

**BILL SUMMARY**  
1st Session of the 54<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2077</b>
<b>Version:</b>	<b>Committee Substitute</b>
<b>Request Number:</b>	<b>7243</b>
<b>Author:</b>	<b>Rep. Randy McDaniel</b>
<b>Date:</b>	<b>2/24/2013</b>
<b>Impact:</b>	<b>State Employer Costs: \$0</b>
	<b>OPERS: Potential Actuarial Savings</b>

**Research Analysis**

The committee substitute for HB 2077 modifies the Oklahoma Public Retirement System by creating an optional defined contribution plan for new employees hired after 10/31/2013. New employees would choose between the new defined contribution plan and OPERS. The measure requires elected officials first elected after 10/31/13 to be members of the defined contribution plan. The new defined contribution plan will be available for new hires beginning July 1, 2014.

The measure requires employers to continue to make the required percentage of payroll for the defined contribution participants.

Prepared By: Kyle Meade

**Fiscal Analysis**

HB 2077 in its current form, creates an Optional Defined Contribution plan (DC Plan) for new members entering the Public Employees Retirement System (OPERS), on or after November 1, 2013. Such individuals will have the option to participate in the existing Defined Benefit plan (DB Plan), instead. HB 2077 requires participation in the DC Plan for statewide elected officials and legislators elected for the first time after November 1, 2013. The DC Plan provides for Employee Contributions elections ranging from 3-10% of pay. Employers will continue to contribute a total of 16.5% to OPERS. For Employers of DC Plan members, a portion of the employer contribution will serve as a matching contribution to the DC Plan account, ranging from 3-6.5% depending on the employees contribution election level. Excess employer contributions above the required matching amount would go to OPERS to fund liabilities of the existing DB Plan.

OPERS actuaries anticipate no negative impact to the OPERS DB Plan as a result of HB 2077. The excess employer contributions flowing to the system from new members electing the DC Plan should reduce over time the current unfunded liability of the DB Plan and result in an actuarial savings; however, the rate of such reduction is dependent on variables such as: the number of individuals electing the DC plan, their payroll, their termination patterns, and the DC plan elections.

Employers will continue to pay the same Employer Contribution level, 16.5%, regardless of their employees' elections to participate in the DB or DC plan. Such employers experience no fiscal impact as a result of HB 2077.

Prepared By: John McPhetridge

### **Other Considerations**

Under the procedures and provisions of the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA) HB 2077 in its current form has been deemed a non-fiscal retirement bill by the Legislative Actuary, meaning the bill neither grants a benefit increase, adds actuarial liability, nor increases the normal cost of the retirement system affected.

© 2013 Oklahoma House of Representatives, see Copyright Notice at [www.okhouse.gov](http://www.okhouse.gov)