

STATE OF OKLAHOMA

1st Session of the 51st Legislature (2007)

HOUSE BILL 2119

By: Shannon

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending Section 2, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (70 O.S. Supp. 2006, Section 17-116.2C), which relates to computation of certain service credit; modifying definition; authorizing certain members of the Teachers' Retirement System of Oklahoma to make election regarding treatment of certain service credit; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY Section 2, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (70 O.S. Supp. 2006, Section 17-116.2C), is amended to read as follows:

Section 17-116.2C A. As used in this section:

1. "Contribution deficit" means the amount of money computed for an eligible employee by multiplying the employee contribution rate in effect for any period of service performed on or after July 1, 1987, through June 30, 1995, multiplied by the amount of salary earned by the member in excess of the applicable maximum

1 compensation level of the member for such period with interest at  
2 the rate of ten percent (10%) per year compounded annually;  
3 provided, that for the designated fiscal years prescribed by  
4 subparagraphs a and b of this paragraph, the contribution deficit  
5 payment shall be adjusted to:

- 6 a. fifty percent (50%) of the total amount of the  
7 computation otherwise prescribed by this paragraph for  
8 the fiscal year ending June 30, 2007,
- 9 b. seventy-five percent (75%) of the total amount of the  
10 computation otherwise prescribed by this paragraph for  
11 the fiscal year ending June 30, 2008, and
- 12 c. one hundred percent (100%) of the total amount of the  
13 computation otherwise prescribed by this paragraph for  
14 the fiscal year ending June 30, 2009, and for each  
15 fiscal year thereafter;

16 2. "Eligible employee" means a member of the System who has not  
17 retired prior to the effective date of this act and who has  
18 performed service at any time prior to June 30, 1995, and who  
19 fulfills the requirements of this act with respect to inclusion of  
20 pre-cap removal years of service in a retirement benefit computation  
21 and:

- 22 a. who has already reached a normal retirement age prior  
23 to the effective date of this act and has not retired  
24 prior to the effective date of this act,

1           b. who reaches a normal retirement age on or after the  
2           effective date of this act, and

3           c. who is employed by an institution within The Oklahoma  
4           State System of Higher Education that is not a  
5           comprehensive university ~~or a regional institution~~  
6           ~~offering a four year degree program as designated or~~  
7           ~~authorized by the Oklahoma State Regents for Higher~~  
8           ~~Education;~~

9       3. "Maximum average salary amount" means:

10           a. Sixty Thousand Dollars (\$60,000.00) regardless of any  
11           otherwise applicable maximum compensation level for  
12           the fiscal year ending June 30, 2007,

13           b. Eighty Thousand Dollars (\$80,000.00) regardless of any  
14           otherwise applicable maximum compensation level for  
15           the fiscal year ending June 30, 2008, and

16           c. the full amount of the average salary without any  
17           limitation for the fiscal year ending June 30, 2009,  
18           and for each fiscal year thereafter;

19       4. "Maximum compensation level" means either:

20           a. Twenty-five Thousand Dollars (\$25,000.00) if a member  
21           did not elect to make employee contributions on a  
22           higher salary amount for any pre-cap removal years of  
23           service, or  
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1           b.   Forty Thousand Dollars (\$40,000.00) if a member did  
2                   elect to make employee contributions upon actual  
3                   salary not in excess of such amount for any pre-cap  
4                   removal years of service;

5           5.   "Pre-cap removal service" means any service performed by an  
6 active member prior to June 30, 1995; and

7           6.   "System" means the Teachers' Retirement System of Oklahoma;

8           B.   Unless otherwise expressly provided by this section, any  
9 definition contained in Section 17-101 of ~~Title 70 of the Oklahoma~~  
10 ~~Statutes~~ this title otherwise applicable to computation of benefits  
11 for retired members of the Teachers' Retirement System of Oklahoma  
12 shall have the same meaning for purposes of this section.

13           C.   Effective July 1, 2006, any eligible member of the Teachers'  
14 Retirement System of Oklahoma, who, as of July 1, 2006, has already  
15 reached a normal retirement age or who on or after July 1, 2006,  
16 reaches a normal retirement age as defined by paragraph 24 of  
17 Section 17-101 of ~~Title 70 of the Oklahoma Statutes~~ this title,  
18 shall be eligible to have a retirement benefit computed as provided  
19 by this section. If a member is eligible for the benefit  
20 computation authorized by this section, the average salary used to  
21 compute the retirement benefit of the member shall be governed by  
22 the provisions of this section and such provisions shall govern in  
23 the event of conflict between this section and the provisions of  
24 Section 17-116.2 of ~~Title 70 of the Oklahoma Statutes~~ this title.

1 D. An eligible employee who performs service in the manner  
2 prescribed by subsection E of this section and who makes payment of  
3 the applicable contribution deficit amount may have a retirement  
4 benefit computed as otherwise authorized by Section 17-105 of ~~Title~~  
5 ~~70 of the Oklahoma Statutes~~ this title, but shall have such benefit  
6 computed without regard to any maximum compensation level that would  
7 otherwise be applicable to the compensation of the member for any  
8 period of pre-cap removal service.

9 E. In order to have retirement benefits computed as authorized  
10 by subsection C of this section, and in addition to the payment of  
11 the contribution deficit amount required by this section, in order  
12 to have any pre-cap removal service included in the retirement  
13 benefit computation of the member using the average salary earned  
14 during such period of participating service subject to the maximum  
15 average salary amount, the member shall be required to perform one  
16 (1) year of participating service on or after the date as of which  
17 the member reaches a normal retirement age, for each two (2) years  
18 of service performed prior to July 1, 1995. For purposes of this  
19 section, any year of service performed prior to the effective date  
20 of this act after a member reached a normal retirement age shall  
21 qualify for purposes of the retirement benefit computation  
22 authorized by this section.

23 F. One (1) year of participating service performed by an  
24 eligible member who, prior to the effective date of this act has

1 reached a normal retirement age or, who on or after July 1, 2006,  
2 reaches a normal retirement age, shall result in the inclusion of  
3 the two (2) years of participating service immediately preceding  
4 July 1, 1995, in a retirement benefit computation using the average  
5 salary of the member, subject to the maximum average salary amount.  
6 For each additional year of participating service performed by the  
7 eligible member thereafter, whether such service has been performed  
8 prior to the effective date of this act or whether such service is  
9 performed on or after the effective date of this act, the two (2)  
10 next succeeding years of pre-cap removal service performed prior to  
11 the end of the preceding two-year period may be included in the  
12 benefit computation without regard to the maximum compensation level  
13 of the member that would otherwise be applicable to such pre-cap  
14 removal service.

15 G. The eligible member shall be required to make payment to the  
16 Teachers' Retirement System of Oklahoma of the contribution deficit  
17 amount for any year of service performed on or after July 1, 1987,  
18 but not later than June 30, 1995, as prescribed by subsections H  
19 through K of this section in order to have any years of pre-cap  
20 removal service included in the retirement benefit computation using  
21 the average salary of the member subject to the maximum average  
22 salary amount.

23 H. In order to have years of service included in the benefit  
24 computation using average salary subject to the maximum average

1 salary amount, the member shall be required to make payment of the  
2 contribution deficit for the following years of service and in the  
3 sequence prescribed by subsection I of this section according to the  
4 adjustments required by subparagraphs a and b of paragraph 1 of  
5 subsection A of this section:

- 6 1. July 1, 1987, through June 30, 1988;
- 7 2. July 1, 1988, through June 30, 1989;
- 8 3. July 1, 1989, through June 30, 1990;
- 9 4. July 1, 1990, through June 30, 1991;
- 10 5. July 1, 1991, through June 30, 1992;
- 11 6. July 1, 1992, through June 30, 1993;
- 12 7. July 1, 1993, through June 30, 1994; and
- 13 8. July 1, 1994, through June 30, 1995.

14 I. For each year of service performed by the eligible member  
15 prior to the effective date of this act and after having reached a  
16 normal retirement age, or for each year of service performed by the  
17 member after reaching a normal retirement age on or after the  
18 effective date of this act, the member shall be required to make  
19 payment of the contribution deficit amount for each year of service  
20 beginning with the years described in paragraphs 7 and 8 of  
21 subsection H of this section. For each additional year of service  
22 performed by the eligible member after the normal retirement age of  
23 the member, the member shall make payment of the contribution  
24

1 deficit amount for each of the next two (2) years of service as  
2 described in:

- 3 1. Paragraphs 5 and 6 of subsection H of this section;
- 4 2. Paragraphs 3 and 4 of subsection H of this section; and
- 5 3. Paragraphs 1 and 2 of subsection H of this section.

6 J. After making payment of all required contribution deficit  
7 amounts for all periods of service described in paragraphs 1 through  
8 8 of subsection H of this section, an eligible member who has  
9 performed any additional years of service after having reached a  
10 normal retirement age, or for each year of service performed by the  
11 member after reaching a normal retirement age on or after the  
12 effective date of this act, the member may then include any  
13 additional two-year period of service performed prior to July 1,  
14 1987, using the average salary of the member, subject to the maximum  
15 average salary amount, in the retirement benefit computation for  
16 such years of service by performing one (1) additional year of  
17 service.

18 K. No contribution deficit payments shall be required of the  
19 eligible member with respect to years of service performed prior to  
20 July 1, 1987, if such years of service are included in the  
21 retirement benefit computation of the member using average salary as  
22 otherwise authorized by this section, subject to the maximum average  
23 salary amount.

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1 L. An eligible member may make the payment of the contribution  
2 deficit amount required by this section at any time prior to the  
3 retirement of the member from the System; however, no years of pre-  
4 cap removal service for which full payment of the required  
5 contribution deficit has not been made pursuant to the requirements  
6 of this section may be included in the retirement benefit  
7 computation of the otherwise eligible member using the average  
8 salary of the member for such period, subject to the maximum average  
9 salary amount.

10 M. Any pre-cap removal years of service for which the required  
11 contribution deficit payment has not been made to the System shall  
12 only be included in a retirement benefit computation using the  
13 maximum compensation level in effect for the member at the time such  
14 years of service were performed.

15 N. All payments to the System for pre-cap removal service shall  
16 be made prior to the date as of which a member retires. No payments  
17 to the System for pre-cap removal service otherwise authorized by  
18 this section shall be made after a member retires from the System  
19 and begins to receive benefits.

20 O. Any eligible member who, prior to the effective date of  
21 this act, has not previously made an election for payment of  
22 employee contributions on a maximum compensation level of Twenty-  
23 five Thousand Dollars (\$25,000.00) for pre-cap removal service may  
24 file an election with the System to make payment of the required

1 contribution deficit amount pursuant to this section. Such an  
2 election shall be irrevocable.

3 P. No participating employer of the System shall make payment  
4 of any required contribution deficit amount on behalf of any  
5 otherwise eligible member, whether directly or indirectly, in order  
6 for the member to have retirement benefits computed according to the  
7 provisions of this section.

8 Q. No member of the System who has retired prior to July 1,  
9 2006, shall be eligible to make any payments of the contribution  
10 deficit amount and no such member shall have the ability to have a  
11 retirement benefit recomputed as a result of the provisions of this  
12 section.

13 R. The additional retirement benefit attributable to the  
14 provisions of this section may be computed for members who retire on  
15 or after July 1, 2006, but prior to January 1, 2007, but the  
16 additional retirement benefit attributable to the provisions of this  
17 section shall not be payable until January 1, 2007. On and after  
18 January 1, 2007, the additional retirement benefit attributable to  
19 the provisions of this section shall be added to the retirement  
20 benefit amount of any member who retires on or after July 1, 2006,  
21 and prior to January 1, 2007, and such increased benefit amount  
22 shall be payable to the member or any beneficiary of the member as  
23 otherwise provided pursuant to the provisions of Section 17-101 of  
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1 ~~Title 70 of the Oklahoma Statutes~~ this title in the same manner as  
2 other retirement benefits are payable.

3 SECTION 2. This act shall become effective July 1, 2007.

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

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9 51-1-6414 MAH 01/18/07

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