

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 60<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB4225</b>
<b>Version:</b>	<b>POLAMD1</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. Kannady</b>
<b>Date:</b>	<b>2/17/2026</b>
<b>Impact:</b>	<b>See Below</b>

**Research Analysis**

The proposed policy committee amendment for HB4225 authorizes Pathfinder participants to borrow up to the lesser of 50% of their vested account balance or \$50,000. Loans must be repaid within five years, or longer if used to purchase a principal residence, and include interest.

Prepared By: Quyen Do

**Fiscal Analysis**

HB 4255 allows Pathfinder participants to exercise independent control over the investment of their accounts. The amendment outlines borrowing and repayment guidelines for participants who choose to borrow against their account balance.

According to the Oklahoma Public Employees Retirement System (OPERS) officials, the bill's impact remains unclear. They added that allowing loans from retirement accounts raises concerns because the average balance is only about \$12,000. Furthermore, they stated financial experts caution against allowing employees to borrow against their retirement savings for the following reasons:

- These funds are intended to support retirement readiness, and loans undermine that purpose.
- While funds are out of the account, participants miss out on potential investment earnings.
- From a tax perspective, loan repayments are made with after-tax dollars and are then taxed again upon distribution at retirement or separation from employment.
- If the employee separates from service with an outstanding loan balance, they will be required to repay the loan in full immediately. If they are unable to repay the loan, it will be treated as an early distribution and reported as non-salary income to the IRS through a Form 1099-R.

While OPERS acknowledges that participants may face financial hardships, it is their opinion that such loans could significantly harm long-term savings.

Prepared By: Alexandra Ladner, House Fiscal Staff

**Other Considerations**

None.

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