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 590:10-1-7 changes the late charge for unpaid contributions from the non-state agency employer. The monthly charge is increased from 1.5% to 3% of the unpaid balance. The amendment is necessary to comply with recent legislation found in Section 2 of Enrolled Senate Bill 840 (2011), amending 74 O.S. §920B. The amendment was approved as an emergency rule.

The amendment to 590:10-3-8 adds a new provision for determining the amount due from employer remittance errors. The amendment would require the employer to pay the insufficient contribution amount plus interest instead of paying actuarial cost.

The amendment to 590:10-3-10 modifies the eligibility requirements for purchasing incentive credit to conform with the new statutory retirement date provisions for employees and elected officials joining the System after November 1, 2011. The amendment complies with the new provisions contained in Sections 1 and 2 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902 and §913.4. This amendment was approved as an emergency rule.

The amendment to 590:10-3-11 provides a cross reference for the purchase of termination credit relating to the new retirement date provisions for employees joining the System after November 1, 2011. This amendment complies with the newly enacted provisions of Section 1 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902. This amendment was approved as an emergency rule.

The amendment to 590:10-3-14 modifies the rule relating to service credit calculations for different classes of elected officials by adding a new class of elected officials who are elected or appointed on or after November 1, 2011. The amendment is in accordance with recently enacted provisions of Sections 1, 2 and 3 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902, §913.4 and §914. This amendment was approved as an emergency rule.

The amendment to 590:10-7-4 modifies the rule relating to early retirement factors to provide new age factors for members who first join the System on or after November 1, 2011. The amendment is in accordance with recently enacted provisions of Sections 1, 2 and 3 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902, §913.4 and §914. This amendment was approved as an emergency rule.

The amendment to 590:10-7-9 relates to the procedures for calculating fractional years of service. The amendment distinguishes between officials elected prior to and on or after November 1, 2011. The amendment is in accordance with recently enacted provisions of

Sections 1, 2 and 3 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902, §913.4 and §914. This amendment was approved as an emergency rule.

The amendment to 590:10-7-16 permits nontaxable distributions from a qualified plan to be directly rolled over tax-free to either another qualified plan or a 403(b) plan if separate accounting requirements are met.

The amendment to 590:10-7-22 corrects a citation to the Internal Revenue Code which relates to the treatment of differential wage payments received by a person while performing qualified military service.

The amendment to 590:10-8-5 updates the normal retirement date for post-hazardous duty members to include the new retirement dates for employees joining the System after November 1, 2011. This amendment complies with the newly enacted provisions of Section 1 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902. This amendment was approved as an emergency rule.

The amendment to 590:10-9-1 provides for a new vesting period of 8 years for those officials elected or appointed on or after November 1, 2011 as it relates to survivor benefits. The amendment is in accordance with recently enacted provisions of Sections 1, 2 and 3 of Enrolled Senate Bill 794 (2011), amending 74 O.S. §902, §913.4 and §914. This amendment was approved as an emergency rule.

B. CLASS OF PERSONS AFFECTED:

All members of OPERS and their beneficiaries are affected. Members of OPERS 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. New members joining the System after November 1, 2011, will be positively affected as the proposed rules comply with recently enacted legislation.

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. The rules reflect or clarify existing state and federal statutory or administrative requirements and, therefore, there is no anticipated effect on political subdivision revenues associated with 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:

December 30, 2011.