

SB 638

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THE STATE SENATE
Monday, February 17, 2003

Senate Bill No. 638
As Amended

SENATE BILL NO. 638 - By: CORN of the Senate and FERGUSON of the House.

[retirement - creating the Oklahoma Retired Police Officer Revolving Fund - effective date - emergency]

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 50-140 of Title 11, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Police Pension and Retirement System to be designated the Oklahoma Retired Police Officer Revolving Fund. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of fees collected by municipal and district court clerks pursuant to Section 4 of this act. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Oklahoma Police Pension and Retirement System for payment to retired police officers participating in the System on an annual basis. Expenditures from the fund shall be made upon warrants issued by the State Treasurer

1 against claims filed as prescribed by law with the Director of State
2 Finance for approval and payment.

3 B. The Board of Trustees of the Oklahoma Police Pension and
4 Retirement System shall on December 1 of each year, beginning
5 December 1, 2004, make a claim for the balance of the Oklahoma
6 Retired Police Officer Revolving Fund. Upon receipt of such
7 balance, the System shall on a pro rata basis, based upon the number
8 of retired members or surviving spouses in the case of the death of
9 a retired member, pay the balance to retired members and surviving
10 spouses. The purpose of the fund is to help retired officers and
11 surviving spouses pay for the increases in health insurance costs.

12 SECTION 2. AMENDATORY 11 O.S. 2001, Section 50-111.3, is
13 amended to read as follows:

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

22 B. For purposes of this section, creditable service shall
23 include service credit reciprocally recognized pursuant to Sections

1 50-101 through 50-105.3 of this title but for eligibility purposes
2 only.

3 C. The duration of participation in the Oklahoma Police
4 Deferred Option Plan for a member shall not exceed five (5) years.
5 At the conclusion of a member's participation in the Oklahoma Police
6 Deferred Option Plan, the member shall terminate employment with all
7 participating municipalities as an officer, and shall start
8 receiving the member's accrued monthly retirement benefit from the
9 System.

10 D. When a member begins participation in the Oklahoma Police
11 Deferred Option Plan, the contribution of the employee shall cease.
12 The employer contributions shall continue to be paid in accordance
13 with Section 50-109 of this title. Municipal contributions for
14 employees who elect the Oklahoma Police Deferred Option Plan shall
15 be credited equally to the Oklahoma Police Pension and Retirement
16 System and to the Oklahoma Police Deferred Option Plan. The monthly
17 retirement benefits that would have been payable had the member
18 elected to cease employment and receive a service retirement shall
19 be paid into the Oklahoma Police Deferred Option Plan account.

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

22 2. A member who participates in this plan shall earn interest
23 at a rate of two percentage points below the rate of return of the

1 investment portfolio of the System, but no less than the actuarial
2 assumed interest rate as certified by the actuary in the yearly
3 evaluation report of the actuary. The interest shall be credited to
4 the individual account balance of the member on an annual basis.

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

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

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

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

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

18 H. The Oklahoma Police Deferred Option Plan shall not be
19 implemented until October 1, 1990, or when the State Board obtains a
20 ruling from the Internal Revenue Service which affirmatively states
21 that said plan shall be treated as a qualified plan for federal
22 income tax purposes, whichever comes last.

1 I. In lieu of participating in the Oklahoma Police Deferred
2 Option Plan pursuant to subsections A and D of this section, a
3 member may elect to participate in the Oklahoma Police Deferred
4 Option Plan pursuant to this subsection as follows:

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

7 a. "back drop date" means the member's normal retirement
8 date or the date five (5) years before the member
9 elects to participate in the Oklahoma Police Deferred
10 Option Plan, whichever date is later,

11 b. "termination date" means the member elects to
12 participate in the Oklahoma Police Deferred Option
13 Plan pursuant to this subsection, and the date the
14 member terminates employment with all participating
15 municipalities as an active firefighter,

16 c. "earlier attained credited service" means the credited
17 service earned by a member as of the back drop date,
18 and

19 d. "deferred benefit balance" means all monthly
20 retirement benefits that would have been payable had
21 the member elected to cease employment on the back
22 drop date and receive a service retirement from the
23 back drop date to the termination date, all the

1 member's contributions and one-half (1/2) of the
2 employer contributions from the back drop date to the
3 termination date, with interest based on how the
4 benefit would have accumulated on a compound annual
5 basis as if the member had participated in the
6 Oklahoma Police Deferred Option Plan pursuant to
7 subsections A and D of this section from the back drop
8 date to the termination date; and

9 2. At the termination date, the monthly pension benefit shall
10 be determined based on earlier attained credited service and on the
11 final average salary as of the back drop date. The member's
12 individual deferred option account shall be credited with an amount
13 equal to the deferred benefit balance, the member shall terminate
14 employment with all participating municipalities as a police
15 officer, and shall start receiving the member's accrued monthly
16 retirement benefit from the System. The provisions of subsections
17 B, C, E, F and G of this section shall apply to this subsection. A
18 member shall not participate in the Oklahoma Police Deferred Option
19 Plan pursuant to this subsection if the member has elected to
20 participate in the Oklahoma Police Deferred Option Plan pursuant to
21 subsections A and D of this section.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 50-150 of Title 11, unless there
3 is created a duplication in numbering, reads as follows:

4 A. On July 1, 2003, and every July 1 thereafter the Board of
5 Trustees of the Oklahoma Police Pension and Retirement System shall
6 implement an annual benefit adjustment to increase the retirement
7 benefit for any person receiving benefits from the System. The
8 benefit adjustment shall equal the lesser of two percent (2%) or the
9 annual change based upon the Consumer Price Index for all urban
10 consumers for all goods and services, as published by the Bureau of
11 Labor Statistics, U.S. Department of Labor, as of July 1 of the
12 current year compared with July 1 of the previous year.

13 B. Any increase in benefits a person is eligible to receive
14 pursuant to repealed Section 50-120 of Title 11 of the Oklahoma
15 Statutes, after January 1, 1981, shall be offset by any increase in
16 benefits, if any, provided by this section.

17 C. The Board shall cease implementing the provisions of this
18 section on a prospective basis if the actuarial funded percentage of
19 the System in any future year is less than seven (7) percentage
20 points of the actuarial funded percentage of the System as of July
21 1, 2002, on a fiscal year basis. For purposes of comparing the
22 actuarial funded percentage of the System as of July 1, 2002, with

1 the actuarial funded percentage of the System for future years, the
2 July 1, 2002, actuarial assumed interest rate shall be used.

3 SECTION 4. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 1313.7 of Title 20, unless there
5 is created a duplication in numbering, reads as follows:

6 A. Any person convicted of any offense, including traffic
7 offenses but excluding parking and standing violations, punishable
8 by a fine of Ten Dollars (\$10.00) or more or by incarceration or any
9 person forfeiting bond when charged with such offense, shall be
10 ordered by the court to pay an additional fee in the amount of One
11 Dollar (\$1.00) for each offense for the Oklahoma Retired Police
12 Officer Revolving Fund in the State Treasury. The fee shall be in
13 addition to and not in substitution for any and all fines and
14 penalties otherwise provided for by law for such offense. The fee
15 shall be collected at the same time and in the same manner as the
16 penalty assessment. The court clerk shall deposit monthly the fee
17 collected pursuant to this section in the Oklahoma Retired Police
18 Officer Revolving Fund and shall forward the amounts imposed by this
19 section as a lump sum in one check or draft.

20 B. As used in this section:

21 1. "Convicted" means any final adjudication of guilt, whether
22 pursuant to a plea of guilty or nolo contendere or otherwise, and
23 any deferred judgment or suspended sentence; and

1 2. "Court" means any state or municipal court having
2 jurisdiction to impose a criminal fine or penalty.

3 SECTION 5. This act shall become effective July 1, 2003.

4 SECTION 6. It being immediately necessary for the preservation
5 of the public peace, health and safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

8 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & GROUP HEALTH, dated
9 2-11-03 - DO PASS, As Amended and Coauthored.