

1 ENGROSSED SENATE AMENDMENT
TO
2 ENGROSSED HOUSE
BILL NO. 2269

By: West (Josh) of the House

and

Rosino of the Senate

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6
7 An Act relating to public retirement systems;
amending 11 O.S. 2011, Sections 49-106.2, as last
8 amended by Section 4, Chapter 281, O.S.L. 2014 and
49-113.2, as amended by Section 5, Chapter 281,
9 O.S.L. 2014 (11 O.S. Supp. 2018, Sections 49-106.2
and 49-113.2), which relate to the Oklahoma
10 Firefighters Pension and Retirement System; modifying
provisions related to computation of certain annuity
11 values; providing for payment of benefits pursuant to
statutory provisions; modifying provisions related to
12 probate waiver for payment of death benefits;
providing an effective date; and declaring an
13 emergency.

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15
16 AMENDMENT NO. 1. Page 1, strike the title, enacting clause and
entire bill and insert

17
18 "An Act relating to public retirement systems;
amending 11 O.S. 2011, Sections 49-106.2, as last
19 amended by Section 4, Chapter 281, O.S.L. 2014 and
49-113.2, as amended by Section 5, Chapter 281,
O.S.L. 2014 (11 O.S. Supp. 2018, Sections 49-106.2
20 and 49-113.2), which relate to the Oklahoma
Firefighters Pension and Retirement System; modifying
21 provisions related to computation of certain annuity
values; providing for payment of benefits pursuant to
22 statutory provisions; modifying provisions related to
probate waiver for payment of death benefits;
23 amending 11 O.S. 2011, Sections 50-111.3, 50-112 and
50-114, which relate to the Oklahoma Police Pension
24 and Retirement System; adding persons and entities to

1 whom certain payments may be made after death of
2 participant or beneficiary; granting State Board
3 access to certain records; providing an effective
4 date; and declaring an emergency.

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

6 SECTION 1. AMENDATORY 11 O.S. 2011, Section 49-106.2, as
7 last amended by Section 4, Chapter 281, O.S.L. 2014 (11 O.S. Supp.
8 2018, Section 49-106.2), is amended to read as follows:

9 Section 49-106.2. A. For limitation years prior to July 1,
10 2007, the limitations of Section 415 of the Internal Revenue Code of
11 1986, as amended, shall be computed in accordance with the
12 applicable provisions of the System in effect at that time and, to
13 the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-
14 51, except as provided below. Notwithstanding any other provision
15 contained herein to the contrary, the benefits payable to a member
16 from the System provided by employer contributions (including
17 contributions picked up by the employer under Section 414(h) of the
18 Internal Revenue Code of 1986, as amended) shall be subject to the
19 limitations of Section 415 of the Internal Revenue Code of 1986, as
20 amended, in accordance with the provisions of this section. The
21 limitations of this section shall apply in limitation years
22 beginning on or after July 1, 2007, except as otherwise provided
23 below.
24

1 B. Except as provided below, effective for limitation years
2 ending after December 31, 2001, any accrued retirement benefit
3 payable to a member as an annual benefit as described below shall
4 not exceed One Hundred Sixty Thousand Dollars (\$160,000.00),
5 automatically adjusted under Section 415(d) of the Internal Revenue
6 Code of 1986, as amended, for increases in the cost of living, as
7 prescribed by the Secretary of the Treasury or his or her delegate,
8 effective January 1 of each calendar year and applicable to the
9 limitation year ending with or within such calendar year. The
10 automatic annual adjustment of the dollar limitation in this
11 subsection under Section 415(d) of the Internal Revenue Code of
12 1986, as amended, shall apply to a member who has had a severance
13 from employment.

14 1. The member's annual benefit is a benefit that is payable
15 annually in the form of a straight life annuity. Except as provided
16 below, where a benefit is payable in a form other than a straight
17 life annuity, the benefit shall be adjusted to an actuarially
18 equivalent straight life annuity that begins at the same time as
19 such other form of benefit and is payable on the first day of each
20 month, before applying the limitations of this section. For a
21 member who has or will have distributions commencing at more than
22 one annuity starting date, the annual benefit shall be determined as
23 of each such annuity starting date (and shall satisfy the
24 limitations of this section as of each such date), actuarially

1 adjusting for past and future distributions of benefits commencing
2 at the other annuity starting dates. For this purpose, the
3 determination of whether a new starting date has occurred shall be
4 made without regard to Section 1.401(a)-20, Q&A 10(d), and with
5 regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax
6 Regulations.

7 2. No actuarial adjustment to the benefit shall be made for:

- 8 a. survivor benefits payable to a surviving spouse under
9 a qualified joint and survivor annuity to the extent
10 such benefits would not be payable if the member's
11 benefit were paid in another form,
- 12 b. benefits that are not directly related to retirement
13 benefits such as a qualified disability benefit,
14 preretirement incidental death benefits, and
15 postretirement medical benefits, or
- 16 c. the inclusion in the form of benefit of an automatic
17 benefit increase feature, provided, the form of
18 benefit is not subject to Section 417(e)(3) of the
19 Internal Revenue Code of 1986, as amended, and would
20 otherwise satisfy the limitations of this section, and
21 the System provides that the amount payable under the
22 form of benefit in any limitation year shall not
23 exceed the limits of this section applicable at the
24 annuity starting date, as increased in subsequent

1 years pursuant to Section 415(d) of the Internal
2 Revenue Code of 1986, as amended. For this purpose,
3 an automatic benefit increase feature is included in a
4 form of benefit if the form of benefit provides for
5 automatic, periodic increases to the benefits paid in
6 that form.

7 3. The determination of the annual benefit shall take into
8 account Social Security supplements described in Section 411(a)(9)
9 of the Internal Revenue Code of 1986, as amended, and benefits
10 transferred from another defined benefit plan, other than transfers
11 of distributable benefits pursuant to Section 1.411(d)-4, Q&A-3(c),
12 of the Income Tax Regulations, but shall disregard benefits
13 attributable to employee contributions or rollover contributions.

14 4. Effective for distributions in plan years beginning after
15 December 31, 2003, the determination of actuarial equivalence of
16 forms of benefit other than a straight life annuity shall be made in
17 accordance with paragraph 5 or paragraph 6 of this subsection.

18 5. Benefit Forms Not Subject to Section 417(e)(3) of the
19 Internal Revenue Code of 1986, as amended: The straight life
20 annuity that is actuarially equivalent to the member's form of
21 benefit shall be determined under this paragraph if the form of the
22 member's benefit is either:

- 23 a. a nondecreasing annuity (other than a straight life
24 annuity) payable for a period of not less than the

1 life of the member (or, in the case of a qualified
2 preretirement survivor annuity, the life of the
3 surviving spouse), or

4 b. an annuity that decreases during the life of the
5 member merely because of:

6 (1) the death of the survivor annuitant, but only if
7 the reduction is not below fifty percent (50%) of
8 the benefit payable before the death of the
9 survivor annuitant, or

10 (2) the cessation or reduction of Social Security
11 supplements or qualified disability payments as
12 defined in Section 411(a)(9) of the Internal
13 Revenue Code of 1986, as amended.

14 c. Limitation Years Beginning Before July 1, 2007. For
15 limitation years beginning before July 1, 2007, the
16 actuarially equivalent straight life annuity is equal
17 to the annual amount of the straight life annuity
18 commencing at the same annuity starting date that has
19 the same actuarial present value as the member's form
20 of benefit computed using whichever of the following
21 produces the greater annual amount:

22 (1) the interest rate and the mortality table or
23 other tabular factor, each as set forth in
24

1 subsection H of Section 49-100.9 of this title
2 for adjusting benefits in the same form, and
3 (2) a five percent (5%) interest rate assumption and
4 the applicable mortality table described in
5 Revenue Ruling 2001-62 (or its successor for
6 these purposes, if applicable) for that annuity
7 starting date.

8 d. Limitation Year Beginning On January 1, 2008. For the
9 limitation year beginning on January 1, 2008, the
10 actuarially equivalent straight life annuity is equal
11 to the greater of:

- 12 (1) the annual amount of the straight life annuity,
13 if any, payable to the member under the System
14 commencing at the same annuity starting date as
15 the member's form of benefit, and
16 (2) the annual amount of the straight life annuity
17 commencing at the same annuity starting date that
18 has the same actuarial present value as the
19 member's form of benefit, computed using a five
20 percent (5%) interest rate assumption and the
21 applicable mortality table described in Revenue
22 Ruling 2001-62 (or its successor for these
23 purposes, if applicable) for that annuity
24 starting date.

e. Limitation Years Beginning On or After July 1, 2008.

For limitation years beginning on or after July 1, 2008, the actuarially equivalent straight life annuity is equal to the greater of:

(1) the annual amount of the straight life annuity, if any, payable to the member under the System commencing at the same annuity starting date as the member's form of benefit, and

(2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using a five percent (5%) interest rate assumption and the applicable mortality table within the meaning of Section 417(e)(3)(B) of the Internal Revenue Code of 1986, as amended, as described in Revenue Ruling 2007-67 (and subsequent guidance) for that annuity starting date.

6. Benefit Forms Subject to Section 417 (e)(3) of the Internal Revenue Code of 1986, as amended: The straight life annuity that is actuarially equivalent to the member's form of benefit shall be determined under this paragraph if the form of the member's benefit is other than a benefit form described in paragraph 5 of this

1 subsection. In this case, the actuarially equivalent straight life
2 annuity shall be determined as follows:

3 a. Annuity Starting Date on or after January 1, 2009. If
4 the annuity starting date of the member's form of
5 benefit is in the period beginning on January 1, 2009
6 through June 30, 2009, or in a plan year beginning
7 after June 30, 2009, the actuarially equivalent
8 straight life annuity is equal to the greatest of
9 divisions (1), (2) and (3) of this subparagraph:

10 (1) the annual amount of the straight life annuity
11 commencing at the same annuity starting date that
12 has the same actuarial present value as the
13 member's form of benefit, computed using the
14 interest rate and the mortality table or other
15 tabular factor as set forth in the most recent
16 actuarial valuation referenced in subsection H of
17 Section 49-100.9 of this title prior to September
18 1, 2011, and effective September 1, 2011, in
19 subsection L of this section for adjusting
20 benefits in the same form,

21 (2) the annual amount of the straight life annuity
22 commencing at the same annuity starting date that
23 has the same actuarial present value as the
24 member's form of benefit, computed using a five

1 and one-half percent (5.5%) interest rate
2 assumption and the applicable mortality table
3 within the meaning of Section 417(e)(3)(B) of the
4 Internal Revenue Code of 1986, as amended, as
5 described in Revenue Ruling 2007-67 (and
6 subsequent guidance), and

7 (3) the annual amount of the straight life annuity
8 commencing at the same annuity starting date that
9 has the same actuarial present value as the
10 member's form of benefit, ~~computing~~ computed
11 using:

12 (a) i. in a plan year beginning after June 30,
13 2019, the applicable interest rate
14 under Section 417(e)(3) of the Internal
15 Revenue Code of 1986, as amended (and
16 subsequent guidance), for the fourth
17 calendar month preceding the plan year
18 in which falls the annuity starting
19 date for the distribution and the
20 stability period is the successive
21 period of one (1) plan year which
22 contains the annuity starting date for
23 the distribution and for which the
24

applicable interest rate remains
constant, and

ii. in a plan year beginning before July 1,
2019, the adjusted first, second, and
third segment rates under Section
417(e)(3)(C) and (D) of the Internal
Revenue Code of 1986, as amended,
applied under rules similar to the
rules of Section 430(h)(2)(C) of the
Internal Revenue Code of 1986, as
amended, for the fourth calendar month
preceding the plan year in which falls
the annuity starting date for the
distribution and the stability period
is the successive period of one plan
year which contains the annuity
starting date for the distribution and
for which the applicable interest rate
remains constant, or as otherwise
provided in the applicable guidance if
the first day of the first plan year
beginning after December 31, 2007, does
not coincide with the first day of the
applicable stability period, and

(b) the applicable mortality table within the meaning of Section 417(e)(3)(B) of the Internal Revenue Code of 1986, as amended, as described in Rev. Rul. 2007-67 (and subsequent guidance),

divided by one and five one-hundredths (1.05).

b. Annuity Starting Date in the Period Beginning on July 1, 2008 through December 31, 2008. If the annuity starting date of the member's form of benefit is in the period beginning on July 1, 2008 through December 31, 2008, the actuarially equivalent straight life annuity is equal to the greatest of divisions (1), (2) and (3) of this subparagraph:

(1) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using the interest rate and the mortality table or other tabular factor each as set forth in subsection H of Section 49-100.9 of this title for adjusting benefits in the same form,

(2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the

1 member's form of benefit, computed using a five
2 and one-half percent (5.5%) interest rate
3 assumption and the applicable mortality table
4 described in Revenue Ruling 2001-62 (or its
5 successor for these purposes, if applicable), and
6 (3) the annual amount of the straight life annuity
7 commencing at the same annuity starting date that
8 has the same actuarial present value as the
9 member's form of benefit, computed using:

10 (a) the adjusted first, second, and third
11 segment rates under Section 417(e)(3)(C) and
12 (D) of the Internal Revenue Code of 1986, as
13 amended, applied under rules similar to the
14 rules of Section 430(h)(2)(C) of the
15 Internal Revenue Code of 1986, as amended,
16 for the fourth calendar month preceding the
17 plan year in which falls the annuity
18 starting date for the distribution and the
19 stability period is the successive period of
20 one (1) plan year which contains the annuity
21 starting date for the distribution and for
22 which the applicable interest rate remains
23 constant, or as otherwise provided in the
24 applicable guidance if the first day of the

1 first plan year beginning after December 31,
2 2007, does not coincide with the first day
3 of the applicable stability period, and

4 (b) the applicable mortality table described in
5 Revenue Ruling 2001-62 (or its successor for
6 these purposes, if applicable),

7 divided by one and five one-hundredths (1.05).

8 c. Annuity Starting Date in Plan Years Beginning in 2006
9 or 2007. If the annuity starting date of the member's
10 form of benefit is in a plan year beginning in 2006 or
11 2007, the actuarially equivalent straight life annuity
12 is equal to the greatest of divisions (1), (2) and (3)
13 of this subparagraph:

14 (1) the annual amount of the straight life annuity
15 commencing at the same annuity starting date that
16 has the same actuarial present value as the
17 member's form of benefit, computed using the
18 interest rate and the mortality table (or other
19 tabular factor) each as set forth in subsection H
20 of Section 49-100.9 of this title for adjusting
21 benefits in the same form,

22 (2) the annual amount of the straight life annuity
23 commencing at the same annuity starting date that
24 has the same actuarial present value as the

1 member's form of benefit, computed using a five
2 and one-half percent (5.5%) interest rate
3 assumption and the applicable mortality table
4 described in Revenue Ruling 2001-62 (or its
5 successor for these purposes, if applicable), and
6 (3) the annual amount of the straight life annuity
7 commencing at the same annuity starting date that
8 has the same actuarial present value as the
9 member's form of benefit, computed using:

- 10 (a) the rate of interest on thirty-year Treasury
11 securities as specified by the Commissioner
12 for the lookback month for the stability
13 period specified below. The lookback month
14 applicable to the stability period is the
15 fourth calendar month preceding the first
16 day of the stability period, as specified
17 below. The stability period is the
18 successive period of one (1) plan year which
19 contains the annuity starting date for the
20 distribution and for which the applicable
21 interest rate remains constant, and
22 (b) the applicable mortality table described in
23 Revenue Ruling 2001-62 (or its successor for
24 these purposes, if applicable),

1 divided by one and five one-hundredths (1.05).

2 d. Annuity Starting Date in Plan Years Beginning in 2004
3 or 2005.

4 (1) If the annuity starting date of the member's form
5 of benefit is in a plan year beginning in 2004 or
6 2005, the actuarially equivalent straight life
7 annuity is equal to the annual amount of the
8 straight life annuity commencing at the same
9 annuity starting date that has the same actuarial
10 present value as the member's form of benefit,
11 computed using whichever of the following
12 produces the greater annual amount:

13 (a) the interest rate and the mortality table or
14 other tabular factor, each as set forth in
15 subsection H of Section 49-100.9 of this
16 title for adjusting benefits in the same
17 form, and

18 (b) a five and one-half percent (5.5%) interest
19 rate assumption and the applicable mortality
20 table described in Revenue Ruling 2001-62
21 (or its successor for these purposes, if
22 applicable).

23 (2) If the annuity starting date of the member's
24 benefit is on or after the first day of the first

1 plan year beginning in 2004 and before December
2 31, 2004, the application of this subparagraph
3 shall not cause the amount payable under the
4 member's form of benefit to be less than the
5 benefit calculated under the System, taking into
6 account the limitations of this section, except
7 that the actuarially equivalent straight life
8 annuity is equal to the annual amount of the
9 straight life annuity commencing at the same
10 annuity starting date that has the same actuarial
11 present value as the member's form of benefit,
12 computed using whichever of the following
13 produces the greatest annual amount:

- 14 (a) the interest rate and mortality table or
15 other tabular factor, each as set forth in
16 subsection H of Section 49-100.9 of this
17 title for adjusting benefits in the same
18 form,
- 19 (b) i. the rate of interest on thirty-year
20 Treasury securities as specified by the
21 Commissioner for the lookback month for
22 the stability period specified below.
23 The lookback month applicable to the
24 stability period is the fourth calendar

1 month preceding the first day of the
2 stability period, as specified below.
3 The stability period is the successive
4 period of one (1) plan year which
5 contains the annuity starting date for
6 the distribution and for which the
7 applicable interest rate remains
8 constant, and

9 ii. the applicable mortality table
10 described in Revenue Ruling 2001-62 (or
11 its successor for these purposes, if
12 applicable), and

13 (c) i. the rate of interest on thirty-year
14 Treasury securities as specified by the
15 Commissioner for the lookback month for
16 the stability period specified below.
17 The lookback month applicable to the
18 stability period is the fourth calendar
19 month preceding the first day of the
20 stability period, as specified below.
21 The stability period is the successive
22 period of one plan year which contains
23 the annuity starting date for the
24 distribution and for which the

1 applicable interest rate remains
2 constant (as in effect on the last day
3 of the last plan year beginning before
4 January 1, 2004, under provisions of
5 the System then adopted and in effect),
6 and

7 ii. the applicable mortality table
8 described in Revenue Ruling 2001-62 (or
9 its successor for these purposes, if
10 applicable).

11 C. If a member has less than ten (10) years of participation in
12 the System and all predecessor municipal firefighter pension and
13 retirement systems, the dollar limitation otherwise applicable under
14 subsection B of this section shall be multiplied by a fraction, the
15 numerator of which is the number of the years of participation, or
16 part thereof, in the System of the member, but never less than one
17 (1), and the denominator of which is ten (10).

18 D. Adjustment of Dollar Limitation for Benefit Commencement
19 Before Sixty-two (62) Years of Age or After Sixty-five (65) Years of
20 Age: Effective for benefits commencing in limitation years ending
21 after December 31, 2001, the dollar limitation under subsection B of
22 this section shall be adjusted if the annuity starting date of the
23 member's benefit is before sixty-two (62) years of age or after
24 sixty-five (65) years of age. If the annuity starting date is

1 before sixty-two (62) years of age, the dollar limitation under
2 subsection B of this section shall be adjusted under paragraph 1 of
3 this subsection, as modified by paragraph 3 of this subsection, but
4 subject to paragraph 4 of this subsection. If the annuity starting
5 date is after sixty-five (65) years of age, the dollar limitation
6 under subsection B of this section shall be adjusted under paragraph
7 2 of this subsection, as modified by paragraph 3 of this subsection.

8 1. Adjustment of Defined Benefit Dollar Limitation for Benefit
9 Commencement Before Sixty-two (62) Years of Age:

10 a. Limitation Years Beginning Before July 1, 2007. If
11 the annuity starting date for the member's benefit is
12 prior to sixty-two (62) years of age and occurs in a
13 limitation year beginning before July 1, 2007, the
14 dollar limitation for the member's annuity starting
15 date is the annual amount of a benefit payable in the
16 form of a straight life annuity commencing at the
17 member's annuity starting date that is the actuarial
18 equivalent of the dollar limitation under subsection B
19 of this section (adjusted under subsection C of this
20 section for years of participation less than ten (10),
21 if required) with actuarial equivalence computed using
22 whichever of the following produces the smaller annual
23 amount:

1 (1) the interest rate and the mortality table or
2 other tabular factor, each as set forth in
3 subsection H of Section 49-100.9 of this title,
4 or

5 (2) a five percent (5%) interest rate assumption and
6 the applicable mortality table as described in
7 Revenue Ruling 2001-62 (or its successor for
8 these purposes, if applicable).

9 b. Limitation Years Beginning On or After July 1, 2007.

10 (1) System Does Not Have Immediately Commencing
11 Straight Life Annuity Payable at Both Sixty-two
12 (62) Years of Age and the Age of Benefit
13 Commencement.

14 (a) If the annuity starting date for the
15 member's benefit is prior to sixty-two (62)
16 years of age and occurs in the limitation
17 year beginning on January 1, 2008, and the
18 System does not have an immediately
19 commencing straight life annuity payable at
20 both sixty-two (62) years of age and the age
21 of benefit commencement, the dollar
22 limitation for the member's annuity starting
23 date is the annual amount of a benefit
24 payable in the form of a straight life

1 annuity commencing at the member's annuity
2 starting date that is the actuarial
3 equivalent of the dollar limitation under
4 subsection B of this section (adjusted under
5 subsection C of this section for years of
6 participation less than ten (10), if
7 required) with actuarial equivalence
8 computed using a five percent (5%) interest
9 rate assumption and the applicable mortality
10 table for the annuity starting date as
11 described in Revenue Ruling 2001-62 (or its
12 successor for these purposes, if applicable)
13 (and expressing the member's age based on
14 completed calendar months as of the annuity
15 starting date).

16 (b) If the annuity starting date for the
17 member's benefit is prior to sixty-two (62)
18 years of age and occurs in a limitation year
19 beginning on or after January 1, 2009, and
20 the System does not have an immediately
21 commencing straight life annuity payable at
22 both sixty-two (62) years of age and the age
23 of benefit commencement, the dollar
24 limitation for the member's annuity starting

1 date is the annual amount of a benefit
2 payable in the form of a straight life
3 annuity commencing at the member's annuity
4 starting date that is the actuarial
5 equivalent of the dollar limitation under
6 subsection B of this section (adjusted under
7 subsection C of this section for years of
8 participation less than ten (10), if
9 required) with actuarial equivalence
10 computed using a five percent (5%) interest
11 rate assumption and the applicable mortality
12 table within the meaning of Section
13 417(e)(3)(B) of the Internal Revenue Code of
14 1986, as amended, as described in Revenue
15 Ruling 2007-67 (and subsequent guidance)
16 (and expressing the member's age based on
17 completed calendar months as of the annuity
18 starting date).

- 19 (2) System Has Immediately Commencing Straight Life
20 Annuity Payable at Both Sixty-two (62) Years of
21 Age and the Age of Benefit Commencement. If the
22 annuity starting date for the member's benefit is
23 prior to sixty-two (62) years of age and occurs
24 in a limitation year beginning on or after July

1, 2007, and the System has an immediately commencing straight life annuity payable at both sixty-two (62) years of age and the age of benefit commencement, the dollar limitation for the member's annuity starting date is the lesser of the limitation determined under division (1) of this subparagraph and the dollar limitation under subsection B of this section (adjusted under subsection C of this section for years of participation less than ten (10), if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the System at the member's annuity starting date to the annual amount of the immediately commencing straight life annuity under the System at sixty-two (62) years of age, both determined without applying the limitations of this section.

- (3) Effective for limitation years commencing on or after January 1, 2014, notwithstanding any other provision of paragraph 1 of this subsection, the age-adjusted dollar limit applicable to a member shall not decrease on account of an increase in age or the performance of additional services.

1 2. Adjustment of Defined Benefit Dollar Limitation for Benefit
2 Commencement After Sixty-five (65) Years of Age:

3 a. Limitation Years Beginning Before July 1, 2007. If
4 the annuity starting date for the member's benefit is
5 after sixty-five (65) years of age and occurs in a
6 limitation year beginning before July 1, 2007, the
7 dollar limitation for the member's annuity starting
8 date is the annual amount of a benefit payable in the
9 form of a straight life annuity commencing at the
10 member's annuity starting date that is the actuarial
11 equivalent of the dollar limitation under subsection B
12 of this section (adjusted under subsection C of this
13 section for years of participation less than ten (10),
14 if required) with actuarial equivalence computed using
15 whichever of the following produces the smaller annual
16 amount:

17 (1) the interest rate and the mortality table or
18 other tabular factor, each as set forth in
19 subsection H of Section 49-100.9 of this title,
20 or

21 (2) a five percent (5%) interest rate assumption and
22 the applicable mortality table as described in
23 Revenue Ruling 2001-62 (or its successor for
24 these purposes, if applicable).

1 b. Limitation Years Beginning On or After July 1, 2007.

2 (1) System Does Not Have Immediately Commencing
3 Straight Life Annuity Payable at Both Sixty-five
4 (65) Years of Age and the Age of Benefit
5 Commencement.

6 (a) If the annuity starting date for the
7 member's benefit is after sixty-five (65)
8 years of age and occurs in the limitation
9 year beginning on January 1, 2008, and the
10 System does not have an immediately
11 commencing straight life annuity payable at
12 both sixty-five (65) years of age and the
13 age of benefit commencement, the dollar
14 limitation at the member's annuity starting
15 date is the annual amount of a benefit
16 payable in the form of a straight life
17 annuity commencing at the member's annuity
18 starting date that is the actuarial
19 equivalent of the dollar limitation under
20 subsection B of this section (adjusted under
21 subsection C of this section for years of
22 participation less than ten (10), if
23 required) with actuarial equivalence
24 computed using a five percent (5%) interest

1 rate assumption and the applicable mortality
2 table for the annuity starting date as
3 described in Revenue Ruling 2001-62 (or its
4 successor for these purposes, if applicable)
5 (and expressing the member's age based on
6 completed calendar months as of the annuity
7 starting date).

8 (b) If the annuity starting date for the
9 member's benefit is after sixty-five (65)
10 years of age and occurs in a limitation year
11 beginning on or after January 1, 2009, and
12 the System does not have an immediately
13 commencing straight life annuity payable at
14 both sixty-five (65) years of age and the
15 age of benefit commencement, the dollar
16 limitation at the member's annuity starting
17 date is the annual amount of a benefit
18 payable in the form of a straight life
19 annuity commencing at the member's annuity
20 starting date that is the actuarial
21 equivalent of the dollar limitation under
22 subsection B of this section (adjusted under
23 subsection C of this section for years of
24 participation less than ten (10), if

1 required) with actuarial equivalence
2 computed using a five percent (5%) interest
3 rate assumption and the applicable mortality
4 table within the meaning of Section
5 417(e) (3) (B) of the Internal Revenue Code of
6 1986, as amended, as described in Revenue
7 Ruling 2007-67 (and subsequent guidance)
8 (and expressing the member's age based on
9 completed calendar months as of the annuity
10 starting date).

- 11 (2) System Has Immediately Commencing Straight Life
12 Annuity Payable at Both Sixty-five (65) Years of
13 Age and Age of Benefit Commencement. If the
14 annuity starting date for the member's benefit is
15 after sixty-five (65) years of age and occurs in
16 a limitation year beginning on or after July 1,
17 2007, and the System has an immediately
18 commencing straight life annuity payable at both
19 sixty-five (65) years of age and the age of
20 benefit commencement, the dollar limitation at
21 the member's annuity starting date is the lesser
22 of the limitation determined under division (1)
23 of this subparagraph and the dollar limitation
24 under subsection B of this section (adjusted

1 under subsection C of this section for years of
2 participation less than ten (10), if required)
3 multiplied by the ratio of the annual amount of
4 the adjusted immediately commencing straight life
5 annuity under the System at the member's annuity
6 starting date to the annual amount of the
7 adjusted immediately commencing straight life
8 annuity under the System at sixty-five (65) years
9 of age, both determined without applying the
10 limitations of this section. For this purpose,
11 the adjusted immediately commencing straight life
12 annuity under the System at the member's annuity
13 starting date is the annual amount of such
14 annuity payable to the member, computed
15 disregarding the member's accruals after sixty-
16 five (65) years of age but including actuarial
17 adjustments even if those actuarial adjustments
18 are used to offset accruals; and the adjusted
19 immediately commencing straight life annuity
20 under the System at sixty-five (65) years of age
21 is the annual amount of such annuity that would
22 be payable under the System to a hypothetical
23 member who is sixty-five (65) years of age and
24 has the same accrued benefit as the member.

1 3. Notwithstanding the other requirements of this subsection,
2 in adjusting the dollar limitation for the member's annuity starting
3 date under subparagraph a of paragraph 1 of this subsection,
4 division (1) of subparagraph b of paragraph 1 of this subsection,
5 subparagraph a of paragraph 2 of this subsection, or division (1) of
6 subparagraph b of paragraph 2 of this subsection, no adjustment
7 shall be made to reflect the probability of a member's death between
8 the annuity starting date and sixty-two (62) years of age, or
9 between sixty-five (65) years of age and the annuity starting date,
10 as applicable, if benefits are not forfeited upon the death of the
11 member prior to the annuity starting date. To the extent benefits
12 are forfeited upon death before the annuity starting date, such an
13 adjustment shall be made. For this purpose, no forfeiture shall be
14 treated as occurring upon the member's death if the System does not
15 charge members for providing a qualified preretirement survivor
16 annuity, as defined in Section 417(c) of the Internal Revenue Code
17 of 1986, as amended, upon the member's death.

18 4. Notwithstanding any other provision to the contrary, for
19 limitation years beginning on or after January 1, 1997, if payment
20 begins before the member reaches sixty-two (62) years of age, the
21 reductions in the limitations in this subsection shall not apply to
22 a member who is a "qualified participant" as defined in Section
23 415(b) (2) (H) of the Internal Revenue Code of 1986, as amended.

1 E. Minimum Benefit Permitted: Notwithstanding anything else in
2 this section to the contrary, the benefit otherwise accrued or
3 payable to a member under this System shall be deemed not to exceed
4 the maximum permissible benefit if:

5 1. The retirement benefits payable for a limitation year under
6 any form of benefit with respect to such member under this System
7 and under all other defined benefit plans (without regard to whether
8 a plan has been terminated) ever maintained by a participating
9 municipality do not exceed Ten Thousand Dollars (\$10,000.00)
10 multiplied by a fraction:

11 a. the numerator of which is the member's number of
12 credited years (or part thereof, but not less than one
13 (1) year) of service (not to exceed ten (10) years)
14 with the participating municipality, and

15 b. the denominator of which is ten (10); and

16 2. The participating municipality (or a predecessor employer)
17 has not at any time maintained a defined contribution plan in which
18 the member participated (for this purpose, mandatory employee
19 contributions under a defined benefit plan, individual medical
20 accounts under Section 401(h) of the Internal Revenue Code of 1986,
21 as amended, and accounts for postretirement medical benefits
22 established under Section 419A(d)(1) of the Internal Revenue Code of
23 1986, as amended, are not considered a separate defined contribution
24 plan).

1 F. In no event shall the maximum annual accrued retirement
2 benefit of a member allowable under this section be less than the
3 annual amount of such accrued retirement benefit, including early
4 pension and qualified joint and survivor annuity amounts, duly
5 accrued by the member as of the last day of the limitation year
6 beginning in 1982, or as of the last day of the limitation year
7 beginning in 1986, whichever is greater, disregarding any plan
8 changes or cost-of-living adjustments occurring after July 1, 1982,
9 as to the 1982 accrued amount, and May 5, 1986, as to the 1986
10 accrued amount.

11 G. For limitation years beginning on or after January 1, 1995,
12 subsection C of this section, paragraph 1 of subsection D of this
13 section, and the proration provided under subparagraphs a and b of
14 paragraph 1 of subsection E of this section, shall not apply to a
15 benefit paid under the System as a result of the member becoming
16 disabled by reason of personal injuries or sickness, or amounts
17 received by the beneficiaries, survivors or estate of the member as
18 a result of the death of the member.

19 H. If a member purchases service credit under the System, which
20 qualifies as "permissive service credit" pursuant to Section 415(n)
21 of the Internal Revenue Code of 1986, as amended, the limitations of
22 Section 415 of the Internal Revenue Code of 1986, as amended, may be
23 met by either:
24

1 1. Treating the accrued benefit derived from such contributions
2 as an annual benefit under subsection B of this section; or

3 2. Treating all such contributions as annual additions for
4 purposes of Section 415(c) of the Internal Revenue Code of 1986, as
5 amended.

6 I. If a member repays to the System any amounts refunded from
7 the System because of the member's prior termination or any other
8 amount which qualifies as a repayment under Section 415(k)(3) of the
9 Internal Revenue Code of 1986, such repayment shall not be taken
10 into account for purposes of Section 415 of the Internal Revenue
11 Code of 1986, as amended, pursuant to Section 415(k)(3) of the
12 Internal Revenue Code of 1986, as amended.

13 J. For distributions made in limitation years beginning on or
14 after January 1, 2000, the combined limit of repealed Section 415(e)
15 of the Internal Revenue Code of 1986, as amended, shall not apply.

16 K. The State Board is hereby authorized to revoke the special
17 election previously made on June 21, 1991, under Section 415(b)(10)
18 of the Internal Revenue Code of 1986, as amended.

19 L. Effective September 1, 2011, the interest rate and mortality
20 assumptions for the System used to determine the actuarial
21 equivalence of a member's form of benefit shall be set by the State
22 Board in a manner that precludes employer discretion, shall be based
23 upon recommendations from independent professional advisors and
24 shall be published annually in the actuarial valuation.

1 M. All benefits payable from the Oklahoma Firefighters Pension
2 and Retirement System including payments from the deferred option
3 plan under Section 49-106.1 of this title shall be paid from the
4 general assets of the Oklahoma Firefighters Pension and Retirement
5 Fund pursuant to subsection B of Section 49-100.11 of this title.

6 SECTION 2. AMENDATORY 11 O.S. 2011, Section 49-113.2, as
7 amended by Section 5, Chapter 281, O.S.L. 2014 (11 O.S. Supp. 2018,
8 Section 49-113.2), is amended to read as follows:

9 Section 49-113.2. A. Upon the death of an active or retired
10 member, the System shall pay to the surviving spouse of the member
11 if the surviving spouse has been married to the firefighter for
12 thirty (30) continuous months preceding the member's death provided
13 a surviving spouse of a member who died while in, or as a
14 consequence of, the performance of the member's duty for a
15 participating municipality shall not be subject to the marriage
16 limitation for survivor benefits, or if there is no surviving spouse
17 or no surviving spouse meeting the requirements of this section, the
18 System shall pay to the designated recipient or recipients of the
19 member, or if there is no designated recipient or if the designated
20 recipient predeceases the member, to the estate of the member, the
21 sum of Four Thousand Dollars (\$4,000.00) for those active or retired
22 members who died prior to July 1, 1999. For those active or retired
23 members who die on or after July 1, 1999, the sum shall be Five
24 Thousand Dollars (\$5,000.00).

1 B. Upon the death of a member who dies leaving no living
2 designated recipient or having designated the member's estate as
3 recipient, the System may pay any applicable death benefit which may
4 be subject to probate, in an amount of Five Thousand Dollars
5 (\$5,000.00), to the heir or heirs of the member without the
6 intervention of a probate court or probate procedures.

7 C. Before any applicable probate procedure may be waived, the
8 System must be in receipt of the member's proof of death and the
9 following documents from those persons claiming to be the legal
10 heirs of the deceased member:

11 1. The member's last will and testament if available;

12 2. An affidavit or affidavits of heirship which must contain:

13 a. the names and signatures of all claiming heirs to the
14 deceased member's estate including the claiming heirs'
15 names, relationship to the deceased member, current
16 addresses and current telephone numbers,

17 b. a statement or statements by the claiming heirs that no
18 application or petition for the appointment of a
19 personal representative is pending or has been granted
20 in any jurisdiction,

21 c. a statement that the value of the deceased member's
22 entire probate estate, less liens and encumbrances,
23 does not exceed ~~Ten Thousand Dollars (\$10,000.00)~~ the
24 dollar limit pursuant to Section 393 of Title 58 of the

1 Oklahoma Statutes, including the payment of benefits
2 from the System, and

- 3 d. a statement by each individual claiming heir
4 identifying the amount of personal property that the
5 heir is claiming from the System or the amount the heir
6 agrees to be paid to another person, and that the heir
7 has been notified of, is aware of and consents to the
8 identified claims of all the other claiming heirs of
9 the deceased member pending with the System;

10 3. A written agreement or agreements signed by all claiming
11 heirs of the deceased member which provides that the claiming heirs
12 release, discharge and hold harmless the System from any and all
13 liability, obligations and costs which it may incur as a result of
14 making a payment to any of the deceased member's heirs;

15 4. A corroborating affidavit from an individual other than a
16 claiming heir, who was familiar with the affairs of the deceased
17 member; and

18 5. Proof that funeral and burial expenses of the deceased
19 member have been paid or provided for.

20 D. The System shall retain complete discretion in determining
21 which requests for probate waiver may be granted or denied, for any
22 reason. Should the System have any questions as to the validity of
23 any document presented by the claiming heirs, or as to any statement
24 or assertion contained therein, the probate requirements provided

1 for in Section 1 et seq. of Title 58 of the Oklahoma Statutes shall
2 not be waived.

3 E. After paying any death benefits to any claiming heirs as
4 provided pursuant to this section, the System is discharged and
5 released from any and all liability, obligation and costs to the
6 same extent as if the System had paid a personal representative
7 holding valid letters testamentary issued by a court of competent
8 jurisdiction. The System is not required to inquire into the truth
9 of any matter specified in this section or into the payment of any
10 estate tax liability.

11 F. The provisions of this section shall not be subject to
12 qualified domestic orders as provided in subsection B of Section 49-
13 126 of this title.

14 G. 1. For purposes of this section, if a person makes a
15 qualified disclaimer with respect to the death benefit provided for
16 in subsection A of this section, this section shall apply with
17 respect to such death benefit as if the death benefit had never been
18 transferred to such person.

19 2. For purposes of this subsection, the term "qualified
20 disclaimer" means an irrevocable and unqualified refusal by a
21 person, including but not limited to the surviving spouse of the
22 deceased member, to accept an interest in the death benefit provided
23 for in subsection A of this section, but only if:

24 a. such refusal is in writing,

- 1 b. such writing is received by the System not later than
2 the date which is nine (9) months after the date of
3 death of the deceased member,
4 c. such person has not accepted the death benefit
5 provided for in subsection A of this section, and
6 d. as a result of such refusal, the death benefit
7 provided for in subsection A of this section passes
8 without any direction on the part of the person making
9 the disclaimer and passes first, to the organization
10 providing funeral and burial services for the deceased
11 member or, if the cost of the funeral and burial
12 services for the deceased member has already been
13 paid, to the person or persons other than the person
14 making the disclaimer as further provided for in this
15 section.

16 SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-111.3, is
17 amended to read as follows:

18 Section 50-111.3. A. In lieu of terminating employment and
19 accepting a service retirement pension pursuant to Section 50-114 of
20 this title, any member of the Oklahoma Police Pension and Retirement
21 System who has not less than twenty (20) years of creditable service
22 and who is eligible to receive a service retirement pension may make
23 an irrevocable election to participate in the Oklahoma Police
24

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

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

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

19 D. When a member begins participation in the Oklahoma Police
20 Deferred Option Plan, the contribution of the employee shall cease.
21 The employer contributions shall continue to be paid in accordance
22 with Section 50-109 of this title. Municipal contributions for
23 employees who elect the Oklahoma Police Deferred Option Plan shall
24 be credited equally to the Oklahoma Police Pension and Retirement

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

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

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

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

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

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

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

22 Notwithstanding any other provision contained herein to the
23 contrary, commencement of distributions under the Oklahoma Police
24

1 Deferred Option Plan shall be no later than the time as set forth in
2 subsection C of Section 50-114 of this title.

3 G. If the participant dies during the period of participation
4 in the Oklahoma Police Deferred Option Plan, a lump sum payment
5 equal to the account balance of the participant shall be paid ~~in~~
6 ~~accordance with Section 50-115.2 of this title~~ to the recipients
7 designated in writing by the participant, or if none, to the
8 surviving spouse who was married to the participant for the thirty
9 (30) continuous months immediately preceding the death of the
10 participant, provided a surviving spouse of a participant who died
11 in, and as a consequence of, the performance of the participant's
12 duty for a participating municipality, shall not be subject to the
13 thirty (30) month marriage requirement for survivor benefits, or if
14 no surviving spouse, to the estate of the participant.

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

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

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

1 Deferred Option Plan, but not before the date at which
2 the member completes twenty (20) years of credited
3 service,

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

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

18 d. "deferred benefit balance" means all monthly
19 retirement benefits that would have been payable had
20 the member elected to cease employment on the back
21 drop date and receive a service retirement from the
22 back drop date to the termination date, all of the
23 member's contributions and one-half (1/2) of the
24 employer contributions from the back drop date to the

1 termination date, with interest based on how the
2 benefit would have accumulated as if the member had
3 participated in the Oklahoma Police Deferred Option
4 Plan pursuant to subsections A, B, C, D and E of this
5 section from the back drop date to the termination
6 date;

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

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

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

9 SECTION 4. AMENDATORY 11 O.S. 2011, Section 50-112, is
10 amended to read as follows:

11 Section 50-112. A. All persons employed as full-time duly
12 appointed or elected officers who are paid for working more than
13 twenty-five (25) hours per week or any person hired by a
14 participating municipality who is undergoing police training to
15 become a permanent police officer of the municipality shall
16 participate in the System upon initial employment with a police
17 department of a participating municipality. All such persons shall
18 submit to a physical-medical examination pertaining to sight,
19 hearing, agility and other conditions the requirements of which
20 shall be established by the State Board. The person shall be
21 required to complete this physical-medical examination prior to the
22 beginning of actual employment. This examination shall identify any
23 preexisting conditions. Except as otherwise provided in this
24 section, a police officer shall be not less than twenty-one (21) nor

1 more than forty-five (45) years of age when accepted for membership
2 in the System. However, if a municipality should be found to be in
3 noncompliance with the provisions of Article 50 of this title, as
4 determined by the State Board, then any current full-time active
5 police officer employed by a municipality as of July 1, 2001, shall
6 not be denied eligibility to participate in the Oklahoma Police
7 Pension and Retirement System solely due to age. The State Board
8 shall have authority to deny or revoke membership of any person
9 submitting false information in such person's membership
10 application. The State Board shall have final authority in
11 determining eligibility for membership in the System, pursuant to
12 the provisions of this article.

13 B. The police chief of any participating municipality may be
14 exempt from membership in the System or may become a member provided
15 the member is not a retired member and the requirements of this
16 section are met at the time of employment.

17 C. A member of the System who has attained his or her normal
18 retirement date may, if the member so elects, agree to terminate
19 employment and retire as a member of the System and make an election
20 to receive distributions from the System. If a retired member is
21 reemployed by a participating municipality in the position of police
22 chief or in a position which is not covered by the System,
23 retirement shall include receipt by such retired member of in-
24 service distributions from the System.

1 D. A former member of the System who terminates from covered
2 employment and who has neither retired from the System nor entered
3 the Oklahoma Police Deferred Option Plan and is later employed in a
4 covered position with a participating municipality shall not be
5 denied eligibility to become a member of the System because he or
6 she is forty-five (45) years of age or older. If such member has
7 withdrawn his or her contributions prior to re-entering the System
8 and the member desires to receive credit for such prior service,
9 then the member shall pay back such contributions and interest
10 pursuant to Section 50-111.1 of this title.

11 E. Notwithstanding any other provision of law to the contrary,
12 a municipality that employs two (2) or fewer full-time police
13 officers may employ a police officer who is more than forty-five
14 (45) years of age and who has never participated in the Oklahoma
15 Police Pension and Retirement System, but such police officer shall
16 not be eligible to participate in the System. Such police officer
17 shall be counted in the limitation imposed by this subsection.
18 Notwithstanding any other provisions of law, the State Board shall
19 be granted access to information concerning a list of actively
20 working police officers within the municipalities and agencies under
21 the purview provided by the Council on Law Enforcement Education and
22 Training.

23 SECTION 5. AMENDATORY 11 O.S. 2011, Section 50-114, is
24 amended to read as follows:

1 Section 50-114. A. The State Board is hereby authorized to pay
2 out of funds in the System a monthly service pension to any member
3 eligible as hereinafter provided, not exceeding in any event the
4 amount of money in such funds and not exceeding in any event the
5 accrued retirement benefit for such member, except as provided for
6 herein. In order for a member to be eligible for such service
7 pension the following requirements must be complied with:

8 1. The member's service with the police department for any
9 participating municipality must have ceased; however, a member may
10 be subsequently reemployed in the position of police chief pursuant
11 to subsection C of Section 50-112 of this title;

12 2. The member must have reached the member's normal retirement
13 date; and

14 3. The member must have complied with any agreement as to
15 contributions by the member and other members to any funds of the
16 System where said agreement has been made as provided by this
17 article; provided, that should a retired member receive disability
18 benefits as provided in this and other sections of this article, the
19 time the retired member is receiving said disability benefits shall
20 count as time on active service if the retired member should be
21 recalled by the Chief of Police from said disability retirement. It
22 shall be necessary before said time shall be counted toward
23 retirement that the retired member make the same contribution as the
24

1 member would have otherwise made if on active service for the time
2 the retired member was disabled.

3 B. Any member complying with all requirements of this article,
4 who reaches normal retirement date, upon application, shall be
5 retired at the accrued retirement benefit. When a member has served
6 for the necessary number of years and is otherwise eligible, as
7 provided in this article, if such member is discharged without cause
8 by the participating municipality, the member shall be eligible for
9 a pension.

10 C. Effective July 1, 1989, in no event shall commencement of
11 distribution of the accrued retirement benefit of a member be
12 delayed beyond April 1 of the calendar year following the later of:

13 1. The calendar year in which the member reaches seventy and
14 one-half (70 1/2) years of age; or

15 2. The actual retirement date of the member.

16 For distributions made for calendar years beginning on or after
17 January 1, 2001 through December 31, 2004, the System shall apply
18 the minimum distribution requirements and incidental benefit
19 requirements of Section 401(a)(9) of the Internal Revenue Code of
20 1986, as amended, in accordance with the regulations under Section
21 401(a)(9) of the Internal Revenue Code of 1986, as amended, which
22 were proposed on January 17, 2001, notwithstanding any provision of
23 the System to the contrary. For distributions made for calendar
24 years beginning on or after January 1, 2005, the System shall apply

1 the minimum distribution incidental benefit requirements, incidental
2 benefit requirements, and minimum distribution requirements of
3 Section 401(a)(9) of the Internal Revenue Code of 1986, as amended,
4 in accordance with the final regulations under Section 401(a)(9) of
5 the Internal Revenue Code of 1986, as amended, which were issued in
6 April 2002 and June 2004, notwithstanding any provision of the
7 System to the contrary. Effective January 1, 2009, with respect to
8 the Oklahoma Police Deferred Option Plan, to the extent applicable,
9 no minimum distribution is required for 2009 in accordance with
10 Section 401(a)(9)(H) of the Internal Revenue Code of 1986, as
11 amended.

12 Effective September 8, 2009, notwithstanding anything to the
13 contrary of the System, the System, which is a governmental plan
14 (within the meaning of Section 414(d) of the Internal Revenue Code
15 of 1986, as amended) is treated as having complied with Section
16 401(a)(9) of the Internal Revenue Code of 1986, as amended, for all
17 years to which Section 401(a)(9) of the Internal Revenue Code of
18 1986, as amended, applies to the System if the System complies with
19 a reasonable and good faith interpretation of Section 401(a)(9) of
20 the Internal Revenue Code of 1986, as amended.

21 D. In the event of the death of any member who has been awarded
22 a retirement benefit or is eligible therefor as provided in this
23 section, such member's beneficiaries shall be paid such retirement
24 benefit. The remaining portion of the member's retirement benefit

1 shall be distributed to the beneficiaries at least as rapidly as
2 under the method of distribution to the member. Effective March 1,
3 1997, if a member to whom a retirement benefit has been awarded or
4 who is eligible therefor dies prior to the date as of which the
5 total amount of retirement benefit paid equals the total amount of
6 the employee contributions paid by or on behalf of the member and
7 the member does not have a surviving beneficiary, the total benefits
8 paid as of the date of the member's death shall be subtracted from
9 the accumulated employee contribution amount and the balance, if
10 greater than zero (0), shall be paid to the member's estate.

11 E. The State Board may review and affirm a member's request for
12 retirement benefits prior to the member's normal retirement date
13 provided that no retirement benefits are paid prior to the normal
14 retirement date.

15 F. A member retired under the provisions of this article may
16 apply to the State Board to have the member's retirement benefits
17 set aside and may make application for disability benefits. Upon
18 approval of the disability benefits, the member would become subject
19 to all provisions of this article pertaining to disability
20 retirement.

21 G. Upon the death of a retired member or a beneficiary, the
22 benefit payment for the month in which the retired member or
23 beneficiary died, if not previously paid, shall be made to the
24 beneficiary of the member, which shall include a successor in

1 interest for whom an affidavit is provided to the System, in
2 accordance with Section 393 of Title 58 of the Oklahoma Statutes or
3 to the member's or beneficiary's estate if there is no beneficiary.
4 Such benefit payment shall be made in an amount equal to a full
5 monthly benefit payment regardless of the day of the month in which
6 the retired member or beneficiary died.

7 H. If the requirements of Section 50-114.4 of this title are
8 satisfied, a member who, by reason of attainment of normal
9 retirement date or age, is separated from service as a public safety
10 officer with the member's participating municipality, may elect to
11 have payment made directly to the provider for qualified health
12 insurance premiums by deduction from his or her monthly pension
13 payment, after December 31, 2006, in accordance with Section 402(1)
14 of the Internal Revenue Code of 1986, as amended.

15 SECTION 6. This act shall become effective July 1, 2019.

16 SECTION 7. It being immediately necessary for the preservation
17 of the public peace, health or safety, an emergency is hereby
18 declared to exist, by reason whereof this act shall take effect and
19 be in full force from and after its passage and approval."
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Passed the Senate the 17th day of April, 2019.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2019.

Presiding Officer of the House
of Representatives

1 ENGROSSED HOUSE
2 BILL NO. 2269

By: West (Josh) of the House

3 and

4 Rosino of the Senate
5
6

7 An Act relating to public retirement systems;
8 amending 11 O.S. 2011, Sections 49-106.2, as last
9 amended by Section 4, Chapter 281, O.S.L. 2014 and
10 49-113.2, as amended by Section 5, Chapter 281,
11 O.S.L. 2014 (11 O.S. Supp. 2018, Sections 49-106.2
12 and 49-113.2), which relate to the Oklahoma
13 Firefighters Pension and Retirement System; modifying
14 provisions related to computation of certain annuity
15 values; providing for payment of benefits pursuant to
16 statutory provisions; modifying provisions related to
17 probate waiver for payment of death benefits;
18 providing an effective date; and declaring an
19 emergency.
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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 8. AMENDATORY 11 O.S. 2011, Section 49-106.2, as
last amended by Section 4, Chapter 281, O.S.L. 2014 (11 O.S. Supp.
2018, Section 49-106.2), is amended to read as follows:

Section 49-106.2 A. For limitation years prior to July 1,
2007, the limitations of Section 415 of the Internal Revenue Code of
1986, as amended, shall be computed in accordance with the
applicable provisions of the System in effect at that time and, to
the extent applicable, Revenue Ruling 98-1 and Revenue Ruling 2001-

51, except as provided below. Notwithstanding any other provision contained herein to the contrary, the benefits payable to a member from the System provided by employer contributions (including contributions picked up by the employer under Section 414(h) of the Internal Revenue Code of 1986, as amended) shall be subject to the limitations of Section 415 of the Internal Revenue Code of 1986, as amended, in accordance with the provisions of this section. The limitations of this section shall apply in limitation years beginning on or after July 1, 2007, except as otherwise provided below.

B. Except as provided below, effective for limitation years ending after December 31, 2001, any accrued retirement benefit payable to a member as an annual benefit as described below shall not exceed One Hundred Sixty Thousand Dollars (\$160,000.00), automatically adjusted under Section 415(d) of the Internal Revenue Code of 1986, as amended, for increases in the cost of living, as prescribed by the Secretary of the Treasury or his or her delegate, effective January 1 of each calendar year and applicable to the limitation year ending with or within such calendar year. The automatic annual adjustment of the dollar limitation in this subsection under Section 415(d) of the Internal Revenue Code of 1986, as amended, shall apply to a member who has had a severance from employment.

1 1. The member's annual benefit is a benefit that is payable
2 annually in the form of a straight life annuity. Except as provided
3 below, where a benefit is payable in a form other than a straight
4 life annuity, the benefit shall be adjusted to an actuarially
5 equivalent straight life annuity that begins at the same time as
6 such other form of benefit and is payable on the first day of each
7 month, before applying the limitations of this section. For a
8 member who has or will have distributions commencing at more than
9 one annuity starting date, the annual benefit shall be determined as
10 of each such annuity starting date (and shall satisfy the
11 limitations of this section as of each such date), actuarially
12 adjusting for past and future distributions of benefits commencing
13 at the other annuity starting dates. For this purpose, the
14 determination of whether a new starting date has occurred shall be
15 made without regard to Section 1.401(a)-20, Q&A 10(d), and with
16 regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax
17 Regulations.

18 2. No actuarial adjustment to the benefit shall be made for:

- 19 a. survivor benefits payable to a surviving spouse under
20 a qualified joint and survivor annuity to the extent
21 such benefits would not be payable if the member's
22 benefit were paid in another form,
23 b. benefits that are not directly related to retirement
24 benefits such as a qualified disability benefit,

1 preretirement incidental death benefits, and
2 postretirement medical benefits, or
3 c. the inclusion in the form of benefit of an automatic
4 benefit increase feature, provided, the form of
5 benefit is not subject to Section 417(e)(3) of the
6 Internal Revenue Code of 1986, as amended, and would
7 otherwise satisfy the limitations of this section, and
8 the System provides that the amount payable under the
9 form of benefit in any limitation year shall not
10 exceed the limits of this section applicable at the
11 annuity starting date, as increased in subsequent
12 years pursuant to Section 415(d) of the Internal
13 Revenue Code of 1986, as amended. For this purpose,
14 an automatic benefit increase feature is included in a
15 form of benefit if the form of benefit provides for
16 automatic, periodic increases to the benefits paid in
17 that form.

18 3. The determination of the annual benefit shall take into
19 account Social Security supplements described in Section 411(a)(9)
20 of the Internal Revenue Code of 1986, as amended, and benefits
21 transferred from another defined benefit plan, other than transfers
22 of distributable benefits pursuant to Section 1.411(d)-4, Q&A-3(c),
23 of the Income Tax Regulations, but shall disregard benefits
24 attributable to employee contributions or rollover contributions.

1 4. Effective for distributions in plan years beginning after
2 December 31, 2003, the determination of actuarial equivalence of
3 forms of benefit other than a straight life annuity shall be made in
4 accordance with paragraph 5 or paragraph 6 of this subsection.

5 5. Benefit Forms Not Subject to Section 417(e)(3) of the
6 Internal Revenue Code of 1986, as amended: The straight life
7 annuity that is actuarially equivalent to the member's form of
8 benefit shall be determined under this paragraph if the form of the
9 member's benefit is either:

10 a. a nondecreasing annuity (other than a straight life
11 annuity) payable for a period of not less than the
12 life of the member (or, in the case of a qualified
13 preretirement survivor annuity, the life of the
14 surviving spouse), or

15 b. an annuity that decreases during the life of the
16 member merely because of:

17 (1) the death of the survivor annuitant, but only if
18 the reduction is not below fifty percent (50%) of
19 the benefit payable before the death of the
20 survivor annuitant, or

21 (2) the cessation or reduction of Social Security
22 supplements or qualified disability payments as
23 defined in Section 411(a)(9) of the Internal
24 Revenue Code of 1986, as amended.

1 c. Limitation Years Beginning Before July 1, 2007. For
2 limitation years beginning before July 1, 2007, the
3 actuarially equivalent straight life annuity is equal
4 to the annual amount of the straight life annuity
5 commencing at the same annuity starting date that has
6 the same actuarial present value as the member's form
7 of benefit computed using whichever of the following
8 produces the greater annual amount:

- 9 (1) the interest rate and the mortality table or
10 other tabular factor, each as set forth in
11 subsection H of Section 49-100.9 of this title
12 for adjusting benefits in the same form, and
13 (2) a five percent (5%) interest rate assumption and
14 the applicable mortality table described in
15 Revenue Ruling 2001-62 (or its successor for
16 these purposes, if applicable) for that annuity
17 starting date.

18 d. Limitation Year Beginning On January 1, 2008. For the
19 limitation year beginning on January 1, 2008, the
20 actuarially equivalent straight life annuity is equal
21 to the greater of:

- 22 (1) the annual amount of the straight life annuity,
23 if any, payable to the member under the System
24

commencing at the same annuity starting date as the member's form of benefit, and

- (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using a five percent (5%) interest rate assumption and the applicable mortality table described in Revenue Ruling 2001-62 (or its successor for these purposes, if applicable) for that annuity starting date.

e. Limitation Years Beginning On or After July 1, 2008.

For limitation years beginning on or after July 1, 2008, the actuarially equivalent straight life annuity is equal to the greater of:

- (1) the annual amount of the straight life annuity, if any, payable to the member under the System commencing at the same annuity starting date as the member's form of benefit, and
- (2) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the member's form of benefit, computed using a five percent (5%) interest rate assumption and the

1 applicable mortality table within the meaning of
2 Section 417(e)(3)(B) of the Internal Revenue Code
3 of 1986, as amended, as described in Revenue
4 Ruling 2007-67 (and subsequent guidance) for that
5 annuity starting date.

6 6. Benefit Forms Subject to Section 417 (e)(3) of the Internal
7 Revenue Code of 1986, as amended: The straight life annuity that is
8 actuarially equivalent to the member's form of benefit shall be
9 determined under this paragraph if the form of the member's benefit
10 is other than a benefit form described in paragraph 5 of this
11 subsection. In this case, the actuarially equivalent straight life
12 annuity shall be determined as follows:

13 a. Annuity Starting Date on or after January 1, 2009. If
14 the annuity starting date of the member's form of
15 benefit is in the period beginning on January 1, 2009
16 through June 30, 2009, or in a plan year beginning
17 after June 30, 2009, the actuarially equivalent
18 straight life annuity is equal to the greatest of
19 divisions (1), (2) and (3) of this subparagraph:

20 (1) the annual amount of the straight life annuity
21 commencing at the same annuity starting date that
22 has the same actuarial present value as the
23 member's form of benefit, computed using the
24 interest rate and the mortality table or other

1 tabular factor as set forth in the most recent
2 actuarial valuation referenced in subsection H of
3 Section 49-100.9 of this title prior to September
4 1, 2011, and effective September 1, 2011, in
5 subsection L of this section for adjusting
6 benefits in the same form,

7 (2) the annual amount of the straight life annuity
8 commencing at the same annuity starting date that
9 has the same actuarial present value as the
10 member's form of benefit, computed using a five
11 and one-half percent (5.5%) interest rate
12 assumption and the applicable mortality table
13 within the meaning of Section 417(e)(3)(B) of the
14 Internal Revenue Code of 1986, as amended, as
15 described in Revenue Ruling 2007-67 (and
16 subsequent guidance), and

17 (3) the annual amount of the straight life annuity
18 commencing at the same annuity starting date that
19 has the same actuarial present value as the
20 member's form of benefit, ~~computing~~ computed
21 using:

22 (a) i. in a plan year beginning after June 30,
23 2019, the applicable interest rate
24 under Section 417(e)(3) of the Internal

1 Revenue Code of 1986, as amended (and
2 subsequent guidance), for the fourth
3 calendar month preceding the plan year
4 in which falls the annuity starting
5 date for the distribution and the
6 stability period is the successive
7 period of one (1) plan year which
8 contains the annuity starting date for
9 the distribution and for which the
10 applicable interest rate remains
11 constant, and

12 ii. in a plan year beginning before July 1,
13 2019, the adjusted first, second, and
14 third segment rates under Section
15 417(e) (3) (C) and (D) of the Internal
16 Revenue Code of 1986, as amended,
17 applied under rules similar to the
18 rules of Section 430(h) (2) (C) of the
19 Internal Revenue Code of 1986, as
20 amended, for the fourth calendar month
21 preceding the plan year in which falls
22 the annuity starting date for the
23 distribution and the stability period
24 is the successive period of one plan

1 year which contains the annuity
2 starting date for the distribution and
3 for which the applicable interest rate
4 remains constant, or as otherwise
5 provided in the applicable guidance if
6 the first day of the first plan year
7 beginning after December 31, 2007, does
8 not coincide with the first day of the
9 applicable stability period, and

10 (b) the applicable mortality table within the
11 meaning of Section 417(e)(3)(B) of the
12 Internal Revenue Code of 1986, as amended,
13 as described in Rev. Rul. 2007-67 (and
14 subsequent guidance),

15 divided by one and five one-hundredths (1.05).

16 b. Annuity Starting Date in the Period Beginning on July
17 1, 2008 through December 31, 2008. If the annuity
18 starting date of the member's form of benefit is in
19 the period beginning on July 1, 2008 through December
20 31, 2008, the actuarially equivalent straight life
21 annuity is equal to the greatest of divisions (1), (2)
22 and (3) of this subparagraph:

23 (1) the annual amount of the straight life annuity
24 commencing at the same annuity starting date that

1 has the same actuarial present value as the
2 member's form of benefit, computed using the
3 interest rate and the mortality table or other
4 tabular factor each as set forth in subsection H
5 of Section 49-100.9 of this title for adjusting
6 benefits in the same form,

7 (2) the annual amount of the straight life annuity
8 commencing at the same annuity starting date that
9 has the same actuarial present value as the
10 member's form of benefit, computed using a five
11 and one-half percent (5.5%) interest rate
12 assumption and the applicable mortality table
13 described in Revenue Ruling 2001-62 (or its
14 successor for these purposes, if applicable), and

15 (3) the annual amount of the straight life annuity
16 commencing at the same annuity starting date that
17 has the same actuarial present value as the
18 member's form of benefit, computed using:

19 (a) the adjusted first, second, and third
20 segment rates under Section 417(e) (3) (C) and
21 (D) of the Internal Revenue Code of 1986, as
22 amended, applied under rules similar to the
23 rules of Section 430(h) (2) (C) of the
24 Internal Revenue Code of 1986, as amended,

1 for the fourth calendar month preceding the
2 plan year in which falls the annuity
3 starting date for the distribution and the
4 stability period is the successive period of
5 one (1) plan year which contains the annuity
6 starting date for the distribution and for
7 which the applicable interest rate remains
8 constant, or as otherwise provided in the
9 applicable guidance if the first day of the
10 first plan year beginning after December 31,
11 2007, does not coincide with the first day
12 of the applicable stability period, and

13 (b) the applicable mortality table described in
14 Revenue Ruling 2001-62 (or its successor for
15 these purposes, if applicable),

16 divided by one and five one-hundredths (1.05).

17 c. Annuity Starting Date in Plan Years Beginning in 2006
18 or 2007. If the annuity starting date of the member's
19 form of benefit is in a plan year beginning in 2006 or
20 2007, the actuarially equivalent straight life annuity
21 is equal to the greatest of divisions (1), (2) and (3)
22 of this subparagraph:

23 (1) the annual amount of the straight life annuity
24 commencing at the same annuity starting date that

1 has the same actuarial present value as the
2 member's form of benefit, computed using the
3 interest rate and the mortality table (or other
4 tabular factor) each as set forth in subsection H
5 of Section 49-100.9 of this title for adjusting
6 benefits in the same form,

7 (2) the annual amount of the straight life annuity
8 commencing at the same annuity starting date that
9 has the same actuarial present value as the
10 member's form of benefit, computed using a five
11 and one-half percent (5.5%) interest rate
12 assumption and the applicable mortality table
13 described in Revenue Ruling 2001-62 (or its
14 successor for these purposes, if applicable), and

15 (3) the annual amount of the straight life annuity
16 commencing at the same annuity starting date that
17 has the same actuarial present value as the
18 member's form of benefit, computed using:

19 (a) the rate of interest on thirty-year Treasury
20 securities as specified by the Commissioner
21 for the lookback month for the stability
22 period specified below. The lookback month
23 applicable to the stability period is the
24 fourth calendar month preceding the first

1 day of the stability period, as specified
2 below. The stability period is the
3 successive period of one (1) plan year which
4 contains the annuity starting date for the
5 distribution and for which the applicable
6 interest rate remains constant, and

7 (b) the applicable mortality table described in
8 Revenue Ruling 2001-62 (or its successor for
9 these purposes, if applicable),

10 divided by one and five one-hundredths (1.05).

11 d. Annuity Starting Date in Plan Years Beginning in 2004
12 or 2005.

13 (1) If the annuity starting date of the member's form
14 of benefit is in a plan year beginning in 2004 or
15 2005, the actuarially equivalent straight life
16 annuity is equal to the annual amount of the
17 straight life annuity commencing at the same
18 annuity starting date that has the same actuarial
19 present value as the member's form of benefit,
20 computed using whichever of the following
21 produces the greater annual amount:

22 (a) the interest rate and the mortality table or
23 other tabular factor, each as set forth in
24 subsection H of Section 49-100.9 of this

1 title for adjusting benefits in the same
2 form, and

3 (b) a five and one-half percent (5.5%) interest
4 rate assumption and the applicable mortality
5 table described in Revenue Ruling 2001-62
6 (or its successor for these purposes, if
7 applicable).

8 (2) If the annuity starting date of the member's
9 benefit is on or after the first day of the first
10 plan year beginning in 2004 and before December
11 31, 2004, the application of this subparagraph
12 shall not cause the amount payable under the
13 member's form of benefit to be less than the
14 benefit calculated under the System, taking into
15 account the limitations of this section, except
16 that the actuarially equivalent straight life
17 annuity is equal to the annual amount of the
18 straight life annuity commencing at the same
19 annuity starting date that has the same actuarial
20 present value as the member's form of benefit,
21 computed using whichever of the following
22 produces the greatest annual amount:

23 (a) the interest rate and mortality table or
24 other tabular factor, each as set forth in

1 subsection H of Section 49-100.9 of this
2 title for adjusting benefits in the same
3 form,

4 (b) i. the rate of interest on thirty-year
5 Treasury securities as specified by the
6 Commissioner for the lookback month for
7 the stability period specified below.
8 The lookback month applicable to the
9 stability period is the fourth calendar
10 month preceding the first day of the
11 stability period, as specified below.
12 The stability period is the successive
13 period of one (1) plan year which
14 contains the annuity starting date for
15 the distribution and for which the
16 applicable interest rate remains
17 constant, and

18 ii. the applicable mortality table
19 described in Revenue Ruling 2001-62 (or
20 its successor for these purposes, if
21 applicable), and

22 (c) i. the rate of interest on thirty-year
23 Treasury securities as specified by the
24 Commissioner for the lookback month for

1 the stability period specified below.

2 The lookback month applicable to the
3 stability period is the fourth calendar
4 month preceding the first day of the
5 stability period, as specified below.

6 The stability period is the successive
7 period of one plan year which contains
8 the annuity starting date for the
9 distribution and for which the
10 applicable interest rate remains
11 constant (as in effect on the last day
12 of the last plan year beginning before
13 January 1, 2004, under provisions of
14 the System then adopted and in effect),
15 and

- 16 ii. the applicable mortality table
17 described in Revenue Ruling 2001-62 (or
18 its successor for these purposes, if
19 applicable).

20 C. If a member has less than ten (10) years of participation in
21 the System and all predecessor municipal firefighter pension and
22 retirement systems, the dollar limitation otherwise applicable under
23 subsection B of this section shall be multiplied by a fraction, the
24 numerator of which is the number of the years of participation, or

1 part thereof, in the System of the member, but never less than one
2 (1), and the denominator of which is ten (10).

3 D. Adjustment of Dollar Limitation for Benefit Commencement

4 Before Sixty-two (62) Years of Age or After Sixty-five (65) Years of
5 Age: Effective for benefits commencing in limitation years ending
6 after December 31, 2001, the dollar limitation under subsection B of
7 this section shall be adjusted if the annuity starting date of the
8 member's benefit is before sixty-two (62) years of age or after
9 sixty-five (65) years of age. If the annuity starting date is
10 before sixty-two (62) years of age, the dollar limitation under
11 subsection B of this section shall be adjusted under paragraph 1 of
12 this subsection, as modified by paragraph 3 of this subsection, but
13 subject to paragraph 4 of this subsection. If the annuity starting
14 date is after sixty-five (65) years of age, the dollar limitation
15 under subsection B of this section shall be adjusted under paragraph
16 2 of this subsection, as modified by paragraph 3 of this subsection.

17 1. Adjustment of Defined Benefit Dollar Limitation for Benefit
18 Commencement Before Sixty-two (62) Years of Age:

19 a. Limitation Years Beginning Before July 1, 2007. If
20 the annuity starting date for the member's benefit is
21 prior to sixty-two (62) years of age and occurs in a
22 limitation year beginning before July 1, 2007, the
23 dollar limitation for the member's annuity starting
24 date is the annual amount of a benefit payable in the

1 form of a straight life annuity commencing at the
2 member's annuity starting date that is the actuarial
3 equivalent of the dollar limitation under subsection B
4 of this section (adjusted under subsection C of this
5 section for years of participation less than ten (10),
6 if required) with actuarial equivalence computed using
7 whichever of the following produces the smaller annual
8 amount:

- 9 (1) the interest rate and the mortality table or
10 other tabular factor, each as set forth in
11 subsection H of Section 49-100.9 of this title,
12 or
13 (2) a five percent (5%) interest rate assumption and
14 the applicable mortality table as described in
15 Revenue Ruling 2001-62 (or its successor for
16 these purposes, if applicable).

17 b. Limitation Years Beginning On or After July 1, 2007.

- 18 (1) System Does Not Have Immediately Commencing
19 Straight Life Annuity Payable at Both Sixty-two
20 (62) Years of Age and the Age of Benefit
21 Commencement.

- 22 (a) If the annuity starting date for the
23 member's benefit is prior to sixty-two (62)
24 years of age and occurs in the limitation

1 year beginning on January 1, 2008, and the
2 System does not have an immediately
3 commencing straight life annuity payable at
4 both sixty-two (62) years of age and the age
5 of benefit commencement, the dollar
6 limitation for the member's annuity starting
7 date is the annual amount of a benefit
8 payable in the form of a straight life
9 annuity commencing at the member's annuity
10 starting date that is the actuarial
11 equivalent of the dollar limitation under
12 subsection B of this section (adjusted under
13 subsection C of this section for years of
14 participation less than ten (10), if
15 required) with actuarial equivalence
16 computed using a five percent (5%) interest
17 rate assumption and the applicable mortality
18 table for the annuity starting date as
19 described in Revenue Ruling 2001-62 (or its
20 successor for these purposes, if applicable)
21 (and expressing the member's age based on
22 completed calendar months as of the annuity
23 starting date).

(b) If the annuity starting date for the member's benefit is prior to sixty-two (62) years of age and occurs in a limitation year beginning on or after January 1, 2009, and the System does not have an immediately commencing straight life annuity payable at both sixty-two (62) years of age and the age of benefit commencement, the dollar limitation for the member's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the member's annuity starting date that is the actuarial equivalent of the dollar limitation under subsection B of this section (adjusted under subsection C of this section for years of participation less than ten (10), if required) with actuarial equivalence computed using a five percent (5%) interest rate assumption and the applicable mortality table within the meaning of Section 417(e) (3) (B) of the Internal Revenue Code of 1986, as amended, as described in Revenue Ruling 2007-67 (and subsequent guidance)

(and expressing the member's age based on completed calendar months as of the annuity starting date).

- (2) System Has Immediately Commencing Straight Life Annuity Payable at Both Sixty-two (62) Years of Age and the Age of Benefit Commencement. If the annuity starting date for the member's benefit is prior to sixty-two (62) years of age and occurs in a limitation year beginning on or after July 1, 2007, and the System has an immediately commencing straight life annuity payable at both sixty-two (62) years of age and the age of benefit commencement, the dollar limitation for the member's annuity starting date is the lesser of the limitation determined under division (1) of this subparagraph and the dollar limitation under subsection B of this section (adjusted under subsection C of this section for years of participation less than ten (10), if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the System at the member's annuity starting date to the annual amount of the immediately commencing straight life annuity under the System

1 at sixty-two (62) years of age, both determined
2 without applying the limitations of this section.

3 (3) Effective for limitation years commencing on or
4 after January 1, 2014, notwithstanding any other
5 provision of paragraph 1 of this subsection, the
6 age-adjusted dollar limit applicable to a member
7 shall not decrease on account of an increase in
8 age or the performance of additional services.

9 2. Adjustment of Defined Benefit Dollar Limitation for Benefit
10 Commencement After Sixty-five (65) Years of Age:

11 a. Limitation Years Beginning Before July 1, 2007. If
12 the annuity starting date for the member's benefit is
13 after sixty-five (65) years of age and occurs in a
14 limitation year beginning before July 1, 2007, the
15 dollar limitation for the member's annuity starting
16 date is the annual amount of a benefit payable in the
17 form of a straight life annuity commencing at the
18 member's annuity starting date that is the actuarial
19 equivalent of the dollar limitation under subsection B
20 of this section (adjusted under subsection C of this
21 section for years of participation less than ten (10),
22 if required) with actuarial equivalence computed using
23 whichever of the following produces the smaller annual
24 amount:

(1) the interest rate and the mortality table or other tabular factor, each as set forth in subsection H of Section 49-100.9 of this title, or

(2) a five percent (5%) interest rate assumption and the applicable mortality table as described in Revenue Ruling 2001-62 (or its successor for these purposes, if applicable).

b. Limitation Years Beginning On or After July 1, 2007.

(1) System Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Sixty-five (65) Years of Age and the Age of Benefit Commencement.

(a) If the annuity starting date for the member's benefit is after sixty-five (65) years of age and occurs in the limitation year beginning on January 1, 2008, and the System does not have an immediately commencing straight life annuity payable at both sixty-five (65) years of age and the age of benefit commencement, the dollar limitation at the member's annuity starting date is the annual amount of a benefit payable in the form of a straight life

1 annuity commencing at the member's annuity
2 starting date that is the actuarial
3 equivalent of the dollar limitation under
4 subsection B of this section (adjusted under
5 subsection C of this section for years of
6 participation less than ten (10), if
7 required) with actuarial equivalence
8 computed using a five percent (5%) interest
9 rate assumption and the applicable mortality
10 table for the annuity starting date as
11 described in Revenue Ruling 2001-62 (or its
12 successor for these purposes, if applicable)
13 (and expressing the member's age based on
14 completed calendar months as of the annuity
15 starting date).

16 (b) If the annuity starting date for the
17 member's benefit is after sixty-five (65)
18 years of age and occurs in a limitation year
19 beginning on or after January 1, 2009, and
20 the System does not have an immediately
21 commencing straight life annuity payable at
22 both sixty-five (65) years of age and the
23 age of benefit commencement, the dollar
24 limitation at the member's annuity starting

1 date is the annual amount of a benefit
2 payable in the form of a straight life
3 annuity commencing at the member's annuity
4 starting date that is the actuarial
5 equivalent of the dollar limitation under
6 subsection B of this section (adjusted under
7 subsection C of this section for years of
8 participation less than ten (10), if
9 required) with actuarial equivalence
10 computed using a five percent (5%) interest
11 rate assumption and the applicable mortality
12 table within the meaning of Section
13 417(e) (3) (B) of the Internal Revenue Code of
14 1986, as amended, as described in Revenue
15 Ruling 2007-67 (and subsequent guidance)
16 (and expressing the member's age based on
17 completed calendar months as of the annuity
18 starting date).

- 19 (2) System Has Immediately Commencing Straight Life
20 Annuity Payable at Both Sixty-five (65) Years of
21 Age and Age of Benefit Commencement. If the
22 annuity starting date for the member's benefit is
23 after sixty-five (65) years of age and occurs in
24 a limitation year beginning on or after July 1,

2007, and the System has an immediately commencing straight life annuity payable at both sixty-five (65) years of age and the age of benefit commencement, the dollar limitation at the member's annuity starting date is the lesser of the limitation determined under division (1) of this subparagraph and the dollar limitation under subsection B of this section (adjusted under subsection C of this section for years of participation less than ten (10), if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the System at the member's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the System at sixty-five (65) years of age, both determined without applying the limitations of this section. For this purpose, the adjusted immediately commencing straight life annuity under the System at the member's annuity starting date is the annual amount of such annuity payable to the member, computed disregarding the member's accruals after sixty-five (65) years of age but including actuarial

1 adjustments even if those actuarial adjustments
2 are used to offset accruals; and the adjusted
3 immediately commencing straight life annuity
4 under the System at sixty-five (65) years of age
5 is the annual amount of such annuity that would
6 be payable under the System to a hypothetical
7 member who is sixty-five (65) years of age and
8 has the same accrued benefit as the member.

9 3. Notwithstanding the other requirements of this subsection,
10 in adjusting the dollar limitation for the member's annuity starting
11 date under subparagraph a of paragraph 1 of this subsection,
12 division (1) of subparagraph b of paragraph 1 of this subsection,
13 subparagraph a of paragraph 2 of this subsection, or division (1) of
14 subparagraph b of paragraph 2 of this subsection, no adjustment
15 shall be made to reflect the probability of a member's death between
16 the annuity starting date and sixty-two (62) years of age, or
17 between sixty-five (65) years of age and the annuity starting date,
18 as applicable, if benefits are not forfeited upon the death of the
19 member prior to the annuity starting date. To the extent benefits
20 are forfeited upon death before the annuity starting date, such an
21 adjustment shall be made. For this purpose, no forfeiture shall be
22 treated as occurring upon the member's death if the System does not
23 charge members for providing a qualified preretirement survivor
24

1 annuity, as defined in Section 417(c) of the Internal Revenue Code
2 of 1986, as amended, upon the member's death.

3 4. Notwithstanding any other provision to the contrary, for
4 limitation years beginning on or after January 1, 1997, if payment
5 begins before the member reaches sixty-two (62) years of age, the
6 reductions in the limitations in this subsection shall not apply to
7 a member who is a "qualified participant" as defined in Section
8 415(b) (2) (H) of the Internal Revenue Code of 1986, as amended.

9 E. Minimum Benefit Permitted: Notwithstanding anything else in
10 this section to the contrary, the benefit otherwise accrued or
11 payable to a member under this System shall be deemed not to exceed
12 the maximum permissible benefit if:

13 1. The retirement benefits payable for a limitation year under
14 any form of benefit with respect to such member under this System
15 and under all other defined benefit plans (without regard to whether
16 a plan has been terminated) ever maintained by a participating
17 municipality do not exceed Ten Thousand Dollars (\$10,000.00)
18 multiplied by a fraction:

- 19 a. the numerator of which is the member's number of
20 credited years (or part thereof, but not less than one
21 (1) year) of service (not to exceed ten (10) years)
22 with the participating municipality, and
23 b. the denominator of which is ten (10); and
24

1 2. The participating municipality (or a predecessor employer)
2 has not at any time maintained a defined contribution plan in which
3 the member participated (for this purpose, mandatory employee
4 contributions under a defined benefit plan, individual medical
5 accounts under Section 401(h) of the Internal Revenue Code of 1986,
6 as amended, and accounts for postretirement medical benefits
7 established under Section 419A(d) (1) of the Internal Revenue Code of
8 1986, as amended, are not considered a separate defined contribution
9 plan).

10 F. In no event shall the maximum annual accrued retirement
11 benefit of a member allowable under this section be less than the
12 annual amount of such accrued retirement benefit, including early
13 pension and qualified joint and survivor annuity amounts, duly
14 accrued by the member as of the last day of the limitation year
15 beginning in 1982, or as of the last day of the limitation year
16 beginning in 1986, whichever is greater, disregarding any plan
17 changes or cost-of-living adjustments occurring after July 1, 1982,
18 as to the 1982 accrued amount, and May 5, 1986, as to the 1986
19 accrued amount.

20 G. For limitation years beginning on or after January 1, 1995,
21 subsection C of this section, paragraph 1 of subsection D of this
22 section, and the proration provided under subparagraphs a and b of
23 paragraph 1 of subsection E of this section, shall not apply to a
24 benefit paid under the System as a result of the member becoming

1 disabled by reason of personal injuries or sickness, or amounts
2 received by the beneficiaries, survivors or estate of the member as
3 a result of the death of the member.

4 H. If a member purchases service credit under the System, which
5 qualifies as "permissive service credit" pursuant to Section 415(n)
6 of the Internal Revenue Code of 1986, as amended, the limitations of
7 Section 415 of the Internal Revenue Code of 1986, as amended, may be
8 met by either:

9 1. Treating the accrued benefit derived from such contributions
10 as an annual benefit under subsection B of this section; or

11 2. Treating all such contributions as annual additions for
12 purposes of Section 415(c) of the Internal Revenue Code of 1986, as
13 amended.

14 I. If a member repays to the System any amounts refunded from
15 the System because of the member's prior termination or any other
16 amount which qualifies as a repayment under Section 415(k)(3) of the
17 Internal Revenue Code of 1986, such repayment shall not be taken
18 into account for purposes of Section 415 of the Internal Revenue
19 Code of 1986, as amended, pursuant to Section 415(k)(3) of the
20 Internal Revenue Code of 1986, as amended.

21 J. For distributions made in limitation years beginning on or
22 after January 1, 2000, the combined limit of repealed Section 415(e)
23 of the Internal Revenue Code of 1986, as amended, shall not apply.
24

1 K. The State Board is hereby authorized to revoke the special
2 election previously made on June 21, 1991, under Section 415(b)(10)
3 of the Internal Revenue Code of 1986, as amended.

4 L. Effective September 1, 2011, the interest rate and mortality
5 assumptions for the System used to determine the actuarial
6 equivalence of a member's form of benefit shall be set by the State
7 Board in a manner that precludes employer discretion, shall be based
8 upon recommendations from independent professional advisors and
9 shall be published annually in the actuarial valuation.

10 M. All benefits payable from the Oklahoma Firefighters Pension
11 and Retirement System including payments from the deferred option
12 plan under Section 49-106.1 of this title shall be paid from the
13 general assets of the Fund pursuant to subsection B of Section 49-
14 100.11 of this title.

15 SECTION 9. AMENDATORY 11 O.S. 2011, Section 49-113.2, as
16 amended by Section 5, Chapter 281, O.S.L. 2014 (11 O.S. Supp. 2018,
17 Section 49-113.2), is amended to read as follows:

18 Section 49-113.2 A. Upon the death of an active or retired
19 member, the System shall pay to the surviving spouse of the member
20 if the surviving spouse has been married to the firefighter for
21 thirty (30) continuous months preceding the member's death provided
22 a surviving spouse of a member who died while in, or as a
23 consequence of, the performance of the member's duty for a
24 participating municipality shall not be subject to the marriage

1 limitation for survivor benefits, or if there is no surviving spouse
2 or no surviving spouse meeting the requirements of this section, the
3 System shall pay to the designated recipient or recipients of the
4 member, or if there is no designated recipient or if the designated
5 recipient predeceases the member, to the estate of the member, the
6 sum of Four Thousand Dollars (\$4,000.00) for those active or retired
7 members who died prior to July 1, 1999. For those active or retired
8 members who die on or after July 1, 1999, the sum shall be Five
9 Thousand Dollars (\$5,000.00).

10 B. Upon the death of a member who dies leaving no living
11 designated recipient or having designated the member's estate as
12 recipient, the System may pay any applicable death benefit which may
13 be subject to probate, in an amount of Five Thousand Dollars
14 (\$5,000.00), to the heir or heirs of the member without the
15 intervention of a probate court or probate procedures.

16 C. Before any applicable probate procedure may be waived, the
17 System must be in receipt of the member's proof of death and the
18 following documents from those persons claiming to be the legal
19 heirs of the deceased member:

- 20 1. The member's last will and testament if available;
- 21 2. An affidavit or affidavits of heirship which must contain:
 - 22 a. the names and signatures of all claiming heirs to the
 - 23 deceased member's estate including the claiming heirs'
 - 24

1 names, relationship to the deceased member, current
2 addresses and current telephone numbers,

3 b. a statement or statements by the claiming heirs that no
4 application or petition for the appointment of a
5 personal representative is pending or has been granted
6 in any jurisdiction,

7 c. a statement that the value of the deceased member's
8 entire probate estate, less liens and encumbrances,
9 does not exceed ~~Ten Thousand Dollars (\$10,000.00)~~ the
10 dollar limit stated in Section 393 of Title 58 of the
11 Oklahoma Statutes (Fifty Thousand Dollars (\$50,000.00)
12 in 2018), including the payment of benefits from the
13 System, and

14 d. a statement by each individual claiming heir
15 identifying the amount of personal property that the
16 heir is claiming from the System or the amount the heir
17 agrees to be paid to another person, and that the heir
18 has been notified of, is aware of and consents to the
19 identified claims of all the other claiming heirs of
20 the deceased member pending with the System;

21 3. A written agreement or agreements signed by all claiming
22 heirs of the deceased member which provides that the claiming heirs
23 release, discharge and hold harmless the System from any and all
24

1 liability, obligations and costs which it may incur as a result of
2 making a payment to any of the deceased member's heirs;

3 4. A corroborating affidavit from an individual other than a
4 claiming heir, who was familiar with the affairs of the deceased
5 member; and

6 5. Proof that funeral and burial expenses of the deceased
7 member have been paid or provided for.

8 D. The System shall retain complete discretion in determining
9 which requests for probate waiver may be granted or denied, for any
10 reason. Should the System have any questions as to the validity of
11 any document presented by the claiming heirs, or as to any statement
12 or assertion contained therein, the probate requirements provided
13 for in Section 1 et seq. of Title 58 of the Oklahoma Statutes shall
14 not be waived.

15 E. After paying any death benefits to any claiming heirs as
16 provided pursuant to this section, the System is discharged and
17 released from any and all liability, obligation and costs to the
18 same extent as if the System had paid a personal representative
19 holding valid letters testamentary issued by a court of competent
20 jurisdiction. The System is not required to inquire into the truth
21 of any matter specified in this section or into the payment of any
22 estate tax liability.

1 F. The provisions of this section shall not be subject to
2 qualified domestic orders as provided in subsection B of Section 49-
3 126 of this title.

4 G. 1. For purposes of this section, if a person makes a
5 qualified disclaimer with respect to the death benefit provided for
6 in subsection A of this section, this section shall apply with
7 respect to such death benefit as if the death benefit had never been
8 transferred to such person.

9 2. For purposes of this subsection, the term "qualified
10 disclaimer" means an irrevocable and unqualified refusal by a
11 person, including but not limited to the surviving spouse of the
12 deceased member, to accept an interest in the death benefit provided
13 for in subsection A of this section, but only if:

- 14 a. such refusal is in writing,
- 15 b. such writing is received by the System not later than
16 the date which is nine (9) months after the date of
17 death of the deceased member,
- 18 c. such person has not accepted the death benefit
19 provided for in subsection A of this section, and
- 20 d. as a result of such refusal, the death benefit
21 provided for in subsection A of this section passes
22 without any direction on the part of the person making
23 the disclaimer and passes first, to the organization
24 providing funeral and burial services for the deceased

1 member or, if the cost of the funeral and burial
2 services for the deceased member has already been
3 paid, to the person or persons other than the person
4 making the disclaimer as further provided for in this
5 section.

6 SECTION 10. This act shall become effective July 1, 2019.

7 SECTION 11. It being immediately necessary for the preservation
8 of the public peace, health or safety, an emergency is hereby
9 declared to exist, by reason whereof this act shall take effect and
10 be in full force from and after its passage and approval.

11 Passed the House of Representatives the 7th day of March, 2019.

12
13 _____
14 Presiding Officer of the House
of Representatives

15 Passed the Senate the ____ day of _____, 2019.

16
17
18 _____
19 Presiding Officer of the Senate
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21
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24