

THE HOUSE OF REPRESENTATIVES
Wednesday, April 18, 2007

Committee Substitute for
ENGROSSED
Senate Bill No. 1112

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1112 - By:
MAZZEI of the Senate and JONES of the House.

(retirement - Oklahoma Public Employees Retirement System - rate and
factor for certain elected officials - effective date –
emergency)

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

1 SECTION 1. AMENDATORY 74 O.S. 2001, Section 902, as last amended by
2 Section 134, Chapter 1, O.S.L. 2005 (74 O.S. Supp. 2006, Section 902), is amended to
3 read as follows:

4 Section 902. As used in Section 901 et seq. of this title:

5 (1) "System" means the Oklahoma Public Employees Retirement System as
6 established by this act and as it may hereafter be amended;

7 (2) "Accumulated contributions" means the sum of all contributions by a member to
8 the System which shall be credited to the member's account;

9 (3) "Act" means Sections 901 to 932, inclusive, of this title;

1 (4) "Actuarial equivalent" means a deferred income benefit of equal value to the
2 accumulated deposits or benefits when computed upon the basis of the actuarial tables in
3 use by the System;

4 (5) "Actuarial tables" means the actuarial tables approved and in use by the Board
5 at any given time;

6 (6) "Actuary" means the actuary or firm of actuaries employed by the Board at any
7 given time;

8 (7) "Beneficiary" means any person named by a member to receive any benefits as
9 provided for by Section 901 et seq. of this title. If there is no beneficiary living at time of
10 member employee's death, the member's estate shall be the beneficiary;

11 (8) "Board" means the Oklahoma Public Employees Retirement System Board of
12 Trustees;

13 (9) "Compensation" means all salary and wages, as defined by the Board of
14 Trustees, including amounts deferred under deferred compensation agreements entered
15 into between a member and a participating employer, but exclusive of payment for
16 overtime, payable to a member of the System for personal services performed for a
17 participating employer but shall not include compensation or reimbursement for
18 traveling, or moving expenses, or any compensation in excess of the maximum
19 compensation level, provided:

20 (a) For compensation for service prior to January 1, 1988, the maximum
21 compensation level shall be Twenty-five Thousand Dollars (\$25,000.00)
22 per annum.

1 For compensation for service on or after January 1, 1988, through June
2 30, 1994, the maximum compensation level shall be Forty Thousand
3 Dollars (\$40,000.00) per annum.

4 For compensation for service on or after July 1, 1994, through June 30,
5 1995, the maximum compensation level shall be Fifty Thousand
6 Dollars (\$50,000.00) per annum; for compensation for service on or
7 after July 1, 1995, through June 30, 1996, the maximum compensation
8 level shall be Sixty Thousand Dollars (\$60,000.00) per annum; for
9 compensation for service on or after July 1, 1996, through June 30,
10 1997, the maximum compensation level shall be Seventy Thousand
11 Dollars (\$70,000.00) per annum; and for compensation for service on or
12 after July 1, 1997, through June 30, 1998, the maximum compensation
13 level shall be Eighty Thousand Dollars (\$80,000.00) per annum. For
14 compensation for services on or after July 1, 1998, there shall be no
15 maximum compensation level for retirement purposes.

16 (b) Compensation for retirement purposes shall include any amount of
17 elective salary reduction under Section 457 of the Internal Revenue
18 Code of 1986 and any amount of ~~non-elective~~ nonelective salary
19 reduction under Section 414(h) of the Internal Revenue Code of 1986.

20 (c) Notwithstanding any provision to the contrary, the compensation
21 taken into account for any employee in determining the contribution or
22 benefit accruals for any plan year is limited to the annual

1 compensation limit under Section 401(a)(17) of the federal Internal
2 Revenue Code.

3 (d) Current appointed members of the Oklahoma Tax Commission whose
4 salary is constitutionally limited and is less than the highest salary
5 allowed by law for his or her position shall be allowed, within ninety
6 (90) days from the effective date of this act, to make an election to use
7 the highest salary allowed by law for the position to which the member
8 was appointed for the purposes of making contributions and
9 determination of retirement benefits. Such election shall be
10 irrevocable and be in writing. ~~Re-appointment~~ Reappointment to the
11 same office shall not permit a new election. Members appointed to the
12 Oklahoma Tax Commission after the effective date of this act shall
13 make such election, pursuant to this subparagraph, within ninety (90)
14 days of taking office;

15 (10) "Credited service" means the sum of participating service, prior service and
16 elected service. Unless otherwise provided by law, for purposes of benefit calculations,
17 each specific type of service shall be multiplied by the percentage applicable to that type
18 of service;

19 (11) "Dependent" means a parent, child, or spouse of a member who is dependent
20 upon the member for at least one-half (1/2) of the member's support;

21 (12) "Effective date" means the date upon which the System becomes effective by
22 operation of law;

1 (13) "Eligible employer" means the state and any county, county hospital, city or
2 town, conservation districts, circuit engineering districts and any public or private trust
3 in which a county, city or town participates and is the primary beneficiary is to be an
4 eligible employer for the purpose of this act only, whose employees are covered by Social
5 Security and are not covered by or eligible for another retirement plan authorized under
6 the laws of this state which is in operation on the initial entry date. Emergency medical
7 service districts may join the System upon proper application to the Board. Provided
8 affiliation by a county hospital shall be in the form of a resolution adopted by the board of
9 control.

10 (a) If a class or several classes of employees of any above-defined
11 employers are covered by Social Security and are not covered by or
12 eligible for and will not become eligible for another retirement plan
13 authorized under the laws of this state, which is in operation on the
14 effective date, such employer shall be deemed an eligible employer, but
15 only with respect to that class or those classes of employees as defined
16 in this section.

17 (b) A class or several classes of employees who are covered by Social
18 Security and are not covered by or eligible for and will not become
19 eligible for another retirement plan authorized under the laws of this
20 state, which is in operation on the effective date, and when the
21 qualifications for employment in such class or classes are set by state
22 law; and when such class or classes of employees are employed by a

1 county or municipal government pursuant to such qualifications; and
2 when the services provided by such employees are of such nature that
3 they qualify for matching by or contributions from state or federal
4 funds administered by an agency of state government which qualifies
5 as a participating employer, then the agency of state government
6 administering the state or federal funds shall be deemed an eligible
7 employer, but only with respect to that class or those classes of
8 employees as defined in this subsection; provided, that the required
9 contributions to the retirement plan may be withheld from the
10 contributions of state or federal funds administered by the state
11 agency and transmitted to the System on the same basis as the
12 employee and employer contributions are transmitted for the direct
13 employees of the state agency. The retirement or eligibility for
14 retirement under the provisions of law providing pensions for service
15 as a volunteer fire fighter shall not render any person ineligible for
16 participation in the benefits provided for in Section 901 et seq. of this
17 title. An employee of any public or private trust in which a county, city
18 or town participates and is the primary beneficiary shall be deemed to
19 be an eligible employee for the purpose of this act only.

20 (c) All employees of the George Nigh Rehabilitation Institute who elected
21 to retain membership in the System, pursuant to Section 913.7 of this
22 title, shall continue to be eligible employees for the purposes of this

1 act. The George Nigh Rehabilitation Institute shall be considered a
2 participating employer only for such employees.

3 (d) A participating employer of the Teachers' Retirement System of
4 Oklahoma, who has one or more employees who have made an election
5 pursuant to enabling legislation to retain membership in the System
6 as a result of change in administration, shall be considered a
7 participating employer of the Oklahoma Public Employees Retirement
8 System only for such employees;

9 (14) "Employee" means any officer or employee of a participating employer, whose
10 employment is not seasonal or temporary and whose employment requires at least one
11 thousand (1,000) hours of work per year and whose salary or wage is equal to the hourly
12 rate of the monthly minimum wage for state employees. For those eligible employers
13 outlined in Section 910 of this title, the rate shall be equal to the hourly rate of the
14 monthly minimum wage for that employer. Each employer, whose minimum wage is less
15 than the state's minimum wage, shall inform the System of the minimum wage for that
16 employer. This notification shall be by resolution of the governing body.

17 (a) Any employee of the county extension agents who is not currently
18 participating in the Teachers' Retirement System of Oklahoma shall be
19 a member of this System.

20 (b) Eligibility shall not include any employee who is a contributing
21 member of the United States Civil Service Retirement System.

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 (c) It shall be mandatory for an officer, appointee or employee of the office
2 of district attorney to become a member of this System if he or she is
3 not currently participating in a county retirement system. Provided
4 further, that if an officer, appointee or employee of the office of district
5 attorney is currently participating in such county retirement system,
6 he or she is ineligible for this System as long as he or she is eligible for
7 such county retirement system. Any eligible officer, appointee or
8 employee of the office of district attorney shall be given credit for prior
9 service as defined in this section. The provisions outlined in Section
10 917 of this title shall apply to those employees who have previously
11 withdrawn their contributions.

12 (d) Eligibility shall also not include any officer or employee of the
13 Oklahoma Employment Security Commission, except for those officers
14 and employees of the Commission electing to transfer to this System
15 pursuant to the provisions of Section 910.1 of this title or any other
16 class of officers or employees specifically exempted by the laws of this
17 state, unless there be a consolidation as provided by Section 912 of this
18 title. Employees of the Oklahoma Employment Security Commission
19 who are ineligible for enrollment in the Employment Security
20 Commission Retirement Plan, that was in effect on January 1, 1964,
21 shall become members of this System.

1 (e) Any employee employed by the Legislative Service Bureau, State
2 Senate or House of Representatives for the full duration of a regular
3 legislative session shall be eligible for membership in the System
4 regardless of classification as a temporary employee and may
5 participate in the System during the regular legislative session at the
6 option of the employee. For purposes of this subparagraph, the
7 determination of whether an employee is employed for the full
8 duration of a regular legislative session shall be made by the
9 Legislative Service Bureau if such employee is employed by the
10 Legislative Service Bureau, the State Senate if such employee is
11 employed by the State Senate, or by the House of Representatives if
12 such employee is employed by the House of Representatives. Each
13 regular legislative session during which the legislative employee or an
14 employee of the Legislative Service Bureau participates full time shall
15 be counted as six (6) months of full-time participating service.

16 (i) Except as otherwise provided by this subparagraph, once a
17 temporary session employee makes a choice to participate or
18 not, the choice shall be binding for all future legislative sessions
19 during which the employee is employed.

20 (ii) Notwithstanding the provisions of division (i) of this
21 subparagraph, any employee, who is eligible for membership in
22 the System because of the provisions of this subparagraph and

1 who was employed by the State Senate or House of
2 Representatives after January 1, 1989, may file an election, in a
3 manner specified by the Board, to participate as a member of the
4 System prior to September 1, 1989.

5 (iii) Notwithstanding the provisions of division (i) of this
6 subparagraph, a temporary legislative session employee who
7 elected to become a member of the System may withdraw from
8 the System effective the day said employee elected to participate
9 in the System upon written request to the Board. Any such
10 request must be received by the Board prior to October 1, 1990.
11 All employee contributions made by the temporary legislative
12 session employee shall be returned to the employee without
13 interest within four (4) months of receipt of the written request.

14 (iv) A member of the System who did not initially elect to participate
15 as a member of the System pursuant to subparagraph (e) of this
16 paragraph shall be able to acquire service performed as a
17 temporary legislative session employee for periods of service
18 performed prior to the date upon which the person became a
19 member of the System if:

- 20 a. the member files an election with the System not later
21 than December 31, 2000, to purchase the prior service;
22 and

1 b. the member makes payment to the System of the
2 actuarial cost of the service credit pursuant to subsection
3 A of Section 913.5 of this title. The provisions of Section
4 913.5 of this title shall be applicable to the purchase of
5 the service credit, including the provisions for
6 determining service credit in the event of incomplete
7 payment due to cessation of payments, death, termination
8 of employment or retirement, but the payment may
9 extend for a period not to exceed ninety-six (96) months;

10 (15) “Entry date” means the date on which an eligible employer joins the System.

11 The first entry date pursuant to Section 901 et seq. of this title shall be January 1, 1964;

12 (16) “Executive Director” means the managing officer of the System employed by
13 the Board under Section 901 et seq. of this title;

14 (17) “Federal Internal Revenue Code” means the federal Internal Revenue Code of
15 1954 or 1986, as amended and as applicable to a governmental plan as in effect on July 1,
16 1999;

17 (18) “Final average compensation” means the average annual compensation,
18 including amounts deferred under deferred compensation agreements entered into
19 between a member and a participating employer, up to, but not exceeding the maximum
20 compensation levels as provided in paragraph (9) of this section received during the
21 highest ~~three (3)~~ thirty-six (36) months of the last ten (10) years of participating service
22 immediately preceding retirement or termination of employment. Provided, no member

1 shall retire with a final average compensation unless the member has made the required
2 contributions on such compensation, as defined by the Board of Trustees;

3 (19) "Fiscal year" means the period commencing July 1 of any year and ending
4 June 30 of the next year. The fiscal year is the plan year for purposes of the federal
5 Internal Revenue Code; however, the calendar year is the limitation year for purposes of
6 Section 415 of the federal Internal Revenue Code;

7 (20) "Fund" means the Oklahoma Public Employees Retirement Fund as created by
8 Section 901 et seq. of this title;

9 (21) "Leave of absence" means a period of absence from employment without pay,
10 authorized and approved by the employer and acknowledged to the Board, and which
11 after the effective date does not exceed two (2) years;

12 (22) "Member" means an eligible employee or elected official who is in the System
13 and is making the required employee or elected official contributions, or any former
14 employee or elected official who shall have made the required contributions to the
15 System and shall have not received a refund or withdrawal;

16 (23) "Military service" means service in the Armed Forces of the United States by
17 an honorably discharged person during the following time periods, as reflected on such
18 person's Defense Department Form 214, not to exceed five (5) years for combined
19 participating and/or prior service, as follows:

20 (a) during the following periods, including the beginning and ending
21 dates, and only for the periods served, from:

- 1 (i) April 6, 1917, to November 11, 1918, commonly referred to as
2 World War I,
- 3 (ii) September 16, 1940, to December 7, 1941, as a member of the
4 45th Division,
- 5 (iii) December 7, 1941, to December 31, 1946, commonly referred to
6 as World War II,
- 7 (iv) June 27, 1950, to January 31, 1955, commonly referred to as the
8 Korean Conflict or the Korean War,
- 9 (v) February 28, 1961, to May 7, 1975, commonly referred to as the
10 Vietnam era, except that:
- 11 a. for the period from February 28, 1961, to August 4, 1964,
12 military service shall only include service in the Republic
13 of Vietnam during that period, and
- 14 b. for purposes of determining eligibility for education and
15 training benefits, such period shall end on December 31,
16 1976, or
- 17 (vi) August 1, 1990, to December 31, 1991, commonly referred to as
18 the Gulf War, the Persian Gulf War, or Operation Desert Storm,
19 but excluding any person who served on active duty for training
20 only, unless discharged from such active duty for a service-
21 connected disability;

1 (b) during a period of war or combat military operation other than a
2 conflict, war or era listed in subparagraph (a) of this paragraph,
3 beginning on the date of Congressional authorization, Congressional
4 resolution, or Executive Order of the President of the United States,
5 for the use of the Armed Forces of the United States in a war or
6 combat military operation, if such war or combat military operation
7 lasted for a period of ninety (90) days or more, for a person who served,
8 and only for the period served, in the area of responsibility of the war
9 or combat military operation, but excluding a person who served on
10 active duty for training only, unless discharged from such active duty
11 for a service-connected disability, and provided that the burden of
12 proof of military service during this period shall be with the member,
13 who must present appropriate documentation establishing such
14 service.

15 An eligible member under this paragraph shall include only those persons who shall
16 have served during the times or in the areas prescribed in this paragraph, and only if
17 such person provides appropriate documentation in such time and manner as required by
18 the System to establish such military service prescribed in this paragraph, or for service
19 pursuant to subdivision a of division (v) of subparagraph (a) of this paragraph those
20 persons who were awarded service medals, as authorized by the United States
21 Department of Defense as reflected in the veteran's Defense Department Form 214,
22 related to the Vietnam Conflict for service prior to August 5, 1964;

1 (24) "Normal retirement date" means the date on which a member may retire with
2 full retirement benefits as provided in Section 901 et seq. of this title, such date being
3 whichever occurs first:

4 (a) the first day of the month coinciding with or following a member's
5 sixty-second birthday,

6 (b) for any person who initially became a member prior to July 1, 1992,
7 the first day of the month coinciding with or following the date at
8 which the sum of a member's age and number of years of credited
9 service total eighty (80); such a normal retirement date will also apply
10 to any person who became a member of the sending system as defined
11 in Section 901 et seq. of this title, prior to July 1, 1992, regardless of
12 whether there were breaks in service after July 1, 1992,

13 (c) for any person who became a member after June 30, 1992, the first day
14 of the month coinciding with or following the date at which the sum of
15 a member's age and number of years of credited service total ninety
16 (90),

17 (d) in addition to subparagraphs (a), (b) and (c) of this paragraph, the first
18 day of the month coinciding with or following a member's completion of
19 at least twenty (20) years of full-time-equivalent employment as:

20 (i) a correctional or probation and parole officer with the

21 Department of Corrections and at the time of retirement, the

1 member was a correctional or probation and parole officer with
2 the Department of Corrections, or
3 (ii) a correctional officer, probation and parole officer or fugitive
4 apprehension agent with the Department of Corrections who is
5 in such position on June 30, 2004, or who is hired after June 30,
6 2004, and who receives a promotion or change in job
7 classification after June 30, 2004, to another position in the
8 Department of Corrections, so long as such officer or agent has
9 at least five (5) years of service as a correctional officer,
10 probation and parole officer or fugitive apprehension agent with
11 the Department, has twenty (20) years of full-time-equivalent
12 employment with the Department and was employed by the
13 Department at the time of retirement, or
14 (iii) a firefighter with the Oklahoma Military Department either
15 employed for the first time on or after July 1, 2002, or who was
16 employed prior to July 1, 2002, in such position and who makes
17 the election authorized by division (2) of subparagraph b of
18 paragraph (8) of subsection A of Section 915 of this title and at
19 the time of retirement, the member was a firefighter with the
20 Oklahoma Military Department, and such member has at least
21 twenty (20) years of credited service upon which the two and

1 one-half percent (2 1/2%) multiplier will be used in calculating
2 the retirement benefit,

3 (e) for those fugitive apprehension agents who retire on or after July 1,
4 2002, the first day of the month coinciding with or following a
5 member's completion of at least twenty (20) years of full-time-
6 equivalent employment as a fugitive apprehension agent with the
7 Department of Corrections and at the time of retirement, the member
8 was a fugitive apprehension agent with the Department of Corrections,
9 or

10 (f) for any member who was continuously employed by an entity or
11 institution within The Oklahoma State System of Higher Education
12 and whose initial employment with such entity or institution was prior
13 to July 1, 1992, and who without a break in service of more than thirty
14 (30) days became employed by an employer participating in the
15 Oklahoma Public Employees Retirement System, the first day of the
16 month coinciding with or following the date at which the sum of the
17 member's age and number of years of credited service total eighty (80);

18 (25) "Participating employer" means an eligible employer who has agreed to make
19 contributions to the System on behalf of its employees;

20 (26) "Participating service" means the period of employment after the entry date for
21 which credit is granted a member;

1 (27) "Prior service" means the period of employment of a member by an eligible
2 employer prior to the member's entry date for which credit is granted a member under
3 Section 901 et seq. of this title;

4 (28) "Retirant" means a member who has retired under the System;

5 (29) "Retirement benefit" means a monthly income with benefits accruing from the
6 first day of the month coinciding with or following retirement and ending on the last day
7 of the month in which death occurs or the actuarial equivalent thereof paid in such
8 manner as specified by the member pursuant to Section 901 et seq. of this title or as
9 otherwise allowed to be paid at the discretion of the Board;

10 (30) "Retirement coordinator" means the individual designated by each
11 participating employer through whom System transactions and communication shall be
12 directed;

13 (31) "Social Security" means the old-age survivors and disability section of the
14 Federal Social Security Act;

15 (32) "Total disability" means a physical or mental disability accepted for disability
16 benefits by the Federal Social Security System;

17 (33) "Service-connected disability benefits" means military service benefits which
18 are for a service-connected disability rated at twenty percent (20%) or more by the
19 Veterans Administration or the Armed Forces of the United States;

20 (34) "Elected official" means a person elected to a state office in the legislative or
21 executive branch of state government or a person elected to a county office for a definite

1 number of years and shall include an individual who is appointed to fill the unexpired
2 term of an elected state official;

3 (35) "Elected service" means the period of service as an elected official; and

4 (36) "Limitation year" means the year used in applying the limitations of Section
5 415 of the Internal Revenue Code of 1986, which year shall be the calendar year.

6 SECTION 2. AMENDATORY 74 O.S. 2001, Section 913.4, as amended by
7 Section 5, Chapter 486, O.S.L. 2003 (74 O.S. Supp. 2006, Section 913.4), is amended to
8 read as follows:

9 Section 913.4 A. An elected official may elect to participate in the System and if he
10 elects to do so shall have the option of contributing at any one of the below listed
11 ~~percentage factors~~ contribution rates and will receive retirement benefits in accordance
12 with the ~~percentage factor~~ contribution rate chosen. The election on participation in the
13 System must be in writing, must specify the percent of contributions chosen, and must be
14 filed with the System within ninety (90) days after the elected official takes office. The
15 election ~~is to participate and the election of a contribution rate shall be~~ irrevocable.

16 Reelection to the same office will not permit a new election. Failure of an elected official
17 to file such election form within the ninety-day period shall be deemed an irrevocable
18 election to participate in the System at the maximum contribution ~~percentage rate~~. Any
19 currently serving elected official who has not previously elected to participate in the
20 System on the effective date of this act, must make an election on participation in
21 writing, specifying the ~~contributions percent~~ contribution rate no later than December 1,
22 1999. Failure of a currently serving elected official to file such election form shall be

1 deemed an irrevocable election to participate in the System at the maximum contribution
 2 ~~percentage~~ rate. Contributions and benefits will be based upon his or her annual
 3 compensation as defined in Section 902 of this title. Employer and employee
 4 contributions shall be remitted monthly, or as the Board may otherwise provide, to the
 5 Executive Director for deposit in the Oklahoma Public Employees Retirement Fund.
 6 Effective July 1, 1994, and thereafter, the participating employer shall contribute as
 7 provided in Section 920 of this title.

8 Effective July 1, 1994, and thereafter, the member contributions and the
 9 computation factor selected shall be based on the entire compensation as an elected
 10 official subject to the definition and maximum compensation levels as set forth in
 11 paragraph (9) of Section 902 of this title and shall be as follows:

12	Percent of	Computation	Alternate
13	Contribution <u>Rate</u>	Factor	Formula
14	4 1/2%	019	\$12.50
15	6%	025	\$20.00
16	7 1/2%	030	\$25.00
17	8 1/2%	034	\$27.50
18	9%	036	\$30.00
19	10%	040	\$40.00

20 B. The normal retirement date for an elected official shall be the first day of the
 21 month coinciding with or following the official's sixtieth birthday or the first day of the
 22 month coinciding with or following the date at which the sum of the elected official's age

1 and number of years of credited service total eighty (80). Provided further, that any
 2 elective official who has a minimum of ten (10) years' participating service may retire
 3 under the early retirement provisions of this act, including those electing a vested benefit
 4 and shall receive an adjustment of annual benefits in accordance with the following
 5 percentage schedule:

6	Age	Percentage of Normal Retirement Benefits
8	60	100%
9	59	94%
10	58	88%
11	57	82%
12	56	76%
13	55	70%

14 C. 1. Any elected official shall receive annual benefits computed based upon the
 15 ~~computation~~ contribution rate and corresponding computation factor selected multiplied
 16 by the member's highest annual compensation received as an elected official prior to
 17 retirement or termination of employment; provided, no elected official shall retire using
 18 such highest annual compensation unless the elected official has made the required
 19 election and has paid the required contributions on such salary, multiplied by the
 20 number of years of credited service, that has been credited to the member in accordance
 21 with the provisions of this section.

1 2. The retirement benefit may be computed pursuant to the provisions of paragraph
2 (1) of subsection A of Section 915 of this title if the benefit would be higher. Elected
3 officials who have a vested benefit prior to July 1, 1980, may elect to receive annual
4 benefits based on the alternate formula provided above. Such annual benefits shall be
5 paid in equal monthly installments.

6 3. Any person entering the Oklahoma Public Employees Retirement System on or
7 after July 1, 2007, will receive retirement benefits in accordance with the contribution
8 rate and corresponding computation factor selected pursuant to subsection A of this
9 section multiplied by the member's highest annual compensation received as an elected
10 official and only for those years of credited service the member served as an elected
11 official. If such elected official has participating service as a nonelected member, then
12 such nonelected service shall be computed separately pursuant to the provisions of
13 paragraph (1) of subsection A of Section 915 of this title with the final benefit result
14 added to the final benefit result for elected service. In no event shall the elected official
15 be entitled to apply the contribution rate and corresponding computation factor selected
16 pursuant to subsection A of this section or the compensation received as an elected
17 official to the computation of nonelected service.

18 D. Any elected official making an election to participate at a contribution ~~percent~~
19 rate less than the maximum and later selecting a higher rate shall contribute to the
20 System a sum equal to the amount which he would have contributed if he had made such
21 election at the time he first became eligible, plus interest as determined by the Board, in
22 order to receive the additional benefits for all service as an elected official; otherwise, the

1 additional benefits shall be applicable only to service for which the elected official pays
2 the appropriate percent of contributions to the System. Any elected official who did not
3 elect to participate and later elects to participate prior to December 1, 1999, may receive
4 credit for those years of service accumulated by the member as an elected official if the
5 member is not receiving or eligible to receive retirement credit or benefits from said
6 service in any public retirement system. To receive this service credit, the member shall
7 pay the amount determined by the Board pursuant to Section 913.5 of this title.

8 E. An elected official who has a vested benefit on July 1, 1982, may elect to receive
9 benefits based upon a higher contribution rate than the official previously contributed by
10 paying to the System the contributions, plus interest as determined by the Board, due at
11 the higher rate as if that rate had been in effect at the time the official accepted a vested
12 benefit.

13 F. The surviving spouse of a deceased elected official having at least six (6) years of
14 participating service shall be entitled to receive survivor benefits in the amount herein
15 prescribed, if married to the decedent continuously for a period of at least three (3) years
16 immediately preceding the elected official's death. Provided the elected official had met
17 the service requirements, survivor benefits shall be payable when the deceased member
18 would have met the requirements for normal or early retirement. The amount of the
19 benefits the surviving spouse may receive shall be fifty percent (50%) of the amount of
20 benefits the deceased elected official was receiving or will be eligible to receive.
21 Remarriage of a surviving spouse shall disqualify the spouse for the receipt of survivor

1 benefits. Elected officials may elect a retirement option as provided in Section 918 of this
2 title in lieu of the survivors benefit provided above.

3 G. Any elected official who served in the Armed Forces of the United States, as
4 defined in paragraph (23) of Section 902 of this title, prior to membership in the
5 Oklahoma Public Employees Retirement System shall be granted credited service of not
6 to exceed five (5) years for those periods of active military service during which the
7 elected official was a war veteran.

8 H. Any one appointed or elected to an elected position after July 1, 1990, shall not
9 be eligible to receive benefits as provided in this section until such person has
10 participated as an elected official for six (6) years.

11 I. Elected officials who terminate participation in the System and who have a
12 minimum of six (6) years of participating service shall be entitled to elect a vested benefit
13 and shall be entitled to the retirement options as provided in Section 918 of this title in
14 lieu of the survivors benefit provided above.

15 SECTION 3. AMENDATORY 74 O.S. 2001, Section 914, as amended by
16 Section 6, Chapter 486, O.S.L. 2003 (74 O.S. Supp. 2006, Section 914), is amended to
17 read as follows:

18 Section 914. A. The normal retirement date for a member of the Oklahoma Public
19 Employees Retirement System shall be as defined in Section 902 of this title, provided
20 members employed on or after January 1, 1983, shall have six (6) or more years of full-
21 time-equivalent employment with a participating employer before receiving any
22 retirement benefits or if the member is a legislative session employee of the Legislature,

1 shall have three (3) or more years of full-time-equivalent employment with a
2 participating employer before receiving any retirement benefits. In no event shall a
3 normal retirement date for a member be before six (6) months after the entry date of the
4 participating employer by whom he or she is employed.

5 B. A member may be employed beyond the normal retirement date by the
6 appointing authority of the participating employer. However, the member may not
7 receive retirement pay so long as ~~he~~ the member continues employment under this act.
8 Any member who has terminated employment with a participating employer prior to
9 the month immediately preceding said member's normal retirement date must elect a
10 vested benefit pursuant to Section 917 of this title before receiving any retirement
11 benefits.

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

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

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

18 1. All service accumulated from date of reemployment shall be computed based on
19 the benefit formula applicable at that time and the additional benefits shall be added to
20 the previous benefits. Such additional benefits shall be calculated each year based upon
21 additional service accrued from July 1 to June 30 of the previous year and the additional
22 benefit, if any, will be added to the retirant's monthly benefit beginning January 1, 2000,

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

4 2. Any retirant who returns to employment with a participating employer may elect
5 not to receive any retirement benefits while so reemployed. If such an election is made
6 and reemployment is for a minimum period of thirty-six (36) consecutive months, all
7 service accumulated from date of reemployment shall be participating service. For
8 purposes of determining the retirement benefits of such a member upon the termination
9 of such reemployment all creditable service of the member shall be computed based on
10 the benefit formula applicable at the time of termination of such reemployment.

11 Provided, a retirant who became reemployed prior to July 1, 1982, and who is
12 reemployed for a minimum of thirty-six (36) consecutive months shall have all the
13 creditable service of such retirant computed based on the benefit formula applicable at
14 the time of termination of such reemployment if the retirant elects not to receive
15 retirement benefits prior to such termination of reemployment. A retirant who has
16 waived receipt of the monthly benefit, but is not reemployed for the full thirty-six (36)
17 consecutive months, shall upon termination of such reemployment have only the
18 additional amount added to his or her benefit as if they had not waived the benefit as
19 provided in paragraph 1 of this subsection.

20 3. All post-retirement additional benefits shall be calculated using actual hours
21 worked as well as the actual compensation received and upon which contributions are

1 paid. Post-retirement service is not subject to the partial year round-up provisions of
2 subsection C of Section 913 of this title.

3 4. A retired member who returns to work for a participating employer pursuant to
4 this section shall be bound by the election made pursuant to paragraph (2) of subsection
5 A of Section 915 of this title if the member had made such election prior to retirement. If
6 the member had not made such election prior to retirement, the member may do so
7 during the member's reemployment with a participating employer pursuant to this
8 section.

9 F. Any member may elect to retire before his or her normal retirement date on the
10 first day of any month coinciding with or following the attainment of age fifty-five (55),
11 provided such member has completed ten (10) years of participating service, but in no
12 event before six (6) months after the entry date. Any member who shall retire before the
13 normal retirement date shall receive an annual retirement benefit adjusted in
14 accordance with the following percentage schedule:

		Percentage of Normal
	Age	Retirement Benefit
15		
16		
17	62	100.00%
18	61	93.33%
19	60	86.67%
20	59	80.00%
21	58	73.33%
22	57	66.67%

UNDERLINED language denotes Amendments to present Statutes.
BOLD FACE CAPITALIZED language denotes Committee Amendments.
~~Strike thru~~ language denotes deletion from present Statutes.

1 System shall on or before January 1 of each year update the formula based upon new
2 health insurance premium data of the plans offered by the State and Education
3 Employees Group Insurance Board to retired members. A member retiring under the
4 alternative retirement benefit option shall have the member's retirement benefit based
5 upon the formula in use at the time of retirement and shall not be amended thereafter to
6 reflect further changes in health insurance premiums. A member electing to participate
7 in the alternative retirement benefit option shall make an irrevocable election at the
8 time of retirement to participate in such option. Provided further, that any married
9 member making this election shall comply with the provisions of Section 918 of ~~Title 74~~
10 ~~of the Oklahoma Statutes~~ this title. The Board of Trustees of the Oklahoma Public
11 Employees Retirement System shall promulgate such rules as are necessary to
12 implement the provisions of this section.

13 No member shall be eligible to make the election provided for in this section until
14 the Board receives official written notice that this alternative retirement benefit option
15 satisfies the tax qualification requirements for governmental plans applicable to such
16 benefit options as specified in the Internal Revenue Code of 1986, as amended from time
17 to time and as applicable to governmental plans and the relevant regulatory provisions
18 and guidance related thereto.

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

20 SECTION 6. It being immediately necessary for the preservation of the public
21 peace, health and safety, an emergency is hereby declared to exist, by reason whereof
22 this act shall take effect and be in full force from and after its passage and approval.

1 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
2 FINANCIAL SERVICES, dated 04-17-07 - DO PASS, As Amended.