

An Act

ENROLLED HOUSE
BILL NO. 2487

By: Frix of the House

and

Taylor, Stephens, and
Garvin of the Senate

An Act relating to public retirement systems; amending 62 O.S. 2021, Section 3103, which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying definitions; amending 11 O.S. 2021, Sections 49-100.1, 49-101, 49-101.2, 49-106.1, 49-108, 49-117.1 and 49-135, which relate to the Oklahoma Firefighters Pension and Retirement System; modifying definition; modifying requirements to receive certain benefit; modifying requirements to participate in certain plans; modifying requirements to receive volunteer pension; and providing effective dates.

SUBJECT: Public retirement systems

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 3103, 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 3 50-115 of ~~this act~~ Title 11 of the Oklahoma Statutes,
~~or~~
- h. which provides a cost-of-living benefit increase pursuant to the provisions of ~~Sections 2 through 7 of this act:~~
- (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,
 - (6) Section 930.11 of Title 74 of the Oklahoma Statutes, or

- i. which restores benefits pursuant to Sections 2 through 8 of this act.

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 49-100.1, is amended to read as follows:

Section 49-100.1 As used in this article:

1. "System" means the Oklahoma Firefighters Pension and Retirement System and all predecessor municipal firefighters pension and retirement systems;

2. "Article" means Article 49 of this title;

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

4. "Local board" means the local firefighters pension and retirement boards;

5. "Fund" means the Oklahoma Firefighters Pension and Retirement Fund;

6. "Member" means all eligible firefighters of a participating municipality or a fire protection district who perform the essential functions of fire suppression, prevention, and life safety duties in a fire department. The term "member" shall include but not be limited to the person serving as fire chief of any participating municipality, provided that a person serving as fire chief of a participating municipality shall meet the age, agility, physical and other eligibility requirements required by law at the time said person becomes a member of the System. Effective July 1, 1987, a member does not include a "leased employee". The term "leased employee" means any person (other than an employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Section 414(n)(6) of the Internal Revenue Code of 1986, as amended) on a substantially full-time basis for a period of at least one (1) year, and such services are performed under primary direction or control by the recipient. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer. A leased employee shall not be considered an employee of the recipient if the requirements of the safe harbor provisions of Section 414(n)(5) of the Internal Revenue Code of 1986, as amended, are satisfied. 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;

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 following the date the member completes twenty (20) years of credited service. ~~For a member whose first employment with a participating employer of the System occurs on or after November 1, 2013, such date shall be the first day following the date the member completes twenty-two (22) years of credited service and has attained the age of at least fifty (50) years.~~ 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 following the date the member terminates employment with more than twenty (20) years of credited service, ~~or with respect to members who are required to complete twenty-two (22) years of service, the first day following the date the member terminates employment with more than twenty-two (22) years of service and who has also attained the age of at least fifty (50) years;~~

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; provided, however, "credited service" for members from a fire protection district shall not begin accruing before July 1, 1982;

9. "Participating municipality" means a municipality, county fire department organized pursuant to subsection D of Section 351 of Title 19 of the Oklahoma Statutes, or fire protection district which is making contributions to the System on behalf of its firefighters. All participating municipalities shall appoint a fire chief who shall supervise and administer the fire department;

10. "Disability" means the complete inability of the firefighter to perform any and every duty of the firefighter's regular occupation; provided further, that once benefits have been paid for twenty-four (24) months the provisions of Section 49-110 of this title shall apply to the firefighter;

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

12. "Eligible employer" means any municipality with a municipal fire department, any county fire department organized pursuant to

subsection D of Section 351 of Title 19 of the Oklahoma Statutes or any fire protection district with an organized fire department;

13. "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;

14. "Final average salary" means the average paid gross salary of the firefighter for normally scheduled hours over the highest salaried thirty (30) consecutive months of the last sixty (60) months of credited service. Gross salary shall not include payment for accumulated sick or annual leave upon termination of employment, any uniform allowances or any other compensation for reimbursement of out-of-pocket expenses. Only salary on which the required contributions have been made may be used in computing the final average salary. Effective January 1, 1988, gross salary shall include any amount of elective salary reduction under Section 125 of the Internal Revenue Code of 1986, as amended. Gross salary shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986, as amended, and any amount of nonelective salary reduction under Section 414(h) of the Internal Revenue Code of 1986, as amended. Effective July 1, 1998, for purposes of determining a member's compensation, any contribution by the member to reduce the member's regular cash remuneration under 132(f)(4) of the Internal Revenue Code of 1986, as amended, shall be treated as if the member did not make such an election. Only salary on which required contributions have been made may be used in computing final average salary.

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 gross salary of each "Noneligible Member" taken into account under the System shall not exceed the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") annual salary limit. The EGTRRA annual salary 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 salary limit in effect for a calendar year applies to any period, not exceeding twelve (12) months, over which salary is determined ("determination period") beginning in such calendar year. If a determination period consists of fewer than twelve (12) months, the EGTRRA salary 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 subsection, a "Noneligible Member" is any member who first became a member during a plan year commencing on or after July 1, 1996.

For plan years beginning on or after July 1, 2002, any reference to the annual salary limit under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, shall mean the EGTRRA salary limit set forth in this subsection.

Effective June 9, 2010, gross salary shall also include gross salary, as described above, for services, but paid by the later of two and one-half (2 1/2) months after a firefighter's severance from employment or the end of the calendar year that includes the date the firefighter terminated employment, if it is a payment that, absent a severance from employment, would have been paid to the firefighter while the firefighter continued in employment with the participating municipality.

Effective June 9, 2010, any payments not described above shall not be considered gross 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.

Effective June 9, 2010, back pay, within the meaning of Section 1.415(c)-2(g)(8) of the Income Tax Regulations, shall be treated as gross salary for the 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.

Effective for years beginning after December 31, 2008, gross salary shall also include differential wage payments under Section 414(u)(12) of the Internal Revenue Code of 1986, as amended;

15. "Accrued retirement benefit" means two and one-half percent (2 1/2%) of the firefighter's final average salary multiplied by the member's years of credited service not to exceed thirty (30) years;

16. "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 firefighter for the thirty (30) continuous months preceding the firefighter's death provided a surviving spouse of a member who died while in, or as a consequence of, the performance of the member's duty for a participating municipality, shall not be subject to the marriage limitation 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 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 firefighter 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;

17. "Accumulated contributions" means the sum of all contributions made by a member to the System and includes both contributions deducted from the compensation of a member and contributions of a member picked up and paid by the participating municipality of the member. Accumulated contributions shall not include any interest on the contributions of the member, interest on any amount contributed by the municipality or state and any amount contributed by the municipality or state; and

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

SECTION 3. AMENDATORY 11 O.S. 2021, Section 49-101, is amended to read as follows:

Section 49-101. A. All retired volunteer firefighters who qualify for retirement shall be entitled to a monthly pension. The monthly pension of a volunteer firefighter shall be in the amount retired volunteer firefighters are receiving at the time the volunteer firefighter begins to receive a pension for each year of credited service not to exceed thirty (30) years. In determining

the number of years of credited service, a fractional year of six (6) months or more shall be counted as one (1) full year and a fractional year of less than six (6) months shall not be counted in such determination. Retired volunteer firefighters of a municipality shall receive a pension of not less than that which retired volunteer firefighters of such municipality were receiving on June 30, 1985.

~~B. If a~~ A volunteer firefighter whose first service with a participating employer of the System occurs prior to November 1, 2013, who terminates service after completing ten (10) years of credited service, ~~the volunteer firefighter shall~~ but less than twenty (20) years of credited service, shall be entitled to receive a vested benefit. ~~The volunteer firefighter whose first service with a participating employer of the System occurs prior to November 1, 2013, shall be entitled to a monthly pension commencing on the date the firefighter reaches fifty (50) years of age or the date the firefighter would have had twenty (20) years of credited service had the firefighter's service continued uninterrupted, whichever is later. If a volunteer firefighter whose first service with a participating employer of the System occurs on or after November 1, 2013, terminates service after completing eleven (11) years of credited service, the volunteer firefighter shall receive a vested benefit. The volunteer firefighter whose first service with a participating employer of the System occurs on or after November 1, 2013, shall be entitled to a monthly pension commencing on the date the firefighter reaches fifty (50) years of age or the date the firefighter would have had twenty-two (22) years of credited service had the firefighter's service continued uninterrupted, whichever is later.~~ The monthly amount of such retirement benefit shall be the amount being paid to volunteer firefighters at the time the member vests multiplied by the number of years of credited service. Credited service must be established at the time of the volunteer firefighter's termination. If a volunteer firefighter who ~~terminates~~ terminated employment and ~~receives~~ elected, or was eligible to elect, a vested benefit dies prior to being eligible to receive benefits, the volunteer firefighter's beneficiary, as defined in paragraph 16 of Section 49-100.1 of this title, shall be entitled to the volunteer firefighter's normal monthly retirement benefit on the date the deceased volunteer firefighter would have been eligible to receive the benefit.

SECTION 4. AMENDATORY 11 O.S. 2021, Section 49-101.2, is amended to read as follows:

Section 49-101.2 Any member serving as an active volunteer firefighter who receives annual compensation from the fire department the firefighter is enrolled in as a member of the System for services related to firefighting, other than reimbursement of expenses in excess of ~~two (2)~~ five and one-half (5 1/2) times the annual pension benefit paid by the System to a retired volunteer firefighter with twenty (20) years credited service, shall be considered a paid firefighter and must meet the physical and agility requirements pursuant to Section 49-116 of this title to continue as an active member of the System. Credited service earned as a paid firefighter pursuant to this section shall not be considered actual experience as a paid firefighter for purposes of meeting the qualifications of a paid fire chief as provided in Section 29-102 of this title. No fire department of a participating municipality shall employ a volunteer firefighter from another fire department to perform services relating to firefighting for any compensation of any kind.

SECTION 5. AMENDATORY 11 O.S. 2021, Section 49-106.1, is amended to read as follows:

Section 49-106.1 A. In lieu of terminating employment and accepting a service retirement pension pursuant to Sections 49-101 and 49-106 of this title, any member of the Oklahoma Firefighters Pension and Retirement System serving as an active firefighter in a fire department of a participating municipality who has not less than twenty (20) years of creditable service, ~~or any member of the Oklahoma Firefighters Pension and Retirement System whose first employment with a participating employer of the System occurs on or after November 1, 2013, and who has not less than twenty-two (22) years of creditable service and who is eligible to receive a service retirement pension~~ may elect to participate in the Oklahoma Firefighters Deferred Option Plan and defer the receipts of benefits in accordance with the provisions of this section.

B. For purposes of this section, creditable service shall include service credit reciprocally recognized pursuant to Sections 49-100.1 through 49-100.8 and Sections 49-101, 49-101.1 and 49-101.2 of this title but for eligibility purposes only.

C. The duration of participation in the Oklahoma Firefighters Deferred Option Plan for active firefighters shall not exceed five (5) years. Participation in the Oklahoma Firefighters Deferred Option Plan must begin the first day of a month and end on the last day of a month. At the conclusion of a member's participation in

the Oklahoma Firefighters Deferred Option Plan, the member shall terminate employment with all participating municipalities as a firefighter, and shall start receiving the member's accrued monthly retirement benefit from the System. Such a member may be reemployed by a participating municipality but only in a position not covered under the System, and receive in-service distributions of such member's accrued monthly retirement benefit from the System.

D. When a member begins participation in the Oklahoma Firefighters Deferred Option Plan, the contribution of the member shall cease. The employer contributions shall continue to be paid in accordance with subsection B of Section 49-122 of this title. Employer contributions for members who elect the Oklahoma Firefighters Deferred Option Plan shall be credited equally to the Oklahoma Firefighters Pension and Retirement System and to the member's Oklahoma Firefighters Deferred Option Plan account. The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into the member's Oklahoma Firefighters Deferred Option Plan account.

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

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

3. Effective November 1, 2013, the Oklahoma Firefighters Deferred Option Plan account for a member whose first service with a participating municipality of the System occurs on or after November 1, 2013, and who participates for the first time in the Oklahoma Firefighters Deferred Option Plan on or after November 1, 2013, and has completed active participation in the Oklahoma Firefighters Deferred Option Plan, shall earn interest at a rate equal to the actual rate of return of the investment portfolio of the System, less one (1) percentage point to offset administrative costs of the System as determined by the System.

F. A member in the plan shall receive, at the option of the member, a lump-sum payment from the account equal to the payments to the account or an annuity based upon the account of the member or

may elect any other method of payment if approved by the Board of Trustees. If a member becomes so physically or mentally disabled while in, or in consequence of, the performance of his or her duty as to prevent the effective performance of his or her duties that the State Board approves an in-line-of-duty disability pension, the payment from the account shall be an in-line-of-duty disability payment. Notwithstanding any other provision contained herein to the contrary, commencement of distributions under the Oklahoma Firefighters Deferred Option Plan shall be no later than the time as set forth in subsection B of Section 49-106 of this title and a member whose first service with a participating municipality of the System occurs on or after November 1, 2013, and who participates for the first time in the Oklahoma Firefighters Deferred Option Plan on or after November 1, 2013, must receive a distribution of the entire remaining balance in the member's Oklahoma Firefighters Deferred Option Plan account no later than April 1 of the calendar year following the later of:

1. The calendar year in which the member reaches seventy and one-half (70 1/2) years of age for a member who attains age seventy and one-half (70 1/2) before January 1, 2020, or effective for distributions required to be made after December 31, 2019, the calendar year in which the member reaches seventy-two (72) years of age for an individual who attains age seventy and one-half (70 1/2) after December 31, 2019; or

2. The actual retirement date of the member.

G. If a member dies while maintaining an account balance in the plan the System shall pay to the designated recipient or recipients of the member, or if there is no designated recipient or if the designated recipient predeceases the member, to the spouse of the member, or if there is no spouse or if the spouse predeceases the member, to the estate of the member a lump-sum payment equal to the account balance of the member. If such member was receiving, or eligible to receive, an in-line-of-duty disability pension at the time of his or her death, payment of the account balance shall be an in-line-of-duty disability payment. If a designated recipient is the surviving spouse of the member, the surviving spouse shall receive his or her portion of the account balance of the member pursuant to subsection F of this section. The surviving spouse, whether or not he or she is a designated recipient of the member, may elect to receive his or her portion of the account balance of the member in the same manner as was applicable to the member.

H. In lieu of participating in the Oklahoma Firefighters Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section, a member may elect to participate in the Oklahoma Firefighters Deferred Option Plan pursuant to this subsection as follows:

1. For purposes of this subsection and subsection I of this section, the following definitions shall apply:

- a. "back drop date" means the member's normal retirement date or the date five (5) years before the member elects to participate in the Oklahoma Firefighters Deferred Option Plan, whichever date is later,
- b. "termination date" means the date the member elects to participate in the Oklahoma Firefighters Deferred Option Plan pursuant to this subsection, and the date the member terminates employment with all participating municipalities as an active firefighter,
- c. "earlier attained credited service" means the credited service earned by a member as of the back drop date, and
- d. "deferred benefit balance" means all monthly retirement benefits that would have been payable had the member elected to cease employment on the back drop date and receive a service retirement from the back drop date to the termination date, all the member's contributions and one-half (1/2) of the employer contributions from the back drop date to the termination date, with interest based on how the benefit would have accumulated on a compound annual basis as if the member had participated in the Oklahoma Firefighters Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section from the back drop date to the termination date; and

2. At the termination date, the monthly pension benefit shall be determined based on earlier attained credited service and on the final average salary as of the back drop date. The member's individual deferred option account shall be credited with an amount equal to the deferred benefit balance, the member shall terminate employment with all participating municipalities as a firefighter, and shall start receiving the member's accrued monthly retirement

benefit from the System. Such a member may be reemployed by a participating municipality but only in a position not covered under the System, and receive in-service distributions of such member's accrued monthly retirement benefit from the System. The provisions of subsections B, C, E, F and G of this section shall apply to this subsection. A member shall not participate in the Oklahoma Firefighters Deferred Option Plan pursuant to this subsection if the member has elected to participate in the Oklahoma Firefighters Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section.

I. Certain surviving spouses and members shall be eligible to participate in the Oklahoma Firefighters Deferred Option Plan pursuant to subsection H of this section and this subsection.

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

- a. "back drop election date" means the date the surviving spouse or member elects to commence participation in the Oklahoma Firefighters Deferred Option Plan pursuant to subsection H of this section and this subsection,
- b. "interest" means the actuarial assumed interest rate as certified by the actuary in the yearly evaluation report of the actuary,
- c. "monthly adjustment amount" means the difference between the monthly pension prior to the back drop election and the adjusted monthly pension due to the back drop election,
- d. "back drop pension adjustment amount" means the sum of all the monthly adjustment amounts adjusted for interest from the pension commencement date to the back drop election date, and
- e. "deferred benefit balance adjustment amount" means the interest on the deferred benefit balance from the pension commencement date to the back drop election date.

2. If a member who has more than twenty (20) years of creditable service and is eligible to receive a service, ~~or a member~~

~~of the Oklahoma Firefighters Pension and Retirement System whose first employment with a participating employer of the System occurs on or after November 1, 2013, and such member has more than twenty-two (22) years of creditable service,~~ retirement pension dies on or after June 4, 2007, and prior to terminating employment, the member's surviving spouse shall be eligible to elect to receive a benefit determined as if the member had elected to participate in the Oklahoma Firefighters Deferred Option Plan in accordance with subsection H of this section on the day immediately preceding such member's death. Prior to July 1, 2010, the surviving spouse must make any such election within one (1) year from the date of the member's death. Effective July 1, 2010, the surviving spouse must make any such election within ninety (90) days from the date of the member's death. If on or after June 4, 2007, such election is made, the monthly pension such surviving spouse is entitled to receive shall be adjusted in accordance with the provisions of subsection H of this section to account for the member's participation in the Oklahoma Firefighters Deferred Option Plan. The surviving spouse may only make this election if the member has not previously elected to participate in the Oklahoma Firefighters Deferred Option Plan. For purposes of this election, the surviving spouse must have been married to the firefighter for the thirty (30) continuous months preceding the firefighter's death; provided, the surviving spouse of a member who died while in, or as a consequence of, the performance of the member's duty for a participating municipality shall not be subject to the marriage limitation for this election.

3. If a member has more than twenty (20) years of creditable service, ~~or a member of the Oklahoma Firefighters Pension and Retirement System whose first employment with a participating employer of the System occurs on or after November 1, 2013, and such member has more than twenty-two (22) years of creditable service and is eligible to receive a service retirement pension,~~ and is eligible for a retirement for disability monthly pension pursuant to Section 49-109 of this title on or after June 4, 2007, such member shall be eligible to elect to receive a benefit determined as if the member had elected to participate in the Oklahoma Firefighters Deferred Option Plan, in accordance with subsection H of this section, on the day immediately preceding the date of the member's disability retirement, provided such election is made within two (2) years from the date of the member's disability retirement. The disability monthly pension such member is receiving, or entitled to receive, shall be adjusted in accordance with the provisions of subsection H of this section to account for the member's participation in the Oklahoma Firefighters Deferred Option Plan. The deferred benefit

balance such member is entitled to receive shall be reduced by the back drop pension adjustment amount and increased by the deferred benefit balance adjustment amount. The member may only make a back drop election if the deferred benefit balance after the adjustment described in this paragraph is greater than Zero Dollars (\$0.00). The member may only make this election if the member has not previously elected to participate in the Oklahoma Firefighters Deferred Option Plan.

4. ~~If a member has more than twenty (20) years of creditable service, or a member of the Oklahoma Firefighters Pension and Retirement System whose first employment with a participating employer of the System occurs on or after November 1, 2013, and such member has more than twenty-two (22) years of creditable service and is eligible to receive a service retirement pension,~~ and filed a grievance for wrongful termination occurring on or after June 4, 2007, or is not a member of a collective bargaining organization as a firefighter, is involuntarily terminated and is seeking to have his or her position as a firefighter reinstated through a legal process, but is not reinstated as an active member, such member shall be eligible to elect to receive a benefit determined as if the member had elected to participate in the Oklahoma Firefighters Deferred Option Plan in accordance with subsection H of this section on the day immediately preceding the date of the member's termination. Such election must be made within two (2) years from the date of the member's termination as an active member and, if the member's case pertaining to the member's termination is on appeal to a court of competent jurisdiction, within such period set by the State Board in its sole discretion. The monthly pension such member is receiving, or entitled to receive, shall be adjusted in accordance with the provisions of subsection H of this section to account for the member's participation in the Oklahoma Firefighters Deferred Option Plan. The deferred benefit balance such member is entitled to receive shall be reduced by the back drop pension adjustment amount and increased by the deferred benefit balance adjustment amount. The member may only make a back drop election if the deferred benefit balance after the adjustment described in this paragraph is greater than Zero Dollars (\$0.00). The member may only make this election if the member has not previously elected to participate in the Oklahoma Firefighters Deferred Option Plan.

5. Subparagraphs d and e of paragraph 1 and paragraphs 3 and 4 of this subsection are effective June 4, 2007, provided the Internal Revenue Service issues a favorable determination letter for the System which includes the provisions of such subparagraphs and

paragraphs without modification or as modified to conform to any changes required by the Internal Revenue Service as part of its determination letter review process. In the event the Internal Revenue Service does not issue such a determination letter which includes the provisions of such subparagraphs or paragraphs without modification or as modified to conform to any changes required by the Internal Revenue Service as part of its determination letter review process, then subparagraphs d and e of paragraph 1 and paragraphs 3 and 4 of this subsection shall be repealed effective June 4, 2007.

SECTION 6. AMENDATORY 11 O.S. 2021, Section 49-108, is amended to read as follows:

Section 49-108. A. Any volunteer firefighter who is appointed as a paid firefighter ~~whose first service with a participating employer of the System occurs prior to November 1, 2013,~~ and serves less than ten (10) years as a paid firefighter, shall be entitled to receive one-twentieth (1/20) of a volunteer pension earned over twenty (20) years for each full year served as a volunteer firefighter and one-twentieth of one-half (1/20 of 1/2) of the average salary received for each full year the firefighter served as a paid firefighter. ~~Any volunteer firefighter who is appointed as a paid firefighter whose first service with a participating employer of the System occurs on or after November 1, 2013, and serves less than eleven (11) years as a paid firefighter, shall be entitled to receive one-twenty-second (1/22) of a volunteer pension earned over twenty two (22) years for each full year served as a volunteer firefighter and one-twenty second of fifty five percent (1/22 of 55%) of the average salary received for each full year the firefighter served as a paid firefighter.~~

B. Any volunteer firefighter who is appointed as a paid firefighter after May 15, 1992, ~~whose first service with a participating employer of the System occurs prior to November 1, 2013,~~ and serves ten (10) or more years as a paid firefighter, shall be entitled to credit no more than five (5) years of volunteer time to complete a twenty-year paid service pension with remaining volunteer time computed at one-twentieth (1/20) of a volunteer pension earned over twenty (20) years for each additional volunteer year. ~~Any volunteer firefighter who is appointed as a paid firefighter before May 15, 1992, and serves ten (10) or more years as a paid firefighter, shall be entitled to credit all of the firefighter's volunteer time to complete a twenty-year paid service pension. Any volunteer firefighter who is appointed as a paid~~

~~firefighter whose first service with a participating employer of the System occurs on or after November 1, 2013, and serves eleven (11) or more years as a paid firefighter, shall be entitled to credit no more than five (5) years of volunteer time to complete a twenty-two-year paid service pension with remaining volunteer time computed at one-twenty-second (1/22) of a volunteer pension earned over twenty-two (22) years for each additional volunteer year.~~

C. For purposes of determining benefits pursuant to this section, total credited service for paid and volunteer service shall not exceed thirty (30) years; provided, the most recent years of service shall be used in determining total credited service for paid and volunteer service.

D. Nothing contained in this section shall be construed to create an eligibility for pension which is not otherwise provided by law.

SECTION 7. AMENDATORY 11 O.S. 2021, Section 49-117.1, is amended to read as follows:

Section 49-117.1 A. A member who terminates service before normal retirement date, other than by death or disability shall, upon application filed with the State Board, be refunded from the Fund an amount equal to the accumulated contributions the member has made to the Fund, but excluding any interest or any amount contributed by the municipality or state.

~~B. If a member, whose first employment with a participating employer of the System occurs prior to November 1, 2013, 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.~~

~~C. If a member whose first employment with a participating employer of the System occurs on or after November 1, 2013, has completed eleven (11) 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.~~

~~D.~~ If the member who has completed ten (10) or more years of credited service as prescribed by subsection B of this section 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 not to exceed thirty (30) years. The death benefits provided for in Section 49-113.2 of this title shall not apply to any member retiring under the provisions of this section.

~~E. If the member who has completed eleven (11) or more years of credited service as prescribed by subsection C of this section 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-two (22) 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 not to exceed thirty (30) years. The death benefits provided for in Section 49-113.2 of this title shall not apply to any member retiring under the provisions of this section.~~

~~F. D.~~ If a member who ~~terminates~~ terminated employment and ~~elects~~ elects, or was eligible to elect, a vested benefit dies prior to being eligible to receive benefits, the member's beneficiary, as defined in paragraph 16 of Section 49-100.1 of this title, shall be entitled to the member's normal monthly retirement benefit on the date the deceased member would have been eligible to receive the benefit.

~~G. E.~~ If a member terminates employment and withdraws the member's accumulated contributions and then subsequently rejoins the System, he may pay to the System the sum of the accumulated contributions he has withdrawn plus five percent (5%) annual interest from the date of withdrawal and shall receive the same benefits as if he had never withdrawn his contributions; however, effective January 1, 1991, the rate of interest provided herein shall be ten percent (10%) per annum.

~~H. F.~~ Lump-sum payments for repayment of any amounts received because of a member's prior termination with interest may be repaid by a trustee-to-trustee transfer of non-Roth funds from a Code Section 403(b) annuity, a governmental Code Section 457 plan, and/or a Code Section 401(a) qualified plan.

~~I. G.~~ A firefighter shall not be permitted to withdraw from the System while employed as a firefighter in a participating municipality.

SECTION 8. AMENDATORY 11 O.S. 2021, Section 49-135, is amended to read as follows:

Section 49-135. A. No person shall be employed in a fire department who has reached the age of forty-five (45) years, unless it appears he or she shall become eligible for retirement at the age of sixty-five (65) years, ~~or at the age of sixty-seven (67) years for a firefighter whose first service with a participating employer of the System occurs on or after November 1, 2013,~~ or unless he or she be retired from a municipal fire department in the State of Oklahoma. This section shall not apply to professional engineers, or to persons employed as technical specialists on a temporary basis. The State Board shall be authorized to establish the maximum age, within the limits herein prescribed, over which an applicant may not be considered for initial employment, but no person shall be prohibited from making application for reemployment and having such reemployment application considered merely because of his or her age, provided that such person be under the age of forty-five (45) years, and provided further, that such reemployment shall be with the consent of the fire chief of such municipality.

B. On or after the effective date of this act, a person who performs volunteer services as a firefighter, who has attained the age of forty-five (45) or more years as of the first date such volunteer services are performed, for a municipality or a county shall not be eligible to be a member of the Oklahoma Firefighters Pension and Retirement System for any purpose, shall not be eligible for any benefit payable by the System and shall not receive any form of service credit from the System resulting from such volunteer services. The person responsible for decisions regarding the performance of firefighting services having jurisdiction, which in the absence of any other requirement to the contrary shall be the Fire Chief, shall make the final determination on applicants for positions that would involve the performance of volunteer firefighting services if the applicant is over the age of forty-five (45) years based on local rules, regulations, ordinances, guidelines and standard operating procedures.

C. Notwithstanding the requirements of subsections C and H of Section 49-106.1 of this title to terminate employment with all

participating municipalities as a firefighter, a person receiving an accrued retirement benefit pursuant to Section 49-106 of this title may perform volunteer firefighting services for a volunteer department pursuant to subsection B of this section and continue to receive the member's accrued retirement benefit; provided, that the pension shall cease during any period of time the member may thereafter serve for compensation in any municipal fire department in the state; provided further, that no person shall perform any services as a firefighter if such person is receiving disability benefits pursuant to Section 49-109 of this title.

SECTION 9. Section 1 of this act shall become effective October 1, 2022.

SECTION 10. Sections 2 through 8 of this act shall become effective November 1, 2022.

Passed the House of Representatives the 4th day of May, 2022.

Presiding Officer of the House
of Representatives

Passed the Senate the 27th day of April 2022.

Presiding Officer of the Senate

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: _____

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

January 20, 2021

Representative Avery Frix
Room 405.1

Re: RBH No. 6785

RBH No. 6785 includes the State Fire Marshall and any other fire marshall employee in the Hazardous benefit formula in OPERS.

RBH No. 6785 is a fiscal bill as defined by OPLAAA as a result of the amendment.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

February 18, 2022

Representative Frix
Room 405.1

Re: Proposed Committee Substitute for House Bill No. 2487
RBH No. 10358

Proposed Committee Substitute for House Bill No. 2487 removes the changes made in the Oklahoma Firefighters Pension and Retirement System that were effective for those entering the system after November 1, 2013.

The bill restores Retirement Age after 20 years of service. Currently age 50 with 22 years of service Vesting requirement is 10 years instead of 11 years.

Proposed Committee Substitute for House Bill No. 2487 also amends OPLAAA to define the changes as nonfiscal.

This bill also amends OPLAAA to change the definition on a non fiscal bill to include the above provision.

This bill is a non fiscal bill under OPLAAA as amended.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

March 7, 2022, 2022

Representative Frix
Room 405.1

Re: Committee Substitute for House Bill No. 2487
RBH No. 10792

Committee Substitute for House Bill No. 2487 removes the changes made in the Oklahoma Firefighters Pension and Retirement System that were effective for those entering the system after November 1, 2013. The bill restores Retirement Age after 20 years of service. Currently age 50 with 22 years of service Vesting requirement is 10 years instead of 11 years.

Committee Substitute for House Bill No. 2487also amends OPLAAA to define the changes as nonfiscal.

This bill also amends OPLAAA to change the definition on a non fiscal bill to include the above provision.

This bill is a non fiscal bill under OPLAAA as amended.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA