

HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2515

By: McDaniel of the House

and

Quinn of the Senate

AS INTRODUCED

An Act relating to the Oklahoma Police Pension and Retirement System; amending 11 O.S. 2011, Section 1-110, which relates to forfeiture of retirement benefits; modifying statutory reference; amending 11 O.S. 2011, Sections 50-111.2, 50-114.1, as last amended by Section 3, Chapter 44, O.S.L. 2014, 50-114.2, as last amended by Section 1, Chapter 132, O.S.L. 2017, 50-114.3, as last amended by Section 2, Chapter 132, O.S.L. 2017 and 50-115 (11 O.S. Supp. 2017, Sections 50-114.1, 50-114.2 and 50-114.3), which relate to administration of the Oklahoma Police Pension and Retirement System; modifying reference; modifying computation with respect to certain annuity amount; imposing requirement with respect to payment of benefits from assets of the System; providing for determination of amount of certain disability benefit; and providing an effective date.

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 1-110, is amended to read as follows:

1 Section 1-110. A. Any municipal officer or employee upon final
2 conviction of, or pleading guilty or nolo contendere to, a felony
3 for bribery, corruption, forgery or perjury or any other crime
4 related to the duties of his or her office or employment in a state
5 or federal court of competent jurisdiction shall forfeit retirement
6 benefits provided by law. The forfeiture of retirement benefits
7 shall not occur if any such officer or employee received a deferred
8 sentence, but retirement benefits shall not commence prior to
9 completion of the deferred sentence. The forfeiture of retirement
10 benefits required by this section shall not include the officer's or
11 employee's contributions to the retirement system or retirement
12 benefits that are vested on the effective date of this act.

13 B. The forfeiture of retirement benefits as provided by
14 subsection ~~B~~ A of this section shall also apply to any such officer
15 or employee who, after leaving the office or employment, is
16 convicted of, or pleads guilty or nolo contendere to, in a state or
17 federal court of competent jurisdiction, a felony committed while in
18 such office or employment, where the felony is for bribery,
19 corruption, forgery or perjury or any other crime related to the
20 duties of his or her office or employment.

21 C. The forfeiture shall continue until such time as the
22 conviction or guilty plea is reversed by the highest appellate court
23 to which the officer or employee may appeal.
24

1 D. The attorney responsible for prosecuting the municipal
2 officer or employee shall notify the retirement system in which the
3 officer or employee is enrolled of the forfeiture of the officer's
4 or employee's retirement benefits. Upon receipt of the notice of
5 forfeiture, the retirement system shall immediately suspend all
6 benefits of the officer or employee, and shall notify the officer or
7 employee of his or her right to a hearing to review whether the
8 conviction or plea qualifies for forfeiture of benefits under this
9 section. If the conviction or plea occurs in federal court or the
10 notice of forfeiture is not forthcoming from the state prosecutor,
11 the retirement system may investigate and gather court documents and
12 contact prosecutors to determine whether the conviction or plea
13 qualifies under this section. Upon obtaining sufficient
14 documentation of the conviction or plea, the retirement system shall
15 immediately suspend all benefits of the officer or employee, and
16 notify the officer or employee of his or her right to a hearing to
17 review whether the conviction or plea qualifies for forfeiture of
18 benefits under this section.

19 E. The provisions of this section shall apply to a municipal
20 officer or employee who is a member of a retirement system
21 authorized in Sections 48-101 through 48-106 of ~~Title 11 of the~~
22 ~~Oklahoma Statutes~~ this title, the Oklahoma Firefighters Pension and
23 Retirement System, the Oklahoma Police Pension and Retirement System
24 or the Oklahoma Public Employees Retirement System.

1 SECTION 2. AMENDATORY 11 O.S. 2011, Section 50-111.2, is
2 amended to read as follows:

3 Section 50-111.2 A. A member of the Oklahoma Police Pension
4 and Retirement System may receive up to five (5) years of credited
5 service accumulated by the member while a member of the Oklahoma
6 Firefighters Pension and Retirement System, the Oklahoma Law
7 Enforcement Retirement System, the Teacher's Retirement System of
8 Oklahoma, the Oklahoma Public Employees Retirement System or a
9 county retirement system created pursuant to Section 951 of Title 19
10 of the Oklahoma Statutes or an Oklahoma municipal retirement system,
11 if the member is not receiving or eligible to receive retirement
12 credit or benefits from said service in any other public retirement
13 system. The member shall decide the number of years of credited
14 service, not to exceed five (5) years, to purchase. The State Board
15 shall determine the amount for the purchase pursuant to Section 50-
16 111.4 of this title. The amount may be paid through a trustee-to-
17 trustee transfer to the Oklahoma Police Pension and Retirement
18 System from another system designated in this section, and/or
19 through payments made by the member. The transferred credited
20 service of the member from another retirement system pursuant to
21 this section shall not alter the member's normal retirement date or
22 vesting requirements. The transferred credited service will be
23 added after the member reaches normal retirement date or vesting
24 date.

1 B. The Oklahoma Police Pension and Retirement System shall
2 transfer credited service to another Oklahoma state retirement
3 system upon request of former members. Upon transfer, the former
4 member shall have forfeited all rights in the Oklahoma Police
5 Pension and Retirement System. Employee and city contributions of
6 the former municipal retirement systems prior to January 1, 1981,
7 are not transferable.

8 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-114.1, as
9 last amended by Section 3, Chapter 44, O.S.L. 2014 (11 O.S. Supp.
10 2017, Section 50-114.1), is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

- 1 a. a nondecreasing annuity (other than a straight life
2 annuity) payable for a period of not less than the
3 life of the member (or, in the case of a qualified
4 preretirement survivor annuity, the life of the
5 surviving spouse), or
- 6 b. an annuity that decreases during the life of the
7 member merely because of:
- 8 (1) the death of the survivor annuitant (but only if
9 the reduction is not below fifty percent (50%) of
10 the benefit payable before the death of the
11 survivor annuitant), or
- 12 (2) the cessation or reduction of Social Security
13 supplements or qualified disability payments (as
14 defined in Section 411(a)(9) of the Internal
15 Revenue Code of 1986, as amended).
- 16 c. Limitation Years Beginning Before July 1, 2007. For
17 limitation years beginning before July 1, 2007, the
18 actuarially equivalent straight life annuity is equal
19 to the annual amount of the straight life annuity
20 commencing at the same annuity starting date that has
21 the same actuarial present value as the member's form
22 of benefit computed using whichever of the following
23 produces the greater annual amount:
- 24

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

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

- (1) the annual amount of the straight life annuity (if any) payable to the member under the System commencing at the same annuity starting date as the member's form of benefit, and
- (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using a five percent (5%) interest rate assumption and the applicable mortality table described in Rev. Rul.

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

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

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

- (1) the annual amount of the straight life annuity (if any) payable to the member under the System commencing at the same annuity starting date as the member's form of benefit, and
- (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using a five percent (5%) interest rate assumption and the applicable mortality table within the meaning of Section 417(e)(3)(B) of the Internal Revenue Code of 1986, as amended, as described in Rev. Rul. 2007-67 (and subsequent guidance) for that annuity starting date.

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

benefit is other than a benefit form described in paragraph 5 of this subsection. In this case, the actuarially equivalent straight life annuity shall be determined as follows:

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

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

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

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

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

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

1 which the applicable interest rate remains
2 constant, or as otherwise provided in the
3 applicable guidance if the first day of the
4 first plan year beginning after December 31,
5 2007, does not coincide with the first day
6 of the applicable stability period, and

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

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

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

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

1 tabular factor) each as set forth in subsection G
2 of Section 50-105.4 of this title for adjusting
3 benefits in the same form,

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

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

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

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

10 (b) the applicable mortality table described in
11 Rev. Rul. 2001-62 (or its successor for
12 these purposes, if applicable),

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

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

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

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

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

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

15 (a) the rate of interest on thirty-year Treasury
16 securities as specified by the Commissioner
17 for the lookback month for the stability
18 period specified below. The lookback month
19 applicable to the stability period is the
20 fourth calendar month preceding the first
21 day of the stability period, as specified
22 below. The stability period is the
23 successive period of one (1) plan year which
24 contains the annuity starting date for the

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

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

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

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

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

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

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

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

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

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

- 1 (b) (i) the rate of interest on thirty-year
2 Treasury securities as specified by the
3 Commissioner for the lookback month for
4 the stability period specified below.
5 The lookback month applicable to the
6 stability period is the fourth calendar
7 month preceding the first day of the
8 stability period, as specified below.
9 The stability period is the successive
10 period of one (1) plan year which
11 contains the annuity starting date for
12 the distribution and for which the
13 applicable interest rate remains
14 constant, and
- 15 (ii) the applicable mortality table
16 described in Rev. Rul. 2001-62 (or its
17 successor for these purposes, if
18 applicable), and
- 19 (c) (i) the rate of interest on thirty-year
20 Treasury securities as specified by the
21 Commissioner for the lookback month for
22 the stability period specified below.
23 The lookback month applicable to the
24 stability period is the fourth calendar

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

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

17 C. If a member has less than ten (10) years of participation in
18 the System and all predecessor municipal police pension and
19 retirement systems, the dollar limitation otherwise applicable under
20 subsection B of this section shall be multiplied by a fraction, the
21 numerator of which is the number of the years of participation, or
22 part thereof, in the System of the member, but never less than one
23 (1), and the denominator of which is ten (10).
24

1 D. Adjustment of Dollar Limitation for Benefit Commencement

2 Before Age Sixty-two (62) or After Age Sixty-five (65): Effective
3 for benefits commencing in limitation years ending after December
4 31, 2001, the dollar limitation under subsection B of this section
5 shall be adjusted if the annuity starting date of the member's
6 benefit is before age sixty-two (62) or after age sixty-five (65).

7 If the annuity starting date is before age sixty-two (62), the
8 dollar limitation under subsection B of this section shall be
9 adjusted under paragraph 1 of this subsection, as modified by
10 paragraph 3 of this subsection, but subject to paragraph 4 of this
11 subsection. If the annuity starting date is after age sixty-five
12 (65), the dollar limitation under subsection B of this section shall
13 be adjusted under paragraph 2 of this subsection, as modified by
14 paragraph 3 of this subsection.

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

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

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

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

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

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

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

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

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

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

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

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

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

- 21 (3) Effective for limitation years commencing on or
22 after January 1, 2014, notwithstanding any other
23 provision of paragraph 1 of this subsection, the
24 age-adjusted dollar limit applicable to a member

1 shall not decrease on account of an increase in
2 age or the performance of additional services.

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

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

- 19 (1) the interest rate and the mortality table (or
20 other tabular factor) each as set forth in
21 subsection G of Section 50-105.4 of this title,
22 or
23 (2) a five-percent interest rate assumption and the
24 applicable mortality table as described in Rev.

1 Rul. 2001-62 (or its successor for these
2 purposes, if applicable).

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

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

7 (a) If the annuity starting date for the
8 member's benefit is after age sixty-five
9 (65) and occurs in the limitation year
10 beginning on January 1, 2008, and the System
11 does not have an immediately commencing
12 straight life annuity payable at both age
13 sixty-five (65) and the age of benefit
14 commencement, the dollar limitation at the
15 member's annuity starting date is the annual
16 amount of a benefit payable in the form of a
17 straight life annuity commencing at the
18 member's annuity starting date that is the
19 actuarial equivalent of the dollar
20 limitation under subsection B of this
21 section (adjusted under subsection C of this
22 section for years of participation less than
23 ten (10), if required) with actuarial
24 equivalence computed using a five-percent

1 interest rate assumption and the applicable
2 mortality table for the annuity starting
3 date as described in Rev. Rul. 2001-62 (or
4 its successor for these purposes, if
5 applicable) (and expressing the member's age
6 based on completed calendar months as of the
7 annuity starting date).

8 (b) If the annuity starting date for the
9 member's benefit is after age sixty-five
10 (65) and occurs in a limitation year
11 beginning on or after January 1, 2009, and
12 the System does not have an immediately
13 commencing straight life annuity payable at
14 both age sixty-five (65) and the age of
15 benefit commencement, the dollar limitation
16 at the member's annuity starting date is the
17 annual amount of a benefit payable in the
18 form of a straight life annuity commencing
19 at the member's annuity starting date that
20 is the actuarial equivalent of the dollar
21 limitation under subsection B of this
22 section (adjusted under subsection C of this
23 section for years of participation less than
24 ten (10), if required) with actuarial

1 equivalence computed using a five-percent
2 interest rate assumption and the applicable
3 mortality table within the meaning of
4 Section 417(e)(3)(B) of the Internal Revenue
5 Code of 1986, as amended, as described in
6 Rev. Rul. 2007-67 (and subsequent guidance)
7 (and expressing the member's age based on
8 completed calendar months as of the annuity
9 starting date).

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

(10), if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the System at the member's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the System at age sixty-five (65), both determined without applying the limitations of this section. For this purpose, the adjusted immediately commencing straight life annuity under the System at the member's annuity starting date is the annual amount of such annuity payable to the member, computed disregarding the member's accruals after age sixty-five (65) but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the System at age sixty-five (65) is the annual amount of such annuity that would be payable under the System to a hypothetical member who is age sixty-five (65) and has the same accrued benefit as the member.

3. Notwithstanding the other requirements of this subsection, no adjustment shall be made to the dollar limitation under

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

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

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

22 1. The retirement benefits payable for a limitation year under
23 any form of benefit with respect to such member under this System
24 and under all other defined benefit plans (without regard to whether

1 a plan has been terminated) ever maintained by a participating
2 municipality do not exceed Ten Thousand Dollars (\$10,000.00)
3 multiplied by a fraction:

- 4 a. the numerator of which is the member's number of
5 credited years (or part thereof, but not less than one
6 (1) year) of service (not to exceed ten (10) years)
7 with the participating municipality, and
8 b. the denominator of which is ten (10); and

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

18 F. In no event shall the maximum annual accrued retirement
19 benefit of a member allowable under this section be less than the
20 annual amount of such accrued retirement benefit, including early
21 pension and qualified joint and survivor annuity amounts, duly
22 accrued by the member as of the last day of the limitation year
23 beginning in 1982, or as of the last day of the limitation year
24 beginning in 1986, whichever is greater, disregarding any plan

1 changes or cost-of-living adjustments occurring after July 1, 1982,
2 as to the 1982 accrued amount, and May 5, 1986, as to the 1986
3 accrued amount.

4 G. If a member purchases service credit under the System, which
5 qualifies as "permissive service credit" pursuant to Section 415(n)
6 of the Internal Revenue Code of 1986, as amended, the limitations of
7 Section 415 of the Internal Revenue Code of 1986, as amended, may be
8 met by either:

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

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

14 H. If a member repays to the System any amounts refunded from
15 the System because of such member's prior termination or any other
16 amount which qualifies as a repayment under Section 415(k)(3) of the
17 Internal Revenue Code of 1986, as amended, such repayment shall not
18 be taken into account for purposes of Section 415 of the Internal
19 Revenue Code of 1986, as amended, pursuant to Section 415(k)(3) of
20 the Internal Revenue Code of 1986, as amended.

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

1 benefit paid under the System as the result of the member becoming
2 disabled by reason of personal injuries or sickness, or amounts
3 received by the beneficiaries, survivors or estate of the member as
4 the result of the death of the member.

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

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

11 L. All benefits payable from the Oklahoma Police Pension and
12 Retirement System, including payments from the deferred option plans
13 under Section 50-111.3 of this title, shall be paid from the general
14 assets of the Fund pursuant to subsection B of Section 50-105.6 of
15 this title.

16 SECTION 4. AMENDATORY 11 O.S. 2011, Section 50-114.2, as
17 last amended by Section 1, Chapter 132, O.S.L. 2017 (11 O.S. Supp.
18 2017, Section 50-114.2), is amended to read as follows:

19 Section 50-114.2 A. This section applies to distributions made
20 on or after January 1, 2002. Notwithstanding any provision of the
21 Oklahoma Police Pension and Retirement System to the contrary that
22 would otherwise limit a Distributee's election hereunder, a
23 Distributee, including a nonspouse designated beneficiary, to the
24 extent permitted under paragraph 3 of subsection B of this section,

1 may elect, at the time and in the manner prescribed by the Oklahoma
2 Police Pension and Retirement Board, to have any portion of an
3 Eligible Rollover Distribution paid directly to an Eligible
4 Retirement Plan specified by the Distributee in a Direct Rollover.

5 B. For purposes of this section, the following definitions
6 shall apply:

7 1. "Eligible Rollover Distribution" means any distribution of
8 all or any portion of the balance to the credit of the Distributee,
9 except that an Eligible Rollover Distribution does not include: any
10 distribution that is one of a series of substantially equal periodic
11 payments (not less frequently than annually) made for the life (or
12 life expectancy) of the Distributee or the joint lives (or life
13 expectancies) of the Distributee and the Distributee's designated
14 beneficiary, or for a specified period of ten (10) years or more;
15 any distribution to the extent such distribution is required under
16 Section 401(a)(9) of the Internal Revenue Code of 1986, as amended;
17 and the portion of any distribution that is not includable in gross
18 income. A portion of a distribution shall not fail to be an
19 Eligible Rollover Distribution merely because the portion consists
20 of after-tax member contributions which are not includable in gross
21 income. However, such portion may be transferred only:

22 a. from January 1, 2002, through December 31, 2006:
23
24

- 1 (1) to an individual retirement account or annuity
2 described in Section 408(a) or (b) of the
3 Internal Revenue Code of 1986, as amended, or
4 (2) in a direct trustee-to-trustee transfer, to a
5 qualified trust which is part of a defined
6 contribution plan that agrees to separately
7 account for amounts so transferred, including
8 separately accounting for the portion of such
9 distribution which is includable in gross income
10 and the portion of such distribution which is not
11 so includable, and

12 b. on or after January 1, 2007:

- 13 (1) to an individual retirement account or annuity
14 described in Section 408(a) or (b) of the
15 Internal Revenue Code of 1986, as amended, or
16 (2) in a direct trustee-to-trustee transfer, to a
17 qualified trust or an annuity contract described
18 in Section 403(b) of the Internal Revenue Code of
19 1986, as amended, and such trust or contract
20 provides for separate accounting for amounts so
21 transferred (and earnings thereon), including
22 separately accounting for the portion of such
23 distribution which is includable in gross income
24

1 and the portion of such distribution which is not
2 so includable.

3 Effective for distributions after December 31, 2007, such after-
4 tax portion may also be directly transferred to a Roth individual
5 retirement account or annuity, described in Section 408A of the
6 Internal Revenue Code of 1986, as amended (Roth IRA), subject to any
7 limitations described in Section 408A(c) of the Internal Revenue
8 Code of 1986, as amended.

9 Notwithstanding the foregoing, effective January 1, 2009, to the
10 extent applicable, if all or a portion of a distribution from the
11 Oklahoma Police Deferred Option Plan during 2009 is treated as an
12 Eligible Rollover Distribution pursuant to Section 402(c)(4) of the
13 Internal Revenue Code of 1986, as amended, but would not be so
14 treated if the minimum distribution requirements under Section
15 401(a)(9) of the Internal Revenue Code of 1986, as amended, had
16 applied during 2009, such distribution shall not be treated as an
17 Eligible Rollover Distribution for purposes of Section 401(a)(31),
18 Section 3405(c) or Section 402(f) of the Internal Revenue Code of
19 1986, as amended;

20 2. "Eligible Retirement Plan" means an individual retirement
21 account described in Section 408(a) of the Internal Revenue Code of
22 1986, as amended, an individual retirement annuity described in
23 Section 408(b) of the Internal Revenue Code of 1986, as amended, an
24 annuity plan described in Section 403(a) of the Internal Revenue

Code of 1986, as amended, or a qualified trust described in Section 401(a) of the Internal Revenue Code of 1986, as amended, that accepts the Distributee's Eligible Rollover Distribution. Effective January 1, 2002, an Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Internal Revenue Code of 1986, as amended, and an eligible plan under Section 457(b) of the Internal Revenue Code of 1986, as amended, which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the System. Effective for distributions after December 31, 2007, an Eligible Retirement Plan includes a Roth IRA, subject to any limitations under Section 408A(c) of the Internal Revenue Code of 1986, as amended. Effective for distributions after December 18, 2015, an Eligible Retirement Plan includes a SIMPLE IRA in accordance with Section 408(p)(1)(B) of the Internal Revenue Code of 1986, as amended, for purposes of a rollover contribution to such SIMPLE IRA, but only if such rollover contribution is made after December 18, 2015, and only if such rollover contribution occurs after the two-year period described in Section 72(t)(6) of the Internal Revenue Code of 1986, as amended;

3. "Distributee" means an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is

1 the alternate payee under a qualified domestic order, as defined in
2 subsection B of Section 50-124 of this title, are Distributees with
3 regard to the interest of the spouse or the former spouse. A
4 Distributee also includes the member's nonspouse designated
5 beneficiary (and certain trusts described in Section 402(c)(11)(B)
6 of the Internal Revenue Code of 1986, as amended), pursuant to
7 Section 401(a)(9)(E) of the Internal Revenue Code of 1986, as
8 amended, who may elect any portion of a payment to be made in a
9 Direct Rollover only to an individual retirement account or annuity
10 (other than an endowment contract) described in Section 408(a) or
11 (b) of the Internal Revenue Code of 1986, as amended, (IRA),
12 (including, effective for distributions after December 18, 2015, a
13 SIMPLE IRA but only if such contribution occurs after the two-year
14 period described in Section 72(t)(6) of the Internal Revenue Code,
15 as amended, and is made in accordance with the Protecting Americans
16 from Tax Hikes Act of 2015), or, effective for distributions after
17 December 31, 2007, to a Roth IRA, that is established on behalf of
18 such nonspouse designated beneficiary for the purpose of receiving
19 the distribution and that will be treated as an inherited IRA
20 pursuant to the provisions of Section 402(c)(11) of the Internal
21 Revenue Code of 1986, as amended. Also, in this case, the
22 determination of any required minimum distribution under Section
23 401(a)(9) of the Internal Revenue Code of 1986, as amended, that is
24 ineligible for rollover shall be made in accordance with Notice

2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395. The required minimum distribution rules of Section 401(a)(9)(B) (other than clause iv thereof) of the Internal Revenue Code of 1986, as amended, apply to the transferee IRA; and

4. "Direct Rollover" means a payment by the System to the Eligible Retirement Plan specified by the Distributee.

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

1. The Oklahoma Police Pension and Retirement Board clearly informs the Distributee that the Distributee has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution; and

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

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

beginning after December 31, 2009, a distribution with respect to a nonspouse designated beneficiary shall be subject to Sections 401(a)(31), 402(f), and 3405(c) of the Internal Revenue Code of 1986, as amended.

E. Effective for distributions after December 31, 2014, for purposes of determining the portion of a disbursement of benefits from the System to a Distributee that is not includible in gross income under Section 72 of the Internal Revenue Code of 1986, as amended, the guidance under I.R.S. Notice 2014-54 shall be followed.

SECTION 5. AMENDATORY 11 O.S. 2011, Section 50-114.3, as last amended by Section 2, Chapter 132, O.S.L. 2017 (11 O.S. Supp. 2017, Section 50-114.3), is amended to read as follows:

Section 50-114.3 A. An individual who has been designated, pursuant to Section 401(a)(9)(E) of the Internal Revenue Code of 1986, as amended, as the beneficiary of a deceased member and who is not the surviving spouse of the member, may elect, in accordance with Section 402(c)(11) of the Internal Revenue Code of 1986, as amended, to have a direct trustee-to-trustee transfer of any portion of such beneficiary's distribution from the System made only to an individual retirement account or individual retirement annuity (other than an endowment contract) described in Section 408(a) or (b) of the Internal Revenue Code of 1986, as amended (IRA) (including, effective for distributions after December 18, 2015, a SIMPLE IRA but only if such contribution occurs after the two-year

1 period described in Section 72(t)(6) of the Internal Revenue Code of
2 1986, as amended, and is made in accordance with the Protecting
3 Americans from Tax Hikes Act of 2015), or, effective for
4 distributions after December 31, 2007, to a Roth individual
5 retirement account or annuity described in Section 408A of the
6 Internal Revenue Code of 1986, as amended (Roth IRA), that is
7 established on behalf of such designated individual for the purpose
8 of receiving the distribution. If such transfer is made, then:

9 1. For distributions made after December 31, 2006, but prior to
10 July 1, 2010, the transfer is treated as an eligible rollover
11 distribution for purposes of Section 402(c)(11) of the Internal
12 Revenue Code of 1986, as amended. For plan years beginning after
13 December 31, 2009, the transfer is treated as an eligible rollover
14 distribution;

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

20 3. The required minimum distribution rules of Section
21 401(a)(9)(B) (other than clause iv thereof) of the Internal Revenue
22 Code of 1986, as amended, apply to the transferee IRA.

1 B. A trust maintained for the benefit of one or more designated
2 beneficiaries shall be treated in the same manner as a designated
3 beneficiary.

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

6 SECTION 6. AMENDATORY 11 O.S. 2011, Section 50-115, is
7 amended to read as follows:

8 Section 50-115. A. The State Board is authorized to pay a
9 disability benefit to a member of the System or a pension to the
10 beneficiaries of such member eligible as hereinafter provided, not
11 exceeding the accrued retirement benefit of the member, except as
12 otherwise provided in this article. Such disability benefit shall
13 be payable immediately upon determination of eligibility. Any
14 preexisting condition identified at the time of any initial or
15 subsequent membership shall be used to offset the percentage of
16 impairment to the whole person in determining any disability
17 benefit. Once the initial disability benefit has been awarded by
18 the Board on the basis of the percentage of impairment to the whole
19 person, the member shall have no further recourse to increase the
20 awarded percentage of impairment.

21 B. In order for any member to be eligible for any disability
22 benefit, or the member's beneficiaries to be eligible for a pension,
23 the member must have complied with any agreement as to contributions
24 by the member and other members to any funds of the System where

1 said agreement has been made as provided by this article; and the
 2 State Board must find:

3 1. That the member incurred a permanent total disability or a
 4 permanent partial disability or died while in, and in consequence
 5 of, the performance of duty as an officer; or

6 2. That such member has served ten (10) years and incurred a
 7 permanent total disability or a permanent partial disability or has
 8 died from any cause.

9 C. In the event of the death of any member who has been awarded
 10 a disability benefit or is eligible therefor as provided in this
 11 article, the member's beneficiary shall be paid the benefit.

12 D. As of the date of determination by the State Board that a
 13 member is physically or mentally disabled and that the disability is
 14 permanent and partial or permanent and total as was incurred while
 15 in, and in consequence of, the performance or duty as an officer,
 16 the member shall be awarded a disability benefit on the basis of the
 17 percentage of impairment to the whole person, as defined by the most
 18 current standards of the impairment as outlined in the "American
 19 Medical Association's Guides to the Evaluation of Permanent
 20 Impairment," as provided in the following table:

21 1% to 49% impairment to whole person =	50% of the normal
22	disability benefit
23 50% to 74% impairment to whole person =	75% of the normal
24	disability benefit

75% to 100% impairment to whole person = 100% of the normal disability benefit.

E. If the participating municipality denies a disabled member the option of continuing employment instead of retiring on a disability pension, then the burden of proof rests with the participating municipality to show cause to the State Board that there is no position as a sworn officer within the police department of that municipality which the member can fill.

F. Upon determination by the State Board that a member is physically or mentally disabled and that the disability is permanent and total and that the member has completed ten (10) years of credited service and is disabled by any cause, the member shall receive a disability benefit on the basis of the member's accrued retirement benefit. A permanent and total impairment equates to one hundred percent (100%) of accrued retirement benefit.

G. Upon determination by the State Board that a member is physically or mentally disabled and that the disability is permanent and partial and that the member has completed ten (10) years of credited service as a member and is disabled from any cause, the member shall be awarded a disability benefit on the basis of the member's years of credited service as a member and the percentage of impairment to the whole person, as defined by the most current standards of the impairment as outlined in the "American Medical

1 Association's Guides to the Evaluation of Permanent Impairment", on
2 the basis of the following table:

3 1% to 24% impaired = 25% of accrued retirement benefit

4 25% to 49% impaired = 50% of accrued retirement benefit

5 50% to 74% impaired = 75% of accrued retirement benefit

6 75% to 99% impaired = 90% of accrued retirement benefit.

7 H. Before making a finding as to the disability of a member,
8 the State Board shall require that, if the member is able, the
9 member shall make a certificate as to the disability which shall be
10 subscribed and sworn to by the member. It shall also require a
11 certificate as to such disability to be made by some physician
12 licensed to practice in this state as selected by the State Board.
13 The State Board may require other evidence of disability before
14 making the disability benefit. The salary of any such member shall
15 continue while the member is so necessarily confined to such
16 hospital bed or home and necessarily requires medical care or
17 professional nursing on account of such sickness or disability for a
18 period of not more than six (6) months, after which said period the
19 other provisions of this article may apply. The State Board, in
20 making disability benefits, shall act upon the written request of
21 the member or without such request, if it deem it for the good of
22 the police department. Any disability benefits shall cease when the
23 member receiving same shall be restored to active service at a
24

1 salary not less than three-fourths (3/4) of the member's average
2 monthly salary.

3 I. Any member of a police department of any municipality who,
4 in the line of duty, has been exposed to hazardous substances,
5 including but not limited to chemicals used in the manufacture of a
6 controlled dangerous substance or chemicals resulting from the
7 manufacture of a controlled dangerous substance, or to blood-borne
8 pathogens and who is later disabled from a condition that was the
9 result of such exposure and that was not revealed by the physical
10 examination passed by the member upon entry into the System shall be
11 presumed to have incurred such disability while performing the
12 officer's duties unless the contrary is shown by competent evidence.
13 The presumption created by this subsection shall have no application
14 whatever to any workers' compensation claim or claims, and it shall
15 not be applied or be relied upon in any way in workers' compensation
16 proceedings. All compensation or benefits due to any member
17 pursuant to the presumption created by this subsection shall be paid
18 solely by the system.

19 J. If the requirements of Section 50-114.4 of this title are
20 satisfied, a member who, by reason of disability, is separated from
21 service as a public safety officer with the member's participating
22 municipality, may elect to have payment made directly to the
23 provider for qualified health insurance premiums by deduction from
24 his or her monthly disability benefit, after December 31, 2006, in

1 accordance with Section 402(1) of the Internal Revenue Code of 1986,
2 as amended.

3 SECTION 7. This act shall become effective November 1, 2018.

4
5 COMMITTEE REPORT BY: COMMITTEE ON BANKING AND BUSINESS, dated
6 02/14/2018 - DO PASS, As Coauthored.
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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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December 28, 2017

Representative Randy McDaniel
Room 438

Re: RBH No. 8174

RBH No. 8174 contains changes in the statute necessary for Oklahoma Police Pension and Retirement System to remain an IRS qualified plan. It does not contain any changes to the retirement benefits.

RBH No. 8174 is a non fiscal bill as defined by the Oklahoma Pension Legislation Analysis Act because the bill does not contains a benefit increase.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins