

STATE OF OKLAHOMA

2nd Session of the 57th Legislature (2020)

SENATE BILL 1904

By: Montgomery

AS INTRODUCED

An Act relating to the Oklahoma Police Pension and Retirement System; amending 11 O.S. 2011, Section 50-111.3, as amended by Section 3, Chapter 346, O.S.L. 2019 (11 O.S. Supp. 2019, Section 50-111.3), which relates to deferred option plans; authorizing non-member officers to participate in deferred option plan in certain circumstances; providing timeline for participation; requiring non-participating municipalities to determine certain contribution amount; and requiring Oklahoma Police Pension and Retirement Board to promulgate rules;

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

SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-111.3, as amended by Section 3, Chapter 346, O.S.L. 2019 (11 O.S. Supp. 2018, Section 50-111.3), is amended to read as follows:

Section 50-111.3. A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section 50-114 of this title, any member of the Oklahoma Police Pension and Retirement System who has not less than twenty (20) years of creditable service and who is eligible to receive a service retirement pension, or police officers of a non-participating municipality with not less

1 than twenty (20) years of service as provided in subsection I of  
2 this section, may make an irrevocable election to participate in the  
3 Oklahoma Police Deferred Option Plan and defer the receipts of  
4 benefits in accordance with the provisions of this section.

5 B. For purposes of this section, creditable service shall  
6 include service credit reciprocally recognized pursuant to Section  
7 50-101 et seq. of this title but for eligibility purposes only.

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

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

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

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

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

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

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

23 3. Any other method of payment if approved by the State  
24 Oklahoma Police Pension and Retirement Board.

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

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

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

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

- 23           a. "back drop date" means the date selected by the  
24           member, which is up to five (5) years before the

1 member elects to participate in the Oklahoma Police  
2 Deferred Option Plan, but not before the date at which  
3 the member completes twenty (20) years of credited  
4 service,

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

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

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

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

21 3. If a member who has not less than twenty (20) years of  
22 creditable service and who is eligible to receive a service  
23 retirement pension dies prior to terminating employment, the  
24 surviving spouse shall be eligible to elect to receive a benefit

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

10 I. Notwithstanding any other provision of law, a municipality  
11 that does not participate in the System may, by arrangement with the  
12 Oklahoma Police Pension and Retirement Board, allow an officer with  
13 at least twenty (20) years of service to elect to participate in the  
14 Oklahoma Police Deferred Option Plan for no more than five (5)  
15 years. The non-participating municipality shall determine the  
16 amount to be contributed to the Deferred Option Plan on behalf of  
17 the officer, and interest shall be earned pursuant to paragraph 2 of  
18 subsection E of this section. Officers participating in the  
19 Oklahoma Police Deferred Option Plan under this section shall not be  
20 eligible to receive a cost of living increase. The Oklahoma Police  
21 Pension and Retirement Board shall promulgate rules to implement the  
22 provisions of this section.

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