

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2515

By: McDaniel

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:

Section 1-110. A. Any municipal officer or employee upon final conviction of, or pleading guilty or nolo contendere to, a felony for bribery, corruption, forgery or perjury or any other crime related to the duties of his or her office or employment in a state

1 or federal court of competent jurisdiction shall forfeit retirement
2 benefits provided by law. The forfeiture of retirement benefits
3 shall not occur if any such officer or employee received a deferred
4 sentence, but retirement benefits shall not commence prior to
5 completion of the deferred sentence. The forfeiture of retirement
6 benefits required by this section shall not include the officer's or
7 employee's contributions to the retirement system or retirement
8 benefits that are vested on the effective date of this act.

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

17 C. The forfeiture shall continue until such time as the
18 conviction or guilty plea is reversed by the highest appellate court
19 to which the officer or employee may appeal.

20 D. The attorney responsible for prosecuting the municipal
21 officer or employee shall notify the retirement system in which the
22 officer or employee is enrolled of the forfeiture of the officer's
23 or employee's retirement benefits. Upon receipt of the notice of
24 forfeiture, the retirement system shall immediately suspend all

benefits of the officer or employee, and shall notify the officer or employee of his or her right to a hearing to review whether the conviction or plea qualifies for forfeiture of benefits under this section. If the conviction or plea occurs in federal court or the notice of forfeiture is not forthcoming from the state prosecutor, the retirement system may investigate and gather court documents and contact prosecutors to determine whether the conviction or plea qualifies under this section. Upon obtaining sufficient documentation of the conviction or plea, the retirement system shall immediately suspend all benefits of the officer or employee, and notify the officer or employee of his or her right to a hearing to review whether the conviction or plea qualifies for forfeiture of benefits under this section.

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

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

Section 50-111.2 A. A member of the Oklahoma Police Pension and Retirement System may receive up to five (5) years of credited service accumulated by the member while a member of the Oklahoma

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

20 B. The Oklahoma Police Pension and Retirement System shall
21 transfer credited service to another Oklahoma state retirement
22 system upon request of former members. Upon transfer, the former
23 member shall have forfeited all rights in the Oklahoma Police
24 Pension and Retirement System. Employee and city contributions of

1 the former municipal retirement systems prior to January 1, 1981,
2 are not transferable.

3 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-114.1, as
4 last amended by Section 3, Chapter 44, O.S.L. 2014 (11 O.S. Supp.
5 2017, Section 50-114.1), is amended to read as follows:

6 Section 50-114.1 A. For limitation years prior to July 1,
7 2007, the limitations of Section 415 of the Internal Revenue Code of
8 1986, as amended, shall be computed in accordance with the
9 applicable provisions of the System in effect at that time and, to
10 the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-
11 51, except as provided below. Notwithstanding any other provision
12 contained herein to the contrary, the benefits payable to a member
13 from the System provided by employer contributions (including
14 contributions picked up by the employer under Section 414(h) of the
15 Internal Revenue Code of 1986, as amended) shall be subject to the
16 limitations of Section 415 of the Internal Revenue Code of 1986, as
17 amended, in accordance with the provisions of this section and
18 subsequent guidance. The limitations of this section shall apply in
19 limitation years beginning on or after July 1, 2007, except as
20 otherwise provided below.

21 B. Except as provided below, effective for limitation years
22 ending after December 31, 2001, any accrued retirement benefit
23 payable to a member as an annual benefit as described below shall
24 not exceed One Hundred Sixty Thousand Dollars (\$160,000.00),

1 automatically adjusted under Section 415(d) of the Internal Revenue
2 Code of 1986, as amended, for increases in the cost of living, as
3 prescribed by the Secretary of the Treasury or the Secretary's
4 delegate, effective January 1 of each calendar year and applicable
5 to the limitation year ending with or within such calendar year.
6 The automatic annual adjustment of the dollar limitation in this
7 subsection under Section 415(d) of the Internal Revenue Code of
8 1986, as amended, shall apply to a member who has had a severance
9 from employment.

10 1. The member's annual benefit is a benefit that is payable
11 annually in the form of a straight life annuity. Except as provided
12 below, where a benefit is payable in a form other than a straight
13 life annuity, the benefit shall be adjusted to an actuarially
14 equivalent straight life annuity that begins at the same time as
15 such other form of benefit and is payable on the first day of each
16 month, before applying the limitations of this section. For a
17 member who has or will have distributions commencing at more than
18 one annuity starting date, the annual benefit shall be determined as
19 of each such annuity starting date (and shall satisfy the
20 limitations of this section as of each such date), actuarially
21 adjusting for past and future distributions of benefits commencing
22 at the other annuity starting dates. For this purpose, the
23 determination of whether a new starting date has occurred shall be
24 made without regard to Section 1.401(a)-20, Q&A 10(d), and with

1 regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax
2 Regulations.

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

- 4 a. survivor benefits payable to a surviving spouse under
5 a qualified joint and survivor annuity to the extent
6 such benefits would not be payable if the member's
7 benefit were paid in another form,
- 8 b. benefits that are not directly related to retirement
9 benefits (such as a qualified disability benefit,
10 preretirement incidental death benefits, and
11 postretirement medical benefits), or
- 12 c. the inclusion in the form of benefit of an automatic
13 benefit increase feature, provided the form of benefit
14 is not subject to Section 417(e)(3) of the Internal
15 Revenue Code of 1986, as amended, and would otherwise
16 satisfy the limitations of this section, and the
17 System provides that the amount payable under the form
18 of benefit in any limitation year shall not exceed the
19 limits of this section applicable at the annuity
20 starting date, as increased in subsequent years
21 pursuant to Section 415(d) of the Internal Revenue
22 Code of 1986, as amended. For this purpose, an
23 automatic benefit increase feature is included in a
24 form of benefit if the form of benefit provides for

1 automatic, periodic increases to the benefits paid in
2 that form.

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

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

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

- 19 a. a nondecreasing annuity (other than a straight life
20 annuity) payable for a period of not less than the
21 life of the member (or, in the case of a qualified
22 preretirement survivor annuity, the life of the
23 surviving spouse), or
24

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

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

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

c. Limitation Years Beginning Before July 1, 2007. For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greater annual amount:

(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.

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

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

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

12 (2) 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 a five
16 percent (5%) interest rate assumption and the
17 applicable mortality table described in Rev. Rul.
18 2001-62 (or its successor for these purposes, if
19 applicable) for that annuity starting date.

20 e. Limitation Years Beginning On or After July 1, 2008.
21 For limitation years beginning on or after July 1,
22 2008, the actuarially equivalent straight life annuity
23 is equal to the greater of:

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

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

- 22 a. Annuity Starting Date on or after January 1, 2009. If
23 the annuity starting date of the member's form of
24 benefit is in the period beginning on January 1, 2009,

1 through June 30, 2009, or in a plan year beginning
2 after June 30, 2009, the actuarially equivalent
3 straight life annuity is equal to the greatest of (1),
4 (2) and (3) below:

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

16 (2) the annual amount of the straight life annuity
17 commencing at the same annuity starting date that
18 has the same actuarial present value as the
19 member's form of benefit, computed using a five
20 and one-half percent (5.5%) interest rate
21 assumption and the applicable mortality table
22 within the meaning of Section 417(e)(3)(B) of the
23 Internal Revenue Code of 1986, as amended, as
24

described in Rev. Rul. 2007-67 (and subsequent guidance), and

- (3) 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) ~~the adjusted first, second, and third segment rates~~ applicable interest rate under Section 417(e) (3) ~~(C) and (D)~~ of the Internal Revenue Code of 1986, as amended, ~~applied under rules similar to the rules of Section 430(h) (2) (C) of the Internal Revenue Code of 1986, as amended~~ (and subsequent guidance), for the fourth calendar month preceding the plan year in which falls the annuity starting date for the distribution and the stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant, or as otherwise provided in the applicable guidance if the first day of the first plan year beginning after December 31,

2007, does not coincide with the first day
of the applicable stability period, and
(b) 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),
divided by one and five one-hundredths (1.05).

b. Annuity Starting Date in the Period Beginning on July
1, 2008 through December 31, 2008. If the annuity
starting date of the member's form of benefit is in
the period beginning on July 1, 2008, through December
31, 2008, 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) each as set forth in subsection G
of Section 50-105.4 of this title for adjusting
benefits in the same form,

- 1 (2) the annual amount of the straight life annuity
2 commencing at the same annuity starting date that
3 has the same actuarial present value as the
4 member's form of benefit, computed using a five
5 and one-half percent (5.5%) interest rate
6 assumption and the applicable mortality table
7 described in Rev. Rul. 2001-62 (or its successor
8 for these purposes, if applicable), and
- 9 (3) the annual amount of the straight life annuity
10 commencing at the same annuity starting date that
11 has the same actuarial present value as the
12 member's form of benefit, computed using:
- 13 (a) the adjusted first, second, and third
14 segment rates under Section 417(e) (3) (C) and
15 (D) of the Internal Revenue Code of 1986, as
16 amended, applied under rules similar to the
17 rules of Section 430(h) (2) (C) of the
18 Internal Revenue Code of 1986, as amended,
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 described in
8 Rev. Rul. 2001-62 (or its successor for
9 these purposes, if applicable),

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

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

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

24

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

(b) the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), divided by one and five one-hundredths (1.05).

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

(1) If the annuity starting date of the member's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greater annual amount:

(a) 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

(b) a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its

1 successor for these purposes, if
2 applicable).

3 (2) If the annuity starting date of the member's
4 benefit is on or after the first day of the first
5 plan year beginning in 2004 and before December
6 31, 2004, the application of this subparagraph
7 shall not cause the amount payable under the
8 member's form of benefit to be less than the
9 benefit calculated under the System, taking into
10 account the limitations of this section, except
11 that 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 greatest annual amount:

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

23 (b) (i) the rate of interest on thirty-year
24 Treasury securities as specified by the

1 Commissioner for the lookback month for
2 the stability period specified below.

3 The lookback month applicable to the
4 stability period is the fourth calendar
5 month preceding the first day of the
6 stability period, as specified below.

7 The stability period is the successive
8 period of one (1) plan year which
9 contains the annuity starting date for
10 the distribution and for which the
11 applicable interest rate remains
12 constant, and

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

17 (c) (i) the rate of interest on thirty-year
18 Treasury securities as specified by the
19 Commissioner for the lookback month for
20 the stability period specified below.

21 The lookback month applicable to the
22 stability period is the fourth calendar
23 month preceding the first day of the
24 stability period, as specified below.

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

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

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

22 D. Adjustment of Dollar Limitation for Benefit Commencement
23 Before Age Sixty-two (62) or After Age Sixty-five (65): Effective
24 for benefits commencing in limitation years ending after December

31, 2001, the dollar limitation under subsection B of this section shall be adjusted if the annuity starting date of the member's benefit is before age sixty-two (62) or after age sixty-five (65). If the annuity starting date is before age sixty-two (62), the dollar limitation under subsection B of this section shall be adjusted under paragraph 1 of this subsection, as modified by paragraph 3 of this subsection, but subject to paragraph 4 of this subsection. If the annuity starting date is after age sixty-five (65), the dollar limitation under subsection B of this section shall be adjusted under paragraph 2 of this subsection, as modified by paragraph 3 of this subsection.

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

- a. Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the member's benefit is prior to age sixty-two (62) and occurs in a limitation year beginning before July 1, 2007, 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

1 required) with actuarial equivalence computed using
2 whichever of the following produces the smaller annual
3 amount:

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

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

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

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

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

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

- 17 (b) If the annuity starting date for the
18 member's benefit is prior to age sixty-two
19 (62) and occurs in a limitation year
20 beginning on or after January 1, 2009, and
21 the System does not have an immediately
22 commencing straight life annuity payable at
23 both age sixty-two (62) and the age of
24 benefit commencement, the dollar limitation

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

- 19 (2) System Has Immediately Commencing Straight Life
20 Annuity Payable at Both Age Sixty-two (62) and
21 the Age of Benefit Commencement. If the annuity
22 starting date for the member's benefit is prior
23 to age sixty-two (62) and occurs in a limitation
24 year beginning on or after July 1, 2007, and the

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

- 18 (3) Effective for limitation years commencing on or
19 after January 1, 2014, notwithstanding any other
20 provision of paragraph 1 of this subsection, the
21 age-adjusted dollar limit applicable to a member
22 shall not decrease on account of an increase in
23 age or the performance of additional services.
24

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

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

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

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

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

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

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

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

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

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

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

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

21 3. Notwithstanding the other requirements of this subsection,
22 no adjustment shall be made to the dollar limitation under
23 subsection B of this section to reflect the probability of a
24 member's death between the annuity starting date and age sixty-two

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

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

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

1. The retirement benefits payable for a limitation year under any form of benefit with respect to such member under this System and under all other defined benefit plans (without regard to whether a plan has been terminated) ever maintained by a participating

1 municipality do not exceed Ten Thousand Dollars (\$10,000.00)

2 multiplied by a fraction:

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

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

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

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

1 as to the 1982 accrued amount, and May 5, 1986, as to the 1986
2 accrued amount.

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

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

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

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

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

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

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

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

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

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

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

1 Police Pension and Retirement Board, to have any portion of an
2 Eligible Rollover Distribution paid directly to an Eligible
3 Retirement Plan specified by the Distributee in a Direct Rollover.

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

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

21 a. from January 1, 2002, through December 31, 2006:

22 (1) to an individual retirement account or annuity
23 described in Section 408(a) or (b) of the
24 Internal Revenue Code of 1986, as amended, or

1 (2) in a direct trustee-to-trustee transfer, to a
2 qualified trust which is part of a defined
3 contribution plan that agrees to separately
4 account for amounts so transferred, including
5 separately accounting for the portion of such
6 distribution which is includable in gross income
7 and the portion of such distribution which is not
8 so includable, and

9 b. on or after January 1, 2007:

10 (1) to an individual retirement account or annuity
11 described in Section 408(a) or (b) of the
12 Internal Revenue Code of 1986, as amended, or

13 (2) in a direct trustee-to-trustee transfer, to a
14 qualified trust or an annuity contract described
15 in Section 403(b) of the Internal Revenue Code of
16 1986, as amended, and such trust or contract
17 provides for separate accounting for amounts so
18 transferred (and earnings thereon), including
19 separately accounting for the portion of such
20 distribution which is includable in gross income
21 and the portion of such distribution which is not
22 so includable.

23 Effective for distributions after December 31, 2007, such after-
24 tax portion may also be directly transferred to a Roth individual

1 retirement account or annuity, described in Section 408A of the
2 Internal Revenue Code of 1986, as amended (Roth IRA), subject to any
3 limitations described in Section 408A(c) of the Internal Revenue
4 Code of 1986, as amended.

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

16 2. "Eligible Retirement Plan" means an individual retirement
17 account described in Section 408(a) of the Internal Revenue Code of
18 1986, as amended, an individual retirement annuity described in
19 Section 408(b) of the Internal Revenue Code of 1986, as amended, an
20 annuity plan described in Section 403(a) of the Internal Revenue
21 Code of 1986, as amended, or a qualified trust described in Section
22 401(a) of the Internal Revenue Code of 1986, as amended, that
23 accepts the Distributee's Eligible Rollover Distribution. Effective
24 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 the alternate payee under a qualified domestic order, as defined in subsection B of Section 50-124 of this title, are Distributees with regard to the interest of the spouse or the former spouse. A Distributee also includes the member's nonspouse designated

1 beneficiary (and certain trusts described in Section 402(c)(11)(B)
2 of the Internal Revenue Code of 1986, as amended), pursuant to
3 Section 401(a)(9)(E) of the Internal Revenue Code of 1986, as
4 amended, who may elect any portion of a payment to be made in a
5 Direct Rollover only to an individual retirement account or annuity
6 (other than an endowment contract) described in Section 408(a) or
7 (b) of the Internal Revenue Code of 1986, as amended, (IRA),
8 (including, effective for distributions after December 18, 2015, a
9 SIMPLE IRA but only if such contribution occurs after the two-year
10 period described in Section 72(t)(6) of the Internal Revenue Code,
11 as amended, and is made in accordance with the Protecting Americans
12 from Tax Hikes Act of 2015), or, effective for distributions after
13 December 31, 2007, to a Roth IRA, that is established on behalf of
14 such nonspouse designated beneficiary for the purpose of receiving
15 the distribution and that will be treated as an inherited IRA
16 pursuant to the provisions of Section 402(c)(11) of the Internal
17 Revenue Code of 1986, as amended. Also, in this case, the
18 determination of any required minimum distribution under Section
19 401(a)(9) of the Internal Revenue Code of 1986, as amended, that is
20 ineligible for rollover shall be made in accordance with Notice
21 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395. The required minimum
22 distribution rules of Section 401(a)(9)(B) (other than clause iv
23 thereof) of the Internal Revenue Code of 1986, as amended, apply to
24 the transferee IRA; and

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

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

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

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

17 D. For distributions made after December 31, 2006, but prior to
18 July 1, 2010, a distribution with respect to a nonspouse designated
19 beneficiary shall be made in accordance with Notice 2007-7, Q&A 15,
20 2007-5 Internal Revenue Bulletin 395. Effective for plan years
21 beginning after December 31, 2009, a distribution with respect to a
22 nonspouse designated beneficiary shall be subject to Sections
23 401(a)(31), 402(f), and 3405(c) of the Internal Revenue Code of
24 1986, as amended.

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

6 SECTION 5. AMENDATORY 11 O.S. 2011, Section 50-114.3, as
7 last amended by Section 2, Chapter 132, O.S.L. 2017 (11 O.S. Supp.
8 2017, Section 50-114.3), is amended to read as follows:

9 Section 50-114.3 A. An individual who has been designated,
10 pursuant to Section 401(a)(9)(E) of the Internal Revenue Code of
11 1986, as amended, as the beneficiary of a deceased member and who is
12 not the surviving spouse of the member, may elect, in accordance
13 with Section 402(c)(11) of the Internal Revenue Code of 1986, as
14 amended, to have a direct trustee-to-trustee transfer of any portion
15 of such beneficiary's distribution from the System made only to an
16 individual retirement account or individual retirement annuity
17 (other than an endowment contract) described in Section 408(a) or
18 (b) of the Internal Revenue Code of 1986, as amended (IRA) ⁷
19 (including, effective for distributions after December 18, 2015, a
20 SIMPLE IRA but only if such contribution occurs after the two-year
21 period described in Section 72(t)(6) of the Internal Revenue Code of
22 1986, as amended, and is made in accordance with the Protecting
23 Americans from Tax Hikes Act of 2015), or, effective for
24 distributions after December 31, 2007, to a Roth individual

1 retirement account or annuity described in Section 408A of the
2 Internal Revenue Code of 1986, as amended (Roth IRA), that is
3 established on behalf of such designated individual for the purpose
4 of receiving the distribution. If such transfer is made, then:

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

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

16 3. The required minimum distribution rules of Section
17 401(a)(9)(B) (other than clause iv thereof) of the Internal Revenue
18 Code of 1986, as amended, apply to the transferee IRA.

19 B. A trust maintained for the benefit of one or more designated
20 beneficiaries shall be treated in the same manner as a designated
21 beneficiary.

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

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

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

16 B. In order for any member to be eligible for any disability
17 benefit, or the member's beneficiaries to be eligible for a pension,
18 the member must have complied with any agreement as to contributions
19 by the member and other members to any funds of the System where
20 said agreement has been made as provided by this article; and the
21 State Board must find:

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

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

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

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

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

1 participating municipality to show cause to the State Board that
2 there is no position as a sworn officer within the police department
3 of that municipality which the member can fill.

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

11 G. Upon determination by the State Board that a member is
12 physically or mentally disabled and that the disability is permanent
13 and partial and that the member has completed ten (10) years of
14 credited service as a member and is disabled from any cause, the
15 member shall be awarded a disability benefit on the basis of the
16 member's years of credited service as a member and the percentage of
17 impairment to the whole person, as defined by the most current
18 standards of the impairment as outlined in the "American Medical
19 Association's Guides to the Evaluation of Permanent Impairment", on
20 the basis of the following table:

21 1% to 24% impaired = 25% of accrued retirement benefit

22 25% to 49% impaired = 50% of accrued retirement benefit

23 50% to 74% impaired = 75% of accrued retirement benefit

24 75% to 99% impaired = 90% of accrued retirement benefit.

1 H. Before making a finding as to the disability of a member,
2 the State Board shall require that, if the member is able, the
3 member shall make a certificate as to the disability which shall be
4 subscribed and sworn to by the member. It shall also require a
5 certificate as to such disability to be made by some physician
6 licensed to practice in this state as selected by the State Board.
7 The State Board may require other evidence of disability before
8 making the disability benefit. The salary of any such member shall
9 continue while the member is so necessarily confined to such
10 hospital bed or home and necessarily requires medical care or
11 professional nursing on account of such sickness or disability for a
12 period of not more than six (6) months, after which said period the
13 other provisions of this article may apply. The State Board, in
14 making disability benefits, shall act upon the written request of
15 the member or without such request, if it deem it for the good of
16 the police department. Any disability benefits shall cease when the
17 member receiving same shall be restored to active service at a
18 salary not less than three-fourths ($3/4$) of the member's average
19 monthly salary.

20 I. Any member of a police department of any municipality who,
21 in the line of duty, has been exposed to hazardous substances,
22 including but not limited to chemicals used in the manufacture of a
23 controlled dangerous substance or chemicals resulting from the
24 manufacture of a controlled dangerous substance, or to blood-borne

1 pathogens and who is later disabled from a condition that was the
2 result of such exposure and that was not revealed by the physical
3 examination passed by the member upon entry into the System shall be
4 presumed to have incurred such disability while performing the
5 officer's duties unless the contrary is shown by competent evidence.
6 The presumption created by this subsection shall have no application
7 whatever to any workers' compensation claim or claims, and it shall
8 not be applied or be relied upon in any way in workers' compensation
9 proceedings. All compensation or benefits due to any member
10 pursuant to the presumption created by this subsection shall be paid
11 solely by the system.

12 J. If the requirements of Section 50-114.4 of this title are
13 satisfied, a member who, by reason of disability, is separated from
14 service as a public safety officer with the member's participating
15 municipality, may elect to have payment made directly to the
16 provider for qualified health insurance premiums by deduction from
17 his or her monthly disability benefit, after December 31, 2006, in
18 accordance with Section 402(1) of the Internal Revenue Code of 1986,
19 as amended.

20 SECTION 7. This act shall become effective November 1, 2018.
21

22 56-2-8174 MAH 01/05/18
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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 contain 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

Thomas E. Cummins, MAAA