

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 488
Version:	INT
Request No.:	139
Author:	Sen. Standridge
Date:	01/20/2019

Bill Analysis

SB 488 amends “nonfiscal retirement bill” as it relates to the Oklahoma Pension Legislation Actuarial Analysis Act. The measure allows a bill to be classified as a nonfiscal retirement bill if the bill authorizes the payment of additional benefits and the funded ratio of the retirement system after the payment of such benefits is 80% or greater.

Additionally, the measure requires a nonfiscal retirement bill to incorporate certain additional benefit calculations enumerated by the measure beginning July 1, 2020. Nonfiscal retirement bills providing a cost-of-living adjustment (COLA) will be based upon the annual CPI-W. The Boards of Directors for each retirement system must hire an actuary to perform a "Qualified Sensitivity Analysis", to be completed by July 1, 2020 and every five years thereafter. The effective date for COLA's or benefit increases will be July 1 of each year.

Prepared by: Kalen Taylor

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January 6, 2019

Senator Rob Standridge
Room

Re: RBS No. 139

RBS No. 139 changes OPLAA's definition of a non fiscal bill to include a bill that authorizes benefit increases so long as the system is at least 80% funded after payment of the increased benefits.

The bill would allow automatic annual cost of living adjustments based on changes in the CPI-W provided the system will be 100% funded in 40 years. Each system is to conduct a actuarial study every 5 years to determine if the 100% funding will be met in the 40 year requirement.

RBS No. 139 is a non fiscal bill as defined by the Oklahoma Pension Legislation Analysis Act because the bill does not contain a benefit increase or increase the contribution rates.

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