

STATE OF OKLAHOMA

2nd Session of the 54th Legislature (2014)

HOUSE BILL 2630

By: McDaniel (Randy)

AS INTRODUCED

An Act relating to public retirement systems; creating the Retirement Security and 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 respect to investment of funds in defined contribution system accounts; providing for payment of certain revenues to the Oklahoma Public Employees Retirement System; providing for deposit of funds with existing defined benefit plan; providing for effect of enactment on certain rights; prohibiting certain collection activity with respect to funds; authorizing offsets; providing for enforcement of qualified domestic orders; defining term; prescribing procedures with respect to alternate payees;

1 prescribing content; imposing restrictions;
2 authorizing rules; amending 74 O.S. 2011, Sections
3 913.4, as last amended by Section 113, Chapter 15,
4 O.S.L. 2013, 920, as amended by Section 929, Chapter
5 304, O.S.L. 2012 and 920A (74 O.S. Supp. 2013,
6 Sections 913.4 and 920), which relate to the Oklahoma
7 Public Employees Retirement System; imposing
8 requirement on certain elected official with respect
9 to participation in defined contribution retirement
10 system; modifying provisions related to employer
11 contributions; requiring payment of certain
12 differential amount to the Oklahoma Public Employees
13 Retirement System for specified purpose; amending 74
14 O.S. 2011, Sections 1316.2, as amended by Section
15 962, Chapter 304, O.S.L. 2012 and 1707, as amended by
16 Section 986, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
17 2013, Sections 1316.2 and 1707), which relate to
18 certain provisions affecting the Oklahoma Public
19 Employees Retirement System; modifying provisions
20 based on employee participation in defined
21 contribution system; providing for codification; and
22 providing an effective date.

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

24 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
Security and Freedom Act".

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

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

7 B. The provisions of subsection A of this section and the
8 provisions of this act shall not be applicable to members who are
9 correctional officers, probation and parole officers or fugitive
10 apprehension agents employed by the Department of Corrections on the
11 date initially employed by the Department.

12 C. A member described by subsection A of this section shall
13 become a participant in the defined contribution system and the
14 member shall not accrue any service credit in the Oklahoma Public
15 Employees Retirement System as established pursuant to Section 901
16 et seq. of Title 74 of the Oklahoma Statutes.

17 D. Members who participate in the defined contribution system
18 shall be deemed to begin service in the defined contribution system
19 on the entry date of the employee.

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

23 The Board of Trustees of the Oklahoma Public Employees
24 Retirement System ("Board") shall take whatever action is reasonable

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

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

14 A. Employee contributions to the defined contribution
15 retirement system shall consist of a minimum of three percent (3.0%)
16 of compensation.

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

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

23 A. Employers of members who become participants in the defined
24 contribution retirement system shall match the employee contribution

paid on a monthly 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 who selects 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 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 plan. All employer matching funds shall be placed in a 401(a) plan.

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

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

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

16 A. Except as otherwise provided by this section, employers
17 shall make payment of the required matching amount as provided by
18 Section 5 of this act within five (5) business days of the member's
19 payroll pay date. The System shall ensure the payment is credited
20 to the defined contribution system account of the member as soon as
21 possible.

22 B. All employee contributions to the defined contribution
23 system shall be effected by salary deductions from the salary of the
24 employee and shall be remitted by the participating employer to the

1 System for deposit into the defined contribution system account
2 maintained on behalf of the employee.

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

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

7 2. Place all such remittances in a bank account from which
8 OPERS can debit the amount due,

9 both within five (5) business days of the payroll pay date of the
10 member. Payroll data shall be remitted by the same deadline.

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

15 E. Each employer which has employees participating in the
16 defined contribution system shall pay to the System in the same
17 manner and at the same time required for contributions under this
18 section an amount to reimburse the cost of administration of the
19 defined contribution system, as determined by the Board.

20 1. The Board shall certify each year to the Office of
21 Management and Enterprise Services and to participating employers
22 whose salary deductions and employer contributions are not remitted
23 to the System through the Office of Management and Enterprise
24 Services, the determined amount for the administrative cost of the

1 defined contribution system which will be required to be paid for
2 each participant. The Board shall promulgate such rules as
3 necessary to implement the provisions of this subsection and provide
4 the methodology for the determination.

5 2. Each employer shall pay at least monthly to the System the
6 sum sufficient to satisfy the obligation under this section as
7 certified by the Board.

8 F. The account of each employee participating in the defined
9 contribution system shall consist of the amount in the account plus
10 credits representing employer and employee contributions, profits,
11 income and other increments attributable to such contributions, and
12 minus debits representing any losses, other decrements, or expenses
13 under the system and any distributions made to the employee under
14 the system.

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

18 A. Members shall at all times be vested at one hundred percent
19 (100%) of the amount of their employee contributions. Members will
20 have retirement discretion over these contributions within the
21 available options offered by the Board.

22 B. Members shall be vested with respect to the employer
23 matching amounts deposited into their defined contribution system
24

account 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. Members will have investment discretion over all employer contributions.

D. For purposes of determining a member'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 members who do not select any investment options, the OPERS Board will establish default investment options for the contributions received from members 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:

1 A. Each participating employer shall pick up under the
2 provisions of Section 414(h)(2) of the Internal Revenue Code of
3 1986, as amended, and pay the contribution which the member is
4 required by law to make to the System for all compensation earned
5 after the date as of which an employee begins to participate in the
6 defined contribution system. Although the contributions so picked
7 up are designated as member contributions, such contributions shall
8 be treated as contributions being paid by the employer in lieu of
9 contributions by the member in determining tax treatment under the
10 Internal Revenue Code of 1986, as amended, and such picked-up
11 contributions shall not be includable in the gross income of the
12 member until such amounts are distributed or made available to the
13 member or the beneficiary of the member. The member, by the terms
14 of this System, shall not have any option to choose to receive the
15 contributions so picked up directly and the picked-up contributions
16 must be paid by the employer to the System.

17 B. Contributions by the member into a 457 plan may not be
18 picked up by the employer but shall be a voluntary deferral of the
19 employee's compensation. Participating employers within OPERS that
20 are not eligible to participate in the SoonerSave 457 and 401(a)
21 plans that existed prior to this act, and have established 457 plans
22 for their employees, will have the obligation to ensure that their
23 employees do not exceed the maximum annual contributions to a 457
24 plan under the Internal Revenue Code.

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

4 The Board of Trustees shall contract with one or more business
5 entities in order to create a range of choices regarding investment
6 of funds deposited into defined contribution system accounts. The
7 investment options shall be substantially similar to the options
8 provided to members of the Oklahoma Public Employees Retirement
9 System that maintain a Deferred Savings Incentive Plan account as
10 offered by the System pursuant to the provisions of the Deferred
11 Savings Incentive Plan. The Board may amend any of its existing
12 contracts with its current service providers to perform
13 substantially the same type of service the provider is currently
14 performing for the Board, in order to facilitate the timely
15 introduction of the new defined contribution system created by this
16 act. Thereafter, the contracting process for the selection of
17 service providers carrying out duties related to the administration
18 of the plan shall be the same as the selection process for other
19 providers selected by the Board under subsection D of Section 909.1
20 of Title 74 of the Oklahoma Statutes.

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

1 A. Notwithstanding any other provision of the statutes
2 governing the System to the contrary, each participating employer
3 shall remit to the System the difference between the amount of money
4 which would be remitted to the System using the employer
5 contribution rate required by either Section 920 or Section 920A of
6 Title 74 of the Oklahoma Statutes and the amount of money required
7 for the participating employer to make the required matching
8 contribution amount on behalf of a member who participates in the
9 defined contribution system authorized pursuant to the provisions of
10 Section 5 of this act.

11 B. The System shall deposit the monies remitted to it by
12 employers having members that participate in the defined
13 contribution system created by this act, as described by subsection
14 A of this section, into the existing defined benefit pension plan
15 authorized pursuant to Section 901 et seq. of Title 74 of the
16 Oklahoma Statutes in order to reduce the liabilities of the defined
17 benefit pension plan.

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

21 A. Except as otherwise provided by this section or in
22 subsection D of Section 5 of this act, no alteration, amendment, or
23 repeal of this act shall affect the then-existing rights of members
24 and beneficiaries, but shall be effective only as to rights which

1 would otherwise accrue hereunder as a result of services rendered by
2 an employee after such alteration, amendment, or repeal. Any
3 benefits, fund, property, or rights created by or accruing to any
4 person under the provisions of this act shall not be subject to
5 execution, garnishment or attachment, or any other process or claim
6 whatsoever, and shall be unassignable, except as specifically
7 provided by this section. Notwithstanding the foregoing, the Board
8 may offset any amounts held by a participant in the plan or
9 beneficiary to pay a judgment or settlement against a member or
10 beneficiary for a crime involving the System, for a fraud or breach
11 of the member's fiduciary duty to the System, or for funds or monies
12 incorrectly paid to a member or a beneficiary, provided such offset
13 is in accordance with the requirements of Section 401(a)(13) or
14 similar provisions of the Internal Revenue Code. The offset applies
15 to any assets held in the plan which may otherwise be payable to a
16 member or beneficiary from the plan administered by the Board.

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

20 2. The term "qualified domestic order" means an order issued by
21 a district court of this state pursuant to the domestic relation
22 laws of the State of Oklahoma which relates to the provision of
23 marital property rights to a spouse or former spouse of a member or
24 provision of support for a minor child or children and which creates

1 or recognizes the existence of the right of an alternate payee, or
2 assigns to an alternate payee the right, to receive a portion of the
3 funds payable with respect to a participant in the plan.

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

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

12 5. A qualified domestic order shall clearly specify:

- 13 a. the name and last-known mailing address (if any) of
14 the member and the name and mailing address of the
15 alternate payee covered by the order,
 - 16 b. the amount or percentage of the member's funds or
17 assets to be paid by the System to the alternate
18 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 member.

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

20 9. This subsection shall not be subject to the provisions of
21 the Employee Retirement Income Security Act of 1974 (ERISA), 29
22 U.S.C.A., Section 1001 et seq., as amended from time to time, or
23 rules and regulations promulgated thereunder, and court cases
24 interpreting said act.

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

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

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

10 Section 913.4 A. 1. Except as otherwise provided in this
11 subsection, an elected official may elect to participate in the
12 System and if he or she elects to do so shall have the option of
13 participating at any one of the computation factors set forth in
14 paragraph 3 or 4 of this subsection and will receive retirement
15 benefits in accordance with the computation factor chosen. The
16 election on participation in the System must be in writing, must
17 specify the computation factor chosen, and must be filed with the
18 System within ninety (90) days after the elected official takes
19 office. The election to participate and the election of a
20 computation factor shall be irrevocable. Reelection to the same
21 office will not permit new elections. Failure of an elected
22 official to file such election form within the ninety-day period
23 shall be deemed an irrevocable election to participate in the System
24 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 contribution rate for the 1.9% computation factor is currently 4.5% and the contribution rate for the 4% computation factor is currently

1 10%. All other computation factors and contribution rates set forth
2 in paragraph 3 of this subsection shall not be available to any
3 person first elected or appointed to an elected office on or after
4 November 1, 2010.

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

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

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

22 8. A statewide elected official or legislator whose first
23 service as an elected official occurs on or after July 1, 2015,
24 shall become a participant in the defined contribution system

created by Sections 1 through 11 of this act and such elected official shall not accrue any service credit in the defined benefit plan of the Oklahoma Public Employees Retirement System created pursuant to Section 901 et seq. of this title.

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

Age	Percentage of Normal Retirement Benefits
60	100%

1	59	94%
2	58	88%
3	57	82%
4	56	76%
5	55	70%

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

12		Percentage of Normal
13	Age	Retirement Benefits
14	62	100%
15	61	93.33%
16	60	86.67%

17 C. 1. Any elected official shall receive annual benefits
18 computed based upon the computation factor selected multiplied by
19 the member's highest annual compensation received as an elected
20 official prior to retirement or termination of employment multiplied
21 by the number of years of credited service. No elected official
22 shall retire using such highest annual compensation unless the
23 elected official has made the required election and has paid the
24 required contributions on such salary.

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

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

22 4. Elected officials who are first elected or appointed to an
23 elected office on or after August 22, 2008, may not receive a
24 maximum benefit greater than their single highest annual

1 compensation received as a member of the Oklahoma Public Employees
2 Retirement System.

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

13 E. The surviving spouse of a deceased elected official who was
14 first elected or appointed to an elected office before November 1,
15 2011, and who has at least six (6) years of participating service
16 and the surviving spouse of a deceased elected official who was
17 first elected or appointed to an elected office on or after November
18 1, 2011, and who has at least eight (8) years of participating
19 service shall be entitled to receive survivor benefits in the amount
20 herein prescribed, if married to the decedent continuously for a
21 period of at least three (3) years immediately preceding the elected
22 official's death. Provided the elected official had met the service
23 requirements, survivor benefits shall be payable when the deceased
24 member would have met the requirements for normal or early

1 retirement. The amount of the benefits the surviving spouse may
2 receive shall be fifty percent (50%) of the amount of benefits the
3 deceased elected official was receiving or will be eligible to
4 receive. Remarriage of a surviving spouse shall disqualify the
5 spouse for the receipt of survivor benefits. Elected officials may
6 elect a retirement option as provided in Section 918 of this title
7 in lieu of the survivors benefit provided above.

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

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

21 H. Elected officials who terminate participation in the System
22 and who have a minimum of six (6) years of participating service
23 shall be entitled to elect a vested benefit and shall be entitled to
24 the retirement options as provided in Section 918 of this title in

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

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

15 SECTION 13. AMENDATORY 74 O.S. 2011, Section 920, as
16 amended by Section 929, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
17 2013, Section 920), is amended to read as follows:

18 Section 920. (1) Effective July 1, 1994, every state agency
19 which is a participating employer shall contribute to the System an
20 amount equal to eleven and one-half percent (11 1/2%) of the monthly
21 compensation of each member, but not in excess of Forty Thousand
22 Dollars (\$40,000.00).

23 (2) Effective July 1, 1995, every state agency which is a
24 participating employer shall contribute to the System an amount

1 equal to eleven and one-half percent (11 1/2%) of the monthly
2 compensation of each member, not to exceed the allowable annual
3 compensation as defined in paragraph (9) of Section 902 of this
4 title.

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

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

16 (5) Effective July 1, 2005, except as otherwise provided by
17 subsection (11) of this section, every state agency which is a
18 participating employer shall contribute an amount to the System
19 equal to a percentage of monthly compensation of each member, not to
20 exceed the allowable annual compensation defined in paragraph (9) of
21 Section 902 of this title as follows:

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

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

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

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

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

3 July 1, 2011 - June 30, 2012

4 and each year thereafter 16 1/2%

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

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

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

23 (9) Each participating employer is hereby authorized to pay the
24 employer's contribution from the same fund that the compensation for

1 which said contribution is paid from or from any other funds
2 available to it for such purpose.

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

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

18 SECTION 14. AMENDATORY 74 O.S. 2011, Section 920A, is
19 amended to read as follows:

20 Section 920A. A. Any county, county hospital, city or town,
21 conservation district, circuit engineering district or any public or
22 private trust in which a county, city or town participates and is
23 the primary beneficiary, which is a participating employer and any
24 eligible employee shall contribute to the System. The total

1 employer and employee contributions shall be based on the allowable
 2 annual compensation as defined in paragraph (9) of Section 902 of
 3 this title. Except as provided for in this section, the employer
 4 shall not pay for the employee any of the employee contribution to
 5 the System.

6 B. For the fiscal year ending June 30, 2005, the total employer
 7 and employee contributions shall equal thirteen and one-half percent
 8 (13 1/2%) of the allowable monthly compensation of each member;
 9 provided, however, each participating employer listed in this
 10 section may set the amount of the employer and employee contribution
 11 to equal thirteen and one-half percent (13 1/2%) of the allowable
 12 monthly compensation of each member for compensation as provided in
 13 paragraph (9) of Section 902 of this title; provided, the employer
 14 contribution shall not exceed ten percent (10%) and the employee
 15 contribution shall not exceed eight and one-half percent (8 1/2%).

16 C. ~~The~~ Except as otherwise provided by subsection H of this
 17 section, the total employer and employee contributions for fiscal
 18 years following the fiscal year ending June 30, 2005, shall be as
 19 follows:

20	July 1, 2005 - June 30, 2006	15%
21	July 1, 2006 - June 30, 2007	16%
22	July 1, 2007 - June 30, 2008	17%
23	July 1, 2008 - June 30, 2009	18%
24	July 1, 2009 - June 30, 2010	19%

1 July 1, 2010 - June 30, 2011

2 and each fiscal year thereafter 20%

3 Such employee and employer contributions shall be based upon the
4 allowable monthly compensation of each member for compensation as
5 provided in paragraph (9) of Section 902 of this title. The maximum
6 employer contribution of ten percent (10%) in subsection B of this
7 section shall increase by one and one-half percent (1.5%) beginning
8 in the fiscal year ending June 30, 2006, and one percent (1%) for
9 each fiscal year thereafter until it reaches sixteen and one-half
10 percent (16.5%). For such years, the employee contribution shall
11 not exceed eight and one-half percent (8 1/2%).

12 D. For members who make the election pursuant to paragraph (2)
13 of subsection A of Section 915 of this title, the employee
14 contribution shall increase by two and ninety-one one-hundredths
15 percent (2.91%). Such employee contribution increase shall be paid
16 by the employee.

17 E. Each participating employer pursuant to the provisions of
18 this section may pick up under the provisions of Section 414(h) (2)
19 of the Internal Revenue Code of 1986 and pay the contribution which
20 the member is required by law to make to the System for all
21 compensation earned after December 31, 1989. Although the
22 contributions so picked up are designated as member contributions,
23 such contributions shall be treated as contributions being paid by
24 the participating employer in lieu of contributions by the member in

1 determining tax treatment under the Internal Revenue Code of 1986
2 and such picked up contributions shall not be includable in the
3 gross income of the member until such amounts are distributed or
4 made available to the member or the beneficiary of the member. The
5 member, by the terms of this System, shall not have any option to
6 choose to receive the contributions so picked up directly and the
7 picked up contributions must be paid by the participating employer
8 to the System.

9 F. Member contributions which are picked up shall be treated in
10 the same manner and to the same extent as member contributions made
11 prior to the date on which member contributions were picked up by
12 the participating employer. Member contributions so picked up shall
13 be included in gross salary for purposes of determining benefits and
14 contributions under the System.

15 G. The participating employer shall pay the member
16 contributions from the same source of funds used in paying salary to
17 the member, by effecting an equal cash reduction in gross salary of
18 the member.

19 H. Effective July 1, 2015, an employer shall be required to
20 make payment to the Oklahoma Public Employees Retirement System of
21 the amount described by subsection A of Section 10 of this act with
22 respect to any employee who is a participant in the defined
23 contribution system created pursuant to the provisions of Sections 1
24 through 11 of this act. The employer shall be required to make the

1 required matching contribution amount for all employees that
2 participate in the defined contribution system and to remit the
3 difference between such amount and the amount the employer would
4 otherwise have paid pursuant to the provisions of this section to
5 the Oklahoma Public Employees Retirement System.

6 SECTION 15. AMENDATORY 74 O.S. 2011, Section 1316.2, as
7 amended by Section 962, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
8 2013, Section 1316.2), is amended to read as follows:

9 Section 1316.2 A. Any employee, other than an education
10 employee, who retires pursuant to the provisions of the Oklahoma
11 Public Employees Retirement System or who has a vested benefit
12 pursuant to the provisions of the Oklahoma Public Employees
13 Retirement System may continue in force the health and dental
14 insurance benefits authorized by the provisions of the Oklahoma
15 Employees Insurance and Benefits Act, or other employer insurance
16 benefits if the employer does not participate in the plans offered
17 by the Office of Management and Enterprise Services, if such
18 election to continue in force is made within thirty (30) days from
19 the date of termination of service. Except as otherwise provided
20 for in Section 840-2.27I of this title and subsection H of this
21 section, health and dental insurance coverage may not be reinstated
22 at a later time if the election to continue in force is declined.
23 Vested employees other than education employees who have terminated
24 service and are not receiving benefits and effective July 1, 1996,

1 nonvested persons who have terminated service with more than eight
2 (8) years of participating service with a participating employer,
3 who within thirty (30) days from the date of termination of service
4 elect to continue such coverage, shall pay the full cost of said
5 insurance premium at the rate and pursuant to the terms and
6 conditions established by the Office. Provided also, any employee
7 other than an education employee who commences employment with a
8 participating employer on or after September 1, 1991, who terminates
9 service with such employer on or after July 1, 1996, but who
10 otherwise has insufficient years of service to retire or terminate
11 service with a vested benefit pursuant to the provisions of the
12 Oklahoma Public Employees Retirement System or to elect to continue
13 coverage as a nonvested employee as provided in this section, but
14 who, immediately prior to employment with the participating employer
15 was covered as a dependent on the health and dental insurance policy
16 of a spouse who was an active employee other than an education
17 employee, may count as part of his or her credited service for the
18 purpose of determining eligibility to elect to continue coverage
19 under this section, the time during which said terminating employee
20 was covered as such a dependent.

21 B. 1. Health insurance benefit plans offered pursuant to this
22 section shall include:

23 a. indemnity plans offered through the Office,
24

- 1 b. managed care plans offered as alternatives to the
2 indemnity plans offered through the Office,
3 c. Medicare supplements offered pursuant to the Oklahoma
4 Employees Insurance and Benefits Act,
5 d. Medicare risk-sharing contracts offered as
6 alternatives to the Medicare supplements offered
7 through the Office. All Medicare risk-sharing
8 contracts shall be subject to a risk adjustment
9 factor, based on generally accepted actuarial
10 principles for adverse selection which may occur, and
11 e. for the Oklahoma Public Employee Retirement System,
12 other employer-provided health insurance benefit plans
13 if the employer does not participate in the plans
14 offered pursuant to the Oklahoma Employees Insurance
15 and Benefits Act.

16 2. Health insurance benefit plans offered pursuant to this
17 section shall provide prescription drug benefits, except for plans
18 designed pursuant to the Medicare Prescription Drug Improvement and
19 Modernization Act of 2003, for which provision of prescription drug
20 benefits is optional, and except for plans offered pursuant to
21 subparagraph e of paragraph 1 of this subsection.

22 C. 1. Designated public retirement systems shall contribute a
23 monthly amount towards the health insurance premium of certain
24

1 individuals receiving benefits from the public retirement system as
2 follows:

- 3 a. a retired employee, other than an education employee,
4 or an employee who participates in the defined
5 contribution system administered by the Oklahoma
6 Public Employees Retirement System on or after July 1,
7 2015, who is receiving benefits from the Oklahoma
8 Public Employees Retirement System after September 30,
9 1988, shall have One Hundred Five Dollars (\$105.00),
10 or the premium rate of the health insurance benefit
11 plan, whichever is less, paid by the Oklahoma Public
12 Employees Retirement System to the Board or other
13 insurance carrier of the employer if the employer does
14 not participate in the plans offered by the Office in
15 the manner specified in subsection G of this section,
- 16 b. a retired employee or surviving spouse other than an
17 education employee who is receiving benefits from the
18 Oklahoma Law Enforcement Retirement System after
19 September 30, 1988, is under sixty-five (65) years of
20 age and is not otherwise eligible for Medicare shall
21 have the premium rate for the health insurance benefit
22 plan or One Hundred Five Dollars (\$105.00), whichever
23 is less, paid by the Oklahoma Law Enforcement

1 Retirement System to the Office in the manner
2 specified in subsection G of this section,

- 3 c. a retired employee other than an education employee
4 who is receiving benefits from the Oklahoma Law
5 Enforcement Retirement System after September 30,
6 1988, is sixty-five (65) years of age or older or who
7 is under sixty-five (65) years of age and is eligible
8 for Medicare shall have One Hundred Five Dollars
9 (\$105.00), or the premium rate of the health insurance
10 benefit plan, whichever is less, paid by the Oklahoma
11 Law Enforcement Retirement System to the Office in the
12 manner specified in subsection G of this section, and
13 d. a retired employee other than an education employee
14 who is receiving benefits from the Uniform Retirement
15 System for Justices and Judges after September 30,
16 1988, shall have One Hundred Five Dollars (\$105.00),
17 or the premium rate of the health insurance plan,
18 whichever is less, paid by the Uniform Retirement
19 System for Justices and Judges to the Office in the
20 manner specified in subsection G of this section.

21 2. Premium payments made pursuant to this section shall be made
22 subject to the following conditions:

- 23 a. the health plan shall be authorized by the provisions
24 of the Oklahoma Employees Insurance and Benefits Act,

1 except that if an employer from which an employee
2 retired or with a vested benefit pursuant to the
3 provisions of the Oklahoma Public Employees Retirement
4 System does not participate in the plans authorized by
5 the provisions of the Oklahoma Employees Insurance and
6 Benefits Act, the health plan will be the health
7 insurance benefits of the employer from which the
8 individual retired or vested,

9 b. for plans offered by the Oklahoma Employees Insurance
10 and Benefits Act, the amount to be paid shall be
11 determined pursuant to the provisions of this
12 subsection and shall first be applied in whole or in
13 part to the prescription drug coverage premium. Any
14 remaining amount shall be applied toward the medical
15 coverage premium,

16 c. for all plans, if the amount paid by the public
17 retirement system does not cover the full cost of the
18 elected coverage, the individual shall pay the
19 remaining premium amount, and

20 d. payment shall be made by the retirement systems in the
21 manner specified under subsection G of this section.

22 D. For any member of the Oklahoma Law Enforcement Retirement
23 System killed in the line of duty, whether the member was killed in
24 the line of duty prior to ~~the effective date of this act~~ May 18,

1 2005, or on or after ~~the effective date of this act~~ May 18, 2005, or
2 if the member was on a disability leave status at the time of death,
3 the surviving spouse or dependents of such deceased member of the
4 Oklahoma Law Enforcement Retirement System may elect to continue or
5 commence health and dental insurance benefits provided said
6 dependents pay the full cost of such insurance and for deaths
7 occurring on or after July 1, 2002, such election is made within
8 thirty (30) days of the date of death. The eligibility for said
9 benefits shall terminate for the surviving children when said
10 children cease to qualify as dependents.

11 E. Effective July 1, 2004, a retired member of the Oklahoma Law
12 Enforcement Retirement System who retired from the System by means
13 of a personal and traumatic injury of a catastrophic nature and in
14 the line of duty and any surviving spouse of such retired member and
15 any surviving spouse of a member who was killed in the line of duty
16 shall have one hundred percent (100%) of the retired member's or
17 surviving spouse's health care premium cost, whether the member or
18 surviving spouse elects coverage under the Medicare supplement or
19 Medicare risk-sharing contract, paid by the Oklahoma Law Enforcement
20 Retirement System to the Office in the manner specified in
21 subsection H of this section. For plans offered by the Office, such
22 contributions will first be applied in whole or in part to the
23 prescription drug coverage premium, if any.

1 F. Dependents of a deceased employee who was on active work
2 status or on a disability leave at the time of death or of a
3 participating retardant or of any person who has elected to receive
4 a vested benefit under the Oklahoma Public Employees Retirement
5 System, the Uniform Retirement System for Justices and Judges or the
6 Oklahoma Law Enforcement Retirement System may continue the health
7 and dental insurance benefits in force provided said dependents pay
8 the full cost of such insurance and they were covered as eligible
9 dependents at the time of such death and such election is made
10 within thirty (30) days of date of death. The eligibility for said
11 benefits shall terminate for the surviving children when said
12 children cease to qualify as dependents.

13 G. The amounts required to be paid by the Oklahoma Public
14 Employees Retirement System, the Uniform Retirement System for
15 Justices and Judges and the Oklahoma Law Enforcement Retirement
16 System pursuant to this section shall be forwarded no later than the
17 tenth day of each month following the month for which payment is due
18 by the Oklahoma Public Employees Retirement System Board of Trustees
19 or the Oklahoma Law Enforcement Retirement Board to the Office for
20 deposit in the Health, Dental and Life Insurance Reserve Fund or to
21 another insurance carrier as provided for in subsection H of Section
22 1315 of this title.

23 H. Upon retirement from employment of the Board of Regents of
24 the University of Oklahoma, any person who was or is employed at the

George Nigh Rehabilitation Institute and who transferred employment pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any person who was employed at the Medical Technology and Research Authority and who transferred employment pursuant to Section 7068 of this title, and any person who is a member of the Oklahoma Law Enforcement Retirement System pursuant to the authority of Section 2-314 of Title 47 of the Oklahoma Statutes may participate in the benefits authorized by the provisions of the Oklahoma Employees Insurance and Benefits Act for retired participants, including health, dental and life insurance benefits, if such election to participate is made within thirty (30) days from the date of termination of service. Life insurance benefits for any such person who transferred employment shall not exceed the coverage the person had at the time of such transfer. Retirees who transferred employment and who participate pursuant to this paragraph shall pay the premium for elected benefits less any amounts paid by a state retirement system pursuant to this section.

SECTION 16. AMENDATORY 74 O.S. 2011, Section 1707, as amended by Section 986, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2013, Section 1707), is amended to read as follows:

Section 1707. A. Effective January 1, 1998, for each qualified participant as defined in this section who is a state employee as defined in this section, the Oklahoma Public Employees Retirement System shall pay each month from funds appropriated or deposited to

1 the Oklahoma State Employees Deferred Savings Incentive Plan Fund
2 created pursuant to this section the sum of Twenty-five Dollars
3 (\$25.00) to a plan established pursuant to the Internal Revenue
4 Code, Section 401(a), for the benefit of the employee; provided, if
5 monies in the fund are insufficient to fully fund the contributions
6 in any month, payments shall be suspended until such time as
7 sufficient monies are available. Employees receiving payroll other
8 than monthly shall have an amount contributed which is equivalent to
9 Twenty-five Dollars (\$25.00) per month.

10 B. For the purposes of this section, "qualified participant"
11 means a state employee as defined in this section who is an active
12 participant in the Oklahoma State Employees Deferred Compensation
13 Plan making deferrals of at least Twenty-five Dollars (\$25.00) per
14 month. A qualified participant shall not include an employee who
15 participates in the defined contribution system administered by the
16 Oklahoma Public Employees Retirement System on or after July 1,
17 2015. Effective July 1, 2000, each qualified participant shall be
18 eligible for a contribution of Twenty-five Dollars (\$25.00) to the
19 Oklahoma State Employees Deferred Savings Incentive Plan beginning
20 with the first employee deferral into the Oklahoma State Employees
21 Deferred Compensation Plan. The Director of the Office of
22 Management and Enterprise Services shall be responsible for the
23 provision of such information and assistance as may be necessary to
24 determine which employees are qualified participants and shall

1 provide for appropriate payroll transactions to accomplish
2 contributions to the Oklahoma State Employees Deferred Savings
3 Incentive Plan and the Oklahoma State Employees Deferred
4 Compensation Plan. The Oklahoma Public Employees Retirement System
5 shall be responsible for establishing rules and plan documents for
6 administration of such contributions. Funds so credited shall be
7 held and invested in the same manner as the Oklahoma State Employees
8 Deferred Compensation Plan, as provided in Section 1701 of this
9 title.

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

14 1. Employees of the public elementary, secondary, or area
15 vocational school districts;

16 2. Employees of The Oklahoma State System of Higher Education
17 except employees of the Oklahoma State Regents of Higher Education,
18 employees of the governing boards and employees of the Board of
19 Regents of the University of Oklahoma who are participating members
20 of the Oklahoma Public Employees Retirement System;

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

1 4. Persons employed pursuant to Section 1.6a of Title 53 of the
2 Oklahoma Statutes.

3 D. No public official shall be able to make contributions to
4 the Section 401(a) plan described by this section during a term of
5 office which commenced prior to July 1, 1997. A public official may
6 make contributions to the Section 401(a) plan described by this
7 section during a term of office which commences after July 1, 1997.
8 No legislator shall be eligible to make contributions to the Section
9 401(a) plan described by this section until such contributions have
10 been approved by the Board on Legislative Compensation. The
11 provisions of this subsection shall be applicable only in the event
12 that the Plan permits employee contributions.

13 E. There is hereby created in the State Treasury a revolving
14 fund to be designated the "Oklahoma State Employees Deferred Savings
15 Incentive Plan Fund". The fund shall be a continuing fund, not
16 subject to fiscal year limitations, and shall consist of any monies
17 the Legislature may appropriate or transfer to the fund and any
18 monies contributed for the fund from any other sources, public or
19 private. All monies accruing to the credit of said fund are hereby
20 appropriated and may be budgeted and expended by the Oklahoma Public
21 Employees Retirement System for the matching of deferred
22 compensation contributions pursuant to this section and in
23 accordance with rules promulgated by the Oklahoma Public Employees
24 Retirement System and for reimbursement of expenses for

1 administration of the Deferred Savings Incentive Plan and the
2 Oklahoma State Employees Deferred Compensation Plan. Expenditures
3 from the fund shall be made by warrants issued by the State
4 Treasurer against claims filed as prescribed by law with the
5 Director of the Office of Management and Enterprise Services for
6 approval and payment.

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

16 1. The Board shall certify each year to the Office of
17 Management and Enterprise Services the determined amount for the
18 administrative cost of the Oklahoma State Deferred Savings Incentive
19 Plan and the Oklahoma State Employees Deferred Compensation Plan
20 which will be required to be paid for each qualified participant.
21 The Board of Trustees shall promulgate such rules as are necessary
22 to implement the provisions of this subsection and provide the
23 methodology for the determination.

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

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

8 SECTION 17. This act shall become effective November 1, 2014.

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10 54-2-9785 MAH 01/14/14
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Thomas E. Cummins Consulting Actuary, Inc.

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Tulsa, OK 74136

January 15, 2014

Representative Randy McDaniel
Room No. 438

Re: RBH No. 9785
Retirement Security and Freedom Act

RBH No. 9785 creates a defined contribution system for members of Oklahoma Public Employees Retirement System hired after July 1, 2015.

Certain new Department of Correction Officers are excluded from the defined contribution plan.

RBH No. 9785 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA