

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

COMMITTEE SUBSTITUTE
FOR ENGROSSED

SENATE BILL NO. 448

By: Montgomery of the Senate

and

Lepak of the House

COMMITTEE SUBSTITUTE

An Act relating to retirement benefits payment; amending 20 O.S. 2021, Section 1102C, which relates to the Uniform Retirement System for Justices and Judges; conforming language; providing that spousal consent is not required for certain election; amending 74 O.S. 2021, Sections 918 and 935.7, which relate to the Oklahoma Public Employees Retirement System; conforming language; providing that spousal consent is not required for certain election; authorizing that certain contributions be used as permitted by federal law; and providing an effective date.

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

SECTION 1. AMENDATORY 20 O.S. 2021, Section 1102C, is amended to read as follows:

Section 1102C. A. Except as otherwise provided for in this section and Section 1104.2 of this title, members who join the Uniform Retirement System for Justices and Judges on September 1, 2005, or thereafter, may elect to have the retirement benefit paid under one of the options provided in this section in lieu of having

1 it paid in the form stated in Section 1104 of this title. The
2 election of an option must be made prior to the member's retirement
3 date or to receipt of a benefit after termination of service with a
4 vested benefit. A specific person must be designated as joint
5 annuitant at the time of the election of Option A or B. Election of
6 an option is available with respect to the vested benefit. All
7 retirement benefits of a married member shall be paid pursuant to
8 the Option A plan ~~or Option B plan~~ as provided for in this section
9 unless the spouse of a member consents in writing for the unreduced
10 benefits to be paid as provided for in Section 1104 of this title.
11 The spouse of the member is not required to consent in writing to
12 the election of the Option B plan by the member.

13 B. The amount of retirement benefit payable under an option
14 shall be based on the age and sex of the member and the age and sex
15 of the joint annuitant at the retirement date, and shall be such
16 amount as to be the actuarial equivalent of the retirement benefit
17 otherwise payable under Section 1104 of this title.

18 C. The retirement options are:

19 Option A. Joint and one-half to joint annuitant survivor. A
20 reduced retirement benefit is payable to the retiree during his or
21 her lifetime with one-half (1/2) of that amount continued to the
22 joint annuitant during such joint annuitant's remaining lifetime, if
23 any, after the death of the retiree. If the named joint annuitant
24 dies at any time after the member's retirement date, but before the

1 death of the retiree, the retiree shall return to the unreduced
2 retirement benefit, including any ~~postretirement~~ post-retirement
3 benefit increases, the member would have received had the member not
4 selected Option A. The benefit shall be determined at the date of
5 death of the named joint annuitant. This increase shall become
6 effective the first day of the month following the date of death of
7 the named joint annuitant, and shall be payable for the retiree's
8 remaining lifetime. The retiree shall notify the Uniform Retirement
9 System for Justices and Judges of the death of the named joint
10 annuitant in writing. In the absence of the written notice being
11 filed by the member notifying the Uniform Retirement System for
12 Justices and Judges of the death of the named joint annuitant within
13 six (6) months of the date of death, nothing in this subsection
14 shall require the Uniform Retirement System for Justices and Judges
15 to pay more than six (6) months of retrospective benefits increase.

16 Option B. Joint and survivor. A reduced retirement benefit is
17 payable to the retiree during his or her lifetime with that amount
18 continued to the joint annuitant during the joint annuitant's
19 remaining lifetime, if any, after the death of the retiree. If the
20 named joint annuitant dies at any time after the member's retirement
21 date, but before the death of the retiree, the retiree shall return
22 to the unreduced retirement benefit, including any ~~postretirement~~
23 post-retirement benefit increases, the member would have received
24 had the member not selected Option B. The benefit shall be

1 determined at the date of death of the named joint annuitant. This
2 increase shall become effective the first day of the month following
3 the date of death of the named joint annuitant, and shall be payable
4 for the retiree's remaining lifetime. The retiree shall notify the
5 Uniform Retirement System for Justices and Judges of the death of
6 the named joint annuitant in writing. In the absence of such
7 written notice being filed by the member notifying the Uniform
8 Retirement System for Justices and Judges of the death of the named
9 joint annuitant within six (6) months of the date of death, nothing
10 in this subsection shall require the Uniform Retirement System for
11 Justices and Judges to pay more than six (6) months of retrospective
12 benefits increase.

13 D. If a member who is eligible to retire in accordance with the
14 provisions of this section or Section 1104 of this title but is not
15 actually retired or is eligible to vest or has elected a vested
16 benefit dies, the member's spouse may elect to receive benefits as a
17 joint annuitant under Option B, calculated as if the member retired
18 on the date of death, in lieu of receiving the member's accumulated
19 contributions. However, no benefits shall be payable before the
20 date the deceased member would have met the requirements for a
21 normal or early retirement. The provisions of this paragraph shall
22 be applicable to a surviving spouse of a deceased member who died
23 prior to ~~the effective date of this act~~ September 1, 2005, but only
24 if no benefits or distributions have been previously paid.

1 SECTION 2. AMENDATORY 74 O.S. 2021, Section 918, is
2 amended to read as follows:

3 Section 918. (1) Except as otherwise provided for in this
4 section and Section 918.1 of this title, a member may elect to have
5 the retirement benefit paid under one of the options provided in
6 this section in lieu of having it paid in the form stated in Section
7 915 of this title. The election of an option must be made at any
8 time prior to retirement or prior to termination of service with a
9 vested benefit. A specific person must be designated as joint
10 annuitant at the time of election of Option A or B. Election of an
11 option is available with respect to the vested benefit. All
12 retirement benefits of a married member shall be paid pursuant to
13 the Option A plan ~~or Option B plan~~ as provided for in this section
14 unless the spouse of a member consents in writing for the benefits
15 to be paid as provided for in Section 915 of this title or pursuant
16 to Option C as provided for in this section. The spouse of the
17 member is not required to consent in writing to the election of the
18 Option B plan by the member.

19 (2) The amount of retirement benefit payable under an option
20 shall be based on the age and sex of the member and the age and sex
21 of the joint annuitant, and shall be such amount as to be the
22 actuarial equivalent of the retirement benefit otherwise payable
23 under Section 915 of this title.

24 (3) The retirement options are:

1 Option A. Joint and one-half to joint annuitant survivor. A
2 reduced retirement benefit is payable to the retiree during his or
3 her lifetime with one-half (1/2) of that amount continued to the
4 joint annuitant during such joint annuitant's remaining lifetime, if
5 any, after the death of the retiree. If the named joint annuitant
6 dies at any time after the member's retirement date, but before the
7 death of the retiree, the retiree shall return to the retirement
8 benefit, including any post-retirement benefit increases the member
9 would have received had the member not selected Option A. The
10 benefit shall be determined at the date of death of the named joint
11 annuitant or July 1, 1994, whichever is later. This increase shall
12 become effective the first day of the month following the date of
13 death of the named joint annuitant or July 1, 1994, whichever is
14 later, and shall be payable for the retiree's remaining lifetime.
15 The retiree shall notify the Oklahoma Public Employees Retirement
16 System of the death of the named joint annuitant in writing. In the
17 absence of the written notice being filed by the member notifying
18 the Oklahoma Public Employees Retirement System of the death of the
19 named joint annuitant within six (6) months of the date of death,
20 nothing in this subsection shall require the Oklahoma Public
21 Employees Retirement System to pay more than six (6) months of
22 retrospective benefits increase.

23 Option B. Joint and survivor. A reduced retirement benefit is
24 payable to the retiree during his or her lifetime with that amount

1 continued to the joint annuitant during the joint annuitant's
2 remaining lifetime, if any, after the death of the retiree. If the
3 named joint annuitant dies at any time after the member's retirement
4 date, but before the death of the retiree, the retiree shall return
5 to the retirement benefit, including any ~~post-retirement~~ post-
6 retirement benefit increases the member would have received had the
7 member not selected Option B. The benefit shall be determined at
8 the date of death of the named joint annuitant or July 1, 1994,
9 whichever is later. This increase shall become effective the first
10 day of the month following the date of death of the named joint
11 annuitant or July 1, 1994, whichever is later, and shall be payable
12 for the retiree's remaining lifetime. The retiree shall notify the
13 Oklahoma Public Employees Retirement System of the death of the
14 named joint annuitant in writing. In the absence of such written
15 notice being filed by the member notifying the Oklahoma Public
16 Employees Retirement System of the death of the named joint
17 annuitant within six (6) months of the date of death, nothing in
18 this subsection shall require the Oklahoma Public Employees
19 Retirement System to pay more than six (6) months of retrospective
20 benefits increase.

21 Option C. Life with ten (10) years certain. A reduced
22 retirement benefit is payable to the retiree during his or her
23 lifetime and if the retiree dies within the ten-year certain period,
24 measured from the commencement of retirement benefits payments, such

1 payments will be continued to the beneficiary during the balance of
2 the ten-year certain period. If the retiree dies within the ten-
3 year certain period, and there are no living designated
4 beneficiaries, the person responsible for the estate of the retiree
5 may elect for the estate to be paid the benefits for the remainder
6 of the term or to receive the present value of the remaining benefit
7 payments according to rules adopted by the Board of Trustees of the
8 System. If the retiree predeceases a designated beneficiary within
9 the ten-year certain period, and the beneficiary dies after the
10 beneficiary has begun to receive benefits, the person responsible
11 for the estate of the beneficiary may elect for the estate to be
12 paid the benefits for the remainder of the term or to receive the
13 present value of the remaining benefit payments according to rules
14 adopted by the Board of Trustees of the System.

15 (4) If the selection of a joint annuitant would violate the
16 distribution requirements contained in Section 918.1 of this title,
17 such selection will not be permitted.

18 (5) If a member who is eligible to retire in accordance with
19 the provisions of Section 914 of this title but is not actually
20 retired or is eligible to vest or has elected a vested benefit dies,
21 the member's spouse may elect to receive benefits as a joint
22 annuitant under Option B calculated as if the member retired on the
23 date of death, in lieu of receiving the member's accumulated
24 contributions. However, no benefits shall be payable before the

1 date the deceased member would have met the requirements for a
 2 normal or early retirement. The provisions of this paragraph shall
 3 be applicable to a surviving spouse of a deceased member who died
 4 prior to ~~the effective date of this act~~ July 1, 2002, but only if no
 5 benefits or distributions have been previously paid.

6 (6) Benefits payable to a joint annuitant shall accrue from the
 7 first day of the month following the death of a member or retiree
 8 and, in the case of Option A and Option B, shall end on the last day
 9 of the month in which the joint annuitant dies.

10 SECTION 3. AMENDATORY 74 O.S. 2021, Section 935.7, is
 11 amended to read as follows:

12 Section 935.7 A. Participating employees shall at all times be
 13 vested at one hundred percent (100%) of their accounts containing
 14 solely their employee contributions, and the gains or losses on
 15 these contributions. Participating employees will have investment
 16 discretion over these accounts within the available options offered
 17 by the Board.

18 B. Participating employees shall be vested with respect to the
 19 employer matching amounts, and the gains or losses on these funds,
 20 deposited into their defined contribution system account or accounts
 21 according to the following schedule based on years of participating
 22 service:

23	Year 1	20%
24	Year 2	40%

1	Year 3	60%
2	Year 4	80%
3	Year 5 and thereafter	100%

4 C. Participating employees will have investment discretion over
5 all employer contributions.

6 D. For purposes of determining a participating employee's right
7 to withdraw employer matching contributions and any investment gains
8 upon such employer contribution matching amounts, the vesting
9 percentages apply at the end of each full year of service as
10 described in subsection B of this section.

11 E. For participating employees who do not select any investment
12 options, the OPERS Board will establish default investment options
13 for the contributions received from participating employees and
14 default investment options for matching employer contributions.

15 F. To the extent that participants leave employment and have
16 not vested in all of the employer contributions, the nonvested
17 employer contributions, including any gains or losses, shall be
18 immediately forfeited to the 401(a) plan and may be used to offset
19 costs of administering the plan or as permitted by federal law.

20 Upon reemployment with an employer and satisfying the eligibility
21 requirements to become a participant, the reemployed participant
22 shall receive credit for previous service and be vested at the same
23 percentage the participant was vested when service was previously
24

1 terminated. However, under no circumstances shall the participant
2 be entitled to any previously forfeited employer contributions.

3 SECTION 4. This act shall become effective November 1, 2023.

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