

CS for SB 752

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THE STATE SENATE
Wednesday, March 1, 2006

Committee Substitute for
Senate Bill No. 752

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 752 - By: EASON McINTYRE of
the Senate and WRIGHT of the House.

[retirement - definitions - contributions - benefits -
codification - effective date -
emergency]

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

SECTION 1. AMENDATORY 11 O.S. 2001, Section 49-100.1, as
last amended by Section 1, Chapter 128, O.S.L. 2003 (11 O.S. Supp.
2005, Section 49-100.1), is amended to read as follows:

Section 49-100.1 As used in this article:

1. "System" means the Oklahoma Firefighters Pension and
Retirement System and all predecessor municipal firefighters pension
and retirement systems;

2. "Article" means Article 49 of this title;

3. "State Board" means the Oklahoma Firefighters Pension and
Retirement Board;

4. "Local board" means the local firefighters pension and
retirement boards;

5. "Fund" means the Oklahoma Firefighters Pension and
Retirement Fund;

1 6. "Member" means all eligible firefighters of a participating
2 municipality or a fire protection district who perform the essential
3 functions of fire suppression, prevention, and life safety duties in
4 a fire department. The term "member" shall include but not be
5 limited to the person serving as fire chief of any participating
6 municipality, provided that a person serving as fire chief of a
7 participating municipality shall meet the age, agility, physical and
8 other eligibility requirements required by law at the time said
9 person becomes a member of the System. Effective July 1, 1987, a
10 member does not include a "leased employee". The term "leased
11 employee" means any person (other than an employee of the recipient)
12 who pursuant to an agreement between the recipient and any other
13 person ("leasing organization") has performed services for the
14 recipient (or for the recipient and related persons determined in
15 accordance with Section 414(n)(6) of the Internal Revenue Code of
16 1986, as amended) on a substantially full-time basis for a period of
17 at least one year, and such services are performed under primary
18 direction or control by the recipient. Contributions or benefits
19 provided a leased employee by the leasing organization which are
20 attributable to services performed for the recipient employer shall
21 be treated as provided by the recipient employer. A leased employee
22 shall not be considered an employee of the recipient if the
23 requirements of the safe harbor provisions of Section 414(n)(5) of

1 the Internal Revenue Code of 1986, as amended, are satisfied.
2 Effective July 1, 1999, any individual who agrees with the
3 participating municipality that the individual's services are to be
4 performed as a leased employee or an independent contractor shall
5 not be a member regardless of any classification as a common law
6 employee by the Internal Revenue Service or any other governmental
7 agency, or any court of competent jurisdiction;

8 7. "Normal retirement date" means the date at which the member
9 is eligible to receive the unreduced payments of the member's
10 accrued retirement benefit. Such date shall be the first day
11 following the date the member completes twenty (20) years of
12 credited service. If the member's employment continues past the
13 normal retirement date of the member, the actual retirement date of
14 the member shall be the first day following the date the member
15 terminates employment with more than twenty (20) years of credited
16 service;

17 8. "Credited service" means the period of service used to
18 determine the eligibility for and the amount of benefits payable to
19 a member. Credited service shall consist of the period during which
20 the member participated in the System or the predecessor municipal
21 systems as an active employee in an eligible membership
22 classification, plus any service prior to the establishment of the
23 predecessor municipal systems which was credited under the

1 predecessor municipal systems; provided however, "credited service"
2 for members from a fire protection district shall not begin accruing
3 before July 1, 1982;

4 9. "Participating municipality" means a municipality, county
5 fire department organized pursuant to subsection D of Section 351 of
6 Title 19 of the Oklahoma Statutes, or fire protection district which
7 is making contributions to the System on behalf of its firefighters;

8 10. "Disability" means the complete inability of the
9 firefighter to perform any and every duty of his regular occupation;
10 provided further, that once benefits have been paid for twenty-four
11 (24) months the provisions of Section 49-110 of this title shall
12 apply to the firefighter;

13 11. "Executive Director" means the managing officer of the
14 System employed by the State Board;

15 12. "Eligible employer" means any municipality with a municipal
16 fire department or a fire protection district with an organized fire
17 department;

18 13. "Entry date" means the date as of which an eligible
19 employer joins the System. The first entry date pursuant to this
20 article shall be January 1, 1981;

21 14. "Final average salary" means the average paid gross salary
22 of the firefighter for normally scheduled hours over the highest
23 salaried thirty (30) consecutive months of the last sixty (60)

1 months of credited service. Gross salary shall not include payment
2 for accumulated sick or annual leave upon termination of employment,
3 any uniform allowances or any other compensation for reimbursement
4 of out-of-pocket expenses. Only salary on which the required
5 contributions have been made may be used in computing the final
6 average salary. Effective January 1, 1988, gross salary shall
7 include any amount of elective salary reduction under Section 125 of
8 the Internal Revenue Code of 1986, as amended. Gross salary shall
9 include any amount of elective salary reduction under Section 457 of
10 the Internal Revenue Code of 1986, as amended, and any amount of
11 nonelective salary reduction under Section 414(h) of the Internal
12 Revenue Code of 1986, as amended. Effective July 1, 1998, for
13 purposes of determining a member's compensation, any contribution by
14 the member to reduce his regular cash remuneration under 132(f)(4)
15 of the Internal Revenue Code of 1986, as amended, shall be treated
16 as if the member did not make such an election. Only salary on
17 which required contributions have been made may be used in computing
18 final average salary.

19 In addition to other applicable limitations, and notwithstanding
20 any other provision to the contrary, for plan years beginning on or
21 after July 1, 2002, the annual gross salary of each "Noneligible
22 Member" taken into account under the System shall not exceed the
23 Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA")

1 annual salary limit. The EGTRRA annual salary limit is Two Hundred
2 Thousand Dollars (\$200,000.00), as adjusted by the Commissioner for
3 increases in the cost of living in accordance with Section
4 401(a)(17)(B) of the Internal Revenue Code of 1986, as amended. The
5 annual salary limit in effect for a calendar year applies to any
6 period, not exceeding twelve (12) months, over which salary is
7 determined ("determination period") beginning in such calendar year.
8 If a determination period consists of fewer than twelve (12) months,
9 the EGTRRA salary limit will be multiplied by a fraction, the
10 numerator of which is the number of months in the determination
11 period, and the denominator of which is twelve (12). For purposes
12 of this subsection, a "Noneligible Member" is any member who first
13 became a member during a plan year commencing on or after July 1,
14 1996.

15 For plan years beginning on or after July 1, 2002, any reference
16 to the annual salary limit under Section 401(a)(17) of the Internal
17 Revenue Code of 1986, as amended, shall mean the EGTRRA salary limit
18 set forth in this subsection;

19 15. "Accrued retirement benefit" means two and one-half percent
20 (2 1/2%) of the firefighter's final average salary multiplied by the
21 member's years of credited service not to exceed thirty (30) years;

22 16. "Beneficiary" means a member's surviving spouse or any
23 surviving children, including biological and adopted children, at

1 the time of the member's death. The surviving spouse must have been
2 married to the firefighter for the thirty (30) continuous months
3 preceding the firefighter's death provided a surviving spouse of a
4 member who died while in, or as a consequence of, the performance of
5 the member's duty for a participating municipality, shall not be
6 subject to the marriage limitation for survivor benefits. A
7 surviving child of a member shall be a beneficiary until reaching
8 eighteen (18) years of age or twenty-two (22) years of age if the
9 child is enrolled full time and regularly attending a public or
10 private school or any institution of higher education. Any child
11 adopted by a member after the member's retirement shall be a
12 beneficiary only if the child is adopted by the member for the
13 thirty (30) continuous months preceding the member's death. Any
14 child who is adopted by a member after the member's retirement and
15 such member dies accidentally or as a consequence of the performance
16 of the member's duty as a firefighter shall not be subject to the
17 thirty-month adoption requirement. This definition of beneficiary
18 shall be in addition to any other requirement set forth in this
19 article;

20 17. "Accumulated contributions" means the sum of all
21 contributions made by a member to the System and includes both
22 contributions deducted from the compensation of a member and
23 contributions of a member picked up and paid by the participating

1 municipality of the member. Accumulated contributions shall not
2 include any interest on the contributions of the member, interest on
3 any amount contributed by the municipality or state and any amount
4 contributed by the municipality or state; ~~and~~

5 18. "Limitation year" means the year used in applying the
6 limitations of Section 415 of the Internal Revenue Code of 1986,
7 which year shall be the calendar year; and

8 19. "Retiree Health Care Fund" means the Oklahoma Firefighters
9 Retiree Health Care Fund.

10 SECTION 2. AMENDATORY 11 O.S. 2001, Section 49-100.11,
11 is amended to read as follows:

12 Section 49-100.11 A. All employee and employer contributions,
13 other than those contributions made pursuant to Section 3 of this
14 act, and dedicated revenues shall be deposited in the Oklahoma
15 Firefighters Pension and Retirement Fund in the State Treasury. The
16 State Board shall have the responsibility for the management of the
17 Oklahoma Firefighters Pension and Retirement Fund, and may transfer
18 monies used for investment purposes by the Oklahoma Firefighters
19 Pension and Retirement System from the Oklahoma Firefighters Pension
20 and Retirement Fund in the State Treasury to the custodian bank or
21 trust company of the System.

22 B. All benefits payable pursuant to the provisions of the
23 Oklahoma Firefighters Pension and Retirement System, refunds of

1 contribution and overpayments, and all administrative expenses in
2 connection with the System, other than those payments made pursuant
3 to Section 3 of this act, shall be paid from the Oklahoma
4 Firefighters Pension and Retirement Fund upon warrants or vouchers
5 signed by two persons designated by the State Board. The State Board
6 may transfer monies from the custodian bank or trust company of the
7 System to the Oklahoma Firefighters Pension and Retirement Fund in
8 the State Treasury for the purposes specified in this subsection.

9 C. All employee and employer contributions made pursuant to
10 Section 3 of this act and dedicated revenues shall be deposited in
11 the Oklahoma Firefighters Retiree Health Care Fund in the State
12 Treasury. The State Board shall have the responsibility for the
13 management of the Oklahoma Firefighters Retiree Health Care Fund,
14 and may transfer monies used for investment purposes by the Oklahoma
15 Firefighters Pension and Retirement System on behalf of the Oklahoma
16 Firefighters Retiree Health Care Fund from the Oklahoma Firefighters
17 Retiree Health Care Fund in the State Treasury to the custodian bank
18 or trust company of the System.

19 D. All benefits payable pursuant to the provisions of the
20 Oklahoma Firefighters Retiree Health Care Fund, refunds of mistaken
21 contributions and overpayments, and all administrative expenses in
22 connection with the Oklahoma Firefighters Retiree Health Care Fund
23 shall be paid from the Oklahoma Firefighters Retiree Health Care

1 Fund upon warrants or vouchers signed by two persons designated by
2 the State Board. The State Board may transfer monies from the
3 custodian bank or trust company of the System to the Oklahoma
4 Firefighters Retiree Health Care Fund in the State Treasury for the
5 purposes specified in this subsection.

6 SECTION 3. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 49-117.4 of Title 11, unless
8 there is created a duplication in numbering, reads as follows:

9 A. The purpose of this section is to create the Oklahoma
10 Firefighters Retiree Health Care Fund to provide retiree health
11 benefits as described in this section to eligible members of the
12 Oklahoma Firefighters Pension and Retirement System. The Oklahoma
13 Firefighters Retiree Health Care Fund is to be administered in
14 accordance with the requirements of Section 401(h) of the Internal
15 Revenue Code of 1986, as amended.

16 B. For purposes of this section, the following definitions
17 shall apply:

18 1. "Account" means an account established and maintained for
19 each retiree health participating member, the member's spouse and
20 dependents;

21 2. "Dependent" means dependent, as defined in Section 152 of
22 the Internal Revenue Code of 1986, as amended;

1 3. "Distribution" means a payment to a retired member, the
2 member's spouse and dependents for the reimbursement of qualified
3 medical expenses. Distributions shall be made in accordance with
4 the procedures established by the State Board;

5 4. "Qualified medical expenses" means medical expenses as
6 defined in Section 213(d) of the Internal Revenue Code of 1986, as
7 amended;

8 5. "Retiree health participating member" means a member who is
9 participating in the Oklahoma Firefighters Retiree Health Care Fund;
10 and

11 6. "Spouse" means the spouse to whom the retiree health
12 participating member is married at the time of commencement of
13 benefits under this section, or if earlier, the spouse to whom such
14 member is married at the date of such member's death.

15 C. For a paid retiree health participating member, each
16 participating municipality shall pick up, under the provisions of
17 Section 414(h)(2) of the Internal Revenue Code of 1986, as amended,
18 and pay the contribution which such member is required by law to
19 make to the System, for all compensation earned after the date set
20 by the State Board which shall be no earlier than the later of
21 December 31, 2006, or upon the issuance for the System of a
22 favorable determination letter from the Internal Revenue Service,
23 provided the underlying request addresses Section 401(h) of the

1 Internal Revenue Code of 1986, as amended. Although the
2 contributions so picked up are designated as retiree health
3 participating member contributions, such contributions shall be
4 treated as contributions being paid by such participating
5 municipality in lieu of contributions by such members in determining
6 tax treatment under the Internal Revenue Code of 1986, as amended,
7 and such picked up contributions shall not be includable in the
8 gross income of such members. A paid retiree health participating
9 member shall not have the option to choose to receive the
10 contributions so picked up directly and the picked up contributions
11 shall be made by the participating municipality to the System. The
12 contribution is four percent (4%) of a retiree health participating
13 member's actual paid gross salary for an active paid firefighter.

14 D. For a volunteer retiree health participating member, the
15 contribution is a flat monthly dollar amount equal to Twenty-five
16 Dollars (\$25.00), Fifty Dollars (\$50.00), Seventy-five Dollars
17 (\$75.00), or One Hundred Dollars (\$100.00) per month, as determined
18 by each fire department in accordance with the vote as set forth in
19 subsection J of this section.

20 E. Contributions are credited to an account established for
21 each retiree health participating member. The assets of the
22 Oklahoma Firefighters Retiree Health Care Fund are separately
23 invested from the other assets of the Oklahoma Firefighters Pension

1 and Retirement System and shall not be commingled with the other
2 assets of the System. The retiree health participating member's
3 account shall be credited with investment gains and losses based on
4 actual investment gains and losses less expenses incurred as a
5 result of the administration of the Oklahoma Firefighters Retiree
6 Health Care Fund. Investment gains and losses shall be credited to
7 a retiree health participating member's account on an annual basis.

8 F. The Oklahoma Firefighters Retiree Health Care Fund shall not
9 be implemented until the date set by the State Board which shall be
10 no earlier than the later of January 1, 2007, or upon issuance for
11 the System of a favorable determination letter from the Internal
12 Revenue Service, provided the underlying request addresses Section
13 401(h) of the Internal Revenue Code of 1986, as amended. The State
14 Board shall thereafter manage the Oklahoma Firefighters Retiree
15 Health Care Fund. The State Board may retain investment advisers,
16 attorneys, consultants, vendors and any other advisers that the
17 State Board deems necessary to provide advice and to administer the
18 Oklahoma Firefighters Retiree Health Care Fund in accordance with
19 the competitive bid or proposal procedures described in Title 74 of
20 the Oklahoma Statutes. The State Board may incur reasonable
21 investment and administrative expenses payable from the assets of
22 the Oklahoma Firefighters Retiree Health Care Fund.

1 G. A retiree health participating member shall, upon completion
2 of such administrative forms as the State Board shall prescribe,
3 receive distributions from the member's account upon the
4 commencement of a monthly pension pursuant to the Oklahoma
5 Firefighters Pension and Retirement System due to the member's:
6 1. retirement;
7 2. disability; or
8 3. attainment of age fifty (50) or the date the member would
9 have had twenty (20) years of credited service had the member's
10 employment continued uninterrupted for a member who terminated
11 service before normal retirement date.

12 H. A deceased retiree health participating member's account
13 shall be maintained for the benefit of the member's surviving spouse
14 and dependents who shall, upon completion of such administrative
15 forms as the State Board shall prescribe, receive distributions from
16 such account upon the commencement of a monthly pension pursuant to
17 the Oklahoma Firefighters Pension and Retirement System due to the
18 surviving spouse's or beneficiary's entitlement to survivorship
19 benefits.

20 I. Upon the termination of employment of a retiree health
21 participating member who is not entitled to any monthly pension
22 distribution, the entire interest such member had in the member's
23 account shall be forfeited as of the termination date. At such time

1 as a deceased member does not have a surviving spouse or dependents,
2 the entire remaining interest in the member's account shall be
3 forfeited. If a retiree health participating member's account is
4 forfeited, an amount equal to the amount of the forfeiture shall be
5 reallocated annually to the remaining accounts on a per capita
6 basis, in accordance with the procedures established by the State
7 Board.

8 J. The State Board shall conduct an election of all eligible
9 active members from each fire department for the purpose of
10 determining whether the eligible members from such fire department
11 shall participate in the Oklahoma Firefighters Retiree Health Care
12 Fund. If a fire department's membership includes both active paid
13 firefighters and active volunteer firefighters, separate elections
14 for each group shall be conducted.

15 1. If fifty percent (50%) or more of all eligible active paid
16 members from the fire department vote in favor of participating in
17 the Oklahoma Firefighters Retiree Health Care Fund, all eligible
18 active paid members from such fire department shall be required to
19 participate in the Oklahoma Firefighter Retiree Health Care Fund.

20 2. If fifty percent (50%) or more of all eligible active
21 volunteer members from a fire department vote in favor of
22 participating in the Oklahoma Firefighters Retiree Health Care Fund,
23 all eligible active volunteer members from such fire department

1 shall be required to participate in the Oklahoma Firefighters
2 Retiree Health Care Fund at such contribution level which received
3 the most votes from those active volunteer members who voted in
4 favor of participation in the Oklahoma Firefighters Retiree Health
5 Care Fund. If two or more contribution levels received the same
6 number of most votes, the lowest of such contribution levels shall
7 be deemed as the contribution level that received the most votes.
8 Active volunteer firefighters shall vote on a flat monthly dollar
9 contribution level equal to twenty-five Dollars (\$25.00), Fifty
10 Dollars (\$50.00), Seventy-five Dollars (\$75.00), or One Hundred
11 Dollars (\$100.00) per month.

12 3. Notwithstanding the provisions of paragraphs 1 and 2 of this
13 subsection, if the total number of participating active paid members
14 is less than five hundred (500) upon the completion of such
15 elections, the Oklahoma Firefighters Retiree Health Care Fund shall
16 not be established.

17 K. Benefits provided by the Oklahoma Firefighters Retiree
18 Health Care Fund are subordinate to the benefits provided by the
19 Oklahoma Firefighters Pension and Retirement System. At any time
20 prior to the satisfaction of all liabilities under the Oklahoma
21 Firefighters Retiree Health Care Fund, none of the corpus or income
22 of such separate account shall be used for, or diverted to, any
23 purposes other than the providing of such benefits. Any amounts

1 which are contributed to fund qualified medical expenses which
2 remain in the Oklahoma Firefighters Retiree Health Care Fund upon
3 satisfaction of all liability arising out of the operation of the
4 Oklahoma Firefighters Retiree Health Care Fund shall be returned to
5 the participating municipalities, as determined by the State Board.

6 L. Notwithstanding anything contained in this section to the
7 contrary, the aggregate of contributions to provide qualified
8 medical expenses and life insurance, if any, shall not exceed
9 twenty-five percent (25%) of the aggregate contributions made to
10 fund all benefits under the System, other than contributions to fund
11 past service costs. For this purpose, "life insurance" means, as to
12 any member, the in-service death benefit that would be payable upon
13 the member's death, but only to the extent that the lump-sum value
14 of such death benefit would exceed the lump-sum value of the
15 member's accrued benefit at the date of the member's death.

16 M. The provisions of this section shall be subject to qualified
17 domestic orders as provided in subsection B of Section 49-126 of
18 Title 11 of the Oklahoma Statutes.

19 SECTION 4. AMENDATORY 11 O.S. 2001, Section 49-122.1, is
20 amended to read as follows:

21 Section 49-122.1 A. There is hereby established a fund to be
22 designated as the Oklahoma Firefighters Pension and Retirement Fund.
23 All employee and employer contributions, other than those

1 contributions made pursuant to Section 3 of this act, shall be
2 deposited in the Fund and may be invested as provided in this
3 article.

4 B. There is hereby established, subject to receipt of a
5 favorable determination letter from the Internal Revenue Service as
6 provided in Section 3 of this act, a fund to be designated as the
7 Oklahoma Firefighters Retiree Health Care Fund. All employee and
8 employer contributions pursuant to Section 3 of this act shall be
9 deposited in the Oklahoma Firefighters Retiree Health Care Fund and
10 may be invested as provided in this article; however, the provisions
11 of Section 3 of this act shall control if the other provisions in
12 this article conflict with the provisions of Section 3 of this act.

13 SECTION 5. AMENDATORY 11 O.S. 2001, Section 49-122.3, is
14 amended to read as follows:

15 Section 49-122.3 The assets of the Fund and the Oklahoma
16 Firefighters Retiree Health Care Fund shall consist of such assets
17 and the income therefrom, including monthly contributions made to
18 the State Board by each municipality, or property for which any of
19 the same shall be exchanged or into which any of the same shall be
20 converted, together with any other assets held from time to time
21 hereunder by the State Board. All legal right, title and interest
22 in and to the assets of the Fund and the Oklahoma Firefighters
23 Retiree Health Care Fund shall at all times be held in trust and

1 vested exclusively in the State Board or its nominee and no
2 municipality shall be deemed to have severable ownership of any
3 asset of the Fund and the Oklahoma Firefighters Retiree Health Care
4 Fund or any right of partition or possession.

5 The State Board shall appraise and place valuation upon the
6 assets of the Fund and the Oklahoma Firefighters Retiree Health Care
7 Fund held by it as of the last business day of each month. Any
8 assets not held by the State Board shall be appraised and valued by
9 the Executive Director on said date.

10 The valuation of all assets of the Fund and the Oklahoma
11 Firefighters Retiree Health Care Fund shall be both at cost and at
12 the fair market value thereof, as determined by reference to the
13 best available source or sources, in the opinion of the Executive
14 Director and the State Board and both the Executive Director and
15 State Board may rely on figures, or statements appearing in any
16 reputable publication purporting to state sales prices, market
17 quotations, values, bid and asking prices or any facts affecting
18 values and upon the opinion of one or more persons familiar with the
19 reasonable market value of any assets to be valued and shall incur
20 no liability for error in any such valuation made in good faith.
21 The reasonable and equitable decision of the Executive Director and
22 State Board regarding the method used in determining values shall be
23 conclusive and binding upon all persons, natural or legal, having

1 interest, direct or indirect, in the Fund's and the Oklahoma
2 Firefighters Retiree Health Care Fund's assets.

3 SECTION 6. AMENDATORY 11 O.S. 2001, Section 49-126, as
4 last amended by Section 7, Chapter 546, O.S.L. 2004 (11 O.S. Supp.
5 2005, Section 49-126), is amended to read as follows:

6 Section 49-126. A. Except as otherwise provided by this
7 section, no portion of said pension shall, either before or after
8 its order of distribution by the State Board to such disabled
9 members of said fire department, or the surviving spouse, alternate
10 payee as defined in subsection B of this section, or guardian of
11 such minor child or children, to the deceased or retired member of
12 such department, be held, seized, taken, subjected to or detained or
13 levied on by virtue of any attachment, execution, injunction, writ
14 interlocutory or other order or decree, or any process or proceeding
15 whatever, issued out of or by any court of this state for the
16 payment or satisfaction, in whole or in part, of any debt, damages,
17 claim, demand or judgment against such member, or his or her
18 surviving spouse, alternate payee, or the guardian of said minor
19 child or children of any deceased member, nor shall said fund or any
20 claim thereto be directly or indirectly assigned and any attempt to
21 assign or transfer the same shall be void; but the funds shall be
22 held, kept, secured and distributed for the purpose of pensioning
23 the persons named in this article, and for no other purpose

1 whatever. Notwithstanding the foregoing, effective August 5, 1997,
2 the State Board may approve any offset of a member's benefit to pay
3 a judgment or settlement against a member for a crime involving the
4 System, for a breach of the member's fiduciary duty to the System,
5 or for funds or monies incorrectly paid to a member or beneficiary
6 by mistake, provided such offset is in accordance with the
7 requirements of Section 401(a)(13) of the Internal Revenue Code of
8 1986, as amended.

9 B. 1. The provisions of subsection A of this section shall not
10 apply to a qualified domestic order as provided pursuant to this
11 subsection.

12 2. The term "qualified domestic order" means an order issued by
13 a district court of this state pursuant to the domestic relation
14 laws of this state which relates to the provision of marital
15 property rights to an alternate payee and which creates or
16 recognizes the existence of the right of an alternate payee and
17 assigns to an alternate payee the right to receive a portion of the
18 benefits payable with respect to a member of the System.

19 3. The term "alternate payee" means any spouse, former spouse,
20 minor or disabled child or children, or other dependent of the
21 member who is recognized by a domestic relations order as having a
22 right to receive benefits payable with respect to a member of the
23 System.

1 4. For purposes of the payment of marital property, to qualify
2 as an alternate payee, a spouse or former spouse must have been
3 married to the related member for a period of not less than thirty
4 (30) continuous months immediately preceding the commencement of the
5 proceedings from which the qualified domestic order issues.

6 5. A qualified domestic order is valid and binding on the State
7 Board and the related member only if it meets the requirements of
8 this subsection.

9 6. A qualified domestic order shall clearly specify:

- 10 a. the name and last-known mailing address (if any) of
11 the member and the name and mailing address of the
12 alternate payee covered by the order,
13 b. the amount or percentage of the member's benefits to
14 be paid by the System to the alternate payee,
15 c. the number of payments or period to which such order
16 applies,
17 d. the characterization of the benefit as to marital
18 property rights or child support, and
19 e. each plan to which such order applies.

20 7. A qualified domestic order meets the requirements of this
21 subsection only if such order:

- 1 a. does not require the System to provide any type or
2 form of benefit, or any option not otherwise provided
3 under state law as relates to the System,
4 b. does not require the System to provide increased
5 benefits, and
6 c. does not require the payment of benefits to an
7 alternate payee which are required to be paid to
8 another alternate payee pursuant to another order
9 previously determined to be a qualified domestic order
10 or an order recognized by the System as a valid order
11 prior to the effective date of this act.

12 8. A qualified domestic order shall not require payment of
13 benefits to an alternate payee prior to the actual retirement date
14 of the related member.

15 9. The obligation of the System to pay an alternate payee
16 pursuant to a qualified domestic order shall cease upon the earlier
17 of the death of the related member or the death of the alternate
18 payee. Upon the death of the alternate payee, the assignment to the
19 alternate payee of the right to receive a portion of the benefits
20 payable with respect to the member shall cease and the payments of
21 benefits to the member shall be reinstated.

22 10. This subsection shall not be subject to the provisions of
23 the Employee Retirement Income Security Act of 1974 (ERISA), 29

1 U.S.C.A. Section 1001, et seq., as amended from time to time, or
2 rules and regulations promulgated thereunder, and court cases
3 interpreting said act.

4 11. The Oklahoma Firefighters Pension and Retirement Board
5 shall promulgate such rules as are necessary to implement the
6 provisions of this subsection.

7 12. An alternate payee who has acquired beneficiary rights
8 pursuant to a valid qualified domestic order must fully comply with
9 all provisions of the rules promulgated by the State Board pursuant
10 to this subsection in order to continue receiving his or her
11 benefit.

12 13. The provisions of Section 3 of this act shall be subject to
13 the qualified domestic orders of this section.

14 C. The provisions of subsection A of this section shall not
15 apply to a Child Support Enforcement Division order for a support
16 arrearage pursuant to Section 240.23 of Title 56 of the Oklahoma
17 Statutes and current child support payments made pursuant to a valid
18 court order.

19 D. The provisions of subsection A of this section shall not
20 apply to a federal tax levy made pursuant to Section 6331 of the
21 Internal Revenue Code of 1986, as amended, and the collection by the
22 United States on a judgment resulting from an unpaid tax assessment.

1 SECTION 7. AMENDATORY 11 O.S. 2001, Section 49-106.1, as
2 last amended by Section 3, Chapter 546, O.S.L. 2004 (11 O.S. Supp.
3 2005, Section 49-106.1), is amended to read as follows:

4 Section 49-106.1 A. In lieu of terminating employment and
5 accepting a service retirement pension pursuant to Sections 49-101
6 and 49-106 of this title, any member of the Oklahoma Firefighters
7 Pension and Retirement System who has not less than twenty (20)
8 years of creditable service and who is eligible to receive a service
9 retirement pension may elect to participate in the Oklahoma
10 Firefighters Deferred Option Plan and defer the receipts of benefits
11 in accordance with the provisions of this section.

12 B. For purposes of this section, creditable service shall
13 include service credit reciprocally recognized pursuant to Sections
14 49-100.1 through 49-100.8 and Sections 49-101, 49-101.1 and 49-101.2
15 of this title but for eligibility purposes only.

16 C. The duration of participation in the Oklahoma Firefighters
17 Deferred Option Plan for active firefighters shall not exceed five
18 (5) years. Participation in the Oklahoma Firefighters Deferred
19 Option Plan must begin the first day of a month and end on the last
20 day of a month. At the conclusion of a member's participation in
21 the Oklahoma Firefighters Deferred Option Plan, the member shall
22 terminate employment with all participating municipalities as a
23 firefighter, and shall start receiving the member's accrued monthly

1 retirement benefit from the System. Such a member may be reemployed
2 by a participating municipality but only in a position not covered
3 under the System, and receive in-service distributions of such
4 member's accrued monthly retirement benefit from the System.

5 D. When a member begins participation in the Oklahoma
6 Firefighters Deferred Option Plan, the contribution of the member
7 shall cease. The employer contributions shall continue to be paid
8 in accordance with subsection B of Section 49-122 of this title.
9 Employer contributions for members who elect the Oklahoma
10 Firefighters Deferred Option Plan shall be credited equally to the
11 Oklahoma Firefighters Pension and Retirement System and to the
12 member's Oklahoma Firefighters Deferred Option Plan account. The
13 monthly retirement benefits that would have been payable had the
14 member elected to cease employment and receive a service retirement
15 shall be paid into the member's Oklahoma Firefighters Deferred
16 Option Plan account.

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

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

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

3 F. A member in the plan shall receive, at the option of the
4 member, a lump sum payment from the account equal to the payments to
5 the account or an annuity based upon the account of the member or
6 may elect any other method of payment if approved by the Board of
7 Trustees. If a member becomes so physically or mentally disabled
8 while in, or in consequence of, the performance of his or her duty
9 as to prevent the effective performance of his or her duties that
10 the State Board approves an in line of duty disability pension, the
11 payment from the account shall be an in line of duty disability
12 payment.

13 G. If a member dies while maintaining an account balance in the
14 plan the System shall pay to the designated recipient or recipients
15 of the member, or if there is no designated recipient or if the
16 designated recipient predeceases the member, to the spouse of the
17 member, or if there is no spouse or if the spouse predeceases the
18 member, to the estate of the member a lump sum payment equal to the
19 account balance of the member. If such member was receiving, or
20 eligible to receive, an in line of duty disability pension at the
21 time of his or her death, payment of the account balance shall be an
22 in line of duty disability payment. If a designated recipient is
23 the surviving spouse of the member, the surviving spouse shall

1 receive his or her portion of the account balance of the member
2 pursuant to subsection F of this section.

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

8 1. For purposes of this subsection and subsection I of this
9 section, the following definitions shall apply:

- 10 a. "back drop date" means the member's normal retirement
11 date or the date five (5) years before the member
12 elects to participate in the Oklahoma Firefighters
13 Deferred Option Plan, whichever date is later,
- 14 b. "termination date" means the date the member elects to
15 participate in the Oklahoma Firefighters Deferred
16 Option Plan pursuant to this subsection, and the date
17 the member terminates employment with all
18 participating municipalities as an active firefighter,
- 19 c. "earlier attained credited service" means the credited
20 service earned by a member as of the back drop date,
21 and
- 22 d. "deferred benefit balance" means all monthly
23 retirement benefits that would have been payable had

1 the member elected to cease employment on the back
2 drop date and receive a service retirement from the
3 back drop date to the termination date, all the
4 member's contributions and one-half (1/2) of the
5 employer contributions from the back drop date to the
6 termination date, with interest based on how the
7 benefit would have accumulated on a compound annual
8 basis as if the member had participated in the
9 Oklahoma Firefighters Deferred Option Plan pursuant to
10 subsections A, B, C, D, E and F of this section from
11 the back drop date to the termination date.

12 2. At the termination date, the monthly pension benefit shall
13 be determined based on earlier attained credited service and on the
14 final average salary as of the back drop date. The member's
15 individual deferred option account shall be credited with an amount
16 equal to the deferred benefit balance, the member shall terminate
17 employment with all participating municipalities as a firefighter,
18 and shall start receiving the member's accrued monthly retirement
19 benefit from the System. Such a member may be reemployed by a
20 participating municipality but only in a position not covered under
21 the System, and receive in-service distributions of such member's
22 accrued monthly retirement benefit from the System. The provisions
23 of subsections B, C, E, F and G of this section shall apply to this

1 subsection. A member shall not participate in the Oklahoma
2 Firefighters Deferred Option Plan pursuant to this subsection if the
3 member has elected to participate in the Oklahoma Firefighters
4 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of
5 this section.

6 ~~3. Effective July 1, 2003, if a member who has more than twenty~~
7 ~~(20) years of creditable service and who is eligible to receive a~~
8 ~~service retirement pension dies on or after July 1, 2003, and prior~~
9 ~~to terminating employment, his/her surviving spouse shall be~~
10 ~~eligible to elect to receive a benefit determined as if the member~~
11 ~~had elected to participate in the Oklahoma Firefighters Deferred~~
12 ~~Option Plan in accordance with this subsection on the day~~
13 ~~immediately preceding the member's death, provided such election is~~
14 ~~made within one year from the date of the member's death. The~~
15 ~~monthly pension such surviving spouse is receiving, or entitled to~~
16 ~~receive, shall be adjusted in accordance with the provisions of this~~
17 ~~subsection to account for the member's participation in the Oklahoma~~
18 ~~Firefighters Deferred Option Plan. The adjusted monthly pension so~~
19 ~~determined shall be subtracted from the monthly pension the~~
20 ~~surviving spouse was receiving prior to the election, and the~~
21 ~~difference for each month, if greater than zero (0), shall be~~
22 ~~adjusted to include interest based on the actuarial assumed interest~~
23 ~~rate as certified by the actuary in the yearly evaluation report of~~

1 ~~the actuary. The sum of all such adjusted monthly amounts shall be~~
2 ~~used to reduce the surviving spouse's account balance in the~~
3 ~~Oklahoma Firefighters Deferred Option Plan. For purposes of this~~
4 ~~election, the surviving spouse must have been married to the~~
5 ~~firefighter for the thirty (30) continuous months preceding the~~
6 ~~firefighter's death; provided, the surviving spouse of a member who~~
7 ~~died while in, or as a consequence of, the performance of the~~
8 ~~member's duty for a participating municipality shall not be subject~~
9 ~~to the marriage limitation for this election.~~

10 I. Certain surviving spouses and members shall be eligible to
11 participate in the Oklahoma Firefighters Deferred Option Plan
12 pursuant to subsection H of this section and this subsection.

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

15 a. "back drop election date" means the date the surviving
16 spouse or member elects to commence participation in
17 the Oklahoma Firefighters Deferred Option Plan
18 pursuant to subsection H of this section and this
19 subsection,

20 b. "interest" means the actuarial assumed interest rate
21 as certified by the actuary in the yearly evaluation
22 report of the actuary,

1 c. "monthly adjustment amount" means the difference
2 between the monthly pension prior to the back drop
3 election and the adjusted monthly pension due to the
4 back drop election,

5 d. "back drop pension adjustment amount" means the sum of
6 all the monthly adjustment amounts adjusted for
7 interest from the pension commencement date to the
8 back drop election date, and

9 e. "deferred benefit balance adjustment amount" means the
10 deferred benefit balance adjusted for interest from
11 the pension commencement date to the back drop
12 election date.

13 2. Effective July 1, 2003, if a member who has more than twenty
14 (20) years of creditable service and is eligible to receive a
15 service retirement pension dies on or after July 1, 2003, and prior
16 to terminating employment, the member's surviving spouse shall be
17 eligible to elect to receive a benefit determined as if the member
18 had elected to participate in the Oklahoma Firefighters Deferred
19 Option Plan in accordance with subsection H of this section on the
20 day immediately preceding such member's death. The surviving spouse
21 must make any such election within one (1) year from the date of the
22 member's death. If such election is made, the monthly pension such
23 surviving spouse is receiving, or is entitled to receive, shall be

1 adjusted in accordance with the provisions of subsection H of this
2 section to account for the member's participation in the Oklahoma
3 Firefighters Deferred Option Plan. The deferred benefit balance
4 such surviving spouse is entitled to receive shall be reduced by the
5 back drop pension adjustment amount and increased by the deferred
6 benefit balance adjustment amount. The surviving spouse may only
7 make a back drop election if the deferred benefit balance after the
8 adjustment described in this paragraph is greater than Zero Dollars
9 (\$0.00). The surviving spouse may only make this election if the
10 member has not previously elected to participate in the Oklahoma
11 Firefighters Deferred Option Plan. For purposes of this election,
12 the surviving spouse must have been married to the firefighter for
13 the thirty (30) continuous months preceding the firefighter's death;
14 provided, the surviving spouse of a member who died while in, or as
15 a consequence of, the performance of the member's duty for a
16 participating municipality shall not be subject to the marriage
17 limitation for this election.

18 3. Effective July 1, 2006, if a member has more than twenty
19 (20) years of creditable service on or after July 1, 2004, and is
20 eligible for a retirement for disability monthly pension pursuant to
21 Section 49-109 of this title on or after July 1, 2004, such member
22 shall be eligible to elect to receive a benefit determined as if the
23 member had elected to participate in the Oklahoma Firefighters

1 Deferred Option Plan, in accordance with subsection H of this
2 section, on the day immediately preceding the date of the member's
3 disability retirement, provided such election is made within two (2)
4 years from the date of the member's disability retirement. The
5 disability monthly pension such member is receiving, or entitled to
6 receive, shall be adjusted in accordance with the provisions of
7 subsection H of this section to account for the member's
8 participation in the Oklahoma Firefighters Deferred Option Plan.
9 The deferred benefit balance such member is entitled to receive
10 shall be reduced by the back drop pension adjustment amount and
11 increased by the deferred benefit balance adjustment amount. The
12 member may only make a back drop election if the deferred benefit
13 balance after the adjustment described in this paragraph is greater
14 than Zero Dollars (\$0.00). The member may only make this election
15 if the member has not previously elected to participate in the
16 Oklahoma Firefighters Deferred Option Plan.

17 4. Effective July 1, 2006, if a member has more than twenty
18 (20) years of creditable service on or after July 1, 2005, and filed
19 a grievance for wrongful termination occurring on or after July 1,
20 2005, but is not reinstated as an active member, such member shall
21 be eligible to elect to receive a benefit determined as if the
22 member had elected to participate in the Oklahoma Firefighters
23 Deferred Option Plan in accordance with subsection H of this section

1 on the day immediately preceding the date of the member's
2 termination. Such election must be made within two (2) years from
3 the date of the member's termination as an active member and, if the
4 member's case pertaining to the member's termination is on appeal to
5 a court of competent jurisdiction, within such period set by the
6 State Board in its sole discretion. The monthly pension such member
7 is receiving, or entitled to receive, shall be adjusted in
8 accordance with the provisions of subsection H of this section to
9 account for the member's participation in the Oklahoma Firefighters
10 Deferred Option Plan. The deferred benefit balance such member is
11 entitled to receive shall be reduced by the back drop pension
12 adjustment amount and increased by the deferred benefit balance
13 adjustment amount. The member may only make a back drop election if
14 the deferred benefit balance after the adjustment described in this
15 paragraph is greater than Zero Dollars (\$0.00). The member may only
16 make this election if the member has not previously elected to
17 participate in the Oklahoma Firefighters Deferred Option Plan.

18 SECTION 8. AMENDATORY 11 O.S. 2001, Section 49-109, as
19 amended by Section 4, Chapter 546, O.S.L. 2004 (11 O.S. Supp. 2005,
20 Section 49-109), is amended to read as follows:

21 Section 49-109. A. Whenever any firefighter serving in any
22 capacity in a regularly constituted fire department of a
23 municipality shall become so physically or mentally disabled while

1 in, or in consequence of, the performance of the firefighter's duty
2 as to prevent the effective performance of the firefighter's duties,
3 the State Board may, upon the firefighter's written request, or
4 without such request if the State Board deems it for the good of the
5 department, retire the firefighter from active service, and if so
6 retired, shall direct that the firefighter be paid from the System a
7 monthly pension equal to the greater of:

8 1. Fifty percent (50%) of the average monthly salary which was
9 paid to the firefighter during the last thirty (30) months of the
10 firefighter's service; or

11 2. Two and one-half percent (2 1/2%) of the firefighter's final
12 average salary multiplied by the member's years of credited service,
13 not to exceed thirty (30) years, provided such firefighter has
14 completed twenty (20) or more years of credited service; ~~provided,~~
15 ~~that whenever such disability shall cease such disability pension~~
16 ~~shall cease; provided further, that if.~~

17 B. If the disability ceases within two (2) years from the date
18 of the firefighter's disability retirement and before the
19 firefighter's normal retirement date, the formerly disabled person
20 shall be restored to active service at the salary attached to the
21 rank the firefighter held at the time of the firefighter's
22 disability retirement provided the firefighter is capable of
23 performing the duties of a firefighter; ~~provided further that if.~~

1 Whenever such disability shall cease, such disability pension
2 provided pursuant to paragraph 1 of subsection A of this section
3 shall cease. If a firefighter participates in the Oklahoma
4 Firefighters Deferred Option Plan pursuant to Section 49-106.1 of
5 this title, the firefighter's disability pension provided pursuant
6 to this subsection shall be reduced to account for the firefighter's
7 participation in the Oklahoma Firefighters Deferred Option Plan.

8 ~~B.~~ C. Whenever any firefighter, who has served in any capacity
9 in a regularly constituted fire department of a municipality of the
10 state, and who has served less than the firefighter's normal
11 retirement date, shall become so physically or mentally disabled
12 from causes not arising in the line of duty as to prevent the
13 effective performance of the firefighter's duties, the firefighter
14 shall be entitled to a pension during the continuance of said
15 disability based upon the firefighter's service period which shall
16 be fifty percent (50%) of the average monthly salary which was paid
17 to the firefighter during the last sixty (60) months of the
18 firefighter's service.

19 ~~C.~~ D. No firefighter shall accrue additional service time while
20 receiving a disability pension; provided further, that nothing
21 herein contained shall affect the eligibility of any firefighter to
22 apply for and receive a retirement pension after the firefighter's
23 normal retirement date; provided further, that no firefighter shall

1 receive retirement benefits from the System during the time the
2 firefighter is receiving disability benefits from the System. Any
3 member or beneficiary eligible to receive a monthly benefit pursuant
4 to this section may make an election to waive all or a portion of
5 monthly benefits.

6 SECTION 9. AMENDATORY 11 O.S. 2001, Section 49-112, is
7 amended to read as follows:

8 Section 49-112. A. Whenever any member of the fire department
9 shall lose his or her life by reason of any injury or sickness
10 sustained by him or her while in, or in consequence of, the
11 performance of his or her duty or while on active duty in the
12 National Guard and Reserves called to active duty, leaving a
13 surviving spouse, or child or children under the age of eighteen
14 (18) years, then, upon satisfactory proof of such facts made to it,
15 the State Board shall order and direct that a monthly pension be
16 paid. Such amount shall be determined in accordance with the
17 provisions of subsection A of Section ~~49-113~~ 49-109 of this title.
18 In the event of the death of the surviving spouse, the pension shall
19 cease, and should there then be but one living child such child
20 shall receive an amount equal to one hundred percent (100%) of the
21 pension, but if there then be more than one living child, one
22 hundred percent (100%) of the pension shall be divided equally
23 between the children until each child reaches the age of eighteen

1 (18) years or until the age of twenty-two (22) years if the child is
2 enrolled full-time and regularly attending a public or private
3 school or any institution of higher education. In the event the
4 State Board finds that such a child who is not married at the time
5 of death of the member or the member's surviving spouse and who at
6 the time the child attains or attained the age of eighteen (18)
7 years is either physically or mentally disabled, the pension shall
8 continue so long as such disability remains. Upon the death of the
9 firefighter and surviving spouse, if any, the physically or mentally
10 disabled child shall be entitled to have paid to the child's trustee
11 of a trust, whether inter vivos or testamentary, which trust
12 provides for the receipt of the pension benefits to be held and
13 administered for the sole benefit of the physically or mentally
14 disabled child, or there if is no trust, to the child's legally
15 appointed guardian, an amount not to exceed one hundred percent
16 (100%) of the pension. The money paid to the guardian or trustee
17 shall be used solely for the benefit of the disabled child and it
18 shall be reported annually to the State Board. The payment provided
19 shall be calculated after payments have been made to all eligible
20 children as provided in this subsection. If the member does not
21 leave a beneficiary or disabled child as described in this
22 subsection, the accumulated contributions made to the System by the
23 member shall be paid to the estate of the member.

1 B. Whenever any member of the fire department who has not
2 terminated employment shall lose his or her life for any reason not
3 described in subsection A of this section, after completing ten (10)
4 years of credited service and prior to completing twenty (20) years
5 of credited service, leaving a surviving spouse, or child or
6 children under the age of eighteen (18) years, then upon
7 satisfactory proof of such facts made to it, The State Board shall
8 order and direct that a monthly pension be paid. Such amount shall
9 be fifty percent (50%) of the average monthly salary which was paid
10 to the firefighter during the last sixty (60) months of the
11 firefighter's service. In the event of the death of the surviving
12 spouse, the pension shall cease, and should there then be but one
13 living child such child shall receive an amount equal to one hundred
14 percent (100%) of the pension, but if there then be more than one
15 living child, one hundred percent (100%) of the pension shall be
16 divided equally between the children until each child reaches the
17 age of eighteen (18) years or until each child reaches the age of
18 eighteen (18) years or until the age of twenty-two (22) years if the
19 child is enrolled full-time and regularly attending a public or
20 private school or any institution of higher education. In the event
21 the State Board finds that such a child who is not married at the
22 time of death of the member or the member's surviving spouse and who
23 at the time the child attains or attained the age of eighteen (18)

1 years is either physically or mentally disabled, the pension shall
2 continue so long as the disability remains. Upon the death of the
3 firefighter and surviving spouse, if any, said physically or
4 mentally disabled child shall be entitled to have paid to the
5 child's trustee of a trust, whether inter vivos or testamentary,
6 which trust provides for the receipt of the pension benefits to be
7 held and administered for the sole benefit of said physically or
8 mentally disabled child, or if there is no trust, to the child's
9 legally appointed guardian, an amount not to exceed one hundred
10 percent (100%) of the pension. The money paid to the guardian or
11 trustee shall be used solely for the benefit of the disabled child
12 and it shall be reported annually to the State Board. The payment
13 provided shall be calculated after payments have been made to all
14 eligible children as provided in this subsection. If the member
15 does not leave a beneficiary or disabled child as described in this
16 subsection, the accumulated contributions made to the System by the
17 member shall be paid to the estate of the member.

18 SECTION 10. AMENDATORY 11 O.S. 2001, Section 49-113, as
19 last amended by Section 2, Chapter 203, O.S.L. 2005 (11 O.S. Supp.
20 2005, Section 49-113), is amended to read as follows:

21 Section 49-113. A. 1. In the event of the death of a
22 firefighter who at the time of the firefighter's death was drawing a
23 pension, other than a disability pension, or who at the time of the

1 firefighter's death (whether death occurred while on duty, but not
2 in or in consequence of the performance of duty, or while on
3 vacation or off duty) was eligible, upon written request, to retire
4 and draw a pension, other than a disability pension, the beneficiary
5 of such person shall be paid an amount not to exceed one hundred
6 percent (100%) of said pension.

7 2. In the event of the death of a firefighter who at the time
8 of the firefighter's death was drawing, or eligible to draw, a
9 disability pension for a physical or mental disability that occurred
10 while in, or in consequence of, the performance of the firefighter's
11 duty, and which prevented the effective performance of the
12 firefighter's duties, and which caused the State Board to retire the
13 firefighter from active service, the beneficiary of such person
14 shall be paid an amount not to exceed one hundred percent (100%) of
15 the pension paid in accordance with subsection A of Section 49-109
16 of this title.

17 3. In the event of the death of a firefighter who at the time
18 of the firefighter's death was drawing, or eligible to draw, a
19 disability pension for a physical or mental disability from causes
20 not arising in the line of duty and which prevented the effective
21 performance of the firefighter's duties, the beneficiary of such
22 person shall be paid an amount not to exceed one hundred percent

1 (100%) of the pension paid in accordance with subsection ~~B~~ C of
2 Section 49-109 of this title.

3 4. Effective March 1, 1997, if a firefighter to whom a
4 retirement or disability benefit has been awarded, or who is
5 eligible therefore, dies prior to the date as of which the total
6 amount of retirement or disability benefit paid equals the total
7 amount of the employee contributions paid by or on behalf of the
8 member and the member does not have a surviving beneficiary, the
9 total benefits paid as of the date of the member's death shall be
10 subtracted from the accumulated employee contribution amount and the
11 balance, if greater than ~~zero (0)~~ Zero Dollars (\$0.00), shall be
12 paid to the member's estate.

13 5. Any person eligible to receive a payment pursuant to this
14 section may make an election to waive all or a portion of monthly
15 payments.

16 B. In the event of the death of the surviving spouse, the
17 pension shall cease, and should there then be but one living child
18 same shall receive an amount equal to one hundred percent (100%) of
19 said pension, but if there then be more than one living child, one
20 hundred percent (100%) of said pension shall be divided equally
21 between the children until each child reaches the age of eighteen
22 (18) years or until the age of twenty-two (22) years if the child is
23 enrolled full time and regularly attending a public or private

1 school or any institution of higher education. Provided, that in
2 the event the State Board finds that such a child who is not married
3 at the time of death of the member or the member's surviving spouse
4 and who at the time the child attains or attained the age of
5 eighteen (18) years is either physically or mentally disabled, the
6 pension thereof shall continue so long as such disability remains;
7 provided, that upon the death of the firefighter and surviving
8 spouse, if any, said physically or mentally disabled child shall be
9 entitled to have paid to the child's trustee of a trust, whether
10 inter vivos or testamentary, which trust provides for the receipt of
11 the pension benefits to be held and administered for the sole
12 benefit of said physically or mentally disabled child, or if there
13 is no trust, to the child's legally appointed guardian, an amount
14 not to exceed one hundred percent (100%) of said pension. The money
15 so paid to the guardian or trustee shall be used solely for the
16 benefit of the disabled child and it shall be reported annually to
17 the State Board. The payment so provided shall be calculated after
18 payments have been made to all eligible children as provided in this
19 section; provided further, that beneficiaries now receiving pensions
20 under the provisions of Sections 49-112 or 49-113 of this title
21 shall, upon application to the State Board, thereafter be entitled
22 to a pension equal to the amount which they would have received if

1 this act were in effect at the time the right to said pension
2 accrued.

3 C. In the event a surviving spouse of a member remarried prior
4 to June 7, 1993, the surviving spouse shall be eligible to receive
5 the pension benefits provided for in this section. To receive the
6 pension benefits provided for in this section the surviving spouse
7 falling within this section shall submit a written request for such
8 benefits to the Oklahoma Firefighters Pension and Retirement System.
9 The Oklahoma Firefighters Pension and Retirement System shall
10 approve requests by surviving spouses meeting the requirements of
11 this section. Upon approval by the Oklahoma Firefighters Pension
12 and Retirement System, the surviving spouse shall be entitled to the
13 pension benefits provided for in this section beginning from the
14 date of approval forward. Pension benefits provided to surviving
15 spouses falling within this section shall not apply to alter any
16 amount of pension benefits paid or due prior to the Oklahoma
17 Firefighters Pension and Retirement System's approval of the
18 remarried surviving spouse's written request for benefits.

19 D. No surviving spouse shall receive benefits from this
20 section, Section 50-117 of this title, or Section 2-306 of Title 47
21 of the Oklahoma Statutes as the surviving spouse of more than one
22 member of the Oklahoma Firefighters Pension and Retirement System,
23 the Oklahoma Police Pension and Retirement System, or the Oklahoma

1 Law Enforcement Retirement System. The surviving spouse of more
2 than one member shall elect which member's benefits he or she will
3 receive.

4 E. Upon the death of a retired member, the benefit payment for
5 the month in which the retired member died, if not previously paid,
6 shall be made to the beneficiary of the member or to the member's
7 estate if there is no beneficiary. Such benefit payment shall be
8 made in an amount equal to a full monthly benefit payment regardless
9 of the day of the month in which the retired member died.

10 F. Upon the death of an unmarried firefighter who has one or
11 more children, said child or children shall receive pension benefits
12 as provided in subsection B of this section as if the surviving
13 spouse had died; provided, that upon the death of the firefighter,
14 said child or children shall be entitled to have the System pay to
15 the child's or children's trustee of a trust, whether inter vivos or
16 testamentary, which trust provides for the receipt of the pension
17 benefits to be held and administered for the sole benefit of said
18 child, or if there is no trust, to the child's or children's legally
19 appointed guardian, the pension benefits as provided in subsection B
20 of this section in an amount not to exceed one hundred percent
21 (100%) of said pension. The money so paid to the guardian or
22 trustee shall be used solely for the benefit of the child and it
23 shall be reported annually to the State Board.

1 SECTION 11. AMENDATORY 11 O.S. 2001, Section 49-113.2,
2 as amended by Section 1, Chapter 352, O.S.L. 2002 (11 O.S. Supp.
3 2005, Section 49-113.2), is amended to read as follows:

4 Section 49-113.2 A. 1. Upon the death of an active or retired
5 member, the System shall pay to the surviving spouse of the member
6 if the surviving spouse has been married to the firefighter for
7 thirty (30) continuous months preceding the member's death provided
8 a surviving spouse of a member who died while in, or as a
9 consequence of, the performance of the member's duty for a
10 participating municipality shall not be subject to the marriage
11 limitation for survivor benefits, or if there is no surviving spouse
12 or no surviving spouse meeting the requirements of this section, the
13 System shall pay to the designated recipient or recipients of the
14 member, or if there is no designated recipient or if the designated
15 recipient predeceases the member, to the estate of the member, the
16 ~~sum of Four Thousand Dollars (\$4,000.00) for those active or retired~~
17 ~~members who died prior to July 1, 1999~~ specified in paragraph 2 of
18 this subsection.

19 2. a. For those active or retired members who die on or
20 after July 1, 1999, the sum shall be Five Thousand
21 Dollars (\$5,000.00).

22 b. For members who have terminated service with a vested
23 benefit before their normal retirement date pursuant

1 to Section 49-117.1 of this title, the sum shall be as
2 follows:

3 (1) Five Hundred Dollars (\$500.00) for at least ten
4 (10) years, but less than eleven (11) years of
5 credited service,

6 (2) One Thousand Dollars (\$1,000.00) for at least
7 eleven (11) years, but less than twelve (12)
8 years of credited service,

9 (3) One Thousand Five Hundred Dollars (\$1,500.00) for
10 at least twelve (12) years, but less than
11 thirteen (13) years of credited service,

12 (4) Two Thousand Dollars (\$2,000.00) for at least
13 thirteen (13) years, but less than fourteen (14)
14 years of credited service,

15 (5) Two Thousand Five Hundred Dollars (\$2,500.00) for
16 at least fourteen (14) years, but less than
17 fifteen (15) years of credited service,

18 (6) Three Thousand Dollars (\$3,000.00) for at least
19 fifteen (15) years, but less than sixteen (16)
20 years of credited service,

21 (7) Three Thousand Five Hundred Dollars (\$3,500.00)
22 for at least sixteen (16) years, but less than
23 seventeen (17) years of credited service,

- 1 (8) Four Thousand Dollars (\$4,000.00) for at least
2 seventeen (17) years, but less than eighteen (18)
3 years of credited service,
4 (9) Four Thousand Five Hundred Dollars (\$4,500.00)
5 for at least eighteen (18) years, but less than
6 nineteen (19) years of credited service, and
7 (10) Five Thousand Dollars (\$5,000.00) for nineteen
8 (19) years or more of credited service.

9 3. The benefit payable pursuant to this subsection shall be
10 deemed, for purposes of federal income taxation, as life insurance
11 proceeds and not as a death benefit if the Internal Revenue Service
12 approves this provision pursuant to a private letter ruling request
13 which shall be submitted by the board of trustees of the System for
14 that purpose.

15 B. Upon the death of a member who dies leaving no living
16 designated recipient or having designated the member's estate as
17 recipient, the System may pay any applicable death benefit which may
18 be subject to probate, in ~~an~~ the appropriate amount ~~of Five Thousand~~
19 ~~Dollars (\$5,000.00)~~ specified in subsection A of this section, to
20 the heir or heirs of the member without the intervention of a
21 probate court or probate procedures.

22 C. Before any applicable probate procedure may be waived, the
23 System must be in receipt of the member's proof of death and the

1 following documents from those persons claiming to be the legal
2 heirs of the deceased member:

- 3 1. The member's last will and testament if available;
- 4 2. An affidavit or affidavits of heirship which must contain:
 - 5 a. the names and signatures of all claiming heirs to the
6 deceased member's estate including the claiming heirs'
7 names, relationship to the deceased member, current
8 addresses and current telephone numbers,
 - 9 b. a statement or statements by the claiming heirs that no
10 application or petition for the appointment of a
11 personal representative is pending or has been granted
12 in any jurisdiction,
 - 13 c. a statement that the value of the deceased member's
14 entire probate estate, less liens and encumbrances,
15 does not exceed Ten Thousand Dollars (\$10,000.00),
16 including the payment of benefits from the System, and
 - 17 d. a statement by each individual claiming heir
18 identifying the amount of personal property that the
19 heir is claiming from the System or the amount the heir
20 agrees to be paid to another person, and that the heir
21 has been notified of, is aware of and consents to the
22 identified claims of all the other claiming heirs of
23 the deceased member pending with the System;

1 3. A written agreement or agreements signed by all claiming
2 heirs of the deceased member which provides that the claiming heirs
3 release, discharge and hold harmless the System from any and all
4 liability, obligations and costs which it may incur as a result of
5 making a payment to any of the deceased member's heirs;

6 4. A corroborating affidavit from an individual other than a
7 claiming heir, who was familiar with the affairs of the deceased
8 member; and

9 5. Proof that funeral and burial expenses of the deceased
10 member have been paid or provided for.

11 D. The System shall retain complete discretion in determining
12 which requests for probate waiver may be granted or denied, for any
13 reason. Should the System have any questions as to the validity of
14 any document presented by the claiming heirs, or as to any statement
15 or assertion contained therein, the probate requirements provided
16 for in Section 1 et seq. of Title 58 of the Oklahoma Statutes shall
17 not be waived.

18 E. After paying any death benefits to any claiming heirs as
19 provided pursuant to this section, the System is discharged and
20 released from any and all liability, obligation and costs to the
21 same extent as if the System had paid a personal representative
22 holding valid letters testamentary issued by a court of competent
23 jurisdiction. The System is not required to inquire into the truth

1 of any matter specified in this section or into the payment of any
2 estate tax liability.

3 F. The provisions of this section shall not be subject to
4 qualified domestic orders as provided in subsection B of Section 49-
5 126 of this title.

6 G. 1. For purposes of this section, if a person makes a
7 qualified disclaimer with respect to the death benefit provided for
8 in subsection A of this section, this section shall apply with
9 respect to such death benefit as if the death benefit had never been
10 transferred to such person.

11 2. For purposes of this subsection, the term "qualified
12 disclaimer" means an irrevocable and unqualified refusal by a
13 person, including but not limited to the surviving spouse of the
14 deceased member, to accept an interest in the death benefit provided
15 for in subsection A of this section, but only if:

- 16 a. such refusal is in writing,
17 b. such writing is received by the System not later than
18 the date which is nine (9) months after the date of
19 death of the deceased member,
20 c. such person has not accepted the death benefit
21 provided for in subsection A of this section, and
22 d. as a result of such refusal, the death benefit
23 provided for in subsection A of this section passes

1 without any direction on the part of the person making
2 the disclaimer and passes first, to the organization
3 providing funeral and burial services for the deceased
4 member or, if the cost of the funeral and burial
5 services for the deceased member has already been
6 paid, to the person or persons other than the person
7 making the disclaimer as further provided for in this
8 section.

9 SECTION 12. AMENDATORY 11 O.S. 2001, Section 49-117.1,
10 as last amended by Section 7, Chapter 128, O.S.L. 2003 (11 O.S.
11 Supp. 2005, Section 49-117.1), is amended to read as follows:

12 Section 49-117.1 A. A member who terminates service before
13 normal retirement date, other than by death or disability shall,
14 upon application filed with the State Board, be refunded from the
15 Fund an amount equal to the accumulated contributions the member has
16 made to the Fund, but excluding any interest or any amount
17 contributed by the municipality or state. If a member has completed
18 ten (10) years of credited service at the date of termination, the
19 member may elect a vested benefit in lieu of receiving the member's
20 accumulated contributions.

21 B. If the member who has completed ten (10) or more years of
22 credited service elects the vested benefit, the member shall be
23 entitled to a monthly retirement annuity commencing on the date the

1 member reaches fifty (50) years of age or the date the member would
2 have had twenty (20) years of credited service had the member's
3 employment continued uninterrupted, whichever is later. The annual
4 amount of such retirement annuity shall be equal to two and one-half
5 percent (2 1/2%) of final average salary multiplied by the number of
6 years of credited service. The

7 C. Except as otherwise provided for in this subsection, the
8 death benefits provided for in ~~this article~~ Section 49-113.2 of this
9 title shall not apply to any member retiring under the provisions of
10 this section. The death benefits provided in Section 49-113.2 of
11 this title shall apply to any member who joins the Oklahoma
12 Firefighters Pension and Retirement System on or after the effective
13 date of this act. Members who elected a vested benefit and
14 terminated service prior to the effective date of this act may elect
15 by December 31, 2006, to be eligible for the death benefit provided
16 in Section 49-113.2 of this title.

17 D. If a member who terminates employment and elects a vested
18 benefit dies prior to being eligible to receive benefits, the
19 member's beneficiary shall be entitled to the member's normal
20 monthly retirement benefit on the date the deceased member would
21 have been eligible to receive the benefit.

22 E. If a member terminates employment and withdraws the member's
23 accumulated contributions and then subsequently rejoins the System,

1 ~~he~~ the member may pay to the System the sum of the accumulated
2 contributions ~~he~~ the member has withdrawn plus five percent (5%)
3 annual interest from the date of withdrawal and shall receive the
4 same benefits as if ~~he~~ the member had never withdrawn ~~his~~ the
5 contributions; however, effective January 1, 1991, the rate of
6 interest provided herein shall be ten percent (10%) per annum.

7 F. Effective January 1, 2002, lump-sum payments for repayment
8 of any amounts received because of a member's prior termination with
9 interest may be repaid by a trustee-to-trustee transfer from a Code
10 Section 403(b) annuity, a governmental Code Section 457 plan, and/or
11 a Code Section 401(a) qualified plan.

12 G. A fire fighter shall not be permitted to withdraw from the
13 System while employed as a fire fighter in a participating
14 municipality.

15 SECTION 13. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 49-143.5 of Title 11, unless
17 there is created a duplication in numbering, reads as follows:

18 A. Except as provided in subsection B of this section and
19 except for persons receiving benefits pursuant to Section 49-101 of
20 Title 11 of the Oklahoma Statutes, any person receiving benefits
21 from the Oklahoma Firefighters Pension and Retirement System as of
22 June 30, 2005, who continues to receive benefits on or after July 1,

1 2006, shall receive a _____ percent (____%) increase in said
2 benefits beginning in July 2006.

3 B. Any increase in benefits a person is eligible to receive
4 pursuant to repealed Section 49-136 of Title 11 of the Oklahoma
5 Statutes after June 30, 2004, shall be used to offset the increase
6 in benefits provided in subsection A of this section.

7 C. Effective July 1, 2006, any persons receiving benefits
8 pursuant to Section 49-101 of Title 11 of the Oklahoma Statutes
9 shall each receive a monthly benefit equal to _____ (\$____) for
10 each year of credited service not to exceed thirty (30) years of
11 service.

12 SECTION 14. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 50-136.7 of Title 11, unless
14 there is created a duplication in numbering, reads as follows:

15 A. Except as provided in subsection B of this section, any
16 person receiving benefits from the Oklahoma Police Pension and
17 Retirement System as of June 30, 2005, who continues to receive
18 benefits on or after July 1, 2006, shall receive a _____
19 percent (____%) increase in said benefits beginning in July 2006.

20 B. Any increase in benefits a person is eligible to receive
21 pursuant to repealed Section 50-120 of Title 11 of the Oklahoma
22 Statutes, after June 30, 2004, shall be offset by the increase in
23 benefits, if any, provided by subsection A of this section.

1 SECTION 15. AMENDATORY 19 O.S. 2001, Section 954, is
2 amended to read as follows:

3 Section 954. It shall be the mandatory duty of the board of
4 county commissioners of any county establishing a retirement fund
5 and system to appropriate annually, for the sole use of the
6 retirement fund within its general fund and subject to the approval
7 of the county excise board, a sum equal to the contributions made to
8 the retirement fund by the employees, ~~but not to exceed the sum of~~
9 ~~ten percent (10%) of the current annual salaries of all employees to~~
10 ~~be covered.~~ Such appropriation shall not exceed the sum of the
11 current annual salaries of all employees to be covered in the
12 following percentages:

13 <u>July 1, 2006 - June 30, 2007</u>	<u>12 1/2%</u>
14 <u>July 1, 2007 - June 30, 2008</u>	<u>13 1/2%</u>
15 <u>July 1, 2008 - June 30, 2009</u>	<u>14 1/2%</u>
16 <u>July 1, 2009 - June 30, 2010</u>	<u>15 1/2%</u>
17 <u>July 1, 2010 - June 30, 2011</u>	
18 <u>And each year thereafter</u>	<u>16 1/2%</u>

19 Beginning July 1, ~~1989~~ 2006, the total employer and employee
20 contributions shall not exceed ~~sixteen percent (16%)~~ sixteen and
21 one-half percent (16.5%) of the monthly compensation of each member.
22 The governing body of the participating employers listed in this
23 section may vary the percentage contribution of the employer and

1 employee, provided the total percentage contributed by the employer
2 and employee equals the total percentage contribution required by
3 this section. Payment of such shall be paid to the fund upon
4 verified claims by the treasurer of said fund approved by the board
5 of trustees and attested by its clerk.

6 SECTION 16. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 1104I of Title 20, unless there
8 is created a duplication in numbering, reads as follows:

9 Any person receiving benefits from the Uniform Retirement System
10 for Justices and Judges as of June 30, 2005, who continues to
11 receive benefits on or after July 1, 2006, shall receive a _____
12 percent (____%) increase in said benefits beginning in July 2006.

13 SECTION 17. AMENDATORY 47 O.S. 2001, Section 2-300, as
14 last amended by Section 1, Chapter 142, O.S.L. 2005 (47 O.S. Supp.
15 2005, Section 2-300), is amended to read as follows:

16 Section 2-300. As used in Section 2-300 et seq. of this title:

- 17 1. "System" means the Oklahoma Law Enforcement Retirement
18 System;
- 19 2. "Act" means Section 2-300 et seq. of this title;
- 20 3. "Board" means the Oklahoma Law Enforcement Retirement Board
21 of the System;
- 22 4. "Executive Director" means the managing officer of the
23 System employed by the Board;

1 5. "Fund" means the Oklahoma Law Enforcement Retirement Fund;

2 6. "Member" means all law enforcement officers of the Oklahoma

3 Highway Patrol and the State Capitol Division of the Department of

4 Public Safety who have obtained certification from the Council on

5 Law Enforcement Education and Training, law enforcement officers and

6 criminalists of the Oklahoma State Bureau of Investigation, law

7 enforcement officers of the Oklahoma State Bureau of Narcotics and

8 Dangerous Drugs Control and the Oklahoma Alcoholic Beverage Laws

9 Enforcement Commission designated to perform duties in the

10 investigation and prevention of crime and the enforcement of the

11 criminal laws of this state, and members of the Communications

12 Division to include radio technicians, tower technicians and

13 commissioned officers of the Lake Patrol Division of the Oklahoma

14 Department of Public Safety, park rangers of the Oklahoma Tourism

15 and Recreation Department and inspectors of the Oklahoma State Board

16 of Pharmacy, and any park manager or park supervisor of the Oklahoma

17 Tourism and Recreation Department who was employed in such a

18 position prior to July 1, 1985, and who elects on or before

19 September 1, 1996, to participate in the System. Effective July 1,

20 1987, a member does not include a "leased employee" as defined under

21 Section 414(n) (2) of the Internal Revenue Code of 1986, as amended.

22 Effective July 1, 1999, any individual who agrees with the

23 participating employer that the individual's services are to be

1 performed as a leased employee or an independent contractor shall
2 not be a member regardless of any classification as a common-law
3 employee by the Internal Revenue Service or any other governmental
4 agency, or any court of competent jurisdiction, provided that all
5 persons who shall be offered a position of a law enforcement officer
6 shall participate in the System upon the person meeting the
7 requisite post-offer-pre-employment physical examination standards
8 which shall be subject to the following requirements:

- 9 a. all such persons shall be of good moral character,
10 free from deformities, mental or physical conditions,
11 or disease and alcohol or drug addiction which would
12 prohibit the person from performing the duties of a
13 law enforcement officer,
- 14 b. said physical-medical examination shall pertain to
15 age, sight, hearing, agility and other conditions the
16 requirements of which shall be established by the
17 Board,
- 18 c. the person shall be required to meet the conditions of
19 this subsection prior to the beginning of actual
20 employment but after an offer of employment has been
21 tendered by a participating employer,

- 1 d. the Board shall have authority to deny or revoke
2 membership of any person submitting false information
3 in such person's membership application, and
4 e. the Board shall have final authority in determining
5 eligibility for membership in the System, pursuant to
6 the provisions of this subsection;

7 7. "Normal retirement date" means the date at which the member
8 is eligible to receive the unreduced payments of the member's
9 accrued retirement benefit. Such date shall be the first day of the
10 month coinciding with or following the date the member:

- 11 a. completes twenty (20) years of vesting service, or
12 b. attains sixty-two (62) years of age with ten (10)
13 years of vesting service, or
14 c. attains sixty-two (62) years of age, if:
15 (1) the member has been transferred to this System
16 from the Oklahoma Public Employees Retirement
17 System on or after July 1, 1981, and
18 (2) the member would have been vested had the member
19 continued to be a member of the Oklahoma Public
20 Employees Retirement System.

21 With respect to distributions under the System made for calendar
22 years beginning on or after January 1, 2005, the System shall apply
23 the minimum distribution incidental benefit requirements, incidental

1 benefit requirements, and minimum distribution requirements of
2 Section 401(a) (9) of the Internal Revenue Code of 1986, as amended,
3 in accordance with the final regulations under Section 401(a) (9) of
4 the Internal Revenue Code of 1986, as amended, which were issued in
5 April 2002 and June 2004, notwithstanding any provision of the
6 System to the contrary. With respect to distributions under the
7 System made for calendar years beginning on or after January 1,
8 2001, through December 31, 2004, the System shall apply the minimum
9 distribution requirements and incidental benefit requirements of
10 Section 401(a) (9) of the Internal Revenue Code of 1986, as amended,
11 in accordance with the regulations under Section 401(a) (9) of the
12 Internal Revenue Code of 1986, as amended, which were proposed in
13 January 2001, notwithstanding any provision of the System to the
14 contrary.

15 Effective July 1, 1989, notwithstanding any other provision
16 contained herein to the contrary, in no event shall commencement of
17 distribution of the accrued retirement benefit of a member be
18 delayed beyond April 1 of the calendar year following the later of:
19 (1) the calendar year in which the member reaches seventy and one-
20 half (70 1/2) years of age; or (2) the actual retirement date of the
21 member. The preceding sentence does not allow deferral of benefit
22 commencement beyond the age of sixty-five (65).

1 A member who was required to join the System effective July 1,
2 1980, because of the transfer of the employing agency from the
3 Oklahoma Public Employees Retirement System to the System, and was
4 not a member of the Oklahoma Public Employees Retirement System on
5 the date of such transfer shall be allowed to receive credit for
6 prior law enforcement service rendered to this state, if the member
7 is not receiving or eligible to receive retirement credit or
8 benefits for such service in any other public retirement system,
9 upon payment to the System of the employee contribution the member
10 would have been subject to had the member been a member of the
11 System at the time, plus five percent (5%) interest. Service credit
12 received pursuant to this paragraph shall be used in determining the
13 member's retirement benefit, and shall be used in determining years
14 of service for retirement or vesting purposes;

15 8. "Actual paid base salary" means the salary received by a
16 member, excluding payment for any accumulated leave or uniform
17 allowance. Salary shall include any amount of nonelective salary
18 reduction under Section 414(h) of the Internal Revenue Code of 1986;

19 9. "Final average salary" means the average of the highest
20 thirty (30) consecutive complete months of actual paid gross salary.
21 Gross salary shall include any amount of elective salary reduction
22 under Section 457 of the Internal Revenue Code of 1986, as amended,
23 and any amount of nonelective salary reduction under Section 414(h)

1 of the Internal Revenue Code of 1986, as amended. Effective July 1,
2 1992, gross salary shall include any amount of elective salary
3 reduction under Section 125 of the Internal Revenue Code of 1986, as
4 amended. Effective July 1, 1998, gross salary shall include any
5 amount of elective salary reduction not includable in the gross
6 income of the member under Section 132(f)(4) of the Internal Revenue
7 Code of 1986, as amended. Effective July 1, 1998, for purposes of
8 determining a member's compensation, any contribution by the member
9 to reduce his or her regular cash remuneration under Section
10 132(f)(4) of the Internal Revenue Code of 1986, as amended, shall be
11 treated as if the member did not make such an election. Only salary
12 on which required contributions have been made may be used in
13 computing the final average salary.

14 In addition to other applicable limitations, and notwithstanding
15 any other provision to the contrary, for plan years beginning on or
16 after July 1, 2002, the annual gross salary of each "Noneligible
17 Member" taken into account under the System shall not exceed the
18 Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA")
19 annual salary limit. The EGTRRA annual salary limit is Two Hundred
20 Thousand Dollars (\$200,000.00), as adjusted by the Commissioner for
21 increases in the cost of living in accordance with Section
22 401(a)(17)(B) of the Internal Revenue Code of 1986, as amended. The
23 annual salary limit in effect for a calendar year applies to any

1 period, not exceeding twelve (12) months, over which salary is
2 determined ("determination period") beginning in such calendar year.
3 If a determination period consists of fewer than twelve (12) months,
4 the EGTRRA salary limit will be multiplied by a fraction, the
5 numerator of which is the number of months in the determination
6 period, and the denominator of which is twelve (12). For purposes
7 of this section, a "Noneligible Member" is any member who first
8 became a member during a plan year commencing on or after July 1,
9 1996.

10 For plan years beginning on or after July 1, 2002, any reference
11 in the System to the annual salary limit under Section 401(a)(17) of
12 the Internal Revenue Code of 1986, as amended, shall mean the EGTRRA
13 salary limit set forth in this provision;

14 10. "Credited service" means the period of service used to
15 determine the amount of benefits payable to a member. Credited
16 service shall consist of the period during which the member
17 participated in the System or the predecessor Plan as an active
18 employee in an eligible membership classification, plus any service
19 prior to the establishment of the predecessor Plan which was
20 credited under the predecessor Plan and for law enforcement officers
21 and criminalists of the Oklahoma State Bureau of Investigation and
22 the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control
23 who became members of the System on July 1, 1980, any service

1 credited under the Oklahoma Public Employees Retirement System as of
2 June 30, 1980, and for members of the Communications and Lake Patrol
3 Divisions of the Oklahoma Department of Public Safety, who became
4 members of the System on July 1, 1981, any service credited under
5 the predecessor Plan or the Oklahoma Public Employees Retirement
6 System as of June 30, 1981, and for law enforcement officers of the
7 Alcoholic Beverage Laws Enforcement Commission who became members of
8 the System on July 1, 1982, any service credited under the Oklahoma
9 Public Employees Retirement System as of June 30, 1982, and for park
10 rangers of the Oklahoma Tourism and Recreation Department who became
11 members of the System on July 1, 1985, any service credited under
12 the Oklahoma Public Employees Retirement System as of June 30, 1985,
13 and for inspectors of the Oklahoma State Board of Pharmacy who
14 became members of the System on July 1, 1986, any service credited
15 under the Oklahoma Public Employees Retirement System as of June 30,
16 1986, for law enforcement officers of the Oklahoma Capitol Patrol
17 Division of the Department of Public Safety who became members of
18 the System effective July 1, 1993, any service credited under the
19 Oklahoma Public Employees Retirement System as of June 30, 1993, and
20 for all commissioned officers in the Gunsmith/Ammunition Reloader
21 Division of the Department of Public Safety who became members of
22 the System effective July 1, 1994, any service credited under the
23 Oklahoma Public Employees Retirement System as of June 30, 1994, and

1 for the park managers or park supervisors of the Oklahoma Tourism
2 and Recreation Department who were employed in such a position prior
3 to July 1, 1985, and who elect to become members of the System
4 effective September 1, 1996, any service transferred pursuant to
5 subsection C of Section 2-309.6 of this title and any service
6 purchased pursuant to subsection B of Section 2-307.2 of this title.
7 Effective August 5, 1993, an authorized leave of absence shall
8 include a period of absence pursuant to the Family and Medical Leave
9 Act of 1993;

10 11. "Disability" means a physical or mental condition which, in
11 the judgment of the Board, totally and presumably permanently
12 prevents the member from engaging in the usual and customary duties
13 of the occupation of the member and thereafter prevents the member
14 from performing the duties of any occupation or service for which
15 the member is qualified by reason of training, education or
16 experience. A person is not under a disability when capable of
17 performing a service to the employer, regardless of occupation,
18 providing the salary of the employee is not diminished thereby;

19 12. "Limitation year" means the year used in applying the
20 limitations of Section 415 of the Internal Revenue Code of 1986,
21 which year shall be the calendar year;

22 13. "Line of duty" means any action which a member whose
23 primary function is crime control or reduction or enforcement of the

1 criminal law is obligated or authorized by rule, regulations,
2 condition of employment or service, or law to perform, including
3 those social, ceremonial, or athletic functions to which the member
4 is assigned, or for which the member is compensated, by the agency
5 the member serves;

6 14. "Personal injury" or "injury" means any traumatic injury as
7 well as diseases which are caused by or result from such an injury,
8 but not occupational diseases;

9 15. "Catastrophic nature" means consequences of an injury that
10 permanently prevent an individual from performing any gainful work;

11 16. "Traumatic injury" means a wound or a condition of the body
12 caused by external force, including injuries inflicted by bullets,
13 explosives, sharp instruments, blunt objects or other physical
14 blows, chemicals, electricity, climatic conditions, infectious
15 diseases, radiation, and bacteria, but excluding stress and strain;
16 and

17 17. "Beneficiary" means the individual designated by the member
18 on a beneficiary designation form supplied by the Oklahoma Law
19 Enforcement Retirement System, or if there is no designated
20 beneficiary or if the designated beneficiary predeceases the member,
21 the estate of the member. If the member's spouse is not designated
22 as the sole primary beneficiary, the member's spouse must sign a
23 consent.

1 SECTION 18. AMENDATORY 47 O.S. 2001, Section 2-305, as
2 last amended by Section 2, Chapter 542, O.S.L. 2004 (47 O.S. Supp.
3 2005, Section 2-305), is amended to read as follows:

4 Section 2-305. A. Except as otherwise provided in this title,
5 at any time after attaining normal retirement date, any member of
6 the Oklahoma Law Enforcement Retirement System upon application for
7 unreduced retirement benefits made and approved, may retire, and,
8 during the remainder of the member's lifetime, receive annual
9 retirement pay, payable in equal monthly payments, equal to two and
10 one-half percent (2 1/2%) of the final average salary times years of
11 credited service. If such retired member is reemployed by a state
12 agency in a position which is not covered by the System, such
13 retired member shall continue to receive in-service distributions
14 from the System. Prior to September 19, 2002, if such retired
15 member was reemployed by a state agency in a position which is
16 covered by the System, such member shall continue to receive in-
17 service distributions from the System and shall not accrue any
18 further credited service. If such a member is reemployed by a state
19 agency in a position which is covered by the System on or after
20 September 19, 2002, such member's monthly retirement payments shall
21 be suspended until such member retires and is not reemployed by a
22 state agency in a position which is covered by the System. No
23 member shall be required to retire for length of service unless and

1 until the member shall have reached the age of sixty (60) years, but
2 any member of the System who shall have reached the age of sixty
3 (60) years and who shall also have completed twenty (20) years or
4 more of credited service shall be retired by the Board unless, after
5 application to the Board and such examination and showing as the
6 Board may deem proper, the Board shall determine that such member of
7 the System is physically and mentally able to continue to perform
8 duties or service as required of a member. Unless such application
9 be made by a member of the System within thirty (30) days after
10 reaching the age of sixty (60) years and completing twenty (20)
11 years or more of credited service or if, after such application and
12 examination, the Board shall determine that such member of the
13 System is not physically or mentally able to continue to perform
14 services as required of the employer, the Board shall by resolution
15 order his or her retirement with retirement pay for length of
16 service as provided herein.

17 B. Beginning July 1, 1994, members who retired or were eligible
18 to retire prior to July 1, 1980 or their surviving spouses shall
19 receive annual retirement pay, payable in equal monthly payments,
20 equal to the greater of their current retirement pay, or two and
21 one-half percent (2 1/2%) of the actual paid gross salary being
22 currently paid to a highway patrol officer, at the time each such

1 monthly retirement payment is made, multiplied by the retired
2 member's years of credited service.

3 C. Members of the System whose salary is set by statute who
4 have retired after completion of the mandatory twenty (20) years of
5 service, and those members with statutory salaries who retire after
6 reaching the mandatory twenty-year retirement, shall receive an
7 annual retirement pay, payable in equal monthly installments, based
8 upon the greater of either:

9 1. The top base pay currently paid to an active member, at the
10 time each such monthly retirement payment is made, multiplied by two
11 and one-half percent (2 1/2%) multiplied by the number of years of
12 credited service and fraction thereof for the following positions:

- 13 a. Oklahoma Highway Patrolman,
- 14 b. Communications Dispatcher,
- 15 c. Capitol Patrolman,
- 16 d. Lake Patrolman,
- 17 e. Oklahoma State Bureau of Investigation—Special Agent;
- 18 or

19 2. The member's final average salary as set forth in paragraph
20 9 of Section 2-300 of this title, multiplied by two and one-half
21 percent (2 1/2%), and multiplied by the number of years of credited
22 service and fraction thereof.

1 No member of the System retired prior to July 1, 2002, shall
2 receive a benefit less than the amount the member is receiving as of
3 June 30, 2002.

4 D. Other members of the System whose retirement benefit is not
5 otherwise prescribed by this section who have retired after
6 completion of the mandatory twenty (20) years of service, and those
7 members who retire after reaching the mandatory twenty-year
8 retirement, shall receive an annual retirement pay, payable in equal
9 monthly payments, based upon the greater of either:

10 1. The actual average salary currently paid to the highest
11 nonsupervisory position in the participating agency, at the time
12 each such monthly payment is made, multiplied by two and one-half
13 percent (2 1/2%), multiplied by the number of years of credited
14 service and fraction thereof for the following positions:

- 15 a. Alcoholic Beverage Laws Enforcement Commission—ABLE
- 16 Commission Agent III,
- 17 b. Oklahoma State Bureau of Narcotics and Dangerous Drugs
- 18 Control—Narcotics Agent III,
- 19 c. Oklahoma Tourism and Recreation Department—Park Ranger
- 20 II,
- 21 d. Oklahoma State Board of Pharmacy—Pharmacy Inspector,
- 22 e. University of Oklahoma—Police Officer,
- 23 f. Oklahoma State University—Police Officer; or

1 2. The other member's final average salary as set forth in
2 paragraph 9 of Section 2-300 of this title, multiplied by two and
3 one-half percent (2 1/2%), multiplied by the number of years of
4 credited service and fraction thereof.

5 No member of the System retired prior to July 1, 2002, shall
6 receive a benefit less than the amount the member is receiving as of
7 June 30, 2002. The participating employer must certify to the
8 System in writing the actual average gross salary currently paid to
9 the highest nonsupervisory position. The Board of Trustees shall
10 promulgate such rules as are necessary to implement the provisions
11 of this section.

12 E. A member who meets the definition of disability as defined
13 in paragraph 11 of Section 2-300 of this title by direct reason of
14 the performance of the member's duties as an officer shall receive a
15 monthly benefit equal to the greater of fifty percent (50%) of final
16 average salary or two and one-half percent (2 1/2%) of final average
17 salary multiplied by the number of years of the member's credited
18 service. If such member participates in the Oklahoma Law
19 Enforcement Deferred Option Plan pursuant to Section 2-305.2 of this
20 title, then such member's disability pension provided pursuant to
21 this subsection shall be reduced to account for such member's
22 participation in the Oklahoma Law Enforcement Deferred Option Plan.

1 F. A member who meets the definition of disability as defined
2 in paragraph 11 of Section 2-300 of this title and whose disability
3 is by means of personal and traumatic injury of a catastrophic
4 nature and in the line of duty, shall receive a monthly benefit
5 equal to:

6 1. Two and one-half percent (2 1/2%);

7 2. Multiplied by:

8 a. twenty (20) years of service, regardless of the actual
9 number of years of credited service performed by the
10 member prior to the date of disability, if the member
11 had performed less than twenty (20) years of service,
12 or

13 b. the actual number of years of service performed by the
14 member if the member had performed twenty (20) or more
15 years of service;

16 3. Multiplied by a final average salary equal to:

17 a. the salary which the member would have received
18 pursuant to statutory salary schedules in effect upon
19 the date of the disability for twenty (20) years of
20 service prior to disability. The final average salary
21 for a member who performed less than twenty (20) years
22 of service prior to disability shall be computed
23 assuming that the member was paid the highest salary

1 allowable pursuant to the law in effect at the time of
2 the member's disability based upon twenty (20) years
3 of service and with an assumption that the member was
4 eligible for any and all increases in pay based upon
5 rank during the entire period. If the salary of a
6 member is not prescribed by a specific salary schedule
7 upon the date of the member's disability, the final
8 average salary for the member shall be computed by the
9 member's actual final average salary or the highest
10 median salary amount for a member whose salary was
11 prescribed by a specific salary schedule upon the date
12 of the member's disability, whichever final average
13 salary amount would be greater, or
14 b. the actual final average salary of the member if the
15 member had performed twenty (20) or more years of
16 service prior to disability.

17 If such member participates in the Oklahoma Law Enforcement
18 Deferred Option Plan pursuant to Section 2-305.2 of this title, such
19 member's disability pension provided pursuant to this subsection
20 shall be adjusted as provided in Section 2-305.2 of this title to
21 account for such member's participation in the Oklahoma Law
22 Enforcement Deferred Option Plan.

1 G. A member who meets the definition of disability as defined
2 in Section 2-300 of this title and whose disability occurred prior
3 to the member's normal retirement date but after completing three
4 (3) years of vesting service and not by reason of the performance of
5 the member's duties as an officer or as a result of the member's
6 willful negligence shall receive a monthly benefit equal to two and
7 one-half percent (2 1/2%) of final average salary multiplied by the
8 number of years of the member's credited service.

9 H. Payment of a disability pension shall commence as of the
10 first day of the month coinciding or next following the date of
11 retirement and shall continue as long as the member meets the
12 definition of total and permanent disability provided in this
13 section.

14 I. For the purpose of determining the member's disability under
15 subsection E, F or G of this section, the member shall be required
16 by the Board to be examined by a minimum of two recognized
17 physicians selected by the Board to determine the extent of the
18 member's injury or illness. The examining physicians shall furnish
19 the Board a detailed written report of the injury or illness of the
20 examined member establishing the extent of disability and the
21 possibilities of the disabled member being returned to his or her
22 regular duties or an alternate occupation or service covered by the
23 System after a normal recuperation period. The Board shall require

1 all retired disabled members who have not attained their normal
2 retirement date to submit to a physical examination once each year
3 for a minimum of three (3) years following retirement. The Board
4 shall select a minimum of two physicians to examine the retired
5 members and pay for their services from the fund. Any retired
6 disabled member found no longer disabled by the examining physicians
7 to perform the occupation of the member or an alternate occupation
8 or service covered by the System shall be required to return to duty
9 and complete twenty (20) years of service as provided in subsection
10 A of this section, or forfeit all his or her rights and claims under
11 this act.

12 J. The disability benefit under this section shall be for the
13 lifetime of the member unless such member is found no longer
14 disabled pursuant to subsection I of this section. Such member
15 shall not be entitled to the retirement benefit pursuant to
16 subsection A of this section unless such member returns to active
17 duty and is eligible for a retirement benefit as provided in
18 subsection A of this section.

19 K. At the postoffer, preemployment physical examination
20 required under paragraph 6 of Section 2-300 of this title, the
21 physician selected by the Board shall determine the extent to which
22 a new member is disabled. If a member is determined to be partially
23 disabled, the physician shall assign a percentage of disability to

1 such partial disability. If such member then becomes entitled to a
2 disability benefit under either subsection E or subsection G of this
3 section, the benefit payable shall be reduced by the percentage
4 which such member was determined to be disabled at the postoffer,
5 preemployment physical unless the Board makes a determination that
6 the initially determined percentage of disability at the
7 preemployment physical examination is unrelated to the reason for
8 the disability currently sought pursuant to subsection E or
9 subsection G of this section. Upon employment, the member shall
10 disclose to the Board any disability payments received from any
11 source. The amount of disability to be paid to any member cannot
12 exceed one hundred percent (100%) disability from all sources. The
13 provisions of this subsection shall apply only to members whose
14 effective date of membership is on or after July 1, 2000.

15 L. In addition to the pension provided for under subsection F
16 of this section, if said member has one or more children under the
17 age of eighteen (18) years or under the age of twenty-two (22) years
18 if the child is enrolled full time in and is regularly attending a
19 public or private school or any institution of higher education,
20 Four Hundred Dollars (\$400.00) a month shall be paid from said Fund
21 for the support of each surviving child to the member or person
22 having the care and custody of such children until each child
23 reaches the age of eighteen (18) years or reaches the age of twenty-

1 two (22) years if the child is enrolled full time in and is
2 regularly attending a public or private school or any institution of
3 higher education.

4 M. Notwithstanding any other provisions in Section 2-300
5 through 2-315 of this title, in order to be eligible to receive
6 disability benefits, a member who meets the definition of disability
7 as defined in paragraph 11 of Section 2-300 of this title shall file
8 the member's completed application for disability benefits with the
9 System before such member's date of termination from service and
10 provide such additional information that the System's rules require
11 within six (6) months of the System's receipt of such application.
12 If the member's completed application for disability benefits is not
13 filed with the System before the member's date of termination from
14 service or such additional information as is required under the
15 System's rules is not provided within six (6) months of the System's
16 receipt of such application, such member shall be eligible only for
17 such other benefits as are available to members of the System and
18 shall not be eligible to receive any disability benefits.

19 SECTION 19. AMENDATORY 47 O.S. 2001, Section 2-305.2, as
20 last amended by Section 3, Chapter 542, O.S.L. 2004 (47 O.S. Supp.
21 2005, Section 2-305.2), is amended to read as follows:

22 Section 2-305.2 A. In lieu of terminating employment and
23 accepting a service retirement pension pursuant to Section 2-305 of

1 this title, any member of the Oklahoma Law Enforcement Retirement
2 System who has not less than twenty (20) years of participating
3 service and who is eligible to receive a service retirement pension
4 may elect to participate in the Oklahoma Law Enforcement Deferred
5 Option Plan and defer the receipts of benefits in accordance with
6 the provisions of this section.

7 B. For purposes of this section, participating service shall
8 include service credit recognized pursuant to paragraphs (c) and (d)
9 of Section 2-307, subsection B of Section 2-307.2, and Sections 2-
10 309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5, 2-309.6 and 2-309.7 of
11 this title but for eligibility purposes only.

12 C. The duration of participation in the Oklahoma Law
13 Enforcement Deferred Option Plan for a member shall not exceed five
14 (5) years. Participation in the Oklahoma Law Enforcement Deferred
15 Option Plan must begin the first day of a month and end on the last
16 day of the month. At the conclusion of a member's participation in
17 the Oklahoma Law Enforcement Deferred Option Plan, the member shall
18 terminate employment as a member of the Oklahoma Law Enforcement
19 Retirement System, and shall start receiving the member's accrued
20 monthly retirement benefit from the System. Such a member may
21 continue to receive in-service distributions of such member's
22 accrued monthly retirement benefit from the System if the member is

1 reemployed by a state agency only if such reemployment is in a
2 position not covered under the System.

3 D. When a member begins participation in the Oklahoma Law
4 Enforcement Deferred Option Plan, the contribution of the member
5 shall cease. The employer contributions shall continue to be paid
6 in accordance with Section 2-304 of this title. Employer
7 contributions for members who elect the Oklahoma Law Enforcement
8 Deferred Option Plan shall be credited equally to the Oklahoma Law
9 Enforcement Retirement System and to the member's Oklahoma Law
10 Enforcement Deferred Option Plan account. The monthly retirement
11 benefits that would have been payable had the member elected to
12 cease employment and receive a service retirement shall be paid into
13 the member's Oklahoma Law Enforcement Deferred Option Plan account.

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

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

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

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

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

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

8 If a member meets the definition of disability as defined in
9 paragraph 11 of Section 2-300 of this title by direct reason of the
10 performance of the member's duties, the payment from the account
11 shall be an in-line-of-duty disability payment.

12 G. If the member dies during the period of participation in the
13 Oklahoma Law Enforcement Deferred Option Plan, a lump-sum payment
14 equal to the account balance of the member shall be paid to the
15 designated beneficiary as defined in paragraph 17 of Section 2-300
16 of this title, or if there is no designated beneficiary or the
17 designated beneficiary predeceases the member, to the estate of the
18 member. If such member was receiving, or eligible to receive, an
19 in-line-of-duty disability pension pursuant to subsection E or F of
20 Section 2-305 of this title at the time of death, payment of the
21 account balance shall be an in-line-of-duty disability payment.

22 H. In lieu of participating in the Oklahoma Law Enforcement
23 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of

1 this section, a member may elect to participate in the Oklahoma Law
2 Enforcement Deferred Option Plan pursuant to this subsection as
3 follows:

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

6 a. "back drop date" means the date selected by the member
7 which is up to five (5) years before the member elects
8 to participate in the Oklahoma Law Enforcement
9 Deferred Option Plan, but not before the date at which
10 the member completes twenty (20) years of
11 participating service,

12 b. "termination date" means the date the member elects to
13 participate in the Oklahoma Law Enforcement Deferred
14 Option Plan pursuant to this subsection and the date
15 the member terminates employment and starts receiving
16 the member's accrued monthly retirement benefit from
17 the System. Such termination has at all times
18 included reemployment of a member by a state agency,
19 but only in a position not covered under the System,

20 c. "earlier attained participating service" means the
21 participating service earned by a member as of the
22 back drop date. Earlier attained participating

1 service cannot be reduced to less than twenty (20)
2 years of participating service, and
3 d. "deferred benefit balance" means all retirement
4 benefits that would have been paid from the back drop
5 date to the termination date, and one half (1/2) of
6 the employer contributions from the back drop date to
7 the termination date, with interest based on how the
8 benefit would have accumulated on a compound annual
9 basis as if the member had participated in the
10 Oklahoma Law Enforcement Deferred Option Plan pursuant
11 to subsections A, B, C, D and E of this section from
12 the back drop date to the termination date;

13 2. At the termination date, a member's monthly pension benefit
14 shall be determined based on the earlier attained participating
15 service and on the final average salary as of the back drop date.
16 The member's individual deferred option account shall be credited
17 with an amount equal to the deferred benefit balance; the member
18 shall terminate employment and shall start receiving the member's
19 accrued monthly retirement benefit from the System. The member
20 shall, upon application filed with the Board, be refunded from the
21 fund an amount equal to the accumulated contributions the member
22 made to the fund from the back drop date to the termination date,
23 but excluding any interest. Such termination has at all times

1 included reemployment of a member by a state agency, but only in a
2 position not covered under the System. The provisions of
3 subsections B, C, E, F and G of this section shall apply to this
4 subsection; ~~and~~

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

18 4. Effective July 1, 2006, if a member who has not less than
19 twenty (20) years of participating service dies prior to terminating
20 employment, the surviving spouse shall be eligible to elect to
21 receive a benefit determined as if the member had elected to
22 participate in the Oklahoma Law Enforcement Deferred Option Plan in
23 accordance with this subsection on the day immediately preceding the

1 member's death if such election is made prior to the payment of any
2 monthly survivor retirement benefit. The surviving spouse may elect
3 a back drop date which is up to five (5) years prior to the last day
4 of the month coinciding with or following the month of the member's
5 death, but not before the date at which the member completes twenty
6 (20) years of participating service. Participation in the Oklahoma
7 Law Enforcement Deferred Option Plan shall begin the first day of a
8 month and end the last day of the month. The surviving spouse shall
9 have been married to the member immediately preceding the member's
10 death, and continuously for the thirty (30) months immediately
11 preceding the member's death. A surviving spouse of a member who
12 died while in, or as a consequence of, the performance of the
13 member's duty for the employer, shall not be subject to the thirty
14 (30) month marriage requirement for the survivor benefits
15 requirement for this election.

16 SECTION 20. AMENDATORY 47 O.S. 2001, Section 2-305.4, as
17 last amended by Section 3, Chapter 142, O.S.L. 2005 (47 O.S. Supp.
18 2005, Section 2-305.4), is amended to read as follows:

19 Section 2-305.4. A. Notwithstanding any other provision
20 contained herein to the contrary, the benefits payable to a member
21 in the Oklahoma Law Enforcement Retirement System shall be subject
22 to the limitations of Section 415 of the Internal Revenue Code of

1 1986, as amended, in accordance with the provisions of subsections B
2 and C of this section.

3 B. Except as provided in paragraphs 3 through 7 of this
4 subsection, any accrued retirement benefit payable to a member shall
5 not exceed the lesser of:

6 1. One Hundred Sixty Thousand Dollars (\$160,000.00), effective
7 January 1, 2002, adjusted for increases in the cost of living, as
8 prescribed by the Secretary of the Treasury or ~~his~~ the Secretary's
9 delegate, effective January 1 of each calendar year and applicable
10 to the limitation year ending with or within such calendar year; or

11 2. For limitation years beginning prior to January 1, 1995, one
12 hundred percent (100%) of the average earnings of the member for the
13 three (3) consecutive calendar years, while a member in the System,
14 in which the member's earnings were the highest. For purposes of
15 this paragraph, earnings for any limitation year shall be the earned
16 income of the member, wages, salaries, fees for professional
17 services, and other amounts received for personal services actually
18 rendered in the course of employment with a participating employer,
19 provided such amounts are actually paid or includable in gross
20 income during such year. Earnings shall exclude the following:

21 a. contributions by a participating employer to a plan of
22 deferred compensation which are not included in the
23 gross income of the member for the taxable year in

1 which contributed or any distributions from a funded
2 plan of deferred compensation, and
3 b. other amounts which received special tax benefits, or
4 contributions made by a participating employer,
5 whether or not under a salary reduction agreement,
6 towards the purchase of an annuity described in
7 Section 403(b) of the Internal Revenue Code of 1986,
8 whether or not the amounts are actually excludable
9 from the gross income of the member;
10 3. Except as provided in paragraph 5 of this subsection, the
11 limitations specified in paragraphs 1 and 2 of this subsection shall
12 not be applicable with respect to any member whose total annual
13 accrued retirement benefit payable from the System is less than Ten
14 Thousand Dollars (\$10,000.00) and who has not at any time
15 participated in any contribution plan, within the meaning of Section
16 415(k) of the Internal Revenue Code of 1986, as amended, maintained
17 by a participating employer;
18 4. If a member has less than ten (10) years of participation in
19 the System and all predecessor pension and retirement systems, the
20 dollar limitation otherwise applicable under paragraph 1 of this
21 subsection shall be reduced by multiplying such limitation by a
22 fraction, the numerator of which is the number of the years of
23 participation in the System of the member, but never less than one

1 (1), and the denominator of which is ten (10). This paragraph, to
2 the extent required by the Secretary of the Treasury, shall be
3 applied separately to each change in benefit structure hereunder;

4 5. Effective for limitation years beginning on or after January
5 1, 1995, if a member has been credited with less than ten (10) years
6 of credited service, the dollar amount otherwise applicable under
7 paragraph 3 of this subsection shall be reduced by multiplying such
8 dollar amount by a fraction, the numerator of which is the number of
9 the years of credited service of the member, but never less than one
10 (1), and the denominator of which is ten (10);

11 6. The limitations specified in this section shall apply to a
12 straight life annuity with no ancillary benefits and to an annuity
13 that constitutes a qualified joint and survivor annuity. If payment
14 is in a different form, the amount thereof shall be adjusted to be
15 the actuarial equivalent of a single life annuity and the
16 limitations shall be applied to such adjusted amount. Such
17 adjustment shall be based on the mortality tables and interest rates
18 described in divisions (1), (2) and (3) of subparagraph a and
19 subparagraph c of this paragraph.

20 a. If payment begins before the member reaches sixty-two
21 (62) years of age, the limitation in paragraph 1 of
22 this subsection shall be reduced on an actuarially
23 equivalent basis; provided however, prior to January

1 1, 2002, if such payment begins after the member
2 reaches fifty-five (55) years of age, the reduced
3 limit shall not be less than Seventy-five Thousand
4 Dollars (\$75,000.00) and, if payment begins prior to
5 the member reaching fifty-five (55) years of age, the
6 reduced limit shall not be less than the actuarial
7 equivalent of the Seventy-five Thousand Dollar
8 (\$75,000.00) limit for age fifty-five (55); provided
9 further, that in no event shall such amount be reduced
10 below Fifty Thousand Dollars (\$50,000.00), adjusted
11 for increases in the cost of living, as prescribed by
12 the Secretary of Treasury, or ~~his~~ the Secretary's
13 delegate.

14 (1) For limitation years beginning before January 1,
15 1999, the interest rate to be used to determine
16 such actuarial equivalent amount in this
17 subparagraph shall be the rate specified in the
18 actuarial tables adopted by the Board as
19 described in subparagraph c of this paragraph;
20 however, the interest rate used in determining an
21 actuarially equivalent pre-age-sixty-two (62)
22 amount shall not be less than five percent (5%).

1 (2) Effective for limitation years beginning on or
2 after January 1, 1999, the actuarial equivalent
3 adjustments in this subparagraph shall be
4 determined using the prevailing Commissioner's
5 standard table (described in Section 807(d)(5)(A)
6 of the Internal Revenue Code of 1986, as
7 amended), without regard to any other
8 subparagraph of Section 807(d)(5), used to
9 determine reserves for group annuity contracts
10 issued on the date as of which the payment is
11 being determined. Notwithstanding any other
12 System provisions to the contrary, for
13 distributions with annuity starting dates on or
14 after December 31, 2002, the applicable mortality
15 table used for purposes of adjusting any benefit
16 or limitation under Sections 415(b)(2)(B), (C) or
17 (D) of the Internal Revenue Code of 1986, as
18 amended, is the table described in Rev. Rul.
19 2001-62. The interest rate shall be five percent
20 (5%).

21 (3) For limitation years beginning on or after
22 January 1, 1997, if payment begins before the
23 member reached age sixty-two (62), the reductions

1 in the limitations in this subparagraph shall not
2 apply to a member who is a "qualified
3 participant" as defined in Section 415(b) (2) (H)
4 of the Internal Revenue Code of 1986, as amended.

5 b. If payment begins after the member reaches sixty-five
6 (65) years of age, the limitation in paragraph 1 of
7 this subsection shall be the actuarial equivalent of
8 such amount otherwise applicable at the member
9 reaching sixty-five (65) years of age.

10 (1) For limitation years beginning before January 1,
11 1999, the interest rate to be used to determine
12 such actuarial equivalent amount in this
13 subparagraph shall be the rate specified in the
14 actuarial tables adopted by the Board as
15 described in subparagraph c of this paragraph;
16 however, the interest rate used in determining an
17 actuarially equivalent post-age-sixty-five (65)
18 amount shall not be greater than five percent
19 (5%).

20 (2) Effective for limitation years beginning on or
21 after January 1, 1999, the actuarial equivalent
22 adjustments in this subparagraph shall use the

1 mortality and interest rate basis provided in
2 division (2) of subparagraph a of this paragraph.

3 c. The actuarial tables adopted by the Board for
4 limitation years beginning before January 1, 1999, for
5 purposes of adjusting any benefit under Sections
6 415(b)(2)(B), (C) or (D) shall be based on an interest
7 rate of seven percent (7%) and the 1983 Group Annuity
8 Mortality Table.

9 7. In no event shall the maximum annual accrued retirement
10 benefit of a member allowable under this section be less than the
11 annual amount of such accrued retirement benefit, including early
12 pension and qualified joint and survivor annuity amounts, duly
13 accrued by the member as of the last day of the limitation year
14 beginning in 1982, or as of the last day of the limitation year
15 beginning in 1986, whichever is greater, disregarding any plan
16 changes or cost-of-living adjustments occurring after July 1, 1982,
17 as to the 1982 accrued amount, and May 5, 1986, as to the 1986
18 accrued amount.

19 8. Effective for years beginning after December 31, 1997, if a
20 member purchases service under ~~Section 2-307.5 and/or Section 2-~~
21 ~~307.7~~ of this title, which qualifies as "permissive service credit"
22 pursuant to Section 415(n) of the Internal Revenue Code of 1986, as

1 amended, the limitations of Section 415 of the Internal Revenue Code
2 of 1986, as amended, may be met by either:

- 3 a. treating the accrued benefit derived from such
4 contributions as an annual benefit under this section,
5 or
6 b. treating all such contributions as annual additions
7 for purposes of Section 415(c) of the Internal Revenue
8 Code of 1986, as amended.

9 9. Effective for years beginning after December 31, 1997, if a
10 member repays to the System any amounts received because of ~~his~~ the
11 member's prior termination pursuant to paragraph 3 of subsection (b)
12 of Section 2-307 of this title, such repayment shall not be taken
13 into account for purposes of Section 415 of the Internal Revenue
14 Code of 1986, as amended, pursuant to Section 415(k)(3) of the
15 Internal Revenue Code of 1986, as amended.

16 For limitation years beginning on or after January 1, 1995,
17 paragraphs 4, 5 and 6 of this subsection shall not apply to a
18 benefit paid under the System as a result of the member becoming
19 disabled by reason of personal injuries or sickness, or amounts
20 received by the beneficiaries, survivors or estate of the member as
21 the result of the death of the member.

1 C. For distributions made in limitation years beginning on or
2 after January 1, 2000, the combined limit of repealed Section 415(e)
3 of the Internal Revenue Code of 1986, as amended, shall not apply.

4 D. The Board is hereby authorized to revoke the special
5 election previously made under Internal Revenue Code Section
6 415(b)(10).

7 SECTION 21. AMENDATORY 47 O.S. 2001, Section 2-307, as
8 last amended by Section 4, Chapter 142, O.S.L. 2005 (47 O.S. Supp.
9 2005, Section 2-307), is amended to read as follows:

10 Section 2-307. (a) In the event a member of the System obtains
11 a leave of absence, of not to exceed ninety (90) days at any one
12 time, because of injury or illness or for any personal reason other
13 than the acceptance of other employment, ~~his~~ the member's membership
14 in the System shall not terminate and the period of such leave shall
15 be counted toward retirement for length of service if, during such
16 leave of absence or at the end thereof, ~~he~~ the member shall pay to
17 the Fund an amount equal to the contributions which would have been
18 deducted from ~~his~~ the member's salary during such period if such
19 leave of absence had not been obtained, but if such contributions
20 are not paid during such leave or made up within thirty (30) days
21 after the end of such leave, or if such leave of absence extends for
22 more than ninety (90) days at any one time, the period of such leave
23 shall not be counted toward length of service for retirement nor in

1 computing the amount of any pension or any retirement pay or any
2 other benefits hereunder.

3 (b) In the event a member of the System obtains a leave of
4 absence for the purpose of accepting other employment, or if a
5 member resigns and during such resignation accepts other employment,
6 ~~his~~ the member's membership in the System shall terminate as of the
7 date of the beginning of such leave. Provided, that if the
8 membership of a member of the System shall have been terminated
9 either by such leave of absence or by termination of employment, and
10 such former member is reemployed, the Board, upon application
11 therefor made in the same manner as an original application for
12 membership in the System, may reinstate such membership. Such
13 reinstated member shall be allowed full credit toward retirement for
14 all service credit accrued up to the time of termination of
15 membership if, but only if:

16 1. Such application for reinstatement is made within three (3)
17 years from the date of such termination of such membership; and

18 2. Such reinstated member remains a member of the System for a
19 period of five (5) consecutive years after reinstatement of
20 membership; and

21 3. Such reinstated member reimburses the Fund, at the time
22 application for reinstatement is made, with the amount of any
23 portion of ~~his~~ the membership contribution which has been refunded

1 to ~~him~~ the member under the provisions of Section 2-308 of this
2 title; and

3 4. ~~Effective January 1, 2002, a~~ A lump-sum payment for
4 repayment of any amount received because of a member's prior
5 termination may be repaid by:

6 a. a cash lump sum payment,

7 b. a trustee-to-trustee ~~transfers~~ transfer from a Section
8 403(b) annuity or custodial account, an eligible
9 deferred compensation plan described in Code Section
10 457(b) ~~plan~~ which is maintained by an eligible
11 employer described in Code Section 457(e)(1)(A),
12 and/or a Code Section 401(a) qualified plan;

13 c. a direct rollover of tax-deferred funds from a Code
14 Section 403(b) annuity or custodial account, an
15 eligible deferred compensation plan described in Code
16 Section 457(b) which is maintained by an eligible
17 employer described in Code Section 457(e)(1)(A), a
18 Code Section 401(a) qualified plan, and/or a Code
19 Section 408(a) or 408(b) traditional or conduit
20 Individual Retirement Account or Annuity (IRA). Roth
21 IRA's, Coverdell Education Savings Accounts and after-
22 tax contributions shall not be used to purchase such
23 service credit; or

1 d. any combination of the above methods of payment.

2 The provisions of this subsection shall not apply to absences
3 caused by such military service as may be considered as service for
4 retirement for length of service under the provisions of subsection
5 (c) of this section.

6 (c) In determining the eligibility of a member for retirement
7 based upon length of service, any service in the Armed Forces of the
8 United States or any component thereof between the 16th day of
9 September, 1940, and the 30th day of June, 1954, and any service in
10 the Armed Forces of the United States or any component thereof upon
11 call of the President of the United States or of the Governor of the
12 State of Oklahoma, together with such prior service, as would have
13 been otherwise considered as service for retirement for length of
14 service, shall be considered as service for length of service,
15 provided that the member returns and files application for
16 reinstatement as a member of the System within ninety (90) days
17 after ~~his~~ the member's release, or opportunity for release, from
18 such Armed Forces or component thereof. If such member shall have
19 been refunded any portion of ~~his~~ the membership contributions as
20 provided in Section 2-308 of this title, ~~he~~ the member shall be
21 required to reimburse the Fund with the same amount at the time of
22 ~~his~~ the member's application for reinstatement in the System, before
23 the reinstated member is given credit for accrued prior service.

1 Provided, that in no event shall a member of the System who has
2 entered such Armed Forces or component thereof prior to retirement
3 be or become eligible for retirement for length of service unless ~~he~~
4 the member shall thereafter have been reinstated as a member of the
5 System as provided for herein, and thereafter remained a member for
6 at least one (1) year after such reinstatement.

7 (d) Time spent on involuntary furlough by members pursuant to
8 the rules of the Office of Personnel Management shall be credited.

9 (e) Notwithstanding any provisions herein to the contrary,
10 contributions, benefits and service credit with respect to qualified
11 military service shall be provided in accordance with Section 414(u)
12 of the Internal Revenue Code of 1986, as amended, which is in
13 accordance with the Uniformed Service Employment and Reemployment
14 Rights Act of 1994, as amended (USERRA). The employer's
15 contributions to the System for a member covered by USERRA are due
16 when such a member makes up his or her contributions that were
17 missed due to his or her qualified military service.

18 SECTION 22. AMENDATORY 47 O.S. 2001, Section 2-307.1, as
19 amended by Section 9, Chapter 406, O.S.L. 2003 (47 O.S. Supp. 2005,
20 Section 2-307.1), is amended to read as follows:

21 Section 2-307.1 A. A member may receive service credit for not
22 to exceed five (5) years of participating service accumulated by the
23 member while an employee of a state agency if the member is not

1 receiving or eligible to receive retirement benefits or credit for
2 said service from the Oklahoma Public Employees Retirement System.
3 To receive credit for said service prior to January 1, 1991, the
4 employee and employer contributions for those years of service and
5 interest of not to exceed five percent (5%) as determined by the
6 Board shall be paid to the Board. Effective January 1, 1991, to
7 receive credit for said service, the member shall pay the amount
8 determined by the Board of Trustees pursuant to Section 19 of
9 Enrolled Senate Bill No. 810 of the 2nd Session of the 42nd Oklahoma
10 Legislature. Such service credit shall not be used in determining
11 the eligibility of the member for retirement based upon length of
12 service.

13 B. To receive credit for such service:

14 1. A member who became a member of the system prior to July 1,
15 1988, shall make application to the Board for such service prior to
16 January 1, 1989; and

17 2. A member who becomes a member of the system after June 30,
18 1988, shall make application to the Board for such service within
19 two (2) years of the date the member became a member of the system.

20 C. ~~Effective January 1, 2002, such~~ Such service credit may be
21 paid ~~for through~~ by:

22 1. A cash lump sum payment;

1 2. A trustee-to-trustee ~~transfers~~ transfer from a Section
2 403(b) annuity or custodial account, an eligible deferred
3 compensation plan described in Section 457(b) ~~plan~~ which is
4 maintained by any eligible employer described in Code Section
5 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

6 3. A direct rollover of tax-deferred funds from a Code Section
7 403(b) annuity or custodial account, an eligible deferred
8 compensation plan described in Code Section 457(b) which is
9 maintained by an eligible employer described in Code Section
10 457(3) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
11 Section 408(a) or 408(b) traditional or conduit Individual
12 Retirement Account or Annuity (IRA). Roth IRAs, Coverdell Education
13 Savings Accounts and after-tax contributions shall not be used to
14 purchase such service credit; or

15 4. Any combination of the above methods of payment.

16 SECTION 23. AMENDATORY 47 O.S. 2001, Section 2-307.2, is
17 amended to read as follows:

18 Section 2-307.2 A. The total service credit of a member who
19 retires or terminates employment and elects a vested benefit shall
20 include not to exceed one hundred thirty (130) days of unused sick
21 leave accumulated while a member of the System. Such credit shall
22 be added in terms of whole months. Twenty (20) days of unused sick
23 leave shall equal one (1) month for purposes of service credit. If

1 unused sick leave entitles a member to an additional year or
2 fraction thereof of service credit, the member's employer shall
3 reimburse the System for the cost of funding the additional reserve
4 by paying the amount determined by the Board pursuant to Section 25
5 of this act. Each employer shall provide the System with adequate
6 and timely information necessary to determine additional benefits
7 and its cost under this section. This section shall apply to
8 members retiring or vesting on or after July 1, 1985, and shall not
9 be retroactive.

10 B. Whenever any member is unable to perform the member's duties
11 because of sickness or temporary disability caused or sustained
12 while in the discharge of the member's duty as a member, is
13 receiving a temporary total disability benefit under Section 1 et
14 seq. of Title 85 of the Oklahoma Statutes, and does not purchase
15 service credit as described below, such member shall only receive
16 prorated service credit based on the contributions made by the
17 member and the member's employer while the member is receiving a
18 temporary total disability benefit under Section 1 et seq. of Title
19 85 of the Oklahoma Statutes. Whenever any member is unable to
20 perform the member's duties because of sickness or temporary
21 disability caused or sustained while in the discharge of the
22 member's duty as a member and is receiving a temporary disability
23 benefit under Section 1 et seq. of Title 85 of the Oklahoma

1 Statutes, such member shall have the option to purchase service
2 credit for the time related to such leave of absence for such
3 sickness or temporary disability.

4 1. The payment for such purchase must be completed no later
5 than three (3) years from the date the member commenced receipt of a
6 temporary total disability benefit;

7 2. The purchase price shall be:

8 a. the actual paid base salary that the member was
9 entitled to immediately prior to the member's sickness
10 or temporary disability minus any vacation or sick
11 leave payments received by the member during such
12 sickness or temporary disability, multiplied by,

13 b. the following percent:

14 (1) eighteen percent (18%) for members who are
15 suspended without pay, or

16 (2) eight percent (8%) for members who are not
17 suspended without pay.

18 If such member has not been suspended without pay, the employer
19 shall contribute, within three (3) months of the completion of the
20 member's purchase of service credit, ten percent (10%) of the actual
21 paid base salary that the member was entitled to immediately prior
22 to the member's sickness or temporary disability minus any vacation

1 or sick leave payments received by the member during such sickness
2 or temporary disability.

3 3. The member may purchase such service credit through:

4 a. a cash lump sum payment,

5 b. a trustee-to-trustee transfer from a Code Section
6 403(b) annuity or custodial account, an eligible
7 deferred compensation plan described in Code Section
8 457(b) which is maintained by an eligible employer
9 described in Code Section 457(e) (1) (A), and/or a Code
10 Section 401(a) qualified plan,

11 c. a direct rollover of tax-deferred funds from a Code
12 Section 403(b) annuity or custodial account, an
13 eligible deferred compensation plan described in Code
14 Section 457(b) which is maintained by an eligible
15 employer described in Code Section 457(e) (1) (A), a
16 Code Section 401(a) qualified plan, and/or a Code
17 Section 408(a) or 408(b) traditional or conduit
18 Individual Retirement Account or Annuity (IRA). Roth
19 IRAs, Coverdell Education Savings Accounts and after-
20 tax contributions shall not be used to purchase such
21 service credit; or

22 d. any combination of the above methods of payment;

1 SECTION 24. AMENDATORY 47 O.S. 2001, Section 2-307.3, as
2 amended by Section 10, Chapter 406, O.S.L. 2003 (47 O.S. Supp. 2005,
3 Section 2-307.3), is amended to read as follows:

4 Section 2-307.3 A. Prior to January 1, 1991, upon payment to
5 the Oklahoma Law Enforcement Retirement System of the employee
6 contribution the member would have been subject to had the member
7 been a member of the ~~system~~ System at the time, plus five percent
8 (5%) interest, any member of the System shall receive credit for not
9 to exceed five (5) years of prior law enforcement service rendered
10 in this state, if the member is not receiving or eligible to receive
11 retirement credit or benefits for such service in any other public
12 retirement system. Effective January 1, 1991, to receive credit for
13 not to exceed five (5) years of prior law enforcement service
14 rendered in this state, if the member is not receiving or eligible
15 to receive retirement credit or benefits for such service in any
16 other public retirement system, the member shall pay the amount
17 determined by the Board pursuant to Section 2-307.5 of this title.
18 Service credit received pursuant to this section shall be used in
19 determining the member's retirement benefit but shall not be used in
20 determining years of service for retirement or vesting purposes.

21 To receive credit for such service:

1 1. A member who became a member of the ~~system~~ System prior to
2 July 1, 1988, shall make application to the Board for such service
3 prior to January 1, 1989; and

4 2. A member who becomes a member of the ~~system~~ System after
5 June 30, 1988, shall make application to the Board for such service
6 within two (2) years of the date the member became a member of the
7 system.

8 B. Upon payment to the Oklahoma Law Enforcement Retirement
9 System of a sum equal to the employee contribution the member would
10 have been subject to had the member been a member of the ~~system~~
11 System at the time, plus five percent (5%) interest prior to January
12 1, 1991, or effective January 1, 1991, upon payment to the System of
13 the amount determined by the Board pursuant to Section 2-307.5 of
14 this title, any member of the system shall receive credit for not to
15 exceed five (5) years of prior law enforcement service rendered in
16 another state or with a federal law enforcement agency, either as a
17 commissioned law enforcement officer or in a scientific or technical
18 field, if the member is not receiving or eligible to receive
19 retirement credit or benefits for such service in any other public
20 retirement system. Service credit received pursuant to this section
21 shall be used in determining the member's retirement benefit but
22 shall not be used in determining years of service for retirement or
23 vesting purposes.

1 To receive credit for such service:

2 1. A member who became a member of the ~~system~~ System prior to
3 July 1, 1990, shall make application to the Board for such service
4 prior to January 1, 1991; and

5 2. A member who became a member of the system after June 30,
6 1990, shall make application to the Board for such services within
7 two (2) years of the date the member became a member of the ~~system~~
8 System.

9 C. ~~Effective January 1, 2002, such~~ Such service credit may be
10 paid ~~for through~~ by:

11 1. A cash lump sum payment;

12 2. A trustee-to-trustee ~~transfers~~ transfer from a Code Section
13 403(b) annuity or custodial account, an eligible deferred
14 compensation plan described in Code Section 457(b) plan, which is
15 maintained by an eligible employer described in Code Section
16 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

17 3. A direct rollover of tax-deferred funds from a Code Section
18 403(b) annuity or custodial account, an eligible deferred
19 compensation plan described in Code Section 457(b) which is
20 maintained by an eligible employer described in Code Section
21 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
22 Section 408(a) or 408(b) traditional or conduit Individual
23 Retirement Account or Annuity (IRA). Roth IRAs, Coverdell Education

1 Savings Accounts and after-tax contributions shall not be used to
2 purchase such service credit; or

3 4. Any combination of the above methods of payment.

4 SECTION 25. AMENDATORY 47 O.S. 2001, Section 2-307.4, as
5 last amended by Section 3, Chapter 302, O.S.L. 2004 (47 O.S. Supp.
6 2005, Section 2-307.4), is amended to read as follows:

7 Section 2-307.4 A. Any member of the Oklahoma Law Enforcement
8 Retirement System shall be entitled to prior service credit, not to
9 exceed five (5) years, for those periods of military service on
10 active duty prior to membership in the Oklahoma Law Enforcement
11 Retirement System. Any active member of the Oklahoma Law
12 Enforcement Retirement System whose initial membership in the System
13 began on or after July 1, 2000, may receive up to five (5) years of
14 prior military service credit as otherwise provided in this section,
15 only upon payment of the amount determined by the Board in the
16 manner as provided in Section 2-307.5 of this title. For members of
17 the System hired on or after July 1, 2003, if the military service
18 credit authorized by this subsection is used to compute the
19 retirement benefit of the member and the member retires from the
20 System, such military service credit shall not be used to compute
21 the retirement benefit in any other retirement system created
22 pursuant to the Oklahoma Statutes and the member may receive credit

1 for such service only in the retirement system from which the member
2 first retires.

3 B. For purposes of this section, "military service" means
4 service in the Armed Forces of the United States by honorably
5 discharged persons during the following time periods, as reflected
6 on such person's Defense Department Form 214, as follows:

7 1. During the following periods, including the beginning and
8 ending dates, and only for the periods served, from:

9 a. April 6, 1917, to November 11, 1918, commonly referred
10 to as World War I,

11 b. September 16, 1940, to December 7, 1941, as a member
12 of the 45th Division,

13 c. December 7, 1941, to December 31, 1946, commonly
14 referred to as World War II,

15 d. June 27, 1950, to January 31, 1955, commonly referred
16 to as the Korean Conflict or the Korean War,

17 e. February 28, 1961, to May 7, 1975, commonly referred
18 to as the Vietnam era, except that:

19 (1) for the period from February 28, 1961, to August
20 4, 1964, military service shall only include
21 service in the Republic of Vietnam during that
22 period, and

1 (2) for purposes of determining eligibility for
2 education and training benefits, such period
3 shall end on December 31, 1976, or

4 f. August 1, 1990, to December 31, 1991, commonly
5 referred to as the Gulf War, the Persian Gulf War, or
6 Operation Desert Storm, but excluding any person who
7 served on active duty for training only, unless
8 discharged from such active duty for a service-
9 connected disability;

10 2. During a period of war or combat military operation other
11 than a conflict, war or era listed in paragraph 1 of this
12 subsection, beginning on the date of Congressional authorization,
13 Congressional resolution, or Executive Order of the President of the
14 United States, for the use of the Armed Forces of the United States
15 in a war or combat military operation, if such war or combat
16 military operation lasted for a period of ninety (90) days or more,
17 for a person who served, and only for the period served, in the area
18 of responsibility of the war or combat military operation, but
19 excluding a person who served on active duty for training only,
20 unless discharged from such active duty for a service-connected
21 disability, and provided that the burden of proof of military
22 service during this period shall be with the member, who must
23 present appropriate documentation establishing such service.

1 C. An eligible member under subsection B of this section shall
2 include only those persons who shall have served during the times or
3 in the areas prescribed in subsection B of this section, and only if
4 such person provides appropriate documentation in such time and
5 manner as required by the System to establish such military service
6 prescribed in this section, or for service pursuant to division (1)
7 of subparagraph e of paragraph 1 of subsection B of this section,
8 those persons who were awarded service medals, as authorized by the
9 United States Department of Defense as reflected in the veteran's
10 Defense Department Form 214, related to the Vietnam Conflict for
11 service prior to August 5, 1964.

12 D. Service credit received pursuant to this section shall be
13 used in determining the member's retirement benefit but shall not be
14 used in determining years of service for retirement or vesting
15 purposes.

16 E. ~~Effective January 1, 2002, such~~ Such service credit may be
17 paid ~~for through~~ by:

- 18 1. A cash lump sum payment;
- 19 2. A trustee-to-trustee ~~transfers~~ transfer from a Code Section
20 403(b) annuity or custodial account, an eligible deferred
21 compensation plan described in Code Section 457(b) ~~plan~~ which is
22 maintained by an eligible employer described in Code Section
23 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

1 3. A direct rollover of tax-deferred funds from a Code Section
2 403(b) annuity or custodial account, an eligible deferred
3 compensation plan described in Code Section 457(b) which is
4 maintained by an eligible employer described in Code Section
5 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
6 Section 408(a) or 408(b) traditional or conduit Individual
7 Retirement Account or Annuity (IRA). Roth IRAs, Coverdell Education
8 Savings Accounts and after-tax contributions shall not be used to
9 purchase such service credit; or

10 4. Any combination of the above methods of payment.

11 SECTION 26. AMENDATORY 47 O.S. 2001, Section 2-307.5, as
12 last amended by Section 5, Chapter 142, O.S.L. 2005 (47 O.S. Supp.
13 2005, Section 2-307.5), is amended to read as follows:

14 Section 2-307.5 A. The Board shall adopt rules for computation
15 of the purchase price for transferred credited service. These rules
16 shall base the purchase price for each year purchased on the
17 actuarial cost of the incremental projected benefits to be
18 purchased. The purchase price shall represent the present value of
19 the incremental projected benefits discounted according to the
20 member's age at the time of purchase. Incremental projected
21 benefits shall be the difference between the projected benefit said
22 member would receive without purchasing the transferred credited
23 service and the projected benefit after purchase of the transferred

1 credited service computed as of the earliest age at which the member
2 would be able to retire. Said computation shall assume an unreduced
3 benefit and be computed using interest and mortality assumptions
4 consistent with the actuarial assumptions adopted by the Board for
5 purposes of preparing the annual actuarial evaluation.

6 B. In the event that the member is unable to pay the purchase
7 price provided for in this section by the due date, the Board shall
8 permit the members to amortize the purchase price over a period not
9 to exceed sixty (60) months. Said payments shall be made by payroll
10 deductions unless the Board permits an alternate payment source.
11 The amortization shall include interest in an amount not to exceed
12 the actuarially assumed interest rate adopted by the Board for
13 investment earnings each year. Any member who ceases to make
14 payment, terminates, retires or dies before completing the payments
15 provided for in this section shall receive prorated service credit
16 for only those payments made, unless the unpaid balance is paid by
17 said member, his or her estate or successor in interest within six
18 (6) months after said member's death, termination of employment or
19 retirement, provided no retirement benefits shall be payable until
20 the unpaid balance is paid, unless said member or beneficiary
21 affirmatively waives the additional six-month period in which to pay
22 the unpaid balance. Notwithstanding anything herein to the
23 contrary, lump-sum payments for a transferred credited service

1 purchase may be made by a cash lump sum payment; a trustee-to-
2 trustee transfer from a Code Section 403(b) annuity or custodial
3 account, an eligible deferred compensation plan described in Code
4 Section 457(b) which is maintained by an eligible employer described
5 in Code Section 457(e) (1) (A), and/or a Code Section 401(a) qualified
6 plan; ~~or~~ a direct rollover of tax-deferred funds from a Code Section
7 403(b) annuity or custodial account, an eligible deferred
8 compensation plan described in Code Section 457(b) which is
9 maintained by an eligible employer described in Code Section
10 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
11 Section 408(a) or 408(b) traditional or conduit Individual
12 Retirement Account or Annuity (IRA); or a combination of the
13 foregoing methods. Roth IRAs ~~and~~, Coverdell Education Savings
14 Accounts and after-tax contributions shall not be used to purchase
15 transferred credited service.

16 A member making installment payments shall have the option of
17 making a ~~cash~~ lump-sum payment for the balance of the actuarial
18 purchase price with interest due through the date of payment by a
19 cash lump sum payment; a trustee-to-trustee transfer from a Code
20 Section 403(b) annuity or custodial account, an eligible deferred
21 compensation plan described in Code Section 457(b) which is
22 maintained by an eligible employer described in Code Section
23 457(e) (1) (A), and/or a Code Section 401(a) qualified plan; ~~or~~ a

1 direct rollover of tax-deferred funds from a Code Section 403(b)
2 annuity or custodial account, an eligible deferred compensation plan
3 described in Code Section 457(b) which is maintained by an eligible
4 employer described in Code Section 457(e)(1)(A), a Code Section
5 401(a) qualified plan, and/or a Code Section 408(a) or 408(b)
6 traditional or conduit Individual Retirement Account or Annuity
7 (IRA); or a combination of the foregoing methods. Roth IRAs ~~and,~~
8 Coverdell Education Savings Accounts and after-tax contributions
9 shall not be used to purchase transferred credited service. The
10 Board shall promulgate such rules as are necessary to implement the
11 provisions of this subsection.

12 SECTION 27. AMENDATORY 47 O.S. 2001, Section 2-307.7, as
13 last amended by Section 7, Chapter 542, O.S.L. 2004 (47 O.S. Supp.
14 2005, Section 2-307.7), is amended to read as follows:

15 Section 2-307.7 A. A member of the Oklahoma Law Enforcement
16 Retirement System who has ten (10) or more years of full-time-
17 equivalent employment with a participating employer, and who is
18 terminated by a state agency or other state governmental entity
19 because the member's position is eliminated through a reduction-in-
20 force after July 1, 1998, and is within three (3) years of a normal
21 retirement date as defined in paragraph 7 of Section 2-300 of this
22 title may purchase termination credit of a period not to exceed the
23 lesser of three (3) years or the number of years or months or both

1 years and months required in order for the member to reach normal
2 retirement date in the same period of time and with the same service
3 credit which would have otherwise accrued if the termination had not
4 occurred.

5 B. In order to receive the termination credit authorized by
6 this section, the member shall be required to file an election with
7 the System indicating an intent to purchase the credit. The member
8 shall have a period of six (6) months from the date the member is
9 terminated as described in subsection A of this section within which
10 to file the election.

11 C. To purchase the termination credit, the member shall be
12 required to make payment to the System of an amount equal to both
13 the employer and employee contributions which would have been paid
14 to the System based upon the actual paid base salary as defined in
15 paragraph 8 of Section 2-300 of this title, which was received by
16 the member in the last full month that the member was employed by
17 the state agency or other state governmental entity multiplied by
18 the number of months required in order for the combination of the
19 participating service and member's age to equal the amount required
20 for the member to reach normal retirement date with an unreduced
21 benefit as if the member had not been terminated.

22 D. The member must make full payment to the System of all
23 required contribution amounts within sixty (60) days of filing the

1 election to purchase the credit. The member must vest his or her
2 benefits with a declared future retirement date as of the first
3 month the member is eligible for normal retirement. Failure to make
4 the full payment to the System of the required contribution amounts,
5 for any reason, within the time prescribed, shall result in
6 cancellation of the election provided pursuant to this section, and
7 return of the purchase amount tendered, without interest.

8 Notwithstanding anything herein to the contrary, ~~effective January~~
9 ~~1, 2002, lump sum payments for~~ termination credit purchases may be
10 made by:

11 1. A cash lump sum payment;

12 2. A trustee-to-trustee ~~transfers from a Section 403(b)~~
13 annuity, an eligible Section 457(b) plan, and/or a transfer from a
14 Code Section 401(a) qualified plan;

15 3. A direct rollover of tax-deferred funds from a Code Section
16 403(b) annuity or custodial account, an eligible deferred
17 compensation plan described in Code Section 457(b) which is
18 maintained by an eligible employer described in Code Section
19 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
20 Section 408(a) or 408(b) traditional or conduit Individual
21 Retirement Account or Annuity (IRA). Roth IRAs, Coverdell Education
22 Savings Accounts and after-tax contributions shall not be used to
23 purchase such service credit; or

1 4. Any combination of the above methods of payment.

2 E. Purchased termination credit may only be used as service
3 credit to qualify the member for normal retirement.

4 F. If the member chooses to retire at any time prior to the
5 member's normal retirement date or returns to employment with a
6 participating employer of the System at any time prior to
7 retirement, the purchase of termination credit pursuant to this
8 section shall be void and the System will return the purchase amount
9 tendered, without interest.

10 G. In the event of the death of the member prior to retirement,
11 the member's spouse, if otherwise eligible for benefits pursuant to
12 Section 2-306 of this title, may elect to receive benefits which
13 include the termination credit on the member's declared future
14 retirement date, or may elect to receive a return of the purchase
15 amount tendered, without interest.

16 SECTION 28. AMENDATORY 47 O.S. 2001, Section 2-310.1, as
17 last amended by Section 7, Chapter 418, O.S.L. 2004 (47 O.S. Supp.
18 2005, Section 2-310.1), is amended to read as follows:

19 Section 2-310.1 A. Whenever any member currently working in a
20 position identified by subsection 6 of Section 2-300 of this title
21 or Section 2-314 of this title and enrolled in the Oklahoma Law
22 Enforcement Retirement System is injured in the line of duty, an
23 Injury Review Board consisting of one member to be appointed by the

1 member's employer, one member to be appointed by the Administrator
2 of the Office of Personnel Management and one member to be appointed
3 by the Governor shall convene to determine if the injured member was
4 actually injured in the line of duty and whether the injured member
5 should be granted leave because of the injury. The Injury Review
6 Board may, in its discretion, grant the injured member leave when
7 necessary, not to exceed one hundred sixty-five (165) working days
8 for the illness or injury.

9 B. For the purpose of this section, "illness or injury" shall
10 include any serious illness or serious injury caused by or
11 contracted during the performance of the member's duty. Every state
12 agency which employs persons eligible for membership in the Oklahoma
13 Law Enforcement Retirement System shall participate in the joint
14 promulgation of a rule which shall set out mutually agreeable
15 guidelines for the categorization of an illness or injury as
16 serious. Upon promulgation of the rule, each of the state agencies
17 shall individually adopt the rule. The wording of the rule, as
18 adopted and as amended by the agencies from time to time, shall
19 remain in conformity for each of the state agencies.

20 C. The three-member Injury Review Board shall be convened
21 following a written request submitted by the injured member to the
22 injured member's employer. The employer shall forward the request
23 to the Administrator of the Office of Personnel Management. The

1 employer may submit the request on behalf of an injured member. The
2 Administrator's appointee shall then convene and chair the Injury
3 Review Board. The Injury Review Board may request the injured
4 member to submit to an examination by a physician selected by the
5 Board at the employer's expense to assist the Board in making a
6 decision. A decision to grant or deny such paid leave shall be
7 determined by concurrence in writing of not less than two Injury
8 Review Board members. If granted, said leave shall be paid by the
9 employing agency.

10 D. While such leave is being paid, the employee shall continue
11 to accrue leave and service credit at the same rate as before the
12 illness or injury. The employee's portion of health, dental, life
13 and disability insurance premiums and the employee's contribution to
14 the Oklahoma Law Enforcement Retirement System shall be deducted by
15 the employing agency from the paid leave and remitted to the
16 appropriate agencies, in the same manner as before the illness or
17 injury.

18 SECTION 29. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 2-305.10 of Title 47, unless
20 there is created a duplication in numbering, reads as follows:

21 A. Except as provided in subsection B of this section, any
22 person receiving benefits from the Oklahoma Law Enforcement
23 Retirement System as of June 30, 2005, who continues to receive

1 benefits on or after July 1, 2006, shall receive a _____ percent
2 (____%) increase in said benefits beginning in July 2006.

3 B. Any increase in benefits a person is eligible to receive
4 pursuant to subsection B, C or D of Section 2-305 of Title 47 of the
5 Oklahoma Statutes, after June 30, 2006, shall be offset by the
6 increase in benefits, if any, provided by this section.

7 SECTION 30. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 2-316 of Title 47, unless there
9 is created a duplication in numbering, reads as follows:

10 A. Any district attorney investigator who was employed in such
11 a position on June 30, 2006, may make an irrevocable written
12 election on or before January 1, 2007, to participate in the
13 Oklahoma Law Enforcement Retirement System. Such district attorney
14 investigators who make the election as provided by this section
15 shall be subject to the following:

16 1. Upon the date the district attorney investigator makes the
17 election pursuant to this section, he or she shall cease accruing
18 benefits in the Oklahoma Public Employees Retirement System and
19 shall commence accruing benefits in the Oklahoma Law Enforcement
20 Retirement System;

21 2. Prior to the beginning of the month following receipt of the
22 district attorney investigator's election by the Oklahoma Public
23 Employees Retirement System, the Oklahoma Public Employees

1 Retirement System shall transfer to the Oklahoma Law Enforcement
2 Retirement System all employee contributions and employer
3 contributions including any amounts received by the Oklahoma Public
4 Employees Retirement System on behalf of a transferring member
5 related to a purchase or transfer of credited service to the
6 Oklahoma Public Employees Retirement System. The Oklahoma Public
7 Employees Retirement System shall also send to the Oklahoma Law
8 Enforcement Retirement System the retirement records of the
9 transferring member;

10 3. To receive service credit accrued by such transferring
11 member prior to the election, or prior to the date as of which the
12 person making the election ceases to be a member of the Oklahoma
13 Public Employees Retirement System, whichever date occurs last, the
14 member shall make an irrevocable written election. The election
15 shall be to either pay the difference between the amount transferred
16 by the Oklahoma Public Employees Retirement System to the Oklahoma
17 Law Enforcement Retirement System in paragraph 2 of this subsection
18 and the amount determined by the Board of Trustees pursuant to
19 Section 2-307.5 of Title 47 of the Oklahoma Statutes to receive full
20 eligible credit for the years sought to be transferred or receive
21 eligible prorated service credit for only the amount received from
22 the Oklahoma Public Employees Retirement System pursuant to this
23 subsection. Payments made by such transferring members pursuant to

1 this paragraph shall be made pursuant to subsection B of Section 2-
2 307.5 of Title 47 of the Oklahoma Statutes;

3 4. Service credit shall only be transferable pursuant to this
4 section if the transferring member is not receiving or eligible to
5 receive service credit or benefits from said service in any other
6 public retirement system and has not received service credit for the
7 same years of service pursuant to Sections 2-307.1, 2-307.3 and 2-
8 307.4 of Title 47 of the Oklahoma Statutes. Only transferred
9 credited service related to service as a district attorney
10 investigator and any service purchased pursuant to paragraph 3 of
11 subsection A of this section, if any, shall be included in the
12 determination of an investigator's normal retirement date or vesting
13 date in the Oklahoma Law Enforcement Retirement System; and

14 5. All service credit with the Oklahoma Public Employees
15 Retirement System which is ineligible for transfer to the Oklahoma
16 Law Enforcement System shall be canceled.

17 B. District attorney investigators who are hired on or after
18 the effective date of this act shall participate and be members of
19 the Oklahoma Law Enforcement Retirement System.

20 SECTION 31. AMENDATORY 70 O.S. 2001, Section 17-101, as
21 last amended by Section 118, Chapter 1, O.S.L. 2005 (70 O.S. Supp.
22 2005, Section 17-101), is amended to read as follows:

1 Section 17-101. The following words and phrases as used in this
2 act, unless a different meaning is clearly required by the context,
3 shall have the following meanings:

4 (1) "Retirement system" shall mean the Teachers' Retirement
5 System of Oklahoma, as defined in Section 17-102 of this title.

6 (2) "Public school" shall mean a school district, a state
7 college or university, the State Board of Education, the State Board
8 of Career and Technology Education and any other state educational
9 entity conducted within the state supported wholly or partly by
10 public funds and operating under the authority and supervision of a
11 legally constituted board or agency having authority and
12 responsibility for any function of public education.

13 (3) "Classified personnel" shall mean any teacher, principal,
14 superintendent, supervisor, administrator, librarian, certified or
15 registered nurse, college professor, or college president whose
16 salary is paid wholly or in part from public funds. An employee of
17 any state department, board, board of regents or board of trustees,
18 who is in a supervisory or an administrative position, the function
19 of which is primarily devoted to public education, shall be
20 considered classified personnel under the meaning of this act, at
21 the discretion of the Board of Trustees of the Teachers' Retirement
22 System. The term "teacher" shall also include instructors and
23 counselors employed by the Department of Corrections and holding

1 valid teaching certificates issued by the State Department of
2 Education. Provided, that a person employed by the Department of
3 Corrections as an instructor or counselor shall have been actively
4 engaged in the teaching profession for a period of not less than
5 three (3) years prior to employment to be eligible to participate in
6 the Oklahoma Teachers' Retirement System. The Department of
7 Corrections shall contribute the employer's share to the Oklahoma
8 Teachers' Retirement System.

9 (4) "Nonclassified optional personnel" shall include cooks,
10 janitors, maintenance personnel not in a supervisory capacity, bus
11 drivers, noncertified or nonregistered nurses, noncertified
12 librarians, and clerical employees of the public schools, state
13 colleges, universities or any state department, board, board of
14 regents or board of trustees, the functions of which are primarily
15 devoted to public education and whose salaries are paid wholly or in
16 part from public funds.

17 (5) "Employer" shall mean the state and any of its designated
18 agents or agencies with responsibility and authority for public
19 education, such as boards of education of elementary and independent
20 school districts, boards of regents, boards of control or any other
21 agency of and within the state by which a person may be employed for
22 service in public education.

1 (6) "Member" shall mean any teacher or other employee included
2 in the membership of the system as provided in Section 17-103 of
3 this title.

4 (7) "Board of Trustees" shall mean the board provided for in
5 Section 17-106 of this title to administer the retirement system.

6 (8) "Service" shall mean service as a classified or
7 nonclassified optional employee in the public school system, or any
8 other service devoted primarily to public education in the state.

9 (9) "Prior service" shall mean service rendered prior to July
10 1, 1943.

11 (10) "Membership service" shall mean service as a member of the
12 classified or nonclassified personnel as defined in paragraphs (3)
13 and (4) of this section.

14 (11) "Creditable service" shall mean membership service plus
15 any prior service authorized under this title.

16 (12) "Annuitant" shall mean any person in receipt of a
17 retirement allowance as provided in this title.

18 (13) "Accumulated contributions" shall mean the sum of all
19 amounts deducted from the compensation of a member and credited to
20 his individual account in the Teacher Savings Fund, together with
21 interest as of June 30, 1968.

1 (14) "Earnable compensation" shall mean the full rate of the
2 compensation that would be payable to a member if ~~he~~ the member
3 worked the full normal working time.

4 (15) "Average salary":

5 (a) for those members who joined the System prior to July
6 1, 1992, shall mean the average of the salaries for
7 the three (3) years on which the highest contributions
8 to the Teachers' Retirement System was paid not to
9 exceed the maximum contribution level specified in
10 Section 17-116.2 of this title or the maximum
11 compensation level specified in subsection (28) of
12 this section. Provided, no member shall retire with
13 an average salary in excess of Twenty-five Thousand
14 Dollars (\$25,000.00) unless the member has made the
15 required election and paid the required contributions
16 on such salary in excess of Twenty-five Thousand
17 Dollars (\$25,000.00), and

18 (b) for those members who join the System after June 30,
19 1992, shall mean the average of the salaries for five
20 (5) consecutive years on which the highest
21 contribution to the Teachers' Retirement System was
22 paid. Only salary on which required contributions

1 have been made may be used in computing average
2 salary.

3 (16) "Annuity" shall mean payments for life derived from the
4 "accumulated contributions" of a member. All annuities shall be
5 payable in equal monthly installments.

6 (17) "Pension" shall mean payments for life derived from money
7 provided by the employer. All pensions shall be payable in equal
8 monthly installments.

9 (18) "Monthly retirement allowance" is one-twelfth (1/12) of
10 the annual retirement allowance which shall be payable monthly.

11 (19) "Retirement Benefit Fund" shall mean the fund from which
12 all retirement benefits shall be paid based on such mortality tables
13 as shall be adopted by the Board of Trustees.

14 (20) "Actuary" shall mean a person especially skilled through
15 training and experience in financial calculation respecting the
16 expectancy and duration of life.

17 (21) "Actuarial equivalent" shall mean a benefit of equal value
18 when computed upon the basis of such mortality and other tables as
19 shall be adopted by the Board of Trustees.

20 (22) The masculine pronoun, whenever used, shall include the
21 feminine.

22 (23) "Actuarially determined cost" shall mean the single sum
23 which is actuarially equivalent in value to a specified pension

1 amount as determined on the basis of mortality and interest
2 assumptions adopted by the Board of Trustees.

3 (24) "Normal retirement age" means age sixty-two (62) or the
4 age at which the sum of a member's age and number of years of
5 creditable service total eighty (80) or ninety (90), for those who
6 became a member after June 30, 1992, pursuant to Section 17-105 of
7 this title, whichever occurs first.

8 (25) "Regular annual compensation" means salary plus fringe
9 benefits, excluding the flexible benefit allowance pursuant to
10 Section 26-105 of this title and for purposes pursuant to Section
11 17-101 et seq. of this title. For purposes of this definition,
12 regular annual compensation shall include all payments as provided
13 in subsection D of Section 17-116.2 of this title.

14 (26) "Teacher" means classified personnel and nonclassified
15 optional personnel.

16 (27) "Active classroom teacher" means a person employed by a
17 school district to teach students specifically identified classes
18 for specifically identified subjects during the course of a
19 semester, and who holds a valid certificate or license issued by and
20 in accordance with the rules and regulations of the State Board of
21 Education.

22 (28) "Maximum compensation level" shall mean:

- 1 (a) Twenty-five Thousand Dollars (\$25,000.00) for
2 creditable service authorized and performed prior to
3 July 1, 1995, for members not electing a higher
4 maximum compensation level,
- 5 (b) Forty Thousand Dollars (\$40,000.00) for creditable
6 service authorized and performed prior to July 1,
7 1995, for members electing a maximum compensation
8 level in excess of Twenty-five Thousand Dollars
9 (\$25,000.00),
- 10 (c) Twenty-seven Thousand Five Hundred Dollars
11 (\$27,500.00) for members who, as of June 30, 1995, had
12 elected to have a maximum compensation level not in
13 excess of Twenty-five Thousand Dollars (\$25,000.00),
14 and who were employed by an entity or institution
15 within The Oklahoma State System of Higher Education
16 for creditable service authorized and performed on or
17 after July 1, 1995, but not later than June 30, 1996,
18 if such member does not elect a higher maximum
19 compensation level for this period as authorized by
20 Section 17-116.2A of this title,
- 21 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)
22 for members employed by a comprehensive university if
23 the member meets the requirements imposed by Section

1 17-116.2A of this title and the member elects to
2 impose a higher maximum compensation level for service
3 performed on or after July 1, 1995, but not later than
4 June 30, 1996,

5 (e) Forty-four Thousand Dollars (\$44,000.00) for members
6 who, as of June 30, 1995, had elected to have a
7 maximum compensation level in excess of Twenty-five
8 Thousand Dollars (\$25,000.00), and who were employed
9 by an entity or institution within The Oklahoma State
10 System of Higher Education for creditable service
11 authorized and performed on or after July 1, 1995, but
12 not later than June 30, 1996, if such member does not
13 elect a higher maximum compensation level for this
14 period as authorized by Section 17-116.2A of this
15 title,

16 (f) Forty-nine Thousand Dollars (\$49,000.00) for members
17 employed by a comprehensive university if the member
18 meets the requirements imposed by Section 17-116.2A of
19 this title and the member elects to impose a higher
20 maximum compensation level for service performed on or
21 after July 1, 1995, but not later than June 30, 1996,

22 (g) the following amounts for creditable service
23 authorized and performed by members employed by a

1 comprehensive university, based upon the election of
2 the member in effect as of June 30, 1995:

3 1. for members who elected a maximum compensation
4 level not in excess of Twenty-five Thousand
5 Dollars (\$25,000.00):

6 (i) Thirty-two Thousand Five Hundred Dollars
7 (\$32,500.00) for service authorized and
8 performed on or after July 1, 1996, but not
9 later than June 30, 1997,

10 (ii) Thirty-seven Thousand Five Hundred Dollars
11 (\$37,500.00) for service authorized and
12 performed on or after July 1, 1997, but not
13 later than June 30, 1998,

14 (iii) Forty-two Thousand Five Hundred Dollars
15 (\$42,500.00) for service authorized and
16 performed on or after July 1, 1998, but not
17 later than June 30, 2000,

18 (iv) Forty-seven Thousand Five Hundred Dollars
19 (\$47,500.00) for service authorized and
20 performed on or after July 1, 2000, but not
21 later than June 30, 2001,

22 (v) Fifty-two Thousand Five Hundred Dollars
23 (\$52,500.00) for service authorized and

1 performed on or after July 1, 2001, but not
2 later than June 30, 2002,
3 (vi) Fifty-seven Thousand Five Hundred Dollars
4 (\$57,500.00) for service authorized and
5 performed on or after July 1, 2002, but not
6 later than June 30, 2003,
7 (vii) Sixty-two Thousand Five Hundred Dollars
8 (\$62,500.00) for service authorized and
9 performed on or after July 1, 2003, but not
10 later than June 30, 2004,
11 (viii) Sixty-seven Thousand Five Hundred Dollars
12 (\$67,500.00) for service authorized and
13 performed on or after July 1, 2004, but not
14 later than June 30, 2005,
15 (ix) Seventy-two Thousand Five Hundred Dollars
16 (\$72,500.00) for service authorized and
17 performed on or after July 1, 2005, but not
18 later than June 30, 2006,
19 (x) Seventy-seven Thousand Five Hundred Dollars
20 (\$77,500.00) for service authorized and
21 performed on or after July 1, 2006, but not
22 later than June 30, 2007,

1 (xi) the full amount of regular annual
2 compensation for service authorized and
3 performed on or after July 1, 2007, and
4 2. for members who elected a maximum compensation
5 level in excess of Twenty-five Thousand Dollars
6 (\$25,000.00):
7 (i) Forty-nine Thousand Dollars (\$49,000.00) for
8 service authorized and performed on or after
9 July 1, 1996, but not later than June 30,
10 1997,
11 (ii) Fifty-four Thousand Dollars (\$54,000.00) for
12 service authorized and performed on or after
13 July 1, 1997, but not later than June 30,
14 1998,
15 (iii) Fifty-nine Thousand Dollars (\$59,000.00) for
16 service authorized and performed on or after
17 July 1, 1998, but not later than June 30,
18 2000,
19 (iv) Sixty-four Thousand Dollars (\$64,000.00) for
20 service authorized and performed on or after
21 July 1, 2000, but not later than June 30,
22 2001,

- 1 (v) Sixty-nine Thousand Dollars (\$69,000.00) for
2 service authorized and performed on or after
3 July 1, 2001, but not later than June 30,
4 2002,
- 5 (vi) Seventy-four Thousand Dollars (\$74,000.00)
6 for service authorized and performed on or
7 after July 1, 2002, but not later than June
8 30, 2003,
- 9 (vii) Seventy-nine Thousand Dollars (\$79,000.00)
10 for service authorized and performed on or
11 after July 1, 2003, but not later than June
12 30, 2004,
- 13 (viii) Eighty-four Thousand Dollars (\$84,000.00)
14 for service authorized and performed on or
15 after July 1, 2004, but not later than June
16 30, 2005,
- 17 (ix) Eighty-nine Thousand Dollars (\$89,000.00)
18 for service authorized and performed on or
19 after July 1, 2005, but not later than June
20 30, 2006,
- 21 (x) Ninety-four Thousand Dollars (\$94,000.00)
22 for service authorized and performed on or

1 after July 1, 2006, but not later than June
2 30, 2007,

3 (xi) the full amount of regular annual
4 compensation for service authorized and
5 performed on or after July 1, 2007,

6 (h) the full amount of regular annual compensation of:

7 1. a member of the retirement system not employed by
8 an entity or institution within The Oklahoma
9 State System of Higher Education for all
10 creditable service authorized and performed on or
11 after July 1, 1995,

12 2. a member of the retirement system first employed
13 on or after July 1, 1995, by an entity or
14 institution within The Oklahoma State System of
15 Higher Education for all creditable service
16 authorized and performed on or after July 1,
17 1995, but not later than June 30, 1996,

18 3. a member of the retirement system employed by an
19 entity or institution within The Oklahoma State
20 System of Higher Education, other than a
21 comprehensive university, if the member elects to
22 impose a higher maximum compensation level for
23 service performed on or after July 1, 1995, but

1 not later than June 30, 1996, pursuant to
2 subsection B of Section 17-116.2A of this title,
3 4. a member of the retirement system who is first
4 employed on or after July 1, 1996, by any entity
5 or institution within The Oklahoma State System
6 of Higher Education, including a comprehensive
7 university, for creditable service authorized and
8 performed on or after July 1, 1996,
9 5. a member of the retirement system who, as of July
10 1, 1996, is subject to a maximum compensation
11 level pursuant to paragraph (g) of this
12 subsection if the member terminates service with
13 a comprehensive university and is subsequently
14 reemployed by a comprehensive university, ~~or~~
15 6. a member of the retirement system employed by a
16 comprehensive university for all service
17 performed on and after July 1, 2007, or
18 7. a member of the retirement system who reaches
19 normal retirement age and elects to impose a
20 higher maximum compensation level for service
21 performed between July 1, 1987 and June 30, 1995,
22 pursuant to subsection F of Section 17-116.2 of
23 this title.

1 (29) "Comprehensive university" shall mean:

2 (a) the University of Oklahoma and all of its constituent
3 agencies, including the University of Oklahoma Health
4 Sciences Center, the University of Oklahoma Law Center
5 and the Geological Survey, and

6 (b) Oklahoma State University and all of its constituent
7 agencies, including the Oklahoma State University
8 Agricultural Experiment Station, the Oklahoma State
9 University Agricultural Extension Division, the
10 Oklahoma State University College of Veterinary
11 Medicine, the Oklahoma State University Center for
12 Health Sciences, the Technical Branch at Oklahoma
13 City, the Technical Branch at Okmulgee and Oklahoma
14 State University-Tulsa.

15 SECTION 32. AMENDATORY 70 O.S. 2001, Section 17-108.1,
16 is amended to read as follows:

17 Section 17-108.1 A. The employer of any member of the
18 Teachers' Retirement System of Oklahoma shall make the following
19 contributions to the System:

20 1. Beginning July 1, 1998, through June 30, 1999, eleven and
21 one-half percent (11 1/2%) of the regular annual compensation of the
22 member not in excess of any applicable maximum compensation level of
23 the member;

1 2. Beginning July 1, 1999, through June 30, 2000, four and
2 eight-tenths percent (4.8%) of the regular annual compensation of
3 the member not in excess of any applicable maximum compensation
4 level of the member;

5 3. Beginning July 1, 2000, through June 30, 2001, five and
6 eight-tenths percent (5.8%) of the regular annual compensation of
7 the member not in excess of any applicable maximum compensation
8 level of the member;

9 4. Beginning July 1, 2001, through June 30, 2002, six and
10 eight-tenths percent (6.8%) of the regular annual compensation of
11 the member not in excess of any applicable maximum compensation
12 level of the member; ~~and~~

13 5. Beginning July 1, 2002, through June 30, 2003, ~~and for each~~
14 ~~fiscal year thereafter~~ 2006, seven and five-hundredths percent
15 (7.05%) of the regular annual compensation of the member not in
16 excess of any applicable maximum compensation level of the member;
17 and

18 6. Beginning July 1, 2006, through June 30, 2007, and for each
19 fiscal year thereafter, seven and eight-tenths percent (7.8%) of the
20 regular annual compensation of the member not in excess of any
21 applicable maximum compensation level of the member.

22 Any employer contribution paid to the System pursuant to this
23 subsection shall not be considered as salary, fringe benefit, or

1 total compensation due to members for the purpose of meeting any
2 legislative or contractual obligation of the employer.

3 B. For entities or institutions within The Oklahoma State
4 System of Higher Education, the contributions to the retirement
5 system specified in subsection A of this section shall be made on
6 regular annual compensation of a member who is an employee of such
7 entity or institution not to exceed the maximum compensation level
8 in effect for the member as prescribed by law.

9 C. Employers paying contributions to the Retirement System
10 pursuant to subsection A or B of this section shall receive credit
11 for that portion of the gross production tax on natural gas and/or
12 casinghead gas apportioned to the Retirement System pursuant to
13 subsection 2 of Section 1004 of Title 68 of the Oklahoma Statutes in
14 meeting the total required employer contribution. On an annual
15 basis, the Board of Trustees shall estimate the net additional cost
16 required to be paid by the contributing employers in order to meet
17 the total employer contribution as provided in subsection A or B of
18 this section. The Board of Trustees shall approve the amount of the
19 additional contribution required to be paid by contributing
20 employers as a percentage of total member salaries and fringe
21 benefits for each fiscal year ending June 30, no later than April 1
22 of the previous fiscal year. In no event shall the additional
23 contribution required to be paid by the contributing employer under

1 this subsection be less than the contribution required under this
2 subsection in the prior year. In the event actual contributions do
3 not equal the required total contribution as provided in subsection
4 A or B of this section, the net difference between the actual
5 contributions and the required total contributions shall be
6 determined and shall be included in the amount of the additional
7 contribution required to be paid by contributing employers for the
8 next fiscal year. All contributing employers shall pay the same
9 percentage of total member salaries and fringe benefits during each
10 fiscal year. The provisions of this subsection shall terminate June
11 30, 1999.

12 D. Any school district, state college or university, State
13 Board of Education, State Board of Career and Technology Education,
14 or other state agency may, for and on behalf of any member of the
15 Teachers' Retirement System, pay all or any portion of the
16 contribution required by Section 17-108 of this title. Provided,
17 the contribution so paid by any school district, state college or
18 university, State Board of Education, State Board of Career and
19 Technology Education, or other state agency shall be and remain
20 subject to the withdrawal provisions set forth under the Teachers'
21 Retirement System. Wherever the term "contribution" is used, it
22 shall be deemed to include contributions paid for and on behalf of a
23 member by a school district, state college or university, State

1 Board of Education, State Board of Career and Technology Education,
2 or other state agency.

3 SECTION 33. AMENDATORY 70 O.S. 2001, Section 17-116.2,
4 as last amended by Section 122, Chapter 1, O.S.L. 2005 (70 O.S.
5 Supp. 2005, Section 116.2), is amended to read as follows:

6 Section 17-116.2 A. 1. Beginning July 1, 1987, and prior to
7 July 1, 1995, a member who retires on or after the member's normal
8 retirement age or whose retirement is because of disability shall
9 receive an annual allowance for life, payable monthly, in an amount
10 equal to two percent (2%) of the member's highest three-year average
11 salary upon which member contributions were made, multiplied by the
12 number of the member's years of creditable service.

13 A classified member who retired prior to July 1, 1986, shall
14 have his retirement allowance calculated on a minimum average salary
15 of Eleven Thousand Five Hundred Dollars (\$11,500.00) or on ~~his~~ the
16 member's current minimum average salary plus Two Thousand Dollars
17 (\$2,000.00), whichever is greater. Beginning July 1, 1994, a
18 classified member who retired prior to July 1, 1993, shall have the
19 member's retirement allowance calculated on the member's current
20 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).
21 An unclassified member who retired prior to July 1, 1986, shall have
22 ~~his~~ the member's retirement allowance calculated on a minimum
23 average salary of Nine Thousand Five Hundred Dollars (\$9,500.00) or

1 on ~~his~~ the member's current minimum average salary plus One Thousand
2 Dollars (\$1,000.00), whichever is greater. Beginning July 1, 1994,
3 an unclassified member who retired prior to July 1, 1993, shall have
4 the member's retirement allowance calculated on the member's current
5 minimum average salary plus Two Hundred Seventy-five Dollars
6 (\$275.00). Those individuals receiving benefits pursuant to
7 subsection (3) of Section 17-105 of this title whose benefits
8 commenced prior to July 1, 1993, shall receive an increase in
9 benefits of two and one-half percent (2 1/2%). No retirement
10 benefit payments shall be made retroactively.

11 Except for those members retiring because of a disability, the
12 retirement allowance shall be subject to adjustment for those
13 members retiring before normal retirement age in accordance with the
14 actuarial equivalent factors adopted by the Board of Trustees.

15 2. Beginning July 1, 1995, a member, who has no service
16 performed on or after July 1, 1995, for an entity or institution
17 within The Oklahoma State System of Higher Education, who retires on
18 or after the member's normal retirement age or whose retirement is
19 because of disability shall receive an annual allowance for life,
20 payable monthly as follows:

21 a. if the member becomes a member after June 30, 1995,
22 and was not eligible to become a member prior to July
23 1, 1995, in an amount equal to two percent (2%) of the

1 member's average salary upon which member
2 contributions were made, multiplied by the number of
3 the member's years of creditable service, or
4 b. if the member became a member or is eligible to become
5 a member prior to July 1, 1995, and elected to have a
6 maximum compensation level in excess of Twenty-five
7 Thousand Dollars (\$25,000.00) pursuant to paragraph 1
8 of subsection C of this section or pursuant to
9 subsection E of this section, or if the member's
10 salary has never exceeded Twenty-five Thousand Dollars
11 (\$25,000.00) prior to July 1, 1995, in an amount equal
12 to:
13 (1) two percent (2%) of the member's average salary
14 upon which member contributions were made not to
15 exceed Forty Thousand Dollars (\$40,000.00),
16 multiplied by the number of the member's years of
17 credited service authorized and performed prior
18 to July 1, 1995, plus any years of prior service
19 authorized under this title, plus
20 (2) two percent (2%) of the member's average salary
21 upon which member contributions were made,
22 multiplied by the number of the member's years of

1 credited service authorized and performed after
2 June 30, 1995, or

3 c. if the member became a member or is eligible to become
4 a member prior to July 1, 1995, and was eligible to
5 elect to have a maximum compensation level in excess
6 of Twenty-five Thousand Dollars (\$25,000.00) and did
7 not elect or elected not to have a maximum
8 compensation level of Forty Thousand Dollars
9 (\$40,000.00) pursuant to paragraph 1 of subsection C
10 of this section or pursuant to subsection E of this
11 section, in an amount equal to:

12 (1) two percent (2%) of the member's average salary
13 upon which member contributions were made not to
14 exceed Twenty-five Thousand Dollars (\$25,000.00),
15 multiplied by the number of the member's years of
16 credited service authorized and performed prior
17 to July 1, 1995, plus any years of prior service
18 authorized under this title, plus

19 (2) two percent (2%) of the member's average salary
20 upon which member contributions were made,
21 multiplied by the number of the member's years of
22 credited service authorized and performed after
23 June 30, 1995, or

1 d. if the member became a member or is eligible to become
2 a member prior to July 1, 1995, has reached normal
3 retirement age and has elected to have a maximum
4 compensation level in excess of Twenty-five Thousand
5 Dollars (\$25,000.00) pursuant to paragraph 1 of
6 subsection C of this section or pursuant to subsection
7 E of this section, and elects to have a maximum
8 compensation level in excess of Forty Thousand Dollars
9 (\$40,000.00) pursuant to subsection F of this section,
10 in an amount equal to:

11 (1) two percent (2%) of the member's average salary
12 upon which member contributions were made
13 multiplied by the number of the member's years of
14 credited service authorized and performed prior
15 to July 1, 1995, except as otherwise provided in
16 division (2) of this subparagraph, plus any years
17 of prior service authorized under this title,
18 plus

19 (2) two percent (2%) of the member's average salary
20 upon which member contributions were made,
21 multiplied by the number of the member's years of
22 credited service authorized and performed after
23 June 30, 1995, and any years of credited service

1 authorized and performed prior to July 1, 1995,
2 in which the member has made an election pursuant
3 to subsection F of this section.

4 B. Except as otherwise provided for in this section, the amount
5 contributed by each member to the retirement system shall be:

6 1. Beginning July 1, 1992, through June 30, 1996, six percent
7 (6%) of the regular annual compensation of such member not in excess
8 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,
9 1995, through June 30, 1996, six percent (6%) of the maximum
10 compensation level; and

11 2. Beginning July 1, 1996, through June 30, 1997, six and one-
12 half percent (6 1/2%) of the regular annual compensation of members,
13 who are not employed by an entity or institution within The Oklahoma
14 State System of Higher Education not in excess of Twenty-five
15 Thousand Dollars (\$25,000.00) and beginning July 1, 1996, through
16 June 30, 1997, six and one-half percent (6 1/2%) of the regular
17 annual compensation of members, who are employed by an entity or
18 institution within The Oklahoma State System of Higher Education,
19 not in excess of Twenty-five Thousand Dollars (\$25,000.00);

20 3. Beginning July 1, 1997, seven percent (7%) of the regular
21 annual compensation of the member not in excess of any applicable
22 maximum compensation level of the member; and

1 4. All public schools in this state shall treat the employee
2 contributions as being picked-up under the provisions of Section 414
3 (h) (2) of the Internal Revenue Code of 1986 in determining tax
4 treatment.

5 C. 1. Prior to July 1, 1995, an active member of the System
6 may elect to have a maximum compensation level of Forty Thousand
7 Dollars (\$40,000.00). Such an election shall be made in writing and
8 filed with the System. Members whose salaries are in excess of
9 Twenty-five Thousand Dollars (\$25,000.00) on the effective date of
10 this act shall file the election with the System prior to January 1,
11 1988. Members whose salaries exceed Twenty-five Thousand Dollars
12 (\$25,000.00) after the effective date of this act shall file the
13 election when the salary exceeds Twenty-five Thousand Dollars
14 (\$25,000.00). If a member makes such an election, the member shall
15 contribute the following amounts:

16 a. beginning July 1, 1992, through June 30, 1993, eleven
17 percent (11%) of the regular annual compensation of
18 such member that is in excess of Twenty-five Thousand
19 Dollars (\$25,000.00) and is not in excess of Forty
20 Thousand Dollars (\$40,000.00),

21 b. beginning July 1, 1993, through June 30, 1994, nine
22 percent (9%) of the regular annual compensation of
23 such member that is in excess of Twenty-five Thousand

1 Dollars (\$25,000.00) and is not in excess of Forty
2 Thousand Dollars (\$40,000.00), and
3 c. beginning July 1, 1994, through June 30, 1995, eight
4 percent (8%) of the regular annual compensation of
5 such member that is in excess of Twenty-five Thousand
6 Dollars (\$25,000.00) and is not in excess of Forty
7 Thousand Dollars (\$40,000.00). Except as provided in
8 subsection E of this section, any such election shall
9 be irrevocable.

10 2. After June 30, 1995, in addition to the amount contributed
11 by each member to the retirement system pursuant to subsection B of
12 this section, the total amount contributed by each member to the
13 retirement system shall include, beginning July 1, 1995, through
14 June 30, 1997, seven percent (7%) of the regular annual compensation
15 of each member, who is not employed by an entity or institution
16 within The Oklahoma State System of Higher Education, that is in
17 excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning
18 July 1, 1996, through June 30, 1997, seven percent (7%) of the
19 regular annual compensation of each member who is employed by an
20 entity or institution within The Oklahoma State System of Higher
21 Education in excess of Twenty-five Thousand Dollars (\$25,000.00),
22 but not in excess of any applicable maximum compensation level of
23 the member.

1 D. For purposes of Section 17-101 et seq. of this title,
2 regular annual compensation shall include:

3 1. Salary which accrues on a regular basis in proportion to the
4 service performed, including payments for staff development;

5 2. Amounts that would otherwise qualify as salary under
6 paragraph 1 of this subsection but are not received directly by the
7 member pursuant to a good faith, voluntary written salary reduction
8 agreement in order to finance payments to a deferred compensation or
9 tax-sheltered annuity program or to finance benefit options under a
10 cafeteria plan qualifying under the United States Internal Revenue
11 Code, 26 U.S.C., Section 101 et seq.; and

12 3. Group health and disability insurance, group term life
13 insurance, annuities and pension plans, provided on a periodic basis
14 to all qualified employees of the employer, which qualify as fringe
15 benefits under the United States Internal Revenue Code.

16 4. Excluded from regular annual compensation are expense
17 reimbursement payments, office, vehicle, housing or other
18 maintenance allowances, the flexible benefit allowance provided
19 pursuant to Section 26-105 of this title, payment for unused
20 vacation and sick leave, any payment made for reason of termination
21 or retirement not specifically provided for in paragraphs 1 through
22 3 of this subsection, maintenance or other nonmonetary compensation,
23 payment received as an independent contractor or consultant,

1 pursuant to a lawful contract which complies with the requirements
2 of subsection B of Section 6-101.2 of this title, any benefit
3 payments not made pursuant to a valid employment agreement, or any
4 compensation not described in paragraphs 1 through 3 of this
5 subsection.

6 E. 1. Any member who was a contributing member of the
7 Retirement System between July 1, 1987, and June 30, 1995, who at
8 the time the member was eligible to make an election to increase the
9 maximum compensation level of the member, failed to make an election
10 or chose not to increase the maximum compensation level of the
11 member to Forty Thousand Dollars (\$40,000.00), may elect to make
12 back contributions to the Retirement System. The member shall
13 complete a new election form and file with the Board of Trustees,
14 the form and a payment equaling the difference between the amount
15 contributed at the twenty-five-thousand-dollar level and the
16 appropriate contribution on compensation in excess of Twenty-five
17 Thousand Dollars (\$25,000.00) up to a maximum of Forty Thousand
18 Dollars (\$40,000.00) shall be made prior to the official retirement
19 date of the member. The required payment shall include any
20 contribution required by the employing school district, and shall
21 include interest compounded annually at ten percent (10%) per annum
22 of both employer and employee contributions.

1 2. Any changes made pursuant to this subsection shall be
2 irrevocable.

3 F. 1. Beginning July 1, 2006, any member who reaches or who
4 has reached normal retirement age may elect to have a maximum
5 compensation level in excess of Forty Thousand Dollars (\$40,000.00)
6 for service performed prior to July 1, 1995. For each year of
7 service beyond the normal retirement age, the member may make back
8 contributions to receive two (2) years of service which will be
9 subject to the formula in division (2) of subparagraph d of
10 paragraph 2 of subsection A of this section.

11 2. The years of service that may require an additional
12 contribution pursuant to this subsection shall be consecutive and
13 shall begin with the year ending June 30, 1995, and go back in time
14 to July 1, 1987.

15 3. No payment for back contributions shall be required for any
16 year of service prior to July 1, 1995, when the member's regular
17 annual compensation did not exceed the allowable maximum
18 compensation level.

19 4. In order for a member to make the election provided in this
20 subsection, the member shall have already made the election pursuant
21 to paragraph 1 of subsection C of this section or pursuant to
22 subsection E of this section.

1 5. The payment made for the back contributions to the Teachers'
2 Retirement System shall be equal to the difference between the
3 amount contributed at the Forty-Thousand-Dollar level and the
4 appropriate employee contribution on compensation in excess of Forty
5 Thousand Dollars (\$40,000.00). The payment shall be made prior to
6 the official retirement date of the member. The required payment
7 shall include interest compounded annually at ten percent (10%).
8 The employing district is prohibited from making such payment on
9 behalf of the member.

10 6. Any such election made pursuant to this subsection shall be
11 made in writing and filed with the System. Any such election shall
12 be irrevocable.

13 G. 1. An individual who withdrew from the Teachers' Retirement
14 System and whose salary was in excess of Seven Thousand Eight
15 Hundred Dollars (\$7,800.00) and had elected to contribute only on
16 Seven Thousand Eight Hundred Dollars (\$7,800.00) before his or her
17 withdrawal shall contribute on the earning ceiling as provided for
18 in this section on his or her reentry into membership in the
19 Teachers' Retirement System.

20 2. An individual who elected to contribute on a maximum of
21 Seven Thousand Eight Hundred Dollars (\$7,800.00) per annum shall,
22 beginning July 1, 1979, contribute on his or her earning ceiling as
23 provided for in this section.

1 3. Any member who elected to contribute on Seven Thousand Eight
2 Hundred Dollars (\$7,800.00) prior to January 1, 1978, and whose
3 salary was more than Seven Thousand Eight Hundred Dollars
4 (\$7,800.00) during the school years 1974-75 through 1978-79 may
5 elect to make back contributions to the retirement system by paying
6 the five percent (5%) contributions on the difference between Seven
7 Thousand Eight Hundred Dollars (\$7,800.00) and the actual salary of
8 the member, not to exceed Ten Thousand Dollars (\$10,000.00) for each
9 applicable school year, plus interest compounded annually at ten
10 percent (10%) per annum. Such payment shall be made prior to the
11 official retirement date of the member.

12 ~~G.~~ H. Each employer shall cause to be deducted from the salary
13 of each member on each and every payroll of such employer for each
14 and every payroll period, the proper percentage of his or her
15 earnable compensation as provided for in subsection B or subsection
16 C of this section.

17 1. Deductions shall begin with the first payroll period of the
18 school year. In determining the amount earnable by a member in a
19 payroll period, the Board of Trustees shall consider the rate of
20 annual compensation payable to such member on the first day of the
21 payroll period as continuing throughout such payroll period, and it
22 may omit deductions from compensation for any period less than a
23 full period, and to facilitate the making of deductions, it may

1 modify the deduction required of any member by such an amount as
2 shall not exceed one-tenth of one percent (1/10 of 1%) of the annual
3 compensation upon the basis of which such deduction is to be made.
4 Prior to January 1, 1991, any active contributing member who joined
5 the System subsequent to July 1, 1943, may pay the normal cost,
6 which shall mean the single sum which would have been paid under
7 existing statutes at the time the service was performed, plus
8 interest, for years of teaching service in Oklahoma from the date of
9 establishment of the System in 1943 to date of membership, in a lump
10 sum, or in installments equal to establishing one (1) year of
11 creditable service. Effective January 1, 1991, any active
12 contributing member who joined the System subsequent to July 1,
13 1943, may pay the amount determined by the Board of Trustees
14 pursuant to Section 17-116.8 of this title for years of teaching
15 service in Oklahoma from the date of establishment of the System in
16 1943 to date of membership, in a lump sum, or in installments equal
17 to establishing one (1) year of creditable service. For purposes of
18 this option, teaching service in Oklahoma shall include the teaching
19 of vocational agricultural courses within Oklahoma for the federal
20 government. Years for which contributions are paid shall count as
21 membership service under this plan. A member may receive credit for
22 not more than five (5) years of teaching service rendered while in
23 the Peace Corps or in the public schools of a territory of the

1 United States or the public schools, American Military Dependent
2 Schools or state colleges or state universities outside this state
3 by paying his or her contributions, plus interest, and membership
4 fees to the retirement system, subject to the regulations of the
5 Board of Trustees, providing he or she is not receiving and is not
6 eligible to receive retirement credit or benefits from said service
7 in any other public retirement system of this state, or any other
8 state or territory of the United States subject to the following
9 provisions:

- 10 a. the member is required to have two (2) years of
11 employed service teaching earned in Oklahoma for each
12 year of Peace Corps, territorial, out-of-state,
13 noncovered in-state or military membership credit
14 granted.
- 15 b. prior to January 1, 1991, the out-of-state or
16 noncovered in-state payment shall be the normal cost,
17 which means the single sum which would have been paid
18 under existing law at the time the service was
19 performed, plus interest, on the basis of what his or
20 her annual salary would have been in Oklahoma or out
21 of state, whichever is greater, had he or she been
22 employed as a teacher. Effective January 1, 1991, the
23 Peace Corps, territorial, out-of-state or noncovered

1 in-state payment shall be the amount determined by the
2 Board of Trustees pursuant to Section 17-116.8 of this
3 title.

4 2. In addition to the deductions hereinabove provided for, any
5 member who becomes a member of the Armed Forces of the United States
6 of America during any period of national emergency, including World
7 War II, the Korean conflict, the Vietnam conflict or others as may
8 be determined by the Board of Trustees, or whose entrance into or
9 training for the teaching profession was interrupted by his or her
10 entrance into the Armed Forces, and who was or shall have become a
11 member of the Teachers' Retirement System shall be granted the
12 privilege of making up his or her five percent (5%) contributions as
13 provided for in this section until January 1, 1991, for not to
14 exceed five (5) years of service in the Armed Forces by electing to
15 pay said contributions on the basis of the rate of pay in his or her
16 contract as a teacher at the time his or her service in the Armed
17 Forces commenced or in the case of a teacher who was not teaching
18 prior to entering the Armed Forces, on the basis of the salary of
19 the first year of teaching after being honorably discharged from the
20 Armed Forces. Effective January 1, 1991, the member will receive
21 such service upon payment of the amount determined by the Board of
22 Trustees pursuant to Section 17-116.8 of this title. Such
23 contributions shall be credited in the regular manner, and the

1 period for which said contributions were paid shall be counted as
2 creditable years of service and allocated to the period during which
3 the military service was rendered, except that the period for which
4 contributions were paid must have been continuous and shall be
5 credited in the aggregate, regardless of fiscal year limitations.
6 Notwithstanding any provision herein to the contrary, contributions,
7 benefits and service credit with respect to qualified military
8 service as defined by Section 414(u) of the Internal Revenue Code of
9 1986, shall be provided in accordance with Section 414(u) of the
10 Internal Revenue Code.

11 3. Retirement benefits for all service credits purchased
12 pursuant to this subsection shall be determined in accordance with
13 the provisions of paragraph 2 of this subsection.

14 ~~H.~~ I. Effective July 1, 2004, the total creditable service of a
15 member who retires or terminates employment and elects a vested
16 benefit shall include not to exceed one hundred twenty (120) days of
17 unused sick leave accumulated subsequent to August 1, 1959. Twenty
18 (20) days of unused sick leave shall equal one (1) month for
19 purposes of creditable service credit. If the member becomes a
20 member or was eligible to become a member prior to July 1, 1995, the
21 year of credit received in this section shall be treated as service
22 earned prior to July 1, 1995. This subsection shall apply to

1 members retiring or vesting on or after the effective date of this
2 act and shall not be retroactive.

3 ~~F.~~ J. Any member who:

4 1. Shall be absent from the teaching service because of
5 election to the State Legislature or appointment to the executive
6 branch in an education-related capacity shall be allowed thirty (30)
7 days from the date as of which the person is officially elected or
8 appointed to file an election with the Teachers' Retirement System
9 to retain his or her membership in the Teachers' Retirement System
10 upon payment of the contribution required of other members and
11 employers of said members as provided for in this section and his or
12 her service credits shall continue to be accumulated during such
13 absence, provided he or she is not receiving retirement credits or
14 benefits from said service beginning after July 1, 1992, in other
15 public retirement systems; or

16 2. Became an employee of the Oklahoma Commission for Teacher
17 Preparation on or subsequent to June 1, 2001, but prior to July 1,
18 2002, who was previously employed by a participating employer within
19 the Teachers' Retirement System of Oklahoma, may elect to cancel any
20 accumulated service credit accrued within the Oklahoma Public
21 Employees Retirement System on or after June 1, 2001, but prior to
22 July 1, 2002, by filing an election with the Oklahoma Public
23 Employees Retirement System for the cancellation of such service

1 credit. The election shall be irrevocable and shall require the
2 Oklahoma Public Employees Retirement System to transfer all
3 accumulated employer and employee contributions made on behalf of or
4 by the person making such election to the Teachers' Retirement
5 System for such period of time. The Teachers' Retirement System
6 shall compute the employee contributions that would have been made
7 to the System by such employee if the contributions had been
8 computed pursuant to this section. In order to receive the full
9 amount of creditable service for the period of time on or after June
10 1, 2001, but not later than June 30, 2002, the employee shall be
11 required to pay any difference between the transferred employee
12 contributions and the amount computed by the Teachers' Retirement
13 System. The employee may make payment of any required amount in the
14 manner provided by and subject to the requirements of Section 17-
15 116.8 of this title. After payment of all required employee
16 contributions, the Teachers' Retirement System shall credit the
17 period of time represented by the transferred employee contributions
18 as creditable service within the meaning of Section 17-101 of this
19 title. After the transfer of the employee contributions, the
20 Oklahoma Public Employees Retirement System shall cancel any service
21 credit previously accumulated for the period of time represented by
22 such transferred employee contributions. Any person who makes the
23 election provided for by this paragraph, and who continues

1 employment with the Oklahoma Commission for Teacher Preparation on
2 or after July 1, 2002, shall continue to accrue service credit in
3 the Teachers' Retirement System of Oklahoma. The employer shall
4 make employer contributions according to the requirements of Section
5 17-108.1 of this title and shall provide for the deduction of
6 employee contributions as required by this section.

7 ~~J.~~ K. Any member who shall be absent from the teaching service
8 because of election or appointment as a local, state or national
9 education association officer shall be allowed to retain his or her
10 membership in the Teachers' Retirement System upon payment of the
11 contribution required of other members and employers of said members
12 as provided for in this section and his or her service credits shall
13 continue to be accumulated during such absence. Provided, however,
14 any one such absence shall not exceed eight (8) continuous years.
15 No member who has less than ten (10) years of contributory service
16 on July 1, 1994, may make this election after June 30, 1994.
17 Members contributing to the System on July 1, 1994, may continue to
18 contribute under this subsection until they have completed eight (8)
19 years allowed by this subsection. The member may file for
20 retirement when otherwise eligible for retirement as provided by
21 Section 17-105 of this title. Conditioned upon receiving a
22 favorable determination letter or private letter ruling from the
23 Internal Revenue Service, the eligible absence and participation

1 continuation in the Teachers' Retirement System of Oklahoma pursuant
2 to this subsection shall be increased to twelve (12) years. The
3 Teachers' Retirement System of Oklahoma shall make any necessary
4 efforts in obtaining an Internal Revenue Service determination
5 letter or private letter ruling concerning such increase.

6 ~~K.~~ L. A member may receive credit for those years of service
7 accumulated by the member while employed by an entity which is a
8 participating employer in the Oklahoma Firefighters Pension and
9 Retirement System, the Oklahoma Police Pension and Retirement
10 System, the Uniform Retirement System for Justices and Judges, the
11 Oklahoma Law Enforcement Retirement System, or the Oklahoma Public
12 Employees Retirement System, if the member is not receiving or
13 eligible to receive retirement credit or benefits from said service
14 in any other public retirement system. A member also may receive
15 credit for those years of service with the Department of Wildlife
16 Conservation or with an employer that is a participating employer
17 within one of the state retirement systems specifically referred to
18 in this section when at the time of such service by the member the
19 employer was not such a participating employer, if the member is not
20 receiving or eligible to receive retirement credit or benefits from
21 said service in any other public retirement system. To receive the
22 service credit provided in this subsection, the member shall pay the
23 amount determined by the Board of Trustees pursuant to Section 17-

1 116.8 of this title. For purposes of this subsection, creditable
2 service transferred from the Oklahoma Public Employees Retirement
3 System shall include service authorized under paragraph (f) of
4 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
5 as amended from time to time. Members who retire prior to July 1,
6 1993, shall have their monthly benefit adjusted to include all
7 services accrued under paragraph (f) of subsection (2) of Section
8 913 of Title 74 of the Oklahoma Statutes. Provided however, any
9 adjustment of existing retirement benefits caused by reason of
10 inclusion of such service authorized under paragraph (f) of
11 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
12 shall not affect any retirement benefit paid prior to July 1, 1993.

13 ~~H.~~ M. 1. An active member of the Teachers' Retirement System
14 of Oklahoma may receive credit for those years of service
15 accumulated by the member while a member of the Oklahoma Public
16 Employees Retirement System if:
17 a. the member is an active member of the Teachers'
18 Retirement System of Oklahoma, and
19 b. the member provides notice to the Oklahoma Public
20 Employees Retirement System and the Teachers'
21 Retirement System of Oklahoma of the member's election
22 to transfer said service credit. The notice shall
23 include a list of the years to be transferred, and

1 c. the member is not receiving or eligible to receive
2 retirement credit or benefits from said service in any
3 other public retirement system, notwithstanding the
4 years of service sought to be transferred under this
5 subsection.

6 Members electing to take advantage of the transfer authorized by
7 this subsection who are receiving or eligible to receive retirement
8 credit or benefits from said service in any other public retirement
9 system shall have all service credit with the Oklahoma Public
10 Employees Retirement System canceled which is not transferred to the
11 Teachers' Retirement System of Oklahoma or used as a cash offset in
12 such a transfer pursuant to subparagraph d of paragraph 2 of this
13 subsection. Service credit transferred to the Teachers' Retirement
14 System of Oklahoma under this subsection shall also be canceled with
15 the Oklahoma Public Employees Retirement System.

16 2. For purposes of this subsection, the "sending system" shall
17 mean the Oklahoma Public Employees Retirement System. The
18 "receiving system" shall mean the Teachers' Retirement System of
19 Oklahoma.

20 a. Within thirty (30) days notification of an intent to
21 transfer is received by the sending system, the
22 sending system shall, according to its own rules and
23 regulations:

1 (1) for members who have accrued at least eight (8)
2 years of credited service with the sending
3 system, determine the present value of the
4 member's earned benefits attributable to the
5 years of service sought to be transferred,
6 discounted according to the member's age at the
7 time of transfer and computed as of the earliest
8 age at which the member would be able to retire.
9 Said computation shall assume an unreduced
10 benefit and be computed using interest and
11 mortality assumptions consistent with the
12 actuarial assumptions adopted by the Board of
13 Trustees for purposes of preparing the annual
14 actuarial evaluation, but shall not make any
15 projections regarding future salary. For
16 employees who have accrued at least eight (8)
17 years of credited service, the sending system
18 shall use the product of this calculation for
19 purposes of determining the transfer fee to be
20 paid by the employee under subparagraph c of this
21 paragraph so long as it is greater than the
22 product of the calculation in division (2) of
23 this subparagraph, and

1 (2) determine the sum of the employee and employer
2 contributions applicable to the years of service
3 sought to be transferred plus interest consistent
4 with the actuarial assumptions adopted by the
5 Board of Trustees for purposes of preparing the
6 annual actuarial evaluation. For all non-vested
7 members, and for members who have accrued at
8 least eight (8) years of credited service, if the
9 product of this calculation is greater than the
10 product of the calculation in division (1) of
11 this subparagraph, the sending system shall use
12 the product of this calculation for purposes of
13 determining the amount to be transferred by the
14 sending system under subparagraph c of this
15 paragraph and any transfer fee to be paid by the
16 member under subparagraph d of this paragraph.

17 b. Within thirty (30) days notification of an intent to
18 transfer is received by the receiving system, the
19 receiving system shall determine, according to the
20 system's own rules and regulations, the present value
21 of the member's incremental projected benefits
22 discounted according to the member's age at the time
23 of the transfer. Incremental projected benefits shall

1 be the difference between the projected benefit said
2 member would receive without transferring the service
3 credit and the projected benefit after transfer of
4 service credit computed as of the earliest age at
5 which the member would be able to retire. Said
6 computation shall assume an unreduced benefit and be
7 computed using interest, salary projections and
8 mortality assumptions consistent with the actuarial
9 assumptions adopted by the Board of Trustees for
10 purposes of preparing the annual actuarial evaluation.

11 c. The sending system shall, within sixty (60) days from
12 the date notification of an intent to transfer is
13 received by the sending system, transfer to the
14 receiving system the amount determined in subparagraph
15 a of this paragraph. Except if the cost as calculated
16 under subparagraph a of this paragraph is greater than
17 the actuarial value of the incremental benefit in the
18 receiving system, as established in subparagraph b of
19 this paragraph, the sending system shall send the
20 receiving system an amount equal to the actuarial
21 value of the incremental projected benefit in the
22 receiving system.

1 d. In order to receive the credit provided for in
2 paragraph 1 of this subsection, if the cost of the
3 actuarial value of the incremental benefit to the
4 receiving system is greater than the cost as
5 calculated under subparagraph a of this paragraph for
6 the same years of service to the sending system as
7 established in subparagraphs a and b of this
8 paragraph, the employee shall elect to:

9 (1) pay any difference to receive full credit for the
10 years sought to be transferred, or

11 (2) receive prorated service credit for only the
12 amount received from the Oklahoma Public
13 Employees Retirement System pursuant to this
14 subsection.

15 Such an election shall be made in writing, filed with
16 the System prior to receiving the credit provided for
17 in paragraph 1 of this subsection, and shall be
18 irrevocable.

19 3. Within sixty (60) days of successfully completing all of the
20 requirements for transfer under this subsection, the sending system
21 shall pay the receiving system any amount due under this subsection.
22 Within sixty (60) days of successfully completing all of the
23 requirements for transfer under this subsection, the member shall

1 pay the receiving system any amount due under this subsection. In
2 the event that the member is unable to pay the transfer fee provided
3 for in this subsection by the due date, the Board of Trustees of the
4 receiving system shall permit the member to amortize the transfer
5 fee over a period not to exceed sixty (60) months. Said payments
6 shall be made by payroll deductions unless the Board of Trustees
7 permits an alternate payment source. The amortization shall include
8 interest in an amount not to exceed the actuarially assumed interest
9 rate adopted by the Board of Trustees for investment earnings each
10 year. Any member who ceases to make payment, terminates, retires or
11 dies before completing the payments provided for in this section
12 shall receive prorated service credit for only those payments made,
13 unless the unpaid balance is paid by said member, his or her estate
14 or successor in interest within six (6) months after said member's
15 death, termination of employment or retirement, provided no
16 retirement benefits shall be payable until the unpaid balance is
17 paid, unless said member or beneficiary affirmatively waives the
18 additional six-month period in which to pay the unpaid balance.

19 4. Years of service transferred pursuant to this subsection
20 shall be used both in determining the member's retirement benefit
21 and in determining the years of service for retirement and/or
22 vesting purposes. Years of service rendered as a member of the
23 Oklahoma Public Employees Retirement System prior to July 1, 1992,

1 if any, shall be deemed to be years of service rendered as a member
2 of the Teachers' Retirement System of Oklahoma prior to July 1,
3 1992, and shall qualify such person as a member of the Teachers'
4 Retirement System of Oklahoma before July 1, 1992.

5 5. Notwithstanding the requirements of subsection (5) of
6 Section 917 of Title 74 of the Oklahoma Statutes, members electing
7 to take advantage of the transfer authorized by this subsection who
8 have withdrawn their contributions from the sending system shall
9 remit to the sending system the amount of the accumulated
10 contributions the member has withdrawn plus simple interest of ten
11 percent (10%) per annum prior to making said election or the
12 election shall be deemed invalid and the transfer shall be canceled.
13 If such an election is deemed invalid and the transfer is canceled,
14 the accumulated contribution remitted to the sending system by the
15 member who originally withdrew their contributions shall be returned
16 to the member. The member's rights and obligations regarding any
17 service credit reestablished in the sending system due to a failure
18 to satisfy the requirements of this subsection shall be determined
19 by the sending system in accordance with Section 901 et seq. of
20 Title 74 of the Oklahoma Statutes.

21 6. If any member fails for any reason to satisfy the
22 requirements of this subsection, the election to transfer service
23 credit shall be void and of no effect, and any service credited as a

1 result of this transfer shall be canceled. If such service is
2 canceled, the years of canceled service credit which were
3 unsuccessfully transferred to the receiving system from the sending
4 system shall be reestablished in the sending system. The member's
5 rights and obligations regarding any service credit reestablished in
6 the sending system due to a failure to satisfy the requirements of
7 this subsection shall be determined by the sending system in
8 accordance with Section 901 et seq. of Title 74 of the Oklahoma
9 Statutes.

10 7. The Board of Trustees shall promulgate such rules as are
11 necessary to implement the provisions of this subsection.

12 ~~M.~~ N. Any member whose regular annual compensation was not
13 determined as provided for by law may pay the member contribution
14 required pursuant to subsection B of this section on such amount not
15 included in the member's regular annual compensation and receive
16 credit for such amount in the calculation of the member's benefit.
17 The employees must pay the employer contributions required pursuant
18 to Section 17-108.1 of this title. Interest at the rate of ten
19 percent (10%) per annum shall be charged to both employee and
20 employer contributions. Provided that the employing district may
21 pay all or any portion of the contributions and interest the member
22 is required to pay. Any payment by the employing district for a

1 prior year obligation shall be considered a current obligation of
2 the employer.

3 ~~N.~~ O. Any active member who elected during the 1978-79 school
4 year to pay the difference between five percent (5%) on actual
5 salary not exceeding Ten Thousand Dollars (\$10,000.00) and six
6 percent (6%) on actual salary not exceeding Fifteen Thousand Dollars
7 (\$15,000.00) shall receive credit for one (1) year of credited
8 service upon receipt and approval of a proper request by the Board
9 of Trustees.

10 ~~O.~~ P. Effective July 1, 1988, any member who is employed by the
11 Governor, the State Senate, the House of Representatives or the
12 Legislative Service Bureau shall be allowed to elect to retain
13 membership in the Retirement System upon payment of the accrued and
14 current member contributions and employer contributions as provided
15 in subsection B of this section and Section 17-108.1 of this title.
16 Such contributions may be paid on behalf of the member by the
17 employing entity. Upon payment of such contributions, service
18 credits shall continue to be accumulated during such employment.
19 Accrued contributions shall be paid to the Retirement System by
20 August 1, 1989. Current contributions shall be paid to the
21 Retirement System by the tenth of the following month beginning with
22 the month of July 1989.

1 ~~P.~~ Q. Notwithstanding any requirements of this title to
2 restrict the payment of service purchases, the Board of Trustees
3 shall promulgate such rules as necessary to allow active members of
4 the System to make installment payments for the redeposit of
5 withdrawn accounts or other payments due under the provisions of
6 this title. The rules shall permit the member to amortize the
7 balance due over a period not to exceed sixty (60) months, and shall
8 include interest consistent with the actuarial assumptions adopted
9 by the Board of Trustees for purposes of preparing the annual
10 actuarial evaluation. Further, the rules shall provide that all
11 payments must be completed prior to the effective retirement date of
12 the member.

13 ~~Q.~~ R. 1. A member of the Oklahoma Public Employees Retirement
14 System who becomes a member of the Teachers' Retirement System of
15 Oklahoma because the member has become employed by an entity or
16 institution within The Oklahoma State System of Higher Education,
17 State Board of Education, State Board of Career and Technology
18 Education, Oklahoma Department of Career and Technology Education,
19 Oklahoma School of Science and Mathematics, Oklahoma Center for the
20 Advancement of Science and Technology, State Department of
21 Rehabilitation Services, Oklahoma State Regents for Higher
22 Education, Department of Corrections, State Department of Education,
23 Oklahoma Board of Private Vocational Schools, Board of Regents of

1 Oklahoma Colleges, Oklahoma Student Loan Authority, or the Teachers'
2 Retirement System of Oklahoma, may elect to receive credit in the
3 Teachers' Retirement System of Oklahoma for those years of service
4 accumulated by the member in the Oklahoma Public Employees
5 Retirement System pursuant to this subsection. A member shall be
6 eligible to elect to receive credit for such years of service if:

- 7 a. the member is an active member of the Teachers'
8 Retirement System of Oklahoma,
- 9 b. the member provides notice to the Teachers' Retirement
10 System of Oklahoma and the Oklahoma Public Employees
11 Retirement System of the member's election to transfer
12 such retirement credit. The notice shall include a
13 list of the years to be transferred, and
- 14 c. the member is not receiving or eligible to receive
15 retirement credit or benefits from such service in any
16 other public retirement system, notwithstanding the
17 years of service sought to be transferred under this
18 subsection.

19 Members electing to take advantage of the transfer authorized by
20 this subsection shall have all service credit with the Oklahoma
21 Public Employees Retirement System canceled which is transferred to
22 the Teachers' Retirement System of Oklahoma.

1 2. For purposes of this subsection, the "sending system" shall
2 mean the Oklahoma Public Employees Retirement System. The
3 "receiving system" shall mean the Teachers' Retirement System of
4 Oklahoma. Within thirty (30) days after notification of an intent
5 to transfer is received by the sending system, the sending system
6 shall, according to its own rules, send to the receiving system all
7 employer and employee contributions made on behalf of the member
8 which were made to the sending system plus an additional amount of
9 earnings based on the actuarial assumed rate of the sending system.
10 Upon receipt of these contributions by the receiving system, the
11 receiving system shall give credit to the transferring member in an
12 amount equal to the years of service accrued in the sending system.

13 3. If the transferring member's normal retirement date
14 calculation is based upon the sum of the member's age and number of
15 years of credited service totaling eighty (80) in the sending
16 system, then the member shall retain such calculation in the
17 receiving system.

18 4. The Board of Trustees shall promulgate such rules as are
19 necessary to implement the provisions of this subsection.

20 ~~R.~~ S. A former member of the Teachers' Retirement System of
21 Oklahoma who withdrew his or her contributions from the System prior
22 to January 1, 1983, and who had at least ten (10) years of service
23 in the System and purchased that service in the Oklahoma Public

1 Employees Retirement System, may elect to revoke that purchase from
2 the Oklahoma Public Employees Retirement System and to repay the
3 withdrawn contributions to the System in order to be eligible, once
4 such member reaches the normal retirement age, to receive a
5 retirement benefit that is based upon years of service and
6 compensation at the time such member terminated employment. In
7 addition, such former member may elect to transfer service credit
8 accrued in the Oklahoma Public Employees Retirement System to the
9 Teachers' Retirement System of Oklahoma pursuant to subsection ~~H~~ M
10 of this section. The election, pursuant to this subsection, shall
11 be made prior to September 1, 2000. The election and the repayment
12 shall be made according to rules promulgated by the Board.

13 SECTION 34. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 17-116.20 of Title 70, unless
15 there is created a duplication in numbering, reads as follows:

16 A. Any person receiving benefits from the Teachers' Retirement
17 System of Oklahoma as of June 30, 2005, other than those benefits
18 specified in subsection B of this section, who continues to receive
19 benefits on or after July 1, 2006, shall receive a _____ percent
20 (____%) increase in said benefits beginning in July 2006.

21 B. Any person receiving benefits pursuant to subsection (3) of
22 Section 17-105 of Title 70 of the Oklahoma Statutes whose benefits
23 commenced prior to July 1, 2005, and who continues to receive

1 benefits on or after July 1, 2006, shall receive a _____ percent
2 (____%) increase in said benefits beginning in July 2006.

3 SECTION 35. AMENDATORY 74 O.S. 2001, Section 902, as
4 last amended by Section 134, Chapter 1, O.S.L. 2005 (74 O.S. Supp.
5 2005, Section 902), is amended to read as follows:

6 Section 902. As used in Section 901 et seq. of this title:

7 (1) "System" means the Oklahoma Public Employees Retirement
8 System as established by this act and as it may hereafter be
9 amended;

10 (2) "Accumulated contributions" means the sum of all
11 contributions by a member to the System which shall be credited to
12 the member's account;

13 (3) "Act" means Sections 901 to 932, inclusive, of this title;

14 (4) "Actuarial equivalent" means a deferred income benefit of
15 equal value to the accumulated deposits or benefits when computed
16 upon the basis of the actuarial tables in use by the System;

17 (5) "Actuarial tables" means the actuarial tables approved and
18 in use by the Board at any given time;

19 (6) "Actuary" means the actuary or firm of actuaries employed
20 by the Board at any given time;

21 (7) "Beneficiary" means any person named by a member to receive
22 any benefits as provided for by Section 901 et seq. of this title.

1 If there is no beneficiary living at time of member employee's
2 death, the member's estate shall be the beneficiary;

3 (8) "Board" means the Oklahoma Public Employees Retirement
4 System Board of Trustees;

5 (9) "Compensation" means all salary and wages, as defined by
6 the Board of Trustees, including amounts deferred under deferred
7 compensation agreements entered into between a member and a
8 participating employer, but exclusive of payment for overtime,
9 payable to a member of the System for personal services performed
10 for a participating employer but shall not include compensation or
11 reimbursement for traveling, or moving expenses, or any compensation
12 in excess of the maximum compensation level, provided:

13 (a) For compensation for service prior to January 1, 1988,
14 the maximum compensation level shall be Twenty-five
15 Thousand Dollars (\$25,000.00) per annum.

16 For compensation for service on or after January 1,
17 1988, through June 30, 1994, the maximum compensation
18 level shall be Forty Thousand Dollars (\$40,000.00) per
19 annum.

20 For compensation for service on or after July 1, 1994,
21 through June 30, 1995, the maximum compensation level
22 shall be Fifty Thousand Dollars (\$50,000.00) per
23 annum; for compensation for service on or after July

1 1, 1995, through June 30, 1996, the maximum
2 compensation level shall be Sixty Thousand Dollars
3 (\$60,000.00) per annum; for compensation for service
4 on or after July 1, 1996, through June 30, 1997, the
5 maximum compensation level shall be Seventy Thousand
6 Dollars (\$70,000.00) per annum; and for compensation
7 for service on or after July 1, 1997, through June 30,
8 1998, the maximum compensation level shall be Eighty
9 Thousand Dollars (\$80,000.00) per annum. For
10 compensation for services on or after July 1, 1998,
11 there shall be no maximum compensation level for
12 retirement purposes.

13 (b) Compensation for retirement purposes shall include any
14 amount of elective salary reduction under Section 457
15 of the Internal Revenue Code of 1986 and any amount of
16 ~~non-elective~~ nonelective salary reduction under
17 Section 414(h) of the Internal Revenue Code of 1986.

18 (c) Notwithstanding any provision to the contrary, the
19 compensation taken into account for any employee in
20 determining the contribution or benefit accruals for
21 any plan year is limited to the annual compensation
22 limit under Section 401(a)(17) of the federal Internal
23 Revenue Code.

1 (d) Current appointed members of the Oklahoma Tax
2 Commission whose salary is constitutionally limited
3 and is less than the highest salary allowed by law for
4 his or her position shall be allowed, within ninety
5 (90) days from the effective date of this act, to make
6 an election to use the highest salary allowed by law
7 for the position to which the member was appointed for
8 the purposes of making contributions and determination
9 of retirement benefits. Such election shall be
10 irrevocable and be in writing. ~~Re-appointment~~
11 Reappointment to the same office shall not permit a
12 new election. Members appointed to the ~~Oklahoma~~ Tax
13 Commission after the effective date of this act shall
14 make such election, pursuant to this subparagraph,
15 within ninety (90) days of taking office;

16 (10) "Credited service" means the sum of participating service,
17 prior service and elected service;

18 (11) "Dependent" means a parent, child, or spouse of a member
19 who is dependent upon the member for at least one-half (1/2) of the
20 member's support;

21 (12) "Effective date" means the date upon which the System
22 becomes effective by operation of law;

1 (13) "Eligible employer" means the state and any county, county
2 hospital, city or town, conservation districts, circuit engineering
3 districts and any public or private trust in which a county, city or
4 town participates and is the primary beneficiary is to be an
5 eligible employer for the purpose of this act only, whose employees
6 are covered by Social Security and are not covered by or eligible
7 for another retirement plan authorized under the laws of this state
8 which is in operation on the initial entry date. Emergency medical
9 service districts may join the System upon proper application to the
10 Board. Provided affiliation by a county hospital shall be in the
11 form of a resolution adopted by the board of control.

12 (a) If a class or several classes of employees of any
13 above-defined employers are covered by Social Security
14 and are not covered by or eligible for and will not
15 become eligible for another retirement plan authorized
16 under the laws of this state, which is in operation on
17 the effective date, such employer shall be deemed an
18 eligible employer, but only with respect to that class
19 or those classes of employees as defined in this
20 section.

21 (b) A class or several classes of employees who are
22 covered by Social Security and are not covered by or
23 eligible for and will not become eligible for another

1 retirement plan authorized under the laws of this
2 state, which is in operation on the effective date,
3 and when the qualifications for employment in such
4 class or classes are set by state law; and when such
5 class or classes of employees are employed by a county
6 or municipal government pursuant to such
7 qualifications; and when the services provided by such
8 employees are of such nature that they qualify for
9 matching by or contributions from state or federal
10 funds administered by an agency of state government
11 which qualifies as a participating employer, then the
12 agency of state government administering the state or
13 federal funds shall be deemed an eligible employer,
14 but only with respect to that class or those classes
15 of employees as defined in this subsection; provided,
16 that the required contributions to the retirement plan
17 may be withheld from the contributions of state or
18 federal funds administered by the state agency and
19 transmitted to the System on the same basis as the
20 employee and employer contributions are transmitted
21 for the direct employees of the state agency. The
22 retirement or eligibility for retirement under the
23 provisions of law providing pensions for service as a

1 volunteer fire fighter shall not render any person
2 ineligible for participation in the benefits provided
3 for in Section 901 et seq. of this title. An employee
4 of any public or private trust in which a county, city
5 or town participates and is the primary beneficiary
6 shall be deemed to be an eligible employee for the
7 purpose of this act only.

8 (c) All employees of the George Nigh Rehabilitation
9 Institute who elected to retain membership in the
10 System, pursuant to Section 913.7 of this title, shall
11 continue to be eligible employees for the purposes of
12 this act. The George Nigh Rehabilitation Institute
13 shall be considered a participating employer only for
14 such employees.

15 (d) A participating employer of the Teachers' Retirement
16 System of Oklahoma, who has one or more employees who
17 have made an election pursuant to enabling legislation
18 to retain membership in the System as a result of
19 change in administration, shall be considered a
20 participating employer of the Oklahoma Public
21 Employees Retirement System only for such employees;

22 (14) "Employee" means any officer or employee of a
23 participating employer, whose employment is not seasonal or

1 temporary and whose employment requires at least one thousand
2 (1,000) hours of work per year and whose salary or wage is equal to
3 the hourly rate of the monthly minimum wage for state employees.
4 For those eligible employers outlined in Section 910 of this title,
5 the rate shall be equal to the hourly rate of the monthly minimum
6 wage for that employer. Each employer, whose minimum wage is less
7 than the state's minimum wage, shall inform the System of the
8 minimum wage for that employer. This notification shall be by
9 resolution of the governing body.

10 (a) Any employee of the county extension agents who is not
11 currently participating in the Teachers' Retirement
12 System of Oklahoma shall be a member of this System.

13 (b) Eligibility shall not include any employee who is a
14 contributing member of the United States Civil Service
15 Retirement System.

16 (c) It shall be mandatory for an officer, appointee or
17 employee of the office of district attorney to become
18 a member of this System if he or she is not currently
19 participating in a county retirement system. Provided
20 further, that if an officer, appointee or employee of
21 the office of district attorney is currently
22 participating in such county retirement system, he or
23 she is ineligible for this System as long as he or she

1 is eligible for such county retirement system. Any
2 eligible officer, appointee or employee of the office
3 of district attorney shall be given credit for prior
4 service as defined in this section. The provisions
5 outlined in Section 917 of this title shall apply to
6 those employees who have previously withdrawn their
7 contributions.

8 (d) Eligibility shall also not include any officer or
9 employee of the Oklahoma Employment Security
10 Commission, except for those officers and employees of
11 the Commission electing to transfer to this System
12 pursuant to the provisions of Section 910.1 of this
13 title or any other class of officers or employees
14 specifically exempted by the laws of this state,
15 unless there be a consolidation as provided by Section
16 912 of this title. Employees of the Oklahoma
17 Employment Security Commission who are ineligible for
18 enrollment in the Employment Security Commission
19 Retirement Plan, that was in effect on January 1,
20 1964, shall become members of this System.

21 (e) Any employee employed by the Legislative Service
22 Bureau, State Senate or House of Representatives for
23 the full duration of a regular legislative session

1 shall be eligible for membership in the System
2 regardless of classification as a temporary employee
3 and may participate in the System during the regular
4 legislative session at the option of the employee.
5 For purposes of this subparagraph, the determination
6 of whether an employee is employed for the full
7 duration of a regular legislative session shall be
8 made by the Legislative Service Bureau if such
9 employee is employed by the Legislative Service
10 Bureau, the State Senate if such employee is employed
11 by the State Senate, or by the House of
12 Representatives if such employee is employed by the
13 House of Representatives. Each regular legislative
14 session during which the legislative employee or an
15 employee of the Legislative Service Bureau
16 participates full time shall be counted as six (6)
17 months of full-time participating service.

18 (i) Except as otherwise provided by this
19 subparagraph, once a temporary session employee
20 makes a choice to participate or not, the choice
21 shall be binding for all future legislative
22 sessions during which the employee is employed.

1 (ii) Notwithstanding the provisions of division (i) of
2 this subparagraph, any employee, who is eligible
3 for membership in the System because of the
4 provisions of this subparagraph and who was
5 employed by the State Senate or House of
6 Representatives after January 1, 1989, may file
7 an election, in a manner specified by the Board,
8 to participate as a member of the System prior to
9 September 1, 1989.

10 (iii) Notwithstanding the provisions of division (i) of
11 this subparagraph, a temporary legislative
12 session employee who elected to become a member
13 of the System may withdraw from the System
14 effective the day said employee elected to
15 participate in the System upon written request to
16 the Board. Any such request must be received by
17 the Board prior to October 1, 1990. All employee
18 contributions made by the temporary legislative
19 session employee shall be returned to the
20 employee without interest within four (4) months
21 of receipt of the written request.

22 (iv) A member of the System who did not initially
23 elect to participate as a member of the System

1 pursuant to subparagraph (e) of this paragraph
2 shall be able to acquire service performed as a
3 temporary legislative session employee for
4 periods of service performed prior to the date
5 upon which the person became a member of the
6 System if:

7 a. the member files an election with the System
8 not later than December 31, 2000, to
9 purchase the prior service; and

10 b. the member makes payment to the System of
11 the actuarial cost of the service credit
12 pursuant to subsection A of Section 913.5 of
13 this title. The provisions of Section 913.5
14 of this title shall be applicable to the
15 purchase of the service credit, including
16 the provisions for determining service
17 credit in the event of incomplete payment
18 due to cessation of payments, death,
19 termination of employment or retirement, but
20 the payment may extend for a period not to
21 exceed ninety-six (96) months;

1 (15) "Entry date" means the date on which an eligible employer
2 joins the System. The first entry date pursuant to Section 901 et
3 seq. of this title shall be January 1, 1964;

4 (16) "Executive Director" means the managing officer of the
5 System employed by the Board under Section 901 et seq. of this
6 title;

7 (17) "Federal Internal Revenue Code" means the federal Internal
8 Revenue Code of 1954 or 1986, as amended and as applicable to a
9 governmental plan as in effect on July 1, 1999;

10 (18) "Final average compensation" means the average annual
11 compensation, including amounts deferred under deferred compensation
12 agreements entered into between a member and a participating
13 employer, up to, but not exceeding the maximum compensation levels
14 as provided in paragraph (9) of this section received during the
15 highest three (3) of the last ten (10) years of participating
16 service immediately preceding retirement or termination of
17 employment. Provided, no member shall retire with a final average
18 compensation unless the member has made the required contributions
19 on such compensation, as defined by the Board of Trustees;

20 (19) "Fiscal year" means the period commencing July 1 of any
21 year and ending June 30 of the next year. The fiscal year is the
22 plan year for purposes of the federal Internal Revenue Code;

1 however, the calendar year is the limitation year for purposes of
2 Section 415 of the federal Internal Revenue Code;

3 (20) "Fund" means the Oklahoma Public Employees Retirement Fund
4 as created by Section 901 et seq. of this title;

5 (21) "Leave of absence" means a period of absence from
6 employment without pay, authorized and approved by the employer and
7 acknowledged to the Board, and which after the effective date does
8 not exceed two (2) years;

9 (22) "Member" means an eligible employee or elected official
10 who is in the System and is making the required employee or elected
11 official contributions, or any former employee or elected official
12 who shall have made the required contributions to the System and
13 shall have not received a refund or withdrawal;

14 (23) "Military service" means service in the Armed Forces of
15 the United States by an honorably discharged person during the
16 following time periods, as reflected on such person's Defense
17 Department Form 214, not to exceed five (5) years for combined
18 participating and/or prior service, as follows:

19 (a) during the following periods, including the beginning
20 and ending dates, and only for the periods served,
21 from:

22 (i) April 6, 1917, to November 11, 1918, commonly
23 referred to as World War I,

- 1 (ii) September 16, 1940, to December 7, 1941, as a
2 member of the 45th Division,
- 3 (iii) December 7, 1941, to December 31, 1946, commonly
4 referred to as World War II,
- 5 (iv) June 27, 1950, to January 31, 1955, commonly
6 referred to as the Korean Conflict or the Korean
7 War,
- 8 (v) February 28, 1961, to May 7, 1975, commonly
9 referred to as the Vietnam era, except that:
10 a. for the period from February 28, 1961, to
11 August 4, 1964, military service shall only
12 include service in the Republic of Vietnam
13 during that period, and
14 b. for purposes of determining eligibility for
15 education and training benefits, such period
16 shall end on December 31, 1976, or
- 17 (vi) August 1, 1990, to December 31, 1991, commonly
18 referred to as the Gulf War, the Persian Gulf
19 War, or Operation Desert Storm, but excluding any
20 person who served on active duty for training
21 only, unless discharged from such active duty for
22 a service-connected disability;

1 (b) during a period of war or combat military operation
2 other than a conflict, war or era listed in
3 subparagraph (a) of this paragraph, beginning on the
4 date of Congressional authorization, Congressional
5 resolution, or Executive Order of the President of the
6 United States, for the use of the Armed Forces of the
7 United States in a war or combat military operation,
8 if such war or combat military operation lasted for a
9 period of ninety (90) days or more, for a person who
10 served, and only for the period served, in the area of
11 responsibility of the war or combat military
12 operation, but excluding a person who served on active
13 duty for training only, unless discharged from such
14 active duty for a service-connected disability, and
15 provided that the burden of proof of military service
16 during this period shall be with the member, who must
17 present appropriate documentation establishing such
18 service.

19 An eligible member under this paragraph shall include only those
20 persons who shall have served during the times or in the areas
21 prescribed in this paragraph, and only if such person provides
22 appropriate documentation in such time and manner as required by the
23 System to establish such military service prescribed in this

1 paragraph, or for service pursuant to subdivision a of division (v)
2 of subparagraph (a) of this paragraph those persons who were awarded
3 service medals, as authorized by the United States Department of
4 Defense as reflected in the veteran's Defense Department Form 214,
5 related to the Vietnam Conflict for service prior to August 5, 1964;

6 (24) "Normal retirement date" means the date on which a member
7 may retire with full retirement benefits as provided in Section 901
8 et seq. of this title, ~~such date being whichever occurs first as~~
9 follows:

10 (a) whichever occurs first:

11 (i) the first day of the month coinciding with or
12 following a member's sixty-second birthday, or

13 ~~(b) for any person who initially became a member prior to~~
14 ~~July 1, 1992,~~

15 (ii) the first day of the month coinciding with or
16 following the date at which the sum of a member's age
17 and number of years of credited service total eighty
18 ~~(80); such a normal retirement date will also apply to~~
19 ~~any person who became a member of the sending system~~
20 ~~as defined in Section 901 et seq. of this title, prior~~
21 ~~to July 1, 1992, regardless of whether there were~~
22 ~~breaks in service after July 1, 1992,~~

1 ~~(c) for any person who became a member after June 30,~~
2 ~~1992, the first day of the month coinciding with or~~
3 ~~following the date at which the sum of a member's age~~
4 ~~and number of years of credited service total ninety~~
5 ~~(90),~~

6 ~~(d) in addition to subparagraphs (a), (b) and (c) of this~~
7 ~~paragraph,~~

8 (b) the first day of the month coinciding with or
9 following a member's completion of at least twenty
10 (20) years of full-time-equivalent employment as:

11 (i) a correctional or probation and parole officer
12 with the Department of Corrections and at the
13 time of retirement, the member was a correctional
14 or probation and parole officer with the
15 Department of Corrections, ~~or~~

16 (ii) a correctional officer, probation and parole
17 officer or fugitive apprehension agent with the
18 Department of Corrections who is in such position
19 on June 30, 2004, or who is hired after June 30,
20 2004, and who receives a promotion or change in
21 job classification after June 30, 2004, to
22 another position in the Department of
23 Corrections, so long as such officer or agent has

1 at least five (5) years of service as a
2 correctional officer, probation and parole
3 officer or fugitive apprehension agent with the
4 Department, has twenty (20) years of full-time-
5 equivalent employment with the Department and was
6 employed by the Department at the time of
7 retirement, or

8 (iii) a firefighter with the Oklahoma Military
9 Department either employed for the first time on
10 or after July 1, 2002, or who was employed prior
11 to July 1, 2002, in such position and who makes
12 the election authorized by division (2) of
13 subparagraph b of paragraph (8) of subsection A
14 of Section 915 of this title and at the time of
15 retirement, the member was a firefighter with the
16 Oklahoma Military Department, and such member has
17 at least twenty (20) years of credited service
18 upon which the two and one-half percent (2 1/2%)
19 multiplier will be used in calculating the
20 retirement benefit, or

21 ~~(e)~~

22 (c) for those fugitive apprehension agents who retire on
23 or after July 1, 2002, the first day of the month

1 coinciding with or following a member's completion of
2 at least twenty (20) years of full-time-equivalent
3 employment as a fugitive apprehension agent with the
4 Department of Corrections and at the time of
5 retirement, the member was a fugitive apprehension
6 agent with the Department of Corrections, ~~or~~
7 ~~(f) for any member who was continuously employed by an~~
8 ~~entity or institution within The Oklahoma State System~~
9 ~~of Higher Education and whose initial employment with~~
10 ~~such entity or institution was prior to July 1, 1992,~~
11 ~~and who without a break in service of more than thirty~~
12 ~~(30) days became employed by an employer participating~~
13 ~~in the Oklahoma Public Employees Retirement System,~~
14 ~~the first day of the month coinciding with or~~
15 ~~following the date at which the sum of the member's~~
16 ~~age and number of years of credited service total~~
17 ~~eighty (80);~~

18 (25) "Participating employer" means an eligible employer who
19 has agreed to make contributions to the System on behalf of its
20 employees;

21 (26) "Participating service" means the period of employment
22 after the entry date for which credit is granted a member;

1 (27) "Prior service" means the period of employment of a member
2 by an eligible employer prior to the member's entry date for which
3 credit is granted a member under Section 901 et seq. of this title;

4 (28) "Retirant" means a member who has retired under the
5 System;

6 (29) "Retirement benefit" means a monthly income with benefits
7 accruing from the first day of the month coinciding with or
8 following retirement and ending on the last day of the month in
9 which death occurs or the actuarial equivalent thereof paid in such
10 manner as specified by the member pursuant to Section 901 et seq. of
11 this title or as otherwise allowed to be paid at the discretion of
12 the Board;

13 (30) "Retirement coordinator" means the individual designated
14 by each participating employer through whom System transactions and
15 communication shall be directed;

16 (31) "Social Security" means the old-age survivors and
17 disability section of the Federal Social Security Act;

18 (32) "Total disability" means a physical or mental disability
19 accepted for disability benefits by the Federal Social Security
20 System;

21 (33) "Service-connected disability benefits" means military
22 service benefits which are for a service-connected disability rated

1 at twenty percent (20%) or more by the Veterans Administration or
2 the Armed Forces of the United States;

3 (34) "Elected official" means a person elected to a state
4 office in the legislative or executive branch of state government or
5 a person elected to a county office for a definite number of years
6 and shall include an individual who is appointed to fill the
7 unexpired term of an elected state official;

8 (35) "Elected service" means the period of service as an
9 elected official; and

10 (36) "Limitation year" means the year used in applying the
11 limitations of Section 415 of the Internal Revenue Code of 1986,
12 which year shall be the calendar year.

13 SECTION 36. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 913.9 of Title 74, unless there
15 is created a duplication in numbering, reads as follows:

16 A. Notwithstanding any other provision of law, any active
17 member of the Oklahoma Public Employees Retirement System may elect
18 to purchase no more than four (4) years of nonparticipating
19 temporary service with a participating employer. No purchase shall
20 be allowed that would cause more than a year of service being
21 credited for any given year.

22 B. For purposes of this section, a year shall equal two
23 thousand seventy-six (2,076) hours of service.

1 C. The service shall be credited upon payment of the employer
2 and employee contributions that would have been paid had the member
3 been a participant during the period of nonparticipating temporary
4 service.

5 D. The employer during the period of nonparticipating temporary
6 service shall pay the employer contribution and the employee shall
7 pay the employee contribution. However, the employer may pay any or
8 all of the employee contribution.

9 E. The Board of Trustees of the Oklahoma Public Employees
10 Retirement System shall promulgate any rules necessary to implement
11 this section.

12 SECTION 37. AMENDATORY 74 O.S. 2001, Section 917, as
13 last amended by Section 25, Chapter 536, O.S.L. 2004 (74 O.S. Supp.
14 2005, Section 917), is amended to read as follows:

15 Section 917. (1) Upon termination of employment with a
16 participating employer, not followed by employment with such
17 participating employer, or another participating employer, within
18 four (4) calendar months, the member shall be paid an amount equal
19 to the amount of money he or she has paid into the System upon the
20 filing of the proper application with the System. Payment of these
21 accumulated contributions may be made in less than four (4) calendar
22 months only in the event that a member is not eligible to elect a
23 vested benefit pursuant to this section and said member is

1 terminally ill, as evidenced by a physician's certification that the
2 member is not expected to live beyond four (4) months.

3 (2) If such member has completed ~~eight (8)~~ five(5) years of
4 credited service at date of termination or if the member is a
5 legislative session employee of the Legislature or if the employee
6 is a session employee employed by the Legislative Service Bureau,
7 four (4) years of credited service at date of termination, ~~he~~ the
8 member may elect a vested benefit in lieu of receiving ~~his~~ the
9 member's accumulated contributions. The amount of the vested
10 benefit shall commence at the normal retirement date and shall be
11 paid monthly during the lifetime of the retirant with the last
12 payment made on the last day of the month in which death occurs.

13 (3) Upon death before the normal or early retirement date of a
14 member who has elected a vested benefit, ~~his~~ the member's
15 accumulated contributions shall be paid to ~~his~~ the member's
16 beneficiary unless the spouse of the deceased member elects monthly
17 benefits as provided for in Section 918 of this title.

18 (4) Upon death after the normal or early retirement date of a
19 retirant who elected a vested benefit without an option, the excess,
20 if any, of ~~his~~ the member's accumulated contributions over the sum
21 of all payments of the vested benefit made to date of death shall be
22 paid to ~~his~~ the member's beneficiary.

1 (5) If a former employee, who meets the eligibility
2 requirements for membership, returns to employment after the
3 expiration of four (4) calendar months following the termination of
4 his or her employment and the employee has withdrawn ~~his~~ the
5 member's accumulated contributions, ~~he~~ the member may pay to the
6 System the sum of the accumulated contributions ~~he~~ the member has
7 withdrawn plus interest of not to exceed ten percent (10%), as
8 determined by the Board, and shall receive the same benefits as if
9 ~~he~~ the member had never ~~withdrawn his contributions~~ made such
10 withdrawal. No member shall be permitted to take advantage of the
11 payback for restoration of creditable service more than one time.
12 If a member, who has elected a vested benefit, or a reemployed
13 member, who has not withdrawn ~~the member's~~ accumulated
14 contributions, again becomes an employee of a participating
15 employer, the period of absence shall not be counted as a break in
16 service; however, the period of absence shall not be credited.

17 (6) Prior to January 1, 1991, members, who at the time of
18 employment were ineligible for membership into the System due to
19 their age, shall receive benefits for the period of ineligibility if
20 the employer and employee contributions are paid the System for that
21 ineligible period. No interest shall be paid on a payback of this
22 type. However, effective January 1, 1991, to receive benefits, the

1 member shall pay the amount determined by the Board pursuant to
2 Section 913.5 of this title.

3 (7) When any error in calculation or participation coverage to
4 a prior or current employee exists, it shall be the responsibility
5 of the participating employer which made the error to pay the amount
6 determined by the Board pursuant to Section 913.5 of this title.
7 This obligation of the participating employer to pay the amount due
8 pursuant to this section shall be considered a current obligation of
9 the employer until the amount is paid in full, regardless of the
10 dates of the periods of service.

11 (8) Upon application to the Board and payment as determined by
12 the Board, a member of the System may receive service credit for
13 those years of service that the member was eligible to receive
14 service credit from the Teachers' Retirement System of Oklahoma. To
15 receive the service credit, the member shall pay the amount
16 determined by the Board pursuant to Section 913.5 of this title.

17 (9) Upon the death of a retired member, the benefit payment for
18 the month in which the retired member died, if not previously paid,
19 shall be made to the estate of the member or to the member's
20 beneficiary if there is no estate. Such benefit payment shall be
21 made in an amount equal to a full monthly benefit payment regardless
22 of the day of the month in which the retired member died.

1 (10) Subject to the provisions of Sections 918 and 918.1 of
2 this title, if there are two or more beneficiaries designated by the
3 member, upon the member's death, the System shall pay any applicable
4 benefits to any of the beneficiaries that have completed all
5 required paperwork regardless of whether or not all beneficiaries
6 have completed such paperwork.

7 SECTION 38. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 930.9 of Title 74, unless there
9 is created a duplication in numbering, reads as follows:

10 Any person receiving retirement benefits from the Oklahoma
11 Public Employees Retirement System as of June 30, 2005, who
12 continues to receive benefits on or after July 1, 2006, shall
13 receive a _____ percent (___%) increase in said benefits
14 beginning in July 2006.

15 SECTION 39. This act shall become effective July 1, 2006.

16 SECTION 40. It being immediately necessary for the preservation
17 of the public peace, health and safety, an emergency is hereby
18 declared to exist, by reason whereof this act shall take effect and
19 be in full force from and after its passage and approval.

20 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND GROUP HEALTH, dated
21 2-27-06 - DO PASS, As Amended and Coauthored.