

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

SENATE BILL 423

By: Quinn

AS INTRODUCED

An Act relating to teachers' retirement; amending 70 O.S. 2011, Section 17-206, which relates to election to participate in alternate retirement plan; modifying number of days of employment required to choose alternate plan from 90 to 30; and providing an effective date

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-206, is amended to read as follows:

Section 17-206. A. An eligible employee shall have ~~ninety (90)~~ thirty (30) days from such eligible employee's initial date of hire or the date the alternate retirement plan is adopted by the participating institution, whichever is later, to make a one-time irrevocable written election to participate in the alternate retirement plan or the Teachers' Retirement System of Oklahoma. If an eligible employee fails to make an election within the ~~ninety~~ thirty-day period such eligible employee shall participate in the Teachers' Retirement System of Oklahoma. If an eligible employee makes the election to participate in the alternate retirement plan

1 such eligible employee shall not participate in the Teachers'
2 Retirement System of Oklahoma nor make employee contributions to the
3 Teachers' Retirement System of Oklahoma and the participating
4 institution shall not make employer contributions to the Teachers'
5 Retirement System of Oklahoma except as otherwise required by ~~this~~
6 ~~act~~ Section 17-201 et seq. of this title. If an eligible employee
7 elects to participate in the Teachers' Retirement System of
8 Oklahoma, then the eligible employee shall make employee
9 contributions to the Teachers' Retirement System of Oklahoma and the
10 participating institution shall pay the employer contributions of
11 such eligible employee to the Teachers' Retirement System of
12 Oklahoma for the month that the eligible employee was hired through
13 the month that the election is made and as long as the eligible
14 employee participates in the Teachers' Retirement System of
15 Oklahoma.

16 B. An eligible employee who elects to participate in the
17 alternate retirement plan shall be ineligible for participation in
18 the Teachers' Retirement System of Oklahoma. Ineligibility to
19 participate in the Teachers' Retirement System of Oklahoma shall
20 continue so long as such eligible employee remains employed by a
21 participating institution. If such eligible employee assumes a
22 different position, which is governed by a state retirement system
23 other than the alternate retirement plan authorized in ~~this act~~
24 Section 17-201 et seq. of this title, the eligible employee shall be

1 subject to the retirement system rules applicable to that new
2 position. However, such eligible employee shall not be eligible for
3 service credit in the Teachers' Retirement System of Oklahoma for
4 service performed while participating in an alternate retirement
5 plan.

6 C. An electing employee who desires to cease to participate in
7 the Teachers' Retirement System of Oklahoma shall make a one-time
8 irrevocable written election to cease making employee contributions
9 to the Teachers' Retirement System of Oklahoma and participate in
10 the alternate retirement plan. Such election shall be made within
11 one (1) year following the adoption of the alternate retirement plan
12 or receipt of official written notice that the provisions of ~~this~~
13 ~~act~~ Section 17-201 et seq. of this title satisfy the applicable
14 requirements of the Internal Revenue Code of 1986, as amended from
15 time to time, whichever is later. If the electing employee makes
16 the election pursuant to this subsection, then the participating
17 institution shall notify the Teachers' Retirement System of Oklahoma
18 of such election within thirty (30) days of receipt of the election.
19 Upon the election to cease membership in the Teachers' Retirement
20 System of Oklahoma, employer and employee contributions shall cease
21 as of the first day of the month coinciding with or first following
22 the receipt of the election from the electing employee by the
23 participating institution.

1 D. Subject to receipt of official written notice that the
2 provisions of ~~this act~~ Section 17-201 et seq. of this title satisfy
3 the applicable requirements of the Internal Revenue Code of 1986, as
4 amended from time to time, as provided in subsection C of this
5 section, if the electing employee is not vested with the Teachers'
6 Retirement System of Oklahoma at the time the election is made, the
7 Teachers' Retirement System of Oklahoma shall transfer all of the
8 electing employee's employee contributions (but not employer
9 contributions) at the time of such election, and attributable
10 interest, pursuant to Section 17-105 of Title 70 of the Oklahoma
11 Statutes, to the alternate retirement plan in an amount equal to
12 what the electing employee would have received had the electing
13 employee withdrawn his or her contributions at the date of such
14 election. A transfer of employee contributions and interest
15 pursuant to this subsection shall only be made upon receipt of
16 official written notice that such transfer satisfies the applicable
17 requirements of the Internal Revenue Code of 1986, as amended from
18 time to time. Upon transfer of such employee contributions and
19 interest to the alternate retirement plan, the electing employee
20 shall have all service credit, rights, and benefits in the Teachers'
21 Retirement System of Oklahoma canceled. In the event the Internal
22 Revenue Service does not approve the transfer of contributions and
23 interest to the alternate retirement plan as provided in this
24 subsection, such employee contributions and interest shall be

1 refunded to such electing employee upon termination, retirement,
2 death or disability pursuant to Section 17-101 et seq. of Title 70
3 of the Oklahoma Statutes and the rules of the Teachers' Retirement
4 System of Oklahoma.

5 E. In the event an electing employee is vested with the
6 Teachers' Retirement System of Oklahoma on the date that the
7 election is made, such individual shall have the option to either
8 (a) leave all of his or her employee contributions in the Teachers'
9 Retirement System of Oklahoma, or (b) transfer all of the electing
10 employee's employee contributions (but not employer contributions)
11 at the time of such election, and attributable interest, pursuant to
12 Section 17-105 of Title 70 of the Oklahoma Statutes, to the
13 alternate retirement plan in an amount equal to what the electing
14 employee would have received had the electing employee withdrawn his
15 or her contributions at the date of such election. A transfer of
16 employee contributions and interest pursuant to this subsection
17 shall only be made upon receipt of official written notice that such
18 transfer satisfies the applicable requirements of the Internal
19 Revenue Code of 1986, as amended from time to time. Upon transfer
20 of such employee contributions and interest to the alternate
21 retirement plan, all of the electing employee's service credit,
22 rights, and benefits in the Teachers' Retirement System of Oklahoma
23 shall be canceled. However, such electing employee who leaves all
24 of his or her employee contributions in the Teachers' Retirement

1 System of Oklahoma shall not be eligible to retire from the
2 Teachers' Retirement System of Oklahoma while employed by a
3 participating institution. In the event the Internal Revenue
4 Service does not approve the transfer of contributions and interest
5 to the alternate retirement plan as provided in this subsection,
6 such employee contributions and interest shall be refunded to such
7 electing employee upon termination, retirement, death or disability
8 pursuant to Section 17-101 et seq. of Title 70 of the Oklahoma
9 Statutes and the rules of the Teachers' Retirement System of
10 Oklahoma.

11 F. An electing employee shall not be eligible to obtain service
12 credit in the Teachers' Retirement System of Oklahoma for service
13 performed while participating in an alternate retirement plan as
14 provided in ~~this act~~ Section 17-201 et seq. of this title, on or
15 after July 1, 2004, even if the employee later returns to employment
16 in a position governed by the Teachers' Retirement System of
17 Oklahoma. The Boards of Regents of the participating institutions
18 and the Teachers' Retirement System of Oklahoma shall promulgate any
19 rules necessary to implement the provisions of this section.

20 SECTION 2. This act shall become effective November 1, 2017.
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