

CS for ESB 1641

CORRECTED

THE HOUSE OF REPRESENTATIVES
Thursday, April 10, 2008

Committee Substitute for
ENGROSSED

Senate Bill No. 1641

COMMITTEE SUBSTITUTE FOR ENGROSSED SENATE BILL NO. 1641 - By:
MAZZEI of the Senate and SULLIVAN AND DERBY of the House.

An Act relating to the Oklahoma Public Employees Retirement System; amending 74 O.S. 2001, Section 913.4, as amended by Section 5, Chapter 486, O.S.L. 2003 (74 O.S. Supp. 2007, Section 913.4), which relates to certain benefit computation for elected officials, modifying computation method for retirement benefits; imposing limitation on benefit; providing an effective date; and declaring an emergency.

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

1 SECTION 1. AMENDATORY 74 O.S. 2001, Section 913.4, as amended by
2 Section 5, Chapter 486, O.S.L. 2003 (74 O.S. Supp. 2007, Section 913.4), is amended to
3 read as follows:

4 Section 913.4 A. An elected official may elect to participate in the System and if he
5 or she elects to do so shall have the option of contributing at any one of the below listed
6 ~~percentage factors~~ contribution rates and will receive retirement benefits in accordance
7 with the ~~percentage factor~~ contribution rate chosen. The election on participation in the
8 System must be in writing, must specify the percent of contributions chosen, and must be

1 filed with the System within ninety (90) days after the elected official takes office. The
 2 election ~~is to participate and the election of a contribution rate shall be~~ irrevocable.
 3 Reelection to the same office will not permit a new ~~election~~ elections. Failure of an
 4 elected official to file such election form within the ninety-day period shall be deemed an
 5 irrevocable election to participate in the System at the maximum contribution ~~percentage~~
 6 rate. Any currently serving elected official who has not previously elected to participate
 7 in the System on the effective date of this act, must make an election on participation in
 8 writing, specifying the ~~contributions percent~~ contribution rate no later than December 1,
 9 1999. Failure of a currently serving elected official to file such election form shall be
 10 deemed an irrevocable election to participate in the System at the maximum contribution
 11 ~~percentage~~ rate. Contributions and benefits will be based upon his or her annual
 12 compensation as defined in Section 902 of this title. Employer and employee
 13 contributions shall be remitted monthly, or as the Board may otherwise provide, to the
 14 Executive Director for deposit in the Oklahoma Public Employees Retirement Fund.
 15 Effective July 1, 1994, and thereafter, the participating employer shall contribute as
 16 provided in Section 920 of this title.

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

<p>21 Percent of</p> <p>22 <u>Contribution Rate</u></p> <p>SB1641 HFLR</p>	<p>Computation</p> <p>Factor</p> <p>- 2 -</p>	<p>Alternate</p> <p>Formula</p> <p><i>House of Representatives</i></p>
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1	4 1/2%	019	\$12.50
2	6%	025	\$20.00
3	7 1/2%	030	\$25.00
4	8 1/2%	034	\$27.50
5	9%	036	\$30.00
6	10%	040	\$40.00

7 B. The normal retirement date for an elected official shall be the first day of the
 8 month coinciding with or following the official's sixtieth birthday or the first day of the
 9 month coinciding with or following the date at which the sum of the elected official's age
 10 and number of years of credited service total eighty (80). Provided further, that any
 11 elective official who has a minimum of ten (10) years' participating service may retire
 12 under the early retirement provisions of this act, including those electing a vested benefit
 13 and shall receive an adjustment of annual benefits in accordance with the following
 14 percentage schedule:

15		Percentage of Normal
16	Age	Retirement Benefits
17	60	100%
18	59	94%
19	58	88%
20	57	82%
21	56	76%
22	55	70%

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

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

14 3. Elected officials who become members of the Oklahoma Public Employees
 15 Retirement System on or after July 1, 2008, will receive retirement benefits in
 16 accordance with the contribution rate and corresponding computation factor selected
 17 pursuant to subsection A of this section multiplied by the member's highest annual
 18 compensation received as an elected official and only for those years of credited service
 19 the member served as an elected official. If such elected official has participating service
 20 as a nonelected member, then such nonelected service shall be computed separately
 21 pursuant to the provisions of paragraph (1) of subsection A of Section 915 of this title
 22 with the final benefit result added to the final benefit result for elected service. In no

1 event shall the elected official be entitled to apply the contribution rate and
 2 corresponding computation factor selected pursuant to subsection A of this section or the
 3 compensation received as an elected official to the computation of nonelected service.

4 4. Elected officials who are first elected or appointed to an elected office on or after
 5 July 1, 2008, may not receive a maximum benefit greater than their single highest
 6 annual compensation received as a member of the Oklahoma Public Employees
 7 Retirement System.

8 D. Any elected official making an election to participate at a contribution ~~percent~~
 9 rate less than the maximum and later selecting a higher rate shall contribute to the
 10 System a sum equal to the amount which he would have contributed if he had made such
 11 election at the time he first became eligible, plus interest as determined by the Board, in
 12 order to receive the additional benefits for all service as an elected official; otherwise, the
 13 additional benefits shall be applicable only to service for which the elected official pays
 14 the appropriate percent of contributions to the System. Any elected official who did not
 15 elect to participate and later elects to participate prior to December 1, 1999, may receive
 16 credit for those years of service accumulated by the member as an elected official if the
 17 member is not receiving or eligible to receive retirement credit or benefits from said
 18 service in any public retirement system. To receive this service credit, the member shall
 19 pay the amount determined by the Board pursuant to Section 913.5 of this title.

20 E. An elected official who has a vested benefit on July 1, 1982, may elect to receive
 21 benefits based upon a higher contribution rate than the official previously contributed by
 22 paying to the System the contributions, plus interest as determined by the Board, due at

1 the higher rate as if that rate had been in effect at the time the official accepted a vested
2 benefit.

3 F. The surviving spouse of a deceased elected official having at least six (6) years of
4 participating service shall be entitled to receive survivor benefits in the amount herein
5 prescribed, if married to the decedent continuously for a period of at least three (3) years
6 immediately preceding the elected official's death. Provided the elected official had met
7 the service requirements, survivor benefits shall be payable when the deceased member
8 would have met the requirements for normal or early retirement. The amount of the
9 benefits the surviving spouse may receive shall be fifty percent (50%) of the amount of
10 benefits the deceased elected official was receiving or will be eligible to receive.

11 Remarriage of a surviving spouse shall disqualify the spouse for the receipt of survivor
12 benefits. Elected officials may elect a retirement option as provided in Section 918 of this
13 title in lieu of the survivors benefit provided above.

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

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

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

5 SECTION 2. This act shall become effective July 1, 2008.

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

9 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND
10 FINANCIAL SERVICES, dated 04-09-08 - DO PASS, As Amended and Coauthored.