

**SENATE FLOOR VERSION**

April 2, 2012

ENGROSSED HOUSE  
BILL NO. 2321

By: McDaniel (Randy), Pittman  
and Russ of the House

and

Anderson of the Senate

An Act relating to public retirement systems;  
amending 74 O.S. 2011, Sections 913 and 913.4, which  
relate to the Oklahoma Public Employees Retirement  
System; modifying sick leave crediting provisions;  
modifying provisions related to rounding for purposes  
of benefit computation; modifying procedure for  
determining years of service for certain elected  
officials; and providing an effective date.

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

SECTION 1. AMENDATORY 74 O.S. 2011, Section 913, is  
amended to read as follows:

Section 913. A. Prior service shall be credited as follows:

1. A member shall receive full credit for employment with any  
participating employer prior to the entry date of his or her  
employer whether or not continuous and whether or not he or she was  
employed with a participating employer on such entry date, provided  
that any member who has retired before the passage of Section 901 et  
seq. of this title, shall not receive retirement benefits

1 retroactively for such prior service. Provided, that at such time  
2 that an employer becomes a participating employer on or after  
3 January 1, 1965, and before January 1, 1975, each member and each  
4 retirant, upon making proper written application therefor, shall  
5 receive prior service credit for service with such employer in the  
6 same manner as if such participating employer had been a  
7 participating employer on the date first eligible to become a  
8 participating employer; and increased benefits attributable to such  
9 increased prior service credit shall commence with the next monthly  
10 benefit payment due following receipt and approval of such  
11 application by the Board of Trustees. No prior service shall be  
12 granted, however, for periods of service in which the employee made  
13 contributions which he or she subsequently withdrew, unless he or  
14 she has complied with the provisions of subsection (5) of Section  
15 917 of this title. The burden of proof regarding prior service  
16 shall be with the member and shall be documented in such manner as  
17 the Board may direct;

18 2. Any member who was employed in an institution of higher  
19 learning by a State Board of Regents or who was employed by an  
20 Oklahoma school district prior to July 1, 1943, may receive prior  
21 service credit under this act for the period of time they were so  
22 employed;

23 3. Any member who served in the Armed Forces of the United  
24 States, as defined in paragraph (23) of Section 902 of this title,

1 prior to membership in the Oklahoma Public Employees Retirement  
2 System shall be granted prior service credit, not to exceed five (5)  
3 years, for those periods of active military service during which he  
4 or she was a war veteran. For a member of the System hired on or  
5 after July 1, 2003, if the military service credit authorized by  
6 this paragraph is used to compute the retirement benefit of the  
7 member and the member retires from the System, such military service  
8 credit shall not be used to compute the retirement benefit in any  
9 other retirement system created pursuant to the Oklahoma Statutes  
10 and the member may receive credit for such service only in the  
11 retirement system from which the member first retires;

12 4. An elective state, county, city or town official who is  
13 ineligible for membership as a result of any applicable state law or  
14 constitutional provision making him or her ineligible solely because  
15 of his or her being such an official at the time of his or her  
16 eligibility for membership at the time his or her employer becomes a  
17 participating employer shall nevertheless not forfeit the prior  
18 service credit to which he or she would be entitled except for such  
19 ineligibility, provided that he or she either:

20 a. becomes an employee of a participating employer within  
21 four (4) calendar months of the expiration of his or  
22 her term of office current at the time of his or her  
23 eligibility except for his or her being an elective  
24 state or county official, or

1           b.    within a period of four (4) years after the expiration  
2                   of his or her term of office current at the time of  
3                   his or her eligibility except for his or her being an  
4                   elective state or county official, is elected as a  
5                   state or county official and thereupon becomes a  
6                   member of the System, or

7           c.    has completed ten (10) years of credited service as of  
8                   the date of his or her eligibility for membership  
9                   except for his or her being an elective state or  
10                  county official;

11           5.    Beginning July 1, 1965, all employees of the Department of  
12 Human Services shall participate in the Oklahoma Public Employees  
13 Retirement System to the same extent as other employees of  
14 participating employers in such System.  Provided, that any employee  
15 performing teaching services in the Oklahoma School for the Deaf or  
16 the Oklahoma School for the Blind may elect to participate in the  
17 Teachers' Retirement System of Oklahoma in lieu of the Oklahoma  
18 Public Employees Retirement System; and any other employee at each  
19 such institution or any other institution under the jurisdiction of  
20 the Department of Human Services, participating in the Teachers'  
21 Retirement System of Oklahoma, may elect to continue to participate  
22 in such system in lieu of the Oklahoma Public Employees Retirement  
23 System.  All employees who shall have participated in the Teachers'  
24 Retirement System of Oklahoma and not continuing therein shall have

1 the right to withdraw their membership from the Teachers' Retirement  
2 System of Oklahoma on the same terms as other members withdrawing  
3 from such System before retirement. Provided, all persons employed  
4 at the Oklahoma School for the Blind and Oklahoma School for the  
5 Deaf on June 30, 1965, who became subject to the Oklahoma Public  
6 Employees Retirement System, on July 1, 1965, shall receive credit  
7 for prior service and be eligible for participation, regardless of  
8 age;

9       6. A member employed as a temporary employee by the Legislative  
10 Service Bureau or its predecessors, the State Senate or the House of  
11 Representatives for the full duration of a regular legislative  
12 session prior to the member's eligibility for membership in the  
13 System shall receive six (6) months of prior service credit for each  
14 such full regular legislative session if the employee is employed by  
15 the Legislative Service Bureau or its predecessors, the State Senate  
16 or the House of Representatives as either a full-time or temporary  
17 employee for a minimum of six (6) full regular legislative sessions  
18 beginning January 1, 1983. For purposes of this subsection, the  
19 determination of whether an employee is employed for the full  
20 duration of a regular legislative session shall be made by the  
21 Legislative Service Bureau if such employee is employed by the  
22 Legislative Service Bureau, the State Senate if such employee is  
23 employed by the State Senate, or by the House of Representatives if  
24 such employee is employed by the House of Representatives;

1       7. A member of the System shall receive prior service credit  
2 for any years of service after January 1, 1975, the member had with  
3 a participating employer if the member is not receiving or eligible  
4 to receive such prior service credit for the same time in any other  
5 state or county retirement system authorized by law. To receive the  
6 service credit, the member shall pay the amount determined by the  
7 Board pursuant to Section 913.5 of this title; and

8       8. Any member who is a state employee and receives temporary  
9 total disability benefits during the period of absence with a  
10 participating employer due to a work-related injury or illness  
11 incurred while engaged in a governmental function for said  
12 participating employer pursuant to the Workers' Compensation Act  
13 shall receive credit for participating service during said period of  
14 absence subject to the following requirements:

- 15           a. the member was employed by the participating employer  
16           immediately prior to and during the period of absence,  
17           b. the member must notify the System in writing not later  
18           than four (4) months after the member's return to his  
19           or her job duties with the participating employer, or  
20           termination of employment with the participating  
21           employer, or termination of the temporary total  
22           disability benefits, whichever is earlier, of the  
23           member's desire to receive participating service  
24           credit for the period of absence,

1           c.    the participating employer must certify to the System  
2                in writing the dates during which temporary total  
3                disability benefits payments were paid to the member,  
4                and

5           d.    the member and the participating employer shall each  
6                pay their respective contributions required for the  
7                period of absence without interest within sixty (60)  
8                days of invoicing by the System, or with interest of  
9                seven and one-half percent (7 1/2%) compounded  
10              annually if paid after said sixty (60) days.

11           B.    Participating service shall be credited as follows:

12           1.    A member shall receive credit for participating service with  
13                a participating employer in accordance with the rules and  
14                regulations established by the Board; provided, however, that a  
15                member who is not a full-time employee shall receive prorated credit  
16                for actual hours worked;

17           2.    Leaves of absence shall not count as a break in continuous  
18                employment provided the member leaves his or her accumulated  
19                contribution on deposit with the fund; however, the leaves of  
20                absence shall not be credited except that involuntary furloughs  
21                established by Office of Personnel Management rules, involuntary  
22                furloughs of employees of a district attorney conducted in  
23                substantial compliance with the rules of the Office of Personnel  
24                Management as certified by the District Attorneys Council,

1 involuntary furloughs of employees pursuant to a furlough plan  
2 adopted by the President Pro Tempore of the Senate or the Speaker of  
3 the House of Representatives as authorized in Section 840-5.1 of  
4 this title and involuntary furloughs of employees authorized by the  
5 Oklahoma Supreme Court shall be credited;

6 3. Any member who has served in the Armed Forces of the United  
7 States, as defined in paragraph (23) of Section 902 of this title,  
8 shall be granted participating service for those periods of active  
9 military service during which he or she was a war veteran provided  
10 this service is immediately preceded by a period of employment with  
11 a participating employer and is followed by return to employment as  
12 an employee with the same or another participating employer within  
13 ninety (90) days immediately following discharge from such military  
14 service provided the member leaves his or her accumulated  
15 contributions on deposit with the fund;

16 4. A period of total disability under the System immediately  
17 followed by employment with a participating employer, shall not  
18 count as a break in continuous employment; provided, that such  
19 periods while not employed shall not be credited except that  
20 involuntary furloughs established by Office of Personnel Management  
21 Rule 6.13, shall be credited;

22 5. Termination of employment with a participating employer  
23 followed by employment with the same or another participating  
24 employer within four (4) calendar months shall not constitute a

1 break in continuous employment; provided, that such period while not  
2 employed shall not be credited as participating service;

3 6. Provided, however, that all employee contributions required  
4 by this act made by employees prior to June 30, 1977, will entitle  
5 the employee to additional years of participating service in  
6 accordance with the following schedule.

7 Employee accumulated contributions:

8 More than \$1.00 up to \$500 = 1 year participating service

9 More than \$500 up to \$1,000 = 2 years participating service

10 More than \$1,000 up to \$1,500 = 3 years participating service

11 More than \$1,500 up to \$2,000 = 4 years participating service

12 More than \$2,000 = 5 years participating service

13 In no event shall the employee be entitled to more than five (5)  
14 additional years of participating service as provided hereunder.

15 Provided further, that upon termination of employment prior to  
16 retirement, the accumulated contributions will be credited as above  
17 indicated to establish a vested benefit if so elected by any such  
18 employee; and

19 7. a. The total participating service credit of a member who  
20 retires or terminates employment and elects a vested  
21 benefit shall include not to exceed one hundred thirty  
22 (130) days of unused sick leave accumulated subsequent  
23 to August 1, 1959, during the member's employment with  
24 any participating employer. Such credit shall be

1 added in terms of whole months. Twenty (20) days of  
2 unused sick leave shall equal one (1) month for  
3 purposes of participating service credit. If unused  
4 sick leave entitles a member to an additional year of  
5 service credit, the member's employer shall reimburse  
6 the System for the cost of funding the additional  
7 reserve. Each participating employer shall provide  
8 the System with adequate and timely information  
9 necessary to determine additional benefits and its  
10 cost under this paragraph. This ~~paragraph~~  
11 subparagraph shall apply to members retiring or  
12 vesting on or after July 1, 1984.

13 b. For members who join the System on or after November  
14 1, 2012, unused sick leave as set forth in  
15 subparagraph a of this paragraph shall be credited at  
16 the same rate but not used to round up to another  
17 year. Instead, any additional months of unused sick  
18 leave credit shall be added to other service credit  
19 without rounding.

20 C. In determining the number of years of credited service, a  
21 fractional year of six (6) months or more shall be considered as one  
22 (1) year, and less than six (6) months shall be disregarded. For  
23 members who join the System on or after November 1, 2012, the number  
24

1 of years of credited service shall be based on actual years and  
2 months of credited service without rounding up or down.

3 D. A member may receive credit for those years of credited  
4 service accumulated by the member while a member of the Oklahoma  
5 Firefighters Pension and Retirement System, the Oklahoma Police  
6 Pension and Retirement System, the Uniform Retirement System for  
7 Justices and Judges, the Oklahoma Law Enforcement Retirement System,  
8 or the Teachers' Retirement System of Oklahoma, if the member is not  
9 receiving or eligible to receive retirement credit or benefits from  
10 said service in any other public retirement system. To receive the  
11 service credit, the member shall pay the amount determined by the  
12 Board pursuant to Section 913.5 of this title.

13 E. A member may receive credit for those years of service  
14 accumulated by the member as an elected official if the member is  
15 not receiving or eligible to receive retirement credit or benefits  
16 from said service in any public retirement system. Prior to January  
17 1, 1991, to receive the service credit, the member shall pay to the  
18 Board for each year of service purchased pursuant to this subsection  
19 a sum equal to the employee and employer contribution rate that  
20 would have been applicable to the member as determined by the Board  
21 and interest of not to exceed five percent (5%), and effective  
22 January 1, 1991, to receive the service credit, the member shall pay  
23 the amount determined by the Board pursuant to Section 913.5 of this  
24 title.

1 F. Effective December 12, 1994, and thereafter, a leave of  
2 absence on account of a period of qualified military service in the  
3 uniformed services of the United States within the meaning of  
4 Section 414(u) (5) of the federal Internal Revenue Code, followed by  
5 a return to employment with the participating employer within ninety  
6 (90) days after completion of the period of service may be eligible  
7 for credited service under this System. Notwithstanding any  
8 provision of this plan to the contrary, contributions, benefits and  
9 service credit with respect to qualified military service will be  
10 allowed in accordance with Section 414(u) of the federal Internal  
11 Revenue Code.

12 G. 1. An active member of the Oklahoma Public Employees  
13 Retirement System may receive credit for those years of service  
14 accumulated by the member while a member of the Teachers' Retirement  
15 System of Oklahoma if:

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

1 other public retirement system, notwithstanding the  
2 years of service sought to be transferred under this  
3 subsection.

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

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

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

21 (1) for members who have vested with the sending  
22 system, determine the present value of the  
23 member's earned benefits attributable to the  
24 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 vested  
11          employees the sending system shall use the  
12          product of this calculation for purposes of  
13          determining the transfer fee to be paid by the  
14          employee under subparagraph c of this paragraph  
15          so long as it is greater than the product of the  
16          calculation in this division, and

- 17           (2) determine the sum of the employee and employer  
18           contributions applicable to the years of service  
19           sought to be transferred plus interest consistent  
20           with the actuarial assumptions adopted by the  
21           Board of Trustees for purposes of preparing the  
22           annual actuarial evaluation. For all nonvested  
23           members, and for vested members if the product of  
24           this calculation is greater than the product of

1           the calculation in division (1) of this  
2           subparagraph, the sending system shall use the  
3           product of this calculation for purposes of  
4           determining the amount to be transferred by the  
5           sending system under subparagraph c of this  
6           paragraph and any transfer fee to be paid by the  
7           members under subparagraph d of this paragraph.

- 8           b.   Within thirty (30) days after notification of an  
9           intent to transfer is received by the receiving  
10          system, the receiving system shall determine,  
11          according to the system's own rules and regulations,  
12          the present value of the member's incremental  
13          projected benefits discounted according to the  
14          member's age at the time of the transfer. Incremental  
15          projected benefits shall be the difference between the  
16          projected benefit said member would receive without  
17          transferring the service credit and the projected  
18          benefit after transfer of service credit computed as  
19          of the earliest age at which the member would be able  
20          to retire. Said computation shall assume an unreduced  
21          benefit and be computed using interest, salary  
22          projections and mortality assumptions consistent with  
23          the actuarial assumptions adopted by the Board of  
24

1 Trustees for purposes of preparing the annual  
2 actuarial evaluation.

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

16 d. In order to receive the credit provided for in  
17 paragraph 1 of this subsection, if the cost of the  
18 actuarial value of the incremental benefit to the  
19 receiving system is greater than the cost as  
20 calculated under subparagraph a of this paragraph for  
21 the same years of service to the sending system as  
22 established in subparagraphs a and b of this  
23 paragraph, the employee shall elect to:  
24

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

3 (2) receive prorated service credit for only the  
4 amount received from the Teachers' Retirement  
5 System of Oklahoma pursuant to this subsection.

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

10 3. Within sixty (60) days of successfully completing all of the  
11 requirements for transfer under this subsection, the sending system  
12 shall pay the receiving system any amount due under this subsection.  
13 Within sixty (60) days of successfully completing all of the  
14 requirements for transfer under this subsection, the member shall  
15 pay the receiving system any amount due under this subsection. In  
16 the event that the member is unable to pay the transfer fee provided  
17 for in this subsection by the due date, the Board of Trustees of the  
18 receiving system shall permit the member to amortize the transfer  
19 fee over a period not to exceed sixty (60) months. Said payments  
20 shall be made by payroll deductions unless the Board of Trustees  
21 permits an alternate payment source. The amortization shall include  
22 interest in an amount not to exceed the actuarially assumed interest  
23 rate adopted by the Board of Trustees for investment earnings each  
24 year. Any member who ceases to make payment, terminates, retires or

1 dies before completing the payments provided for in this section  
2 shall receive prorated service credit for only those payments made,  
3 unless the unpaid balance is paid by said member, his or her estate  
4 or successor in interest within six (6) months after said member's  
5 death, termination of employment or retirement, provided no  
6 retirement benefits shall be payable until the unpaid balance is  
7 paid, unless said member or beneficiary affirmatively waives the  
8 additional six-month period in which to pay the unpaid balance.

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

18       5. Notwithstanding the requirements of Section 17-104 of Title  
19 70 of the Oklahoma Statutes, members electing to take advantage of  
20 the transfer authorized by this subsection who have withdrawn their  
21 contributions from the sending system shall remit to the sending  
22 system the amount of the accumulated contributions the member has  
23 withdrawn plus simple interest of ten percent (10%) per annum prior  
24 to making said election or the election shall be deemed invalid and

1 the transfer shall be canceled. If such an election is deemed  
2 invalid and the transfer is canceled, the accumulated contribution  
3 remitted to the sending system by the member who originally withdrew  
4 their contributions shall be returned to the member. The member's  
5 rights and obligations regarding any service credit reestablished in  
6 the sending system due to a failure to satisfy the requirements of  
7 this subsection shall be determined by the sending system in  
8 accordance with Section 17-101 et seq. of Title 70 of the Oklahoma  
9 Statutes.

10 6. If any member fails for any reason to satisfy the  
11 requirements of this subsection, the election to transfer retirement  
12 credit shall be void and of no effect, and any retirement credited  
13 as a result of this transfer shall be canceled. If such retirement  
14 credit is canceled, the years of canceled retirement credit which  
15 were unsuccessfully transferred to the receiving system from the  
16 sending system shall be reestablished in the sending system. The  
17 member's rights and obligations regarding any retirement credit  
18 reestablished in the sending system due to a failure to satisfy the  
19 requirements of this subsection shall be determined by the sending  
20 system in accordance with Section 17-101 et seq. of Title 70 of the  
21 Oklahoma Statutes.

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

24

1 H. 1. A member of the Teachers' Retirement System of Oklahoma  
2 whose last service with the Teachers' Retirement System of Oklahoma  
3 was with an entity or institution within The Oklahoma State System  
4 of Higher Education, State Board of Education, State Board of Career  
5 and Technology Education, Oklahoma Department of Career and  
6 Technology Education, Oklahoma School of Science and Mathematics,  
7 Oklahoma Center for the Advancement of Science and Technology, State  
8 Department of Rehabilitation Services, Oklahoma State Regents for  
9 Higher Education, Department of Corrections, State Department of  
10 Education, Oklahoma Board of Private Vocational Schools, Board of  
11 Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or  
12 the Teachers' Retirement System of Oklahoma, may elect to receive  
13 credit for those years of service accumulated by the member in the  
14 Teachers' Retirement System of Oklahoma, pursuant to this  
15 subsection. A member shall be eligible to elect to transfer credit  
16 for such years of service from the Teachers' Retirement System of  
17 Oklahoma to the Oklahoma Public Employees Retirement System if:

- 18 a. the member is an active member of the Oklahoma Public  
19 Employees Retirement System,
- 20 b. the member provides notice to the Teachers' Retirement  
21 System of Oklahoma and the Oklahoma Public Employees  
22 Retirement System of the member's election to transfer  
23 such retirement credit. The notice shall include a  
24 list of the years to be transferred, and

1           c.    the member is not receiving or eligible to receive  
2                retirement credit or benefits from such service in any  
3                other public retirement system, notwithstanding the  
4                years of service sought to be transferred under this  
5                subsection.

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

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

22          3.    If the transferring member's normal retirement date  
23           calculation is based upon the sum of the member's age and number of  
24           years of credited service totaling eighty (80) in the sending

1 system, then the member shall retain such calculation in the  
2 receiving system.

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

5 I. A member of the System in the employment of the Governor,  
6 the State Senate or the House of Representatives, on or after July  
7 1, 1999, may make an election prior to December 31, 2000, which  
8 shall be irrevocable and on a form prescribed for such purpose by  
9 the System, to continue participation in the System upon becoming  
10 employed by a participating employer of the Teachers' Retirement  
11 System of Oklahoma. The Board shall promulgate all rules necessary  
12 to implement the provisions of this subsection.

13 SECTION 2. AMENDATORY 74 O.S. 2011, Section 913.4, is  
14 amended to read as follows:

15 Section 913.4 A. 1. Except as otherwise provided in this  
16 subsection, an elected official may elect to participate in the  
17 System and if he or she elects to do so shall have the option of  
18 participating at any one of the computation factors set forth in  
19 ~~paragraphs~~ paragraph 3 or 4 of this subsection and will receive  
20 retirement benefits in accordance with the computation factor  
21 chosen. The election on participation in the System must be in  
22 writing, must specify the computation factor chosen, and must be  
23 filed with the System within ninety (90) days after the elected  
24 official takes office. The election to participate and the election

1 of a computation factor shall be irrevocable. Reelection to the  
 2 same office will not permit new elections. Failure of an elected  
 3 official to file such election form within the ninety-day period  
 4 shall be deemed an irrevocable election to participate in the System  
 5 at the maximum computation factor.

6 2. Contributions and benefits will be based upon the elected  
 7 official's annual compensation as defined in Section 902 of this  
 8 title. Employer and elected official contributions shall be  
 9 remitted at least monthly, or as the Board may otherwise provide, to  
 10 the System for deposit in the Oklahoma Public Employees Retirement  
 11 Fund. Effective July 1, 1994, and thereafter, the participating  
 12 employer shall contribute as provided in Section 920 of this title.

13 3. Except as provided in paragraph 4 of this subsection,  
 14 effective July 1, 1994, the computation factor selected and the  
 15 corresponding elected official contribution rate shall be as  
 16 follows:

17	Elected official	Computation	Alternate
18	Contribution Rate	Factor	Formula
19	4.5%	1.9%	\$12.50
20	6%	2.5%	\$20.00
21	7.5%	3.0%	\$25.00
22	8.5%	3.4%	\$27.50
23	9%	3.6%	\$30.00
24	10%	4.0%	\$40.00

1       4. Elected officials who are first elected or appointed to an  
2 elected office on or after November 1, 2010, shall elect a  
3 computation factor of either 1.9% or 4%. The elected official  
4 contribution rate for the 1.9% computation factor is currently 4.5%  
5 and the contribution rate for the 4% computation factor is currently  
6 10%. All other computation factors and contribution rates set forth  
7 in paragraph 3 of this subsection shall not be available to any  
8 person first elected or appointed to an elected office on or after  
9 November 1, 2010.

10       5. The contribution rate for elected officials who are first  
11 elected or appointed to an elected office on or after November 1,  
12 2011, shall be in the amount specified in paragraph (a) of  
13 subsection (1) of Section 919.1 of this title. The amount of the  
14 retirement benefit for elected officials who are first elected or  
15 appointed to an elected office on or after November 1, 2011, shall  
16 be based on the provisions of paragraph (1) of subsection A of  
17 Section 915 of this title.

18       6. The computation factors and corresponding elected official  
19 contribution rates provided for in paragraphs 3 and 4 of this  
20 subsection shall be based on the entire compensation as an elected  
21 official subject to the definition and maximum compensation levels  
22 as set forth in paragraph (9) of Section 902 of this title.

23       B. The normal retirement date for an elected official shall be  
24 the first day of the month coinciding with or following the

1 official's sixtieth birthday or the first day of the month  
 2 coinciding with or following the date at which the sum of the  
 3 elected official's age and number of years of credited service total  
 4 eighty (80). The normal retirement date for an elected official  
 5 first elected or appointed to an elected office on or after November  
 6 1, 2011, shall be the first day of the month coinciding with or  
 7 following the official's sixty-fifth birthday or the date upon which  
 8 the elected or appointed official attains the age of sixty-two (62)  
 9 and who has at least ten (10) years of elected or appointed service.  
 10 Any elected official first elected or appointed to an elected office  
 11 before November 1, 2011, who has a minimum of ten (10) years'  
 12 participating service may retire under the early retirement  
 13 provisions of this act, including those electing a vested benefit  
 14 and shall receive an adjustment of annual benefits in accordance  
 15 with the following percentage schedule:

16	Age	Percentage of Normal Retirement Benefits
18	60	100%
19	59	94%
20	58	88%
21	57	82%
22	56	76%
23	55	70%

24

1 Except for officials whose first elected or appointed service as  
 2 an elected official occurs on or after November 1, 2011, and who  
 3 retire at age sixty-two (62) with a minimum of ten (10) years of  
 4 elected or appointed service, any elected official first elected or  
 5 appointed for an elected office on or after November 1, 2011, who  
 6 has a minimum of ten (10) years' participating service may retire  
 7 under the early retirement provisions of this act, including those  
 8 electing a vested benefit and shall receive an adjustment of annual  
 9 benefits in accordance with the following percentage schedule:

10		Percentage of Normal
11	Age	Retirement Benefits
12	65	100%
13	64	93.33%
14	63	86.67%
15	62	80%
16	61	73.33%
17	60	66.67%

18 C. 1. Any elected official shall receive annual benefits  
 19 computed based upon the computation factor selected multiplied by  
 20 the member's highest annual compensation received as an elected  
 21 official prior to retirement or termination of employment multiplied  
 22 by the number of years of credited service. No elected official  
 23 shall retire using such highest annual compensation unless the  
 24

1 | elected official has made the required election and has paid the  
2 | required contributions on such salary.

3 |       2. The retirement benefit may be computed pursuant to the  
4 | provisions of paragraph (1) of subsection A of Section 915 of this  
5 | title if the benefit would be higher. Elected officials who have a  
6 | vested benefit prior to July 1, 1980, may elect to receive annual  
7 | benefits based on the alternate formula provided above. Such annual  
8 | benefits shall be paid in equal monthly installments.

9 |       3. Elected officials who become members of the Oklahoma Public  
10 | Employees Retirement System on or after August 22, 2008, will  
11 | receive retirement benefits in accordance with the computation  
12 | factor selected pursuant to subsection A of this section multiplied  
13 | by the member's highest annual compensation received as an elected  
14 | official and only for those years of credited service the member  
15 | served as an elected official. If such elected official has  
16 | participating service as a nonelected member, then such nonelected  
17 | service shall be computed separately pursuant to the provisions of  
18 | paragraph (1) of subsection A of Section 915 of this title with the  
19 | final benefit result added to the final benefit result for elected  
20 | service. In no event shall the elected official be entitled to  
21 | apply the computation factor selected pursuant to subsection A of  
22 | this section or the compensation received as an elected official to  
23 | the computation of nonelected service.

24 |

1       4. Elected officials who are first elected or appointed to an  
2 elected office on or after August 22, 2008, may not receive a  
3 maximum benefit greater than their single highest annual  
4 compensation received as a member of the Oklahoma Public Employees  
5 Retirement System.

6       D. Any elected official making an election to participate at a  
7 computation factor less than the maximum and later selecting a  
8 higher computation factor shall contribute to the System a sum equal  
9 to the amount which the elected official would have contributed if  
10 the elected official had made such election at the time the elected  
11 official first became eligible, plus interest as determined by the  
12 Board, in order to receive the additional benefits for all service  
13 as an elected official; otherwise, the additional benefits shall be  
14 applicable only to service for which the elected official pays the  
15 appropriate percent of contributions to the System.

16       E. The surviving spouse of a deceased elected official who was  
17 first elected or appointed to an elected office before November 1,  
18 2011, and who has at least six (6) years of participating service  
19 and the surviving spouse of a deceased elected official who was  
20 first elected or appointed to an elected office on or after November  
21 1, 2011, and who has at least eight (8) years of participating  
22 service shall be entitled to receive survivor benefits in the amount  
23 herein prescribed, if married to the decedent continuously for a  
24 period of at least three (3) years immediately preceding the elected

1 official's death. Provided the elected official had met the service  
2 requirements, survivor benefits shall be payable when the deceased  
3 member would have met the requirements for normal or early  
4 retirement. The amount of the benefits the surviving spouse may  
5 receive shall be fifty percent (50%) of the amount of benefits the  
6 deceased elected official was receiving or will be eligible to  
7 receive. Remarriage of a surviving spouse shall disqualify the  
8 spouse for the receipt of survivor benefits. Elected officials may  
9 elect a retirement option as provided in Section 918 of this title  
10 in lieu of the survivors benefit provided above.

11 F. Any elected official who served in the Armed Forces of the  
12 United States, as defined in paragraph (23) of Section 902 of this  
13 title, prior to membership in the Oklahoma Public Employees  
14 Retirement System shall be granted credited service of not to exceed  
15 five (5) years for those periods of active military service during  
16 which the elected official was a war veteran.

17 G. Anyone appointed or elected to an elected position after  
18 July 1, 1990, shall not be eligible to receive benefits as provided  
19 in this section until such person has participated as an elected  
20 official for six (6) years. Anyone appointed or elected to an  
21 elected position on or after November 1, 2011, shall not be eligible  
22 to receive benefits as provided in this section until such person  
23 has participated as an elected official for eight (8) years.

24

1 H. Elected officials who terminate participation in the System  
2 and who have a minimum of six (6) years of participating service  
3 shall be entitled to elect a vested benefit and shall be entitled to  
4 the retirement options as provided in Section 918 of this title in  
5 lieu of the survivors benefit provided in subsection E of this  
6 section. Elected officials who terminate participation in the  
7 System and who have a minimum of eight (8) years of participating  
8 service shall be entitled to elect a vested benefit and shall be  
9 entitled to retirement options as provided in Section 918 of this  
10 title in lieu of the survivors benefits provided in subsection E of  
11 this section.

12 I. In determining the number of years of credited service, a  
13 fractional year of six (6) months or more shall be considered as one  
14 (1) year, and less than six (6) months or more shall be disregarded.  
15 For members who joined the System on or after November 1, 2011, the  
16 number of years of credited service shall be based on actual years  
17 and months of credited service without rounding up or down.

18 SECTION 3. This act shall become effective November 1, 2012.

19 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated  
20 3-29-12 - DO PASS.  
21  
22  
23  
24