

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

HOUSE BILL 1969

By: Newton

AS INTRODUCED

An Act relating to retirement; 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; providing an effective date; and declaring an emergency.

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

1 B. For purposes of this section, creditable service shall  
2 include service credit reciprocally recognized pursuant to Section  
3 50-101 et seq. of this title but for eligibility purposes only.

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

17 D. When a member begins participation in the Oklahoma Police  
18 Deferred Option Plan, the contribution of the employee shall cease.  
19 The employer contributions shall continue to be paid in accordance  
20 with Section 50-109 of this title. Municipal contributions for  
21 employees who elect the Oklahoma Police Deferred Option Plan shall  
22 be credited equally to the Oklahoma Police Pension and Retirement  
23 System and to the Oklahoma Police Deferred Option Plan. The monthly  
24 retirement benefits that would have been payable had the member

1 elected to cease employment and receive a service retirement shall  
2 be paid into the Oklahoma Police Deferred Option Plan account.

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

5 2. A member who participates in this plan shall earn interest  
6 at a rate of two percentage points below the rate of return of the  
7 investment portfolio of the System, but no less than ~~the actuarial~~  
8 ~~assumed interest rate as certified by the actuary in the yearly~~  
9 ~~evaluation report of the actuary~~ seven and one-half percent (7.5%)  
10 interest effective July 1, 2023. The interest shall be credited to

11 the individual account balance of the member on an annual basis.

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

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

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

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

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

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

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

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

- 20 a. "back drop date" means the date selected by the  
21 member, which is up to five (5) years before the  
22 member elects to participate in the Oklahoma Police  
23 Deferred Option Plan, but not before the date at which  
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1 the member completes twenty (20) years of credited  
2 service,

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

12 c. "earlier attained credited service" means the credited  
13 service earned by a member as of the back drop date,  
14 and earlier attained credited service cannot be  
15 reduced to less than twenty (20) years of credited  
16 service, and

17 d. "deferred benefit balance" means all monthly  
18 retirement benefits that would have been payable had  
19 the member elected to cease employment on the back  
20 drop date and receive a service retirement from the  
21 back drop date to the termination date, all of the  
22 member's contributions and one-half (1/2) of the  
23 employer contributions from the back drop date to the  
24 termination date, with interest based on how the

1 benefit would have accumulated as if the member had  
2 participated in the Oklahoma Police Deferred Option  
3 Plan pursuant to subsections A, B, C, D, and E of this  
4 section from the back drop date to the termination  
5 date;

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

19 3. If a member who has not less than twenty (20) years of  
20 creditable service and who is eligible to receive a service  
21 retirement pension dies prior to terminating employment, the  
22 surviving spouse shall be eligible to elect to receive a benefit  
23 determined as if the member had elected to participate in the  
24 Oklahoma Police Deferred Option Plan in accordance with this

1 subsection on the day immediately preceding the death. The  
2 surviving spouse must have been married to the member for the thirty  
3 (30) continuous months preceding the member's death; provided, the  
4 surviving spouse of a member who died while in, and as a consequence  
5 of, the performance of the member's duty for a participating  
6 municipality shall not be subject to the thirty-month marriage  
7 requirement for this election.

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

10 Section 50-112. A. All persons employed as full-time duly  
11 appointed or elected officers who are paid for working more than  
12 twenty-five (25) hours per week or any person hired by a  
13 participating municipality who is undergoing police training to  
14 become a permanent police officer of the municipality shall  
15 participate in the System upon initial employment with a police  
16 department of a participating municipality. All such persons shall  
17 submit to a physical-medical examination pertaining to sight,  
18 hearing, agility and other conditions the requirements of which  
19 shall be established by the State Board. The person shall be  
20 required to complete this physical-medical examination prior to the  
21 beginning of actual employment. This examination shall identify any  
22 preexisting conditions. Except as otherwise provided in this  
23 section, a police officer shall be not less than twenty-one (21) nor  
24 more than forty-five (45) years of age when accepted for membership

1 in the System. However, if a municipality should be found to be in  
2 noncompliance with the provisions of Article 50 of this title, as  
3 determined by the State Board, then any current full-time active  
4 police officer employed by a municipality as of July 1, 2001, shall  
5 not be denied eligibility to participate in the Oklahoma Police  
6 Pension and Retirement System solely due to age. The State Board  
7 shall have authority to deny or revoke membership of any person  
8 submitting false information in such person's membership  
9 application. The State Board shall have final authority in  
10 determining eligibility for membership in the System, pursuant to  
11 the provisions of this article.

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

16 C. A member of the System who has attained his or her normal  
17 retirement date may, if the member so elects, agree to terminate  
18 employment and retire as a member of the System and make an election  
19 to receive distributions from the System. If a retired member is  
20 reemployed by a participating municipality in the position of police  
21 chief or in a position which is not covered by the System,  
22 retirement shall include receipt by such retired member of in-  
23 service distributions from the System.

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

11 E. Notwithstanding any other provision of law to the contrary,  
12 a municipality ~~that employs two (2) or fewer full-time police~~  
13 ~~officers~~ with a population of four thousand five hundred (4,500) or  
14 less, according to the latest Federal Decennial Census, may employ a  
15 ~~police officer~~ retired police officers who ~~is~~ are more than forty-  
16 five (45) years of age and who ~~has never~~ have participated in the  
17 Oklahoma Police Pension and Retirement System, ~~but such police~~  
18 ~~officer~~ and are receiving retirement benefits. Such officers shall  
19 not be eligible to reenter and participate in the System. ~~Such~~  
20 ~~police officer shall be counted in the limitation imposed by this~~  
21 ~~subsection.~~ Notwithstanding any other provisions of law, the State  
22 Board shall be granted access to information concerning a list of  
23 actively working police officers within the municipalities and  
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1 agencies under the purview provided by the Council on Law  
2 Enforcement Education and Training.

3 SECTION 3. This act shall become effective July 1, 2023.

4 SECTION 4. It being immediately necessary for the preservation  
5 of the public peace, health or safety, an emergency is hereby  
6 declared to exist, by reason whereof this act shall take effect and  
7 be in full force from and after its passage and approval.

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9 59-1-5254 CMA 01/10/23

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**THOMAS E. CUMMINS CONSULTING ACTUARY, INC.**

2512 E. 71<sup>st</sup> Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

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January 11, 2023

Representative Carl Newton  
Room 507

Re: RBH No. 5254

RBH No. 5254 creates a hard minimum interest rate of 7.5% per year for participants in the Oklahoma Police Pension and Retirement System. The current interest rate to be used is greater of interest rate earned by the fund less 2% and the actuarial interest rate used in the latest actuarial valuation. The current actuarial interest rate is 7.5%.

RBH No. 5254 is a non fiscal bill as defined by OPLAAA.

RBH No. 5254 could become fiscal sometime in the future should the system's actuary lower the actuarial interest assumption. Such change would be made on fund's performance and expected performance in the future,

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