

An Act

ENROLLED SENATE
BILL NO. 102

By: Garvin, Hamilton, and
Stephens of the Senate

and

Bashore, Sneed, Munson,
Provenzano, West (Josh),
Sterling, Schreiber,
Harris, Moore, Hays, and
Hefner of the House

An Act relating to the Oklahoma Police Pension and Retirement System; amending 62 O.S. 2021, Section 3103, as last amended by Section 1 of Enrolled House Bill No. 4051 of the 2nd Session of the 59th Oklahoma Legislature, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying term; amending 11 O.S. 2021, Sections 50-101, as amended by Section 2, Chapter 306, O.S.L. 2022, 50-109, as amended by Section 1, Chapter 53, O.S.L. 2023, 50-110, as last amended by Section 1 of Enrolled House Bill No. 3858 of the 2nd Session of the 59th Oklahoma Legislature, and 50-111.1 (11 O.S. Supp. 2023, Sections 50-101 and 50-109), which relate to definitions, employee and employer contributions, and termination of employment; modifying definitions; increasing minimum employee contribution for certain members of System; increasing computation of certain monthly benefits; providing for effective dates of certain increase; increasing employer contribution; updating statutory language; and providing effective dates.

SUBJECT: Oklahoma Police Pension and Retirement System

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, as last amended by Section 1 of Enrolled House Bill No. 4051 of the 2nd Session of the 59th Oklahoma Legislature, is amended to read as follows:

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

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

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

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

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

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

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

- (1) grant a benefit increase under the retirement system affected by the bill,

- (2) create an actuarial accrued liability for or increase the actuarial accrued liability of the retirement system affected by the bill, or
 - (3) increase the normal cost of the retirement system affected by the bill,
- c. which authorizes the purchase by an active member of the retirement system, at the actuarial cost for the purchase as computed pursuant to the statute in effect on the effective date of the measure allowing such purchase, of years of service for purposes of reaching a normal retirement date in the applicable retirement system, but which cannot be used in order to compute the number of years of service for purposes of computing the retirement benefit for the member,
- d. which provides for the computation of a service-connected disability retirement benefit for members of the Oklahoma Law Enforcement Retirement System pursuant to Section 2-305 of Title 47 of the Oklahoma Statutes if the members were unable to complete twenty (20) years of service as a result of the disability,
- e. which requires membership in the defined benefit plan authorized by Section 901 et seq. of Title 74 of the Oklahoma Statutes for persons whose first elected or appointed service occurs on or after November 1, 2018, if such persons had any prior service in the Oklahoma Public Employees Retirement System prior to November 1, 2015,
- f. which provides for a one-time increase in retirement benefits if the increase in retirement benefits is not a permanent increase in the gross annual retirement benefit payable to a member or beneficiary, occurs only once pursuant to a single statutory authorization and does not exceed:
 - (1) the lesser of two percent (2%) of the gross annual retirement benefit of the member or One

Thousand Dollars (\$1,000.00) and requires that the benefit may only be provided if the funded ratio of the affected retirement system would not be less than sixty percent (60%) but not greater than eighty percent (80%) after the benefit increase is paid,

- (2) the lesser of two percent (2%) of the gross annual retirement benefit of the member or One Thousand Two Hundred Dollars (\$1,200.00) and requires that the benefit may only be provided if the funded ratio of the affected retirement system would be greater than eighty percent (80%) but not greater than one hundred percent (100%) after the benefit increase is paid,
- (3) the lesser of two percent (2%) of the gross annual retirement benefit of the member or One Thousand Four Hundred Dollars (\$1,400.00) and requires that the benefit may only be provided if the funded ratio of the affected retirement system would be greater than one hundred percent (100%) after the benefit increase is paid, or
- (4) the greater of two percent (2%) of the gross annual retirement benefit of the volunteer firefighter or One Hundred Dollars (\$100.00) for persons who retired from the Oklahoma Firefighters Pension and Retirement System as volunteer firefighters and who did not retire from the Oklahoma Firefighters Pension and Retirement System as a paid firefighter.

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

- g. which modifies the disability pension standard for police officers who are members of the Oklahoma Police

Pension and Retirement System as provided by Section 50-115 of Title 11 of the Oklahoma Statutes,

- h. which provides a cost-of-living benefit increase pursuant to the provisions of:
 - (1) Section 49-143.7 of Title 11 of the Oklahoma Statutes,
 - (2) Section 50-136.9 of Title 11 of the Oklahoma Statutes,
 - (3) Section 1104K of Title 20 of the Oklahoma Statutes,
 - (4) Section 2-305.12 of Title 47 of the Oklahoma Statutes,
 - (5) Section 17-116.22 of Title 70 of the Oklahoma Statutes, or
 - (6) Section 930.11 of Title 74 of the Oklahoma Statutes,
- i. which modifies the computation of the line-of-duty disability benefit pursuant to Sections 50-101 and 50-115 of Title 11 of the Oklahoma Statutes, ~~or~~
- j. which allows the purchase of military prior service credit pursuant to the provisions of this act,
- k. which increases the computation factor used to calculate the accrued retirement benefit and normal disability benefit pursuant to Section 50-101 of Title 11 of the Oklahoma Statutes,
- l. which increases the municipal contribution, employee contribution, or both for members of the Oklahoma Police Pension and Retirement System pursuant to Sections 50-109 and 50-110 of Title 11 of the Oklahoma Statutes, or

- m. which modifies the computation of a retirement annuity pursuant to Section 50-111.1 of Title 11 of the Oklahoma Statutes.

A nonfiscal retirement bill shall include any retirement bill that has as its sole purpose the appropriation or distribution or redistribution of monies in some manner to a retirement system for purposes of reducing the unfunded liability of such system or the earmarking of a portion of the revenue from a tax to a retirement system or increasing the percentage of the revenue earmarked from a tax to a retirement system;

6. "Reduction-in-cost amendment" means an amendment to a retirement bill having a fiscal impact which reduces the cost of the bill as such cost is determined by the actuarial investigation for the bill prepared pursuant to Section 3109 of this title;

7. "Retirement bill" means any bill or joint resolution introduced or any bill or joint resolution amended by a member of the ~~Oklahoma~~ Legislature which creates or amends any law directly affecting a retirement system. A retirement bill shall not mean a bill or resolution that impacts the revenue of any state tax in which a portion of the revenue generated from such tax is earmarked for the benefit of a retirement system;

8. "Retirement bill having a fiscal impact" means any retirement bill creating or establishing a retirement system and any other retirement bill other than a nonfiscal retirement bill; and

9. "Retirement system" means the Teachers' Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Oklahoma Law Enforcement Retirement System, or a retirement system established after January 1, 2006.

SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-101, as amended by Section 2, Chapter 306, O.S.L. 2022 (11 O.S. Supp. 2023, Section 50-101), is amended to read as follows:

Section 50-101. As used in this article:

1. "System" means the Oklahoma Police Pension and Retirement System and all predecessor municipal ~~Police Pension and Retirement Systems~~ police pension and retirement systems;

2. "Article" means Article 50 of this title;

3. "State Board" means the Oklahoma Police Pension and Retirement Board;

4. "Fund" means the Oklahoma Police Pension and Retirement Fund;

5. "Officer" means any duly appointed and sworn full-time officer of the regular police department of a municipality whose duties are to preserve the public peace, protect life and property, prevent crime, serve warrants, enforce all laws and municipal ordinances of this state, and any political subdivision thereof, and who is authorized to bear arms in the execution of such duties;

6. "Member" means all eligible officers of a participating municipality and any person hired by a participating municipality who is undergoing police training to become a permanent police officer of the municipality. Effective July 1, 1987, a member does not include a "leased employee" as defined under Section 414(n)(2) of the Internal Revenue Code of 1986, as amended. Effective July 1, 1999, any individual who agrees with the participating municipality that the individual's services are to be performed as a leased employee or an independent contractor shall not be a member regardless of any classification as a common law employee by the Internal Revenue Service or any other governmental agency, or any court of competent jurisdiction. A member shall include eligible commissioned officers of the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Alcoholic Beverage Laws Enforcement Commission who elect to participate in the System pursuant to Section 50-111.5 of this title;

7. "Normal retirement date" means the date at which the member is eligible to receive the unreduced payments of the member's accrued retirement benefit. Such date shall be the first day of the month coinciding with or following the date the member completes

twenty (20) years of credited service. If the member's employment continues past the normal retirement date of the member, the actual retirement date of the member shall be the first day of the month after the member terminates employment with more than twenty (20) years of credited service;

8. "Credited service" means the period of service used to determine the eligibility for and the amount of benefits payable to a member. Credited service shall consist of the period during which the member participated in the System or the predecessor municipal systems as an active employee in an eligible membership classification, plus any service prior to the establishment of the predecessor municipal systems which was credited under the predecessor municipal systems or credited service granted by the State Board;

9. "Participating municipality" means a municipality which is making contributions to the System on behalf of its officers. The Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Alcoholic Beverage Laws Enforcement Commission shall be treated in the same manner as a participating municipality only regarding those members who elect to participate in the System pursuant to Section 50-111.5 of this title;

10. "Permanent total disability" means incapacity due to accidental injury or occupational disease, to earn any wages in the employment for which the member is physically suited and reasonably fitted through education, training or experience. Further, the member must be declared one hundred percent (100%) impaired as defined by the ~~"American Medical Association's Guides to the Evaluation of Permanent Impairment"~~ American Medical Association Guides to the Evaluation of Permanent Impairment on the basis of a physical medical examination by a physician licensed to practice medicine in this state, as selected by the State Board;

11. "Permanent partial disability" means permanent disability which is less than permanent total disability as defined in this section. The member must be declared no greater than ninety-nine percent (99%) impaired as defined by the ~~"American Medical Association's Guides to the Evaluation of Permanent Impairment"~~ American Medical Association Guides to the Evaluation of Permanent

Impairment on the basis of a physical medical examination by a physician licensed to practice medicine in this state, as selected by the State Board;

12. "Permanent in-line disability" means when a police officer serving in any capacity at a regular police department of a participating municipality becomes so physically or mentally disabled, as determined by an independent medical examiner, psychiatrist, or psychologist selected by the State Board, while in, and in consequence of, the performance of authorizing activities while on duty as an officer that he or she is unable to perform the required duties of a police officer;

13. "Beneficiary" means a member's surviving spouse or any surviving children, including biological and adopted children, at the time of the member's death. The surviving spouse must have been married to the member for the thirty (30) continuous months immediately preceding the member's death, provided a surviving spouse of a member who died while in, and as a consequence of, the performance of the member's duty for a participating municipality, shall not be subject to the thirty-month marriage requirement for survivor benefits. A surviving child of a member shall be a beneficiary until reaching eighteen (18) years of age or twenty-two (22) years of age if the child is enrolled ~~full-time~~ full-time and regularly attending a public or private school or any institution of higher education. Any child adopted by a member after the member's retirement shall be a beneficiary only if the child is adopted by the member for the thirty (30) continuous months preceding the member's death. Any child who is adopted by a member after the member's retirement and such member dies accidentally or as a consequence of the performance of the member's duty as a police officer shall not be subject to the thirty-month adoption requirement. This definition of beneficiary shall be in addition to any other requirement set forth in this article;

14. "Executive Director" means the managing officer of the System employed by the State Board;

15. "Eligible employer" means any municipality with a municipal police department;

16. "Entry date" means the date as of which an eligible employer joins the System. The first entry date pursuant to this article shall be January 1, 1981;

17. "Final average salary" means the average paid base salary of the member for normally scheduled hours over the highest salaried thirty (30) consecutive months of the last sixty (60) months of credited service. Effective July 1, 2016, the following shall apply in computing final average salary:

- a. only paid base salary on which required contributions have been made shall be used in computing a member's final average salary,
- b. for purposes of determining the normal disability benefit only, final average salary shall be based on the member's total service if less than thirty (30) months,
- c. in addition to other applicable limitations, and notwithstanding any other provision to the contrary, for plan years beginning on or after July 1, 2002, the annual compensation of each ~~"Noneligible Member"~~ noneligible member taken into account under the System shall not exceed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) annual compensation limit. The EGTRRA annual compensation limit is Two Hundred Thousand Dollars (\$200,000.00), as adjusted by the Commissioner for increases in the cost of living in accordance with Section 401(a)(17)(B) of the Internal Revenue Code of 1986, as amended. The annual compensation limit in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which compensation is determined ("determination period") beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the EGTRRA annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve (12). For purposes of this section, a ~~"Noneligible Member"~~ noneligible member is any member

who first became a member during a plan year commencing on or after July 1, 1996,

- d. for plan years beginning on or after July 1, 2002, any reference in the System to the annual compensation limit under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, shall mean the EGTRRA annual compensation limit set forth in this provision, and
- e. effective January 1, 2008, back pay, within the meaning of Section 1.415(c)-2(g)(8) of the Income Tax Regulations, shall be treated as paid base salary for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included in this definition;

18. "Accrued retirement benefit" means, for benefits computed prior to the effective date of this act, two and one-half percent (2 1/2%) of the member's final average salary multiplied by the member's years of credited service not to exceed thirty (30) years.

For a member who retires on or after the effective date of this act, accrued retirement benefit shall mean:

- a. for members who retire and terminate employment at least one (1) year after the effective date of this act, and have at least twenty-five (25) years of credited service, three percent (3%) of the member's final average salary multiplied by the member's years of credited service, not to exceed thirty (30) years,
- b. for members who retire and terminate employment at least two (2) years after the effective date of this act, and have at least twenty (20) years of credited service, three percent (3%) of the member's final average salary multiplied by the member's years of credited service, not to exceed thirty (30) years,
- c. for members who retire and terminate employment at least five (5) years after the effective date of this act, three percent (3%) of the member's final average

salary multiplied by the member's years of credited service, not to exceed thirty (30) years, and

- d. for members who retire and terminate employment on or after the effective date of this act, but do not have the minimum years of credited service to qualify for the benefit outlined in subparagraphs a and b of this paragraph, or retire and terminate employment prior to the date outlined in subparagraph c of this paragraph, two and one-half percent (2 1/2%) of the member's final average salary multiplied by the member's years of credited service, not to exceed thirty (30) years;

19. "Normal disability benefit" means:

- a. for benefits computed prior to the effective date of this act, the greater of:

~~a.~~

- (1) two and one-half percent (2 1/2%) of the member's final average salary multiplied by twenty (20) years, notwithstanding the years of actual credited service, or

~~b.~~

- (2) two and one-half percent (2 1/2%) of the member's final average salary multiplied by the years of credited service of the member, not to exceed thirty (30) years, if the officer has more than twenty (20) years of credited service,

- b. for benefits computed on or after the effective date of this act, the greater of:

- (1) three percent (3%) of the member's final average salary multiplied by twenty (20) years, notwithstanding the years of actual credited service, or

(2) three percent (3%) of the member's final average salary multiplied by the years of credited service of the member, not to exceed thirty (30) years, if the officer has more than twenty (20) years of credited service;

20. "Limitation year" means the year used in applying the limitations of Section 415 of the Internal Revenue Code of 1986, as amended, which year shall be the calendar year;

21. "Paid base salary" means, effective July 1, 2016, any compensation described in subparagraph a of this paragraph that is not described in subparagraph b of this paragraph.

a. Paid base salary shall include only:

(1) normal compensation paid on a regularly scheduled pay period including, but not limited to, regular pay for holidays, paid time off, vacation or annual leave, sick leave or compensatory time in lieu of overtime, any lump sum payment paid in lieu of a normal wage increase, provided such lump sum payment is retroactively applied over the prior twelve-month period ending with the payment date, compensation for bomb squad pay, education pay, incentive pay, K-9 pay, negotiation pay, shift differential, sniper pay, SWAT team pay, emergency response team pay, any other special unit pay, and any incremental increase in compensation which is not included by the employer in a member's regular base pay for salary increase purposes but is paid by the employer to the member for group health benefits based on an arrangement with a participating municipality that was in place on December 31, 2015, so long as the arrangement continues uninterrupted for a member employed by a participating municipality on June 30, 2016, who has not since terminated employment and been rehired by such participating municipality,

- (2) any amount of elective salary reduction under Section 125 of the Internal Revenue Code of 1986, as amended, that would have been treated as paid base salary but for the salary deferral reduction agreement,
- (3) any amount of elective salary reduction not includable in the gross income of the member under Section 132(f)(4) of the Internal Revenue Code of 1986, as amended, that would have been treated as paid base salary but for the salary deferral reduction agreement,
- (4) any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986, as amended, that would have been treated as paid base salary but for the salary deferral reduction agreement,
- (5) any amount of elective salary reduction under Section 401(k) of the Internal Revenue Code of 1986, as amended, that would have been treated as paid base salary but for the salary deferral reduction agreement,
- (6) any amount of nonelective salary reduction under Section 414(h) of the Internal Revenue Code of 1986, as amended,
- (7) educational allowances paid to obtain training certification or pursue an advanced degree,
- (8) longevity payments made to members based upon a standardized plan which recognizes length of service to the participating municipality,
- (9) paid base salary shall also include base salary, as described in divisions (1) through (8) of this subparagraph, for services, but paid by the later of two and one-half (2 1/2) months after a member's severance from employment or the end of the calendar year that includes the date the

member terminated employment, if it is a payment that, absent a severance from employment, would have been paid to the member while the member continued in employment with the participating municipality,

- (10) any payments not described in divisions (1) through (9) of this subparagraph shall not be considered paid base salary if paid after severance from employment, even if they are paid by the later of two and one-half (2 1/2) months after the date of severance from employment or the end of the calendar year that includes the date of severance from employment, except payments to an individual who does not currently perform services for the participating municipality by reason of qualified military service within the meaning of Section 414(u) (5) of the Internal Revenue Code of 1986, as amended, to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the participating municipality rather than entering qualified military service,
- (11) back pay, within the meaning of Section 1.415(c)-2(g) (8) of the Income Tax Regulations, shall be treated as paid base salary for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included in this definition, and
- (12) paid base salary shall also include differential wage payments under Section 414(u) (12) of the Internal Revenue Code of 1986, as amended.

b. Notwithstanding anything to the contrary in this section, paid base salary shall not include any:

- (1) fringe benefits, reimbursements, or increases in compensation due to reimbursements to the extent

not specifically included above in subparagraph a of this paragraph,

- (2) incremental increase in compensation which is not included by the employer in a member's regular base pay for salary increase purposes but is paid by the employer to the member for group health benefits not otherwise included above in division (1) of subparagraph a of this paragraph,
- (3) insurance benefits, including any reimbursements thereof, or insurance proceeds of any type not otherwise included above in division (1) of subparagraph a of this paragraph,
- (4) bonuses, including signing bonuses, lump-sum payments or stipends made to the member not otherwise included above in division (1) of subparagraph a of this paragraph,
- (5) overtime compensation,
- (6) payments whether prior to or upon termination of employment for accumulated unused vacation or unused annual leave, accumulated unused sick leave, or accumulated unused paid time off or other unused leave,
- (7) payments made in error to a member,
- (8) payments made by the participating municipality for services rendered by the member, which services are not part of the member's job duties and responsibilities of his or her job position with the participating municipality,
- (9) severance pay,
- (10) unemployment payments, and
- (11) uniform and equipment allowances; and

22. "Actuarial equivalent" means equality in value of the aggregate amounts expected to be received based on interest rate and mortality assumptions set by the State Board, in a manner that precludes employer discretion, and based upon recommendations from independent professional advisors, and which shall be published annually in the actuarial report.

SECTION 3. AMENDATORY 11 O.S. 2021, Section 50-109, as amended by Section 1, Chapter 53, O.S.L. 2023 (11 O.S. Supp. 2023, Section 50-109), is amended to read as follows:

Section 50-109. Any municipality participating in the Oklahoma Police Pension and Retirement System shall appropriate funds, for the use and benefit of the System, as provided in the following schedule:

1. Prior to July 1, 1991, a minimum of ten percent (10%) of the actual paid base salary of each member of the System employed by the municipality;

2. Beginning July 1, 1991, a minimum of ten and one-half percent (10 1/2%) of the actual paid base salary of each member of the System employed by the municipality;

3. Beginning July 1, 1992, a minimum of eleven percent (11%) of the actual paid base salary of each member of the System employed by the municipality;

4. Beginning July 1, 1993, a minimum of eleven and one-half percent (11 1/2%) of the actual paid base salary of each member of the System employed by the municipality;

5. Beginning July 1, 1994, a minimum of twelve percent (12%) of the actual paid base salary of each member of the System employed by the municipality;

6. Beginning July 1, 1995, a minimum of twelve and one-half percent (12 1/2%) of the actual paid base salary of each member of the System employed by the municipality; ~~and~~

7. Beginning July 1, 1996, a minimum of thirteen percent (13%) of the actual paid base salary of each member of the System employed by the municipality; and

8. Beginning on the effective date of this act, a minimum of fourteen percent (14%) of the actual paid base salary of each member of the System employed by the municipality.

The sum appropriated shall be paid online to the System within ten (10) days following the payroll period on which the contribution is based.

The state shall make such appropriation as is necessary to assure the retirement benefits provided by the article.

SECTION 4. AMENDATORY 11 O.S. 2021, Section 50-110, as last amended by Section 1 of Enrolled House Bill No. 3858 of the 2nd Session of the 59th Oklahoma Legislature, is amended to read as follows:

Section 50-110. A. Each member in the Oklahoma Police Pension and Retirement System prior to the effective date of this act shall contribute to the System a minimum of eight percent (8%) of the member's actual paid base salary. On or after the effective date of this act, each member shall contribute to the System a minimum of nine percent (9%).

At the option of the participating municipality, the participating municipality may pay all or any part of the member's required contribution. The sums contributed shall be paid online to the System as provided in this article within ten (10) days following the payroll period on which the contributions are based. Amounts deducted from the salary of a member and not paid to the System after thirty (30) days from each ending payroll date shall be subject to a monthly late charge of five percent (5%) of the unpaid balance to be paid by the municipality to the System. All funds received by a participating municipality for police retirement purposes shall be forwarded to the ~~State~~ Oklahoma Police Pension and Retirement Board for credit to the Oklahoma Police Pension and Retirement Fund.

B. Each municipality shall pick up under the provisions of Section 414(h)(2) of the Internal Revenue Code of 1986 and pay the contribution which the member is required by law to make to the System for all compensation earned after December 31, 1988. Although the contributions so picked up are designated as member contributions, such contributions shall be treated as contributions being paid by the municipality in lieu of contributions by the member in determining tax treatment under the Internal Revenue Code of 1986 and such ~~picked-up~~ picked-up contributions shall not be includable in the gross income of the member until such amounts are distributed or made available to the member or the beneficiary of the member. The member, by the terms of this System, shall not have any option to choose to receive the contributions so picked up directly and the ~~picked-up~~ picked-up contributions must be paid by the municipality to the System.

Member contributions which are picked up shall be treated in the same manner and to the same extent as member contributions made prior to the date on which member contributions were picked up by the municipality. Member contributions so picked up shall be included in gross salary for purposes of determining benefits and contributions under the System.

The municipality shall pay the member contributions from the same source of funds used in paying salary to the member, by effecting an equal cash reduction in gross salary of the member.

SECTION 5. AMENDATORY 11 O.S. 2021, Section 50-111.1, is amended to read as follows:

Section 50-111.1. A. A member who terminates service before normal retirement date, other than by death or disability, shall, upon application filed with the ~~State~~ Oklahoma Police Pension and Retirement Board, be refunded from the Oklahoma Police Pension and Retirement Fund an amount equal to the accumulated contributions the member has made to the ~~Fund~~ fund, but excluding any interest or any amount contributed by the municipality or state. If a member withdraws the member's accumulated contributions, such member shall not have any recourse against the System for any type of additional benefits including, but not limited to, disability benefits. If a member has completed ten (10) years of credited service at the date

of termination, the member may elect a vested benefit in lieu of receiving the member's accumulated contributions.

If the member who has completed ten (10) or more years of credited service elects the vested benefit, the member shall be entitled to a monthly retirement annuity commencing on the date the member reaches fifty (50) years of age or the date the member would have had twenty (20) years of credited service had the member's employment continued uninterrupted, whichever is later. The annual amount of such retirement annuity shall be equal to two and one-half percent (2 1/2%) of the annualized final average salary multiplied by the number of years of credited service. For a monthly retirement annuity commencing on or after the effective date of this act, the annual amount of such retirement annuity shall be computed pursuant to the annualized final average salary as defined pursuant to paragraph 17 of Section 50-101 of this title multiplied by the number of years of credited service.

If a terminated member has elected a vested benefit and subsequently returns to work as a police officer of a participating municipality, ~~their~~ his or her vested benefit will be set aside and prior credited service will be reinstated.

B. If a member who terminates employment and elects a vested benefit dies prior to being eligible to receive benefits, the member's beneficiary shall be entitled to the member's normal monthly accrued retirement benefits on the date the deceased member would have been eligible to receive the benefit.

C. Whenever a member has terminated or hereafter terminates covered employment and has withdrawn or hereafter withdraws the member's accumulated contributions and has rejoined or hereafter rejoins the System, the member, upon proper application and approval by the Board, may pay to the System the sum of the accumulated contributions the member has withdrawn or hereafter withdraws plus ten percent (10%) annual interest from the date of withdrawal and shall receive the same benefits as if the member had never withdrawn the contributions. A lump-sum payment for repayment of any amounts received because of a member's prior termination may be repaid by trustee-to-trustee transfers of non-Roth funds from a Section 403(b) annuity, an eligible Section 457(b) plan, and/or a Section 401(a) qualified plan. Those members who at the time of termination of

employment could not withdraw any of their accumulated contributions shall receive credited service for the time employed as an officer prior to any such termination upon proper application and approval by the Board. To receive credit for such service, all required contributions and interest shall be paid within ninety (90) days of Board approval of the application. The provisions of this subsection shall not apply to any member who is receiving benefits from the System as of July 1, 1987.

D. If an active member dies and does not leave a surviving beneficiary under paragraph 13 of Section 50-101 of this title, the accumulated contributions made to the System by the member shall be paid to the member's estate or, if properly designated by the member, a trust.

SECTION 6. Section 1 of this act shall become effective June 1, 2025.

SECTION 7. Sections 2 through 5 of this act shall become effective July 1, 2025.

Passed the Senate the 14th day of May, 2024.

Presiding Officer of the Senate

Passed the House of Representatives the 15th day of April, 2024.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____

Approved by the Governor of the State of Oklahoma this _____

day of _____, 20_____, at _____ o'clock _____ M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this _____

day of _____, 20_____, at _____ o'clock _____ M.

By: _____