be placed with a custodian selected by the Board of Trustees. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive basis pursuant to standards set by the Board of Trustees. In compliance with the investment policy guidelines of the Board of Trustees, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the Board of Trustees for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

F. By November 1, 1988, and prior to August 1 of each year thereafter, the Board of Trustees shall develop a written investment plan for the System.

G. The Board of Trustees shall compile a quarterly financial report of all the funds of the System on a fiscal year basis. The report shall be compiled pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of

returns of the investment managers by category of investment, over periods of time. The Board of Trustees shall include in the quarterly reports all commissions, fees or payments for investment services performed on behalf of the Board. The report shall be distributed to the Governor, the Oklahoma State Pension Commission, ~~the Legislative Service Bureau,~~ the Speaker of the House of Representatives and the President Pro Tempore of the Senate. In lieu of compiling and distributing the quarterly report, the Board may provide the Pension Commission with direct access to the same data from the custodian bank for the System.

H. After July 1 and before December 1 of each year, the Board of Trustees shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Board of Trustees. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year.

I. The Board shall distribute the corpus and income of the System to the members and their beneficiaries in accordance with the System's laws and rules and regulations. At no time prior to the satisfaction of all liabilities with respect to members and their beneficiaries shall any part of the corpus and income be used for, or diverted to, purposes other than the exclusive benefit of the members and their beneficiaries.

SECTION 5. AMENDATORY 74 O.S. 2011, Section 915, as last amended by Section 2, Chapter 112, O.S.L. 2020 (74 O.S. Supp. 2020, Section 915), is amended to read as follows:

Section 915. A. (1) Except as otherwise provided in this subsection and as provided for elected officials in Section 913.4 of

this title, any member who shall retire on or after the member's normal retirement date shall be entitled to receive an annual retirement benefit equal to two percent (2%) of the member's final average compensation as determined pursuant to paragraph (18) of Section 902 of this title, multiplied by the number of years of credited service that has been credited to the member in accordance with the provisions of Section 913 of this title other than years credited pursuant to paragraph (2) of this subsection.

(2) Effective January 1, 2004, except as otherwise provided for elected officials in Section 913.4 of this title and except for those members making contributions pursuant to paragraphs (c), (d), (e) and (f) of subsection (1) of Section 919.1 of this title, any member who shall retire shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the member's final average compensation as determined pursuant to paragraph (18) of Section 902 of this title, multiplied by the number of full years of participating service after January 1, 2004, that have been credited to the member in accordance with the provisions of Section 913 of this title and only for those full years of participating service for which contributions have been made pursuant to paragraph (g) of subsection (1) of Section 919.1 of this title. The two and one-half percent (2 1/2%) multiplier shall not apply to purchased service, purchased or granted military service or transferred service. In order to receive the two and one-half percent (2 1/2%) multiplier in computing retirement benefits, an active member shall make an irrevocable written election to pay the contributions pursuant to paragraph (g) of subsection (1) of Section 919.1 of this title. The two and one-half percent (2 1/2%) multiplier pursuant to this paragraph shall not apply to additional years of service credit attributed to sick leave pursuant to paragraph 7 of subsection B of Section 913 of this title and fractional years pursuant to subsection C of Section 913 of this title and shall be attributable only to the participating service credited after the election of the member.

(3) The minimum final average compensation for any person who becomes a member of the System on or after July 1, 1995:

- a. and who had twenty (20) or more years of credited service within the System as of the member's retirement date shall be no less than Thirteen Thousand Eight Hundred Dollars (\$13,800.00) per annum,

- b. and who had at least fifteen (15) but not more than nineteen (19) years of credited service within the System as of the member's retirement date shall be no less than Six Thousand Nine Hundred Dollars (\$6,900.00) per annum,
- c. and who had less than fifteen (15) years of credited service within the System as of the member's retirement date shall not be eligible for any minimum amount of final average compensation and the member's final average compensation shall be the final average compensation as defined by paragraph (18) of Section 902 of this title.

(4) Provided, further, any member who has elected a vested benefit pursuant to Section 917 of this title shall be entitled to receive benefits as outlined in this section except the percent factor and the member's maximum compensation level in effect the date the member's employment was terminated with a participating employer shall be applicable.

(5) Any member who is a correctional officer or a probation and parole officer employed by the Department of Corrections at the time of retirement and who retires on or before June 30, 2000, shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and two percent (2%) of the final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) but not exceeding the maximum compensation level as provided in paragraph (9) of Section 902 of this title, multiplied by the number of years of service as a correctional officer or a probation and parole officer; provided, any years accrued prior to July 1, 1990, as a correctional officer or a probation and parole officer by a member who is employed as a correctional officer or a probation and parole officer on July 1, 1990, shall be calculated for retirement purposes at two and one-quarter percent (2 1/4%) of the final average compensation of the member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and two percent (2%) of the final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) but not exceeding the maximum compensation level as provided in paragraph (9) of Section 902 of this title, multiplied by the number of years of such service and any years in excess of twenty (20) years as such an officer or years credited to the member in accordance with the provisions of Section 913 of this title shall be calculated for retirement purposes at two

percent (2%) of the final average compensation of the member multiplied by the number of years of such service. Any person who contributes to the System as a correctional officer or a probation and parole officer as provided in paragraph (b) or (c) of subsection (1) of Section 919.1 of this title, on or before June 30, 2000, but who does not make such contributions after June 30, 2000, and who does not qualify for normal retirement under subparagraph (c) of paragraph (24) of Section 902 of this title shall have retirement benefits for each year of full-time-equivalent participating service as a correctional or a probation and parole officer after July 1, 1990, computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a correctional officer or a probation and parole officer. Provided, further, any fugitive apprehension agent shall be entitled to receive benefits as outlined in this act for service as a fugitive apprehension agent prior to July 1, 2002, only upon payment to the System of the employee contributions which would have been paid if such fugitive apprehension agent had been covered by this section prior to the effective date of this act, plus interest of not to exceed ten percent (10%) as determined by the Board. The Department of Corrections may make the employee contribution and interest payment on behalf of such member.

(6) Any member who is a correctional officer, a probation and parole officer or a fugitive apprehension agent employed by the Department of Corrections at the time of retirement and who retires on or after July 1, 2002, shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member, but not exceeding the maximum compensation level as provided in paragraph (18) of Section 902 of this title, multiplied by the number of years of service as a correctional officer, a probation and parole officer or a fugitive apprehension agent, and any years in excess of twenty (20) years as such an officer or agent, or years credited to the member in accordance with the provisions of Section 913 of this title, shall be calculated for retirement purposes at two percent (2%) of the final average compensation of the member multiplied by the number of years of such service. For purposes of this paragraph, "final average compensation" shall be determined by computing the average annual salary, in the manner prescribed by paragraph (18) of Section 902 of this title, for the highest three (3) years of the last ten (10) years of participating service immediately preceding retirement or termination of employment for all years of service performed by such member, both for years of service performed as a correctional officer, probation and parole officer or fugitive apprehension

agent, not in excess of twenty (20) years, and for years of service performed in excess of twenty (20) years, whether as a correctional officer, probation and parole officer, fugitive apprehension agent or other position unless the computation of benefits would result in a lower retirement benefit amount than if final average compensation were to be computed as otherwise provided by this paragraph. "Final average compensation" shall be determined by computing the average annual salary for the highest five (5) of the last ten (10) years of participating service immediately preceding retirement or termination of employment, with respect to members whose first participating service occurs on or after July 1, 2013.

(7) Any member who is a correctional officer, a probation and parole officer or a fugitive apprehension agent who has at least five (5) years of service as a correctional officer, a probation and parole officer or a fugitive apprehension agent who is in such position on June 30, 2004, or who is hired after June 30, 2004, in such position, and who receives a promotion or change in job classification after June 30, 2004, to another position in the Department of Corrections, and who is employed by the Department of Corrections at the time of retirement and who retires on or after July 1, 2004, shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member, but not exceeding the maximum compensation level as provided in paragraph (18) of Section 902 of this title, multiplied by the number of years of service with the Department of Corrections and any years in excess of twenty (20) years with the Department or years credited to the member in accordance with the provisions of Section 913 of this title, shall be calculated for retirement purposes at two percent (2%) of the final average compensation of the member multiplied by the number of years of such service. For purposes of this paragraph, "final average compensation" shall be determined by computing the average annual salary, in the manner prescribed by paragraph (18) of Section 902 of this title, for the highest three (3) years of the last ten (10) years of participating service immediately preceding retirement or termination of employment for all years of service performed by such member with the Department. "Final average compensation" shall be determined by computing the average annual salary for the highest five (5) of the last ten (10) years of participating service immediately preceding retirement or termination of employment, with respect to members whose first participating service occurs on or after July 1, 2013.

(8) Any person who contributed to the System as a correctional officer, a probation and parole officer or a fugitive apprehension agent as provided in ~~paragraphs~~ paragraph (b) or (c) of subsection (1) of Section 919.1 of this title, and who retires under normal retirement or early retirement on or after January 1, 2004, under paragraph (24) of Section 902 of this title, and any public safety officer described by paragraph (37) of Section 902 of this title hired on or after the effective date of this act by the Grand River Dam Authority and who retires on or after the effective date of this act, shall have retirement benefits for each year of full-time-equivalent participating service as a correctional officer, a probation and parole officer or a fugitive apprehension agent, or Grand River Dam public safety officer computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a correctional officer, a probation and parole officer, a fugitive apprehension agent or a Grand River Dam public safety officer. For purposes of this paragraph, "final average compensation" shall be determined by computing the average annual salary, in the manner prescribed by paragraph (18) of Section 902 of this title, for the highest three (3) years of the last ten (10) years of participating service immediately preceding retirement or termination of employment for all years of service performed by such member, both for years of service performed as a correctional officer, probation and parole officer or fugitive apprehension agent, or years of service performed as a Grand River Dam public safety officer, not in excess of twenty (20) years, and for years of service performed in excess of twenty (20) years, whether as a correctional officer, probation and parole officer, fugitive apprehension agent, Grand River Dam public safety officer, or other position unless the computation of benefits would result in a lower retirement benefit amount than if final average compensation were to be computed as otherwise provided by this paragraph. "Final average compensation" shall be determined by computing the average annual salary for the highest five (5) of the last ten (10) years of participating service immediately preceding retirement or termination of employment, with respect to members whose first participating service occurs on or after July 1, 2013, or with respect to Grand River Dam public safety officers whose first participating service occurs on or after the effective date of this act.

(9) Any member who is:

- a. initially on or after July 1, 2002, employed as a firefighter for the Oklahoma Military Department and

who retires on or after the member's normal retirement date shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member multiplied by the number of years of service in such service,

- b. (1) a firefighter who performs firefighting services for the Oklahoma Military Department prior to July 1, 2002, and who makes an election in writing on a form prescribed for this purpose by the System not later than December 31, 2002, shall be entitled to receive a retirement benefit based upon two and one-half percent (2 1/2%) of the final average compensation of the member multiplied by the number of years of service as a firefighter with the Oklahoma Military Department on or after July 1, 2002. The election authorized by this subdivision shall be irrevocable once the election is filed with the System,
- (2) a firefighter who performs firefighting services for the Oklahoma Military Department prior to July 1, 2002, and who makes the election in division (1) of this subparagraph may also make an election in writing on a form prescribed for this purpose by the System not later than December 31, 2002, to receive a retirement benefit based upon two and one-half percent (2 1/2%) of the final average compensation of the member multiplied by the number of years of service as a firefighter with the Oklahoma Military Department prior to July 1, 2002. The election authorized by this subdivision shall be irrevocable once the election is filed with the System. Retirement benefits shall be calculated based upon the two and one-half percent (2 1/2%) multiplier upon payment being made pursuant to Section 913.5 of this title.

(10) Any person who contributes to the System as a deputy sheriff or county jailer as provided in paragraph (f) of subsection (1) of Section 919.1 of this title, and who retires under normal retirement or early retirement under division (v) of subparagraph

(d) of paragraph (24) of Section 902 of this title, shall have retirement benefits for each year of full-time-equivalent participating service as a deputy sheriff or county jailer computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a deputy sheriff or county jailer, and any years in excess of twenty (20) years as a deputy sheriff or county jailer, or years credited to the member in accordance with the provisions of Section 913 of this title, shall be calculated for retirement purposes at two percent (2%) of the final average compensation of the member multiplied by the number of years of such service. For purposes of this paragraph, "final average compensation" shall be determined by computing the average annual salary, in the manner prescribed by paragraph (18) of Section 902 of this title, both for years of service performed as a deputy sheriff or county jailer not in excess of twenty (20) years, and for years of service performed in excess of twenty (20) years, whether as a deputy sheriff or county jailer.

(11) Upon death of a ~~retirant~~ retiree, there shall be paid to his or her beneficiary an amount equal to the excess, if any, of his or her accumulated contributions over the sum of all retirement benefit payments made.

(12) Such annual retirement benefits shall be paid in equal monthly installments, except that the Board may provide for the payment of retirement benefits which total less than Two Hundred Forty Dollars (\$240.00) a year on other than a monthly basis.

(13) Pursuant to the rules established by the Board, a retiree receiving monthly benefits from the System may authorize warrant deductions for any products currently offered to active state employees through the Employees Benefits Council, provided that product is offered to state retirees as a group and has a minimum participation of five hundred state retirees. The System has no responsibility for the marketing, enrolling or administration of such products, but shall retain a processing fee of two percent (2%) of the gross deductions for the products. Retirement benefit deductions shall be made for membership dues for any statewide association for which payroll deductions are authorized pursuant to subsection B of Section 34.70 of Title 62 of the Oklahoma Statutes for retired members of any state-supported retirement system, upon proper authorization given by the member to the board from which the member or beneficiary is currently receiving retirement benefits.

B. A member shall be considered disabled if such member qualifies for the payment of Social Security disability benefits, or the payment of benefits pursuant to the Railroad Retirement Act of 1974, Section 231 et seq. of Title 45 of the United States Code, and shall be eligible for benefits hereunder upon proof of such disability, provided such member is an active regularly scheduled employee with a participating employer at the time of injury or inception of illness or disease resulting in subsequent certification of eligibility for Social Security disability benefits by reason of such injury, illness or disease, providing such disability is certified by the Social Security Administration within one (1) year after the last date physically on the job and after completion of at least eight (8) years of participating service or combined prior and participating service or resulting in subsequent certification of eligibility of disability by the Railroad Retirement Board providing such certification is made by the Railroad Retirement Board within one (1) year after the last date physically on the job and after completion of at least eight (8) years of participating service or combined prior and participating service. The member shall submit to the Retirement System the Social Security Award Notice or the Railroad Retirement Award Notice certifying the date of entitlement for disability benefits, as issued by the Social Security Administration, Department of Health and Human Services or the Railroad Retirement Board. Disability benefits shall become effective on the date of entitlement as established by the Social Security Administration or the Railroad Retirement Board, but not before the first day of the month following removal from the payroll, whichever is later, and final approval by the Retirement System. Benefits shall be based upon length of service and compensation as of the date of disability, without actuarial reduction because of commencement prior to the normal retirement date. The only optional form of benefit payment available for disability benefits is Option A as provided for in Section 918 of this title. Option A must be elected in accordance with the provisions of Section 918 of this title. Benefit payments shall cease upon the member's recovery from disability prior to the normal retirement date. Future benefits, if any, shall be paid based upon length of service and compensation as of the date of disability. In the event that disability ceases and the member returns to employment within the System credited service to the date of disability shall be restored, and future benefits shall be determined accordingly.

C. A member who incurred a disability pursuant to subsection B of this section on or after July 1, 1999, and who has retired from

the System with an early retirement benefit pending certification from the Social Security Administration or the Railroad Retirement Board shall receive a retirement benefit not less than the disability retirement benefit provided by subsection B of this section once the System receives a Social Security Award Notice or a Railroad Retirement Award Notice pursuant to subsection B of this section and a completed Application for Disability Benefits. In addition, such member shall receive the difference, if any, between the early retirement benefit and the disability benefit from the date the Social Security Administration or the Railroad Retirement Board establishes disability entitlement.

D. Any actively participating member of the System on or after July 1, 1998, except for those employees provided in subparagraph (e) of paragraph (14) of Section 902 of this title, whose employment is less than full-time, shall have his or her final average compensation calculated on an annualized basis using his or her hourly wage subject to the maximum compensation limits; provided, however, any such member whose first participating service occurred before July 1, 2013, and who has at least three (3) years of full-time employment during the last ten (10) years immediately preceding termination or retirement shall not be eligible for the annualization provisions contained herein; and provided further, any such member whose first participating service occurred on or after July 1, 2013, and who has at least five (5) years of full-time employment during the last ten (10) years immediately preceding termination or retirement shall not be eligible for the annualization provisions contained herein. The Board of Trustees shall promulgate such administrative rules as are necessary to implement the provisions of this subsection.

SECTION 6. AMENDATORY 74 O.S. 2011, Section 918, is amended to read as follows:

Section 918. (1) Except as otherwise provided for in this section and Section 918.1 of this title, a member may elect to have the retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in Section 915 of this title. The election of an option must be made at any time prior to retirement or prior to termination of service with a vested benefit. A specific person must be designated as joint annuitant at the time of election of Option A or B. Election of an option is available with respect to the vested benefit. All retirement benefits of a married member shall be paid pursuant to the Option A plan or Option B plan as provided for in this section

unless the spouse of a member consents in writing for the benefits to be paid as provided for in Section 915 of this title or pursuant to ~~Option B~~ or Option C as provided for in this section.

(2) The amount of retirement benefit payable under an option shall be based on the age and sex of the member and the age and sex of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under Section 915 of this title.

(3) The retirement options are:

Option A. Joint and one-half to joint annuitant survivor. A reduced retirement benefit is payable to the ~~retirant~~ retiree during his or her lifetime with one-half (1/2) of that amount continued to the joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the ~~retirant~~ retiree. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the ~~retirant~~ retiree, the ~~retirant~~ retiree shall return to the retirement benefit, including any post-retirement benefit increases the member would have received had the member not selected Option A. The benefit shall be determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the ~~retirant's~~ retiree's remaining lifetime. The ~~retirant~~ retiree shall notify the Oklahoma Public Employees Retirement System of the death of the named joint annuitant in writing. In the absence of the written notice being filed by the member notifying the Oklahoma Public Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option B. Joint and survivor. A reduced retirement benefit is payable to the ~~retirant~~ retiree during his or her lifetime with that amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of the ~~retirant~~ retiree. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the ~~retirant~~ retiree, the ~~retirant~~ retiree shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option B. The benefit shall be

determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the ~~retirant's~~ retiree's remaining lifetime. The ~~retirant~~ retiree shall notify the Oklahoma Public Employees Retirement System of the death of the named joint annuitant in writing. In the absence of such written notice being filed by the member notifying the Oklahoma Public Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option C. Life with ten (10) years certain. A reduced retirement benefit is payable to the ~~retirant~~ retiree during his or her lifetime and if the ~~retirant~~ retiree dies within the ten-year certain period, measured from the commencement of retirement benefits payments, such payments will be continued to the beneficiary during the balance of the ten-year certain period. If the ~~retirant~~ retiree dies within the ten-year certain period, and there are no living designated beneficiaries, the person responsible for the estate of the ~~retirant~~ retiree may elect for the estate to be paid the benefits for the remainder of the term or to receive the present value of the remaining benefit payments according to rules adopted by the Board of Trustees of the System. If the ~~retirant~~ retiree predeceases a designated beneficiary within the ten-year certain period, and the beneficiary dies after the beneficiary has begun to receive benefits, the person responsible for the estate of the beneficiary may elect for the estate to be paid the benefits for the remainder of the term or to receive the present value of the remaining benefit payments according to rules adopted by the Board of Trustees of the System.

(4) If the selection of a joint annuitant would violate the distribution requirements contained in Section 918.1 of this title, such selection will not be permitted.

(5) If a member who is eligible to retire in accordance with the provisions of Section 914 of this title but is not actually retired or is eligible to vest or has elected a vested benefit dies, the member's spouse may elect to receive benefits as a joint annuitant under Option B calculated as if the member retired on the date of death, in lieu of receiving the member's accumulated contributions. However, no benefits shall be payable before the

date the deceased member would have met the requirements for a normal or early retirement. The provisions of this paragraph shall be applicable to a surviving spouse of a deceased member who died prior to the effective date of this act, but only if no benefits or distributions have been previously paid.

(6) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or ~~retirant~~ retiree and, in the case of Option A and Option B, shall end on the last day of the month in which the joint annuitant dies.

SECTION 7. AMENDATORY 74 O.S. 2011, Section 932, is amended to read as follows:

Section 932. Except for the member's name, age, amount of contributions paid in, benefits being paid, amount of credited service and any documents verifying credited service or benefits, all information, documents and copies thereof contained in a member's retirement file shall be given confidential treatment and shall not be made public by the System without the prior written consent of the member to which it pertains, but shall be subject to subpoena or court order. Notwithstanding any provision to the contrary, the System may release tax information returns of a deceased member to a person acting in a fiduciary capacity on behalf of the decedent or the decedent's estate for the purposes of filing a tax return, a court-appointed personal representative or administrator of the decedent's estate, the person responsible for an intestate estate, a trustee of a valid trust document, the decedent's prior attorney-in-fact, the spouse of the decedent, the decedent's court-appointed guardian, or some other person acting on behalf of the decedent.

SECTION 8. This act shall become effective November 1, 2021.

Passed the House of Representatives the 2nd day of March, 2021.

Presiding Officer of the House
of Representatives

Passed the Senate the 19th day of April, 2021.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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(918) 492-9658 · (918) 492- 9659

January 13, 2021

Representative Mark Lepak
Room 453.2

Re: RBH No. 5587

RBH No. 5587 has cleanup language for Oklahoma Public Employees Retirement System and Uniform Retirement System for Justices and Judges.

It also allows the systems to release tax information of a deceased member to a person acting in a fiduciary capacity for purposes of filing a tax return.

RBH No. 5587 is a non fiscal bill as defined by OPLAAA.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA