

HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
FOR
5 HOUSE BILL NO. 1091

By: Kelley of the House

6 and

7 Gollihare of the Senate

10 COMMITTEE SUBSTITUTE

An Act relating to retirement; amending 11 O.S. 2021, Sections 49-100.1, as amended by Section 2, Chapter 232, O.S.L. 2022 (11 O.S. Supp. 2024, Section 49-100.1), 49-113, 49-117.1, as amended by Section 7, Chapter 232, O.S.L. 2022 (11 O.S. Supp. 2024, Section 49-117.1), 49-117.3, 49-138, as amended by Section 2, Chapter 247, O.S.L. 2024 (11 O.S. Supp. 2024, Section 49-138), which relate to the Oklahoma Firefighters Pension and Retirement System; defining term; modifying provisions related to death benefits; specifying which contributions member is to be refunded; modifying provisions relating to repayment of contributions; authorizing member to make certain repayment; authorizing amortized payment if permitted by State Board; directing the State Board to promulgate rules or procedures; providing that member may purchase transferred credited services; providing procedures; providing limitations; providing exception; modifying how payments may be made; updating reference; providing limitation on purchase of military service credit; providing limitation on purchase of credited service; providing for purchase of military service credit; providing requirements to purchase such credit; providing restrictions; permitting volunteer members to purchase military service credit; requiring payment to be received

1 prior to commencement of benefits; providing for
2 codification; and declaring an emergency.

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

5 SECTION 1. AMENDATORY 11 O.S. 2021, Section 49-100.1, as
6 amended by Section 2, Chapter 232, O.S.L. 2022 (11 O.S. Supp. 2024,
7 Section 49-100.1), is amended to read as follows:

8 Section 49-100.1. As used in this article:

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

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

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

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

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

19 6. "Member" means all eligible firefighters of a participating
20 municipality or a fire protection district who perform the essential
21 functions of fire suppression, prevention, and life safety duties in
22 a fire department. The term "member" shall include but not be
23 limited to the person serving as fire chief of any participating
24 municipality, provided that a person serving as fire chief of a

1 | participating municipality shall meet the age, agility, physical and
2 | other eligibility requirements required by law at the time said
3 | person becomes a member of the System. Effective July 1, 1987, a
4 | member does not include a "leased employee". The term "leased
5 | employee" means any person (other than an employee of the recipient)
6 | who pursuant to an agreement between the recipient and any other
7 | person ("leasing organization") has performed services for the
8 | recipient (or for the recipient and related persons determined in
9 | accordance with Section 414(n)(6) of the Internal Revenue Code of
10 | 1986, as amended) on a substantially full-time basis for a period of
11 | at least one (1) year, and such services are performed under primary
12 | direction or control by the recipient. Contributions or benefits
13 | provided a leased employee by the leasing organization which are
14 | attributable to services performed for the recipient employer shall
15 | be treated as provided by the recipient employer. A leased employee
16 | shall not be considered an employee of the recipient if the
17 | requirements of the safe harbor provisions of Section 414(n)(5) of
18 | the Internal Revenue Code of 1986, as amended, are satisfied.
19 | Effective July 1, 1999, any individual who agrees with the
20 | participating municipality that the individual's services are to be
21 | performed as a leased employee or an independent contractor shall
22 | not be a member regardless of any classification as a common law
23 | employee by the Internal Revenue Service or any other governmental
24 | agency, or any court of competent jurisdiction;

1 7. "Normal retirement date" means the date at which the member
2 is eligible to receive the unreduced payments of the member's
3 accrued retirement benefit. Such date shall be the first day
4 following the date the member completes twenty (20) years of
5 credited service. If the member's employment continues past the
6 normal retirement date of the member, the actual retirement date of
7 the member shall be the first day following the date the member
8 terminates employment with more than twenty (20) years of credited
9 service;

10 8. "Credited service" means the period of service used to
11 determine the eligibility for and the amount of benefits payable to
12 a member. Credited service shall consist of the period during which
13 the member participated in the System or the predecessor municipal
14 systems as an active employee in an eligible membership
15 classification, plus any service prior to the establishment of the
16 predecessor municipal systems which was credited under the
17 predecessor municipal systems; provided, however, "credited service"
18 for members from a fire protection district shall not begin accruing
19 before July 1, 1982;

20 9. "Participating municipality" means a municipality, county
21 fire department organized pursuant to subsection D of Section 351 of
22 Title 19 of the Oklahoma Statutes, or fire protection district which
23 is making contributions to the System on behalf of its firefighters.

1 All participating municipalities shall appoint a fire chief who
2 shall supervise and administer the fire department;

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

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

10 12. "Eligible employer" means any municipality with a municipal
11 fire department, any county fire department organized pursuant to
12 subsection D of Section 351 of Title 19 of the Oklahoma Statutes or
13 any fire protection district with an organized fire department;

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

17 14. "Final average salary" means the average paid gross salary
18 of the firefighter for normally scheduled hours over the highest
19 salaried thirty (30) consecutive months of the last sixty (60)
20 months of credited service. Gross salary shall not include payment
21 for accumulated sick or annual leave upon termination of employment,
22 any uniform allowances or any other compensation for reimbursement
23 of out-of-pocket expenses. Only salary on which the required
24 contributions have been made may be used in computing the final

1 average salary. Effective January 1, 1988, gross salary shall
2 include any amount of elective salary reduction under Section 125 of
3 the Internal Revenue Code of 1986, as amended. Gross salary shall
4 include any amount of elective salary reduction under Section 457 of
5 the Internal Revenue Code of 1986, as amended, and any amount of
6 nonelective salary reduction under Section 414(h) of the Internal
7 Revenue Code of 1986, as amended. Effective July 1, 1998, for
8 purposes of determining a member's compensation, any contribution by
9 the member to reduce the member's regular cash remuneration under
10 Section 132(f)(4) of the Internal Revenue Code of 1986, as amended,
11 shall be treated as if the member did not make such an election.
12 Only salary on which required contributions have been made may be
13 used in computing final average salary.

14 In addition to other applicable limitations, and notwithstanding
15 any other provision to the contrary, for plan years beginning on or
16 after July 1, 2002, the annual gross salary of each "Noneligible
17 Member" taken into account under the System shall not exceed the
18 Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA")
19 annual salary limit. The EGTRRA annual salary limit is Two Hundred
20 Thousand Dollars (\$200,000.00), as adjusted by the Commissioner for
21 increases in the cost of living in accordance with Section
22 401(a)(17)(B) of the Internal Revenue Code of 1986, as amended. The
23 annual salary limit in effect for a calendar year applies to any
24 period, not exceeding twelve (12) months, over which salary is

1 determined ("determination period") beginning in such calendar year.
2 If a determination period consists of fewer than twelve (12) months,
3 the EGTRRA salary limit will be multiplied by a fraction, the
4 numerator of which is the number of months in the determination
5 period, and the denominator of which is twelve (12). For purposes
6 of this subsection, a "Noneligible Member" is any member who first
7 became a member during a plan year commencing on or after July 1,
8 1996.

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

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

21 Effective June 9, 2010, any payments not described above shall
22 not be considered gross salary if paid after severance from
23 employment, even if they are paid by the later of two and one-half
24 (2 1/2) months after the date of severance from employment or the

1 end of the calendar year that includes the date of severance from
2 employment, except payments to an individual who does not currently
3 perform services for the participating municipality by reason of
4 qualified military service within the meaning of Section 414(u)(5)
5 of the Internal Revenue Code of 1986, as amended, to the extent
6 these payments do not exceed the amounts the individual would have
7 received if the individual had continued to perform services for the
8 participating municipality rather than entering qualified military
9 service.

10 Effective June 9, 2010, back pay, within the meaning of Section
11 1.415(c)-2(g)(8) of the Income Tax Regulations, shall be treated as
12 gross salary for the year to which the back pay relates to the
13 extent the back pay represents wages and compensation that would
14 otherwise be included in this definition.

15 Effective for years beginning after December 31, 2008, gross
16 salary shall also include differential wage payments under Section
17 414(u)(12) of the Internal Revenue Code of 1986, as amended;

18 15. "Accrued retirement benefit" means two and one-half percent
19 (2 1/2%) of the firefighter's final average salary multiplied by the
20 member's years of credited service not to exceed thirty (30) years;

21 16. "Beneficiary" means a member's surviving spouse or any
22 surviving children, including biological and adopted children, at
23 the time of the member's death. The surviving spouse must have been
24 married to the firefighter for the thirty (30) continuous months

1 preceding the firefighter's death provided a surviving spouse of a
2 member who died while in, or as a consequence of, the performance of
3 the member's duty for a participating municipality, shall not be
4 subject to the marriage limitation for survivor benefits. A
5 surviving child of a member shall be a beneficiary until reaching
6 eighteen (18) years of age or twenty-two (22) years of age if the
7 child is enrolled full time and regularly attending a public or
8 private school or any institution of higher education. Any child
9 adopted by a member after the member's retirement shall be a
10 beneficiary only if the child is adopted by the member for the
11 thirty (30) continuous months preceding the member's death. Any
12 child who is adopted by a member after the member's retirement and
13 such member dies accidentally or as a consequence of the performance
14 of the member's duty as a firefighter shall not be subject to the
15 thirty-month adoption requirement. This definition of beneficiary
16 shall be in addition to any other requirement set forth in this
17 article;

18 17. "Contributions" means payments remitted to the System
19 pursuant to Section 49-122 or subsection A of Section 49-138 of this
20 title. Contributions shall not include payments made to repurchase
21 credited service pursuant to Section 49-117.1 of this title,
22 payments made to transfer credited service from another retirement
23 system pursuant to subsection A of Section 49-117.2 or Section 49-
24 117.3 of this title, or payments made to purchase prior military

1 | service credit pursuant to subsection E of Section 49-138 of this
2 | title;

3 | 18. "Accumulated contributions" means the sum of all
4 | contributions made by a member to the System and includes both
5 | contributions deducted from the compensation of a member and
6 | contributions of a member picked up and paid by the participating
7 | municipality of the member. Accumulated contributions shall not
8 | include any interest on the contributions of the member, interest on
9 | any amount contributed by the municipality or state and any amount
10 | contributed by the municipality or state; and

11 | 18. 19. "Limitation year" means the year used in applying the
12 | limitations of Section 415 of the Internal Revenue Code of 1986,
13 | which year shall be the calendar year.

14 | SECTION 2. AMENDATORY 11 O.S. 2021, Section 49-113, is
15 | amended to read as follows:

16 | Section 49-113. A. 1. In the event of the death of a
17 | firefighter who at the time of the firefighter's death was drawing a
18 | pension, other than a disability pension, or who at the time of the
19 | firefighter's death (whether death occurred while on duty, but not
20 | in or in consequence of the performance of duty, or while on
21 | vacation or off duty) was eligible, upon written request, to retire
22 | and draw a pension, other than a disability pension, the beneficiary
23 | of such person shall be paid an amount not to exceed one hundred
24 | percent (100%) of said pension.

1 2. In the event of the death of a firefighter who at the time
2 of the firefighter's death was drawing, or eligible to draw, a
3 disability pension for a physical or mental disability that occurred
4 while in, or in consequence of, the performance of the firefighter's
5 duty, and which prevented the effective performance of the
6 firefighter's duties, and which caused the State Board to retire the
7 firefighter from active service, the beneficiary of such person
8 shall be paid an amount not to exceed one hundred percent (100%) of
9 the pension paid in accordance with subsection A of Section 49-109
10 of this title.

11 3. In the event of the death of a firefighter who at the time
12 of the firefighter's death was drawing, or eligible to draw, a
13 disability pension for a physical or mental disability from causes
14 not arising in the line of duty and which prevented the effective
15 performance of the firefighter's duties, the beneficiary of such
16 person shall be paid an amount not to exceed one hundred percent
17 (100%) of the pension paid in accordance with subsection C of
18 Section 49-109 of this title.

19 4. ~~Effective March 1, 1997, if If a firefighter, who does not~~
20 ~~have a surviving beneficiary, and to whom a retirement or disability~~
21 ~~benefit has been awarded, or who is eligible therefore, dies or, if~~
22 ~~later, the last surviving beneficiary dies, prior to the date as of~~
23 ~~which the total amount of retirement or disability benefit paid~~
24 ~~equals the total amount of the employee contributions paid by or on~~

1 ~~behalf of the member and the member does not have a surviving~~
2 ~~beneficiary, the total benefits paid as of the date of the member's~~
3 ~~death shall be subtracted from the accumulated employee contribution~~
4 ~~amount and the balance, if greater than Zero Dollars (\$0.00), shall~~
5 ~~be paid to the member's estate receiving payments equal to or~~
6 ~~greater than the total contributions made by the employee, as~~
7 ~~defined in the next sentence, then a payment shall be made to the~~
8 ~~member's estate or, if applicable, the last surviving beneficiary's~~
9 ~~estate equal to the total contributions made by the employee minus~~
10 ~~the payments made including payments made, or to be made, from the~~
11 Deferred Option Plan but excluding the death benefit pursuant to
12 Section 49-113.2 of this title. The total contributions made by the
13 employee for purposes of the prior sentence shall mean the sum of:
14 a. the member's accumulated contributions,
15 b. payments made to repurchase credited service pursuant
16 to Section 49-117.1 of this title,
17 c. payments made to transfer credited service from
18 another retirement system pursuant to subsection A of
19 Section 49-117.2 or Section 49-117.3 of this title,
20 and
21 d. payments made to purchase prior military service
22 credit pursuant to subsection E of Section 49-138 of
23 this title.

1 Total contributions, as used in this paragraph, shall exclude
2 interest earned or paid with respect to any contribution or payment
3 described in subparagraphs a through d of this paragraph.

4 5. Any person eligible to receive a payment pursuant to this
5 section may make an election to waive all or a portion of monthly
6 payments.

7 B. In the event of the death of the surviving spouse, the
8 pension shall cease, and should there then be but one living child
9 same shall receive an amount equal to one hundred percent (100%) of
10 said pension, but if there then be more than one living child, one
11 hundred percent (100%) of said pension shall be divided equally
12 between the children until each child reaches the age of eighteen
13 (18) years or until the age of twenty-two (22) years if the child is
14 enrolled full time and regularly attending a public or private
15 school or any institution of higher education. Provided, that in
16 the event the State Board finds that such a child who is not married
17 at the time of death of the member or the member's surviving spouse
18 and who at the time the child attains or attained the age of
19 eighteen (18) years is either physically or mentally disabled, the
20 pension thereof shall continue so long as such disability remains;
21 provided, that upon the death of the firefighter and surviving
22 spouse, if any, said physically or mentally disabled child shall be
23 entitled to have paid to the child's trustee of a trust, whether
24 inter vivos or testamentary, which trust provides for the receipt of

1 the pension benefits to be held and administered for the sole
2 benefit of said physically or mentally disabled child, or if there
3 is no trust, to the child's legally appointed guardian, an amount
4 not to exceed one hundred percent (100%) of said pension. The money
5 so paid to the guardian or trustee shall be used solely for the
6 benefit of the disabled child and it shall be reported annually to
7 the State Board. A child shall not be considered disabled if the
8 child is able to pursue a remunerative occupation, with the
9 remuneration being reasonably substantial rather than merely
10 nominal. The payment so provided shall be calculated after payments
11 have been made to all eligible children as provided in this section;
12 provided further, that beneficiaries now receiving pensions under
13 the provisions of Sections 49-112 or 49-113 of this title shall,
14 upon application to the State Board, thereafter be entitled to a
15 pension equal to the amount which they would have received if this
16 act were in effect at the time the right to said pension accrued.

17 C. In the event a surviving spouse of a member remarried prior
18 to June 7, 1993, the surviving spouse shall be eligible to receive
19 the pension benefits provided for in this section. To receive the
20 pension benefits provided for in this section the surviving spouse
21 falling within this section shall submit a written request for such
22 benefits to the Oklahoma Firefighters Pension and Retirement System.
23 The Oklahoma Firefighters Pension and Retirement System shall
24 approve requests by surviving spouses meeting the requirements of

1 this section. Upon approval by the Oklahoma Firefighters Pension
2 and Retirement System, the surviving spouse shall be entitled to the
3 pension benefits provided for in this section beginning from the
4 date of approval forward. Pension benefits provided to surviving
5 spouses falling within this section shall not apply to alter any
6 amount of pension benefits paid or due prior to the Oklahoma
7 Firefighters Pension and Retirement System's approval of the
8 remarried surviving spouse's written request for benefits.

9 D. No surviving spouse shall receive benefits from this
10 section, Section 50-117 of this title, or Section 2-306 of Title 47
11 of the Oklahoma Statutes as the surviving spouse of more than one
12 member of the Oklahoma Firefighters Pension and Retirement System,
13 the Oklahoma Police Pension and Retirement System, or the Oklahoma
14 Law Enforcement Retirement System. The surviving spouse of more
15 than one member shall elect which member's benefits he or she will
16 receive.

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

23 F. Upon the death of an unmarried firefighter, or a firefighter
24 whose spouse does not meet the qualifications of beneficiary who has

1 one or more children, said child or children shall receive pension
2 benefits as provided in subsection B of this section as if the
3 surviving spouse had died; provided, that upon the death of the
4 firefighter, said child or children shall be entitled to have the
5 System pay to the child's or children's trustee of a trust, whether
6 inter vivos or testamentary, which trust provides for the receipt of
7 the pension benefits to be held and administered for the sole
8 benefit of said child, or if there is no trust, to the child's or
9 children's legally appointed guardian, the pension benefits as
10 provided in subsection B of this section in an amount not to exceed
11 one hundred percent (100%) of said pension. The money so paid to
12 the guardian or trustee shall be used solely for the benefit of the
13 child and it shall be reported annually to the State Board.

14 SECTION 3. AMENDATORY 11 O.S. 2021, Section 49-117.1, as
15 amended by Section 7, Chapter 232, O.S.L. 2022 (11 O.S. Supp. 2024,
16 Section 49-117.1), is amended to read as follows:

17 Section 49-117.1. A. A member who terminates service before
18 normal retirement date, other than by death or disability shall,
19 upon application filed with the State Board, be refunded from the
20 Fund an amount equal to the accumulated sum of:

21 1. Accumulated contributions the member has made to the Fund,
22 ~~but excluding any interest or;~~

23 2. Payments made to repurchase credited service pursuant to
24 this section;

1 3. Payments made to transfer credited service from another
2 retirement system pursuant to subsection A of Section 49-117.2 or
3 Section 49-117.3 of this title; and

4 4. Payments made to purchase prior military service credit
5 pursuant to subsection E of Section 49-138 of this title.

6 A refund made pursuant to this paragraph shall exclude interest
7 earned or paid with respect to any contribution or payment described
8 in subparagraphs 1 through 4 of this subsection, and any amount
9 contributed by the municipality or state, and interest earned with
10 respect to such contributed amount.

11 B. If a member has completed ten (10) years of credited service
12 at the date of termination, the member may elect a vested benefit in
13 lieu of receiving the ~~member's accumulated contributions~~ refund
14 described in subsection A of this section.

15 C. If the member who has completed ten (10) or more years of
16 credited service as prescribed by subsection B of this section
17 elects the vested benefit, the member shall be entitled to a monthly
18 retirement annuity commencing on the date the member reaches fifty
19 (50) years of age or the date the member would have had twenty (20)
20 years of credited service had the member's employment continued
21 uninterrupted, whichever is later. The annual amount of such
22 retirement annuity shall be equal to two and one-half percent (2
23 1/2%) of the annualized final average salary multiplied by the
24 number of years of credited service not to exceed thirty (30) years.

1 The death benefits provided for in Section 49-113.2 of this title
2 shall not apply to any member retiring under the provisions of this
3 section.

4 D. If a member who terminated employment and elected, or was
5 eligible to elect, a vested benefit dies prior to being eligible to
6 receive benefits, the member's beneficiary, as defined in paragraph
7 16 of Section 49-100.1 of this title, shall be entitled to the
8 member's normal monthly retirement benefit on the date the deceased
9 member would have been eligible to receive the benefit.

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

18 F. Lump sum payments for repayment of any amounts received
19 because of a member's prior termination with interest may be repaid
20 by a trustee-to-trustee transfer of non-Roth funds from a Code
21 Section 403(b) annuity, a governmental Code Section 457 plan, and/or
22 a Code Section 401(a) qualified plan Members may make the repayment
23 described in subsection E of this section in cash by a trustee-to-
24 trustee transfer or direct rollover of non-Roth funds from a Code

1 Section 403(b) annuity or custodial account, an eligible deferred
2 compensation plan described in Code Section 457(b) which is
3 maintained by an eligible employer described in Code Section
4 457(e)(1)(A), a Code Section 401(a) qualified plan, or a combination
5 thereof, provided that after-tax funds in retirement plans shall not
6 be used to make a repayment.

7 G. In the event the member does not pay the purchase price in
8 whole or part pursuant to subsection F of this section, the State
9 Board may permit the member to pay the remaining purchase price in
10 cash by certified check, to amortize the remaining purchase price
11 over a period not to exceed sixty (60) months, or other method
12 approved by the State Board. Any amortized payments under this
13 subsection shall be made by payroll deductions on an after-tax basis
14 and shall not be picked up by the member's employer. The amortized
15 payments shall include interest at a rate not to exceed the
16 actuarially assumed interest rate adopted by the State Board for
17 investment earnings each year. Any member who ceases to make
18 payment, terminates, retires, or dies before completing the payments
19 provided for in this subsection shall receive prorated service
20 credit for only those payments made, not including interest, unless
21 the unpaid balance, including interest, is paid by the member, the
22 member's surviving spouse, the member's beneficiary, or the member's
23 estate or successor in interest within ninety (90) days after the
24 first to occur of said member's termination, retirement, or death;

1 | provided that no retirement benefits shall be payable until the
2 | earliest of the date the unpaid balance is paid in full or ninety
3 | (90) days after the first to occur of the member's termination,
4 | retirement, or death.

5 | H. A firefighter shall not be permitted to withdraw from the
6 | System while employed as a firefighter in a participating
7 | municipality.

8 | I. The State Board shall promulgate such rules or procedures as
9 | are necessary to implement the provisions of this section.

10 | SECTION 4. AMENDATORY 11 O.S. 2021, Section 49-117.3, is
11 | amended to read as follows:

12 | Section 49-117.3. A. The State Board shall adopt rules or
13 | procedures for computation of the purchase price for transferred
14 | credited service. These rules or procedures shall base the purchase
15 | price for each year purchased on the actuarial cost of the
16 | incremental projected benefits to be purchased. The purchase price
17 | shall represent the present value of the incremental projected
18 | benefits discounted according to the member's age at the time of
19 | purchase. Incremental projected benefits shall be the difference
20 | between the projected benefit said member would receive without
21 | purchasing the transferred credited service and the projected
22 | benefit after purchase of the transferred credited service computed
23 | as of the earliest age at which the member would be able to retire.
24 | Said computation shall assume an unreduced benefit and be computed

1 using interest and mortality assumptions consistent with the
2 actuarial assumptions adopted by the Board of Trustees for purposes
3 of preparing the annual actuarial evaluation.

4 B. ~~In the event that the member is unable to pay the purchase~~
5 ~~price provided for in this section by the due date, the State Board~~
6 ~~shall permit the members to amortize the purchase price over a~~
7 ~~period not to exceed sixty (60) months. Said payments shall be made~~
8 ~~by payroll deductions unless the State Board permits an alternate~~
9 ~~payment source. The amortization shall include interest in an~~
10 ~~amount not to exceed the actuarially assumed interest rate adopted~~
11 ~~by the State Board for investment earnings each year. Any member~~
12 ~~who ceases to make payment, terminates, retires or dies before~~
13 ~~completing the payments provided for in this section shall receive~~
14 ~~prorated service credit for only those payments made, unless the~~
15 ~~unpaid balance is paid by said member, his or her estate or~~
16 ~~successor in interest within six (6) months after said member's~~
17 ~~death, termination of employment or retirement, provided no~~
18 ~~retirement benefits shall be payable until the unpaid balance is~~
19 ~~paid, unless said member or beneficiary affirmatively waives the~~
20 ~~additional six month period in which to pay the unpaid balance. The~~
21 ~~State Board shall promulgate such rules as are necessary to~~
22 ~~implement the provisions of this subsection~~ A member wishing to
23 purchase transferred credited service from another retirement system
24 must be an active paid member at the time of purchase and must have

1 been an active paid member for a minimum of thirty (30) months so as
2 to establish an adequate salary history for the computation of the
3 purchase price of transferred credited service. Upon application by
4 an eligible member to purchase transferred credited service, the
5 State Board shall provide the member with a computation of the
6 purchase price for transferred credited service. The computed
7 purchase price shall be good for ninety (90) days from the date the
8 computed purchase price is provided to the member and, except as
9 otherwise provided in subsection F of this section, must be paid
10 within such ninety-day period. After the expiration of the ninety-
11 day period without payment by the member, or payment commencing as
12 provided in subsection F of this section, the member must reapply to
13 purchase transferred credited service, a new purchase price must be
14 computed and provided to the member by the State Board, and a new
15 ninety-day period shall commence.

16 C. Transferred credited service shall be taken into account
17 only if payment is received prior to the commencement of benefits,
18 except as otherwise provided in subsection F of this section.

19 C. D. Members who pay the purchase price in cash by the due
20 date described in subsection B of this section may make payment by:

21 1. A trustee-to-trustee transfer of non-Roth funds from a Code
22 Section 403(b) annuity or custodial account, an eligible deferred
23 compensation plan described in Code Section 457(b) which is
24 maintained by an eligible employer described in Code Section

1 457(e)(1)(A), and/or a Code Section 401(a) qualified plan, provided
2 that after-tax funds in retirement plans shall not be used to
3 purchase transferred credited service; or

4 2. A direct rollover of tax-deferred funds from a Code Section
5 403(b) annuity or custodial account, an eligible deferred
6 compensation plan described in Code Section 457(b) which is
7 maintained by an eligible employer described in Code Section
8 457(e)(1)(A), a Code Section 401(a) qualified plan, and/or a Code
9 Section 408(a) or 408(b) traditional or conduit Individual
10 Retirement Account or Annuity (IRA)-, provided that Roth accounts,
11 after-tax funds in retirement plans or IRAs, and Coverdell Education
12 Savings Accounts shall not be used to purchase transferred credited
13 service; or

14 3. Certified check.

15 A combination of payment methods described in paragraphs 1 through 3
16 of this subsection may be used.

17 The State Board shall promulgate such rules or procedures as are
18 necessary to implement the provisions of this subsection.

19 **D. E.** Members amortizing the purchase price and making
20 amortized payments by payroll deduction on an after-tax basis,
21 pursuant to subsection F of this section, shall have the option of
22 making a cash ~~lump sum~~ payment for the balance of the actuarial
23 purchase price with interest due through the date of payment by:

24

1 1. A trustee-to-trustee transfer of non-Roth funds from a Code
2 Section 403(b) annuity or custodial account, an eligible deferred
3 compensation plan described in Code Section 457(b) which is
4 maintained by an eligible employer described in Code Section
5 457(e)(1)(A), and/or a Code Section 401(a) qualified plan, provided
6 that after-tax funds in retirement plans shall not be used to
7 purchase transferred credited service; or

8 2. A direct rollover of tax-deferred funds from a Code Section
9 403(b) annuity or custodial account, an eligible deferred
10 compensation plan described in Code Section 457(b) which is
11 maintained by an eligible employer described in Code Section
12 457(e)(1)(A), a Code Section 401(a) qualified plan, and/or a Code
13 Section 408(a) or 408(b) traditional or conduit Individual
14 Retirement Account or Annuity (IRA)-, provided that Roth accounts,
15 after-tax funds in retirement plans or IRAs, and Coverdell Education
16 Savings Accounts shall not be used to purchase transferred credited
17 service-; or

18 3. Certified check.

19 A combination of payment methods described in paragraphs 1 through 3
20 of this subsection may be used.

21 F. In the event that the member does not pay the purchase price
22 provided for in this section by the due date established in
23 subsection B of this section as provided for in subsection D of this
24 section, the State Board may permit the member to amortize the

1 purchase price over a period not to exceed sixty (60) months or
2 other method approved by the State Board. Such amortized payments
3 shall be made by payroll deductions on an after-tax basis and shall
4 not be picked up by the member's employer. The amortized payments
5 shall include interest at a rate not to exceed the actuarially
6 assumed interest rate adopted by the State Board for investment
7 earnings each year. Any member who ceases to make payment,
8 terminates, retires or dies before completing the payments provided
9 for in this section shall receive transferred, credited service
10 prorated for only those payments made, not including interest,
11 unless the unpaid balance, including interest, is paid by the
12 member, the member's surviving spouse, the member's beneficiary, or
13 the member's estate or successor in interest within ninety (90) days
14 of the first to occur of said member's termination, retirement, or
15 death; provided that no retirement benefits shall be payable until
16 the earliest of the date the unpaid balance is paid in full or
17 ninety (90) days after the first to occur of the member's
18 termination, retirement, or death.

19 G. The State Board shall promulgate such rules or procedures as
20 are necessary to implement the provisions of this subsection
21 section.

22 SECTION 5. AMENDATORY 11 O.S. 2021, Section 49-138, as
23 amended by Section 2, Chapter 247, O.S.L. 2024 (11 O.S. Supp. 2024,
24 Section 49-138), is amended to read as follows:

1 Section 49-138. A. Any member of a regularly constituted fire
2 department of any municipality who is now serving or may hereafter
3 serve in the Armed Forces of the United States whether such service
4 is voluntary or involuntary, who shall have been a member of such
5 fire department at the time of entering such service, shall be
6 entitled to have the whole of the time of such service applied under
7 the provisions of Section 49-106 of this title, so far as the same
8 applies to a service pension; provided further, that the
9 municipality shall continue its payment into said pension fund, to
10 the same force and effect as though the member were in the actual
11 service of such fire department; provided, that any person who is
12 eligible for such service but who shall have volunteered for
13 military or naval service for a period not to exceed five (5) years
14 shall likewise be entitled to all of the benefits of Sections 49-138
15 through 49-142 of this title for the full period of such service or
16 enlistment; provided further, that only one such period of voluntary
17 service shall be considered hereunder. If such person shall
18 reenlist, unless required to do so by law, such person shall not
19 thereafter be entitled to the provisions of this subsection. The
20 provisions of this subsection shall not apply where any such person
21 dies during the period of said service or enlistment, and shall not
22 entitle the surviving spouse or children to any benefits, and shall
23 not apply to any member who shall have served on active duty
24

1 (including initial active duty) for training purposes only and/or
2 inactive duty training.

3 B. Effective February 1, 1997, credited service received
4 pursuant to this section or credited service for wartime military
5 service received as otherwise provided by law shall be used in
6 determining the member's retirement benefit but shall not be used in
7 determining years of service for retirement, vesting purposes or
8 eligibility for participation in the Oklahoma Firefighters Deferred
9 Option Plan. For a member of the System hired on or after July 1,
10 2003, if the military service credit authorized by this section is
11 used to compute the retirement benefit of the member and the member
12 retires from the System, such military service credit shall not be
13 used to compute the retirement benefit in any other retirement
14 system created pursuant to the Oklahoma Statutes and the member may
15 receive credit for such service only in the retirement system from
16 which the member first retires.

17 C. A member who retires or elects to participate in the
18 Oklahoma Firefighters Deferred Option Plan on or after July 1, 1998,
19 shall be entitled to prior service credit, not to exceed five (5)
20 years, for those periods of military service on active duty prior to
21 membership in the Oklahoma Firefighters Pension and Retirement
22 System.

23 For purposes of this subsection, "military service" means
24 service in the Armed Forces of the United States by honorably

1 | discharged persons during the following time periods, as reflected
2 | on such person's Defense Department Form 214, as follows:

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

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

7 | b. September 16, 1940, to December 7, 1941, for members
8 | of the 45th Division,

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

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

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

15 | (1) for the period from February 28, 1961, to August
16 | 4, 1964, military service shall only include
17 | service in the Republic of Vietnam during that
18 | period, and

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

22 | f. August 1, 1990, to December 31, 1991, commonly
23 | referred to as the Gulf War, the Persian Gulf War, or
24 | Operation Desert Storm, but excluding any person who

1 served on active duty for training only, unless
2 discharged from such active duty for a service-
3 connected disability;

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

18 D. An eligible member pursuant to subsection C of this section
19 shall include only those persons who shall have served during the
20 times or in the areas prescribed in subsection C of this section,
21 and only if such person provides appropriate documentation in such
22 time and manner as required by the System to establish such military
23 service prescribed in this section, or for service pursuant to
24 division (1) of subparagraph e of paragraph 1 of subsection C of

1 this section, those persons who were awarded service medals, as
2 authorized by the United States Department of Defense as reflected
3 in the veteran's Defense Department Form 214, related to the Vietnam
4 Conflict for service prior to August 5, 1964. The provisions of
5 subsection C of this section shall include military retirees, whose
6 retirement was based only on active service, that have been rated as
7 having twenty percent (20%) or greater service-connected disability
8 by the Veterans Administration or the Armed Forces of the United
9 States. The provisions of subsection C of this section shall not
10 apply to any person who shall have served on active duty for
11 training purposes only unless discharged from active duty for a
12 service-connected disability.

13 E. A member of the System who served in the Armed Forces of the
14 United States, or any component thereof, who was honorably
15 discharged from full-time active military service prior to becoming
16 a member of the System and whose full-time active duty military
17 service does not otherwise meet the qualifications for prior service
18 credit pursuant to subsections B through D of this section may
19 purchase up to five (5) years of full-time active duty military
20 prior service credit at the actuarial cost of service credit as
21 determined by the Oklahoma Firefighters Pension and Retirement
22 System Board, pursuant to ~~Section 49-117.3~~ Section 7 of this title
23 act.
24

1 The service credit provided by this subsection shall be
2 administered pursuant to subsections B through D of this section,
3 including, but not limited to, only full-time active duty military
4 service not for training-only purposes, unless discharged from
5 active duty for a service-connected disability, as reflected on the
6 member's Defense Department Form 214, shall be considered for prior
7 service credit, and such prior service credit shall only be used in
8 determining the member's retirement benefit but shall not be used in
9 determining years of service for retirement, vesting purposes, or
10 eligibility for participation in the Oklahoma Firefighters Deferred
11 Option Plan.

12 F. Notwithstanding any provision herein to the contrary:

13 1. Contributions, benefits and service credit with respect to
14 qualified military service shall be provided in accordance with
15 Section 414(u) of the Internal Revenue Code of 1986, as amended,
16 which is in accordance with the Uniformed Services Employment and
17 Reemployment Rights Act of 1994, as amended (USERRA); and

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

1 G. Members or beneficiaries shall make application to the
2 System for credited service related to wartime military service.
3 Interest on additional benefits related to wartime military service
4 owed by the System to a retired member or beneficiary as provided by
5 law shall cease accruing one (1) year after the effective date the
6 additional benefits are payable by the System or July 1, 2000,
7 whichever is later, if the member has not applied to the System for
8 credited service related to such wartime military service.

9 H. The purchase of prior military service credit pursuant to
10 subsections B, C, D, and G shall not, in the aggregate, exceed five
11 (5) years of service credit.

12 SECTION 6. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 49-117.4 of Title 11, unless
14 there is created a duplication in numbering, reads as follows:

15 Notwithstanding any other provision in 49-100.1 et seq. of Title
16 11 of the Oklahoma Statutes, the maximum number of years of credited
17 service taken into account under the System shall not exceed thirty
18 (30) years.

19 SECTION 7. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 49-138.1 of Title 11, unless
21 there is created a duplication in numbering, reads as follows:

22 A. The State Board shall adopt rules or procedures for
23 computation of the purchase price for prior military service credit
24 provided for in subsection E of Section 49-138 of Title 11 of the

1 Oklahoma Statutes. These rules or procedures shall base the
2 purchase price for each year purchased on the actuarial cost of the
3 incremental projected benefits to be purchased. The purchase price
4 shall represent the present value of the incremental projected
5 benefits discounted according to the member's age at the time of
6 purchase. Incremental projected benefits shall be the difference
7 between the projected benefit said member would receive without
8 purchasing the prior military service credit and the projected
9 benefit after purchase of the prior military service credit computed
10 as of the earliest age at which the member would be able to retire.
11 Said computation shall assume an unreduced benefit and be computed
12 using interest and mortality assumptions consistent with the
13 actuarial assumptions adopted by the Board of Trustees for purposes
14 of preparing the annual actuarial evaluation.

15 B. A member wishing to purchase prior military service credit
16 must be an active paid member for a minimum of thirty (30) months so
17 as to establish an adequate salary history for the computation of
18 the purchase price of prior military service credit. Upon
19 application by an eligible member to purchase prior military service
20 credit, the State Board shall provide the member with a computation
21 of the purchase price for prior military service credit. The
22 computed purchase price shall be good for ninety (90) days from the
23 date the computed purchase price is provided to the member and,
24 except as otherwise provided in subsection G of this section, must

1 be paid within such ninety (90) day period. After the expiration of
2 the ninety (90) day period without payment by the member, or payment
3 commencing as provided in subsection G of this section, the member
4 must reapply to purchase prior military service credit, a new
5 purchase price must be computed and provided to the member by the
6 State Board, and a new ninety (90) day period shall commence.

7 C. An active volunteer member may request to purchase volunteer
8 prior military service credit in accordance with the second, third,
9 and fourth sentences of subsection B of this section. A volunteer
10 member who purchases volunteer prior military service credit and
11 later becomes a paid member may purchase paid prior military service
12 credit in accordance with all of subsection B of this section,
13 including the requirement that the member be an active paid member
14 for a minimum of thirty (30) months so as to establish an adequate
15 salary history for the computation of the purchase price of prior
16 military service credit. Any amount paid to purchase volunteer
17 prior military service credit, excluding interest, shall reduce the
18 purchase price for the paid prior military service credit, and the
19 purchased volunteer prior military service credit shall be
20 disregarded.

21 D. Purchased prior military service credit shall be taken into
22 account only if payment is received prior to the commencement of
23 benefits, except as otherwise provided in subsection G of this
24 section.

1 E. Members who pay the purchase price in cash by the due date
2 described in subsection B of this section may make payment by:

3 1. A trustee-to-trustee transfer of non-Roth funds from a Code
4 Section 403(b) annuity or custodial account, an eligible deferred
5 compensation plan described in Code Section 457(b) which is
6 maintained by an eligible employer described in Code Section
7 457(e)(1)(A), and/or a Code Section 401(a) qualified plan, provided
8 that after-tax funds in retirement plans shall not be used to
9 purchase military service credit;

10 2. A direct rollover of tax-deferred funds from a Code Section
11 403(b) annuity or custodial account, an eligible deferred
12 compensation plan described in Code Section 457(b) which is
13 maintained by an eligible employer described in Code Section
14 457(e)(1)(A), a Code Section 401(a) qualified plan, and/or a Code
15 Section 408(a) or 408(b) traditional or conduit Individual
16 Retirement Account or Annuity (IRA), provided that Roth accounts,
17 after-tax funds in retirement plans or IRAs, and Coverdell Education
18 Savings Accounts shall not be used to purchase military service
19 credit; or

20 3. Certified check.

21 A combination of payment methods described in paragraphs 1 through 3
22 of this subsection may be used.

23 F. Members amortizing the purchase price and making amortized
24 payments by payroll deduction on an after-tax basis, as described in

1 subsection G of this section, shall have the option of making a cash
2 payment for the balance of the actuarial purchase price with
3 interest due through the date of payment by:

4 1. A trustee-to-trustee transfer of non-Roth funds from a Code
5 Section 403(b) annuity or custodial account, an eligible deferred
6 compensation plan described in Code Section 457(b) which is
7 maintained by an eligible employer described in Code Section
8 457(e)(1)(A), and/or a Code Section 401(a) qualified plan, provided
9 that after-tax funds in retirement plans shall not be used to
10 purchase military service credit;

11 2. A direct rollover of tax-deferred funds from a Code Section
12 403(b) annuity or custodial account, an eligible deferred
13 compensation plan described in Code Section 457(b) which is
14 maintained by an eligible employer described in Code Section
15 457(e)(1)(A), a Code Section 401(a) qualified plan, and a Code
16 Section 408(a) or 408(b) traditional or conduit Individual
17 Retirement Account or Annuity (IRA), provided that Roth accounts,
18 after-tax funds in retirement plans and IRAs, and Coverdell
19 Education Savings Accounts shall not be used to purchase military
20 service credit; or

21 3. Certified check.

22 A combination of payment methods described in paragraphs 1 through 3
23 of this subsection may be used.

24

1 G. In the event that the member does not pay the purchase price
2 provided for in this section by the due date established in
3 subsection B of this section as provided for in subsection E of this
4 section, the State Board may permit the member to amortize the
5 purchase price over a period not to exceed sixty (60) months or
6 other method approved by the State Board. Such amortized payments
7 shall be made by payroll deductions on an after-tax basis and shall
8 not be picked up by the member's employer. The amortized payments
9 shall include interest at a rate not to exceed the actuarially
10 assumed interest rate adopted by the State Board for investment
11 earnings each year. Any member who ceases to make payment,
12 terminates, retires, or dies before completing the payments provided
13 for in this section shall receive prior military service credit
14 prorated for only those payments made, not including interest,
15 unless the unpaid balance, including interest, is paid by the
16 member, the member's surviving spouse, the member's beneficiary, or
17 the member's estate or successor in interest within ninety (90) days
18 of the first to occur of said member's termination, retirement, or
19 death; provided that no retirement benefits shall be payable until
20 the earliest of the date the unpaid balance is paid in full or
21 ninety (90) days after the first to occur of the member's
22 termination, retirement, or death.

23 H. The State Board shall promulgate such rules or procedures as
24 are necessary to implement the provisions of this section.

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

5

6 COMMITTEE REPORT BY: COMMITTEE ON GOVERNMENT OVERSIGHT, dated
03/05/2025 - DO PASS, As Amended.

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