

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1440

By: Brannon

COMMITTEE SUBSTITUTE

An Act relating to public retirement systems; authorizing Deferred Retirement Option Plan for the Teachers' Retirement System of Oklahoma; prescribing requirement for eligibility; limiting duration of participation; providing for payment of employee contributions; providing for payment of employer contributions; providing for payment of benefits during and after participation in Deferred Option Plan; providing for rate of return on plan account assets; providing options for distribution from plan account; providing for distribution in the event of death; prescribing procedures for implementation of Deferred Option Plan; providing for codification; providing an effective date; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-122 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. In lieu of terminating employment and accepting a service retirement pension pursuant to Section 17-116.2, Section 17-116.2A or Section 17-116.2B of this title, any member of the Teachers' Retirement System of Oklahoma who has not less than twenty (20) years of creditable service and who is eligible to receive an unreduced service retirement pension may elect to participate in the Teachers' Retirement System Deferred Option Plan and defer the receipts of benefits in accordance with the provisions of this section.

B. The duration of participation in the Oklahoma Teachers' Retirement System Deferred Option Plan for a member shall not exceed

five (5) years. At the conclusion of a member's participation in the Oklahoma Teachers' Retirement System Deferred Option Plan, the member shall terminate employment with all participating employers, and shall start receiving one hundred percent (100%) of the member's accrued monthly retirement benefit from the System.

C. When a member begins participation in the Oklahoma Teachers' Retirement System Deferred Option Plan, the contribution of the employee shall continue. The employer contributions shall continue to be paid in accordance with Section 17-108.1 of Title 70 of the Oklahoma Statutes. Employer contributions for employees who elect the Oklahoma Teachers' Retirement System Deferred Option Plan shall be credited equally to the Oklahoma Teachers' Retirement System and to the Oklahoma Teachers' Retirement System Deferred Option Plan. Sixty percent (60%) of the monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into the Oklahoma Teachers' Retirement Deferred Option Plan account.

D. 1. A member who participates in this plan shall be eligible to receive cost of living increases.

2. A member who participates in this plan shall earn interest at a rate of two percentage points below the rate of return of the investment portfolio of the System. The interest shall be credited to the individual account balance of the member on an annual basis.

E. A participant in the Oklahoma Teachers' Retirement Deferred Option Plan shall receive, at the option of the participant:

1. A lump sum payment from the account equal to the option account balance of the participant, payable to the participant; or

2. A lump sum payment from the account equal to the option account balance of the participant, payable to the annuity provider which shall be selected by the participant as a result of the research and investigation of the participant.

F. If the participant dies during the period of participation in the Oklahoma Teachers' Retirement Deferred Option Plan, a lump sum payment equal to the account balance of the participant shall be paid in accordance with Section 17-105 of Title 70 of the Oklahoma Statutes.

G. The Oklahoma Teachers' Retirement Deferred Option Plan shall not be implemented until November 1, 2003, or when the Board of Trustees obtains a ruling from the Internal Revenue Service which affirmatively states that said plan shall be treated as a qualified plan for federal income tax purposes, whichever event last occurs.

SECTION 2. This act shall become effective July 1, 2003.

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.

49-1-6398 MAH 02/17/03