

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 SENATE BILL 1028

By: Montgomery

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5  
6 AS INTRODUCED

7 An Act relating to state employees; amending Section  
8 5, Chapter 375, O.S.L. 2014, as last amended by  
9 Section 1, Chapter 267, O.S.L. 2016 (74 O.S. Supp.  
10 2020, Section 935.5), which relates to employer  
11 match; providing employer matching amount for  
12 employees electing to contribute certain amount to  
13 qualified Roth contribution program; authorizing  
14 qualified employees to contribute certain amount to  
15 qualified Roth contribution program; updating  
16 statutory reference; creating the Oklahoma State  
17 Employees Roth Savings Plan Fund; providing for  
18 codification; and providing an effective date.

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

20 SECTION 1. AMENDATORY Section 5, Chapter 375, O.S.L.  
21 2014, as last amended by Section 1, Chapter 267, O.S.L. 2016 (74  
22 O.S. Supp. 2020, Section 935.5), is amended to read as follows:

23 Section 935.5. A. Except as otherwise provided by subsection B  
24 of this section, employers of employees who become participants in  
the defined contribution retirement system shall match the employee  
contribution paid on a monthly or more frequent basis at the rate of  
six percent (6.0%) based on the same compensation amount used to  
compute the employee contribution amount.

1 B. If an employee selects a contribution rate of seven percent  
2 (7.0%) or more, but not higher than allowed pursuant to the maximum  
3 annual contribution limit prescribed by Section 415 of the Internal  
4 Revenue Code of 1986, as amended, the employer matching amount shall  
5 be seven percent (7.0%); provided, however, that if an employee  
6 elects to contribute two percent (2.0%) or more in addition to the  
7 minimum four and one-half percent (4.5%) to a qualified Roth  
8 contribution program, as defined in 26 U.S. Code 402(A), but not  
9 higher than the allowed amount pursuant to the maximum annual  
10 contribution limit for Roth contributions, the employer matching  
11 amount shall be seven percent (7.0%).

12 C. The initial four and five-tenths percent (4.5%) employee  
13 contribution shall be the only mandatory contribution of an employee  
14 participating in the defined contribution retirement system created  
15 by ~~this act~~ the Retirement Freedom Act. These funds shall be placed  
16 by the System in either a 401(a) plan or a 457(b) plan, to be  
17 determined by the Board to maintain the plan consistent with the  
18 Internal Revenue Code. Any employee contributions eligible to be  
19 matched under this section over the four and five-tenths percent  
20 (4.5%) initial contribution shall be considered voluntary deferrals  
21 of compensation and placed in a 457(b) plan. All employer matching  
22 funds shall be placed in a 401(a) plan.

23 Any contribution rate that is more than the four and five-tenths  
24 percent (4.5%) rate can be chosen by the participating employee upon

1 the employee's initial participation, and can be changed once per  
2 month. The employee contribution rate chosen shall continue until  
3 the employee elects to change the contribution rate or terminates  
4 service or retires.

5 D. The employer match as set forth in subsection A of this  
6 section may be increased at any time by the Legislature without  
7 affecting the then-existing rights of participating employees and  
8 beneficiaries in order to encourage participating employees to  
9 accumulate deferred income reserves for themselves and their  
10 dependents. The employer match may be decreased at any time by the  
11 Legislature without affecting the then-existing rights of  
12 participating employees and beneficiaries in order to provide  
13 funding as may be needed to reduce the unfunded liabilities of the  
14 defined benefit plan as set forth in Section 901 et seq. of this  
15 title, but shall not be less than six percent (6.0%) for any year  
16 during which the defined contribution plan is maintained.

17 SECTION 2. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 1707.1 of Title 74, unless there  
19 is created a duplication in numbering, reads as follows:

20 A. In lieu of the contributions by a qualified participant  
21 pursuant to Section 1707 of Title 74 of the Oklahoma Statutes, a  
22 qualified participant may elect to contribute Fifteen Dollars  
23 (\$15.00) per month to a qualified Roth contribution program, as  
24 defined by 26 U.S. Code 402(A) of the Internal Revenue Code, as

1 amended, to be overseen by the Oklahoma Public Employees Retirement  
2 System Board of Trustees.

3 B. There is hereby created in the State Treasury a revolving  
4 fund to be designated the "Oklahoma State Employees Roth Savings  
5 Plan Fund". The fund shall be a continuing fund, not subject to  
6 fiscal year limitations, and shall consist of any monies the  
7 Legislature may appropriate or transfer to the fund and any monies  
8 contributed for the fund from any other sources, public or private.  
9 All monies accruing to the credit of the fund are hereby  
10 appropriated and may be budgeted and expended by the Oklahoma Public  
11 Employees Retirement System for the matching of compensation  
12 contributions pursuant to this section and in accordance with rules  
13 promulgated by the Oklahoma Public Employees Retirement System.

14 SECTION 3. This act shall become effective November 1, 2021.

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