

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL 668

By: Corn of the Senate

and

Ferguson, Roan and Smithson
of the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to retirement; amending 11 O.S. 2001, Section 50-111.3, as amended by Section 3 of Enrolled Senate Bill No. 665 of the 1st Session of the 49th Oklahoma Legislature, which relates to the Oklahoma Police Pension and Retirement System; amending references; clarifying participation in the Oklahoma Police Deferred Option Plan; allowing certain in-service distributions; providing election to participate in alternative Deferred Option Plan; providing definitions; providing for determination of monthly pension benefit; providing for crediting of deferred option account; providing for termination of employment; providing for certain refund; providing eligibility exception; amending 47 O.S. 2001, Section 2-305.2, which relates to the Oklahoma Law Enforcement Retirement System; amending references; clarifying participation in the Oklahoma Law Enforcement Deferred Option Plan; allowing certain in-service distributions; clarifying language; deleting obsolete language; providing election to participate in alternative Deferred Option Plan; providing definitions; providing for determination of monthly pension benefit; providing for crediting of deferred option account; providing for certain refund; clarifying termination of employment; allowing participation under certain circumstances; providing certain limitation on participation; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 2001, Section 50-111.3, as amended by Section 3 of Enrolled Senate Bill No. 665 of the 1st Session of the 49th Oklahoma Legislature, is amended to read as follows:

Section 50-111.3 A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section ~~50-111.1~~ 50-114 of this title, any member of the Oklahoma Police Pension and Retirement System who has not less than twenty (20) years of creditable service and who is eligible to receive a service retirement pension may elect to participate in the Oklahoma Police Deferred Option Plan and defer the receipts of benefits in accordance with the provisions of this section.

B. For purposes of this section, creditable service shall include service credit reciprocally recognized pursuant to ~~Sections~~ Section 50-101 through 50-105.3 et seq. of this title but for eligibility purposes only.

C. The duration of participation in the Oklahoma Police Deferred Option Plan for a member shall not exceed five (5) years. Participation in the Oklahoma Police Deferred Option Plan must begin the first day of a month and end on the last day of a month. At the conclusion of a member's participation in the Oklahoma Police Deferred Option Plan, the member shall terminate employment with all participating municipalities as an officer, and shall start receiving the member's accrued monthly retirement benefit from the System. Such a member may receive in-service distributions of such member's accrued monthly retirement benefit from the System if such member is reemployed by a participating municipality only if such reemployment is as a police chief or in a position not covered under the System. Such a member may receive in-service distributions of such member's accrued monthly retirement benefit from the System if such member is reemployed by a participating municipality only if such reemployment is as a police chief or in a position not covered under the System.

D. When a member begins participation in the Oklahoma Police Deferred Option Plan, the contribution of the employee shall cease. The employer contributions shall continue to be paid in accordance

with Section 50-109 of this title. Municipal contributions for employees who elect the Oklahoma Police Deferred Option Plan shall be credited equally to the Oklahoma Police Pension and Retirement System and to the Oklahoma Police Deferred Option Plan. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into the Oklahoma Police Deferred Option Plan account.

E. 1. A member who participates in this plan shall be eligible to receive cost of living increases.

2. A member who participates in this plan shall earn interest at a rate of two percentage points below the rate of return of the investment portfolio of the System, but no less than the actuarial assumed interest rate as certified by the actuary in the yearly evaluation report of the actuary. The interest shall be credited to the individual account balance of the member on an annual basis.

F. A participant in the Oklahoma Police Deferred Option Plan shall receive, at the option of the participant:

1. A lump sum payment from the account equal to the option account balance of the participant, payable to the participant;

2. A lump sum payment from the account equal to the option account balance of the participant, payable to the annuity provider which shall be selected by the participant as a result of the research and investigation of the participant; or

3. Any other method of payment if approved by the State Board.

G. If the participant dies during the period of participation in the Oklahoma Police Deferred Option Plan, a lump sum payment equal to the account balance of the participant shall be paid in accordance with Section 50-115.2 of this title.

H. In lieu of participating in the Oklahoma Police Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section, a member may elect to participate in the Oklahoma Police Deferred Option Plan pursuant to this subsection as follows:

1. For purposes of this subsection, the following definitions shall apply:

- a. "back drop date" means the member's normal retirement date or the date five (5) years before the member elects to participate in the Oklahoma Police Deferred Option Plan, whichever date is later,
- b. "termination date" means the date the member elects to participate in the Oklahoma Police Deferred Option Plan pursuant to this subsection, and the date the member terminates employment with all participating municipalities as an active police officer, such termination has at all times included reemployment of a member by a participating municipality only if such reemployment is as a police chief or in a position not covered under the System,
- c. "earlier attained credited service" means the credited service earned by a member as of the back drop date, and earlier attained credited service cannot be reduced to less than twenty (20) years of credited service, and
- d. "deferred benefit balance" means all monthly retirement benefits that would have been payable had the member elected to cease employment on the back drop date and receive a service retirement from the back drop date to the termination date, and one-half (1/2) of the employer contributions from the back drop date to the termination date, with interest based on how the benefit would have accumulated as if the member had participated in the Oklahoma Police Deferred Option Plan pursuant to subsections A, B, C, D and E of this section from the back drop date to the termination date; and

2. At the termination date, the monthly pension benefit shall be determined based on earlier attained credited service and on the final average salary as of the back drop date. The member's individual deferred option account shall be credited with an amount equal to the deferred benefit balance; the member shall terminate employment with all participating municipalities as a police officer and shall start receiving the member's accrued monthly retirement benefit from the System. The member shall, upon application filed with the State Board, be refunded from the fund an amount equal to the accumulated contributions the member made to the fund from the back drop date to the termination date, but excluding any interest. The provisions of subsections B, C, E, F and G of this section shall apply to this subsection. A member shall not participate in the Oklahoma Police Deferred Option Plan pursuant to this subsection if the member has elected to participate in the Oklahoma Police Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section.

SECTION 2. AMENDATORY 47 O.S. 2001, Section 2-305.2, is amended to read as follows:

Section 2-305.2 A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes, any member of the Oklahoma Law Enforcement Retirement System who has not less than twenty (20) years of creditable service and who is eligible to receive a service retirement pension may elect to participate in the Oklahoma Law Enforcement Deferred Option Plan and defer the receipts of benefits in accordance with the provisions of this section.

B. For purposes of this section, creditable service shall include service credit reciprocally recognized pursuant to ~~Sections~~ Section 2-300 through 2-305.1 et seq. of Title 47 of the Oklahoma Statutes but for eligibility purposes only.

C. The duration of participation in the Oklahoma Law Enforcement Deferred Option Plan for a member shall not exceed five (5) years. Participation in the Oklahoma Law Enforcement Deferred Option Plan must begin the first day of a month and end on the last day of the month. At the conclusion of a member's participation in the Oklahoma Law Enforcement Deferred Option Plan, the member shall terminate employment ~~with all state law enforcement agencies as an officer,~~ and shall start receiving the member's accrued monthly retirement benefit from the System. Such a member may continue to receive in-service distributions of such member's accrued monthly retirement benefit from the System if the member is reemployed by a state agency only if such reemployment is in a position not covered under the System.

D. When a member begins participation in the Oklahoma Law Enforcement Deferred Option Plan, the contribution of the ~~employee member~~ shall cease. The employer contributions shall continue to be paid in accordance with Section 2-304 of Title 47 of the Oklahoma Statutes. Employer contributions for ~~employees~~ members who elect the Oklahoma Law Enforcement Deferred Option Plan shall be credited equally to the Oklahoma Law Enforcement Retirement System and to the member's Oklahoma Law Enforcement Deferred Option Plan account. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into the member's Oklahoma Law Enforcement Deferred Option Plan account.

E. 1. A member who participates in this plan shall be eligible to receive cost of living increases.

2. A member who participates in this plan shall earn interest at a rate of two percentage points below the rate of return of the investment portfolio of the System, but no less than the actuarial assumed interest rate as certified by the actuary in the yearly

evaluation report of the actuary. The interest shall be credited to the individual account balance of the member on an annual basis.

F. A participant member in the Oklahoma Law Enforcement Deferred Option Plan shall receive, at the option of the participant member:

1. A lump sum payment from the account equal to the option account balance of the participant member, payable to the participant member;

2. A lump sum payment from the account equal to the option account balance of the participant member, payable to the annuity provider which shall be selected by the participant member as a result of the research and investigation of the participant member; or

3. Any other method of payment if approved by the Board.

G. If the participant member dies during the period of participation in the Oklahoma Law Enforcement Deferred Option Plan, a lump sum payment equal to the account balance of the participant member shall be paid in accordance with Section 2-306.3 of Title 47 of the Oklahoma Statutes.

H. ~~The In lieu of participating in the Oklahoma Law Enforcement Deferred Option Plan shall not be implemented until October 1, 1990, or when the Board obtains a ruling from the Internal Revenue Service which affirmatively states that said plan shall be treated as a qualified plan for federal income tax purposes, which ever comes last pursuant to subsections A, B, C, D, E and F of this section, a member may elect to participate in the Oklahoma Law Enforcement Deferred Option Plan pursuant to this subsection as follows:~~

1. For purposes of this subsection, the following definitions shall apply:

a. "back drop date" means the date selected by the member which is up to five (5) years before the member elects to participate in the Oklahoma Law Enforcement

Deferred Option Plan, but not before the date at which the member completes twenty (20) years of credited service,

- b. "termination date" means the date the member elects to participate in the Oklahoma Law Enforcement Deferred Option Plan pursuant to this subsection and the date the member terminates employment and starts receiving the member's accrued monthly retirement benefit from the System. Such termination has at all times included reemployment of a member by a state agency, but only in a position not covered under the System,
- c. "earlier attained credited service" means the participating credited service earned by a member as of the back drop date. Earlier attained credited service cannot be reduced to less than twenty (20) years of credited service, and
- d. "deferred benefit balance" means all retirement benefits that would have been paid from the back drop date to the termination date, and one half (1/2) of the employer contributions from the back drop date to the termination date, with interest based on how the benefit would have accumulated on a compound annual basis as if the member had participated in the Oklahoma Law Enforcement Deferred Option Plan pursuant to subsections A, B, C, D and E of this section from the back drop date to the termination date;

2. At the termination date, a member's monthly pension benefit shall be determined based on the earlier attained credited service and on the final average salary as of the back drop date. The member's individual deferred option account shall be credited with an amount equal to the deferred benefit balance; the member shall terminate employment and shall start receiving the member's accrued

monthly retirement from the System. The member shall, upon application filed with the Board, be refunded from the fund an amount equal to the accumulated contributions the member made to the fund from the back drop date to the termination date, but excluding any interest. Such termination has at all times included reemployment of a member by a state agency, but only in a position not covered under the System. The provisions of subsections B, C, E, F and G of this section shall apply to this subsection; and

3. A member may participate in the Oklahoma Law Enforcement Deferred Option Plan pursuant to this subsection even if the member has elected to participate in the Oklahoma Law Enforcement Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section. Such a member may select a back drop date which is up to five (5) years prior to the termination date, but not before the date at which the member completes twenty (20) years of credited service. Such a member's participation in the Oklahoma Law Enforcement Deferred Option Plan may not exceed five (5) years when combined with such a member's prior period of participation in the Oklahoma Law Enforcement Deferred Option Plan. The provisions of subsections B, C, E, F and G of this section shall apply to this subsection.

SECTION 3. This act shall become effective July 1, 2003.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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