

HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 2854

By: Wallace of the House

and

Thompson (Roger) of the
Senate

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

1 for participating service credit resulting from
2 purchase at actuarial cost; modifying provisions
3 related to membership of elected officials in defined
4 contribution plan; modifying provisions related to
5 payment of employer contributions; modifying
6 provisions related to participation in deferred
7 compensation plan; providing for codification; and
8 providing effective dates.

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

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

13 Section 3103. As used in the Oklahoma Pension Legislation
14 Actuarial Analysis Act:

15 1. "Amendment" means any amendment, including a substitute
16 bill, made to a retirement bill by any committee of the House or
17 Senate, any conference committee of the House or Senate or by the
18 House or Senate;

19 2. "RB number" means that number preceded by the letters "RB"
20 assigned to a retirement bill by the respective staffs of the
21 Oklahoma State Senate and the Oklahoma House of Representatives when
22 the respective staff office prepares a retirement bill for a member
23 of the Legislature;

24 3. "Legislative Actuary" means the firm or entity that enters
into a contract with the Legislative Service Bureau pursuant to
Section 452.15 of Title 74 of the Oklahoma Statutes to provide the

1 actuarial services and other duties provided for in the Oklahoma
2 Pension Legislation Actuarial Analysis Act;

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

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

8 a. which does not affect the cost or funding factors of a
9 retirement system,

10 b. which affects such factors only in a manner which does
11 not:

12 (1) grant a benefit increase under the retirement
13 system affected by the bill,

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

17 (3) increase the normal cost of the retirement system
18 affected by the bill,

19 c. which authorizes the purchase by an active member of
20 the retirement system, at the actuarial cost for the
21 purchase as computed pursuant to the statute in effect
22 on the effective date of the measure allowing such
23 purchase, of years of service for purposes of reaching
24 a normal retirement date in the applicable retirement

1 system, but which cannot be used in order to compute
2 the number of years of service for purposes of
3 computing the retirement benefit for the member,

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

10 e. which requires membership in the defined benefit plan
11 authorized by Section 901 et seq. of Title 74 of the
12 Oklahoma Statutes for persons whose first elected or
13 appointed service occurs on or after November 1, 2018,
14 if such persons had any prior service in the Oklahoma
15 Public Employees Retirement System prior to November
16 1, 2015,

17 f. which provides for a one-time increase in retirement
18 benefits if the increase in retirement benefits is not
19 a permanent increase in the gross annual retirement
20 benefit payable to a member or beneficiary, occurs
21 only once pursuant to a single statutory authorization
22 and does not exceed:

23 (1) the lesser of two percent (2%) of the gross
24 annual retirement benefit of the member or One

1 Thousand Dollars (\$1,000.00) and requires that
2 the benefit may only be provided if the funded
3 ratio of the affected retirement system would not
4 be less than sixty percent (60%) but not greater
5 than eighty percent (80%) after the benefit
6 increase is paid,

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

15 (3) the lesser of two percent (2%) of the gross
16 annual retirement benefit of the member or One
17 Thousand Four Hundred Dollars (\$1,400.00) and
18 requires that the benefit may only be provided if
19 the funded ratio of the affected retirement
20 system would be greater than one hundred percent
21 (100%) after the benefit increase is paid, or

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

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

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

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

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

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

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

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

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

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.

24

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:

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

17

18 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
19 02/16/2023 - DO PASS, As Coauthored.

20

21

22

23

24

25