

STATE OF OKLAHOMA

1st Session of the 52nd Legislature (2009)

HOUSE BILL 1110

By: Miller and Martin (Scott)
of the House

and

Johnson (Mike) and Myers of
the Senate

AS INTRODUCED

An Act relating to The Uniform Retirement System for Justices and Judges; amending 20 O.S. 2001, Section 1108, as last amended by Section 11, Chapter 415, O.S.L. 2008 (20 O.S. Supp. 2008, Section 1108), which relates to The Uniform Retirement System for Justices and Judges and reports; modifying reporting requirements; and providing an effective date.

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

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

Section 1108. A. The Board of Trustees of the Oklahoma Public Employees Retirement System shall have the responsibility for management of The Uniform Retirement System for Justices and Judges and the State Judicial Retirement Fund. All benefits payable under The Uniform Retirement System for Justices and Judges, refunds of

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

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

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

22 3. The Board shall be responsible for the policies and rules
23 for the general administration of the System, subject to the
24 provisions of this act. Except as specifically provided in this

1 act, The Uniform Retirement System for Justices and Judges shall
2 generally be managed in the same manner as now or hereinafter
3 provided by law or by rule for the management of the Oklahoma Public
4 Employees Retirement System.

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

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

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

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

1 than he or she would have been entitled to receive had the records
2 been correct, the Board shall correct such error, and, as far as
3 practicable, make future payments in such manner that the actuarial
4 equivalent of the benefit to which such member or beneficiary was
5 entitled shall be paid, and to this end, may recover any
6 overpayments.

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

1 this subsection, the Board may provide the Pension Commission with
2 direct access to the same data from the custodian bank for the
3 System.

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

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

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

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

3 SECTION 2. This act shall become effective September 1, 2009.
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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.
2512 E. 71st Street, Suite D Tulsa, Oklahoma 74136
(918) 492-9658 • (918) 492- 9659

January 6, 2009

Representative Ken Miller Room 432-D
Representative Scott Martin Room 335

Re: RBH No. 15011

RBH No. 15011 requires OPERS to deliver the two reports of the fiscal activities of the State Judicial Retirement Fund for the fiscal year to the Governor, President Pro Tempore of the Senate, the Speaker of the House and the Legislative Service Bureau.

RBS No. 15011 is a nonfiscal retirement bill as defined by the Oklahoma Pension Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA