

STATE OF OKLAHOMA

2nd Session of the 53rd Legislature (2012)

HOUSE BILL 2321

By: McDaniel (Randy)

AS INTRODUCED

An Act relating to public retirement systems; amending 70 O.S. 2011, Section 17-116.2, which relates to the Teachers' Retirement System of Oklahoma; modifying sick leave crediting provisions; amending 74 O.S. 2011, Section 913, which relates to the Oklahoma Public Employees Retirement System; modifying sick leave crediting provisions; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-116.2, is amended to read as follows:

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

1 A classified member who retired prior to July 1, 1986, shall
2 have his retirement allowance calculated on a minimum average salary
3 of Eleven Thousand Five Hundred Dollars (\$11,500.00) or on his
4 current minimum average salary plus Two Thousand Dollars
5 (\$2,000.00), whichever is greater. Beginning July 1, 1994, a
6 classified member who retired prior to July 1, 1993, shall have the
7 member's retirement allowance calculated on the member's current
8 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).
9 An unclassified member who retired prior to July 1, 1986, shall have
10 his retirement allowance calculated on a minimum average salary of
11 Nine Thousand Five Hundred Dollars (\$9,500.00) or on his current
12 minimum average salary plus One Thousand Dollars (\$1,000.00),
13 whichever is greater. Beginning July 1, 1994, an unclassified
14 member who retired prior to July 1, 1993, shall have the member's
15 retirement allowance calculated on the member's current minimum
16 average salary plus Two Hundred Seventy-five Dollars (\$275.00).
17 Those individuals receiving benefits pursuant to subsection (3) of
18 Section 17-105 of this title whose benefits commenced prior to July
19 1, 1993, shall receive an increase in benefits of two and one-half
20 percent (2 1/2%). No retirement benefit payments shall be made
21 retroactively.

22 Except for those members retiring because of a disability, the
23 retirement allowance:
24

1 a. for those members whose first creditable service with
 2 the retirement system occurs prior to November 1,
 3 2011, shall be subject to adjustment for those members
 4 retiring before normal retirement age in accordance
 5 with the actuarial equivalent factors adopted by the
 6 Board of Trustees, and

7 b. for those members whose first creditable service with
 8 the retirement system occurs on or after November 1,
 9 2011, shall be adjusted according to the following
 10 schedule:

Age	Percentage of Normal Retirement Benefit
65	100.00%
64	93.00%
63	86.00%
62	80.00%
61	73.00%
60	65.00%

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

- 1 a. if the member becomes a member after June 30, 1995,
2 and was not eligible to become a member prior to July
3 1, 1995, in an amount equal to two percent (2%) of the
4 member's average salary upon which member
5 contributions were made, multiplied by the number of
6 the member's years of creditable service, or
- 7 b. if the member became a member or is eligible to become
8 a member prior to July 1, 1995, and elected to have a
9 maximum compensation level in excess of Twenty-five
10 Thousand Dollars (\$25,000.00) pursuant to paragraph 1
11 of subsection C of this section or pursuant to
12 subsection E of this section, or if the member's
13 salary has never exceeded Twenty-five Thousand Dollars
14 (\$25,000.00) prior to July 1, 1995, in an amount equal
15 to:
- 16 (1) two percent (2%) of the member's average salary
17 upon which member contributions were made not to
18 exceed Forty Thousand Dollars (\$40,000.00),
19 multiplied by the number of the member's years of
20 credited service authorized and performed prior
21 to July 1, 1995, plus any years of prior service
22 authorized under this title, plus
- 23 (2) two percent (2%) of the member's average salary
24 upon which member contributions were made,

1 multiplied by the number of the member's years of
2 credited service authorized and performed after
3 June 30, 1995, or

4 c. if the member became a member or is eligible to become
5 a member prior to July 1, 1995, and was eligible to
6 elect to have a maximum compensation level in excess
7 of Twenty-five Thousand Dollars (\$25,000.00) and did
8 not elect or elected not to have a maximum
9 compensation level of Forty Thousand Dollars
10 (\$40,000.00) pursuant to paragraph 1 of subsection C
11 of this section or pursuant to subsection E of this
12 section, in an amount equal to:

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

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

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

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

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

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

20 4. All public schools in this state shall treat the employee
21 contributions as being picked-up under the provisions of Section 414
22 (h) (2) of the Internal Revenue Code of 1986 in determining tax
23 treatment.
24

1 C. 1. Prior to July 1, 1995, an active member of the System
2 may elect to have a maximum compensation level of Forty Thousand
3 Dollars (\$40,000.00). Such an election shall be made in writing and
4 filed with the System. Members whose salaries are in excess of
5 Twenty-five Thousand Dollars (\$25,000.00) on the effective date of
6 this act shall file the election with the System prior to January 1,
7 1988. Members whose salaries exceed Twenty-five Thousand Dollars
8 (\$25,000.00) after the effective date of this act shall file the
9 election when the salary exceeds Twenty-five Thousand Dollars
10 (\$25,000.00). If a member makes such an election, the member shall
11 contribute the following amounts:

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

1 Dollars (\$25,000.00) and is not in excess of Forty
2 Thousand Dollars (\$40,000.00). Except as provided in
3 subsection E of this section, any such election shall
4 be irrevocable.

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

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

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

23 2. Amounts that would otherwise qualify as salary under
24 paragraph 1 of this subsection but are not received directly by the

1 member pursuant to a good faith, voluntary written salary reduction
2 agreement in order to finance payments to a deferred compensation or
3 tax-sheltered annuity program or to finance benefit options under a
4 cafeteria plan qualifying under the United States Internal Revenue
5 Code, 26 U.S.C., Section 101 et seq.; and

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

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

23 E. 1. Any member who was a contributing member of the
24 Retirement System between July 1, 1987, and June 30, 1995, who at

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

16 2. Any changes made pursuant to this subsection shall be
17 irrevocable.

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

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

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

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

21 1. Deductions shall begin with the first payroll period of the
22 school year. In determining the amount earnable by a member in a
23 payroll period, the Board of Trustees shall consider the rate of
24 annual compensation payable to such member on the first day of the

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

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

- 12 a. the member is required to have two (2) years of
13 employed service teaching earned in Oklahoma for each
14 year of Peace Corps, territorial, out-of-state,
15 noncovered in-state or military membership credit
16 granted.
- 17 b. prior to January 1, 1991, the out-of-state or
18 noncovered in-state payment shall be the normal cost,
19 which means the single sum which would have been paid
20 under existing law at the time the service was
21 performed, plus interest, on the basis of what his or
22 her annual salary would have been in Oklahoma or out
23 of state, whichever is greater, had he or she been
24 employed as a teacher. Effective January 1, 1991, the

1 Peace Corps, territorial, out-of-state or noncovered
2 in-state payment shall be the amount determined by the
3 Board of Trustees pursuant to Section 17-116.8 of this
4 title.

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

1 period for which said contributions were paid shall be counted as
2 creditable years of service and allocated to the period during which
3 the military service was rendered, except that the period for which
4 contributions were paid must have been continuous and shall be
5 credited in the aggregate, regardless of fiscal year limitations.
6 Notwithstanding any provision herein to the contrary, contributions,
7 benefits and service credit with respect to qualified military
8 service as defined by Section 414(u) of the Internal Revenue Code of
9 1986, shall be provided in accordance with Section 414(u) of the
10 Internal Revenue Code.

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

14 H. Effective July 1, ~~2004~~ 2012, the total creditable service of
15 a member who retires or terminates employment and elects a vested
16 benefit shall include not to exceed one hundred twenty (120) days of
17 unused sick leave accumulated subsequent to August 1, 1959. ~~Twenty~~
18 ~~(20)~~ Thirty (30) days of unused sick leave shall equal one (1) month
19 for purposes of creditable service credit. If the member becomes a
20 member or was eligible to become a member prior to July 1, 1995, the
21 year of credit received in this section shall be treated as service
22 earned prior to July 1, 1995. This subsection shall apply to
23 members retiring or vesting on or after the effective date of this
24 act and shall not be retroactive.

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

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

15 1. A member shall receive full credit for employment with any
16 participating employer prior to the entry date of his or her
17 employer whether or not continuous and whether or not he or she was
18 employed with a participating employer on such entry date, provided
19 that any member who has retired before the passage of Section 901 et
20 seq. of this title, shall not receive retirement benefits
21 retroactively for such prior service. Provided, that at such time
22 that an employer becomes a participating employer on or after
23 January 1, 1965, and before January 1, 1975, each member and each
24 retirant, upon making proper written application therefor, shall

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

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

19 3. Any member who served in the Armed Forces of the United
20 States, as defined in paragraph (23) of Section 902 of this title,
21 prior to membership in the Oklahoma Public Employees Retirement
22 System shall be granted prior service credit, not to exceed five (5)
23 years, for those periods of active military service during which he
24 or she was a war veteran. For a member of the System hired on or

1 after July 1, 2003, if the military service credit authorized by
2 this paragraph is used to compute the retirement benefit of the
3 member and the member retires from the System, such military service
4 credit shall not be used to compute the retirement benefit in any
5 other retirement system created pursuant to the Oklahoma Statutes
6 and the member may receive credit for such service only in the
7 retirement system from which the member first retires;

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

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

21 b. within a period of four (4) years after the expiration
22 of his or her term of office current at the time of
23 his or her eligibility except for his or her being an
24 elective state or county official, is elected as a

1 state or county official and thereupon becomes a
2 member of the System, or

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

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

1 Deaf on June 30, 1965, who became subject to the Oklahoma Public
2 Employees Retirement System, on July 1, 1965, shall receive credit
3 for prior service and be eligible for participation, regardless of
4 age;

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

21 7. A member of the System shall receive prior service credit
22 for any years of service after January 1, 1975, the member had with
23 a participating employer if the member is not receiving or eligible
24 to receive such prior service credit for the same time in any other

1 state or county retirement system authorized by law. To receive the
2 service credit, the member shall pay the amount determined by the
3 Board pursuant to Section 913.5 of this title; and

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

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

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

7 B. Participating service shall be credited as follows:

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

13 2. Leaves of absence shall not count as a break in continuous
14 employment provided the member leaves his or her accumulated
15 contribution on deposit with the fund; however, the leaves of
16 absence shall not be credited except that involuntary furloughs
17 established by Office of Personnel Management rules, involuntary
18 furloughs of employees of a district attorney conducted in
19 substantial compliance with the rules of the Office of Personnel
20 Management as certified by the District Attorneys Council,
21 involuntary furloughs of employees pursuant to a furlough plan
22 adopted by the President Pro Tempore of the Senate or the Speaker of
23 the House of Representatives as authorized in Section 840-5.1 of
24

1 this title and involuntary furloughs of employees authorized by the
2 Oklahoma Supreme Court shall be credited;

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

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

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

24

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

5 Employee accumulated contributions:

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

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

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

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

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

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

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

17 7. The total participating service credit of a member who
18 retires or terminates employment and elects a vested benefit shall
19 include not to exceed one hundred thirty (130) days of unused sick
20 leave accumulated subsequent to August 1, 1959, during the member's
21 employment with any participating employer. Such credit shall be
22 added in terms of whole months. ~~Twenty (20)~~ Thirty (30) days of
23 unused sick leave shall equal one (1) month for purposes of
24 participating service credit. If unused sick leave entitles a

1 member to an additional year of service credit, the member's
2 employer shall reimburse the System for the cost of funding the
3 additional reserve. Each participating employer shall provide the
4 System with adequate and timely information necessary to determine
5 additional benefits and its cost under this paragraph. This
6 paragraph shall apply to members retiring or vesting on or after
7 July 1, 1984.

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

11 D. A member may receive credit for those years of credited
12 service accumulated by the member while a member of the Oklahoma
13 Firefighters Pension and Retirement System, the Oklahoma Police
14 Pension and Retirement System, the Uniform Retirement System for
15 Justices and Judges, the Oklahoma Law Enforcement Retirement System,
16 or the Teachers' Retirement System of Oklahoma, if the member is not
17 receiving or eligible to receive retirement credit or benefits from
18 said service in any other public retirement system. To receive the
19 service credit, the member shall pay the amount determined by the
20 Board pursuant to Section 913.5 of this title.

21 E. A member may receive credit for those years of service
22 accumulated by the member as an elected official if the member is
23 not receiving or eligible to receive retirement credit or benefits
24 from said service in any public retirement system. Prior to January

1 1, 1991, to receive the service credit, the member shall pay to the
2 Board for each year of service purchased pursuant to this subsection
3 a sum equal to the employee and employer contribution rate that
4 would have been applicable to the member as determined by the Board
5 and interest of not to exceed five percent (5%), and effective
6 January 1, 1991, to receive the service credit, the member shall pay
7 the amount determined by the Board pursuant to Section 913.5 of this
8 title.

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

20 G. 1. An active member of the Oklahoma Public Employees
21 Retirement System may receive credit for those years of service
22 accumulated by the member while a member of the Teachers' Retirement
23 System of Oklahoma if:
24

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

13 Members electing to take advantage of the transfer authorized by
14 this subsection who are receiving or eligible to receive retirement
15 credit or benefits from said service in any other public retirement
16 system shall have all service credit with the Teachers' Retirement
17 System of Oklahoma canceled which is not transferred to the Oklahoma
18 Public Employees Retirement System or used as a cash offset in such
19 a transfer pursuant to subparagraph d of paragraph 2 of this
20 subsection. Service credit transferred to the Teachers' Retirement
21 System of Oklahoma under this subsection shall also be canceled with
22 the Oklahoma Public Employees Retirement System.

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

4 a. Within thirty (30) days notification of an intent to
5 transfer is received by the sending system, the
6 sending system shall, according to its own rules and
7 regulations:

8 (1) for members who have vested with the sending
9 system, determine the present value of the
10 member's earned benefits attributable to the
11 years of service sought to be transferred,
12 discounted according to the member's age at the
13 time of transfer and computed as of the earliest
14 age at which the member would be able to retire.
15 Said computation shall assume an unreduced
16 benefit and be computed using interest and
17 mortality assumptions consistent with the
18 actuarial assumptions adopted by the Board of
19 Trustees for purposes of preparing the annual
20 actuarial evaluation but shall not make any
21 projections regarding future salary. For vested
22 employees the sending system shall use the
23 product of this calculation for purposes of
24 determining the transfer fee to be paid by the

1 employee under subparagraph c of this paragraph
2 so long as it is greater than the product of the
3 calculation in this division, and

4 (2) determine the sum of the employee and employer
5 contributions applicable to the years of service
6 sought to be transferred plus interest consistent
7 with the actuarial assumptions adopted by the
8 Board of Trustees for purposes of preparing the
9 annual actuarial evaluation. For all nonvested
10 members, and for vested members if the product of
11 this calculation is greater than the product of
12 the calculation in division (1) of this
13 subparagraph, the sending system shall use the
14 product of this calculation for purposes of
15 determining the amount to be transferred by the
16 sending system under subparagraph c of this
17 paragraph and any transfer fee to be paid by the
18 members under subparagraph d of this paragraph.

19 b. Within thirty (30) days after notification of an
20 intent to transfer is received by the receiving
21 system, the receiving system shall determine,
22 according to the system's own rules and regulations,
23 the present value of the member's incremental
24 projected benefits discounted according to the

1 member's age at the time of the transfer. Incremental
2 projected benefits shall be the difference between the
3 projected benefit said member would receive without
4 transferring the service credit and the projected
5 benefit after transfer of service credit computed as
6 of the earliest age at which the member would be able
7 to retire. Said computation shall assume an unreduced
8 benefit and be computed using interest, salary
9 projections and mortality assumptions consistent with
10 the actuarial assumptions adopted by the Board of
11 Trustees for purposes of preparing the annual
12 actuarial evaluation.

- 13 c. The sending system shall, within sixty (60) days from
14 the date notification of an intent to transfer is
15 received by the sending system, transfer to the
16 receiving system the amount determined in subparagraph
17 a of this paragraph. Except, if the cost under
18 subparagraph a of this paragraph for the same years of
19 service to the sending system is greater than the
20 actuarial value of the incremental benefit in the
21 receiving system, as established in subparagraph b of
22 this paragraph, the sending system shall send the
23 receiving system an amount equal to the actuarial
24

1 value of the incremental projected benefit in the
2 receiving system.

3 d. In order to receive the credit provided for in
4 paragraph 1 of this subsection, if the cost of the
5 actuarial value of the incremental benefit to the
6 receiving system is greater than the cost as
7 calculated under subparagraph a of this paragraph for
8 the same years of service to the sending system as
9 established in subparagraphs a and b of this
10 paragraph, the employee shall elect to:

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

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

16 Such an election shall be made in writing, filed with
17 the System prior to receiving the credit provided for
18 in paragraph 1 of this subsection, and shall be
19 irrevocable.

20 3. Within sixty (60) days of successfully completing all of the
21 requirements for transfer under this subsection, the sending system
22 shall pay the receiving system any amount due under this subsection.
23 Within sixty (60) days of successfully completing all of the
24 requirements for transfer under this subsection, the member shall

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

19 4. Years of service transferred pursuant to this subsection
20 shall be used both in determining the member's retirement benefit
21 and in determining the years of service for retirement and/or
22 vesting purposes. Years of service rendered as a member of the
23 Teachers' Retirement System of Oklahoma prior to July 1, 1992, if
24 any, shall be deemed to be years of service rendered as a member of

1 the Oklahoma Public Employees Retirement System prior to July 1,
2 1992, and shall qualify such person as a member of the Oklahoma
3 Public Employees Retirement System before July 1, 1992.

4 5. Notwithstanding the requirements of Section 17-104 of Title
5 70 of the Oklahoma Statutes, members electing to take advantage of
6 the transfer authorized by this subsection who have withdrawn their
7 contributions from the sending system shall remit to the sending
8 system the amount of the accumulated contributions the member has
9 withdrawn plus simple interest of ten percent (10%) per annum prior
10 to making said election or the election shall be deemed invalid and
11 the transfer shall be canceled. If such an election is deemed
12 invalid and the transfer is canceled, the accumulated contribution
13 remitted to the sending system by the member who originally withdrew
14 their contributions shall be returned to the member. The member's
15 rights and obligations regarding any service credit reestablished in
16 the sending system due to a failure to satisfy the requirements of
17 this subsection shall be determined by the sending system in
18 accordance with Section 17-101 et seq. of Title 70 of the Oklahoma
19 Statutes.

20 6. If any member fails for any reason to satisfy the
21 requirements of this subsection, the election to transfer retirement
22 credit shall be void and of no effect, and any retirement credited
23 as a result of this transfer shall be canceled. If such retirement
24 credit is canceled, the years of canceled retirement credit which

1 were unsuccessfully transferred to the receiving system from the
2 sending system shall be reestablished in the sending system. The
3 member's rights and obligations regarding any retirement credit
4 reestablished in the sending system due to a failure to satisfy the
5 requirements of this subsection shall be determined by the sending
6 system in accordance with Section 17-101 et seq. of Title 70 of the
7 Oklahoma Statutes.

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

10 H. 1. A member of the Teachers' Retirement System of Oklahoma
11 whose last service with the Teachers' Retirement System of Oklahoma
12 was with an entity or institution within The Oklahoma State System
13 of Higher Education, State Board of Education, State Board of Career
14 and Technology Education, Oklahoma Department of Career and
15 Technology Education, Oklahoma School of Science and Mathematics,
16 Oklahoma Center for the Advancement of Science and Technology, State
17 Department of Rehabilitation Services, Oklahoma State Regents for
18 Higher Education, Department of Corrections, State Department of
19 Education, Oklahoma Board of Private Vocational Schools, Board of
20 Regents of Oklahoma Colleges, Oklahoma Student Loan Authority, or
21 the Teachers' Retirement System of Oklahoma, may elect to receive
22 credit for those years of service accumulated by the member in the
23 Teachers' Retirement System of Oklahoma, pursuant to this
24 subsection. A member shall be eligible to elect to transfer credit

1 for such years of service from the Teachers' Retirement System of
2 Oklahoma to the Oklahoma Public Employees Retirement System if:

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

15 Members electing to take advantage of the transfer authorized by
16 this subsection shall have all service credit with the Teachers'
17 Retirement System of Oklahoma canceled which is transferred to the
18 Oklahoma Public Employees Retirement System.

19 2. For purposes of this subsection, the "sending system" shall
20 mean the Teachers' Retirement System of Oklahoma. The "receiving
21 system" shall mean the Oklahoma Public Employees Retirement System.
22 Within thirty (30) days after notification of an intent to transfer
23 is received by the sending system, the sending system shall,
24 according to its own rules, send to the receiving system all

1 employer and employee contributions made on behalf of the member
2 which were made to the sending system plus an additional amount of
3 earnings based on the actuarial assumed rate of the sending system.
4 Upon receipt of these contributions by the receiving system, the
5 receiving system shall give credit to the transferring member in an
6 amount equal to the years of service accrued in the sending system.

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

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

14 I. A member of the System in the employment of the Governor,
15 the State Senate or the House of Representatives, on or after July
16 1, 1999, may make an election prior to December 31, 2000, which
17 shall be irrevocable and on a form prescribed for such purpose by
18 the System, to continue participation in the System upon becoming
19 employed by a participating employer of the Teachers' Retirement
20 System of Oklahoma. The Board shall promulgate all rules necessary
21 to implement the provisions of this subsection.

22 SECTION 3. This act shall become effective July 1, 2012.

23 SECTION 4. It being immediately necessary for the preservation
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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4 53-2-8397 MAH 01/12/12

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THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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January 13, 2012

Representative R. McDaniel
Room 302-B

Re: RBH No. 8397

RBH No. 8397 increases the number of unused sick leave days from 20 to 30 to be counted as a month of service when an OPERS or an OTRS participant retires.

RBH No. 8397 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA