

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

POLICY COMMITTEE  
RECOMMENDATION

FOR

HOUSE BILL NO. 3721

By: Kelley

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; amending 11 O.S. 2021, Sections 49-106.1, as last amended by Section 2, Chapter 151, O.S.L. 2023, and 50-111.3 (11 O.S. Supp. 2025, Section 49-106.1), which relate to deferred option plans; amending 47 O.S. 2021, Section 2-305.2, as amended by Section 1, Chapter 80, O.S.L. 2022 (47 O.S. Supp. 2025, Section 2-305.2), which relates to deferred option plans; modifying provisions related to deferred option plans; permitting certain individuals to make certain election; defining term; providing for calculation of certain benefit; providing effective dates; providing for contingent effective dates based on outcome of approval of the emergency clause; and declaring an emergency.

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 individuals to make certain  
9                    election related to the Oklahoma Firefighters Deferred  
10                   Option Plan, the Oklahoma Police Deferred Option Plan,  
11                   or the Oklahoma Law Enforcement Deferred Option Plan,  
12                   pursuant to Sections 2, 3, and 4 of this act.

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

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

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

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

11       9. "Retirement system" means the Teachers' Retirement System of  
12 Oklahoma, the Oklahoma Public Employees Retirement System, the  
13 Uniform Retirement System for Justices and Judges, the Oklahoma  
14 Firefighters Pension and Retirement System, the Oklahoma Police  
15 Pension and Retirement System, the Oklahoma Law Enforcement  
16 Retirement System, or a retirement system established after January  
17 1, 2006.

18       SECTION 2.       AMENDATORY       11 O.S. 2021, Section 49-106.1, as  
19 last amended by Section 2, Chapter 151, O.S.L. 2023 (11 O.S. Supp.  
20 2025, Section 49-106.1), is amended to read as follows:

21       Section 49-106.1. A. In lieu of terminating employment and  
22 accepting a service retirement pension pursuant to Sections 49-101  
23 and 49-106 of this title, any member of the Oklahoma Firefighters  
24 Pension and Retirement System serving as an active firefighter in a

1 fire department of a participating municipality who has not less  
2 than twenty (20) years of creditable service may elect to  
3 participate in the Oklahoma Firefighters Deferred Option Plan and  
4 defer the receipts of benefits in accordance with the provisions of  
5 this section.

6 B. For purposes of this section, creditable service shall  
7 include service credit reciprocally recognized pursuant to Sections  
8 49-100.1 through 49-100.8 and Sections 49-101, 49-101.1 and 49-101.2  
9 of this title but for eligibility purposes only.

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

22 D. When a member begins participation in the Oklahoma  
23 Firefighters Deferred Option Plan, the contribution of the member  
24 shall cease. The employer contributions shall continue to be paid

1 in accordance with subsection B of Section 49-122 of this title.  
2 Employer contributions for members who elect the Oklahoma  
3 Firefighters Deferred Option Plan shall be credited equally to the  
4 Oklahoma Firefighters Pension and Retirement System and to the  
5 member's Oklahoma Firefighters Deferred Option Plan account. The  
6 monthly retirement benefits that would have been payable had the  
7 member elected to cease employment and receive a service retirement  
8 shall be paid into the member's Oklahoma Firefighters Deferred  
9 Option Plan account.

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

12 2. A member who participates in this plan shall earn interest  
13 at a rate of two percentage points below the rate of return of the  
14 investment portfolio of the System, but no less than the actuarial  
15 assumed interest rate as certified by the actuary in the yearly  
16 evaluation report of the actuary. The interest shall be credited to  
17 the individual account balance of the member on an annual basis.

18 3. Effective November 1, 2013, the Oklahoma Firefighters  
19 Deferred Option Plan account for a member whose first service with a  
20 participating municipality of the System occurs on or after November  
21 1, 2013, and who participates for the first time in the Oklahoma  
22 Firefighters Deferred Option Plan on or after November 1, 2013, and  
23 has completed active participation in the Oklahoma Firefighters  
24 Deferred Option Plan, shall earn interest at a rate equal to the

1 actual rate of return of the investment portfolio of the System,  
2 less one (1) percentage point to offset administrative costs of the  
3 System as determined by the System.

4 F. A member in the plan shall receive, at the option of the  
5 member, a lump-sum payment from the account equal to the payments to  
6 the account or an annuity based upon the account of the member or  
7 may elect any other method of payment if approved by the Board of  
8 Trustees. If a member becomes so physically or mentally disabled  
9 while in, or in consequence of, the performance of his or her duty  
10 as to prevent the effective performance of his or her duties that  
11 the State Board approves an in-line-of-duty disability pension, the  
12 payment from the account shall be an in-line-of-duty disability  
13 payment. Notwithstanding any other provision contained herein to  
14 the contrary, commencement of distributions under the Oklahoma  
15 Firefighters Deferred Option Plan shall be no later than the time as  
16 set forth in subsection B of Section 49-106 of this title and a  
17 member whose first service with a participating municipality of the  
18 System occurs on or after November 1, 2013, and who participates for  
19 the first time in the Oklahoma Firefighters Deferred Option Plan on  
20 or after November 1, 2013, must receive a distribution of the entire  
21 remaining balance in the member's Oklahoma Firefighters Deferred  
22 Option Plan account no later than April 1 of the calendar year  
23 following the later of:

1        1. The calendar year in which the member reaches seventy and  
2 one-half (70 1/2) years of age for a member who attains age seventy  
3 and one-half (70 1/2) before January 1, 2020, or effective for  
4 distributions required to be made after December 31, 2019, but  
5 before January 1, 2023, the calendar year in which the member  
6 reaches seventy-two (72) years of age for an individual who attains  
7 age seventy and one-half (70 1/2) after December 31, 2019, or  
8 effective for distributions required to be made after December 31,  
9 2022, the calendar year in which the member reaches seventy-three  
10 (73) years of age for an individual who attains age seventy-two (72)  
11 after December 31, 2022, or "the applicable age", as defined in  
12 Section 401(a)(9)(C)(v) of the Internal Revenue Code of 1986, as  
13 amended, if later; or

14        2. The actual retirement date of the member.

15        G. If a member dies while maintaining an account balance in the  
16 plan the System shall pay to the designated recipient or recipients  
17 of the member, or if there is no designated recipient or if the  
18 designated recipient predeceases the member, to the spouse of the  
19 member, or if there is no spouse or if the spouse predeceases the  
20 member, to the estate of the member a lump-sum payment equal to the  
21 account balance of the member. If such member was receiving, or  
22 eligible to receive, an in-line-of-duty disability pension at the  
23 time of his or her death, payment of the account balance shall be an  
24 in-line-of-duty disability payment. If a designated recipient is

1 the surviving spouse of the member, the surviving spouse shall  
2 receive his or her portion of the account balance of the member  
3 pursuant to subsection F of this section. The surviving spouse,  
4 whether or not he or she is a designated recipient of the member,  
5 may elect to receive his or her portion of the account balance of  
6 the member in the same manner as was applicable to the member.

7 H. In lieu of participating in the Oklahoma Firefighters  
8 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of  
9 this section, a member may elect to participate in the Oklahoma  
10 Firefighters Deferred Option Plan pursuant to this subsection as  
11 follows:

12 1. For purposes of this subsection and subsection I of this  
13 section, the following definitions shall apply:

14 a. "back drop date" means the member's normal retirement  
15 date or the date five (5) years before the member  
16 elects to participate in the Oklahoma Firefighters  
17 Deferred Option Plan, whichever date is later,

18 b. "termination date" means the date the member elects to  
19 participate in the Oklahoma Firefighters Deferred  
20 Option Plan pursuant to this subsection, and the date  
21 the member terminates employment with all  
22 participating municipalities as an active firefighter,  
23  
24

1 c. "earlier attained credited service" means the credited  
2 service earned by a member as of the back drop date,  
3 and

4 d. "deferred benefit balance" means all monthly  
5 retirement benefits that would have been payable had  
6 the member elected to cease employment on the back  
7 drop date and receive a service retirement from the  
8 back drop date to the termination date, all the  
9 member's contributions and one-half (1/2) of the  
10 employer contributions from the back drop date to the  
11 termination date, with interest based on how the  
12 benefit would have accumulated on a compound annual  
13 basis as if the member had participated in the  
14 Oklahoma Firefighters Deferred Option Plan pursuant to  
15 subsections A, B, C, D, E and F of this section from  
16 the back drop date to the termination date; and

17 2. At the termination date, the monthly pension benefit shall  
18 be determined based on earlier attained credited service and on the  
19 final average salary as of the back drop date. The member's  
20 individual deferred option account shall be credited with an amount  
21 equal to the deferred benefit balance, the member shall terminate  
22 employment with all participating municipalities as a firefighter,  
23 and shall start receiving the member's accrued monthly retirement  
24 benefit from the System. Such a member may be reemployed by a

1 participating municipality but only in a position not covered under  
2 the System, and receive in-service distributions of such member's  
3 accrued monthly retirement benefit from the System. The provisions  
4 of subsections B, C, E, F and G of this section shall apply to this  
5 subsection. A member shall not participate in the Oklahoma  
6 Firefighters Deferred Option Plan pursuant to this subsection if the  
7 member has elected to participate in the Oklahoma Firefighters  
8 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of  
9 this section.

10 I. ~~Certain surviving spouses and members~~ Members not  
11 participating in the Oklahoma Firefighters Deferred Option Plan  
12 pursuant to subsections A, B, C, D, E and F of this section, certain  
13 surviving spouses, and certain surviving children shall be eligible  
14 to participate in the Oklahoma Firefighters Deferred Option Plan  
15 pursuant to subsection H of this section and this subsection.

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

18 a. "back drop election date" means the date the surviving  
19 spouse or member elects, or all of a member's  
20 established children unanimously elect, to commence  
21 participation in the Oklahoma Firefighters Deferred  
22 Option Plan pursuant to subsection H of this section  
23 and this subsection,

24

- 1           b. "interest" means interest at a rate of two percentage  
2           points below the rate of return of the investment  
3           portfolio of the System, but no less than the  
4           actuarial assumed interest rate as certified by the  
5           actuary in the yearly evaluation report of the  
6           actuary,
- 7           c. "monthly adjustment amount" means the difference  
8           between the monthly pension prior to the back drop  
9           election and the adjusted monthly pension due to the  
10          back drop election,
- 11          d. "back drop pension adjustment amount" means the sum of  
12          all the monthly adjustment amounts adjusted for  
13          interest from the pension commencement date to the  
14          back drop election date, ~~and~~
- 15          e. "deferred benefit balance adjustment amount" means the  
16          interest on the deferred benefit balance from the  
17          pension commencement date to the back drop election  
18          date, and
- 19          f. "established child" means, in the case of a deceased  
20          member who does not have a surviving spouse, any  
21          surviving biological or adopted child of such member  
22          who is alive on the date of the election described in  
23          subparagraph b of paragraph 2 of this subsection and  
24          who is a beneficiary of such member, as defined in

1           Section 49-100.1 of this title, or who would be a  
2           beneficiary of such member under Section 49-100.1 of  
3           this title if the age requirements set forth therein  
4           did not apply.

5           2. If a member who has more than twenty (20) years of  
6           creditable service and is eligible to receive a service retirement  
7           pension dies on or after June 4, 2007, and prior to terminating  
8           employment<sub>7</sub>:

9           a. The member's surviving spouse shall be eligible to  
10           elect to receive a benefit determined as if the member  
11           had elected to participate in the Oklahoma  
12           Firefighters Deferred Option Plan in accordance with  
13           subsection H of this section on the day immediately  
14           preceding such member's death. Prior to July 1, 2010,  
15           the surviving spouse must make any such election  
16           within one (1) year from the date of the member's  
17           death. Effective July 1, 2010, the surviving spouse  
18           must make any such election within ninety (90) days  
19           from the date of the member's death. If on or after  
20           June 4, 2007, such election is made, the monthly  
21           pension such surviving spouse is entitled to receive  
22           shall be adjusted in accordance with the provisions of  
23           subsection H of this section to account for the  
24           member's participation in the Oklahoma Firefighters

1           Deferred Option Plan. The surviving spouse may only  
2           make this election if the member has not previously  
3           elected to participate in the Oklahoma Firefighters  
4           Deferred Option Plan. For purposes of this election,  
5           the surviving spouse must have been married to the  
6           firefighter for the thirty (30) continuous months  
7           preceding the firefighter's death; provided, the  
8           surviving spouse of a member who died while in, or as  
9           a consequence of, the performance of the member's duty  
10          for a participating municipality shall not be subject  
11          to the marriage limitation for this election; or

12          b. Effective July 1, 2026, a member's established  
13          children shall be eligible to elect to  
14          participate in the Oklahoma Firefighters  
15          Deferred Option Plan pursuant to subsection H of  
16          this section and this subsection so long as the  
17          member did not participate in the Oklahoma  
18          Firefighters Deferred Option Plan pursuant to  
19          subsections A, B, C, D, E and F of this section  
20          and provided that none of the established  
21          children are receiving, or by reason of an  
22          existing disability will be eligible to receive  
23          upon attaining eighteen (18) years of age,  
24          disabled survivor pension benefits pursuant to

1           Section 49-112 of this title. For the election  
2           to be effective, all established children must  
3           unanimously elect in writing within two (2)  
4           years from the member's date of death to make  
5           such back drop election in accordance with any  
6           rules, resolutions, or procedures promulgated or  
7           adopted by the State Board. Once the election  
8           is timely made and the State Board has  
9           determined that all established children have  
10           been accounted for and made such election, each  
11           established child shall, as soon as practicable  
12           receive an equal share of the deferred benefit  
13           balance, taking into account any reductions or  
14           adjustments to the deferred benefit balance  
15           described in the paragraph below for an  
16           established child receiving a survivor pension  
17           benefit. The State Board may rely on any  
18           reasonable method to determine that all  
19           established children have been accounted for;  
20           provided, however, that the State Board may  
21           conclusively rely on an order of any court of  
22           competent jurisdiction in making such  
23           determination. No interest shall accrue or be  
24           paid on the deferred benefit balance with

1 respect to any period after the member's date of  
2 death. Any payment made to a member's  
3 established child pursuant to this subparagraph  
4 shall be included in the total payments made  
5 with respect to a member pursuant to paragraph 4  
6 of subsection A of Section 49-113 of this title.  
7 In the event an established child is a  
8 beneficiary entitled to receive survivor pension  
9 benefits for any period, such established  
10 child's pension benefit shall continue to be  
11 calculated pursuant to section 49-112 of this  
12 title without regard to whether the election is  
13 made; provided, however, that if a back drop  
14 election is made pursuant to this subsection,  
15 the difference between such established child's  
16 pension benefit calculated pursuant to Section  
17 49-112 of this title and the pension benefit  
18 calculated pursuant to subsection H of this  
19 section shall reduce the deferred benefit  
20 balance. In calculating such reduction, the sum  
21 of such pension benefits will be reduced to a  
22 present value as of the member's date of death  
23 using the actuarial assumed interest rate as  
24 certified by the actuary in the yearly

1           evaluation report of the actuary, and assuming  
2           that the pension benefit will continue until the  
3           youngest of all established children attains  
4           twenty-two (22) years of age and such  
5           other assumptions that the State Board may  
6           promulgate or adopt by rule, resolution, or  
7           procedure. The portion of the deferred benefit  
8           balance an established child receives shall not  
9           be reduced by the back drop pension adjustment  
10           amount applicable to such established child  
11           other than as a result of the reduction in the  
12           deferred benefit balance.

13           c. Nothing in this paragraph or subsection is meant to  
14           create any benefits not otherwise allowed by law.

15           3. If a member has more than twenty (20) years of creditable  
16 service and is eligible for a retirement for disability monthly  
17 pension pursuant to Section 49-109 of this title on or after June 4,  
18 2007, such member shall be eligible to elect to receive a benefit  
19 determined as if the member had elected to participate in the  
20 Oklahoma Firefighters Deferred Option Plan, in accordance with  
21 subsection H of this section, on the day immediately preceding the  
22 date of the member's disability retirement, provided such election  
23 is made within two (2) years from the date of the member's  
24 disability retirement. The disability monthly pension such member

1 is receiving, or entitled to receive, shall be adjusted in  
2 accordance with the provisions of subsection H of this section to  
3 account for the member's participation in the Oklahoma Firefighters  
4 Deferred Option Plan. The deferred benefit balance such member is  
5 entitled to receive shall be reduced by the back drop pension  
6 adjustment amount and increased by the deferred benefit balance  
7 adjustment amount. The member may only make a back drop election if  
8 the deferred benefit balance after the adjustment described in this  
9 paragraph is greater than Zero Dollars (\$0.00). The member may only  
10 make this election if the member has not previously elected to  
11 participate in the Oklahoma Firefighters Deferred Option Plan.

12 4. If a member has more than twenty (20) years of creditable  
13 service and filed a grievance for wrongful termination occurring on  
14 or after June 4, 2007, or is not a member of a collective bargaining  
15 organization as a firefighter, is involuntarily terminated and is  
16 seeking to have his or her position as a firefighter reinstated  
17 through a legal process, but is not reinstated as an active member,  
18 such member shall be eligible to elect to receive a benefit  
19 determined as if the member had elected to participate in the  
20 Oklahoma Firefighters Deferred Option Plan in accordance with  
21 subsection H of this section on the day immediately preceding the  
22 date of the member's termination. Such election must be made within  
23 two (2) years from the date of the member's termination as an active  
24 member and, if the member's case pertaining to the member's

1 termination is on appeal to a court of competent jurisdiction,  
2 within such period set by the State Board in its sole discretion.  
3 The monthly pension such member is receiving, or entitled to  
4 receive, shall be adjusted in accordance with the provisions of  
5 subsection H of this section to account for the member's  
6 participation in the Oklahoma Firefighters Deferred Option Plan.  
7 The deferred benefit balance such member is entitled to receive  
8 shall be reduced by the back drop pension adjustment amount and  
9 increased by the deferred benefit balance adjustment amount. The  
10 member may only make a back drop election if the deferred benefit  
11 balance after the adjustment described in this paragraph is greater  
12 than Zero Dollars (\$0.00). The member may only make this election  
13 if the member has not previously elected to participate in the  
14 Oklahoma Firefighters Deferred Option Plan.

15 5. Subparagraphs d and e of paragraph 1 and paragraphs 3 and 4  
16 of this subsection are effective June 4, 2007, provided the Internal  
17 Revenue Service issues a favorable determination letter for the  
18 System which includes the provisions of such subparagraphs and  
19 paragraphs without modification or as modified to conform to any  
20 changes required by the Internal Revenue Service as part of its  
21 determination letter review process. In the event the Internal  
22 Revenue Service does not issue such a determination letter which  
23 includes the provisions of such subparagraphs or paragraphs without  
24 modification or as modified to conform to any changes required by

1 the Internal Revenue Service as part of its determination letter  
2 review process, then subparagraphs d and e of paragraph 1 and  
3 paragraphs 3 and 4 of this subsection shall be repealed effective  
4 June 4, 2007.

5 SECTION 3. AMENDATORY 11 O.S. 2021, Section 50-111.3, is  
6 amended to read as follows:

7 Section 50-111.3. A. In lieu of terminating employment and  
8 accepting a service retirement pension pursuant to Section 50-114 of  
9 this title, any member of the Oklahoma Police Pension and Retirement  
10 System who has not less than twenty (20) years of creditable service  
11 and who is eligible to receive a service retirement pension may make  
12 an irrevocable election to participate in the Oklahoma Police  
13 Deferred Option Plan and defer the receipts of benefits in  
14 accordance with the provisions of this section.

15 B. For purposes of this section, creditable service shall  
16 include service credit reciprocally recognized pursuant to Section  
17 50-101 et seq. of this title but for eligibility purposes only.

18 C. The duration of participation in the Oklahoma Police  
19 Deferred Option Plan for a member shall not exceed five (5) years.  
20 Participation in the Oklahoma Police Deferred Option Plan must begin  
21 the first day of a month and end on the last day of a month. At the  
22 conclusion of a member's participation in the Oklahoma Police  
23 Deferred Option Plan, the member shall terminate employment with all  
24 participating municipalities as an officer, and shall start

1 receiving the member's accrued monthly retirement benefit from the  
2 System. Such a member may receive in-service distributions of such  
3 member's accrued monthly retirement benefit from the System if such  
4 member is reemployed by a participating municipality only if such  
5 reemployment is as a police chief or in a position not covered under  
6 the System.

7 D. When a member begins participation in the Oklahoma Police  
8 Deferred Option Plan, the contribution of the employee shall cease.  
9 The employer contributions shall continue to be paid in accordance  
10 with Section 50-109 of this title. Municipal contributions for  
11 employees who elect the Oklahoma Police Deferred Option Plan shall  
12 be credited equally to the Oklahoma Police Pension and Retirement  
13 System and to the Oklahoma Police Deferred Option Plan. The monthly  
14 retirement benefits that would have been payable had the member  
15 elected to cease employment and receive a service retirement shall  
16 be paid into the Oklahoma Police Deferred Option Plan account.

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

19 2. A member who participates in this plan shall earn interest  
20 at a rate of two percentage points below the rate of return of the  
21 investment portfolio of the System, but no less than the actuarial  
22 assumed interest rate as certified by the actuary in the yearly  
23 evaluation report of the actuary. The interest shall be credited to  
24 the individual account balance of the member on an annual basis.

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

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

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

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

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

14 G. If the participant dies during the period of participation  
15 in the Oklahoma Police Deferred Option Plan, a lump sum payment  
16 equal to the account balance of the participant shall be paid to the  
17 recipients, which may include a trust, properly designated in  
18 writing by the participant or, if none, to the surviving spouse who  
19 was married to the participant for the thirty (30) continuous months  
20 immediately preceding the death of the participant; provided, a  
21 surviving spouse of a participant who died in, and as a consequence  
22 of, the performance of the participant's duty for a participating  
23 municipality shall not be subject to the thirty-month marriage  
24

1 requirement for survivor benefits or, if no surviving spouse, to the  
2 estate of the participant.

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

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

10 a. "back drop date" means the date selected by the  
11 member, which is up to five (5) years before the  
12 member elects to participate in the Oklahoma Police  
13 Deferred Option Plan, but not before the date at which  
14 the member completes twenty (20) years of credited  
15 service,

16 b. "termination date" means the date the member elects to  
17 participate in the Oklahoma Police Deferred Option  
18 Plan pursuant to this subsection, and the date the  
19 member terminates employment with all participating  
20 municipalities as an active police officer, such  
21 termination has at all times included reemployment of  
22 a member by a participating municipality only if such  
23 reemployment is as a police chief or in a position not  
24 covered under the System,

- 1 c. "earlier attained credited service" means the credited  
2 service earned by a member as of the back drop date,  
3 and earlier attained credited service cannot be  
4 reduced to less than twenty (20) years of credited  
5 service, ~~and~~
- 6 d. "deferred benefit balance" means all monthly  
7 retirement benefits that would have been payable had  
8 the member elected to cease employment on the back  
9 drop date and receive a service retirement from the  
10 back drop date to the termination date, all of the  
11 member's contributions and one-half (1/2) of the  
12 employer contributions from the back drop date to the  
13 termination date, with interest based on how the  
14 benefit would have accumulated as if the member had  
15 participated in the Oklahoma Police Deferred Option  
16 Plan pursuant to subsections A, B, C, D and E of this  
17 section from the back drop date to the termination  
18 date, and
- 19 e. "established child" means, in the case of a deceased  
20 member who does not have a surviving spouse, any  
21 surviving biological or adopted child of such member  
22 who is alive on the date of the election described in  
23 paragraph 4 of this subsection and who is a  
24 beneficiary of such member as defined Section 50-101

1           of this title, or who would be a beneficiary of such  
2           member under Section 50-101 of this title if the age  
3           requirements set forth therein did not apply;

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

17           3. If a member who has not less than twenty (20) years of  
18 creditable service and who is eligible to receive a service  
19 retirement pension dies prior to terminating employment, the  
20 surviving spouse shall be eligible to elect to receive a benefit  
21 determined as if the member had elected to participate in the  
22 Oklahoma Police Deferred Option Plan in accordance with this  
23 subsection on the day immediately preceding the death. The  
24 surviving spouse must have been married to the member for the thirty

1 (30) continuous months preceding the member's death; provided, the  
2 surviving spouse of a member who died while in, and as a consequence  
3 of, the performance of the member's duty for a participating  
4 municipality shall not be subject to the thirty-month marriage  
5 requirement for this election; and

6 4. Effective July 1, 2026, a member's established children  
7 shall be eligible to elect to participate in the Oklahoma Police  
8 Deferred Option Plan pursuant to this subsection so long as the  
9 member did not participate in the Oklahoma Police Deferred Option  
10 Plan pursuant to subsections A, B, C, D, E and F of this section and  
11 provided that none of the established children are receiving, or by  
12 reason of an existing disability will be eligible to receive upon  
13 attaining age 18, disabled survivor pension benefits pursuant to  
14 Section 50-115 of this title. For the election to be effective, all  
15 established children must unanimously elect in writing within two  
16 (2) years from the member's date of death to make such back drop  
17 election in accordance with any rules, resolutions, or procedures  
18 promulgated or adopted by the State Board. Once the election is  
19 timely made and the State Board has determined that all established  
20 children have been accounted for and made such election, each  
21 established child shall, as soon as practicable, receive an equal  
22 share of the deferred benefit balance, taking into account any  
23 reductions or adjustments to the deferred benefit balance described  
24 in the paragraph below for an established child receiving a survivor

1 pension benefit. The State Board may rely on any reasonable method  
2 to determine that all established children have been accounted for;  
3 provided, however, that the State Board may conclusively rely on an  
4 order of any court of competent jurisdiction in making such  
5 determination. No interest shall accrue or be paid on the deferred  
6 benefit balance with respect to any period after the member's date  
7 of death.

8 In the event an established child is a beneficiary entitled to  
9 receive survivor pension benefits for any period, such established  
10 child's pension benefit shall continue to be calculated pursuant to  
11 Section 50-117 of this title without regard to whether the election  
12 is made; provided, however, that if a back drop election is made  
13 pursuant to this subsection, the difference between such established  
14 child's pension benefit calculated pursuant to Section 50-117 of  
15 this title and the pension benefit calculated pursuant to this  
16 subsection shall reduce the deferred benefit balance. In  
17 calculating such reduction, the sum of such pension benefits will be  
18 reduced to a present value as of the member's date of death using  
19 the actuarial assumed interest rate as certified by the actuary in  
20 the yearly evaluation report of the actuary, and assuming that the  
21 pension benefit will continue until the youngest of all established  
22 children attains twenty-two (22) years of age and such other  
23 assumptions that the State Board may promulgate or adopt by rule,  
24 resolution, or procedure. The portion of the deferred benefit

1 balance an established child receives shall not be reduced by the  
2 back drop pension adjustment amount applicable to such established  
3 child other than as a result of the reduction in the deferred  
4 benefit balance.

5 Nothing in this paragraph or subsection is meant to create any  
6 benefits not otherwise allowed by law.

7 SECTION 4. AMENDATORY 47 O.S. 2021, Section 2-305.2, as  
8 amended by Section 1, Chapter 80, O.S.L. 2022 (47 O.S. Supp. 2025,  
9 Section 2-305.2), is amended to read as follows:

10 Section 2-305.2. A. In lieu of terminating employment and  
11 accepting a service retirement pension pursuant to Section 2-305 of  
12 this title, any member of the Oklahoma Law Enforcement Retirement  
13 System who has not less than twenty (20) years of participating  
14 service and who is eligible to receive a service retirement pension  
15 may make an irrevocable election to participate in the Oklahoma Law  
16 Enforcement Deferred Option Plan and defer the receipts of benefits  
17 in accordance with the provisions of this section.

18 B. For purposes of this section, participating service shall  
19 include service credit recognized pursuant to paragraphs (c) and (d)  
20 of Section 2-307, subsection B of Section 2-307.2, and Sections 2-  
21 309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5 and 2-309.6 of this title  
22 but for eligibility purposes only.

23 C. The duration of participation in the Oklahoma Law  
24 Enforcement Deferred Option Plan for a member shall not exceed five

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

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

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

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

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

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

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

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

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

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

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

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

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

- 18 a. "back drop date" means the date selected by the member  
19 which is up to five (5) years before the member elects  
20 to participate in the Oklahoma Law Enforcement  
21 Deferred Option Plan, but not before the date at which  
22 the member completes twenty (20) years of  
23 participating service,  
24

- 1           b. "termination date" means the date the member elects to  
2 participate in the Oklahoma Law Enforcement Deferred  
3 Option Plan pursuant to this subsection and the date  
4 the member terminates employment and starts receiving  
5 the member's accrued monthly retirement benefit from  
6 the System. Such termination has at all times  
7 included reemployment of a member by a state agency,  
8 but only in a position not covered under the System,
- 9           c. "earlier attained participating service" means the  
10 participating service earned by a member as of the  
11 back drop date. Earlier attained participating  
12 service cannot be reduced to less than twenty (20)  
13 years of participating service, ~~and~~
- 14           d. "deferred benefit balance" means all retirement  
15 benefits that would have been paid from the back drop  
16 date to the termination date, and one-half (1/2) of  
17 the employer contributions from the back drop date to  
18 the termination date, with interest based on how the  
19 benefit would have accumulated on a compound annual  
20 basis as if the member had participated in the  
21 Oklahoma Law Enforcement Deferred Option Plan pursuant  
22 to subsections A, B, C, D and E of this section from  
23 the back drop date to the termination date; and
- 24

1        e. "established child" means, in the case of a deceased  
2        member who does not have a surviving spouse, any  
3        surviving biological or adopted child of such member  
4        who is alive on the date of the election described in  
5        paragraph 4 of this subsection and who is a  
6        beneficiary of such member as defined in Section 2-300  
7        of this title, or who would be a beneficiary of such  
8        member under Section 2-300 of this title if the age  
9        requirements set forth therein did not apply;

10        2. At the termination date, a member's monthly pension benefit  
11 shall be determined based on the earlier attained participating  
12 service and on the final average salary as of the back drop date.  
13 The member's individual deferred option account shall be credited  
14 with an amount equal to the deferred benefit balance; the member  
15 shall terminate employment and shall start receiving the member's  
16 accrued monthly retirement benefit from the System. The member  
17 shall, upon application filed with the Board, be refunded from the  
18 fund an amount equal to the accumulated contributions the member  
19 made to the fund from the back drop date to the termination date,  
20 but excluding any interest. Such termination has at all times  
21 included reemployment of a member by a state agency, but only in a  
22 position not covered under the System. The provisions of  
23 subsections B, C, E, F and G of this section shall apply to this  
24 subsection; ~~and~~

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

14       4. Effective July 1, 2026, a member's established children  
15 shall be eligible to elect to participate in the Oklahoma Law  
16 Enforcement Deferred Option Plan pursuant to this subsection so long  
17 as the member did not participate in the Oklahoma Law Enforcement  
18 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of  
19 this section and provided that none of the established children are  
20 receiving survivor benefits pursuant to Section 2-306 of this title.  
21 For the election to be effective, all established children must  
22 unanimously elect in writing within two (2) years from the member's  
23 date of death to make such back drop election in accordance with any  
24 rules, resolutions, or procedures promulgated or adopted by the

1 State Board. Once the election is timely made and the State Board  
2 has determined that all established children have been accounted for  
3 and made such election, each established child shall, as soon as  
4 practicable, receive an equal share of the deferred benefit balance,  
5 taking into account any reductions or adjustments to the deferred  
6 benefit balance described in the paragraph below for an established  
7 child receiving a survivor pension benefit. The State Board may  
8 rely on any reasonable method to determine that all established  
9 children have been accounted for; provided, however, that the State  
10 Board may conclusively rely on an order of any court of competent  
11 jurisdiction in making such determination. No interest shall accrue  
12 or be paid on the deferred benefit balance with respect to any  
13 period after the member's date of death.

14 In the event an established child is a beneficiary entitled to  
15 receive survivor pension benefits for any period, such established  
16 child's pension benefit shall continue to be calculated pursuant to  
17 Section 2-306 of this title without regard to whether the election  
18 is made; provided, however, that if a back drop election is made  
19 pursuant to this subsection, the difference between such established  
20 child's pension benefit calculated pursuant to section 2-306 of this  
21 title and the pension benefit calculated pursuant to this subsection  
22 shall reduce the deferred benefit balance. In calculating such  
23 reduction, the sum of such pension benefits will be reduced to a  
24 present value as of the member's date of death using the actuarial

1 assumed interest rate as certified by the actuary in the yearly  
2 evaluation report of the actuary, and assuming that the pension  
3 benefit will continue until the youngest of all established children  
4 attains twenty-two (22) years of age and such other assumptions that  
5 the State Board may promulgate or adopt by rule, resolution, or  
6 procedure. The portion of the deferred benefit balance an  
7 established child receives shall not be reduced by the back drop  
8 pension adjustment amount applicable to such established child other  
9 than as a result of the reduction in the deferred benefit balance.

10 Nothing in this paragraph or subsection is meant to create any  
11 benefits not otherwise allowed by law.

12 SECTION 5. If the Emergency Clause is not approved pursuant to  
13 the requirements of the Oklahoma Constitution as part of this  
14 measure, the effective date of Section 1 of this act shall be  
15 October 1, 2026.

16 SECTION 6. If the Emergency Clause is not approved pursuant to  
17 the requirements of the Oklahoma Constitution as part of this  
18 measure, the effective date of Sections 2 through 4 of this act  
19 shall be November 1, 2026.

20 SECTION 7. Except as otherwise provided by Section 5 of this  
21 act, Section 1 of this act shall become effective immediately upon  
22 signature by the Governor or as otherwise provided by Section 58 of  
23 Article V of the Oklahoma Constitution.

1 SECTION 8. Except as otherwise provided by Section 6 of this  
2 act, Sections 2 through 4 of this act shall become effective July 1,  
3 2026.

4 SECTION 9. 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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