

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2516

By: McDaniel

AS INTRODUCED

An Act relating to the Oklahoma Public Employees Retirement System; amending 74 O.S. 2011, Sections 913, as last amended by Section 111, Chapter 15, O.S.L. 2013 and 915, as last amended by Section 21, Chapter 297, O.S.L. 2016 (74 O.S. Supp. 2017, Sections 913 and 915), which relate to service crediting and retirement benefit computations; requiring participating employers to make payment with respect to service credit based upon unused sick leave; modifying statutory reference; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 913, as last amended by Section 111, Chapter 15, O.S.L. 2013 (74 O.S. Supp. 2017, Section 913), is amended to read as follows:

Section 913. A. Prior service shall be credited as follows:

1. A member shall receive full credit for employment with any participating employer prior to the entry date of his or her employer whether or not continuous and whether or not he or she was employed with a participating employer on such entry date, provided that any member who has retired before the passage of Section 901 et

1 seq. of this title, shall not receive retirement benefits
2 retroactively for such prior service. Provided, that at such time
3 that an employer becomes a participating employer on or after
4 January 1, 1965, and before January 1, 1975, each member and each
5 retirant, upon making proper written application therefor, shall
6 receive prior service credit for service with such employer in the
7 same manner as if such participating employer had been a
8 participating employer on the date first eligible to become a
9 participating employer; and increased benefits attributable to such
10 increased prior service credit shall commence with the next monthly
11 benefit payment due following receipt and approval of such
12 application by the Board of Trustees. No prior service shall be
13 granted, however, for periods of service in which the employee made
14 contributions which he or she subsequently withdrew, unless he or
15 she has complied with the provisions of subsection (5) of Section
16 917 of this title. The burden of proof regarding prior service
17 shall be with the member and shall be documented in such manner as
18 the Board may direct;

19 2. Any member who was employed in an institution of higher
20 learning by a State Board of Regents or who was employed by an
21 Oklahoma school district prior to July 1, 1943, may receive prior
22 service credit under this act for the period of time they were so
23 employed;

1 3. Any member who served in the Armed Forces of the United
2 States, as defined in paragraph (23) of Section 902 of this title,
3 prior to membership in the Oklahoma Public Employees Retirement
4 System shall be granted prior service credit, not to exceed five (5)
5 years, for those periods of active military service during which he
6 or she was a war veteran. For a member of the System hired on or
7 after July 1, 2003, if the military service credit authorized by
8 this paragraph is used to compute the retirement benefit of the
9 member and the member retires from the System, such military service
10 credit shall not be used to compute the retirement benefit in any
11 other retirement system created pursuant to the Oklahoma Statutes
12 and the member may receive credit for such service only in the
13 retirement system from which the member first retires;

14 4. An elective state, county, city or town official who is
15 ineligible for membership as a result of any applicable state law or
16 constitutional provision making him or her ineligible solely because
17 of his or her being such an official at the time of his or her
18 eligibility for membership at the time his or her employer becomes a
19 participating employer shall nevertheless not forfeit the prior
20 service credit to which he or she would be entitled except for such
21 ineligibility, provided that he or she either:

- 22 a. becomes an employee of a participating employer within
23 four (4) calendar months of the expiration of his or
24 her term of office current at the time of his or her

1 eligibility except for his or her being an elective
2 state or county official, or

3 b. within a period of four (4) years after the expiration
4 of his or her term of office current at the time of
5 his or her eligibility except for his or her being an
6 elective state or county official, is elected as a
7 state or county official and thereupon becomes a
8 member of the System, or

9 c. has completed ten (10) years of credited service as of
10 the date of his or her eligibility for membership
11 except for his or her being an elective state or
12 county official;

13 5. Beginning July 1, 1965, all employees of the Department of
14 Human Services shall participate in the Oklahoma Public Employees
15 Retirement System to the same extent as other employees of
16 participating employers in such System. Provided, that any employee
17 performing teaching services in the Oklahoma School for the Deaf or
18 the Oklahoma School for the Blind may elect to participate in the
19 Teachers' Retirement System of Oklahoma in lieu of the Oklahoma
20 Public Employees Retirement System; and any other employee at each
21 such institution or any other institution under the jurisdiction of
22 the Department of Human Services, participating in the Teachers'
23 Retirement System of Oklahoma, may elect to continue to participate
24 in such system in lieu of the Oklahoma Public Employees Retirement

1 System. All employees who shall have participated in the Teachers'
2 Retirement System of Oklahoma and not continuing therein shall have
3 the right to withdraw their membership from the Teachers' Retirement
4 System of Oklahoma on the same terms as other members withdrawing
5 from such System before retirement. Provided, all persons employed
6 at the Oklahoma School for the Blind and Oklahoma School for the
7 Deaf on June 30, 1965, who became subject to the Oklahoma Public
8 Employees Retirement System, on July 1, 1965, shall receive credit
9 for prior service and be eligible for participation, regardless of
10 age;

11 6. A member employed as a temporary employee by the Legislative
12 Service Bureau or its predecessors, the State Senate or the House of
13 Representatives for the full duration of a regular legislative
14 session prior to the member's eligibility for membership in the
15 System shall receive six (6) months of prior service credit for each
16 such full regular legislative session if the employee is employed by
17 the Legislative Service Bureau or its predecessors, the State Senate
18 or the House of Representatives as either a full-time or temporary
19 employee for a minimum of six (6) full regular legislative sessions
20 beginning January 1, 1983. For purposes of this subsection, the
21 determination of whether an employee is employed for the full
22 duration of a regular legislative session shall be made by the
23 Legislative Service Bureau if such employee is employed by the
24 Legislative Service Bureau, the State Senate if such employee is

1 employed by the State Senate, or by the House of Representatives if
2 such employee is employed by the House of Representatives;

3 7. A member of the System shall receive prior service credit
4 for any years of service after January 1, 1975, the member had with
5 a participating employer if the member is not receiving or eligible
6 to receive such prior service credit for the same time in any other
7 state or county retirement system authorized by law. To receive the
8 service credit, the member shall pay the amount determined by the
9 Board pursuant to Section 913.5 of this title; and

10 8. Any member who is a state employee and receives temporary
11 total disability benefits during the period of absence with a
12 participating employer due to a work-related injury or illness
13 incurred while engaged in a governmental function for said
14 participating employer pursuant to the Workers' Compensation Act
15 shall receive credit for participating service during said period of
16 absence subject to the following requirements:

- 17 a. the member was employed by the participating employer
18 immediately prior to and during the period of absence,
- 19 b. the member must notify the System in writing not later
20 than four (4) months after the member's return to his
21 or her job duties with the participating employer, or
22 termination of employment with the participating
23 employer, or termination of the temporary total
24 disability benefits, whichever is earlier, of the

1 member's desire to receive participating service
2 credit for the period of absence,

3 c. the participating employer must certify to the System
4 in writing the dates during which temporary total
5 disability benefits payments were paid to the member,
6 and

7 d. the member and the participating employer shall each
8 pay their respective contributions required for the
9 period of absence without interest within sixty (60)
10 days of invoicing by the System, or with interest of
11 seven and one-half percent (7 1/2%) compounded
12 annually if paid after said sixty (60) days.

13 B. Participating service shall be credited as follows:

14 1. A member shall receive credit for participating service with
15 a participating employer in accordance with the rules and
16 regulations established by the Board; provided, however, that a
17 member who is not a full-time employee shall receive prorated credit
18 for actual hours worked;

19 2. Leaves of absence shall not count as a break in continuous
20 employment provided the member leaves his or her accumulated
21 contribution on deposit with the fund; however, the leaves of
22 absence shall not be credited except that involuntary furloughs
23 established by Office of Management and Enterprise Services rules,
24 involuntary furloughs of employees of a district attorney conducted

1 in substantial compliance with the rules of the Office of Management
2 and Enterprise Services as certified by the District Attorneys
3 Council, involuntary furloughs of employees pursuant to a furlough
4 plan adopted by the President Pro Tempore of the Senate or the
5 Speaker of the House of Representatives as authorized in Section
6 840-5.1 of this title and involuntary furloughs of employees
7 authorized by the Oklahoma Supreme Court shall be credited;

8 3. Any member who has served in the Armed Forces of the United
9 States, as defined in paragraph (23) of Section 902 of this title,
10 shall be granted participating service for those periods of active
11 military service during which he or she was a war veteran provided
12 this service is immediately preceded by a period of employment with
13 a participating employer and is followed by return to employment as
14 an employee with the same or another participating employer within
15 ninety (90) days immediately following discharge from such military
16 service provided the member leaves his or her accumulated
17 contributions on deposit with the fund;

18 4. A period of total disability under the System immediately
19 followed by employment with a participating employer, shall not
20 count as a break in continuous employment; provided, that such
21 periods while not employed shall not be credited except that
22 involuntary furloughs established by Office of Management and
23 Enterprise Services Rule 6.13, shall be credited;

1 5. Termination of employment with a participating employer
2 followed by employment with the same or another participating
3 employer within four (4) calendar months shall not constitute a
4 break in continuous employment; provided, that such period while not
5 employed shall not be credited as participating service;

6 6. Provided, however, that all employee contributions required
7 by this act made by employees prior to June 30, 1977, will entitle
8 the employee to additional years of participating service in
9 accordance with the following schedule.

10 Employee accumulated contributions:

11 More than \$1.00 up to \$500 = 1 year participating service

12 More than \$500 up to \$1,000 = 2 years participating service

13 More than \$1,000 up to \$1,500 = 3 years participating service

14 More than \$1,500 up to \$2,000 = 4 years participating service

15 More than \$2,000 = 5 years participating service

16 In no event shall the employee be entitled to more than five (5)
17 additional years of participating service as provided hereunder.

18 Provided further, that upon termination of employment prior to
19 retirement, the accumulated contributions will be credited as above
20 indicated to establish a vested benefit if so elected by any such
21 employee; and

22 7. a. The total participating service credit of a member who
23 retires or terminates employment and elects a vested
24 benefit shall include not to exceed one hundred thirty

(130) days of unused sick leave accumulated subsequent to August 1, 1959, during the member's employment with any participating employer. Such credit shall be added in terms of whole months. Twenty (20) days of unused sick leave shall equal one (1) month for purposes of participating service credit. If unused sick leave entitles a member to an additional year of service credit, the member's employer shall reimburse the System for the cost of funding the additional ~~reserve~~ benefit. For members who join the System on or after November 1, 2012, if unused sick leave entitles a member to any additional service credit, the member's employer shall reimburse the System for the cost of funding the additional benefit. Each participating employer shall provide the System with adequate and timely information necessary to determine additional benefits and its cost under this paragraph. This subparagraph shall apply to members retiring or vesting on or after July 1, 1984.

- b. For members who join the System on or after November 1, 2012, unused sick leave as set forth in subparagraph a of this paragraph shall be credited at the same rate but not used to round up to another year. Instead, any additional months of unused sick

1 leave credit shall be added to other service credit
2 without rounding.

3 C. In determining the number of years of credited service, a
4 fractional year of six (6) months or more shall be considered as one
5 (1) year, and less than six (6) months shall be disregarded. For
6 members who join the System on or after November 1, 2012, the number
7 of years of credited service shall be based on actual years and
8 months of credited service without rounding up or down.

9 D. A member may receive credit for those years of credited
10 service accumulated by the member while a member of the Oklahoma
11 Firefighters Pension and Retirement System, the Oklahoma Police
12 Pension and Retirement System, the Uniform Retirement System for
13 Justices and Judges, the Oklahoma Law Enforcement Retirement System,
14 or the Teachers' Retirement System of Oklahoma, if the member is not
15 receiving or eligible to receive retirement credit or benefits from
16 said service in any other public retirement system. To receive the
17 service credit, the member shall pay the amount determined by the
18 Board pursuant to Section 913.5 of this title.

19 E. A member may receive credit for those years of service
20 accumulated by the member as an elected official if the member is
21 not receiving or eligible to receive retirement credit or benefits
22 from said service in any public retirement system. Prior to January
23 1, 1991, to receive the service credit, the member shall pay to the
24 Board for each year of service purchased pursuant to this subsection

1 a sum equal to the employee and employer contribution rate that
2 would have been applicable to the member as determined by the Board
3 and interest of not to exceed five percent (5%), and effective
4 January 1, 1991, to receive the service credit, the member shall pay
5 the amount determined by the Board pursuant to Section 913.5 of this
6 title.

7 F. Effective December 12, 1994, and thereafter, a leave of
8 absence on account of a period of qualified military service in the
9 uniformed services of the United States within the meaning of
10 Section 414(u)(5) of the federal Internal Revenue Code, followed by
11 a return to employment with the participating employer within ninety
12 (90) days after completion of the period of service may be eligible
13 for credited service under this System. Notwithstanding any
14 provision of this plan to the contrary, contributions, benefits and
15 service credit with respect to qualified military service will be
16 allowed in accordance with Section 414(u) of the federal Internal
17 Revenue Code.

18 G. 1. An active member of the Oklahoma Public Employees
19 Retirement System may receive credit for those years of service
20 accumulated by the member while a member of the Teachers' Retirement
21 System of Oklahoma if:

- 22 a. the member is an active member of the Oklahoma Public
23 Employees Retirement System, and
24

- 1 b. the member provides notice to the Teachers' Retirement
2 System of Oklahoma and the Oklahoma Public Employees
3 Retirement System of the member's election to transfer
4 said retirement credit. The notice shall include a
5 list of the years to be transferred, and
- 6 c. the member is not receiving or eligible to receive
7 retirement credit or benefits from said service in any
8 other public retirement system, notwithstanding the
9 years of service sought to be transferred under this
10 subsection.

11 Members electing to take advantage of the transfer authorized by
12 this subsection who are receiving or eligible to receive retirement
13 credit or benefits from said service in any other public retirement
14 system shall have all service credit with the Teachers' Retirement
15 System of Oklahoma canceled which is not transferred to the Oklahoma
16 Public Employees Retirement System or used as a cash offset in such
17 a transfer pursuant to subparagraph d of paragraph 2 of this
18 subsection. Service credit transferred to the Teachers' Retirement
19 System of Oklahoma under this subsection shall also be canceled with
20 the Oklahoma Public Employees Retirement System.

21 2. For purposes of this subsection, the "sending system" shall
22 mean the Teachers' Retirement System of Oklahoma. The "receiving
23 system" shall mean the Oklahoma Public Employees Retirement System.

1 a. Within thirty (30) days notification of an intent to
2 transfer is received by the sending system, the
3 sending system shall, according to its own rules and
4 regulations:

5 (1) for members who have vested with the sending
6 system, determine the present value of the
7 member's earned benefits attributable to the
8 years of service sought to be transferred,
9 discounted according to the member's age at the
10 time of transfer and computed as of the earliest
11 age at which the member would be able to retire.
12 Said computation shall assume an unreduced
13 benefit and be computed using interest and
14 mortality assumptions consistent with the
15 actuarial assumptions adopted by the Board of
16 Trustees for purposes of preparing the annual
17 actuarial evaluation but shall not make any
18 projections regarding future salary. For vested
19 employees the sending system shall use the
20 product of this calculation for purposes of
21 determining the transfer fee to be paid by the
22 employee under subparagraph c of this paragraph
23 so long as it is greater than the product of the
24 calculation in this division, and

1 (2) determine the sum of the employee and employer
2 contributions applicable to the years of service
3 sought to be transferred plus interest consistent
4 with the actuarial assumptions adopted by the
5 Board of Trustees for purposes of preparing the
6 annual actuarial evaluation. For all nonvested
7 members, and for vested members if the product of
8 this calculation is greater than the product of
9 the calculation in division (1) of this
10 subparagraph, the sending system shall use the
11 product of this calculation for purposes of
12 determining the amount to be transferred by the
13 sending system under subparagraph c of this
14 paragraph and any transfer fee to be paid by the
15 members under subparagraph d of this paragraph.

16 b. Within thirty (30) days after notification of an
17 intent to transfer is received by the receiving
18 system, the receiving system shall determine,
19 according to the system's own rules and regulations,
20 the present value of the member's incremental
21 projected benefits discounted according to the
22 member's age at the time of the transfer. Incremental
23 projected benefits shall be the difference between the
24 projected benefit said member would receive without

1 transferring the service credit and the projected
2 benefit after transfer of service credit computed as
3 of the earliest age at which the member would be able
4 to retire. Said computation shall assume an unreduced
5 benefit and be computed using interest, salary
6 projections and mortality assumptions consistent with
7 the actuarial assumptions adopted by the Board of
8 Trustees for purposes of preparing the annual
9 actuarial evaluation.

10 c. The sending system shall, within sixty (60) days from
11 the date notification of an intent to transfer is
12 received by the sending system, transfer to the
13 receiving system the amount determined in subparagraph
14 a of this paragraph. Except, if the cost under
15 subparagraph a of this paragraph for the same years of
16 service to the sending system is greater than the
17 actuarial value of the incremental benefit in the
18 receiving system, as established in subparagraph b of
19 this paragraph, the sending system shall send the
20 receiving system an amount equal to the actuarial
21 value of the incremental projected benefit in the
22 receiving system.

23 d. In order to receive the credit provided for in
24 paragraph 1 of this subsection, if the cost of the

1 actuarial value of the incremental benefit to the
2 receiving system is greater than the cost as
3 calculated under subparagraph a of this paragraph for
4 the same years of service to the sending system as
5 established in subparagraphs a and b of this
6 paragraph, the employee shall elect to:

7 (1) pay any difference to receive full credit for the
8 years sought to be transferred, or

9 (2) receive prorated service credit for only the
10 amount received from the Teachers' Retirement
11 System of Oklahoma pursuant to this subsection.

12 Such an election shall be made in writing, filed with
13 the System prior to receiving the credit provided for
14 in paragraph 1 of this subsection, and shall be
15 irrevocable.

16 3. Within sixty (60) days of successfully completing all of the
17 requirements for transfer under this subsection, the sending system
18 shall pay the receiving system any amount due under this subsection.
19 Within sixty (60) days of successfully completing all of the
20 requirements for transfer under this subsection, the member shall
21 pay the receiving system any amount due under this subsection. In
22 the event that the member is unable to pay the transfer fee provided
23 for in this subsection by the due date, the Board of Trustees of the
24 receiving system shall permit the member to amortize the transfer

1 fee over a period not to exceed sixty (60) months. Said payments
2 shall be made by payroll deductions unless the Board of Trustees
3 permits an alternate payment source. The amortization shall include
4 interest in an amount not to exceed the actuarially assumed interest
5 rate adopted by the Board of Trustees for investment earnings each
6 year. Any member who ceases to make payment, terminates, retires or
7 dies before completing the payments provided for in this section
8 shall receive prorated service credit for only those payments made,
9 unless the unpaid balance is paid by said member, his or her estate
10 or successor in interest within six (6) months after said member's
11 death, termination of employment or retirement, provided no
12 retirement benefits shall be payable until the unpaid balance is
13 paid, unless said member or beneficiary affirmatively waives the
14 additional six-month period in which to pay the unpaid balance.

15 4. Years of service transferred pursuant to this subsection
16 shall be used both in determining the member's retirement benefit
17 and in determining the years of service for retirement and/or
18 vesting purposes. Years of service rendered as a member of the
19 Teachers' Retirement System of Oklahoma prior to July 1, 1992, if
20 any, shall be deemed to be years of service rendered as a member of
21 the Oklahoma Public Employees Retirement System prior to July 1,
22 1992, and shall qualify such person as a member of the Oklahoma
23 Public Employees Retirement System before July 1, 1992.

1 5. Notwithstanding the requirements of Section 17-104 of Title
2 70 of the Oklahoma Statutes, members electing to take advantage of
3 the transfer authorized by this subsection who have withdrawn their
4 contributions from the sending system shall remit to the sending
5 system the amount of the accumulated contributions the member has
6 withdrawn plus simple interest of ten percent (10%) per annum prior
7 to making said election or the election shall be deemed invalid and
8 the transfer shall be canceled. If such an election is deemed
9 invalid and the transfer is canceled, the accumulated contribution
10 remitted to the sending system by the member who originally withdrew
11 their contributions shall be returned to the member. The member's
12 rights and obligations regarding any service credit reestablished in
13 the sending system due to a failure to satisfy the requirements of
14 this subsection shall be determined by the sending system in
15 accordance with Section 17-101 et seq. of Title 70 of the Oklahoma
16 Statutes.

17 6. If any member fails for any reason to satisfy the
18 requirements of this subsection, the election to transfer retirement
19 credit shall be void and of no effect, and any retirement credited
20 as a result of this transfer shall be canceled. If such retirement
21 credit is canceled, the years of canceled retirement credit which
22 were unsuccessfully transferred to the receiving system from the
23 sending system shall be reestablished in the sending system. The
24 member's rights and obligations regarding any retirement credit

1 reestablished in the sending system due to a failure to satisfy the
2 requirements of this subsection shall be determined by the sending
3 system in accordance with Section 17-101 et seq. of Title 70 of the
4 Oklahoma Statutes.

5 7. The Board of Trustees shall promulgate such rules as are
6 necessary to implement the provisions of this subsection.

7 H. 1. A member of the Teachers' Retirement System of Oklahoma
8 whose last service with the Teachers' Retirement System of Oklahoma
9 was with an entity or institution within The Oklahoma State System
10 of Higher Education, State Board of Education, State Board of Career
11 and Technology Education, Oklahoma Department of Career and
12 Technology Education, Oklahoma School of Science and Mathematics,
13 Oklahoma Center for the Advancement of Science and Technology, State
14 Department of Rehabilitation Services, Oklahoma State Regents for
15 Higher Education, Department of Corrections, State Department of
16 Education, Oklahoma Board of Private Vocational Schools, Board of
17 Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or
18 the Teachers' Retirement System of Oklahoma, may elect to receive
19 credit for those years of service accumulated by the member in the
20 Teachers' Retirement System of Oklahoma, pursuant to this
21 subsection. A member shall be eligible to elect to transfer credit
22 for such years of service from the Teachers' Retirement System of
23 Oklahoma to the Oklahoma Public Employees Retirement System if:

- a. the member is an active member of the Oklahoma Public Employees Retirement System,
- b. the member provides notice to the Teachers' Retirement System of Oklahoma and the Oklahoma Public Employees Retirement System of the member's election to transfer such retirement credit. The notice shall include a list of the years to be transferred, and
- c. the member is not receiving or eligible to receive retirement credit or benefits from such service in any other public retirement system, notwithstanding the years of service sought to be transferred under this subsection.

Members electing to take advantage of the transfer authorized by this subsection shall have all service credit with the Teachers' Retirement System of Oklahoma canceled which is transferred to the Oklahoma Public Employees Retirement System.

2. For purposes of this subsection, the "sending system" shall mean the Teachers' Retirement System of Oklahoma. The "receiving system" shall mean the Oklahoma Public Employees Retirement System. Within thirty (30) days after notification of an intent to transfer is received by the sending system, the sending system shall, according to its own rules, send to the receiving system all employer and employee contributions made on behalf of the member which were made to the sending system plus an additional amount of

1 earnings based on the actuarial assumed rate of the sending system.
2 Upon receipt of these contributions by the receiving system, the
3 receiving system shall give credit to the transferring member in an
4 amount equal to the years of service accrued in the sending system.

5 3. If the transferring member's normal retirement date
6 calculation is based upon the sum of the member's age and number of
7 years of credited service totaling eighty (80) in the sending
8 system, then the member shall retain such calculation in the
9 receiving system.

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

12 I. A member of the System in the employment of the Governor,
13 the State Senate or the House of Representatives, on or after July
14 1, 1999, may make an election prior to December 31, 2000, which
15 shall be irrevocable and on a form prescribed for such purpose by
16 the System, to continue participation in the System upon becoming
17 employed by a participating employer of the Teachers' Retirement
18 System of Oklahoma. The Board shall promulgate all rules necessary
19 to implement the provisions of this subsection.

20 SECTION 2. AMENDATORY 74 O.S. 2011, Section 915, as last
21 amended by Section 21, Chapter 297, O.S.L. 2016 (74 O.S. Supp. 2017,
22 Section 915), is amended to read as follows:

23 Section 915. A. (1) Except as otherwise provided in this
24 subsection and as provided for elected officials in Section 913.4 of

1 this title, any member who shall retire on or after the member's
2 normal retirement date shall be entitled to receive an annual
3 retirement benefit equal to two percent (2%) of the member's final
4 average compensation as determined pursuant to paragraph (18) of
5 Section 902 of this title, multiplied by the number of years of
6 credited service that has been credited to the member in accordance
7 with the provisions of Section 913 of this title other than years
8 credited pursuant to paragraph (2) of this subsection.

9 (2) Effective January 1, 2004, except as otherwise provided for
10 elected officials in Section 913.4 of this title and except for
11 those members making contributions pursuant to paragraphs (c), (d),
12 and (e) of subsection (1) of Section 919.1 of this title, any member
13 who shall retire shall be entitled to receive an annual retirement
14 benefit equal to two and one-half percent (2 1/2%) of the member's
15 final average compensation as determined pursuant to paragraph (18)
16 of Section 902 of this title, multiplied by the number of full years
17 of participating service after January 1, 2004, that have been
18 credited to the member in accordance with the provisions of Section
19 913 of this title and only for those full years of participating
20 service for which contributions have been made pursuant to paragraph
21 ~~(e)~~ (f) of subsection (1) of Section 919.1 of this title. The two
22 and one-half percent (2 1/2%) multiplier shall not apply to
23 purchased service, purchased or granted military service or
24 transferred service. In order to receive the two and one-half

1 percent (2 1/2%) multiplier in computing retirement benefits, an
2 active member shall make an irrevocable written election to pay the
3 contributions pursuant to paragraph (f) of subsection (1) of Section
4 919.1 of this title. The two and one-half percent (2 1/2%)
5 multiplier pursuant to this paragraph shall not apply to additional
6 years of service credit attributed to sick leave pursuant to
7 paragraph 7 of subsection B of Section 913 of this title and
8 fractional years pursuant to subsection C of Section 913 of this
9 title and shall be attributable only to the participating service
10 credited after the election of the member.

11 (3) The minimum final average compensation for any person who
12 becomes a member of the System on or after July 1, 1995:

- 13 a. and who had twenty (20) or more years of credited
14 service within the System as of the member's
15 retirement date shall be no less than Thirteen
16 Thousand Eight Hundred Dollars (\$13,800.00) per annum,
- 17 b. and who had at least fifteen (15) but not more than
18 nineteen (19) years of credited service within the
19 System as of the member's retirement date shall be no
20 less than Six Thousand Nine Hundred Dollars
21 (\$6,900.00) per annum,
- 22 c. and who had less than fifteen (15) years of credited
23 service within the System as of the member's
24 retirement date shall not be eligible for any minimum

1 amount of final average compensation and the member's
2 final average compensation shall be the final average
3 compensation as defined by paragraph (18) of Section
4 902 of this title.

5 (4) Provided, further, any member who has elected a vested
6 benefit pursuant to Section 917 of this title shall be entitled to
7 receive benefits as outlined in this section except the percent
8 factor and the member's maximum compensation level in effect the
9 date the member's employment was terminated with a participating
10 employer shall be applicable.

11 (5) Any member who is a correctional officer or a probation and
12 parole officer employed by the Department of Corrections at the time
13 of retirement and who retires on or before June 30, 2000, shall be
14 entitled to receive an annual retirement benefit equal to two and
15 one-half percent (2 1/2%) of the final average compensation of the
16 member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and
17 two percent (2%) of the final average salary in excess of Twenty-
18 five Thousand Dollars (\$25,000.00) but not exceeding the maximum
19 compensation level as provided in paragraph (9) of Section 902 of
20 this title, multiplied by the number of years of service as a
21 correctional officer or a probation and parole officer, provided,
22 any years accrued prior to July 1, 1990, as a correctional officer
23 or a probation and parole officer by a member who is employed as a
24 correctional officer or a probation and parole officer on July 1,

1 1990, shall be calculated for retirement purposes at two and one-
2 quarter percent (2 1/4%) of the final average compensation of the
3 member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and
4 two percent (2%) of the final average salary in excess of Twenty-
5 five Thousand Dollars (\$25,000.00) but not exceeding the maximum
6 compensation level as provided in paragraph (9) of Section 902 of
7 this title, multiplied by the number of years of such service and
8 any years in excess of twenty (20) years as such an officer or years
9 credited to the member in accordance with the provisions of Section
10 913 of this title shall be calculated for retirement purposes at two
11 percent (2%) of the final average compensation of the member
12 multiplied by the number of years of such service. Any person who
13 contributes to the System as a correctional officer or a probation
14 and parole officer as provided in paragraph (c) of subsection (1) of
15 Section 919.1 of this title, on or before June 30, 2000, but who
16 does not make such contributions after June 30, 2000, and who does
17 not qualify for normal retirement under subparagraph (c) of
18 paragraph (24) of Section 902 of this title shall have retirement
19 benefits for each year of full-time-equivalent participating service
20 as a correctional or a probation and parole officer after July 1,
21 1990, computed on two and one-half percent (2 1/2%) of the final
22 average compensation based upon those years as a correctional
23 officer or a probation and parole officer. Provided, further, any
24 fugitive apprehension agent shall be entitled to receive benefits as

1 outlined in this act for service as a fugitive apprehension agent
2 prior to July 1, 2002, only upon payment to the System of the
3 employee contributions which would have been paid if such fugitive
4 apprehension agent had been covered by this section prior to the
5 effective date of this act, plus interest of not to exceed ten
6 percent (10%) as determined by the Board. The Department of
7 Corrections may make the employee contribution and interest payment
8 on behalf of such member.

9 (6) Any member who is a correctional officer, a probation and
10 parole officer or a fugitive apprehension agent employed by the
11 Department of Corrections at the time of retirement and who retires
12 on or after July 1, 2002, shall be entitled to receive an annual
13 retirement benefit equal to two and one-half percent (2 1/2%) of the
14 final average compensation of the member, but not exceeding the
15 maximum compensation level as provided in paragraph (18) of Section
16 902 of this title, multiplied by the number of years of service as a
17 correctional officer, a probation and parole officer or a fugitive
18 apprehension agent, and any years in excess of twenty (20) years as
19 such an officer or agent, or years credited to the member in
20 accordance with the provisions of Section 913 of this title, shall
21 be calculated for retirement purposes at two percent (2%) of the
22 final average compensation of the member multiplied by the number of
23 years of such service. For purposes of this paragraph, "final
24 average compensation" shall be determined by computing the average

1 annual salary, in the manner prescribed by paragraph (18) of Section
2 902 of this title, for the highest three (3) years of the last ten
3 (10) years of participating service immediately preceding retirement
4 or termination of employment for all years of service performed by
5 such member, both for years of service performed as a correctional
6 officer, probation and parole officer or fugitive apprehension
7 agent, not in excess of twenty (20) years, and for years of service
8 performed in excess of twenty (20) years, whether as a correctional
9 officer, probation and parole officer, fugitive apprehension agent
10 or other position unless the computation of benefits would result in
11 a lower retirement benefit amount than if final average compensation
12 were to be computed as otherwise provided by this paragraph. "Final
13 average compensation" shall be determined by computing the average
14 annual salary for the highest five (5) of the last ten (10) years of
15 participating service immediately preceding retirement or
16 termination of employment, with respect to members whose first
17 participating service occurs on or after July 1, 2013.

18 (7) Any member who is a correctional officer, a probation and
19 parole officer or a fugitive apprehension agent who has at least
20 five (5) years of service as a correctional officer, a probation and
21 parole officer or a fugitive apprehension agent who is in such
22 position on June 30, 2004, or who is hired after June 30, 2004, in
23 such position, and who receives a promotion or change in job
24 classification after June 30, 2004, to another position in the

1 Department of Corrections, and who is employed by the Department of
2 Corrections at the time of retirement and who retires on or after
3 July 1, 2004, shall be entitled to receive an annual retirement
4 benefit equal to two and one-half percent (2 1/2%) of the final
5 average compensation of the member, but not exceeding the maximum
6 compensation level as provided in paragraph (18) of Section 902 of
7 this title, multiplied by the number of years of service with the
8 Department of Corrections and any years in excess of twenty (20)
9 years with the Department or years credited to the member in
10 accordance with the provisions of Section 913 of this title, shall
11 be calculated for retirement purposes at two percent (2%) of the
12 final average compensation of the member multiplied by the number of
13 years of such service. For purposes of this paragraph, "final
14 average compensation" shall be determined by computing the average
15 annual salary, in the manner prescribed by paragraph (18) of Section
16 902 of this title, for the highest three (3) years of the last ten
17 (10) years of participating service immediately preceding retirement
18 or termination of employment for all years of service performed by
19 such member with the Department. "Final average compensation" shall
20 be determined by computing the average annual salary for the highest
21 five (5) of the last ten (10) years of participating service
22 immediately preceding retirement or termination of employment, with
23 respect to members whose first participating service occurs on or
24 after July 1, 2013.

(8) Any person who contributed to the System as a correctional officer, a probation and parole officer or a fugitive apprehension agent as provided in paragraphs (c) or (d) of subsection (1) of Section 919.1 of this title, and who retires under normal retirement or early retirement on or after January 1, 2004, under paragraph (24) of Section 902 of this title, and any public safety officer described by paragraph (37) of Section 902 of this title hired on or after the effective date of this act by the Grand River Dam Authority and who retires on or after the effective date of this act, shall have retirement benefits for each year of full-time-equivalent participating service as a correctional officer, a probation and parole officer or a fugitive apprehension agent, or Grand River Dam public safety officer computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a correctional officer, a probation and parole officer, a fugitive apprehension agent or a Grand River Dam public safety officer. For purposes of this paragraph, "final average compensation" shall be determined by computing the average annual salary, in the manner prescribed by paragraph (18) of Section 902 of this title, for the highest three (3) years of the last ten (10) years of participating service immediately preceding retirement or termination of employment for all years of service performed by such member, both for years of service performed as a correctional officer, probation and parole officer or fugitive apprehension

1 agent, or years of service performed as a Grand River Dam public
2 safety officer, not in excess of twenty (20) years, and for years of
3 service performed in excess of twenty (20) years, whether as a
4 correctional officer, probation and parole officer, fugitive
5 apprehension agent, Grand River Dam public safety officer, or other
6 position unless the computation of benefits would result in a lower
7 retirement benefit amount than if final average compensation were to
8 be computed as otherwise provided by this paragraph. "Final average
9 compensation" shall be determined by computing the average annual
10 salary for the highest five (5) of the last ten (10) years of
11 participating service immediately preceding retirement or
12 termination of employment, with respect to members whose first
13 participating service occurs on or after July 1, 2013, or with
14 respect to Grand River Dam public safety officers whose first
15 participating service occurs on or after the effective date of this
16 act.

17 (9) Any member who is:

- 18 a. initially on or after July 1, 2002, employed as a
19 firefighter for the Oklahoma Military Department and
20 who retires on or after the member's normal retirement
21 date shall be entitled to receive an annual retirement
22 benefit equal to two and one-half percent (2 1/2%) of
23 the final average compensation of the member
24

1 multiplied by the number of years of service in such
2 service,

3 b. (1) a firefighter who performs firefighting services
4 for the Oklahoma Military Department prior to
5 July 1, 2002, and who makes an election in
6 writing on a form prescribed for this purpose by
7 the System not later than December 31, 2002,
8 shall be entitled to receive a retirement benefit
9 based upon two and one-half percent (2 1/2%) of
10 the final average compensation of the member
11 multiplied by the number of years of service as a
12 firefighter with the Oklahoma Military Department
13 on or after July 1, 2002. The election
14 authorized by this subdivision shall be
15 irrevocable once the election is filed with the
16 System,

17 (2) a firefighter who performs firefighting services
18 for the Oklahoma Military Department prior to
19 July 1, 2002, and who makes the election in
20 division (1) of this subparagraph may also make
21 an election in writing on a form prescribed for
22 this purpose by the System not later than
23 December 31, 2002, to receive a retirement
24 benefit based upon two and one-half percent (2

1 1/2%) of the final average compensation of the
2 member multiplied by the number of years of
3 service as a firefighter with the Oklahoma
4 Military Department prior to July 1, 2002. The
5 election authorized by this subdivision shall be
6 irrevocable once the election is filed with the
7 System. Retirement benefits shall be calculated
8 based upon the two and one-half percent (2 1/2%)
9 multiplier upon payment being made pursuant to
10 Section 913.5 of this title.

11 (10) Upon death of a retirant, there shall be paid to his
12 beneficiary an amount equal to the excess, if any, of his
13 accumulated contributions over the sum of all retirement benefit
14 payments made.

15 (11) Such annual retirement benefits shall be paid in equal
16 monthly installments, except that the Board may provide for the
17 payment of retirement benefits which total less than Two Hundred
18 Forty Dollars (\$240.00) a year on other than a monthly basis.

19 (12) Pursuant to the rules established by the Board, a retiree
20 receiving monthly benefits from the System may authorize warrant
21 deductions for any products currently offered to active state
22 employees through the Employees Benefits Council, provided that
23 product is offered to state retirees as a group and has a minimum
24 participation of five hundred state retirees. The System has no

1 responsibility for the marketing, enrolling or administration of
2 such products, but shall retain a processing fee of two percent (2%)
3 of the gross deductions for the products. Retirement benefit
4 deductions shall be made for membership dues for any statewide
5 association for which payroll deductions are authorized pursuant to
6 subsection B of Section 34.70 of Title 62 of the Oklahoma Statutes
7 for retired members of any state-supported retirement system, upon
8 proper authorization given by the member to the board from which the
9 member or beneficiary is currently receiving retirement benefits.

10 B. A member shall be considered disabled if such member
11 qualifies for the payment of Social Security disability benefits, or
12 the payment of benefits pursuant to the Railroad Retirement Act of
13 1974, Section 231 et seq. of Title 45 of the United States Code, and
14 shall be eligible for benefits hereunder upon proof of such
15 disability, provided such member is an active regularly scheduled
16 employee with a participating employer at the time of injury or
17 inception of illness or disease resulting in subsequent
18 certification of eligibility for Social Security disability benefits
19 by reason of such injury, illness or disease, providing such
20 disability is certified by the Social Security Administration within
21 one (1) year after the last date physically on the job and after
22 completion of at least eight (8) years of participating service or
23 combined prior and participating service or resulting in subsequent
24 certification of eligibility of disability by the Railroad

1 Retirement Board providing such certification is made by the
2 Railroad Retirement Board within one (1) year after the last date
3 physically on the job and after completion of at least eight (8)
4 years of participating service or combined prior and participating
5 service. The member shall submit to the Retirement System the
6 Social Security Award Notice or the Railroad Retirement Award Notice
7 certifying the date of entitlement for disability benefits, as
8 issued by the Social Security Administration, Department of Health
9 and Human Services or the Railroad Retirement Board. Disability
10 benefits shall become effective on the date of entitlement as
11 established by the Social Security Administration or the Railroad
12 Retirement Board, but not before the first day of the month
13 following removal from the payroll, whichever is later, and final
14 approval by the Retirement System. Benefits shall be based upon
15 length of service and compensation as of the date of disability,
16 without actuarial reduction because of commencement prior to the
17 normal retirement date. The only optional form of benefit payment
18 available for disability benefits is Option A as provided for in
19 Section 918 of this title. Option A must be elected in accordance
20 with the provisions of Section 918 of this title. Benefit payments
21 shall cease upon the member's recovery from disability prior to the
22 normal retirement date. Future benefits, if any, shall be paid
23 based upon length of service and compensation as of the date of
24 disability. In the event that disability ceases and the member

1 returns to employment within the System credited service to the date
2 of disability shall be restored, and future benefits shall be
3 determined accordingly.

4 C. A member who incurred a disability pursuant to subsection B
5 of this section on or after July 1, 1999, and who has retired from
6 the System with an early retirement benefit pending certification
7 from the Social Security Administration or the Railroad Retirement
8 Board shall receive a retirement benefit not less than the
9 disability retirement benefit provided by subsection B of this
10 section once the System receives a Social Security Award Notice or a
11 Railroad Retirement Award Notice pursuant to subsection B of this
12 section and a completed Application for Disability Benefits. In
13 addition, such member shall receive the difference, if any, between
14 the early retirement benefit and the disability benefit from the
15 date the Social Security Administration or the Railroad Retirement
16 Board establishes disability entitlement.

17 D. Any actively participating member of the System on or after
18 July 1, 1998, except for those employees provided in subparagraph
19 (e) of paragraph (14) of Section 902 of this title, whose employment
20 is less than full-time, shall have his or her final average
21 compensation calculated on an annualized basis using his or her
22 hourly wage subject to the maximum compensation limits; provided,
23 however, any such member who has at least three (3) years of full-
24 time employment during the last ten (10) years immediately preceding

1 termination or retirement shall not be eligible for the
2 annualization provisions contained herein. The Board of Trustees
3 shall promulgate such administrative rules as are necessary to
4 implement the provisions of this subsection.

5 SECTION 3. This act shall become effective November 1, 2018.

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7 56-2-8787 MAH 01/05/19

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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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December 28, 2017

Representative Randy McDaniel
Room 438

Re: RBH No. 8787

RBH No. 8787 requires the employer of an Oklahoma Public Employees Retirement System member who receives additional service from unused sick leave to reimburse OPERS the cost of the additional benefit. This applies members who joined on or after November 11/1/2012.

RBH No. 8787 is a non fiscal bill as defined by the Oklahoma Pension Legislation Analysis Act because the bill does not contains a benefit increase.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA