

1 ENGROSSED SENATE
BILL NO. 1212

By: Brown of the Senate

and

Hickman of the House

[retirement - Oklahoma Law Enforcement Retirement

System - effective date -

emergency]

10

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

12 SECTION 1. AMENDATORY 47 O.S. 2001, Section 2-305.2, as
13 last amended by Section 20, Chapter 46, 2nd Extraordinary Session,
14 O.S.L. 2006 (47 O.S. Supp. 2009, Section 2-305.2), is amended to
15 read as follows:

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

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1 B. For purposes of this section, participating service shall
2 include service credit recognized pursuant to paragraphs (c) and (d)
3 of Section 2-307, subsection B of Section 2-307.2, and Sections 2-
4 309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5, 2-309.6 and 2-309.7 of
5 this title but for eligibility purposes only.

6 C. The duration of participation in the Oklahoma Law
7 Enforcement Deferred Option Plan for a member shall not exceed five
8 (5) years. Participation in the Oklahoma Law Enforcement Deferred
9 Option Plan must begin the first day of a month and end on the last
10 day of the month. At the conclusion of a member's participation in
11 the Oklahoma Law Enforcement Deferred Option Plan, the member shall
12 terminate employment as a member of the Oklahoma Law Enforcement
13 Retirement System, and shall start receiving the member's accrued
14 monthly retirement benefit from the System. Such a member may
15 continue to receive in-service distributions of such member's
16 accrued monthly retirement benefit from the System if the member is
17 reemployed by a state agency only if such reemployment is in a
18 position not covered under the System.

19 D. When a member begins participation in the Oklahoma Law
20 Enforcement Deferred Option Plan, the contribution of the member
21 shall cease. The employer contributions shall continue to be paid
22 in accordance with Section 2-304 of this title. Employer
23 contributions for members who elect the Oklahoma Law Enforcement
24 Deferred Option Plan shall be credited equally to the Oklahoma Law

1 Enforcement Retirement System and to the member's Oklahoma Law
2 Enforcement Deferred Option Plan account. The monthly retirement
3 benefits that would have been payable had the member elected to
4 cease employment and receive a service retirement shall be paid into
5 the member's Oklahoma Law Enforcement Deferred Option Plan account.

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

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

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

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

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

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

23 If a member meets the definition of disability as defined in
24 paragraph 11 of Section 2-300 of this title by direct reason of the

1 performance of the member's duties, the payment from the account
2 shall be an in-line-of-duty disability payment.

3 G. If the member dies during the period of participation in the
4 Oklahoma Law Enforcement Deferred Option Plan, a lump-sum payment
5 equal to the account balance of the member shall be paid to the
6 designated beneficiary as defined in paragraph 17 of Section 2-300
7 of this title, or if there is no designated beneficiary or the
8 designated beneficiary predeceases the member, to the estate of the
9 member. If such member was receiving, or eligible to receive, an
10 in-line-of-duty disability pension pursuant to subsection E or F of
11 Section 2-305 of this title at the time of death, payment of the
12 account balance shall be an in-line-of-duty disability payment.

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

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

20 a. "back drop date" means the date selected by the member
21 which is up to five (5) years before the member elects
22 to participate in the Oklahoma Law Enforcement
23 Deferred Option Plan, but not before the date at which
24

1 the member completes twenty (20) years of
2 participating service,

3 b. "termination date" means the date the member elects to
4 participate in the Oklahoma Law Enforcement Deferred
5 Option Plan pursuant to this subsection and the date
6 the member terminates employment and starts receiving
7 the member's accrued monthly retirement benefit from
8 the System. Such termination has at all times
9 included reemployment of a member by a state agency,
10 but only in a position not covered under the System,

11 c. "earlier attained participating service" means the
12 participating service earned by a member as of the
13 back drop date. Earlier attained participating
14 service cannot be reduced to less than twenty (20)
15 years of participating service, and

16 d. "deferred benefit balance" means all retirement
17 benefits that would have been paid from the back drop
18 date to the termination date, and one half (1/2) of
19 the employer contributions from the back drop date to
20 the termination date, with interest based on how the
21 benefit would have accumulated on a compound annual
22 basis as if the member had participated in the
23 Oklahoma Law Enforcement Deferred Option Plan pursuant
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1 to subsections A, B, C, D and E of this section from
2 the back drop date to the termination date;

3 2. At the termination date, a member's monthly pension benefit
4 shall be determined based on the earlier attained participating
5 service and on the final average salary as of the back drop date.
6 The member's individual deferred option account shall be credited
7 with an amount equal to the deferred benefit balance; the member
8 shall terminate employment and shall start receiving the member's
9 accrued monthly retirement benefit from the System. The member
10 shall, upon application filed with the Board, be refunded from the
11 fund an amount equal to the accumulated contributions the member
12 made to the fund from the back drop date to the termination date,
13 but excluding any interest. Such termination has at all times
14 included reemployment of a member by a state agency, but only in a
15 position not covered under the System. The provisions of
16 subsections B, C, E, F and G of this section shall apply to this
17 subsection; and

18 3. A member may participate in the Oklahoma Law Enforcement
19 Deferred Option Plan pursuant to this subsection even if the member
20 has elected to participate in the Oklahoma Law Enforcement Deferred
21 Option Plan pursuant to subsections A, B, C, D, E and F of this
22 section. Such a member may select a back drop date which is up to
23 five (5) years prior to the termination date, but not before the
24 date at which the member completes twenty (20) years of

1 participating service. Such a member's participation in the
2 Oklahoma Law Enforcement Deferred Option Plan may not exceed five
3 (5) years when combined with such a member's prior period of
4 participation in the Oklahoma Law Enforcement Deferred Option Plan.
5 The provisions of subsections B, C, E, F and G of this section shall
6 apply to this subsection; and

7 4. Effective July 1, 2010, if a member who has not less than
8 twenty (20) years of participating service dies prior to terminating
9 employment, the surviving spouse shall be eligible to elect to
10 receive a benefit determined as if the member had elected to
11 participate in the Oklahoma Law Enforcement Deferred Option Plan in
12 accordance with this subsection on the day immediately preceding the
13 member's death if such election is made prior to the payment of any
14 monthly survivor retirement benefit. The surviving spouse may elect
15 a back-drop date which is up to five (5) years prior to the last day
16 of the month coinciding with or following the month of the member's
17 death, but not before the date at which the member completes twenty
18 (20) years of participating service. Participation in the Oklahoma
19 Law Enforcement Deferred Option Plan shall begin the first day of a
20 month and end the last day of the month. The surviving spouse shall
21 have been married to the member immediately preceding the member's
22 death, and continuously for the thirty (30) months immediately
23 preceding the member's death. A surviving spouse of a member who
24 died while in, or as a consequence of, the performance of the

1 member's duty for the employer shall not be subject to the thirty-
2 month marriage requirement for the survivor benefits requirement for
3 this election.

4 SECTION 2. This act shall become effective July 1, 2010.

5 SECTION 3. It being immediately necessary for the preservation
6 of the public peace, health and safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

9 Passed the Senate the 9th day of March, 2010.

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12 Presiding Officer of the Senate

13 Passed the House of Representatives the ____ day of _____,
14 2010.

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16 _____
17 Presiding Officer of the House
18 of Representatives