

**SENATE FLOOR VERSION**

February 28, 2011

As Amended

SENATE BILL NO. 891

By: Mazzei of the Senate

and

McDaniel (Randy) of the House

[ state retirement systems - Oklahoma Pension Legislation Actuarial Analysis Act - Teachers' Retirement System of Oklahoma - modifying vesting requirement - modifying age requirement - effective date -

emergency ]

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

SECTION 1. AMENDATORY Section 3, Chapter 292, O.S.L.

2006, as last amended by Section 32, Chapter 3, O.S.L. 2008 (62 O.S. Supp. 2010, Section 3103), is amended to read as follows:

Section 3103. As used in the Oklahoma Pension Legislation Actuarial Analysis Act:

1. "Amendment" means any amendment, including a substitute bill, made to a retirement bill by any committee of the House or Senate, any conference committee of the House or Senate or by the House or Senate;

2. "RB number" means that number preceded by the letters "RB" assigned to a retirement bill by the respective staffs of the

1 Oklahoma State Senate and the Oklahoma House of Representatives when  
2 the respective staff office prepares a retirement bill for a member  
3 of the Legislature;

4 3. "Legislative Actuary" means the firm or entity that enters  
5 into a contract with the Legislative Service Bureau pursuant to  
6 Section 452.15 of Title 74 of the Oklahoma Statutes to provide the  
7 actuarial services and other duties provided for in the Oklahoma  
8 Pension Legislation Actuarial Analysis Act;

9 4. "Nonfiscal amendment" means an amendment to a retirement  
10 bill having a fiscal impact, which amendment does not change any  
11 factor of an actuarial investigation specified in subsection A of  
12 Section 3109 of this title;

13 5. "Nonfiscal retirement bill" means a retirement bill which  
14 does not affect the cost or funding factors of a retirement system  
15 or a retirement bill which affects such factors only in a manner  
16 which does not:

17 a. grant a benefit increase under the retirement system  
18 affected by the bill ~~except for cost of living~~  
19 ~~adjustments provided to retirees of the retirement~~  
20 ~~system, if the increase in actuarial accrued liability~~  
21 ~~from the increase does not exceed the cumulative~~  
22 ~~increase in actuarial accrued liability already fully~~  
23 ~~reflected in its liabilities by the retirement system~~  
24 ~~from an actuarial assumption of a cost of living~~

~~adjustment of an existing retirement system which  
assumption was established by the retirement system as  
of December 31, 2006, or which shall not exceed two  
percent (2%) annually on a cumulative basis for a  
retirement system created on or after January 1, 2006,  
which bill shall specifically identify such cost of  
living increase,~~

b. create an actuarial accrued liability for or increase  
the actuarial accrued liability of the retirement  
system affected by the bill, or

c. increase the normal cost of the retirement system  
affected by the bill except as otherwise provided by  
subparagraph a of this paragraph.

A nonfiscal retirement bill shall include any retirement bill that  
has as its sole purpose the appropriation or distribution or  
redistribution of monies in some manner to a retirement system for  
purposes of reducing the unfunded liability of such system or the  
earmarking of a portion of the revenue from a tax to a retirement  
system or increasing the percentage of the revenue earmarked from a  
tax to a retirement system.

6. "Reduction in cost amendment" means an amendment to a  
retirement bill having a fiscal impact which reduces the cost of the  
bill as such cost is determined by the actuarial investigation for  
the bill prepared pursuant to Section 3109 of this title;

1       7. "Retirement bill" means any bill or joint resolution  
2 introduced or any bill or joint resolution amended by a member of  
3 the Oklahoma Legislature which creates or amends any law directly  
4 affecting a retirement system. A retirement bill shall not mean a  
5 bill or resolution that impacts the revenue of any state tax in  
6 which a portion of the revenue generated from such tax is earmarked  
7 for the benefit of a retirement system;

8       8. "Retirement bill having a fiscal impact" means any  
9 retirement bill creating or establishing a retirement system and any  
10 other retirement bill other than a nonfiscal retirement bill; and

11       9. "Retirement system" means the Teachers' Retirement System of  
12 Oklahoma, the Oklahoma Public Employees Retirement System, the  
13 Uniform Retirement System for Justices and Judges, the Oklahoma  
14 Firefighters Pension and Retirement System, the Oklahoma Police  
15 Pension and Retirement System, the Oklahoma Law Enforcement  
16 Retirement System, or a retirement system established after January  
17 1, 2006.

18       SECTION 2.       AMENDATORY       Section 11, Chapter 292, O.S.L.  
19 2006, as amended by Section 3, Chapter 186, O.S.L. 2007 (62 O.S.  
20 Supp. 2010, Section 3111), is amended to read as follows:

21       Section 3111. A. Any retirement bill having a fiscal impact  
22 which is enacted by the Legislature and which is approved by the  
23 Governor or which otherwise becomes law shall become effective on  
24 the first day of July immediately following the regular session

1 during which it was enacted, but only if the enacted bill is  
2 concurrently funded as provided by this section and only if the bill  
3 is approved as an emergency measure by a vote of two-thirds (2/3) of  
4 all members elected to each House. If an enacted bill does not  
5 receive a two-thirds (2/3) vote of all members, the law shall become  
6 effective on the first day of September immediately following the  
7 regular session during which it was enacted. If an enacted bill,  
8 including one approved by the Governor, is not concurrently funded  
9 as required by this section, then such bill shall not become  
10 effective as law.

11 B. When a retirement bill having a fiscal impact amends a  
12 retirement system having employer contributions funded from  
13 appropriations by the Legislature, then appropriations for the first  
14 fiscal year of effectiveness of the bill, after it becomes law, must  
15 include funds to pay the amount determined by the actuarial  
16 investigation under paragraph 5 of subsection A of Section 3109 of  
17 this title. It is the intent of the Legislature that future  
18 appropriations for subsequent fiscal years must include an amount  
19 necessary to maintain the actuarial soundness of the retirement  
20 system in accordance with the findings of the actuarial  
21 investigation. Any limitation on the rate of employer contributions  
22 that may be included in a law which is the source of authority for a  
23 retirement system affected by this subsection shall be amended to

24

1 the extent necessary to comply with the requirements of this  
2 subsection.

3 C. When a retirement bill having a fiscal impact amends a  
4 retirement system having employer contributions funded wholly or  
5 partially from the funds of a political subdivision, that political  
6 subdivision shall have a duty to produce funds as necessary to pay  
7 all or its proportionate share of the amount determined by actuarial  
8 investigation under paragraph 5 of subsection A of Section 3109 of  
9 this title.

10 D. When a retirement bill having a fiscal impact creates a new  
11 retirement system, then employer contributions in conformity with  
12 paragraph 5 of subsection A of Section 3109 of this title must be  
13 made to the retirement system either by direct appropriations by the  
14 Legislature or by another source of employer contributions  
15 specifically provided for in the bill creating the new retirement  
16 system.

17 ~~E. For purposes of determining the concurrent funding~~  
18 ~~requirement imposed pursuant to this section with respect to a~~  
19 ~~fiscal retirement bill, if a bill to provide a cost-of-living~~  
20 ~~adjustment to the retirees of the applicable retirement system would~~  
21 ~~have the effect of increasing the liabilities of the retirement~~  
22 ~~system in excess of the liabilities already reflected in the~~  
23 ~~retirement system's actuarial assumption for such cost-of-living~~  
24 ~~adjustment, as defined in Section 3103 of this title, only the~~

1 ~~amount of the excess liabilities not already included in the~~  
2 ~~applicable actuarial assumption for the system shall require~~  
3 ~~concurrent funding.~~

4 SECTION 3. AMENDATORY 70 O.S. 2001, Section 17-101, as  
5 last amended by Section 2, Chapter 270, O.S.L. 2008 (70 O.S. Supp.  
6 2010, Section 17-101), is amended to read as follows:

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

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

12 (2) "Public school" shall mean a school district, a state  
13 college or university, the State Board of Education, the State Board  
14 of Career and Technology Education and any other state educational  
15 entity conducted within the state supported wholly or partly by  
16 public funds and operating under the authority and supervision of a  
17 legally constituted board or agency having authority and  
18 responsibility for any function of public education. "Public  
19 school" shall also mean a tuition free, nonprofit alternative school  
20 of choice that provides education, therapeutic counseling and  
21 outreach programs which is aligned with a school district and which  
22 receives grant funds from governmental sources.

23 (3) "Classified personnel" shall mean any teacher, principal,  
24 superintendent, supervisor, administrator, librarian, certified or

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

18 (4) "Nonclassified optional personnel" shall include cooks,  
19 janitors, maintenance personnel not in a supervisory capacity, bus  
20 drivers, noncertified or nonregistered nurses, noncertified  
21 librarians, and clerical employees of the public schools, state  
22 colleges, universities or any state department, board, board of  
23 regents or board of trustees, the functions of which are primarily  
24

1 devoted to public education and whose salaries are paid wholly or in  
2 part from public funds.

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

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

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

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

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

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

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

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

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

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

15 (15) "Average salary":

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

1 Dollars (\$25,000.00) unless the member has made the  
2 required election and paid the required contributions  
3 on such salary in excess of Twenty-five Thousand  
4 Dollars (\$25,000.00), or unless an eligible member  
5 fulfills the requirements of Section 17-116.2C of this  
6 title in order to have pre-cap removal service  
7 included in the retirement benefit computation of the  
8 member using the regular annual compensation of the  
9 member for any pre-cap removal year of service so  
10 included subject to the maximum average salary amount,  
11 ~~and~~

12 (b) for those members who join the System after June 30,  
13 1992, shall mean the average of the salaries for five  
14 (5) consecutive years on which the highest  
15 contribution to the Teachers' Retirement System was  
16 paid. Only salary on which required contributions  
17 have been made may be used in computing average  
18 salary, and

19 (c) for those members who first join the System after June  
20 30, 2011, shall mean the average of the salaries for  
21 the last five years on which contribution to the  
22 Teachers' Retirement System was paid. Only salary on  
23 which required contributions have been made may be  
24 used in computing average salary.

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

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

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

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

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

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

18 (22) The masculine pronoun, whenever used, shall include the  
19 feminine.

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

24

1 (24) "Normal retirement age" means age sixty-two (62) or age  
2 sixty-five (65) for those members who first join the System after  
3 June 30, 2011 or the age at which the sum of a member's age and  
4 number of years of creditable service total eighty (80) or ninety  
5 (90), for those who became a member after June 30, 1992, pursuant to  
6 Section 17-105 of this title, whichever occurs first.

7 (25) "Regular annual compensation" means salary plus fringe  
8 benefits, excluding the flexible benefit allowance pursuant to  
9 Section 26-105 of this title and for purposes pursuant to Section  
10 17-101 et seq. of this title. For purposes of this definition,  
11 regular annual compensation shall include all payments as provided  
12 in subsection D of Section 17-116.2 of this title.

13 (26) "Teacher" means classified personnel and nonclassified  
14 optional personnel.

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

21 (28) "Maximum compensation level" shall, except as otherwise  
22 authorized pursuant to the provisions of Section 17-116.2C of this  
23 title, mean:  
24

- 1 (a) Twenty-five Thousand Dollars (\$25,000.00) for  
2 creditable service authorized and performed prior to  
3 July 1, 1995, for members not electing a higher  
4 maximum compensation level,
- 5 (b) Forty Thousand Dollars (\$40,000.00) for creditable  
6 service authorized and performed prior to July 1,  
7 1995, for members electing a maximum compensation  
8 level in excess of Twenty-five Thousand Dollars  
9 (\$25,000.00),
- 10 (c) Twenty-seven Thousand Five Hundred Dollars  
11 (\$27,500.00) for members who, as of June 30, 1995, had  
12 elected to have a maximum compensation level not in  
13 excess of Twenty-five Thousand Dollars (\$25,000.00),  
14 and who were employed by an entity or institution  
15 within The Oklahoma State System of Higher Education  
16 for creditable service authorized and performed on or  
17 after July 1, 1995, but not later than June 30, 1996,  
18 if such member does not elect a higher maximum  
19 compensation level for this period as authorized by  
20 Section 17-116.2A of this title,
- 21 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)  
22 for members employed by a comprehensive university if  
23 the member meets the requirements imposed by Section  
24 17-116.2A of this title and the member elects to

1 impose a higher maximum compensation level for service  
2 performed on or after July 1, 1995, but not later than  
3 June 30, 1996,

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

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

21 (g) the following amounts for creditable service  
22 authorized and performed by members employed by a  
23 comprehensive university, based upon the election of  
24 the member in effect as of June 30, 1995:

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

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

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

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

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

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

1 (vi) Fifty-seven Thousand Five Hundred Dollars  
2 (\$57,500.00) for service authorized and  
3 performed on or after July 1, 2002, but not  
4 later than June 30, 2003,

5 (vii) Sixty-two Thousand Five Hundred Dollars  
6 (\$62,500.00) for service authorized and  
7 performed on or after July 1, 2003, but not  
8 later than June 30, 2004,

9 (viii) Sixty-seven Thousand Five Hundred Dollars  
10 (\$67,500.00) for service authorized and  
11 performed on or after July 1, 2004, but not  
12 later than June 30, 2005,

13 (ix) Seventy-two Thousand Five Hundred Dollars  
14 (\$72,500.00) for service authorized and  
15 performed on or after July 1, 2005, but not  
16 later than June 30, 2006,

17 (x) Seventy-seven Thousand Five Hundred Dollars  
18 (\$77,500.00) for service authorized and  
19 performed on or after July 1, 2006, but not  
20 later than June 30, 2007,

21 (xi) the full amount of regular annual  
22 compensation for service authorized and  
23 performed on or after July 1, 2007, and  
24

1           2.    for members who elected a maximum compensation  
2                    level in excess of Twenty-five Thousand Dollars  
3                    (\$25,000.00):

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

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

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

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

20                   (v)   Sixty-nine Thousand Dollars (\$69,000.00) for  
21                            service authorized and performed on or after  
22                            July 1, 2001, but not later than June 30,  
23                            2002,

24

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

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

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

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

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

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

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

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

1 university, for creditable service authorized and  
2 performed on or after July 1, 1996,

3 5. a member of the retirement system who, as of July  
4 1, 1996, is subject to a maximum compensation  
5 level pursuant to paragraph (g) of this  
6 subsection if the member terminates service with  
7 a comprehensive university and is subsequently  
8 reemployed by a comprehensive university,

9 6. a member of the retirement system employed by a  
10 comprehensive university for all service  
11 performed on and after July 1, 2007, or

12 7. an eligible member of the retirement system who  
13 fulfills the requirements of Section 2 of this  
14 act with respect to pre-cap removal service  
15 included in the retirement benefit computation of  
16 the member at the average salary of the member  
17 subject to the maximum average salary amount.

18 (29) "Comprehensive university" shall mean:

19 (a) the University of Oklahoma and all of its constituent  
20 agencies, including the University of Oklahoma Health  
21 Sciences Center, the University of Oklahoma Law Center  
22 and the Geological Survey, and

23 (b) Oklahoma State University and all of its constituent  
24 agencies, including the Oklahoma State University

1           Agricultural Experiment Station, the Oklahoma State  
2           University Agricultural Extension Division, the  
3           Oklahoma State University College of Veterinary  
4           Medicine, the Oklahoma State University Center for  
5           Health Sciences, the Technical Branch at Oklahoma  
6           City, the Oklahoma State University Institute of  
7           Technology-Okmulgee and Oklahoma State University-  
8           Tulsa.

9           SECTION 4.           AMENDATORY           70 O.S. 2001, Section 17-105, as  
10          last amended by Section 2, Chapter 357, O.S.L. 2010 (70 O.S. Supp.  
11          2010, Section 17-105), is amended to read as follows:

12          Section 17-105. (1) (a) Any member who has attained age  
13          fifty-five (55) or who has completed thirty (30) years of creditable  
14          service, as defined in Section 17-101 of this title, or for any  
15          person who initially became a member prior to July 1, 1992,  
16          regardless of whether there were breaks in service after July 1,  
17          1992, whose age and number of years of creditable service total  
18          eighty (80) may be retired upon filing a written application for  
19          such retirement. Such a retirement date will also apply to any  
20          person who became a member of the sending system as defined in this  
21          act, prior to July 1, 1992, regardless of whether there were breaks  
22          in service after July 1, 1992. Any person who became a member after  
23          June 30, 1992, whose age and number of years of creditable service  
24          total ninety (90) may be retired upon filing a written application

1 for such retirement. The application shall be filed on the form  
2 provided by the Board of Trustees for this purpose, not less than  
3 thirty (30) days nor more than ninety (90) days before the date of  
4 retirement.

5 (b) 1. An individual who becomes a member of the Teachers'  
6 Retirement System after July 1, 1967, shall be employed by the  
7 public schools, state colleges or universities of Oklahoma for a  
8 minimum of five (5) years and be a contributing member of the  
9 Teachers' Retirement System of Oklahoma for a minimum of five (5)  
10 years to qualify for monthly retirement benefits from the Teachers'  
11 Retirement System of Oklahoma.

12 2. An individual who first becomes a member of the Teachers'  
13 Retirement System after June 30, 2011, shall be employed by the  
14 public schools, state colleges or universities of Oklahoma for a  
15 minimum of eight (8) years and be a contributing member of the  
16 Teachers' Retirement System of Oklahoma for a minimum of eight (8)  
17 years to qualify for monthly retirement benefits from the Teachers'  
18 Retirement System of Oklahoma.

19 (c) 1. Any member with five (5) or more years of Oklahoma  
20 teaching service and whose accumulated contributions during such  
21 period have not been withdrawn shall be given an indefinite  
22 extension of membership beginning with the sixth year following his  
23 or her last contributing membership and shall become eligible to  
24

1 apply for retirement and be retired upon attaining age fifty-five  
2 (55).

3 2. Any member with eight (8) or more years of Oklahoma teaching  
4 service and whose accumulated contributions during such period have  
5 not been withdrawn shall be given an indefinite extension of  
6 membership beginning with the ninth year following his or her last  
7 contributing membership and shall become eligible to apply for  
8 retirement and be retired upon attaining age fifty-five (55).

9 (2) An unclassified optional member who has retired or who  
10 retires at sixty-two (62) years of age or older or an unclassified  
11 optional member who first becomes a member after June 30, 2011, and  
12 who has retired or who retires at sixty-five (65) years of age or  
13 older or whose retirement is because of disability shall have his or  
14 her minimum retirement benefits calculated on an average salary of  
15 Five Thousand Three Hundred Fifty Dollars (\$5,350.00) or, if a  
16 larger monthly allowance would result, an amount arrived at pursuant  
17 to application of the formula prescribed herein.

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

1 Any individual regardless of residence, who has a minimum of ten  
2 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or  
3 who taught in Oklahoma schools prior to 1934 and thereafter taught a  
4 minimum of ten (10) years and who does not qualify under the present  
5 retirement System, or who has a minimum of thirty (30) years of  
6 teaching in Oklahoma schools and has reached seventy (70) years of  
7 age prior to July 1, 1984, and is not otherwise eligible to receive  
8 any benefits from the retirement system shall receive a minimum of  
9 One Hundred Fifty Dollars (\$150.00) per month in retirement benefits  
10 from the Teachers' Retirement System of Oklahoma plus any general  
11 increase in benefits for annuitants as may be provided hereafter by  
12 the Legislature. Each individual must apply to the Teachers'  
13 Retirement System for such benefit and provide evidence to the  
14 Teachers' Retirement System that the service was actually rendered.  
15 The surviving spouse of any person who made application for the  
16 benefit provided for by this paragraph during his or her lifetime  
17 but did not receive said benefit may submit an application to the  
18 System for payment of said benefit for those months during the  
19 lifetime of the deceased person that he or she was eligible for but  
20 did not receive the benefit. Upon approval of the application by  
21 the Board of Trustees, the benefit shall be paid to the surviving  
22 spouse in one lump sum.

23

24

1 (4) The value of each year of prior service is the total  
2 monthly retirement benefit divided by the number of years of  
3 creditable service.

4 (5) Upon application of a member who is actively engaged in  
5 teaching in Oklahoma or his or her employer, any member who has been  
6 a contributing member for ten (10) years may be retired by the Board  
7 of Trustees not less than thirty (30) days nor more than ninety (90)  
8 days subsequent to the execution and filing thereof, on a disability  
9 retirement allowance, provided that it is found by the Board of  
10 Trustees after medical examination of such member by a duly  
11 qualified physician that such member is mentally or physically  
12 incapacitated for further performance of duty, that such incapacity  
13 is likely to be permanent, and that such member should be retired.  
14 The Board of Trustees shall give due consideration to the  
15 conclusions and recommendations in the certified written report of  
16 the Medical Board of the Teachers' Retirement System regarding the  
17 disability application of such member. If a member is determined to  
18 be eligible for disability benefits pursuant to the Social Security  
19 System, then such determination shall entitle the member to the  
20 authorized disability retirement allowance provided by law. For  
21 members who are not eligible for disability benefits pursuant to the  
22 Social Security System, the Board of Trustees shall apply the same  
23 standard for which provision is made in the first two sentences of  
24 this subsection for determining the eligibility of a person for such

1 disability benefits in making a determination of eligibility for  
2 disability benefits as authorized by this subsection.

3 (6) (a) A member who at the time of retirement has been found  
4 to be permanently physically or mentally incapacitated to teach  
5 school shall receive a minimum monthly retirement payment for life  
6 or until such time as the member may be found to be recovered to the  
7 point where he or she may return to teaching. Any member retired  
8 before July 1, 1992 shall be eligible to receive the monthly  
9 retirement allowance herein provided, but such payment shall not  
10 begin until the first payment due him or her after July 1, 1992, and  
11 shall not be retroactive. The Board of Trustees is empowered to  
12 make such rules and regulations as it considers proper to preserve  
13 equity in retirements under this provision, which shall include a  
14 provision to protect the rights of the member's spouse.

15 (b) A member who has qualified for retirement benefits under  
16 disability retirement shall have the total monthly payment deducted  
17 from his or her accumulated contributions plus interest earned and  
18 any money remaining in the member's account after the above  
19 deductions at the death of the member shall be paid in a lump sum to  
20 the beneficiary or to the estate of the member. Provided, if the  
21 deceased disabled member had thirty (30) years or more of creditable  
22 service and the death occurred after June 30, 1981, and death  
23 occurred prior to the disabled member receiving twelve monthly  
24 retirement payments, a surviving spouse may elect to receive the

1 retirement benefit to which the deceased member would have been  
2 entitled at the time of death under the Option 2 Plan of Retirement  
3 provided for in subsection (8) of this section in lieu of the death  
4 benefit provided for in this subsection and in subsection (12) of  
5 this section.

6 (c) Once each year the Board of Trustees may require any  
7 disabled annuitant who has not yet attained the age of sixty (60)  
8 years to undergo a medical examination, such examination to be made  
9 at the place of residence for said disabled annuitant or other place  
10 mutually agreed upon by a physician or physicians designated by the  
11 Board of Trustees. Should any disabled annuitant who has not yet  
12 attained the age of sixty (60) years refuse to submit to at least  
13 one medical examination in any such year by a physician or  
14 physicians designated by the Board of Trustees his or her allowance  
15 may be discontinued until he or she submits to such examination.

16 (d) Should the Medical Board report and certify to the Board of  
17 Trustees that such disabled annuitant is engaged in or is able to  
18 engage in a gainful occupation paying more than the difference  
19 between his or her retirement allowance and the average final  
20 compensation, and should the Board of Trustees concur in such report  
21 then the amount of his or her pension shall be reduced to an amount  
22 which, together with his or her retirement allowance and that amount  
23 earnable by him or her, shall equal the amount of his or her average  
24 final compensation. Should his or her earning capacity be later

1 increased, the amount of his or her pension may be further modified,  
2 provided the new pension shall not exceed that amount of the pension  
3 originally granted nor an amount, which when added to the amount  
4 earnable by the member, together with his or her annuity, equals the  
5 amount of his or her average final compensation.

6 (e) Should a disabled annuitant be restored to active service,  
7 his or her disability retirement allowance shall cease and he or she  
8 shall again become a member of the Teachers' Retirement System and  
9 shall make regular contributions as required under this article.  
10 The unused portion of his or her accumulated contributions shall be  
11 reestablished to his or her credit in the Teachers' Savings Fund.  
12 Any such prior service certificates on the basis of which his or her  
13 service was computed at the time of his or her retirement shall be  
14 restored to full force and effect.

15 (7) Should a member before retirement under Section 1-101 et  
16 seq. of this title make application for withdrawal duly filed with  
17 the Board of Trustees and approved by it, not earlier than four (4)  
18 months after the date of termination of such service as a teacher,  
19 the contribution standing to the credit of his or her individual  
20 account in the Teachers' Savings Fund shall be paid to him or her  
21 or, in the event of his or her death before retirement, shall be  
22 paid to such person or persons as he or she shall have nominated by  
23 written designation, duly executed and filed with the Board of  
24 Trustees; provided, however, if there be no designated beneficiary

1 surviving upon such death, such contributions shall be paid to his  
2 or her administrators, executors, or assigns, together with interest  
3 as hereinafter provided. In lieu of a lump-sum settlement at the  
4 death of the member, the amount of money the member has on deposit  
5 in the Teachers' Savings Fund and the money the member has on  
6 deposit in the Teachers' Deposit Fund may be paid in monthly  
7 payments to a designated beneficiary, who must be the spouse, under  
8 the Maximum or Option 1 Plan of Retirement providing the monthly  
9 payment shall be not less than Twenty-five Dollars (\$25.00) per  
10 month. The monthly payment shall be the actuarial equivalent of the  
11 amount becoming due at the member's death based on the sex of the  
12 spouse and the age the spouse has attained at the last birthday  
13 prior to the member's death. Provided further, if there be no  
14 designated beneficiary surviving upon such death, and the  
15 contributions standing to the credit of such member do not exceed  
16 Two Hundred Dollars (\$200.00), no part of such contributions shall  
17 be subject to the payment of any expense of the last illness or  
18 funeral of the deceased member or any expense of administration of  
19 the estate of such deceased and the Board of Trustees, upon  
20 satisfactory proof of the death of such member and of the name or  
21 names of the person or persons who would be entitled to receive such  
22 contributions under the laws of descent and distribution of the  
23 state, may authorize the payment of accumulated contributions to  
24 such person or persons. A member terminating his or her membership

1 by withdrawal after June 30, 2003, shall have the interest computed  
2 at a rate of interest determined by the Board of Trustees and paid  
3 to him or her subject to the following schedule:

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

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

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

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

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

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

23 (b) A member may select the option under which he or she  
24 desires to retire at the end of the school year in which he or she

1 attains age seventy (70) and said option shall be binding and cannot  
2 be changed. Provided further that if a member retires before age  
3 seventy (70), no election of an option shall be effective in case an  
4 annuitant dies before the first payment due under such option has  
5 been received.

6 (c) The first payment of any benefit selected shall be made on  
7 the first day of the month following approval of the retirement by  
8 the Board of Trustees. If the named designated beneficiary under  
9 Option 2 or 3 dies at any time after the member's retirement date,  
10 but before the death of the member, the member shall return to the  
11 retirement benefit, including any post retirement benefit increases  
12 the member would have received had the member not selected Option 2  
13 or 3 of this subsection. The benefit shall be determined at the  
14 date of death of the designated beneficiary or July 1, 1994,  
15 whichever is later. This increase shall become effective the first  
16 day of the month following the date of death of the designated  
17 beneficiary or July 1, 1994, whichever is later, and shall be  
18 payable for the member's remaining lifetime. The member shall  
19 notify the Teachers' Retirement System of Oklahoma of the death of  
20 the designated beneficiary in writing. In the absence of said  
21 written notice being filed by the member notifying the Teachers'  
22 Retirement System of Oklahoma of the death of the designated  
23 beneficiary within six (6) months of the date of death, nothing in  
24 this subsection shall require the Teachers' Retirement System of

1 Oklahoma to pay more than six (6) months of retrospective benefits  
2 increase.

3       Option 1. If he or she dies before he or she has received in  
4 annuity payments the present value of his or her annuity as it was  
5 at the time of his or her retirement, the balance shall be paid to  
6 his or her legal representatives or to such person as he or she  
7 shall nominate by written designation duly acknowledged and filed  
8 with the Board of Trustees at the time of his or her retirement; or

9       Option 2. A member takes a reduced retirement allowance for  
10 life. Upon the death of the member the payments shall continue to  
11 the member's designated beneficiary for the life of the beneficiary.  
12 The written designation of the beneficiary must be duly acknowledged  
13 and filed with the Board of Trustees at the time of the member's  
14 retirement and, except as provided in paragraph (e) of this  
15 subsection, cannot be changed after the effective date of the  
16 member's retirement; or

17       Option 3. A member receives a reduced retirement allowance for  
18 life. Upon the death of the member one-half (1/2) of the retirement  
19 allowance paid the member shall be continued throughout the life of  
20 the designated beneficiary. A written designation of a beneficiary  
21 must be duly acknowledged and filed with the Board of Trustees at  
22 the time of the member's retirement and, except as provided in  
23 paragraph (e) of this subsection, cannot be changed after the  
24 effective date of the member's retirement; or

1       Option 4. Some other benefit or benefits shall be paid either  
2 to the member or to such person or persons as he or she shall  
3 nominate, provided such other benefit or benefits, together with the  
4 reduced retirement allowance, shall be certified by the actuary to  
5 be of equivalent actuarial value to his or her retirement allowance  
6 and shall be approved by the Board of Trustees.

7       (d) Provided that Option 2 and Option 3 shall not be available  
8 if the member's expected benefit is less than fifty percent (50%) of  
9 the lump-sum actuarial equivalent and the designated beneficiary is  
10 not the spouse of the member.

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

1 beneficiary's age. The Board of Trustees shall promulgate rules to  
2 implement the provisions of this subsection.

3 (f) A member who retires after the effective date of this act  
4 and has selected a retirement allowance for a reduced amount payable  
5 under one of the options provided for in this subsection may make a  
6 one-time irrevocable election to select a different option within  
7 sixty (60) days of the member's retirement date. The beneficiary  
8 designated by the member at the time of retirement shall not be  
9 changed if the member makes the election provided for in this  
10 paragraph.

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

1 upon the length of service and the type of services performed, to  
2 persons formerly employed by such public school who have retired or  
3 been retired in accordance with the provisions of Section 1-101 et  
4 seq. of this title.

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

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

12 (11) Upon the death of an in-service member, the System shall  
13 pay to the designated beneficiary of the member or, if there is no  
14 designated beneficiary or if the designated beneficiary predeceases  
15 the member, to the estate of the member, the sum of Eighteen  
16 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the  
17 deceased member had ten (10) years or more of creditable service and  
18 the death occurred after February 1, 1985, the member's designated  
19 beneficiary may elect to receive the retirement benefit to which the  
20 deceased member would have been entitled at the time of death under  
21 the Option 2 plan of retirement in lieu of the death benefit  
22 provided for in this subsection. Provided further, the option  
23 provided in this subsection is only available when the member has  
24 designated one individual as the designated beneficiary. Death

1 benefits in the amount not to exceed Eighteen Thousand Dollars  
2 (\$18,000.00), but exclusive of any retirement benefit received by an  
3 electing beneficiary based upon creditable service performed by the  
4 deceased member, which are provided pursuant to this subsection may  
5 be assigned by the beneficiary to a person licensed as a funeral  
6 director or to a lawfully recognized business entity licensed as  
7 required by law to provide funeral services for the deceased member.

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

23 (13) Upon the death of a member who dies leaving no living  
24 beneficiary or having designated his or her estate as beneficiary,

1 the System may pay any applicable death benefit, unpaid  
2 contributions, or unpaid benefit which may be subject to probate, in  
3 an amount of Five Thousand Dollars (\$5,000.00) or less, without the  
4 intervention of the probate court or probate procedure pursuant to  
5 Section 1 et seq. of Title 58 of the Oklahoma Statutes.

6 (a) Before any applicable probate procedure may be waived, the  
7 System must be in receipt of the member's proof of death and the  
8 following documents from those persons claiming to be the legal  
9 heirs of the deceased member:

10 1. The member's valid last will and testament;

11 2. An affidavit or affidavits of heirship which must  
12 state:

13 a. the names and signatures of all claiming heirs to  
14 the deceased member's estate including the  
15 claiming heirs' names, relationship to the  
16 deceased, current addresses and current telephone  
17 numbers,

18 b. a statement or statements by the claiming heirs  
19 that no application or petition for the  
20 appointment of a personal representative is  
21 pending or has been granted in any jurisdiction,

22 c. a statement that the value of the deceased  
23 member's entire estate is subject to probate, and  
24 that the estate wherever located, less liens and

1 encumbrances, does not exceed Five Thousand  
2 Dollars (\$5,000.00), including the payment of  
3 benefits or unpaid contributions from the System  
4 as authorized by this subsection,

5 d. a description of the personal property claimed,  
6 (i.e., death benefit or unpaid contributions or  
7 both) together with a statement that such  
8 personal property is subject to probate,

9 e. a statement by each individual claiming heir  
10 identifying the amount of personal property that  
11 the heir is claiming from the System, and that  
12 the heir has been notified of, is aware of and  
13 consents to the identified claims of all the  
14 other claiming heirs of the deceased member  
15 pending with the System;

16 3. A written agreement or agreements signed by all  
17 claiming heirs of the deceased member which provides  
18 that the claiming heirs release, discharge and hold  
19 harmless the System from any and all liability,  
20 obligations and costs which it may incur as a result  
21 of making a payment to any of the deceased member's  
22 heirs;

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

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

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

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

22           (14)  Upon the death of a retired member, the benefit payment  
23                   for the month in which the retired member died, if not previously  
24                   paid, shall be made to the beneficiary of the member or to the

1 member's estate if there is no beneficiary. Such benefit payment  
2 shall be made in an amount equal to a full monthly benefit payment  
3 regardless of the day of the month in which the retired member died.

4 SECTION 5. AMENDATORY 70 O.S. 2001, Section 17-116.2, as  
5 last amended by Section 122, Chapter 1, O.S.L. 2005 (70 O.S. Supp.  
6 2010, Section 17-116.2), is amended to read as follows:

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

14 A classified member who retired prior to July 1, 1986, shall  
15 have his retirement allowance calculated on a minimum average salary  
16 of Eleven Thousand Five Hundred Dollars (\$11,500.00) or on his  
17 current minimum average salary plus Two Thousand Dollars  
18 (\$2,000.00), whichever is greater. Beginning July 1, 1994, a  
19 classified member who retired prior to July 1, 1993, shall have the  
20 member's retirement allowance calculated on the member's current  
21 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).  
22 An unclassified member who retired prior to July 1, 1986, shall have  
23 his retirement allowance calculated on a minimum average salary of  
24 Nine Thousand Five Hundred Dollars (\$9,500.00) or on his current

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

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

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

21 a. if the member becomes a member after June 30, 1995,  
22 and was not eligible to become a member prior to July  
23 1, 1995, in an amount equal to two percent (2%) of the  
24 member's average salary upon which member

1 contributions were made, multiplied by the number of  
2 the member's years of creditable service, or  
3 b. if the member became a member or is eligible to become  
4 a member prior to July 1, 1995, and elected to have a  
5 maximum compensation level in excess of Twenty-five  
6 Thousand Dollars (\$25,000.00) pursuant to paragraph 1  
7 of subsection C of this section or pursuant to  
8 subsection E of this section, or if the member's  
9 salary has never exceeded Twenty-five Thousand Dollars  
10 (\$25,000.00) prior to July 1, 1995, in an amount equal  
11 to:

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

19 (2) two percent (2%) of the member's average salary  
20 upon which member contributions were made,  
21 multiplied by the number of the member's years of  
22 credited service authorized and performed after  
23 June 30, 1995, or  
24

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

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

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

22 B. Except as otherwise provided for in this section, the amount  
23 contributed by each member to the retirement system shall be:  
24

1 1. Beginning July 1, 1992, through June 30, 1996, six percent  
2 (6%) of the regular annual compensation of such member not in excess  
3 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,  
4 1995, through June 30, 1996, six percent (6%) of the maximum  
5 compensation level; and

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

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

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

22 C. 1. Prior to July 1, 1995, an active member of the System  
23 may elect to have a maximum compensation level of Forty Thousand  
24 Dollars (\$40,000.00). Such an election shall be made in writing and

1 filed with the System. Members whose salaries are in excess of  
2 Twenty-five Thousand Dollars (\$25,000.00) on the effective date of  
3 this act shall file the election with the System prior to January 1,  
4 1988. Members whose salaries exceed Twenty-five Thousand Dollars  
5 (\$25,000.00) after the effective date of this act shall file the  
6 election when the salary exceeds Twenty-five Thousand Dollars  
7 (\$25,000.00). If a member makes such an election, the member shall  
8 contribute the following amounts:

- 9 a. beginning July 1, 1992, through June 30, 1993, eleven  
10 percent (11%) of the regular annual compensation of  
11 such member that is in excess of Twenty-five Thousand  
12 Dollars (\$25,000.00) and is not in excess of Forty  
13 Thousand Dollars (\$40,000.00),
- 14 b. beginning July 1, 1993, through June 30, 1994, nine  
15 percent (9%) of the regular annual compensation of  
16 such member that is in excess of Twenty-five Thousand  
17 Dollars (\$25,000.00) and is not in excess of Forty  
18 Thousand Dollars (\$40,000.00), and
- 19 c. beginning July 1, 1994, through June 30, 1995, eight  
20 percent (8%) of the regular annual compensation of  
21 such member that is in excess of Twenty-five Thousand  
22 Dollars (\$25,000.00) and is not in excess of Forty  
23 Thousand Dollars (\$40,000.00). Except as provided in  
24

1 subsection E of this section, any such election shall  
2 be irrevocable.

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

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

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

21 2. Amounts that would otherwise qualify as salary under  
22 paragraph 1 of this subsection but are not received directly by the  
23 member pursuant to a good faith, voluntary written salary reduction  
24 agreement in order to finance payments to a deferred compensation or

1 tax-sheltered annuity program or to finance benefit options under a  
2 cafeteria plan qualifying under the United States Internal Revenue  
3 Code, 26 U.S.C., Section 101 et seq.; and

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

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

21 E. 1. Any member who was a contributing member of the  
22 Retirement System between July 1, 1987, and June 30, 1995, who at  
23 the time the member was eligible to make an election to increase the  
24 maximum compensation level of the member, failed to make an election

1 or chose not to increase the maximum compensation level of the  
2 member to Forty Thousand Dollars (\$40,000.00), may elect to make  
3 back contributions to the Retirement System. The member shall  
4 complete a new election form and file with the Board of Trustees,  
5 the form and a payment equaling the difference between the amount  
6 contributed at the twenty-five-thousand-dollar level and the  
7 appropriate contribution on compensation in excess of Twenty-five  
8 Thousand Dollars (\$25,000.00) up to a maximum of Forty Thousand  
9 Dollars (\$40,000.00) shall be made prior to the official retirement  
10 date of the member. The required payment shall include any  
11 contribution required by the employing school district, and shall  
12 include interest compounded annually at ten percent (10%) per annum  
13 of both employer and employee contributions.

14 2. Any changes made pursuant to this subsection shall be  
15 irrevocable.

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

23 2. An individual who elected to contribute on a maximum of  
24 Seven Thousand Eight Hundred Dollars (\$7,800.00) per annum shall,

1 beginning July 1, 1979, contribute on his or her earning ceiling as  
2 provided for in this section.

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

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

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

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

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

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

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

1 Board of Trustees pursuant to Section 17-116.8 of this  
2 title.

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

1 the military service was rendered, except that the period for which  
2 contributions were paid must have been continuous and shall be  
3 credited in the aggregate, regardless of fiscal year limitations.  
4 Notwithstanding any provision herein to the contrary, contributions,  
5 benefits and service credit with respect to qualified military  
6 service as defined by Section 414(u) of the Internal Revenue Code of  
7 1986, shall be provided in accordance with Section 414(u) of the  
8 Internal Revenue Code.

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

12 H. Effective July 1, 2004, the total creditable service of a  
13 member who retires or terminates employment and elects a vested  
14 benefit shall include not to exceed one hundred twenty (120) days of  
15 unused sick leave accumulated subsequent to August 1, 1959. Twenty  
16 (20) days of unused sick leave shall equal one (1) month for  
17 purposes of creditable service credit. If the member becomes a  
18 member or was eligible to become a member prior to July 1, 1995, the  
19 year of credit received in this section shall be treated as service  
20 earned prior to July 1, 1995. This subsection shall apply to  
21 members retiring or vesting on or after the effective date of this  
22 act and shall not be retroactive. The provisions of this subsection  
23 shall not apply to any member who first becomes a member of the  
24 System after June 30, 2011.

1 I. Any member who:

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

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

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

1 17-108.1 of this title and shall provide for the deduction of  
2 employee contributions as required by this section.

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

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

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

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

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

23 Members electing to take advantage of the transfer authorized by  
24 this subsection who are receiving or eligible to receive retirement

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

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

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

17 (1) for members who have accrued at least eight (8)  
18 years of credited service with the sending  
19 system, determine the present value of the  
20 member's earned benefits attributable to the  
21 years of service sought to be transferred,  
22 discounted according to the member's age at the  
23 time of transfer and computed as of the earliest  
24 age at which the member would be able to retire.

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

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

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

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

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

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

- 21                  (1)   pay any difference to receive full credit for the  
22                          years sought to be transferred, or  
23                  (2)   receive prorated service credit for only the  
24                          amount received from the Oklahoma Public

1 Employees Retirement System pursuant to this  
2 subsection.

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

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

1 or successor in interest within six (6) months after said member's  
2 death, termination of employment or retirement, provided no  
3 retirement benefits shall be payable until the unpaid balance is  
4 paid, unless said member or beneficiary affirmatively waives the  
5 additional six-month period in which to pay the unpaid balance.

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

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

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

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

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

21       M. Any member whose regular annual compensation was not  
22 determined as provided for by law may pay the member contribution  
23 required pursuant to subsection B of this section on such amount not  
24 included in the member's regular annual compensation and receive

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

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

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

1 Accrued contributions shall be paid to the Retirement System by  
2 August 1, 1989. Current contributions shall be paid to the  
3 Retirement System by the tenth of the following month beginning with  
4 the month of July 1989.

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

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

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

9 a. the member is an active member of the Teachers'  
10 Retirement System of Oklahoma,

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

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

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

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

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

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

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

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

12 SECTION 6. AMENDATORY 70 O.S. 2001, Section 17-116.10,  
13 as last amended by Section 1, Chapter 270, O.S.L. 2008 (70 O.S.  
14 Supp. 2010, Section 17-116.10), is amended to read as follows:

15 Section 17-116.10. A. Subject to the requirements of Section  
16 6-101.2 of this title and any other applicable requirements of law,  
17 a member may enter into post-retirement employment with a public  
18 school of Oklahoma and still receive monthly retirement benefits  
19 subject to the following limitations:

20 1. A Except as otherwise provided in this paragraph, a retired  
21 member is not eligible to be employed by the public schools of  
22 Oklahoma, in any capacity, for sixty (60) calendar days between the  
23 retiree's last day of pre-retirement public-education employment and  
24 any post-retirement public-education employment. A retired member

1 is not eligible to be employed by their former employer in any  
2 capacity for a period of one (1) year after the retired member ended  
3 his or her employment with the former employer unless the retired  
4 member waives his or her benefit and returns as a bona fide  
5 employee. For purposes of this section, the term "last day of pre-  
6 retirement employment" shall mean the last day the employee is  
7 required to be physically present on the job to complete the terms  
8 of the employment contract or agreement. Employment under any  
9 conditions during this time, volunteer services for the purpose of  
10 obtaining a paid position at a later date, or payment at a later  
11 time for services performed during this time period shall cause the  
12 forfeiture of all retirement benefits received during the period;

13 2. Unless otherwise provided in paragraph 3 of this subsection,  
14 earnings from the public schools may not exceed one-half (1/2) of  
15 the member's final average salary used in computing retirement  
16 benefits, or the Earnings Limitation for employees allowed by the  
17 Social Security Administration, whichever is less. For retired  
18 members under the age of sixty-two (62) years, the limit on allowed  
19 earnings from the public schools of Oklahoma for employment for the  
20 performance of duties ordinarily performed by classified or  
21 nonclassified personnel shall be the lesser of Fifteen Thousand  
22 Dollars (\$15,000.00) or one-half (1/2) of the member's final average  
23 salary used in computing retirement benefits unless the earnings  
24 limitation allowed by the Social Security Administration would be

1 greater than Fifteen Thousand Dollars (\$15,000.00). For retired  
2 members sixty-two (62) years of age or older the limit on allowed  
3 earnings from the public schools of Oklahoma for the performance of  
4 duties ordinarily performed by classified or nonclassified personnel  
5 shall be the lesser of Thirty Thousand Dollars (\$30,000.00) or one-  
6 half (1/2) of the member's final average salary used in computing  
7 retirement benefits. For purposes of this paragraph, the following  
8 shall apply:

- 9       a. earnings shall mean "regular annual compensation" as  
10       defined in paragraph (25) of Section 17-101 of this  
11       title, and shall include any payment by a public  
12       school for services rendered by a retired member who  
13       is employed for any purpose whatsoever. Supplemental  
14       retirement payments paid by a former public school  
15       employer pursuant to subsection 9 of Section 17-105 of  
16       this title or other state law shall not be considered  
17       as earnings,
- 18       b. the Earnings Limitation for employees allowed by the  
19       Social Security Administration to workers between the  
20       age of sixty-two (62) years and sixty-five (65) years  
21       shall apply to retired members below the age of sixty-  
22       two (62) years,
- 23       c. the limit on allowed earnings from the public schools  
24       shall be automatically adjusted effective the first

- 1 day of January of each year to reflect the current  
2 Earnings Limitation for employees as determined from  
3 time to time by the Social Security Administration,  
4 d. earnings in excess of the maximum limit on allowed  
5 earnings from public schools of Oklahoma shall result  
6 in a loss of future retirement benefits for the year  
7 the post-retirement employment was performed of One  
8 Dollar (\$1.00) for each One Dollar (\$1.00) earned over  
9 the maximum allowed earnings amount,  
10 e. for those members age seventy (70) years and over, the  
11 earnings in excess of the maximum limit allowed  
12 earnings from public schools of Oklahoma shall be one-  
13 half (1/2) the member's final average salary used in  
14 computing retirement benefits. However, any retired  
15 member receiving benefits from the Retirement System  
16 who reached age seventy (70) years prior to July 1,  
17 1991, shall not be restricted by the earnings limits  
18 pursuant to this subparagraph until January 1, 1994.  
19 To qualify for the provisions of this subparagraph,  
20 the member must be employed less than one-half (1/2)  
21 time compared to other full-time employees in similar  
22 positions;

23 3. Notwithstanding paragraph 2 of this subsection, a retired  
24 classified or nonclassified member who has been retired for thirty-

1 six (36) or more months and who is employed by a public school to  
2 perform duties ordinarily performed by classified or nonclassified  
3 personnel shall be able to receive annualized earnings from the  
4 public school with no reduction in retirement benefits regardless of  
5 the amount of annualized earnings; and

6 4. A member shall be considered to be employed by a school  
7 district to perform the duties ordinarily performed by classified or  
8 nonclassified personnel if the member is hired by the school  
9 district in the member's individual capacity to perform the duties  
10 or if the member performs the duties through employment with a  
11 proprietorship, partnership, corporation, limited liability company  
12 or partnership, or any other business structure that has agreed or  
13 contracted to provide the services to the school district.

14 B. A public school district that employs a retired member shall  
15 be required to make contributions to the System for the retired  
16 member in an amount as required in Section 17-108.1 of this title.

17 C. For purposes of this section, post-retirement employment of  
18 less than one thousand (1,000) hours per year with the Governor, the  
19 State Senate, the House of Representatives or the Legislative  
20 Service Bureau shall not be considered as post-retirement employment  
21 with a public school of Oklahoma.

22 D. The Board of Trustees of the Teachers' Retirement System of  
23 Oklahoma shall promulgate such rules as are necessary to implement  
24 the provisions of this section.

1 E. A member who has entered into post-retirement employment  
2 with a participating employer of the Teachers' Retirement System of  
3 Oklahoma must fully comply with all the provisions of the rules  
4 promulgated by the Board of Trustees pursuant to this section in  
5 order to continue receiving his or her monthly retirement benefit.

6 SECTION 7. AMENDATORY 74 O.S. 2001, Section 902, as last  
7 amended by Section 1, Chapter 435, O.S.L. 2010 (74 O.S. Supp. 2010,  
8 Section 902), is amended to read as follows:

9 Section 902. As used in Section 901 et seq. of this title:

10 (1) "System" means the Oklahoma Public Employees Retirement  
11 System as established by this act and as it may hereafter be  
12 amended;

13 (2) "Accumulated contributions" means the sum of all  
14 contributions by a member to the System which shall be credited to  
15 the member's account;

16 (3) "Act" means Sections 901 to 932, inclusive, of this title;

17 (4) "Actuarial equivalent" means a deferred income benefit of  
18 equal value to the accumulated deposits or benefits when computed  
19 upon the basis of the actuarial tables in use by the System;

20 (5) "Actuarial tables" means the actuarial tables approved and  
21 in use by the Board at any given time;

22 (6) "Actuary" means the actuary or firm of actuaries employed  
23 by the Board at any given time;

24

1 (7) "Beneficiary" means any person named by a member to receive  
2 any benefits as provided for by Section 901 et seq. of this title.  
3 If there is no beneficiary living at time of member employee's  
4 death, the member's estate shall be the beneficiary;

5 (8) "Board" means the Oklahoma Public Employees Retirement  
6 System Board of Trustees;

7 (9) "Compensation" means all salary and wages, as defined by  
8 the Board of Trustees, including amounts deferred under deferred  
9 compensation agreements entered into between a member and a  
10 participating employer, but exclusive of payment for overtime,  
11 payable to a member of the System for personal services performed  
12 for a participating employer but shall not include compensation or  
13 reimbursement for traveling, or moving expenses, or any compensation  
14 in excess of the maximum compensation level, provided:

15 (a) For compensation for service prior to January 1, 1988,  
16 the maximum compensation level shall be Twenty-five  
17 Thousand Dollars (\$25,000.00) per annum.

18 For compensation for service on or after January 1,  
19 1988, through June 30, 1994, the maximum compensation  
20 level shall be Forty Thousand Dollars (\$40,000.00) per  
21 annum.

22 For compensation for service on or after July 1, 1994,  
23 through June 30, 1995, the maximum compensation level  
24 shall be Fifty Thousand Dollars (\$50,000.00) per

1 annum; for compensation for service on or after July  
2 1, 1995, through June 30, 1996, the maximum  
3 compensation level shall be Sixty Thousand Dollars  
4 (\$60,000.00) per annum; for compensation for service  
5 on or after July 1, 1996, through June 30, 1997, the  
6 maximum compensation level shall be Seventy Thousand  
7 Dollars (\$70,000.00) per annum; and for compensation  
8 for service on or after July 1, 1997, through June 30,  
9 1998, the maximum compensation level shall be Eighty  
10 Thousand Dollars (\$80,000.00) per annum. For  
11 compensation for services on or after July 1, 1998,  
12 there shall be no maximum compensation level for  
13 retirement purposes.

14 (b) Compensation for retirement purposes shall include any  
15 amount of elective salary reduction under Section 457  
16 of the Internal Revenue Code of 1986 and any amount of  
17 nonelective salary reduction under Section 414(h) of  
18 the Internal Revenue Code of 1986.

19 (c) Notwithstanding any provision to the contrary, the  
20 compensation taken into account for any employee in  
21 determining the contribution or benefit accruals for  
22 any plan year is limited to the annual compensation  
23 limit under Section 401(a)(17) of the federal Internal  
24 Revenue Code.

1 (d) Current appointed members of the Oklahoma Tax  
2 Commission whose salary is constitutionally limited  
3 and is less than the highest salary allowed by law for  
4 his or her position shall be allowed, within ninety  
5 (90) days from the effective date of this act, to make  
6 an election to use the highest salary allowed by law  
7 for the position to which the member was appointed for  
8 the purposes of making contributions and determination  
9 of retirement benefits. Such election shall be  
10 irrevocable and be in writing. Reappointment to the  
11 same office shall not permit a new election. Members  
12 appointed to the Oklahoma Tax Commission after the  
13 effective date of this act shall make such election,  
14 pursuant to this subparagraph, within ninety (90) days  
15 of taking office;

16 (10) "Credited service" means the sum of participating service,  
17 prior service and elected service;

18 (11) "Dependent" means a parent, child, or spouse of a member  
19 who is dependent upon the member for at least one-half (1/2) of the  
20 member's support;

21 (12) "Effective date" means the date upon which the System  
22 becomes effective by operation of law;

23 (13) "Eligible employer" means the state and any county, county  
24 hospital, city or town, conservation districts, circuit engineering

1 districts and any public or private trust in which a county, city or  
2 town participates and is the primary beneficiary is to be an  
3 eligible employer for the purpose of this act only, whose employees  
4 are covered by Social Security and are not covered by or eligible  
5 for another retirement plan authorized under the laws of this state  
6 which is in operation on the initial entry date. Emergency medical  
7 service districts may join the System upon proper application to the  
8 Board. Provided affiliation by a county hospital shall be in the  
9 form of a resolution adopted by the board of control.

10 (a) If a class or several classes of employees of any  
11 above-defined employers are covered by Social Security  
12 and are not covered by or eligible for and will not  
13 become eligible for another retirement plan authorized  
14 under the laws of this state, which is in operation on  
15 the effective date, such employer shall be deemed an  
16 eligible employer, but only with respect to that class  
17 or those classes of employees as defined in this  
18 section.

19 (b) A class or several classes of employees who are  
20 covered by Social Security and are not covered by or  
21 eligible for and will not become eligible for another  
22 retirement plan authorized under the laws of this  
23 state, which is in operation on the effective date,  
24 and when the qualifications for employment in such

1 class or classes are set by state law; and when such  
2 class or classes of employees are employed by a county  
3 or municipal government pursuant to such  
4 qualifications; and when the services provided by such  
5 employees are of such nature that they qualify for  
6 matching by or contributions from state or federal  
7 funds administered by an agency of state government  
8 which qualifies as a participating employer, then the  
9 agency of state government administering the state or  
10 federal funds shall be deemed an eligible employer,  
11 but only with respect to that class or those classes  
12 of employees as defined in this subsection; provided,  
13 that the required contributions to the retirement plan  
14 may be withheld from the contributions of state or  
15 federal funds administered by the state agency and  
16 transmitted to the System on the same basis as the  
17 employee and employer contributions are transmitted  
18 for the direct employees of the state agency. The  
19 retirement or eligibility for retirement under the  
20 provisions of law providing pensions for service as a  
21 volunteer fire fighter shall not render any person  
22 ineligible for participation in the benefits provided  
23 for in Section 901 et seq. of this title. An employee  
24 of any public or private trust in which a county, city

1 or town participates and is the primary beneficiary  
2 shall be deemed to be an eligible employee for the  
3 purpose of this act only.

4 (c) All employees of the George Nigh Rehabilitation  
5 Institute who elected to retain membership in the  
6 System, pursuant to Section 913.7 of this title, shall  
7 continue to be eligible employees for the purposes of  
8 this act. The George Nigh Rehabilitation Institute  
9 shall be considered a participating employer only for  
10 such employees.

11 (d) A participating employer of the Teachers' Retirement  
12 System of Oklahoma, who has one or more employees who  
13 have made an election pursuant to enabling legislation  
14 to retain membership in the System as a result of  
15 change in administration, shall be considered a  
16 participating employer of the Oklahoma Public  
17 Employees Retirement System only for such employees;

18 (14) "Employee" means any officer or employee of a  
19 participating employer, whose employment is not seasonal or  
20 temporary and whose employment requires at least one thousand  
21 (1,000) hours of work per year and whose salary or wage is equal to  
22 the hourly rate of the monthly minimum wage for state employees.  
23 For those eligible employers outlined in Section 910 of this title,  
24 the rate shall be equal to the hourly rate of the monthly minimum

1 wage for that employer. Each employer, whose minimum wage is less  
2 than the state's minimum wage, shall inform the System of the  
3 minimum wage for that employer. This notification shall be by  
4 resolution of the governing body.

5 (a) Any employee of the county extension agents who is not  
6 currently participating in the Teachers' Retirement  
7 System of Oklahoma shall be a member of this System.

8 (b) Eligibility shall not include any employee who is a  
9 contributing member of the United States Civil Service  
10 Retirement System.

11 (c) It shall be mandatory for an officer, appointee or  
12 employee of the office of district attorney to become  
13 a member of this System if he or she is not currently  
14 participating in a county retirement system. Provided  
15 further, that if an officer, appointee or employee of  
16 the office of district attorney is currently  
17 participating in such county retirement system, he or  
18 she is ineligible for this System as long as he or she  
19 is eligible for such county retirement system. Any  
20 eligible officer, appointee or employee of the office  
21 of district attorney shall be given credit for prior  
22 service as defined in this section. The provisions  
23 outlined in Section 917 of this title shall apply to  
24

1 those employees who have previously withdrawn their  
2 contributions.

3 (d) Eligibility shall also not include any officer or  
4 employee of the Oklahoma Employment Security  
5 Commission, except for those officers and employees of  
6 the Commission electing to transfer to this System  
7 pursuant to the provisions of Section 910.1 of this  
8 title or any other class of officers or employees  
9 specifically exempted by the laws of this state,  
10 unless there be a consolidation as provided by Section  
11 912 of this title. Employees of the Oklahoma  
12 Employment Security Commission who are ineligible for  
13 enrollment in the Employment Security Commission  
14 Retirement Plan, that was in effect on January 1,  
15 1964, shall become members of this System.

16 (e) Any employee employed by the Legislative Service  
17 Bureau, State Senate or House of Representatives for  
18 the full duration of a regular legislative session  
19 shall be eligible for membership in the System  
20 regardless of classification as a temporary employee  
21 and may participate in the System during the regular  
22 legislative session at the option of the employee.  
23 For purposes of this subparagraph, the determination  
24 of whether an employee is employed for the full

1 duration of a regular legislative session shall be  
2 made by the Legislative Service Bureau if such  
3 employee is employed by the Legislative Service  
4 Bureau, the State Senate if such employee is employed  
5 by the State Senate, or by the House of  
6 Representatives if such employee is employed by the  
7 House of Representatives. Each regular legislative  
8 session during which the legislative employee or an  
9 employee of the Legislative Service Bureau  
10 participates full time shall be counted as six (6)  
11 months of full-time participating service.

12 (i) Except as otherwise provided by this  
13 subparagraph, once a temporary session employee  
14 makes a choice to participate or not, the choice  
15 shall be binding for all future legislative  
16 sessions during which the employee is employed.

17 (ii) Notwithstanding the provisions of division (i) of  
18 this subparagraph, any employee, who is eligible  
19 for membership in the System because of the  
20 provisions of this subparagraph and who was  
21 employed by the State Senate or House of  
22 Representatives after January 1, 1989, may file  
23 an election, in a manner specified by the Board,  
24

1 to participate as a member of the System prior to  
2 September 1, 1989.

3 (iii) Notwithstanding the provisions of division (i) of  
4 this subparagraph, a temporary legislative  
5 session employee who elected to become a member  
6 of the System may withdraw from the System  
7 effective the day said employee elected to  
8 participate in the System upon written request to  
9 the Board. Any such request must be received by  
10 the Board prior to October 1, 1990. All employee  
11 contributions made by the temporary legislative  
12 session employee shall be returned to the  
13 employee without interest within four (4) months  
14 of receipt of the written request.

15 (iv) A member of the System who did not initially  
16 elect to participate as a member of the System  
17 pursuant to subparagraph (e) of this paragraph  
18 shall be able to acquire service performed as a  
19 temporary legislative session employee for  
20 periods of service performed prior to the date  
21 upon which the person became a member of the  
22 System if:  
23  
24

- 1           a.    the member files an election with the System  
2                   not later than December 31, 2000, to  
3                   purchase the prior service; and
- 4           b.    the member makes payment to the System of  
5                   the actuarial cost of the service credit  
6                   pursuant to subsection A of Section 913.5 of  
7                   this title.  The provisions of Section 913.5  
8                   of this title shall be applicable to the  
9                   purchase of the service credit, including  
10                  the provisions for determining service  
11                  credit in the event of incomplete payment  
12                  due to cessation of payments, death,  
13                  termination of employment or retirement, but  
14                  the payment may extend for a period not to  
15                  exceed ninety-six (96) months;

16           (15)  "Entry date" means the date on which an eligible employer  
17 joins the System.  The first entry date pursuant to Section 901 et  
18 seq. of this title shall be January 1, 1964;

19           (16)  "Executive Director" means the managing officer of the  
20 System employed by the Board under Section 901 et seq. of this  
21 title;

22           (17)  "Federal Internal Revenue Code" means the federal Internal  
23 Revenue Code of 1954 or 1986, as amended and as applicable to a  
24 governmental plan as in effect on July 1, 1999;

1 (18) "Final average compensation" means the average annual  
2 compensation, including amounts deferred under deferred compensation  
3 agreements entered into between a member and a participating  
4 employer, up to, but not exceeding the maximum compensation levels  
5 as provided in paragraph (9) of this section received during the  
6 highest three (3) of the last ten (10) years of participating  
7 service immediately preceding retirement or termination of  
8 employment. For those members who first join the System after June  
9 30, 2011, "Final average compensation" means the average annual  
10 compensation, including amounts deferred under deferred compensation  
11 agreements entered into between a member and a participating  
12 employer, up to, but not exceeding the maximum compensation levels  
13 as provided in paragraph (9) of this section received during the  
14 last five years of participating service immediately preceding  
15 retirement or termination of employment. Provided, no member shall  
16 retire with a final average compensation unless the member has made  
17 the required contributions on such compensation, as defined by the  
18 Board of Trustees;

19 (19) "Fiscal year" means the period commencing July 1 of any  
20 year and ending June 30 of the next year. The fiscal year is the  
21 plan year for purposes of the federal Internal Revenue Code;  
22 however, the calendar year is the limitation year for purposes of  
23 Section 415 of the federal Internal Revenue Code;

24

1 (20) "Fund" means the Oklahoma Public Employees Retirement Fund  
2 as created by Section 901 et seq. of this title;

3 (21) "Leave of absence" means a period of absence from  
4 employment without pay, authorized and approved by the employer and  
5 acknowledged to the Board, and which after the effective date does  
6 not exceed two (2) years;

7 (22) "Member" means an eligible employee or elected official  
8 who is in the System and is making the required employee or elected  
9 official contributions, or any former employee or elected official  
10 who shall have made the required contributions to the System and  
11 shall have not received a refund or withdrawal;

12 (23) "Military service" means service in the Armed Forces of  
13 the United States by an honorably discharged person during the  
14 following time periods, as reflected on such person's Defense  
15 Department Form 214, not to exceed five (5) years for combined  
16 participating and/or prior service, as follows:

17 (a) during the following periods, including the beginning  
18 and ending dates, and only for the periods served,  
19 from:

20 (i) April 6, 1917, to November 11, 1918, commonly  
21 referred to as World War I,

22 (ii) September 16, 1940, to December 7, 1941, as a  
23 member of the 45th Division,  
24

- 1 (iii) December 7, 1941, to December 31, 1946, commonly  
2 referred to as World War II,
- 3 (iv) June 27, 1950, to January 31, 1955, commonly  
4 referred to as the Korean Conflict or the Korean  
5 War,
- 6 (v) February 28, 1961, to May 7, 1975, commonly  
7 referred to as the Vietnam era, except that:  
8 a. for the period from February 28, 1961, to  
9 August 4, 1964, military service shall only  
10 include service in the Republic of Vietnam  
11 during that period, and  
12 b. for purposes of determining eligibility for  
13 education and training benefits, such period  
14 shall end on December 31, 1976, or
- 15 (vi) August 1, 1990, to December 31, 1991, commonly  
16 referred to as the Gulf War, the Persian Gulf  
17 War, or Operation Desert Storm, but excluding any  
18 person who served on active duty for training  
19 only, unless discharged from such active duty for  
20 a service-connected disability;
- 21 (b) during a period of war or combat military operation  
22 other than a conflict, war or era listed in  
23 subparagraph (a) of this paragraph, beginning on the  
24 date of Congressional authorization, Congressional

1 resolution, or Executive Order of the President of the  
2 United States, for the use of the Armed Forces of the  
3 United States in a war or combat military operation,  
4 if such war or combat military operation lasted for a  
5 period of ninety (90) days or more, for a person who  
6 served, and only for the period served, in the area of  
7 responsibility of the war or combat military  
8 operation, but excluding a person who served on active  
9 duty for training only, unless discharged from such  
10 active duty for a service-connected disability, and  
11 provided that the burden of proof of military service  
12 during this period shall be with the member, who must  
13 present appropriate documentation establishing such  
14 service.

15 An eligible member under this paragraph shall include only those  
16 persons who shall have served during the times or in the areas  
17 prescribed in this paragraph, and only if such person provides  
18 appropriate documentation in such time and manner as required by the  
19 System to establish such military service prescribed in this  
20 paragraph, or for service pursuant to subdivision a of division (v)  
21 of subparagraph (a) of this paragraph those persons who were awarded  
22 service medals, as authorized by the United States Department of  
23 Defense as reflected in the veteran's Defense Department Form 214,  
24 related to the Vietnam Conflict for service prior to August 5, 1964;

1 (24) "Normal retirement date" means the date on which a member  
2 may retire with full retirement benefits as provided in Section 901  
3 et seq. of this title, such date being whichever occurs first:

- 4 (a) 1. the first day of the month coinciding with or  
5 following a member's sixty-second birthday, or  
6 2. for those members who first join the System after  
7 June 30, 2011, the first day of the month  
8 coinciding with or following a member's sixty-  
9 fifth birthday,

- 10 (b) for any person who initially became a member prior to  
11 July 1, 1992, the first day of the month coinciding  
12 with or following the date at which the sum of a  
13 member's age and number of years of credited service  
14 total eighty (80); such a normal retirement date will  
15 also apply to any person who became a member of the  
16 sending system as defined in Section 901 et seq. of  
17 this title, prior to July 1, 1992, regardless of  
18 whether there were breaks in service after July 1,  
19 1992,

- 20 (c) for any person who became a member after June 30,  
21 1992, the first day of the month coinciding with or  
22 following the date at which the sum of a member's age  
23 and number of years of credited service total ninety  
24 (90),

1 (d) in addition to subparagraphs (a), (b) and (c) of this  
2 paragraph, the first day of the month coinciding with  
3 or following a member's completion of at least twenty  
4 (20) years of full-time-equivalent employment as:

5 (i) a correctional or probation and parole officer  
6 with the Department of Corrections and at the  
7 time of retirement, the member was a correctional  
8 or probation and parole officer with the  
9 Department of Corrections, or

10 (ii) a correctional officer, probation and parole  
11 officer or fugitive apprehension agent with the  
12 Department of Corrections who is in such position  
13 on June 30, 2004, or who is hired after June 30,  
14 2004, and who receives a promotion or change in  
15 job classification after June 30, 2004, to  
16 another position in the Department of  
17 Corrections, so long as such officer or agent has  
18 at least five (5) years of service as a  
19 correctional officer, probation and parole  
20 officer or fugitive apprehension agent with the  
21 Department, has twenty (20) years of full-time-  
22 equivalent employment with the Department and was  
23 employed by the Department at the time of  
24 retirement, or

1 (iii) a firefighter with the Oklahoma Military  
2 Department either employed for the first time on  
3 or after July 1, 2002, or who was employed prior  
4 to July 1, 2002, in such position and who makes  
5 the election authorized by division (2) of  
6 subparagraph b of paragraph (8) of subsection A  
7 of Section 915 of this title and at the time of  
8 retirement, the member was a firefighter with the  
9 Oklahoma Military Department, and such member has  
10 at least twenty (20) years of credited service  
11 upon which the two and one-half percent (2 1/2%)  
12 multiplier will be used in calculating the  
13 retirement benefit,

14 (e) for those fugitive apprehension agents who retire on  
15 or after July 1, 2002, the first day of the month  
16 coinciding with or following a member's completion of  
17 at least twenty (20) years of full-time-equivalent  
18 employment as a fugitive apprehension agent with the  
19 Department of Corrections and at the time of  
20 retirement, the member was a fugitive apprehension  
21 agent with the Department of Corrections, or

22 (f) for any member who was continuously employed by an  
23 entity or institution within The Oklahoma State System  
24 of Higher Education and whose initial employment with

1           such entity or institution was prior to July 1, 1992,  
2           and who without a break in service of more than thirty  
3           (30) days became employed by an employer participating  
4           in the Oklahoma Public Employees Retirement System,  
5           the first day of the month coinciding with or  
6           following the date at which the sum of the member's  
7           age and number of years of credited service total  
8           eighty (80);

9           (25) "Participating employer" means an eligible employer who  
10          has agreed to make contributions to the System on behalf of its  
11          employees;

12          (26) "Participating service" means the period of employment  
13          after the entry date for which credit is granted a member;

14          (27) "Prior service" means the period of employment of a member  
15          by an eligible employer prior to the member's entry date for which  
16          credit is granted a member under Section 901 et seq. of this title;

17          (28) "Retirant" or "retiree" means a member who has retired  
18          under the System;

19          (29) "Retirement benefit" means a monthly income with benefits  
20          accruing from the first day of the month coinciding with or  
21          following retirement and ending on the last day of the month in  
22          which death occurs or the actuarial equivalent thereof paid in such  
23          manner as specified by the member pursuant to Section 901 et seq. of  
24

1 this title or as otherwise allowed to be paid at the discretion of  
2 the Board;

3 (30) "Retirement coordinator" means the individual designated  
4 by each participating employer through whom System transactions and  
5 communication shall be directed;

6 (31) "Social Security" means the old-age survivors and  
7 disability section of the Federal Social Security Act;

8 (32) "Total disability" means a physical or mental disability  
9 accepted for disability benefits by the Federal Social Security  
10 System;

11 (33) "Service-connected disability benefits" means military  
12 service benefits which are for a service-connected disability rated  
13 at twenty percent (20%) or more by the Veterans Administration or  
14 the Armed Forces of the United States;

15 (34) "Elected official" means a person elected to a state  
16 office in the legislative or executive branch of state government or  
17 a person elected to a county office for a definite number of years  
18 and shall include an individual who is appointed to fill the  
19 unexpired term of an elected state official;

20 (35) "Elected service" means the period of service as an  
21 elected official; and

22 (36) "Limitation year" means the year used in applying the  
23 limitations of Section 415 of the Internal Revenue Code of 1986,  
24 which year shall be the calendar year.

1 SECTION 8. AMENDATORY 74 O.S. 2001, Section 913, as last  
2 amended by Section 4, Chapter 392, O.S.L. 2010 (74 O.S. Supp. 2010,  
3 Section 913), is amended to read as follows:

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

5 1. A member shall receive full credit for employment with any  
6 participating employer prior to the entry date of his or her  
7 employer whether or not continuous and whether or not he or she was  
8 employed with a participating employer on such entry date, provided  
9 that any member who has retired before the passage of Section 901 et  
10 seq. of this title, shall not receive retirement benefits  
11 retroactively for such prior service. Provided, that at such time  
12 that an employer becomes a participating employer on or after  
13 January 1, 1965, and before January 1, 1975, each member and each  
14 retirant, upon making proper written application therefor, shall  
15 receive prior service credit for service with such employer in the  
16 same manner as if such participating employer had been a  
17 participating employer on the date first eligible to become a  
18 participating employer; and increased benefits attributable to such  
19 increased prior service credit shall commence with the next monthly  
20 benefit payment due following receipt and approval of such  
21 application by the Board of Trustees. No prior service shall be  
22 granted, however, for periods of service in which the employee made  
23 contributions which he or she subsequently withdrew, unless he or  
24 she has complied with the provisions of subsection (5) of Section

1 917 of this title. The burden of proof regarding prior service  
2 shall be with the member and shall be documented in such manner as  
3 the Board may direct;

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

9 3. Any member who served in the Armed Forces of the United  
10 States, as defined in paragraph (23) of Section 902 of this title,  
11 prior to membership in the Oklahoma Public Employees Retirement  
12 System shall be granted prior service credit, not to exceed five (5)  
13 years, for those periods of active military service during which he  
14 or she was a war veteran. For a member of the System hired on or  
15 after July 1, 2003, if the military service credit authorized by  
16 this paragraph is used to compute the retirement benefit of the  
17 member and the member retires from the System, such military service  
18 credit shall not be used to compute the retirement benefit in any  
19 other retirement system created pursuant to the Oklahoma Statutes  
20 and the member may receive credit for such service only in the  
21 retirement system from which the member first retires;

22 4. An elective state, county, city or town official who is  
23 ineligible for membership as a result of any applicable state law or  
24 constitutional provision making him or her ineligible solely because

1 of his or her being such an official at the time of his or her  
2 eligibility for membership at the time his or her employer becomes a  
3 participating employer shall nevertheless not forfeit the prior  
4 service credit to which he or she would be entitled except for such  
5 ineligibility, provided that he or she either:

6 a. becomes an employee of a participating employer within  
7 four (4) calendar months of the expiration of his or  
8 her term of office current at the time of his or her  
9 eligibility except for his or her being an elective  
10 state or county official, or

11 b. within a period of four (4) years after the expiration  
12 of his or her term of office current at the time of  
13 his or her eligibility except for his or her being an  
14 elective state or county official, is elected as a  
15 state or county official and thereupon becomes a  
16 member of the System, or

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

21 5. Beginning July 1, 1965, all employees of the Department of  
22 Human Services shall participate in the Oklahoma Public Employees  
23 Retirement System to the same extent as other employees of  
24 participating employers in such System. Provided, that any employee

1 performing teaching services in the Oklahoma School for the Deaf or  
2 the Oklahoma School for the Blind may elect to participate in the  
3 Teachers' Retirement System of Oklahoma in lieu of the Oklahoma  
4 Public Employees Retirement System; and any other employee at each  
5 such institution or any other institution under the jurisdiction of  
6 the Department of Human Services, participating in the Teachers'  
7 Retirement System of Oklahoma, may elect to continue to participate  
8 in such system in lieu of the Oklahoma Public Employees Retirement  
9 System. All employees who shall have participated in the Teachers'  
10 Retirement System of Oklahoma and not continuing therein shall have  
11 the right to withdraw their membership from the Teachers' Retirement  
12 System of Oklahoma on the same terms as other members withdrawing  
13 from such System before retirement. Provided, all persons employed  
14 at the Oklahoma School for the Blind and Oklahoma School for the  
15 Deaf on June 30, 1965, who became subject to the Oklahoma Public  
16 Employees Retirement System, on July 1, 1965, shall receive credit  
17 for prior service and be eligible for participation, regardless of  
18 age;

19       6. A member employed as a temporary employee by the Legislative  
20 Service Bureau or its predecessors, the State Senate or the House of  
21 Representatives for the full duration of a regular legislative  
22 session prior to the member's eligibility for membership in the  
23 System shall receive six (6) months of prior service credit for each  
24 such full regular legislative session if the employee is employed by

1 the Legislative Service Bureau or its predecessors, the State Senate  
2 or the House of Representatives as either a full-time or temporary  
3 employee for a minimum of six (6) full regular legislative sessions  
4 beginning January 1, 1983. For purposes of this subsection, the  
5 determination of whether an employee is employed for the full  
6 duration of a regular legislative session shall be made by the  
7 Legislative Service Bureau if such employee is employed by the  
8 Legislative Service Bureau, the State Senate if such employee is  
9 employed by the State Senate, or by the House of Representatives if  
10 such employee is employed by the House of Representatives;

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

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

- 1 a. the member was employed by the participating employer  
2 immediately prior to and during the period of absence,
- 3 b. the member must notify the System in writing not later  
4 than four (4) months after the member's return to his  
5 or her job duties with the participating employer, or  
6 termination of employment with the participating  
7 employer, or termination of the temporary total  
8 disability benefits, whichever is earlier, of the  
9 member's desire to receive participating service  
10 credit for the period of absence,
- 11 c. the participating employer must certify to the System  
12 in writing the dates during which temporary total  
13 disability benefits payments were paid to the member,  
14 and
- 15 d. the member and the participating employer shall each  
16 pay their respective contributions required for the  
17 period of absence without interest within sixty (60)  
18 days of invoicing by the System, or with interest of  
19 seven and one-half percent (7 1/2%) compounded  
20 annually if paid after said sixty (60) days.

21 B. Participating service shall be credited as follows:

- 22 1. A member shall receive credit for participating service with  
23 a participating employer in accordance with the rules and  
24 regulations established by the Board; provided, however, that a

1 member who is not a full-time employee shall receive prorated credit  
2 for actual hours worked;

3       2. Leaves of absence shall not count as a break in continuous  
4 employment provided the member leaves his or her accumulated  
5 contribution on deposit with the fund; however, the leaves of  
6 absence shall not be credited except that involuntary furloughs  
7 established by Office of Personnel Management rules, involuntary  
8 furloughs of employees of a district attorney conducted in  
9 substantial compliance with the rules of the Office of Personnel  
10 Management as certified by the District Attorneys Council,  
11 involuntary furloughs of employees pursuant to a furlough plan  
12 adopted by the President Pro Tempore of the Senate or the Speaker of  
13 the House of Representatives as authorized in Section 840-5.1 of  
14 this title and involuntary furloughs of employees authorized by the  
15 Oklahoma Supreme Court shall be credited;

16       3. Any member who has served in the Armed Forces of the United  
17 States, as defined in paragraph (23) of Section 902 of this title,  
18 shall be granted participating service for those periods of active  
19 military service during which he or she was a war veteran provided  
20 this service is immediately preceded by a period of employment with  
21 a participating employer and is followed by return to employment as  
22 an employee with the same or another participating employer within  
23 ninety (90) days immediately following discharge from such military

24

1 service provided the member leaves his or her accumulated  
 2 contributions on deposit with the fund;

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

9 5. Termination of employment with a participating employer  
 10 followed by employment with the same or another participating  
 11 employer within four (4) calendar months shall not constitute a  
 12 break in continuous employment; provided, that such period while not  
 13 employed shall not be credited as participating service;

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

18 Employee accumulated contributions:

19	More than \$1.00 up to \$500	= 1 year participating service
20	More than \$500 up to \$1,000	= 2 years participating service
21	More than \$1,000 up to \$1,500	= 3 years participating service
22	More than \$1,500 up to \$2,000	= 4 years participating service
23	More than \$2,000	= 5 years participating service

24

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

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

7 7. The total participating service credit of a member who  
8 retires or terminates employment and elects a vested benefit shall  
9 include not to exceed one hundred thirty (130) days of unused sick  
10 leave accumulated subsequent to August 1, 1959, during the member's  
11 employment with any participating employer. Such credit shall be  
12 added in terms of whole months. Twenty (20) days of unused sick  
13 leave shall equal one (1) month for purposes of participating  
14 service credit. If unused sick leave entitles a member to an  
15 additional year of service credit, the member's employer shall  
16 reimburse the System for the cost of funding the additional reserve.  
17 Each participating employer shall provide the System with adequate  
18 and timely information necessary to determine additional benefits  
19 and its cost under this paragraph. This paragraph shall apply only  
20 to members retiring or vesting on or after July 1, 1984 and to  
21 members who became members of the System before July 1, 2011.

22 C. In determining the number of years of credited service, a  
23 fractional year of six (6) months or more shall be considered as one  
24 (1) year, and less than six (6) months shall be disregarded.

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

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

23 F. Effective December 12, 1994, and thereafter, a leave of  
24 absence on account of a period of qualified military service in the

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

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

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

24 |

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

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

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

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

20           (1) for members who have vested with the sending  
21 system, determine the present value of the  
22 member's earned benefits attributable to the  
23 years of service sought to be transferred,  
24 discounted according to the member's age at the

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

- 16 (2) determine the sum of the employee and employer  
17 contributions applicable to the years of service  
18 sought to be transferred plus interest consistent  
19 with the actuarial assumptions adopted by the  
20 Board of Trustees for purposes of preparing the  
21 annual actuarial evaluation. For all nonvested  
22 members, and for vested members if the product of  
23 this calculation is greater than the product of  
24 the calculation in division (1) of this

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

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

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

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

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

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

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

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

1 unless the unpaid balance is paid by said member, his or her estate  
2 or successor in interest within six (6) months after said member's  
3 death, termination of employment or retirement, provided no  
4 retirement benefits shall be payable until the unpaid balance is  
5 paid, unless said member or beneficiary affirmatively waives the  
6 additional six-month period in which to pay the unpaid balance.

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

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

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

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

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

22       H. 1. A member of the Teachers' Retirement System of Oklahoma  
23 whose last service with the Teachers' Retirement System of Oklahoma  
24 was with an entity or institution within The Oklahoma State System

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

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

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

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

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

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

24

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

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

11 SECTION 9. This act shall become effective July 1, 2011.

12 SECTION 10. It being immediately necessary for the preservation  
13 of the public peace, health and safety, an emergency is hereby  
14 declared to exist, by reason whereof this act shall take effect and  
15 be in full force from and after its passage and approval.

16 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated  
17 2-24-11 - DO PASS, As Amended and Coauthored.