

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3313

By: Eaves

AS INTRODUCED

An Act relating to retirement; amending 74 O.S. 2021, Sections 935.2, 935.3, 935.5, 935.7, as amended by Section 3, Chapter 47, O.S.L. 2024 (74 O.S. Supp. 2025, Section 935.7), and 935.9, which relate to the Retirement Freedom Act; providing purpose; directing the plan to provide certain opportunities and services; directing the Board of Trustees to create an operating plan document; modifying minimum employer contribution amount; modifying minimum employee contribution amount; eliminating vesting schedule for certain funds; directing the Board to provide individualized planning services; requiring the Board to provide certain information and investment options to participants; specifying when participant may receive distribution of benefits; providing the method by which the distribution shall be paid; allowing the participant to elect an alternative distribution form; directing that remaining value of account be paid to spouse or beneficiary in certain circumstances; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2021, Section 935.2, is amended to read as follows:

Section 935.2. A. The Oklahoma Public Employees Retirement System (System) shall establish a defined contribution system for

1 those persons who first become employed in a full-time equivalent
2 position or a position which is less than full-time but more than
3 half-time position and which qualifies for employee benefits,
4 including but not limited to, health insurance and leave time by any
5 participating employer of the System, as defined by paragraph (25)
6 of Section 902 of this title, on or after November 1, 2015. Any
7 person first licensed by the Department of Rehabilitation Services
8 as a vending stand operator or managing operator on or after
9 November 1, 2015, as defined by Section 929 of this title, shall be
10 eligible for participation in the defined contribution system.

11 B. The primary purpose of the plan is to help eligible
12 employees achieve an adequate and secure income for life in
13 retirement. The plan shall provide opportunities and services for
14 eligible employees to customize the investments and benefit forms to
15 meet their personal needs and objectives.

16 C. The provisions of subsection A of this section and the
17 provisions of this act shall not be applicable to employees who are
18 initially employed in the positions described in division (i), (ii),
19 (iii), or (iv) of subparagraph (d) of paragraph (24) of Section 902
20 of this title, district attorneys, assistant district attorneys or
21 other employees of the district attorney's office, and any employees
22 of a county, county elected officials, county hospital, city or
23 town, conservation district, circuit engineering district, and any
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1 public or private trust in which a county, city or town participates
2 and is the primary beneficiary.

3 ~~C.~~ D. An employee described by subsection A of this section
4 shall become a participant in the defined contribution system and
5 the employee shall not accrue any service credit in the Oklahoma
6 Public Employees Retirement System as established pursuant to
7 Section 901 et seq. of this title.

8 ~~D.~~ E. Employees who participate in the defined contribution
9 system shall be deemed to begin service in the defined contribution
10 system on the first day of the month following employment.

11 ~~E.~~ F. An employee who begins participating in the defined
12 benefit plan on or after November 1, 2015, in one of the positions
13 described in subsection ~~B~~ C of this section, shall continue to
14 participate in the defined benefit plan only as long as he or she
15 continues to be employed in a position described in subsection ~~B~~ C
16 of this section.

17 ~~F.~~ G. Any employee employed on or after November 1, 2015, by
18 the Legislative Service Bureau, Oklahoma State Senate, or Oklahoma
19 House of Representatives for the full duration of a regular
20 legislative session shall be eligible for membership only in the
21 defined contribution system regardless of classification as a
22 temporary employee. The temporary session employee may participate
23 in the defined contribution system during the regular legislative
24 session at the option of the employee. Once the temporary session

1 employee makes a choice to participate, the choice shall be binding
2 for all future legislative sessions during which the temporary
3 session employee is employed. For purposes of this subparagraph,
4 the determination of whether an employee is employed for the full
5 duration of a regular legislative session shall be made by the
6 employer.

7 SECTION 2. AMENDATORY 74 O.S. 2021, Section 935.3, is
8 amended to read as follows:

9 Section 935.3. A. The Board of Trustees of the Oklahoma Public
10 Employees Retirement System (Board) shall create an operating plan
11 document consistent with this chapter and may adopt any additional
12 provision to the plan necessary and appropriate for its operation
13 and purpose.

14 B. The Board shall take whatever action is reasonable and
15 necessary to have the defined contribution system authorized by this
16 act to be recognized as a tax-qualified plan as that term is defined
17 by Section 401 et seq. of Title 26 of the United States Code, or any
18 other applicable provisions of federal law. The Board is also
19 authorized to establish a plan or use an existing plan established
20 under Section 457(b) of Title 26 of the United States Code, if it is
21 necessary to carry out the intent of this act. The Board shall take
22 whatever action is reasonable and necessary to obtain confirmation
23 from the Internal Revenue Service that any such 457(b) plan is
24 consistent with the requirements of Section 457(b).

SECTION 3. AMENDATORY 74 O.S. 2021, Section 935.5, is amended to read as follows:

Section 935.5. A. Except as otherwise provided by subsection B of this section, employers of employees who become participants in the defined contribution retirement system shall match the employee contribution paid on a monthly or more frequent basis at the rate of ~~six percent (6.0%)~~ seven percent (7.0%) based on the same compensation amount used to compute the employee contribution amount.

B. If an employee selects a contribution rate of seven percent (7.0%) or more, but not higher than allowed pursuant to the maximum annual contribution limit prescribed by Section 415 of the Internal Revenue Code of 1986, as amended, the employer matching amount shall be seven percent (7.0%).

C. The initial ~~four and five-tenths percent (4.5%)~~ five percent (5.0%) employee contribution shall be the only mandatory contribution of an employee participating in the defined contribution retirement system created by this act. These funds shall be placed by the System in either a 401(a) plan or a 457(b) plan, to be determined by the Board to maintain the plan consistent with the Internal Revenue Code. Any employee contributions eligible to be matched under this section over the ~~four and five-tenths percent (4.5%)~~ five percent (5.0%) initial contribution shall be considered voluntary deferrals of compensation and placed in a

1 457(b) plan. All employer matching funds shall be placed in a
2 401(a) plan.

3 Any contribution rate that is more than the ~~four and five tenths~~
4 ~~percent (4.5%)~~ five percent (5.0%) rate can be chosen by the
5 participating employee upon the employee's initial participation,
6 and can be changed once per month. The employee contribution rate
7 chosen shall continue until the employee elects to change the
8 contribution rate or terminates service or retires.

9 D. The employer match as set forth in subsection A of this
10 section may be increased at any time by the Legislature without
11 affecting the then-existing rights of participating employees and
12 beneficiaries in order to encourage participating employees to
13 accumulate deferred income reserves for themselves and their
14 dependents. The employer match may be decreased at any time by the
15 Legislature without affecting the then-existing rights of
16 participating employees and beneficiaries in order to provide
17 funding as may be needed to reduce the unfunded liabilities of the
18 defined benefit plan as set forth in Section 901 et seq. of this
19 title, but shall not be less than ~~six percent (6.0%)~~ seven percent
20 (7.0%) for any year during which the defined contribution plan is
21 maintained.

22 SECTION 4. AMENDATORY 74 O.S. 2021, Section 935.7, as
23 amended by Section 3, Chapter 47, O.S.L. 2024 (74 O.S. Supp. 2025,
24 Section 935.7), is amended to read as follows:

1 Section 935.7. A. Participating employees shall at all times
2 be vested at one hundred percent (100%) of their accounts containing
3 solely their employee contributions, and the gains or losses on
4 these contributions. Participating employees will have investment
5 discretion over these accounts within the available options offered
6 by the Board.

7 B. Participating employees shall at all times be vested with
8 respect to the employer matching amounts, and the gains or losses on
9 these funds, deposited into their defined contribution system
10 account or accounts ~~according to the following schedule based on~~
11 ~~years of participating service:~~

12 ~~Year 1 — 20%~~

13 ~~Year 2 — 40%~~

14 ~~Year 3 — 60%~~

15 ~~Year 4 — 80%~~

16 ~~Year 5 and thereafter — 100%.~~

17 ~~C.~~ Participating employees will have investment discretion over
18 all employer contributions.

19 ~~D. For purposes of determining a participating employee's right~~
20 ~~to withdraw employer matching contributions and any investment gains~~
21 ~~upon such employer contribution matching amounts, the vesting~~
22 ~~percentages apply at the end of each full year of service as~~
23 ~~described in subsection B of this section.~~

1 ~~E. C.~~ For participating employees who do not select any
2 investment options, the OPERS Board will establish default
3 investment options for the contributions received from participating
4 employees and default investment options for matching employer
5 contributions.

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

17 SECTION 5. AMENDATORY 74 O.S. 2021, Section 935.9, is
18 amended to read as follows:

19 Section 935.9. A. The Board of Trustees shall provide plan
20 participants with individualized ongoing investment and retirement
21 income planning services, including education and plan-based tools
22 and independent investment advice to help set, measure, and adjust
23 personal retirement income and savings goals as appropriate during
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1 their working years to help the participant meet their financial
2 objectives in retirement and changing circumstances.

3 B. The Board shall provide a standard investment menu of
4 investment choices for participants, including:

5 1. A set of predetermined investment portfolio options designed
6 to reflect different risk profiles that automatically reallocate and
7 rebalance contributions as a participant ages and constructed to
8 help create high probabilities of achieving the retirement income
9 objectives of the plan. The standard options under this provision
10 shall be the default investments for individual accounts unless the
11 participant chooses alternative investments under the plan. The
12 standard investment portfolios shall be constructed to adjust the
13 investment allocation on an individual basis over an individual's
14 career with the intent to accumulate assets at retirement
15 sufficient, in combination with federal Social Security benefits, to
16 provide the retirement income objectives of each participant. The
17 standard investment portfolios shall be constructed to allow
18 participants to include other assets and retirement plan benefits
19 outside of the plan in determining their investments under the plan.
20 While the level of retirement income may be targeted, it is in no
21 way an obligation of the plan, the employer, the Board, or the
22 state, nor is there any expressed or implied guarantee of a certain
23 outcome; and

1 2. A set of diversified investment options allowing the
2 participant to construct an alternative investment portfolio.

3 C. The Board of Trustees shall contract with one or more
4 business entities ~~in order~~ to create a range of choices regarding
5 investment of funds deposited into defined contribution system
6 accounts. The investment options ~~shall~~ may be substantially similar
7 to the options provided to members of the Oklahoma Public Employees
8 Retirement System that maintain a Deferred Savings Incentive Plan
9 account as offered by the System pursuant to the provisions of the
10 Deferred Savings Incentive Plan. In selecting investment options
11 for participants in the plan, the Board shall ~~give due consideration~~
12 ~~to offering investment~~ offer options provided by business entities
13 that provide guaranteed lifetime income in retirement such as
14 annuities, ~~guaranteed investment contracts,~~ or similar products as
15 appropriate to achieve the primary purpose of the plan, pursuant to
16 Section 74-935.2 of this title. The Board may amend any of its
17 existing contracts with its current service providers to perform
18 substantially the same type of service the provider is currently
19 performing for the Board, in order to facilitate the timely
20 introduction of the new defined contribution system created by this
21 act. Thereafter, the contracting process for the selection of
22 service providers carrying out duties related to the administration
23 of the plan shall be the same as the selection process for other
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1 providers selected by the Board under subsection D of Section 909.1
2 of Title 74 of the Oklahoma Statutes.

3 SECTION 6. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 935.12 of Title 74, unless there
5 is created a duplication in numbering, reads as follows:

6 A. A participant may receive distribution of vested benefits
7 from ~~their~~ his or her individual account in the plan after:

- 8 1. Attainment of age 65; or
- 9 2. Separation of all eligible employment under the plan.

10 B. The standard form of distribution shall be a lifetime
11 annuity made available by the Board based on the value of the
12 individual account of a participant. The standard lifetime annuity
13 shall be paid as a fifty percent (50.00%) joint and survivor annuity
14 if the participant has a spouse unless the spouse waives this form
15 in a manner established by the Board.

16 C. A participant may elect one or a combination of the
17 following alternative distribution forms:

- 18 1. A lifetime annuity based on a portion of ~~their~~ his or her
19 individual account;
- 20 2. Lump-sum amounts;
- 21 3. Periodic distributions, as authorized by the Board; or
- 22 4. Deferred distributions until otherwise required by federal
23 law.

1 D. If the participant dies before receiving the entire value of
2 the individual account, it shall be paid to the surviving spouse or
3 an alternative beneficiary designated by the participant or, under
4 applicable law, in a form allowed pursuant to this section.

5 SECTION 7. This act shall become effective November 1, 2026.

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7 60-2-13902 CMA 12/29/25
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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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January 6, 2026

Representative Eaves
Room 547

Re: RBH No. 13902

This bill would increase the minimum employee contribution rate to 5% of compensation in the defined contribution plan. The employers' contribution rate would increase to 7% of compensation plan

RBH No. 13902 is a non fiscal bill under 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