

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 COMMITTEE SUBSTITUTE  
4 FOR

5 SENATE BILL NO. 634

6 By: Montgomery

7 COMMITTEE SUBSTITUTE

8 An Act relating to the Teachers' Retirement System of  
9 Oklahoma; amending 70 O.S. 2021, Sections 17-105 and  
10 17-105.2, which relate to retirement benefits and  
11 partial lump-sum payments; requiring certain death  
12 benefit payments be made by certain date; requiring  
13 certain forms be transmitted and electronically  
14 published; authorizing certain retirement benefit  
15 payment for specific members; providing calculation  
16 for benefit amount; updating statutory reference and  
17 language; and providing an effective date.

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

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

21 Section 17-105. (1) (a) Any member who has attained age  
22 fifty-five (55) or who has completed thirty (30) years of creditable  
23 service, as defined in Section 17-101 of this title, or for any  
24 person who initially became a member prior to July 1, 1992,  
regardless of whether there were breaks in service after July 1,  
1992, whose age and number of years of creditable service total  
eighty (80) may be retired upon proper application for retirement on

1 forms established by the Teachers' Retirement System of Oklahoma and  
2 executing a retirement contract. Such a retirement date will also  
3 apply to any person who became a member of the sending system as  
4 defined in ~~this act~~ Section 17-101 et seq. of this title, prior to  
5 July 1, 1992, regardless of whether there were breaks in service  
6 after July 1, 1992. Any person who became a member after June 30,  
7 1992, but prior to November 1, 2011, whose age and number of years  
8 of creditable service total ninety (90) may be retired upon proper  
9 application for retirement and executing a retirement contract. Any  
10 person who becomes a member on or after November 1, 2011, who  
11 attains the age of sixty-five (65) years or who reaches a normal  
12 retirement date pursuant to subparagraph (d) of paragraph (24) of  
13 Section 17-101 of this title having attained a minimum age of sixty  
14 (60) years may be retired upon proper application for retirement and  
15 executing a retirement contract. The application shall be filed on  
16 the form provided by the Board of Trustees for this purpose, not  
17 less than sixty (60) days before the date of retirement, provided  
18 that the Executive Director may waive the sixty-day deadline for  
19 good cause shown as defined by the Board.

- 20           1. The employer shall provide the System with the  
21           following information for a retiring member, no later  
22           than the fifteenth day of the month of retirement:  
23           last day physically on the job; last day on payroll;

24

1 any regular compensation not already reported to the  
2 System; and final unused sick leave balance.

3 2. Failure to submit this information by the deadline, or  
4 errors in submitted information that result in a  
5 disqualification of retirement eligibility shall be  
6 the responsibility of the employer. In cases where  
7 the error results in disqualification of retirement  
8 eligibility, it is the employer's responsibility to  
9 reemploy the member, or retain the member on the  
10 payroll, for the time period required to reach  
11 eligibility, not exceeding two (2) months.

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

19 (c) Any member with seven (7) or more years of Oklahoma  
20 teaching service and whose accumulated contributions during such  
21 period have not been withdrawn shall be given an indefinite  
22 extension of membership beginning with the sixth year following his  
23 or her last contributing membership and shall become eligible to  
24

1 apply for retirement and be retired upon attaining age fifty-five  
2 (55).

3 (2) An unclassified optional member who has retired or who  
4 retires at sixty-two (62) years of age or older or whose retirement  
5 is because of disability shall have his or her minimum retirement  
6 benefits calculated on an average salary of Five Thousand Three  
7 Hundred Fifty Dollars (\$5,350.00) or, if a larger monthly allowance  
8 would result, an amount arrived at pursuant to application of the  
9 formula prescribed herein.

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

17 Any individual regardless of residence, who has a minimum of ten  
18 (10) years of teaching in Oklahoma schools prior to July 1, 1943, or  
19 who taught in Oklahoma schools prior to 1934 and thereafter taught a  
20 minimum of ten (10) years and who does not qualify under the present  
21 retirement ~~System~~ system, or who has a minimum of thirty (30) years  
22 of teaching in Oklahoma schools and has reached seventy (70) years  
23 of age prior to July 1, 1984, and is not otherwise eligible to  
24 receive any benefits from the retirement system shall receive a

1 minimum of One Hundred Fifty Dollars (\$150.00) per month in  
2 retirement benefits from the Teachers' Retirement System of Oklahoma  
3 plus any general increase in benefits for annuitants as may be  
4 provided hereafter by the Legislature. Each individual must apply  
5 to the Teachers' Retirement System for such benefit and provide  
6 evidence to the Teachers' Retirement System that the service was  
7 actually rendered. The surviving spouse of any person who made  
8 application for the benefit provided for by this paragraph during  
9 his or her lifetime but did not receive the benefit may submit an  
10 application to the System for payment of the benefit for those  
11 months during the lifetime of the deceased person that he or she was  
12 eligible for but did not receive the benefit. Upon approval of the  
13 application by the Board of Trustees, the benefit shall be paid to  
14 the surviving spouse in one lump sum.

15 (4) The value of each year of prior service is the total  
16 monthly retirement benefit divided by the number of years of  
17 creditable service.

18 (5) Upon application of a member who is actively engaged in  
19 teaching in Oklahoma or his or her employer, any member who has been  
20 a contributing member for ten (10) years may be retired by the  
21 System subsequent to the execution and filing thereof, on a  
22 disability retirement allowance, provided that it is found by the  
23 Medical Board after medical examination of such member by a duly  
24 qualified physician that such member is mentally or physically

1 incapacitated for further performance of duty, that such incapacity  
2 is likely to be permanent, and that such member should be retired.  
3 The System shall rely on and give full consideration to the  
4 conclusions and recommendations in the certified written report of  
5 the Medical Board of the Teachers' Retirement System regarding the  
6 disability application of such member. If the Medical Board does  
7 not find that a member applying for disability retirement is  
8 mentally or physically incapacitated for performance of duty or  
9 otherwise eligible for a disability retirement, the application  
10 shall then be considered by the Board of Trustees. If a member is  
11 determined to be eligible for disability benefits pursuant to the  
12 Social Security ~~System~~ system, then such determination shall entitle  
13 the member to the authorized disability retirement allowance  
14 provided by law. For members who are not eligible for disability  
15 benefits pursuant to the Social Security ~~System~~ system, the Board of  
16 Trustees and the Medical Board shall apply the same standard for  
17 which provision is made in the first two sentences of this  
18 subsection for determining the eligibility of a person for such  
19 disability benefits in making a determination of eligibility for  
20 disability benefits as authorized by this subsection.

21 (6) (a) A member who at the time of retirement has been found  
22 to be permanently physically or mentally incapacitated to perform  
23 the necessary duties to continue in his or her current position  
24 shall receive a minimum monthly retirement payment for life or until

1 such time as the member may be found to be recovered to the point  
2 where he or she may return to teaching. Any member retired before  
3 July 1, 1992, shall be eligible to receive the monthly retirement  
4 allowance herein provided, but such payment shall not begin until  
5 the first payment due him or her after July 1, 1992, and shall not  
6 be retroactive. The Board of Trustees is empowered to make such  
7 rules and regulations as it considers proper to preserve equity in  
8 retirements under this provision, which shall include a provision to  
9 protect the rights of the member's spouse.

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

1 (c) Once each year the System may require any disabled  
2 annuitant who has not yet attained the age of sixty (60) years to  
3 undergo a medical examination, such examination to be made at the  
4 place of residence for the disabled annuitant or other place  
5 mutually agreed upon by a physician or physicians designated by the  
6 System. Should any disabled annuitant who has not yet attained the  
7 age of sixty (60) years refuse to submit to at least one medical  
8 examination in any such year by a physician or physicians designated  
9 by the System his or her allowance may be discontinued until he or  
10 she submits to such examination.

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



1 (e) Should a disabled annuitant be restored to active service,  
2 his or her disability retirement allowance shall cease and he or she  
3 shall again become a member of the Teachers' Retirement System and  
4 shall make regular contributions as required under this article.  
5 The unused portion of his or her accumulated contributions shall be  
6 reestablished to his or her credit in the Teachers' Savings Fund.  
7 Any such prior service certificates on the basis of which his or her  
8 service was computed at the time of his or her retirement shall be  
9 restored to full force and effect.

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

22 In lieu of a lump-sum settlement at the death of the member, the  
23 amount of money the member has on deposit in the Teachers' Savings  
24 Fund and the money the member has on deposit in the Teachers'

1 Deposit Fund may be paid in monthly payments to a designated  
2 beneficiary, who must be the spouse, under the Maximum or Option 1  
3 Plan of Retirement providing the monthly payment shall be not less  
4 than Twenty-five Dollars (\$25.00) per month. The monthly payment  
5 shall be the actuarial equivalent of the amount becoming due at the  
6 member's death based on the sex of the spouse and the age the spouse  
7 has attained at the last birthday prior to the member's death.  
8 Provided further, if there be no designated beneficiary surviving  
9 upon such death, and the contributions standing to the credit of  
10 such member do not exceed Two Hundred Dollars (\$200.00), no part of  
11 such contributions shall be subject to the payment of any expense of  
12 the last illness or funeral of the deceased member or any expense of  
13 administration of the estate of such deceased and the System, upon  
14 satisfactory proof of the death of such member and of the name or  
15 names of the person or persons who would be entitled to receive such  
16 contributions under the laws of descent and distribution of the  
17 state, may authorize the payment of accumulated contributions to  
18 such person or persons. A member terminating his or her membership  
19 by withdrawal after June 30, 2003, shall have the interest computed  
20 at a rate of interest determined by the Board of Trustees and paid  
21 to him or her subject to the following schedule:

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

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

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

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

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

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

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

24

1 (c) The first payment of any benefit selected shall be made on  
2 the first day of the month following approval of the retirement by  
3 the System. If the named designated joint annuitant under Option 2  
4 or 3 Plan of Retirement dies at any time after the member's  
5 retirement date, but before the death of the member, the member  
6 shall return to the retirement benefit, including any ~~post~~  
7 ~~retirement~~ postretirement benefit increases the member would have  
8 received had the member not selected Option 2 or 3 Plan of  
9 Retirement of this subsection. The benefit shall be determined at  
10 the date of death of the designated joint annuitant. This increase  
11 shall become effective the first day of the month following the date  
12 of death of the designated joint annuitant, and shall be payable for  
13 the member's remaining lifetime. The member shall notify the  
14 Teachers' Retirement System of Oklahoma of the death of the  
15 designated joint annuitant in writing. In the absence of the  
16 written notice being filed by the member notifying the Teachers'  
17 Retirement System of Oklahoma of the death of the designated joint  
18 annuitant within six (6) months of the date of death, nothing in  
19 this subsection shall require the Teachers' Retirement System of  
20 Oklahoma to pay more than six (6) months of retrospective benefits  
21 increase.

22 Option 1. If he or she dies before he or she has received in  
23 annuity payments the present value of his or her annuity as it was  
24 at the time of his or her retirement, the balance shall be paid to

1 his or her legal representatives or to such person as he or she  
2 shall nominate by written designation duly acknowledged and filed  
3 with the System at the time of his or her retirement; or

4       Option 2. A member takes a reduced retirement allowance for  
5 life. Upon the death of the member the payments shall continue to  
6 the member's designated joint annuitant for the life of the joint  
7 annuitant. The written designation of the joint annuitant must be  
8 duly acknowledged and filed with the System at the time of the  
9 member's retirement and, except as provided in paragraph (e) of this  
10 subsection, cannot be changed after the effective date of the  
11 member's retirement; or

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

20       Option 4. Some other benefit or benefits shall be paid either  
21 to the member or to such joint annuitant as he or she shall  
22 nominate, provided such other benefit or benefits, together with the  
23 reduced retirement allowance, shall be certified by the actuary to  
24

1 be of equivalent actuarial value to his or her retirement allowance  
2 and shall be approved by the System.

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

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

24

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

9 (g) Any individual who is eligible to be a beneficiary or joint  
10 annuitant of a member under this subsection, and who is also a  
11 beneficiary of a trust created under the Oklahoma Discretionary and  
12 Special Needs Trust Act, Section 175.81 et seq. of Title 60 of the  
13 Oklahoma Statutes, or a comparable Trust Act created under the laws  
14 of another state, hereinafter collectively referred to as "Trust  
15 Acts", may be a beneficiary or joint annuitant under this subsection  
16 by having the trustee of the trust established for the benefit of  
17 that individual named as the legal beneficiary or joint annuitant  
18 under this subsection. The age of that beneficiary shall be used  
19 for calculating any benefit payable to the trust under this  
20 subsection. The beneficiary of such a trust shall be treated as the  
21 beneficiary or joint annuitant under this subsection except that  
22 payments of any benefits due under this subsection shall be payable  
23 to the lawfully appointed trustee of the trust. The obligation of  
24 the System to pay the beneficiary or joint annuitant under this

1 subsection shall be satisfied by payment to the trustee whom the  
2 System, in good faith, believes to be the lawfully appointed  
3 trustee. Any conflict between the statutes creating and governing  
4 the Teachers' Retirement System in Section 17-101 et seq. of this  
5 title and the provisions of any Trust Act referred to above shall be  
6 resolved in favor of the statutes governing the System. If an  
7 eligible beneficiary or joint annuitant is named at the time of  
8 retirement, and becomes a beneficiary of a trust under one of the  
9 Trust Acts described herein after that time, the System will  
10 acknowledge the trust as the beneficiary upon the submission of  
11 adequate documentation of the existence of the trust. All other  
12 provisions of this subsection shall apply to these subsequently  
13 created trusts.

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

19 (9) The governing board of any "public school", as that term is  
20 defined in Section 17-101 of this title, is hereby authorized and  
21 empowered to pay additional retirement allowances or compensation to  
22 any person who was in the employ of such public school for not less  
23 than seven (7) school years preceding the date of his or her  
24 retirement. Payments so made shall be a proper charge against the



1 current appropriation or appropriations of any such public school  
2 for salaries for the fiscal year in which such payments are made.  
3 Such payments shall be made in regular monthly installments in such  
4 amounts as the governing board of any such public school, in its  
5 judgment, shall determine to be reasonable and appropriate in view  
6 of the length and type of service rendered by any such person to  
7 such public school by which such person was employed at the time of  
8 retirement. All such additional payments shall be uniform, based  
9 upon the length of service and the type of services performed, to  
10 persons formerly employed by such public school who have retired or  
11 been retired in accordance with the provisions of Section 17-101 et  
12 seq. of this title.

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

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

20 (11) Upon the death of an in-service member, the System shall  
21 pay to the designated beneficiary of the member or, if there is no  
22 designated beneficiary or if the designated beneficiary predeceases  
23 the member, to the estate of the member, the sum of Eighteen  
24 Thousand Dollars (\$18,000.00) as a death benefit. Provided, if the

1 deceased member had ten (10) years or more of creditable service,  
2 the member's designated beneficiary may elect to receive the  
3 retirement benefit to which the deceased member would have been  
4 entitled at the time of death under the Option 2 ~~plan of retirement~~  
5 Plan of Retirement in lieu of the death benefit provided for in this  
6 subsection. Provided further, the option provided in this  
7 subsection is only available when the member has designated one  
8 individual as the designated beneficiary. The beneficiary or  
9 beneficiaries of death benefits in the amount not to exceed Eighteen  
10 Thousand Dollars (\$18,000.00), but exclusive of any retirement  
11 benefit received by an electing beneficiary based upon creditable  
12 service performed by the deceased member, which are provided  
13 pursuant to this subsection may elect to disclaim such death  
14 benefits in which case such benefits will be transferred to a person  
15 licensed as a funeral director or to a lawfully recognized business  
16 entity licensed as required by law to provide funeral services for  
17 the deceased member. The qualified disclaimer must be in writing  
18 and will be an irrevocable and an unqualified refusal to accept all  
19 or a portion of the death benefit. It ~~must~~ shall be received by the  
20 transferor no more than ~~nine (9) months~~ one (1) month after the  
21 later of the day the transfer creating the interest in the  
22 disclaiming person is made or the day the disclaiming person attains  
23 age twenty-one (21). The interest in the death benefits must pass  
24 without direction by the disclaiming person to another person.

1 Death benefits under this subsection shall be paid to the  
2 beneficiary or beneficiaries of the deceased member not later than  
3 one (1) month from the date of receipt of the death certificate  
4 certifying the member's death. Upon notice of the death of a  
5 member, the System shall send any required forms or applications  
6 necessary for payment of the death benefit not later than one (1)  
7 week from the date of the member's death, and all forms and  
8 applications shall be available on a publicly accessible website.

9 (12) Upon the death of a retired member who has contributed to  
10 the System, the retirement system shall pay to the designated  
11 beneficiary of the member or, if there is no designated beneficiary  
12 or if the designated beneficiary predeceases the member, to the  
13 estate of the member, the sum of Five Thousand Dollars (\$5,000.00)  
14 as a death benefit. The beneficiary or beneficiaries of benefits  
15 provided pursuant to this subsection may elect to disclaim such  
16 death benefits in which case such benefits will be transferred to a  
17 person licensed as a funeral director or to a lawfully recognized  
18 business entity licensed as required by law to provide funeral  
19 services for the deceased member. The qualified disclaimer must be  
20 in writing and will be an irrevocable and an unqualified refusal to  
21 accept all or a portion of the death benefit. It ~~must~~ shall be  
22 received by the transferor no more than ~~nine (9) months~~ one (1)  
23 month after the later of the day the transfer creating the interest  
24 in the disclaiming person is made or the day the disclaiming person

1 attains age twenty-one (21). The interest in the death benefits  
2 must pass without direction by the disclaiming person to another  
3 person. All death benefits under this subsection shall be paid to  
4 the beneficiary or beneficiaries of the deceased member not later  
5 than one (1) month from the date of the member's death. Upon  
6 receipt of a certified death certificate certifying the death of a  
7 member, the System shall send any forms or applications necessary  
8 for payment of the death benefit not later than one (1) week from  
9 the date of receipt of the certified death certificate, and all  
10 required forms and applications shall be available on a publicly  
11 accessible website. The benefit payable pursuant to this subsection  
12 shall be deemed, for purposes of federal income taxation, as life  
13 insurance proceeds and not as a death benefit if the Internal  
14 Revenue Service approves this provision pursuant to a private letter  
15 ruling request which shall be submitted by the Board of Trustees of  
16 the System for that purpose.

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

24

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

5 1. The member's valid last will and testament, trust  
6 documents or affidavit that a will does not exist;

7 2. An affidavit or affidavits of heirship which must  
8 state:

9 a. the names and signatures of all claiming heirs to  
10 the deceased member's estate including the  
11 claiming heirs' names, relationship to the  
12 deceased, current addresses, tax I.D. numbers if  
13 known and current telephone numbers,

14 b. a statement or statements by the claiming heirs  
15 that no application or petition for the  
16 appointment of a personal representative is  
17 pending or has been granted in any jurisdiction,

18 c. a description of the personal property claimed,  
19 (i.e., death benefit or unpaid contributions or  
20 both) together with a statement that such  
21 personal property is subject to probate,

22 d. a statement by each individual claiming heir  
23 identifying the amount of personal property that  
24 the heir is claiming from the System, and that

1                   the heir has been notified of, is aware of and  
2                   consents to the identified claims of all the  
3                   other claiming heirs of the deceased member  
4                   pending with the System;

5           3.   A written agreement or agreements signed by all  
6           claiming heirs of the deceased member which provides  
7           that the claiming heirs release, discharge and hold  
8           harmless the System from any and all liability,  
9           obligations and costs which it may incur as a result  
10          of making a payment to any of the deceased member's  
11          heirs;

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

15          5.   Proof that all debts of the deceased member, including  
16          payment of last sickness, hospital, medical, death,  
17          funeral and burial expenses have been paid or provided  
18          for.

19          (b)   The Executive Director of the System shall retain complete  
20          discretion in determining which requests for probate waiver may be  
21          granted or denied, for any reason.  Should the System have any  
22          question as to the validity of any document presented by the  
23          claiming heirs, or as to any statement or assertion contained  
24

1 therein, the probate requirement provided for in Section 1 et seq.  
2 of Title 58 of the Oklahoma Statutes shall not be waived.

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

10 (14) Upon the death of a retired member, the benefit payment  
11 for the month in which the retired member died, if not previously  
12 paid, shall be made to the joint annuitant if still living, to the  
13 beneficiary of the member if the joint annuitant is deceased, or to  
14 the member's estate if there is no surviving joint annuitant or  
15 beneficiary. Such benefit payment shall be made in an amount equal  
16 to a full monthly benefit payment regardless of the day of the month  
17 in which the retired member died.

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

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

24

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

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

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

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



1        ~~B.~~ D. The partial lump-sum payment, pursuant to this section,  
2 shall be paid in a check separate from the regular monthly  
3 retirement benefit. The total amount of the partial lump-sum  
4 payment shall be deducted from the member's account balance  
5 consisting of the employee contributions plus interest for purposes  
6 of determining unused contributions remaining in the account. The  
7 member may elect to rollover the taxable portion of the partial  
8 lump-sum payment to an eligible retirement plan or individual  
9 retirement account (IRA). The nontaxable portion of the partial  
10 lump-sum payment can be rolled over to an IRA or another qualified  
11 retirement plan as allowed by the Internal Revenue Code and  
12 regulations. This partial lump-sum payment shall be subject to  
13 federal income tax in accordance with the Internal Revenue Code  
14 Section 72 and other such Internal Revenue Code sections and  
15 regulations as may be applicable. This partial lump-sum benefit is  
16 subject to the same restrictions for assignment and attachment as  
17 all other retirement benefits. The appropriate portion of the  
18 partial lump-sum distribution will be reported to the Internal  
19 Revenue Service (IRS) as taxable income and appropriate tax  
20 withholdings will be withheld unless the member elects to make a  
21 direct rollover of the taxable portion of the funds. Should the  
22 member have after-tax contributions, a portion of such after-tax  
23 contributions will be allocated to the partial lump-sum payment and  
24 to the remaining annuity on a ~~prorata~~ pro rata basis.

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

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

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

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