

1 ENGROSSED SENATE  
2 BILL NO. 1589

By: Weaver of the Senate

3 and

4 Stinson of the House

5  
6 An Act relating to the Oklahoma Law Enforcement  
7 Retirement System; amending 47 O.S. 2021, Sections 2-  
8 305.2 and 2-308.2, which relate to deferred option  
9 plans and actuary services for the system; modifying  
10 requirement for certification of certain interest  
11 rate; conforming language; modifying requirements for  
12 determination of employer contributions; and  
13 providing an effective date.

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

15 SECTION 1. AMENDATORY 47 O.S. 2021, Section 2-305.2, is  
16 amended to read as follows:

17 Section 2-305.2. A. In lieu of terminating employment and  
18 accepting a service retirement pension pursuant to Section 2-305 of  
19 this title, any member of the Oklahoma Law Enforcement Retirement  
20 System who has not less than twenty (20) years of participating  
21 service and who is eligible to receive a service retirement pension  
22 may make an irrevocable election to participate in the Oklahoma Law  
23 Enforcement Deferred Option Plan and defer the receipts of benefits  
24 in accordance with the provisions of this section.

B. For purposes of this section, participating service shall  
include service credit recognized pursuant to paragraphs (c) and (d)

1 of Section 2-307, subsection B of Section 2-307.2, and Sections 2-  
2 309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5 and 2-309.6 of this title  
3 but for eligibility purposes only.

4 C. The duration of participation in the Oklahoma Law  
5 Enforcement Deferred Option Plan for a member shall not exceed five  
6 (5) years. Participation in the Oklahoma Law Enforcement Deferred  
7 Option Plan must begin the first day of a month and end on the last  
8 day of the month. At the conclusion of a member's participation in  
9 the Oklahoma Law Enforcement Deferred Option Plan, the member shall  
10 terminate employment as a member of the Oklahoma Law Enforcement  
11 Retirement System, and shall start receiving the member's accrued  
12 monthly retirement benefit from the System. Such a member may  
13 continue to receive in-service distributions of such member's  
14 accrued monthly retirement benefit from the System if the member is  
15 reemployed by a state agency only if such reemployment is in a  
16 position not covered under the System.

17 D. When a member begins participation in the Oklahoma Law  
18 Enforcement Deferred Option Plan, the contribution of the member  
19 shall cease. The employer contributions shall continue to be paid  
20 in accordance with Section 2-304 of this title. Employer  
21 contributions for members who elect the Oklahoma Law Enforcement  
22 Deferred Option Plan shall be credited equally to the Oklahoma Law  
23 Enforcement Retirement System and to the member's Oklahoma Law  
24 Enforcement Deferred Option Plan account. The monthly retirement

1 benefits that would have been payable had the member elected to  
2 cease employment and receive a service retirement shall be paid into  
3 the member's Oklahoma Law Enforcement Deferred Option Plan account.

4 E. 1. A member who participates in this plan shall be eligible  
5 to receive cost of living increases.

6 2. A member who participates in this plan shall earn interest  
7 at a rate of two percentage points below the rate of return of the  
8 investment portfolio of the System, but no less than the ~~actuarial~~  
9 assumed interest rate ~~as certified by the actuary in the yearly~~  
10 ~~evaluation report of the actuary~~. The ~~actuarial~~ assumed interest  
11 rate shall be seven and five-tenths percent (7.5%) until the Board  
12 amends the ~~actuarial~~ assumed interest rate prospectively by  
13 resolution. The interest shall be credited to the individual  
14 account balance of the member on an annual basis.

15 F. A member in the Oklahoma Law Enforcement Deferred Option  
16 Plan shall receive, at the option of the member:

17 1. A lump-sum payment from the account equal to the option  
18 account balance of the member, payable to the member;

19 2. A lump-sum payment from the account equal to the option  
20 account balance of the member, payable to the annuity provider which  
21 shall be selected by the member as a result of the research and  
22 investigation of the member; or

23 3. Any other method of payment if approved by the Board.  
24

1       Notwithstanding any other provision contained herein to the  
2 contrary, commencement of distributions under the Oklahoma Law  
3 Enforcement Deferred Option Plan shall be no later than the time as  
4 set forth in paragraph 7 of Section 2-300 of this title.

5       If a member meets the definition of disability as defined in  
6 paragraph 11 of Section 2-300 of this title by direct reason of the  
7 performance of the member's duties, the payment from the account  
8 shall be an in-line-of-duty disability payment.

9       G. If the member dies during the period of participation in the  
10 Oklahoma Law Enforcement Deferred Option Plan, a lump-sum payment  
11 equal to the account balance of the member shall be paid to the  
12 designated beneficiary as defined in paragraph 17 of Section 2-300  
13 of this title, or if there is no designated beneficiary or the  
14 designated beneficiary predeceases the member, to the estate of the  
15 member. If such member was receiving, or eligible to receive, an  
16 in-line-of-duty disability pension pursuant to subsection E or F of  
17 Section 2-305 of this title at the time of death, payment of the  
18 account balance shall be an in-line-of-duty disability payment.

19       H. In lieu of participating in the Oklahoma Law Enforcement  
20 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of  
21 this section, a member may make an irrevocable election to  
22 participate in the Oklahoma Law Enforcement Deferred Option Plan  
23 pursuant to this subsection as follows:

24

1        1. For purposes of this subsection, the following definitions  
2 shall apply:

3            a. "back drop date" means the date selected by the member  
4                which is up to five (5) years before the member elects  
5                to participate in the Oklahoma Law Enforcement  
6                Deferred Option Plan, but not before the date at which  
7                the member completes twenty (20) years of  
8                participating service,

9            b. "termination date" means the date the member elects to  
10               participate in the Oklahoma Law Enforcement Deferred  
11               Option Plan pursuant to this subsection and the date  
12               the member terminates employment and starts receiving  
13               the member's accrued monthly retirement benefit from  
14               the System. Such termination has at all times  
15               included reemployment of a member by a state agency,  
16               but only in a position not covered under the System,

17           c. "earlier attained participating service" means the  
18               participating service earned by a member as of the  
19               back drop date. Earlier attained participating  
20               service cannot be reduced to less than twenty (20)  
21               years of participating service, and

22           d. "deferred benefit balance" means all retirement  
23               benefits that would have been paid from the back drop  
24               date to the termination date, and one-half (1/2) of

1           the employer contributions from the back drop date to  
2           the termination date, with interest based on how the  
3           benefit would have accumulated on a compound annual  
4           basis as if the member had participated in the  
5           Oklahoma Law Enforcement Deferred Option Plan pursuant  
6           to subsections A, B, C, D and E of this section from  
7           the back drop date to the termination date;

8        2. At the termination date, a member's monthly pension benefit  
9        shall be determined based on the earlier attained participating  
10       service and on the final average salary as of the back drop date.  
11       The member's individual deferred option account shall be credited  
12       with an amount equal to the deferred benefit balance; the member  
13       shall terminate employment and shall start receiving the member's  
14       accrued monthly retirement benefit from the System. The member  
15       shall, upon application filed with the Board, be refunded from the  
16       fund an amount equal to the accumulated contributions the member  
17       made to the fund from the back drop date to the termination date,  
18       but excluding any interest. Such termination has at all times  
19       included reemployment of a member by a state agency, but only in a  
20       position not covered under the System. The provisions of  
21       subsections B, C, E, F and G of this section shall apply to this  
22       subsection; and

23       3. A member may participate in the Oklahoma Law Enforcement  
24       Deferred Option Plan pursuant to this subsection even if the member

1 has elected to participate in the Oklahoma Law Enforcement Deferred  
2 Option Plan pursuant to subsections A, B, C, D, E and F of this  
3 section. Such a member may select a back drop date which is up to  
4 five (5) years prior to the termination date, but not before the  
5 date at which the member completes twenty (20) years of  
6 participating service. Such a member's participation in the  
7 Oklahoma Law Enforcement Deferred Option Plan may not exceed five  
8 (5) years when combined with such a member's prior period of  
9 participation in the Oklahoma Law Enforcement Deferred Option Plan.  
10 The provisions of subsections B, C, E, F and G of this section shall  
11 apply to this subsection.

12 SECTION 2. AMENDATORY 47 O.S. 2021, Section 2-308.2, is  
13 amended to read as follows:

14 Section 2-308.2. ~~(1)~~ A. At least once each five (5) years the  
15 actuary shall make an actuarial investigation of the experience of  
16 the System, including the mortality, service and compensation  
17 experience of members and beneficiaries. Based on the results of  
18 such investigation the actuary shall recommend for adoption by the  
19 Board such tables and rates as are required for the operation of the  
20 System and for the preparation of annual actuarial valuations.

21 ~~(2)~~ B. On the basis of such tables and rates as the Board shall  
22 adopt, the actuary shall prepare an annual actuarial valuation of  
23 the assets and liabilities of the System and certify the rates of  
24

1 contribution payable by the state under the provisions of law  
2 concerning the System.

3 ~~(3)~~ C. Subject to the funds available to the System, the  
4 employer contributions to the System shall be determined on the  
5 basis of the most recent actuarial valuation, which amount shall be  
6 calculated as the sum of the normal cost for the fiscal year plus  
7 expected administrative expenses plus the payment required to  
8 amortize the unfunded accrued liability ~~by level dollar payments~~  
9 ~~over fifteen (15) years from July 1, 2014~~ according to the  
10 amortization schedule recommended by the actuary and adopted by the  
11 Board.

12 SECTION 3. This act shall become effective November 1, 2022.

13 Passed the Senate the 15th day of March, 2022.

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15 \_\_\_\_\_  
16 Presiding Officer of the Senate

17 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
18 2022.

19  
20 \_\_\_\_\_  
21 Presiding Officer of the House  
22 of Representatives  
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