

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 59th Legislature (2023)

4 COMMITTEE SUBSTITUTE
5 FOR ENGROSSED
6 SENATE BILL NO. 448

By: Montgomery of the Senate

and

Lepak of the House

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10 COMMITTEE SUBSTITUTE

11 An Act relating to retirement benefits payment;
12 amending 20 O.S. 2021, Section 1102C, which relates
13 to the Uniform Retirement System for Justices and
14 Judges; conforming language; providing that spousal
15 consent is not required for certain election;
16 amending 74 O.S. 2021, Sections 918 and 935.7, which
17 relate to the Oklahoma Public Employees Retirement
18 System; conforming language; providing that spousal
19 consent is not required for certain election;
20 authorizing that certain contributions be used as
21 permitted by federal law; and providing an effective
22 date.

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

24 SECTION 1. AMENDATORY 20 O.S. 2021, Section 1102C, is
amended to read as follows:

Section 1102C. A. Except as otherwise provided for in this
section and Section 1104.2 of this title, members who join the
Uniform Retirement System for Justices and Judges on September 1,

1 2005, or thereafter, may elect to have the retirement benefit paid
2 under one of the options provided in this section in lieu of having
3 it paid in the form stated in Section 1104 of this title. The
4 election of an option must be made prior to the member's retirement
5 date or to receipt of a benefit after termination of service with a
6 vested benefit. A specific person must be designated as joint
7 annuitant at the time of the election of Option A or B. Election of
8 an option is available with respect to the vested benefit. All
9 retirement benefits of a married member shall be paid pursuant to
10 the Option A plan ~~or Option B plan~~ as provided for in this section
11 unless the spouse of a member consents in writing for the unreduced
12 benefits to be paid as provided for in Section 1104 of this title.
13 The spouse of the member is not required to consent in writing to
14 the election of the Option B plan by the member.

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 this title.

20 C. The retirement options are:

21 Option A. Joint and one-half to joint annuitant survivor. A
22 reduced retirement benefit is payable to the retiree during his or
23 her lifetime with one-half (1/2) of that amount continued to the
24 joint annuitant during such joint annuitant's remaining lifetime, if

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

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

1 post-retirement benefit increases, the member would have received
2 had the member not selected Option B. The benefit shall be
3 determined at the date of death of the named joint annuitant. This
4 increase shall become effective the first day of the month following
5 the date of death of the named joint annuitant, and shall be payable
6 for the retiree's remaining lifetime. The retiree shall notify the
7 Uniform Retirement System for Justices and Judges of the death of
8 the named joint annuitant in writing. In the absence of such
9 written notice being filed by the member notifying the Uniform
10 Retirement System for Justices and Judges of the death of the named
11 joint annuitant within six (6) months of the date of death, nothing
12 in this subsection shall require the Uniform Retirement System for
13 Justices and Judges to pay more than six (6) months of retrospective
14 benefits increase.

15 D. If a member who is eligible to retire in accordance with the
16 provisions of this section or Section 1104 of this title but is not
17 actually retired or is eligible to vest or has elected a vested
18 benefit dies, the member's spouse may elect to receive benefits as a
19 joint annuitant under Option B, calculated as if the member retired
20 on the date of death, in lieu of receiving the member's accumulated
21 contributions. However, no benefits shall be payable before the
22 date the deceased member would have met the requirements for a
23 normal or early retirement. The provisions of this paragraph shall
24 be applicable to a surviving spouse of a deceased member who died

1 prior to ~~the effective date of this act~~ September 1, 2005, but only
2 if no benefits or distributions have been previously paid.

3 SECTION 2. AMENDATORY 74 O.S. 2021, Section 918, is
4 amended to read as follows:

5 Section 918. (1) Except as otherwise provided for in this
6 section and Section 918.1 of this title, a member may elect to have
7 the retirement benefit paid under one of the options provided in
8 this section in lieu of having it paid in the form stated in Section
9 915 of this title. The election of an option must be made at any
10 time prior to retirement or prior to termination of service with a
11 vested benefit. A specific person must be designated as joint
12 annuitant at the time of election of Option A or B. Election of an
13 option is available with respect to the vested benefit. All
14 retirement benefits of a married member shall be paid pursuant to
15 the Option A plan ~~or Option B plan~~ as provided for in this section
16 unless the spouse of a member consents in writing for the benefits
17 to be paid as provided for in Section 915 of this title or pursuant
18 to Option C as provided for in this section. The spouse of the
19 member is not required to consent in writing to the election of the
20 Option B plan by the member.

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

3 (3) The retirement options are:

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

3 Option B. Joint and survivor. A reduced retirement benefit is
4 payable to the retiree during his or her lifetime with that amount
5 continued to the joint annuitant during the joint annuitant's
6 remaining lifetime, if any, after the death of the retiree. If the
7 named joint annuitant dies at any time after the member's retirement
8 date, but before the death of the retiree, the retiree shall return
9 to the retirement benefit, including any ~~post-retirement~~ post-
10 retirement benefit increases the member would have received had the
11 member not selected Option B. The benefit shall be determined at
12 the date of death of the named joint annuitant or July 1, 1994,
13 whichever is later. This increase shall become effective the first
14 day of the month following the date of death of the named joint
15 annuitant or July 1, 1994, whichever is later, and shall be payable
16 for the retiree's remaining lifetime. The retiree shall notify the
17 Oklahoma Public Employees Retirement System of the death of the
18 named joint annuitant in writing. In the absence of such written
19 notice being filed by the member notifying the Oklahoma Public
20 Employees Retirement System of the death of the named joint
21 annuitant within six (6) months of the date of death, nothing in
22 this subsection shall require the Oklahoma Public Employees
23 Retirement System to pay more than six (6) months of retrospective
24 benefits increase.

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

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

22 (5) If a member who is eligible to retire in accordance with
23 the provisions of Section 914 of this title but is not actually
24 retired or is eligible to vest or has elected a vested benefit dies,

1 the member's spouse may elect to receive benefits as a joint
2 annuitant under Option B calculated as if the member retired on the
3 date of death, in lieu of receiving the member's accumulated
4 contributions. However, no benefits shall be payable before the
5 date the deceased member would have met the requirements for a
6 normal or early retirement. The provisions of this paragraph shall
7 be applicable to a surviving spouse of a deceased member who died
8 prior to ~~the effective date of this act~~ July 1, 2002, but only if no
9 benefits or distributions have been previously paid.

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

14 SECTION 3. AMENDATORY 74 O.S. 2021, Section 935.7, is
15 amended to read as follows:

16 Section 935.7 A. Participating employees shall at all times be
17 vested at one hundred percent (100%) of their accounts containing
18 solely their employee contributions, and the gains or losses on
19 these contributions. Participating employees will have investment
20 discretion over these accounts within the available options offered
21 by the Board.

22 B. Participating employees shall be vested with respect to the
23 employer matching amounts, and the gains or losses on these funds,
24 deposited into their defined contribution system account or accounts

1 according to the following schedule based on years of participating
2 service:

3	Year 1	20%
4	Year 2	40%
5	Year 3	60%
6	Year 4	80%
7	Year 5 and thereafter	100%

8 C. Participating employees will have investment discretion over
9 all employer contributions.

10 D. For purposes of determining a participating employee's right
11 to withdraw employer matching contributions and any investment gains
12 upon such employer contribution matching amounts, the vesting
13 percentages apply at the end of each full year of service as
14 described in subsection B of this section.

15 E. For participating employees who do not select any investment
16 options, the OPERS Board will establish default investment options
17 for the contributions received from participating employees and
18 default investment options for matching employer contributions.

19 F. To the extent that participants leave employment and have
20 not vested in all of the employer contributions, the nonvested
21 employer contributions, including any gains or losses, shall be
22 immediately forfeited to the 401(a) plan and may be used to offset
23 costs of administering the plan or as permitted by federal law.

24 Upon reemployment with an employer and satisfying the eligibility

1 requirements to become a participant, the reemployed participant
2 shall receive credit for previous service and be vested at the same
3 percentage the participant was vested when service was previously
4 terminated. However, under no circumstances shall the participant
5 be entitled to any previously forfeited employer contributions.

6 SECTION 4. This act shall become effective November 1, 2023.
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8 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
9 PENSIONS, dated 04/11/2023 - DO PASS, As Amended.
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