

ENGROSSED HOUSE AMENDMENT
TO
ENGROSSED SENATE BILL NO. 472

By: Henry of the Senate

and

Kinnamon of the House

♦ [retirement - retirement compensation - ♥ effective
date]

AMENDMENT NO. 1. Strike the stricken title, enacting clause and
entire bill and insert

An Act relating to The Uniform Retirement System for
Justices and Judges; amending 20 O.S. 1991, Section
1104, as amended by Section 2, Chapter 318, O.S.L.
1995 (20 O.S. Supp. 1996, Section 1104), which
relates to retirement compensation; authorizing
certain members to elect computation of benefits
using certain final average salary; prohibiting
benefit in excess of certain percentage of average
monthly salary; requiring payment for benefits at
actuarial cost; prescribing method to determine
actuarial costs; providing for service credit
transfer; providing for scope of eligible years;
providing for cancellation of service credit in
Oklahoma Public Employees Retirement System;
defining terms; prescribing procedures for credit
transfer; requiring payment of amount determined
pursuant to computations; authorizing payment
during prescribed time period; providing for pro

rata reduction of credit under certain circumstances; providing for use of service years transferred; providing for transfer of service credit for certain withdrawn contributions; providing for cancellation of service credit transfer based upon certain conditions; requiring rules; providing for codification; providing an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 20 O.S. 1991, Section 1104, as amended by Section 2, Chapter 318, O.S.L. 1995 (20 O.S. Supp. 1996, Section 1104), is amended to read as follows:

Section 1104. A. Each ~~Justice~~ justice or judge who is a member of The Uniform Retirement System for Justices and Judges upon retirement shall be entitled to receive as retirement compensation,

until changed by the Legislature, an annual amount, each monthly payment of which shall be in an amount equal to four percent (4%) of the average monthly salary received by him or her as a ~~Justice~~ justice or judge based on the last three (3) years of active service multiplied by the number of total years of service as a ~~Justice~~ justice or judge of a court of record. Provided, however, that no ~~Justice~~ justice or judge may receive a monthly retirement benefit in excess of seventy percent (70%) of the average monthly salary based on the last three (3) years of active service and found applicable to such ~~Justice~~ justice or judge at the time of retirement.

Retirement compensation shall be payable monthly out of the State Judicial Retirement Fund by warrants prepared by the Executive Director of the Public Employees Retirement System and issued by the State Treasurer.

B. Effective July 1, 1997, each justice or judge who was a member of The Uniform Retirement System for Justices and Judges at the time of retirement who initially began receiving benefits before July 1, 1995, may elect to receive as retirement compensation, until changed by the Legislature, an annual amount, each monthly payment of which shall be in an amount equal to four percent (4%) of the average monthly salary received by him or her as a justice or judge based on the last three (3) years of active service multiplied by the number of total years of service as a justice or judge of a court of record. Provided, however, that no justice or judge may receive a monthly retirement benefit in excess of seventy percent (70%) of the average monthly salary based on the last three (3) years of active service and found applicable to such justice or judge at the time of retirement. Retirement compensation shall be payable monthly out of the State Judicial Retirement Fund by warrants prepared by the Executive Director of the Oklahoma Public Employees Retirement System and issued by the State Treasurer.

C. A retired member of The Uniform Retirement System for Justices and Judges who elects to receive benefits computed pursuant to subsection B of this section shall pay to the System the actuarial cost of the increase, if any, in the benefits payable pursuant to an election filed by the member. The actuarial cost of such benefits shall be computed according to the requirements of Section 1103G of this title.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 1103H of Title 20, unless there is created a duplication in numbering, reads as follows:

A. An active member of The Uniform Retirement System for Justices and Judges may receive credit for those years of service accumulated by the member while a member of the Oklahoma Public Employees Retirement System, for years of participating service during which the member was an attorney licensed to practice law, a member of the Oklahoma Bar Association and not subjected to any form of disciplinary action by the Oklahoma Bar Association, if:

1. The member is an active member of The Uniform Retirement System for Justices and Judges;

2. The member provides notice to the Oklahoma Public Employees Retirement System and The Uniform Retirement System for Justices and Judges of the member's election to transfer said service credit. The notice shall include a list of the years to be transferred; and

3. The member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system, notwithstanding the years of service sought to be transferred under this section.

B. Members electing to take advantage of the transfer authorized by this section who are receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system shall have all service credit with the Oklahoma Public Employees Retirement System canceled which is not transferred

to The Uniform Retirement System for Justices and Judges or used as a cash offset in such a transfer pursuant to paragraph 4 of subsection C of this section. Service credit transferred to The Uniform Retirement System for Justices and Judges under this section shall also be canceled with the Oklahoma Public Employees Retirement System.

C. For purposes of this section, the "sending system" shall mean the Oklahoma Public Employees Retirement System. The "receiving system" shall mean The Uniform Retirement System for Justices and Judges. The procedure for transferring credit shall be as follows:

1. Within thirty (30) days notification of an intent to transfer is received by the sending system, the sending system shall, according to its own rules:

- a. for members who have accrued at least eight (8) years of credited service with the sending system, determine the present value of the member's earned benefits attributable to the years of service sought to be transferred, discounted according to the member's age at the time of transfer and computed as of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation, but shall not make any projections regarding future salary. For employees who have accrued at least eight (8) years of credited service, the sending system shall use the product of this calculation for purposes of determining the transfer fee to be paid by the employee under paragraph 3 of this subsection so long

as it is greater than the product of the calculation in subparagraph b of this paragraph, and

- b. determine the sum of the employee and employer contributions applicable to the years of service sought to be transferred plus interest consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation. For all nonvested members, and for members who have accrued at least eight (8) years of credited service, if the product of this calculation is greater than the product of the calculation in subparagraph a of this paragraph, the sending system shall use the product of this calculation for purposes of determining the amount to be transferred by the sending system under paragraph 3 of this subsection and any transfer fee to be paid by the member under paragraph 4 of this subsection;

2. Within thirty (30) days notification of an intent to transfer is received by the receiving system, the receiving system shall determine, according to the system's own rules and regulations, the present value of the member's incremental projected benefits discounted according to the member's age at the time of the transfer. Incremental projected benefits shall be the difference between the projected benefit said member would receive without transferring the service credit and the projected benefit after transfer of service credit computed as of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest, salary projections and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation;

3. The sending system shall, within sixty (60) days from the date notification of an intent to transfer is received by the sending system, transfer to the receiving system the amount determined in paragraph 1 of this subsection. Except if the cost as calculated under paragraph 1 of this subsection is greater than the actuarial value of the incremental benefit in the receiving system, as established in paragraph 2 of this subsection, the sending system shall send the receiving system an amount equal to the actuarial value of the incremental projected benefit in the receiving system; and

4. In order to receive the credit provided for in subsection A of this section, if the cost of the actuarial value of the incremental benefit to the receiving system is greater than the cost as calculated under paragraph 1 of this subsection for the same years of service to the sending system as established in paragraphs 1 and 2 of this subsection, the employee shall elect to:

- a. pay any difference to receive full credit for the years sought to be transferred, or
- b. receive prorated service credit for only the amount received from the Oklahoma Public Employees Retirement System pursuant to this section.

Such an election shall be made in writing, filed with the System prior to receiving the credit provided for in subsection A of this subsection, and shall be irrevocable.

D. Within sixty (60) days of successfully completing all of the requirements for transfer under this section, the sending system shall pay the receiving system any amount due under this section. Within sixty (60) days of successfully completing all of the requirements for transfer under this section, the member shall pay the receiving system any amount due under this section. In the event that the member is unable to pay the transfer fee provided for in this section by the due date, the Board of Trustees of the

receiving system shall permit the member to amortize the transfer fee over a period not to exceed sixty (60) months. Said payments shall be made by payroll deductions unless the Board of Trustees permits an alternate payment source. The amortization shall include interest in an amount not to exceed the actuarially assumed interest rate adopted by the Board of Trustees for investment earnings each year. Any member who ceases to make payment, terminates, retires or dies before completing the payments provided for in this section shall receive prorated service credit for only those payments made, unless the unpaid balance is paid by said member, his or her estate or successor in interest within six (6) months after said member's death, termination of employment or retirement. No retirement benefits shall be payable until the unpaid balance is paid, unless said member or beneficiary affirmatively waives the additional six-month period in which to pay the unpaid balance.

E. Years of service transferred pursuant to this section shall be used both in determining the member's retirement benefit and in determining the years of service for retirement and/or vesting purposes. Years of service rendered as a member of the Oklahoma Public Employees Retirement System prior to July 1, 1992, if any, shall be deemed to be years of service rendered as a member of The Uniform Retirement System for Justices and Judges prior to July 1, 1992, and shall qualify such person as a member of The Uniform Retirement System for Justices and Judges before July 1, 1992.

F. Notwithstanding the requirements of subsection (5) of Section 917 of Title 74 of the Oklahoma Statutes, members electing to take advantage of the transfer authorized by this section who have withdrawn their contributions from the sending system shall remit to the sending system the amount of the accumulated contributions the member has withdrawn plus simple interest of ten percent (10%) per annum prior to making said election or the election shall be deemed invalid and the transfer shall be canceled.

If such an election is deemed invalid and the transfer is canceled, the accumulated contribution remitted to the sending system by the member who originally withdrew their contributions shall be returned to the member. The member's rights and obligations regarding any service credit reestablished in the sending system due to a failure to satisfy the requirements of this section shall be determined by the sending system in accordance with Section 901 et seq. of Title 74 of the Oklahoma Statutes.

G. If any member fails for any reason to satisfy the requirements of this section, the election to transfer service credit shall be void and of no effect, and any service credited as a result of this transfer shall be canceled. If such service is canceled, the years of canceled service credit which were unsuccessfully transferred to the receiving system from the sending system shall be reestablished in the sending system. The member's rights and obligations regarding any service credit reestablished in the sending system due to a failure to satisfy the requirements of this section shall be determined by the sending system in accordance with Section 901 et seq. of Title 74 of the Oklahoma Statutes.

H. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this section.

SECTION 3. This act shall become effective July 1, 1997.

SECTION 4. 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."

Passed the House of Representatives the 1st day of April, 1997.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 1997.

President of the Senate