

STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

CONFERENCE COMMITTEE SUBSTITUTE  
FOR ENGROSSED  
SENATE BILL 1226

By: Coffee of the Senate

and

Ferguson of the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to the Oklahoma Public Employees Retirement System; establishing alternative retirement option for certain members; stating purpose; providing for actuarial reduction of benefit after year member is Medicare-eligible; providing for actuarially neutral calculation; limiting calculations; basing formula on certain premiums; providing for updating of formula; limiting certain changes to retirement benefit; providing for irrevocable election; providing for promulgation of rules; providing condition before election may be received; providing for codification; providing an effective date; and declaring an 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 915.3 of Title 74, unless there is created a duplication in numbering, reads as follows:

On or before January 1, 2005, the Oklahoma Public Employees Retirement System shall implement a retirement benefit option for members retiring prior to being Medicare-eligible. The purpose of this option is to allow a person who retires prior to being Medicare-eligible to elect to receive an increased benefit to help cover the cost of the member and dependent health insurance premiums, if any, until such member is eligible to receive Medicare. Beginning in January of the year following such year that the member becomes Medicare-eligible, his or her retirement benefit will be reduced by an actuarial amount. The alternative retirement benefit

option shall be devised so that the increased pre-Medicare retirement benefit and the lower post-Medicare retirement benefit shall have a neutral actuarial cost to the System. The System may, but shall not be required to, make individual actuarial calculations; however, the actuarial reduction necessary to provide this alternative retirement benefit option shall be calculated after and in addition to any reduction necessary to provide a survivor benefit pursuant to Section 918 of Title 74 of the Oklahoma Statutes. The increased pre-Medicare retirement benefit may not equal an individual's actual premium, but the formula used shall be based upon the retiree pre-Medicare health insurance premiums of the plans offered by the State and Education Employees Group Insurance Board at the time the member retires. The System shall on or before January 1 of each year update the formula based upon new health insurance premium data of the plans offered by the State and Education Employees Group Insurance Board to retired members. A member retiring under the alternative retirement benefit option shall have the member's retirement benefit based upon the formula in use at the time of retirement and shall not be amended thereafter to reflect further changes in health insurance premiums. A member electing to participate in the alternative retirement benefit option shall make an irrevocable election at the time of retirement to participate in such option. Provided further, that any married member making this election shall comply with the provisions of Section 918 of Title 74 of the Oklahoma Statutes. The Board of Trustees of the Oklahoma Public Employees Retirement System shall promulgate such rules as are necessary to implement the provisions of this section.

No member shall be eligible to make the election provided for in this section until the Board receives official written notice that this alternative retirement benefit option satisfies the tax qualification requirements for governmental plans applicable to such

benefit options as specified in the Internal Revenue Code of 1986, as amended from time to time and as applicable to governmental plans and the relevant regulatory provisions and guidance related thereto.

SECTION 2. This act shall become effective July 1, 2004.

SECTION 3. 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.

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SJ

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