BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	**HB 2077**
Version:	**Senate Amendments**
Request Number:	**RBS 1656**
Author:	**Rep. Randy McDaniel**
Date:	**4/30/2013**
Impact:	**State Employer Costs: minimal** **OPERS: Potential Actuarial Savings**

Research Analysis

Not required.

Prepared By: Marcia Goff

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 July 1, 2014. 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 July 1, 2014. The DC Plan provides for Employee Contributions elections ranging from 3-7% 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 3-7% 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. Section 6 requires the DC plan administration be financed in the same manner as SoonerSave; through an administration charge levied by OPERS on agencies with participating DC plan employees. The measure grants OPERS the authority to set the level of the administration charge. Officials from OPERS anticipate the charge on an individual agency basis, to be minimal.

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.