

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3721

By: Kelley

AS INTRODUCED

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:

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

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

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

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

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

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

- 20 a. which does not affect the cost or funding factors of a
21 retirement system,
22 b. which affects such factors only in a manner which does
23 not:
24

- 1 (1) grant a benefit increase under the retirement
2 system affected by the bill,
3 (2) create an actuarial accrued liability for or
4 increase the actuarial accrued liability of the
5 retirement system affected by the bill, or
6 (3) increase the normal cost of the retirement system
7 affected by the bill,

- 8 c. which authorizes the purchase by an active member of
9 the retirement system, at the actuarial cost for the
10 purchase as computed pursuant to the statute in effect
11 on the effective date of the measure allowing such
12 purchase, of years of service for purposes of reaching
13 a normal retirement date in the applicable retirement
14 system, but which cannot be used in order to compute
15 the number of years of service for purposes of
16 computing the retirement benefit for the member,
17 d. which provides for the computation of a service-
18 connected disability retirement benefit for members of
19 the Oklahoma Law Enforcement Retirement System
20 pursuant to Section 2-305 of Title 47 of the Oklahoma
21 Statutes if the members were unable to complete twenty
22 (20) years of service as a result of the disability,
23 e. which requires membership in the defined benefit plan
24 authorized by Section 901 et seq. of Title 74 of the

1 Oklahoma Statutes for persons whose first elected or
2 appointed service occurs on or after November 1, 2018,
3 if such persons had any prior service in the Oklahoma
4 Public Employees Retirement System prior to November
5 1, 2015,

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

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

20 (2) the lesser of two percent (2%) of the gross
21 annual retirement benefit of the member or One
22 Thousand Two Hundred Dollars (\$1,200.00) and
23 requires that the benefit may only be provided if
24 the funded ratio of the affected retirement

1 system would be greater than eighty percent (80%)
 2 but not greater than one hundred percent (100%)
 3 after the benefit increase is paid,

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

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

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

24

- 1 g. which modifies the disability pension standard for
2 police officers who are members of the Oklahoma Police
3 Pension and Retirement System as provided by Section
4 50-115 of Title 11 of the Oklahoma Statutes,
5 h. which provides a cost-of-living benefit increase
6 pursuant to the provisions of:
7 (1) Section 49-143.7 of Title 11 of the Oklahoma
8 Statutes,
9 (2) Section 50-136.9 of Title 11 of the Oklahoma
10 Statutes,
11 (3) Section 1104K of Title 20 of the Oklahoma
12 Statutes,
13 (4) Section 2-305.12 of Title 47 of the Oklahoma
14 Statutes,
15 (5) Section 17-116.22 of Title 70 of the Oklahoma
16 Statutes,
17 (6) Section 930.11 of Title 74 of the Oklahoma
18 Statutes,
19 i. which modifies the computation of the line-of-duty
20 disability benefit pursuant to the provisions of this
21 section and Sections 50-101 and 50-115 of Title 11 of
22 the Oklahoma Statutes, ~~or~~
23 j. which authorizes membership in the Oklahoma Law
24 Enforcement Retirement System for active commissioned

1 or CLEET-certified agents of the Office of the
2 Attorney General or the Military Department of the
3 State of Oklahoma pursuant to Sections ~~3~~ 2-309.9 and ~~4~~
4 2-309.10 of ~~this act~~ Title 47 of the Oklahoma
5 Statutes, or

6 k. which authorizes an estate, through an executor or
7 trustee, to make certain election related to the
8 Oklahoma Firefighters Deferred Option Plan, the
9 Oklahoma Police Deferred Option Plan, or the Oklahoma
10 Law Enforcement Deferred Option Plan, pursuant to
11 Sections 2, 3, and 4 of this 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. AMENDATORY 11 O.S. 2021, Section 49-106.1, as
17 last amended by Section 2, Chapter 151, O.S.L. 2023 (11 O.S. Supp.
18 2025, Section 49-106.1), is amended to read as follows:

19 Section 49-106.1. A. In lieu of terminating employment and
20 accepting a service retirement pension pursuant to Sections 49-101
21 and 49-106 of this title, any member of the Oklahoma Firefighters
22 Pension and Retirement System serving as an active firefighter in a
23 fire department of a participating municipality who has not less
24 than twenty (20) years of creditable service may elect to

1 participate in the Oklahoma Firefighters Deferred Option Plan and
2 defer the receipts of benefits in accordance with the provisions of
3 this section.

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

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

20 D. When a member begins participation in the Oklahoma
21 Firefighters Deferred Option Plan, the contribution of the member
22 shall cease. The employer contributions shall continue to be paid
23 in accordance with subsection B of Section 49-122 of this title.
24 Employer contributions for members who elect the Oklahoma

1 Firefighters Deferred Option Plan shall be credited equally to the
2 Oklahoma Firefighters Pension and Retirement System and to the
3 member's Oklahoma Firefighters Deferred Option Plan account. The
4 monthly retirement benefits that would have been payable had the
5 member elected to cease employment and receive a service retirement
6 shall be paid into the member's Oklahoma Firefighters Deferred
7 Option Plan account.

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

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

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

1 less one (1) percentage point to offset administrative costs of the
2 System as determined by the System.

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

23 1. The calendar year in which the member reaches seventy and
24 one-half (70 1/2) years of age for a member who attains age seventy

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

12 2. The actual retirement date of the member.

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

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

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

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

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

16 b. "termination date" means the date the member elects to
17 participate in the Oklahoma Firefighters Deferred
18 Option Plan pursuant to this subsection, and the date
19 the member terminates employment with all

20 participating municipalities as an active firefighter,
21 c. "earlier attained credited service" means the credited
22 service earned by a member as of the back drop date,
23 and

24

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

14 2. At the termination date, the monthly pension benefit shall
15 be determined based on earlier attained credited service and on the
16 final average salary as of the back drop date. The member's
17 individual deferred option account shall be credited with an amount
18 equal to the deferred benefit balance, the member shall terminate
19 employment with all participating municipalities as a firefighter,
20 and shall start receiving the member's accrued monthly retirement
21 benefit from the System. Such a member may be reemployed by a
22 participating municipality but only in a position not covered under
23 the System, and receive in-service distributions of such member's
24 accrued monthly retirement benefit from the System. The provisions

1 of subsections B, C, E, F and G of this section shall apply to this
2 subsection. A member shall not participate in the Oklahoma
3 Firefighters Deferred Option Plan pursuant to this subsection if the
4 member has elected to participate in the Oklahoma Firefighters
5 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of
6 this section.

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

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

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

21 b. "interest" means interest at a rate of two percentage
22 points below the rate of return of the investment
23 portfolio of the System, but no less than the
24 actuarial assumed interest rate as certified by the

1 actuary in the yearly evaluation report of the
2 actuary,

3 c. "monthly adjustment amount" means the difference
4 between the monthly pension prior to the back drop
5 election and the adjusted monthly pension due to the
6 back drop election,

7 d. "back drop pension adjustment amount" means the sum of
8 all the monthly adjustment amounts adjusted for
9 interest from the pension commencement date to the
10 back drop election date, ~~and~~

11 e. "deferred benefit balance adjustment amount" means the
12 interest on the deferred benefit balance from the
13 pension commencement date to the back drop election
14 date, and

15 f. "established child" means, in the case of a deceased
16 member who does not have a surviving spouse, any
17 surviving biological or adopted child of such member
18 who is alive on the date of the election described in
19 subparagraph b of paragraph 2 of this subsection and
20 who is a beneficiary of such member, as defined in
21 Section 49-100.1 of this title, or who would be a
22 beneficiary of such member under Section 49-100.1 of
23 this title if the age requirements set forth therein
24 did not apply.

1 2. If a member who has more than twenty (20) years of
2 creditable service and is eligible to receive a service retirement
3 pension dies on or after June 4, 2007, and prior to terminating
4 employment⁷:

5 a. The member's surviving spouse shall be eligible to
6 elect to receive a benefit determined as if the member
7 had elected to participate in the Oklahoma
8 Firefighters Deferred Option Plan in accordance with
9 subsection H of this section on the day immediately
10 preceding such member's death. Prior to July 1, 2010,
11 the surviving spouse must make any such election
12 within one (1) year from the date of the member's
13 death. Effective July 1, 2010, the surviving spouse
14 must make any such election within ninety (90) days
15 from the date of the member's death. If on or after
16 June 4, 2007, such election is made, the monthly
17 pension such surviving spouse is entitled to receive
18 shall be adjusted in accordance with the provisions of
19 subsection H of this section to account for the
20 member's participation in the Oklahoma Firefighters
21 Deferred Option Plan. The surviving spouse may only
22 make this election if the member has not previously
23 elected to participate in the Oklahoma Firefighters
24 Deferred Option Plan. For purposes of this election,

1 the surviving spouse must have been married to the
2 firefighter for the thirty (30) continuous months
3 preceding the firefighter's death; provided, the
4 surviving spouse of a member who died while in, or as
5 a consequence of, the performance of the member's duty
6 for a participating municipality shall not be subject
7 to the marriage limitation for this election; or

8 b. Effective July 1, 2026, a member's established
9 children shall be eligible to elect to participate in
10 the Oklahoma Firefighters Deferred Option Plan
11 pursuant to subsection H of this section and this
12 subsection so long as the member did not participate
13 in the Oklahoma Firefighters Deferred Option Plan
14 pursuant to subsections A, B, C, D, E and F of this
15 section. For the election to be effective, all
16 established children must unanimously elect in
17 writing, pursuant to such procedures as established by
18 the State Board, within two (2) years from the
19 member's date of death to make such back drop
20 election. Once the election is made and the State
21 Board has determined that all established children
22 have been accounted for and made such election, each
23 established child shall receive an equal share of the
24 deferred benefit balance, subject, however, to the

1 reductions or adjustments described in the paragraph
2 below for an established child receiving a survivor
3 pension benefit. Each established child's share of
4 the deferred benefit balance shall be distributed
5 immediately. The State Board shall determine that all
6 established children have been accounted for and made
7 such election before making payment and the State
8 Board may rely on any reasonable method in making such
9 determination; provided, however, that the State Board
10 may conclusively rely on an order of any court of
11 competent jurisdiction in making such determination.
12 No interest shall accrue or be paid on the deferred
13 benefit balance with respect to any period after the
14 member's date of death. Any payment made to a
15 member's established child pursuant to this
16 subparagraph shall be included in the total payments
17 made with respect to a member pursuant to paragraph 4
18 of subsection A of Section 49-113 of this title. In
19 the event an established child is a beneficiary
20 entitled to receive survivor pension benefits for any
21 period, such established child's pension benefit shall
22 be calculated pursuant to section 49-112 of this title
23 unless and until a back drop election is made pursuant
24 to this subsection. Such established child's monthly

1 benefit will be adjusted and paid according to
2 subsection H of this section and this subsection as of
3 such established child's back drop election date. The
4 portion of the deferred benefit balance such
5 established child receives shall be reduced, but not
6 below zero, by the back drop pension adjustment amount
7 applicable to such established child.

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

10 3. If a member has more than twenty (20) years of creditable
11 service and is eligible for a retirement for disability monthly
12 pension pursuant to Section 49-109 of this title on or after June 4,
13 2007, such member shall be eligible to elect to receive a benefit
14 determined as if the member had elected to participate in the
15 Oklahoma Firefighters Deferred Option Plan, in accordance with
16 subsection H of this section, on the day immediately preceding the
17 date of the member's disability retirement, provided such election
18 is made within two (2) years from the date of the member's
19 disability retirement. The disability monthly pension such member
20 is receiving, or entitled to receive, shall be adjusted in
21 accordance with the provisions of subsection H of this section to
22 account for the member's participation in the Oklahoma Firefighters
23 Deferred Option Plan. The deferred benefit balance such member is
24 entitled to receive shall be reduced by the back drop pension

1 adjustment amount and increased by the deferred benefit balance
2 adjustment amount. The member may only make a back drop election if
3 the deferred benefit balance after the adjustment described in this
4 paragraph is greater than Zero Dollars (\$0.00). The member may only
5 make this election if the member has not previously elected to
6 participate in the Oklahoma Firefighters Deferred Option Plan.

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

1 participation in the Oklahoma Firefighters Deferred Option Plan.
2 The deferred benefit balance such member is entitled to receive
3 shall be reduced by the back drop pension adjustment amount and
4 increased by the deferred benefit balance adjustment amount. The
5 member may only make a back drop election if the deferred benefit
6 balance after the adjustment described in this paragraph is greater
7 than Zero Dollars (\$0.00). The member may only make this election
8 if the member has not previously elected to participate in the
9 Oklahoma Firefighters Deferred Option Plan.

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

24

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

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

11 B. For purposes of this section, creditable service shall
12 include service credit reciprocally recognized pursuant to Section
13 50-101 et seq. of this title but for eligibility purposes only.

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

1 reemployment is as a police chief or in a position not covered under
2 the System.

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

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

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

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

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

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

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

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

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

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

1 the Oklahoma Police Deferred Option Plan pursuant to this subsection
2 as follows:

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

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

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

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

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

14 e. "established child" means, in the case of a deceased
15 member who does not have a surviving spouse, any
16 surviving biological or adopted child of such member
17 who is alive on the date of the election described in
18 paragraph 4 of this subsection and who is a
19 beneficiary of such member as defined Section 50-101
20 of this title, or who would be a beneficiary of such
21 member under Section 50-101 of this title if the age
22 requirements set forth therein did not apply;

23 2. At the termination date, the monthly pension benefit shall
24 be determined based on earlier attained credited service and on the

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

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

1 4. Effective July 1, 2026, a member's established children
2 shall be eligible to elect to participate in the Oklahoma Police
3 Deferred Option Plan pursuant to this subsection so long as the
4 member did not participate in the Oklahoma Police Deferred Option
5 Plan pursuant to subsections A, B, C, D, E and F of this section.
6 For the election to be effective, all established children must
7 unanimously elect in writing, pursuant to such procedures as
8 established by the State Board, within two (2) years from the
9 member's date of death to make such back drop election. Once the
10 election is made and the State Board has determined that all
11 established children have been accounted for and made such election,
12 each established child shall receive an equal share of the deferred
13 benefit balance, subject, however, to the reductions or adjustments
14 described in the paragraph below for an established child receiving
15 a survivor pension benefit. Each established child's share of the
16 deferred benefit balance shall be distributed immediately. The
17 State Board shall determine that all established children have been
18 accounted for and made such election before making payment and the
19 State Board may rely on any reasonable method in making such
20 determination; provided, however, that the State Board may
21 conclusively rely on an order of any court of competent jurisdiction
22 in making such determination. No interest shall accrue or be paid
23 on the deferred benefit balance with respect to any period after the
24 member's date of death.

1 In the event an established child is a beneficiary entitled to
2 receive survivor pension benefits for any period, such established
3 child's pension benefit shall be calculated pursuant to Section 50-
4 117 of this title unless and until a back drop election is made
5 pursuant to this subsection. Such established child's monthly
6 benefit will be adjusted and paid according to this subsection as of
7 such established child's back drop election date. The portion of
8 the deferred benefit balance such established child receives shall
9 be reduced, but not below zero, by the back drop pension adjustment
10 amount applicable to such established child.

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

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

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

1 B. For purposes of this section, participating service shall
2 include service credit recognized pursuant to paragraphs (c) and (d)
3 of Section 2-307, subsection B of Section 2-307.2, and Sections 2-
4 309.1, 2-309.2, 2-309.3, 2-309.4, 2-309.5 and 2-309.6 of this title
5 but for eligibility purposes only.

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

19 D. When a member begins participation in the Oklahoma Law
20 Enforcement Deferred Option Plan, the contribution of the member
21 shall cease. The employer contributions shall continue to be paid
22 in accordance with Section 2-304 of this title. Employer
23 contributions for members who elect the Oklahoma Law Enforcement
24 Deferred Option Plan shall be credited equally to the Oklahoma Law

1 Enforcement Retirement System and to the member's Oklahoma Law
2 Enforcement Deferred Option Plan account. The monthly retirement
3 benefits that would have been payable had the member elected to
4 cease employment and receive a service retirement shall be paid into
5 the member's Oklahoma Law Enforcement Deferred Option Plan account.

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

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

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

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

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

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

24

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

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

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

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

24

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

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

9 b. "termination date" means the date the member elects to
10 participate in the Oklahoma Law Enforcement Deferred
11 Option Plan pursuant to this subsection and the date
12 the member terminates employment and starts receiving
13 the member's accrued monthly retirement benefit from
14 the System. Such termination has at all times
15 included reemployment of a member by a state agency,
16 but only in a position not covered under the System,

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

22 d. "deferred benefit balance" means all retirement
23 benefits that would have been paid from the back drop
24 date to the termination date, and one-half (1/2) of

1 the employer contributions from the back drop date to
2 the termination date, with interest based on how the
3 benefit would have accumulated on a compound annual
4 basis as if the member had participated in the
5 Oklahoma Law Enforcement Deferred Option Plan pursuant
6 to subsections A, B, C, D and E of this section from
7 the back drop date to the termination date; and
8 e. "established child" means, in the case of a deceased
9 member who does not have a surviving spouse, any
10 surviving biological or adopted child of such member
11 who is alive on the date of the election described in
12 paragraph 4 of this subsection and who is a
13 beneficiary of such member as defined Section 2-300 of
14 this title, or who would be a beneficiary of such
15 member under Section 2-300 of this title if the age
16 requirements set forth therein did not apply;

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

1 fund an amount equal to the accumulated contributions the member
2 made to the fund from the back drop date to the termination date,
3 but excluding any interest. Such termination has at all times
4 included reemployment of a member by a state agency, but only in a
5 position not covered under the System. The provisions of
6 subsections B, C, E, F and G of this section shall apply to this
7 subsection; ~~and~~

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

21 4. Effective July 1, 2026, a member's established children
22 shall be eligible to elect to participate in the Oklahoma Law
23 Enforcement Deferred Option Plan pursuant to this subsection so long
24 as the member did not participate in the Oklahoma Law Enforcement

1 Deferred Option Plan pursuant to subsections A, B, C, D, E and F of
2 this section. For the election to be effective, all established
3 children must unanimously elect in writing, pursuant to such
4 procedures as established by the State Board, within two (2) years
5 from the member's date of death to make such back drop election.
6 Once the election is made and the State Board has determined that
7 all established children have been accounted for and made such
8 election, each established child shall receive an equal share of the
9 deferred benefit balance, subject, however, to the reductions or
10 adjustments described in the paragraph below for an established
11 child receiving a survivor pension benefit. Each established
12 child's share of the deferred benefit balance shall be distributed
13 immediately. The State Board shall determine that all established
14 children have been accounted for and made such election before
15 making payment and the State Board may rely on any reasonable method
16 in making such determination; provided, however, that the State
17 Board may conclusively rely on an order of any court of competent
18 jurisdiction in making such determination. No interest shall accrue
19 or be paid on the deferred benefit balance with respect to any
20 period after the member's date of death.

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

23 SECTION 5. If the Emergency Clause is not approved pursuant to
24 the requirements of the Oklahoma Constitution as part of this

1 measure, the effective date of Section 1 of this act shall be
2 October 1, 2026.

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

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

11 SECTION 8. Except as otherwise provided by Section 6 of this
12 act, Sections 2 through 4 of this act shall become effective July 1,
13 2026.

14 SECTION 9. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

18 60-2-15912 CMA 01/14/26
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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136
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January 14, 2026

Representative Kelley
Room 248

Re: RBH No. 15912

RBH No. 15912 would allow a surviving spouse or surviving children of a member not participating in the system's Back DROP plan. This change is for Police Retirement and Pension System, Firefighter Retirement System and Oklahoma Law Enforcement Retirement System.

This bill amends OPLAAA to define the above change as non fiscal.

RBH No. 15912 is a non fiscal bill as defined by OPLAAA as amended.

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