

SENATE FLOOR VERSION

April 5, 2021

AS AMENDED

ENGROSSED HOUSE
BILL NO. 2293

By: Roberts (Dustin) of the
House

and

Paxton of the Senate

**[Teachers' Retirement System of Oklahoma -
contributions - nonfederal source of funds]**

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-108, is
amended to read as follows:

Section 17-108. A. Each local school district, ~~or~~ state
college or university, ~~or~~ State Board of Education, or State Board
of Career and Technology Education, or other state ~~agencies~~ agency
whose employees are members of the Teachers' Retirement System,
shall match, on a pro rata basis, ~~in accordance with subsection B of~~
~~this section~~ the contributions of members ~~whose salaries are paid by~~
based on the member's regular annual compensation, regardless of the
source of funds, except federal funds or externally sponsored
~~agreements such as grants, contracts and cooperative agreements,~~
which shall be calculated pursuant to subsection B of this section.
These funds shall be remitted by the member's employer at the same

1 time as the regular contributions of members are remitted to the
2 Teachers' Retirement System of Oklahoma and deposited in the
3 Retirement Benefit Fund.

4 B. On an annual basis, the Board of Trustees shall set the
5 contribution rate to be paid by contributing employers because of
6 the use of federal funds as provided in subsection A of this
7 section. The contribution rate shall be determined using cost
8 principles established by federal regulations and shall be
9 consistent with policies, regulations and procedures that apply
10 uniformly to ~~both~~ federally assisted ~~and other~~ activities, and be
11 accorded consistent treatment through application of generally
12 accepted accounting principles. The Board shall approve the
13 contribution rate for each fiscal year ending June 30, no later than
14 April 1 of the previous fiscal year. No additional contribution by
15 the member or employer shall be required or allowed because of any
16 other nonfederal source of funds in subsection A of this section.

17 C. All the assets of the retirement system shall be credited
18 according to the purpose for which they are held to one of eight
19 funds, namely: The Teachers' Savings Fund, the Retirement Benefit
20 Fund, the Interest Fund, the Permanent Retirement Fund, the Expense
21 Fund, the Suspense Fund, the Teachers' Deposit Fund, and the Retiree
22 Medical Benefit Fund.

23 1. The Teachers' Savings Fund shall be a fund in which shall be
24 accumulated the regular contributions from the compensation of

1 members, including interest earnings prior to July 1, 1968.
2 Contributions to and payments from the Teachers' Savings Fund shall
3 be made as specifically provided in each plan available within the
4 retirement system.

5 2. The deductions provided for in the plans within the
6 retirement system shall be made notwithstanding that the minimum
7 compensation provided for any member shall be reduced thereby.
8 Every member shall be deemed to consent and agree to the deductions
9 made and provided for herein and payment of salary or compensation,
10 less the deduction, shall be a full and complete discharge and
11 acquittance of all claims and demands whatsoever for the services
12 rendered by such person during the period covered by such payment,
13 except as to the benefits provided under this act. The employer
14 shall certify to the Board of Trustees on each and every payroll, or
15 in such other manner as the Board may prescribe, the amounts to be
16 deducted, and each of the amounts shall be deducted, and when
17 deducted shall be paid into the Teachers' Savings Fund, and shall be
18 credited to the individual account of the member from whose
19 compensation the deduction was made.

20 3. Following the termination of membership in the retirement
21 system for any member who has been absent from service for five (5)
22 years in any period of six (6) consecutive years, the Teachers'
23 Savings Fund Account of such member shall be closed and the amount
24 due the member as provided in Section 17-105 of this title shall be

1 paid upon the filing of formal application. At the time such
2 membership is terminated the amount due the member as provided in
3 Section 17-105 of this title shall be transferred to the Suspense
4 Fund.

5 4. Upon the retirement of a member, the balance of money he or
6 she had in the Teachers' Savings Fund shall be transferred to the
7 Retirement Benefit Fund.

8 5. Retirement Benefit Fund.

9 a. After August 2, 1969, there shall be transferred from
10 the Teachers' Savings Fund for those members drawing
11 retirement benefits from the Teachers' Retirement
12 System of Oklahoma an amount necessary to provide the
13 monthly annuity payments and pension payments as
14 required in Section 17-107 of this title. In addition
15 the fund shall consist of monies received from any
16 state dedicated revenue, monies received from state
17 appropriations, monies received from federal matching
18 funds, and the residue of the interest on investments
19 after the requirements of Section 17-107 of this title
20 have been fully met. The Retirement Benefit Fund
21 shall consist of an amount of money necessary for the
22 making of retirement payments to retirees.

23 b. Should a member have deposits in the Teachers' Deposit
24 Fund or the Tax-Sheltered Annuity Fund and wish to

1 receive monthly retirement benefits on such deposits,
2 the actuarial equivalent of a two-year period and each
3 succeeding fiscal year thereafter shall be transferred
4 to the Retirement Benefit Fund. The member may choose
5 any of the plans available in the Teachers' Retirement
6 Act as a method of receiving monthly retirement
7 benefits on the money he has on deposit in the
8 Teachers' Deposit Fund or the Tax-Sheltered Annuity
9 Fund. The monthly retirement benefits paid from the
10 Teachers' Deposit Fund or the Tax-Sheltered Annuity
11 Fund shall be in addition to the regular retirement
12 benefits and the money transferred from the Teachers'
13 Deposit Fund or Tax-Sheltered Annuity Fund shall not
14 be matched by the State of Oklahoma.

15 c. From the Retirement Benefit Fund shall be paid all
16 monthly retirement benefits.

17 d. At the death of a retired member who has retired under
18 the Maximum Plan of Retirement, Option 1 or Option 4,
19 the balance of money the member has in the Teachers'
20 Savings Fund shall be transferred to the Retirement
21 Benefit Fund and the amount due the beneficiary or his
22 or her estate under Option 1 or Option 4 shall be paid
23 from the Retirement Benefit Fund.
24

1 e. At the death of both a retired member and the retired
2 member's spouse, who had retired under Option 2 or 3,
3 any balance in the Teachers' Savings Fund shall be
4 transferred from the Teachers' Savings Fund to the
5 Retirement Benefit Fund.

6 f. At the death of a retired member who had retired under
7 Option 5, the balance of any monies the member had in
8 the Teachers' Savings Fund shall be transferred to the
9 Retirement Benefit Fund for the purpose of making a
10 lump-sum settlement to the beneficiary or his estate.
11 Providing that if the surviving spouse elects to
12 receive the balance under the Maximum Plan of
13 Retirement or Option 1 the member's money, if any, on
14 a monthly basis, constituting actuarial equivalent of
15 two (2) years' payments, and each year thereafter the
16 annual actuarial equivalent, shall be transferred from
17 the Teachers' Savings Fund for the purpose of paying
18 monthly retirement benefits to the spouse under this
19 option.

20 6. The Interest Fund is hereby created to facilitate the
21 crediting of interest to the various other funds to which interest
22 is to be credited. All income, interest and dividends derived from
23 the deposits and investments authorized by this act shall be paid
24

1 into the Interest Fund. On June 30, each year, interest shall be
2 transferred to the other funds as herein provided.

3 7. The Permanent Retirement Fund shall consist of the
4 accumulated gifts, awards, and bequests made to the retirement
5 system, and transfers from the Suspense Fund, the principal of which
6 is hereby held and dedicated as a perpetual endowment of the
7 retirement system and shall not be diverted or appropriated to any
8 other cause or purpose unless specifically provided for in such
9 gifts, awards or bequests.

10 8. The Expense Fund shall be the fund from which the expense of
11 administration and maintenance of the retirement system shall be
12 paid. The Board of Trustees shall cause to be prepared and adopt
13 annually an itemized budget showing the amount required to defray
14 the expenses for the ensuing fiscal year.

15 Transfers to and payments from this fund shall be made as
16 follows: first, from the Interest Fund; second, from any dedicated
17 revenue; and, third, from appropriation by the Oklahoma Legislature.

18 All monies for the operation of the Teachers' Retirement System
19 of Oklahoma shall be paid from the Expense Fund upon the approval by
20 the Board of Trustees and the checks signed by two people designated
21 to sign such checks by the Board of Trustees of the Teachers'
22 Retirement System of Oklahoma.

23 9. The Suspense Fund shall be comprised of amounts transferred
24 to the fund as provided in this section and Section 17-105 of this

1 title and obligations of the retirement system to any member or
2 person which cannot be legally discharged.

3 10. Teachers' Deposit Fund.

4 Any member may request, prior to a pay period, that his or her
5 employer make additional deposits for him or her, for tax-sheltered
6 annuity purposes. However, the amount deposited shall not exceed
7 the limits as defined in Section 402(g) and Section 415 of the
8 Internal Revenue Code of 1986, as amended, and applicable federal
9 regulations. All such deposits shall be credited to the member's
10 account in the Teachers' Deposit Fund for the purchase of a tax-
11 sheltered annuity. The amount thus accumulated, with earnings,
12 shall be used upon the member's retirement, separation from service,
13 death or disability to purchase an annuity in addition to his or her
14 regular service retirement allowance. The amount a member
15 accumulates in the Teachers' Deposit Fund, not including interest,
16 may be used to pay distributions in the case of hardship as provided
17 in Section 403(b)(11) of the Internal Revenue Code of 1986, as
18 amended, and applicable federal regulations.

19 11. Collection of Contributions.

20 The collection of members' contributions shall be as
21 follows:

- 22 (1) Each employer shall cause to be deducted on each
23 and every payroll or claim of a member for each
24 and every payroll claim period subsequent to the

1 date of establishment of the retirement system
2 the contribution payable by such member as
3 provided in this act. With each and every
4 payroll or claim the employer shall deliver to
5 the treasurer of the employer warrants issued to
6 the employees as shown to be due by the payroll
7 or claim, together with a warrant or warrants in
8 favor of the Teachers' Retirement System as shown
9 by the payroll or claim.

- 10 (2) The treasurer or disbursing officer upon delivery
11 of the warrants and a true copy of the payroll or
12 claims as provided above shall register the
13 warrants as provided for the registration of
14 other school warrants, and shall deliver to the
15 employer warrants issued in favor of the
16 employees, and shall deliver warrants issued in
17 favor of the Teachers' Retirement System and the
18 copy of the payroll or claims to the school
19 district superintendent as designated by the
20 Board of Trustees. For the purpose of collecting
21 contributions of teachers in the public schools,
22 the superintendent of a school district is hereby
23 designated to receive the Teachers' Retirement
24 warrants from the treasurer or proper disbursing

1 officer of the several school districts for the
2 purpose of transmitting such warrants and payroll
3 or claims to the Executive Director of the
4 Teachers' Retirement System of the State of
5 Oklahoma. Any college or university or other
6 educational institution or agency operated in
7 whole or in part by the state shall have the
8 amount retained or deducted from the funds
9 regularly appropriated by the state for the
10 current maintenance for such educational
11 departments and institutions.

- 12 (3) For the purpose of enabling the collection of the
13 contributions of the members of the retirement
14 system to be made as simple as possible, the
15 Board of Trustees shall require the secretary or
16 other officer of each employer-board or agency,
17 within thirty (30) days after the beginning of
18 each school year, to make a list of all teachers
19 in its employ who are members of the retirement
20 system, certify to the correctness of this list,
21 and file the same with the Executive Director of
22 the Board of Trustees of the Teachers' Retirement
23 System. If additions to or deductions from this
24 list should be made during the year such

1 additions or deductions shall likewise be
2 certified to the Board of Trustees of the
3 Teachers' Retirement System.

4 (4) The State Treasurer shall furnish annually to the
5 Board of Trustees a sworn statement of the amount
6 of the funds in his or her custody belonging to
7 the retirement system. The records of the Board
8 of Trustees shall be open to public inspection
9 and any member of the retirement system shall be
10 furnished with a statement of the amount of the
11 credit to his or her individual account upon
12 written request by such member, provided the
13 Board of Trustees shall not be required to answer
14 more than one such request of a member in any one
15 (1) year.

16 (5) Failure of any superintendent, officer, or other
17 person to discharge the duties imposed upon him
18 or her by this act shall render him or her or his
19 or her bondsman liable for any loss occasioned
20 thereby to the Teachers' Retirement System or the
21 employees of the school district, or both.

22 (6) On a showing by the Teachers' Retirement System
23 that a warrant, voucher or check issued to it
24 has, for any reason, been lost or never received,

1 after ninety (90) days from the date of issue or
2 from transmittal for payment, it shall be the
3 duty of the issuing authority forthwith, without
4 any indemnifying bond or other requirements, to
5 issue a duplicate thereof in lieu of that which
6 was lost, to the Teachers' Retirement System; and
7 the Teachers' Retirement System shall save
8 harmless any school district or agency of state
9 government making payment under the provisions
10 hereof to the State Teachers' Retirement System
11 if the original warrant, voucher or check is
12 later presented for payment and same is paid
13 after a duplicate warrant, voucher or check has
14 been issued and paid to the Teachers' Retirement
15 System, and any loss sustained therefrom shall be
16 charged to the Interest Fund.

17 12. Rollover Contributions and Direct Trustee-to-Trustee
18 Transfers from Other Plans.

19 Any member may purchase credit for service, to the extent
20 specified in this title, with rollovers from an eligible retirement
21 plan as defined by the Internal Revenue Code of 1986, as amended
22 from time to time. A member may also purchase permissive service
23 credit, as defined by Code Section 415(n)(3)(A), with a direct
24 trustee-to-trustee transfer from a governmental Code Section 403(b)

1 plan or governmental Code Section 457(b) plan. All rollovers and
2 direct trustee-to-trustee transfers shall be allowed to the extent
3 permitted by federal law. Rollovers or direct transfers in excess
4 of the amount necessary to purchase such service credit shall not be
5 allowed.

6 13. Retiree Medical Benefit Fund.

7 The Retiree Medical Benefit Fund shall be maintained as a
8 subaccount under the Retirement Benefit Fund. The Retiree Medical
9 Benefit Fund is composed of all assets contributed to this
10 subaccount to pay the retirement system's portion of the monthly
11 retiree health insurance benefits described in Section 1316.3 of
12 Title 74 of the Oklahoma Statutes. All allocated assets and the
13 earnings thereon in the Retiree Medical Benefit Fund shall be held
14 for the exclusive purpose of providing retiree medical benefits
15 pursuant to Section 1316.3 of Title 74 of the Oklahoma Statutes.
16 The Retiree Medical Benefit Fund shall be administered in accordance
17 with the requirements under Section 401(h) of the Internal Revenue
18 Code of 1986, as amended from time to time. An amount necessary to
19 pay the health insurance premiums for retired members as provided by
20 Section 1316.3 of Title 74 of the Oklahoma Statutes shall be
21 deposited each month into the Retiree Medical Benefit Fund.

22 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
23 April 5, 2021 - DO PASS AS AMENDED
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