

**HOUSE OF REPRESENTATIVES - FLOOR VERSION**

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

HOUSE BILL 2458

By: Lepak of the House

and

**Montgomery** of the Senate

AS INTRODUCED

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 last 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.

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, members who join the Uniform Retirement System for Justices and Judges on September 1, 2005, or thereafter, may elect to have the

1 retirement benefit paid under one of the options provided in this  
2 section in lieu of having it paid in the form stated in Section 1104  
3 of ~~Title 20 of the Oklahoma Statutes~~ this title. The election of an  
4 option must be made prior to the member's retirement date or to  
5 receipt of a benefit after termination of service with a vested  
6 benefit. A specific person must be designated as joint annuitant at  
7 the time of the election of Option A or B. Election of an option is  
8 available with respect to the vested benefit. All retirement  
9 benefits of a married member shall be paid pursuant to the Option A  
10 plan or Option B plan as provided for in this section unless the  
11 spouse of a member consents in writing for the unreduced benefits to  
12 be paid as provided for in Section 1104 of ~~Title 20 of the Oklahoma~~  
13 ~~Statutes or pursuant to Option B as provided for in this section~~  
14 title.

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

21 C. The retirement options are:

22 Option A. Joint and one-half to joint annuitant survivor.

23 A reduced retirement benefit is payable to the  
24 retiree during his or her lifetime with one-half

1 (1/2) of that amount continued to the joint  
2 annuitant during such joint annuitant's remaining  
3 lifetime, if any, after the death of the retiree.  
4 If the named joint annuitant dies at any time after  
5 the member's retirement date, but before the death  
6 of the retiree, the retiree shall return to the  
7 unreduced retirement benefit, including any  
8 postretirement benefit increases, the member would  
9 have received had the member not selected Option A.  
10 The benefit shall be determined at the date of  
11 death of the named joint annuitant. This increase  
12 shall become effective the first day of the month  
13 following the date of death of the named joint  
14 annuitant, and shall be payable for the retiree's  
15 remaining lifetime. The retiree shall notify the  
16 Uniform Retirement System for Justices and Judges  
17 of the death of the named joint annuitant in  
18 writing. In the absence of the written notice  
19 being filed by the member notifying the Uniform  
20 Retirement System for Justices and Judges of the  
21 death of the named joint annuitant within six (6)  
22 months of the date of death, nothing in this  
23 subsection shall require the Uniform Retirement  
24

1 System for Justices and Judges to pay more than six  
2 (6) months of retrospective benefits increase.

3 Option B. Joint and survivor. A reduced retirement benefit  
4 is payable to the retiree during his or her  
5 lifetime with that amount continued to the joint  
6 annuitant during the joint annuitant's remaining  
7 lifetime, if any, after the death of the retiree.  
8 If the named joint annuitant dies at any time after  
9 the member's retirement date, but before the death  
10 of the retiree, the retiree shall return to the  
11 unreduced retirement benefit, including any  
12 postretirement benefit increases, the member would  
13 have received had the member not selected Option B.  
14 The benefit shall be determined at the date of  
15 death of the named joint annuitant. This increase  
16 shall become effective the first day of the month  
17 following the date of death of the named joint  
18 annuitant, and shall be payable for the retiree's  
19 remaining lifetime. The retiree shall notify the  
20 Uniform Retirement System for Justices and Judges  
21 of the death of the named joint annuitant in  
22 writing. In the absence of such written notice  
23 being filed by the member notifying the Uniform  
24 Retirement System for Justices and Judges of the

1 death of the named joint annuitant within six (6)  
2 months of the date of death, nothing in this  
3 subsection shall require the Uniform Retirement  
4 System for Justices and Judges to pay more than six  
5 (6) months of retrospective benefits increase.

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

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

21 Section 1103.1 A. On and after January 1, 2001, the  
22 Administrative Director of the Courts, in addition to the members'  
23 contributions, shall transfer monthly amounts for deposit in the  
24 State Judicial Retirement Fund as set out in Section 1309 of this

1 title equal to two percent (2.0%) of the monthly total actual paid  
 2 gross salaries of the members of the Uniform Retirement System for  
 3 Justices and Judges. Effective July 1, 2005, such amounts  
 4 transferred by the Administrative Director of the Courts shall be as  
 5 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%

21 B. The State Judicial Retirement Fund should have a funded  
 22 ratio at or near ninety percent (90%) or be receiving sufficient  
 23 contributions to amortize any unfunded liability of the fund  
 24 according to the amortization schedule adopted by the Board of

1 Trustees of the Oklahoma Public Employees Retirement System. The  
2 Board of Trustees shall provide a copy of the annual actuarial  
3 report to the Governor, the Chief Justice of the Supreme Court, ~~the~~  
4 ~~Legislative Service Bureau,~~ the Speaker of the House of  
5 Representatives and the President Pro Tempore of the Senate. In  
6 addition to this report, the Board shall provide a letter setting  
7 forth the amount of the actuarially required contributions for the  
8 System and any other recommendations that the Board may deem  
9 necessary.

10 C. The Administrative Director of the Courts shall remit to the  
11 System all statutorily required retirement contributions due on a  
12 monthly basis. All required court and employee contributions and  
13 supporting documentation are due and must be received by the System  
14 on or before the fifteenth day of the month following the month for  
15 which the contributions are due. Court and employee contributions  
16 remitted to the System after thirty (30) days from the above due  
17 date shall be subject to a monthly late charge of one and one-half  
18 percent (1.5%) of the unpaid balance to be paid by the  
19 Administrative Director of the Courts to the System.

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

23 Section 906. (1) The Board shall hold regular meetings in  
24 Oklahoma City at least once each quarter, the dates, time, and place

1 thereof to be fixed by the Board. The Board shall hold a regular  
2 meeting in July of each year which meeting shall be the annual  
3 meeting and at which meeting it shall elect its ~~Chairman~~ Chair.

4 Special meetings may be called upon written call of the ~~Chairman~~  
5 Chair or by agreement of any ~~seven~~ eight members of the Board.

6 Notice of a special meeting shall be delivered to all trustees in  
7 person, ~~or~~ by registered or certified United States mail, or by  
8 electronic mail not less than seven (7) days prior to the date fixed  
9 for the meeting; provided, however, that notice of such meeting may  
10 be waived by any member either before or after such meeting and  
11 attendance at such meeting shall constitute a waiver of notice of  
12 such meeting, unless a member participates therein solely to object  
13 to the transaction of any business because the meeting has not been  
14 legally called or convened.

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

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



1 SECTION 4. AMENDATORY 74 O.S. 2011, Section 909.1, as  
2 last amended by Section 1, Chapter 109, O.S.L. 2012 (74 O.S. Supp.  
3 2020, Section 909.1), is amended to read as follows:

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

8 1. For the exclusive purpose of:

9 a. providing benefits to participants and their  
10 beneficiaries, and

11 b. defraying reasonable expenses of administering the  
12 System;

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

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

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

22 B. The Board of Trustees may procure insurance indemnifying the  
23 members of the Board of Trustees from personal loss or  
24

1 accountability from liability resulting from a member's action or  
2 inaction as a member of the Board of Trustees.

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

15 D. The Board of Trustees shall retain qualified investment  
16 managers to provide for the investment of the monies of the System.  
17 The investment managers shall be chosen by a solicitation of  
18 proposals on a competitive bid basis pursuant to standards set by  
19 the Board of Trustees. Subject to the overall investment guidelines  
20 set by the Board of Trustees, the investment managers shall have  
21 full discretion in the management of those monies of the System  
22 allocated to the investment managers. The Board of Trustees shall  
23 manage those monies not specifically allocated to the investment  
24 managers. The monies of the System allocated to the investment

1 managers shall be managed by the investment managers, which may  
2 include selling investments and realizing losses if such action is  
3 considered advantageous to longer term return maximization. Because  
4 of the total return objective, no distinction shall be made for  
5 management and performance evaluation purposes between realized and  
6 unrealized capital gains and losses.

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

24

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

4 G. The Board of Trustees shall compile a quarterly financial  
5 report of all the funds of the System on a fiscal year basis. The  
6 report shall be compiled pursuant to uniform reporting standards  
7 prescribed by the Oklahoma State Pension Commission for all state  
8 retirement systems. The report shall include several relevant  
9 measures of investment value, including acquisition cost and current  
10 fair market value with appropriate summaries of total holdings and  
11 returns. The report shall contain combined and individual rate of  
12 returns of the investment managers by category of investment, over  
13 periods of time. The Board of Trustees shall include in the  
14 quarterly reports all commissions, fees or payments for investment  
15 services performed on behalf of the Board. The report shall be  
16 distributed to the Governor, the Oklahoma State Pension Commission,  
17 ~~the Legislative Service Bureau,~~ the Speaker of the House of  
18 Representatives and the President Pro Tempore of the Senate. In  
19 lieu of compiling and distributing the quarterly report, the Board  
20 may provide the Pension Commission with direct access to the same  
21 data from the custodian bank for the System.

22 H. After July 1 and before December 1 of each year, the Board  
23 of Trustees shall publish widely an annual report presented in  
24 simple and easily understood language pursuant to uniform reporting

1 standards prescribed by the Oklahoma State Pension Commission for  
2 all state retirement systems. The report shall be submitted to the  
3 Governor, the Speaker of the House of Representatives, the President  
4 Pro Tempore of the Senate, the Oklahoma State Pension Commission and  
5 the members of the System. The annual report shall cover the  
6 operation of the System during the past fiscal year, including  
7 income, disbursements, and the financial condition of the System at  
8 the end of the fiscal year. The annual report shall also contain  
9 the information issued in the quarterly reports required pursuant to  
10 subsection G of this section as well as a summary of the results of  
11 the most recent actuarial valuation to include total assets, total  
12 liabilities, unfunded liability or over funded status, contributions  
13 and any other information deemed relevant by the Board of Trustees.  
14 The annual report shall be written in such a manner as to permit a  
15 readily understandable means for analyzing the financial condition  
16 and performance of the System for the fiscal year.

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

24

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

4 Section 915. A. (1) Except as otherwise provided in this  
5 subsection and as provided for elected officials in Section 913.4 of  
6 this title, any member who shall retire on or after the member's  
7 normal retirement date shall be entitled to receive an annual  
8 retirement benefit equal to two percent (2%) of the member's final  
9 average compensation as determined pursuant to paragraph (18) of  
10 Section 902 of this title, multiplied by the number of years of  
11 credited service that has been credited to the member in accordance  
12 with the provisions of Section 913 of this title other than years  
13 credited pursuant to paragraph (2) of this subsection.

14 (2) Effective January 1, 2004, except as otherwise provided for  
15 elected officials in Section 913.4 of this title and except for  
16 those members making contributions pursuant to paragraphs (c), (d),  
17 (e) and (f) of subsection (1) of Section 919.1 of this title, any  
18 member who shall retire shall be entitled to receive an annual  
19 retirement benefit equal to two and one-half percent (2 1/2%) of the  
20 member's final average compensation as determined pursuant to  
21 paragraph (18) of Section 902 of this title, multiplied by the  
22 number of full years of participating service after January 1, 2004,  
23 that have been credited to the member in accordance with the  
24 provisions of Section 913 of this title and only for those full

1 years of participating service for which contributions have been  
2 made pursuant to paragraph (g) of subsection (1) of Section 919.1 of  
3 this title. The two and one-half percent (2 1/2%) multiplier shall  
4 not apply to purchased service, purchased or granted military  
5 service or transferred service. In order to receive the two and  
6 one-half percent (2 1/2%) multiplier in computing retirement  
7 benefits, an active member shall make an irrevocable written  
8 election to pay the contributions pursuant to paragraph (g) of  
9 subsection (1) of Section 919.1 of this title. The two and one-half  
10 percent (2 1/2%) multiplier pursuant to this paragraph shall not  
11 apply to additional years of service credit attributed to sick leave  
12 pursuant to paragraph 7 of subsection B of Section 913 of this title  
13 and fractional years pursuant to subsection C of Section 913 of this  
14 title and shall be attributable only to the participating service  
15 credited after the election of the member.

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

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

22 b. and who had at least fifteen (15) but not more than  
23 nineteen (19) years of credited service within the  
24 System as of the member's retirement date shall be no

1 less than Six Thousand Nine Hundred Dollars

2 (\$6,900.00) per annum,

3 c. and who had less than fifteen (15) years of credited  
4 service within the System as of the member's  
5 retirement date shall not be eligible for any minimum  
6 amount of final average compensation and the member's  
7 final average compensation shall be the final average  
8 compensation as defined by paragraph (18) of Section  
9 902 of this title.

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

16 (5) Any member who is a correctional officer or a probation and  
17 parole officer employed by the Department of Corrections at the time  
18 of retirement and who retires on or before June 30, 2000, shall be  
19 entitled to receive an annual retirement benefit equal to two and  
20 one-half percent (2 1/2%) of the final average compensation of the  
21 member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and  
22 two percent (2%) of the final average salary in excess of Twenty-  
23 five Thousand Dollars (\$25,000.00) but not exceeding the maximum  
24 compensation level as provided in paragraph (9) of Section 902 of



1 this title, multiplied by the number of years of service as a  
2 correctional officer or a probation and parole officer<sup>7</sup>; provided,  
3 any years accrued prior to July 1, 1990, as a correctional officer  
4 or a probation and parole officer by a member who is employed as a  
5 correctional officer or a probation and parole officer on July 1,  
6 1990, shall be calculated for retirement purposes at two and one-  
7 quarter percent (2 1/4%) of the final average compensation of the  
8 member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and  
9 two percent (2%) of the final average salary in excess of Twenty-  
10 five Thousand Dollars (\$25,000.00) but not exceeding the maximum  
11 compensation level as provided in paragraph (9) of Section 902 of  
12 this title, multiplied by the number of years of such service and  
13 any years in excess of twenty (20) years as such an officer or years  
14 credited to the member in accordance with the provisions of Section  
15 913 of this title shall be calculated for retirement purposes at two  
16 percent (2%) of the final average compensation of the member  
17 multiplied by the number of years of such service. Any person who  
18 contributes to the System as a correctional officer or a probation  
19 and parole officer as provided in paragraph (b) or (c) of subsection  
20 (1) of Section 919.1 of this title, on or before June 30, 2000, but  
21 who does not make such contributions after June 30, 2000, and who  
22 does not qualify for normal retirement under subparagraph (c) of  
23 paragraph (24) of Section 902 of this title shall have retirement  
24 benefits for each year of full-time-equivalent participating service

1 as a correctional or a probation and parole officer after July 1,  
2 1990, computed on two and one-half percent (2 1/2%) of the final  
3 average compensation based upon those years as a correctional  
4 officer or a probation and parole officer. Provided, further, any  
5 fugitive apprehension agent shall be entitled to receive benefits as  
6 outlined in this act for service as a fugitive apprehension agent  
7 prior to July 1, 2002, only upon payment to the System of the  
8 employee contributions which would have been paid if such fugitive  
9 apprehension agent had been covered by this section prior to the  
10 effective date of this act, plus interest of not to exceed ten  
11 percent (10%) as determined by the Board. The Department of  
12 Corrections may make the employee contribution and interest payment  
13 on behalf of such member.

14 (6) Any member who is a correctional officer, a probation and  
15 parole officer or a fugitive apprehension agent employed by the  
16 Department of Corrections at the time of retirement and who retires  
17 on or after July 1, 2002, shall be entitled to receive an annual  
18 retirement benefit equal to two and one-half percent (2 1/2%) of the  
19 final average compensation of the member, but not exceeding the  
20 maximum compensation level as provided in paragraph (18) of Section  
21 902 of this title, multiplied by the number of years of service as a  
22 correctional officer, a probation and parole officer or a fugitive  
23 apprehension agent, and any years in excess of twenty (20) years as  
24 such an officer or agent, or years credited to the member in

1 accordance with the provisions of Section 913 of this title, shall  
2 be calculated for retirement purposes at two percent (2%) of the  
3 final average compensation of the member multiplied by the number of  
4 years of such service. For purposes of this paragraph, "final  
5 average compensation" shall be determined by computing the average  
6 annual salary, in the manner prescribed by paragraph (18) of Section  
7 902 of this title, for the highest three (3) years of the last ten  
8 (10) years of participating service immediately preceding retirement  
9 or termination of employment for all years of service performed by  
10 such member, both for years of service performed as a correctional  
11 officer, probation and parole officer or fugitive apprehension  
12 agent, not in excess of twenty (20) years, and for years of service  
13 performed in excess of twenty (20) years, whether as a correctional  
14 officer, probation and parole officer, fugitive apprehension agent  
15 or other position unless the computation of benefits would result in  
16 a lower retirement benefit amount than if final average compensation  
17 were to be computed as otherwise provided by this paragraph. "Final  
18 average compensation" shall be determined by computing the average  
19 annual salary for the highest five (5) of the last ten (10) years of  
20 participating service immediately preceding retirement or  
21 termination of employment, with respect to members whose first  
22 participating service occurs on or after July 1, 2013.

23 (7) Any member who is a correctional officer, a probation and  
24 parole officer or a fugitive apprehension agent who has at least

1 five (5) years of service as a correctional officer, a probation and  
2 parole officer or a fugitive apprehension agent who is in such  
3 position on June 30, 2004, or who is hired after June 30, 2004, in  
4 such position, and who receives a promotion or change in job  
5 classification after June 30, 2004, to another position in the  
6 Department of Corrections, and who is employed by the Department of  
7 Corrections at the time of retirement and who retires on or after  
8 July 1, 2004, shall be entitled to receive an annual retirement  
9 benefit equal to two and one-half percent (2 1/2%) of the final  
10 average compensation of the member, but not exceeding the maximum  
11 compensation level as provided in paragraph (18) of Section 902 of  
12 this title, multiplied by the number of years of service with the  
13 Department of Corrections and any years in excess of twenty (20)  
14 years with the Department or years credited to the member in  
15 accordance with the provisions of Section 913 of this title, shall  
16 be calculated for retirement purposes at two percent (2%) of the  
17 final average compensation of the member multiplied by the number of  
18 years of such service. For purposes of this paragraph, "final  
19 average compensation" shall be determined by computing the average  
20 annual salary, in the manner prescribed by paragraph (18) of Section  
21 902 of this title, for the highest three (3) years of the last ten  
22 (10) years of participating service immediately preceding retirement  
23 or termination of employment for all years of service performed by  
24 such member with the Department. "Final average compensation" shall

1 be determined by computing the average annual salary for the highest  
2 five (5) of the last ten (10) years of participating service  
3 immediately preceding retirement or termination of employment, with  
4 respect to members whose first participating service occurs on or  
5 after July 1, 2013.

6 (8) Any person who contributed to the System as a correctional  
7 officer, a probation and parole officer or a fugitive apprehension  
8 agent as provided in ~~paragraphs~~ paragraph (b) or (c) of subsection  
9 (1) of Section 919.1 of this title, and who retires under normal  
10 retirement or early retirement on or after January 1, 2004, under  
11 paragraph (24) of Section 902 of this title, and any public safety  
12 officer described by paragraph (37) of Section 902 of this title  
13 hired on or after the effective date of this act by the Grand River  
14 Dam Authority and who retires on or after the effective date of this  
15 act, shall have retirement benefits for each year of full-time-  
16 equivalent participating service as a correctional officer, a  
17 probation and parole officer or a fugitive apprehension agent, or  
18 Grand River Dam public safety officer computed on two and one-half  
19 percent (2 1/2%) of the final average compensation based upon those  
20 years as a correctional officer, a probation and parole officer, a  
21 fugitive apprehension agent or a Grand River Dam public safety  
22 officer. For purposes of this paragraph, "final average  
23 compensation" shall be determined by computing the average annual  
24 salary, in the manner prescribed by paragraph (18) of Section 902 of

1 this title, for the highest three (3) years of the last ten (10)  
2 years of participating service immediately preceding retirement or  
3 termination of employment for all years of service performed by such  
4 member, both for years of service performed as a correctional  
5 officer, probation and parole officer or fugitive apprehension  
6 agent, or years of service performed as a Grand River Dam public  
7 safety officer, not in excess of twenty (20) years, and for years of  
8 service performed in excess of twenty (20) years, whether as a  
9 correctional officer, probation and parole officer, fugitive  
10 apprehension agent, Grand River Dam public safety officer, or other  
11 position unless the computation of benefits would result in a lower  
12 retirement benefit amount than if final average compensation were to  
13 be computed as otherwise provided by this paragraph. "Final average  
14 compensation" shall be determined by computing the average annual  
15 salary for the highest five (5) of the last ten (10) years of  
16 participating service immediately preceding retirement or  
17 termination of employment, with respect to members whose first  
18 participating service occurs on or after July 1, 2013, or with  
19 respect to Grand River Dam public safety officers whose first  
20 participating service occurs on or after the effective date of this  
21 act.

22 (9) Any member who is:

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

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

7           b.    (1)   a firefighter who performs firefighting services  
8                 for the Oklahoma Military Department prior to  
9                 July 1, 2002, and who makes an election in  
10                writing on a form prescribed for this purpose by  
11                the System not later than December 31, 2002,  
12                shall be entitled to receive a retirement benefit  
13                based upon two and one-half percent (2 1/2%) of  
14                the final average compensation of the member  
15                multiplied by the number of years of service as a  
16                firefighter with the Oklahoma Military Department  
17                on or after July 1, 2002. The election  
18                authorized by this subdivision shall be  
19                irrevocable once the election is filed with the  
20                System,

21           (2)   a firefighter who performs firefighting services  
22                 for the Oklahoma Military Department prior to  
23                 July 1, 2002, and who makes the election in  
24                 division (1) of this subparagraph may also make

1 an election in writing on a form prescribed for  
2 this purpose by the System not later than  
3 December 31, 2002, to receive a retirement  
4 benefit based upon two and one-half percent (2  
5 1/2%) of the final average compensation of the  
6 member multiplied by the number of years of  
7 service as a firefighter with the Oklahoma  
8 Military Department prior to July 1, 2002. The  
9 election authorized by this subdivision shall be  
10 irrevocable once the election is filed with the  
11 System. Retirement benefits shall be calculated  
12 based upon the two and one-half percent (2 1/2%)  
13 multiplier upon payment being made pursuant to  
14 Section 913.5 of this title.

15 (10) Any person who contributes to the System as a deputy  
16 sheriff or county jailer as provided in paragraph (f) of subsection  
17 (1) of Section 919.1 of this title, and who retires under normal  
18 retirement or early retirement under division (v) of subparagraph  
19 (d) of paragraph (24) of Section 902 of this title, shall have  
20 retirement benefits for each year of full-time-equivalent  
21 participating service as a deputy sheriff or county jailer computed  
22 on two and one-half percent (2 1/2%) of the final average  
23 compensation based upon those years as a deputy sheriff or county  
24 jailer, and any years in excess of twenty (20) years as a deputy



1 sheriff or county jailer, or years credited to the member in  
2 accordance with the provisions of Section 913 of this title, shall  
3 be calculated for retirement purposes at two percent (2%) of the  
4 final average compensation of the member multiplied by the number of  
5 years of such service. For purposes of this paragraph, "final  
6 average compensation" shall be determined by computing the average  
7 annual salary, in the manner prescribed by paragraph (18) of Section  
8 902 of this title, both for years of service performed as a deputy  
9 sheriff or county jailer not in excess of twenty (20) years, and for  
10 years of service performed in excess of twenty (20) years, whether  
11 as a deputy sheriff or county jailer.

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

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

20 (13) Pursuant to the rules established by the Board, a retiree  
21 receiving monthly benefits from the System may authorize warrant  
22 deductions for any products currently offered to active state  
23 employees through the Employees Benefits Council, provided that  
24 product is offered to state retirees as a group and has a minimum

1 participation of five hundred state retirees. The System has no  
2 responsibility for the marketing, enrolling or administration of  
3 such products, but shall retain a processing fee of two percent (2%)  
4 of the gross deductions for the products. Retirement benefit  
5 deductions shall be made for membership dues for any statewide  
6 association for which payroll deductions are authorized pursuant to  
7 subsection B of Section 34.70 of Title 62 of the Oklahoma Statutes  
8 for retired members of any state-supported retirement system, upon  
9 proper authorization given by the member to the board from which the  
10 member or beneficiary is currently receiving retirement benefits.

11 B. A member shall be considered disabled if such member  
12 qualifies for the payment of Social Security disability benefits, or  
13 the payment of benefits pursuant to the Railroad Retirement Act of  
14 1974, Section 231 et seq. of Title 45 of the United States Code, and  
15 shall be eligible for benefits hereunder upon proof of such  
16 disability, provided such member is an active regularly scheduled  
17 employee with a participating employer at the time of injury or  
18 inception of illness or disease resulting in subsequent  
19 certification of eligibility for Social Security disability benefits  
20 by reason of such injury, illness or disease, providing such  
21 disability is certified by the Social Security Administration within  
22 one (1) year after the last date physically on the job and after  
23 completion of at least eight (8) years of participating service or  
24 combined prior and participating service or resulting in subsequent

1 certification of eligibility of disability by the Railroad  
2 Retirement Board providing such certification is made by the  
3 Railroad Retirement Board within one (1) year after the last date  
4 physically on the job and after completion of at least eight (8)  
5 years of participating service or combined prior and participating  
6 service. The member shall submit to the Retirement System the  
7 Social Security Award Notice or the Railroad Retirement Award Notice  
8 certifying the date of entitlement for disability benefits, as  
9 issued by the Social Security Administration, Department of Health  
10 and Human Services or the Railroad Retirement Board. Disability  
11 benefits shall become effective on the date of entitlement as  
12 established by the Social Security Administration or the Railroad  
13 Retirement Board, but not before the first day of the month  
14 following removal from the payroll, whichever is later, and final  
15 approval by the Retirement System. Benefits shall be based upon  
16 length of service and compensation as of the date of disability,  
17 without actuarial reduction because of commencement prior to the  
18 normal retirement date. The only optional form of benefit payment  
19 available for disability benefits is Option A as provided for in  
20 Section 918 of this title. Option A must be elected in accordance  
21 with the provisions of Section 918 of this title. Benefit payments  
22 shall cease upon the member's recovery from disability prior to the  
23 normal retirement date. Future benefits, if any, shall be paid  
24 based upon length of service and compensation as of the date of

1 disability. In the event that disability ceases and the member  
2 returns to employment within the System credited service to the date  
3 of disability shall be restored, and future benefits shall be  
4 determined accordingly.

5 C. A member who incurred a disability pursuant to subsection B  
6 of this section on or after July 1, 1999, and who has retired from  
7 the System with an early retirement benefit pending certification  
8 from the Social Security Administration or the Railroad Retirement  
9 Board shall receive a retirement benefit not less than the  
10 disability retirement benefit provided by subsection B of this  
11 section once the System receives a Social Security Award Notice or a  
12 Railroad Retirement Award Notice pursuant to subsection B of this  
13 section and a completed Application for Disability Benefits. In  
14 addition, such member shall receive the difference, if any, between  
15 the early retirement benefit and the disability benefit from the  
16 date the Social Security Administration or the Railroad Retirement  
17 Board establishes disability entitlement.

18 D. Any actively participating member of the System on or after  
19 July 1, 1998, except for those employees provided in subparagraph  
20 (e) of paragraph (14) of Section 902 of this title, whose employment  
21 is less than full-time, shall have his or her final average  
22 compensation calculated on an annualized basis using his or her  
23 hourly wage subject to the maximum compensation limits; provided,  
24 however, any such member ~~who~~ whose first participating service

1 occurred before July 1, 2013 and who has at least three (3) years of  
2 full-time employment during the last ten (10) years immediately  
3 preceding termination or retirement shall not be eligible for the  
4 annualization provisions contained herein; and provided further, any  
5 such member whose first participating service occurred on or after  
6 July 1, 2013, and who has at least five (5) years of full-time  
7 employment during the last ten (10) years immediately preceding  
8 termination or retirement shall not be eligible for the  
9 annualization provisions contained herein. The Board of Trustees  
10 shall promulgate such administrative rules as are necessary to  
11 implement the provisions of this subsection.

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

14 Section 918. (1) Except as otherwise provided for in this  
15 section and Section 918.1 of this title, a member may elect to have  
16 the retirement benefit paid under one of the options provided in  
17 this section in lieu of having it paid in the form stated in Section  
18 915 of this title. The election of an option must be made at any  
19 time prior to retirement or prior to termination of service with a  
20 vested benefit. A specific person must be designated as joint  
21 annuitant at the time of election of Option A or B. Election of an  
22 option is available with respect to the vested benefit. All  
23 retirement benefits of a married member shall be paid pursuant to  
24 the Option A plan or Option B plan as provided for in this section

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

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

9 (3) The retirement options are:

10 Option A. Joint and one-half to joint annuitant survivor. A  
11 reduced retirement benefit is payable to the ~~retirant~~ retiree during  
12 his or her lifetime with one-half (1/2) of that amount continued to  
13 the joint annuitant during such joint annuitant's remaining  
14 lifetime, if any, after the death of the ~~retirant~~ retiree. If the  
15 named joint annuitant dies at any time after the member's retirement  
16 date, but before the death of the ~~retirant~~ retiree, the ~~retirant~~  
17 retiree shall return to the retirement benefit, including any post  
18 retirement benefit increases the member would have received had the  
19 member not selected Option A. The benefit shall be determined at  
20 the date of death of the named joint annuitant or July 1, 1994,  
21 whichever is later. This increase shall become effective the first  
22 day of the month following the date of death of the named joint  
23 annuitant or July 1, 1994, whichever is later, and shall be payable  
24 for the ~~retirant's~~ retiree's remaining lifetime. The ~~retirant~~

1 retiree shall notify the Oklahoma Public Employees Retirement System  
2 of the death of the named joint annuitant in writing. In the  
3 absence of the written notice being filed by the member notifying  
4 the Oklahoma Public Employees Retirement System of the death of the  
5 named joint annuitant within six (6) months of the date of death,  
6 nothing in this subsection shall require the Oklahoma Public  
7 Employees Retirement System to pay more than six (6) months of  
8 retrospective benefits increase.

9 Option B. Joint and survivor. A reduced retirement benefit is  
10 payable to the ~~retirant~~ retiree during his or her lifetime with that  
11 amount continued to the joint annuitant during the joint annuitant's  
12 remaining lifetime, if any, after the death of the ~~retirant~~ retiree.  
13 If the named joint annuitant dies at any time after the member's  
14 retirement date, but before the death of the ~~retirant~~ retiree, the  
15 ~~retirant~~ retiree shall return to the retirement benefit, including  
16 any post retirement benefit increases the member would have received  
17 had the member not selected Option B. The benefit shall be  
18 determined at the date of death of the named joint annuitant or July  
19 1, 1994, whichever is later. This increase shall become effective  
20 the first day of the month following the date of death of the named  
21 joint annuitant or July 1, 1994, whichever is later, and shall be  
22 payable for the ~~retirant's~~ retiree's remaining lifetime. The  
23 ~~retirant~~ retiree shall notify the Oklahoma Public Employees  
24 Retirement System of the death of the named joint annuitant in

1 writing. In the absence of such written notice being filed by the  
2 member notifying the Oklahoma Public Employees Retirement System of  
3 the death of the named joint annuitant within six (6) months of the  
4 date of death, nothing in this subsection shall require the Oklahoma  
5 Public Employees Retirement System to pay more than six (6) months  
6 of retrospective benefits increase.

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

24



1 remaining benefit payments according to rules adopted by the Board  
2 of Trustees of the System.

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

6 (5) If a member who is eligible to retire in accordance with  
7 the provisions of Section 914 of this title but is not actually  
8 retired or is eligible to vest or has elected a vested benefit dies,  
9 the member's spouse may elect to receive benefits as a joint  
10 annuitant under Option B calculated as if the member retired on the  
11 date of death, in lieu of receiving the member's accumulated  
12 contributions. However, no benefits shall be payable before the  
13 date the deceased member would have met the requirements for a  
14 normal or early retirement. The provisions of this paragraph shall  
15 be applicable to a surviving spouse of a deceased member who died  
16 prior to the effective date of this act, but only if no benefits or  
17 distributions have been previously paid.

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

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

24

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

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

19  
20 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND  
21 PENSIONS, dated 02/22/2021 - DO PASS, As Coauthored.  
22  
23  
24

**THOMAS E. CUMMINS CONSULTING ACTUARY, INC.**

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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