

05/19/2014 11:08:19 AM

HOUSE OF REPRESENTATIVES
CONFERENCE COMMITTEE REPORT

Mr. President:
Mr. Speaker:

The Conference Committee, to which was referred

HB2630

By: McDaniel (Randy) of the House and Brinkley of the Senate

Title: Public retirement systems; Retirement Security and Freedom Act; defined contribution plan; contributions; procedures; effective date.






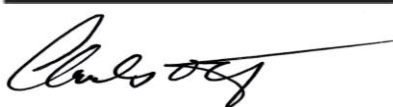




Together with Engrossed Senate Amendments thereto, beg leave to report that we have had the same under consideration and herewith return the same with the following recommendations:

1. That the Senate recede from its Senate Amendment; and
2. That the attached Conference Committee Substitute be adopted.

Respectfully submitted,

House Action _____ Date _____ Senate Action _____ Date _____

HB2630 CCR (A)
HOUSE CONFEREES

Cleveland, Bobby		Henke, Katie	
Matthews, Kevin		McBride, Mark	
McCall, Charles A.		McDaniel, Randy	
McNiel, Skye		Morrisette, Richard	
Nollan, Jadine		Ortega, Charles	
Perryman, David L.		Roberts, Dustin	
Sears, Earl		Shelton, Mike	
Trebilcock, John		Turner, Mike	

HB2630 CCR A

SENATE CONFEREES

Brinkley

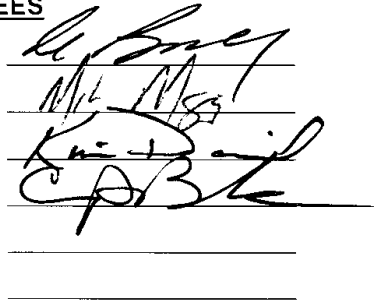
Mazzei

David

Brooks

Ballenger

Ivester

Handwritten signatures of the Senate conferees: Brinkley, Mazzei, David, Brooks, Ballenger, and Ivester. The signatures are written in black ink on a white background.

House Action _____ Date _____ Senate Action _____ Date _____

House Action _____ Date _____ Senate Action _____ Date _____

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

CONFERENCE COMMITTEE
SUBSTITUTE
FOR ENGROSSED
HOUSE BILL NO. 2630

By: McDaniel (Randy) and
Wesselhoft of the House

and

Brinkley and Mazzei of the
Senate

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to public retirement systems;
creating the Retirement Freedom Act; providing short
title; imposing duty on the Oklahoma Public Employees
Retirement System to establish defined contribution
system; specifying persons eligible for participation
in system; prescribing procedures related to date of
service accrual; requiring defined contribution
system to be qualified pursuant to provisions of the
Internal Revenue Code of 1986, as amended;
prescribing minimum employee contribution amount;
prescribing maximum employee contribution amount;
providing for salary deductions for employee
contributions; providing for employer matching
contributions; specifying amount of employer matching
contributions; prescribing procedures related to
employer matching contributions; providing for
modifications to matching amounts; prescribing
procedures for cost computation; providing for
payment of certain costs related to administration of
defined contribution system administration; providing
for vesting schedule; providing for applicability of
provisions of Section 414(h) of the Internal Revenue
Code of 1986, as amended, with respect to employee
contributions; imposing duty on Board of Trustees of
Oklahoma Public Employees Retirement System with

1 respect to investment of funds in defined
2 contribution system accounts; providing for payment
3 of certain revenues to the Oklahoma Public Employees
4 Retirement System; providing for deposit of funds
5 with existing defined benefit plan; providing for
6 effect of enactment on certain rights; prohibiting
7 certain collection activity with respect to funds;
8 authorizing offsets; providing for enforcement of
9 qualified domestic orders; defining term; prescribing
10 procedures with respect to alternate payees;
11 prescribing content; imposing restrictions;
12 authorizing rules; amending 74 O.S. 2011, Sections
13 913.4, as last amended by Section 113, Chapter 15,
14 O.S.L. 2013 and 920, as amended by Section 929,
15 Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2013,
16 Sections 913.4 and 920), which relate to the Oklahoma
17 Public Employees Retirement System; imposing
18 requirement on certain elected official with respect
19 to participation in defined contribution retirement
20 system; modifying provisions related to employer
21 contributions; requiring payment of certain
22 differential amount to the Oklahoma Public Employees
23 Retirement System for specified purpose; amending 74
24 O.S. 2011, Section 1707, as amended by Section 986,
Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2013, Section
1707), which relates to certain provisions affecting
the Oklahoma Public Employees Retirement System;
providing for codification; and providing an
effective date.

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 935.1 of Title 74, unless there
is created a duplication in numbering, reads as follows:

 This act shall be known and may be cited as the "Retirement
Freedom Act".

1 SECTION 2. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 935.2 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 A. Effective November 1, 2015, the Oklahoma Public Employees
5 Retirement System (System) shall establish a defined contribution
6 system for those persons who first become employed by any
7 participating employer of the System, as defined by paragraph (25)
8 of Section 902 of Title 74 of the Oklahoma Statutes, on or after
9 November 1, 2015.

10 B. The provisions of subsection A of this section and the
11 provisions of this act shall not be applicable to employees who are
12 initially employed in the positions described in divisions (i), (ii)
13 and (iii) of subparagraph (d) of paragraph (24) of Section 902 of
14 Title 74 of the Oklahoma Statutes and shall not be applicable to
15 district attorneys, assistant district attorneys or other employees
16 of the district attorney's office.

17 C. An employee described by subsection A of this section shall
18 become a participant in the defined contribution system and the
19 employee shall not accrue any service credit in the Oklahoma Public
20 Employees Retirement System as established pursuant to Section 901
21 et seq. of Title 74 of the Oklahoma Statutes.

22 D. Employees who participate in the defined contribution system
23 shall be deemed to begin service in the defined contribution system
24 on the entry date of the employee.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 935.3 of Title 74, unless there
3 is created a duplication in numbering, reads as follows:

4 The Board of Trustees of the Oklahoma Public Employees
5 Retirement System (Board) shall take whatever action is reasonable
6 and necessary to have the defined contribution system authorized by
7 this act to be recognized as a tax-qualified plan as that term is
8 defined by Section 401 et seq. of Title 26 of the United States
9 Code, or any other applicable provisions of federal law. The Board
10 is also authorized to establish a plan or use an existing plan
11 established under Section 457(b) of Title 26 of the United States
12 Code, if it is necessary to carry out the intent of this act. The
13 Board shall take whatever action is reasonable and necessary to
14 obtain confirmation from the Internal Revenue Service that any such
15 457(b) plan is consistent with the requirements of Section 457(b).

16 SECTION 4. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 935.4 of Title 74, unless there
18 is created a duplication in numbering, reads as follows:

19 A. Employee contributions to the defined contribution
20 retirement system shall consist of a minimum of three percent (3.0%)
21 of compensation.

22 B. Employee contributions to the defined contribution
23 retirement system that are eligible for an employer match shall
24 consist of a maximum of seven percent (7.0%) of compensation.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 935.5 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. 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 according to the following schedule based on the same compensation amount used to compute the employee contribution amount:

Employee Contribution Rate	Employer Match
3.0%	3.0%
4.0%	4.0%
5.0%	5.0%
6.0%	6.0%
7.0%	7.0%

B. The initial three-percent 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 three-percent 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.

1 C. Any contribution rate that is more than the three-percent
2 rate can be chosen by the participating employee upon the employee's
3 initial participation, and can only be changed once per calendar
4 year during an option period as the Board determines. The employee
5 contribution rate chosen shall continue until the next option
6 period.

7 D. The employer match as set forth in subsection A of this
8 section may be increased at any time by the Legislature without
9 affecting the then-existing rights of participating employees and
10 beneficiaries in order to encourage participating employees to
11 accumulate deferred income reserves for themselves and their
12 dependents. The employer match may be decreased at any time by the
13 Legislature without affecting the then-existing rights of
14 participating employees and beneficiaries in order to provide
15 funding as may be needed to reduce the unfunded liabilities of the
16 defined benefit plan as set forth in Section 901 et seq. of Title 74
17 of the Oklahoma Statutes, but shall not be less than three percent
18 (3.0%) for any year during which the defined contribution plan is
19 maintained.

20 SECTION 6. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 935.6 of Title 74, unless there
22 is created a duplication in numbering, reads as follows:

23 A. Except as otherwise provided by this section, employers
24 shall make payment of the required matching amount as provided by

1 Section 5 of this act within five (5) business days of the
2 participating employee's payroll pay date. The System shall ensure
3 the payment is credited to the defined contribution system account
4 or accounts maintained on behalf of the participating employee as
5 soon as possible.

6 B. All employee contributions to the defined contribution
7 system shall be effected by salary deductions from the salary of the
8 employee and shall be remitted by the participating employer to the
9 System for deposit into the defined contribution system account or
10 accounts maintained on behalf of the employee.

11 C. Participating employers whose salary deductions and employer
12 contributions are not remitted to the System through the Office of
13 Management and Enterprise Services shall either:

14 1. Send all such remittances by electronic funds transfer; or

15 2. Place all such remittances in a bank account from which

16 OPERS can debit the amount due,

17 both within five (5) business days of the payroll pay date of the
18 participating employee. Payroll data shall be remitted by the same
19 deadline.

20 D. The Office of Management and Enterprise Services shall
21 cooperate with the Board to ensure that any necessary programming
22 changes are made to the state's payroll system to carry out the
23 requirements of this act.

1 E. Each employer which has employees participating in the
2 defined contribution system shall pay to the System in the same
3 manner and at the same time required for contributions under this
4 section an amount to reimburse the cost of administration of the
5 defined contribution system, as determined by the Board.

6 1. The Board shall certify each year to the Office of
7 Management and Enterprise Services and to participating employers
8 whose salary deductions and employer contributions are not remitted
9 to the System through the Office of Management and Enterprise
10 Services, the determined amount for the administrative cost of the
11 defined contribution system which will be required to be paid for
12 each participant. The Board shall promulgate such rules as
13 necessary to implement the provisions of this subsection and provide
14 the methodology for the determination.

15 2. Each employer shall pay at least monthly to the System the
16 sum sufficient to satisfy the obligation under this section as
17 certified by the Board.

18 F. The funds held on behalf of each employee participating in
19 the defined contribution system shall consist of the amount in the
20 account or accounts plus credits representing employer and employee
21 contributions, profits, income and other increments attributable to
22 such contributions, and minus debits representing any losses, other
23 decrements, or expenses under the system and any distributions made
24 to the employee under the system.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 935.7 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Participating employees shall at all times be vested at one hundred percent (100%) of their accounts containing solely their employee contributions, and the gains or losses on these contributions. Participating employees will have investment discretion over these accounts within the available options offered by the Board.

B. Participating employees shall be vested with respect to the employer matching amounts, and the gains or losses on these funds, deposited into their defined contribution system account or accounts according to the following schedule based on years of participating service:

Year 1	20%
Year 2	40%
Year 3	60%
Year 4	80%
Year 5 and thereafter	100%

C. Participating employees will have investment discretion over all employer contributions.

D. For purposes of determining a participating employee's right to withdraw employer matching contributions and any investment gains upon such employer contribution matching amounts, the vesting

percentages apply at the end of each full year of service as described in subsection B of this section.

E. For participating employees who do not select any investment options, the OPERS Board will establish default investment options for the contributions received from participating employees and default investment options for matching employer contributions.

F. To the extent that participants leave employment and have not vested in all of the employer contributions, the nonvested contributions may be used to offset costs of administering the plan.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 935.8 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Each participating employer shall pick up under the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986, as amended, and pay the contribution which the participating employee is required by law to make to the System for all compensation earned after the date as of which an employee begins to participate in the defined contribution system. Although the contributions so picked up are designated as participating employee contributions, such contributions shall be treated as contributions being paid by the employer in lieu of contributions by the participating employee in determining tax treatment under the Internal Revenue Code of 1986, as amended, and such picked-up contributions shall not be includable in the gross income of the

1 participating employee until such amounts are distributed or made
2 available to the participating employee or the beneficiary of the
3 participating employee. The participating employee, by the terms of
4 this System, shall not have any option to choose to receive the
5 contributions so picked up directly and the picked-up contributions
6 must be paid by the employer to the System.

7 B. Contributions by the participating employee into a 457(b)
8 plan may not be picked up by the employer but shall be a voluntary
9 deferral of the employee's compensation. Participating employers
10 within OPERS that are not eligible to participate in the Deferred
11 Compensation Plan administered by OPERS under subsection B of
12 Section 1701 of Title 74 of the Oklahoma Statutes, and the Oklahoma
13 State Employees Deferred Savings Incentive Plan under Section 1707
14 of Title 74 of the Oklahoma Statutes, and have established 457(b)
15 plans for their employees, will have the obligation to ensure that
16 their employees do not exceed the maximum annual contributions to a
17 457(b) plan under the Internal Revenue Code.

18 SECTION 9. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 935.9 of Title 74, unless there
20 is created a duplication in numbering, reads as follows:

21 The Board of Trustees shall contract with one or more business
22 entities in order to create a range of choices regarding investment
23 of funds deposited into defined contribution system accounts. The
24 investment options shall be substantially similar to the options

provided to members of the Oklahoma Public Employees Retirement System that maintain a Deferred Savings Incentive Plan account as offered by the System pursuant to the provisions of the Deferred Savings Incentive Plan. In selecting investment options for participants in the plan, the Board shall give due consideration to offering investment options provided by business entities that provide guaranteed lifetime income in retirement such as annuities, guaranteed investment contracts, or similar products. The Board may amend any of its existing contracts with its current service providers to perform substantially the same type of service the provider is currently performing for the Board, in order to facilitate the timely introduction of the new defined contribution system created by this act. Thereafter, the contracting process for the selection of service providers carrying out duties related to the administration of the plan shall be the same as the selection process for other providers selected by the Board under subsection D of Section 909.1 of Title 74 of the Oklahoma Statutes.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 935.10 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. Notwithstanding any other provision of the statutes governing the System to the contrary, each participating employer shall remit to the System the difference between the amount of money which would be remitted to the System using the employer

1 contribution rate required by Section 920 of Title 74 of the
2 Oklahoma Statutes and the amount of money required for the
3 participating employer to make the required matching contribution
4 amount on behalf of a participating employee who participates in the
5 defined contribution system authorized pursuant to the provisions of
6 Section 5 of this act.

7 B. The System shall deposit the monies remitted to it by
8 employers having participating employees in the defined contribution
9 system created by this act, as described by subsection A of this
10 section, into the existing defined benefit pension plan authorized
11 pursuant to Section 901 et seq. of Title 74 of the Oklahoma Statutes
12 in order to reduce the liabilities of the defined benefit pension
13 plan.

14 SECTION 11. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 935.11 of Title 74, unless there
16 is created a duplication in numbering, reads as follows:

17 A. Except as otherwise provided by this section or in
18 subsection D of Section 5 of this act, no alteration, amendment, or
19 repeal of this act shall affect the then-existing rights of
20 participating employees and beneficiaries, but shall be effective
21 only as to rights which would otherwise accrue hereunder as a result
22 of services rendered by an employee after such alteration,
23 amendment, or repeal. Any benefits, fund, property, or rights
24 created by or accruing to any person under the provisions of this

1 act shall not be subject to execution, garnishment or attachment, or
2 any other process or claim whatsoever, and shall be unassignable,
3 except as specifically provided by this section. Notwithstanding
4 the foregoing, the Board may offset any amounts held by a
5 participant in the plan or beneficiary to pay a judgment or
6 settlement against a participating employee or beneficiary for a
7 crime involving the System, for a fraud or breach of the
8 participating employee's fiduciary duty to the System, or for funds
9 or monies incorrectly paid to a participating employee or a
10 beneficiary, provided such offset is in accordance with the
11 requirements of Section 401(a)(13) or similar provisions of the
12 Internal Revenue Code. The offset applies to any assets held in the
13 plan which may otherwise be payable to a participating employee or
14 beneficiary from the plan administered by the Board.

15 B. 1. The provisions of subsection A of this section shall not
16 apply to a qualified domestic order as provided pursuant to this
17 subsection.

18 2. The term "qualified domestic order" means an order issued by
19 a district court of this state pursuant to the domestic relation
20 laws of the State of Oklahoma which relates to the provision of
21 marital property rights to a spouse or former spouse of a
22 participating employee or provision of support for a minor child or
23 children and which creates or recognizes the existence of the right
24 of an alternate payee, or assigns to an alternate payee the right,

1 to receive a portion of the funds payable with respect to a
2 participant in the plan.

3 3. For purposes of the payment of marital property, to qualify
4 as an alternate payee a spouse or former spouse must have been
5 married to the related participating employee for a period of not
6 less than thirty (30) continuous months immediately preceding the
7 commencement of the proceedings from which the qualified domestic
8 order issues.

9 4. A qualified domestic order is valid and binding on the Board
10 and the related participating employee only if it meets the
11 requirements of this subsection.

12 5. A qualified domestic order shall clearly specify:

- 13 a. the name and last-known mailing address (if any) of
14 the participating employee and the name and mailing
15 address of the alternate payee covered by the order,
 - 16 b. the amount or percentage of the participating
17 employee's funds or assets to be paid by the System to
18 the alternate payee,
 - 19 c. the number of payments or period to which such order
20 applies,
 - 21 d. the characterization of the benefit as to marital
22 property rights or child support, and
 - 23 e. each plan to which such order applies.
- 24

1 6. A qualified domestic order meets the requirements of this
2 subsection only if such order:

3 a. does not require the System to provide any type or
4 form of benefit, or any option not otherwise provided
5 under state law as relates to the System,

6 b. does not require the System to provide increased
7 benefits, and

8 c. does not require the payment of funds or assets to an
9 alternate payee which are required to be paid to
10 another alternate payee pursuant to another order
11 previously determined to be a qualified domestic order
12 or an order recognized by the System as a valid order
13 prior to the effective date of this act.

14 7. A qualified domestic order shall not require payment of
15 funds or assets to an alternate payee prior to the actual permitted
16 distribution date or withdrawal of the related participating
17 employee.

18 8. The obligation of the System to pay an alternate payee
19 pursuant to a qualified domestic order shall cease upon the death of
20 the related participating employee.

21 9. This subsection shall not be subject to the provisions of
22 the Employee Retirement Income Security Act of 1974 (ERISA), 29
23 U.S.C.A., Section 1001 et seq., as amended from time to time, or
24

1 rules and regulations promulgated thereunder, and court cases
2 interpreting said act.

3 10. The Board shall promulgate such rules as are necessary to
4 implement the provisions of this subsection.

5 11. An alternate payee who has acquired beneficiary rights
6 pursuant to a valid qualified domestic order must fully comply with
7 all provisions of the rules promulgated by the Board pursuant to
8 this subsection in order to continue receiving his or her benefit.

9 SECTION 12. AMENDATORY 74 O.S. 2011, Section 913.4, as
10 last amended by Section 113, Chapter 15, O.S.L. 2013 (74 O.S. Supp.
11 2013, Section 913.4), is amended to read as follows:

12 Section 913.4 A. 1. Except as otherwise provided in this
13 subsection, an elected official may elect to participate in the
14 System and if he or she elects to do so shall have the option of
15 participating at any one of the computation factors set forth in
16 paragraph 3 or 4 of this subsection and will receive retirement
17 benefits in accordance with the computation factor chosen. The
18 election on participation in the System must be in writing, must
19 specify the computation factor chosen, and must be filed with the
20 System within ninety (90) days after the elected official takes
21 office. The election to participate and the election of a
22 computation factor shall be irrevocable. Reelection to the same
23 office will not permit new elections. Failure of an elected
24 official to file such election form within the ninety-day period

shall be deemed an irrevocable election to participate in the System at the maximum computation factor.

2. Contributions and benefits will be based upon the elected official's annual compensation as defined in Section 902 of this title. Employer and elected official contributions shall be remitted at least monthly, or as the Board may otherwise provide, to the System for deposit in the Oklahoma Public Employees Retirement Fund. Effective July 1, 1994, and thereafter, the participating employer shall contribute as provided in Section 920 of this title.

3. Except as provided in paragraph 4 of this subsection, effective July 1, 1994, the computation factor selected and the corresponding elected official contribution rate shall be as follows:

Elected official Contribution Rate	Computation Factor	Alternate Formula
4.5%	1.9%	\$12.50
6%	2.5%	\$20.00
7.5%	3.0%	\$25.00
8.5%	3.4%	\$27.50
9%	3.6%	\$30.00
10%	4.0%	\$40.00

4. Elected officials who are first elected or appointed to an elected office on or after November 1, 2010, shall elect a computation factor of either 1.9% or 4%. The elected official

1 contribution rate for the 1.9% computation factor is currently 4.5%
2 and the contribution rate for the 4% computation factor is currently
3 10%. All other computation factors and contribution rates set forth
4 in paragraph 3 of this subsection shall not be available to any
5 person first elected or appointed to an elected office on or after
6 November 1, 2010.

7 5. The contribution rate for elected officials who are first
8 elected or appointed to an elected office on or after November 1,
9 2011, shall be in the amount specified in paragraph (a) of
10 subsection (1) of Section 919.1 of this title. The amount of the
11 retirement benefit for elected officials who are first elected or
12 appointed to an elected office on or after November 1, 2011, shall
13 be based on the provisions of paragraph (1) of subsection A of
14 Section 915 of this title.

15 6. The computation factors and corresponding elected official
16 contribution rates provided for in paragraphs 3 and 4 of this
17 subsection shall be based on the entire compensation as an elected
18 official subject to the definition and maximum compensation levels
19 as set forth in paragraph (9) of Section 902 of this title.

20 7. Elected officials who are first elected or appointed on or
21 after November 1, 2011, shall also be eligible to make the election
22 of an alternate multiplier and contribution rate pursuant to
23 paragraph 2 of subsection A of Section 915 of this title.
24

1 8. A statewide elected official or legislator whose first
2 service as an elected official occurs on or after November 1, 2015,
3 shall become a participant in the defined contribution system
4 created by Sections 1 through 11 of this act and such elected
5 official shall not accrue any service credit in the defined benefit
6 plan of the Oklahoma Public Employees Retirement System created
7 pursuant to Section 901 et seq. of this title.

8 B. The normal retirement date for an elected official shall be
9 the first day of the month coinciding with or following the
10 official's sixtieth birthday or the first day of the month
11 coinciding with or following the date at which the sum of the
12 elected official's age and number of years of credited service total
13 eighty (80). The normal retirement date for an elected official
14 first elected or appointed to an elected office on or after November
15 1, 2011, shall be the first day of the month coinciding with or
16 following the official's sixty-fifth birthday or the date upon which
17 the elected or appointed official attains the age of sixty-two (62)
18 and who has at least ten (10) years of elected or appointed service.
19 Any elected official first elected or appointed to an elected office
20 before November 1, 2011, who has a minimum of ten (10) years'
21 participating service may retire under the early retirement
22 provisions of this act, including those electing a vested benefit
23 and shall receive an adjustment of annual benefits in accordance
24 with the following percentage schedule:

1		Percentage of Normal
2	Age	Retirement Benefits
3	60	100%
4	59	94%
5	58	88%
6	57	82%
7	56	76%
8	55	70%

9 Any elected official first elected or appointed to an elected
10 office on or after November 1, 2011, who has a minimum of ten (10)
11 years' participating service may retire under the early retirement
12 provisions of this act, including those electing a vested benefit
13 and shall receive an adjustment of annual benefits in accordance
14 with the following percentage schedule:

15		Percentage of Normal
16	Age	Retirement Benefits
17	62	100%
18	61	93.33%
19	60	86.67%

20 C. 1. Any elected official shall receive annual benefits
21 computed based upon the computation factor selected multiplied by
22 the member's highest annual compensation received as an elected
23 official prior to retirement or termination of employment multiplied
24 by the number of years of credited service. No elected official

1 shall retire using such highest annual compensation unless the
2 elected official has made the required election and has paid the
3 required contributions on such salary.

4 2. The retirement benefit may be computed pursuant to the
5 provisions of paragraph (1) of subsection A of Section 915 of this
6 title if the benefit would be higher. Elected officials who have a
7 vested benefit prior to July 1, 1980, may elect to receive annual
8 benefits based on the alternate formula provided above. Such annual
9 benefits shall be paid in equal monthly installments.

10 3. Elected officials who become members of the Oklahoma Public
11 Employees Retirement System on or after August 22, 2008, will
12 receive retirement benefits in accordance with the computation
13 factor selected pursuant to subsection A of this section multiplied
14 by the member's highest annual compensation received as an elected
15 official and only for those years of credited service the member
16 served as an elected official. If such elected official has
17 participating service as a nonelected member, then such nonelected
18 service shall be computed separately pursuant to the provisions of
19 paragraph (1) of subsection A of Section 915 of this title with the
20 final benefit result added to the final benefit result for elected
21 service. In no event shall the elected official be entitled to
22 apply the computation factor selected pursuant to subsection A of
23 this section or the compensation received as an elected official to
24 the computation of nonelected service.

1 4. Elected officials who are first elected or appointed to an
2 elected office on or after August 22, 2008, may not receive a
3 maximum benefit greater than their single highest annual
4 compensation received as a member of the Oklahoma Public Employees
5 Retirement System.

6 D. Any elected official making an election to participate at a
7 computation factor less than the maximum and later selecting a
8 higher computation factor shall contribute to the System a sum equal
9 to the amount which the elected official would have contributed if
10 the elected official had made such election at the time the elected
11 official first became eligible, plus interest as determined by the
12 Board, in order to receive the additional benefits for all service
13 as an elected official; otherwise, the additional benefits shall be
14 applicable only to service for which the elected official pays the
15 appropriate percent of contributions to the System.

16 E. The surviving spouse of a deceased elected official who was
17 first elected or appointed to an elected office before November 1,
18 2011, and who has at least six (6) years of participating service
19 and the surviving spouse of a deceased elected official who was
20 first elected or appointed to an elected office on or after November
21 1, 2011, and who has at least eight (8) years of participating
22 service shall be entitled to receive survivor benefits in the amount
23 herein prescribed, if married to the decedent continuously for a
24 period of at least three (3) years immediately preceding the elected

1 official's death. Provided the elected official had met the service
2 requirements, survivor benefits shall be payable when the deceased
3 member would have met the requirements for normal or early
4 retirement. The amount of the benefits the surviving spouse may
5 receive shall be fifty percent (50%) of the amount of benefits the
6 deceased elected official was receiving or will be eligible to
7 receive. Remarriage of a surviving spouse shall disqualify the
8 spouse for the receipt of survivor benefits. Elected officials may
9 elect a retirement option as provided in Section 918 of this title
10 in lieu of the survivors benefit provided above.

11 F. Any elected official who served in the Armed Forces of the
12 United States, as defined in paragraph (23) of Section 902 of this
13 title, prior to membership in the Oklahoma Public Employees
14 Retirement System shall be granted credited service of not to exceed
15 five (5) years for those periods of active military service during
16 which the elected official was a war veteran.

17 G. Anyone appointed or elected to an elected position after
18 July 1, 1990, shall not be eligible to receive benefits as provided
19 in this section until such person has participated as an elected
20 official for six (6) years. Anyone appointed or elected to an
21 elected position on or after November 1, 2011, shall not be eligible
22 to receive benefits as provided in this section until such person
23 has participated as an elected official for eight (8) years.

24

1 H. Elected officials who terminate participation in the System
2 and who have a minimum of six (6) years of participating service
3 shall be entitled to elect a vested benefit and shall be entitled to
4 the retirement options as provided in Section 918 of this title in
5 lieu of the survivors benefit provided in subsection E of this
6 section. Elected officials, first elected or appointed to an
7 elected office on or after November 1, 2011, who terminate
8 participation in the System and who have a minimum of eight (8)
9 years of participating service shall be entitled to elect a vested
10 benefit and shall be entitled to retirement options as provided in
11 Section 918 of this title in lieu of the survivors benefits provided
12 in subsection E of this section.

13 I. In determining the number of years of credited service, a
14 fractional year of six (6) months or more shall be considered as one
15 (1) year, and less than six (6) months or more shall be disregarded.
16 For members who joined the System on or after November 1, 2011, the
17 number of years of credited service shall be based on actual years
18 and months of credited service without rounding up or down.

19 SECTION 13. AMENDATORY 74 O.S. 2011, Section 920, as
20 amended by Section 929, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
21 2013, Section 920), is amended to read as follows:

22 Section 920. (1) Effective July 1, 1994, every state agency
23 which is a participating employer shall contribute to the System an
24 amount equal to eleven and one-half percent (11 1/2%) of the monthly

1 compensation of each member, but not in excess of Forty Thousand
2 Dollars (\$40,000.00).

3 (2) Effective July 1, 1995, every state agency which is a
4 participating employer shall contribute to the System an amount
5 equal to eleven and one-half percent (11 1/2%) of the monthly
6 compensation of each member, not to exceed the allowable annual
7 compensation as defined in paragraph (9) of Section 902 of this
8 title.

9 (3) Effective July 1, 1996, every state agency which is a
10 participating employer shall contribute to the System an amount
11 equal to twelve percent (12%) of the monthly compensation of each
12 member, not to exceed the allowable annual compensation defined in
13 paragraph (9) of Section 902 of this title.

14 (4) Effective July 1, 1999, and through the fiscal year ending
15 June 30, 2005, every state agency which is a participating employer
16 shall contribute to the System an amount equal to ten percent (10%)
17 of the monthly compensation of each member, not to exceed the
18 allowable annual compensation defined in paragraph (9) of Section
19 902 of this title.

20 (5) Effective July 1, 2005, except as otherwise provided by
21 subsection (11) of this section, every state agency which is a
22 participating employer shall contribute an amount to the System
23 equal to a percentage of monthly compensation of each member, not to
24

1 exceed the allowable annual compensation defined in paragraph (9) of
 2 Section 902 of this title as follows:

3 July 1, 2005 - June 30, 2006 11 1/2%

4 July 1, 2006 - June 30, 2007 12 1/2%

5 July 1, 2007 - June 30, 2008 13 1/2%

6 July 1, 2008 - June 30, 2009 14 1/2%

7 July 1, 2009 - June 30, 2011 15 1/2%

8 July 1, 2011 - June 30, 2012

9 and each year thereafter 16 1/2%

10 (6) The Board shall certify, on or before November 1 of each
 11 year, to the Office of Management and Enterprise Services an
 12 actuarially determined estimate of the rate of contribution which
 13 will be required, together with all accumulated contributions and
 14 other assets of the System, to be paid by each participating
 15 employer to pay all liabilities which shall exist or accrue under
 16 the System, including amortization of the past service cost over a
 17 period of not to exceed forty (40) years from June 30, 1987, and the
 18 cost of administration of the System, as determined by the Board,
 19 upon recommendation of the actuary.

20 (7) The Office of Management and Enterprise Services and the
 21 Governor shall include in the budget and in the budget request for
 22 appropriations the sum required to satisfy the state's obligation
 23 under this section as certified by the Board and shall present the
 24 same to the Legislature for allowance and appropriation.

1 (8) Each other participating employer shall appropriate and pay
2 to the System a sum sufficient to satisfy the obligation under this
3 section as certified by the Board.

4 (9) Each participating employer is hereby authorized to pay the
5 employer's contribution from the same fund that the compensation for
6 which said contribution is paid from or from any other funds
7 available to it for such purpose.

8 (10) Forfeitures arising from severance of employment, death or
9 for any other reason may not be applied to increase the benefits any
10 member would otherwise receive under the System's law. However,
11 forfeitures may be used to reduce an employer's contribution.

12 (11) Effective November 1, 2015, an employer shall be required
13 to make payment to the Oklahoma Public Employees Retirement System
14 of the amount described by subsection A of Section 10 of this act
15 with respect to any employee who is a participant in the defined
16 contribution system created pursuant to the provisions of Sections 1
17 through 11 of this act. The employer shall be required to make the
18 required matching contribution amount for all employees that
19 participate in the defined contribution system and to remit the
20 difference between such amount and the amount the employer would
21 otherwise have paid pursuant to the provisions of this section to
22 the Oklahoma Public Employees Retirement System.
23
24

1 SECTION 14. AMENDATORY 74 O.S. 2011, Section 1707, as
2 amended by Section 986, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
3 2013, Section 1707), is amended to read as follows:

4 Section 1707. A. Effective January 1, 1998, for each qualified
5 participant as defined in this section who is a state employee as
6 defined in this section, the Oklahoma Public Employees Retirement
7 System shall pay each month from funds appropriated or deposited to
8 the Oklahoma State Employees Deferred Savings Incentive Plan Fund
9 created pursuant to this section the sum of Twenty-five Dollars
10 (\$25.00) to a plan established pursuant to the Internal Revenue
11 Code, Section 401(a), for the benefit of the employee; provided, if
12 monies in the fund are insufficient to fully fund the contributions
13 in any month, payments shall be suspended until such time as
14 sufficient monies are available. Employees receiving payroll other
15 than monthly shall have an amount contributed which is equivalent to
16 Twenty-five Dollars (\$25.00) per month.

17 B. For the purposes of this section, "qualified participant"
18 means a state employee as defined in this section who is an active
19 participant in the Oklahoma State Employees Deferred Compensation
20 Plan making deferrals of at least Twenty-five Dollars (\$25.00) per
21 month. A qualified participant shall not include an employee who
22 participates in the defined contribution system administered by the
23 Oklahoma Public Employees Retirement System on or after November 1,
24 2015. Effective July 1, 2000, each qualified participant shall be

1 eligible for a contribution of Twenty-five Dollars (\$25.00) to the
2 Oklahoma State Employees Deferred Savings Incentive Plan beginning
3 with the first employee deferral into the Oklahoma State Employees
4 Deferred Compensation Plan. The Director of the Office of
5 Management and Enterprise Services shall be responsible for the
6 provision of such information and assistance as may be necessary to
7 determine which employees are qualified participants and shall
8 provide for appropriate payroll transactions to accomplish
9 contributions to the Oklahoma State Employees Deferred Savings
10 Incentive Plan and the Oklahoma State Employees Deferred
11 Compensation Plan. The Oklahoma Public Employees Retirement System
12 shall be responsible for establishing rules and plan documents for
13 administration of such contributions. Funds so credited shall be
14 held and invested in the same manner as the Oklahoma State Employees
15 Deferred Compensation Plan, as provided in Section 1701 of this
16 title.

17 C. For the purposes of this section, "state employee" means any
18 officer or employee of the executive, legislative, or judicial
19 branches of the government of this state who is an active member of
20 a public retirement system of this state, but does not include:

21 1. Employees of the public elementary, secondary, or area
22 vocational school districts;

23 2. Employees of The Oklahoma State System of Higher Education
24 except employees of the Oklahoma State Regents of Higher Education,

1 employees of the governing boards and employees of the Board of
2 Regents of the University of Oklahoma who are participating members
3 of the Oklahoma Public Employees Retirement System;

4 3. Persons on temporary, student, internship, or other limited-
5 term appointments except for Executive Fellows in the Carl Albert
6 Public Internship Program created in Section 840-3.4 of this title;
7 or

8 4. Persons employed pursuant to Section 1.6a of Title 53 of the
9 Oklahoma Statutes.

10 D. No public official shall be able to make contributions to
11 the Section 401(a) plan described by this section during a term of
12 office which commenced prior to July 1, 1997. A public official may
13 make contributions to the Section 401(a) plan described by this
14 section during a term of office which commences after July 1, 1997.
15 No legislator shall be eligible to make contributions to the Section
16 401(a) plan described by this section until such contributions have
17 been approved by the Board on Legislative Compensation. The
18 provisions of this subsection shall be applicable only in the event
19 that the Plan permits employee contributions.

20 E. There is hereby created in the State Treasury a revolving
21 fund to be designated the "Oklahoma State Employees Deferred Savings
22 Incentive Plan Fund". The fund shall be a continuing fund, not
23 subject to fiscal year limitations, and shall consist of any monies
24 the Legislature may appropriate or transfer to the fund and any

monies contributed for the fund from any other sources, public or private. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Oklahoma Public Employees Retirement System for the matching of deferred compensation contributions pursuant to this section and in accordance with rules promulgated by the Oklahoma Public Employees Retirement System and for reimbursement of expenses for administration of the Deferred Savings Incentive Plan and the Oklahoma State Employees Deferred Compensation Plan. Expenditures from the fund shall be made by warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

F. Effective July 1, 2000, every employer which has state employees participating in the Oklahoma State Employees Deferred Savings Incentive Plan shall pay to the Fund an amount equal to Twenty-five Dollars (\$25.00) each month for each qualified participant as defined in this section, along with an amount to reimburse the cost of administration of the Oklahoma State Employees Deferred Savings Incentive Plan and the Oklahoma State Employees Deferred Compensation Plan for each qualified participant, as determined by the Board.

1. The Board shall certify each year to the Office of Management and Enterprise Services the determined amount for the

1 administrative cost of the Oklahoma State Deferred Savings Incentive
2 Plan and the Oklahoma State Employees Deferred Compensation Plan
3 which will be required to be paid for each qualified participant.
4 The Board of Trustees shall promulgate such rules as are necessary
5 to implement the provisions of this subsection and provide the
6 methodology for the determination.

7 2. Each employer shall pay at least monthly to the Fund the sum
8 sufficient to satisfy the obligation under this section as certified
9 by the Board.

10 3. Each employer is hereby authorized to pay the employer's
11 contribution from the same fund that the compensation for which said
12 contribution is paid from or from any other funds available to it
13 for such purpose.

14 SECTION 15. This act shall become effective November 1, 2014.

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