

1 ENGROSSED SENATE
2 BILL NO. 1213

By: Brown of the Senate

3 and

4 Moore of the House

5
6
7 An Act relating to compliance with Internal Revenue
8 Service regulations; amending 47 O.S. 2011, Sections
9 2-303.1, 2-305.1A, 2-305.1B and 2-305.4, which relate
10 to the Oklahoma Law Enforcement Retirement System;
11 allowing assets of the System to be invested in
12 certain funds or trusts; authorizing the use of
13 electronic media under certain conditions; modifying
14 definitions; providing that a Roth IRA is an Eligible
15 Retirement Plan; authorizing a nonspouse designated
16 beneficiary to directly rollover a distribution to a
17 Roth IRA; modifying dates regarding certain
18 distributions; specifying value of certain annuities;
19 and declaring an emergency.

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

21 SECTION 1. AMENDATORY 47 O.S. 2011, Section 2-303.1, is
22 amended to read as follows:

23 Section 2-303.1. A. The Oklahoma Law Enforcement Retirement
24 Board shall discharge its duties with respect to the System solely
in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:

- a. providing benefits to participants and their
beneficiaries, and

1 b. defraying reasonable expenses of administering the
2 System;

3 2. With the care, skill, prudence, and diligence under the
4 circumstances then prevailing that a prudent person acting in a like
5 capacity and familiar with such matters would use in the conduct of
6 an enterprise of a like character and with like aims;

7 3. By diversifying the investments of the System so as to
8 minimize the risk of large losses, unless under the circumstances it
9 is clearly prudent not to do so; and

10 4. In accordance with the laws, documents and instruments
11 governing the System.

12 B. The Board may procure insurance indemnifying the members of
13 the Board from personal loss or accountability from liability
14 resulting from a member's action or inaction as a member of the
15 Board.

16 C. The Board may establish an investment committee. The
17 investment committee shall be composed of not more than five (5)
18 members of the Board appointed by the president of the Board. The
19 committee shall make recommendations to the full Board on all
20 matters related to the choice of custodians and managers of the
21 assets of the System, on the establishment of investment and fund
22 management guidelines, and in planning future investment policy.
23 The committee shall have no authority to act on behalf of the Board
24 in any circumstances whatsoever. No recommendation of the committee

1 shall have effect as an action of the Board nor take effect without
2 the approval of the Board as provided by law.

3 D. The Board shall retain qualified investment managers to
4 provide for the investment of the monies of the System. The
5 investment managers shall be chosen by a solicitation of proposals
6 on a competitive bid basis pursuant to standards set by the Board.
7 Subject to the overall investment guidelines set by the Board, the
8 investment managers shall have full discretion in the management of
9 those monies of the System allocated to the investment managers.
10 The Board shall manage those monies not specifically allocated to
11 the investment managers. The monies of the System allocated to the
12 investment managers shall be actively managed by the investment
13 managers, which may include selling investments and realizing losses
14 if such action is considered advantageous to longer term return
15 maximization. Because of the total return objective, no distinction
16 shall be made for management and performance evaluation purposes
17 between realized and unrealized capital gains and losses.

18 E. All assets of the System shall be held in trust for the
19 exclusive purpose of providing benefits for the members and
20 beneficiaries of the System, including defraying reasonable expenses
21 of administering the System, and shall not be encumbered for or
22 diverted to any other purposes. Funds and revenues for investment
23 by the investment managers or the Board shall be placed with a
24 custodian selected by the Board. The custodian shall be a bank or

1 trust company offering pension fund master trustee and master
2 custodial services, and any related custodial agreement or trust
3 agreement is incorporated herein by reference. The custodian shall
4 be chosen by a solicitation of proposals on a competitive bid basis
5 pursuant to standards set by the Board. In compliance with the
6 investment policy guidelines of the Board, the custodian bank or
7 trust company shall be contractually responsible for ensuring that
8 all monies of the System are invested in income-producing investment
9 vehicles at all times. If a custodian bank or trust company has not
10 received direction from the investment managers of the System as to
11 the investment of the monies of the System in specific investment
12 vehicles, the custodian bank or trust company shall be contractually
13 responsible to the Board for investing the monies in appropriately
14 collateralized short-term interest-bearing investment vehicles. Any
15 assets of the System may be invested in a collective investment fund
16 or in a group trust provided the investment in such collective
17 investment fund or group trust is in compliance with the provisions
18 of Rev. Rul. 81-100, as further amended by Rev. Rul. 2004-67, Rev.
19 Rul. 2008-40, and Rev. Rul. 2011-1, or any successor ruling,
20 regulation, or similar pronouncement. Each such collective
21 investment fund or group trust is adopted with respect to any monies
22 invested therein, as part of the System, its trust and custodial
23 agreement, and the provisions of such trust agreement or such
24 declaration of trust and related adoption, participation, investment

1 management, subtrust or other agreements, as amended from time to
2 time, with respect to any monies invested therein, are incorporated
3 by reference into the System, its trust agreement(s) or custodial
4 agreement(s), upon approval by the Board.

5 F. Prior to August 1 of each year, the Board shall develop a
6 written investment plan for the System.

7 G. The Board shall compile a quarterly financial report of all
8 the funds of the System on a fiscal year basis. The report shall be
9 compiled pursuant to uniform reporting standards prescribed by the
10 Oklahoma State Pension Commission for all state retirement systems.
11 The report shall include several relevant measures of investment
12 value, including acquisition cost and current fair market value with
13 appropriate summaries of total holdings and returns. The report
14 shall contain combined and individual rate of returns of the
15 investment managers by category of investment, over periods of time.
16 The Board shall include in the quarterly reports all commissions,
17 fees or payments for investment services performed on behalf of the
18 Board. The report shall be distributed to the Governor, the
19 Oklahoma State Pension Commission, the Legislative Service Bureau,
20 the Speaker of the House of Representatives and the President Pro
21 Tempore of the Senate.

22 H. After July 1 and before October 31 of each year, the Board
23 shall publish widely an annual report presented in simple and easily
24 understood language pursuant to uniform reporting standards

1 prescribed by the Oklahoma State Pension Commission for all state
2 retirement systems. The report shall be submitted to the Governor,
3 the Speaker of the House of Representatives, the President Pro
4 Tempore of the Senate, the Oklahoma State Pension Commission and the
5 members of the System. The annual report shall cover the operation
6 of the System during the past fiscal year, including income,
7 disbursements, and the financial condition of the System at the end
8 of the fiscal year. The annual report shall also contain the
9 information issued in the quarterly reports required pursuant to
10 subsection G of this section as well as a summary of the results of
11 the most recent actuarial valuation to include total assets, total
12 liabilities, unfunded liability or over funded status, contributions
13 and any other information deemed relevant by the Board. The annual
14 report shall be written in such a manner as to permit a readily
15 understandable means for analyzing the financial condition and
16 performance of the System for the fiscal year. The annual financial
17 statements must be audited and filed in accordance with the
18 requirements set forth for financial statement audits in Section
19 212A of Title 74 of the Oklahoma Statutes.

20 I. The Board may retain an attorney licensed to practice law in
21 this state. The attorney shall serve at the pleasure of the Board
22 for such compensation as set by the Board. The Attorney General
23 shall furnish such legal services as may be requested by the Board.

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1 J. All information, documents and copies thereof contained in a
2 member's retirement file shall be given confidential treatment and
3 shall not be made public by the System without the prior written
4 consent of the member to which it pertains, but shall be subject
5 only to court order. Provided, the System, its employees or
6 attorneys, may use such records in defense of any action brought
7 against the System.

8 K. Effective July 1, 1999, the Board is hereby authorized to do
9 all acts and things necessary and proper to carry out the purpose of
10 the System and to make the least costly amendments and changes, if
11 any, as may be necessary to qualify the System under the applicable
12 sections of the Internal Revenue Code of 1986, as amended.

13 L. The Board shall adopt a cost of living adjustment actuarial
14 assumption in its annual actuarial valuation report.

15 M. The Executive Director and such employees of the System as
16 the Executive Director may designate are hereby authorized to
17 prepare certified copies of records of the System and every such
18 certified copy shall be admissible in any proceeding in any court in
19 like manner as the original thereof.

20 N. On or after July 1, 2011, the Board may permit, effective
21 for applicable notices, elections and consents provided or made for
22 a member, beneficiary, alternate payee or individual entitled to
23 benefits under the System, the use of electronic media to provide
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1 applicable notices and make such elections and consents as described
2 in Section 1.401(a)-21 of the Income Tax Regulations.

3 SECTION 2. AMENDATORY 47 O.S. 2011, Section 2-305.1A, is
4 amended to read as follows:

5 Section 2-305.1A. A. This section applies to distributions
6 made on or after January 1, 2002. Notwithstanding any provision of
7 the System to the contrary that would otherwise limit a
8 Distributee's election hereunder, a Distributee, including a
9 nonspouse designated beneficiary, to the extent permitted under
10 paragraph 3 of subsection B of this section, may elect, at the time
11 and in the manner prescribed by the Board, to have any portion of an
12 Eligible Rollover Distribution paid directly to:

13 ~~1. An Eligible Retirement Plan; or~~
14 ~~2. Effective for distributions after December 31, 2007, a Roth~~
15 ~~IRA described in Section 408A of the Internal Revenue Code of 1986,~~
16 ~~as amended, subject to any limitations described in Section 408A(c)~~
17 ~~of the Internal Revenue Code of 1986, as amended, an Eligible~~
18 Retirement Plan specified by the Distributee in a Direct Rollover.

19 B. As used in this section:

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

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

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

13 (1) to an individual retirement account or annuity
14 described in Section 408(a) or (b) of the
15 Internal Revenue Code of 1986, as amended, or

16 (2) in a direct trustee-to-trustee transfer, to a
17 qualified trust which is part of a defined
18 contribution plan that agrees to separately
19 account for amounts so transferred, including
20 separately accounting for the portion of such
21 distribution which is includable in gross income
22 and the portion of such distribution which is not
23 so includable; and

24 b. on or after January 1, 2007:

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

14 Effective for distributions after December 31, 2007, such after-
15 tax portion may also be directly transferred to a Roth ~~IRA~~
16 individual retirement account or annuity described in Section 408A
17 of the Internal Revenue Code of 1986, as amended, ("Roth IRA"),
18 subject to any limitations described in Section 408A(c) of the
19 Internal Revenue Code of 1986, as amended, ~~that agrees to separately~~
20 ~~account for amounts so transferred, including separately accounting~~
21 ~~for the portion of such distribution which is includible in gross~~
22 ~~income and the portion of such distribution which is not so~~
23 ~~includible.~~

1 2. "Eligible Retirement Plan" means an individual retirement
2 account described in Section 408(a) of the Internal Revenue Code of
3 1986, as amended, an individual retirement annuity described in
4 Section 408(b) of the Internal Revenue Code of 1986, as amended, an
5 annuity plan described in Section 403(a) of the Internal Revenue
6 Code of 1986, as amended, or a qualified trust described in Section
7 401(a) of the Internal Revenue Code of 1986, as amended, that
8 accepts the Distributee's Eligible Rollover Distribution. Effective
9 January 1, 2002, an Eligible Retirement Plan shall also mean an
10 annuity contract described in Section 403(b) of the Internal Revenue
11 Code of 1986, as amended, and an eligible plan under Section 457(b)
12 of the Internal Revenue Code of 1986, as amended, which is
13 maintained by a state, political subdivision of a state, or any
14 agency or instrumentality of a state or political subdivision of a
15 state and which agrees to separately account for amounts transferred
16 into such plan from the System. Effective for distributions after
17 December 31, 2007, an Eligible Retirement Plan includes a Roth IRA,
18 subject to any limitations under Section 408A(c) of the Internal
19 Revenue Code of 1986, as amended.

20 3. "Distributee" means an employee or former employee. In
21 addition, ~~effective June 7, 1993,~~ the employee's or former
22 employee's surviving spouse and the employee's or former employee's
23 spouse or former spouse who is the alternate payee under a qualified
24 domestic order, as defined in subsection B of Section 2-303.3 of

1 this title, are Distributees with regard to the interest of the
2 spouse or the former spouse. Effective for distributions after
3 December 31, 2006, a Distributee also includes the member's
4 nonspouse designated beneficiary (and certain trusts described in
5 Section 402(c)(11)(B) of the Internal Revenue Code of 1986, as
6 amended), pursuant to Section 401(a)(9)(E) of the Internal Revenue
7 Code of 1986, as amended, who may elect any portion of a payment to
8 be made in a Direct Rollover only to ~~an~~ a traditional individual
9 retirement account or annuity (other than an endowment contract)
10 described in Section 408(a) or (b) of the Internal Revenue Code of
11 1986, as amended, ("IRA"), or, effective for distributions after
12 December 31, 2007, to a Roth IRA, that is established on behalf of
13 such nonspouse designated beneficiary for the purpose of receiving
14 the distribution and that will be treated as an inherited IRA
15 pursuant to the provisions of Section 402(c)(11) of the Internal
16 Revenue Code of 1986, as amended. Also, in this case, the
17 determination of any required minimum distribution under Section
18 401(a)(9) of the Internal Revenue Code of 1986, as amended, that is
19 ineligible for rollover shall be made in accordance with Notice
20 2007-7, Q&A 17 and 18, 2007-5 Internal Revenue Bulletin 395. The
21 required minimum distribution rules of Section 401(a)(9)(B) (other
22 than clause iv thereof) of the Internal Revenue Code of 1986, as
23 amended, apply to the transferee IRA. ~~Furthermore, to the extent~~
24 ~~permitted or required under the Worker, Retiree, and Employer~~

~~Recovery Act of 2008, Notice 2008-30, 2008-12, I.R.B. 638 and/or any other regulatory guidance, effective for plan years beginning after December 31, 2009, a nonspouse designated beneficiary (as described in and in accordance with Section 402(c)(11) of the Internal Revenue Code of 1986, as amended), may directly roll over a distribution to a Roth IRA.~~

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

C. At least thirty (30) days before and, effective for years beginning after December 31, 2006, not more than one hundred eighty (180) days before the date of distribution, the Distributee (other than a nonspouse designated beneficiary prior to July 1, 2010) must be provided with a notice of rights which satisfies Section 402(f) of the Internal Revenue Code of 1986, as amended, as to rollover options and tax effects. Such distribution may commence less than thirty (30) days after the notice is given, provided that:

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

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

3 D. For distributions made after December 31, 2006, but prior to
4 July 1, 2010, a distribution with respect to a nonspouse designated
5 beneficiary shall be made in accordance with Notice 2007-7, Q&A 15,
6 2007-5 Internal Revenue Bulletin 395. Effective for plan years
7 beginning after December 31, 2009, a distribution with respect to a
8 nonspouse designated beneficiary shall be subject to Sections
9 401(a)(31), 402(f) and 3405(c) of the Internal Revenue Code of 1986,
10 as amended.

11 SECTION 3. AMENDATORY 47 O.S. 2011, Section 2-305.1B, is
12 amended to read as follows:

13 Section 2-305.1B. A. An individual who has been designated,
14 pursuant to Section 401(a)(9)(E) of the Internal Revenue Code of
15 1986, as amended, as the beneficiary of a deceased member and who is
16 not the surviving spouse of the member, may elect, in accordance
17 with Section 402(c)(11) of the Internal Revenue Code of 1986, as
18 amended, to have a direct trustee-to-trustee transfer of any portion
19 of such beneficiary's distribution from the Oklahoma Law Enforcement
20 Retirement System after December 31, 2006, made only to ~~an~~ a
21 traditional individual retirement account or individual retirement
22 annuity (other than an endowment contract) described in Section
23 408(a) or (b) of the Internal Revenue Code of 1986, as amended
24 (IRA), or, effective for distributions after December 31, 2007, to a

1 Roth individual retirement account or annuity described in Section
2 408A of the Internal Revenue Code of 1986, as amended (Roth IRA),
3 that is established on behalf of such designated individual for the
4 purpose of receiving the distribution. If such transfer is made,
5 then:

6 1. For distributions made after December 31, 2006, but prior to
7 July 1, 2010, the transfer is treated as an eligible rollover
8 distribution for purposes of Section 402(c)(11) of the Internal
9 Revenue Code of 1986, as amended. For plan years beginning after
10 December 31, 2009, the transfer is treated as an eligible rollover
11 distribution;

12 2. The transferee IRA is treated as an inherited individual
13 retirement account or an inherited individual retirement annuity
14 (within the meaning of Section 408(d)(3)(C) of the Internal Revenue
15 Code of 1986, as amended), and must be titled in the name of the
16 deceased member, for the benefit of the beneficiary; and

17 3. The required minimum distribution rules of Section
18 401(a)(9)(B), other than clause iv thereof, of the Internal Revenue
19 Code of 1986, as amended, apply to the transferee IRA; ~~and~~

20 ~~4. Notwithstanding the foregoing provisions of this section, to~~
21 ~~the extent permitted or required under the Worker, Retiree, and~~
22 ~~Employer Recovery Act of 2008, Notice 2008-30, 2008-12 I.R.B. 638~~
23 ~~and/or any other regulatory guidance, effective for plan years~~
24 ~~beginning after December 31, 2009, a nonspouse designated~~

1 ~~beneficiary (as described in and in accordance with Section~~
2 ~~402(c)(11) of the Internal Revenue Code of 1986, as amended), may~~
3 ~~elect to have a direct trustee to trustee transfer of any portion of~~
4 ~~such beneficiary's distribution from the Oklahoma Law Enforcement~~
5 ~~Retirement System to a Roth IRA.~~

6 B. A trust maintained for the benefit of one or more designated
7 beneficiaries shall be treated in the same manner as a designated
8 beneficiary.

9 C. The Board shall promulgate such rules as are necessary to
10 implement the provisions of this section.

11 SECTION 4. AMENDATORY 47 O.S. 2011, Section 2-305.4, is
12 amended to read as follows:

13 Section 2-305.4. A. For limitation years prior to July 1,
14 2007, the limitations of Section 415 of the Internal Revenue Code of
15 1986, as amended, shall be computed in accordance with the
16 applicable provisions of the System in effect at that time and, to
17 the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-
18 51, except as provided below. Notwithstanding any other provision
19 contained herein to the contrary, the benefits payable to a member
20 from the Oklahoma Law Enforcement Retirement System provided by
21 employer contributions (including contributions picked up by the
22 employer under Section 414(h) of the Internal Revenue Code of 1986,
23 as amended), shall be subject to the limitations of Section 415 of
24 the Internal Revenue Code of 1986, as amended, in accordance with

1 the provisions of this section. The limitations of this section
2 shall apply in limitation years beginning on or after July 1, 2007,
3 except as otherwise provided below.

4 B. Except as provided below, effective for limitation years
5 ending after December 31, 2001, any accrued retirement benefit
6 payable to a member as an annual benefit as described below shall
7 not exceed One Hundred Sixty Thousand Dollars (\$160,000.00),
8 automatically adjusted under Section 415(d) of the Internal Revenue
9 Code of 1986, as amended, for increases in the cost of living, as
10 prescribed by the Secretary of the Treasury or the Secretary's
11 delegate, effective January 1 of each calendar year and applicable
12 to the limitation year ending with or within such calendar year.
13 The automatic annual adjustment of the dollar limitation in this
14 subsection under Section 415(d) of the Internal Revenue Code of
15 1986, as amended, shall apply to a member who has had a severance
16 from employment.

17 1. The member's annual benefit is a benefit that is payable
18 annually in the form of a straight life annuity. Except as provided
19 below, where a benefit is payable in a form other than a straight
20 life annuity, the benefit shall be adjusted to an actuarially
21 equivalent straight life annuity that begins at the same time as
22 such other form of benefit and is payable on the first day of each
23 month, before applying the limitations of this section. For a
24 member who has or will have distributions commencing at more than

1 one annuity starting date, the annual benefit shall be determined as
2 of each such annuity starting date (and shall satisfy the
3 limitations of this section as of each such date), actuarially
4 adjusting for past and future distributions of benefits commencing
5 at the other annuity starting dates. For this purpose, the
6 determination of whether a new starting date has occurred shall be
7 made without regard to Section 1.401(a)-20, Q&A 10(d), and with
8 regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax
9 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. Benefit Forms Not Subject to Section 417(e)(3) of the
22 Internal Revenue Code of 1986, as amended: The straight life
23 annuity that is actuarially equivalent to the member's form of
24

1 benefit shall be determined under this paragraph 5 if the form of
2 the member's benefit is either:

3 a. a nondecreasing annuity (other than a straight life
4 annuity) payable for a period of not less than the
5 life of the member (or, in the case of a qualified
6 preretirement survivor annuity, the life of the
7 surviving spouse), or

8 b. an annuity that decreases during the life of the
9 member merely because of:

10 (1) the death of the survivor annuitant (but only if
11 the reduction is not below fifty percent (50%) of
12 the benefit payable before the death of the
13 survivor annuitant), or

14 (2) the cessation or reduction of Social Security
15 supplements or qualified disability payments (as
16 defined in Section 411(a)(9) of the Internal
17 Revenue Code of 1986, as amended).

18 c. Limitation Years Beginning Before July 1, 2007. For
19 limitation years beginning before July 1, 2007, the
20 actuarially equivalent straight life annuity is equal
21 to the annual amount of the straight life annuity
22 commencing at the same annuity starting date that has
23 the same actuarial present value as the member's form
24

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

- 3 (1) 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 title for
6 adjusting benefits in the same form, and
7 (2) a five percent (5%) interest rate assumption and
8 the applicable mortality table described in
9 Revenue Ruling 2001-62 (or its successor for
10 these purposes, if applicable) for that annuity
11 starting date.

12 d. Limitation ~~Years~~ Year Beginning On ~~Or After July 1,~~
13 ~~2007~~ January 1, 2008. For the limitation ~~years~~ year
14 beginning on ~~or after July 1, 2007~~ January 1, 2008,
15 the actuarially equivalent straight life annuity is
16 equal to the greater of:

- 17 (1) the annual amount of the straight life annuity,
18 if any, payable to the member under the System
19 commencing at the same annuity starting date as
20 the member's form of benefit, and
21 (2) the annual amount of the straight life annuity
22 commencing at the same annuity starting date that
23 has the same actuarial present value as the
24 member's form of benefit, computed using a five

1 percent (5%) interest rate assumption and the
2 applicable mortality table described in Revenue
3 Ruling 2001-62 (or its successor for these
4 purposes, if applicable) for that annuity
5 starting date.

6 e. Limitation Years Beginning On or After July 1, 2008.

7 For limitation years beginning on or after July 1,
8 2008, 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 within the meaning of
20 Section 417(e) (3) (B) of the Internal Revenue Code
21 of 1986, as amended, as described in Rev. Rul.
22 2007-67 (and subsequent guidance) for that
23 annuity starting date.

1 6. Benefit Forms Subject to Section 417(e)(3) of the Internal
2 Revenue Code of 1986, as amended: The straight life annuity that is
3 actuarially equivalent to the member's form of benefit shall be
4 determined under this paragraph if the form of the member's benefit
5 is other than a benefit form described in paragraph 5 of this
6 subsection. In this case, the actuarially equivalent straight life
7 annuity shall be determined as follows:

- 8 a. Annuity Starting Date ~~in Plan Years Beginning After~~
9 ~~December 31, 2007 (Plan Years beginning on or after~~
10 ~~July 1, 2008)~~ on or after January 1, 2009. If the
11 annuity starting date of the member's form of benefit
12 is in the period beginning on January 1, 2009 through
13 June 30, 2009, or in a plan year beginning after
14 ~~December 31, 2007~~ June 30, 2009, the actuarially
15 equivalent straight life annuity is equal to the
16 greatest of (1), (2) ~~or~~ and (3) ~~below~~:

- 17 (1) the annual amount of the straight life annuity
18 commencing at the same annuity starting date that
19 has the same actuarial present value as the
20 member's form of benefit, computed using the
21 interest rate and the mortality table or other
22 tabular factor, each as set forth in subsection H
23 of Section 2-303.1 of this title for adjusting
24 benefits in the same form,

1 (2) the annual amount of the straight life annuity
2 commencing at the same annuity starting date that
3 has the same actuarial present value as the
4 member's form of benefit, computed using a five
5 and one-half percent (5.5%) interest rate
6 assumption and the applicable mortality table
7 within the meaning of Section 417(e) (3) (B) of the
8 Internal Revenue Code of 1986, as amended, as
9 described in Rev. Rul. 2007-67 (and subsequent
10 guidance), and

11 (3) the annual amount of the straight life annuity
12 commencing at the same annuity starting date that
13 has the same actuarial present value as the
14 member's form of benefit, computed using:

15 (a) the adjusted first, second, and third
16 segment rates under Section 417(e) (3) (C) and
17 (D) of the Internal Revenue Code of 1986, as
18 amended, applied under rules similar to the
19 rules of Section 430(h) (2) (C) of the
20 Internal Revenue Code of 1986, as amended,
21 for the fourth calendar month preceding the
22 plan year in which falls the annuity
23 starting date for the distribution and the
24 stability period is the successive period of

1 one (1) plan year which contains the annuity
2 starting date for the distribution and for
3 which the applicable interest rate remains
4 constant, or as otherwise provided in the
5 applicable guidance if the first day of the
6 first plan year beginning after December 31,
7 2007, does not coincide with the first day
8 of the applicable stability period, and

9 (b) the applicable mortality table within the
10 meaning of Section 417(e)(3)(B) of the
11 Internal Revenue Code of 1986, as amended,
12 as described in Rev. Rul. 2007-67 (and
13 subsequent guidance),
14 divided by one and five one-hundredths
15 (1.05).

16 b. Annuity Starting Date in the Period Beginning on July
17 1, 2008 through December 31, 2008. If the annuity
18 starting date of the member's form of benefit is in
19 the period beginning on July 1, 2008 through December
20 31, 2008, the actuarially equivalent straight life
21 annuity is equal to the greatest of (1), (2) and (3)
22 below:

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

1 has the same actuarial present value as the
2 member's form of benefit, computed using the
3 interest rate and the mortality table or other
4 tabular factor, each as set forth in subsection H
5 of Section 2-303.1 of this title for adjusting
6 benefits in the same form,

7 (2) 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 a five
11 and one-half percent (5.5%) interest rate
12 assumption and the applicable mortality table
13 described in Revenue Ruling 2001-62 (or its
14 successor for these purposes, if applicable), and

15 (3) 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:

19 (a) the adjusted first, second, and third segment
20 rates under Section 417(e)(3)(C) and (D) of
21 the Internal Revenue Code of 1986, as
22 amended, applied under rules similar to the
23 rules of Section 430(h)(2)(C) of the Internal
24 Revenue Code of 1986, as amended, for the

1 fourth calendar month preceding the plan year
2 in which falls the annuity starting date for
3 the distribution and the stability period is
4 the successive period of one (1) plan year
5 which contains the annuity starting date for
6 the distribution and for which the applicable
7 interest rate remains constant, or as
8 otherwise provided in the applicable guidance
9 if the first day of the first plan year
10 beginning after December 31, 2007, does not
11 coincide with the first day of the applicable
12 stability period, and

13 (b) the applicable mortality table described in
14 Revenue Ruling 2001-62 (or its successor for
15 these purposes, if applicable),
16 divided by one and five one-hundredths (1.05).

17 ~~b.~~

18 c. Annuity Starting Date in Plan Years Beginning in 2006
19 or 2007. If the annuity starting date of the member's
20 form of benefit is in a Plan Year beginning in 2006 or
21 2007, the actuarially equivalent straight life annuity
22 is equal to the greatest of (1), (2) ~~or~~ and (3) below:
23 (1) the annual amount of the straight life annuity
24 commencing at the same annuity starting date that

1 has the same actuarial present value as the
2 member's form of benefit, computed using the
3 interest rate and the mortality table (or other
4 tabular factor) each as set forth in subsection H
5 of Section 2-303.1 of this title for adjusting
6 benefits in the same form,

7 (2) 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 a five
11 and one-half percent (5.5%) interest rate
12 assumption and the applicable mortality table
13 described in Revenue Ruling 2001-62 (or its
14 successor for these purposes, if applicable), and

15 (3) 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:

19 (a) the rate of interest on thirty-year Treasury
20 securities as specified by the Commissioner
21 for the lookback month for the stability
22 period specified below. The lookback month
23 applicable to the stability period is the
24 fourth calendar month preceding the first

1 day of the stability period, as specified
2 below. The stability period is the
3 successive period of one (1) plan year which
4 contains the annuity starting date for the
5 distribution and for which the applicable
6 interest rate remains constant, and

7 (b) the applicable mortality table described in
8 Revenue Ruling 2001-62 (or its successor for
9 these purposes, if applicable),
10 divided by one and five one-hundredths (1.05).

11 ~~e.~~

12 d. Annuity Starting Date in Plan Years Beginning in 2004
13 or 2005.

14 (1) If the annuity starting date of the member's form
15 of benefit is in a plan year beginning in 2004 or
16 2005, the actuarially equivalent straight life
17 annuity is equal to the annual amount of the
18 straight life annuity commencing at the same
19 annuity starting date that has the same actuarial
20 present value as the member's form of benefit,
21 computed using whichever of the following
22 produces the greater annual amount:

23 (a) 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
2 title for adjusting benefits in the same
3 form, and

4 (b) a five and one-half percent (5.5%) interest
5 rate assumption and the applicable mortality
6 table described in Revenue Ruling 2001-62
7 (or its successor for these purposes, if
8 applicable).

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

1 (a) the interest rate and mortality table or
2 other tabular factor, each as set forth in
3 subsection H of Section 2-203.1 of this
4 title for adjusting benefits in the same
5 form,

6 (b) i. the rate of interest on thirty-year
7 Treasury securities as specified by the
8 Commissioner for the lookback month for
9 the stability period specified below.
10 The lookback month applicable to the
11 stability period is the fourth calendar
12 month preceding the first day of the
13 stability period, as specified below.
14 The stability period is the successive
15 period of one (1) plan year which
16 contains the annuity starting date for
17 the distribution and for which the
18 applicable interest rate remains
19 constant, and

20 ii. the applicable mortality table
21 described in Revenue Ruling 2001-62 (or
22 its successor for these purposes, if
23 applicable), and
24

- 1 (c) i. the rate of interest on thirty-year
2 Treasury securities as specified by the
3 Commissioner for the lookback month for
4 the stability period specified below.
5 The lookback month applicable to the
6 stability period is the fourth calendar
7 month preceding the first day of the
8 stability period, as specified below.
9 The stability period is the successive
10 period of one (1) plan year which
11 contains the annuity starting date for
12 the distribution and for which the
13 applicable interest rate remains
14 constant (as in effect on the last day
15 of the last plan year beginning before
16 January 1, 2004, under provisions of
17 the System then adopted and in effect),
18 and
- 19 ii. the applicable mortality table
20 described in Revenue Ruling 2001-62 (or
21 its successor for these purposes, if
22 applicable).

23 C. If a member has less than ten (10) years of participation in
24 the System and all predecessor pension and retirement systems, the

1 dollar limitation otherwise applicable under subsection B of this
2 section shall be multiplied by a fraction, the numerator of which is
3 the number of the years of participation or part thereof, in the
4 System of the member, but never less than one (1), and the
5 denominator of which is ten (10).

6 D. Adjustment of Dollar Limitation for Benefit Commencement

7 Before Sixty-two (62) Years of Age or After Sixty-five (65) Years of
8 Age: Effective for benefits commencing in limitation years ending
9 after December 31, 2001, the dollar limitation under subsection B of
10 this section shall be adjusted if the annuity starting date of the
11 member's benefit is before sixty-two (62) years of age or after
12 sixty-five (65) years of age. If the annuity starting date is
13 before sixty-two (62) years of age, the dollar limitation under
14 subsection B of this section shall be adjusted under paragraph 1 of
15 this subsection, as modified by paragraph 3 of this subsection, but
16 subject to paragraph 4 of this subsection. If the annuity starting
17 date is after sixty-five (65) years of age, the dollar limitation
18 under subsection B of this section shall be adjusted under paragraph
19 2 of this subsection, as modified by paragraph 3 of this subsection.

20 1. Adjustment of Defined Benefit Dollar Limitation for Benefit
21 Commencement Before Sixty-two (62) Years of Age:

22 a. Limitation Years Beginning Before July 1, 2007. If
23 the annuity starting date for the member's benefit is
24 prior to sixty-two (62) years of age and occurs in a

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

- 12 (1) the interest rate and the mortality table or
13 other tabular factor, each as set forth in
14 subsection H of Section 2-303.1 of this title, or
15 (2) a five percent (5%) interest rate assumption and
16 the applicable mortality table as described in
17 Revenue Ruling 2001-62 (or its successor for
18 these purposes, if applicable).

19 b. Limitation Years Beginning On or After July 1, 2007.

- 20 (1) System Does Not Have Immediately Commencing
21 Straight Life Annuity Payable at Both Sixty-two
22 (62) Years of Age and the Age of Benefit
23 Commencement.

1 (a) If the annuity starting date for the
2 member's benefit is prior to sixty-two (62)
3 years of age and occurs in ~~a~~ the limitation
4 year beginning on or after ~~July 1, 2007~~
5 January 1, 2008, and the System does not
6 have an immediately commencing straight life
7 annuity payable at both sixty-two (62) years
8 of age and the age of benefit commencement,
9 the dollar limitation for the member's
10 annuity starting date is the annual amount
11 of a benefit payable in the form of a
12 straight life annuity commencing at the
13 member's annuity starting date that is the
14 actuarial equivalent of the dollar
15 limitation under subsection B of this
16 section (adjusted under subsection C of this
17 section for years of participation less than
18 ten (10), if required) with actuarial
19 equivalence computed using a five percent
20 (5%) interest rate assumption and the
21 applicable mortality table for the annuity
22 starting date as described in Revenue Ruling
23 2001-62 (or its successor for these
24 purposes, if applicable) (and expressing the

1 member's age based on completed calendar
2 months as of the annuity starting date).

3 (b) If the annuity starting date for the
4 member's benefit is prior to sixty-two (62)
5 years of age and occurs in a limitation year
6 beginning on or after January 1, 2009, and
7 the System does not have an immediately
8 commencing straight life annuity payable at
9 both sixty-two (62) years of age and the age
10 of benefit commencement, the dollar
11 limitation for the member's annuity starting
12 date is the annual amount of a benefit
13 payable in the form of a straight life
14 annuity commencing at the member's annuity
15 starting date that is the actuarial
16 equivalent of the dollar limitation under
17 subsection B of this section (adjusted under
18 subsection C of this section for years of
19 participation less than ten (10), if
20 required) with actuarial equivalence
21 computed using a five percent (5%) interest
22 rate assumption and the applicable mortality
23 table within the meaning of Section
24 417(e) (3) (B) of the Internal Revenue Code of

1 1986, as amended, as described in Rev. Rul.
2 2007-67 (and subsequent guidance) (and
3 expressing the member's age based on
4 completed calendar months as the annuity
5 starting date).

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

1 member's annuity starting date to the annual
2 amount of the immediately commencing straight
3 life annuity under the System at sixty-two (62)
4 years of age, both determined without applying
5 the limitations of this section.

6 2. Adjustment of Defined Benefit Dollar Limitation for Benefit
7 Commencement After Sixty-five (65) Years of Age:

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

22 (1) the interest rate and the mortality table or
23 other tabular factor, each as set forth in
24 subsection H of Section 2-303.1 of this title, or

1 (2) a five percent (5%) interest rate assumption and
2 the applicable mortality table as described in
3 Revenue Ruling 2001-62 (or its successor for
4 these purposes, if applicable).

5 b. Limitation Years Beginning On or After July 1, 2007.

6 (1) System Does Not Have Immediately Commencing
7 Straight Life Annuity Payable at Both Sixty-five
8 (65) Years of Age and the Age of Benefit
9 Commencement.

10 (a) If the annuity starting date for the
11 member's benefit is after sixty-five (65)
12 years of age and occurs in ~~a~~ the limitation
13 year beginning on ~~or after July 1, 2007~~
14 January 1, 2008, and the System does not
15 have an immediately commencing straight life
16 annuity payable at both sixty-five (65)
17 years of age and the age of benefit
18 commencement, the dollar limitation at the
19 member's annuity starting date is the annual
20 amount of a benefit payable in the form of a
21 straight life annuity commencing at the
22 member's annuity starting date that is the
23 actuarial equivalent of the dollar
24 limitation under subsection B of this

1 section (adjusted under subsection C of this
2 section for years of participation less than
3 ten (10), if required) with actuarial
4 equivalence computed using a five percent
5 (5%) interest rate assumption and the
6 applicable mortality table for the annuity
7 starting date as described in Revenue Ruling
8 2001-62 (or its successor for these
9 purposes, if applicable) (and expressing the
10 member's age based on completed calendar
11 months as of the annuity starting date).

12 (b) If the annuity starting date for the
13 member's benefit is after sixty-five (65)
14 years of age and occurs in a limitation year
15 beginning on or after January 1, 2009, and
16 the System does not have an immediately
17 commencing straight life annuity payable at
18 both sixty-five (65) years of age and the
19 age of benefit commencement, the dollar
20 limitation for the member's annuity starting
21 date is the annual amount of a benefit
22 payable in the form of a straight life
23 annuity commencing at the member's annuity
24 starting date that is the actuarial

1 equivalent of the dollar limitation under
2 subsection B of this section (adjusted under
3 subsection C of this section for years of
4 participation less than ten (10), if
5 required) with actuarial equivalence
6 computed using a five percent (5%) interest
7 rate assumption and the applicable mortality
8 table within the meaning of Section
9 417(e) (3) (B) of the Internal Revenue Code of
10 1986, as amended, as described in Rev. Rul.
11 2007-67 (and subsequent guidance) (and
12 expressing the member's age based on
13 completed calendar months as of the annuity
14 starting date).

- 15 (2) System Has Immediately Commencing Straight Life
16 Annuity Payable at Both Sixty-five (65) Years of
17 Age and Age of Benefit Commencement. If the
18 annuity starting date for the member's benefit is
19 after sixty-five (65) years of age and occurs in
20 a limitation year beginning on or after July 1,
21 2007, and the System has an immediately
22 commencing straight life annuity payable at both
23 sixty-five (65) years of age and the age of
24 benefit commencement, the dollar limitation at

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

1 five (65) years of age is the annual amount of
2 such annuity that would be payable under the
3 System to a hypothetical member who is sixty-five
4 (65) years of age and has the same accrued
5 benefit as the member.

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

20 4. Notwithstanding any other provision to the contrary, for
21 limitation years beginning on or after January 1, 1997, if payment
22 begins before the member reached sixty-two (62) years of age, the
23 reductions in the limitations in this subsection shall not apply to
24

1 a member who is a "qualified participant" as defined in Section
2 415(b)(2)(H) of the Internal Revenue Code of 1986, as amended.

3 E. Minimum Benefit Permitted: Notwithstanding anything else in
4 this section to the contrary, the benefit otherwise accrued or
5 payable to a member under this System shall be deemed not to exceed
6 the maximum permissible benefit if:

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

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

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

18 2. The participating employer (or a predecessor employer) has
19 not at any time maintained a defined contribution plan in which the
20 member participated (for this purpose, mandatory employee
21 contributions under a defined benefit plan, individual medical
22 accounts under Section 401(h) of the Internal Revenue Code of 1986,
23 as amended, and accounts for postretirement medical benefits
24 established under Section 419A(d)(1) of the Internal Revenue Code of

1 1986, as amended, are not considered a separate defined contribution
2 plan).

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

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

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

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

24

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

8 I. For limitation years beginning on or after January 1, 1995,
9 subsection C of this section, paragraph 1 of subsection D of this
10 section, and the proration provided under subparagraphs a and b of
11 paragraph 1 of subsection E of this section, shall not apply to a
12 benefit paid under the System as a result of the member becoming
13 disabled by reason of personal injuries or sickness, or amounts
14 received by the beneficiaries, survivors or estate of the member as
15 the result of the death of the member.

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

19 K. The Board is hereby authorized to revoke the special
20 election previously made under Section 415(b) (10) of the Internal
21 Revenue Code of 1986, as amended.

22 SECTION 5. It being immediately necessary for the preservation
23 of the public peace, health and safety, an emergency is hereby
24

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

3 Passed the Senate the 29th day of February, 2012.

4

5

Presiding Officer of the Senate

6

7 Passed the House of Representatives the ____ day of _____,

8 2012.

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Presiding Officer of the House
of Representatives

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