

CS for EHB 2986

1 THE STATE SENATE
2 Thursday, April 6, 2006

3 Committee Substitute for
4 ENGROSSED
5 House Bill No. 2986

6 COMMITTEE SUBSTITUTE FOR ENGROSSED HOUSE BILL NO. 2986 - By: JONES,
7 DeWITT, SULLIVAN, WALKER, COOKSEY, DENNEY, MARTIN, RICHARDSON and
8 STEELE of the House and PADDACK of the Senate.

9 [retirement - definitions - benefits - contributions -
10 legislative intent - Board of Trustees - effective date -
11 emergency]

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

13 SECTION 1. AMENDATORY 70 O.S. 2001, Section 17-101, as
14 last amended by Section 118, Chapter 1, O.S.L. 2005 (70 O.S. Supp.
15 2005, Section 17-101), is amended to read as follows:

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

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

21 (2) "Public school" shall mean a school district, a state
22 college or university, the State Board of Education, the State Board
23 of Career and Technology Education and any other state educational
24 entity conducted within the state supported wholly or partly by
25 public funds and operating under the authority and supervision of a

1 legally constituted board or agency having authority and
2 responsibility for any function of public education.

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

22 (4) "Nonclassified optional personnel" shall include cooks,
23 janitors, maintenance personnel not in a supervisory capacity, bus

1 drivers, noncertified or nonregistered nurses, noncertified
2 librarians, and clerical employees of the public schools, state
3 colleges, universities or any state department, board, board of
4 regents or board of trustees, the functions of which are primarily
5 devoted to public education and whose salaries are paid wholly or in
6 part from public funds.

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

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

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

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

21 (9) "Prior service" shall mean service rendered prior to July
22 1, 1943.

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

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

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

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

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

15 (15) "Average salary":

16 (a) for those members who joined the System prior to July
17 1, 1992, shall mean the average of the salaries for
18 the three (3) years on which the highest contributions
19 to the Teachers' Retirement System was paid not to
20 exceed the maximum contribution level specified in
21 Section 17-116.2 of this title or the maximum
22 compensation level specified in subsection (28) of
23 this section. Provided, no member shall retire with

1 an average salary in excess of Twenty-five Thousand
2 Dollars (\$25,000.00) unless the member has made the
3 required election and paid the required contributions
4 on such salary in excess of Twenty-five Thousand
5 Dollars (\$25,000.00), and

6 (b) for those members who join the System after June 30,
7 1992, shall mean the average of the salaries for five
8 (5) consecutive years on which the highest
9 contribution to the Teachers' Retirement System was
10 paid. Only salary on which required contributions
11 have been made may be used in computing average
12 salary.

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

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

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

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

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

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

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

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

13 (24) "Normal retirement age" means age sixty-two (62) or the
14 age at which the sum of a member's age and number of years of
15 creditable service total eighty (80) or ninety (90), for those who
16 became a member after June 30, 1992, pursuant to Section 17-105 of
17 this title, whichever occurs first.

18 (25) "Regular annual compensation" means salary plus fringe
19 benefits, excluding the flexible benefit allowance pursuant to
20 Section 26-105 of this title and for purposes pursuant to Section
21 17-101 et seq. of this title. For purposes of this definition,
22 regular annual compensation shall include all payments as provided
23 in subsection D of Section 17-116.2 of this title.

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

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

9 (28) "Maximum compensation level" shall mean:

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

14 (b) Forty Thousand Dollars (\$40,000.00) for creditable
15 service authorized and performed prior to July 1,
16 1995, for members electing a maximum compensation
17 level in excess of Twenty-five Thousand Dollars
18 (\$25,000.00),

19 (c) Twenty-seven Thousand Five Hundred Dollars
20 (\$27,500.00) for members who, as of June 30, 1995, had
21 elected to have a maximum compensation level not in
22 excess of Twenty-five Thousand Dollars (\$25,000.00),
23 and who were employed by an entity or institution

1 within The Oklahoma State System of Higher Education
2 for creditable service authorized and performed on or
3 after July 1, 1995, but not later than June 30, 1996,
4 if such member does not elect a higher maximum
5 compensation level for this period as authorized by
6 Section 17-116.2A of this title,

7 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)
8 for members employed by a comprehensive university if
9 the member meets the requirements imposed by Section
10 17-116.2A of this title and the member elects to
11 impose a higher maximum compensation level for service
12 performed on or after July 1, 1995, but not later than
13 June 30, 1996,

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

1 period as authorized by Section 17-116.2A of this
2 title,
3 (f) Forty-nine Thousand Dollars (\$49,000.00) for members
4 employed by a comprehensive university if the member
5 meets the requirements imposed by Section 17-116.2A of
6 this title and the member elects to impose a higher
7 maximum compensation level for service performed on or
8 after July 1, 1995, but not later than June 30, 1996,
9 (g) the following amounts for creditable service
10 authorized and performed by members employed by a
11 comprehensive university, based upon the election of
12 the member in effect as of June 30, 1995:
13 1. for members who elected a maximum compensation
14 level not in excess of Twenty-five Thousand
15 Dollars (\$25,000.00):
16 (i) Thirty-two Thousand Five Hundred Dollars
17 (\$32,500.00) for service authorized and
18 performed on or after July 1, 1996, but not
19 later than June 30, 1997,
20 (ii) Thirty-seven Thousand Five Hundred Dollars
21 (\$37,500.00) for service authorized and
22 performed on or after July 1, 1997, but not
23 later than June 30, 1998,

- 1 (iii) Forty-two Thousand Five Hundred Dollars
2 (\$42,500.00) for service authorized and
3 performed on or after July 1, 1998, but not
4 later than June 30, 2000,
- 5 (iv) Forty-seven Thousand Five Hundred Dollars
6 (\$47,500.00) for service authorized and
7 performed on or after July 1, 2000, but not
8 later than June 30, 2001,
- 9 (v) Fifty-two Thousand Five Hundred Dollars
10 (\$52,500.00) for service authorized and
11 performed on or after July 1, 2001, but not
12 later than June 30, 2002,
- 13 (vi) Fifty-seven Thousand Five Hundred Dollars
14 (\$57,500.00) for service authorized and
15 performed on or after July 1, 2002, but not
16 later than June 30, 2003,
- 17 (vii) Sixty-two Thousand Five Hundred Dollars
18 (\$62,500.00) for service authorized and
19 performed on or after July 1, 2003, but not
20 later than June 30, 2004,
- 21 (viii) Sixty-seven Thousand Five Hundred Dollars
22 (\$67,500.00) for service authorized and

1 performed on or after July 1, 2004, but not
2 later than June 30, 2005,
3 (ix) Seventy-two Thousand Five Hundred Dollars
4 (\$72,500.00) for service authorized and
5 performed on or after July 1, 2005, but not
6 later than June 30, 2006,
7 (x) Seventy-seven Thousand Five Hundred Dollars
8 (\$77,500.00) for service authorized and
9 performed on or after July 1, 2006, but not
10 later than June 30, 2007,
11 (xi) the full amount of regular annual
12 compensation for service authorized and
13 performed on or after July 1, 2007, and
14 2. for members who elected a maximum compensation
15 level in excess of Twenty-five Thousand Dollars
16 (\$25,000.00):
17 (i) Forty-nine Thousand Dollars (\$49,000.00) for
18 service authorized and performed on or after
19 July 1, 1996, but not later than June 30,
20 1997,
21 (ii) Fifty-four Thousand Dollars (\$54,000.00) for
22 service authorized and performed on or after

- 1 July 1, 1997, but not later than June 30,
2 1998,
- 3 (iii) Fifty-nine Thousand Dollars (\$59,000.00) for
4 service authorized and performed on or after
5 July 1, 1998, but not later than June 30,
6 2000,
- 7 (iv) Sixty-four Thousand Dollars (\$64,000.00) for
8 service authorized and performed on or after
9 July 1, 2000, but not later than June 30,
10 2001,
- 11 (v) Sixty-nine Thousand Dollars (\$69,000.00) for
12 service authorized and performed on or after
13 July 1, 2001, but not later than June 30,
14 2002,
- 15 (vi) Seventy-four Thousand Dollars (\$74,000.00)
16 for service authorized and performed on or
17 after July 1, 2002, but not later than June
18 30, 2003,
- 19 (vii) Seventy-nine Thousand Dollars (\$79,000.00)
20 for service authorized and performed on or
21 after July 1, 2003, but not later than June
22 30, 2004,

1 (viii) Eighty-four Thousand Dollars (\$84,000.00)
2 for service authorized and performed on or
3 after July 1, 2004, but not later than June
4 30, 2005,

5 (ix) Eighty-nine Thousand Dollars (\$89,000.00)
6 for service authorized and performed on or
7 after July 1, 2005, but not later than June
8 30, 2006,

9 (x) Ninety-four Thousand Dollars (\$94,000.00)
10 for service authorized and performed on or
11 after July 1, 2006, but not later than June
12 30, 2007,

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

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

- 17 1. a member of the retirement system not employed by
18 an entity or institution within The Oklahoma
19 State System of Higher Education for all
20 creditable service authorized and performed on or
21 after July 1, 1995,
- 22 2. a member of the retirement system first employed
23 on or after July 1, 1995, by an entity or

- 1 institution within The Oklahoma State System of
2 Higher Education for all creditable service
3 authorized and performed on or after July 1,
4 1995, but not later than June 30, 1996,
- 5 3. a member of the retirement system employed by an
6 entity or institution within The Oklahoma State
7 System of Higher Education, other than a
8 comprehensive university, if the member elects to
9 impose a higher maximum compensation level for
10 service performed on or after July 1, 1995, but
11 not later than June 30, 1996, pursuant to
12 subsection B of Section 17-116.2A of this title,
- 13 4. a member of the retirement system who is first
14 employed on or after July 1, 1996, by any entity
15 or institution within The Oklahoma State System
16 of Higher Education, including a comprehensive
17 university, for creditable service authorized and
18 performed on or after July 1, 1996,
- 19 5. a member of the retirement system who, as of July
20 1, 1996, is subject to a maximum compensation
21 level pursuant to paragraph (g) of this
22 subsection if the member terminates service with

1 a comprehensive university and is subsequently
2 reemployed by a comprehensive university, ~~or~~
3 6. a member of the retirement system employed by a
4 comprehensive university for all service
5 performed on and after July 1, 2007, or
6 7. a member of the retirement system who reaches
7 normal retirement age and elects to impose a
8 higher maximum compensation level for service
9 performed between July 1, 1987 and June 30, 1995,
10 pursuant to subsection F of Section 17-116.2 of
11 this title.

12 (29) "Comprehensive university" shall mean:

- 13 (a) the University of Oklahoma and all of its constituent
14 agencies, including the University of Oklahoma Health
15 Sciences Center, the University of Oklahoma Law Center
16 and the Geological Survey, and
17 (b) Oklahoma State University and all of its constituent
18 agencies, including the Oklahoma State University
19 Agricultural Experiment Station, the Oklahoma State
20 University Agricultural Extension Division, the
21 Oklahoma State University College of Veterinary
22 Medicine, the Oklahoma State University Center for
23 Health Sciences, the Technical Branch at Oklahoma

1 City, the Technical Branch at Okmulgee and Oklahoma
2 State University-Tulsa.

3 SECTION 2. AMENDATORY 70 O.S. 2001, Section 17-108.1, is
4 amended to read as follows:

5 Section 17-108.1 A. The employer of any member of the
6 Teachers' Retirement System of Oklahoma shall make the following
7 contributions to the System:

8 1. Beginning July 1, 1998, through June 30, 1999, eleven and
9 one-half percent (11 1/2%) of the regular annual compensation of the
10 member not in excess of any applicable maximum compensation level of
11 the member;

12 2. Beginning July 1, 1999, through June 30, 2000, four and
13 eight-tenths percent (4.8%) of the regular annual compensation of
14 the member not in excess of any applicable maximum compensation
15 level of the member;

16 3. Beginning July 1, 2000, through June 30, 2001, five and
17 eight-tenths percent (5.8%) of the regular annual compensation of
18 the member not in excess of any applicable maximum compensation
19 level of the member;

20 4. Beginning July 1, 2001, through June 30, 2002, six and
21 eight-tenths percent (6.8%) of the regular annual compensation of
22 the member not in excess of any applicable maximum compensation
23 level of the member; and

1 5. Beginning July 1, 2002, through June 30, 2003, ~~and for each~~
2 ~~fiscal year thereafter~~ 2006, seven and five-hundredths percent
3 (7.05%) of the regular annual compensation of the member not in
4 excess of any applicable maximum compensation level of the member;
5 and

6 6. a. Beginning July 1, 2006, through June 30, 2007, and for
7 each fiscal year thereafter, for employers who are
8 entities or institutions within The Oklahoma State
9 System of Higher Education, seven and five one-
10 hundredths percent (7.05%) of the regular annual
11 compensation of the member not in excess of any
12 applicable maximum compensation level of the member.

13 b. Beginning July 1, 2006, through June 30, 2007, and for
14 each fiscal year thereafter, for employers who are not
15 entities or institutions within The Oklahoma State
16 System of Higher Education, eight percent (8%) of the
17 regular annual compensation of the member not in
18 excess of any applicable maximum compensation level of
19 the member.

20 Any employer contribution paid to the System pursuant to this
21 subsection shall not be considered as salary, fringe benefit, or
22 total compensation due to members for the purpose of meeting any
23 legislative or contractual obligation of the employer.

1 B. For entities or institutions within The Oklahoma State
2 System of Higher Education, the contributions to the retirement
3 system specified in subsection A of this section shall be made on
4 regular annual compensation of a member who is an employee of such
5 entity or institution not to exceed the maximum compensation level
6 in effect for the member as prescribed by law.

7 C. Employers paying contributions to the Retirement System
8 pursuant to subsection A or B of this section shall receive credit
9 for that portion of the gross production tax on natural gas and/or
10 casinghead gas apportioned to the Retirement System pursuant to
11 subsection 2 of Section 1004 of Title 68 of the Oklahoma Statutes in
12 meeting the total required employer contribution. On an annual
13 basis, the Board of Trustees shall estimate the net additional cost
14 required to be paid by the contributing employers in order to meet
15 the total employer contribution as provided in subsection A or B of
16 this section. The Board of Trustees shall approve the amount of the
17 additional contribution required to be paid by contributing
18 employers as a percentage of total member salaries and fringe
19 benefits for each fiscal year ending June 30, no later than April 1
20 of the previous fiscal year. In no event shall the additional
21 contribution required to be paid by the contributing employer under
22 this subsection be less than the contribution required under this
23 subsection in the prior year. In the event actual contributions do

1 not equal the required total contribution as provided in subsection
2 A or B of this section, the net difference between the actual
3 contributions and the required total contributions shall be
4 determined and shall be included in the amount of the additional
5 contribution required to be paid by contributing employers for the
6 next fiscal year. All contributing employers shall pay the same
7 percentage of total member salaries and fringe benefits during each
8 fiscal year. The provisions of this subsection shall terminate June
9 30, 1999.

10 D. Any school district, state college or university, State
11 Board of Education, State Board of Career and Technology Education,
12 or other state agency may, for and on behalf of any member of the
13 Teachers' Retirement System, pay all or any portion of the
14 contribution required by Section 17-108 of this title. Provided,
15 the contribution so paid by any school district, state college or
16 university, State Board of Education, State Board of Career and
17 Technology Education, or other state agency shall be and remain
18 subject to the withdrawal provisions set forth under the Teachers'
19 Retirement System. Wherever the term "contribution" is used, it
20 shall be deemed to include contributions paid for and on behalf of a
21 member by a school district, state college or university, State
22 Board of Education, State Board of Career and Technology Education,
23 or other state agency.

1 SECTION 3. AMENDATORY 70 O.S. 2001, Section 17-116.2, as
2 last amended by Section 122, Chapter 1, O.S.L. 2005 (70 O.S. Supp.
3 2005, Section 17-116.2), is amended to read as follows:

4 Section 17-116.2 A. 1. Beginning July 1, 1987, and prior to
5 July 1, 1995, a member who retires on or after the member's normal
6 retirement age or whose retirement is because of disability shall
7 receive an annual allowance for life, payable monthly, in an amount
8 equal to two percent (2%) of the member's highest three-year average
9 salary upon which member contributions were made, multiplied by the
10 number of the member's years of creditable service.

11 A classified member who retired prior to July 1, 1986, shall
12 have his retirement allowance calculated on a minimum average salary
13 of Eleven Thousand Five Hundred Dollars (\$11,500.00) or on ~~his~~ the
14 member's current minimum average salary plus Two Thousand Dollars
15 (\$2,000.00), whichever is greater. Beginning July 1, 1994, a
16 classified member who retired prior to July 1, 1993, shall have the
17 member's retirement allowance calculated on the member's current
18 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).

19 An unclassified member who retired prior to July 1, 1986, shall have
20 ~~his~~ the member's retirement allowance calculated on a minimum
21 average salary of Nine Thousand Five Hundred Dollars (\$9,500.00) or
22 on ~~his~~ the member's current minimum average salary plus One Thousand
23 Dollars (\$1,000.00), whichever is greater. Beginning July 1, 1994,

1 an unclassified member who retired prior to July 1, 1993, shall have
2 the member's retirement allowance calculated on the member's current
3 minimum average salary plus Two Hundred Seventy-five Dollars
4 (\$275.00). Those individuals receiving benefits pursuant to
5 subsection (3) of Section 17-105 of this title whose benefits
6 commenced prior to July 1, 1993, shall receive an increase in
7 benefits of two and one-half percent (2 1/2%). No retirement
8 benefit payments shall be made retroactively.

9 Except for those members retiring because of a disability, the
10 retirement allowance shall be subject to adjustment for those
11 members retiring before normal retirement age in accordance with the
12 actuarial equivalent factors adopted by the Board of Trustees.

13 2. Beginning July 1, 1995, a member, who has no service
14 performed on or after July 1, 1995, for an entity or institution
15 within The Oklahoma State System of Higher Education, who retires on
16 or after the member's normal retirement age or whose retirement is
17 because of disability shall receive an annual allowance for life,
18 payable monthly as follows:

19 a. if the member becomes a member after June 30, 1995,
20 and was not eligible to become a member prior to July
21 1, 1995, in an amount equal to two percent (2%) of the
22 member's average salary upon which member

1 contributions were made, multiplied by the number of
2 the member's years of creditable service, or
3 b. if the member became a member or is eligible to become
4 a member prior to July 1, 1995, and elected to have a
5 maximum compensation level in excess of Twenty-five
6 Thousand Dollars (\$25,000.00) pursuant to paragraph 1
7 of subsection C of this section or pursuant to
8 subsection E of this section, or if the member's
9 salary has never exceeded Twenty-five Thousand Dollars
10 (\$25,000.00) prior to July 1, 1995, in an amount equal
11 to:
12 (1) two percent (2%) of the member's average salary
13 upon which member contributions were made not to
14 exceed Forty Thousand Dollars (\$40,000.00),
15 multiplied by the number of the member's years of
16 credited service authorized and performed prior
17 to July 1, 1995, plus any years of prior service
18 authorized under this title, plus
19 (2) two percent (2%) of the member's average salary
20 upon which member contributions were made,
21 multiplied by the number of the member's years of
22 credited service authorized and performed after
23 June 30, 1995, or

1 c. if the member became a member or is eligible to become
2 a member prior to July 1, 1995, and was eligible to
3 elect to have a maximum compensation level in excess
4 of Twenty-five Thousand Dollars (\$25,000.00) and did
5 not elect or elected not to have a maximum
6 compensation level of Forty Thousand Dollars
7 (\$40,000.00) pursuant to paragraph 1 of subsection C
8 of this section or pursuant to subsection E of this
9 section, in an amount equal to:

10 (1) two percent (2%) of the member's average salary
11 upon which member contributions were made not to
12 exceed Twenty-five Thousand Dollars (\$25,000.00),
13 multiplied by the number of the member's years of
14 credited service authorized and performed prior
15 to July 1, 1995, plus any years of prior service
16 authorized under this title, plus

17 (2) two percent (2%) of the member's average salary
18 upon which member contributions were made,
19 multiplied by the number of the member's years of
20 credited service authorized and performed after
21 June 30, 1995, or

22 d. if the member became a member or is eligible to become
23 a member prior to July 1, 1995, has reached normal

1 retirement age and has elected to have a maximum
2 compensation level in excess of Twenty-five Thousand
3 Dollars (\$25,000.00) pursuant to paragraph 1 of
4 subsection C of this section or pursuant to subsection
5 E of this section, and elects to have a maximum
6 compensation level in excess of Forty Thousand Dollars
7 (\$40,000.00) pursuant to subsection F of this section,
8 in an amount equal to:

9 (1) two percent (2%) of the member's average salary
10 upon which member contributions were made not to
11 exceed Forty Thousand Dollars (\$40,000.00)
12 multiplied by the number of the member's years of
13 credited service authorized and performed prior
14 to July 1, 1995, except as otherwise provided in
15 division (2) of this subparagraph, plus any years
16 of prior service authorized under this title,
17 plus

18 (2) two percent (2%) of the member's average salary
19 upon which member contributions were made,
20 multiplied by the number of the member's years of
21 credited service authorized and performed after
22 June 30, 1995, and any years of credited service
23 authorized and performed prior to July 1, 1995,

1 in which the member has made an election pursuant
2 to subsection F of this section

3 The provisions of this subparagraph shall not apply to
4 any member who is employed by an entity or institution
5 within The Oklahoma State System of Higher Education.

6 B. Except as otherwise provided for in this section, the amount
7 contributed by each member to the retirement system shall be:

8 1. Beginning July 1, 1992, through June 30, 1996, six percent
9 (6%) of the regular annual compensation of such member not in excess
10 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,
11 1995, through June 30, 1996, six percent (6%) of the maximum
12 compensation level; and

13 2. Beginning July 1, 1996, through June 30, 1997, six and one-
14 half percent (6 1/2%) of the regular annual compensation of members,
15 who are not employed by an entity or institution within The Oklahoma
16 State System of Higher Education not in excess of Twenty-five
17 Thousand Dollars (\$25,000.00) and beginning July 1, 1996, through
18 June 30, 1997, six and one-half percent (6 1/2%) of the regular
19 annual compensation of members, who are employed by an entity or
20 institution within The Oklahoma State System of Higher Education,
21 not in excess of Twenty-five Thousand Dollars (\$25,000.00);

1 3. Beginning July 1, 1997, seven percent (7%) of the regular
2 annual compensation of the member not in excess of any applicable
3 maximum compensation level of the member; and

4 4. All public schools in this state shall treat the employee
5 contributions as being picked-up under the provisions of Section 414
6 (h) (2) of the Internal Revenue Code of 1986 in determining tax
7 treatment.

8 C. 1. Prior to July 1, 1995, an active member of the System
9 may elect to have a maximum compensation level of Forty Thousand
10 Dollars (\$40,000.00). Such an election shall be made in writing and
11 filed with the System. Members whose salaries are in excess of
12 Twenty-five Thousand Dollars (\$25,000.00) on the effective date of
13 this act shall file the election with the System prior to January 1,
14 1988. Members whose salaries exceed Twenty-five Thousand Dollars
15 (\$25,000.00) after the effective date of this act shall file the
16 election when the salary exceeds Twenty-five Thousand Dollars
17 (\$25,000.00). If a member makes such an election, the member shall
18 contribute the following amounts:

19 a. beginning July 1, 1992, through June 30, 1993, eleven
20 percent (11%) of the regular annual compensation of
21 such member that is in excess of Twenty-five Thousand
22 Dollars (\$25,000.00) and is not in excess of Forty
23 Thousand Dollars (\$40,000.00),

1 b. beginning July 1, 1993, through June 30, 1994, nine
2 percent (9%) of the regular annual compensation of
3 such member that is in excess of Twenty-five Thousand
4 Dollars (\$25,000.00) and is not in excess of Forty
5 Thousand Dollars (\$40,000.00), and
6 c. beginning July 1, 1994, through June 30, 1995, eight
7 percent (8%) of the regular annual compensation of
8 such member that is in excess of Twenty-five Thousand
9 Dollars (\$25,000.00) and is not in excess of Forty
10 Thousand Dollars (\$40,000.00). Except as provided in
11 subsection E of this section, any such election shall
12 be irrevocable.

13 2. After June 30, 1995, in addition to the amount contributed
14 by each member to the retirement system pursuant to subsection B of
15 this section, the total amount contributed by each member to the
16 retirement system shall include, beginning July 1, 1995, through
17 June 30, 1997, seven percent (7%) of the regular annual compensation
18 of each member, who is not employed by an entity or institution
19 within The Oklahoma State System of Higher Education, that is in
20 excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning
21 July 1, 1996, through June 30, 1997, seven percent (7%) of the
22 regular annual compensation of each member who is employed by an
23 entity or institution within The Oklahoma State System of Higher

1 Education in excess of Twenty-five Thousand Dollars (\$25,000.00),
2 but not in excess of any applicable maximum compensation level of
3 the member.

4 D. For purposes of Section 17-101 et seq. of this title,
5 regular annual compensation shall include:

6 1. Salary which accrues on a regular basis in proportion to the
7 service performed, including payments for staff development;

8 2. Amounts that would otherwise qualify as salary under
9 paragraph 1 of this subsection but are not received directly by the
10 member pursuant to a good faith, voluntary written salary reduction
11 agreement in order to finance payments to a deferred compensation or
12 tax-sheltered annuity program or to finance benefit options under a
13 cafeteria plan qualifying under the United States Internal Revenue
14 Code, 26 U.S.C., Section 101 et seq.; and

15 3. Group health and disability insurance, group term life
16 insurance, annuities and pension plans, provided on a periodic basis
17 to all qualified employees of the employer, which qualify as fringe
18 benefits under the United States Internal Revenue Code.

19 4. Excluded from regular annual compensation are expense
20 reimbursement payments, office, vehicle, housing or other
21 maintenance allowances, the flexible benefit allowance provided
22 pursuant to Section 26-105 of this title, payment for unused
23 vacation and sick leave, any payment made for reason of termination

1 or retirement not specifically provided for in paragraphs 1 through
2 3 of this subsection, maintenance or other nonmonetary compensation,
3 payment received as an independent contractor or consultant,
4 pursuant to a lawful contract which complies with the requirements
5 of subsection B of Section 6-101.2 of this title, any benefit
6 payments not made pursuant to a valid employment agreement, or any
7 compensation not described in paragraphs 1 through 3 of this
8 subsection.

9 E. 1. Any member who was a contributing member of the
10 Retirement System between July 1, 1987, and June 30, 1995, who at
11 the time the member was eligible to make an election to increase the
12 maximum compensation level of the member, failed to make an election
13 or chose not to increase the maximum compensation level of the
14 member to Forty Thousand Dollars (\$40,000.00), may elect to make
15 back contributions to the Retirement System. The member shall
16 complete a new election form and file with the Board of Trustees,
17 the form and a payment equaling the difference between the amount
18 contributed at the twenty-five-thousand-dollar level and the
19 appropriate contribution on compensation in excess of Twenty-five
20 Thousand Dollars (\$25,000.00) up to a maximum of Forty Thousand
21 Dollars (\$40,000.00) shall be made prior to the official retirement
22 date of the member. The required payment shall include any
23 contribution required by the employing school district, and shall

1 include interest compounded annually at ten percent (10%) per annum
2 of both employer and employee contributions.

3 2. Any changes made pursuant to this subsection shall be
4 irrevocable.

5 F. 1. Beginning July 1, 2006, any member who reaches or who
6 has reached normal retirement age may elect to have a maximum
7 compensation level in excess of Forty Thousand Dollars (\$40,000.00)
8 for service performed prior to July 1, 1995. For each year of
9 service beyond the normal retirement age, the member may make back
10 contributions to receive two (2) years of service which will be
11 subject to the formula in division (2) of subparagraph d of
12 paragraph 2 of subsection A of this section.

13 2. The years of service that may require an additional
14 contribution pursuant to this subsection shall be consecutive and
15 shall begin with the year ending June 30, 1995, and go back in time
16 to July 1, 1987.

17 3. No payment for back contributions shall be required for any
18 year of service prior to July 1, 1995, when the member's regular
19 annual compensation did not exceed the allowable maximum
20 compensation level.

21 4. In order for a member to make the election provided in this
22 subsection, the member shall have already made the election pursuant

1 to paragraph 1 of subsection C of this section or pursuant to
2 subsection E of this section.

3 5. The payment made for the back contributions to the Teachers'
4 Retirement System shall be equal to the difference between the
5 amount contributed at the Forty-Thousand-Dollar level and the
6 appropriate employee contribution on compensation in excess of Forty
7 Thousand Dollars (\$40,000.00). The payment shall be made prior to
8 the official retirement date of the member. The required payment
9 shall include interest compounded annually at ten percent (10%).
10 The employing district is prohibited from making such payment on
11 behalf of the member.

12 6. Any such election made pursuant to this subsection shall be
13 made in writing and filed with the System. Any such election shall
14 be irrevocable.

15 7. The provisions of this subsection shall not apply to any
16 member who is employed by an entity or institution within The
17 Oklahoma State System of Higher Education.

18 G. 1. An individual who withdrew from the Teachers' Retirement
19 System and whose salary was in excess of Seven Thousand Eight
20 Hundred Dollars (\$7,800.00) and had elected to contribute only on
21 Seven Thousand Eight Hundred Dollars (\$7,800.00) before his or her
22 withdrawal shall contribute on the earning ceiling as provided for

1 in this section on his or her reentry into membership in the
2 Teachers' Retirement System.

3 2. An individual who elected to contribute on a maximum of
4 Seven Thousand Eight Hundred Dollars (\$7,800.00) per annum shall,
5 beginning July 1, 1979, contribute on his or her earning ceiling as
6 provided for in this section.

7 3. Any member who elected to contribute on Seven Thousand Eight
8 Hundred Dollars (\$7,800.00) prior to January 1, 1978, and whose
9 salary was more than Seven Thousand Eight Hundred Dollars
10 (\$7,800.00) during the school years 1974-75 through 1978-79 may
11 elect to make back contributions to the retirement system by paying
12 the five percent (5%) contributions on the difference between Seven
13 Thousand Eight Hundred Dollars (\$7,800.00) and the actual salary of
14 the member, not to exceed Ten Thousand Dollars (\$10,000.00) for each
15 applicable school year, plus interest compounded annually at ten
16 percent (10%) per annum. Such payment shall be made prior to the
17 official retirement date of the member.

18 G. H. Each employer shall cause to be deducted from the salary
19 of each member on each and every payroll of such employer for each
20 and every payroll period, the proper percentage of his or her
21 earnable compensation as provided for in subsection B or subsection
22 C of this section.

1 1. Deductions shall begin with the first payroll period of the
2 school year. In determining the amount earnable by a member in a
3 payroll period, the Board of Trustees shall consider the rate of
4 annual compensation payable to such member on the first day of the
5 payroll period as continuing throughout such payroll period, and it
6 may omit deductions from compensation for any period less than a
7 full period, and to facilitate the making of deductions, it may
8 modify the deduction required of any member by such an amount as
9 shall not exceed one-tenth of one percent (1/10 of 1%) of the annual
10 compensation upon the basis of which such deduction is to be made.
11 Prior to January 1, 1991, any active contributing member who joined
12 the System subsequent to July 1, 1943, may pay the normal cost,
13 which shall mean the single sum which would have been paid under
14 existing statutes at the time the service was performed, plus
15 interest, for years of teaching service in Oklahoma from the date of
16 establishment of the System in 1943 to date of membership, in a lump
17 sum, or in installments equal to establishing one (1) year of
18 creditable service. Effective January 1, 1991, any active
19 contributing member who joined the System subsequent to July 1,
20 1943, may pay the amount determined by the Board of Trustees
21 pursuant to Section 17-116.8 of this title for years of teaching
22 service in Oklahoma from the date of establishment of the System in
23 1943 to date of membership, in a lump sum, or in installments equal

1 to establishing one (1) year of creditable service. For purposes of
2 this option, teaching service in Oklahoma shall include the teaching
3 of vocational agricultural courses within Oklahoma for the federal
4 government. Years for which contributions are paid shall count as
5 membership service under this plan. A member may receive credit for
6 not more than five (5) years of teaching service rendered while in
7 the Peace Corps or in the public schools of a territory of the
8 United States or the public schools, American Military Dependent
9 Schools or state colleges or state universities outside this state
10 by paying his or her contributions, plus interest, and membership
11 fees to the retirement system, subject to the regulations of the
12 Board of Trustees, providing he or she is not receiving and is not
13 eligible to receive retirement credit or benefits from said service
14 in any other public retirement system of this state, or any other
15 state or territory of the United States subject to the following
16 provisions:

- 17 a. the member is required to have two (2) years of
18 employed service teaching earned in Oklahoma for each
19 year of Peace Corps, territorial, out-of-state,
20 noncovered in-state or military membership credit
21 granted.
- 22 b. prior to January 1, 1991, the out-of-state or
23 noncovered in-state payment shall be the normal cost,

1 which means the single sum which would have been paid
2 under existing law at the time the service was
3 performed, plus interest, on the basis of what his or
4 her annual salary would have been in Oklahoma or out
5 of state, whichever is greater, had he or she been
6 employed as a teacher. Effective January 1, 1991, the
7 Peace Corps, territorial, out-of-state or noncovered
8 in-state payment shall be the amount determined by the
9 Board of Trustees pursuant to Section 17-116.8 of this
10 title.

11 2. In addition to the deductions hereinabove provided for, any
12 member who becomes a member of the Armed Forces of the United States
13 of America during any period of national emergency, including World
14 War II, the Korean conflict, the Vietnam conflict or others as may
15 be determined by the Board of Trustees, or whose entrance into or
16 training for the teaching profession was interrupted by his or her
17 entrance into the Armed Forces, and who was or shall have become a
18 member of the Teachers' Retirement System shall be granted the
19 privilege of making up his or her five percent (5%) contributions as
20 provided for in this section until January 1, 1991, for not to
21 exceed five (5) years of service in the Armed Forces by electing to
22 pay said contributions on the basis of the rate of pay in his or her
23 contract as a teacher at the time his or her service in the Armed

1 Forces commenced or in the case of a teacher who was not teaching
2 prior to entering the Armed Forces, on the basis of the salary of
3 the first year of teaching after being honorably discharged from the
4 Armed Forces. Effective January 1, 1991, the member will receive
5 such service upon payment of the amount determined by the Board of
6 Trustees pursuant to Section 17-116.8 of this title. Such
7 contributions shall be credited in the regular manner, and the
8 period for which said contributions were paid shall be counted as
9 creditable years of service and allocated to the period during which
10 the military service was rendered, except that the period for which
11 contributions were paid must have been continuous and shall be
12 credited in the aggregate, regardless of fiscal year limitations.
13 Notwithstanding any provision herein to the contrary, contributions,
14 benefits and service credit with respect to qualified military
15 service as defined by Section 414(u) of the Internal Revenue Code of
16 1986, shall be provided in accordance with Section 414(u) of the
17 Internal Revenue Code.

18 3. Retirement benefits for all service credits purchased
19 pursuant to this subsection shall be determined in accordance with
20 the provisions of paragraph 2 of this subsection.

21 ~~H.~~ I. Effective July 1, 2004, the total creditable service of a
22 member who retires or terminates employment and elects a vested
23 benefit shall include not to exceed one hundred twenty (120) days of

1 unused sick leave accumulated subsequent to August 1, 1959. Twenty
2 (20) days of unused sick leave shall equal one (1) month for
3 purposes of creditable service credit. If the member becomes a
4 member or was eligible to become a member prior to July 1, 1995, the
5 year of credit received in this section shall be treated as service
6 earned prior to July 1, 1995. This subsection shall apply to
7 members retiring or vesting on or after the effective date of this
8 act and shall not be retroactive.

9 ~~F.~~ J. Any member who:

10 1. Shall be absent from the teaching service because of
11 election to the State Legislature or appointment to the executive
12 branch in an education-related capacity shall be allowed thirty (30)
13 days from the date as of which the person is officially elected or
14 appointed to file an election with the Teachers' Retirement System
15 to retain his or her membership in the Teachers' Retirement System
16 upon payment of the contribution required of other members and
17 employers of said members as provided for in this section and his or
18 her service credits shall continue to be accumulated during such
19 absence, provided he or she is not receiving retirement credits or
20 benefits from said service beginning after July 1, 1992, in other
21 public retirement systems; or

22 2. Became an employee of the Oklahoma Commission for Teacher
23 Preparation on or subsequent to June 1, 2001, but prior to July 1,

1 2002, who was previously employed by a participating employer within
2 the Teachers' Retirement System of Oklahoma, may elect to cancel any
3 accumulated service credit accrued within the Oklahoma Public
4 Employees Retirement System on or after June 1, 2001, but prior to
5 July 1, 2002, by filing an election with the Oklahoma Public
6 Employees Retirement System for the cancellation of such service
7 credit. The election shall be irrevocable and shall require the
8 Oklahoma Public Employees Retirement System to transfer all
9 accumulated employer and employee contributions made on behalf of or
10 by the person making such election to the Teachers' Retirement
11 System for such period of time. The Teachers' Retirement System
12 shall compute the employee contributions that would have been made
13 to the System by such employee if the contributions had been
14 computed pursuant to this section. In order to receive the full
15 amount of creditable service for the period of time on or after June
16 1, 2001, but not later than June 30, 2002, the employee shall be
17 required to pay any difference between the transferred employee
18 contributions and the amount computed by the Teachers' Retirement
19 System. The employee may make payment of any required amount in the
20 manner provided by and subject to the requirements of Section 17-
21 116.8 of this title. After payment of all required employee
22 contributions, the Teachers' Retirement System shall credit the
23 period of time represented by the transferred employee contributions

1 as creditable service within the meaning of Section 17-101 of this
2 title. After the transfer of the employee contributions, the
3 Oklahoma Public Employees Retirement System shall cancel any service
4 credit previously accumulated for the period of time represented by
5 such transferred employee contributions. Any person who makes the
6 election provided for by this paragraph, and who continues
7 employment with the Oklahoma Commission for Teacher Preparation on
8 or after July 1, 2002, shall continue to accrue service credit in
9 the Teachers' Retirement System of Oklahoma. The employer shall
10 make employer contributions according to the requirements of Section
11 17-108.1 of this title and shall provide for the deduction of
12 employee contributions as required by this section.

13 ~~J.~~ K. Any member who shall be absent from the teaching service
14 because of election or appointment as a local, state or national
15 education association officer shall be allowed to retain his or her
16 membership in the Teachers' Retirement System upon payment of the
17 contribution required of other members and employers of said members
18 as provided for in this section and his or her service credits shall
19 continue to be accumulated during such absence. Provided, however,
20 any one such absence shall not exceed eight (8) continuous years.
21 No member who has less than ten (10) years of contributory service
22 on July 1, 1994, may make this election after June 30, 1994.
23 Members contributing to the System on July 1, 1994, may continue to

1 contribute under this subsection until they have completed eight (8)
2 years allowed by this subsection. The member may file for
3 retirement when otherwise eligible for retirement as provided by
4 Section 17-105 of this title. Conditioned upon receiving a
5 favorable determination letter or private letter ruling from the
6 Internal Revenue Service, the eligible absence and participation
7 continuation in the Teachers' Retirement System of Oklahoma pursuant
8 to this subsection shall be increased to twelve (12) years. The
9 Teachers' Retirement System of Oklahoma shall make any necessary
10 efforts in obtaining an Internal Revenue Service determination
11 letter or private letter ruling concerning such increase.

12 ~~K.~~ L. A member may receive credit for those years of service
13 accumulated by the member while employed by an entity which is a
14 participating employer in the Oklahoma Firefighters Pension and
15 Retirement System, the Oklahoma Police Pension and Retirement
16 System, the Uniform Retirement System for Justices and Judges, the
17 Oklahoma Law Enforcement Retirement System, or the Oklahoma Public
18 Employees Retirement System, if the member is not receiving or
19 eligible to receive retirement credit or benefits from said service
20 in any other public retirement system. A member also may receive
21 credit for those years of service with the Department of Wildlife
22 Conservation or with an employer that is a participating employer
23 within one of the state retirement systems specifically referred to

1 in this section when at the time of such service by the member the
2 employer was not such a participating employer, if the member is not
3 receiving or eligible to receive retirement credit or benefits from
4 said service in any other public retirement system. To receive the
5 service credit provided in this subsection, the member shall pay the
6 amount determined by the Board of Trustees pursuant to Section 17-
7 116.8 of this title. For purposes of this subsection, creditable
8 service transferred from the Oklahoma Public Employees Retirement
9 System shall include service authorized under paragraph (f) of
10 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
11 as amended from time to time. Members who retire prior to July 1,
12 1993, shall have their monthly benefit adjusted to include all
13 services accrued under paragraph (f) of subsection (2) of Section
14 913 of Title 74 of the Oklahoma Statutes. Provided however, any
15 adjustment of existing retirement benefits caused by reason of
16 inclusion of such service authorized under paragraph (f) of
17 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
18 shall not affect any retirement benefit paid prior to July 1, 1993.

19 ~~H.~~ M. 1. An active member of the Teachers' Retirement System
20 of Oklahoma may receive credit for those years of service
21 accumulated by the member while a member of the Oklahoma Public
22 Employees Retirement System if:

- 1 a. the member is an active member of the Teachers'
2 Retirement System of Oklahoma, and
- 3 b. the member provides notice to the Oklahoma Public
4 Employees Retirement System and the Teachers'
5 Retirement System of Oklahoma of the member's election
6 to transfer said service credit. The notice shall
7 include a list of the years to be transferred, and
- 8 c. the member is not receiving or eligible to receive
9 retirement credit or benefits from said service in any
10 other public retirement system, notwithstanding the
11 years of service sought to be transferred under this
12 subsection.

13 Members electing to take advantage of the transfer authorized by
14 this subsection who are receiving or eligible to receive retirement
15 credit or benefits from said service in any other public retirement
16 system shall have all service credit with the Oklahoma Public
17 Employees Retirement System canceled which is not transferred to the
18 Teachers' Retirement System of Oklahoma or used as a cash offset in
19 such a transfer pursuant to subparagraph d of paragraph 2 of this
20 subsection. Service credit transferred to the Teachers' Retirement
21 System of Oklahoma under this subsection shall also be canceled with
22 the Oklahoma Public Employees Retirement System.

1 2. For purposes of this subsection, the "sending system" shall
2 mean the Oklahoma Public Employees Retirement System. The
3 "receiving system" shall mean the Teachers' Retirement System of
4 Oklahoma.

5 a. Within thirty (30) days notification of an intent to
6 transfer is received by the sending system, the
7 sending system shall, according to its own rules and
8 regulations:

9 (1) for members who have accrued at least eight (8)
10 years of credited service with the sending
11 system, determine the present value of the
12 member's earned benefits attributable to the
13 years of service sought to be transferred,
14 discounted according to the member's age at the
15 time of transfer and computed as of the earliest
16 age at which the member would be able to retire.
17 Said computation shall assume an unreduced
18 benefit and be computed using interest and
19 mortality assumptions consistent with the
20 actuarial assumptions adopted by the Board of
21 Trustees for purposes of preparing the annual
22 actuarial evaluation, but shall not make any
23 projections regarding future salary. For

1 employees who have accrued at least eight (8)
2 years of credited service, the sending system
3 shall use the product of this calculation for
4 purposes of determining the transfer fee to be
5 paid by the employee under subparagraph c of this
6 paragraph so long as it is greater than the
7 product of the calculation in division (2) of
8 this subparagraph, and

9 (2) determine the sum of the employee and employer
10 contributions applicable to the years of service
11 sought to be transferred plus interest consistent
12 with the actuarial assumptions adopted by the
13 Board of Trustees for purposes of preparing the
14 annual actuarial evaluation. For all non-vested
15 members, and for members who have accrued at
16 least eight (8) years of credited service, if the
17 product of this calculation is greater than the
18 product of the calculation in division (1) of
19 this subparagraph, the sending system shall use
20 the product of this calculation for purposes of
21 determining the amount to be transferred by the
22 sending system under subparagraph c of this

1 paragraph and any transfer fee to be paid by the
2 member under subparagraph d of this paragraph.

3 b. Within thirty (30) days notification of an intent to
4 transfer is received by the receiving system, the
5 receiving system shall determine, according to the
6 system's own rules and regulations, the present value
7 of the member's incremental projected benefits
8 discounted according to the member's age at the time
9 of the transfer. Incremental projected benefits shall
10 be the difference between the projected benefit said
11 member would receive without transferring the service
12 credit and the projected benefit after transfer of
13 service credit computed as of the earliest age at
14 which the member would be able to retire. Said
15 computation shall assume an unreduced benefit and be
16 computed using interest, salary projections and
17 mortality assumptions consistent with the actuarial
18 assumptions adopted by the Board of Trustees for
19 purposes of preparing the annual actuarial evaluation.

20 c. The sending system shall, within sixty (60) days from
21 the date notification of an intent to transfer is
22 received by the sending system, transfer to the
23 receiving system the amount determined in subparagraph

1 a of this paragraph. Except if the cost as calculated
2 under subparagraph a of this paragraph is greater than
3 the actuarial value of the incremental benefit in the
4 receiving system, as established in subparagraph b of
5 this paragraph, the sending system shall send the
6 receiving system an amount equal to the actuarial
7 value of the incremental projected benefit in the
8 receiving system.

9 d. In order to receive the credit provided for in
10 paragraph 1 of this subsection, if the cost of the
11 actuarial value of the incremental benefit to the
12 receiving system is greater than the cost as
13 calculated under subparagraph a of this paragraph for
14 the same years of service to the sending system as
15 established in subparagraphs a and b of this
16 paragraph, the employee shall elect to:

- 17 (1) pay any difference to receive full credit for the
18 years sought to be transferred, or
19 (2) receive prorated service credit for only the
20 amount received from the Oklahoma Public
21 Employees Retirement System pursuant to this
22 subsection.

1 Such an election shall be made in writing, filed with
2 the System prior to receiving the credit provided for
3 in paragraph 1 of this subsection, and shall be
4 irrevocable.

5 3. Within sixty (60) days of successfully completing all of the
6 requirements for transfer under this subsection, the sending system
7 shall pay the receiving system any amount due under this subsection.
8 Within sixty (60) days of successfully completing all of the
9 requirements for transfer under this subsection, the member shall
10 pay the receiving system any amount due under this subsection. In
11 the event that the member is unable to pay the transfer fee provided
12 for in this subsection by the due date, the Board of Trustees of the
13 receiving system shall permit the member to amortize the transfer
14 fee over a period not to exceed sixty (60) months. Said payments
15 shall be made by payroll deductions unless the Board of Trustees
16 permits an alternate payment source. The amortization shall include
17 interest in an amount not to exceed the actuarially assumed interest
18 rate adopted by the Board of Trustees for investment earnings each
19 year. Any member who ceases to make payment, terminates, retires or
20 dies before completing the payments provided for in this section
21 shall receive prorated service credit for only those payments made,
22 unless the unpaid balance is paid by said member, his or her estate
23 or successor in interest within six (6) months after said member's

1 death, termination of employment or retirement, provided no
2 retirement benefits shall be payable until the unpaid balance is
3 paid, unless said member or beneficiary affirmatively waives the
4 additional six-month period in which to pay the unpaid balance.

5 4. Years of service transferred pursuant to this subsection
6 shall be used both in determining the member's retirement benefit
7 and in determining the years of service for retirement and/or
8 vesting purposes. Years of service rendered as a member of the
9 Oklahoma Public Employees Retirement System prior to July 1, 1992,
10 if any, shall be deemed to be years of service rendered as a member
11 of the Teachers' Retirement System of Oklahoma prior to July 1,
12 1992, and shall qualify such person as a member of the Teachers'
13 Retirement System of Oklahoma before July 1, 1992.

14 5. Notwithstanding the requirements of subsection (5) of
15 Section 917 of Title 74 of the Oklahoma Statutes, members electing
16 to take advantage of the transfer authorized by this subsection who
17 have withdrawn their contributions from the sending system shall
18 remit to the sending system the amount of the accumulated
19 contributions the member has withdrawn plus simple interest of ten
20 percent (10%) per annum prior to making said election or the
21 election shall be deemed invalid and the transfer shall be canceled.
22 If such an election is deemed invalid and the transfer is canceled,
23 the accumulated contribution remitted to the sending system by the

1 member who originally withdrew their contributions shall be returned
2 to the member. The member's rights and obligations regarding any
3 service credit reestablished in the sending system due to a failure
4 to satisfy the requirements of this subsection shall be determined
5 by the sending system in accordance with Section 901 et seq. of
6 Title 74 of the Oklahoma Statutes.

7 6. If any member fails for any reason to satisfy the
8 requirements of this subsection, the election to transfer service
9 credit shall be void and of no effect, and any service credited as a
10 result of this transfer shall be canceled. If such service is
11 canceled, the years of canceled service credit which were
12 unsuccessfully transferred to the receiving system from the sending
13 system shall be reestablished in the sending system. The member's
14 rights and obligations regarding any service credit reestablished in
15 the sending system due to a failure to satisfy the requirements of
16 this subsection shall be determined by the sending system in
17 accordance with Section 901 et seq. of Title 74 of the Oklahoma
18 Statutes.

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

21 ~~M.~~ N. Any member whose regular annual compensation was not
22 determined as provided for by law may pay the member contribution
23 required pursuant to subsection B of this section on such amount not

1 included in the member's regular annual compensation and receive
2 credit for such amount in the calculation of the member's benefit.
3 The employees must pay the employer contributions required pursuant
4 to Section 17-108.1 of this title. Interest at the rate of ten
5 percent (10%) per annum shall be charged to both employee and
6 employer contributions. Provided that the employing district may
7 pay all or any portion of the contributions and interest the member
8 is required to pay. Any payment by the employing district for a
9 prior year obligation shall be considered a current obligation of
10 the employer.

11 ~~N.~~ O. Any active member who elected during the 1978-79 school
12 year to pay the difference between five percent (5%) on actual
13 salary not exceeding Ten Thousand Dollars (\$10,000.00) and six
14 percent (6%) on actual salary not exceeding Fifteen Thousand Dollars
15 (\$15,000.00) shall receive credit for one (1) year of credited
16 service upon receipt and approval of a proper request by the Board
17 of Trustees.

18 ~~O.~~ P. Effective July 1, 1988, any member who is employed by the
19 Governor, the State Senate, the House of Representatives or the
20 Legislative Service Bureau shall be allowed to elect to retain
21 membership in the Retirement System upon payment of the accrued and
22 current member contributions and employer contributions as provided
23 in subsection B of this section and Section 17-108.1 of this title.

1 Such contributions may be paid on behalf of the member by the
2 employing entity. Upon payment of such contributions, service
3 credits shall continue to be accumulated during such employment.
4 Accrued contributions shall be paid to the Retirement System by
5 August 1, 1989. Current contributions shall be paid to the
6 Retirement System by the tenth of the following month beginning with
7 the month of July 1989.

8 ~~P.~~ Q. Notwithstanding any requirements of this title to
9 restrict the payment of service purchases, the Board of Trustees
10 shall promulgate such rules as necessary to allow active members of
11 the System to make installment payments for the redeposit of
12 withdrawn accounts or other payments due under the provisions of
13 this title. The rules shall permit the member to amortize the
14 balance due over a period not to exceed sixty (60) months, and shall
15 include interest consistent with the actuarial assumptions adopted
16 by the Board of Trustees for purposes of preparing the annual
17 actuarial evaluation. Further, the rules shall provide that all
18 payments must be completed prior to the effective retirement date of
19 the member.

20 ~~Q.~~ R. 1. A member of the Oklahoma Public Employees Retirement
21 System who becomes a member of the Teachers' Retirement System of
22 Oklahoma because the member has become employed by an entity or
23 institution within The Oklahoma State System of Higher Education,

1 State Board of Education, State Board of Career and Technology
2 Education, Oklahoma Department of Career and Technology Education,
3 Oklahoma School of Science and Mathematics, Oklahoma Center for the
4 Advancement of Science and Technology, State Department of
5 Rehabilitation Services, Oklahoma State Regents for Higher
6 Education, Department of Corrections, State Department of Education,
7 Oklahoma Board of Private Vocational Schools, Board of Regents of
8 Oklahoma Colleges, Oklahoma Student Loan Authority, or the Teachers'
9 Retirement System of Oklahoma, may elect to receive credit in the
10 Teachers' Retirement System of Oklahoma for those years of service
11 accumulated by the member in the Oklahoma Public Employees
12 Retirement System pursuant to this subsection. A member shall be
13 eligible to elect to receive credit for such years of service if:
14 a. the member is an active member of the Teachers'
15 Retirement System of Oklahoma,
16 b. the member provides notice to the Teachers' Retirement
17 System of Oklahoma and the Oklahoma Public Employees
18 Retirement System of the member's election to transfer
19 such retirement credit. The notice shall include a
20 list of the years to be transferred, and
21 c. the member is not receiving or eligible to receive
22 retirement credit or benefits from such service in any
23 other public retirement system, notwithstanding the

1 years of service sought to be transferred under this
2 subsection.

3 Members electing to take advantage of the transfer authorized by
4 this subsection shall have all service credit with the Oklahoma
5 Public Employees Retirement System canceled which is transferred to
6 the Teachers' Retirement System of Oklahoma.

7 2. For purposes of this subsection, the "sending system" shall
8 mean the Oklahoma Public Employees Retirement System. The
9 "receiving system" shall mean the Teachers' Retirement System of
10 Oklahoma. Within thirty (30) days after notification of an intent
11 to transfer is received by the sending system, the sending system
12 shall, according to its own rules, send to the receiving system all
13 employer and employee contributions made on behalf of the member
14 which were made to the sending system plus an additional amount of
15 earnings based on the actuarial assumed rate of the sending system.
16 Upon receipt of these contributions by the receiving system, the
17 receiving system shall give credit to the transferring member in an
18 amount equal to the years of service accrued in the sending system.

19 3. If the transferring member's normal retirement date
20 calculation is based upon the sum of the member's age and number of
21 years of credited service totaling eighty (80) in the sending
22 system, then the member shall retain such calculation in the
23 receiving system.

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

3 ~~R.~~ S. A former member of the Teachers' Retirement System of
4 Oklahoma who withdrew his or her contributions from the System prior
5 to January 1, 1983, and who had at least ten (10) years of service
6 in the System and purchased that service in the Oklahoma Public
7 Employees Retirement System, may elect to revoke that purchase from
8 the Oklahoma Public Employees Retirement System and to repay the
9 withdrawn contributions to the System in order to be eligible, once
10 such member reaches the normal retirement age, to receive a
11 retirement benefit that is based upon years of service and
12 compensation at the time such member terminated employment. In
13 addition, such former member may elect to transfer service credit
14 accrued in the Oklahoma Public Employees Retirement System to the
15 Teachers' Retirement System of Oklahoma pursuant to subsection ~~H~~ M
16 of this section. The election, pursuant to this subsection, shall
17 be made prior to September 1, 2000. The election and the repayment
18 shall be made according to rules promulgated by the Board.

19 SECTION 4. NEW LAW A new section of law not to be
20 codified in the Oklahoma Statutes reads as follows:

21 It is the intent of the Legislature that there shall be
22 appropriated, subject to the availability of funds, to affected
23 employers within the Teachers' Retirement System of Oklahoma

1 beginning with Fiscal Year 2007 and each fiscal year thereafter,
2 sufficient funds to cover the costs associated with the increase in
3 the employer contribution provided in Section 17-108.1 of Title 70
4 of the Oklahoma Statutes.

5 SECTION 5. AMENDATORY 70 O.S. 2001, Section 17-106, is
6 amended to read as follows:

7 Section 17-106. (1) The general administration and
8 responsibility for the proper operation of the retirement system and
9 for making effective the provisions of the act are hereby vested in
10 a Board of Trustees which shall be known as the Board of Trustees
11 and shall be organized immediately after a majority of the trustees
12 provided for in this section shall have qualified and taken the oath
13 of office.

14 (2) The Board shall consist of the following members:

15 (a) The State Superintendent of Public Instruction, ex officio.

16 (b) The Director of State Finance, ex officio.

17 (c) The Chancellor of the Oklahoma State Regents for Higher
18 Education, ex officio, or his or her designee.

19 (d) The Director of the Oklahoma Department of Career and
20 Technology Education, ex officio, or his or her designee.

21 ~~(d)~~ (e) One member appointed by the Governor whose initial term
22 of office shall expire on January 14, 1991. The members thereafter
23 appointed by the Governor shall serve a term of office of four (4)

1 years which is coterminous with the term of office of the office of
2 the appointing authority.

3 ~~(e)~~ (f) ~~Two members~~ One member shall be appointed by the
4 Governor of the State of Oklahoma and approved by the Senate. The
5 ~~two members~~ member shall be:—~~1.~~ a representative of a school of
6 higher education in Oklahoma whose term of office shall initially be
7 one (1) year, ~~and 2.~~ ~~a member of the System of the nonclassified~~
8 ~~optional personnel status whose initial term of office shall be two~~
9 ~~(2) years.~~ After the ~~said initial terms~~ term of office the ~~terms~~
10 term of said ~~members~~ member shall be four (4) years.

11 ~~(f)~~ (g) Upon the expiration of the term of office of the
12 stockbroker member of the Board, the Governor shall appoint a member
13 to the Board whose initial term of office shall expire on January
14 14, 1991. The members thereafter appointed by the Governor shall
15 serve a term of office of four (4) years which is coterminous with
16 the term of office of the office of the appointing authority.

17 ~~(g)~~ (h) Upon the expiration of the term of office of the
18 representative of the insurance industry member of the Board, the
19 Governor shall appoint a member to the Board whose initial term of
20 office shall expire on January 14, 1991. The members thereafter
21 appointed by the Governor shall serve a term of office of four (4)
22 years which is coterminous with the term of office of the office of
23 the appointing authority.

1 ~~(h)~~ (i) Upon the expiration of the term of office of the
2 investment counselor member of the Board, the Governor shall appoint
3 a member to the Board whose initial term of office shall expire on
4 January 14, 1991. The members thereafter appointed by the Governor
5 shall serve a term of office of four (4) years which is coterminous
6 with the term of office of the office of the appointing authority.

7 ~~(i)~~ (j) Upon the expiration of the term of office of the active
8 classroom teacher member of the Board, the President Pro Tempore of
9 the Senate shall appoint a member to the Board, who shall be an
10 active classroom teacher and whose initial term of office shall
11 expire on January 8, 1991. The members thereafter appointed by the
12 President Pro Tempore of the Senate shall serve a term of office of
13 four (4) years.

14 ~~(j)~~ (k) Upon the expiration of the term of office of the
15 retired classroom teacher member of the Board, the Speaker of the
16 House of Representatives shall appoint a member to the Board, who
17 shall be a retired member of the System and whose initial term of
18 office shall expire on January 8, 1991. The members thereafter
19 appointed by the Speaker of the House of Representatives shall serve
20 a term of office of four (4) years.

21 ~~(k)~~ (l) The Speaker of the House of Representatives shall
22 appoint a member to the Board, who shall be an active classroom
23 teacher and whose initial term of office shall expire on January 3,

1 1989. The members thereafter appointed by the Speaker of the House
2 of Representatives shall serve a term of office of four (4) years.

3 ~~(l)~~ (m) The President Pro Tempore of the Senate shall appoint a
4 member to the Board, who shall be a retired member of the System and
5 whose initial term of office shall expire on January 3, 1989. The
6 members thereafter appointed by the President Pro Tempore of the
7 Senate shall serve a term of office of four (4) years.

8 (3) Persons who are appointed to the Board of Trustees by the
9 Governor pursuant to paragraphs ~~(d), (f)~~ (e), (g) ~~and~~, (h) and (i)
10 of subsection (2) of this section shall:

11 (a) have demonstrated professional experience in investment or
12 funds management, public funds management, public or private pension
13 fund management or retirement system management; or

14 (b) have demonstrated experience in the banking profession and
15 have demonstrated professional experience in investment or funds
16 management; or

17 (c) be licensed to practice law in this state and have
18 demonstrated professional experience in commercial matters; or

19 (d) be licensed by the Oklahoma State Board of Public
20 Accountancy to practice in this state as a public accountant or a
21 certified public accountant.

22 The appointing authorities, in making appointments that conform
23 to the requirements of this subsection, shall give due consideration

1 to balancing the appointments among the criteria specified in
2 paragraphs (a) through (d) of this subsection.

3 (4) No member of the Board of Trustees shall be a lobbyist
4 registered in this state as provided by law.

5 (5) Notwithstanding any of the provisions of this section to
6 the contrary, any person serving as an appointed member of the Board
7 of Trustees on the operative date of this act shall be eligible for
8 reappointment when the term of office of the member expires.

9 (6) If a vacancy occurs in the office of a trustee, the vacancy
10 shall be filled for the unexpired term in the same manner as the
11 office was previously filled.

12 (7) Each of the trustees, except those who are state officials
13 serving ex officio, shall receive travel expenses in accordance with
14 the State Travel Reimbursement Act.

15 (8) Each trustee shall, within ten (10) days after his
16 appointment or election, take an oath of office that, so far as it
17 devolves upon him, he will diligently and honestly administer the
18 affairs of the Board of Trustees and that he will not knowingly
19 violate or willingly permit to be violated any of the provisions of
20 law applicable to the retirement system. Such oath shall be
21 subscribed to by the member making it, certified by the officer
22 before whom it is taken, and immediately filed in the office of the
23 Secretary of State.

1 (9) Each trustee shall be entitled to one vote on the Board of
2 Trustees. Seven votes shall be necessary for a decision by the
3 trustees at any meeting of said Board.

4 (10) Subject to the limitations of this act, the Board of
5 Trustees shall, from time to time, establish rules and regulations
6 for the administration of the funds created by this act and for the
7 transaction of its business. Provided that such rules and
8 regulations may include rules and regulations providing for the
9 withholding from the retirement allowance due a retired person under
10 the provisions of this act an amount requested in writing by the
11 retiree for the purpose of paying:

12 (a) monthly premiums on group hospital and surgical insurance
13 programs to which such retiree belongs, and for the transmitting of
14 the sums so withheld to the insurance carrier designated by the
15 retiree; and

16 (b) membership dues in any statewide association limited to
17 retired educator membership with a minimum membership of one
18 thousand (1,000) dues-paying members and for the transmitting of the
19 sums so withheld.

20 (11) The Board of Trustees shall elect from its membership a
21 chairman, and by a majority vote of all of its members shall appoint
22 a secretary-treasurer, who may be, but need not be, one of its
23 members. The Board shall employ an executive secretary and shall

1 engage such actuarial and other service as shall be required to
2 transact the business of the retirement system. The compensation of
3 all persons engaged by the Board and all other expenses of the Board
4 necessary for the operation of the retirement system shall be paid
5 at such rates and in such amounts as the Board shall approve.

6 (12) The members of the Board of Trustees, the Executive
7 Secretary and the employees of the System shall not accept gifts or
8 gratuities from an individual organization with a value in excess of
9 Fifty Dollars (\$50.00) per year. The provisions of this section
10 shall not be construed to prevent the members of the Board of
11 Trustees, the Executive Secretary or the employees of the System
12 from attending educational seminars, conferences, meetings or
13 similar functions which are paid for, directly or indirectly, by
14 more than one organization.

15 (13) The Board of Trustees shall keep in convenient form such
16 data as shall be necessary for actuarial valuation of the various
17 funds of the retirement system and for checking the experience of
18 the system.

19 (14) The Board of Trustees shall keep a record of all of its
20 proceedings which shall be open to public inspection. It shall
21 publish annually a report showing the fiscal transactions of the
22 retirement system for the preceding school year, the amount of the
23 accumulated cash and securities of the system, and the last balance

1 sheet showing the financial condition of the system by means of an
2 actuarial valuation of the assets and liabilities of the retirement
3 system and a detailed accounting of its administrative expenses.

4 (15) The Board of Trustees shall retain an attorney who is
5 licensed to practice law in this state. The attorney shall serve at
6 the pleasure of the Board of Trustees for such compensation as may
7 be provided by the Board of Trustees. The attorney shall advise the
8 Board of Trustees and perform legal services for the Board of
9 Trustees with respect to any matters properly before the Board of
10 Trustees. When requested by the Board of Trustees, the Attorney
11 General of the state also shall render legal services to the Board
12 of Trustees. In addition to the above, the Board of Trustees may
13 employ hearing examiners to conduct administrative grievance
14 hearings under the provisions of the Oklahoma Administrative
15 Procedures Act, Sections 301 through 325 of Title 75 of the Oklahoma
16 Statutes.

17 (16) Suitable offices shall be furnished by the Department of
18 Central Services. Upon the failure or inability of the Department
19 of Central Services to provide adequate facilities, the Board of
20 Trustees may contract for necessary office space in suitable
21 quarters.

22 (17) The Board of Trustees shall designate a Medical Board to
23 be composed of three physicians not eligible to participate in the

1 retirement system. The physicians so appointed by the Board of
2 Trustees shall be legally qualified to practice medicine in Oklahoma
3 and shall be physicians of good standing in the medical profession.
4 If required, other physicians may be employed to report on special
5 cases. The Medical Board shall pass upon all medical examinations
6 required under the provisions of this act and shall investigate all
7 essential statements and certificates by or on behalf of a member in
8 connection with an application for disability retirement and shall
9 report in writing to the Board of Trustees its conclusion and
10 recommendation upon all the matters referred to it. The Board of
11 Trustees shall adopt such rules and regulations as may be necessary
12 to properly administer this benefit.

13 (18) The Board of Trustees shall designate an actuary who shall
14 be the technical advisor of the Board of Trustees on matters
15 regarding the operation of funds created by the provisions of this
16 act and shall perform such other duties as are required in
17 connection therewith.

18 (19) At least once each five (5) years the actuary shall make
19 an actuarial investigation of the experience of the retirement
20 system, including the mortality, service and compensation experience
21 of members and beneficiaries. Based on the results of such
22 investigation the actuary shall recommend for adoption by the Board
23 of Trustees such tables and rates as are required for the operation

1 of the retirement system and for the preparation of annual actuarial
2 valuations.

3 (20) On the basis of such tables and rates as the Board of
4 Trustees shall adopt, the actuary shall prepare an annual actuarial
5 valuation of the assets and liabilities of the retirement system and
6 certify the rates of contribution payable by the state under the
7 provisions of law concerning the Teachers' Retirement System.

8 (21) Subject to the funds available under the provisions of
9 Section 1004 of Title 68 of the Oklahoma Statutes, the employer
10 contributions to the retirement system for the fiscal year beginning
11 July 1, 1987, and for each fiscal year thereafter, shall be
12 determined by the Board of Trustees on the basis of the most recent
13 actuarial valuation, which amount shall be calculated as the sum of
14 the normal cost for the fiscal year plus the payment required to
15 amortize the unfunded accrued liability at a rate of level dollar
16 payments not to exceed forty (40) years.

17 SECTION 5. This act shall become effective July 1, 2006.

18 SECTION 6. It being immediately necessary for the preservation
19 of the public peace, health and safety, an emergency is hereby
20 declared to exist, by reason whereof this act shall take effect and
21 be in full force from and after its passage and approval.

22 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND GROUP HEALTH, dated
23 4-4-06 - DO PASS, As Amended.