

**TITLE 590. OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM
CHAPTER 10. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

RULE IMPACT STATEMENT

A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED RULES:

The amendment to 590:10-1-11 adds a de minimus provision for errors or miscalculations involving monthly benefits at the discretion of the System. It also increases the de minimus amount that may be due to a member or beneficiary for which the System is not required to make efforts to contact.

The amendment to 590:10-3-6 provides an exception to the type of service which does not constitute full-time-equivalent employment so that full-time-equivalent employment would include transported service which started out in the Oklahoma Public Employees Retirement System.

The amendment to 590:10-3-8 clarifies the cost for delinquent service that is for one month or less and which is more than 1 year delinquent, and service which is for more than one month and which is more than 1 year delinquent. The amendment also adds a provision that the cost for delinquent service involving retirees returning to work will be contributions plus 10% interest.

The amendment to 590:10-3-13 permits a leave of absence involving legislative and court employees to be credited as participating service if it is the result of an involuntary furlough. The amendment also removes obsolete language. This amendment was approved as an emergency rule.

The amendment to 590:10-7-18 modifies the one year return to work prohibition to provide that the one year period starts from the date the retiree ended the employment with the participating employer. This amendment was approved as an emergency rule.

The amendment to 590:10-7-19 provides that the System will make reasonable efforts to locate missing members and beneficiaries in order to comply with the required minimum distributions rules under the Internal Revenue Code.

The amendment to 590:10-9-2 permits a beneficiary to assign the death benefit to a funeral director or funeral business entity which provides funeral services for the member. This amendment was approved as an emergency rule.

The amendment to 590:10-11-4 relates to state transported service (common education entities) and allows service credit which satisfied the full-time-equivalent employment requirement to be transported to the Oklahoma Teachers Retirement System and back to the Oklahoma Public Employees Retirement System without losing its identity as full-time-equivalent employment in the Oklahoma Public Employees Retirement System.

The amendment to 590:10-11-13 relates to state portable service (non-common education entities) and allows service credit which satisfied the full-time-equivalent employment requirement to be transported to the Oklahoma Teachers Retirement System and back to the Oklahoma Public Employees Retirement System without losing its identity as full-time-equivalent employment in the Oklahoma Public Employees Retirement System.

Rule 590:10-17-10 is added as a result of the Internal Revenue Service's approval of the Excess Benefit Plan and Trust. As a condition to obtain approval of the Excess Benefit Plan and Trust, the IRS required that any participating members in the Step-Up plan could not participate in the Excess Benefit Plan to the extent any excess benefit is attributable to the Step-Up election. This amendment was added as an emergency rule.

The new Subchapter 21 is necessary to implement the "Oklahoma Public Employees Retirement System Excess Benefit Plan and Trust." The Excess Benefit Plan and Trust was established by the Board of Trustees in August 2006 in accordance with 74 O.S. §915.1. Before the plan could be implemented, the Board was required to obtain approval under Section 915.1 from the Internal Revenue Service. The plan was recently approved by the Internal Revenue Service in a private letter ruling dated June 24, 2010. The proposed rules, which were added as emergency rules, set forth the Excess Benefit Plan and Trust, its purpose and how it is to be implemented by the agency.

Specifically, 590:10-21-1 establishes the plan and its purpose. The new 590:10-21-2 sets forth defined terms. 590:10-21-3 provides how the plan is to be construed with regards to actuarial assumptions. 590:10-21-4 sets forth who must participate in the plan and when such participation begins. The new 590:10-21-5 sets forth the excess benefit amount, when such amount is paid, and the form of the benefit. 590:10-21-6 sets forth the process for determining the amount of contributions to the plan and that such contributions must be kept separate from the URSJJ plan. The new 590:10-21-7 establishes the Excess Benefit Trust Fund to hold and account for the separate excess benefit contributions. 590:10-21-8 sets forth the administrative authority and powers of the Board of Trustees over the plan. 590:10-21-9 permits the Board to amend the plan as may be necessary to maintain the plan and its tax qualified status under the Internal Revenue Code. 590:10-21-10 provides that the interests of the participants in the plan are not assignable except as provided under 74 O.S. §923. 590:10-21-11 provides no guarantee of any particular tax treatment as a result of participation in the plan. 590:10-21-12 permits the Board to invest such assets of the plan pending payments under the plan. 590:10-21-13 sets forth procedures for resolving conflicts in the plan.

B. CLASS OF PERSONS AFFECTED:

All members of OPERS and their beneficiaries are affected. All members and their beneficiaries whose benefits exceed the income limits imposed by the Internal Revenue Service will be affected by the rules governing the Excess Benefit Plan and Trust. 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

federal tax laws and that the System will maintain its status as a qualified government pension plan. Members also benefit from the proposed rules 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 in compliance with statutory provisions and federal regulations governing the qualified status of the retirement system 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. The rules reflect or clarify existing state and federal statutory or administrative requirements and, therefore, there is no anticipated effect on state revenues associated with 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 30, 2010.