

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 54th Legislature (2013)

4 ENGROSSED SENATE  
5 BILL NO. 734

By: Brinkley and Fields of the  
Senate

6 and

7 Shannon of the House

8  
9 [ Teachers' Retirement System of Oklahoma -  
10 administration of the retirement system - modifying  
11 provisions - effective date ]  
12

13  
14 ~~BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:~~

15 SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-101, is  
16 amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 (15) "Average salary":

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (24) "Normal retirement age" means the earliest date upon  
4 which:

- 5 (a) a member reaches the age sixty-two (62) with respect  
6 to a member whose first creditable service occurs  
7 prior to November 1, 2011, unless the member reaches a  
8 normal retirement date pursuant to subparagraph ~~e~~ (c)  
9 or subparagraph ~~e~~ (d) of this paragraph, or  
10 (b) a member reaches the age of sixty-five (65) with  
11 respect to a member whose first creditable service  
12 occurs on or after November 1, 2011, or with respect  
13 to a member whose first creditable service occurs on  
14 or after November 1, 2011, reaches a normal retirement  
15 date pursuant to subparagraph (d) of this paragraph  
16 having attained a minimum age of sixty (60) years, or  
17 (c) the age at which the sum of a member's age and number  
18 of years of creditable service total eighty (80), with  
19 respect to a member whose first creditable service  
20 occurred prior to July 1, 1992, and who does not reach  
21 a normal retirement age pursuant to subparagraph ~~a~~ (a)  
22 of this paragraph, or  
23 (d) the age at which the sum of a member's age and number  
24 of years of creditable service total ninety (90), with

1           respect to a member whose first creditable service  
2           occurred on or after July 1, 1992, but prior to  
3           November 1, 2011, if the member does not reach a  
4           normal retirement age pursuant to subparagraph ~~a~~ (a)  
5           of this paragraph.

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

12           (a) salary which accrues on a regular basis in proportion  
13           to the service performed, including payments for staff  
14           development,

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

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

6        (d) excluded from regular annual compensation are:

- 7        1. expense reimbursement payments,
- 8        2. office, vehicle, housing or other maintenance  
9        allowances,
- 10       3. the flexible benefit allowance provided pursuant  
11       to Section 26-105 of this title,
- 12       4. payment for unused vacation and sick leave,
- 13       5. any payment made for reason of termination or  
14       retirement not specifically provided for in  
15       subparagraphs (a) through (c) of this subsection,
- 16       6. maintenance or other nonmonetary compensation,
- 17       7. payment received as an independent contractor or  
18       consultant, pursuant to a lawful contract which  
19       complies with the requirements of subsection B of  
20       Section 6-101.2 of this title,
- 21       8. any benefit payments not made pursuant to a valid  
22       employment agreement,
- 23       9. compensation for clinical-related activity  
24       performed in the University of Oklahoma Health

1                   Sciences Center (OUHSC) Professional Practice  
2                   Plan,

3                   10. any other compensation not described in  
4                   subparagraphs (a) through (c) of this subsection.

5           (26) "Teacher" means classified personnel and nonclassified  
6 optional personnel.

7           (27) "Active classroom teacher" means a person employed by a  
8 school district to teach students specifically identified classes  
9 for specifically identified subjects during the course of a  
10 semester, and who holds a valid certificate or license issued by and  
11 in accordance with the rules and regulations of the State Board of  
12 Education.

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

16                   (a) Twenty-five Thousand Dollars (\$25,000.00) for  
17                   creditable service authorized and performed prior to  
18                   July 1, 1995, for members not electing a higher  
19                   maximum compensation level,

20                   (b) Forty Thousand Dollars (\$40,000.00) for creditable  
21                   service authorized and performed prior to July 1,  
22                   1995, for members electing a maximum compensation  
23                   level in excess of Twenty-five Thousand Dollars  
24                   (\$25,000.00),

1 (c) Twenty-seven Thousand Five Hundred Dollars  
2 (\$27,500.00) for members who, as of June 30, 1995, had  
3 elected to have a maximum compensation level not in  
4 excess of Twenty-five Thousand Dollars (\$25,000.00),  
5 and who were employed by an entity or institution  
6 within The Oklahoma State System of Higher Education  
7 for creditable service authorized and performed on or  
8 after July 1, 1995, but not later than June 30, 1996,  
9 if such member does not elect a higher maximum  
10 compensation level for this period as authorized by  
11 Section 17-116.2A of this title,

12 (d) Thirty-two Thousand Five Hundred Dollars (\$32,500.00)  
13 for members employed by a comprehensive university if  
14 the member meets the requirements imposed by Section  
15 17-116.2A of this title and the member elects to  
16 impose a higher maximum compensation level for service  
17 performed on or after July 1, 1995, but not later than  
18 June 30, 1996,

19 (e) Forty-four Thousand Dollars (\$44,000.00) for members  
20 who, as of June 30, 1995, had elected to have a  
21 maximum compensation level in excess of Twenty-five  
22 Thousand Dollars (\$25,000.00), and who were employed  
23 by an entity or institution within The Oklahoma State  
24 System of Higher Education for creditable service

1 authorized and performed on or after July 1, 1995, but  
2 not later than June 30, 1996, if such member does not  
3 elect a higher maximum compensation level for this  
4 period as authorized by Section 17-116.2A of this  
5 title,

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

12 (g) the following amounts for creditable service  
13 authorized and performed by members employed by a  
14 comprehensive university, based upon the election of  
15 the member in effect as of June 30, 1995:

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

19 (i) Thirty-two Thousand Five Hundred Dollars  
20 (\$32,500.00) for service authorized and  
21 performed on or after July 1, 1996, but not  
22 later than June 30, 1997,

23 (ii) Thirty-seven Thousand Five Hundred Dollars  
24 (\$37,500.00) for service authorized and

1 performed on or after July 1, 1997, but not  
2 later than June 30, 1998,

3 (iii) Forty-two Thousand Five Hundred Dollars  
4 (\$42,500.00) for service authorized and  
5 performed on or after July 1, 1998, but not  
6 later than June 30, 2000,

7 (iv) Forty-seven Thousand Five Hundred Dollars  
8 (\$47,500.00) for service authorized and  
9 performed on or after July 1, 2000, but not  
10 later than June 30, 2001,

11 (v) Fifty-two Thousand Five Hundred Dollars  
12 (\$52,500.00) for service authorized and  
13 performed on or after July 1, 2001, but not  
14 later than June 30, 2002,

15 (vi) Fifty-seven Thousand Five Hundred Dollars  
16 (\$57,500.00) for service authorized and  
17 performed on or after July 1, 2002, but not  
18 later than June 30, 2003,

19 (vii) Sixty-two Thousand Five Hundred Dollars  
20 (\$62,500.00) for service authorized and  
21 performed on or after July 1, 2003, but not  
22 later than June 30, 2004,

23 (viii) Sixty-seven Thousand Five Hundred Dollars  
24 (\$67,500.00) for service authorized and

1 performed on or after July 1, 2004, but not  
2 later than June 30, 2005,

3 (ix) Seventy-two Thousand Five Hundred Dollars  
4 (\$72,500.00) for service authorized and  
5 performed on or after July 1, 2005, but not  
6 later than June 30, 2006,

7 (x) Seventy-seven Thousand Five Hundred Dollars  
8 (\$77,500.00) for service authorized and  
9 performed on or after July 1, 2006, but not  
10 later than June 30, 2007,

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

14 2. for members who elected a maximum compensation  
15 level in excess of Twenty-five Thousand Dollars  
16 (\$25,000.00):

17 (i) Forty-nine Thousand Dollars (\$49,000.00) for  
18 service authorized and performed on or after  
19 July 1, 1996, but not later than June 30,  
20 1997,

21 (ii) Fifty-four Thousand Dollars (\$54,000.00) for  
22 service authorized and performed on or after  
23 July 1, 1997, but not later than June 30,  
24 1998,

- 1 (iii) Fifty-nine Thousand Dollars (\$59,000.00) for  
2 service authorized and performed on or after  
3 July 1, 1998, but not later than June 30,  
4 2000,
- 5 (iv) Sixty-four Thousand Dollars (\$64,000.00) for  
6 service authorized and performed on or after  
7 July 1, 2000, but not later than June 30,  
8 2001,
- 9 (v) Sixty-nine Thousand Dollars (\$69,000.00) for  
10 service authorized and performed on or after  
11 July 1, 2001, but not later than June 30,  
12 2002,
- 13 (vi) Seventy-four Thousand Dollars (\$74,000.00)  
14 for service authorized and performed on or  
15 after July 1, 2002, but not later than June  
16 30, 2003,
- 17 (vii) Seventy-nine Thousand Dollars (\$79,000.00)  
18 for service authorized and performed on or  
19 after July 1, 2003, but not later than June  
20 30, 2004,
- 21 (viii) Eighty-four Thousand Dollars (\$84,000.00)  
22 for service authorized and performed on or  
23 after July 1, 2004, but not later than June  
24 30, 2005,

1 (ix) Eighty-nine Thousand Dollars (\$89,000.00)  
2 for service authorized and performed on or  
3 after July 1, 2005, but not later than June  
4 30, 2006,

5 (x) Ninety-four Thousand Dollars (\$94,000.00)  
6 for service authorized and performed on or  
7 after July 1, 2006, but not later than June  
8 30, 2007,

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

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

- 13 1. a member of the retirement system not employed by  
14 an entity or institution within The Oklahoma  
15 State System of Higher Education for all  
16 creditable service authorized and performed on or  
17 after July 1, 1995,
- 18 2. a member of the retirement system first employed  
19 on or after July 1, 1995, by an entity or  
20 institution within The Oklahoma State System of  
21 Higher Education for all creditable service  
22 authorized and performed on or after July 1,  
23 1995, but not later than June 30, 1996,

24

- 1           3.    a member of the retirement system employed by an  
2                   entity or institution within The Oklahoma State  
3                   System of Higher Education, other than a  
4                   comprehensive university, if the member elects to  
5                   impose a higher maximum compensation level for  
6                   service performed on or after July 1, 1995, but  
7                   not later than June 30, 1996, pursuant to  
8                   subsection B of Section 17-116.2A of this title,
- 9           4.    a member of the retirement system who is first  
10                   employed on or after July 1, 1996, by any entity  
11                   or institution within The Oklahoma State System  
12                   of Higher Education, including a comprehensive  
13                   university, for creditable service authorized and  
14                   performed on or after July 1, 1996,
- 15           5.    a member of the retirement system who, as of July  
16                   1, 1996, is subject to a maximum compensation  
17                   level pursuant to paragraph (g) of this  
18                   subsection if the member terminates service with  
19                   a comprehensive university and is subsequently  
20                   reemployed by a comprehensive university,
- 21           6.    a member of the retirement system employed by a  
22                   comprehensive university for all service  
23                   performed on and after July 1, 2007, or  
24

1           7.    an eligible member of the retirement system who  
2                    fulfills the requirements of Section 2 of this  
3                    act with respect to pre-cap removal service  
4                    included in the retirement benefit computation of  
5                    the member at the average salary of the member  
6                    subject to the maximum average salary amount.

7           (29)  "Comprehensive university" shall mean:

8                   (a)  the University of Oklahoma and all of its constituent  
9                    agencies, including the University of Oklahoma Health  
10                    Sciences Center, the University of Oklahoma Law Center  
11                    and the Geological Survey, and

12                   (b)  Oklahoma State University and all of its constituent  
13                    agencies, including the Oklahoma State University  
14                    Agricultural Experiment Station, the Oklahoma State  
15                    University Agricultural Extension Division, the  
16                    Oklahoma State University College of Veterinary  
17                    Medicine, the Oklahoma State University Center for  
18                    Health Sciences, the Technical Branch at Oklahoma  
19                    City, the Oklahoma State University Institute of  
20                    Technology-Okmulgee and Oklahoma State University-  
21                    Tulsa.

22           (30)  "Retirement contract" means the document prepared by the  
23 Teachers' Retirement System upon member request, which incorporates  
24 member's selected retirement option, and which must be executed and

1 submitted to the Teachers' Retirement System no less than thirty  
2 (30) days prior to the projected retirement date.

3 SECTION 2. AMENDATORY 70 O.S. 2011, Section 17-105, is  
4 amended to read as follows:

5 Section 17-105. (1) (a) Any member who has attained age  
6 fifty-five (55) or who has completed thirty (30) years of creditable  
7 service, as defined in Section 17-101 of this title, or for any  
8 person who initially became a member prior to July 1, 1992,  
9 regardless of whether there were breaks in service after July 1,  
10 1992, whose age and number of years of creditable service total  
11 eighty (80) may be retired upon ~~filing a written application for~~  
12 ~~such~~ executing a retirement contract. Such a retirement date will  
13 also apply to any person who became a member of the sending system  
14 as defined in ~~this act~~ Section 17-101 et seq. of this title, prior  
15 to July 1, 1992, regardless of whether there were breaks in service  
16 after July 1, 1992. Any person who became a member after June 30,  
17 1992, but prior to November 1, 2011, whose age and number of years  
18 of creditable service total ninety (90) may be retired upon ~~filing a~~  
19 ~~written application for such~~ executing a retirement contract. Any  
20 person who becomes a member on or after November 1, 2011, who  
21 attains the age of sixty-five (65) years or who reaches a normal  
22 retirement date pursuant to subparagraph (d) of paragraph (24) of  
23 Section 17-101 of this title having attained a minimum age of sixty  
24 (60) years may be retired upon ~~filing a written application for such~~

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

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

12 (c) Any member with five (5) or more years of Oklahoma teaching  
13 service and whose accumulated contributions during such period have  
14 not been withdrawn shall be given an indefinite extension of  
15 membership beginning with the sixth year following his or her last  
16 contributing membership and shall become eligible to apply for  
17 retirement and be retired upon attaining age fifty-five (55).

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

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

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

1 System for payment of said benefit for those months during the  
2 lifetime of the deceased person that he or she was eligible for but  
3 did not receive the benefit. Upon approval of the application by  
4 the Board of Trustees, the benefit shall be paid to the surviving  
5 spouse in one lump sum.

6 (4) The value of each year of prior service is the total  
7 monthly retirement benefit divided by the number of years of  
8 creditable service.

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

1 authorized disability retirement allowance provided by law. For  
2 members who are not eligible for disability benefits pursuant to the  
3 Social Security System, the Board of Trustees shall apply the same  
4 standard for which provision is made in the first two sentences of  
5 this subsection for determining the eligibility of a person for such  
6 disability benefits in making a determination of eligibility for  
7 disability benefits as authorized by this subsection.

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

20 (b) A member who has qualified for retirement benefits under  
21 disability retirement shall have the total monthly payment deducted  
22 from his or her accumulated contributions plus interest earned and  
23 any money remaining in the member's account after the above  
24 deductions at the death of the member shall be paid in a lump sum to

1 the beneficiary or to the estate of the member. Provided, if the  
2 deceased disabled member had thirty (30) years or more of creditable  
3 service and the death occurred after June 30, 1981, and death  
4 occurred prior to the disabled member receiving twelve monthly  
5 retirement payments, a surviving spouse may elect to receive the  
6 retirement benefit to which the deceased member would have been  
7 entitled at the time of death under the Option 2 Plan of Retirement  
8 provided for in subsection (8) of this section in lieu of the death  
9 benefit provided for in this subsection and in subsection (12) of  
10 this section.

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

21 (d) Should the Medical Board report and certify to the Board of  
22 Trustees that such disabled annuitant is engaged in or is able to  
23 engage in a gainful occupation paying more than the difference  
24 between his or her retirement allowance and the average final

1 compensation, and should the Board of Trustees concur in such report  
2 then the amount of his or her pension shall be reduced to an amount  
3 which, together with his or her retirement allowance and that amount  
4 earnable by him or her, shall equal the amount of his or her average  
5 final compensation. Should his or her earning capacity be later  
6 increased, the amount of his or her pension may be further modified,  
7 provided the new pension shall not exceed that amount of the pension  
8 originally granted nor an amount, which when added to the amount  
9 earnable by the member, together with his or her annuity, equals the  
10 amount of his or her average final compensation.

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

20 (7) Should a member before retirement under Section 1-101 et  
21 seq. of this title make application for withdrawal duly filed with  
22 the Board of Trustees and approved by it, not earlier than four (4)  
23 months after the date of termination of such service as a teacher,  
24 the contribution standing to the credit of his or her individual

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

1 satisfactory proof of the death of such member and of the name or  
2 names of the person or persons who would be entitled to receive such  
3 contributions under the laws of descent and distribution of the  
4 state, may authorize the payment of accumulated contributions to  
5 such person or persons. A member terminating his or her membership  
6 by withdrawal after June 30, 2003, shall have the interest computed  
7 at a rate of interest determined by the Board of Trustees and paid  
8 to him or her subject to the following schedule:

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

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

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

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

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

23 (8) (a) In lieu of his or her retirement allowance payable  
24 throughout life for such an amount as determined under this section,

1 the member may select a retirement allowance for a reduced amount  
2 payable under any of the following options the present value of  
3 which is the actuarial equivalent thereof.

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

11 (c) The first payment of any benefit selected shall be made on  
12 the first day of the month following approval of the retirement by  
13 the Board of Trustees. If the named designated beneficiary under  
14 Option 2 or 3 dies at any time after the member's retirement date,  
15 but before the death of the member, the member shall return to the  
16 retirement benefit, including any post retirement benefit increases  
17 the member would have received had the member not selected Option 2  
18 or 3 of this subsection. The benefit shall be determined at the  
19 date of death of the designated beneficiary or July 1, 1994,  
20 whichever is later. This increase shall become effective the first  
21 day of the month following the date of death of the designated  
22 beneficiary or July 1, 1994, whichever is later, and shall be  
23 payable for the member's remaining lifetime. The member shall  
24 notify the Teachers' Retirement System of Oklahoma of the death of

1 the designated beneficiary in writing. In the absence of said  
2 written notice being filed by the member notifying the Teachers'  
3 Retirement System of Oklahoma of the death of the designated  
4 beneficiary within six (6) months of the date of death, nothing in  
5 this subsection shall require the Teachers' Retirement System of  
6 Oklahoma to pay more than six (6) months of retrospective benefits  
7 increase.

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

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

22       Option 3. A member receives a reduced retirement allowance for  
23 life. Upon the death of the member one-half (1/2) of the retirement  
24 allowance paid the member shall be continued throughout the life of

1 the designated beneficiary. A written designation of a beneficiary  
2 must be duly acknowledged and filed with the Board of Trustees at  
3 the time of the member's retirement and, except as provided in  
4 paragraph (e) of this subsection, cannot be changed after the  
5 effective date of the member's retirement; or

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

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

16 (e) A member who chose the maximum retirement benefit plan at  
17 the time of retirement may make a one-time election to choose either  
18 Option 2 or 3 and name the member's spouse as designated beneficiary  
19 if the member marries after making the initial election. Such an  
20 election shall be made by July 1, 2011, or within one (1) year of  
21 the date of marriage, whichever is later. The member shall provide  
22 proof of a member's good health before the Board of Trustees will  
23 permit a change to either Option 2 or 3 and the naming of a  
24 designated beneficiary. A medical examination conducted by a

1 licensed physician is required for purposes of determining good  
2 health. Such examination must be approved by the Medical Board.  
3 The member shall be required to provide proof of age for the new  
4 beneficiary. The Board of Trustees shall adjust the monthly benefit  
5 to the actuarially equivalent amount based on the new designated  
6 beneficiary's age. The Board of Trustees shall promulgate rules to  
7 implement the provisions of this subsection.

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

16 (9) The governing board of any "public school", as that term is  
17 defined in Section 17-101 of this title, is hereby authorized and  
18 empowered to pay additional retirement allowances or compensation to  
19 any person who was in the employ of such public school for not less  
20 than seven (7) school years preceding the date of his or her  
21 retirement. Payments so made shall be a proper charge against the  
22 current appropriation or appropriations of any such public school  
23 for salaries for the fiscal year in which such payments are made.  
24 Such payments shall be made in regular monthly installments in such

1 amounts as the governing board of any such public school, in its  
2 judgment, shall determine to be reasonable and appropriate in view  
3 of the length and type of service rendered by any such person to  
4 such public school by which such person was employed at the time of  
5 retirement. All such additional payments shall be uniform, based  
6 upon the length of service and the type of services performed, to  
7 persons formerly employed by such public school who have retired or  
8 been retired in accordance with the provisions of Section 1-101 et  
9 seq. of this title.

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

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

17 (11) Upon the death of an in-service member, the System shall  
18 pay to the designated beneficiary of the member or, if there is no  
19 designated beneficiary or if the designated beneficiary predeceases  
20 the member, to the estate of the member, the sum of Eighteen  
21 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the  
22 deceased member had ten (10) years or more of creditable service and  
23 the death occurred after February 1, 1985, the member's designated  
24 beneficiary may elect to receive the retirement benefit to which the

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

22 (12) Upon the death of an annuitant who has contributed to the  
23 System, the retirement system shall pay to the designated  
24 beneficiary of the annuitant or, if there is no designated

1 beneficiary or if the designated beneficiary predeceases the  
2 annuitant, to the estate of the annuitant, the sum of Five Thousand  
3 Dollars (\$5,000.00) as a death benefit. The beneficiary or  
4 beneficiaries of benefits provided pursuant to this subsection may  
5 elect to disclaim such death benefits in which case such benefits  
6 will be transferred to a person licensed as a funeral director or to  
7 a lawfully recognized business entity licensed as required by law to  
8 provide funeral services for the deceased member. The qualified  
9 disclaimer must be in writing and will be an irrevocable and an  
10 unqualified refusal to accept all or a portion of the death benefit.  
11 It must be received by the transferor no more than nine (9) months  
12 after the later of the day the transfer creating the interest in the  
13 disclaiming person is made or the day the disclaiming person attains  
14 age twenty-one (21). The interest in the death benefits must pass  
15 without direction by the disclaiming person to another person. The  
16 benefit payable pursuant to this subsection shall be deemed, for  
17 purposes of federal income taxation, as life insurance proceeds and  
18 not as a death benefit if the Internal Revenue Service approves this  
19 provision pursuant to a private letter ruling request which shall be  
20 submitted by the board of trustees of the System for that purpose.

21 (13) Upon the death of a member who dies leaving no living  
22 beneficiary or having designated his or her estate as beneficiary,  
23 the System may pay any applicable death benefit, unpaid  
24 contributions, or unpaid benefit which may be subject to probate, in

1 an amount of Five Thousand Dollars (\$5,000.00) or less, without the  
2 intervention of the probate court or probate procedure pursuant to  
3 Section 1 et seq. of Title 58 of the Oklahoma Statutes.

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

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

9 2. An affidavit or affidavits of heirship which must  
10 state:

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

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

20 c. a statement that the value of the deceased  
21 member's entire estate is subject to probate, and  
22 that the estate wherever located, less liens and  
23 encumbrances, does not exceed Five Thousand  
24 Dollars (\$5,000.00), including the payment of

1 benefits or unpaid contributions from the System  
2 as authorized by this subsection,

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

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

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

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

24

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

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

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

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

1 SECTION 3. AMENDATORY 70 O.S. 2011, Section 17-116.2, as  
2 amended by Section 22, Chapter 11, O.S.L. 2012 (70 O.S. Supp. 2012,  
3 Section 17-116.2), is amended to read as follows:

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

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

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

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

8 ~~Except~~ For those members retiring before normal retirement age,  
 9 except for those members retiring because of a disability, the  
 10 retirement allowance:

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

17 b. ~~for those members whose first creditable service with~~  
 18 ~~the retirement system occurs on or after November 1,~~  
 19 ~~2011,~~ shall be adjusted according to the following  
 20 schedule:

	<del>Percentage of Normal</del>
Age	<del>Retirement Benefit</del>
65	100.00%
64	93.00%

1	<del>63</del>	<del>86.00%</del>
2	<del>62</del>	<del>80.00%</del>
3	<del>61</del>	<del>73.00%</del>
4	<del>60</del>	<del>65.00%</del>

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

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

24

1 (\$25,000.00) prior to July 1, 1995, in an amount equal  
2 to:

3 (1) two percent (2%) of the member's average salary  
4 upon which member contributions were made not to  
5 exceed Forty Thousand Dollars (\$40,000.00),  
6 multiplied by the number of the member's years of  
7 credited service authorized and performed prior  
8 to July 1, 1995, plus any years of prior service  
9 authorized under this title, plus

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

15 c. if the member became a member or is eligible to become  
16 a member prior to July 1, 1995, and was eligible to  
17 elect to have a maximum compensation level in excess  
18 of Twenty-five Thousand Dollars (\$25,000.00) and did  
19 not elect or elected not to have a maximum  
20 compensation level of Forty Thousand Dollars  
21 (\$40,000.00) pursuant to paragraph 1 of subsection C  
22 of this section or pursuant to subsection E of this  
23 section, in an amount equal to:  
24

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

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

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

15           1. Beginning July 1, 1992, through June 30, 1996, six percent  
16           (6%) of the regular annual compensation of such member not in excess  
17           of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,  
18           1995, through June 30, 1996, six percent (6%) of the maximum  
19           compensation level; and

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

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

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

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

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

22 a. beginning July 1, 1992, through June 30, 1993, eleven  
23 percent (11%) 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),

3 b. beginning July 1, 1993, through June 30, 1994, nine  
4 percent (9%) of the regular annual compensation of  
5 such member that is in excess of Twenty-five Thousand  
6 Dollars (\$25,000.00) and is not in excess of Forty  
7 Thousand Dollars (\$40,000.00), and

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

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

1 entity or institution within The Oklahoma State System of Higher  
2 Education in excess of Twenty-five Thousand Dollars (\$25,000.00),  
3 but not in excess of any applicable maximum compensation level of  
4 the member.

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

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

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

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

20 ~~4. Excluded from regular annual compensation are expense~~  
21 ~~reimbursement payments, office, vehicle, housing or other~~  
22 ~~maintenance allowances, the flexible benefit allowance provided~~  
23 ~~pursuant to Section 26-105 of this title, payment for unused~~  
24 ~~vacation and sick leave, any payment made for reason of termination~~

1 ~~or retirement not specifically provided for in paragraphs 1 through~~  
2 ~~3 of this subsection, maintenance or other nonmonetary compensation,~~  
3 ~~payment received as an independent contractor or consultant,~~  
4 ~~pursuant to a lawful contract which complies with the requirements~~  
5 ~~of subsection B of Section 6-101.2 of this title, any benefit~~  
6 ~~payments not made pursuant to a valid employment agreement, or any~~  
7 ~~compensation not described in paragraphs 1 through 3 of this~~  
8 ~~subsection.~~

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

24

1 include interest compounded annually at ten percent (10%) per annum  
2 of both employer and employee contributions.

3 2. Any changes made pursuant to this subsection shall be  
4 irrevocable.

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

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

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

1 percent (10%) per annum. Such payment shall be made prior to the  
2 official retirement date of the member.

3 ~~G.~~ F. Each employer shall cause to be deducted from the salary  
4 of each member on each and every payroll of such employer for each  
5 and every payroll period, the proper percentage of his or her  
6 earnable compensation as provided for in subsection B or subsection  
7 C of this section.

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

1 creditable service. Effective January 1, 1991, any active  
2 contributing member who joined the System subsequent to July 1,  
3 1943, may pay the amount determined by the Board of Trustees  
4 pursuant to Section 17-116.8 of this title for years of teaching  
5 service in Oklahoma from the date of establishment of the System in  
6 1943 to date of membership, in a lump sum, or in installments equal  
7 to establishing one (1) year of creditable service. For purposes of  
8 this option, teaching service in Oklahoma shall include the teaching  
9 of vocational agricultural courses within Oklahoma for the federal  
10 government. Years for which contributions are paid shall count as  
11 membership service under this plan. A member may receive credit for  
12 not more than five (5) years of teaching service rendered while in  
13 the Peace Corps or in the public schools of a territory of the  
14 United States or the public schools, American Military Dependent  
15 Schools or state colleges or state universities outside this state  
16 by paying his or her contributions, plus interest, and membership  
17 fees to the retirement system, subject to the regulations of the  
18 Board of Trustees, providing he or she is not receiving and is not  
19 eligible to receive retirement credit or benefits from said service  
20 in any other public retirement system of this state, or any other  
21 state or territory of the United States subject to the following  
22 provisions:

- 23           a. the member is required to have two (2) years of  
24           employed service teaching earned in Oklahoma for each

1 year of Peace Corps, territorial, out-of-state,  
2 noncovered in-state or military membership credit  
3 granted.

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

16 2. In addition to the deductions hereinabove provided for, any  
17 member who becomes a member of the Armed Forces of the United States  
18 of America during any period of national emergency, including World  
19 War II, the Korean conflict, the Vietnam conflict or others as may  
20 be determined by the Board of Trustees, or whose entrance into or  
21 training for the teaching profession was interrupted by his or her  
22 entrance into the Armed Forces, and who was or shall have become a  
23 member of the Teachers' Retirement System shall be granted the  
24 privilege of making up his or her five percent (5%) contributions as

1 provided for in this section until January 1, 1991, for not to  
2 exceed five (5) years of service in the Armed Forces by electing to  
3 pay said contributions on the basis of the rate of pay in his or her  
4 contract as a teacher at the time his or her service in the Armed  
5 Forces commenced or in the case of a teacher who was not teaching  
6 prior to entering the Armed Forces, on the basis of the salary of  
7 the first year of teaching after being honorably discharged from the  
8 Armed Forces. Effective January 1, 1991, the member will receive  
9 such service upon payment of the amount determined by the Board of  
10 Trustees pursuant to Section 17-116.8 of this title. Such  
11 contributions shall be credited in the regular manner, and the  
12 period for which ~~said~~ contributions were paid shall be counted as  
13 creditable years of service and allocated to the period during which  
14 the military service was rendered, except that the period for which  
15 contributions were paid must have been continuous and shall be  
16 credited in the aggregate, regardless of fiscal year limitations.  
17 Notwithstanding any provision herein to the contrary, contributions,  
18 benefits and service credit with respect to qualified military  
19 service as defined by Section 414(u) of the Internal Revenue Code of  
20 1986, shall be provided in accordance with Section 414(u) of the  
21 Internal Revenue Code.

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

1        ~~H.~~ G. Effective July 1, 2004, the total creditable service of a  
2 member who retires or terminates employment and elects a vested  
3 benefit shall include not to exceed one hundred twenty (120) days of  
4 unused sick leave accumulated subsequent to August 1, 1959. Twenty  
5 (20) days of unused sick leave shall equal one (1) month for  
6 purposes of creditable service credit. If the member becomes a  
7 member or was eligible to become a member prior to July 1, 1995, the  
8 year of credit received in this section shall be treated as service  
9 earned prior to July 1, 1995. This subsection shall apply to  
10 members retiring or vesting on or after ~~the effective date of this~~  
11 ~~act~~ July 20, 1987, and shall not be retroactive.

12        ~~F.~~ H. Any member who:

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

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

1 period of time represented by the transferred employee contributions  
2 as creditable service within the meaning of Section 17-101 of this  
3 title. After the transfer of the employee contributions, the  
4 Oklahoma Public Employees Retirement System shall cancel any service  
5 credit previously accumulated for the period of time represented by  
6 such transferred employee contributions. Any person who makes the  
7 election provided for by this paragraph, and who continues  
8 employment with the Oklahoma Commission for Teacher Preparation on  
9 or after July 1, 2002, shall continue to accrue service credit in  
10 the Teachers' Retirement System of Oklahoma. The employer shall  
11 make employer contributions according to the requirements of Section  
12 17-108.1 of this title and shall provide for the deduction of  
13 employee contributions as required by this section.

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

1 System on July 1, 1994, may continue to contribute under this  
2 subsection until they have completed eight (8) years allowed by this  
3 subsection. The member may file for retirement when otherwise  
4 eligible for retirement as provided by Section 17-105 of this title.

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

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

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

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

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

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

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

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

22 (1) for members who have accrued at least eight (8)  
23 years of credited service with the sending  
24 system, determine the present value of the

1 member's earned benefits attributable to the  
2 years of service sought to be transferred,  
3 discounted according to the member's age at the  
4 time of transfer and computed as of the earliest  
5 age at which the member would be able to retire.  
6 ~~Said~~ Such computation shall assume an unreduced  
7 benefit and be computed using interest and  
8 mortality assumptions consistent with the  
9 actuarial assumptions adopted by the Board of  
10 Trustees for purposes of preparing the annual  
11 actuarial evaluation, but shall not make any  
12 projections regarding future salary. For  
13 employees who have accrued at least eight (8)  
14 years of credited service, the sending system  
15 shall use the product of this calculation for  
16 purposes of determining the transfer fee to be  
17 paid by the employee under subparagraph c of this  
18 paragraph so long as it is greater than the  
19 product of the calculation in division (2) of  
20 this subparagraph, and

- 21 (2) determine the sum of the employee and employer  
22 contributions applicable to the years of service  
23 sought to be transferred plus interest consistent  
24 with the actuarial assumptions adopted by the

1 Board of Trustees for purposes of preparing the  
2 annual actuarial evaluation. For all non-vested  
3 members, and for members who have accrued at  
4 least eight (8) years of credited service, if the  
5 product of this calculation is greater than the  
6 product of the calculation in division (1) of  
7 this subparagraph, the sending system shall use  
8 the product of this calculation for purposes of  
9 determining the amount to be transferred by the  
10 sending system under subparagraph c of this  
11 paragraph and any transfer fee to be paid by the  
12 member under subparagraph d of this paragraph.

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

1           Such computation shall assume an unreduced benefit and  
2           be computed using interest, salary projections and  
3           mortality assumptions consistent with the actuarial  
4           assumptions adopted by the Board of Trustees for  
5           purposes of preparing the annual actuarial evaluation.

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

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

1 established in subparagraphs a and b of this  
2 paragraph, the employee shall elect to:

- 3 (1) pay any difference to receive full credit for the  
4 years sought to be transferred, or  
5 (2) receive prorated service credit for only the  
6 amount received from the Oklahoma Public  
7 Employees Retirement System pursuant to this  
8 subsection.

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

13 3. Within sixty (60) days of successfully completing all of the  
14 requirements for transfer under this subsection, the sending system  
15 shall pay the receiving system any amount due under this subsection.  
16 Within sixty (60) days of successfully completing all of the  
17 requirements for transfer under this subsection, the member shall  
18 pay the receiving system any amount due under this subsection. In  
19 the event that the member is unable to pay the transfer fee provided  
20 for in this subsection by the due date, the Board of Trustees of the  
21 receiving system shall permit the member to amortize the transfer  
22 fee over a period not to exceed sixty (60) months. ~~Said~~ Such  
23 payments shall be made by payroll deductions unless the Board of  
24 Trustees permits an alternate payment source. The amortization

1 shall include interest in an amount not to exceed the actuarially  
2 assumed interest rate adopted by the Board of Trustees for  
3 investment earnings each year. Any member who ceases to make  
4 payment, terminates, retires or dies before completing the payments  
5 provided for in this section shall receive prorated service credit  
6 for only those payments made, unless the unpaid balance is paid by  
7 ~~said~~ the member, his or her estate or successor in interest within  
8 six (6) months after ~~said~~ the member's death, termination of  
9 employment or retirement, provided no retirement benefits shall be  
10 payable until the unpaid balance is paid, unless ~~said~~ the member or  
11 beneficiary affirmatively waives the additional six-month period in  
12 which to pay the unpaid balance.

13 4. Years of service transferred pursuant to this subsection  
14 shall be used both in determining the member's retirement benefit  
15 and in determining the years of service for retirement and/or  
16 vesting purposes. Years of service rendered as a member of the  
17 Oklahoma Public Employees Retirement System prior to July 1, 1992,  
18 if any, shall be deemed to be years of service rendered as a member  
19 of the Teachers' Retirement System of Oklahoma prior to July 1,  
20 1992, and shall qualify such person as a member of the Teachers'  
21 Retirement System of Oklahoma before July 1, 1992.

22 5. Notwithstanding the requirements of subsection (5) of  
23 Section 917 of Title 74 of the Oklahoma Statutes, members electing  
24 to take advantage of the transfer authorized by this subsection who

1 have withdrawn their contributions from the sending system shall  
2 remit to the sending system the amount of the accumulated  
3 contributions the member has withdrawn plus simple interest of ten  
4 percent (10%) per annum prior to making ~~said~~ such election or the  
5 election shall be deemed invalid and the transfer shall be canceled.  
6 If such an election is deemed invalid and the transfer is canceled,  
7 the accumulated contribution remitted to the sending system by the  
8 member who originally withdrew their contributions shall be returned  
9 to the member. The member's rights and obligations regarding any  
10 service credit reestablished in the sending system due to a failure  
11 to satisfy the requirements of this subsection shall be determined  
12 by the sending system in accordance with Section 901 et seq. of  
13 Title 74 of the Oklahoma Statutes.

14 6. If any member fails for any reason to satisfy the  
15 requirements of this subsection, the election to transfer service  
16 credit shall be void and of no effect, and any service credited as a  
17 result of this transfer shall be canceled. If such service is  
18 canceled, the years of canceled service credit which were  
19 unsuccessfully transferred to the receiving system from the sending  
20 system shall be reestablished in the sending system. The member's  
21 rights and obligations regarding any service credit reestablished in  
22 the sending system due to a failure to satisfy the requirements of  
23 this subsection shall be determined by the sending system in

24

1 accordance with Section 901 et seq. of Title 74 of the Oklahoma  
2 Statutes.

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

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

18 ~~N.~~ M. Any active member who elected during the 1978-79 school  
19 year to pay the difference between five percent (5%) on actual  
20 salary not exceeding Ten Thousand Dollars (\$10,000.00) and six  
21 percent (6%) on actual salary not exceeding Fifteen Thousand Dollars  
22 (\$15,000.00) shall receive credit for one (1) year of credited  
23 service upon receipt and approval of a proper request by the Board  
24 of Trustees.

1       ~~Θ.~~ N. Effective July 1, 1988, any member who is employed by the  
2 Governor, the State Senate, the House of Representatives or the  
3 Legislative Service Bureau shall be allowed to elect to retain  
4 membership in the Retirement System upon payment of the accrued and  
5 current member contributions and employer contributions as provided  
6 in subsection B of this section and Section 17-108.1 of this title.  
7 Such contributions may be paid on behalf of the member by the  
8 employing entity. Upon payment of such contributions, service  
9 credits shall continue to be accumulated during such employment.  
10 Accrued contributions shall be paid to the Retirement System by  
11 August 1, 1989. Current contributions shall be paid to the  
12 Retirement System by the tenth of the following month beginning with  
13 the month of July 1989.

14       ~~P.~~ O. Notwithstanding any requirements of this title to  
15 restrict the payment of service purchases, the Board of Trustees  
16 shall promulgate such rules as necessary to allow active members of  
17 the System to make installment payments for the redeposit of  
18 withdrawn accounts or other payments due under the provisions of  
19 this title. The rules shall permit the member to amortize the  
20 balance due over a period not to exceed sixty (60) months, and shall  
21 include interest consistent with the actuarial assumptions adopted  
22 by the Board of Trustees for purposes of preparing the annual  
23 actuarial evaluation. Further, the rules shall provide that all  
24

1 payments must be completed prior to the effective retirement date of  
2 the member.

3 ~~Q.~~ P. 1. A member of the Oklahoma Public Employees Retirement  
4 System who becomes a member of the Teachers' Retirement System of  
5 Oklahoma because the member has become employed by an entity or  
6 institution within The Oklahoma State System of Higher Education,  
7 State Board of Education, State Board of Career and Technology  
8 Education, Oklahoma Department of Career and Technology Education,  
9 Oklahoma School of Science and Mathematics, Oklahoma Center for the  
10 Advancement of Science and Technology, State Department of  
11 Rehabilitation Services, Oklahoma State Regents for Higher  
12 Education, Department of Corrections, State Department of Education,  
13 Oklahoma Board of Private Vocational Schools, Board of Regents of  
14 Oklahoma Colleges, Oklahoma Student Loan Authority, or the Teachers'  
15 Retirement System of Oklahoma, may elect to receive credit in the  
16 Teachers' Retirement System of Oklahoma for those years of service  
17 accumulated by the member in the Oklahoma Public Employees  
18 Retirement System pursuant to this subsection. A member shall be  
19 eligible to elect to receive credit for such years of service if:  
20 a. the member is an active member of the Teachers'  
21 Retirement System of Oklahoma,  
22 b. the member provides notice to the Teachers' Retirement  
23 System of Oklahoma and the Oklahoma Public Employees  
24 Retirement System of the member's election to transfer

1           such retirement credit. The notice shall include a  
2           list of the years to be transferred, and

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

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

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

24

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

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

8       ~~R.~~ Q. A former member of the Teachers' Retirement System of  
9 Oklahoma who withdrew his or her contributions from the System prior  
10 to January 1, 1983, and who had at least ten (10) years of service  
11 in the System and purchased that service in the Oklahoma Public  
12 Employees Retirement System, may elect to revoke that purchase from  
13 the Oklahoma Public Employees Retirement System and to repay the  
14 withdrawn contributions to the System in order to be eligible, once  
15 such member reaches the normal retirement age, to receive a  
16 retirement benefit that is based upon years of service and  
17 compensation at the time such member terminated employment. In  
18 addition, such former member may elect to transfer service credit  
19 accrued in the Oklahoma Public Employees Retirement System to the  
20 Teachers' Retirement System of Oklahoma pursuant to subsection L of  
21 this section. The election, pursuant to this subsection, shall be  
22 made prior to September 1, 2000. The election and the repayment  
23 shall be made according to rules promulgated by the Board.

1 SECTION 4. AMENDATORY 70 O.S. 2011, Section 17-116.10,  
2 is amended to read as follows:

3 Section 17-116.10 A. Subject to the requirements of Section 6-  
4 101.2 of this title and any other applicable requirements of law, a  
5 member may enter into post-retirement employment with a public  
6 school of Oklahoma and still receive monthly retirement benefits  
7 subject to the following limitations:

8 1. A retired member is not eligible to be employed by the  
9 public schools of Oklahoma, in any capacity, for sixty (60) calendar  
10 days between the retiree's last day of pre-retirement public-  
11 education employment and any post-retirement public-education  
12 employment. For purposes of this section, the term "last day of  
13 pre-retirement employment" shall mean the last day the employee is  
14 required to be physically present on the job to complete the terms  
15 of the employment contract or agreement. Employment under any  
16 conditions during this time, volunteer services for the purpose of  
17 obtaining a paid position at a later date, or payment at a later  
18 time for services performed during this time period shall cause the  
19 forfeiture of all retirement benefits received during the period;

20 2. Unless otherwise provided in paragraph 3 of this subsection,  
21 earnings from the public schools may not exceed one-half (1/2) of  
22 the member's final average salary used in computing retirement  
23 benefits, or the Earnings Limitation for employees allowed by the  
24 Social Security Administration, whichever is less. For retired

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

16       a. earnings shall mean "regular annual compensation" as  
17       defined in paragraph (25) of Section 17-101 of this  
18       title, and shall include any payment by a public  
19       school for services rendered by a retired member who  
20       is employed for any purpose whatsoever. Supplemental  
21       retirement payments paid by a former public school  
22       employer pursuant to subsection 9 of Section 17-105 of  
23       this title or other state law shall not be considered  
24       as earnings,

1           b.    the Earnings Limitation for employees allowed by the  
2                    Social Security Administration to workers between the  
3                    age of sixty-two (62) years and sixty-five (65) years  
4                    shall apply to retired members below the age of sixty-  
5                    two (62) years,

6           c.    the limit on allowed earnings from the public schools  
7                    shall be automatically adjusted effective the first  
8                    day of January of each year to reflect the current  
9                    Earnings Limitation for employees as determined from  
10                   time to time by the Social Security Administration,

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

16          e.    earnings in excess of the maximum limit on allowed  
17                    earnings from public schools of Oklahoma shall result  
18                    in a loss of future retirement benefits for the year  
19                    the post-retirement employment was performed of One  
20                    Dollar (\$1.00) for each One Dollar (\$1.00) earned over  
21                    the maximum allowed earnings amount,

22          ~~e.~~ f.    for those members age seventy (70) years and over, the  
23                    earnings in excess of the maximum limit allowed  
24                    earnings from public schools of Oklahoma shall be one-

1 half (1/2) the member's final average salary used in  
2 computing retirement benefits. However, any retired  
3 member receiving benefits from the Retirement System  
4 who reached age seventy (70) years prior to July 1,  
5 1991, shall not be restricted by the earnings limits  
6 pursuant to this subparagraph until January 1, 1994.  
7 To qualify for the provisions of this subparagraph,  
8 the member must be employed less than one-half (1/2)  
9 time compared to other full-time employees in similar  
10 positions;

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

18 4. A member shall be considered to be employed by a school  
19 district to perform the duties ordinarily performed by classified or  
20 nonclassified personnel if the member is hired by the school  
21 district in the member's individual capacity to perform the duties  
22 or if the member performs the duties through employment with a  
23 proprietorship, partnership, corporation, limited liability company  
24

1 or partnership, or any other business structure that has agreed or  
2 contracted to provide the services to the school district.

3 B. A public school district that employs a retired member shall  
4 be required to make contributions to the System for the retired  
5 member in an amount as required in Section 17-108.1 and in paragraph  
6 3 of subsection B of Section 17-116.2 of this title.

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

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

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

20 SECTION 5. This act shall become effective November 1, 2013.

21  
22 COMMITTEE REPORT BY: COMMITTEE ON ECONOMIC DEVELOPMENT AND FINANCIAL  
23 SERVICES, dated 04/11/2013 - DO PASS, As Amended.  
24