

STATE OF OKLAHOMA

2nd Session of the 51st Legislature (2008)

SENATE BILL 2143

By: Corn

AS INTRODUCED

An Act relating to retirement; amending 47 O.S. 2001, Sections 2-303.3, 2-305.1A, as last amended by Section 8, Chapter 152, O.S.L. 2007, 2-305.4, as last amended by Section 21, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006, 2-307, as last amended by Section 22, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006, 2-307.2, as amended by Section 24, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006, and 2-309.8 (47 O.S. Supp. 2007, Sections 2-305.1A, 2-305.4, 2-307 and 2-307.2), which relate to the Oklahoma Law Enforcement Retirement System; granting the alternate payee the right to receive certain benefits under certain condition; modifying definitions; conforming provisions relating to limitations on benefits to federal law; requiring employing agency to continue payment of certain contributions under certain conditions; limiting amount of accrued sick leave used for certain determination; deleting reference to certain Sections of the Department of Public Safety; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 47 O.S. 2001, Section 2-303.3, is amended to read as follows:

Section 2-303.3 A. Except as otherwise provided by this section, any annuity, benefits, fund, property, or rights created by

1 or accruing to any person pursuant to the provisions of Sections 2-  
2 300 through 2-313 of this title shall not be subject to execution,  
3 garnishment or attachment, and shall be unassignable, except as  
4 specifically provided by Sections 2-300 through 2-313 of this title.  
5 Notwithstanding the foregoing, effective August 5, 1997, the Board  
6 may approve any offset of a member's benefit to pay a judgment or  
7 settlement against the member for a crime involving the System or  
8 for a breach of the member's fiduciary duty to the System, provided  
9 such offset is in accordance with the requirements of Section  
10 401(a)(13) of the Internal Revenue Code of 1986, as amended.

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

14 2. The term "qualified domestic order" means an order issued by  
15 a district court of this state pursuant to the domestic relation  
16 laws of the State of Oklahoma which relates to the provision of  
17 marital property rights to a spouse or former spouse of a member or  
18 provision of support for a minor child or children and which creates  
19 or recognizes the existence of the right of an alternate payee, or  
20 assigns to an alternate payee the right, to receive a portion of the  
21 benefits payable with respect to a member of the System.

22 3. For purposes of the payment of marital property, to qualify  
23 as an alternate payee, a spouse or former spouse must have been  
24 married to the related member for a period of not less than thirty

1 (30) continuous months immediately preceding the commencement of the  
2 proceedings from which the qualified domestic order issues.

3 4. A qualified domestic order is valid and binding on the Board  
4 and the related member only if it meets the requirements of this  
5 subsection.

6 5. A qualified domestic order shall clearly specify:

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

17 6. A qualified domestic order meets the requirements of this  
18 subsection only if such order:

- 19 a. does not require the System to provide any type or  
20 form of benefit, or any option not otherwise provided  
21 under state law as relates to the System,  
22 b. does not require the System to provide increased  
23 benefits, and  
24

1           c.    does not require the payment of benefits to an  
2                alternate payee which are required to be paid to  
3                another alternate payee pursuant to another order  
4                previously determined to be a qualified domestic order  
5                or an order recognized by the System as a valid order  
6                prior to the effective date of this act.

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

10          8.    The alternate payee shall have a right to receive benefits  
11                payable to a member of the System under the Oklahoma Law Enforcement  
12                Deferred Option Plan provided for pursuant to Section 2-305.2 of  
13                this title, but only to the extent such benefits have been credited  
14                or paid into the member's Oklahoma Law Enforcement Deferred Option  
15                Plan account during the term of the marriage.

16          9.    The obligation of the System to pay an alternate payee  
17                pursuant to a qualified domestic order shall cease upon the death of  
18                the related member.

19          ~~9.~~ 10. This subsection shall not be subject to the provisions  
20                of the Employee Retirement Income Security Act of 1974 (ERISA), 29  
21                U.S.C.A. Section 1001, et seq., as amended from time to time, or  
22                rules and regulations promulgated thereunder, and court cases  
23                interpreting said act.

1       ~~10.~~ 11. The Oklahoma Law Enforcement Retirement Board shall  
2 promulgate such rules as are necessary to implement the provisions  
3 of this subsection.

4       ~~11.~~ 12. An alternate payee who has acquired beneficiary rights  
5 pursuant to a valid qualified domestic order must fully comply with  
6 all provisions of the rules promulgated by the Board pursuant to  
7 this subsection in order to continue receiving his or her benefit.

8       SECTION 2.       AMENDATORY       47 O.S. 2001, Section 2-305.1A, as  
9 last amended by Section 8, Chapter 152, O.S.L. 2007 (47 O.S. Supp.  
10 2007, Section 2-305.1A), is amended to read as follows:

11       Section 2-305.1A A. This section applies to distributions made  
12 on or after January 1, 1993. Notwithstanding any provision of the  
13 System to the contrary that would otherwise limit a Distributee's  
14 election hereunder, a Distributee may elect, at the time and in the  
15 manner prescribed by the Board, to have any portion of an Eligible  
16 Rollover Distribution paid directly to an Eligible Retirement Plan  
17 specified by the Distributee in a Direct Rollover.

18       B. As used in this section:

19       1. "Eligible Rollover Distribution" means any distribution of  
20 all or any portion of the balance to the credit of the Distributee,  
21 except that an Eligible Rollover Distribution does not include: any  
22 distribution that is one of a series of substantially equal periodic  
23 payments (not less frequently than annually) made for the life (or  
24 life expectancy) of the Distributee or the joint lives (or life

1 expectancies) of the Distributee and the Distributee's designated  
2 beneficiary, or for a specified period of ten (10) years or more,  
3 any distribution to the extent such distribution is required under  
4 Section 401(a)(9) of the Internal Revenue Code of 1986, as amended;  
5 and the portion of any distribution that is not includable in gross  
6 income; ~~provided, however, that effective.~~ Effective January 1,  
7 2002, a portion of a distribution shall not fail to be an Eligible  
8 Rollover Distribution merely because the portion consists of after-  
9 tax member contributions which are not includable in gross income.  
10 However, such portion may be paid only:

11 a. from January 1, 2002, through December 31, 2006, to:

12 (1) an individual retirement account or annuity

13 described in Section 408(a) or (b) of the  
14 Internal Revenue Code of 1986, as amended, or

15 (2) a qualified trust which is part of a defined  
16 contribution plan described in Section 401(a) or  
17 403(a) of the Internal Revenue Code of 1986, as  
18 amended, and which agrees to separately account  
19 for amounts so transferred, including separately  
20 accounting for the portion of such distribution  
21 which is includable in gross income and the  
22 portion of such distribution which is not so  
23 includable;

24 b. on or after January 1, 2007, to:

- 1 (1) an individual retirement account or annuity  
2 described in Section 408(a) or (b) of the  
3 Internal Revenue Code of 1986, as amended, or  
4 (2) a qualified trust described in Section 401(a) or  
5 403(a) of the Internal Revenue Code of 1986, as  
6 amended, or an annuity contract described in  
7 Section 403(b) of the Internal Revenue Code of  
8 1986, as amended, and such trust or annuity  
9 contract provides for separate accounting for  
10 amounts so transferred (and earnings thereon),  
11 including separately accounting for the portion  
12 of such distribution which is includable in gross  
13 income and the portion of such distribution which  
14 is not so includable.

15 2. "Eligible Retirement Plan" means an individual retirement  
16 account described in Section 408(a) of the Internal Revenue Code of  
17 1986, as amended, an individual retirement annuity described in  
18 Section 408(b) of the Internal Revenue Code of 1986, as amended, an  
19 annuity plan described in Section 403(a) of the Internal Revenue  
20 Code of 1986, as amended, or a qualified trust described in Section  
21 401(a) of the Internal Revenue Code of 1986, as amended, that  
22 accepts the Distributee's Eligible Rollover Distribution. Effective  
23 January 1, 2002, an Eligible Retirement Plan shall also mean an  
24 annuity contract described in Section 403(b) of the Internal Revenue

1 Code of 1986, as amended, and an eligible plan under Section 457(b)  
2 of the Internal Revenue Code of 1986, as amended, which is  
3 maintained by a state, political subdivision of a state, or any  
4 agency or instrumentality of a state or political subdivision of a  
5 state and which agrees to separately account for amounts transferred  
6 into such plan from the System. ~~Effective January 1, 2002, the~~  
7 ~~definition of Eligible Retirement Plan shall also apply in the case~~  
8 ~~of a distribution to a surviving spouse, or to a spouse or former~~  
9 ~~spouse who is the alternate payee pursuant to a qualified domestic~~  
10 ~~order as defined in subsection B of Section 2-303.3 of this title.~~  
11 ~~An Eligible Retirement Plan does not include a Roth IRA under~~  
12 ~~Section 408A of the Internal Revenue Code of 1986, as amended.~~

13 3. "Distributee" means an employee or former employee. In  
14 addition, effective June 7, 1993, the employee's or former  
15 employee's surviving spouse and the employee's or former employee's  
16 spouse or former spouse who is the alternate payee under a qualified  
17 domestic order, as defined in subsection B of Section 2-303.3 of  
18 this title, are Distributees with regard to the interest of the  
19 spouse or the former spouse. Effective for distributions after  
20 December 31, 2006, a Distributee also includes the member's  
21 nonspouse designated beneficiary, pursuant to Section 401(a)(9)(E)  
22 of the Internal Revenue Code of 1986, as amended. In the case of a  
23 nonspouse beneficiary, the Direct Rollover may be made only to an  
24 Individual Retirement Account or annuity (other than an endowment

1 contract) described in Section 408(a) or (b) of the Internal Revenue  
2 Code of 1986, as amended, ("IRA"), that is established on behalf of  
3 such designated beneficiary and that will be treated as an inherited  
4 IRA pursuant to the provisions of Section 402(c)(11) of the Internal  
5 Revenue Code of 1986, as amended. Also, in this case, the  
6 determination of any required minimum distribution under Section  
7 401(a)(9) of the Internal Revenue Code of 1986, as amended, that is  
8 ineligible for rollover shall be made in accordance with Notice  
9 2007-7, Q&A 17 and 18, Announcement 2007-5 Internal Revenue Bulletin  
10 395. The required minimum distribution rules of Section  
11 401(a)(9)B), other than clause iv thereof, of the Internal Revenue  
12 Code of 1986, as amended, apply to the transferee IRA.

13 4. "Direct Rollover" means a payment by the System to the  
14 Eligible Retirement Plan specified by the Distributee or, on or  
15 after January 1, 2008, to a Roth IRA under Section 408A of the  
16 Internal Revenue Code of 1986, as amended, as specified by the  
17 Distributee, assuming the Distributee otherwise meets the Roth IRA  
18 requirements.

19 C. At least thirty (30) days before and, effective January 1,  
20 2007, not more than one hundred eighty (180) days before the date of  
21 distribution, the Distributee must be provided with a notice of  
22 rights which satisfies Section 402(f) of the Internal Revenue Code  
23 of 1986, as amended, as to rollover options and tax effects. Such  
24

1 distribution may commence less than thirty (30) days after the  
2 notice is given, provided that:

3 1. The Board clearly informs the Distributee that the  
4 Distributee has a right to a period of at least thirty (30) days  
5 after receiving the notice to consider the decision of whether or  
6 not to elect a distribution; and

7 2. The Distributee, after receiving the notice, affirmatively  
8 elects a distribution.

9 SECTION 3. AMENDATORY 47 O.S. 2001, Section 2-305.4, as  
10 last amended by Section 21, Chapter 46, 2nd Extraordinary Session,  
11 O.S.L. 2006 (47 O.S. Supp. 2007, Section 2-305.4), is amended to  
12 read as follows:

13 Section 2-305.4 A. Notwithstanding any other provision  
14 contained herein to the contrary, the benefits payable to a member  
15 in the Oklahoma Law Enforcement Retirement System shall be subject  
16 to the limitations of Section 415 of the Internal Revenue Code of  
17 1986, as amended, in accordance with the provisions of ~~subsections B~~  
18 ~~and C~~ of this section.

19 B. Except as provided in ~~paragraphs 3 through 7 of this~~  
20 ~~subsection~~ below, effective for limitation years ending after  
21 December 31, 2001, any accrued retirement benefit payable to a  
22 member as an annual benefit as described below shall not exceed ~~the~~  
23 ~~lesser of:~~

24

1       ~~1.~~ One Hundred Sixty Thousand Dollars (\$160,000.00), ~~effective~~  
2 ~~January 1, 2002,~~ automatically adjusted under Section 415(d) of the  
3 Internal Revenue Code of 1986, as amended, for increases in the cost  
4 of living, as prescribed by the Secretary of the Treasury or the  
5 Secretary's delegate, effective January 1 of each calendar year and  
6 applicable to the limitation year ending with or within such  
7 calendar year; ~~or~~

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

- 18           ~~a.~~ ~~contributions by a participating employer to a plan of~~  
19           ~~deferred compensation which are not included in the~~  
20           ~~gross income of the member for the taxable year in~~  
21           ~~which contributed or any distributions from a funded~~  
22           ~~plan of deferred compensation, and~~  
23           ~~b.~~ ~~other amounts which received special tax benefits, or~~  
24           ~~contributions made by a participating employer,~~

~~whether or not under a salary reduction agreement,  
towards the purchase of an annuity described in  
Section 403(b) of the Internal Revenue Code of 1986,  
whether or not the amounts are actually excludable  
from the gross income of the member;~~

~~3. Except as provided in paragraph 5 of this subsection, the  
limitations specified in paragraphs 1 and 2 of this subsection shall  
not be applicable with respect to any member whose total annual  
accrued retirement benefit payable from the System is less than Ten  
Thousand Dollars (\$10,000.00) and who has not at any time  
participated in any contribution plan, within the meaning of Section  
415(k) of the Internal Revenue Code of 1986, as amended, maintained  
by a participating employer;.~~

The automatic annual adjustment of the dollar limitation in this  
subsection under Section 415(d) of the Internal Revenue Code of  
1986, as amended, shall apply to a member who has had a separation  
from employment.

1. The member's annual benefit is a benefit that is payable  
annually in the form of a straight life annuity. Except as provided  
below, where a benefit is payable in a form other than a straight  
life annuity, the benefit shall be adjusted to an actuarially  
equivalent straight life annuity that begins at the same time as  
such other form of benefit and is payable on the first day of each  
month, before applying the limitations of this section. For a

1 member who has or will have distributions commencing at more than  
2 one annuity starting date, the annual benefit shall be determined as  
3 of each such annuity starting date and shall satisfy the limitations  
4 of this section as of each such date, actuarially adjusting for past  
5 and future distributions of benefits commencing at the other annuity  
6 starting dates. For this purpose, the determination of whether a  
7 new starting date has occurred shall be made without regard to  
8 Section 1.401(a)-20, Q&A 10(d), and with regard to Section 1.415(b)-  
9 1(b)(1)(iii)(B) and (C) of the Income Tax Regulations.

10 2. No actuarial adjustment to the benefit shall be made for:

11 a. survivor benefits payable to a surviving spouse under  
12 a qualified joint and survivor annuity to the extent  
13 such benefits would not be payable if the member's  
14 benefit were paid in another form,

15 b. benefits that are not directly related to retirement  
16 benefits such as a qualified disability benefit,  
17 preretirement incidental death benefits, and  
18 postretirement medical benefits, or

19 c. the inclusion in the form of a benefit of an automatic  
20 benefit increase feature, provided, the form of  
21 benefit is not subject to Section 417(e)(3) of the  
22 Internal Revenue Code of 1986, as amended, and would  
23 otherwise satisfy the limitations of this section, and  
24 the System provides that the amount payable under the

1 form of benefit in any limitation year shall not  
2 exceed the limits of this section applicable at the  
3 annuity starting date, as increased in subsequent  
4 years pursuant to Section 415(d) of the Internal  
5 Revenue Code of 1986, as amended. For this purpose,  
6 an automatic benefit increase feature is included in a  
7 form of benefit if the form of benefit provides for  
8 automatic, periodic increases to the benefits paid in  
9 that form.

10 3. The determination of the annual benefit shall take into  
11 account Social Security supplements described in Section 411(a)(9)  
12 of the Internal Revenue Code of 1986, as amended, and benefits  
13 transferred from another defined benefit plan, other than transfers  
14 of distributable benefits pursuant to Section 1.411(d)-4, Q&A-3(c),  
15 of the Income Tax Regulations, but shall disregard benefits  
16 attributable to employee contributions or rollover contributions.

17 4. Effective for distributions in plan years beginning after  
18 December 31, 2003, the determination of actuarial equivalence of  
19 forms of benefit other than a straight life annuity shall be made in  
20 accordance with paragraph 5 or paragraph 6 of this subsection.

21 5. The straight life annuity that is actuarially equivalent to  
22 the member's form of benefit shall be determined under this  
23 paragraph if the form of the member's benefit is either:  
24

- 1        a. a non-decreasing annuity, other than a straight life  
2        annuity, payable for a period of not less than the  
3        life of the member or, in the case of a qualified  
4        preretirement survivor annuity, the life of the  
5        surviving spouse,
- 6        b. an annuity that decreases during the life of the  
7        member merely because of:
- 8            (1) the death of the survivor annuitant, but only if  
9            the reduction is not below fifty percent (50%) of  
10           the benefit payable before the death of the  
11           survivor annuitant, or
- 12           (2) the cessation or reduction of Social Security  
13           supplements or qualified disability payments as  
14           defined in Section 401(a)(11) of the Internal  
15           Revenue Code of 1986, as amended,
- 16        c. for limitation years beginning before July 1, 2007,  
17        the actuarially equivalent straight life annuity is  
18        equal to the annual amount of the straight life  
19        annuity commencing at the same annuity starting date  
20        that has the same actuarial present value as the  
21        member's form of benefit computed using whichever of  
22        the following produces the greater annual amount:
- 23           (1) the interest rate and the mortality table or  
24           other tabular factor, each as set forth in

1           subsection H of Section 2-303.1 of this title for  
2           adjusting benefits in the same form, and  
3           (2) a five percent (5%) interest rate assumption and  
4           the applicable mortality table described in  
5           Revenue Ruling 2001-62 for that annuity starting  
6           date, or

7           d. for limitation years beginning on or after July 1,  
8           2007, the actuarially equivalent straight life annuity  
9           is equal to the greater of:

10           (1) the annual amount of the straight life annuity,  
11           if any, payable to the member under the System  
12           commencing at the same annuity starting date as  
13           the member's form of benefit, and

14           (2) the annual amount of the straight life annuity  
15           commencing at the same annuity starting date that  
16           has the same actuarial present value as the  
17           member's form of benefit, computed using a five  
18           percent (5%) interest rate assumption and the  
19           applicable mortality table described in Revenue  
20           Ruling 2001-62 for that annuity starting date.

21           6. The straight life annuity that is actuarially equivalent to  
22           the member's form of benefit shall be determined under this  
23           paragraph if the form of the member's benefit is other than a  
24           benefit form described in paragraph 5 of this subsection. In this

1 case, the actuarially equivalent straight life annuity shall be  
2 determined as follows:

3 a. if the annuity starting date of the member's form of  
4 benefit is in a plan year beginning after 2005, the  
5 actuarially equivalent straight life annuity is equal  
6 to the greatest of:

7 (1) the annual amount of the straight life annuity  
8 commencing at the same annuity starting date that  
9 has the same actuarial present value as the  
10 member's form of benefit, computed using the  
11 interest rate and the mortality table or other  
12 tabular factor each as set forth in subsection H  
13 of Section 2-303.1 of this title for adjusting  
14 benefits in the same form,

15 (2) the annual amount of the straight life annuity  
16 commencing at the same annuity starting date that  
17 has the same actuarial present value as the  
18 member's form of benefit, computed using a five  
19 and one-half percent (5.5%) interest rate  
20 assumption and the applicable mortality table  
21 described in Revenue Ruling 2001-62, and

22 (3) the annual amount of the straight life annuity  
23 commencing at the same annuity starting date that  
24

1 has the same actuarial present value as the  
2 member's form of benefit, computed using:

- 3 (a) the rate of interest on thirty-year Treasury  
4 securities as specified by the Commissioner  
5 for the lookback month for the stability  
6 period specified below. The lookback month  
7 applicable to the stability period is the  
8 fourth calendar month preceding the first  
9 day of the stability period, as specified  
10 below. The stability period is the  
11 successive period of one plan year which  
12 contains the annuity starting date for the  
13 distribution and for which the applicable  
14 interest rate remains constant, and  
15 (b) the applicable mortality table described in  
16 Revenue Ruling 2001-62, divided by one and  
17 five one hundredths (1.05).

- 18 b. (1) if the annuity starting date of the member's form  
19 of benefit is in a plan year beginning in 2004 or  
20 2005, the actuarially equivalent straight life  
21 annuity is equal to the annual amount of the  
22 straight life annuity commencing at the same  
23 annuity starting date that has the same actuarial  
24 present value as the member's form of benefit,

1 computed using whichever of the following  
2 produces the greater annual amount:

3 (a) the interest rate and the mortality table or  
4 other tabular factor each as set forth in  
5 subsection H of Section 2-303.1 of this  
6 title for adjusting benefits in the same  
7 form, and

8 (b) a five and one-half percent (5.5%) interest  
9 rate assumption and the applicable mortality  
10 table described in Revenue Ruling 2001-62.

11 (2) if the annuity starting date of the member's  
12 benefit is on or after the first day of the first  
13 plan year beginning in 2004 and before December  
14 31, 2004, the application of this subparagraph  
15 shall not cause the amount payable under the  
16 member's form of benefit to be less than the  
17 benefit calculated under the System, taking into  
18 account the limitations of this section, except  
19 that the actuarially equivalent straight life  
20 annuity is equal to the annual amount of the  
21 straight life annuity commencing at the same  
22 annuity starting date that has the same actuarial  
23 present value as the member's form of benefit,  
24

1 computed using whichever of the following  
2 produces the greatest annual amount:

3 (a) the interest rate and mortality table or  
4 other tabular factor each as set forth in  
5 subsection H of Section 203.1 of this title  
6 for adjusting benefits in the same form,

7 (b) i. the rate of interest on thirty-year  
8 Treasury securities as specified by the  
9 Commissioner for the lookback month for  
10 the stability period specified below.

11 The lookback month applicable to the  
12 stability period is the fourth calendar  
13 month preceding the first day of the  
14 stability period, as specified below.

15 The stability period is the successive  
16 period of one plan year which contains  
17 the annuity starting date for the  
18 distribution and for which the  
19 applicable interest rate remains  
20 constant, and

21 ii. the applicable mortality table  
22 described in Revenue Ruling 2001-62,  
23 and

24



1 ~~limitation multiplied~~ by a fraction, the numerator of which is the  
2 number of the years of participation in the System of the member,  
3 but never less than one (1), and the denominator of which is ten  
4 (10). ~~This paragraph, to the extent required by the Secretary of~~  
5 ~~the Treasury, shall be applied separately to each change in benefit~~  
6 ~~structure hereunder;~~

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

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

23 a. ~~If payment begins before the member reaches sixty two~~  
24 ~~(62) years of age, the limitation in paragraph 1 of~~

~~this subsection shall be reduced on an actuarially equivalent basis; provided however, prior to January 1, 2002, if such payment begins after the member reaches fifty five (55) years of age, the reduced limit shall not be less than Seventy five Thousand Dollars (\$75,000.00) and, if payment begins prior to the member reaching fifty five (55) years of age, the reduced limit shall not be less than the actuarial equivalent of the Seventy five Thousand Dollar (\$75,000.00) limit for age fifty five (55); provided further, that in no event shall such amount be reduced below Fifty Thousand Dollars (\$50,000.00), adjusted for increases in the cost of living, as prescribed by the Secretary of Treasury, or the Secretary's delegate.~~

~~(1) For limitation years beginning before January 1, 1999, the interest rate to be used to determine such actuarial equivalent amount in this subparagraph shall be the rate specified in the actuarial tables adopted by the Board as described in subparagraph c of this paragraph; however, the interest rate used in determining an actuarially equivalent pre-age-sixty two (62) 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. Rule.~~  
19 ~~2001-62. The interest rate shall be five percent~~  
20 ~~(5%).~~

21 ~~(3) For~~

22 D. Effective for benefits commencing in limitation years ending  
23 after December 31, 2001, the dollar limitation under subsection B of  
24 this section shall be adjusted if the annuity starting date of the

1 member's benefit is before sixty-two (62) years of age or after  
2 sixty-five (65) years of age. If the annuity starting date is  
3 before sixty-two (62) years of age, the dollar limitation under  
4 subsection B of this section shall be adjusted under paragraph 1 of  
5 this subsection, as modified by paragraph 3 of this subsection, but  
6 subject to paragraph 4 of this subsection. If the annuity starting  
7 date is after sixty-five (65) years of age, the dollar limitation  
8 under subsection B of this section shall be adjusted under paragraph  
9 2 of this subsection, as modified by paragraph 3 of this subsection.

10 1. a. If the annuity starting date for the member's benefit  
11 is prior to sixty-two (62) years of age and occurs in  
12 a limitation year beginning before July 1, 2007, the  
13 dollar limitation for the member's annuity starting  
14 date is the annual amount of a benefit payable in the  
15 form of a straight life annuity commencing at the  
16 member's annuity starting date that is the actuarial  
17 equivalent of the dollar limitation under subsection B  
18 of this section adjusted under subsection C of this  
19 section for years of participation less than ten (10),  
20 if required, with actuarial equivalence computed using  
21 whichever of the following produces the smaller annual  
22 amount:

- 1           (1) the interest rate and the mortality table or  
2           other tabular factor each as set forth in  
3           subsection H of Section 2-303.1 of this title, or  
4           (2) a five percent (5%) interest rate assumption and  
5           the applicable mortality table as described in  
6           Revenue Ruling 2001-62.

- 7           b. (1) if the annuity starting date for the member's  
8           benefit is prior to sixty-two (62) years of age  
9           and occurs in a limitation year beginning on or  
10           after July 1, 2007, and the System does not have  
11           an immediately commencing straight life annuity  
12           payable at both sixty-two (62) years of age and  
13           the age of benefit commencement, the dollar  
14           limitation for the member's annuity starting date  
15           is the annual amount of a benefit payable in the  
16           form of a straight life annuity commencing at the  
17           member's annuity starting date that is the  
18           actuarial equivalent of the dollar limitation  
19           under subsection B of this section adjusted under  
20           subsection C of this section for years of  
21           participation less than ten (10), if required,  
22           with actuarial equivalence computed using a five  
23           percent (5%) interest rate assumption and the  
24           applicable mortality table for the annuity

1 starting date as described in Revenue Ruling  
2 2001-62 and expressing the member's age based on  
3 completed calendar months as of the annuity  
4 starting date, or

5 (2) if the annuity starting date for the member's  
6 benefit is prior to sixty-two (62) years of age  
7 and occurs in a limitation year beginning on or  
8 after July 1, 2007, and the System has an  
9 immediately commencing straight life annuity  
10 payable at both sixty-two (62) years of age and  
11 the age of benefit commencement, the dollar  
12 limitation for the member's annuity starting date  
13 is the lesser of the limitation determined under  
14 division (1) of subparagraph b of this paragraph  
15 and the dollar limitation under subsection B of  
16 this section adjusted under subsection C of this  
17 section for years of participation less than ten  
18 (10), if required, multiplied by the ratio of the  
19 annual amount of the immediately commencing  
20 straight life annuity under the System at the  
21 member's annuity starting date to the annual  
22 amount of the immediately commencing straight  
23 life annuity under the System at sixty-two (62)

1                   years of age, both determined without applying  
2                   the limitation of this section.

3       2. a. If the annuity starting date for the member's benefit  
4       is after sixty-five (65) years of age and occurs in a  
5       limitation year beginning before July 1, 2007, the  
6       dollar limitation for the member's annuity starting  
7       date is the annual amount of a benefit payable in the  
8       form of a straight life annuity commencing at the  
9       member's annuity starting date that is the actuarial  
10       equivalent of the dollar limitation under subsection B  
11       of this section adjusted under subsection C of this  
12       section for years of participation less than ten (10),  
13       if required, with actuarial equivalence computed using  
14       whichever of the following produces the smaller annual  
15       amount:

16           (1) the interest rate and the mortality table or  
17           other tabular factor each as set forth in  
18           subsection H of Section 2-303.1 of this title, or  
19           (2) a five percent (5%) interest rate assumption and  
20           the applicable mortality table as described in  
21           Revenue Ruling 2001-62.

22       b. (1) If the annuity starting date for the member's  
23       benefit is after sixty-five (65) years of age and  
24       occurs in a limitation year beginning on or after

1           July 1, 2007, and the System does not have an  
2           immediately commencing straight life annuity  
3           payable at both sixty-five (65) years of age and  
4           the age of benefit commencement, the dollar  
5           limitation at the member's annuity starting date  
6           is the annual amount of a benefit payable in the  
7           form of a straight life annuity commencing at the  
8           member's annuity starting date that is the  
9           actuarial equivalent of the dollar limitation  
10           under subsection B of this section adjusted under  
11           subsection C of this section for years of  
12           participation less than ten (10), if required,  
13           with actuarial equivalence computed using a five  
14           percent (5%) interest rate assumption and the  
15           applicable mortality table for the annuity  
16           starting date as described in Revenue Ruling  
17           2001-62 and expressing the member's age based on  
18           completed calendar months as of the annuity  
19           starting date.

20           (2) if the annuity starting date for the member's  
21           benefit is after sixty-five (65) years of age and  
22           occurs in a limitation year beginning on or after  
23           July 1, 2007, and the System has an immediately  
24           commencing straight life annuity payable at both

1 sixty-five (65) years of age and the age of  
2 benefit commencement, the dollar limitation at  
3 the member's annuity starting date is the lesser  
4 of the limitation determined under division (1)  
5 of subparagraph b of this paragraph and the  
6 dollar limitation under subsection B of this  
7 section adjusted under subsection C of this  
8 section for years of participation less than ten  
9 (10), if required, multiplied by the ratio of the  
10 annual amount of the adjusted immediately  
11 commencing straight life annuity under the System  
12 at the member's annuity starting date to the  
13 annual amount of the adjusted immediately  
14 commencing straight life annuity under the System  
15 at sixty-five (65) years of age, both determined  
16 without applying the limitations of this section.  
17 For this purpose, the adjusted immediately  
18 commencing straight life annuity under the System  
19 at the member's annuity starting date is the  
20 annual amount of such annuity payable to the  
21 member, computed disregarding the member's  
22 accruals after sixty-five (65) years of age but  
23 including actuarial adjustments even if those  
24 actuarial adjustments are used to offset

1           accruals, and the adjusted immediately commencing  
2           straight life annuity under the System at sixty-  
3           five (65) years of age is the annual amount of  
4           such annuity that would be payable under the  
5           System to a hypothetical member who is sixty-five  
6           (65) years of age and has the same accrued  
7           benefit as the member.

8           3. Notwithstanding the other requirements of this subsection,  
9           no adjustment shall be made to the dollar limitation under  
10           subsection B of this section to reflect the probability of a  
11           member's death between the annuity starting date and sixty-two (62)  
12           years of age, or between sixty-five (65) years of age and the  
13           annuity starting date, as applicable, if benefits are not forfeited  
14           upon the death of the member prior to the annuity starting date. To  
15           the extent benefits are forfeited upon death before the annuity  
16           starting date, such an adjustment shall be made. For this purpose,  
17           no forfeiture shall be treated as occurring upon the member's death  
18           if the System does not charge members for providing a qualified  
19           preretirement survivor annuity, as defined in Section 417(c) of the  
20           Internal Revenue code of 1986, as amended, upon the member's death.

21           4. Notwithstanding any other provision to the contrary, for  
22           limitation years beginning on or after January 1, 1997, if payment  
23           begins before the member reached age sixty-two (62) years of age,  
24           the reductions in the limitations in this ~~subparagraph~~ subsection

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

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

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

19 ~~(2) Effective for limitation years beginning on or~~  
20 ~~after January 1, 1999, the actuarial equivalent~~  
21 ~~adjustments in this subparagraph shall use the~~  
22 ~~mortality and interest rate basis provided in~~  
23 ~~division (2) of subparagraph a of this paragraph.~~

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

7 7. E. Notwithstanding anything else in this section to the  
8 contrary, the benefit otherwise accrued or payable to a member under  
9 this System shall be deemed not to exceed the maximum permissible  
10 benefit if:

11 1. The retirement benefits payable for a limitation year under  
12 any form of benefit with respect to such member under this System  
13 and under all other defined benefit plans without regard to whether  
14 a plan has been terminated ever maintained by a participating  
15 employer do not exceed Ten Thousand Dollars (\$10,000.00) multiplied  
16 by a fraction:

17 a. the numerator of which is the member's number of  
18 credited years or part thereof, but not less than one  
19 (1) year of service not to exceed ten (10) with the  
20 participating employer, and

21 b. the denominator of which is ten (10), and

22 2. The participating employer or a predecessor employer has not  
23 at any time maintained a defined contribution plan in which the  
24 member participated for this purpose, mandatory employee

1 contributions under a defined benefit plan, individual medical  
2 accounts under section 401(h) of the Internal Revenue Code of 1986,  
3 as amended, and accounts for postretirement medical benefits  
4 established under Section 419A(d) (1) of the Internal Revenue Code of  
5 1986, as amended, are not considered a separate defined contribution  
6 plan.

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

17 ~~§.~~ G. Effective for years beginning after December 31, 1997, if  
18 a member purchases service under this title, which qualifies as  
19 "permissive service credit" pursuant to Section 415(n) of the  
20 Internal Revenue Code of 1986, as amended, the limitations of  
21 Section 415 of the Internal Revenue Code of 1986, as amended, may be  
22 met by either:

23 a. ~~treating~~

24

1        1. Treating the accrued benefit derived from such contributions  
2 as an annual benefit under subsection B of this section, or

3            ~~b. treating~~

4        2. Treating all such contributions as annual additions for  
5 purposes of Section 415(c) of the Internal Revenue Code of 1986, as  
6 amended.

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

14        I. For limitation years beginning on or after January 1, 1995,  
15 ~~paragraphs 4, 5 and 6 of this subsection C of this section,~~  
16 paragraph 1 of subsection D of this section, and the proration  
17 provided under subparagraphs a and b of paragraph 1 of subsection E  
18 of this section, shall not apply to a benefit paid under the System  
19 as a result of the member becoming disabled by reason of personal  
20 injuries or sickness, or amounts received by the beneficiaries,  
21 survivors or estate of the member as the result of the death of the  
22 member.

23        ~~C. J.~~ J. For distributions made in limitation years beginning on  
24 or after January 1, 2000, the combined limit of repealed Section

1 415(e) of the Internal Revenue Code of 1986, as amended, shall not  
2 apply.

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

6 SECTION 4. AMENDATORY 47 O.S. 2001, Section 2-307, as  
7 last amended by Section 22, Chapter 46, 2nd Extraordinary Session,  
8 O.S.L. 2006 (47 O.S. Supp. 2007, Section 2-307), is amended to read  
9 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, the member's membership in  
14 the System shall not terminate and the period of such leave shall be  
15 counted toward retirement for length of service if, during such  
16 leave of absence or at the end thereof, the member shall pay to the  
17 Fund an amount equal to the contributions which would have been  
18 deducted from the member's salary during such period if such leave  
19 of absence had not been obtained, but if such contributions are not  
20 paid during such leave or made up within thirty (30) days after the  
21 end of such leave, or if such leave of absence extends for more than  
22 ninety (90) days at any one time, the period of such leave shall not  
23 be counted toward length of service for retirement nor in computing  
24

1 the amount of any pension or any retirement pay or any other  
2 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 the member's membership in the System shall terminate as of the date  
7 of the beginning of such leave. Provided, that if the membership of  
8 a member of the System shall have been terminated either by such  
9 leave of absence or by termination of employment, and such former  
10 member is reemployed, the Board, upon application therefor made in  
11 the same manner as an original application for membership in the  
12 System, may reinstate such membership. Such reinstated member shall  
13 be allowed full credit toward retirement for all service credit  
14 accrued up to the time of termination of membership if, but only if:

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

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

20 3. Such reinstated member reimburses the Fund, at the time  
21 application for reinstatement is made, with the amount of any  
22 portion of the membership contribution which has been refunded to  
23 the member under the provisions of Section 2-308 of this title; and  
24

- 1       4. A lump-sum payment for repayment of any amount received  
2 because of a member's prior termination may be repaid by:
- 3       a. a cash lump-sum payment,
  - 4       b. a trustee-to-trustee transfer from a Section 403(b)  
5 annuity or custodial account, an eligible deferred  
6 compensation plan described in Code Section 457(b)  
7 which is maintained by an eligible employer described  
8 in Code Section 457(e)(1)(A), and/or a Code Section  
9 401(a) qualified plan,
  - 10      c. a direct rollover of tax-deferred funds from a Code  
11 Section 403(b) annuity or custodial account, an  
12 eligible deferred compensation plan described in Code  
13 Section 457(b) which is maintained by an eligible  
14 employer described in Code Section 457(e)(1)(A), a  
15 Code Section 401(a) qualified plan, and/or a Code  
16 Section 408(a) or 408(b) traditional or conduit  
17 Individual Retirement Account or Annuity (IRA). Roth  
18 IRAs, Coverdell Education Savings Accounts and after-  
19 tax contributions shall not be used to purchase such  
20 service credit, or
  - 21      d. any combination of the above methods of payment.

22       The provisions of this subsection shall not apply to absences  
23 caused by such military service as may be considered as service for  
24

1 retirement for length of service under the provisions of subsection  
2 (c) of this section.

3 (c) In determining the eligibility of a member for retirement  
4 based upon length of service, any service in the Armed Forces of the  
5 United States or any component thereof between the 16th day of  
6 September, 1940, and the 30th day of June, 1954, and any service in  
7 the Armed Forces of the United States or any component thereof upon  
8 call of the President of the United States or of the Governor of the  
9 State of Oklahoma, together with such prior service, as would have  
10 been otherwise considered as service for retirement for length of  
11 service, shall be considered as service for length of service,  
12 provided that the member returns and files application for  
13 reinstatement as a member of the System within ninety (90) days  
14 after the member's release, or opportunity for release, from such  
15 Armed Forces or component thereof. The member's employing agency  
16 that is making contributions to the System on behalf of the member  
17 shall continue payment of contributions into the pension fund, to  
18 the same force and effect as though the member was in the actual  
19 employment of such agency at the same salary for a period not to  
20 exceed five (5) years. If such member shall have been refunded any  
21 portion of the membership contributions as provided in Section 2-308  
22 of this title, the member shall be required to reimburse the Fund  
23 with the same amount at the time of the member's application for  
24 reinstatement in the System, before the reinstated member is given

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

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

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

19 SECTION 5. AMENDATORY 47 O.S. 2001, Section 2-307.2, as  
20 amended by Section 24, Chapter 46, 2nd Extraordinary Session, O.S.L.  
21 2006 (47 O.S. Supp. 2007, Section 2-307.2), is amended to read as  
22 follows:

23 Section 2-307.2 A. The total service credit of a member who  
24 retires or terminates employment and elects a vested benefit shall

1 include not to exceed one hundred thirty (130) days of unused sick  
2 leave accumulated while a member of the System. Such credit shall  
3 be added in terms of whole months. Twenty (20) days of unused sick  
4 leave shall equal one (1) month for purposes of service credit. If  
5 unused sick leave entitles a member to an additional year or  
6 fraction thereof of service credit, the member's employer shall  
7 reimburse the System for the cost of funding the additional reserve  
8 by paying the amount determined by the Board pursuant to Section 25  
9 of this act. Each employer shall provide the System with adequate  
10 and timely information necessary to determine additional benefits  
11 and its cost under this section. This section shall apply to  
12 members retiring or vesting on or after July 1, 1985, and shall not  
13 be retroactive. The amount of accrued sick leave available for  
14 determination of a member's monthly benefit for purposes of the  
15 deferred option election shall be limited to the accrued sick leave  
16 available as of the effective date of the deferred option election,  
17 but not to exceed one hundred thirty (130) days. The member's  
18 monthly benefit determined as of the effective date of the deferred  
19 option election shall not be adjusted for additional accrued sick  
20 leave earned by the member after the deferred option election.

21 B. Whenever any member is unable to perform the member's duties  
22 because of sickness or temporary disability caused or sustained  
23 while in the discharge of the member's duty as a member, is  
24 receiving a temporary total disability benefit under Section 1 et

1 seq. of Title 85 of the Oklahoma Statutes, and does not purchase  
2 service credit as described below, such member shall only receive  
3 prorated service credit based on the contributions made by the  
4 member and the member's employer while the member is receiving a  
5 temporary total disability benefit under Section 1 et seq. of Title  
6 85 of the Oklahoma Statutes. Whenever any member is unable to  
7 perform the member's duties because of sickness or temporary  
8 disability caused or sustained while in the discharge of the  
9 member's duty as a member and is receiving a temporary disability  
10 benefit under Section 1 et seq. of Title 85 of the Oklahoma  
11 Statutes, such member shall have the option to purchase service  
12 credit for the time related to such leave of absence for such  
13 sickness or temporary disability.

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

17 2. The purchase price shall be:

18 a. the actual paid base salary that the member was  
19 entitled to immediately prior to the member's sickness  
20 or temporary disability minus any vacation or sick  
21 leave payments received by the member during such  
22 sickness or temporary disability, multiplied by,

23 b. the following percent:  
24

- 1 (1) eighteen percent (18%) for members who are
- 2 suspended without pay, or
- 3 (2) eight percent (8%) for members who are not
- 4 suspended without pay.

5 If such member has not been suspended without pay, the employer  
6 shall contribute, within three (3) months of the completion of the  
7 member's purchase of service credit, ten percent (10%) of the actual  
8 paid base salary that the member was entitled to immediately prior  
9 to the member's sickness or temporary disability minus any vacation  
10 or sick leave payments received by the member during such sickness  
11 or temporary disability.

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

- 13 a. a cash lump-sum payment,
- 14 b. a trustee-to-trustee transfer from a Code Section  
15 403(b) annuity or custodial account, an eligible  
16 deferred compensation plan described in Code Section  
17 457(b) which is maintained by an eligible employer  
18 described in Code Section 457(e)(1)(A), and/or a Code  
19 Section 401(a) qualified plan,
- 20 c. a direct rollover of tax-deferred funds from a Code  
21 Section 403(b) annuity or custodial account, an  
22 eligible deferred compensation plan described in Code  
23 Section 457(b) which is maintained by an eligible  
24 employer described in Code Section 457(e)(1)(A), a

1 Code Section 401(a) qualified plan, and/or a Code  
2 Section 408(a) or 408(b) traditional or conduit  
3 Individual Retirement Account or Annuity (IRA). Roth  
4 IRAs, Coverdell Education Savings Accounts and after-  
5 tax contributions shall not be used to purchase such  
6 service credit, or

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

8 SECTION 6. AMENDATORY 47 O.S. 2001, Section 2-309.8, is  
9 amended to read as follows:

10 Section 2-309.8 A. Any state employee who is employed in a  
11 commissioned officer position of the Oklahoma Highway Patrol  
12 Division, ~~including the Capitol Patrol Section and the Lake Patrol~~  
13 ~~Section of the Department of Public Safety,~~ the Oklahoma State  
14 Bureau of Investigation, the Oklahoma Bureau of Narcotics and  
15 Dangerous Drugs Control, the Alcoholic Beverage Laws Enforcement  
16 Commission, a Parks Ranger of the Tourism and Recreation Department,  
17 and a Pharmacy Inspector of the Pharmacy Board shall be eligible for  
18 service credit for employment prior to July 1, 1993, if the employee  
19 was in a commissioned officer position in the former Oklahoma  
20 Capitol Patrol Division, the former Mansion Security, and the former  
21 Training Center Security of the Department of Public Safety and the  
22 employee was a full-time, active employee eligible for all state  
23 employee benefits.

1 B. An eligible member of the System shall receive credit for  
2 all prior service as provided in subsection A of this section,  
3 provided the member is not receiving or eligible to receive  
4 retirement credit or benefits for such service in any other public  
5 retirement system. Service credit received pursuant to this section  
6 shall be used in determining the years of service for retirement and  
7 vesting purposes.

8 C. To receive credit for such service, an eligible member, as  
9 provided in this section, who became a member of the System prior to  
10 July 1, 1993, shall make application to the Board in writing for  
11 such service prior to July 1, 2002.

12 SECTION 7. This act shall become effective July 1, 2008.

13 SECTION 8. It being immediately necessary for the preservation  
14 of the public peace, health and safety, an emergency is hereby  
15 declared to exist, by reason whereof this act shall take effect and  
16 be in full force from and after its passage and approval.

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