ENGROSSED HOUSE
BILL NO. 2264

By: McDaniel (Randy) of the House

and

Smalley of the Senate

An Act relating to the Retirement Freedom Act; amending Section 5, Chapter 375, O.S.L. 2014, as amended by Section 3, Chapter 303, O.S.L. 2015 (74 O.S Supp. 2015, Section 935.5), which relates to employee contributions; modifying time period for purposes of employee contribution rate selections; and providing an effective date.

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

SECTION 1. AMENDATORY Section 5, Chapter 375, O.S.L. 2014, as amended by Section 3, Chapter 303, O.S.L. 2015 (74 O.S. Supp. 2015, Section 935.5), is amended to read as follows:

Section 935.5 A. Except as otherwise provided by subsection B of this section, employers of employees who become participants in the defined contribution retirement system shall match the employee contribution paid on a monthly or more frequent basis at the rate of six percent (6.0%) based on the same compensation amount used to compute the employee contribution amount.

B. If an employee selects a contribution rate of seven percent (7.0%) or more, but not higher than allowed pursuant to the maximum

annual contribution limit prescribed by Section 415 of the Internal Revenue Code of 1986, as amended, the employer matching amount shall be seven percent (7.0%).

C. The initial four and five-tenths percent (4.5%) employee contribution shall be the only mandatory contribution of an employee participating in the defined contribution retirement system created by this act. These funds shall be placed by the System in either a 401(a) plan or a 457(b) plan, to be determined by the Board to maintain the plan consistent with the Internal Revenue Code. Any employee contributions eligible to be matched under this section over the four and five-tenths percent (4.5%) initial contribution shall be considered voluntary deferrals of compensation and placed in a 457(b) plan. All employer matching funds shall be placed in a 401(a) plan.

~~D.~~ Any contribution rate that is more than the four and five-tenths percent (4.5%) rate can be chosen by the participating employee upon the employee's initial participation, and can ~~only~~ be changed once ~~per calendar year during an option period as the Board determines~~ each thirty (30) days. The employee contribution rate chosen shall continue until the ~~next option period~~ employee elects to change the contribution rate or terminates service or retires.

~~E.~~ D. The employer match as set forth in subsection A of this section may be increased at any time by the Legislature without affecting the then-existing rights of participating employees and

beneficiaries in order to encourage participating employees to accumulate deferred income reserves for themselves and their dependents. The employer match may be decreased at any time by the Legislature without affecting the then-existing rights of participating employees and beneficiaries in order to provide funding as may be needed to reduce the unfunded liabilities of the defined benefit plan as set forth in Section 901 et seq. of this title, but shall not be less than six percent (6.0%) for any year during which the defined contribution plan is maintained.

SECTION 2. This act shall become effective November 1, 2016.

Passed the House of Representatives the 10th day of February, 2016.

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Presiding Officer of the House
of Representatives

Passed the Senate the ___ day of _____, 2016.

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Presiding Officer of the Senate