

STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

HOUSE BILL HB2226:

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AS INTRODUCED

An Act relating to the Teachers' Retirement System; enacting the Alternate Retirement Plan for Eligible Employees of Participating State Institutions of Higher Education Act of 2004; defining terms; providing for Alternate Retirement Plans for certain Eligible Employees; authorizing boards of regents to establish Alternate Retirement Plans; providing for authority to establish plans and procedures related thereto; providing for selection of certain entities; authorizing delegation of authority; providing for designation of certain annuities providing services; providing certain employees ineligible for participation in Teachers' Retirement System of Oklahoma; prescribing requirements related to participation in certain retirement systems; providing for irrevocable elections; prescribing effect of election; providing for transfer of certain amounts to Alternate Retirement Plans; providing for effect of transfer of funds; authorizing options for employee with vested benefits in Teachers' Retirement System; prescribing effect of options; providing for effect of elections related to service credit; providing for payment by Participating Institutions to Teachers' Retirement System; providing for effect of payment; requiring review of payment amount; providing for adjustment of payment amount; providing for acknowledgment by certain employees; amending 70 O.S. 2001, Sections 17-101, 17-103, as amended by Section 1, Chapter 326, O.S.L. 2003 and 17-116.2B (70 O.S. Supp. 2003, Section 17-103), which relate to the Teachers' Retirement System of Oklahoma; modifying definitions; modifying provisions related to retirement system membership; modifying provisions related to eligibility for membership in Teachers' Retirement System; authorizing termination of membership for certain persons; modifying provisions related to benefit computations for members employed by entities or institutions within The Oklahoma State System of Higher Education; authorizing recalculation of benefits under certain circumstances; defining term; 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 17-201 of Title 70, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Alternate Retirement Plan for Eligible Employees of Participating State Institutions of Higher Education Act of 2004".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-202 of Title 70, unless there is created a duplication in numbering, reads as follows:

The following words and phrases as used in this act shall have the following meanings unless a different meaning is clearly required by the context:

1. "Participating Institution" means only the entities that comprise a comprehensive university pursuant to Section 17-101 of Title 70 of the Oklahoma Statutes and which:

- a. maintain an Alternate Retirement Plan pursuant to the provisions of this act, and
- b. employ Eligible Employees;

2. "Alternate Retirement Plan" means any employee retirement plan including a plan meeting the requirements of Section 401(a), 403(b), or 457 of the Internal Revenue Code of 1986, as amended, operated pursuant to the provisions of this act for the benefit of Eligible Employees of Participating Institutions;

3. "Board of Regents" means the board or body designated by the Oklahoma Constitution or by Title 70 of the Oklahoma Statutes as the board of regents or governing board of a comprehensive university that is a Participating Institution;

4. "Eligible Employee" means any employee of a Participating Institution who (a) was initially appointed or hired after July 1, 2004, or on or after the Effective Date of the Alternate Retirement Plan, whichever is later, (b) meets the eligibility requirements of the Alternate Retirement Plan of the Participating Institution that

employs the Eligible Employee, and/or is (c) is not a participating member of the Teachers' Retirement System, but is employed by the Participating Institution on the date the Alternate Retirement Plan is established by such Participating Institution. However, the term Eligible Employee does not include a person whose employment is incidental to his or her educational program or whose employment is not continuous. Eligible Employees shall be eligible to participate in the Alternate Retirement Plan;

5. "Electing Employee" means an employee of a Participating Institution who is a member of the Teachers' Retirement System and who exercises an election pursuant to this act to cease to make required employee contributions to the Teachers' Retirement System and is eligible to participate in an Alternate Retirement Plan established by such employee's Participating Institution pursuant to this act;

6. "Regular Annual Compensation" means salary plus fringe benefits. For purposes of this definition, Regular Annual Compensation shall include all normal periodic payments as provided in subsection D of Section 17-116.2 of Title 70 of the Oklahoma Statutes including, but not limited to, employer-paid group health and disability insurance, group term life insurance, annuities and pension contributions and IRS Code Section 125 cafeteria benefits provided on a periodic basis to all qualified members of the employer, which qualify as fringe benefits under the Internal Revenue Code; and

7. "Effective Date" means the date on which the Alternate Retirement Plan is established at the Participating Institution or July 1, 2004, whichever is later.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-203 of Title 70, unless there is created a duplication in numbering, reads as follows:

Alternate Retirement Plans for Eligible Employees and Electing Employees are hereby authorized at Participating Institutions in lieu of the retirement plan offered by the Teachers' Retirement System. Alternate Retirement Plans, shall, for Eligible Employees and Electing Employees, provide retirement and death benefits to such employees through the purchase of annuity contracts, qualified retirement trusts or custodial accounts, fixed or variable in nature, or a combination thereof, at the option of the Participating Institution.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-204 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. On or before June 30, 2005, each Board of Regents of a Participating Institution may establish an Alternate Retirement Plan pursuant to the provisions of this act, for the entities under the jurisdiction of such Board of Regents, for Eligible Employees and Electing Employees in lieu of membership in the Teachers' Retirement System. The Board of Regents of the applicable Participating Institution shall determine the terms and conditions of the Alternate Retirement Plan including, by example, terms for eligibility, contributions, vesting and the amount of benefits, and provide for the administration of such an Alternate Retirement Plan and perform or authorize the performance of such functions as may be necessary for such purpose in accordance with this act.

B. The Board of Regents shall select the company or companies who shall administer the qualified retirement trust, custodial accounts or from whom annuity contracts are to be purchased under the Alternate Retirement Plan and shall approve the form and contents of all agreements governing such trusts, accounts or contracts.

C. The Board of Regents of the Participating Institutions may delegate certain responsibilities for administering the Alternate Retirement Plan with respect to each institution's own employees.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-205 of Title 70, unless there is created a duplication in numbering, reads as follows:

Each Board of Regents which establishes an Alternate Retirement Plan shall designate one or more companies to provide for the funding of Alternate Retirement Plan benefits through the purchase of annuity contracts, qualified retirement trusts or custodial accounts.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-206 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Eligible Employees are ineligible for participation in the Teachers' Retirement System. Ineligibility to participate in the Teachers' Retirement System shall continue so long as the Eligible Employee remains employed by a Participating Institution. If an Eligible Employee assumes a different position, which is governed by a state retirement system other than the Alternate Retirement Plan authorized in this act, the Eligible Employee shall be subject to the retirement system rules applicable to that new position. However, said Eligible Employee shall not be eligible for service credit in the Teachers' Retirement System for service while participating in an Alternate Retirement Plan even if the Eligible Employee later begins or returns to employment in a position governed by the Teachers' Retirement System.

B. Electing Employees who desire to cease to participate in the Teachers' Retirement System shall make a one-time irrevocable election to cease to make required employee contributions to the Teachers' Retirement System. Such election shall be made within one (1) year of the effective date of this act and shall be made by the

Electing Employee to the Participating Institution that employs such person. The Teachers' Retirement System shall be notified of such election by the Participating Institution within thirty (30) days of receipt of the election. Except as provided by subsection A of Section 4 of this act, employer and employee contributions with respect to such Electing Employee to the Teachers' Retirement System shall cease as of the first day of the month coinciding with or first following the receipt of the election from the Electing Employee by the Participating Institution.

C. If the Electing Employee is not vested with the Teachers' Retirement System at the time the election in subsection B of Section 4 of this act is made, the Teachers' Retirement System shall transfer all of the Electing Employee's required employee member contributions (but not the employer fee contributions) at the time of such election, and if requested by the Participating Institution sponsoring the Alternate Retirement Plan made to the Teachers' Retirement System and applicable interest attributable thereto to the Alternate Retirement Plan in an amount equal to what the Electing Employee would have received had the Electing Employee withdrawn his or her contributions at the date of such election. Upon transfer of such employee contributions and interest to the Alternate Retirement Plan, the Electing Employee shall have all service credit, rights, and benefits in the Teachers' Retirement System attributable to employer contributions made by the Participating Institution for each such Electing Employee cancelled, and all service credit, rights, and benefits in the Teachers' Retirement System attributable to the Electing Employee's employee contributions and applicable interest attributable thereto as of the date of transfer of his or her required employee contributions to the Alternate Retirement Plan shall be cancelled.

D. In the event an Electing Employee is vested with the Teachers' Retirement System on the date that the election in

subsection B of Section 4 of this act is made, such individual shall have the option to either (a) leave all of his or her required employee member contributions and interest attributable thereto and thereafter in the Teachers' Retirement System, and such amount will be paid to such Electing Employee when he or she becomes eligible to withdraw contributions under a Teachers' Retirement System qualifying event, such as separation from employment, or (b) elect to receive his or her retirement annuity benefit, when eligible, in accordance with the Teachers' Retirement System. If the Electing Employee elects to initiate retirement income benefits with the Teachers' Retirement System, the amount of benefits earned by the Electing Employee as of the date the election in subsection B of Section 4 of this act is made shall receive all rights and benefits in the Teachers' Retirement System attributable to his or her status at the time the Electing Employee attains his applicable retirement date pursuant to the Teachers' Retirement System.

E. Electing Employees shall not be eligible for service credit in the Teachers' Retirement System for service while participating in an Alternate Retirement Plan as provided in this act, even if the employee later returns to employment in a position governed by the Teachers' Retirement System. Since the Alternate Retirement Plan of a Participating Institution may provide benefits for both Electing Employees and employees who continue in the Teachers' Retirement System, employees who do not elect to cease to participate in the Teachers' Retirement System as provided in this act may participate in the Alternate Retirement Plan if permitted by the terms of such plan. The Boards of Regents of the Participating Institutions and the Teachers' Retirement System shall promulgate any rules necessary to implement the provisions of this section.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-207 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Participating Institutions establishing an Alternate Retirement Plan pursuant to this act shall pay until June 30, 2033, to the Teachers' Retirement System a withdrawal surcharge of _____ percent (___%) of the Regular Annual Compensation paid to (a) employees hired on or after July 1, 2004, who would otherwise be mandated to participate in accordance with the requirements of the Teachers' Retirement System as of July 1, 2004, but for the application of this act and (b) Electing Employees.

B. Any payments made to the Teachers' Retirement System pursuant to this section shall not be considered as salary, fringe benefits or total compensation due to the Eligible Employee or Electing Employee for the purpose of meeting any legislative or contractual obligation of the employer of such person.

C. The required payments made pursuant to subsection A of Section 4 of this act will be reviewed by the Teachers' Retirement System with the participation of the comprehensive universities and will be actuarially adjusted as of July 1, 2007, and every three (3) years thereafter if necessary to reflect significant changes to the factors originally used to determine the payments described in subsection A of Section 4 of this act. This review will be based on sound and reasonable commonly accepted actuarial factors.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 17-208 of Title 70, unless there is created a duplication in numbering, reads as follows:

All Electing Employees participating in the Alternate Retirement Plan shall acknowledge in writing that benefits payable pursuant to such Alternate Retirement Plan are not the obligations of the State of Oklahoma or the Teachers' Retirement System. No retirement, death or other benefits shall be payable by the state, or by any state institution of higher education, under such Alternate Retirement Plan, and such benefits shall be paid to the participants

or their beneficiaries pursuant to the terms of the Alternate Retirement Plan.

SECTION 9. AMENDATORY 70 O.S. 2001, Section 17-101, is amended to read as follows:

Section 17-101. The following words and phrases as used in this act, unless a different meaning is clearly required by the context, shall have the following meanings:

(1) "Retirement system" shall mean the Teachers' Retirement System of Oklahoma, as defined in Section 17-102 of this title.

(2) "Public school" shall mean a school district, a state college or university, the State Board of Education, the State Board of Career and Technology Education and any other state educational entity conducted within the state supported wholly or partly by public funds and operating under the authority and supervision of a legally constituted board or agency having authority and responsibility for any function of public education.

(3) "Classified personnel" shall mean any teacher, principal, superintendent, supervisor, administrator, librarian, certified or registered nurse, college professor, or college president whose salary is paid wholly or in part from public funds. An employee of any state department, board, board of regents or board of trustees, who is in a supervisory or an administrative position, the function of which is primarily devoted to public education, shall be considered classified personnel under the meaning of this act, at the discretion of the Board of Trustees of the Teachers' Retirement System. The term "teacher" shall also include instructors and counselors employed by the Department of Corrections and holding valid teaching certificates issued by the State Department of Education. Provided, that a person employed by the Department of Corrections as an instructor or counselor shall have been actively engaged in the teaching profession for a period of not less than three (3) years prior to employment to be eligible to participate in

the Oklahoma Teachers' Retirement System. The Department of Corrections shall contribute the employer's share to the Oklahoma Teachers' Retirement System.

(4) "Nonclassified optional personnel" shall include cooks, janitors, maintenance personnel not in a supervisory capacity, bus drivers, noncertified or nonregistered nurses, noncertified librarians, and clerical employees of the public schools, state colleges, universities or any state department, board, board of regents or board of trustees, the functions of which are primarily devoted to public education and whose salaries are paid wholly or in part from public funds.

(5) "Employer" shall mean the state and any of its designated agents or agencies with responsibility and authority for public education, such as boards of education of elementary and independent school districts, boards of regents, boards of control or any other agency of and within the state by which a person may be employed for service in public education.

(6) "Member" shall mean any teacher or other employee included in the membership of the system as provided in Section 17-103 of this title.

(7) "Board of Trustees" shall mean the board provided for in Section 17-106 of this title to administer the retirement system.

(8) "Service" shall mean service as a classified or nonclassified optional employee in the public school system, or any other service devoted primarily to public education in the state.

(9) "Prior service" shall mean service rendered prior to July 1, 1943.

(10) "Membership service" shall mean service as a member of the classified or nonclassified personnel as defined in paragraphs (3) and (4) of this section.

(11) "Creditable service" shall mean membership service plus any prior service authorized under this title.

(12) "Annuitant" shall mean any person in receipt of a retirement allowance as provided in this title.

(13) "Accumulated contributions" shall mean the sum of all amounts deducted from the compensation of a member and credited to his individual account in the Teacher Savings Fund, together with interest as of June 30, 1968.

(14) "Earnable compensation" shall mean the full rate of the compensation that would be payable to a member if he worked the full normal working time.

(15) "Average salary":

(a) for those members who joined the System prior to July 1, 1992, shall mean the average of the salaries for the three (3) years on which the highest contributions to the Teachers' Retirement System was paid not to exceed the maximum contribution level specified in Section 17-116.2 of this title or the maximum compensation level specified in subsection (28) of this section. Provided, no member shall retire with an average salary in excess of Twenty-five Thousand Dollars (\$25,000.00) unless the member has made the required election and paid the required contributions on such salary in excess of Twenty-five Thousand Dollars (\$25,000.00), and

(b) for those members who join the System after June 30, 1992, shall mean the average of the salaries for five (5) consecutive years on which the highest contribution to the Teachers' Retirement System was paid. Only salary on which required contributions have been made may be used in computing average salary.

(16) "Annuity" shall mean payments for life derived from the "accumulated contributions" of a member. All annuities shall be payable in equal monthly installments.

(17) "Pension" shall mean payments for life derived from money provided by the employer. All pensions shall be payable in equal monthly installments.

(18) "Monthly retirement allowance" is one-twelfth (1/12) of the annual retirement allowance which shall be payable monthly.

(19) "Retirement Benefit Fund" shall mean the fund from which all retirement benefits shall be paid based on such mortality tables as shall be adopted by the Board of Trustees.

(20) "Actuary" shall mean a person especially skilled through training and experience in financial calculation respecting the expectancy and duration of life.

(21) "Actuarial equivalent" shall mean a benefit of equal value when computed upon the basis of such mortality and other tables as shall be adopted by the Board of Trustees.

(22) The masculine pronoun, whenever used, shall include the feminine.

(23) "Actuarially determined cost" shall mean the single sum which is actuarially equivalent in value to a specified pension amount as determined on the basis of mortality and interest assumptions adopted by the Board of Trustees.

(24) "Normal retirement age" means age sixty-two (62) or the age at which the sum of a member's age and number of years of creditable service total eighty (80), whichever occurs first.

(25) "Regular annual compensation" means salary plus fringe benefits, excluding the flexible benefit allowance pursuant to Section 7 of this act and for purposes pursuant to Section 17-101 et seq. of this title. For purposes of this definition, regular annual compensation shall include all normal periodic payments as provided in subsection D of Section 17-116.2 of this title.

(26) "Teacher" means classified personnel and nonclassified optional personnel.

(27) "Active classroom teacher" means a person employed by a school district to teach students specifically identified classes for specifically identified subjects during the course of a semester, and who holds a valid certificate or license issued by and in accordance with the rules and regulations of the State Board of Education.

(28) "Maximum compensation level" shall mean:

(a) Twenty-five Thousand Dollars (\$25,000.00) for credited service authorized and performed prior to July 1, 1995, for members not electing a higher maximum compensation level,

(b) Forty Thousand Dollars (\$40,000.00) for credited service authorized and performed prior to July 1, 1995, for members electing a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00),

(c) Twenty-seven Thousand Five Hundred Dollars (\$27,500.00) for members who, as of June 30, 1995, had elected to have a maximum compensation level not in excess of Twenty-five Thousand Dollars (\$25,000.00), and who were employed by an entity or institution within The Oklahoma State System of Higher Education for credited service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, if such member does not elect a higher maximum compensation level for this period as authorized by Section 17-116.2A of this title,

(d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00) for members employed by a comprehensive university if the member meets the requirements imposed by Section

17-116.2A of this title and the member elects to impose a higher maximum compensation level for service performed on or after July 1, 1995, but not later than June 30, 1996,

(e) Forty-four Thousand Dollars (\$44,000.00) for members who, as of June 30, 1995, had elected to have a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00), and who were employed by an entity or institution within The Oklahoma State System of Higher Education for credited service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, if such member does not elect a higher maximum compensation level for this period as authorized by Section 17-116.2A of this title,

(f) Forty-nine Thousand Dollars (\$49,000.00) for members employed by a comprehensive university if the member meets the requirements imposed by Section 17-116.2A of this title and the member elects to impose a higher maximum compensation level for service performed on or after July 1, 1995, but not later than June 30, 1996,

(g) the following amounts for credited service authorized and performed by members employed by a comprehensive university, based upon the election of the member in effect as of June 30, 1995:

1. for members who elected a maximum compensation level not in excess of Twenty-five Thousand Dollars (\$25,000.00):

(i) Thirty-two Thousand Five Hundred Dollars (\$32,500.00) for service authorized and performed on or after July 1, 1996, but not later than June 30, 1997,

- (ii) Thirty-seven Thousand Five Hundred Dollars (\$37,500.00) for service authorized and performed on or after July 1, 1997, but not later than June 30, 1998,
- (iii) Forty-two Thousand Five Hundred Dollars (\$42,500.00) for service authorized and performed on or after July 1, 1998, but not later than June 30, 2000,
- (iv) Forty-seven Thousand Five Hundred Dollars (\$47,500.00) for service authorized and performed on or after July 1, 2000, but not later than June 30, 2001,
- (v) Fifty-two Thousand Five Hundred Dollars (\$52,500.00) for service authorized and performed on or after July 1, 2001, but not later than June 30, 2002,
- (vi) Fifty-seven Thousand Five Hundred Dollars (\$57,500.00) for service authorized and performed on or after July 1, 2002, but not later than June 30, 2003,
- (vii) Sixty-two Thousand Five Hundred Dollars (\$62,500.00) for service authorized and performed on or after July 1, 2003, but not later than June 30, 2004,
- (viii) Sixty-seven Thousand Five Hundred Dollars (\$67,500.00) for service authorized and performed on or after July 1, 2004, but not later than June 30, 2005,
- (ix) Seventy-two Thousand Five Hundred Dollars (\$72,500.00) for service authorized and performed on or after July 1, 2005, but not later than June 30, 2006,

- (x) Seventy-seven Thousand Five Hundred Dollars (\$77,500.00) for service authorized and performed on or after July 1, 2006, but not later than June 30, 2007,
 - (xi) the full amount of regular annual compensation for service authorized and performed on or after July 1, 2007, and
2. for members who elected a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00):
- (i) Forty-nine Thousand Dollars (\$49,000.00) for service authorized and performed on or after July 1, 1996, but not later than June 30, 1997,
 - (ii) Fifty-four Thousand Dollars (\$54,000.00) for service authorized and performed on or after July 1, 1997, but not later than June 30, 1998,
 - (iii) Fifty-nine Thousand Dollars (\$59,000.00) for service authorized and performed on or after July 1, 1998, but not later than June 30, 2000,
 - (iv) Sixty-four Thousand Dollars (\$64,000.00) for service authorized and performed on or after July 1, 2000, but not later than June 30, 2001,
 - (v) Sixty-nine Thousand Dollars (\$69,000.00) for service authorized and performed on or after July 1, 2001, but not later than June 30, 2002,
 - (vi) Seventy-four Thousand Dollars (\$74,000.00) for service authorized and performed on or

after July 1, 2002, but not later than June 30, 2003,

(vii) Seventy-nine Thousand Dollars (\$79,000.00) for service authorized and performed on or after July 1, 2003, but not later than June 30, 2004,

(viii) Eighty-four Thousand Dollars (\$84,000.00) for service authorized and performed on or after July 1, 2004, but not later than June 30, 2005,

(ix) Eighty-nine Thousand Dollars (\$89,000.00) for service authorized and performed on or after July 1, 2005, but not later than June 30, 2006,

(x) Ninety-four Thousand Dollars (\$94,000.00) for service authorized and performed on or after July 1, 2006, but not later than June 30, 2007,

(xi) the full amount of regular annual compensation for service authorized and performed on or after July 1, 2007,

~~(h) the full amount of regular annual compensation of:~~

~~1. a member of the retirement system not employed by an entity or institution within The Oklahoma State System of Higher Education for all credited service authorized and performed on or after July 1, 1995,~~

~~2. a member of the retirement system first employed on or after July 1, 1995, by an entity or institution within The Oklahoma State System of Higher Education for all credited service~~

- ~~authorized and performed on or after July 1, 1995, but not later than June 30, 1996,~~
- ~~3. a member of the retirement system employed by an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, if the member elects to impose a higher maximum compensation level for service performed on or after July 1, 1995, but not later than June 30, 1996, pursuant to subsection B of Section 17-116.2A of this title,~~
 - ~~4. a member of the retirement system who is first employed on or after July 1, 1996, by any entity or institution within The Oklahoma State System of Higher Education, including a comprehensive university, for credited service authorized and performed on or after July 1, 1996,~~
 - ~~5. a member of the retirement system who, as of July 1, 1996, is subject to a maximum compensation level pursuant to paragraph (g) of this subsection if the member terminates service with a comprehensive university and is subsequently reemployed by a comprehensive university, or~~
 - ~~6. a member of the retirement system employed by a comprehensive university for all service performed on and after July 1, 2007.~~

(29) "Comprehensive university" shall mean:

- (a) the University of Oklahoma and all of its constituent agencies, including the University of Oklahoma Health Sciences Center, the University of Oklahoma Law Center and the Geological Survey, and
- (b) Oklahoma State University and all of its constituent agencies, including the Oklahoma State University

Agricultural Experiment Station, the Oklahoma State University Agricultural Extension Division, the Oklahoma State University College of Veterinary Medicine, the Oklahoma State University ~~College of Osteopathic Medicine~~ Center for Health Sciences, the Technical Branch at Oklahoma City ~~and~~, the Technical Branch at Okmulgee and the Oklahoma State University-Tulsa.

SECTION 10. AMENDATORY 70 O.S. 2001, Section 17-103, as amended by Section 1, Chapter 326, O.S.L. 2003 (70 O.S. Supp. 2003, Section 17-103), is amended to read as follows:

Section 17-103. ~~The~~ Except as provided in this act, the membership of the retirement system shall consist of the following:

(1) All classified personnel shall become members of the retirement system as a condition of their employment~~;~~;

(2) All full-time nonclassified optional personnel regularly employed for more than one (1) year may join the Teachers' Retirement System subject to the rules and regulations adopted pursuant to this act. Subject to the outcome of a private letter ruling request which shall be submitted by the Board to the Internal Revenue Service, the System shall permit full-time nonclassified optional personnel who have ceased to make otherwise required employee contributions after having made an election to become a member of the retirement system to resume employee contributions. No service shall be credited to any such member for any period of time during which employee contributions were not made~~;~~;

(3) All persons who shall become classified personnel or who are regularly employed in any school system as new classified personnel after July 1, 1943, hereof, shall become members of the retirement system as a condition of their employment~~;~~;

(4) All other regular school employees may join the Teachers' Retirement System subject to the rules and regulations as may be

adopted by the Board of Trustees of the Teachers' Retirement System-;

(5) The Board of Trustees may, in its discretion, deny the right to become members to any class of members whose compensation is only partly paid by the state, or who is serving on a temporary or other than per annum basis, and it also may, in its discretion, make optional with members in any such class their individual entrance into the retirement system-;

(6) Should any member, with less than ten (10) years of teaching service in Oklahoma, in any period of six (6) consecutive years after becoming a member be absent from service more than five (5) years, withdraw his contributions, retire or die, he shall thereupon cease to be a member. The provisions of this paragraph shall not apply to any member of the Teachers' Retirement System who has been a member of such classes of military services as may be approved by the Board of Trustees, until a period of one and one-half (1 1/2) years from date of termination of such service shall have elapsed-;

(7) ~~Notwithstanding paragraphs (1) through (3) of this section, employees of Comprehensive Universities who are eligible to become members of the Teachers' Retirement System of Oklahoma and who are at least age forty-five (45) at the time of employment may at their option become a member of the System~~ All employees hired by a comprehensive university on or after July 1, 2004, shall not be eligible to participate in the Teachers' Retirement System. All employees who are members of the Teachers' Retirement System prior to July 1, 2004, and are not employed by a comprehensive university on July 1, 2004, and subsequently become employed by a comprehensive university will be deemed a new hire by the comprehensive university and not eligible to participate in the Teachers' Retirement System; and

(8) Members of the Teachers' Retirement System, who are employed by a comprehensive university on July 1, 2004, shall have the opportunity to terminate membership in the Teachers' Retirement System in accordance with provisions of this act.

SECTION 11. AMENDATORY 70 O.S. 2001, Section 17-116.2B, is amended to read as follows:

Section 17-116.2B Beginning July 1, ~~1996~~ 2004, a member who has any creditable service as an employee of an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1995, who retires on or after the member's normal retirement age or whose retirement is because of disability shall receive an annual allowance for life, payable monthly, as follows:

1. If the member becomes a member after June 30, 1995, and was not eligible to become a member prior to July 1, 1995, in an amount equal to:

- a. ~~two percent (2%) of the member's salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed on or after July 1, 1995, but not later than June 30, 1996, plus~~
- b. ~~two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed for a comprehensive university on or after July 1, 1996, plus~~
- c. ~~two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or~~

~~after July 1, 1996, but not later than June 30, 2001,~~
plus

- ~~d.~~ two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of ~~credited~~ creditable service authorized and performed ~~on or after July 1, 2001.;~~

2. If the member became a member or is eligible to become a member prior to July 1, 1995, and elected to have a maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00) pursuant to paragraph 1 of subsection C of Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title or pursuant to subsection E of Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title, or if the member's salary ~~has~~ never exceeded Twenty-five Thousand Dollars (\$25,000.00) prior to July 1, 1995, in an amount equal to:

- a. two percent (2%) of the member's average salary upon which member contributions were made, not to exceed Forty Thousand Dollars (\$40,000.00), multiplied by the number of the member's years of credited service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus
- b. two percent (2%) of the average of the member's ~~salary~~ maximum compensation level upon which member contributions were made for those years between July 1, 1995, and June 30, 2007, in which the member's regular annual compensation meets or, not to exceed exceeds the maximum compensation level in effect for the member for the period July 1, 1995, through June 30, ~~1996~~ 2007, which shall be:

~~(1) Forty-four Thousand Dollars (\$44,000.00), if the member was subject to this maximum compensation level pursuant to paragraph 3 of subsection A of Section 17-116.2 of Title 70 of the Oklahoma Statutes and does not modify the maximum compensation level, or~~

~~(2) Forty-nine Thousand Dollars (\$49,000.00), if a member employed by a comprehensive university makes the election authorized by subsection A of Section 4 of this act and payment of contributions is made as required by law, or~~

~~(3) the full amount of regular annual compensation if a member employed by an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, makes the election authorized by subsection B of Section 4 of this act and payment of contributions is made as required by law multiplied by the number of the member's years of credited service for the period July 1, 1995, through June 30, 2007, in which the member's regular annual compensation meets or exceeds the maximum compensation in effect for the member for the period July 1, 1995, through June 30, 2007, plus~~

c. ~~two percent (2%) of the member's salary upon which member contributions were made not to exceed the following amounts for members who, as of June 30, 1995, had elected to contribute upon compensation in excess of Twenty-five Thousand Dollars (\$25,000.00):~~

~~(1) Forty-nine Thousand Dollars (\$49,000.00) for service authorized and performed for a~~

- ~~comprehensive university on or after July 1, 1996, but not later than June 30, 1997,~~
- ~~(2) Fifty-four Thousand Dollars (\$54,000.00) for service authorized and performed for a comprehensive university on or after July 1, 1997, but not later than June 30, 1998,~~
 - ~~(3) Fifty-nine Thousand Dollars (\$59,000.00) for service authorized and performed for a comprehensive university on or after July 1, 1998, but not later than June 30, 2000,~~
 - ~~(4) Sixty-four Thousand Dollars (\$64,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2000, but not later than June 30, 2001,~~
 - ~~(5) Sixty-nine Thousand Dollars (\$69,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2001, but not later than June 30, 2002,~~
 - ~~(6) Seventy-four Thousand Dollars (\$74,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2002, but not later than June 30, 2003,~~
 - ~~(7) Seventy-nine Thousand Dollars (\$79,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2003, but not later than June 30, 2004,~~
 - ~~(8) Eighty-four Thousand Dollars (\$84,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2004, but not later than June 30, 2005,~~
 - ~~(9) Eighty-nine Thousand Dollars (\$89,000.00) for service authorized and performed for a~~

~~comprehensive university on or after July 1, 2005, but not later than June 30, 2006, and (10) Ninety-four Thousand Dollars (\$94,000.00) for service authorized and performed for a comprehensive university on or after July 1, 2006, but not later than June 30, 2007, plus~~

~~d.~~ two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1996, but not later than June 30, 2007, plus

~~e.~~ d. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service ~~authorized and performed for a comprehensive university on or after~~ in which contributions were made that did not meet or exceed the member's maximum compensation level in effect for the member for the period July 1, 1996 1995, but not later than through June 30, 2007, ~~if the member terminates service with a comprehensive university and is subsequently re-~~ employed by a comprehensive university, plus

~~f.~~ e. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed after June 30, 2007.;

3. If the member became a member or is eligible to become a member prior to July 1, 1995, and was eligible to elect to have a

maximum compensation level in excess of Twenty-five Thousand Dollars (\$25,000.00) and did not elect or elected not to have a maximum compensation level of Forty Thousand Dollars (\$40,000.00) pursuant to paragraph 1 of subsection C of Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title or pursuant to subsection E of Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title, in an amount equal to:

- a. two percent (2%) of the member's average salary upon which member contributions were made, not to exceed Twenty-five Thousand Dollars (\$25,000.00), multiplied by the number of the member's years of credited service authorized and performed prior to July 1, 1995, plus any years of prior service authorized under this title, plus
- b. two percent (2%) of the average of the member's ~~salary~~ maximum compensation level upon which member contributions were made, ~~not to exceed~~ for those years of service between July 1, 1995, and June 30, 2007, in which the member's regular annual compensation meets or exceeds the maximum compensation level in effect for the member for the period July 1, 1995, through June 30, ~~1996~~ 2007, ~~which shall be:~~
 - (1) ~~Twenty-seven Thousand Five Hundred Dollars (\$27,500.00), if the member was subject to this maximum compensation level pursuant to paragraph 3 of subsection A of Section 17-116.2 of Title 70 of the Oklahoma Statutes and does not modify the maximum compensation level, or~~
 - (2) ~~Thirty-two Thousand Five Hundred Dollars (\$32,500.00) if a member employed by a comprehensive university makes the election authorized by subsection A of Section 4 of this~~

~~act and payment of contributions is made as required by law, or~~

~~(3) the full amount of regular annual compensation if a member employed by an entity or institution within The Oklahoma State System of Higher Education, other than a comprehensive university, makes the election authorized by subsection B of Section 4 of this act and payment of contributions is made as required by law, plus~~

c. ~~two percent (2%) of the member's salary upon which member contributions were made, not to exceed the following amounts for members who, as of June 30, 1995, had elected not to contribute upon compensation in excess of Twenty-five Thousand Dollars~~

~~(\$25,000.00):~~

~~(1) Thirty-two Thousand Five Hundred Dollars (\$32,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1996, but not later than June 30, 1997,~~

~~(2) Thirty-seven Thousand Five Hundred Dollars (\$37,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1997, but not later than June 30, 1998,~~

~~(3) Forty-two Thousand Five Hundred Dollars (\$42,500.00) for service authorized and performed for a comprehensive university on or after July 1, 1998, but not later than June 30, 2000,~~

~~(4) Forty-seven Thousand Five Hundred Dollars (\$47,500.00) for service authorized and performed for a comprehensive university on or after July 1, 2000, but not later than June 30, 2001,~~

- ~~(5) Fifty-two Thousand Five Hundred Dollars
(\$52,500.00) for service authorized and performed
for a comprehensive university on or after July
1, 2001, but not later than June 30, 2002,~~
- ~~(6) Fifty-seven Thousand Five Hundred Dollars
(\$57,500.00) for service authorized and performed
for a comprehensive university on or after July
1, 2002, but not later than June 30, 2003,~~
- ~~(7) Sixty-two Thousand Five Hundred Dollars
(\$62,500.00) for service authorized and performed
for a comprehensive university on or after July
1, 2003, but not later than June 30, 2004,~~
- ~~(8) Sixty-seven Thousand Five Hundred Dollars
(\$67,500.00) for service authorized and performed
for a comprehensive university on or after July
1, 2004, but not later than June 30, 2005,~~
- ~~(9) Seventy-two Thousand Five Hundred Dollars
(\$72,500.00) for service authorized and performed
for a comprehensive university on or after July
1, 2005, but not later than June 30, 2006, and~~
- ~~(10) Seventy-seven Thousand Five Hundred Dollars
(\$77,500.00) for service authorized and performed
for a comprehensive university on or after July
1, 2006, but not later than June 30, 2007,
multiplied by the number of the member's years of
credited service for the period July 1, 1995,
through June 30, 2007, in which the member's
regular annual compensation in effect for the
member for the period July 1, 1995, through June
30, 2007, plus~~

~~d.~~ two percent (2%) of the member's average salary upon
which member contributions were made, multiplied by

the number of the member's years of credited service authorized and performed for an employer other than a comprehensive university or for service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or after July 1, ~~1996~~ 1995, but not later than June 30, 2007, plus

- ~~e.~~ d. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service ~~authorized and performed for a comprehensive university on or after~~ in which contributions were made that did not meet or exceed the member's maximum compensation level in effect for the member for the period July 1, ~~1996~~ 1995, but not later than through June 30, 2007, if the member terminates service with a comprehensive university and is subsequently re-employed by a comprehensive university, plus
- ~~f.~~ e. two percent (2%) of the member's average salary upon which member contributions were made, multiplied by the number of the member's years of credited service authorized and performed after June 30, 2007;i

4. Any member who retired on or after July 1, 1995, shall be eligible to have the benefits recalculated in accordance with the terms and provisions of paragraphs 2 and 3 of this section. In the event such calculation results in an increase in benefits, such benefits will be adjusted commencing January 1, 2005, and thereafter. No such recalculation shall be applied in a retroactive manner to result in any increase in benefits which have been paid between July 1, 1995, and December 31, 2004.

5. The term average of the member's maximum compensation level shall mean an average of the annual salary on which the maximum

contributions were made to the Teachers' Retirement System for the period between July 1, 1995, and June 30, 2007. The average for each member will be applied in accordance with paragraph (15) of Section 17-101 of this title.

SECTION 12. This act shall become effective July 1, 2004.

SECTION 13. 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.

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