

SHORT TITLE: Schools; Teachers' Retirement System; authorizing
amortization; effective date; emergency.

STATE OF OKLAHOMA

2nd Session of the 45th Legislature (1996)

SENATE BILL NO. 1228

By: Price

AS INTRODUCED

An Act relating to schools; amending 70 O.S. 1991, Section 17-116.8, as amended by Section 18, Chapter 322, O.S.L. 1993 (70 O.S. Supp. 1995, Section 17-116.8), which relates to the Teachers' Retirement System; authorizing amortization of certain repayments; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 1991, Section 17-116.8, as amended by Section 18, Chapter 322, O.S.L. 1993 (70 O.S. Supp. 1995, Section 17-116.8), is amended to read as follows:

Section 17-116.8 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 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. 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 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 2. This act shall become effective July 1, 1996.

SECTION 3. 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.

45-2-1712

SLM