

An Act

ENROLLED HOUSE
BILL NO. 2982

By: Kane of the House

and

Pemberton of the Senate

An Act relating to retirement; amending 20 O.S. 2021, Section 1102C, which relates to the Uniform Retirement System for Justices and Judges; amending 74 O.S. 2021, Sections 918 and 935.7, which relate to the Oklahoma Public Employees Retirement System; modifying how retirement benefits shall be paid to certain members; providing that spouse is not required to consent in writing to election of certain benefit by member; permitting System to use certain funds as permitted by federal law; and providing an effective date.

SUBJECT: Retirement

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

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

Section 1102C. A. Except as otherwise provided for in this section and Section 1104.2 of this title, members who join the Uniform Retirement System for Justices and Judges on September 1, 2005, or thereafter, may elect to have the retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in Section 1104 of this title. The election of an option must be made prior to the member's retirement date or to receipt of a benefit after termination of service with a vested benefit. A specific person must be designated as joint annuitant at the time of the election of Option A or B. Election of an option is available with respect to the vested benefit. All retirement benefits of a married member shall be paid pursuant to

the Option A plan ~~or Option B plan~~ as provided for in this section unless the spouse of a member consents in writing for the unreduced benefits to be paid as provided for in Section 1104 of this title. The spouse of the member is not required to consent in writing to the election of the Option B plan by the member.

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

C. The retirement options are:

Option A. Joint and one-half to joint annuitant survivor. A reduced retirement benefit is payable to the retiree during his or her lifetime with one-half (1/2) of that amount continued to the joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retiree. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retiree, the retiree shall return to the unreduced retirement benefit, including any postretirement benefit increases, the member would have received had the member not selected Option A. The benefit shall be determined at the date of death of the named joint annuitant. This increase shall become effective the first day of the month following the date of death of the named joint annuitant, and shall be payable for the retiree's remaining lifetime. The retiree shall notify the Uniform Retirement System for Justices and Judges of the death of the named joint annuitant in writing. In the absence of the written notice being filed by the member notifying the Uniform Retirement System for Justices and Judges of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Uniform Retirement System for Justices and Judges to pay more than six (6) months of retrospective benefits increase.

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

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

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

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

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

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

(3) The retirement options are:

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

Option B. Joint and survivor. A reduced retirement benefit is payable to the retiree during his or her lifetime with that amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of the retiree. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retiree, the retiree shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option B. The benefit shall be determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the retiree's remaining lifetime. The retiree shall notify the Oklahoma Public Employees

Retirement System of the death of the named joint annuitant in writing. In the absence of such written notice being filed by the member notifying the Oklahoma Public Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option C. Life with ten (10) years certain. A reduced retirement benefit is payable to the retiree during his or her lifetime and if the retiree dies within the ten-year certain period, measured from the commencement of retirement benefits payments, such payments will be continued to the beneficiary during the balance of the ten-year certain period. If the retiree dies within the ten-year certain period, and there are no living designated beneficiaries, the person responsible for the estate of the retiree may elect for the estate to be paid the benefits for the remainder of the term or to receive the present value of the remaining benefit payments according to rules adopted by the Board of Trustees of the System. If the retiree predeceases a designated beneficiary within the ten-year certain period, and the beneficiary dies after the beneficiary has begun to receive benefits, the person responsible for the estate of the beneficiary may elect for the estate to be paid the benefits for the remainder of the term or to receive the present value of the remaining benefit payments according to rules adopted by the Board of Trustees of the System.

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

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

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

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

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

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

Year 1	20%
Year 2	40%
Year 3	60%
Year 4	80%
Year 5 and thereafter	100%

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

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

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

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

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

Passed the House of Representatives the 11th day of March, 2024.

Presiding Officer of the House
of Representatives

Passed the Senate the 16th day of April, 2024.

Presiding Officer of the Senate

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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January 4, 2024

Representative Kane
Room 202.2

Re: RBH No. 8603

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

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

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA