

1 ENGROSSED HOUSE
2 BILL NO. 1110

By: Miller and Martin (Scott)
of the House

3 and

4 Johnson (Mike) and Myers of
5 the Senate

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8 (The Uniform Retirement System for Justices and
9 Judges - amending 20 O.S., Section 1108 - reporting
10 requirements -
11 effective date)

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

15 SECTION 1. AMENDATORY 20 O.S. 2001, Section 1108, as
16 last amended by Section 11, Chapter 415, O.S.L. 2008 (20 O.S. Supp.
17 2008, Section 1108) is amended to read as follows:

18 Section 1108. A. The Board of Trustees of the Oklahoma Public
19 Employees Retirement System shall have the responsibility for
20 management of The Uniform Retirement System for Justices and Judges
21 and the State Judicial Retirement Fund. All benefits payable under
22 The Uniform Retirement System for Justices and Judges, refunds of
23 contributions and overpayments, purchases or investments under the
24 law, and all expenses in connection with the System shall be paid

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

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

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

20 3. The Board shall be responsible for the policies and rules
21 for the general administration of the System, subject to the
22 provisions of this act. Except as specifically provided in this
23 act, The Uniform Retirement System for Justices and Judges shall
24 generally be managed in the same manner as now or hereinafter

1 provided by law or by rule for the management of the Oklahoma Public
2 Employees Retirement System.

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

7 5. The Board may adopt all necessary actuarial tables to be
8 used in the operation of the System as recommended by the actuary
9 and may compile such additional data as may be necessary for
10 required actuarial valuation calculations.

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

15 7. Any person who shall knowingly make any false statement, or
16 who shall falsify or permit to be falsified any record necessary for
17 carrying out the intent of this act for the purpose of committing
18 fraud, shall be guilty of a misdemeanor, and upon conviction shall
19 be punished by a fine not exceeding Five Hundred Dollars (\$500.00)
20 or by imprisonment for not exceeding one (1) year. Should any error
21 in any records of The Uniform Retirement System for Justices and
22 Judges result in any member or beneficiary receiving more or less
23 than he or she would have been entitled to receive had the records
24 been correct, the Board shall correct such error, and, as far as

1 practicable, make future payments in such manner that the actuarial
2 equivalent of the benefit to which such member or beneficiary was
3 entitled shall be paid, and to this end, may recover any
4 overpayments.

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

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1 direct access to the same data from the custodian bank for the
2 System.

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

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

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

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1 annual actuarial valuation. The appendix or addendum shall contain
2 a statement of the financial condition of the System:

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

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

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

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

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

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