

HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL NO. 1188

By: Taylor, Jett, Coleman,
Kidd, and Bergstrom of the
Senate

and

Newton and Roberts (Dustin)
of the House

COMMITTEE SUBSTITUTE

An Act relating to state pensions; amending 11 O.S. 2021, Sections 50-111.3 and 50-112, which relate to the Oklahoma Police Pension and Retirement System; modifying provision related to assumed rate of return; allowing municipalities under certain population to hire certain retired police officers without reentering system; allowing for retired persons to be hired as police officers under certain circumstances without entrance into system; providing for codification; and providing an effective date.

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

SECTION 1. AMENDATORY 11 O.S. 2021, Section 50-111.3, is amended to read as follows:

Section 50-111.3 A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section 50-114 of

1 this title, any member of the Oklahoma Police Pension and Retirement
2 System who has not less than twenty (20) years of creditable service
3 and who is eligible to receive a service retirement pension may make
4 an irrevocable election to participate in the Oklahoma Police
5 Deferred Option Plan and defer the receipts of benefits in
6 accordance with the provisions of this section.

7 B. For purposes of this section, creditable service shall
8 include service credit reciprocally recognized pursuant to Section
9 50-101 et seq. of this title but for eligibility purposes only.

10 C. The duration of participation in the Oklahoma Police
11 Deferred Option Plan for a member shall not exceed five (5) years.
12 Participation in the Oklahoma Police Deferred Option Plan must begin
13 the first day of a month and end on the last day of a month. At the
14 conclusion of a member's participation in the Oklahoma Police
15 Deferred Option Plan, the member shall terminate employment with all
16 participating municipalities as an officer, and shall start
17 receiving the member's accrued monthly retirement benefit from the
18 System. Such a member may receive in-service distributions of such
19 member's accrued monthly retirement benefit from the System if such
20 member is reemployed by a participating municipality only if such
21 reemployment is as a police chief or in a position not covered under
22 the System.

23 D. When a member begins participation in the Oklahoma Police
24 Deferred Option Plan, the contribution of the employee shall cease.

1 The employer contributions shall continue to be paid in accordance
2 with Section 50-109 of this title. Municipal contributions for
3 employees who elect the Oklahoma Police Deferred Option Plan shall
4 be credited equally to the Oklahoma Police Pension and Retirement
5 System and to the Oklahoma Police Deferred Option Plan. The monthly
6 retirement benefits that would have been payable had the member
7 elected to cease employment and receive a service retirement shall
8 be paid into the Oklahoma Police Deferred Option Plan account.

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

11 2. A member who participates in this plan shall earn interest
12 at a rate of two percentage points below the rate of return of the
13 investment portfolio of the System, but no less than ~~the actuarial~~
14 ~~assumed interest rate as certified by the actuary in the yearly~~
15 ~~evaluation report of the actuary~~ seven and one-half percent (7.5%)
16 interest effective July 1, 2022. The interest shall be credited to
17 the individual account balance of the member on an annual basis.

18 F. A participant in the Oklahoma Police Deferred Option Plan
19 shall receive, at the option of the participant:

20 1. A lump sum payment from the account equal to the option
21 account balance of the participant, payable to the participant;

22 2. A lump sum payment from the account equal to the option
23 account balance of the participant, payable to the annuity provider
24

1 which shall be selected by the participant as a result of the
2 research and investigation of the participant; or

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

4 Notwithstanding any other provision contained herein to the
5 contrary, commencement of distributions under the Oklahoma Police
6 Deferred Option Plan shall be no later than the time as set forth in
7 subsection C of Section 50-114 of this title.

8 G. If the participant dies during the period of participation
9 in the Oklahoma Police Deferred Option Plan, a lump sum payment
10 equal to the account balance of the participant shall be paid to the
11 recipients, which may include a trust, properly designated in
12 writing by the participant or, if none, to the surviving spouse who
13 was married to the participant for the thirty (30) continuous months
14 immediately preceding the death of the participant; provided, a
15 surviving spouse of a participant who died in, and as a consequence
16 of, the performance of the participant's duty for a participating
17 municipality shall not be subject to the thirty-month marriage
18 requirement for survivor benefits or, if no surviving spouse, to the
19 estate of the participant.

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

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

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

9 b. "termination date" means the date the member elects to
10 participate in the Oklahoma Police Deferred Option
11 Plan pursuant to this subsection, and the date the
12 member terminates employment with all participating
13 municipalities as an active police officer, such
14 termination has at all times included reemployment of
15 a member by a participating municipality only if such
16 reemployment is as a police chief or in a position not
17 covered under the System,

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

23 d. "deferred benefit balance" means all monthly
24 retirement benefits that would have been payable had

1 the member elected to cease employment on the back
2 drop date and receive a service retirement from the
3 back drop date to the termination date, all of the
4 member's contributions and one-half (1/2) of the
5 employer contributions from the back drop date to the
6 termination date, with interest based on how the
7 benefit would have accumulated as if the member had
8 participated in the Oklahoma Police Deferred Option
9 Plan pursuant to subsections A, B, C, D and E of this
10 section from the back drop date to the termination
11 date;

12 2. At the termination date, the monthly pension benefit shall
13 be determined based on earlier attained credited service and on the
14 final average salary as of the back drop date. The member's
15 individual deferred option account shall be credited with an amount
16 equal to the deferred benefit balance; the member shall terminate
17 employment with all participating municipalities as a police officer
18 and shall start receiving the member's accrued monthly retirement
19 benefit from the System. The provisions of subsections B, C, E, F,
20 and G of this section shall apply to this subsection. A member
21 shall not participate in the Oklahoma Police Deferred Option Plan
22 pursuant to this subsection if the member has elected to participate
23 in the Oklahoma Police Deferred Option Plan pursuant to subsections
24 A, B, C, D, E, and F of this section; and

1 3. If a member who has not less than twenty (20) years of
2 creditable service and who is eligible to receive a service
3 retirement pension dies prior to terminating employment, the
4 surviving spouse shall be eligible to elect to receive a benefit
5 determined as if the member had elected to participate in the
6 Oklahoma Police Deferred Option Plan in accordance with this
7 subsection on the day immediately preceding the death. The
8 surviving spouse must have been married to the member for the thirty
9 (30) continuous months preceding the member's death; provided, the
10 surviving spouse of a member who died while in, and as a consequence
11 of, the performance of the member's duty for a participating
12 municipality shall not be subject to the thirty-month marriage
13 requirement for this election.

14 SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-112, is
15 amended to read as follows:

16 Section 50-112. A. All persons employed as full-time duly
17 appointed or elected officers who are paid for working more than
18 twenty-five (25) hours per week or any person hired by a
19 participating municipality who is undergoing police training to
20 become a permanent police officer of the municipality shall
21 participate in the System upon initial employment with a police
22 department of a participating municipality. All such persons shall
23 submit to a physical-medical examination pertaining to sight,
24 hearing, agility and other conditions the requirements of which

1 shall be established by the State Board. The person shall be
2 required to complete this physical-medical examination prior to the
3 beginning of actual employment. This examination shall identify any
4 preexisting conditions. Except as otherwise provided in this
5 section, a police officer shall be not less than twenty-one (21) nor
6 more than forty-five (45) years of age when accepted for membership
7 in the System. However, if a municipality should be found to be in
8 noncompliance with the provisions of Article 50 of this title, as
9 determined by the State Board, then any current full-time active
10 police officer employed by a municipality as of July 1, 2001, shall
11 not be denied eligibility to participate in the Oklahoma Police
12 Pension and Retirement System solely due to age. The State Board
13 shall have authority to deny or revoke membership of any person
14 submitting false information in such person's membership
15 application. The State Board shall have final authority in
16 determining eligibility for membership in the System, pursuant to
17 the provisions of this article.

18 B. The police chief of any participating municipality may be
19 exempt from membership in the System or may become a member provided
20 the member is not a retired member and the requirements of this
21 section are met at the time of employment.

22 C. A member of the System who has attained his or her normal
23 retirement date may, if the member so elects, agree to terminate
24 employment and retire as a member of the System and make an election

1 to receive distributions from the System. If a retired member is
2 reemployed by a participating municipality in the position of police
3 chief or in a position which is not covered by the System,
4 retirement shall include receipt by such retired member of in-
5 service distributions from the System.

6 D. A former member of the System who terminates from covered
7 employment and who has neither retired from the System nor entered
8 the Oklahoma Police Deferred Option Plan and is later employed in a
9 covered position with a participating municipality shall not be
10 denied eligibility to become a member of the System because he or
11 she is forty-five (45) years of age or older. If such member has
12 withdrawn his or her contributions prior to re-entering the System
13 and the member desires to receive credit for such prior service,
14 then the member shall pay back such contributions and interest
15 pursuant to Section 50-111.1 of this title.

16 E. Notwithstanding any other provision of law to the contrary,
17 a municipality ~~that employs two (2) or fewer full-time police~~
18 ~~officers~~ with a population of four thousand five hundred (4,500) or
19 less, according to the latest Federal Decennial Census, may employ a
20 ~~police officer~~ retired police officers who ~~is~~ are more than forty-
21 five (45) years of age and who ~~has never~~ have participated in the
22 Oklahoma Police Pension and Retirement System, ~~but such police~~
23 ~~officer~~ and are receiving retirement benefits. Such officers shall
24 not be eligible to reenter and participate in the System. ~~Such~~

1 ~~police officer shall be counted in the limitation imposed by this~~
2 ~~subsection.~~ Notwithstanding any other provisions of law, the State
3 Board shall be granted access to information concerning a list of
4 actively working police officers within the municipalities and
5 agencies under the purview provided by the Council on Law
6 Enforcement Education and Training.

7 SECTION 3. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 50-112.1 of Title 11, unless
9 there is created a duplication in numbering, reads as follows:

10 Notwithstanding any other provision of law, any person who is
11 receiving retirement benefits from a state pension system may be
12 hired by a municipality with a population of four thousand five
13 hundred (4,500) or less, according to the latest Federal Decennial
14 Census, to fulfill the duties and obligations of a police officer.
15 Such persons shall not be subject to the requirements and
16 obligations of the Oklahoma Police Pension and Retirement System and
17 shall not be eligible to enter into the System.

18 SECTION 4. This act shall become effective November 1, 2022.
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20 COMMITTEE REPORT BY: COMMITTEE ON COUNTY AND MUNICIPAL GOVERNMENT,
21 dated 04/05/2022 - DO PASS, As Amended.
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