

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 58th Legislature (2021)

4 HOUSE BILL 2293

By: Roberts (Dustin) of the
House

5 and

6 **Paxton** of the Senate

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10 AS INTRODUCED

11 An Act relating to the Teachers' Retirement System of
12 Oklahoma; amending 70 O.S. 2011, Section 17-108,
13 which relates to contributions; modifying provisions
14 related to computation of certain employer
15 contributions; specifying treatment of contributions
16 with respect to nonfederal source of funds; providing
17 an effective date; and declaring an emergency.

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

19 SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-108, is
20 amended to read as follows:

21 Section 17-108. A. Each local school district, ~~or~~ state
22 college or university, ~~or~~ State Board of Education, or State Board
23 of Career and Technology Education, or other state ~~agencies~~ agency
24 whose employees are members of the Teachers' Retirement System, shall match, on a pro rata basis, ~~in accordance with subsection B of~~

1 ~~this section~~ the contributions of members whose salaries are paid by
2 based on the member's regular annual compensation, regardless of the
3 source of funds, except federal funds or externally sponsored
4 agreements such as grants, contracts and cooperative agreements,
5 which shall be calculated pursuant to subsection B of this section.

6 These funds shall be remitted by the member's employer at the same
7 time as the regular contributions of members are remitted to the
8 Teachers' Retirement System of Oklahoma and deposited in the
9 Retirement Benefit Fund.

10 B. On an annual basis, the Board of Trustees shall set the
11 contribution rate to be paid by contributing employers because of
12 the use of federal funds as provided in subsection A of this
13 section. The contribution rate shall be determined using cost
14 principles established by federal regulations and shall be
15 consistent with policies, regulations and procedures that apply
16 uniformly to ~~both~~ federally assisted ~~and other~~ activities, and be
17 accorded consistent treatment through application of generally
18 accepted accounting principles. The Board shall approve the
19 contribution rate for each fiscal year ending June 30, no later than
20 April 1 of the previous fiscal year. No additional contribution by
21 the member or employer shall be required or allowed because of any
22 other nonfederal source of funds in subsection A of this section.

23 C. All the assets of the retirement system shall be credited
24 according to the purpose for which they are held to one of eight

1 funds, namely: The Teachers' Savings Fund, the Retirement Benefit
2 Fund, the Interest Fund, the Permanent Retirement Fund, the Expense
3 Fund, the Suspense Fund, the Teachers' Deposit Fund, and the Retiree
4 Medical Benefit Fund.

5 1. The Teachers' Savings Fund shall be a fund in which shall be
6 accumulated the regular contributions from the compensation of
7 members, including interest earnings prior to July 1, 1968.

8 Contributions to and payments from the Teachers' Savings Fund shall
9 be made as specifically provided in each plan available within the
10 retirement system.

11 2. The deductions provided for in the plans within the
12 retirement system shall be made notwithstanding that the minimum
13 compensation provided for any member shall be reduced thereby.

14 Every member shall be deemed to consent and agree to the deductions
15 made and provided for herein and payment of salary or compensation,
16 less the deduction, shall be a full and complete discharge and
17 acquittance of all claims and demands whatsoever for the services
18 rendered by such person during the period covered by such payment,
19 except as to the benefits provided under this act. The employer
20 shall certify to the Board of Trustees on each and every payroll, or
21 in such other manner as the Board may prescribe, the amounts to be
22 deducted, and each of the amounts shall be deducted, and when
23 deducted shall be paid into the Teachers' Savings Fund, and shall be
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1 credited to the individual account of the member from whose
2 compensation the deduction was made.

3 3. Following the termination of membership in the retirement
4 system for any member who has been absent from service for five (5)
5 years in any period of six (6) consecutive years, the Teachers'
6 Savings Fund Account of such member shall be closed and the amount
7 due the member as provided in Section 17-105 of this title shall be
8 paid upon the filing of formal application. At the time such
9 membership is terminated the amount due the member as provided in
10 Section 17-105 of this title shall be transferred to the Suspense
11 Fund.

12 4. Upon the retirement of a member, the balance of money he or
13 she had in the Teachers' Savings Fund shall be transferred to the
14 Retirement Benefit Fund.

15 5. Retirement Benefit Fund.

16 a. After August 2, 1969, there shall be transferred from
17 the Teachers' Savings Fund for those members drawing
18 retirement benefits from the Teachers' Retirement
19 System of Oklahoma an amount necessary to provide the
20 monthly annuity payments and pension payments as
21 required in Section 17-107 of this title. In addition
22 the fund shall consist of monies received from any
23 state dedicated revenue, monies received from state
24 appropriations, monies received from federal matching

1 funds, and the residue of the interest on investments
2 after the requirements of Section 17-107 of this title
3 have been fully met. The Retirement Benefit Fund
4 shall consist of an amount of money necessary for the
5 making of retirement payments to retirees.

6 b. Should a member have deposits in the Teachers' Deposit
7 Fund or the Tax-Sheltered Annuity Fund and wish to
8 receive monthly retirement benefits on such deposits,
9 the actuarial equivalent of a two-year period and each
10 succeeding fiscal year thereafter shall be transferred
11 to the Retirement Benefit Fund. The member may choose
12 any of the plans available in the Teachers' Retirement
13 Act as a method of receiving monthly retirement
14 benefits on the money he has on deposit in the
15 Teachers' Deposit Fund or the Tax-Sheltered Annuity
16 Fund. The monthly retirement benefits paid from the
17 Teachers' Deposit Fund or the Tax-Sheltered Annuity
18 Fund shall be in addition to the regular retirement
19 benefits and the money transferred from the Teachers'
20 Deposit Fund or Tax-Sheltered Annuity Fund shall not
21 be matched by the State of Oklahoma.

22 c. From the Retirement Benefit Fund shall be paid all
23 monthly retirement benefits.
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- 1 d. At the death of a retired member who has retired under
2 the Maximum Plan of Retirement, Option 1 or Option 4,
3 the balance of money the member has in the Teachers'
4 Savings Fund shall be transferred to the Retirement
5 Benefit Fund and the amount due the beneficiary or his
6 or her estate under Option 1 or Option 4 shall be paid
7 from the Retirement Benefit Fund.
- 8 e. At the death of both a retired member and the retired
9 member's spouse, who had retired under Option 2 or 3,
10 any balance in the Teachers' Savings Fund shall be
11 transferred from the Teachers' Savings Fund to the
12 Retirement Benefit Fund.
- 13 f. At the death of a retired member who had retired under
14 Option 5, the balance of any monies the member had in
15 the Teachers' Savings Fund shall be transferred to the
16 Retirement Benefit Fund for the purpose of making a
17 lump-sum settlement to the beneficiary or his estate.
18 Providing that if the surviving spouse elects to
19 receive the balance under the Maximum Plan of
20 Retirement or Option 1 the member's money, if any, on
21 a monthly basis, constituting actuarial equivalent of
22 two (2) years' payments, and each year thereafter the
23 annual actuarial equivalent, shall be transferred from
24 the Teachers' Savings Fund for the purpose of paying

1 monthly retirement benefits to the spouse under this
2 option.

3 6. The Interest Fund is hereby created to facilitate the
4 crediting of interest to the various other funds to which interest
5 is to be credited. All income, interest and dividends derived from
6 the deposits and investments authorized by this act shall be paid
7 into the Interest Fund. On June 30, each year, interest shall be
8 transferred to the other funds as herein provided.

9 7. The Permanent Retirement Fund shall consist of the
10 accumulated gifts, awards, and bequests made to the retirement
11 system, and transfers from the Suspense Fund, the principal of which
12 is hereby held and dedicated as a perpetual endowment of the
13 retirement system and shall not be diverted or appropriated to any
14 other cause or purpose unless specifically provided for in such
15 gifts, awards or bequests.

16 8. The Expense Fund shall be the fund from which the expense of
17 administration and maintenance of the retirement system shall be
18 paid. The Board of Trustees shall cause to be prepared and adopt
19 annually an itemized budget showing the amount required to defray
20 the expenses for the ensuing fiscal year.

21 Transfers to and payments from this fund shall be made as
22 follows: first, from the Interest Fund; second, from any dedicated
23 revenue; and, third, from appropriation by the Oklahoma Legislature.

1 All monies for the operation of the Teachers' Retirement System
2 of Oklahoma shall be paid from the Expense Fund upon the approval by
3 the Board of Trustees and the checks signed by two people designated
4 to sign such checks by the Board of Trustees of the Teachers'
5 Retirement System of Oklahoma.

6 9. The Suspense Fund shall be comprised of amounts transferred
7 to the fund as provided in this section and Section 17-105 of this
8 title and obligations of the retirement system to any member or
9 person which cannot be legally discharged.

10 10. Teachers' Deposit Fund.

11 Any member may request, prior to a pay period, that his or her
12 employer make additional deposits for him or her, for tax-sheltered
13 annuity purposes. However, the amount deposited shall not exceed
14 the limits as defined in Section 402(g) and Section 415 of the
15 Internal Revenue Code of 1986, as amended, and applicable federal
16 regulations. All such deposits shall be credited to the member's
17 account in the Teachers' Deposit Fund for the purchase of a tax-
18 sheltered annuity. The amount thus accumulated, with earnings,
19 shall be used upon the member's retirement, separation from service,
20 death or disability to purchase an annuity in addition to his or her
21 regular service retirement allowance. The amount a member
22 accumulates in the Teachers' Deposit Fund, not including interest,
23 may be used to pay distributions in the case of hardship as provided
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1 in Section 403(b)(11) of the Internal Revenue Code of 1986, as
2 amended, and applicable federal regulations.

3 11. Collection of Contributions.

4 The collection of members' contributions shall be as
5 follows:

6 (1) Each employer shall cause to be deducted on each
7 and every payroll or claim of a member for each
8 and every payroll claim period subsequent to the
9 date of establishment of the retirement system
10 the contribution payable by such member as
11 provided in this act. With each and every
12 payroll or claim the employer shall deliver to
13 the treasurer of the employer warrants issued to
14 the employees as shown to be due by the payroll
15 or claim, together with a warrant or warrants in
16 favor of the Teachers' Retirement System as shown
17 by the payroll or claim.

18 (2) The treasurer or disbursing officer upon delivery
19 of the warrants and a true copy of the payroll or
20 claims as provided above shall register the
21 warrants as provided for the registration of
22 other school warrants, and shall deliver to the
23 employer warrants issued in favor of the
24 employees, and shall deliver warrants issued in

1 favor of the Teachers' Retirement System and the
2 copy of the payroll or claims to the school
3 district superintendent as designated by the
4 Board of Trustees. For the purpose of collecting
5 contributions of teachers in the public schools,
6 the superintendent of a school district is hereby
7 designated to receive the Teachers' Retirement
8 warrants from the treasurer or proper disbursing
9 officer of the several school districts for the
10 purpose of transmitting such warrants and payroll
11 or claims to the Executive Director of the
12 Teachers' Retirement System of the State of
13 Oklahoma. Any college or university or other
14 educational institution or agency operated in
15 whole or in part by the state shall have the
16 amount retained or deducted from the funds
17 regularly appropriated by the state for the
18 current maintenance for such educational
19 departments and institutions.

- 20 (3) For the purpose of enabling the collection of the
21 contributions of the members of the retirement
22 system to be made as simple as possible, the
23 Board of Trustees shall require the secretary or
24 other officer of each employer-board or agency,

1 within thirty (30) days after the beginning of
2 each school year, to make a list of all teachers
3 in its employ who are members of the retirement
4 system, certify to the correctness of this list,
5 and file the same with the Executive Director of
6 the Board of Trustees of the Teachers' Retirement
7 System. If additions to or deductions from this
8 list should be made during the year such
9 additions or deductions shall likewise be
10 certified to the Board of Trustees of the
11 Teachers' Retirement System.

- 12 (4) The State Treasurer shall furnish annually to the
13 Board of Trustees a sworn statement of the amount
14 of the funds in his or her custody belonging to
15 the retirement system. The records of the Board
16 of Trustees shall be open to public inspection
17 and any member of the retirement system shall be
18 furnished with a statement of the amount of the
19 credit to his or her individual account upon
20 written request by such member, provided the
21 Board of Trustees shall not be required to answer
22 more than one such request of a member in any one
23 (1) year.

1 (5) Failure of any superintendent, officer, or other
2 person to discharge the duties imposed upon him
3 or her by this act shall render him or her or his
4 or her bondsman liable for any loss occasioned
5 thereby to the Teachers' Retirement System or the
6 employees of the school district, or both.

7 (6) On a showing by the Teachers' Retirement System
8 that a warrant, voucher or check issued to it
9 has, for any reason, been lost or never received,
10 after ninety (90) days from the date of issue or
11 from transmittal for payment, it shall be the
12 duty of the issuing authority forthwith, without
13 any indemnifying bond or other requirements, to
14 issue a duplicate thereof in lieu of that which
15 was lost, to the Teachers' Retirement System; and
16 the Teachers' Retirement System shall save
17 harmless any school district or agency of state
18 government making payment under the provisions
19 hereof to the State Teachers' Retirement System
20 if the original warrant, voucher or check is
21 later presented for payment and same is paid
22 after a duplicate warrant, voucher or check has
23 been issued and paid to the Teachers' Retirement
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1 System, and any loss sustained therefrom shall be
2 charged to the Interest Fund.

3 12. Rollover Contributions and Direct Trustee-to-Trustee
4 Transfers from Other Plans.

5 Any member may purchase credit for service, to the extent
6 specified in this title, with rollovers from an eligible retirement
7 plan as defined by the Internal Revenue Code of 1986, as amended
8 from time to time. A member may also purchase permissive service
9 credit, as defined by Code Section 415(n) (3) (A), with a direct
10 trustee-to-trustee transfer from a governmental Code Section 403(b)
11 plan or governmental Code Section 457(b) plan. All rollovers and
12 direct trustee-to-trustee transfers shall be allowed to the extent
13 permitted by federal law. Rollovers or direct transfers in excess
14 of the amount necessary to purchase such service credit shall not be
15 allowed.

16 13. Retiree Medical Benefit Fund.

17 The Retiree Medical Benefit Fund shall be maintained as a
18 subaccount under the Retirement Benefit Fund. The Retiree Medical
19 Benefit Fund is composed of all assets contributed to this
20 subaccount to pay the retirement system's portion of the monthly
21 retiree health insurance benefits described in Section 1316.3 of
22 Title 74 of the Oklahoma Statutes. All allocated assets and the
23 earnings thereon in the Retiree Medical Benefit Fund shall be held
24 for the exclusive purpose of providing retiree medical benefits

1 pursuant to Section 1316.3 of Title 74 of the Oklahoma Statutes.
2 The Retiree Medical Benefit Fund shall be administered in accordance
3 with the requirements under Section 401(h) of the Internal Revenue
4 Code of 1986, as amended from time to time. An amount necessary to
5 pay the health insurance premiums for retired members as provided by
6 Section 1316.3 of Title 74 of the Oklahoma Statutes shall be
7 deposited each month into the Retiree Medical Benefit Fund.

8 SECTION 2. This act shall become effective March 1, 2021.

9 SECTION 3. It being immediately necessary for the preservation
10 of the public peace, health or safety, an emergency is hereby
11 declared to exist, by reason whereof this act shall take effect and
12 be in full force from and after its passage and approval.

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14 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
15 PENSIONS, dated 02/23/2021 - DO PASS, As Coauthored.

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January 18, 2021

Representative Dustin Roberts
Room 456.2

Re: RBH No. 6260

RBH No. 6260 modifies the provisions relating to the computation of the contribution for OTRS employers.

RBH No. 6260 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