

SENATE FLOOR VERSION

February 28, 2011

SENATE BILL NO. 794

By: Mazzei and Brecheen of the Senate

and

McDaniel (Randy) of the House

An Act relating to the Oklahoma Public Employees Retirement System; amending 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), which relates to elected officials retirement; providing exception; requiring certain rate and retirement benefit for certain elected officials; modifying normal retirement date for certain elected officials; modifying early retirement percentages for certain elected officials; modifying eligibility date to receive survivor and retirement benefits for certain elected officials; providing an effective date; and declaring an emergency.

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

SECTION 1. 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~~ Except as otherwise provided in this subsection, an elected official may elect to participate in the System and if he or she elects to do so shall have the option of

1 participating at any one of the computation factors set forth in  
 2 paragraphs 3 or 4 of this subsection and will receive retirement  
 3 benefits in accordance with the computation factor chosen. The  
 4 election on participation in the System must be in writing, must  
 5 specify the computation factor chosen, and must be filed with the  
 6 System within ninety (90) days after the elected official takes  
 7 office. The election to participate and the election of a  
 8 computation factor shall be irrevocable. Reelection to the same  
 9 office will not permit new elections. Failure of an elected  
 10 official to file such election form within the ninety-day period  
 11 shall be deemed an irrevocable election to participate in the System  
 12 at the maximum computation factor.

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

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

	Elected official	Computation	Alternate
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1	Contribution Rate	Factor	Formula
2	4.5%	1.9%	\$12.50
3	6%	2.5%	\$20.00
4	7.5%	3.0%	\$25.00
5	8.5%	3.4%	\$27.50
6	9%	3.6%	\$30.00
7	10%	4.0%	\$40.00

8       4. Elected officials who are first elected or appointed to an  
9 elected office on or after November 1, 2010, shall elect a  
10 computation factor of either 1.9% or 4%. The elected official  
11 contribution rate for the 1.9% computation factor is currently 4.5%  
12 and the contribution rate for the 4% computation factor is currently  
13 10%. All other computation factors and contribution rates set forth  
14 in paragraph 3 of this subsection shall not be available to any  
15 person first elected or appointed to an elected office on or after  
16 November 1, 2010.

17       5. The contribution rate for elected officials who are first  
18 elected or appointed to an elected office on or after July 1, 2011,  
19 shall be in the amount specified in paragraph (a) of subsection (1)  
20 of Section 919.1 of this title. The amount of the retirement  
21 benefit for elected officials who are first elected or appointed to  
22 an elected office on or after July 1, 2011, shall be based on the  
23 provisions of paragraph (1) of subsection A of Section 915 of this  
24 title.

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

6       B. The normal retirement date for an elected official shall be  
 7 the first day of the month coinciding with or following the  
 8 official's sixtieth birthday or the first day of the month  
 9 coinciding with or following the date at which the sum of the  
 10 elected official's age and number of years of credited service total  
 11 eighty (80). The normal retirement date for an elected official  
 12 first elected or appointed to an elected office on or after July 1,  
 13 2011, shall be the first day of the month coinciding with or  
 14 following the official's sixty-second birthday. Any elective  
 15 elected official first elected or appointed to an elected office  
 16 before July 1, 2011, who has a minimum of ten (10) years'  
 17 participating service may retire under the early retirement  
 18 provisions of this act, including those electing a vested benefit  
 19 and shall receive an adjustment of annual benefits in accordance  
 20 with the following percentage schedule:

Age	Percentage of Normal Retirement Benefits
60	100%
59	94%

1	58	88%
2	57	82%
3	56	76%
4	55	70%

5 Any elected official first elected or appointed for an elected  
6 office on or after July 1, 2011, who has a minimum of ten (10)  
7 years' participating service may retire under the early retirement  
8 provisions of this act, including those electing a vested benefit  
9 and shall receive an adjustment of annual benefits in accordance  
10 with the following percentage schedule:

	<u>Age</u>	<u>Percentage of Normal Retirement Benefits</u>
11		
12		
13	<u>62</u>	<u>100%</u>
14	<u>61</u>	<u>93.33%</u>
15	<u>60</u>	<u>86.67%</u>
16	<u>59</u>	<u>80%</u>
17	<u>58</u>	<u>73.33%</u>
18	<u>57</u>	<u>66.67%</u>
19	<u>56</u>	<u>63.33%</u>
20	<u>55</u>	<u>60%</u>

21 C. 1. Any elected official shall receive annual benefits  
22 computed based upon the computation factor selected multiplied by  
23 the member's highest annual compensation received as an elected  
24 official prior to retirement or termination of employment multiplied

1 by the number of years of credited service. No elected official  
2 shall retire using such highest annual compensation unless the  
3 elected official has made the required election and has paid the  
4 required contributions on such salary.

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

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

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1 this section or the compensation received as an elected official to  
2 the computation of nonelected service.

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

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

18 E. The surviving spouse of a deceased elected official ~~having~~  
19 who was first elected or appointed to an elected office before July  
20 1, 2011, and who has at least six (6) years of participating service  
21 and the surviving spouse of a deceased elected official who was  
22 first elected or appointed to an elected office on or after July 1,  
23 2011, and who has at least eight (8) years of participating service  
24 shall be entitled to receive survivor benefits in the amount herein

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

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

19 G. ~~Any one~~ Anyone appointed or elected to an elected position  
20 after July 1, 1990, shall not be eligible to receive benefits as  
21 provided in this section until such person has participated as an  
22 elected official for six (6) years. Anyone appointed or elected to  
23 an elected position on or after July 1, 2011, shall not be eligible  
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1 to receive benefits as provided in this section until such person  
2 has participated as an elected official for eight (8) years.

3 H. Elected officials who terminate participation in the System  
4 and who have a minimum of six (6) years of participating service  
5 shall be entitled to elect a vested benefit and shall be entitled to  
6 the retirement options as provided in Section 918 of this title in  
7 lieu of the survivors benefit provided ~~above~~ in subsection E of this  
8 section. Elected officials who terminate participation in the  
9 System and who have a minimum of eight (8) years of participating  
10 service shall be entitled to elect a vested benefit and shall be  
11 entitled to retirement options as provided in Section 918 of this  
12 title in lieu of the survivors benefits provided in subsection E of  
13 this section.

14 I. In determining the number of years of credited service, a  
15 fractional year of six (6) months or more shall be considered as one  
16 (1) year, and less than six (6) months or more shall be disregarded.

17 SECTION 2. This act shall become effective July 1, 2011.

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

22 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated  
23 2-24-11 - DO PASS, As Coauthored.  
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