



- 1     1. Teachers' Retirement System of Oklahoma, ~~the~~;
- 2     2. Oklahoma Public Employees Retirement System, ~~or the~~;
- 3     3. Uniform Retirement System for Justices and Judges;
- 4     4. Oklahoma Firefighters Pension and Retirement System;
- 5     5. Oklahoma Police Pension and Retirement System;
- 6     6. Oklahoma Law Enforcement Retirement System; or
- 7     7. ~~to~~ any new retirement system established by law not in
- 8 existence as of the effective date of this act.

9           SECTION 2.           AMENDATORY           Section 3, Chapter 292, O.S.L.  
10 2006 (62 O.S. Supp. 2006, Section 3103), is amended to read as  
11 follows:

12           Section 3103. As used in the Oklahoma Pension Legislation  
13 Actuarial Analysis Act:

14           1. "Amendment" means any amendment, including a substitute  
15 bill, made to a retirement bill by any committee of the House or  
16 Senate or by the House or Senate;

17           2. "RB number" means that number preceded by the letters "RB"  
18 assigned to a bill by the respective staffs of the Oklahoma State  
19 Senate and the Oklahoma House of Representatives when the respective  
20 staff office prepares a bill for a member of the Legislature;

21           3. "Legislative Actuary" means the firm or entity that enters  
22 into a contract with the Legislative Service Bureau pursuant to  
23 Section ~~15~~ 452.15 of ~~this act~~ title 74 of the Oklahoma Statutes to

24

1 provide the actuarial services and other duties provided for in the  
 2 Oklahoma Pension Legislation Actuarial Analysis Act;

3 4. "Nonfiscal amendment" means an amendment to a retirement  
 4 bill having a fiscal impact, which amendment does not change any  
 5 factor of an actuarial investigation specified in subsection A of  
 6 Section ~~9~~ 3109 of this ~~act~~ title;

7 5. "Nonfiscal retirement bill" means a retirement bill which,  
 8 except as otherwise provided by this paragraph with respect to  
 9 certain cost-of-living adjustments, ~~does not affect the cost or~~  
 10 ~~funding factors of a retirement system or~~ create an actuarial  
 11 accrued liability or increase the actuarial accrued liability of the  
 12 retirement system affected by the bill and which does not increase  
 13 the normal cost of the retirement system affected by the bill. For  
 14 purposes of the Oklahoma Pension Legislation Actuarial Analysis Act,  
 15 a retirement bill ~~which affects such factors only in a manner which~~  
 16 ~~does not~~ shall be defined to be nonfiscal:

17 a. ~~grant a benefit increase under the retirement system~~  
 18 ~~affected by the bill except for~~ with respect to a  
 19 retirement system in existence as of January 1, 2006,  
 20 if the bill provides a cost-of-living adjustments  
 21 adjustment ~~provided~~ to retirees of the retirement  
 22 system, ~~which shall~~ notwithstanding a lack of  
 23 concurrent funding, if the benefit increase provided  
 24 by the cost-of-living adjustment does not exceed the

1           applicable retirement system's annual actuarial  
2           assumption of a for such cost-of-living adjustment of  
3           an existing retirement system as of December 31, 2005,  
4           or which shall not exceed two percent (2%) annually  
5           for such actuarial assumption regarding the cost-of-  
6           living adjustment was described and the liability  
7           resulting from such assumption was included in the  
8           actuarial valuation for such retirement system as of  
9           June 30, 2006. For purposes of this subparagraph, the  
10           determination of the status of the retirement bill as  
11           nonfiscal based upon a comparison of the benefit  
12           amount to be granted by the cost-of-living adjustment  
13           and the annual actuarial assumption of the retirement  
14           system shall be made by including in the computation  
15           the increase in unfunded actuarial accrued liability,  
16           if any, resulting from the enactment of any other  
17           cost-of-living adjustment which has an effective date  
18           later than July 1, 2006, and prior to the enactment of  
19           the cost-of-living adjustment bill for which the  
20           analysis required by this act is to be conducted. For  
21           purposes of this subparagraph, the determination of  
22           the status of the retirement bill as nonfiscal based  
23           upon a comparison of the benefit amount to be granted  
24           by the cost-of-living adjustment and the annual

1 actuarial assumption of the retirement system shall be  
2 made by excluding from the computation any amount of  
3 unfunded actuarial accrued liability not incurred as a  
4 result of the absence of any cost-of-living adjustment  
5 which was not enacted after July 1, 2006, and prior to  
6 the July 1 date of the calendar year during which the  
7 proposed cost-of-living adjustment bill is being  
8 considered.

9 b. With respect to a retirement system created on or  
10 after January 1, 2006, ~~which bill shall specifically~~  
11 ~~identify such cost-of-living increase~~ if the bill  
12 provides a cost-of-living adjustment to retirees of  
13 the retirement system, notwithstanding a lack of  
14 concurrent funding, if the benefit increase provided  
15 by the cost-of-living adjustment does not exceed two  
16 percent (2%) annually. For purposes of this  
17 subparagraph, the determination of the status of the  
18 retirement bill as nonfiscal based upon a comparison  
19 of the benefit amount to be granted by the cost-of-  
20 living adjustment and the annual actuarial assumption  
21 for cost-of-living adjustments prescribed by this  
22 subparagraph shall be made by including in the  
23 computation the increase in unfunded actuarial accrued  
24 liability, if any, resulting from the enactment of any

1 other cost-of-living adjustment which has an effective  
2 date later than July 1, 2006, and prior to the  
3 enactment of the cost-of-living adjustment bill for  
4 which the analysis required by this act is to be  
5 conducted.

6 ~~b. create an actuarial accrued liability for or increase~~  
7 ~~the actuarial accrued liability of the retirement~~  
8 ~~system affected by the bill, or For purposes of this~~  
9 ~~subparagraph, the determination of the status of the~~  
10 ~~retirement bill as nonfiscal based upon a comparison~~  
11 ~~of the benefit amount to be granted by the cost-of-~~  
12 ~~living adjustment and the annual actuarial assumption~~  
13 ~~of the retirement system shall be made by excluding~~  
14 ~~from the computation any amount of unfunded actuarial~~  
15 ~~accrued liability not incurred as a result of the~~  
16 ~~absence of any cost-of-living adjustment which was not~~  
17 ~~enacted after July 1, 2006, and prior to the July 1~~  
18 ~~date of the calendar year during which the proposed~~  
19 ~~cost-of-living adjustment bill is being considered~~

20 ~~e. increase the normal cost of the retirement system~~  
21 ~~affected by the bill except as otherwise provided by~~  
22 ~~subparagraph a of this paragraph.~~

23 6. "Reduction in cost amendment" means an amendment to a  
24 retirement bill having a fiscal impact which reduces the cost of the

1 bill as such cost is determined by the actuarial investigation for  
2 the bill prepared pursuant to Section 9 3109 of this ~~act~~ title;

3 7. "Retirement bill" means any bill or joint resolution  
4 introduced by a member of the Oklahoma Legislature which creates or  
5 amends any law directly affecting a retirement system. A retirement  
6 bill shall not mean a bill or resolution that impacts the revenue of  
7 any state tax in which a portion of the revenue generated from such  
8 tax is earmarked for the benefit of a retirement system;

9 8. "Retirement bill having a fiscal impact" means any  
10 retirement bill creating or establishing a retirement system and any  
11 other retirement bill other than a nonfiscal retirement bill; and

12 9. "Retirement system" means the Teachers' Retirement System of  
13 Oklahoma, the Oklahoma Public Employees Retirement System, the  
14 Uniform Retirement System for Justices and Judges, the Oklahoma  
15 Firefighters Pension and Retirement System, the Oklahoma Police  
16 Pension and Retirement System, the Oklahoma Law Enforcement  
17 Retirement System, or a retirement system established after January  
18 1, 2006.

19 SECTION 3. AMENDATORY Section 11, Chapter 292, O.S.L.  
20 2006 (62 O.S. Supp. 2006, Section 3111), is amended to read as  
21 follows:

22 Section 3111. A. Any retirement bill having a fiscal impact  
23 which is enacted by the Legislature and which is approved by the  
24 Governor or which otherwise becomes law shall become effective on

1 the first day of July immediately following the regular session  
2 during which it was enacted, but only if the enacted bill is  
3 concurrently funded as provided by this section and only if the bill  
4 is approved as an emergency measure by a vote of two-thirds (2/3) of  
5 all members elected to each House. If an enacted bill does not  
6 receive a two-thirds (2/3) vote of all members, the law shall become  
7 effective on the first day of September immediately following the  
8 regular session during which it was enacted. If an enacted bill,  
9 including one approved by the Governor, is not concurrently funded  
10 as required by this section, then such bill shall not become  
11 effective as law.

12 B. When a retirement bill having a fiscal impact amends a  
13 retirement system having employer contributions funded from  
14 appropriations by the Legislature, then appropriations for the first  
15 fiscal year of effectiveness of the bill, after it becomes law, must  
16 include funds to pay the amount determined by the actuarial  
17 investigation under paragraph 5 of subsection A of Section ~~9~~ 3109 of  
18 this ~~act~~ title. It is the intent of the Legislature that future  
19 appropriations for subsequent fiscal years must include an amount  
20 necessary to maintain the actuarial soundness of the retirement  
21 system in accordance with the findings of the actuarial  
22 investigation. Any limitation on the rate of employer contributions  
23 that may be included in a law which is the source of authority for a  
24 retirement system affected by this subsection shall be amended to

1 the extent necessary to comply with the requirements of this  
2 subsection.

3 C. When a retirement bill having a fiscal impact amends a  
4 retirement system having employer contributions funded wholly or  
5 partially from the funds of a political subdivision, that political  
6 subdivision shall have a duty to produce funds as necessary to pay  
7 all or its proportionate share of the amount determined by actuarial  
8 investigation under paragraph 5 of subsection A of Section 9 3109 of  
9 this ~~act~~ title.

10 D. When a retirement bill having a fiscal impact creates a new  
11 retirement system, then employer contributions in conformity with  
12 paragraph 5 of subsection A of Section 9 3109 of this ~~act~~ title must  
13 be made to the retirement system either by direct appropriations by  
14 the Legislature or by another source of employer contributions  
15 specifically provided for in the bill creating the new retirement  
16 system.

17 E. For purposes of determining the concurrent funding  
18 requirement imposed pursuant to this section with respect to a  
19 fiscal retirement bill, if a bill to provide a cost-of-living  
20 adjustment to the retirees of the applicable retirement system would  
21 have the effect of increasing the unfunded liabilities of the  
22 retirement system in an amount exceeding the liabilities for such  
23 cost-of-living adjustment as reflected in the applicable actuarial  
24 assumption for the retirement system as prescribed by paragraph 5 of

1 Section 3103 of this title, only the amount of the liabilities in  
2 excess of the liability amount which has been included in the  
3 applicable actuarial assumption for the system for purposes of  
4 determining that a bill is nonfiscal pursuant to paragraph 5 of  
5 Section 3103 of this title shall require concurrent funding.

6 SECTION 4. AMENDATORY Section 2, Chapter 46, Second  
7 Extraordinary Session, O.S.L. 2006 (70 O.S. Supp. 2006, Section 17-  
8 116.2C), is amended to read as follows:

9 Section 17-116.2C A. As used in this section:

10 1. "Contribution deficit" means the amount of money computed  
11 for an eligible employee by multiplying the employee contribution  
12 rate in effect for any period of service performed on or after July  
13 1, 1987, through June 30, 1995, multiplied by the amount of salary  
14 earned by the member in excess of the applicable maximum  
15 compensation level of the member for such period with interest at  
16 the rate of ten percent (10%) per year compounded annually;  
17 provided, that for the designated fiscal years prescribed by  
18 subparagraphs a and b of this paragraph, the contribution deficit  
19 payment shall be adjusted to:

- 20 a. fifty percent (50%) of the total amount of the  
21 computation otherwise prescribed by this paragraph for  
22 the fiscal year ending June 30, 2007,  
23  
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1           b.    seventy-five percent (75%) of the total amount of the  
 2                    computation otherwise prescribed by this paragraph for  
 3                    the fiscal year ending June 30, 2008, and

4           c.    one hundred percent (100%) of the total amount of the  
 5                    computation otherwise prescribed by this paragraph for  
 6                    the fiscal year ending June 30, 2009, and for each  
 7                    fiscal year thereafter;

8           2.    "Eligible employee" means a member of the System who has not  
 9           retired prior to the effective date of this act and who has  
 10           performed service at any time prior to June 30, 1995, and who  
 11           fulfills the requirements of this act with respect to inclusion of  
 12           pre-cap removal years of service in a retirement benefit computation  
 13           and:

14           a.    who has already reached a normal retirement age prior  
 15                    to the effective date of this act and has not retired  
 16                    prior to the effective date of this act,

17           b.    who reaches a normal retirement age on or after the  
 18                    effective date of this act, and

19           c.    who is employed by an institution within The Oklahoma  
 20                    State System of Higher Education that is not a  
 21                    comprehensive university or a regional institution  
 22                    offering a four-year degree program as designated or  
 23                    authorized by the Oklahoma State Regents for Higher  
 24                    Education;

1        3. "Maximum average salary amount", subject to the requirements  
2 of this paragraph related to the funding level for employer  
3 contribution rates, means:

- 4            a. Sixty Thousand Dollars (\$60,000.00) regardless of any  
5            otherwise applicable maximum compensation level for  
6            the fiscal year ending June 30, 2007,
- 7            b. Eighty Thousand Dollars (\$80,000.00) regardless of any  
8            otherwise applicable maximum compensation level for  
9            the fiscal year ending June 30, 2008, ~~and~~
- 10           c. the full amount of the average salary without any  
11           limitation for the fiscal year ending June 30, 2009,  
12           and or each fiscal year thereafter; provided, however,
- 13           d. that the maximum final average salary amount otherwise  
14           authorized pursuant to subparagraph b or subparagraph  
15           c of this paragraph shall be contingent upon the  
16           participating employer in whose employment the member  
17           is active upon the date the member retires receiving,  
18           for the fiscal year during which the member's  
19           retirement will begin, the amount of funds required  
20           pursuant to paragraph 8 of Section 17-108.1 of this  
21           title in order to allow the employer contribution  
22           rates prescribed by paragraphs 6, 7 and 8 of Section  
23           17-108.1 of this title to be effective as law. If a  
24           member is employed by an employer that does not

1           receive the funding required by paragraph 8 of Section  
2           17-108.1 of this title for the fiscal year during  
3           which the member's retirement will begin, the member  
4           shall not be authorized to use the maximum final  
5           average salary otherwise authorized by this paragraph  
6           to compute retirement benefits. A member shall be  
7           required to have been employed by a participating  
8           employer for a period of at least twelve (12) months  
9           prior to retirement in order to compute a retirement  
10           benefit using the maximum final average salary  
11           authorized by this paragraph;

12       4. "Maximum compensation level" means either:

- 13           a. Twenty-five Thousand Dollars (\$25,000.00) if a member  
14           did not elect to make employee contributions on a  
15           higher salary amount for any pre-cap removal years of  
16           service, or  
17           b. Forty Thousand Dollars (\$40,000.00) if a member did  
18           elect to make employee contributions upon actual  
19           salary not in excess of such amount for any pre-cap  
20           removal years of service;

21       5. "Pre-cap removal service" means any service performed by an  
22       active member prior to June 30, 1995; and

23       6. "System" means the Teachers' Retirement System of Oklahoma;

24

1 B. Unless otherwise expressly provided by this section, any  
2 definition contained in Section 17-101 of ~~Title 70 of the Oklahoma~~  
3 ~~Statutes~~ this title otherwise applicable to computation of benefits  
4 for retired members of the Teachers' Retirement System of Oklahoma  
5 shall have the same meaning for purposes of this section.

6 C. Effective July 1, 2006, any eligible member of the Teachers'  
7 Retirement System of Oklahoma, who, as of July 1, 2006, has already  
8 reached a normal retirement age or who on or after July 1, 2006,  
9 reaches a normal retirement age as defined by paragraph 24 of  
10 Section 17-101 of ~~Title 70 of the Oklahoma Statutes~~ this title,  
11 shall be eligible to have a retirement benefit computed as provided  
12 by this section. If a member is eligible for the benefit  
13 computation authorized by this section, the average salary used to  
14 compute the retirement benefit of the member shall be governed by  
15 the provisions of this section and such provisions shall govern in  
16 the event of conflict between this section and the provisions of  
17 Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title.

18 D. An eligible employee who performs service in the manner  
19 prescribed by subsection E of this section and who makes payment of  
20 the applicable contribution deficit amount may have a retirement  
21 benefit computed as otherwise authorized by Section 17-105 of ~~Title~~  
22 ~~70 of the Oklahoma Statutes~~ this title, but shall have such benefit  
23 computed without regard to any maximum compensation level that would  
24

1 otherwise be applicable to the compensation of the member for any  
2 period of pre-cap removal service.

3 E. In order to have retirement benefits computed as authorized  
4 by subsection C of this section, and in addition to the payment of  
5 the contribution deficit amount required by this section, in order  
6 to have any pre-cap removal service included in the retirement  
7 benefit computation of the member using the average salary earned  
8 during such period of participating service subject to the maximum  
9 average salary amount, the member shall be required to perform one  
10 (1) year of participating service on or after the date as of which  
11 the member reaches a normal retirement age, for each two (2) years  
12 of service performed prior to July 1, 1995. For purposes of this  
13 section, any year of service performed prior to the effective date  
14 of this act after a member reached a normal retirement age shall  
15 qualify for purposes of the retirement benefit computation  
16 authorized by this section.

17 F. One (1) year of participating service performed by an  
18 eligible member who, prior to the effective date of this act has  
19 reached a normal retirement age or, who on or after July 1, 2006,  
20 reaches a normal retirement age, shall result in the inclusion of  
21 the two (2) years of participating service immediately preceding  
22 July 1, 1995, in a retirement benefit computation using the average  
23 salary of the member, subject to the maximum average salary amount.  
24 For each additional year of participating service performed by the

1 eligible member thereafter, whether such service has been performed  
2 prior to the effective date of this act or whether such service is  
3 performed on or after the effective date of this act, the two (2)  
4 next succeeding years of pre-cap removal service performed prior to  
5 the end of the preceding two-year period may be included in the  
6 benefit computation without regard to the maximum compensation level  
7 of the member that would otherwise be applicable to such pre-cap  
8 removal service.

9 G. The eligible member shall be required to make payment to the  
10 Teachers' Retirement System of Oklahoma of the contribution deficit  
11 amount for any year of service performed on or after July 1, 1987,  
12 but not later than June 30, 1995, as prescribed by subsections H  
13 through K of this section in order to have any years of pre-cap  
14 removal service included in the retirement benefit computation using  
15 the average salary of the member subject to the maximum average  
16 salary amount.

17 H. In order to have years of service included in the benefit  
18 computation using average salary subject to the maximum average  
19 salary amount, the member shall be required to make payment of the  
20 contribution deficit for the following years of service and in the  
21 sequence prescribed by subsection I of this section according to the  
22 adjustments required by subparagraphs a and b of paragraph 1 of  
23 subsection A of this section:

24 1. July 1, 1987, through June 30, 1988;

- 1        2. July 1, 1988, through June 30, 1989;
- 2        3. July 1, 1989, through June 30, 1990;
- 3        4. July 1, 1990, through June 30, 1991;
- 4        5. July 1, 1991, through June 30, 1992;
- 5        6. July 1, 1992, through June 30, 1993;
- 6        7. July 1, 1993, through June 30, 1994; and
- 7        8. July 1, 1994, through June 30, 1995.

8        I. For each year of service performed by the eligible member  
9 prior to the effective date of this act and after having reached a  
10 normal retirement age, or for each year of service performed by the  
11 member after reaching a normal retirement age on or after the  
12 effective date of this act, the member shall be required to make  
13 payment of the contribution deficit amount for each year of service  
14 beginning with the years described in paragraphs 7 and 8 of  
15 subsection H of this section. For each additional year of service  
16 performed by the eligible member after the normal retirement age of  
17 the member, the member shall make payment of the contribution  
18 deficit amount for each of the next two (2) years of service as  
19 described in:

- 20        1. Paragraphs 5 and 6 of subsection H of this section;
- 21        2. Paragraphs 3 and 4 of subsection H of this section; and
- 22        3. Paragraphs 1 and 2 of subsection H of this section.

23        J. After making payment of all required contribution deficit  
24 amounts for all periods of service described in paragraphs 1 through

1 8 of subsection H of this section, an eligible member who has  
2 performed any additional years of service after having reached a  
3 normal retirement age, or for each year of service performed by the  
4 member after reaching a normal retirement age on or after the  
5 effective date of this act, the member may then include any  
6 additional two-year period of service performed prior to July 1,  
7 1987, using the average salary of the member, subject to the maximum  
8 average salary amount, in the retirement benefit computation for  
9 such years of service by performing one (1) additional year of  
10 service.

11 K. No contribution deficit payments shall be required of the  
12 eligible member with respect to years of service performed prior to  
13 July 1, 1987, if such years of service are included in the  
14 retirement benefit computation of the member using average salary as  
15 otherwise authorized by this section, subject to the maximum average  
16 salary amount.

17 L. An eligible member may make the payment of the contribution  
18 deficit amount required by this section at any time prior to the  
19 retirement of the member from the System; however, no years of pre-  
20 cap removal service for which full payment of the required  
21 contribution deficit has not been made pursuant to the requirements  
22 of this section may be included in the retirement benefit  
23 computation of the otherwise eligible member using the average  
24

1 salary of the member for such period, subject to the maximum average  
2 salary amount.

3 M. Any pre-cap removal years of service for which the required  
4 contribution deficit payment has not been made to the System shall  
5 only be included in a retirement benefit computation using the  
6 maximum compensation level in effect for the member at the time such  
7 years of service were performed.

8 N. All payments to the System for pre-cap removal service shall  
9 be made prior to the date as of which a member retires. No payments  
10 to the System for pre-cap removal service otherwise authorized by  
11 this section shall be made after a member retires from the System  
12 and begins to receive benefits.

13 O. Any eligible member who, prior to the effective date of  
14 this act, has not previously made an election for payment of  
15 employee contributions on a maximum compensation level of Twenty-  
16 five Thousand Dollars (\$25,000.00) for pre-cap removal service may  
17 file an election with the System to make payment of the required  
18 contribution deficit amount pursuant to this section. Such an  
19 election shall be irrevocable.

20 P. No participating employer of the System shall make payment  
21 of any required contribution deficit amount on behalf of any  
22 otherwise eligible member, whether directly or indirectly, in order  
23 for the member to have retirement benefits computed according to the  
24 provisions of this section.

1 Q. No member of the System who has retired prior to July 1,  
2 2006, shall be eligible to make any payments of the contribution  
3 deficit amount and no such member shall have the ability to have a  
4 retirement benefit recomputed as a result of the provisions of this  
5 section.

6 R. The additional retirement benefit attributable to the  
7 provisions of this section may be computed for members who retire on  
8 or after July 1, 2006, but prior to January 1, 2007, but the  
9 additional retirement benefit attributable to the provisions of this  
10 section shall not be payable until January 1, 2007. On and after  
11 January 1, 2007, the additional retirement benefit attributable to  
12 the provisions of this section shall be added to the retirement  
13 benefit amount of any member who retires on or after July 1, 2006,  
14 and prior to January 1, 2007, and such increased benefit amount  
15 shall be payable to the member or any beneficiary of the member as  
16 otherwise provided pursuant to the provisions of Section 17-101 of  
17 ~~Title 70 of the Oklahoma Statutes~~ this title in the same manner as  
18 other retirement benefits are payable.

19 SECTION 5. This act shall become effective November 1, 2007.  
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