

## STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

HOUSE BILL 3709

By: Bush

AS INTRODUCED

An Act relating to public retirement systems; amending 62 O.S. 2021, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definition; amending 11 O.S. 2021, Section 50-128, which relates to the Oklahoma Police Pension and Retirement System; authorizing the purchase of military service credit for certain members of the Oklahoma Police Pension and Retirement System; defining term; amending 20 O.S. 2021, Section 1102.2, which relates to the Uniform Retirement System for Justices and Judges; authorizing the purchase of military service credit for certain members of the Uniform Retirement System for Justices and Judges; defining term; amending 47 O.S. 2021, Section 2-307.4, which relates to the Oklahoma Law Enforcement Retirement System; authorizing the purchase of military service credit for certain members of the Oklahoma Law Enforcement Retirement System; defining term; amending 74 O.S. 2021, Section 74-913.8, which relates to the Oklahoma Public Employees Retirement System; authorizing the purchase of military service credit for certain members of the Oklahoma Public Employees Retirement System; defining term; and providing effective dates.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, is amended to read as follows:

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

3 1. "Amendment" means any amendment, including a substitute  
4 bill, made to a retirement bill by any committee of the House or  
5 Senate, any conference committee of the House or Senate or by the  
6 House or Senate;

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

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

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

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

- 22 a. which does not affect the cost or funding factors of a  
23 retirement system,  
24

- 1           b.    which affects such factors only in a manner which does  
2                   not:
- 3                   (1)   grant a benefit increase under the retirement  
4                            system affected by the bill,
- 5                   (2)   create an actuarial accrued liability for or  
6                            increase the actuarial accrued liability of the  
7                            retirement system affected by the bill, or
- 8                   (3)   increase the normal cost of the retirement system  
9                            affected by the bill,
- 10           c.    which authorizes the purchase by an active member of  
11                   the retirement system, at the actuarial cost for the  
12                   purchase as computed pursuant to the statute in effect  
13                   on the effective date of the measure allowing such  
14                   purchase, of years of service for purposes of reaching  
15                   a normal retirement date in the applicable retirement  
16                   system, but which cannot be used in order to compute  
17                   the number of years of service for purposes of  
18                   computing the retirement benefit for the member,
- 19           d.    which provides for the computation of a service-  
20                   connected disability retirement benefit for members of  
21                   the Oklahoma Law Enforcement Retirement System  
22                   pursuant to Section 2-305 of Title 47 of the Oklahoma  
23                   Statutes if the members were unable to complete twenty  
24                   (20) years of service as a result of the disability,

1 e. which requires membership in the defined benefit plan  
2 authorized by Section 901 et seq. of Title 74 of the  
3 Oklahoma Statutes for persons whose first elected or  
4 appointed service occurs on or after November 1, 2018,  
5 if such persons had any prior service in the Oklahoma  
6 Public Employees Retirement System prior to November  
7 1, 2015,

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

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

22 (2) the lesser of two percent (2%) of the gross  
23 annual retirement benefit of the member or One  
24 Thousand Two Hundred Dollars (\$1,200.00) and

1 requires that the benefit may only be provided if  
2 the funded ratio of the affected retirement  
3 system would be greater than eighty percent (80%)  
4 but not greater than one hundred percent (100%)  
5 after the benefit increase is paid,

6 (3) the lesser of two percent (2%) of the gross  
7 annual retirement benefit of the member or One  
8 Thousand Four Hundred Dollars (\$1,400.00) and  
9 requires that the benefit may only be provided if  
10 the funded ratio of the affected retirement  
11 system would be greater than one hundred percent  
12 (100%) after the benefit increase is paid, or

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

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 g. which modifies the disability pension standard for  
4 police officers who are members of the Oklahoma Police  
5 Pension and Retirement System as provided by Section 3  
6 of this act, ~~or~~

7 h. which provides a cost-of-living benefit increase  
8 pursuant to the provisions of Sections 2 through 7 of  
9 this act, or

10 i. which authorizes the purchase of military service  
11 credit as provided by Sections 2 through 5 of this  
12 act.

13 A nonfiscal retirement bill shall include any retirement bill that  
14 has as its sole purpose the appropriation or distribution or  
15 redistribution of monies in some manner to a retirement system for  
16 purposes of reducing the unfunded liability of such system or the  
17 earmarking of a portion of the revenue from a tax to a retirement  
18 system or increasing the percentage of the revenue earmarked from a  
19 tax to a retirement system;

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

1       7. "Retirement bill" means any bill or joint resolution  
2 introduced or any bill or joint resolution amended by a member of  
3 the Oklahoma Legislature which creates or amends any law directly  
4 affecting a retirement system. A retirement bill shall not mean a  
5 bill or resolution that impacts the revenue of any state tax in  
6 which a portion of the revenue generated from such tax is earmarked  
7 for the benefit of a retirement system;

8       8. "Retirement bill having a fiscal impact" means any  
9 retirement bill creating or establishing a retirement system and any  
10 other retirement bill other than a nonfiscal retirement bill; and

11       9. "Retirement system" means the Teachers' Retirement System of  
12 Oklahoma, the Oklahoma Public Employees Retirement System, the  
13 Uniform Retirement System for Justices and Judges, the Oklahoma  
14 Firefighters Pension and Retirement System, the Oklahoma Police  
15 Pension and Retirement System, the Oklahoma Law Enforcement  
16 Retirement System, or a retirement system established after January  
17 1, 2006.

18       SECTION 2.       AMENDATORY       11 O.S. 2021, Section 50-128, is  
19 amended to read as follows:

20       Section 50-128. A. Any member who has heretofore left the  
21 Police Department qualifying under this article to enter the  
22 military service of the United States during World War II and who  
23 returned to said department on or before July 1, 1947, or the Korean  
24 conflict and who returned to said department on or before January 1,

1 1956, shall receive credit for such time in military service without  
2 having made contribution to the System; and any member who has  
3 heretofore left, or hereafter may leave said department because of  
4 involuntary conscription into the military services of the United  
5 States at any time and who returns to said department within ninety  
6 (90) days after the member's release from such involuntary service  
7 shall receive credit for such time in said military service on the  
8 Police Department without having made contribution to the System  
9 only for that period that is involuntary; voluntary enlistments and  
10 voluntary extensions of military service being herewith specifically  
11 excluded for retirement credit.

12 B. A member who began participation in the System prior to July  
13 1, 2003, and who retires on or after July 1, 1998, shall be entitled  
14 to prior service credit, not to exceed five (5) years, for those  
15 periods of military service on active duty prior to membership in  
16 the Oklahoma Police Pension and Retirement System. All members who  
17 initially begin participation with the System after June 30, 2003,  
18 may acquire prior military service credit for a maximum of five (5)  
19 years of such service credit upon payment of the actuarial cost of  
20 such service in the manner prescribed by and subject to all of the  
21 requirements of Section 50-111.4 of this title. For members of the  
22 System hired or rehired on or after July 1, 2003, if the military  
23 service credit authorized by this subsection is used to compute the  
24 retirement benefit of the member and the member retires from the



1 System, such military service credit shall not be used to compute  
2 the retirement benefit in any other retirement system created  
3 pursuant to the Oklahoma Statutes and the member may receive credit  
4 for such service only in the retirement system from which the member  
5 first retires.

6 For purposes of this subsection, "military service" means  
7 service in the Armed Forces of the United States by honorably  
8 discharged persons during the following time periods, as reflected  
9 on such person's Defense Department Form 214, as follows:

10 1. During the following periods, including the beginning and  
11 ending dates, and only for the periods served, from:

12 a. April 6, 1917, to November 11, 1918, commonly referred  
13 to as World War I,

14 b. September 16, 1940, to December 7, 1941, as a member  
15 of the 45th Division,

16 c. December 7, 1941, to December 31, 1946, commonly  
17 referred to as World War II,

18 d. June 27, 1950, to January 31, 1955, commonly referred  
19 to as the Korean Conflict or the Korean War,

20 e. February 28, 1961, to May 7, 1975, commonly referred  
21 to as the Vietnam era, except that:

22 (1) for the period from February 28, 1961, to August  
23 4, 1964, military service shall only include  
24

1 service in the Republic of Vietnam during that  
2 period, and

3 (2) for purposes of determining eligibility for  
4 education and training benefits, such period  
5 shall end on December 31, 1976, or

6 f. August 1, 1990, to December 31, 1991, commonly  
7 referred to as the Gulf War, the Persian Gulf War, or  
8 Operation Desert Storm, but excluding any person who  
9 served on active duty for training only, unless  
10 discharged from such active duty for a service-  
11 connected disability;

12 2. During a period of war or combat military operation other  
13 than a conflict, war or era listed in paragraph 1 of this  
14 subsection, beginning on the date of Congressional authorization,  
15 Congressional resolution, or Executive Order of the President of the  
16 United States, for the use of the Armed Forces of the United States  
17 in a war or combat military operation, if such war or combat  
18 military operation lasted for a period of ninety (90) days or more,  
19 for a person who served, and only for the period served, in the area  
20 of responsibility of the war or combat military operation, but  
21 excluding a person who served on active duty for training only,  
22 unless discharged from such active duty for a service-connected  
23 disability, and provided that the burden of proof of military  
24

1 service during this period shall be with the member, who must  
2 present appropriate documentation establishing such service.

3 C. An eligible member pursuant to subsection B of this section  
4 shall include only those persons who shall have served during the  
5 times or in the areas prescribed thereunder and only if such person  
6 provides appropriate documentation in such time and manner as  
7 required by the System to establish such military service prescribed  
8 in this section, or for service pursuant to division (1) of  
9 subparagraph e of paragraph 1 of subsection B of this section, those  
10 persons who were awarded service medals, as authorized by the United  
11 States Department of Defense as reflected in the veteran's Defense  
12 Department Form 214, related to the Vietnam Conflict for service  
13 prior to August 5, 1964. The provisions of subsection B of this  
14 section shall include military retirees, whose retirement was based  
15 only on active service, that have been rated as having twenty  
16 percent (20%) or greater service-connected disability by the  
17 Veterans Administration or the Armed Forces of the United States.

18 D. Effective December 12, 1994, a leave of absence on account  
19 of a period of "qualified military service" in the uniformed  
20 services of the United States (within the meaning of Section  
21 414(u) (5) of the Internal Revenue Code of 1986), followed by a  
22 return to the service of the participating municipality within  
23 ninety (90) days after the completion of the period of service,  
24

1 shall constitute credited service. Notwithstanding any provision  
2 herein to the contrary:

3 1. Contributions, benefits and service credit with respect to  
4 qualified military service shall be provided in accordance with  
5 Section 414(u) of the Internal Revenue Code of 1986, as amended,  
6 which is in accordance with the Uniformed Services Employment and  
7 Reemployment Rights Act of 1994, as amended (USERRA). The  
8 municipality's contributions to the System for a member covered by  
9 USERRA are due when such a member makes up his or her contributions  
10 that were missed due to his or her qualified military service; and

11 2. Effective January 1, 2007, if any member dies while  
12 performing qualified military service (as defined in Section 414(u)  
13 of the Internal Revenue Code of 1986, as amended), the survivors of  
14 the member are entitled to any additional benefits other than  
15 benefit accruals relating to the period of qualified military  
16 service provided under the System had the member resumed and then  
17 terminated employment on account of death.

18 E. Any member who served in any branch of the United States  
19 Armed Forces or any component thereof, who was honorably discharged,  
20 and who began participation in the System on or after November 1,  
21 2022, shall be entitled to prior service credit, not to exceed five  
22 (5) years, upon payment of the actuarial cost of such service in the  
23 manner prescribed by and subject to all of the requirements of  
24 Section 50-111.4 of this title. For purposes of this subsection,

1 "military service" means service in the Armed Forces of the United  
2 States by honorably discharged persons.

3 SECTION 3. AMENDATORY 20 O.S. 2021, Section 1102.2, is  
4 amended to read as follows:

5 Section 1102.2 A. Any active member of the Uniform Retirement  
6 System for Justices and Judges who served in the Armed Forces of the  
7 United States, as defined in paragraph (23) of Section 902 of Title  
8 74 of the Oklahoma Statutes, prior to membership in the Uniform  
9 Retirement System for Justices and Judges shall be granted service  
10 credit, not to exceed five (5) years, for those periods of active  
11 military service during which the member was a war veteran. Any  
12 active member of the Uniform Retirement System for Justices and  
13 Judges whose initial membership in the System began on or after July  
14 1, 2000, may receive up to five (5) years of prior military service  
15 credit as otherwise provided in this section, only upon payment of  
16 the amount determined by the Board pursuant to Section 1103G of this  
17 title. For a person becoming a member of the System on or after  
18 July 1, 2003, if the military service credit authorized by this  
19 section is used to compute the retirement benefit of the member and  
20 the member retires from the System, such military service credit  
21 shall not be used to compute the retirement benefit in any other  
22 retirement system created pursuant to the Oklahoma Statutes and the  
23 member may receive credit for such service only in the retirement  
24 system from which the member first retires.

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

11 E. Any member who served in any branch of the United States  
12 Armed Forces or any component thereof, who was honorably discharged,  
13 and who began participation in the System on or after November 1,  
14 2022, shall be entitled to prior service credit, not to exceed five  
15 (5) years, upon payment of the actuarial cost of such service in the  
16 manner prescribed by and subject to all of the requirements of  
17 Section 1103G of this title. For purposes of this subsection,  
18 "military service" means service in the Armed Forces of the United  
19 States by honorably discharged persons.

20 SECTION 4. AMENDATORY 47 O.S. 2021, Section 2-307.4, is  
21 amended to read as follows:

22 Section 2-307.4 A. Any member of the Oklahoma Law Enforcement  
23 Retirement System shall be entitled to prior service credit, not to  
24 exceed five (5) years, for those periods of military service on

1 active duty prior to membership in the Oklahoma Law Enforcement  
2 Retirement System. Any active member of the Oklahoma Law  
3 Enforcement Retirement System whose initial membership in the System  
4 began on or after July 1, 2000, may receive up to five (5) years of  
5 prior military service credit as otherwise provided in this section,  
6 only upon payment of the amount determined by the Board in the  
7 manner as provided in Section 2-307.5 of this title. For members of  
8 the System hired on or after July 1, 2003, if the military service  
9 credit authorized by this subsection is used to compute the  
10 retirement benefit of the member and the member retires from the  
11 System, such military service credit shall not be used to compute  
12 the retirement benefit in any other retirement system created  
13 pursuant to the Oklahoma Statutes and the member may receive credit  
14 for such service only in the retirement system from which the member  
15 first retires.

16 B. For purposes of ~~this section~~ subsection A, "military  
17 service" means service in the Armed Forces of the United States by  
18 honorably discharged persons during the following time periods, as  
19 reflected on such person's Defense Department Form 214, as follows:

20 1. During the following periods, including the beginning and  
21 ending dates, and only for the periods served, from:

22 a. April 6, 1917, to November 11, 1918, commonly referred  
23 to as World War I,  
24

- 1           b.   September 16, 1940, to December 7, 1941, as a member  
2           of the 45th Division,
- 3           c.   December 7, 1941, to December 31, 1946, commonly  
4           referred to as World War II,
- 5           d.   June 27, 1950, to January 31, 1955, commonly referred  
6           to as the Korean Conflict or the Korean War,
- 7           e.   February 28, 1961, to May 7, 1975, commonly referred  
8           to as the Vietnam era, except that:
- 9               (1)  for the period from February 28, 1961, to August  
10              4, 1964, military service shall only include  
11              service in the Republic of Vietnam during that  
12              period, and
- 13              (2)  for purposes of determining eligibility for  
14              education and training benefits, such period  
15              shall end on December 31, 1976, or
- 16           f.   August 1, 1990, to December 31, 1991, commonly  
17           referred to as the Gulf War, the Persian Gulf War, or  
18           Operation Desert Storm, but excluding any person who  
19           served on active duty for training only, unless  
20           discharged from such active duty for a service-  
21           connected disability;

22           2.   During a period of war or combat military operation other  
23           than a conflict, war or era listed in paragraph 1 of this  
24           subsection, beginning on the date of Congressional authorization,



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

12 C. An eligible member under subsection B of this section shall  
13 include only those persons who shall have served during the times or  
14 in the areas prescribed in subsection B of this section, and only if  
15 such person provides appropriate documentation in such time and  
16 manner as required by the System to establish such military service  
17 prescribed in this section, or for service pursuant to division (1)  
18 of subparagraph e of paragraph 1 of subsection B of this section,  
19 those persons who were awarded service medals, as authorized by the  
20 United States Department of Defense as reflected in the veteran's  
21 Defense Department Form 214, related to the Vietnam Conflict for  
22 service prior to August 5, 1964.

23 D. Service credit received pursuant to this section shall be  
24 used in determining the member's retirement benefit but shall not be

1 used in determining years of service for retirement or vesting  
2 purposes.

3 E. Such service credit may be paid by:

4 1. A cash lump-sum payment;

5 2. A trustee-to-trustee transfer of non-Roth funds from a Code  
6 Section 403(b) annuity or custodial account, an eligible deferred  
7 compensation plan described in Code Section 457(b) which is  
8 maintained by an eligible employer described in Code Section  
9 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

10 3. A direct rollover of tax-deferred funds from a Code Section  
11 403(b) annuity or custodial account, an eligible deferred  
12 compensation plan described in Code Section 457(b) which is  
13 maintained by an eligible employer described in Code Section  
14 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code  
15 Section 408(a) or 408(b) traditional or conduit Individual  
16 Retirement Account or Annuity (IRA). Roth accounts, Coverdell  
17 Education Savings Accounts and after-tax contributions shall not be  
18 used to purchase such service credit; or

19 4. Any combination of the above methods of payment.

20 E. A member who served in any branch of the United States Armed  
21 Forces or any component thereof, who was honorably discharged, and  
22 who began participation in the System on or after November 1, 2022,  
23 shall be entitled to prior service credit, not to exceed five (5)  
24 years, upon payment of the actuarial cost of such service in the

1 manner prescribed by and subject to all of the requirements of  
2 Section 2-307.5 of this title. For purposes of this subsection,  
3 "military service" means service in the Armed Forces of the United  
4 States by honorably discharged persons.

5 SECTION 5. AMENDATORY 74 O.S. 2021, Section 913.8, is  
6 amended to read as follows:

7 Section 913.8 A. Any active member of the Oklahoma Public  
8 Employees Retirement System who served in the Armed Forces of the  
9 United States, as defined in paragraph (23) of Section 902 of this  
10 title, and whose initial membership in the System began on or after  
11 July 1, 2000, may receive up to five (5) years of prior or  
12 participating military service credit as otherwise provided in this  
13 act, only upon payment of the amount determined by the Board  
14 pursuant to Section 913.5 of this title.

15 B. A member who served in any branch of the United States Armed  
16 Forces or any component thereof, who was honorably discharged, and  
17 who began participation in the System on or after November 1, 2022,  
18 shall be entitled to prior service credit, not to exceed five (5)  
19 years, upon payment of the actuarial cost of such service in the  
20 manner prescribed by and subject to all of the requirements of  
21 Section 913.5 of this title. For purposes of this subsection,  
22 "military service" means service in the Armed Forces of the United  
23 States by honorably discharged persons.

24

1        C. For a member of the System hired on or after July 1, 2003,  
2 if the military service credit authorized by this section is used to  
3 compute the retirement benefit of the member and the member retires  
4 from the System, such military service credit shall not be used to  
5 compute the retirement benefit in any other retirement system  
6 created pursuant to the Oklahoma Statutes and the member may receive  
7 credit for such service only in the retirement system from which the  
8 member first retires.

9        SECTION 6. Section 1 of this act shall become effective October  
10 1, 2022.

11        SECTION 7. Sections 2 through 5 of this act shall become  
12 effective November 1, 2022.

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14        58-2-8519            CMA            01/18/22

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**THOMAS E. CUMMINS CONSULTING ACTUARY, INC.**

2512 E. 71<sup>st</sup> Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

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January 19, 2022

Representative Bush  
Room 204.1

Re: RBH No. 8519

RBH No. 8519 would allow a participant in OPPRS, OPERS, URJJS or OLERS to purchase up to 5 years military service at actuarial cost. The participation begin on or after 11/01/2022.

This bill also amends OPLAAA to change the definition on a non fiscal bill to include the above provision.

This bill is a non fiscal bill under OPLAAA as amended.

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