

STATE OF OKLAHOMA

2nd Session of the 46th Legislature (1998)

HOUSE BILL NO. 2326

By: Dunegan

AS INTRODUCED

An Act relating to schools; amending 70 O.S. 1991, Section 6-101.1, which relates to annuity contracts; authorizing persons to maintain certain assets purchased from vendors for certain purpose; 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 6-101.1, is amended to read as follows:

Section 6-101.1 A. A part of the salary, not to exceed the exclusion allowance provided in Section 403(b)(2) of the Internal Revenue Code, payable to a teacher or any full-time employee by a school district may, at the request of the teacher or such full-time employee, be paid by the purchase of an annuity contract from any insurance company authorized to do business in Oklahoma or by the purchase of shares of regulated investment companies to be held in a custodial account as authorized by Section 403(b)(7) of the Internal Revenue Code of 1954, as amended, or by the purchase of a face amount investment annuity certificate issued by a company authorized to do business in Oklahoma by the district for the teacher or

full-time employee, and the teacher or full-time employee shall be entitled to have such annuity contract, custodial account or face amount investment annuity certificate continued in force in succeeding years by such school district or any other school district subsequently employing the teacher. The amounts so contributed or paid by the school district for the annuity contract, custodial account or face amount investment annuity certificate, or to continue it in force, shall be considered as payment of salary, for the same amounts, to the teacher or full-time employee for State Aid purposes, Teachers' Retirement System purposes, or Social Security purposes, but not for State Income Tax purposes. Provided that the amount received under such annuity contracts, custodial accounts or face amount investment annuity certificates shall be income subject to state income tax when actually received.

Provided, further, that any teacher desiring to be covered by the provisions of this act shall express his or her wishes in writing to the local board of education of the district, not later than ten (10) days prior to the end of any pay period of the school year.

B. The provisions of subsection A of this section shall also apply to all employees of institutions, agencies and boards comprising The Oklahoma State System of Higher Education. Such institutions, agencies and boards may purchase annuity contracts, custodial accounts or face amount investment annuity certificates from:

1. Any insurance company authorized to do business in Oklahoma;i or

2. Any life insurance or annuity company organized and operated, without profit to any private shareholder or individual, exclusively for the purpose of aiding and strengthening educational institutions by issuing insurance and annuity contracts only to or for the benefit of such institutions and individuals engaged in the services of such institutions;i or

3. Any broker dealer licensed to sell shares of regulated investment companies to be held in custodial accounts as authorized by Section 403(b)(7) of the Internal Revenue Code of 1954, as amended.

C. Any person for whom an annuity contract, shares of a regulated investment company or face amount investment annuity certificate has been purchased by an employer authorized to make the purchase pursuant to this section may maintain the existing annuity, custodial account or face amount investment annuity certificate with the original vendor from which the asset was purchased notwithstanding the selection of a different vendor by the employer for similar purchases occurring after the initial purchase of those assets.

SECTION 2. This act shall become effective July 1, 1998.

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.

46-2-8607

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