

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1911

By: Montgomery

AS INTRODUCED

An Act relating to state employees; amending Section 5, Chapter 375, O.S.L. 2014, as last amended by Section 1, Chapter 267, O.S.L. 2016 (74 O.S. Supp. 2019, Section 935.5), which relates to employer match; providing employer matching amount for employees electing to contribute certain amount to qualified Roth contribution program; authorizing qualified employees to contribute certain amount to qualified Roth contribution program; updating statutory reference; creating the Oklahoma State Employees Roth Savings Plan Fund; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY Section 5, Chapter 375, O.S.L. 2014, as last amended by Section 1, Chapter 267, O.S.L. 2016 (74 O.S. Supp. 2019, Section 935.5), is amended to read as follows:

Section 935.5. A. Except as otherwise provided by subsection B of this section, employers of employees who become participants in the defined contribution retirement system shall match the employee contribution paid on a monthly or more frequent basis at the rate of

1 six percent (6.0%) based on the same compensation amount used to
2 compute the employee contribution amount.

3 B. If an employee selects a contribution rate of seven percent
4 (7.0%) or more, but not higher than allowed pursuant to the maximum
5 annual contribution limit prescribed by Section 415 of the Internal
6 Revenue Code of 1986, as amended, the employer matching amount shall
7 be seven percent (7.0%); provided, however, that if an employee
8 elects to contribute two percent (2.0%) or more in addition to the
9 minimum four and one-half percent (4.5%) to a qualified Roth
10 contribution program, as defined in 26 U.S. Code 402(A), but not
11 higher than the allowed amount pursuant to the maximum annual
12 contribution limit for Roth contributions, the employer matching
13 amount shall be seven percent (7.0%).

14 C. The initial four and five-tenths percent (4.5%) employee
15 contribution shall be the only mandatory contribution of an employee
16 participating in the defined contribution retirement system created
17 by ~~this act~~ the Retirement Freedom Act. These funds shall be placed
18 by the System in either a 401(a) plan or a 457(b) plan, to be
19 determined by the Board to maintain the plan consistent with the
20 Internal Revenue Code. Any employee contributions eligible to be
21 matched under this section over the four and five-tenths percent
22 (4.5%) initial contribution shall be considered voluntary deferrals
23 of compensation and placed in a 457(b) plan. All employer matching
24 funds shall be placed in a 401(a) plan.

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

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

19 SECTION 2. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 1707.1 of Title 74, unless there
21 is created a duplication in numbering, reads as follows:

22 A. In lieu of the contributions by a qualified participant
23 pursuant to Section 1707 of Title 74 of the Oklahoma Statutes, a
24 qualified participant may elect to contribute Fifteen Dollars

1 (\$15.00) per month to a qualified Roth contribution program, as
2 defined by Section 402A of the Internal Revenue Code, as amended, to
3 be overseen by the Oklahoma Public Employees Retirement System Board
4 of Trustees.

5 B. There is hereby created in the State Treasury a revolving
6 fund to be designated the "Oklahoma State Employees Roth Savings
7 Plan Fund". The fund shall be a continuing fund, not subject to
8 fiscal year limitations, and shall consist of any monies the
9 Legislature may appropriate or transfer to the fund and any monies
10 contributed for the fund from any other sources, public or private.
11 All monies accruing to the credit of the fund are hereby
12 appropriated and may be budgeted and expended by the Oklahoma Public
13 Employees Retirement System for the matching of compensation
14 contributions pursuant to this section and in accordance with rules
15 promulgated by the Oklahoma Public Employees Retirement System.

16 SECTION 3. This act shall become effective November 1, 2020.

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