

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 56th Legislature (2017)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 1172

By: McDaniel of the House

and

Stanislowski of the Senate

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10 COMMITTEE SUBSTITUTE

11 An Act relating to retirement; enacting the
12 Retirement Freedom Act of 2017; imposing duty on the
13 Teachers' Retirement System of Oklahoma to establish
14 optional defined contribution plan; specifying
15 persons eligible for participation in plan;
16 prescribing procedures related to date of service
17 accrual; requiring defined contribution plan to be
18 qualified pursuant to provisions of the Internal
19 Revenue Code of 1986, as amended; prescribing minimum
20 employee contribution amount; prescribing maximum
21 employee contribution amount; providing for salary
22 deductions for employee contributions; providing for
23 employer matching contributions; specifying amount of
24 employer matching contributions; prescribing
 procedures related to employer matching
 contributions; providing for modifications to
 matching amounts; prescribing procedures for cost
 computation; providing for payment of certain costs
 related to administration of defined contribution
 plan administration; providing for vesting schedule;
 providing for applicability of provisions of Section
 414(h) of the Internal Revenue Code of 1986, as
 amended, with respect to employee contributions;
 imposing duty on Board of Trustees of Teachers'
 Retirement System of Oklahoma with respect to
 investment of funds in defined contribution plan
 accounts; providing for payment of certain revenues

1 to the Teachers' Retirement System of Oklahoma;
2 providing for deposit of funds with existing defined
3 benefit plan; providing for effect of enactment on
4 certain rights; prohibiting certain collection
5 activity with respect to funds; authorizing offsets;
6 providing for enforcement of qualified domestic
7 orders; defining term; prescribing procedures with
8 respect to alternate payees; prescribing content;
9 imposing restrictions; authorizing rules; amending 70
10 O.S. 2011, Section 17-108.1, as amended by Section 4,
11 Chapter 129, O.S.L. 2016 (70 O.S. Supp. 2016, Section
12 17-108.1), which relates to employer contributions;
13 providing for deposit of certain amounts into the
14 Teachers' Retirement System of Oklahoma; providing
15 for codification; and providing an effective date.

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

17 SECTION 1. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 17-131 of Title 70, unless there
19 is created a duplication in numbering, reads as follows:

20 This act shall be known and may be cited as the "Retirement
21 Freedom Act of 2017".

22 SECTION 2. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 17-132 of Title 70, unless there
24 is created a duplication in numbering, reads as follows:

25 A. The Teachers' Retirement System of Oklahoma (System) shall
26 establish an optional defined contribution plan for those persons
27 who first become employed in a full-time equivalent position or a
28 position which is less than full time but more than a half-time
29 position and which qualifies for employee benefits on or after July

1 1, 2018, with respect to employees of an employer of the Teachers'
2 Retirement System of Oklahoma as defined pursuant to Section 17-101
3 of Title 70 of the Oklahoma Statutes.

4 B. The provisions of subsection A of this section and the
5 provisions of this act shall not be applicable to:

6 1. Employees of a common school district;

7 2. Employees of the State Department of Career and Technology
8 Education or the employees of any career-technology district; or

9 3. Employees of the University of Oklahoma or to employees of
10 Oklahoma State University whose employment with either university
11 begins on or after July 1, 2018.

12 C. An employee described by subsection A of this section who
13 makes the election to participate in the defined contribution plan
14 shall become a participant in the defined contribution plan, and the
15 employee shall not accrue any service credit in the Teachers'
16 Retirement System as established pursuant to Section 17-101 et seq.
17 of Title 70 of the Oklahoma Statutes.

18 D. An employee described by subsection A of this section who
19 does not make an election to participate in the defined contribution
20 plan within thirty (30) days of their first participating service
21 with an employer of the Teachers' Retirement System of Oklahoma
22 shall be a member of the defined benefit plan authorized pursuant to
23 the provisions of Section 17-101 et seq. of Title 70 of the Oklahoma
24 Statutes and shall accrue service credit in that retirement system

1 as provided by law, including the applicable requirements for
2 employer contributions and employee contributions in that retirement
3 system.

4 E. Employees who participate in the defined contribution plan
5 shall be deemed to begin service in the defined contribution plan on
6 the first day of the month following employment.

7 SECTION 3. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 17-133 of Title 70, unless there
9 is created a duplication in numbering, reads as follows:

10 The Board of Trustees of the Teachers' Retirement System (Board)
11 shall take whatever action is reasonable and necessary to have the
12 defined contribution plan authorized by this act to be recognized as
13 a tax-qualified plan as that term is defined by Section 401 et seq.
14 of Title 26 of the United States Code, or any other applicable
15 provisions of federal law. The Board is also authorized to
16 establish a plan or use an existing plan established under Section
17 457(b) of Title 26 of the United States Code, if it is necessary to
18 carry out the intent of this act. The Board shall take whatever
19 action is reasonable and necessary to obtain confirmation from the
20 Internal Revenue Service that any such 457(b) plan is consistent
21 with the requirements of Section 457(b).

22 SECTION 4. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 17-134 of Title 70, unless there
24 is created a duplication in numbering, reads as follows:

1 A. Employee contributions to the defined contribution
2 retirement plan shall consist of a minimum of four and five-tenths
3 percent (4.5%) of compensation.

4 B. Employee contributions to the defined contribution
5 retirement plan that are eligible for an employer match shall not
6 exceed a percentage, based on the employee's compensation, which
7 would exceed the maximum amount allowed pursuant to Section 415 of
8 the Internal Revenue Code of 1986, as amended.

9 SECTION 5. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 17-135 of Title 70, unless there
11 is created a duplication in numbering, reads as follows:

12 A. Except as otherwise provided by subsection B of this
13 section, employers of employees who become participants in the
14 defined contribution retirement plan shall match the employee
15 contribution paid on a monthly or more frequent basis at the rate of
16 six percent (6.0%) based on the same compensation amount used to
17 compute the employee contribution amount.

18 B. If an employee selects a contribution rate of seven percent
19 (7.0%) or more, but not higher than allowed pursuant to the maximum
20 annual contribution limit prescribed by Section 415 of the Internal
21 Revenue Code of 1986, as amended, the employer matching amount shall
22 be seven percent (7.0%).

23 C. The initial four and five-tenths percent (4.5%) employee
24 contribution shall be the only mandatory contribution of an employee

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

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

16 E. The employer match as set forth in subsection A of this
17 section may be increased at any time by the Legislature without
18 affecting the then-existing rights of participating employees and
19 beneficiaries in order to encourage participating employees to
20 accumulate deferred income reserves for themselves and their
21 dependents. The employer match may be decreased at any time by the
22 Legislature without affecting the then-existing rights of
23 participating employees and beneficiaries in order to provide
24 funding as may be needed to reduce the unfunded liabilities of the

1 defined benefit plan as set forth in Section 17-101 et seq. of
2 Title 70 of the Oklahoma Statutes, but shall not be less than six
3 percent (6.0%) for any year during which the defined contribution
4 plan is maintained.

5 SECTION 6. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 17-136 of Title 70, unless there
7 is created a duplication in numbering, reads as follows:

8 A. Except as otherwise provided by this section, employers
9 shall make payment of the required matching amount as provided by
10 Section 5 of this act within five (5) business days of the
11 participating employee's payroll pay date. The System shall ensure
12 the payment is credited to the defined contribution plan account or
13 accounts maintained on behalf of the participating employee as soon
14 as possible.

15 B. All employee contributions to the defined contribution plan
16 shall be effected by salary deductions from the salary of the
17 employee and shall be remitted by the participating employer to the
18 System for deposit into the defined contribution plan account or
19 accounts maintained on behalf of the employee.

20 C. Participating employers shall either:

21 1. Send all salary deductions and employer contributions by
22 electronic funds transfer to the System; or
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1 2. Place all salary deductions and employer contributions in a
2 bank account from which the Teachers' Retirement System of Oklahoma
3 can debit the amount due,
4 both within five (5) business days of the payroll pay date of the
5 participating employee. Payroll data shall be remitted by the same
6 deadline.

7 D. Each employer which has employees participating in the
8 defined contribution plan shall pay to the System in the same manner
9 and at the same time required for contributions under this section
10 an amount to reimburse the cost of administration of the defined
11 contribution plan, as determined by the Board.

12 1. The Board shall certify each year participating employers
13 whose salary deductions and employer contributions are remitted to
14 the System, the determined amount for the administrative cost of the
15 defined contribution plan which will be required to be paid for each
16 participant. The Board shall promulgate such rules as necessary to
17 implement the provisions of this subsection and provide the
18 methodology for the determination.

19 2. Each employer shall pay at least monthly to the System the
20 sum sufficient to satisfy the obligation under this section as
21 certified by the Board.

22 E. The funds held on behalf of each employee participating in
23 the defined contribution plan shall consist of the amount in the
24 account or accounts plus credits representing employer and employee

1 contributions, profits, income and other increments attributable to
 2 such contributions, and minus debits representing any losses, other
 3 decrements or expenses under the plan and any distributions made to
 4 the employee under the plan.

5 SECTION 7. NEW LAW A new section of law to be codified
 6 in the Oklahoma Statutes as Section 17-137 of Title 70, unless there
 7 is created a duplication in numbering, reads as follows:

8 A. Participating employees shall at all times be vested at one
 9 hundred percent (100%) of their accounts containing solely their
 10 employee contributions and the gains or losses on these
 11 contributions. Participating employees will have investment
 12 discretion over these accounts within the available options offered
 13 by the Board.

14 B. Participating employees shall be vested with respect to the
 15 employer matching amounts, and the gains or losses on these funds,
 16 deposited into their defined contribution plan account or accounts
 17 according to the following schedule based on years of participating
 18 service:

19	Year 1	20%
20	Year 2	40%
21	Year 3	60%
22	Year 4	80%
23	Year 5 and thereafter	100%

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1 C. Participating employees will have investment discretion over
2 all employer contributions.

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

8 E. For participating employees who do not select any investment
9 options, the Board will establish default investment options for the
10 contributions received from participating employees and default
11 investment options for matching employer contributions.

12 F. To the extent that participants leave employment and have
13 not vested in all of the employer contributions, the nonvested
14 employer contributions, including any gains or losses, shall be
15 immediately forfeited to the 401(a) plan and may be used to offset
16 costs of administering the plan. Upon reemployment with an employer
17 and satisfying the eligibility requirements to become a participant,
18 the reemployed participant shall receive credit for previous service
19 and be vested at the same percentage the participant was vested when
20 service was previously terminated. However, under no circumstances
21 shall the participant be entitled to any previously forfeited
22 employer contributions.

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1 SECTION 8. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 17-138 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Each participating employer shall pick up under the
5 provisions of Section 414(h) (2) of the Internal Revenue Code of
6 1986, as amended, and pay the contribution which the participating
7 employee is required by law to make to the plan for all compensation
8 earned after the date as of which an employee begins to participate
9 in the defined contribution plan. Although the contributions so
10 picked up are designated as participating employee contributions,
11 such contributions shall be treated as contributions being paid by
12 the employer in lieu of contributions by the participating employee
13 in determining tax treatment under the Internal Revenue Code of
14 1986, as amended, and such picked-up contributions shall not be
15 includable in the gross income of the participating employee until
16 such amounts are distributed or made available to the participating
17 employee or the beneficiary of the participating employee. The
18 participating employee, by the terms of this plan, shall not have
19 any option to choose to receive the contributions so picked up
20 directly and the picked-up contributions must be paid by the
21 employer to the plan.

22 B. Contributions by the participating employee into a 457(b)
23 plan may not be picked up by the employer but shall be a voluntary
24 deferral of the employee's compensation.

1 SECTION 9. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 17-139 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 The Board of Trustees shall contract with one or more business
5 entities in order to create a range of choices regarding investment
6 of funds deposited into defined contribution plan accounts. The
7 investment options shall be substantially similar to the options
8 provided to members of the Oklahoma Public Employees Retirement
9 System that maintain a Deferred Savings Incentive Plan account as
10 offered by the Oklahoma Public Employees Retirement System pursuant
11 to the provisions of the Deferred Savings Incentive Plan. In
12 selecting investment options for participants in the plan, the Board
13 of Trustees for the Teachers' Retirement System of Oklahoma shall
14 give due consideration to offering investment options provided by
15 business entities that provide guaranteed lifetime income in
16 retirement such as annuities, guaranteed investment contracts, or
17 similar products. The Board may amend any of its existing contracts
18 with its current service providers to perform substantially the same
19 type of service the provider is currently performing for the Board,
20 in order to facilitate the timely introduction of the new defined
21 contribution plan created by this act. Thereafter, the contracting
22 process for the selection of service providers carrying out duties
23 related to the administration of the plan shall be the same as the
24 selection process for other providers selected by the Board of

1 Trustees of the Oklahoma Public Employees Retirement System under
2 subsection D of Section 909.1 of Title 74 of the Oklahoma Statutes.

3 SECTION 10. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 171-140 of Title 70, unless
5 there is created a duplication in numbering, reads as follows:

6 A. Notwithstanding any other provision of the statutes
7 governing the plan to the contrary, each participating employer
8 shall remit to the plan the difference between the amount of money
9 which would be remitted to the plan using the employer contribution
10 rate required by Section 17-108.1 of Title 70 of the Oklahoma
11 Statutes and the amount of money required for the participating
12 employer to make the required matching contribution amount on behalf
13 of a participating employee who participates in the defined
14 contribution plan authorized pursuant to the provisions of Section 5
15 of this act.

16 B. The System shall deposit the monies remitted to it by
17 employers having participating employees in the defined contribution
18 plan created by this act, as described by subsection A of this
19 section, into the existing defined benefit pension plan authorized
20 pursuant to Section 17-101 et seq. of Title 70 of the Oklahoma
21 Statutes in order to reduce the liabilities of the defined benefit
22 pension plan.

1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 17-141 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Except as otherwise provided by this section or in
5 subsection E of Section 5 of this act, no alteration, amendment, or
6 repeal of this act shall affect the then-existing rights of
7 participating employees and beneficiaries, but shall be effective
8 only as to rights which would otherwise accrue hereunder as a result
9 of services rendered by an employee after such alteration, amendment
10 or repeal. Any benefits, fund, property or rights created by or
11 accruing to any person under the provisions of this act shall not be
12 subject to execution, garnishment or attachment or any other process
13 or claim whatsoever and shall be unassignable, except as
14 specifically provided by this section. Notwithstanding the
15 foregoing, the Board may offset any amounts held by a participant in
16 the plan or beneficiary to pay a judgment or settlement against a
17 participating employee or beneficiary for a crime involving the
18 System, for a fraud or breach of the participating employee's
19 fiduciary duty to the System, or for funds or monies incorrectly
20 paid to a participating employee or a beneficiary, provided such
21 offset is in accordance with the requirements of Section 401(a)(13)
22 or similar provisions of the Internal Revenue Code. The offset
23 applies to any assets held in the plan which may otherwise be
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1 payable to a participating employee or beneficiary from the plan
2 administered by the Board.

3 B. 1. The provisions of subsection A of this section shall not
4 apply to a qualified domestic order as provided pursuant to this
5 subsection.

6 2. The term "qualified domestic order" means an order issued by
7 a district court of this state pursuant to the domestic relation
8 laws of the State of Oklahoma which relates to the provision of
9 marital property rights to a spouse or former spouse of a
10 participating employee or provision of support for a minor child or
11 children and which creates or recognizes the existence of the right
12 of an alternate payee, or assigns to an alternate payee the right,
13 to receive a portion of the funds payable with respect to a
14 participant in the plan.

15 3. For purposes of the payment of marital property, to qualify
16 as an alternate payee a spouse or former spouse must have been
17 married to the related participating employee for a period of not
18 less than thirty (30) continuous months immediately preceding the
19 commencement of the proceedings from which the qualified domestic
20 order issues.

21 4. A qualified domestic order is valid and binding on the Board
22 and the related participating employee only if it meets the
23 requirements of this subsection.

24 5. A qualified domestic order shall clearly specify:

- 1 a. the name and last-known mailing address, if any, of
2 the participating employee and the name and mailing
3 address of the alternate payee covered by the order,
4 b. the amount or percentage of the participating
5 employee's funds or assets to be paid by the System to
6 the alternate payee,
7 c. the number of payments or period to which such order
8 applies,
9 d. the characterization of the benefit as to marital
10 property rights or child support, and
11 e. each plan to which such order applies.

12 6. A qualified domestic order meets the requirements of this
13 subsection only if such order:

- 14 a. does not require the System to provide any type or
15 form of benefit or any option not otherwise provided
16 under state law as relates to the System,
17 b. does not require the System to provide increased
18 benefits, and
19 c. does not require the payment of funds or assets to an
20 alternate payee which are required to be paid to
21 another alternate payee pursuant to another order
22 previously determined to be a qualified domestic order
23 or an order recognized by the System as a valid order
24 prior to November 1, 2017.

1 7. This subsection shall not be subject to the provisions of
2 the Employee Retirement Income Security Act of 1974 (ERISA), 29
3 U.S.C.A., Section 1001 et seq., as amended from time to time, or
4 rules and regulations promulgated thereunder, and court cases
5 interpreting the act.

6 8. The Board shall promulgate such rules as are necessary to
7 implement the provisions of this subsection.

8 9. An alternate payee who has acquired beneficiary rights
9 pursuant to a valid qualified domestic order must fully comply with
10 all provisions of the rules promulgated by the Board pursuant to
11 this subsection in order to continue receiving his or her benefit.

12 SECTION 12. NEW LAW A new section of law not to be
13 codified in the Oklahoma Statutes reads as follows:

14 The provisions of this act shall not be deemed to create a
15 "retirement system" within the meaning of Section 3103 of Title 62
16 of the Oklahoma Statutes.

17 SECTION 13. AMENDATORY 70 O.S. 2011, Section 17-108.1,
18 as amended by Section 4, Chapter 129, O.S.L. 2016 (70 O.S. Supp.
19 2016, Section 17-108.1), is amended to read as follows:

20 Section 17-108.1 A. 1. Except as provided in paragraph 2 or
21 paragraph 4 of this subsection, the employer of any member of the
22 Teachers' Retirement System of Oklahoma shall make the following
23 contributions to the System:

- 1 a. beginning July 1, 1998, through June 30, 1999, eleven
2 and one-half percent (11 1/2%) of the regular annual
3 compensation of the member not in excess of any
4 applicable maximum compensation level of the member,
- 5 b. beginning July 1, 1999, through June 30, 2000, four
6 and eight-tenths percent (4.8%) of the regular annual
7 compensation of the member not in excess of any
8 applicable maximum compensation level of the member,
- 9 c. beginning July 1, 2000, through June 30, 2001, five
10 and eight-tenths percent (5.8%) of the regular annual
11 compensation of the member not in excess of any
12 applicable maximum compensation level of the member,
- 13 d. beginning July 1, 2001, through June 30, 2002, six and
14 eight-tenths percent (6.8%) of the regular annual
15 compensation of the member not in excess of any
16 applicable maximum compensation level of the member,
- 17 e. beginning July 1, 2002, through December 31, 2006,
18 seven and five-hundredths percent (7.05%) of the
19 regular annual compensation of the member not in
20 excess of any applicable maximum compensation level of
21 the member,
- 22 f. beginning January 1, 2007, through June 30, 2007,
23 seven and six-tenths percent (7.6%) of the regular
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- 1 annual compensation of the member not in excess of any
2 applicable maximum compensation level of the member,
3 g. beginning July 1, 2007, through December 31, 2007,
4 seven and eighty-five hundredths percent (7.85%) of
5 the regular annual compensation of the member not in
6 excess of any applicable maximum compensation level of
7 the member,
8 h. beginning January 1, 2008, through June 30, 2008,
9 eight and thirty-five hundredths percent (8.35%) of
10 the regular annual compensation of the member not in
11 excess of any applicable maximum compensation level of
12 the member,
13 i. beginning July 1, 2008, through December 31, 2008,
14 eight and five-tenths percent (8.5%) of the regular
15 annual compensation of the member not in excess of any
16 applicable maximum compensation level of the member,
17 j. beginning January 1, 2009, through December 31, 2009,
18 nine percent (9%) of the regular annual compensation
19 of the member not in excess of any applicable maximum
20 compensation level of the member,
21 k. beginning January 1, 2010, through June 30, 2010, nine
22 and five-tenths percent (9.5%) of the regular annual
23 compensation of the member not in excess of any
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1 applicable maximum compensation level of the member,
2 and

- 3 1. beginning July 1, 2010, through June 30, 2011, and for
4 each fiscal year thereafter, nine and five-tenths
5 percent (9.5%) of the regular annual compensation of
6 the member not in excess of any applicable maximum
7 compensation level of the member.

8 The employer contribution rate increase that would otherwise be
9 effective, as provided by subparagraphs f, g, h, i, j, k and l of
10 this paragraph, shall not become effective as law unless funding
11 levels to each of the affected participating employers within the
12 System are increased so that the additional employer contribution
13 obligation is funded through an appropriation or transfer of monies
14 instead of requiring the additional employer contribution to be paid
15 for from existing budgetary resources of such participating
16 employers. The participating employers shall use any monies
17 specifically made available for purposes of making employer
18 contributions for such purpose and to the extent of the funds made
19 available for that purpose.

- 20 2. a. Beginning January 1, 2007, through December 31, 2007,
21 a participating employer that employs an employee of a
22 comprehensive university or a regional institution
23 offering a four-year degree program as designated or
24 authorized by the Oklahoma State Regents for Higher

1 Education shall make contributions to the System with
2 respect to such employees at the rate of seven and
3 five-hundredths percent (7.05%) of the regular annual
4 compensation of the member not in excess of any
5 applicable maximum compensation level.

6 b. Beginning January 1, 2008, through December 31, 2008,
7 a participating employer that employs an employee of a
8 comprehensive university or a regional institution
9 offering a four-year degree program as designated or
10 authorized by the Oklahoma State Regents for Higher
11 Education shall make contributions to the System with
12 respect to such employees at the rate of seven and
13 fifty-five hundredths percent (7.55%) of the regular
14 annual compensation of the member not in excess of any
15 applicable maximum compensation level of the member.

16 c. Beginning January 1, 2009, through December 31, 2009,
17 a participating employer that employs an employee of a
18 comprehensive university or a regional institution
19 offering a four-year degree program as designated or
20 authorized by the Oklahoma State Regents for Higher
21 Education shall make contributions to the System with
22 respect to such employees at the rate of eight and
23 five hundredths percent (8.05%) of the regular annual
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1 compensation of the member not in excess of any
2 applicable maximum compensation level of the member.

3 d. Beginning January 1, 2010, through June 30, 2010, a
4 participating employer that employs an employee of a
5 comprehensive university or a regional institution
6 offering a four-year degree program as designated or
7 authorized by the Oklahoma State Regents for Higher
8 Education shall make contributions to the System with
9 respect to such employees at the rate of eight and
10 fifty-five hundredths percent (8.55%) of the regular
11 annual compensation of the member not in excess of any
12 applicable maximum compensation level of the member.

13 e. Beginning July 1, 2010, through June 30, 2011, and for
14 each fiscal year thereafter, a participating employer
15 that employs an employee of a comprehensive university
16 or a regional institution offering a four-year degree
17 program as designated or authorized by the Oklahoma
18 State Regents for Higher Education shall make
19 contributions to the System with respect to such
20 employees at the rate of eight and fifty-five
21 hundredths percent (8.55%) of the regular annual
22 compensation of the member not in excess of any
23 applicable maximum compensation level of the member.

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1 The employer contribution rate increase that would otherwise be
2 effective as provided by subparagraphs b, c, d and e of this
3 paragraph shall not become effective as law unless funding levels
4 are increased so that the additional employer contribution
5 obligation is funded through such an appropriation or transfer of
6 monies instead of requiring the additional employer contribution to
7 be paid for from existing budgetary resources of such participating
8 employers. The participating employers shall use any monies
9 specifically made available for purposes of making employer
10 contributions for such purpose and to the extent of the funds made
11 available for that purpose.

12 3. Any employer contribution paid to the System pursuant to
13 this subsection shall not be considered as salary, fringe benefit,
14 or total compensation due to members for the purpose of meeting any
15 legislative or contractual obligation of the employer.

16 4. Effective July 1, 2018, an employer shall be required to
17 make payment to the Teachers' Retirement System of Oklahoma of the
18 amount described by subsection A of Section 10 of this act with
19 respect to any employee who elects to become a participant in the
20 defined contribution plan created pursuant to the provisions of
21 Sections 1 through 11 of this act. The employer shall be required
22 to make the required matching contribution amount for all employees
23 that elect to participate in the defined contribution plan and to
24 remit the difference between such amount and the amount the employer

1 would otherwise have paid pursuant to the provisions of this section
2 to the Teachers' Retirement System of Oklahoma.

3 B. For entities or institutions within The Oklahoma State
4 System of Higher Education, the contributions to the System shall be
5 made on regular annual compensation of a member who is an employee
6 of such entity or institution not to exceed the maximum compensation
7 level in effect for the member as prescribed by law.

8 C. Employers paying contributions to the System pursuant to
9 subsection A or B of this section shall receive credit for that
10 portion of the gross production tax on natural gas and/or casinghead
11 gas apportioned to the System pursuant to subsection 2 of Section
12 1004 of Title 68 of the Oklahoma Statutes in meeting the total
13 required employer contribution. On an annual basis, the Board of
14 Trustees of the Teachers' Retirement System of Oklahoma shall
15 estimate the net additional cost required to be paid by the
16 contributing employers in order to meet the total employer
17 contribution as provided in subsection A or B of this section. The
18 Board of Trustees shall approve the amount of the additional
19 contribution required to be paid by contributing employers as a
20 percentage of total member salaries and fringe benefits for each
21 fiscal year ending June 30, no later than April 1 of the previous
22 fiscal year. In no event shall the additional contribution required
23 to be paid by the contributing employer under this subsection be
24 less than the contribution required under this subsection in the

1 prior year. In the event actual contributions do not equal the
2 required total contribution as provided in subsection A or B of this
3 section, the net difference between the actual contributions and the
4 required total contributions shall be determined and shall be
5 included in the amount of the additional contribution required to be
6 paid by contributing employers for the next fiscal year. All
7 contributing employers shall pay the same percentage of total member
8 salaries and fringe benefits during each fiscal year. The
9 provisions of this subsection shall terminate June 30, 1999.

10 D. Any school district, state college or university, State
11 Board of Education, State Board of Career and Technology Education,
12 or other state agency may, for and on behalf of any member of the
13 System, pay all or any portion of the contribution required by
14 Section 17-108 of this title. Provided, the contribution so paid by
15 any school district, state college or university, State Board of
16 Education, State Board of Career and Technology Education, or other
17 state agency shall be and remain subject to the withdrawal
18 provisions set forth under the System. Wherever the term
19 "contribution" is used, it shall be deemed to include contributions
20 paid for and on behalf of a member by a school district, state
21 college or university, State Board of Education, State Board of
22 Career and Technology Education, or other state agency.

23 E. All participating employers shall provide a complete record
24 of the total compensation paid to each employee, including any

1 person who is a retired member of the System, whether or not
2 employer and employee contributions are made with respect to such
3 compensation. The employer shall provide the report required by
4 this subsection on a monthly basis on a form or using such method as
5 the Teachers' Retirement System of Oklahoma may require and shall
6 provide a comprehensive annual report showing the correct
7 compensation, service credit and contributions for the prior fiscal
8 year. Each participating employer shall provide reasonable access
9 to its payroll records, records of contribution payments to the
10 System and all other records relevant to the participation of its
11 employees in the System, to the System, its employees or authorized
12 agents. A participating employer shall cooperate with auditors
13 retained by the System to audit its financial statements or
14 otherwise audit the financial operations of the System.

15 SECTION 14. This act shall become effective November 1, 2017.

16
17 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
18 PENSIONS, dated 02/28/2017 - DO PASS, As Amended and Coauthored.
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