

## STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 2982

By: Kane

AS INTRODUCED

An Act relating to retirement; amending 20 O.S. 2021, Section 1102C, which relates to the Uniform Retirement System for Justices and Judges; amending 74 O.S. 2021, Sections 918 and 935.7, which relate to the Oklahoma Public Employees Retirement System; modifying how retirement benefits shall be paid to certain members; providing that spouse is not required to consent in writing to election of certain benefit by member; permitting System to use certain funds 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 it paid in the form stated in Section 1104 of this title. The election of an option must be made prior to the member's retirement

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

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

16 C. The retirement options are:

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

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

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

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

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

22 SECTION 2. AMENDATORY 74 O.S. 2021, Section 918, is  
23 amended to read as follows:  
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1 Section 918. (1) Except as otherwise provided for in this  
2 section and Section 918.1 of this title, a member may elect to have  
3 the retirement benefit paid under one of the options provided in  
4 this section in lieu of having it paid in the form stated in Section  
5 915 of this title. The election of an option must be made at any  
6 time prior to retirement or prior to termination of service with a  
7 vested benefit. A specific person must be designated as joint  
8 annuitant at the time of election of Option A or B. Election of an  
9 option is available with respect to the vested benefit. All  
10 retirement benefits of a married member shall be paid pursuant to  
11 the Option A plan ~~or Option B plan~~ as provided for in this section  
12 unless the spouse of a member consents in writing for the benefits  
13 to be paid as provided for in Section 915 of this title or pursuant  
14 to Option C as provided for in this section. The spouse of the  
15 member is not required to consent in writing to the election of the  
16 Option B plan by the member.

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

22 (3) The retirement options are:

23 Option A. Joint and one-half to joint annuitant survivor. A  
24 reduced retirement benefit is payable to the retiree during his or

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

21 Option B. Joint and survivor. A reduced retirement benefit is  
22 payable to the retiree during his or her lifetime with that amount  
23 continued to the joint annuitant during the joint annuitant's  
24 remaining lifetime, if any, after the death of the retiree. If the

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

18 Option C. Life with ten (10) years certain. A reduced  
19 retirement benefit is payable to the retiree during his or her  
20 lifetime and if the retiree dies within the ten-year certain period,  
21 measured from the commencement of retirement benefits payments, such  
22 payments will be continued to the beneficiary during the balance of  
23 the ten-year certain period. If the retiree dies within the ten-  
24 year certain period, and there are no living designated

1 beneficiaries, the person responsible for the estate of the retiree  
2 may elect for the estate to be paid the benefits for the remainder  
3 of the term or to receive the present value of the remaining benefit  
4 payments according to rules adopted by the Board of Trustees of the  
5 System. If the retiree predeceases a designated beneficiary within  
6 the ten-year certain period, and the beneficiary dies after the  
7 beneficiary has begun to receive benefits, the person responsible  
8 for the estate of the beneficiary may elect for the estate to be  
9 paid the benefits for the remainder of the term or to receive the  
10 present value of the remaining benefit payments according to rules  
11 adopted by the Board of Trustees of the System.

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

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



1 prior to the effective date of this act, but only if no benefits or  
2 distributions have been previously paid.

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

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

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

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

20	Year 1	20%
21	Year 2	40%
22	Year 3	60%
23	Year 4	80%
24	Year 5 and thereafter	100%

1 C. Participating employees will have investment discretion over  
2 all employer contributions.

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

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

12 F. To the extent that participants leave employment and have  
13 not vested in all of the employer contributions, the nonvested  
14 employer contributions, including any gains or losses, shall be  
15 immediately forfeited to the 401(a) plan and may be used to offset  
16 costs of administering the plan or as permitted by federal law.  
17 Upon reemployment with an employer and satisfying the eligibility  
18 requirements to become a participant, the reemployed participant  
19 shall receive credit for previous service and be vested at the same  
20 percentage the participant was vested when service was previously  
21 terminated. However, under no circumstances shall the participant  
22 be entitled to any previously forfeited employer contributions.

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SECTION 4. This act shall become effective November 1, 2024.

59-2-8603 CMA 01/03/24

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January 4, 2024

Representative Kane  
Room 202.2

Re: RBH No. 8603

RBH No. 8603 would no longer require spousal consent for retirees of Oklahoma Public Employees Retirement System and Uniform Retirement System for Justices and Judges to elect Option B. Option B is a joint and survivor form of benefit payment.

RBH No. 8603 is a non fiscal bill as defined by OPLAAA.

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