

# An Act

ENROLLED SENATE  
BILL NO. 1589

By: Weaver of the Senate

and

Stinson of the House

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

SUBJECT: Oklahoma law enforcement retirement

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

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

Section 2-305.2. A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section 2-305 of this title, any member of the Oklahoma Law Enforcement Retirement System who has not less than twenty (20) years of participating service and who is eligible to receive a service retirement pension may make an irrevocable election to participate in the Oklahoma Law Enforcement Deferred Option Plan and defer the receipts of benefits 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) of Section 2-307, subsection B of Section 2-307.2, and Sections 2-

309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5 and 2-309.6 of this title but for eligibility purposes only.

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

D. When a member begins participation in the Oklahoma Law Enforcement Deferred Option Plan, the contribution of the member shall cease. The employer contributions shall continue to be paid in accordance with Section 2-304 of this title. Employer contributions for members who elect the Oklahoma Law Enforcement Deferred Option Plan shall be credited equally to the Oklahoma Law Enforcement Retirement System and to the member's Oklahoma Law Enforcement Deferred Option Plan account. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into the member's Oklahoma Law Enforcement Deferred Option Plan account.

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

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

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

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

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

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

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

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

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

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

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

- a. "back drop date" means the date selected by the member which is up to five (5) years before the member elects to participate in the Oklahoma Law Enforcement Deferred Option Plan, but not before the date at which the member completes twenty (20) years of participating service,
- b. "termination date" means the date the member elects to participate in the Oklahoma Law Enforcement Deferred Option Plan pursuant to this subsection and the date the member terminates employment and starts receiving the member's accrued monthly retirement benefit from the System. Such termination has at all times included reemployment of a member by a state agency, but only in a position not covered under the System,
- c. "earlier attained participating service" means the participating service earned by a member as of the back drop date. Earlier attained participating service cannot be reduced to less than twenty (20) years of participating service, and
- d. "deferred benefit balance" means all retirement benefits that would have been paid from the back drop date to the termination date, and one-half (1/2) of the employer contributions from the back drop date to the termination date, with interest based on how the benefit would have accumulated on a compound annual basis as if the member had participated in the Oklahoma Law Enforcement Deferred Option Plan pursuant to subsections A, B, C, D and E of this section from the back drop date to the termination date;

2. At the termination date, a member's monthly pension benefit shall be determined based on the earlier attained participating service and on the final average salary as of the back drop date. The member's individual deferred option account shall be credited with an amount equal to the deferred benefit balance; the member shall terminate employment and shall start receiving the member's accrued monthly retirement benefit from the System. The member shall, upon application filed with the Board, be refunded from the

fund an amount equal to the accumulated contributions the member made to the fund from the back drop date to the termination date, but excluding any interest. Such termination has at all times included reemployment of a member by a state agency, but only in a position not covered under the System. The provisions of subsections B, C, E, F and G of this section shall apply to this subsection; and

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

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

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

~~(2)~~ B. On the basis of such tables and rates as the Board shall adopt, the actuary shall prepare an annual actuarial valuation of the assets and liabilities of the System and certify the rates of contribution payable by the state under the provisions of law concerning the System.

~~(3)~~ C. Subject to the funds available to the System, the employer contributions to the System shall be determined on the basis of the most recent actuarial valuation, which amount shall be

calculated as the sum of the normal cost for the fiscal year plus  
expected administrative expenses plus the payment required to  
amortize the unfunded accrued liability ~~by level dollar payments~~  
~~over fifteen (15) years from July 1, 2014~~ according to the  
amortization schedule recommended by the actuary and adopted by the  
Board.

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

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

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

Passed the House of Representatives the 19th day of April, 2022.

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

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_

Approved by the Governor of the State of Oklahoma this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By: \_\_\_\_\_