

**Teachers' Retirement System of Oklahoma
301 Northwest 63rd Street, Suite 500
Oklahoma City, OK 73116
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RULE IMPACT STATEMENT

A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED PERMANENT 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 necessary to clarify the administration of the System regarding amendments to Title 70 of the Oklahoma Statutes passed in the 2022 and 2021 legislative sessions, and to otherwise clarify and thus effect the orderly administration of the System for the benefit of the System's members and to defray costs of administering the System.

TITLE 715. TEACHERS' RETIREMENT SYSTEM

CHAPTER 10. GENERAL OPERATIONS

SUBCHAPTER 1. MEMBERSHIP PROVISIONS

715: 10-1-7 is being amended to comply with amendments to 70 O.S. §509.12 enacted by Senate Bill 1579 in the 2022 legislative session. Consistent with the amended statute, this rule will now cease to allow school employees to accrue service credit in TRS when taking a leave of absence from school to serve in a local, state, or national education organization. It also contains minor stylistic changes.

SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS

715: 10-5-1 is being amended to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8.

715:10-5-4 is being amended to strike reference to tax sheltered annuity deposits as TRS no longer administers a tax-sheltered annuity plan and to make minor stylistic changes.

715:10-5-9 is being amended to clarify that the impact on prior optional service of optional election under SB683 passed in the 2021 legislative session is the same as the impact on prior optional service of optional withdrawal before the enactment of SB683. It is also being amended to clarify current practice under current rules with respect to redeposits, particularly that (1) all payments for redeposit must be received in full when an active member or refund will occur, and (2) that all redeposit payments must be received by TRS 90 days prior to the effective retirement date.

715: 10-5-16 is being amended to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8.

715: 10-5-26 is being amended to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8.

715:10-5-28 is being amended to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8. It is also being amended to clarify that pursuant to 70 O.S. §17-116.2G, sick leave cannot be used to vest any account or meet a threshold service level for disability retirement or the option 2 retirement in lieu of survivor benefits for qualifying beneficiaries upon the death of a qualifying in-service member.

715:10-5-33 is being amended to clarify that full-time teachers allowed family leave are those defined under 70 O.S. §6-104.1.

715:10-5-34 is being amended to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8.

715:10-5-35 is being amended to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8 and 70 O.S. §116.2.

715:10-5-36 is being amended to clarify the application of Internal Revenue Code Sections 3401(h) and 414(u), which are known as USERRA and the HEART Act, to benefits payable and contributions due for members who are performing qualified military service under the aforementioned Code Sections.

715:10-5-38 is being amended to clarify the title and to clarify current billing and payment practices according to current TRS rules and previously enacted 70 O.S. §17-116.8.

SUBCHAPTER 7. MEMBERSHIP VESTING AND TERMINATION

715:10-7-6 is being revoked as the return of ineligible contributions will be encompassed within the return of contributions process being proposed for OAC 715:10-11-4.

SUBCHAPTER 9. SURVIVOR BENEFITS

715:10-9-5 is being amended to reflect correct Internal Revenue Code procedure with respect to the execution of proper Qualified Disclaimers.

SUBCHAPTER 11. WITHDRAWAL FROM MEMBERSHIP AND REFUND OF DEPOSITS

715:10-11-1 is being amended to allow the Executive Director to potentially waive, in certain circumstances for good cause shown, the need for an employer's verification of a member's separation from employment which is required to withdraw from the System.

715:10-11-4 is being amended to comprehensively address the return of contributions paid to TRS in error consistent with Internal Revenue Code provisions and guidance.

SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE

715:10-13-1 is being amended to clarify the definition of regular annual compensation consistent with 70 O.S. §17-101 and agency practice, to make minor stylistic changes, and to provide better organization of the rule.

715:10-13-2 is being amended to clarify that regular annual compensation is due on all compensation received by a participating member from all TRS participating employer and makes a specific reference to secondary employment which is a common term understood by TRS participating employers.

715:10-13-11 is being amended to clarify the current process for calculating the percentage limit on compensation increases.

SUBCHAPTER 15. SERVICE RETIREMENT

715:10-15-3 is being amended to clarify current practice requiring payments and documents to be received by a certain time and to make minor stylistic changes.

715:10-15-5 is being amended to correct the reference to a designated beneficiary where the reference should be to a designated joint annuitant under the applicable retirement options.

715:10-15-10.1 is being amended to clarify that consistent with current practice, the written notice required to be submitted to TRS to pop up an Option 2 or 3 retirement to maximum upon the death of a joint annuitant is a certified death certificate of the joint annuitant and providing the Executive Director the ability to accept other documentation for good cause shown.

SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT

715:10-17-8 is being amended to clarify that the interest penalty attributable to billings for overpaid retirement benefits to retirees who have exceeded earnings limits is the actuarially assumed rate of return adopted by the Board of Trustees.

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

The classes of person(s) affected by the proposed rules are employers and 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 and employers of the Teachers' Retirement System of Oklahoma.

D. DESCRIPTION OF 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. 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:

November 15, 2023.

715:10-1-7. Membership in education associations [AMENDED]

(a) Pursuant to Title 70 O.S. §17-116.2, aAny member absent from employment in the public schools of Oklahoma because of election or appointment as a local, state or national education association officer prior to January 1, 2011, shall be allowed to retain membership in TRS by making the contribution required of such member by ~~Title 70 O.S. Okla. Stat. Section §~~17-116.2 and any other applicable statute. For purposes of this section the following shall apply:

(1) An education association is defined as an organization of educators established for the sole purpose of promoting the advancement of educational goals in Oklahoma or at the national level. A local or state association must be duly organized under the laws of the state of Oklahoma with a charter or articles of incorporation filed with the appropriate state agency and must comply with all applicable laws of the state of Oklahoma. A national association must be duly registered or chartered for the purpose of furthering educational goals at the national level.

(2) An "officer in an association" is a current member of TRS who is elected or appointed to an employment position within the association commensurate with a position in the public schools of Oklahoma defined as "classified" personnel by 70 O.S. §17-101. The officer must receive compensation for services rendered commensurate with compensation received for similar services in the public schools of Oklahoma.

(3) A member must notify TRS in writing on the form provided by TRS, the member's intent to elect to continue membership in TRS within thirty (30) days of becoming employed by an eligible association. In making this election the member shall agree to make payment in accordance with 70 O.S. §17-116.2 for the period of employment that qualifies for continued membership and to comply with all statutes and rules of TRS in maintaining membership.

(4) The maximum years of creditable service a member may receive for one such absence shall not exceed twelve (12) continuous years. A member may again qualify for creditable service in an educational association provided that the member returns to employment in the public schools of Oklahoma for a minimum of the same number of years received as credit in the former education association.

(5) On the recommendation of the Executive Director, the Board of Trustees may deny eligibility to any local state or national association, when it is judged not to conform with the intent of 70 O.S. §17-116.2 or when it is determined that the association was not established for the sole purpose of promoting the advancement of education.

(6) Effective July 1, 1994, a member may elect to continue membership as provided in paragraph (3) above only if the member has ten (10) years of contributory Oklahoma service prior to July 1, 1994.

(b) Except as provided in the subsection above, election or appointment to a local, state or national education organization shall not qualify any person to accumulate service credit in TRS. Specifically, pursuant to 70 O.S. §509.12, a school employee who takes a leave of absence to hold office as an officer, director, trustee, or agent of a national, statewide, or school district employee association shall not be eligible to accumulate service credit during their period of absence.

715:10-5-1. Oklahoma service credit after July 1, 1943 [AMENDED]

Members may purchase credit for years of employment from July 1, 1943, to date of membership in the public schools of Oklahoma on which contributions were not remitted. One (1) full year (twelve calendar months) as a contributing member of TRS must be completed before a member may make such purchases. All purchased service must meet Teachers' Retirement System minimum requirements for eligibility, in effect at the time of purchase, and be properly documented before purchase is allowed. Payment shall not be allowed for any employment during a school year that was less than one-half (1/2) time, and no credit is allowed for periods of employment when a

member participated in an alternate retirement plan as provided for by the Alternate Retirement Plan for Comprehensive Universities Act. All ~~payments~~requests for billings to make payment for past service must be made while an active contributing member of the Teachers' Retirement System or within sixty (60) days of termination of employment in the public schools of Oklahoma. Payment for service credit must be completed 90 days prior to the effective date of retirement and a billing request cannot be ~~purchased~~initiated by any person after the death of the member. (See OAC 715:10-5-4 for cost and method of payment).

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 of 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 full-time basis shall have their salary adjusted upward, in a prorata 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.
- (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.

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

After re-establishing participation in TRS, 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/or~~ "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 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) Prior to July 1, 2021, Nonnon-classified members who voluntarily ceased monthly contributions to TRS while continuing to be employed in an eligible position shall be considered to have withdrawn from membership. On or after July 1, 2021, non-classified members who irrevocably elected out of TRS membership while continuing to be employed in an eligible position shall be considered to have withdrawn from membership. Members with withdrawn accounts under this subsection 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 any future date of return to membership in TRS, if any.
- (4) Requests for redeposits should be made to TRS 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 and will be verified by the staff. Service that cannot be verified 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 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, For any incomplete redeposit,~~ the amount paid by the member shall be refunded without interest.

(7) Redepositing of withdrawn accounts in a lump sum or on an installment plan basis must be completed, and all payments made to received by TRS, ninety (90) days prior to the member's effective retirement 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.

715:10-5-16. Cost to purchase military service [AMENDED]

(a) The purchase price for each year of military service defined in OAC 715:10-5-13 shall be based on the actuarial cost as defined in OAC 715:10-5-4, except as provided in paragraph (b) of this rule. All ~~payments~~requests for billings to make payment for such service must be made while an active contributing member of TRS, or within sixty (60) days of termination of employment in the public schools of Oklahoma, but must be completed 90 days prior to the effective date of retirement. No person may request a billing to initiate the purchase of military service credit after the date of death of the member.

(b) In the event an active contributing member is called to active military duty, he or she shall be allowed to make contributions for benefits and service credits with respect to "qualified military service", in accordance with Section 414(u) of the Internal Revenue Code of 1986 and the Uniformed Services Employment and Re-employment Rights Act of 1994.

715:10-5-26. Cost to purchase out-of-state service [AMENDED]

The purchase price for each year of out-of-state service defined in OAC 715:10-5-21 shall be based on the actuarial cost as defined in OAC 715:10-5-4. All ~~payments~~requests for billings to make payment for such service must be made while an active contributing member of TRS, or within sixty (60) days of termination of employment in the public schools of Oklahoma, but must be completed 90 days prior to the effective date of retirement. No person may request a billing to initiate the purchase out-of-state service credit after the date of death of the member.

715:10-5-28. Sick leave service credit [AMENDED]

(a) _____ A member who has unused sick leave days at retirement may receive up to one (1) additional year of service credit. The additional service credit for sick leave days shall be equal to the number of unused sick leave days divided by one hundred twenty (120) days. Such service shall be added to other service credit earned while employed by the public schools of Oklahoma. It is the

responsibility of the member to obtain verification of sick leave from the employing school prior to the member's official retirement date. No adjustment in retirement benefits shall be made for sick leave documented after the member's retirement date.

(b) Sick leave cannot be combined with out-of-state, military service or any non-public Oklahoma school employment to obtain additional credit toward retirement. Service credit obtained by unused sick leave may be used in qualifying for retirement benefits under the "Combination of 80," "Combination of 90," and "Rule of 90/Minimum 60." For any member who joined TRS prior to July 1, 1995, the year of credit received for sick leave shall be treated as service earned prior to July 1, 1995. Unused sick leave may not be used to meet any vesting requirement nor can it be used to meet the requirement for 10 years of contributory service for disability retirement or 10 years of creditable service for a monthly annuity in lieu of death benefit. ~~vest an account or to meet the minimum requirement of five (5) years of employment in the public schools of Oklahoma to qualify for retirement benefits.~~

(c) Sick leave accumulated while employed by any employer other than a public school as defined by 70 O.S. §17-101 shall not be counted for purposes of obtaining additional retirement credit under this rule.

715:10-5-33. Credit for family leave [AMENDED]

(a) Pursuant to 70 O.S. §6-104.1, ~~A~~a full-time teacher who takes ninety (90) or fewer days of leave without pay to care for the teacher's child during the first year of the child's life shall receive retirement service credit for the days taken as leave without pay if:

- (1) the employing district certifies to TRS that the employee's leave without pay was taken with the proper approval of the employing district's Board of Education; and
- (2) TRS receives payment for the actuarial cost of the service credit for the days taken as leave without pay;

(b) The teacher shall notify their employer and TRS in writing within thirty (30) days from the date the teacher returns to work that the teacher will pay the actuarial cost of the service credit for the days taken as leave without pay.

(c) The teacher shall have up to twelve (12) months from the date they return to work to pay the actuarial cost for the days taken as leave without pay.

715:10-5-34. Credit for adjunct service in higher education [AMENDED]

(a) Pursuant to 70 O.S. §116.16, a TRS member who was employed in an adjunct position in an institution under The Oklahoma State System of Higher Education before joining the Retirement System may purchase service credit for that employment.

(b) The member may purchase one year of service credit for each school year in which he or she worked a minimum of eighteen (18) credit hours in such an adjunct position, up to a maximum five (5) years. Such purchased service credit shall be considered contributing service for vesting and retirement.

(c) The purchase price for eligible adjunct service credit shall be based upon actuarial cost as defined in OAC 715:10-5-4. All ~~payments~~requests for billings to make payment for such service credit must be made while the member is an active contributing member or within sixty (60) days after the end of the member's employment in the public schools in Oklahoma, and must be completed before 90 days prior to the member's effective retirement date. No person may request a billing to initiate the purchase of service credit for such adjunct employment after the member's death.

(d) The payments for such service credit may be made in one lump sum or in equal monthly installments for up to sixty (60) months, as provided in OAC 715:10-5-4 (9).

715:10-5-35. Employer pick-up 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 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 may elect to do so through a binding, irrevocable payroll reduction authorization established by TRS.

(c) An active member of TRS, having executed a binding, irrevocable payroll reduction authorization with respect to any such contributions, shall not be entitled to receive the contributed amounts directly instead of having them paid by the employer to TRS. Such contributions shall be remitted to the TRS 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 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 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, 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.

(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 and delivers the 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 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) regarding the purchase of service credit, payments for contribution deficits provided for by 70 O.S. §17-116.2C or balances due as authorized under 70 O.S. §17-116.2 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. At the time of 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) regarding the purchase of service credit, payments for contribution deficits provided for by 70 O.S. §17-116.2(C) or balances due as authorized under 70 O.S. § 17-116.2 within six (6) months of the member's termination of employment, but payment must be completed ~~one (1) 90 days month~~ prior to the effective retirement date of the member. If the ~~member retires and does not pay the~~ entire remaining amount is not paid, the member shall be entitled to prorated service credit for those payments actually made ~~for service purchases~~. At the time of the member's termination, 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 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.

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

715:10-5-36. Compliance with ~~Code Section 401(a)(37) and the HEART Act~~ USERRA and Code Section 414(u), including applicable HEART Act provisions [AMENDED]

(a) Effective with respect to deaths occurring on or after January 1, 2007, while a member is performing USERRA-qualified military service (as defined in ~~chapter 43 of title 38, United State Code~~ Internal Revenue Code Section 414(u)), to the extent required by Internal Revenue Code Section 401(a)(37), survivors of a member ~~in a State or local retirement or pension system~~, are entitled to any additional benefits that ~~the system~~ TRS would provide if the member had resumed employment and then died, such as ~~accelerated vesting or~~ survivor benefits that are contingent on the ~~member's death while employed of an in-service member~~ (as defined in OAC 715:10-9-2). For benefit accrual purposes, a member who dies while performing qualified military service will be treated as if the member had resumed pre-service employment in accordance with USERRA on the day preceding the date of death and then terminated employment on the actual date of death.

(b) Beginning January 1, 2009, to the extent required by Internal Revenue Code Sections 3401(h) and 414(u)(12), an individual receiving differential wage payments from an employer (while the individual is performing qualified military service (as defined in ~~chapter 43 of title 38, United State Code~~ Internal Revenue Code Section 414(u))) ~~from an employer~~ shall be treated as employed by that employer, and the differential wage payment shall be treated as earned compensation, ~~and the differential wage payment shall be treated as earned compensation, but~~

~~(c) Upon the member's timely reemployment with the pre-service employer, the member shall be treated as not having a break in employment and may elect to make-up contributions attributable to such differential wage payments shall not be made unless and until the member returns to active employment and makes up the missed contributions the rate of pay the employee would have received but for the member's period of qualified military service, including any differential wage payments.~~

~~(d) The member's make-up contributions may only be made during a time period starting with the date of reemployment and continuing for a period of up to three times the length of the member's immediate past period of qualified military service, not to exceed five (5) years.~~

~~(e) The pre-service employer will not make contributions until the member is reemployed and elects to make-up his or her contributions. The member may elect to pay the make-up employee contributions through a written salary reduction agreement with the pre-service employer for the applicable time period. In that case, the employer would remit its share of the make-up employer contributions each time it remits a make-up employee contribution for the member. If the member elects to make up his or her contributions in a lump sum instead of a written salary reduction agreement with the pre-service employer, the make-up employer contributions are due in a lump sum within 90 days of TRS determining the applicable contributions due by the employer.~~

~~(f) If the member chooses not to or fails to repay all of his or her make-up contributions, fractional service credit can be awarded pursuant to OAC 715: 10-3-1 and 715:10-3-4, and credit for any make-up employer contributions paid in excess of the make-up employee contributions will be given to the pre-service employer pursuant to OAC 715:10-11-4.~~

~~(g) Make-up contributions made by the member and pre-service employer pursuant to this section shall not be charged interest, so long as repayment is made within the time period set forth in subsection (d). This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.~~

715:10-5-38. Credit for prior service as an optional employee prior to July 1, 2021
[AMENDED]

Members may obtain service credit for qualified employment in public educational institutions in the State of Oklahoma for work performed prior to July 1, 2021, as an optional, non-classified employee under certain circumstances.

- (1) The member shall not be eligible to purchase withdrawn service as described in OAC 715:10-5-9(2) or service for which the member had ceased monthly contributions on at any prior date as described in OAC 715:10-5-9(3).
- (2) The member is not receiving and is not eligible to receive retirement credit or benefits from the service in any other public retirement system of this state, the United States government, or any other state or territory of the United States.
- (3) The purchase price for eligible non-classified optional service credit shall be based upon actuarial costs as defined in OAC 715:10-5-4. All ~~payments~~requests for billings to make payment for such service credit must be made while the member is an active contributing member or within sixty (60) days after the end of the member's employment in the public schools in Oklahoma. No person may request a billing for the purchase of service credit for such employment after the member's death.
- (4) The payments for such service credit may be made in one lump sum or in equal monthly installments for up to sixty (60) months, as provided in OAC 715:10-5-4 and may be made as a picked-up service credit purchase in compliance with OAC 715:10-5-35.
- (5) The purchase of service must be completed, and payment ~~made to~~received by TRS, no later than ninety (90) days prior to the effective date of a member's official retirement date.

715:10-7-6. Termination of a non-eligible person [REVOKED]

~~A member who is employed by a public education entity, in a position which is not eligible for membership must terminate membership. All contributions remitted for a non-eligible person will be refunded with no interest. If an eligible member's employment is changed to a status that no longer qualifies for membership in TRS, the member's account will be terminated in the same manner as if the member has withdrawn from employment in the public schools of Oklahoma.~~

715:10-9-5. Payments to beneficiaries of deceased members [AMENDED]

Death benefit payments will be made by TRS to the beneficiary(s) of each deceased member as expeditiously as possible. The following documents must be provided to TRS before payment can be made.

- (1) The designated beneficiary(s) must provide a certified copy of the death certificate and complete a Claimant's Affidavit Form.
- (2) When no designated beneficiary has been named or the designated beneficiary(s) predeceases the member, and no waiver is sought, permitted or allowed pursuant to OAC 715:10-9-6, the executor/administrator of the member's estate must provide a certified copy of the death certificate, complete Claimant's Affidavit Form, and provide Letters of Testamentary or other documentation of court appointment.
- (3) Payments to minor children named as beneficiaries shall be made in accordance with applicable Oklahoma statutes. However, all such payments shall be distributed in accordance with the requirements of Section 401(a)(9) of the Internal Revenue Code and any regulations under that section. [See OAC 715:10-9-7, if the member and beneficiary were divorced before death].
- (4) Prior to accepting the death benefit, Thethe beneficiary(ies) of the \$5,000 or \$18,000 death benefit may timely sign an Irrevocable Assignment of Death Benefit and a Qualified Disclaimer of Death Benefit- to directly transfer all or a portion of the death benefit to a licensed funeral director or facility.

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 under the following conditions:

- (1) 70 O.S. §17-105 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. There are no exceptions to this waiting period.
- (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. The requirement for written verification from the school's payroll department may be waived by written request to the Executive Director of TRS for good cause shown. Good cause may be shown through undue hardship in obtaining the verification due to length of time that has passed since the employment ended (typically greater than 12 months), unavailability of employee records by the school's payroll department or other circumstances deemed as good cause by the Executive Director.
- (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 on withdrawals shall bear a rate equivalent to that of the actuarially assumed rate of return for the System as determined by the Board of Trustees from time to time, calculated according to the following schedule:

(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) July 1, 1981 through June 30, 2019 - eight percent (8%), compounded annually.

(D) July 1, 2019 to June 30, 2020 - seven and one-half percent (7 1/2%), compounded annually.

(E) July 1, 2020 to present (until changed by the Board of Trustees), seven percent (7%) 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 percent (50%) of the total accrued interest shall be paid.

(B) For members with at least sixteen (16) but less than twenty-one (21) years of membership, sixty percent (60%) of the total accrued interest shall be paid.

(C) For members with at least twenty-one (21) years but less than twenty-six (26) years of membership, seventy-five percent (75%) of the total accrued interest shall be paid.

(D) For members with at least twenty-six (26) years of membership, ninety percent (90%) of the total accrued interest shall be paid.

(6) 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 has been processed.

(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.

715:10-11-4. Refunds ~~Correcting mistakenly paid~~ contributions [AMENDED]

(a) ~~Refunds TRS shall correct for overpayment of~~ employer contributions and employee contributions shall be made upon request by the employing school if the payment of contributions was made ~~based on mistake of fact or law~~ in error.

(b) The amount to be returned to the employer and the employee is excess employer contributions or excess employee contributions. These contributions are defined as the excess of the amount contributed or paid over the amount that would have been contributed or paid had no mistake of law or fact been made.

(c) Excess employer contributions shall be returned as follows:

~~(1) provided—When the return of employer contributions occurs within 12 months of the payment of excess contributions, TRS may provide a refund or credit to the employer provided, a refund shall only be given to the requesting employer for overpaid contributions when such refund occurs within 12 months of the overpaid contribution. No interest shall be paid by TRS on refunds or credits for this purpose.~~

~~(2) When the return of employer contributions occurs after 12 months of the payment of excess contributions, TRS shall only provide a credit to the employer against future employer contributions due with appropriate interest under OAC 715:10-11-1 consistent with the interest factor applied to the corresponding excess employee contributions. Otherwise, the employer shall receive a credit from TRS against future employer contributions due.~~

~~(1) The amount to be returned to the employer is the excess of the amount contributed or paid over the amount that would have been contributed or paid had no mistake been made.~~

~~(2) No interest shall be paid on refunds for this purpose.~~

~~(db) Refunds of excess~~ Excess employee contributions shall be ~~distributed~~ returned as follows:

~~(1) When the return of employee contributions occurs in the current calendar year, TRS shall credit the employer for the excess employee contributions against future employee contributions due. No interest shall be paid by TRS on the credited amount. The employer shall then provide a corresponding refund to the employee through its payroll ensuring the employee's W-2 pay is correct for the calendar year.~~

~~(2) When there are multiple calendar years' worth of employee contributions being corrected or when the excess contributions are attributable to other than the current calendar year, TRS will distribute the excess employee contributions to the member or individual in a refund as soon as practical through a lump sum payment for all past overpayments with appropriate interest under OAC 715:10-11-1. The distribution shall be reported on IRS Form 1099-R for the year of the distribution.~~

715:10-13-1. Regular annual compensation requirements [AMENDED]

~~(a) Each member of the Teachers' Retirement System is required to make contributions to the Retirement Fund. Monthly contributions that are a set percentpercentage of "regular annual compensation." Regular annual compensation is defined as wages plus fringe benefits, excluding the flexible benefit allowance provided by 70 O.S. Section §26-105 of Title 70 of the Oklahoma Statutes, and shall include all normal periodic payments as provided in 70 O.S. subsection D of Section §17-116.2, subsection (D) of Title 70 of the Oklahoma Statues.~~

~~(1) Wages and fringe benefits for retirement purposes are defined as normal periodic payment for service the right to which accrues on a regular basis in proportion to the service performed.~~

~~(a) Such periodic payments shall Payment for service performed shall include payment made for participation in or attendance of staff development, or other periodic payments for performance of assigned extra duties, and additional payments that are given across the board to qualifying members.~~

~~(b) Fringe benefits shall include employer-paid group health and disability insurance, group term life insurance, annuities and pension contributions and IRS Code Section 125 cafeteria benefits provided on a periodic basis to all qualified members of the employer, which qualify as fringe benefits under the United States Internal Revenue Code. A qualified member is any eligible employee who is currently contributing to the System. Provided, however, fringe benefits do not include the flexible benefit allowance provided by 70 O.S. §26-105.~~

(c) A qualified member is any eligible employee who is currently contributing to the System.

(2) Excluded from regular annual compensation are:

(a) employer contributions to a deferred compensation plan that is not provided to all qualified members of the employer,

(b) expense reimbursement payments; office, vehicle, housing or other maintenance allowances;

(c) the flexible benefit allowance provided pursuant to 70 O.S. §26-105 of the Oklahoma Statutes;

(d) payment for unused vacation and sick leave;

(e) any payment made for reason of termination or retirement unrelated to service performed by the member;

(f) maintenance or other non-monetary compensation;

(g) payment received as an independent contractor or consultant pursuant to an agreement approved by TRS under OAC 715:10-17-5;

(h) any benefit payments not made pursuant to a valid employment agreement; payment received for obtaining national board certification; and compensation received from the Teacher Shortage Employment Incentive Program; and

(j) any payment that is not included within subsection 1 above. -

(b) Contributions can only be remitted on actual wages and fringe benefits. No individual can contribute on unearned or non-existent compensation. Under no circumstances can members pay retirement contributions on more than they actually earn.

715:10-13-2. Contributions required on all regular annual compensation from all employers [AMENDED]

(a) Contributions shall be made on all regular annual compensation, as defined in OAC 715:10-13-1, total compensation of each received by a member from any participating employer, Total compensation means salary and benefits from all sources including federally-subsidized programs under the direct administration of a public school and salaries earned by an employee for extra duties.

(b) For employees who are participating in TRS at one employer while maintaining employment in an ineligible position at the same or another employer: the employer that employs the member in the ineligible position must remit contributions on the regular annual compensation of that employee. This is generally known as contributing on secondary employment. This includes pay to a teacher who also drives a school bus, members of TRS who are working part-time for another school and members employed on a regular basis who are employed by the same or different school in a summer school or night school program.

(c) All public schools shall treat the employee contributions as being picked-up under the provisions of Section 414(h)(2) of the Internal Revenue Code.

(d) Individuals who join the Teachers' Retirement System during the school year and who have been employed prior to becoming a member must make retroactive contributions from the date their qualifying employment began. The membership date of such a member is the date the first payment is received, not the beginning of the school year. The member shall not receive full service credit until the balance of contributions, including any contributions required by the employer, are received by TRS.

715:10-13-11. Percentage limits on compensation increases [AMENDED]

The average of a ~~Member's~~member's aggregate compensation for the last three creditable years of service before retirement may not exceed the credited compensation of the immediately

preceding creditable year for service in the same or similar positions by more than 20%. When appropriate, Teachers' Retirement System may convert salary for part-time employment to its full-time equivalent in determining the permissible increases in annual compensation.

- (1) Teachers' Retirement System will adjust a member's annual compensation at the time of retirement to comply with the limits of this rule and will refund excess deposits to the member after the effective date of retirement.
- (2) Increases due to a change in employment responsibilities or adjustments in salary schedules for the employees of school district shall be excluded by TRS in determining if an employee exceeds the 20% level. TRS retains the right to require individuals and the employing school to provide documentation to satisfy questions that may arise from increases in compensation in excess of 20% for any school year.

715:10-15-3. Date of retirement; making application [AMENDED]

The earliest effective date of retirement for any eligible member is the first day of the month following the one in which employment ceases, with the first annuity payment to be paid on the first day of the month following the effective date of retirement.

- (1) It is the member's responsibility to notify, by filing a retirement contract as outlined in paragraphs 4 and 5 of this section, the TRS Board of Trustees of the date on which retirement is to begin.
- (2) Payments for all years of service, for which a member wants to receive credit, must be made/received by TRS no less than 90 days prior to the date of retirement.
- (3) State law does not permit TRS to make retroactive retirement payments. Members should ensure that their creditable service record is up-to-date and accurate before they retire.
- (4) Not less than ninety (90) days prior to retirement, ~~the member must submit to~~ TRS must receive from the member a Pre-Retirement Information Verification, copy of the member's proof of birth, copy of marriage certificate or license if married to joint annuitant, and verification of 120 days of accrued/unused sick leave for calculation of sick leave credit. The Pre-Retirement Information Verification and support pre-retirement documentation must be on file with TRS to enable TRS to prepare a complete Application to Retire.
- (5) After submitting all required pre-retirement documentation, the member will receive an Application to Retire. ~~This form must be returned to~~ TRS must receive this completed Application to Retire from the member no less than sixty (60) days prior to the effective date of retirement. Upon receipt of the completed Application to Retire the member will receive a final contract for retirement.
- (6) The Final Contract for Retirement, must be properly executed before a notary, and, pursuant to 70 O.S. §17-101, is required by statute to ~~must~~ be filed with TRS no less than thirty (30) days before the effective date of retirement. Therefore, the ~~Final~~ Contract for Retirement must be completed and ~~on file~~ received by ~~with~~ TRS by the first day of the month immediately preceding the retirement date. The first retirement benefit payment will be made on the first day of the month following the effective date of retirement.
- (7) For example, a retirement contract must be on file by May 1, for a retirement date of June 1, in order to process the first retirement benefit payment on July 1.

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 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 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 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. 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~~joint annuitant. 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. The Board of Trustees shall adjust the monthly benefit to the actuarially equivalent amount based on the newly designated joint annuitant's age. Such election must be made in writing using the forms proscribed by TRS and delivered to TRS or postmarked by the United States Postal Service within one (1) year of the date of marriage.

715:10-15-10.1. "Pop-up" of Option 2 or Option 3 retirement plans [AMENDED]

If the designated 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 joint annuitant and shall be payable for the member's remaining lifetime. The member shall notify TRS of the death of the designated joint annuitant in writing ~~and by provide~~providing a certified copy of the joint annuitant's death certificate. If the joint annuitant's death certificate has not yet been issued by the Medical Examiner, or for other good cause shown, the Executive Director of TRS may accept alternative documentation to establish proof of death for purposes of this section. In the absence of timely notice, TRS 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.

715:10-17-8. Repayment of benefits [AMENDED]

Any amount due TRS because of earnings exceeding the maximum must be repaid by the member within 30 days of the billing date. TRS has the right to suspend monthly benefits, once the member has reached their earnings limit and continues to be employed. TRS may also offset up to 25% of a member's monthly benefit payment to recoup overpayments. Repayment of benefits forfeited due to employment in excess of the maximum limit will require an interest penalty consistent with the actuarially assumed rate of return applicable to the billing, of eight percent (8%) per annum, compounded monthly from the date due to the date of repayment.