

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 2396

By: Kannady

AS INTRODUCED

An Act relating to the public retirement systems; amending 62 O.S. 2011, Section 3103, as last amended by Section 2, Chapter 245, O.S.L. 2018 (62 O.S. Supp. 2018, Section 3103), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; amending 74 O.S. 2011, Sections 913, as last amended by Section 1, Chapter 21, O.S.L. 2018 and 913.8 (74 O.S. Supp. 2018, Section 913), which relate to service credit for certain periods of military service; providing for purchase of service at actuarial cost; imposing requirements related to purchase of service credit; modifying provisions related to military service credit; and providing effective dates.

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 3103, as last amended by Section 2, Chapter 245, O.S.L. 2018 (62 O.S. Supp. 2018, Section 3103), is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation Actuarial Analysis Act:

- 1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or

1 Senate, any conference committee of the House or Senate or by the  
2 House or Senate;

3 2. "RB number" means that number preceded by the letters "RB"  
4 assigned to a retirement bill by the respective staffs of the  
5 Oklahoma State Senate and the Oklahoma House of Representatives when  
6 the respective staff office prepares a retirement bill for a member  
7 of the Legislature;

8 3. "Legislative Actuary" means the firm or entity that enters  
9 into a contract with the Legislative Service Bureau pursuant to  
10 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the  
11 actuarial services and other duties provided for in the Oklahoma  
12 Pension Legislation Actuarial Analysis Act;

13 4. "Nonfiscal amendment" means an amendment to a retirement  
14 bill having a fiscal impact, which amendment does not change any  
15 factor of an actuarial investigation specified in subsection A of  
16 Section 3109 of this title;

17 5. "Nonfiscal retirement bill" means a retirement bill:

18 a. which does not affect the cost or funding factors of a  
19 retirement system, or

20 b. which affects such factors only in a manner which does  
21 not:

22 (1) grant a benefit increase under the retirement  
23 system affected by the bill,  
24

- 1 (2) create an actuarial accrued liability for or  
2 increase the actuarial accrued liability of the  
3 retirement system affected by the bill, or  
4 (3) increase the normal cost of the retirement system  
5 affected by the bill,

- 6 c. which authorizes the purchase by an active member of  
7 the retirement system, at the actuarial cost for the  
8 purchase as computed pursuant to the statute in effect  
9 on the effective date of the measure allowing such  
10 purchase, of years of service for purposes of reaching  
11 a normal retirement date in the applicable retirement  
12 system, but which cannot be used in order to compute  
13 the number of years of service for purposes of  
14 computing the retirement benefit for the member,  
15 d. which provides for the computation of a service-  
16 connected disability retirement benefit for members of  
17 the Oklahoma Law Enforcement Retirement System  
18 pursuant to Section 2-305 of Title 47 of the Oklahoma  
19 Statutes if the members were unable to complete twenty  
20 (20) years of service as a result of the disability,  
21 e. which requires membership in the defined benefit plan  
22 authorized by Section 901 et seq. of Title 74 of the  
23 Oklahoma Statutes for persons whose first elected or  
24 appointed service occurs on or after November 1, 2018,

1 if such persons had any prior service in the Oklahoma  
2 Public Employees Retirement System prior to November  
3 1, 2015, ~~or~~

4 f. which provides for a one-time increase in retirement  
5 benefits if the increase in retirement benefits is not  
6 a permanent increase in the gross annual retirement  
7 benefit payable to a member or beneficiary, occurs  
8 only once pursuant to a single statutory authorization  
9 and does not exceed:

10 (1) the lesser of two percent (2%) of the gross  
11 annual retirement benefit of the member or One  
12 Thousand Dollars (\$1,000.00) and requires that  
13 the benefit may only be provided if the funded  
14 ratio of the affected retirement system would not  
15 be less than sixty percent (60%) but not greater  
16 than eighty percent (80%) after the benefit  
17 increase is paid,

18 (2) the lesser of two percent (2%) of the gross  
19 annual retirement benefit of the member or One  
20 Thousand Two Hundred Dollars (\$1,200.00) and  
21 requires that the benefit may only be provided if  
22 the funded ratio of the affected retirement  
23 system would be greater than eighty percent (80%)  
24

1 but not greater than one hundred percent (100%)  
2 after the benefit increase is paid,

3 (3) the lesser of two percent (2%) of the gross  
4 annual retirement benefit of the member or One  
5 Thousand Four Hundred Dollars (\$1,400.00) and  
6 requires that the benefit may only be provided if  
7 the funded ratio of the affected retirement  
8 system would be greater than one hundred percent  
9 (100%) after the benefit increase is paid, or

10 (4) the greater of two percent (2%) of the gross  
11 annual retirement benefit of the volunteer  
12 firefighter or One Hundred Dollars (\$100.00) for  
13 persons who retired from the Oklahoma  
14 Firefighters Pension and Retirement System as  
15 volunteer firefighters and who did not retire  
16 from the Oklahoma Firefighters Pension and  
17 Retirement System as a paid firefighter, or

18 g. which allows a member of the Oklahoma Public Employees  
19 Retirement System to purchase service credit at  
20 actuarial cost as provided by Section 2 of this act.

21 As used in this subparagraph, "funded ratio" means the  
22 figure derived by dividing the actuarial value of  
23 assets of the applicable retirement system by the  
24

1           actuarial accrued liability of the applicable  
2           retirement system.

3 A nonfiscal retirement bill shall include any retirement bill that  
4 has as its sole purpose the appropriation or distribution or  
5 redistribution of monies in some manner to a retirement system for  
6 purposes of reducing the unfunded liability of such system or the  
7 earmarking of a portion of the revenue from a tax to a retirement  
8 system or increasing the percentage of the revenue earmarked from a  
9 tax to a retirement system;

10         6. "Reduction-in-cost amendment" means an amendment to a  
11 retirement bill having a fiscal impact which reduces the cost of the  
12 bill as such cost is determined by the actuarial investigation for  
13 the bill prepared pursuant to Section 3109 of this title;

14         7. "Retirement bill" means any bill or joint resolution  
15 introduced or any bill or joint resolution amended by a member of  
16 the Oklahoma Legislature which creates or amends any law directly  
17 affecting a retirement system. A retirement bill shall not mean a  
18 bill or resolution that impacts the revenue of any state tax in  
19 which a portion of the revenue generated from such tax is earmarked  
20 for the benefit of a retirement system;

21         8. "Retirement bill having a fiscal impact" means any  
22 retirement bill creating or establishing a retirement system and any  
23 other retirement bill other than a nonfiscal retirement bill; and  
24

1       9. "Retirement system" means the Teachers' Retirement System of  
2 Oklahoma, the Oklahoma Public Employees Retirement System, the  
3 Uniform Retirement System for Justices and Judges, the Oklahoma  
4 Firefighters Pension and Retirement System, the Oklahoma Police  
5 Pension and Retirement System, the Oklahoma Law Enforcement  
6 Retirement System, or a retirement system established after January  
7 1, 2006.

8       SECTION 2.       AMENDATORY       74 O.S. 2011, Section 913, as last  
9 amended by Section 1, Chapter 21, O.S.L. 2018 (74 O.S. Supp. 2018,  
10 Section 913), is amended to read as follows:

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

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

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

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

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

1 credit shall not be used to compute the retirement benefit in any  
2 other retirement system created pursuant to the Oklahoma Statutes  
3 and the member may receive credit for such service only in the  
4 retirement system from which the member first retires. For any  
5 period of military service in the Armed Forces of the United States,  
6 including the United States Army, the United States Marines, the  
7 United States Navy, the United States Air Force, any reserve  
8 component of such Armed Forces, the National Guard of any state, the  
9 United States Coast Guard, the commissioned or regular or reserve  
10 corps of the United States Public Health Service and the National  
11 Oceanic and Atmospheric Administration Commissioned Officer Corps,  
12 performed prior to membership in the Oklahoma Public Employees  
13 Retirement System and to the extent such service has not already  
14 been credited to the member pursuant to the provisions of this  
15 paragraph, such service may be purchased by the member at actuarial  
16 cost as prescribed by Section 913.5 of this title and subject to all  
17 requirements for the purchase of service credit at actuarial cost.  
18 Service credit purchased pursuant to the provisions of this  
19 paragraph may be purchased by any member, whether or not the member  
20 has an interruption in participating service followed by another  
21 period of participating service, if the service is purchased while  
22 the person is a member of the System and the purchase is made and  
23 completed prior to the member's retirement;  
24

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

9           a. becomes an employee of a participating employer within  
10           four (4) calendar months of the expiration of his or  
11           her term of office current at the time of his or her  
12           eligibility except for his or her being an elective  
13           state or county official, or

14           b. within a period of four (4) years after the expiration  
15           of his or her term of office current at the time of  
16           his or her eligibility except for his or her being an  
17           elective state or county official, is elected as a  
18           state or county official and thereupon becomes a  
19           member of the System, or

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

24

1       5. Beginning July 1, 1965, all employees of the Department of  
2 Human Services shall participate in the Oklahoma Public Employees  
3 Retirement System to the same extent as other employees of  
4 participating employers in such System. Provided, that any employee  
5 performing teaching services in the Oklahoma School for the Deaf or  
6 the Oklahoma School for the Blind may elect to participate in the  
7 Teachers' Retirement System of Oklahoma in lieu of the Oklahoma  
8 Public Employees Retirement System; and any other employee at each  
9 such institution or any other institution under the jurisdiction of  
10 the Department of Human Services, participating in the Teachers'  
11 Retirement System of Oklahoma, may elect to continue to participate  
12 in such System in lieu of the Oklahoma Public Employees Retirement  
13 System. All employees who shall have participated in the Teachers'  
14 Retirement System of Oklahoma and not continuing therein shall have  
15 the right to withdraw their membership from the Teachers' Retirement  
16 System of Oklahoma on the same terms as other members withdrawing  
17 from such System before retirement. Provided, all persons employed  
18 at the Oklahoma School for the Blind and Oklahoma School for the  
19 Deaf on June 30, 1965, who became subject to the Oklahoma Public  
20 Employees Retirement System, on July 1, 1965, shall receive credit  
21 for prior service and be eligible for participation, regardless of  
22 age;

23       6. A member employed as a temporary employee by the Legislative  
24 Service Bureau or its predecessors, the State Senate or the House of

1 Representatives for the full duration of a regular legislative  
2 session prior to the member's eligibility for membership in the  
3 System shall receive six (6) months of prior service credit for each  
4 such full regular legislative session if the employee is employed by  
5 the Legislative Service Bureau or its predecessors, the State Senate  
6 or the House of Representatives as either a full-time or temporary  
7 employee for a minimum of six (6) full regular legislative sessions  
8 beginning January 1, 1983. For purposes of this subsection, the  
9 determination of whether an employee is employed for the full  
10 duration of a regular legislative session shall be made by the  
11 Legislative Service Bureau if such employee is employed by the  
12 Legislative Service Bureau, the State Senate if such employee is  
13 employed by the State Senate, or by the House of Representatives if  
14 such employee is employed by the House of Representatives;

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

22 8. Any member who is a state employee and receives temporary  
23 total disability benefits during the period of absence with a  
24 participating employer due to a work-related injury or illness

1 incurred while engaged in a governmental function for said  
2 participating employer pursuant to the Workers' Compensation Act  
3 shall receive credit for participating service during said period of  
4 absence subject to the following requirements:

- 5 a. the member was employed by the participating employer  
6 immediately prior to and during the period of absence,
- 7 b. the member must notify the System in writing not later  
8 than four (4) months after the member's return to his  
9 or her job duties with the participating employer, or  
10 termination of employment with the participating  
11 employer, or termination of the temporary total  
12 disability benefits, whichever is earlier, of the  
13 member's desire to receive participating service  
14 credit for the period of absence,
- 15 c. the participating employer must certify to the System  
16 in writing the dates during which temporary total  
17 disability benefits payments were paid to the member,  
18 and
- 19 d. the member and the participating employer shall each  
20 pay their respective contributions required for the  
21 period of absence without interest within sixty (60)  
22 days of invoicing by the System, or with interest of  
23 seven and one-half percent (7 1/2%) compounded  
24 annually if paid after said sixty (60) days.

1 B. Participating service shall be credited as follows:

2 1. A member shall receive credit for participating service with  
3 a participating employer in accordance with the rules and  
4 regulations established by the Board; provided, however, that a  
5 member who is not a full-time employee shall receive prorated credit  
6 for actual hours worked;

7 2. Leaves of absence shall not count as a break in continuous  
8 employment provided the member leaves his or her accumulated  
9 contribution on deposit with the fund; however, the leaves of  
10 absence shall not be credited except that involuntary furloughs  
11 established by Office of Management and Enterprise Services rules,  
12 involuntary furloughs of employees of a district attorney conducted  
13 in substantial compliance with the rules of the Office of Management  
14 and Enterprise Services as certified by the District Attorneys  
15 Council, involuntary furloughs of employees pursuant to a furlough  
16 plan adopted by the President Pro Tempore of the Senate or the  
17 Speaker of the House of Representatives as authorized in Section  
18 840-5.1 of this title and involuntary furloughs of employees  
19 authorized by the Oklahoma Supreme Court shall be credited;

20 3. Any member who has served in the Armed Forces of the United  
21 States, as defined in paragraph (23) of Section 902 of this title,  
22 shall be granted participating service for those periods of active  
23 military service during which he or she was a war veteran provided  
24 this service is immediately preceded by a period of employment with

1 a participating employer and is followed by return to employment as  
2 an employee with the same or another participating employer within  
3 ninety (90) days immediately following discharge from such military  
4 service provided the member leaves his or her accumulated  
5 contributions on deposit with the fund;

6 4. A period of total disability under the System immediately  
7 followed by employment with a participating employer, shall not  
8 count as a break in continuous employment; provided, that such  
9 periods while not employed shall not be credited except that  
10 involuntary furloughs established by Office of Management and  
11 Enterprise Services Rule 6.13, shall be credited;

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

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

21 Employee accumulated contributions:

22	More than \$1.00 up to \$500	= 1 year participating service
23	More than \$500 up to \$1,000	= 2 years participating service
24	More than \$1,000 up to \$1,500	= 3 years participating service

1 More than \$1,500 up to \$2,000 = 4 years participating service

2 More than \$2,000 = 5 years participating service

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

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

- 9 7. a. The total participating service credit of a member who  
10 retires or terminates employment and elects a vested  
11 benefit shall include not to exceed one hundred thirty  
12 (130) days of unused sick leave accumulated subsequent  
13 to August 1, 1959, during the member's employment with  
14 any participating employer. Such credit shall be  
15 added in terms of whole months. Twenty (20) days of  
16 unused sick leave shall equal one (1) month for  
17 purposes of participating service credit. If unused  
18 sick leave entitles a member to an additional year of  
19 service credit, the member's employer shall reimburse  
20 the System for the cost of funding the additional  
21 benefit. For members who join the System on or after  
22 November 1, 2012, if unused sick leave entitles a  
23 member to any additional service credit, the member's  
24 employer shall reimburse the System for the cost of

1 funding the additional benefit. Each participating  
2 employer shall provide the System with adequate and  
3 timely information necessary to determine additional  
4 benefits and its cost under this paragraph. This  
5 subparagraph shall apply to members retiring or  
6 vesting on or after July 1, 1984.

7 b. For members who join the System on or after November  
8 1, 2012, unused sick leave as set forth in  
9 subparagraph a of this paragraph shall be credited at  
10 the same rate but not used to round up to another  
11 year. Instead, any additional months of unused sick  
12 leave credit shall be added to other service credit  
13 without rounding.

14 C. In determining the number of years of credited service, a  
15 fractional year of six (6) months or more shall be considered as one  
16 (1) year, and less than six (6) months shall be disregarded. For  
17 members who join the System on or after November 1, 2012, the number  
18 of years of credited service shall be based on actual years and full  
19 months of credited service without rounding up or down.

20 D. A member may receive credit for those years of credited  
21 service accumulated by the member while a member of the Oklahoma  
22 Firefighters Pension and Retirement System, the Oklahoma Police  
23 Pension and Retirement System, the Uniform Retirement System for  
24 Justices and Judges, the Oklahoma Law Enforcement Retirement System,

1 or the Teachers' Retirement System of Oklahoma, if the member is not  
2 receiving or eligible to receive retirement credit or benefits from  
3 said service in any other public retirement system. To receive the  
4 service credit, the member shall pay the amount determined by the  
5 Board pursuant to Section 913.5 of this title.

6 E. A member may receive credit for those years of service  
7 accumulated by the member as an elected official if the member is  
8 not receiving or eligible to receive retirement credit or benefits  
9 from said service in any public retirement system. Prior to January  
10 1, 1991, to receive the service credit, the member shall pay to the  
11 Board for each year of service purchased pursuant to this subsection  
12 a sum equal to the employee and employer contribution rate that  
13 would have been applicable to the member as determined by the Board  
14 and interest of not to exceed five percent (5%), and effective  
15 January 1, 1991, to receive the service credit, the member shall pay  
16 the amount determined by the Board pursuant to Section 913.5 of this  
17 title.

18 F. Effective December 12, 1994, and thereafter, a leave of  
19 absence on account of a period of qualified military service in the  
20 uniformed services of the United States within the meaning of  
21 Section 414(u)(5) of the federal Internal Revenue Code, followed by  
22 a return to employment with the participating employer within ninety  
23 (90) days after completion of the period of service may be eligible  
24 for credited service under this System. Notwithstanding any

1 provision of this plan to the contrary, contributions, benefits and  
2 service credit with respect to qualified military service will be  
3 allowed in accordance with Section 414(u) of the federal Internal  
4 Revenue Code.

5 G. 1. An active member of the Oklahoma Public Employees  
6 Retirement System may receive credit for those years of service  
7 accumulated by the member while a member of the Teachers' Retirement  
8 System of Oklahoma if:

- 9 a. the member is an active member of the Oklahoma Public  
10 Employees Retirement System, and
- 11 b. the member provides notice to the Teachers' Retirement  
12 System of Oklahoma and the Oklahoma Public Employees  
13 Retirement System of the member's election to transfer  
14 said retirement credit. The notice shall include a  
15 list of the years to be transferred, and
- 16 c. the member is not receiving or eligible to receive  
17 retirement credit or benefits from said service in any  
18 other public retirement system, notwithstanding the  
19 years of service sought to be transferred under this  
20 subsection.

21 Members electing to take advantage of the transfer authorized by  
22 this subsection who are receiving or eligible to receive retirement  
23 credit or benefits from said service in any other public retirement  
24 system shall have all service credit with the Teachers' Retirement

1 System of Oklahoma canceled which is not transferred to the Oklahoma  
2 Public Employees Retirement System or used as a cash offset in such  
3 a transfer pursuant to subparagraph d of paragraph 2 of this  
4 subsection. Service credit transferred to the Teachers' Retirement  
5 System of Oklahoma under this subsection shall also be canceled with  
6 the Oklahoma Public Employees Retirement System.

7 2. For purposes of this subsection, the "sending system" shall  
8 mean the Teachers' Retirement System of Oklahoma. The "receiving  
9 system" shall mean the Oklahoma Public Employees Retirement System.

10 a. Within thirty (30) days notification of an intent to  
11 transfer is received by the sending system, the  
12 sending system shall, according to its own rules and  
13 regulations:

14 (1) for members who have vested with the sending  
15 system, determine the present value of the  
16 member's earned benefits attributable to the  
17 years of service sought to be transferred,  
18 discounted according to the member's age at the  
19 time of transfer and computed as of the earliest  
20 age at which the member would be able to retire.  
21 Said computation shall assume an unreduced  
22 benefit and be computed using interest and  
23 mortality assumptions consistent with the  
24 actuarial assumptions adopted by the Board of

1 Trustees for purposes of preparing the annual  
2 actuarial evaluation but shall not make any  
3 projections regarding future salary. For vested  
4 employees the sending system shall use the  
5 product of this calculation for purposes of  
6 determining the transfer fee to be paid by the  
7 employee under subparagraph c of this paragraph  
8 so long as it is greater than the product of the  
9 calculation in this division, and

- 10 (2) determine the sum of the employee and employer  
11 contributions applicable to the years of service  
12 sought to be transferred plus interest consistent  
13 with the actuarial assumptions adopted by the  
14 Board of Trustees for purposes of preparing the  
15 annual actuarial evaluation. For all nonvested  
16 members, and for vested members if the product of  
17 this calculation is greater than the product of  
18 the calculation in division (1) of this  
19 subparagraph, the sending system shall use the  
20 product of this calculation for purposes of  
21 determining the amount to be transferred by the  
22 sending system under subparagraph c of this  
23 paragraph and any transfer fee to be paid by the  
24 members under subparagraph d of this paragraph.

1           b.    Within thirty (30) days after notification of an  
2                    intent to transfer is received by the receiving  
3                    system, the receiving system shall determine,  
4                    according to the system's own rules and regulations,  
5                    the present value of the member's incremental  
6                    projected benefits discounted according to the  
7                    member's age at the time of the transfer. Incremental  
8                    projected benefits shall be the difference between the  
9                    projected benefit said member would receive without  
10                  transferring the service credit and the projected  
11                  benefit after transfer of service credit computed as  
12                  of the earliest age at which the member would be able  
13                  to retire. Said computation shall assume an unreduced  
14                  benefit and be computed using interest, salary  
15                  projections and mortality assumptions consistent with  
16                  the actuarial assumptions adopted by the Board of  
17                  Trustees for purposes of preparing the annual  
18                  actuarial evaluation.

19           c.    The sending system shall, within sixty (60) days from  
20                    the date notification of an intent to transfer is  
21                    received by the sending system, transfer to the  
22                    receiving system the amount determined in subparagraph  
23                    a of this paragraph. Except, if the cost under  
24                    subparagraph a of this paragraph for the same years of

1 service to the sending system is greater than the  
2 actuarial value of the incremental benefit in the  
3 receiving system, as established in subparagraph b of  
4 this paragraph, the sending system shall send the  
5 receiving system an amount equal to the actuarial  
6 value of the incremental projected benefit in the  
7 receiving system.

8 d. In order to receive the credit provided for in  
9 paragraph 1 of this subsection, if the cost of the  
10 actuarial value of the incremental benefit to the  
11 receiving system is greater than the cost as  
12 calculated under subparagraph a of this paragraph for  
13 the same years of service to the sending system as  
14 established in subparagraphs a and b of this  
15 paragraph, the employee shall elect to:

- 16 (1) pay any difference to receive full credit for the  
17 years sought to be transferred, or  
18 (2) receive prorated service credit for only the  
19 amount received from the Teachers' Retirement  
20 System of Oklahoma pursuant to this subsection.

21 Such an election shall be made in writing, filed with  
22 the System prior to receiving the credit provided for  
23 in paragraph 1 of this subsection, and shall be  
24 irrevocable.

1        3. Within sixty (60) days of successfully completing all of the  
2 requirements for transfer under this subsection, the sending system  
3 shall pay the receiving system any amount due under this subsection.  
4 Within sixty (60) days of successfully completing all of the  
5 requirements for transfer under this subsection, the member shall  
6 pay the receiving system any amount due under this subsection. In  
7 the event that the member is unable to pay the transfer fee provided  
8 for in this subsection by the due date, the Board of Trustees of the  
9 receiving system shall permit the member to amortize the transfer  
10 fee over a period not to exceed sixty (60) months. Said payments  
11 shall be made by payroll deductions unless the Board of Trustees  
12 permits an alternate payment source. The amortization shall include  
13 interest in an amount not to exceed the actuarially assumed interest  
14 rate adopted by the Board of Trustees for investment earnings each  
15 year. Any member who ceases to make payment, terminates, retires or  
16 dies before completing the payments provided for in this section  
17 shall receive prorated service credit for only those payments made,  
18 unless the unpaid balance is paid by said member, his or her estate  
19 or successor in interest within six (6) months after said member's  
20 death, termination of employment or retirement, provided no  
21 retirement benefits shall be payable until the unpaid balance is  
22 paid, unless said member or beneficiary affirmatively waives the  
23 additional six-month period in which to pay the unpaid balance.  
24

1 4. Years of service transferred pursuant to this subsection  
2 shall be used both in determining the member's retirement benefit  
3 and in determining the years of service for retirement and/or  
4 vesting purposes. Years of service rendered as a member of the  
5 Teachers' Retirement System of Oklahoma prior to July 1, 1992, if  
6 any, shall be deemed to be years of service rendered as a member of  
7 the Oklahoma Public Employees Retirement System prior to July 1,  
8 1992, and shall qualify such person as a member of the Oklahoma  
9 Public Employees Retirement System before July 1, 1992.

10 5. Notwithstanding the requirements of Section 17-104 of Title  
11 70 of the Oklahoma Statutes, members electing to take advantage of  
12 the transfer authorized by this subsection who have withdrawn their  
13 contributions from the sending system shall remit to the sending  
14 system the amount of the accumulated contributions the member has  
15 withdrawn plus simple interest of ten percent (10%) per annum prior  
16 to making said election or the election shall be deemed invalid and  
17 the transfer shall be canceled. If such an election is deemed  
18 invalid and the transfer is canceled, the accumulated contribution  
19 remitted to the sending system by the member who originally withdrew  
20 their contributions shall be returned to the member. The member's  
21 rights and obligations regarding any service credit reestablished in  
22 the sending system due to a failure to satisfy the requirements of  
23 this subsection shall be determined by the sending system in  
24

1 accordance with Section 17-101 et seq. of Title 70 of the Oklahoma  
2 Statutes.

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

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

17       H. 1. A member of the Teachers' Retirement System of Oklahoma  
18 whose last service with the Teachers' Retirement System of Oklahoma  
19 was with an entity or institution within The Oklahoma State System  
20 of Higher Education, State Board of Education, State Board of Career  
21 and Technology Education, Oklahoma Department of Career and  
22 Technology Education, Oklahoma School of Science and Mathematics,  
23 Oklahoma Center for the Advancement of Science and Technology, State  
24 Department of Rehabilitation Services, Oklahoma State Regents for

1 Higher Education, Department of Corrections, State Department of  
2 Education, Oklahoma Board of Private Vocational Schools, Board of  
3 Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or  
4 the Teachers' Retirement System of Oklahoma, may elect to receive  
5 credit for those years of service accumulated by the member in the  
6 Teachers' Retirement System of Oklahoma, pursuant to this  
7 subsection. A member shall be eligible to elect to transfer credit  
8 for such years of service from the Teachers' Retirement System of  
9 Oklahoma to the Oklahoma Public Employees Retirement System if:

- 10 a. the member is an active member of the Oklahoma Public  
11 Employees Retirement System,
- 12 b. the member provides notice to the Teachers' Retirement  
13 System of Oklahoma and the Oklahoma Public Employees  
14 Retirement System of the member's election to transfer  
15 such retirement credit. The notice shall include a  
16 list of the years to be transferred, and
- 17 c. the member is not receiving or eligible to receive  
18 retirement credit or benefits from such service in any  
19 other public retirement system, notwithstanding the  
20 years of service sought to be transferred under this  
21 subsection.

22 Members electing to take advantage of the transfer authorized by  
23 this subsection shall have all service credit with the Teachers'  
24

1 Retirement System of Oklahoma canceled which is transferred to the  
2 Oklahoma Public Employees Retirement System.

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

15       3. If the transferring member's normal retirement date  
16 calculation is based upon the sum of the member's age and number of  
17 years of credited service totaling eighty (80) in the sending  
18 system, then the member shall retain such calculation in the  
19 receiving system.

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

22       I. A member of the System in the employment of the Governor,  
23 the State Senate or the House of Representatives, on or after July  
24 1, 1999, may make an election prior to December 31, 2000, which

1 shall be irrevocable and on a form prescribed for such purpose by  
2 the System, to continue participation in the System upon becoming  
3 employed by a participating employer of the Teachers' Retirement  
4 System of Oklahoma. The Board shall promulgate all rules necessary  
5 to implement the provisions of this subsection.

6 SECTION 3. AMENDATORY 74 O.S. 2011, Section 913.8, is  
7 amended to read as follows:

8 Section 913.8 ~~A. Any active member of the Oklahoma Public~~  
9 ~~Employees Retirement System whose initial membership in the System~~  
10 ~~began on or after July 1, 2000, may receive up to five (5) years of~~  
11 ~~prior or participating military service credit as otherwise provided~~  
12 ~~in this act, only upon payment of the amount determined by the Board~~  
13 ~~pursuant to Section 913.5 of this title.~~

14 ~~B. For a member of the System hired on or after July 1, 2003,~~  
15 ~~if If the military service credit authorized by this section~~  
16 ~~paragraph 3 of subsection A of Section 913 of this title is used to~~  
17 ~~compute the retirement benefit of the member and the member retires~~  
18 ~~from the System, such military service credit shall not be used to~~  
19 ~~compute the retirement benefit in any other retirement system~~  
20 ~~created pursuant to the Oklahoma Statutes and the member may receive~~  
21 ~~credit for such service only in the retirement system from which the~~  
22 ~~member first retires.~~

23 SECTION 4. Section 1 of this act shall become effective October  
24 1, 2019.

1 SECTION 5. Sections 2 and 3 of this act shall become effective  
2 November 1, 2019.

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January 17, 2019

Representative Chris Kannady  
Room 240

Re: RBH No. 5005

RBH No. 5005

This bill is amends the definition of nonfiscal retirement bill contained OPLAAA to include the changes contained in this bill.

RBH No. 5005 allows participants in the Oklahoma Public Employees Retirement System to purchase service credit for time served in the military prior to becoming a participant OPERS at actuarial cost. Currently the maximum is 5 years.

RBH No. 5005 is a non fiscal bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act because of the modification of definition of non fiscal retirement bill.

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