

STATE OF OKLAHOMA

2nd Session of the 44th Legislature (1994)

COMMITTEE SUBSTITUTE

FOR HOUSE BILL NO. 2228

By: Roberts

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; amending 11 O.S. 1991, Section 49-143.1, which relates to the Oklahoma Firefighters Pension and Retirement System; amending 11 O.S. 1991, Section 50-136.1, which relates to the Oklahoma Police Pension and Retirement System; amending 20 O.S. 1991, Section 1104E, which relates to the Uniform Retirement System for Justices and Judges; amending 47 O.S. 1991, Section 2-305.3, which relates to the Oklahoma Law Enforcement Retirement System; amending 70 O.S. 1991, Section 17-116.1, which relates to the Oklahoma Teachers' Retirement System; amending 74 O.S. 1991, Section 930.3, which relates to the Oklahoma Public Employees Retirement System; providing for cost of living adjustments in retirement benefits; creating Special Benefit Fund for Oklahoma Firefighters Pension and Retirement System, Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, Oklahoma Law Enforcement Retirement System, Teachers' Retirement System of Oklahoma and Oklahoma Public Employees Retirement System; requiring disclosure of information by retirement systems; requiring analysis of investment yield; providing for computation of yield; requiring computations related to assumed rates of return; authorizing transfer of monies to Special Benefit Funds; prescribing conditions for eligibility to receive distribution; providing for computation of benefit amounts; prohibiting transfers to Special Benefit Funds unless certain conditions met; providing for frequency of distributions; prescribing procedures for deposits to and withdrawals from Special Benefit Funds; providing for applicability of certain provisions of Oklahoma Constitution; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 1991, Section 49-143.1, is amended to read as follows:

Section 49-143.1 A. Except as provided in subsection B of this section and except for persons receiving benefits pursuant to Section 49-101 of this title, any person receiving benefits from the Oklahoma Firefighters Pension and Retirement System as of June

30, ~~1989~~ 1993, shall receive a five percent (5%) increase in said benefits on July 1, ~~1990~~ 1994.

B. Notwithstanding the provisions of Section 49-106.1 of this title, any increase in benefits a person is eligible to receive or has received during calendar year ~~1989~~ and 1990 and any subsequent calendar year pursuant to repealed Section 49-136 of this title, shall be used to offset the increase in benefits provided in subsection A of this section.

C. Notwithstanding the provisions of Section 49-106.1 of this title, effective July 1, ~~1990~~ 1994, any persons receiving benefits pursuant to Section 49-101 of this title shall each receive a benefit equal to ~~Five Dollars and thirty-three cents (\$5.33)~~ Five Dollars and sixty cents (\$5.60) for each year of credited service not to exceed thirty (30) years of service.

SECTION 2. AMENDATORY 11 O.S. 1991, Section 50-136.1, is amended to read as follows:

Section 50-136.1 A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, ~~1988~~ 1993, shall receive a ~~six percent (6%)~~ five percent (5%) increase in said benefits on July 1, ~~1988~~ 1994.

B. ~~For the fiscal year ending June 30, 1989~~ Notwithstanding the provisions of Section 50-111.3 of this title, any increase in benefits a person who is eligible to receive increased benefits in the manner specified in or has received during calendar year 1990 and any subsequent calendar year pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes ~~pursuant to a court decision shall receive the greater of:~~

~~1. The benefit increase provided in subsection A of this section; or~~

~~2. The benefit increase the person would receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes~~ this title shall be used to offset the increase in benefits provided in subsection A of this section.

SECTION 3. AMENDATORY 20 O.S. 1991, Section 1104E, is amended to read as follows:

Section 1104E. Every person receiving retirement benefits from the System as of June 30, ~~1989~~ 1993, shall receive ~~on July 1, 1990,~~ an a five percent (5%) increase in retirement benefits ~~to be computed as follows:~~

~~1. Multiply One Thousand One Hundred Fifty Dollars (\$1,150.00) by four percent (4%);~~

~~2. Multiply the sum of paragraph 1 by the number of years of credited service of the member;~~

~~3. Divide the sum of paragraph 2 by twelve (12) and this shall be the increase in the monthly retirement benefit;~~

~~4. This increase shall be adjusted to reflect any options selected by the member at the time of retirement on July 1, 1994.~~

SECTION 4. AMENDATORY 47 O.S. 1991, Section 2-305.3, is amended to read as follows:

Section 2-305.3 Any person receiving benefits from the Oklahoma Law Enforcement Retirement System as of June 30, ~~1989~~ 1993, shall receive a five percent (5%) increase in said benefits on July 1, ~~1990~~ 1994.

SECTION 5. AMENDATORY 70 O.S. 1991, Section 17-116.1, is amended to read as follows:

Section 17-116.1 A. Every annuitant receiving retirement benefits from the system as of June 30, ~~1986~~ 1993, shall receive, on July 1, ~~1986~~ 1994, a ~~six percent (6%)~~ five percent (5%) increase in retirement benefits.

B. Any member who retires during the period beginning July 1, 1986, through October 1, 1986, shall receive a six percent (6%) increase in their monthly benefit as computed pursuant to the provisions of Sections 17-101 through 17-116 of this title and Section 17-116.2 of this title.

SECTION 6. AMENDATORY 74 O.S. 1991, Section 930.3, is amended to read as follows:

Section 930.3 Every annuitant receiving retirement benefits from the System as of June 30, ~~1989~~ 1993, shall receive ~~on July 1, 1990~~ an a five percent (5%) increase in retirement benefits ~~to be computed as follows:~~

~~1. Multiply Eight Hundred Sixty-five Dollars (\$865.00) by two percent (2%);~~

~~2. Multiply the sum of paragraph 1 by the number of years of credited service of the member;~~

~~3. Divide the sum of paragraph 2 by twelve (12) and this shall be the increase in the monthly retirement benefit;~~

~~4. This increase shall be adjusted to reflect any options selected by the member at the time of retirement on July 1, 1994.~~

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 49-143.2 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the State Treasury a fund which shall be known as the "Oklahoma Firefighters Pension and Retirement System Special Benefit Fund". The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of monies transferred to the fund pursuant to the provisions of this section. All monies accruing to the credit of the fund are hereby appropriated and may be expended as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. For the fiscal year beginning July 1, 1994, and at the beginning of each fiscal year thereafter, the System shall disclose to the Oklahoma State Pension Commission the actuarial assumption for the assumed rate of return upon System assets which is to be used by the System for the current fiscal year. Such actuarial assumption shall be taken from the annual report of the System.

C. At the conclusion of the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter, the State Board shall conduct an analysis of the investment yield achieved by the System for the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter. The System shall compute investment yield according to a formula as follows:

1. The whole number two (2) shall be multiplied by the income of the System for the applicable year. Income for purposes of this computation shall consist of:

- a. interest earned by the System during the applicable year,
- b. dividends paid to the System during the applicable year,
- c. realized capital gains of the System for the applicable year, and
- d. unrealized capital gains of the System for the applicable year;

2. The result of the computation in paragraph 1 of this subsection shall be divided by a figure to be computed as follows:

- a. the market value of the System assets as of the beginning of the applicable year shall be added to the market value of the System assets as of the end of the applicable year, and
- b. from the sum of the two figures as provided in subparagraph a of this paragraph there shall be subtracted the income figure for the System for the applicable year as computed pursuant to subparagraphs a through d of paragraph 1 of this subsection.

D. The System shall add to the assumed rate of return upon System assets as disclosed to the Oklahoma State Pension Commission four (4) percentage points. The resulting figure shall be known as the Special Benefit Threshold. Any actual yield for the applicable year in excess of the Special Benefit Threshold shall be multiplied by the figure one-half (1/2).

E. For the fiscal year ending June 30, 1995, and for each fiscal year ending June 30 thereafter, there shall be transferred to the Special Benefit Fund for distribution as provided by this section an amount equal to one-half (1/2) of the amount, if any, of System investment gains in excess of the Special Benefit Threshold. For any fiscal year in which a transfer to the Special

Benefit Fund is made, the amount transferred shall be known as the Special Benefit Total.

F. In order to be eligible for a distribution from the Special Benefit Fund, a member must have retired as of June 30, 1993, for any special benefit distributed for the fiscal year ending June 30, 1995, and for ensuing years an eligible member must have retired as of the June 30 date two (2) years prior to the date as of which subsequent fiscal years end.

G. The State Board shall determine the number of members to whom benefits are paid or to whom benefits are payable as of June 30, 1995, and as of each June 30 for each year thereafter. Within ninety (90) days after the end of each fiscal year, the State Board shall make computations as follows:

1. The State Board shall determine the total number of firefighters who are eligible to receive a distribution from the Special Benefit Fund including both volunteers and compensated firefighters;

2. The total amount in the Special Benefit Fund shall be divided by the total number of eligible members;

3. The State Board shall compute a ratio by dividing the amount of monthly benefits paid to volunteer firefighters for the applicable year by the amount of monthly benefits paid to compensated firefighters for the applicable year. Such ratio shall be multiplied by the result of the computation in paragraph 2 of this subsection;

4. The result of the computation in paragraph 3 of this subsection shall be the amount paid to volunteer firefighters from the Special Benefit Fund;

5. The State Board shall divide the amount remaining in the Special Benefit Fund by the number of compensated firefighters eligible to receive a distribution as provided by this section and shall pay the resulting dollar amount to each compensated firefighter or eligible beneficiary of a compensated firefighter.

H. No monies shall be transferred to the Special Benefit Fund unless the State Board determines that the investment gains of the System exceed the Special Benefit Threshold. Any transfer to the

Special Benefit Fund made in violation of the provisions of this act shall be void.

I. Distributions from the Special Benefit Fund, if any, shall take place once each year and shall not occur at any other time than the time prescribed by this section.

J. The State Board shall make transfers to the Special Benefit Fund if otherwise permitted by the provisions of this section. Such transfers shall comply with applicable provisions of law regarding deposit of public funds in the State Treasury. Withdrawals from the Special Benefit Fund shall be made in accordance with general requirements of law regarding disbursement of public funds from the State Treasury. No monies transferred to the Special Benefit Fund shall be withdrawn or used for any purpose other than distributions to members as authorized by this section. The provisions of Section 12 of Article XXIII of the Oklahoma Constitution shall apply with full force and effect to any monies transferred to the Special Benefit Fund.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 50-136.2 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the State Treasury a fund which shall be known as the "Oklahoma Police Pension and Retirement System Special Benefit Fund". The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of monies transferred to the fund pursuant to the provisions of this section. All monies accruing to the credit of the fund are hereby appropriated and may be expended as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. For the fiscal year beginning July 1, 1994, and at the beginning of each fiscal year thereafter, the System shall disclose to the Oklahoma State Pension Commission the actuarial assumption for the assumed rate of return upon System assets which is to be used by the System for the current fiscal year. Such

actuarial assumption shall be taken from the annual report of the System.

C. At the conclusion of the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter, the State Board shall conduct an analysis of the investment yield achieved by the System for the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter. The System shall compute investment yield according to a formula as follows:

1. The whole number two (2) shall be multiplied by the income of the System for the applicable year. Income for purposes of this computation shall consist of:

- a. interest earned by the System during the applicable year,
- b. dividends paid to the System during the applicable year,
- c. realized capital gains of the System for the applicable year, and
- d. unrealized capital gains of the System for the applicable year;

2. The result of the computation in paragraph 1 of this subsection shall be divided by a figure to be computed as follows:

- a. the market value of the System assets as of the beginning of the applicable year shall be added to the market value of the System assets as of the end of the applicable year, and
- b. from the sum of the two figures as provided in subparagraph a of this paragraph there shall be subtracted the income figure for the System for the applicable year as computed pursuant to subparagraphs a through d of paragraph 1 of this subsection.

D. The System shall add to the assumed rate of return upon System assets as disclosed to the Oklahoma State Pension Commission four (4) percentage points. The resulting figure shall be known as the Special Benefit Threshold. Any actual yield for

the applicable year in excess of the Special Benefit Threshold shall be multiplied by the figure one-half (1/2).

E. For the fiscal year ending June 30, 1995, and for each fiscal year ending June 30 thereafter, there shall be transferred to the Special Benefit Fund for distribution as provided by this section an amount equal to one-half (1/2) of the amount, if any, of System investment gains in excess of the Special Benefit Threshold. For any fiscal year in which a transfer to the Special Benefit Fund is made, the amount transferred shall be known as the Special Benefit Total.

F. In order to be eligible for a distribution from the Special Benefit Fund, a member must have retired as of June 30, 1993 for any special benefit distributed for the fiscal year ending June 30, 1995, and for ensuing years an eligible member must have retired as of the June 30 date two (2) years prior to the date as of which subsequent fiscal years end.

G. The State Board shall determine the number of members to whom benefits are paid or to whom benefits are payable as of June 30, 1995, and as of each June 30 for each year thereafter. The State Board shall compute the special benefit amount for each eligible member by dividing the Special Benefit Total by the number of eligible beneficiaries as of each June 30 date. Within ninety (90) days after the end of each fiscal year, the State Board shall make payment of a per capita amount of the Special Benefit Total contained in the Special Benefit Fund to each of the eligible beneficiaries as determined pursuant to this subsection.

H. No monies shall be transferred to the Special Benefit Fund unless the State Board determines that the investment gains of the System exceed the Special Benefit Threshold. Any transfer to the Special Benefit Fund made in violation of the provisions of this act shall be void.

I. Distributions from the Special Benefit Fund, if any, shall take place once each year and shall not occur at any other time than the time prescribed by this section.

J. The State Board shall make transfers to the Special Benefit Fund if otherwise permitted by the provisions of this

section. Such transfers shall comply with applicable provisions of law regarding deposit of public funds in the State Treasury. Withdrawals from the Special Benefit Fund shall be made in accordance with general requirements of law regarding disbursement of public funds from the State Treasury. No monies transferred to the Special Benefit Fund shall be withdrawn or used for any purpose other than distributions to members as authorized by this section. The provisions of Section 12 of Article XXIII of the Oklahoma Constitution shall apply with full force and effect to any monies transferred to the Special Benefit Fund.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1104F of Title 20, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the State Treasury a fund which shall be known as the "Uniform Retirement System for Justices and Judges Special Benefit Fund". The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of monies transferred to the fund pursuant to the provisions of this section. All monies accruing to the credit of the fund are hereby appropriated and may be expended as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. For the fiscal year beginning July 1, 1994, and at the beginning of each fiscal year thereafter, the System shall disclose to the Oklahoma State Pension Commission the actuarial assumption for the assumed rate of return upon System assets which is to be used by the System for the current fiscal year. Such actuarial assumption shall be taken from the annual report of the System.

C. At the conclusion of the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter, the Board shall conduct an analysis of the investment yield achieved by the System for the fiscal year ending June 30, 1995, and at the

conclusion of each fiscal year thereafter. The System shall compute investment yield according to a formula as follows:

1. The whole number two (2) shall be multiplied by the income of the System for the applicable year. Income for purposes of this computation shall consist of:

- a. interest earned by the System during the applicable year,
- b. dividends paid to the System during the applicable year,
- c. realized capital gains of the System for the applicable year, and
- d. unrealized capital gains of the System for the applicable year;

2. The result of the computation in paragraph 1 of this subsection shall be divided by a figure to be computed as follows:

- a. the market value of the System assets as of the beginning of the applicable year shall be added to the market value of the System assets as of the end of the applicable year, and
- b. from the sum of the two figures as provided in subparagraph a of this paragraph there shall be subtracted the income figure for the System for the applicable year as computed pursuant to subparagraphs a through d of paragraph 1 of this subsection.

D. The System shall add to the assumed rate of return upon System assets as disclosed to the Oklahoma State Pension Commission four (4) percentage points. The resulting figure shall be known as the Special Benefit Threshold. Any actual yield for the applicable year in excess of the Special Benefit Threshold shall be multiplied by the figure one-half (1/2).

E. For the fiscal year ending June 30, 1995, and for each fiscal year ending June 30 thereafter, there shall be transferred to the Special Benefit Fund for distribution as provided by this section an amount equal to one-half (1/2) of the amount, if any, of System investment gains in excess of the Special Benefit

Threshold. For any fiscal year in which a transfer to the Special Benefit Fund is made, the amount transferred shall be known as the Special Benefit Total.

F. In order to be eligible for a distribution from the Special Benefit Fund, a member must have retired as of June 30, 1993, for any special benefit distributed for the fiscal year ending June 30, 1995, and for ensuing years an eligible member must have retired as of the June 30 date two (2) years prior to the date as of which subsequent fiscal years end.

G. The Board shall determine the number of members to whom benefits are paid or to whom benefits are payable as of June 30, 1995, and as of each June 30 for each year thereafter. The Board shall compute the special benefit amount for each eligible member by dividing the Special Benefit Total by the number of eligible beneficiaries as of each June 30 date. Within ninety (90) days after the end of each fiscal year, the Board shall make payment of a per capita amount of the Special Benefit Total contained in the Special Benefit Fund to each of the eligible beneficiaries as determined pursuant to this subsection.

H. No monies shall be transferred to the Special Benefit Fund unless the Board determines that the investment gains of the System exceed the Special Benefit Threshold. Any transfer to the Special Benefit Fund made in violation of the provisions of this act shall be void.

I. Distributions from the Special Benefit Fund, if any, shall take place once each year and shall not occur at any other time than the time prescribed by this section.

J. The Board shall make transfers to the Special Benefit Fund if otherwise permitted by the provisions of this section. Such transfers shall comply with applicable provisions of law regarding deposit of public funds in the State Treasury. Withdrawals from the Special Benefit Fund shall be made in accordance with general requirements of law regarding disbursement of public funds from the State Treasury. No monies transferred to the Special Benefit Fund shall be withdrawn or used for any purpose other than distributions to members as authorized by this section. The

provisions of Section 12 of Article XXIII of the Oklahoma Constitution shall apply with full force and effect to any monies transferred to the Special Benefit Fund.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2-305.3A of Title 47, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the State Treasury a fund which shall be known as the "Oklahoma Law Enforcement Retirement System Special Benefit Fund". The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of monies transferred to the fund pursuant to the provisions of this section. All monies accruing to the credit of the fund are hereby appropriated and may be expended as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. For the fiscal year beginning July 1, 1994, and at the beginning of each fiscal year thereafter, the System shall disclose to the Oklahoma State Pension Commission the actuarial assumption for the assumed rate of return upon System assets which is to be used by the System for the current fiscal year. Such actuarial assumption shall be taken from the annual report of the System.

C. At the conclusion of the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter, the Board shall conduct an analysis of the investment yield achieved by the System for the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter. The System shall compute investment yield according to a formula as follows:

1. The whole number two (2) shall be multiplied by the income of the System for the applicable year. Income for purposes of this computation shall consist of:

- a. interest earned by the System during the applicable year,

- b. dividends paid to the System during the applicable year,
- c. realized capital gains of the System for the applicable year, and
- d. unrealized capital gains of the System for the applicable year;

2. The result of the computation in paragraph 1 of this subsection shall be divided by a figure to be computed as follows:

- a. the market value of the System assets as of the beginning of the applicable year shall be added to the market value of the System assets as of the end of the applicable year, and
- b. from the sum of the two figures as provided in subparagraph a of this paragraph there shall be subtracted the income figure for the System for the applicable year as computed pursuant to subparagraphs a through d of paragraph 1 of this subsection.

D. The System shall add to the assumed rate of return upon System assets as disclosed to the Oklahoma State Pension Commission four (4) percentage points. The resulting figure shall be known as the Special Benefit Threshold. Any actual yield for the applicable year in excess of the Special Benefit Threshold shall be multiplied by the figure one-half (1/2).

E. For the fiscal year ending June 30, 1995, and for each fiscal year ending June 30 thereafter, there shall be transferred to the Special Benefit Fund for distribution as provided by this section an amount equal to one-half (1/2) of the amount, if any, of System investment gains in excess of the Special Benefit Threshold. For any fiscal year in which a transfer to the Special Benefit Fund is made, the amount transferred shall be known as the Special Benefit Total.

F. In order to be eligible for a distribution from the Special Benefit Fund, a member must have retired as of June 30, 1993, for any special benefit distributed for the fiscal year ending June 30, 1995, and for ensuing years an eligible member

must have retired as of the June 30 date two (2) years prior to the date as of which subsequent fiscal years end.

G. The Board shall determine the number of members to whom benefits are paid or to whom benefits are payable as of June 30, 1995, and as of each June 30 for each year thereafter. The Board shall compute the special benefit amount for each eligible member by dividing the Special Benefit Total by the number of eligible beneficiaries as of each June 30 date. Within ninety (90) days after the end of each fiscal year, the Board shall make payment of a per capita amount of the Special Benefit Total contained in the Special Benefit Fund to each of the eligible beneficiaries as determined pursuant to this subsection.

H. No monies shall be transferred to the Special Benefit Fund unless the Board determines that the investment gains of the System exceed the Special Benefit Threshold. Any transfer to the Special Benefit Fund made in violation of the provisions of this act shall be void.

I. Distributions from the Special Benefit Fund, if any, shall take place once each year and shall not occur at any other time than the time prescribed by this section.

J. The Board shall make transfers to the Special Benefit Fund if otherwise permitted by the provisions of this section. Such transfers shall comply with applicable provisions of law regarding deposit of public funds in the State Treasury. Withdrawals from the Special Benefit Fund shall be made in accordance with general requirements of law regarding disbursement of public funds from the State Treasury. No monies transferred to the Special Benefit Fund shall be withdrawn or used for any purpose other than distributions to members as authorized by this section. The provisions of Section 12 of Article XXIII of the Oklahoma Constitution shall apply with full force and effect to any monies transferred to the Special Benefit Fund.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-116.1A of Title 70, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the State Treasury a fund which shall be known as the "Teachers' Retirement System of Oklahoma Special Benefit Fund". The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of monies transferred to the fund pursuant to the provisions of this section. All monies accruing to the credit of the fund are hereby appropriated and may be expended as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. For the fiscal year beginning July 1, 1994, and at the beginning of each fiscal year thereafter, the System shall disclose to the Oklahoma State Pension Commission the actuarial assumption for the assumed rate of return upon System assets which is to be used by the System for the current fiscal year. Such actuarial assumption shall be taken from the annual report of the System.

C. At the conclusion of the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter, the State Board shall conduct an analysis of the investment yield achieved by the System for the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter. The System shall compute investment yield according to a formula as follows:

1. The whole number two (2) shall be multiplied by the income of the System for the applicable year. Income for purposes of this computation shall consist of:

- a. interest earned by the System during the applicable year,
- b. dividends paid to the System during the applicable year,
- c. realized capital gains of the System for the applicable year, and
- d. unrealized capital gains of the System for the applicable year;

2. The result of the computation in paragraph 1 of this subsection shall be divided by a figure to be computed as follows:

- a. the market value of the System assets as of the beginning of the applicable year shall be added to the market value of the System assets as of the end of the applicable year, and
- b. from the sum of the two figures as provided in subparagraph a of this paragraph there shall be subtracted the income figure for the System for the applicable year as computed pursuant to subparagraphs a through d of paragraph 1 of this subsection.

D. The System shall add to the assumed rate of return upon System assets as disclosed to the Oklahoma State Pension Commission four (4) percentage points. The resulting figure shall be known as the Special Benefit Threshold. Any actual yield for the applicable year in excess of the Special Benefit Threshold shall be multiplied by the figure one-half (1/2).

E. For the fiscal year ending June 30, 1995, and for each fiscal year ending June 30 thereafter, there shall be transferred to the Special Benefit Fund for distribution as provided by this section an amount equal to one-half (1/2) of the amount, if any, of System investment gains in excess of the Special Benefit Threshold. For any fiscal year in which a transfer to the Special Benefit Fund is made, the amount transferred shall be known as the Special Benefit Total.

F. In order to be eligible for a distribution from the Special Benefit Fund, a member must have retired as of June 30, 1993, for any special benefit distributed for the fiscal year ending June 30, 1995, and for ensuing years an eligible member must have retired as of the June 30 date two (2) years prior to the date as of which subsequent fiscal years end.

G. The Board shall determine the number of members to whom benefits are paid or to whom benefits are payable as of June 30, 1995, and as of each June 30 for each year thereafter. The Board shall compute the special benefit amount for each eligible member by dividing the Special Benefit Total by the number of eligible beneficiaries as of each June 30 date. Within ninety (90) days

after the end of each fiscal year, the State Board shall make payment of a per capita amount of the Special Benefit Total contained in the Special Benefit Fund to each of the eligible beneficiaries as determined pursuant to this subsection.

H. No monies shall be transferred to the Special Benefit Fund unless the Board determines that the investment gains of the System exceed the Special Benefit Threshold. Any transfer to the Special Benefit Fund made in violation of the provisions of this act shall be void.

I. Distributions from the Special Benefit Fund, if any, shall take place once each year and shall not occur at any other time than the time prescribed by this section.

J. The Board shall make transfers to the Special Benefit Fund if otherwise permitted by the provisions of this section. Such transfers shall comply with applicable provisions of law regarding deposit of public funds in the State Treasury. Withdrawals from the Special Benefit Fund shall be made in accordance with general requirements of law regarding disbursement of public funds from the State Treasury. No monies transferred to the Special Benefit Fund shall be withdrawn or used for any purpose other than distributions to members as authorized by this section. The provisions of Section 12 of Article XXIII of the Oklahoma Constitution shall apply with full force and effect to any monies transferred to the Special Benefit Fund.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 930.4 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created within the State Treasury a fund which shall be known as the "Oklahoma Public Employees Retirement System Special Benefit Fund". The fund shall be a continuing fund not subject to fiscal year limitations and shall consist of monies transferred to the fund pursuant to the provisions of this section. All monies accruing to the credit of the fund are hereby appropriated and may be expended as provided in this act.

Expenditures from the fund shall be made upon warrants issued by

the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

B. For the fiscal year beginning July 1, 1994, and at the beginning of each fiscal year thereafter, the System shall disclose to the Oklahoma State Pension Commission the actuarial assumption for the assumed rate of return upon System assets which is to be used by the System for the current fiscal year. Such actuarial assumption shall be taken from the annual report of the System.

C. At the conclusion of the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter, the State Board shall conduct an analysis of the investment yield achieved by the System for the fiscal year ending June 30, 1995, and at the conclusion of each fiscal year thereafter. The System shall compute investment yield according to a formula as follows:

1. The whole number two (2) shall be multiplied by the income of the System for the applicable year. Income for purposes of this computation shall consist of:

- a. interest earned by the System during the applicable year,
- b. dividends paid to the System during the applicable year,
- c. realized capital gains of the System for the applicable year, and
- d. unrealized capital gains of the System for the applicable year;

2. The result of the computation in paragraph 1 of this subsection shall be divided by a figure to be computed as follows:

- a. the market value of the System assets as of the beginning of the applicable year shall be added to the market value of the System assets as of the end of the applicable year, and
- b. from the sum of the two figures as provided in subparagraph a of this paragraph there shall be subtracted the income figure for the System for the applicable year as computed pursuant to

subparagraphs a through d of paragraph 1 of this subsection.

D. The System shall add to the assumed rate of return upon System assets as disclosed to the Oklahoma State Pension Commission four (4) percentage points. The resulting figure shall be known as the Special Benefit Threshold. Any actual yield for the applicable year in excess of the Special Benefit Threshold shall be multiplied by the figure one-half (1/2).

E. For the fiscal year ending June 30, 1995, and for each fiscal year ending June 30 thereafter, there shall be transferred to the Special Benefit Fund for distribution as provided by this section an amount equal to one-half (1/2) of the amount, if any, of System investment gains in excess of the Special Benefit Threshold. For any fiscal year in which a transfer to the Special Benefit Fund is made, the amount transferred shall be known as the Special Benefit Total.

F. In order to be eligible for a distribution from the Special Benefit Fund, a member must have retired as of June 30, 1993, for any special benefit distributed for the fiscal year ending June 30, 1995, and for ensuing years an eligible member must have retired as of the June 30 date two (2) years prior to the date as of which subsequent fiscal years end.

G. The Board shall determine the number of members to whom benefits are paid or to whom benefits are payable as of June 30, 1995, and as of each June 30 for each year thereafter. The Board shall compute the special benefit amount for each eligible member by dividing the Special Benefit Total by the number of eligible beneficiaries as of each June 30 date. Within ninety (90) days after the end of each fiscal year, the Board shall make payment of a per capita amount of the Special Benefit Total contained in the Special Benefit Fund to each of the eligible beneficiaries as determined pursuant to this subsection.

H. No monies shall be transferred to the Special Benefit Fund unless the Board determines that the investment gains of the System exceed the Special Benefit Threshold. Any transfer to the

Special Benefit Fund made in violation of the provisions of this act shall be void.

I. Distributions from the Special Benefit Fund, if any, shall take place once each year and shall not occur at any other time than the time prescribed by this section.

J. The Board shall make transfers to the Special Benefit Fund if otherwise permitted by the provisions of this section. Such transfers shall comply with applicable provisions of law regarding deposit of public funds in the State Treasury. Withdrawals from the Special Benefit Fund shall be made in accordance with general requirements of law regarding disbursement of public funds from the State Treasury. No monies transferred to the Special Benefit Fund shall be withdrawn or used for any purpose other than distributions to members as authorized by this section. The provisions of Section 12 of Article XXIII of the Oklahoma Constitution shall apply with full force and effect to any monies transferred to the Special Benefit Fund.

SECTION 13. This act shall become effective July 1, 1994.

SECTION 14. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

44-2-9060

MAH