

SENATE FLOOR VERSION

February 28, 2011

As Amended

SENATE BILL NO. 787

By: Mazzei of the Senate

and

McDaniel (Randy) of the House

[retirement plans for education employees -
Teachers' Retirement System of Oklahoma - specifying
retirement date - creating Teachers' Defined
Contribution Retirement Plan Act - codification -
effective date -
emergency]

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 17-101, as last amended by Section 2, Chapter 270, O.S.L. 2008 (70 O.S. Supp. 2010, Section 17-101), is amended to read as follows:

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

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

(2) "Public school" shall mean a school district, a state college or university, the State Board of Education, the State Board of Career and Technology Education and any other state educational

1 entity conducted within the state supported wholly or partly by
2 public funds and operating under the authority and supervision of a
3 legally constituted board or agency having authority and
4 responsibility for any function of public education. "Public
5 school" shall also mean a tuition free, nonprofit alternative school
6 of choice that provides education, therapeutic counseling and
7 outreach programs which is aligned with a school district and which
8 receives grant funds from governmental sources.

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

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

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

12 (5) "Employer" shall mean the state and any of its designated
13 agents or agencies with responsibility and authority for public
14 education, such as boards of education of elementary and independent
15 school districts, boards of regents, boards of control or any other
16 agency of and within the state by which a person may be employed for
17 service in public education. "Employer" shall also mean the board
18 of directors of a tuition free, nonprofit alternative school of
19 choice that provides education, therapeutic counseling and outreach
20 programs which is aligned with a school district and which receives
21 grant funds from governmental sources.

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

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

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

6 (9) "Prior service" shall mean service rendered prior to July
7 1, 1943.

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

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

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

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

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

22 (15) "Average salary":

23 (a) for those members who joined the System prior to July
24 1, 1992, shall mean the average of the salaries for

1 the three (3) years on which the highest contributions
2 to the Teachers' Retirement System was paid not to
3 exceed the maximum contribution level specified in
4 Section 17-116.2 of this title or the maximum
5 compensation level specified in subsection (28) of
6 this section. Provided, no member shall retire with
7 an average salary in excess of Twenty-five Thousand
8 Dollars (\$25,000.00) unless the member has made the
9 required election and paid the required contributions
10 on such salary in excess of Twenty-five Thousand
11 Dollars (\$25,000.00), or unless an eligible member
12 fulfills the requirements of Section 17-116.2C of this
13 title in order to have pre-cap removal service
14 included in the retirement benefit computation of the
15 member using the regular annual compensation of the
16 member for any pre-cap removal year of service so
17 included subject to the maximum average salary amount,
18 and

19 (b) for those members who join the System after June 30,
20 1992, shall mean the average of the salaries for five
21 (5) consecutive years on which the highest
22 contribution to the Teachers' Retirement System was
23 paid. Only salary on which required contributions
24

1 have been made may be used in computing average
2 salary.

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

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

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

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

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

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

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

22 (23) "Actuarially determined cost" shall mean the single sum
23 which is actuarially equivalent in value to a specified pension
24

1 amount as determined on the basis of mortality and interest
2 assumptions adopted by the Board of Trustees.

3 (24) "Normal retirement age" means:

4 (a) age sixty-two (62) or the age at which the sum of a
5 member's age and number of years of creditable service
6 total eighty (80) or ninety (90), for those who became
7 a member after June 30, 1992, pursuant to Section 17-
8 105 of this title, whichever occurs first, or

9 (b) for those who became a member after June 30, 2011, age
10 sixty (60) with ten (10) years of service.

11 (25) "Regular annual compensation" means salary plus fringe
12 benefits, excluding the flexible benefit allowance pursuant to
13 Section 26-105 of this title and for purposes pursuant to Section
14 17-101 et seq. of this title. For purposes of this definition,
15 regular annual compensation shall include all payments as provided
16 in subsection D of Section 17-116.2 of this title.

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

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

1 (28) "Maximum compensation level" shall, except as otherwise
2 authorized pursuant to the provisions of Section 17-116.2C of this
3 title, mean:

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

8 (b) Forty Thousand Dollars (\$40,000.00) for creditable
9 service authorized and performed prior to July 1,
10 1995, for members electing a maximum compensation
11 level in excess of Twenty-five Thousand Dollars
12 (\$25,000.00),

13 (c) Twenty-seven Thousand Five Hundred Dollars
14 (\$27,500.00) for members who, as of June 30, 1995, had
15 elected to have a maximum compensation level not in
16 excess of Twenty-five Thousand Dollars (\$25,000.00),
17 and who were employed by an entity or institution
18 within The Oklahoma State System of Higher Education
19 for creditable service authorized and performed on or
20 after July 1, 1995, but not later than June 30, 1996,
21 if such member does not elect a higher maximum
22 compensation level for this period as authorized by
23 Section 17-116.2A of this title,
24

1 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)
2 for members employed by a comprehensive university if
3 the member meets the requirements imposed by Section
4 17-116.2A of this title and the member elects to
5 impose a higher maximum compensation level for service
6 performed on or after July 1, 1995, but not later than
7 June 30, 1996,

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

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

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

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

8 (i) Thirty-two Thousand Five Hundred Dollars
9 (\$32,500.00) for service authorized and
10 performed on or after July 1, 1996, but not
11 later than June 30, 1997,

12 (ii) Thirty-seven Thousand Five Hundred Dollars
13 (\$37,500.00) for service authorized and
14 performed on or after July 1, 1997, but not
15 later than June 30, 1998,

16 (iii) Forty-two Thousand Five Hundred Dollars
17 (\$42,500.00) for service authorized and
18 performed on or after July 1, 1998, but not
19 later than June 30, 2000,

20 (iv) Forty-seven Thousand Five Hundred Dollars
21 (\$47,500.00) for service authorized and
22 performed on or after July 1, 2000, but not
23 later than June 30, 2001,
24

1 (v) Fifty-two Thousand Five Hundred Dollars
2 (\$52,500.00) for service authorized and
3 performed on or after July 1, 2001, but not
4 later than June 30, 2002,

5 (vi) Fifty-seven Thousand Five Hundred Dollars
6 (\$57,500.00) for service authorized and
7 performed on or after July 1, 2002, but not
8 later than June 30, 2003,

9 (vii) Sixty-two Thousand Five Hundred Dollars
10 (\$62,500.00) for service authorized and
11 performed on or after July 1, 2003, but not
12 later than June 30, 2004,

13 (viii) Sixty-seven Thousand Five Hundred Dollars
14 (\$67,500.00) for service authorized and
15 performed on or after July 1, 2004, but not
16 later than June 30, 2005,

17 (ix) Seventy-two Thousand Five Hundred Dollars
18 (\$72,500.00) for service authorized and
19 performed on or after July 1, 2005, but not
20 later than June 30, 2006,

21 (x) Seventy-seven Thousand Five Hundred Dollars
22 (\$77,500.00) for service authorized and
23 performed on or after July 1, 2006, but not
24 later than June 30, 2007,

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

4 2. for members who elected a maximum compensation
5 level in excess of Twenty-five Thousand Dollars
6 (\$25,000.00):

7 (i) Forty-nine Thousand Dollars (\$49,000.00) for
8 service authorized and performed on or after
9 July 1, 1996, but not later than June 30,
10 1997,

11 (ii) Fifty-four Thousand Dollars (\$54,000.00) for
12 service authorized and performed on or after
13 July 1, 1997, but not later than June 30,
14 1998,

15 (iii) Fifty-nine Thousand Dollars (\$59,000.00) for
16 service authorized and performed on or after
17 July 1, 1998, but not later than June 30,
18 2000,

19 (iv) Sixty-four Thousand Dollars (\$64,000.00) for
20 service authorized and performed on or after
21 July 1, 2000, but not later than June 30,
22 2001,

23 (v) Sixty-nine Thousand Dollars (\$69,000.00) for
24 service authorized and performed on or after

1 July 1, 2001, but not later than June 30,
2 2002,

3 (vi) Seventy-four Thousand Dollars (\$74,000.00)
4 for service authorized and performed on or
5 after July 1, 2002, but not later than June
6 30, 2003,

7 (vii) Seventy-nine Thousand Dollars (\$79,000.00)
8 for service authorized and performed on or
9 after July 1, 2003, but not later than June
10 30, 2004,

11 (viii) Eighty-four Thousand Dollars (\$84,000.00)
12 for service authorized and performed on or
13 after July 1, 2004, but not later than June
14 30, 2005,

15 (ix) Eighty-nine Thousand Dollars (\$89,000.00)
16 for service authorized and performed on or
17 after July 1, 2005, but not later than June
18 30, 2006,

19 (x) Ninety-four Thousand Dollars (\$94,000.00)
20 for service authorized and performed on or
21 after July 1, 2006, but not later than June
22 30, 2007,
23
24

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

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

- 5 1. a member of the retirement system not employed by
6 an entity or institution within The Oklahoma
7 State System of Higher Education for all
8 creditable service authorized and performed on or
9 after July 1, 1995,
- 10 2. a member of the retirement system first employed
11 on or after July 1, 1995, by an entity or
12 institution within The Oklahoma State System of
13 Higher Education for all creditable service
14 authorized and performed on or after July 1,
15 1995, but not later than June 30, 1996,
- 16 3. a member of the retirement system employed by an
17 entity or institution within The Oklahoma State
18 System of Higher Education, other than a
19 comprehensive university, if the member elects to
20 impose a higher maximum compensation level for
21 service performed on or after July 1, 1995, but
22 not later than June 30, 1996, pursuant to
23 subsection B of Section 17-116.2A of this title,
24

- 1 4. a member of the retirement system who is first
2 employed on or after July 1, 1996, by any entity
3 or institution within The Oklahoma State System
4 of Higher Education, including a comprehensive
5 university, for creditable service authorized and
6 performed on or after July 1, 1996,
- 7 5. a member of the retirement system who, as of July
8 1, 1996, is subject to a maximum compensation
9 level pursuant to ~~paragraph~~ subparagraph (g) of
10 this ~~subsection~~ paragraph if the member
11 terminates service with a comprehensive
12 university and is subsequently reemployed by a
13 comprehensive university,
- 14 6. a member of the retirement system employed by a
15 comprehensive university for all service
16 performed on and after July 1, 2007, or
- 17 7. an eligible member of the retirement system who
18 fulfills the requirements of Section ~~2~~ 17-116.2C
19 of this ~~act~~ title with respect to pre-cap removal
20 service included in the retirement benefit
21 computation of the member at the average salary
22 of the member subject to the maximum average
23 salary amount.

24 (29) "Comprehensive university" shall mean:

1 (a) the University of Oklahoma and all of its constituent
2 agencies, including the University of Oklahoma Health
3 Sciences Center, the University of Oklahoma Law Center
4 and the Geological Survey, and

5 (b) Oklahoma State University and all of its constituent
6 agencies, including the Oklahoma State University
7 Agricultural Experiment Station, the Oklahoma State
8 University Agricultural Extension Division, the
9 Oklahoma State University College of Veterinary
10 Medicine, the Oklahoma State University Center for
11 Health Sciences, the Technical Branch at Oklahoma
12 City, the Oklahoma State University Institute of
13 Technology-Okmulgee and Oklahoma State University-
14 Tulsa.

15 SECTION 2. AMENDATORY 70 O.S. 2001, Section 17-105, as
16 last amended by Section 2, Chapter 357, O.S.L. 2010 (70 O.S. Supp.
17 2010, Section 17-105), is amended to read as follows:

18 Section 17-105. (1) (a) Any member who has attained age
19 fifty-five (55) or who has completed thirty (30) years of creditable
20 service, as defined in Section 17-101 of this title, or for any
21 person who initially became a member prior to July 1, 1992,
22 regardless of whether there were breaks in service after July 1,
23 1992, whose age and number of years of creditable service total
24 eighty (80) may be retired upon filing a written application for

1 such retirement. Such a retirement date will also apply to any
2 person who became a member of the sending system as defined in this
3 act, prior to July 1, 1992, regardless of whether there were breaks
4 in service after July 1, 1992. Any person who became a member after
5 June 30, 1992, whose age and number of years of creditable service
6 total ninety (90) may be retired upon filing a written application
7 for such retirement. Any person who became a member after June 30,
8 2011, who is age sixty (60) and has ten (10) years of service may be
9 retired upon filing a written application for such retirement. The
10 application shall be filed on the form provided by the Board of
11 Trustees for this purpose, not less than thirty (30) days nor more
12 than ninety (90) days before the date of retirement.

13 (b) An individual who becomes a member of the Teachers'
14 Retirement System after July 1, 1967, shall be employed by the
15 public schools, state colleges or universities of Oklahoma for a
16 minimum of five (5) years and be a contributing member of the
17 Teachers' Retirement System of Oklahoma for a minimum of five (5)
18 years to qualify for monthly retirement benefits from the Teachers'
19 Retirement System of Oklahoma.

20 (c) Any member with five (5) or more years of Oklahoma teaching
21 service and whose accumulated contributions during such period have
22 not been withdrawn shall be given an indefinite extension of
23 membership beginning with the sixth year following his or her last
24

1 contributing membership and shall become eligible to apply for
2 retirement and be retired upon attaining age fifty-five (55).

3 (2) An unclassified optional member who has retired or who
4 retires at sixty-two (62) years of age or older or whose retirement
5 is because of disability shall have his or her minimum retirement
6 benefits calculated on an average salary of Five Thousand Three
7 Hundred Fifty Dollars (\$5,350.00) or, if a larger monthly allowance
8 would result, an amount arrived at pursuant to application of the
9 formula prescribed herein.

10 (3) No member shall receive a lesser retirement benefit than he
11 or she would have received under the law in effect at the time he or
12 she retired. Any individual under the Teachers' Retirement System,
13 who through error in stating the title of the position which he or
14 she held, may, at the discretion of the Board of Trustees, be
15 changed from the nonclassified optional group to the classified
16 group for the purpose of calculating retirement benefits.

17 Any individual regardless of residence, who has a minimum of ten
18 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or
19 who taught in Oklahoma schools prior to 1934 and thereafter taught a
20 minimum of ten (10) years and who does not qualify under the present
21 retirement System, or who has a minimum of thirty (30) years of
22 teaching in Oklahoma schools and has reached seventy (70) years of
23 age prior to July 1, 1984, and is not otherwise eligible to receive
24 any benefits from the retirement system shall receive a minimum of

1 One Hundred Fifty Dollars (\$150.00) per month in retirement benefits
2 from the Teachers' Retirement System of Oklahoma plus any general
3 increase in benefits for annuitants as may be provided hereafter by
4 the Legislature. Each individual must apply to the Teachers'
5 Retirement System for such benefit and provide evidence to the
6 Teachers' Retirement System that the service was actually rendered.
7 The surviving spouse of any person who made application for the
8 benefit provided for by this paragraph during his or her lifetime
9 but did not receive said benefit may submit an application to the
10 System for payment of said benefit for those months during the
11 lifetime of the deceased person that he or she was eligible for but
12 did not receive the benefit. Upon approval of the application by
13 the Board of Trustees, the benefit shall be paid to the surviving
14 spouse in one lump sum.

15 (4) The value of each year of prior service is the total
16 monthly retirement benefit divided by the number of years of
17 creditable service.

18 (5) Upon application of a member who is actively engaged in
19 teaching in Oklahoma or his or her employer, any member who has been
20 a contributing member for ten (10) years may be retired by the Board
21 of Trustees not less than thirty (30) days nor more than ninety (90)
22 days subsequent to the execution and filing thereof, on a disability
23 retirement allowance, provided that it is found by the Board of
24 Trustees after medical examination of such member by a duly

1 qualified physician that such member is mentally or physically
2 incapacitated for further performance of duty, that such incapacity
3 is likely to be permanent, and that such member should be retired.
4 The Board of Trustees shall give due consideration to the
5 conclusions and recommendations in the certified written report of
6 the Medical Board of the Teachers' Retirement System regarding the
7 disability application of such member. If a member is determined to
8 be eligible for disability benefits pursuant to the Social Security
9 System, then such determination shall entitle the member to the
10 authorized disability retirement allowance provided by law. For
11 members who are not eligible for disability benefits pursuant to the
12 Social Security System, the Board of Trustees shall apply the same
13 standard for which provision is made in the first two sentences of
14 this subsection for determining the eligibility of a person for such
15 disability benefits in making a determination of eligibility for
16 disability benefits as authorized by this subsection.

17 (6) (a) A member who at the time of retirement has been found
18 to be permanently physically or mentally incapacitated to teach
19 school shall receive a minimum monthly retirement payment for life
20 or until such time as the member may be found to be recovered to the
21 point where he or she may return to teaching. Any member retired
22 before July 1, 1992 shall be eligible to receive the monthly
23 retirement allowance herein provided, but such payment shall not
24 begin until the first payment due him or her after July 1, 1992, and

1 shall not be retroactive. The Board of Trustees is empowered to
2 make such rules and regulations as it considers proper to preserve
3 equity in retirements under this provision, which shall include a
4 provision to protect the rights of the member's spouse.

5 (b) A member who has qualified for retirement benefits under
6 disability retirement shall have the total monthly payment deducted
7 from his or her accumulated contributions plus interest earned and
8 any money remaining in the member's account after the above
9 deductions at the death of the member shall be paid in a lump sum to
10 the beneficiary or to the estate of the member. Provided, if the
11 deceased disabled member had thirty (30) years or more of creditable
12 service and the death occurred after June 30, 1981, and death
13 occurred prior to the disabled member receiving twelve monthly
14 retirement payments, a surviving spouse may elect to receive the
15 retirement benefit to which the deceased member would have been
16 entitled at the time of death under the Option 2 Plan of Retirement
17 provided for in subsection (8) of this section in lieu of the death
18 benefit provided for in this subsection and in subsection (12) of
19 this section.

20 (c) Once each year the Board of Trustees may require any
21 disabled annuitant who has not yet attained the age of sixty (60)
22 years to undergo a medical examination, such examination to be made
23 at the place of residence for said disabled annuitant or other place
24 mutually agreed upon by a physician or physicians designated by the

1 Board of Trustees. Should any disabled annuitant who has not yet
2 attained the age of sixty (60) years refuse to submit to at least
3 one medical examination in any such year by a physician or
4 physicians designated by the Board of Trustees his or her allowance
5 may be discontinued until he or she submits to such examination.

6 (d) Should the Medical Board report and certify to the Board of
7 Trustees that such disabled annuitant is engaged in or is able to
8 engage in a gainful occupation paying more than the difference
9 between his or her retirement allowance and the average final
10 compensation, and should the Board of Trustees concur in such report
11 then the amount of his or her pension shall be reduced to an amount
12 which, together with his or her retirement allowance and that amount
13 earnable by him or her, shall equal the amount of his or her average
14 final compensation. Should his or her earning capacity be later
15 increased, the amount of his or her pension may be further modified,
16 provided the new pension shall not exceed that amount of the pension
17 originally granted nor an amount, which when added to the amount
18 earnable by the member, together with his or her annuity, equals the
19 amount of his or her average final compensation.

20 (e) Should a disabled annuitant be restored to active service,
21 his or her disability retirement allowance shall cease and he or she
22 shall again become a member of the Teachers' Retirement System and
23 shall make regular contributions as required under this article.
24 The unused portion of his or her accumulated contributions shall be

1 reestablished to his or her credit in the Teachers' Savings Fund.
2 Any such prior service certificates on the basis of which his or her
3 service was computed at the time of his or her retirement shall be
4 restored to full force and effect.

5 (7) Should a member before retirement under Section 1-101 et
6 seq. of this title make application for withdrawal duly filed with
7 the Board of Trustees and approved by it, not earlier than four (4)
8 months after the date of termination of such service as a teacher,
9 the contribution standing to the credit of his or her individual
10 account in the Teachers' Savings Fund shall be paid to him or her
11 or, in the event of his or her death before retirement, shall be
12 paid to such person or persons as he or she shall have nominated by
13 written designation, duly executed and filed with the Board of
14 Trustees; provided, however, if there be no designated beneficiary
15 surviving upon such death, such contributions shall be paid to his
16 or her administrators, executors, or assigns, together with interest
17 as hereinafter provided. In lieu of a lump-sum settlement at the
18 death of the member, the amount of money the member has on deposit
19 in the Teachers' Savings Fund and the money the member has on
20 deposit in the Teachers' Deposit Fund may be paid in monthly
21 payments to a designated beneficiary, who must be the spouse, under
22 the Maximum or Option 1 Plan of Retirement providing the monthly
23 payment shall be not less than Twenty-five Dollars (\$25.00) per
24 month. The monthly payment shall be the actuarial equivalent of the

1 amount becoming due at the member's death based on the sex of the
2 spouse and the age the spouse has attained at the last birthday
3 prior to the member's death. Provided further, if there be no
4 designated beneficiary surviving upon such death, and the
5 contributions standing to the credit of such member do not exceed
6 Two Hundred Dollars (\$200.00), no part of such contributions shall
7 be subject to the payment of any expense of the last illness or
8 funeral of the deceased member or any expense of administration of
9 the estate of such deceased and the Board of Trustees, upon
10 satisfactory proof of the death of such member and of the name or
11 names of the person or persons who would be entitled to receive such
12 contributions under the laws of descent and distribution of the
13 state, may authorize the payment of accumulated contributions to
14 such person or persons. A member terminating his or her membership
15 by withdrawal after June 30, 2003, shall have the interest computed
16 at a rate of interest determined by the Board of Trustees and paid
17 to him or her subject to the following schedule:

18 (a) If termination occurs within sixteen (16) years from the
19 date membership began, fifty percent (50%) of such interest
20 accumulations shall be paid.

21 (b) With at least sixteen (16) but less than twenty-one (21)
22 years of membership, sixty percent (60%) of such interest
23 accumulations shall be paid.

24

1 (c) With at least twenty-one (21) but less than twenty-six (26)
2 years of membership, seventy-five percent (75%) of such interest
3 accumulations shall be paid.

4 (d) With at least twenty-six (26) years of membership, ninety
5 percent (90%) of such interest accumulations shall be paid.

6 In case of death of an active member, the interest shall be
7 calculated and restored to the member's account and paid to his or
8 her beneficiary.

9 (8) (a) In lieu of his or her retirement allowance payable
10 throughout life for such an amount as determined under this section,
11 the member may select a retirement allowance for a reduced amount
12 payable under any of the following options the present value of
13 which is the actuarial equivalent thereof.

14 (b) A member may select the option under which he or she
15 desires to retire at the end of the school year in which he or she
16 attains age seventy (70) and said option shall be binding and cannot
17 be changed. Provided further that if a member retires before age
18 seventy (70), no election of an option shall be effective in case an
19 annuitant dies before the first payment due under such option has
20 been received.

21 (c) The first payment of any benefit selected shall be made on
22 the first day of the month following approval of the retirement by
23 the Board of Trustees. If the named designated beneficiary under
24 Option 2 or 3 dies at any time after the member's retirement date,

1 but before the death of the member, the member shall return to the
2 retirement benefit, including any post retirement benefit increases
3 the member would have received had the member not selected Option 2
4 or 3 of this subsection. The benefit shall be determined at the
5 date of death of the designated beneficiary or July 1, 1994,
6 whichever is later. This increase shall become effective the first
7 day of the month following the date of death of the designated
8 beneficiary or July 1, 1994, whichever is later, and shall be
9 payable for the member's remaining lifetime. The member shall
10 notify the Teachers' Retirement System of Oklahoma of the death of
11 the designated beneficiary in writing. In the absence of said
12 written notice being filed by the member notifying the Teachers'
13 Retirement System of Oklahoma of the death of the designated
14 beneficiary within six (6) months of the date of death, nothing in
15 this subsection shall require the Teachers' Retirement System of
16 Oklahoma to pay more than six (6) months of retrospective benefits
17 increase.

18 Option 1. If he or she dies before he or she has received in
19 annuity payments the present value of his or her annuity as it was
20 at the time of his or her retirement, the balance shall be paid to
21 his or her legal representatives or to such person as he or she
22 shall nominate by written designation duly acknowledged and filed
23 with the Board of Trustees at the time of his or her retirement; or
24

1 Option 2. A member takes a reduced retirement allowance for
2 life. Upon the death of the member the payments shall continue to
3 the member's designated beneficiary for the life of the beneficiary.
4 The written designation of the beneficiary must be duly acknowledged
5 and filed with the Board of Trustees at the time of the member's
6 retirement and, except as provided in paragraph (e) of this
7 subsection, cannot be changed after the effective date of the
8 member's retirement; or

9 Option 3. A member receives a reduced retirement allowance for
10 life. Upon the death of the member one-half (1/2) of the retirement
11 allowance paid the member shall be continued throughout the life of
12 the designated beneficiary. A written designation of a beneficiary
13 must be duly acknowledged and filed with the Board of Trustees at
14 the time of the member's retirement and, except as provided in
15 paragraph (e) of this subsection, cannot be changed after the
16 effective date of the member's retirement; or

17 Option 4. Some other benefit or benefits shall be paid either
18 to the member or to such person or persons as he or she shall
19 nominate, provided such other benefit or benefits, together with the
20 reduced retirement allowance, shall be certified by the actuary to
21 be of equivalent actuarial value to his or her retirement allowance
22 and shall be approved by the Board of Trustees.

23 (d) Provided that Option 2 and Option 3 shall not be available
24 if the member's expected benefit is less than fifty percent (50%) of

1 the lump-sum actuarial equivalent and the designated beneficiary is
2 not the spouse of the member.

3 (e) A member who chose the maximum retirement benefit plan at
4 the time of retirement may make a one-time election to choose either
5 Option 2 or 3 and name the member's spouse as designated beneficiary
6 if the member marries after making the initial election. Such an
7 election shall be made by July 1, 2011, or within one (1) year of
8 the date of marriage, whichever is later. The member shall provide
9 proof of a member's good health before the Board of Trustees will
10 permit a change to either Option 2 or 3 and the naming of a
11 designated beneficiary. A medical examination conducted by a
12 licensed physician is required for purposes of determining good
13 health. Such examination must be approved by the Medical Board.
14 The member shall be required to provide proof of age for the new
15 beneficiary. The Board of Trustees shall adjust the monthly benefit
16 to the actuarially equivalent amount based on the new designated
17 beneficiary's age. The Board of Trustees shall promulgate rules to
18 implement the provisions of this subsection.

19 (f) A member who retires after the effective date of this act
20 and has selected a retirement allowance for a reduced amount payable
21 under one of the options provided for in this subsection may make a
22 one-time irrevocable election to select a different option within
23 sixty (60) days of the member's retirement date. The beneficiary
24 designated by the member at the time of retirement shall not be

1 changed if the member makes the election provided for in this
2 paragraph.

3 (9) The governing board of any "public school", as that term is
4 defined in Section 17-101 of this title, is hereby authorized and
5 empowered to pay additional retirement allowances or compensation to
6 any person who was in the employ of such public school for not less
7 than seven (7) school years preceding the date of his or her
8 retirement. Payments so made shall be a proper charge against the
9 current appropriation or appropriations of any such public school
10 for salaries for the fiscal year in which such payments are made.
11 Such payments shall be made in regular monthly installments in such
12 amounts as the governing board of any such public school, in its
13 judgment, shall determine to be reasonable and appropriate in view
14 of the length and type of service rendered by any such person to
15 such public school by which such person was employed at the time of
16 retirement. All such additional payments shall be uniform, based
17 upon the length of service and the type of services performed, to
18 persons formerly employed by such public school who have retired or
19 been retired in accordance with the provisions of Section 1-101 et
20 seq. of this title.

21 The governing board of any such public school may adopt rules
22 and regulations of general application outlining the terms and
23 conditions under which such additional retirement benefits shall be
24 paid, and all decisions of such board shall be final.

1 (10) In addition to the teachers' retirement herein provided,
2 teachers may voluntarily avail themselves of the Federal Social
3 Security Program upon a district basis.

4 (11) Upon the death of an in-service member, the System shall
5 pay to the designated beneficiary of the member or, if there is no
6 designated beneficiary or if the designated beneficiary predeceases
7 the member, to the estate of the member, the sum of Eighteen
8 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the
9 deceased member had ten (10) years or more of creditable service and
10 the death occurred after February 1, 1985, the member's designated
11 beneficiary may elect to receive the retirement benefit to which the
12 deceased member would have been entitled at the time of death under
13 the Option 2 plan of retirement in lieu of the death benefit
14 provided for in this subsection. Provided further, the option
15 provided in this subsection is only available when the member has
16 designated one individual as the designated beneficiary. Death
17 benefits in the amount not to exceed Eighteen Thousand Dollars
18 (\$18,000.00), but exclusive of any retirement benefit received by an
19 electing beneficiary based upon creditable service performed by the
20 deceased member, which are provided pursuant to this subsection may
21 be assigned by the beneficiary to a person licensed as a funeral
22 director or to a lawfully recognized business entity licensed as
23 required by law to provide funeral services for the deceased member.

24

1 (12) Upon the death of an annuitant who has contributed to the
2 System, the retirement system shall pay to the designated
3 beneficiary of the annuitant or, if there is no designated
4 beneficiary or if the designated beneficiary predeceases the
5 annuitant, to the estate of the annuitant, the sum of Five Thousand
6 Dollars (\$5,000.00) as a death benefit. Death benefits provided
7 pursuant to this subsection may be assigned by the beneficiary to a
8 person licensed as a funeral director or to a lawfully recognized
9 business entity licensed as required by law to provide funeral
10 services for the deceased member. The benefit payable pursuant to
11 this subsection shall be deemed, for purposes of federal income
12 taxation, as life insurance proceeds and not as a death benefit if
13 the Internal Revenue Service approves this provision pursuant to a
14 private letter ruling request which shall be submitted by the board
15 of trustees of the System for that purpose.

16 (13) Upon the death of a member who dies leaving no living
17 beneficiary or having designated his or her estate as beneficiary,
18 the System may pay any applicable death benefit, unpaid
19 contributions, or unpaid benefit which may be subject to probate, in
20 an amount of Five Thousand Dollars (\$5,000.00) or less, without the
21 intervention of the probate court or probate procedure pursuant to
22 Section 1 et seq. of Title 58 of the Oklahoma Statutes.

23 (a) Before any applicable probate procedure may be waived, the
24 System must be in receipt of the member's proof of death and the

1 following documents from those persons claiming to be the legal
2 heirs of the deceased member:

- 3 1. The member's valid last will and testament;
- 4 2. An affidavit or affidavits of heirship which must
5 state:

- 6 a. the names and signatures of all claiming heirs to
7 the deceased member's estate including the
8 claiming heirs' names, relationship to the
9 deceased, current addresses and current telephone
10 numbers,
- 11 b. a statement or statements by the claiming heirs
12 that no application or petition for the
13 appointment of a personal representative is
14 pending or has been granted in any jurisdiction,
- 15 c. a statement that the value of the deceased
16 member's entire estate is subject to probate, and
17 that the estate wherever located, less liens and
18 encumbrances, does not exceed Five Thousand
19 Dollars (\$5,000.00), including the payment of
20 benefits or unpaid contributions from the System
21 as authorized by this subsection,
- 22 d. a description of the personal property claimed,
23 (i.e., death benefit or unpaid contributions or
24

1 both) together with a statement that such
2 personal property is subject to probate,
3 e. a statement by each individual claiming heir
4 identifying the amount of personal property that
5 the heir is claiming from the System, and that
6 the heir has been notified of, is aware of and
7 consents to the identified claims of all the
8 other claiming heirs of the deceased member
9 pending with the System;

10 3. A written agreement or agreements signed by all
11 claiming heirs of the deceased member which provides
12 that the claiming heirs release, discharge and hold
13 harmless the System from any and all liability,
14 obligations and costs which it may incur as a result
15 of making a payment to any of the deceased member's
16 heirs;

17 4. A corroborating affidavit from an individual other
18 than a claiming heir, who was familiar with the
19 affairs of the deceased member;

20 5. Proof that all debts of the deceased member, including
21 payment of last sickness, hospital, medical, death,
22 funeral and burial expenses have been paid or provided
23 for.

1 (b) The Executive Director of the System shall retain complete
2 discretion in determining which requests for probate waiver may be
3 granted or denied, for any reason. Should the System have any
4 question as to the validity of any document presented by the
5 claiming heirs, or as to any statement or assertion contained
6 therein, the probate requirement provided for in Section 1 et seq.
7 of Title 58 of the Oklahoma Statutes, shall not be waived.

8 (c) After paying any death benefits or unpaid contributions to
9 any claiming heirs as provided pursuant to this subsection, the
10 System is discharged and released from any and all liability,
11 obligation and costs to the same extent as if the System had dealt
12 with a personal representative of the deceased member. The System
13 is not required to inquire into the truth of any matter specified in
14 this subsection or into the payment of any estate tax liability.

15 (14) Upon the death of a retired member, the benefit payment
16 for the month in which the retired member died, if not previously
17 paid, shall be made to the beneficiary of the member or to the
18 member's estate if there is no beneficiary. Such benefit payment
19 shall be made in an amount equal to a full monthly benefit payment
20 regardless of the day of the month in which the retired member died.

21 SECTION 3. AMENDATORY 70 O.S. 2001, Section 17-108.1, as
22 last amended by Section 1, Chapter 366, O.S.L. 2007 (70 O.S. Supp.
23 2010, Section 17-108.1), is amended to read as follows:
24

1 Section 17-108.1. A. 1. Except as provided in ~~paragraph~~
2 paragraphs 2 and 3 of this subsection, the employer of any member of
3 the Teachers' Retirement System of Oklahoma shall make the following
4 contributions to the System:

5 a. beginning July 1, 1998, through June 30, 1999, eleven
6 and one-half percent (11 1/2%) of the regular annual
7 compensation of the member not in excess of any
8 applicable maximum compensation level of the member,

9 b. beginning July 1, 1999, through June 30, 2000, four
10 and eight-tenths percent (4.8%) of the regular annual
11 compensation of the member not in excess of any
12 applicable maximum compensation level of the member,

13 c. beginning July 1, 2000, through June 30, 2001, five
14 and eight-tenths percent (5.8%) of the regular annual
15 compensation of the member not in excess of any
16 applicable maximum compensation level of the member,

17 d. beginning July 1, 2001, through June 30, 2002, six and
18 eight-tenths percent (6.8%) of the regular annual
19 compensation of the member not in excess of any
20 applicable maximum compensation level of the member,

21 e. beginning July 1, 2002, through December 31, 2006,
22 seven and five-hundredths percent (7.05%) of the
23 regular annual compensation of the member not in
24

1 excess of any applicable maximum compensation level of
2 the member,

3 f. beginning January 1, 2007, through June 30, 2007,
4 seven and six-tenths percent (7.6%) of the regular
5 annual compensation of the member not in excess of any
6 applicable maximum compensation level of the member,

7 g. beginning July 1, 2007, through December 31, 2007,
8 seven and eighty-five hundredths percent (7.85%) of
9 the regular annual compensation of the member not in
10 excess of any applicable maximum compensation level of
11 the member,

12 h. beginning January 1, 2008, through June 30, 2008,
13 eight and thirty-five hundredths percent (8.35%) of
14 the regular annual compensation of the member not in
15 excess of any applicable maximum compensation level of
16 the member,

17 i. beginning July 1, 2008, through December 31, 2008,
18 eight and five-tenths percent (8.5%) of the regular
19 annual compensation of the member not in excess of any
20 applicable maximum compensation level of the member,

21 j. beginning January 1, 2009, through December 31, 2009,
22 nine percent (9%) of the regular annual compensation
23 of the member not in excess of any applicable maximum
24 compensation level of the member,

- 1 k. beginning January 1, 2010, through June 30, 2010, nine
2 and five-tenths percent (9.5%) of the regular annual
3 compensation of the member not in excess of any
4 applicable maximum compensation level of the member,
5 and
- 6 l. beginning July 1, 2010, through June 30, 2011, and for
7 each fiscal year thereafter, nine and five-tenths
8 percent (9.5%) of the regular annual compensation of
9 the member not in excess of any applicable maximum
10 compensation level of the member.

11 The employer contribution rate increase that would otherwise be
12 effective, as provided by subparagraphs f, g, h, i, j, k and l of
13 this paragraph, shall not become effective as law unless funding
14 levels to each of the affected participating employers within the
15 System are increased so that the additional employer contribution
16 obligation is funded through an appropriation or transfer of monies
17 instead of requiring the additional employer contribution to be paid
18 for from existing budgetary resources of such participating
19 employers. The participating employers shall use any monies
20 specifically made available for purposes of making employer
21 contributions for such purpose and to the extent of the funds made
22 available for that purpose.

- 23 2. a. Beginning January 1, 2007, through December 31, 2007,
24 a participating employer that employs an employee of a

1 comprehensive university or a regional institution
2 offering a four-year degree program as designated or
3 authorized by the Oklahoma State Regents for Higher
4 Education shall make contributions to the System with
5 respect to such employees at the rate of seven and
6 five-hundredths percent (7.05%) of the regular annual
7 compensation of the member not in excess of any
8 applicable maximum compensation level.

9 b. Beginning January 1, 2008, through December 31, 2008,
10 a participating employer that employs an employee of a
11 comprehensive university or a regional institution
12 offering a four-year degree program as designated or
13 authorized by the Oklahoma State Regents for Higher
14 Education shall make contributions to the System with
15 respect to such employees at the rate of seven and
16 fifty-five hundredths percent (7.55%) of the regular
17 annual compensation of the member not in excess of any
18 applicable maximum compensation level of the member.

19 c. Beginning January 1, 2009, through December 31, 2009,
20 a participating employer that employs an employee of a
21 comprehensive university or a regional institution
22 offering a four-year degree program as designated or
23 authorized by the Oklahoma State Regents for Higher
24 Education shall make contributions to the System with

1 respect to such employees at the rate of eight and
2 five hundredths percent (8.05%) of the regular annual
3 compensation of the member not in excess of any
4 applicable maximum compensation level of the member.

5 d. Beginning January 1, 2010, through June 30, 2010, a
6 participating employer that employs an employee of a
7 comprehensive university or a regional institution
8 offering a four-year degree program as designated or
9 authorized by the Oklahoma State Regents for Higher
10 Education shall make contributions to the System with
11 respect to such employees at the rate of eight and
12 fifty-five hundredths percent (8.55%) of the regular
13 annual compensation of the member not in excess of any
14 applicable maximum compensation level of the member.

15 e. Beginning July 1, 2010, through June 30, 2011, and for
16 each fiscal year thereafter, a participating employer
17 that employs an employee of a comprehensive university
18 or a regional institution offering a four-year degree
19 program as designated or authorized by the Oklahoma
20 State Regents for Higher Education shall make
21 contributions to the System with respect to such
22 employees at the rate of eight and fifty-five
23 hundredths percent (8.55%) of the regular annual

24

1 compensation of the member not in excess of any
2 applicable maximum compensation level of the member.

3 The employer contribution rate increase that would otherwise be
4 effective as provided by subparagraphs b, c, d and e of this
5 paragraph shall not become effective as law unless funding levels
6 are increased so that the additional employer contribution
7 obligation is funded through such an appropriation or transfer of
8 monies instead of requiring the additional employer contribution to
9 be paid for from existing budgetary resources of such participating
10 employers. The participating employers shall use any monies
11 specifically made available for purposes of making employer
12 contributions for such purpose and to the extent of the funds made
13 available for that purpose.

14 3. Beginning July 1, 2011, the Board of Trustees may determine
15 a separate employer contribution rate for members who first became a
16 member after June 30, 2011.

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

21 B. For entities or institutions within The Oklahoma State
22 System of Higher Education, the contributions to the System shall be
23 made on regular annual compensation of a member who is an employee
24

1 of such entity or institution not to exceed the maximum compensation
2 level in effect for the member as prescribed by law.

3 C. Employers paying contributions to the System pursuant to
4 subsection A or B of this section shall receive credit for that
5 portion of the gross production tax on natural gas and/or casinghead
6 gas apportioned to the System pursuant to subsection 2 of Section
7 1004 of Title 68 of the Oklahoma Statutes in meeting the total
8 required employer contribution. On an annual basis, the Board of
9 Trustees of the Teachers' Retirement System of Oklahoma shall
10 estimate the net additional cost required to be paid by the
11 contributing employers in order to meet the total employer
12 contribution as provided in subsection A or B of this section. The
13 Board of Trustees shall approve the amount of the additional
14 contribution required to be paid by contributing employers as a
15 percentage of total member salaries and fringe benefits for each
16 fiscal year ending June 30, no later than April 1 of the previous
17 fiscal year. In no event shall the additional contribution required
18 to be paid by the contributing employer under this subsection be
19 less than the contribution required under this subsection in the
20 prior year. In the event actual contributions do not equal the
21 required total contribution as provided in subsection A or B of this
22 section, the net difference between the actual contributions and the
23 required total contributions shall be determined and shall be
24 included in the amount of the additional contribution required to be

1 paid by contributing employers for the next fiscal year. All
2 contributing employers shall pay the same percentage of total member
3 salaries and fringe benefits during each fiscal year. The
4 provisions of this subsection shall terminate June 30, 1999.

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

18 E. All participating employers shall provide a complete record
19 of the total compensation paid to each employee, including any
20 person who is a retired member of the System, whether or not
21 employer and employee contributions are made with respect to such
22 compensation. The employer shall provide the report required by
23 this subsection on a monthly basis on a form or using such method as
24 the Teachers' Retirement System of Oklahoma may require.

1 SECTION 4. AMENDATORY 70 O.S. 2001, Section 17-116.2, as
2 last amended by Section 122, Chapter 1, O.S.L. 2005 (70 O.S. Supp.
3 2010, Section 17-116.2), is amended to read as follows:

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

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

19 An unclassified member who retired prior to July 1, 1986, shall have
20 his retirement allowance calculated on a minimum average salary of
21 Nine Thousand Five Hundred Dollars (\$9,500.00) or on his current
22 minimum average salary plus One Thousand Dollars (\$1,000.00),
23 whichever is greater. Beginning July 1, 1994, an unclassified
24 member who retired prior to July 1, 1993, shall have the member's

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

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

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

18 a. if the member becomes a member after June 30, 1995,
19 and was not eligible to become a member prior to July
20 1, 1995, in an amount equal to two percent (2%) of the
21 member's average salary upon which member
22 contributions were made, multiplied by the number of
23 the member's years of creditable service, or

24

1 b. if the member became a member or is eligible to become
2 a member prior to July 1, 1995, and elected to have a
3 maximum compensation level in excess of Twenty-five
4 Thousand Dollars (\$25,000.00) pursuant to paragraph 1
5 of subsection C of this section or pursuant to
6 subsection E of this section, or if the member's
7 salary has never exceeded Twenty-five Thousand Dollars
8 (\$25,000.00) prior to July 1, 1995, in an amount equal
9 to:

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

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

22 c. if the member became a member or is eligible to become
23 a member prior to July 1, 1995, and was eligible to
24 elect to have a maximum compensation level in excess

1 of Twenty-five Thousand Dollars (\$25,000.00) and did
2 not elect or elected not to have a maximum
3 compensation level of Forty Thousand Dollars
4 (\$40,000.00) pursuant to paragraph 1 of subsection C
5 of this section or pursuant to subsection E of this
6 section, in an amount equal to:

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

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

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

21 1. Beginning July 1, 1992, through June 30, 1996, six percent
22 (6%) of the regular annual compensation of such member not in excess
23 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,
24

1 1995, through June 30, 1996, six percent (6%) of the maximum
2 compensation level; and

3 2. Beginning July 1, 1996, through June 30, 1997, six and one-
4 half percent (6 1/2%) of the regular annual compensation of members,
5 who are not employed by an entity or institution within The Oklahoma
6 State System of Higher Education not in excess of Twenty-five
7 Thousand Dollars (\$25,000.00) and beginning July 1, 1996, through
8 June 30, 1997, six and one-half percent (6 1/2%) of the regular
9 annual compensation of members, who are employed by an entity or
10 institution within The Oklahoma State System of Higher Education,
11 not in excess of Twenty-five Thousand Dollars (\$25,000.00);

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

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

19 C. 1. Prior to July 1, 1995, an active member of the System
20 may elect to have a maximum compensation level of Forty Thousand
21 Dollars (\$40,000.00). Such an election shall be made in writing and
22 filed with the System. Members whose salaries are in excess of
23 Twenty-five Thousand Dollars (\$25,000.00) on the effective date of
24 this act shall file the election with the System prior to January 1,

1 1988. Members whose salaries exceed Twenty-five Thousand Dollars
2 (\$25,000.00) after the effective date of this act shall file the
3 election when the salary exceeds Twenty-five Thousand Dollars
4 (\$25,000.00). If a member makes such an election, the member shall
5 contribute the following amounts:

- 6 a. beginning July 1, 1992, through June 30, 1993, eleven
7 percent (11%) of the regular annual compensation of
8 such member that is in excess of Twenty-five Thousand
9 Dollars (\$25,000.00) and is not in excess of Forty
10 Thousand Dollars (\$40,000.00),
- 11 b. beginning July 1, 1993, through June 30, 1994, nine
12 percent (9%) of the regular annual compensation of
13 such member that is in excess of Twenty-five Thousand
14 Dollars (\$25,000.00) and is not in excess of Forty
15 Thousand Dollars (\$40,000.00), and
- 16 c. beginning July 1, 1994, through June 30, 1995, eight
17 percent (8%) of the regular annual compensation of
18 such member that is in excess of Twenty-five Thousand
19 Dollars (\$25,000.00) and is not in excess of Forty
20 Thousand Dollars (\$40,000.00). Except as provided in
21 subsection E of this section, any such election shall
22 be irrevocable.

23 2. After June 30, 1995, in addition to the amount contributed
24 by each member to the retirement system pursuant to subsection B of

1 this section, the total amount contributed by each member to the
2 retirement system shall include, beginning July 1, 1995, through
3 June 30, 1997, seven percent (7%) of the regular annual compensation
4 of each member, who is not employed by an entity or institution
5 within The Oklahoma State System of Higher Education, that is in
6 excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning
7 July 1, 1996, through June 30, 1997, seven percent (7%) of the
8 regular annual compensation of each member who is employed by an
9 entity or institution within The Oklahoma State System of Higher
10 Education in excess of Twenty-five Thousand Dollars (\$25,000.00),
11 but not in excess of any applicable maximum compensation level of
12 the member.

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

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

17 2. Amounts that would otherwise qualify as salary under
18 paragraph 1 of this subsection but are not received directly by the
19 member pursuant to a good faith, voluntary written salary reduction
20 agreement in order to finance payments to a deferred compensation or
21 tax-sheltered annuity program or to finance benefit options under a
22 cafeteria plan qualifying under the United States Internal Revenue
23 Code, 26 U.S.C., Section 101 et seq.; and
24

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

5 4. Excluded from regular annual compensation are expense
6 reimbursement payments, office, vehicle, housing or other
7 maintenance allowances, the flexible benefit allowance provided
8 pursuant to Section 26-105 of this title, payment for unused
9 vacation and sick leave, any payment made for reason of termination
10 or retirement not specifically provided for in paragraphs 1 through
11 3 of this subsection, maintenance or other nonmonetary compensation,
12 payment received as an independent contractor or consultant,
13 pursuant to a lawful contract which complies with the requirements
14 of subsection B of Section 6-101.2 of this title, any benefit
15 payments not made pursuant to a valid employment agreement, or any
16 compensation not described in paragraphs 1 through 3 of this
17 subsection.

18 E. 1. Any member who was a contributing member of the
19 Retirement System between July 1, 1987, and June 30, 1995, who at
20 the time the member was eligible to make an election to increase the
21 maximum compensation level of the member, failed to make an election
22 or chose not to increase the maximum compensation level of the
23 member to Forty Thousand Dollars (\$40,000.00), may elect to make
24 back contributions to the Retirement System. The member shall

1 complete a new election form and file with the Board of Trustees,
2 the form and a payment equaling the difference between the amount
3 contributed at the twenty-five-thousand-dollar level and the
4 appropriate contribution on compensation in excess of Twenty-five
5 Thousand Dollars (\$25,000.00) up to a maximum of Forty Thousand
6 Dollars (\$40,000.00) shall be made prior to the official retirement
7 date of the member. The required payment shall include any
8 contribution required by the employing school district, and shall
9 include interest compounded annually at ten percent (10%) per annum
10 of both employer and employee contributions.

11 2. Any changes made pursuant to this subsection shall be
12 irrevocable.

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

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

24

1 3. Any member who elected to contribute on Seven Thousand Eight
2 Hundred Dollars (\$7,800.00) prior to January 1, 1978, and whose
3 salary was more than Seven Thousand Eight Hundred Dollars
4 (\$7,800.00) during the school years 1974-75 through 1978-79 may
5 elect to make back contributions to the retirement system by paying
6 the five percent (5%) contributions on the difference between Seven
7 Thousand Eight Hundred Dollars (\$7,800.00) and the actual salary of
8 the member, not to exceed Ten Thousand Dollars (\$10,000.00) for each
9 applicable school year, plus interest compounded annually at ten
10 percent (10%) per annum. Such payment shall be made prior to the
11 official retirement date of the member.

12 G. Each employer shall cause to be deducted from the salary of
13 each member on each and every payroll of such employer for each and
14 every payroll period, the proper percentage of his or her earnable
15 compensation as provided for in subsection B or subsection C of this
16 section.

17 1. Deductions shall begin with the first payroll period of the
18 school year. In determining the amount earnable by a member in a
19 payroll period, the Board of Trustees shall consider the rate of
20 annual compensation payable to such member on the first day of the
21 payroll period as continuing throughout such payroll period, and it
22 may omit deductions from compensation for any period less than a
23 full period, and to facilitate the making of deductions, it may
24 modify the deduction required of any member by such an amount as

1 shall not exceed one-tenth of one percent (1/10 of 1%) of the annual
2 compensation upon the basis of which such deduction is to be made.
3 Prior to January 1, 1991, any active contributing member who joined
4 the System subsequent to July 1, 1943, may pay the normal cost,
5 which shall mean the single sum which would have been paid under
6 existing statutes at the time the service was performed, plus
7 interest, for years of teaching service in Oklahoma from the date of
8 establishment of the System in 1943 to date of membership, in a lump
9 sum, or in installments equal to establishing one (1) year of
10 creditable service. Effective January 1, 1991, any active
11 contributing member who joined the System subsequent to July 1,
12 1943, may pay the amount determined by the Board of Trustees
13 pursuant to Section 17-116.8 of this title for years of teaching
14 service in Oklahoma from the date of establishment of the System in
15 1943 to date of membership, in a lump sum, or in installments equal
16 to establishing one (1) year of creditable service. For purposes of
17 this option, teaching service in Oklahoma shall include the teaching
18 of vocational agricultural courses within Oklahoma for the federal
19 government. Years for which contributions are paid shall count as
20 membership service under this plan. A member may receive credit for
21 not more than five (5) years of teaching service rendered while in
22 the Peace Corps or in the public schools of a territory of the
23 United States or the public schools, American Military Dependent
24 Schools or state colleges or state universities outside this state

1 by paying his or her contributions, plus interest, and membership
2 fees to the retirement system, subject to the regulations of the
3 Board of Trustees, providing he or she is not receiving and is not
4 eligible to receive retirement credit or benefits from said service
5 in any other public retirement system of this state, or any other
6 state or territory of the United States subject to the following
7 provisions:

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

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

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

1 credited in the aggregate, regardless of fiscal year limitations.
2 Notwithstanding any provision herein to the contrary, contributions,
3 benefits and service credit with respect to qualified military
4 service as defined by Section 414(u) of the Internal Revenue Code of
5 1986, shall be provided in accordance with Section 414(u) of the
6 Internal Revenue Code.

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

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

21 I. Any member who:

22 1. Shall be absent from the teaching service because of
23 election to the State Legislature or appointment to the executive
24 branch in an education-related capacity shall be allowed thirty (30)

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

10 2. Became an employee of the Oklahoma Commission for Teacher
11 Preparation on or subsequent to June 1, 2001, but prior to July 1,
12 2002, who was previously employed by a participating employer within
13 the Teachers' Retirement System of Oklahoma, may elect to cancel any
14 accumulated service credit accrued within the Oklahoma Public
15 Employees Retirement System on or after June 1, 2001, but prior to
16 July 1, 2002, by filing an election with the Oklahoma Public
17 Employees Retirement System for the cancellation of such service
18 credit. The election shall be irrevocable and shall require the
19 Oklahoma Public Employees Retirement System to transfer all
20 accumulated employer and employee contributions made on behalf of or
21 by the person making such election to the Teachers' Retirement
22 System for such period of time. The Teachers' Retirement System
23 shall compute the employee contributions that would have been made
24 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.

23 J. Any member who shall be absent from the teaching service
24 because of election or appointment as a local, state or national

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

21 K. A member may receive credit for those years of service
22 accumulated by the member while employed by an entity which is a
23 participating employer in the Oklahoma Firefighters Pension and
24 Retirement System, the Oklahoma Police Pension and Retirement

1 System, the Uniform Retirement System for Justices and Judges, the
2 Oklahoma Law Enforcement Retirement System, or the Oklahoma Public
3 Employees Retirement System, if the member is not receiving or
4 eligible to receive retirement credit or benefits from said service
5 in any other public retirement system. A member also may receive
6 credit for those years of service with the Department of Wildlife
7 Conservation or with an employer that is a participating employer
8 within one of the state retirement systems specifically referred to
9 in this section when at the time of such service by the member the
10 employer was not such a participating employer, if the member is not
11 receiving or eligible to receive retirement credit or benefits from
12 said service in any other public retirement system. To receive the
13 service credit provided in this subsection, the member shall pay the
14 amount determined by the Board of Trustees pursuant to Section 17-
15 116.8 of this title. For purposes of this subsection, creditable
16 service transferred from the Oklahoma Public Employees Retirement
17 System shall include service authorized under paragraph (f) of
18 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
19 as amended from time to time. Members who retire prior to July 1,
20 1993, shall have their monthly benefit adjusted to include all
21 services accrued under paragraph (f) of subsection (2) of Section
22 913 of Title 74 of the Oklahoma Statutes. Provided however, any
23 adjustment of existing retirement benefits caused by reason of
24 inclusion of such service authorized under paragraph (f) of

1 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
2 shall not affect any retirement benefit paid prior to July 1, 1993.

3 L. 1. An active member of the Teachers' Retirement System of
4 Oklahoma may receive credit for those years of service accumulated
5 by the member while a member of the Oklahoma Public Employees
6 Retirement System if:

7 a. the member is an active member of the Teachers'
8 Retirement System of Oklahoma, and

9 b. the member provides notice to the Oklahoma Public
10 Employees Retirement System and the Teachers'
11 Retirement System of Oklahoma of the member's election
12 to transfer said service credit. The notice shall

13 include a list of the years to be transferred, and

14 c. the member is not receiving or eligible to receive
15 retirement credit or benefits from said service in any
16 other public retirement system, notwithstanding the
17 years of service sought to be transferred under this
18 subsection.

19 Members electing to take advantage of the transfer authorized by
20 this subsection who are receiving or eligible to receive retirement
21 credit or benefits from said service in any other public retirement
22 system shall have all service credit with the Oklahoma Public
23 Employees Retirement System canceled which is not transferred to the
24 Teachers' Retirement System of Oklahoma or used as a cash offset in

1 such a transfer pursuant to subparagraph d of paragraph 2 of this
2 subsection. Service credit transferred to the Teachers' Retirement
3 System of Oklahoma under this subsection shall also be canceled with
4 the Oklahoma Public Employees Retirement System.

5 2. For purposes of this subsection, the "sending system" shall
6 mean the Oklahoma Public Employees Retirement System. The
7 "receiving system" shall mean the Teachers' Retirement System of
8 Oklahoma.

9 a. Within thirty (30) days notification of an intent to
10 transfer is received by the sending system, the
11 sending system shall, according to its own rules and
12 regulations:

13 (1) for members who have accrued at least eight (8)
14 years of credited service with the sending
15 system, determine the present value of the
16 member's earned benefits attributable to the
17 years of service sought to be transferred,
18 discounted according to the member's age at the
19 time of transfer and computed as of the earliest
20 age at which the member would be able to retire.
21 Said computation shall assume an unreduced
22 benefit and be computed using interest and
23 mortality assumptions consistent with the
24 actuarial assumptions adopted by the Board of

1 Trustees for purposes of preparing the annual
2 actuarial evaluation, but shall not make any
3 projections regarding future salary. For
4 employees who have accrued at least eight (8)
5 years of credited service, the sending system
6 shall use the product of this calculation for
7 purposes of determining the transfer fee to be
8 paid by the employee under subparagraph c of this
9 paragraph so long as it is greater than the
10 product of the calculation in division (2) of
11 this subparagraph, and

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

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

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

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

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

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

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

23 Such an election shall be made in writing, filed with
24 the System prior to receiving the credit provided for

1 in paragraph 1 of this subsection, and shall be
2 irrevocable.

3 3. Within sixty (60) days of successfully completing all of the
4 requirements for transfer under this subsection, the sending system
5 shall pay the receiving system any amount due under this subsection.
6 Within sixty (60) days of successfully completing all of the
7 requirements for transfer under this subsection, the member shall
8 pay the receiving system any amount due under this subsection. In
9 the event that the member is unable to pay the transfer fee provided
10 for in this subsection by the due date, the Board of Trustees of the
11 receiving system shall permit the member to amortize the transfer
12 fee over a period not to exceed sixty (60) months. Said payments
13 shall be made by payroll deductions unless the Board of Trustees
14 permits an alternate payment source. The amortization shall include
15 interest in an amount not to exceed the actuarially assumed interest
16 rate adopted by the Board of Trustees for investment earnings each
17 year. Any member who ceases to make payment, terminates, retires or
18 dies before completing the payments provided for in this section
19 shall receive prorated service credit for only those payments made,
20 unless the unpaid balance is paid by said member, his or her estate
21 or successor in interest within six (6) months after said member's
22 death, termination of employment or retirement, provided no
23 retirement benefits shall be payable until the unpaid balance is
24

1 paid, unless said member or beneficiary affirmatively waives the
2 additional six-month period in which to pay the unpaid balance.

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

12 5. Notwithstanding the requirements of subsection (5) of
13 Section 917 of Title 74 of the Oklahoma Statutes, members electing
14 to take advantage of the transfer authorized by this subsection who
15 have withdrawn their contributions from the sending system shall
16 remit to the sending system the amount of the accumulated
17 contributions the member has withdrawn plus simple interest of ten
18 percent (10%) per annum prior to making said election or the
19 election shall be deemed invalid and the transfer shall be canceled.
20 If such an election is deemed invalid and the transfer is canceled,
21 the accumulated contribution remitted to the sending system by the
22 member who originally withdrew their contributions shall be returned
23 to the member. The member's rights and obligations regarding any
24 service credit reestablished in the sending system due to a failure

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

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

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

18 M. Any member whose regular annual compensation was not
19 determined as provided for by law may pay the member contribution
20 required pursuant to subsection B of this section on such amount not
21 included in the member's regular annual compensation and receive
22 credit for such amount in the calculation of the member's benefit.
23 The employees must pay the employer contributions required pursuant
24 to Section 17-108.1 of this title. Interest at the rate of ten

1 percent (10%) per annum shall be charged to both employee and
2 employer contributions. Provided that the employing district may
3 pay all or any portion of the contributions and interest the member
4 is required to pay. Any payment by the employing district for a
5 prior year obligation shall be considered a current obligation of
6 the employer.

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

13 O. Effective July 1, 1988, any member who is employed by the
14 Governor, the State Senate, the House of Representatives or the
15 Legislative Service Bureau shall be allowed to elect to retain
16 membership in the Retirement System upon payment of the accrued and
17 current member contributions and employer contributions as provided
18 in subsection B of this section and Section 17-108.1 of this title.
19 Such contributions may be paid on behalf of the member by the
20 employing entity. Upon payment of such contributions, service
21 credits shall continue to be accumulated during such employment.
22 Accrued contributions shall be paid to the Retirement System by
23 August 1, 1989. Current contributions shall be paid to the

24

1 Retirement System by the tenth of the following month beginning with
2 the month of July 1989.

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

14 Q. 1. A member of the Oklahoma Public Employees Retirement
15 System who becomes a member of the Teachers' Retirement System of
16 Oklahoma because the member has become employed by an entity or
17 institution within The Oklahoma State System of Higher Education,
18 State Board of Education, State Board of Career and Technology
19 Education, Oklahoma Department of Career and Technology Education,
20 Oklahoma School of Science and Mathematics, Oklahoma Center for the
21 Advancement of Science and Technology, State Department of
22 Rehabilitation Services, Oklahoma State Regents for Higher
23 Education, Department of Corrections, State Department of Education,
24 Oklahoma Board of Private Vocational Schools, Board of Regents of

1 Oklahoma Colleges, Oklahoma Student Loan Authority, or the Teachers'
2 Retirement System of Oklahoma, may elect to receive credit in the
3 Teachers' Retirement System of Oklahoma for those years of service
4 accumulated by the member in the Oklahoma Public Employees
5 Retirement System pursuant to this subsection. A member shall be
6 eligible to elect to receive credit for such years of service if:

7 a. the member is an active member of the Teachers'
8 Retirement System of Oklahoma,

9 b. the member provides notice to the Teachers' Retirement
10 System of Oklahoma and the Oklahoma Public Employees
11 Retirement System of the member's election to transfer
12 such retirement credit. The notice shall include a
13 list of the years to be transferred, and

14 c. the member is not receiving or eligible to receive
15 retirement credit or benefits from such service in any
16 other public retirement system, notwithstanding the
17 years of service sought to be transferred under this
18 subsection.

19 Members electing to take advantage of the transfer authorized by
20 this subsection shall have all service credit with the Oklahoma
21 Public Employees Retirement System canceled which is transferred to
22 the Teachers' Retirement System of Oklahoma.

23 2. For purposes of this subsection, the "sending system" shall
24 mean the Oklahoma Public Employees Retirement System. The

1 "receiving system" shall mean the Teachers' Retirement System of
2 Oklahoma. Within thirty (30) days after notification of an intent
3 to transfer is received by the sending system, the sending system
4 shall, according to its own rules, send to the receiving system all
5 employer and employee contributions made on behalf of the member
6 which were made to the sending system plus an additional amount of
7 earnings based on the actuarial assumed rate of the sending system.
8 Upon receipt of these contributions by the receiving system, the
9 receiving system shall give credit to the transferring member in an
10 amount equal to the years of service accrued in the sending system.

11 3. If the transferring member's normal retirement date
12 calculation is based upon the sum of the member's age and number of
13 years of credited service totaling eighty (80) in the sending
14 system, then the member shall retain such calculation in the
15 receiving system.

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

18 R. A former member of the Teachers' Retirement System of
19 Oklahoma who withdrew his or her contributions from the System prior
20 to January 1, 1983, and who had at least ten (10) years of service
21 in the System and purchased that service in the Oklahoma Public
22 Employees Retirement System, may elect to revoke that purchase from
23 the Oklahoma Public Employees Retirement System and to repay the
24 withdrawn contributions to the System in order to be eligible, once

1 such member reaches the normal retirement age, to receive a
2 retirement benefit that is based upon years of service and
3 compensation at the time such member terminated employment. In
4 addition, such former member may elect to transfer service credit
5 accrued in the Oklahoma Public Employees Retirement System to the
6 Teachers' Retirement System of Oklahoma pursuant to subsection L of
7 this section. The election, pursuant to this subsection, shall be
8 made prior to September 1, 2000. The election and the repayment
9 shall be made according to rules promulgated by the Board.

10 S. The provisions of subsections G through R of this section
11 shall not apply to members who first join the System after June 30,
12 2011.

13 SECTION 5. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 17-301 of Title 70, unless there
15 is created a duplication in numbering, reads as follows:

16 Sections 5 through 15 of this act shall be known and may be
17 cited as the "Teachers' Defined Contribution Retirement Plan Act".

18 SECTION 6. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 17-302 of Title 70, unless there
20 is created a duplication in numbering, reads as follows:

21 A. The defined contribution retirement plan created in the
22 Teachers' Defined Contribution Retirement Plan Act shall be
23 implemented by the Board of Trustees of the Teachers' Retirement
24

1 System of Oklahoma as soon as administratively feasible but not
2 later than January 1, 2012.

3 B. The provisions of the Teachers' Defined Contribution
4 Retirement Plan Act shall only apply to those who become a member of
5 the System after June 30, 2011.

6 SECTION 7. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 17-303 of Title 70, unless there
8 is created a duplication in numbering, reads as follows:

9 As used in the Teachers' Defined Contribution Retirement Plan
10 Act:

11 1. "Accumulated balance" means the total balance in a qualified
12 participant's, former qualified participant's, or refund
13 beneficiary's individual account in the defined contribution
14 retirement plan;

15 2. "Compensation" means the remuneration paid a participant on
16 account of the participant's services rendered to his or her
17 employer equal to the sum of the following:

18 a. a participant's W-2 earnings for services performed
19 for the employer, and

20 b. any amount contributed or deferred at the election of
21 the participant which is excluded from gross income
22 under Section 125, 132(f)(4), 401(k), 403(b), or 457
23 of the Internal Revenue Code of 1986, as amended;

24

1 3. "Employer" means employer as defined in paragraph (5) of
2 Section 17-101 of Title 70 of the Oklahoma Statutes;

3 4. "Former qualified participant" means an individual who was a
4 qualified participant and who terminates the employment upon which
5 his or her participation is based for any reason;

6 5. "Plan document" means the document that contains the
7 provisions and procedures of the defined contribution plan in
8 conformity with the Teachers' Defined Contribution Retirement Plan
9 Act and the Internal Revenue Code;

10 6. "Qualified participant" means an individual who is a
11 participant of the defined contribution plan and who first becomes a
12 member of the Teachers' Retirement System after June 30, 2011, and
13 who also qualifies to be a member of the retirement plan offered
14 pursuant to the provisions of Section 17-101 et seq. of Title 70 of
15 the Oklahoma Statutes;

16 7. "Refund beneficiary" means an individual nominated by a
17 qualified participant or a former qualified participant under
18 Section 14 of this act to receive a distribution of the
19 participant's accumulated balance in the manner prescribed in
20 Section 15 of this act; and

21 8. "System" means the Teachers' Retirement System of Oklahoma.

22 SECTION 8. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 17-304 of Title 70, unless there
24 is created a duplication in numbering, reads as follows:

1 A. The Teachers' Retirement System of Oklahoma shall administer
2 the defined contribution plan and shall be the fiduciary and trustee
3 of the defined contribution plan. The System may appoint an
4 advisory board to assist the System in carrying out its duties as
5 fiduciary and trustee.

6 B. The System shall determine the provisions and procedures of
7 the defined contribution plan and the plan document in conformity
8 with the Teachers' Defined Contribution Retirement Plan Act and the
9 Internal Revenue Code.

10 C. The System has the exclusive authority and responsibility to
11 employ or contract with personnel and for services that the System
12 determines necessary for the proper administration of and investment
13 of assets of the defined contribution plan, including, but not
14 limited to, managerial, professional, legal, clerical, technical,
15 and administrative personnel or services.

16 D. Each employer shall be deemed to have adopted and shall
17 comply with the provisions and procedures of the defined
18 contribution plan and the plan document.

19 SECTION 9. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 17-305 of Title 70, unless there
21 is created a duplication in numbering, reads as follows:

22 A. A qualified participant, former qualified participant, or
23 refund beneficiary may request a hearing on a claim involving his or
24 her rights under the defined contribution plan. Upon written

1 request, the Teachers' Retirement System of Oklahoma shall provide
2 for a hearing that shall be conducted pursuant to the Administrative
3 Procedures Act. An individual may be represented by counsel or
4 other authorized agent at a hearing conducted under this section.

5 B. Each qualified participant, former qualified participant,
6 and refund beneficiary shall direct the investment of the
7 individual's accumulated employer and employee contributions and
8 earnings to one or more investment choices within available
9 categories of investment provided by the Teachers' Retirement System
10 of Oklahoma.

11 SECTION 10. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 17-306 of Title 70, unless there
13 is created a duplication in numbering, reads as follows:

14 The administrative expenses of the defined contribution plan
15 shall be paid by the qualified participants, former qualified
16 participants, and refund beneficiaries who have not closed their
17 accounts in a manner determined by the Teachers' Retirement System
18 of Oklahoma.

19 SECTION 11. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 17-307 of Title 70, unless there
21 is created a duplication in numbering, reads as follows:

22 A. This section is subject to the vesting requirements of
23 Section 12 of this act.
24

1 B. Unless the qualified participant affirmatively elects not to
2 contribute or elects to contribute a lesser amount, the qualified
3 participant shall contribute two percent (2%) of his or her
4 compensation to his or her defined contribution account. The
5 qualified participant's employer shall make a contribution to the
6 qualified participant's defined contribution account in an amount
7 equal to fifty percent (50%) of the first two percent (2%) of
8 compensation contribution made by the qualified participant under
9 this subsection.

10 C. A qualified participant may make contributions in addition
11 to contributions made under subsection B of this section to his or
12 her defined contribution account as permitted by the Teachers'
13 Retirement System of Oklahoma and the Internal Revenue Code.

14 D. Upon the written determination of the Executive Director of
15 the System, an employee of an employer that is not a qualified
16 participant as described in Section 7 of this act may elect to make
17 contributions to a defined contribution account as permitted by the
18 System and the Internal Revenue Code. An employee as described in
19 this subsection shall be treated as a qualified participant under
20 the Teachers' Defined Contribution Retirement Plan Act for the
21 limited purposes of his or her defined contribution account.

22 E. Upon the written determination of the Executive Director, an
23 employer may annually elect to make additional matching
24 contributions, including those in addition to matching contributions

1 made under subsection B of this section, to an employee's defined
2 contribution account as permitted by the plan document and the
3 Internal Revenue Code. Matching contributions under this subsection
4 shall be made in amounts equal to fifty percent (50%) of the
5 contributions made by the employee not to exceed the first four
6 percent (4%) of contributions made in whole percentages only, for
7 any employee in addition to amounts that are already matched under
8 this section, if any.

9 SECTION 12. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 17-308 of Title 70, unless there
11 is created a duplication in numbering, reads as follows:

12 A qualified participant is immediately one hundred percent
13 (100%) vested in his or her contributions made to the participant's
14 defined contribution account. A qualified participant shall vest in
15 the employer contributions made on his or her behalf to the
16 participant's defined contribution account according to the
17 following schedule:

18 1. Upon completion of two (2) years of service, fifty percent
19 (50%);

20 2. Upon completion of three (3) years of service, seventy-five
21 percent (75%); and

22 3. Upon completion of four (4) years of service, one hundred
23 percent (100%).

24

1 SECTION 13. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 17-309 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 A qualified participant or former qualified participant may
5 nominate one or more individuals as a refund beneficiary by filing
6 written notice of nomination with the Teachers' Retirement System of
7 Oklahoma. If the qualified participant or former qualified
8 participant is married at the time of the nomination and the
9 participant's spouse is not the refund beneficiary for one hundred
10 percent (100%) of the account, the nomination is not effective
11 unless the nomination is signed by the participant's spouse if the
12 signature of the participant's spouse is required by the plan
13 document. The System may waive this requirement if the spouse's
14 signature cannot be obtained because of extenuating circumstances.

15 SECTION 14. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 17-310 of Title 70, unless there
17 is created a duplication in numbering, reads as follows:

18 A. A qualified participant is eligible to receive distribution
19 of his or her accumulated balance in the participant's defined
20 contribution account upon becoming a former qualified participant.

21 B. Upon the death of a qualified participant or former
22 qualified participant, the accumulated balance of that deceased
23 participant is considered to belong to the refund beneficiary, if
24 any, of that deceased participant. If a valid nomination of refund

1 beneficiary is not on file with the Teachers' Retirement System of
2 Oklahoma, the System, in a lump sum distribution, shall distribute
3 the accumulated balance in accordance with the plan document.

4 C. A former qualified participant or refund beneficiary may
5 elect one or a combination of several of the following methods of
6 distribution of the accumulated balance:

7 1. A lump sum distribution to the recipient;

8 2. A lump sum direct rollover to another qualified plan, to the
9 extent allowed by federal law;

10 3. Periodic distributions, as authorized by the System; or

11 4. No current distribution, in which case the accumulated
12 balance shall remain in the defined contribution account until the
13 former qualified participant or refund beneficiary elects a method
14 or methods of distribution under paragraph 1, 2 or 3 of this
15 subsection, to the extent allowed by federal law.

16 SECTION 15. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 17-311 of Title 70, unless there
18 is created a duplication in numbering, reads as follows:

19 A. Distributions from employer contributions made pursuant to
20 subsection B of Section 11 of this act and earnings on those
21 employer contributions, and distributions from employee
22 contributions made pursuant to subsection B of Section 11 of this
23 act and earnings on those employee contributions, are exempt from
24 any state, county, municipal, or other local tax.

1 B. The Teachers' Retirement System of Oklahoma has the right of
2 setoff to recover overpayments made under the Teachers' Defined
3 Contribution Retirement Plan Act and to satisfy any claims arising
4 from embezzlement or fraud committed by a qualified participant,
5 former qualified participant, refund beneficiary, or other person
6 who has a claim to a distribution or any other benefit from the
7 defined contribution account.

8 C. The System shall correct errors in the records and actions
9 in a defined contribution account under the Teachers' Defined
10 Contribution Retirement Plan Act, and shall seek to recover
11 overpayments and shall make up underpayments.

12 SECTION 16. This act shall become effective July 1, 2011.

13 SECTION 17. 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 & INSURANCE, dated
18 2-24-11 - DO PASS, As Amended and Coauthored.

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