

ENROLLED 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.

SUBJECT: Retirement Freedom Act

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~~ month. 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 2nd day of May, 2016.

\_\_\_\_\_  
Presiding Officer of the House  
of Representatives

Passed the Senate the 13th day of April, 2016.

\_\_\_\_\_  
Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_

Approved by the Governor of the State of Oklahoma this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_

**Thomas E. Cummins Consulting Actuary, Inc.**

2512 E. 71<sup>st</sup> Street, Suite D  
(918) 492-9658 Fax (918) 492-9659  
Tulsa, OK 74136

---

December 17, 2015

Representative Randy McDaniel  
Room 438

Re: RBH No. 7765

RBH No. 7765 would allow participants in the Oklahoma Public Employees Retirement System defined contribution plan to change their contribution rate every 30 days. Currently they may only change once every calendar year.

The Retirement Freedom Act, 74 O.S. Supp.2015, Sections 935.1 et seq., which creates the defined contribution plan for OPERS, is not a defined benefit retirement system as contemplated by the Oklahoma Pension Legislation Actuarial Analysis Act "OPLAAA". A defined contribution plan does not have actuarial liabilities. This statement is being issued in order to ensure that modifications to the defined contribution plan are not "fiscal" within the meaning of OPLAAA with respect to the legacy defined benefit plan which OPERS also administers pursuant to 74 O.S. 2011, Sections 901 et seq.

RBH No. 7765 is a non fiscal retirement bill as defined by the Oklahoma Pension Legislation Analysis Act.

*Thomas E. Cummins*

Thomas E. Cummins, MAAA

**Thomas E. Cummins Consulting Actuary, Inc.**

2512 E. 71<sup>st</sup> Street, Suite D  
(918) 492-9658 Fax (918) 492-9659  
Tulsa, OK 74136

---

March 28, 2016

Senator Jason Smalley  
Room 416

Re: Committee Amendment to House Bill No. 2264

Committee Amendment to House Bill No. 2264 modifies the frequency a OPERS who is a participant in the defined contribution portion of OPERS can change the his/her contribution rate.

Committee Amendment to House Bill No. 2264 is a non fiscal amendment as defined by the Oklahoma Pension Legislation Analysis Act because the amendment does not contain a benefit increase nor create liability.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

*Thomas E. Cummins*

Thomas E. Cummins, MAAA