

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

February 1, 2012

Representative Randy McDaniel
Room 302-B

Re: RBH No. 9324
Committee Substitute for House Bill No. 2320

Committee Substitute for House Bill No. 2320 limits the rate of interest credited to Firefighters DROP balances that remain in the plan after the initial five years of participation. The rate is fixed at 7.5% rather than rate earned by the less 2% but not less than 7.5%. This change applies to existing balances and new DROP participants after 6/30/2012.

Committee Substitute for House Bill No. 2320 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

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February 14, 2012

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

Re: Committee Substitute for HB 2320

Dear Mr. McPhetridge,

Committee Substitute for HB 2320 increases the contributions to the Police Pension and Retirement System. Employee contribution rate is increased from 8% to 9% of compensation. The employer contribution rate increased from 13% to 14% of the participant's compensation. The system will receive 36% of premium tax collected up from 34%.

Impact: Committee Substitute for HB 2320 will increase the contribution to the system by:

Employee contributions:	\$2,540,000
Employer:	2,575,000
State	<u>1,450,000</u>
Total:	\$6,565,000

There would be \$6,625,000 shortfall of the required contribution if the contributions for FY 2012 remained the same as the contributions made in FY 2011.

If you have any questions, please contact me.

Sincerely,

Thomas E. Cummins

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