

STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

HOUSE BILL 1005

By: McDaniel (Randy)

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-116.2, as last amended by Section 3, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2014, Section 17-116.2), which relates to benefit computations; specifying treatment of certain contributions.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-116.2, as last amended by Section 3, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2014, Section 17-116.2), is amended to read as follows:

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

1 A classified member who retired prior to July 1, 1986, shall  
2 have the member's retirement allowance calculated on a minimum  
3 average salary of Eleven Thousand Five Hundred Dollars (\$11,500.00)  
4 or on the member's current minimum average salary plus Two Thousand  
5 Dollars (\$2,000.00), whichever is greater. Beginning July 1, 1994,  
6 a classified member who retired prior to July 1, 1993, shall have  
7 the member's retirement allowance calculated on the member's current  
8 minimum average salary plus Five Hundred Fifty Dollars (\$550.00).  
9 An unclassified member who retired prior to July 1, 1986, shall have  
10 the member's retirement allowance calculated on a minimum average  
11 salary of Nine Thousand Five Hundred Dollars (\$9,500.00) or on the  
12 member's current minimum average salary plus One Thousand Dollars  
13 (\$1,000.00), whichever is greater. Beginning July 1, 1994, an  
14 unclassified member who retired prior to July 1, 1993, shall have  
15 the member's retirement allowance calculated on the member's current  
16 minimum average salary plus Two Hundred Seventy-five Dollars  
17 (\$275.00). Those individuals receiving benefits pursuant to  
18 subsection (3) of Section 17-105 of this title whose benefits  
19 commenced prior to July 1, 1993, shall receive an increase in  
20 benefits of two and one-half percent (2 1/2%). No retirement  
21 benefit payments shall be made retroactively.

22 For those members retiring before normal retirement age, except  
23 for those members retiring because of a disability, the retirement  
24

1 allowance shall be subject to adjustment in accordance with the  
2 actuarial equivalent factors adopted by the Board of Trustees.

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

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

24

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

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

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

22 (1) two percent (2%) of the member's average salary  
23 upon which member contributions were made not to  
24 exceed Twenty-five Thousand Dollars (\$25,000.00),

1 multiplied by the number of the member's years of  
2 credited service authorized and performed prior  
3 to July 1, 1995, plus any years of prior service  
4 authorized under this title, plus

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

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

12 1. Beginning July 1, 1992, through June 30, 1996, six percent  
13 (6%) of the regular annual compensation of such member not in excess  
14 of Twenty-five Thousand Dollars (\$25,000.00) and beginning July 1,  
15 1995, through June 30, 1996, six percent (6%) of the maximum  
16 compensation level; and

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

1 institution within The Oklahoma State System of Higher Education,  
2 not in excess of Twenty-five Thousand Dollars (\$25,000.00);

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

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

10 5. Paragraph 4 of this subsection shall not apply to a  
11 comprehensive university group established on or before July 1,  
12 1998, whose employee contributions were consistently treated as not  
13 picked up as of July 1, 1998, and at all times thereafter.

14 C. 1. Prior to July 1, 1995, an active member of the System  
15 may elect to have a maximum compensation level of Forty Thousand  
16 Dollars (\$40,000.00). Such an election shall be made in writing and  
17 filed with the System. Members whose salaries are in excess of  
18 Twenty-five Thousand Dollars (\$25,000.00) on July 20, 1987, shall  
19 file the election with the System prior to January 1, 1988. Members  
20 whose salaries exceed Twenty-five Thousand Dollars (\$25,000.00)  
21 after July 20, 1987, shall file the election when the salary exceeds  
22 Twenty-five Thousand Dollars (\$25,000.00). If a member makes such  
23 an election, the member shall contribute the following amounts:  
24

- 1 a. beginning July 1, 1992, through June 30, 1993, eleven  
2 percent (11%) of the regular annual compensation of  
3 such member that is in excess of Twenty-five Thousand  
4 Dollars (\$25,000.00) and is not in excess of Forty  
5 Thousand Dollars (\$40,000.00),
- 6 b. beginning July 1, 1993, through June 30, 1994, nine  
7 percent (9%) of the regular annual compensation of  
8 such member that is in excess of Twenty-five Thousand  
9 Dollars (\$25,000.00) and is not in excess of Forty  
10 Thousand Dollars (\$40,000.00), and
- 11 c. beginning July 1, 1994, through June 30, 1995, eight  
12 percent (8%) of the regular annual compensation of  
13 such member that is in excess of Twenty-five Thousand  
14 Dollars (\$25,000.00) and is not in excess of Forty  
15 Thousand Dollars (\$40,000.00). Except as provided in  
16 subsection E of this section, any such election shall  
17 be irrevocable.

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

1 excess of Twenty-five Thousand Dollars (\$25,000.00) and beginning  
2 July 1, 1996, through June 30, 1997, seven percent (7%) of the  
3 regular annual compensation of each member who is employed by an  
4 entity or institution within The Oklahoma State System of Higher  
5 Education in excess of Twenty-five Thousand Dollars (\$25,000.00),  
6 but not in excess of any applicable maximum compensation level of  
7 the member.

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



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

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

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

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

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

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

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

- 21 a. the member is required to have two (2) years of  
22 employed service teaching earned in Oklahoma for each  
23 year of Peace Corps, territorial, out-of-state,  
24

1 noncovered in-state or military membership credit  
2 granted.

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

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

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

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

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

12 H. Any member who:

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

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

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

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



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

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

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

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

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

1           years of service sought to be transferred under this  
2           subsection.

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

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

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

21           (1) for members who have accrued at least eight (8)  
22 years of credited service with the sending  
23 system, determine the present value of the  
24 member's earned benefits attributable to the

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

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

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

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

1           computed using interest, salary projections and  
2           mortality assumptions consistent with the actuarial  
3           assumptions adopted by the Board of Trustees for  
4           purposes of preparing the annual actuarial evaluation.

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

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

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

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

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

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

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

19 5. Notwithstanding the requirements of subsection (5) of  
20 Section 917 of Title 74 of the Oklahoma Statutes, members electing  
21 to take advantage of the transfer authorized by this subsection who  
22 have withdrawn their contributions from the sending system shall  
23 remit to the sending system the amount of the accumulated  
24 contributions the member has withdrawn plus simple interest of ten



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

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

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

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

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

20 N. Effective July 1, 1988, any member who is employed by the  
21 Governor, the State Senate, the House of Representatives or the  
22 Legislative Service Bureau shall be allowed to elect to retain  
23 membership in the Retirement System upon payment of the accrued and  
24 current member contributions and employer contributions as provided

1 in subsection B of this section and Section 17-108.1 of this title.  
2 Such contributions may be paid on behalf of the member by the  
3 employing entity. Upon payment of such contributions, service  
4 credits shall continue to be accumulated during such employment.  
5 Accrued contributions shall be paid to the Retirement System by  
6 August 1, 1989. Current contributions shall be paid to the  
7 Retirement System by the tenth of the following month beginning with  
8 the month of July 1989.

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

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

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

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

1 Members electing to take advantage of the transfer authorized by  
2 this subsection shall have all service credit with the Oklahoma  
3 Public Employees Retirement System canceled which is transferred to  
4 the Teachers' Retirement System of Oklahoma.

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

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

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

24

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

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18 55-1-5352 MAH 12/16/14  
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December 22, 2014

Representative Randy McDaniel  
Room 438

Re: RBH No. 5352

RBH No. 5352 changes the classification from "picked up" to "not picked up" for employee contributions made after June 30, 1998.

RBH No. 5352 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

*Thomas E. Cummins*

Thomas E. Cummins, MAAA