

**TITLE 590. OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
CHAPTER 40. DEFINED CONTRIBUTION SYSTEM**

**RULE IMPACT STATEMENT**

**A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED RULES:**

These emergency rules are necessary to implement amendments to the Oklahoma Statutes during the 1<sup>st</sup> Session of the 55<sup>th</sup> Oklahoma Legislature (2015) as found in Enrolled House Bill 1376, effective November 1, 2015, and to implement the Defined Contribution system created by HB 2630 and SB 2120 during the 2<sup>nd</sup> Session of the 54<sup>th</sup> Oklahoma Legislature (2014) and which goes into effect on November 1, 2015.

The amendment to 590:40-1-13 is necessary to comply with House Bill 1376, amending 74 O.S. §935.2. This amendment allows session-only employees of the designated agencies to participate in the defined contribution system.

The amendment to 590:40-5-1 is necessary to comply with House Bill 1376, amending 74 O.S. §935.2. This amendment aligns the participation dates for 401(a) and the 457(b) plans. It also states that an employee will remain eligible to participate even if he or she falls below the level for participation.

The amendment to 590:40-5-5 is necessary to comply with House Bill 1376, amending 74 O.S. §935.4 and 935.5, which changes the mandatory Participant contribution rate.

The amendment to 590:40-5-6 is necessary to comply with House Bill 1376, amending 74 O.S. §935.5, which changes the additional Participant contribution rates and matching employer contribution rates.

The amendment to 590:40-5-7 is necessary to comply with House Bill 1376, amending 74 O.S. §935.4 and 935.5, which changes the matching employer contributions to the 401(a) plan.

The amendment to 590:40-5-15 is necessary to comply with House Bill 1376, amending 74 O.S. §935.7. It clarifies the contributions in which the Participant becomes vested. It also clarifies the start date for vesting.

The amendment to 590:40-5-16 defines a year as 365 days for vesting purposes. The amendment also establishes a 90 day grace period the forfeiture of non-vested contributions after a termination of service. Session-only employees will not have their non-vested contributions forfeited if they return to work the following session.

The amendment to 590:40-7-1 is necessary to comply with House Bill 1376, amending 74 O.S. §902 and §915, which changes the mandatory Participant contribution rate.

The amendment to 590:40-7-21 is necessary to comply with House Bill 1376, amending 74 O.S. §935.7. It clarifies that the funds subject to forfeiture as a result of a termination of service include investment gains and losses.

The amendment to 590:40-7-22 clarifies that the funds subject to a criminal forfeiture include investment gains and losses.

The amendment to 590:40-7-25 clarifies the type of investment vehicle which is allowed in the Plan.

The amendment to 590:40-7-30 changes the time period for the commencement of the payment of benefits from 30 days to 45 days.

The amendment to 590:40-7-53 corrects a typographical error.

The amendment to 590:40-9-1 puts the Participant on notice that matching contributions will be suspended if maximum limits are exceeded.

The amendment to 590:40-9-20 clarifies the type of investment vehicle which is allowed in the Plan.

The amendment to 590:40-9-23 deletes an unnecessary reference to employer contributions as no employer contributions are deposited into the 457(b) plan.

The amendment to 590:40-9-25 changes the time period for the commencement of the payment of benefits from 30 days to 45 days.

The amendment to 590:40-9-32 changes the time period for the commencement of the payment of benefits from 30 days to 45 days.

The amendment to 590:40-9-38 allows employees who are only participating in the 401(a) plan to rollover funds into the 457(b) plan.

**B. CLASS OF PERSONS AFFECTED:**

All persons first employed by a participating employer of OPERS on or after November 1, 2015, are affected.

**C. CLASS OF PERSONS BENEFITED:**

Members of the Oklahoma Public Employees Retirement System are expected to be positively affected by these proposed rules because these rules make certain that the System will be in compliance with state law and federal tax laws and that the System will maintain its status as a qualified government pension plan. Members also benefit because these rules allow for more efficient operation of the System.

**D. DESCRIPTION OF ECONOMIC IMPACT:**

There will be no general impact on the Oklahoma economy.

**E. COST TO AGENCY AND EFFECT ON STATE REVENUE:**

There is no additional cost from the adoption of these emergency rules nor is there any effect on state revenue.

**F. ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS:**

There is no general economic impact on political subdivisions from these rules.

**G. EFFECT ON SMALL BUSINESS**

None.

**H. LESS COSTLY OR INTRUSIVE METHODS:**

None.

**I. EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT:**

None.

**J. DETRIMENTAL EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT:**

None.

**K. DATE RULE IMPACT STATEMENT PREPARED:**

August 20, 2015