

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

RULE IMPACT STATEMENT

A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED RULES:

The amendment to 590:40-1-3 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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

The amendment to 590:40-7-22 clarifies that the funds subject to a criminal forfeiture include investment gains and losses. This amendment was approved as an emergency amendment.

The amendment to 590:40-7-25 clarifies the type of investment vehicle which is allowed in the Plan. This amendment was approved as an emergency amendment.

The amendment to 590:40-7-30 allows participants to receive a distribution of their funds which have been rolled over into the Defined Contribution System without meeting the requirements for a separation of service. The amendment to 590:40-7-30 also changes the time period for the commencement of the payment of benefits from 30 days to 45 days. The second change was approved as an emergency amendment.

The amendment to 590:40-7-53 corrects a typographical error. This amendment was approved as an emergency amendment.

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

The amendment to 590:40-9-20 clarifies the type of investment vehicle which is allowed in the Plan. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

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. This amendment was approved as an emergency amendment.

B. CLASS OF PERSONS AFFECTED:

All members of the Defined Contribution System are affected. Members of the Defined Contribution 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.

C. CLASS OF PERSONS BENEFITED:

See item "B" above.

D. DESCRIPTION OF ECONOMIC IMPACT:

These proposed rules will provide for a more uniform and efficient management of the agency which should have a positive economic impact.

E. COST TO AGENCY AND EFFECT ON STATE REVENUE:

No additional cost is expected to be incurred by this or any other state agency as a result of these rules.

F. ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS:

These proposed rules will have no additional economic impact upon any political subdivision.

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:

December 14, 2015.