

HOUSE OF REPRESENTATIVES - FLOOR VERSION

STATE OF OKLAHOMA

1st Session of the 54th Legislature (2013)

COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL NO. 1102

By: Mazzei of the Senate

and

McDaniel (Randy) of the
House

COMMITTEE SUBSTITUTE

[public retirement systems - changing requirements -
changing multiplier - effective date]

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-105, is
amended to read as follows:

Section 17-105. (1) (a) Any member who has attained age
fifty-five (55) or who has completed thirty (30) years of creditable
service, as defined in Section 17-101 of this title, or for any
person who initially became a member prior to July 1, 1992,
regardless of whether there were breaks in service after July 1,
1992, whose age and number of years of creditable service total

1 eighty (80) may be retired upon executing a retirement contract
2 ~~filing a written application for such retirement~~. Such a retirement
3 date will also apply to any person who became a member of the
4 sending system as defined in this act, prior to July 1, 1992,
5 regardless of whether there were breaks in service after July 1,
6 1992. Any person who became a member after June 30, 1992, but prior
7 to November 1, 2011, whose age and number of years of creditable
8 service total ninety (90) may be retired upon executing a retirement
9 contract ~~filing a written application for such retirement~~. Any
10 person who becomes a member on or after November 1, 2011, who
11 attains the age of sixty-five (65) years or who reaches a normal
12 retirement date pursuant to subparagraph (d) of paragraph (24) of
13 Section 17-101 of this title having attained a minimum age of sixty
14 (60) years may be retired upon executing a retirement contract
15 ~~filing a written application for such retirement~~. The application
16 shall be filed on the form provided by the Board of Trustees for
17 this purpose, not less than thirty (30) days ~~nor more than ninety~~
18 ~~(90) days~~ before the date of retirement.

19 (b) An individual who becomes a member of the Teachers'
20 Retirement System after July 1, 1967, shall be employed by the
21 public schools, state colleges or universities of Oklahoma for a
22 minimum of five (5) years and be a contributing member of the
23 Teachers' Retirement System of Oklahoma for a minimum of five (5)

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1 years to qualify for monthly retirement benefits from the Teachers'
2 Retirement System of Oklahoma.

3 (c) Any member with five (5) 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 sixth 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 whose retirement
11 is because of disability shall have his or her minimum retirement
12 benefits calculated on an average salary of Five Thousand Three
13 Hundred Fifty Dollars (\$5,350.00) or, if a larger monthly allowance
14 would result, an amount arrived at pursuant to application of the
15 formula prescribed herein.

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

23 Any individual regardless of residence, who has a minimum of ten
24 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or

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

21 (4) The value of each year of prior service is the total
22 monthly retirement benefit divided by the number of years of
23 creditable service.

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

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

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

1 provided for in subsection (8) of this section in lieu of the death
2 benefit provided for in this subsection and in subsection (12) of
3 this section.

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

14 (d) Should the Medical Board report and certify to the Board of
15 Trustees that such disabled annuitant is engaged in or is able to
16 engage in a gainful occupation paying more than the difference
17 between his or her retirement allowance and the average final
18 compensation, and should the Board of Trustees concur in such report
19 then the amount of his or her pension shall be reduced to an amount
20 which, together with his or her retirement allowance and that amount
21 earnable by him or her, shall equal the amount of his or her average
22 final compensation. Should his or her earning capacity be later
23 increased, the amount of his or her pension may be further modified,
24 provided the new pension shall not exceed that amount of the pension

1 originally granted nor an amount, which when added to the amount
2 earnable by the member, together with his or her annuity, equals the
3 amount of his or her average final compensation.

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

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

1 as hereinafter provided. In lieu of a lump-sum settlement at the
2 death of the member, the amount of money the member has on deposit
3 in the Teachers' Savings Fund and the money the member has on
4 deposit in the Teachers' Deposit Fund may be paid in monthly
5 payments to a designated beneficiary, who must be the spouse, under
6 the Maximum or Option 1 Plan of Retirement providing the monthly
7 payment shall be not less than Twenty-five Dollars (\$25.00) per
8 month. The monthly payment shall be the actuarial equivalent of the
9 amount becoming due at the member's death based on the sex of the
10 spouse and the age the spouse has attained at the last birthday
11 prior to the member's death. Provided further, if there be no
12 designated beneficiary surviving upon such death, and the
13 contributions standing to the credit of such member do not exceed
14 Two Hundred Dollars (\$200.00), no part of such contributions shall
15 be subject to the payment of any expense of the last illness or
16 funeral of the deceased member or any expense of administration of
17 the estate of such deceased and the Board of Trustees, upon
18 satisfactory proof of the death of such member and of the name or
19 names of the person or persons who would be entitled to receive such
20 contributions under the laws of descent and distribution of the
21 state, may authorize the payment of accumulated contributions to
22 such person or persons. A member terminating his or her membership
23 by withdrawal after June 30, 2003, shall have the interest computed

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1 at a rate of interest determined by the Board of Trustees and paid
2 to him or her subject to the following schedule:

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

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

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

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

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

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

22 (b) A member may select the option under which he or she
23 desires to retire at the end of the school year in which he or she
24 attains age seventy (70) and said option shall be binding and cannot

1 be changed. Provided further that if a member retires before age
2 seventy (70), no election of an option shall be effective in case an
3 annuitant dies before the first payment due under such option has
4 been received.

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

1 beneficiary or beneficiaries of death benefits in the amount not to
2 exceed Eighteen Thousand Dollars (\$18,000.00), but exclusive of any
3 retirement benefit received by an electing beneficiary based upon
4 creditable service performed by the deceased member, which are
5 provided pursuant to this subsection may elect to disclaim such
6 death benefits in which case such benefits will be transferred to a
7 person licensed as a funeral director or to a lawfully recognized
8 business entity licensed as required by law to provide funeral
9 services for the deceased member. The qualified disclaimer must be
10 in writing and will be an irrevocable and an unqualified refusal to
11 accept all or a portion of the death benefit. It must be received by
12 the transferor no more than nine (9) months after the later of the
13 day the transfer creating the interest in the disclaiming person is
14 made or the day the disclaiming person attains age twenty-one (21).
15 The interest in the death benefits must pass without direction by
16 the disclaiming person to another person.

17 (12) Upon the death of an annuitant who has contributed to the
18 System, the retirement system shall pay to the designated
19 beneficiary of the annuitant or, if there is no designated
20 beneficiary or if the designated beneficiary predeceases the
21 annuitant, to the estate of the annuitant, the sum of Five Thousand
22 Dollars (\$5,000.00) as a death benefit. The beneficiary or
23 beneficiaries of benefits provided pursuant to this subsection may
24 elect to disclaim such death benefits in which case such benefits

1 will be transferred to a person licensed as a funeral director or to
2 a lawfully recognized business entity licensed as required by law to
3 provide funeral services for the deceased member. The qualified
4 disclaimer must be in writing and will be an irrevocable and an
5 unqualified refusal to accept all or a portion of the death benefit.
6 It must be received by the transferor no more than nine (9) months
7 after the later of the day the transfer creating the interest in the
8 disclaiming person is made or the day the disclaiming person attains
9 age twenty-one (21). The interest in the death benefits must pass
10 without direction by the disclaiming person to another person. The
11 benefit payable pursuant to this subsection shall be deemed, for
12 purposes of federal income taxation, as life insurance proceeds and
13 not as a death benefit if the Internal Revenue Service approves this
14 provision pursuant to a private letter ruling request which shall be
15 submitted by the board of trustees of the System for that purpose.

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

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

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

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

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

1 both) together with a statement that such
2 personal property is subject to probate,

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

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

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

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

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

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

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

21 SECTION 2. AMENDATORY 70 O.S. 2011, Section 17-116.2, as
22 amended by Section 22, Chapter 11, O.S.L. 2012 (70 O.S. Supp. 2012,
23 Section 17-116.2), is amended to read as follows:
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1 Section 17-116.2 A. 1. Beginning July 1, 1987, and prior to
2 July 1, 1995, a member who retires on or after the member's normal
3 retirement age or whose retirement is because of disability shall
4 receive an annual allowance for life, payable monthly, in an amount
5 equal to two percent (2%) of the member's highest three-year average
6 salary upon which member contributions were made, multiplied by the
7 number of the member's years of creditable service.

8 A classified member who retired prior to July 1, 1986, shall
9 have the member's retirement allowance calculated on a minimum
10 average salary of Eleven Thousand Five Hundred Dollars (\$11,500.00)
11 or on the member's current minimum average salary plus Two Thousand
12 Dollars (\$2,000.00), whichever is greater. Beginning July 1, 1994,
13 a classified member who retired prior to July 1, 1993, shall have
14 the member's retirement allowance calculated on the member's current
15 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).
16 An unclassified member who retired prior to July 1, 1986, shall have
17 the member's retirement allowance calculated on a minimum average
18 salary of Nine Thousand Five Hundred Dollars (\$9,500.00) or on the
19 member's current minimum average salary plus One Thousand Dollars
20 (\$1,000.00), whichever is greater. Beginning July 1, 1994, an
21 unclassified member who retired prior to July 1, 1993, shall have
22 the member's retirement allowance calculated on the member's current
23 minimum average salary plus Two Hundred Seventy-five Dollars
24 (\$275.00). Those individuals receiving benefits pursuant to

1 subsection (3) of Section 17-105 of this title whose benefits
 2 commenced prior to July 1, 1993, shall receive an increase in
 3 benefits of two and one-half percent (2 1/2%). No retirement
 4 benefit payments shall be made retroactively.

5 ~~Except~~ For those members retiring before normal retirement age,
 6 except for those members retiring because of a disability, the
 7 retirement allowance:

8 a. ~~for those members whose first creditable service with~~
 9 ~~the retirement system occurs prior to November 1,~~
 10 ~~2011,~~ shall be subject to adjustment ~~for those members~~
 11 ~~retiring before normal retirement age~~ in accordance
 12 with the actuarial equivalent factors adopted by the
 13 Board of Trustees, ~~and.~~

14 b. ~~for those members whose first creditable service with~~
 15 ~~the retirement system occurs on or after November 1,~~
 16 ~~2011,~~ shall be adjusted according to the following
 17 schedule:

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

1 60

65.00%

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

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

1 exceed Forty Thousand Dollars (\$40,000.00),
2 multiplied by the number of the member's years of
3 credited service authorized and performed prior
4 to July 1, 1995, plus any years of prior service
5 authorized under this title, plus

6 (2) two percent (2%) of the member's average salary
7 upon which member contributions were made,
8 multiplied by the number of the member's years of
9 credited service authorized and performed after
10 June 30, 1995, or

11 c. if the member became a member or is eligible to become
12 a member prior to July 1, 1995, and was eligible to
13 elect to have a maximum compensation level in excess
14 of Twenty-five Thousand Dollars (\$25,000.00) and did
15 not elect or elected not to have a maximum
16 compensation level of Forty Thousand Dollars
17 (\$40,000.00) pursuant to paragraph 1 of subsection C
18 of this section or pursuant to subsection E of this
19 section, in an amount equal to:

20 (1) two percent (2%) of the member's average salary
21 upon which member contributions were made not to
22 exceed Twenty-five Thousand Dollars (\$25,000.00),
23 multiplied by the number of the member's years of
24 credited service authorized and performed prior

1 to July 1, 1995, plus any years of prior service
2 authorized under this title, plus

3 (2) two percent (2%) of the member's average salary
4 upon which member contributions were made,
5 multiplied by the number of the member's years of
6 credited service authorized and performed after
7 June 30, 1995.

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

10 1. Beginning July 1, 1992, through June 30, 1996, six percent
11 (6%) of the regular annual compensation of such member not in excess
12 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,
13 1995, through June 30, 1996, six percent (6%) of the maximum
14 compensation level; and

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

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

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

8 C. 1. Prior to July 1, 1995, an active member of the System
9 may elect to have a maximum compensation level of Forty Thousand
10 Dollars (\$40,000.00). Such an election shall be made in writing and
11 filed with the System. Members whose salaries are in excess of
12 Twenty-five Thousand Dollars (\$25,000.00) on July 20, 1987, shall
13 file the election with the System prior to January 1, 1988. Members
14 whose salaries exceed Twenty-five Thousand Dollars (\$25,000.00)
15 after July 20, 1987, shall file the election when the salary exceeds
16 Twenty-five Thousand Dollars (\$25,000.00). If a member makes such
17 an election, the member shall contribute the following amounts:

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

1 such member that is in excess of Twenty-five Thousand
2 Dollars (\$25,000.00) and is not in excess of Forty
3 Thousand Dollars (\$40,000.00), and

4 c. beginning July 1, 1994, through June 30, 1995, eight
5 percent (8%) of the regular annual compensation of
6 such member that is in excess of Twenty-five Thousand
7 Dollars (\$25,000.00) and is not in excess of Forty
8 Thousand Dollars (\$40,000.00). Except as provided in
9 subsection E of this section, any such election shall
10 be irrevocable.

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

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

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

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

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

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

1 of subsection B of Section 6-101.2 of this title, any benefit
2 payments not made pursuant to a valid employment agreement, or any
3 compensation not described in paragraphs 1 through 3 of this
4 subsection.

5 E. 1. Any member who was a contributing member of the
6 Retirement System between July 1, 1987, and June 30, 1995, who at
7 the time the member was eligible to make an election to increase the
8 maximum compensation level of the member, failed to make an election
9 or chose not to increase the maximum compensation level of the
10 member to Forty Thousand Dollars (\$40,000.00), may elect to make
11 back contributions to the Retirement System. The member shall
12 complete a new election form and file with the Board of Trustees,
13 the form and a payment equaling the difference between the amount
14 contributed at the twenty-five-thousand-dollar level and the
15 appropriate contribution on compensation in excess of Twenty-five
16 Thousand Dollars (\$25,000.00) up to a maximum of Forty Thousand
17 Dollars (\$40,000.00) shall be made prior to the official retirement
18 date of the member. The required payment shall include any
19 contribution required by the employing school district, and shall
20 include interest compounded annually at ten percent (10%) per annum
21 of both employer and employee contributions.

22 2. Any changes made pursuant to this subsection shall be
23 irrevocable.

24

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

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

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

23 G. Each employer shall cause to be deducted from the salary of
24 each member on each and every payroll of such employer for each and

1 every payroll period, the proper percentage of his or her earnable
2 compensation as provided for in subsection B or subsection C of this
3 section.

4 1. Deductions shall begin with the first payroll period of the
5 school year. In determining the amount earnable by a member in a
6 payroll period, the Board of Trustees shall consider the rate of
7 annual compensation payable to such member on the first day of the
8 payroll period as continuing throughout such payroll period, and it
9 may omit deductions from compensation for any period less than a
10 full period, and to facilitate the making of deductions, it may
11 modify the deduction required of any member by such an amount as
12 shall not exceed one-tenth of one percent (1/10 of 1%) of the annual
13 compensation upon the basis of which such deduction is to be made.
14 Prior to January 1, 1991, any active contributing member who joined
15 the System subsequent to July 1, 1943, may pay the normal cost,
16 which shall mean the single sum which would have been paid under
17 existing statutes at the time the service was performed, plus
18 interest, for years of teaching service in Oklahoma from the date of
19 establishment of the System in 1943 to date of membership, in a lump
20 sum, or in installments equal to establishing one (1) year of
21 creditable service. Effective January 1, 1991, any active
22 contributing member who joined the System subsequent to July 1,
23 1943, may pay the amount determined by the Board of Trustees
24 pursuant to Section 17-116.8 of this title for years of teaching

1 service in Oklahoma from the date of establishment of the System in
2 1943 to date of membership, in a lump sum, or in installments equal
3 to establishing one (1) year of creditable service. For purposes of
4 this option, teaching service in Oklahoma shall include the teaching
5 of vocational agricultural courses within Oklahoma for the federal
6 government. Years for which contributions are paid shall count as
7 membership service under this plan. A member may receive credit for
8 not more than five (5) years of teaching service rendered while in
9 the Peace Corps or in the public schools of a territory of the
10 United States or the public schools, American Military Dependent
11 Schools or state colleges or state universities outside this state
12 by paying his or her contributions, plus interest, and membership
13 fees to the retirement system, subject to the regulations of the
14 Board of Trustees, providing he or she is not receiving and is not
15 eligible to receive retirement credit or benefits from said service
16 in any other public retirement system of this state, or any other
17 state or territory of the United States subject to the following
18 provisions:

- 19 a. the member is required to have two (2) years of
20 employed service teaching earned in Oklahoma for each
21 year of Peace Corps, territorial, out-of-state,
22 noncovered in-state or military membership credit
23 granted.

24

1 b. prior to January 1, 1991, the out-of-state or
2 noncovered in-state payment shall be the normal cost,
3 which means the single sum which would have been paid
4 under existing law at the time the service was
5 performed, plus interest, on the basis of what his or
6 her annual salary would have been in Oklahoma or out
7 of state, whichever is greater, had he or she been
8 employed as a teacher. Effective January 1, 1991, the
9 Peace Corps, territorial, out-of-state or noncovered
10 in-state payment shall be the amount determined by the
11 Board of Trustees pursuant to Section 17-116.8 of this
12 title.

13 2. In addition to the deductions hereinabove provided for, any
14 member who becomes a member of the Armed Forces of the United States
15 of America during any period of national emergency, including World
16 War II, the Korean conflict, the Vietnam conflict or others as may
17 be determined by the Board of Trustees, or whose entrance into or
18 training for the teaching profession was interrupted by his or her
19 entrance into the Armed Forces, and who was or shall have become a
20 member of the Teachers' Retirement System shall be granted the
21 privilege of making up his or her five percent (5%) contributions as
22 provided for in this section until January 1, 1991, for not to
23 exceed five (5) years of service in the Armed Forces by electing to
24 pay said contributions on the basis of the rate of pay in his or her

1 contract as a teacher at the time his or her service in the Armed
2 Forces commenced or in the case of a teacher who was not teaching
3 prior to entering the Armed Forces, on the basis of the salary of
4 the first year of teaching after being honorably discharged from the
5 Armed Forces. Effective January 1, 1991, the member will receive
6 such service upon payment of the amount determined by the Board of
7 Trustees pursuant to Section 17-116.8 of this title. Such
8 contributions shall be credited in the regular manner, and the
9 period for which said contributions were paid shall be counted as
10 creditable years of service and allocated to the period during which
11 the military service was rendered, except that the period for which
12 contributions were paid must have been continuous and shall be
13 credited in the aggregate, regardless of fiscal year limitations.
14 Notwithstanding any provision herein to the contrary, contributions,
15 benefits and service credit with respect to qualified military
16 service as defined by Section 414(u) of the Internal Revenue Code of
17 1986, shall be provided in accordance with Section 414(u) of the
18 Internal Revenue Code.

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

22 H. Effective July 1, 2004, the total creditable service of a
23 member who retires or terminates employment and elects a vested
24 benefit shall include not to exceed one hundred twenty (120) days of

1 unused sick leave accumulated subsequent to August 1, 1959. Twenty
2 (20) days of unused sick leave shall equal one (1) month for
3 purposes of creditable service credit. If the member becomes a
4 member or was eligible to become a member prior to July 1, 1995, the
5 year of credit received in this section shall be treated as service
6 earned prior to July 1, 1995. This subsection shall apply to
7 members retiring or vesting on or after the effective date of this
8 act and shall not be retroactive.

9 I. Any member who:

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

22 2. Became an employee of the Oklahoma Commission for Teacher
23 Preparation on or subsequent to June 1, 2001, but prior to July 1,
24 2002, who was previously employed by a participating employer within

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

1 Oklahoma Public Employees Retirement System shall cancel any service
2 credit previously accumulated for the period of time represented by
3 such transferred employee contributions. Any person who makes the
4 election provided for by this paragraph, and who continues
5 employment with the Oklahoma Commission for Teacher Preparation on
6 or after July 1, 2002, shall continue to accrue service credit in
7 the Teachers' Retirement System of Oklahoma. The employer shall
8 make employer contributions according to the requirements of Section
9 17-108.1 of this title and shall provide for the deduction of
10 employee contributions as required by this section.

11 J. Any member who shall be absent from the teaching service
12 because of election or appointment as a local, state or national
13 education association officer, prior to January 1, 2011, shall be
14 allowed to retain his or her membership in the Teachers' Retirement
15 System upon payment of the contribution required of other members
16 and employers of said members as provided for in this section and
17 his or her service credits shall continue to be accumulated during
18 such absence. Provided, however, any one such absence shall not
19 exceed twelve (12) continuous years. No member who has less than
20 ten (10) years of contributory service on July 1, 1994, may make
21 this election after June 30, 1994. Members contributing to the
22 System on July 1, 1994, may continue to contribute under this
23 subsection until they have completed eight (8) years allowed by this
24

1 subsection. The member may file for retirement when otherwise
2 eligible for retirement as provided by Section 17-105 of this title.

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

1 as amended from time to time. Members who retire prior to July 1,
2 1993, shall have their monthly benefit adjusted to include all
3 services accrued under paragraph (f) of subsection (2) of Section
4 913 of Title 74 of the Oklahoma Statutes. Provided however, any
5 adjustment of existing retirement benefits caused by reason of
6 inclusion of such service authorized under paragraph (f) of
7 subsection (2) of Section 913 of Title 74 of the Oklahoma Statutes
8 shall not affect any retirement benefit paid prior to July 1, 1993.

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

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

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

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

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

19 (1) for members who have accrued at least eight (8)
20 years of credited service 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
10 employees who have accrued at least eight (8)
11 years of credited service, the sending system
12 shall use the product of this calculation for
13 purposes of determining the transfer fee to be
14 paid by the employee under subparagraph c of this
15 paragraph so long as it is greater than the
16 product of the calculation in division (2) of
17 this subparagraph, and

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

1 least eight (8) years of credited service, if the
2 product of this calculation is greater than the
3 product of the calculation in division (1) of
4 this subparagraph, the sending system shall use
5 the product of this calculation for purposes of
6 determining the amount to be transferred by the
7 sending system under subparagraph c of this
8 paragraph and any transfer fee to be paid by the
9 member under subparagraph d of this paragraph.

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

1 assumptions adopted by the Board of Trustees for
2 purposes of preparing the annual actuarial evaluation.

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

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

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

1 (2) receive prorated service credit for only the
2 amount received from the Oklahoma Public
3 Employees Retirement System pursuant to this
4 subsection.

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

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

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

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

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

1 If such an election is deemed invalid and the transfer is canceled,
2 the accumulated contribution remitted to the sending system by the
3 member who originally withdrew their contributions shall be returned
4 to the member. The member's rights and obligations regarding any
5 service credit reestablished in the sending system due to a failure
6 to satisfy the requirements of this subsection shall be determined
7 by the sending system in accordance with Section 901 et seq. of
8 Title 74 of the Oklahoma Statutes.

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

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

23 M. Any member whose regular annual compensation was not
24 determined as provided for by law may pay the member contribution

1 required pursuant to subsection B of this section on such amount not
2 included in the member's regular annual compensation and receive
3 credit for such amount in the calculation of the member's benefit.
4 The employees must pay the employer contributions required pursuant
5 to Section 17-108.1 of this title. Interest at the rate of ten
6 percent (10%) per annum shall be charged to both employee and
7 employer contributions. Provided that the employing district may
8 pay all or any portion of the contributions and interest the member
9 is required to pay. Any payment by the employing district for a
10 prior year obligation shall be considered a current obligation of
11 the employer.

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

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

1 employing entity. Upon payment of such contributions, service
2 credits shall continue to be accumulated during such employment.
3 Accrued contributions shall be paid to the Retirement System by
4 August 1, 1989. Current contributions shall be paid to the
5 Retirement System by the tenth of the following month beginning with
6 the month of July 1989.

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

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

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

- 11 a. the member is an active member of the Teachers'
12 Retirement System of Oklahoma,
- 13 b. the member provides notice to the Teachers' Retirement
14 System of Oklahoma and the Oklahoma Public Employees
15 Retirement System of the member's election to transfer
16 such retirement credit. The notice shall include a
17 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 such 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 shall have all service credit with the Oklahoma

1 Public Employees Retirement System canceled which is transferred to
2 the Teachers' Retirement System of Oklahoma.

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

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

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

22 R. A former member of the Teachers' Retirement System of
23 Oklahoma who withdrew his or her contributions from the System prior
24 to January 1, 1983, and who had at least ten (10) years of service

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

14 SECTION 3. AMENDATORY 70 O.S. 2011, Section 17-116.10,
15 is amended to read as follows:

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

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

1 employment. For purposes of this section, the term "last day of
2 pre-retirement employment" shall mean the last day the employee is
3 required to be physically present on the job to complete the terms
4 of the employment contract or agreement. Employment under any
5 conditions during this time, volunteer services for the purpose of
6 obtaining a paid position at a later date, or payment at a later
7 time for services performed during this time period shall cause the
8 forfeiture of all retirement benefits received during the period;

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

1 shall be the lesser of Thirty Thousand Dollars (\$30,000.00) or one-
2 half (1/2) of the member's final average salary used in computing
3 retirement benefits. For purposes of this paragraph, the following
4 shall apply:

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

24

1 d. the earnings limit for the calendar year in which a
2 member retires shall be one-twelfth (1/12) of the
3 annual limit multiplied by the number of months the
4 member is eligible to work and receive payments from
5 the public schools of Oklahoma.

6 e. earnings in excess of the maximum limit on allowed
7 earnings from public schools of Oklahoma shall result
8 in a loss of future retirement benefits for the year
9 the post-retirement employment was performed of One
10 Dollar (\$1.00) for each One Dollar (\$1.00) earned over
11 the maximum allowed earnings amount,

12 ~~e.~~

13 f. for those members age seventy (70) years and over, the
14 earnings in excess of the maximum limit allowed
15 earnings from public schools of Oklahoma shall be one-
16 half (1/2) the member's final average salary used in
17 computing retirement benefits. However, any retired
18 member receiving benefits from the Retirement System
19 who reached age seventy (70) years prior to July 1,
20 1991, shall not be restricted by the earnings limits
21 pursuant to this subparagraph until January 1, 1994.
22 To qualify for the provisions of this subparagraph,
23 the member must be employed less than one-half (1/2)

24

1 time compared to other full-time employees in similar
2 positions;

3 3. Notwithstanding paragraph 2 of this subsection, a retired
4 classified or nonclassified member who has been retired for thirty-
5 six (36) or more months and who is employed by a public school to
6 perform duties ordinarily performed by classified or nonclassified
7 personnel shall be able to receive annualized earnings from the
8 public school with no reduction in retirement benefits regardless of
9 the amount of annualized earnings; and

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

18 B. A public school district that employs a retired member shall
19 be required to make contributions to the System for the retired
20 member in an amount as required in Section 17-108.1 and in paragraph
21 3 of subsection B of Section 17-116.2 of this title.

22 C. For purposes of this section, post-retirement employment of
23 less than one thousand (1,000) hours per year with the Governor, the
24 State Senate, the House of Representatives or the Legislative

1 Service Bureau shall not be considered as post-retirement employment
2 with a public school of Oklahoma.

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

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

11 SECTION 4. This act shall become effective January 1, 2014.

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13 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND FINANCIAL
14 SERVICES, dated 03/28/2013 - DO PASS, As Amended.

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