OKLAHOMA
POLICE PENSION
AND
RETIREMENT SYSTEM

2014

UNOFFICIAL
OKLAHOMA STATUTES
AND ADMINISTRATIVE RULES AS AMENDED
PERTAINING TO OKLAHOMA POLICE PENSION AND
RETIREMENT SYSTEM
AS OF JULY 1, 2014

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM
1001 N.W. 63rd Street, Suite 305
Oklahoma City, Oklahoma 73116-7335
Telephone (405) 840-3555 • FAX (405) 840-8465
1-800-347-6552
www.opprs.ok.gov

BOARD MEMBERS – JULY 2014

The Oklahoma Police Pension and Retirement Board is a thirteen (13) member Board. Seven Board members are elected by members of the System (six are active police officers, and one is a retired member). One Board member is appointed by the Governor, one by the Speaker of the House, one by the President Pro Tempore of the Senate, and one by the President of the Oklahoma Municipal League. The two remaining Board members are the State Insurance Commissioner or the Commissioner's designee and the Director of State Finance or the Director's designee. (See 11 O.S. § 50-103.1)

CHAIRMAN, Ryan Perkins
VICE CHAIRMAN, Jeff Pierce

State Board District 1	Tom Custer, Edmond
State Board District 2	Craig Akard, Lawton
State Board District 3	Rick Smith, Broken Arrow
State Board District 4	Jim Keesee, Norman
State Board District 5	Ryan Perkins, Tulsa
State Board District 6	Jeffery Pierce, Oklahoma City
State Board District 7	W. B. Smith, Retired
Governor Appointee	Andy McPherson
Speaker of the House Appointee	Timothy Foley
Senate President Pro Tempore Appointee	Susan Knight
Oklahoma Municipal League Appointee	Tony Davenport
State Insurance Commissioner	John Doak *Frank Stone, Designee*
Director of State Finance	Preston L. Doerflinger *Brandy Manek, Designee*

ADMINISTRATION

EXECUTIVE DIRECTOR, Steven K. Snyder

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The following legislation passed during the 2nd Session of the 54th Legislature (2014) amended statutes pertaining to the Oklahoma Police Pension and Retirement System:

Senate Bill 212

NOTE: See the APPENDIX for a copy of the section(s) of the above listed bill which pertain to the Oklahoma Police Pension and Retirement System.

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OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

11 § 50-101. Definitions

As used in this article:

1. "System" means the Oklahoma Police Pension and Retirement System and all predecessor municipal 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" 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" 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 incapacity to earn any wages as a certified, commissioned police officer due to accidental injury or occupational disease, incurred while in, and in consequence of, the performance of duty as an 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 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.

a. Base salary shall not include payment for accumulated sick and annual leave upon termination of employment, severance pay or any uniform allowances. Provided, for purposes of determining the normal disability benefit, final average salary shall be based on the member's total service if less than thirty (30) months. Base 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 January 1, 1988, base salary shall include any amount of elective salary reduction under Section 125 of the Internal Revenue Code of 1986, as amended. Effective July 1, 1998, gross salary shall include 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. Only salary on which required contributions have been made may be used in computing the final average salary.

b. 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" 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" is any member who first became a member during a plan year commencing on or after July 1, 1996.

c. 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;

d. Effective January 1, 2008, base salary shall also include base salary, as described above 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.

e. Effective January 1, 2008, any payments not described above shall not be considered 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.

f. 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 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.

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

18. "Accrued retirement benefit" means 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 two and one-half percent (2 1/2%) of the member's final average salary multiplied by twenty (20) years;

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 May 1, 2002, all compensation that shall include longevity, educational allowances, and normal compensation paid on a regularly scheduled pay period of which said pay period shall include holidays, annual leave and sick leave. Paid base salary shall not include overtime, shall not include payment for accumulated sick and annual leave upon termination of employment, and shall not include any uniform allowance or any other compensation for reimbursement of out-of-pocket expenses; 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.

11 § 50-102.1 Police Pension and Retirement System—Creation—Status—Powers and duties

There is created the Oklahoma Police Pension and Retirement System which shall be a body corporate and an instrumentality of this state. The System shall be vested with the powers and duties specified in this act and such other powers as may be necessary to enable it and its officers and employees to carry out fully and effectively the purposes and intent of this article. All assets of the System shall be held in trust for the exclusive purpose of providing benefits for the members and beneficiaries of the System, including defraying reasonable expenses of administering the System, and shall not be encumbered for or diverted to any other purpose. This System shall be the responsibility of the state and not that of the participating municipalities.

11 § 50-103.1 Police Pension and Retirement Board—Composition—Areas of representation—Terms—Vacancies—Selection criteria—Officers

A. There shall be an Oklahoma Police Pension and Retirement Board which shall be composed of thirteen (13) members as follows:

1. Seven members shall be elected as follows:

    a. One member shall be elected to represent State Board District 1. State Board District 1 shall include that area of the state, except for any area comprising Oklahoma City, that is north of Interstate Highway 40 and west of Interstate Highway 35;

    b. One member shall be elected to represent State Board District 2. State Board District 2 shall include that area of the state, except for any area comprising Oklahoma City, that is south of Interstate Highway 40 and west of Interstate Highway 35;

    c. One member shall be elected to represent State Board District 3. State Board District 3 shall include that area of the state, except for any area comprising Oklahoma City or Tulsa, that is north of Interstate Highway 40 and east of Interstate Highway 35;

    d. One member shall be elected to represent State Board District 4. State Board District 4 shall include that area of the state, except for any area comprising Oklahoma City, that is south of Interstate Highway 40 and east of Interstate Highway 35;

    e. One member shall be elected to represent State Board District 5. State Board District 5 shall include that area of the state comprising the City of Tulsa;

    f. One member shall be elected to represent State Board District 6. State Board District 6 shall include that area of the state comprising the City of Oklahoma City; and

    g. One member shall be elected to represent State Board District 7. State Board District 7 shall include the entire area of the state.

The members elected to represent State Board Districts 1 through 6 shall be active members of the System and work for a participating municipality whose police department is physically located within the State Board District. The member elected to represent State Board District 7 shall be a retired member of the System. Elections for the State Board Districts shall be held within six (6)

months of the date of the expiration of the term of office of a member or of the date a vacancy occurs on such dates that are set by the State Board. The initial term of office for State Board Districts 2, 5 and 7 shall begin on July 1, 1989. The initial term of office for State Board Districts 3 and 6 shall begin on July 1, 1990. The initial term of office for State Board Districts 1 and 4 shall begin on July 1, 1991. The term of office of the elected members shall be three (3) years. Only members of the System working for a participating municipality whose police department is physically located within the respective State Board Districts may participate in the election process for State Board Districts 1 through 6. Only retired members of the System may participate in the election process for State Board District 7.

2. One member shall be appointed by the Speaker of the House of Representatives;

3. One member shall be appointed by the President Pro Tempore of the Senate;

4. One member shall be appointed by the Governor;

5. One member shall be appointed by the President of the Oklahoma Municipal League;

6. One member shall be the State Insurance Commissioner or the Commissioner's designee; and

7. One member shall be the Director of State Finance or the Director's designee.

B. 1. The term of office of the member appointed to the State Board by the Speaker of the House of Representatives and the term of office of the member appointed to the State Board by the President Pro Tempore of the Senate who are members of the State Board on the operative date of this act, shall expire on January 3, 1989. The members thereafter appointed by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall serve terms of office of four (4) years.

2. The term of office of the member appointed by the Governor who is a member of the State Board on the operative date of this act shall expire on January 14, 1991. The members thereafter appointed by the Governor shall serve a term of office of four (4) years which is coterminous with the term of office of the office of the appointing authority.

3. The initial term of office of the member appointed by the President of the Oklahoma Municipal League shall expire on July 1, 1990. The members thereafter appointed by the President of the Oklahoma Municipal League shall serve terms of office of four (4) years.

4. Any vacancy that occurs shall be filled for the unexpired term in the same manner as the office was previously filled.

C. The members appointed to the State Board by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Governor and the President of the Oklahoma Municipal League or who are designees of an ex officio member of the State Board shall:

1. Have demonstrated professional experience in investment or funds management, public funds management, public or private pension fund management or retirement system management;

2. Have demonstrated experience in the banking profession and have demonstrated professional experience in investment or funds management;

3. Be licensed to practice law in this state and have demonstrated professional experience in commercial matters; or

4. Be licensed by the Oklahoma Accountancy Board to practice in this state as a public accountant or a certified public accountant.

The appointing authorities, in making appointments that conform to the requirements of this subsection, shall give due consideration to balancing the appointments among the criteria specified in paragraphs 1 through 4 of this subsection.

D. No member of the State Board shall be a lobbyist registered in this state as provided by law.

E. Notwithstanding any of the provisions of this section to the contrary, any person serving as an appointed member of the State Board on the operative date of this act shall be eligible for reappointment when the term of office of the member expires.

F. The State Board shall elect one of its members as Chairman at its annual meeting. The Chairman shall preside over meetings of the State Board and perform such other duties as may be required by the State Board. The State Board shall also elect another member to serve as Vice Chairman, and the Vice Chairman shall perform duties of Chairman in the absence of the latter or upon the Chairman's inability or refusal to act.

11 § 50-104.1 Meetings of State Board—Special meetings—Notice—Quorum—Travel expenses

A. The State Board shall hold regular meetings in Oklahoma City at least once each quarter, the dates, time, and place thereof to be fixed by the State Board. The State Board shall hold a regular meeting in July of each year which meeting shall be the annual meeting at which it shall elect its Chairman. Special meetings may be called upon written call of the Chairman or by agreement of any eight (8) members of the State Board. Notice of a special meeting shall be mailed to all State Board members not less than seven (7) days prior to the date fixed for the meeting; provided, however, that notice of such meeting may be waived by any member either before or after such meeting and attendance at such meeting shall constitute a waiver of notice of such meeting, unless a member participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened.

B. Seven (7) State Board members shall constitute a quorum for the transaction of business, but any official action of the State Board shall be based upon a favorable vote by at least seven (7) State Board members at a regular, special, or emergency meeting of the State Board.

C. State Board members shall be reimbursed for necessary travel expenses pursuant to the State Travel Reimbursement Act.

11 § 50-104.2 Office facilities—Record of proceedings—Financial statement—Audits

A. The principal office of the System shall be in Oklahoma City, Oklahoma. Notwithstanding any statute or rule to the contrary, the State Board, in accordance with its fiduciary duty, is hereby authorized to own and occupy necessary office space in suitable quarters as the State Board deems appropriate.

B. The State Board shall keep a record of all of its proceedings, which shall be open for inspection at all reasonable hours. A report including such information as the operation of the System for the past fiscal year, including income, disbursements, and the financial condition of the fund at the end of each fiscal year and showing the valuation of its assets, investments, and liabilities, shall be delivered to the Governor after the end of each fiscal year but prior to October 1 of the next fiscal year and made available to the members and participating municipalities.

C. The State Auditor and Inspector shall make an annual audit of the accounts of the System. The audit shall be filed as soon after the close of the fiscal year as practicable, in accordance with the requirements for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes.

11 § 50-105.1 Executive Director—Employees—Acceptance of gifts or gratuities—Actuary—Legal services

A. The State Board shall appoint an Executive Director. Subject to the policy direction of the State Board, the Executive Director shall be the managing and administrative officer of the System and as such shall have charge of the office, records, and supervision and direction of the employees of the System.

B. The Executive Director shall recommend to the State Board the administrative organization, the number and qualifications of employees necessary to carry out the intent of this article, and the policy direction of the State Board. Upon approval of the organizational plan by the State Board, the Executive Director may employ such persons as are deemed necessary to administer this article.

C. The members of the State Board, the Executive Director and the employees of the System shall not accept gifts or gratuities from an individual organization with a value in excess of the amount per year permitted by the Ethics Commission for all state officials and employees. The provisions of this section shall not be construed to prevent the members of the State Board, the Executive Director or the employees of the System from attending educational seminars, conferences, meetings or similar functions which are paid for, directly or indirectly, by more than one organization.

D. The State Board may select and retain a qualified actuary who shall serve at its pleasure as its technical advisor or consultant on matters regarding the operation of the System. The actuary may at the direction of the State Board:

1. Make an annual valuation of the liabilities and reserves of the System, and a determination of the contributions required by the System to discharge its liabilities and administrative costs under this article, and recommend to the State Board rates of employer contributions required to establish and maintain the System on an adequate reserve basis;

2. As deemed necessary by the State Board, make a general investigation of the actuarial experience under the System, including mortality, retirement, employment turnover, and interest, and recommend actuarial tables for use in valuations and in calculating actuarial equivalent values based on such investigation; and

3. Perform such other duties as may be assigned by the State Board.

E. The State Board may retain an attorney licensed to practice law in this state. The attorney shall serve at the pleasure of the State Board for such compensation as set by the State Board. The Attorney General shall furnish such legal services as may be requested by the State Board.

11 § 50-105.2 Administration of System—Rules and regulations—Accounts and records—Open meetings—Actuarial tables—Decisions of Board—Actions

A. The State Board shall be responsible for the policies and rules for the general administration of the System, subject to the provisions of this article.

B. The State Board shall establish rules and regulations for the administration of the System and for the transaction of its business consistent with law, which rules and regulations shall be filed with the Secretary of State.

C. The State Board shall be responsible for the installation or provision of a complete and adequate system of accounts and records.

D. All meetings of the State Board shall be open to the public. The State Board shall keep a record of its proceedings.

E. The State Board may adopt all necessary actuarial tables to be used in the operation of the System as recommended by the actuary and may compile such additional data as may be necessary for required actuarial valuation calculations.

F. All decisions of the State Board as to questions of fact shall be final and conclusive on all persons except for the right of review as provided by law and except for fraud or such gross mistake of fact as to have effect equivalent to fraud.

G. The State Board shall take all necessary action upon applications for pensions, disability benefits, refund of accumulated contributions and shall take action on all other matters deemed necessary by the State Board.

11 § 50-105.3 Certified estimate of rate of contribution required, accumulated contributions and other assets of System

The State Board shall certify to the Director of State Finance, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate, on or before November 1 of each year, an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the System to pay by level-dollar payments all liabilities which shall exist or accrue pursuant to the provisions of the System, including amortization of the unfunded accrued liability over a period of not to exceed thirty (30) years beginning July 1, 1988.

11 § 50-105.4 Duties of Board—Investments—Liability insurance—Investment managers—Custodial services—Reports

A. The Oklahoma Police Pension and Retirement Board shall discharge their duties with respect to the System solely in the interest of the participants and beneficiaries and:

1. For the exclusive purpose of:

a. providing benefits to participants and their beneficiaries, and

b. defraying reasonable expenses of administering the System;

2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. In accordance with the laws, documents and instruments governing the System.

B. The State Board may procure insurance indemnifying the members of the State Board from personal loss or accountability from liability resulting from a member's action or inaction as a member of the State Board.

C. The State Board may establish an investment committee. The investment committee shall be composed of not more than five (5) members of the State Board appointed by the chairman of the State Board. The committee shall make recommendations to the full State Board on all matters related to the choice of custodians and managers of the assets of the System, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the State Board in any circumstances whatsoever. No recommendation of the committee shall have effect as an action of the State Board nor take effect without the approval of the State Board as provided by law.

D. The State Board shall retain qualified investment managers to provide for the investment of the monies of the System. The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the State Board unless the State Board deems it necessary and prudent to do otherwise to fulfill its fiduciary responsibility. Subject to the overall investment guidelines set by the State Board, the investment managers shall have full discretion in the management of those monies of the System allocated to the investment managers. The State Board shall manage those monies not specifically allocated to the investment managers. The monies of the System allocated to the investment managers shall be actively managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

E. Funds and revenues for investment by the investment managers or the State Board shall be placed with a custodian selected by the State Board. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services and any related custodial agreement or trust agreement is incorporated herein by reference. The custodian shall be chosen by a solicitation of proposals on a competitive basis pursuant to standards set by the State Board. In compliance with the investment policy guidelines of the State Board, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the State Board for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles. Any assets of the System may be invested in a collective investment fund or in a group trust that satisfies the requirements of Rev. Rul. 81-100, as further amended by Rev. Rul. 2004-67, Rev. Rul. 2008-40, and Rev. Rul. 2011-1, and as subsequently amended by future guidance. Each such collective investment fund or group trust is adopted, with respect to any monies invested therein, as part of the System, its trust, and custodial account and each such declaration of trust or trust agreement and related adoption, participation, investment management, subtrust or other agreements, as amended from time to time, with respect to any monies invested therein, are incorporated by reference into the System, its trust agreement(s) or custodial agreement(s), upon approval by the State Board.

F. By November 1, 1988, and prior to August 1 of each year thereafter, the State Board shall develop a written investment plan for the System.

G. After July 1 and before November 1 of each year, the State Board shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the State Board. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performances of the System for the fiscal year. In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The

appendix or addendum shall contain a statement of the financial condition of the System:

H. The State Board shall adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report.

11 § 50-105.5 Duties of fiduciaries

A. A fiduciary with respect to the Oklahoma Police Pension and Retirement System shall not cause the System to engage in a transaction if the fiduciary knows or should know that such transaction constitutes a direct or indirect:

1. sale or exchange, or leasing of any property from the System to a party in interest for less than adequate consideration or from a party in interest to the System for more than adequate consideration;

2. lending of money or other extension of credit from the System to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the System with provision of excessive security or an unreasonably high rate of interest;

3. furnishing of goods, services or facilities from the System to a party in interest for less than adequate consideration, or from a party in interest to the System for more than adequate consideration; or

4. transfer to, or use by or for the benefit of, a party in interest of any assets of the System for less than adequate consideration.

B. A fiduciary with respect to the Oklahoma Police Pension and Retirement System shall not:

1. deal with the assets of the System in the fiduciary's own interest or for the fiduciary's own account;

2. in the fiduciary's individual or any other capacity act in any transaction involving the System on behalf of a party whose interests are adverse to the interests of the System or the interests of its participants or beneficiaries; or

3. receive any consideration for the fiduciary's own personal account from any party dealing with the System in connection with a transaction involving the assets of the System.

C. A fiduciary with respect to the Oklahoma Police Pension and Retirement System may:

1. invest all or part of the assets of the System in deposits which bear a reasonable interest rate in a bank or similar financial institution supervised by the United States or a state, if such bank or other institution is a fiduciary of such plan; or

2. Provide any ancillary service by a bank or similar financial institution supervised by the United States or a state, if such bank or other institution is a fiduciary of such plan.

D. A person or a financial institution is a fiduciary with respect to the Oklahoma Police Pension and Retirement System to the extent that the person or the financial institution:

1. exercises any discretionary authority or discretionary control respecting management of the Oklahoma Police Pension and Retirement System or

exercises any authority or control respecting management or disposition of the assets of the System;

2. renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the System, or has any authority or responsibility to do so; or

3. has any discretionary authority or discretionary responsibility in the administration of the System.

11 § 50-105.6 Deposit of contributions and dedicated revenues— Warrants and vouchers

A. All employee and employer contributions and dedicated revenues shall be deposited in the Oklahoma Police Pension and Retirement Fund in the State Treasury. The State Board shall have the responsibility for the management of the Oklahoma Police Pension and Retirement Fund, and may transfer monies used for investment purposes by the Oklahoma Police Pension and Retirement System from the Oklahoma Police Pension and Retirement Fund in the State Treasury to the custodian bank or trust company of the System.

B. All benefits payable pursuant to the provisions of the Oklahoma Police Pension and Retirement System, refunds of contribution and overpayments, and all administrative expenses in connection with the System shall be paid from the Oklahoma Police Pension and Retirement Fund upon warrants or vouchers signed by two persons designated by the State Board. The State Board may transfer monies from the custodian bank or trust company of the System to the Oklahoma Police Pension and Retirement Fund in the State Treasury for the purposes specified in this subsection.

11 § 50-106. General powers of State Board

The State Board shall, in addition to other powers herein granted, have power to:

1. Compel witnesses to attend and testify before it upon all matters connected with the operations of this article or ordinances enacted by any municipality relative to the System, and in the same manner as is or may be provided by law for the taking of testimony before notaries public; and its Chairman or any member of the State Board may administer oaths to such witnesses;

2. Provide for the payment of all its necessary expenses, and pay for actuarial, legal and such other services as shall be required to transact the business of the System;

3. Provide all rules and regulations necessary for its guidance in conformity with the provisions of this article including the physical requirements for eligibility for initial membership in the System. In connection with such authority, on or after July 1, 2011, the State Board may permit, effective for applicable notices, elections and consents provided or made for a member, beneficiary, alternate payee or individual entitled to benefits under the System, the use of electronic media to provide such applicable notices and make such elections and consents as described in Section 1.401(a)-21 of the Income Tax Regulations;

4. For the purpose of meeting disbursements for pensions and other payments, to keep on deposit in one or more banks, trust companies or savings

and loan associations, to the extent that such deposit is insured, what it considers an adequate amount of cash. No trustee or employee of the State Board shall, directly or indirectly, for himself or as an agent, in any manner use the assets of the System, except to make such current and necessary payments as are authorized by the State Board, nor shall any trustee or employee of the State Board become an endorser or surety or become in any manner an obligor for monies loaned by or borrowed from the State Board; and

5. Effective July 1, 1999, do all acts and things necessary and proper to carry out the purpose of the System and to make the least costly amendments and changes, if any, as may be necessary to qualify the System under the applicable sections of the Internal Revenue Code of 1986, as amended.

11 § 50-106.3. Joining System—Application for affiliation—Consolidation of systems—Election to participate

A. An eligible employer may join the System on the first day of any month. Application for affiliation shall be in the form of a resolution approved by the governing body of the eligible employer or by any other body or officer authorized by law or recognized by the State Board to approve such resolution or action. Upon the filing of a certified copy of such resolution with the State Board, such election shall be irrevocable and the eligible municipality shall become a participating municipality on the first day of the month immediately following the filing of such election with the State Board. Participating municipalities shall be required to provide all documentation requested by the System relating to the administration of the System.

B. The State Board shall have final authority in determining eligibility for membership in the System, pursuant to the provisions of this article. A member claiming credit for prior municipal police service in Oklahoma shall file an application with the State Board. The date of filing such application shall be not more than ninety (90) days after the municipality's entry date. Any credit for such prior service shall not exceed five (5) years. Upon a favorable determination of the eligibility for and the amount of service credit under this section, the member shall pay the amount determined by the State Board pursuant to Section 50-111.4 of this title.

C. Any municipality that has a municipal police pension and retirement system prior to July 1, 1980, shall consolidate its system with the state System and become a participating municipality on the first entry date as provided in this article.

D. Any eligible employer of a municipality which is a participating employer in the Oklahoma Public Employees Retirement System on July 1, 1996, may become a participating municipality of the Oklahoma Police Pension and Retirement System if and only if a certified copy of a resolution approved by the governing body of the eligible employer or by any other body or officer authorized by law or recognized by the Board to approve such a resolution, is filed with the Board. Such election shall be irrevocable.

1. All eligible officers who are initially employed in such a position on or after the date when the municipality becomes a participating municipality shall be members of the Oklahoma Police Pension and Retirement System and shall have no right to participate in the Oklahoma Public Employees Retirement System.

2. All eligible officers who were employed in such a position prior to the date when the municipality becomes a participating municipality shall have the right to make a one-time election on or before six (6) months following the date that the municipality became a participating municipality to participate in the Oklahoma Police Pension and Retirement System. Any such employee who fails to make the election provided in this paragraph shall remain in the Oklahoma Public Employees Retirement System.

a. Eligible officers electing to participate in the Oklahoma Police Pension and Retirement System shall be allowed to withdraw their accumulated contributions or elect a vested benefit in the Oklahoma Public Employees Retirement System as provided in Section 917 of Title 74 of the Oklahoma Statutes.

b. Eligible officers electing to participate in the Oklahoma Police Pension and Retirement System may file a claim for prior municipal police service in Oklahoma with the State Board and may receive the prior service credit, not to exceed five (5) years, upon payment for the service at the actuarial cost as determined by the State Board. In no event, however, shall any eligible officer electing to participate in the Oklahoma Police Pension and Retirement System be allowed to receive credit or benefits in the Oklahoma Police Pension and Retirement System for years of service for which the officer is already receiving or eligible to receive retirement credit or benefits in the Oklahoma Public Employees Retirement System.

11 § 50-107. Custody and disbursement of pension funds

A. All monies provided for the Fund of the System by this article, or by appropriation by any municipality, or by contribution from members, shall be paid over to and received by the State Board for the use and benefit of the System to be disbursed and handled as provided in this article.

B. Should any error in any records of the Oklahoma Police Pension and Retirement System result in any payee receiving more or less than the payee would have been entitled had the records been correct, the State Board shall correct such error and shall pay any underpayments or recover any overpayments. An error does not include a member's failure to submit required documents, including proof of military service, prior to the effective date of retirement, which date includes the member's entry into the Oklahoma Police Deferred Option Plan. If a member submits documents after the effective date of retirement, no adjustment in retirement benefits shall be made.

C. Should more than the amount of a participating municipality or member contributions be paid to the System by a participating municipality through a mistake of fact, the System shall refund the amounts paid to the participating municipality within one year after the date on which the mistaken contribution was made. The System shall not pay the participating municipality earnings attributable to such contribution but shall reduce the amount returned to the participating municipality pursuant to this subsection by the amount of losses attributable to such contribution.

11 § 50-109. Appropriation of percentage of annual salary of member of System

Any municipality participating in the 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.

The sum appropriated shall be paid 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.

11 § 50-110. Contributions by members of System—Picked up contributions

A. Each member in the System shall contribute to the System a minimum of eight percent (8%) of the member's actual paid base salary.

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 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 one and one-half percent (1 1/2%) 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 Board for credit to the 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 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 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.

11 § 50-111.1. Termination of service before normal retirement date—Refund of accumulated contributions—Election of vested benefit—Monthly retirement annuity—Rejoining System—Death without named beneficiary

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. 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.

If a terminated member has elected a vested benefit and subsequently returns to work as a police officer of a participating municipality, their 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. Effective July 1, 2003, 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 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 beneficiary, the accumulated contributions made to the System by the member shall be paid to the estate of the member.

11 § 50-111.2 Transfer of credited service from or to other retirement system

A. A member of the Oklahoma Police Pension and Retirement System may receive up to five (5) years of credited service accumulated by the member while a member of the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Law Enforcement Retirement System, the Teacher's Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System or a county retirement system created pursuant to Section 951 of Title 19 of the Oklahoma Statutes or an Oklahoma municipal retirement system, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. The member shall decide the number of years of credited service, not to exceed five (5) years, to purchase. The State Board shall determine the amount for the purchase pursuant to Section 50-111.4 of this title. The amount may be paid through a trustee-to-trustee transfer to the Oklahoma Police Pension and Retirement System from another system designated in this section, and/or through payments made by the member. The transferred credited service of the member from another retirement system pursuant to this section shall not alter the member's normal retirement date or vesting requirements. The transferred credited service will be added after the member reaches normal retirement date or vesting date.

B. The Oklahoma Police Pension and Retirement System shall transfer credited service to another state retirement system upon request of former members. Upon transfer, the former member shall have forfeited all rights in the Oklahoma Police Pension and Retirement System. Employee and city contributions of the former municipal retirement systems prior to January 1, 1981, are not transferable.

11 § 50-111.2A Purchase of service credit for time served with Department of Defense or military

A. A member of the System who terminates employment for the purpose of performing service as a police officer on a contract basis for the United States Department of Defense or for the State Department of the United States in a war zone may purchase not to exceed one (1) year of service credit for the period of

time during which the member performed services for either of such entities, or any branch of the United States military or other entity operating under authority of the Department of Defense or the State Department, by making payment of all required employer and employee contributions for the period of service during which the member was so privately employed.

B. The contributions required by this section shall be paid by the member within one (1) year of becoming reemployed by a participating employer of the System.

C. Service credit purchased according to the provisions of this section shall be counted for purposes of vesting, normal retirement date, eligibility to participate in the Deferred Option Retirement Plan and alternative to the Deferred Option Retirement Plan authorized by Section 50-111.3 of Title 11 of the Oklahoma Statutes and for purposes of computing the retirement benefit of the member.

11 § 50-111.3. Deferred option plans

A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section 50-114 of this title, any member of the Oklahoma Police Pension and Retirement System who has not less than twenty (20) years of creditable service and who is eligible to receive a service retirement pension may make an irrevocable election to participate in the Oklahoma Police 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 Section 50-101 et seq. of this title but for eligibility purposes only.

C. The duration of participation in the Oklahoma Police Deferred Option Plan for a member shall not exceed five (5) years. Participation in the Oklahoma Police 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 Police Deferred Option Plan, the member shall terminate employment with all participating municipalities as an officer, and shall start receiving the member's accrued monthly retirement benefit from the System. Such a member may receive in-service distributions of such member’s accrued monthly retirement benefit from the System if such member is reemployed by a participating municipality only if such reemployment is as a police chief or in a position not covered under the System.

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

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

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

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

3. Any other method of payment if approved by the State Board. Notwithstanding any other provision contained herein to the contrary, commencement of distributions under the Oklahoma Police Deferred Option Plan shall be no later than the time as set forth in subsection C of Section 50-114 of this title.

G. If the participant dies during the period of participation in the Oklahoma Police Deferred Option Plan, a lump sum payment equal to the account balance of the participant shall be paid in accordance with Section 50-115.2 of this title.

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

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

   a. "back drop date" means the date selected by the member, which is up to five (5) years before the member elects to participate in the Oklahoma Police Deferred Option Plan, but not before the date at which the member completes twenty (20) years of credited service,

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

   c. "earlier attained credited service" means the credited service earned by a member as of the back drop date, and earlier attained credited service cannot be reduced to less than twenty (20) years of credited service, 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 of 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 as if the member had participated in the Oklahoma Police Deferred Option Plan pursuant to subsections A, B, C, D and E of this section from the back drop date to the termination date;

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 police officer and shall start receiving the 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 Police Deferred Option Plan pursuant to this subsection if the member has elected to participate in the Oklahoma Police Deferred Option Plan pursuant to subsections A, B, C, D, E and F of this section; and

3. If a member who has not less than twenty (20) years of creditable service and who is eligible to receive a service retirement pension dies prior to terminating employment, the surviving spouse shall be eligible to elect to receive a benefit determined as if the member had elected to participate in the Oklahoma Police Deferred Option Plan in accordance with this subsection on the day immediately preceding the death. The surviving spouse must have been married to the member for the thirty (30) continuous months preceding the member's death; provided, the 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 this election.

11 § 50-111.4 Transferred credited service—Computation of purchase price

A. The State Board shall adopt rules for computation of the purchase price for transferred credited service. These rules shall base the purchase price for each year purchased on the actuarial cost of the incremental projected benefits to be purchased. The purchase price shall represent the present value of the incremental projected benefits discounted according to the member's age at the time of purchase. Incremental projected benefits shall be the difference between the projected benefit said member would receive without purchasing the transferred credited service and the projected benefit after purchase of the transferred credited service computed as of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation.

B. In the event that the member is unable to pay the purchase price provided for in this section by the due date, the State Board shall permit the members to amortize the purchase price over a period not to exceed sixty (60) months. Said payments shall be made by payroll deductions unless the State Board permits an alternate payment source. The amortization shall include interest in an amount not to exceed the actuarially assumed interest rate adopted by the State Board for investment earnings each year. Any member who ceases to make payment, terminates, retires or dies before completing the payments provided for in this section shall receive prorated service credit for only those

payments made, unless the unpaid balance is paid by said member, his or her estate or successor in interest within six (6) months after said member's death, termination of employment or retirement, provided no retirement benefits shall be payable until the unpaid balance is paid, unless said member or beneficiary affirmatively waives the additional six-month period in which to pay the unpaid balance. Notwithstanding anything herein to the contrary, lump-sum payments for a transferred credited service purchase may be made by a trustee-to-trustee transfer from a Code Section 403(b) annuity or custodial account, an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), and/or a Code Section 401(a) qualified plan; or a direct rollover of tax-deferred funds from a Code Section 403(b) annuity or custodial account, an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), a Code Section 401(a) qualified plan, and/or a Code Section 408(a) or 408(b) traditional or conduit Individual Retirement Account or Annuity (IRA). Roth IRAs and Coverdell Education Savings Accounts shall not be used to purchase transferred credited service. A member making installment payments shall have the option of making a cash lump-sum payment for the balance of the actuarial purchase price with interest due through the date of payment by a trustee-to-trustee transfer from a Code Section 403(b) annuity or custodial account, an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), and/or a Code Section 401(a) qualified plan; or a direct rollover of tax-deferred funds from a Code Section 403(b) annuity or custodial account, an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), a Code Section 401(a) qualified plan, and/or a Code Section 408(a) or 408(b) traditional or conduit Individual Retirement Account or Annuity (IRA). Roth IRAs and Coverdell Education Savings Accounts shall not be used to purchase transferred credited service. The State Board shall promulgate such rules as are necessary to implement the provisions of this subsection.

11 § 50-111.5. Written election—Employer and employee contributions and accrued earnings—Service

A. Any individual who was a member with a vested benefit with the Oklahoma Police Pension and Retirement System on or after July 1, 1987, and who becomes appointed to a position in the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, or the Alcoholic Beverage Laws Enforcement Commission may, at the time the individual accepts such position, elect in writing to remain a member of the Oklahoma Police Pension and Retirement System as long as the individual has not begun receiving benefits from the Oklahoma Police Pension and Retirement System or the Oklahoma Law Enforcement Retirement System and shall not become a member of the Oklahoma Law Enforcement Retirement System. The agency shall send a copy of the written election to the Oklahoma Police Pension and Retirement System and the Oklahoma Law Enforcement Retirement System within five (5) business days from its signing. If such eligible individual does not elect to remain in the Oklahoma Police Pension and Retirement System pursuant to this subsection, then the individual may elect to transfer at a later date pursuant to subsection B of this section.

B. Any individual who was a member with a vested benefit with the Oklahoma Police Pension and Retirement System on or after July 1, 1987, and who subsequently entered the Oklahoma Law Enforcement Retirement System because he or she was appointed to a position in the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, or the Alcoholic Beverage Laws Enforcement Commission or, effective July 1, 2013, through July 31, 2013, an individual who made an election under subsection A that had been accepted by the Oklahoma Police Pension and Retirement System who did not have a vested benefit may, at any time the member is an active employee of such agency and has not begun receiving benefits from the Oklahoma Police Pension and Retirement System or the Oklahoma Law Enforcement Retirement System, elect in writing to reenter the Oklahoma Police Pension and Retirement System. Such written election shall be provided to the Oklahoma Police Pension and Retirement System. For purposes of this section, constructive receipt of the written election shall be the first day of the month following actual receipt.

1. A person who elects to transfer pursuant to this subsection shall have all of his or her employer and employee contributions made to the Oklahoma Law Enforcement Retirement System transferred to the Oklahoma Police Pension and Retirement System along with accrued earnings based upon the actuarial rate of return of the Oklahoma Law Enforcement Retirement System. Upon receiving the transfer of the employer and employee contributions and earnings, and notwithstanding the provisions of Section 50-111.4 of this title, the Oklahoma Police Pension and Retirement System shall treat the service that the member accrued in the Oklahoma Law Enforcement Retirement System as service in the Oklahoma Police Pension and Retirement System; and

2. Upon actual receipt of the written election pursuant to this subsection, the Oklahoma Police Pension and Retirement System shall notify the Oklahoma Law Enforcement Retirement System of the transfer election and shall send to the Oklahoma Law Enforcement Retirement System a copy of the election within five (5) business days. The Oklahoma Law Enforcement Retirement System shall transfer the employer and employee contributions and earnings of the transferring member to the Oklahoma Police Pension and Retirement System on or before the first day of the month following constructive receipt of the election. The transferring member shall then reenter the Oklahoma Police Pension and Retirement System beginning on the first day of the month following the month in which constructive receipt of the written election was made to the Oklahoma Police Pension and Retirement System. Any member who transfers to the Oklahoma Police Pension and Retirement System pursuant to this subsection shall have all service credit in the Oklahoma Law Enforcement Retirement System canceled.

C. Notwithstanding the provisions of Section 2-300 et seq. of Title 47 of the Oklahoma Statutes, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, the Oklahoma State Bureau of Investigation, and the Alcoholic Beverage Laws Enforcement Commission shall make employer contributions to the Oklahoma Police Pension and Retirement System in the same manner as participating municipalities of the Oklahoma Police Pension and Retirement System for all members who either elect to remain in or elect to transfer to the Oklahoma Police Pension and Retirement System pursuant to this section. The electing member shall make employee contributions to the Oklahoma Police

Pension and Retirement System as other participating members of the Oklahoma Police Pension and Retirement System.

11 § 50-112. Participation in System required—Eligibility

A. All persons employed as full-time duly appointed or elected officers who are paid for working more than twenty-five (25) hours per week or any person hired by a participating municipality who is undergoing police training to become a permanent police officer of the municipality shall participate in the System upon initial employment with a police department of a participating municipality. All such persons shall submit to a physical-medical examination pertaining to sight, hearing, agility and other conditions the requirements of which shall be established by the State Board. The person shall be required to complete this physical-medical examination prior to the beginning of actual employment. This examination shall identify any preexisting conditions. Except as otherwise provided in this section, a police officer shall be not less than twenty-one (21) nor more than forty-five (45) years of age when accepted for membership in the System. However, if a municipality should be found to be in noncompliance with the provisions of Article 50 of this title, as determined by the State Board, then any current full-time active police officer employed by a municipality as of July 1, 2001, shall not be denied eligibility to participate in the Oklahoma Police Pension and Retirement System solely due to age. The State Board shall have authority to deny or revoke membership of any person submitting false information in such person's membership application. The State Board shall have final authority in determining eligibility for membership in the System, pursuant to the provisions of this article.

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

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

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

E. Notwithstanding any other provision of law to the contrary, a municipality that employs two (2) or fewer full-time police officers may employ a police officer who is more than forty-five (45) years of age and who has never participated in the Oklahoma Police Pension and Retirement System, but such police officer shall not be eligible to participate in the System. Such police officer shall be counted in the limitation imposed by this subsection.

11 § 50-113. Purposes of pension fund—Limitation on payments

All the funds in the System shall be used only for the following purposes:

1. For investments as authorized by law;

2. For the payment of allowances to injured and disabled members of any participating municipality;

3. For the payment of pensions for long service to retired members of any participating municipality;

4. For the payment of a pension to any beneficiary of any member eligible for a pension;

5. For the payment of any professional services deemed necessary by the State Board;

6. For the payment of warrant deductions upon proper authorization given by the member to the Board from which the member or beneficiary is currently receiving retirement benefits for any insurance premium due an insurance organization for life, accident, and health insurance.

The System has no responsibility for the marketing, enrolling or administration of the products for which warrant deductions are authorized under this paragraph.

Approval of a warrant deduction for any insurance organization, line of coverage or policy shall not be construed as an assumption of liability, for the terms of the policy or the performance of the insurance organization by the Oklahoma Police Pension and Retirement System;

7. For the payment of membership dues in a statewide association limited to Oklahoma Police Pension and Retirement System members with a minimum membership of one thousand dues-paying members upon proper authorization given by the member; and

8. Any other purposes authorized by law.

Such payments in any event shall not exceed the limits provided in this article.

11 § 50-114. Service pension to members of System—Amount—Eligibility—Delay of distribution—Death of member—Review of requests—Disability benefits in lieu of pensions

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

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

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

3. The member must have complied with any agreement as to contributions by the member and other members to any funds of the System where said agreement has been made as provided by this article; provided, that should a retired member receive disability benefits as provided in this and other sections of this article, the time the retired member is receiving said disability benefits shall count as time on active service if the retired member should be recalled by the Chief of Police from said disability retirement. It shall be necessary before said time shall be counted toward retirement that the retired member make the same contribution as the member would have otherwise made if on active service for the time the retired member was disabled.

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

C. Effective July 1, 1989, in no event shall commencement of distribution of the accrued retirement benefit of a member be delayed beyond 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; or

2. The actual retirement date of the member.

For distributions made for calendar years beginning on or after January 1, 2001 through December 31, 2004, the System shall apply the minimum distribution requirements and incidental benefit requirements of Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, in accordance with the regulations under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, which were proposed on January 17, 2001, notwithstanding any provision of the System to the contrary. For distributions made for calendar years beginning on or after January 1, 2005, the System shall apply the minimum distribution incidental benefit requirements, incidental benefit requirements, and minimum distribution requirements of Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, in accordance with the final regulations under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended, which were issued in April 2002 and June 2004, notwithstanding any provision of the System to the contrary. Effective January 1, 2009, with respect to the Oklahoma Police Deferred Option Plan, to the extent applicable, no minimum distribution is required for 2009 in accordance with section 401 (a) (9) (H) of the Internal Revenue Code of 1986, as amended.

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

D. In the event of the death of any member who has been awarded a retirement benefit or is eligible therefor as provided in this section, such member's beneficiaries shall be paid such retirement benefit. The remaining portion of the member's retirement benefit shall be distributed to the beneficiaries at least as rapidly as under the method of distribution to the member. Effective March 1, 1997, if a member to whom a retirement benefit has been awarded or who is eligible therefor dies prior to the date as of which the total amount of retirement benefit paid equals the total amount of the employee contributions paid by or on behalf of the member and the member does not have a surviving beneficiary, the total benefits paid as of the date of the member's death shall be subtracted from the accumulated employee contribution amount and the balance, if greater than zero (0), shall be paid to the member's estate.

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

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

G. Upon the death of a retired member or a beneficiary, the benefit payment for the month in which the retired member or beneficiary died, if not previously paid, shall be made to the beneficiary of the member or to the member's or beneficiary's estate if there is no beneficiary. Such benefit payment shall be made in an amount equal to a full monthly benefit payment regardless of the day of the month in which the retired member or beneficiary died.

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

11 § 50-114.1 Limitations on benefits relating to section 415 of Internal Revenue Code of 1986

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

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

   a. survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the member's benefit were paid in another form,

   b. benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits), or

   c. the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Section 417(e)(3) of the Internal Revenue Code of 1986, as amended, and would otherwise satisfy the limitations of this section, and the System provides that the amount payable under the form of benefit in any limitation year shall not exceed the limits of this section applicable at the annuity starting date, as increased in subsequent years pursuant to Section 415(d) of the Internal Revenue Code of 1986, as amended. For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

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

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

5. Benefit Forms Not 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 5 if the form of the member's benefit is either:

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

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

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

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

c. Limitation Years Beginning Before July 1, 2007. For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greater annual amount:

(1) the interest rate and the mortality table (or other tabular factor), each as set forth in subsection G of Section 50-105.4 of this title for adjusting benefits in the same form; and

(2) a five percent (5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable) for that annuity starting date.

d. Limitation Year Beginning On January 1, 2008. For the limitation year beginning on January 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 described in Rev. Rul. 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 from 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 Rev. Rul. 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 6 if the form of the member's benefit is other than a benefit form described in paragraph 5 of this subsection. In this case, the actuarially equivalent straight life annuity shall be determined as follows:

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

(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) as set forth in the most recent actuarial valuation referenced in subsection G of Section 50-105.4 of this title prior to September 1, 2011, and effective September 1, 2011, in paragraph 22 of Section 50-101 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 member's form of benefit, computed using a five and one-half percent (5.5%) 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 Rev. Rul. 2007-67 (and subsequent guidance), and

(3) 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) 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 (1) 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 in the first day if 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 (1), (2), and (3) below:

(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 G of Section 50-105.4 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 member's form of benefit, computed using a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), and

(3) 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) 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 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 described in Rev. Rul 2001-62 (or its successor for these purposes, if applicable), divided by one and five one-hundredths (1.05).

c. Annuity Starting Date in Plan Years Beginning in 2006 or 2007. If the annuity starting date of the member's form of benefit is in a Plan Year beginning in 2006 or 2007, the actuarially equivalent straight life annuity is equal to the greatest of (1), (2), and (3) below:

(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 G of Section 50-105.4 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 member's form of benefit, computed using a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), and

(3) 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) the rate of interest on thirty-year Treasury securities as specified by the Commissioner for the lookback month for the stability period specified below. The lookback month applicable to the stability period is the fourth calendar month preceding the first day of the stability period, as specified below. The stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant, and

(b) the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), divided by one and five one-hundredths (1.05).

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

(1) If the annuity starting date of the member's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greater annual amount:

(a) the interest rate and the mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title for adjusting benefits in the same form, and

(b) a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable).

(2) If the annuity starting date of the member's benefit is on or after the first day of the first plan year beginning in 2004 and before December 31, 2004, the application of this subparagraph b shall not cause the amount payable under the member's form of benefit to be less than the benefit calculated under the System, taking into account the limitations of this section, except that the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greatest annual amount:

(a) the interest rate and mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title for adjusting benefits in the same form,

(b) (i) the rate of interest on thirty-year Treasury securities as specified by the Commissioner for the lookback month for the stability period specified below. The lookback month applicable to the stability period is the fourth calendar month preceding the first day of the stability period, as specified below. The stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant, and

(ii) the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), and

(c) (i) the rate of interest on thirty-year Treasury securities as specified by the Commissioner for the lookback month for the stability period specified below. The lookback month applicable to the stability period is the fourth calendar month preceding the first day of the stability period, as specified below. The stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant(as in effect on the last day of the last plan year beginning before January 1, 2004, under provisions of the System then adopted and in effect), and

(ii) the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable).

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

D. Adjustment of Dollar Limitation for Benefit Commencement Before Age Sixty-two (62) or After Age Sixty-five (65): Effective for benefits commencing in limitation years ending after December 31, 2001, the dollar limitation under subsection B of this section shall be adjusted if the annuity starting date of the member's benefit is before age sixty-two (62) or after age sixty-five (65). If the annuity starting date is before age sixty-two (62), the dollar limitation under subsection B of this section shall be adjusted under paragraph 1 of this subsection, as modified by paragraph 3 of this subsection, but subject to paragraph 4 of this subsection. If the annuity starting date is after age sixty-five (65), the dollar limitation under subsection B of this section shall be adjusted under paragraph 2 of this subsection, as modified by paragraph 3 of this subsection.

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

a. Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the member's benefit is prior to age sixty-two (62) and occurs in a limitation year beginning before July 1, 2007, 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 whichever of the following produces the smaller annual amount:

(1) the interest rate and the mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title, or

(2) a five-percent interest rate assumption and the applicable mortality table as described in Rev. Rul. 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 Age Sixty-two (62) and the Age of Benefit Commencement.

(a) If the annuity starting date for the member's benefit is prior to age sixty-two (62) and occurs in a limitation year beginning on January 1, 2008, and the System does not

have an immediately commencing straight life annuity payable at both age sixty-two (62) 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 interest rate assumption and the applicable mortality table for the annuity starting date as described in Rev. Rul. 2001-62(or its successor for these purposes, if applicable) (and expressing the member's age based on completed calendar months as of the annuity starting date).

(b) If the annuity starting date for the member's benefit is prior to age sixty-two (62) 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 age sixty-two (62) 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 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 Rev. Rul. 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 Age Sixty-two (62) and the Age of Benefit Commencement. If the annuity starting date for the member's benefit is prior to age sixty-two (62) 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 age sixty-two (62) 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 subparagraph b of this paragraph 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 age sixty-two (62), 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.

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

a. Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the member's benefit is after age sixty-five (65) and occurs in a limitation year beginning before July 1, 2007, 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 whichever of the following produces the smaller annual amount:

(1) the interest rate and the mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title, or

(2) a five-percent interest rate assumption and the applicable mortality table as described in Rev. Rul. 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 Age Sixty-five (65) and the Age of Benefit Commencement.

(a) If the annuity starting date for the member's benefit is after age sixty-five (65) 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 age sixty-five (65) 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 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 interest rate assumption and the applicable mortality table for the annuity starting date as described in Rev. Rul. 2001-62(or its successor for these purposes, if applicable) (and expressing the member's age based on completed calendar months as of the annuity starting date).

(b) If the annuity starting date for the member's benefit is after age sixty-five (65) 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 age sixty-five (65) 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 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 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 Rev. Rul. 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 Age Sixty-five (65) and Age of Commencement. If the annuity starting date for the member's benefit is after age sixty-five (65) 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 age sixty-five (65) 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 subparagraph b of this paragraph 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 age sixty-five (65), 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 age sixty-five (65) but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the System at age sixty-five (65) is the annual amount of such annuity that would be payable under the System to a hypothetical member who is age sixty-five (65) and has the same accrued benefit as the member.

3. Notwithstanding the other requirements of this subsection, no adjustment shall be made to the dollar limitation under subsection B of this section to reflect the probability of a member's death between the annuity starting date and age sixty-two (62), or between age sixty-five (65) and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the member prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the member's death if the System does not charge members for providing a qualified preretirement survivor annuity, as defined in Section 417(c) of the Internal Revenue Code of 1986, as amended, upon the member's death.

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

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

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

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

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

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

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

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

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

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

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

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

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

K. The State Board is hereby authorized to revoke the special election previously made on June 19, 1991, under Section 415(b)(10) of the Internal Revenue Code of 1986, as amended.

11 § 50-114.2. Direct rollover distributions

A. This section applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the System to the contrary that would otherwise limit a Distributee's election hereunder, a Distributee, including a nonspouse designated beneficiary, to the extent permitted under paragraph 3 of subsection B of this section, may elect, at the time and in the manner prescribed by the State Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

B. For purposes of this section, the following definitions shall apply:

1. "Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code of 1986, as amended; and the portion of any distribution that is not includable in gross income. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax member contributions which are not includable in gross income. However, such portion may be transferred only:

a. from January 1, 2002, through December 31, 2006:

(1) to an individual retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue Code of 1986, as amended, or

(2) in a direct trustee-to-trustee transfer, to a qualified trust which is part of a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable, and

b. on or after January 1, 2007:

(1) to an individual retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue Code of 1986, as amended, or

(2) in a direct trustee-to-trustee transfer to a qualified trust or an annuity contract described in Section 403(b) of the Internal Revenue Code of 1986, as amended, and such trust or contract provides for separate accounting for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

Effective for distributions after December 31, 2007, such after-tax portion may also be directly transferred to a Roth individual retirement account or annuity, described in Section 408A of the Internal Revenue Code of 1986, as amended (Roth IRA), subject to any limitations described in Section 408A(c) of the Internal Revenue Code of 1986, as amended.

Notwithstanding the foregoing, effective January 1, 2009, to the extent applicable, if all or a portion of a distribution from the Oklahoma Police Deferred Option Plan during 2009 is treated as an Eligible Rollover Distribution pursuant to Section 402 (c) (4) of the Internal Revenue Code of 1986, as amended, but would not be so treated if the minimum distribution requirements under Section 401 (a) (9) of the Internal Revenue Code of 1986, as amended, had applied during 2009, such distribution shall not be treated as an Eligible Rollover Distribution for purposes of Section 401 (a) (31), Section 3405 (c) or Section 402 (f) of the Internal Revenue Code of 1986, as amended;

2. "Eligible Retirement Plan" means an individual retirement account described in Section 408(a) of the Internal Revenue Code of 1986, as amended, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code of 1986, as amended, an annuity plan described in Section 403(a) of the Internal Revenue Code of 1986, as amended, or a qualified trust described in Section 401(a) of the Internal Revenue Code of 1986, as amended, that accepts the Distributee's Eligible Rollover Distribution. Effective January 1, 2002, an Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Internal Revenue Code of 1986, as amended, and an eligible plan under Section 457(b) of the Internal Revenue Code of 1986, as amended, which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the

System. Effective for distributions after December 31, 2007, an Eligible Retirement Plan includes a Roth IRA, subject to any limitations under Section 408A(c) of the Internal Revenue Code of 1986, as amended;

3. "Distributee" means an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic order, as defined in subsection B of Section 50-124 of this title, are Distributees with regard to the interest of the spouse or the former spouse. Effective for distributions after December 31, 2006, a Distributee also includes the member's nonspouse designated beneficiary (and certain trusts described in Section 402(c)(11)(B) of the Internal Revenue Code of 1986, as amended), pursuant to Section 401(a)(9)(E) of the Internal Revenue Code of 1986, as amended, who may elect any portion of a payment to be made in a Direct Rollover only to a traditional individual retirement account or annuity (other than an endowment contract) described in Section 408(a) or (b) of the Internal Revenue Code of 1986, as amended, (IRA), or, effective for distributions after December 31, 2007, to a Roth IRA, that is established on behalf of such nonspouse designated beneficiary for the purpose of receiving the distribution and that will be treated as an inherited IRA pursuant to the provisions of Section 402(c)(11) of the Internal Revenue Code of 1986, as amended. Also, in this case, the determination of any required minimum distribution under Section 401(a) (9) of the Internal Revenue Code of 1986, as amended, that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395. The required minimum distribution rules of Section 401(a) (9) (B) (other than clause iv thereof) of the Internal Revenue Code of 1986, as amended, apply to the transferee IRA; and

4. "Direct Rollover" means a payment by the System to the Eligible Retirement Plan specified by the Distributee.

C. At least thirty (30) days before and, effective for years beginning December 31, 2006, not more than one hundred eighty (180) days before the date of distribution, the Distributee (other than a nonspouse designated beneficiary prior to July 1, 2010) must be provided with a notice of rights which satisfies Section 402(f) of the Internal Revenue Code of 1986, as amended, as to rollover options and tax effects. Such distribution may commence less than thirty (30) days after the notice is given, provided that:

1. The State Board clearly informs the Distributee that the Distributee has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution; and

2. The Distributee, after receiving the notice, affirmatively elects a distribution.

D. For distributions made after December 31, 2006, but prior to July 1, 2010, a distribution with respect to a nonspouse designated beneficiary shall be made in accordance with Notice 2007-7, Q&A 15, 2007-5 Internal Revenue Bulletin 395. Effective for plan years beginning after December 31, 2009, a distribution with respect to a nonspouse designated beneficiary shall be subject to Sections 401 (a) (31), 402(f), and 3405(c) of the Internal Revenue Code of 1986, as amended.

11 § 50-114.3 Trustee-to-trustee transfer—Treatment of trust—Rules

A. An individual who has been designated, pursuant to Section 401(a)(9)(E) of the Internal Revenue Code of 1986, as amended, as the beneficiary of a deceased member and who is not the surviving spouse of the member, may elect, in accordance with Section 402 (c) (11) of the Internal Revenue Code of 1986, as amended, to have a direct trustee-to-trustee transfer of any portion of such beneficiary's distribution from the System after December 31, 2006, made only to a traditional individual retirement account or individual retirement annuity (other than an endowment contract) described in Section 408(a) or (b) of the Internal Revenue Code of 1986, as amended (IRA), or, effective for distributions after December 31, 2007, to a Roth individual retirement account or annuity described in Section 408A of the Internal Revenue Code of 1986, as amended (Roth IRA), that is established on behalf of such designated individual for the purpose of receiving the distribution. If such transfer is made, then:

1. For distributions made after December 31,2006, but prior to July 1, 2010, the transfer is treated as an eligible rollover distribution for purposes of Section 402(c)(11) of the Internal Revenue Code of 1986, as amended. For plan years beginning after December 31,2009, the transfer is treated as an eligible rollover distribution;

2. The transferee IRA is treated as an inherited individual retirement account or an inherited individual retirement annuity (within the meaning of Section 408(d)(3)(C) of the Internal Revenue Code of 1986, as amended), and must be titled in the name of the deceased member, for the benefit of the beneficiary; and

3. The required minimum distribution rules of Section 401(a)(9)(B) (other than clause iv thereof) of the Internal Revenue Code of 1986, as amended, apply to the transferee IRA.

B. A trust maintained for the benefit of one or more designated beneficiaries shall be treated in the same manner as a trust designated beneficiary.

C. The State Board shall promulgate such rules as are necessary to implement the provisions of this section.

11 § 50-114.4 Direct payments for qualified health insurance premiums—Definitions—Rules

A. A member who is an eligible retired public safety officer and who wishes to have direct payments made toward the member's qualified health insurance premiums from the member's monthly disability benefit or monthly pension payment must make a written election in accordance with Section 402(l) of the Internal Revenue Code of 1986, as amended, on the form provided by the System, as follows:

1. The election must be made after the member separates from service as a public safety officer with the member's participating municipality;

2. The election shall only apply to distributions from the System after December 31, 2006, and to amounts not yet distributed to the eligible retired public safety officer;

3. Direct payments for an eligible retired public safety officer's qualified health insurance premiums can only be made from the member's monthly disability benefit or monthly pension payment from the System and cannot be made from the Deferred Option Plan; and

4. The aggregate amount of the exclusion from an eligible retired public safety officer's gross income is Three Thousand Dollars ($3,000.00) per calendar year.

B. As used in this section:

1. A "public safety officer" is a member serving a public agency in an official capacity, with or without compensation, as a law enforcement officer, firefighter, chaplain, or as a member of a rescue squad or ambulance crew;

2. An "eligible retired public safety officer" is a member who, by reason of disability or attainment of normal retirement date or age, is separated from service as a public safety officer with the member's participating municipality; and

3. "Qualified health insurance premiums" are for coverage for the eligible retired public safety officer, the eligible retired public safety officer's spouse, and dependents, as defined in Section 152 of the Internal Revenue Code of 1986, as amended, by an accident or health plan or a qualified long-term care insurance contract, as defined in Section 7720B(b) of the Internal Revenue Code of 1986, as amended. The health plan does not have to be sponsored by the eligible retired public safety officer's former participating municipality.

C. The State Board shall promulgate such rules as are necessary to implement the provisions of this section.

11 § 50-115. Disability benefit—Eligibility—Award—Evidence of disability—Continuance of salary

A. The State Board is authorized to pay a disability benefit to a member of the System or a pension to the beneficiaries of such member eligible as hereinafter provided, not exceeding the accrued retirement benefit of the member, except as otherwise provided in this article. Such disability benefit shall be payable immediately upon determination of eligibility. Any preexisting condition identified at the time of any initial or subsequent membership shall be used to offset the percentage of impairment to the whole person in determining any disability benefit. Once the initial disability benefit has been awarded by the Board on the basis of the percentage of impairment to the whole person, the member shall have no further recourse to increase the awarded percentage of impairment.

B. In order for any member to be eligible for any disability benefit, or the member's beneficiaries to be eligible for a pension, the member must have complied with any agreement as to contributions by the member and other members to any funds of the System where said agreement has been made as provided by this article; and the State Board must find:

1. That the member incurred a permanent total disability or a permanent partial disability or died while in, and in consequence of, the performance of duty as an officer; or

2. That such member has served ten (10) years and incurred a permanent total disability or a permanent partial disability or has died from any cause.

C. In the event of the death of any member who has been awarded a disability benefit or is eligible therefor as provided in this article, the member's beneficiary shall be paid the benefit.

D. As of the date of determination by the State Board that a member is physically or mentally disabled and that the disability is permanent and partial or permanent and total as was incurred while in, and in consequence of, the performance or duty as an officer, the member shall be awarded a disability benefit on the basis of the percentage of impairment to the whole person, as defined by the most current standards of the impairment as outlined in the "American Medical Association's Guides to the Evaluation of Permanent Impairment," as provided in the following table:

1% to 49% impairment to whole person = 50% of the normal disability benefit

50% to 74% impairment to whole person = 75% of the normal disability benefit

75% to 100% impairment to whole person = 100% of the normal disability benefit.

E. If the participating municipality denies a disabled member the option of continuing employment instead of retiring on a disability pension, then the burden of proof rests with the participating municipality to show cause to the State Board that there is no position as a sworn officer within the police department of that municipality which the member can fill.

F. Upon determination by the State Board that a member is physically or mentally disabled and that the disability is permanent and total and that the member has completed ten (10) years of credited service and is disabled by any cause, the member shall receive a disability benefit on the basis of the member's accrued retirement benefit.

G. Upon determination by the State Board that a member is physically or mentally disabled and that the disability is permanent and partial and that the member has completed ten (10) years of credited service as a member and is disabled from any cause, the member shall be awarded a disability benefit on the basis of the member's years of credited service as a member and the percentage of impairment to the whole person, as defined by the most current standards of the impairment as outlined in the "American Medical Association's Guides to the Evaluation of Permanent Impairment", on the basis of the following table:

1% to 24% impaired = 25% of accrued retirement benefit

25% to 49% impaired = 50% of accrued retirement benefit

50% to 74% impaired = 75% of accrued retirement benefit

75% to 99% impaired = 90% of accrued retirement benefit.

H. Before making a finding as to the disability of a member, the State Board shall require that, if the member is able, the member shall make a certificate as to the disability which shall be subscribed and sworn to by the member. It shall also require a certificate as to such disability to be made by some physician licensed to practice in this state as selected by the State Board. The State Board may require other evidence of disability before making the

disability benefit. The salary of any such member shall continue while the member is so necessarily confined to such hospital bed or home and necessarily requires medical care or professional nursing on account of such sickness or disability for a period of not more than six (6) months, after which said period the other provisions of this article may apply. The State Board, in making disability benefits, shall act upon the written request of the member or without such request, if it deem it for the good of the police department. Any disability benefits shall cease when the member receiving same shall be restored to active service at a salary not less than three-fourths (3/4) of the member's average monthly salary.

I. Any member of a police department of any municipality who, in the line of duty, has been exposed to hazardous substances, including but not limited to chemicals used in the manufacture of a controlled dangerous substance or chemicals resulting from the manufacture of a controlled dangerous substance, or to blood-borne pathogens and who is later disabled from a condition that was the result of such exposure and that was not revealed by the physical examination passed by the member upon entry into the System shall be presumed to have incurred such disability while performing the officer's duties unless the contrary is shown by competent evidence. The presumption created by this subsection shall have no application whatever to any workers' compensation claim or claims, and it shall not be applied or be relied upon in any way in workers' compensation proceedings. All compensation or benefits due to any member pursuant to the presumption created by this subsection shall be paid solely by the system.

J. If the requirements of Section 50-114.4 of this title are satisfied, a member who, by reason of disability, is separated from service as a public safety officer with the member's participating municipality, may elect to have payment made directly to the provider for qualified health insurance premiums by deduction from his or her monthly disability benefit, after December 31, 2006, in accordance with Section 402(l) of the Internal Revenue Code of 1986, as amended.

11 § 50-115.2 Death benefit

Upon the death of an active or retired member, the Oklahoma Police Pension and Retirement System shall pay to the beneficiary of the member or if there is no beneficiary or if the beneficiary predeceases the member, to the estate of the member, the sum of Four Thousand Dollars ($4,000.00) as a death benefit for those active or retired members who died prior to July 1, 1999. For those active or retired members who die on or after July 1, 1999, the sum shall be Five Thousand Dollars ($5,000.00).

11 § 50-116.1 Sickness or temporary disability—Continuance of salary

Whenever any member of the police department of any municipality is unable to perform the member's duties because of sickness or temporary disability caused or sustained while in the discharge of the member's duty as such member, notwithstanding the provisions of Sections 11 and 12 of Title 85 of the Oklahoma Statutes, the salary shall be paid by the municipality to the member and shall continue while the member is sick or temporarily disabled for a period of not more than six (6) months with the municipality having the option of extending the period for up to an additional six (6) months, not to exceed a total of twelve (12) months, after which said period the provisions for permanent total or permanent partial disability benefits of the Oklahoma Police Pension and

Retirement System shall apply. Should a member receiving a salary under this section be eligible to receive, and should the salary of the member under this section exceed any temporary disability benefit paid to the member under Section 1 et seq. of Title 85 of the Oklahoma Statutes, the member shall transfer said temporary disability benefits under Section 1 et seq. of Title 85 of the Oklahoma Statutes to the municipality while the member is sick or temporarily disabled.

11 § 50-117. Payment of pension to beneficiary of member—Amount—Eligibility—Limitations—Commencement and cessation of benefits

A. The State Board is authorized to pay a pension to the beneficiary of any member where requirements for eligibility for such pension are met as provided in this subsection. The pension shall be in an amount as the State Board shall provide not exceeding the accrued retirement benefit or normal disability benefit. Before any beneficiary of a member shall be entitled to any pension the member must have complied with any agreement as to contributions by the member and other members to the System where said agreement has been made as provided by this article, and the State Board must find that:

1. The member lost his or her life while in, and in consequence of, the performance of the member's duty and through no negligence on the member's part; and

2. The member left a beneficiary.

B. The State Board is authorized to pay a pension to the beneficiary of any member where requirements for eligibility for such pension are met as provided in this subsection. The member's beneficiary shall receive the member's accrued retirement benefit. Before any beneficiary of a member shall be entitled to any pension the member must have complied with any agreement as to contributions by the member and other members to the System where said agreement has been made as provided by this article, and the State Board must find that:

1. The member completed ten (10) years of credited service and died from any cause; and

2. The member left a beneficiary.

C. If such finding is made, a pension shall be allowed, limited as provided in this article. The pension shall commence to the beneficiary of the member within one (1) year of the death of the member and, except as otherwise provided in this section, shall be payable over the life of the beneficiary. If the beneficiary is a child of the member, the pension payments shall cease automatically when the child reaches 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.

If the beneficiary is a surviving spouse of a member who remarried prior to June 7, 1993, and was a surviving spouse of a member who died while in, or as a consequence of, the performance of the member's duty for the employer, the surviving spouse shall be eligible to receive the pension benefits provided for in this section. To receive the pension benefits provided for in this section the surviving spouse falling within this section shall submit a written request for such benefits to the Oklahoma Police Pension and Retirement System. The Oklahoma Police Pension and Retirement System shall approve requests by

surviving spouses meeting the requirements of this section. Upon approval by the Oklahoma Police Pension and Retirement System, the surviving spouse shall be entitled to the pension benefits provided for in this section beginning from the date of approval forward. Pension benefits provided to surviving spouses falling within this section shall not apply to alter any amount of pension benefits paid or due prior to the Oklahoma Police Pension and Retirement System's approval of the remarried surviving spouse's written request for benefits.

No surviving spouse shall receive benefits from this section, Section 49-113 of this title, or Section 2-306 of Title 47 as the surviving spouse of more than one member of the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, or the Oklahoma Law Enforcement Retirement System. The surviving spouse of more than one member shall elect which member's benefits he or she will receive.

11 § 50-118. Member retired for disability—Physical examination—Emergency duty

Any member retired for disability as authorized in this article may be summoned before the State Board at any time to submit himself or herself to the State Board or some physician licensed by this state and selected by the State Board, to be examined as to the member's fitness for duty, and if found to be able to return to duty by the State Board, the member shall not be entitled to any further money from the funds of the System. All such members so retired as authorized under this article shall report, upon order of the State Board, to some physician licensed by this state and designated by the State Board, for an examination as to the member's fitness for duty, and if at such time the member be found fit for duty by the State Board, the member shall not be entitled to any further money from the System. In case of great public emergency any such member retired for disability may be assigned to and shall perform such duty as the Chief of the Police Department of the municipality may direct and such member shall not be entitled to any pay from the municipality for the duty so performed.

11 § 50-119. Forfeiture of benefits—Grounds

When any person who shall receive any benefits from any funds of the System as authorized by this article shall fail to report to duty as required by this article, unless excused by the State Board, or shall disobey the requirements of the State Board made under this article, in respect to said examination for duty or otherwise, then the State Board shall order that such benefits as may have been granted to such member shall immediately cease and such member shall receive no further benefits as authorized to be paid under this article unless or until, if possible, such member shall have met the requirements made by the State Board.

11 § 50-121. Ordinances to accomplish purpose of article

The governing body of any participating municipality is authorized to pass any ordinances specifically mentioned in this article, and such other ordinances as shall be necessary to accomplish the purposes provided in this article, provided that no ordinance shall conflict with the provisions of this article.

11 § 50-122. Computation of pensions—Leaves of absence—Military leaves of absence or credits for military service exempted

A. All pensions shall be computed on a monthly basis with a majority of the month counting as a full month.

B. Authorized leaves of absence may be granted by a participating municipality to a member. These authorized leaves of absence shall not constitute a deprivation of pension rights and service accumulations up to the point of the leave. Accrual time may continue when the member returns to work if that absence is not longer than three hundred sixty-five (365) days. In no case shall a member on authorized leave of absence withdraw any funds from the System. Effective August 5, 1993, an authorized leave of absence shall include a period of absence pursuant to the Family and Medical Leave Act of 1993.

C. Nothing in subsection B of this section shall be construed as affecting any provision for military leaves of absence or credits for military service in the Oklahoma Statutes.

11 § 50-123. Discharge of member—Board of review—Grounds—Appeals

A. The governing body of every participating municipality, except municipalities which have provided for a civil service board of review or merit board, or have negotiated a contract covering discharge with their members to hear such appeals, shall establish a board of review to hear appeals concerning the discharge of members. The board of review shall consist of the mayor, ex officio, who shall be a voting member, and four members to be appointed by the governing body of the participating municipality, as follows:

1. Two police officers retired or active from the police department of the municipality; and

2. One attorney and one licensed physician residing in the municipality.

Whenever persons meeting the qualifications of this subsection are unavailable for appointments, the mayor shall in lieu thereof make the appointments from the governing body of the municipality, except that neither the Chief of Police nor any person having direct appointive authority for police personnel shall be eligible for appointment to said board. Appointive members of the board shall serve at the pleasure of the appointing official.

B. No member may be discharged except for cause. Any member who is discharged may appeal to the board of review herein provided. Appeals from decisions of said board of review may be taken in the manner provided for in this article, provided the provisions of this section relating to the board of review and discharge shall not apply to any municipality which has heretofore or hereinafter established by its charter civil service or merit system pertaining to the appointment and discharge of members and an independent board or commission having authority to hear actions involving the discharge of members.

11 § 50-124. Exemption of System funds from legal process—Assignment or transfer void—Exception of qualified domestic orders—Offset for offenses involving the System

A. Except as otherwise provided by this section, no portion of any of the funds of the System shall, either before or after any order made by the State Board for payment to any person entitled to a pension or allowance, be held, seized, taken, subjected to, or detained, or levied on by virtue of any garnishment, attachment, execution, injunction, or other order or decree or any process or proceeding whatever, issued out of or by any court of this state for the payment or satisfaction, in whole or in part, of any debt, damage, claim, demand or judgment against any such person entitled to payment, nor shall said payments or any claim thereto be directly or indirectly assigned, and any attempt

to assign or transfer the same shall be void. The said funds shall be held, invested, secured and distributed for the purposes named in this article, and for no other purpose whatever.

B. 1. The provisions of subsection A of this section shall not apply to a qualified domestic order as provided pursuant to this subsection.

2. The term “qualified domestic order” means an order issued by a district court of this state pursuant to the domestic relation laws of the State of Oklahoma which relates to the provision of marital property rights to a spouse or former spouse of a member or provision of support for a minor child or children and which creates or recognizes the existence of the right of an alternate payee, or assigns to an alternate payee the right, to receive a portion of the benefits payable with respect to a member of the System.

3. For purposes of the payment of marital property, to qualify as an alternate payee, a spouse or former spouse must have been married to the related member for a period of not less than thirty (30) continuous months immediately preceding the commencement of the proceedings from which the qualified domestic order issues.

4. A qualified domestic order is valid and binding on the State Board and the related member only if it meets the requirements of this subsection.

5. A qualified domestic order shall clearly specify:

a. the name and last-known mailing address (if any) of the member and the name and mailing address of the alternate payee covered by the order,

b. the amount or percentage of the member's benefits to be paid by the System to the alternate payee,

c. the number of payments or period to which such order applies,

d. the characterization of the benefit as to marital property rights or child support, and

e. each plan to which such order applies.

6. A qualified domestic order meets the requirements of this subsection only if such order:

a. does not require the System to provide any type or form of benefit, or any option not otherwise provided under state law as relates to the System,

b. does not require the System to provide increased benefits, and

c. does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee pursuant to another order previously determined to be a qualified domestic order or an order recognized by the System as a valid order prior to the effective date of this act.

7. A qualified domestic order shall not require payment of benefits to an alternate payee prior to the actual retirement date of the related member.

8. The obligation of the System to pay an alternate payee pursuant to a qualified domestic order shall cease upon the death of the related member.

9. This subsection shall not be subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C.A. Section 1001, et seq., as amended from time to time, or rules and regulations promulgated thereunder, and court cases interpreting said act.

10. The Oklahoma Police Pension and Retirement Board shall promulgate such rules as are necessary to implement the provisions of this subsection.

11. An alternate payee who has acquired beneficiary rights pursuant to a valid qualified domestic order must fully comply with all provisions of the rules promulgated by the State Board pursuant to this subsection in order to continue receiving his or her benefit.

C. Notwithstanding any other provision of law to the contrary, effective August 5, 1997, the State Board may approve any offset of a member's benefit to pay a judgment or settlement against the member for a crime involving the System or for a breach of the member's fiduciary duty to the System, provided such offset is in accordance with the requirements of Section 401(a)(13) of the Internal Revenue Code of 1986, as amended.

11 § 50-127. Limitation on withdrawal from System

A member shall not be permitted to withdraw from the System while employed as an officer or while undergoing police training in a participating municipality.

11 § 50-128. Credit for military service

A. Any member who has heretofore left the Police Department qualifying under this article to enter the military service of the United States during World War II and who returned to said department on or before July 1, 1947, or the Korean conflict and who returned to said department on or before January 1, 1956, shall receive credit for such time in military service without having made contribution to the System; and any member who has heretofore left, or hereafter may leave said department because of involuntary conscription into the military services of the United States at any time and who returns to said department within ninety (90) days after the member's release from such involuntary service shall receive credit for such time in said military service on the Police Department without having made contribution to the System only for that period that is involuntary; voluntary enlistments and voluntary extensions of military service being herewith specifically excluded for retirement credit.

B. A member who began participation in the System prior to July 1, 2003, and who retires on or after July 1, 1998, shall be entitled to prior service credit, not to exceed five (5) years, for those periods of military service on active duty prior to membership in the Oklahoma Police Pension and Retirement System. All members who initially begin participation with the System after June 30, 2003, may acquire prior military service credit for a maximum of five (5) years of such service credit upon payment of the actuarial cost of such service in the manner prescribed by and subject to all of the requirements of Section 50-111.4 of this title. For members of the System hired or rehired on or after July 1, 2003, if the military service credit authorized by this subsection is used to compute the retirement benefit of the member and the member retires from the System, such military service credit shall not be used to compute the retirement benefit in any

other retirement system created pursuant to the Oklahoma Statutes and the member may receive credit for such service only in the retirement system from which the member first retires.

For purposes of this subsection, "military service" means service in the Armed Forces of the United States by honorably discharged persons during the following time periods, as reflected on such person's Defense Department Form 214, as follows:

1. During the following periods, including the beginning and ending dates, and only for the periods served, from:

a. April 6, 1917, to November 11, 1918, commonly referred to as World War I,

b. September 16, 1940, to December 7, 1941, as a member of the 45th Division,

c. December 7, 1941, to December 31, 1946, commonly referred to as World War II,

d. June 27, 1950, to January 31, 1955, commonly referred to as the Korean Conflict or the Korean War,

e. February 28, 1961, to May 7, 1975, commonly referred to as the Vietnam era, except that:

(1) for the period from February 28, 1961, to August 4, 1964, military service shall only include service in the Republic of Vietnam during that period, and

(2) for purposes of determining eligibility for education and training benefits, such period shall end on December 31, 1976, or

f. August 1, 1990, to December 31, 1991, commonly referred to as the Gulf War, the Persian Gulf War, or Operation Desert Storm, but excluding any person who served on active duty for training only, unless discharged from such active duty for a service-connected disability;

2. During a period of war or combat military operation other than a conflict, war or era listed in paragraph 1 of this subsection, beginning on the date of Congressional authorization, Congressional resolution, or Executive Order of the President of the United States, for the use of the Armed Forces of the United States in a war or combat military operation, if such war or combat military operation lasted for a period of ninety (90) days or more, for a person who served, and only for the period served, in the area of responsibility of the war or combat military operation, but excluding a person who served on active duty for training only, unless discharged from such active duty for a service-connected disability, and provided that the burden of proof of military service during this period shall be with the member, who must present appropriate documentation establishing such service.

C. An eligible member pursuant to subsection B of this section shall include only those persons who shall have served during the times or in the areas prescribed thereunder and only if such person provides appropriate documentation in such time and manner as required by the System to establish

such military service prescribed in this section, or for service pursuant to division (1) of subparagraph e of paragraph 1 of subsection B of this section, those persons who were awarded service medals, as authorized by the United States Department of Defense as reflected in the veteran's Defense Department Form 214, related to the Vietnam Conflict for service prior to August 5, 1964. The provisions of subsection B of this section shall include military retirees, whose retirement was based only on active service, that have been rated as having twenty percent (20%) or greater service-connected disability by the Veterans Administration or the Armed Forces of the United States.

D. Effective December 12, 1994, a leave of absence on account of a period of "qualified military service" in the uniformed services of the United States (within the meaning of Section 414(u)(5) of the Internal Revenue Code of 1986), followed by a return to the service of the participating municipality within ninety (90) days after the completion of the period of service, shall constitute credited service. Notwithstanding any provision herein to the contrary:

1. Contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Section 414(u) of the Internal Revenue Code of 1986, as amended, which is in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended (USERRA). The municipality's contributions to the System for a member covered by USERRA are due when such a member makes up his or her contributions that were missed due to his or her qualified military service; and

2. Effective January 1, 2007, if any member dies while performing qualified military service (as defined in Section 414 (u) of the Internal Revenue Code of 1986, as amended), the survivors of the member are entitled to any additional benefits other than benefit accruals relating to the period of qualified military service employment provided under the System, had the member resumed and then terminated on account of death.

11 § 50-129. Appeals

Notwithstanding any other provision of law, any aggrieved party may appeal the decision of the State Board in granting, denying or adjusting a pension or retirement benefit, and such appeal shall be made in the district court of Oklahoma County. The appeal shall be commenced within thirty (30) days after the date of the State Board's decision. Notice of the intent to appeal shall be given by the aggrieved party to the State Board within ten (10) days after the date of the State Board's decision. The proceedings, practice, and standards of review in the district court shall be governed by the Administrative Procedures Act except as otherwise provided in this section. The district court may affirm, reverse or modify the decision of the State Board. The court may also remand the cause with specific instructions to the State Board. The court costs and expense of preparation of any transcript shall be paid by the losing party. All other legal actions or proceedings against the Oklahoma Police Pension and Retirement Board, the Oklahoma Police Pension and Retirement System or its employees or agents shall be brought in the district court of Oklahoma County.

11 § 50-130. Police Pension and Retirement Fund

There is hereby established a fund to be designated as the Oklahoma Police Pension and Retirement Fund. All employee and employer contributions shall be deposited in the Fund and may be invested as provided in this article.

11 § 50-131. Transfer of assets to State Board

Any municipality having a Police Pension and Retirement Fund prior to January 1, 1981, shall transfer all assets of such fund to the State Board on January 1, 1981. Assets shall be transferred in the form of cash, negotiable securities and such other specific assets as permitted by the State Board.

11 § 50-132. Assets of Fund—Contents—Right to assets—Valuation

The assets of the Fund shall consist of such assets and the income therefrom, including such contributions as shall from time to time be made to the State Board by each municipality, or property for which any of the same shall be exchanged or into which any of the same shall be converted, together with any other assets held from time to time hereunder by the State Board. All legal right, title and interest in and to the assets of the Fund shall at all times be held in trust and vested exclusively in the State Board or its nominee and no municipality shall be deemed to have severable ownership of any asset of the Fund or any right of partition or possession.

The State Board shall appraise and place valuation upon the assets of the Fund held by it as of the last business day of each month. Any assets not held by the State Board shall be appraised and valued by the Executive Director on said date.

The valuation of all assets of the Fund shall be both at cost and at the fair market value thereof, as determined by reference to the best available source or sources, in the opinion of the Executive Director and the State Board and both the Executive Director and State Board may rely on figures, or statements appearing in any reputable publication purporting to state sales prices, market quotations, values, bid and asking prices or any facts affecting values and upon the opinion of one or more persons familiar with the reasonable market value of any assets to be valued and shall incur no liability for error in any such valuation made in good faith. The reasonable and equitable decision of the Executive Director and State Board regarding the method used in determining values shall be conclusive and binding upon all persons, natural or legal, having interest, direct or indirect, in the Fund's assets.

Upon termination or partial termination of the System, or a permanent discontinuance of contributions, the benefits accrued up to the date of termination by the affected members and their beneficiaries, respectively, shall be nonforfeitable.

11 § 50-133. Costs and expenses of operation, administration of management of System—Equipment and supplies

All costs and expenses incurred in the operation, administration and management of the System shall be paid by the State Board from the monies of the fund, including but not limited to commissions or other costs resulting from the purchase, sale or other transfer of assets.

The State Board is authorized to purchase such equipment and supplies as it deems necessary for the efficient operation, administration and management of the System. Payment for such equipment and supplies shall be made from the operating account of the System. Such payments shall be considered an expense of the System and the equipment and supplies so purchased shall be an asset of the System.

11 § 50-134. Operation, administration and management of System—Responsibilities

The State Board shall be responsible for the operation, administration and management of the System.

In order to carry out the responsibilities imposed upon them by law, the State Board shall appoint such advisors, consultants, agents and employees, each of whom may be such individual, firm or corporation as shall be deemed necessary or advisable and approved by the State Board. Such individuals, firms or corporations may be retained or employed in such manner and upon such terms as shall seem appropriate and proper to the State Board, either by contract or retainer, by regular full- or part-time employment or by such other arrangements as shall be satisfactory to the State Board and shall be subject to such bonding requirements as shall be established by the State Board. The fees, commissions, salaries and other compensation of such advisors, consultants, agents or employees shall be paid by the State Board from the Fund.

The Executive Director shall perform the duties and services indicated below and such other duties and services as may, from time to time, be requested or directed by the State Board, and who shall be responsible to the State Board and shall attend all regular meetings of the State Board.

The Executive Director shall be responsible to the State Board for the day-to-day operation of the System, and shall on behalf of the State Board:

1. Be responsible for the transmittal of communications from the State Board to the participating municipalities;

2. Receive payroll and employment reports from participating municipalities and maintain current employment, earnings and contribution data on each covered member of each participating municipality;

3. Coordinate the activities of all other advisors, consultants, agents or employees appointed by the State Board;

4. Maintain all necessary records reflecting the operation and administration of the System and submit detailed reports thereof to the State Board at each regular meeting of the State Board and at such other time or times as requested by the State Board;

5. Process all claims for payment of benefits or expenses for approval by the State Board; and

6. File on behalf of the State Board such reports or other information as shall be required by any state or federal law or regulations.

11 § 50-134.1 Confidentiality of records

All information, documents and copies thereof contained in a member's retirement file shall be given confidential treatment and shall not be made public by the Oklahoma Police Pension and Retirement System without the prior written consent of the member to which it pertains, but shall be subject to court order.

11 § 50-135. Forfeiture of Motor Fuel Excise Tax revenues

Any participating municipality that does not comply with the contribution requirements of this act shall forfeit that proportionate share of the Motor Fuel Excise Tax which is received through the Oklahoma Tax Commission. It shall be the duty of the Oklahoma Tax Commission to withhold these funds until such

time as the Attorney General shall certify to the Oklahoma Tax Commission, upon proof presented that the provisions of this act are being complied with by the participating municipality, that the forfeiture of the Motor Fuel Excise Tax is terminated. It shall be the duty of the Attorney General to enforce the provisions of this section.

11 § 50-136. Increase in pension benefits

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, 1989, shall receive a five percent (5%) increase in said benefits on July 1, 1990.

B. Any increase in benefits a person is eligible to recover or has received during calendar year 1989 and 1990 pursuant to repealed Section 50-120 of this title, shall be used to offset the increase in benefits provided in subsection A of this section.

11 § 50-136.1. Increase in benefits—Repealed Section 50-120

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, 1993, shall receive a two and one-half percent (2 1/2%) increase in said benefits on July 1, 1994.

B. Notwithstanding the provisions of Section 50-111.3 of this title, any increase in benefits a person is eligible to receive or has received during calendar year 1990 and any subsequent calendar year pursuant to repealed Section 50-120 of this title shall be used to offset the increase in benefits provided in subsection A of this section.

11 § 50-136.2. Additional retirement benefit

A. Except as provided by subsection B of this section, the Oklahoma Police Pension and Retirement System shall pay to its retirees, who retire not later than June 30, 1997, or their beneficiaries, from assets of the retirement system, an additional amount, for the fiscal year ending June 30, 1998, based upon the number of years of credited service upon which the retirement benefit of the member was computed as follows:

1. One Hundred Fifty Dollars ($150.00) for at least ten (10), but no more than fourteen (14) years of service;

2. Three Hundred Dollars ($300.00) for at least fifteen (15), but no more than nineteen (19) years of service;

3. Four Hundred Fifty Dollars ($450.00) for at least twenty (20), but no more than twenty-four (24) years of service; and

4. Six Hundred Dollars ($600.00) for twenty-five (25) or more years of service.

B. The Oklahoma Police Pension and Retirement System shall pay to retirees, who retire not later than June 30, 1997, with a disability retirement benefit and having less than ten (10) years of service, the sum of One Hundred Fifty Dollars ($150.00).

C. For purposes of subsection A or B of this section, months of credited service in excess of a whole number of years shall be disregarded for purposes of determining the applicable payment amount.

D. The payment authorized by this section shall be distributed not later than August 1, 1997.

E. The payment authorized by this section shall not be a recurring benefit and shall only be made for the fiscal year ending June 30, 1998, and for no other fiscal year.

F. If a retiree has multiple beneficiaries, the amount prescribed by subsection A of this section shall be divided equally among the beneficiaries on a per capita basis.

11 § 50-136.3. Benefit adjustment—Restoration of Initial COLA Benefit

A. For purposes of this section the following definitions shall apply:

1. "Initial COLA Benefit Date" means the later of the member's date of benefit commencement or January 1, 1981. This date is used in the definition of Initial COLA Benefit and Target COLA Benefit;

2. "Initial COLA Benefit" means the accrued retirement benefit which will be used as the base benefit for determining the Target COLA Benefit. The Initial COLA Benefit equals the benefit in payment status as of the Initial COLA Benefit Date. Furthermore, this benefit will reflect adjustment for military service credits, if any, granted after the Initial COLA Benefit Date;

3. "CPI-U" means the Consumer Price Index for all urban consumers for all goods and services, as published by the Bureau of Labor Statistics, U.S. Department of Labor. This is used as a measure of price inflation for the development of the Target COLA Benefit defined below; and

4. "Target COLA Benefit" is the Initial COLA Benefit adjusted to reflect price inflation as measured by CPI-U. The Target COLA Benefit is calculated for each eligible member to equal the member's Initial COLA Benefit multiplied by a ratio of (A) divided by (B) as follows:

(A) is the CPI-U as of July 1, 1997.

(B) is the CPI-U as of July 1 of the calendar year of the Initial COLA Benefit Date.

B. The Board shall, effective July 1, 1998, implement a benefit adjustment, to increase, if necessary, the retirement benefit for any person receiving benefits from the System as of June 30, 1997. This benefit adjustment is intended to restore one hundred percent (100%) of the loss of the Initial COLA Benefit, if any, due to price inflation, as measured by CPI-U. The benefit adjustment shall be one hundred percent (100%) of the amount by which the Target COLA Benefit is in excess, if any, of the June 1998 retirement benefit.

Persons who retired after December 31, 1996 and before July 1, 1997, shall receive a benefit increase based on one-half (1/2) of the CPI-U change for the period beginning January 1, 1997 and before July 1, 1997.

C. Any increase in benefits a person is eligible to receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes, after June 30, 1998, shall be offset by the increase in benefits, if any, provided by this section.

11 § 50-136.4. Benefit increase—Offset

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of

June 30, 1999, who continues to receive benefits on or after July 1, 2000, shall receive a four and seven-tenths percent (4.7%) increase in said benefits on July 1, 2000.

B. Any increase in benefits a person is eligible to receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes, after June 30, 1998, shall be offset by the increase in benefits, if any, provided by this section.

11 § 50-136.5. Increase in benefits—July 1, 2002—Offset

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, 2001, who continues to receive benefits on or after July 1, 2002, shall receive a five percent (5%) increase in said benefits on July 1, 2002.

B. Any increase in benefits a person is eligible to receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes, after June 30, 2000, shall be offset by the increase in benefits, if any, provided by this section.

11 § 50-136.6. Increase in benefits—July 1, 2004—Offset

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, 2003, who continues to receive benefits on or after July 1, 2004, shall receive a four-percent increase in said benefits beginning in July 2004.

B. Any increase in benefits a person is eligible to receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes, after June 30, 2002, shall be offset by the increase in benefits, if any, provided by this section.

11 § 50-136.7. Increase in benefits—July 1, 2006—Offset

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, 2005, who continues to receive benefits on or after July 1, 2006, shall receive a four-percent increase in said benefits beginning in July 2006.

B. Any increase in benefits a person is eligible to receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes, after June 30, 2004, shall be offset by the increase in benefits, if any, provided by this section.

11 § 50-136.8 Increase in benefits—July 1, 2008—Offset

A. Except as provided in subsection B of this section, any person receiving benefits from the Oklahoma Police Pension and Retirement System as of June 30, 2007, who continues to receive benefits on or after July 1, 2008, shall receive a four-percent increase in said benefits on July 1, 2008.

B. Any increase in benefits a person is eligible to receive pursuant to repealed Section 50-120 of Title 11 of the Oklahoma Statutes, after June 30, 2006, shall be offset by the increase in benefits, if any, provided by this section.

REPEALED STATE STATUTES

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

11 § 50-120. Repealed by Laws 1983, c. 143, §8, emerg. eff. May 26, 1983

Repeal was subsequently declared unconstitutional as to those members who had retired or could have retired before May 26, 1983. *Baker v The Oklahoma Firefighters Pension and Retirement System*, 718 P.2d. 348 (Okla. 1986).

The pension of any member or beneficiary of any member whose membership began prior to January 1, 1981, shall upon the increase or decrease of the base salary of a regular police officer of a municipality be adjusted by one-third (1/3) of such increase or decrease, provided that no pension shall be less than one-third (1/3) of the base salary of a regular police officer, nor be reduced to an amount less than the pension at which the officer retired.

OTHER STATE STATUTES PERTAINING TO THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

11 O.S. § 1-110

11 O.S. § 23-108

36 O.S. § 312.1

58 O.S. §§ 393 - 394

62 O.S. §§ 3101 - 3114

68 O.S. § 2358(E)(8)

70 O.S. § 3218.7

74 O.S. §§ 941 - 942

11 § 1-110. Municipal employees - Forfeiture of retirement benefits

A. Any municipal officer or employee upon final conviction of, or pleading guilty or nolo contendere to, a felony for bribery, corruption, forgery or perjury or any other crime related to the duties of his or her office or employment in a state or federal court of competent jurisdiction shall forfeit retirement benefits provided by law. The forfeiture of retirement benefits shall not occur if any such officer or employee received a deferred sentence, but retirement benefits shall not commence prior to completion of the deferred sentence. The forfeiture of retirement benefits required by this section shall not include the officer's or employee's contributions to the retirement system or retirement benefits that are vested on the effective date of this act.

B. The forfeiture of retirement benefits as provided by subsection B of this section shall also apply to any such officer or employee who, after leaving the office or employment, is convicted of, or pleads guilty or nolo contendere to, in a state or federal court of competent jurisdiction, a felony committed while in such office or employment, where the felony is for bribery, corruption, forgery or perjury or any other crime related to the duties of his or her office or employment.

C. The forfeiture shall continue until such time as the conviction or guilty plea is reversed by the highest appellate court to which the officer or employee may appeal.

D. The attorney responsible for prosecuting the municipal officer or employee shall notify the retirement system in which the officer or employee is enrolled of the forfeiture of the officer's or employee's retirement benefits. Upon receipt of the notice of forfeiture, the retirement system shall immediately suspend all benefits of the officer or employee, and shall notify the officer or employee of his or her right to a hearing to review whether the conviction or plea qualifies for forfeiture of benefits under this section. If the conviction or plea occurs in federal court or the notice of forfeiture is not forthcoming from the state prosecutor, the retirement system may investigate and gather court documents and contact prosecutors to determine whether the conviction or plea qualifies under this section. Upon obtaining sufficient documentation of the conviction or plea, the retirement system shall immediately suspend all benefits of the officer or employee, and notify the officer or employee of his or her right to a hearing to review whether the conviction or plea qualifies for forfeiture of benefits under this section.

E. The provisions of this section shall apply to a municipal officer or employee who is a member of a retirement system authorized in Sections 48-101 through 48-106 of Title 11 of the Oklahoma Statutes, the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System or the Oklahoma Public Employees Retirement System.

Added by Laws 2011, c. 202, § 1.

11 § 23-108. Hospital, health, life and accident insurance for municipal employees

A. A municipality may provide hospital and medical benefits, accident, health, and life insurance, or any of the aforesaid, through any company authorized to do business in Oklahoma, for any or all of its officers or employees and their dependents, whether said officers or employees are engaged in a governmental or nongovernmental function of the municipality. A municipality may also provide such benefits when an officer or employee is ordered by proper authority to active duty in the National Guard or Reserve Corps of the Armed Forces of the United States. The municipality may pay a portion or all of said premiums from any municipal general funds, and may deduct from the wages or salary of any such officer or employee, upon written authority signed by the officer or employee, amounts for the payment of all or any portion of the monthly premium for same.

B. 1. For the purposes of and as used in this subsection:

a. "affected municipality" means a municipality that provides hospital and medical benefits, accident and health insurance, or any of the aforesaid, for any or all of its officers or employees and their dependents pursuant to the provisions of subsection A of this section,

b. "health insurance plan" means the hospital and medical benefits, accident and health insurance, or any of the aforesaid, provided by an affected municipality to its officers or employees pursuant to the provisions of subsection A of this section,

c. "retired employee" means any officer or employee of an affected municipality who receives a continuing benefit pursuant to the provisions of the Oklahoma Public Employees Retirement System, a municipal retirement system authorized pursuant to the provisions of Section 48-101 et seq. of this title, the Oklahoma Firefighters Pension and Retirement System, or the Oklahoma Police Pension and Retirement System, and who began receiving said benefits immediately after termination of employment, taking into consideration any administrative delays in establishing said continuing benefits, with an affected municipality, provided that the phrase "retired employee" shall include elected officers that have served eight (8) or more years with an affected municipality and the survivor of said elected officer or officer or employee, and

d. "survivor" means a survivor of a retired employee who would have been eligible to make the election authorized by this subsection and shall be determined in accordance with the applicable rules of the retirement system from which said retired employee qualified to receive benefits. Provided, "survivor" shall also mean the surviving spouse or the surviving minor child or

children of a person who was an employee or elected official of an affected municipality on or after July 1, 1992, and who continuously participated in the hospital and medical benefits insurance plan of said affected municipality at the time of the death of said employee.

2. Notwithstanding any other state or federal law, a retired employee may continue in force the health insurance plan offered by the affected municipality that last employed said retired employee.

3. To participate in the health insurance plan offered by a retired employee's affected municipality, the retired employee shall elect to participate in the health insurance plan within thirty (30) days from the date of termination of employment with said affected municipality.

4. The retired employee who participates in the health insurance plan pursuant to this subsection shall pay up to the full cost of said health insurance plan at the rates and pursuant to the terms and conditions established by the affected municipality, provided the amount of the retired employee's premiums and dependent premiums for said health insurance plan paid by said retired employee who is under sixty-five (65) years of age shall be no greater than one hundred twenty-five percent (125%) of the amount of the officer or employee premiums and dependent premiums for the health insurance plan paid by or on behalf of an officer or employee who is currently employed by the affected municipality.

5. An affected municipality that offers a health insurance plan in accordance with this section to its officers or employees and dependents shall offer the same health insurance plan to those retired employees and their dependents who elect to continue in force or participate in said health insurance plan in accordance with this subsection unless the retired employee or dependent is over sixty-five (65) years of age and qualifies for Medicare.

6. An affected municipality that provides a health insurance plan to retired employees pursuant to this subsection shall also offer a Medicare supplement plan to those retired employees and their dependents who are over sixty-five (65) years of age.

7. An affected municipality which participates in the plan or plans offered by the State and Education Employees Group Insurance Board shall not be subject to the provisions of this subsection so long as said participation continues.

8. If a retired employee who retires from an affected municipality that participates in a municipal retirement system authorized pursuant to the provisions of Section 48-101 et seq. of this title does not receive a continuing benefit from said municipal retirement system because of a lump sum distribution from said retirement system to said retired employee or because said municipal retirement system is discontinued, said retired employee shall be entitled to make the election authorized pursuant to this subsection if said retired employee was employed by the affected municipality for at least eight (8) years or was disabled due to a line-of-duty injury while employed by and unable to continue similar employment with said affected municipality.

C. Public and private educational institutions of the state not supported by any state appropriated funds may purchase annuity contracts for any of their

full-time officers and employees from any insurance company organized and operated without profit to any private shareholder or individual exclusively for the purpose of aiding and strengthening educational institutions, whether or not such company be authorized to do business in Oklahoma.

Added by Laws 1977, c. 256, § 23-108, eff. July 1, 1978. Amended by Laws 1991, c. 232, § 2, emerg. eff. May 24, 1991; Laws 1992, c. 386, § 1, eff. July 1, 1992; Laws 1993, c. 50, § 1, emerg. eff. April 9, 1993; Laws 1995, c. 53, § 1, emerg. eff. April 10, 1995; Laws 2004, c. 515, § 4, eff. July 1, 2004.

36 § 312.1. Report, disbursement and appropriation of fees and taxes - Record and statement - Annual reports

A. For the fiscal year ending June 30, 2004, the Insurance Commissioner shall report and disburse one hundred percent (100%) of the fees and taxes collected under Section 624 of this title to the State Treasurer to be deposited to the credit of the Education Reform Revolving Fund created pursuant to Section 34.89 of Title 62 of the Oklahoma Statutes. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

B. For the fiscal year beginning July 1, 2006, and for each fiscal year thereafter, the Insurance Commissioner shall apportion an amount of the taxes and fees received from Section 624 of this title, which shall be at least One Million Two Hundred Fifty Thousand Dollars ($1,250,000.00) each year, but which shall also be computed on an annual basis by the Commissioner as the amount of insurance premium tax revenue loss attributable to the provisions of subsection H of Section 625.1 of this title and increased if necessary to reflect the annual computation, and which shall be apportioned before any other amounts, to the following pension systems and in the following amounts:

1. Sixty-five percent (65%) to the Oklahoma Firefighters Pension and Retirement Fund in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Twenty-six percent (26%) to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes; and

3. Nine percent (9%) to the Law Enforcement Retirement Fund.

C. After the apportionment required by subsection B of this section, for the fiscal years beginning July 1, 2004, and ending June 30, 2009, the Insurance Commissioner shall report and disburse all of the fees and taxes collected under Section 624 of this title and Section 2204 of this title, and the same are hereby apportioned as follows:

1. Thirty-four percent (34%) of the taxes collected on premiums shall be allocated and disbursed for the Oklahoma Firefighters Pension and Retirement Fund, in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Seventeen percent (17%) of the taxes collected on premiums shall be allocated and disbursed to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes;

3. Six and one-tenth percent (6.1%) of the taxes collected on premiums shall be allocated and disbursed to the Law Enforcement Retirement Fund; and

4. All the balance and remainder of the taxes and fees provided in Section 624 of this title shall be paid to the State Treasurer to the credit of the General Revenue Fund of the state to provide revenue for general functions of state government. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

D. After the apportionment required by subsection B of this section, the Insurance Commissioner shall report and disburse all of the fees and taxes collected under Section 624 of this title and Section 2204 of this title, and the same are hereby apportioned as follows:

1. Thirty-six percent (36%) of the taxes collected on premiums shall be allocated and disbursed for the Oklahoma Firefighters Pension and Retirement Fund, in the manner provided for in Sections 49-119, 49-120 and 49-123 of Title 11 of the Oklahoma Statutes;

2. Fourteen percent (14%) of the taxes collected on premiums shall be allocated and disbursed to the Oklahoma Police Pension and Retirement System pursuant to the provisions of Sections 50-101 through 50-136 of Title 11 of the Oklahoma Statutes;

3. Five percent (5%) of the taxes collected on premiums shall be allocated and disbursed to the Law Enforcement Retirement Fund; and

4. All the balance and remainder of the taxes and fees provided in Section 624 of this title shall be paid to the State Treasurer to the credit of the General Revenue Fund of the state to provide revenue for general functions of state government. The Insurance Commissioner shall keep an accurate record of all such funds and make an itemized statement and furnish same to the State Auditor and Inspector, as to all other departments of this state. The report shall be accompanied by an affidavit of the Insurance Commissioner or the Chief Clerk of such office certifying to the correctness thereof.

E. The disbursements provided for in subsections A, B, C and D of this section shall be made monthly. The Insurance Commissioner shall report annually to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate and the State Auditor and Inspector, the amounts collected and disbursed pursuant to this section.

F. Notwithstanding any other provision of law to the contrary, no tax credit authorized by law enacted on or after July 1, 2008, which may be used to reduce any insurance premium tax liability shall be used to reduce the amount of insurance premium tax revenue apportioned to the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System or the Oklahoma Law Enforcement Retirement System.

Added by Laws 1957, p. 221, § 312.1, operative July 1, 1957. Amended by Laws 1957, p. 632, § 3, emerg. eff. May 31, 1957; Laws 1959, p. 133, § 1, emerg. eff. July 8, 1959; Laws 1963, c. 316, § 1, emerg. eff. June 19, 1963; Laws 1967, c. 43, § 1, emerg. eff. March 29, 1967; Laws 1969, c. 132, § 1, eff. July 1, 1969; Laws 1972, c. 58, § 1, emerg. eff. March 21, 1972; Laws 1975, c. 34, § 1, emerg. eff. March 25, 1975; Laws 1979, c. 30, § 10, emerg. eff. April 6, 1979; Laws 1981, c. 6, § 1, emerg. eff. March 19, 1981; Laws 1988, c. 83, § 4, emerg. eff. March 25, 1988; Laws 2003, c. 315, § 1, eff. July 1, 2003; Laws 2004, c. 368, § 54, eff. July 1, 2004; Laws 2005, c. 381, § 1, eff. July 1, 2006; Laws 2006, 2nd Ex. Sess., c. 46, § 17, eff. July 1, 2006; Laws 2008, c. 436, § 1, eff. July 1, 2009; Laws 2013, c. 165, § 5, eff. Nov. 1, 2013.

58 § 393. Payment or delivery of property to successor by affidavit

A. At any time ten (10) or more days after the date of death of a decedent, any person indebted to the decedent or having possession of tangible personal property or an instrument evidencing a debt, obligation, stock, chose in action, or stock brand belonging to the decedent shall make payment of the indebtedness or shall deliver the tangible personal property or an instrument evidencing a debt, obligation, stock, chose in action, or stock brand to a person claiming to be the successor of the decedent upon being presented an affidavit made by or on behalf of the successor stating that:

1. The fair market value of property located in this state owned by the decedent and subject to disposition by will or intestate succession at the time of the decedent's death, less liens and encumbrances, does not exceed Twenty Thousand Dollars ($20,000.00);

2. No application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction;

3. Each claiming successor is entitled to payment or delivery of the property in the respective proportions set forth in the affidavit; and

4. All taxes and debts of the estate have been paid or otherwise provided for or are barred by limitations.

B. A transfer agent of any security shall change the registered ownership on the books of a corporation from the decedent to the successor or successors upon the presentation of an affidavit as provided in subsection A of this section.

C. The public official having cognizance over the registered title of any personal property of the decedent shall change the registered ownership from the decedent to the successor or successors upon the presentation of an affidavit as provided in subsection A of this section.

D. At any time after the date of death of a person who was an owner of a severed mineral interest in real estate, any person who claims an interest, immediately or remotely, through the decedent may file with the county clerk of the county where the mineral interest is located an affidavit of death and heirship in compliance with subsection C of Section 67 of Title 16 of the Oklahoma Statutes. Pursuant to Sections 82 and 83 of Title 16 of the Oklahoma Statutes, there shall be a rebuttable presumption that the facts stated in the recorded affidavit are true as they relate to the severed mineral interest, the death of the decedent, and the relationships, family history and heirship stated therein.

Added by Laws 1998, c. 359, § 5, eff. Nov. 1, 1998. Amended by Laws 2004, c. 417, § 1, eff. Nov. 1, 2004; Laws 2010, c. 223, § 2, emerg. eff. May 10, 2010.

58 § 394. Discharge and release upon payment or delivery of property by affidavit

The person paying, delivering, transferring, or issuing personal property or the evidence thereof to the successor or successors named in the affidavit is discharged and released to the same extent as if the person dealt with a personal representative of the decedent. Such person is not required to inquire into the truth of any statement in the affidavit. If any person to whom an affidavit is delivered refuses to pay, deliver, transfer, or issue any personal property or evidence thereof, it may be recovered or its payment, delivery, transfer, or issuance compelled upon proof of their right in a proceeding brought for the

purpose by or on behalf of the persons entitled thereto. Any person to whom payment, delivery, transfer, or issuance is made is answerable and accountable therefor to any personal representative of the estate or to any other person having a superior right.

Added by Laws 1998, c. 359, § 6, eff. Nov. 1, 1998.

62 § 3101. Short title

This act shall be known and may be cited as the "Oklahoma Pension Legislation Actuarial Analysis Act".

Added by Laws 2006, c. 292, § 1, eff. July 1, 2006.

62 § 3102. Application of act

The provisions of the Oklahoma Pension Legislation Actuarial Analysis Act shall be applicable to legislation affecting:

1. The Teachers' Retirement System of Oklahoma;

2. The Oklahoma Public Employees Retirement System;

3. The Uniform Retirement System for Justices and Judges;

4. The Oklahoma Firefighters Pension and Retirement System;

5. The Oklahoma Police Pension and Retirement System;

6. The Oklahoma Law Enforcement Retirement System; or

7. Any new retirement system established by law not in existence as of the effective date of this act.

Added by Laws 2006, c. 292, § 2, eff. July 1, 2006. Amended by Laws 2007, c. 186, § 1, eff. Nov. 1, 2007.

62 § 3103. Definitions

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 which does not affect the cost or funding factors of a retirement system or a retirement bill which affects such factors only in a manner which does not:

a. grant a benefit increase under the retirement system affected by the bill,

b. create an actuarial accrued liability for or increase the actuarial accrued liability of the retirement system affected by the bill, or

c. increase the normal cost of the retirement system affected by the bill except as otherwise provided by subparagraph a of this paragraph.

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.

Added by Laws 2006, c. 292, § 3, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 3, eff. July 1, 2007; Laws 2008, c. 3, § 32, emerg. eff. Feb. 28, 2008; Laws 2011, c. 199, § 1.
NOTE: Laws 2007, c. 186, § 2 repealed by Laws 2008, c. 3, § 33, emerg. eff. Feb. 28, 2008.

62 § 3104. Retirement bills - RB numbers - Amendments

A. No retirement bill may be introduced by any member of the Legislature unless, at the time of its introduction, the bill has printed thereon in the upper right portion of each page of the bill an RB number. Once a retirement bill is presented to the Legislative Actuary, unless as otherwise provided by this subsection, neither the applicable staff nor any person shall make any change in the retirement bill prior to its introduction into the Legislature unless the bill is returned to the applicable staff office and that office assigns a new RB number to the bill. A change in a retirement bill by the applicable legislative staff to correct nonsubstantive errors shall not require the assignment of a new RB number.

B. A measure that is not a retirement bill when introduced, but becomes amended to become a retirement bill shall have printed thereon in the upper right corner of each page of the bill an RB number at the time the measure is deemed to be a retirement bill as provided in Section 7 of this act.

Added by Laws 2006, c. 292, § 4, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 4, eff. July 1, 2007.

62 § 3105. Retirement bills - Presentation to Legislative Actuary - Certification of fiscal impact - Restrictions

As a condition precedent to the introduction of any retirement bill, the applicable legislative staff, on behalf of the member of the Legislature who intends to be the primary author of the bill must present an exact copy of the proposed bill, which must bear an RB number, to the Legislative Actuary. The Legislative Actuary shall determine whether the proposed bill is a retirement bill having a fiscal impact or a nonfiscal retirement bill and provide a written certification of that determination to the member of the Legislature who intends to be the primary author of the bill. Such certification shall specifically identify the proposed bill by reference to the RB number. If the proposed bill is introduced into the Legislature, it shall have attached thereto the original of the certification of the Legislative Actuary. If the RB number on the bill as offered for introduction is different from the RB number shown on the certification of the Legislative Actuary or if the bill as offered for introduction does not bear an RB number on each page of the bill, the bill may not be accepted for introduction by the Secretary of the Senate or the Clerk of the House of Representatives, and the bill may not be considered by any committee of the House of Representatives or the Senate or by the House of Representatives or the Senate. If the bill is certified as a retirement bill having a fiscal impact, its introduction shall also be limited by the provisions of subsection A of Section 3107 of this title.

Added by Laws 2006, c. 292, § 5, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 5, eff. July 1, 2007.

62 § 3106. Nonfiscal retirement bills - Procedure - Amendments

A. A nonfiscal retirement bill may be introduced at any time according to the applicable deadlines established by the House of Representatives or Senate in any regular session of the Legislature. After its introduction into the Legislature, a nonfiscal retirement bill may not be amended in any manner to cause the bill to become a retirement bill having a fiscal impact. Except as otherwise provided by this section, any amendment to such a bill shall be submitted to the Legislative Actuary by the chair of the committee, if a committee amendment, or by the presiding officer of the Senate or House of Representatives if the amendment was made by the Senate or the House of Representatives or by the author of such bill when the bill is assigned to a conference committee. An amendment with the sole purpose to strike or restore the title or the enacting clause shall not be submitted to the Legislative Actuary. If the Legislative Actuary certifies in writing that the amendment does not cause the bill to become a retirement bill having a fiscal impact, the bill, as amended, may continue in the legislative process as any other bill. If the Legislative Actuary will not issue such a certification for the amendment, the progress of the bill in the legislative process will end, and the bill shall not be considered further by either the House of Representatives or the Senate.

B. An amendment to a nonfiscal retirement bill which is prohibited by subsection A of this section may be withdrawn by the committee which made the amendment, if a committee amendment, or by the Senate, if that body made the amendment, or by the House of Representatives, if that body made the amendment or by the author, if the amendment is made in conference. If the amendment is withdrawn, the bill may continue in the legislative process as any other bill, unless it is subsequently amended, and, in that event, the provisions of this section shall apply to the subsequent amendment.

C. A nonfiscal retirement bill which is not amended during the legislative process may be considered as any other bill.

Added by Laws 2006, c. 292, § 6, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 6, eff. July 1, 2007.

62 § 3106.1 Amendments creating nonfiscal retirement bill or retirement bill having fiscal impact

A. Any amendment made to any non-retirement bill or resolution which would cause the bill or resolution to become a nonfiscal retirement bill or a retirement bill having a fiscal impact as defined in the Oklahoma Pension Legislation Actuarial Analysis Act shall result in the bill or resolution being assigned an RB number by the applicable legislative staff. The bill or resolution shall be submitted to the Legislative Actuary by the chair of the committee, if a committee amendment, or by the presiding officer of the Senate or House of Representatives if the amendment was made by the Senate or the House of Representatives or by the author of such bill when the bill is assigned to a conference committee. If the Legislative Actuary certifies in writing that the amendment causes the bill to become a nonfiscal retirement bill and does not cause the bill to become a retirement bill having a fiscal impact, the bill, as amended, may continue in the legislative process as any other bill. If the Legislative Actuary will not issue such a certification for the amendment, the progress of the bill in the legislative process will end, and the bill shall not be considered further by either the Senate or House of Representatives.

B. An amendment to a non-retirement bill which causes the bill to become a retirement bill having a fiscal impact may be withdrawn by the committee which made the amendment, if a committee amendment, or by the Senate, if that body made the amendment, or by the House of Representatives, if that body made the amendment, or by the author of the bill, if the amendment was made in conference. If the amendment is withdrawn, the bill may continue in the legislative process as any other bill, unless it is subsequently amended, and, in that event, the provision of this section shall apply to the subsequent amendment.2

Added by Laws 2007, c. 367, § 7, eff. July 1, 2007.

62 § 3107. Retirement bills having a fiscal impact – Procedure - Amendments

A. 1. Except as otherwise provided in this subsection, any retirement bill having a fiscal impact may be introduced according to the applicable deadlines established by the House of Representatives or Senate only in any odd-numbered year during the regular session. Any such retirement bill may be passed by the Legislature only during an even-numbered year of the regular session. Any retirement bill determined by the Legislative Actuary in an even-numbered year to be a fiscal retirement bill may be introduced in an even-numbered year, but shall not be considered by the Legislature.

2. Notwithstanding the provisions of paragraph 1 of this subsection, any retirement bill having a fiscal impact may be introduced, considered and enacted in any year of a regular session of the Legislature if such retirement bill is introduced solely for the purpose of an unforeseen or emergency situation that needs to be addressed immediately. Such retirement bill shall only be considered if three-fourths (3/4) of the membership of each House votes to allow the retirement bill to be considered. Such retirement bill shall be subject to an actuarial investigation by the Legislature Actuary in the year the bill is introduced and considered and shall require concurrent funding, if applicable.

B. When a retirement bill having a fiscal impact is introduced, it shall be assigned to the respective Senate or House of Representatives standing committee or subcommittee that is primarily responsible for the consideration of retirement legislation. If a majority of the total membership of such committee is opposed to the bill on its merits, no actuarial investigation provided for in Section 3109 of this title shall be necessary, and the bill shall not be reported out by the committee and shall not be adopted or considered by the House of Representatives or the Senate. If a majority of the committee wishes to consider the bill further and votes in favor of an actuarial investigation of the bill, an actuarial investigation shall be required as provided in Section 3109 of this title. Except as otherwise provided by subsection C of this section, no retirement bill having a fiscal impact may be reported out of the committee to which it is assigned or may be considered or adopted by the House of Representatives or the Senate unless an actuarial investigation of the bill is made.

C. The committee to which a retirement bill having a fiscal impact is assigned following its introduction may amend the bill to become a nonfiscal retirement bill. If the bill is so amended, an exact copy of the amended version shall be submitted by the chair of the committee to the Legislative Actuary. If the Legislative Actuary issues a written certification that the committee amendment has converted the status of the bill to a nonfiscal retirement bill, the bill shall be a nonfiscal retirement bill for all purposes under the provisions of this act as of the date of the certification of the Legislative Actuary. Only the committee to which a retirement bill having a fiscal impact is originally assigned following its introduction may convert the bill to a nonfiscal retirement bill as authorized in this subsection.

Added by Laws 2006, c. 292, § 7, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 8, eff. July 1, 2007.

62 § 3108. Retirement bills having a fiscal impact - Committee amendments - Transmission to Legislative Actuary

A. A retirement bill having a fiscal impact which the committee wishes to consider may be amended, if necessary, by the committee. If a retirement bill having a fiscal impact is changed by the committee to which it is assigned, such change shall be accomplished only by a substitute bill.

B. Immediately after a retirement bill having a fiscal impact has been considered and the committee has voted in favor of an actuarial investigation, the chair of the committee to which the bill was assigned shall transmit an exact copy of the bill, as amended by a substitute bill by the committee, when applicable, to the Legislative Actuary. The copy submitted to the Legislative Actuary shall bear an RB number. The submission of the bill to the Legislative Actuary shall have attached thereto a letter signed by the chair of the committee requesting the Legislative Actuary to make or cause to be made an actuarial investigation on the bill.

Added by Laws 2006, c. 292, § 8, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 9, eff. July 1, 2007.

62 § 3109. Actuarial investigation - Submission to requesting committee chair - Summary

A. If an actuarial investigation of a retirement bill having a fiscal impact is requested under Section 3108 of this title, it shall be the duty of the Legislative Actuary to complete or cause to be completed such actuarial investigation by not later than December 1 of the same year during which the request for the actuarial investigation was made. The actuarial investigation shall include, but shall not be

limited to, findings on the following factors as such factors are relevant to the retirement bill under consideration:

1. The dollar amount of the unfunded actuarial accrued liability which will result from the bill for the retirement system affected by the bill;

2. The dollar amount of the annual normal cost which will result from the bill for the retirement system affected by the bill;

3. A statement of the employer contribution rate currently in effect for the retirement system affected by the bill;

4. A statement of the employer contribution rate necessary for the retirement system to receive the required annual employer contributions consistent with the most recently available valuation report prepared by the actuary employed by the retirement system affected by the bill;

5. A statement of the dollar amount of the increase in the annual employer contribution, if an existing retirement system is affected by the bill, or a statement of the total annual employer contribution, if a new retirement system is established by the bill, which will be necessary to maintain the retirement system affected or established by the bill in an actuarially sound condition thereby creating no increase in unfunded liability as defined by the most recent actuarial evaluation of an existing system; and

6. A statement of the effect on the funded ratio for the retirement system affected by the bill.

B. By not later than December 1 of the same year that the request for an actuarial investigation was made, the completed actuarial investigation shall be submitted by the Legislative Actuary to the chair of the committee who requested it along with a summary of the actuarial investigation which shall include the relevant findings specified in subsection A of this section.

C. The chair of the committee, upon receipt of the information provided for under subsection B of this section, shall cause the summary of the actuarial investigation to be attached to all copies of the version of the bill submitted to the Legislative Actuary and made available to committee members, other legislators and any other interested parties. The original summary of the actuarial investigation shall be attached to the original version of the substitute bill, as amended by the committee under Section 3108 of this title, if applicable, or to the original version of the bill as introduced if the bill was not changed by the committee prior to its submission to the Legislative Actuary for an actuarial investigation.

Added by Laws 2006, c. 292, § 9, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 10, eff. July 1, 2007; Laws 2011, c. 379, § 1, eff. Sept. 1, 2011.

62 § 3110. Retirement bills having a fiscal impact - Consideration following actuarial investigation - Procedure - Amendments

A. When a retirement bill having a fiscal impact has had an actuarial investigation pursuant to Section 3109 of this title, the bill may be considered at the next regular session of the Legislature. If the bill as originally introduced was not changed by the committee and the original version was submitted to the Legislative Actuary for an actuarial investigation, then the original version of the bill is the only one, except as otherwise provided by subsection B of this section, which may be considered by the committee or by the House of Representatives

or the Senate. If the original bill was substituted by the committee and the substitute version was the one submitted to the Legislative Actuary, then that substitute bill is the only one, except as otherwise provided by subsection B of this section, which may be considered by the committee or by the House of Representatives or the Senate.

B. After completion of an actuarial investigation, any amendment to a retirement bill having a fiscal impact shall be out of order and shall not be allowed either by a committee or by the House of Representatives or the Senate, except for a nonfiscal or a reduction in cost amendment. Any amendment to a retirement bill having a fiscal impact shall be submitted to the Legislative Actuary by the chair of the committee, if a committee amendment, or by the presiding officer of the Senate or the House of Representatives if the amendment was made by the Senate or the House of Representatives. If the Legislative Actuary certifies in writing that the amendment is a nonfiscal amendment or if the amendment results in a reduction in cost and the Legislative Actuary provides an actuarial investigation as required in subsection A of Section 9 of this act, then the bill as amended, with the Legislative Actuary's certification or actuarial investigation attached to the original of the amendment, may continue in the legislative process. If the Legislative Actuary will not issue such a certification for the amendment or if there is no actuarial study showing the reduced cost of the amendment, the bill's progress in the legislative process will end, and the bill shall not be considered further by either the House of Representatives or the Senate.

C. An amendment to a retirement bill having a fiscal impact which is prohibited by subsection B of this section may be withdrawn by the committee which made the amendment, if a committee amendment, or by the Senate, if that body made the amendment, or by the House of Representatives, if that body made the amendment. If the amendment is withdrawn, the bill may continue in the legislative process as any other bill, unless it is subsequently amended, and, in that event, this section shall apply to the subsequent amendment.

Added by Laws 2006, c. 292, § 10, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 11, eff. July 1, 2007.

62 § 3111. Retirement bills having a fiscal impact - Effective dates - Appropriations - Other funding

A. Any retirement bill having a fiscal impact which is enacted by the Legislature and which is approved by the Governor or which otherwise becomes law shall become effective on the first day of July immediately following the regular session during which it was enacted, but only if the enacted bill is concurrently funded as provided by this section and only if the bill is approved as an emergency measure by a vote of two-thirds (2/3) of all members elected to each House. If an enacted bill does not receive a two-thirds (2/3) vote of all members, the law shall become effective on the first day of September immediately following the regular session during which it was enacted. If an enacted bill, including one approved by the Governor, is not concurrently funded as required by this section, then such bill shall not become effective as law.

B. When a retirement bill having a fiscal impact amends a retirement system having employer contributions funded from appropriations by the Legislature, then appropriations for the first fiscal year of effectiveness of the bill, after it becomes law, must include funds to pay the amount determined by the actuarial investigation under paragraph 5 of subsection A of Section 3109 of this title. It is the intent of the Legislature that future appropriations for subsequent

fiscal years must include an amount necessary to maintain the actuarial soundness of the retirement system in accordance with the findings of the actuarial investigation. Any limitation on the rate of employer contributions that may be included in a law which is the source of authority for a retirement system affected by this subsection shall be amended to the extent necessary to comply with the requirements of this subsection.

C. When a retirement bill having a fiscal impact amends a retirement system having employer contributions funded wholly or partially from the funds of a political subdivision, that political subdivision shall have a duty to produce funds as necessary to pay all or its proportionate share of the amount determined by actuarial investigation under paragraph 5 of subsection A of Section 3109 of this title.

D. When a retirement bill having a fiscal impact creates a new retirement system, then employer contributions in conformity with paragraph 5 of subsection A of Section 3109 of this title must be made to the retirement system either by direct appropriations by the Legislature or by another source of employer contributions specifically provided for in the bill creating the new retirement system.

Added by Laws 2006, c. 292, § 11, eff. July 1, 2006. Amended by Laws 2007, c. 186, § 3, eff. Nov. 1, 2007; Laws 2011, c. 199, § 2.

62 § 3112. Retirement bills having a fiscal impact - Concurrent funding determination by State Board of Equalization - Procedure

A. Following the close of each regular legislative session during which retirement bills having a fiscal impact may be enacted, the State Board of Equalization shall make a determination for each such bill enacted during such session, which is not vetoed by the Governor, of whether or not provision has been made for the concurrent funding of the bill in conformity with the applicable requirements of Section 311 of this title.

B. The Legislative Actuary, the Director of the Office of Management and Enterprise Services, legislative staff, retirement system administrators, and employers shall provide such information and assistance as may be necessary for the State Board of Equalization to make the determinations required by subsection A of this section.

C. The State Board of Equalization shall make the determinations required by subsection A of this section by not later than the fifteenth day immediately following the last day on which the Governor is authorized to veto bills following the close of each regular legislative session. The State Board of Equalization's findings shall be made in a report to the Secretary of State showing the determination for each retirement bill by reference to the respective Senate or House of Representatives number for the bill. The report shall be submitted to the Secretary of State by not later than the last day on which the State Board of Equalization is required to make the determinations. The Secretary of State shall cause the State Board of Equalization's report to be printed in the annual session laws of the State of Oklahoma.

Added by Laws 2006, c. 292, § 12, eff. July 1, 2006. Amended by Laws 2012, c. 304, § 471.
NOTE: Reference to “Section 311” in subsection A of this section should read “Section 3111”.

62 § 3113. Interpretation and construction of act

No provision of the Oklahoma Pension Legislation Actuarial Analysis Act generally and no provision of Section 11 of this act in particular shall:

1. Create or be construed to create a contractual right to a retirement benefit or a contractual right in the provisions of a retirement system law which does not exist independently of the provisions of the Oklahoma Pension Legislation Actuarial Analysis Act; and

2. Impair, alter, or diminish or be construed to impair, alter, or diminish a contractual right to a retirement benefit or a contractual right in the provisions of a retirement system law which exists independently of the provisions of the Oklahoma Pension Legislation Actuarial Analysis Act.

Added by Laws 2006, c. 292, § 13, eff. July 1, 2006.

62 § 3114. Enrolled acts resulting from retirement bills - Attachment of certificates and summaries of actuarial investigations

The enrolled act resulting from a bill which is subject to the legislative procedures provided by the Oklahoma Pension Legislation Actuarial Analysis Act shall have attached thereto the original or a true and correct copy of all certificates and summaries of actuarial investigations submitted by the Legislative Actuary pursuant to the requirements of the Oklahoma Pension Legislation Actuarial Analysis Act.

Added by Laws 2006, c. 292, § 14, eff. July 1, 2006. Amended by Laws 2007, c. 367, § 12, eff. July 1, 2007.

68 § 2358. Adjustments to arrive at Oklahoma taxable income and Oklahoma adjusted gross income

For all tax years beginning after December 31, 1981, taxable income and adjusted gross income shall be adjusted to arrive at Oklahoma taxable income and Oklahoma adjusted gross income as required by this section.

. . . .

E. The Oklahoma adjusted gross income of any individual taxpayer shall be further adjusted as follows to arrive at Oklahoma taxable income:

. . . .

8. Retirement benefits not to exceed Five Thousand Five Hundred Dollars ($5,500.00) for the 2004 tax year, Seven Thousand Five Hundred Dollars ($7,500.00) for the 2005 tax year and Ten Thousand Dollars ($10,000.00) for the 2006 tax year and all subsequent tax years, which are received by an individual from the civil service of the United States, the Oklahoma Public Employees Retirement System, the Teachers' Retirement System of Oklahoma, the Oklahoma Law Enforcement Retirement System, the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the employee retirement systems created by counties pursuant to Section 951 et seq. of Title 19 of the Oklahoma Statutes, the Uniform Retirement System for Justices and Judges, the Oklahoma Wildlife Conservation Department Retirement Fund, the Oklahoma Employment Security Commission Retirement Plan, or the employee retirement systems created by municipalities pursuant to Section 48-101 et seq. of Title 11 of the Oklahoma Statutes shall be exempt from taxable income.

. . . .

Added by Laws 1971, c. 137, § 8, emerg. eff. May 11, 1971. Amended by Laws 1971, c. 182, § 1, emerg. eff. May 28, 1971; Laws 1971, pp. 1042, 1043, H.J.R. No. 1026, §§ 2A9 to 17, 25, emerg. eff. June 22, 1971; Laws 1972, c. 252, § 2, emerg. eff. April 7, 1972; Laws 1975, c. 188, § 1, emerg. eff. May 23, 1975; Laws 1977, c. 32, § 1, emerg. eff. May 6, 1977; Laws 1978, c. 198, § 1, eff. July 1, 1978; Laws 1979, c. 195, § 4, emerg. eff. May 24, 1979; Laws 1980, c. 163, § 1; Laws 1980, c. 299, § 3; Laws 1980, c. 351, § 1, eff. Jan. 1, 1981; Laws 1982, c. 293, § 2, emerg. eff. May 24, 1982; Laws 1983, c. 275, § 10, emerg. eff. June 24, 1983; Laws 1985, c. 307, § 1, emerg. eff. July 24, 1985; Laws 1987, c. 113, § 24, operative Jan. 1, 1987; Laws 1987, c. 222, § 112, operative July 1, 1987; Laws 1988, c. 204, § 13, operative July 1, 1988; Laws 1989, c. 249, § 39, eff. Jan. 1, 1989; Laws 1991, 1st Ex. Sess., c. 2, § 12, emerg. eff. Jan. 18, 1991; Laws 1991, c.

66, § 1, emerg. eff. April 11, 1991; Laws 1991, c. 342, § 20, eff. Jan. 1, 1992; Laws 1992, c. 373, § 15, eff. July 1, 1992; Laws 1993, c. 275, § 25, eff. July 1, 1993; Laws 1993, c. 273, § 15, emerg. eff. May 27, 1993; Laws 1993, c. 308, § 1, emerg. eff. June 7, 1993; Laws 1995, c. 337, § 7, emerg. eff. June 9, 1995; Laws 1996, c. 3, § 15, emerg. eff. March 6, 1996; Laws 1996, c. 296, § 1, eff. Jan. 1, 1997; Laws 1997, c. 2, § 17, emerg. eff. Feb. 26, 1997; Laws 1997, c. 190, § 4, eff. July 1, 1997; Laws 1998, c. 208, § 1, eff. Jan. 1, 1999; Laws 1998, c. 385, § 9, eff. Nov. 1, 1998; Laws 1999, c. 1, § 23, emerg. eff. Feb. 24, 1999; Laws 1999, c. 338, § 1, eff. Jan. 1, 2000; Laws 2000, c. 73, § 2, emerg. eff. April 14, 2000; Laws 2000, c. 271, § 1, eff. Nov. 1, 2000; Laws 2001, c. 5, § 43, emerg. eff. March 21, 2001; Laws 2001, c. 167, § 12, emerg. eff. May 2, 2001; Laws 2001, c. 358, § 16, eff. July 1, 2001; Laws 2001, 1st Ex. Sess., c. 1, § 1, emerg. eff. Oct 8, 2001; Laws 2002, c. 372, § 1, eff. Jan. 1, 2003; Laws 2003, c. 3, § 70, emerg. eff. March 19, 2003; Laws 2004, c. 322, § 14, eff. Dec. 1, 2004 (State Question No. 713, Legislative Referendum No. 336, adopted at election held Nov. 2, 2004); Laws 2005, c. 381, § 12, eff. Jan. 1, 2006; Laws 2006, c. 16, § 65, emerg. eff. March 29, 2006; Laws 2006, 2nd Ex. Sess., c. 44, § 21, eff. Jan. 1, 2007; Laws 2007, c. 1, § 57, eff. July 1, 2007; Laws 2007, c. 118, § 1, eff. July 1, 2007; Laws 2007, c. 346, § 3, eff. Jan. 1, 2008; Laws 2008, c. 3, § 37, emerg. eff. Feb. 28, 2008; Laws 2008, c. 43, § 4, eff. July 1, 2008; Laws 2008, c. 395, § 3, eff. Jan. 1, 2008; Laws 2009, c. 174, § 1, eff. Jan. 1, 2010; Laws 2009, c. 436, § 1, eff. July 1, 2010; Laws 2010, c. 2, § 66, eff. July 1, 2010; Laws 2010, c. 421, § 1; Laws 2013, c. 363, § 2, eff. Jan. 1, 2014.
NOTE: Laws 1975, c. 18, § 1 repealed by Laws 1977, c. 32, § 2, emerg. eff. May 6, 1977. Laws 1991, c. 232, § 1 repealed by Laws 1992, c. 373, § 22, eff. July 1, 1992. Laws 1995, c. 249, § 4 repealed by Laws 1996, c. 3, § 25, emerg. eff. March 6, 1996. Laws 1996, c. 216, § 1 and Laws 1996, c. 217, § 1 repealed by Laws 1997, c. 2, § 26, emerg. eff. Feb. 26, 1997. Laws 1998, c. 366, § 13 repealed by Laws 1999, c. 1, § 45, emerg. eff. Feb. 24, 1999. Laws 2000, c. 212, § 1, Laws 2000, c. 214, § 3 and Laws 2000, c. 225, § 1 repealed by Laws 2001, c. 5, § 44, emerg. eff. March 21, 2001. Laws 2001, c. 316, § 1 and Laws 2001, c. 294, § 1 repealed by Laws 2001, 1st Ex.Sess., c. 1, § 3, emerg. eff. Oct. 8, 2001. Laws 2002, c. 144, § 1 repealed by Laws 2003, c. 3, § 71, emerg. eff. March 19, 2003. Laws 2005, c. 237, § 1 repealed by Laws 2006, c. 16, § 66, emerg. eff. March 29, 2006. Laws 2005, c. 354, § 1 repealed by Laws 2006, c. 16, § 67, emerg. eff. March 29, 2006. Laws 2005, c. 413, § 9 repealed by Laws 2006, c. 16, § 68, emerg. eff. March 29, 2006. Laws 2005, 1st Ex.Sess., c. 1, § 6 repealed by Laws 2006, c. 16, § 69, emerg. eff. March 29, 2006. Laws 2006, c. 178, § 1 repealed by Laws 2007, c. 1, § 58, eff. July 1, 2007. Laws 2006, c. 272, § 17 repealed by Laws 2007, c. 1, § 59, eff. July 1, 2007. Laws 2006, 2nd Ex.Sess., c. 42, § 5, repealed by Laws 2007, c. 1, § 60, eff. July 1, 2007. Laws 2007, c. 353, § 10 repealed by Laws 2008, c. 3, § 38, emerg. eff. Feb. 28, 2008. Laws 2009, c. 426, § 10 repealed by Laws 2010, c. 2, § 67, eff. July 1, 2010. Laws 2010, c. 94, § 4 repealed by Laws 2011, c. 1, § 31, emerg. eff. March 18, 2011.

70 § 3218.7. Waiver of tuition for children of peace officers or firefighters killed in line of duty

A. Within The Oklahoma State System of Higher Education, no resident tuition or nonresident tuition shall be charged to the:

1. Children of Oklahoma peace officers as defined by Section 648 of Title 21 of the Oklahoma Statutes who have given their lives in the line of duty;

2. Children of Oklahoma firefighters who have given their lives in the line of duty;

3. Children of members of the Oklahoma Law Enforcement Retirement System who have given their lives in the line of duty or whose disability is by means of personal and traumatic injury of a catastrophic nature, as defined by Section 2-300 of Title 47 of the Oklahoma Statutes, and occurred in the line of duty; and

4. Children of Oklahoma emergency medical technicians who have given their lives in the line of duty.

B. Such waiver of resident tuition and nonresident tuition shall be limited to a period of five (5) years.

C. Such waiver of resident tuition or nonresident tuition to the children of deceased peace officers and to the children of deceased firefighters as provided for in this section shall be a service benefit of each Oklahoma peace officer and Oklahoma firefighter.

D. For purposes of this section:

1. “Firefighter” means a volunteer firefighter or a permanent salaried professional member of any fire department within the State of Oklahoma; and

2. “Emergency medical technician” means a person volunteering or employed as an emergency medical technician and who is licensed as an

emergency medical technician pursuant to Section 1-2505 of Title 63 of the Oklahoma Statutes.

Added by Laws 1988, c. 251, § 7, operative July 1, 1988. Amended by Laws 1989, c. 358, § 1, operative July 1, 1989; Laws 1990, c. 59, § 1, emerg. eff. April 16, 1990; Laws 1999, c. 330, § 3, eff. July 1, 1999; Laws 2002, c. 399, § 8, eff. July 1, 2002; Laws 2005, c. 454, § 2, eff. July 1, 2005.

74 § 941. Oklahoma State Pension Commission – Members – Meetings - Apportionment of administrative costs

A. There is hereby created the Oklahoma State Pension Commission. The Commission shall consist of seven (7) members as follows:

1. The State Auditor and Inspector or that person's designee;

2. The Director of the Office of Management and Enterprise Services or that person's designee;

3. The State Treasurer or that person's designee;

4. One member who shall be a member of the Senate appointed by the President Pro Tempore of the Senate who shall serve at the pleasure of the appointing authority;

5. One member who shall be a member of the House of Representatives appointed by the Speaker of the House of Representatives who shall serve at the pleasure of the appointing authority;

6. One person to be appointed by the Governor who shall have at least ten (10) years of demonstrated experience in the banking industry; and

7. One person to be appointed by the Governor who shall have at least ten (10) years of experience in professional pension planning, including demonstrated experience with defined benefit retirement plan design.

No member of the governing body of a state retirement system shall be eligible to be appointed to the Commission.

B. The Commission shall hold regular meetings at least once each quarter, the dates, time and place to be set by the Commission. The Commission shall hold its first meeting prior to September 30, 1988.

C. The Office of the State Auditor and Inspector shall provide the administrative support required by the Commission.

D. The cost of providing the administrative support shall be apportioned by the State Auditor and Inspector among the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System and the Department of Wildlife Conservation on behalf of the retirement plan adopted by the Wildlife Conservation Commission in proportion to the percentage that the assets of each system at the end of the preceding fiscal year were to the combined total of the assets of the systems.

Added by Laws 1988, c. 321, § 38, operative July 1, 1988. Amended by Laws 1993, c. 322, § 29, emerg. eff. June 7, 1993; Laws 1996, c. 29, § 1, eff. Nov. 1, 1996; Laws 2002, c. 391, § 1, eff. July 1, 2002; Laws 2012, c. 304, § 930.

74 § 942. Duties of Commission – Reports - Management consultants - Fiduciary duties

A. The Oklahoma State Pension Commission shall:

1. Publish, on a quarterly basis, a performance report analyzing the performance of the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System and the retirement plan adopted by the Wildlife Conservation Commission on an individual and consolidated basis. The Commission shall establish a format for use by each of the state retirement systems in submitting the information requested by the Commission for the report. The report shall contain:

a. combined and individual rates of return of the investment managers by category of investment, over periods of time,

b. the data obtained pursuant to subparagraph a of this paragraph compared with similar data for a larger population of investment managers by asset class as well as by style of management,

c. an analysis of the performance of the custodian bank or trust company of the System including, but not limited to, a specific review of the adequacy of the collateralization of the short-term interest-bearing investment vehicles placed by the custodian, and

d. any other information that the Commission may include;

2. Publish widely an annual comparative performance report in simple and easily understood language containing:

a. on an individual and consolidated basis, an analysis of the written investment plans developed by each retirement system as required by law,

b. a qualitative and quantitative analysis of the performance of the custodian employed by each governing body of the retirement systems specified in paragraph 1 of this subsection and the performance of the Office of the State Treasurer with regard to retirement system monies,

c. the result of the analyses prepared pursuant to subparagraphs a and b of this paragraph compared with similar data for a larger population,

d. recommendations on administrative and legislative changes which are necessary to improve the performance of the retirement systems in accordance with current standards for large public fund portfolio management,

e. a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Commission. The results shall be determined using the standards prescribed by the Government Accounting Standards Board or any successor entity, and

f. a listing by category of the expenses of the Commission;

3. Make recommendations to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate, based upon the advice of pension consultants, for updating or standardizing retirement system benefit designs; and

4. Make recommendations to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate regarding the methods for the adequate financing of benefits authorized or required by law for performance of service upon behalf of employers participating in any of the retirement systems administered by the entities identified in paragraph 1 of this subsection, including, but not limited to, recommendations regarding the use of dedicated tax or other revenue sources or the modification of such tax or other revenue sources to provide additional funding to retirement systems the actuarial condition of which would benefit from such sources.

B. The Commission shall distribute its reports and recommendations to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the chairman and vice-chairman of the Joint Committee on Fiscal Operations. The Commission shall make the reports widely available to the members of the Legislature, members of the retirement systems and the general public.

C. The Commission shall hire one or more pension fund management consultants to assist the Commission in accomplishing its objectives specified in subsection A of this section. Consultants shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Commission. A consultant:

1. Shall be experienced in providing unbiased third-party consulting services;

2. Shall have in its client base individual clients that are comparable in size to the combined total assets of the retirement systems specified in paragraph 1 of subsection A of this section; and

3. Shall not be under contract with any of the individual governing bodies of the various state retirement systems.

D. For purposes of this subsection, pension fund management consultants hired by the Commission are hereby considered fiduciaries of the state retirement systems.

1. A fiduciary with respect to the state retirement systems shall not cause or advise a retirement system to engage in a transaction if the fiduciary knows or should know that such transaction constitutes a direct or indirect:

a. sale or exchange, or leasing of any property from a retirement system to a party in interest for less than adequate consideration or from a party in interest to a retirement system for more than adequate consideration,

b. lending of money or other extension of credit from a retirement system to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to a retirement system with provision of excessive security or an unreasonably high rate of interest,

c. furnishing of goods, services or facilities from a retirement system to a party in interest for less than adequate consideration, or from a party in interest to a retirement system for more than adequate consideration, or

d. transfer to, or use by or for the benefit of, a party in interest of any assets of a retirement system for less than adequate consideration.

2. A fiduciary with respect to the state retirement systems shall not:

a. deal with the assets of a retirement system in the fiduciary's own interest or for the fiduciary's own account,

b. in the fiduciary's individual or any other capacity act in any transaction involving a retirement system on behalf of a party whose interests are adverse to the interests of a retirement system or the interests of its participants or beneficiaries, or

c. receive any consideration for the fiduciary's own personal account from any party dealing with a retirement system in connection with a transaction involving the assets of a retirement system.

Added by Laws 1988, c. 321, § 39, operative July 1, 1988. Amended by Laws 1993, c. 322, § 30, emerg. eff. June 7, 1993; Laws 2002, c. 391, § 2, eff. July 1, 2002; Laws 2003, c. 90, § 1, emerg. eff. April 15, 2003; Laws 2011, c. 379, § 8, eff. Sept. 1, 2011.

CONSTITUTIONAL PROVISIONS PERTAINING TO THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

Article 5 § 61. Pensions to police officers
The legislature may enact laws authorizing cities to pension meritorious and disabled police officers.

Article 23 § 12. State Administered Retirement Systems - Limitation on Use of Monies
All the proceeds, assets and income of any public retirement system administered by an agency of the State of Oklahoma shall be held, invested, or disbursed as provided for by law as in trust for the exclusive purpose of providing for benefits, refunds, investment management, and administrative expenses of the individual public retirement system, and shall not be encumbered for or diverted to any other purposes.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

ADMINISTRATIVE RULES

The following is an unofficial copy of the administrative rules promulgated by the Oklahoma Police Pension and Retirement Board under the provisions of the Administrative Procedures Act, 75 O.S., Sections 250 et seq. The Board's administrative rules are for the administration of the System and for the transaction of its business consistent with law.

TITLE 550. OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

Chapter		Section
1.	Administrative Operations	550:1-1-1
10.	Retirement and Pension Benefit Program	550:10-1-1
15.	Oklahoma Police Deferred Option Plan	550:15-1-1
20.	Purchase of Transferred Credited Service	550:20-1-1
25.	Investments	550:25-1-1
30.	Periods of Absence for Which a Member is Not receiving Compensation	550:30-1-1

CHAPTER 1. ADMINISTRATIVE OPERATIONS

Subchapter		Section
1.	General Provisions	550:1-1-1
3.	Organization of Board	550:1-3-1
5.	Petition Procedures	550:1-5-1
7.	Collections and Disbursements	550:1-7-1
9.	Tax Qualification Compliance [EXPIRED]	550:1-9-1

[**Authority:** 11 O.S., §§ 50-105.2(A) and (B) and 50-106(3)]
[**Source:** Codified 6-4-91]

SUBCHAPTER 1. GENERAL PROVISIONS

Section

550:1-1-1. Purpose
550:1-1-2. Definitions [REVOKED]
550:1-1-3. Principal office; hours
550:1-1-4. Communications to Board; Board records
550:1-1-5. Fair and impartial consideration
550:1-1-6. Status changes required in writing
550:1-1-7. Inspection, copy and/or reproduction fees
550:1-1-8. Municipality memberships Effective Date

550:1-1-1. Purpose

The rules of this Chapter are adopted for the purpose of simplifying procedures, avoiding unnecessary delays, saving expenses, and facilitating the administration of the Oklahoma Police Pension and Retirement System.
[**Source**: Amended at 22 OK Reg 979, eff 6-1-05]

550:1-1-2. Definitions [REVOKED]

[**Source**: Revoked at 14 Ok Reg 1987, eff 5-27-97]

550:1-1-3. Principal office; hours

(a) The principal office of the Oklahoma Police Pension and Retirement Board is located in Oklahoma City, Oklahoma.

(b) Office hours shall be from 8:00 A.M. to 4:30 P.M., unless otherwise designated by the Executive Director. Office hours will be Monday through Friday inclusive, except legal holidays established by statutes or proclamations of the Governor.

550:1-1-4. Communications to Board; Board records

(a) Written communications shall be addressed to the Chairman or the Executive Director of the Board at the principal office, unless otherwise directed by the Board.

(b) All rules and other written documentation adopted or used by the Board shall be available at the principal office during regular business hours.

(c) Copies of all official records of the Board not privileged from disclosure by law shall be available for inspection at the principal office during regular office hours. Copies of such records, certified by the Executive Director of the Board, may be made, and the expense of such copies shall be paid by the person requesting the same.

[**Source:** Amended at 18 Ok Reg 2759, eff 7-1-01]

550:1-1-5. Fair and impartial consideration

The rules of this Title shall be given fair and impartial consideration.

550:1-1-6. Status changes required in writing

Request for change of address and change of tax status must be made in writing. A participating municipality may request a change of address for an active member. A request for change of address submitted by a participating municipality must be submitted on the System's Notice of Change of Address form or the municipality's form which has been approved by the System and must be signed by the member or an authorized employee of the municipality.

[**Source:** Added at 12 Ok Reg 133, eff 9-30-94 (emergency); Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 20 Ok Reg 1338, eff 6-1-03]

550:1-1-7. Inspection, copy and/or reproduction fees

Access to Oklahoma Police Pension and Retirement System records shall be subject to the System's fee schedule. A reasonable search fee may be charged to recover the cost of document searches if the request is solely for commercial purposes or clearly would cause excessive disruption of the System's essential functions.

(1) document search/inspection (minimum one hour) - $20.00 per hour
(2) document copying (per sheet) - $.25
(3) certified document copying - $1.00
(4) mechanical reproduction - Actual Cost
(5) magnetic tapes - Actual Cost
(6) CPU access time - Actual Cost

[**Source:** Added at 12 Ok Reg 133, eff 9-30-94 (emergency); Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 18 Ok Reg 2759, eff 7-1-01]

550:1-1-8. Municipality membership Effective Date

An eligible employer shall join the System pursuant to 11 O.S. § 50-106.3 on the first day of the month following State Board approval of the Application for Affiliation.

[**Source:** Amended at 28 Ok Reg 2061, eff 7-11-11]

SUBCHAPTER 3. ORGANIZATION OF BOARD

Section

550:1-3-1. Powers of the Board
550:1-3-2. Board meetings
550:1-3-3. Nomination of Board members
550:1-3-4. Election of Board members
550:1-3-5. Filling Board vacancies

550:1-3-1. Powers of the Board

(a) The Oklahoma Police Pension and Retirement Board shall exercise all powers expressly granted or implied by statute.

(b) The Oklahoma Police Pension and Retirement Board shall have the power to negotiate and enter into agreements with local, state, and federal governments, agencies or instrumentalities as may be authorized by statute as necessary for the performance of its duties.

(c) The Board may exercise official powers at any location in the State of Oklahoma.

[**Source:** Amended at 18 Ok Reg 2759, eff 7-1-01]

550:1-3-2. Board meetings

(a) **Location.** The Board may convene at any location or institution within the jurisdiction of the Board, or at such other location as the Board may specify.

(b) **Agenda.** The agenda of the Board's regular meeting shall be determined by the Chairman and Executive Director and a copy thereof sent to each Board member at least five days before the meeting. Additional items of business may be added to the agenda as an addendum prior to posting of the agenda at the discretion of the Chairman or Executive Director.

[**Source**: Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 18 Ok Reg 2759, eff 7-1-01; Amended at 21 Ok Reg 1423, eff 6-1-04]

550:1-3-3. Nomination of Board members

(a) Nomination procedures. The following procedures shall govern the nomination of Board members:

(1) Each member in the district under election will be sent a letter from the Executive Director ("Director's Letter") briefly describing the reason for the nomination/election, the general procedures to elect a Board member and the responsibilities of a Board member. The Director's Letter will also state how a member can obtain a copy of a nomination petition.

(2) The nomination petition for districts 1, 2, 3, and 4 will include a list of participating municipalities whose active members are eligible to be nominated. To be placed on the ballot for districts 1, 2, 3, and 4, nominees must receive signatures from 5% of the active members in their respective district and the petition must include at least one signature from five different participating municipalities. To be placed on the ballot for districts 5 and 6, nominees must receive signatures from 5% of the active members in their

respective district. To be placed on the ballot for district 7, nominees must receive signatures from 25 retired members of the district with at least one signature being from retirees of five different municipalities. Members of the district under election; their mailing addresses; and, for districts 1, 2, 3, 4, 5, and 6, the number of signatures required to be placed on the ballot, will be determined at least one week prior to the date the Director's Letter is to be mailed.

(3) The Director's Letter will be placed in individual envelopes addressed to each active member separately in care of their mailing address on file with the System. The envelopes will be mailed First Class to the member. Mailings to retired members will be made to the address used to mail year-end tax notices (1099R). The Director's Letter will be mailed at least six weeks prior to the date the election ballot is to be mailed. The System shall make no attempt to forward/resend any mailing returned by the United States Postal Service as undeliverable unless it is found that the mailing was sent to an incorrect address due to an administrative error on the part of the System.

(4) A copy of the Director's Letter and a copy of the nomination petition will be posted on the agency's website. Upon request, a copy of the nomination petition will be emailed or mailed First Class to members.

(5) Nomination petitions must be returned by certified mail with return receipt or delivered in person to the certified public accounting firm supervising the election or to the System. The Director's Letter will specify the date by which the nomination petition must be received by the certified public accounting firm or by the System. The nominee must also provide a 25 words or less biographical sketch to be included in the election ballot. The names of the nominees will be posted in the System's office for public view for not less than seven days.

(6) Should only one member be nominated for any district, that member will automatically become the Board member for that district.

(7) If no nominations are received by the deadline, a second Director's Letter will be sent and handled in accordance with the normal procedures. The time frame for the mailing of the second Director's Letter and the deadlines established therein shall be set by the Board.

(8) The Executive Director or the Executive Director's designee will verify that each nominee is eligible to be elected to the Board.

(b) **Certified public accounting firm procedures.** A certified public accounting firm shall:

(1) Meet with the Executive Director or the Executive Director's designee and determine the timing of the mailing of the Director's Letter to each member in the districts electing a board member.

(2) Obtain from the Executive Director or the Executive Director's designee a copy of a list of municipalities included in each district holding an election.

(3) Obtain from the Executive Director or the Executive Director's designee a copy of the Director's Letter to be sent outlining the duties of a Board member, nomination and election process, critical dates, etc.

(4) Review a mailing list obtained from the Oklahoma Police Pension and Retirement System which contains the name and mailing address of each member in each district conducting an election who will be mailed the Director's Letter.

(5) Obtain from the Executive Director or the Executive Director's designee a copy of the nomination petition and determine if any changes to the form are required.

(6) Judgmatically select members listed on the mailing list and verify that they are to receive the Director's Letter. Judgmatically select envelopes containing the Director's Letter and verify that members to which the envelopes are being mailed are listed on correct district mailing list.

(7) Accumulate nomination responses and determine that each petition has the proper number of signatures from the appropriate municipalities.

(8) Require the Executive Director or the Executive Director's designee to verify that each nominee is eligible to be elected to the Board.

(c) **Oklahoma Police Pension and Retirement System procedures.** The Oklahoma Police Pension and Retirement System shall:

(1) Obtain a mailing list for each district conducting an election. The mailing list should contain the name and mailing address of each member in the district.

(2) Prepare the nomination petition.

(3) Prepare mailing of the Director's Letter for review by certified public accounting firm.

(4) Post copy of the Director's Letter and copy of nomination petition for each district conducting an election on agency's website.

[**Source**: Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 18 Ok Reg 2759, eff 7-1-01; Amended at 19 Ok Reg 1471, eff 7-1-02; Amended at 20 Ok Reg 1338, eff 6-1-03; Amended at 22 Ok Reg 40, eff 8-11-04 (emergency); Amended at 22 Ok Reg 979, eff 6-1-05; Amended at 25 Ok Reg 1985, eff 7-1-08; Amended at 27 Ok Reg 1901, eff 7-1-10]

550:1-3-4. Election of Board members

(a) **Election procedures.** The following procedures shall govern the election of Board members:

(1) Eligible nominees will be placed on the election ballot.

(2) Members eligible to receive election ballots and their mailing addresses will be determined at least one week prior to the date the election ballot is to be mailed.

(3) The ballot will be mailed at least three weeks prior to the date the completed ballot must be received by the certified public accounting firm. This ballot will instruct voters to return their ballot directly to the certified public accounting firm and will specify the date by which the certified public accounting firm must receive the ballot in order for it to be counted. Self-addressed, postage-paid envelopes will be enclosed to return the ballots. The ballot and return envelope will be placed in individual envelopes addressed to each active member separately in care of their mailing address on file with the System. The envelopes will be mailed First Class to the member. Mailings to retired members will be made to the address used to mail year-end tax notices (1099R). The System shall make no attempt to forward/resend any mailing returned by the United States Postal Service as undeliverable unless it is found that the mailing was sent to an incorrect address due to an administrative error on the part of the System.

(4) Ballots will be pre-numbered and require the individual signature of the voter to be counted. Ballots will be printed on the certified public accounting firm letterhead or watermarked paper.

(5) The nominee receiving the highest number of votes, even if this constitutes less than 50% of the total votes cast, will be elected to serve on the Board.

(6) Votes cast for members other than nominees contained on the ballot will not be counted.

(7) Ballots returned to the Oklahoma Police Pension and Retirement System or some location other than the certified public accounting firm's office will not be counted.

(8) Ballots received after the deadline will not be counted.

(9) Ballots with more than one vote will not be counted.

(10) Ballots which are not signed will not be counted.

(b) **Certified public accounting firm procedures.** A certified public accounting firm shall:

(1) Review ballots before mailing. Judgmatically select members listed on the district mailing list and verify that they are to receive a ballot. Judgmatically select ballots and verify that members are listed on correct district mailing list.

(2) Accumulate responses and total results.

(3) Exclude any ballots not received by the certified public accounting firm by the cut-off date, or other spoiled ballots.

(4) Provide the total number of votes cast for each nominee and total available votes to the Oklahoma Police Pension and Retirement Board.

(c) **Oklahoma Police Pension and Retirement System procedures.** The Oklahoma Police Pension and Retirement System shall:

(1) Prepare the ballot for each district holding an election. Include each nominee's biographical sketch. Photocopy and/or print the ballot on the certified public accounting firm letterhead or watermarked paper.

(2) Copy of ballot to be posted in the office of the Oklahoma Police Pension and Retirement System for public view during regular office hours not less than seven business days before the ballot is to be mailed.

(3) Pre-Number each ballot sequentially.

(4) Obtain mailing list for each district conducting an election. The mailing list should contain the name and mailing address of each member in the district eligible to receive an election ballot.

(5) Apply the name and mailing address of each member on district mailing list on a ballot and place the ballot and a self-addressed return envelope in window envelopes.

(6) After certified public accounting firm has audited the ballots, mail a package to each member on district mailing list.

(7) Send notification of election results to nominees via certified mail.

(d) **Tie votes.** Should two nominees tie for the most votes received, the election will be conducted again between the two nominees.

(e) **Election challenge.** A nominee has 10 days from the date they receive notice of the election results to provide the System with written notice of their desire to challenge the results.

(1) Should the election results be challenged by a nominee, procedures for determining the winning nominee will be established by the Oklahoma Police Pension and Retirement Board and could include but are not limited to:

(A) Verification of a sample or all of the signatures on the ballots.

(B) Re-perform the election with notarized ballots.

(2) The Board may order a new election if the Board, in its discretion, finds that the previous election and/or result was affected by some material impropriety. The new election will be conducted in the same manner as provided by rules with the exception that the Board may establish a revised time frame for the new election.

[**Source**: Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 18 Ok Reg 2759, eff 7-1-01; Amended at 20 Ok Reg 1338, eff 6-1-03; Amended at 21 Ok Reg 1423, eff 6-1-04; Amended at 22 Ok Reg 979, eff 6-1-05; Amended at 25 Ok Reg 1985, eff 7-1-08]

550:1-3-5. Filling Board vacancies

(a) A vacancy occurring within six months of the normal three year election cycle shall not be filled until the regular election.

(b) A vacancy occurring other than above shall be filled by a special election conducted in the same manner as the normal nomination/election process. However, the Board in its discretion may establish a time frame for the special election different from that of the normal nomination/election process.

[**Source:** Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 20 Ok Reg 1338, eff 6-1-03]

SUBCHAPTER 5. PETITION PROCEDURES

Section

550:1-5-1. Emergency hearings
550:1-5-2. Individual hearings
550:1-5-3. Appeals of the Board's orders [REVOKED]
550:1-5-4. Requests for declaratory rulings
550:1-5-5. Qualified domestic relations orders
550:1-5-6. Child/children educational benefit
550:1-5-7. Common Law Beneficiary Requirements

550:1-5-1. Emergency hearings

The Board may designate a person to serve as a hearing officer in a particular proceeding or may designate a group of persons to serve as an advisory council to act as a hearing body in any proceeding. The officer or body so designated shall have full authority to conduct all aspects of the hearing.

550:1-5-2. Individual hearings

(a) **Application/written request for right to relief.** In each individual proceeding, there shall be filed with the Oklahoma Police Pension and Retirement Board an application/written request stating a brief summary of facts giving rise to the request for relief.

(b) **Notice of receipt.** The Chairman of the Board, or other person designated by the Chairman, shall notify the party requesting the individual hearing of the acceptance of the application/written request for individual hearing by the Oklahoma Police Pension and Retirement Board or a hearing officer and shall specify the date, time, and place for the hearing. The notice shall comply with the requirements of 75 O.S., Section 309 and laws amendatory thereto, and may incorporate by reference material alleged in the application/written request.

(c) **Service of notices.** All notices or other papers requiring service in an individual proceeding shall, unless otherwise provided by statute, be served in one of the following manners:

(1) Personal service by a person appointed by the Board to make such service in the manner authorized by the laws of this state for the service of summons or other process in the state courts; or

(2) By certified mail forwarded by the Board or its designee, at the exact location that the person can be served such notice.

(3) If the personal service or if service by mail cannot be made after the exercise of all due diligence in attempting to learn the whereabouts or

mailing address of any person to be served, then by publication in such newspapers as is determined by the Board.

(d) **Completed service of notice.** Service of notice shall be complete upon receipt of certified mail by the addressee or upon the first posting of publication notice.

(e) **Setting of hearing.** The time set for a hearing as specified in the notice shall not be less than ten (10) days after date of mailing of notice, unless otherwise agreed upon by the parties. Motions for extension of time or for a continuance of the hearing shall be made in writing and shall be filed with the Board or a person designated by the Board. Any such motion shall be for a time certain and any such motion for an extension or continuance shall state the reasons for the request and specify the length of time. Each party to a hearing shall be allowed to move for one (1) continuance wherein the Board or the person designated by the Board shall act upon such motion promptly and grant or deny such request in the exercise of sound discretion. If the motion is denied, the party may renew his or her request at the hearing.

(f) **Subpoenas.** Subpoenas for the attendance of witnesses, for the furnishing of information required by the Board or hearing officer and for the production of evidence shall be issued by the Board or their designee upon written request.

(1) Subpoenas shall be served and a return made in the same manner as provided for in state court proceedings.

(2) If a person fails to obey a subpoena, refuses to be sworn or make an affirmation at a hearing, or refuses to answer a question put to him or her in the course of a hearing, the Board or hearing officer may institute appropriate judicial proceedings to compel compliance with the subpoena or the giving of testimony. The hearing shall proceed as long as practical despite any such refusal but the Board or hearing officer may, at its discretion, at any time, continue the proceedings for such time as may be necessary to secure a court ruling.

(3) Any person who fails to appear as directed, after receipt of notice as provided by these rules, may be determined to have waived the right to appear and present a defense to the allegations contained in the notice and/or request for relief. A final order in such a proceeding may be issued by the Chairman.

(g) **Order of procedure.** The order of procedure in all individual proceedings for members of the Police Pension and Retirement System shall generally follow that which applies in civil proceedings at law. Each party shall be afforded an opportunity to make a brief opening statement, to present witnesses, documents, and exhibits on its behalf, to cross examine adverse witnesses, and to rebut and to make closing arguments. The rules of evidence applicable to such hearing shall be those specified by the Administrative Procedures Act. At the discretion of the Board or hearing officer, any party may reopen his or her case in chief even after the adverse party has rested. Parties may enter into stipulations on any lawful matter.

(h) **Objections.** The Board or hearing officer shall rule on the admissibility of evidence and objections to evidence and shall rule on motions or objections raised in the course of such hearings. In the exercise of this function the Board or hearing officer may rely on the advice of counsel present and serving in such advisory capacity. Any party may object to a ruling which the party considers erroneous and an exception to such ruling shall be noted on the record. Failure to timely object to any alleged error or irregularity shall be deemed a waiver of such objection.

(i) **Findings of Fact / Conclusions of Law.** The Board or hearing officer shall hear all evidence and arguments applicable in a case and shall prepare Findings of Fact and Conclusions of Law which shall be submitted to the Chairman of the Board and mailed to parties to the action. The Board or hearing officer may request the parties to submit proposed Findings of Fact and Conclusions of Law before making a ruling on the matter at issue.
(j) **Record of hearing.** A record of the hearing, in the form of a digital recording, will be made of all hearings conducted by the Board or a hearing officer.
(k) **Issuance of Board's order.** At the conclusion of the proceedings, the Board shall issue an order reflecting the Findings of Fact made, and the Conclusions of Law specifying the action taken. The order shall be signed by the Chairman. Parties shall be notified by mail of the issuance of an order and a copy of the order shall be provided to the party or his/her attorney.
(l) **Record on file.** The record of a proceeding and the file containing the pleadings in such a proceeding will be maintained at the Oklahoma Police Pension and Retirement System.
(m) **Petition of rehearing.** Any person may petition for a rehearing, reopening or reconsideration of any decision in an individual proceeding. Such petition must be filed within ten (10) days of the date on which the order was issued and shall state the grounds for requesting such action. The grounds for such action are set forth in 75 O.S., Section 317 and are the only grounds for rehearing, reopening or reconsidering such action. Hearings pursuant to such a request, when granted by the Board, shall be limited to the issues upon which the reconsideration, reopening or rehearing was granted.

[**Source:** Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 18 Ok Reg 2759, eff 7-1-01; Amended at 19 Ok Reg 1471, eff 7-1-02; Amended at 22 Ok Reg 979, eff 6-1-05; Amended at 27 Ok Reg 1901, eff 7-1-10; Amended at 29 Ok Reg1359, eff 7-1-12]

550:1-5-3. Appeals of the Board's orders [REVOKED]

[**Source:** Revoked at 18 Ok Reg 2759, eff 7-1-01]

550:1-5-4. Requests for declaratory rulings

(a) All requests for declaratory rulings as to the applicability of any rule or order of the Board shall be made by filing a petition with the Board requesting such ruling.
(b) The petition shall identify the rule or order questioned, the date on which such rule or order became effective and shall set forth the contents of the rule or order. The petition shall include a brief statement of the issue or issues raised by the rule or order which caused such request to be made and a statement as to the petitioner's personal interest in the ruling of the Board and how a ruling by the Board will affect those interests.
(c) Upon receipt of a petition requesting such declaratory ruling, the Board shall consider the petition and respond to the request at the next scheduled Board Meeting subsequent to the filing of petition.
(d) The Board may entertain oral presentation or argument on the request of the petitioner and may on its own motion request such argument or presentation.
(e) On considering the petition the Board may, in its sound discretion, refuse to issue a declaratory ruling or may decide the issues and determine the validity or applicability to the petitioner of the rule or order.
(f) Appeals from declaratory rulings of the Board may be taken in the manner provided by the Administrative Procedures Act.

[**Source:** Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 21 Ok Reg 1423, eff 6-1-04]

550:1-5-5. Qualified domestic relations orders

(a) The Oklahoma Police Pension and Retirement System shall submit only that information which reflects the member's contribution history and/or benefit amount.

(b) Said information shall not be furnished to any person unless prior written consent of the member is obtained or an order is issued by a court of competent jurisdiction.

(c) When a qualified domestic relations order is issued by a court of competent jurisdiction prior to the member entering the Deferred Option Plan and the qualified domestic relations order does not specifically address the division of the member's Deferred Option Plan account, the following shall apply:

(1) At the time of the issuance of the qualified domestic relations order, if the member has not entered the Deferred Option Plan but subsequently does so, the alternate payee's monthly pension amount is deposited into the Deferred Option account for the alternate payee's benefit and draws interest at the same rate as that of the member. When the member terminates the Deferred Option Plan, the alternate payee has the same options and rights as the member has relating to the payment of the Deferred Option Plan account.

(2) At the time of the issuance of the qualified domestic relations order, if the member has entered the Deferred Option Plan, the alternate payee's monthly pension amount is deposited in the Deferred Option Plan account for the alternate payee's benefit, draws interest at the same rate as that of the member, and the alternate payee receives a share of the municipality's contributions to the Deferred Option Plan account commensurate with the alternate payee's proportion of the total monthly pension amount.

(d) Provided the qualified domestic relations order does not state otherwise, whenever a member requests a refund of contributions, the alternate payee is entitled to a refund of contributions commensurate with the alternate payee's proportion of the total monthly pension amount.

(e) Provided the qualified domestic relations order does not state otherwise, whenever a retired member receives a cost of living adjustment, the alternate payee is entitled to a cost of living adjustment commensurate with the alternate payee's proportion of the total monthly pension amount.

[**Source:** Added at 12 Ok Reg 133, eff 9-30-94 (emergency); Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 16 Ok Reg 2553, eff 7-1-99; Amended at 18 Ok Reg 2759, eff 7-1-01; Amended at 22 Ok Reg 979, eff 6-1-05]

550:1-5-6. Child/children educational benefit

(a) **Public or private school.** Payment of benefit for beneficiary continues until the eighteenth (18th) birthday, at which time if the beneficiary is enrolled in a public or private school the payment of benefit continues directly to the beneficiary through the month in which the beneficiary graduates. Verification of enrollment must be submitted to the Oklahoma Police Pension and Retirement System at the beginning of each semester in attendance as well as a copy of grades received at the end of each semester. Any monies received by an ineligible recipient must be repaid to the system immediately. Benefits terminate the last day of the month in which the beneficiary becomes twenty-two (22) years of age.

(b) **Institution of higher education.** Full-time enrollment in an institution of higher education entitles the beneficiary to receive benefits. Verification of enrollment must be submitted to the Oklahoma Police Pension and Retirement System at the beginning of each semester in attendance as well as a copy of

grades received at the end of each semester. If the beneficiary drops classes and becomes a part-time student or withdraws from the institution of higher education, then benefits cease the last day of the month in which the beneficiary becomes a part-time student or withdraws from the institution of higher education. It is the responsibility of the beneficiary to notify the Oklahoma Police Pension and Retirement System of any change in student status. Any monies received by an ineligible recipient must be repaid to the system immediately. Benefits terminate the last day of the month in which the beneficiary becomes twenty-two (22) years of age.

[Source: Added at 12 Ok Reg 133, eff 9-30-94 (emergency); Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 16 Ok Reg 2553, eff 7-1-99]

550:1-5-7. Common Law Beneficiary Requirements

(a) In order for the Oklahoma Police Pension & Retirement Board to find in an individual proceeding that an applicant is a beneficiary based upon a common law marriage, the applicant asserting a common law marriage must prove by clear and convincing evidence the following elements;

(1) An actual mutual agreement between the spouses to be husband and wife;

(2) A permanent relationship;

(3) An exclusive relationship, proved by cohabitation as man and wife; and

(4) The parties to the marriage must hold themselves out publicly as husband and wife

(b) Documentation accepted by the board as evidence of the existence of a common law marriage shall be; joint tax returns; joint bank account titled as husband and wife; real property deeds titled as husband and wife; and/or titles to vehicles and machinery held as husband and wife

[**Source:** Amended at 28 Ok Reg 2061, eff 7-11-11]

SUBCHAPTER 7. COLLECTIONS AND DISBURSEMENTS

Section

550:1-7-1. Refund vouchers
550:1-7-2. Pension vouchers
550:1-7-2.1. Reemployment by participating municipality
550:1-7-3. All vouchers
550:1-7-4. Vouchers payable to an estate
550:1-7-5. Direct rollovers
550:1-7-6 Return of contributions made under mistake of fact

[**Source:** Codified 9-12-14]

550:1-7-1. Refund vouchers

(a) **Conditions upon receiving refunds.** The following conditions must be met before contributions are refunded:

(1) All contributions made through the last day of employment must be received by the Oklahoma Police Pension and Retirement System.

(2) Member must have ceased employment with the participating municipality before any application for refund of contributions will be considered by the Oklahoma Police Pension and Retirement Board.

(b) **Payment.** The refund of contributions shall be mailed or directly deposited by the Oklahoma Police Pension and Retirement System no earlier than the last business day of the month following Board approval.

[**Source:** Added at 12 Ok Reg 133, eff 9-30-94 (emergency); Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 21 Ok Reg 1423, eff 6-1-04; Amended at 27 Ok Reg 1901, eff 7-1-10; Amended at 31 Ok Reg 2162, eff 9-12-14]

550:1-7-2. Pension vouchers

(a) The monthly pension voucher, payable to members, eligible beneficiaries, alternate payees, or the member's estate shall be directly deposited on the last business day of the month. The monthly pension benefit will not be paid by the System until a personal depository agent is identified for direct deposit of the benefit.

(b) Upon the death of a member or eligible beneficiary, the monthly pension benefit shall be payable as follows:

(1) If the member dies during the month but not on the last day of the month and there is a beneficiary, the full monthly pension benefit for the month of the member's death shall be paid to the member's beneficiary upon proper application and approval by the Board.

(2) If the member dies during the month but not on the last day of the month and there is not a beneficiary, the full monthly pension benefit for the month of the member's death shall be paid to the member's estate.

(3) If the eligible beneficiary dies during the month but not on the last day of the month and there is another eligible beneficiary, the full monthly pension benefit for the month of the eligible beneficiary's death shall be paid to the other eligible beneficiary upon proper application and approval by the Board.

(4) If the eligible beneficiary dies during the month and there is not another eligible beneficiary, the full monthly pension benefit for the month of the eligible beneficiary's death shall be paid to the eligible beneficiary's estate.

(c) The deferred option voucher shall be mailed first class as directed by the member, eligible beneficiaries, alternate payees, or member's estate.

[**Source:** Added at 12 Ok Reg 133, eff 9-30-94 (emergency); Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 14 Ok Reg 1987, eff 5-27-97; Amended 16 Ok Reg 2553, eff 7-1-99; Amended at 22 Ok Reg 979, eff 6-1-05; Amended 23 Ok Reg 2798, eff 7-1-06; Amended at 26 Ok Reg 1318, Eff 07-01-09]

550:1-7-2.1. Reemployment by participating municipality

(a) Retirement pursuant to 11 O.S. Section 50-112 has at all times included reemployment of a member by a participating municipality in a position not covered by the Oklahoma Police Pension and Retirement System. Thus, in-service distributions from the Oklahoma Police Pension and Retirement System to such a member are permitted. In-service distributions to a reemployed police chief are also permitted.

(b) A member who has terminated employment with a participating municipality must submit an application for refund prior to reemployment with a participating municipality in order to receive a refund of member contributions.

[**Source:** Added at 20 Ok Reg 1341, eff 6-1-03; Amended at 29 Ok Reg 1359, eff 7-1-12]

550:1-7-3. All vouchers

The Oklahoma Police Pension and Retirement System shall issue a replacement voucher in lieu of any voucher that has been lost or destroyed provided that 5 (five) business days have transpired after the date of mailing, and no replacement voucher shall be issued until an original affidavit or a facsimile of

the original affidavit setting forth the facts as to the loss or destruction of said original voucher is received by the Oklahoma Police Pension and Retirement System. If a facsimile affidavit is provided, the executed original affidavit must be mailed to the Oklahoma Police Pension and Retirement System. After original or facsimile affidavit is received and reviewed, the State Treasurer's Office will be requested to put a stop payment on the original voucher.

[**Source:** Added at 12 Ok Reg 2899, eff 7-13-95; Amended at 14 Ok Reg 1987, eff 5-27-97; Amended at 18 Ok Reg 2759, eff 7-1-01]

550:1-7-4. Vouchers payable to an estate

(a) **Conditions for obtaining voucher payable to an estate**. The Oklahoma Police Pension and Retirement System will issue a voucher to an estate upon the following conditions being met:

(1) For estates whose fair market value of property located in this state owned by the decedent and subject to disposition by will or intestate succession at the time of the decedent's death, less liens and encumbrances, exceed Twenty Thousand Dollars ($20,000.00), the personal representative of the estate of the deceased must have filed a probate action in a court of competent jurisdiction, have been issued either letters testamentary or letters of administration, and must furnish the Oklahoma Police Pension and Retirement System with the employer identification number assigned to the estate by the Internal Revenue Service.

(2) For estates whose fair market value of property located in this state owned by the decedent and subject to disposition by will or intestate succession at the time of the decedent's death, less liens and encumbrances, does not exceed Twenty Thousand Dollars ($20,000.00), the provisions of 58 O.S. Sections 393 and 394 shall apply. In addition, the employer identification number assigned to the estate by the Internal Revenue Service must be furnished to the Oklahoma Police Pension and Retirement System.

(b) **Payment.** Vouchers payable to an estate shall be mailed or directly deposited by the Oklahoma Police Pension and Retirement System no earlier than the last business day of the month following Board approval.

[**Source:** Amended at 18 Ok Reg 2759, eff 7-1-01; Amended at 20 Ok Reg 1338, eff 6-1-03; Amended at 21 Ok Reg 1423, eff 6-1-04; Amended at 25 Ok Reg 2619, eff 6-10-08 through 7-14-09 (emergency); Amended at 26 Ok Reg 1319, eff 07-01-09; Amended at 31 Ok Reg 2162, eff 9-12-14]

550:1-7-5. Direct rollovers

(a) A Distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(b) For purposes of this section, the definitions as stated in 11 O.S. Section 50-114.2(B) and the provisions of 11 O.S. Section 50-114.3 shall apply.

(c) At least thirty (30) days and not more than one-hundred eighty (180) days before the date of distribution, the Distributee must be provided with the IRS Notice regarding rollover options and tax effects. The distribution may be paid less than thirty (30) days after the notice is given, provided that:

(1) The Board clearly informs the Distributee that the Distributee has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution; and

(2) The Distributee, after receiving the notice, affirmatively elects a distribution.

(d) An Eligible Retirement Plan which is selected by the Distributee shall be the result of the Distributee's own research and investigation. The Oklahoma Police Deferred Option Plan and/or the Oklahoma Police Pension and Retirement System shall not be subject to any fees or charges from the Eligible Retirement Plan.
[**Source:** Added at 20 Ok Reg 1341, eff 6-1-03; Amended at 21 Ok Reg 1423, eff 6-1-04; Amended at 30 Ok Reg 1848, eff 07-15-13]

550:1-7-6. Return of contributions made under mistake of fact
Notwithstanding Section 550:1-7-1(a), should a contribution be made through a mistake of fact that is more than the correct amount of participating municipality or member contributions to be paid to the Oklahoma Police Pension and Retirement System by a participating municipality, the Oklahoma Police Pension and Retirement System may refund the mistaken portion of the contribution to the participating municipality within one year of the date on which the mistaken portion of the contribution was made. The Oklahoma Police Pension and Retirement System shall not pay the participating municipality earnings attributable to the mistaken portion of the contribution but shall reduce the amount returned to the participating municipality pursuant to this subsection by the amount of losses attributable to the mistaken portion of the contribution.
[**Source:** Added at 31 Ok Reg 2162, eff 9-12-14]

SUBCHAPTER 9. TAX QUALIFICATION COMPLIANCE [EXPIRED]

Section
550:1-9-1. Determination of gross salary [EXPIRED]
550:1-9-2. Minimum distribution requirements [EXPIRED]

550:1-9-1. Determination of gross salary [EXPIRED]

[**Source:** Added at 19 Ok Reg 2782, eff 6-21-02 through 7-14-03 (emergency)[1]]

EDITOR'S NOTE: *[1]This emergency action expired without being superseded by a permanent action. Upon expiration of an emergency action enacting a new Section, the Section is no longer effective. Therefore, on 7-15-03 (after the 7-14-03 expiration of the emergency action), Section 550:1-9-1 was no longer effective. For the official text of the emergency rule that was in effect from 6-21-02 through 7-14-03, see 19 Ok Reg 2782.*

550:1-9-2. Minimum distribution requirements [EXPIRED]

[**Source:** Added at 19 Ok Reg 2782, eff 6-21-02 through 7-14-03 (emergency)[1]]

EDITOR'S NOTE: *[1]This emergency action expired without being superseded by a permanent action. Upon expiration of an emergency action enacting a new Section, the Section is no longer effective. Therefore, on 7-15-03 (after the 7-14-03 expiration of the emergency action), Section 550:1-9-2 was no longer effective. For the official text of the emergency rule that was in effect from 6-21-02 through 7-14-03, see 19 Ok Reg 2782.*

CHAPTER 10. RETIREMENT AND PENSION BENEFIT PROGRAM

Section

550:10-1-1. Purpose
550:10-1-2. Physical-medical examination requirements
550:10-1-3. Re-entering the system [REVOKED]
550:10-1-4. Job description of a police officer [REVOKED]
550:10-1-5. Application for disability benefit

Appendix A. Height and Weight Chart [REVOKED]
Appendix B. Skinfold Chart [REVOKED]
Appendix C. Skinfold Chart [REVOKED]

[**Authority**: 11 O.S., §§ 50-101(6), 50-105.2(A) and (B), 50-106(3), and 50-112]
[**Source:** Codified 6-4-91]

550:10-1-1. Purpose

The purpose of this chapter is to establish physical-medical examination requirements in order to identify pre-existing medical conditions and to establish policies related to the administration of disability benefits.

[**Source:** Amended at 21 Ok Reg 1425, eff 6-1-04]

550:10-1-2. Physical-medical examination requirements

(a) The Oklahoma Police Pension and Retirement System shall supply the physical-medical examination form which shall be completed by the applicant and the examining medical professional and submitted to the Oklahoma Police Pension and Retirement System prior to employment with a participating municipality. The physical-medical examination form shall include a release for medical/psychological information.

(b) The completed physical-medical examination form shall be provided to the Oklahoma Police Pension and Retirement System for submission to the Board's reviewing physician or medical professional to identify any preexisting medical/psychological conditions.

(c) The physical-medical examination shall cover, but is not limited to, the following medical conditions:

(1) **Head and Neck.**

(A) Head:

(i) Deformities of the skull such as depressions or exostoses.

(ii) Deformities of the skull associated with evidence of disease of the brain, spinal cord, or peripheral nerves.

(iii) Loss or congenital absence of the bony substance of the skull.

(B) Neck:

(i) Thoracic outlet syndrome.

(ii) Congenital cysts, chronic draining fistulas, or similar lesion.

(iii) Contracture of neck muscles.

(C) Eyes and vision:

(i) Far visual acuity in each eye.

(ii) Peripheral vision.

(iii) Diseases of the eye such as retinal detachment, progressive retinopathy, or optic neuritis.

(iv) Ophthalmological procedures such as radial keratotomy or repair of retinal detachment.

(D) Ears and hearing:

(i) Auditory canal -- atresia, severe stenosis, or tumor.

(ii) Severe external otitis.
(iii) Auricle -- severe agenesis or traumatic deformity.
(iv) Mastoid -- severe mastoiditis or surgical deformity.
(v) Meniere's syndrome or labyrinthitis.
(vi) Otitis media.
(vii) Hearing deficit in the pure tone thresholds, with or without aids in both ears, in the following frequencies: 500 Hz, 1000 Hz, 2000 Hz, 3000 Hz, 4000 Hz, and 6000 Hz.

(E) Dental:
(i) Diseases of the jaws or associated tissues.
(ii) Orthodontic appliances.
(iii) Oral tissues, extensive loss.

(F) Nose, oropharynx, trachea, esophagus, and larynx:
(i) Tracheostomy.
(ii) Aphonia.
(iii) Congenital or acquired deformity.
(iv) Allergic respiratory disorder.
(v) Sinusitis, recurrent.
(vi) Dysphonia.

(2) **Heart and vascular system.**

(A) Heart:
(i) Current angina pectoris.
(ii) Myocardial insufficiency.
(iii) Acute pericarditis, endocarditis, or myocarditis. Chronic pericarditis, endocarditis with resultant significant valvular lesions, or myocarditis leading to myocardial insufficiency or excludable arrhythmias.
(iv) History of myocardial infarction, coronary artery bypass, or coronary angioplasty.
(v) Cardiac pacemaker.
(vi) Recurrent syncope.
(vii) Significant valvular lesions of the heart including prosthetic valves.
(viii) Coronary artery disease.
(ix) Atrial tachycardia, flutter, or fibrillation.
(x) Third degree atrio-ventricular block.
(xi) Ventricular tachycardia.
(xii) Hypertrophy of the heart.
(xiii) Recurrent paroxysmal tachycardia.
(xiv) History of a congenital abnormality.

(B) Vascular system:
(i) Congenital or acquired lesions of the aorta and major vessels.
(ii) Marked circulatory instability as indicated by orthostatic hypotension, persistent tachycardia, and severe peripheral vasomotor disturbances.
(iii) Aneurysm of the heart or major vessels, congenital or acquired.
(iv) Hypertension.
(v) Peripheral vascular disease such as Raynaud's phenomenon.
(vi) Recurrent thrombophlebitis.
(vii) Chronic lymphedema due to lymphopathy or severe venous valvular incompetency.

(3) **Lungs, abdomen, spine and joint.**

(A) Lungs and chest wall:

(i) Suppurative disease of lung or pleural space.

(ii) Lobectomy.

(iii) Bronchial asthma.

(iv) History of bronchiectasis, bronchitis, fibrous pleuritis, fibrosis, cystic disease, tuberculosis, or mycotic disease of the lung.

(v) Pneumothorax.

(vi) Restrictive or obstructive lung disease.

(B) Abdominal organs and gastrointestinal system:

(i) Cholecystectomy or cholecystitis.

(ii) Gastritis.

(iii) Hemorrhoids.

(iv) Acute hepatitis.

(v) Hepatitis B.

(vi) Hepatitis C.

(vii) Hernia.

(viii) Inflammatory bowel disease.

(ix) Intestinal obstruction.

(x) Pancreatitis.

(xi) Resection, bowel.

(xii) Ulcer, gastrointestinal.

(xiii) Cirrhosis, hepatic or biliary.

(C) Spine, scapula, ribs, and sacroiliac joints:

(i) Arthritis.

(ii) Structural abnormality, fracture, or dislocation.

(iii) Nucleus pulposus, herniation of or history of laminectomy.

(D) Extremities:

(i) Limitation of motion of a joint.

(ii) Amputation or deformity of a joint or limb.

(iii) Dislocation of a joint.

(iv) Joint reconstruction, ligamentous instability, or joint replacement.

(v) Chronic osteoarthritis or traumatic arthritis.

(vi) Inflammatory arthritis.

(4) **Genitourinary system.**

(A) Reproductive:

(i) Pregnancy.

(ii) Dysmenorrhea.

(iii) Endometriosis, ovarian cysts, or other gynecologic conditions.

(iv) Testicular or epididymal mass.

(B) Urinary system:

(i) Diseases of the kidney.

(ii) Diseases of the ureters, bladder, or prostate.

(5) **Other conditions.**

(A) Neurological disorders:

(i) Ataxias of heredo-degenerative type.

(ii) Cerebral arteriosclerosis as evidenced by documented episodes of neurological impairment.

(iii) Multiple sclerosis with activity or evidence of progression within previous three years.

(iv) Progressive muscular dystrophy or atrophy.

(v) Any form of seizure disorder [simple partial, complex, generalized, psychomotor or absence (petit mal)].
(vi) Narcolepsy.
(vii) Congenital malformations.
(viii) Migraine.
(ix) Clinical disorders with paresis, paralysis, dyscoordination, deformity, abnormal motor activity, abnormality of sensation, or complaint of pain.
(x) Subarachnoid or intracerebral hemorrhage.
(xi) Abnormalities from recent head injury such as severe cerebral contusion or concussion.

(B) Skin:
(i) Acne or inflammatory skin disease.
(ii) Eczema.

(C) Blood and blood-forming organs:
(i) Hemorrhagic states requiring replacement therapy.
(ii) Sickle cell disease (homozygous).
(iii) Anemia.
(iv) Leukopenia.
(v) Polycythemia vera.
(vi) Splenomegaly.
(vii) History of thromboembolic disease.

(D) Endocrine and metabolic disorders:
(i) Diseases of the adrenal gland, pituitary gland, parathyroid gland, or thyroid gland of clinical significance.
(ii) Nutritional deficiency disease or metabolic disorder.
(iii) Diabetes mellitus.

(E) Systemic diseases and miscellaneous conditions:
(i) Connective tissue disease, such as dermatomyositis, lupus erythematosus, scleroderma and rheumatoid arthritis.
(ii) Residuals from past thermal injury.
(iii) Documented evidence of a predisposition to heat stress with recurrent episodes or resulting residual injury.

(F) Tumors and malignant diseases.

(G) Psychiatric conditions:
(i) History of psychiatric condition.
(ii) Substance abuse problems.

(H) Chemicals, drugs, and medications:
(i) Anticoagulant agents.
(ii) Cardiovascular agents.
(iii) Narcotics.
(iv) Sedative-hypnotics.
(v) Stimulants.
(vi) Psychoactive agents.
(vii) Steroids.

(I) Immunologic deficiency diseases:
(i) Acquired immunodeficiency syndrome (Aids).
(ii) HIV positive without evidence of HIV infection.

(d) Medical examination results are valid for no more than six (6) months after date of examination.

(e) A medical examination is required for all persons who have ceased employment from a participating municipality as a police officer for more than 90 days.

[**Source:** Amended at 8 Ok Reg 2361, eff 7-1-91; Amended at 9 Ok Reg 1155, eff 1-24-92 (emergency); Amended at 9 Ok Reg 2535, eff 7-1-92; Amended at 14 Ok Reg 1992, eff 5-27-97; Amended at 16 Ok Reg 2554, eff 7-1-99; Amended at 20 Ok Reg 1342, eff 6-1-03]

550:10-1-3. Re-entering the system [REVOKED]

[**Source:** Reserved at 9 Ok Reg 2543, eff 7-1-92; Added at 16 Ok Reg 2554, eff 7-1-99; Revoked at 18 Ok Reg 2764, eff 7-1-01]

550:10-1-4. Job description of a police officer [REVOKED]

[**Source:** Added at 9 Ok Reg 1163, eff 2-18-92 (emergency); Added at 9 Ok Reg 2543, eff 7-1-92; Amended at 14 Ok Reg 1992, eff 5-27-97; Amended at 18 OK Reg 2764, eff 7-1-01; Amended at 20 Ok Reg 1342, eff 6-1-03; Revoked at 21 Ok Reg 1425, eff 6-1-04]

550:10-1-5. Application for disability benefit

(a) **Member application for disability benefit.** A member applying for a disability benefit based on a permanent in-line disability must submit evidence of injury in the line of duty and/or evidence of exposure to hazardous chemicals in the line of duty. The Board may require that such evidence be in the form of a copy of an Official Oklahoma Traffic Collision Report, a copy of the official Injury Report/Incident Report filed with the Police Department, or a copy of an Order issued by the Worker's Compensation Court. If an official Injury Report/Incident Report is submitted which is not signed by the Chief of Police or by the member's Supervisor, the Board may require that an Affidavit of Authenticity be executed by the Chief of Police or the member's Supervisor certifying that such report is the official report of the Police Department with regard to the injury/incident related to the member's disability.

(b) **Municipality application for disability benefit.** A municipality applying for a disability benefit must submit a fitness for duty physical completed by physician licensed to practice medicine in the State of Oklahoma.

[**Source:** Added at 21 Ok Reg 1425, eff 6-1-04, Amended at 26 Ok Reg 1320, eff 07-01-09]

APPENDIX A. HEIGHT AND WEIGHT CHART [REVOKED]

[**Source:** Revoked and reenacted at 8 Ok Reg 3337, eff 8-10-91; Revoked at 9 Ok Reg 1155, eff 1-24-92 (emergency); Revoked at 9 Ok Reg 2535, eff 7-1-92]

APPENDIX B. SKINFOLD CHART [REVOKED]

[**Source**: Revoked and reenacted at 8 Ok Reg 3337, eff 8-10-91; Revoked at 9 Ok Reg 1155, eff 1-24-92 (emergency); Revoked at 9 Ok Reg 2535, eff 7-1-92]

APPENDIX C. SKINFOLD CHART [REVOKED]

[**Source:** Added at 8 Ok Reg 3337, eff 8-10-91; Revoked at 9 Ok Reg 1155, eff 1-24-92 (emergency); Revoked at 9 Ok Reg 2535, eff 7-1-92]

CHAPTER 15. OKLAHOMA POLICE DEFERRED OPTION PLAN

Section

550:15-1-1. Purpose
550:15-1-2. Forward drop
550:15-1-3. Back drop

[**Authority:** 11 O.S., §§ 50-105.2(A) and (B), 50-106(3), and 50-111.3]
[**Source:** Codified 6-13-91]

550:15-1-1. Purpose

The plan allows an active participating member who has not less than twenty (20) years of creditable service, who is eligible to receive a service retirement pension, an election to participate in the Oklahoma Police Deferred Option Plan. The member may elect to participate under the provisions of subsections A, B, C, D, E and F of Section 50-111.3 of Title 11 of the Oklahoma Statutes, which for purposes of this chapter is referred to as an election for forward drop; or, the member may elect to participate under the provisions of subsection H of Section 50-111.3 of Title 11 of the Oklahoma Statutes, which for purposes of this chapter is referred to as an election for back drop.

[**Source:** Added at 8 Ok Reg 2365, eff 6-13-91; Amended at 21 Ok Reg 1426, eff 6-1-04]

550:15-1-2. Forward drop

(a) **Application.**

(1) The applicant must have twenty (20) years or more of credited service with the Oklahoma Police Pension and Retirement System to be eligible.

(2) The applicant must submit his/her completed application for participation in the Oklahoma Police Deferred Option Plan. Forms will be provided by the Oklahoma Police Pension and Retirement System.

(3) The effective date of membership will be the first day of the month.

(4) Once the Board has approved a member's application and the member's option account has been credited with the first contribution or benefit, the member's participation in the Oklahoma Police Deferred Option Plan is irrevocable as long as the member remains employed.

(b) **Contributions.**

(1) The final member contribution made to the Oklahoma Police Pension and Retirement System shall be for the last pay period prior to the first of the month in which the member becomes a participant in the Oklahoma Police Deferred Option Plan.

(2) The employer's contribution will continue to the Oklahoma Police Pension and Retirement System.

(3) The member's option account shall be credited fifty percent (50%) of the employer's contribution received for the member and the Oklahoma Police Pension and Retirement System shall be credited fifty percent (50%). The credit to the member's option account shall be made the next work day after receipt of the employer's contribution.

(4) Only the member's portion of the employer's contribution will be credited to the member's option account. No other contributions will be accepted.

(5) When a member has participated in the Oklahoma Police Deferred Option Plan for five (5) years or if the member terminates employment prior to the end of five (5) years, contributions will no longer be credited to the member's option account.

(c) **Benefits**.

(1) The monthly retirement benefit that would have been payable had the member elected to cease employment and receive a service retirement shall be credited into the member's option account.

(2) The member's service retirement benefit is frozen and at no time will he/she be allowed to increase his/her pension benefit due to additional years of service.

(3) The monthly retirement benefit will be credited to the member's option account the last day of the month.

(4) A member who participates in this plan shall be eligible to receive cost of living increases.

(d) **Interest.**

(1) The member's option account shall earn interest at a rate of two percent (2%) below the rate of return of the total investment portfolio of the System, but no less than the actuarial assumed interest rate established at the beginning of the fiscal year as certified by the actuary and approved by the Board in the yearly evaluation report of the actuary. This report is on a fiscal year basis ending on June 30.

(2) The Fund's annual rate of return shall be calculated and certified by the Board's financial consultant. The annual rate of return shall be for the fiscal year ending June 30.

(3) The interest shall be credited to the member's option account on an annual basis which is defined as fiscal year ending June 30. The amount of the interest credited shall be calculated at simple interest. The formula for calculating the interest shall be the amount of the deposit times the certified annual rate of return, less two percent (2%), divided by 365 days times the number of days the deposit was credited to the member's option account for the fiscal year.

(4) Each member shall receive an itemized statement at least on an annual basis beginning with interest credited at June 30, 1991.

(5) Upon completion of the five year term in the Oklahoma Police Deferred Option Plan or earlier termination of employment by the member, annual interest calculated through the last day of the month employed and certified by the Board's financial consultant will be credited to the member's option account provided the annual rate of return is greater than the actuarial assumed interest rate. If the rate of return is less than the actuarial assumed rate then the member's option account will be credited at the assumed interest rate of the last actuarial report.

(6) When a member has participated in the Oklahoma Police Deferred Option Plan for five (5) years or if the member terminates employment prior to the end of the five (5) years, the member's option account if left in the Plan, ceases to earn interest unless the member made a timely election pursuant to the Deferred Option Payout Provision Policy. Effective July 1, 2006, pursuant to the Deferred Option Payout Provision Policy, a retired member who has completed participation in the Oklahoma Police Deferred Option Plan under the Forward Drop or the Back Drop provisions may elect within thirty (30) days following termination of employment with a participation municipality to leave his or her Deferred Option Payout Account balance in the Plan. Under the Deferred Option Payout Provision Policy, the retired member’s Deferred Option Payout Account balance will be commingled and invested with the total pension fund and as such the retired member will not be able to direct his or her investments.

(7) At the conclusion of a member's participation in the Oklahoma Police Deferred Option Plan, the member must terminate employment and start receiving the member's accrued monthly retirement benefit from the System. Such termination has at all times included reemployment of a member by a participating municipality but only in a position not covered under the System or as a police chief. Thus, such a member would receive in-service distributions of such member's accrued monthly retirement benefit from the System.

(e) **Payment.**

(1) The member shall make application to terminate participation in the Oklahoma Police Deferred Option Plan a minimum of ninety (90) days prior to termination of employment with the participating municipality. The Oklahoma Police Pension and Retirement System shall have a minimum of ninety (90) days from the date of receipt of members' application to terminate participation in the Oklahoma Police Deferred Option Plan in which to process said application and make payment, unless the member has made an affirmative election to participate in the Deferred Option Payout Provision.

(2) The member should make payment selection a minimum of thirty (30) days prior to the distribution date. The form on which payment selection must be submitted will be provided by the System.

(3) The member may select a lump sum payment, equal to the member's option account, which will be paid directly to the member by the Oklahoma Police Deferred Option Plan. This payment will be made after the last contribution has been received and interest applied following termination of employment and after receipt of the completed payment selection form.

(4) The member may select a direct rollover of his or her distribution in accordance with OAC 550:1-7-5.

(5) The member may select an annuity to be provided by a third party. The Oklahoma Police Deferred Option Plan shall not be subject to any fees or charges from the annuity provider.

(6) The member may select to participate in any other method of payment if approved by the State Board.

(7) Once the member's option account has been paid directly to the member, or as a Direct Rollover or to the member's annuity provider, the member shall not have any recourse against the Oklahoma Police Deferred Option Plan, the Oklahoma Police Pension and Retirement System, its Executive Director and staff, and/or the Board.

(f) **Beneficiaries.** If the participant dies during the period of participation in the Oklahoma Police Deferred Option Plan, a beneficiary may elect to receive a lump sum payment equal to the account balance of the participant. A beneficiary may elect a Direct Rollover of the account balance in accordance with OAC 550:1-7-5. If there is no beneficiary or if the beneficiary predeceases the participant, a lump sum payment shall be paid to the estate of the participant. Once paid out directly to the beneficiary (ies), or as a Direct Rollover, or to the estate of the member, neither the beneficiary (ies) nor the estate of the member shall have any recourse against the Oklahoma Police Deferred Option Plan, the Oklahoma Police Pension and Retirement System, its Executive Director and staff, and/or the Board.

[**Source:** Added at 8 Ok Reg 2365, eff 6-13-91; Amended at 9 Ok Reg 1153, eff 2-18-92 (emergency); Amended at 9 Ok Reg 2545, eff 7-1-92; Amended at 14 Ok Reg 1997, eff 5-27-97; Amended at 16 Ok Reg 2559, eff 7-1-99; Amended at 18 Ok Reg 2765, eff 7-1-01; Amended at 20 Ok Reg 1349, eff 6-1-03; Amended at 21 Ok Reg 1426, eff 6-1-04;

Amended at 23 Ok Reg 2799, eff 7-1-06; Amended at 26 Ok Reg 1320, eff 07-01-09; Amended at 27 Ok Reg 1904, eff 7-1-10; Amended at 30 Ok Reg 1848, eff 07-15-13; Amended at 31 Ok Reg 2163, eff 9-12-14]

550:15-1-3. Back drop

(a) **Definitions**. For purposes of this section, the definitions as stated in 11 O.S. Section 50-111.3(H)(1) shall apply.

(b) **Application.**

(1) The applicant must have greater than twenty (20) years of credited service with the Oklahoma Police Pension and Retirement System to be eligible.

(2) The applicant must submit his/her completed application for participation in the Oklahoma Police Deferred Option Plan under the back drop provision. Forms will be provided by the Oklahoma Police Pension and Retirement System.

(3) The effective date of membership will be the first day of the month.

(4) Once the Board has approved a member's application, the member's participation in the Oklahoma Police Deferred Option Plan under the back drop provision is irrevocable.

(c) **Contributions and benefits.**

(1) At the termination date, a member's monthly pension benefit shall be determined based on the earlier attained credited service and on the final average salary as of the back drop date.

(2) 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 police officer and shall start receiving the member's accrued monthly retirement benefit from the Oklahoma Police Pension and Retirement System.

(3) A member shall not participate in the back drop pursuant to subsection H of Section 50-111.3 of Title 11 of the Oklahoma Statutes if the member has elected to participate in the Oklahoma Police Deferred Option Plan pursuant to subsections A, B, C, D, E and F of Section 50-111.3 of Title 11 of the Oklahoma Statutes.

(4) The provisions of subsections B, C, E, F and G of Section 50-111.3 of Title 11 of the Oklahoma Statutes apply to the back drop.

(d) **Interest**. The methodology for computing interest described in OAC 550:15-1-2(d) and in the Deferred Option Payout Provision Policy apply with regard to this section.

(e) **Payment.** The provisions for payments in the forward drop pursuant to OAC 550:15-1-2(e) and (f) also apply to payments in the back drop.

[**Source:** Added at 21 Ok Reg 1426, eff 6-1-04; Amended at 22 Ok Reg 42, eff 8-11-04 (emergency); Amended at 22 Ok Reg 983, eff 6-1-05; Amended at 30 Ok Reg 1850, eff 07-15-13]

CHAPTER 20. PURCHASE OF TRANSFERRED CREDITED SERVICE

Section

550:20-1-1. Purpose
550:20-1-2. Computation

[**Authority:** 11 O.S., §§ 50-105.2(A) and (B), 50-106(3), and 50-111.4(A)]
[**Source:** Codified 6-13-91]

550:20-1-1. Purpose

These rules establish procedures necessary to implement the purchasing of transferred credited service. They also provide for computation of the purchase price.

[**Source:** Added at 8 Ok Reg 2359, eff 6-13-91]

550:20-1-2. Computation

All purchases of transferred credited service pursuant to 11 O. S. Section 50-111.4, shall be based upon the actuarial cost of the incremental projected benefits to be purchased.

(1) The actuarial cost, and any tables formulated for the purpose of determining such cost during each calendar year, shall be based on the actuarial assumptions utilized in the actuarial valuation report as of the preceding July 1.

(2) The actuarial value shall be based upon the member's age, salary and service at the time of purchase, together with the earliest age for retirement and actuarially projected salary at time of retirement. For purposes of this actuarial cost, it is assumed that all members are married at the time of retirement. If purchase is not made within 30 days of Board approval, the purchase must be recalculated and the actuarial cost may increase.

(3) For purposes of this actuarial cost, the member's age shall be rounded up or down to the nearest birthday.

(4) For purposes of this actuarial cost, the mortality tables shall be formulated as a unisex table assuming post retirement mortality weighted 90% male and 10% female.

(5) In the event a member who chooses to purchase service has been employed less than twelve (12) months, the member's salary shall be annualized based upon the completed calendar months of payroll information.

(6) In lieu of installment payments (for a purchase where installment payments are otherwise allowed by Oklahoma state statutes), an active member may elect to make the payment of the actuarial purchase price, repayment of a previous withdrawal, purchase of previous non-participating service, or any other eligible purchase or repayment permitted and authorized by the statutes governing the System by use of a direct trustee-to-trustee transfer or direct rollover as authorized by the statutes governing the System.

(7) Notwithstanding (6) of this subsection, purchases may be made by a cash lump sum payment, installment payments (where otherwise allowed by Oklahoma state statutes), trustee-to-trustee transfer and/or direct rollover as described in (6) of this subsection.

(8) In the event that a member (A) elected to purchase transferred credited service pursuant to 11 O.S. Section 50-111.2, (B) has made payment for such transferred credited service under 11 O.S. Section 50-111.4, and (C) has not had such transferred credited service added under 11 O.S. Section

50-112.A by the time such member becomes entitles to a disability benefit under 11 O.S. Section 50-115, upon application by the member such payment shall be refunded from the Fund without interest thereon

[**Source:** Added at 8 Ok Reg 2359, eff 6-13-91; Amended at 18 Ok Reg 2767, eff 7-1-01; Amended at 20 Ok Reg 1350, eff 6-1-03; Amended at 23 Ok Reg 2801, eff 7-1-06; amended at 26 Ok Reg 1322, eff 07-01-09, should have been approved by Governor; Amended at 31 Ok Reg. 2165 eff 9-12-14]

CHAPTER 25. INVESTMENTS

Section

550:25-1-1. Purpose
550:25-1-2. Competitive bidding policies
550:25-1-3. Amendments

[**Authority:** 11 O.S.,§, 50-105.2(A) and (B),and 50-106(3)]
[**Source:** Codified 5-27-97]

550:25-1-1. Purpose

The rules in this Chapter are designed to implement the policies and procedures necessary to insure the efficient, prudent and diversified investments of the Oklahoma Police Pension and Retirement System.

[**Source:** Added at 13 Ok Reg 3897, eff 8-26-96 (emergency); Added at 14 Ok Reg 1999, eff 5-27-97]

550:25-1-2. Competitive bidding policies

The policies, guidelines and objectives which govern the competitive bidding for master custodian banks or trust companies, investment managers, investment consultants, or actuaries for the Oklahoma Police Pension and Retirement System shall be developed and adopted by the Board of Trustees at a regularly scheduled public Board meeting.

[**Source:** Added at 13 Ok Reg 3897, eff 8-26-96 (emergency); Added at 14 Ok Reg 1999, eff 5-27-97]

550:25-1-3. Amendments

Changes to the competitive bidding policy may be made by the Board, as necessary, at any public meeting of the Board, in compliance with the Open Meeting Act.

[**Source:** Added at 13 Ok Reg 3897, eff 8-26-96 (emergency); Added at 14 Ok Reg 1999, eff 5-27-97]

CHAPTER 30. PERIODS OF ABSENCE FOR WHICH A MEMBER IS NOT RECEIVING COMPENSATION

Section

550:30-1-1. Purpose
550:30-1-2. Computation

[**Authority:** 11 O.S., §, 50-105.2(A) and 50-106(3)]
[**Source:** Codified 6-15-10]

550:30-1-1. Purpose

The rules in this Chapter establish when credited service is taken into account during any period of absence, furlough, administrative leave or other period of time for which a member is not receiving compensation.

[**Source:** Added at 27 Ok Reg 1906, eff 7-1-10]

550:30-1-2. Computation

(a) Except for purchase of service provisions and as provided below, credited service under Section 50-101(8) of Title 11 shall not be taken into account for any period of absence, furlough, administrative leave or other period of time when the member is not receiving compensation from the participating municipality, and member contributions are not made to the Oklahoma Police Pension and Retirement System.

(b) Under the preceding sentence, credited service shall not be taken into account in determining:

(1) The member's years of credited service in the pension formula multiplier, and

(2) Whether the member is entitled to a vested benefit pursuant to the provisions of Section 50-111.1 of Title 11

(c) Notwithstanding the above, credited service shall be taken into account pursuant to subsection C of Section 50-122 of Title 11 and Section 50-128 of Title 11 concerning military leaves of absence or credits for military service in the Oklahoma Statutes. Furthermore, solely for purposes of determining whether a member is entitled to a vested benefit under Section 50-111.1 of Title 11, any period of leave under the Family and Medical Leave Act of 1993 shall be taken into account in determining if such member has completed ten (10) years of credited service.

[**Source:** Added at 27 Ok Reg 1906, eff 7-1-10]

APPENDIX

LEGISLATIVE CHANGES

The following is an unofficial copy of the section(s) of legislation passed during the 2nd Session of the 54th Legislature (2014) which amended/repealed statutes pertaining to the Oklahoma Police Pension and Retirement System:

SENATE BILL 212

SECTION 1. AMENDATORY 11 O.S. 2011, Section 50-107, is amended to read as follows:

Section 50-107. A. All monies provided for the Fund of the System by this article, or by appropriation by any municipality, or by contribution from members, shall be paid over to and received by the State Board for the use and benefit of the System to be disbursed and handled as provided in this article.

B. Should any error in any records of the Oklahoma Police Pension and Retirement System result in any payee receiving more or less than the payee would have been entitled had the records been correct, the State Board shall correct such error and shall pay any underpayments or recover any overpayments. An error does not include a member's failure to submit required documents, including proof of military service, prior to the effective date of retirement, which date includes the member's entry into the Oklahoma Police Deferred Option Plan. If a member submits documents after the effective date of retirement, no adjustment in retirement benefits shall be made.

C. Should more than the amount of a participating municipality or member contributions be paid to the System by a participating municipality through a mistake of fact, the System shall refund the amounts paid to the participating municipality within one year after the date on which the mistaken contribution was made. The System shall not pay the participating municipality earnings attributable to such contribution but shall reduce the amount returned to the participating municipality pursuant to this subsection by the amount of losses attributable to such contribution.

SECTION 2. AMENDATORY 11 O.S. 2011, 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 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. 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.

If a terminated member has elected a vested benefit and subsequently returns to work as a police officer of a participating municipality, their 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. Effective July 1, 2003, 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 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 beneficiary, the accumulated contributions made to the System by the member shall be paid to the estate of the member.

SECTION 3. AMENDATORY 11 O.S. 2011, Section 50-114.1, as last amended by Section 2, Chapter 241, O.S.L. 2013 (11 O.S. Supp. 2013, Section 50-114.1), is amended to read as follows:

Section 50-114.1. 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 the Secretary's 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. The member's annual benefit is a benefit that is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this section. For a member who has or will have distributions commencing at more than one annuity starting date, the annual benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this section as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to Section 1.401(a)-20, Q&A 10(d), and with regard to Section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Income Tax Regulations.

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

a. survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the member's benefit were paid in another form,

b. benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits), or

c. the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Section 417(e)(3) of the Internal Revenue Code of 1986, as amended, and would otherwise satisfy the limitations of this section, and the System provides that the amount payable under the form of benefit in any limitation year shall not exceed the limits of this section applicable at the annuity starting date, as increased in subsequent years pursuant to Section 415(d) of the Internal Revenue Code of 1986, as

amended. For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

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

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

5. Benefit Forms Not 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 5 if the form of the member's benefit is either:

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

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

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

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

c. Limitation Years Beginning Before July 1, 2007. For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greater annual amount:

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

subsection G of Section 50-105.4 of this title for adjusting benefits in the same form; and

(2) a five percent (5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable) for that annuity starting date.

d. Limitation Year Beginning On January 1, 2008. For the limitation year beginning on January 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 described in Rev. Rul. 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 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) 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 6 if the form of the member's benefit is other than a benefit form described in paragraph 5 of this subsection. In this case, the actuarially equivalent straight life annuity shall be determined as follows:

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

(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) as set forth in the most recent actuarial valuation referenced in subsection G of Section 50-105.4 of this title prior to September 1, 2011, and effective September 1, 2011, in paragraph 22 of Section 50-101 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 member's form of benefit, computed using a five and one-half percent (5.5%) 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 Rev. Rul. 2007-67 (and subsequent guidance), and

(3) 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) 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 (1) 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 (1), (2) and (3) below:

(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 G of Section 50-105.4 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 member's form of benefit, computed using a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), and

(3) 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) 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 (1) 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 described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable),

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

c. Annuity Starting Date in Plan Years Beginning in 2006 or 2007. If the annuity starting date of the member's form of benefit is in a Plan Year beginning in 2006 or 2007, the actuarially equivalent straight life annuity is equal to the greatest of (1), (2) and (3) below:

(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 G of Section 50-105.4 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 member's form of benefit, computed using

a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable), and

(3) 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) the rate of interest on thirty-year Treasury securities as specified by the Commissioner for the lookback month for the stability period specified below. The lookback month applicable to the stability period is the fourth calendar month preceding the first day of the stability period, as specified below. The stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant, and

(b) the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable),

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

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

(1) If the annuity starting date of the member's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greater annual amount:

(a) the interest rate and the mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title for adjusting benefits in the same form, and

(b) a five and one-half percent (5.5%) interest rate assumption and the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable).

(2) If the annuity starting date of the member's benefit is on or after the first day of the first plan year beginning in 2004 and before December 31, 2004, the application of this subparagraph shall not cause the amount payable under the member's form of benefit to be less than the benefit calculated under the System, taking into account the limitations of this section, except that the actuarially equivalent straight life annuity is equal to 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 whichever of the following produces the greatest annual amount:

(a) the interest rate and mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title for adjusting benefits in the same form,

(b) (i) the rate of interest on thirty-year Treasury securities as specified by the Commissioner for the lookback month for the stability period specified below. The lookback month applicable to the stability period is the fourth calendar month preceding the first day of the stability period, as specified below. The stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant, and

(ii) the applicable mortality table described in Rev. Rul. 2001-

62 (or its successor for these purposes, if applicable), and

(c) (i) the rate of interest on thirty-year Treasury securities as specified by the Commissioner for the lookback month for the stability period specified below. The lookback month applicable to the stability period is the fourth calendar month preceding the first day of the stability period, as specified below. The stability period is the successive period of one (1) plan year which contains the annuity starting date for the distribution and for which the applicable interest rate remains constant (as in effect on the last day of the last plan year beginning before January 1, 2004, under provisions of the System then adopted and in effect), and

(ii) the applicable mortality table described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable).

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

D. Adjustment of Dollar Limitation for Benefit Commencement Before Age Sixty-two (62) or After Age Sixty-five (65): Effective for benefits commencing in limitation years ending after December 31, 2001, the dollar limitation under subsection B of this section shall be adjusted if the annuity starting date of the member's benefit is before age sixty-two (62) or after age sixty-five (65). If the annuity starting date is before age sixty-two (62), the dollar limitation under subsection B of this section shall be adjusted under paragraph 1 of this subsection, as modified by paragraph 3 of this subsection, but subject to paragraph 4 of this subsection. If the annuity starting date is after age sixty-five

(65), the dollar limitation under subsection B of this section shall be adjusted under paragraph 2 of this subsection, as modified by paragraph 3 of this subsection.

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

a. Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the member's benefit is prior to age sixty-two (62) and occurs in a limitation year beginning before July 1, 2007, 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 whichever of the following produces the smaller annual amount:

(1) the interest rate and the mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title, or

(2) a five-percent interest rate assumption and the applicable mortality table as described in Rev. Rul. 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 Age Sixty-two (62) and the Age of Benefit Commencement.

(a) If the annuity starting date for the member's benefit is prior to age sixty-two (62) 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 age sixty-two (62) 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 interest rate assumption and the applicable mortality table for the annuity starting date as described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable) (and expressing the member's age based on completed calendar months as of the annuity starting date).

(b) If the annuity starting date for the member's benefit is prior to age sixty-two (62) 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 age sixty-two (62) 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 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 Rev. Rul. 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 Age Sixty-two (62) and the Age of Benefit Commencement. If the annuity starting date

for the member's benefit is prior to age sixty-two (62) 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 age sixty-two (62) 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 subparagraph b of this paragraph 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 age sixty-two (62), 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.

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

a. Limitation Years Beginning Before July 1, 2007. If the annuity starting date for the member's benefit is after age sixty-five (65) and occurs in a limitation year beginning before July 1, 2007, 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 whichever of the following produces the smaller annual amount:

(1) the interest rate and the mortality table (or other tabular factor) each as set forth in subsection G of Section 50-105.4 of this title, or

(2) a five-percent interest rate assumption and the applicable mortality table as described in Rev. Rul. 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 Age Sixty-five (65) and the Age of Benefit Commencement.

(a) If the annuity starting date for the member's benefit is after age sixty-five (65) 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 age sixty-five (65) 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 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 interest rate assumption and the applicable mortality table for the annuity starting date as described in Rev. Rul. 2001-62 (or its successor for these purposes, if applicable) (and expressing the member's age based on completed calendar months as of the annuity starting date).

(b) If the annuity starting date for the member's benefit is after age sixty-five (65) 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 age sixty-five (65) 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 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 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 Rev. Rul. 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 Age Sixty-five (65) and Age of Commencement. If the annuity starting date for the member's benefit is after age sixty-five (65) 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 age sixty-five (65) 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 subparagraph b of this paragraph 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 age sixty-five (65), 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 age

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

3. Notwithstanding the other requirements of this subsection, no adjustment shall be made to the dollar limitation under subsection B of this section to reflect the probability of a member's death between the annuity starting date and age sixty-two (62), or between age sixty-five (65) and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the member prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the member's death if the System does not charge members for providing a qualified preretirement survivor annuity, as defined in Section 417(c) of the Internal Revenue Code of 1986, as amended, upon the member's death.

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

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

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

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

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

2. The participating municipality (or a predecessor employer) has not at any time maintained a defined contribution plan in which the member participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under Section 401(h) of the Internal Revenue Code of 1986, as amended, and accounts for postretirement medical benefits

established under Section 419A(d)(1) of the Internal Revenue Code of 1986, as amended, are not considered a separate defined contribution plan).

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

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

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

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

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

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

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

K. The State Board is hereby authorized to revoke the special election previously made on June 19, 1991, under Section 415(b)(10) of the Internal Revenue Code of 1986, as amended.

SECTION 4. AMENDATORY 11 O.S. 2011, Section 50-115.2, is amended to read as follows:

Section 50-115.2. Upon the death of an active or retired member, the Oklahoma Police Pension and Retirement System shall pay to the beneficiary of

the member or if there is no beneficiary or if the beneficiary predeceases the member, to the estate of the member, the sum of Four Thousand Dollars ($4,000.00) as a death benefit for those active or retired members who died prior to July 1, 1999. For those active or retired members who die on or after July 1, 1999, the sum shall be Five Thousand Dollars ($5,000.00). ~~The benefit payable pursuant to this section shall be deemed, for purposes of federal income taxation, as life insurance proceeds and not as a death benefit if the Internal Revenue Service approves this provision pursuant to a private letter ruling request which shall be submitted by the board of trustees of the System for that purpose.~~

SECTION 5. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

MEMBER CITIES AND TOWNS

MEMBER	CITY CODE
Ada	6205
Altus	3305
Alva	7605
Anadarko	0805
Arapaho	2005
Ardmore	1005
Atoka	0305
Bartlesville	7405
Bethany	5505
Bixby	7205
Blackwell	3605
Blair	3310
Blanchard	4405
Boynton	5105
Bristow	1905
Broken Arrow	7260
Catoosa	6605
Chandler	4115
Checotah	4605
Chickasha	2615
Choctaw	5510
Claremore	6615
Cleveland	5910
Clinton	2015
Collinsville	7215
Comanche	6905
Commerce	5810
Coweta	7305
Cromwell	6705
Cushing	6005
Davis	5005
Del City	5515
Dewey	7415
Disney	4915
Drummond	2420
Drumright	1915
Duncan	6910
Durant	0735
Edmond	5520
El Reno	0910
Elk City	0510
Enid	2425
Eufaula	4610
Forest Park	5525
Fort Gibson	5120
Frederick	7110
Garber	2435
Glenpool	7220
Grandfield	7115
Granite	2810
Grove	2115
Guthrie	4215
Guymon	7010
Harrah	5530
Haskell	5125
Henryetta	5625
Hinton	0855
Hobart	3815
Hominy	5735
Hugo	1215
Idabel	4520
Jenks	7225
Jones	5535
Kingfisher	3715
Krebs	6145
Lamont	2715
Lawton	1640

MEMBER CITIES AND TOWNS

MEMBER	CITY CODE
Lexington	1405
Lindsay	2510
Madill	4810
Mangum	2815
Mannford	1930
Marlow	6920
McAlester	6150
Miami	5820
Midwest City	5555
Moore	1410
Muskogee	5130
Mustang	0915
Newcastle	4435
Newkirk	3630
Nichols Hills	5560
Nicoma Park	5565
Noble	1415
Norman	1420
Nowata	5315
Okeene	0630
Oklahoma City	5570
Okmulgee	5640
Owasso	7230
Pauls Valley	2525
Pawhuska	5745
Perkins	6015
Perry	5220
Piedmont	0920
Ponca City	3635
Poteau	4040
Prague	4140
Pryor	4935
Purcell	4415
Ringling	3415
Sallisaw	6835
Sand Springs	7235
Sapulpa	1945
Sawyer	1230
Savanna	6165
Sayre	0520
Seminole	6720
Shawnee	6335
Skiatook	7270
Spencer	5580
Stigler	3120
Stillwater	6025
Sulphur	5015
Tahlequah	1115
Tecumseh	6340
The Village	5590
Tishomingo	3530
Tonkawa	3640
Tulsa	7250
Tuttle	2630
Valley Brook	5585
Vinita	1820
Warner	5155
Warr Acres	5595
Watonga	0635
Waurika	3435
Weatherford	2030
Weleetka	5425
Wetumka	3235
Wewoka	6725
Wister	4055
Woodward	7730
Yukon	0930