

STATE OF OKLAHOMA

1st Session of the 58th Legislature (2021)

HOUSE BILL 2457

By: Lepak

AS INTRODUCED

An Act relating to public retirement systems; amending 11 O.S. 2011, Section 50-114, as amended by Section 5, Chapter 346, O.S.L. 2019 (11 O.S. Supp. 2020, Section 50-114), which relates to the Oklahoma Police Pension and Retirement System; modifying distribution requirements; and declaring an emergency.

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-114, as amended by Section 5, Chapter 346, O.S.L. 2019 (11 O.S. Supp. 2020, Section 50-114), is amended to read as follows:

Section 50-114. A. The State Board is hereby authorized to pay out of funds in the System a monthly service pension to any member eligible as hereinafter provided, not exceeding in any event the amount of money in such funds and not exceeding in any event the accrued retirement benefit for such member, except as provided for herein. In order for a member to be eligible for such service pension the following requirements must be complied with:

1 1. The member's service with the police department for any
2 participating municipality must have ceased; however, a member may
3 be subsequently reemployed in the position of police chief pursuant
4 to subsection C of Section 50-112 of this title;

5 2. The member must have reached the member's normal retirement
6 date; and

7 3. The member must have complied with any agreement as to
8 contributions by the member and other members to any funds of the
9 System where said agreement has been made as provided by this
10 article; provided, that should a retired member receive disability
11 benefits as provided in this and other sections of this article, the
12 time the retired member is receiving said disability benefits shall
13 count as time on active service if the retired member should be
14 recalled by the Chief of Police from said disability retirement. It
15 shall be necessary before said time shall be counted toward
16 retirement that the retired member make the same contribution as the
17 member would have otherwise made if on active service for the time
18 the retired member was disabled.

19 B. Any member complying with all requirements of this article,
20 who reaches normal retirement date, upon application, shall be
21 retired at the accrued retirement benefit. When a member has served
22 for the necessary number of years and is otherwise eligible, as
23 provided in this article, if such member is discharged without cause
24

1 by the participating municipality, the member shall be eligible for
2 a pension.

3 C. Effective July 1, 1989, in no event shall commencement of
4 distribution of the accrued retirement benefit of a member be
5 delayed beyond April 1 of the calendar year following the later of:

6 1. The calendar year in which the member reaches seventy and
7 one-half (70 1/2) years of age for a member who attains age seventy
8 and one-half (70 1/2) before January 1, 2020, or effective for
9 distributions required to be made after December 31, 2019, the
10 calendar year in which the member reaches seventy-two (72) years of
11 age for an individual who attains age seventy and one-half (70 1/2)
12 after December 31, 2019; or

13 2. The actual retirement date of the member.

14 For distributions made for calendar years beginning on or after
15 January 1, 2001, through December 31, 2004, the System shall apply
16 the minimum distribution requirements and incidental benefit
17 requirements of Section 401(a)(9) of the Internal Revenue Code of
18 1986, as amended, in accordance with the regulations under Section
19 401(a)(9) of the Internal Revenue Code of 1986, as amended, which
20 were proposed on January 17, 2001, notwithstanding any provision of
21 the System to the contrary. For distributions made for calendar
22 years beginning on or after January 1, 2005, the System shall apply
23 the minimum distribution incidental benefit requirements, incidental
24 benefit requirements, and minimum distribution requirements of

1 Section 401(a)(9) of the Internal Revenue Code of 1986, as amended,
2 in accordance with the final regulations under Section 401(a)(9) of
3 the Internal Revenue Code of 1986, as amended, ~~which were issued in~~
4 ~~April 2002 and June 2004~~ including Treasury Regulations Sections
5 1.401(a)(9)-1 through 1.401(a)(9)-9; provided, however, that for
6 distributions required to be made after December 31, 2019, for
7 individuals who attain seventy and one-half (70 1/2) years of age
8 after December 31, 2019, such distributions shall take into account
9 that age 70 1/2 was stricken and age 72 was inserted in Section
10 401(a)(9)(B)(iv)(I), Section 401(a)(9)(C)(i)(I) and Section
11 401(a)(9)(C)(ii)(I) of the Internal Revenue Code of 1986, as
12 amended, notwithstanding any provision of the System to the
13 contrary. Effective January 1, 2009, with respect to the Oklahoma
14 Police Deferred Option Plan, to the extent applicable, no minimum
15 distribution is required for 2009 in accordance with Section
16 401(a)(9)(H) of the Internal Revenue Code of 1986, as amended.

17 Effective September 8, 2009, notwithstanding anything to the
18 contrary of the System, the System, which is a governmental plan
19 (within the meaning of Section 414(d) of the Internal Revenue Code
20 of 1986, as amended) is treated as having complied with Section
21 401(a)(9) of the Internal Revenue Code of 1986, as amended, for all
22 years to which Section 401(a)(9) of the Internal Revenue Code of
23 1986, as amended, applies to the System if the System complies with
24

1 a reasonable and good-faith interpretation of Section 401(a)(9) of
2 the Internal Revenue Code of 1986, as amended.

3 D. In the event of the death of any member who has been awarded
4 a retirement benefit or is eligible therefor as provided in this
5 section, such member's beneficiaries shall be paid such retirement
6 benefit. The remaining portion of the member's retirement benefit
7 shall be distributed to the beneficiaries at least as rapidly as
8 under the method of distribution to the member. Effective March 1,
9 1997, if a member to whom a retirement benefit has been awarded or
10 who is eligible therefor dies prior to the date as of which the
11 total amount of retirement benefit paid equals the total amount of
12 the employee contributions paid by or on behalf of the member and
13 the member does not have a surviving beneficiary, the total benefits
14 paid as of the date of the member's death shall be subtracted from
15 the accumulated employee contribution amount and the balance, if
16 greater than zero (0), shall be paid to the member's estate.

17 E. The State Board may review and affirm a member's request for
18 retirement benefits prior to the member's normal retirement date
19 provided that no retirement benefits are paid prior to the normal
20 retirement date.

21 F. A member retired under the provisions of this article may
22 apply to the State Board to have the member's retirement benefits
23 set aside and may make application for disability benefits. Upon
24 approval of the disability benefits, the member would become subject

1 to all provisions of this article pertaining to disability
2 retirement.

3 G. Upon the death of a retired member or a beneficiary, the
4 benefit payment for the month in which the retired member or
5 beneficiary died, if not previously paid, shall be made to the
6 beneficiary of the member, which shall include a successor in
7 interest for whom an affidavit is provided to the System in
8 accordance with Section 393 of Title 58 of the Oklahoma Statutes, or
9 to the member's or beneficiary's estate if there is no beneficiary.
10 Such benefit payment shall be made in an amount equal to a full
11 monthly benefit payment regardless of the day of the month in which
12 the retired member or beneficiary died.

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

21 SECTION 2. It being immediately necessary for the preservation
22 of the public peace, health or safety, an emergency is hereby
23
24

declared to exist, by reason whereof this act shall take effect and
be in full force from and after its passage and approval.

58-1-7158 CMA 12/30/20

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

January 20, 2021

Representative Mark Lapak
Room 453.2

Re: RBH No. 7158

RBH No. 7158 conforms the distribution rules of the Oklahoma Police Pension and Retirement System to those rules found in the CARES act.

RBH No. 7158 a nonfiscal bill as defined by OPLAAA.

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