

Teachers' Retirement System of Oklahoma

Oliver Hodge Building

2500 N. Lincoln Boulevard, 5th Floor

Oklahoma City, OK 73105

405.521.2387

RULE IMPACT STATEMENT

A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED EMERGENCY RULES:

These rules are proposed to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business (70 O.S. § 17-101 et seq.). These rules are being amended and implemented to comply with amendments and new enactments to Title 70 of the Oklahoma Statutes passed in the 2017 and 2018 legislative sessions and for efficiency of day to day operation of TRS.

TITLE 715. TEACHERS' RETIREMENT SYSTEM

CHAPTER 10. GENERAL OPERATIONS

SUBCHAPTER 3. SERVICE ELIGIBILITY

715:10-3-1 is being amended to more accurately calculate service credit for both full-time and part-time employees and to make references to "TRS" consistent throughout the rules.

SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS

715: 10-5-4 is being amended to remove out-of-date language addressing the actuarially assumed interest rate for the purchase of service credit.

715:10-5-9 is being amended to make references to "TRS" consistent throughout the rules and to clarify procedure for re-establishing withdrawn accounts.

715:10-5-15 is being amended to clarify the documentation necessary to establish credit for military service.

715:10-5-25 is being amended to clarify the documentation necessary to establish credit for out-of-state service.

715:10-5-35 is being amended to reflect that TRS, not the Board, is responsible for establishing procedures for employer pick-up of purchase of service credit and to make references to "TRS" consistent throughout the rules.

715: 10-5-37 [NEW] is being added to implement processes for the purchase of up to two years of incentive credit for employees of participating institutions within The Oklahoma State System of Higher Education as an amendment to 70 O.S. § 17-116.2B passed during the 2018 legislative session (SB 527).

SUBCHAPTER 9. SURVIVOR BENEFITS

715:10-9-1 is being amended to clarify the beneficiary designation must be on file with TRS prior to the member's death to be given effect and to reflect the current interest rate adopted by the Board for withdrawn accounts pursuant to 70 O.S. § 17-105.

715:10-9-2 is being reinstated following erroneously being revoked in 2012. This rule defines active "in-service" membership for qualification of the statutory \$18,000 death benefit for non-retired members.

715:10-9-6 is being amended to reflect the statutory change in the maximum amount for a probate waiver from \$5,000 to \$25,000 in 70 O.S. § 17-105(13).

715:10-9-8 is being added to clarify when a beneficiary designation may be changed by the member.

SUBCHAPTER 11. WITHDRAWAL FROM MEMBERSHIP AND REFUND OF DEPOSITS

715:10-11-1 is being amended to reflect the current interest rate adopted by the Board for withdrawn accounts pursuant to 70 O.S. § 17-105 and to remove language regarding payment of interest that is duplicative with the statute.

715:10-11-7 is being amended to distinguish between a beneficiary and a joint annuitant.

SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE

715:10-13-3 is being amended to remove language regarding the specific amount of contributions credit that is duplicative with the corresponding statute, 70 O.S. § 17-108.2.

715:10-13-13 is being amended to remove out-of-date language addressing the actuarially assumed earnings rate for contributions while receiving payments from workers' compensation.

SUBCHAPTER 15. SERVICE RETIREMENT

715:10-15-5 is being amended to distinguish between a beneficiary and a joint annuitant.

715:10-15-7.2 is being amended to implement changes to the Education Employees Service Incentive Plan ("EESIP") passed during the 2018 legislative session (HB 2553) to clarify that only years of employment worked beyond normal retirement age and while working for a participating remitting entity are used to wear away capped service.

715:10-15-10.1 is being amended to distinguish between a beneficiary and a joint annuitant.

715:10-15-11 is being amended to distinguish between a beneficiary and a joint annuitant.

715:10-15-15 is being amended to implement changes to disability retirement in 70 O.S. § 17-105 (5) passed during the 2018 legislative session (HB 2553) to reflect the Medical Board, rather than the Board of Trustees, may approve disability retirement.

715:10-15-16 is being amended to implement changes to disability retirement in 70 O.S. § 17-105 (5) passed during the 2018 legislative session (HB 2553) to reflect the appeals process if the Medical Board denies an application for disability retirement.

SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT

715:10-17-13 is being amended to make references to “TRS” consistent throughout the rules.

SUBCHAPTER 25. QUALIFIED DOMESTIC ORDER

715:10-25-2 is being amended to make references to “TRS” consistent throughout the rules and remove reference to a form that is no longer in use.

B. CLASS OF PERSON(S) AFFECTED (CLASS BEARING COST OF RULES):

The class of person(s) affected by the proposed rules is the membership of the Teachers’ Retirement System of Oklahoma.

C. CLASS OF PERSON(S) BENEFITTED BY PROPOSED RULES:

The class of person(s) benefitted by the proposed rules is the membership of the Teachers’ Retirement System of Oklahoma.

D. DESCRIPTION OF PROBABLE ECONOMIC IMPACT UPON AFFECTED CLASS OF PERSONS OR POLITICAL SUBDIVISIONS:

The proposed rules will provide a more efficient administration of the System, resulting in a positive economic impact upon affected classes of persons or political subdivisions. The proposed rules will not have an adverse effect on small business.

E. PROBABLE COST TO AGENCY, EFFECT ON STATE, INCLUDING A PROJECTED NET LOSS OR GAIN IN SUCH REVENUES:

None.

F. ECONOMIC IMPACT THAT IMPLEMENTATION OF THE RULES WILL HAVE ON POLITICAL SUBDIVISIONS AND WHETHER THE IMPLEMENTATION WILL REQUIRE THE SUBDIVISION’S COOPERATION IN IMPLEMENTING OR ENFORCING THE RULE:

None. The proposed rules will not have an adverse effect on small business.

G. LESS COSTLY OR INTRUSIVE METHODS:

None.

H. DATE IMPACT STATEMENT PREPARED:

December 10, 2018.

715:10-3-1. Requirements for creditable service [Amended]

(a) All members of TRS Teachers' Retirement System must be employed a specified amount of time as related to their educational employment position, and earn a minimum salary, before creditable service will be awarded. A school\employment year typically falls between July 1 and June 30 of any year. No service performed as an unpaid volunteer shall be counted as service credit. For service performed on or after July 1, 2013, creditable service will be awarded based upon the information provided by each employer certifying full-time equivalent for each position, subject to approval by TRS. No member shall receive one (1) year of service credit for less than 960 hours of employment. (This does not mean that a member working 960 hours is automatically entitled to receive one (1) year of creditable service.) No more than one (1) year of creditable service shall be awarded for all service in any one (1) school year. For service performed on or after July 1, 2013, fractional service will be awarded for less than full-time employment performed during the contract year.

(b) For service performed ~~from on or after~~ July 1, 2016, through June 30, 2019, service credit will be the result of the days the employee worked during the employment year divided by the number of days the full-time equivalent for that position would be required to work during the entire employment year. A member employed in a position where the full-time equivalent is required to work at least 6 hours per day, 30 hours per week, and 8 months per year shall be considered a full-time employee. ~~A member employed less than 6 hours per day, 30 hours per week, or 8 months in a year shall be considered a part-time employee.~~

(c) For service performed ~~from on or after~~ July 1, 2016, through June 30, 2019, the fractional service credit awarded for part-time employment will be based on the number of hours the employee works per week divided by the number of hours the full-time equivalent for that position would be required to work per week. A member employed less than 6 hours per day, 30 hours per week, or 8 months in a year shall be considered a part-time employee. If the employee works less days per week or employment year than the full-time equivalent, fractional service will also be awarded based on the number of days the employee works in the employment year divided by the number of days the full-time equivalent works during the employment year. ~~For example, if the employee worked 15 hours a week and the full-time equivalent for the position is 40 hours per week, then the employee would receive .40 service credit (.38 rounded to .40 under subsection (d) below). If the employee worked 20 hours/week and the full-time equivalent is 40 hours per week, then the employee would receive fractional service credit of .50 (maximum) for completing the full contract year. If an employee works 8 hours a day, 3 days a week and the full-time equivalent works 8 hours a day 5 days a week the employee would receive .60 (maximum) for completing the full contract year.~~

(d) For service performed on or after July 1, 2019, the formula used to calculate service credit will be applied in the same manner for both full-time and part-time employment. The minimum requirement for full-time employment is 6 hours per day, 30 hours per week, and 8 months per year. Service credit will be reduced if the employee works less than the minimum requirement for full-time employment or less than the full-time equivalent for the position worked. Service credit will be calculated by multiplying the full-time equivalent percentage by the employment year percentage as follows:

- (1) Full-time equivalent percentage is calculated by dividing the number of hours per week the member was employed by the number of hours per week for the full-time equivalent position.

(2) Employment year percentage is calculated by dividing the number of days the member was employed by the number of days required for the full-time equivalent position for the full employment year.

~~(e)(d)~~ For service performed on or after July 1, 2016, service credit of less than 1.0, ~~all service credit~~ shall be rounded to the nearest tenths (.4 hundredths and lower will round down, and .5 hundredths and higher will round up).

[Source: Amended at 29 Ok Reg 857, eff 8-1-12; Amended at 33 Ok Reg 1104, eff 8-25-16; Amended at 35 Ok Reg 2121, eff 9-14-18]

715:10-5-4. Cost to purchase Oklahoma service [Amended]

The purchase price for each year of Oklahoma service, unless otherwise specified, shall be based on the actuarial cost of the incremental projected benefits being purchased.

(1) The actuarial cost and any tables formulated for the purpose of determining such cost shall be based on the actuarial assumptions adopted by the Board of Trustees to be utilized in the actuarial valuation report for the Fiscal Year beginning each July 1. New actuarial assumptions approved by the Board subsequent to January 1, 1991, shall be incorporated into such tables with an effective date of the next January 1.

(2) The actuarial value shall be based upon the member's age, full-time equivalent salary and contribution level at the time of purchase (or the annual salary of the previous year, if greater), together with the earliest age for retirement with maximum benefits and actuarially assumed salary at time of retirement. If purchase is not made by the due date on the billing statement, the purchase must be recalculated and the actuarial cost may increase.

(3) For purposes of this actuarial cost, the member's age shall be determined as the age at last birthday.

(4) For purposes of this actuarial cost, the mortality tables shall be based upon mortality tables adopted by the Board of Trustees.

(5) The actuarial cost shall not be less than the contributions required of the member at a rate commensurate with the salary earned as a regular full-time employee the last preceding school year prior to the purchase. Individuals employed on a less than fulltime basis shall have their salary adjusted upward, in a pro rata manner, to the amount that would be earned if employed full-time.

(6) Payment may be made in a lump sum for all eligible years of service or in installments equal to establishing one (1) year of creditable service.

(7) A billing statement will be issued at the request of the member. The due date of payment shall be the date prior to the member's next birthday or June 30, whichever occurs first.

(8) A member may request payment of past service credits billed in accordance with provisions of 70 O.S. Section 17-116.8, as amended, to be amortized in monthly installments of not more than sixty (60) months. A payment schedule may be established allowing the member to make monthly payments directly to Teachers' Retirement or through payroll deductions by the member's employer if the employer agrees to make the deductions and remit payments to Teachers' Retirement. Payments remitted by an employer for its employees must be kept separate from the employer's regular retirement contributions and tax sheltered annuity deposits. Effective January 1, 2002, installment payments made through employer payroll deductions qualify for special tax treatment. (See OAC 715:10-5-35.)

(9) The installment payment schedule provided for in this section must be in equal monthly increments of twelve-month periods not to exceed sixty (60) months. The member shall be responsible for maintaining the payment schedule. Payments are due on the first day of each month. A monthly installment not paid within sixty (60) days of the due date will result in termination of the installment payment schedule with the member given the option of paying the balance of the actuarial cost or receiving partial credit for payments made under the installment schedule as provided for in paragraph (11) of this section.

(10) The monthly payment will be determined by amortizing the total amount due for the service to be purchased over the period of the installment schedule using an interest rate equal to the actuarially assumed interest rate adopted by the Board of Trustees for investment earnings each year. ~~The current interest rate is eight percent (8%).~~

(11) If the installment payment is terminated for any reason, including termination of employment, death of the member or by cessation of payments, the member or his beneficiary will have the option of paying the remaining balance within six (6) months. If the balance is not paid, the member will receive credit for service prorated in whole years for only the principal amount paid. Any payment balance that is not used in crediting whole years will be refunded to the member.

(12) Credit will not be awarded for partial years of service unless the member's employment record is such that one-half (1/2) year of credit is included in the original service to be purchased.

(13) Credit for service purchased on an installment schedule will not be added to the member's account until the entire balance is paid, except as provided for in paragraph (11) of this section. All payments must be completed ninety (90) days prior to the effective retirement date of the member.

[Source: Amended at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)¹; Amended at 11 Ok Reg 4251, eff 7-25-94; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)²; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 25 Ok Reg 2598, eff 7-11-08; Revoked at 29 Ok Reg 854, eff 8-1-12; Added at 33 Ok Reg 1103, eff 8-25-16]

715:10-5-9. Re-establishing withdrawn service [Amended]

After returning to employment in the public schools of Oklahoma a member may redeposit a withdrawn account to re-establish service previously withdrawn from the system. For purposes of this section the following shall apply:

(1) A "classified" and "non-classified" member (except as noted in paragraph 2 of this section) who has returned to public education employment and has established one full year (twelve calendar months) of creditable Oklahoma service, is eligible to redeposit withdrawn contributions. A redeposit of withdrawn contributions must include all applicable interest, which shall be computed at a simple interest rate of ten percent (10%) per annum from the date of the withdrawal to the date repayment is made.

(2) Non-classified members who voluntarily withdrew from membership in TRS, between July 1, 1984 and June 30, 1990, without terminating employment in the public schools of Oklahoma, are not eligible to redeposit or purchase past service for any period of employment between the date of the membership period covered by the withdrawn account and the date of return to membership in TRS.

(3) Non-classified members who voluntarily cease monthly contributions to TRS while continuing to be employed in an eligible position shall be considered to have withdrawn from membership.

- (4) Requests for redeposits should be made to TRS the Teachers' Retirement System in writing. The request must include the name in which the service was rendered, the TRS Member ID number or Social Security number, and the number of years withdrawn.
- (5) Documentation of this service is on file with TRS in the Teachers' Retirement System office and will be verified by the staff. Service that cannot be verified documented by researching microfilm records of the member's prior service account or the monthly remittance reports from the employing school must be purchased under the rule for establishing service prior to membership.
- (6) Repayments of withdrawn accounts may be made by active contributing members of TRS in a single lump sum, which includes the withdrawn contributions and all applicable interest, or in installment payments. Such installment payments may be paid in 12-month increments, but shall be completed within 60 months. The member shall be responsible for maintaining the payment schedule. Payments are due on the first day of each month. A monthly installment not paid within sixty (60) days of the due date will result in immediate termination of the installment payment schedule. The member will be given the option of paying the remaining balance within six (6) months. If the balance is not paid in full in the remaining six (6) month period, the redeposit will be canceled. Installment payments shall include interest based upon actuarial assumptions adopted by the TRS Board of Trustees. Such installment payments shall be completed before the member's effective retirement date. No proration is allowed for partial payments. If payments terminate prior to completion of the installment agreement, the amount paid by the member shall be refunded without interest.
- (7) Redepositing of withdrawn accounts must be completed, and payment made to TRS, ninety (90) days prior to the effective date of a member's official retirement date.
- (8) No person may make a redeposit to a member's account after the death of the member.

[Source: Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 12 Ok Reg 295, eff 10-14-94 through 7-14-95 (emergency)1 ; Amended at 12 Ok Reg 3285, eff 7-27-95; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)2 ; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 29 Ok Reg 860, eff 8-1-12; Amended at 33 Ok Reg 1106, eff 8-25-16]

715:10-5-15. Application for military service credit [Amended]

Members desiring to obtain credit for military service credit should request in writing to be billed for the cost of the credit. Included with the request should be a certified copy or copies of the member's service record showing the dates and nature of the member's active military duty [Form DD-214, Form DD-217 or VA Certification of Active Duty ~~is the type of certification accepted as documentation of active duty military service~~]. TRS may require the member to provide make available to it such other evidence as may be required to establish the member's eligibility for military service. When the system determines the duty eligible for credit, it shall bill the member for the years of eligible credit. If the member becomes eligible for additional credit after the billing by TRS it shall be the responsibility of the member to request a second billing. Payment must be made by the date shown on the billing statement to avoid additional charges that may be required after the expiration of the billing date.

[Source: Amended at 20 Ok Reg 2596, eff 7-11-03]

715:10-5-25. Application for out-of-state service credit [Amended]

Members desiring to obtain credit for out-of-state service credit should ~~submit to request in writing~~ TRS a ~~Form 120~~ Verification of Out-of-State Service ~~form~~. Included with the ~~request verification~~ should be a list of all employment in the public schools of other states. ~~(This will assist TRS staff in forwarding the appropriate number of application forms.)~~ Verification forms must be completed by the state retirement system for the employing state. TRS may require the member to ~~provide make available to it~~ such other evidence as may be required to establish the member's eligibility for out-of-state service. When the system determines the service eligible for credit, it shall bill the member for the years of eligible credit. If the member becomes eligible for additional credit after the billing by TRS it shall be the responsibility of the member to request a second billing. Payment must be made by the date shown on the billing statement to avoid additional charges that may be required after the expiration of the billing date.

[Source: Amended at 19 Ok Reg 2729, eff 7-11-02]

715:10-5-35. Employer pick-up of ~~purchase of~~ service credit ~~purchase~~ [Amended]

(a) The purpose of OAC 715:10-5-35 is to provide a pick-up of employee contributions by participating employers under Section 414(h)(2) of the Internal Revenue Code of 1986 for contributions that are made for the purpose of purchasing service credit or re-establishing withdrawn service under Chapter 10, Subchapter 5 of these Rules, and for contribution deficit payments provided for by 70 O.S. § 17-116.2C or balances due as authorized under 70 O.S. § 17-116.2. Employers may elect to participate in the pick-up of employee contributions made for the purpose of purchasing service credits, or re-establishing withdrawn service by a resolution adopting the provisions of this regulation.

(b) An active member of ~~TRS the Teachers' Retirement System (employed by a participating employer)~~ who elects to purchase or re-establish service credit under any applicable provision of Chapter 10, Subchapter 5 of these Rules, or to make contribution deficit payments provided for by 70 O.S. § 17-116.2C or balances due as authorized under 70 O.S. § 17-116.2 through installments ~~in accordance with a schedule established by the Board of Trustees,~~ may elect to do so through a binding, irrevocable payroll reduction authorization ~~established by TRS.~~

(c) An active member of ~~TRS the Teachers' Retirement System,~~ having executed a binding, irrevocable payroll reduction authorization with respect to any such contributions, shall not be entitled ~~to any option of choosing~~ to receive the contributed amounts directly instead of having them paid by the employer to ~~TRS the Teachers' Retirement System.~~ Such contributions shall be remitted to ~~TRS the Teachers' Retirement System~~ and credited to the member in the same manner as all other employee contributions. Such contributions, although designated as employee contributions, will be paid by the employer in lieu of contributions by the employee. The contributions so assumed shall be treated as tax-deferred employer "pick-up" contributions pursuant to the United States Internal Revenue Code Section 414(h)(2), as authorized in a favorable letter ruling by the Internal Revenue Service.

(d) An active member of ~~TRS the Teachers' Retirement System~~ may elect to pay all or part of any contribution to purchase or re-establish service credit or to make contribution deficit payments provided for by 70 O.S. § 17-116.2C or balances due as authorized under 70 O.S. § 17-116.2 through such payroll reduction. The amount by which an employee's compensation will be reduced and the duration of the reduction shall be specified on the authorization form prescribed by ~~TRS the Board of Trustees~~ and the amounts and duration shall be irrevocable and binding once made. Prepayment of amounts covered by the authorization is not permitted. However, nothing herein shall prevent a member from paying any amounts not covered by the authorization with after-tax

dollars, provided that any such after-tax payments by an employee of a participating employer shall be paid directly by the employee to ~~TRS the Teachers' Retirement System~~, as opposed to being paid to or withheld by the participating employer. An employee of non-participating employer may purchase service credit or re-establish withdrawn service by making after-tax payments directly to ~~TRS the Teachers' Retirement System~~.

(e) No such payroll reduction shall begin unless and until the member executes the payroll reduction authorization described below on a form prescribed by ~~TRS the Board of Trustees. and The Board of Trustees delivers the will send such~~ form to the treasurer or other disbursing officer of the participating employer. After receiving the binding, irrevocable payroll reduction authorization, the treasurer or other disbursing officer of each participating employer shall reduce the member's regular annual compensation by the authorized amount and remit these contributions to Θ TRS, in addition to (but separate from) the mandatory contributions from the member's regular annual compensation pursuant to 70 O.S., §17-116.2 and OAC 715:10-13-3. The participating employer shall continue to make such reductions for the number of months specified on the form and shall treat these reductions as picked-up contributions.

(f) All such payroll reductions, including the amounts and the duration specified, shall be binding and irrevocable upon the member's execution of the prescribed form.

(g) Notwithstanding the above, such reductions will cease only after the authorization has expired by its terms or upon any of the following events:

(1) The member's death. In the event of a member's death, the designated beneficiary shall have the option of paying the remaining amount owed (using after-tax dollars) within six (6) months of the member's death. If the balance is not paid, the beneficiary shall be entitled to prorated credit for that portion of the additional contributions actually made for service purchases prior to the member's death. If there is any remaining amount owed with respect to a redeposit of contributions, the designated beneficiary will be reimbursed for those redeposits which had already been paid at the time of the member's death. A beneficiary may not make payments for a purchase of service credit or a re-deposit of contributions if such a purchase or re-deposit had not been initiated by the member prior to the member's death.

(2) The termination of the member's employment. In this event, the member shall have the right to pay the remaining amount owed (using after-tax dollars) within six (6) months of the member's termination of employment, but payment must be completed one (1) month prior to the effective retirement date of the member. If the member retires and does not pay the entire remaining amount, the member shall be entitled to prorated service credit for those payments actually made for service purchases. If there is any remaining amount owed with respect to a redeposit of contributions, the member shall be reimbursed for those redeposits which had already been paid at the time of the member's termination. In the situation where a terminated member becomes employed by another employer participating in Θ TRS, the member may elect to reinstate or not reinstate his authorization with the new employer.

(3) For purposes of (1) and (2) above, after-tax contributions shall only be received to the extent allowed by section 415 of the Internal Revenue Code.

(h) In no event shall the member receive a return of the payroll reductions made hereunder, except as a refund together with all other contributions, as provided in OAC 715:10-11-1 et seq. or as a refund of a redeposit of contributions as provided in subsection g-(2) above herein.

(i) Payroll reductions and installment agreements hereunder shall last no longer than sixty (60) months.

[Source: Added at 19 Ok Reg 95, eff 8-10-01 (emergency); Added at 19 Ok Reg 2729, eff 7-11-02; Added at 24 Ok Reg 220, eff 10-31-06 (emergency); Amended at 24 Ok Reg 1692, eff 6-11-07]

715: 10-5-37. Incentive service credit [NEW]

(a) Pursuant to 70 O.S. §17-116.2B, an active member of TRS who is employed and participating with an entity or institution within The Oklahoma State System of Higher Education may purchase not to exceed two (2) years of incentive credit if:

(1) the member has reached his or her normal retirement date or is within two (2) years of reaching the member's normal retirement date as authorized in Section 17-105 of this title, or

(2) the member is eligible for or is within two (2) years of being eligible for early retirement pursuant to paragraph 1 of subsection A of Section 17-116.2 of this title.

(b) Purchased incentive credit may only be used as participation service to qualify the member for normal or early retirement or as additional participation service if the member is already eligible for normal or early retirement, and in the same period of time and with the same service credit which would have otherwise accrued if the purchase had not occurred.

(c) The member shall notify TRS no later than sixty (60) days after the date of last employment indicating an intent to purchase the incentive credit.

(d) Upon receipt of notice of the member's intent to purchase incentive service credit, TRS shall calculate the purchase price for eligible incentive credit based upon actuarial costs as defined in OAC 715: 10-5-4 (subparagraphs 1-5) and notify the member, in writing, of the cost to purchase the credit.

(e) The member must make payment to TRS of the cost to purchase the credit. Full or partial payments made pursuant to this section shall not be refundable under any circumstances.

(f) Complete payment for such service must be made ninety (90) days prior to the member's effective retirement date.

(g) A member cannot purchase both credit for termination due to reduction in force and incentive credit.

715:10-9-1. Return of contributions when death occurs before retirement [Amended]

Upon the death of a member, who has not retired, the designated beneficiary on file with TRS prior to the member's death, or estate (if there is no designated beneficiary, or if the designated beneficiary predeceases the member) shall receive the member's total contributions, plus one hundred percent (100%) of all interest earned through the end of the fiscal year. Interest shall cease to accumulate with the payment of any portion of the member's contributions and interest to any beneficiary. Interest on death claims shall be calculated according to the following schedule: ~~[See OAC 715:10-9-7, if the member and beneficiary were divorced before death].~~

(1) July 1, 1968, through June 30, 1977, four and one-half percent (4 1/2%), compounded annually.

(2) July 1, 1977, through June 30, 1981, seven percent (7), compounded annually.

(3) July 1, 1981, ~~to present through June 30, 2019~~, eight percent (8%), compounded annually.

(4) July 1, 2019 to present, seven and one-half percent (7 1/2%), compounded annually.

See OAC 715:10-9-7, if the member and beneficiary were divorced before death.

[Source: Amended at 17 Ok Reg 204, eff 9-8-99 (emergency); Amended at 17 Ok Reg 3071, eff 7-13-00; Amended at 19 Ok Reg 2729, eff 7-11-02]

715:10-9-2. Death benefit when death occurs before retirement [NEW]

(a) A death benefit of \$18,000 shall be paid by TRS to the designated beneficiary upon the death of an in-service member. If there is no designated beneficiary, or if the designated beneficiary predeceases the member, the member's estate shall receive the death benefit.

(b) "In-service" membership shall include:

(1) Employees in an active-member status within the Oklahoma public education system at the time of death.

(2) Members who have been, or would have been rehired, automatically or otherwise, for the next school year when death occurs during the summer break.

(3) Members on sick leave, for up to one (1) full year, who would be returned to employment by the employer upon satisfactory recovery.

(c) "In-service membership shall not include:

(1) Employees who are not eligible for TRS membership.

(2) Any member in an in-active employment status except as noted above in paragraph (b).

(3) Any member who resigned as an employee of the public schools of Oklahoma.

[Source: Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 17 Ok Reg 204, eff 9-8-99 (emergency); Amended at 17 Ok Reg 3071, eff 7-13-00; Amended at 22 Ok Reg 2255, eff 6-25-05; Revoked at 29 Ok Reg 854, eff 8-1-12]

715:10-9-6. Probate ~~W~~waivers [Amended]

(a) In the event a member dies, leaving no living beneficiary or having designated his estate as beneficiary, the System shall require the judicial appointment of an administrator or executor for the member's estate prior to payment of any benefits or unpaid contributions. However, this requirement may be waived by the System for any benefits or unpaid contributions in the amount of ~~\$5,000.00~~ \$25,000.00 or less, upon presentation of:

(1) the member's valid Last Will and Testament;

(2) an Affidavit of Heirship naming all heirs to the member's estate which must state:
(A) that the value of the deceased member's entire estate is subject to probate, and that the entire estate wherever located, less liens and encumbrances, does not exceed the amount permitted by law, including the payment of benefits or unpaid contributions from the System;

(B) a description of the personal property claimed (including the death benefit or unpaid contributions or both), together with a statement that such personal property is subject to probate; and

(C) a claim by each individual claiming heir identifying the amount of personal property that the heir is claiming from the System, and that the heir has been notified of, is aware of and consents to the identified claims of all the other claiming heirs of the deceased member pending with the System.

(3) a Hold Harmless Agreement signed by all heirs;

(4) a Corroborating Affidavit from someone other than an heir who is familiar with the deceased member; and

(5) proof of payment of expenses of last sickness, death and burial, including all medical, hospital and funeral expenses.

(b) The Executive Director of ~~TRS the Teachers' Retirement System~~ shall retain complete discretion in determining which requests for probate waiver may be granted or denied, for any reason. If there is any question as to the validity of any document herein required, the judicial appointment requirement shall not be waived.

(c) After paying any death benefits or unpaid contributions to any claiming heirs as provided by this section, ~~TRS the Teachers' Retirement System~~ is discharged and released from any and all liability, obligation and costs to the same extent as if the System had dealt with a personal representative of the deceased member. The System is not required to inquire into the truth of any matter specified in this section or into the payment of any estate tax liability.

[Source: Added at 12 Ok Reg 841, eff 1-15-95 through 7-14-95 (emergency)¹; Added at 12 Ok Reg 3285, eff 7-27-95; Amended at 13 Ok Reg 3523, eff 8-26-96; Amended at 28 Ok Reg 981, eff 5-26-11; Revoked at 29 Ok Reg 854, eff 8-1-12; Added at 33 Ok Reg 1103, eff 8-25-16]

715:10-9-8. Beneficiary designation for death benefit [NEW]

~~A member may change or update his or her beneficiary designation for the statutory death benefit at any time.~~

715:10-11-1. Withdrawal from membership by an eligible person [Amended]

Any member who terminates employment in the public schools of Oklahoma may voluntarily withdraw from membership in ~~TRS the Teachers' Retirement System~~ under the following conditions:

(1) ~~70 O.S. §17-105 The Teachers' Retirement System law~~ provides that members who leave Oklahoma public education employment are eligible to withdraw the contributions made to their TRS account four (4) months after termination. A former employee may submit application for the proceeds of the account after the last day physically worked. ~~Withdrawal payment can be made no earlier than four (4) months after the last public school employment.~~ There are no exceptions to this waiting period. ~~Withdrawal forms may be obtained by contacting the TRS office. Last day of employment shall be defined as:~~

~~(A) For teachers the actual last teaching day in the classroom;~~

~~(B) For other personnel the actual last day on the job.~~

(2) Written verification from the school's payroll department of a member's termination of employment and/or non-resumption of teaching contract must be on file before processing the Application for Withdrawal.

(3) The years of membership shall be calculated as follows:

(A) For withdrawal purposes - from the date of the first contribution of the current membership to the date of withdrawal, except that member accounts closed in compliance with OAC 715:10-7-3 will be from the date of the first contribution to the date the account is closed.

(B) For payment of interest purposes - from the date of the first contribution of the current membership to the date of withdrawal, except that member accounts closed in compliance with OAC 715:10-7-3 will be from the date of the first contribution to the date the account is closed.

(4) Interest rate on withdrawals shall be paid as follows:

(A) July 1, 1968 through June 30, 1977 - four and one-half percent (4 1/2%), compounded annually.

- (B) July 1, 1977 through June 30, 1981 -seven percent (7%), compounded annually.
 - (C) As of July 1, 1981 ~~to present~~ through June 30, 2019 - eight percent (8%), compounded annually.
 - (D) ~~As of July 1, 2019 to present – seven and one-half percent (7 1/2%), compounded annually.~~
- (5) Interest payment on withdrawals shall be paid as follows:
- (A) If termination occurs within sixteen (16) years from the date membership began, fifty (50) percent of the total accrued interest shall be paid.
 - (B) With at least sixteen (16) but less than twenty-one (21) years of membership, sixty (60) percent of the total accrued interest shall be paid.
 - (C) With at least twenty-one (21) but less than twenty-six (26) years of membership, seventy-five (75) percent of the total accrued interest shall be paid.
 - (D) With at least twenty-six (26) years of membership, ninety (90) percent of the total accrued interest shall be paid.
- (6) ~~The Board of Trustees has ruled that a~~ A person whose membership has not terminated due to five (5) years of absence from Oklahoma public education employment, but who has applied to withdraw all accumulated contributions, shall not have membership terminated until the withdrawal payment check has been processed accepted and cashed.
- (7) Effective July 1, 1990, no member is eligible to withdraw contributions made on a pre-tax basis, unless the employee has terminated employment in the public schools for a period of four months.

[Source: Amended at 13 Ok Reg 3899, eff 8-5-96 through 7-14-97 (emergency)1 ; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency)2 ; Amended at 21 Ok Reg 3099, eff 8-12-04; Amended at 29 Ok Reg 862, eff 8-1-12]

715:10-11-7. Rollovers from ~~Q~~TRS to other eligible retirement plans [Amended]

- (a) Notwithstanding any other provision of the administrative code that otherwise would limit a distributee's election to make a direct rollover, a distributee may elect at the time and in the manner prescribed by the Board of Trustees to have all or a portion of an eligible rollover distribution paid directly to another eligible retirement plan as a direct rollover as required under Internal Revenue Code Section 401(a)(31) and the regulations thereto.
- (b) The following definitions shall apply for purposes of the words and phrases used in this Section:
- (1) An "eligible rollover distribution" includes any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include the following:
 - (A) any distribution that is one of a series of substantially equal periodic payments, paid not less frequently than annually, made for the life or life expectancy of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary joint annuitant.
 - (B) any distribution that is one of a series of substantially equal periodic payments for a specified period of ten years or more.
 - (C) any distribution to the extent such distribution is required under Internal Revenue Code Section 401(1)(9).
 - (D) the portion of any distribution that is not includable in gross income.

- (E) any distributions during a year that are reasonably expected to total less than \$200.
 - (F) Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in Internal Revenue Code Section 414(p) and OAC 715:10-25-1.
 - (G) Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only
 - (i) to an individual retirement account or annuity described in Internal Revenue Code Section 408(a) or (b) or to a qualified defined contribution plan described in Internal Revenue Code Section 401(a) that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible;
 - (ii) on or after January 1, 2007, to a qualified defined benefit plan described in Internal Revenue Code Section 401(a) or to an annuity contract described in Internal Revenue Code Section 403(b), that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible; or
 - (H) on or after January 1, 2008, to a Roth IRA described in Internal Revenue Code Section 408A.
- (2) An "eligible retirement plan" includes any of the following that accepts the distributee's eligible rollover distribution:
- (A) an individual retirement account described in Internal Revenue Code Section 408(a);
 - (B) an individual retirement annuity described in Internal Revenue Code Sections 408 (b);
 - (C) an annuity plan described in Internal Revenue Code Section 403(a);
 - (D) a qualified trust described in Internal Revenue Code Section 401(a);
 - (E) effective January 1, 2002, an annuity contract described in Internal Revenue Code Section 403(b);
 - (F) effective January 1, 2002, a plan eligible under Internal Revenue Code Section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state that agrees to separately account for amounts transferred into that plan from the retirement system; or
 - (G) effective January 1, 2008, a Roth IRA described in Internal Revenue Code Section 408A.
- (3) A "distributee" means a member, a member's spouse, or a member's former spouse who is the alternate payee under a qualified domestic order, as defined in Internal Revenue Code Section 414(p) and OAC 715:10-25-1. Before January 1, 2002, in the case of an

eligible rollover distribution to the member's spouse, an eligible retirement plan only includes an individual retirement account or an individual retirement annuity described in Internal Revenue Code Sections 408(a) or (b). Effective January 1, 2007, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by Internal Revenue Code Section 401(a)(9)(E). However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity (or, effective January 1, 2008, a Roth IRA) established for the purpose of receiving the distribution, and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

(4) "Direct rollover" means a payment by the plan to the eligible retirement plan specified by the distributee.

(c) Eligible rollover distributions may be paid to not more than two eligible retirement plans, as selected by the distributee, when a direct rollover is elected.

[Source: Added at 11 Ok Reg 4785, eff 9-12-94 through 7-14-95 (emergency)1 ; Added at 12 Ok Reg 3285, eff 7-27-95; Amended at 26 Ok Reg 318, eff 11-12-08 (emergency); Amended at 26 Ok Reg 2379, eff 6-25-09]

715:10-13-3. Employee contribution rates [Amended]

(a) Beginning with the 1996-97 school year, the maximum compensation level for all members, other than those members employed by a comprehensive university on or before June 30, 1995, shall be the member's regular annual compensation. This includes any employee of a comprehensive university who transfers to another school or university after June 30, 1996, or who terminates paid employment status with a comprehensive university and returns to employment at a later date.

(b) Beginning with the 1996-97 school year, the maximum compensation level for those employees of a "comprehensive university", defined in statutes as the University of Oklahoma and all of its constituent agencies, including the University of Oklahoma Health Sciences Center, the University of Oklahoma Law Center and the Geological Survey, and Oklahoma State University and all of its constituent agencies, including the Oklahoma State Agricultural Experiment Station, the Oklahoma State University Agricultural Extension Division, the Oklahoma State University College of Veterinary Medicine, the Oklahoma State University Center for Health Sciences, the Technical Branch at Oklahoma City the Technical Branch at Okmulgee and Oklahoma State University-Tulsa, who were employed on or before June 30, 1995, shall contribute the following:

(1) for members who, prior to June 30, 1995, elected to contribute on a maximum compensation level not to exceed \$25,000:

- (A) \$32,500 for service between July 1, 1996 and June 30, 1997,
- (B) \$37,500 for service between July 1, 1997 and June 30, 1998,
- (C) \$42,500 for service between July 1, 1998 and June 30, 2000,
- (D) \$47,500 for service between July 1, 2000, and June 30, 2001,
- (E) \$52,500 for service between July 1, 2001, and June 30, 2002,
- (F) \$57,500.00 for service between July 1, 2002, and June 30, 2003,
- (G) \$62,500.00 for service between July 1, 2003, and June 30, 2004,
- (H) \$67,500.00 for service between July 1, 2004, and June 30, 2005,
- (I) \$72,500.00 for service between July 1, 2005, and June 30, 2006,
- (J) \$77,500.00 for service between July 1, 2006, and June 30, 2007, and

- (K) the full amount of regular annual compensation for service authorized and performed after June 30, 2007, and
- (2) for members who, prior to June 30, 1995, elected to contribute on a maximum compensation level in excess of \$25,000, or who did not make an election prior to June 30, 1995, because their annual salary was less than \$25,000:

- (A) \$49,000 for service between July 1, 1996 and June 30, 1997,
- (B) \$54,000 for service between July 1, 1997 and June 30, 1998,
- (C) \$59,000 for service between July 1, 1998 and June 30, 2000,
- (D) \$64,000 for service between July 1, 2000, and June 30, 2001,
- (E) \$69,000 for service between July 1, 2001, and June 30, 2002,
- (F) \$74,000 for service between July 1, 2002, but not later than June 30, 2003,
- (G) \$79,000 for service between July 1, 2003, and June 30, 2004,
- (H) \$84,000 for service between July 1, 2004, and June 30, 2005,
- (I) \$89,000 for service between July 1, 2005, and June 30, 2006,
- (J) \$94,000 for service between July 1, 2006, and June 30, 2007, and
- (K) the full amount of regular annual compensation for service authorized and performed after June 30, 2007.

(c) ~~Every A~~ teacher employed by any school district or technology center school Career and Technology Education district, who qualifies for a minimum salary pursuant to the State's minimum salary schedule shall have a specific amount credited against the employee's contribution amount to TRS the Teachers' Retirement System. The State of Oklahoma shall pay an annual amount as set forth in 70 O.S. § 17-108.2 ~~amount~~ for each fiscal (or plan) year.

- ~~(1) 0 years of service = \$60.15~~
- ~~(2) 1 year of service = \$103.41~~
- ~~(3) 2 years of service = \$145.65~~
- ~~(4) 3 years of service = \$188.15~~
- ~~(5) 4 years of service = \$233.33~~
- ~~(6) 5 years of service = \$278.76~~
- ~~(7) 6 years of service = \$325.26~~
- ~~(8) 7 years of service = \$372.82~~
- ~~(9) 8 years of service = \$421.44~~
- ~~(10) 9 years of service = \$471.12~~
- ~~(11) 10 years of service = \$521.87~~
- ~~(12) 11 years of service = \$573.67~~
- ~~(13) 12 years of service = \$626.54~~
- ~~(14) 13 years of service = \$680.48~~
- ~~(15) 14 years of service = \$735.47~~
- ~~(16) 15 years of service = \$791.53~~
- ~~(17) 16 years of service = \$848.65~~
- ~~(18) 17 years of service = \$906.83~~
- ~~(19) 18 years of service = \$966.07~~
- ~~(20) 19 years of service = \$1,026.38~~
- ~~(21) 20 years of service = \$1,087.75~~
- ~~(22) 21 years of service = \$1,150.18~~
- ~~(23) 22 years of service = \$1,213.68~~
- ~~(24) 23 years of service = \$1,278.23~~

~~(25) 24 years of service = \$1,343.85~~

~~(26) 25 or more years of service = \$1,410.53~~

(d) Each school district or technology center Career and Technology Education school district shall adjust each eligible employee's monthly contribution to TRS the Teachers' Retirement System in accordance with statutory provisions, and shall cause the annual amount paid by the State of Oklahoma as provided in the preceding paragraph to be deducted from the monthly remittance to each eligible employee's retirement account and a like amount added to the net pay of the eligible employee.

(1) If the school district pays the retirement contribution in addition to the employee's total compensation, the employer must reduce the employee's annual retirement contribution which the school pays to TRS the Teachers' Retirement System by the appropriate amount and add that amount to each eligible employee's net pay.

(2) If the school district deducts the retirement contribution from each employee's total compensation, whether as a salary reduction to pay the retirement contribution as a fringe benefit or as a deduction on an after-tax basis, the employer must adjust the employee's annual retirement deduction in accordance with the amount to be paid by the State. The adjustment in the retirement deduction will result in an increase to the eligible employee's net pay.

(3) The State contribution to each eligible employee's retirement account is determined by the total experience of each employee as verified by the State Department of Education or the Oklahoma Department of Career and Technology Education.

(4) The State contribution must be calculated and paid in equal monthly installments as determined by the eligible employee's contract, i.e. ten months, eleven months or twelve months. Eligible employees who work less than a full contract year, whether full-time for less than a full contract year or part-time for the full contract year, shall have the prescribed State contribution prorated in accordance with the eligible employee's full-time equivalent rate of employment.

[Source: Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 13 Ok Reg 3899, eff 8-5-96 (emergency); Amended at 13 Ok Reg 3523, eff 8-26-96; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 15 Ok Reg 48, eff 9-4-97 (emergency); Amended at 15 Ok Reg 3481, eff 7-15-98; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)1; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 17 Ok Reg 204, eff 9-8-99 (emergency); Amended at 17 Ok Reg 3071, eff 7-13-00; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 22 Ok Reg 2255, eff 6-25-05]

715:10-13-13. Contributions while receiving workers' compensation payments ~~from Workers' Compensation~~ [Amended]

Any member who is an active contributing member and receives temporary total disability benefits during the period of absence from a public school due to a work-related injury or illness and qualifies for payment pursuant to the Workers' Compensation Act shall receive credit for said period of absence, if contributions were not remitted on the member's regular annual compensation while the member is receiving temporary total or partial disability benefits, subject to the following requirements:

(1) the member was employed by the public school immediately prior to and during the period of absence,

(2) the member must notify the System in writing not later than four (4) months after the member's return to his or her job duties with the public school, or termination of the temporary total disability benefits, whichever is earlier, of the member's desire to receive service credit for the period of absence,

- (3) the public school employer must certify to the System in writing the dates during which temporary total disability benefit payments were paid to the member, and
- (4) the member and the public school employer shall each pay the respective contributions required for the period of absence without interest within sixty (60) days of billing by the System, or with interest at a rate consistent with the actuarial assumed earnings rate adopted by the Board of Trustees (~~currently 8% per annum~~), compounded annually if paid after said sixty (60) days. Employee and employer contributions will be based on the member's regular annual compensation the member would have earned had the injury or illness not occurred.
- (5) All balances due must be paid in full at least thirty (30) days prior to termination of employment or ninety (90) days prior to the effective date of a member's official retirement date.

[Source: Added at 15 Ok Reg 48, eff 9-4-97 (emergency); Added at 15 Ok Reg 3481, eff 7-15-98; Amended at 29 Ok Reg 865, eff 8-1-12; Amended at 33 Ok Reg 1108, eff 8-25-16]

715:10-15-5. Date of retirement contract is binding; revocation of contract [Amended]

The final contract for retirement becomes binding on the effective date shown on the contract and shall be known as the date of retirement. The contract may be revoked by the member, or the retirement plan changed, before the date of retirement. Any change or revocation must be in writing, delivered to ~~TRS the Teachers' Retirement System, Oklahoma City, Oklahoma,~~ or postmarked by the United States Postal Service prior to the effective date of retirement. After the retirement date, the contract cannot be canceled. After the retirement date the retirement plan cannot be changed except as outlined in paragraphs one (1) and two (2) below. If the member elected the Option 2 or Option 3 retirement contract and the member's designated beneficiary joint annuitant dies before the retirement date, the member may select another retirement plan without penalty. If a Maximum or Option 1 retiree should die during the month following the date of retirement and before the first retirement benefit is due, any distribution to beneficiaries designated on the member's retirement contract shall be paid pursuant to OAC 715:10-9-1 and 715:10-9-2.

(1) After the retirement date, a member who elected a reduced benefit under Option 1, Option 2, Option 3 or Option 4 may make a one-time irrevocable election to change their retirement plan within sixty (60) days of the retirement date. The beneficiary or joint annuitant designated by the member at the time of retirement shall not be changed if the member makes the election provided for in this paragraph. Such election must be made in writing, delivered to ~~TRS the Teachers' Retirement System, Oklahoma City, Oklahoma,~~ or postmarked by the United States Postal Service prior to the sixtieth day after the date of retirement.

(2) A member who elected the Maximum benefit and marries after the retirement date, may make a one-time election to change to an Option 2 or Option 3 benefit and name the member's spouse as the designated joint annuitant beneficiary. The member shall provide proof of the member's good health before the Board of Trustees will permit a change to either Option 2 or 3 and the naming of a designated beneficiary. A medical examination conducted by a licensed physician is required for purposes of determining good health. Such examination must be approved by the Medical Board. The member shall be required to provide proof of age for the new joint annuitant beneficiary. The Board of Trustees shall adjust the monthly benefit to the actuarially equivalent amount based on the newly

designated joint annuitant's beneficiary's age. Such election must be made in writing using the forms proscribed by TRS the Teachers' Retirement System and delivered to TRS the Teachers' Retirement System, Oklahoma City, Oklahoma, or postmarked by the United States Postal Service prior to within one (1) year of after the date of marriage, or July 1, 2011, whichever date is later.

[Source: Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)1 ; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 27 Ok Reg 2802, eff 7-20-10 (emergency); Amended at 28 Ok Reg 981, eff 5-26-11]

715: 10-15-7.2. Retirement formula for members retiring under provisions of the Education Employees Service Incentive Plan ("EESIP") [Amended]

(a) ~~Legislation enacted during the Special Session of the Effective July 1, 2006 the Legislature modified the standard retirement formula for TRS members employed by participating remitting entities under 70 O.S. § 17-108.1(A), which excludes other than comprehensive and regional four-year universities. A member must have been employed by a participating remitting entity for at least one full school year (twelve months) immediately prior to termination of employment or retirement to qualify for this section.~~

(b) A TRS member who was employed prior to July 1, 1995, may have service credits performed prior to July 1, 1995, calculated in the member's retirement formula used for service performed after July 1, 1995, when the member's average salary at retirement is greater than \$40,000, and the member works for a participating remitting entity under Section 17-108.1(A) beyond the year in which he or she reaches normal retirement age. (The terms "average salary" and "normal retirement age" are defined in 70 O. S. § 17-101.)

(c) A member who works one year beyond the school year in which he or she reaches normal retirement age, and who is employed by a participating remitting entity under Section 17-108.1 (A) employer, may move two (2) years of service performed prior to July 1, 1995, to the retirement formula used to calculate service performed after July 1, 1995. For each additional year the member works beyond normal retirement age, employed by a participating remitting entity under Section 17- 108.1 (A) employer, he or she may move two (2) additional years of service credit performed prior to July 1, 1995. Only years worked beyond normal retirement and while working for a participating remitting entity under Section 17-108.1 (A) shall be used to uncap years of service.

(d) For members who retire on or after July 1, 2006, and before June 30, 2007, the maximum average salary that can be used to calculate the benefit for service credits that qualify to be moved under this section is \$60,000. During this one-year period, a member whose average salary at retirement is greater than \$60,000 shall have benefits calculated in three steps: 2% x \$40,000 for service performed prior to July 1, 1995, that does not qualify as moved service; 2% x \$60,000 for service performed prior to July 1, 1995, that qualifies as moved service; and 2% x the member's average salary for service performed on or after July 1, 1995. (Note: The retirement date for each retiring member is always the first day of the month. [See OAC 715:10-15-4.]

(e) For members who retire on or after July 1, 2007, and before June 30, 2008, the maximum average salary that can be used to calculate the benefit for service credits that qualify to be moved under this section is \$80,000. During this one-year period, a member whose average salary at retirement is greater than \$80,000 shall have benefits calculated in three steps: 2% x \$40,000 for service performed prior to July 1, 1995, that does not qualify as moved service; 2% x \$80,000 for service performed prior to July 1, 1995, that qualifies as moved service; and 2% x the member's

average salary for service performed on or after July 1, 1995. (Note: The retirement date for each retiring member is always the first day of the month. [See OAC 715:10-15-4.]

(f) For members who retire on or after July 1, 2008, the average salary used to calculate the benefit for service credits that qualify to be moved under this section is the member's average salary at retirement. The member's retirement benefit will be calculated as follows: 2% x \$40,000 for service performed prior to July 1, 1995, that does not qualify as moved service; and 2% x the member's average salary for service performed prior to July 1, 1995, that qualifies as moved service and for service performed on or after July 1, 1995. (Note: The retirement date for each retiring member is always the first day of the month. [See OAC 715:10-15-4.]

(g) A member whose Regular Annual Compensation was greater than \$40,000 during the school years 1987-88 through 1994-95 must make an additional contribution to qualify for movement of service provided for in this section. [See OAC 715:10-5-4.1. Payment of contribution deficit for Education Employees Service Incentive Plan]

(h) A member reaches Normal Retirement Age during the school year he or she reaches age 62, or when the member's age and total service equal 80 or more for those members whose official TRS membership date is prior to July 1, 1992, and when the member's age and total service equal 90 or more for those members whose official TRS membership date is on or after July 1, 1992.

(i) For this section, credit a member may receive for having 120 or more days of unused sick leave at retirement will be used in determining the school year in which a member reaches Normal Retirement Age.

(j) For this section, a member who reaches Normal Retirement Age by the tenth of July of any school year will be considered to have reached Normal Retirement Age at the beginning of that school year. A member who reaches Normal Retirement Age after the tenth of July of any school year will be considered to have reached Normal Retirement Age at the beginning of the next school year in which the member is employed.

(k) To qualify for a year of service beyond Normal Retirement Age, OAC 715:10-3-2 and OAC 715:10-3-3 will be used to determine credited service. However, a fractional year of service performed after reaching Normal Retirement Age cannot be combined with a fractional year of service performed prior to reaching Normal Retirement Age to qualify for a year of service credit under this section. Fractional years of service worked after reaching Normal Retirement Age can be combined to create a full year of credited service. If a member participates in EESIP ESSIP and wears away at least two (2) years of capped service but has employment at a non-participating entity (comprehensive and regional four-year universities) after reaching Normal Retirement Age, service credit will be awarded for the employment for the non-participating entity, but the salary the member earned at the non-participating entity will not be applied to those years of service which qualify for the Education Employees Services Incentive Plan (EESIP).

(l) The provisions of subsections e and f of this section become effective only if additional employer contributions are funded as required by 70 O.S. § 17-116.2C.

[Source: Added at 24 Ok Reg 220, eff 10-31-06 (emergency); Amended at 24 Ok Reg 1692, eff 6-11-07; Amended at 33 Ok Reg 1103, eff 8-25-16]

715:10-15-10.1. "Pop-up" of Option 2 or Option 3 Retirement Plans [Amended]

If the designated beneficiary joint annuitant under the Option 2 or 3 retirement plan 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 benefit increases the member would have received had the member not selected the Option 2 or 3 retirement plan. In such an event, the

member's monthly retirement benefit and any amount due at the death of the member shall be calculated as if the member had selected the Maximum retirement allowance. The increase in the member's monthly benefit becomes effective the first day of the month following the date of death of the designated ~~beneficiary joint annuitant or July 1, 1994, whichever is later~~, and shall be payable for the member's remaining lifetime. The member shall notify ~~TRS the Teachers' Retirement System~~ of the death of the designated ~~beneficiary joint annuitant~~ in writing and provide a certified copy of the ~~beneficiary's joint annuitant's~~ death certificate. In the absence of timely notice, ~~TRS Teachers' Retirement~~ shall make retroactive benefit payments to the member, not to exceed six (6) months from the time the member first became eligible for increased benefits to the date notification is received. Notwithstanding any other provision, increased benefits will not be due for any period prior to July 1, 1994.

[Source: Added at 12 Ok Reg 295, eff 10-14-94 through 7-14-95 (emergency)1 ; Added at 12 Ok Reg 3285, eff 7-27-95]

715:10-15-11. Designation of beneficiaries or joint annuitant for retirement options [Amended]

A designation of beneficiary or joint annuitant must be made when the retirement contract is completed. A member who selects the Maximum, ~~or Option 1,~~ or Option 4 retirement plan may name more than one beneficiary. Once the member has been retired for more than sixty (60) days or if no change in the member's retirement plan occurs, Bbeneficiaries named for the Maximum, ~~and Option 1, or Option 4~~ retirement plan may be changed by the member at any time using a form prescribed by TRS. A member desiring to change or update a beneficiary designation should request TRS Form 90. The joint annuitant for the Option 2 or Option 3 retirement plans cannot be changed even if the joint annuitant dies before the member, providing, however, the retired member may designate a beneficiary different from the joint annuitant to receive the \$5,000 death benefit. The member who elects the Option 4 retirement plan must name a beneficiary, who can be any living person or persons, or a trust. The beneficiary does not have to be a spouse or dependent. In the case of a divorce the retirement contract remains in force and the member's joint annuitant (ex-spouse) will receive the member's monthly benefit after the member's death (if named as a joint annuitant) unless a Court, acting through a Qualified Domestic Relations Order, directs otherwise.

[Source: Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)1 ; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 25 Ok Reg 2598, eff 7-11-08; Amended at 33 Ok Reg 1111, eff 8-25-16; Amended at 35 Ok Reg 2122, eff 9-14-18]

715: 10-15-15. Disability retirement; application; effective date [Amended]

(a) Any member who is actively employed in the public schools of Oklahoma and is regularly contributing to ~~TRS the Teachers' Retirement System~~ may be retired due to a medical disability, which renders the member unable to perform regular employment duties, provided such member:

- (1) has at least ten (10) years of Oklahoma contributory membership service,
- (2) submits a complete application for disability retirement, and,
- (3) is found by the Medical Board of ~~TRS Teachers' Retirement System~~, to be medically disabled to continue regular duties, or
- (4) meets the requirements of paragraphs (1) and (2) of this subsection, and files a Social Security Award Notice certifying the member has been approved for disability benefits by the Social Security Administration, U. S. Department of Health and Human Services,

- (5) however, a member who is eligible for unreduced regular retirement is not eligible for disability retirement benefits.
- (b) A member who has terminated employment or is on leave without pay status shall be eligible for disability retirement by meeting the provisions of paragraph (a) of this rule, providing the disability existed at the time the leave without pay status commenced or the termination of employment from the public schools of Oklahoma occurred, and the disability was the reason for the leave status or termination of employment.
- (c) The application for disability retirement required in paragraph (2) of subsection (a) of this section must include:
- (1) a detailed statement by the member as to the nature of the disability and the reasons the disability prevents the member from performing the regular duties of the member's current position.,
 - (2) a detailed statement by the member's employer (chief administrative officer or personnel officer) as to the nature of the disability and the reasons the disability prevents the member from performing the regular duties assigned to the position of employment.,
and
 - (3) a detailed report by the member's physician giving the medical nature of the disability. The attending physician's report should certify that the member, in the physician's judgment, is mentally or physically incapacitated from further performance of duty, that such incapacity is likely to be permanent and that the member should be retired. Any examination required to complete this report must be at the expense of the member.
- (d) ~~TRS The Teachers' Retirement System~~ must receive the complete application for disability retirement by the first day of the month for in which the Medical Board of Trustees is scheduled to meet to consider the application at its next regularly scheduled meeting.
- (e) The effective date for disability retirement is the later of (1) or (2) below:
- (1) the first day of the month in which the disability application is approved by the Medical Board of Trustees, and subsequent to termination of employment in the public schools, or
 - (2) the date determined by the Board of Trustees after an administrative review, if such review is requested by the member pursuant to the Administrative Procedures Act 75 O.S. 250 et seq., but in no instance will the effective date be prior to the first day of the month following receipt of the complete disability retirement application.
- (f) The disability retirement becomes binding on the effective date specified in subsection (e) of this section and cannot be revoked except by written request from the member prior to the effective retirement date as provided by OAC 715:10-15-5 or by returning to employment as provided in OAC 715:10-15-21.
- (g) The disability retirement benefit shall be calculated in the same manner as regular retirement benefits described in OAC 715:10-15-7, with the exception that no reduction will be made due to the age of the member. Providing that any member who qualifies for disability benefits after June 30, 2003, who is married at the time his or her disability benefits commence, may elect an actuarially reduced 100% joint survivor retirement benefit based on factors provided by the Retirement System's consulting actuary.
- (h) The disability retirement benefit is payable under the same provisions as the Maximum Retirement Plan or Retirement Option 2 explained in OAC 715:10-15-10. Payments are made monthly for the life of the retiree or until the member is able to return to employment (See OAC 715:10-15-21). The only survivor benefits available to a disabled member's beneficiaries or estate

is a return of member contributions not paid to the member in the form of monthly benefits and the \$5,000 death benefit provided per statute, unless the disabled member elected the reduced benefit option to provide the spouse a monthly benefit as described in subparagraph (g) of this section.

(i) If the disabled member elects to receive an actuarially reduced 100% joint survivor retirement benefit, the surviving spouse will continue to receive the disabled member's monthly benefit for life. At the death of the disabled member, the surviving spouse will receive the \$5,000 death benefit provided by statute. If the disabled member's spouse should die before the disabled member, the disabled member's monthly disability benefit will be increased to the amount the disabled member would have been entitled to receive if the disabled member had elected the maximum disability benefit. The increased monthly benefit will become effective the first day of the month following the death of the disabled member's spouse providing proper notice is received by ~~TRS the Teachers' Retirement System~~, as provided in OAC 715:10-15-10.1.

[Source: Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)¹; Amended at 11 Ok Reg 4251, eff 7-25-94; Amended at 12 Ok Reg 295, eff 10-14-94 through 7-14-95 (emergency)²; Amended at 12 Ok Reg 3285, eff 7-27-95; Amended at 13 Ok Reg 3899, eff 8-5-96 through 7-14-97 (emergency)³; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency)⁴; Amended at 21 Ok Reg 3099, eff 8-12-04]

715: 10-15-16. Review by Medical Board [Amended]

Upon receipt of the application for disability retirement, the ~~TRS~~ Medical Board ~~of the Teachers' Retirement System~~ will review the application at its next monthly meeting. The Medical Board may recommend ~~to the Board of Trustees~~ a member for permanent disability retirement or for a temporary disability retirement when in its opinion the prognosis of the disability is of a temporary nature. Temporary disability retirement benefits may be provided for six (6) to twelve (12) months, subject to re-examination by the Medical Board at the end of the prescribed period. If a member is granted temporary disability the member may apply for permanent disability, or reapply for temporary disability, only within one (1) month of the expiration of the temporary disability. The member will be notified in writing of the recommendation of the Medical Board. If disability benefits are not recommended by the Medical Board, the reason will be provided to the member in writing. The member may then submit additional medical evidence for further review or request an administrative hearing pursuant to the Administrative Procedures Act, 75 O.S. Section 250 et seq., and OAC 715:1-1-10 (with the exception of subparagraphs 1 and 2) within sixty (60) days of notification of the Medical Board's adverse recommendation.

[Source: Amended at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)¹; Amended at 11 Ok Reg 4251, eff 7-25-94; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 33 Ok Reg 1103, eff 8-25-16]

715:10-17-13. Election to return to qualifying employment [Amended]

Any retired member who returns to employment in the public schools of Oklahoma and is employed half-time or more as defined in OAC 715:10-3-2 and OAC 715:10-3-3 may return to post-retirement employment or active contributing status under the following conditions:

(1) Active Contributing Status. The retired member must file an irrevocable election to discontinue retirement benefits for the period of such employment. The return to membership contributing status must coincide with the beginning of a school year or the member must refund all benefit payments received from the beginning of the school year in which employment begins and make employee contributions on any compensation

earned from the beginning of the school year to the date of the election to return to contributing status.

(2) The election form must be completed by the employing school and signed by the retired member and an official who has authority to employ or pay regular employees of the school. In addition, a new Personal Data Form ~~1-A~~ shall be completed and submitted to TRS to return a member to work status.

(3) The form must include the nature of the position held and the beginning date of employment. Retirement payments shall not be resumed during the summer months between consecutive years of this type of employment.

(4) The retired member and the employing public school shall remit employee and employer contributions in the same manner as active contributing employees.

(5) The retired member shall accumulate service credit in the same manner as active contributing employees of the system.

(6) Upon termination of employment, the retired member's monthly retirement benefits will resume with an adjustment to reflect credit for the additional employment as follows:

(A) The initial benefit calculated at the time of retirement will not be affected by the additional employment.

(B) Service credits will be accumulated and credited to the member's record in accordance with Subchapter 3 of this Chapter.

(C) A supplemental benefit for the year(s) of additional service will be calculated using the standard retirement benefit formula and the retirement plan and other options selected by the retiree when the member first retired (See OAC 715:10-15-7 and 715:10-15-7.1).

(D) The average salary used in calculating the supplement benefit will be the average of the salaries earned during this period of employment. In the event the member is employed for less than the number of years required to determine the appropriate average salary, the average will be determined by the number of years employed. Annual salaries will be based on contributions made and determined on a school year basis.

(7) If the retired member is employed for a period of time which does not qualify for additional service credit, the employee contributions remitted by the employee or by the employer on the retired member's behalf will be refunded to the member without interest. Employer contributions as provided by OAC 715:10-13-3 will not be refunded.

(8) The employer shall provide written notice to ~~TRS the Teachers' Retirement System~~ when the retired member's employment is terminated. The member cannot resume benefit payments under this rule and remain employed. The member must comply with the sixty (60)-day non-employment rule that applies to a member who elects ~~normal regular~~ retirement. Retirement payments will be resumed effective the first of the following month, provided the necessary retirement paperwork is received within the prescribed timelines, otherwise benefits will be resumed the first of the next succeeding month. Any supplemental benefit determined pursuant to this section shall commence at the same time.

(9) If the retired member dies while engaging in half-time or more employment as provided in this section, the retired member's beneficiaries will receive any survivor benefits specified in the terms of the retirement contract elected by the member, the \$18,000 death benefit provided by OAC 715:10-9-2, if applicable, and a return of employee

contributions, plus interest accumulated during the current employment, as defined in OAC 715:10-9-1. The beneficiaries of the deceased retired member will not be entitled to both the \$18,000 death benefit and the \$5,000 death benefit defined in OAC 715:10-9-4.

(10) If a retired member does not file an election to discontinue monthly benefits while employed by the public schools of Oklahoma, he or she waives the accrual of service credit and the right to any supplemental benefit from service in the position. The retired member will, however, be subject to the earnings limits outlined in Title 70, Oklahoma Statutes, Section 17-116.10 [70 O.S. 17-116.10].

(11) Retired members returning to half-time or more employment under this subchapter and section shall not be considered "active members" for purposes of purchasing or transferring any form of prior service credit of whatever nature.

(12) A retiree having received a partial lump-sum payment, who is re-employed and returns to membership contributing status pursuant to OAC 715:10-17-13, shall have his or her subsequent retirement benefit calculated taking into consideration that a partial lump-sum payment has been received.

[Source: Added at 11 Ok Reg 4785, eff 9-12-94 through 7-14-95 (emergency)1 ; Added at 12 Ok Reg 3285, eff 7-27-95; Amended at 13 Ok Reg 3899, eff 8-5-96 through 7-14-97 (emergency)2 ; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency)3 ; Amended at 21 Ok Reg 3099, eff 8-12-04; Amended at 33 Ok Reg 1112, eff 8-25-16, Amended at 35 Ok Reg 2123, eff 9-14-18

715:10-25-2. Filing a qualified domestic order [Amended]

A TRS member ~~of Teachers' Retirement System~~, his or her legal representative, a member's former spouse, or his or her legal representative may file a qualified domestic order with TRS ~~Teachers' Retirement System~~. In not less than thirty (30) days of such filing, TRS ~~Teachers' Retirement System~~ will acknowledge receipt and notify all parties listed in the order that the order has been accepted or that clarification of the order must be provided to TRS ~~Teachers' Retirement System~~. All qualified domestic orders filed with TRS ~~the Teachers' Retirement System of Oklahoma~~ must be in accordance with Oklahoma Statutes and must conform to the provisions of 70 O.S., Section 17-109, as amended. ~~An TRS approved Form 110.46 OTRS~~ Qualified Domestic Order is available on the TRS website ~~upon request~~ and its use is recommended.

[Source: Added at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)1 ; Added at 11 Ok Reg 4251, eff 7-25-94; Amended at 25 Ok Reg 2598, eff 7-11-08; Revoked at 29 Ok Reg 869, eff 8-1-12; Added at Ok Reg 1113, eff 8-25-16]