

ENGROSSED HOUSE
BILL NO. 1234

By: Askins and Nance of the
House

and

Monson of the Senate

(Oklahoma Firefighters Pension and Retirement
System - amending 11 O.S., Section 49-143.3 -
benefit adjustments - determination of CPI-U -
repealing 11 O.S., Section 49-143.1 - effective
date -

emergency)

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 49-143.4 of Title 11, unless
there is created a duplication in numbering, reads as follows:

Automatic indexed cost-of-living allowance (COLA) shall not be
permitted in any year in which the actuarial funded ratio of the
Oklahoma Firefighters Pension and Retirement System would fall below
eighty-five percent (85%) after such COLA is granted.

SECTION 2. AMENDATORY Section 2, Chapter 317, O.S.L.
1998, as amended by Section 2, Chapter 228, O.S.L. 1999 (11 O.S.
Supp. 2000, Section 49-143.3), is amended to read as follows:

Section 49-143.3 A. For purposes of this section the following
definitions shall apply:

1. "Initial COLA Benefit Date" means the later of the member's
date of benefit commencement or January 1, 1981. This date is used
in the definition of Initial COLA Benefit and Target COLA Benefit;

2. "Initial COLA Benefit" means the accrued retirement benefit which will be used as the base benefit for determining the Target COLA Benefit. The Initial COLA Benefit equals the benefit in payment status as of the Initial COLA Benefit Date. Furthermore, this benefit will reflect adjustment for military service credits, if any, granted after the Initial COLA Benefit Date;

3. "CPI-U" means the Consumer Price Index for all urban consumers for all goods and services, as published by the Bureau of Labor Statistics, U.S. Department of Labor. This is used as a measure of price inflation for the development of the Target COLA Benefit defined below; and

4. "Target COLA Benefit" is the Initial COLA Benefit adjusted to reflect price inflation as measured by CPI-U. The Target COLA Benefit is calculated for each eligible member to equal the member's Initial COLA Benefit multiplied by a ratio of (A) divided by (B) as follows:

(A) is the CPI-U as follows:

(1) for benefit increases effective July 1, 2001, the CPI-U as of July 1, ~~1997~~ 2000;

(2) for benefit increases effective July 1, 2002, the CPI-U as of July 1, 2001;

(3) for benefit increases effective July 1, 2003, the CPI-U as of July 1, 2002;

(4) for benefit increases effective July 1, 2004 the CPI-U as of July 1, 2003; and

(5) for benefit increases effective July 1, 2005, the CPI-U as of July 1, 2004.

(B) is the CPI-U as of July 1 of the calendar year of the Initial COLA Benefit Date.

B. 1. The State Board shall, effective July 1, ~~1999~~ 2001, implement a benefit adjustment, to increase, if necessary, the retirement benefit for any person receiving accrued retirement

benefits from the System as of June 30, ~~1997~~ 2000. This benefit adjustment is intended to restore one hundred percent (100%) of the loss of the Initial COLA Benefit, if any, due to price inflation, as measured by CPI-U. The benefit adjustment shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June ~~1998~~ 2001 retirement benefit. Persons who retired after December 31, ~~1996~~ 1999, and before July 1, ~~1997~~ 2000, shall receive a benefit increase based on one hundred percent (100%) of one-half (1/2) of the CPI-U change for the period beginning January 1, ~~1997~~ 2000, and before July 1, ~~1997~~ 2000.

2. The State Board shall, effective July 1, 2002, implement a benefit adjustment, to increase, if necessary, the retirement benefit for any person receiving accrued retirement benefits from the System as of June 30, 2001. This benefit adjustment is intended to restore one hundred percent (100%) of the loss of the Initial COLA Benefit, if any, due to price inflation, as measured by CPI-U. The benefit adjustment shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2002 retirement benefit. Persons who retired after December 31, 2000, and before July 1, 2001, shall receive a benefit increase based on one hundred percent (100%) of one-half (1/2) of the CPI-U change for the period beginning January 1, 2001, and before July 1, 2001.

3. The State Board shall, effective July 1, 2003, implement a benefit adjustment, to increase, if necessary, the retirement benefit for any person receiving accrued retirement benefits from the System as of June 30, 2002. This benefit adjustment is intended to restore one hundred percent (100%) of the loss of the Initial COLA Benefit, if any, due to price inflation, as measured by CPI-U. The benefit adjustment shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2003 retirement benefit. Persons who retire after December 31,

2001, and before July 1, 2002, shall receive a benefit increase based on one hundred percent (100%) of one-half (1/2) of the CPI-U change for the period beginning January 1, 2002, and before July 1, 2002.

4. The State Board shall, effective July 1, 2004, implement a benefit adjustment, to increase, if necessary, the retirement benefit for any person receiving accrued retirement benefits from the System as of June 30, 2003. This benefit adjustment is intended to restore one hundred percent (100%) of the loss of the Initial COLA Benefit, if any, due to price inflation, as measured by CPI-U. The benefit adjustment shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2004 retirement benefit. Persons who retire after December 31, 2002, and before July 1, 2003, shall receive a benefit increase based on one hundred percent (100%) of one-half (1/2) of the CPI-U change for the period beginning January 1, 2003, and before July 1, 2003.

5. The State Board shall, effective July 1, 2005, implement an annual benefit adjustment to increase, if necessary, the retirement benefit for any person receiving accrued retirement benefits from the System as of June 30, 2004. This benefit adjustment is intended to restore one hundred percent (100%) of the loss of the Initial COLA Benefit, if any, due to price inflation, as measured by CPI-U. The benefit adjustment shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2003 retirement benefit. Persons who retire after December 31, 2003, and before July 1, 2004, shall receive a benefit increase based on one hundred percent (100%) of one-half (1/2) of the CPI-U change for the period beginning January 1, 2004, and before July 1, 2004.

C. 1. Effective July 1, 2001, any person receiving benefits pursuant to Section 49-101 of this title shall receive a benefit

equal to Seven Dollars (\$7.00) per month for each year of credited service not to exceed thirty (30) years of credited service.

2. Effective July 1, 2002, the State Board shall implement an annual benefit adjustment to increase, if necessary, the monthly benefit of any person receiving benefits pursuant to Section 49-101 of this title as of June 30, 2001. The benefit adjustment implemented by the State Board shall equal the amount per month for each year of credited service not to exceed thirty (30) years of credited service by which any person receives benefits pursuant to Section 49-101 of this title, and shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2001 retirement benefit.

3. Effective July 1, 2003, the State Board shall implement an annual benefit adjustment to increase, if necessary, the monthly benefit of any person receiving benefits pursuant to Section 49-101 of this title as of June 30, 2002. The benefit adjustment implemented by the State Board shall equal the amount per month for each year of credited service not to exceed thirty (30) years of credited service by which any person receives benefits pursuant to Section 49-101 of this title, and shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2002 retirement benefit.

4. Effective July 1, 2004, the State Board shall implement an annual benefit adjustment to increase, if necessary, the monthly benefit of any person receiving benefits pursuant to Section 49-101 of this title as of June 30, 2003. The benefit adjustment implemented by the State Board shall equal the amount per month for each year of credited service not to exceed thirty (30) years of credited service by which any person receives benefits pursuant to Section 49-101 of this title, and shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2003 retirement benefit.

5. Effective July 1, 2005, the State Board shall implement an annual benefit adjustment to increase, if necessary, the monthly benefit of any person receiving benefits pursuant to Section 49-101 of this title as of June 30, 2004. The benefit adjustment implemented by the State Board shall equal the amount per month for each year of credited service not to exceed thirty (30) years of credited service by which any person receives benefits pursuant to Section 49-101 of this title, and shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 2004 retirement benefit.

D. In determining CPI-U, for purposes of applying price inflation in the development of the Target COLA Benefit for the two (2) fiscal years ending June 30, 1999, combined, the State Board shall use four and seven tenths of a percent (4.7%).

E. The State Board shall cease implementing the provisions of this section on a prospective basis if the actuarial funded percentage of the System in any future year is less than seven (7) percentage points of the actuarial funded percentage of the System as of July 1, 1999, on a fiscal year basis. For purposes of comparing the actuarial funded percentage of the System as of July 1, 1999, with the actuarial funded percentage of the System for future years, the July 1, 1999, actuarial assumed interest rate shall be used.

~~E. F.~~ Any increase in benefits a person is eligible to receive pursuant to repealed Section 49-136 of Title 11 of the Oklahoma Statutes, ~~after June 30, 1998,~~ shall be offset by the increase in benefits, if any, provided by this section.

SECTION 3. REPEALER 11 O.S. 1991, Section 49-143.1, as last amended by Section 1, Chapter 337, O.S.L. 2000 (11 O.S. Supp. 2000, Section 49-143.1), is hereby repealed.

SECTION 4. This act shall become effective July 1, 2001.

SECTION 5. 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 12th day of March, 2001.

Presiding Officer of the House of
Representatives

Passed the Senate the ____ day of _____, 2001.

Presiding Officer of the Senate