

**SENATE FLOOR VERSION**

April 13, 2022

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COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
HOUSE BILL NO. 2486

By: Frix and Randleman of the  
House

and

Pemberton of the Senate

[ defined contribution system - certain measures  
increasing certain contributions for system as  
nonfiscal retirement bills - employer matching amount  
- effective date ]

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, is  
amended to read as follows:

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

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

2. "RB number" means that number preceded by the letters "RB"  
assigned to a retirement bill by the respective staffs of the

1 ~~Oklahoma State~~ Senate and the ~~Oklahoma~~ House of Representatives when  
2 the respective staff office prepares a retirement bill for a member  
3 of the Legislature;

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

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

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

- 14 a. which does not affect the cost or funding factors of a  
15 retirement system,
- 16 b. which affects such factors only in a manner which does  
17 not:
- 18 (1) grant a benefit increase under the retirement  
19 system affected by the bill,
- 20 (2) create an actuarial accrued liability for or  
21 increase the actuarial accrued liability of the  
22 retirement system affected by the bill, or
- 23 (3) increase the normal cost of the retirement system  
24 affected by the bill,

- 1           c.    which authorizes the purchase by an active member of  
2                    the retirement system, at the actuarial cost for the  
3                    purchase as computed pursuant to the statute in effect  
4                    on the effective date of the measure allowing such  
5                    purchase, of years of service for purposes of reaching  
6                    a normal retirement date in the applicable retirement  
7                    system, but which cannot be used in order to compute  
8                    the number of years of service for purposes of  
9                    computing the retirement benefit for the member,
- 10           d.    which provides for the computation of a service-  
11                   connected disability retirement benefit for members of  
12                   the Oklahoma Law Enforcement Retirement System  
13                   pursuant to Section 2-305 of Title 47 of the Oklahoma  
14                   Statutes if the members were unable to complete twenty  
15                   (20) years of service as a result of the disability,
- 16           e.    which requires membership in the defined benefit plan  
17                   authorized by Section 901 et seq. of Title 74 of the  
18                   Oklahoma Statutes for persons whose first elected or  
19                   appointed service occurs on or after November 1, 2018,  
20                   if such persons had any prior service in the Oklahoma  
21                   Public Employees Retirement System prior to November  
22                   1, 2015,
- 23           f.    which provides for a one-time increase in retirement  
24                   benefits if the increase in retirement benefits is not

1 a permanent increase in the gross annual retirement  
2 benefit payable to a member or beneficiary, occurs  
3 only once pursuant to a single statutory authorization  
4 and does not exceed:

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

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

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

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

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

17          g. which modifies the disability pension standard for  
 18          police officers who are members of the Oklahoma Police  
 19          Pension and Retirement System as provided by Section ~~3~~  
 20          50-115 of ~~this act~~ Title 11 of the Oklahoma Statutes,

21          or

22          h. which provides a cost-of-living benefit increase  
 23          pursuant to the provisions of Sections ~~2 through 7~~ of  
 24          ~~this act~~ 49-143.7 and 50-136.9 of Title 11 of the

1 Oklahoma Statutes, Section 1104K of Title 20 of the  
2 Oklahoma Statutes, Section 2-305.12 of Title 47 of the  
3 Oklahoma Statutes, Section 17-116.22 of Title 70 of  
4 the Oklahoma Statutes, and Section 930.11 of Title 74  
5 of the Oklahoma Statutes.

6 A nonfiscal retirement bill shall include any retirement bill that  
7 has as its sole purpose the appropriation or distribution or  
8 redistribution of monies in some manner to a retirement system for  
9 purposes of reducing the unfunded liability of such system or the  
10 earmarking of a portion of the revenue from a tax to a retirement  
11 system or increasing the percentage of the revenue earmarked from a  
12 tax to a retirement system. Notwithstanding any other provision of  
13 law, a nonfiscal retirement bill shall also include any measure that  
14 increases the employer and employee contribution rates in the  
15 defined contribution retirement system;

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

20 7. "Retirement bill" means any bill or joint resolution  
21 introduced or any bill or joint resolution amended by a member of  
22 the ~~Oklahoma~~ Legislature which creates or amends any law directly  
23 affecting a retirement system. A retirement bill shall not mean a  
24 bill or resolution that impacts the revenue of any state tax in

1 which a portion of the revenue generated from such tax is earmarked  
2 for the benefit of a retirement system;

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

6 9. "Retirement system" means the Teachers' Retirement System of  
7 Oklahoma, the Oklahoma Public Employees Retirement System, the  
8 Uniform Retirement System for Justices and Judges, the Oklahoma  
9 Firefighters Pension and Retirement System, the Oklahoma Police  
10 Pension and Retirement System, the Oklahoma Law Enforcement  
11 Retirement System, or a retirement system established after January  
12 1, 2006.

13 SECTION 2. AMENDATORY 74 O.S. 2021, Section 935.5, is  
14 amended to read as follows:

15 Section 935.5. A. Except as otherwise provided by subsection B  
16 of this section, employers of employees who become participants in  
17 the defined contribution retirement system shall match the employee  
18 contribution paid on a monthly or more frequent basis at the rate of  
19 ~~six percent (6.0%)~~ eight percent (8.0%) based on the same  
20 compensation amount used to compute the employee contribution  
21 amount.

22 B. If an employee selects a contribution rate of seven percent  
23 (7.0%) or more, but not higher than allowed pursuant to the maximum  
24 annual contribution limit prescribed by Section 415 of the Internal

1 Revenue Code of 1986, as amended, the employer matching amount shall  
2 be ~~seven percent (7.0%)~~ ten percent (10%).

3 C. The initial four and five-tenths percent (4.5%) employee  
4 contribution shall be the only mandatory contribution of an employee  
5 participating in the defined contribution retirement system created  
6 by ~~this act~~ the Retirement Freedom Act. These funds shall be placed  
7 by the System in either a 401(a) plan or a 457(b) plan, to be  
8 determined by the Board to maintain the plan consistent with the  
9 Internal Revenue Code. Any employee contributions eligible to be  
10 matched under this section over the four and five-tenths percent  
11 (4.5%) initial contribution shall be considered voluntary deferrals  
12 of compensation and placed in a 457(b) plan. All employer matching  
13 funds shall be placed in a 401(a) plan.

14 Any contribution rate that is more than the four and five-tenths  
15 percent (4.5%) rate can be chosen by the participating employee upon  
16 the employee's initial participation, and can be changed once per  
17 month. The employee contribution rate chosen shall continue until  
18 the employee elects to change the contribution rate or terminates  
19 service or retires.

20 D. The employer match as set forth in subsection A of this  
21 section may be increased at any time by the Legislature without  
22 affecting the then-existing rights of participating employees and  
23 beneficiaries in order to encourage participating employees to  
24 accumulate deferred income reserves for themselves and their

1 dependents. The employer match may be decreased at any time by the  
2 Legislature without affecting the then-existing rights of  
3 participating employees and beneficiaries in order to provide  
4 funding as may be needed to reduce the unfunded liabilities of the  
5 defined benefit plan as set forth in Section 901 et seq. of this  
6 title, but shall not be less than six percent (6.0%) for any year  
7 during which the defined contribution plan is maintained.

8 E. Increases in the employee and employer contribution rate to  
9 the defined contribution retirement system shall not be subject to  
10 the provisions of the Oklahoma Pension Legislation Actuarial  
11 Analysis Act pursuant to Section 3103 of Title 62 of the Oklahoma  
12 Statutes.

13 SECTION 3. This act shall become effective November 1, 2022.

14 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
15 April 13, 2022 - DO PASS AS AMENDED  
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