

1 ENGROSSED SENATE AMENDMENTS  
TO

2 ENGROSSED HOUSE  
BILL NO. 2273

By: McDaniel (Randy) of the  
House

and

Smalley of the Senate

[ Oklahoma Police Pension and Retirement System -  
modifying references to certain individual  
retirement accounts - ~~effective date~~ -  
emergency ]

10

11 AMENDMENT NO. 1. Page 1, strike the stricken title, enacting clause  
and entire bill and insert

12

"An Act relating to the Oklahoma Police Pension and  
Retirement System; amending 11 O.S. 2011, Sections 50-  
101, 50-111.1, as amended by Section 2, Chapter 44,  
O.S.L. 2014 and 50-111.4, as amended by Section 1,  
Chapter 23, O.S.L. 2015 (11 O.S. Supp. 2015, Sections  
50-111.1 and 50-111.4), which relate to disposition of  
certain contributed amounts; modifying definitions;  
modifying references to certain individual retirement  
accounts; ~~providing an effective date; and declaring an  
emergency.~~

18

19

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

21 SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-101, is  
22 amended to read as follows:

23 Section 50-101. As used in this article:

24

1        1. "System" means the Oklahoma Police Pension and Retirement  
2 System and all predecessor municipal Police Pension and Retirement  
3 Systems;

4        2. "Article" means Article 50 of this title;

5        3. "State Board" means the Oklahoma Police Pension and  
6 Retirement Board;

7        4. "Fund" means the Oklahoma Police Pension and Retirement  
8 Fund;

9        5. "Officer" means any duly appointed and sworn full-time  
10 officer of the regular police department of a municipality whose  
11 duties are to preserve the public peace, protect life and property,  
12 prevent crime, serve warrants, enforce all laws and municipal  
13 ordinances of this state, and any political subdivision thereof, and  
14 who is authorized to bear arms in the execution of such duties;

15        6. "Member" means all eligible officers of a participating  
16 municipality and any person hired by a participating municipality  
17 who is undergoing police training to become a permanent police  
18 officer of the municipality. Effective July 1, 1987, a member does  
19 not include a "leased employee" as defined under Section 414(n)(2)  
20 of the Internal Revenue Code of 1986, as amended. Effective July 1,  
21 1999, any individual who agrees with the participating municipality  
22 that the individual's services are to be performed as a leased  
23 employee or an independent contractor shall not be a member  
24 regardless of any classification as a common law employee by the

1 Internal Revenue Service or any other governmental agency, or any  
2 court of competent jurisdiction. A member shall include eligible  
3 commissioned officers of the Oklahoma State Bureau of Narcotics and  
4 Dangerous Drugs Control, the Oklahoma State Bureau of Investigation,  
5 and the Alcoholic Beverage Laws Enforcement Commission who elect to  
6 participate in the System pursuant to Section 50-111.5 of this  
7 title;

8 7. "Normal retirement date" means the date at which the member  
9 is eligible to receive the unreduced payments of the member's  
10 accrued retirement benefit. Such date shall be the first day of the  
11 month coinciding with or following the date the member completes  
12 twenty (20) years of credited service. If the member's employment  
13 continues past the normal retirement date of the member, the actual  
14 retirement date of the member shall be the first day of the month  
15 after the member terminates employment with more than twenty (20)  
16 years of credited service;

17 8. "Credited service" means the period of service used to  
18 determine the eligibility for and the amount of benefits payable to  
19 a member. Credited service shall consist of the period during which  
20 the member participated in the System or the predecessor municipal  
21 systems as an active employee in an eligible membership  
22 classification, plus any service prior to the establishment of the  
23 predecessor municipal systems which was credited under the  
24

1 predecessor municipal systems or credited service granted by the  
2 State Board;

3 9. "Participating municipality" means a municipality which is  
4 making contributions to the System on behalf of its officers. The  
5 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the  
6 Oklahoma State Bureau of Investigation, and the Alcoholic Beverage  
7 Laws Enforcement Commission shall be treated in the same manner as a  
8 participating municipality only regarding those members who elect to  
9 participate in the System pursuant to Section 50-111.5 of this  
10 title;

11 10. "Permanent total disability" means incapacity due to  
12 accidental injury or occupational disease, to earn any wages in the  
13 employment for which the member is physically suited and reasonably  
14 fitted through education, training or experience. Further, the  
15 member must be declared one hundred percent (100%) impaired as  
16 defined by the "American Medical Association's Guides to the  
17 Evaluation of Permanent Impairment" on the basis of a physical  
18 medical examination by a physician licensed to practice medicine in  
19 this state, as selected by the State Board;

20 11. "Permanent partial disability" means permanent disability  
21 which is less than permanent total disability as defined in this  
22 section. The member must be declared no greater than ninety-nine  
23 percent (99%) impaired as defined by the "American Medical  
24 Association's Guides to the Evaluation of Permanent Impairment" on

1 the basis of a physical medical examination by a physician licensed  
2 to practice medicine in this state, as selected by the State Board;

3 12. "Permanent in-line disability" means incapacity to earn any  
4 wages as a certified, commissioned police officer due to accidental  
5 injury or occupational disease, incurred while in, and in  
6 consequence of, the performance of duty as an officer;

7 13. "Beneficiary" means a member's surviving spouse or any  
8 surviving children, including biological and adopted children, at  
9 the time of the member's death. The surviving spouse must have been  
10 married to the member for the thirty (30) continuous months  
11 immediately preceding the member's death, provided a surviving  
12 spouse of a member who died while in, and as a consequence of, the  
13 performance of the member's duty for a participating municipality,  
14 shall not be subject to the thirty-month marriage requirement for  
15 survivor benefits. A surviving child of a member shall be a  
16 beneficiary until reaching eighteen (18) years of age or twenty-two  
17 (22) years of age if the child is enrolled full time and regularly  
18 attending a public or private school or any institution of higher  
19 education. Any child adopted by a member after the member's  
20 retirement shall be a beneficiary only if the child is adopted by  
21 the member for the thirty (30) continuous months preceding the  
22 member's death. Any child who is adopted by a member after the  
23 member's retirement and such member dies accidentally or as a  
24 consequence of the performance of the member's duty as a police

1 officer shall not be subject to the thirty-month adoption  
2 requirement. This definition of beneficiary shall be in addition to  
3 any other requirement set forth in this article;

4 14. "Executive Director" means the managing officer of the  
5 System employed by the State Board;

6 15. "Eligible employer" means any municipality with a municipal  
7 police department;

8 16. "Entry date" means the date as of which an eligible  
9 employer joins the System. The first entry date pursuant to this  
10 article shall be January 1, 1981;

11 17. "Final average salary" means the average paid base salary  
12 of the member for normally scheduled hours over the highest salaried  
13 thirty (30) consecutive months of the last sixty (60) months of  
14 credited service. Effective July 1, 2016, the following shall apply  
15 in computing final average salary:

16 a. ~~Base salary shall not include payment for accumulated~~  
17 ~~sick and annual leave upon termination of employment,~~  
18 ~~severance pay or any uniform allowances. Provided,~~  
19 ~~for purposes of determining the normal disability~~  
20 ~~benefit, final average salary shall be based on the~~  
21 ~~member's total service if less than thirty (30)~~  
22 ~~months. Base salary shall include any amount of~~  
23 ~~elective salary reduction under Section 457 of the~~  
24 ~~Internal Revenue Code of 1986, as amended, and any~~

1 ~~amount of nonelective salary reduction under Section~~  
2 ~~414(h) of the Internal Revenue Code of 1986, as~~  
3 ~~amended. Effective January 1, 1988, base salary shall~~  
4 ~~include any amount of elective salary reduction under~~  
5 ~~Section 125 of the Internal Revenue Code of 1986, as~~  
6 ~~amended. Effective July 1, 1998, gross salary shall~~  
7 ~~include any amount of elective salary reduction not~~  
8 ~~includable in the gross income of the member under~~  
9 ~~Section 132(f)(4) of the Internal Revenue Code of~~  
10 ~~1986, as amended. Only only paid base salary on which~~  
11 ~~required contributions have been made ~~may~~ shall be~~  
12 ~~used in computing ~~the~~ a member's final average~~  
13 ~~salary.~~

14 b. for purposes of determining the normal disability  
15 benefit only, final average salary shall be based on  
16 the member's total service if less than thirty (30)  
17 months,

18 c. In ~~in~~ addition to other applicable limitations, and  
19 notwithstanding any other provision to the contrary,  
20 for plan years beginning on or after July 1, 2002, the  
21 annual compensation of each "Noneligible Member" taken  
22 into account under the System shall not exceed the  
23 Economic Growth and Tax Relief Reconciliation Act of  
24 2001 (EGTRRA) annual compensation limit. The EGTRRA

1 annual compensation limit is Two Hundred Thousand  
2 Dollars (\$200,000.00), as adjusted by the Commissioner  
3 for increases in the cost of living in accordance with  
4 Section 401(a)(17)(B) of the Internal Revenue Code of  
5 1986, as amended. The annual compensation limit in  
6 effect for a calendar year applies to any period, not  
7 exceeding twelve (12) months, over which compensation  
8 is determined ("determination period") beginning in  
9 such calendar year. If a determination period  
10 consists of fewer than twelve (12) months, the EGTRRA  
11 annual compensation limit will be multiplied by a  
12 fraction, the numerator of which is the number of  
13 months in the determination period, and the  
14 denominator of which is twelve (12). For purposes of  
15 this section, a "Noneligible Member" is any member who  
16 first became a member during a plan year commencing on  
17 or after July 1, 1996~~7~~.

18 ~~e.~~

19 d. ~~For~~ for plan years beginning on or after July 1, 2002,  
20 any reference in the System to the annual compensation  
21 limit under Section 401(a)(17) of the Internal Revenue  
22 Code of 1986, as amended, shall mean the EGTRRA annual  
23 compensation limit set forth in this provision~~7~~, and

24

1 ~~d. Effective January 1, 2008, base salary shall also~~  
2 ~~include base salary, as described above for services,~~  
3 ~~but paid by the later of two and one half (2 1/2)~~  
4 ~~months after a member's severance from employment or~~  
5 ~~the end of the calendar year that includes the date~~  
6 ~~the member terminated employment, if it is a payment~~  
7 ~~that, absent a severance from employment, would have~~  
8 ~~been paid to the member while the member continued in~~  
9 ~~employment with the participating municipality.~~

10 ~~e. Effective January 1, 2008, any payments not described~~  
11 ~~above shall not be considered base salary if paid~~  
12 ~~after severance from employment, even if they are paid~~  
13 ~~by the later of two and one half (2 1/2) months after~~  
14 ~~the date of severance from employment or the end of~~  
15 ~~the calendar year that includes the date of severance~~  
16 ~~from employment, except payments to an individual who~~  
17 ~~does not currently perform services for the~~  
18 ~~participating municipality by reason of qualified~~  
19 ~~military service within the meaning of Section~~  
20 ~~414(u)(5) of the Internal Revenue Code of 1986, as~~  
21 ~~amended, to the extent these payments do not exceed~~  
22 ~~the amounts the individual would have received if the~~  
23 ~~individual had continued to perform services for the~~  
24

1 ~~participating municipality rather than entering~~  
2 ~~qualified military service.~~

3 ~~f.~~

4 ~~e.~~ ~~Effective~~ effective January 1, 2008, back pay, within  
5 the meaning of Section 1.415(c)-2(g)(8) of the Income  
6 Tax Regulations, shall be treated as paid base salary  
7 for the limitation year to which the back pay relates  
8 to the extent the back pay represents wages and  
9 compensation that would otherwise be included in this  
10 definition.

11 ~~g. Effective for years beginning after December 31, 2008,~~  
12 ~~base salary shall also include differential wage~~  
13 ~~payments under Section 414(u)(12) of the Internal~~  
14 ~~Revenue Code of 1986, as amended;~~

15 18. "Accrued retirement benefit" means two and one-half percent  
16 (2 1/2%) of the member's final average salary multiplied by the  
17 member's years of credited service not to exceed thirty (30) years;

18 19. "Normal disability benefit" means two and one-half percent  
19 (2 1/2%) of the member's final average salary multiplied by twenty  
20 (20) years;

21 20. "Limitation year" means the year used in applying the  
22 limitations of Section 415 of the Internal Revenue Code of 1986, as  
23 amended, which year shall be the calendar year;

1        21. "Paid base salary" means, effective ~~May 1, 2002~~, all  
2 ~~compensation that shall include longevity, educational allowances,~~  
3 ~~and normal compensation paid on a regularly scheduled pay period of~~  
4 ~~which said pay period shall include holidays, annual leave and sick~~  
5 ~~leave. Paid base salary shall not include overtime, shall not~~  
6 ~~include payment for accumulated sick and annual leave upon~~  
7 ~~termination of employment, and shall not include any uniform~~  
8 ~~allowance or any other compensation for reimbursement of out-of-~~  
9 ~~pocket expenses; and July 1, 2016, any compensation described in~~  
10 ~~subparagraph a of this paragraph that is not described in~~  
11 ~~subparagraph b of this paragraph.~~

12        a. Paid base salary shall include only:

13        (1) normal compensation paid on a regularly scheduled  
14 pay period, including, but not limited to,  
15 regular pay for holidays, paid time off, vacation  
16 or annual leave, sick leave or compensatory time  
17 in lieu of overtime, any lump sum payment paid in  
18 lieu of a normal wage increase, provided such  
19 lump sum payment is retroactively applied over  
20 the prior twelve-month period ending with the  
21 payment date, compensation for bomb squad pay,  
22 education pay, incentive pay, K-9 pay,  
23 negotiation pay, shift differential, sniper pay,  
24 SWAT team pay, emergency response team pay, any

1           other special unit pay, and any incremental  
2           increase in compensation which is not included by  
3           the employer in a member's regular base pay for  
4           salary increase purposes but is paid by the  
5           employer to the member for group health benefits  
6           based on an arrangement with a participating  
7           municipality that was in place on December 31,  
8           2015, so long as the arrangement continues  
9           uninterrupted for a member employed by a  
10           participating municipality on June 30, 2016, who  
11           has not since terminated employment and been  
12           rehired by such participating municipality,  
13           (2) any amount of elective salary reduction under  
14           Section 125 of the Internal Revenue Code of 1986,  
15           as amended, that would have been treated as paid  
16           base salary but for the salary deferral reduction  
17           agreement,  
18           (3) any amount of elective salary reduction not  
19           includable in the gross income of the member  
20           under Section 132(f)(4) of the Internal Revenue  
21           Code of 1986, as amended, that would have been  
22           treated as paid base salary but for the salary  
23           deferral reduction agreement,  
24

- 1           (4) any amount of elective salary reduction under  
2           Section 457 of the Internal Revenue Code of 1986,  
3           as amended, that would have been treated as paid  
4           base salary but for the salary deferral reduction  
5           agreement,
- 6           (5) any amount of elective salary reduction under  
7           Section 401(k) of the Internal Revenue Code of  
8           1986, as amended, that would have been treated as  
9           paid base salary but for the salary deferral  
10           reduction agreement,
- 11           (6) any amount of nonelective salary reduction under  
12           Section 414(h) of the Internal Revenue Code of  
13           1986, as amended,
- 14           (7) educational allowances paid to obtain training  
15           certification or pursue an advanced degree,
- 16           (8) longevity payments made to members based upon a  
17           standardized plan which recognizes length of  
18           service to the participating municipality,
- 19           (9) paid base salary shall also include base salary,  
20           as described in divisions (1) thru (8) of  
21           subparagraph a of this paragraph, for services,  
22           but paid by the later of two and one-half (2 1/2)  
23           months after a member's severance from employment  
24           or the end of the calendar year that includes the

1 date the member terminated employment, if it is a  
2 payment that, absent a severance from employment,  
3 would have been paid to the member while the  
4 member continued in employment with the  
5 participating municipality,

6 (10) any payments not described in divisions (1) thru  
7 (9) of subparagraph a of this paragraph shall not  
8 be considered paid base salary if paid after  
9 severance from employment, even if they are paid  
10 by the later of two and one-half (2 1/2) months  
11 after the date of severance from employment or  
12 the end of the calendar year that includes the  
13 date of severance from employment, except  
14 payments to an individual who does not currently  
15 perform services for the participating  
16 municipality by reason of qualified military  
17 service within the meaning of Section 414(u) (5)  
18 of the Internal Revenue Code of 1986, as amended,  
19 to the extent these payments do not exceed the  
20 amounts the individual would have received if the  
21 individual had continued to perform services for  
22 the participating municipality rather than  
23 entering qualified military service,  
24

- 1           (11) back pay, within the meaning of Section  
2           1.415(c)2(g)(8) of the Income Tax Regulations,  
3           shall be treated as paid base salary for the  
4           limitation year to which the back pay relates to  
5           the extent the back pay represents wages and  
6           compensation that would otherwise be included in  
7           this definition, and  
8           (12) paid base salary shall also include differential  
9           wage payments under Section 414(u)(12) of the  
10           Internal Revenue Code of 1986, as amended.

11       b. Notwithstanding anything to the contrary in this  
12       section, paid base salary shall not include any:

- 13           (1) fringe benefits, reimbursements, or increases in  
14           compensation due to reimbursements to the extent  
15           not specifically included above in subparagraph a  
16           of this paragraph,  
17           (2) incremental increase in compensation which is not  
18           included by the employer in a member's regular  
19           base pay for salary increase purposes but is paid  
20           by the employer to the member for group health  
21           benefits not otherwise included above in division  
22           (1) of subparagraph a of this paragraph,  
23           (3) insurance benefits, including any reimbursements  
24           thereof, or insurance proceeds of any type not

1 otherwise included above in division (1) of  
2 subparagraph a of this paragraph,

3 (4) bonuses, including signing bonuses, lump-sum  
4 payments or stipends made to the member not  
5 otherwise included above in division (1) of  
6 subparagraph a of this paragraph,

7 (5) overtime compensation,

8 (6) payments whether prior to or upon termination of  
9 employment for accumulated unused vacation or  
10 unused annual leave, accumulated unused sick  
11 leave, or accumulated unused paid time off or  
12 other unused leave,

13 (7) payments made in error to a member,

14 (8) payments made by the participating municipality  
15 for services rendered by the member, which  
16 services are not part of the member's job duties  
17 and responsibilities of his or her job position  
18 with the participating municipality,

19 (9) severance pay,

20 (10) unemployment payments, and

21 (11) uniform and equipment allowances; and

22 22. "Actuarial equivalent" means equality in value of the  
23 aggregate amounts expected to be received based on interest rate and  
24 mortality assumptions set by the State Board, in a manner that

1 precludes employer discretion, and based upon recommendations from  
2 independent professional advisors, and which shall be published  
3 annually in the actuarial report.

4 SECTION 2. AMENDATORY 11 O.S. 2011, Section 50-111.1, as  
5 amended by Section 2, Chapter 44, O.S.L. 2014 (11 O.S. Supp. 2015,  
6 Section 50-111.1), is amended to read as follows:

7 Section 50-111.1. A. A member who terminates service before  
8 normal retirement date, other than by death or disability shall,  
9 upon application filed with the State Board, be refunded from the  
10 Fund an amount equal to the accumulated contributions the member has  
11 made to the Fund, but excluding any interest or any amount  
12 contributed by the municipality or state. If a member withdraws the  
13 member's accumulated contributions, such member shall not have any  
14 recourse against the System for any type of additional benefits  
15 including, but not limited to, disability benefits. If a member has  
16 completed ten (10) years of credited service at the date of  
17 termination, the member may elect a vested benefit in lieu of  
18 receiving the member's accumulated contributions.

19 If the member who has completed ten (10) or more years of  
20 credited service elects the vested benefit, the member shall be  
21 entitled to a monthly retirement annuity commencing on the date the  
22 member reaches fifty (50) years of age or the date the member would  
23 have had twenty (20) years of credited service had the member's  
24 employment continued uninterrupted, whichever is later. The annual

1 amount of such retirement annuity shall be equal to two and one-half  
2 percent (2 1/2%) of the annualized final average salary multiplied  
3 by the number of years of credited service.

4 If a terminated member has elected a vested benefit and  
5 subsequently returns to work as a police officer of a participating  
6 municipality, their vested benefit will be set aside and prior  
7 credited service will be reinstated.

8 B. If a member who terminates employment and elects a vested  
9 benefit dies prior to being eligible to receive benefits, the  
10 member's beneficiary shall be entitled to the member's normal  
11 monthly accrued retirement benefits on the date the deceased member  
12 would have been eligible to receive the benefit.

13 C. Whenever a member has terminated or hereafter terminates  
14 covered employment and has withdrawn or hereafter withdraws the  
15 member's accumulated contributions and has rejoined or hereafter  
16 rejoins the System, the member, upon proper application and approval  
17 by the Board, may pay to the System the sum of the accumulated  
18 contributions the member has withdrawn or hereafter withdraws plus  
19 ten percent (10%) annual interest from the date of withdrawal and  
20 shall receive the same benefits as if the member had never withdrawn  
21 the contributions. ~~Effective July 1, 2003, a~~ A lump-sum payment for  
22 repayment of any amounts received because of a member's prior  
23 termination may be repaid by trustee-to-trustee transfers of non-  
24 Roth funds from a Section 403(b) annuity, an eligible Section 457(b)

1 plan, and/or a Section 401(a) qualified plan. Those members who at  
2 the time of termination of employment could not withdraw any of  
3 their accumulated contributions shall receive credited service for  
4 the time employed as an officer prior to any such termination upon  
5 proper application and approval by the Board. To receive credit for  
6 such service, all required contributions and interest shall be paid  
7 within ninety (90) days of Board approval of the application. The  
8 provisions of this subsection shall not apply to any member who is  
9 receiving benefits from the System as of July 1, 1987.

10 D. If an active member dies and does not leave a beneficiary,  
11 the accumulated contributions made to the System by the member shall  
12 be paid to the estate of the member.

13 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-111.4, as  
14 amended by Section 1, Chapter 23, O.S.L. 2015 (11 O.S. Supp. 2015,  
15 Section 50-111.4), is amended to read as follows:

16 Section 50-111.4. A. The Oklahoma Police Pension and  
17 Retirement Board shall adopt rules for computation of the purchase  
18 price for transferred credited service. These rules shall base the  
19 purchase price for each year purchased on the actuarial cost of the  
20 incremental projected benefits to be purchased. The purchase price  
21 shall represent the present value of the incremental projected  
22 benefits discounted according to the member's age at the time of  
23 purchase. Incremental projected benefits shall be the difference  
24 between the projected benefit the member would receive without

1 purchasing the transferred credited service and the projected  
2 benefit after purchase of the transferred credited service computed  
3 as of the earliest age at which the member would be able to retire.  
4 The computation shall assume an unreduced benefit and be computed  
5 using interest and mortality assumptions consistent with the  
6 actuarial assumptions adopted by the Board of Trustees for purposes  
7 of preparing the annual actuarial evaluation.

8       B. In the event that the member is unable to pay the purchase  
9 price provided for in this section by the due date, the Oklahoma  
10 Police Pension and Retirement Board shall permit the members to  
11 amortize the purchase price over a period not to exceed sixty (60)  
12 months. Payments shall be made by payroll deductions unless the  
13 Oklahoma Police Pension and Retirement Board permits an alternate  
14 payment source. The amortization shall include interest in an  
15 amount not to exceed the actuarially assumed interest rate adopted  
16 by the Oklahoma Police Pension and Retirement Board for investment  
17 earnings each year. Any member who ceases to make payment,  
18 terminates, retires or dies before completing the payments provided  
19 for in this section shall receive prorated service credit for only  
20 those payments made, unless the unpaid balance is paid by the  
21 member, his or her estate or successor in interest within six (6)  
22 months after the member's death, termination of employment or  
23 retirement, provided no retirement benefits shall be payable until  
24 the unpaid balance is paid, unless the member or beneficiary

1 affirmatively waives the additional six-month period in which to pay  
2 the unpaid balance. Notwithstanding anything herein to the  
3 contrary, lump-sum payments for a transferred credited service  
4 purchase may be made by a trustee-to-trustee transfer of non-Roth  
5 funds from a Code Section 403(b) annuity or custodial account, an  
6 eligible deferred compensation plan described in Code Section 457(b)  
7 which is maintained by an eligible employer described in Code  
8 Section 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;  
9 or a direct rollover of tax-deferred funds from a Code Section  
10 403(b) annuity or custodial account, an eligible deferred  
11 compensation plan described in Code Section 457(b) which is  
12 maintained by an eligible employer described in Code Section  
13 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code  
14 Section 408(a) or 408(b) traditional or conduit Individual  
15 Retirement Account or Annuity (IRA). The Oklahoma Police Pension  
16 and Retirement Board shall develop such procedures and may require  
17 such information from the distributing plan as it deems necessary to  
18 reasonably conclude that a potential rollover contribution is a  
19 valid rollover contribution under Section 1.401(a) (31)-1, Q&A-  
20 14(b) (2), of the Income Tax Regulations. Roth ~~IRAs~~ accounts and  
21 Coverdell Education Savings Accounts shall not be used to purchase  
22 transferred credited service. A member making installment payments  
23 shall have the option of making a cash lump-sum payment for the  
24 balance of the actuarial purchase price with interest due through

1 the date of payment by a trustee-to-trustee transfer of non-Roth  
2 funds from a Code Section 403(b) annuity or custodial account, an  
3 eligible deferred compensation plan described in Code Section 457(b)  
4 which is maintained by an eligible employer described in Code  
5 Section 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;  
6 or a direct rollover of tax-deferred funds from a Code Section  
7 403(b) annuity or custodial account, an eligible deferred  
8 compensation plan described in Code Section 457(b) which is  
9 maintained by an eligible employer described in Code Section  
10 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code  
11 Section 408(a) or 408(b) traditional or conduit Individual  
12 Retirement Account or Annuity (IRA). Roth ~~IRAs~~ accounts and  
13 Coverdell Education Savings Accounts shall not be used to purchase  
14 transferred credited service. The State Board shall promulgate such  
15 rules as are necessary to implement the provisions of this  
16 subsection.

17 ~~SECTION 4. This act shall become effective July 1, 2016.~~

18 ~~SECTION 5. 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

24

1 Passed the Senate the 20th day of April, 2016.

2  
3 \_\_\_\_\_  
4 Presiding Officer of the Senate

5 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
6 2016.

7  
8 \_\_\_\_\_  
9 Presiding Officer of the House  
10 of Representatives

1 ENGROSSED HOUSE  
2 BILL NO. 2273

By: McDaniel (Randy) of the  
House

3 and

4 Smalley of the Senate

5  
6  
7 [ Oklahoma Police Pension and Retirement System -  
8 modifying references to certain individual  
9 retirement accounts - ~~effective date~~ -  
10 emergency ]

11  
12

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

14 SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-101, is  
15 amended to read as follows:

16 Section 50-101. As used in this article:

17 1. "System" means the Oklahoma Police Pension and Retirement  
18 System and all predecessor municipal Police Pension and Retirement  
19 Systems;

20 2. "Article" means Article 50 of this title;

21 3. "State Board" means the Oklahoma Police Pension and  
22 Retirement Board;

23 4. "Fund" means the Oklahoma Police Pension and Retirement  
24 Fund;

1        5. "Officer" means any duly appointed and sworn full-time  
2 officer of the regular police department of a municipality whose  
3 duties are to preserve the public peace, protect life and property,  
4 prevent crime, serve warrants, enforce all laws and municipal  
5 ordinances of this state, and any political subdivision thereof, and  
6 who is authorized to bear arms in the execution of such duties;

7        6. "Member" means all eligible officers of a participating  
8 municipality and any person hired by a participating municipality  
9 who is undergoing police training to become a permanent police  
10 officer of the municipality. Effective July 1, 1987, a member does  
11 not include a "leased employee" as defined under Section 414(n)(2)  
12 of the Internal Revenue Code of 1986, as amended. Effective July 1,  
13 1999, any individual who agrees with the participating municipality  
14 that the individual's services are to be performed as a leased  
15 employee or an independent contractor shall not be a member  
16 regardless of any classification as a common law employee by the  
17 Internal Revenue Service or any other governmental agency, or any  
18 court of competent jurisdiction. A member shall include eligible  
19 commissioned officers of the Oklahoma State Bureau of Narcotics and  
20 Dangerous Drugs Control, the Oklahoma State Bureau of Investigation,  
21 and the Alcoholic Beverage Laws Enforcement Commission who elect to  
22 participate in the System pursuant to Section 50-111.5 of this  
23 title;

1       7. "Normal retirement date" means the date at which the member  
2 is eligible to receive the unreduced payments of the member's  
3 accrued retirement benefit. Such date shall be the first day of the  
4 month coinciding with or following the date the member completes  
5 twenty (20) years of credited service. If the member's employment  
6 continues past the normal retirement date of the member, the actual  
7 retirement date of the member shall be the first day of the month  
8 after the member terminates employment with more than twenty (20)  
9 years of credited service;

10       8. "Credited service" means the period of service used to  
11 determine the eligibility for and the amount of benefits payable to  
12 a member. Credited service shall consist of the period during which  
13 the member participated in the System or the predecessor municipal  
14 systems as an active employee in an eligible membership  
15 classification, plus any service prior to the establishment of the  
16 predecessor municipal systems which was credited under the  
17 predecessor municipal systems or credited service granted by the  
18 State Board;

19       9. "Participating municipality" means a municipality which is  
20 making contributions to the System on behalf of its officers. The  
21 Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the  
22 Oklahoma State Bureau of Investigation, and the Alcoholic Beverage  
23 Laws Enforcement Commission shall be treated in the same manner as a  
24 participating municipality only regarding those members who elect to

1 participate in the System pursuant to Section 50-111.5 of this  
2 title;

3 10. "Permanent total disability" means incapacity due to  
4 accidental injury or occupational disease, to earn any wages in the  
5 employment for which the member is physically suited and reasonably  
6 fitted through education, training or experience. Further, the  
7 member must be declared one hundred percent (100%) impaired as  
8 defined by the "American Medical Association's Guides to the  
9 Evaluation of Permanent Impairment" on the basis of a physical  
10 medical examination by a physician licensed to practice medicine in  
11 this state, as selected by the State Board;

12 11. "Permanent partial disability" means permanent disability  
13 which is less than permanent total disability as defined in this  
14 section. The member must be declared no greater than ninety-nine  
15 percent (99%) impaired as defined by the "American Medical  
16 Association's Guides to the Evaluation of Permanent Impairment" on  
17 the basis of a physical medical examination by a physician licensed  
18 to practice medicine in this state, as selected by the State Board;

19 12. "Permanent in-line disability" means incapacity to earn any  
20 wages as a certified, commissioned police officer due to accidental  
21 injury or occupational disease, incurred while in, and in  
22 consequence of, the performance of duty as an officer;

23 13. "Beneficiary" means a member's surviving spouse or any  
24 surviving children, including biological and adopted children, at

1 the time of the member's death. The surviving spouse must have been  
2 married to the member for the thirty (30) continuous months  
3 immediately preceding the member's death, provided a surviving  
4 spouse of a member who died while in, and as a consequence of, the  
5 performance of the member's duty for a participating municipality,  
6 shall not be subject to the thirty-month marriage requirement for  
7 survivor benefits. A surviving child of a member shall be a  
8 beneficiary until reaching eighteen (18) years of age or twenty-two  
9 (22) years of age if the child is enrolled full time and regularly  
10 attending a public or private school or any institution of higher  
11 education. Any child adopted by a member after the member's  
12 retirement shall be a beneficiary only if the child is adopted by  
13 the member for the thirty (30) continuous months preceding the  
14 member's death. Any child who is adopted by a member after the  
15 member's retirement and such member dies accidentally or as a  
16 consequence of the performance of the member's duty as a police  
17 officer shall not be subject to the thirty-month adoption  
18 requirement. This definition of beneficiary shall be in addition to  
19 any other requirement set forth in this article;

20 14. "Executive Director" means the managing officer of the  
21 System employed by the State Board;

22 15. "Eligible employer" means any municipality with a municipal  
23 police department;

24

1 16. "Entry date" means the date as of which an eligible  
2 employer joins the System. The first entry date pursuant to this  
3 article shall be January 1, 1981;

4 17. "Final average salary" means the average paid base salary  
5 of the member for normally scheduled hours over the highest salaried  
6 thirty (30) consecutive months of the last sixty (60) months of  
7 credited service. Effective July 1, 2016, the following shall apply  
8 in computing final average salary:

- 9 a. ~~Base salary shall not include payment for accumulated~~  
10 ~~sick and annual leave upon termination of employment,~~  
11 ~~severance pay or any uniform allowances. Provided,~~  
12 ~~for purposes of determining the normal disability~~  
13 ~~benefit, final average salary shall be based on the~~  
14 ~~member's total service if less than thirty (30)~~  
15 ~~months. Base salary shall include any amount of~~  
16 ~~elective salary reduction under Section 457 of the~~  
17 ~~Internal Revenue Code of 1986, as amended, and any~~  
18 ~~amount of nonelective salary reduction under Section~~  
19 ~~414(h) of the Internal Revenue Code of 1986, as~~  
20 ~~amended. Effective January 1, 1988, base salary shall~~  
21 ~~include any amount of elective salary reduction under~~  
22 ~~Section 125 of the Internal Revenue Code of 1986, as~~  
23 ~~amended. Effective July 1, 1998, gross salary shall~~  
24 ~~include any amount of elective salary reduction not~~

1 ~~includable in the gross income of the member under~~  
2 ~~Section 132(f)(4) of the Internal Revenue Code of~~  
3 ~~1986, as amended.~~ Only paid base salary on which  
4 required contributions have been made ~~may~~ shall be  
5 used in computing ~~the~~ a member's final average salary.

6 b. For purposes of determining the normal disability  
7 benefit only, final average salary shall be based on  
8 the member's total service if less than thirty (30)  
9 months.

10 c. In addition to other applicable limitations, and  
11 notwithstanding any other provision to the contrary,  
12 for plan years beginning on or after July 1, 2002, the  
13 annual compensation of each "Noneligible Member" taken  
14 into account under the System shall not exceed the  
15 Economic Growth and Tax Relief Reconciliation Act of  
16 2001 (EGTRRA) annual compensation limit. The EGTRRA  
17 annual compensation limit is Two Hundred Thousand  
18 Dollars (\$200,000.00), as adjusted by the Commissioner  
19 for increases in the cost of living in accordance with  
20 Section 401(a)(17)(B) of the Internal Revenue Code of  
21 1986, as amended. The annual compensation limit in  
22 effect for a calendar year applies to any period, not  
23 exceeding twelve (12) months, over which compensation  
24 is determined ("determination period") beginning in

1 such calendar year. If a determination period  
2 consists of fewer than twelve (12) months, the EGTRRA  
3 annual compensation limit will be multiplied by a  
4 fraction, the numerator of which is the number of  
5 months in the determination period, and the  
6 denominator of which is twelve (12). For purposes of  
7 this section, a "Noneligible Member" is any member who  
8 first became a member during a plan year commencing on  
9 or after July 1, 1996.

10 ~~e.~~ d. For plan years beginning on or after July 1, 2002, any  
11 reference in the System to the annual compensation  
12 limit under Section 401(a)(17) of the Internal Revenue  
13 Code of 1986, as amended, shall mean the EGTRRA annual  
14 compensation limit set forth in this provision.

15 ~~d.~~ ~~Effective January 1, 2008, base salary shall also~~  
16 ~~include base salary, as described above for services,~~  
17 ~~but paid by the later of two and one-half (2 1/2)~~  
18 ~~months after a member's severance from employment or~~  
19 ~~the end of the calendar year that includes the date~~  
20 ~~the member terminated employment, if it is a payment~~  
21 ~~that, absent a severance from employment, would have~~  
22 ~~been paid to the member while the member continued in~~  
23 ~~employment with the participating municipality.~~

1       ~~e. Effective January 1, 2008, any payments not described~~  
2       ~~above shall not be considered base salary if paid~~  
3       ~~after severance from employment, even if they are paid~~  
4       ~~by the later of two and one-half (2 1/2) months after~~  
5       ~~the date of severance from employment or the end of~~  
6       ~~the calendar year that includes the date of severance~~  
7       ~~from employment, except payments to an individual who~~  
8       ~~does not currently perform services for the~~  
9       ~~participating municipality by reason of qualified~~  
10       ~~military service within the meaning of Section~~  
11       ~~414(u)(5) of the Internal Revenue Code of 1986, as~~  
12       ~~amended, to the extent these payments do not exceed~~  
13       ~~the amounts the individual would have received if the~~  
14       ~~individual had continued to perform services for the~~  
15       ~~participating municipality rather than entering~~  
16       ~~qualified military service.~~

17       ~~f. e. Effective January 1, 2008, back pay, within the~~  
18       ~~meaning of Section 1.415(c)-2(g)(8) of the Income Tax~~  
19       ~~Regulations, shall be treated as paid base salary for~~  
20       ~~the limitation year to which the back pay relates to~~  
21       ~~the extent the back pay represents wages and~~  
22       ~~compensation that would otherwise be included in this~~  
23       ~~definition.~~

24

1           ~~g. Effective for years beginning after December 31, 2008,~~  
2           ~~base salary shall also include differential wage~~  
3           ~~payments under Section 414(u)(12) of the Internal~~  
4           ~~Revenue Code of 1986, as amended;~~

5           18. "Accrued retirement benefit" means two and one-half percent  
6 (2 1/2%) of the member's final average salary multiplied by the  
7 member's years of credited service not to exceed thirty (30) years;

8           19. "Normal disability benefit" means two and one-half percent  
9 (2 1/2%) of the member's final average salary multiplied by twenty  
10 (20) years;

11           20. "Limitation year" means the year used in applying the  
12 limitations of Section 415 of the Internal Revenue Code of 1986, as  
13 amended, which year shall be the calendar year;

14           21. "Paid base salary" means, effective ~~May 1, 2002, all~~  
15 ~~compensation that shall include longevity, educational allowances,~~  
16 ~~and normal compensation paid on a regularly scheduled pay period of~~  
17 ~~which said pay period shall include holidays, annual leave and sick~~  
18 ~~leave. Paid base salary shall not include overtime, shall not~~  
19 ~~include payment for accumulated sick and annual leave upon~~  
20 ~~termination of employment, and shall not include any uniform~~  
21 ~~allowance or any other compensation for reimbursement of out-of-~~  
22 ~~-pocket expenses~~ July 1, 2016, any compensation described in  
23 subparagraph a of this paragraph that is not described in  
24

1 subparagraph b of this paragraph. Anything not specifically listed  
2 as being included in paid base salary is excluded.

3 a. Paid base salary shall include only:

4 (1) normal compensation paid on a regularly scheduled  
5 pay period including regular pay for holidays,  
6 paid time off, vacation or annual leave, sick  
7 leave or compensatory time in lieu of overtime,  
8 and compensation increases for bomb squad pay,  
9 educational pay, incentive pay, K-9 pay,  
10 negotiation pay, rank escalation, shift  
11 differential, sniper pay, SWAT team pay and any  
12 other special unit pay,

13 (2) any amount of elective salary reduction under  
14 Section 125 of the Internal Revenue Code of 1986,  
15 as amended, that would have been treated as paid  
16 base salary but for the salary deferral reduction  
17 agreement,

18 (3) any amount of elective salary reduction not  
19 includable in the gross income of the member  
20 under Section 132(f)(4) of the Internal Revenue  
21 Code of 1986, as amended, that would have been  
22 treated as paid base salary but for the salary  
23 deferral reduction agreement,

24

- 1           (4) any amount of elective salary reduction under  
2           Section 457 of the Internal Revenue Code of 1986,  
3           as amended, that would have been treated as paid  
4           base salary but for the salary deferral reduction  
5           agreement,
- 6           (5) any amount of elective salary reduction under  
7           Section 401(k) of the Internal Revenue Code of  
8           1986, as amended, that would have been treated as  
9           paid base salary but for the salary deferral  
10           reduction agreement,
- 11           (6) any amount of nonelective salary reduction under  
12           Section 414(h) of the Internal Revenue Code of  
13           1986, as amended,
- 14           (7) educational allowances paid to obtain training,  
15           certification or pursue an advanced degree,
- 16           (8) longevity payments made to members based upon a  
17           standardized plan which recognizes length of  
18           service to the participating municipality,
- 19           (9) paid base salary shall also include base salary,  
20           as described above in this subparagraph for  
21           services, but paid by the later of two and one-  
22           half (2 1/2) months after a member's severance  
23           from employment or the end of the calendar year  
24           that includes the date the member terminated

1           employment, if it is a payment that, absent a  
2           severance from employment, would have been paid to  
3           the member while the member continued in  
4           employment with the participating municipality,  
5           (10) any payments not described above in this  
6           subparagraph shall not be considered paid base  
7           salary if paid after severance from employment,  
8           even if they are paid by the later of two and  
9           one-half (2 1/2) months after the date of  
10           severance from employment or the end of the  
11           calendar year that includes the date of severance  
12           from employment, except payments to an individual  
13           who does not currently perform services for the  
14           participating municipality by reason of qualified  
15           military service within the meaning of Section  
16           414(u) (5) of the Internal Revenue Code of 1986,  
17           as amended, to the extent these payments do not  
18           exceed the amounts the individual would have  
19           received if the individual had continued to  
20           perform services for the participating  
21           municipality rather than entering qualified  
22           military service,  
23           (11) back pay, within the meaning of Section 1.415(c)-  
24           2(g) (8) of the Income Tax Regulations, shall be

1 treated as paid base salary for the limitation  
2 year to which the back pay relates to the extent  
3 the back pay represents wages and compensation  
4 that would otherwise be included in this  
5 definition, and

6 (12) paid base salary shall also include differential  
7 wage payments under Section 414(u)(12) of the  
8 Internal Revenue Code of 1986, as amended.

9 b. Notwithstanding anything to the contrary in this  
10 section, paid base salary shall not include any:

11 (1) reimbursements not specifically described in  
12 subparagraph a of this paragraph, including  
13 reimbursement of expenses and fringe benefits to  
14 the extent not specifically included above in  
15 subparagraph a of this paragraph,

16 (2) any incremental increases due to reimbursement or  
17 payment of benefits or other allowances,  
18 including but not limited to insurance premium  
19 reimbursements,

20 (3) insurance benefits, including any reimbursements  
21 thereof, or insurance proceeds of any type,

22 (4) any bonuses, including signing bonuses, lump-sum  
23 payments or stipends made to the member,

24 (5) overtime compensation,

1           (6) payments whether prior to or upon termination of  
2           employment for accumulated unused vacation or  
3           unused annual leave, accumulated unused sick  
4           leave, or accumulated unused paid time off or  
5           other unused leave,

6           (7) payments made in error to a member,

7           (8) payments made by the participating municipality  
8           for services rendered by the member, which  
9           services are not part of the member's job duties  
10           and responsibilities of his or her job position  
11           with the participating municipality,

12           (9) severance pay,

13           (10) unemployment payments, and

14           (11) uniform and equipment allowances; and

15           22. "Actuarial equivalent" means equality in value of the  
16 aggregate amounts expected to be received based on interest rate and  
17 mortality assumptions set by the State Board, in a manner that  
18 precludes employer discretion, and based upon recommendations from  
19 independent professional advisors, and which shall be published  
20 annually in the actuarial report.

21           SECTION 2.        AMENDATORY        11 O.S. 2011, Section 50-111.1, as  
22 amended by Section 2, Chapter 44, O.S.L. 2014 (11 O.S. Supp. 2015,  
23 Section 50-111.1), is amended to read as follows:  
24

1 Section 50-111.1 A. A member who terminates service before  
2 normal retirement date, other than by death or disability shall,  
3 upon application filed with the State Board, be refunded from the  
4 Fund an amount equal to the accumulated contributions the member has  
5 made to the Fund, but excluding any interest or any amount  
6 contributed by the municipality or state. If a member withdraws the  
7 member's accumulated contributions, such member shall not have any  
8 recourse against the System for any type of additional benefits  
9 including, but not limited to, disability benefits. If a member has  
10 completed ten (10) years of credited service at the date of  
11 termination, the member may elect a vested benefit in lieu of  
12 receiving the member's accumulated contributions.

13 If the member who has completed ten (10) or more years of  
14 credited service elects the vested benefit, the member shall be  
15 entitled to a monthly retirement annuity commencing on the date the  
16 member reaches fifty (50) years of age or the date the member would  
17 have had twenty (20) years of credited service had the member's  
18 employment continued uninterrupted, whichever is later. The annual  
19 amount of such retirement annuity shall be equal to two and one-half  
20 percent (2 1/2%) of the annualized final average salary multiplied  
21 by the number of years of credited service.

22 If a terminated member has elected a vested benefit and  
23 subsequently returns to work as a police officer of a participating  
24

1 municipality, their vested benefit will be set aside and prior  
2 credited service will be reinstated.

3 B. If a member who terminates employment and elects a vested  
4 benefit dies prior to being eligible to receive benefits, the  
5 member's beneficiary shall be entitled to the member's normal  
6 monthly accrued retirement benefits on the date the deceased member  
7 would have been eligible to receive the benefit.

8 C. Whenever a member has terminated or hereafter terminates  
9 covered employment and has withdrawn or hereafter withdraws the  
10 member's accumulated contributions and has rejoined or hereafter  
11 rejoins the System, the member, upon proper application and approval  
12 by the Board, may pay to the System the sum of the accumulated  
13 contributions the member has withdrawn or hereafter withdraws plus  
14 ten percent (10%) annual interest from the date of withdrawal and  
15 shall receive the same benefits as if the member had never withdrawn  
16 the contributions. ~~Effective July 1, 2003, a~~ A lump-sum payment for  
17 repayment of any amounts received because of a member's prior  
18 termination may be repaid by trustee-to-trustee transfers of non-  
19 Roth funds from a Section 403(b) annuity, an eligible Section 457(b)  
20 plan, and/or a Section 401(a) qualified plan. Those members who at  
21 the time of termination of employment could not withdraw any of  
22 their accumulated contributions shall receive credited service for  
23 the time employed as an officer prior to any such termination upon  
24 proper application and approval by the Board. To receive credit for

1 such service, all required contributions and interest shall be paid  
2 within ninety (90) days of Board approval of the application. The  
3 provisions of this subsection shall not apply to any member who is  
4 receiving benefits from the System as of July 1, 1987.

5 D. If an active member dies and does not leave a beneficiary,  
6 the accumulated contributions made to the System by the member shall  
7 be paid to the estate of the member.

8 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-111.4, as  
9 amended by Section 1, Chapter 23, O.S.L. 2015 (11 O.S. Supp. 2015,  
10 Section 50-111.4), is amended to read as follows:

11 Section 50-111.4 A. The Oklahoma Police Pension and Retirement  
12 Board shall adopt rules for computation of the purchase price for  
13 transferred credited service. These rules shall base the purchase  
14 price for each year purchased on the actuarial cost of the  
15 incremental projected benefits to be purchased. The purchase price  
16 shall represent the present value of the incremental projected  
17 benefits discounted according to the member's age at the time of  
18 purchase. Incremental projected benefits shall be the difference  
19 between the projected benefit the member would receive without  
20 purchasing the transferred credited service and the projected  
21 benefit after purchase of the transferred credited service computed  
22 as of the earliest age at which the member would be able to retire.  
23 The computation shall assume an unreduced benefit and be computed  
24 using interest and mortality assumptions consistent with the

1 actuarial assumptions adopted by the Board of Trustees for purposes  
2 of preparing the annual actuarial evaluation.

3 B. In the event that the member is unable to pay the purchase  
4 price provided for in this section by the due date, the Oklahoma  
5 Police Pension and Retirement Board shall permit the members to  
6 amortize the purchase price over a period not to exceed sixty (60)  
7 months. Payments shall be made by payroll deductions unless the  
8 Oklahoma Police Pension and Retirement Board permits an alternate  
9 payment source. The amortization shall include interest in an  
10 amount not to exceed the actuarially assumed interest rate adopted  
11 by the Oklahoma Police Pension and Retirement Board for investment  
12 earnings each year. Any member who ceases to make payment,  
13 terminates, retires or dies before completing the payments provided  
14 for in this section shall receive prorated service credit for only  
15 those payments made, unless the unpaid balance is paid by the  
16 member, his or her estate or successor in interest within six (6)  
17 months after the member's death, termination of employment or  
18 retirement, provided no retirement benefits shall be payable until  
19 the unpaid balance is paid, unless the member or beneficiary  
20 affirmatively waives the additional six-month period in which to pay  
21 the unpaid balance. Notwithstanding anything herein to the  
22 contrary, lump-sum payments for a transferred credited service  
23 purchase may be made by a trustee-to-trustee transfer of non-Roth  
24 funds from a Code Section 403(b) annuity or custodial account, an

1 eligible deferred compensation plan described in Code Section 457(b)  
2 which is maintained by an eligible employer described in Code  
3 Section 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;  
4 or a direct rollover of tax-deferred funds from a Code Section  
5 403(b) annuity or custodial account, an eligible deferred  
6 compensation plan described in Code Section 457(b) which is  
7 maintained by an eligible employer described in Code Section  
8 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code  
9 Section 408(a) or 408(b) traditional or conduit Individual  
10 Retirement Account or Annuity (IRA). The Oklahoma Police Pension  
11 and Retirement Board shall develop such procedures and may require  
12 such information from the distributing plan as it deems necessary to  
13 reasonably conclude that a potential rollover contribution is a  
14 valid rollover contribution under Section 1.401(a) (31)-1, Q&A-  
15 14(b) (2), of the Income Tax Regulations. Roth ~~IRAs~~ accounts and  
16 Coverdell Education Savings Accounts shall not be used to purchase  
17 transferred credited service. A member making installment payments  
18 shall have the option of making a cash lump-sum payment for the  
19 balance of the actuarial purchase price with interest due through  
20 the date of payment by a trustee-to-trustee transfer of non-Roth  
21 funds from a Code Section 403(b) annuity or custodial account, an  
22 eligible deferred compensation plan described in Code Section 457(b)  
23 which is maintained by an eligible employer described in Code  
24 Section 457(e) (1) (A), and/or a Code Section 401(a) qualified plan;

1 or a direct rollover of tax-deferred funds from a Code Section  
2 403(b) annuity or custodial account, an eligible deferred  
3 compensation plan described in Code Section 457(b) which is  
4 maintained by an eligible employer described in Code Section  
5 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code  
6 Section 408(a) or 408(b) traditional or conduit Individual  
7 Retirement Account or Annuity (IRA). Roth ~~IRAs~~ accounts and  
8 Coverdell Education Savings Accounts shall not be used to purchase  
9 transferred credited service. The State Board shall promulgate such  
10 rules as are necessary to implement the provisions of this  
11 subsection.

12 ~~SECTION 4. This act shall become effective July 1, 2016.~~

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

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1 Passed the House of Representatives the 24th day of February,  
2016.

4 \_\_\_\_\_  
Presiding Officer of the House  
of Representatives

6 Passed the Senate the \_\_\_ day of \_\_\_\_\_, 2016.

8 \_\_\_\_\_  
Presiding Officer of the Senate