

BILL SUMMARY
2nd Session of the 58th Legislature

Bill No.:	HB2486
Version:	Committee Substitute
Request Number:	7825
Author:	Rep. Frix
Date:	3/22/2022
Impact:	OPERS: no negative actuarial impact to system

Research Analysis

Pending

Prepared By: House Research Staff

Fiscal Analysis

Actuaries for the Oklahoma Public Employees Retirement System (OPERS), provided the following actuarial analysis for HB 2486:

"As [OPERS] requested, we have considered the impact on OPERS that would arise from reopening the plan to state employees. This proposed legislation would place new hires in the OPERS defined benefit plan rather than the Pathfinder defined contribution plan. Current Pathfinder members would become new OPERS defined benefit plan members and have the option of using their Pathfinder balances to buy OPERS service.

If this legislation were enacted, there would be no immediate increase in OPERS liability. Because current contribution rates are sufficient to fund the on-going cost of OPERS benefits and pay down the remaining OPERS unfunded liability, the current contribution rates would be expected to remain sufficient. Finally, we anticipate that having a fully open plan would result in a better ability to manage the risks inherent in retirement systems such as investment volatility and mortality improvements. It should be noted that opening the plan would result in additional liabilities over time as new members earn benefits. However, because of the funding that would come along with the contributions on the new member pay, the overall funded status would not be diminished.

The proposed legislation also allows for the current Pathfinder members to purchase OPERS defined benefit service after they are moved into the defined benefit plan. While there are details yet to be determined, such purchases of service should have negligible impact on the funded status of the system because the assets transferred in from a member's Pathfinder account would be roughly equal to the value of benefits being granted, resulting in no new unfunded liability."

As discussed by the OPERS actuaries, the current funding structure would adequately collect sufficient employer and employee contributions to cover additional liability created by the new participants; therefor, HB 2486 in its current form is not expected to negatively impact the OPERS funded status.

Prepared By: John McPhetridge

Other Considerations

None.

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