

**Teachers' Retirement System of Oklahoma**  
**301 Northwest 63<sup>rd</sup> Street, Suite 500**  
**Oklahoma City, OK 73116**  
**405.521.2387**

**RULE IMPACT STATEMENT**

*This Rule Impact Statement has been prepared pursuant to 75 O.S.Supp.2025, § 303(D)(1).*

**TITLE 715. TEACHERS' RETIREMENT SYSTEM**

**CHAPTER 1. ADMINISTRATIVE OPERATIONS**

**A. BRIEF DESCRIPTION OF PURPOSE/NEED/LEGAL BASIS OF PROPOSED  
PERMANENT RULES:**

TRS rules are proposed, amended, or revoked to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business (70 O.S. § 17-101 et seq.). These rules are necessary to the orderly administration of the System for the benefit of the System's members and to defray costs of administering the System.

715: 1-1-5 describes the chief administrative officer of the Teachers' Retirement System, administrative duties of the chief administrative officer, and internal controls regarding vouchers drawn on the System. It is being amended to correctly reference the titles of the Chief Operating Officer and Deputy Chief Financial Officer of Teachers' Retirement System of Oklahoma in relation to the internal controls on vouchers.

**B. CLASSIFICATION OF RULE(S) AND JUSTIFICATION FOR CLASSIFICATION**

This is a non-major rule and is estimated to have no cost.

**C. DESCRIPTION OF PROPOSED RULE(S)**

A comprehensive review of the proposed rule edits is contained in Paragraph (A) above.

**D. DESCRIPTION OF THE CLASS(ES) OF PERSON(S) AFFECTED BY THE  
PROPOSED RULE(S), INCLUDING CLASS(ES) THAT WILL BEAR THE  
COST(S) OF THE PROPOSED RULE(S), AND ANY INFORMATION ON COST  
IMPACTS RECEIVED BY THE AGENCY FROM ANY PRIVATE OR PUBLIC  
ENTITIES**

The class(es) of person(s) affected by the proposed rule(s) is/are the staff of Teachers' Retirement System of Oklahoma as well as members and participating employers and all external stakeholders who benefit by understanding the organization of the agency. No costs are anticipated.

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

The class(es) of person(s) benefited by the proposed rule(s) is/are the staff of Teachers' Retirement System of Oklahoma as well as members and participating employers and all external stakeholders who benefit by understanding the organization of the agency.

#### **F. COMPREHENSIVE ANALYSIS OF THE RULES' ECONOMIC IMPACT**

The proposed rule reflects changes that have already occurred to staff titles and is anticipated to have no negative economic impact. To the extent clarifying the rule avoids confusion regarding the organization of TRS staff which can lead to wasted time and resources, a positive economic impact is anticipated.

#### **G. DETAILED EXPLANATION OF METHODOLOGY AND ASSUMPTIONS USED TO DETERMINE ECONOMIC IMPACT**

Evaluated whether costs were incurred by agency to change the titles of staff.

#### **H. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULE(S) WILL HAVE AN ECONOMIC IMPACT ON ANY POLITICAL SUBDIVISION OR REQUIRE THEIR COOPERATION IN IMPLEMENTING OR ENFORCING THE RULE(S)**

No political subdivision will be required to assist in implementing/enforcing this rule; no adverse economic impact is anticipated for political subdivisions. To the extent clarifying the rule avoids confusion regarding the organization of TRS staff which can lead to wasted time and resources, a positive economic impact is anticipated.

#### **I. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULE(S) MAY HAVE AN ADVERSE ECONOMIC EFFECT ON SMALL BUSINESS AS PROVIDED BY THE OKLAHOMA SMALL BUSINESS REGULATORY FLEXIBILITY ACT**

No adverse economic impact on small business is anticipated by implementation of the proposed rules. To the extent clarifying the rule avoids confusion regarding the organization of TRS staff which can lead to wasted time and resources, a positive economic impact is anticipated.

#### **J. MEASURES TAKEN TO MINIMIZE THE COST AND IMPACT OF THE PROPOSED RULE(S) ON BUSINESS AND ECONOMIC DEVELOPMENT IN THE STATE, LOCAL GOVERNMENT UNITS OF THE STATE, AND INDIVIDUALS**

Not applicable.

#### **K. DETERMINATION OF THE EFFECT OF THE PROPOSED RULE(S) ON THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT AND IF THE PROPOSED RULE(S) IS/ARE DESIGNED TO REDUCE SIGNIFICANT RISKS TO THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT; AN EXPLANATION OF THE NATURE OF THE RISK AND TO WHAT EXTENT THE PROPOSED RULE WILL REDUCE THE RISK.**

Not applicable.

**L. DETERMINATION OF ANY DETRIMENTAL EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF THE PROPOSED RULE(S) IS/ARE NOT IMPLEMENTED.**

Not applicable.

**M. ANALYSIS OF ALTERNATIVES TO ADOPTING THE RULE(S)**

Having been previously adopted, the rule must be amended to be correct.

**N. ESTIMATED TIME SPENT BY STATE EMPLOYEES TO DEVELOP RULE AND OTHER RESOURCES USED IN DEVELOPING RULE**

Quarter of an hour or less to draft rules text; half an hour to complete rule impact statement.

**O. SUMMARY AND PRELIMINARY COMPARISON OF ANY EXISTING OR PROPOSED FEDERAL REGULATIONS INTENDED TO ADDRESS THE ACTIVITIES TO BE REGULATED BY PROPOSED ADMINISTRATIVE RULES**

Not applicable.

**P. DATE IMPACT STATEMENT PREPARED:**

November 7, 2025.

## CHAPTER 1. ADMINISTRATIVE OPERATIONS

### 715:1-1-5. Executive Director

The Executive Director shall be the administrative officer for the Board of Trustees and shall be responsible for the general administration of the Teachers' Retirement System.

(1) All employees shall be under the direct supervision of the Executive Director.

(2) All vouchers drawn against TRS shall be signed by two members of the administrative staff: the Executive Director, the ~~Deputy Executive Director of Operations~~ Chief Operating Officer, Chief Financial Officer, or the ~~Assistant Deputy~~ Chief Financial Officer.

(3) The Executive Director shall make reports to the Board of Trustees at its regularly scheduled meetings regarding administrative matters, funds and budgetary matters, and present statements showing the general condition of the System's finances.

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**RULE IMPACT STATEMENT**

*This Rule Impact Statement has been prepared pursuant to 75 O.S.Supp.2025, § 303(D)(1).*

**TITLE 715. TEACHERS' RETIREMENT SYSTEM**

**CHAPTER 10. GENERAL OPERATIONS**

**A. BRIEF DESCRIPTION OF PURPOSE/NEED/LEGAL BASIS OF PROPOSED  
PERMANENT RULES:**

TRS rules are proposed, amended, or revoked to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business (70 O.S. §17-101 et seq.). These rules are necessary to clarify the administration of the System regarding amendments to Title 70 of the Oklahoma Statutes passed in the 2024 and 2025 legislative sessions and to otherwise clarify and thus effect the orderly administration of the System for the benefit of the System's members and to defray costs of administering the System.

**SUBCHAPTER 1. MEMBERSHIP PROVISIONS**

715:10-1-5 is being amended to align with language in 715:10-1-4 regarding when non-classified optional personnel are eligible for participation in the System. It is also being amended to correct a statutory reference typographical error. Lastly, it is being amended to strike a vague statement about ineligible employment which is being more clearly incorporated into 715:10-13-2.

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 as directed by statute 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 as directed by statute 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 as directed by statute 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 as directed by statute but references to the service types in rules were incorrect.

#### **SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS**

715:10-5-10 is being amended to conform to statutory amendments to Title 70 of the Oklahoma Statutes enacted in the 2025 legislative session under House Bill 1465 which added a definition for “military service”. TRS statutes allow the purchase of military service under certain circumstances. TRS is adding this definition to rules. Notably, TRS was already using this definition of military service, so there are no operational changes.

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. It is also being amended to provide a good cause exception to the requirement to use 10 years of employment sick leave records for averaging when such records do not exist. This is a member friendly change which allows members to take advantage of an average of accumulated unused sick leave when, through no fault of their own, records from a previous or current employer do not exist.

715:10-5-36 is being amended to clarify that payment for make-up contributions related to qualified military service under USERRA which a member wants included in the calculation of service credit for retirement must be received before a member terminates employment with his or her pre-service employer or the member’s effective retirement date, whichever comes first. This edit clarifies for TRS members and employers the interplay between federal regulations and TRS operational requirements for retirement.

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

715:10-7-2 is being amended to strike an outdated reference to the tax-sheltered annuity program which is no longer in existence and to correct the reference to the Oklahoma Employees Insurance and Benefits Plan.

#### **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. This rule is also being amended to provide the period in which a survivor will accrue a survivor benefit under this rule and the

timing of payment of the survivor benefit described in this rule. The rule also now provides an example of its application for clarity.

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 requirement for proof of payment of last expenses and now accepts a notarized statement that last expenses are either paid or provided for.

715:10-9-7 is being amended to clarify members who divorce have a responsibility to provide the System a copy of their file-stamped divorce decree so that the System can properly administer and pay survivor benefits.

### **SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE**

715:10-13-2 is being amended to incorporate a clearer statement of the stricken language from 715:10-1-5, which clarifies that when a member works secondary employment that would be ineligible if the member was not otherwise participating in TRS with eligible employment, the member will be credited for the associated salary received in that ineligible employment but will not receive additional service credit. This practice allows a member to potentially increase their final average salary which goes into their retirement benefit calculation.

715:10-13-3 is being amended to comply with amendments to Title 70 of the Oklahoma Statutes enacted in House Bill 1544 from the 2024 legislative session which recognized and defined certified athletic trainers as certified school personnel, provided they meet certain statutory conditions. Pursuant to 70 O.S. §17-108.2, certified personnel may receive the state credit offset from the State Department of Education provided they meet all applicable conditions, and the amendment to the rule will reflect that certified athletic trainers are so entitled.

715:10-13-8 is being amended to bring the rule into alignment with prior edits to 715:10-13-2 which requires anyone who joins the System after their qualifying employment began to make contributions back to the date their qualifying employment began. The prior rule text was confusing on the term for which contributions would be due, suggesting contributions could be due for a period of time prior to a member's eligibility for the System, which is incorrect.

715:10-13-10 is being amended to clarify the System's authority under 70 O.S. §17-108.1(E) for the annual year-end report and to bring the rule text into alignment with statute and current practice.

715:10-13-11 is being amended to clarify that the limit the System applies to compensation increases for purposes of retirement benefit calculation applies only when any of the last three years of service are used to calculate the member's final average salary for retirement benefit calculation. This is current practice but was unclearly stated.

715:10-13-13 is being amended to clarify that contributions payable when a member is receiving workers' compensation temporary total disability benefits must be made 90 days prior to retirement, which brings this rule into alignment with 715:10-15-3.

715:10-13-15 is being amended to reflect the System's current practice of applying late fees attributable to late contribution amounts due from prior fiscal years. This practice presents a break to employers of the monthly compounding interest called for in this rule in exchange for annual compounding interest, resulting in lower late charges being applied.

## **SUBCHAPTER 15. SERVICE RETIREMENT**

715:10-15-1 is being revoked as largely duplicative of 715:10-15-2. Elements of 715:10-15-1 which were not duplicated in 715:10-15-2 were incorporated into that rule. Both rules are very brief, and simply refer the reader back to 70 O.S. §17-105 for age, eligibility and other requirements for service retirements. This action complies with Executive Order 2020-03 which tasked agencies with addressing duplicative rules.

715:10-15-2 is being amended to incorporate the non-duplicative language from 715:10-15-1, and the rule now refers the reader to 70 O.S. §17-105 for age, eligibility and other requirements for service retirements. This action complies with Executive Order 2020-03 which tasked agencies with addressing duplicative rules.

715:10-15-10 is being amended to reflect that notwithstanding the Board's prior decision in 2025 Permanent Rulemaking to revoke the Option 4 retirement plan as a retirement option effective December 31, 2025, members who were eligible for retirement (early or normal) on or before December 31, 2025 can elect the Option 4 retirement plan even though it has been discontinued. Further, the rule also clarifies Option 4 retirement plan can no longer be elected for any member becoming eligible for retirement January 1, 2026 or thereafter. Finally, the amendments more clearly describe for TRS members the current practice of calculating an Option 1 retirement benefit and calculating survivor benefits due upon the death of an Option 4 retiree and to whom the payment goes when multiple beneficiaries are selected – all of which are current practice.

715:10-15-10.1 is being amended to correctly reference the Maximum Plan of Retirement derived from amendments to Title 70 of the Oklahoma Statutes made in the 2024 legislative session under House Bill 2528.

715:10-15-10.2 is being amended to clarify current practice for payments of partial lump sums due certain retirees who are eligible and choose same. Specifically, these payments are issued by direct deposit as required by state statute and not with a paper check. It is also being amended to strike a reference to the previously terminated tax-sheltered annuity plan.

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**



715:10-17-5 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**

715:10-23-1 is being amended to more accurately describe the statutory mechanism through which certain TRS members may continue in force certain insurance benefits under the Oklahoma Employees Insurance and Benefits Act, to clarify that eligibility for these insurance benefits will be determined by the Oklahoma Employee Insurance and Benefits Board, and to correctly reference that governing board.

715:10-23-2 is being amended to more accurately and clearly describe the health insurance subsidy TRS will pay to certain members who properly continue in force their insurance benefits under the Oklahoma Employees Insurance and Benefits Act set out in 74 O.S. §1316.3. The amendments also include stricken text from 715:10-23-3 and 715:10-23-6 which is more appropriately reflected in 715:10-23-2 for complete comprehension of the process. These edits also allow revocation of other rules which, if not revoked, result in duplicative text for context. This action complies with Executive Order 2020-03 which tasked agencies with addressing duplicative rules.

715:10-23-3 is being **revoked**. Part of the text is duplicative of the text in 715:10-23-2 and part of the text has been incorporated into 715:10-23-2 for a comprehensive understanding of the subsidy. This action complies with Executive Order 2020-03 which tasked agencies with addressing duplicative rules.

715: 10-23-4 is being amended to correct the reference that TRS will pay a health insurance subsidy rather than a health insurance supplement and to otherwise reference TRS in short form for consistency throughout administrative rules. It is also being amended to clarify that the subsidy which was terminated upon return to active employment will only resume if the retiree follows the protocols required under the Oklahoma Insurance and Benefits Act and associated governing Board.

715: 10-23-5 is being amended to more accurately and clearly describe that when TRS members are not enrolled in an insurance benefit plan as allowed under the Oklahoma Employees

Insurance and Benefits Act, pursuant to 74 O.S. §1316.3 TRS will not pay the subsidy. The rule also sets out statutory exceptions to that general statutory requirement.

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 and to correctly reference the state employee insurance program. Amendments were also made to strike duplicate text and to re-organize portions of text into 715:10-23-2 to provide a comprehensive approach to the subsidy payment in one rule for better understanding.

## **B. CLASSIFICATION OF RULE(S) AND JUSTIFICATION FOR CLASSIFICATION**

All rules are classified as NON-MAJOR:

- 10-1-5: changes more clearly describe current operations and statutory requirements for eligible membership and corrects a statutory reference. No new implementation or compliance costs.
- 10-1-6: changes correct a statutory reference. No new implementation or compliance costs.
- 10-3-1: changes correct the rule text to reflect current operations and statutory requirements. No new implementation or compliance costs.
- 10-3-2: changes correct the rule text to reflect current operations and statutory requirements. No new implementation or compliance costs.
- 10-3-3: changes correct the rule text to reflect current operations and statutory requirements. No new implementation or compliance costs.
- 10-3-4: changes correct the rule text to reflect current operations and statutory requirements. No new implementation or compliance costs.
- 10-5-10: changes add new statutory language from 2025 session HB 1465 which is consistent with the current operations of TRS. No new implementation or compliance costs.
- 10-5-30: changes allow members to provide the sick leave usage records available to them in the past 10 years to take advantage of this section, rather than only being able to take advantage of the provision if 10 years of records exist. The rule without the edits requires records to be produced, so no new implementation or compliance costs are expected.
- 10-5-36: This rule edit clarifies for our members how the timeline for payment of applicable contributions to TRS for qualified military service under USERRA federal

regulations works in tandem with federal requirements to pay before terminating pre-service employment as well as retirement timelines provided by TRS in 10-15-3. This is the current practice, so no new implementation or compliance costs are expected.

- 10-7-2: This rule edit corrects references to the Oklahoma Employees Insurance and Benefits Plan and strikes an outdated reference to the tax-deferred annuity plan which was terminated in 2021. No implementation or compliance costs expected.
- 10-9-3: This rule edit corrects statutory references. It also provides a mechanism for certain qualified beneficiaries to receive a period of payments for which they previously were not eligible to receive. This mechanism is already utilized by TRS in another scenario; accordingly, no new implementation or compliance costs are expected.
- 10-9-6: This rule edit corrects the rule to mirror the statutory changes effected in 2024 legislative session under HB 2528. This process has been in use and thus no new implementation or compliance costs are expected.
- 10-9-7: This rule edit places an obligation for TRS members to provide documentation of any decree/dissolution of marriage to TRS to ensure TRS accurately pays survivor benefits. This document would be imaged in a member's account. TRS currently images various document types in member accounts, so this would not require a new process or new software. As a result, no implementation or compliance costs are expected. To the extent TRS will receive additional documents, certain TRS staff already process and image documents. While this may take additional staff time, TRS does not expect to increase FTE as a result of this change, so no implementation or compliance costs are expected from that perspective.
- 10-13-2: This rule edit adds clarifying language to current requirements. As such, no new implementation or compliance costs are expected.
- 10-13-3: This rule edit adds certified athletic trainers to the rule awarding state credit to offset member contributions. This stems from legislative action in HB 1544 in the 2024 legislative session. Any expected compliance costs are unavoidable due to the legislative action. Expected compliance costs for processing monthly reports from TRS employers with state credit for certified athletic trainers are not expected to reach, or come close, to the major rule threshold because TRS already accepts monthly reports with state credit reporting for several other school employees. As a result, no new processes or software are needed for this particular change. It is possible additional staff time will be spent on this issue, but TRS does not anticipate adding FTE at this time for this particular change.
- 10-13-8: This rule edit corrects rule language to mirror current process as set out in TRS rule OAC 715:10-13-2. No compliance or implementation costs are expected.

- 10-13-10: This rule edit corrects and builds out the rule to mirror statutory language regarding the annual employer report submission. The rule edits avoid confusion between the two sources. This is the current process. Accordingly, no new implementation or compliance costs are expected.
- 10-13-11: This rule edit is meant to clarify the currently utilized practice of preventing the spiking of compensation in the final years of retirement. There is no change to the process, but this edit is meant to make the text clearer and more digestible to TRS members and employers. No new implementation or compliance costs are expected.
- 10-13-13: This rule edit is meant to clarify the requirement for receipt of contributions related to workers' compensation payments to work in tandem with retirement timelines set out in OAC 715:10-15-3. This is the current process, and no new implementation or compliance costs are expected.
- 10-13-15: This rule edit reflects the System's current practice of applying late fees attributable to late contribution amounts due from prior fiscal years. This practice presents a break to employers of the monthly compounding in lieu of annual compounding, resulting in lesser late fees being charged to employers.
- 10-15-1: Revocation of rule as largely duplicative and otherwise incorporated into 10-15-2 – no implementation or compliance costs.
- 10-15-2: Edits incorporated non-duplicative text of 10-15-1 and otherwise are consistent with current statutes on retirement; no implementation or compliance costs.
- 10-15-10: This rule clarifies the computation TRS uses to calculate the Option 1 retirement benefit to language clearer for members to digest and otherwise corrects the language to correctly reflect the current payment of survivor benefits to Option 4 beneficiaries pursuant to law. This rule also clarifies that notwithstanding the Board's prior decision effective December 31, 2025, to revoke the Option 4 retirement plan on a go-forward basis, those eligible to receive it on or before December 31, 2025, will continue to receive it. No implementation or compliance costs are anticipated as TRS is not changing processes to continue to allow eligible members to take a retirement option TRS has been processing.
- 10-15-10.1: This rule edit corrects a reference to the Maximum Plan of Retirement based on statutory language in 70 O.S. Section 17-105 resulting from HB2528 in the 2024 legislative session. No implementation or compliance costs are expected.
- 10-15-10.2: This rule edit captures the current process of issuing partial lump sum payments as direct deposits under state law and deletes a reference to the terminated tax-deferred annuity plan. No new implementation or compliance costs anticipated.

- 10-15-11.1: This rule edit corrects a statutory reference. No implementation or compliance costs anticipated.
- 10-17-5: This rule edit corrects statutory references. No implementation or compliance costs anticipated.
- 10-17-13: This rule edit corrects statutory references. No implementation or compliance costs anticipated.
- 10-17-15: This rule is revoked. No compliance or implementation costs anticipated.
- Rules in Subchapter 23 (10-23-1 through 10-23-6):
  - These rules were edited, and in some cases, revoked, to more clearly organize the information and reflect clearer obligations of TRS as mandated by the Oklahoma Employees Insurance and Benefits Act. Additionally, edits are to reflect that certain determinations (such as insurance eligibility) correctly fall to the Oklahoma Employees Insurance and Benefits Board under the Act. The rule edits are not changing process but rather more clearly reflecting such processes to members/employers. No implementation or compliance costs are expected.

### **C. DESCRIPTION OF PROPOSED RULE(S)**

A comprehensive description is contained in Paragraph (A) above of proposed rule changes.

### **D. DESCRIPTION OF THE CLASS(ES) OF PERSON(S) AFFECTED BY THE PROPOSED RULE(S), INCLUDING CLASS(ES) THAT WILL BEAR THE COST(S) OF THE PROPOSED RULE(S), AND ANY INFORMATION ON COST IMPACTS RECEIVED BY THE AGENCY FROM ANY PRIVATE OR PUBLIC ENTITIES**

The class(es) of person(s) affected by the proposed rule(s) amendments is/are the staff of Teachers' Retirement System of Oklahoma as well as members and participating employers and all external stakeholders who benefit by understanding the organization of the agency. No cost impacts have been provided to TRS by any private or public entity.

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

The class(es) of person(s) benefited by the proposed rule(s) is/are the staff of Teachers' Retirement System of Oklahoma as well as members and participating employers and all external stakeholders who benefit by understanding the organization of the agency.

### **F. COMPREHENSIVE ANALYSIS OF THE RULES' ECONOMIC IMPACT**

No increased FTE is anticipated as the result of the rule edits. The rule edits are not creating new fees for members or participating employers. The rule edits are conforming to current operations and leveraging current processes, not creating newly implemented processes. To the extent many

of the rules are being clarified with language which is easier to understand, this avoids confusion for members, participating employers, legislative bodies, the executive branch, and the public. Confusion leads to wasted time and resources. Therefore, a positive economic impact is anticipated with the clarifications herein. Some rule edits were required to memorialize changes in statutes, and to that extent, any economic impact has been mandated by the legislature.

#### **G. DETAILED EXPLANATION OF METHODOLOGY AND ASSUMPTIONS USED TO DETERMINE ECONOMIC IMPACT**

Economic analysis was completed by conducting a review of whether rule edits would result in changes to processes within TRS which can cost TRS by requiring additional manpower. No major process changes are anticipated. Therefore, no additional manpower need is expected. Analysis was also completed by assessing whether statutory changes implemented by these rules, and to the extent rules edits were the result of statutory changes, the economic impact has been mandated by the legislature.

#### **H. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULE(S) WILL HAVE AN ECONOMIC IMPACT ON ANY POLITICAL SUBDIVISION OR REQUIRE THEIR COOPERATION IN IMPLEMENTING OR ENFORCING THE RULE(S)**

TRS participating employers, which are political subdivisions, are required by statute to determine whether their employees are eligible to be members of TRS and to remit appropriate contributions on the regular annual compensation of those eligible employees who are members of TRS. To the extent the rule edits herein clarify understanding, this benefits TRS participating employers. Additionally, rule edits in 10-13-3 add certified athletic trainers as recipients of the state credit, and these participating employers must now include these employees in reporting to TRS. This change is mandated by statute.

#### **I. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULE(S) MAY HAVE AN ADVERSE ECONOMIC EFFECT ON SMALL BUSINESS AS PROVIDED BY THE OKLAHOMA SMALL BUSINESS REGULATORY FLEXIBILITY ACT**

No adverse economic impact on small business is anticipated by implementation of the proposed rules. To the extent clarifying the rule avoids confusion regarding the operations of TRS, which can lead to wasted time and resources, a positive economic impact is anticipated.

#### **J. MEASURES TAKEN TO MINIMIZE THE COST AND IMPACT OF THE PROPOSED RULE(S) ON BUSINESS AND ECONOMIC DEVELOPMENT IN THE STATE, LOCAL GOVERNMENT UNITS OF THE STATE, AND INDIVIDUALS**

Rule edits were crafted with the intent of clarifying and maintaining current operations.

#### **K. DETERMINATION OF THE EFFECT OF THE PROPOSED RULE(S) ON THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT AND IF THE PROPOSED RULE(S) IS/ARE DESIGNED TO REDUCE SIGNIFICANT RISKS TO THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT; AN EXPLANATION OF**

**THE NATURE OF THE RISK AND TO WHAT EXTENT THE PROPOSED RULE WILL REDUCE THE RISK.**

Not applicable.

**L. DETERMINATION OF ANY DETRIMENTAL EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF THE PROPOSED RULE(S) IS/ARE NOT IMPLEMENTED.**

Not applicable.

**M. ANALYSIS OF ALTERNATIVES TO ADOPTING THE RULE(S)**

A handful of the rule edits must be adopted due to statutory changes. Otherwise, clarification is vital to allow TRS to provide the best customer service to its members and participating employers. Over 210,000 TRS members and approximately 600 participating employers are served by a TRS staff of, at most, 52 employees. Clarification provides greater understanding of the TRS defined benefit plan and retirement, which can be complex due to state and federal requirements, including tax requirements. Clarifying the rules simplifies understanding and administration. Failure to clarify is less than ideal for multiple impacted groups.

**N. ESTIMATED TIME SPENT BY STATE EMPLOYEES TO DEVELOP RULE AND OTHER RESOURCES USED IN DEVELOPING RULE**

Estimated time to develop rules is approximately 40-50 hours. In that time, TRS staff reviewed text, spoke with subject matter experts on staff, engaged actuarial experts to ensure changes to simplify language did not violate actuarial science ensuring the fiscal integrity of the plan, engaged tax experts to ensure language changes did not violate federal tax and employee benefit laws and regulations, and drafted changes in the text.

**O. SUMMARY AND PRELIMINARY COMPARISON OF ANY EXISTING OR PROPOSED FEDERAL REGULATIONS INTENDED TO ADDRESS THE ACTIVITIES TO BE REGULATED BY PROPOSED ADMINISTRATIVE RULES**

While certain federal regulations apply to qualified military service as reflected in 10-5-36, the regulations are complicated and nuanced. The rule edits in 10-5-36 are intended to clearly address the federal requirements so that our members and employers can understand them and comply with them while also complying with other applicable TRS rules that work in tandem.

**P. DATE IMPACT STATEMENT PREPARED:**

November 12, 2025.

## CHAPTER 10. GENERAL OPERATIONS

### SUBCHAPTER 1. MEMBERSHIP PROVISIONS

#### 715:10-1-5. Ineligible for TRS membership

The following employees are ineligible to be members of the Teachers' Retirement System when employed exclusively as any of the following: ~~(Note: Ineligible employment cannot be combined with eligible employment.)~~

- (1) ~~A~~ non-classified employee regularly working less than 20 hours per week.
- (2) A substitute, irregular, seasonal, graduate assistant, fellowship recipient, adjunct supplemental or temporary employee. This provision does not apply to adjunct teachers as described in 70 O.S. § 6-122.3 who shall be considered non-classified employees and who may qualify for membership pursuant to OAC 715:10-1-4. (Note: Certain substitute and adjunct employment may qualify for service credit. See OAC 715:10-5-2 and OAC 715:10-5-34).
- (3) Persons employed as a consultant or persons contracting with a public school to transport students, to provide food service, or to provide any other services, who are not "regular" employees of the school. (NOTE: School bus drivers or food service personnel who are regular employees of the school are eligible for membership, subject to the requirements of OAC 715:10-1-2, 10-1-4, 10-1-5.)
- (4) An employee whose primary function at a school or institution is that of a student. If both the following conditions apply, a person employed in an Oklahoma public school, college or university shall be considered to be a student employee.
  - (A) The employment is conditional upon the employee's being enrolled as a student at the same institution; and
  - (B) The employee has no other employment during the same payroll period which is eligible for membership in TRS.
- (5) Any persons whose employment compensation comes from federal or other funds and is not administered by an Oklahoma public education employer. (Note: If the employee is not paid by the school on a state warrant, the employee is not considered to be an employee of the school or the State of Oklahoma. Regular employees whose salaries are paid in part or in whole by federal or other funds are eligible for membership if they were hired by the school and paid by the school.)
- (6) Any person employed by the public schools of Oklahoma after July 1, 1991, who is covered by another federal, state, county or local public retirement plan which will provide benefits on the employment service covered by the Teachers' Retirement System.
- (7) Employees of employers that are not governmental employers within the definition of Internal Revenue Code Section 414 and 70 O.S. ~~17-116.2~~ §17-116.2(I).
- (8) Any person employed by the University of Oklahoma or Oklahoma State University or the entities of either comprehensive university who elects to participate in an alternative retirement plan provided by the comprehensive university as provided by the Alternate Retirement Plan for Comprehensive Universities Act.

#### 715:10-1-6. Date of Membership

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(E-K), 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 in Higher Education that was performed prior to current date of membership, such purchased service shall be considered contributing service for purposes of vesting and membership date.

### SUBCHAPTER 3. SERVICE ELIGIBILITY

#### 715:10-3-1. Requirements for creditable membership service

(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, ~~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**

(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 credit 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 credit.)

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

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

(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 credit 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 credit.)

(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 service 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 service 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 credit will be awarded as outlined in 715:10-3-1.

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

(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~~membership service credit. 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 credit. 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) days 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.

## SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS

### 715:10-5-10. Military service credit

An active contributing member of TRS may purchase service credit for active duty military service. As defined in 70 O.S. §17-113, military service includes in the Armed Forces of the United States of America United States Air Force, Army, Coast Guard, Marine Corps, Navy, Space Force, and the reserve components of these services, as well as the federal and state counterparts of both the Air National Guard and Army National Guard. The member must have received an honorable discharge from the Armed Services military to qualify for military service credit. Active duty is defined as that time a member served in the Armed Forces of the United States of America military from the date inducted to the date of separation. (Time spent between enlistment and induction, or other time spent as a civilian between military service periods, will not be counted as military service.) Credit for military service shall not exceed the number of years obtained when the total months of service are applied to calendar years (January 1 to December 31 periods). Therefore, thirty-six (36) months of military service cannot count for more than three (3) years of TRS membership; forty-eight (48) months cannot count for more than four (4) years; etc.

### 715:10-5-30. ~~Ten-year averaging~~ Averaging of sick leave

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 available eligible Oklahoma public education employment records, provided for good cause shown TRS may use less than ten (10) years. The number of sick leave days absent used each year during the last ten (10) years of available eligible Oklahoma public education employment shall be averaged ~~to determine the average number of sick leave days used each year.~~ The average sick leave days used will be subtracted from a standard ten (10) days of sick leave per school year and the difference multiplied by the total years of ~~creditable~~ Oklahoma membership service.

### 715:10-5-36. Compliance with USERRA and Code Section 414(u), including applicable HEART Act provisions

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

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

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

(d) The member's make-up contributions may only be made during a time period starting with the date of reemployment and continuing for a period of up to three times the length of the member's immediate past period of qualified military service, not to exceed five (5) years. Provided, however, in all cases, payment for all years of qualified military service for which a member wants to receive credit must be received prior to the earlier of termination of the member's employment with the pre-service employer or the member's effective retirement date.

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

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

(g) Make-up contributions made by the member and pre-service employer pursuant to this section shall not be charged interest, so long as repayment is made within the time period set forth in subsection (d).

## SUBCHAPTER 7. MEMBERSHIP VESTING AND TERMINATION

### 715:10-7-2. Limitation of benefits to an inactive, vested member

A member who has a vested account, but who terminates employment and no longer remits contributions, has an "inactive-vested" account. An inactive-vested member is not entitled to the following:

- (1) Statutory death benefit payable to the beneficiaries of an active member.
- (2) ~~Participation in the Teachers' Retirement System tax-sheltered annuity program.~~
- (3) Option to elect, by the member's spouse, retirement benefits in lieu of a lump sum payment of account balance at the member's death.
- (4) ~~(3)~~ The purchase of any additional past service credits.
- (5) ~~(4)~~ Insurance coverage from the ~~State and Education~~ Oklahoma Employees Group Health Insurance and Benefits Program Plan, unless proper application is made for such coverage within thirty (30) days of termination of employment. (See Subchapter 23 of this chapter for more information about group health insurance.)

## SUBCHAPTER 9. SURVIVOR BENEFITS

### 715:10-9-3. Monthly annuity in lieu of death benefit

Pursuant to 70 O.S. §17-105(P), 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. [See OAC 715:10-15-2].

- (1) 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(H)).
- (2) 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].
- (3) Beginning the first day of the month following the member's date of death, the designated beneficiary is eligible to elect a survivor benefit paid monthly in an amount equal to what the member would have been paid under the Option 2 retirement plan. However, the effective date of the election shall be the first day of the month following receipt and approval of the required documentation by TRS. TRS pays monthly benefits in arrears. The first monthly survivor benefit payment and any owed amounts will be made on the first day of the month following the effective date of the election. Owed amounts will be paid without interest. The designated beneficiary who makes this election will receive this monthly survivor benefit for the designated beneficiary's lifetime.
- (4) Notwithstanding paragraph (3) above, regarding owed amounts, TRS shall only make retroactive monthly survivor benefit payments to the designated beneficiary for the months attributable to the period between the date the designated beneficiary first became eligible to elect this benefit to the effective date of the election, and this payment shall be capped at 6 months' of accrued payments. For example, if a member passes away in January and TRS receives valid paperwork from the designated beneficiary in August, the designated beneficiary would have been eligible to elect the monthly annuity to commence on February 1, and the effective date of the election would be September 1. TRS would owe monthly payment amounts attributable to the period between February 1 to September 1, limited to a total of 6 payments. Because TRS pays benefits in arrears, this would be April 1, May 1, June 1, July 1, August 1, and September 1 payments. No payment would be made for March 1, as it exceeds the 6-month cap. Monthly payments would continue as of October 1.

### 715:10-9-6. Probate waivers

(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 TRS, the System TRS 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 TRS 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 TRS;

(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 TRS~~, 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 TRS~~; ~~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 TRS~~ had dealt with a personal representative of the ~~deceased member decedent~~. ~~The System TRS~~ is not required to inquire into the truth of any matter specified in this section or into the payment of any estate tax liability.

#### **715:10-9-7. Beneficiary designation following a divorce**

Following a divorce between an active or retired member and his or her spouse whom the member had designated as a beneficiary, the former spouse shall be treated as having predeceased the member for purposes of the death benefit payment and/or a return of contributions from the deceased member's Teachers' Retirement System account, unless the member has renamed the former spouse as a designated beneficiary. It is the member's responsibility to notify TRS of the divorce by providing TRS with a file-stamped copy of the final decree. (Note: The beneficiary designation is voided by this section and 15 O.S. §178, only if the member's designation of beneficiary was signed and dated after November 1, 1987).

### **SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE**

#### **715:10-13-2. Contributions required on all regular annual compensation from all employers**

(a) Contributions shall be made on all regular annual compensation, as defined in OAC 715:10-13-1, received by a member from any participating employer, including federally-subsidized programs under the direct administration of a public school.

(b) For employees who are participating in TRS at one employer while maintaining employment in an ineligible position at the same or another employer: the employer that employs the member in the ineligible position must remit contributions on the regular annual compensation of that employee. This is generally known as contributing on secondary employment. This includes pay to a teacher who also drives a school bus, members of TRS who are working part-time for another school and members employed on a regular basis who are employed by the same or different school in a summer school or night school program. For clarification, contributing on secondary employment in an ineligible position will result in an increase to the associated salary denoted in TRS for the applicable fiscal year but will not result in the member earning any associated service credit.

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

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

#### **715:10-13-3. Employee contribution rates**

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

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

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

(A) \$32,500 for service between July 1, 1996 and June 30, 1997,

- (B) \$37,500 for service between July 1, 1997 and June 30, 1998,
  - (C) \$42,500 for service between July 1, 1998 and June 30, 2000,
  - (D) \$47,500 for service between July 1, 2000, and June 30, 2001,
  - (E) \$52,500 for service between July 1, 2001, and June 30, 2002,
  - (F) \$57,500.00 for service between July 1, 2002, and June 30, 2003,
  - (G) \$62,500.00 for service between July 1, 2003, and June 30, 2004,
  - (H) \$67,500.00 for service between July 1, 2004, and June 30, 2005,
  - (I) \$72,500.00 for service between July 1, 2005, and June 30, 2006,
  - (J) \$77,500.00 for service between July 1, 2006, and June 30, 2007, and
  - (K) the full amount of regular annual compensation for service authorized and performed after June 30, 2007, and
- (2) for members who, prior to June 30, 1995, elected to contribute on a maximum compensation level in excess of \$25,000, or who did not make an election prior to June 30, 1995, because their annual salary was less than \$25,000:

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

(c) A person employed by any school district or technology center school district who holds a valid certificate issued by the State Department of Education or the State Board of Career and Technology Education and is employed on a full-time basis as a teacher, principal, supervisor, administrator, superintendent, counselor, librarian, ~~or certified or registered nurse, or certified athletic trainer pursuant to 70 O.S. §1-116~~ shall have a specific amount credited against the employee's contribution amount to TRS. The State of Oklahoma shall pay an annual amount as set forth in 70 O.S. §17-108.2 for each fiscal (or plan) year.

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

- (1) If the school district pays the retirement contribution in addition to the employee's total compensation, the employer must reduce the employee's annual retirement contribution which the school pays to TRS by the appropriate amount and add that amount to each eligible employee's gross pay.
- (2) If the school district deducts the retirement contribution from each employee's total compensation, whether as a salary reduction to pay the retirement contribution as a fringe benefit or as a deduction on an after-tax basis, the employer must adjust the employee's annual retirement deduction in accordance with the amount to be paid by the State. The adjustment in the retirement deduction will result in an increase to the eligible employee's gross pay.
- (3) The State contribution to each eligible employee's retirement account is determined by the total experience of each employee as verified by the State Department of Education or the Oklahoma Department of Career and Technology Education.
- (4) The State contribution must be calculated and paid in equal monthly installments as determined by the eligible employee's contract, i.e., ten months, eleven months or twelve months. Eligible employees who work full-time for less than a full contract year shall have the prescribed State contribution prorated proportionately based on the employee's full-time employment during the relevant contract period.

#### **715:10-13-8. Procedure for making contribution deductions**

The ~~Teachers' Retirement System~~ TRS contribution deduction shall start with the payment for the first month of a "classified" employee's contract, or the first month of membership for an optional "non-classified" member. This contribution shall be based on the total compensation for the month but shall not apply to the compensation of a substitute teacher or any employee working on a less than one-half time basis. Individuals who join the ~~System~~ TRS during the school year, and who have been employed prior to becoming a member, must make retroactive contributions from the ~~beginning of that school year~~ date their qualifying employment began. The membership date of such a member is the date of first payment not the beginning of the school year. The member shall not receive full service credit for a year of service until the balance of contributions, including any contributions required by the employer, are received by TRS. Interest compounded annually at ten percent (10%) per annum shall be levied against the balance due until paid.

- (1) The total deductions in any one school year shall not exceed the maximum limit prescribed by statutes as defined in OAC 715:10-13-3.
- (2) In determining the amount of the contribution for a member in any payroll period, the employer shall consider the total compensation earned from all sources. The contribution shall be calculated on the gross compensation before any

deductions, such as tax-sheltered annuity, income taxes, Social Security, etc. Deductions shall be made at the statutory contribution rate on each month's compensation until the maximum annual compensation level is reached. Total monthly compensation shall be reported in the monthly salary column of the remittance report. Monthly compensation includes gross wages and fringe benefits paid or provided by the remitting agency.

(3) Monthly contributions for employees of a comprehensive university, whose maximum compensation level is less than the member's regular annual compensation, may be remitted in twelve equal payments to the member's account during the school year. It shall be the responsibility of the employer to ensure any required adjustment in contributions is made if a member terminates employment or the member's salary changes during the school year.

(4) Required contributions shall be remitted monthly.

(5) As of July 1, 1979, members who signed a waiver to contribute on a maximum annual salary of \$7,800 are required by law to contribute on their total compensation not to exceed any current maximum contribution level.

(6) The Department of Corrections shall contribute the employer's share to the ~~Teachers' Retirement System~~ TRS. The contribution shall be the same dollar amount required of the member.

#### **715:10-13-10. Annual report of employment**

Pursuant to 70 O.S. §17-108.1(E) for the purpose of establishing service credit and confirming the reporting of correct compensation and contributions, At the close of each fiscal year but prior to November 1, the payroll office of each employer shall file a report with ~~Teachers' Retirement System~~ TRS that certifies ~~the number of hours worked that year by each less-than-fulltime~~ the total regular annual compensation, position information, days and hours worked, sick leave balance, and contributions paid for each participating employee. The report shall also include the names and total ~~number of hours worked by compensation for any employee receiving Teachers' Retirement System retirement benefits~~ person who is a retired member of TRS. This report shall be known as the Employment Year End Report, and shall be provided in a manner required by TRS.

#### **715:10-13-11. Percentage limits on compensation increases**

When any of a member's last three creditable years of service before retirement are used in determining the member's final average salary, the three years of service before retirement shall be known as the spiking review period. During the spiking review period, The the average of ~~at~~ the member's aggregate compensation for ~~the last three creditable~~ service years in the spiking review period of service before retirement may not exceed by more than 20% the credited compensation of the ~~immediately preceding~~ immediately preceding the spiking review period for service when worked in the same or similar positions ~~by more than 20%.~~ When appropriate, ~~Teachers' Retirement System~~ TRS may convert salary for part-time employment to its full-time equivalent in determining the permissible increases in annual compensation.

(1) ~~Teachers' Retirement System~~ TRS will adjust a member's annual compensation at the time of retirement to comply with the limits of this rule and will refund excess deposits to the member after the effective date of retirement.

(2) Increases in compensation due to a change in employment responsibilities or adjustments in salary schedules for the employees of school district shall be excluded by TRS in determining if an employee exceeds the 20% level. TRS retains the right to require individuals and the employing school to provide documentation to satisfy questions that may arise from increases in compensation in excess of 20% for any school year.

#### **715:10-13-13. Contributions while receiving workers' compensation payments**

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

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

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

(3) the public school employer must certify to ~~the System~~ TRS in writing the dates during which temporary total disability benefit payments were paid to the member, and

(4) the member and the public school employer shall each pay the respective contributions required for the period of absence without interest within sixty (60) days of billing by ~~the System~~ TRS, or with interest at a rate consistent with the actuarial assumed earnings rate adopted by the Board of Trustees, compounded annually if paid after said sixty (60) days. Employee and employer contributions will be based on the member's regular annual compensation the member would have earned had the injury or illness not occurred.

(5) All balances due must be paid in full at least thirty (30) days prior to termination of employment ~~or~~ and, in all cases, ninety (90) days prior to the ~~effective date of a member's official~~ effective retirement date.

#### **715:10-13-15. Waiver of employer late fees**

(a) TRS statutes provide that all employer and employee contributions must be remitted to TRS within 30 days after the end of the month in which the work was performed. ~~If they~~ Contributions which are remitted after the deadline ~~they are~~ untimely and will be

assessed a late fee at a rate dependent upon the remission date. Untimely contributions due in the current fiscal year which are received in the current fiscal year or untimely contributions due the fiscal year immediately preceding November 1 which are received prior to November 1 will be assessed a 1 ½% late charge fee, compounding monthly. Untimely contributions due for any prior fiscal year which are received on or after November 1 will be assessed a late fee of 10% per annum, compounding annually, consistent with OAC 715:10-13-5. The Board of Trustees may waive the late fee for good cause shown but may delegate this authority to staff. The Executive Director is authorized to waive these late fees. Good cause is generally shown in cases of an unforeseen circumstance such as a death or illness, acts of nature, or other unforeseen and unavoidable circumstance rendering the timely payment of contributions impossible.

(b) ~~The System TRS~~ will automatically waive late fees assessed for any contributions received late due to the late receipt of federal funds or workers' compensation payments.

(c) ~~The System TRS~~ will automatically waive any late fees assessed in the amount of \$50 or less, provided the requesting employer has had one or less late remittances in the past 12 months.

(d) All other requests for waiver of late fees shall be presented to ~~The System TRS~~ for review and determination of good cause shown for waiver. All waiver requests must be made on district/employer letterhead and signed by the Superintendent, CEO, or CFO.

## SUBCHAPTER 15. SERVICE RETIREMENT

### 715:10-15-1. Eligibility for service retirement [REVOKED]

Service retirement requirements shall be administered as outlined in Title 70, Oklahoma Statutes, Section 17-105 [70 O.S. 17-105].

### 715:10-15-2. Age, service requirements for regular eligibility, and other requirements for service retirement

Service retirement requirements shall be administered as outlined in Title 70, Oklahoma Statutes, Section 17-105 [70 O.S. §17-105].

### 715:10-15-10. Retirement plans

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

(1) The Maximum 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 plan ~~is provides the a~~ monthly benefit (also called a monthly annuity) calculated using the standard retirement formula set by statutes. In the event the total benefit 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, whichever is applicable.

(2) Retirement Option 1 provides a slightly reduced lifetime benefit with the possibility of a lump sum death benefit that protects the member's accumulated contributions for a longer period of time than under the maximum plan. The Option 1 monthly benefit is the difference between the monthly annuity portion of provided under the maximum plan, actuarially reduced for the enhanced lump sum death benefit provided for under Option 1, and the annuity portion of an Option 1 retirement plan subtracted from the maximum plan. If the retired member dies before receiving in the annuity portion of the monthly payments an amount equal to the member's accumulated contributions deposits (with any interest credited to the account prior to July 1, 1968) are paid out to the member via the portion of the monthly benefit provided by the member's own contribution account balance, the remaining balance of accumulated contributions shall be paid in a lump sum to the member's designated beneficiary or to the member's estate, whichever is applicable. ~~(The member's deposits accumulated contributions are "protected" for the member's beneficiary for a longer period of time than under the maximum plan, hence, the monthly benefit is less than the maximum 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(M)

(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(M)(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) Members who were eligible for an early or unreduced retirement benefit on or before December 31, 2025 may elect Retirement Option 4 which 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 any beneficiary dies before the total number of "guaranteed" 120 months of payments have been completed, the remaining payments due to the beneficiary shall be converted to a lump sum computed at the rate of interest used in determining the original guarantee. Option 4 retiree's monthly benefit payable. The funds remaining and shall be paid to the administrators, executors or assigns of the last surviving payee deceased beneficiary's estate. Option 4 retirement plan will be as revoked by the Board of Trustees on December 31, 2025. Beginning January 1, 2026, it will no longer be available as a retirement plan option for TRS members who were not eligible for an early or unreduced retirement benefit on or before December 31, 2025.

#### **715:10-15-10.1. "Pop-up" of Option 2 or Option 3 retirement plans**

If the designated joint annuitant under the Option 2 or 3 retirement plan dies at any time after the member's retirement date, but before the death of the member, the member shall return to the retirement benefit, including any post-retirement benefit increases the member would have received had the member not selected the Option 2 or 3 retirement plan. In such an event, the member's monthly retirement benefit and any amount due at the death of the member shall be calculated as if the member had selected the Maximum ~~Plan of Retirement~~retirement allowance. The increase in the member's monthly benefit becomes effective the first day of the month following the date of death of the designated joint annuitant and shall be payable for the member's remaining lifetime. The member shall notify TRS of the death of the designated joint annuitant in writing by providing a certified copy of the joint annuitant's death certificate. If the joint annuitant's death certificate has not yet been issued by the Medical Examiner, or for other good cause shown, the Executive Director of TRS may accept alternative documentation to establish proof of death for purposes of this section. In the absence of timely notice, TRS shall make retroactive benefit payments to the member, not to exceed six (6) months from the time the member first became eligible for increased benefits to the date notification is received. Notwithstanding any other provision, increased benefits will not be due for any period prior to July 1, 1994.

#### **715:10-15-10.2. Partial lump-sum payments**

Any member of ~~the Teachers' Retirement System~~TRs with 30 or more years of service credit may elect to receive a partial lump-sum payment in exchange for a reduced annuity. The application for a partial lump-sum payment will be added to the retiring member's final contract for retirement on a form prescribed by the Board of Trustees. A beneficiary of a deceased active member is not eligible to select a partial lump-sum payment.

(1) A member may elect to receive a partial lump-sum payment in an amount equal to the unreduced retirement benefit (Maximum Retirement Allowance) which would have been paid over a period of 12, 24 or 36 months, had the lump-sum option not been selected. Once the payout amount is selected, a reduced Maximum Retirement Allowance is then calculated using factors based upon the member's age at retirement and the payout option (12, 24, or 36 months) selected. This reduced Maximum Retirement Allowance then serves as the basis upon which other optional payment alternatives will be calculated pursuant to 70 O.S. §17-105 and OAC 715:10-15-10.

(2) The partial lump-sum payment shall be ~~paid in a single check issued separately~~ separately from the regular monthly retirement ninety (90) days after the date of the retiring member's first monthly benefit payment. The partial lump-sum payment cannot be returned to ~~the Retirement System~~TRs once it has been received by the member.

(3) The partial lump-sum payment shall be subject to federal income tax in accordance with Internal Revenue Code or applicable Internal Revenue Service regulations. In accordance with IRS regulations, the member may elect to roll over the



partial lump-sum payment into an eligible individual retirement account (IRA) or other eligible retirement plan, ~~including the Oklahoma Teachers' Retirement System's 403b Tax Sheltered Annuity Plan if you already have an established account prior to expected retirement date.~~

(4) The total amount of the partial lump-sum payment shall be deducted from the member's account balance consisting of the employee contributions plus interest posted to the member's account prior to July 1, 1968, for the purpose of determining unused contributions remaining in the account.

(5) The partial lump-sum payment will be based on the service credit and average compensation, including projected compensation, at the time of retirement, but may be issued before final compensation and contributions are received and posted to the member's account. TRS reserves the right to correct any overpayment or underpayment discovered after final compensation and contribution postings have been received. Should the member have been overpaid, TRS will collect such overpayment from the member, based on an adjustment to the member's monthly benefit. Should the member have been underpaid, TRS will adjust future monthly benefit payments to compensate the member for the amount of the underpayment.

(6) A retiree, having received a partial lump-sum payment, who is reemployed 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.

(7) Should the retiring member die after the effective date of retirement, but before the partial lump-sum payment is made, the payment will be made to the beneficiary(ies) designated by the retiring member on the final contract for retirement, unless the member filed a separate beneficiary form specifically designating a third party as the beneficiary of the partial lump-sum payment.

(8) If the retiring member is married at the time of retirement, the member's spouse must sign the member's partial lump-sum application form acknowledging the retiring member's intent to receive a partial lump sum payment.

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

(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.

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

#### **715:10-17-5. Permissible employment**

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**

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(~~11P~~) and (~~12Q~~).
- (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.

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

### **715:10-23-1. State and Education Employees Group Health and Dental Insurance Program Oklahoma Employees Insurance and Benefits Act**

Members of ~~Teachers' Retirement~~ TRS who retire or terminate employment with at least ten (10) years of creditable service ~~are eligible to enroll in~~ may continue in force the insurance benefits authorized by the State and Education Employees Group Health and Dental Insurance Program Oklahoma Employees Insurance and Benefits Act [74 O.S. §1301 et seq.]. The retiring member must conform to rules and regulations promulgated by the State and Education Employees Group Insurance Oklahoma Employees Insurance and Benefits Board, which is the final authority on questions of eligibility for membership and coverage provided by the insurance plan under the Act. Questions regarding eligibility for insurance coverage and monthly premiums should be referred to the local school district's health insurance coordinator or the State and Educations Employees Group Insurance Oklahoma Employees Insurance and Benefits Board.

### **715:10-23-2. Monthly health insurance premium supplements subsidy paid by the Teachers' Retirement System**

- (a) ~~Teachers' Retirement~~ TRS will pay a monthly health insurance premium subsidy in an amount between \$100 and \$105 as determined pursuant to 74 O.S. §1316.3(E) or the premium rate of the monthly health insurance benefit plan, whichever is less, on behalf of premium supplement for each retired member who had at least ten (10) years of creditable service prior to retirement and who is remains continuously enrolled in the health insurance plan provided by authorized by the State and Education Employees Group Health and Dental Insurance plan Oklahoma Employees Insurance and Benefits Act, or in
- (b) These health insurance plans include an employer-sponsored insurance program provided to retired TRS members by a participating education employer who provides health insurance coverage to former employees does not participate in the plans offered pursuant to the Oklahoma Employees Insurance and Benefits Act, provided the retired member had at least ten (10) years of Oklahoma service prior to retirement.

(1) The term "participating education employer" for purposes of this subchapter shall have the same meaning as the term "public school" as defined by 70 O.S., Section §17-101. ~~The payment shall be in accordance with 74 O.S., Section 1316.3, as amended, which provides that the supplement paid by Teachers' Retirement shall be the premium rate of the Medicare supplement charged to the retired employees not to exceed an amount between \$100 and \$105, depending on length of service and the final average salary of the retired member as specified in subsection 4 of Section 1316.3 of Title 74 of the Oklahoma Statutes.~~

(2) For eligible group health insurance plans provided by a participating education employer who does not participate in the plans offered pursuant to the Oklahoma Employees Insurance and Benefits Act, TRS will contribute the amount required by law after the group insurance plan has provided all necessary information to TRS. The group health insurance plan must be in compliance with Oklahoma law.

- (A) The participating education employer must notify TRS that a retired member will remain enrolled in the employer-sponsored insurance plan.
- (B) Each month TRS will provide the participating education employer with a list of all retired members qualifying for the health insurance premium subsidy and a financial officer authorized by the participating education employer shall certify the list is correct.
- (C) TRS will remit payment to the participating education employer upon receipt of the certified statement.
- (D) The participating education employer will be responsible for collecting additional premiums and remitting the total premium for each retired member to the health insurance provider.
- (E) The participating education employer shall file with TRS at least once each year the monthly premium charged for the insurance plan provided to retired members of the employer-sponsored insurance plan. In the event the premium is modified during the school year, the employer shall notify TRS at least thirty (30) days prior to the effective date of the change.

(c) Except as provided for in OAC 715:10-23-4, TRS shall contribute the subsidy amount required by 74 O.S. §1316.3(E) towards the cost of health insurance coverage authorized by the Oklahoma Employees Insurance and Benefits Act only for retired members who receive a monthly retirement benefit for that month. This contribution shall not be made for beneficiaries, survivors, or directly to the retired member.

(d) The monthly health insurance premium subsidy shall be paid in arrears for each eligible retired member.

### **715:10-23-3. Participating education employers not enrolled in the State and Education Employees Group Insurance Plan [REVOKED]**

In accordance with 74 O.S., Section 1316.3, as amended, Teachers' Retirement will pay a monthly health insurance premium supplement to a participating education employer for all each retired members enrolled in an insurance program provided to retired members of the employer, provided the retired member had at least ten (10) years of creditable service prior to retirement. For purposes of this section the following shall apply:

- (1) The participating education employer must notify Teachers' Retirement that a retired member will remain enrolled in the insurance plan provided by the employer.
- (2) Each month Teachers' Retirement will provide the participating employer with a list of all retired members qualifying for the health insurance premium payment and a financial officer authorized by the school shall certify the listing is correct.
- (3) Teachers' Retirement will remit payment to the participating education employer upon receipt of the certified statement.
- (4) The participating education employer will be responsible for collecting additional premiums and remitting the total premium for each member to the health insurance provider.
- (5) The participating education employer shall file with Teachers' Retirement at least once each year the monthly premium charged for the medicare supplement insurance plan provided to retired members of the employer's insurance plan. In the event the medicare supplement premium is modified during the school year, the employer shall notify Teachers' Retirement at least thirty (30) days prior to the effective date of the change.

### **715:10-23-4. Retired members who return to employment**

A retired TRS member who returns to employment in the public schools of Oklahoma and becomes eligible for health insurance coverage as a regular employee of a participating education employer under a health insurance plan authorized by the Oklahoma Employees Insurance and Benefits Act will cease to be eligible for the health insurance supplement premium subsidy paid by Teachers' Retirement TRS for the period of time the member is enrolled or eligible to be enrolled in the such health insurance plan participating education employer's group insurance plan. This applies even if the retired TRS member has not returned to active contributing status as provided for in OAC 715: 10-17-13. Upon termination of eligibility for health insurance coverage as a regular employee and provided the TRS member maintains continous coverage as a retiree pursuant to the Oklahoma Employee Insurance and Benefits Act as determined by the Oklahoma Employees Insurance and Benefits Board, TRS will resume the health insurance premium supplementsubsidy will be resumed.

### **715:10-23-5. Retired members ineligible for health insurance supplement who are ineligible for health insurance premium subsidy**

- (a) Retired members who are not enrolled in either the plans offered pursuant to the State and Education Employees Group Health Insurance planOklahoma Employees Insurance and Benefits Act, or which includes an employer-sponsored insurance plan provided by a participating education employer, are not eligible for the insurance supplementsubsidy provided for in 74 O.S.; Section §1316.3 as amended.
- (b) Except as provided in 74 O.S. §1316.3(A), eligible former employees who declined to continue in force or begin insurance coverage at the time of termination of service, or who subsequently dropped the insurance coverage, are not eligible for the monthly health insurance premium subsidy even if the insurance coverage is reinstated at a later date.
- (c) Retired members who for any reason are not receiving monthly retirement benefits from the Teachers' Retirement SystemTRS are not eligible for the monthly health insurance premium supplementsubsidy provided for in 74 O.S. §1316.3.

### **715:10-23-6. Health Insurance Tax treatment of the Health Insurance Premium Contribution**

- (a) The Oklahoma Teachers' Retirement System shall contribute the amount required by law towards the cost of health insurance coverage offered 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 will contribute the amount required by law after the group insurance plan has made application to the System 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. The subsidy shall be paid in arrears for each eligible retired member.
- (e~~a~~) 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 SystemTRS shall remit the subsidy amount specified in 74 O.S. Section §1316.3 fortoward health insurance premiums.
- (d~~b~~) All contributions to the Retirement Medical Benefit Fund shall be reasonable and ascertainable.
- (e~~c~~) 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.

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

(ge) 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.

(hf) 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 of the Retirement Medical Benefit Fund~~under law~~ and the Retirement Benefit Fund.