

Fiscal Impact
2nd Session of the 57th Legislature

Bill No.:

SB 1281

Version:

INT

Author:

Sen. Montgomery

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Fiscal Analysis

SB 1281 increases the employer matching contribution in the Pathfinder DC plan from the current 6% or 7% to 10.5% or 13%. It also exempts this type of legislation from the OPLAA Act.

Under current law, employers contribute 16.5% on all employees whether in the DB plan or the Pathfinder DC plan. If the employee is in the DB plan, all 16.5% goes into the DB plan. If the employee participates in the Pathfinder plan, then the employer match of 6% or 7% goes to Pathfinder, and the remainder of 9.5% or 10.5% goes to the DB plan to help keep the mostly closed DB plan funded. While this bill has no direct impact to employers, increasing the employer match in Pathfinder would reduce the amount going into the DB plan. It is estimated the impact to the DB plan to be approximately \$20 million/year based on FY2021 figures. This amount would increase in future years because the number of Pathfinder employees increases each year as the DC Plan grows. Reducing the funds to the DB plan will also likely impact actuarial methodologies and assumptions, something to keep in mind with a closed plan.

FY'23 Impact: Estimated at \$20 million

Full Year Impact: Estimated at \$20 million, but increasing

Prepared by: Oklahoma Public Employee Retirement System