

## STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 2854

By: Wallace

AS INTRODUCED

An Act relating to public retirement systems; amending 62 O.S. 2021, Section 3103, as amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022, Section 3103), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; imposing conditions related to approvals by the Internal Revenue Service; providing for termination of provisions of the Retirement Freedom Act; providing for cessation of certain employee contributions; requiring employee contributions pursuant to provisions of defined benefit plan; providing for cessation of certain employer contributions; requiring employer contributions pursuant to provisions of defined benefit plan; authorizing management of defined contribution plan accounts for certain period of time; requiring irrevocable election with regard to defined contribution plan account balances; providing for termination of effect of provisions of the Retirement Freedom Act; providing exceptions; providing for vesting treatment of defined contribution plan account balances as of designated date; providing for computation of service credit in defined benefit plan based on purchase of service at actuarial cost; amending 74 O.S. 2021, Sections 913.4, 920, 929, 1316.2 and 1707, which relate to the Oklahoma Public Employees Retirement System and the Deferred Savings Incentive Plan; modifying provisions related to participation in defined contribution plan; providing for participating service credit resulting from purchase at actuarial cost; modifying provisions related to membership of elected officials in defined contribution plan; modifying provisions related to payment of employer contributions; modifying provisions related to participation in deferred

1 compensation plan; providing for codification; and  
2 providing effective dates.

3  
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as  
6 amended by Section 1, Chapter 306, O.S.L. 2022 (62 O.S. Supp. 2022,  
7 Section 3103), is amended to read as follows:

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

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

14 2. "RB number" means that number preceded by the letters "RB"  
15 assigned to a retirement bill by the respective staffs of the  
16 Oklahoma State Senate and the Oklahoma House of Representatives when  
17 the respective staff office prepares a retirement bill for a member  
18 of the Legislature;

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

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

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

6           a. which does not affect the cost or funding factors of a  
7 retirement system,

8           b. which affects such factors only in a manner which does  
9 not:

10               (1) grant a benefit increase under the retirement  
11 system affected by the bill,

12               (2) create an actuarial accrued liability for or  
13 increase the actuarial accrued liability of the  
14 retirement system affected by the bill, or

15               (3) increase the normal cost of the retirement system  
16 affected by the bill,

17           c. which authorizes the purchase by an active member of  
18 the retirement system, at the actuarial cost for the  
19 purchase as computed pursuant to the statute in effect  
20 on the effective date of the measure allowing such  
21 purchase, of years of service for purposes of reaching  
22 a normal retirement date in the applicable retirement  
23 system, but which cannot be used in order to compute  
24

- 1 the number of years of service for purposes of  
2 computing the retirement benefit for the member,
- 3 d. which provides for the computation of a service-  
4 connected disability retirement benefit for members of  
5 the Oklahoma Law Enforcement Retirement System  
6 pursuant to Section 2-305 of Title 47 of the Oklahoma  
7 Statutes if the members were unable to complete twenty  
8 (20) years of service as a result of the disability,
- 9 e. which requires membership in the defined benefit plan  
10 authorized by Section 901 et seq. of Title 74 of the  
11 Oklahoma Statutes for persons whose first elected or  
12 appointed service occurs on or after November 1, 2018,  
13 if such persons had any prior service in the Oklahoma  
14 Public Employees Retirement System prior to November  
15 1, 2015,
- 16 f. which provides for a one-time increase in retirement  
17 benefits if the increase in retirement benefits is not  
18 a permanent increase in the gross annual retirement  
19 benefit payable to a member or beneficiary, occurs  
20 only once pursuant to a single statutory authorization  
21 and does not exceed:
- 22 (1) the lesser of two percent (2%) of the gross  
23 annual retirement benefit of the member or One  
24 Thousand Dollars (\$1,000.00) and requires that

1 the benefit may only be provided if the funded  
2 ratio of the affected retirement system would not  
3 be less than sixty percent (60%) but not greater  
4 than eighty percent (80%) after the benefit  
5 increase is paid,

6 (2) the lesser of two percent (2%) of the gross  
7 annual retirement benefit of the member or One  
8 Thousand Two Hundred Dollars (\$1,200.00) and  
9 requires that the benefit may only be provided if  
10 the funded ratio of the affected retirement  
11 system would be greater than eighty percent (80%)  
12 but not greater than one hundred percent (100%)  
13 after the benefit increase is paid,

14 (3) the lesser of two percent (2%) of the gross  
15 annual retirement benefit of the member or One  
16 Thousand Four Hundred Dollars (\$1,400.00) and  
17 requires that the benefit may only be provided if  
18 the funded ratio of the affected retirement  
19 system would be greater than one hundred percent  
20 (100%) after the benefit increase is paid, or

21 (4) the greater of two percent (2%) of the gross  
22 annual retirement benefit of the volunteer  
23 firefighter or One Hundred Dollars (\$100.00) for  
24 persons who retired from the Oklahoma

1 Firefighters Pension and Retirement System as  
2 volunteer firefighters and who did not retire  
3 from the Oklahoma Firefighters Pension and  
4 Retirement System as a paid firefighter.

5 As used in this subparagraph, "funded ratio" means the  
6 figure derived by dividing the actuarial value of  
7 assets of the applicable retirement system by the  
8 actuarial accrued liability of the applicable  
9 retirement system,

10 g. which modifies the disability pension standard for  
11 police officers who are members of the Oklahoma Police  
12 Pension and Retirement System as provided by Section 3  
13 of this act,

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

16 (1) Section 49-143.7 of Title 11 of the Oklahoma  
17 Statutes,

18 (2) Section 50-136.9 of Title 11 of the Oklahoma  
19 Statutes,

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

22 (4) Section 2-305.12 of Title 47 of the Oklahoma  
23 Statutes,

24

1 (5) Section 17-116.22 of Title 70 of the Oklahoma  
2 Statutes,

3 (6) Section 930.11 of Title 74 of the Oklahoma  
4 Statutes, ~~or~~

5 i. which modifies the computation of the line-of-duty  
6 disability benefit pursuant to the provisions of this  
7 act, or

8 j. which provides for the termination of the defined  
9 contribution retirement plan created pursuant to  
10 Section 935.1 et seq. of Title 74 of the Oklahoma  
11 Statutes pursuant to the provisions of Sections 2  
12 through 10 of this act together with provisions for  
13 conversion of defined contribution plan account  
14 balances into participating service in the Oklahoma  
15 Public Employees Retirement System defined benefit  
16 plan created pursuant to Section 901 et seq. of Title  
17 74 of the Oklahoma Statutes or such other disposition  
18 of defined contribution plan account balances as may  
19 be authorized pursuant to the provisions of this act.

20 A nonfiscal retirement bill shall include any retirement bill that  
21 has as its sole purpose the appropriation or distribution or  
22 redistribution of monies in some manner to a retirement system for  
23 purposes of reducing the unfunded liability of such system or the  
24 earmarking of a portion of the revenue from a tax to a retirement

1 system or increasing the percentage of the revenue earmarked from a  
2 tax to a retirement system;

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

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

14 8. "Retirement bill having a fiscal impact" means any  
15 retirement bill creating or establishing a retirement system and any  
16 other retirement bill other than a nonfiscal retirement bill; and

17 9. "Retirement system" means the Teachers' Retirement System of  
18 Oklahoma, the Oklahoma Public Employees Retirement System, the  
19 Uniform Retirement System for Justices and Judges, the Oklahoma  
20 Firefighters Pension and Retirement System, the Oklahoma Police  
21 Pension and Retirement System, the Oklahoma Law Enforcement  
22 Retirement System, or a retirement system established after January  
23 1, 2006.



1           SECTION 2.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 935.101 of Title 74, unless  
3 there is created a duplication in numbering, reads as follows:

4           The Oklahoma Public Employees Retirement System shall administer  
5 this act in accordance with applicable provisions of the federal  
6 Internal Revenue Code and take whatever action is reasonable and  
7 necessary in order to comply with the federal Internal Revenue Code  
8 and any regulations promulgated thereto.

9           SECTION 3.           NEW LAW           A new section of law to be codified  
10 in the Oklahoma Statutes as Section 935.102 of Title 74, unless  
11 there is created a duplication in numbering, reads as follows:

12           A. Except as may be required by the provisions of this act, the  
13 provisions of Section 935.1 through Section 935.11 of Title 74 of  
14 the Oklahoma Statutes shall cease to have the force and effect of  
15 law on November 1, 2023.

16           B. Effective November 1, 2023, each member maintaining an  
17 account established pursuant to the provisions of Section 935.1  
18 through 935.11 of Title 74 of the Oklahoma Statutes shall cease  
19 making employee contributions to their account and shall begin  
20 accruing participating service in the defined benefit plan created  
21 pursuant to the provisions of Section 902 et seq. of Title 74 of the  
22 Oklahoma Statutes. Effective November 1, 2023, each member who  
23 maintains an account established pursuant to the provisions of  
24 Section 935.1 through 935.11 of Title 74 of the Oklahoma Statutes

1 and employed on November 1, 2023, by an employer participating in  
2 the defined contribution plan shall make employee contributions to  
3 the defined benefit plan as required by Section 919.1 of Title 74 of  
4 the Oklahoma Statutes.

5 C. Employer contributions and matching amounts otherwise  
6 required by the provisions of Section 935.5 of Title 74 of the  
7 Oklahoma Statutes shall cease and employer contributions with  
8 respect to employee compensation shall be made as provided by  
9 Section 920 or 920A of Title 74 of the Oklahoma Statutes.

10 D. Employees maintaining a plan account established pursuant to  
11 the provisions of Section 935.1 through 935.11 of Title 74 of the  
12 Oklahoma Statutes may continue to actively manage the plan account,  
13 including any gains or losses resulting from such active management,  
14 until final disposition of the plan account balance by acquisition  
15 of service credit in the defined benefit plan created pursuant to  
16 the provisions of Section 901 et seq. of Title 74 of the Oklahoma  
17 Statutes, a transfer of the account balance to a tax-qualified  
18 retirement plan or such other disposition as may be authorized  
19 pursuant to the Internal Revenue Code of 1986, as amended, and rules  
20 and regulations promulgated pursuant thereto.

21 E. Each person maintaining a plan account pursuant to the  
22 provisions of Section 935.1 through 935.11 of Title 74 of the  
23 Oklahoma Statutes and employed on November 1, 2023, by an employer  
24 participating in the defined contribution plan shall make an

1 election, which shall be irrevocable, within one hundred eighty  
2 (180) days from the effective date of this act to purchase service  
3 credit in the defined benefit plan created pursuant to the  
4 provisions of Section 901 et seq. of Title 74 of the Oklahoma  
5 Statutes using the actuarial cost provisions of Section 913.5 of  
6 Title 74 of the Oklahoma Statutes, to transfer the balance to a tax-  
7 qualified plan or to receive a distribution of the balance as may be  
8 allowed pursuant to the Internal Revenue Code of 1986, as amended,  
9 or any rules or regulations promulgated pursuant thereto. If a  
10 member fails to make such an election within one hundred eighty  
11 (180) days from the effective date of this act, the member shall not  
12 be permitted to purchase service credit pursuant to this act.  
13 Service credit purchased pursuant to this act shall be counted as  
14 service for all purposes including, but not limited to vesting,  
15 full-time equivalent employment, retirement eligibility, and  
16 calculation of a retirement benefit. Purchases of service credit  
17 pursuant to the provisions of Section 913.5 of Title 74 of the  
18 Oklahoma Statutes are only allowed for members who are employed and  
19 participating with a participating employer.

20 F. If a person maintaining a plan account pursuant to the  
21 provisions of Section 935.1 through 935.11 of Title 74 of the  
22 Oklahoma Statutes and employed on November 1, 2023, by an employer  
23 participating in the defined contribution plan fails to make an  
24 election pursuant to subsection E of this section, he or she shall

1 have the balance of the plan account transferred to an account  
2 established for the employee in the Oklahoma State Employees  
3 Deferred Savings Incentive and Deferred Compensation Plans as may be  
4 allowed pursuant to the Internal Revenue Code of 1986, as amended,  
5 or any rules or regulations promulgated pursuant thereto.

6 G. A person maintaining a plan account pursuant to the  
7 provisions of Section 935.1 through 935.11 of Title 74 of the  
8 Oklahoma Statutes who is no longer employed on November 1, 2023, by  
9 an employer participating in the defined contribution plan may  
10 receive a distribution or transfer the balance of the account as may  
11 be allowed pursuant to the Internal Revenue Code of 1986, as  
12 amended, or any rules or regulations promulgated pursuant thereto.  
13 The Oklahoma Public Employees Retirement System may contract with  
14 one or more entities to facilitate the transfer of plan accounts  
15 pursuant to this subsection.

16 SECTION 4. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 935.103 of Title 74, unless  
18 there is created a duplication in numbering, reads as follows:

19 A. The Oklahoma Public Employees Retirement System shall make  
20 final disposition of the accounts established pursuant to the  
21 provisions of Section 935.1 through 935.11 of Title 74 of the  
22 Oklahoma Statutes by November 1, 2024, or the last date required by  
23 the Internal Revenue Code of 1986, as amended, for distributions of  
24 plan account balances, whichever date last occurs.

1 B. Effective November 1, 2023, notwithstanding the provisions  
2 of Section 935.7 of Title 74 of the Oklahoma Statutes, a member  
3 maintaining a defined contribution plan account pursuant to the  
4 provisions of the Retirement Freedom Act and employed on November 1,  
5 2023, by an employer who participates in the defined contribution  
6 plan shall be one hundred percent (100%) vested in their account  
7 balance as of that date, including employer matching amounts and any  
8 gains or losses resulting from management of the account pursuant to  
9 the provisions of the Retirement Freedom Act.

10 SECTION 5. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 935.104 of Title 74, unless  
12 there is created a duplication in numbering, reads as follows:

13 Any service credit in the Oklahoma Public Employees Retirement  
14 System as provided by Section 901 et seq. of Title 74 of the  
15 Oklahoma Statutes purchased by transfer of an account balance  
16 pursuant to the provisions of this act shall not exceed the total  
17 period of service accrued by the member while a participant in the  
18 defined contribution plan created by Section 935.1 through 935.11 of  
19 Title 74 of the Oklahoma Statutes. A member may purchase all or  
20 part of the service accrued by the member while a participant in the  
21 defined contribution plan created by Section 935.1 through 935.11 of  
22 Title 74 of the Oklahoma Statutes.

23 SECTION 6. AMENDATORY 74 O.S. 2021, Section 913.4, is  
24 amended to read as follows:

1 Section 913.4 A. 1. Except as otherwise provided in this  
2 subsection, an elected official may elect to participate in the  
3 System and if he or she elects to do so shall have the option of  
4 participating at any one of the computation factors set forth in  
5 paragraph 3 or 4 of this subsection and will receive retirement  
6 benefits in accordance with the computation factor chosen. The  
7 election on participation in the System must be in writing, must  
8 specify the computation factor chosen, and must be filed with the  
9 System within ninety (90) days after the elected official takes  
10 office. The election to participate and the election of a  
11 computation factor shall be irrevocable. Reelection to the same  
12 office will not permit new elections. Failure of an elected  
13 official to file such election form within the ninety-day period  
14 shall be deemed an irrevocable election to participate in the System  
15 at the maximum computation factor.

16 2. Contributions and benefits will be based upon the elected  
17 official's annual compensation as defined in Section 902 of this  
18 title. Employer and elected official contributions shall be  
19 remitted at least monthly, or as the Board may otherwise provide, to  
20 the System for deposit in the Oklahoma Public Employees Retirement  
21 Fund. Effective July 1, 1994, and thereafter, the participating  
22 employer shall contribute as provided in Section 920 of this title.

23 3. Except as provided in paragraph 4 of this subsection,  
24 effective July 1, 1994, the computation factor selected and the

1 corresponding elected official contribution rate shall be as  
 2 follows:

3 Elected official	4 Computation	5 Alternate
6 Contribution Rate	7 Factor	8 Formula
9 4.5%	10 1.9%	11 \$12.50
12 6%	13 2.5%	14 \$20.00
15 7.5%	16 3.0%	17 \$25.00
18 8.5%	19 3.4%	20 \$27.50
21 9%	22 3.6%	23 \$30.00
24 10%	4.0%	\$40.00

4. Elected officials who are first elected or appointed to an  
 elected office on or after November 1, 2010, shall elect a  
 computation factor of either 1.9% or 4%. The elected official  
 contribution rate for the 1.9% computation factor is currently 4.5%  
 and the contribution rate for the 4% computation factor is currently  
 10%. All other computation factors and contribution rates set forth  
 in paragraph 3 of this subsection shall not be available to any  
 person first elected or appointed to an elected office on or after  
 November 1, 2010.

5. The contribution rate for elected officials who are first  
 elected or appointed to an elected office on or after November 1,  
 2011, shall be in the amount specified in paragraph (a) of  
 subsection (1) of Section 919.1 of this title. The amount of the  
 retirement benefit for elected officials who are first elected or

1 appointed to an elected office on or after November 1, 2011, shall  
2 be based on the provisions of paragraph (1) of subsection A of  
3 Section 915 of this title.

4 6. The computation factors and corresponding elected official  
5 contribution rates provided for in paragraphs 3 and 4 of this  
6 subsection shall be based on the entire compensation as an elected  
7 official subject to the definition and maximum compensation levels  
8 as set forth in paragraph (9) of Section 902 of this title.

9 7. Elected officials who are first elected or appointed on or  
10 after November 1, 2011, shall also be eligible to make the election  
11 of an alternate multiplier and contribution rate pursuant to  
12 paragraph 2 of subsection A of Section 915 of this title.

13 ~~8. A statewide elected official or legislator whose first~~  
14 ~~service as an elected official occurs on or after November 1, 2015,~~  
15 ~~shall become a participant in the defined contribution system~~  
16 ~~created by Sections 935.1 through 935.11 of this title and such~~  
17 ~~elected official shall not accrue any service credit in the defined~~  
18 ~~benefit plan of the Oklahoma Public Employees Retirement System~~  
19 ~~created pursuant to Section 901 et seq. of this title.~~

20 ~~9. Notwithstanding the provisions of paragraph 8 of this~~  
21 ~~subsection, a statewide elected official or legislator who is first~~  
22 ~~elected or appointed on or after November 1, 2018, and who has~~  
23 ~~participating service in the defined benefit plan prior to November~~  
24 ~~1, 2015, shall be a member of the defined benefit plan.~~



1 B. The normal retirement date for an elected official shall be  
 2 the first day of the month coinciding with or following the  
 3 official's sixtieth birthday or the first day of the month  
 4 coinciding with or following the date at which the sum of the  
 5 elected official's age and number of years of credited service total  
 6 eighty (80). The normal retirement date for an elected official  
 7 first elected or appointed to an elected office on or after November  
 8 1, 2011, shall be the first day of the month coinciding with or  
 9 following the official's sixty-fifth birthday or the date upon which  
 10 the elected or appointed official attains the age of sixty-two (62)  
 11 and who has at least ten (10) years of elected or appointed service.  
 12 Any elected official first elected or appointed to an elected office  
 13 before November 1, 2011, who has a minimum of ten (10) years'  
 14 participating service may retire under the early retirement  
 15 provisions of this act, including those electing a vested benefit  
 16 and shall receive an adjustment of annual benefits in accordance  
 17 with the following percentage schedule:

18		Percentage of Normal
19	Age	Retirement Benefits
20	60	100%
21	59	94%
22	58	88%
23	57	82%
24	56	76%



1 benefits based on the alternate formula provided above. Such annual  
2 benefits shall be paid in equal monthly installments.

3 3. Elected officials who become members of the Oklahoma Public  
4 Employees Retirement System on or after August 22, 2008, will  
5 receive retirement benefits in accordance with the computation  
6 factor selected pursuant to subsection A of this section multiplied  
7 by the member's highest annual compensation received as an elected  
8 official and only for those years of credited service the member  
9 served as an elected official. If such elected official has  
10 participating service as a nonelected member, then such nonelected  
11 service shall be computed separately pursuant to the provisions of  
12 paragraph (1) of subsection A of Section 915 of this title with the  
13 final benefit result added to the final benefit result for elected  
14 service. In no event shall the elected official be entitled to  
15 apply the computation factor selected pursuant to subsection A of  
16 this section or the compensation received as an elected official to  
17 the computation of nonelected service.

18 4. Elected officials who are first elected or appointed to an  
19 elected office on or after August 22, 2008, may not receive a  
20 maximum benefit greater than their single highest annual  
21 compensation received as a member of the Oklahoma Public Employees  
22 Retirement System.

23 D. Any elected official making an election to participate at a  
24 computation factor less than the maximum and later selecting a

1 higher computation factor shall contribute to the System a sum equal  
2 to the amount which the elected official would have contributed if  
3 the elected official had made such election at the time the elected  
4 official first became eligible, plus interest as determined by the  
5 Board, in order to receive the additional benefits for all service  
6 as an elected official; otherwise, the additional benefits shall be  
7 applicable only to service for which the elected official pays the  
8 appropriate percent of contributions to the System.

9 E. The surviving spouse of a deceased elected official who was  
10 first elected or appointed to an elected office before November 1,  
11 2011, and who has at least six (6) years of participating service  
12 and the surviving spouse of a deceased elected official who was  
13 first elected or appointed to an elected office on or after November  
14 1, 2011, and who has at least eight (8) years of participating  
15 service shall be entitled to receive survivor benefits in the amount  
16 herein prescribed, if married to the decedent continuously for a  
17 period of at least three (3) years immediately preceding the elected  
18 official's death. Provided the elected official had met the service  
19 requirements, survivor benefits shall be payable when the deceased  
20 member would have met the requirements for normal or early  
21 retirement. The amount of the benefits the surviving spouse may  
22 receive shall be fifty percent (50%) of the amount of benefits the  
23 deceased elected official was receiving or will be eligible to  
24 receive. Elected officials may elect a retirement option as

1 provided in Section 918 of this title in lieu of the survivors  
2 benefit provided above.

3 F. Any elected official who served in the Armed Forces of the  
4 United States, as defined in paragraph (23) of Section 902 of this  
5 title, prior to membership in the Oklahoma Public Employees  
6 Retirement System shall be granted credited service of not to exceed  
7 five (5) years for those periods of active military service during  
8 which the elected official was a war veteran.

9 G. Anyone appointed or elected to an elected position after  
10 July 1, 1990, shall not be eligible to receive benefits as provided  
11 in this section until such person has participated as an elected  
12 official for six (6) years. Anyone appointed or elected to an  
13 elected position on or after November 1, 2011, shall not be eligible  
14 to receive benefits as provided in this section until such person  
15 has participated as an elected official for eight (8) years.

16 H. Elected officials who terminate participation in the System  
17 and who have a minimum of six (6) years of participating service  
18 shall be entitled to elect a vested benefit and shall be entitled to  
19 the retirement options as provided in Section 918 of this title in  
20 lieu of the survivors benefit provided in subsection E of this  
21 section. Elected officials, first elected or appointed to an  
22 elected office on or after November 1, 2011, who terminate  
23 participation in the System and who have a minimum of eight (8)  
24 years of participating service shall be entitled to elect a vested

1 benefit and shall be entitled to retirement options as provided in  
2 Section 918 of this title in lieu of the survivors benefits provided  
3 in subsection E of this section.

4 I. In determining the number of years of credited service, a  
5 fractional year of six (6) months or more shall be considered as one  
6 (1) year, and less than six (6) months or more shall be disregarded.  
7 For members who joined the System on or after November 1, 2011, the  
8 number of years of credited service shall be based on actual years  
9 and months of credited service without rounding up or down.

10 SECTION 7. AMENDATORY 74 O.S. 2021, Section 920, is  
11 amended to read as follows:

12 Section 920. (1) Effective July 1, 1994, every state agency  
13 which is a participating employer shall contribute to the System an  
14 amount equal to eleven and one-half percent (11 1/2%) of the monthly  
15 compensation of each member, but not in excess of Forty Thousand  
16 Dollars (\$40,000.00).

17 (2) Effective July 1, 1995, every state agency which is a  
18 participating employer shall contribute to the System an amount  
19 equal to eleven and one-half percent (11 1/2%) of the monthly  
20 compensation of each member, not to exceed the allowable annual  
21 compensation as defined in paragraph (9) of Section 902 of this  
22 title.

23 (3) Effective July 1, 1996, every state agency which is a  
24 participating employer shall contribute to the System an amount

1 equal to twelve percent (12%) of the monthly compensation of each  
 2 member, not to exceed the allowable annual compensation defined in  
 3 paragraph (9) of Section 902 of this title.

4 (4) Effective July 1, 1999, and through the fiscal year ending  
 5 June 30, 2005, every state agency which is a participating employer  
 6 shall contribute to the System an amount equal to ten percent (10%)  
 7 of the monthly compensation of each member, not to exceed the  
 8 allowable annual compensation defined in paragraph (9) of Section  
 9 902 of this title.

10 (5) Effective July 1, 2005, except as otherwise provided by  
 11 subsection (11) of this section, every state agency which is a  
 12 participating employer shall contribute an amount to the System  
 13 equal to a percentage of monthly compensation of each member, not to  
 14 exceed the allowable annual compensation defined in paragraph (9) of  
 15 Section 902 of this title as follows:

16	July 1, 2005 - June 30, 2006	11 1/2%
17	July 1, 2006 - June 30, 2007	12 1/2%
18	July 1, 2007 - June 30, 2008	13 1/2%
19	July 1, 2008 - June 30, 2009	14 1/2%
20	July 1, 2009 - June 30, 2011	15 1/2%
21	July 1, 2011 - June 30, 2012	
22	and each year thereafter	16 1/2%

23 (6) The Board shall certify, on or before November 1 of each  
 24 year, to the Office of Management and Enterprise Services an

1 actuarially determined estimate of the rate of contribution which  
2 will be required, together with all accumulated contributions and  
3 other assets of the System, to be paid by each participating  
4 employer to pay all liabilities which shall exist or accrue under  
5 the System, including amortization of the past service cost over a  
6 period of not to exceed forty (40) years from June 30, 1987, and the  
7 cost of administration of the System, as determined by the Board,  
8 upon recommendation of the actuary.

9 (7) The Office of Management and Enterprise Services and the  
10 Governor shall include in the budget and in the budget request for  
11 appropriations the sum required to satisfy the state's obligation  
12 under this section as certified by the Board and shall present the  
13 same to the Legislature for allowance and appropriation.

14 (8) Each other participating employer shall appropriate and pay  
15 to the System a sum sufficient to satisfy the obligation under this  
16 section as certified by the Board.

17 (9) Each participating employer is hereby authorized to pay the  
18 employer's contribution from the same fund that the compensation for  
19 which said contribution is paid from or from any other funds  
20 available to it for such purpose.

21 (10) Forfeitures arising from severance of employment, death or  
22 for any other reason may not be applied to increase the benefits any  
23 member would otherwise receive under the System's law. However,  
24 forfeitures may be used to reduce an employer's contribution.



1       ~~(11) Effective November 1, 2015, an employer shall be required~~  
2 ~~to make payment to the Oklahoma Public Employees Retirement System~~  
3 ~~of the amount described by subsection A of Section 10 of this act~~  
4 ~~with respect to any employee who is a participant in the defined~~  
5 ~~contribution system created pursuant to the provisions of Sections 1~~  
6 ~~through 11 of this act. The employer shall be required to make the~~  
7 ~~required matching contribution amount for all employees that~~  
8 ~~participate in the defined contribution system and to remit the~~  
9 ~~difference between such amount and the amount the employer would~~  
10 ~~otherwise have paid pursuant to the provisions of this section to~~  
11 ~~the Oklahoma Public Employees Retirement System.~~

12       SECTION 8.       AMENDATORY       74 O.S. 2021, Section 929, is  
13 amended to read as follows:

14       Section 929. ~~A.~~ Any person who is licensed by the Department  
15 of Rehabilitation Services as a vending stand operator or managing  
16 operator shall be eligible for membership in the Oklahoma Public  
17 Employees Retirement System established by Sections 901 through 928  
18 of this title. Enrollment in the System shall be optional with each  
19 operator under regulations prescribed by the Oklahoma Public  
20 Employees Retirement System Board of Trustees. Persons who elect to  
21 participate in the Oklahoma Public Employees Retirement System  
22 pursuant to the provisions of this section shall be considered as  
23 state employees only for retirement purposes and shall make  
24 contributions pursuant to the provisions of Section 919.1 of this

1 title. Any payment or contributions to be made for members of the  
2 System shall be payable by the operator in such manner as may be  
3 determined by the Department of Rehabilitation Services, and shall  
4 not be a responsibility or liability of the Department of  
5 Rehabilitation Services; provided that, the Department may, in its  
6 discretion, make all or a part of such payments.

7 ~~B. Any person first licensed under this section on or after~~  
8 ~~November 1, 2015, shall not be eligible for membership in the~~  
9 ~~Oklahoma Public Employees Retirement System established by Sections~~  
10 ~~901 through 928 of this title, but such person shall be eligible for~~  
11 ~~participation in the defined contribution plan as set forth in~~  
12 ~~Section 2 of Enrolled House Bill No. 2630 of the 2nd Session of the~~  
13 ~~54th Oklahoma Legislature, as amended by Section 2 of this act.~~

14 SECTION 9. AMENDATORY 74 O.S. 2021, Section 1316.2, is  
15 amended to read as follows:

16 Section 1316.2 A. Any employee, other than an education  
17 employee, who retires pursuant to the provisions of the Oklahoma  
18 Public Employees Retirement System or who has a vested benefit  
19 pursuant to the provisions of the Oklahoma Public Employees  
20 Retirement System may continue in force the health and dental  
21 insurance benefits authorized by the provisions of the Oklahoma  
22 Employees Insurance and Benefits Act, or other employer insurance  
23 benefits if the employer does not participate in the plans offered  
24 by the Office of Management and Enterprise Services, if such

1 election to continue in force is made within thirty (30) days from  
2 the date of termination of service. Except as otherwise provided  
3 for in Section 840-2.27I of this title and subsection H of this  
4 section, health and dental insurance coverage may not be reinstated  
5 at a later time if the election to continue in force is declined.  
6 Vested employees other than education employees who have terminated  
7 service and are not receiving benefits and effective July 1, 1996,  
8 nonvested persons who have terminated service with more than eight  
9 (8) years of participating service with a participating employer,  
10 who within thirty (30) days from the date of termination of service  
11 elect to continue such coverage, shall pay the full cost of the  
12 insurance premium at the rate and pursuant to the terms and  
13 conditions established by the Office. Provided also, any employee  
14 other than an education employee who commences employment with a  
15 participating employer on or after September 1, 1991, who terminates  
16 service with such employer on or after July 1, 1996, but who  
17 otherwise has insufficient years of service to retire or terminate  
18 service with a vested benefit pursuant to the provisions of the  
19 Oklahoma Public Employees Retirement System or to elect to continue  
20 coverage as a nonvested employee as provided in this section, but  
21 who, immediately prior to employment with the participating  
22 employer, was covered as a dependent on the health and dental  
23 insurance policy of a spouse who was an active employee other than  
24 an education employee, may count as part of his or her credited

1 service for the purpose of determining eligibility to elect to  
2 continue coverage under this section, the time during which the  
3 terminating employee was covered as such a dependent.

4 B. 1. Health insurance benefit plans offered pursuant to this  
5 section shall include:

- 6 a. indemnity plans offered through the Office,
- 7 b. managed care plans offered as alternatives to the  
8 indemnity plans offered through the Office,
- 9 c. Medicare supplements offered pursuant to the Oklahoma  
10 Employees Insurance and Benefits Act,
- 11 d. Medicare risk-sharing contracts offered as  
12 alternatives to the Medicare supplements offered  
13 through the Office. All Medicare risk-sharing  
14 contracts shall be subject to a risk adjustment  
15 factor, based on generally accepted actuarial  
16 principles for adverse selection which may occur, and  
17 e. for the Oklahoma Public Employees Retirement System,  
18 other employer-provided health insurance benefit plans  
19 if the employer does not participate in the plans  
20 offered pursuant to the Oklahoma Employees Insurance  
21 and Benefits Act.

22 2. Health insurance benefit plans offered pursuant to this  
23 section shall provide prescription drug benefits, except for plans  
24 designed pursuant to the Medicare Prescription Drug Improvement and

1 Modernization Act of 2003, for which provision of prescription drug  
2 benefits is optional, and except for plans offered pursuant to  
3 subparagraph e of paragraph 1 of this subsection.

4 C. 1. Designated public retirement systems shall contribute a  
5 monthly amount towards the health insurance premium of certain  
6 individuals receiving benefits from the public retirement system as  
7 follows:

- 8 a. a retired employee, other than an education employee  
9 ~~or an employee who participates in the defined~~  
10 ~~contribution system administered by the Oklahoma~~  
11 ~~Public Employees Retirement System on or after~~  
12 ~~November 1, 2015~~, who is receiving benefits from the  
13 Oklahoma Public Employees Retirement System after  
14 September 30, 1988, shall have One Hundred Five  
15 Dollars (\$105.00), or the premium rate of the health  
16 insurance benefit plan, whichever is less, paid by the  
17 Oklahoma Public Employees Retirement System to the  
18 Board or to another insurance carrier or other  
19 qualified benefits administrator of the employer if  
20 the employer does not participate in the plans offered  
21 by the Office in the manner specified in subsection G  
22 of this section,
- 23 b. a retired employee or surviving spouse other than an  
24 education employee who is receiving benefits from the

1 Oklahoma Law Enforcement Retirement System after  
2 September 30, 1988, is under sixty-five (65) years of  
3 age and is not otherwise eligible for Medicare shall  
4 have the premium rate for the health insurance benefit  
5 plan or One Hundred Five Dollars (\$105.00), whichever  
6 is less, paid by the Oklahoma Law Enforcement  
7 Retirement System to the Office in the manner  
8 specified in subsection G of this section,

9 c. a retired employee other than an education employee  
10 who is receiving benefits from the Oklahoma Law  
11 Enforcement Retirement System after September 30,  
12 1988, is sixty-five (65) years of age or older or who  
13 is under sixty-five (65) years of age and is eligible  
14 for Medicare shall have One Hundred Five Dollars  
15 (\$105.00), or the premium rate of the health insurance  
16 benefit plan, whichever is less, paid by the Oklahoma  
17 Law Enforcement Retirement System to the Office in the  
18 manner specified in subsection G of this section, and

19 d. a retired employee other than an education employee  
20 who is receiving benefits from the Uniform Retirement  
21 System for Justices and Judges after September 30,  
22 1988, shall have One Hundred Five Dollars (\$105.00),  
23 or the premium rate of the health insurance plan,  
24 whichever is less, paid by the Uniform Retirement

1           System for Justices and Judges to the Office in the  
2           manner specified in subsection G of this section.

3           2. Premium payments made pursuant to this section shall be made  
4 subject to the following conditions:

- 5           a. the health plan shall be authorized by the provisions  
6           of the Oklahoma Employees Insurance and Benefits Act,  
7           except that if an employer from which an employee  
8           retired or with a vested benefit pursuant to the  
9           provisions of the Oklahoma Public Employees Retirement  
10          System does not participate in the plans authorized by  
11          the provisions of the Oklahoma Employees Insurance and  
12          Benefits Act, the health plan will be the health  
13          insurance benefits of the employer from which the  
14          individual retired or vested,
- 15          b. for plans offered by the Oklahoma Employees Insurance  
16          and Benefits Act, the amount to be paid shall be  
17          determined pursuant to the provisions of this  
18          subsection and shall first be applied in whole or in  
19          part to the prescription drug coverage premium. Any  
20          remaining amount shall be applied toward the medical  
21          coverage premium,
- 22          c. for all plans, if the amount paid by the public  
23          retirement system does not cover the full cost of the  
24

1           elected coverage, the individual shall pay the  
2           remaining premium amount, and

3           d.    payment shall be made by the retirement systems in the  
4           manner specified under subsection G of this section.

5           D.   For any member of the Oklahoma Law Enforcement Retirement  
6 System killed in the line of duty, whether the member was killed in  
7 the line of duty prior to May 18, 2005, or on or after May 18, 2005,  
8 or if the member was on a disability leave status at the time of  
9 death, the surviving spouse or dependents of such deceased member of  
10 the Oklahoma Law Enforcement Retirement System may elect to continue  
11 or commence health and dental insurance benefits, provided the  
12 dependents pay the full cost of such insurance, and for deaths  
13 occurring on or after July 1, 2002, such election is made within  
14 thirty (30) days of the date of death. The eligibility for the  
15 benefits shall terminate for the surviving children when the  
16 children cease to qualify as dependents.

17           E.   Effective July 1, 2004, a retired member of the Oklahoma Law  
18 Enforcement Retirement System who retired from the System by means  
19 of a personal and traumatic injury of a catastrophic nature and in  
20 the line of duty and any surviving spouse of such retired member and  
21 any surviving spouse of a member who was killed in the line of duty  
22 shall have one hundred percent (100%) of the retired member's or  
23 surviving spouse's health care premium cost, whether the member or  
24 surviving spouse elects coverage under the Medicare supplement or



1 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement  
2 Retirement System to the Office in the manner specified in  
3 subsection H of this section. For plans offered by the Office, such  
4 contributions will first be applied in whole or in part to the  
5 prescription drug coverage premium, if any.

6 F. Dependents of a deceased employee who was on active work  
7 status or on a disability leave at the time of death or of a  
8 participating retardant or of any person who has elected to receive  
9 a vested benefit under the Oklahoma Public Employees Retirement  
10 System, the Uniform Retirement System for Justices and Judges or the  
11 Oklahoma Law Enforcement Retirement System may continue the health  
12 and dental insurance benefits in force, provided the dependents pay  
13 the full cost of such insurance and they were covered as eligible  
14 dependents at the time of such death and such election is made  
15 within thirty (30) days of date of death. The eligibility for the  
16 benefits shall terminate for the surviving children when the  
17 children cease to qualify as dependents.

18 G. The amounts required to be paid by the Oklahoma Public  
19 Employees Retirement System, the Uniform Retirement System for  
20 Justices and Judges and the Oklahoma Law Enforcement Retirement  
21 System pursuant to this section shall be forwarded no later than the  
22 tenth day of each month following the month for which payment is due  
23 by the Oklahoma Public Employees Retirement System Board of Trustees  
24 or the Oklahoma Law Enforcement Retirement Board to the Office for

1 deposit in the Health, Dental and Life Insurance Reserve Fund or to  
2 another insurance carrier or other administrator of qualified  
3 benefits of the employer as provided for in subsection H of Section  
4 1315 of this title.

5 H. Upon retirement from employment of the Board of Regents of  
6 the University of Oklahoma, any person who was or is employed at the  
7 George Nigh Rehabilitation Institute and who transferred employment  
8 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any  
9 person who was employed at the Medical Technology and Research  
10 Authority and who transferred employment pursuant to Section 7068 of  
11 this title and any person who is a member of the Oklahoma Law  
12 Enforcement Retirement System pursuant to the authority of Section  
13 2-314 of Title 47 of the Oklahoma Statutes may participate in the  
14 benefits authorized by the provisions of the Oklahoma Employees  
15 Insurance and Benefits Act for retired participants including  
16 health, dental and life insurance benefits, if such election to  
17 participate is made within thirty (30) days from the date of  
18 termination of service. Life insurance benefits for any such person  
19 who transferred employment shall not exceed the coverage the person  
20 had at the time of such transfer. Retirees who transferred  
21 employment and who participate pursuant to this paragraph shall pay  
22 the premium for elected benefits less any amounts paid by a state  
23 retirement system pursuant to this section.

24

1 SECTION 10. AMENDATORY 74 O.S. 2021, Section 1707, is  
2 amended to read as follows:

3 Section 1707. A. Effective January 1, 1998, for each qualified  
4 participant as defined in this section who is a state employee as  
5 defined in this section, the Oklahoma Public Employees Retirement  
6 System shall pay each month from funds appropriated or deposited to  
7 the Oklahoma State Employees Deferred Savings Incentive Plan Fund  
8 created pursuant to this section the sum of Twenty-five Dollars  
9 (\$25.00) to a plan established pursuant to the Internal Revenue  
10 Code, Section 401(a), for the benefit of the employee; provided, if  
11 monies in the fund are insufficient to fully fund the contributions  
12 in any month, payments shall be suspended until such time as  
13 sufficient monies are available. Employees receiving payroll other  
14 than monthly shall have an amount contributed which is equivalent to  
15 Twenty-five Dollars (\$25.00) per month.

16 B. For the purposes of this section, "qualified participant"  
17 means a state employee as defined in this section who is an active  
18 participant in the Oklahoma State Employees Deferred Compensation  
19 Plan making deferrals of at least Twenty-five Dollars (\$25.00) per  
20 month. ~~A qualified participant shall not include an employee who~~  
21 ~~participates in the defined contribution system administered by the~~  
22 ~~Oklahoma Public Employees Retirement System on or after November 1,~~  
23 ~~2015.~~ Effective July 1, 2000, each qualified participant shall be  
24 eligible for a contribution of Twenty-five Dollars (\$25.00) to the

1 Oklahoma State Employees Deferred Savings Incentive Plan beginning  
2 with the first employee deferral into the Oklahoma State Employees  
3 Deferred Compensation Plan. The Director of the Office of  
4 Management and Enterprise Services shall be responsible for the  
5 provision of such information and assistance as may be necessary to  
6 determine which employees are qualified participants and shall  
7 provide for appropriate payroll transactions to accomplish  
8 contributions to the Oklahoma State Employees Deferred Savings  
9 Incentive Plan and the Oklahoma State Employees Deferred  
10 Compensation Plan. The Oklahoma Public Employees Retirement System  
11 shall be responsible for establishing rules and plan documents for  
12 administration of such contributions. Funds so credited shall be  
13 held and invested in the same manner as the Oklahoma State Employees  
14 Deferred Compensation Plan, as provided in Section 1701 of this  
15 title.

16 C. For the purposes of this section, "state employee" means any  
17 officer or employee of the executive, legislative, or judicial  
18 branches of the government of this state who is an active member of  
19 a public retirement system of this state, but does not include:

20 1. Employees of the public elementary, secondary, or area  
21 vocational school districts;

22 2. Employees of The Oklahoma State System of Higher Education  
23 except employees of the Oklahoma State Regents of Higher Education,  
24 employees of the governing boards and employees of the Board of

1 Regents of the University of Oklahoma who are participating members  
2 of the Oklahoma Public Employees Retirement System;

3 3. Persons on temporary, student, internship, or other limited-  
4 term appointments except for Executive Fellows in the Carl Albert  
5 Public Internship Program created in Section 840-3.4 of this title;  
6 or

7 4. Persons employed pursuant to Section 1.6a of Title 53 of the  
8 Oklahoma Statutes.

9 D. No public official shall be able to make contributions to  
10 the Section 401(a) plan described by this section during a term of  
11 office which commenced prior to July 1, 1997. A public official may  
12 make contributions to the Section 401(a) plan described by this  
13 section during a term of office which commences after July 1, 1997.  
14 No legislator shall be eligible to make contributions to the Section  
15 401(a) plan described by this section until such contributions have  
16 been approved by the Board on Legislative Compensation. The  
17 provisions of this subsection shall be applicable only in the event  
18 that the Plan permits employee contributions.

19 E. There is hereby created in the State Treasury a revolving  
20 fund to be designated the "Oklahoma State Employees Deferred Savings  
21 Incentive Plan Fund". The fund shall be a continuing fund, not  
22 subject to fiscal year limitations, and shall consist of any monies  
23 the Legislature may appropriate or transfer to the fund and any  
24 monies contributed for the fund from any other sources, public or

1 private. All monies accruing to the credit of said fund are hereby  
2 appropriated and may be budgeted and expended by the Oklahoma Public  
3 Employees Retirement System for the matching of deferred  
4 compensation contributions pursuant to this section and in  
5 accordance with rules promulgated by the Oklahoma Public Employees  
6 Retirement System and for reimbursement of expenses for  
7 administration of the Deferred Savings Incentive Plan and the  
8 Oklahoma State Employees Deferred Compensation Plan. Expenditures  
9 from the fund shall be made by warrants issued by the State  
10 Treasurer against claims filed as prescribed by law with the  
11 Director of the Office of Management and Enterprise Services for  
12 approval and payment.

13 F. Effective July 1, 2000, every employer which has state  
14 employees participating in the Oklahoma State Employees Deferred  
15 Savings Incentive Plan shall pay to the Fund an amount equal to  
16 Twenty-five Dollars (\$25.00) each month for each qualified  
17 participant as defined in this section, along with an amount to  
18 reimburse the cost of administration of the Oklahoma State Employees  
19 Deferred Savings Incentive Plan and the Oklahoma State Employees  
20 Deferred Compensation Plan for each qualified participant, as  
21 determined by the Board.

22 1. The Board shall certify each year to the Office of  
23 Management and Enterprise Services the determined amount for the  
24 administrative cost of the Oklahoma State Deferred Savings Incentive

1 Plan and the Oklahoma State Employees Deferred Compensation Plan  
2 which will be required to be paid for each qualified participant.  
3 The Board of Trustees shall promulgate such rules as are necessary  
4 to implement the provisions of this subsection and provide the  
5 methodology for the determination.

6 2. Each employer shall pay at least monthly to the Fund the sum  
7 sufficient to satisfy the obligation under this section as certified  
8 by the Board.

9 3. Each employer is hereby authorized to pay the employer's  
10 contribution from the same fund that the compensation for which said  
11 contribution is paid from or from any other funds available to it  
12 for such purpose.

13 SECTION 11. Section 1 of this act shall become effective  
14 October 1, 2023.

15 SECTION 12. Sections 2 through 10 of this act shall become  
16 effective November 1, 2023.

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18 59-1-5208 MAH 01/17/23

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

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January 18, 2023

Representative Kevin Wallace  
Room 200

Re: RBH No. 5208

RBH No. 5208 terminates the State defined contribution plan (Pathfinder).  
The participants will become participants in the existing defined benefit plan (OPERS).  
The defined contribution account balance will used to purchase service credits.

OPLAA is amended to define the change as non fiscal,

RBH No. 5208 is a nonfiscal 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