

1 ENGROSSED SENATE
2 BILL NO. 1022

By: Barrington of the Senate

and

Wallace of the House

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6 An Act relating to pensions; amending 11 O.S. 2011,
7 Sections 49-117.1, as last amended by Section 6,
8 Chapter 281, O.S.L. 2014, and 49-117.3 (11 O.S. Supp.
9 2015, Section 49-117.1), which relate to termination
of services before normal retirement date; clarifying
certain forms of payments; providing an effective
date; and declaring an emergency.

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

13 SECTION 1. AMENDATORY 11 O.S. 2011, Section 49-117.1, as
14 last amended by Section 6, Chapter 281, O.S.L. 2014 (11 O.S. Supp.
15 2015, Section 49-117.1), is amended to read as follows:

16 Section 49-117.1. A. A member who terminates service before
17 normal retirement date, other than by death or disability shall,
18 upon application filed with the State Board, be refunded from the
19 Fund an amount equal to the accumulated contributions the member has
20 made to the Fund, but excluding any interest or any amount
21 contributed by the municipality or state.

22 B. If a member, whose first employment with a participating
23 employer of the System occurs prior to November 1, 2013, has
24 completed ten (10) years of credited service at the date of

1 termination, the member may elect a vested benefit in lieu of
2 receiving the member's accumulated contributions.

3 C. If a member whose first employment with a participating
4 employer of the System occurs on or after November 1, 2013, has
5 completed eleven (11) years of credited service at the date of
6 termination, the member may elect a vested benefit in lieu of
7 receiving the member's accumulated contributions.

8 D. If the member who has completed ten (10) or more years of
9 credited service as prescribed by subsection B of this section
10 elects the vested benefit, the member shall be entitled to a monthly
11 retirement annuity commencing on the date the member reaches fifty
12 (50) years of age or the date the member would have had twenty (20)
13 years of credited service had the member's employment continued
14 uninterrupted, whichever is later. The annual amount of such
15 retirement annuity shall be equal to two and one-half percent (2
16 1/2%) of the annualized final average salary multiplied by the
17 number of years of credited service not to exceed thirty (30) years.
18 The death benefits provided for in Section 49-113.2 of this title
19 shall not apply to any member retiring under the provisions of this
20 section.

21 E. If the member who has completed eleven (11) or more years of
22 credited service as prescribed by subsection C of this section
23 elects the vested benefit, the member shall be entitled to a monthly
24 retirement annuity commencing on the date the member reaches fifty

1 (50) years of age or the date the member would have had twenty-two
2 (22) years of credited service had the member's employment continued
3 uninterrupted, whichever is later. The annual amount of such
4 retirement annuity shall be equal to two and one-half percent (2
5 1/2%) of the annualized final average salary multiplied by the
6 number of years of credited service not to exceed thirty (30) years.
7 The death benefits provided for in Section 49-113.2 of this title
8 shall not apply to any member retiring under the provisions of this
9 section.

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

15 G. If a member terminates employment and withdraws the member's
16 accumulated contributions and then subsequently rejoins the System,
17 he may pay to the System the sum of the accumulated contributions he
18 has withdrawn plus five percent (5%) annual interest from the date
19 of withdrawal and shall receive the same benefits as if he had never
20 withdrawn his contributions; however, effective January 1, 1991, the
21 rate of interest provided herein shall be ten percent (10%) per
22 annum.

23 H. ~~Effective January 1, 2002, lump-sum~~ Lump-sum payments for
24 repayment of any amounts received because of a member's prior

1 termination with interest may be repaid by a trustee-to-trustee
2 transfer of non-Roth funds from a Code Section 403(b) annuity, a
3 governmental Code Section 457 plan, and/or a Code Section 401(a)
4 qualified plan.

5 I. A firefighter shall not be permitted to withdraw from the
6 System while employed as a firefighter in a participating
7 municipality.

8 SECTION 2. AMENDATORY 11 O.S. 2011, Section 49-117.3, is
9 amended to read as follows:

10 Section 49-117.3. A. The State Board shall adopt rules for
11 computation of the purchase price for transferred credited service.
12 These rules shall base the purchase price for each year purchased on
13 the actuarial cost of the incremental projected benefits to be
14 purchased. The purchase price shall represent the present value of
15 the incremental projected benefits discounted according to the
16 member's age at the time of purchase. Incremental projected
17 benefits shall be the difference between the projected benefit said
18 member would receive without purchasing the transferred credited
19 service and the projected benefit after purchase of the transferred
20 credited service computed as of the earliest age at which the member
21 would be able to retire. Said computation shall assume an unreduced
22 benefit and be computed using interest and mortality assumptions
23 consistent with the actuarial assumptions adopted by the Board of
24 Trustees for purposes of preparing the annual actuarial evaluation.

1 B. In the event that the member is unable to pay the purchase
2 price provided for in this section by the due date, the State Board
3 shall permit the members to amortize the purchase price over a
4 period not to exceed sixty (60) months. Said payments shall be made
5 by payroll deductions unless the State Board permits an alternate
6 payment source. The amortization shall include interest in an
7 amount not to exceed the actuarially assumed interest rate adopted
8 by the State Board for investment earnings each year. Any member
9 who ceases to make payment, terminates, retires or dies before
10 completing the payments provided for in this section shall receive
11 prorated service credit for only those payments made, unless the
12 unpaid balance is paid by said member, his or her estate or
13 successor in interest within six (6) months after said member's
14 death, termination of employment or retirement, provided no
15 retirement benefits shall be payable until the unpaid balance is
16 paid, unless said member or beneficiary affirmatively waives the
17 additional six-month period in which to pay the unpaid balance. The
18 State Board shall promulgate such rules as are necessary to
19 implement the provisions of this subsection.

20 C. Members who pay the purchase price by the due date may make
21 payment by:

22 1. A trustee-to-trustee transfer of non-Roth funds from a Code
23 Section 403(b) annuity or custodial account, an eligible deferred
24 compensation plan described in Code Section 457(b) which is

1 maintained by an eligible employer described in Code Section
2 457(e) (1) (A), and/or a Code Section 401(a) qualified plan; or

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

12 The State Board shall promulgate such rules as are necessary to
13 implement the provisions of this subsection.

14 D. Members amortizing the purchase price and making payments by
15 payroll deduction, shall have the option of making a cash lump-sum
16 payment for the balance of the actuarial purchase price with
17 interest due through the date of payment by:

18 1. A trustee-to-trustee transfer of non-Roth funds from a Code
19 Section 403(b) annuity or custodial account, an eligible deferred
20 compensation plan described in Code Section 457(b) which is
21 maintained by an eligible employer described in Code Section
22 457(e) (1) (A), and/or a Code Section 401(a) qualified plan; or

23 2. A direct rollover of tax-deferred funds from a Code Section
24 403(b) annuity or custodial account, an eligible deferred

1 compensation plan described in Code Section 457(b) which is
2 maintained by an eligible employer described in Code Section
3 457(e) (1) (A), a Code Section 401(a) qualified plan, and/or a Code
4 Section 408(a) or 408(b) traditional or conduit Individual
5 Retirement Account or Annuity (IRA). Roth ~~IRAs~~ accounts and
6 Coverdell Education Savings Accounts shall not be used to purchase
7 transferred credited service.

8 The State Board shall promulgate such rules as are necessary to
9 implement the provisions of this subsection.

10 SECTION 3. This act shall become effective July 1, 2016.

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

15 Passed the Senate the 16th day of February, 2016.

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18 Presiding Officer of the Senate

19 Passed the House of Representatives the ____ day of _____,
20 2016.

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23 Presiding Officer of the House
24 of Representatives