

STATE OF OKLAHOMA

1st Session of the 59th Legislature (2023)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL 634

By: Montgomery

COMMITTEE SUBSTITUTE

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2021, Sections 17-105 and 17-105.2, which relate to retirement benefits and partial lump-sum payments; requiring certain death benefit payments be made by certain date; requiring certain forms be transmitted and electronically published; authorizing certain retirement benefit payment for specific members; providing calculation for benefit amount; updating statutory reference and language; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2021, Section 17-105, is amended to read as follows:

Section 17-105. (1) (a) Any member who has attained age fifty-five (55) or who has completed thirty (30) years of creditable service, as defined in Section 17-101 of this title, or for any person who initially became a member prior to July 1, 1992, regardless of whether there were breaks in service after July 1, 1992, whose age and number of years of creditable service total eighty (80) may be retired upon proper application for retirement on

1 forms established by the Teachers' Retirement System of Oklahoma and
2 executing a retirement contract. Such a retirement date will also
3 apply to any person who became a member of the sending system as
4 defined in ~~this act~~ Section 17-101 et seq. of this title, prior to
5 July 1, 1992, regardless of whether there were breaks in service
6 after July 1, 1992. Any person who became a member after June 30,
7 1992, but prior to November 1, 2011, whose age and number of years
8 of creditable service total ninety (90) may be retired upon proper
9 application for retirement and executing a retirement contract. Any
10 person who becomes a member on or after November 1, 2011, who
11 attains the age of sixty-five (65) years or who reaches a normal
12 retirement date pursuant to subparagraph (d) of paragraph (24) of
13 Section 17-101 of this title having attained a minimum age of sixty
14 (60) years may be retired upon proper application for retirement and
15 executing a retirement contract. The application shall be filed on
16 the form provided by the Board of Trustees for this purpose, not
17 less than sixty (60) days before the date of retirement, provided
18 that the Executive Director may waive the sixty-day deadline for
19 good cause shown as defined by the Board.

- 20 1. The employer shall provide the System with the
21 following information for a retiring member, no later
22 than the fifteenth day of the month of retirement:
23 last day physically on the job; last day on payroll;
24

1 any regular compensation not already reported to the
2 System; and final unused sick leave balance.

- 3 2. Failure to submit this information by the deadline, or
4 errors in submitted information that result in a
5 disqualification of retirement eligibility shall be
6 the responsibility of the employer. In cases where
7 the error results in disqualification of retirement
8 eligibility, it is the employer's responsibility to
9 reemploy the member, or retain the member on the
10 payroll, for the time period required to reach
11 eligibility, not exceeding two (2) months.

12 (b) An individual who becomes a member of the Teachers'
13 Retirement System on or after November 1, 2017, shall be employed by
14 the public schools, state colleges or universities of Oklahoma for a
15 minimum of seven (7) years and be a contributing member of the
16 Teachers' Retirement System of Oklahoma for a minimum of seven (7)
17 years to qualify for monthly retirement benefits from the Teachers'
18 Retirement System of Oklahoma.

19 (c) Any member with seven (7) or more years of Oklahoma
20 teaching service and whose accumulated contributions during such
21 period have not been withdrawn shall be given an indefinite
22 extension of membership beginning with the sixth year following his
23 or her last contributing membership and shall become eligible to
24

1 apply for retirement and be retired upon attaining age fifty-five
2 (55).

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

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

17 Any individual regardless of residence, who has a minimum of ten
18 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or
19 who taught in Oklahoma schools prior to 1934 and thereafter taught a
20 minimum of ten (10) years and who does not qualify under the present
21 retirement ~~System~~ system, or who has a minimum of thirty (30) years
22 of teaching in Oklahoma schools and has reached seventy (70) years
23 of age prior to July 1, 1984, and is not otherwise eligible to
24 receive any benefits from the retirement system shall receive a

1 minimum of One Hundred Fifty Dollars (\$150.00) per month in
2 retirement benefits from the Teachers' Retirement System of Oklahoma
3 plus any general increase in benefits for annuitants as may be
4 provided hereafter by the Legislature. Each individual must apply
5 to the Teachers' Retirement System for such benefit and provide
6 evidence to the Teachers' Retirement System that the service was
7 actually rendered. The surviving spouse of any person who made
8 application for the benefit provided for by this paragraph during
9 his or her lifetime but did not receive the benefit may submit an
10 application to the System for payment of the benefit for those
11 months during the lifetime of the deceased person that he or she was
12 eligible for but did not receive the benefit. Upon approval of the
13 application by the Board of Trustees, the benefit shall be paid to
14 the surviving spouse in one lump sum.

15 (4) The value of each year of prior service is the total
16 monthly retirement benefit divided by the number of years of
17 creditable service.

18 (5) Upon application of a member who is actively engaged in
19 teaching in Oklahoma or his or her employer, any member who has been
20 a contributing member for ten (10) years may be retired by the
21 System subsequent to the execution and filing thereof, on a
22 disability retirement allowance, provided that it is found by the
23 Medical Board after medical examination of such member by a duly
24 qualified physician that such member is mentally or physically

1 incapacitated for further performance of duty, that such incapacity
2 is likely to be permanent, and that such member should be retired.
3 The System shall rely on and give full consideration to the
4 conclusions and recommendations in the certified written report of
5 the Medical Board of the Teachers' Retirement System regarding the
6 disability application of such member. If the Medical Board does
7 not find that a member applying for disability retirement is
8 mentally or physically incapacitated for performance of duty or
9 otherwise eligible for a disability retirement, the application
10 shall then be considered by the Board of Trustees. If a member is
11 determined to be eligible for disability benefits pursuant to the
12 Social Security ~~System~~ system, then such determination shall entitle
13 the member to the authorized disability retirement allowance
14 provided by law. For members who are not eligible for disability
15 benefits pursuant to the Social Security ~~System~~ system, the Board of
16 Trustees and the Medical Board shall apply the same standard for
17 which provision is made in the first two sentences of this
18 subsection for determining the eligibility of a person for such
19 disability benefits in making a determination of eligibility for
20 disability benefits as authorized by this subsection.

21 (6) (a) A member who at the time of retirement has been found
22 to be permanently physically or mentally incapacitated to perform
23 the necessary duties to continue in his or her current position
24 shall receive a minimum monthly retirement payment for life or until

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

10 (b) A member who has qualified for retirement benefits under
11 disability retirement shall have the total monthly payment deducted
12 from his or her accumulated contributions plus interest earned and
13 any money remaining in the member's account after the above
14 deductions at the death of the member shall be paid in a lump sum to
15 the beneficiary or to the estate of the member. Provided, if the
16 deceased disabled member had thirty (30) years or more of creditable
17 service and the death occurred after June 30, 1981, and death
18 occurred prior to the disabled member receiving twelve monthly
19 retirement payments, a surviving spouse may elect to receive the
20 retirement benefit to which the deceased member would have been
21 entitled at the time of death under the Option 2 Plan of Retirement
22 provided for in subsection (8) of this section in lieu of the death
23 benefit provided for in this subsection and in subsection (12) of
24 this section.

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

11 (d) Should the Medical Board report and certify to the Board of
12 Trustees that such disabled annuitant is engaged in or is able to
13 engage in a gainful occupation paying more than the difference
14 between his or her retirement allowance and the average final
15 compensation, and should the Board of Trustees concur in such report
16 then the amount of his or her pension shall be reduced to an amount
17 which, together with his or her retirement allowance and that amount
18 earnable by him or her, shall equal the amount of his or her average
19 final compensation. Should his or her earning capacity be later
20 increased, the amount of his or her pension may be further modified,
21 provided the new pension shall not exceed that amount of the pension
22 originally granted nor an amount, which when added to the amount
23 earnable by the member, together with his or her annuity, equals the
24 amount of his or her average final compensation.

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

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

22 In lieu of a lump-sum settlement at the death of the member, the
23 amount of money the member has on deposit in the Teachers' Savings
24 Fund and the money the member has on deposit in the Teachers'

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

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

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

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

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

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

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

17 (b) A member may select the option under which he or she
18 desires to retire at the end of the school year in which he or she
19 attains age seventy (70) and the option shall be binding and cannot
20 be changed. Provided further that if a member retires before age
21 seventy (70), no election of an option shall be effective in case an
22 annuitant dies before the first payment due under such option has
23 been received.
24

(c) The first payment of any benefit selected shall be made on the first day of the month following approval of the retirement by the System. If the named designated joint annuitant under Option 2 or 3 Plan of Retirement dies at any time after the member's retirement date, but before the death of the member, the member shall return to the retirement benefit, including any ~~post~~ retirement postretirement benefit increases the member would have received had the member not selected Option 2 or 3 Plan of Retirement of this subsection. The benefit shall be determined at the date of death of the designated joint annuitant. This increase shall become effective the first day of the month following the date of death of the designated joint annuitant, and shall be payable for the member's remaining lifetime. The member shall notify the Teachers' Retirement System of Oklahoma of the death of the designated joint annuitant in writing. In the absence of the written notice being filed by the member notifying the Teachers' Retirement System of Oklahoma of the death of the designated joint annuitant within six (6) months of the date of death, nothing in this subsection shall require the Teachers' Retirement System of Oklahoma to pay more than six (6) months of retrospective benefits increase.

Option 1. If he or she dies before he or she has received in annuity payments the present value of his or her annuity as it was at the time of his or her retirement, the balance shall be paid to

1 his or her legal representatives or to such person as he or she
2 shall nominate by written designation duly acknowledged and filed
3 with the System at the time of his or her retirement; or

4 Option 2. A member takes a reduced retirement allowance for
5 life. Upon the death of the member the payments shall continue to
6 the member's designated joint annuitant for the life of the joint
7 annuitant. The written designation of the joint annuitant must be
8 duly acknowledged and filed with the System at the time of the
9 member's retirement and, except as provided in paragraph (e) of this
10 subsection, cannot be changed after the effective date of the
11 member's retirement; or

12 Option 3. A member receives a reduced retirement allowance for
13 life. Upon the death of the member one-half (1/2) of the retirement
14 allowance paid the member shall be continued throughout the life of
15 the designated joint annuitant. A written designation of a joint
16 annuitant must be duly acknowledged and filed with the System at the
17 time of the member's retirement and, except as provided in paragraph
18 (e) of this subsection, cannot be changed after the effective date
19 of the member's retirement; or

20 Option 4. Some other benefit or benefits shall be paid either
21 to the member or to such joint annuitant as he or she shall
22 nominate, provided such other benefit or benefits, together with the
23 reduced retirement allowance, shall be certified by the actuary to
24

1 be of equivalent actuarial value to his or her retirement allowance
2 and shall be approved by the System.

3 (d) Provided that Option 2 Plan of Retirement and Option 3 Plan
4 of Retirement shall not be available if the member's expected
5 benefit is less than fifty percent (50%) of the lump-sum actuarial
6 equivalent and the designated joint annuitant is not the spouse of
7 the member.

8 (e) A member who chose the maximum retirement benefit plan at
9 the time of retirement may make a one-time election to choose either
10 Option 2 or 3 Plan of Retirement and name the member's spouse as
11 designated joint annuitant if the member marries after making the
12 initial election. Such an election shall be made within one (1)
13 year of the date of marriage. The member shall provide proof of a
14 member's good health before the System will permit a change to
15 either Option 2 or 3 Plan of Retirement and the naming of a
16 designated joint annuitant. A medical examination conducted by a
17 licensed physician is required for purposes of determining good
18 health. Such examination must be approved by the Medical Board.
19 The member shall be required to provide proof of age for the new
20 joint annuitant. The System shall adjust the monthly benefit to the
21 actuarially equivalent amount based on the new designated joint
22 annuitant's age. The Board of Trustees shall promulgate rules to
23 implement the provisions of this subsection.

1 (f) A member who retires after ~~the effective date of this act~~
2 July 1, 2010, and has selected a retirement allowance for a reduced
3 amount payable under one of the options provided for in this
4 subsection may make a one-time irrevocable election to select a
5 different option within sixty (60) days of the member's retirement
6 date. The beneficiary or joint annuitant designated by the member
7 at the time of retirement shall not be changed if the member makes
8 the election provided for in this paragraph.

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

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

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

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

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

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

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

20 (11) Upon the death of an in-service member, the System shall
21 pay to the designated beneficiary of the member or, if there is no
22 designated beneficiary or if the designated beneficiary predeceases
23 the member, to the estate of the member, the sum of Eighteen
24 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the

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

1 Death benefits under this subsection shall be paid to the
2 beneficiary or beneficiaries of the deceased member not later than
3 one (1) month from the date of receipt of the death certificate
4 certifying the member's death. Upon notice of the death of a
5 member, the System shall send any required forms or applications
6 necessary for payment of the death benefit not later than one (1)
7 week from the date of the member's death, and all forms and
8 applications shall be available on a publicly accessible website.

9 (12) Upon the death of a retired member who has contributed to
10 the System, the retirement system shall pay to the designated
11 beneficiary of the member or, if there is no designated beneficiary
12 or if the designated beneficiary predeceases the member, to the
13 estate of the member, the sum of Five Thousand Dollars (\$5,000.00)
14 as a death benefit. The beneficiary or beneficiaries of benefits
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~~ shall be
22 received by the transferor no more than ~~nine (9) months~~ one (1)
23 month after the later of the day the transfer creating the interest
24 in the disclaiming person is made or the day the disclaiming person

1 attains age twenty-one (21). The interest in the death benefits
2 must pass without direction by the disclaiming person to another
3 person. All death benefits under this subsection shall be paid to
4 the beneficiary or beneficiaries of the deceased member not later
5 than one (1) month from the date of the member's death. Upon
6 receipt of a certified death certificate certifying the death of a
7 member, the System shall send any forms or applications necessary
8 for payment of the death benefit not later than one (1) week from
9 the date of receipt of the certified death certificate, and all
10 required forms and applications shall be available on a publicly
11 accessible website. The benefit payable pursuant to this subsection
12 shall be deemed, for purposes of federal income taxation, as life
13 insurance proceeds and not as a death benefit if the Internal
14 Revenue Service approves this provision pursuant to a private letter
15 ruling request which shall be submitted by the Board of Trustees of
16 the System for that purpose.

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

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

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

7 2. An affidavit or affidavits of heirship which must
8 state:

9 a. the names and signatures of all claiming heirs to
10 the deceased member's estate including the
11 claiming heirs' names, relationship to the
12 deceased, current addresses, tax I.D. numbers if
13 known and current telephone numbers,

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

18 c. a description of the personal property claimed,
19 (i.e., death benefit or unpaid contributions or
20 both) together with a statement that such
21 personal property is subject to probate,

22 d. a statement by each individual claiming heir
23 identifying the amount of personal property that
24 the heir is claiming from the System, and that

1 the heir has been notified of, is aware of and
2 consents to the identified claims of all the
3 other claiming heirs of the deceased member
4 pending with the System;

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

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

15 5. Proof that all debts of the deceased member, including
16 payment of last sickness, hospital, medical, death,
17 funeral and burial expenses have been paid or provided
18 for.

19 (b) The Executive Director of the System shall retain complete
20 discretion in determining which requests for probate waiver may be
21 granted or denied, for any reason. Should the System have any
22 question as to the validity of any document presented by the
23 claiming heirs, or as to any statement or assertion contained
24

1 therein, the probate requirement provided for in Section 1 et seq.
2 of Title 58 of the Oklahoma Statutes shall not be waived.

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

10 (14) Upon the death of a retired member, the benefit payment
11 for the month in which the retired member died, if not previously
12 paid, shall be made to the joint annuitant if still living, to the
13 beneficiary of the member if the joint annuitant is deceased, or to
14 the member's estate if there is no surviving joint annuitant or
15 beneficiary. Such benefit payment shall be made in an amount equal
16 to a full monthly benefit payment regardless of the day of the month
17 in which the retired member died.

18 SECTION 2. AMENDATORY 70 O.S. 2021, Section 17-105.2, is
19 amended to read as follows:

20 Section 17-105.2. A. 1. A member of the Teachers' Retirement
21 System of Oklahoma who is eligible to retire with at least thirty
22 (30) years of creditable service may elect to receive a partial
23 lump-sum payment on the date of retirement and a reduced annuity.

1 2. On and after the effective date of this act, a member who is
2 eligible to retire with at least twenty (20) years of creditable
3 service may elect to receive a partial lump-sum payment on the date
4 of retirement and a reduced annuity.

5 B. 1. The partial lump-sum payment shall be an amount equal to
6 the unreduced retirement benefit, which shall be referred to as the
7 "Maximum Retirement Allowance" for purposes of this section, which
8 would have been paid over a period of twelve (12), twenty-four (24),
9 or thirty-six (36) months, had the lump-sum option not been elected.

10 2. The partial lump-sum payment made pursuant to paragraph 2 of
11 subsection A of this section shall be an amount equal to one-half
12 (1/2) of the unreduced retirement benefit, which would have been
13 paid over a period of twelve (12), twenty-four (24), or thirty-six
14 (36) months, had the lump-sum option not been elected.

15 C. Once the payout amount is elected, a reduced Maximum
16 Retirement Allowance is then calculated using factors adopted by the
17 Board of Trustees based upon the System's actuarial expected rate of
18 return and the member's age at retirement and the payout option
19 (twelve (12), twenty-four (24), or thirty-six (36) months) elected.
20 This reduced Maximum Retirement Allowance shall also be reduced in
21 accordance with any retirement options the member has elected
22 pursuant to Section 17-105 of ~~Title 70 of the Oklahoma Statutes~~ this
23 title.
24

1 ~~B.~~ D. The partial lump-sum payment, pursuant to this section,
2 shall be paid in a check separate from the regular monthly
3 retirement benefit. The total amount of the partial lump-sum
4 payment shall be deducted from the member's account balance
5 consisting of the employee contributions plus interest for purposes
6 of determining unused contributions remaining in the account. The
7 member may elect to rollover the taxable portion of the partial
8 lump-sum payment to an eligible retirement plan or individual
9 retirement account (IRA). The nontaxable portion of the partial
10 lump-sum payment can be rolled over to an IRA or another qualified
11 retirement plan as allowed by the Internal Revenue Code and
12 regulations. This partial lump-sum payment shall be subject to
13 federal income tax in accordance with the Internal Revenue Code
14 Section 72 and other such Internal Revenue Code sections and
15 regulations as may be applicable. This partial lump-sum benefit is
16 subject to the same restrictions for assignment and attachment as
17 all other retirement benefits. The appropriate portion of the
18 partial lump-sum distribution will be reported to the Internal
19 Revenue Service (IRS) as taxable income and appropriate tax
20 withholdings will be withheld unless the member elects to make a
21 direct rollover of the taxable portion of the funds. Should the
22 member have after-tax contributions, a portion of such after-tax
23 contributions will be allocated to the partial lump-sum payment and
24 to the remaining annuity on a ~~prorata~~ pro rata basis.

1 ~~C.~~ E. The partial lump-sum option under this section may be
2 elected only once by a member and may not be elected by a retiree.

3 ~~D.~~ F. The ~~board of trustees~~ Board of Trustees shall promulgate
4 any rules necessary for the implementation of this section.

5 SECTION 3. This act shall become effective November 1, 2023.

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