

3 Senate Bill No. 280

4 SENATE BILL NO. 280 - By: CORN of the Senate and BRANNON of the
5 House.

6 An Act relating to retirement; amending 70 O.S. 2001,
7 Section 17-116.2, as last amended by Section 19, Chapter
8 536, O.S.L. 2004 (70 O.S. Supp. 2004, Section 17-116.2),
9 which relates to the Teachers' Retirement System of
10 Oklahoma; allowing purchase of certain creditable service;
11 providing for treatment of certain purchased creditable
12 service; providing method of payment of creditable service;
13 providing an effective date; and declaring an emergency.

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

15 SECTION 1. AMENDATORY 70 O.S. 2001, Section 17-116.2, as
16 last amended by Section 19, Chapter 536, O.S.L. 2004 (70 O.S. Supp.
17 2004, Section 17-116.2), is amended to read as follows:

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

25 A classified member who retired prior to July 1, 1986, shall
26 have his retirement allowance calculated on a minimum average salary
27 of Eleven Thousand Five Hundred Dollars (\$11,500.00) or on his

1 current minimum average salary plus Two Thousand Dollars
2 (\$2,000.00), whichever is greater. Beginning July 1, 1994, a
3 classified member who retired prior to July 1, 1993, shall have the
4 member's retirement allowance calculated on the member's current
5 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).
6 An unclassified member who retired prior to July 1, 1986, shall have
7 his retirement allowance calculated on a minimum average salary of
8 Nine Thousand Five Hundred Dollars (\$9,500.00) or on his current
9 minimum average salary plus One Thousand Dollars (\$1,000.00),
10 whichever is greater. Beginning July 1, 1994, an unclassified
11 member who retired prior to July 1, 1993, shall have the member's
12 retirement allowance calculated on the member's current minimum
13 average salary plus Two Hundred Seventy-five Dollars (\$275.00).
14 Those individuals receiving benefits pursuant to subsection (3) of
15 Section 17-105 of this title whose benefits commenced prior to July
16 1, 1993, shall receive an increase in benefits of two and one-half
17 percent (2 1/2%). No retirement benefit payments shall be made
18 retroactively.

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

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

7 a. if the member becomes a member after June 30, 1995,
8 and was not eligible to become a member prior to July
9 1, 1995, in an amount equal to two percent (2%) of the
10 member's average salary upon which member
11 contributions were made, multiplied by the number of
12 the member's years of creditable service, or

13 b. if the member became a member or is eligible to become
14 a member prior to July 1, 1995, and elected to have a
15 maximum compensation level in excess of Twenty-five
16 Thousand Dollars (\$25,000.00) pursuant to paragraph 1
17 of subsection C of this section or pursuant to
18 subsection E of this section, or if the member's
19 salary has never exceeded Twenty-five Thousand Dollars
20 (\$25,000.00) prior to July 1, 1995, in an amount equal
21 to:

22 (1) two percent (2%) of the member's average salary
23 upon which member contributions were made not to

1 exceed Forty Thousand Dollars (\$40,000.00),
2 multiplied by the number of the member's years of
3 credited service authorized and performed prior
4 to July 1, 1995, plus any years of prior service
5 authorized under this title, plus

6 (2) two percent (2%) of the member's average salary
7 upon which member contributions were made,
8 multiplied by the number of the member's years of
9 credited service authorized and performed after
10 June 30, 1995, or

11 c. if the member became a member or is eligible to become
12 a member prior to July 1, 1995, and was eligible to
13 elect to have a maximum compensation level in excess
14 of Twenty-five Thousand Dollars (\$25,000.00) and did
15 not elect or elected not to have a maximum
16 compensation level of Forty Thousand Dollars
17 (\$40,000.00) pursuant to paragraph 1 of subsection C
18 of this section or pursuant to subsection E of this
19 section, in an amount equal to:

20 (1) two percent (2%) of the member's average salary
21 upon which member contributions were made not to
22 exceed Twenty-five Thousand Dollars (\$25,000.00),
23 multiplied by the number of the member's years of

1 credited service authorized and performed prior
2 to July 1, 1995, plus any years of prior service
3 authorized under this title, plus
4 (2) two percent (2%) of the member's average salary
5 upon which member contributions were made,
6 multiplied by the number of the member's years of
7 credited service authorized and performed after
8 June 30, 1995.

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

11 1. Beginning July 1, 1992, through June 30, 1996, six percent
12 (6%) of the regular annual compensation of such member not in excess
13 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,
14 1995, through June 30, 1996, six percent (6%) of the maximum
15 compensation level; and

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

1 institution within The Oklahoma State System of Higher Education,
2 not in excess of Twenty-five Thousand Dollars (\$25,000.00);

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

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

10 C. 1. Prior to July 1, 1995, an active member of the System
11 may elect to have a maximum compensation level of Forty Thousand
12 Dollars (\$40,000.00). Such an election shall be made in writing and
13 filed with the System. Members whose salaries are in excess of
14 Twenty-five Thousand Dollars (\$25,000.00) on the effective date of
15 this act shall file the election with the System prior to January 1,
16 1988. Members whose salaries exceed Twenty-five Thousand Dollars
17 (\$25,000.00) after the effective date of this act shall file the
18 election when the salary exceeds Twenty-five Thousand Dollars
19 (\$25,000.00). If a member makes such an election, the member shall
20 contribute the following amounts:

21 a. beginning July 1, 1992, through June 30, 1993, eleven
22 percent (11%) of the regular annual compensation of
23 such member that is in excess of Twenty-five Thousand

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

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

1 regular annual compensation of each member who is employed by an
2 entity or institution within The Oklahoma State System of Higher
3 Education in excess of Twenty-five Thousand Dollars (\$25,000.00),
4 but not in excess of any applicable maximum compensation level of
5 the member.

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

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

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

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

21 Excluded from regular annual compensation are expense
22 reimbursement payments, office, vehicle, housing or other
23 maintenance allowances, the flexible benefit allowance provided

1 pursuant to Section 26-105 of this title, payment for unused
2 vacation and sick leave, any payment made for reason of termination
3 or retirement not specifically provided for in paragraphs 1 through
4 3 of this subsection, maintenance or other nonmonetary compensation,
5 payment received as an independent contractor or consultant,
6 pursuant to a lawful contract which complies with the requirements
7 of subsection B of Section 6-101.2 of this title, any benefit
8 payments not made pursuant to a valid employment agreement, or any
9 compensation not described in paragraphs 1 through 3 of this
10 subsection.

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

1 date of the member. The required payment shall include any
2 contribution required by the employing school district, and shall
3 include interest compounded annually at ten percent (10%) per annum
4 of both employer and employee contributions.

5 2. Any changes made pursuant to this subsection shall be
6 irrevocable.

7 F. 1. An individual who withdrew from the Teachers' Retirement
8 System and whose salary was in excess of Seven Thousand Eight
9 Hundred Dollars (\$7,800.00) and had elected to contribute only on
10 Seven Thousand Eight Hundred Dollars (\$7,800.00) before his or her
11 withdrawal shall contribute on the earning ceiling as provided for
12 in this section on his or her reentry into membership in the
13 Teachers' Retirement System.

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

18 3. Any member who elected to contribute on Seven Thousand Eight
19 Hundred Dollars (\$7,800.00) prior to January 1, 1978, and whose
20 salary was more than Seven Thousand Eight Hundred Dollars
21 (\$7,800.00) during the school years 1974-75 through 1978-79 may
22 elect to make back contributions to the retirement system by paying
23 the five percent (5%) contributions on the difference between Seven

1 Thousand Eight Hundred Dollars (\$7,800.00) and the actual salary of
2 the member, not to exceed Ten Thousand Dollars (\$10,000.00) for each
3 applicable school year, plus interest compounded annually at ten
4 percent (10%) per annum. Such payment shall be made prior to the
5 official retirement date of the member.

6 G. Each employer shall cause to be deducted from the salary of
7 each member on each and every payroll of such employer for each and
8 every payroll period, the proper percentage of his or her earnable
9 compensation as provided for in subsection B or subsection C of this
10 section.

11 1. Deductions shall begin with the first payroll period of the
12 school year. In determining the amount earnable by a member in a
13 payroll period, the Board of Trustees shall consider the rate of
14 annual compensation payable to such member on the first day of the
15 payroll period as continuing throughout such payroll period, and it
16 may omit deductions from compensation for any period less than a
17 full period, and to facilitate the making of deductions, it may
18 modify the deduction required of any member by such an amount as
19 shall not exceed one-tenth of one percent (1/10 of 1%) of the annual
20 compensation upon the basis of which such deduction is to be made.
21 Prior to January 1, 1991, any active contributing member who joined
22 the System subsequent to July 1, 1943, may pay the normal cost,
23 which shall mean the single sum which would have been paid under

1 existing statutes at the time the service was performed, plus
2 interest, for years of teaching service in Oklahoma from the date of
3 establishment of the System in 1943 to date of membership, in a lump
4 sum, or in installments equal to establishing one (1) year of
5 creditable service. Effective January 1, 1991, any active
6 contributing member who joined the System subsequent to July 1,
7 1943, may pay the amount determined by the Board of Trustees
8 pursuant to Section 17-116.8 of this title for years of teaching
9 service in Oklahoma from the date of establishment of the System in
10 1943 to date of membership, in a lump sum, or in installments equal
11 to establishing one (1) year of creditable service. For purposes of
12 this option, teaching service in Oklahoma shall include the teaching
13 of vocational agricultural courses within Oklahoma for the federal
14 government. Years for which contributions are paid shall count as
15 membership service under this plan. A member may receive credit for
16 not more than five (5) years of teaching service rendered while in
17 the Peace Corps or in the public schools of a territory of the
18 United States or the public schools, American Military Dependent
19 Schools or state colleges or state universities outside this state
20 by paying his or her contributions, plus interest, and membership
21 fees to the retirement system, subject to the regulations of the
22 Board of Trustees, providing he or she is not receiving and is not
23 eligible to receive retirement credit or benefits from said service

1 in any other public retirement system of this state, or any other
2 state or territory of the United States subject to the following
3 provisions:

4 a. the member is required to have two (2) years of
5 employed service teaching earned in Oklahoma for each
6 year of Peace Corps, territorial, out-of-state,
7 noncovered in-state or military membership credit
8 granted.

9 b. prior to January 1, 1991, the out-of-state or
10 noncovered in-state payment shall be the normal cost,
11 which means the single sum which would have been paid
12 under existing law at the time the service was
13 performed, plus interest, on the basis of what his or
14 her annual salary would have been in Oklahoma or out
15 of state, whichever is greater, had he or she been
16 employed as a teacher. Effective January 1, 1991, the
17 Peace Corps, territorial, out-of-state or noncovered
18 in-state payment shall be the amount determined by the
19 Board of Trustees pursuant to Section 17-116.8 of this
20 title.

21 2. In addition to the deductions hereinabove provided for, any
22 member who becomes a member of the Armed Forces of the United States
23 of America during any period of national emergency, including World

1 War II, the Korean conflict, the Vietnam conflict or others as may
2 be determined by the Board of Trustees, or whose entrance into or
3 training for the teaching profession was interrupted by his or her
4 entrance into the Armed Forces, and who was or shall have become a
5 member of the Teachers' Retirement System shall be granted the
6 privilege of making up his or her five percent (5%) contributions as
7 provided for in this section until January 1, 1991, for not to
8 exceed five (5) years of service in the Armed Forces by electing to
9 pay said contributions on the basis of the rate of pay in his or her
10 contract as a teacher at the time his or her service in the Armed
11 Forces commenced or in the case of a teacher who was not teaching
12 prior to entering the Armed Forces, on the basis of the salary of
13 the first year of teaching after being honorably discharged from the
14 Armed Forces. Effective January 1, 1991, the member will receive
15 such service upon payment of the amount determined by the Board of
16 Trustees pursuant to Section 17-116.8 of this title. Such
17 contributions shall be credited in the regular manner, and the
18 period for which said contributions were paid shall be counted as
19 creditable years of service and allocated to the period during which
20 the military service was rendered, except that the period for which
21 contributions were paid must have been continuous and shall be
22 credited in the aggregate, regardless of fiscal year limitations.
23 Notwithstanding any provision herein to the contrary, contributions,

1 benefits and service credit with respect to qualified military
2 service as defined by Section 414(u) of the Internal Revenue Code of
3 1986, shall be provided in accordance with Section 414(u) of the
4 Internal Revenue Code.

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

8 H. Effective July 1, 2004, the total creditable service of a
9 member who retires or terminates employment and elects a vested
10 benefit shall include not to exceed one hundred twenty (120) days of
11 unused sick leave accumulated subsequent to August 1, 1959. Twenty
12 (20) days of unused sick leave shall equal one (1) month for
13 purposes of creditable service credit. If the member becomes a
14 member or was eligible to become a member prior to July 1, 1995, the
15 year of credit received in this section shall be treated as service
16 earned prior to July 1, 1995. This subsection shall apply to
17 members retiring or vesting on or after the effective date of this
18 act and shall not be retroactive.

19 I. Any member who:

20 1. Shall be absent from the teaching service because of
21 election to the State Legislature or appointment to the executive
22 branch in an education-related capacity shall be allowed thirty (30)
23 days from the date as of which the person is officially elected or

1 appointed to file an election with the Teachers' Retirement System
2 to retain his or her membership in the Teachers' Retirement System
3 upon payment of the contribution required of other members and
4 employers of said members as provided for in this section and his or
5 her service credits shall continue to be accumulated during such
6 absence, provided he or she is not receiving retirement credits or
7 benefits from said service beginning after July 1, 1992, in other
8 public retirement systems; or

9 2. Became an employee of the Oklahoma Commission for Teacher
10 Preparation on or subsequent to June 1, 2001, but prior to July 1,
11 2002, who was previously employed by a participating employer within
12 the Teachers' Retirement System of Oklahoma, may elect to cancel any
13 accumulated service credit accrued within the Oklahoma Public
14 Employees Retirement System on or after June 1, 2001, but prior to
15 July 1, 2002, by filing an election with the Oklahoma Public
16 Employees Retirement System for the cancellation of such service
17 credit. The election shall be irrevocable and shall require the
18 Oklahoma Public Employees Retirement System to transfer all
19 accumulated employer and employee contributions made on behalf of or
20 by the person making such election to the Teachers' Retirement
21 System for such period of time. The Teachers' Retirement System
22 shall compute the employee contributions that would have been made
23 to the System by such employee if the contributions had been

1 computed pursuant to this section. In order to receive the full
2 amount of creditable service for the period of time on or after June
3 1, 2001, but not later than June 30, 2002, the employee shall be
4 required to pay any difference between the transferred employee
5 contributions and the amount computed by the Teachers' Retirement
6 System. The employee may make payment of any required amount in the
7 manner provided by and subject to the requirements of Section 17-
8 116.8 of this title. After payment of all required employee
9 contributions, the Teachers' Retirement System shall credit the
10 period of time represented by the transferred employee contributions
11 as creditable service within the meaning of Section 17-101 of this
12 title. After the transfer of the employee contributions, the
13 Oklahoma Public Employees Retirement System shall cancel any service
14 credit previously accumulated for the period of time represented by
15 such transferred employee contributions. Any person who makes the
16 election provided for by this paragraph, and who continues
17 employment with the Oklahoma Commission for Teacher Preparation on
18 or after July 1, 2002, shall continue to accrue service credit in
19 the Teachers' Retirement System of Oklahoma. The employer shall
20 make employer contributions according to the requirements of Section
21 17-108.1 of this title and shall provide for the deduction of
22 employee contributions as required by this section.

1 J. Any member who shall be absent from the teaching service
2 because of election or appointment as a local, state or national
3 education association officer shall be allowed to retain his or her
4 membership in the Teachers' Retirement System upon payment of the
5 contribution required of other members and employers of said members
6 as provided for in this section and his or her service credits shall
7 continue to be accumulated during such absence. Provided, however,
8 any one such absence shall not exceed eight (8) continuous years.
9 No member who has less than ten (10) years of contributory service
10 on July 1, 1994, may make this election after June 30, 1994.
11 Members contributing to the System on July 1, 1994, may continue to
12 contribute under this subsection until they have completed eight (8)
13 years allowed by this subsection. The member may file for
14 retirement when otherwise eligible for retirement as provided by
15 Section 17-105 of this title. Conditioned upon receiving a
16 favorable determination letter or private letter ruling from the
17 Internal Revenue Service, the eligible absence and participation
18 continuation in the Teachers' Retirement System of Oklahoma pursuant
19 to this subsection shall be increased to twelve (12) years. The
20 Teachers' Retirement System of Oklahoma shall make any necessary
21 efforts in obtaining an Internal Revenue Service determination
22 letter or private letter ruling concerning such increase.

1 K. A member may receive credit for those years of service
2 accumulated by the member while employed by an entity which is a
3 participating employer in the Oklahoma Firefighters Pension and
4 Retirement System, the Oklahoma Police Pension and Retirement
5 System, the Uniform Retirement System for Justices and Judges, the
6 Oklahoma Law Enforcement Retirement System, or the Oklahoma Public
7 Employees Retirement System, if the member is not receiving or
8 eligible to receive retirement credit or benefits from said service
9 in any other public retirement system. A member also may receive
10 credit for those years of service with the Department of Wildlife
11 Conservation or with an employer that is a participating employer
12 within one of the state retirement systems specifically referred to
13 in this section when at the time of such service by the member the
14 employer was not such a participating employer, if the member is not
15 receiving or eligible to receive retirement credit or benefits from
16 said service in any other public retirement system. To receive the
17 service credit provided in this subsection, the member shall pay the
18 amount determined by the Board of Trustees pursuant to Section 17-
19 116.8 of this title. For purposes of this subsection, creditable
20 service transferred from the Oklahoma Public Employees Retirement
21 System shall include service authorized under paragraph (f) of
22 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
23 as amended from time to time. Members who retire prior to July 1,

1 1993, shall have their monthly benefit adjusted to include all
2 services accrued under paragraph (f) of subsection (2) of Section
3 913 of Title 74 of the Oklahoma Statutes. Provided, however, any
4 adjustment of existing retirement benefits caused by reason of
5 inclusion of such service authorized under paragraph (f) of
6 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
7 shall not affect any retirement benefit paid prior to July 1, 1993.

8 L. 1. An active member of the Teachers' Retirement System of
9 Oklahoma may receive credit for those years of service accumulated
10 by the member while a member of the Oklahoma Public Employees
11 Retirement System if:

- 12 a. the member is an active member of the Teachers'
13 Retirement System of Oklahoma, and
14 b. the member provides notice to the Oklahoma Public
15 Employees Retirement System and the Teachers'
16 Retirement System of Oklahoma of the member's election
17 to transfer said service credit. The notice shall
18 include a list of the years to be transferred, and
19 c. the member is not receiving or eligible to receive
20 retirement credit or benefits from said service in any
21 other public retirement system, notwithstanding the
22 years of service sought to be transferred under this
23 subsection.

1 Members electing to take advantage of the transfer authorized by
2 this subsection who are receiving or eligible to receive retirement
3 credit or benefits from said service in any other public retirement
4 system shall have all service credit with the Oklahoma Public
5 Employees Retirement System canceled which is not transferred to the
6 Teachers' Retirement System of Oklahoma or used as a cash offset in
7 such a transfer pursuant to subparagraph d of paragraph 2 of this
8 subsection. Service credit transferred to the Teachers' Retirement
9 System of Oklahoma under this subsection shall also be canceled with
10 the Oklahoma Public Employees Retirement System.

11 2. For purposes of this subsection, the "sending system" shall
12 mean the Oklahoma Public Employees Retirement System. The
13 "receiving system" shall mean the Teachers' Retirement System of
14 Oklahoma.

15 a. Within thirty (30) days notification of an intent to
16 transfer is received by the sending system, the
17 sending system shall, according to its own rules and
18 regulations:

19 (1) for members who have accrued at least eight (8)
20 years of credited service with the sending
21 system, determine the present value of the
22 member's earned benefits attributable to the
23 years of service sought to be transferred,

1 discounted according to the member's age at the
2 time of transfer and computed as of the earliest
3 age at which the member would be able to retire.
4 Said computation shall assume an unreduced
5 benefit and be computed using interest and
6 mortality assumptions consistent with the
7 actuarial assumptions adopted by the Board of
8 Trustees for purposes of preparing the annual
9 actuarial evaluation, but shall not make any
10 projections regarding future salary. For
11 employees who have accrued at least eight (8)
12 years of credited service, the sending system
13 shall use the product of this calculation for
14 purposes of determining the transfer fee to be
15 paid by the employee under subparagraph c of this
16 paragraph so long as it is greater than the
17 product of the calculation in division (2) of
18 this subparagraph, and

19 (2) determine the sum of the employee and employer
20 contributions applicable to the years of service
21 sought to be transferred plus interest consistent
22 with the actuarial assumptions adopted by the
23 Board of Trustees for purposes of preparing the

1 annual actuarial evaluation. For all non-vested
2 members, and for members who have accrued at
3 least eight (8) years of credited service, if the
4 product of this calculation is greater than the
5 product of the calculation in division (1) of
6 this subparagraph, the sending system shall use
7 the product of this calculation for purposes of
8 determining the amount to be transferred by the
9 sending system under subparagraph c of this
10 paragraph and any transfer fee to be paid by the
11 member under subparagraph d of this paragraph.

12 b. Within thirty (30) days notification of an intent to
13 transfer is received by the receiving system, the
14 receiving system shall determine, according to the
15 system's own rules and regulations, the present value
16 of the member's incremental projected benefits
17 discounted according to the member's age at the time
18 of the transfer. Incremental projected benefits shall
19 be the difference between the projected benefit said
20 member would receive without transferring the service
21 credit and the projected benefit after transfer of
22 service credit computed as of the earliest age at
23 which the member would be able to retire. Said

1 computation shall assume an unreduced benefit and be
2 computed using interest, salary projections and
3 mortality assumptions consistent with the actuarial
4 assumptions adopted by the Board of Trustees for
5 purposes of preparing the annual actuarial evaluation.

6 c. The sending system shall, within sixty (60) days from
7 the date notification of an intent to transfer is
8 received by the sending system, transfer to the
9 receiving system the amount determined in subparagraph
10 a of this paragraph. Except if the cost as calculated
11 under subparagraph a of this paragraph is greater than
12 the actuarial value of the incremental benefit in the
13 receiving system, as established in subparagraph b of
14 this paragraph, the sending system shall send the
15 receiving system an amount equal to the actuarial
16 value of the incremental projected benefit in the
17 receiving system.

18 d. In order to receive the credit provided for in
19 paragraph 1 of this subsection, if the cost of the
20 actuarial value of the incremental benefit to the
21 receiving system is greater than the cost as
22 calculated under subparagraph a of this paragraph for
23 the same years of service to the sending system as

1 established in subparagraphs a and b of this
2 paragraph, the employee shall elect to:

3 (1) pay any difference to receive full credit for the
4 years sought to be transferred, or

5 (2) receive prorated service credit for only the
6 amount received from the Oklahoma Public
7 Employees Retirement System pursuant to this
8 subsection.

9 Such an election shall be made in writing, filed with
10 the System prior to receiving the credit provided for
11 in paragraph 1 of this subsection, and shall be
12 irrevocable.

13 3. Within sixty (60) days of successfully completing all of the
14 requirements for transfer under this subsection, the sending system
15 shall pay the receiving system any amount due under this subsection.
16 Within sixty (60) days of successfully completing all of the
17 requirements for transfer under this subsection, the member shall
18 pay the receiving system any amount due under this subsection. In
19 the event that the member is unable to pay the transfer fee provided
20 for in this subsection by the due date, the Board of Trustees of the
21 receiving system shall permit the member to amortize the transfer
22 fee over a period not to exceed sixty (60) months. Said payments
23 shall be made by payroll deductions unless the Board of Trustees

1 permits an alternate payment source. The amortization shall include
2 interest in an amount not to exceed the actuarially assumed interest
3 rate adopted by the Board of Trustees for investment earnings each
4 year. Any member who ceases to make payment, terminates, retires or
5 dies before completing the payments provided for in this section
6 shall receive prorated service credit for only those payments made,
7 unless the unpaid balance is paid by said member, his or her estate
8 or successor in interest within six (6) months after said member's
9 death, termination of employment or retirement, provided no
10 retirement benefits shall be payable until the unpaid balance is
11 paid, unless said member or beneficiary affirmatively waives the
12 additional six-month period in which to pay the unpaid balance.

13 4. Years of service transferred pursuant to this subsection
14 shall be used both in determining the member's retirement benefit
15 and in determining the years of service for retirement and/or
16 vesting purposes. Years of service rendered as a member of the
17 Oklahoma Public Employees Retirement System prior to July 1, 1992,
18 if any, shall be deemed to be years of service rendered as a member
19 of the Teachers' Retirement System of Oklahoma prior to July 1,
20 1992, and shall qualify such person as a member of the Teachers'
21 Retirement System of Oklahoma before July 1, 1992.

22 5. Notwithstanding the requirements of subsection (5) of
23 Section 917 of Title 74 of the Oklahoma Statutes, members electing

1 to take advantage of the transfer authorized by this subsection who
2 have withdrawn their contributions from the sending system shall
3 remit to the sending system the amount of the accumulated
4 contributions the member has withdrawn plus simple interest of ten
5 percent (10%) per annum prior to making said election or the
6 election shall be deemed invalid and the transfer shall be canceled.
7 If such an election is deemed invalid and the transfer is canceled,
8 the accumulated contribution remitted to the sending system by the
9 member who originally withdrew their contributions shall be returned
10 to the member. The member's rights and obligations regarding any
11 service credit reestablished in the sending system due to a failure
12 to satisfy the requirements of this subsection shall be determined
13 by the sending system in accordance with Section 901 et seq. of
14 Title 74 of the Oklahoma Statutes.

15 6. If any member fails for any reason to satisfy the
16 requirements of this subsection, the election to transfer service
17 credit shall be void and of no effect, and any service credited as a
18 result of this transfer shall be canceled. If such service is
19 canceled, the years of canceled service credit which were
20 unsuccessfully transferred to the receiving system from the sending
21 system shall be reestablished in the sending system. The member's
22 rights and obligations regarding any service credit reestablished in
23 the sending system due to a failure to satisfy the requirements of

1 this subsection shall be determined by the sending system in
2 accordance with Section 901 et seq. of Title 74 of the Oklahoma
3 Statutes.

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

6 M. Any member whose regular annual compensation was not
7 determined as provided for by law may pay the member contribution
8 required pursuant to subsection B of this section on such amount not
9 included in the member's regular annual compensation and receive
10 credit for such amount in the calculation of the member's benefit.
11 The employees must pay the employer contributions required pursuant
12 to Section 17-108.1 of this title. Interest at the rate of ten
13 percent (10%) per annum shall be charged to both employee and
14 employer contributions. Provided that the employing district may
15 pay all or any portion of the contributions and interest the member
16 is required to pay. Any payment by the employing district for a
17 prior year obligation shall be considered a current obligation of
18 the employer.

19 N. Any active member who elected during the 1978-79 school year
20 to pay the difference between five percent (5%) on actual salary not
21 exceeding Ten Thousand Dollars (\$10,000.00) and six percent (6%) on
22 actual salary not exceeding Fifteen Thousand Dollars (\$15,000.00)

1 shall receive credit for one (1) year of credited service upon
2 receipt and approval of a proper request by the Board of Trustees.

3 O. Effective July 1, 1988, any member who is employed by the
4 Governor, the State Senate, the House of Representatives or the
5 Legislative Service Bureau shall be allowed to elect to retain
6 membership in the Retirement System upon payment of the accrued and
7 current member contributions and employer contributions as provided
8 in subsection B of this section and Section 17-108.1 of this title.
9 Such contributions may be paid on behalf of the member by the
10 employing entity. Upon payment of such contributions, service
11 credits shall continue to be accumulated during such employment.
12 Accrued contributions shall be paid to the Retirement System by
13 August 1, 1989. Current contributions shall be paid to the
14 Retirement System by the tenth of the following month beginning with
15 the month of July 1989.

16 P. Notwithstanding any requirements of this title to restrict
17 the payment of service purchases, the Board of Trustees shall
18 promulgate such rules as necessary to allow active members of the
19 System to make installment payments for the redeposit of withdrawn
20 accounts or other payments due under the provisions of this title.
21 The rules shall permit the member to amortize the balance due over a
22 period not to exceed sixty (60) months, and shall include interest
23 consistent with the actuarial assumptions adopted by the Board of

1 Trustees for purposes of preparing the annual actuarial evaluation.
2 Further, the rules shall provide that all payments must be completed
3 prior to the effective retirement date of the member.

4 Q. 1. A member of the Oklahoma Public Employees Retirement
5 System who becomes a member of the Teachers' Retirement System of
6 Oklahoma because the member has become employed by an entity or
7 institution within The Oklahoma State System of Higher Education,
8 State Board of Education, State Board of Vocational and Technical
9 Education, Oklahoma Department of Vocational and Technical
10 Education, Oklahoma School of Science and Mathematics, Oklahoma
11 Center for the Advancement of Science and Technology, State
12 Department of Rehabilitation Services, Oklahoma State Regents for
13 Higher Education, Department of Corrections, State Department of
14 Education, Oklahoma Board of Private Vocational Schools, Board of
15 Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or
16 the Teachers' Retirement System of Oklahoma, may elect to receive
17 credit in the Teachers' Retirement System of Oklahoma for those
18 years of service accumulated by the member in the Oklahoma Public
19 Employees Retirement System pursuant to this subsection. A member
20 shall be eligible to elect to receive credit for such years of
21 service if:

22 a. the member is an active member of the Teachers'
23 Retirement System of Oklahoma,

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

11 Members electing to take advantage of the transfer authorized by
12 this subsection shall have all service credit with the Oklahoma
13 Public Employees Retirement System canceled which is transferred to
14 the Teachers' Retirement System of Oklahoma.

15 2. For purposes of this subsection, the "sending system" shall
16 mean the Oklahoma Public Employees Retirement System. The
17 "receiving system" shall mean the Teachers' Retirement System of
18 Oklahoma. Within thirty (30) days after notification of an intent
19 to transfer is received by the sending system, the sending system
20 shall, according to its own rules, send to the receiving system all
21 employer and employee contributions made on behalf of the member
22 which were made to the sending system plus an additional amount of
23 earnings based on the actuarial assumed rate of the sending system.

1 Upon receipt of these contributions by the receiving system, the
2 receiving system shall give credit to the transferring member in an
3 amount equal to the years of service accrued in the sending system.

4 3. If the transferring member's normal retirement date
5 calculation is based upon the sum of the member's age and number of
6 years of credited service totaling eighty (80) in the sending
7 system, then the member shall retain such calculation in the
8 receiving system.

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

11 R. A former member of the Teachers' Retirement System of
12 Oklahoma who withdrew his or her contributions from the System prior
13 to January 1, 1983, and who had at least ten (10) years of service
14 in the System and purchased that service in the Oklahoma Public
15 Employees Retirement System, may elect to revoke that purchase from
16 the Oklahoma Public Employees Retirement System and to repay the
17 withdrawn contributions to the System in order to be eligible, once
18 such member reaches the normal retirement age, to receive a
19 retirement benefit that is based upon years of service and
20 compensation at the time such member terminated employment. In
21 addition, such former member may elect to transfer service credit
22 accrued in the Oklahoma Public Employees Retirement System to the
23 Teachers' Retirement System of Oklahoma pursuant to subsection L of

1 this section. The election, pursuant to this subsection, shall be
2 made prior to September 1, 2000. The election and the repayment
3 shall be made according to rules promulgated by the Board.

4 S. An otherwise eligible employee of a participating employer
5 who chose not to participate in the System because such member was
6 age fifty-five (55) or older at the time of employment, may purchase
7 creditable service for the period employed with such participating
8 employer and begin actively participating in the System. Such
9 creditable service shall apply to vesting and meeting the employee's
10 normal retirement date. The employee shall make such purchase of
11 creditable service pursuant to Section 17-116.8 of this title.

12 SECTION 2. This act shall become effective July 1, 2005.

13 SECTION 3. It being immediately necessary for the preservation
14 of the public peace, health and safety, an emergency is hereby
15 declared to exist, by reason whereof this act shall take effect and
16 be in full force from and after its passage and approval.

17 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND GROUP HEALTH, dated
18 2-8-05 - DO PASS, As Coauthored.