

## STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2658

By: Humphrey

AS INTRODUCED

An Act relating to public retirement systems; amending 62 O.S. 2011, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definition; amending 74 O.S. 2011, Section 914, as amended by Section 2, Chapter 159, O.S.L. 2013 (74 O.S. Supp. 2017, Section 914), which relates to retirement from the Oklahoma Public Employees Retirement System; modifying postretirement earnings limitations; repealing 70 O.S. 2011, Section 17-116.10, as last amended by Section 2, Chapter 270, O.S.L. 2017 (70 O.S. Supp. 2017, Section 17-116.10), which relates to postretirement earning limitations; and providing effective dates.

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 3103, is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation Actuarial Analysis Act:

1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or

1 Senate, any conference committee of the House or Senate or by the  
2 House or Senate;

3 2. "RB number" means that number preceded by the letters "RB"  
4 assigned to a retirement bill by the respective staffs of the  
5 Oklahoma State Senate and the Oklahoma House of Representatives when  
6 the respective staff office prepares a retirement bill for a member  
7 of the Legislature;

8 3. "Legislative Actuary" means the firm or entity that enters  
9 into a contract with the Legislative Service Bureau pursuant to  
10 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the  
11 actuarial services and other duties provided for in the Oklahoma  
12 Pension Legislation Actuarial Analysis Act;

13 4. "Nonfiscal amendment" means an amendment to a retirement  
14 bill having a fiscal impact, which amendment does not change any  
15 factor of an actuarial investigation specified in subsection A of  
16 Section 3109 of this title;

17 5. "Nonfiscal retirement bill" means a retirement bill which  
18 does not affect the cost or funding factors of a retirement system  
19 or a retirement bill which affects such factors only in a manner  
20 which ~~does not~~:

21 a. does not grant a benefit increase under the retirement  
22 system affected by the bill,  
23  
24

- 1           b. does not create an actuarial accrued liability for or  
2           increase the actuarial accrued liability of the  
3           retirement system affected by the bill, ~~or~~  
4           c. does not increase the normal cost of the retirement  
5           system affected by the bill except as otherwise  
6           provided by subparagraph a of this paragraph, or  
7           d. eliminates any otherwise applicable restriction on  
8           postretirement earnings, including, but not limited  
9           to, elimination of restrictions which require  
10           suspension of the payment of a retirement benefit of a  
11           retired member who returns to active employment after  
12           his or her initial retirement for active employment  
13           with an employer of the retirement system from which a  
14           member has retired.

15 A nonfiscal retirement bill shall include any retirement bill that  
16 has as its sole purpose the appropriation or distribution or  
17 redistribution of monies in some manner to a retirement system for  
18 purposes of reducing the unfunded liability of such system or the  
19 earmarking of a portion of the revenue from a tax to a retirement  
20 system or increasing the percentage of the revenue earmarked from a  
21 tax to a retirement system.

22       6. "Reduction in cost amendment" means an amendment to a  
23 retirement bill having a fiscal impact which reduces the cost of the  
24

1 bill as such cost is determined by the actuarial investigation for  
2 the bill prepared pursuant to Section 3109 of this title;

3 7. "Retirement bill" means any bill or joint resolution  
4 introduced or any bill or joint resolution amended by a member of  
5 the Oklahoma Legislature which creates or amends any law directly  
6 affecting a retirement system. A retirement bill shall not mean a  
7 bill or resolution that impacts the revenue of any state tax in  
8 which a portion of the revenue generated from such tax is earmarked  
9 for the benefit of a retirement system;

10 8. "Retirement bill having a fiscal impact" means any  
11 retirement bill creating or establishing a retirement system and any  
12 other retirement bill other than a nonfiscal retirement bill; and

13 9. "Retirement system" means the Teachers' Retirement System of  
14 Oklahoma, the Oklahoma Public Employees Retirement System, the  
15 Uniform Retirement System for Justices and Judges, the Oklahoma  
16 Firefighters Pension and Retirement System, the Oklahoma Police  
17 Pension and Retirement System, the Oklahoma Law Enforcement  
18 Retirement System, or a retirement system established after January  
19 1, 2006.

20 SECTION 2. AMENDATORY 74 O.S. 2011, Section 914, as  
21 amended by Section 2, Chapter 159, O.S.L. 2013 (74 O.S. Supp. 2017,  
22 Section 914), is amended to read as follows:

23 Section 914. A. The normal retirement date for a member of the  
24 Oklahoma Public Employees Retirement System shall be as defined in

1 Section 902 of this title, provided members employed on or after  
2 January 1, 1983, shall have six (6) or more years of full-time-  
3 equivalent employment with a participating employer before receiving  
4 any retirement benefits or if the member is a legislative session  
5 employee of the Legislature, shall have three (3) or more years of  
6 full-time-equivalent employment with a participating employer before  
7 receiving any retirement benefits. In no event shall a normal  
8 retirement date for a member be before six (6) months after the  
9 entry date of the participating employer by whom he or she is  
10 employed.

11 B. A member may be employed beyond the normal retirement date  
12 by the appointing authority of the participating employer. However,  
13 the member may not receive retirement pay so long as the member  
14 continues employment under this act. Any member who has terminated  
15 employment with a participating employer prior to the month  
16 immediately preceding said member's normal retirement date must  
17 elect a vested benefit pursuant to Section 917 of this title before  
18 receiving any retirement benefits.

19 C. Notice for retirement shall be filed through the retirement  
20 coordinator for the participating employer in such form and manner  
21 as the Board shall prescribe; provided, that such notice for  
22 retirement shall be filed with the office of the retirement system  
23 at least sixty (60) days prior to the date selected for the member's  
24

1 retirement; provided further, that the Executive Director may waive  
2 the sixty-day notice for good cause shown as defined by the Board.

3 1. The participating employer shall provide the System with the  
4 following information for a retiring member, no later than the  
5 fifteenth day of the month of retirement: last day physically on  
6 the job; last day on payroll; and final unused sick leave balance.

7 2. Failure to submit this information by the deadline, or  
8 errors in submitted information that result in a disqualification of  
9 retirement eligibility shall be the responsibility of the  
10 participating employer. In cases where the error results in  
11 disqualification of retirement eligibility, it is the participating  
12 employer's responsibility to reemploy the member, or retain the  
13 member on the payroll, for time period required to reach  
14 eligibility, not exceeding two (2) months.

15 D. No retirement benefits shall be payable to any member until  
16 the first day of the month following the termination of the member's  
17 employment with any participating employer. The type of retirement  
18 benefit selected by a member may not be changed on or after the  
19 effective date of the member's retirement. Receipt of workers'  
20 compensation benefits shall in no respect disqualify the retiree for  
21 benefits.

22 E. ~~If a retiree should be elected or appointed to any position~~  
23 ~~or office for which compensation for service is paid from levies or~~  
24 ~~taxes imposed by the state or any political subdivision thereof, the~~

~~retiree shall not receive any retirement benefit for any month for which the retiree serves in such position or office after the retiree has received compensation in a sum equal to the amount allowable as wages or earnings by the Social Security Administration in any calendar year. This subsection shall not apply to service rendered by a retiree as a juror, as a witness in any legal proceeding or action, as an election board judge or clerk, or in any other office or position of a similar nature, or to an employer that is not a participating employer. Provided, further, that any participating employer who is employing such a retiree shall make proper written notification to the System informing it of the beginning date of such retiree's employment and the date such retiree reaches the maximum compensation allowed by this section in the calendar year.~~ Any retiree returning to work for a participating employer shall make contributions to the System and the employer shall do likewise. All retirees who have returned to employment and participation in the System following retirement shall have post-retirement benefits calculated on one of the following methods:

1. All service accumulated from date of reemployment shall be computed based on the benefit formula applicable at that time and the additional benefits shall be added to the previous benefits. Such additional benefits shall be calculated each year based upon additional service accrued from July 1 to June 30 of the previous

1 year and the additional benefit, if any, will be added to the  
2 retiree's monthly benefit beginning January 1, 2000, and each  
3 January 1 thereafter. However, the post-retirement service credit  
4 shall be cumulative, beginning with service credit accrued after the  
5 date of retirement, provided that the retiree has not received a  
6 distribution of the post-retirement contributions.

7 2. Any retiree who returns to employment with a participating  
8 employer may elect not to receive any retirement benefits while so  
9 reemployed. If such an election is made and reemployment is for a  
10 minimum period of thirty-six (36) consecutive months, all service  
11 accumulated from date of reemployment shall be participating  
12 service. For purposes of determining the retirement benefits of  
13 such a member upon the termination of such reemployment all  
14 creditable service of the member shall be computed based on the  
15 benefit formula applicable at the time of termination of such  
16 reemployment. Provided, a retiree who became reemployed prior to  
17 July 1, 1982, and who is reemployed for a minimum of thirty-six (36)  
18 consecutive months shall have all the creditable service of such  
19 retiree computed based on the benefit formula applicable at the time  
20 of termination of such reemployment if the retiree elects not to  
21 receive retirement benefits prior to such termination of  
22 reemployment. A retiree who has waived receipt of the monthly  
23 benefit, but is not reemployed for the full thirty-six (36)  
24 consecutive months, shall upon termination of such reemployment have



1 only the additional amount added to his or her benefit as if they  
2 had not waived the benefit as provided in paragraph 1 of this  
3 subsection.

4 3. All post-retirement additional benefits shall be calculated  
5 using actual hours worked as well as the actual compensation  
6 received and upon which contributions are paid. Post-retirement  
7 service is not subject to the partial year round-up provisions of  
8 subsection C of Section 913 of this title.

9 4. A retired member who returns to work for a participating  
10 employer pursuant to this section shall be bound by the election  
11 made pursuant to paragraph (2) of subsection A of Section 915 of  
12 this title if the member had made such election prior to retirement.  
13 If the member had not made such election prior to retirement, the  
14 member may do so during the member's reemployment with a  
15 participating employer pursuant to this section. A retired member  
16 may not be rehired by their former employer, nor may the retired  
17 member be permitted to enter into an employment contract of any kind  
18 with a former employer, for a period of one (1) year after the  
19 retired member ended his or her employment with the former employer  
20 unless the retired member waives his or her benefit under paragraph  
21 2 of this subsection and returns as a bona fide employee.

22 F. Except as otherwise provided by subsection G of this  
23 section, any member may elect to retire before his or her normal  
24 retirement date on the first day of any month coinciding with or

following the attainment of age fifty-five (55), provided such member has completed ten (10) years of participating service, but in no event before six (6) months after the entry date. Any member who shall retire before the normal retirement date shall receive an annual retirement benefit adjusted in accordance with the following percentage schedule:

Age	Percentage of Normal Retirement Benefit
62	100.00%
61	93.33%
60	86.67%
59	80.00%
58	73.33%
57	66.67%
56	63.33%
55	60.00%

G. Any member whose first participating service occurs on or after November 1, 2011, may elect to retire before his or her normal retirement date on the first day of any month coinciding with or following the attainment of age sixty (60), provided such member has completed ten (10) years of participating service, but in no event before six (6) months after the entry date. Any member who shall retire before the normal retirement date shall receive an annual

retirement benefit adjusted in accordance with the following  
percentage schedule:

Percentage of Normal  
Retirement Benefit

Age

65

100.00%

64

93.33%

63

86.67%

62

80.00%

61

73.33%

60

66.67%

SECTION 3. REPEALER 70 O.S. 2011, Section 17-116.10, as  
last amended by Section 2, Chapter 270, O.S.L. 2017 (70 O.S. Supp.  
2017, Section 17-116.10), is hereby repealed.

SECTION 4. Section 1 of this act shall become effective October  
1, 2018.

SECTION 5. Sections 2 and 3 of this act shall become effective  
November 1, 2018.

56-2-8453

MAH

01/10/18

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January 10, 2018

Representative Roger Ford  
Room 301

Re: RBH No. 8453

RBH No. 8453 an exception to Oklahoma Pension Legislation Actuarial Analysis Act definition of nonfiscal bill. The removal of post retirement earnings limitation that otherwise would have resulted in the suspension of payments for those retired members who return to employment with the participating employer from which member had retired will be a nonfiscal bill. This provision is effective **October 1, 2018.**

This bill removes the post retirement earnings limitation for Oklahoma Public Employees Retirement System Retirement System retired members who return to covered employment. This effective **November 1, 2018.**

RBH No. 8453 is a nonfiscal bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act because due to the change in the definition of nonfiscal bill before the removal of the limitation.

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