STATE OF OKLAHOMA

2nd Session of the 43rd Legislature (1992)

HOUSE BILL NO. 2169 BY: THOMPSON

AS INTRODUCED

AN ACT RELATING TO SCHOOLS; AMENDING 70 O.S. 1991, SECTION 17-116.2, WHICH RELATES TO THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA; AUTHORIZING CREDIT FOR CERTAIN SERVICE; AND DECLARING AN EMERGENCY.

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

SECTION 1. AMENDATORY 70 O.S. 1991, Section 17-116.2, is amended to read as follows:

Section 17-116.2 A. Beginning July 1, 1987, 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.

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

1. beginning July 1, 1988 through June 30, 1989, five percent (5%) of the regular annual compensation of such member not in excess of the maximum compensation level;

2. beginning July 1, 1989 through June 30, 1990, five and one-half percent (5 1/2%) of the regular annual compensation of such member not in excess of the maximum compensation level; and

3. beginning July 1, 1990, six percent (6%) 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 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:

1. beginning July 1, 1988 through June 30, 1989, ten percent (10%) 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. beginning July 1, 1989 through June 30, 1990, ten and one-half percent (10 1/2%) 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. beginning July 1, 1990, eleven percent (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). Except as provided in subsection D of this section, any such election shall be irrevocable.

D. 1. Any member, 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. To make the change, the member shall complete a new 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). The required payment shall include any contribution required by the employing school district.

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. 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.

F. 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 ~~30~~ 17-116.8 of this ~~act~~ 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 ~~30~~ 17-116.8 of this ~~act~~ 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 ~~30~~ 17-116.8 of ~~Enrolled Senate Bill No. 810 of the 2nd Session of the 42nd Oklahoma Legislature~~ 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.

G. 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. 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 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 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 ~~30~~ 17-116.8 of this ~~act~~ title and his service credit shall continue to be accumulated during such absence.

I. Prior to 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 in the Teachers' Retirement System upon payment of the five percent (5%) contribution 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 ~~30~~ 17-116.8 of this ~~act~~ 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. 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 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 ~~30~~ 17-116.8 of this ~~act~~ 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. 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.

L. 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 as provided in subsection B of this section. 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 2. 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.

43-2-7067 SCE