

1 **SENATE FLOOR VERSION**

2 March 1, 2023

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 634

6 By: Montgomery

7 [ Teachers' Retirement System of Oklahoma -  
8 retirement benefits - forms - payment - benefit  
9 amount - effective date ]

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

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

13 Section 17-105. (1) (a) Any member who has attained age  
14 fifty-five (55) or who has completed thirty (30) years of creditable  
15 service, as defined in Section 17-101 of this title, or for any  
16 person who initially became a member prior to July 1, 1992,  
17 regardless of whether there were breaks in service after July 1,  
18 1992, whose age and number of years of creditable service total  
19 eighty (80) may be retired upon proper application for retirement on  
20 forms established by the Teachers' Retirement System of Oklahoma and  
21 executing a retirement contract. Such a retirement date will also  
22 apply to any person who became a member of the sending system as  
23 defined in ~~this act~~ Section 17-101 et seq. of this title, prior to  
24 July 1, 1992, regardless of whether there were breaks in service

1 after July 1, 1992. Any person who became a member after June 30,  
2 1992, but prior to November 1, 2011, whose age and number of years  
3 of creditable service total ninety (90) may be retired upon proper  
4 application for retirement and executing a retirement contract. Any  
5 person who becomes a member on or after November 1, 2011, who  
6 attains the age of sixty-five (65) years or who reaches a normal  
7 retirement date pursuant to subparagraph (d) of paragraph (24) of  
8 Section 17-101 of this title having attained a minimum age of sixty  
9 (60) years may be retired upon proper application for retirement and  
10 executing a retirement contract. The application shall be filed on  
11 the form provided by the Board of Trustees for this purpose, not  
12 less than sixty (60) days before the date of retirement, provided  
13 that the Executive Director may waive the sixty-day deadline for  
14 good cause shown as defined by the Board.

15           1. The employer shall provide the System with the  
16           following information for a retiring member, no later  
17           than the fifteenth day of the month of retirement:  
18           last day physically on the job; last day on payroll;  
19           any regular compensation not already reported to the  
20           System; and final unused sick leave balance.

21           2. Failure to submit this information by the deadline, or  
22           errors in submitted information that result in a  
23           disqualification of retirement eligibility shall be  
24           the responsibility of the employer. In cases where

1 the error results in disqualification of retirement  
2 eligibility, it is the employer's responsibility to  
3 reemploy the member, or retain the member on the  
4 payroll, for the time period required to reach  
5 eligibility, not exceeding two (2) months.

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

13 (c) Any member with seven (7) or more years of Oklahoma  
14 teaching service and whose accumulated contributions during such  
15 period have not been withdrawn shall be given an indefinite  
16 extension of membership beginning with the sixth year following his  
17 or her last contributing membership and shall become eligible to  
18 apply for retirement and be retired upon attaining age fifty-five  
19 (55).

20 (2) An unclassified optional member who has retired or who  
21 retires at sixty-two (62) years of age or older or whose retirement  
22 is because of disability shall have his or her minimum retirement  
23 benefits calculated on an average salary of Five Thousand Three  
24 Hundred Fifty Dollars (\$5,350.00) or, if a larger monthly allowance

1 would result, an amount arrived at pursuant to application of the  
2 formula prescribed herein.

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

10 Any individual regardless of residence, who has a minimum of ten  
11 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or  
12 who taught in Oklahoma schools prior to 1934 and thereafter taught a  
13 minimum of ten (10) years and who does not qualify under the present  
14 retirement ~~System~~ system, or who has a minimum of thirty (30) years  
15 of teaching in Oklahoma schools and has reached seventy (70) years  
16 of age prior to July 1, 1984, and is not otherwise eligible to  
17 receive any benefits from the retirement system shall receive a  
18 minimum of One Hundred Fifty Dollars (\$150.00) per month in  
19 retirement benefits from the Teachers' Retirement System of Oklahoma  
20 plus any general increase in benefits for annuitants as may be  
21 provided hereafter by the Legislature. Each individual must apply  
22 to the Teachers' Retirement System for such benefit and provide  
23 evidence to the Teachers' Retirement System that the service was  
24 actually rendered. The surviving spouse of any person who made

1 application for the benefit provided for by this paragraph during  
2 his or her lifetime but did not receive the benefit may submit an  
3 application to the System for payment of the benefit for those  
4 months during the lifetime of the deceased person that he or she was  
5 eligible for but did not receive the benefit. Upon approval of the  
6 application by the Board of Trustees, the benefit shall be paid to  
7 the surviving spouse in one lump sum.

8 (4) The value of each year of prior service is the total  
9 monthly retirement benefit divided by the number of years of  
10 creditable service.

11 (5) Upon application of a member who is actively engaged in  
12 teaching in Oklahoma or his or her employer, any member who has been  
13 a contributing member for ten (10) years may be retired by the  
14 System subsequent to the execution and filing thereof, on a  
15 disability retirement allowance, provided that it is found by the  
16 Medical Board after medical examination of such member by a duly  
17 qualified physician that such member is mentally or physically  
18 incapacitated for further performance of duty, that such incapacity  
19 is likely to be permanent, and that such member should be retired.  
20 The System shall rely on and give full consideration to the  
21 conclusions and recommendations in the certified written report of  
22 the Medical Board of the Teachers' Retirement System regarding the  
23 disability application of such member. If the Medical Board does  
24 not find that a member applying for disability retirement is

1 mentally or physically incapacitated for performance of duty or  
2 otherwise eligible for a disability retirement, the application  
3 shall then be considered by the Board of Trustees. If a member is  
4 determined to be eligible for disability benefits pursuant to the  
5 Social Security ~~System~~ system, then such determination shall entitle  
6 the member to the authorized disability retirement allowance  
7 provided by law. For members who are not eligible for disability  
8 benefits pursuant to the Social Security ~~System~~ system, the Board of  
9 Trustees and the Medical Board shall apply the same standard for  
10 which provision is made in the first two sentences of this  
11 subsection for determining the eligibility of a person for such  
12 disability benefits in making a determination of eligibility for  
13 disability benefits as authorized by this subsection.

14 (6) (a) A member who at the time of retirement has been found  
15 to be permanently physically or mentally incapacitated to perform  
16 the necessary duties to continue in his or her current position  
17 shall receive a minimum monthly retirement payment for life or until  
18 such time as the member may be found to be recovered to the point  
19 where he or she may return to teaching. Any member retired before  
20 July 1, 1992, shall be eligible to receive the monthly retirement  
21 allowance herein provided, but such payment shall not begin until  
22 the first payment due him or her after July 1, 1992, and shall not  
23 be retroactive. The Board of Trustees is empowered to make such  
24 rules and regulations as it considers proper to preserve equity in

1 retirements under this provision, which shall include a provision to  
2 protect the rights of the member's spouse.

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

18 (c) Once each year the System may require any disabled  
19 annuitant who has not yet attained the age of sixty (60) years to  
20 undergo a medical examination, such examination to be made at the  
21 place of residence for the disabled annuitant or other place  
22 mutually agreed upon by a physician or physicians designated by the  
23 System. Should any disabled annuitant who has not yet attained the  
24 age of sixty (60) years refuse to submit to at least one medical

1 examination in any such year by a physician or physicians designated  
2 by the System his or her allowance may be discontinued until he or  
3 she submits to such examination.

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

18 (e) Should a disabled annuitant be restored to active service,  
19 his or her disability retirement allowance shall cease and he or she  
20 shall again become a member of the Teachers' Retirement System and  
21 shall make regular contributions as required under this article.  
22 The unused portion of his or her accumulated contributions shall be  
23 reestablished to his or her credit in the Teachers' Savings Fund.  
24 Any such prior service certificates on the basis of which his or her



1 service was computed at the time of his or her retirement shall be  
2 restored to full force and effect.

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

15 In lieu of a lump-sum settlement at the death of the member, the  
16 amount of money the member has on deposit in the Teachers' Savings  
17 Fund and the money the member has on deposit in the Teachers'  
18 Deposit Fund may be paid in monthly payments to a designated  
19 beneficiary, who must be the spouse, under the Maximum or Option 1  
20 Plan of Retirement providing the monthly payment shall be not less  
21 than Twenty-five Dollars (\$25.00) per month. The monthly payment  
22 shall be the actuarial equivalent of the amount becoming due at the  
23 member's death based on the sex of the spouse and the age the spouse  
24 has attained at the last birthday prior to the member's death.

1 Provided further, if there be no designated beneficiary surviving  
2 upon such death, and the contributions standing to the credit of  
3 such member do not exceed Two Hundred Dollars (\$200.00), no part of  
4 such contributions shall be subject to the payment of any expense of  
5 the last illness or funeral of the deceased member or any expense of  
6 administration of the estate of such deceased and the System, upon  
7 satisfactory proof of the death of such member and of the name or  
8 names of the person or persons who would be entitled to receive such  
9 contributions under the laws of descent and distribution of the  
10 state, may authorize the payment of accumulated contributions to  
11 such person or persons. A member terminating his or her membership  
12 by withdrawal after June 30, 2003, shall have the interest computed  
13 at a rate of interest determined by the Board of Trustees and paid  
14 to him or her subject to the following schedule:

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

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

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

24

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

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

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

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

18 (c) The first payment of any benefit selected shall be made on  
19 the first day of the month following approval of the retirement by  
20 the System. If the named designated joint annuitant under Option 2  
21 or 3 Plan of Retirement dies at any time after the member's  
22 retirement date, but before the death of the member, the member  
23 shall return to the retirement benefit, including any ~~post~~  
24 ~~retirement~~ postretirement benefit increases the member would have

1 received had the member not selected Option 2 or 3 Plan of  
2 Retirement of this subsection. The benefit shall be determined at  
3 the date of death of the designated joint annuitant. This increase  
4 shall become effective the first day of the month following the date  
5 of death of the designated joint annuitant, and shall be payable for  
6 the member's remaining lifetime. The member shall notify the  
7 Teachers' Retirement System of Oklahoma of the death of the  
8 designated joint annuitant in writing. In the absence of the  
9 written notice being filed by the member notifying the Teachers'  
10 Retirement System of Oklahoma of the death of the designated joint  
11 annuitant within six (6) months of the date of death, nothing in  
12 this subsection shall require the Teachers' Retirement System of  
13 Oklahoma to pay more than six (6) months of retrospective benefits  
14 increase.

15 Option 1. If he or she dies before he or she has received in  
16 annuity payments the present value of his or her annuity as it was  
17 at the time of his or her retirement, the balance shall be paid to  
18 his or her legal representatives or to such person as he or she  
19 shall nominate by written designation duly acknowledged and filed  
20 with the System at the time of his or her retirement; or

21 Option 2. A member takes a reduced retirement allowance for  
22 life. Upon the death of the member the payments shall continue to  
23 the member's designated joint annuitant for the life of the joint  
24 annuitant. The written designation of the joint annuitant must be

1 duly acknowledged and filed with the System at the time of the  
2 member's retirement and, except as provided in paragraph (e) of this  
3 subsection, cannot be changed after the effective date of the  
4 member's retirement; or

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

13       Option 4. Some other benefit or benefits shall be paid either  
14 to the member or to such joint annuitant as he or she shall  
15 nominate, provided such other benefit or benefits, together with the  
16 reduced retirement allowance, shall be certified by the actuary to  
17 be of equivalent actuarial value to his or her retirement allowance  
18 and shall be approved by the System.

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

24

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

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

1 (g) Any individual who is eligible to be a beneficiary or joint  
2 annuitant of a member under this subsection, and who is also a  
3 beneficiary of a trust created under the Oklahoma Discretionary and  
4 Special Needs Trust Act, Section 175.81 et seq. of Title 60 of the  
5 Oklahoma Statutes, or a comparable Trust Act created under the laws  
6 of another state, hereinafter collectively referred to as "Trust  
7 Acts", may be a beneficiary or joint annuitant under this subsection  
8 by having the trustee of the trust established for the benefit of  
9 that individual named as the legal beneficiary or joint annuitant  
10 under this subsection. The age of that beneficiary shall be used  
11 for calculating any benefit payable to the trust under this  
12 subsection. The beneficiary of such a trust shall be treated as the  
13 beneficiary or joint annuitant under this subsection except that  
14 payments of any benefits due under this subsection shall be payable  
15 to the lawfully appointed trustee of the trust. The obligation of  
16 the System to pay the beneficiary or joint annuitant under this  
17 subsection shall be satisfied by payment to the trustee whom the  
18 System, in good faith, believes to be the lawfully appointed  
19 trustee. Any conflict between the statutes creating and governing  
20 the Teachers' Retirement System in Section 17-101 et seq. of this  
21 title and the provisions of any Trust Act referred to above shall be  
22 resolved in favor of the statutes governing the System. If an  
23 eligible beneficiary or joint annuitant is named at the time of  
24 retirement, and becomes a beneficiary of a trust under one of the

1 Trust Acts described herein after that time, the System will  
2 acknowledge the trust as the beneficiary upon the submission of  
3 adequate documentation of the existence of the trust. All other  
4 provisions of this subsection shall apply to these subsequently  
5 created trusts.

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

11 (9) The governing board of any "public school", as that term is  
12 defined in Section 17-101 of this title, is hereby authorized and  
13 empowered to pay additional retirement allowances or compensation to  
14 any person who was in the employ of such public school for not less  
15 than seven (7) school years preceding the date of his or her  
16 retirement. Payments so made shall be a proper charge against the  
17 current appropriation or appropriations of any such public school  
18 for salaries for the fiscal year in which such payments are made.  
19 Such payments shall be made in regular monthly installments in such  
20 amounts as the governing board of any such public school, in its  
21 judgment, shall determine to be reasonable and appropriate in view  
22 of the length and type of service rendered by any such person to  
23 such public school by which such person was employed at the time of  
24 retirement. All such additional payments shall be uniform, based



1 upon the length of service and the type of services performed, to  
2 persons formerly employed by such public school who have retired or  
3 been retired in accordance with the provisions of Section 17-101 et  
4 seq. of this title.

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

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

12 (11) Upon the death of an in-service member, the System shall  
13 pay to the designated beneficiary of the member or, if there is no  
14 designated beneficiary or if the designated beneficiary predeceases  
15 the member, to the estate of the member, the sum of Eighteen  
16 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the  
17 deceased member had ten (10) years or more of creditable service,  
18 the member's designated beneficiary may elect to receive the  
19 retirement benefit to which the deceased member would have been  
20 entitled at the time of death under the Option 2 ~~plan of retirement~~  
21 Plan of Retirement in lieu of the death benefit provided for in this  
22 subsection. Provided further, the option provided in this  
23 subsection is only available when the member has designated one  
24 individual as the designated beneficiary. The beneficiary or

1 beneficiaries of death benefits in the amount not to exceed Eighteen  
2 Thousand Dollars (\$18,000.00), but exclusive of any retirement  
3 benefit received by an electing beneficiary based upon creditable  
4 service performed by the deceased member, which are provided  
5 pursuant to this subsection may elect to disclaim such death  
6 benefits in which case such benefits will be transferred to a person  
7 licensed as a funeral director or to a lawfully recognized business  
8 entity licensed as required by law to provide funeral services for  
9 the deceased member. The qualified disclaimer must be in writing  
10 and will be an irrevocable and an unqualified refusal to accept all  
11 or a portion of the death benefit. It ~~must~~ shall be received by the  
12 transferor no more than ~~nine (9) months~~ one (1) month after the  
13 later of the day the transfer creating the interest in the  
14 disclaiming person is made or the day the disclaiming person attains  
15 age twenty-one (21). The interest in the death benefits must pass  
16 without direction by the disclaiming person to another person.  
17 Death benefits under this subsection shall be paid to the  
18 beneficiary or beneficiaries of the deceased member not later than  
19 one (1) month from the date of receipt of the death certificate  
20 certifying the member's death. Upon notice of the death of a  
21 member, the System shall send any required forms or applications  
22 necessary for payment of the death benefit not later than one (1)  
23 week from the date of the member's death, and all forms and  
24 applications shall be available on a publicly accessible website.

1 (12) Upon the death of a retired member who has contributed to  
2 the System, the retirement system shall pay to the designated  
3 beneficiary of the member or, if there is no designated beneficiary  
4 or if the designated beneficiary predeceases the member, to the  
5 estate of the member, the sum of Five Thousand Dollars (\$5,000.00)  
6 as a death benefit. The beneficiary or beneficiaries of benefits  
7 provided pursuant to this subsection may elect to disclaim such  
8 death benefits in which case such benefits will be transferred to a  
9 person licensed as a funeral director or to a lawfully recognized  
10 business entity licensed as required by law to provide funeral  
11 services for the deceased member. The qualified disclaimer must be  
12 in writing and will be an irrevocable and an unqualified refusal to  
13 accept all or a portion of the death benefit. It ~~must~~ shall be  
14 received by the transferor no more than ~~nine (9) months~~ one (1)  
15 month after the later of the day the transfer creating the interest  
16 in the disclaiming person is made or the day the disclaiming person  
17 attains age twenty-one (21). The interest in the death benefits  
18 must pass without direction by the disclaiming person to another  
19 person. All death benefits under this subsection shall be paid to  
20 the beneficiary or beneficiaries of the deceased member not later  
21 than one (1) month from the date of the member's death. Upon  
22 receipt of a certified death certificate certifying the death of a  
23 member, the System shall send any forms or applications necessary  
24 for payment of the death benefit not later than one (1) week from

1 the date of receipt of the certified death certificate, and all  
2 required forms and applications shall be available on a publicly  
3 accessible website. The benefit payable pursuant to this subsection  
4 shall be deemed, for purposes of federal income taxation, as life  
5 insurance proceeds and not as a death benefit if the Internal  
6 Revenue Service approves this provision pursuant to a private letter  
7 ruling request which shall be submitted by the Board of Trustees of  
8 the System for that purpose.

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

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

- 20 1. The member's valid last will and testament, trust  
21 documents or affidavit that a will does not exist;
- 22 2. An affidavit or affidavits of heirship which must  
23 state:

24

- 1 a. the names and signatures of all claiming heirs to  
2 the deceased member's estate including the  
3 claiming heirs' names, relationship to the  
4 deceased, current addresses, tax I.D. numbers if  
5 known and current telephone numbers,
- 6 b. a statement or statements by the claiming heirs  
7 that no application or petition for the  
8 appointment of a personal representative is  
9 pending or has been granted in any jurisdiction,
- 10 c. a description of the personal property claimed,  
11 (i.e., death benefit or unpaid contributions or  
12 both) together with a statement that such  
13 personal property is subject to probate,
- 14 d. a statement by each individual claiming heir  
15 identifying the amount of personal property that  
16 the heir is claiming from the System, and that  
17 the heir has been notified of, is aware of and  
18 consents to the identified claims of all the  
19 other claiming heirs of the deceased member  
20 pending with the System;
- 21 3. A written agreement or agreements signed by all  
22 claiming heirs of the deceased member which provides  
23 that the claiming heirs release, discharge and hold  
24 harmless the System from any and all liability,

1 obligations and costs which it may incur as a result  
2 of making a payment to any of the deceased member's  
3 heirs;

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

7 5. Proof that all debts of the deceased member, including  
8 payment of last sickness, hospital, medical, death,  
9 funeral and burial expenses have been paid or provided  
10 for.

11 (b) The Executive Director of the System shall retain complete  
12 discretion in determining which requests for probate waiver may be  
13 granted or denied, for any reason. Should the System have any  
14 question as to the validity of any document presented by the  
15 claiming heirs, or as to any statement or assertion contained  
16 therein, the probate requirement provided for in Section 1 et seq.  
17 of Title 58 of the Oklahoma Statutes shall not be waived.

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

1 (14) Upon the death of a retired member, the benefit payment  
2 for the month in which the retired member died, if not previously  
3 paid, shall be made to the joint annuitant if still living, to the  
4 beneficiary of the member if the joint annuitant is deceased, or to  
5 the member's estate if there is no surviving joint annuitant or  
6 beneficiary. Such benefit payment shall be made in an amount equal  
7 to a full monthly benefit payment regardless of the day of the month  
8 in which the retired member died.

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

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

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

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

24

1        2. The partial lump-sum payment made pursuant to paragraph 2 of  
2 subsection A of this section shall be an amount equal to one-half  
3 (1/2) of the unreduced retirement benefit, which would have been  
4 paid over a period of twelve (12), twenty-four (24), or thirty-six  
5 (36) months, had the lump-sum option not been elected.

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

15        ~~B.~~ D. The partial lump-sum payment, pursuant to this section,  
16 shall be paid in a check separate from the regular monthly  
17 retirement benefit. The total amount of the partial lump-sum  
18 payment shall be deducted from the member's account balance  
19 consisting of the employee contributions plus interest for purposes  
20 of determining unused contributions remaining in the account. The  
21 member may elect to rollover the taxable portion of the partial  
22 lump-sum payment to an eligible retirement plan or individual  
23 retirement account (IRA). The nontaxable portion of the partial  
24 lump-sum payment can be rolled over to an IRA or another qualified



1 retirement plan as allowed by the Internal Revenue Code and  
2 regulations. This partial lump-sum payment shall be subject to  
3 federal income tax in accordance with the Internal Revenue Code  
4 Section 72 and other such Internal Revenue Code sections and  
5 regulations as may be applicable. This partial lump-sum benefit is  
6 subject to the same restrictions for assignment and attachment as  
7 all other retirement benefits. The appropriate portion of the  
8 partial lump-sum distribution will be reported to the Internal  
9 Revenue Service (IRS) as taxable income and appropriate tax  
10 withholdings will be withheld unless the member elects to make a  
11 direct rollover of the taxable portion of the funds. Should the  
12 member have after-tax contributions, a portion of such after-tax  
13 contributions will be allocated to the partial lump-sum payment and  
14 to the remaining annuity on a ~~prorata~~ pro rata basis.

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

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

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

20 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS  
21 March 1, 2023 - DO PASS AS AMENDED BY CS  
22  
23  
24