

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)  
3RD CONFERENCE COMMITTEE  
SUBSTITUTE FOR ENGROSSED  
SENATE BILL NO. 903

By: Monson of the Senate

and

Roberts of the House

3RD CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to retirement; amending 20 O.S. 1991, Sections 1102, as last amended by Section 4, Chapter 351, O.S.L. 1994, 1102A, as amended by Section 1, Chapter 318, O.S.L. 1995 and 1103 (20 O.S. Supp. 1995, Sections 1102 and 1102A), which relate to the Uniform Retirement System for Justices and Judges; amending 70 O.S. 1991, Section 17-105, as last amended by Section 8, Chapter 358, O.S.L. 1995 (70 O.S. Supp. 1995, Section 17-105), which relates to the Oklahoma Teachers' Retirement System; amending 74 O.S. 1991, Sections 905, as amended by Section 13, Chapter 376, O.S.L. 1992, 913.4, as last amended by Section 3, Chapter 302, O.S.L. 1995, 915, as last amended by Section 5, Chapter 302, O.S.L. 1995 and 918, as last amended by Section 2, Chapter 371, O.S.L. 1994 (74 O.S. Supp. 1995, Sections 905, 913.4, 915 and 918), which relate to the Oklahoma Public Employees Retirement System; clarifying certain references; altering certain survivor benefits; removing certain restrictions on remarriage; allowing certain selection and designation; altering certain default calculations; changing certain benefit structures; limiting application of certain changes in benefit structure; making provisions for certain surviving spouses; defining certain terms; allowing benefit adjustment to be declined in certain cases; reducing years of service required to be eligible for certain benefits; allowing designation of a designated joint annuitant for certain active members; requiring consent of spouse for certain designation; extending deadline for certain report; providing for noncodification; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 20 O.S. 1991, Section 1102, as last amended by Section 4, Chapter 351, O.S.L. 1994 (20 O.S. Supp. 1995, Section 1102), is amended to read as follows:

Section 1102. Any Justice or judge of the Supreme Court, Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals or District Court who serves as Justice or judge of any of said courts in the State of Oklahoma for a period of ~~eight (8)~~ six (6) years or longer and upon reaching or passing the age of seventy (70) years, or who serves for a period of ten (10) years or longer and upon reaching or passing the age of sixty-five (65) years, or who serves for a period of twenty (20) years or longer and upon reaching or passing the age of sixty (60) years, or whose sum of years of service and age equal or exceeds eighty (80), shall be eligible to receive the retirement benefits herein provided, and, if such Justice or judge is still serving in such capacity when the above requirements are complied with, he may elect to retire and may elect whether such retirement shall become effective immediately or at a specified time within his term or at the expiration of his term, by filing a written declaration of his desire to retire with the Governor and the Court Administrator, and the Governor shall endorse his approval thereon if the conditions herein specified exist. For the purpose of this act, years to be credited for retirement shall be as follows: Any Justice or judge who, at the time this act was originally passed in 1968, was serving as a Justice or judge of a court that is included in the State Supernumerary Judges Act shall receive credit for retirement under this act for each year said Justice or judge has served in any court of record, and any Justice or judge who, on January 12, 1969, was not serving as a Justice or judge of a court that was included in the State Supernumerary Judges Act shall receive credit for each year he has served as a Justice or judge of a court of record, providing that he has served a period of two (2) years after assuming the office as a Justice or judge of one or more of the above-mentioned courts, and, in determining the periods of time above mentioned, a major fraction of a year shall count as a whole year. Any Justice of the Supreme Court or

Judge of the Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, or District Court, who has not served as a Justice or judge of a court of record of the State of Oklahoma or a court that was a court of record of the State of Oklahoma for a period of eight (8) years, and who on January 13, 1969, was a member of the Oklahoma Public Employees Retirement System, or the retirement system of any instrumentality of the state, or the retirement system of any county, shall not be required or permitted to become a member of, or participant in, The Uniform Retirement System for Judges and Justices provided for by Sections ~~1101 - 1107~~ 1101 through 1107, inclusive, of ~~Title 20 of the Oklahoma Statutes~~ this title, unless within ninety (90) days after May 7, 1969, he elected to so become and waived or forfeited any right to which he might have been entitled under the Oklahoma Public Employees Retirement System or the retirement system of any instrumentality of the state, or of a county, except the right of a refund of his accumulated contributions without interest thereon. No Justice of the Supreme Court or Judge of the Court of Criminal Appeals, Workers' Compensation Court, Court of Appeals, or District Court, who has served as a Justice or judge of a court of record of the State of Oklahoma or a court that was a court of record of the State of Oklahoma for a period of eight (8) years or more prior to January 13, 1969, and who was a member of the Oklahoma Public Employees Retirement System or a county retirement system on January 12, 1969, and who on January 13, 1969, was a Justice or judge in any of the aforementioned courts, shall be required to make an election as to which retirement system he shall be a member of, and nothing in this act shall be construed so as to require any such Justice or judge to forfeit any right to which he might be entitled under the Oklahoma Public Employees Retirement System or county retirement system to which he may have a vested or contractual interest but he will be required to participate in The Uniform Retirement System for Judges and Justices provided by Sections ~~1101 - 1107~~ 1101 through 1107, inclusive, of ~~Title 20 of the Oklahoma Statutes~~ this title. No Justice or judge of the above-mentioned courts shall be eligible

to enter the Oklahoma Public Employees Retirement System after January 13, 1969. Upon approval by the Governor of an election of any Justice or judge to retire as authorized by this act, the office held by such Justice or judge shall become vacated immediately or at the specified time within his term, or at the expiration of his term in accordance with the election of the judge desiring retirement status, and any such vacancy so created shall be filled in the manner provided by law and the Constitution. Provided, however, if any retired Justice or judge should be elected or appointed to any political or judicial office, his retirement compensation shall be suspended during the period of time that he holds such office and be reinstated upon his leaving such office.

SECTION 2. AMENDATORY 20 O.S. 1991, Section 1102A, as amended by Section 1, Chapter 318, O.S.L. 1995 (20 O.S. Supp. 1995, Section 1102A), is amended to read as follows:

Section 1102A. A. Any Justice or judge of the Supreme Court, Court of Criminal Appeals, Court of Appeals, Workers' Compensation Court or district court who has reached the age of fifty-five (55) years and has served as Justice or judge of any of the named courts in the State of Oklahoma for a period of fifteen (15) continuous years or longer, next preceding application for disability retirement, may receive as retirement disability compensation a maximum monthly benefit in an amount equal to four percent (4%) of the average monthly salary received by him when he served as a Justice or judge based on the last three (3) years of active service multiplied by the total number of years of service on the named courts. But in no event may such retirement disability exceed seventy percent (70%) of the average monthly salary based on the last three (3) years of active service and found applicable to such Justice or judge at the time of retirement, when such Justice or judge is ordered to retire from office with compensation by the Court on the Judiciary for the reason of physical disability preventing the proper performance of official duty. The decree of the Court on the Judiciary shall set forth the amount of compensation the Justice or judge so retired

shall receive, which compensation shall be payable out of the State Judicial Retirement Fund.

B. 1. The surviving spouse of a deceased Justice or judge having at least ~~eight (8)~~ six (6) years of service shall be entitled to receive survivor benefits in the amount herein prescribed, if married to the decedent on the day of the termination of his employment as a Justice or judge and has been so married to him continuously for a period of at least three (3) years immediately preceding his death. Provided, however, no surviving spouse of a judge or Justice who died prior to July 1, 1996, with less than eight (8) years of service shall be entitled to any benefits based on the amendments contained in Sections 1, 2 and 3 of this act.

2. Survivor benefits shall be payable in accordance with Section 1104A of this title if the surviving spouse has then attained the age of sixty (60) years or, if then under such age, immediately upon his attainment of that age or if the surviving spouse is disabled or when the deceased member served for a minimum of ten (10) years and the Workers' Compensation Court determines that the death arose out of and in the course of employment or when the deceased member would have met the requirements for retirement, whichever occurs first.

3. The amount of the benefits the surviving spouse may receive shall be as follows:

- a. fifty percent (50%) of the amount of benefits the deceased Justice or judge was receiving immediately prior to his death; or
- b. fifty percent (50%) of the amount the deceased Justice or judge would have been entitled to receive on the date of his death, the annual rate of such benefits to be determined without regard to whether the deceased Justice or judge had attained minimum retirement age at the time of his death.

4. ~~Remarriage~~ Effective July 1, 1996, the remarriage of a surviving spouse ~~prior to the spouse reaching the age of sixty (60) years~~ shall not disqualify the spouse for the receipt of

survivor benefits. Provided, however, no surviving spouse who remarried prior to the age of sixty (60) years before July 1, 1996, shall be entitled to any benefits based on the amendments contained in this section.

C. Any Justice, judge or surviving spouse meeting the requirements for disability retirement benefits as provided in this section may make application to the Court on the Judiciary for a determination of disability retirement benefits. The Justice, judge or surviving spouse making application shall be required by the Court on the Judiciary to be examined by two recognized physicians selected by the Court to determine the extent of disability of such applicant. The examining physicians shall furnish the Court a detailed written report of the disability of the examined applicant. The Court shall then determine whether the applicant, if he is a Justice or judge, has a disability preventing the proper performance of his official duties. If the applicant is a surviving spouse the court shall determine whether such surviving spouse is disabled. If the Court determines that the applicant is disabled, the Court shall order disability retirement benefits as provided by this section. The Court shall require all persons receiving disability benefits to submit to a physical examination once each year for the three (3) years following the start of disability benefits. The Court shall select two physicians to examine such persons and if they are found no longer disabled by the examining physicians the Court shall terminate such disability benefits. The Justice, judge or surviving spouse shall then be entitled to receive such other benefits as they may be entitled to by law.

SECTION 3. AMENDATORY 20 O.S. 1991, Section 1103, is amended to read as follows:

Section 1103. Each Justice or judge who is a member of The Uniform Retirement System for Justices and Judges shall have five percent (5%) of his current monthly salary withheld by the State of Oklahoma and deposited in a fund in the State Treasury which is hereby created and shall be known as the Oklahoma Judicial Retirement Fund. If a Justice or judge shall elect in writing to

Req. No. 3007Page 6

bring his surviving spouse within the provisions of this act extending certain benefits to his surviving spouse, he shall have eight percent (8%) of his current monthly salary withheld by the State of Oklahoma and deposited in said fund. If a Justice or judge shall cease to be a Justice or judge of the above-mentioned courts, for any reason, before he has accumulated ~~eight (8)~~ six (6) years of accredited service, or dies after he has accumulated ~~eight (8)~~ six (6) years' service and having no survivor benefit, then all the contributions retained from his salary shall be paid to him or his named beneficiary, or his estate in case of no named beneficiary, and he shall have no further claim against the State of Oklahoma for retirement pay for his services to date.

Upon death of a retired judge who has no survivor benefits, there shall be paid to his named beneficiary, or his estate in case of no named beneficiary, an amount equal to the excess, if any, of his accumulated contributions over the sum of all retirement benefit payments made.

SECTION 4. AMENDATORY 70 O.S. 1991, Section 17-105, as last amended by Section 8, Chapter 358, O.S.L. 1995 (70 O.S. Supp. 1995, Section 17-105), is amended to read as follows:

Section 17-105. (1) (a) Any member who has attained age fifty-five (55) or who has completed thirty (30) years of creditable service, as defined in Section 17-101 of this title, or for any person who initially became a member prior to July 1, 1992, regardless of whether there were breaks in service after July 1, 1992, whose age and number of years of creditable service total eighty (80) may be retired upon filing a written application for such retirement. Such a retirement date will also apply to any person who became a member of the sending system as defined in this act, prior to July 1, 1992, regardless of whether there were breaks in service after July 1, 1992. Any person who became a member after June 30, 1992, whose age and number of years of creditable service total ninety (90) may be retired upon filing a written application for such retirement. The application shall be filed on the form provided by the Board of Trustees for this

purpose, not less than thirty (30) days nor more than ninety (90) days before the date of retirement.

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

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

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

(2) An unclassified optional member who has retired or who retires at sixty-two (62) years of age or older or whose retirement is because of disability shall have his minimum retirement benefits calculated on an average salary of Five Thousand Three Hundred Fifty Dollars (\$5,350.00) or, if a larger

monthly allowance would result, an amount arrived at pursuant to application of the formula prescribed herein.

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

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

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

(5) Upon application of a member who is actively engaged in teaching in Oklahoma or his employer, any member who has been a contributing member for ten (10) years may be retired by the Board of Trustees not less than thirty (30) days nor more than ninety (90) days subsequent to the execution and filing thereof, on a disability retirement allowance, provided that it is found by the Board of Trustees after medical examination of such member by a duly qualified physician that such member is mentally or physically incapacitated for further performance of duty, that such incapacity is likely to be permanent, and that such member should be retired. The Board of Trustees shall give due consideration to the conclusions and recommendations in the certified written report of the Medical Board of the Teachers' Retirement System regarding the disability application of such member. If a member is determined to be eligible for disability benefits pursuant to the Social Security System, then such determination shall entitle the member to the authorized disability retirement allowance provided by law. For members who are not eligible for disability benefits pursuant to the Social Security System, the Board of Trustees shall apply the same standard for which provision is made in the first two sentences of this subsection for determining the eligibility of a person for such disability benefits in making a determination of eligibility for disability benefits as authorized by this subsection.

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

(b) A member who has qualified for retirement benefits under disability retirement shall have the total monthly payment deducted from his accumulated contributions plus interest earned and any money remaining in the member's account after the above deductions at the death of the member shall be paid in a lump sum to the beneficiary or to the estate of the member. Provided, if the deceased disabled member had thirty (30) years or more of creditable service and the death occurred after June 30, 1981, and death occurred prior to the disabled member receiving twelve monthly retirement payments, a surviving spouse may elect to receive the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 Plan of Retirement provided for in subsection (8) of this section in lieu of the death benefit provided for in this subsection and in subsection (12) of this section.

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

(d) Should the Medical Board report and certify to the Board of Trustees that such disabled annuitant is engaged in or is able to engage in a gainful occupation paying more than the difference between his retirement allowance and the average final compensation, and should the Board of Trustees concur in such report then the amount of his pension shall be reduced to an amount which, together with his retirement allowance and that amount earnable by him, shall equal the amount of his average final compensation. Should his earning capacity be later increased, the amount of his pension may be further modified,

provided the new pension shall not exceed that amount of the pension originally granted nor an amount, which when added to the amount earnable by the member, together with his annuity, equals the amount of his average final compensation.

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

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

Provided further, if there be no designated beneficiary surviving upon such death, and the contributions standing to the credit of such member do not exceed Two Hundred Dollars (\$200.00), no part of such contributions shall be subject to the payment of any expense of the last illness or funeral of the deceased member or any expense of administration of the estate of such deceased and the Board of Trustees, upon satisfactory proof of the death of such member and of the name or names of the person or persons who would be entitled to receive such contributions under the laws of descent and distribution of the state, may authorize the payment of accumulated contributions to such person or persons. A member terminating his membership by withdrawal shall have the interest computed at a rate of interest determined by the Board of Trustees and paid to him subject to the following schedule:

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

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

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

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

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

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

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

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

(c) The first payment of any benefit selected shall be made on the first day of the month following approval of the retirement by the Board of Trustees. If the named designated beneficiary under Option 2 or 3 dies at any time after the member's retirement date, but before the death of the member, the member shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option 2 or 3 of this subsection. The benefit shall be determined at the date of death of the designated beneficiary or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the designated beneficiary or July 1, 1994, whichever is later, and shall be payable for the member's remaining lifetime. The member shall notify the Teachers' Retirement System of Oklahoma of the death of the designated beneficiary in writing. In the absence of said written notice being filed by the member notifying the Teachers' Retirement System of Oklahoma of the death of the designated beneficiary within six (6) months of the date of death, nothing in this subsection shall require the Teachers' Retirement System of Oklahoma to pay more than six (6) months of retrospective benefits increase.

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

Option 2. A member takes a reduced retirement allowance for life. Upon the death of the member the payments shall continue to

the member's designated beneficiary, ~~who must be a spouse,~~ for the life of the beneficiary. The written designation of the beneficiary, who must be a ~~spouse~~ specific individual, must be duly acknowledged and filed with the Board of Trustees at the time of the member's retirement. However, if someone other than the spouse is named as a married member's beneficiary at the time the designation is filed with the Board of Trustees, the spouse of the married member must sign and file a consent form with the Board of Trustees in order for someone other than the spouse at the time the designation is filed to receive the benefits provided in Option 2; or

Option 3. A member receives a reduced retirement allowance for life. Upon the death of the member one-half (1/2) of the retirement allowance paid the member shall be continued throughout the life of the designated beneficiary, ~~who must be a spouse.~~ A written designation of ~~a~~ the beneficiary who must be a specific individual must be duly acknowledged and filed with the Board of Trustees at the time of the member's retirement. However, if someone other than the spouse is named as a married member's beneficiary at the time the designation is filed with the Board of Trustees, the spouse of the married member must sign and file a consent form with the Board of Trustees in order for someone other than the spouse at the time the designation is filed to receive the benefits provided in Option 3; or

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

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

~~acknowledged and filed with the Board of Trustees at the time of the member's retirement.~~

(d) Election of the Option 2 and Option 3 retirement plans by a designated beneficiary shall be limited by the applicable minimum distribution rules as defined in Section 401 et seq. of the Internal Revenue Code as it may be amended from time to time.

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

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

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

(11) For those members who joined the System prior to July 1, 1992, upon the death of an in-service member, the System shall pay to the designated beneficiary of the member or, if there is no designated beneficiary or if the designated beneficiary predeceases the member, to the estate of the member, the sum of

Eighteen Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the deceased member had ten (10) years or more of creditable service ~~and the death occurred after February 1, 1985,~~ a ~~surviving spouse~~ designated beneficiary, who must be a specific individual designated in writing by the member and duly acknowledged and filed with the Board of Trustees, may elect to receive the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 plan of retirement in lieu of the return of any accumulated contributions and the death benefit provided for in this subsection 7 or 11 of this section. Provided further, ~~if the death occurred after June 1, 1987, and the surviving spouse~~ designated beneficiary elects to receive the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 plan of retirement, the retirement benefit shall be determined using the average ~~annual~~ salary ~~of the deceased member during any three (3) of the last five (5) years of participating service, but not to exceed Forty Thousand Dollars (\$40,000.00)~~ on which contributions have been made.

However, in order to be effective, the designation of a beneficiary must be a written designation naming a specific individual which is duly acknowledged and filed with the Board of Trustees at the time of the member's death. Further, if someone other than the spouse is named as a married member's beneficiary at the time the designation is filed with the Board of Trustees, the spouse of the married member must sign and file a consent form with the Board of Trustees in order for someone other than the spouse at the time the designation is filed to receive the benefit of the election described in this paragraph.

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

(13) Upon the death of a member who dies leaving no living beneficiary or having designated his estate as beneficiary, the System may pay any applicable death benefit, unpaid contributions, or unpaid benefit which may be subject to probate, in an amount of Five Thousand Dollars (\$5,000.00) or less, without the intervention of the probate court or probate procedure pursuant to Section 1 et seq. of Title 58 of the Oklahoma Statutes.

(a) Before any applicable probate procedure may be waived, the System must be in receipt of the member's proof of death and the following documents from those persons claiming to be the legal heirs of the deceased member:

1. The member's valid last will and testament;
2. An affidavit or affidavits of heirship which must state:
  - a. the names and signatures of all claiming heirs to the deceased member's estate including the claiming heirs' names, relationship to the deceased, current addresses and current telephone numbers,
  - b. a statement or statements by the claiming heirs that no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction,
  - c. a statement that the value of the deceased member's entire estate is subject to probate, and that the estate wherever located, less liens and encumbrances, does not exceed Five Thousand Dollars (\$5,000.00), including the payment of benefits or unpaid contributions from the System as authorized by this subsection,
  - d. a description of the personal property claimed, (i.e., death benefit or unpaid contributions or both) together with a statement that such personal property is subject to probate,
  - e. a statement by each individual claiming heir identifying the amount of personal property that

the heir is claiming from the System, and that the heir has been notified of, is aware of and consents to the identified claims of all the other claiming heirs of the deceased member pending with the System;

3. A written agreement or agreements signed by all claiming heirs of the deceased member which provides that the claiming heirs release, discharge and hold harmless the System from any and all liability, obligations and costs which it may incur as a result of making a payment to any of the deceased member's heirs;
4. A corroborating affidavit from an individual other than a claiming heir, who was familiar with the affairs of the deceased member;
5. Proof that all debts of the deceased member, including payment of last sickness, hospital, medical, death, funeral and burial expenses have been paid or provided for.

(b) The Executive Director of the System shall retain complete discretion in determining which requests for probate waiver may be granted or denied, for any reason. Should the System have any question as to the validity of any document presented by the claiming heirs, or as to any statement or assertion contained therein, the probate requirement provided for in Section 1 et seq. of Title 58 of the Oklahoma Statutes, shall not be waived.

(c) After paying any death benefits or unpaid contributions to any claiming heirs as provided pursuant to this subsection, the System is discharged and released from any and all liability, obligation and costs to the same extent as if the System had dealt with a personal representative of the deceased member. The System is not required to inquire into the truth of any matter specified in this subsection or into the payment of any estate tax liability.

SECTION 5. AMENDATORY 74 O.S. 1991, Section 905, as amended by Section 13, Chapter 376, O.S.L. 1992 (74 O.S. Supp. 1995, Section 905), is amended to read as follows:

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

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

(3) Members of the Board of Trustees on the operative date of this act who were appointed by the Speaker of the House of Representatives or by the President Pro Tempore of the Senate shall complete their term of office for which they were appointed. The initial term of office of members appointed thereafter shall expire on January 8, 1991. The members ~~thereafter~~ appointed by the Speaker of the House of Representatives and by the President Pro Tempore of the Senate shall serve terms of office of four (4) years.

(4) ~~The initial term of office of the members appointed by the Governor shall expire on January 14, 1991.~~ The members ~~thereafter~~ appointed by the Governor shall serve a term of office of four (4) years which is coterminous with the term of office of the office of the appointing authority.

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

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

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

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

(d) be licensed by the Oklahoma State Board of Public Accountancy to practice in this state as a public accountant or a certified public accountant.

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

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

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

(8) Notwithstanding any of the provisions of this section to the contrary, any person serving as an appointed member of the Board on ~~the operative date of this act~~ July 1, 1988 shall be eligible for reappointment when the term of office of the member expires.

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

(10) The Board shall also elect another member to serve as Vice Chairman, and the Vice Chairman shall perform duties of

Chairman in the absence of the latter or upon his inability or refusal to act.

SECTION 6. AMENDATORY 74 O.S. 1991, Section 913.4, as last amended by Section 3, Chapter 302, O.S.L. 1995 (74 O.S. Supp. 1995, Section 913.4), is amended to read as follows:

Section 913.4 A. An elected official may elect to participate in the System and if he elects to do so shall have the option of contributing at any one of the below listed percentage factors and will receive retirement benefits in accordance with the percentage factor chosen. Contributions and benefits will be based upon his annual compensation as defined in Section 902 of this title. Employer and employee contributions shall be remitted monthly, or as the Board may otherwise provide, to the Executive Director for deposit in the Oklahoma Public Employees Retirement Fund. Effective July 1, 1994, and thereafter, the participating employer shall contribute as provided in Section 920 of this title.

Effective July 1, 1994, and thereafter, the member contributions and the computation factor selected shall be based on the entire compensation as an elected official subject to the definition and maximum compensation levels as set forth in subsection (9) of Section 902 of this title and shall be as follows:

Percent of Contribution	Computation Factor	Alternate Formula
4 1/2%	.019	\$12.50
6%	.025	\$20.00
7 1/2%	.030	\$25.00
8 1/2%	.034	\$27.50
9%	.036	\$30.00
10%	.040	\$40.00

B. The normal retirement date for an elected official shall be the first day of the month coinciding with or following the official's sixtieth birthday or the first day of the month coinciding with or following the date at which the sum of the elected official's age and number of years of credited service

total eighty (80). Provided further, that any elective official who has a minimum of ten (10) years' participating service may retire under the early retirement provisions of this act, including those electing a vested benefit and shall receive an adjustment of annual benefits in accordance with the following percentage schedule:

Age	Percentage of Normal Retirement Benefits
60	100%
59	94%
58	88%
57	82%
56	76%
55	70%

C. Any elected official shall receive annual benefits computed as follows:

1. The computation factor selected multiplied by the member's highest annual compensation received as an elected official prior to retirement or termination of employment; provided, no elected official shall retire with a highest annual compensation for service rendered prior to July 1, 1994, in excess of Forty Thousand Dollars (\$40,000.00) and no elected official shall retire with a highest annual compensation for service rendered prior to July 1, 1994, in excess of Twenty-five Thousand Dollars (\$25,000.00) unless the elected official has made the required election and has paid the required contributions on such salary in excess of Twenty-five Thousand Dollars (\$25,000.00), as determined pursuant to subsection (9) of Section 902 of this title, multiplied by the number of years of credited service rendered or attributed to time prior to July 1, 1994, that has been credited to the member in accordance with the provisions of this section. ~~In addition to those persons retiring on or after July 1, 1995, the provisions of this paragraph shall be applicable to those elected officials retiring on or after July 1, 1994, but not later than the effective date of this act, unless such application would result in a reduction of retirement benefits for those persons;~~

2. The computation factor selected multiplied by the member's highest annual compensation received as an elected official prior to retirement or termination of employment, as determined pursuant to subsection (9) of Section 902 of this title, multiplied by the number of years of credited service rendered or attributed to time after July 1, 1994, that has been credited to the member in accordance with the provisions of this section. ~~In addition to those persons retiring on or after the effective date of this act, the provisions of this paragraph shall be applicable to those elected officials retiring on or after July 1, 1994, but not later than July 1, 1995, unless such application would result in a reduction of retirement benefits for those persons;~~

3. Provided, however, for purposes of determining the official's number of years of credited service, for every twelve (12) months of participating service as an elected official rendered after July 1, 1994, twelve (12) months of participating service as an elected official rendered prior to July 1, 1994, shall be subtracted from the calculation of benefits in paragraph 1 of this subsection and shall be utilized in the calculation of benefits in paragraph 2 of this subsection. Members who failed to elect to increase the maximum compensation level pursuant to subsection (9) of Section 902 of this title shall not be eligible for the service credit adjustment provided for in this paragraph. Effective July 1, 1996, the service credit adjustment provided in this paragraph may be declined by the official if it results in a reduction of the member's retirement benefit.

The retirement benefit may be computed pursuant to the provisions of Section 915 of this title if the benefit would be higher. Elected officials who have a vested benefit prior to July 1, 1980, may elect to receive annual benefits based on the alternate formula provided above. Such annual benefits shall be paid in equal monthly installments.

4. The System shall, prior to January 1, 1996, pay to members retiring on or after July 1, 1994, and prior to July 1, 1995, any retroactive increase in benefits due pursuant to this subsection.

D. Any elected official making one of the above elections and later selecting a higher rate shall contribute to the System a sum equal to the amount which he would have contributed if he had made such election at the time he first became eligible, plus interest as determined by the Board, in order to receive the additional benefits for all service as an elected official; otherwise, the additional benefits shall be applicable only to service for which the elected official pays the appropriate percent of contributions to the System.

E. An elected official who has a vested benefit on July 1, 1982, may elect to receive benefits based upon a higher contribution rate than the official previously contributed by paying to the System the contributions, plus interest as determined by the Board, due at the higher rate as if that rate had been in effect at the time the official accepted a vested benefit.

F. The surviving spouse of a deceased elected official having at least six (6) years of participating service shall be entitled to receive survivor benefits in the amount herein prescribed, if married to the decedent continuously for a period of at least three (3) years immediately preceding the elected official's death. Provided the elected official had met the service requirements, survivor benefits shall be payable when the deceased member would have met the requirements for normal or early retirement. The amount of the benefits the surviving spouse may receive shall be fifty percent (50%) of the amount of benefits the deceased elected official was receiving or will be eligible to receive. Remarriage of a surviving spouse shall disqualify the spouse for the receipt of survivor benefits. Elected officials or the surviving spouse of a deceased elected official may elect a retirement option as provided in Section 918 of this title in lieu of the survivors benefit provided above.

G. Any elected official who served in the Armed Forces of the United States, as defined in paragraph (22) of Section 902 of this title, prior to membership in the Oklahoma Public Employees Retirement System shall be granted credited service of not to

Req. No. 3007Page 25

exceed five (5) years for those periods of active military service during which the elected official was a war veteran.

H. Anyone appointed or elected to an elected position after July 1, 1990, shall not be eligible to receive benefits as provided in this section until such person has participated as an elected official for six (6) years.

I. Elected officials who terminate participation in the System and who have a minimum of six (6) years of participating service shall be entitled to elect a vested benefit and shall be entitled to the retirement options as provided in Section 918 of this title in lieu of the survivors benefit provided above.

SECTION 7. AMENDATORY 74 O.S. 1991, Section 915, as last amended by Section 5, Chapter 302, O.S.L. 1995 (74 O.S. Supp. 1995, Section 915), is amended to read as follows:

Section 915. A. (1) Except as provided in paragraph (2) of this subsection and as provided for elected officials in Section 913.4 of this title, any member who shall retire on or after his normal retirement date shall be entitled to receive an annual retirement benefit equal to:

- a. two percent (2%) of the member's final average compensation as determined pursuant to paragraph (a) of subsection (18) of Section 902 of this title, multiplied by the number of years of credited service rendered or attributed to time prior to July 1, 1994, that has been credited to the member in accordance with the provisions of Section 913 of this title, and
- b. two percent (2%) of the member's final average compensation as determined pursuant to paragraph (b) of subsection (18) of Section 902 of this title, multiplied by the number of years of credited service rendered or attributed to time after July 1, 1994, that has been credited to the member in accordance with the provisions of Section 913 of this title,

- c. provided, however, for purposes of determining the member's number of years of credited service, for every twelve (12) months of participating service rendered after July 1, 1994, twelve (12) months of participating service rendered prior to July 1, 1994, shall be subtracted from the calculation of benefits in subparagraph a of paragraph (1) of this section and shall be utilized in the calculation of benefits in subparagraph b of paragraph (1) of this subsection. Members who failed to elect to increase the maximum compensation level pursuant to subsection (10) of Section 902 of this title shall not be eligible for the service credit adjustment provided for in this subparagraph. Effective July 1, 1996, the service credit adjustment provided for in this subparagraph may be declined by the member if it results in a reduction of the member's retirement benefit,
- d. provided, further, the minimum final average compensation for any person who becomes a member of the System on or after July 1, 1995;
- (i) and who had twenty (20) or more years of credited service within the System as of the member's retirement date shall be no less than Thirteen Thousand Eight Hundred Dollars (\$13,800.00) per annum,
- (ii) and who had at least fifteen (15) but not more than nineteen (19) years of credited service within the System as of the member's retirement date shall be no less than Six Thousand Nine Hundred Dollars (\$6,900.00) per annum,
- (iii) and who had less than fifteen (15) years of credited service within the System as of the member's retirement date shall not be eligible for any minimum amount of final average compensation and the member's final average

compensation shall be the final average compensation as defined by subsection (17) of Section 902 of this title,

- e. any member who has elected a vested benefit pursuant to Section 917 of this title shall be entitled to receive benefits as outlined in this section except the percent factor of the member's final average compensation in effect the date his employment was terminated with a participating employer shall be applicable.

(2) Any member who is a correctional officer or a probation and parole officer employed by the Department of Corrections at the time of retirement shall be entitled to receive an annual retirement benefit equal to two and one-half percent (2 1/2%) of the final average compensation of the member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and two percent (2%) of the final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) if elected by the member pursuant to Section 902 of this title but not exceeding the maximum compensation level as provided in subsection (10) of Section 902 of this title, multiplied by the number of years of service as a correctional officer or a probation and parole officer, provided, any years accrued prior to July 1, 1990, as a correctional officer or a probation and parole officer by a member who is employed as a correctional officer or a probation and parole officer on July 1, 1990, shall be calculated for retirement purposes at two and one-quarter percent (2 1/4%) of the final average compensation of the member not to exceed Twenty-five Thousand Dollars (\$25,000.00) and two percent (2%) of the final average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) if elected by the member pursuant to Section 902 of this title but not exceeding Forty Thousand Dollars (\$40,000.00), multiplied by the number of years of such service and any years in excess of twenty (20) years as such an officer or years credited to the member in accordance with the provisions of Section 913 of this title shall be calculated for retirement purposes at two percent (2%) of the final average

compensation of the member multiplied by the number of years of such service. Any person who contributes to the System as a correctional officer or a probation and parole officer as provided in paragraph (c) of subsection (1) of Section 919.1 of this title, and who does not qualify for normal retirement under subparagraph (c) of paragraph (24) of Section 902 of this title shall have retirement benefits for each year of full-time-equivalent participating service as a correctional or a probation and parole officer after July 1, 1990 computed on two and one-half percent (2 1/2%) of the final average compensation based upon those years as a correctional officer or a probation and parole officer.

(3) Upon death of a retirant, there shall be paid to his beneficiary an amount equal to the excess, if any, of his accumulated contributions over the sum of all retirement benefit payments made.

(4) Such annual retirement benefits shall be paid in equal monthly installments, except that the Board may provide for the payment of retirement benefits which total less than Two Hundred Forty Dollars (\$240.00) a year on other than a monthly basis.

(5) Pursuant to the rules established by the Board, a retiree receiving monthly benefits from the System may authorize warrant deductions for any products currently offered to active state employees through the Employees Benefits Council, provided that product is offered to state retirees as a group and has a minimum participation of five hundred state retirees. The System has no responsibility for the marketing, enrolling or administration of such products, but shall retain a processing fee of two percent (2%) of the gross deductions for the products. Retirement benefit deductions shall be made for membership dues for any statewide association for which payroll deductions are authorized pursuant to subsection B of Section 7.10 of Title 62 of the Oklahoma Statutes for retired members of any state-supported retirement system, upon proper authorization given by the member to the board from which the member or beneficiary is currently receiving retirement benefits.

B. A member shall be considered disabled if such member qualifies for the payment of Social Security disability benefits, and shall be eligible for benefits hereunder upon proof of such disability, provided such member is an active regularly scheduled employee with a participating employer at the time of injury or inception of illness or disease resulting in subsequent certification of eligibility for Social Security disability benefits by reason of such injury, illness or disease, providing such disability is certified by the Social Security Administration within one (1) year after the last date physically on the job and after completion of at least eight (8) years of participating service or combined prior and participating service. The member shall submit to the Retirement System the Social Security Award Notice certifying the date of entitlement for disability benefits, as issued by the Social Security Administration, Department of Health and Human Services. Disability benefits shall become effective on the date of entitlement as established by the Social Security Administration, but not before the first day of the month following removal from the payroll, whichever is later, and final approval by the Retirement System. Benefits shall be based upon length of service and compensation as of the date of disability, without actuarial reduction because of commencement prior to the normal retirement date. The only optional form of benefit payment available for disability benefits is Option A as provided for in Section 918 of this title. Option A must be elected in accordance with the provisions of Section 918 of this title. Benefit payments shall cease upon the member's recovery from disability prior to the normal retirement date. Future benefits, if any, shall be paid based upon length of service and compensation as of the date of disability. In the event that disability ceases and the member returns to employment within the System credited service to the date of disability shall be restored, and future benefits shall be determined accordingly.

SECTION 8. AMENDATORY 74 O.S. 1991, Section 918, as last amended by Section 2, Chapter 371, O.S.L. 1994 (74 O.S. Supp. 1995, Section 918), is amended to read as follows:

Section 918. (1) Except as otherwise provided for in this section, a member may elect to have his retirement benefit paid under one of the options provided in this section in lieu of having it paid in the form stated in Section 915 of this title. The election of an option must be made at any time prior to retirement or prior to termination of service with a vested benefit. A specific person must be designated as joint annuitant at the time of election of Option A or B. Election of an option is available with respect to the vested benefit. All retirement benefits of a married member shall be paid pursuant to the Option A plan as provided for in this section unless the spouse of a member consents in writing for the benefits to be paid as provided for in Section 915 of this title or pursuant to Option B or Option C as provided for in this section.

(2) The amount of retirement benefit payable under an option shall be based on the age and sex of the member and the age and sex of the joint annuitant, and shall be such amount as to be the actuarial equivalent of the retirement benefit otherwise payable under Section 915 of this title.

(3) The retirement options are:

Option A. Joint and one-half to joint annuitant survivor. A reduced retirement benefit is payable to the retirant during his lifetime with one-half of that amount continued to his joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retirant, the retirant shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option A. The benefit shall be determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the retirant's remaining lifetime. The retirant shall notify the Oklahoma Public Employees Retirement System of the death of the

Req. No. 3007Page 31

named joint annuitant in writing. In the absence of said written notice being filed by the member notifying the Oklahoma Public Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option B. Joint and survivor. A reduced retirement benefit is payable to the retirant during his lifetime with that amount continued to the joint annuitant during the joint annuitant's remaining lifetime, if any, after the death of the retirant. If the named joint annuitant dies at any time after the member's retirement date, but before the death of the retirant, the retirant shall return to the retirement benefit, including any post retirement benefit increases the member would have received had the member not selected Option B. The benefit shall be determined at the date of death of the named joint annuitant or July 1, 1994, whichever is later. This increase shall become effective the first day of the month following the date of death of the named joint annuitant or July 1, 1994, whichever is later, and shall be payable for the retirant's remaining lifetime. The retirant shall notify the Oklahoma Public Employees Retirement System of the death of the named joint annuitant in writing. In the absence of said written notice being filed by the member notifying the Oklahoma Public Employees Retirement System of the death of the named joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Oklahoma Public Employees Retirement System to pay more than six (6) months of retrospective benefits increase.

Option C. Life with ten (10) years certain. A reduced retirement benefit is payable to the retirant during his lifetime and if he dies within the ten-year certain period, measured from the commencement of retirement benefits payments, such payments will be continued to his beneficiary during the balance of the ten-year certain period.

(4) ~~Provided also that Option A and Option B shall not be available if the retirant's expected benefit is less than fifty percent (50%) of the lump-sum actuarial equivalent and the joint annuitant is not the spouse of the retirant~~ the election of a retirement option by the member or the designated beneficiary or joint annuitant shall be limited by the applicable minimum distribution provisions as defined in Section 401, et seq. of the Internal Revenue Code as it may be amended from time to time. Provided also that, effective July 1, 1996, if the joint annuitant is someone other than the spouse of a married member at the time of the election, the spouse of the married member must sign and file a consent form with the Board in order for someone other than the spouse at the time of the election to receive the benefits as a designated joint annuitant.

(5) (a) If a member who is eligible to retire in accordance with the provisions of Section 914 of this title but is not actually retired or is eligible to vest or has elected a vested benefit dies, the member's spouse, if the spouse is beneficiary for the member's accumulated contributions, may elect to receive benefits as a joint annuitant under Option A B, calculated as if the member retired on the date of death, in lieu of receiving the member's accumulated contributions. However, no benefits shall be payable before the date the deceased member would have met the requirements for a normal or early retirement.

Effective July 1, 1996, if a member who is eligible to retire in accordance with the provisions of Section 914 of this title but is not actually retired or is eligible to vest or has elected a vested benefit dies, and the member has filed an election to retire under Option A or B and has named a specific individual as the designated joint annuitant, the member's designated joint annuitant, if the designated joint annuitant is beneficiary for the member's accumulated contributions, may elect to receive

benefits as a joint annuitant under any such option elected calculated as if the member retired on the date of death in lieu of receiving the member's accumulated contributions. However, no benefits shall be payable before the date the deceased member would have met the requirements for a normal or early retirement. Provided, however, effective July 1, 1996, if someone other than the spouse is named as a married member's designated joint annuitant or as the member's beneficiary for his accumulated contributions at the time of the election, the spouse of the married member must sign and file a consent form with the Board in order for someone other than the spouse at the time of the election to receive the benefit of the election described in this paragraph.

(b) Provided further, that if an active member has elected an option under this section prior to the member's death, the member's spouse, if the spouse is the member's beneficiary, may elect to receive benefits as a joint annuitant under said elected option.

Provided further that, effective July 1, 1996, if an active member has elected an option under this section prior to the member's death, and the member has named a specific individual as the designated joint annuitant, the member's designated joint annuitant, if the designated joint annuitant is the member's beneficiary, may elect to receive benefits as a joint annuitant under said elected option.

However, effective July 1, 1996, if someone other than the spouse is named as a married member's designated joint annuitant or as the married member's beneficiary at the time of the election, the spouse of the married member must sign and file a consent form with the Board in order for someone other than the spouse at the time of

the election to receive the benefit of the election described in this paragraph.

(c) None of the amendments in this subsection shall entitle any individual other than a spouse of a married member at the time of the election to an increase in the survivor benefits available to a designated joint annuitant absent the member filing a valid and complete election to retire under Option A or B prior to the member's death which names a specific individual as the designated joint annuitant.

(6) Benefits payable to a joint annuitant shall accrue from the first day of the month following the death of a member or retirant and, in the case of Option A and Option B, shall end on the last day of the month in which the joint annuitant dies.

SECTION 9. The Oklahoma Teachers' Retirement System Fiscal Health Task Force created by Senate Concurrent Resolution No. 42 of the 2nd Session of the 45th Oklahoma Legislature shall be granted an extension to issue a report of their findings and recommendations until January 1, 1997.

SECTION 10. NONCODIFICATION The provisions of Section 9 of this act shall not be codified in the Oklahoma Statutes.

SECTION 11. This act shall become effective July 1, 1996.

SECTION 12. 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.

45-2-3007

SLM