

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

SENATE BILL 632

By: Montgomery

AS INTRODUCED

An Act relating to Oklahoma Public Employees Retirement System; amending 62 O.S. 2021, Section 3103, as last amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022, Section 3103), which relates to Oklahoma Pension Legislation Actuarial Analysis Act definitions; modifying definition; updating statutory language; amending 74 O.S. 2021, Section 935.5, which relates to employer contribution amount; increasing employer matching amount for certain contributions; further increasing employer match requirement under certain circumstances; exempting certain contribution rate increases from Oklahoma Pension Legislation Actuarial Analysis Act; and providing effective dates.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as last amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022, 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

1 Representatives or Senate or by the House of Representatives or  
2 Senate;

3 2. "RB number" means that number preceded by the letters "RB"  
4 assigned to a retirement bill by the respective staffs of the  
5 ~~Oklahoma State~~ Senate and the ~~Oklahoma~~ House of Representatives when  
6 the respective staff office prepares a retirement bill for a member  
7 of the Legislature;

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

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

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

- 18 a. which does not affect the cost or funding factors of a  
19 retirement system,  
20 b. which affects such factors only in a manner which does  
21 not:  
22 (1) grant a benefit increase under the retirement  
23 system affected by the bill,  
24

- (2) create an actuarial accrued liability for or increase the actuarial accrued liability of the retirement system affected by the bill, or
- (3) increase the normal cost of the retirement system affected by the bill,

c. which authorizes the purchase by an active member of the retirement system, at the actuarial cost for the purchase as computed pursuant to the statute in effect on the effective date of the measure allowing such purchase, of years of service for purposes of reaching a normal retirement date in the applicable retirement system, but which cannot be used in order to compute the number of years of service for purposes of computing the retirement benefit for the member,

d. which provides for the computation of a service-connected disability retirement benefit for members of the Oklahoma Law Enforcement Retirement System pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes if the members were unable to complete twenty (20) years of service as a result of the disability,

e. which requires membership in the defined benefit plan authorized by Section 901 et seq. of Title 74 of the Oklahoma Statutes for persons whose first elected or appointed service occurs on or after November 1, 2018,

1 if such persons had any prior service in the Oklahoma  
2 Public Employees Retirement System prior to November  
3 1, 2015,

4 f. which provides for a one-time increase in retirement  
5 benefits if the increase in retirement benefits is not  
6 a permanent increase in the gross annual retirement  
7 benefit payable to a member or beneficiary, occurs  
8 only once pursuant to a single statutory authorization  
9 and does not exceed:

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

18 (2) the lesser of two percent (2%) of the gross  
19 annual retirement benefit of the member or One  
20 Thousand Two Hundred Dollars (\$1,200.00) and  
21 requires that the benefit may only be provided if  
22 the funded ratio of the affected retirement  
23 system would be greater than eighty percent (80%)  
24

1 but not greater than one hundred percent (100%)

2 after the benefit increase is paid,

3 (3) the lesser of two percent (2%) of the gross  
4 annual retirement benefit of the member or One  
5 Thousand Four Hundred Dollars (\$1,400.00) and  
6 requires that the benefit may only be provided if  
7 the funded ratio of the affected retirement  
8 system would be greater than one hundred percent  
9 (100%) after the benefit increase is paid, or

10 (4) the greater of two percent (2%) of the gross  
11 annual retirement benefit of the volunteer  
12 firefighter or One Hundred Dollars (\$100.00) for  
13 persons who retired from the Oklahoma  
14 Firefighters Pension and Retirement System as  
15 volunteer firefighters and who did not retire  
16 from the Oklahoma Firefighters Pension and  
17 Retirement System as a paid firefighter.

18 As used in this subparagraph, "funded ratio" means the  
19 figure derived by dividing the actuarial value of  
20 assets of the applicable retirement system by the  
21 actuarial accrued liability of the applicable  
22 retirement system,

23 g. which modifies the disability pension standard for  
24 police officers who are members of the Oklahoma Police

1 Pension and Retirement System as provided by Section 3  
2 50-115 of ~~this act~~ Title 11 of the Oklahoma Statutes,

3 h. which provides a cost-of-living benefit increase  
4 pursuant to the provisions of:

5 (1) Section 49-143.7 of Title 11 of the Oklahoma  
6 Statutes,

7 (2) Section 50-136.9 of Title 11 of the Oklahoma  
8 Statutes,

9 (3) Section 1104K of Title 20 of the Oklahoma  
10 Statutes,

11 (4) Section 2-305.12 of Title 47 of the Oklahoma  
12 Statutes,

13 (5) Section 17-116.22 of Title 70 of the Oklahoma  
14 Statutes,

15 (6) Section 930.11 of Title 74 of the Oklahoma  
16 Statutes, ~~or~~

17 i. which modifies the computation of the line-of-duty  
18 disability benefit pursuant to the provisions of this  
19 act, or

20 j. which increases the employer and employee contribution  
21 rates in the defined contribution retirement system  
22 pursuant to Section 935.1 et seq. of Title 74 of the  
23 Oklahoma Statutes.

1 A nonfiscal retirement bill shall include any retirement bill that  
2 has as its sole purpose the appropriation or distribution or  
3 redistribution of monies in some manner to a retirement system for  
4 purposes of reducing the unfunded liability of such system or the  
5 earmarking of a portion of the revenue from a tax to a retirement  
6 system or increasing the percentage of the revenue earmarked from a  
7 tax to a retirement system;

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

12 7. "Retirement bill" means any bill or joint resolution  
13 introduced or any bill or joint resolution amended by a member of  
14 the Oklahoma Legislature which creates or amends any law directly  
15 affecting a retirement system. A retirement bill shall not mean a  
16 bill or resolution that impacts the revenue of any state tax in  
17 which a portion of the revenue generated from such tax is earmarked  
18 for the benefit of a retirement system;

19 8. "Retirement bill having a fiscal impact" means any  
20 retirement bill creating or establishing a retirement system and any  
21 other retirement bill other than a nonfiscal retirement bill; and

22 9. "Retirement system" means the Teachers' Retirement System of  
23 Oklahoma, the Oklahoma Public Employees Retirement System, the  
24 Uniform Retirement System for Justices and Judges, the Oklahoma

1 Firefighters Pension and Retirement System, the Oklahoma Police  
2 Pension and Retirement System, the Oklahoma Law Enforcement  
3 Retirement System, or a retirement system established after January  
4 1, 2006.

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

7 Section 935.5. A. Except as otherwise provided by subsection B  
8 of this section, employers of employees who become participants in  
9 the defined contribution retirement system shall match the employee  
10 contribution paid on a monthly or more frequent basis at the rate of  
11 ~~six percent (6.0%)~~ eight percent (8.0%) based on the same  
12 compensation amount used to compute the employee contribution  
13 amount.

14 B. If an employee selects a contribution rate of ~~seven percent~~  
15 ~~(7.0%)~~ eight percent (8.0%) or more, but not higher than allowed  
16 pursuant to the maximum annual contribution limit prescribed by  
17 Section 415 of the Internal Revenue Code of 1986, as amended, the  
18 employer matching amount shall be ~~seven percent (7.0%)~~ ten percent  
19 (10%).

20 C. The initial four and five-tenths percent (4.5%) employee  
21 contribution shall be the only mandatory contribution of an employee  
22 participating in the defined contribution retirement system created  
23 by this act. These funds shall be placed by the System in either a  
24 401(a) plan or a 457(b) plan, to be determined by the Board to



1 maintain the plan consistent with the Internal Revenue Code. Any  
2 employee contributions eligible to be matched under this section  
3 over the four and five-tenths percent (4.5%) initial contribution  
4 shall be considered voluntary deferrals of compensation and placed  
5 in a 457(b) plan. All employer matching funds shall be placed in a  
6 401(a) plan.

7 Any contribution rate that is more than the four and five-tenths  
8 percent (4.5%) rate can be chosen by the participating employee upon  
9 the employee's initial participation, and can be changed once per  
10 month. The employee contribution rate chosen shall continue until  
11 the employee elects to change the contribution rate or terminates  
12 service or retires.

13 D. The employer match as set forth in subsection A of this  
14 section may be increased at any time by the Legislature without  
15 affecting the then-existing rights of participating employees and  
16 beneficiaries in order to encourage participating employees to  
17 accumulate deferred income reserves for themselves and their  
18 dependents. The employer match may be decreased at any time by the  
19 Legislature without affecting the then-existing rights of  
20 participating employees and beneficiaries in order to provide  
21 funding as may be needed to reduce the unfunded liabilities of the  
22 defined benefit plan as set forth in Section 901 et seq. of this  
23 title, but shall not be less than six percent (6.0%) for any year  
24 during which the defined contribution plan is maintained.

1       E. Increases in the employee and employer contribution rate to  
2 the defined contribution retirement system shall not be subject to  
3 the provisions of the Oklahoma Pension Legislation Actuarial  
4 Analysis Act pursuant to Section 3101 et seq. of Title 62 of the  
5 Oklahoma Statutes.

6           SECTION 3. Section 1 of this act shall become effective October  
7 1, 2023.

8           SECTION 4. Section 2 of this act shall become effective  
9 November 1, 2023.

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