ENROLLED HOUSE
BILL NO. 1312

By: Roberts of the House

and

Monson of the Senate

An Act relating to the Oklahoma Public Employees Retirement System; amending 74 O.S. 1991, Sections 902, as last amended by Section 35 of Enrolled House Bill No. 1012 of the 1st Session of the 45th Oklahoma Legislature, 913, as last amended by Section 4, Chapter 370, O.S.L. 1994, 913.4, as last amended by Section 36 of Enrolled House Bill No. 1012 of the 1st Session of the 45th Oklahoma Legislature, 913.5, as amended by Section 20, Chapter 322, O.S.L. 1993, 915, as last amended by Section 10, Chapter 383, O.S.L. 1994, 917, as last amended by Section 26, Chapter 322, O.S.L. 1993, 920A, as amended by Section 13, Chapter 383, O.S.L. 1994 and 930.3, as amended by Section 14, Chapter 383, O.S.L. 1994 (74 O.S. Supp. 1994, Sections 913, 913.5, 915, 917, 920A and 930.3), which relate to administration of the Oklahoma Public Employees Retirement System; modifying definition of final average compensation; providing for applicability of certain retirement benefit computations; providing for payment of retroactive increases in benefits resulting from certain recomputations; modifying provision related to unused sick leave credit; modifying provision related to eligibility for retirement or vesting; providing for determination of number of years of credited service; modifying provisions related to retirement benefit computation for elected officials; providing for payment of retroactive increases in benefits resulting from certain recomputations; authorizing amortization of repayment of certain contributions and interest; modifying provisions related to final average compensation; providing for certain minimum final average salary for certain persons based upon years of service; modifying provision related to payment of withdrawn or unremitted contributions; authorizing payment over prescribed period; authorizing interest; prescribing procedures related to interruption in payments; authorizing rules; modifying employer and employee contribution provisions for certain categories of employers; establishing maximum employer and employee contribution rates; providing for inapplicability of certain benefit expressed as minimum final average compensation for certain persons; providing for payment of retirement benefit increase using alternative formula; stating legislative intent; providing certain section to be construed as clarification of law; 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 74 O.S. 1991, Section 902, as last amended by Section 35 of Enrolled House Bill No. 1012 of the 1st Session of the 45th Oklahoma Legislature, is amended to read as follows:

Section 902. As used in this act:

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

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

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

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

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

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

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

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

(9) "Compensation" means all salary and wages, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, but exclusive of payment for overtime, payable to a member of the System for personal services performed for a participating employer, including maintenance, or any allowance in lieu thereof provided a member as a part of compensation but shall not include compensation or reimbursement for traveling, or moving expenses, or except as otherwise provided in this paragraph, any compensation in excess of the maximum compensation level, provided:

(a) For compensation for service prior to July 1, 1994, the maximum compensation level shall be Twenty-five Thousand Dollars ($25,000.00) per annum, unless the member made an election, in writing and filed with the System, to increase the member's maximum compensation level to Forty Thousand Dollars ($40,000.00) per annum. The election and payment of all contributions due must have been completed within three (3) years of the member's initial opportunity to increase the compensation level. Any active member whose initial opportunity to make the election was on or after July 1, 1991, but no later than June 30, 1994, may make the election by filing the written election form with the System and paying the amount of contribution the member would have paid had the member made the election when initially eligible; provided, this election and payment must be completed no later than February 1, 1995.

(b) For compensation for service on or after July 1, 1994, through June 30, 1995, the maximum compensation level shall be Fifty Thousand Dollars ($50,000.00) per annum; for compensation for service on or after July 1, 1995, through June 30, 1996, the maximum compensation level shall be Sixty Thousand Dollars ($60,000.00) per annum; for compensation for service on or after July 1, 1996 through June 30, 1997, the maximum compensation level shall be Seventy Thousand Dollars ($70,000.00) per annum; and for compensation for service on or after July 1, 1997 through June 30, 1998, the maximum compensation level shall be Eighty Thousand Dollars ($80,000.00) per annum. For compensation for services on or after July 1, 1998, there shall be no maximum compensation level for retirement purposes.

(c) Any active member whose compensation exceeded Twenty-five Thousand Dollars ($25,000.00) prior to July 1, 1994, and who failed to make a timely election to increase the member's maximum compensation level pursuant to paragraph (a) of this subsection, may do so at any time prior to retirement. Any such member electing this maximum compensation level for service prior to July 1, 1994, shall pay to the System a sum equal to the total amount of contributions that would have been required by the member had a timely election been made, plus seven and one-half percent (7.5%) interest compounded annually. Members so making this election may amortize the payments as provided in subsection B of Section 913.5 of this title.

(d) Compensation for retirement purposes shall include any amount of elective salary reduction under Section 457 of the Internal Revenue Code of 1986 and any amount of non-elective salary reduction under Section 414(h) of the Internal Revenue Code of 1986.

(e) A member who has voluntarily elected to increase the maximum compensation level pursuant to paragraph (a) of this subsection, upon retirement, shall be refunded, pursuant to procedures established by the Board, the employee contributions made on compensation which is in excess of the final average compensation of the member and was not used to determine the member's final average compensation;

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

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

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

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

affiliation by a county hospital shall be in the form of a resolution adopted by the board of control.

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

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

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

(a) Any employee of the county extension agents who is not currently participating in the Teachers' Retirement System shall be a member of this System.

(b) Eligibility shall not include any employee who is a contributing member of the United States Civil Service Retirement System.

(c) It shall be mandatory for an officer, appointee or employee of the office of district attorney to become a member of this System if he is not currently participating in a county retirement system. Provided further, that if an officer, appointee or employee of the office of district attorney is currently participating in such county retirement system, he is ineligible for this System as long as he is eligible for such county retirement system. Any eligible officer, appointee or employee of the office of district attorney shall be given credit for prior service as defined in this section. The provisions outlined in Section 917 of this title shall apply to those employees who have previously withdrawn their contributions.

(d) Eligibility shall also not include any officer or employee of the Oklahoma Employment Security Commission, except for those officers and employees of the Commission electing to transfer to this System pursuant to the provisions of Section 910.1 of this title or any other class of officers or employees specifically exempted by the laws of this state, unless there be a consolidation as provided by Section 912 of this title. Employees of the Oklahoma Employment Security Commission who are ineligible for enrollment in the Employment Security Commission Retirement Plan, that was in effect on January 1, 1964, shall become members of this System.

(e) Any employee employed by the Legislative Service Bureau, State Senate or House of Representatives for the full duration of a regular legislative session shall be eligible for membership in the System regardless of classification as a temporary employee and may participate in the System during the regular legislative session at the option of the employee. For purposes of this subsection, the determination of whether an employee is employed for the full duration of a regular legislative session shall be made by the Legislative Service Bureau if such employee is employed by the Legislative Service Bureau, the State Senate if such employee is employed by the State Senate, or by the House of Representatives if such employee is employed by the House of Representatives. Once such an employee makes a choice to participate or not, the choice shall be binding for all future legislative sessions during which the employee is employed. Notwithstanding the previous sentence, any employee, who is eligible for membership in the System because of the provisions of this subsection and who was employed by the State Senate or House of Representatives after January 1, 1989, may file an election, in a manner specified by the Board, to participate as a member of the System prior to September 1, 1989. Each regular legislative session during which a legislative employee or an employee of the Legislative Service Bureau participates full time shall be counted as six (6) months of full-time participating service. Notwithstanding the provisions of this paragraph, a temporary legislative session employee who elected to become a member of the System

may withdraw from the System effective the day said employee elected to participate in the System upon written request to the Board. Any such request must be received by the Board prior to October 1, 1990. All employee contributions made by the temporary legislative session employee shall be returned to the employee without interest within four (4) months of receipt of the written request;

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

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

(17) "Final average compensation" means the average annual salary, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, up to, but not exceeding the maximum compensation levels as provided in subsection (9) of this section received as follows:

(a) for service rendered prior to July 1, 1994, the highest three (3) of the last ten (10) years of participating service immediately preceding ~~July 1, 1994, or, if participating service is less than three (3) years, the full period of participating service prior to July 1, 1994~~ retirement or termination of employment. Provided, no member shall retire with a final average compensation for service rendered prior to July 1, 1994, in excess of Forty Thousand Dollars ($40,000.00); and no member shall retire with a final average compensation for service rendered prior to July 1, 1994, in excess of Twenty-five Thousand Dollars ($25,000.00) unless the member has made the required election and has paid the required contributions on such salary in excess of Twenty-five Thousand Dollars ($25,000.00)~~; and~~. 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 persons 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;

(b) for service rendered after July 1, 1994, the highest three (3) of the last ten (10) years of participating service immediately preceding retirement or termination of employment, or if participating service is less than three (3) years, the full period of participating service after July 1, 1994. 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 persons 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; and

(c) 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 paragraph;

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

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

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

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

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

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

(a) the first day of the month coinciding with or following a member's sixty-second birthday;

(b) for any person who initially became a member prior to July 1, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total eighty (80); such a normal 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;

(c) for any person who became a member after June 30, 1992, the first day of the month coinciding with or following the date at which the sum of a member's age and number of years of credited service total ninety (90); or

(d) in addition to subparagraphs (a), (b) and (c) of this paragraph, the first day of the month coinciding with or following a member's fiftieth birthday if the member has at least twenty (20) years of full-time-equivalent employment as a correctional or probation and parole officer with the Department of Corrections and at the time of retirement, the member was a correctional or probation and parole officer with the Department of Corrections;

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 2. AMENDATORY 74 O.S. 1991, Section 913, as last amended by Section 4, Chapter 370, O.S.L. 1994 (74 O.S. Supp. 1994, Section 913), is amended to read as follows:

Section 913. A. Prior service shall be credited as follows:

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

2. Any member who was employed in an institution of higher learning by a State Board of Regents or who was employed by an Oklahoma school district prior to July 1, 1943, may receive prior service credit under this act for the period of time they were so employed;

3. Any member 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 prior service credit, not to exceed five (5) years, for those periods of active military service during which he was a war veteran. Such prior military service credit shall not apply to any person receiving military retirement benefits other than service-connected disability benefits established by either the military service or the Veterans Administration;

4. An elective state, county, city or town official who is ineligible for membership as a result of any applicable state law or

constitutional provision making him ineligible solely because of his being such an official at the time of his eligibility for membership at the time his employer becomes a participating employer shall nevertheless not forfeit the prior service credit to which he would be entitled except for such ineligibility, provided that he either

a. becomes an employee of a participating employer within four (4) calendar months of the expiration of his term of office current at the time of his eligibility except for his being an elective state or county official, or

b. within a period of four (4) years after the expiration of his term of office current at the time of his eligibility except for his being an elective state or county official, is elected as a state or county official and thereupon becomes a member of the System, or

c. has completed ten (10) years of credited service as of the date of his eligibility for membership except for is being an elective state or county official;

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

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

7. A member of the System shall receive prior service credit for any years of service after January 1, 1975, the member had with a participating employer if the member is not receiving or eligible

to receive such prior service credit for the same time in any other state or county retirement system authorized by law. To receive the service credit, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

B. Participating service shall be credited as follows:

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

2. Leaves of absence shall not count as a break in continuous employment provided the member leaves his accumulated contribution on deposit with the fund; however, the leaves of absence shall not be credited except that involuntary furloughs established by Office of Personnel Management rules shall be credited;

3. Any member who has served in the Armed Forces of the United States, as defined in paragraph 22 of Section 902 of this title, shall be granted participating service for those periods of active military service during which he was a war veteran provided this service is immediately preceded by a period of employment with a participating employer and is followed by return to employment as an employee with the same or another participating employer within ninety (90) days immediately following discharge from such military service provided the member leaves his accumulated contributions on deposit with the fund;

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

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

6. Provided, however, that all employee contributions required by this act made by employees prior to June 30, 1977, will entitle the employee to additional years of participating service in accordance with the following schedule.

Employee accumulated contributions:

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

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

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

7. The total participating service credit of a member who retires or terminates employment and elects a vested benefit shall include not to exceed one hundred thirty (130) days of unused sick leave accumulated subsequent to August 1, 1959, during the member's employment with any participating employer. Such credit shall be added in terms of whole months. Twenty (20) days of unused sick leave shall equal one (1) month for purposes of participating service credit. ~~The~~ <u>If unused sick leave entitles a member to an</u>

additional year of service credit, the member's employer shall reimburse the System for the cost of funding the additional reserve. Each participating employer shall provide the System with adequate and timely information necessary to determine additional benefits and its cost under this paragraph. This paragraph shall apply to members retiring or vesting on or after July 1, 1984~~, and shall not be retroactive~~.

C. In determining the ~~eligibility for retirement or vesting purposes only~~ number of years of credited service, a fractional year of six (6) months or more shall be considered as one (1) year, and less than six (6) months shall be disregarded.

D. A member may receive credit for those years of credited service accumulated by the member while a member of the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, or the Teachers' Retirement System of Oklahoma, if the member is not receiving or eligible to receive retirement credit or benefits from said service in any other public retirement system. To receive the service credit, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

E. A member may receive credit for those years of service accumulated by the member as an elected official if the member is not receiving or eligible to receive retirement credit or benefits from said service in any public retirement system. Prior to January 1, 1991, to receive the service credit, the member shall pay to the Board for each year of service purchased pursuant to this subsection a sum equal to the employee and employer contribution rate that would have been applicable to the member as determined by the Board and interest of not to exceed five percent (5%), and effective January 1, 1991, to receive the service credit, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

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

a. the member is an active member of the Oklahoma Public Employees Retirement System, and

b. the member provides notice to the Teachers' Retirement System of Oklahoma and the Oklahoma Public Employees Retirement System of the member's election to transfer said retirement credit, 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 Teachers' Retirement System of Oklahoma canceled which is not transferred to the Oklahoma Public Employees Retirement System. 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 Teachers' Retirement System of Oklahoma. The "receiving system" shall mean the Oklahoma Public Employees Retirement System.

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 vested 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 vested employees 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 (1) 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 vested members 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 members 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 under subparagraph a of this paragraph for the same years of service to the sending system 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 pay any difference.

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. Notwithstanding this rule and the provisions of paragraph 23 of Section 902 of this title, and subsections (1) and (5) of Section 914 of this title, and subsection B of Section 915 of this title, the retirement date of a member who makes an election to transfer retirement credit as provided in this subsection shall not occur unless the member continues to participate as an active contributing member in the Oklahoma Public Employees Retirement System for at least one (1) full year after the date of the transfer. Years of service rendered as a member of the Teachers' Retirement System of Oklahoma prior to July 1, 1992, if any, shall be deemed to be years of service rendered as a member of the Oklahoma Public Employees Retirement System prior to July 1, 1992, and shall qualify such person as a member of the Oklahoma Public Employees Retirement System before July 1, 1992.

5. Notwithstanding the requirements of Section 17-104 of Title 70 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 17-101 et seq. of Title 70 of the Oklahoma Statutes.

6. If any member fails for any reason to satisfy the requirements of this subsection, the election to transfer retirement credit shall be void and of no effect, and any retirement credited as a result of this transfer shall be canceled. If such retirement credit is canceled, the years of canceled retirement 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 retirement credit reestablished in the sending system due to a failure to satisfy the requirements of this subsection shall be determined by the sending in accordance with Section 17-101 et seq. of Title 70 of the Oklahoma Statutes.

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

SECTION 3. AMENDATORY 74 O.S. 1991, Section 913.4, as last amended by Section 36 of Enrolled House Bill No. 1012 of the 1st Session of the 45th Oklahoma Legislature, 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 ~~July 1, 1994~~ 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 ~~after July 1, 1994~~ 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 ~~subsection C of~~ this ~~section~~ subsection and shall be utilized in the calculation of benefits in paragraph 2 of ~~subsection C of~~ this ~~section~~ 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.

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

H. Any one 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 4. AMENDATORY 74 O.S. 1991, Section 913.5, as amended by Section 20, Chapter 322, O.S.L. 1993 (74 O.S. Supp. 1994, Section 913.5), is amended to read as follows:

Section 913.5 A. The Board of Trustees shall adopt rules for computation of the purchase price for service credit. These rules shall base the purchase price for each year purchased on the actuarial cost of the incremental projected benefits to be purchased. The purchase price shall represent the present value of the incremental projected benefits discounted according to the member's age at the time of purchase. Incremental projected benefits shall be the difference between the projected benefit said member would receive without purchasing the service credit and the projected benefit after purchase of the 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 and mortality assumptions consistent with the actuarial assumptions adopted by the Board of Trustees for purposes of preparing the annual actuarial evaluation.

B. In the event that the member is unable to pay the purchase price provided for in this section by the due date, the Board of Trustees shall permit the members to amortize the purchase price over a period not to exceed sixty (60) months. Said payments shall be made by payroll deductions unless the State Board 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. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this subsection.

C. Current contributing members who, as former members, withdrew their accumulated contributions, contributing elected members who at the time of initial eligibility to participate as a member of the System elected not to participate, and/or contributing elected members who at the time of eligibility to participate as a member of the System elected to participate but did not elect to participate at the maximum contribution rate may amortize the cost of returning the withdrawn contributions or unremitted contributions over a period of 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 payments, terminates, retires or dies before completing the payments provided in this subsection shall be refunded all related payments made, and all related credited service and other related benefits shall be canceled 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. 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. The Board of Trustees shall promulgate such rules as are necessary to implement the provisions of this subsection.

SECTION 5. AMENDATORY 74 O.S. 1991, Section 915, as last amended by Section 10, Chapter 383, O.S.L. 1994 (74 O.S. Supp. 1994, 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,

d. ~~provided, further, the minimum final average compensation for any~~ person who becomes a member ~~retiring on or after July 1, 1994, shall be no less than Thirteen Thousand Eight Hundred Dollars ($13,800.00) per annum multiplied by the number of years of credited service and reduced as provided by subsection A or subsection B, as applicable, of Section 930.3 of this title~~ 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 6. AMENDATORY 74 O.S. 1991, Section 917, as last amended by Section 26, Chapter 322, O.S.L. 1993 (74 O.S. Supp. 1994, Section 917), is amended to read as follows:

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

(2) If such member has completed eight (8) years of credited service at date of termination or if the member has completed twenty (20) years of full-time-equivalent employment as a correctional officer or probation and parole officer with the Department of Corrections and is such an officer at the time of election of a vested benefit or if the member is a legislative session employee of the Legislature or if the employee is a session employee employed by the Legislative Service Bureau, four (4) years of credited service

at date of termination, he may elect a vested benefit in lieu of receiving his accumulated contributions. The amount of the vested benefit shall commence at the normal retirement date and shall be paid monthly during the lifetime of the retirant with the last payment made on the last day of the month in which death occurs.

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

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

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

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

(7) When any error in calculation or participation coverage to a prior or current employee exists, it shall be the responsibility of the participating employer which made the error to pay the amount determined by the Board pursuant to Section 913.5 of this title.

(8) Upon application to the Board and payment as determined by the Board, a member of the System may receive service credit for those years of service that the member was eligible to receive service credit from the Teachers' Retirement System of Oklahoma. To receive the service credit, the member shall pay the amount determined by the Board pursuant to Section 913.5 of this title.

SECTION 7. AMENDATORY 74 O.S. 1991, Section 920A, as amended by Section 13, Chapter 383, O.S.L. 1994 (74 O.S. Supp. 1994, Section 920A), is amended to read as follows:

Section 920A. A. Any county, county hospital, city or town, conservation district or any public or private trust in which a county, city or town participates and is the primary beneficiary, which is a participating employer and any eligible employee shall contribute to the System. The total employer and employee contributions shall be based on the allowable annual compensation as defined in subsection ~~(10)~~ (9) of Section 902 of this title. Except as provided for in this section, the employer shall not pay for the employee any of the employee contribution to the System.

B. Until July 1, 1994, the total employer and employee contributions shall equal thirteen and one-half percent (13 1/2%) of the monthly compensation of each member. The governing body of the participating employers listed in this section may vary the percentage contribution of the employer and employee, provided the total percentage contributed by the employer and employee equals the total percentage contribution required by this section. Until July 1, 1994, the employer contribution shall not exceed eleven and one-half percent (11 1/2%) and the employee contribution shall not exceed seven percent (7%). For county employees who elect to have a maximum compensation level of Forty Thousand Dollars ($40,000.00), the employee contribution shall be ten percent (10%) of the allowable annual compensation in excess of Twenty-five Thousand Dollars ($25,000.00) and not in excess of Forty Thousand Dollars ($40,000.00).

C. The provisions of this subsection shall govern the total employer and employee contributions required for the specified years as follows:

1. For the period beginning July 1, 1994, and ending June 30, 1995, the total employer and employee contributions shall equal:

a. thirteen and one-half percent (13 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00)<u>; provided, however, each participating employer listed in this section may set the amount of the employer and employee contribution to equal thirteen and one-half percent (13 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00), provided, the employer contribution shall not exceed eleven and one-half percent (11 1/2%) and the employee contribution shall not exceed seven percent (7%)</u>,

b. fifteen percent (15%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00)<u>; provided, the employer contribution shall be eleven and one-half percent (11 1/2%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00)</u>, and

c. ten percent (10%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00)<u>, all of which shall be paid by the employee</u>;

2. For the period beginning July 1, 1995, and ending June 30, 1996, the total employer and employee contributions shall equal:

a. thirteen and one-half percent (13 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00)<u>; provided, however, each participating employer listed in this section may set the amount of the employer and employee contribution to equal thirteen and one-half percent (13 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00), provided, the employer</u>

contribution shall not exceed eleven and one-half percent (11 1/2%) and the employee contribution shall not exceed seven percent (7%),

b. fifteen percent (15%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00); provided, the employer contribution shall be eleven and one-half percent (11 1/2%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00), and

c. fifteen percent (15%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00); provided, the employer contribution shall be eleven and one-half percent (11 1/2%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00);

3. For the period beginning July 1, 1996, and ending June 30, 1997, the total employer and employee contributions shall equal:

a. fourteen and one-half percent (14 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00); provided, however, each participating employer listed in this section may set the amount of the employer and employee contribution to equal fourteen and one-half percent (14 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00), provided, the employer contribution shall not exceed twelve percent (12%) and the employee contribution shall not exceed seven and one-half percent (7 1/2%),

b. fifteen and one-half percent (15 1/2%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00); provided, the employer contribution shall be twelve percent (12%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00), and

c. fifteen and one-half percent (15 1/2%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00); provided, the employer contribution shall be twelve percent (12%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00);

4. For the period beginning July 1, 1997, and ending June 30, 1998, the total employer and employee contributions shall equal:

a. fifteen and one-half percent (15 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00); provided, however, each participating employer listed in this section may set the amount of the employer and employee contribution to equal fifteen and one-half percent (15 1/2%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00), provided, the employer contribution shall not exceed twelve and one-half percent (12 1/2%) and the employee contribution shall not exceed eight percent (8%),

b. sixteen percent (16%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00); provided, the employer contribution shall be twelve and one-half percent (12 1/2%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more but not in excess of Forty Thousand Dollars ($40,000.00), and

c. sixteen percent (16%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00); provided, the employer contribution shall be twelve and one-half percent (12 1/2%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation in excess of Forty Thousand Dollars ($40,000.00);

5. For the period beginning July 1, 1998, and ending June 30, 1999, and for each year thereafter, the total employer and employee contributions shall equal sixteen percent (16%) of the allowable monthly compensation of each member; provided, however, each participating employer listed in this section may set the amount of the employer and employee contribution to equal sixteen percent (16%) of the allowable monthly compensation of each member for compensation not in excess of Twenty-five Thousand Dollars ($25,000.00); provided, the employer contribution shall not exceed twelve and one-half percent (12 1/2%) and the employee contribution shall not exceed eight and one-half percent (8 1/2%); provided further, the employer contribution shall be twelve and one-half percent (12 1/2%) and the employee contribution shall be three and one-half percent (3 1/2%) of the allowable monthly compensation of each member for compensation of Twenty-five Thousand Dollars ($25,000.00) or more.

~~The Board of Trustees of the Oklahoma Public Employees Retirement System shall adopt rules which prescribe the maximum employer contribution and maximum employee contribution for total contributions made to the System on or after July 1, 1994, based upon the maximum compensation level provided by subsection (10) of Section 902 of this title. Such rule shall provide for maximum employer contributions and maximum employee contributions which maintain approximately the same relative difference in such contributions as existed prior to July 1, 1994.~~

D. Each participating employer pursuant to the provisions of this section may pick up under the provisions of Section 414(h)(2)

of the Internal Revenue Code of 1986 and pay the contribution which the member is required by law to make to the System for all compensation earned after December 31, 1989. Although the contributions so picked up are designated as member contributions, such contributions shall be treated as contributions being paid by the participating employer in lieu of contributions by the member in determining tax treatment under the Internal Revenue Code of 1986 and such picked up contributions shall not be includable in the gross income of the member until such amounts are distributed or made available to the member or the beneficiary of the member. The member, by the terms of this System, shall not have any option to choose to receive the contributions so picked up directly and the picked up contributions must be paid by the participating employer to the System.

E. Member contributions which are picked up shall be treated in the same manner and to the same extent as member contributions made prior to the date on which member contributions were picked up by the participating employer. Member contributions so picked up shall be included in gross salary for purposes of determining benefits and contributions under the System.

F. The participating employer shall pay the member contributions from the same source of funds used in paying salary to the member, by effecting an equal cash reduction in gross salary of the member.

SECTION 8. AMENDATORY 74 O.S. 1991, Section 930.3, as amended by Section 14, Chapter 383, O.S.L. 1994 (74 O.S. Supp. 1994, Section 930.3), is amended to read as follows:

Section 930.3 A. Every member receiving retirement benefits from the System as of June 30, 1994, who retired with a final average compensation of less than Thirteen Thousand Eight Hundred Dollars ($13,800.00) and who had twenty (20) or more years of credited service within the Oklahoma Public Employees Retirement System as of the member's retirement date, shall receive on July 1, 1994, a retirement benefit increase to reflect a final average compensation of Thirteen Thousand Eight Hundred Dollars ($13,800.00) multiplied by two percent (2%), further multiplied by the number of years of credited service of the member; provided said increase shall be adjusted to reflect any options selected by the member or reduction factors applicable at the time of retirement.

B. Every member receiving retirement benefits from the System as of June 30, 1994, who retired with a final average compensation of less than Thirteen Thousand Eight Hundred Dollars ($13,800.00) and who had at least fifteen (15) but not more than nineteen (19) years of credited service within the Oklahoma Public Employees Retirement System as of the member's retirement date, shall receive on July 1, 1994, a retirement benefit increase to reflect a final average compensation of Thirteen Thousand Eight Hundred Dollars ($13,800.00) multiplied by two percent (2%), further multiplied by the number of years of credited service of the member multiplied by one-half (1/2); provided said increase shall be adjusted to reflect any options selected by the member or reduction factors applicable at the time of retirement.

C. <u>Every member receiving retirement benefits from the System as of June 30, 1994, who retired with a final average compensation of less than Thirteen Thousand Eight Hundred Dollars ($13,800.00) and who had less than fifteen (15) years of credited service within the Oklahoma Public Employees Retirement System as of the member's retirement date shall not be eligible for the retirement benefit increase reflecting a minimum final average compensation as otherwise provided by this section.</u>

D. Any member receiving retirement benefits from the System as of June 30, 1993, who ~~did not~~ was eligible to receive an increase in benefits pursuant to subsection A or B of this section, but in an amount less than the increase in benefits provided by this subsection or who was not eligible to receive an increase in benefits pursuant to subsection A or B of this section, shall receive on July 1, 1994, an increase in retirement benefits to be computed as follows:

1. Multiply Four Hundred Ninety-seven Dollars ($497.00) by two percent (2%);

2. Multiply the sum of paragraph 1 by the number of years of credited service of the member;

3. Divide the sum of paragraph 2 by twelve (12) and this shall be the increase in the monthly retirement benefit; and

4. This increase shall be adjusted to reflect any options selected by the member at the time of retirement.

E. A member receiving an increase in retirement benefits pursuant to subsection D of this section shall not be eligible for an increase in retirement benefits pursuant to subsection A or B of this section.

SECTION 9. The provisions of Section 8 of this act shall be considered and construed to be a clarification of the law as it existed prior to the effective date of this act and shall not be considered or construed to be a change in the law as it existed prior to the effective date of this act.

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

SECTION 11. This act shall become effective July 1, 1995.

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.

Passed the House of Representatives the 25th day of May, 1995.

Speaker of the House of Representatives

Passed the Senate the 25th day of May, 1995.

President of the Senate