

**THOMAS E. CUMMINS CONSULTING ACTUARY, INC.**

2512 E. 71<sup>st</sup> Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

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February 22, 2011

Representative Randy McDaniel  
Room 302 B  
Representative Joe Dorman  
Room 325

Re: Committee Substitute for House Bill No. 1011 as amended  
RBH No. 6721

Committee Substitute for House Bill No. 1011 as amended allocates the lesser of 50% of the Commissioners Land Office revenues and \$20,000,000 to the Teachers Retirement System Cost-of- Living Reserve Fund for 10 years starting January 2012. All costs of living adjustments for retired participants are to be funded solely from this reserve fund.

Committee Substitute for House Bill No. 1011 as amended requires the system to be 80% funded at end of 10 years, when the liabilities are determined with no cost of living assumption. The legislature is required to make the necessary amount each year in order to reach the 80% funded ratio.

Committee Substitute for House Bill No. 1011 as amended is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

*Thomas E. Cummins*

Thomas E. Cummins, MAAA

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February 23, 2011

John McPhetridge  
Room 109  
House of Representatives  
2300 N. Lincoln Blvd.  
Oklahoma City, OK 73105

Re: Committee Substitute for House Bill No. 1011 as amended by FA1 Inman Sc  
RBH No. 6721

Dear Mr. McPhetridge,

Committee Substitute for House Bill No. 1011 as amended requires the system to be 80% funded at end of 10 years, when the liabilities are determined with no cost of living assumption. The legislature is required to make the necessary amount each year in order to reach the 80% funded ratio.

Committee Substitute for House Bill No. 1011 as amended creates an OTRS COLA reserve fund. The fund is to pay for future cost of living adjustments for retired teachers. The fund is funded from the Commissioners Land Office revenues.

Impact: Additional \$190,000,000 contribution would be necessary. In 2010 the state contributed \$228,000,000.

If you have any questions, please contact me.

Sincerely,

*Thomas E. Cummins*

Thomas E. Cummins, MAAA