

ENROLLED SENATE
BILL NO. 568

BY: SCHUELEIN of the SENATE

and

ROBERTS (Larry), APPLE and
COX of the HOUSE

AN ACT RELATING TO CITIES AND TOWNS, COURTS, MOTOR VEHICLES, REVENUE AND TAXATION, SCHOOLS AND STATE GOVERNMENT; AMENDING 11 O.S. 1991, SECTIONS 49-122 AND 50-110, 20 O.S. 1991, SECTION 1102, 47 O.S. 1991, SECTION 2-301, 68 O.S. 1991, SECTION 1004, 70 O.S. 1991, SECTIONS 17-101, 17-105, 17-106, 17-108.1, AND 17-116.2, AS AMENDED BY SECTION 1 OF ENROLLED HOUSE BILL NO. 2169 OF THE 2ND SESSION OF THE 43RD OKLAHOMA LEGISLATURE, AND 74 O.S. 1991, SECTIONS 902, AS AMENDED BY SECTION 1 OF ENROLLED SENATE BILL NO. 604 OF THE 2ND SESSION OF THE OKLAHOMA LEGISLATURE, 905, 910, 913 AND 917, WHICH RELATE TO THE OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM, THE OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM, THE UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES, THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA AND THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM; PROVIDING FOR LATE CHARGES TO BE PAID BY CERTAIN EMPLOYERS FOR AMOUNTS DEDUCTED FROM MEMBER SALARIES AND NOT TIMELY REMITTED TO CERTAIN RETIREMENT SYSTEMS IN CERTAIN SITUATIONS; MODIFYING ELIGIBILITY FOR RETIREMENT FOR FUTURE MEMBERS OF CERTAIN RETIREMENT SYSTEMS; CLARIFYING PROVISION ALLOWING MEMBERS OF A CERTAIN RETIREMENT SYSTEM TO CONTINUE MEMBERSHIP IN CERTAIN SITUATIONS; REMOVING FUNDING LIMITATION ON THAT PORTION OF THE GROSS PRODUCTION TAX ON GAS DEDICATED TO A CERTAIN RETIREMENT SYSTEM; MODIFYING DEFINITION OF "AVERAGE SALARY" AS APPLIED TO FUTURE MEMBERS OF CERTAIN RETIREMENT SYSTEMS; MODIFYING DEFINITION OF "REGULAR ANNUAL COMPENSATION" AS RELATES TO FRINGE BENEFITS; ELIMINATING CERTAIN DEATH BENEFITS FOR FUTURE MEMBERS OF A CERTAIN RETIREMENT SYSTEM; MODIFYING THE SELECTION METHOD OF A CERTAIN MEMBER OF THE BOARD OF TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA; ALLOWING FOR THE EMPLOYMENT OF HEARING EXAMINERS TO CONDUCT ADMINISTRATIVE GRIEVANCE HEARINGS; MODIFYING METHOD OF DETERMINING THE AMORTIZATION AMOUNT OF UNFUNDED LIABILITY FOR A CERTAIN RETIREMENT SYSTEM; MODIFYING AMOUNT OF EMPLOYER AND EMPLOYEE CONTRIBUTIONS FOR A CERTAIN RETIREMENT SYSTEM; PROVIDING FOR A METHOD TO CREDIT THE EMPLOYER CONTRIBUTIONS FOR THE EFFECT OF A DEDICATED TAX RECEIVED DIRECTLY BY A CERTAIN RETIREMENT SYSTEM; MODIFYING METHOD OF DETERMINING MEMBER BENEFITS IN CERTAIN

SITUATIONS; PROVIDING DEFINITION OF "REGULAR ANNUAL COMPENSATION" IN CERTAIN SITUATIONS; ALLOWING MEMBERS WHO FAILED TO MAKE A CERTAIN ELECTION TO INCREASE MAXIMUM COMPENSATION LEVEL TO FILE ELECTION SUBJECT TO CERTAIN PROCEDURES AND PAYMENT OF CERTAIN AMOUNTS OF MONEY; ELIMINATING CERTAIN MAXIMUM BENEFIT AND COMPENSATION LEVELS; MODIFYING THE COST OF CERTAIN ELECTIONS FOR CERTAIN HIGHER CONTRIBUTION LEVELS; PROVIDING FOR THE DETERMINATION OF CERTAIN RETIREMENT BENEFITS IN CERTAIN SITUATIONS; ELIMINATING CERTAIN BENEFITS FOR FUTURE MEMBERS OF A CERTAIN RETIREMENT SYSTEM RELATED TO UNUSED SICK LEAVE; PROVIDING FOR THE ALLOCATION OF UNUSED SICK LEAVE FOR THE DETERMINATION OF BENEFITS IN CERTAIN SITUATIONS; PROVIDING LIMITATIONS ON THE ABILITY TO RECEIVE SERVICE CREDIT IN MORE THAN ONE PUBLIC RETIREMENT SYSTEM; MODIFYING THE AMOUNT OF CONTRIBUTIONS AND THE ABILITY TO MAINTAIN MEMBERSHIP IN CERTAIN SITUATIONS RELATED TO ABSENCE FROM TEACHING SERVICE; ALLOWING FOR THE PURCHASE OF PRIOR SERVICE CREDIT RELATED TO EMPLOYMENT WITH PARTICIPATING EMPLOYERS OF CERTAIN RETIREMENT SYSTEMS PRIOR TO THE FORMATION OF SAID RETIREMENT SYSTEMS; DELETING OBSOLETE LANGUAGE; PROVIDING PROCEDURE FOR DETERMINING PRICE FOR SERVICE CREDIT RELATED TO CONTRIBUTIONS NOT PAID IN ACCORDANCE WITH STATE LAW; EXPANDING ABILITY TO MAINTAIN RETIREMENT SYSTEM MEMBERSHIP BY EXTENDING METHOD OF DETERMINING COST TO INCLUDING EMPLOYER CONTRIBUTIONS; INCLUDING EMPLOYEES OF THE LEGISLATIVE SERVICE BUREAU AS SESSION EMPLOYEES IN CERTAIN SITUATION AS TO MEMBERSHIP, PRIOR SERVICE CREDIT AND PARTICIPATING SERVICE; MODIFYING METHOD OF SELECTING A CERTAIN MEMBER OF THE BOARD OF TRUSTEES OF THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM; ELIMINATING RESTRICTION ON CERTAIN MEMBERS TO PURCHASE PRIOR SERVICE CREDIT IN CERTAIN SITUATIONS; REPEALING 74 O.S. 1991, SECTION 933, WHICH RELATES TO THE CREATION AND OPERATION OF THE PENSION SYSTEM RESERVE FUND; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY 11 O.S. 1991, Section 49-122, is amended to read as follows:

Section 49-122. A. Each municipality having a paid member of a fire department shall deduct monthly from the salary of each member of the fire department of such municipality an amount equal to eight percent (8%) of the actual paid gross salary of each member of the

fire department. The deduction shall be considered the minimum deduction. At the option of the municipality, the municipality may pay all or any part of the member's required contribution. The members of a fire department, by a majority vote of its paid members, may vote to increase the amount of the deduction. The treasurer of each municipality shall deduct the authorized deductions from the salary of each paid member of the fire department. The treasurer of the municipality shall deposit monthly within ten (10) days from each ending payroll date in the System the amount deducted from the salary of each member of the fire department. 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.

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 salary for purposes of 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, or by an offset against future salary increases, or by a combination of reduction in gross salary and offset against future salary increases.

The treasurer of each municipality shall deduct the picked up contributions from the salary of each paid member of the fire department. The treasurer of the municipality shall deposit monthly in the System the amount picked up from the salary of each member of the fire department.

B. Each municipality having a paid member of a fire department shall deposit monthly with the State Board an amount equal to the following:

1. Prior to July 1, 1991, ten percent (10%) of the total actual paid gross salaries of the members of the fire department;

2. Beginning July 1, 1991 through June 30, 1992, ten and one-half percent (10 1/2%) of the total actual paid gross salaries of the members of the fire department;

3. Beginning July 1, 1992 through June 30, 1993, eleven percent (11%) of the total actual paid gross salaries of the members of the fire department;

4. Beginning July 1, 1993 through June 30, 1994, eleven and one-half percent (11 1/2%) of the total actual paid gross salaries of the members of the fire department;

5. Beginning July 1, 1994 through June 30, 1995, twelve percent (12%) of the total actual paid gross salaries of the members of the fire department;

6. Beginning July 1, 1995 through June 30, 1996, twelve and one-half percent (12 1/2%) of the total actual paid gross salaries of the members of the fire department; and

7. Beginning July 1, 1996, thirteen percent (13%) of the total actual paid gross salaries of the members of the fire department.

C. Each municipality having a volunteer member of a fire department shall deposit yearly with the State Board Sixty Dollars (\$60.00) for each volunteer member of the department.

Provided, the above-mentioned volunteer municipal contributions shall be reevaluated by the next scheduled actuarial study and the amounts adjusted so that in a nine-year period of time, the amounts would reflect the actuarial recommendations at that time. Any municipality with an income of less than Twenty-five Thousand Dollars (\$25,000.00) to its general fund during a fiscal year shall be exempt from the provisions of this subsection.

Any municipality that fails to comply with the provisions of this section shall not be entitled to its proportionate share of the Motor Fuel Excise Tax which is received through the Oklahoma Tax Commission. Any municipality may exceed the amount of contribution required by this section.

The provisions of this section shall supercede any city charter provision in direct conflict with this section.

SECTION 2. AMENDATORY 11 O.S. 1991, Section 50-110, is amended to read as follows:

Section 50-110. 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.

SECTION 3. AMENDATORY 20 O.S. 1991, Section 1102, is amended to read as follows:

Section 1102. Any Justice or Judge of the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals or District Court who serves as Justice or judge of any of said courts in the State of Oklahoma for a period of eight (8) years or longer and upon reaching or passing the age of seventy (70) years, or who serves for a period of ten (10) years or longer and upon reaching or passing the age of sixty-five (65) years, or who serves for a period of twenty (20) years or longer and upon reaching or passing the age of sixty (60) years, or ~~beginning July 1, 1990, who became a member prior to July 1, 1992, and whose sum of years of service and age equal or exceeds eighty (80),~~ or who became a member after June 30, 1992, and whose sum of years of service and age equals or exceeds ninety (90), shall be eligible to receive the retirement benefits herein provided, and, if such Justice or judge is still serving in such capacity when the above requirements are complied with, he may elect to retire and may elect whether such retirement shall become effective immediately or at a specified time within his term or at the expiration of his term, by filing a written declaration of his desire to retire with the Governor and the Court Administrator, and the Governor shall endorse his approval thereon if the conditions herein specified exist. For the purpose of this act, years to be credited for retirement shall be as follows: Any Justice or judge who, at the time this act was originally passed in 1968, was serving as a Justice or judge of a court that is included in the State Supernumerary Judges Act shall receive credit for retirement under this act for each year said Justice or judge has served in any court of record, and any Justice or judge who, on January 12, 1969, was not serving as a Justice or judge of a court that was included in the State Supernumerary Judges Act shall receive credit for each year he has served as a Justice or judge of a court of record, providing that he has served a period of two (2) years after assuming the office as a Justice or judge of one or more of the above-mentioned courts, and, in determining the periods of time above mentioned, a major fraction of a year shall count as a whole year. Any Justice of the Supreme Court or Judge of the Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, or District Court, who has not served as a Justice or judge of a court of record of the State of Oklahoma or a court that was a court of record of the State of Oklahoma for a period of eight (8) years, and who on January 13, 1969, was a member of the Oklahoma Public Employees Retirement System, or the retirement system of any instrumentality of the state, or the retirement system of any county, shall not be required or permitted to become a member of, or participant in, The Uniform Retirement System for Judges and Justices provided for by Sections 1101 - 1107, inclusive, of Title 20 of the Oklahoma Statutes, unless within ninety (90) days after May 7, 1969, he elected to so become and waived or forfeited any right to which he might have been entitled under the Oklahoma Public Employees Retirement System or the retirement system of any instrumentality of the state, or of a county, except the right of a refund of his accumulated contributions without interest thereon. No Justice of the Supreme Court or Judge of the Court of Criminal

Appeals, Workers' Compensation Court, Court of Appeals, or District Court, who has served as a Justice or judge of a court of record of the State of Oklahoma or a court that was a court of record of the State of Oklahoma for a period of eight (8) years or more prior to January 13, 1969, and who was a member of the Oklahoma Public Employees Retirement System or a county retirement system on January 12, 1969, and who on January 13, 1969, was a Justice or judge in any of the aforementioned courts, shall be required to make an election as to which retirement system he shall be a member of, and nothing in this act shall be construed so as to require any such Justice or judge to forfeit any right to which he might be entitled under the Oklahoma Public Employees Retirement System or county retirement system to which he may have a vested or contractual interest but he will be required to participate in The Uniform Retirement System for Judges and Justices provided by Sections 1101 - 1107, inclusive, of Title 20 of the Oklahoma Statutes. No Justice or judge of the above-mentioned courts shall be eligible to enter the Oklahoma Public Employees Retirement System after January 13, 1969. Upon approval by the Governor of an election of any Justice or judge to retire as authorized by this act, the office held by such Justice or judge shall become vacated immediately or at the specified time within his term, or at the expiration of his term in accordance with the election of the judge desiring retirement status, and any such vacancy so created shall be filled in the manner provided by law and the Constitution. Provided, however, if any retired Justice or judge should be elected or appointed to any political or judicial office, his retirement compensation shall be suspended during the period of time that he holds such office and be reinstated upon his leaving such office.

SECTION 4. AMENDATORY 47 O.S. 1991, Section 2-301, is amended to read as follows:

Section 2-301. There is hereby established a System for the payment of retirement benefits and certain medical and hospital expenses of members of the Oklahoma Law Enforcement Retirement System. Such System shall constitute an amendment and continuation of the Retirement and Pension Plan of the Department of Public Safety and members in the Retirement and Pension Plan on June 30, 1980, shall continue as members of the Oklahoma Law Enforcement Retirement System. There is established in the State Treasury a special fund designated as the "Oklahoma Law Enforcement Retirement Fund" for the benefit of members of the System and certain dependents of deceased members of the System. Such fund shall be a continuation, under a new name, of the Retirement and Pension Fund of the Department of Public Safety.

Appointment to any position within a covered agency which comes under this System shall not jeopardize the rights of any person who has previously qualified for ~~benefits membership~~ under this System, provided, that the individual contributions are continued, and such person remains a member of this System.

SECTION 5. AMENDATORY 68 O.S. 1991, Section 1004, is amended to read as follows:

Section 1004. The gross production tax provided for in this article is hereby levied and shall be collected and apportioned as follows, to wit:

1. Eighty percent (80%) of all monies collected hereunder from the tax levied on oil, asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper shall be paid to the State Treasurer of the state to be placed in the General Revenue Fund of the state and used for the general expense of state government, to be paid out pursuant to direct appropriation by the Legislature;

2. Seventy-eight percent (78%) of all monies levied and collected under this article from the tax on natural gas and/or casinghead gas shall be paid to the State Treasurer of the state and by him distributed as follows:

~~a. the first One Hundred Seventy-five Million Dollars (\$175,000,000.00) received by the State Treasurer during each fiscal year shall be distributed among the funds referred to in Section 17-108 of Title 70 of the Oklahoma Statutes, as directed by the Board of Trustees of the Oklahoma Teachers' Retirement System, and~~

~~b. the balance thereof shall be distributed to and deposited in the Pension Systems Reserve Fund, to be paid out pursuant to direct appropriation by the Legislature;~~

3. One-tenth (1/10th) of the sum collected from each county whence the oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper was produced shall be paid to the county treasurer of such county, to be credited by said county treasurer of such county to the County Highway Fund;

4. a. Except as provided in subparagraph b of this paragraph, one-tenth (1/10th) of the sum collected from each county whence the oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper or other mineral or substance covered hereby was produced shall be apportioned, on an average daily attendance per capita distribution basis, as certified by the county superintendent of schools to the school districts of the county where such pupils attend school regardless of residence of such pupil, provided the school district makes an ad valorem tax levy of fifteen (15) mills for the current year and maintains twelve (12) years of instruction, and

b. Beginning July 1, 1991, if the amendment to Section 12a of Article X of the Constitution of the State of Oklahoma contained in Enrolled House Joint Resolution No. 1005 of the 1st Extraordinary Session of the 42nd Oklahoma Legislature is approved by the people, one-tenth (1/10th) of the sum collected from the gross production of oil or natural gas and/or casinghead gas or asphalt or ores bearing uranium, lead, zinc, jack, gold, silver or copper or other mineral or substance covered hereby shall be remitted to the State Treasurer to be deposited in the Common School Fund; and

5. Two percent (2%) of all monies collected from the tax upon natural gas and casinghead gas shall be placed to the credit of the General Revenue Fund of the State Treasury.

SECTION 6. AMENDATORY 70 O.S. 1991, Section 17-101, is amended to read as follows:

Section 17-101. The following words and phrases as used in this act, unless a different meaning is clearly required by the context, shall have the following meanings:

(1) "Retirement system" shall mean the Teachers' Retirement System of Oklahoma, as defined in Section 17-102 of this title.

(2) "Public school" shall mean a school district, a state college or university, the State Board of Education, the State Board of Vocational Education and any other state educational entity

conducted within the state supported wholly or partly by public funds and operating under the authority and supervision of a legally constituted board or agency having authority and responsibility for any function of public education.

(3) "Classified personnel" shall mean any teacher, principal, superintendent, county superintendent, supervisor, administrator, librarian, certified or registered nurse, college professor, or college president whose salary is paid wholly or in part from public funds. An employee of any state department, board, board of regents or board of trustees, who is in a supervisory or an administrative position, the function of which is primarily devoted to public education, shall be considered classified personnel under the meaning of this act, at the discretion of the Board of Trustees of the Teachers' Retirement System. The term "teacher" shall also include instructors and counselors employed by the Department of Corrections and holding valid teaching certificates issued by the State Department of Education. Provided, that a person employed by the Department of Corrections as an instructor or counselor shall have been actively engaged in the teaching profession for a period of not less than three (3) years prior to employment to be eligible to participate in the Oklahoma Teachers' Retirement System. The Department of Corrections shall contribute the employer's share to the Oklahoma Teachers' Retirement System.

(4) "Nonclassified optional personnel" shall include cooks, janitors, maintenance personnel not in a supervisory capacity, bus drivers, noncertified or nonregistered nurses, noncertified librarians, and clerical employees of the public schools, state colleges, universities or any state department, board, board of regents or board of trustees, the functions of which are primarily devoted to public education and whose salaries are paid wholly or in part from public funds.

(5) "Employer" shall mean the state and any of its designated agents or agencies with responsibility and authority for public education, such as boards of education of elementary and independent school districts, boards of regents, boards of control or any other agency of and within the state by which a person may be employed for service in public education.

(6) "Member" shall mean any teacher or other employee included in the membership of the system as provided in Section 17-103 of this title.

(7) "Board of Trustees" shall mean the board provided for in Section 17-106 of this title to administer the retirement system.

(8) "Service" shall mean service as a classified or nonclassified optional employee in the public school system, or any other service devoted primarily to public education in the state.

(9) "Prior service" shall mean service rendered prior to July 1, 1943.

(10) "Membership service" shall mean service as a member of the classified or nonclassified personnel as defined in paragraphs (3) and (4) of this section.

(11) "Creditable service" shall mean membership service plus any prior service authorized under this title.

(12) "Annuitant" shall mean any person in receipt of a retirement allowance as provided in this title.

(13) "Accumulated contributions" shall mean the sum of all amounts deducted from the compensation of a member and credited to his individual account in the Teacher Savings Fund, together with interest as of June 30, 1968.

(14) "Earnable compensation" shall mean the full rate of the compensation that would be payable to a member if he worked the full normal working time.

(15) "Average salary":

(a) for those members who joined the System prior to July 1, 1992, shall mean the average of the salaries for the three (3) years on which the highest contributions to the Teachers' Retirement System was paid not to exceed the maximum contribution level specified in ~~subsection B of~~ Section 17-116.2 of this title. Provided, no member shall retire with an average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) unless the member has made the required election and paid the required contributions on such salary in excess of Twenty-five Thousand Dollars (\$25,000.00), and

(b) for those members who join the System after June 30, 1992, shall mean the average of the salaries for five (5) consecutive years on which the highest contribution to the Teachers' Retirement System was paid. Only salary on which required contributions have been made may be used in computing average salary.

(16) "Annuity" shall mean payments for life derived from the "accumulated contributions" of a member. All annuities shall be payable in equal monthly installments.

(17) "Pension" shall mean payments for life derived from money provided by the employer. All pensions shall be payable in equal monthly installments.

(18) "Monthly retirement allowance" is one-twelfth (1/12) of the annual retirement allowance which shall be payable monthly.

(19) "Retirement Benefit Fund" shall mean the fund from which all retirement benefits shall be paid based on such mortality tables as shall be adopted by the Board of Trustees.

(20) "Actuary" shall mean a person especially skilled through training and experience in financial calculation respecting the expectancy and duration of life.

(21) "Actuarial equivalent" shall mean a benefit of equal value when computed upon the basis of such mortality and other tables as shall be adopted by the Board of Trustees.

(22) The masculine pronoun, whenever used, shall include the feminine.

(23) "Actuarially determined cost" shall mean the single sum which is actuarially equivalent in value to a specified pension amount as determined on the basis of mortality and interest assumptions adopted by the Board of Trustees.

(24) "Normal retirement age" means age sixty-two (62) or the age at which the sum of a member's age and number of years of creditable service total eighty (80), whichever occurs first.

(25) "Regular annual compensation" means ~~base salary plus fringe benefits. For purposes of this definition, "fringe benefits" means any additional financial payments including, but not limited to, annuities, pension plans, insurance policies or any other financial compensation~~ regular annual compensation shall include all normal periodic payments as provided in subsection D of Section 17-116.2 of this title.

(26) "Teacher" means classified personnel and nonclassified optional personnel.

(27) "Active classroom teacher" means a person employed by a school district to teach students specifically identified classes

for specifically identified subjects during the course of a semester, and who holds a valid certificate or license issued by and in accordance with the rules and regulations of the State Board of Education.

SECTION 7. AMENDATORY 70 O.S. 1991, Section 17-105, is amended to read as follows:

Section 17-105. (1) (a) Any member who has attained age fifty-five (55) or who has completed thirty (30) years of creditable service, as defined in Section 17-101 of this title, or for any person who became a member prior to July 1, 1992, whose age and number of years of creditable service total eighty (80) may be retired upon filing a written application for such retirement, or for any person who became a member after June 30, 1992, whose age and number of years of creditable service total ninety (90) may be retired upon filing a written application for such retirement. The application shall be filed on the form provided by the Board of Trustees for this purpose, not less than thirty (30) days nor more than ninety (90) days before the date of retirement.

(b) An individual who becomes a member of the Teachers' Retirement System after July 1, 1967, shall be employed by the public schools, state colleges or universities of Oklahoma for a minimum of ten (10) years and be a contributing member of the Teachers' Retirement System of Oklahoma for a minimum of ten (10) years to qualify for monthly retirement benefits from the Teachers' Retirement System of Oklahoma. Provided, however, any individual who was a contributing member of the system for a minimum of ten (10) years and withdrew such individual's accumulated contributions upon termination of employment may repay to the system such contributions with interest as determined by the Board for the purpose of receiving monthly retirement benefits from the system. All repayments made as provided for in this subsection shall be made prior to September 1, 1986.

(c) Any member with ten (10) or more years of Oklahoma teaching service and whose accumulated contributions during such period have not been withdrawn shall be given an indefinite extension of membership beginning with the sixth year following his last contributing membership and shall become eligible to apply for retirement and be retired upon attaining age fifty-five (55).

(d) Members currently teaching in the public schools of Oklahoma past the fiscal year during which age seventy (70) was attained and who have not retired shall be granted the privilege of making up the five percent (5%) contributions, plus interest, for the years taught after age seventy (70). Such member shall be given an indefinite extension of membership and be eligible to retire upon the filing of proper application for retirement as hereinbefore provided.

(2) An unclassified optional member who has retired or who retires at sixty-two (62) years of age or older or whose retirement is because of disability shall have his minimum retirement benefits calculated on an average salary of Five Thousand Three Hundred Fifty Dollars (\$5,350.00) or, if a larger monthly allowance would result, an amount arrived at pursuant to application of the formula prescribed herein.

(3) No member shall receive a lesser retirement benefit than he would have received under the law in effect at the time he retired. Any individual under the Teachers' Retirement System, who through error in stating the title of the position which he held, may, at the discretion of the Board of Trustees, be changed from the nonclassified optional group to the classified group for the purpose of calculating retirement benefits.

Any individual regardless of residence, who has a minimum of ten (10) years of teaching in Oklahoma schools prior to July 1, 1943, or who taught in Oklahoma schools prior to 1934 and thereafter taught a minimum of ten (10) years and who does not qualify under the present retirement system, or who has a minimum of thirty (30) years of teaching in Oklahoma schools and has reached seventy (70) years of age prior to July 1, 1984, and is not otherwise eligible to receive any benefits from the retirement system shall receive a minimum of One Hundred Fifty Dollars (\$150.00) per month in retirement benefits from the Teachers' Retirement System of Oklahoma plus any general increase in benefits for annuitants as may be provided hereafter by the Legislature. Each individual must apply to the Teachers' Retirement System for such benefit and provide evidence to the Teachers' Retirement System that the service was actually rendered. The surviving spouse of any person who made application for the benefit provided for by this paragraph during his lifetime but did not receive said benefit may submit an application to the system for payment of said benefit for those months during the lifetime of the deceased person that he was eligible for but did not receive the benefit. Upon approval of the application by the Board of Trustees, the benefit shall be paid to the surviving spouse in one lump sum.

(4) The value of each year of prior service is the total monthly retirement benefit divided by the number of years of creditable service.

(5) Upon application of a member who is actively engaged in teaching in Oklahoma or his employer, any member who has been a contributing member for ten (10) years may be retired by the Board of Trustees not less than thirty (30) days nor more than ninety (90) days subsequent to the execution and filing thereof, on a disability retirement allowance, provided the Medical Board of the Teachers' Retirement System after medical examination of such member by a duly qualified physician shall certify that such member is mentally or physically incapacitated for further performance of duty, that such incapacity is likely to be permanent, and that such member should be retired.

(6) (a) A member who at the time of retirement is in the judgment of the Medical Board of the Teachers' Retirement System permanently physically or mentally incapacitated to teach school shall receive a minimum monthly retirement payment for life or until such time as the member may be found to be recovered to the point where he may return to teaching. Any member retired before the effective date of this act shall be eligible to receive the monthly retirement allowance herein provided, but such payment shall not begin until the first payment due him after the effective date of this act, and shall not be retroactive. The Board of Trustees is empowered to make such rules and regulations as it considers proper to preserve equity in retirements under this provision.

(b) A member who has qualified for retirement benefits under disability retirement shall have the total monthly payment deducted from his accumulated contributions plus interest earned and any money remaining in the member's account after the above deductions at the death of the member shall be paid in a lump sum to the beneficiary or to the estate of the member. Provided, if the deceased disabled member had thirty (30) years or more of creditable service and the death occurred after June 30, 1981, and death occurred prior to the disabled member receiving twelve monthly retirement payments, a surviving spouse may elect to receive the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 Plan of Retirement provided for in subsection (8) of this section in lieu of the death

benefit provided for in this subsection and in subsection (12) of this section.

(c) Once each year the Board of Trustees may require any disabled annuitant who has not yet attained the age of sixty (60) years to undergo a medical examination, such examination to be made at the place of residence for said disabled annuitant or other place mutually agreed upon by a physician or physicians designated by the Board of Trustees. Should any disabled annuitant who has not yet attained the age of sixty (60) years refuse to submit to at least one medical examination in any such year by a physician or physicians designated by the Board of Trustees his allowance may be discontinued until he submits to such examination.

(d) Should the Medical Board report and certify to the Board of Trustees that such disabled annuitant is engaged in or is able to engage in a gainful occupation paying more than the difference between his retirement allowance and the average final compensation, and should the Board of Trustees concur in such report then the amount of his pension shall be reduced to an amount which, together with his retirement allowance and that amount earnable by him, shall equal the amount of his average final compensation. Should his earning capacity be later increased, the amount of his pension may be further modified, provided the new pension shall not exceed that amount of the pension originally granted nor an amount, which when added to the amount earnable by the member, together with his annuity, equals the amount of his average final compensation.

(e) Should a disabled annuitant be restored to active service, his disability retirement allowance shall cease and he shall again become a member of the Teachers' Retirement System and shall make regular contributions as required under this article. The unused portion of his accumulated contributions shall be reestablished to his credit in the Teachers' Savings Fund. Any such prior service certificates on the basis of which his service was computed at the time of his retirement shall be restored to full force and effect.

(7) Should a member before retirement under this act make application for withdrawal duly filed with the Board of Trustees and approved by it, not earlier than four (4) months after the date of termination of such service as a teacher, the contribution standing to the credit of his individual account in the Teachers' Savings Fund shall be paid to him or, in the event of his death before retirement, shall be paid to such person or persons as he shall have nominated by written designation, duly executed and filed with the Board of Trustees; provided, however, if there be no designated beneficiary surviving upon such death, such contributions shall be paid to his administrators, executors, or assigns, together with interest as hereinafter provided. In lieu of a lump-sum settlement at the death of the member, the amount of money the member has on deposit in the Teachers' Savings Fund and the money the member has on deposit in the Teachers' Deposit Fund may be paid in monthly payments to a designated beneficiary, who must be the spouse, under the Maximum or Option 1 Plan of Retirement providing the monthly payment shall be not less than Twenty-five Dollars (\$25.00) per month. The monthly payment shall be the actuarial equivalent of the amount becoming due at the member's death based on the sex of the spouse and the age the spouse has attained at the last birthday prior to the member's death. Provided further, if there be no designated beneficiary surviving upon such death, and the contributions standing to the credit of such member do not exceed Two Hundred Dollars (\$200.00), no part of such contributions shall be subject to the payment of any expense of the last illness or funeral of the deceased member or any expense of administration of

the estate of such deceased and the Board of Trustees, upon satisfactory proof of the death of such member and of the name or names of the person or persons who would be entitled to receive such contributions under the laws of descent and distribution of the state, may authorize the payment of accumulated contributions to such person or persons. A member terminating his membership by withdrawal shall have the interest computed at a rate of interest determined by the Board of Trustees and paid to him subject to the following schedule:

(a) If termination occurs within seven (7) years from the date membership began, no part of such interest accumulations shall be paid.

(b) With at least seven (7) but less than sixteen (16) years of membership, fifty percent (50%) of such interest accumulations shall be paid.

(c) With at least sixteen (16) but less than twenty-one (21) years of membership, sixty percent (60%) of such interest accumulations shall be paid.

(d) With at least twenty-one (21) but less than twenty-six (26) years of membership, seventy-five percent (75%) of such interest accumulations shall be paid.

(e) With at least twenty-six (26) years of membership, ninety percent (90%) of such interest accumulations shall be paid.

In case of death of an active member, the interest shall be calculated and restored to the member's account and paid to his beneficiary.

(8) (a) In lieu of his retirement allowance payable throughout life for such an amount as determined under this section, the member may select a retirement allowance for a reduced amount payable under any of the following options the present value of which is the actuarial equivalent thereof.

(b) A member may select the option under which he desires to retire at the end of the school year in which he attains age seventy (70) and said option shall be binding and cannot be changed. Provided further that if a member retires before age seventy (70), no election of an option shall be effective in case an annuitant dies before the first payment due under such option has been received.

(c) The first payment of any benefit selected shall be made on the first day of the month following approval of the retirement by the Board of Trustees.

Option 1. If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or

Option 2. A member takes a reduced retirement allowance for life. Upon the death of the member the payments shall continue to the member's designated beneficiary, who must be a spouse, for the life of the beneficiary. The written designation of the beneficiary, who must be a spouse, must be duly acknowledged and filed with the Board of Trustees at the time of the member's retirement; or

Option 3. A member receives a reduced retirement allowance for life. Upon the death of the member one-half (1/2) of the retirement allowance paid the member shall be continued throughout the life of the designated beneficiary, who must be a spouse. A written designation of a beneficiary must be duly acknowledged and filed

with the Board of Trustees at the time of the member's retirement;
or

Option 4. Some other benefit or benefits shall be paid either to the member or to such person or persons as he shall nominate, provided such other benefit or benefits, together with the reduced retirement allowance, shall be certified by the actuary to be of equivalent actuarial value to his retirement allowance and shall be approved by the Board of Trustees; or

Option 5. A member receives a reduced retirement allowance for life. If the member dies within twenty-five (25) years from the date of commencement of the retirement payments, such payments shall be continued to the beneficiary of the member during the balance of the twenty-five-year period. The written designation of the beneficiary, who must be a spouse, shall be duly acknowledged and filed with the Board of Trustees at the time of the member's retirement.

(9) The governing board of any "public school", as that term is defined in Section 17-101 of this title, is hereby authorized and empowered to pay additional retirement allowances or compensation to any person who was in the employ of such public school for not less than ten (10) school years preceding the date of his retirement. Payments so made shall be a proper charge against the current appropriation or appropriations of any such public school for salaries for the fiscal year in which such payments are made. Such payments shall be made in regular monthly installments in such amounts as the governing board of any such public school, in its judgment, shall determine to be reasonable and appropriate in view of the length and type of service rendered by any such person to such public school by which such person was employed at the time of retirement. All such additional payments shall be uniform, based upon the length of service and the type of services performed, to persons formerly employed by such public school who have retired or been retired in accordance with the provisions of this act.

The governing board of any such public school may adopt rules and regulations of general application outlining the terms and conditions under which such additional retirement benefits shall be paid, and all decisions of such board shall be final.

(10) In addition to the teachers' retirement herein provided, teachers may voluntarily avail themselves of the Federal Social Security Program upon a district basis.

(11) Upon For those members who joined the System prior to July 1, 1992, upon the death of an in-service member, the system shall pay to the designated beneficiary of the member or, if there is no designated beneficiary or if the designated beneficiary predeceases the member, to the estate of the member, the sum of Eighteen Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the deceased member had ten (10) years or more of creditable service and the death occurred after February 1, 1985, a surviving spouse may elect to receive the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 plan of retirement in lieu of the death benefit provided for in this subsection. Provided further, if the death occurred after June 1, 1987, and the surviving spouse elects to receive the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 plan of retirement, the retirement benefit shall be determined using the average annual salary of the deceased member during any three (3) of the last five (5) years of participating service, but not to exceed Forty Thousand Dollars (\$40,000.00).

(12) Upon the death of an annuitant who has contributed to the system, the retirement system shall pay to the designated beneficiary of the annuitant or, if there is no designated beneficiary or if the designated beneficiary predeceases the annuitant, to the estate of the annuitant, the sum of Four Thousand Dollars (\$4,000.00) as a death benefit.

SECTION 8. AMENDATORY 70 O.S. 1991, Section 17-106, is amended to read as follows:

Section 17-106. (1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of the act are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office.

(2) The Board shall consist of the following members:

(a) The State Superintendent of Public Instruction, ex officio.

(b) The Director of State Finance, ex officio.

(c) The Director of the State Department of Vocational and Technical Education, ex officio, or his or her designee.

(d) One member appointed by the Governor whose initial term of office 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.

(e) Two members shall be appointed by the Governor of the State of Oklahoma and approved by the Senate. The two members shall be: 1. a representative of a school of higher education in Oklahoma whose term of office shall initially be one (1) year, and 2. a member of the System of the nonclassified optional personnel status whose initial term of office shall be two (2) years. After the said initial terms of office the terms of said members shall be four (4) years.

(f) Upon the expiration of the term of office of the stockbroker member of the Board, the Governor shall appoint a member to the Board whose initial term of office 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.

(g) Upon the expiration of the term of office of the representative of the insurance industry member of the Board, the Governor shall appoint a member to the Board whose initial term of office 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.

(h) Upon the expiration of the term of office of the investment counselor member of the Board, the Governor shall appoint a member to the Board whose initial term of office 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.

(i) Upon the expiration of the term of office of the active classroom teacher member of the Board, the President Pro Tempore of the Senate shall appoint a member to the Board, who shall be an active classroom teacher and whose initial term of office shall expire on January 8, 1991. The members thereafter appointed by the President Pro Tempore of the Senate shall serve a term of office of four (4) years.

(j) Upon the expiration of the term of office of the retired classroom teacher member of the Board, the Speaker of the House of Representatives shall appoint a member to the Board, who shall be a retired member of the System and whose initial term of office shall expire on January 8, 1991. The members thereafter appointed by the Speaker of the House of Representatives shall serve a term of office of four (4) years.

(k) The Speaker of the House of Representatives shall appoint a member to the Board, who shall be an active classroom teacher and whose initial term of office shall expire on January 3, 1989. The members thereafter appointed by the Speaker of the House of Representatives shall serve a term of office of four (4) years.

(l) The President Pro Tempore of the Senate shall appoint a member to the Board, who shall be a retired member of the System and whose initial term of office shall expire on January 3, 1989. The members thereafter appointed by the President Pro Tempore of the Senate shall serve a term of office of four (4) years.

(3) Persons who are appointed to the Board of Trustees by the Governor pursuant to paragraphs (d), (f), (g) and (h) of subsection (2) of this section shall:

(a) have demonstrated professional experience in investment or funds management, public funds management, public or private pension fund management or retirement system management; or

(b) have demonstrated experience in the banking profession and have demonstrated professional experience in investment or funds management; or

(c) be licensed to practice law in this state and have demonstrated professional experience in commercial matters; or

(d) be licensed by the Oklahoma State Board of Public Accountancy 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 (a) through (d) of this subsection.

(4) No member of the Board of Trustees shall be a lobbyist registered in this state as provided by law.

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

(6) If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

(7) Each of the trustees, except those who are state officials serving ex officio, shall receive travel expenses in accordance with the State Travel Reimbursement Act.

(8) Each trustee shall, within ten (10) days after his appointment or election, take an oath of office that, so far as it devolves upon him, he will diligently and honestly administer the affairs of the Board of Trustees and that he will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the retirement system. Such oath shall be subscribed to by the member making it, certified by the officer before whom it is taken, and immediately filed in the office of the Secretary of State.

(9) Each trustee shall be entitled to one vote on the Board of Trustees. Seven votes shall be necessary for a decision by the trustees at any meeting of said Board.

(10) Subject to the limitations of this act, the Board of Trustees shall, from time to time, establish rules and regulations for the administration of the funds created by this act and for the transaction of its business. Provided that such rules and regulations may include rules and regulations providing for the withholding from the retirement allowance due a retired person under the provisions of this act an amount requested in writing by the retiree for the purpose of paying:

(a) monthly premiums on group hospital and surgical insurance programs to which such retiree belongs, and for the transmitting of the sums so withheld to the insurance carrier designated by the retiree; and

(b) membership dues in any statewide association limited to retired educator membership with a minimum membership of one thousand (1,000) dues-paying members and for the transmitting of the sums so withheld.

(11) The Board of Trustees shall elect from its membership a chairman, and by a majority vote of all of its members shall appoint a secretary-treasurer, who may be, but need not be, one of its members. The Board shall employ an executive secretary and shall engage such actuarial and other service as shall be required to transact the business of the retirement system. The compensation of all persons engaged by the Board and all other expenses of the Board necessary for the operation of the retirement system shall be paid at such rates and in such amounts as the Board shall approve.

(12) The members of the Board of Trustees, the Executive Secretary and the employees of the System shall not accept gifts or gratuities from an individual organization with a value in excess of Fifty Dollars (\$50.00) per year. The provisions of this section shall not be construed to prevent the members of the Board of Trustees, the Executive Secretary 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.

(13) The Board of Trustees shall keep in convenient form such data as shall be necessary for actuarial valuation of the various funds of the retirement system and for checking the experience of the system.

(14) The Board of Trustees shall keep a record of all of its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding school year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system and a detailed accounting of its administrative expenses.

(15) The Board of Trustees may employ an attorney who is licensed to practice law in this state. The attorney shall be a full-time employee of the Board of Trustees. The attorney shall serve at the pleasure of the Board of Trustees for such compensation as may be provided by the Board of Trustees. The attorney shall advise the Board of Trustees and perform legal services for the Board of Trustees with respect to any matters properly before the Board of Trustees. When requested by the Board of Trustees, the Attorney General of the state also shall render legal services to the Board of Trustees. In addition to the above, the Board of Trustees may employ hearing examiners to conduct administrative grievance hearings under the provisions of the Oklahoma Administrative Procedures Act, Sections 301 through 325 of Title 75 of the Oklahoma Statutes.

(16) Suitable offices shall be furnished by the Office of Public Affairs. Upon the failure or inability of the Office of Public Affairs to provide adequate facilities, the Board of Trustees may contract for necessary office space in suitable quarters.

(17) The Board of Trustees shall designate a Medical Board to be composed of three physicians not eligible to participate in the retirement system. The physicians so appointed by the Board of Trustees shall be legally qualified to practice medicine in Oklahoma and shall be physicians of good standing in the medical profession. If required, other physicians may be employed to report on special cases. The Medical Board shall pass upon all medical examinations required under the provisions of this act and shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the Board of Trustees its conclusion and recommendation upon all the matters referred to it. The Board of Trustees shall adopt such rules and regulations as may be necessary to properly administer this benefit.

(18) The Board of Trustees shall designate an actuary who shall be the technical advisor of the Board of Trustees on matters regarding the operation of funds created by the provisions of this act and shall perform such other duties as are required in connection therewith.

(19) At least once each five (5) years the actuary shall make an actuarial investigation of the experience of the retirement system, including the mortality, service and compensation experience of members and beneficiaries. Based on the results of such investigation the actuary shall recommend for adoption by the Board of Trustees such tables and rates as are required for the operation of the retirement system and for the preparation of annual actuarial valuations.

(20) On the basis of such tables and rates as the Board of Trustees shall adopt, the actuary shall prepare an annual actuarial valuation of the assets and liabilities of the retirement system and certify the rates of contribution payable by the state under the provisions of law concerning the Teachers' Retirement System.

(21) Subject to the funds available under the provisions of Section 1004 (b) of Title 68 of the Oklahoma Statutes, the employer contributions to the retirement system for the fiscal year beginning July 1, 1987, and for each fiscal year thereafter, shall be determined by the Board of Trustees on the basis of the most recent actuarial valuation, which amount shall be calculated as the sum of the normal cost for the fiscal year plus the payment required to amortize the unfunded accrued liability ~~existing on June 30, 1987,~~ by level dollar payments over forty (40) years from July 1, 1987 at a rate of level dollar payments not to exceed forty (40) years.

~~(22) For purposes of the System, employment for not less than four-sevenths (4/7) of a day shall constitute a full day of employment.~~

SECTION 9. AMENDATORY 70 O.S. 1991, Section 17-108.1, is amended to read as follows:

Section 17-108.1 A. The employer of any member of the Teachers' Retirement System of Oklahoma shall make the following contributions to the System:

1. Beginning July 1, ~~1989~~ 1992 through June 30, ~~1990~~ 1993, ~~one-half of one percent (1/2 of 1%)~~ seven percent (7%) of the regular annual compensation of the member not in excess of the maximum compensation level of the member;

2. Beginning July 1, ~~1990~~ 1993 through June 30, ~~1991~~ 1994, ~~one percent (1%)~~ seven and one-half percent (7 1/2%) of the regular

annual compensation of the member not in excess of the maximum compensation level of the member;

3. Beginning July 1, ~~1991~~ 1994 through June 30, ~~1992~~ 1995, ~~one and one-half percent (1 1/2%)~~ eight percent (8%) of the regular annual compensation of the member not in excess of the maximum compensation level of the member;

4. Beginning July 1, ~~1992~~ 1995 through June 30, ~~1993~~ 1996, ~~two percent (2%)~~ nine percent (9%) of the regular annual compensation of the member ~~not in excess of the maximum compensation level of the member~~; and

5. Beginning July 1, 1996 through June 30, 1997, ten percent (10%) of the regular annual compensation of the member;

6. Beginning July 1, 1997 through June 30, 1998, eleven percent (11%) of the regular annual compensation of the member;

7. Beginning July 1, 1998 through June 30, 1999, twelve percent (12%) of the regular annual compensation of the member;

8. Beginning July 1, 1999 through June 20, 2000, thirteen percent (13%) of the regular annual compensation of the member;

9. Beginning July 1, 2000 through June 20, 2001, fourteen percent (14%) of the regular annual compensation of the member;

10. Beginning July 1, 2001 through June 30, 2002, fifteen percent (15%) of the regular annual compensation of the member;

11. Beginning July 1, 2002 through June 30, 2003, sixteen percent (16%) of the regular annual compensation of the member;

12. Beginning July 1, 2003 through June 30, 2004, seventeen percent (17%) of the regular annual compensation of the member;

13. Beginning July 1, ~~1993~~ 2004, ~~two and one-half percent (2 1/2%)~~ eighteen percent (18%) of the regular annual compensation of the member ~~not in excess of the maximum compensation level of the member~~.

Any employer contribution paid to the System pursuant to this subsection shall not be considered as salary, fringe benefit, or total compensation due to members for the purpose of meeting any legislative or contractual obligation of the employer.

Employers paying contributions to the Retirement System pursuant to this subsection shall receive credit for that portion of the gross production tax on natural gas and/or casinghead gas apportioned to the Retirement System pursuant to subsection 2 of Section 1004 of Title 68 of the Oklahoma Statutes in meeting the total required employer contribution. On an annual basis, the Board of Trustees shall estimate the net additional cost required to be paid by the contributing employers in order to meet the total employer contribution as provided in this subsection. The Board of Trustees shall approve the amount of the additional contribution required to be paid by contributing employers as a percentage of total member salaries and fringe benefits for each fiscal year ending June 30, no later than April 1 of the previous fiscal year. In the event actual contributions do not equal the required total contribution as provided in this subsection, the net difference between the actual contributions and the required total contributions shall be determined and shall be included in the amount of the additional contribution required to be paid by contributing employers for the next fiscal year. All contributing employers shall pay the same percentage of total member salaries and fringe benefits during each fiscal year.

B. Any school district, state college or university, State Board of Education, State Board of Vocational Education, or other state agency may, for and on behalf of any member of the Teachers' Retirement System, pay all or any portion of the contribution required by Section 17-108 of this title. Provided, the

contribution so paid by any school district, state college or university, State Board of Education, State Board of Vocational Education, or other state agency shall be and remain subject to the withdrawal provisions set forth under the Teachers' Retirement System. Wherever the term "contribution" is used, it shall be deemed to include contributions paid for and on behalf of a member by a school district, state college or university, State Board of Education, State Board of Vocational Education, or other state agency.

SECTION 10. AMENDATORY 70 O.S. 1991, Section 17-116.2, as amended by Section 1 of Enrolled House Bill No. 2169 of the 2nd Session of the 43rd Oklahoma Legislature, is amended to read as follows:

Section 17-116.2 A. 1. Beginning July 1, 1987, and prior to July 1, 1995, a member who retires on or after the member's normal retirement age or whose retirement is because of disability shall receive an annual allowance for life, payable monthly, in an amount equal to two percent (2%) of the member's highest three-year average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service.

A classified member who retired prior to July 1, 1986, shall have his retirement allowance calculated on a minimum average salary of Eleven Thousand Five Hundred Dollars (\$11,500.00) or on his current minimum average salary plus Two Thousand Dollars (\$2,000.00), whichever is greater. Beginning July 1, 1990, a classified member who retired prior to July 1, 1989, shall have the member's retirement allowance calculated on the member's current minimum average salary plus Nine Hundred Fifty Dollars (\$950.00). An unclassified member who retired prior to July 1, 1986, shall have his retirement allowance calculated on a minimum average salary of Nine Thousand Five Hundred Dollars (\$9,500.00) or on his current minimum average salary plus One Thousand Dollars (\$1,000.00), whichever is greater. Beginning July 1, 1990, an unclassified member who retired prior to July 1, 1989, shall have the member's retirement allowance calculated on the member's current minimum average salary plus Four Hundred Seventy-five Dollars (\$475.00). No retirement benefit payments shall be made retroactively.

Except for those members retiring because of a disability, the retirement allowance shall be subject to adjustment for those members retiring before normal retirement age in accordance with the actuarial equivalent factors adopted by the Board of Trustees.

2. Beginning July 1, 1995, a member who retires on or after the member's normal retirement age or whose retirement is because of disability shall receive an annual allowance for life, payable monthly as follows:

- a. if the member becomes a member after June 30, 1995, and was not eligible to become a member prior to July 1, 1995, in an amount equal to two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of creditable service, or
- b. if the member became a member or is eligible to become a member prior to July 1, 1995, and elected to have a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00) pursuant to paragraph 1 of subsection C of this section or pursuant to subsection E of this section, or if the member's salary has never exceeded Twenty-five Thousand Dollars (\$25,000.00) prior to July 1, 1995, in an amount equal to:

- (1) two percent (2%) of the member's average salary upon which member contributions were made not to exceed Forty Thousand Dollars (\$40,000.00), multiplied by the number of the member's years of credited service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus
- (2) two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed after June 30, 1995, or

c. if the member became a member or is eligible to become a member prior to July 1, 1995, and was eligible to elect to have a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00) and did not elect or elected not to have a maximum compensation level of Forty Thousand Dollars (\$40,000.00) pursuant to paragraph 1 of subsection C of this section or pursuant to subsection E of this section, in an amount equal to:

- (1) two percent (2%) of the member's average salary upon which member contributions were made not to exceed Twenty-five Thousand Dollars (\$25,000.00), multiplied by the number of the member's years of credited service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus
- (2) two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed after June 30, 1995.

B. Except as otherwise provided for in this ~~subsection~~ section, the amount contributed by each member to the retirement system shall be:

- 1. ~~beginning July 1, 1988~~ beginning July 1, 1992 through June 30, ~~1989~~ 1996, ~~five percent (5%)~~ six percent (6%) of the regular annual compensation of such member not in excess of ~~the maximum compensation level~~ Twenty-five Thousand Dollars (\$25,000.00); and
- 2. ~~beginning July 1, 1989~~ beginning July 1, 1996 through June 30, ~~1990~~ 1997, ~~five~~ six and one-half percent ~~(5 1/2%)~~ (6 1/2%) of the regular annual compensation of such member not in excess of ~~the maximum compensation level~~ Twenty-five Thousand Dollars (\$25,000.00); and
- 3. ~~beginning July 1, 1990~~ beginning July 1, 1997, ~~six~~ seven percent ~~(6%)~~ (7%) of the regular annual compensation of such member ~~not in excess of the maximum compensation level.~~

C. ~~The maximum compensation level shall be Twenty-five Thousand Dollars (\$25,000.00). An~~ 1. Prior to July 1, 1995, an active member of the System may elect to have a maximum compensation level of Forty Thousand Dollars (\$40,000.00). Such an election shall be made in writing and filed with the System. Members whose salaries are in excess of Twenty-five Thousand Dollars (\$25,000.00) on the effective date of this act shall file the election with the System prior to January 1, 1988. Members whose salaries exceed Twenty-five Thousand Dollars (\$25,000.00) after the effective date of this act shall file the election when the salary exceeds Twenty-five Thousand Dollars (\$25,000.00). If a member makes such an election, the member shall contribute the amount specified in paragraphs 1 through 3 of subsection B of this section of the regular annual compensation

~~of such member not in excess of Twenty-five Thousand Dollars (\$25,000.00) and following amounts:~~

- ~~1. a.~~ beginning July 1, 1988 1992 through June 30, 1989 1993, ten eleven percent (10%) (11%) of the regular annual compensation of such member that is in excess of Twenty-five Thousand Dollars (\$25,000.00) and is not in excess of Forty Thousand Dollars (\$40,000.00)†,
- ~~2. b.~~ beginning July 1, 1989 1993 through June 30, 1990 1994, ten and one-half nine percent (10 1/2%) (9%) of the regular annual compensation of such member that is in excess of Twenty-five Thousand Dollars (\$25,000.00) and is not in excess of Forty Thousand Dollars (\$40,000.00)†, and
- ~~3. c.~~ beginning July 1, 1990 1994 through June 30, 1995, eleven eight percent (11%) (8%) of the regular annual compensation of such member that is in excess of Twenty-five Thousand Dollars (\$25,000.00) and is not in excess of Forty Thousand Dollars (\$40,000.00). Except as provided in subsection D E of this section, any such election shall be irrevocable-;

2. After June 30, 1995, in addition to the amount contributed by each member to the retirement system pursuant to subsection B of this section, the total amount contributed by each member to the retirement system shall include, beginning July 1, 1995 through June 30, 1997, seven percent (7%) of the regular annual compensation of each member that is in excess of Twenty-five Thousand Dollars (\$25,000.00).

D. For purposes of this act, regular annual compensation shall include:

1. normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed, such periodic payments shall include payments for staff development or other periodic payments to qualifying employees of the employer;

2. amounts that would otherwise qualify as salary under paragraph 1 of this subsection but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax-sheltered annuity program or to finance benefit options under a cafeteria plan qualifying under the United States Internal Revenue Code;

3. group health and disability insurance, group term life insurance, annuities and pension plans, provided on a periodic basis to all qualified employees of the employer, which qualify as fringe benefits under the United States Internal Revenue Code.

Excluded from regular annual compensation are expense payments, allowances, payment for unused vacation and sick leave, any payment made for reason of termination or retirement not specifically provided for in paragraphs 1 through 3 of this subsection, maintenance or other nonmonetary compensation, payment received as an independent contractor or consultant, any benefit payments not made pursuant to a valid employment agreement, or any compensation not described in paragraphs 1 through 3 of this subsection.

D. E. 1. Any member who was a contributing member of the Retirement System between July 1, 1987, and June 30, 1995, who at the time the member was eligible to make an election to increase the maximum compensation level of the member, failed to make an election or chose not to increase the maximum compensation level of the member to Forty Thousand Dollars (\$40,000.00), may elect to increase the maximum compensation level of the member if the election is made

~~within three (3) years of the member's initial opportunity to make the election make back contributions to the Retirement System. To make the change, the~~ The member shall complete a new election form and file with the Board of Trustees, the form and a payment equaling the difference between the amount contributed at the twenty-five-thousand-dollar level and the appropriate contribution on compensation in excess of Twenty-five Thousand Dollars (\$25,000.00) up to a maximum of Forty Thousand Dollars (\$40,000.00) shall be made prior to the official retirement date of the member. The required payment shall include any contribution required by the employing school district, and shall include interest compounded annually at ten percent (10%) per annum of both employer and employee contributions.

~~2. Any member, who at the time the member was eligible to make an election to increase the maximum compensation level of the member chose to increase the compensation level of the member to Forty Thousand Dollars (\$40,000.00), may elect to decrease the maximum compensation level of the member to Twenty-five Thousand Dollars (\$25,000.00) if the election is made within three (3) years of the initial election to increase the maximum compensation level. To make the change, the member shall complete a new form and file with the Board of Trustees the form and a request for a refund of contributions made by the member in excess of the contribution required on a maximum compensation level of Twenty-five Thousand Dollars (\$25,000.00).~~

~~3. Any changes made pursuant to this subsection shall be irrevocable.~~

~~E. F.~~ 1. An individual who withdrew from the Teachers' Retirement System and whose salary was in excess of Seven Thousand Eight Hundred Dollars (\$7,800.00) and had elected to contribute only on Seven Thousand Eight Hundred Dollars (\$7,800.00) before his withdrawal shall contribute on the earning ceiling as provided for in this section on his reentry into membership in the Teachers' Retirement System.

2. An individual who elected to contribute on a maximum of Seven Thousand Eight Hundred Dollars (\$7,800.00) per annum shall, beginning July 1, 1979, contribute on his earning ceiling as provided for in this section.

3. Any member who elected to contribute on Seven Thousand Eight Hundred Dollars (\$7,800.00) prior to January 1, 1978, and whose salary was more than Seven Thousand Eight Hundred Dollars (\$7,800.00) during the school years 1974-75 through 1978-79 may elect to make back contributions to the retirement system by paying the five percent (5%) contributions on the difference between Seven Thousand Eight Hundred Dollars (\$7,800.00) and the actual salary of the member, not to exceed Ten Thousand Dollars (\$10,000.00) for each applicable school year, plus interest ~~as determined by the Board of Trustees. No retirement benefit payments shall be made~~ retroactively compounded annually at ten percent (10%) per annum. Such payment shall be made prior to the official retirement date of the member.

~~F. G.~~ Each employer shall cause to be deducted from the salary of each member on each and every payroll of such employer for each and every payroll period, the proper percentage of his earnable compensation as provided for in subsection B of this section.

1. Deductions shall begin with the first payroll period of the school year. In determining the amount earnable by a member in a payroll period, the Board of Trustees shall consider the rate of annual compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it

may omit deductions from compensation for any period less than a full period, and to facilitate the making of deductions, it may modify the deduction required of any member by such an amount as shall not exceed one-tenth of one percent (1/10 of 1%) of the annual compensation upon the basis of which such deduction is to be made. Prior to January 1, 1991, any active contributing member who joined the System subsequent to July 1, 1943, may pay the normal cost, which shall mean the single sum which would have been paid under existing statutes at the time the service was performed, plus interest, for years of teaching service in Oklahoma from the date of establishment of the System in 1943 to date of membership, in a lump sum, or in installments equal to establishing one (1) year of creditable service. Effective January 1, 1991, any active contributing member who joined the System subsequent to July 1, 1943, may pay the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title for years of teaching service in Oklahoma from the date of establishment of the System in 1943 to date of membership, in a lump sum, or in installments equal to establishing one (1) year of creditable service. For purposes of this option, teaching service in Oklahoma shall include the teaching of vocational agricultural courses within Oklahoma for the federal government. Years for which contributions are paid shall count as membership service under this plan. A member may receive credit for not more than five (5) years of teaching service rendered in the public schools of a territory of the United States or the public schools, American Military Dependent Schools or state colleges or state universities outside this state by paying his contributions, plus interest, and membership fees to the retirement system, subject to the regulations of the Board of Trustees, providing he is not receiving and is not eligible to receive retirement credit or benefits from said service in any other public retirement system of this state, or any other state or territory of the United States subject to the following provisions:

- a. The member is required to have two (2) years of employed service teaching earned in Oklahoma for each year of territorial, out-of-state, noncovered in-state or military membership credit granted.
- b. Prior to January 1, 1991, the out-of-state or noncovered in-state payment shall be the normal cost, which means the single sum which would have been paid under existing law at the time the service was performed, plus interest, on the basis of what his annual salary would have been in Oklahoma or out of state, whichever is greater, had he been employed as a teacher. Effective January 1, 1991, the territorial, out-of-state or noncovered in-state payment shall be the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title.

2. In addition to the deductions hereinabove provided for, any member who becomes a member of the Armed Forces of the United States of America during any period of national emergency, including World War II, the Korean conflict, the Vietnam conflict or others as may be determined by the Board of Trustees, or whose entrance into or training for the teaching profession was interrupted by his entrance into the Armed Forces, and who was or shall have become a member of the Teachers' Retirement System shall be granted the privilege of making up his five percent (5%) contributions as provided for in this section until January 1, 1991, for not to exceed five (5) years of service in the Armed Forces by electing to pay said contributions on the basis of the rate of pay in his contract as a teacher at the

time his service in the Armed Forces commenced or in the case of a teacher who was not teaching prior to entering the Armed Forces, on the basis of the salary of the first year of teaching after being honorably discharged from the Armed Forces. Effective January 1, 1991, the member will receive such service upon payment of the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title. Such contributions shall be credited in the regular manner, and the period for which said contributions were paid shall be counted as creditable years of service and allocated to the period during which the military service was rendered, except that the period for which contributions were paid must have been continuous and shall be credited in the aggregate, regardless of fiscal year limitations.

3. Retirement benefits for all service credits purchased pursuant to this subsection shall be determined in accordance with the provisions of paragraph 2 of this subsection.

~~G.~~ H. For those members who joined the System prior to July 1, 1992, the total creditable service of a member who retires or terminates employment and elects a vested benefit shall include not to exceed one hundred twenty (120) days of unused sick leave accumulated subsequent to August 1, 1959. Twenty (20) days of unused sick leave shall equal one (1) month for purposes of creditable service credit. If the member becomes a member or was eligible to become a member prior to July 1, 1995, the year of credit received in this section shall be treated as service earned prior to July 1, 1995. This paragraph shall apply to members retiring or vesting on or after the effective date of this act and shall not be retroactive.

~~H.~~ Prior to January 1, 1991, any I. Any member who shall be absent from the teaching service because of election to the State Legislature or appointment to the executive branch in an education-related capacity shall be allowed to retain his membership in the Teachers' Retirement System upon payment of the ~~five percent~~ (5%) contribution required of other members and employers of said members as provided for in this section and his service credits shall continue to be accumulated during such absence. ~~Effective January 1, 1991, any member who shall be absent from the teaching service because of election to the State Legislature or appointment to the executive branch in an education-related capacity shall be allowed to retain membership in the Retirement System upon payment of the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title and his service credit shall continue to be accumulated during such absence, provided he is not receiving and is not eligible to receive retirement credits or benefits from said service beginning after July 1, 1992, in other public retirement systems.~~

~~I.~~ Prior to January 1, 1991, any J. Any member who shall be absent from the teaching service because of election or appointment as a local, state or national education association officer shall be allowed to retain his membership in the Teachers' Retirement System upon payment of the ~~five percent~~ (5%) contribution required of other members and employers of said members as provided for in this section and his service credits shall continue to be accumulated during such absence. ~~Effective January 1, 1991, any member who shall be absent from the teaching service because of election or appointment as a local, state or national education association officer shall be allowed to retain his membership to the Retirement System upon payment of the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title and his service credits shall continue to be accumulated during such absence.~~

Provided, however, any one such absence shall not exceed eight (8) continuous years.

~~J. K.~~ A member may receive credit for those years of ~~credited~~ service accumulated by the member while ~~a member of~~ employed by an entity which is a participating employer in 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, or the Oklahoma Public Employees 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. A member also may receive credit for those years of service with the Oklahoma Department of Wildlife or with an employer that is a participating employer within one of the state retirement systems specifically referred to in this section when at the time of such service by the member the employer was not such a participating employer, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. To receive the service credit provided in this subsection, ~~effective January 1, 1990 the member shall pay a ten percent (10%) contribution and interest of not to exceed ten percent (10%), as determined by the Board of Trustees and effective January 1, 1991,~~ the member shall pay the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title. ~~A member may receive credit for those years of credited service while employed by a sub-state planning district, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. To receive the service credit, the member must be continuously employed by an employer with responsibility and authority for public education since September 1, 1986, and the member must pay a ten percent (10%) contribution and interest of not to exceed ten percent (10%), as determined by the Board of Trustees.~~

~~K. L.~~ Any member whose regular annual compensation was not determined as provided for by law may pay the member contribution required pursuant to subsection B of this section on such amount not included in the member's regular annual compensation and receive credit for such amount in the calculation of the member's benefit. The employees must pay the employer contributions required pursuant to Section 17-108.1 of this title. Interest at the rate of ten percent (10%) per annum shall be charged to both employee and employer contributions.

~~L. M.~~ Any active member who elected during the 1978-79 school year to pay the difference between five percent (5%) on actual salary not exceeding Ten Thousand Dollars (\$10,000.00) and six percent (6%) on actual salary not exceeding Fifteen Thousand Dollars (\$15,000.00) shall receive credit for one (1) year of credited service upon receipt and approval of a proper request by the Board of Trustees.

~~M.~~ Any person who has never been a member of the System but who may have been eligible to become a member of the System may receive credit for those years of service during which the person may have been eligible to join the System, upon payment of the five percent (5%) contribution, plus interest, to the System if salary was greater than Two Thousand Dollars (\$2,000.00). ~~The option provided for in this subsection shall be exercised before December 1, 1987.~~

N. Effective July 1, 1988, any member who is employed by the Governor, the State Senate, the House of Representatives or the Legislative Service Bureau shall be allowed to elect to retain membership in the Retirement System upon payment of the accrued and

current member contributions and employer contributions as provided in subsection B of this section and Section 17-108.1 of this title. Such contributions may be paid on behalf of the member by the employing entity. Upon payment of such contributions, service credits shall continue to be accumulated during such employment. Accrued contributions shall be paid to the Retirement System by August 1, 1989. Current contributions shall be paid to the Retirement System by the tenth of the following month beginning with the month of July 1989.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-120 of Title 70, unless there is created a duplication in numbering, reads as follows:

The employer of each member shall deposit within ten (10) days of the last day of each calendar month all employer and employee contributions of each member due the Retirement System for payroll periods ending during the calendar month. Employer and employee contribution amounts not paid to the Retirement System after thirty (30) days from the end of the payroll month 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 employer to the Retirement System.

SECTION 12. AMENDATORY 74 O.S. 1991, Section 902, as amended by Section 1 of Enrolled Senate Bill No. 604 of the 2nd Session of the 43rd Oklahoma Legislature, is amended to read as follows:

Section 902. As used in this act:

(1) "System" means the Oklahoma Public Employees Retirement System as established by this act and as it may hereafter be amended;

(2) "Accumulated contributions" means the sum of all contributions by a member to the System which shall be credited to the member's account;

(3) "Act" means Sections 901 to 932, inclusive, of this title;

(4) "Actuarial equivalent" means a deferred income benefit of equal value to the accumulated deposits or benefits when computed upon the basis of the actuarial tables in use by the System;

(5) "Actuarial tables" means the actuarial tables approved and in use by the Board at any given time;

(6) "Actuary" means the actuary or firm of actuaries employed by the Board at any given time;

(7) "Agent" means the individual designated by each participating employer through whom System transactions and communication shall be directed;

(8) "Beneficiary" means any person named by a member to receive any benefits as provided for by this act. If there is no beneficiary living at time of member employee's death, his estate shall be the beneficiary;

(9) "Board" means the Oklahoma Public Employees Retirement System Board of Trustees;

(10) "Compensation" means all salary and wages, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, but exclusive of payment for overtime, payable to a member of the System for personal services performed for a participating employer, including maintenance, or any allowance in lieu thereof provided a member as a part of compensation but shall not include compensation or reimbursement for traveling, or moving expenses, or except as otherwise provided in this paragraph, any compensation in excess of Twenty-five Thousand Dollars (\$25,000.00) per annum which shall be the maximum compensation level. An active member of the System may elect to have a maximum compensation level of Forty Thousand Dollars

(\$40,000.00) per annum. Such an election shall be made in writing and filed with the System. Any member, who at the time the member was eligible to make an election to increase the member's maximum compensation level failed to make an election or chose not to increase the maximum compensation level of the member to Forty Thousand Dollars (\$40,000.00), may elect to increase the member's maximum compensation level if the election is made within three (3) years of the member's initial opportunity to make the election. Any such member making the election shall pay to the System the amount of contribution the member would have paid had the member made the election on January 1, 1988. Any member, who at the time the member was eligible to make an election to increase the member's maximum compensation level chose to increase the compensation level of the member to Forty Thousand Dollars (\$40,000.00), may elect to decrease the member's maximum compensation level to Twenty-five Thousand Dollars (\$25,000.00) if the election is made within three (3) years of the initial election to increase the maximum compensation level. Upon the receipt of the election to reduce the maximum compensation level, the Board shall pay to the member the contribution made by the member in excess of the contribution required on a maximum compensation level of Twenty-five Thousand Dollars (\$25,000.00) within sixty (60) days of said election. Members whose salaries exceed Twenty-five Thousand Dollars (\$25,000.00) after the effective date of this act shall file the election when the salary exceeds Twenty-five Thousand Dollars (\$25,000.00). Any such election by a member shall be irrevocable. Salary shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986 and any amount of non-elective salary reduction under Section 414(h) of the Internal Revenue Code of 1986;

(11) "Credited service" means the sum of participating service, prior service and elected service;

(12) "Dependent" means a parent, child, or spouse of a member who is dependent upon the member for at least one-half (1/2) of his support;

(13) "Effective date" means the date upon which the System becomes effective by operation of law;

(14) "Eligible employer" means the state and any county, county hospital, city or town, conservation districts, and any public or private trust in which a county, city or town participates and is the primary beneficiary is to be an eligible employer for the purpose of this act only, whose employees are covered by Social Security and are not covered by or eligible for another retirement plan authorized under the laws of this state which is in operation on the initial entry date. Emergency medical service districts may join the System upon proper application to the Board. Provided affiliation by a county hospital shall be in the form of a resolution adopted by the board of control.

(a) If a class or several classes of employees of any above-defined employers are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this state, which is in operation on the effective date, such employer shall be deemed an eligible employer, but only with respect to that class or those classes of employees as defined in this section.

(b) A class or several classes of employees who are covered by Social Security and are not covered by or eligible for and will not become eligible for another retirement plan authorized under the laws of this

state, which is in operation on the effective date, and when the qualifications for employment in such class or classes are set by state law; and when such class or classes of employees are employed by county or municipal government pursuant to such qualifications; and when the services provided by such employees are of such nature that they qualify for matching by or contributions from state or federal funds administered by an agency of state government which qualifies as a participating employer, then the agency of state government administering the state or federal funds shall be deemed an eligible employer, but only with respect to that class or those classes of employees as defined in this subsection; provided, that the required contributions to the retirement plan may be withheld from the contributions of state or federal funds administered by the state agency and transmitted to the System on the same basis as the employee and employer contributions are transmitted for the direct employees of the state agency. The retirement or eligibility for retirement under the provisions of law providing pensions for service as a volunteer fire fighter shall not render any person ineligible for participation in the benefits provided for in this act. An employee of any public or private trust in which a county, city or town participates and is the primary beneficiary shall be deemed to be an eligible employee for the purpose of this act only;

(15) "Employee" means any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least one thousand (1,000) hours of work per year and whose salary or wage is equal to the hourly rate of the monthly minimum wage for state employees as provided in Section 284 of this title. For those eligible employers outlined in Section 910 of this title, the rate shall be equal to the hourly rate of the monthly minimum wage for that employer. Each employer, whose minimum wage is less than the state's minimum wage, shall inform the System of the minimum wage for that employer. This notification shall be by resolution of the governing body.

- (a) Any employee of the county superintendent or the county extension agents who is not currently participating in the Teachers' Retirement System shall be a member of this System.
- (b) Eligibility shall not include any employee who is a contributing member of the United States Civil Service Retirement System.
- (c) It shall be mandatory for an officer, appointee or employee of the office of district attorney to become a member of this System if he is not currently participating in a county retirement system. Provided further, that if an officer, appointee or employee of the office of district attorney is currently participating in such county retirement system, he is ineligible for this System as long as he is eligible for such county retirement system. Any eligible officer, appointee or employee of the office of district attorney shall be given credit for prior service as defined in this section. The provisions outlined in Section 917 of this title shall apply to

those employees who have previously withdrawn their contributions.

- (d) Eligibility shall also not include any officer or employee of the Oklahoma Employment Security Commission, except for those officers and employees of the Commission electing to transfer to this System pursuant to the provisions of Section 910.1 of this title or any other class of officers or employees specifically exempted by the laws of this state, unless there be a consolidation as provided by Section 912 of this title. Employees of the Oklahoma Employment Security Commission who are ineligible for enrollment in the Employment Security Commission Retirement Plan, that was in effect on January 1, 1964, shall become members of this System.
- (e) Any employee employed by the Legislative Service Bureau, State Senate or House of Representatives for the full duration of a regular legislative session shall be eligible for membership in the System regardless of classification as a temporary employee and may participate in the System during the regular legislative session at the option of the employee. For purposes of this subsection, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives. Once such an employee makes a choice to participate or not, the choice shall be binding for all future legislative sessions during which the employee is employed. Notwithstanding the previous sentence, any employee, who is eligible for membership in the System because of the provisions of this subsection and who was employed by the State Senate or House of Representatives after January 1, 1989, may file an election, in a manner specified by the Board, to participate as a member of the System prior to September 1, 1989. Each regular legislative session during which a legislative employee or an employee of the Legislative Service Bureau participates full time shall be counted as six (6) months of full-time participating service. Notwithstanding the provisions of this paragraph, a temporary legislative session employee who elected to become a member of the System may withdraw from the System effective the day said employee elected to participate in the System upon written request to the Board. Any such request must be received by the Board prior to October 1, 1990. All employee contributions made by the temporary legislative session employee shall be returned to the employee without interest within four (4) months of receipt of the written request;

(16) "Entry date" means the date as of which an eligible employer joins the System. The first entry date pursuant to this act shall be January 1, 1964;

(17) "Executive Director" means the managing officer of the System employed by the Board under this act;

(18) "Final average compensation" means the average annual salary, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, up to, but not exceeding the allowable amounts defined in subsection (10) of this section received during any three (3) of the last five (5) years of participating service immediately preceding retirement or termination of employment, or, if participating service is less than three (3) years, the average annual compensation up to but not exceeding the allowable amounts defined in subsection (10) of this section paid to the member during the full period of participating service. Provided, no member shall retire with a final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) unless the member has made the required election and has paid the required contributions on such salary in excess of Twenty-five Thousand Dollars (\$25,000.00);

(19) "Fiscal year" means the period commencing July 1 of any year and ending June 30 of the next year;

(20) "Fund" means the Oklahoma Public Employees Retirement Fund as created by this act;

(21) "Leave of absence" means a period of absence from employment without pay, authorized and approved by the employer and acknowledged to the Board, and which after the effective date does not exceed two (2) years;

(22) "Member" means an eligible employee or elected official who is in the System and is making the required employee or elected official contributions, or any former employee or elected official who shall have made the required contributions to the System and shall have not received a refund or withdrawal;

(23) "Military service" means service in the Armed Forces of the United States in time of war or national emergency, as defined in Section 67.13a of Title 72, from which the member was honorably discharged;

(24) "Normal retirement date" means the date on which a member may retire with full retirement benefits as provided in this act, such date being whichever occurs first:

- (a) the first day of the month coinciding with or following a member's sixty-second birthday; ~~or~~
- (b) for any person who became a member prior to July 1, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total eighty (80); ~~or~~
- (c) for any person who became a member after June 30, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total ninety (90); or
- (d) in addition to subparagraphs (a) ~~and~~, (b) and (c) of this paragraph, the first day of the month coinciding with or following a member's fiftieth birthday if the member has at least twenty (20) years of full-time-equivalent employment as a correctional or probation and parole officer with the Department of Corrections and at the time of retirement, the member was a correctional or probation and parole officer with the Department of Corrections;

(25) "Participating employer" means an eligible employer who has agreed to make contributions to the System on behalf of its employees;

(26) "Participating service" means the period of employment after the entry date for which credit is granted a member;

(27) "Prior service" means the period of employment of a member by an eligible employer prior to his entry date for which credit is granted a member under this act;

(28) "Retirant" means a member who has retired under the System;

(29) "Retirement benefit" means a monthly income with benefits accruing from the first day of the month coinciding with or following retirement and ending on the last day of the month in which death occurs or the actuarial equivalent thereof paid in such manner as specified by the member pursuant to this act or as otherwise allowed to be paid at the discretion of the Board;

(30) "Social Security" means the old-age survivors and disability section of the Federal Social Security Act;

(31) "Total disability" means a physical or mental disability accepted for disability benefits by the Federal Social Security System;

(32) "Service-connected disability benefits" means military service benefits which are for a service-connected disability rated at twenty percent (20%) or more by the Veterans Administration or the Armed Forces of the United States;

(33) "Elected official" means a person elected to a state office in the legislative or executive branch of state government or, except for the county superintendent of schools, a person elected to a county office for a definite number of years and shall include an individual who is appointed to fill the unexpired term of an elected state official;

(34) "Elected service" means the period of service as an elected official; and

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

SECTION 13. AMENDATORY 74 O.S. 1991, Section 905, is amended to read as follows:

Section 905. (1) There shall be a Board of Trustees which shall consist of thirteen (13) members as follows: The Chairman of the Corporation Commission, the Administrator of the Office of Personnel Management, the State Insurance Commissioner, the Director of State Finance, ~~the Secretary~~ a member of the State Tax Commission selected by the State Tax Commission, three members appointed by the Governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives and two members appointed by the President Pro Tempore of the State Senate. One member appointed by the Governor shall be an active member of the System. One member appointed by the Speaker shall be an active member of the System. One member appointed by the President Pro Tempore shall be a retired member of the System.

(2) The member of the Board of Trustees on the operative date of this act who was appointed by the Supreme Court shall complete the term of office for which the member was appointed. The members thereafter appointed by the Supreme Court shall serve terms of office of four (4) years.

(3) Members of the Board of Trustees on the operative date of this act who were appointed by the Speaker of the House of Representatives or by the President Pro Tempore of the Senate shall complete their term of office for which they were appointed. The initial term of office of members appointed thereafter shall expire on January 8, 1991. 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.

(4) The initial term of office of the members appointed by the Governor 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.

(5) One of the members appointed to the Board by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate and two members appointed to the Board by the Governor shall:

(a) have demonstrated professional experience in investment or funds management, public funds management, public or private pension fund management or retirement system management;

(b) have demonstrated experience in the banking profession and have demonstrated professional experience in investment or funds management;

(c) be licensed to practice law in this state and have demonstrated professional experience in commercial matters; or

(d) be licensed by the Oklahoma State Board of Public Accountancy 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 (a) through (d) of this subsection.

(6) No member of the Board of Trustees shall be a lobbyist registered in this state as provided by law.

(7) Any vacancy that occurs on the Board of Trustees shall be filled for the unexpired term in the same manner as the office was previously filled.

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

(9) The Board shall elect one of its members as Chairman of the Board at its annual meeting. He shall preside over meetings of the Board and perform such other duties as may be required by the Board.

(10) The 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 his inability or refusal to act.

SECTION 14. AMENDATORY 74 O.S. 1991, Section 910, is amended to read as follows:

Section 910. (1) An eligible employer may join the System in January of any year. Application for affiliation shall be in the form of a resolution approved by the governing or legislative body of the eligible employer or by any other body or officer authorized by the law or recognized by the Board to approve such resolution or action; provided, that no county hospital, city or town, or any public or private trust in which a county, city or town participates and is the primary beneficiary shall become a participating employer except by the adoption of a resolution therefor, unless otherwise provided in this act. Upon the filing of a certified copy of such resolution with the Board, the employer shall become a participating employer on January 1 of the year immediately following the filing of such election with the Board. Such election shall be final and irrevocable and any employer now or hereafter participating in the System shall not be permitted to withdraw from the System under any circumstances, including a change in legal identity of such employer, where the purpose and functions of such employer remain essentially the same as at the time of filing of entry into the

System. Provided, however, any hospital joining the System during the period commencing December 1, 1977, and ending January 31, 1978, shall be permitted to withdraw from the System by the adoption of resolution therefor by the hospital board of control. Upon the filing of a certified copy of such resolution with the Board and upon the Board's determining that arrangements have been made for the payment of all financial obligations, if any, due the System by such withdrawing hospital, such hospital shall cease to be a participating employer on the first day of the month immediately following such determination and the filing of such resolution with the Board. The employees of any such hospital withdrawing from the System shall have such rights as are provided by Section 912.1 of this title. Any hospital that withdraws under the provisions of this act shall be responsible for the payment of any actuarial cost required as a result of such withdrawal. Provided, however, any county having a population of less than four hundred thousand (400,000), according to the latest Federal Decennial Census, shall become a participating employer on January 1, 1974, notwithstanding any other provision of statute.

(2) The State of Oklahoma, in its capacity as an eligible employer shall become a participating employer on the first entry date and thereafter on the entry date immediately following the creation of any state agency not now in existence.

~~(3) The employees of any emergency medical service district, county hospital, city or town, and any public or private trust in which a county, city or town participates and is the primary beneficiary which becomes a participating employer from and after January 2, 1975, shall receive no credit for prior service.~~

~~(4) From and after the passage of this act no county hospital, or county or state governmental agency, shall institute a retirement system other than as provided for in this act, except as to any other supplemental retirement plans otherwise expressly provided for by law.~~

SECTION 15. AMENDATORY 74 O.S. 1991, Section 913, is amended to read as follows:

Section 913. (1) Prior service shall be credited as follows:

(a) A member shall receive full credit for employment with any participating employer prior to the entry date of his employer whether or not continuous and whether or not he was employed with a participating employer on such entry date, provided that any member who has retired before the passage of this act shall not receive retirement benefits retroactively for such prior service. Provided, that at such time that an employer becomes a participating employer on or after January 1, 1965, and before January 1, 1975, each member and each retirant, upon making proper written application therefor, shall receive prior service credit for service with such employer in the same manner as if such participating employer had been a participating employer; and increased benefits attributable to such increased prior service credit shall commence with the next monthly benefit payment due following receipt and approval of such application by the Board of Trustees. No prior service shall be granted, however, for periods of service in which the employee made contributions which he subsequently withdrew, unless he has complied with the provisions of subsection (5) of Section 917 of this title. The burden of proof regarding prior service shall be with the member and shall be documented in such manner as the Board may direct.

(b) Any member who was employed in an institution of higher learning by a State Board of Regents or who was employed by an Oklahoma school district prior to July 1, 1943, may receive prior

service credit under this act for the period of time they were so employed.

(c) Leaves of absence shall not be counted as breaks in continuous employment; however, leaves of absence shall not be credited except that involuntary furloughs established by Office of Personnel Management Rule 6.13, shall be credited.

(d) Any member who served in the Armed Forces of the United States, as defined in subsection (23) of Section 902 of this title, prior to membership in the Oklahoma Public Employees Retirement System shall be granted prior service credit, not to exceed five (5) years, for those periods of active military service during which he was a war veteran. Such prior military service credit shall not apply to any person receiving military retirement benefits other than service-connected disability benefits established by either the military service or the Veterans Administration.

(e) An elective state, county, city or town official who is ineligible for membership as a result of any applicable state law or constitutional provision making him ineligible solely because of his being such an official at the time of his eligibility for membership at the time his employer becomes a participating employer shall nevertheless not forfeit the prior service credit to which he would be entitled except for such ineligibility, provided that he either

- (i) becomes an employee of a participating employer within four (4) calendar months of the expiration of his term of office current at the time of his eligibility except for his being an elective state or county official, or
- (ii) within a period of four (4) years after the expiration of his term of office current at the time of his eligibility except for his being an elective state or county official, is elected as a state or county official and thereupon becomes a member of the System, or
- (iii) has completed ten (10) years of credited service as of the date of his eligibility for membership except for his being an elective state or county official.

(f) Beginning July 1, 1965, all employees of the Department of Human Services shall participate in the Oklahoma Public Employees Retirement System to the same extent as other employees of participating employers in such System. Provided, that any employee performing teaching services in the Oklahoma School for the Deaf or the Oklahoma School for the Blind may elect to participate in the Teachers' Retirement System of Oklahoma in lieu of the Oklahoma Public Employees Retirement System; and any other employee at each such institution or any other institution under the jurisdiction of the Oklahoma Department of Human Services, participating in the Teachers' Retirement System of Oklahoma, may elect to continue to participate in such system in lieu of the Oklahoma Public Employees Retirement System. All employees who shall have participated in the Teachers' Retirement System of Oklahoma and not continuing therein shall have the right to withdraw their membership from the Teachers' Retirement System of Oklahoma on the same terms as other members withdrawing from such System before retirement. Provided, all persons employed at the Oklahoma School for the Blind and Oklahoma School for the Deaf on June 30, 1965, who became subject to the Oklahoma Public Employees Retirement System, on July 1, 1965, shall receive credit for prior service and be eligible for participation, regardless of age.

(g) A member employed as a temporary employee by the Legislative Service Bureau or its predecessors, the State Senate or

the House of Representatives for the full duration of a regular legislative session prior to the member's eligibility for membership in the System shall receive six (6) months of prior service credit for each such full regular legislative session if the employee is employed by the Legislative Service Bureau or its predecessors, the State Senate or the House of Representatives as either a full-time or temporary employee for a minimum of six (6) full regular legislative sessions beginning January 1, 1983. For purposes of this subsection, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives.

(h) ~~Upon payment of a contribution prior to January 1, 1991, equal to ten percent (10%) of the annual compensation for each year of service purchased pursuant to this paragraph and interest thereon of not to exceed ten percent (10%) per annum to the System, a~~ A member of the System shall receive prior service credit for any years of service after January 1, 1975, the member had with the Oklahoma conservation districts a participating employer if the member is not receiving or eligible to receive such prior service credit for the same time in any other state or county retirement system authorized by law. ~~Effective January 1, 1991, to~~ To receive the service credit, the member shall pay the amount determined by the Board pursuant to Section ~~39~~ 913.5 of this ~~act~~ title.

(2) Participating service shall be credited as follows:

(a) A member shall receive credit for participating service with a participating employer in accordance with the rules and regulations established by the Board; provided, however, that a member who is not a full-time employee shall receive prorated credit for actual hours worked.

(b) Leaves of absence shall not count as a break in continuous employment provided the member leaves his accumulated contribution on deposit with the fund; however, the leaves of absence shall not be credited.

(c) Any member who has served in the Armed Forces of the United States, as defined in subsection (23) of Section 902 of this title, shall be granted participating service for those periods of active military service during which he was a war veteran provided this service is immediately preceded by a period of employment with a participating employer and is followed by return to employment as an employee with the same or another participating employer within ninety (90) days immediately following discharge from such military service provided the member leaves his accumulated contributions on deposit with the fund.

(d) A period of total disability under the System immediately followed by employment with a participating employer, shall not count as a break in continuous employment; provided, that such periods while not employed shall not be credited except that involuntary furloughs established by Office of Personnel Management Rule 6.13, shall be credited.

(e) Termination of employment with a participating employer followed by employment with the same or another participating employer within four (4) calendar months shall not constitute a break in continuous employment; provided, that such period while not employed shall not be credited as participating service.

(f) Provided, however, that all employee contributions required by this act made by employees prior to June 30, 1977, will entitle

the employee to additional years of participating service in accordance with the following schedule.

Employee accumulated contributions:

More than \$1.00 up to \$500 = 1 year participating service
More than \$500 up to \$1,000 = 2 years participating service
More than \$1,000 up to \$1,500 = 3 years participating service
More than \$1,500 up to \$2,000 = 4 years participating service
More than \$2,000 = 5 years participating service

In no event shall the employee be entitled to more than five (5) additional years of participating service as provided hereunder.

Provided further, that upon termination of employment prior to retirement, the accumulated contributions will be credited as above indicated to establish a vested benefit if so elected by any such employee.

(g) The total participating service credit of a member who retires or terminates employment and elects a vested benefit shall include not to exceed one hundred thirty (130) days of unused sick leave accumulated subsequent to August 1, 1959, during the member's employment with any participating employer. Such credit shall be added in terms of whole months. Twenty (20) days of unused sick leave shall equal one (1) month for purposes of participating service credit. If unused sick leave entitles a member to an additional year of service credit, the member's employer shall reimburse the System for the cost of funding the additional reserve. Each participating employer shall provide the System with adequate and timely information necessary to determine additional benefits and its cost under this paragraph. This paragraph shall apply to members retiring or vesting on or after July 1, 1984, and shall not be retroactive.

(3) In determining the number of years of credited service, a fractional year of six (6) months or more shall be considered as one (1) year, and less than six (6) months shall be disregarded.

(4) A member may receive credit for those years of credited service accumulated by the member while a member 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, or the Teachers' Retirement System of Oklahoma, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. To receive the service credit, the member shall pay a ~~five percent (5%)~~ contribution and interest of not to exceed five percent (5%) as may be required by the Board for each year of service transferred pursuant to this subsection; provided, however, effective January 1, 1990, the rate of contribution provided herein shall be ten percent (10%) and the rate of interest shall not exceed ten percent (10%), as determined by the Board, and effective January 1, 1991, to receive the service credit, the member shall pay the amount determined by the Board pursuant to Section ~~39~~ 913.5 of this ~~act~~ title.

(5) A member may receive credit for those years of service accumulated by the member as an elected official if the member is not receiving or eligible to receive retirement credit or benefits from said service in any public retirement system. Prior to January 1, 1991, to receive the service credit, the member shall pay to the Board for each year of service purchased pursuant to this subsection a sum equal to the employee and employer contribution rate that would have been applicable to the member as determined by the Board and interest of not to exceed five percent (5%), and effective January 1, 1991, to receive the service credit, the member shall pay

the amount determined by the Board pursuant to Section ~~39~~ 913.5 of this ~~act~~ title.

SECTION 16. AMENDATORY 74 O.S. 1991, Section 917, is amended to read as follows:

Section 917. (1) Upon termination of employment with a participating employer, not followed by employment with such participating employer, or another participating employer, within four (4) calendar months, the member shall be paid an amount equal to his accumulated contributions upon the filing of the proper application with the System.

(2) If such member has completed eight (8) years of credited service at date of termination or if the member has completed twenty (20) years of full-time-equivalent employment as a correctional officer or probation and parole officer with the Department of Corrections and is such an officer at the time of election of a vested benefit or if the member is a legislative session employee of the Legislature or if the employee is a session employee employed by the Legislative Service Bureau, four (4) years of credited service at date of termination, he may elect a vested benefit in lieu of receiving his accumulated contributions. The amount of the vested benefit shall commence at the normal retirement date and shall be paid monthly during the lifetime of the retirant with the last payment made on the last day of the month in which death occurs.

(3) Upon death before the normal or early retirement date of a member who has elected a vested benefit, his accumulated contributions shall be paid to his beneficiary unless the spouse of the deceased member is the beneficiary and elects monthly benefits as provided for in Section 918 of this title.

(4) Upon death after the normal or early retirement date of a retirant who elected a vested benefit without an option, the excess, if any, of his accumulated contributions over the sum of all payments of the vested benefit made to date of death shall be paid to his beneficiary.

(5) If a former employee, who meets the eligibility requirements for membership, returns to employment after the expiration of four (4) calendar months following the termination of his employment and the employee has withdrawn his accumulated contributions, he may pay to the System the sum of the accumulated contributions he has withdrawn plus interest of not to exceed five percent (5%), as determined by the Board, and shall receive the same benefits as if he had never withdrawn his contributions; provided, however, effective January 1, 1990, the rate of interest provided herein shall not exceed ten percent (10%), as determined by the Board. No member shall be permitted to take advantage of the payback for restoration of creditable service more than one time. If a member, who has elected a vested benefit, or a reemployed member, who has not withdrawn the member's contributions, again becomes an employee of a participating employer, the period of absence shall not be counted as a break in service; however, the period of absence shall not be credited.

(6) Prior to January 1, 1991, members, who at the time of employment were ineligible for membership into the System due to their age, shall receive benefits for the period of ineligibility if the employer and employee contributions are paid the System for that ineligible period. No interest shall be paid on a payback of this type. However, effective January 1, 1991, to receive benefits, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

(7) When any error in calculation or participation coverage to a prior or current employee exists, it shall be the responsibility of

the participating employer which made the error to pay the contribution and any interest charges or other costs levied against the employee.

(8) Upon application to the Board and payment of the employer and employee contributions as determined by the Board and interest of not to exceed five percent (5%) as required by the Board, a member of the System may receive service credit for those years of service that the member was eligible to receive service credit from the Teachers' Retirement System of Oklahoma; provided, however, effective January 1, 1990, the rate of interest provided herein shall not exceed ten percent (10%), as determined by the Board, and effective January 1, 1991, to receive the service credit, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title. Any application for service credit pursuant to the provisions of this subsection shall be filed with the Board prior to October 1, 1987.

SECTION 17. REPEALER 74 O.S. 1991, Section 933, is hereby repealed.

SECTION 18. This act shall become effective July 1, 1992.

SECTION 19. 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.

Passed the Senate the 29th day of May, 1992.

President of the Senate

Passed the House of Representatives the 29th day of May, 1992.

Speaker of the House of Representatives