

**Teachers' Retirement System of Oklahoma  
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Oklahoma City, OK 73116  
405.521.2387**

**RULE IMPACT STATEMENT**

**A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED EMERGENCY RULES:**

These rules are proposed to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business (70 O.S. § 17-101 et seq.). These emergency rules are necessary to comply with amendments and new enactments to Title 70 of the Oklahoma Statutes passed in the 2024 legislative session and, when amended, such rules will operate more consistently with the intent of the legislature.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM**

**CHAPTER 10. GENERAL OPERATIONS**

**SUBCHAPTER 1. MEMBERSHIP PROVISIONS**

715: 10-1-6 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. The amendment to this rule is to correct the statutory citation to the proper reference.

**SUBCHAPTER 3. SERVICE ELIGIBILITY**

715: 10-3-1 is being amended to conform to statutory definitions of membership and creditable service reflected in Title 70 of the Oklahoma Statutes, most recently confirmed by enactment in House Bill 2528 in the 2024 legislative session. TRS treats the service correctly but references to the service types in rules were incorrect.

715: 10-3-2 is being amended to conform to statutory definitions of membership and creditable service reflected in Title 70 of the Oklahoma Statutes, most recently confirmed by enactment in House Bill 2528 in the 2024 legislative session. TRS treats the service correctly but references to the service types in rules were incorrect.

715: 10-3-3 is being amended to conform to statutory definitions of membership and creditable service reflected in Title 70 of the Oklahoma Statutes, most recently confirmed by enactment in House Bill 2528 in the 2024 legislative session. TRS treats the service correctly but references to the service types in rules were incorrect.

715: 10-3-4 is being amended to conform to statutory definitions of membership and creditable service reflected in Title 70 of the Oklahoma Statutes, most recently confirmed by enactment in House Bill 2528 in the 2024 legislative session. TRS treats the service correctly but references to the service types in rules were incorrect.

**SUBCHAPTER 5. ESTABLISHING SERVICE CREDITS**

715: 10-5-30 is being amended to conform to statutory definitions of membership and creditable service reflected in Title 70 of the Oklahoma Statutes, most recently confirmed by enactment in House Bill 2528 in the 2024 legislative session.

#### **SUBCHAPTER 7. MEMBERSHIP VESTING AND TERMINATION**

715: 10-7-1 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session related to vesting and to compile into one rule reference to all service types that can vest a membership account.

715: 10-7-3 is being amended for simplification and to be consistent with amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session related to vesting.

715: 10-7-4 is being amended to be consistent with amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session related to vesting.

#### **SUBCHAPTER 9. SURVIVOR BENEFITS**

715: 10-9-3 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. The amendment to this rule is to correct the statutory citation to the proper reference.

715: 10-9-6 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. Particularly, consistent with statutory amendments, this rule will now allow probate waivers for all persons, instead of just members, entitled to a benefit from the System, provided they meet certain other statutory qualifications. Additionally, because many beneficiaries use the funds from a probate waiver process to pay last expenses, TRS eliminated the proof of payment of last expenses and now accepts a notarized statement that last expenses are either paid or provided for.

#### **SUBCHAPTER 15. SERVICE RETIREMENT**

715: 10-15-10 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. This rule is being updated to correctly reference the amended title of Maximum Plan of Retirement. There is no change to how this benefit is administered. Additionally, House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. Amendments to this rule also correct the statutory citation to the proper reference.

715: 10-15-11.1 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. The amendment to this rule is to correct the statutory citation to the proper reference.

#### **SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT**

715: 10-17-2 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. Particularly, this rule reflects an amendment to

clarify the 60 day break between pre- and postretirement work begins on the last day physically on the job or effective retirement date, whichever is later.

715: 10-17-5 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. The amendment to this rule is to correct the statutory citation to the proper reference.

715: 10-17-13 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. The amendment to this rule is to correct the statutory citation to the proper reference.

715: 10-17-15 is being revoked as the statutory provision which authorized an exemption from earnings limits for active classroom teachers only authorized the exception through June 30, 2024. That period has now expired.

### **SUBCHAPTER 23. STATE AND EDUCATION EMPLOYEES GROUP HEALTH AND DENTAL INSURANCE PROGRAM**

715: 10-23-6 is being amended to reflect amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2528 in the 2024 legislative session. House Bill 2528 was re-organized with current statutory referencing system which changed the citations of current provisions. The amendment to this rule is to correct the statutory citation to the proper reference. Amendments were also made to simply references to the System as TRS rather than Oklahoma Teachers' Retirement System and add a missing word.

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

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

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

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

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

The proposed rules will provide compliance by the System with current law and 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:**

August 28, 2024.

**715:10-1-6. Date of Membership [Amended]**

Date of membership is the date the initial contribution is made to TRS under the current membership account. Any former member of TRS who has previously withdrawn contributions and who redeposits said withdrawn contributions as permitted by law shall have his or her initial date of membership reinstated. Any person who transfers service from the Oklahoma Public Employees Retirement System in accordance with 70 O.S., ~~Section~~ § 17-116.2(LK), shall be eligible to use his or her initial entry date into the Oklahoma Public Employees Retirement System as his or her date of membership in TRS for all purposes except the member shall not be considered an "eligible participant" under OAC 715:10-15-27 unless the member first joined TRS prior to July 1, 1996. If a current member purchases non-contributory service for those years of qualified employment prior to the current date of membership, the official date of membership will remain the date the member's current membership account was opened. If a member purchases adjunct service that was performed prior to current date of membership, such purchased service shall be considered contributing service for purposes of vesting and membership date.

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

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

(b) For membership service performed from July 1, 2016, through June 30, 2019, membership service credit will be the result of the days the employee worked during the employment year divided by the number of days the full-time equivalent for that position would be required to

work during the entire employment year. A member employed in a position where the full-time equivalent is required to work at least 6 hours per day, 30 hours per week, and 8 months per year shall be considered a full-time employee.

(c) For membership service performed from July 1, 2016, through June 30, 2019, the fractional membership service credit awarded for part-time employment will be based on the number of hours the employee works per week divided by the number of hours the full-time equivalent for that position would be required to work per week. A member employed less than 6 hours per day, 30 hours per week, or 8 months in a year shall be considered a part-time employee. If the employee works ~~less~~ fewer days per week or employment year than the full-time equivalent, fractional membership service credit will also be awarded based on the number of days the employee works in the employment year divided by the number of days the full-time equivalent works during the employment year.

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

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

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

(e) For membership service performed on or after July 1, 2016, membership service credit of less than 1.0 shall be rounded to the nearest tenths (~~.4 hundredths~~ 0.04 and lower will round down, and ~~.5 hundredths~~ 0.05 and higher will round up).

### **715:10-3-2. Requirements for fulltime service [Amended]**

(a) For membership service performed prior to July 1, 2013, a member employed at least six (6) hours per day (30 hours per week) shall be considered a full-time employee.

(1) A full-time employee may receive one (1) year of creditable membership service after completing six (6) months or more of employment in a school year.

(2) No member shall receive one (1) year of membership service credit for less than 720 hours of employment. (This does not mean that a member working 720 hours is automatically entitled to one (1) year of creditable membership service.)

(b) For membership service performed on or after July 1, 2013, creditable membership service will be awarded as outlined in 715:10-3-1.

### **715:10-3-3. Requirements for half-time service [Amended]**

(a) For membership service performed prior to July 1, 2013, a member employed at least four (4) but less than six (6) hours per day (at least 20 but less than 30 hours per week) shall be considered a half-time employee.

- (1) A half-time employee may receive one-half (1/2) year of creditable membership service after completing six (6) months or more of employment in a school year.
  - (2) No member shall receive one-half (1/2) year of membership service credit for less than 480 hours of employment. (This does not mean that a member working 480 hours is automatically entitled to one-half (1/2) year of creditable membership service.)
  - (3) A member who is employed one-half (1/2) the standard workload of other persons employed in similar positions shall not receive more than one-half (1/2) year of membership service credit even if total hours worked exceed 720 hours.
  - (4) Members who joined TRS prior to July 1, 1991, may receive one-half (1/2) membership credit for a minimum of three (3) hours per day (540 hours per school year) as long as they remain employed in the same or similar position for the same employing school. Any break in employment shall end this special provision and the member will be required to qualify for full-time or half-time membership credit as provided for in Subchapters 1 and 3 of this chapter.
- (b) For membership service performed on or after July 1, 2013, creditable membership service will be awarded as outlined in 715:10-3-1.

#### **715:10-3-4. Combining fractional years of service [Amended]**

(a) For membership service performed prior to July 1, 2013, fractions of school terms performed as an active contributing member of TRS of at least one (1) school month, in different school years, may be combined to make a total of six (6) months for one (1) year of creditable service. It is not permissible to divide membership service rendered in one (1) year into fractional parts and combine these fractions with membership service rendered in two (2) or more years in order to gain additional years of membership service. All fractional membership service must be combined ~~together~~ before days of unused sick leave are applied to fractional membership service to obtain service credit. No more than one (1) year of membership service credit will be given for all employment in any one (1) school year. However, if the member has one hundred twenty (120) or more days of unused sick leave and has ninety (90) or more days of combined work experience at the end of the school year when the member retires, TRS will grant one (1) year of creditable service ~~credit~~ for the 120 days of unused sick leave and round the 90 days of work experience to count as one (1) year of creditable service.

(b) For membership service performed on or after July 1, 2013, fractional membership service credit will be added together and the resulting sum ~~value~~ shall be included in the retirement formula calculations.

#### **715:10-5-30. Ten-year averaging of sick leave [Amended]**

When a member cannot obtain documentation of accumulated sick leave because records at the employing school(s) are not available, TRS will calculate an average using the last ten (10) years of employment. The number of days absent each year during the last ten (10) years shall be averaged to determine the average number of sick leave days used each year. The average sick leave used will be subtracted from a standard ten (10) days per school year and the difference multiplied by the total years of ~~creditable~~ Oklahoma membership service.

**715:10-7-1. Vesting of membership in TRS [Amended]**

~~(a) Members~~Individuals who became members of TRS after July 1, 1967 through October 31, 2017 and who have accumulated five (5) or more years of ~~credit~~membership service pursuant to OAC 715:10-3-1 et seq. in the public schools of Oklahoma, on which retirement contributions have been remitted, and whose account had not closed prior to July 1, 2003, in accordance with 70 O.S. § 17-103(~~6E~~) or OAC 715:10-7-3, shall be granted an indefinite extension of membership in TRS.

(b) Individuals who become members of TRS on or after November 1, 2017, and who have accumulated seven (7) or more years of membership service pursuant to OAC 715:10-3-1 et seq. in the public schools of Oklahoma on which retirement contributions have been remitted and whose account has not closed in accordance with 70 O.S. § 17-103(E) or OAC 715:10-7-3 shall be granted an indefinite extension of membership in TRS.

(c) Such membership is vested and shall remain open until the member retires or the contributions are ~~voluntarily~~ withdrawn.

(d) Military and out-of-state service shall not be included in the ~~five (5)~~ years required for vesting.

(e) Any year of service obtained by the use of accumulated unused sick leave cannot be included in the ~~five (5)~~ years required for vesting. ~~Any member who joins TRS after July 1, 1991, shall be required to have five (5) full years of service credit awarded pursuant to OAC 715:10-3-1 et seq. as a contributing member of the System. Any member who joins TRS after November 1, 2017, shall be required to have seven (7) full years of service credit awarded pursuant to OAC 715:10-3-1 et seq. as a contributing member of the System.~~

(f) For members who join after July 1, 1991, Oklahoma service purchased after membership will not be counted for "vesting" purposes.

(g) Adjunct service in Higher Education performed prior to the date of the current membership account which is purchased under OAC 715:10-5-34 shall be considered membership service for purposes of vesting.

(h) Credit for service transferred under OAC 715:10-5-7.1 shall be considered membership service for purposes of vesting.

**715:10-7-3. Termination of non-vested membership accounts because of absence [Amended]**

Membership in ~~the Teachers' Retirement System shall terminate if the member ceases to be an active contributing member for a period of five (5) consecutive school years unless the member has five (5) or more years of creditable service in the public schools of Oklahoma and does not voluntarily withdraw his account.~~

~~(1) Membership rights shall be protected during an absence of not more than five (5) years, in any period of six (6) consecutive years, TRS for non-vested members; (i.e., for members who have less than five (5) years of contributory employment in the public schools of Oklahoma).~~ shall terminate when the non-vested member ceases to be an active contributing member for any period of five (5) consecutive school years in a six (6) consecutive school year period.

~~(2)~~ If employment terminates with the close of the school term, the five (5) year period of absence shall begin with the next fiscal year. If employment ends during the school term, the period of absence shall begin the first day of the month that follows termination.

~~(3)~~ After a non-vested member is absent from employment in the public schools of Oklahoma for five (5) years during any period of six (6) consecutive years, the member's Teachers'

Retirement System account shall be closed with no rights to monthly retirement benefits. The member's contributions should be withdrawn as no interest accrues on accounts closed because of absence from employment.

(43) A member whose absence exceeds five (5) years due to military service shall be granted an eighteen (18) month extension, from date of discharge, to re-enter Oklahoma public education employment in order to retain membership in Teachers' Retirement System.

**715:10-7-4. Extension of TRS membership for non-vested members after absence [Amended]**

A non-vested member with less than five (5) years of creditable Oklahoma membership service, who has been absent from such service for less than five (5) years during any period of six (6) consecutive years, may extend TRS membership by returning to fulltime employment for one (1) school year.

(1) If a five (5) year period of absence ends with the close of a school year, membership shall terminate June 30 of the corresponding fiscal year. Except that, membership shall not terminate if the member returns to fulltime Oklahoma public schools employment no later than September 30 the same calendar year.

(2) If the five (5) year period of absence terminates at any other time during the school year, membership shall terminate the last day of the last month of employment. Membership shall not terminate if the member returns to employment in the Oklahoma public schools no later than the last day of the succeeding calendar month.

(3) Unless otherwise specified, a ten (10) month school term shall be considered a school year. In adding fractions to equal a year of employment, membership shall extend five (5) years from the close of the school year during which the member worked the first fractional part.

(4) A member whose account has closed, but has not withdrawn contributions, may apply for re-instatement after returning to employment in the public schools of Oklahoma and completing one (1) full year (twelve calendar months) as a contributing member of TRS. Upon completion of one (1) full year the member's account will be restored to full status with all rights provided to other members.

**715:10-9-3. Monthly annuity in lieu of death benefit [Amended]**

The designated beneficiary of an in-service member who qualified for service retirement and had ten (10) years or more of creditable service may elect to receive, in lieu of the return of contributions and the \$18,000 death benefit, the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 retirement plan. To qualify for this option, the designated beneficiary must have been named as the sole beneficiary at the time of the member's death (see OAC 715:10-15-1 and 10-15-2 and 70 O.S. §17-105(~~HP~~)). This option is only available when the beneficiary is the member's spouse, another person, or the beneficiary of a Discretionary and Special Needs Trust, provided if the designated beneficiary is not the member's spouse, IRS Regulations require that the adjusted member/beneficiary age difference cannot be more than ten (10) years. [See OAC 715:10-15-10, to determine the adjusted member/beneficiary age difference]. [See also OAC 715:10-9-7, if the member and beneficiary were divorced before death].

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

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

- (1) the member's decedent's valid Last Will and Testament;
- (2) an Affidavit of Heirship naming all heirs to the member's decedent's estate which must state:
  - (A) that the value of the ~~deceased member's~~decedent's entire estate is subject to probate, and that the entire estate wherever located, less liens and encumbrances, does not exceed the amount permitted by law, including the payment of benefits or unpaid contributions from the System;
  - (B) a description of the personal property claimed (including the death benefit or unpaid contributions or both), together with a statement that such personal property is subject to probate; and
  - (C) a claim by each individual claiming heir identifying the amount of personal property that the heir is claiming from the System, and that the heir has been notified of, is aware of and consents to the identified claims of all the other claiming heirs of the ~~deceased member~~decedent pending with the System; and-
  - (D) that all debts of the decedent, including payment of last sickness, hospital, medical, death, funeral, and burial expenses have been paid or provided for.
- (3) a Hold Harmless Agreement signed by all heirs; and
- (4) a Corroborating Affidavit from someone other than an heir who is familiar with the ~~deceased member~~decedent; and
- (5) ~~proof of payment of expenses of last sickness, death and burial, including all medical, hospital and funeral expenses.~~

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

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

#### **715:10-15-10. Retirement plans [Amended]**

A member may elect to receive a monthly life annuity under one of the following plans:

- (1) The Maximum ~~Retirement~~ Plan of Retirement (hereafter referred to as the maximum plan) provides the greatest monthly lifetime benefit that each individual member's years of creditable service and average salary permit. The maximum ~~retirement~~ plan is the monthly entitlement calculated using the standard retirement formula set by statutes. In the event the total retirement payments made prior to the death of a retired member are less than the member's accumulated contributions (with

any interest credited to the account prior to July 1, 1968), the difference shall be paid to the member's designated beneficiary or to the member's estate if no designated beneficiary survives the member.

(2) Retirement Option 1 provides a slightly reduced lifetime benefit. The monthly entitlement is the difference between the annuity portion of the maximum ~~retirement~~ plan and the annuity portion of an Option 1 retirement plan subtracted from the ~~Maximummaximum retirement~~ plan. If the retired member dies before receiving in the annuity portion of the monthly payments an amount equal to the member's deposits (with any interest credited to the account prior to July 1, 1968), the remaining balance shall be paid in a lump sum to the member's designated beneficiary or to the member's estate if no beneficiary survives the member. (The member's deposits are "protected" for the member's beneficiary for a longer period of time than under the maximum ~~retirement~~ plan, hence, the monthly benefit is less than the ~~Maximummaximum~~ benefit.)

(3) Retirement Option 2 provides a reduced monthly benefit payable to the member for life. At the death of the retired member, the same monthly benefit payable to the member shall continue to the member's joint annuitant, if living. This option is known as a "100% joint survivor annuity." The reduction in the monthly benefit is based on actuarial tables developed for this purpose and approved by the Board of Trustees. The ages of the member and joint annuitant are an important factor in computing this benefit. The joint annuitant for the Option 2 retirement plan may be the member's spouse, another person, or the beneficiary of a Discretionary and Special Needs Trust as provided in 70 O.S. § 17-105(gM)(3). If the designated joint annuitant is not the member's spouse, IRS Regulations require that the adjusted member/joint annuitant age difference cannot be more than ten (10) years. The adjusted member/joint annuitant age difference is determined by first calculating the excess of the age of the member over the age of the joint annuitant based on their ages on the date of retirement. If the member is younger than age 70, the age difference determined in the previous sentence is reduced by the number of years that the member is younger than age 70 based on the member's age on the date of retirement. If the adjusted member/joint annuitant age difference is greater than ten (10) years, the Option 2 retirement plan is not available. In the event the member's joint annuitant 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 retirement plan. The joint annuitant designation cannot be changed under any circumstance after the date of retirement except as provided in OAC 715:10-15-11. The reduction in the monthly payment is much greater than under all other retirement options because two people are protected for the life of both individuals.

(4) Retirement Option 3 provides a reduced monthly benefit payable to the member for life. At the death of the retired member, one-half (or 50%) of the monthly benefit payable to the member, shall continue to the member's joint annuitant, if living. This option is known as a "50% joint survivor annuity." The reduction in the monthly benefit is based on actuarial tables developed for this purpose and approved by the Board of Trustees. The age of the joint annuitant is an important factor in computing this benefit. The joint annuitant for the Option 3 retirement plan may be any person or the

beneficiary of a Discretionary and Special Needs Trust as provided in 70 O.S. § 17-105(gM)(3). In the event the member's joint annuitant 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 3 retirement plan. The joint annuitant cannot be changed under any circumstance after the date of retirement except as provided in OAC 715:10-15-11. The reduction in the monthly payment, while not as great as in the Option 2 plan, still requires a substantial reduction because two people are protected for the life of both individuals.

(5) Retirement Option 4 provides a reduced monthly benefit payable to the member for life. In the event the retired member dies within one hundred twenty (120) continuous months from the date of retirement, the balance of the payments is continued to the designated beneficiary until a total of one hundred twenty (120) months have been completed. The actual reduction is based on actuarial tables developed for this purpose and approved by the Board of Trustees. The beneficiary must be designated at the time of retirement. The Option 4 retirement plan is not available for a member whose retirement date is on or after the member reaches age 93. However, if the designated beneficiary is the member's spouse, the Option 4 retirement plan may be selected if the 120-month period does not extend beyond the joint life and last survivor expectancy of the member and the member's spouse. If the beneficiary dies before the total number of "guaranteed" months have been completed, the remaining payments shall be computed at the rate of interest used in determining the original guarantee. The funds remaining shall be paid to the administrators, executors or assigns of the last surviving payee.

**715:10-15-11.1. Designation of Trustee of Oklahoma Discretionary and Special Needs Trust as joint annuitant or beneficiary [Amended]**

(a) 70 O.S. § 17-105(gM)(3) provides that any person who is eligible to be named as a beneficiary or joint annuitant, and who is also a beneficiary of a trust created under the Oklahoma Discretionary and Special Needs Trust Act, or comparable Trust Act under another state, may be a beneficiary or joint annuitant of a retired member by having the trustee of the trust established for the benefit of that individual named as the legal beneficiary or joint annuitant. Benefit payments shall be paid to the Trustee for the benefit of the beneficiary.

(b) If a beneficiary or joint annuitant, at the time of or subsequent to being named a beneficiary or joint annuitant of a TRS member, is or becomes the beneficiary of a Special Needs Trust, TRS will acknowledge the trust as the beneficiary or joint annuitant and make payments to the Trustee once the following has been submitted to and approved by TRS:

(1) Trust creation documents which include the following:

(A) Provision that the trust is non-revocable;

(B) Provision for only one beneficiary of the trust which cannot be changed and provision no other beneficiaries may be added; and,

(C) Provision that the beneficiary must hold all interests in the trust except for the remainder interest to be paid in the event of the beneficiary's death;

(2) Signed and notarized acknowledgment from Trustee that he or she will notify TRS within 15 (fifteen) days of the death of the beneficiary, or in the event a new Trustee is appointed, or any other change to the Trust documents that would affect the eligibility of the beneficiary or Trustee from being eligible to be named a beneficiary under

subsection (b) such as addition of a beneficiary, etc.; and, the tax identification number of the Trust, as well as the Social Security number of the Trust beneficiary.

**715:10-17-2. Break between employment and retirement [Amended]**

A retired member is not eligible to be employed by the public schools of Oklahoma, in any capacity, for sixty (60) calendar days between the retiree's last day of preretirement public-education employment and any postretirement public-education employment. For purposes of this section, the term "last day of preretirement employment" shall mean the last day the employee is required to be physically present on the job to complete the terms of the employment contract or agreement or the member's effective retirement date, whichever is later. An employee on paid leave is still considered to be employed for purposes of this section. Employment under any conditions during this time including volunteer services shall cause the forfeiture of all retirement benefits received during the period. A retiree is ineligible to return to work post-retirement until after their retirement date.

**715:10-17-5. Permissible employment [Amended]**

Post-retirement employment in the public schools, institutions, and agencies covered by TRS is allowed after the break in employment outlined in OAC 715:10-17-2 has been met. Employment subject to this section shall include any services performed by a retired member, as defined in this subchapter, except for payments received as an employee of the State Department of Education pursuant to 70 O.S. § 17-103(~~7E~~) or as an independent contractor or consultant, pursuant to a lawful contract that complies with the requirements of 70 O.S. § 6-101.2(B) and which is approved by TRS within sixty (60) days of the contract's effective date. TRS will follow guidelines in 70 O.S. §6-101.2(B) and federal guidelines from the Department of Labor and the Internal Revenue Service in determining when a retired person qualifies as an independent contractor or consultant.

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

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

- (1) Active Contributing Status. The retired member must file an irrevocable election to discontinue retirement benefits for the period of such employment. The return to membership contributing status must coincide with the beginning of a school year or the member must refund all benefit payments received from the beginning of the school year in which employment begins and make employee contributions on any compensation earned from the beginning of the school year to the date of the election to return to contributing status.
- (2) The election must be completed by the employing school and signed by the retired member and an official who has authority to employ or pay regular employees of the school.
- (3) The election must include the nature of the position held and the beginning date of employment. Retirement payments shall not be resumed during the summer months between consecutive years of this type of employment.
- (4) The retired member and the employing public school shall remit employee and employer contributions in the same manner as active contributing employees.

- (5) The retired member shall accumulate service credit in the same manner as active contributing employees of the system.
- (6) Upon termination of employment, the retired member's monthly retirement benefits will resume with an adjustment to reflect credit for the additional employment as follows:
- (A) The initial benefit calculated at the time of retirement will not be affected by the additional employment.
  - (B) Service credits will be accumulated and credited to the member's record in accordance with Subchapter 3 of this Chapter.
  - (C) A supplemental benefit for the year(s) of additional service will be calculated using the standard retirement benefit formula and the retirement plan and other options selected by the retiree when the member first retired (See OAC 715:10-15-7 and 715:10-15-7.1).
  - (D) The average salary used in calculating the supplement benefit will be the average of the salaries earned during this period of employment. In the event the member is employed for less than the number of years required to determine the appropriate average salary, the average will be determined by the number of years employed. Annual salaries will be based on contributions made and determined on a school year basis.
- (7) If the retired member is employed for a period of time which does not qualify for additional service credit, the employee contributions remitted by the retired member or by the employer on the retired member's behalf will be refunded to the retired member without interest. Employer contributions as provided by OAC 715:10-13-3 will not be refunded.
- (8) The employer shall provide written notice to TRS when the retired member's employment is terminated. The retired member cannot resume benefit payments under this rule and remain employed. The retired member must comply with the sixty (60)-day non-employment rule that applies to a member who elects normal retirement. Retirement payments will be resumed effective the first of the following month, provided the necessary retirement paperwork is received within the prescribed timelines, otherwise benefits will be resumed the first of the next succeeding month. Any supplemental benefit determined pursuant to this section shall commence at the same time.
- (9) If the retired member dies while engaging in half-time or more employment as provided in this section, the retired member's beneficiaries will receive any survivor benefits specified in the terms of the retirement contract elected by the member, the \$18,000 death benefit provided by OAC 715:10-9-2, if applicable, and a return of employee contributions, plus interest accumulated during the current employment, as defined in OAC 715:10-9-1. The beneficiaries of the deceased retired member will not be entitled to both the \$18,000 death benefit and the \$5,000 death benefit described in 70 O.S. §17-105(~~HP~~) and (~~IQ~~).
- (10) If a retired member does not file an election to discontinue monthly benefits while employed by the public schools of Oklahoma, he or she waives the accrual of service credit and the right to any supplemental benefit from service in the position. The retired member will, however, be subject to the earnings limits outlined in 70 O.S. §17-116.10.

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

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

**715:10-17-15. Salary limitations for certain returning classroom teachers [Revoked]**

~~— Legislation enacted during the 2021 legislative session allows members who retired on or before July 1, 2020, to return to employment as an active classroom teacher for a public school or career technology district with no earnings limitations in certain circumstances. Members seeking to return to employment as an active classroom teacher under this provision must meet all the following requirements:~~

~~(1) The member must have been retired as of July 1, 2020;~~

~~(2) The member must have been retired and drawing a TRS retirement benefit and not be employed by any public school or career technology district in any capacity for a period of twelve (12) consecutive months immediately following the last day of employment prior to their retirement date;~~

~~(3) The member can only be employed as an active classroom teacher as defined in 70 O.S. § 17-101(27) when they return to employment; and~~

~~(4) Within sixty (60) days of the member's return to employment, the member's employer must provide to TRS, in a manner prescribed by TRS, documentation establishing the member's eligibility under this provision.~~

~~(A) The Executive Director of TRS may waive the sixty (60) day requirement for good cause shown.~~

~~(B) To petition for waiver, either the TRS member, the employer, or both if appropriate under the circumstances, must provide written documentation of good cause to TRS along with documentation establishing eligibility under this provision.~~

**715:10-23-6. Health Insurance Contribution [Amended]**

(a) ~~The Oklahoma Teachers' Retirement System~~TRS shall contribute the amount required by law towards the cost of health insurance coverage under the State and Education Employees Group Insurance Plan or other eligible group insurance plans only for retired members who actually receive a monthly retirement benefit for that month. This contribution shall not be made for beneficiaries, survivors or directly to the retired member.

(b) For eligible group health insurance plans other than the State and Education Employees Group Insurance Plan, ~~the System~~TRS will contribute the amount required by law after the group insurance plan has made application to ~~the System~~TRS and completed any necessary and required forms and/or agreements. The group insurance plan must be in compliance with Oklahoma law and offer insurance to all of the covered participating employer's employees, former employees who are vested and former employees who retired from that covered employer. The insurance plan shall provide a certification monthly detailing each covered retired member in the form and manner required by ~~the System~~TRS. The subsidy shall be paid in arrears for each eligible retired member.

(c) As provided under 70 O.S. ~~Section §~~17-108(~~13C~~)(12), and pursuant to the ~~federal~~ Internal Revenue Code Section 401(h) and Treasury Regulation §1.401-14, the Retirement Medical Benefit Fund shall be maintained as a sub-account of the Retirement Benefit Fund. From the Retirement Medical Benefit Fund, ~~the System TRS~~ shall remit the amount specified in 74 O.S. ~~Section §~~1316.3 for health insurance premiums.

(d) All contributions to the Retirement Medical Benefit Fund shall be reasonable and ascertainable.

(e) Contributions to the Retirement Medical Benefit Fund must be subordinate to the contributions to the Retirement Benefit Fund for retirement benefits. At no time shall the aggregate actual contributions to the Retirement Medical Benefit Fund (when added to actual contributions for life insurance protection under the plan, if any) be in excess of twenty-five percent (25%) of the total aggregate actual contributions made to the Retirement Benefit Fund (not including contributions to fund past service credits). The Board shall annually determine whether the twenty-five ~~percent~~ (25%) test has been met. If at any time the Retirement Medical Benefit Fund contributions (plus any life insurance contributions) would exceed the twenty-five percent (25%) test, the excess amount of contributions shall be transferred to the Retirement Benefit Fund for retirement benefits.

(f) Forfeitures in the Retirement Medical Benefit Fund shall not be allocated to individual accounts under the fund, but shall be used for account expenses.

(g) At no time prior to the satisfaction of all liabilities under the Retirement Medical Benefit Fund or termination of the fund shall any assets in the fund be used for, or diverted to, any purpose other than the providing of payment of ~~the System's TRS's~~ portion of the monthly retiree health insurance premium benefit described by Title 74 O.S. ~~Section §~~1316.3 and the payment of administrative expenses. Assets in the Retirement Medical Benefit Fund may not be used for retirement or disability benefits or any other purposes for which other assets held in the Retirement Benefit Fund are used.

(h) The provisions of section 401(h)(5) of the Internal Revenue Code of 1986, as amended from time to time, shall apply upon the satisfaction of all liabilities under law and the Retirement Benefit Fund.