

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

CONFERENCE COMMITTEE SUBSTITUTE

FOR ENGROSSED

SENATE BILL NO. 832

By: Haney and Hobson of the
Senate

and

Hamilton and Steidley of
the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to the Teachers' Retirement System; amending 70 O.S. 1991, Sections 17-101, as last amended by Section 45, Chapter 239, O.S.L. 1993, 17-108.1, as last amended by Section 1, Chapter 333, O.S.L. 1995, 17-116.2, as last amended by Section 17 of Enrolled House Bill No. 2428 of the 2nd Session of the 45th Oklahoma Legislature (70 O.S. Supp. 1995, Sections 17-101 and 17-108.1), which relate to retirement benefit computations; modifying definitions; defining terms; modifying provisions related to contributions to the Teachers' Retirement System; making certain contributions subject to maximum compensation levels; requiring certain entities or institutions within The Oklahoma State System of Higher Education to make contributions based on certain amount; modifying references; modifying provisions related to retirement benefit computations; deleting references to benefit computations related to service for certain entities or institutions; modifying references to employee contributions; adding requirement for employee contributions for certain period; authorizing certain members of retirement system to make election; providing for effect of election upon service performed for certain period; prohibiting election having certain effect; requiring payment of certain contribution amounts; imposing interest at certain rate; authorizing payment by certain date; authorizing payment by certain entities or institutions; providing for effect of payment pursuant to Internal Revenue Code; providing for effect of failure to make payment; providing for construction of certain provisions; prescribing procedures for election; providing for irrevocability of election; prescribing procedures for computation of retirement benefits for members having service for entities or institutions within The Oklahoma State System of Higher Education; providing computations for determination of retirement benefits; 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 70 O.S. 1991, Section 17-101, as last amended by Section 45, Chapter 239, O.S.L. 1993 (70 O.S. Supp. 1995, 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, 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 Section 17-116.2 of this title or the maximum compensation level specified in subsection (28) of this section. 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 salary plus fringe benefits. For purposes of this definition, 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.

(28) "Maximum compensation level" shall mean:

(a) Twenty-five Thousand Dollars (\$25,000.00) for credited service authorized and performed prior to July 1, 1995, for members not electing a higher maximum compensation level,

(b) Forty Thousand Dollars (\$40,000.00) for credited service authorized and performed prior to July 1, 1995, for members electing a maximum compensation

level in excess of Twenty-five Thousand Dollars
(\$25,000.00),

(c) Twenty-seven Thousand Five Hundred Dollars

(\$27,500.00) for members who, as of June 30, 1995,
had elected to have a maximum compensation level not
in excess of Twenty-five Thousand Dollars
(\$25,000.00), and who were employed by an entity or
institution within The Oklahoma State System of
Higher Education for credited service authorized and
performed on or after July 1, 1995, but not later
than June 30, 1996, if such member does not elect a
higher maximum compensation level for this period as
authorized by Section 4 of this act,

(d) Thirty-two Thousand Five Hundred Dollars

(\$32,500.00) for members employed by a comprehensive
university if the member meets the requirements
imposed by Section 4 of this act and the member
elects to impose a higher maximum compensation level
for service performed on or after July 1, 1995, but
not later than June 30, 1996,

(e) Forty-four Thousand Dollars (\$44,000.00) for members

who, as of June 30, 1995, had elected to have a
maximum compensation level in excess of Twenty-five
Thousand Dollars (\$25,000.00), and who were employed
by an entity or institution within The Oklahoma
State System of Higher Education for credited
service authorized and performed on or after July 1,
1995, but not later than June 30, 1996, if such
member does not elect a higher maximum compensation
level for this period as authorized by Section 4 of
this act,

(f) Forty-nine Thousand Dollars (\$49,000.00) for members

employed by a comprehensive university if the member
meets the requirements imposed by Section 4 of this
act and the member elects to impose a higher maximum

compensation level for service performed on or after July 1, 1995, but not later than June 30, 1996,

(g) the following amounts for credited service authorized and performed by members employed by a comprehensive university, based upon the election of the member in effect as of June 30, 1995:

1. for members who elected a maximum compensation level not in excess of Twenty-five Thousand Dollars (\$25,000.00):

(i) Thirty-two Thousand Five Hundred Dollars (\$32,500.00) for service authorized and performed on or after July 1, 1996, but not later than June 30, 1997,

(ii) Thirty-seven Thousand Five Hundred Dollars (\$37,500.00) for service authorized and performed on or after July 1, 1997, but not later than June 30, 1998,

(iii) Forty-two Thousand Five Hundred Dollars (\$42,500.00) for service authorized and performed on or after July 1, 1998, but not later than June 30, 1999,

(iv) Forty-seven Thousand Five Hundred Dollars (\$47,500.00) for service authorized and performed on or after July 1, 1999, but not later than June 30, 2000,

(v) Fifty-two Thousand Five Hundred Dollars (\$52,500.00) for service authorized and performed on or after July 1, 2000, but not later than June 30, 2001, and

(vi) the full amount of regular annual compensation for service authorized and performed on or after July 1, 2001, and

2. for members who elected a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00):

- (i) Forty-nine Thousand Dollars (\$49,000.00)
for service authorized and performed on or
after July 1, 1996, but not later than June
30, 1997,
- (ii) Fifty-four Thousand Dollars (\$54,000.00)
for service authorized and performed on or
after July 1, 1997, but not later than June
30, 1998,
- (iii) Fifty-nine Thousand Dollars (\$59,000.00)
for service authorized and performed on or
after July 1, 1998, but not later than June
30, 1999,
- (iv) Sixty-four Thousand Dollars (\$64,000.00)
for service authorized and performed on or
after July 1, 1999, but not later than June
30, 2000,
- (v) Sixty-nine Thousand Dollars (\$69,000.00)
for service authorized and performed on or
after July 1, 2000, but not later than June
30, 2001, and
- (vi) the full amount of regular annual
compensation for service authorized and
performed on or after July 1, 2001,
- (h) the full amount of regular annual compensation of:

 - 1. a member of the retirement system not employed
by an entity or institution within The Oklahoma
State System of Higher Education for all
credited service authorized and performed on or
after July 1, 1995,
 - 2. a member of the retirement system first employed
on or after July 1, 1995 by an entity or
institution within The Oklahoma State System of
Higher Education for all credited service
authorized and performed on or after July 1,
1995, but not later than June 30, 1996,

3. a member of the retirement system employed by an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, if the member elects to impose a higher maximum compensation level for service performed on or after July 1, 1995, but not later than June 30, 1996, pursuant to subsection B of Section 4 of this act,
4. a member of the retirement system who is first employed on or after July 1, 1996 by any entity or institution within The Oklahoma State System of Higher Education, including a comprehensive university, for credited service authorized and performed on or after July 1, 1996,
5. a member of the retirement system who, as of July 1, 1996, is subject to a maximum compensation level pursuant to paragraph (g) of this subsection if the member terminates service with a comprehensive university and is subsequently reemployed by a comprehensive university, or
6. a member of the retirement system employed by a comprehensive university for all service performed on and after July 1, 2001.

(29) "Comprehensive university" shall mean:

- (a) the University of Oklahoma and all of its constituent agencies, including the University of Oklahoma Health Sciences Center, the University of Oklahoma Law Center and the Geological Survey, and
- (b) Oklahoma State University and all of its constituent agencies, including the Oklahoma State University Agricultural Experiment Station, the Oklahoma State University Agricultural Extension Division, the Oklahoma State University College of Veterinary Medicine, the Oklahoma State University College of

Osteopathic Medicine, the Technical Branch at
Oklahoma City and the Technical Branch at Okmulgee.

SECTION 2. AMENDATORY 70 O.S. 1991, Section 17-108.1, as last amended by Section 1, Chapter 333, O.S.L. 1995 (70 O.S. Supp. 1995, 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 ~~based upon the applicable compensation level of the member. For purposes of this section, "maximum compensation level" shall be those salary amounts upon which the retirement allowance is calculated as specified by paragraphs 2, 3 and 4 of subsection A of Section 17-116.2 of this title:~~

1. Beginning July 1, 1992, through June 30, 1993, 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, 1993, through June 30, 1994, 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, 1994, through June 30, 1995, 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, 1995, through June 30, 1996, eight and one-half percent (8 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

5. Beginning July 1, 1996, through June 30, 1997, nine and one-half percent (9 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

6. Beginning July 1, 1997, through June 30, 1998, ten and one-half percent (10 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

7. Beginning July 1, 1998, through June 30, 1999, eleven and one-half percent (11 1/2%) of the regular annual compensation of

the member not in excess of any applicable maximum compensation level of the member;

8. Beginning July 1, 1999, through June ~~20~~ 30, 2000, twelve and one-half percent (12 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

9. Beginning July 1, 2000, through June ~~20~~ 30, 2001, thirteen and one-half percent (13 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

10. Beginning July 1, 2001, through June 30, 2002, fourteen and one-half percent (14 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

11. Beginning July 1, 2002, through June 30, 2003, fifteen and one-half percent (15 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

12. Beginning July 1, 2003, through June 30, 2004, sixteen and one-half percent (16 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member;

13. Beginning July 1, 2004, through June 30, 2005, seventeen and one-half percent (17 1/2%) of the regular annual compensation of the member not in excess of any applicable maximum compensation level of the member; and

14. Beginning July 1, 2005, through June 30, 2006, and for each fiscal year thereafter, eighteen percent (18%) of the regular annual compensation of the member not in excess of any applicable 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.

B. For entities or institutions within The Oklahoma State System of Higher Education, the contributions to the retirement

system specified in subsection A of this section shall be made on regular annual compensation of a member who is an employee of such entity or institution not to exceed the maximum compensation level in effect for the member as prescribed by law.

C. Employers paying contributions to the Retirement System pursuant to ~~this~~ subsection A or B of this section 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 A or B of this section. 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 no event shall the additional contribution required to be paid by the contributing employer under this ~~paragraph~~ subsection be less than the contribution required under this ~~paragraph~~ subsection in the prior year. In the event actual contributions do not equal the required total contribution as provided in ~~this~~ subsection A or B of this section, 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.~~ D. 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

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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 3. AMENDATORY 70 O.S. 1991, Section 17-116.2, as last amended by Section 17 of Enrolled House Bill No. 2428 of the 2nd Session of the 45th 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, 1994, a classified member who retired prior to July 1, 1993, shall have the member's retirement allowance calculated on the member's current minimum average salary plus Five Hundred Fifty Dollars (\$550.00). 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, 1994, an unclassified member who retired prior to July 1, 1993, shall have the member's retirement allowance calculated on the member's current minimum average salary plus Two Hundred Seventy-five

Dollars (\$275.00). Those individuals receiving benefits pursuant to subsection (3) of Section 17-105 of this title whose benefits commenced prior to July 1, 1993, shall receive an increase in benefits of two and one-half percent (2 1/2%). 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. ~~Except as otherwise provided by paragraph 3 or 4 of this subsection, beginning~~ Beginning July 1, 1995, a member, ~~other than a member employed by an entity or institution within The Oklahoma State System of Higher Education~~ who has no service performed on or after July 1, 1995, for an entity or institution within The Oklahoma State System of Higher Education, 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.

~~3. Beginning July 1, 1995, a member of the System employed by an entity or institution within The Oklahoma State System of Higher Education as of June 30, 1995, 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 provided by this paragraph. The maximum compensation level of the member shall be determined based upon the election in effect for the member as of June 30, 1995. No member may change the election with respect to the member's maximum compensation level which is in effect for the member as of June 30, 1995. The allowance for the members specified by this paragraph shall be payable as follows:~~

- ~~a. if, prior to July 1, 1995, the member 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 on or after July 1, 1995, but not later than June 30, 1996, not to exceed Forty-four Thousand Dollars (\$44,000.00), multiplied by the number of the member's years of credited service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, plus~~
 - ~~(3) two percent (2%) of the member's average salary upon which member contributions were made on or after July 1, 1996, but not later than June 30, 1997, not to exceed Forty-eight Thousand Dollars (\$48,000.00), multiplied by the number of the member's years of credited service authorized~~

~~and performed on or after July 1, 1996, but not later than June 30, 1997, plus~~

~~(4) 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, 1997, or~~

~~b. if the member elected to have a maximum compensation level not 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, 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 on or after July 1, 1995, but not later than June 30, 1996, not to exceed Twenty-seven Thousand Five Hundred Dollars (\$27,500.00), multiplied by the number of the member's years of credited service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, plus~~

~~(3) two percent (2%) of the member's average salary upon which member contributions were made on or after July 1, 1996, but not later than June 30, 1997, not to exceed Thirty Thousand Dollars (\$30,000.00), multiplied by the number of the member's years of credited service authorized and performed on or after July 1, 1996, but not later than June 30, 1997, plus~~

~~(4) 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, 1997.~~

~~4. A member of the System employed by an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1995, 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 average salary upon which member contributions were made, multiplied by the number of years of credited service authorized and performed on or after July 1, 1995.~~

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

1. Beginning July 1, 1992, through June 30, 1996, six percent (6%) of the regular annual compensation of ~~members described in paragraphs 2 and 4 of subsection A of this section~~ such member not in excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1, 1995, through June 30, 1996, six percent (6%) of the maximum compensation level ~~of members described in paragraph 3 of subsection A of this section;~~ and

2. Beginning July 1, 1996, through June 30, 1997, six and one-half percent (6 1/2%) of the regular annual compensation of ~~members described in paragraphs 2 and 4 of subsection A of this section,~~ who are not employed by an entity or institution within The Oklahoma State System of Higher Education not in excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1, 1996, through June 30, 1997, six and one-half percent (6 1/2%) of the ~~maximum~~ regular annual compensation level of members ~~described in paragraph 3 of subsection A of this section,~~ who are employed by an entity or institution within The Oklahoma State System of Higher Education, not in excess of Twenty-five Thousand Dollars (\$25,000.00); and

3. Beginning July 1, 1997, seven percent (7%) of the regular annual compensation of ~~such~~ the member not in excess of any applicable maximum compensation level of the member.

C. 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 following amounts:

- a. beginning July 1, 1992, through June 30, 1993, 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),
- b. beginning July 1, 1993, through June 30, 1994, nine percent (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
- c. beginning July 1, 1994, through June 30, 1995, eight percent (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 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 described in paragraphs 2 and 4 of subsection A of this section, who is not employed by an entity or institution within The Oklahoma State System of Higher Education, that is in excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1, 1996, through June 30, 1997, seven percent (7%) of the regular annual compensation of each member who is employed by an entity or institution within The Oklahoma State System of Higher Education in excess of Twenty-five Thousand Dollars (\$25,000.00), but not in excess of any applicable maximum compensation level of the member.

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, 26 U.S.C., Section 101 et seq.;

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, pursuant to a lawful contract which complies with the requirements of subsection B of Section 6-101.2 of this title, any benefit payments not made

pursuant to a valid employment agreement, or any compensation not described in paragraphs 1 through 3 of this subsection.

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 make back contributions to the Retirement System. 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 changes made pursuant to this subsection shall be irrevocable.

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 compounded annually at ten percent (10%) per annum. Such payment shall be made prior to the official retirement date of the member.

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 or subsection C 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

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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 while in the Peace Corps or 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 Peace Corps, 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 Peace Corps, 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.

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.

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 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, 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.

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 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. Provided, however, any one such absence shall not exceed eight (8) continuous years. No member who has less than ten (10) years of contributory service on July 1, 1994, may make this election after June 30, 1994. Members contributing to the System on July 1, 1994, may continue to contribute under this subsection until they have completed eight (8) years allowed by this subsection.

K. A member may receive credit for those years of service accumulated by the member while 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, the member shall pay the amount determined by the Board of Trustees pursuant to Section 17-116.8 of this title. For purposes of this subsection, creditable service transferred from the Oklahoma Public Employees Retirement System shall include service authorized under paragraph (f) of subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes as amended from time to time. Members who retire prior to July 1, 1993, shall have their monthly benefit adjusted to include all services accrued under paragraph (f) of subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes. Provided however, any adjustment of existing retirement benefits caused by reason of inclusion of such service authorized under paragraph (f) of subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes shall not affect any retirement benefit paid prior to July 1, 1993.

L. 1. An active member of the Teachers' Retirement System of Oklahoma may receive credit for those years of service accumulated by the member while a member of the Oklahoma Public Employees Retirement System if:

- a. the member is an active member of the Teachers' Retirement System of Oklahoma, and
- b. the member provides notice to the Oklahoma Public Employees Retirement System and the Teachers' Retirement System of Oklahoma of the member's election to transfer said service credit. The notice shall include a list of the years to be transferred, and
- c. the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system, notwithstanding

the years of service sought to be transferred under this subsection.

Members electing to take advantage of the transfer authorized by this subsection who are receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system shall have all service credit with the Oklahoma Public Employees Retirement System canceled which is not transferred to the Teachers' Retirement System of Oklahoma or used as a cash offset in such a transfer pursuant to subparagraph d of paragraph 2 of this subsection. Service credit transferred to the Teachers' Retirement System of Oklahoma under this subsection shall also be canceled with the Oklahoma Public Employees Retirement System.

2. For purposes of this subsection, the "sending system" shall mean the Oklahoma Public Employees Retirement System. The "receiving system" shall mean the Teachers' Retirement System of Oklahoma.

a. Within thirty (30) days notification of an intent to transfer is received by the sending system, the sending system shall, according to its own rules and regulations:

(1) for members who have accrued at least eight (8) years of credited service with the sending system, determine the present value of the member's earned benefits attributable to the years of service sought to be transferred, discounted according to the member's age at the time of transfer and computed as of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation, but shall not make any projections regarding future salary. For

employees who have accrued at least eight (8) years of credited service, the sending system shall use the product of this calculation for purposes of determining the transfer fee to be paid by the employee under subparagraph c of this paragraph so long as it is greater than the product of the calculation in division (2) of this subparagraph, and

(2) determine the sum of the employee and employer contributions applicable to the years of service sought to be transferred plus interest consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation. For all non-vested members, and for members who have accrued at least eight (8) years of credited service, if the product of this calculation is greater than the product of the calculation in division (1) of this subparagraph, the sending system shall use the product of this calculation for purposes of determining the amount to be transferred by the sending system under subparagraph c of this paragraph and any transfer fee to be paid by the member under subparagraph d of this paragraph.

b. Within thirty (30) days notification of an intent to transfer is received by the receiving system, the receiving system shall determine, according to the system's own rules and regulations, the present value of the member's incremental projected benefits discounted according to the member's age at the time of the transfer. Incremental projected benefits shall be the difference between the projected benefit said member would receive without transferring the service credit and the projected benefit after transfer of service credit computed as

of the earliest age at which the member would be able to retire. Said computation shall assume an unreduced benefit and be computed using interest, salary projections and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation.

- c. The sending system shall, within sixty (60) days from the date notification of an intent to transfer is received by the sending system, transfer to the receiving system the amount determined in subparagraph a of this paragraph. Except if the cost as calculated under subparagraph a of this paragraph is greater than the actuarial value of the incremental benefit in the receiving system, as established in subparagraph b of this paragraph, the sending system shall send the receiving system an amount equal to the actuarial value of the incremental projected benefit in the receiving system.
- d. In order to receive the credit provided for in paragraph 1 of this subsection, if the cost of the actuarial value of the incremental benefit to the receiving system is greater than the cost as calculated under subparagraph a of this paragraph for the same years of service to the sending system as established in subparagraphs a and b of this paragraph, the employee shall elect to:
 - (1) pay any difference to receive full credit for the years sought to be transferred, or
 - (2) receive prorated service credit for only the amount received from the Oklahoma Public Employees Retirement System pursuant to this subsection.

Such an election shall be made in writing, filed with the System prior to receiving the credit

provided for in paragraph 1 of this subsection, and shall be irrevocable.

3. Within sixty (60) days of successfully completing all of the requirements for transfer under this subsection, the sending system shall pay the receiving system any amount due under this subsection. Within sixty (60) days of successfully completing all of the requirements for transfer under this subsection, the member shall pay the receiving system any amount due under this subsection. In the event that the member is unable to pay the transfer fee provided for in this subsection by the due date, the Board of Trustees of the receiving system shall permit the member to amortize the transfer fee over a period not to exceed sixty (60) months. Said payments shall be made by payroll deductions unless the Board of Trustees permits an alternate payment source. The amortization shall include interest in an amount not to exceed the actuarially assumed interest rate adopted by the Board of Trustees for investment earnings each year. Any member who ceases to make payment, terminates, retires or dies before completing the payments provided for in this section shall receive prorated service credit for only those payments made, unless the unpaid balance is paid by said member, his or her estate or successor in interest within six (6) months after said member's death, termination of employment or retirement, provided no retirement benefits shall be payable until the unpaid balance is paid, unless said member or beneficiary affirmatively waives the additional six-month period in which to pay the unpaid balance.

4. Years of service transferred pursuant to this subsection shall be used both in determining the member's retirement benefit and in determining the years of service for retirement and/or vesting purposes. Years of service rendered as a member of the Oklahoma Public Employees Retirement System prior to July 1, 1992, if any, shall be deemed to be years of service rendered as a member of the Teachers' Retirement System of Oklahoma prior to July 1, 1992, and shall qualify such person as a member of the Teachers' Retirement System of Oklahoma before July 1, 1992.

5. Notwithstanding the requirements of subsection (5) of Section 917 of Title 74 of the Oklahoma Statutes, members electing to take advantage of the transfer authorized by this subsection who have withdrawn their contributions from the sending system shall remit to the sending system the amount of the accumulated contributions the member has withdrawn plus simple interest of ten percent (10%) per annum prior to making said election or the election shall be deemed invalid and the transfer shall be canceled. If such an election is deemed invalid and the transfer is canceled, the accumulated contribution remitted to the sending system by the member who originally withdrew their contributions shall be returned to the member. The member's rights and obligations regarding any service credit reestablished in the sending system due to a failure to satisfy the requirements of this subsection shall be determined by the sending system in accordance with Section 901 et seq. of Title 74 of the Oklahoma Statutes.

6. If any member fails for any reason to satisfy the requirements of this subsection, the election to transfer service credit shall be void and of no effect, and any service credited as a result of this transfer shall be canceled. If such service is canceled, the years of canceled service credit which were unsuccessfully transferred to the receiving system from the sending system shall be reestablished in the sending system. The member's rights and obligations regarding any service credit reestablished in the sending system due to a failure to satisfy the requirements of this subsection shall be determined by the sending system in accordance with Section 901 et seq. of Title 74 of the Oklahoma Statutes.

7. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this subsection.

M. 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.

N. 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.

O. 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 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-116.2A of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Except as otherwise provided by this section, an active contributing member of the retirement system who performed membership service as an employee of a comprehensive university on or after July 1, 1995, but not later than June 30, 1996, may with respect to membership service performed between those dates, inclusive, elect to:

1. Retroactively impose a maximum compensation level of Thirty-two Thousand Five Hundred Dollars (\$32,500.00), if the member was subject to a maximum compensation level of Twenty-seven

Thousand Five Hundred Dollars (\$27,500.00) for service performed on or after July 1, 1995, but not later than June 30, 1996; or

2. Retroactively impose a maximum compensation level of Forty-nine Thousand Dollars (\$49,000.00), if the member was subject to a maximum compensation level of Forty-four Thousand Dollars (\$44,000.00) for service performed on or after July 1, 1995, but not later than June 30, 1996.

B. Except as otherwise provided by this section, an active contributing member of the retirement system who performed membership service as an employee of an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, on or after July 1, 1995, but not later than June 30, 1996, may with respect to membership service performed between those dates, inclusive, elect to retroactively remove the maximum compensation level applicable to the member's compensation for any service performed during that time period.

C. A member electing a maximum compensation level or removing a maximum compensation level pursuant to subsection A or subsection B of this section shall be required to pay to the retirement system the full amount of employer contributions and employee contributions applicable for the period of service based upon the elections authorized by this section, less the amount of employer contributions and employee contributions made or credited for that period, plus ten percent (10%) interest from the date such contributions would have been made until the payment is made to the retirement system. The interest charged pursuant to this subsection shall be compounded annually. A member may pay the amount prescribed by this subsection at any time prior to the date as of which the member files the written application for retirement with the retirement system. An entity or institution within The Oklahoma State System of Higher Education may make payment to the retirement system for any part or all of the amount required by this subsection for an employee of that entity or institution in order for retirement benefits to be computed at the applicable maximum compensation level for membership service performed on or after July 1, 1995, but not later than June 30,

1996. Any amount paid by an employer pursuant to this subsection shall be deemed to be picked up by the employer pursuant to Section 414(h) of the Internal Revenue Code of 1986, as amended.

D. If a member who elects a retroactive maximum compensation level or who elects to retroactively remove a maximum compensation level pursuant to subsection A or subsection B of this section fails to pay the amount required to receive credit for compensation earned on or after July 1, 1995, but not later than June 30, 1996, the member shall receive retirement benefits for this period of service based upon compensation upon which both the required employer and employee contributions were actually made.

E. For purposes of computing the retirement allowance of a member authorized to make the election authorized by subsection A or subsection B of this section, no member electing a retroactive maximum compensation level or retroactively removing a maximum compensation level pursuant to subsection A or subsection B of this section may receive retirement benefits for the period of service based upon compensation in excess of the amount of compensation upon which employer and employee contributions were actually paid unless full payment to the retirement system is made as required by subsection C of this section.

F. No provision contained in this section shall be considered or construed to require payment of any sum by an entity or institution within The Oklahoma State System of Higher Education of amounts owed to the retirement system by a member who makes an election authorized by subsection A or subsection B of this section.

G. A member eligible to make the election authorized by subsection A or subsection B of this section shall:

1. Make the election in writing, upon a form to be prescribed by the Board of Trustees; and
2. File the election with the Board of Trustees not later than December 31, 1996.

H. All elections authorized by the provisions of subsection A or subsection B of this section shall be permitted once, and only once, for each employee authorized to make the election. Any

election made pursuant to the provisions of this section shall be irrevocable and shall bind the employee, the employee's heirs, beneficiaries and other interested persons, with respect to the amount of compensation upon which contributions shall be made and the amount of retirement benefits resulting from the election so made. Any employee who is eligible to make an election pursuant to the provisions of this section, but who fails to do so, for whatever reason, shall forfeit any right or power by the employee to attempt to exercise the election at any later time. All elections made pursuant to this section shall be operative only for service performed and compensation received from an entity or institution within The Oklahoma State System of Higher Education and shall not have any effect with respect to compensation received from any other participating employer within the Teachers' Retirement System of Oklahoma.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-116.2B of Title 70, unless there is created a duplication in numbering, reads as follows:

Beginning July 1, 1996, a member who has any creditable service as an employee of an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1995, 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:

1. 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:

- a. two percent (2%) of the member's salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, plus
- b. 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 for a comprehensive university on or after July 1, 1996, plus

- c. 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 for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1996, but not later than June 30, 2001, plus
- d. 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 on or after July 1, 2001.

2. 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 Section 17-116.2 of Title 70 of the Oklahoma Statutes or pursuant to subsection E of Section 17-116.2 of Title 70 of the Oklahoma Statutes, 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:

- a. 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
- b. two percent (2%) of the member's salary upon which member contributions were made, not to exceed the maximum compensation level in effect for the member for the period July 1, 1995, through June 30, 1996, which shall be:

- (1) Forty-four Thousand Dollars (\$44,000.00), if the member was subject to this maximum compensation level pursuant to paragraph 3 of subsection A of Section 17-116.2 of Title 70 of the Oklahoma Statutes and does not modify the maximum compensation level, or
- (2) Forty-nine Thousand Dollars (\$49,000.00), if a member employed by a comprehensive university makes the election authorized by subsection A of Section 4 of this act and payment of contributions is made as required by law, or
- (3) the full amount of regular annual compensation if a member employed by an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, makes the election authorized by subsection B of Section 4 of this act and payment of contributions is made as required by law, plus

c. two percent (2%) of the member's salary upon which member contributions were made not to exceed the following amounts for members who, as of June 30, 1995, had elected to contribute upon compensation in excess of Twenty-five Thousand Dollars (\$25,000.00):

- (1) Forty-nine Thousand Dollars (\$49,000.00) for service authorized and performed for a comprehensive university on or after July 1, 1996, but not later than June 30, 1997,
- (2) Fifty-four Thousand Dollars (\$54,000.00) for service authorized and performed for a comprehensive university on or after July 1, 1997, but not later than June 30, 1998,
- (3) Fifty-nine Thousand Dollars (\$59,000.00) for service authorized and performed for a comprehensive university on or after July 1, 1998, but not later than June 30, 1999,

- (4) Sixty-four Thousand Dollars (\$64,000.00) for service authorized and performed for a comprehensive university on or after July 1, 1999, but not later than June 30, 2000, and
- (5) Sixty-nine Thousand Dollars (\$69,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2000, but not later than June 30, 2001, plus
- d. 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 for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1996, but not later than June 30, 2001, plus
- e. 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 for a comprehensive university on or after July 1, 1996, but not later than June 30, 2001, if the member terminates service with a comprehensive university and is subsequently re-employed by a comprehensive university, plus
- f. 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, 2001.

3. 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 Section 17-116.2 of Title 70 of the Oklahoma Statutes or pursuant to subsection E of Req. No. 3022Page 38

Section 17-116.2 of Title 70 of the Oklahoma Statutes, in an amount equal to:

- a. 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
- b. two percent (2%) of the member's salary upon which member contributions were made, not to exceed the maximum compensation level in effect for the member for the period July 1, 1995, through June 30, 1996, which shall be:
 - (1) Twenty-seven Thousand Five Hundred Dollars (\$27,500.00), if the member was subject to this maximum compensation level pursuant to paragraph 3 of subsection A of Section 17-116.2 of Title 70 of the Oklahoma Statutes and does not modify the maximum compensation level, or
 - (2) Thirty-two Thousand Five Hundred Dollars (\$32,500.00) if a member employed by a comprehensive university makes the election authorized by subsection A of Section 4 of this act and payment of contributions is made as required by law, or
 - (3) the full amount of regular annual compensation if a member employed by an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, makes the election authorized by subsection B of Section 4 of this act and payment of contributions is made as required by law, plus
- c. two percent (2%) of the member's salary upon which member contributions were made, not to exceed the

following amounts for members who, as of June 30, 1995, had elected not to contribute upon compensation in excess of Twenty-five Thousand Dollars (\$25,000.00):

- (1) Thirty-two Thousand Five Hundred Dollars (\$32,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1996, but not later than June 30, 1997,
- (2) Thirty-seven Thousand Five Hundred Dollars (\$37,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1997, but not later than June 30, 1998,
- (3) Forty-two Thousand Five Hundred Dollars (\$42,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1998, but not later than June 30, 1999,
- (4) Forty-seven Thousand Five Hundred Dollars (\$47,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1999, but not later than June 30, 2000, and
- (5) Fifty-two Thousand Five Hundred Dollars (\$52,500.00) for service authorized and performed for a comprehensive university on or after July 1, 2000, but not later than June 30, 2001, plus

- d. 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 for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education

on or after July 1, 1996, but not later than June 30, 2001, plus

- e. 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 for a comprehensive university on or after July 1, 1996, but not later than June 30, 2001, if the member terminates service with a comprehensive university and is subsequently re-employed by a comprehensive university, plus
- f. 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, 2001.

SECTION 6. This act shall become effective July 1, 1996.

SECTION 7. 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.

45-2-3022

SLM