

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

COMMITTEE SUBSTITUTE
FOR

HOUSE BILL NO. 3721

By: Kelley

COMMITTEE SUBSTITUTE

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:

24

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 employment₇:

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 is 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 of
24 the member's date of death as certified by the

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

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

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

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

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

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

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

1 modification or as modified to conform to any changes required by
2 the Internal Revenue Service as part of its determination letter
3 review process, then subparagraphs d and e of paragraph 1 and
4 paragraphs 3 and 4 of this subsection shall be repealed effective
5 June 4, 2007.

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

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

16 B. For purposes of this section, creditable service shall
17 include service credit reciprocally recognized pursuant to Section
18 50-101 et seq. of this title but for eligibility purposes only.

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

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

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

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

20 2. A member who participates in this plan shall earn interest
21 at a rate of two percentage points below the rate of return of the
22 investment portfolio of the System, but no less than the actuarial
23 assumed interest rate as certified by the actuary in the yearly
24

1 evaluation report of the actuary. The interest shall be credited to
2 the individual account balance of the member on an annual basis.

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

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

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

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

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

16 G. If the participant dies during the period of participation
17 in the Oklahoma Police Deferred Option Plan, a lump sum payment
18 equal to the account balance of the participant shall be paid to the
19 recipients, which may include a trust, properly designated in
20 writing by the participant or, if none, to the surviving spouse who
21 was married to the participant for the thirty (30) continuous months
22 immediately preceding the death of the participant; provided, a
23 surviving spouse of a participant who died in, and as a consequence
24 of, the performance of the participant's duty for a participating

1 municipality shall not be subject to the thirty-month marriage
2 requirement for survivor benefits or, if no surviving spouse, to the
3 estate of the participant.

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

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

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

17 b. "termination date" means the date the member elects to
18 participate in the Oklahoma Police Deferred Option
19 Plan pursuant to this subsection, and the date the
20 member terminates employment with all participating
21 municipalities as an active police officer, such
22 termination has at all times included reemployment of
23 a member by a participating municipality only if such
24

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

3 c. "earlier attained credited service" means the credited
4 service earned by a member as of the back drop date,
5 and earlier attained credited service cannot be
6 reduced to less than twenty (20) years of credited
7 service, ~~and~~

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

21 e. "established child" means, in the case of a deceased
22 member who does not have a surviving spouse, any
23 surviving biological or adopted child of such member
24 who is alive on the date of the election described in

1 paragraph 4 of this subsection and who is a
2 beneficiary of such member as defined in Section 50-
3 101 of this title, or who would be a beneficiary of
4 such member under Section 50-101 of this title if the
5 age requirements set forth therein did not apply;

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

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

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

8 4. Effective July 1, 2026, if a member who has not less than
9 twenty (20) years of creditable service and who is eligible to
10 receive a service retirement pension dies prior to terminating
11 employment, such member's established children shall be eligible to
12 elect to participate in the Oklahoma Police Deferred Option Plan
13 pursuant to this subsection so long as the member did not
14 participate in the Oklahoma Police Deferred Option Plan pursuant to
15 subsections A, B, C, D, E and F of this section and provided that
16 none of the established children are receiving, or will be eligible
17 to receive, a pension annuity for life from the System. For the
18 election to be effective, all established children must unanimously
19 elect in writing within two (2) years from the member's date of
20 death to make such back drop election in accordance with any rules,
21 resolutions, or procedures promulgated or adopted by the State
22 Board. Once the election is timely made and the State Board has
23 determined that all established children have been accounted for and
24 made such election, each established child shall, as soon as

1 practicable, receive an equal share of the deferred benefit balance,
2 taking into account any reductions or adjustments to the deferred
3 benefit balance described in the paragraph below for an established
4 child receiving a survivor pension benefit. The State Board may
5 rely on any reasonable method to determine that all established
6 children have been accounted for; provided, however, that the State
7 Board may conclusively rely on an order of any court of competent
8 jurisdiction in making such determination. No interest shall accrue
9 or be paid on the deferred benefit balance with respect to any
10 period after the member's date of death. Any payment made to a
11 member's established child pursuant to this subparagraph shall be
12 included in the total benefits paid with respect to a member
13 pursuant to subsection D of Section 50-114 of this title.

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 50-117 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 50-117 of
21 this title and the pension benefit calculated pursuant to this
22 subsection shall reduce the deferred benefit balance. In
23 calculating such reduction, the sum of such pension benefits will be
24 reduced to a present value as of the member's date of death using

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

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 in Section 2-300
14 of 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, if a member who has not less than
22 twenty (20) years of creditable service and who is eligible to
23 receive a service retirement pension dies prior to terminating
24 employment, such member's established children shall be eligible to

1 elect to participate in the Oklahoma Law Enforcement Deferred Option
2 Plan pursuant to this subsection so long as the member did not
3 participate in the Oklahoma Law Enforcement Deferred Option Plan
4 pursuant to subsections A, B, C, D, E and F of this section and
5 provided that none of the established children or the deceased
6 member's dependent parents are receiving, or will be eligible to
7 receive, a pension annuity for life from the System. For the
8 election to be effective, all established children must unanimously
9 elect in writing within two (2) years from the member's date of
10 death to make such back drop election in accordance with any rules,
11 resolutions, or procedures promulgated or adopted by the State
12 Board. Once the election is timely made and the State Board has
13 determined that all established children have been accounted for and
14 made such election, each established child shall, as soon as
15 practicable, receive an equal share of the deferred benefit balance,
16 taking into account any reductions or adjustments to the deferred
17 benefit balance described in the paragraph below for an established
18 child receiving a survivor pension benefit. The State Board may
19 rely on any reasonable method to determine that all established
20 children have been accounted for; provided, however, that the State
21 Board may conclusively rely on an order of any court of competent
22 jurisdiction in making such determination. No interest shall accrue
23 or be paid on the deferred benefit balance with respect to any
24 period after the member's date of death. Any payment made to a

1 member's established child pursuant to the subparagraph shall be
2 included in the total retirement payments made with respect to a
3 member pursuant to Section 2-306.2 of this title.

4 In the event an established child is a beneficiary entitled to
5 receive survivor pension benefits for any period, such established
6 child's pension benefit shall continue to be calculated pursuant to
7 Section 2-306 of this title without regard to whether the election
8 is made; provided, however, that if a back drop election is made
9 pursuant to this subsection, the difference between such established
10 child's pension benefit calculated pursuant to section 2-306 of this
11 title and the pension benefit calculated pursuant to this subsection
12 shall reduce the deferred benefit balance. In calculating such
13 reduction, the sum of such pension benefits will be reduced to a
14 present value as of the member's date of death using the actuarial
15 assumed interest rate as of the member's date of death as certified
16 by the actuary in the yearly evaluation report of the actuary, and
17 assuming that the pension benefit will continue until the youngest
18 of all established children attains twenty-two (22) years of age and
19 such other assumptions that the State Board may promulgate or adopt
20 by rule, resolution, or procedure. The portion of the deferred
21 benefit balance an established child receives shall not be reduced
22 by the back drop pension adjustment amount applicable to such
23 established child other than as a result of the reduction in the
24 deferred benefit balance.

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

3 SECTION 5. 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 Section 1 of this act shall be
6 October 1, 2026.

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

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

15 SECTION 8. Except as otherwise provided by Section 6 of this
16 act, Sections 2 through 4 of this act shall become effective July 1,
17 2026.

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

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23 60-2-17077 CMA 03/05/26
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