

STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

HOUSE BILL 1324

By: McDaniel (Randy)

AS INTRODUCED

An Act relating to the Oklahoma Police Pension and Retirement System; amending 11 O.S. 2011, Section 50-114.1, as last amended by Section 10, Chapter 364, O.S.L. 2012 (11 O.S. Supp. 2012, Section 50-114.1), which relates to limitation on benefits pursuant to requirements of the Internal Revenue Code; modifying reference to Internal Revenue Code; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-114.1, as last amended by Section 10, Chapter 364, O.S.L. 2012 (11 O.S. Supp. 2012, Section 50-114.1), is amended to read as follows:

Section 50-114.1 A. For limitation years prior to July 1, 2007, the limitations of Section 415 of the Internal Revenue Code of 1986, as amended, shall be computed in accordance with the applicable provisions of the System in effect at that time and, to the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-51, except as provided below. Notwithstanding any other provision contained herein to the contrary, the benefits payable to a member

1 from the System provided by employer contributions (including
2 contributions picked up by the employer under Section 414(h) of the
3 Internal Revenue Code of 1986, as amended) shall be subject to the
4 limitations of Section 415 of the Internal Revenue Code of 1986, as
5 amended, in accordance with the provisions of this section. The
6 limitations of this section shall apply in limitation years
7 beginning on or after July 1, 2007, except as otherwise provided
8 below.

9 B. Except as provided below, effective for limitation years
10 ending after December 31, 2001, any accrued retirement benefit
11 payable to a member as an annual benefit as described below shall
12 not exceed One Hundred Sixty Thousand Dollars (\$160,000.00),
13 automatically adjusted under Section 415(d) of the Internal Revenue
14 Code of 1986, as amended, for increases in the cost of living, as
15 prescribed by the Secretary of the Treasury or the Secretary's
16 delegate, effective January 1 of each calendar year and applicable
17 to the limitation year ending with or within such calendar year.
18 The automatic annual adjustment of the dollar limitation in this
19 subsection under Section 415(d) of the Internal Revenue Code of
20 1986, as amended, shall apply to a member who has had a severance
21 from employment.

22 1. The member's annual benefit is a benefit that is payable
23 annually in the form of a straight life annuity. Except as provided
24 below, where a benefit is payable in a form other than a straight

1 life annuity, the benefit shall be adjusted to an actuarially
2 equivalent straight life annuity that begins at the same time as
3 such other form of benefit and is payable on the first day of each
4 month, before applying the limitations of this section. For a
5 member who has or will have distributions commencing at more than
6 one annuity starting date, the annual benefit shall be determined as
7 of each such annuity starting date (and shall satisfy the
8 limitations of this section as of each such date), actuarially
9 adjusting for past and future distributions of benefits commencing
10 at the other annuity starting dates. For this purpose, the
11 determination of whether a new starting date has occurred shall be
12 made without regard to Section 1.401(a)-20, Q&A 10(d), and with
13 regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax
14 Regulations.

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

- 16 a. survivor benefits payable to a surviving spouse under
17 a qualified joint and survivor annuity to the extent
18 such benefits would not be payable if the member's
19 benefit were paid in another form,
- 20 b. benefits that are not directly related to retirement
21 benefits (such as a qualified disability benefit,
22 preretirement incidental death benefits, and
23 postretirement medical benefits), or
24

1 c. the inclusion in the form of benefit of an automatic
2 benefit increase feature, provided the form of benefit
3 is not subject to Section 417(e) (3) of the Internal
4 Revenue Code of 1986, as amended, and would otherwise
5 satisfy the limitations of this section, and the
6 System provides that the amount payable under the form
7 of benefit in any limitation year shall not exceed the
8 limits of this section applicable at the annuity
9 starting date, as increased in subsequent years
10 pursuant to Section 415(d) of the Internal Revenue
11 Code of 1986, as amended. For this purpose, an
12 automatic benefit increase feature is included in a
13 form of benefit if the form of benefit provides for
14 automatic, periodic increases to the benefits paid in
15 that form.

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

23 4. Effective for distributions in plan years beginning after
24 December 31, 2003, the determination of actuarial equivalence of

1 forms of benefit other than a straight life annuity shall be made in
2 accordance with paragraph 5 or paragraph 6 of this subsection.

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

8 a. a nondecreasing annuity (other than a straight life
9 annuity) payable for a period of not less than the
10 life of the member (or, in the case of a qualified
11 preretirement survivor annuity, the life of the
12 surviving spouse), or

13 b. an annuity that decreases during the life of the
14 member merely because of:

15 (1) the death of the survivor annuitant (but only if
16 the reduction is not below fifty percent (50%) of
17 the benefit payable before the death of the
18 survivor annuitant), or

19 (2) the cessation or reduction of Social Security
20 supplements or qualified disability payments (as
21 defined in Section 411(a)(9) of the Internal
22 Revenue Code of 1986, as amended).

23 c. Limitation Years Beginning Before July 1, 2007. For
24 limitation years beginning before July 1, 2007, the

1 actuarially equivalent straight life annuity is equal
2 to the annual amount of the straight life annuity
3 commencing at the same annuity starting date that has
4 the same actuarial present value as the member's form
5 of benefit computed using whichever of the following
6 produces the greater annual 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 for adjusting benefits in the same form; and
11 (2) a five percent (5%) interest rate assumption and
12 the applicable mortality table described in Rev.
13 Rul. 2001-62 (or its successor for these
14 purposes, if applicable) for that annuity
15 starting date.

16 d. Limitation Year Beginning On January 1, 2008. For the
17 limitation year beginning on January 1, 2008, the
18 actuarially equivalent straight life annuity is equal
19 to the greater of:

- 20 (1) the annual amount of the straight life annuity
21 (if any) payable to the member under the System
22 commencing at the same annuity starting date as
23 the member's form of benefit, and
24

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

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

10 For limitation years beginning on or after July 1,
11 2008, the actuarially equivalent straight life annuity
12 is equal to the greater of:

- 13 (1) the annual amount of the straight life annuity
14 (if any) payable to the member under the System
15 commencing at the same annuity starting date as
16 the member's form of benefit, and
- 17 (2) the annual amount of the straight life annuity
18 commencing at the same annuity starting date that
19 has the same actuarial present value as the
20 member's form of benefit, computed using a five
21 percent (5%) interest rate assumption and the
22 applicable mortality table within the meaning of
23 Section ~~417(e)-(B)~~ 417(e)(3)(B) of the Internal
24 Revenue Code of 1986, as amended, as described in

1 Rev. Rul. 2007-67 (and subsequent guidance) for
2 that annuity starting date.

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

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

17 (1) the annual amount of the straight life annuity
18 commencing at the same annuity starting date that
19 has the same actuarial present value as the
20 member's form of benefit, computed using the
21 interest rate and the mortality table (or other
22 tabular factor) as set forth in the most recent
23 actuarial valuation referenced in subsection G of
24 Section 50-105.4 of this title prior to September

1 1, 2011, and effective September 1, 2011, in
2 paragraph 22 of Section 50-101 of this title, for
3 adjusting 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 within the meaning of Section 417 (e) (3) (B) of
11 the Internal Revenue Code of 1986, as amended, as
12 described in Rev. Rul. 2007-67 (and subsequent
13 guidance), and

14 (3) 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:

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

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

12 (b) the applicable mortality table within the
13 meaning of Section 417(e)(3)(B) of the
14 Internal Revenue Code of 1986, as amended,
15 as described in Rev. Rul. 2007-67 (and
16 subsequent guidance),

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

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

- 1 (1) the annual amount of the straight life annuity
2 commencing at the same annuity starting date that
3 has the same actuarial present value as the
4 member's form of benefit, computed using the
5 interest rate and the mortality table (or other
6 tabular factor) each as set forth in subsection G
7 of Section 50-105.4 of this title for adjusting
8 benefits in the same form,
- 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 and one-half percent (5.5%) interest rate
14 assumption and the applicable mortality table
15 described in Rev. Rul. 2001-62 (or its successor
16 for these purposes, if applicable), and
- 17 (3) the annual amount of the straight life annuity
18 commencing at the same annuity starting date that
19 has the same actuarial present value as the
20 member's form of benefit, computed using:
- 21 (a) the adjusted first, second, and third
22 segment rates under Section 417(e)(3)(C) and
23 (D) of the Internal Revenue Code of 1986, as
24 amended, applied under rules similar to the

1 rules of Section 430(h)(2)(C) of the
2 Internal Revenue Code of 1986, as amended,
3 for the fourth calendar month preceding the
4 plan year in which falls the annuity
5 starting date for the distribution and the
6 stability period is the successive period of
7 one (1) plan year which contains the annuity
8 starting date for the distribution and for
9 which the applicable interest rate remains
10 constant, or as otherwise provided in the
11 applicable guidance if the first day of the
12 first plan year beginning after December 31,
13 2007, does not coincide with the first day
14 of the applicable stability period, and
15 (b) the applicable mortality table described in
16 Rev. Rul. 2001-62 (or its successor for
17 these purposes, if applicable),
18 divided by one and five one-hundredths (1.05).

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

- 1 (1) the annual amount of the straight life annuity
2 commencing at the same annuity starting date that
3 has the same actuarial present value as the
4 member's form of benefit, computed using the
5 interest rate and the mortality table (or other
6 tabular factor) each as set forth in subsection G
7 of Section 50-105.4 of this title for adjusting
8 benefits in the same form,
- 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 and one-half percent (5.5%) interest rate
14 assumption and the applicable mortality table
15 described in Rev. Rul. 2001-62 (or its successor
16 for these purposes, if applicable), and
- 17 (3) the annual amount of the straight life annuity
18 commencing at the same annuity starting date that
19 has the same actuarial present value as the
20 member's form of benefit, computed using:
- 21 (a) the rate of interest on thirty-year Treasury
22 securities as specified by the Commissioner
23 for the lookback month for the stability
24 period specified below. The lookback month

1 applicable to the stability period is the
2 fourth calendar month preceding the first
3 day of the stability period, as specified
4 below. The stability period is the
5 successive period of one (1) plan year which
6 contains the annuity starting date for the
7 distribution and for which the applicable
8 interest rate remains constant, 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 d. Annuity Starting Date in Plan Years Beginning in 2004
14 or 2005:

15 (1) If the annuity starting date of the member's form
16 of benefit is in a plan year beginning in 2004 or
17 2005, the actuarially equivalent straight life
18 annuity is equal to the annual amount of the
19 straight life annuity commencing at the same
20 annuity starting date that has the same actuarial
21 present value as the member's form of benefit,
22 computed using whichever of the following
23 produces the greater annual amount:
24

1 (a) the interest rate and the mortality table
2 (or other tabular factor) each as set forth
3 in subsection G of Section 50-105.4 of this
4 title for adjusting benefits in the same
5 form, and

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

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

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

3 (a) the interest rate and mortality table (or
4 other tabular factor) each as set forth in
5 subsection G of Section 50-105.4 of this
6 title for adjusting benefits in the same
7 form,

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

22 (ii) the applicable mortality table
23 described in Rev. Rul. 2001-62 (or its
24

1 successor for these purposes, if
2 applicable), and

3 (c) (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 (1) plan year which
13 contains the annuity starting date for
14 the distribution and for which the
15 applicable interest rate remains
16 constant (as in effect on the last day
17 of the last plan year beginning before
18 January 1, 2004, under provisions of
19 the System then adopted and in effect),
20 and

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

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

8 D. Adjustment of Dollar Limitation for Benefit Commencement

9 Before Age Sixty-two (62) or After Age Sixty-five (65): Effective
10 for benefits commencing in limitation years ending after December
11 31, 2001, the dollar limitation under subsection B of this section
12 shall be adjusted if the annuity starting date of the member's
13 benefit is before age sixty-two (62) or after age sixty-five (65).

14 If the annuity starting date is before age sixty-two (62), the
15 dollar limitation under subsection B of this section shall be
16 adjusted under paragraph 1 of this subsection, as modified by
17 paragraph 3 of this subsection, but subject to paragraph 4 of this
18 subsection. If the annuity starting date is after age sixty-five
19 (65), the dollar limitation under subsection B of this section shall
20 be adjusted under paragraph 2 of this subsection, as modified by
21 paragraph 3 of this subsection.

22 1. Adjustment of Defined Benefit Dollar Limitation for Benefit
23 Commencement Before Age Sixty-two (62):
24

1 a. Limitation Years Beginning Before July 1, 2007. If
2 the annuity starting date for the member's benefit is
3 prior to age sixty-two (62) and occurs in a limitation
4 year beginning before July 1, 2007, the dollar
5 limitation for the member's annuity starting date is
6 the annual amount of a benefit payable in the form of
7 a straight life annuity commencing at the member's
8 annuity starting date that is the actuarial equivalent
9 of the dollar limitation under subsection B of this
10 section (adjusted under subsection C of this section
11 for years of participation less than ten (10), if
12 required) with actuarial equivalence computed using
13 whichever of the following produces the smaller annual
14 amount:

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

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

23 b. Limitation Years Beginning On or After July 1, 2007.
24

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

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

1 its successor for these purposes, if
2 applicable) (and expressing the member's age
3 based on completed calendar months as of the
4 annuity starting date).

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

1 Section 417(e) (3) (B) of the Internal Revenue
2 Code of 1986, as amended, as described in
3 Rev. Rul. 2007-67 (and subsequent guidance)
4 (and expressing the member's age based on
5 completed calendar months as of the annuity
6 starting date).

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

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

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

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

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

1 subsection G of Section 50-105.4 of this title,
2 or

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

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

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

11 (a) If the annuity starting date for the
12 member's benefit is after age sixty-five
13 (65) and occurs in the limitation year
14 beginning on January 1, 2008, and the System
15 does not have an immediately commencing
16 straight life annuity payable at both age
17 sixty-five (65) 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 interest rate assumption and the applicable
6 mortality table for the annuity starting
7 date as described in Rev. Rul. 2001-62 (or
8 its successor for these purposes, if
9 applicable) (and expressing the member's age
10 based on completed calendar months as of the
11 annuity starting date).

12 (b) If the annuity starting date for the
13 member's benefit is after age sixty-five
14 (65) 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 age sixty-five (65) and the age of
19 benefit commencement, the dollar limitation
20 at the member's annuity starting date is the
21 annual amount of a benefit payable in the
22 form of a straight life annuity commencing
23 at the member's annuity starting date that
24 is the actuarial equivalent of the dollar

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

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

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

1 who is age sixty-five (65) and has the same
2 accrued benefit as the member.

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

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

22 E. Minimum Benefit Permitted: Notwithstanding anything else in
23 this section to the contrary, the benefit otherwise accrued or
24

1 payable to a member under this System shall be deemed not to exceed
2 the maximum permissible benefit if:

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

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

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

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

23 F. In no event shall the maximum annual accrued retirement
24 benefit of a member allowable under this section be less than the

1 annual amount of such accrued retirement benefit, including early
2 pension and qualified joint and survivor annuity amounts, duly
3 accrued by the member as of the last day of the limitation year
4 beginning in 1982, or as of the last day of the limitation year
5 beginning in 1986, whichever is greater, disregarding any plan
6 changes or cost-of-living adjustments occurring after July 1, 1982,
7 as to the 1982 accrued amount, and May 5, 1986, as to the 1986
8 accrued amount.

9 G. Effective for years beginning after December 31, 1997, if a
10 member purchases service pursuant to Section 50-111.2 and Section
11 50-111.4 of this title, which qualifies as "permissive service
12 credit" pursuant to Section 415(n) of the Internal Revenue Code of
13 1986, as amended, the limitations of Section 415 of the Internal
14 Revenue Code of 1986, as amended, may be met by either:

- 15 1. Treating the accrued benefit derived from such contributions
16 as an annual benefit under subsection B of this section, or
- 17 2. Treating all such contributions as annual additions for
18 purposes of Section 415(c) of the Internal Revenue Code of 1986, as
19 amended.

20 H. Effective for years beginning after December 31, 1997, if a
21 member repays to the System any amounts received because of such
22 member's prior termination pursuant to subsection C of Section 50-
23 111.1 of this title, such repayment shall not be taken into account
24 for purposes of Section 415 of the Internal Revenue Code of 1986, as

1 amended, pursuant to Section 415(k)(3) of the Internal Revenue Code
2 of 1986, as amended.

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

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

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

17 SECTION 2. This act shall become effective July 1, 2013.

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

22
23 54-1-5144 MAH 12/28/12
24

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December 28, 2012

Representative Randy McDaniel
Room 438

Re: RBH No. 5144

RBH No. 5144 changes the IRS code references in the Oklahoma Police Pension and Retirement System existing law to reflect the changes in the IRS code.

RBH No. 5144 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA