

STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
HOUSE BILL 1324

By: McDaniel (Randy) of the
House

and

Sykes of the Senate

COMMITTEE SUBSTITUTE

An Act relating to the Oklahoma Police Pension and Retirement System; amending 11 O.S. 2011, Section 50-111.5, which relates to election to transfer Systems; prohibiting certain individual from becoming member of certain System; allowing certain individual to enter System; amending 11 O.S. 2011, Sections 50-114.1, as last amended by Section 10, Chapter 364, O.S.L. 2012 and 50-114.4 (11 O.S. Supp. 2012, Section 50-114.1), which relate to limitation on benefits pursuant to requirements of the Internal Revenue Code; modifying reference to Internal Revenue Code; modifying provisions related to permissive service credit; modifying provisions related to repayments; modifying references for purposes of certain qualified health insurance premiums; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-111.5, is amended to read as follows:

Section 50-111.5. A. Any individual who was a member with a vested benefit with the Oklahoma Police Pension and Retirement

1 System on or after July 1, 1987, and who becomes appointed to a
2 position in the Oklahoma State Bureau of Narcotics and Dangerous
3 Drugs Control, the Oklahoma State Bureau of Investigation, or the
4 Alcoholic Beverage Laws Enforcement Commission may, at the time the
5 individual accepts such position, elect in writing to remain a
6 member of the Oklahoma Police Pension and Retirement System as long
7 as the individual has not begun receiving benefits from the Oklahoma
8 Police Pension and Retirement System or the Oklahoma Law Enforcement
9 Retirement System. and shall not become a member of the Oklahoma Law
10 Enforcement Retirement System. The agency shall send a copy of the
11 written election to the Oklahoma Police Pension and Retirement
12 System and the Oklahoma Law Enforcement Retirement System within
13 five (5) business days from its signing. If such eligible
14 individual does not elect to remain in the Oklahoma Police Pension
15 and Retirement System pursuant to this subsection, then the
16 individual may elect to transfer at a later date pursuant to
17 subsection B of this section.

18 B. Any individual who was a member with a vested benefit with
19 the Oklahoma Police Pension and Retirement System on or after July
20 1, 1987, and who subsequently entered the Oklahoma Law Enforcement
21 Retirement System because he or she was appointed to a position in
22 the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control,
23 the Oklahoma State Bureau of Investigation, or the Alcoholic
24 Beverage Laws Enforcement Commission or, effective July 1, 2013,

1 through July 31, 2013, an individual who made an election under
2 subsection A that had been accepted by the Oklahoma Police Pension
3 and Retirement System who did not have a vested benefit may, at any
4 time the member is an active employee of such agency and has not
5 begun receiving benefits from the Oklahoma Police Pension and
6 Retirement System or the Oklahoma Law Enforcement Retirement System,
7 elect in writing to reenter the Oklahoma Police Pension and
8 Retirement System. Such written election shall be provided to the
9 Oklahoma Police Pension and Retirement System. For purposes of this
10 section, constructive receipt of the written election shall be the
11 first day of the month following actual receipt.

12 1. A person who elects to transfer pursuant to this subsection
13 shall have all of his or her employer and employee contributions
14 made to the Oklahoma Law Enforcement Retirement System transferred
15 to the Oklahoma Police Pension and Retirement System along with
16 accrued earnings based upon the actuarial rate of return of the
17 Oklahoma Law Enforcement Retirement System. Upon receiving the
18 transfer of the employer and employee contributions and earnings,
19 and notwithstanding the provisions of Section 50-111.4 of this
20 title, the Oklahoma Police Pension and Retirement System shall treat
21 the service that the member accrued in the Oklahoma Law Enforcement
22 Retirement System as service in the Oklahoma Police Pension and
23 Retirement System; and

24

1 2. Upon actual receipt of the written election pursuant to this
2 subsection, the Oklahoma Police Pension and Retirement System shall
3 notify the Oklahoma Law Enforcement Retirement System of the
4 transfer election and shall send to the Oklahoma Law Enforcement
5 Retirement System a copy of the election within five (5) business
6 days. The Oklahoma Law Enforcement Retirement System shall transfer
7 the employer and employee contributions and earnings of the
8 transferring member to the Oklahoma Police Pension and Retirement
9 System on or before the first day of the month following
10 constructive receipt of the election. The transferring member shall
11 then reenter the Oklahoma Police Pension and Retirement System
12 beginning on the first day of the month following the month in which
13 constructive receipt of the written election was made to the
14 Oklahoma Police Pension and Retirement System. Any member who
15 transfers to the Oklahoma Police Pension and Retirement System
16 pursuant to this subsection shall have all service credit in the
17 Oklahoma Law Enforcement Retirement System canceled.

18 C. Notwithstanding the provisions of Section 2-300 et seq. of
19 Title 47 of the Oklahoma Statutes, the Oklahoma State Bureau of
20 Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of
21 Investigation, and the Alcoholic Beverage Laws Enforcement
22 Commission shall make employer contributions to the Oklahoma Police
23 Pension and Retirement System in the same manner as participating
24 municipalities of the Oklahoma Police Pension and Retirement System

1 for all members who either elect to remain in or elect to transfer
2 to the Oklahoma Police Pension and Retirement System pursuant to
3 this section. The electing member shall make employee contributions
4 to the Oklahoma Police Pension and Retirement System as other
5 participating members of the Oklahoma Police Pension and Retirement
6 System.

7 SECTION 2. AMENDATORY 11 O.S. 2011, Section 50-114.1, as
8 last amended by Section 10, Chapter 364, O.S.L. 2012 (11 O.S. Supp.
9 2012, Section 50-114.1), is amended to read as follows:

10 Section 50-114.1 A. For limitation years prior to July 1,
11 2007, the limitations of Section 415 of the Internal Revenue Code of
12 1986, as amended, shall be computed in accordance with the
13 applicable provisions of the System in effect at that time and, to
14 the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-
15 51, except as provided below. Notwithstanding any other provision
16 contained herein to the contrary, the benefits payable to a member
17 from the System provided by employer contributions (including
18 contributions picked up by the employer under Section 414(h) of the
19 Internal Revenue Code of 1986, as amended) shall be subject to the
20 limitations of Section 415 of the Internal Revenue Code of 1986, as
21 amended, in accordance with the provisions of this section. The
22 limitations of this section shall apply in limitation years
23 beginning on or after July 1, 2007, except as otherwise provided
24 below.

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

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

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

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

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

1 pursuant to Section 415(d) of the Internal Revenue
2 Code of 1986, as amended. For this purpose, an
3 automatic benefit increase feature is included in a
4 form of benefit if the form of benefit provides for
5 automatic, periodic increases to the benefits paid in
6 that form.

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

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

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

- 23 a. a nondecreasing annuity (other than a straight life
24 annuity) payable for a period of not less than the

1 life of the member (or, in the case of a qualified
2 preretirement survivor annuity, the life of the
3 surviving spouse), or

4 b. an annuity that decreases during the life of the
5 member merely because of:

6 (1) the death of the survivor annuitant (but only if
7 the reduction is not below fifty percent (50%) of
8 the benefit payable before the death of the
9 survivor annuitant), or

10 (2) the cessation or reduction of Social Security
11 supplements or qualified disability payments (as
12 defined in Section 411(a)(9) of the Internal
13 Revenue Code of 1986, as amended).

14 c. Limitation Years Beginning Before July 1, 2007. For
15 limitation years beginning before July 1, 2007, the
16 actuarially equivalent straight life annuity is equal
17 to the annual amount of the straight life annuity
18 commencing at the same annuity starting date that has
19 the same actuarial present value as the member's form
20 of benefit computed using whichever of the following
21 produces the greater annual amount:

22 (1) the interest rate and the mortality table (or
23 other tabular factor), each as set forth in
24

1 subsection G of Section 50-105.4 of this title
2 for adjusting benefits in the same form; and
3 (2) a five percent (5%) interest rate assumption and
4 the applicable mortality table described in Rev.
5 Rul. 2001-62 (or its successor for these
6 purposes, if applicable) for that annuity
7 starting date.

8 d. Limitation Year Beginning On January 1, 2008. For the
9 limitation year beginning on January 1, 2008, the
10 actuarially equivalent straight life annuity is equal
11 to the greater of:

- 12 (1) the annual amount of the straight life annuity
13 (if any) payable to the member under the System
14 commencing at the same annuity starting date as
15 the member's form of benefit, and
16 (2) the annual amount of the straight life annuity
17 commencing at the same annuity starting date that
18 has the same actuarial present value as the
19 member's form of benefit, computed using a five
20 percent (5%) interest rate assumption and the
21 applicable mortality table described in Rev. Rul.
22 2001-62 (or its successor for these purposes, if
23 applicable) for that annuity starting date.
24

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

2 For limitation years beginning on or after July 1,
3 2008, the actuarially equivalent straight life annuity
4 is equal to the greater of:

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

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

19 6. Benefit Forms Subject to Section 417(e)(3) of the Internal
20 Revenue Code of 1986, as amended: The straight life annuity that is
21 actuarially equivalent to the member's form of benefit shall be
22 determined under this paragraph 6 if the form of the member's
23 benefit is other than a benefit form described in paragraph 5 of
24

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

- 3 a. Annuity Starting Date on or after January 1, 2009. If
4 the annuity starting date of the member's form of
5 benefit is in the period beginning on January 1, 2009,
6 through June 30, 2009, or in a plan year beginning
7 after June 30, 2009, the actuarially equivalent
8 straight life annuity is equal to the greatest of (1),
9 (2) and (3) below:

10 (1) the annual amount of the straight life annuity
11 commencing at the same annuity starting date that
12 has the same actuarial present value as the
13 member's form of benefit, computed using the
14 interest rate and the mortality table (or other
15 tabular factor) as set forth in the most recent
16 actuarial valuation referenced in subsection G of
17 Section 50-105.4 of this title prior to September
18 1, 2011, and effective September 1, 2011, in
19 paragraph 22 of Section 50-101 of this title, for
20 adjusting benefits in the same form,

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

7 (3) 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:

11 (a) the adjusted first, second, and third
12 segment rates under Section 417(e)(3)(C) and
13 (D) of the Internal Revenue Code of 1986, as
14 amended, applied under rules similar to the
15 rules of Section 430(h)(2)(C) of the
16 Internal Revenue Code of 1986, as amended,
17 for the fourth calendar month preceding the
18 plan year in which falls the annuity
19 starting date for the distribution and the
20 stability period is the successive period of
21 one (1) plan year which contains the annuity
22 starting date for the distribution and for
23 which the applicable interest rate remains
24 constant, or as otherwise provided in the

1 applicable guidance if the first day of the
2 first plan year beginning after December 31,
3 2007, does not coincide with the first day
4 of the applicable stability period, and

5 (b) the applicable mortality table within the
6 meaning of Section 417(e)(3)(B) of the
7 Internal Revenue Code of 1986, as amended,
8 as described in Rev. Rul. 2007-67 (and
9 subsequent guidance),

10 divided by one and five one-hundredths (1.05).

11 b. Annuity Starting Date in the Period Beginning on July
12 1, 2008 through December 31, 2008. If the annuity
13 starting date of the member's form of benefit is in
14 the period beginning on July 1, 2008, through December
15 31, 2008, the actuarially equivalent straight life
16 annuity is equal to the greatest of (1), (2) and (3)
17 below:

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

1 of Section 50-105.4 of this title for adjusting
2 benefits in the same form,

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

12 divided by one and five one-hundredths (1.05).

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

18 (1) the annual amount of the straight life annuity
19 commencing at the same annuity starting date that
20 has the same actuarial present value as the
21 member's form of benefit, computed using the
22 interest rate and the mortality table (or other
23 tabular factor) each as set forth in subsection G

24

1 of Section 50-105.4 of this title for adjusting
2 benefits in the same form,

3 (2) the annual amount of the straight life annuity
4 commencing at the same annuity starting date that
5 has the same actuarial present value as the
6 member's form of benefit, computed using a five
7 and one-half percent (5.5%) interest rate
8 assumption and the applicable mortality table
9 described in Rev. Rul. 2001-62 (or its successor
10 for these purposes, if applicable), 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 rate of interest on thirty-year Treasury
16 securities as specified by the Commissioner
17 for the lookback month for the stability
18 period specified below. The lookback month
19 applicable to the stability period is the
20 fourth calendar month preceding the first
21 day of the stability period, as specified
22 below. The stability period is the
23 successive period of one (1) plan year which
24 contains the annuity starting date for the

1 distribution and for which the applicable
2 interest rate remains constant, and

3 (b) the applicable mortality table described in
4 Rev. Rul. 2001-62 (or its successor for
5 these purposes, if applicable),

6 divided by one and five one-hundredths (1.05).

7 d. Annuity Starting Date in Plan Years Beginning in 2004
8 or 2005:

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

18 (a) the interest rate and the mortality table
19 (or other tabular factor) each as set forth
20 in subsection G of Section 50-105.4 of this
21 title for adjusting benefits in the same
22 form, and

23 (b) a five and one-half percent (5.5%) interest
24 rate assumption and the applicable mortality

1 table described in Rev. Rul. 2001-62 (or its
2 successor for these purposes, if
3 applicable).

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

19 (a) the interest rate and mortality table (or
20 other tabular factor) each as set forth in
21 subsection G of Section 50-105.4 of this
22 title for adjusting benefits in the same
23 form,
24

- 1 (b) (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, and
- 15 (ii) the applicable mortality table
16 described in Rev. Rul. 2001-62 (or its
17 successor for these purposes, if
18 applicable), and
- 19 (c) (i) the rate of interest on thirty-year
20 Treasury securities as specified by the
21 Commissioner for the lookback month for
22 the stability period specified below.
23 The lookback month applicable to the
24 stability period is the fourth calendar

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

13 (ii) the applicable mortality table
14 described in Rev. Rul. 2001-62 (or its
15 successor for these purposes, if
16 applicable).

17 C. If a member has less than ten (10) years of participation in
18 the System and all predecessor municipal police pension and
19 retirement systems, the dollar limitation otherwise applicable under
20 subsection B of this section shall be multiplied by a fraction, the
21 numerator of which is the number of the years of participation, or
22 part thereof, in the System of the member, but never less than one
23 (1), and the denominator of which is ten (10).

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

15 1. Adjustment of Defined Benefit Dollar Limitation for Benefit
16 Commencement Before Age Sixty-two (62):

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

1 of the dollar limitation under subsection B of this
2 section (adjusted under subsection C of this section
3 for years of participation less than ten (10), if
4 required) with actuarial equivalence computed using
5 whichever of the following produces the smaller annual
6 amount:

7 (1) the interest rate and the mortality table (or
8 other tabular factor) each as set forth in
9 subsection G of Section 50-105.4 of this title,
10 or

11 (2) a five-percent interest rate assumption and the
12 applicable mortality table as described in Rev.
13 Rul. 2001-62 (or its successor for these
14 purposes, if applicable).

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

16 (1) System Does Not Have Immediately Commencing
17 Straight Life Annuity Payable at Both Age Sixty-
18 two (62) and the Age of Benefit Commencement.

19 (a) If the annuity starting date for the
20 member's benefit is prior to age sixty-two
21 (62) and occurs in the limitation year
22 beginning on January 1, 2008, and the System
23 does not have an immediately commencing
24 straight life annuity payable at both age

1 sixty-two (62) and the age of benefit
2 commencement, the dollar limitation for the
3 member's annuity starting date is the annual
4 amount of a benefit payable in the form of a
5 straight life annuity commencing at the
6 member's annuity starting date that is the
7 actuarial equivalent of the dollar
8 limitation under subsection B of this
9 section (adjusted under subsection C of this
10 section for years of participation less than
11 ten (10), if required) with actuarial
12 equivalence computed using a five-percent
13 interest rate assumption and the applicable
14 mortality table for the annuity starting
15 date as described in Rev. Rul. 2001-62 (or
16 its successor for these purposes, if
17 applicable) (and expressing the member's age
18 based on completed calendar months as of the
19 annuity starting date).

- 20 (b) If the annuity starting date for the
21 member's benefit is prior to age sixty-two
22 (62) and occurs in a limitation year
23 beginning on or after January 1, 2009, and
24 the System does not have an immediately

1 commencing straight life annuity payable at
2 both age sixty-two (62) and the age of
3 benefit commencement, the dollar limitation
4 for the member's annuity starting date is
5 the annual amount of a benefit payable in
6 the form of a straight life annuity
7 commencing at the member's annuity starting
8 date that is the actuarial equivalent of the
9 dollar limitation under subsection B of this
10 section (adjusted under subsection C of this
11 section for years of participation less than
12 ten (10), if required) with actuarial
13 equivalence computed using a five-percent
14 interest rate assumption and the applicable
15 mortality table within the meaning of
16 Section 417(e)(3)(B) of the Internal Revenue
17 Code of 1986, as amended, as described in
18 Rev. Rul. 2007-67 (and subsequent guidance)
19 (and expressing the member's age based on
20 completed calendar months as of the annuity
21 starting date).

- 22 (2) System Has Immediately Commencing Straight Life
23 Annuity Payable at Both Age Sixty-two (62) and
24 the Age of Benefit Commencement. If the annuity

1 starting date for the member's benefit is prior
2 to age sixty-two (62) and occurs in a limitation
3 year beginning on or after July 1, 2007, and the
4 System has an immediately commencing straight
5 life annuity payable at both age sixty-two (62)
6 and the age of benefit commencement, the dollar
7 limitation for the member's annuity starting date
8 is the lesser of the limitation determined under
9 division (1) of subparagraph b of this paragraph
10 and the dollar limitation under subsection B of
11 this section (adjusted under subsection C of this
12 section for years of participation less than ten
13 (10), if required) multiplied by the ratio of the
14 annual amount of the immediately commencing
15 straight life annuity under the System at the
16 member's annuity starting date to the annual
17 amount of the immediately commencing straight
18 life annuity under the System at age sixty-two
19 (62), both determined without applying the
20 limitations of this section.

21 2. Adjustment of Defined Benefit Dollar Limitation for Benefit
22 Commencement After Age Sixty-five (65):

- 23 a. Limitation Years Beginning Before July 1, 2007. If
24 the annuity starting date for the member's benefit is

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

13 (1) the interest rate and the mortality table (or
14 other tabular factor) each as set forth in
15 subsection G of Section 50-105.4 of this title,
16 or

17 (2) a five-percent interest rate assumption and the
18 applicable mortality table as described in Rev.
19 Rul. 2001-62 (or its successor for these
20 purposes, if applicable).

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

22 (1) System Does Not Have Immediately Commencing
23 Straight Life Annuity Payable at Both Age Sixty-
24 five (65) and the Age of Benefit Commencement.

1 (a) If the annuity starting date for the
2 member's benefit is after age sixty-five
3 (65) and occurs in the limitation year
4 beginning on January 1, 2008, and the System
5 does not have an immediately commencing
6 straight life annuity payable at both age
7 sixty-five (65) and the age of benefit
8 commencement, the dollar limitation at the
9 member's annuity starting date is the annual
10 amount of a benefit payable in the form of a
11 straight life annuity commencing at the
12 member's annuity starting date that is the
13 actuarial equivalent of the dollar
14 limitation under subsection B of this
15 section (adjusted under subsection C of this
16 section for years of participation less than
17 ten (10), if required) with actuarial
18 equivalence computed using a five-percent
19 interest rate assumption and the applicable
20 mortality table for the annuity starting
21 date as described in Rev. Rul. 2001-62 (or
22 its successor for these purposes, if
23 applicable) (and expressing the member's age
24

1 based on completed calendar months as of the
2 annuity starting date).

3 (b) If the annuity starting date for the
4 member's benefit is after age sixty-five
5 (65) 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 age sixty-five (65) and the age of
10 benefit commencement, the dollar limitation
11 at the member's annuity starting date is the
12 annual amount of a benefit payable in the
13 form of a straight life annuity commencing
14 at the member's annuity starting date that
15 is the actuarial equivalent of the dollar
16 limitation under subsection B of this
17 section (adjusted under subsection C of this
18 section for years of participation less than
19 ten (10), if required) with actuarial
20 equivalence computed using a five-percent
21 interest rate assumption and the applicable
22 mortality table within the meaning of
23 Section 417(e)(3)(B) of the Internal Revenue
24 Code of 1986, as amended, as described in

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

- 5 (2) System Has Immediately Commencing Straight Life
6 Annuity Payable at Both Age Sixty-five (65) and
7 Age of Commencement. If the annuity starting
8 date for the member's benefit is after age sixty-
9 five (65) and occurs in a limitation year
10 beginning on or after July 1, 2007, and the
11 System has an immediately commencing straight
12 life annuity payable at both age sixty-five (65)
13 and the age of benefit commencement, the dollar
14 limitation at the member's annuity starting date
15 is the lesser of the limitation determined under
16 division (1) of subparagraph b of this paragraph
17 and the dollar limitation under subsection B of
18 this 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 adjusted immediately
22 commencing straight life annuity under the System
23 at the member's annuity starting date to the
24 annual amount of the adjusted immediately

1 commencing straight life annuity under the System
2 at age sixty-five (65), both determined without
3 applying the limitations of this section. For
4 this purpose, the adjusted immediately commencing
5 straight life annuity under the System at the
6 member's annuity starting date is the annual
7 amount of such annuity payable to the member,
8 computed disregarding the member's accruals after
9 age sixty-five (65) but including actuarial
10 adjustments even if those actuarial adjustments
11 are used to offset accruals; and the adjusted
12 immediately commencing straight life annuity
13 under the System at age sixty-five (65) is the
14 annual amount of such annuity that would be
15 payable under the System to a hypothetical member
16 who is age sixty-five (65) and has the same
17 accrued benefit as the member.

18 3. Notwithstanding the other requirements of this subsection,
19 no adjustment shall be made to the dollar limitation under
20 subsection B of this section to reflect the probability of a
21 member's death between the annuity starting date and age sixty-two
22 (62), or between age sixty-five (65) and the annuity starting date,
23 as applicable, if benefits are not forfeited upon the death of the
24 member prior to the annuity starting date. To the extent benefits

1 are forfeited upon death before the annuity starting date, such an
2 adjustment shall be made. For this purpose, no forfeiture shall be
3 treated as occurring upon the member's death if the System does not
4 charge members for providing a qualified preretirement survivor
5 annuity, as defined in Section 417(c) of the Internal Revenue Code
6 of 1986, as amended, upon the member's death.

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

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

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

23 a. the numerator of which is the member's number of
24 credited years (or part thereof, but not less than one

1 (1) year) of service (not to exceed ten (10) years)
2 with the participating municipality, and

3 b. the denominator of which is ten (10); and

4 2. The participating municipality (or a predecessor employer)
5 has not at any time maintained a defined contribution plan in which
6 the member participated (for this purpose, mandatory employee
7 contributions under a defined benefit plan, individual medical
8 accounts under Section 401(h) of the Internal Revenue Code of 1986,
9 as amended, and accounts for postretirement medical benefits
10 established under Section 419A(d) (1) of the Internal Revenue Code of
11 1986, as amended, are not considered a separate defined contribution
12 plan).

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

23 G. ~~Effective for years beginning after December 31, 1997, if~~ If
24 a member purchases service pursuant to Section 50-111.2 and Section

1 ~~50-111.4 of this title~~ credit under the System, which qualifies as
2 "permissive service credit" pursuant to Section 415(n) of the
3 Internal Revenue Code of 1986, as amended, the limitations of
4 Section 415 of the Internal Revenue Code of 1986, as amended, may be
5 met by either:

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

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

11 H. ~~Effective for years beginning after December 31, 1997, if~~ If
12 a member repays to the System any amounts ~~received~~ refunded from the
13 System because of such member's prior termination ~~pursuant to~~
14 ~~subsection C of Section 50-111.1 of this title~~ or any other amount
15 which qualifies as a repayment under Section 415(k)(3) of the
16 Internal Revenue Code of 1986, as amended, such repayment shall not
17 be taken into account for purposes of Section 415 of the Internal
18 Revenue Code of 1986, as amended, pursuant to Section 415(k)(3) of
19 the Internal Revenue Code of 1986, as amended.

20 I. For limitation years beginning on or after January 1, 1995,
21 subsection C of this section, paragraph 1 of subsection D of this
22 section, and the proration provided under subparagraphs a and b of
23 paragraph 1 of subsection E of this section shall not apply to a
24 benefit paid under the System as the result of the member becoming

1 disabled by reason of personal injuries or sickness, or amounts
2 received by the beneficiaries, survivors or estate of the member as
3 the result of the death of the member.

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

7 K. The State Board is hereby authorized to revoke the special
8 election previously made on June 19, 1991, under Section 415(b)(10)
9 of the Internal Revenue Code of 1986, as amended.

10 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-114.4, is
11 amended to read as follows:

12 Section 50-114.4 A. A member who is an eligible retired public
13 safety officer and who wishes to have direct payments made toward
14 the member's qualified health insurance premiums from the member's
15 monthly disability benefit or monthly pension payment must make a
16 written election in accordance with Section 402(1) of the Internal
17 Revenue Code of 1986, as amended, on the form provided by the
18 System, as follows:

19 1. The election must be made after the member separates from
20 service as a public safety officer with the member's participating
21 municipality;

22 2. The election shall only apply to distributions from the
23 System after December 31, 2006, and to amounts not yet distributed
24 to the eligible retired public safety officer;

1 3. Direct payments for an eligible retired public safety
2 officer's qualified health insurance premiums can only be made from
3 the member's monthly disability benefit or monthly pension payment
4 from the System and cannot be made from the Deferred Option Plan;
5 and

6 4. The aggregate amount of the exclusion from an eligible
7 retired public safety officer's gross income is Three Thousand
8 Dollars (\$3,000.00) per calendar year.

9 B. As used in this section:

10 1. A "public safety officer" is a member serving a public
11 agency in an official capacity, with or without compensation, as a
12 law enforcement officer, firefighter, chaplain, or as a member of a
13 rescue squad or ambulance crew;

14 2. An "eligible retired public safety officer" is a member who,
15 by reason of disability or attainment of normal retirement date or
16 age, is separated from service as a public safety officer with the
17 member's participating municipality; and

18 3. "Qualified health insurance premiums" are for coverage for
19 the eligible retired public safety officer, the eligible retired
20 public safety officer's spouse, and dependents, as defined in
21 Section 152 of the Internal Revenue Code of 1986, as amended, by an
22 accident or health ~~insurance~~ plan or a qualified long-term care
23 insurance contract, as defined in Section 7702B(b) of the Internal
24 Revenue Code of 1986, as amended. The health plan does not have to

1 be sponsored by the eligible retired public safety officer's former
2 participating municipality.

3 C. The State Board shall promulgate such rules as are necessary
4 to implement the provisions of this section.

5 SECTION 4. It being immediately necessary for the preservation
6 of the public peace, health and safety, an emergency is hereby
7 declared to exist, by reason whereof this act shall take effect and
8 be in full force from and after its passage and approval.

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