ENROLLED HOUSE
BILL NO. 2407

By: Paulk, Roberts and Benson of the House

and

Leftwich and Monson of the Senate

An Act relating to county retirement systems; amending 19 O.S. 1991, Section 956.2, as last amended by Section 1, Chapter 95, O.S.L. 1993 (19 O.S. Supp. 1993, Section 956.2), which relates to a defined contribution county retirement system; restricting payment of administrative costs from certain sources; requiring administrative costs for defined contribution retirement system be paid from certain sources; and providing an effective date.

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

SECTION 1. AMENDATORY 19 O.S. 1991, Section 956.2, as last amended by Section 1, Chapter 95, O.S.L. 1993 (19 O.S. Supp. 1993, Section 956.2), is amended to read as follows:

Section 956.2 A. In lieu of the retirement benefits specified in Section 956 of this title, upon approval by the board of trustees and the board of county commissioners, a county authorized to provide a retirement system pursuant to the provisions of Section 951 et seq. of this title, with a population in excess of five hundred fifty thousand (550,000), may provide for retirement benefits for the retirement system based upon the contributions of the individual employee, if any, contributions of the county for the benefit of such employee, if any, together with earnings accruals thereon for such periods of time as the board of trustees and the board of county commissioners, in their discretion, may determine best meets the purpose of the retirement system. Notwithstanding any other provision in this section, a retirement benefits plan based upon the contributions by or for the benefit of an employee as provided in this subsection shall be subject to the following vesting restrictions:

1. Twenty percent (20%) vesting after two (2) years of service;
2. Forty percent (40%) vesting after three (3) years of service;
3. Sixty percent (60%) vesting after four (4) years of service;
4. Eighty percent (80%) vesting after five (5) years of service; and
5. One hundred percent (100%) vesting after six (6) years of service.

These vesting restrictions are for the benefit of a participating member or other designated beneficiary after the employment of the member is permanently terminated with a participating employer of the retirement plan. An employee is permanently terminated after termination from employment with a participating employer after passage of the period of time specified in the retirement plan. Pending permanent termination of an employee, the non-vested portion of the monies will be held in escrow until the time for reinstatement has lapsed as specified in the retirement plan. After the time for reinstatement has lapsed, any non-vested forfeitures shall be used to offset prospective employer contributions or to pay expenses associated with the retirement plan.

B. Notwithstanding other provisions of law, the accumulated vested benefits of a member, as provided in this section, who dies before retirement or permanent termination of employment, may be withdrawn from time to time in whole or in part by the beneficiary of the deceased member upon application to the Board of Trustees in a manner prescribed by the Board of Trustees.

C. If a county elects to provide benefits pursuant to this section, all persons participating in the existing system shall be given the option of remaining subject to the existing retirement system. All persons becoming members of the retirement system after the effective date of this act would be required to participate in the defined contribution benefit system specified in this section. Upon approval of the board of trustees and the board of county commissioners, the existing liabilities under the defined benefits system provided in Section 956 of this title and the liabilities accrued under the defined contribution benefit system provided in this section may be funded by annuities purchased from annuity or insurance companies licensed to do business in this state as recommended by the board of trustees and approved by the board of county commissioners.

<u>D. All administrative costs associated with the operation of a retirement system based upon the contributions of the individual employee as authorized by this section shall be paid exclusively from the contributions made by individual employees electing to participate in the system and any income generated from investment of the funds of the system. No costs associated with the operation of a defined contribution retirement system may be paid from funds used in the operation of a defined benefit retirement system provided by a county as otherwise authorized by law.</u>

SECTION 2. This act shall become effective September 1, 1994.

Passed the House of Representatives the 28th day of February, 1994.

Speaker of the House of Representatives

Passed the Senate the 4th day of April, 1994.

President of the Senate