

BILL SUMMARY
1st Session of the 53rd Legislature

Bill No.:	HB 1662
Version:	Introduced
Request Number:	5696
Author:	Rep. Osborn
Date:	(revised) 3/08/2011
Impact:	OLERS – Decreased Unfunded Liability

Research Analysis

HB 1662, as introduced, modifies provisions of the Oklahoma Law Enforcement Retirement System (OLERS) for members whose initial employment and participation in OLERS occurs on or after November 1, 2011.

A detailed bill summary is available online for review.

Prepared By: Alexandra Edwards

Fiscal Analysis

For new Oklahoma Law Enforcement Retirement System (OLERS) members hired after November 1, 2011, HB 1662 increases the years of service required for normal retirement and to vest in the plan, increases the required employee contribution paid by the member, decreases the multiplier used in the calculation of the members retirement benefit and eliminates the Oklahoma Law Enforcement Deferred Option Plan (DROP.) These measures will significantly reduce the rate at which the system accumulates liability related to new hires, as well as, increase the amount of revenue received by the system through Employee Contributions. Based on calculations performed by the Legislative Actuary, the changes included in HB 1662 would have had the following impact on the OLERS funded ratio had they been in place for current OLERS actives and retirees: increased service requirement (31.5% funded ratio improvement), increased employee contribution rate (7.3% funded ratio improvement), reduced retirement multiplier (18.4% funded ratio improvement), and elimination of DROP (3.0-3.8% funded ratio improvement.) Actual impact on the OLERS funded ratio will be reflected gradually in future years as current employees are replaced by new hires.

Prepared By: John McPhetridge

Other Considerations

HB 1662 in its current form has been deemed a non fiscal retirement bill by the Legislative Actuary, meaning the bill neither grants a benefit increase, adds actuarial liability, nor increases the normal cost of the retirement system affected.