

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

HOUSE BILL 1643

By: Inman

AS INTRODUCED

An Act relating to the Oklahoma Public Employees Retirement System; amending 74 O.S. 2011, Sections 902, as last amended by Section 20, Chapter 297, O.S.L. 2016 and 913, as last amended by Section 111, Chapter 15, O.S.L. 2013 (74 O.S. Supp. 2016, Sections 902 and 913), which relate to definitions and service credit; modifying definition of military service for purposes of service crediting; providing for grant of serviced credit for pre-entry active duty military service; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 902, as last amended by Section 20, Chapter 297, O.S.L. 2016 (74 O.S. Supp. 2016, Section 902), is amended to read as follows:

Section 902. As used in Section 901 et seq. of this title:

(1) "System" means the Oklahoma Public Employees Retirement System as established by this act and as it may hereafter be amended;

1 (2) "Accumulated contributions" means the sum of all
2 contributions by a member to the System which shall be credited to
3 the member's account;

4 (3) "Act" means Sections 901 to 932, inclusive, of this title;

5 (4) "Actuarial equivalent" means a deferred income benefit of
6 equal value to the accumulated deposits or benefits when computed
7 upon the basis of the actuarial tables in use by the System;

8 (5) "Actuarial tables" means the actuarial tables approved and
9 in use by the Board at any given time;

10 (6) "Actuary" means the actuary or firm of actuaries employed
11 by the Board at any given time;

12 (7) "Beneficiary" means any person named by a member to receive
13 any benefits as provided for by Section 901 et seq. of this title.
14 If there is no beneficiary living at time of member employee's
15 death, the member's estate shall be the beneficiary;

16 (8) "Board" means the Oklahoma Public Employees Retirement
17 System Board of Trustees;

18 (9) "Compensation" means all salary and wages, as defined by
19 the Board of Trustees, including amounts deferred under deferred
20 compensation agreements entered into between a member and a
21 participating employer, but exclusive of payment for overtime,
22 payable to a member of the System for personal services performed
23 for a participating employer but shall not include compensation or
24

1 reimbursement for traveling, or moving expenses, or any compensation
2 in excess of the maximum compensation level, provided:

3 (a) For compensation for service prior to January 1, 1988,
4 the maximum compensation level shall be Twenty-five
5 Thousand Dollars (\$25,000.00) per annum.

6 For compensation for service on or after January 1,
7 1988, through June 30, 1994, the maximum compensation
8 level shall be Forty Thousand Dollars (\$40,000.00) per
9 annum.

10 For compensation for service on or after July 1, 1994,
11 through June 30, 1995, the maximum compensation level
12 shall be Fifty Thousand Dollars (\$50,000.00) per
13 annum; for compensation for service on or after July
14 1, 1995, through June 30, 1996, the maximum

15 compensation level shall be Sixty Thousand Dollars
16 (\$60,000.00) per annum; for compensation for service
17 on or after July 1, 1996, through June 30, 1997, the
18 maximum compensation level shall be Seventy Thousand
19 Dollars (\$70,000.00) per annum; and for compensation
20 for service on or after July 1, 1997, through June 30,
21 1998, the maximum compensation level shall be Eighty
22 Thousand Dollars (\$80,000.00) per annum. For
23 compensation for services on or after July 1, 1998,
24

1 there shall be no maximum compensation level for
2 retirement purposes.

3 (b) Compensation for retirement purposes shall include any
4 amount of elective salary reduction under Section 457
5 of the Internal Revenue Code of 1986 and any amount of
6 nonelective salary reduction under Section 414(h) of
7 the Internal Revenue Code of 1986.

8 (c) Notwithstanding any provision to the contrary, the
9 compensation taken into account for any employee in
10 determining the contribution or benefit accruals for
11 any plan year is limited to the annual compensation
12 limit under Section 401(a)(17) of the federal Internal
13 Revenue Code.

14 (d) Current appointed members of the Oklahoma Tax
15 Commission whose salary is constitutionally limited
16 and is less than the highest salary allowed by law for
17 his or her position shall be allowed, within ninety
18 (90) days from the effective date of this act, to make
19 an election to use the highest salary allowed by law
20 for the position to which the member was appointed for
21 the purposes of making contributions and determination
22 of retirement benefits. Such election shall be
23 irrevocable and be in writing. Reappointment to the
24 same office shall not permit a new election. Members

1 appointed to the Oklahoma Tax Commission after the
2 effective date of this act shall make such election,
3 pursuant to this subparagraph, within ninety (90) days
4 of taking office;

5 (10) "Credited service" means the sum of participating service,
6 prior service and elected service;

7 (11) "Dependent" means a parent, child, or spouse of a member
8 who is dependent upon the member for at least one-half (1/2) of the
9 member's support;

10 (12) "Effective date" means the date upon which the System
11 becomes effective by operation of law;

12 (13) "Eligible employer" means the state and any county, county
13 hospital, city or town, conservation districts, circuit engineering
14 districts and any public or private trust in which a county, city or
15 town participates and is the primary beneficiary, is to be an
16 eligible employer for the purpose of this act only, whose employees
17 are covered by Social Security and are not covered by or eligible
18 for another retirement plan authorized under the laws of this state
19 which is in operation on the initial entry date. Emergency medical
20 service districts may join the System upon proper application to the
21 Board. Provided affiliation by a county hospital shall be in the
22 form of a resolution adopted by the board of control.

23 (a) If a class or several classes of employees of any
24 above-defined employers are covered by Social Security

1 and are not covered by or eligible for and will not
2 become eligible for another retirement plan authorized
3 under the laws of this state, which is in operation on
4 the effective date, such employer shall be deemed an
5 eligible employer, but only with respect to that class
6 or those classes of employees as defined in this
7 section.

8 (b) A class or several classes of employees who are
9 covered by Social Security and are not covered by or
10 eligible for and will not become eligible for another
11 retirement plan authorized under the laws of this
12 state, which is in operation on the effective date,
13 and when the qualifications for employment in such
14 class or classes are set by state law; and when such
15 class or classes of employees are employed by a county
16 or municipal government pursuant to such
17 qualifications; and when the services provided by such
18 employees are of such nature that they qualify for
19 matching by or contributions from state or federal
20 funds administered by an agency of state government
21 which qualifies as a participating employer, then the
22 agency of state government administering the state or
23 federal funds shall be deemed an eligible employer,
24 but only with respect to that class or those classes

1 of employees as defined in this subsection; provided,
2 that the required contributions to the retirement plan
3 may be withheld from the contributions of state or
4 federal funds administered by the state agency and
5 transmitted to the System on the same basis as the
6 employee and employer contributions are transmitted
7 for the direct employees of the state agency. The
8 retirement or eligibility for retirement under the
9 provisions of law providing pensions for service as a
10 volunteer firefighter shall not render any person
11 ineligible for participation in the benefits provided
12 for in Section 901 et seq. of this title. An employee
13 of any public or private trust in which a county, city
14 or town participates and is the primary beneficiary
15 shall be deemed to be an eligible employee for the
16 purpose of this act only.

17 (c) All employees of the George Nigh Rehabilitation
18 Institute who elected to retain membership in the
19 System, pursuant to Section 913.7 of this title, shall
20 continue to be eligible employees for the purposes of
21 this act. The George Nigh Rehabilitation Institute
22 shall be considered a participating employer only for
23 such employees.

1 (d) All employees of CompSource Mutual Insurance Company
2 who retain membership in the Oklahoma Public Employees
3 Retirement System pursuant to Section 913.9 of this
4 title shall continue to be eligible employees for the
5 purposes of the Oklahoma Public Employees Retirement
6 System. CompSource Mutual Insurance Company shall be
7 considered a participating employer only for such
8 employees.

9 (e) All employees of a successor organization, as defined
10 by Section 5-60.12 of Title 2 of the Oklahoma
11 Statutes, who retain membership in the Oklahoma Public
12 Employees Retirement System pursuant to Section 5-
13 60.35 of Title 2 of the Oklahoma Statutes shall
14 continue to be eligible employees for the purposes of
15 the Oklahoma Public Employees Retirement System. A
16 successor organization shall be considered a
17 participating employer only for such employees.

18 (f) A participating employer of the Teachers' Retirement
19 System of Oklahoma, who has one or more employees who
20 have made an election pursuant to enabling legislation
21 to retain membership in the System as a result of
22 change in administration, shall be considered a
23 participating employer of the Oklahoma Public
24 Employees Retirement System only for such employees;

1 (14) "Employee" means any officer or employee of a
2 participating employer, whose employment is not seasonal or
3 temporary and whose employment requires at least one thousand
4 (1,000) hours of work per year and whose salary or wage is equal to
5 the hourly rate of the monthly minimum wage for state employees.
6 For those eligible employers outlined in Section 910 of this title,
7 the rate shall be equal to the hourly rate of the monthly minimum
8 wage for that employer. Each employer, whose minimum wage is less
9 than the state's minimum wage, shall inform the System of the
10 minimum wage for that employer. This notification shall be by
11 resolution of the governing body.

12 (a) Any employee of the county extension agents who is not
13 currently participating in the Teachers' Retirement
14 System of Oklahoma shall be a member of this System.

15 (b) Eligibility shall not include any employee who is a
16 contributing member of the United States Civil Service
17 Retirement System.

18 (c) It shall be mandatory for an officer, appointee or
19 employee of the office of district attorney to become
20 a member of this System if he or she is not currently
21 participating in a county retirement system. Provided
22 further, that if an officer, appointee or employee of
23 the office of district attorney is currently
24 participating in such county retirement system, he or

1 she is ineligible for this System as long as he or she
2 is eligible for such county retirement system. Any
3 eligible officer, appointee or employee of the office
4 of district attorney shall be given credit for prior
5 service as defined in this section. The provisions
6 outlined in Section 917 of this title shall apply to
7 those employees who have previously withdrawn their
8 contributions.

9 (d) Eligibility shall also not include any officer or
10 employee of the Oklahoma Employment Security
11 Commission, except for those officers and employees of
12 the Commission electing to transfer to this System
13 pursuant to the provisions of Section 910.1 of this
14 title or any other class of officers or employees
15 specifically exempted by the laws of this state,
16 unless there be a consolidation as provided by Section
17 912 of this title. Employees of the Oklahoma
18 Employment Security Commission who are ineligible for
19 enrollment in the Employment Security Commission
20 Retirement Plan, that was in effect on January 1,
21 1964, shall become members of this System.

22 (e) Any employee employed by the Legislative Service
23 Bureau, State Senate or House of Representatives for
24 the full duration of a regular legislative session

1 shall be eligible for membership in the System
2 regardless of classification as a temporary employee
3 and may participate in the System during the regular
4 legislative session at the option of the employee.
5 For purposes of this subparagraph, the determination
6 of whether an employee is employed for the full
7 duration of a regular legislative session shall be
8 made by the Legislative Service Bureau if such
9 employee is employed by the Legislative Service
10 Bureau, the State Senate if such employee is employed
11 by the State Senate, or by the House of
12 Representatives if such employee is employed by the
13 House of Representatives. Each regular legislative
14 session during which the legislative employee or an
15 employee of the Legislative Service Bureau
16 participates full time shall be counted as six (6)
17 months of full-time participating service.

18 (i) Except as otherwise provided by this
19 subparagraph, once a temporary session employee
20 makes a choice to participate or not, the choice
21 shall be binding for all future legislative
22 sessions during which the employee is employed.

23 (ii) Notwithstanding the provisions of division (i) of
24 this subparagraph, any employee, who is eligible

1 for membership in the System because of the
2 provisions of this subparagraph and who was
3 employed by the State Senate or House of
4 Representatives after January 1, 1989, may file
5 an election, in a manner specified by the Board,
6 to participate as a member of the System prior to
7 September 1, 1989.

8 (iii) Notwithstanding the provisions of division (i) of
9 this subparagraph, a temporary legislative
10 session employee who elected to become a member
11 of the System may withdraw from the System
12 effective the day said employee elected to
13 participate in the System upon written request to
14 the Board. Any such request must be received by
15 the Board prior to October 1, 1990. All employee
16 contributions made by the temporary legislative
17 session employee shall be returned to the
18 employee without interest within four (4) months
19 of receipt of the written request.

20 (iv) A member of the System who did not initially
21 elect to participate as a member of the System
22 pursuant to this subparagraph shall be able to
23 acquire service performed as a temporary
24 legislative session employee for periods of

1 service performed prior to the date upon which
2 the person became a member of the System if:

- 3 a. the member files an election with the System
4 not later than December 31, 2000, to
5 purchase the prior service; and
- 6 b. the member makes payment to the System of
7 the actuarial cost of the service credit
8 pursuant to subsection A of Section 913.5 of
9 this title. The provisions of Section 913.5
10 of this title shall be applicable to the
11 purchase of the service credit, including
12 the provisions for determining service
13 credit in the event of incomplete payment
14 due to cessation of payments, death,
15 termination of employment or retirement, but
16 the payment may extend for a period not to
17 exceed ninety-six (96) months;

18 (15) "Entry date" means the date on which an eligible employer
19 joins the System. The first entry date pursuant to Section 901 et
20 seq. of this title shall be January 1, 1964;

21 (16) "Executive Director" means the managing officer of the
22 System employed by the Board under Section 901 et seq. of this
23 title;

24

1 (17) "Federal Internal Revenue Code" means the federal Internal
2 Revenue Code of 1954 or 1986, as amended and as applicable to a
3 governmental plan as in effect on July 1, 1999;

4 (18) "Final average compensation" means the average annual
5 compensation, including amounts deferred under deferred compensation
6 agreements entered into between a member and a participating
7 employer, up to, but not exceeding the maximum compensation levels
8 as provided in paragraph (9) of this section received during the
9 highest three (3) of the last ten (10) years of participating
10 service immediately preceding retirement or termination of
11 employment and with respect to members whose first participating
12 service occurs on or after July 1, 2013, the compensation received
13 during the highest five (5) of the last ten (10) years of
14 participating service immediately preceding retirement or
15 termination of employment. Provided, no member shall retire with a
16 final average compensation unless the member has made the required
17 contributions on such compensation, as defined by the Board of
18 Trustees;

19 (19) "Fiscal year" means the period commencing July 1 of any
20 year and ending June 30 of the next year. The fiscal year is the
21 plan year for purposes of the federal Internal Revenue Code;
22 however, the calendar year is the limitation year for purposes of
23 Section 415 of the federal Internal Revenue Code;

1 (20) "Fund" means the Oklahoma Public Employees Retirement Fund
2 as created by Section 901 et seq. of this title;

3 (21) "Leave of absence" means a period of absence from
4 employment without pay, authorized and approved by the employer and
5 acknowledged to the Board, and which after the effective date does
6 not exceed two (2) years;

7 (22) "Member" means an eligible employee or elected official
8 who is in the System and is making the required employee or elected
9 official contributions, or any former employee or elected official
10 who shall have made the required contributions to the System and
11 shall have not received a refund or withdrawal;

12 (23) "Military service" means service in the Armed Forces of
13 the United States by an honorably discharged person during the
14 following time periods, as reflected on such person's Defense
15 Department Form 214, not to exceed five (5) years for combined
16 participating and/or prior service, as follows, or the period of
17 military service described by subparagraph (c) of this paragraph:

18 (a) during the following periods, including the beginning
19 and ending dates, and only for the periods served,
20 from:

21 (i) April 6, 1917, to November 11, 1918, commonly
22 referred to as World War I,

23 (ii) September 16, 1940, to December 7, 1941, as a
24 member of the 45th Division,

- 1 (iii) December 7, 1941, to December 31, 1946, commonly
2 referred to as World War II,
- 3 (iv) June 27, 1950, to January 31, 1955, commonly
4 referred to as the Korean Conflict or the Korean
5 War,
- 6 (v) February 28, 1961, to May 7, 1975, commonly
7 referred to as the Vietnam era, except that:
8 a. for the period from February 28, 1961, to
9 August 4, 1964, military service shall only
10 include service in the Republic of Vietnam
11 during that period, and
12 b. for purposes of determining eligibility for
13 education and training benefits, such period
14 shall end on December 31, 1976, or
- 15 (vi) August 1, 1990, to December 31, 1991, commonly
16 referred to as the Gulf War, the Persian Gulf
17 War, or Operation Desert Storm, but excluding any
18 person who served on active duty for training
19 only, unless discharged from such active duty for
20 a service-connected disability;
- 21 (b) during a period of war or combat military operation
22 other than a conflict, war or era listed in
23 subparagraph (a) of this paragraph, beginning on the
24 date of Congressional authorization, Congressional

1 resolution, or Executive Order of the President of the
2 United States, for the use of the Armed Forces of the
3 United States in a war or combat military operation,
4 if such war or combat military operation lasted for a
5 period of ninety (90) days or more, for a person who
6 served, and only for the period served, in the area of
7 responsibility of the war or combat military
8 operation, but excluding a person who served on active
9 duty for training only, unless discharged from such
10 active duty for a service-connected disability, and
11 provided that the burden of proof of military service
12 during this period shall be with the member, who must
13 present appropriate documentation establishing such
14 service, or

15 (c) any period of active duty military service in any
16 branch of the United States Armed Forces or in any
17 component of the reserve forces of any of the branches
18 of the United States Armed Forces.

19 An eligible member under this paragraph shall include only those
20 persons who shall have served during the times or in the areas
21 prescribed in this paragraph, and only if such person provides
22 appropriate documentation in such time and manner as required by the
23 System to establish such military service prescribed in this
24 paragraph, or for service pursuant to subdivision a of division (v)

1 of subparagraph (a) of this paragraph those persons who were awarded
2 service medals, as authorized by the United States Department of
3 Defense as reflected in the veteran's Defense Department Form 214,
4 related to the Vietnam Conflict for service prior to August 5, 1964;

5 (24) "Normal retirement date" means the date on which a member
6 may retire with full retirement benefits as provided in Section 901
7 et seq. of this title, such date being whichever occurs first:

8 (a) the first day of the month coinciding with or
9 following a member's:

10 (1) sixty-second birthday with respect to members
11 whose first participating service occurs prior to
12 November 1, 2011, or

13 (2) sixty-fifth birthday with respect to members
14 whose first participating service occurs on or
15 after November 1, 2011, or with respect to
16 members whose first participating service occurs
17 on or after November 1, 2011, reaches a minimum
18 age of sixty (60) years and who also reaches a
19 normal retirement date pursuant to subparagraph c
20 of this paragraph,

21 (b) for any person who initially became a member prior to
22 July 1, 1992, and who does not reach a normal
23 retirement date pursuant to division (1) of
24 subparagraph (a) of this paragraph, the first day of

1 the month coinciding with or following the date at
2 which the sum of a member's age and number of years of
3 credited service total eighty (80); such a normal
4 retirement date will also apply to any person who
5 became a member of the sending system as defined in
6 Section 901 et seq. of this title, prior to July 1,
7 1992, regardless of whether there were breaks in
8 service after July 1, 1992,

9 (c) for any person who became a member after June 30,
10 1992, but prior to November 1, 2011, and who does not
11 reach a normal retirement date pursuant to division
12 (1) of subparagraph (a) of this paragraph, the first
13 day of the month coinciding with or following the date
14 at which the sum of a member's age and number of years
15 of credited service total ninety (90),

16 (d) in addition to subparagraphs (a), (b) and (c) of this
17 paragraph, the first day of the month coinciding with
18 or following a member's completion of at least twenty
19 (20) years of full-time-equivalent employment as:

20 (i) a correctional or probation and parole officer
21 with the Department of Corrections and at the
22 time of retirement, the member was a correctional
23 or probation and parole officer with the
24 Department of Corrections, or

1 (ii) a correctional officer, probation and parole
2 officer or fugitive apprehension agent with the
3 Department of Corrections who is in such position
4 on June 30, 2004, or who is hired after June 30,
5 2004, and who receives a promotion or change in
6 job classification after June 30, 2004, to
7 another position in the Department of
8 Corrections, so long as such officer or agent has
9 at least five (5) years of service as a
10 correctional officer, probation and parole
11 officer or fugitive apprehension agent with the
12 Department, has twenty (20) years of full-time-
13 equivalent employment with the Department and was
14 employed by the Department at the time of
15 retirement, or

16 (iii) a firefighter with the Oklahoma Military
17 Department either employed for the first time on
18 or after July 1, 2002, or who was employed prior
19 to July 1, 2002, in such position and who makes
20 the election authorized by division (2) of
21 subparagraph b of paragraph (9) of subsection A
22 of Section 915 of this title and at the time of
23 retirement, the member was a firefighter with the
24 Oklahoma Military Department, and such member has

1 at least twenty (20) years of credited service
2 upon which the two and one-half percent (2 1/2%)
3 multiplier will be used in calculating the
4 retirement benefit, or

5 (iv) a public safety officer employed by the Grand
6 River Dam Authority for the first time on or
7 after the effective date of this act,

8 (e) for those fugitive apprehension agents who retire on
9 or after July 1, 2002, the first day of the month
10 coinciding with or following a member's completion of
11 at least twenty (20) years of full-time-equivalent
12 employment as a fugitive apprehension agent with the
13 Department of Corrections and at the time of
14 retirement, the member was a fugitive apprehension
15 agent with the Department of Corrections, or

16 (f) for any member who was continuously employed by an
17 entity or institution within The Oklahoma State System
18 of Higher Education and whose initial employment with
19 such entity or institution was prior to July 1, 1992,
20 and who without a break in service of more than thirty
21 (30) days became employed by an employer participating
22 in the Oklahoma Public Employees Retirement System,
23 the first day of the month coinciding with or
24 following the date at which the sum of the member's

1 age and number of years of credited service total
2 eighty (80);

3 (25) "Participating employer" means an eligible employer who
4 has agreed to make contributions to the System on behalf of its
5 employees;

6 (26) "Participating service" means the period of employment
7 after the entry date for which credit is granted a member;

8 (27) "Prior service" means the period of employment of a member
9 by an eligible employer prior to the member's entry date for which
10 credit is granted a member under Section 901 et seq. of this title;

11 (28) "Retirant" or "retiree" means a member who has retired
12 under the System;

13 (29) "Retirement benefit" means a monthly income with benefits
14 accruing from the first day of the month coinciding with or
15 following retirement and ending on the last day of the month in
16 which death occurs or the actuarial equivalent thereof paid in such
17 manner as specified by the member pursuant to Section 901 et seq. of
18 this title or as otherwise allowed to be paid at the discretion of
19 the Board;

20 (30) "Retirement coordinator" means the individual designated
21 by each participating employer through whom System transactions and
22 communication shall be directed;

23 (31) "Social Security" means the old-age survivors and
24 disability section of the Federal Social Security Act;

1 (32) "Total disability" means a physical or mental disability
2 accepted for disability benefits by the Federal Social Security
3 System;

4 (33) "Service-connected disability benefits" means military
5 service benefits which are for a service-connected disability rated
6 at twenty percent (20%) or more by the Veterans Administration or
7 the Armed Forces of the United States;

8 (34) "Elected official" means a person elected to a state
9 office in the legislative or executive branch of state government or
10 a person elected to a county office for a definite number of years
11 and shall include an individual who is appointed to fill the
12 unexpired term of an elected state official;

13 (35) "Elected service" means the period of service as an
14 elected official;

15 (36) "Limitation year" means the year used in applying the
16 limitations of Section 415 of the Internal Revenue Code of 1986,
17 which year shall be the calendar year; and

18 (37) "Public safety officers of the Grand River Dam Authority"
19 means those persons hired by the Grand River Dam Authority on or
20 after the effective date of this act who are certified by the
21 Council on Law Enforcement Education and Training or an equivalent
22 certifying entity for law enforcement personnel training and who
23 perform law enforcement functions as part of their regularly
24 assigned duties and responsibilities on a full-time basis. With

1 respect to any public safety officer hired by the Grand River Dam
2 Authority on or after the effective date of this act, any earned
3 benefits or credits toward retirement benefits from previous
4 participation within the Oklahoma Public Employees Retirement System
5 or the Oklahoma Law Enforcement Retirement System shall remain
6 within that system.

7 SECTION 2. AMENDATORY 74 O.S. 2011, Section 913, as last
8 amended by Section 111, Chapter 15, O.S.L. 2013 (74 O.S. Supp. 2016,
9 Section 913), is amended to read as follows:

10 Section 913. A. Prior service shall be credited as follows:

11 1. A member shall receive full credit for employment with any
12 participating employer prior to the entry date of his or her
13 employer whether or not continuous and whether or not he or she was
14 employed with a participating employer on such entry date, provided
15 that any member who has retired before the passage of Section 901 et
16 seq. of this title, shall not receive retirement benefits
17 retroactively for such prior service. Provided, that at such time
18 that an employer becomes a participating employer on or after
19 January 1, 1965, and before January 1, 1975, each member and each
20 retirant, upon making proper written application therefor, shall
21 receive prior service credit for service with such employer in the
22 same manner as if such participating employer had been a
23 participating employer on the date first eligible to become a
24 participating employer; and increased benefits attributable to such

1 increased prior service credit shall commence with the next monthly
2 benefit payment due following receipt and approval of such
3 application by the Board of Trustees. No prior service shall be
4 granted, however, for periods of service in which the employee made
5 contributions which he or she subsequently withdrew, unless he or
6 she has complied with the provisions of subsection (5) of Section
7 917 of this title. The burden of proof regarding prior service
8 shall be with the member and shall be documented in such manner as
9 the Board may direct;

10 2. Any member who was employed in an institution of higher
11 learning by a State Board of Regents or who was employed by an
12 Oklahoma school district prior to July 1, 1943, may receive prior
13 service credit under this act for the period of time they were so
14 employed;

15 3. Any member who:

16 (a) served in the Armed Forces of the United States, as
17 defined in paragraph (23) of Section 902 of this
18 title, prior to membership in the Oklahoma Public
19 Employees Retirement System shall be granted prior
20 service credit, not to exceed five (5) years, for
21 those periods of active military service during which
22 he or she was a war veteran. For a member of the
23 System hired on or after July 1, 2003, if the military
24 service credit authorized by this paragraph is used to

1 compute the retirement benefit of the member and the
2 member retires from the System, such military service
3 credit shall not be used to compute the retirement
4 benefit in any other retirement system created
5 pursuant to the Oklahoma Statutes and the member may
6 receive credit for such service only in the retirement
7 system from which the member first retires, or
8 (b) has military service as defined by subparagraph (c) of
9 paragraph (23) of Section 902 of this title, prior to
10 membership in the System, shall be granted service
11 credit for all years of such pre-entry active duty
12 military service;

13 4. An elective state, county, city or town official who is
14 ineligible for membership as a result of any applicable state law or
15 constitutional provision making him or her ineligible solely because
16 of his or her being such an official at the time of his or her
17 eligibility for membership at the time his or her employer becomes a
18 participating employer shall nevertheless not forfeit the prior
19 service credit to which he or she would be entitled except for such
20 ineligibility, provided that he or she either:

21 a. becomes an employee of a participating employer within
22 four (4) calendar months of the expiration of his or
23 her term of office current at the time of his or her
24

1 eligibility except for his or her being an elective
2 state or county official, or

3 b. within a period of four (4) years after the expiration
4 of his or her term of office current at the time of
5 his or her eligibility except for his or her being an
6 elective state or county official, is elected as a
7 state or county official and thereupon becomes a
8 member of the System, or

9 c. has completed ten (10) years of credited service as of
10 the date of his or her eligibility for membership
11 except for his or her being an elective state or
12 county official;

13 5. Beginning July 1, 1965, all employees of the Department of
14 Human Services shall participate in the Oklahoma Public Employees
15 Retirement System to the same extent as other employees of
16 participating employers in such System. Provided, that any employee
17 performing teaching services in the Oklahoma School for the Deaf or
18 the Oklahoma School for the Blind may elect to participate in the
19 Teachers' Retirement System of Oklahoma in lieu of the Oklahoma
20 Public Employees Retirement System; and any other employee at each
21 such institution or any other institution under the jurisdiction of
22 the Department of Human Services, participating in the Teachers'
23 Retirement System of Oklahoma, may elect to continue to participate
24 in such system in lieu of the Oklahoma Public Employees Retirement

1 System. All employees who shall have participated in the Teachers'
2 Retirement System of Oklahoma and not continuing therein shall have
3 the right to withdraw their membership from the Teachers' Retirement
4 System of Oklahoma on the same terms as other members withdrawing
5 from such System before retirement. Provided, all persons employed
6 at the Oklahoma School for the Blind and Oklahoma School for the
7 Deaf on June 30, 1965, who became subject to the Oklahoma Public
8 Employees Retirement System, on July 1, 1965, shall receive credit
9 for prior service and be eligible for participation, regardless of
10 age;

11 6. A member employed as a temporary employee by the Legislative
12 Service Bureau or its predecessors, the State Senate or the House of
13 Representatives for the full duration of a regular legislative
14 session prior to the member's eligibility for membership in the
15 System shall receive six (6) months of prior service credit for each
16 such full regular legislative session if the employee is employed by
17 the Legislative Service Bureau or its predecessors, the State Senate
18 or the House of Representatives as either a full-time or temporary
19 employee for a minimum of six (6) full regular legislative sessions
20 beginning January 1, 1983. For purposes of this subsection, the
21 determination of whether an employee is employed for the full
22 duration of a regular legislative session shall be made by the
23 Legislative Service Bureau if such employee is employed by the
24 Legislative Service Bureau, the State Senate if such employee is

1 employed by the State Senate, or by the House of Representatives if
2 such employee is employed by the House of Representatives;

3 7. A member of the System shall receive prior service credit
4 for any years of service after January 1, 1975, the member had with
5 a participating employer if the member is not receiving or eligible
6 to receive such prior service credit for the same time in any other
7 state or county retirement system authorized by law. To receive the
8 service credit, the member shall pay the amount determined by the
9 Board pursuant to Section 913.5 of this title; and

10 8. Any member who is a state employee and receives temporary
11 total disability benefits during the period of absence with a
12 participating employer due to a work-related injury or illness
13 incurred while engaged in a governmental function for said
14 participating employer pursuant to the Workers' Compensation Act
15 shall receive credit for participating service during said period of
16 absence subject to the following requirements:

- 17 a. the member was employed by the participating employer
18 immediately prior to and during the period of absence,
- 19 b. the member must notify the System in writing not later
20 than four (4) months after the member's return to his
21 or her job duties with the participating employer, or
22 termination of employment with the participating
23 employer, or termination of the temporary total
24 disability benefits, whichever is earlier, of the

1 member's desire to receive participating service
2 credit for the period of absence,

3 c. the participating employer must certify to the System
4 in writing the dates during which temporary total
5 disability benefits payments were paid to the member,
6 and

7 d. the member and the participating employer shall each
8 pay their respective contributions required for the
9 period of absence without interest within sixty (60)
10 days of invoicing by the System, or with interest of
11 seven and one-half percent (7 1/2%) compounded
12 annually if paid after said sixty (60) days.

13 B. Participating service shall be credited as follows:

14 1. A member shall receive credit for participating service with
15 a participating employer in accordance with the rules and
16 regulations established by the Board; provided, however, that a
17 member who is not a full-time employee shall receive prorated credit
18 for actual hours worked;

19 2. Leaves of absence shall not count as a break in continuous
20 employment provided the member leaves his or her accumulated
21 contribution on deposit with the fund; however, the leaves of
22 absence shall not be credited except that involuntary furloughs
23 established by Office of Management and Enterprise Services rules,
24 involuntary furloughs of employees of a district attorney conducted

1 in substantial compliance with the rules of the Office of Management
2 and Enterprise Services as certified by the District Attorneys
3 Council, involuntary furloughs of employees pursuant to a furlough
4 plan adopted by the President Pro Tempore of the Senate or the
5 Speaker of the House of Representatives as authorized in Section
6 840-5.1 of this title and involuntary furloughs of employees
7 authorized by the Oklahoma Supreme Court shall be credited;

8 3. Any member who has served in the Armed Forces of the United
9 States, as defined in paragraph (23) of Section 902 of this title,
10 shall be granted participating service for those periods of active
11 military service during which he or she was a war veteran provided
12 this service is immediately preceded by a period of employment with
13 a participating employer and is followed by return to employment as
14 an employee with the same or another participating employer within
15 ninety (90) days immediately following discharge from such military
16 service provided the member leaves his or her accumulated
17 contributions on deposit with the fund;

18 4. A period of total disability under the System immediately
19 followed by employment with a participating employer, shall not
20 count as a break in continuous employment; provided, that such
21 periods while not employed shall not be credited except that
22 involuntary furloughs established by Office of Management and
23 Enterprise Services Rule 6.13, shall be credited;

1 5. Termination of employment with a participating employer
2 followed by employment with the same or another participating
3 employer within four (4) calendar months shall not constitute a
4 break in continuous employment; provided, that such period while not
5 employed shall not be credited as participating service;

6 6. Provided, however, that all employee contributions required
7 by this act made by employees prior to June 30, 1977, will entitle
8 the employee to additional years of participating service in
9 accordance with the following schedule.

10 Employee accumulated contributions:

11 More than \$1.00 up to \$500	= 1 year participating service
12 More than \$500 up to \$1,000	= 2 years participating service
13 More than \$1,000 up to \$1,500	= 3 years participating service
14 More than \$1,500 up to \$2,000	= 4 years participating service
15 More than \$2,000	= 5 years participating service

16 In no event shall the employee be entitled to more than five (5)
17 additional years of participating service as provided hereunder.

18 Provided further, that upon termination of employment prior to
19 retirement, the accumulated contributions will be credited as above
20 indicated to establish a vested benefit if so elected by any such
21 employee; and

22 7. a. The total participating service credit of a member who
23 retires or terminates employment and elects a vested
24 benefit shall include not to exceed one hundred thirty

1 (130) days of unused sick leave accumulated subsequent
2 to August 1, 1959, during the member's employment with
3 any participating employer. Such credit shall be
4 added in terms of whole months. Twenty (20) days of
5 unused sick leave shall equal one (1) month for
6 purposes of participating service credit. If unused
7 sick leave entitles a member to an additional year of
8 service credit, the member's employer shall reimburse
9 the System for the cost of funding the additional
10 reserve. Each participating employer shall provide
11 the System with adequate and timely information
12 necessary to determine additional benefits and its
13 cost under this paragraph. This subparagraph shall
14 apply to members retiring or vesting on or after July
15 1, 1984.

16 b. For members who join the System on or after November
17 1, 2012, unused sick leave as set forth in
18 subparagraph a of this paragraph shall be credited at
19 the same rate but not used to round up to another
20 year. Instead, any additional months of unused sick
21 leave credit shall be added to other service credit
22 without rounding.

23 c. In determining the number of years of credited service, a
24 fractional year of six (6) months or more shall be considered as one

1 (1) year, and less than six (6) months shall be disregarded. For
2 members who join the System on or after November 1, 2012, the number
3 of years of credited service shall be based on actual years and
4 months of credited service without rounding up or down.

5 D. A member may receive credit for those years of credited
6 service accumulated by the member while a member of the Oklahoma
7 Firefighters Pension and Retirement System, the Oklahoma Police
8 Pension and Retirement System, the Uniform Retirement System for
9 Justices and Judges, the Oklahoma Law Enforcement Retirement System,
10 or the Teachers' Retirement System of Oklahoma, if the member is not
11 receiving or eligible to receive retirement credit or benefits from
12 said service in any other public retirement system. To receive the
13 service credit, the member shall pay the amount determined by the
14 Board pursuant to Section 913.5 of this title.

15 E. A member may receive credit for those years of service
16 accumulated by the member as an elected official if the member is
17 not receiving or eligible to receive retirement credit or benefits
18 from said service in any public retirement system. Prior to January
19 1, 1991, to receive the service credit, the member shall pay to the
20 Board for each year of service purchased pursuant to this subsection
21 a sum equal to the employee and employer contribution rate that
22 would have been applicable to the member as determined by the Board
23 and interest of not to exceed five percent (5%), and effective
24 January 1, 1991, to receive the service credit, the member shall pay

1 the amount determined by the Board pursuant to Section 913.5 of this
2 title.

3 F. Effective December 12, 1994, and thereafter, a leave of
4 absence on account of a period of qualified military service in the
5 uniformed services of the United States within the meaning of
6 Section 414(u)(5) of the federal Internal Revenue Code, followed by
7 a return to employment with the participating employer within ninety
8 (90) days after completion of the period of service may be eligible
9 for credited service under this System. Notwithstanding any
10 provision of this plan to the contrary, contributions, benefits and
11 service credit with respect to qualified military service will be
12 allowed in accordance with Section 414(u) of the federal Internal
13 Revenue Code.

14 G. 1. An active member of the Oklahoma Public Employees
15 Retirement System may receive credit for those years of service
16 accumulated by the member while a member of the Teachers' Retirement
17 System of Oklahoma if:

- 18 a. the member is an active member of the Oklahoma Public
19 Employees Retirement System, and
- 20 b. the member provides notice to the Teachers' Retirement
21 System of Oklahoma and the Oklahoma Public Employees
22 Retirement System of the member's election to transfer
23 said retirement credit. The notice shall include a
24 list of the years to be transferred, and

1 c. the member is not receiving or eligible to receive
2 retirement credit or benefits from said service in any
3 other public retirement system, notwithstanding the
4 years of service sought to be transferred under this
5 subsection.

6 Members electing to take advantage of the transfer authorized by
7 this subsection who are receiving or eligible to receive retirement
8 credit or benefits from said service in any other public retirement
9 system shall have all service credit with the Teachers' Retirement
10 System of Oklahoma canceled which is not transferred to the Oklahoma
11 Public Employees Retirement System or used as a cash offset in such
12 a transfer pursuant to subparagraph d of paragraph 2 of this
13 subsection. Service credit transferred to the Teachers' Retirement
14 System of Oklahoma under this subsection shall also be canceled with
15 the Oklahoma Public Employees Retirement System.

16 2. For purposes of this subsection, the "sending system" shall
17 mean the Teachers' Retirement System of Oklahoma. The "receiving
18 system" shall mean the Oklahoma Public Employees Retirement System.

19 a. Within thirty (30) days notification of an intent to
20 transfer is received by the sending system, the
21 sending system shall, according to its own rules and
22 regulations:

23 (1) for members who have vested with the sending
24 system, determine the present value of the

1 member's earned benefits attributable to the
2 years of service sought to be transferred,
3 discounted according to the member's age at the
4 time of transfer and computed as of the earliest
5 age at which the member would be able to retire.
6 Said computation shall assume an unreduced
7 benefit and be computed using interest and
8 mortality assumptions consistent with the
9 actuarial assumptions adopted by the Board of
10 Trustees for purposes of preparing the annual
11 actuarial evaluation but shall not make any
12 projections regarding future salary. For vested
13 employees the sending system shall use the
14 product of this calculation for purposes of
15 determining the transfer fee to be paid by the
16 employee under subparagraph c of this paragraph
17 so long as it is greater than the product of the
18 calculation in this division, and

- 19 (2) determine the sum of the employee and employer
20 contributions applicable to the years of service
21 sought to be transferred plus interest consistent
22 with the actuarial assumptions adopted by the
23 Board of Trustees for purposes of preparing the
24 annual actuarial evaluation. For all nonvested

1 members, and for vested members if the product of
2 this calculation is greater than the product of
3 the calculation in division (1) of this
4 subparagraph, the sending system shall use the
5 product of this calculation for purposes of
6 determining the amount to be transferred by the
7 sending system under subparagraph c of this
8 paragraph and any transfer fee to be paid by the
9 members under subparagraph d of this paragraph.

- 10 b. Within thirty (30) days after notification of an
11 intent to transfer is received by the receiving
12 system, the receiving system shall determine,
13 according to the system's own rules and regulations,
14 the present value of the member's incremental
15 projected benefits discounted according to the
16 member's age at the time of the transfer. Incremental
17 projected benefits shall be the difference between the
18 projected benefit said member would receive without
19 transferring the service credit and the projected
20 benefit after transfer of service credit computed as
21 of the earliest age at which the member would be able
22 to retire. Said computation shall assume an unreduced
23 benefit and be computed using interest, salary
24 projections and mortality assumptions consistent with

1 the actuarial assumptions adopted by the Board of
2 Trustees for purposes of preparing the annual
3 actuarial evaluation.

4 c. The sending system shall, within sixty (60) days from
5 the date notification of an intent to transfer is
6 received by the sending system, transfer to the
7 receiving system the amount determined in subparagraph
8 a of this paragraph. Except, if the cost under
9 subparagraph a of this paragraph for the same years of
10 service to the sending system is greater than the
11 actuarial value of the incremental benefit in the
12 receiving system, as established in subparagraph b of
13 this paragraph, the sending system shall send the
14 receiving system an amount equal to the actuarial
15 value of the incremental projected benefit in the
16 receiving system.

17 d. In order to receive the credit provided for in
18 paragraph 1 of this subsection, if the cost of the
19 actuarial value of the incremental benefit to the
20 receiving system is greater than the cost as
21 calculated under subparagraph a of this paragraph for
22 the same years of service to the sending system as
23 established in subparagraphs a and b of this
24 paragraph, the employee shall elect to:

1 (1) pay any difference to receive full credit for the
2 years sought to be transferred, or

3 (2) receive prorated service credit for only the
4 amount received from the Teachers' Retirement
5 System of Oklahoma pursuant to this subsection.

6 Such an election shall be made in writing, filed with
7 the System prior to receiving the credit provided for
8 in paragraph 1 of this subsection, and shall be
9 irrevocable.

10 3. Within sixty (60) days of successfully completing all of the
11 requirements for transfer under this subsection, the sending system
12 shall pay the receiving system any amount due under this subsection.
13 Within sixty (60) days of successfully completing all of the
14 requirements for transfer under this subsection, the member shall
15 pay the receiving system any amount due under this subsection. In
16 the event that the member is unable to pay the transfer fee provided
17 for in this subsection by the due date, the Board of Trustees of the
18 receiving system shall permit the member to amortize the transfer
19 fee over a period not to exceed sixty (60) months. Said payments
20 shall be made by payroll deductions unless the Board of Trustees
21 permits an alternate payment source. The amortization shall include
22 interest in an amount not to exceed the actuarially assumed interest
23 rate adopted by the Board of Trustees for investment earnings each
24 year. Any member who ceases to make payment, terminates, retires or

1 dies before completing the payments provided for in this section
2 shall receive prorated service credit for only those payments made,
3 unless the unpaid balance is paid by said member, his or her estate
4 or successor in interest within six (6) months after said member's
5 death, termination of employment or retirement, provided no
6 retirement benefits shall be payable until the unpaid balance is
7 paid, unless said member or beneficiary affirmatively waives the
8 additional six-month period in which to pay the unpaid balance.

9 4. Years of service transferred pursuant to this subsection
10 shall be used both in determining the member's retirement benefit
11 and in determining the years of service for retirement and/or
12 vesting purposes. Years of service rendered as a member of the
13 Teachers' Retirement System of Oklahoma prior to July 1, 1992, if
14 any, shall be deemed to be years of service rendered as a member of
15 the Oklahoma Public Employees Retirement System prior to July 1,
16 1992, and shall qualify such person as a member of the Oklahoma
17 Public Employees Retirement System before July 1, 1992.

18 5. Notwithstanding the requirements of Section 17-104 of Title
19 70 of the Oklahoma Statutes, members electing to take advantage of
20 the transfer authorized by this subsection who have withdrawn their
21 contributions from the sending system shall remit to the sending
22 system the amount of the accumulated contributions the member has
23 withdrawn plus simple interest of ten percent (10%) per annum prior
24 to making said election or the election shall be deemed invalid and

1 the transfer shall be canceled. If such an election is deemed
2 invalid and the transfer is canceled, the accumulated contribution
3 remitted to the sending system by the member who originally withdrew
4 their contributions shall be returned to the member. The member's
5 rights and obligations regarding any service credit reestablished in
6 the sending system due to a failure to satisfy the requirements of
7 this subsection shall be determined by the sending system in
8 accordance with Section 17-101 et seq. of Title 70 of the Oklahoma
9 Statutes.

10 6. If any member fails for any reason to satisfy the
11 requirements of this subsection, the election to transfer retirement
12 credit shall be void and of no effect, and any retirement credited
13 as a result of this transfer shall be canceled. If such retirement
14 credit is canceled, the years of canceled retirement credit which
15 were unsuccessfully transferred to the receiving system from the
16 sending system shall be reestablished in the sending system. The
17 member's rights and obligations regarding any retirement credit
18 reestablished in the sending system due to a failure to satisfy the
19 requirements of this subsection shall be determined by the sending
20 system in accordance with Section 17-101 et seq. of Title 70 of the
21 Oklahoma Statutes.

22 7. The Board of Trustees shall promulgate such rules as are
23 necessary to implement the provisions of this subsection.

24

1 H. 1. A member of the Teachers' Retirement System of Oklahoma
2 whose last service with the Teachers' Retirement System of Oklahoma
3 was with an entity or institution within The Oklahoma State System
4 of Higher Education, State Board of Education, State Board of Career
5 and Technology Education, Oklahoma Department of Career and
6 Technology Education, Oklahoma School of Science and Mathematics,
7 Oklahoma Center for the Advancement of Science and Technology, State
8 Department of Rehabilitation Services, Oklahoma State Regents for
9 Higher Education, Department of Corrections, State Department of
10 Education, Oklahoma Board of Private Vocational Schools, Board of
11 Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or
12 the Teachers' Retirement System of Oklahoma, may elect to receive
13 credit for those years of service accumulated by the member in the
14 Teachers' Retirement System of Oklahoma, pursuant to this
15 subsection. A member shall be eligible to elect to transfer credit
16 for such years of service from the Teachers' Retirement System of
17 Oklahoma to the Oklahoma Public Employees Retirement System if:

- 18 a. the member is an active member of the Oklahoma Public
19 Employees Retirement System,
- 20 b. the member provides notice to the Teachers' Retirement
21 System of Oklahoma and the Oklahoma Public Employees
22 Retirement System of the member's election to transfer
23 such retirement credit. The notice shall include a
24 list of the years to be transferred, and

1 c. the member is not receiving or eligible to receive
2 retirement credit or benefits from such service in any
3 other public retirement system, notwithstanding the
4 years of service sought to be transferred under this
5 subsection.

6 Members electing to take advantage of the transfer authorized by
7 this subsection shall have all service credit with the Teachers'
8 Retirement System of Oklahoma canceled which is transferred to the
9 Oklahoma Public Employees Retirement System.

10 2. For purposes of this subsection, the "sending system" shall
11 mean the Teachers' Retirement System of Oklahoma. The "receiving
12 system" shall mean the Oklahoma Public Employees Retirement System.
13 Within thirty (30) days after notification of an intent to transfer
14 is received by the sending system, the sending system shall,
15 according to its own rules, send to the receiving system all
16 employer and employee contributions made on behalf of the member
17 which were made to the sending system plus an additional amount of
18 earnings based on the actuarial assumed rate of the sending system.
19 Upon receipt of these contributions by the receiving system, the
20 receiving system shall give credit to the transferring member in an
21 amount equal to the years of service accrued in the sending system.

22 3. If the transferring member's normal retirement date
23 calculation is based upon the sum of the member's age and number of
24 years of credited service totaling eighty (80) in the sending

1 system, then the member shall retain such calculation in the
2 receiving system.

3 4. The Board of Trustees shall promulgate such rules as are
4 necessary to implement the provisions of this subsection.

5 I. A member of the System in the employment of the Governor,
6 the State Senate or the House of Representatives, on or after July
7 1, 1999, may make an election prior to December 31, 2000, which
8 shall be irrevocable and on a form prescribed for such purpose by
9 the System, to continue participation in the System upon becoming
10 employed by a participating employer of the Teachers' Retirement
11 System of Oklahoma. The Board shall promulgate all rules necessary
12 to implement the provisions of this subsection.

13 SECTION 3. This act shall become effective July 1, 2017.

14 SECTION 4. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

18

19 56-1-6321 MAH 01/16/17

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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

January 16, 2017

Representative Scott Inman
Room 548

Re: RBH No. 6321

RBH No. 6321 would allow service credit in the Oklahoma Public Employees Retirement System for active military service with any branch of the U. S. Armed Services or Reserves prior to participating in OPERS. The maximum credit for military service is 5 years.

This bill would increase benefits for some OTRS participants.

RBH No. 6321 is a retirement bill having a fiscal impact as defined by the Oklahoma Pension Legislation Analysis Act.

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