

STATE OF OKLAHOMA

2nd Session of the 51st Legislature (2008)

HOUSE BILL 3112

By: Peterson (Ron)

AS INTRODUCED

An Act relating to public retirement systems; 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 536, O.S.L. 2004 (20 O.S. Supp. 2007, Section 1108), which relates to compilation of a quarterly financial report; permitting certain access to date in lieu of report; amending 20 O.S. 2001, Section 1103.1, as last amended by Section 7, Chapter 536, O.S.L. 2004 (20 O.S. Supp. 2007, Section 1103.1), which relates to the Uniform Retirement System for Justices and Judges; modifying employer contribution rate; modifying the Board of Trustees' ability to raise contribution rates; amending 20 O.S. 2001, Sections 1307, as last amended by Section 5, Chapter 443, O.S.L. 2004, and 1308, as amended by Section 6, Chapter 443, O.S.L. 2004 (20 O.S. Supp. 2007, Sections 1307 and 1308), which relate to reports and the State Judicial Retirement Fund and the State Judicial Fund; requiring court clerk to report amount of money transferred to the State Judicial Retirement

1 Fund; requiring court clerk to transmit certain
2 percentage into State Judicial Retirement Fund;
3 providing an effective date; and declaring an
4 emergency.

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

6 SECTION 1. AMENDATORY 74 O.S. 2001, Section 909.1, as
7 last amended by Section 23, Chapter 536, O.S.L. 2004 (74 O.S. Supp.
8 2007, Section 909.1), is amended to read as follows:

9 Section 909.1 A. The Oklahoma Public Employees Retirement
10 System Board of Trustees shall discharge their duties with respect
11 to the System solely in the interest of the participants and
12 beneficiaries and:

13 1. For the exclusive purpose of:

14 a. providing benefits to participants and their
15 beneficiaries, and

16 b. defraying reasonable expenses of administering the
17 System;

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

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

1 4. In accordance with the laws, documents and instruments
2 governing the System.

3 B. The Board of Trustees may procure insurance indemnifying the
4 members of the Board of Trustees from personal loss or
5 accountability from liability resulting from a member's action or
6 inaction as a member of the Board of Trustees.

7 C. The Board of Trustees may establish an investment committee.
8 The investment committee shall be composed of not more than five (5)
9 members of the Board of Trustees appointed by the chairman of the
10 Board of Trustees. The committee shall make recommendations to the
11 full Board of Trustees on all matters related to the choice of
12 custodians and managers of the assets of the System, on the
13 establishment of investment and fund management guidelines, and in
14 planning future investment policy. The committee shall have no
15 authority to act on behalf of the Board of Trustees in any
16 circumstances whatsoever. No recommendation of the committee shall
17 have effect as an action of the Board of Trustees nor take effect
18 without the approval of the Board of Trustees as provided by law.

19 D. The Board of Trustees shall retain qualified investment
20 managers to provide for the investment of the monies of the System.
21 The investment managers shall be chosen by a solicitation of
22 proposals on a competitive bid basis pursuant to standards set by
23 the Board of Trustees. Subject to the overall investment guidelines
24 set by the Board of Trustees, the investment managers shall have

1 full discretion in the management of those monies of the System
2 allocated to the investment managers. The Board of Trustees shall
3 manage those monies not specifically allocated to the investment
4 managers. The monies of the System allocated to the investment
5 managers shall be actively managed by the investment managers, which
6 may include selling investments and realizing losses if such action
7 is considered advantageous to longer term return maximization.
8 Because of the total return objective, no distinction shall be made
9 for management and performance evaluation purposes between realized
10 and unrealized capital gains and losses.

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

1 responsible to the Board of Trustees for investing the monies in
2 appropriately collateralized short-term interest-bearing investment
3 vehicles.

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

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

1 H. After July 1 and before December 1 of each year, the Board
2 of Trustees shall publish widely an annual report presented in
3 simple and easily understood language pursuant to uniform reporting
4 standards prescribed by the Oklahoma State Pension Commission for
5 all state retirement systems. The report shall be submitted to the
6 Governor, the Speaker of the House of Representatives, the President
7 Pro Tempore of the Senate, the Oklahoma State Pension Commission and
8 the members of the System. The annual report shall cover the
9 operation of the System during the past fiscal year, including
10 income, disbursements, and the financial condition of the System at
11 the end of the fiscal year. The annual report shall also contain
12 the information issued in the quarterly reports required pursuant to
13 subsection G of this section as well as a summary of the results of
14 the most recent actuarial valuation to include total assets, total
15 liabilities, unfunded liability or over funded status, contributions
16 and any other information deemed relevant by the Board of Trustees.
17 The annual report shall be written in such a manner as to permit a
18 readily understandable means for analyzing the financial condition
19 and performance of the System for the fiscal year. In order to
20 standardize the information and analysis of the financial condition
21 of the System, the Board shall provide information regarding the
22 financial and actuarial condition of the System using assumptions or
23 requirements as hereinafter required for the report stating the
24 condition of the System as of July 1, 2002, and for each subsequent

1 reporting date, which information shall be contained in an appendix
2 or addendum to the annual report. For purposes other than the
3 reporting requirements contained in the appendix or addendum, all
4 actuarial and economic assumptions shall be those assumptions
5 adopted by the System in its annual actuarial valuation. The
6 appendix or addendum shall contain a statement of the financial
7 condition of the System:

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

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

13 3. That relies upon the use of appropriate preretirement,
14 postretirement and disability retirement information using
15 generational projections taken from the RP-2000 Mortality Tables,
16 published by the Society of Actuaries;

17 4. Which accurately and completely summarizes all sources of
18 system assets, other than employee contributions, which shall
19 include, but not be limited to, the total of all employer
20 contributions, any dedicated tax or fee revenue of whatever kind or
21 however denominated, and the total amount of any other source of
22 revenue which accrues to the System, other than return on
23 investments, such as federal monies used for the purpose of making
24 employer contributions; and

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

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

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

15 SECTION 2. AMENDATORY 74 O.S. 2001, Section 914, as last
16 amended by Section 1, Chapter 367, O.S.L. 2007 (74 O.S. Supp. 2007,
17 Section 914), is amended to read as follows:

18 Section 914. A. The normal retirement date for a member of the
19 Oklahoma Public Employees Retirement System shall be as defined in
20 Section 902 of this title, provided members employed on or after
21 January 1, 1983, shall have six (6) or more years of full-time-
22 equivalent employment with a participating employer before receiving
23 any retirement benefits or if the member is a legislative session
24 employee of the Legislature, shall have three (3) or more years of

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

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

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

21 D. No retirement benefits shall be payable to any member until
22 the first day of the month following the termination of the member's
23 employment with any participating employer. The type of retirement
24 benefit selected by a member may not be changed on or after the

1 effective date of the member's retirement. Receipt of workers'
2 compensation benefits shall in no respect disqualify retirant for
3 benefits.

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

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1 retirement shall have post-retirement benefits calculated on one of
2 the following methods:

3 1. All service accumulated from date of reemployment shall be
4 computed based on the benefit formula applicable at that time and
5 the additional benefits shall be added to the previous benefits.
6 Such additional benefits shall be calculated each year based upon
7 additional service accrued from July 1 to June 30 of the previous
8 year and the additional benefit, if any, will be added to the
9 retirant's monthly benefit beginning January 1, 2000, and each
10 January 1 thereafter; however, the post-retirement service credit
11 shall be cumulative, beginning with service credit accrued after the
12 date of retirement, provided that the retirant has not received a
13 distribution of the post-retirement contributions.

14 2. Any retirant who returns to employment with a participating
15 employer may elect not to receive any retirement benefits while so
16 reemployed. If such an election is made and reemployment is for a
17 minimum period of thirty-six (36) consecutive months, all service
18 accumulated from date of reemployment shall be participating
19 service. For purposes of determining the retirement benefits of
20 such a member upon the termination of such reemployment all
21 creditable service of the member shall be computed based on the
22 benefit formula applicable at the time of termination of such
23 reemployment. Provided, a retirant who became reemployed prior to
24 July 1, 1982, and who is reemployed for a minimum of thirty-six (36)

1 consecutive months shall have all the creditable service of such
2 retirant computed based on the benefit formula applicable at the
3 time of termination of such reemployment if the retirant elects not
4 to receive retirement benefits prior to such termination of
5 reemployment. A retirant who has waived receipt of the monthly
6 benefit, but is not reemployed for the full thirty-six (36)
7 consecutive months, shall upon termination of such reemployment have
8 only the additional amount added to his or her benefit as if they
9 had not waived the benefit as provided in paragraph 1 of this
10 subsection.

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

16 4. A retired member who returns to work for a participating
17 employer pursuant to this section shall be bound by the election
18 made pursuant to paragraph (2) of subsection A of Section 915 of
19 this title if the member had made such election prior to retirement.
20 If the member had not made such election prior to retirement, the
21 member may do so during the member's reemployment with a
22 participating employer pursuant to this section. A retired member
23 may not be rehired by their former employer, nor may the retired
24 member be permitted to enter into an employment contract of any kind

1 with a former employer, for a period of one (1) year after retiring
 2 unless the retired member waives his or her benefit under paragraph
 3 2 of this subsection and returns as a bona fide employee.

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

Age	Percentage of Normal Retirement Benefit
62	100.00%
61	93.33%
60	86.67%
59	80.00%
58	73.33%
57	66.67%
56	63.33%
55	60.00%

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1 SECTION 3. AMENDATORY 74 O.S. 2001, Section 920, as last
2 amended by Section 26, Chapter 536, O.S.L. 2004 (74 O.S. Supp. 2007,
3 Section 920), is amended to read as follows:

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

9 (2) Effective July 1, 1995, every state agency which is a
10 participating employer shall contribute to the System an amount
11 equal to eleven and one-half percent (11 1/2%) of the monthly
12 compensation of each member, not to exceed the allowable annual
13 compensation as defined in paragraph (9) of Section 902 of this
14 title.

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

20 (4) Effective July 1, 1999, and through the fiscal year ending
21 June 30, 2005, every state agency which is a participating employer
22 shall contribute to the System an amount equal to ten percent (10%)
23 of the monthly compensation of each member, not to exceed the
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1 allowable annual compensation defined in paragraph (9) of Section
 2 902 of this title.

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

8	July 1, 2005 - June 30, 2006	11 1/2%
9	July 1, 2006 - June 30, 2007	12 1/2%
10	July 1, 2007 - June 30, 2008	13 1/2%
11	July 1, 2008 - June 30, 2009	14 1/2%
12	July 1, 2009 - June 30, 2010	15 1/2%
13	July 1, 2010 - June 30, 2011	
14	and each year thereafter	16 1/2%

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

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

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

11 (9) Each participating employer is hereby authorized to pay the
12 employer's contribution from the same fund that the compensation for
13 which said contribution is paid from or from any other funds
14 available to it for such purpose.

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

19 SECTION 4. AMENDATORY 20 O.S. 2001, Section 1108, as
20 last amended by Section 12, Chapter 536, O.S.L. 2004 (20 O.S. Supp.
21 2007, Section 1108), is amended to read as follows:

22 Section 1108. A. The Board of Trustees of the Oklahoma Public
23 Employees Retirement System shall have the responsibility for
24 management of the Uniform Retirement System for Justices and Judges

1 and the State Judicial Retirement Fund. All benefits payable under
2 The Uniform Retirement System for Justices and Judges, refunds of
3 contributions and overpayments, purchases or investments under the
4 law, and all expenses in connection with the System shall be paid
5 from the Oklahoma Judicial Retirement Fund. The State Judicial
6 Retirement Fund shall be invested and managed in the same manner as
7 now or hereinafter provided by law for the investment and management
8 of funds belonging to the Oklahoma Public Employees Retirement
9 System. The Uniform Retirement System for Justices and Judges shall
10 be an instrumentality of the State of Oklahoma. The System shall be
11 vested with the powers and duties specified in this act and such
12 other powers as may be necessary to enable it, its officers,
13 employees, and agents to carry out fully and effectively the
14 purposes and intent of this act.

15 1. The Board shall distribute the corpus and income of the
16 System to the members and their beneficiaries in accordance with the
17 System's law. At no time prior to the satisfaction of all
18 liabilities with respect to members and their beneficiaries shall
19 any part of the corpus and income be used for, or diverted to,
20 purposes other than the exclusive benefit of the members and their
21 beneficiaries.

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

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1 3. The Board shall be responsible for the policies and rules
2 for the general administration of the System, subject to the
3 provisions of this act. Except as specifically provided in this
4 act, the Uniform Retirement System for Justices and Judges shall
5 generally be managed in the same manner as now or hereinafter
6 provided by law or by rule for the management of the Oklahoma Public
7 Employees Retirement System.

8 4. The Board shall establish rules for the administration of
9 the System and for the transaction of its business consistent with
10 law, which rules shall be promulgated in compliance with the
11 Administrative Procedures Act.

12 5. The Board may adopt all necessary actuarial tables to be
13 used in the operation of the System as recommended by the actuary
14 and may compile such additional data as may be necessary for
15 required actuarial valuation calculations.

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

20 7. Any person who shall knowingly make any false statement, or
21 who shall falsify or permit to be falsified any record necessary for
22 carrying out the intent of this act for the purpose of committing
23 fraud, shall be guilty of a misdemeanor, and upon conviction shall
24 be punished by a fine not exceeding Five Hundred Dollars (\$500.00)

1 or by imprisonment for not exceeding one (1) year. Should any error
2 in any records of the Uniform Retirement System for Justices and
3 Judges result in any member or beneficiary receiving more or less
4 than he or she would have been entitled to receive had the records
5 been correct, the Board shall correct such error, and, as far as
6 practicable, make future payments in such manner that the actuarial
7 equivalent of the benefit to which such member or beneficiary was
8 entitled shall be paid, and to this end, may recover any
9 overpayments.

10 B. The Board of Trustees of the Oklahoma Public Employees
11 Retirement System shall compile a quarterly financial report of all
12 the funds of the State Judicial Retirement Fund on a fiscal year
13 basis. The report shall be compiled pursuant to uniform reporting
14 standards prescribed by the Oklahoma State Pension Commission for
15 all state retirement systems. The report shall include several
16 relevant measures of investment value, including acquisition cost
17 and current fair market value with appropriate summaries of total
18 holdings and returns. The report shall contain combined and
19 individual rate of returns of the investment managers by category of
20 investment, over periods of time. The Board of Trustees shall
21 include in the quarterly reports all commissions, fees or payments
22 for investment services performed on behalf of the Board of Trustees
23 with respect to the State Judicial Retirement Fund. The report
24 shall be distributed to the Governor, the Oklahoma State Pension

1 Commission, the Legislative Service Bureau, the Speaker of the House
2 of Representatives and the President Pro Tempore of the Senate. In
3 lieu of compiling and distributing the quarterly report, the Board
4 may provide the Pension Commission with direct access to the same
5 data from the custodian bank for the System.

6 C. There is hereby created the Retirement Medical Benefit Fund.
7 The fund shall be maintained as a subaccount of the State Judicial
8 Retirement Fund. The Retirement Medical Benefit Fund is composed of
9 all assets which may be contributed to this subaccount to pay the
10 retirement system's portion of the monthly retiree health insurance
11 premium benefit described by Section 1316.2 of Title 74 of the
12 Oklahoma Statutes. All such allocated assets and any earnings
13 thereon in the Retirement Medical Benefit Fund shall be held for the
14 exclusive purpose of providing retiree medical benefits. The
15 Retirement Medical Benefit Fund is to be administered in accordance
16 with the requirements of Section 401(h) of the Internal Revenue Code
17 of 1986, as amended from time to time. The Board of Trustees may
18 promulgate such rules as are necessary to implement the funding and
19 administration of the fund pursuant to the provisions of this
20 subsection.

21 D. After July 1 and before December 1 of each year, the Board
22 of Trustees of the Oklahoma Public Employees Retirement System shall
23 publish widely an annual report presented in simple and easily
24 understood language pursuant to uniform reporting standards

1 prescribed by the Oklahoma State Pension Commission for all state
2 retirement systems. The report shall be submitted to the Governor,
3 the Speaker of the House of Representatives, the President Pro
4 Tempore of the Senate, the Oklahoma State Pension Commission and the
5 members of the System. The annual report shall cover the operation
6 of the System during the past fiscal year, including income,
7 disbursements, and the financial condition of the System at the end
8 of the fiscal year. The annual report shall also contain the
9 information issued in the quarterly reports required pursuant to
10 subsection B of this section as well as a summary of the results of
11 the most recent actuarial valuation to include total assets, total
12 liabilities, unfunded liability or overfunded status, contributions
13 and any other information deemed relevant by the Board of Trustees.
14 The annual report shall be written in such a manner as to permit a
15 readily understandable means for analyzing the financial condition
16 and performance of the System for the fiscal year. In order to
17 standardize the information and analysis of the financial condition
18 of the System, the Board shall provide information regarding the
19 financial and actuarial condition of the System using assumptions or
20 requirements as hereinafter required for the report stating the
21 condition of the System as of July 1, 2002, and for each subsequent
22 reporting date, which information shall be contained in an appendix
23 or addendum to the annual report. For purposes other than the
24 reporting requirements contained in the appendix or addendum, all

1 actuarial and economic assumptions shall be those assumptions
2 adopted by the System in its annual actuarial valuation. The
3 appendix or addendum shall contain a statement of the financial
4 condition of the System:

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

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

10 3. That relies upon the use of appropriate preretirement,
11 postretirement and disability retirement information using
12 generational projections taken from the RP-2000 Mortality Tables,
13 published by the Society of Actuaries;

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

22 5. Using an assumption that the unfunded actuarial accrued
23 liabilities of the System are amortized over a period of thirty (30)

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1 years, in a manner consistent with the Governmental Accounting
 2 Standards Board Statement Number 25.

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

5 SECTION 5. AMENDATORY 20 O.S. 2001, Section 1103.1, as
 6 last amended by Section 7, Chapter 536, O.S.L. 2004 (20 O.S. Supp.
 7 2007, Section 1103.1), is amended to read as follows:

8 Section 1103.1 A. ~~On and after January 1, 2001, the~~
 9 ~~Administrative Director of the Courts, in addition to the members'~~
 10 ~~contributions, shall transfer monthly amounts for deposit in the~~
 11 ~~State Judicial Retirement Fund as set out in Section 1309 of this~~
 12 ~~title equal to two percent (2.0%) of the monthly total actual paid~~
 13 ~~gross salaries of the members of the Uniform Retirement System for~~
 14 ~~Justices and Judges. Effective July 1, 2005 2008, such amounts~~
 15 ~~transferred by the Administrative Director of the Courts shall be as~~
 16 ~~follows:~~

Fiscal Year Ending	Percentage of Contribution
June 30, 2006	3.0%
June 30, 2007	4.0%
June 30, 2008	5.5%
June 30, 2009	7.0%
June 30, 2010	8.5%
June 30, 2011	10.0%
June 30, 2012	11.5%

1	June 30, 2013	13.0%
2	June 30, 2014	14.5%
3	June 30, 2015	16.0%
4	June 30, 2016	17.5%
5	June 30, 2017	19.0%
6	June 30, 2018	20.5%
7	June 30, 2019 and thereafter	22.0%

8 ~~B. Regardless of the contribution rate as set out in subsection~~
9 ~~A of this section,~~ transfer monthly amounts for deposit in the State
10 Judicial Retirement Fund to pay the employer contributions for all
11 active members of the Uniform Retirement System for Justices and
12 Judges. It is the intent of the Oklahoma Legislature that the State
13 Judicial Retirement Fund shall not be allowed to should have a
14 funded ratio below of one hundred percent (100%). The Board of
15 Trustees of the Oklahoma Public Employees Retirement System is
16 authorized to establish and adjust such the employer contribution
17 rate annually, upon the consideration of an actuarial
18 recommendation, to prevent a funded ratio below one hundred percent
19 (100%) at the actuarially required employer contribution rate. If a
20 possible increase in any given year to the full actuarially required
21 rate is in excess of three percent (3%) of compensation, the Board
22 may adopt a plan to raise the contribution rates over a period of up
23 to five (5) years until reaching the full actuarially required rate.
24 The Board may consider the availability of funds to the

1 Administrative Director of the Courts in establishing the annual
2 contribution rate. The Board of Trustees shall make an annual
3 report concerning its decision ~~to increase~~ establishing the
4 contribution rate. The report shall be distributed to the Governor,
5 the Chief Justice of the Supreme Court, the Legislative Service
6 Bureau, the Speaker of the House of Representatives and the
7 President Pro Tempore of the Senate.

8 C. B. The Administrative Director of the Courts shall remit to
9 the System all required retirement contributions due on a monthly
10 basis. All required court and employee contributions and supporting
11 documentation are due and must be received by the System on or
12 before the fifteenth day of the month following the month for which
13 the contributions are due. Court and employee contributions
14 remitted to the System after thirty (30) days from the above due
15 date shall be subject to a monthly late charge of one and one-half
16 percent (1.5%) of the unpaid balance to be paid by the
17 Administrative Director of the Courts to the System.

18 SECTION 6. AMENDATORY 20 O.S. 2001, Section 1307, as
19 last amended by Section 5, Chapter 443, O.S.L. 2004 (20 O.S. Supp.
20 2007, Section 1307), is amended to read as follows:

21 Section 1307. A. Within thirty (30) days after the end of each
22 quarter of every fiscal year, the court clerk of each county shall
23 report to the Administrative Director of the Courts, in the manner
24 prescribed by law for the reporting of information by agencies to

1 the Office of State Finance pursuant to Section 41.1 et seq. of
2 Title 62 of the Oklahoma Statutes, the:

3 1. Gross receipts to the court fund during the preceding
4 quarter;

5 2. Total amount of expenses paid during the preceding quarter,
6 including, but not limited to, bond and interest expense and
7 payments to the county general fund; and

8 3. Total amount of money transferred or to be transferred to
9 the State Judicial Revolving Fund and State Judicial Retirement Fund
10 for the entire past fiscal year as set forth in Section 1308 of this
11 title.

12 B. The Administrative Director of the Courts shall subsequently
13 report the information required by subparagraphs 1 and 2 of
14 subsection A of this section within ten (10) days after receipt of
15 the information to the Office of State Finance in a manner
16 consistent with the policies and procedures of the Office of State
17 Finance for reporting by state agencies pursuant to the provisions
18 of Section 41.1 et seq. of Title 62 of the Oklahoma Statutes.

19 C. The information required by this section for reporting by
20 court clerks pursuant to subsection A of this section and for
21 reporting by the Administrative Director of the Courts pursuant to
22 subsection B of this section shall be in a form that separates
23 fines, fees, forfeitures and other sources of revenue. The
24 information shall also indicate the amount of receipts used for

1 local court expenses and the amount deposited into the State
2 Judicial Revolving Fund.

3 D. A ceiling on the amount of local court funds to be allocated
4 by the Chief Justice of the Supreme Court for the local court
5 budgets shall be established in the annual appropriation to the
6 courts.

7 E. Not later than December 1 and February 1 of each year, the
8 Administrative Director of the Courts shall provide an estimate of
9 the amount of funds to accrue to the State Judicial Revolving Fund
10 in the subsequent fiscal year.

11 SECTION 7. AMENDATORY 20 O.S. 2001, Section 1308, as
12 amended by Section 6, Chapter 443, O.S.L. 2004 (20 O.S. Supp. 2007,
13 Section 1308), is amended to read as follows:

14 Section 1308. A. Clerks in counties having a population of
15 less than seventy thousand (70,000) must transmit each quarter for
16 deposit in the State Judicial Revolving Fund the amount by which the
17 receipts deposited in the court fund for the quarter, including the
18 interest earned on the court fund, exceeds the expenses for the
19 quarter, provided the court clerk shall retain from the excess
20 amount a sum equal to twenty percent (20%) of the expenses for the
21 quarter. Clerks in counties having a population of seventy thousand
22 (70,000) or more shall transmit each month for deposit in the State
23 Judicial Revolving Fund the amount by which the receipts deposited
24 in the court fund for the reporting period for the report required

1 by Section 1307 of this title, including interest earned on the
2 court fund, exceeds the expenses for the reporting period, provided
3 the clerk shall retain from the excess amount a sum equal to twenty
4 percent (20%) of the expenses for the reporting period.

5 B. The court clerk must transmit to the Administrative Director
6 of the Courts ten percent (10%) of the amount collected in the court
7 fund for the applicable reporting period in subsection A of this
8 section, to be used to pay the employer contributions into the State
9 Judicial Retirement Fund. If the funds received under this
10 subsection from the court funds are insufficient to pay employer
11 contributions, the Administrative Director shall use other available
12 funds. If at the end of any fiscal year, the funds received under
13 this subsection from court funds is in excess of the amount needed
14 to pay the employer contributions, the Administrative Director shall
15 report the excess amount to the Office of State Finance on or before
16 the deadline to file budget requests, and shall also report the
17 excess amount to the chairs of the Senate and House appropriations
18 committees.

19 C. Within thirty (30) days after the end of each fiscal year,
20 the court clerk, in addition to the other amounts due hereunder,
21 shall transmit to the Supreme Court for deposit in the State
22 Judicial Revolving Fund an amount equal to the gross receipts for
23 the entire past fiscal year less the total amount of expenses, as
24

1 defined in subsection A of Section 1307 of this title, and less the
2 transfers made for the past fiscal year.

3 SECTION 8. This act shall become effective July 1, 2008.

4 SECTION 9. It being immediately necessary for the preservation
5 of the public peace, health and safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

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