

## STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 2304

By: Frix

AS INTRODUCED

An Act relating to public retirement systems; amending 62 O.S. 2011, Section 3103, as last amended by Section 2, Chapter 245, O.S.L. 2018 (62 O.S. Supp. 2018, Section 3103), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definition; authorizing benefit increase for certain retired members of the Oklahoma Firefighters Pension and Retirement System; providing for offset; authorizing benefit increase for certain retired members of the Oklahoma Police Pension and Retirement System; providing for offset; authorizing retirement benefit increase for certain members of the Uniform Retirement System for Justices and Judges; authorizing retirement benefit increase for certain retired members of the Oklahoma Law Enforcement Retirement System; providing for offset; authorizing retirement benefit increase for certain retired members of the Teachers' Retirement System of Oklahoma; authorizing retirement benefit increase for certain retired members of the Oklahoma Public Employees Retirement System; providing for codification; and providing effective dates.

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 3103, as last amended by Section 2, Chapter 245, O.S.L. 2018 (62 O.S. Supp. 2018, Section 3103), is amended to read as follows:

1 Section 3103. As used in the Oklahoma Pension Legislation  
2 Actuarial Analysis Act:

3 1. "Amendment" means any amendment, including a substitute  
4 bill, made to a retirement bill by any committee of the House or  
5 Senate, any conference committee of the House or Senate or by the  
6 House or Senate;

7 2. "RB number" means that number preceded by the letters "RB"  
8 assigned to a retirement bill by the respective staffs of the  
9 Oklahoma State Senate and the Oklahoma House of Representatives when  
10 the respective staff office prepares a retirement bill for a member  
11 of the Legislature;

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

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

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

- 22 a. which does not affect the cost or funding factors of a  
23 retirement system, or  
24

- 1           b.    which affects such factors only in a manner which does  
2                   not:
- 3                   (1)   grant a benefit increase under the retirement  
4                            system affected by the bill,
- 5                   (2)   create an actuarial accrued liability for or  
6                            increase the actuarial accrued liability of the  
7                            retirement system affected by the bill, or
- 8                   (3)   increase the normal cost of the retirement system  
9                            affected by the bill,
- 10           c.    which authorizes the purchase by an active member of  
11                   the retirement system, at the actuarial cost for the  
12                   purchase as computed pursuant to the statute in effect  
13                   on the effective date of the measure allowing such  
14                   purchase, of years of service for purposes of reaching  
15                   a normal retirement date in the applicable retirement  
16                   system, but which cannot be used in order to compute  
17                   the number of years of service for purposes of  
18                   computing the retirement benefit for the member,
- 19           d.    which provides for the computation of a service-  
20                   connected disability retirement benefit for members of  
21                   the Oklahoma Law Enforcement Retirement System  
22                   pursuant to Section 2-305 of Title 47 of the Oklahoma  
23                   Statutes if the members were unable to complete twenty  
24                   (20) years of service as a result of the disability,

1 e. which requires membership in the defined benefit plan  
2 authorized by Section 901 et seq. of Title 74 of the  
3 Oklahoma Statutes for persons whose first elected or  
4 appointed service occurs on or after November 1, 2018,  
5 if such persons had any prior service in the Oklahoma  
6 Public Employees Retirement System prior to November  
7 1, 2015, ~~or~~

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

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

22 (2) the lesser of two percent (2%) of the gross  
23 annual retirement benefit of the member or One  
24 Thousand Two Hundred Dollars (\$1,200.00) and

1 requires that the benefit may only be provided if  
2 the funded ratio of the affected retirement  
3 system would be greater than eighty percent (80%)  
4 but not greater than one hundred percent (100%)  
5 after the benefit increase is paid,

6 (3) the lesser of two percent (2%) of the gross  
7 annual retirement benefit of the member or One  
8 Thousand Four Hundred Dollars (\$1,400.00) 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 one hundred percent  
12 (100%) after the benefit increase is paid, or

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

21 As used in this subparagraph, "funded ratio" means the  
22 figure derived by dividing the actuarial value of  
23 assets of the applicable retirement system by the  
24

1           actuarial accrued liability of the applicable  
2           retirement system, or

3           g. which provides a cost-of-living adjustment as  
4           prescribed by Sections 2 through 7 of this act.

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

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

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

1 8. "Retirement bill having a fiscal impact" means any  
2 retirement bill creating or establishing a retirement system and any  
3 other retirement bill other than a nonfiscal retirement bill; and

4 9. "Retirement system" means the Teachers' Retirement System of  
5 Oklahoma, the Oklahoma Public Employees Retirement System, the  
6 Uniform Retirement System for Justices and Judges, the Oklahoma  
7 Firefighters Pension and Retirement System, the Oklahoma Police  
8 Pension and Retirement System, the Oklahoma Law Enforcement  
9 Retirement System, or a retirement system established after January  
10 1, 2006.

11 SECTION 2. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 49-143.7 of Title 11, unless  
13 there is created a duplication in numbering, reads as follows:

14 A. Except as provided in subsection B of this section and  
15 except for persons receiving benefits pursuant to Section 49-101 of  
16 Title 11 of the Oklahoma Statutes, effective November 1, 2020, any  
17 person receiving benefits from the Oklahoma Firefighters Pension and  
18 Retirement System as of November 30, 2019, who continues to receive  
19 benefits on or after November 1, 2020, shall receive an eight-  
20 percent increase in said benefits on November 1, 2020.

21 B. Any increase in benefits a person is eligible to receive  
22 pursuant to repealed Section 49-136 of Title 11 of the Oklahoma  
23 Statutes after November 30, 2018, shall be used to offset the  
24 increase in benefits provided in subsection A of this section.

1 C. Effective November 1, 2020, any persons receiving benefits  
2 pursuant to Section 49-101 of Title 11 of the Oklahoma Statutes  
3 shall each receive a benefit equal to Eight Dollars and thirteen  
4 cents (\$8.13) for each year of credited service not to exceed thirty  
5 (30) years of service.

6 SECTION 3. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 50-136.9 of Title 11, unless  
8 there is created a duplication in numbering, reads as follows:

9 A. Except as provided in subsection B of this section, any  
10 person receiving benefits from the Oklahoma Police Pension and  
11 Retirement System as of November 30, 2019, who continues to receive  
12 benefits on or after November 1, 2020, shall receive an eight-  
13 percent increase in said benefits on November 1, 2020.

14 B. Any increase in benefits a person is eligible to receive  
15 pursuant to repealed Section 50-120 of Title 11 of the Oklahoma  
16 Statutes, after November 30, 2018, shall be offset by the increase  
17 in benefits, if any, provided by this section.

18 SECTION 4. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 1104K of Title 20, unless there  
20 is created a duplication in numbering, reads as follows:

21 Any person receiving benefits from the Uniform Retirement System  
22 for Justices and Judges as of November 30, 2019, who continues to  
23 receive benefits on or after November 1, 2020, shall receive an  
24 eight-percent increase in said benefits beginning in November 2020.



1 SECTION 5. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 2-305.12 of Title 47, unless  
3 there is created a duplication in numbering, reads as follows:

4 A. Except as provided in subsection B of this section, any  
5 person receiving benefits from the Oklahoma Law Enforcement  
6 Retirement System as of November 30, 2019, who continues to receive  
7 benefits on or after November 1, 2020, shall receive an eight-  
8 percent increase in said benefits beginning in November 2020.

9 B. Any increase in benefits a person is eligible to receive  
10 pursuant to subsection B, C or D of Section 2-305 of Title 47 of the  
11 Oklahoma Statutes, after November 30, 2020, shall be offset by the  
12 increase in benefits, if any, provided by this section.

13 SECTION 6. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 17-116.22 of Title 70, unless  
15 there is created a duplication in numbering, reads as follows:

16 A. Any person receiving benefits from the Teachers' Retirement  
17 System of Oklahoma as of November 30, 2019, other than those  
18 benefits specified in subsection B of this section, who continues to  
19 receive benefits on or after November 1, 2020, shall receive an  
20 eight-percent increase in said benefits beginning in November 2020.

21 B. Any person receiving benefits pursuant to subsection (3) of  
22 Section 17-105 of Title 70 of the Oklahoma Statutes whose benefits  
23 commenced prior to November 1, 2019, and who continues to receive  
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1 benefits on or after November 1, 2020, shall receive an eight-  
2 percent increase in said benefits beginning in November 2020.

3 SECTION 7. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 930.11 of Title 74, unless there  
5 is created a duplication in numbering, reads as follows:

6 Any person receiving benefits from the Oklahoma Public Employees  
7 Retirement System as of November 30, 2019, who continues to receive  
8 benefits on or after November 1, 2020, shall receive an eight-  
9 percent increase in said benefits beginning in November 2020.

10 SECTION 8. Section 1 of this act shall become effective  
11 October 1, 2020.

12 SECTION 9. Sections 2 through 7 of this act shall become  
13 effective November 1, 2020.

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15 57-1-7638 MAH 01/16/19

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January 17, 2019

Representative Avery Frix

Re: RBH No. 7638

RBH No. 7638

This bill amends the definition of a non fiscal bill in OPLAAA to include the increases contained in this bill.

This bill grants an 8% benefit increase for retired participants of Public Retirement Systems effective 11/01/2020.

RBH No. 7638 is a non fiscal bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act because of the change in definition of non fiscal in 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