

**CORRECTED**

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

SENATE BILL 671

By: Brown

AS INTRODUCED

An Act relating to teacher's retirement; amending 70 O.S. 2011, Sections 17-102.3, 17-105, as last amended by Section 1, Chapter 129, O.S.L. 2016 (70 O.S. Supp. 2016, Section 17-105), and 17-106.3, which relates to the Tax-Sheltered Annuity Program, retirement and deposit of contributions and dedicated revenues; authorizing the termination of the Board's Tax-Sheltered Annuity Program; specifying procedures for terminating the Program; authorizing Program participants to choose certain other providers; eliminating requirement of approval by Board of Trustees for certain applications; modifying entity responsible for certain applications; conforming language; eliminating certain funding from the Teachers' Retirement Fund; amending 74 O.S. 2011, Section 1316.3, as amended by Section 963, Chapter 304, O.S.L. 2012 (74 O.S. Supp. 2016, Section 1316.3), which relates to continuation of benefits; authorizing certain beneficiaries to retain benefits in certain situations; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-102.3, is amended to read as follows:

1       Section 17-102.3. The Tax-Sheltered Annuity Program provided by  
2 Section 17-101 et seq. of this title shall satisfy the applicable  
3 qualification requirements for grandfathered governmental tax-  
4 sheltered annuity programs as specified in 26 U.S.C. Section 403(b)  
5 and the relevant regulatory provisions and guidance related thereto.  
6 In order to satisfy these requirements and guidelines, the Teachers'  
7 Retirement Tax-Sheltered Annuity Program shall be subject to the  
8 following provisions, notwithstanding any other provision of the law  
9 governing the Oklahoma Teachers' Retirement System:

10       (1) The Board of Trustees shall administer and distribute the  
11 corpus and income of the Tax-Sheltered Annuity Program to members  
12 and their beneficiaries pursuant to the applicable requirements  
13 under 26 U.S.C. Section 403(b), relevant regulatory provisions and  
14 guidance under 26 U.S.C. Section 403(b), and in accordance with the  
15 law governing the Oklahoma Teachers' Retirement System.

16       (2) All benefits paid from the retirement system shall be  
17 distributed in accordance with the applicable requirements of 26  
18 U.S.C. Sections 403(b)(10) and 401(a)(9) and the regulations  
19 thereto.

20       (3) To the extent required by 26 U.S.C. Sections 403(b)(10) and  
21 401(a)(31), the retirement system shall allow members and qualified  
22 beneficiaries to elect a direct rollover of eligible distributions  
23 to another eligible retirement plan.  
24

1       (4) To the extent required under 26 U.S.C. Section 403(b)(11)  
2 and the regulations thereto, distributions under the Tax-Sheltered  
3 Annuity Program shall only be paid when the member attains the age  
4 of fifty-nine and one-half (59 1/2) years, separates from service,  
5 dies, becomes disabled, or in the case of hardship.

6       (5) Beginning on or after the effective date of this act, the  
7 Board of Trustees may terminate its Tax-Sheltered Annuity Program  
8 (the "Program") administered under 26 U.S.C. § 403(b). The Board  
9 may only do so in a way that is consistent with federal tax law and  
10 minimizes financial harm to the participants in the Program. To  
11 assist in minimizing any such harm, all Employers that participate  
12 in the Teachers' Retirement System and maintain their own tax-  
13 sheltered annuity programs under §403(b) of the Code, and who employ  
14 a participant in the Program, or who employed a retired participant  
15 in the Program, shall permit the firm administering the Program on  
16 the effective date of this act to be a provider in the employers'  
17 local programs. Such participation is only for the purpose of  
18 offering the same investment options to the participants that were  
19 available in the Program. Employers need only keep this firm as a  
20 provider for a two-year period beginning with the end of the local  
21 programs' current plan year as of the effective date of this act.  
22 In addition the firm administering the Program must continue to be  
23 lawfully providing those investment options during that two-year

1 period. Any active or retired participant in the local 403(b)  
2 programs may choose any other provider offered under that program.

3 SECTION 2. AMENDATORY 70 O.S. 2011, Section 17-105, as  
4 last amended by Section 1, Chapter 129, O.S.L. 2016 (70 O.S. Supp.  
5 2016, Section 17-105), is amended to read as follows:

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

1 having attained a minimum age of sixty (60) years may be retired  
2 upon proper application for retirement and executing a retirement  
3 contract. The application shall be filed on the form provided by  
4 the Board of Trustees for this purpose, not less than sixty (60)  
5 days before the date of retirement, provided that the Executive  
6 Director may waive the sixty-day deadline for good cause shown as  
7 defined by the Board.

8           1. The employer shall provide the System with the  
9           following information for a retiring member, no later  
10          than the fifteenth day of the month of retirement:  
11          last day physically on the job; last day on payroll;  
12          any regular compensation not already reported to the  
13          System; and final unused sick leave balance.

14          2. Failure to submit this information by the deadline, or  
15          errors in submitted information that result in a  
16          disqualification of retirement eligibility shall be  
17          the responsibility of the employer. In cases where  
18          the error results in disqualification of retirement  
19          eligibility, it is the employer's responsibility to  
20          reemploy the member, or retain the member on the  
21          payroll, for the time period required to reach  
22          eligibility, not exceeding two (2) months.

23          (b) An individual who becomes a member of the Teachers'  
24 Retirement System after July 1, 1967, shall be employed by the

1 public schools, state colleges or universities of Oklahoma for a  
2 minimum of five (5) years and be a contributing member of the  
3 Teachers' Retirement System of Oklahoma for a minimum of five (5)  
4 years to qualify for monthly retirement benefits from the Teachers'  
5 Retirement System of Oklahoma.

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

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

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

1 changed from the nonclassified optional group to the classified  
2 group for the purpose of calculating retirement benefits.

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

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

4       (5) Upon application of a member who is actively engaged in  
5 teaching in Oklahoma or his or her employer, any member who has been  
6 a contributing member for ten (10) years may be retired by the Board  
7 of Trustees subsequent to the execution and filing thereof, on a  
8 disability retirement allowance, provided that it is found by the  
9 Board of Trustees after medical examination of such member by a duly  
10 qualified physician that such member is mentally or physically  
11 incapacitated for further performance of duty, that such incapacity  
12 is likely to be permanent, and that such member should be retired.  
13 The Board of Trustees shall give due consideration to the  
14 conclusions and recommendations in the certified written report of  
15 the Medical Board of the Teachers' Retirement System regarding the  
16 disability application of such member. If a member is determined to  
17 be eligible for disability benefits pursuant to the Social Security  
18 System, then such determination shall entitle the member to the  
19 authorized disability retirement allowance provided by law. For  
20 members who are not eligible for disability benefits pursuant to the  
21 Social Security System, the Board of Trustees shall apply the same  
22 standard for which provision is made in the first two sentences of  
23 this subsection for determining the eligibility of a person for such  
24



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

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

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

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

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

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

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

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

16 (7) Should a member before retirement under Section 1-101 et  
17 seq. of this title make application for withdrawal duly filed with  
18 the ~~Board of Trustees and approved by it~~ System, not earlier than  
19 four (4) months after the date of termination of such service as a  
20 teacher, the contribution standing to the credit of his or her  
21 individual account in the Teachers' Savings Fund shall be paid to  
22 him or her or, in the event of his or her death before retirement,  
23 shall be paid to such person or persons as he or she shall have  
24 nominated by written designation, duly executed and filed with the

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

1 such person or persons. A member terminating his or her membership  
2 by withdrawal after June 30, 2003, shall have the interest computed  
3 at a rate of interest determined by the ~~Board of Trustees~~ System and  
4 paid to him or her subject to the following schedule:

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

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

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

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

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

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

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

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

1 (6) months of the date of death, nothing in this subsection shall  
2 require the Teachers' Retirement System of Oklahoma to pay more than  
3 six (6) months of retrospective benefits increase.

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

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

19 Option 3. A member receives a reduced retirement allowance for  
20 life. Upon the death of the member one-half (1/2) of the retirement  
21 allowance paid the member shall be continued throughout the life of  
22 the designated beneficiary. A written designation of a beneficiary  
23 must be duly acknowledged and filed with the ~~Board of Trustees~~  
24 System at the time of the member's retirement and, except as

1 provided in paragraph (e) of this subsection, cannot be changed  
2 after the effective date of the member's retirement; or

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

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

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



1 beneficiary. The Board of Trustees shall adjust the monthly benefit  
2 to the actuarially equivalent amount based on the new designated  
3 beneficiary's age. The Board of Trustees shall promulgate rules to  
4 implement the provisions of this subsection.

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

13 (g) Any individual who is eligible to be a beneficiary of a  
14 member under this subsection, and who is also a beneficiary of a  
15 trust created under the Oklahoma Discretionary and Special Needs  
16 Trust Act, Section 175.81 et seq. of Title 60 of the Oklahoma  
17 Statutes, or a comparable Trust Act created under the laws of  
18 another state, hereinafter collectively referred to as "Trust Acts",  
19 may be a beneficiary under this subsection by having the trustee of  
20 the trust established for the benefit of that individual named as  
21 the legal beneficiary under this subsection. The age of that  
22 beneficiary shall be used for calculating any benefit payable to the  
23 trust under this subsection. The beneficiary of such a trust shall  
24 be treated as the beneficiary under this subsection except that

1 payments of any benefits due under this subsection shall be payable  
2 to the lawfully appointed trustee of the trust. The obligation of  
3 the System to pay the beneficiary under this subsection shall be  
4 satisfied by payment to the trustee whom the System, in good faith,  
5 believes to be the lawfully appointed trustee. Any conflict between  
6 the statutes creating and governing the Teachers' Retirement System  
7 in Section 17-101 et seq. of this title and the provisions of any  
8 Trust Act referred to above shall be resolved in favor of the  
9 statutes governing the System. If an eligible beneficiary is named  
10 at the time of retirement, and becomes a beneficiary of a trust  
11 under one of the Trust Acts described herein after that time, the  
12 System will acknowledge the trust as the beneficiary upon the  
13 submission of adequate documentation of the existence of the trust.  
14 All other provisions of this subsection shall apply to these  
15 subsequently created trusts.

16 (h) The Board of Trustees of the System may recognize other  
17 trusts set up for the benefit of individuals otherwise eligible to  
18 be named as a beneficiary under this subsection by administrative  
19 rule if it can be done without undue additional administrative  
20 expense of the System.

21 (9) The governing board of any "public school", as that term is  
22 defined in Section 17-101 of this title, is hereby authorized and  
23 empowered to pay additional retirement allowances or compensation to  
24 any person who was in the employ of such public school for not less

1 than seven (7) school years preceding the date of his or her  
2 retirement. Payments so made shall be a proper charge against the  
3 current appropriation or appropriations of any such public school  
4 for salaries for the fiscal year in which such payments are made.  
5 Such payments shall be made in regular monthly installments in such  
6 amounts as the governing board of any such public school, in its  
7 judgment, shall determine to be reasonable and appropriate in view  
8 of the length and type of service rendered by any such person to  
9 such public school by which such person was employed at the time of  
10 retirement. All such additional payments shall be uniform, based  
11 upon the length of service and the type of services performed, to  
12 persons formerly employed by such public school who have retired or  
13 been retired in accordance with the provisions of Section 17-101 et  
14 seq. of this title.

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

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

22 (11) Upon the death of an in-service member, the System shall  
23 pay to the designated beneficiary of the member or, if there is no  
24 designated beneficiary or if the designated beneficiary predeceases

1 the member, to the estate of the member, the sum of Eighteen  
2 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the  
3 deceased member had ten (10) years or more of creditable service and  
4 the death occurred after February 1, 1985, the member's designated  
5 beneficiary may elect to receive the retirement benefit to which the  
6 deceased member would have been entitled at the time of death under  
7 the Option 2 plan of retirement in lieu of the death benefit  
8 provided for in this subsection. Provided further, the option  
9 provided in this subsection is only available when the member has  
10 designated one individual as the designated beneficiary. The  
11 beneficiary or beneficiaries of death benefits in the amount not to  
12 exceed Eighteen Thousand Dollars (\$18,000.00), but exclusive of any  
13 retirement benefit received by an electing beneficiary based upon  
14 creditable service performed by the deceased member, which are  
15 provided pursuant to this subsection may elect to disclaim such  
16 death benefits in which case such benefits will be transferred to a  
17 person licensed as a funeral director or to a lawfully recognized  
18 business entity licensed as required by law to provide funeral  
19 services for the deceased member. The qualified disclaimer must be  
20 in writing and will be an irrevocable and an unqualified refusal to  
21 accept all or a portion of the death benefit. It must be received  
22 by the transferor no more than nine (9) months after the later of  
23 the day the transfer creating the interest in the disclaiming person  
24 is made or the day the disclaiming person attains age twenty-one

1 (21). The interest in the death benefits must pass without  
2 direction by the disclaiming person to another person.

3 (12) Upon the death of an annuitant who has contributed to the  
4 System, the retirement system shall pay to the designated  
5 beneficiary of the annuitant or, if there is no designated  
6 beneficiary or if the designated beneficiary predeceases the  
7 annuitant, to the estate of the annuitant, the sum of Five Thousand  
8 Dollars (\$5,000.00) as a death benefit. The beneficiary or  
9 beneficiaries of benefits provided pursuant to this subsection may  
10 elect to disclaim such death benefits in which case such benefits  
11 will be transferred to a person licensed as a funeral director or to  
12 a lawfully recognized business entity licensed as required by law to  
13 provide funeral services for the deceased member. The qualified  
14 disclaimer must be in writing and will be an irrevocable and an  
15 unqualified refusal to accept all or a portion of the death benefit.  
16 It must be received by the transferor no more than nine (9) months  
17 after the later of the day the transfer creating the interest in the  
18 disclaiming person is made or the day the disclaiming person attains  
19 age twenty-one (21). The interest in the death benefits must pass  
20 without direction by the disclaiming person to another person. The  
21 benefit payable pursuant to this subsection shall be deemed, for  
22 purposes of federal income taxation, as life insurance proceeds and  
23 not as a death benefit if the Internal Revenue Service approves this  
24

1 provision pursuant to a private letter ruling request which shall be  
2 submitted by the board of trustees of the System for that purpose.

3 (13) Upon the death of a member who dies leaving no living  
4 beneficiary or having designated his or her estate as beneficiary,  
5 the System may pay any applicable death benefit, unpaid  
6 contributions, or unpaid benefit which may be subject to probate, in  
7 an amount of Twenty-five Thousand Dollars (\$25,000.00) or less,  
8 without the intervention of the probate court or probate procedure  
9 pursuant to Section 1 et seq. of Title 58 of the Oklahoma Statutes.

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

14 1. The member's valid last will and testament, trust  
15 documents or affidavit that a will does not exist;

16 2. An affidavit or affidavits of heirship which must  
17 state:

- 18 a. the names and signatures of all claiming heirs to  
19 the deceased member's estate including the  
20 claiming heirs' names, relationship to the  
21 deceased, current addresses, tax I.D. numbers if  
22 known and current telephone numbers,  
23 b. a statement or statements by the claiming heirs  
24 that no application or petition for the

- 1                   appointment of a personal representative is  
2                   pending or has been granted in any jurisdiction,
- 3           c.    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           d.    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 17-106.3, is  
2 amended to read as follows:

3       Section 17-106.3. A. All employee and employer contributions  
4 and dedicated revenues shall be deposited in the Oklahoma Teachers'  
5 Retirement Fund in the State Treasury. The Board of Trustees shall  
6 have the responsibility for the management of the Oklahoma Teachers'  
7 Retirement Fund, and may transfer monies used for investment  
8 purposes by the Teachers' Retirement System of Oklahoma from the  
9 Oklahoma Teachers' Retirement Fund in the State Treasury to the  
10 custodian bank or trust company of the System.

11       B. All benefits payable pursuant to the provisions of the  
12 Teachers' Retirement System of Oklahoma, refunds of contribution and  
13 overpayments, and all administrative expenses in connection with the  
14 System shall be paid from the Oklahoma Teachers' Retirement Fund  
15 upon warrants or vouchers signed by two persons designated by the  
16 Board of Trustees. ~~All expenses of the administration of the Tax-~~  
17 ~~Sheltered Annuity Fund shall be paid from the Oklahoma Teachers'~~  
18 ~~Retirement Fund.~~ The Board of Trustees may transfer monies from the  
19 custodian bank or trust company of the System to the Oklahoma  
20 Teachers' Retirement Fund in the State Treasury for the purposes  
21 specified in this subsection.

22       SECTION 4.       AMENDATORY       74 O.S. 2011, Section 1316.3, as  
23 amended by Section 963, Chapter 304, O.S.L. 2012 (74 O.S. Supp.  
24 2016, Section 1316.3), is amended to read as follows:

1       Section 1316.3. A. Any person who retires pursuant to the  
2 provisions of the Teachers' Retirement System of Oklahoma with at  
3 least ten (10) years of creditable service or who has a vested  
4 benefit with at least ten (10) years of creditable service, pursuant  
5 to the provisions of the Teachers' Retirement System of Oklahoma may  
6 continue in force the health and dental insurance benefits  
7 authorized by the provisions of the Oklahoma Employees Insurance and  
8 Benefits Act if such election to continue in force or begin is made  
9 within thirty (30) days from the date of termination of service.  
10 Except as provided in subsection E of Sections 5-117.5 and 14-108.1  
11 of Title 70 of the Oklahoma Statutes and Section 840-2.27I of this  
12 title and subsection K and L of this section, health and dental  
13 insurance coverage may not be reinstated at a later time if the  
14 election to continue in force or begin coverage is declined. Vested  
15 persons who have terminated service and are not receiving benefits  
16 and effective July 1, 1996, nonvested persons who have terminated  
17 service with more than ten (10) years of participating service with  
18 a qualifying employer, who within thirty (30) days from the date of  
19 termination of service, elect to continue such coverage, shall pay  
20 the full cost of ~~said~~ the insurance premium at the rate and pursuant  
21 to the terms and conditions established by the Office of Management  
22 and Enterprise Services.

23       B. 1. Health insurance benefit plans offered pursuant to this  
24 section shall include:

- a. indemnity plans offered through the Office,
- b. managed care plans offered as alternatives to the indemnity plans,
- c. Medicare supplements offered through the Office,
- d. Medicare risk-sharing contracts offered as alternatives to the Medicare supplements offered through the Office, and
- e. any other employer-provided health insurance benefit plans if the employer does not participate in the plans offered pursuant to the Oklahoma Employees Insurance and Benefits Act.

2. Health insurance benefit plans offered pursuant to this section shall provide prescription drug benefits, except for plans designed pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003, which may or may not contain prescription drug benefits, for which provision of prescription drug benefits is optional, and except for plans offered pursuant to subparagraph e of paragraph 1 of this subsection.

C. A retired person who:

1. Is receiving benefits from the Teachers' Retirement System of Oklahoma after September 30, 1988, is under sixty-five (65) years of age and is not otherwise eligible for Medicare and pursuant to subsection A of this section elects to begin or to continue the health insurance plan;

1        2. Is receiving benefits from the Teachers' Retirement System  
2 of Oklahoma after June 30, 1993, is under sixty-five (65) years of  
3 age and is not otherwise eligible for Medicare and participates in a  
4 health insurance plan provided by a participating education employer  
5 of the Teachers' Retirement System of Oklahoma other than a health  
6 insurance plan offered pursuant to the Oklahoma Employees Insurance  
7 and Benefits Act or an alternative health plan offered pursuant to  
8 the Oklahoma State Employees Benefits Act;

9        3. Is receiving benefits from the Teachers' Retirement System  
10 of Oklahoma after September 30, 1988, made contributions to the  
11 system and is sixty-five (65) years of age or older, or who is under  
12 sixty-five (65) years of age and is eligible for Medicare and is a  
13 participant in the Oklahoma Employees Insurance and Benefits Act and  
14 elects coverage under the Medicare supplement offered by the Office;  
15 or

16        4. Is receiving benefits from the Teachers' Retirement System  
17 of Oklahoma after June 30, 1993, made contributions to the system  
18 and is sixty-five (65) years of age or older, or who is under sixty-  
19 five (65) years of age and is eligible for Medicare and participates  
20 in a health insurance plan provided by a participating education  
21 employer of the Teachers' Retirement System of Oklahoma other than a  
22 health insurance plan offered pursuant to the Oklahoma Employees  
23 Insurance and Benefits Act or an alternative health plan offered  
24

1 pursuant to the Oklahoma State Employees Benefits Act and elects  
2 coverage under the Medicare supplement offered by the Office,  
3 shall have the amount determined pursuant to subsection E of this  
4 section, or the premium rate of the health insurance benefit plan,  
5 whichever is less, paid by the Teachers' Retirement System of  
6 Oklahoma. If the amount paid by the Teachers' Retirement System of  
7 Oklahoma does not cover the full cost of the health insurance  
8 premium, the retired person shall pay the remaining amount if the  
9 retired person wants to continue the coverage.

10 D. The Teachers' Retirement System shall pay the amount due  
11 pursuant to the provisions of subsection C of this section as  
12 follows:

13 1. For those individuals participating in plans provided  
14 through the Oklahoma Employees Insurance and Benefits Act, payment  
15 shall be made to the Office pursuant to the provisions of subsection  
16 I of this section; or

17 2. For those individuals participating in plans provided  
18 through a participating education employer of the Teachers'  
19 Retirement System of Oklahoma other than a health insurance plan  
20 offered pursuant to the Oklahoma Employees Insurance and Benefits  
21 Act, payment shall be made to the education employer.

22 E. Beginning July 1, 2000, the maximum benefit payable by the  
23 Teachers' Retirement System of Oklahoma on behalf of a retired  
24

person toward ~~said~~ the person's monthly premium for health insurance shall be determined in accordance with the following schedule:

	LESS THAN	25 YEARS BUT	GREATER
	LESS THAN	GREATER THAN	THAN 24.99
AVERAGE SALARY	15 YEARS OF	14.99 YEARS OF	YEARS OF
USED FOR DETERMINING	CREDITABLE	CREDITABLE	CREDITABLE
RETIREMENT ALLOWANCE	SERVICE	SERVICE	SERVICE
Less than \$20,000.00	\$103.00	\$104.00	\$105.00
Less than \$30,000.00 but			
greater than \$19,999.99	\$102.00	\$103.00	\$104.00
Less than \$40,000.00 but			
greater than \$29,999.99	\$101.00	\$102.00	\$103.00
\$40,000.00 or greater	\$100.00	\$101.00	\$102.00

For plans offered by the Office, the amount paid pursuant to this subsection shall first be applied to the prescription drug coverage premium, if any. Any remaining amounts shall be applied towards the medical coverage premium.

F. If a person retires and begins to receive benefits from the Teachers' Retirement System of Oklahoma or terminates service and has a vested benefit with the Teachers' Retirement System of Oklahoma, the person may elect, in the manner provided in subsection A of this section, to participate in the dental insurance plan

1 offered through the Oklahoma Employees Insurance and Benefits Act.

2 The person shall pay the full cost of the dental insurance.

3 G. Those persons who are receiving benefits from the Teachers'

4 Retirement System of Oklahoma and have health insurance coverage

5 which on the operative date of this section is being paid by the

6 education entity from which the person retired shall make the

7 election required in subsection A of this section within thirty (30)

8 days of the termination of ~~said~~ the health insurance coverage. The

9 person making the election shall give the Office certified

10 documentation satisfactory to the Office of the termination date of

11 the other health insurance coverage.

12 H. Dependents of a deceased education employee who was on

13 active work status or on a disability leave at the time of death or

14 of a participating retirant or of any person who has elected to

15 receive a vested benefit under the Teachers' Retirement System of

16 Oklahoma may continue the health and dental insurance benefits in

17 force provided ~~said~~ the dependents pay the full cost of such

18 insurance and they were covered as eligible dependents at the time

19 of such death and such election is made within thirty (30) days of

20 date of death. The eligibility for ~~said~~ the benefits shall

21 terminate for the surviving children when ~~said~~ the children cease to

22 qualify as dependents.

23 I. The amounts required to be paid by the Teachers' Retirement

24 System of Oklahoma pursuant to this section shall be forwarded no

1 later than the tenth day of each month following the month for which  
2 payment is due by the Board of Trustees of the Teachers' Retirement  
3 System of Oklahoma to the Office for deposit in the Education  
4 Employees Group Insurance Reserve Fund.

5 J. The Teachers' Retirement System of Oklahoma shall provide  
6 the Office information concerning the employers of retired and  
7 vested members necessary to allow the Office to track eligibility  
8 for continued coverage.

9 K. Upon retirement from employment with the Board of Regents of  
10 the University of Oklahoma, any person who is or was employed at the  
11 George Nigh Rehabilitation Institute and who transferred employment  
12 pursuant to Section 3427 of Title 70 of the Oklahoma Statutes, any  
13 person who was employed at the Medical Technology and Research  
14 Authority and who transferred employment pursuant to Section 7068 of  
15 this title, and any person who is a member of the Oklahoma Law  
16 Enforcement Retirement System pursuant to the authority of Section  
17 2-314 of Title 47 of the Oklahoma Statutes may participate in the  
18 benefits authorized by the provisions of the Oklahoma Employees  
19 Insurance and Benefits Act for retired participants, including  
20 health, dental and life insurance benefits, if such election to  
21 participate is made within thirty (30) days from the date of  
22 termination of employment. Life insurance benefits for any such  
23 person who transferred employment shall not exceed the coverage the  
24 person had at the time of such transfer. Retirees who are persons



1 transferred employment and who participate pursuant to this  
2 paragraph shall pay the premium for elected benefits less any  
3 amounts paid by the retirement system pursuant to this section.

4 L. A person who retires pursuant to the provisions of the  
5 Teachers' Retirement System of Oklahoma who terminates his or her  
6 benefits authorized by the provisions of the Oklahoma Employees  
7 Insurance and Benefits Act and elects to receive, through a spouse,  
8 benefits authorized by the act may re-apply for benefits of this act  
9 regardless of the time limitations in paragraph A after the spouse  
10 dies or retires.

11 SECTION 5. This act shall become effective November 1, 2017.

12  
13 56-1-691 CB 2/6/2017 10:36:41 AM  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24