

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

POLICY COMMITTEE  
RECOMMENDATION

FOR

HOUSE BILL NO. 1268

By: Hays

POLICY COMMITTEE RECOMMENDATION

An Act relating to retirement; amending 62 O.S. 2021, Section 3103, as last amended by Section 2, Chapter 361, O.S.L. 2024 (62 O.S. Supp. 2025, Section 3103), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying terms; authorizing certain members to participate in the Oklahoma Public Employees Deferred Option Plan; providing that creditable service shall include service credit; providing requirements and specifications of plan; providing for the cessation of employee contributions; directing that employer contributions shall continue; providing that member is eligible for cost of living adjustments; providing for payment from the account; providing limit for commencement of distribution; providing procedure if the participant dies; providing for codification; and providing effective dates.

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as last amended by Section 2, Chapter 361, O.S.L. 2024 (62 O.S. Supp. 2025, Section 3103), is amended to read as follows:

1 Section 3103. As used in the Oklahoma Pension Legislation  
2 Actuarial Analysis Act:

3 1. "Amendment" means any amendment, including a substitute  
4 bill, made to a retirement bill by any committee of the House of  
5 Representatives or Senate, any conference committee of the House or  
6 Senate or by the House or Senate;

7 2. "RB number" means that number preceded by the letters "RB"  
8 assigned to a retirement bill by the respective staffs of the  
9 Oklahoma State Senate and the Oklahoma House of Representatives when  
10 the respective staff office prepares a retirement bill for a member  
11 of the Legislature;

12 3. "Legislative Actuary" means the firm or entity that enters  
13 into a contract with the Legislative Service Bureau pursuant to  
14 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the  
15 actuarial services and other duties provided for in the Oklahoma  
16 Pension Legislation Actuarial Analysis Act;

17 4. "Nonfiscal amendment" means an amendment to a retirement  
18 bill having a fiscal impact, which amendment does not change any  
19 factor of an actuarial investigation specified in subsection A of  
20 Section 3109 of this title;

21 5. "Nonfiscal retirement bill" means a retirement bill:

- 22 a. which does not affect the cost or funding factors of a  
23 retirement system,  
24

- 1           b.    which affects such factors only in a manner which does  
2                   not:  
3                   (1)   grant a benefit increase under the retirement  
4                            system affected by the bill,  
5                   (2)   create an actuarial accrued liability for or  
6                            increase the actuarial accrued liability of the  
7                            retirement system affected by the bill, or  
8                   (3)   increase the normal cost of the retirement system  
9                            affected by the bill,
- 10          c.    which authorizes the purchase by an active member of  
11                   the retirement system, at the actuarial cost for the  
12                   purchase as computed pursuant to the statute in effect  
13                   on the effective date of the measure allowing such  
14                   purchase, of years of service for purposes of reaching  
15                   a normal retirement date in the applicable retirement  
16                   system, but which cannot be used in order to compute  
17                   the number of years of service for purposes of  
18                   computing the retirement benefit for the member,
- 19          d.    which provides for the computation of a service-  
20                   connected disability retirement benefit for members of  
21                   the Oklahoma Law Enforcement Retirement System  
22                   pursuant to Section 2-305 of Title 47 of the Oklahoma  
23                   Statutes if the members were unable to complete twenty  
24                   (20) years of service as a result of the disability,

1 e. which requires membership in the defined benefit plan  
2 authorized by Section 901 et seq. of Title 74 of the  
3 Oklahoma Statutes for persons whose first elected or  
4 appointed service occurs on or after November 1, 2018,  
5 if such persons had any prior service in the Oklahoma  
6 Public Employees Retirement System prior to November  
7 1, 2015,

8 f. which provides for a one-time increase in retirement  
9 benefits if the increase in retirement benefits is not  
10 a permanent increase in the gross annual retirement  
11 benefit payable to a member or beneficiary, occurs  
12 only once pursuant to a single statutory authorization  
13 and does not exceed:

14 (1) the lesser of two percent (2%) of the gross  
15 annual retirement benefit of the member or One  
16 Thousand Dollars (\$1,000.00) and requires that  
17 the benefit may only be provided if the funded  
18 ratio of the affected retirement system would not  
19 be less than sixty percent (60%) but not greater  
20 than eighty percent (80%) after the benefit  
21 increase is paid,

22 (2) the lesser of two percent (2%) of the gross  
23 annual retirement benefit of the member or One  
24 Thousand Two Hundred Dollars (\$1,200.00) and

1 requires that the benefit may only be provided if  
2 the funded ratio of the affected retirement  
3 system would be greater than eighty percent (80%)  
4 but not greater than one hundred percent (100%)  
5 after the benefit increase is paid,

6 (3) the lesser of two percent (2%) of the gross  
7 annual retirement benefit of the member or One  
8 Thousand Four Hundred Dollars (\$1,400.00) and  
9 requires that the benefit may only be provided if  
10 the funded ratio of the affected retirement  
11 system would be greater than one hundred percent  
12 (100%) after the benefit increase is paid, or

13 (4) the greater of two percent (2%) of the gross  
14 annual retirement benefit of the volunteer  
15 firefighter or One Hundred Dollars (\$100.00) for  
16 persons who retired from the Oklahoma  
17 Firefighters Pension and Retirement System as  
18 volunteer firefighters and who did not retire  
19 from the Oklahoma Firefighters Pension and  
20 Retirement System as a paid firefighter.

21 As used in this subparagraph, "funded ratio" means the  
22 figure derived by dividing the actuarial value of  
23 assets of the applicable retirement system by the  
24

1 actuarial accrued liability of the applicable  
2 retirement system,

3 g. which modifies the disability pension standard for  
4 police officers who are members of the Oklahoma Police  
5 Pension and Retirement System as provided by Section  
6 50-115 of Title 11 of the Oklahoma Statutes,

7 h. which provides a cost-of-living benefit increase  
8 pursuant to the provisions of:

9 (1) Section 49-143.7 of Title 11 of the Oklahoma  
10 Statutes,

11 (2) Section 50-136.9 of Title 11 of the Oklahoma  
12 Statutes,

13 (3) Section 1104K of Title 20 of the Oklahoma  
14 Statutes,

15 (4) Section 2-305.12 of Title 47 of the Oklahoma  
16 Statutes,

17 (5) Section 17-116.22 of Title 70 of the Oklahoma  
18 Statutes,

19 (6) Section 930.11 of Title 74 of the Oklahoma  
20 Statutes,

21 i. which modifies the computation of the line-of-duty  
22 disability benefit pursuant to the provisions of this  
23 section and Sections 50-101 and 50-115 of Title 11 of  
24 the Oklahoma Statutes, ~~or~~

1           j.    which authorizes membership in the Oklahoma Law  
2                Enforcement Retirement System for active commissioned  
3                or CLEET-certified agents of the Office of the  
4                Attorney General or the Military Department of the  
5                State of Oklahoma pursuant to Sections ~~3~~ 2-309.9 and ~~4~~  
6                2-309.10 of ~~this act~~ Title 47 of the Oklahoma  
7                Statutes, or

8           k.    which authorizes certain licensed emergency personnel  
9                to participate in the Oklahoma Public Employees  
10              Deferred Option Plan pursuant to Section 2 of this  
11              act.

12 A nonfiscal retirement bill shall include any retirement bill that  
13 has as its sole purpose the appropriation or distribution or  
14 redistribution of monies in some manner to a retirement system for  
15 purposes of reducing the unfunded liability of such system or the  
16 earmarking of a portion of the revenue from a tax to a retirement  
17 system or increasing the percentage of the revenue earmarked from a  
18 tax to a retirement system;

19           6. "Reduction-in-cost amendment" means an amendment to a  
20 retirement bill having a fiscal impact which reduces the cost of the  
21 bill as such cost is determined by the actuarial investigation for  
22 the bill prepared pursuant to Section 3109 of this title;

23           7. "Retirement bill" means any bill or joint resolution  
24 introduced or any bill or joint resolution amended by a member of

1 the Legislature which creates or amends any law directly affecting a  
2 retirement system. A retirement bill shall not mean a bill or  
3 resolution that impacts the revenue of any state tax in which a  
4 portion of the revenue generated from such tax is earmarked for the  
5 benefit of a retirement system;

6 8. "Retirement bill having a fiscal impact" means any  
7 retirement bill creating or establishing a retirement system and any  
8 other retirement bill other than a nonfiscal retirement bill; and

9 9. "Retirement system" means the Teachers' Retirement System of  
10 Oklahoma, the Oklahoma Public Employees Retirement System, the  
11 Uniform Retirement System for Justices and Judges, the Oklahoma  
12 Firefighters Pension and Retirement System, the Oklahoma Police  
13 Pension and Retirement System, the Oklahoma Law Enforcement  
14 Retirement System, or a retirement system established after January  
15 1, 2006.

16 SECTION 2. NEW LAW A new section of law to be codified  
17 in the Oklahoma Statutes as Section 914.1 of Title 74, unless there  
18 is created a duplication in numbering, reads as follows:

19 A. In lieu of terminating employment and accepting a service  
20 retirement pension pursuant to Section 914 of this title, licensed  
21 emergency medical personnel, as defined pursuant to Section 1-2503  
22 of Title 63 of the Oklahoma Statutes, holding a license issued by  
23 the State Department of Health pursuant to Section 1-2505 of Title  
24 63 of the Oklahoma Statutes, including emergency medical responders,

1 emergency medical technicians, intermediate emergency medical  
2 technicians, advanced emergency medical technicians, and paramedics  
3 employed by any participating employer of the Oklahoma Public  
4 Employees Retirement System as a licensed emergency medical  
5 personnel and deputy sheriffs and county jailers employed by any  
6 county that is a participating employer of the Oklahoma Public  
7 Employees Retirement System who has not less than twenty (20) years  
8 of creditable service and who is eligible to receive a service  
9 retirement pension may make an irrevocable election to participate  
10 in the Oklahoma Public Employees Deferred Option Plan and defer the  
11 receipts of benefits in accordance with the provisions of this  
12 section.

13 B. For purposes of this section, creditable service shall  
14 include service credit reciprocally recognized pursuant to Section  
15 901 et seq. of this title but for eligibility purposes only.

16 C. The duration of participation in the Oklahoma Public  
17 Employees Deferred Option Plan for a member shall not exceed five  
18 (5) years. Participation in the Oklahoma Public Employees Deferred  
19 Option Plan must begin the first day of a month and end on the last  
20 day of a month. At the conclusion of a member's participation in  
21 the Oklahoma Public Employees Deferred Option Plan, the member shall  
22 terminate employment with all participating employers or  
23 participating municipalities, and shall start receiving the member's  
24 accrued monthly retirement benefit from the System. Such a member

1 may receive in-service distributions of such member's accrued  
2 monthly retirement benefit from the System if such member is  
3 reemployed by a participating employer only if such reemployment is  
4 in a position not covered under the System.

5 D. When a member begins participation in the Oklahoma Public  
6 Employees Deferred Option Plan, the contribution of the employee  
7 shall cease. The employer contributions shall continue to be paid  
8 in accordance with Section 920 or 920A of this title. Municipal  
9 contributions for employees who elect the Oklahoma Public Employees  
10 Deferred Option Plan shall be credited equally to the Oklahoma  
11 Public Employees Retirement System and to the Oklahoma Public  
12 Employees Deferred Option Plan. The monthly retirement benefits  
13 that would have been payable had the member elected to cease  
14 employment and receive a service retirement shall be paid into the  
15 Oklahoma Public Employees Deferred Option Plan account.

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

18 F. A participant in the Oklahoma Public Employees Deferred  
19 Option Plan 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 Oklahoma  
4 Public Employees Retirement System Board of Trustees.

5 Notwithstanding any other provision contained herein to the  
6 contrary, commencement of distributions under the Oklahoma Public  
7 Employees Deferred Option Plan shall be no later than the actual  
8 retirement date of the member.

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

21 SECTION 3. Section 1 of this act shall become effective October  
22 1, 2026.

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1 SECTION 4. Section 2 of this act shall become effective  
2 November 1, 2026.

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