

STATE OF OKLAHOMA

2nd Session of the 51st Legislature (2008)

CONFERENCE COMMITTEE  
SUBSTITUTE FOR  
ENGROSSED  
HOUSE BILL NO. 3112

By: Peterson (Ron), Smithson  
and Brannon of the House

and

Mazzei of the Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to public retirement systems;  
authorizing retirement benefit increases for certain  
members of the Oklahoma Firefighters Pension and  
Retirement System, the Oklahoma Police Pension and  
Retirement System, the Uniform Retirement System for  
Justices and Judges, the Oklahoma Law Enforcement  
Retirement System, the Teachers' Retirement System of  
Oklahoma and the Oklahoma Public Employees Retirement  
System; specifying amount of benefit increase;  
defining terms; prohibiting certain county from  
taking actions related to defined benefit retirement  
plan; requiring concurrent funding; requiring  
actuarial analysis; amending 74 O.S. 2001, Section  
909.1, as last amended by Section 23, Chapter 536,  
O.S.L. 2004 (74 O.S. Supp. 2007, Section 909.1),  
which relates to duties and reports of the Board;  
permitting certain access to data in lieu of report;  
amending 74 O.S. 2001, Section 914, as last amended  
by Section 1, Chapter 367, O.S.L. 2007 (74 O.S. Supp.  
2007, Section 914), which relates to retired members;  
prohibiting certain retired members from being  
rehired for certain time period in certain  
circumstances; amending 74 O.S. 2001, Section 920, as  
last amended by Section 26, Chapter 536, O.S.L. 2004  
(74 O.S. Supp. 2007, Section 920), which relates to  
the certification of the contribution rate; modifying  
date the certification is due; deleting certain  
recipient of certification; amending 20 O.S. 2001,  
Section 1108, as last amended by Section 12, Chapter

1 536, O.S.L. 2004 (20 O.S. Supp. 2007, Section 1108),  
2 which relates to compilation of a quarterly financial  
3 report; permitting certain access to data in lieu of  
4 report; amending 20 O.S. 2001, Section 92.5, which  
5 relates to judicial districts; modifying provisions  
6 related to certain judicial elections; amending 74  
7 O.S. 2001, Section 1303, as last amended by Section  
8 1, Chapter 231, O.S.L. 2006 (74 O.S. Supp. 2007,  
9 Section 1303), which relates to definitions;  
10 modifying definition; amending Section 4, Chapter  
11 231, O.S.L. 2006 (74 O.S. Supp. 2007, Section  
12 1309.1), which relates to coverage for dependents;  
13 modifying requirements for coverage; providing for  
14 codification; providing an effective date; and  
15 declaring an emergency.

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

17 SECTION 1. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 49-143.6 of Title 11, unless  
19 there is created a duplication in numbering, reads as follows:

20 A. Except as provided in subsection B of this section and  
21 except for persons receiving benefits pursuant to Section 49-101 of  
22 Title 11 of the Oklahoma Statutes, effective July 1, 2008, any  
23 person receiving benefits from the Oklahoma Firefighters Pension and  
24 Retirement System as of June 30, 2007, who continues to receive  
benefits on or after July 1, 2008, shall receive a four-percent  
increase in said benefits on July 1, 2008.

B. 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, 2006, shall be used to offset the increase  
in benefits provided in subsection A of this section.

1 C. Effective July 1, 2008, any persons receiving benefits  
2 pursuant to Section 49-101 of Title 11 of the Oklahoma Statutes  
3 shall each receive a benefit equal to Seven Dollars and fifty-three  
4 cents (\$7.53) for each year of credited service not to exceed thirty  
5 (30) years of service.

6 SECTION 2. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 50-136.8 of Title 11, unless  
8 there is created a duplication in numbering, reads as follows:

9 A. Except as provided in subsection B of this section, any  
10 person receiving benefits from the Oklahoma Police Pension and  
11 Retirement System as of June 30, 2007, who continues to receive  
12 benefits on or after July 1, 2008, shall receive a four-percent  
13 increase in said benefits on July 1, 2008.

14 B. Any increase in benefits a person is eligible to receive  
15 pursuant to repealed Section 50-120 of Title 11 of the Oklahoma  
16 Statutes, after June 30, 2006, shall be offset by the increase in  
17 benefits, if any, provided by this section.

18 SECTION 3. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 1104J of Title 20, unless there  
20 is created a duplication in numbering, reads as follows:

21 Any person receiving benefits from the Uniform Retirement System  
22 for Justices and Judges as of June 30, 2007, who continues to  
23 receive benefits on or after July 1, 2008, shall receive a four-  
24 percent increase in said benefits beginning in July 2008.

1 SECTION 4. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 2-305.11 of Title 47, unless  
3 there is created a duplication in numbering, reads as follows:

4 A. Except as provided in subsection B of this section, any  
5 person receiving benefits from the Oklahoma Law Enforcement  
6 Retirement System as of June 30, 2007, who continues to receive  
7 benefits on or after July 1, 2008, shall receive a four-percent  
8 increase in said benefits beginning in July 2008.

9 B. Any increase in benefits a person is eligible to receive  
10 pursuant to subsection B, C or D of Section 2-305 of Title 47 of the  
11 Oklahoma Statutes, after June 30, 2008, shall be offset by the  
12 increase in benefits, if any, provided by this section.

13 SECTION 5. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 17-116.21 of Title 70, unless  
15 there is created a duplication in numbering, reads as follows:

16 A. Any person receiving benefits from the Teachers' Retirement  
17 System of Oklahoma as of June 30, 2007, other than those benefits  
18 specified in subsection B of this section, who continues to receive  
19 benefits on or after July 1, 2008, shall receive a two-percent  
20 increase in said benefits beginning in July 2008.

21 B. Any person receiving benefits pursuant to subsection (3) of  
22 Section 17-105 of Title 70 of the Oklahoma Statutes whose benefits  
23 commenced prior to July 1, 2007, and who continues to receive  
24

1 benefits on or after July 1, 2008, shall receive a two-percent  
2 increase in said benefits beginning in July 2008.

3 SECTION 6. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 930.10 of Title 74, unless there  
5 is created a duplication in numbering, reads as follows:

6 Any person receiving benefits from the Oklahoma Public Employees  
7 Retirement System as of June 30, 2007, who continues to receive  
8 benefits on or after July 1, 2008, shall receive a four-percent  
9 increase in said benefits beginning in July 2008.

10 SECTION 7. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 965 of Title 19, unless there is  
12 created a duplication in numbering, reads as follows:

13 A. As used in this section:

14 1. "Concurrent funding" means an increase in employer  
15 contributions, employee contributions, apportioned tax revenues or  
16 other assets transferred to the county retirement plan to offset any  
17 increase in unfunded actuarial accrued liability of the plan; and

18 2. "Unfunded actuarial accrued liability" means the excess of  
19 the actuarial accrued liability over the actuarial value of assets.

20 B. A county actively maintaining a defined benefit retirement  
21 plan for both existing and new employees on or after the effective  
22 date of this act which plan was established pursuant to the  
23 authority of Section 951 et seq. of Title 19 of the Oklahoma  
24 Statutes shall not adopt any plan amendment or otherwise modify the

1 defined benefit plan provisions in any manner that would result in  
2 an increase in the unfunded actuarial accrued liability of the  
3 retirement plan.

4 C. A county may adopt a plan amendment or other modification  
5 that increases retirement benefits or that would otherwise increase  
6 the unfunded actuarial accrued liability of the retirement plan if  
7 the county provides concurrent funding for the plan amendment or  
8 other proposed plan modification.

9 D. Before a county described by this section adopts a plan  
10 amendment or other plan modification, the proposed plan amendment or  
11 other plan modification shall be reviewed by a qualified actuary who  
12 shall prepare an impact statement with respect to the proposed plan  
13 amendment or other plan modification. The actuary shall provide the  
14 impact statement to the plan administrator, if applicable, and to  
15 the county clerk of the county maintaining the retirement plan.

16 E. If the impact statement prepared by the actuary determines  
17 that the proposed plan amendment or other plan modification would  
18 increase the unfunded actuarial accrued liability of the county  
19 retirement plan, the county shall not adopt or implement the  
20 amendment or other modification unless the county provides  
21 concurrent funding.

22 SECTION 8. AMENDATORY 74 O.S. 2001, Section 909.1, as  
23 last amended by Section 23, Chapter 536, O.S.L. 2004 (74 O.S. Supp.  
24 2007, Section 909.1), is amended to read as follows:

1 Section 909.1 A. The Oklahoma Public Employees Retirement  
2 System Board of Trustees shall discharge their duties with respect  
3 to the System solely in the interest of the participants and  
4 beneficiaries and:

5 1. For the exclusive purpose of:

6 a. providing benefits to participants and their  
7 beneficiaries, and

8 b. defraying reasonable expenses of administering the  
9 System;

10 2. With the care, skill, prudence, and diligence under the  
11 circumstances then prevailing that a prudent person acting in a like  
12 capacity and familiar with such matters would use in the conduct of  
13 an enterprise of a like character and with like aims;

14 3. By diversifying the investments of the System so as to  
15 minimize the risk of large losses, unless under the circumstances it  
16 is clearly prudent not to do so; and

17 4. In accordance with the laws, documents and instruments  
18 governing the System.

19 B. The Board of Trustees may procure insurance indemnifying the  
20 members of the Board of Trustees from personal loss or  
21 accountability from liability resulting from a member's action or  
22 inaction as a member of the Board of Trustees.

23 C. The Board of Trustees may establish an investment committee.  
24 The investment committee shall be composed of not more than five (5)

1 members of the Board of Trustees appointed by the chairman of the  
2 Board of Trustees. The committee shall make recommendations to the  
3 full Board of Trustees on all matters related to the choice of  
4 custodians and managers of the assets of the System, on the  
5 establishment of investment and fund management guidelines, and in  
6 planning future investment policy. The committee shall have no  
7 authority to act on behalf of the Board of Trustees in any  
8 circumstances whatsoever. No recommendation of the committee shall  
9 have effect as an action of the Board of Trustees nor take effect  
10 without the approval of the Board of Trustees as provided by law.

11 D. The Board of Trustees shall retain qualified investment  
12 managers to provide for the investment of the monies of the System.  
13 The investment managers shall be chosen by a solicitation of  
14 proposals on a competitive bid basis pursuant to standards set by  
15 the Board of Trustees. Subject to the overall investment guidelines  
16 set by the Board of Trustees, the investment managers shall have  
17 full discretion in the management of those monies of the System  
18 allocated to the investment managers. The Board of Trustees shall  
19 manage those monies not specifically allocated to the investment  
20 managers. The monies of the System allocated to the investment  
21 managers shall be actively managed by the investment managers, which  
22 may include selling investments and realizing losses if such action  
23 is considered advantageous to longer term return maximization.  
24 Because of the total return objective, no distinction shall be made

1 for management and performance evaluation purposes between realized  
2 and unrealized capital gains and losses.

3 E. Funds and revenues for investment by the investment managers  
4 or the Board of Trustees shall be placed with a custodian selected  
5 by the Board of Trustees. The custodian shall be a bank or trust  
6 company offering pension fund master trustee and master custodial  
7 services. The custodian shall be chosen by a solicitation of  
8 proposals on a competitive basis pursuant to standards set by the  
9 Board of Trustees. In compliance with the investment policy  
10 guidelines of the Board of Trustees, the custodian bank or trust  
11 company shall be contractually responsible for ensuring that all  
12 monies of the System are invested in income-producing investment  
13 vehicles at all times. If a custodian bank or trust company has not  
14 received direction from the investment managers of the System as to  
15 the investment of the monies of the System in specific investment  
16 vehicles, the custodian bank or trust company shall be contractually  
17 responsible to the Board of Trustees for investing the monies in  
18 appropriately collateralized short-term interest-bearing investment  
19 vehicles.

20 F. By November 1, 1988, and prior to August 1 of each year  
21 thereafter, the Board of Trustees shall develop a written investment  
22 plan for the System.

23 G. The Board of Trustees shall compile a quarterly financial  
24 report of all the funds of the System on a fiscal year basis. The

1 report shall be compiled pursuant to uniform reporting standards  
2 prescribed by the Oklahoma State Pension Commission for all state  
3 retirement systems. The report shall include several relevant  
4 measures of investment value, including acquisition cost and current  
5 fair market value with appropriate summaries of total holdings and  
6 returns. The report shall contain combined and individual rate of  
7 returns of the investment managers by category of investment, over  
8 periods of time. The Board of Trustees shall include in the  
9 quarterly reports all commissions, fees or payments for investment  
10 services performed on behalf of the Board. The report shall be  
11 distributed to the Governor, the Oklahoma State Pension Commission,  
12 the Legislative Service Bureau, the Speaker of the House of  
13 Representatives and the President Pro Tempore of the Senate. In  
14 lieu of compiling and distributing the quarterly report, the Board  
15 may provide the Pension Commission with direct access to the same  
16 data from the custodian bank for the System.

17 H. After July 1 and before December 1 of each year, the Board  
18 of Trustees shall publish widely an annual report presented in  
19 simple and easily understood language pursuant to uniform reporting  
20 standards prescribed by the Oklahoma State Pension Commission for  
21 all state retirement systems. The report shall be submitted to the  
22 Governor, the Speaker of the House of Representatives, the President  
23 Pro Tempore of the Senate, the Oklahoma State Pension Commission and  
24 the members of the System. The annual report shall cover the

1 operation of the System during the past fiscal year, including  
2 income, disbursements, and the financial condition of the System at  
3 the end of the fiscal year. The annual report shall also contain  
4 the information issued in the quarterly reports required pursuant to  
5 subsection G of this section as well as a summary of the results of  
6 the most recent actuarial valuation to include total assets, total  
7 liabilities, unfunded liability or over funded status, contributions  
8 and any other information deemed relevant by the Board of Trustees.  
9 The annual report shall be written in such a manner as to permit a  
10 readily understandable means for analyzing the financial condition  
11 and performance of the System for the fiscal year. In order to  
12 standardize the information and analysis of the financial condition  
13 of the System, the Board shall provide information regarding the  
14 financial and actuarial condition of the System using assumptions or  
15 requirements as hereinafter required for the report stating the  
16 condition of the System as of July 1, 2002, and for each subsequent  
17 reporting date, which information shall be contained in an appendix  
18 or addendum to the annual report. For purposes other than the  
19 reporting requirements contained in the appendix or addendum, all  
20 actuarial and economic assumptions shall be those assumptions  
21 adopted by the System in its annual actuarial valuation. The  
22 appendix or addendum shall contain a statement of the financial  
23 condition of the System:

24

1       1. Using an assumed rate of return of seven and one-half  
2 percent (7.5%), net of investment expenses, per annum, compounded  
3 annually;

4       2. Using an actuarial assumption regarding cost-of-living  
5 adjustments for the System of two percent (2%) annually;

6       3. That relies upon the use of appropriate preretirement,  
7 postretirement and disability retirement information using  
8 generational projections taken from the RP-2000 Mortality Tables,  
9 published by the Society of Actuaries;

10       4. Which accurately and completely summarizes all sources of  
11 system assets, other than employee contributions, which shall  
12 include, but not be limited to, the total of all employer  
13 contributions, any dedicated tax or fee revenue of whatever kind or  
14 however denominated, and the total amount of any other source of  
15 revenue which accrues to the System, other than return on  
16 investments, such as federal monies used for the purpose of making  
17 employer contributions; and

18       5. Using an assumption that the unfunded actuarial accrued  
19 liabilities of the System are amortized over a period of thirty (30)  
20 years, in a manner consistent with the Governmental Accounting  
21 Standards Board Statement Number 25.

22       I. The Board shall distribute the corpus and income of the  
23 System to the members and their beneficiaries in accordance with the  
24 System's laws and rules and regulations. At no time prior to the

1 satisfaction of all liabilities with respect to members and their  
2 beneficiaries shall any part of the corpus and income be used for,  
3 or diverted to, purposes other than the exclusive benefit of the  
4 members and their beneficiaries.

5 J. The Board of Trustees shall adopt a cost of living  
6 adjustment actuarial assumption in its annual actuarial valuation  
7 report.

8 SECTION 9. AMENDATORY 74 O.S. 2001, Section 914, as last  
9 amended by Section 1, Chapter 367, O.S.L. 2007 (74 O.S. Supp. 2007,  
10 Section 914), is amended to read as follows:

11 Section 914. A. The normal retirement date for a member of the  
12 Oklahoma Public Employees Retirement System shall be as defined in  
13 Section 902 of this title, provided members employed on or after  
14 January 1, 1983, shall have six (6) or more years of full-time-  
15 equivalent employment with a participating employer before receiving  
16 any retirement benefits or if the member is a legislative session  
17 employee of the Legislature, shall have three (3) or more years of  
18 full-time-equivalent employment with a participating employer before  
19 receiving any retirement benefits. In no event shall a normal  
20 retirement date for a member be before six (6) months after the  
21 entry date of the participating employer by whom he or she is  
22 employed.

23 B. A member may be employed beyond the normal retirement date  
24 by the appointing authority of the participating employer. However,

1 the member may not receive retirement pay so long as the member  
2 continues employment under this act. Any member who has terminated  
3 employment with a participating employer prior to the month  
4 immediately preceding said member's normal retirement date must  
5 elect a vested benefit pursuant to Section 917 of this title before  
6 receiving any retirement benefits.

7 C. Notice for retirement shall be filed through the retirement  
8 coordinator for the participating employer in such form and manner  
9 as the Board shall prescribe; provided, that such notice for  
10 retirement shall be filed with the office of the retirement system  
11 at least sixty (60) days prior to the date selected for the member's  
12 retirement; provided further, that the Executive Director may waive  
13 the sixty-day notice for good cause shown as defined by the Board.

14 D. No retirement benefits shall be payable to any member until  
15 the first day of the month following the termination of the member's  
16 employment with any participating employer. The type of retirement  
17 benefit selected by a member may not be changed on or after the  
18 effective date of the member's retirement. Receipt of workers'  
19 compensation benefits shall in no respect disqualify retirant for  
20 benefits.

21 E. If a retirant should be elected or appointed to any position  
22 or office for which compensation for service is paid from levies or  
23 taxes imposed by the state or any political subdivision thereof, the  
24 retirant shall not receive any retirement benefit for any month for

1 which the retirant serves in such position or office after the  
2 retirant has received compensation in a sum equal to the amount  
3 allowable as wages or earnings by the Social Security Administration  
4 in any calendar year; provided, this subsection shall not apply to  
5 service rendered by a retirant as a juror, as a witness in any legal  
6 proceeding or action, as an election board judge or clerk, or in any  
7 other office or position of a similar nature, or to an employer that  
8 is not a participating employer. Provided, further, that any  
9 participating employer who is employing such a retirant shall make  
10 proper written notification to the System informing it of the  
11 beginning date of such retirant's employment and the date such  
12 retirant reaches the maximum compensation allowed by this section in  
13 the calendar year; and provided, also, that any retirant returning  
14 to work for a participating employer shall make contributions to the  
15 System and the employer shall do likewise. All retirants who have  
16 returned to employment and participation in the System following  
17 retirement shall have post-retirement benefits calculated on one of  
18 the following methods:

19 1. All service accumulated from date of reemployment shall be  
20 computed based on the benefit formula applicable at that time and  
21 the additional benefits shall be added to the previous benefits.  
22 Such additional benefits shall be calculated each year based upon  
23 additional service accrued from July 1 to June 30 of the previous  
24 year and the additional benefit, if any, will be added to the

1 | retirant's monthly benefit beginning January 1, 2000, and each  
2 | January 1 thereafter; however, the post-retirement service credit  
3 | shall be cumulative, beginning with service credit accrued after the  
4 | date of retirement, provided that the retirant has not received a  
5 | distribution of the post-retirement contributions.

6 |       2. Any retirant who returns to employment with a participating  
7 | employer may elect not to receive any retirement benefits while so  
8 | reemployed. If such an election is made and reemployment is for a  
9 | minimum period of thirty-six (36) consecutive months, all service  
10 | accumulated from date of reemployment shall be participating  
11 | service. For purposes of determining the retirement benefits of  
12 | such a member upon the termination of such reemployment all  
13 | creditable service of the member shall be computed based on the  
14 | benefit formula applicable at the time of termination of such  
15 | reemployment. Provided, a retirant who became reemployed prior to  
16 | July 1, 1982, and who is reemployed for a minimum of thirty-six (36)  
17 | consecutive months shall have all the creditable service of such  
18 | retirant computed based on the benefit formula applicable at the  
19 | time of termination of such reemployment if the retirant elects not  
20 | to receive retirement benefits prior to such termination of  
21 | reemployment. A retirant who has waived receipt of the monthly  
22 | benefit, but is not reemployed for the full thirty-six (36)  
23 | consecutive months, shall upon termination of such reemployment have  
24 | only the additional amount added to his or her benefit as if they

1 had not waived the benefit as provided in paragraph 1 of this  
2 subsection.

3 3. All post-retirement additional benefits shall be calculated  
4 using actual hours worked as well as the actual compensation  
5 received and upon which contributions are paid. Post-retirement  
6 service is not subject to the partial year round-up provisions of  
7 subsection C of Section 913 of this title.

8 4. A retired member who returns to work for a participating  
9 employer pursuant to this section shall be bound by the election  
10 made pursuant to paragraph (2) of subsection A of Section 915 of  
11 this title if the member had made such election prior to retirement.  
12 If the member had not made such election prior to retirement, the  
13 member may do so during the member's reemployment with a  
14 participating employer pursuant to this section. A retired member  
15 may not be rehired by their former employer, nor may the retired  
16 member be permitted to enter into an employment contract of any kind  
17 with a former employer, for a period of one (1) year after retiring  
18 unless the retired member waives his or her benefit under paragraph  
19 2 of this subsection and returns as a bona fide employee.

20 F. Any member may elect to retire before his or her normal  
21 retirement date on the first day of any month coinciding with or  
22 following the attainment of age fifty-five (55), provided such  
23 member has completed ten (10) years of participating service, but in  
24 no event before six (6) months after the entry date. Any member who

1 shall retire before the normal retirement date shall receive an  
 2 annual retirement benefit adjusted in accordance with the following  
 3 percentage schedule:

4		Percentage of Normal
5	Age	Retirement Benefit
6	62	100.00%
7	61	93.33%
8	60	86.67%
9	59	80.00%
10	58	73.33%
11	57	66.67%
12	56	63.33%
13	55	60.00%

14 SECTION 10. AMENDATORY 74 O.S. 2001, Section 920, as  
 15 last amended by Section 26, Chapter 536, O.S.L. 2004 (74 O.S. Supp.  
 16 2007, Section 920), is amended to read as follows:

17 Section 920. (1) Effective July 1, 1994, every state agency  
 18 which is a participating employer shall contribute to the System an  
 19 amount equal to eleven and one-half percent (11 1/2%) of the monthly  
 20 compensation of each member, but not in excess of Forty Thousand  
 21 Dollars (\$40,000.00).

22 (2) Effective July 1, 1995, every state agency which is a  
 23 participating employer shall contribute to the System an amount  
 24 equal to eleven and one-half percent (11 1/2%) of the monthly

1 compensation of each member, not to exceed the allowable annual  
 2 compensation as defined in paragraph (9) of Section 902 of this  
 3 title.

4 (3) Effective July 1, 1996, every state agency which is a  
 5 participating employer shall contribute to the System an amount  
 6 equal to twelve percent (12%) of the monthly compensation of each  
 7 member, not to exceed the allowable annual compensation defined in  
 8 paragraph (9) of Section 902 of this title.

9 (4) Effective July 1, 1999, and through the fiscal year ending  
 10 June 30, 2005, every state agency which is a participating employer  
 11 shall contribute to the System an amount equal to ten percent (10%)  
 12 of the monthly compensation of each member, not to exceed the  
 13 allowable annual compensation defined in paragraph (9) of Section  
 14 902 of this title.

15 (5) Effective July 1, 2005, every state agency which is a  
 16 participating employer shall contribute an amount to the System  
 17 equal to a percentage of monthly compensation of each member, not to  
 18 exceed the allowable annual compensation defined in paragraph (9) of  
 19 Section 902 of this title as follows:

20	July 1, 2005 - June 30, 2006	11 1/2%
21	July 1, 2006 - June 30, 2007	12 1/2%
22	July 1, 2007 - June 30, 2008	13 1/2%
23	July 1, 2008 - June 30, 2009	14 1/2%
24	July 1, 2009 - June 30, 2010	15 1/2%

1 July 1, 2010 - June 30, 2011

2 and each year thereafter 16 1/2%

3 (6) The Board shall certify, on or before ~~July 15~~ November 1 of  
4 each year, to the Office of State Finance ~~in the case of the state~~  
5 ~~and to the retirement coordinator for each participating employer an~~  
6 actuarially determined estimate of the rate of contribution which  
7 will be required, together with all accumulated contributions and  
8 other assets of the System, to be paid by each ~~such~~ participating  
9 employer to pay all liabilities which shall exist or accrue under  
10 the System, including amortization of the past service cost over a  
11 period of not to exceed forty (40) years from June 30, 1987, and the  
12 cost of administration of the System, as determined by the Board,  
13 upon recommendation of the actuary.

14 (7) The Office of State Finance and the Governor shall include  
15 in the budget and in the budget request for appropriations the sum  
16 required to satisfy the state's obligation under this section as  
17 certified by the Board and shall present the same to the Legislature  
18 for allowance and appropriation.

19 (8) Each other participating employer shall appropriate and pay  
20 to the System a sum sufficient to satisfy the obligation under this  
21 section as certified by the Board.

22 (9) Each participating employer is hereby authorized to pay the  
23 employer's contribution from the same fund that the compensation for  
24

1 which said contribution is paid from or from any other funds  
2 available to it for such purpose.

3 (10) Forfeitures arising from severance of employment, death or  
4 for any other reason may not be applied to increase the benefits any  
5 member would otherwise receive under the System's law. However,  
6 forfeitures may be used to reduce an employer's contribution.

7 SECTION 11. AMENDATORY 20 O.S. 2001, Section 1108, as  
8 last amended by Section 12, Chapter 536, O.S.L. 2004 (20 O.S. Supp.  
9 2007, Section 1108), is amended to read as follows:

10 Section 1108. A. The Board of Trustees of the Oklahoma Public  
11 Employees Retirement System shall have the responsibility for  
12 management of the Uniform Retirement System for Justices and Judges  
13 and the State Judicial Retirement Fund. All benefits payable under  
14 The Uniform Retirement System for Justices and Judges, refunds of  
15 contributions and overpayments, purchases or investments under the  
16 law, and all expenses in connection with the System shall be paid  
17 from the Oklahoma Judicial Retirement Fund. The State Judicial  
18 Retirement Fund shall be invested and managed in the same manner as  
19 now or hereinafter provided by law for the investment and management  
20 of funds belonging to the Oklahoma Public Employees Retirement  
21 System. The Uniform Retirement System for Justices and Judges shall  
22 be an instrumentality of the State of Oklahoma. The System shall be  
23 vested with the powers and duties specified in this act and such  
24 other powers as may be necessary to enable it, its officers,

1 employees, and agents to carry out fully and effectively the  
2 purposes and intent of this act.

3 1. The Board shall distribute the corpus and income of the  
4 System to the members and their beneficiaries in accordance with the  
5 System's law. At no time prior to the satisfaction of all  
6 liabilities with respect to members and their beneficiaries shall  
7 any part of the corpus and income be used for, or diverted to,  
8 purposes other than the exclusive benefit of the members and their  
9 beneficiaries.

10 2. The Board may not engage in a transaction prohibited by  
11 Section 503(b) of the federal Internal Revenue Code.

12 3. The Board shall be responsible for the policies and rules  
13 for the general administration of the System, subject to the  
14 provisions of this act. Except as specifically provided in this  
15 act, the Uniform Retirement System for Justices and Judges shall  
16 generally be managed in the same manner as now or hereinafter  
17 provided by law or by rule for the management of the Oklahoma Public  
18 Employees Retirement System.

19 4. The Board shall establish rules for the administration of  
20 the System and for the transaction of its business consistent with  
21 law, which rules shall be promulgated in compliance with the  
22 Administrative Procedures Act.

23 5. The Board may adopt all necessary actuarial tables to be  
24 used in the operation of the System as recommended by the actuary

1 and may compile such additional data as may be necessary for  
2 required actuarial valuation calculations.

3 6. All decisions of the Board as to questions of fact shall be  
4 final and conclusive on all persons except for the right of review  
5 as provided by law and except for fraud or such gross mistake of  
6 fact as to have effect equivalent to fraud.

7 7. Any person who shall knowingly make any false statement, or  
8 who shall falsify or permit to be falsified any record necessary for  
9 carrying out the intent of this act for the purpose of committing  
10 fraud, shall be guilty of a misdemeanor, and upon conviction shall  
11 be punished by a fine not exceeding Five Hundred Dollars (\$500.00)  
12 or by imprisonment for not exceeding one (1) year. Should any error  
13 in any records of the Uniform Retirement System for Justices and  
14 Judges result in any member or beneficiary receiving more or less  
15 than he or she would have been entitled to receive had the records  
16 been correct, the Board shall correct such error, and, as far as  
17 practicable, make future payments in such manner that the actuarial  
18 equivalent of the benefit to which such member or beneficiary was  
19 entitled shall be paid, and to this end, may recover any  
20 overpayments.

21 B. The Board of Trustees of the Oklahoma Public Employees  
22 Retirement System shall compile a quarterly financial report of all  
23 the funds of the State Judicial Retirement Fund on a fiscal year  
24 basis. The report shall be compiled pursuant to uniform reporting

1 standards prescribed by the Oklahoma State Pension Commission for  
2 all state retirement systems. The report shall include several  
3 relevant measures of investment value, including acquisition cost  
4 and current fair market value with appropriate summaries of total  
5 holdings and returns. The report shall contain combined and  
6 individual rate of returns of the investment managers by category of  
7 investment, over periods of time. The Board of Trustees shall  
8 include in the quarterly reports all commissions, fees or payments  
9 for investment services performed on behalf of the Board of Trustees  
10 with respect to the State Judicial Retirement Fund. The report  
11 shall be distributed to the Governor, the Oklahoma State Pension  
12 Commission, the Legislative Service Bureau, the Speaker of the House  
13 of Representatives and the President Pro Tempore of the Senate. In  
14 lieu of compiling and distributing the quarterly report, the Board  
15 may provide the Pension Commission with direct access to the same  
16 data from the custodian bank for the System.

17 C. There is hereby created the Retirement Medical Benefit Fund.  
18 The fund shall be maintained as a subaccount of the State Judicial  
19 Retirement Fund. The Retirement Medical Benefit Fund is composed of  
20 all assets which may be contributed to this subaccount to pay the  
21 retirement system's portion of the monthly retiree health insurance  
22 premium benefit described by Section 1316.2 of Title 74 of the  
23 Oklahoma Statutes. All such allocated assets and any earnings  
24 thereon in the Retirement Medical Benefit Fund shall be held for the

1 exclusive purpose of providing retiree medical benefits. The  
2 Retirement Medical Benefit Fund is to be administered in accordance  
3 with the requirements of Section 401(h) of the Internal Revenue Code  
4 of 1986, as amended from time to time. The Board of Trustees may  
5 promulgate such rules as are necessary to implement the funding and  
6 administration of the fund pursuant to the provisions of this  
7 subsection.

8 D. After July 1 and before December 1 of each year, the Board  
9 of Trustees of the Oklahoma Public Employees Retirement System shall  
10 publish widely an annual report presented in simple and easily  
11 understood language pursuant to uniform reporting standards  
12 prescribed by the Oklahoma State Pension Commission for all state  
13 retirement systems. The report shall be submitted to the Governor,  
14 the Speaker of the House of Representatives, the President Pro  
15 Tempore of the Senate, the Oklahoma State Pension Commission and the  
16 members of the System. The annual report shall cover the operation  
17 of the System during the past fiscal year, including income,  
18 disbursements, and the financial condition of the System at the end  
19 of the fiscal year. The annual report shall also contain the  
20 information issued in the quarterly reports required pursuant to  
21 subsection B of this section as well as a summary of the results of  
22 the most recent actuarial valuation to include total assets, total  
23 liabilities, unfunded liability or overfunded status, contributions  
24 and any other information deemed relevant by the Board of Trustees.

1 The annual report shall be written in such a manner as to permit a  
2 readily understandable means for analyzing the financial condition  
3 and performance of the System for the fiscal year. In order to  
4 standardize the information and analysis of the financial condition  
5 of the System, the Board shall provide information regarding the  
6 financial and actuarial condition of the System using assumptions or  
7 requirements as hereinafter required for the report stating the  
8 condition of the System as of July 1, 2002, and for each subsequent  
9 reporting date, which information shall be contained in an appendix  
10 or addendum to the annual report. For purposes other than the  
11 reporting requirements contained in the appendix or addendum, all  
12 actuarial and economic assumptions shall be those assumptions  
13 adopted by the System in its annual actuarial valuation. The  
14 appendix or addendum shall contain a statement of the financial  
15 condition of the System:

16 1. Using an assumed rate of return of seven and one-half  
17 percent (7.5%), net of investment expenses, per annum, compounded  
18 annually;

19 2. Using an actuarial assumption regarding cost-of-living  
20 adjustments for the System of two percent (2%) annually;

21 3. That relies upon the use of appropriate preretirement,  
22 postretirement and disability retirement information using  
23 generational projections taken from the RP-2000 Mortality Tables,  
24 published by the Society of Actuaries;

1       4. Which accurately and completely summarizes all sources of  
2 system assets, other than employee contributions, which shall  
3 include, but not be limited to, the total of all employer  
4 contributions, any dedicated tax or fee revenue of whatever kind or  
5 however denominated, and the total amount of any other source of  
6 revenue which accrues to the System, other than return on  
7 investments, such as federal monies used for the purpose of making  
8 employer contributions; and

9       5. Using an assumption that the unfunded actuarial accrued  
10 liabilities of the System are amortized over a period of thirty (30)  
11 years, in a manner consistent with the Governmental Accounting  
12 Standards Board Statement Number 25.

13       E. The Board shall adopt a cost of living adjustment actuarial  
14 assumption in its annual actuarial valuation report.

15       SECTION 12.        AMENDATORY        20 O.S. 2001, Section 92.5, is  
16 amended to read as follows:

17       Section 92.5 District No. 4.

18       The counties of Dewey, Blaine, Kingfisher, Garfield, Major,  
19 Woodward, Woods, Alfalfa and Grant. The district shall have three  
20 (3) district judges to be nominated and elected as follows: A  
21 candidate for office No. 1 shall be ~~nominated and elected at large~~  
22 ~~and~~ a legal resident of Dewey, Woods, Major, Woodward or Alfalfa  
23 County, and shall be nominated and elected from those counties; a  
24 candidate for office No. 2 shall be ~~nominated and elected at large~~

1 ~~and~~ a legal resident of Blaine, Kingfisher, Garfield or Grant  
2 County, and shall be nominated and elected from those counties; and  
3 a candidate for office No. 3 shall be ~~nominated and elected at large~~  
4 ~~and~~ a legal resident of Garfield or Grant County, and shall be  
5 nominated and elected from Blaine, Kingfisher, Garfield and Grant  
6 Counties.

7 SECTION 13. AMENDATORY 74 O.S. 2001, Section 1303, as  
8 last amended by Section 1, Chapter 231, O.S.L. 2006 (74 O.S. Supp.  
9 2007, Section 1303), is amended to read as follows:

10 Section 1303. For the purposes of and as used in the State and  
11 Education Employees Group Insurance Act:

12 1. "Board" means the State and Education Employees Group  
13 Insurance Board as created by the State and Education Employees  
14 Group Insurance Act;

15 2. "Employee" means those state employees, education employees  
16 and other eligible employees participating in the State and  
17 Education Employees Group Insurance Act;

18 3. "Education Employee" means those employees other than  
19 adjunct professors employed by a state institution of higher  
20 education, in the service of an education entity who are members or  
21 are or will be eligible to become members of the Teachers'  
22 Retirement System of Oklahoma and who receive compensation for such  
23 service after the education entity begins to participate in the  
24 State and Education Employees Group Insurance Act and visiting

1 faculty who are not eligible for membership in the Teachers'  
2 Retirement System of Oklahoma;

3 4. "Adjunct Professor" means a person employed by an  
4 institution of higher education who is attached in a subordinate or  
5 temporary capacity to the faculty or staff, and who is contracted to  
6 instruct in a given specific discipline;

7 5. "Visiting Faculty" means a person employed by an institution  
8 of higher education who is not eligible for academic rank or tenure,  
9 other than an adjunct professor, and who is contracted to instruct  
10 in a given specific discipline generally not to exceed one (1)  
11 academic year;

12 6. "Education Entity" means a school district, a technology  
13 center school district, or an institution comprising The Oklahoma  
14 State System of Higher Education;

15 7. "State Employee" means and includes each officer or employee  
16 in the service of the State of Oklahoma who, after January 1, 1966,  
17 received compensation for service rendered to the State of Oklahoma  
18 on a warrant issued pursuant to a payroll certified by a department  
19 or by an elected or duly appointed officer of the state or who  
20 receives payment for the performance of personal services on a  
21 warrant issued pursuant to a payroll certified by a department and  
22 drawn by the State Treasurer against appropriations made by the  
23 Legislature from any state fund or against trust funds held by the  
24 State Treasurer, who is employed in a position normally requiring

1 actual performance of duty during not less than one thousand (1,000)  
2 hours per year, and whose employment is not seasonal or temporary,  
3 except that a person elected by popular vote will be considered an  
4 employee during the person's tenure in office; provided, however,  
5 that employees who are otherwise eligible who are on approved leave  
6 without pay shall be eligible to continue coverage during such leave  
7 not to exceed twenty-four (24) months, as provided in the Merit  
8 Rules for Employment published by the Office of Personnel  
9 Management, from the date the employee goes on such leave provided  
10 the employee pays the full premiums due or persons who are drawing  
11 disability benefits under Section 1331 et seq. of this title or meet  
12 each and every requirement of the State Employees Disability Program  
13 shall be eligible to continue coverage provided the person pays the  
14 full premiums due;

15 8. "Carrier" means the State of Oklahoma or a state designated  
16 Health Maintenance Organization (HMO). Such HMO shall be a  
17 federally qualified Health Maintenance Organization under 42 U.S.C.,  
18 Section 300e et seq.;

19 9. "Health Insurance Plan" means a self-insured plan by the  
20 State of Oklahoma for the purpose of paying the cost of hospital and  
21 medical care up to the maximum coverage provided by said plan or  
22 prepaid medical plan(s) offered to employees as an alternative to  
23 the state-administered plan by federally qualified HMOs which have  
24 contracted with the state;

1        10. "Life Insurance Plan" means a self-insured plan for the  
2 purpose of paying death and dismemberment benefits up to the maximum  
3 coverage provided by the plan;

4        11. "Dental Benefits Plan" means a plan by the State of  
5 Oklahoma for the purpose of paying the cost of dental care up to the  
6 maximum coverage provided by the plan; whenever the term "Dental  
7 Insurance Plan" or a term of like import appears in the State and  
8 Education Employees Group Insurance Act, the term shall mean "Dental  
9 Benefits Plan";

10       12. "Other insurance" means any type of coverage other than  
11 basic hospital and medical benefits, major medical benefits,  
12 comprehensive benefits, life insurance benefits or dental insurance  
13 benefits, which the Board may be directed to offer;

14       13. "Dependent" means an employee's spouse or any unmarried  
15 child (1) under the age of ~~twenty-three (23)~~ twenty-five (25) years,  
16 regardless of residence, provided that the employee is primarily  
17 responsible for their support, including (a) an adopted child and  
18 (b) a stepchild or child who lives with the employee in a regular  
19 parent-child relationship, or (2) regardless of age who is incapable  
20 of self-support because of mental or physical incapacity that  
21 existed prior to reaching the age of ~~twenty-three (23)~~ twenty-five  
22 (25) years;

23       14. "Comprehensive benefits" means benefits which reimburse the  
24 expense of hospital room and board, other hospital services, certain

1 outpatient expenses, maternity benefits, surgical expense, including  
2 obstetrical care, in-hospital medical care expense, diagnostic  
3 radiological and laboratory benefits, physicians' services provided  
4 by house and office calls, treatments administered in physicians'  
5 office, prescription drugs, psychiatric services, Christian Science  
6 practitioners' services, Christian Science nurses' services,  
7 optometric medical services for injury or illness of the eye, home  
8 health care, home nursing service, hospice care, and such other  
9 benefits as may be determined by the Board. Such benefits shall be  
10 provided on a copayment or coinsurance basis, the insured to pay a  
11 proportion of the cost of such benefits, and may be subject to a  
12 deductible that applies to all or part of the benefits as determined  
13 by the Board; and

14 15. "Life insurance coverage" shall include a maximum amount of  
15 basic life insurance or benefit with or without a double indemnity  
16 provision and an amount of accidental death and dismemberment  
17 insurance or benefit per employee to be provided by the State of  
18 Oklahoma, and the employee shall have the option to purchase  
19 additional life insurance or benefits on the employee's life up to  
20 the amount provided by the plan. Such basic life insurance  
21 benefits, with or without double indemnity, and accidental death and  
22 dismemberment benefits shall not exclude coverage for death or  
23 dismemberment resulting from war, insurrection or riot. The Board  
24 may also extend dependent life insurance in an amount to be

1 determined by the Board to each insured employee who elects to  
2 insure the employee's eligible dependents. Premiums for the  
3 dependent life insurance shall be paid wholly by the employee.

4 SECTION 14. AMENDATORY Section 4, Chapter 231, O.S.L.  
5 2006 (74 O.S. Supp. 2007, Section 1309.1), is amended to read as  
6 follows:

7 Section 1309.1 Any dependent shall be allowed to remain covered  
8 as a dependent under the State and Education Employees Group  
9 Insurance Act up to the age of twenty-five (25) years ~~if the~~  
10 ~~dependent:~~

11 ~~1. Is covered as an unmarried dependent under the State and~~  
12 ~~Education Employees Group Insurance Act on the day immediately~~  
13 ~~preceding the effective date of this act;~~

14 ~~2. Remains unmarried and is over the age of twenty two (22)~~  
15 ~~years and under the age of twenty five (25) years;~~

16 ~~3. Is dependent upon the employee for support and enrolled as a~~  
17 ~~full-time student at an accredited secondary school, college,~~  
18 ~~university, or institution of higher learning accredited by the~~  
19 ~~State Department of Education, State Board of Career and Technology~~  
20 ~~Education, Oklahoma State Regents for Higher Education, or the~~  
21 ~~Oklahoma Board of Private Vocational Schools; and~~

22 ~~4. Has no break in coverage under the State and Education~~  
23 ~~Employees Group Insurance Act from the age of twenty three (23)~~  
24 ~~years up to the age of twenty five (25) years.~~

1 SECTION 15. This act shall become effective July 1, 2008.

2 SECTION 16. It being immediately necessary for the preservation  
3 of the public peace, health and safety, an emergency is hereby  
4 declared to exist, by reason whereof this act shall take effect and  
5 be in full force from and after its passage and approval.

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