

ESB 1212

THE HOUSE OF REPRESENTATIVES  
Monday, April 12, 2010

ENGROSSED  
Senate Bill No. 1212  
As Amended

ENGROSSED SENATE BILL NO. 1212 - By: BROWN of the Senate and HICKMAN of the House.

[ retirement - Oklahoma Law Enforcement Retirement System - effective date - emergency ]

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

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

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

10 B. For purposes of this section, participating service shall include service credit  
11 recognized pursuant to paragraphs (c) and (d) of Section 2-307, subsection B of Section 2-

1 307.2, and Sections 2-309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5, 2-309.6 and 2-309.7 of this  
2 title but for eligibility purposes only.

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

13 D. When a member begins participation in the Oklahoma Law Enforcement  
14 Deferred Option Plan, the contribution of the member shall cease. The employer  
15 contributions shall continue to be paid in accordance with Section 2-304 of this title.  
16 Employer contributions for members who elect the Oklahoma Law Enforcement Deferred  
17 Option Plan shall be credited equally to the Oklahoma Law Enforcement Retirement  
18 System and to the member's Oklahoma Law Enforcement Deferred Option Plan account.  
19 The monthly retirement benefits that would have been payable had the member elected  
20 to cease employment and receive a service retirement shall be paid into the member's  
21 Oklahoma Law Enforcement Deferred Option Plan account.

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

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

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

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

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

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

16 If a member meets the definition of disability as defined in paragraph 11 of Section  
17 2-300 of this title by direct reason of the performance of the member's duties, the  
18 payment from the account shall be an in-line-of-duty disability payment.

19 G. If the member dies during the period of participation in the Oklahoma Law  
20 Enforcement Deferred Option Plan, a lump-sum payment equal to the account balance of  
21 the member shall be paid to the designated beneficiary as defined in paragraph 17 of  
22 Section 2-300 of this title, or if there is no designated beneficiary or the designated

1 beneficiary predeceases the member, to the estate of the member. If such member was  
 2 receiving, or eligible to receive, an in-line-of-duty disability pension pursuant to  
 3 subsection E or F of Section 2-305 of this title at the time of death, payment of the  
 4 account balance shall be an in-line-of-duty disability payment.

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

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

- 10 a. “back drop date” means the date selected by the member which is up to  
 11 five (5) years before the member elects to participate in the Oklahoma  
 12 Law Enforcement Deferred Option Plan, but not before the date at  
 13 which the member completes twenty (20) years of participating service,  
 14 b. “termination date” means the date the member elects to participate in  
 15 the Oklahoma Law Enforcement Deferred Option Plan pursuant to  
 16 this subsection and the date the member terminates employment and  
 17 starts receiving the member’s accrued monthly retirement benefit from  
 18 the System. Such termination has at all times included reemployment  
 19 of a member by a state agency, but only in a position not covered under  
 20 the System,  
 21 c. “earlier attained participating service” means the participating service  
 22 earned by a member as of the back drop date. Earlier attained

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

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

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

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

1 continuously for the thirty (30) months immediately preceding the member's death. A  
2 surviving spouse of a member who died while in, or as a consequence of, the performance  
3 of the member's duty for the employer shall not be subject to the thirty-month marriage  
4 requirement for the survivor benefits requirement for this election.

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

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

9 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET,  
10 dated 04-08-10 - DO PASS, As Amended.