

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

SENATE BILL 1588

By: Barrington

AS INTRODUCED

An Act relating to compliance with Internal Revenue Service regulations; amending 11 O.S. 2011, Sections 49-100.7, 49-100.9, 49-106.2, 49-106.3, 49-106.4 and 49-122.3, which relate to the Oklahoma Firefighters Pension and Retirement System; authorizing the use of electronic media under certain conditions; allowing assets of the System to be invested in certain trusts; specifying value of certain distributions; providing that a Roth IRA is an Eligible Retirement Plan; modifying definitions; authorizing a nonspouse designated beneficiary to directly rollover a distribution to a Roth IRA; modifying dates regarding certain distributions; specifying that under certain conditions certain benefits shall be nonforfeitable; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 49-100.7, is amended to read as follows:

Section 49-100.7. A. The State Board shall be responsible for the policies and rules for the general administration of the System, subject to the provisions of this article.

B. The State Board shall establish rules and regulations for the administration of the System and for the transaction of its

1 business consistent with law, which rules and regulations shall be
2 filed with the Secretary of State.

3 C. The State Board shall be responsible for the installation or
4 provision of a complete and adequate system of accounts and records.

5 D. All meetings of the State Board shall be open to the public.
6 The State Board shall keep a record of its proceedings.

7 E. The State Board may adopt all necessary actuarial tables to
8 be used in the operation of the System as recommended by the actuary
9 and may compile such additional data as may be necessary for
10 required actuarial valuation calculations.

11 F. All decisions of the State Board as to questions of fact
12 shall be final and conclusive on all persons except for the right of
13 review as provided by law and except for fraud or such gross mistake
14 of fact as to have effect equivalent to fraud.

15 G. The State Board shall take all necessary action upon
16 applications for pensions, disability benefits, refund of
17 accumulated contributions and shall take action on all other matters
18 deemed necessary by the State Board, including bringing actions for
19 declaratory relief in the district courts in the state to enforce
20 the provisions of applicable state law.

21 H. On or after July 1, 2011, the State Board may permit,
22 effective for applicable notices, elections and consents provided or
23 made for a member, beneficiary, alternate payee or individual
24 entitled to benefits under the System, the use of electronic media

1 to provide such applicable notices and make such elections and
2 consents as described in Section 1.401(a)-21 of the Income Tax
3 Regulations.

4 SECTION 2. AMENDATORY 11 O.S. 2011, Section 49-100.9, is
5 amended to read as follows:

6 Section 49-100.9. A. The Oklahoma Firefighters Pension and
7 Retirement Board shall discharge their duties with respect to the
8 System solely in the interest of the participants and beneficiaries
9 and:

10 1. For the exclusive purpose of:

11 a. providing benefits to participants and their
12 beneficiaries, and

13 b. defraying reasonable expenses of administering the
14 System;

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

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

22 4. In accordance with the laws, documents and instruments
23 governing the System.

24

1 B. The State Board may procure insurance indemnifying the
2 members of the State Board from personal loss or accountability from
3 liability resulting from a member's action or inaction as a member
4 of the State Board.

5 C. The State Board may establish an investment committee. The
6 investment committee shall be composed of not more than five (5)
7 members of the State Board appointed by the chairman of the State
8 Board. The committee shall make recommendations to the full State
9 Board on all matters related to the choice of custodians and
10 managers of the assets of the System, on the establishment of
11 investment and fund management guidelines, and in planning future
12 investment policy. The committee shall have no authority to act on
13 behalf of the State Board in any circumstances whatsoever. No
14 recommendation of the committee shall have effect as an action of
15 the State Board nor take effect without the approval of the State
16 Board as provided by law.

17 D. The Board shall retain qualified investment managers to
18 provide for the investment of the monies of the System. The
19 investment managers shall be chosen by a solicitation of proposals
20 on a competitive bid basis pursuant to standards set by the State
21 Board. Subject to the overall investment guidelines set by the
22 State Board, the investment managers shall have full discretion in
23 the management of those monies of the System allocated to the
24 investment managers. The State Board shall manage those monies not

1 specifically allocated to the investment managers. The monies of
2 the System allocated to the investment managers shall be actively
3 managed by the investment managers, which may include selling
4 investments and realizing losses if such action is considered
5 advantageous to longer term return maximization. Because of the
6 total return objective, no distinction shall be made for management
7 and performance evaluation purposes between realized and unrealized
8 capital gains and losses.

9 E. Funds and revenues for investment by the investment managers
10 or the State Board shall be placed with a custodian selected by the
11 State Board. The custodian shall be a bank or trust company
12 offering pension fund master trustee and master custodial services
13 and any related custodial agreement or trust agreement is
14 incorporated herein by reference. The custodian shall be chosen by
15 a solicitation of proposals on a competitive bid basis pursuant to
16 standards set by the State Board. In compliance with the investment
17 policy guidelines of the State Board, the custodian bank or trust
18 company shall be contractually responsible for ensuring that all
19 monies of the System are invested in income-producing investment
20 vehicles at all times. If a custodian bank or trust company has not
21 received direction from the investment managers of the System as to
22 the investment of the monies of the System in specific investment
23 vehicles, the custodian bank or trust company shall be contractually
24 responsible to the State Board for investing the monies in

1 appropriately collateralized short-term interest-bearing investment
2 vehicles. Any assets of the System may be invested in a collective
3 investment fund or group trust that satisfies the requirements of
4 Rev. Rul. 81-100, as further amended by Rev. Rul. 2004-67, Rev. Rul.
5 2008-40, and Rev. Rul. 2011-1, and as subsequently amended by future
6 guidance. Each such collective investment fund or group trust is
7 adopted, with respect to any monies invested therein, as part of the
8 System, its trust, and custodial account and each such declaration
9 of trust or trust agreement and related adoption, participation,
10 investment management, subtrust or other agreements, as amended from
11 time to time, with respect to any monies invested therein, are
12 incorporated by reference into the System, its trust agreement(s) or
13 custodial agreement(s), upon approval by the State Board.

14 F. By November 1, 1988, and prior to August 1 of each year
15 thereafter, the State Board shall develop a written investment plan
16 for the System.

17 G. The State Board shall compile a quarterly financial report
18 of all the funds of the System on a fiscal year basis. The report
19 shall be compiled pursuant to uniform reporting standards prescribed
20 by the Oklahoma State Pension Commission for all state retirement
21 systems. The report shall include several relevant measures of
22 investment value, including acquisition cost and current fair market
23 value with appropriate summaries of total holdings and returns. The
24 report shall contain combined and individual rate of returns of the

1 investment managers by category of investment, over periods of time.
2 The State Board shall include in the quarterly reports all
3 commissions, fees or payments for investment services performed on
4 behalf of the State Board. The report shall be distributed to the
5 Governor, the Oklahoma State Pension Commission, the Legislative
6 Service Bureau, the Speaker of the House of Representatives and the
7 President Pro Tempore of the Senate.

8 H. After July 1 and before December 1 of each year, the State
9 Board shall publish widely an annual report presented in simple and
10 easily understood language pursuant to uniform reporting standards
11 prescribed by the Oklahoma State Pension Commission for all state
12 retirement systems. The report shall be submitted to the Governor,
13 the Speaker of the House of Representatives, the President Pro
14 Tempore of the Senate, the Oklahoma State Pension Commission and the
15 members of the System. The annual report shall cover the operation
16 of the System during the past fiscal year, including income,
17 disbursements, and the financial condition of the System at the end
18 of the fiscal year. The annual report shall also contain the
19 information issued in the quarterly reports required pursuant to
20 subsection G of this section as well as a summary of the results of
21 the most recent actuarial valuation to include total assets, total
22 liabilities, unfunded liability or over funded status, contributions
23 and any other information deemed relevant by the State Board. The
24 annual report shall be written in such a manner as to permit a

1 readily understandable means for analyzing the financial condition
2 and performance of the System for the fiscal year.

3 I. Effective July 1, 2000, the State Board is hereby authorized
4 to do all acts and things necessary and proper to carry out the
5 purpose of the System and to make the least costly amendments and
6 changes, if any, as may be necessary to qualify the System under the
7 applicable sections of the Internal Revenue Code of 1986, as
8 amended.

9 SECTION 3. AMENDATORY 11 O.S. 2011, Section 49-106.2, is
10 amended to read as follows:

11 Section 49-106.2. A. For limitation years prior to July 1,
12 2007, the limitations of Section 415 of the Internal Revenue Code of
13 1986, as amended, shall be computed in accordance with the
14 applicable provisions of the System in effect at that time and, to
15 the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-
16 51, except as provided below. Notwithstanding any other provision
17 contained herein to the contrary, the benefits payable to a member
18 from the System provided by employer contributions (including
19 contributions picked up by the employer under Section 414(h) of the
20 Internal Revenue Code of 1986, as amended) shall be subject to the
21 limitations of Section 415 of the Internal Revenue Code of 1986, as
22 amended, in accordance with the provisions of this section. The
23 limitations of this section shall apply in limitation years
24

1 beginning on or after July 1, 2007, except as otherwise provided
2 below.

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

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

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

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

- 10 a. survivor benefits payable to a surviving spouse under
11 a qualified joint and survivor annuity to the extent
12 such benefits would not be payable if the member's
13 benefit were paid in another form,
- 14 b. benefits that are not directly related to retirement
15 benefits such as a qualified disability benefit,
16 preretirement incidental death benefits, and
17 postretirement medical benefits, or
- 18 c. the inclusion in the form of a benefit of an automatic
19 benefit increase feature, provided, the form of
20 benefit is not subject to Section 417(e)(3) of the
21 Internal Revenue Code of 1986, as amended, and would
22 otherwise satisfy the limitations of this section, and
23 the System provides that the amount payable under the
24 form of benefit in any limitation year shall not

1 exceed the limits of this section applicable at the
2 annuity starting date, as increased in subsequent
3 years pursuant to Section 415(d) of the Internal
4 Revenue Code of 1986, as amended. For this purpose,
5 an automatic benefit increase feature is included in a
6 form of benefit if the form of benefit provides for
7 automatic, periodic increases to the benefits paid in
8 that form.

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

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

20 5. Benefit Forms Not Subject to Section 417(e)(3) of the
21 Internal Revenue Code of 1986, as amended: The straight life
22 annuity that is actuarially equivalent to the member's form of
23 benefit shall be determined under this paragraph if the form of the
24 member's benefit is either:

- 1 a. a nondecreasing 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), or
- 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 411(a)(9) of the Internal
15 Revenue Code of 1986, as amended.
- 16 c. Limitation Years Beginning Before July 1, 2007. For
17 limitation years beginning before July 1, 2007, the
18 actuarially equivalent straight life annuity is equal
19 to the annual amount of the straight life annuity
20 commencing at the same annuity starting date that has
21 the same actuarial present value as the member's form
22 of benefit computed using whichever of the following
23 produces the greater annual amount:
24

- 1 (1) the interest rate and the mortality table or
2 other tabular factor, each as set forth in
3 subsection H of Section 49-100.9 of this title
4 for adjusting benefits in the same form, and
5 (2) a five percent (5%) interest rate assumption and
6 the applicable mortality table described in
7 Revenue Ruling 2001-62 (or its successor for
8 these purposes, if applicable) for that annuity
9 starting date, ~~or.~~

10 d. Limitation ~~Years~~ Year Beginning On ~~or After July 1,~~
11 ~~2007~~ January 1, 2008. For the limitation ~~years~~ year
12 beginning ~~on or after July 1, 2007~~ January 1, 2008,
13 the actuarially equivalent straight life annuity is
14 equal to the greater of:

- 15 (1) the annual amount of the straight life annuity,
16 if any, payable to the member under the System
17 commencing at the same annuity starting date as
18 the member's form of benefit, and
19 (2) the annual amount of the straight life annuity
20 commencing at the same annuity starting date that
21 has the same actuarial present value as the
22 member's form of benefit, computed using a five
23 percent (5%) interest rate assumption and the
24 applicable mortality table described in Revenue

1 Ruling 2001-62 (or its successor for these
2 purposes, if applicable) for that annuity
3 starting date.

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

5 For limitation years beginning on or after July 1,
6 2008, the actuarially equivalent straight life annuity
7 is equal to the greater of:

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

12 (2) the annual amount of the straight life annuity
13 commencing at the same annuity starting date that
14 has the same actuarial present value as the
15 member's form of benefit, computed using a five
16 percent (5%) interest rate assumption and the
17 applicable mortality table within the meaning of
18 Section 417(e)(3)(B) of the Internal Revenue Code
19 of 1986, as amended, as described in Rev. Rul.
20 2007-67 (and subsequent guidance) for that
21 annuity starting date.

22 6. Benefit Forms Subject to Section 417 (e) (3) of the Internal
23 Revenue Code of 1986, as amended: The straight life annuity that is
24 actuarially equivalent to the member's form of benefit shall be

1 determined under this paragraph 6 if the form of the member's
2 benefit is other than a benefit form described in paragraph 5 of
3 this subsection. In this case, the actuarially equivalent straight
4 life annuity shall be determined as follows:

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

14 (1) 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 the
18 interest rate and the mortality table or other
19 tabular factor each as set forth in subsection H
20 of Section 49-100.9 of this title for adjusting
21 benefits in the same form,

22 (2) the annual amount of the straight life annuity
23 commencing at the same annuity starting date that
24 has the same actuarial present value as the

1 member's form of benefit, computed using a five
2 and one-half percent (5.5%) interest rate
3 assumption and the applicable mortality table
4 within the meaning of Section 417(e)(3)(B) of the
5 Internal Revenue Code of 1986, as amended, as
6 described in Rev. Rul. 2007-67 (and subsequent
7 guidance), and

8 (3) the annual amount of the straight life annuity
9 commencing at the same annuity starting date that
10 has the same actuarial present value as the
11 member's form of benefit, computing using:

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

1 constant, or as otherwise provided in the
2 applicable guidance if the first day of the
3 first plan year beginning after December 31,
4 2007, does not coincide with the first day
5 of the applicable stability period, and
6 (b) the applicable mortality table within the
7 meaning of Section 417(e) (3) (B) of the
8 Internal Revenue Code of 1986, as amended,
9 as described in Rev. Rul. 2007-67 (and
10 subsequent guidance),
11 divided by one and five one-hundredths
12 (1.05).

13 b. Annuity Starting Date in the Period Beginning on July
14 1, 2008 through December 31, 2008. If the annuity
15 starting date of the member's form of benefit is in
16 the period beginning on July 1, 2008 through December
17 31, 2008, the actuarially equivalent straight life
18 annuity is equal to the greatest of (1), (2) and (3)
19 below:

20 (1) the annual amount of the straight life annuity
21 commencing at the same annuity starting date that
22 has the same actuarial present value as the
23 member's form of benefit, computed using the
24 interest rate and the mortality table or other

1 tabular factor each as set forth in subsection H
2 of Section 49-100.9 of this title for adjusting
3 benefits in the same form,

4 (2) the annual amount of the straight life annuity
5 commencing at the same annuity starting date that
6 has the same actuarial present value as the
7 member's form of benefit, computed using a five
8 and one-half percent (5.5%) interest rate
9 assumption and the applicable mortality table
10 described in Revenue Ruling 2001-62 (or its
11 successor for these purposes, if applicable), and

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

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

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

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

14 ~~b.~~

15 c. Annuity Starting Date in Plan Years Beginning in 2006
16 or 2007. If the annuity starting date of the member's
17 form of benefit is in a plan year beginning in 2006 or
18 2007, the actuarially equivalent straight life annuity
19 is equal to the greatest of (1), (2) ~~or~~ and (3) below:

20 (1) the annual amount of the straight life annuity
21 commencing at the same annuity starting date that
22 has the same actuarial present value as the
23 member's form of benefit, computed using the
24 interest rate and the mortality table (or other

1 tabular factor) each as set forth in subsection H
2 of Section 49-100.9 of this title for adjusting
3 benefits in the same form,

4 (2) the annual amount of the straight life annuity
5 commencing at the same annuity starting date that
6 has the same actuarial present value as the
7 member's form of benefit, computed using a five
8 and one-half percent (5.5%) interest rate
9 assumption and the applicable mortality table
10 described in Revenue Ruling 2001-62 (or its
11 successor for these purposes, if applicable), and

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

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

1 contains the annuity starting date for the
2 distribution and for which the applicable
3 interest rate remains constant, and

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

8 ~~e.~~

9 d. Annuity Starting Date in Plan Years Beginning in 2004
10 or 2005.

11 (1) If the annuity starting date of the member's form
12 of benefit is in a plan year beginning in 2004 or
13 2005, the actuarially equivalent straight life
14 annuity is equal to the annual amount of the
15 straight life annuity commencing at the same
16 annuity starting date that has the same actuarial
17 present value as the member's form of benefit,
18 computed using whichever of the following
19 produces the greater annual amount:

20 (a) the interest rate and the mortality table or
21 other tabular factor, each as set forth in
22 subsection H of Section 49-100.9 of this
23 title for adjusting benefits in the same
24 form, and

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

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

21 (a) the interest rate and mortality table or
22 other tabular factor, each as set forth in
23 subsection H of Section 49-100.9 of this
24

1 title for adjusting benefits in the same
2 form,

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

17 ii. the applicable mortality table
18 described in Revenue Ruling 2001-62 (or
19 its successor for these purposes, if
20 applicable), and

21 (c) i. the rate of interest on thirty-year
22 Treasury securities as specified by the
23 Commissioner for the lookback month for
24 the stability period specified below.

1 The lookback month applicable to the
2 stability period is the fourth calendar
3 month preceding the first day of the
4 stability period, as specified below.

5 The stability period is the successive
6 period of one plan year which contains
7 the annuity starting date for the
8 distribution and for which the
9 applicable interest rate remains
10 constant (as in effect on the last day
11 of the last plan year beginning before
12 January 1, 2004, under provisions of
13 the System then adopted and in effect),
14 and

- 15 ii. the applicable mortality table
16 described in Revenue Ruling 2001-62 (or
17 its successor for these purposes, if
18 applicable).

19 C. If a member has less than ten (10) years of participation in
20 the System and all predecessor municipal firefighter pension and
21 retirement systems, the dollar limitation otherwise applicable under
22 subsection B of this section shall be multiplied by a fraction, the
23 numerator of which is the number of the years of participation, or
24

1 part thereof, in the System of the member, but never less than one
2 (1), and the denominator of which is ten (10).

3 D. Adjustment of Dollar Limitation for Benefit Commencement

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

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

- 19 a. Limitation Years Beginning Before July 1, 2007. If
20 the annuity starting date for the member's benefit is
21 prior to sixty-two (62) years of age and occurs in a
22 limitation year beginning before July 1, 2007, the
23 dollar limitation for the member's annuity starting
24 date is the annual amount of a benefit payable in the

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

- 9 (1) the interest rate and the mortality table or
10 other tabular factor, each as set forth in
11 subsection H of Section 49-100.9 of this title,
12 or
13 (2) a five percent (5%) interest rate assumption and
14 the applicable mortality table as described in
15 Revenue Ruling 2001-62 (or its successor for
16 these purposes, if applicable).

17 b. Limitation Years Beginning On ~~Or~~ or After July 1,
18 2007.

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

23 (a) If the annuity starting date for the
24 member's benefit is prior to sixty-two (62)

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

1 (b) 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 limitation year
4 beginning on or after January 1, 2009, and
5 the System does not have an immediately
6 commencing straight life annuity payable at
7 both sixty-two (62) years of age and the age
8 of benefit commencement, the dollar
9 limitation for the member's annuity starting
10 date is the annual amount of a benefit
11 payable in the form of a straight life
12 annuity commencing at the member's annuity
13 starting date that is the actuarial
14 equivalent of the dollar limitation under
15 subsection B of this section (adjusted under
16 subsection C of this section for years of
17 participation less than ten (10), if
18 required) with actuarial equivalence
19 computed using a five percent (5%) interest
20 rate assumption and the applicable mortality
21 table within the meaning of Section
22 417(e) (3) (B) of the Internal Revenue Code of
23 1986, as amended, as described in Rev. Rul.
24 2007-67 (and subsequent guidance) (and

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

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

1 life annuity under the System at sixty-two (62)
2 years of age, both determined without applying
3 the limitations of this section.

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

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

- 20 (1) the interest rate and the mortality table or
21 other tabular factor, each as set forth in
22 subsection H of Section 49-100.9 of this title,
23 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 of 1986, as amended, upon the member's death.

19 4. Notwithstanding any other provision to the contrary, for
20 limitation years beginning on or after January 1, 1997, if payment
21 begins before the member reaches sixty-two (62) years of age, the
22 reductions in the limitations in this subsection shall not apply to
23 a member who is a "qualified participant" as defined in Section
24 415(b)(2)(H) of the Internal Revenue Code of 1986, as amended.

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

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

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

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

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

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

19 H. Effective for years beginning after December 31, 1997, if a
20 member purchases service under Sections 49-117.2 and 49-117.3 of
21 this title, which qualifies as "permissive service credit" pursuant
22 to Section 415(n) of the Internal Revenue Code of 1986, as amended,
23 the limitations of Section 415 of the Internal Revenue Code of 1986,
24 as amended, may be met by either:

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

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

6 I. Effective for years beginning after December 31, 1997, if a
7 member repays to the System any amounts received because of the
8 member's prior termination pursuant to Section 49-117.1 of this
9 title, such repayment shall not be taken into account for purposes
10 of Section 415 of the Internal Revenue Code of 1986, as amended,
11 pursuant to Section 415(k) (3) of the Internal Revenue Code of 1986,
12 as amended.

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

16 K. The State Board is hereby authorized to revoke the special
17 election previously made on June 21, 1991, under Section 415(b) (10)
18 of the Internal Revenue Code of 1986, as amended.

19 SECTION 4. AMENDATORY 11 O.S. 2011, Section 49-106.3, is
20 amended to read as follows:

21 Section 49-106.3. A. For distributions made on or after
22 January 1, 2002, and notwithstanding any provision of the System to
23 the contrary that would otherwise limit a Distributee's election
24 hereunder, a Distributee, including a nonspouse designated

1 beneficiary, to the extent permitted under paragraph 3 of subsection
2 B of this section, may elect, at the time and in the manner
3 prescribed by the State Board, to have any portion of an Eligible
4 Rollover Distribution paid, ~~as specified by the Distributee in a~~
5 ~~Direct Rollover,~~ directly to:

- 6 1. ~~An Eligible Retirement Plan; or~~
- 7 2. ~~Effective for distributions after December 31, 2007, a Roth~~
8 ~~IRA described in Section 408A of the Internal Revenue Code of 1986,~~
9 ~~as amended, subject to any limitations described in Section 408A(e)~~
10 ~~of the Internal Revenue Code of 1986, as amended~~ an Eligible
11 Retirement Plan specified by the Distributee in a Direct Rollover.

12 B. For purposes of this section, the following definitions
13 shall apply:

- 14 1. "Eligible Rollover Distribution" means any distribution of
15 all or any portion of the balance to the credit of the Distributee,
16 except that an Eligible Rollover Distribution does not include any
17 distribution that is one of a series of substantially equal periodic
18 payments (not less frequently than annually) made for the life (or
19 life expectancy) of the Distributee or the joint lives (or life
20 expectancies) of the Distributee and the Distributee's designated
21 beneficiary, or for a specified period of ten (10) years or more;
22 any distribution to the extent such distribution is required under
23 Section 401(a)(9) of the Internal Revenue Code of 1986, as amended;
24 and the portion of any distribution that is not includable in gross

1 income. ~~Effective January 1, 2002, a~~ A portion of a distribution
2 shall not fail to be an Eligible Rollover Distribution merely
3 because the portion consists of after-tax member contributions which
4 are not includable in gross income. However, such portion may be
5 transferred only:

6 (a) from January 1, 2002, through December 31, 2006:

7 (1) to an individual retirement account or annuity
8 described in Section 408(a) or (b) of the

9 Internal Revenue Code of 1986, as amended, or

10 (2) in a direct trustee-to-trustee transfer, to a

11 qualified trust which is a part of a defined

12 contribution plan that agrees to separately

13 account for amounts so transferred, including

14 separately accounting for the portion of such

15 distribution which is includable in gross income

16 and the portion of such distribution which is not

17 so includable, and

18 (b) on or after January 1, 2007:

19 (1) to an individual retirement account or annuity
20 described in Section 408(a) or (b) of the

21 Internal Revenue Code of 1986, as amended, or

22 (2) in a direct trustee-to-trustee transfer, to a

23 qualified trust or an annuity contract described

24 in Section 403(b) of the Internal Revenue Code of

1 1986, as amended, and such trust or contract
2 provides for separate accounting for amounts so
3 transferred (and earnings thereon), including
4 separately accounting for the portion of such
5 distribution which is includable in gross income
6 and the portion of such distribution which is not
7 so includable.

8 Effective for distributions after December 31, 2007, such after-
9 tax portion may also be directly transferred to a Roth individual
10 retirement account or annuity (Roth IRA) described in Section 408A
11 of the Internal Revenue Code of 1986, as amended, subject to any
12 limitations described in Section 408A(c) of the Internal Revenue
13 Code of 1986, as amended, ~~that agrees to separately account for~~
14 ~~amounts so transferred, including separately accounting for the~~
15 ~~portion of such distribution which is includable in gross income and~~
16 ~~the portion of such distribution which is not so includable;~~

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

1 January 1, 2002, an Eligible Retirement Plan shall also mean an
2 annuity contract described in Section 403(b) of the Internal Revenue
3 Code of 1986, as amended, and an eligible plan under Section 457(b)
4 of the Internal Revenue Code of 1986, as amended, which is
5 maintained by a state, political subdivision of a state, or any
6 agency or instrumentality of a state or political subdivision of a
7 state and which agrees to separately account for amounts transferred
8 into such plan from the System. Effective for distributions after
9 December 31, 2007, an Eligible Retirement Plan includes a Roth IRA,
10 subject to any limitation described in Section 408A(c) of the
11 Internal Revenue Code of 1986, as amended;

12 3. "Distributee" means a member whether or not the member is an
13 active firefighter. In addition, ~~effective June 7, 1993,~~ the
14 member's surviving spouse and the member's spouse or former spouse
15 who is an alternate payee under a qualified domestic order, as
16 provided in subsection B of Section 49-126 of this title, are
17 Distributees with regard to the interest of the spouse or former
18 spouse. Effective for distributions after December 31, 2006, a
19 Distributee also includes the member's nonspouse designated
20 beneficiary, and certain trusts described in Section 402(c)(11)(B)
21 of the Internal Revenue Code of 1986, as amended, pursuant to
22 Section 401(a)(9)(E) of the Internal Revenue Code of 1986, as
23 amended, who may elect any portion of a payment to be made in a
24 Direct Rollover only to ~~an~~ a traditional individual retirement

1 account or annuity (other than an endowment contract) described in
2 Section 408(a) or (b) of the Internal Revenue Code of 1986, as
3 amended, (IRA), or effective for distributions after December 31,
4 2007 to a Roth IRA, that is established on behalf of such nonspouse
5 designated beneficiary for the purpose of receiving the distribution
6 and that will be treated as an inherited IRA pursuant to the
7 provisions of Section 402(c)(11) of the Internal Revenue Code of
8 1986, as amended. Also, in this case, the determination of any
9 required minimum distribution under Section 401(a)(9) of the
10 Internal Revenue Code of 1986, as amended, that is ineligible for
11 rollover shall be made in accordance with Notice 2007-7, Q&A 17 and
12 18, 2007-5 Internal Revenue Bulletin 395. The required minimum
13 distribution rules of Section 401(a)(9)(B) (other than clause iv
14 thereof) of the Internal Revenue Code of 1986, as amended, apply to
15 the transferee IRA. ~~To the extent permitted or required under the~~
16 ~~Worker, Retiree and Employer Recovery Act of 2008, Notice 2008-30,~~
17 ~~2008-12 I.R.B. 638 and/or any other regulatory guidance, effective~~
18 ~~for plan years beginning after December 31, 2009, a nonspouse~~
19 ~~designated beneficiary (as described in and in accordance with~~
20 ~~Section 402(c)(11) of the Internal Revenue Code of 1986, as~~
21 ~~amended), may directly roll over a distribution to a Roth IRA; and~~
22 4. "Direct Rollover" means a payment by the System to the
23 Eligible Retirement Plan specified by the Distributee ~~or, effective~~
24 ~~for distributions on or after January 1, 2008, to a Roth IRA under~~

1 ~~Section 408A of the Internal Revenue Code of 1986, as amended, as~~
2 ~~specified by the Distributee, assuming the Distributee otherwise~~
3 ~~meets the Roth IRA requirements.~~

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

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

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

18 D. For distributions made after December 31, 2006, but prior to
19 July 1, 2010, a distribution with respect to a nonspouse designated
20 beneficiary shall be made in accordance with Notice 2007-7, Q&A 15,
21 2007-5 Internal Revenue Bulletin 395. Effective for plan years
22 beginning after December 31, 2009, a distribution with respect to a
23 nonspouse designated beneficiary shall be subject to Sections
24

1 401(a) (31), 402(f) and 3405(c) of the Internal Revenue Code of 1986,
2 as amended.

3 SECTION 5. AMENDATORY 11 O.S. 2011, Section 49-106.4, is
4 amended to read as follows:

5 Section 49-106.4. A. An individual who has been designated,
6 pursuant to Section 401(a) (9) (E) of the Internal Revenue Code of
7 1986, as amended, as the beneficiary of a deceased member and who is
8 not the surviving spouse of the member, may elect, in accordance
9 with Section 402(c) (11) of the Internal Revenue Code of 1986, as
10 amended, to have a direct trustee-to-trustee transfer of any portion
11 of such beneficiary's distribution from the Oklahoma Firefighters
12 Pension and Retirement System after December 31, 2006, made only to
13 ~~an~~ a traditional individual retirement account or individual
14 retirement annuity (other than an endowment contract) described in
15 Section 408(a) or (b) of the Internal Revenue Code of 1986, as
16 amended (IRA), or effective for distributions after December 31,
17 2007, to a Roth individual retirement account or annuity described
18 in Section 408A of the Internal Revenue Code of 1986, as amended
19 (Roth IRA), that is established on behalf of such designated
20 individual for the purpose of receiving the distribution. If such
21 transfer is made then:

22 1. For distributions made after December 31, 2006, but prior to
23 July 1, 2010, the transfer is treated as an eligible rollover
24 distribution for purposes of Section 402(c) (11) of the Internal

1 Revenue Code of 1986, as amended. For plan years beginning after
2 December 31, 2009, the transfer is treated as an eligible rollover
3 distribution;

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

9 3. The required minimum distribution rules of Section
10 401(a)(9)(B) (other than clause iv thereof) of the Internal Revenue
11 Code of 1986, as amended, apply to the transferee IRA; ~~and~~

12 ~~4. Notwithstanding the foregoing provisions of this section, to~~
13 ~~the extent permitted or required under the Worker, Retiree and~~
14 ~~Employer Recovery Act of 2008, Notice 2008-30, 2008-12 I.R.B. 638~~
15 ~~and/or any other regulatory guidance, effective for plan years~~
16 ~~beginning after December 31, 2009, a nonspouse designated~~
17 ~~beneficiary (as described in and in accordance with Section~~
18 ~~402(c)(11) of the Internal Revenue Code of 1986, as amended), may~~
19 ~~elect to have a direct trustee-to-trustee transfer of any portion of~~
20 ~~such beneficiary's distribution from the Oklahoma Firefighters~~
21 ~~Pension and Retirement System to a Roth IRA.~~

22 B. A trust maintained for the benefit of one or more designated
23 beneficiaries shall be treated in the same manner as a designated
24 beneficiary.

1 C. The Oklahoma Firefighters Pension and Retirement Board shall
2 promulgate such rules as are necessary to implement the provisions
3 of this section.

4 SECTION 6. AMENDATORY 11 O.S. 2011, Section 49-122.3, is
5 amended to read as follows:

6 Section 49-122.3. The assets of the Fund shall consist of such
7 assets and the income therefrom, including monthly contributions
8 made to the State Board by each municipality, or property for which
9 any of the same shall be exchanged or into which any of the same
10 shall be converted, together with any other assets held from time to
11 time hereunder by the State Board. All legal right, title and
12 interest in and to the assets of the Fund shall at all times be held
13 in trust and vested exclusively in the State Board or its nominee
14 and no municipality shall be deemed to have severable ownership of
15 any asset of the Fund or any right of partition or possession.

16 The State Board shall appraise and place valuation upon the
17 assets of the Fund held by it as of the last business day of each
18 month. Any assets not held by the State Board shall be appraised
19 and valued by the Executive Director on said date.

20 The valuation of all assets of the Fund shall be both at cost
21 and at the fair market value thereof, as determined by reference to
22 the best available source or sources, in the opinion of the
23 Executive Director and the State Board and both the Executive
24 Director and State Board may rely on figures, or statements

1 appearing in any reputable publication purporting to state sales
2 prices, market quotations, values, bid and asking prices or any
3 facts affecting values and upon the opinion of one or more persons
4 familiar with the reasonable market value of any assets to be valued
5 and shall incur no liability for error in any such valuation made in
6 good faith. The reasonable and equitable decision of the Executive
7 Director and State Board regarding the method used in determining
8 values shall be conclusive and binding upon all persons, natural or
9 legal, having interest, direct or indirect, in the Fund's assets.

10 Effective July 1, 2011, upon termination or partial termination
11 of the System, or a permanent discontinuance of contributions, the
12 benefits accrued up to the date of termination or discontinuance, to
13 the extent then funded, by the affected members and their
14 beneficiaries, respectively, or the amounts credited to the affected
15 members' accounts, shall be nonforfeitable.

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

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