

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 88

By: Boren

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2021, Section 17-106.1, which relates to the Board of Trustees of the Teachers' Retirement System of Oklahoma; allowing Board of Trustees to approve cost-of-living adjustment for certain retirees under certain circumstances; updating statutory language; and making language gender neutral.

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

SECTION 1. AMENDATORY 70 O.S. 2021, Section 17-106.1, is amended to read as follows:

Section 17-106.1. A. The Board of Trustees of the Teachers' Retirement System of Oklahoma shall discharge their duties with respect to the System solely in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:

a. providing benefits to participants and their beneficiaries, and

b. defraying reasonable expenses of administering the System;

1           2. With the care, skill, prudence, and diligence under the  
2 circumstances then prevailing that a prudent person acting in a like  
3 capacity and familiar with such matters would use in the conduct of  
4 an enterprise of a like character and with like aims;

5           3. By diversifying the investments of the System so as to  
6 minimize the risk of large losses, unless under the circumstances it  
7 is clearly prudent not to do so; and

8           4. In accordance with the laws, documents and instruments  
9 governing the System.

10           B. The Board of Trustees of the Teachers' Retirement System of  
11 Oklahoma may invest the assets of the System in real property owned  
12 or to be acquired by the ~~State of Oklahoma~~ state. It is further  
13 authorized to acquire, exchange, and grant any real property under  
14 its jurisdiction as is necessary to carry out the investment in the  
15 real property. The Board of Trustees of the Teachers' Retirement  
16 System of Oklahoma is authorized to invest not more than ten percent  
17 (10%) of the total value of assets of the System in connection with  
18 such investments. Limitations on investment of the assets of the  
19 System provided herein shall be determined as of the date of its  
20 making or acquisition.

21           C. The Board of Trustees may procure insurance indemnifying the  
22 members of the Board of Trustees from personal loss or  
23 accountability from liability resulting from a member's action or  
24 inaction as a member of the Board.

1 D. The Board of Trustees may establish an investment committee.  
2 The investment committee shall be composed of not more than five (5)  
3 members of the Board of Trustees appointed by the ~~chairman~~ chair of  
4 the Board of Trustees. The committee shall make recommendations to  
5 the full Board of Trustees on all matters related to the choice of  
6 custodians and managers of the assets of the System, on the  
7 establishment of investment and fund management guidelines, and in  
8 planning future investment policy. The committee shall have no  
9 authority to act on behalf of the Board of Trustees in any  
10 circumstances whatsoever. No recommendation of the committee shall  
11 have effect as an action of the Board of Trustees nor take effect  
12 without the approval of the Board of Trustees as provided by law.

13 E. The Board of Trustees may retain qualified investment  
14 managers to provide for the investment of the monies of the System.  
15 The investment managers shall be chosen by a solicitation of  
16 proposals on a competitive bid basis pursuant to standards set by  
17 the Board of Trustees. Subject to the overall investment guidelines  
18 set by the Board of Trustees, the investment managers shall have  
19 full discretion in the management of those monies of the System  
20 allocated to the investment managers. The Board of Trustees shall  
21 manage those monies not specifically allocated to the investment  
22 managers. The monies of the System allocated to the investment  
23 managers shall be actively managed by the investment managers, which  
24 may include selling investments and realizing losses if such action

1 is considered advantageous to longer term return maximization.

2 Because of the total return objective, no distinction shall be made  
3 for management and performance evaluation purposes between realized  
4 and unrealized capital gains and losses.

5 F. Funds and revenues for investment by the investment managers  
6 or the Board of Trustees shall be placed with a custodian selected  
7 by the Board of Trustees. The custodian shall be a bank or trust  
8 company offering pension fund master trustee and master custodial  
9 services. The custodian shall be chosen by a solicitation of  
10 proposals on a competitive bid basis pursuant to standards set by  
11 the Board of Trustees. In compliance with the investment policy  
12 guidelines of the Board of Trustees, the custodian bank or trust  
13 company shall be contractually responsible for ensuring that all  
14 monies of the System are invested in income-producing investment  
15 vehicles at all times. If a custodian bank or trust company has not  
16 received direction from the investment managers of the System as to  
17 the investment of the monies of the System in specific investment  
18 vehicles, the custodian bank or trust company shall be contractually  
19 responsible to the Board of Trustees for investing the monies in  
20 appropriately collateralized short-term interest-bearing investment  
21 vehicles.

22 G. By November 1, 1988, and prior to August 1 of each year  
23 thereafter, the Board of Trustees shall develop a written investment  
24 plan for the System.

1 H. The Board of Trustees shall compile a quarterly financial  
2 report of all the funds of the System on a fiscal year basis. The  
3 report shall be compiled pursuant to uniform reporting standards  
4 prescribed by the Oklahoma State Pension Commission for all state  
5 retirement systems. The report shall include several relevant  
6 measures of investment value, including acquisition cost and current  
7 fair market value with appropriate summaries of total holdings and  
8 returns. The report shall contain combined and individual rate of  
9 returns of the investment managers by category of investment, over  
10 periods of time. The Board of Trustees shall include in the  
11 quarterly reports all commissions, fees or payments for investment  
12 services performed on behalf of the Board. The report shall be  
13 distributed to the Governor, the Oklahoma State Pension Commission,  
14 the Legislative Service Bureau, the Speaker of the House of  
15 Representatives and the President Pro Tempore of the Senate. In  
16 lieu of compiling and distributing the quarterly report, the Board  
17 may provide the Oklahoma State Pension Commission with direct access  
18 to the same data from the custodian bank for the System.

19 I. After July 1 and before December 1 of each year, the Board  
20 of Trustees shall publish widely an annual report presented in  
21 simple and easily understood language pursuant to uniform reporting  
22 standards prescribed by the Oklahoma State Pension Commission for  
23 all state retirement systems. The report shall be submitted to the  
24 Governor, the Speaker of the House of Representatives, the President

1 Pro Tempore of the Senate, the Oklahoma State Pension Commission and  
2 the members of the System. The annual report shall cover the  
3 operation of the System during the past fiscal year, including  
4 income, disbursements, and the financial condition of the System at  
5 the end of the fiscal year. The annual report shall also contain  
6 the information issued in the quarterly reports required pursuant to  
7 subsection H of this section as well as a summary of the results of  
8 the most recent actuarial valuation to include total assets, total  
9 liabilities, unfunded liability or over funded status, contributions  
10 and any other information deemed relevant by the Board of Trustees.  
11 The annual report shall be written in such a manner as to permit a  
12 readily understandable means for analyzing the financial condition  
13 and performance of the System for the fiscal year.

14 J. 1. The Board of Trustees may approve a two percent (2%)  
15 cost-of-living adjustment, pursuant to the schedule prescribed by  
16 this subsection for persons who have received benefits from the  
17 System for one or more years. The Board of Trustees may only  
18 approve a cost-of-living adjustment when the System's funded ratio,  
19 according to the latest annual actuarial valuation, exceeds a  
20 percentage as prescribed in paragraph 2 of this subsection;  
21 provided, a cost-of-living adjustment shall not be granted if the  
22 adjustment would cause the funding ratio of the System to drop below  
23 the percentage which authorized the adjustment.

1        2. Except as provided in paragraph 1 of this subsection, a  
2 cost-of-living adjustment may be approved by the Board of Trustees  
3 if the funded ratio of the System exceeds eighty percent (80%).  
4 Subsequent cost-of-living adjustments may be approved each time  
5 thereafter that the System's funded ratio increases by two and one-  
6 half percent (2 1/2%) from the percentage which authorized the  
7 previous cost-of-living adjustment.

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