By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____________________________  Amendment submitted by: Randy McDaniel

____________________________________  _____________________________
Reading Clerk
STATE OF OKLAHOMA

1st Session of the 53rd Legislature (2011)

PROPOSED COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 1004 By: McDaniel (Randy)

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; enacting the Leadership by Example Act; providing for defined contribution plan for elected officials based on elected official service on or after designated date; requiring Board of Trustees of Oklahoma Public Employees Retirement System to establish defined contribution plan account; authorizing Board of Trustees to contract for certain third-party services; requiring private letter request to the Internal Revenue Service regarding tax-qualified status of defined contribution plan; providing for election regarding member contribution; providing for matching amount; providing for establishment of defined contribution plan accounts similar to options available pursuant to deferred compensation plan; providing for vesting of member contributions; providing for vesting of matching employer contribution amounts; providing for withdrawal of plan account balance based upon vesting schedule; providing for period of authorized participation in defined contribution plan; prescribing procedures upon termination of service; amending 74 O.S. 2001, Sections 902, as last amended by Section 1, Chapter 435, O.S.L. 2010, 913.4, as last amended by Section 2, Chapter 435, O.S.L. 2010 and 920, as last amended by Section 1, Chapter 470, O.S.L. 2010 (74 O.S. Supp. 2010, Sections 902, 913.4 and 920), which relate to the Oklahoma Public Employees Retirement System; modifying definitions; modifying provisions related to retirement benefit computations for elected officials; modifying provisions related to
contributions for elected officials; providing for codification; and providing for noncodification.

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

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Leadership by Example Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 913.4A of Title 74, unless there is created a duplication in numbering, reads as follows:

A. For elected officials whose first service as an elected or appointed official member of the Oklahoma Public Employees Retirement System occurs on or after the effective date of this act, the retirement benefit for such elected official shall be governed by the provisions of this section and the elected official shall not have retirement benefits computed pursuant to Section 913.4 of Title 74 of the Oklahoma Statutes.

B. The Board of Trustees of the Oklahoma Public Employees Retirement System shall establish a defined contribution plan for elected officials whose first service as an elected or appointed official occurs on or after the effective date of this act. The Board of Trustees shall make a request pursuant to the private
letter determination process prescribed by the provisions of the Internal Revenue Code of 1986, as amended, and any applicable rules of the Internal Revenue Service, that the defined contribution plan required by this section is a tax-qualified retirement plan. Such request shall be made not later than sixty (60) days after the effective date of this act.

C. Elected officials may make an election to contribute three and one-half percent (3.5%) of their compensation to a defined contribution plan account. The state or local government entity responsible for compensation of the official shall provide a matching payment to the defined contribution plan account established for the elected official equal to three and one-half percent (3.5%) of the compensation amount.

D. At the option of the elected official, an elected official may make an election to contribute ten percent (10%) of their compensation to a defined contribution plan account. The state or local government entity responsible for compensation of the official shall provide a matching payment to the defined contribution plan account equal to six percent (6%) of the compensation amount.

E. The Board of Trustees of the Oklahoma Public Employees Retirement System shall establish or shall contract with a third-party provider to establish a range of defined contribution plan accounts similar to the accounts available to members of the Oklahoma Public Employees Retirement System who participate in the
deferred compensation arrangement authorized pursuant to Section 1701 of Title 74 of the Oklahoma Statutes.

F. Elected officials shall be vested at one hundred percent (100%) with respect to their member contributions at all times during their participation in the defined contribution plan authorized by this section.

G. Elected officials shall be vested with respect to matching employer contributions according to the following schedule:

1. Twenty percent (20%) after one (1) year of service;
2. Forty percent (40%) after two (2) years of service;
3. Sixty percent (60%) after three (3) years of service;
4. Eighty percent (80%) after four (4) years of service; and
5. One hundred percent (100%) vested after five (5) years of service.

H. Member contributions and employer matching contributions to the extent the elected official is vested as provided by subsection G of this section may be withdrawn upon termination from participation in the defined contribution plan.

I. There shall be no limit on the maximum period of participation in the defined contribution plan authorized by this section except as may be imposed pursuant to the provisions of the Internal Revenue Code of 1986, as amended, or any applicable rules of the Internal Revenue Service.
J. Upon termination of service as an elected official, the elected official shall be able to receive a distribution from the defined contribution plan account according to the terms for such distributions as established by the Board of Trustees or as established by the requirements applicable to any defined contribution plan account maintained for the benefit of the elected official by a third-party provider.

SECTION 3. AMENDATORY 74 O.S. 2001, Section 902, as last amended by Section 1, Chapter 435, O.S.L. 2010 (74 O.S. Supp. 2010, Section 902), is amended to read as follows:

Section 902. As used in Section 901 et seq. of this title:
(1) “System” means the Oklahoma Public Employees Retirement System as established by this act and as it may hereafter be amended;
(2) “Accumulated contributions” means the sum of all contributions by a member to the System which shall be credited to the member’s account, including contributions paid into a defined contribution plan account pursuant to Section 2 of this act;
(3) “Act” means Sections 901 to 932, inclusive, of this title;
(4) “Actuarial equivalent” means a deferred income benefit of equal value to the accumulated deposits or benefits when computed upon the basis of the actuarial tables in use by the System;
(5) “Actuarial tables” means the actuarial tables approved and in use by the Board at any given time;
(6) “Actuary” means the actuary or firm of actuaries employed by the Board at any given time;

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

(8) “Board” means the Oklahoma Public Employees Retirement System Board of Trustees;

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

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

For compensation for service on or after January 1, 1988, through June 30, 1994, the maximum compensation level shall be Forty Thousand Dollars ($40,000.00) per annum.
For compensation for service on or after July 1, 1994, through June 30, 1995, the maximum compensation level shall be Fifty Thousand Dollars ($50,000.00) per annum; for compensation for service on or after July 1, 1995, through June 30, 1996, the maximum compensation level shall be Sixty Thousand Dollars ($60,000.00) per annum; for compensation for service on or after July 1, 1996, through June 30, 1997, the maximum compensation level shall be Seventy Thousand Dollars ($70,000.00) per annum; and for compensation for service on or after July 1, 1997, through June 30, 1998, the maximum compensation level shall be Eighty Thousand Dollars ($80,000.00) per annum. For compensation for services on or after July 1, 1998, there shall be no maximum compensation level for retirement purposes.

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

(c) Notwithstanding any provision to the contrary, the compensation taken into account for any employee in determining the contribution or benefit accruals for
any plan year is limited to the annual compensation limit under Section 401(a)(17) of the federal Internal Revenue Code.

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

(10) "Credited service" means the sum of participating service, prior service and elected service;

(11) "Dependent" means a parent, child, or spouse of a member who is dependent upon the member for at least one-half (1/2) of the member’s support;
(12) “Effective date” means the date upon which the System becomes effective by operation of law;

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

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

(b) A class or several classes of employees who are covered by Social Security and are not covered by or
eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, and when the qualifications for employment in such class or classes are set by state law; and when such class or classes of employees are employed by a county or municipal government pursuant to such qualifications; and when the services provided by such employees are of such nature that they qualify for matching by or contributions from state or federal funds administered by an agency of state government which qualifies as a participating employer, then the agency of state government administering the state or federal funds shall be deemed an eligible employer, but only with respect to that class or those classes of employees as defined in this subsection; provided, that the required contributions to the retirement plan may be withheld from the contributions of state or federal funds administered by the state agency and transmitted to the System on the same basis as the employee and employer contributions are transmitted for the direct employees of the state agency. The retirement or eligibility for retirement under the provisions of law providing pensions for service as a
volunteer fire fighter shall not render any person ineligible for participation in the benefits provided for in Section 901 et seq. of this title. An employee of any public or private trust in which a county, city or town participates and is the primary beneficiary shall be deemed to be an eligible employee for the purpose of this act only.

(c) All employees of the George Nigh Rehabilitation Institute who elected to retain membership in the System, pursuant to Section 913.7 of this title, shall continue to be eligible employees for the purposes of this act. The George Nigh Rehabilitation Institute shall be considered a participating employer only for such employees.

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

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

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

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

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

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

(e) Any employee employed by the Legislative Service
Bureau, State Senate or House of Representatives for
the full duration of a regular legislative session
shall be eligible for membership in the System
regardless of classification as a temporary employee
and may participate in the System during the regular
legislative session at the option of the employee.

For purposes of this subparagraph, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives. Each regular legislative session during which the legislative employee or an employee of the Legislative Service Bureau participates full time shall be counted as six (6) months of full-time participating service.

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

(ii) Notwithstanding the provisions of division (i) of this subparagraph, any employee, who is eligible for membership in the System because of the provisions of this subparagraph and who was employed by the State Senate or House of
Representatives after January 1, 1989, may file an election, in a manner specified by the Board, to participate as a member of the System prior to September 1, 1989.

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

(iv) A member of the System who did not initially elect to participate as a member of the System pursuant to this subparagraph (e) of this paragraph shall be able to acquire service performed as a temporary legislative session employee for periods of service performed prior to the date upon which the person became a member of the System if:
a. the member files an election with the System not later than December 31, 2000, to purchase the prior service; and

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

(15) “Entry date” means the date on which an eligible employer joins the System. The first entry date pursuant to Section 901 et seq. of this title shall be January 1, 1964;

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

(17) “Federal Internal Revenue Code” means the federal Internal Revenue Code of 1954 or 1986, as amended and as applicable to a governmental plan as in effect on July 1, 1999;
(18) “Final average compensation” means the average annual compensation, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, up to, but not exceeding the maximum compensation levels as provided in paragraph (9) of this section received during the highest three (3) of the last ten (10) years of participating service immediately preceding retirement or termination of employment. Provided, no member shall retire with a final average compensation unless the member has made the required contributions on such compensation, as defined by the Board of Trustees;

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

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

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

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

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

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

(i) April 6, 1917, to November 11, 1918, commonly referred to as World War I,

(ii) September 16, 1940, to December 7, 1941, as a member of the 45th Division,

(iii) December 7, 1941, to December 31, 1946, commonly referred to as World War II,

(iv) June 27, 1950, to January 31, 1955, commonly referred to as the Korean Conflict or the Korean War,

(v) February 28, 1961, to May 7, 1975, commonly referred to as the Vietnam era, except that:

a. for the period from February 28, 1961, to August 4, 1964, military service shall only
include service in the Republic of Vietnam during that period, and

b. for purposes of determining eligibility for education and training benefits, such period shall end on December 31, 1976, or

(vi) August 1, 1990, to December 31, 1991, commonly referred to as the Gulf War, the Persian Gulf War, or Operation Desert Storm, but excluding any person who served on active duty for training only, unless discharged from such active duty for a service-connected disability;

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

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

(24) “Normal retirement date” means the date on which a member
may retire with full retirement benefits as provided in Section 901
et seq. of this title, but shall not be applicable to elected
officials whose first service as an elected official occurs on or
after the effective date of this act, and who participate in the
defined contribution plan authorized by Section 2 of this act, such
date being whichever occurs first with respect to other members of
the retirement system:
(a) the first day of the month coinciding with or following a member’s sixty-second birthday,

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

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

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

   (i) a correctional or probation and parole officer with the Department of Corrections and at the time of retirement, the member was a correctional
or probation and parole officer with the Department of Corrections, or

(ii) a correctional officer, probation and parole officer or fugitive apprehension agent with the Department of Corrections who is in such position on June 30, 2004, or who is hired after June 30, 2004, and who receives a promotion or change in job classification after June 30, 2004, to another position in the Department of Corrections, so long as such officer or agent has at least five (5) years of service as a correctional officer, probation and parole officer or fugitive apprehension agent with the Department, has twenty (20) years of full-time-equivalent employment with the Department and was employed by the Department at the time of retirement, or

(iii) a firefighter with the Oklahoma Military Department either employed for the first time on or after July 1, 2002, or who was employed prior to July 1, 2002, in such position and who makes the election authorized by division (2) of subparagraph b of paragraph (8) of subsection A of Section 915 of this title and at the time of
retirement, the member was a firefighter with the Oklahoma Military Department, and such member has at least twenty (20) years of credited service upon which the two and one-half percent (2 1/2%) multiplier will be used in calculating the retirement benefit,

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

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

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

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

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

(28) “Retirant” or "retiree" means a member who has retired under the System;

(29) “Retirement benefit” means a monthly income with benefits accruing from the first day of the month coinciding with or following retirement and ending on the last day of the month in which death occurs or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to Section 901 et seq. of this title or as otherwise allowed to be paid at the discretion of the Board or the distribution from a defined contribution plan account as provided by Section 2 of this act;

(30) “Retirement coordinator” means the individual designated by each participating employer through whom System transactions and communication shall be directed;
(31) “Social Security” means the old-age survivors and
disability section of the Federal Social Security Act;
(32) “Total disability” means a physical or mental disability
accepted for disability benefits by the Federal Social Security
System;
(33) “Service-connected disability benefits” means military
service benefits which are for a service-connected disability rated
at twenty percent (20%) or more by the Veterans Administration or
the Armed Forces of the United States;
(34) “Elected official” means a person elected to a state
office in the legislative or executive branch of state government or
a person elected to a county office for a definite number of years
and shall include an individual who is appointed to fill the
unexpired term of an elected state official;
(35) “Elected service” means the period of service as an
elected official; and
(36) “Limitation year” means the year used in applying the
limitations of Section 415 of the Internal Revenue Code of 1986,
which year shall be the calendar year.

SECTION 4. AMENDATORY 74 O.S. 2001, Section 913.4, as
last amended by Section 2, Chapter 435, O.S.L. 2010 (74 O.S. Supp.
2010, Section 913.4), is amended to read as follows:

Section 913.4 A. 1. An For an elected official whose initial
service as an elected official occurs prior to the effective date of
this act, an elected official may elect to participate in the System
and if he or she elects to do so shall have the option of
participating at any one of the computation factors set forth in
paragraphs 3 or 4 of this subsection and will receive
retirement benefits in accordance with the computation factor
chosen. The election on participation in the System must be in
writing, must specify the computation factor chosen, and must be
filed with the System within ninety (90) days after the elected
official takes office. The election to participate and the election
of a computation factor shall be irrevocable. Reelection to the
same office will not permit new elections. Failure of an elected
official to file such election form within the ninety-day period
shall be deemed an irrevocable election to participate in the System
at the maximum computation factor.

2. Contributions and benefits will be based upon the elected
official’s annual compensation as defined in Section 902 of this
title. Employer and elected official contributions shall be
remitted at least monthly, or as the Board may otherwise provide, to
the System for deposit in the Oklahoma Public Employees Retirement
Fund. Effective July 1, 1994, and thereafter, the participating
employer shall contribute as provided in Section 920 of this title.

3. Except as provided in paragraph 4 of this subsection,
effective July 1, 1994, the computation factor selected and the
corresponding elected official contribution rate shall be as follows:

<table>
<thead>
<tr>
<th>Elected official Contribution Rate</th>
<th>Computation Factor</th>
<th>Alternate Formula</th>
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<tbody>
<tr>
<td>4.5%</td>
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<td>6%</td>
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<td>$27.50</td>
</tr>
<tr>
<td>9%</td>
<td>3.6%</td>
<td>$30.00</td>
</tr>
<tr>
<td>10%</td>
<td>4.0%</td>
<td>$40.00</td>
</tr>
</tbody>
</table>

4. Elected officials who are first elected or appointed to an elected office on or after November 1, 2010, but prior to the effective date of this act, shall elect a computation factor of either 1.9% or 4%. The elected official contribution rate for the 1.9% computation factor is currently 4.5% and the contribution rate for the 4% computation factor is currently 10%. All other computation factors and contribution rates set forth in paragraph 3 of this subsection shall not be available to any person first elected or appointed to an elected office on or after November 1, 2010.

5. The computation factors and corresponding elected official contribution rates provided for in paragraphs 3 and 4 of this subsection shall be based on the entire compensation as an elected official.
official subject to the definition and maximum compensation levels
as set forth in paragraph (9) of Section 902 of this title.

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

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage of Normal Retirement Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>100%</td>
</tr>
<tr>
<td>59</td>
<td>94%</td>
</tr>
<tr>
<td>58</td>
<td>88%</td>
</tr>
<tr>
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<td>56</td>
<td>76%</td>
</tr>
<tr>
<td>55</td>
<td>70%</td>
</tr>
</tbody>
</table>

C. 1. Any elected official shall receive annual benefits
computed based upon the computation factor selected multiplied by
the member's highest annual compensation received as an elected
official prior to retirement or termination of employment multiplied
by the number of years of credited service. No elected official shall retire using such highest annual compensation unless the elected official has made the required election and has paid the required contributions on such salary.

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

3. Elected officials who become members of the Oklahoma Public Employees Retirement System on or after August 22, 2008, but prior to the effective date of this act, will receive retirement benefits in accordance with the computation factor selected pursuant to subsection A of this section multiplied by the member’s highest annual compensation received as an elected official and only for those years of credited service the member served as an elected official. If such elected official has participating service as a nonelected member, then such nonelected service shall be computed separately pursuant to the provisions of paragraph (1) of subsection A of Section 915 of this title with the final benefit result added to the final benefit result for elected service. In no event shall the elected official be entitled to apply the computation factor selected pursuant to subsection A of this section or the
compensation received as an elected official to the computation of nonelected service.

4. Elected officials who are first elected or appointed to an elected office on or after August 22, 2008, may not receive a maximum benefit greater than their single highest annual compensation received as a member of the Oklahoma Public Employees Retirement System.

D. Any elected official making an election to participate at a computation factor less than the maximum and later selecting a higher computation factor shall contribute to the System a sum equal to the amount which the elected official would have contributed if the elected official had made such election at the time the elected official first became eligible, plus interest as determined by the Board, in order to receive the additional benefits for all service as an elected official; otherwise, the additional benefits shall be applicable only to service for which the elected official pays the appropriate percent of contributions to the System.

E. The surviving spouse of a deceased elected official having at least six (6) years of participating service shall be entitled to receive survivor benefits in the amount herein prescribed, if married to the decedent continuously for a period of at least three (3) years immediately preceding the elected official's death. Provided the elected official had met the service requirements, survivor benefits shall be payable when the deceased member would
have met the requirements for normal or early retirement. The amount of the benefits the surviving spouse may receive shall be fifty percent (50%) of the amount of benefits the deceased elected official was receiving or will be eligible to receive. Remarriage of a surviving spouse shall disqualify the spouse for the receipt of survivor benefits. Elected officials may elect a retirement option as provided in Section 918 of this title in lieu of the survivors benefit provided above.

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

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

H. Elected officials who terminate participation in the System and who have a minimum of six (6) years of participating service shall be entitled to elect a vested benefit and shall be entitled to the retirement options as provided in Section 918 of this title in lieu of the survivors benefit provided above.
SECTION 5. AMENDATORY 74 O.S. 2001, Section 920, as last amended by Section 1, Chapter 470, O.S.L. 2010 (74 O.S. Supp. 2010, Section 920), is amended to read as follows:

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

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

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

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

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

July 1, 2005 – June 30, 2006 11 1/2%
July 1, 2006 – June 30, 2007 12 1/2%
July 1, 2007 – June 30, 2008 13 1/2%
July 1, 2008 – June 30, 2009 14 1/2%
July 1, 2009 – June 30, 2011 15 1/2%
July 1, 2011 – June 30, 2012 and each year thereafter 16 1/2%

(b) On and after the effective date of this act, with respect to the contribution made for an elected official, the applicable state or local governmental entity shall make payment of the full amount of the employer contribution as required by the provisions of this section to the Oklahoma Public Employees Retirement System. The Oklahoma Public Employees Retirement System shall make any required matching payment based on the election of the official pursuant
to subsection D of Section 2 of this act to the
defined contribution plan account established or
maintained for the benefit of the elected official.
The balance of the employer contribution amount with
respect to the elected official shall be deposited in
the same manner as other employer contribution amounts
to the credit of the defined benefit plan created
pursuant to Section 903 of this title, qualified
pursuant to Section 401(a) of the Internal Revenue
Code of 1986, as amended, and which is maintained for
the benefit of other members of the System.

(6) The Board shall certify, on or before November 1 of each
year, to the Office of State Finance an actuarially determined
estimate of the rate of contribution which will be required,
together with all accumulated contributions and other assets of the
System, to be paid by each participating employer to pay all
liabilities which shall exist or accrue under the System, including
amortization of the past service cost over a period of not to exceed
forty (40) years from June 30, 1987, and the cost of administration
of the System, as determined by the Board, upon recommendation of
the actuary.

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

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

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

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